

OPEC FUND

PROCUREMENT FRAMEWORK OUTREACH WORKSHOP

Tehran: May 27 – 28, 2025



CONTENT

- I. Background: OPEC Fund Procurement Framework (PF)
- II. Principles for Procurement of Goods, Work and Services (*Principles*)
- III. Procedures for Procurement of Consulting Services (*Procedures*)
- IV. Procedures for Procurement of Goods, Works, and Services (*Procedures*)
- V. How to prepare Responsive Bids/Proposals

I. BACKGROUND: OPEC FUND PROCUREMENT FRAMEWORK

OPEC Fund General Conditions for Public Sector Loan (April 2025)

Article 2 (II): Definitions and Interpretation

“**Procurement Document**” means all documents relating to the procurement of Goods, including bidding documents, bids evaluation reports, contracts, and any related supporting documents

“**Procurement Framework**” means the Procurement Guidelines’ for Loans extended by OPEC Fund approved on November 2, 1982 or such other document that succeeds the guidelines, as amended from time to time)

Article 7.03: Procurement and use of Goods

Procurement of Goods: Except as OPEC Fund shall otherwise agree, the procurement of Goods shall be in conformity with the Procurement Framework or with such other procedures conforming substantially thereto as may be acceptable to OPEC Fund, including the guidelines or other instructions of like effect issued by the Project Country, the Loan Administrator or co-financier.

I. BACKGROUND: OPEC FUND PROCUREMENT FRAMEWORK

① Principles

② Procedures for Goods and Works

③ Procedures for Consultancy Services

STANDARD BIDDING DOCUMENTS (SBDs)

① Goods and Related Services

- SBD Goods (1 envelop)

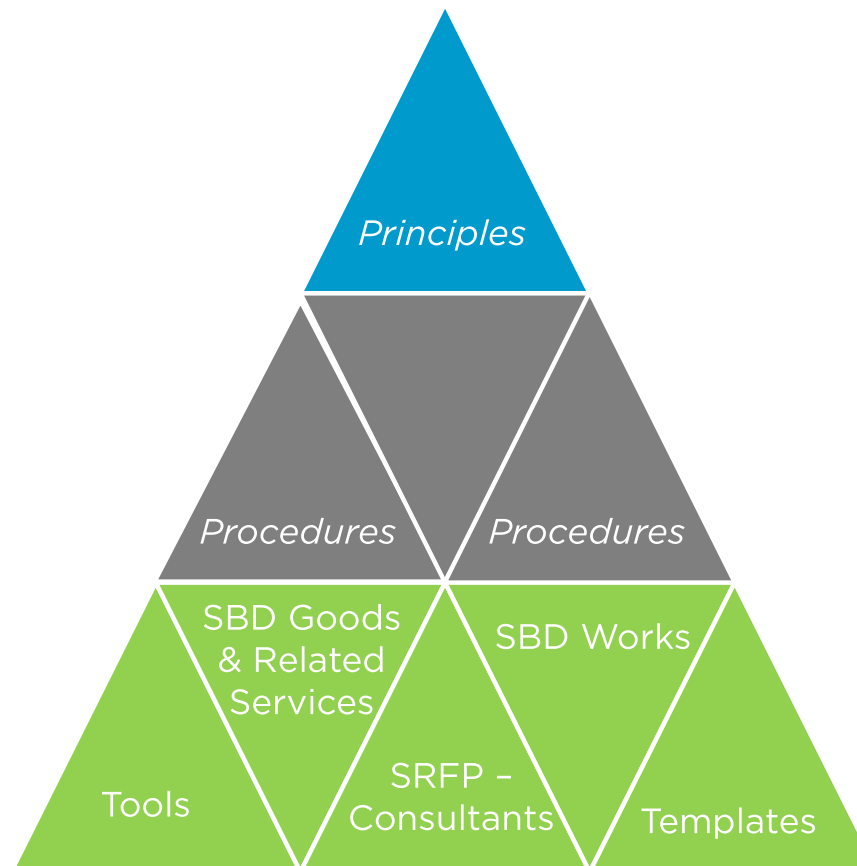
② Works

- SBD Small Works (1 envelop)
- PQD Major Works
- SBD Major Works (1 envelop – with or without PQD)
- SBD Plant (2 stage)

③ Services

- Standard Request for Proposals (SRFP)

Hierarchy of Procurement Framework Documents



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Principles: Purpose of OPEC Fund PF

- Inform Project Beneficiaries and supplier/contractors/consultants that Procurement *Principles* and *Procedures* constitutes core procurement guidelines and govern procurement of goods, works and services under any projects financed by OPEC Fund whether by way of loan, grant or any other mode of financing - unless OPEC Fund requires otherwise
- Provide guidance to Beneficiaries to obtain Value for Money (VfM) by applying the concept of fit-for-purpose
- Provide guidance to Bidders to prepare their Bids - maximise VfM
- OPEC Fund discharging its mandate to promote development effectiveness by supporting VfM
- *Principles* is supported by two *Procedures*, namely:
 - ✓ Procedures for Procurement of Goods, Works, and Non-Consulting Services
 - ✓ Procedures for Procurement of Consulting Services

Principles: Application of OPEC Fund PF

- Joint co-financing: OPEC Fund may agree to use lead co-financer's policy and procedures
- Parallel co-financing: each co-financier apply their own policy and procedures
- National Procurement system may be applied for the project, provided It is consistent with OPEC Fund's *Principles* and *Procedures*
- The Rights and Obligations of Executing Agency (EA) and the Suppliers, Contractors and Consultants are governed by the relevant bidding document issued by the EA and not by the *Principles* or *Procedures* or the *Financing Agreement (FA)*

Principles: Core Principles of OPEC Fund PF

OPEC Fund applies these key Principles to achieve Value for Money (VfM)

- **Economy**: the pricing of goods, works and/or services that expends the minimum quantum of resources to obtain an agreed level of output
- **Efficiency**: appropriate management (primarily in relation to time and cost) of a given level of resources to obtain an agreed level of output
- **Effectiveness**: the achievement of targeted outcomes and/or impacts taking into account project-specific aims and objectives
- **Equity**: achievement of a credible and fair result or outcome through an open, transparent, impartial and, to the extent possible, inclusive competitive process

Principles: Factors for consideration under OPEC Fund PF

- **Corrupt and Fraudulent Practice:** OPEC Fund requires application of highest standard of ethics in accordance with the Anti-Corruption Guidelines
- **Conflict of Interest:** no conflict of interest
- **Unfair Competitive Advantage:** all Bidders should have equal access to information
- **Complaint/Grievance Redressal Mechanism:** OPEC Fund requires credible Grievance redressal mechanism
- **Confidentiality:** maintain all information related to procurement process confidential throughout the process

Principles: Factors for consideration under OPEC Fund PF (Cont.)

- **Eligibility Requirements:** OPEC Fund follow Universal Eligibility Criteria – meaning it is open to all eligible Bidders without restrictions but subject to:
 - ✓ Exclusions:
 - (i) as a matter of law or official regulation, the Beneficiary's country prohibits commercial relations with the Bidder;
 - (ii) UN Sanctions;
 - (iii) Breach of OPEC Fund's Know Your Customer (KYC) protocol
 - ✓ Sanctions: imposed by other MDBs
 - ✓ Sanctions: in case of joint co-financing, OPEC Fund may agree to apply sanctions imposed by other joint co-financing partners
 - ✓ State-Owned Entities: fulfil the requirements stated in Bidding Document

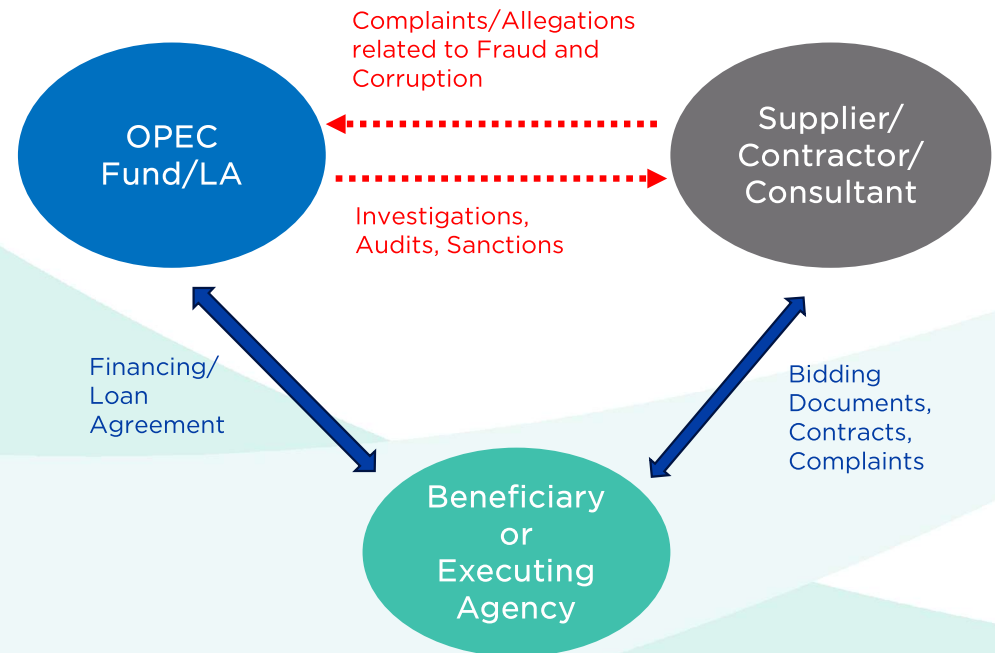
Principles: Roles and Responsibilities under OPEC Fund PF

❑ Beneficiary as Project Executing Agency (EA)

EA is responsible for implementing the Project, including all aspects of the procurement process from strategic planning through to the award and management of contracts

❑ OPEC Fund

The Fund satisfies itself through its own reviews, or other oversight modalities that the procurement process is carried out in accordance with the provisions of the *Principles*, the *Procedures*, and the legal financing agreement



Principles: Monitoring and oversight

- **OPEC Fund Review:** the Fund exercises Prior/Post Review exercise as part of oversight
 - ✓ Prior Review: an ex-ante review done at every stage of procurement process
 - ✓ Post Review: an ex-post review done on sampling basis or annually
- **Independent Procurement Reviews:** OPEC Fund may hire third party independent agency to conduct procurement review at its discretion
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Procedures: Procurement of Consulting Services

Consulting Services are those assignments which involve intellectual and advisory services such as:

- ✓ Advisory or counselling services
- ✓ Pre-investment studies
- ✓ Engineering and design studies
- ✓ Implementation or supervision services
- ✓ Project Management

Procedures: Procurement of Consulting Services

Consulting Services Selection Methods	
Procurement Method	Market Approach
Quality and Cost Based Selection (QCBS)	Open Competition (National/International)
Quality Based Selection (QBS)	Limited Competition (exceptional case)
Fixed Budget Selection (FBS)	Direct Selection (exceptional case)
Least Cost Selection (LCS)	
Consultants' Qualification Selection (CQS)	
Sole/Single Source Selection (SSS)	
Individual Consultant (IC)	

Procedures: Key steps in Consultants selection process

Consultants are selected following a two-step selection process:

- Stage 1: Shortlisting process; and
- Stage 2: Request for Proposals (RFP)

In case of prior review, OPEC Fund review and issue clearance on every stage of procurement process

Procedures: Key steps in Consultants selection process

Stage 1: Shortlisting process

- Publication of Request for Expression of Interest (REOI)
- Draft Terms of Reference (ToR) is also provided
- Consultants are typically given 2 to 3 weeks time to prepare Expression of Interest (EOI)
- REOI contains shortlisting criteria (typically – General Experience of the Firm; Specific Experience; Financial status; Organigram (*key personnel are not evaluated at REOI stage*), and any other documents that support shortlisting process
- Shortlisting process is done either following qualitative or quantitatively approach
- Shortlist normally consists of 5 to 8 Firms
- Request for Proposal (RFP) is issued only to the shortlisted firms

Procedures: Consultants shortlisting process – example

Qualitative shortlisting approach			
	Firm A	Firm B	Firm C
General Experience	E	G	G
Specific Experience	E	E	E
Financial Status	E	E	E
Others	E	MR	G
Ranking	1	3	2

Quantitative shortlisting approach				
	Score	Firm A	Firm B	Firm C
General Experience	20	20	15	18
Specific Experience	60	60	50	55
Financial Status	10	10	10	10
Others	10	5	6	8
Total	100	95	81	91
Ranking		1	3	2

E = Excellent; G = Good; and MR = Meets Requirements

Procedures: Key steps in Consultants selection process

Stage 2: Request for Proposal (RFP)

- RFP issued to the shortlisted Firms
- Consultants are typically given 4 to 6 weeks time to prepare Proposals
- May conduct pre-proposal conference (mid-way) before submission
- Submission of Proposal
- Public Opening of Proposal
- Evaluation of Technical Proposal
- Evaluation of Financial Proposal (Combined evaluation)
- Contract Negotiation and preparation of draft Contract
- Notification of Intention to Award and observe Standstill Period (if applicable)
- Conduct Debriefing
- Sign the Contract and publish Contract Award Notice

Procedures: Key features of RFP

PART 1 – Selection Procedures and Requirements

- Section 1 – Request for Proposal Letter
- Section 2 – Instructions to Consultants and Data Sheet
- Section 3 – Technical Proposal – Standard Forms
- Section 4 – Financial Proposal – Standard Forms
- Section 5 – Eligible Countries
- Section 6 – Corrupt & Fraudulent Practices
- Section 7 – Terms of Reference (TOR)

PART 2 – Conditions of Contract

- Section 8 – Standard Forms of Contract (Time-Based/Lump-Sum)

PART 3 – Contract Forms

- Section 9 – Notification of Intention to Award and Beneficial Ownership Forms

Procedures: Evaluation Criteria under QCBS method

Technical Evaluation Criteria:

- i. Specific Experience [5 – 10] pt
- ii. Methodology [20 – 50] pt
- iii. Key Experts [30 – 60] pt
- iv. Transfer of knowledge [0 – 10] pt
- v. Local participation [0 – 10] pt

Financial Evaluation:

- Lowest Evaluated Financial Proposal (Fm) is given maximum financial score (Sf) of 100
- Other's score (Sf) are determined as follows: $Sf = 100 \times Fm / F$
 - ✓ Sf is the financial score
 - ✓ Fm is lowest price
 - ✓ F is the proposed price

Combined Evaluation:

Weights given to Technical (e.g. T = 80) and Financial (e.g. P = 20)

Combined ranking (S) = $St \times T\% + Sf \times P\%$

Procedures: Types of Contracts - Consulting Services

SRFP has two types of Contracts and EA should select the right type of contract based on the nature of the Assignment

Time-Based Contract: typically used when it is difficult to define the scope, output, and the length of the services (input based) – e.g. supervision contract)

- ✓ Pros: more flexible, EA can monitor and control the cost
- ✓ Cons: requires strong contract management to achieve desired results, requires additional resources for monitoring and supervision

Lump-Sum Contract: typically used when output can be clearly defined, payments are linked to outputs

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Procedures: Procurement of Goods, Works, and Non-Consulting Services

Done using relevant Standard Bidding Documents (SBD)

- SBD for Goods and Related Service (1 stage – 1 envelop)
- SBD for Small Works (1 stage – 1 envelop)
- SBD for Major Works (1 stage – 1 envelop) with or without PQ
 - ✓ Prequalification Document (PQ)
 - ✓ User's Guide for PQ
- SBD for Plant (Design, Supply, Installation & Commissioning)
- Selection of Individual Consultants (IC)

The Terms and Conditions in the respective Bidding Documents (BD) governs the relationship between EA and the Bidders

Procedures: Procurement Methods

Goods, Works and Non-Consulting Services

Procurement Method	Market Approach
Request for Proposals (RFP)	Open Competition (National/International)
Request for Bids (RFB)	Limited Competition (exceptional basis)
Request for Quotation (RFQ)	Direct Contract (exceptional basis)

Procedures: Key steps for Request for Bids (RFB)

- Publication of General Procurement Notice (GPN)
- Publication of Specific Procurement Notice (SPN)
- Preparation of Bidding Documents (BD)
- Pre-bid meeting (if applicable)
- Submission of Bids
- Public Opening of Bids
- Evaluation of Bids (Technical/Financial)
- Notice of Intention to Award and observe Standstill period (if applicable)
- Sign the Contract and publish Contract Award Notice

Procedures: Key features of BD Goods and Works

PART 1 – Bidding Procedures

- Section I – Instructions to Bidders (ITB)
- Section II – Bid Data Sheet (BDS)
- Section III – Evaluation and Qualification Criteria
- Section IV – Bidding Form
- Section V – Eligible Countries
- Section VI – Corrupt & Fraudulent Practices

PART 2 – Supply Requirements

- Section VII – Schedule of Requirements/Scope of Work

PART 3 – Contract

- Section VIII – General Conditions of Contract (GCC)
- Section IX – Special Conditions of Contract (SCC)
- Section X – Contract Forms

Procedures: Evaluation Methods and Criteria

Evaluation is generally done following Pass/fail criteria.

- Criteria should be proportionate and appropriate to the type, nature, market conditions, complexity, risk, value of contract and objective of what is being procured
- Should be quantifiable (convertible in monetary terms)
- BD should contain complete evaluation criteria and how it will be applied
- Apply only pre-determined evaluation criteria, changes, if any, shall be done through amendments

Procedures: Evaluation Methods and Criteria

Evaluation Criteria following Pass/fail criteria

Eligibility Criteria (Nationality, conflict of interest, Fund's eligibility, state-owned entity)	Must meet requirements
Historical Contracts Non-Performance (history of non-performing contracts, suspension history, litigation history)	Must meet requirements
Financial Situation and performance (financial capability, cash flow requirements, Average annual Turnover etc.)	Must meet requirements
Experience (general construction experience, specific construction experience, construction experiment in key activities)	Must meet requirements
Key personnel*	Meet requirement
Key Equipment*	Meet requirement

*Note: EA may decide to treat it as non-material deviations if the bidder does not meet the full requirements

Procedures: Types of Contract - Goods, Works and Non-Consulting Services

Contract types and its application depends on nature of the Work.

- **Admeasurement or Item Rate Contract:** typically based on estimated quantities and agreed unit rates for each of the Bill of Quantity (BoQ) items
- **Lump-Sum Contract:** fixed price contract and payments are made on achievement of milestones or determined as a percentage of the value of the work to be done

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How to Prepare a Responsive Bid/Proposal

- Familiarize with OPEC Fund *Procurement Principles and Procedures, Bidding Documents* (BD) together with Procurement laws and regulations of the Beneficiary country
- Pay attention to conflict of interest clauses in BD
- Pay attention to Eligibility clauses BD
- Ensure BD is signed by authorized person
- Attend pre-bid/proposal meeting – if indicated in the BD
- Fully address all the requirements in BD
- Emphasize your methodology for delivery – innovate if you can
- Propose a strong Project Manager and experienced experts
- Cite relevant technical and regional experiences similar to the project – the more significant and similar, the better
- Involve in-county partners where possible, consider joint ventures

How to Prepare a Responsive Bid/Proposal (cont.)

- Don't deviate from BD forms and conditions
- Conditions and qualifications can lead to rejections. In case of any questions – promptly raise request for clarification to the Client
- In case of complaint – follow the instructions provided
- If in doubt, get official clarification – if any provision of the BD is unclear, seek clarification from the Client
- Carefully review qualification and evaluation criteria and use these to help writing the content and details of your Bid
- Submit a professional Bid/Proposal that is:
 - ✓ Comprehensive (covers all information requested)
 - ✓ Includes all supporting documents
 - ✓ Signed by an authorized individual
 - ✓ Submitted before the deadline

THANK YOU!

GRACIAS

شكرا لحسن استماعكم

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