

ANNEX
RESOLUTION No. PRE-140/2022

NORMS FOR THE APPLICATION OF THE PROCEDURES FOR THE PROCUREMENT OF GOODS, WORKS, NON-CONSULTING AND CONSULTING SERVICES FINANCED BY CABEI

AI.ANX.DMR. Norms for the Application of the Procedures for Procurement of Goods

Public once approved

In accordance with the regulatory framework of the Access to Information Policy, this document will be published on the Bank's external website after its approval.

Table of Contents

I. INTRODUCTION	4
II. OBJECTIVE.....	4
III. SCOPE	4
IV. ABBREVIATIONS AND TERMS	4
V. RELATED DOCUMENTATION.....	4
VI. DEFINITIONS.....	4
VII. DEVELOPMENT.....	6
CHAPTER I GENERALITIES	6
Article 1. Application.....	6
CHAPTER II - COMMON RULES TO ALL PROCUREMENTS.....	8
Article 2. Procurement Basic Principles.....	8
Article 3. Due Process.....	8
Article 4. National Legislation.....	9
Article 5. Legal Relations.....	9
Article 6. Responsibility	9
Article 7. Provisions from External sources.....	10
Article 8. Procurement Planning.....	10
Article 9. Procurements prior to the approval of the financing.....	11
Article 10. Individual or JV bidders.....	12
Article 11. Provisions for bidders, contractors, and consultants.....	12
Article 12. Notices and publications about financing.....	13
Article 13. Failure to comply with the procedures required by CABEI.....	13
Article 14. CABEI Monitoring and no objection.....	13
Article 15. Prohibitions due to conflict of interest.....	15
Article 16. Prohibited Practices.....	16
Article 17. Unsuccessful bidding or competition.....	17
Article 18. Limit amounts for bidding, competition, or other procurement modalities. 17	17
Article 19. Most Convenient Bid/Proposal.....	18
Article 20. Advertising.....	18
Article 21. Bidding and Competition Documents.....	19
Article 22. Clarifications and addendums.....	20
Article 23. Protests.....	20
Article 24. Errors or Omissions.....	20
Article 25. Clarifications from the borrower/beneficiary of the operation.....	21
Article 26. Confidentiality.....	21
Article 27. Term of validity of the proposals/bids.....	22
Article 28. Rejection of proposals/bids.....	22
Article 29. Report or Record.....	22

Article 30. Modification of the award.....	23
Article 31. Signing of the contract.....	23
CHAPTER III - COMPETITIVE BIDDING AND COMPETITION	23
Article 32 Competitive Bidding and Competition.....	23
Article 33. Modalities and Procurement methods.....	24
Article 34. Prequalification.....	26
CHAPTER IV - BIDDING PROCEDURES	28
Article 35. One-stage bidding.....	28
Article 36. Standard Documents for bidding and competitions.....	30
Article 37. Submission of proposals/bids.....	33
Article 38. Analysis and evaluation of technical and financial proposals.....	33
Article 39. Award.....	34
CHAPTER V - PROCEDURES FOR THE SELECTION OF CONSULTING FIRMS.....	34
Article 40. Short List.....	34
Article 41. Competition.....	35
Article 42. Standard documents for competitions.....	36
Article 43. Methods for the selection of consultants.....	38
Article 44. Content and presentation of proposals.....	38
Article 45. Evaluation of Proposals.....	40
Article 46. Negotiation and award of the consultancy contract.....	42
CHAPTER VI - OTHER PROCUREMENT METHODS	42
Article 47. Price comparison or qualifications.....	42
Article 48. Selection of Individual Consultants.....	43
Article 49. Direct Contracting.....	44
Article 50. United Nations Agencies.....	45
Article 51. Non-governmental and other specialized agents.....	45
Article 52. Community Participation.....	45
Article 53. Selection of Auditing Firms.....	46
Article 54. State or public institution/company, a state university, a state research center, or institution of the country of the borrower/beneficiary.....	46
CHAPTER VII - SPECIAL OPERATIONS	46
Article 55. Procedures for special operations.....	46
CHAPTER VIII -EXECUTIVE COMMITTEE FOR BIDDING AND COMPETITION	47
Article 56. Provisions applicable to the Executive Committee.....	47
CHAPTER VIII - CONTRACTUAL PROVISIONS	48
Article 57. Financing contract between CABEI and the borrower/beneficiary..	48
Article 58. Contract between the borrower/beneficiary and the contractor or consultant.	48
Article 59. Disbursements.....	49
Article 60. Price readjustment.....	49

I. INTRODUCTION

The Central American Bank for Economic Integration (CABEI) is a multilateral financial institution for development, whose resources are continuously invested in projects with an impact on development to reduce poverty and inequalities, as well as to strengthen regional integration, granting special attention to environmental sustainability and its contribution towards the strategic axes of social development, competitiveness, and integration.

Thus, the procurement of goods, works, services and consultancies are one of the activities that have the greatest impact on the proper execution of an operation. The quality of the operation, the achievement of the planned objectives, its costs and its completion on time will largely depend on the established procurement regime.

The application of sound policies and practices and transparent procedures is an essential tool to create reliable and stable markets, capable of attracting the most experienced and recognized suppliers of goods, works, services and consultancies to offer their services and to safeguard the responsibility of management and effective use of resources.

II. OBJECTIVE

The purpose of these Regulations is to establish the guidelines that CABEI borrowers/beneficiaries must comply with for the procurement of goods, works, services and consultancies that are required in the framework of the execution of operations that are financed with CABEI resources or with third-party resources managed by CABEI, when so specified in the resource's management agreement. The resources allocated to financing operations are made up of ordinary resources, resources from CABEI suppliers, mixed resources, and managed resources.

III. SCOPE

These Regulations apply to operations that CABEI fully or partially finances with its own resources or with third-party resources managed by CABEI.

IV. ABBREVIATIONS AND TERMS

- **CABEI or Bank:** Central American Bank for Economic Integration.
- **GPP:** General Procurement Plan.

V. RELATED DOCUMENTATION

- Procurement Policy for obtaining Goods, Works, Services and Consulting with CABEI Resources.
- Standard Documents.

VI. DEFINITIONS

- **Abbreviated Procedure:** tender or competitive procedure where the deadlines for submitting proposals/bids are reduced.
- **Bidder:** natural or legal person, JV or JV intention that participates in a prequalification, bidding, or competition process, offering its capacities and/or the provision of goods, works, services or consultancies requested.
- **Bidding or Competition Executive Committee:** it is the one appointed by the borrower/beneficiary, and that CABEI has been notified, which will be responsible for coordinating the procurement process.
- **Bidding or limited tender:** form of tender or competition in which the invitations to participate as a bidder are made expressly to certain companies or firms and without public announcement.

- **Borrower/beneficiary:** public legal entity that has signed a contract or agreement to finance an operation with CABEI and that generally names an executing agency for its execution.
- **CABEI:** Central American Bank for Economic Integration. In all cases, for the borrower/beneficiary will be represented by the representative office or technical area responsible for the operation.
- **CABEI member countries:** these are the founding countries, the non-founding regional countries and the extra-regional countries, in accordance with the provisions of the Constitutive Agreement of the Central American Bank for Economic Integration.
- **Consultant:** natural or legal person, public or private, who is entrusted to provide their intellectual services for a consultancy related to a subject in which they have specialized knowledge.
- **Consulting:** intellectual services required for studies, diagnoses, designs, consultancies, supervision, and others that require specific intellectual knowledge.
- **Contractor:** natural or legal person, public or private, who is entrusted with the provision of goods, services or carrying out a certain work, related to a subject in which they have experience and specialized knowledge.
- **Counterpart Resources:** resources provided by the borrower/beneficiary for the execution of the operation.
- **Design-construction:** management system in which, based on a conceptual design, the contractor proposes the detailed technical solution of the project, for which the design and execution are carried out simultaneously, also known as *Fast Track*.
- **Financing:** it is the one granted by CABEI to attend one or several operations through its different modalities.
- **Goods:** are all those items, materials or products that are necessary for the execution of an operation and that have a price fixed in the market to be procured.
- **Incoterms:** international terms of trade corresponding to goods, published by the International Chamber of Commerce.
- **Joint Venture (JV):** bidders who join temporarily as one, for the purpose of offering services for the provision of goods, works, services or consultancies, under an existing agreement or with the intention of entering into an agreement expressed in a "Letter of Intent of Association".
- **Managed resources:** these are those resources from third parties that CABEI administers to finance operations.
- **Mixed Resources:** it is the combination of ordinary resources with supplier resources.
- **No objection:** within the framework of the Policy and Regulations for its Application, it is CABEI's manifestation by means of a statement issued by the representative office or technical area responsible for the operation, indicating that the documentation presented by the borrower/beneficiary is in accordance with the Policy and these Norms, but without implying legal or technical responsibility for their content. This statement must be communicated to the borrower/beneficiary through an official notification by electronic or other means determined by the Bank.
- **Operation:** this term will be used interchangeably with reimbursable or non-reimbursable projects, cooperations, and technical assistances, programs, special operations, or other financing modalities granted by CABEI.

- **Ordinary Resources:** CABEI's own resources.
- **Policy:** Policy for Obtaining Goods, Works, Services and Consultancies with CABEI's Resources in force, hereinafter the Procurement Policy.
- **Prequalification:** formal procedure by which information on legal, technical, and financial background is requested, received, and evaluated prior to participating in one or more specific tenders.
- **Prior review:** review carried out by the Bank prior to the issuance of the no objection.
- **Proposal/bid:** documentation submitted by a bidder for a prequalification, bidding, or competition process to be considered as a potential supplier of goods, works, services or consultancies.
- **Protest:** it is any claim, objection, challenge, rejection, controversy, or other manifestation of disagreement presented in writing in a timely manner by a bidder before the competent authority that has been clearly established in the bidding documents, filed during the procurement process and only in relation to the results obtained. In all cases of bidding or competition, it will be an essential requirement that there are no pending protests to be resolved to proceed with the award.
- **Public tender:** formal and competitive procurement procedure through which, by means of a public announcement, technical and financial bids are requested, received, and evaluated for the acquisition of goods, works or services.
- **Report or minutes (of the process):** document presented by the borrower/ beneficiary with the results and recommendation on the procurement process carried out.
- **Request for proposals:** formal and competitive procedure through which, by means of an announcement, expressions of interest from consulting firms are requested and evaluated to be part of a short list, which will later be invited to submit proposals for the development of a consultancy.
- **Services:** are those necessary for the execution of an operation; these can be services related to the execution of works, installation, or start-up of equipment, holding events, training, appraisals, workshops, rentals, or other services that are required for the execution of an operation.
- **Supplier resources:** these will be those lines that are contracted with external sources that are interested in promoting exports from their respective countries.
- **Works:** these are civil and electromechanical works in any of its fields and others that are financed with resources from CABEI.

VII. DEVELOPMENT

CHAPTER I GENERALITIES

Article 1. Application

- 1.1. The provisions contained in these Regulations shall apply to operations of the public sector that CABEI fully or partially finances, without prejudice to the provisions of [Article 4](#) of these Regulations. The private sector will be regulated in accordance with the provisions of Chapter VI, Article 26 of the Policy.
- 1.2. When the financing of an operation is granted in conjunction with another institution, each one will independently apply the provisions that norm or regulate the procurement processes. However, where possible, CABEI will endeavor to implement its provisions. The credit report on the operation must explicitly indicate that

procurement policies different from those of CABEI will be applied, identifying the procurements and the mechanisms to be used for proper supervision by the procurement area. In the following cases, the respective opinion of the operation, prior to submitting it to the approval authorities, must be accompanied by the required internal authorizations of the Bank:

- a.** When an international credit agency similar to CABEI finances the execution of an operation in the majority and in parallel with CABEI, all the procurement processes for the operation may observe the application of the procurement policies applied by the agency, provided that they respect similar principles to those established in the Policy and in these Regulations.
- b.** When they deem it appropriate, the financing agencies of an operation may by mutual agreement and regardless of the amount of their participation, define the preferential application of procurement policies and rules of an entity or specialized agency acceptable to CABEI, other than or part of the financing agencies, provided that the policies or regulations respect principles similar to those established in the Policy and in these Regulations. Likewise, this preferential application may be determined by CABEI in the case of being the only financing entity of the operation.

Likewise, the Bank must issue its opinion and recommendation when it is requested to replace the procurement regime that has been approved for an operation with another procurement regime, prior to this matter being submitted to the corresponding approval instances.

- 1.3.** In all operations where CABEI's methods and modalities are applied, procurements financed 100% with local counterpart resources must comply with the provisions established in national legislation, except in cases duly justified and authorized by CABEI.
- 1.4.** To ensure compliance with the applicable regulations in the processes subject to prior review, CABEI will grant its no objection in the different stages of the procurement processes carried out under the procurement modalities or methods provided in the Policy and CABEI's Regulations. In the cases where the procurement processes with CABEI resources are executed under procurement regulations different from those of CABEI's, the borrower/beneficiary will be required to submit the document, which must be issued by the relevant body, through which the compliance with the regulations applicable to the case is evidenced. This document may be a letter of no objection from another international financing institution in the event that the process is subject to prior review or another equivalent, a certification of compliance from the corresponding legal instance of the corresponding borrower/beneficiary or any other official document issued by the bodies to which its issuance corresponds.
- 1.5.** Regardless of the procurement policy applied in the operation, the borrower/beneficiary must send to CABEI the General Procurement Plan duly authorized by the relevant authority, in which case, the content of the General Procurement Plan (GPP) will be subject to the policy applied.

CHAPTER II - COMMON RULES TO ALL PROCUREMENTS

Article 2. Procurement Basic Principles.

- 2.1.** In accordance with the provisions of the Policy, the procurement principles are Integrity, transparency, competition, equality, due process, and publicity; CABEI will ensure strict compliance with these in all procurement processes.
- 2.2.** The bidding and the competition are the procurement modalities that are best suited for obtaining goods, works, services and consultancies regarding the application of the basic principles in the procurement processes.

Article 3. Due Process.

- 3.1.** CABEI will require the borrowers/beneficiaries of the operations that, in the bidding and tender documents, arbitration is established primarily and without prejudice to other alternatives contemplated in the national laws of the countries, as the transparent instance and method that allows a broad discussion of disputes, in such a way that bidders who are successful bidders and sign contracts, have the legal possibility of formulating contestations or defending themselves against those that they receive until they are fully resolved.
- 3.2.** In all cases, the Bidding or Competition Executive Committee is responsible for coordinating the attention of the protests made by the bidders, considering the following:
 - a.** Complete and detailed information must be provided to the bidder in relation to the results that he has obtained.
 - b.** Only protests submitted by the bidder related to their own proposal/bid and the results obtained will be addressed.
 - c.** No bidder may present protests in relation to proposals/bids or results of other bidders.
 - d.** In the cases where the bidder resorts to a second instance, when this has been defined in the bidding document, they must maintain the same non-conformity, the argument of the non-conformity may not be changed when going to the second instance.
- 3.3.** The deadline for the submission of protests will be of at least ten (10) business days, counted from the next business day of the notification of the intention to award issued by the borrower/beneficiary to the bidders.

This period will only take place at the phase of communication of the final results. Filing a protest has the effect of suspending the procurement process until it is resolved. For the purposes of these Regulations, it is understood that a protest will be resolved when the resolution instances established in the bidding document have been exhausted. And in the event of a protest arising in the context of a process for which adjudication by lot is established, the lot affected by the protest will be subject to suspension. This time limit shall not apply in the following cases:

 - a.** When only one proposal/bid is received.
 - b.** Direct contracting.
 - c.** Emergency contracting.

- 3.4.** The borrower/beneficiary must inform CABEI about the presentation and solution of protests related to the procurement processes carried out and with the application of the Policy and these Regulations.
- 3.5.** If the solution is not reached, CABEI will internally analyze the financing conditions and specifically the item affected by the situation. CABEI may decide regarding the portion of the financing that is being affected or the total financing of the operation, informing the borrower/beneficiary its decision, which will be unappealable. CABEI will not finance those procurements that have not been in accordance with the resolution. It will be the responsibility of the borrower/beneficiary to notify the bidders of the decision made by CABEI.

When the national legislation of the country of the borrower/beneficiary establishes that the procurement processes carried out in accordance with the norms of an international financial agency such as CABEI are a matter excluded from national legislation, the borrower/beneficiary must expressly designate in the bidding documents that govern the procurement processes, the competent authorities of the executing agency that must resolve with unappealable character, in those cases of protest in which the bidders require to go to another instance after the resolution of the Bidding or Competition Executive Committee and clearly define the procedure to follow.

Article 4. National Legislation.

- 4.1.** In substitution of the Procurement Policy and these Regulations, national legislation may be applied, in accordance with the provisions of Article 5 of the Policy. The borrower/beneficiary may apply, on a supplementary basis, the formal requirements or details of procedures contemplated in the national legislation of the country where the operation is carried out, only in cases where such requirements are not included in these Regulations, the Policy or the procedures of CABEI and that their application does not conflict with the basic procurement principles or the general rules of economy and efficiency that must be respected in the procurement of goods, works, services and consultancies with CABEI resources.

Article 5. Legal Relations.

- 5.1.** The legal relationships between CABEI and its borrowers/beneficiaries and between the borrower/beneficiary with the bidders and future suppliers of goods, works, services and consultancies to be procured for the execution of the operation, will be determined in accordance with the provisions of the Article 3 of the Policy.

Article 6. Responsibility

- 6.1.** The responsibility for the execution and administration of operations resides with the borrowers/beneficiaries, including the entire procurement process, that is: the definition of terms of reference or technical specifications; definition of criteria and factors, scores and evaluation values that, in addition to the price, will be taken into account in the evaluation of bids to determine the most convenient; the preparation of the bidding document for the bidding process or competition; the administration and management of the entire procurement process, evaluation, selection, award, contracting, administration, execution and termination of the resulting contracts.
- 6.2.** CABEI, for its part, will be responsible for ensuring compliance with its procurement rules and procedures, for which it will exercise its right to give its no objection through

prior or ex post review in the different stages of the procurement process, as appropriate.

Article 7. Provisions from External sources.

7.1. When external sources of financing establish the mandatory use of their procurement policies, procedures or special procurement methods or regulations on the origin or forms of association between contractors and consulting firms, as well as on the goods and services to be incorporated into the transactions, and such provisions are acceptable to CABEI because they are consistent with CABEI's procurement principles and procedures, it will be mandatory for the borrower/beneficiary to comply with these provisions.

Article 8. Procurement Planning.

8.1. The borrower/beneficiary must submit, for CABEI's no objection and before its execution, the GPP which must contain a description of the applicable procedures that will regulate the procurement of goods, works, services and consultancies necessary to execute the operation.

8.2. The GPP must contain detailed information for the acquisitions that are scheduled to be carried out in a period of eighteen (18) months of implementation and, if possible, the overall projection for subsequent years. The PGA may be reviewed and adjusted in accordance with the needs of the operation during its execution, when necessary, having CABEI's no objection in each adjustment or modification that is incorporated. The borrower/beneficiary must keep the GPP updated and must consider the level of risk according to the need and nature of the procurements.

8.3. The GPP of the operation presented by the borrower/beneficiary must at least contain the following information:

- a.** List of procurements of the operation (classified by goods, execution of works, services, or consultancies).
- b.** Characteristics with brief descriptions of the items that each procurement process contains.
- c.** Amount budgeted for each procurement, detailing the origin of the resources (CABEI, counterpart, others).
- d.** Modality or Procurement method that corresponds to apply in accordance with the provisions of the Policy and these Regulations.
- e.** Detail of prequalification procedures to be carried out.
- f.** Scheduled dates to carry out the procurement processes, including the estimated dates for having the goods, works, services and consultancies.
- g.** Others, for example, comments that the borrower/beneficiary deems appropriate to include.

8.4. For the execution of each of the procurement procedures provided for in the GPP that are governed by CABEI's procurement regulations, in the processes subject to prior review, CABEI must review and give its no objection to the bidding documents of the procurement process before its use, to ensure compliance with the provisions of the Policy and these Regulations.

8.5. When the procurement processes are part of a program that includes the procurement of goods, execution of works, procurement of services or consultancies corresponding to a particular type of supplier, the possibility of grouping such procurements within a

bidding or competition should be considered, in order to obtain economies of scale, without therefore grouping types of procurements that, due to their characteristics, would not be commonly found in a single supplier.

- 8.6.** The borrower/beneficiary must respect the basic procurement principles in all procurement processes, seeking in all processes to clearly define the profile of the required bidder on which requirements and evaluation criteria will be established.

Article 9. Procurements prior to the approval of the financing.

- 9.1.** At the request of the borrower/beneficiary, CABEI may recognize, with a charge to the financing to be granted, previous procurements when compliance with all the characteristics described below have been verified:
- a.** The procurement was carried out by the borrower/beneficiary, in a maximum period of eighteen (18) months prior to the approval of the financing, regardless of the phase of the process it is in.
 - b.** The procurements have been considered pertinent, that is, they form part of the objectives and scope of the operation, and their technical and legal viability has been documented.
The above considerations will be made in the preparation stage, for which the person responsible for that stage will involve the corresponding areas.
 - c.** The accumulated number of previous procurements does not exceed forty percent (40%) of the total amount of CABEI financing.
 - d.** The companies or individuals who are signatories to the contracts are not part of CABEI's List of Prohibited Counterparties or any other list of ineligibility that CABEI, for this purpose, has instituted; nor have they been found guilty by final judgment in matters related to prohibited practices by the competent authority, while the sanction is in force.
 - e.** The procurements have been carried out competitively and only through public bidding processes or tenders, in compliance with one of the following regulations:
 - i.** CABEI's Procurement Policy and Regulations.
 - ii.** The applicable national Procurement legislation of the borrower/beneficiary's country.
 - iii.** The policies and procedures of other international organizations of a similar nature to CABEI.
- 9.2.** For such purposes, in relation to article 9.1 numeral e, paragraph i), the borrower/beneficiary must have non-objections prior to each procurement by CABEI, in accordance with the procedures established in the Policy and these Regulations.
- 9.3.** In relation to article 9.1, paragraph e, numerals ii and iii, the borrower/beneficiary must submit to CABEI reliable documentation evidencing compliance with the applicable regulations, including as part of the documentation, at least:
- a.** Publications of the process.
 - b.** Reports on the results of processes carried out, submitted, and accepted by the corresponding person in each case, with their respective annexes.
 - c.** Copy of no objections or certifications where the acceptance of the result of the process is evidenced by the corresponding instance.

- d. Copy of the protests, disagreements, requests for clarifications submitted and certification of the final resolution thereof.
- e. Contracts signed or to be signed.
- f. Any other related documentation that conclusively demonstrates the use of the corresponding procurement policies.
- g. Others required by CABEI, among which may be a due diligence carried out by a third party, contracted in accordance with the terms of reference agreed with CABEI.
With this information, CABEI will analyze and verify: i) applied regulations, ii) compliance with competitive bidding processes or public competitions, and iii) compliance with the procurement principles established in these Regulations. If the procurement is considered acceptable, CABEI must consider it in the analysis stage of the operation prior to its approval. If the operation is not approved, CABEI will not assume any responsibility for anticipated procurements.

Article 10. Individual or JV bidders.

- 10.1.** In all bidding and competition processes promoted by CABEI's borrowers/beneficiaries within the framework of operations financed with their resources, bidders from all CABEI partner and non-member countries may participate individually or in JVs in accordance with these Regulations, except in cases for which the resources available for financing correspond to the provisions of [Article 7](#); especially in public international processes, bidders from CABEI's founding countries may participate in association with bidders from other countries, particularly from extra-regional partner countries, to stimulate the transfer of technology and knowledge to the Central American region.
- 10.2.** For CABEI, as an international development institution, it is important to give bidders from its member countries the possibility to participate under competitive conditions in the provision of goods, works, services and consultancies.
- 10.3.** State-owned institutions or companies from the country of the borrower/recipient may participate as bidders in procurement processes and be awarded only if they demonstrate, in a manner acceptable to the Bank, that:
 - a. They are legally and financially autonomous.
 - b. They operate in the country of the borrower/beneficiary in accordance with the legislation and commercial regulations.
 - c. They are not subject to the supervision of the entity that acts as executing agency of the operation or contracting agency.

Article 11. Provisions for bidders, contractors, and consultants.

- 11.1.** When in international public bidding or competitions, a proposal/bid submitted by a bidder from a non-CABEI country is selected, it will be verified if there is any proposal/bid, within a range of up to 15% above the proposal/bid selected (when the selection is based on the price offered) or in a range of up to 15% below (when the selection is based on the rating by the assigned scores), presented by one or more bidders from CABEI partner countries. If so, the borrower/beneficiary will give the

possibility to the best qualified of these to match their conditions to those of the bid selected as the most convenient.

If this negotiation fails, the borrower/beneficiary will proceed to carry out the same negotiation with the next best qualified bidder who is in the defined range and so on, until the bidders that were located in that range are exhausted. The borrower/beneficiary must include this procedure in the bidding document of the procurement or competition.

For the purposes of applying this Article, a bidder originating from a partner country is defined as one that is legally constituted in a CABEI partner country. In the case of a JV, a bidder will be considered as originating from a partner country when the member that leads the consortium is legally constituted in a CABEI partner country.

- 11.2.** In compliance with CABEI's Anti-Fraud, Anti-Corruption and Other Prohibited Practices Policy, legal, or natural persons may not be awarded or be subject to extensions of contracts with total or partial financing from CABEI or funds it administers, when: (i) they are included in CABEI's List of Prohibited Counterparties or other CABEI's list of ineligibility; (ii) they have been disqualified, declared ineligible or sanctioned for obtaining resources or the award of contracts financed by organizations recognized by CABEI for this purpose or (iii) declared guilty through a final judgment of crimes/sanctions related to Prohibited Practices by a competent authority, while the sanction is in force.

Article 12. Notices and publications about financing.

- 12.1.** The borrower/beneficiary must make public the approval of financings by CABEI, upon notification of such approval, by publishing the notice in the press or in other printed and electronic publications as agreed with CABEI, which in turn, will place on its website or any other means of communications the approved financing.

Article 13. Failure to comply with the procedures required by CABEI.

- 13.1.** CABEI reserves the right to refrain from financing any procurement when, in its opinion, the provisions of the Policy and these Regulations have not been observed in the relevant procurement procedure.
- 13.2.** During the execution of the operation, CABEI may declare a contract ineligible for financing if it concludes that the opinion or non-objection was issued based on incomplete, inaccurate, or misleading information provided by the borrower/beneficiary.
- 13.3.** In all cases, and within a reasonable period, CABEI will determine the applicable course of action in response to the corresponding breach and will communicate this decision to the borrower/beneficiary.

Article 14. CABEI Monitoring and no objection.

- 14.1.** CABEI, in accordance with its internal regulations in force, will supervise the development of operations. In the procurement processes subject to prior review, to ensure compliance with the provisions of the Policy and these Regulations, CABEI will issue its no objection at the different stages of the procurement process, for which, when required, the specialized opinion of a third party may be considered, in accordance with the procedure established by CABEI for this purpose.
- 14.2.** For its part, the borrower/beneficiary must collaborate extensively with CABEI, keeping and making available all the documents and information related to the procurement

processes in all its stages, up to one (1) year after acceptance or final receipt of each stage or, where appropriate, the date of completion of the execution of the operation. The borrower/beneficiary must provide CABEI with all the information related to the procurement processes when it so requires, including the documentation related to the subsequent stage of administration of the respective contracts, until the conclusion to the satisfaction of CABEI. Such background and documents are essential elements for adequate supervision.

- 14.3.** In operations where CABEI's Procurement Policy applies, the Bank will grant no objection to at least:
- a.** General Procurement Plan (GPP).
 - b.** In the case of procurements subject to prior review that will be governed by the bidding or competition modalities established in the Policy and in these Regulations, at least the following will be given no objection:
 - i.** Notices of publication in written or digital press, on prequalification, bidding, and competition processes.
 - ii.** Bidding documents for prequalification, bidding, and competition processes.
 - iii.** Addendums to the Bidding documents.
 - iv.** Reports or minutes of evaluation/negotiations of prequalification, bidding, and competition processes.
 - v.** Contract resulting from these processes prior to being signed.
 - c.** In the case of price comparison or ratings subject to prior review:
 - i.** Terms of reference or technical specifications.
 - ii.** Comparison matrix that indicates the selection of the most convenient bidder.
 - d.** In the case of direct contracting:
 - i.** Justification and application of the direct contracting method.
 - ii.** Draft contract prior to being signed.
 - e.** Amendments to contracts.

- 14.4.** Without prejudice to the verification of compliance with the provisions of article 11.2. of these Regulations, CABEI may, at its discretion, carry out the subsequent and sample review of procurement of procedures, documents, evaluations of proposals/bids, selection of the most convenient and awarding of contracts (ex post and sampling review).

Amendments to contracts subject to subsequent review may not exceed 25% of the amount originally contracted.

In deciding how supervision will be applied to an operation, CABEI will consider the installed capacity of the borrowers/beneficiaries to carry out the procurement and contract implementation processes, considering additional factors such as: the experience of its executing agencies, risks, the legal framework governing procurement in the borrower/beneficiary's country and the audit processes to which they must undergo.

Ex post procurement supervision is applicable to procurements involving numerous contracts for the provision of smaller amounts, low complexity, or relative simplicity, carried out through the methods of comparison of ratings or prices, selection of

individual consultants, bids and proposals that are at the threshold of national processes that establish the Policy and these Regulations.

- 14.5.** The borrower/beneficiary is responsible for the execution of the operation until its completion. Therefore, CABEI demands adequate and reliable procurement execution and monitoring systems capable of meeting its requirements.
- 14.6.** Supervision includes CABEI's consideration of any change to the contract signed between the borrower/beneficiary and the provider of goods, works, services or consultancies for which no objection was given, in the case of relevant changes, as provided in Article 56 of these Regulations.
- 14.7.** In the cases in which CABEI, due to contractual considerations and established policies, must suspend financing disbursements, it is the responsibility of the borrower/beneficiary to inform the consultants and contractors of any situation that may affect payments to such entities.

Article 15. Prohibitions due to conflict of interest.

- 15.1.** In order to guarantee the transparency of CABEI's operations and that there is no conflict of interest, the following persons may not participate directly or indirectly in the supply of goods, execution of works, services or consultancies for operations financed by CABEI:
 - a.** CABEI officials or employees.
 - b.** The spouses and relatives of such officials or employees up to the fourth degree of consanguinity or second degree of affinity, inclusive.
 - c.** In public sector financing, individuals with family or business ties with the representatives of the borrower/beneficiary or its executing agency up to the second degree of consanguinity or second degree of affinity, inclusive.
The prohibition contained in paragraphs b) and c) above will not operate when the persons named therein certify that they are regularly engaged in carrying out the business activity that is the object of the respective contracting, at least two (2) years before the emergence of the inhibition assumption; also, that the costs involved are in line with the market.
 - d.** Those who are or have been associated, directly or indirectly, with a firm or with any of its affiliates that have been contracted by the borrower/beneficiary for the provision of consulting services for the preparation of the design, technical specifications and other documents that will be used in the procurement process, and it is considered that their participation affects the interests of the operation.
 - e.** All those who submit more than one proposal/bid in a bidding or competition process, except in the case of alternative bids permitted in the bidding documents of the respective process. This does not limit the participation of subcontractors in more than one proposal/bid. In any case, when it is an official or employee of CABEI, directly or indirectly related to any operation financed with CABEI resources, it will be their obligation to excuse themselves from participating in all types of internal or external negotiations, meetings, or discussions in which any decision related to such operation will be taken.

Article 16. Prohibited Practices.

- 16.1.** CABEI¹ requires borrowers/beneficiaries and all natural or legal persons who participate or provide services in CABEI-financed projects or operations to acknowledge what is established in the Policy.
- 16.2.** When complaints are received through the Reporting Channel or other means acceptable to CABEI, related to prohibited practices that occurred during the procurement processes of goods, works, services and consultancies, as well as during the execution of a contract resulting from those processes within the framework of an operation financed with CABEI resources, the latter will proceed in accordance with its internal policies related to the matter.
- 16.3.** Prior to determining the existence of a Prohibited Practice, CABEI reserves the right to execute the required audit and investigation² procedures and will grant the counterparties and their related parties the procedural opportunity to present their defense arguments through the performance of an administrative procedure.
- 16.4.** When the existence of a Prohibited Practice is determined, CABEI will issue one or more of the actions and/or recommendations listed below, without limitation:
- a.** Referral of the corresponding case to the competent local authorities.
 - b.** Issuance of a written warning.
 - c.** Adoption of measures to mitigate the identified risks.
 - d.** Suspension of disbursements.
 - e.** Deobligation of resources.
 - f.** Request the advance payment of resources.
 - g.** Cancel the business or contractual relationship.
 - h.** Suspension of the Procurement processes, or execution of the contracts, independently of the state in which they are.
 - i.** Request for additional guarantees.
 - j.** Execution of bonds or guarantees.
 - k.** Request reimbursement of expenses or costs related to activities and investigations carried out in relation to the commission of prohibited practices. The actions and/or recommendations issued by CABEI will be of mandatory observance and compliance.
- 16.5.** CABEI reserves in any case, and without prejudice to the sanctions imposed by the authorities of the country of the borrower/beneficiary, the right to request the suspension of the procurement processes or the execution of the resulting contract or contracts, regardless of the state in which they are. If CABEI requests the suspension of the procurement processes or the execution of the contract (s) and this does not occur,

¹ For the purposes of the application of this article, the following are applicable: CABEI's Reporting Channel Regulations, CABEI's Anti-Fraud, Anti-Corruption and Other Prohibited Practices Policy, and CABEI's Policy for the Defense and Promotion of Integrity and Ethics.

² It refers to the unrestricted access of CABEI or its duly authorized representatives to visit or inspect the offices or physical facilities, used in connection with the procurement processes or projects financed with CABEI's own funds or administered by CABEI. Likewise, the conduct of interviews and access to physical and digital files related to these procurement processes, projects, or operations, and must provide all the collaboration and assistance that may be necessary, in order to properly execute the planned activities, at the discretion of CABEI.

it reserves the right not to finance the contract (s) resulting from those procedures. Derived from the investigation process, CABEI may incorporate natural or legal persons in the List of Prohibited Counterparties or other list of ineligibility of CABEI that, for this purpose, it has instituted.

- 16.6.** The offeror must declare the commissions or gratuities that have been paid or to be paid to agents, representatives or commission agents related to the bidding process, competition, or the execution of the contract. The information provided must include, at a minimum, the name and address of the agent, representative or commission agent, amount and currency, and the purpose of the commission or bonus. This information must be included in the proposal/bid submitted by the bidder.

Article 17. Unsuccessful bidding or competition.

- 17.1.** The borrower/beneficiary will proceed with the declaration of the deserted procurement and competition when proposals/bids are not received within the set deadline for receipt of bids.

- 17.2.** The borrower/beneficiary will proceed with the declaration of unsuccessful bidding or competition in the following cases:

- a.** When, as a result of an award modification process, none of the remaining bids are acceptable to the borrower/beneficiary or there are no more qualified bidders.
- b.** When all the bidders have omitted from their bid any of the essential requirements established in the bidding or competition documents.
- c.** When none of the proposals/bids are acceptable to the borrower/beneficiary due to failures that it considers cannot be corrected in the delivery of the documentation.
- d.** When no proposal/bid substantially complies with the requirements established in the bidding documents.
- e.** When all proposals/bids are rejected in application of the provisions of Article 28 of these Regulations.

- 17.3.** If CABEI determines that the award does not comply with the provisions of the contract or financing agreement signed with the borrower/beneficiary, the procurement in question will not be eligible for CABEI's financing, therefore, if an agreement that eliminates this situation is not reached, CABEI will cancel from the amount of the financing, the corresponding ineligible expense and will inform the borrower/beneficiary of its determination, indicating the reasons. In this case, it will become a condition prior to the start of disbursements (of the acceptable part to be financed with CABEI resources), that the borrower/beneficiary guarantees CABEI the achievement of all the remaining resources necessary to carry out the operation completely.

- 17.4.** When the borrower/beneficiary carries out a second bidding process or competition for having failed or declared deserted a first effort, prior to its execution, the specifications, terms of reference and conditions of participation or presentation established must be reviewed, so that adjustments and improvements to the bidding document are considered and implemented in order to make participation in a second process attractive.

Article 18. Limit amounts for bidding, competition, or other procurement modalities.

18.1. CABEI establishes the modalities or methods to be applied to procurement processes, based on the following thresholds:

Modality or Procurement Method	Limit Amounts (Thousands of United States dollars)		
	Goods and services	Works	Consulting Services
International Tendering or Competitive Bidding	≥ 350	≥ 1,500	≥ 150
National Public Bidding or Competition	≥ 100 y < 350	≥ 200 y < 1,500	≥ 35 y < 150
Application of National Legislation	> 50 y < 100	> 50 y < 200	N/A
Comparison of Prices or Ratings	≤ 50		< 35

18.2. The borrower/beneficiary shall be liable to CABEI that the procurements required for the operation are not subdivided to carry out processes other than those established in this article, in accordance with the predefined budgets.

Article 19. Most Convenient Bid/Proposal.

19.1. The borrower/beneficiary must always select the most convenient bid/proposal, this being understood as one that:

- a.** If it is a consultancy, after meeting the necessary requirements to be part of the short list, obtains the highest score by adding the results of the evaluation of technical proposals and financial proposals, in accordance with the evaluation criteria, weighting values and selection method established.
- b.** In the case of the procurement of goods, works or services, the most convenient offer is the one that, after complying with the background requirements, complies with the technical specifications and presents the lowest price bid. In cases where the bidders present the technical solution or it has been requested that they add value to what is required, the technical bid and the price bid may be weighed, in which case the most convenient will be the one that after complying with the requirements related to the Background of the bidder, obtains the highest score by adding the results of the evaluation of technical bids and price bids, in accordance with the evaluation criteria.

19.2. In any case, the bidding document for the procurement or competition must clearly contain the factors that, in addition to the price, will be evaluated to define the most convenient bid/proposal.

Article 20. Advertising.

20.1. In order to obtain the widest participation of bidders, the borrower/beneficiary, with CABEI's no objection, in the case of processes subject to prior review, must prepare and publish in the press and any other means established by CABEI the notices of prequalification, competition and/or bidding, including reference to CABEI financing.

20.2. The borrower/beneficiary must publish the specific notice of the prequalification, bidding, competition, or expression of interest in at least one (1) of the following alternatives:

- i.** One (1) publication on the website of the public procurement regulatory office in the country of the borrower/beneficiary.
 - ii.** One (1) publication in the digital version of a newspaper with wide national circulation.
 - iii.** At least two (2) publications as follows: One (1) time in two (2) of the newspapers (written press) with national circulation in the country of the borrower/beneficiary or two (2) non-consecutive times in the same newspaper. Additionally, the notice must be published in other printed or electronic media, in accordance with what CABEI indicates in this regard.
- 20.3.** In the case of an international process, it must also be published on the United Nations Development Business website (UNDB Online) and a copy of the corresponding notice must be sent to the embassies or consulates of the CABEI partner countries that are represented in the borrower's country/beneficiary, if any.
- 20.4.** The specific notices of each process must include, as a minimum, the following information:
 - a.** Name of the borrower/beneficiary and the executing agency of the operation.
 - b.** Name and number of the process being carried out.
 - c.** Reference to the fact that the procurement that is the subject of the invitation to tender will be financed totally or partially with resources from CABEI and that, therefore, it must be subject to the provisions of its Procurement Policy and Regulations.
 - d.** Clear description of the acquisition object of the process, including geographic location where the goods, works, services or consultancies will be required.
 - e.** Place, date, and time where the bidding documents and other pertinent information can be acquired.
 - f.** Clarification that the payment for the documents is not refundable.
 - g.** Physical or electronic address where bidders can find out more information about the process and about the operation in general.
 - h.** Place, date, and time limit for the delivery of proposals/bids to the representatives of the borrower/beneficiary.

Article 21. Bidding and Competition Documents.

- 21.1.** The borrower/beneficiary, on a mandatory basis, must use for the development of the procurement processes financed with CABEI resources, the standard documentation with which this account and in the processes subject to prior review, must have the no objection of CABEI, prior to its publication. In addition, the borrower/beneficiary must clearly establish in the bidding document, the profile of the bidder that is required; at all times the evaluation must be between bidders with similar capacities, to comply with the principles of equality and competition.
- 21.2.** The sale price of the documents related to the process should not exceed the cost of their reproduction.
- 21.3.** The borrower/beneficiary must invite the prequalified bidders to participate if they have previously carried out this process. If this is not the case, the provisions of article 20 of these Regulations must be complied with.
- 21.4.** The bidding documents prepared by the borrower/beneficiary must be clear and consistent and with the necessary detail to avoid ambiguities that confuse the bidders.

Article 22. Clarifications and addendums.

22.1. Clarifications. Once the publication of the bidding document has begun and with it the term that has been stipulated for the receipt of proposals/bids, the borrower/beneficiary must be available to answer questions or formulate clarifications for the queries that the bidders have about the content of these. These queries must be made in writing and must be answered in writing as soon as possible by the borrower/beneficiary, in accordance with the terms established for this in the bidding document. The respective answers or clarifications must, simultaneously, be made known to all the bidders who have obtained the bidding documents directly from the borrower/beneficiary. The communication must include a description of the query, but without identifying its origin. No objection from CABEI is not required to the clarifications issued. A copy of these should only be sent to CABEI when they are published or sent to all bidders.

22.2. Addendums. The borrower/beneficiary may amend the bidding documents at any time during the term for the preparation of proposals/bids, issuing the necessary addendums up to fifteen (15) calendar days before the deadline for receipt of these in cases of international processes and up to ten (10) calendar days before the deadline for receipt of proposals/bids in national processes. The amendments published will form part of the bidding documents.

In any case, in order to give potential bidders enough time to adapt their bids/proposals to the new technical terms or deadlines indicated in the addendums, there should never be a period shorter than those indicated in the previous paragraph, between the communication of an addendum by the borrower/beneficiary and the date of receipt of the proposals/bids. The borrower/beneficiary should consider extending the deadline for submitting these if necessary.

In the processes subject to prior review, the addendums must have CABEI's no objection prior to being published and communicated to the bidders, except when an addendum is issued in explicit relation to variation of deadlines (to express interest, extend the deadline for submission of clarifications or for the reception of proposals/bids), the borrower/beneficiary must communicate it simultaneously to the bidders and to CABEI, without requiring no objection.

CABEI requires borrowers/beneficiaries to submit the corresponding supporting documentation in the request for no objection to the amendments.

In all cases, the borrower/beneficiary must ensure that all bidders are informed in a timely manner about the addendums that are issued, considering the scheduled date for the presentation of proposals/bids; otherwise, CABEI could consider the new terms invalid and reject the addendums presented for no objection.

Article 23. Protests.

23.1. Due process is established in article 3 of these Regulations. The deadline for the presentation of protests must be at least ten (10) business days from the next business day of the communication of results. The moments of the process in which the protests may be presented must be clearly indicated in the bidding documents.

Article 24. Errors or Omissions.

24.1. Rectifiable errors or omissions. The bidding documents must distinguish between rectifiable errors or omissions and those that are not. In the case of rectifiable errors (for

example, questions related to data verification, historical information, sending poorly legible documentation or questions that do not affect the principle that the proposals/bids must substantially conform to the base documents), it must not automatically disqualify a bidder. In such cases, the borrower/beneficiary must allow the bidder to provide, within a short period of time, the missing information or correct the rectifiable error. Notwithstanding the foregoing, the bidder will not be allowed to use the correction of errors to alter the substance of its proposal/bid or to improve it.

24.2. Errors or omissions that cannot be corrected. These are those that are considered basic and whose action or omission prevent the validity of the proposal/bid. Examples are: not presenting the cover letter of the proposal/offer or no presenting the guarantee or bond. In all cases, any error or omission that may change, improve, or alter the substance of the proposal/bid causing an advantage to the bidder over others, will be considered as uncorrectable and, therefore, a reason for automatic disqualification of the process without any discussion.

24.3. Arithmetic Errors. If the proposal/bid substantially conforms to the bidding documents, the borrower/beneficiary will correct the arithmetic errors as follows:

- a.** If there is a discrepancy between a unit price and the total price obtained by multiplying that unit price by the corresponding quantities, the unit price will prevail. The total price will be corrected unless, at the discretion of the borrower/beneficiary, there is an obvious error in the placement of the decimal point of the unit price; in this case, the total price quoted will prevail and the unit price will be corrected.
- b.** If there is an error in a total price as a result of the addition or subtraction of subtotals, the subtotals will prevail, and the total price will be corrected.
- c.** If there is a discrepancy between words and figures, the amount expressed in words will prevail, unless the amount expressed in words is related to an arithmetic error, in which case the amount in figures will prevail subject to the conditions mentioned in sections a and b. In any case, the arithmetic corrections must be accepted in writing by the bidder.

Article 25. Clarifications from the borrower/beneficiary of the operation.

25.1. The borrower/beneficiary may request from the bidders, clarifications necessary to evaluate the proposals/offers which may not substantially alter the content or prices presented.

Article 26. Confidentiality

26.1. The borrower/beneficiary and CABEI may not disclose any type of information regarding the bases and content of the proposals/bids received during the process of submitting proposals/bids or evaluating them. The pertinent communications of the process must be carried out through the channels established for this purpose between the borrower/beneficiary and the bidders or the borrower/beneficiary with CABEI, when appropriate. After the opening of proposals/bids, no information regarding their review, examination, explanation, and evaluation, as well as the recommendations concerning the award, may be disclosed to persons not officially involved in the procedures, until the award of the contract.

The members of the Executive Committee of the Bidding or Competition must sign the confidentiality document that will be provided by CABEI for this purpose, committing themselves to its strict compliance.

Article 27. Term of validity of the proposals/bids.

- 27.1.** The borrower/beneficiary must evaluate the proposals/bids and award the contract within the period established for their validity which is indicated in the respective bidding document. In the event of an extension to this period, if justified for special reasons, it must be communicated to CABEI and communicated to all bidders before the expiration of the validity of the proposals/bids.
- 27.2.** When applicable, the bidders may refuse the extension of the validity period of the proposals/bids without losing the guarantee presented. Bidders who agree to extend the period will not be allowed to modify their proposal/bid.
- 27.3.** If for special reasons or circumstances it becomes necessary to carry out more than one extension, the extension communication could be accompanied, if it has been agreed with CABEI, by a formula that allows price adjustments that reflect the changes in costs originated for the extension, without the unit prices or other conditions of the offers being altered. Bidders who agree to extend the term must also extend the period of validity of the bid guarantee and contract signing if any.

Article 28. Rejection of proposals/bids.

- 28.1.** In general, one or more proposals/bids may be rejected when at least one of the following conditions is met:
- a.** Contain non-rectifiable errors.
 - b.** They do not conform to the content of the bidding documents.
 - c.** The use of prohibited practices, among others, has been proven.
 - d.** When the prices offered by a bidder are substantially lower than market conditions or budget. In these cases, the bidder should be asked to expand on the information submitted, to demonstrate the internal consistency of these prices with the requirements and the expected execution schedule. If after an analysis applying the methodology agreed with CABEI, the borrower/beneficiary can reasonably anticipate that the bidder will not be able to fulfill the contract commitments, the borrower/beneficiary prior to the Bank's no objection, may reject the bid.
- 28.2.** The borrower/beneficiary may continue the process with proposals/bids not rejected. In the corresponding report or record, the borrower/beneficiary must detail which proposals/bids are being rejected, documenting the reason for the rejection and the results obtained by the others that continue in the process. In processes subject to prior review, the report or minutes of the process must be submitted to CABEI's no objection before the corresponding notifications are issued to the bidders.

Article 29. Report or Record.

- 29.1.** The borrower/beneficiary must prepare a detailed report or record on the review, analysis, evaluation, and comparison of the proposals/bids, stating the precise reasons on which the evaluation is based, and the selection of the proposal/bid evaluated as the most convenient. This report or record must include the information regarding the publications made, communications during the period of preparation and evaluation of proposals/bids, amendments, verification of the list of prohibited counterparties or

other lists of ineligibility of CABEI and verification of the lists of sanctions or disqualifications in organizations recognized by CABEI, reception, resolution of protests and others. The report or record must be submitted for CABEI's consideration to obtain its no objection before notifying the bidders of the result and awarding the contract, in the processes subject to prior review.

- 29.2.** If CABEI determines that the report or record of the process does not comply with the provisions of this procurement procedure, it will refrain from granting the no objection and will immediately notify the borrower/beneficiary of the reasons that lead to not grant the no objection. If the borrower/beneficiary does not amend the aspects, CABEI will determine that the procurement will not be eligible for financing.

Article 30. Modification of the award.

The award may be modified if any of the situations described below occurs:

- a.** When the selected bidder with the most convenient proposal/bid does not accept or does not formalize the contract, for causes attributable to him/her, within the period indicated in the bidding documents. In these cases, the bid maintenance guarantee and signing of the contract or the bid maintenance statement, if any, will be effective.
- b.** When, as a consequence of a legal process, the award does not proceed. In this case, the bid maintenance guarantee and signature of the contract or the bid maintenance statement, if any, will be returned.
- c.** When it is shown that in the process there has been fraud or other illegal or unknown events by the borrower/beneficiary that could affect the ability of the successful bidder to comply with the contract. The bid maintenance guarantee and signature of the contract or the bid maintenance statement, if any, is returned.
- d.** When it has been found that the principle of confidentiality of the proposal/bid has been violated; the bid maintenance guarantee and contract signature or the bid maintenance statement will be returned, if any.

In any of the above cases, negotiations will be carried out with the bidder that receives the second place in the process of evaluating the proposals/bids and, if this is not possible, with the third-ranked bidder and so on, until the last bidder on the list, without prejudice to the fact that the procedure is declared unsuccessful when in all the proposals/bids no bid is obtained that is satisfactory for the borrower / beneficiary.

Article 31. Signing of the contract.

- 31.1.** The signing of the contract between the successful bidder and the borrower/beneficiary must take place within a short period after the corresponding formal award, this period should be incorporated in the bidding document of the process.
- 31.2.** The content of the contract must not be different from that established in the model contract included in the bidding document of the process and must be consistent with CABEI regulations.
- 31.3.** In contracts resulting from bidding processes carried out with CABEI's methods and modalities, no objection will be required only when modifications are made to the draft contract included in the respective bidding document and in the case of competitions in accordance with the provisions of the article 46.5.

CHAPTER III - COMPETITIVE BIDDING AND COMPETITION

Article 32 Competitive Bidding and Competition.

- 32.1.** CABEI adopts bidding and competition modalities as general mechanisms for contracting goods, works, services and consultancies within the framework of operations that it finances.
- 32.2.** Procurements may be for a wide variety of activities, in accordance with the following categories, which should not be regarded as exhaustive:
- a.** Pre-feasibility studies that include research aimed at decision-making regarding the implementation of specific operations or the establishment of investment priorities and sector policies.
 - b.** Technical and economic feasibility studies; these studies include, among others, analysis of alternative solutions for the operation, costs, profitability, sensitivity, preliminary designs, technical specifications, and a tentative execution program.
 - c.** Final designs, construction drawings and bidding or competition documents and/or terms of reference.
 - d.** Technical and/or administrative supervision of operations, including inspection of construction work or equipment installation, certification of acceptance tests, streamlining of purchases, certification of invoices submitted by contractors and suppliers, and interpretation of contractual documents.
 - e.** Technical assistance for advising and supporting the borrower/beneficiary in sector planning, development, and institutional strengthening; the preparation of studies on organization, administration, human resources, and training.
 - f.** Other studies, such as: preparation of documents for the procurement of goods, identification of insurance needs and for the prequalification of construction firms.
 - g.** Civil works construction work in all fields required by the operations that CABEI finances.
 - h.** Execution of electromechanical works, such as assembly, rehabilitation, testing, and other equipment purchased for operations.
 - i.** Procurement of equipment.
 - j.** Services related to the execution of works, provision of goods or other complementary or necessary services for the execution of operations, such as training, appraisals, audits, holding events, among others.

Article 33. Modalities and Procurement methods.

With CABEI's no objection to the General Procurement Plan (GPP), the borrower/beneficiary may apply the following acquisition modalities:

a. International bidding or public competition.

- 33.1.** For the procurement of goods, works, services and consultancies, of any nature, the borrower/beneficiary will use international bidding procedures or international public competition when the amount budgeted for the procurement corresponds to this modality according to the limits established in article 18.

The modality of international bidding or public competition ensures the participation of the largest number of bidders, so that the borrower/beneficiary can obtain the best conditions of quality and price.

The specific procedures and conditions will allow the free concurrence of the bidders; consequently, conditions that prevent or restrict the offer of goods, works, services and consultancies required for the operation may not be established, nor will requirements

whose compliance restricts or limits the participation of international bidders except in cases where there are limitations defined in article 7 be established. For the submission of proposals/bids in international bidding and competitions, a period of at least forty-five (45) calendar days must be established, counted from the next business day after the date of publication of the notice of the process and that the bidding document was made available. If required and with CABEI's no objection, this period may be reduced when a prequalification has been carried out or it is a procurement that does not involve the preparation of complex proposals/bids, as in the case of the procurement of standard goods or services, simple works, or consultancies; however, this term may not be less than thirty (30) calendar days for the submission of proposals/bids.

b. Restricted international bidding or public competition.

33.2. An international bidding or public competition restricted to bidders from one or more specific countries will be carried out when, by provisions of the external source of resources used by CABEI, it is required that the acquisitions to be contracted come from those countries.

c. National bidding or public competition.

33.3. The borrower/beneficiary may restrict the publication of invitations for bidding and competition to the national level when at least one of the following conditions is present:

- i.** That it has an estimated budget for the procurement within the limits established in article 18 for this modality.
- ii.** When the goods, works, services or consultancies to be procured are strictly from the country of origin of the borrower/beneficiary.
- iii.** When the specific procurement is financed exclusively with the borrower's/beneficiary's own funds.

All the procedures of the international bidding or public competition must be applied to this modality, except for the deadline for the presentation of proposals/bids, which must be established of at least thirty (30) calendar days from the following business day after the date of publication of the bidding documents or from the next business day after the date on which these are available. However, this period may be reduced when a previous prequalification has been carried out or it is a procurement that does not involve the preparation of complex proposals/bids, such as, for example, the procurement of standard goods or services, works or simple consultancies, in which case the term may not be less than twenty (20) calendar days for the submission of proposals/bids.

Carrying out a national bidding or competition restricts the publication of the process, but not the participation of international bidders who wish to offer their services, so in no case will it be allowed to establish requirements that do not comply with the basic principles of the procurement processes.

d. Limited bidding or competition.

33.4. Limited bidding or competition is a figure similar to the public bidding or competition, except that the invitations are made expressly to certain companies or firms and not by public announcement; these must be qualified, selected in a non-discriminatory manner, including international companies or firms when the bidding or competition replaces an international process, and always invite all potential bidders.

In general, the same principles and policies apply to this figure as to public bidding and competition; the time limits to be used must be the same as those corresponding to the type of process to be replaced. Regarding the number of proposals/bids that must be received, the following is stated:

To ensure at least competition between qualities and prices, the procedure may continue if less than three (3) proposals/bids are received or submitted at the time of receipt and opening, provided that, expression of interest was received from the majority of the invited bidders. This type of procurement may be used only if there is a limited number of bidders and previous no objection from CABEI.

Article 34. Prequalification.

- 34.1.** In order to identify natural or legal persons, public or private, who have the capacity to be suppliers of the goods, services, or works, required for the execution of operations that have total or partial financing by CABEI, the borrower/beneficiary may proceed to carry out a prequalification process whose sole purpose will be to prequalify bidders for one or more bidding processes, for which the same capacities are required. Subsequently, when executing the bidding, only the bidders who obtained the prequalification may be invited to submit their technical and financial bids; that is, only the bidders who participated in the prequalification and were prequalified will be able to subsequently participate in the planned bidding process.
- 34.2.** Prequalification is generally necessary in cases of innovative works, of considerable magnitude or complexity, or in any other circumstance in which the high cost of preparing detailed bids could discourage competition, such as for equipment designed to order, industrial plants, specialized services and some contracts for complex information and technology systems or systems that host sensitive information, innovative solutions and contracts of the "turnkey, design and construction or administration contracts"
- 34.3.** The documentation to be delivered in a prequalification process must exclusively contain the information of the bidder that must be reviewed to decide whether it has the capabilities to be bound and contracted.
- 34.4.** The bidder must provide information about its organization and the financial, legal, and technical capacity that allows it to be bound and contracted. It must demonstrate, among others, the general and specific experience, essential personnel available and equipment or machinery available to attend the required work, executed contracts, contracts in execution, existing commitments and litigation or any other information that the borrower/beneficiary indicates, on the basis for prequalification.
- 34.5.** The deadline for submitting the prequalification documents must be at least thirty (30) calendar days, counted from the business day following the publication of the prequalification background.
- a. Prequalification Form.**
- 34.6.** The prequalification form will contain the necessary requirements to demonstrate the capabilities of the bidder, including at least:
- i.** Legal background of the bidder, including articles of incorporation, legal nature, nationality, and domicile.
 - ii.** Technical background (technical and administrative capacities).

- iii. Financial situation, presenting the financial statements of at least the last three (3) years of operations, duly audited, and, in the case of bids presented by a JV, the foregoing will apply to all the companies that comprise it.
- iv. Affidavit of not having a conflict of interest, not being declared as a prohibited counterparty or other list of ineligibility of CABEI or being declared disabled or sanctioned in organizations recognized by CABEI and not having been found guilty by final judgment of crimes/sanctions related to Prohibited practices by the competent authority.
- v. Experience in the provision of what is required in the operation and for which it is prequalified.
- vi. Work that is being carried out or obligations assumed and in force on the date of participation to be prequalified.
- vii. Evidence of having sufficient personnel and equipment to carry out satisfactorily and comply with the required provision, indicating, in the case of works, if the equipment is owned or rented, the number of units, year of purchase, brand and commercial value, as well as the needs to purchase of equipment.

The requirements described above may be adjusted, in accordance with the needs of each case and with CABEI's no objection in the processes subject to prior review. In all cases, the established requirements must correspond to a single, clearly defined profile of the bidder that the borrower/beneficiary requires for the procurement.

- 34.7. Deadline for prequalification.** The borrower/beneficiary must carry out the prequalification within a period that harmonizes with the execution schedule agreed with CABEI.
- 34.8. Selection of the prequalified.** Only those who demonstrate, in accordance with the requirements established in the prequalification forms, the technical, financial, legal, and administrative capacities to provide the goods or services, or execute the works required for the operation, may be prequalified.
- 34.9. Disqualification.** A prequalified bidder will be disqualified from the corresponding bidding or competition process (es) in the event that the prequalification or registration has originated with incorrect information or subsequent circumstances arise that make it unlikely that it can comply with providing what is required for the operation. Therefore, the prequalification documents/forms must contemplate this possibility in detail, clearly establishing the steps of the disqualification process to follow, if applicable.
- 34.10. Report or minutes.** The borrower/beneficiary must prepare a report or record of the process, with the bidders who presented the required documentation, indicating which ones were prequalified, which were not prequalified and the reasons that supported the respective decision and will send it for CABEI's no objection in the processes subject to prior review. Once the no objection is obtained, the borrower/beneficiary must notify the results simultaneously to all the bidders and will then form the registry of prequalified bidders for the corresponding specific procurement processes.
- 34.11. Validity of the prequalification.** The prequalification granted to a bidder will be valid for one (1) year. After that time, the borrower/beneficiary must carry out this process again to update the respective records, having to make a new call, both for those already prequalified to update the original information, as well as to admit new ones.

34.12. Lack of bidders. If as a result of the call, less than three (3) bidders are prequalified, a second call must be carried out following the same procedure as the first, and the specifications, terms of reference and conditions of participation or presentation established must be reviewed. If less than three (3) qualified bidders turn up in the second call, the process may proceed with them if permitted by the national legislation; otherwise, the provisions of the legislation must be followed.

34.13. Prequalification for several biddings. The borrower/beneficiary may agree with CABEI to carry out a single prequalification of participants for various procurement processes, provided that they are intended to be carried out within a period of up to one (1) year and that similar capabilities are required from the bidders for such procurements. In these cases, the prequalification documents must establish that the prequalified bidders may participate in various procurement processes and include the relevant information on the planned procurements.

The borrower/beneficiary may require, in each call for bids, that the prequalified participants update the data that may have changed since the time of prequalification and, in particular, a demonstration that their execution capacity continues to be that required in the prequalification documents and that their current workload will allow them to take on an additional contract.

CHAPTER IV - BIDDING PROCEDURES

Article 35. One-stage bidding.

35.1. When the borrower/beneficiary does not carry out a prequalification process prior to the bidding process, it may use the following procedures:

a. One stage, one envelope.

35.2. The procedure must be clearly established in the bidding document of the corresponding procurement so that the bidders know the modality of opening and evaluation of bids and that it is not required to have been previously prequalified.

35.3. Each bidder shall submit at the opening ceremony, a bid in a sealed envelope containing the following content:

i. Background of the bidder: to identify bidders who, meet the minimum requirements established.

ii. Technical bid and financial bid: it will contain the information about the bids directly related to the procurement aspects.

35.4. Once the deadline for the receipt of proposals/bids has expired, a public ceremony of opening of proposals/bids will be held in which the name of the bidders, the letter of presentation of the proposal/bid, the period of validity of the proposals/bids, the amount offered and the amount of the guarantees, if any, as well as any substantial modification that may have been presented separately within the deadline for submission of proposals/bids, proceeding to drawn up an opening act which must be signed by the representative (s) of the borrower/beneficiary and by the present bidders. If there are electronic bids, these must be announced and read in accordance with the above.

35.5. Considering the information presented, only those bidders who meet the minimum requirements established in the bidding document will be reviewed, the technical bid will be evaluated and only the financial bid of those bidders who meet the technical requirements will be evaluated.

- 35.6.** The borrower/beneficiary must prepare a report evidencing the evaluation and award recommendation and, in the case of processes subject to prior review, must submit it to the Bank's for its no objection. Subsequently, the borrower/beneficiary will communicate the results simultaneously to all the bidders, granting the required period for the presentation of protests.
- 35.7.** The borrower/beneficiary may award the contract after having met the deadline for receiving protests and having ultimately resolved the protests received.
- b. One stage, two envelopes.**
- 35.8.** In the case of the execution of works or the procurement of very complex goods or services, where the advantages of consolidating in a single supplier are evident, the borrower/beneficiary may consider a procurement by means of a "turnkey" contract that includes the technical solution of the procurement; In these cases, it may be convenient not to prepare in advance technical specifications or complete designs (in the case of works) and to expect that the bidders will present different solutions. In these cases, it is preferable to use two envelopes, where envelope No. 1 contains the background of the bidder and the technical bid without prices, subject to the necessary technical clarifications and adjustments, and envelope No. 2 the financial bid corresponding to the technical solutions presented.
- 35.9.** Once the deadline for the receipt of bids has expired, an opening ceremony will be carried out, the presence or absence of sealed envelopes containing the financial bids will be indicated, envelope No.1 will be opened and the name of the bidders, the letter of presentation of the bid, the validity period of the proposal and the amount of the guarantees, if any, as well as any substantial modification that may have been presented separately within the period for submission of proposals will be read aloud, proceeding to draw up an opening act, which must be signed by the representative (s) of the borrower/beneficiary and by the bidders present. If there are electronic bids, these must be announced and read in accordance with the above. Envelope No. 2 containing the financial bid will remain closed in the custody of the borrower/ beneficiary in a safe place.
- 35.10.** The background will be reviewed considering the information presented,. Only those bidders who meet the minimum requirements established will have the technical bid evaluated.
- 35.11.** The borrower/beneficiary must prepare a report evidencing the evaluation and award recommendation and, in the case of processes subject to prior review, submit it for the Bank's No Objection.
Subsequently, he will communicate the results simultaneously to all the bidders and calling for the opening of the financial bids, considering that the only financial bid of those bidders who meet the technical requirements will be evaluated.
- 35.12.** The opening of financial bids must be carried out by means of a public ceremony; the name of the bidders, the technical score obtained when applicable, the total amount offered and the proposed discounts, if any, will be read aloud, proceeding to draw up an opening act, which must be signed by the borrower's representative(s)/beneficiary and by the present bidders. If there are electronic bids, these must be announced and read in accordance with the foregoing.

- 35.13.** The evaluation of the financial bids and the selection of the most convenient one will be carried out in accordance with the criteria and/or weightings established in the respective bidding document.
The borrower/beneficiary must prepare a report evidencing the evaluation and award recommendation and, in the case of processes subject to prior review, submit it to the Bank's no objection.
Subsequently, communicate the results simultaneously to all the bidders, granting the required period for the presentation of protests.
- 35.14.** With the Bank's no objection, the contract may be awarded after the deadline for receiving protests has expired and the protests received have been resolved in the last instance.
- 35.15.** Once the protests presented in accordance with what has been established in the bidding document of the procurement have been resolved, in a timely manner, the unopened envelopes containing the technical bids of the bidders that did not meet the minimum required background information and the financial bids of the bidders whose technical bids did not reach the minimum required qualification must be made available to the bidders to be returned.

Article 36. Standard Documents for bidding and competitions.

36.1. Standard bidding document. This consists of:

- a.** Notice/Invitation that publishes in detail the information on the financing granted by CABEI for the operation, as well as information on the borrower/beneficiary, the purpose of the tender, details on the date, time, and address for the withdrawal of the bidding conditions and the presentation of the bids, as well as other information that the borrower/beneficiary considers important to include.
- b.** Instructions to bidders. It will contain the general instructions of the Policy and these regulations, which will serve so that the bidder knows about the regulations that will govern the procurement process.
- c.** Bidding Data sheet. It will contain the specific information of the procurement that corresponds to the specific instructions of the case to the bidders, such as: type of currency or currencies in which the financial offer must be presented or for payment purposes; the deadlines for preparing bids, submitting inquiries, registration, mechanism and instances for the presentation and attention of protests; the place, day, time and office in which the bids will be received and opened; address, telephone number, fax and e-mail address of the Bidding Executive Committee that, on behalf of the borrower/beneficiary, will be in charge of the process; guarantees that will be required; additional technical information to be provided by the borrower/beneficiary and other information that the bidder must know to comply with the provisions.
- d.** Evaluation criteria for the review, evaluation, and comparison of bids, which may include:
In the case of works:
 - General and specific experience.
 - Proposed key personnel.
 - Equipment availability.

- Work plan and execution schedule.
- Others.

In the case of goods and services:

- Experience.
- Compliance with technical specifications.
- Ability to meet maintenance, repair, and spare parts storage obligations.
- Delivery plan.
- Others.

e. Bid forms with full description of all specifications.

f. Technical specifications. General description of the goods works or services to be supplied or executed, as well as descriptions, volumes, quantities, specifications, scope, unit and total prices, execution period or schedule. In the case of execution of works, it will include, when applicable, the complete construction drawings and any other information defined by the borrower/beneficiary.

g. Contract model which will include the general and special conditions.

36.2. Additionally, the bidding document must consider the following:

a. **Incoterms.** In the case of international bids for goods, the use of Incoterms must be incorporated and the version to be used included in the bidding documents.

b. **Quality standards.** In the event that the specifications of the bidding for goods or works establish quality standards for equipment or materials, it should be noted that goods that ensure a quality equal to or higher than that required will also be admitted, indicating that, in any case, the equipment and materials must comply with the environmental requirements of CABEI and those of the borrower/beneficiary.

c. **Specifications for equipment and brands.** For bids for goods or execution of works, the descriptions that appear in the specifications should avoid any indication of the brand name, catalog numbers or types of equipment of a particular manufacturer, unless this is necessary to guarantee the inclusion of certain special design or performance, construction, or manufacturing characteristics. The special reference must be followed by the terms "or its equivalent" and indicate the criteria used to determine the equivalence. The specifications should allow technical bids of alternative services, equipment, articles, or materials that have similar characteristics.

d. **Guarantees, bonds or other financial instruments.** The borrower/beneficiary must apply the guarantees, bonds or other financial instruments that are necessary to guarantee the supply of the goods, the fulfillment of the contracted services or the execution of the agreed works, in order to ensure the achievement of the objectives of the financing for which the guarantees or bonds to be requested must be unconditional and at first request. The guarantees or bonds that do not meet the aforementioned characteristics will be analyzed by the Bank to determine their admissibility as part of the No Objection of the Bid Document. The borrower/beneficiary must demand those strictly necessary to protect the success of the procurement, avoiding

unnecessary costs to the bidders and the future supplier of goods, services, or execution of works:

- i. Guarantee of maintenance of the bid and the contract signature.** It may be applied in those cases that the borrower/beneficiary deems appropriate. Its validity must exceed the offer validity period by at least thirty (30) calendar days, so that the term is long enough to allow the borrower/ beneficiary to make the guarantee effective if the bidder unjustifiably withdraws his bid. When applicable, this guarantee may be a bank type, bond, or any other type of easily executed financial instrument, issued by financial institutions or insurance companies acceptable to the borrower/beneficiary. The bidding document of the process must specify the amount for which this guarantee must be presented, which will always be a fixed amount and never a percentage of a specific amount. Instead of this guarantee, bidders may be required to submit a bid maintenance statement, accepting that they may be unable to participate in other processes of the borrower/beneficiary for a period of time, in case of withdrawing their proposals/bids during the period of validity of these.
- ii. Performance Guarantee or guarantee bond.** In the cases of bids for the execution of works, the specifications for construction works must require a bond or bank guarantee that ensures that the works will be carried out to completion. Its amount will vary according to the type and magnitude of the works but must be indicated in the bidding documents and be sufficient to give the borrower/ beneficiary adequate protection. The amount of the performance bond or guarantee must ensure that, in the event of non-compliance by the contractor in the execution of the works, these works will be completed. The validity of the bond or guarantee must exceed the term of the work contract by at least thirty (30) calendar days, to cover a reasonable guarantee period. If necessary, bonds or guarantees may be required for equipment supply contracts, as well as for the procurement of goods or services, if it is established in the respective bidding document.
- iii. Guarantee or bond of quality.** The borrower/beneficiary must require in the bidding documents for the execution of the work, that the bidders consider that they must present a bond or a guarantee of quality of works, which must be in force, at least, for twelve (12) months after these have been concluded. The amount of this bond or of the bank guarantee must ensure that any defect in execution can be remedied within the period indicated above. In procurements to obtain goods and services, the establishment of a guarantee of compliance or quality will depend on market conditions and practices related to the specific class of procurement; in any case, these must be clearly defined in the bidding documents.
- iv. Deposit or Advance guarantee.** In the case of applying an advance on a contract, a guarantee must be established for its proper use and for

100% of the amount; this may be a bank type, bond, or any other type of financial instrument that can be easily issued by financial institutions or insurance companies, acceptable to the borrower/beneficiary.

- e. Insurance.** The bidding documents must precisely indicate the types of insurance to be purchased by the selected bidder, if any.
- f. Language and interpretation.** Bidding documents must be written in the official language of the borrower/beneficiary. However, the bidding documents may be translated to facilitate competition from international companies. In case of interpretation conflicts, the official language of the borrower/beneficiary will prevail.
- g. Bid evaluation criteria.** The bidding regulations must have clearly specified which are the factors that, in addition to the price, must be analyzed to evaluate the bids, as well as the weighted value of each of them, where the latter must reflect the costs and benefits that these factors will contribute to the operation. The procurement must be awarded to the most convenient bid for the borrower/beneficiary, in accordance with the previously established evaluation factors.

The factors that are regularly evaluated are, among others, the costs of civil works, the procurement of goods or equipment, the cost of assembly, the costs of transportation to the site of the operation, the payment schedule, the delivery schedule of the goods or services, the delivery time of the goods or works, the operating costs, the efficiency and compatibility of the equipment, the availability of maintenance service and spare parts, the proposed construction methods, among others. The bidder may not make any substitution or withdrawal in relation to the content of the proposal/bid.

Article 37. Submission of proposals/bids.

- 37.1.** In accordance with the term stipulated in the bidding conditions, the proposals/bids must be submitted: separately (in accordance with article 25, subsection b), in writing, signed by the legal representatives of the bidders, in sealed envelopes and within a single envelope or outer package duly sealed, labeled and identified. Proposals/bids must be kept in a safe place until they are opened.
- 37.2.** If the borrower/beneficiary has or is developing, a system for receiving proposals/bids in electronic form, this will be acceptable, and they can be received in that way provided that the bidding documents of the procurement specify so. The borrower/beneficiary must develop mechanisms that guarantee security and reliability to safely receive and safeguard the proposals/bids submitted until their opening and evaluation.
- 37.3.** The date, time, and place of opening of the proposals/bids, as well as the closing date and time for submitting them, must be announced in the call for bidding. No proposal that arrives after the deadline will be received.

Article 38. Analysis and evaluation of technical and financial proposals.

- 38.1.** The evaluation of proposals/bids must be carried out in accordance with the conditions and evaluation criteria determined in the bidding conditions. When analyzing, evaluating, and comparing such proposals/bids, it will be determined if these comply with the terms and conditions stipulated in the bidding document and the corresponding scores, in order to obtain the results in order of priority and select the

potential successful bidder. In the evaluation of the proposals/bids, it must be verified that:

- a. The documents are correctly expressed and signed.
- b. Agree with the requirements indicated in the bidding documents to assign the corresponding score.
- c. For the allocation of points, it must be verified that the certificates required in the bidding document are attached.
- d. That they do not have calculation errors.
- e. That they comply with the general conditions established in the bidding documents.
- f. That the proposals/bids comply with the requirements regarding the country of origin of the services or goods to be supplied in case of having established requirements in this regard, in the bidding documents, consistent with the Policy and in these Regulations.
- g. The minimum acceptable score to qualify technically must be established in the bidding document. In accordance with the evaluation criteria set out in the bidding document, the total scores received by each proposal will be defined to obtain the most suitable proposal/bid.

Article 39. Award.

- 39.1.** The borrower/beneficiary may award the bidder whose proposal/bid contains the most suitable evaluated bid. The award provides the successful bidder the right to have the corresponding contract formalized. In the processes subject to prior review, CABEI's prior no objection will be required.

CHAPTER V - PROCEDURES FOR THE SELECTION OF CONSULTING FIRMS.

Article 40. Short List.

- 40.1.** All competitive processes for the selection of consulting firms require that a short list of companies with appropriate qualifications to provide consultancy services be drawn up initially. The borrower/beneficiary will prepare the short list with the companies that expressed their interest in participating in the process and have the relevant experience, management, and organizational capacity necessary to carry out the work.
- 40.2.** To draw up the short list, the borrower/beneficiary must:
- a. Advertise the request for expressions of interest, in accordance with the Bank's model, which must include the full terms of reference. Publication shall be made in accordance with the provisions of articles 20.2 and 20.3 of these Regulations. Firms must be allowed a minimum period of fourteen (14) calendar days to respond to the request.
To establish the short list, the expressions of interest will be evaluated considering criteria such as: main activity and years of seniority of the consulting firm, general and specific experience related to the objectives of the consultancy, technical and administrative capacity, at this stage an evaluation of the key personnel is not carried out.
 - b. Additionally, they must declare that they have no conflict of interest, that they have not been declared a prohibited counterparty or another list of ineligibility of CABEI, nor that they have been declared disqualified or sanctioned in

organizations recognized by CABEI and that they have not been found guilty by means of a final sentence of crimes/sanctions related to Prohibited Practices by the competent authority.

- c. The short list shall be composed of at least five (5) and a maximum of eight (8) consulting firms, short lists containing a lower number may be accepted when qualified firms expressing interest in the work are not sufficient.
- d. The short list will be communicated to all consulting firms that submitted expressions of interest in the process. In processes subject to prior review, the short list will require the Bank's no objection, in these cases once the Bank has given the no objection to the short list, the borrower/beneficiary will not be able to add or delete names without the Bank's no objection.

Article 41. Competition.

41.1. The borrower/beneficiary will invite the consulting firms that are part of the short list to submit proposals and they must contain:

- a. **Technical proposal:** it will contain the technical information directly related to the aspects of the consultancy, in accordance with the provisions of article 44.4 (a).
- b. **Financial Proposal:** the financial proposal will be requested according to the selection method to be used, when required its content will be in accordance with the provisions of article 44.4 (b).

41.2. The procedure to follow is:

- a. Once the deadline for the receipt of proposals has expired, a public opening ceremony will be held in which the name of the bidders, the letter of presentation of the proposal, the period of validity of the proposal, as well as any substantial modification that has been presented separately within the deadline for the presentation of proposals will be read aloud, in addition to indicating the presence or absence of sealed envelopes containing the financial proposals, proceeding to the writing of an opening report, which must be signed by the representative or representatives of the borrower/beneficiary and by the present bidders. If there are electronic proposals, these must be announced and read in accordance with the above. The envelopes containing the financial proposal will remain closed in the custody of the beneficiary borrower in a safe place.
- b. The evaluation of the technical proposals submitted by the firms will be carried out, preparing the respective report, and in the processes subject to prior review, the report must be submitted for CABEI's no objection.
- c. Subsequently, the results will be communicated to the firms and the public opening of the financial proposals will be called.
- d. The opening of financial proposals must always be carried out by means of a public ceremony, the name of the firms, the technical qualification score obtained, and the total amount offered will be read aloud; a record shall be drawn up and signed by the representative(s) of the borrower/beneficiary and by the firm's representative present. If there are electronic proposals, these must be announced and read in accordance with the above. The review and evaluation of these must be carried out subsequently by the

borrower/beneficiary. The evaluation of the financial proposals and selection of the most convenient will be in accordance with the criteria and/or weightings established in the respective bidding document.

- e. The borrower/beneficiary must prepare a report evidencing the evaluation and recommendation of award and in the case of processes subject to prior review, must submit it to the Bank's no objection. Subsequently, it will communicate the results simultaneously to all firms, granting the required period for the presentation of protests.
- f. After the deadline for receiving protests has expired and the protests received have been resolved in the last instance, the respective contract may be awarded.

Article 42. Standard documents for competitions.

42.1. Bidding Documents. The bidding document for competitions consists of:

- a. Invitation in which the information on the financing granted by CABEI for the operation is published in detail, as well as information about the borrower/beneficiary, objective of the consultancy, details on date, time, and address for the withdrawal of the bidding documents of the procurement and the submission of the proposals, as well as other information that the borrower/beneficiary considers important to include.
- b. Instructions for consultants. It will contain the general instructions of the Policy and these Regulations that will serve to make the interested firms aware of the regulations that will govern the procurement process.
- c. Data of the competition. It will contain the specific information of the competition that corresponds to the specific instructions of the procurement to the firms, such as: type of currency or currencies in which the financial proposal must be submitted or for the purposes of payments; the deadlines for preparing proposals, submitting inquiries and registration, mechanisms and instances for the submission and response of protests; the place, day, time and office where proposals will be received and opened; address, telephone number, fax and e-mail address of the Competition Executive Committee which, on behalf of the borrower/beneficiary, will be in charge of the process; guarantees that will be required; additional technical information to be provided by the borrower/beneficiary and other information that the interested firms must know in order to comply with the provisions.
- d. Evaluation criteria for the review, evaluation, and comparison of proposals. This section also establishes the minimum acceptable score for the technical proposal to qualify when appropriate and the detail of the selection method to be used.
- e. Standard formats for the presentation of the information required in the process.
- f. Terms of reference that contain the scope of the required services and that must clearly define the objectives and goals, as well as provide basic information related directly to the work to be contracted (list of studies and existing basic data), all with the purpose of facilitate the consultants the preparation of their respective proposals. The terms of reference should list the services and studies necessary to carry out the work, as well as the expected results, for example: reports, data, maps, surveys, among others, providing a degree of detail so that

the consultants have the freedom to propose their own methodology and the personnel assigned for the development of the work.

- g.** Model contract that will include the general and special conditions.
- 42.2.** In addition, the bidding document shall consider the following:
- a. Budget.** The costs may or may not be published as a reference or fixed price, in accordance with the selection method proposed by the borrower/beneficiary at the convenience of the operation. It must be submitted based on an estimate of the resources necessary to carry out the work of the procurement, classifying:
- i.** Fees or remuneration, depending on the type of contract to be used.
 - ii.** Reimbursable Expenses.
- b. Guarantees, bonds or other financial instruments.**
The borrower/beneficiary must apply the guarantees, bonds or other financial instruments that are necessary to ensure the fulfillment of the consultancy, in order to assure the achievement of the objectives of the financing. The borrower/beneficiary must demand those strictly necessary to protect the success of the procurement, avoiding burdening the bidders and the future consultant with unnecessary costs:
- i. Guarantee of maintenance of the proposal, of signing the contract and of performance of the contract.** It is not recommended to issue this type of guarantees for consulting services, its application tends to increase costs for the consulting industry without producing obvious benefits, costs that are eventually passed on to the borrower / beneficiary.
 - ii. Deposit or advance guarantee.** In the case of applying an advance on a contract, a guarantee must be established for its proper use and for 100% of it; this may be a bank type, guarantee, bond, or any other type of financial instrument of easy execution issued by financial institutions or insurers, acceptable to the borrower/beneficiary. In any case, the borrower/beneficiary must apply the guarantees that are necessary to guarantee the achievement of the objectives of the consultancy. The borrower/beneficiary must demand the guarantees that ensure the success of the consultancy and are strictly necessary, avoiding burdening the bidders and the future consultant with unnecessary costs.
- c. Insurance.** The bidding documents must precisely indicate the types of insurance to be taken out by the selected consultant, if any.
- d. Language and interpretation.** The bidding documents must be written in the official language of the borrower/beneficiary. However, these documents may be translated to facilitate the competition of international bidders. In case of conflicts of interpretation, the text in the official language of the borrower/beneficiary shall prevail.
- e. Evaluation criteria.** The bidding documents must have clearly specified what the selection method will be, as well as the criteria and scores to evaluate and select the most suitable proposal. The generally evaluated criteria is, among others, the experience and training of the personnel proposed for the

performance of the required work, the methodology and the proposed work schedule.

Article 43. Methods for the selection of consultants.

43.1. The borrower/beneficiary shall define the appropriate method for the selection of consultancy services, which shall be determined by the amount, type and complexity of the consultancy required, for which purpose he/she shall establish, in the documents of the competition, the criteria for technical and financial evaluation, as well as the weighted scores to be used in the evaluation of proposals, selecting one of the methods acceptable to CABEI and defined below:

- a. Quality and Cost-based Selection (QCBS).** It is a competitive process among consultants who have been prequalified; the quality of the technical proposal and the cost of the services that the consultant proposes in its financial proposal are considered. The estimated budget for the procurement may be published as reference data and must be used prudently, assigning to it a weighting that will be determined in each case according to the nature of the work to be carried out, but at most a weighted value of 30% may be assigned to the financial proposal and at least 10%.
- b. Quality-based selection (QBS):** this method is appropriate for complex or highly specialized jobs where the borrower/beneficiary expects bidders to submit proposals containing innovative solutions, substantially different and therefore not comparable, where the value of the services depends on the quality of the analysis. Likewise, this method is convenient when, due to possible future implications, the best experts are required to carry out the operation, which will have budgetary implications. When selection is made on this basis, only the technical proposal shall be evaluated and consultants may be required to submit only the technical proposal; if a financial proposal is required, it must be in a separate envelope and will not be subject to comparison.
- c. Fixed budget selection (FBS):** its application is recommended in the following cases:
 - i.** When the type of consulting services required is simple and can be precisely defined.
 - ii.** When the budget has been reasonably estimated and established.
 - iii.** When the budget is sufficient for the consulting firm to carry out the work. This method requires that the available budget be compulsorily indicated in the competition document and that bidders are asked to submit in separate envelopes their best technical proposal and that the financial proposal, which will not be subject to comparison, be presented within the limits of the budget.
- d. Least Cost selection (LCS):** this method is recommended in those cases in which the borrower/beneficiary wishes to perform standard or routine work, for which there are well-established practices and rules and in which the amount of the contract is small. This method establishes a minimum qualification for the technical proposal.

Article 44. Content and presentation of proposals.

44.1. In accordance with the provisions of the bidding document, the consultants must submit, within the time limit and place specified therein, the written proposals signed

by the legal representatives of the firms, in sealed envelopes and within a single envelope or outer package duly sealed, labeled and identified. Proposals should be kept in a safe place until they are opened.

- 44.2.** If the borrower/beneficiary has, or is developing, a system for receiving proposals in electronic form, this will be acceptable, and these can be received if the bidding documents of the competition specify so. The borrower/beneficiary must develop mechanisms that guarantee security and reliability to receive and safely guard the proposals presented until their opening and evaluation.
- 44.3.** The date, time, and place of opening of proposals, as well as the deadline date and time for submitting them, must be announced in the invitation for competition. No proposals that arrive after the deadline will be received.
- 44.4.** Proposals shall contain at least the following information:
- a. Technical Proposal.**
 - i.** The key personnel or team of professionals with whom it intends to fulfill the work.
 - ii.** Description of the methodology to be used in the development of the work, properly identifying all the sequential activities necessary for the provision of services.
 - iii.** Description of the scope of the services in accordance with the provisions of the terms of reference, being able at its discretion to extend and complement it, provided that it is maintained within the framework and spirit of the competition.
 - iv.** Work plan showing the scheduling of each of the activities included in the consultancy.
 - v.** Organization for the performance of the work.
 - vi.** Documentation stating the commitment that the firm will not be able to replace or withdraw the key personnel indicated in the technical proposal without the prior authorization of the borrower/beneficiary and the acceptance of CABEI through no objection. In any case, the substitute to be proposed must have the same or have better skills that qualify, attaching the corresponding resume.
 - vii.** It may include any technical requirement established by the borrower/beneficiary and accepted by CABEI; it must not include any information regarding prices and remunerations.
 - b. Financial Proposal.**
 - i.** Total price proposed for the provision of the consulting services required by the borrower/beneficiary in the Financial Proposal Submission Letter.
 - ii.** Breakdown, according to type of currency, total price offered and expert hours that will be assigned for the development of the work, quantifying the direct and indirect costs, and indicating the percentage destined to cover risks and profit.
 - iii.** Proposed payment plan according to the need for cash flow, based on the delivery of specific products of the works. Any line of work that the consultant projects to subcontract must provide for this information equal to that required in these subsections.

Article 45. Evaluation of Proposals.

45.1. The evaluation of technical and financial proposals will be carried out using one of the procedures described below or any variant thereof that is agreed with CABEI:

a. Quality and Cost-based Selection (QCBS).

For evaluation purposes, based on the provisions of the bidding document, a weighted score must be applied to both the technical proposal and the financial proposal, which will depend on the nature and complexity of the proposed work; it is desirable that in this weighting the technical offer has a maximum weighted value of 90% and not less than 70%. The economic offer must not have a weight greater than 30% or less than 10%. The technical evaluation must be carried out based on 100 points and the financial proposal must be weighted by giving the maximum to the lowest and by relationship the remaining ones are weighted.

i. Technical Proposal. The proposals should be evaluated based on criteria such as the following:

- 1.** Quality of methodology proposed.
- 2.** Professional qualification of the proposed key personnel and time that will be allocated to the project.
- 3.** Transfer of technology and knowledge.
- 4.** Degree of participation of staff with regional experience in the work team.
- 5.** Correspondence of the technology offered with the characteristics required in the bidding document of the consultancy.
- 6.** Experience of the proposed key personnel in the specialty required to develop the proposed work.
- 7.** Organization for the realization of the work and execution schedule.

Each of the selected criteria is assigned a weight within the scale of 1 to 100 points, it is suggested to giving a greater weight to the methodology and qualification of key personnel, especially the latter when it comes to highly complex jobs.

The evaluation criteria described may be subdivided to facilitate a more objective rating, this does not mean that such subdivision is excessive and makes the evaluation more mechanical than professional.

Once the evaluation has been completed, a report or record must be prepared in which the score obtained by the technical proposals is established. These results shall be notified to the firms in compliance with the method of communication specified for this purpose in the bidding document. In the processes subject to prior review, the Bank's no objection will be required prior to the communication of results.

ii. Financial Proposal. The financial proposals of the consultants whose technical proposal has resulted in a qualification equal to or above the minimum established in the bidding document, must remain closed and

in custody until the deadline established in the bidding document for opening these proposals is met.

The financial proposal must be opened in a public ceremony, and after convening in the presence of the representatives of the consultants for which their financial proposals will be opened who attend the event, which will be carried out having no protests to resolve and starting by reading the scores obtained in the technical proposal.

In the evaluation of the financial proposal, the base budget prepared for the process in question that may or may not have been published as the reference price, must be taken as a reference point, but the proposals must be analyzed by their own value, establishing an order from lowest to highest and assigning them the corresponding weighted value, with the lowest price proposal receiving the maximum score.

For evaluation purposes, all financial proposals must be converted to the currency chosen by the borrower/beneficiary at the exchange rate in force at a date chosen by the borrower/beneficiary, which must be within four (4) weeks prior to the submission of the proposals.

b. Quality-based selection (QBS).

Under this procedure, the evaluation is only based on the evaluation criteria of the factors that were established in the bidding document for the technical proposal, proceeding to establish a ranking of the technical proposals that reach the minimum required score. Once the technical proposal that achieves the first place for having the highest qualification has been established, in a private ceremony the information contained in the respective financial proposal is opened and negotiated.

If the negotiation with the first-place participant fails, the borrower/beneficiary reserves the right to open the financial proposal of the second qualifying consultant and so on, until the negotiation of the financial proposal is completed. If it is not possible to finalize this with any of the firms whose proposal obtained a rating equal to or greater than the minimum, the process will be declared unsuccessful.

c. Fixed budget selection (FBS).

In this method, to select the most suitable proposal, the quality of the proposal and the cost of the services are considered. The bidding document should specify the cost of services as a fixed budget that should not be exceeded.

The terms of reference should be prepared with particular care to ensure that the budget is sufficient for the consultants to carry out the intended services.

First, all the technical proposals of the firms that are part of the short list must be evaluated, then the financial proposals of the firms whose technical offers exceeded the minimum required score are opened and then, in a public ceremony, the envelopes are opened with the prices, which must be read aloud. Proposals that exceed the indicated budget should be rejected.

The most convenient proposal will be one that does not exceed the fixed budget and has obtained the highest technical score.

d. Least Cost selection (LCS).

In this method, to select the most convenient proposal, the envelopes are opened with the technical proposals of the firms that are part of the short list, which are evaluated discarding those that obtain less than the minimum required score; then, on equal terms, the remaining consultants pass to the opening of the envelopes with the financial proposals, among which, the one that offers the lowest price is selected. The minimum qualification must be indicated in the bidding document. The most convenient proposal will be the one that meets the minimum technical score required and presents the lowest financial proposal.

Article 46. Negotiation and award of the consultancy contract.

- 46.1.** Under the procedure described in article 45, paragraph a, of these Regulations, the qualification of each proposal must be obtained by adding the weighted scores of their respective technical and financial proposals, while the qualification corresponding to the procedure referred to in paragraph c of that article must be the one calculated directly based on the technical proposal, proceeding in any of the cases to negotiate with the firm that has the highest total rating.
- 46.2.** In relation to the procedure described in article 45, paragraph b, the negotiation with the firm that obtains the highest qualification must correspond to both technical and economic aspects and must be based on the terms of reference, methodology, proposed personnel, and associated costs, as well as on the special conditions of the model contract, and at no time may the terms of reference and the terms of the model contract be substantially altered.
- 46.3.** Within the negotiation, the selected consultant may propose, with prior consent of the borrower/beneficiary, replacements of key personnel, the replacement staff, must have professional qualifications equal to or better than those of the personnel being replaced.
- 46.4.** In the event that the negotiation does not allow the borrower/beneficiary to carry out this in the terms that suit the interests of the operation, the latter must invite the next best qualified firm to negotiate, keeping the previously analyzed proposal out of this negotiation.
- 46.5.** Upon the successful conclusion of the negotiation of the consultancy contract, the borrower/beneficiary, in processes subject to prior review, must submit for the Bank's no objection, the negotiation record and the contract initialed by the successful consultant; subsequently, in all cases, it must notify the other firms that were considered within this stage, of the results of the award process.

CHAPTER VI - OTHER PROCUREMENT METHODS

Article 47. Price comparison or qualifications.

- 47.1.** This method is established in the GPP for purchases with budgeted amounts below the limit established for the application of national legislation in the case of goods, works and services and below the limit established for national competition in the case of consultancies.

For the aforementioned cases, the borrower/beneficiary may initiate the process with the non-objection to the GPP granted by CABEI.

This method of procurement does not require the use of bidding documents or formal and extensive competitions; only the terms of reference and their required evaluation

criteria or technical specifications should be clearly defined using a matrix in order to be able to compare and select the best option. It is based on the comparison of at least three (3) price quotes if it is the procurement of goods, works or services or three (3) proposals if it is the selection of consulting firms, to obtain for the first case, the most competitive price or the best overall qualifications of training and experience when looking for a consulting firm. In all cases, there must be an interest in participating expressed in writing by each of the potential bidders. This is an appropriate method for procurements of small amount or small value in the hiring of consulting firms for exact works for a specific period of time, procurement of goods in stock or of standard specification, provision of simple and punctual services or contracting of small works. The borrower/beneficiary shall be responsible for not artificially dividing the procurement of goods, works, services or consultancies in order to use this method and shall ensure that these are one-off purchases.

For these purposes, the borrower/beneficiary must present the terms of reference or technical specifications that fully respond to the need for the procurement, at least three (3) profiles or quotes evaluated within a comparison matrix and the name of the bidder that would be selected. In cases subject to prior review, the Bank must grant the no objection prior to the award.

Less than three (3) bids/ proposals may be accepted with no objection from the Bank and in cases where public calls have been made and the bids/proposals received comply with the terms of reference or technical specifications and present market costs.

Article 48. Selection of Individual Consultants.

48.1. Individual consultants may be selected by the borrower/beneficiary considering the following aspects: i) professional qualifications in training and experience as the main requirement, (ii) does not require a team of key personnel, iii) does not require an additional professional unit to a head office.

48.2. This method does not require the use of bidding documents and individual consultants do not require proposals. The evaluation should be based on academic background and experience, which will be reflected in a matrix compared to the evaluation criteria.

48.3. For the selection of individual consultants, regardless of the budgeted amount, the borrower /beneficiary may make an invitation to previously identified consultants, the comparison of the qualifications will be made to at least three (3) candidates who have expressed their interest in participating, who meet the minimum qualifications required; or may consider making an open invitation by publication in digital or print media when there is no list of candidates or it is considered that the market can provide consultants with the profile required to carry out the consultancy; in the latter case, if only one qualified consultant is obtained, he or she may be selected prior receiving the Bank's no objection.

The individual consultants selected must be the best qualified and must be fully capable of doing the job.

48.4. To evaluate the consultants, the borrower/beneficiary will receive the consultant's documentation in a single envelope, or through a single electronic and official means provided in the invitation or announcement of the consultancy.

48.5. Individual consultants may be contracted directly in accordance with the provisions of Article 49.3 (b).

Article 49. Direct Contracting.

49.1. Within the framework of an operation approved by CABEI, procurements must be made through the methods set forth in Article 18 of the Policy and its modalities established in Articles 19 and 33 of these Regulations.

49.2. In addition to the bidding and competition modalities and the method of comparison of prices or qualifications at the local or international level established by the Policy and these Regulations, the method or procedure of direct contracting is established, which consists of carrying out a procurement without following a competitive procedure.

49.3. It may only be used in the following special circumstances:

a. When there is a need to rehire, for technical or financial convenience, contractors or consultants, suppliers of specific works, goods, services or consultancies that were contracted in a maximum period of twelve (12) months prior to the request for direct contracting, within the framework of the execution of the operation or cooperation associated with the operation financed by CABEI and that resulted from bidding processes or public or limited competitions within this operation or cooperation associated with the operation, provided that the following is met:

- i.** In the case of works, goods or services, the activities, or goods to be provided must be substantially those included in the original contract and must be justified, to the satisfaction of CABEI, that no advantage can be obtained with a new process and that the prices of the contract are reasonable.
- ii.** In the case of consultancies, they shall demonstrate the need to maintain the continuity of the technical approach, methodology and lessons learned.

In both cases, satisfactory performance must be demonstrated in the previous contract.

b. When it is necessary to contract individual consultants and one of the following circumstances is accredited:

- i.** Due to the continuity of services of individual consultants for the execution of an operation provided that the original contract is derived from a competitive process, the satisfactory performance in the previous contract is demonstrated and it is accredited that the same tasks will be performed.
- ii.** Services with an estimated duration of less than six (6) months.
- iii.** Emergency situations as a result of natural disasters.
- iv.** When an individual consultant has studies and experience sufficiently valuable for the provision of specialized services of a complex nature related to the operation.

c. Emergency situations duly declared by the competent authority in response to disasters or natural events, including health emergencies.

d. Sole providers, for any of the following:

- i.** Licensees or concession holders or any similar instrument.
- ii.** Exclusivity granted by provision of national law.
- iii.** Patent or trademark demonstrated.

- iv. Exclusivity in distribution by the manufacturer or supplier accredited documentary.
 - e. When the need to standardize services, equipment and /or spare parts has been justified, to make them compatible with equipment and spare parts already purchased, in which case it must have the following characteristics:
 - i. There is an analysis of the options of equipment to be installed of another brand or specification and it evidences the suitability of the equipment to be purchased.
 - ii. Complies with the above-mentioned subparagraph d.
 - f. When it is necessary to ensure adequate maintenance of existing equipment and machinery or to be procured or it is necessary to purchase the goods or services from a specific supplier to maintain the guarantee. In these cases, the analysis of the options that evidences the procurement convenience will also be required.
- 49.4.** To use the direct contracting method, the borrower/beneficiary must submit to CABEI an authorization request, demonstrating and justifying the existence of any special circumstances listed in this article, attaching the documentation evidencing this circumstance. In addition, when an emergency situation is invoked, it must accompany a justification issued by the legal services of the borrower/beneficiary who must assess the validity and validity of the emergency declaration and whether it was issued by the competent authority in the corresponding country.

Article 50. United Nations Agencies.

- 50.1.** At the request of the borrower/beneficiary, United Nations (UN) agencies may be selected to develop technical assistance in the following cases:
- a. When it comes to specialized products where the number of suppliers is limited.
 - b. When they are specially qualified to provide technical assistance, advice, or technical services in their area of expertise or their rapid mobilization on the ground; in particular, in circumstances where urgent assistance is needed, or capacity is limited.
- 50.2.** At the request of the borrower/beneficiary, a United Nations agency may perform implementation functions for the operation or a component of the operation. In the cases described in Articles 50.1. and 50.2. United Nations agencies may use their own procurement policies and a specific agreement between the United Nations agency and the borrower/beneficiary shall be required, which shall be subject to prior no objection by the Bank.

Article 51. Non-governmental and other specialized agents.

- 51.1.** The contracting of non-governmental organizations, inspection agents and other specialized agents will be governed by the procurement processes indicated in the Policy and in these Regulations, complying to CABEI's satisfaction with the criteria and provisions established, especially in terms of comparative advantages due to unique or valuable experiences for the Borrower/Beneficiary due to possible institutional weaknesses in the countries.

Article 52. Community Participation.

- 52.1.** When the social objectives of the operation or of a component to be financed involve the participation of the beneficiary community, the strengthening of the capacities of

the beneficiaries or the intensive use of labor, with the prior approval of the Bank, special procedures may be used. The details of these procedures will be included in the regulations/operational manual of the operation, which will require CABEI's no objection prior to the start of the execution of any of the procurements.

Article 53. Selection of Auditing Firms.

- 53.1.** Auditing firms must be selected by the borrower/beneficiary using the qualifications comparison method regardless of the budgeted amount.
- 53.2.** The borrower/beneficiary may invite the list of eligible auditing firms previously identified and acceptable to the Bank. The evaluation will be carried out considering the following aspects contained in the proposals submitted: i) proposed key personnel, ii) methodology and plan of work, iii) financial offer.
- 53.3.** In the event of not having a list of eligible auditing firms, a public call must be made as required in Article 20 numeral 20.2 and the evaluation must additionally include the general and specific experience of the auditing firms.
- 53.4.** In any case, if only one qualified proposal is obtained, it may be selected with the Bank's no objection.

Article 54. State or public institution/company, a state university, a state research center, or institution of the country of the borrower/beneficiary.

- 54.1.** When it is required that the works, goods, services and/or consultancies supplied by a state or public institution/company, a state university, a state research center or institution of the country of the borrower/beneficiary, the Bank may accept the selection of these state entities after analyzing each particular case, taking into account that the nature of the entity is directly linked to the purpose of the contract or agreement to be signed and due to any of the following situations: i) They present unique characteristics in the absence of suitable alternatives from the private sector; ii) Their participation is required in accordance with the operation's execution scheme. The agreement or contract to be signed will recognize the costs incurred by the entity.

CHAPTER VII - SPECIAL OPERATIONS

Article 55. Procedures for special operations.

- 55.1.** The guidelines for special operations are as follows:
 - a.** When CABEI participates in the financing of concession-type, build-operation-transfer (BOT) or build-operation-ownership (BOO) operations, Public Private Partnerships (PPPs) or other types of participation or execution involving special or exclusive conditions or rights, given the nature of these operations, CABEI may consider, negotiate or authorize the use of other procurement procedures in accordance with the provisions of [Article 1](#) of these Regulations, establishing in the approving resolution and based on the recommendations of the credit report, the special procedures to be applied to such operation.
 - b.** When CABEI grants a letter of financial support to a company interested in participating in the execution of an operation or for the provision of goods, works, services or consultancies required in the framework of operations promoted by other managing entities which establish as a requirement of participation that the technical proposal is accompanied by a financial proposal,

CABEI will analyze the eligibility of the operation, in accordance with the guidelines, policies and procedures it has for the performance of such analysis.

CHAPTER VIII -EXECUTIVE COMMITTEE FOR BIDDING AND COMPETITION

Article 56. Provisions applicable to the Executive Committee.

- 56.1.** The borrower/beneficiary, as responsible for the operation, shall appoint an executive committee for the bidding or competition(s). This Committee shall be chaired by a coordinator and shall be responsible for coordinating all technical and procedural aspects related to the procurement processes, in accordance with the provisions of the Policy and these Regulations.
- 56.2.** The borrower/beneficiary must responsibly select the persons who make up this Committee before CABEI, considering their ethics and professional competencies in accordance with the nature of the procurement. The borrower/beneficiary shall be free to appoint, under his/her own responsibility within his/her organization, subcommittees, boards, or multidisciplinary teams to support the management of the Committee.
- 56.3.** The borrower/beneficiary will notify CABEI the Committee's appointment, attaching the corresponding Declaration of Confidentiality and Absence of Conflict of Interest. CABEI shall not be responsible for the capabilities or performance of any of the members of the Committee.
- 56.4.** The borrower's/beneficiary's Executive Committee shall have, as a minimum, the function of coordinating the following activities:
- a.** Prepare and submit for the consideration of CABEI, for its non-objection, the notices for prequalification, bidding, and competitions that, once approved and as appropriate, must be published in accordance with the provisions of these Regulations.
 - b.** Establish the necessary information requirements for the prequalification of bidders in accordance with the required specialties, as well as the requirements and technical specifications for a process of procurement of goods, works, services and consultancies with the factors, criteria, evaluation scores and weighting values to be established for the evaluation of proposals.
 - c.** Based on the standard documentation available to CABEI, prepare the documents for prequalification, bidding and competitions and submit these to CABEI, for their respective no objection, prior to their use.
 - d.** Send to CABEI the prequalification document, bidding, or competition in its final version prior to its publication and make available to interested parties such documents, subject to the corresponding payment when it applies.
 - e.** When appropriate, organize and visit the site with the bidders seeking the accompaniment of CABEI. Also, organize and carry out the homologation meetings when necessary.
 - f.** Respond to the written queries of the bidders and send the clarifying response to all the bidders of a bidding or competition process.
 - g.** Prepare and send to all bidders, the addendums to the bidding or competition documents. In the processes subject to prior review, CABEI must first provide the no objection, except for addendums related exclusively to extension of deadlines.

- h.** Receive and analyze the prequalification documents, technical and financial proposals of the procurement processes.
- i.** Prepare and send to CABEI, for no objection, the record or report of the evaluation carried out containing the information of the review, evaluation, selection, award recommendation or declaration of deserted or failed process, as appropriate, prior to issuing the notifications to the participants.
- j.** Notify the bidders of the results of the process in which they have participated, notifying each of them the results, scores and rating they have obtained and the place they achieved in order of priority in the final results of the evaluation of bids.
- k.** Resolve in the first instance and attend until its final resolution the protests that arise in a process of prequalification, bidding or competition through the instances established and, once there are no protests to attend, recommend the award and lead the negotiation of the contract for the supply of goods, works, services or consultancies.
- l.** In processes subject to prior review and when modifications are incorporated into the draft contract included in the bidding document of the process, submit the draft contract for CABEI's no objection prior to subscription.
- m.** Send CABEI a copy of the signed contract and notify the start date of the contract.

CHAPTER VIII - CONTRACTUAL PROVISIONS

Article 57. Financing contract between CABEI and the borrower/beneficiary.

57.1. In each financing contract signed between CABEI and the borrower/beneficiary, a reference will be made to the Policy and these Regulations and will be understood to be an integral part of the contract for all legal purposes.

Article 58. Contract between the borrower/beneficiary and the contractor or consultant.

58.1. Contracts between the borrower/beneficiary and the contractor or consultant shall include clauses covering, at least and where applicable, the following topics: general conditions, definitions, obligations and responsibilities of the contractor or consultant, integrity clauses, provisions on guarantees or bonds, indemnities, bonuses, termination, insurance, dispute resolution through arbitration primarily and without prejudice to other alternatives provided for in the national laws of the countries, penal clauses, percentage of retention of payments, advances, form and currency of payment, lump sum modality or possibility of increases where appropriate for the performance of the contract, as in the case of turnkey contracts, and termination of contracts for prohibited practices and in the case of procurement of goods, the current version of the Incoterms must be included. Where appropriate, the general conditions must also include modifications, additional works, and particular situations of the site of the works in case of execution of works.

58.2. Regardless of the procurement policy applied to regulate the selection and award processes, any works contract, provision of goods, services or consultancies awarded with CABEI resources will be subject to:

- a.** Supervision of CABEI in accordance with its current provisions on the matter to ensure the achievement of the planned objectives.

- b.** In the processes subject to prior review, no objection to any amendment to the contract originally signed that, at CABEI's discretion, implies a significant change, such as those that may involve increased costs related to CABEI's financing, gaps in the execution schedule of the operation and changes in the scope of the services provided, among others.
- c.** In processes subject to ex post review, amendments representing a cumulative increase of more than 25% in CABEI's financing amount, will be subject to prior review by the Bank.

Article 59. Disbursements.

59.1. CABEI will make disbursements of the financing in accordance with the applicable internal regulations and will only disburse the resources corresponding to a particular procurement if it agrees with the request of the borrower/beneficiary.

Article 60. Price readjustment.

60.1. Where applicable, CABEI may accept, at the request of the borrower/beneficiary, that provisions regarding possible adjustments (upward or downward) of the contract price be included in the supply contract for those cases where there are changes in the main cost components contracted, such as goods, labor, materials, and equipment, over which the contractor has no control.

60.2. The basis under which the adjustments will be made shall be clearly indicated in the bidding documents and in the relevant contract, including all explanations of what the price adjustment formulas intend to achieve, as well as the explanation of each of the factors in those formulas. These formulas will be in strict compliance with the work program that the contractor or consultant proposes, and the borrower/beneficiary approves.