

**REPUBLIC OF MOLDOVA**

**MOLDOVA SOCIAL INVESTMENT FUND 2  
PROJECT**

**PROCUREMENT  
HANDBOOK**

**PART 1**

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<b>CBO</b>	Community-Based Organization
<b>CDD</b>	Community Driven Development
<b>CPP</b>	Community Participation Procurement
<b>CQs</b>	Selection Based on Consultant's Qualifications
<b>DC</b>	Direct Contracting
<b>DP</b>	Direct Purchase
<b>FAD</b>	Finance and Administrative Department
<b>FBS</b>	Fixed Budget Selection
<b>GOM</b>	Government of Moldova
<b>IA</b>	Implementing Agency
<b>IBRD</b>	International Bank for Reconstruction and Development
<b>IC</b>	Selection of Individual Consultants
<b>IDA</b>	International Development Association
<b>LCB</b>	Local Competitive Bidding
<b>LCS</b>	Least-Cost Selection
<b>LPA</b>	Local Public Authorities
<b>MB</b>	Management Board
<b>MC</b>	Management Committee
<b>MDL</b>	Moldovan Lei
<b>MIS</b>	Management Information System
<b>MSIF</b>	Moldova Social Investment Fund
<b>NCB</b>	National Competitive Bidding
<b>NGO</b>	Non-Governmental Organization
<b>Sh</b>	Shopping
<b>PC</b>	Primaria Council
<b>PIP</b>	Project Implementation Plan
<b>PMU</b>	Project Management Unit
<b>QCBS</b>	Quality- and Cost-Based Selection
<b>RFT</b>	Request for Tranche
<b>SAW</b>	Statement of Accomplished Works
<b>SCS</b>	Social Care Services
<b>SingleSS</b>	Single Source Selection
<b>SoleSS</b>	Sole Source Selection
<b>ST</b>	Small Town
<b>TIAD</b>	Technical Issues Assistance Department
<b>WB</b>	World Bank

## **Chapter 1. Introduction**

### **1.1. General**

- 1.1.1. The Handbook gives guidance on the use of different procurement methods in accordance with WB Guidelines: “Procurement under IBRD Loans and IDA Credits”, edition May 2004, and “Selection and Employment of Consultants by World Bank Borrowers”, edition May 2004, mandatory for WB Borrowers and applicable to IDA financed projects.
- 1.1.2. The Handbook is in compliance with:
- (a) The Credit Agreement signed between the Government of Moldova (GOM) and the International Development Association (IDA);
  - (b) The Grant Agreements signed between the GOM and different donors to MSIF;
  - (c) The MSIF Operational Manual.

### **1.2. MSIF Procurement Handbook**

- 1.2.1. The Handbook comprises procurement management, procedures and sample documents for procurement activities under Moldova Social Investment Fund 2 Project (MSIF2) to be executed by:
- (i) Moldova Social Investment Fund (MSIF) Executive Office (EO),
  - (ii) Implementing Agencies (IA) for Communities under sub-projects in the first time participating communities
  - (iii) Community-Based Organizations (CBO) for Communities with previous SIF experience under Community-Driven Development (CDD) sub-projects,
  - (iv) Non-Governmental Organizations (NGO) for Communities in villages under Social Care Services (SCS) CDD sub-projects, and
  - (v) Local Public Authorities (LPA) for Communities in small towns under CDD Small Town (ST) sub-projects.
- hereinafter called “IA”.
- 1.2.2. The main purpose of the Handbook is to inform MSIF staff, all concerned Grants beneficiaries and the people working in partnership with them and with MSIF, about the arrangements of procurement of goods and works, and define procedures for selecting and hiring consultants during MSIF2 Project implementation.
- 1.2.3. The arrangements for procurement of goods, works, and consulting services, required for sub-projects in order to utilize the resources in an economic and efficient manner, are given in details in the Community Handbook.

### **1.3. Using the Procurement Handbook**

1.3.1. The Handbook consists of two parts.

1.3.1.1. 1<sup>st</sup> Part – Procurement Management and Procedures, includes legal provisions, procurement management, monitoring and evaluation, identification of needs for goods, works and consulting services under sub-projects, roles and responsibilities of MSIF and IAs (IAs/CBOs/NGOs/LPAs), applicable procurement methods and their step-by-step execution, and contract coordination and payments.

1.3.1.2. 2<sup>nd</sup> Part – Procurement Documents, Forms and Templates, includes sample (i) Bidding Documents for procurement of goods under National Competitive Bidding (NCB) (ii) Bidding Documents for procurement of works under Community Participation Procurement (CPP) procedures; (iii) Invitation to Quote packages for procurement of goods and works under National Shopping (NS) procedures; (iv) documents for Direct Purchase (DP) for procurement of goods and Direct Contracting (DC) for procurement of works; (v) Request for Proposals packages for procurement of consulting services under Quality- and Cost-Based Selection (QCBS), Least-Cost Selection (LCS), Fixed Budget Selection (FBS), and Selection Based on Consultant's Qualifications (CQs); and (vi) documents for selection of Individual Consultants (IC), Sole Source Selection (SoleSS) and Single Source Selection (SingleSS).

1.3.1.3. 2<sup>nd</sup> Part also includes templates for Bid/Proposal Evaluation Report, Notification of Award, Minutes of Opening, Minutes of Contract Negotiations, etc.

1.3.2. Application of simplified procedures in achieving the objectives of MSIF2 Project was agreed between the WB and MSIF. For these procedures there are certain minimum procedural requirements for sub-projects to (i) ensure economy and efficiency, and (ii) to supervise the procurement process periodically through post review by the WB and/or MSIF, which are outlined in this Handbook.

## **Chapter 2. Procurement Plan**

### **2.1. Preparation of the Procurement Plan**

#### **2.1.1. General**

- 2.1.1.1. The Procurement Plan is based on the approved budget.
- 2.1.1.2. It shall be produced both at the MSIF and Community levels.
- 2.1.1.3. The Procurement Plan shall include:
  - 2.1.1.3.1. What shall be procured/contracted.
  - 2.1.1.3.2. When shall the procurement take place.
  - 2.1.1.3.3. Which are the main steps for every procurement process.
  - 2.1.1.3.4. How much each procurement shall cost.
- 2.1.1.4. The format for MSIF Procurement Plan is given in Annex 1.
- 2.1.1.5. The format for a community Procurement Plan is given in Annex 2

#### **2.1.2. MSIF**

- 2.1.2.1. MSIF will prepare Project Implementation Plan (PIP) to be agreed with the WB. PIP will contain the following elements:
  - 2.1.2.1.1. Time-bound detailed implementation plan for each project component with a detailed breakdown per activity.
  - 2.1.2.1.2. Schedule of disbursements for each project component, detailing expected WB financing, GOM counterpart funds, and donor's contributions.
  - 2.1.2.1.3. Administrative arrangements for project implementation.
- 2.1.2.2. The PIP shall be the control and guiding tool in the procurement operations within the scope of MSIF2 Project.
- 2.1.2.3. MSIF will prepare overall Procurement Plan for MSIF2 Project and update it on a yearly basis, in compliance with PIP, covering all MSIF2 Project Components.
- 2.1.2.4. The overall Procurement Plan is determined by the MSIF activity schedule for every sub-project during its implementation.
- 2.1.2.5. MSIF2 Procurement Plan will be revised on a yearly basis to reflect the actual status of MSIF2 Project implementation.

### **2.1.3. Implementing Agency**

- 2.1.3.1. IA will prepare an Implementation Schedule that shall serve as basis for the sub-project Budget.
- 2.1.3.2. The Community Procurement Plan determines the Implementation Schedule of the sub-project and contains a brief description of all necessary prior steps (legal, financial, and technical aspects, and estimated costs) and procurement terms (estimated dates for: advertising, invitation, submission of bids/proposals, evaluation, contract signing and contract closing date).
- 2.1.3.3. The Community Procurement Plan will be revised on a yearly basis to reflect the actual status of sub-project implementation.
- 2.1.3.4. MSIF shall help Communities to draw and elaborate their Procurement Plans before the Framework/Grant Agreement is signed.
- 2.1.3.5. Procurement under a sub-project can be initiated only if the following conditions are met:
  - 2.1.3.5.1. Community Procurement Plan has been prepared in accordance with the Framework/Grant Agreement budget.
  - 2.1.3.5.2. Financing is ensured (the Framework/Grant Agreement with MSIF is signed).
  - 2.1.3.5.3. All the legal approvals, endorsements and authorizations are obtained.
- 2.1.3.6. IA shall take the following steps for the preparation of the sub-project Community Procurement Plan:
  - 2.1.3.6.1. Prepare the list of goods, works and consulting services needed for the project.
  - 2.1.3.6.2. Group the items in the list in logical contract groups.
  - 2.1.3.6.3. Prepare the cost estimates based on the MSIF Unit Price Data Base.
  - 2.1.3.6.4. Determine the applicable procurement method.
  - 2.1.3.6.5. Estimate the duration of each procurement process, its starting date and completion date.

## **2.2. Applicable Methods of Procurement**

- 2.2.1. The basic principles of procurement under the MSIF Project Management Unit (PMU) and a sub-project are:
  - (i) Economy and Efficiency;

- (ii) Transparency and free competition;
- (iii) Equal treatment of all bidders;
- (iv) Confidentiality and correctness during evaluation;
- (v) Encouraging local companies/individuals.

2.2.2. The applicable procurement methods described in the Community Handbook in details are:

#### 2.2.2.1. National Competitive Bidding

2.2.2.1.1. NCB is based upon basic principles of adequate competition, openness of procedures, transparent and fair and equal treatment of all bidders according to pre-disclosed criteria.

2.2.2.1.2. NCB is the competitive bidding procedure normally used by MSIF for public procurement and is the most efficient and economical way of procuring goods or works, which, by their nature or scope, are unlikely to attract foreign competition.

2.2.2.1.3. NCB is the most preferred method under sub-projects for the first time participating communities and its procedures will be used by IAs for contracts below US\$ 100,000 equivalent for goods and below US\$ 150,000 equivalent for works.

#### 2.2.2.2. Community Participation Procurement

2.2.2.2.1. CPP is the competitive bidding procedure normally used by IAs under CDD sub-projects (sub-projects in communities with previous SIF experience, SCS, ST) and is the most efficient and economical way of procuring goods or works, when competitive bidding at community level is applicable.

2.2.2.2.2. The procedure shall be called Local Competitive Bidding (LCB) in this Handbook, the only difference between NCB and LCB being that under LCB the advertising is made locally.

2.2.2.2.3. LCB is the most preferred method under CDD/SCS/ST sub-projects and its procedures will be used by CBOs/NGOs/LPAs for contracts below US\$ 100,000 equivalent for goods and below US\$ 150,000 equivalent for works.

#### 2.2.2.3. Shopping

2.2.2.3.1. This is the most efficient way to procure goods, works and services at local level as it helps to assure the competition at local level and at the same time the process is simplified and streamlined in order to suit Communities.

- 2.2.2.3.2. Sh is applicable for readily available off-the-shelf goods of standard specifications that are small in value. Sh procedures will require inviting quotations from at least three local suppliers.
- 2.2.2.3.3. Sh is applicable for fairly simple civil works or in instances when there are few contractors interested in the contract. Sh procedures will require inviting quotations from at least three local contractors.
- 2.2.2.3.4. Sh may only be used when contract values are small (less than US\$ 50,000 equivalent for goods and US\$ 30,000 equivalent for works).

#### 2.2.2.4. Direct Contracting/Purchasing

2.2.2.4.1. DC/DP, without competition shall be the appropriate method under the following circumstances:

- (i) an existing contract for goods or works, awarded in accordance with procedures acceptable to the Bank, may be extended to additional goods or works of a similar nature, for an amount of no more than 15% of the initial contract value.
- (ii) The works to be executed are simple and standard by nature and are not likely to attract public interest among the business community, the prices are reasonable and comply with the local market rates.
- (iii) Standardization of equipment or spare parts, to be compatible with existing equipment, may justify additional purchases from the original Supplier.
- (iv) The required equipment is proprietary and obtainable only from one source.
- (v) When the cost of another procedure would be disproportionately high relative to the value of procurement itself, and when only one supplier/contractor is available locally, providing that the costs are in line with the local market rates.

2.2.2.4.2. DP as a procurement method for goods will be used in the circumstances above and by justification to the WB.

2.2.2.4.3. DC as a procurement method for works will be used for contracts estimated to cost below US\$ 10,000 equivalent and by justification to MSIF.

#### 2.2.2.5. Quality- and Cost-Based Selection

2.2.2.5.1. QCBS is based upon basic principles of adequate competition, openness of procedures, transparent and fair and equal treatment of all consulting firms according to pre-disclosed criteria.

- 2.2.2.5.2. QCBS is a method based on the quality of the proposals and the cost of the services to be provided.
- 2.2.2.5.3. QCBS method for hiring consulting firms will be used by MSIF for contracts estimated to cost more than US\$ 100,000 equivalent (for ex. project monitoring and evaluation).
- 2.2.2.6. Least Cost Selection
  - 2.2.2.6.1. LCS method shall apply for assignments of a standard routine nature (audit, engineering design) where well-established practices and standards exist, and in which the contract amount is relatively small.
  - 2.2.2.6.2. LCS method for hiring consulting firms will be used for contracts estimated to cost less than US\$ 60,000 equivalent.
- 2.2.2.7. Fixed Budget Selection
  - 2.2.2.7.1. FBS is based on disclosing the available budget to invited consulting firms and selecting the firm with the highest-ranking technical proposal within the budget.
  - 2.2.2.7.2. FBS shall apply when:
    - (i) the budget is fixed and cannot be exceeded;
    - (ii) the TOR are precisely defined; and
    - (iii) the time and staff-month effort required from the consultants can be assessed with precision.
- 2.2.2.8. Selection based on Consultant's Qualifications
  - 2.2.2.8.1. CQs method shall apply for small assignments (less than US\$ 100,000 equivalent) aiming at reducing the cost and time needed to hire a consulting firm with the best possible qualifications.
- 2.2.2.9. Selection of Individual Consultants
  - 2.2.2.9.1. Individual consultants are selected on the basis of their qualifications for the assignment.
  - 2.2.2.9.2. They may be selected on the basis of references or through comparison of qualifications among those expressing interest in the assignment or approached directly by MSIF/IA.
- 2.2.2.10. Single Source Selection
  - 2.2.2.10.1. SingleSS may be appropriate only if it presents a clear advantage over competition:
    - (i) for tasks that represent a natural continuation of previous work carried out by the firm,

- (ii) where a rapid selection is essential (for example, in an emergency operation),
- (iii) for very small assignments, or
- (iv) when only one firm is qualified or has experience or exceptional worth of assignments.

#### 2.2.2.11. Sole Source Selection

2.2.2.11.1. SoleSS may be appropriate only when it presents a clear advantage over competition:

- (i) tasks that represent a natural continuation of the previous work carried out by the individual consultant and for which he was selected competitively;
- (ii) assignments with a total duration of less than 6 months
- (iii) emergency situations resulting from natural disasters
- (iv) when consultants experience is of paramount importance.

2.2.3. The applicable procurement methods represent all the rules that must be applied to select the supplier/contractor/consultant and to award the purchase order/contract.

## **Chapter 3. Procurement Management**

### **3.1. General**

- 3.1.1. For MSIF2 project implementation, GOM has signed Credit Agreement with the WB and Grant Agreements with various donors.
- 3.1.2. The Credit/Grant Agreements outline the agreed procurement procedures and specifies the terms and conditions under which the Credit/Grant funds may be used.
  - 3.1.2.1. All procurement practices for works, goods and services to be used shall comply with the guidelines provided in the MSIF Operational Manual and shall aim at achieving economy and efficiency.
  - 3.1.2.2. MSIF Executive Director will oversee all procurement to be carried out under MSIF2 Project.
  - 3.1.2.3. All procurement related to sub-project activities shall be decentralized.

### **3.2. Sub-projects for the first time participating communities**

#### **3.2.1. MSIF Responsibilities**

- 3.2.1.1. For every sub-project, MSIF will enter into a Framework Agreement with the community, represented by the IA.
- 3.2.1.2. The Framework Agreement will outline the agreed procurement procedures and will specify the terms and conditions under which the Credit funds may be used. All procurement activities under a sub-project shall be executed in conformity with the Framework Agreement.
- 3.2.1.3. During the field visits, the MSIF specialists will review and guide the IA to ensure any procurement activities are undertaken in conformity with the Framework Agreement.
- 3.2.1.4. MSIF shall apply prior review and post review to the procurement activities of the IA as described in Chapter 4 of this Handbook.
- 3.2.1.5. MSIF shall manage, on behalf of the IA, the process of no-objections, to be obtained from the WB.
- 3.2.1.6. MSIF will train IA and Community representatives in issues related to procurement of goods, works and consulting services.

### **3.2.2. IA Responsibilities**

- 3.2.2.1. Procurement for sub-project implementation is primary responsibility of the IA and includes:
  - 3.2.2.1.1. Procurement of works under supervision of MSIF and in conformity with the procedures outlined in the Framework Agreement.
  - 3.2.2.1.2. Procurement of goods and consulting services under supervision of MSIF and in conformity with the procedures outlined in the Framework Agreement.
  - 3.2.2.1.3. Operate as a Procurement and Bid Evaluation Committee and be in charge of procurement, bid evaluation and contract award decision.
  - 3.2.2.1.4. Permanent management and monitoring of unfolding implementation of the Projects included in the Framework Agreement.
  - 3.2.2.1.5. Organization of preliminary and final handover of the renovated facilities.
  - 3.2.2.1.6. Reporting to the Community and MSIF about the implementation results of the project.

### **3.3. CDD Sub-Projects in the communities with previous SIF experience**

#### **3.3.1. MSIF Responsibilities**

- 3.3.1.1. For CDD sub-projects in the communities with previous SIF experience, MSIF will enter into a Grant Agreement with the Community, represented by the CBO.
- 3.3.1.2. The Grant Agreement will outline the agreed procurement procedures and will specify the terms and conditions under which the funds may be used. All procurement activities shall be executed in conformity with the Grant Agreement.
- 3.3.1.3. Each approved Grant Application will be supervised during execution by two Community Development Consultants (technical and social issues) and a Financial Auditor, assigned by MSIF. The supervision trips of those consultants will take place before every new tranche to be disbursed from MSIF, based on a request from the CBO.
- 3.3.1.4. MSIF shall apply prior review and post review to the procurement activities of the CBO as described in Chapter 4 of this Handbook.

- 3.3.1.5. MSIF shall manage, on behalf of the CBO, the process of no-objections, to be obtained from the WB.
- 3.3.1.6. MSIF will train CBO representatives in issues related to procurement of goods, works and consulting services.

### **3.3.2. CBO Responsibilities**

- 3.3.2.1. Procurement for CDD Sub-Project implementation in the communities with previous SIF experience is primary responsibility of the CBO and includes:
  - 3.3.2.1.1. Procurement of goods, works and consulting services included in the Grant Application in conformity with MSIF procedures outlined in the Grant Agreement.
  - 3.3.2.1.2. Operate as a Procurement and Bid Evaluation Committee and be in charge of procurement, bid evaluation and contract award decision.
  - 3.3.2.1.3. Permanent management and monitoring of unfolding implementation of the CDD sub-projects included in the Grant Application.
  - 3.3.2.1.4. Organization of preliminary and final handover of the renovated facilities.
- 3.3.2.2. The CBO, shall submit to MSIF Evaluation Committee the procurement results of the first contract for goods, works and consultant services (local supervisor, design firm, other consultant services) for prior review and no-objection. The contract shall be awarded only after MSIF issues its no objection to the above mentioned procurements.
- 3.3.2.3. The CBO will report periodically to the Community and MSIF on sub-projects' implementation progress, providing information on the physical evolution of works and the expenses paid for sub-projects' execution.

## **3.4. SCS Projects**

### **3.4.1. MSIF Responsibilities**

- 3.4.1.1. For every SCS sub-project, MSIF will enter into a Grant Agreement with the Community, represented by the NGO.
- 3.4.1.2. The Grant Agreement will outline the agreed procurement procedures and will specify the terms and conditions under which the funds may be used. All procurement activities shall be executed in conformity with the Grant Agreement.

- 3.4.1.3. Each approved Grant Application is supervised during execution by two Community Development Consultants (technical and social issues) and a Financial Auditor, assigned by MSIF. The supervision trips of those three consultants will take place before every new tranche to be disbursed from MSIF, based on a request from the NGO.
- 3.4.1.4. MSIF shall apply prior review and post review to the procurement activities of the NGO as described in Chapter 4 of this Handbook.
- 3.4.1.5. MSIF shall manage, on behalf of the NGO, the process of no-objections, to be obtained from the WB.
- 3.4.1.6. MSIF will train NGO representatives in project proposal writing and provision of technical assistance.

### **3.4.2. NGO Responsibilities**

- 3.4.2.1. Procurement for SCS Project implementation is primary responsibility of the NGO and includes:
  - 3.4.2.1.1. Procurement of goods, works and consulting services included in the Grant Application in conformity with MSIF procedures outlined in the Grant Agreement.
  - 3.4.2.1.2. Operate as a Procurement and Bid Evaluation Committee and will be in charge of procurement, bid evaluation and contract award decision.
  - 3.4.2.1.3. Permanent management and monitoring of unfolding implementation of the SCS sub-project included in the Grant Application.
- 3.4.2.2. The NGO, shall submit to MSIF Evaluation Committee the procurement results of the first contract for goods, works and consultant services (local supervisor, design firm, other consultant services) for prior review and no-objection. The contract shall be awarded only after MSIF issues its no objection to the above mentioned procurements.
- 3.4.2.3. The NGO will report periodically to the Community and MSIF on sub-project implementation progress, providing information on the physical evolution of activities/works and the expenses paid for SCS Project execution.

## **3.5. ST Sub-Projects**

### **3.5.1. MSIF Responsibilities**

- 3.5.1.1. For ST sub-projects, MSIF will enter into a Grant Agreement with the Community, represented by the LPA.
- 3.5.1.2. The Grant Agreement will outline the agreed procurement procedures and will specify the terms and conditions under which the funds may be used. All procurement activities shall be executed in conformity with the Grant Agreement.
- 3.5.1.3. Each approved Grant Application will be supervised during execution by two Community Development Consultants (technical and social issues) and a Financial Auditor, assigned by MSIF. The supervision trips of those consultants will take place before every new tranche to be disbursed from MSIF, based on a request from the LPA.
- 3.5.1.4. MSIF shall apply prior review and post review to the procurement activities of the LPA as described in Chapter 4 of this Handbook.
- 3.5.1.5. MSIF shall manage, on behalf of the LPA, the process of no-objections, to be obtained from the WB.
- 3.5.1.6. MSIF will train LPA representatives in issues related to procurement of goods, works and consulting services.

### **3.5.2. LPA Responsibilities**

- 3.5.2.1. Procurement for ST sub-project implementation is primary responsibility of the LPA and includes:
  - 3.5.2.1.1. Procurement of goods, works and consulting services included in the Grant Application in conformity with MSIF procedures outlined in the Grant Agreement.
  - 3.5.2.1.2. Operate as a Procurement and Bid Evaluation Committee and be in charge of procurement, bid evaluation and contract award decision.
  - 3.5.2.1.3. Permanent management and monitoring of unfolding implementation of the ST Sub-projects included in the Grant Application.
- 3.5.2.2. The LPA, shall submit to MSIF Evaluation Committee the procurement results of the first contract for goods, works and consultant services (local supervisor, design firm, other consultant services). The contract shall be awarded only after MSIF issues its no objection to the above mentioned procurements.
- 3.5.2.3. The LPA will report periodically to the Community and MSIF on sub-projects' implementation progress, providing information on the physical evolution of works and the expenses paid for sub-projects' execution.

## Chapter 4. Step-by-Step Procurement Arrangements

### 4.1. Establishing Procurement Type

4.1.1. MSIF2 project involves procurement under one of the following categories:

- 4.1.1.1. Goods and Technical Services. Materials, products, standard goods, equipment, short- or long-term used items, etc, supplied from manufacturers or dealers.
- 4.1.1.2. Works. All the civil works needed for infrastructure or non-infrastructure sub-projects that include materials, labor, transportation and equipment, which by their complexity can be performed only by a qualified firm.
- 4.1.1.3. Consultancy Services (Services). The assistance performed by vocational individuals, training, or complex assignments carried by team of experts, with experience in the specific domains, having a professional background and skills.

### 4.2. Establishing Applicable Procurement Method

- 4.2.1. The Handbook describes all procurement methods and their procedures. For a specific subproject within the framework of MSIF2 Project only those methods and procedures shall apply, which are considered appropriate and specified in the Procurement Plan.
- 4.2.2. MSIF and IA shall apply for each procurement only one method, depending on the type of procurement (goods, works, services) and estimated value of the contract.

### 4.3. Establishing Evaluation Committee

#### 4.3.1. MSIF Evaluation Committee

- 4.3.1.1 An Evaluation Committee to review the procurements carried out by MSIF Executive Office (PMU) and IA shall be established in the MSIF Executive Office.
- 4.3.1.2 It shall consist of:
  - (i) Executive Director
  - (ii) FAD Director
  - (iii) TIAD Director
  - (iv) Procurement Specialist
  - (v) TIAD Engineer
  - (vi) Estimator

#### 4.3.2. IA Evaluation Committee

4.3.2.1. The IA will act as Evaluation Committee.

4.3.2.2. It will consist of 5 persons:

- (vii) Chairperson of the IA
- (viii) IA Officer, in charge of managing the procurement process
- (ix) IA Accountant
- (x) IA Engineer
- (xi) a member.

4.3.2.3. The Evaluation Committee will be in charge of evaluating bids/quotations/proposals for goods, works, and consulting services.

4.3.2.4. IA can ask for MSIF assistance in the selection process, if needed be. It is recommended that the Evaluation Committee involve in the evaluation process the specialist who prepared the technical specifications for supply of goods or works or at least 2 well-informed persons in the field of hiring consultants.

4.3.3. All Evaluation Committee members shall learn and observe the procedures comprised in this Handbook and the details in the bidding documents/invitation to quote/request for proposal forwarded to the bidders/consultants.

4.3.4. Evaluation Committee's main responsibilities are to:

4.3.4.1. Receive all bids/quotations/proposals from the person in charge with procurement arrangements.

4.3.4.2. Return to the bidders/consultants, without opening, bids/quotations/proposals received after the deadline.

4.3.4.3. Open the bids/quotations/proposals in due time within the Minutes of Opening, in the presence of bidders/consultants (if public opening is announced) who choose to attend.

4.3.4.4. Perform the evaluation in respect with confidentiality, objectiveness, and non-influence conditions, taking into consideration "conflict of interests" provisions.

4.3.4.5. Check the completeness of the bids/quotations/proposals.

4.3.4.6. Determine if each bid/quotation/proposal responds substantially to the requirements and establish what clarifications (information or additional documents) are necessary to continue with the evaluation.

4.3.4.7. Examine the documents certifying the bidder/consultant's eligibility.

4.3.4.8. Examine the documents regarding the qualification requirements.

4.3.4.9. Examine the unit prices, total prices, check all the calculations, and make the corrections of arithmetical errors; set the Evaluated Total

Price for each bid/quotation; and ask the bidders if corrections are accepted.

4.3.4.10. Set the final ranking and select the winner according to the applicable procurement method.

4.3.4.11. Ensure that the contract value does not exceed the estimated cost.

4.3.4.12. Make a decision for award.

#### **4.4. Preparation of Advertisement**

4.4.1. MSIF/IA shall publish an announcement in the “National Gazette” (Monitorul Oficial al Republicii Moldova) on the procurement to be made.

4.4.2. Advertisement in local newspapers, radio commercials, promotional meetings, and discussion at Community meetings, sending of target invitations is also recommended. Thus, in addition to the advertisement published in the newspaper, MSIF/IA shall directly inform up to 15 contractors from the MSIF database, by wide geographic coverage, about the forthcoming tender.

4.4.3. The bid submission period shall depend on the cost of the contract. Thus, if the cost of the civil works contract is below US\$ 50,000 the bid submission time shall be 21 days from the date of advertisement publication. If the cost of the civil works contract exceeds US\$50,000, the bid submission period shall be 30 days.

4.4.4. The extension of the bid opening date shall be notified to potential bidders 14 days prior to the expiring of the bid submission deadline.

#### **4.5. Preparation of Bidding Documents/Invitation to Quote/Request for Proposals**

4.5.1. 2<sup>nd</sup> part of the Handbook provides sample forms of Bidding Documents/ Invitation to Quote/Request for Proposals that must be followed by MSIF/IA when preparing the tender.

4.5.2. MSIF/IA must make all efforts to invite reputable firms, known as suppliers of goods, works and services being purchased as part of their normal business. In case of receiving unsolicited bids/quotations/proposals they may be accepted after carrying out a due diligence exercise to verify the nature and the reputation of the firms.

4.5.3. MSIF/IA shall encourage the participants to visit the project site (worksite and office conditions) before submission.

#### **4.6. Invitation. Receiving the Bids/Quotations/Proposals**

- 4.6.1. To ensure receiving of at least 3 bids/quotations/proposals as a good and corresponding competition, MSIF/IA shall send the invitation/ request in the following manner:
  - 4.6.1.1. Open bidding under NCB/LCB for goods and works, advertised nationwide/locally.
  - 4.6.1.2. At least 3 Invitations to Quote under Sh method for goods and works.
  - 4.6.1.3. 3 to 6 Requests for Proposals under QCBS, LCS, FBS and CQs method sent to shortlisted consulting firms.
  - 4.6.1.4. At least 3 Requests for Expression of Interest (CVs) under IC method to individuals with corresponding profession, qualification and experience.
  - 4.6.1.5. All bids/quotations/proposals/expressions of interest received, in due time or later, shall be kept under safe conditions, until opening time or start of evaluation.

#### **4.7. Bids/Proposals Public Opening**

- 4.7.1. MSIF/IA shall invite the bidders/consultants, who wish to attend, in the room where the opening will take place. Envelopes received after the deadline shall not be opened and are to be returned in the initial sealed form.
- 4.7.2. The Evaluation Committee shall open the envelopes received in due time, read and verify all the bids/proposals received, their registration, modifications (if any), the bid/proposal price and any other related document. This will be recorded in the Minutes of Opening.
- 4.7.3. The original Minutes of Opening shall be kept in the procurement file.

#### **4.8. Evaluation of Bids/Quotations/Proposals**

- 4.8.1. The Evaluation Committee members shall bear the responsibility for correctly carrying out the evaluation and selection process. The process will take place only in the presence of the members (in cases of sub-projects, MSIF representative may be present without any rights regarding decisions).
- 4.8.2. The evaluation must follow only the procurement methods and procedures described in this Handbook.
- 4.8.3. The Evaluation Committee shall prepare:
  - 4.8.3.1. Evaluation Report using the forms for each procurement method, given in the 2<sup>nd</sup> Part of this Handbook.

4.8.3.2. Brief description of the evaluation process, justifying the award decision.

4.8.4. All bids may be rejected, if found out that corrupt, collusive or coercive practices in competing for the contract in question were used or if the lowest evaluated bid price is 20% higher than the estimated cost of the contract. A second time rejection for the given contract shall not be done and new bids shall not be invited without the prior concurrence of the MSIF and World Bank.

#### **4.9. Award Notifications**

4.9.1. The selection results shall be notified to all participants. The information will include the name of the winner and the contract/purchase order value.

4.9.2. MSIF/IA shall send a Letter of Acceptance to the winner in the format for each procurement method, given in the 2<sup>nd</sup> Part of this Handbook. The letter will specify the deadline and place for signing the contract.

#### **4.10. Complaints**

4.10.1. If a bidder/consultant asks in written (only) about its bid/quotation/proposal, and why it was not selected, the MSIF/IA must answer the questions.

4.10.2. The response to the complaint shall be sent in writing, immediately after the conclusions have been drawn, and to all participants if the final decision has been modified.

4.10.2.1. If it is found that the complaint reasons are not grounded, the beneficiary may reject it and respond in consequence.

4.10.2.2. If it is found that the procedure was not observed or that the reasons are grounded, the Evaluation Committee can reconsider the initial decision.

4.10.3. If a bidder/consultant complaints to MSIF (or to WB), the IA must send to MSIF/WB copies of all the documents regarding the evaluation process. MSIF/WB will review and examine the procurement process and make comments or may impose the applicable sanctions.

4.10.4. In any case contract signing shall be postponed until a response is sent and the complaint is released.

#### **4.11. Negotiations. Contract/Purchase Order Signing**

4.11.1. If the selection method is based on price, the total evaluated price cannot be negotiated.

4.11.2. Only conditions and terms can be negotiated in the above case – starting date, facilities to be provided by the beneficiary, organizing of common/joint activities, etc.

4.11.3. The Contract/Purchase Order shall be signed by the MSIF/IA representatives only:

4.11.3.1. After being approved by MSIF/WB (in case of prior approval).

4.11.3.2. After being signed by the bidder/consultant.

#### **4.12. Resolution of Disputes**

4.12.1. The arbitration proceedings, if any, shall be conducted in accordance with the rules of procedure of the Economic Court of Moldova and with the prior consent of MSIF.

## Chapter 5. Procurement Monitoring and Evaluation

### 5.1. Review of Procurement Activities

#### 5.1.1. *Prior Review*

##### 5.1.1.1. Sub-projects for the first time participating communities

5.1.1.1.1. MSIF shall prior review all contracts (goods, works, and consultants) in each category of sub-projects (infrastructure and non-infrastructure).

5.1.1.1.2. The WB shall prior review selected contracts in conformity with the Procurement Plan.

##### 5.1.1.2. CDD sub-projects

5.1.1.2.1. The IA, shall submit to the MSIF Evaluation Committee, for examination and approval the procurement results of the first contract for goods, works, and consulting services (local supervisor, design firms, other consultant services). The contract shall be awarded only after MSIF issues its no-objection to the above mentioned procurements.

5.1.1.2.2. MSIF shall prior review every contract for goods under DP procedures, for works under DC procedures and for consulting services under SingleSS and SoleSS procedures.

5.1.1.2.3. The WB shall prior review selected contracts as foreseen by the Procurement Plan.

#### 5.1.2. *Post Review*

##### 5.1.2.1. Sub-projects for the first time participating communities

5.1.2.1.1. Post review shall apply to every contract not governed by paragraph 4.1.1.1 above.

##### 5.1.2.2. CDD sub-projects

5.1.2.2.1. Post review shall apply to every contract not governed by paragraph 4.1.1.2. above.

5.1.2.2.2. During the field visits, MSIF shall post review procurements carried out by Communities to assess, give advice and correct mistakes and ensure that all procurement activities are carried out in conformity with the MSIF Operational Manual and the Grant Agreement.

### 5.1.2.3. Post Review by the WB

4.1.2.3.1 The WB shall also post review selected contracts during the regular project supervision missions.

## **5.2. Follow-up Engineer in case of sub-projects for the first time participating communities**

5.2.1. MSIF Follow-up Engineer in charge of the sub-project will visit the sub-project site at least once a month.

5.2.2. The purpose of the visits is to:

5.2.2.1. Verify the progress and quality of construction works.

5.2.2.2. Verify the progress made in the implementation of programs to improve services in the facility.

5.2.2.3. Examine the documentation of the Local Supervisor.

5.2.2.4. Sign any Statement of Accomplished Works (SAW), together with the Local Supervisor and IA.

5.2.2.5. Identify technical, managerial or other constraints faced by IA and the contractors and provide that information to the MSIF's Technical Issues Assistance Department (TIAD).

## **5.3. Community Development Technical Consultant**

5.3.1. The Community Development Technical Consultant, assigned by MSIF will supervise each CDD sub-project, visiting the project site before every new tranche to be disbursed.

5.3.2. The purpose of the visits is to supervise, verify, provide technical assistance and establish remedy measures in matters concerning the following:

5.3.2.1. The stage of implementation of the CDD sub-projects included in the Grant Application from the physical point of view and regarding its objectives, in relation to the work schedule.

5.3.2.2. Quality of the executed works.

5.3.2.3. Execution of contracts signed by the IA with different suppliers/contractors/consultants.

5.3.2.4. Grant management and observance of the procurement procedures for goods, services and works.

## **5.4. Procurement Report**

#### **5.4.1. Procurement Progress Report**

- 5.4.1.1. The IA (CBO/NGO/LPA) has to report about the procurement progress before submitting a Request for Tranche (RFT) to MSIF.
- 5.4.1.2. The report shall be prepared in the format annexed to this Handbook (Annex 2) and shall be certified by the Local Supervisor and the Management Committee (MC) / Management Board (MB) / Primaria Council (PC).
- 5.4.1.3. The IA (CBO/NGO/LPA) has to complete the Community Procurement Plan with previous procurements, specifying the procurement type, stage of the procurement process, value of contracts signed, and disbursements made.

#### **5.4.2. Final Procurement Report**

- 5.4.2.1. After the sub-project is completed the IA (CBO/NGO/LPA) has to report about final disbursements.
- 5.4.2.2. The report shall be prepared in the format annexed to this Handbook (Annex 3) and shall be certified by the Local Supervisor and approved by the General Meeting or Representative Meeting of the village/small town.
- 5.4.2.3. The Final Procurement Report shall be submitted to the MSIF Executive Committee for consideration.

### **5.5. Unit Price Data Base**

#### **5.5.1. General**

- 5.5.1.1. MSIF will collect and maintain a Unit Price Database for all items (construction materials, labor, equipment and tools, goods) commonly required for a sub-project implementation.
  - 5.5.1.1.1. The unit costs or rates will be unified to be applied throughout the country.
  - 5.5.1.1.2. The IA may collect costs and rates of the most commonly required items from a random sample of suppliers and contractors and submit them to MSIF.
  - 5.5.1.1.3. The Unit Price Database will also be updated based on the actual bids submitted by potential contractors.
- 5.5.1.2. MIS uses the unit prices to calculate compound prices for commonly required items of work, based on recipes of work items.

- 5.5.1.3. The Unit Price Database is used in appraisal and monitoring, as a tool to review the sub-project's budget in the Framework/Grant Agreement and serves as a guide when the procurement is done through direct contracting.
- 5.5.1.4. MSIF will regularly update the Unit Price Database as part of the cost control system, to safeguard that selection of sub-projects is undertaken according to transparent criteria.

#### **5.5.2. Compound Prices Database**

- 5.5.2.1. Compound Prices Database is a tool for price evaluation and preparation of estimated budget.
- 5.5.2.2. MSIF maintains a database, which stores all bids, submitted to MSIF. Based on these bids, the estimator can compute, by means of MIS tools, the average price for each work item. It must be done monthly. Estimator has a possibility to use prices computed either by means of Unit Price Database or Compound Prices Database.

#### **5.5.3. Sub-project Budgeting Subsystem**

- 5.5.3.1. The system calculates the estimated Sub-project budget at appraisal, based on data from Unit Prices Database and/or Compound Prices Database and estimated Bill of Quantities.
- 5.5.3.2. Although prices are updated monthly, in conditions of exchange rate fluctuation of the MDL, MSIF shall update prices of main materials before the Bill of Quantities is prepared.

#### **5.5.4. Sub-project Follow-up Subsystem**

- 5.5.4.1. The system provides MSIF management with all the necessary information for the physical and financial monitoring and control of sub-project execution.
- 5.5.4.2. The system traces all stages of sub-project cycle and signals MSIF's Accounting Unit when payments for the contractors are requested.
- 5.5.4.3. It is also a tool for Follow - Up Engineers that permits to make Change Orders and to submit and supervise SAWs.

#### **5.5.5. Monitoring Module**

- 5.5.5.1. The module is a management tool, which permits to: supervise civil works for every sub-project; prepare all necessary Project Progress Reports, status of all sub-projects; fund utilization; statistical information; other reports and diagrams.

#### **5.5.6. Auxiliary Databases**

- 5.5.6.1. The auxiliary databases on Supervisors, Contractors, IAs, CBOs, NGOs, LPAs and MSIF staff are also established and maintained by the MSIF's Management Information System (MIS).
- 5.5.6.2. MSIF shall maintain a database of firms and individuals that are suspended from bidding (please see par. "Securities" in the Operational Manual) for any contract within the framework of MSIF2 for a period of 2 years, or other cases as agreed with the WB, because they were found to have been involved, directly or through an agent, in corrupt, fraudulent, collusive or coercive practices in competing for the contract in question.

## Chapter 6. Details on Procurement Methods

### 6.1. Procurement of Goods

#### **6.1.1. National/Local Competitive Bidding (NCB/LCB amount below US\$ 100,000 equivalent)**

- 6.1.1.1. NBC/LCB method shall be used for procuring goods or package of goods available from several sources or suppliers within the country, or imported by local suppliers.
- 6.1.1.2. The supplier having the lowest total evaluated bid price and complying substantially with the technical requirements and terms of delivery shall be selected.
- 6.1.1.3. NCB/LCB method steps are:
  - 6.1.1.3.1. Determine the type and units of required goods and the delivery time.
  - 6.1.1.3.2. Prepare the Technical Specifications, assisted by a professional.
  - 6.1.1.3.3. Prepare the Bidding Documents.
  - 6.1.1.3.4. Advertise nationwide/locally.
  - 6.1.1.3.5. Issue the Bidding Documents.
  - 6.1.1.3.6. Receive and register the bids, by a deadline.
  - 6.1.1.3.7. Open the bids in public, record the Minutes of Opening.
  - 6.1.1.3.8. If 3 bids cannot be obtained, continue with evaluation provided that MSIF has no objection to a contract award after being evaluated less than 3 bids.
  - 6.1.1.3.9. Check whether the bid is substantially responsive to the Bidding Documents and Technical Specifications.
  - 6.1.1.3.10. Determine the lowest evaluated bid price.
  - 6.1.1.3.11. Prepare an Evaluation Report showing the name of bidders, prices quoted, and justifying the selection of the supplier.
  - 6.1.1.3.12. Submit the Evaluation Report and recommendation for contract award to MSIF/WB for prior review and no-objection (if required).
  - 6.1.1.3.13. Notify the winning bidder.
  - 6.1.1.3.14. Sign the contract
  - 6.1.1.3.15. Keep the process confidential until the contract has been awarded.
  - 6.1.1.3.16. Purchase goods from the supplier against Purchase Order.

6.1.1.3.17. Pay the supplier after inspecting the goods and against Goods Receiving Note and invoice.

6.1.1.3.18. Keep all the documents and file them.

## **6.1.2. Shopping**

***(Sh amount below US\$ 50,000 equivalent)***

6.1.2.1. Sh method shall be used for procuring off-the-shelf items of goods or standard specification commodities available from several sources or suppliers within the country, or imported by local suppliers.

6.1.2.2. It is mandatory to invite at least 3 quotations from local suppliers, for the same items or for the same list of goods.

6.1.2.3. The supplier having the lowest total evaluated price and complying substantially with the technical requirements shall be selected.

6.1.2.4. Sh method steps are:

6.1.2.4.1. Determine the type and units of required goods and the delivery time.

6.1.2.4.2. Prepare a list of available supplies.

6.1.2.4.3. Prepare the Invitation to Quote.

6.1.2.4.4. Invite at least 3 local suppliers.

6.1.2.4.5. Receive quotations (brochures and list of prices) from the bidders by a deadline and register them.

6.1.2.4.6. Unless there are already 3 or more quotations available, give a reasonable amount of additional time, say 3 more days, to get additional quotations.

6.1.2.4.7. Consider the quality of goods offered and whether they are readily available.

6.1.2.4.8. Compare the prices and determine the lowest evaluated price.

6.1.2.4.9. Prepare an Evaluation Report showing the name of bidders, prices quoted, and justifying the selection of the supplier.

6.1.2.4.10. Submit the Evaluation Report and recommendation for contract award to MSIF/WB for prior review and no-objection (if required).

6.1.2.4.11. Finalize the Purchase Order and send to the supplier along with the Terms and Conditions of Supply.

6.1.2.4.12. Purchase goods from the supplier against Purchase Order.

6.1.2.4.13. Pay the supplier after inspecting them and against Goods Receiving Note and invoice.

6.1.2.4.14. Keep all the documents and file them.

### **6.1.3. Direct Purchasing**

- 6.1.3.1. DP method may be applied in the following cases:
  - 6.1.3.1.1. Extension of existing contract for goods awarded in accordance with procedures in this Handbook. The extension shall be for additional goods of similar nature and the value of the additional goods does not exceed 15% of the initial contract value. In such cases MSIF and WB will be satisfied that no advantage could be obtained by further competition and that the prices are reasonable.
  - 6.1.3.1.2. There is only one supplier in the grant-funded project area and in the neighboring areas and it has been determined getting proposals from other localities would add new value and would result in higher costs.
  - 6.1.3.1.3. Procurement of proprietary goods, that can be found from only one source or whose cost does not justify a tendering process, provided that the costs are in line with local market rates.
- 6.1.3.2. A request for DP, including documents and justifications shall be send to MSIF/WB for prior review and no objection.
- 6.1.3.3. DP method steps are:
  - 6.1.3.3.1. Prepare the proving documents and justifications for using this method.
  - 6.1.3.3.2. Receive price quotation by the supplier and compare whether the costs are in conformity with MSIF Unit Price Database.
  - 6.1.3.3.3. Forward a request to MSIF for contract signing.
  - 6.1.3.3.4. Sign the contract after MSIF prior review.

## **6.2. Procurement of Works**

### **6.2.1. National/Local Competitive Bidding (NCB/LCB amount below US\$ 150,000 equivalent)**

- 6.2.1.1. NCB/LCB method shall be used in case of contracting works for new constructions or their rehabilitation.
- 6.2.1.2. NCB/LCB is based upon basic principles of adequate competition, openness of procedures, transparent and fair and equal treatment of all bidders according to pre-disclosed criteria.
- 6.2.1.3. The bidder having the lowest total evaluated bid price for the whole bill of quantities of works and complying substantially with the technical specifications shall be selected.

6.2.1.4. NCB/LCB method steps are:

- 6.2.1.4.1. Prepare the Technical Specifications, Drawings, and Bill of Quantities, assisted by a design company.
- 6.2.1.4.2. Prepare the cost estimate of works using MSIF Unit Price Database.
- 6.2.1.4.3. Prepare the Bidding Documents.
- 6.2.1.4.4. Advertise nationwide/locally.
- 6.2.1.4.5. Issue the Bidding Documents.
- 6.2.1.4.6. Receive and register the bids, by a deadline.
- 6.2.1.4.7. Open the bids in public, record Minutes of Opening.
- 6.2.1.4.8. If 3 bids cannot be obtained, continue with evaluation provided that MSIF has no objection to a contract award after being evaluated less than 3 bids.
- 6.2.1.4.9. Check whether the bid is substantially responsive to the Bidding Documents and Technical Specifications.
- 6.2.1.4.10. Determine the lowest evaluated bid price.
- 6.2.1.4.11. Prepare an Evaluation Report showing the name of bidders, prices quoted, and justifying the selection of the contractor.
- 6.2.1.4.12. Submit the Evaluation Report and recommendation for contract award to MSIF/WB for prior review and no-objection (if required).
- 6.2.1.4.13. Notify the winning bidder.
- 6.2.1.4.14. Keep the process confidential until the contract has been awarded.
- 6.2.1.4.15. Sign the contract.
- 6.2.1.4.16. Keep the process confidential until the contract has been awarded.
- 6.2.1.4.17. Help the contractor start up the works.
- 6.2.1.4.18. Pay the contractor only after certifying that the works have been completed satisfactory and in accordance with the activity schedule, and after receiving the invoice.
- 6.2.1.4.19. Keep all the documents and file them.

**6.2.2. Shopping (Minor Works)**  
**(Sh amount below US\$ 30,000 equivalent)**

- 6.2.2.1. Sh method shall be used in case of contracting small works such as small repairs/accessories for construction or installation.

- 6.2.2.2. It is mandatory to invite at least 3 quotations, received from 3 local qualified contractors
- 6.2.2.3. The contractor having the lowest total evaluated price shall be selected.
- 6.2.2.4. Sh method steps are:
  - 6.2.2.4.1. Prepare the Technical Specifications, Drawings, and Bill of Quantities, assisted by a design company.
  - 6.2.2.4.2. Prepare the cost estimate of works using MSIF Unit Price Database and show it in the Bill of Quantities.
  - 6.2.2.4.3. Prepare the list of qualified contractors, at least 3, using the MSIF Database (List of Contractors).
  - 6.2.2.4.4. Prepare the Invitation to Quote.
  - 6.2.2.4.5. Invite at least 3 qualified contractors.
  - 6.2.2.4.6. Receive quotations from the bidders by a deadline and register them.
  - 6.2.2.4.7. Unless there are already 3 or more quotations available, give a reasonable amount of additional time, say 3 more days, to get additional quotations.
  - 6.2.2.4.8. Compare the prices using the reference in MSIF Unit Price Database and determine the lowest evaluated bid price.
  - 6.2.2.4.9. Prepare an Evaluation Report showing the name of bidders, prices quoted, and justifying the selection of the supplier.
  - 6.2.2.4.10. Submit the Evaluation Report and recommendation for contract award to MSIF/WB for prior review and no-objection (if required)
  - 6.2.2.4.11. Sign the contract.
  - 6.2.2.4.12. Pay the works only after certifying that they have been completed satisfactory and in accordance with the activity schedule, and after receiving the invoice.
  - 6.2.2.4.13. Keep all the documents and file them.

**6.2.3. Direct Contracting  
(DC amount below US\$ 10,000 equivalent)**

- 6.2.3.1. DC method may be applied in the following cases:
  - 6.2.3.1.1. Extension of existing contract for works awarded in accordance with procedures in this Handbook. The extension shall be for additional works of similar nature and the value of the additional works does not exceed 15% of the initial contract value. In such cases MSIF and WB

will be satisfied that no advantage could be obtained by further competition and that the prices are reasonable.

- 6.2.3.1.2. There is only one contractor in the grant-funded project area and in the neighboring areas and it has been determined getting proposals from other localities would add new value and would result in higher costs.
  - 6.2.3.1.3. Although MSIF/IA has done all the steps required, such as advertising or sending many invitations, did not receive at least 3 quotations.
  - 6.2.3.1.4. The works to be executed are simple and standard by nature and are not likely to attract public interest among the business community, the prices are reasonable and comply with the local market rates and do not exceed the estimated costs of the works.
- 6.2.3.2. A request for DC shall be send to MSIF for prior review. MSIF will review all the documents and justifications, and if acceptable issue a no objection.
- 6.2.3.3. DC method steps are:
- 6.2.3.3.1. Prepare the proving documents and justifications for using this method.
  - 6.2.3.3.2. Receive price quotation by the contractor and compare whether the costs are in conformity with MSIF Unit Price Database and do not exceed the estimated costs of the works.
  - 6.2.3.3.3. Forward a request to MSIF for contract signing.
  - 6.2.3.3.4. Sign the contract after MSIF's prior review.

### **6.3. Consulting Services**

#### **6.3.1. Quality- and Cost-Based Selection (QCBS amount above US\$ 100,000 equivalent)**

- 6.3.1.1. QCBS method shall apply for hiring consulting firm for assignments like project monitoring and evaluation.
- 6.3.1.2. QCBS is a method based on the quality of the proposals and the cost of the services to be provided. Shortlisted firms have to submit their technical and financial proposals in two separate envelopes. The technical proposals are opened first and evaluated.
- 6.3.1.3. Each responsive technical proposal will be given a technical score. Proposals will be ranked according to their combined technical and financial scores using the weights indicated in the Request for

Proposal. The firm achieving the highest combined technical and financial score is invited for negotiations.

6.3.1.4. QCBS method steps are:

- 6.3.1.4.1. Prepare the Terms of Reference and Scope of Services, assisted by a professional.
- 6.3.1.4.2. Invite expressions of interest advertising nationwide.
- 6.3.1.4.3. Prepare the short list comprising 3 to 6 firms.
- 6.3.1.4.4. Prepare the Request for Proposal.
- 6.3.1.4.5. Send the Request for Proposal to the shortlisted firms.
- 6.3.1.4.6. Receive and register the technical and financial proposals, by a deadline, open the technical proposals.
- 6.3.1.4.7. Evaluate the technical proposals and establish the list of firms that have obtained the minimum technical score indicated in the Request for Proposal.
- 6.3.1.4.8. Prepare a Technical Evaluation Report and make recommendation for inviting qualified firms for opening the financial proposals.
- 6.3.1.4.9. Open the financial proposals in public, record the Minutes of Opening.
- 6.3.1.4.10. Evaluate the financial proposals, prepare and submit the Combined Evaluation Report and recommendation for contract award to MSIF/WB for prior review and no-objection.
- 6.3.1.4.11. Notify the winning firm.
- 6.3.1.4.12. Negotiate the contract and record the Minutes of Negotiations.
- 6.3.1.4.13. Keep the process confidential until the contract has been awarded.
- 6.3.1.4.14. Sign the contract.
- 6.3.1.4.15. Help the consulting firm start up the assignment.
- 6.3.1.4.16. Pay the firm based on accepted documents and reports and after receiving the invoice.
- 6.3.1.4.17. Keep all the documents and file them.

**6.3.2. Least-Cost Selection  
(LCS amount below US\$ 60,000 equivalent)**

- 6.3.2.1. LCS method shall apply for assignments of a standard routine nature (audit, engineering design) where well-established practices and standards exist, and in which the contract amount is relatively small. Usually the method is used to select a firm.

- 6.3.2.2. It is mandatory to short-list at least 3 firms. Short listed firms have to submit their technical and financial proposals in two separate envelopes. The technical proposals are opened first and evaluated.
- 6.3.2.3. The qualifying minimum technical score shall be established, keeping in view that all proposals above the minimum compete only on “cost”. The firm obtaining the minimum technical score and having the lowest evaluated price shall be selected.
- 6.3.2.4. LCS method steps are:
  - 6.3.2.4.1. Prepare the Terms of Reference and Scope of Services, assisted by a professional.
  - 6.3.2.4.2. Prepare the short list comprising 3 to 6 firms.
  - 6.3.2.4.3. Prepare the Request for Proposal.
  - 6.3.2.4.4. Send the Request for Proposal to the shortlisted firms.
  - 6.3.2.4.5. Receive and register the technical and financial proposals, by a deadline, open the technical proposals.
  - 6.3.2.4.6. Evaluate the technical proposals and establish the list of firms that have obtained the minimum technical score (technically qualified).
  - 6.3.2.4.7. Prepare a Technical Evaluation Report and make recommendation for inviting qualified firms for opening the financial proposals.
  - 6.3.2.4.8. Invite qualified firms to attend the opening of the financial proposals, indicating the date, time and place for opening.
  - 6.3.2.4.9. Open the financial proposals in public, record the Minutes of Opening.
  - 6.3.2.4.10. Evaluate the financial proposals, prepare and submit the Final Evaluation Report and recommendation for contract award to MSIF/WB for prior review and no-objection (if required).
  - 6.3.2.4.11. Notify the winning firm.
  - 6.3.2.4.12. Negotiate the contract and record the Minutes of Negotiations.
  - 6.3.2.4.13. Keep the process confidential until the contract has been awarded.
  - 6.3.2.4.14. Sign the contract.
  - 6.3.2.4.15. Help the consulting firm start up the assignment.
  - 6.3.2.4.16. Pay the firm based on accepted documents and reports and after receiving the invoice.
  - 6.3.2.4.17. Keep all the documents and file them.

**6.3.3. Fixed Budget Selection  
(FBS amount above US\$ 100,000 equivalent)**

- 6.3.3.1. FBS shall apply when the TOR are precisely defined, and the time and staff-month effort required from the consultants can be assessed with precision.
- 6.3.3.2. Shortlisted firms have to submit their technical and financial proposals in two separate envelopes. The technical proposals are opened first and evaluated.
- 6.3.3.3. FBS is based on disclosing the available budget to invited consulting firms and selecting the firm with the highest-ranking technical proposal within the budget.
- 6.3.3.4. FBS method steps are:
  - 6.3.3.4.1. Prepare the Terms of Reference and Scope of Services, assisted by a professional.
  - 6.3.3.4.2. Prepare the cost estimate of services based on the Procurement Plan and indicate it in the Request for Proposal.
  - 6.3.3.4.3. Invite expressions of interest advertising nationwide.
  - 6.3.3.4.4. Prepare the short list comprising 3 to 6 firms.
  - 6.3.3.4.5. Prepare the Request for Proposal.
  - 6.3.3.4.6. Send the Request for Proposal to the shortlisted firms.
  - 6.3.3.4.7. Receive and register the technical and financial proposals, by a deadline, open the technical proposals.
  - 6.3.3.4.8. Evaluate the technical proposals and establish the list of firms that have obtained the minimum technical score indicated in the Request for Proposal.
  - 6.3.3.4.9. Prepare a Technical Evaluation Report and make recommendation for inviting qualified firms for opening the financial proposals.
  - 6.3.3.4.10. Invite qualified firms to attend the opening of the financial proposals, indicating the date, time and place for opening.
  - 6.3.3.4.11. Open the financial proposals in public, record the Minutes of Opening.
  - 6.3.3.4.12. Evaluate the financial proposals, prepare and submit the Final Evaluation Report and recommendation for contract award to MSIF/WB for prior review and no-objection.
  - 6.3.3.4.13. Notify the winning firm.
  - 6.3.3.4.14. Negotiate the contract and record the Minutes of Negotiations.

- 6.3.3.4.15. Keep the process confidential until the contract has been awarded.
- 6.3.3.4.16. Sign the contract.
- 6.3.3.4.17. Help the consulting firm start up the assignment.
- 6.3.3.4.18. Pay the firm based on accepted documents and reports and after receiving the invoice.
- 6.3.3.4.19. Keep all the documents and file them.

**6.3.4. Selection Based on Consultant's Qualifications  
(CQs amount below US\$ 100,000 equivalent)**

- 6.3.4.1. CQs method shall apply for relatively small assignments aiming at reducing the cost and time needed to hire a consultant with the best possible qualifications. Usually the method is used to select a firm.
- 6.3.4.2. It is mandatory to evaluate expressions of interest from at least three firms.
- 6.3.4.3. The selected most qualified consultant is requested to submit a combined technical and financial proposal and is then invited to negotiate the contract if the technical proposal proves to be acceptable.
- 6.3.4.4. CQs method steps are:
  - 6.3.4.4.1. Prepare the Terms of Reference and Scope of Services, assisted by a professional.
  - 6.3.4.4.2. Prepare the list of the potential candidates.
  - 6.3.4.4.3. Invite them to send expression of interest and information regarding their qualification and previous experience.
  - 6.3.4.4.4. Select the best qualified consulting firm for the assignment.
  - 6.3.4.4.5. Invite selected firm to submit a combined technical-financial proposal providing the Terms of Reference.
  - 6.3.4.4.6. Negotiate the contract if the technical proposal proves to be acceptable and record the Minutes of Negotiations.
  - 6.3.4.4.7. Request a no-objection from MSIF/WB, if required.
  - 6.3.4.4.8. Sign the contract.
  - 6.3.4.4.9. Help the consulting firm start up the assignment.
  - 6.3.4.4.10. Pay the firm based on accepted reports and after receiving the invoice.
  - 6.3.4.4.11. Keep all the documents and file them.

**6.3.5. Individual Consultants (IC)**

- 6.3.5.1. IC method shall apply for hiring individuals.

- 6.3.5.2. It is mandatory to evaluate expressions of interest from at least 3 individuals.
- 6.3.5.3. The best qualified consultant for the assignment shall be invited for negotiations and contracted.
- 6.3.5.4. IC method steps are:
  - 6.3.5.4.1. Prepare the Terms of Reference and Scope of Services, assisted by a professional.
  - 6.3.5.4.2. Prepare the list of potential candidates.
  - 6.3.5.4.3. Invite them to send expression of interest and information regarding their qualification and previous experience.
  - 6.3.5.4.4. Unless there are already 3 or more expression of interest available, give a reasonable amount of additional time, say 3 more days, to get additional expression of interest.
  - 6.3.5.4.5. Select the best qualified consultant for the assignment.
  - 6.3.5.4.6. Negotiate the contract terms and conditions and record the Minutes of Negotiations.
  - 6.3.5.4.7. Request a no-objection from MSIF/WB if required.
  - 6.3.5.4.8. Sign the contract.
  - 6.3.5.4.9. Help the consultant start up the assignment.
  - 6.3.5.4.10. Pay the firm based on accepted reports and after receiving the invoice.
  - 6.3.5.4.11. Keep all the documents and file them.

### **6.3.6. Single Source Selection**

- 6.3.6.1. SingleSS method may be appropriate for selecting consultant firms, only if it presents a clear advantage over competition:
  - 6.3.6.1.1. Task that represents a natural continuation of previous work carried out by the firm.
  - 6.3.6.1.2. Rapid selection is essential (in an emergency operation).
  - 6.3.6.1.3. There is only one qualified firm in the grant-funded project area and in the neighboring areas and it has been determined getting proposals from other localities would add new value and would result in higher costs.
  - 6.3.6.1.4. The services to be provided are rather specific and firm's qualifications are relevant and of paramount importance for the assignment.
- 6.3.6.2. A request for SingleSS selection shall be send to MSIF/WB with necessary documents and justifications for prior review.

- 6.3.6.3. SSS method steps are:
  - 6.3.6.3.1. Prepare the proving documents and justifications for using this method.
  - 6.3.6.3.2. Receive financial proposal by the consultant and compare whether the costs are in conformity with MSIF Unit Price Database.
  - 6.3.6.3.3. Forward a request to MSIF/WB for contract signing.
  - 6.3.6.3.4. Sign the contract after MSIF/WB prior review.

#### **6.3.7. Sole Source Selection**

- 6.3.7.1. SoleSS method may be appropriate for selecting individual consultants only if it presents a clear advantage over competition:
  - 6.3.7.1.1. Task that represents a natural continuation of previous work carried out by the firm.
  - 6.3.7.1.2. Rapid selection is essential (in an emergency operation).
  - 6.3.7.1.3. The services to be provided are rather specific and consultant's qualifications are relevant and of paramount importance for the assignment.
  - 6.3.7.1.4. The consultant is most qualified to provide the given services.
- 6.3.7.2. A request for SoleSS selection shall be send to MSIF/WB with necessary documents and justifications for prior review.
- 6.3.7.3. SoleSS method steps are:
  - 6.3.7.3.1. Prepare the proving documents and justifications for using this method.
  - 6.3.7.3.2. Receive financial proposal by the consultant and compare whether the costs are in conformity with MSIF Unit Price Database.
  - 6.3.7.3.3. Forward a request to MSIF/WB for contract signing.
  - 6.3.7.3.4. Sign the contract after MSIF/WB prior review.

#### **6.4. Procurement File**

- 6.4.1. MSIF shall keep copies of all correspondence between MSIF, WB and IA regarding the procurement(s) for every sub-project.
- 6.4.2. MSIF shall keep copies of all contracts for every sub-project, in chronological order of their signing, the first registered contract being the respective Framework/Grant Agreement.
- 6.4.3. MSIF/IA shall maintain a Procurement File for each procurement, which will keep the originals of the following documents:

- 6.4.3.1. Advertising (newspapers).
- 6.4.3.2. List of Goods / Bill of Quantities / Drawings / Technical Specifications / Terms of Reference.
- 6.4.3.3. NCB/LCB Bidding Documents / NS Invitation to Quote / QCBS, LCS and FBS Requests for Proposal / CQs, SingleSS and SoleSS and IC Letters of Invitation.
- 6.4.3.4. Bids/Quotations/Proposals/Expressions of Interest received and their envelopes, any confirmations, clarifications, modifications to bids/quotations/proposals thereof.
- 6.4.3.5. Minutes of Opening.
- 6.4.3.6. Evaluation Report and related documents, including each member's evaluation sheet.
- 6.4.3.7. Notifications, complaints and responses.
- 6.4.3.8. Minutes of negotiations.
- 6.4.3.9. Signed contract.
- 6.4.4. All Purchase Orders / SAWs / Hand-over Acts / Acceptance Acts / Consultant Reports, invoices, payment orders shall be kept in a separate Accounting File.
- 6.4.5. All the documents shall be kept in the Procurement and Accounting Files, in original, for 2 years after sub-project closing date.

## **Chapter 7. Contract Implementation**

### **7.1. Contract Coordination**

7.1.1. MSIF/IA shall assign a Contract Coordinator for each and every contract being signed. The Contract Coordinator shall follow up:

7.1.1.1. Receiving the goods / performing the works / performing the services.

7.1.1.2. Respecting the prices and fees that have determined the contract value.

7.1.1.3. Respecting the contractual terms and conditions for payments.

### **7.2. Contract Payments**

7.2.1. All the payments shall be made observing the procedures described in the Financial Handbook.

7.2.2. Payments for Goods.

7.2.2.1. Goods that do not meet the technical requirements or did not pass the operation tests shall not be accepted.

7.2.2.2. The payments will follow up the quotation.

7.2.2.3. The following documents have to support the claim:

7.2.2.3.1. Certificate from the country of origin.

7.2.2.3.2. Warrantee certificate.

7.2.2.3.3. Goods Receiving Note.

7.2.2.4. The supplier's invoice has to be certified by the Contract Coordinator.

7.2.3. Payments for Works.

7.2.3.1. Works are accepted by Local Supervisor along with all tests and quality certificates.

7.2.3.2. The payments shall be made in accordance with contract terms and conditions:

7.2.3.2.1. In the case of unit rate contract: the payments must be in compliance with the unit rates and quantities of work accomplished.



Format for Procurement Plan

Description of Contract Packages	Estimated Cost		Procurement Method	Selection Process		Contract Implementation	
	MDL	US\$		Start Date	Finish Date	Start Date	Finish Date
GOODS ..... ..... .....							
Total value Goods							
WORKS ..... ..... .....							
Total value Works							
SERVICES ..... ..... .....							
Total value Services							
<b>Total Grant</b>							

Format for Procurement Progress Report

Description of Contract Packages	Estimated Cost / Disbursements		Procurement Method	Selection Process Stage	Contracts/Orders Signed		
	MDL	US\$			Value (MDL)	Start Date	Finish Date
GOODS ----- ----- -----							
Total for Goods							
WORKS ----- ----- -----							
Total for Works							
SERVICES ----- ----- -----							
Total for Services							
<b>Total Costs</b>							



Format for Final Procurement Report

Contract Packages	Estimated Cost		Disbursements (MDL)			
	MDL	US\$	Contracts/ Orders Value	Total Payments	Savings Values (-)	Added Values (+)
GOODS ----- ----- -----						
Total for Goods						
WORKS ----- ----- -----						
Total for Works						
SERVICES ----- ----- -----						
Total for Services						
<b>Total Budget</b>						