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## WELCOME

The Editorial Committee of the Project Procurement Office is pleased to present the third issue of the Procurement Newsletter addressed to Executing Agencies. This quarterly publication's objective is to offer Executing Agencies an opportunity to participate in a constant exchange of information and experiences with IDB – financed projects.

Published articles are solely informative and do not represent an official statement of the IADB.

### Case Study Associations versus Subcontractors

*Editorial Committee  
HQ*

An International Competitive Bidding Process for a hydroelectric project included two critical components: (i) a rock tunnel 15 km long and (ii) an arc dam in concrete, elevated over a valley, in an area with difficult access. Due to justified reasons, it was essential for a single bidding process to cover both components. The bidding documents Section IV. Bid Forms requires for the firm have to comply with the specific experience on both components. Among the bidders were Consortium "Arcs and Bridges" and the Firm "Constructing Wizards" with the following characteristics:

**Consortium "Arcs and Bridges":** International Firm "Arcs", with extensive experience on arc dams; and National Firm "Bridges" specialized in tunnel construction and with extensive experience in this area.

**Firm "Construction Wizards":** International construction firm, with extensive experience on arc dams with a local subcontractor with experience on rock tunnels.

The evaluation committee disqualified Firm Construction Wizards because it did not include an Association with its subcontractor.

**If you were the Evaluation Committee, what would you do?**

## Sharing Experiences

### The use of SISCAE's dissemination module reports important savings to the Nicaraguan Government

*Alfonso Buxens  
Procurement Special*



Starting in October 2006, and with the financial support of the Bank through the State's Efficiency and Transparency Program (PREFTEC), the Government of Nicaragua, through its General Direction of State Procurement, has been developing and implementing a System for Administrative Procurement of the State (SISCAE in Spanish) through the portal [www.nicaraguacompra.gob.ni](http://www.nicaraguacompra.gob.ni)

The Bank's requirement for the acceptance of the SISCAE module will be complete with the portal's imminent implementation of a tool that will allow for the publication and management of consulting services expressions of interest. To the date, the platform has become an extended use mechanism for the dissemination and publication of public procurement processes in Nicaragua.

In the period January – August 2008 more than 9.500 public procurement processes have been published through SISCAE. Bank estimations conclude that the use of this electronic portal to publish public procurement processes in Nicaragua currently provides USD 450,000 in annual State savings. To see the information used as basis for such analysis, please [click here](#).

For more information on the SISCAE please visit the Nicaraguan procurement portal.

If you have additional questions or comments on the System for Administrative Procurement of the State (SISCAE), please send them to [boletines@iadb.org](mailto:boletines@iadb.org) and they will be sent to the Procurement Specialist in Nicaragua.

During 2008 the Inter-American Development Bank's Cultural Center will be awarding grants for 45 small scale cultural development projects in 26 countries of Latin America and the Caribbean

[Press Release](#)  
August 20, 2008

## Thresholds for International Competitive Bidding

[Cristóbal Silva](#)  
Principal Procurement Specialist  
HQ

When it comes to International Competitive Bidding (ICB), the Bank establishes thresholds to the procurements of goods and works. These amounts are set by the Bank for each country independently and are indicated on a case by case basis on each contract.

The fundamental idea behind imposing a threshold is to help the borrowers determine the most efficient and profitable method to carry out the purchases projected in the project's Procurement Plan. Therefore, the country can not only get the most value out of the price paid for each purchase but also promote national and international competition within its borders. The thresholds are set at a level that encourages the participation of contractors of goods as well as service providers from all the Bank's member countries.

National governments, country offices, VPC/PDP Division or any other Division or Departments of the Bank may make suggestions on the process of establishing thresholds.

A team leader of a project that is still at the preparation stage might request a modification of the country's threshold already established. However, a no-objection from VPC/PDP is required. What is more, a country's threshold might be revised due to changes in the local market for contractors and service providers. In order to facilitate the determination of the thresholds, the VPC/PDP Division prepares a standard guide through which country or sector analysis can be done.

The Bank recently modified the [thresholds for Brazil, Mexico and Colombia](#), adjusting the amount to a level that represents a better fit for the current capacity of each local market.

### Did you know?...

There is a [simplified Procurement Plan model for Technical Cooperations under US\\$150,000](#)? Remember this model may be modified to best suit your project needs.

## Answer to the Practical Case

We invite you to exchange your answer, comments or thoughts regarding the practical case "Associations versus Subcontractors" to [boletines@iadb.org](mailto:boletines@iadb.org). The best answers will be published on the next Newsletter Issue.

## OECD/DAC Methodology for the evaluation of national procurement systems

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Governments strive for an increase of efficiency and transparency in their procurement systems. These goals are achieved with solid systems that work as they are supposed to. The [Development Assistance Committee \(DAC\) of the Organization for Economic Co-Operation and Development \(OECD\)](#) have worked with the World Bank to develop a [methodology](#) with the target of providing a tool that can be adopted by donor and development countries to determine the quality and effectiveness of their national procurement systems.

The diagnosis develops two types of indicators: a) base line indicators (BLI), and b) performance indicators (PI).

The BLI are related to four pillars to be analyzed: legal, institutional, market and integrity. The PI tackles the form in which the systems perform in actuality. In summary, the ILB represents photography of the design of the system in at a certain moment and the PI analyzes what is actually happening.

The long term goal of the diagnosis to improve the countries national procurement system by executing regulations that require in the international arena and will result in an increased effectiveness in the use of resources and fulfill the country's obligations.

During 2007 the methodology was applied for the study of the procurement systems in Mexico, Guyana and Haiti. Currently the IDB is working together with the governments of Colombia, Honduras and Peru and sub national level governments of Brazil to apply this methodology in their procurement system studies.

Should you be interested in learning more about the OECD/DAC or the methodology, please visit <http://www.oecd.org>

Test your knowledge...

What is the difference between consulting services and services other than consulting services under the IDB Procurement Policies?