



# **INSTRUCTIONS GUIDE FOR CONTRACTING WORKS UNDER THE PRICE COMPARISON METHOD UNDER THE FRAMEWORK OF PROCUREMENTS FINANCED WITH CABEI'S RESOURCES**

**Version 1**

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**IN - CP - 07 - 08**

**R i s k   M a n a g e m e n t**

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## I. INTRODUCTION

The Central American Bank for Economic Integration (CABEI) is an international multilateral development financial institution whose resources are invested, among others, in the non-financial public sector of the member countries, which generally use CABEI's Procurement Policy and its application rules for the procurement of goods, works, non-consulting and consulting services.

The execution of operations involves multiple smaller procurement processes for the acquisition of goods in stock or of standard specification and the provision of simple services.

This guide has been prepared to facilitate the execution of these processes. It incorporates the guidelines for applying the Price Comparison method in accordance with the provisions of the Standard for the Application of CABEI's Procurement Policy.

## II. OBJECTIVE

The main objective of this document is to provide the Executing Units with a tool on the steps to be followed in the development of this type of procurement processes.

## III. SCOPE

This document should be used by borrowers/recipients or executing agencies for the proper management of procurement processes where the procurement methods established in CABEI's Procurement Policy Implementation Rules are applied in public sector operations financed by the Bank.

## IV. ABBREVIATIONS AND TERMS

- **CABEI:** Central American Bank for Economic Integration.
- **EA:** Executing Agency
- **EU:** Executing Unit.
- **GPP:** General Procurement Plan.
- **ToR:** Terms of Reference.
- **TS:** Technical Specifications

## V. DEFINITIONS

- **Contractor:** Natural or legal person responsible for the execution of a work.
- **Financing:** Financing granted by CABEI to attend one or several operations through its different modalities.

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- **No Objection:** Within the framework of the Policy and Norms for its Application, it is CABEI's manifestation, through a letter issued by the representative office or technical area responsible for the operation, indicating that the documentation submitted by the Borrower/Beneficiary is in accordance with the provisions of the Policy and these Norms, but without implying legal or technical responsibility for its content.
- **Operation:** This term shall be used indistinctly for reimbursable or non-reimbursable projects, cooperation and technical assistance, programs, special operations, or other financing modalities granted by CABEI.
- **Works:** These are civil, electromechanical works in any of its fields and others that are financed with CABEI's resources.

### **VI. RELATED DOCUMENTATION**

- Policy for the Procurement of Goods, Works, Services and Consulting Services with CABEI's Resources
- Norms for the Application of the Procedures for the Procurement of Goods, Works, Non-Consulting and Consulting Services

## **VII. DEVELOPMENT**

### **1. Price Comparison**

- 1.1. This method is established in the GPP for procurements with amounts budgeted below the limit established for application of national legislation in the case of works.
- 1.2. This method is appropriate for the procurement of small works. The procurement of these works is based on the comparison of at least three (3) quotations. The borrower/beneficiary shall be responsible for not artificially splitting the procurement of this type of work for the purpose of using this method and shall ensure that these are specific activities.

### **Technical Specifications and CABEI No Objection**

- 1.3. Once the No Objection to the GPP identifying the price comparison process has been received, the technical specifications must be prepared and the respective No Objection will be requested from CABEI.
- 1.4. The technical specifications, as a minimum, shall include, among others:
  - a. Descriptive report of the work.
  - b. List of quantities / activities.
  - c. General and specific technical specifications.
  - d. If necessary, construction drawings and the list of construction drawing shall be included.
  - e. Minimum equipment required (if applicable).
  - f. Key personnel required (if applicable).
  - g. Activities schedule.
  - h. Any other deemed convenient.

### **Information and indications to the bidder**

- 1.5. Information to be submitted by the interested party: The information to be submitted by the contributor must be indicated, such as:
  - a. Expression of interest to participate in a specific process.

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- b. Detailed quotation including delivery time/schedule or similar which, depending on the case, it can be under a unit price or total amount modality.
  - c. Depending on the works to be quoted, the potential contractor may be requested to submit documented information to evaluate its legal, technical, and financial capacity to perform the works.
  - d. Affidavit in accordance with the model included in the Standard Document for contracting works under the Price Comparison method.
- 1.6. Verification that the successful bidder is eligible to sign a contract with CABEI's financing, and therefore may not be included in CABEI's list of prohibited counterparties, which are:
- a. United Nations Security Council (UN) Consolidated List of Sanctions: <https://scsanctions.un.org/search/>
  - b. Consolidated list of individuals, groups, and entities subject to European Union (EU) financial sanctions. In order to gain access, a free account must be created within the EU platform: <https://webgate.ec.europa.eu/fsd/files>
  - c. Consolidated list of individuals, groups and entities subject to World Bank (WB) sanctions: <https://www.worldbank.org/en/projects-operations/procurement/debarred-firms>
  - d. Office of Foreign Assets Control (OFAC) Consolidated List: <https://sansonsearch.ofac.treas.gov/>
  - e. HM Treasury Consolidated List of Targets: <https://sanctionssearchapp.ofsi.hmtreasury.gov.uk/>
  - f. CABEI's List of Prohibited Counterparties.

### **Publication - Invitation to participate**

- 1.7. The request for quotation does not require the use of formal or extensive bidding documents, which shall be accompanied by at least the following documents and indications:
- a. ET with the minimum content established in guideline 1.4.
  - b. Indicate that an expression of interest to participate in the process must be submitted and that only those submitting such expression of interest will be considered.

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- c. Form in which the quotations shall be submitted, which may be physical or electronic, the latter shall indicate the institutional mail to which the quotations shall be sent and instructions for sending them.
  - d. Indication that the award will be made to the contractor that complies with the TS, has the lowest price, and complies with CABEI's eligibility conditions.
  - e. Indication that the awardee must be eligible to sign a contract with CABEI's financing, in accordance with the provisions of subsection 1.6.
  - f. It is recommended that the contract model or purchase order be attached.
- 1.8. In general terms the Request for Quotation (RFQ) or public bidding procedure involves the following:

### **a. Request for Quotation - Publication**

These requests for quotations may be made by:

- i. Invitation to quote: Request for quotations made by the contractor directly to potential contractors that have been previously identified.
- ii. Public invitations to bid: Request for quotations made in a public manner by means of an invitation to bid that allows free concurrence of the participants. A public solicitation will be considered to have been made when it was published in at least one of the following instances, either digital or printed, for example in:
  - Publication in digital media
    - Website of the Public Procurement Regulatory Office in the Procuring Entity's country.
    - Contractor's website.
    - Digital version of newspapers with wide national circulation.
  - Publication in printed media.
    - Newspapers (print media) with national circulation in the Employer's country.

An example of the Request for Quotation can be found in the Standard Document for Procurement of Works under the Price Comparison Method.

### **b. Deadline to submit expression of interest and quotation**

- i. The deadline for submitting quotations should be between 5-10 working days from the next working day of the publication/request for quotation, which will depend on the type of works to be carried out and the availability of contractors in the market with the required profile.

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- ii. When the minimum deadline for submitting quotations has been granted and at least three (3) quotations have not been received, prior to the expiration of the deadline, other potential contractors may be requested to participate.

In these cases, the deadline for submitting quotations must be extended by at least five (5) working days and the extension must be communicated according to the publication procedure selected, as indicated in guideline 1.8, letter a.

### **c. Receipt of quotations**

Once the deadline for the receipt of quotations is closed, an acceptance certificate will be prepared, and the quotations received will then be evaluated and compared.

## **Comparison of quotations and award recommendation**

- 1.9. Once the quotations are available, they will be evaluated and compared by means of the following procedure:

### **a. Verification of compliance with the Technical Specifications**

- i. Only quotations presented by contractors who submit an expression of interest will be evaluated. A letter signed by the bidder or e-mail from the bidder, including the quotation offered, will be considered an expression of interest.
- ii. A verification of the inclusion in the quotations of the Sworn Statement according to the form established in the Standard Document for Contracting Works under the price comparison method must be made; in case of omission by the contractor of such statement, the respective correction shall be requested.
- iii. If requisites for the accreditation of financial, technical, and legal capacity were established, these must be verified.
- iv. A verification that the received quotations comply with the criteria and technical requirements indicated in the Request for Quotation must be made.

### **b. Verification of the minimum number of quotations received.**

- i. Verify that the minimum number of quotations complying with the technical specifications have been received as follows:
  - If direct invitations to potential contractors have been issued, at least three (3) quotations meeting the requested technical specifications must be received.
  - Fewer than three (3) quotations may be accepted when at least one of the public invitations indicated in numeral 1.8, letter a, item ii. were issued.



**c. Lowest priced bidder**

The EA among the quotations received and that meet all the technical and eligibility requirements set forth in the RFQ, shall identify the one with the lowest price.

**d. Verification of Eligibility**

Prior to award, it shall verify that the contractor that meets the technical specifications is not on CABEI's List of Prohibited Counterparties, as indicated in numeral 1.6.

**e. Award recommendation**

- i. Once it is verified that the contractor that complies and submits the lowest price is not on CABEI's List of Prohibited Counterparties, it will be recommended for award.
- ii. A report will be prepared containing the comparison matrix and the details of the process carried out and, in processes subject to prior review, the process will be submitted for CABEI's No Objection, once such No Objection is received, in the applicable cases, the respective work may be awarded.

## VIII. ANNEXES

### Annex.1. COMPARISON MATRIX MODEL

Quotations Comparison Matrix: *(Indicate name and number of the process)*

**Table 1. Technical, financial, and legal capacity evaluation matrix<sup>1</sup>.**

No.	Description <i>List the requirements and evaluation criteria for technical, financial, and legal capacity.</i>	Contractor A	Contractor B	Contractor C	Acceptance for the evaluation of technical specifications and requirements? Yes / No
1		Compliant / Non-Compliant	Compliant / Non-Compliant	Compliant / Non-Compliant	
2		Compliant / Non-Compliant	Compliant / Non-Compliant	Compliant / Non-Compliant	
3		Compliant / Non-Compliant	Compliant / Non-Compliant	Compliant / Non-Compliant	

**Table 2. TE and requirements evaluation matrix**

No.	Description <i>List the requirements and technical specifications to be met in accordance with the request for quotation (RFQ).</i>	Contractor A	Contractor B	Contractor C	Acceptance for price comparison? Yes / No
1					
2					
3					

Based on the quotations that meet the technical specifications and other requirements set forth in the RFQ, the following comparison matrix can be used as an example to identify the contractor with the lowest price.

**Table 3. Evaluation Summary**

No.	Contractor	Complies				Price US\$
		Expression of Interest	Affidavit	TS <sup>1</sup>	Eligibility	
1	Contractor A	Complies	Complies	Complies	Complies	35,000
2	Contractor B	Complies	Complies	Complies	Complies	37,500
3	Contractor C	Complies	Complies	Complies	Complies	38,545



*\* Depending on the type of good or service, other criteria or requirements may be considered and should be agreed with the Bank.*

<sup>1</sup> It is expected that requests for quotations will be made to potential contractors who already have the technical, financial, and legal capacity to undertake such commitments; however, on occasion, criteria, and requirements may be established to ensure this condition, which must be approved in advance by the Bank.

<sup>2</sup> The technical specifications should be evaluated in detail; all significant observations should be footnoted in the evaluation table.