



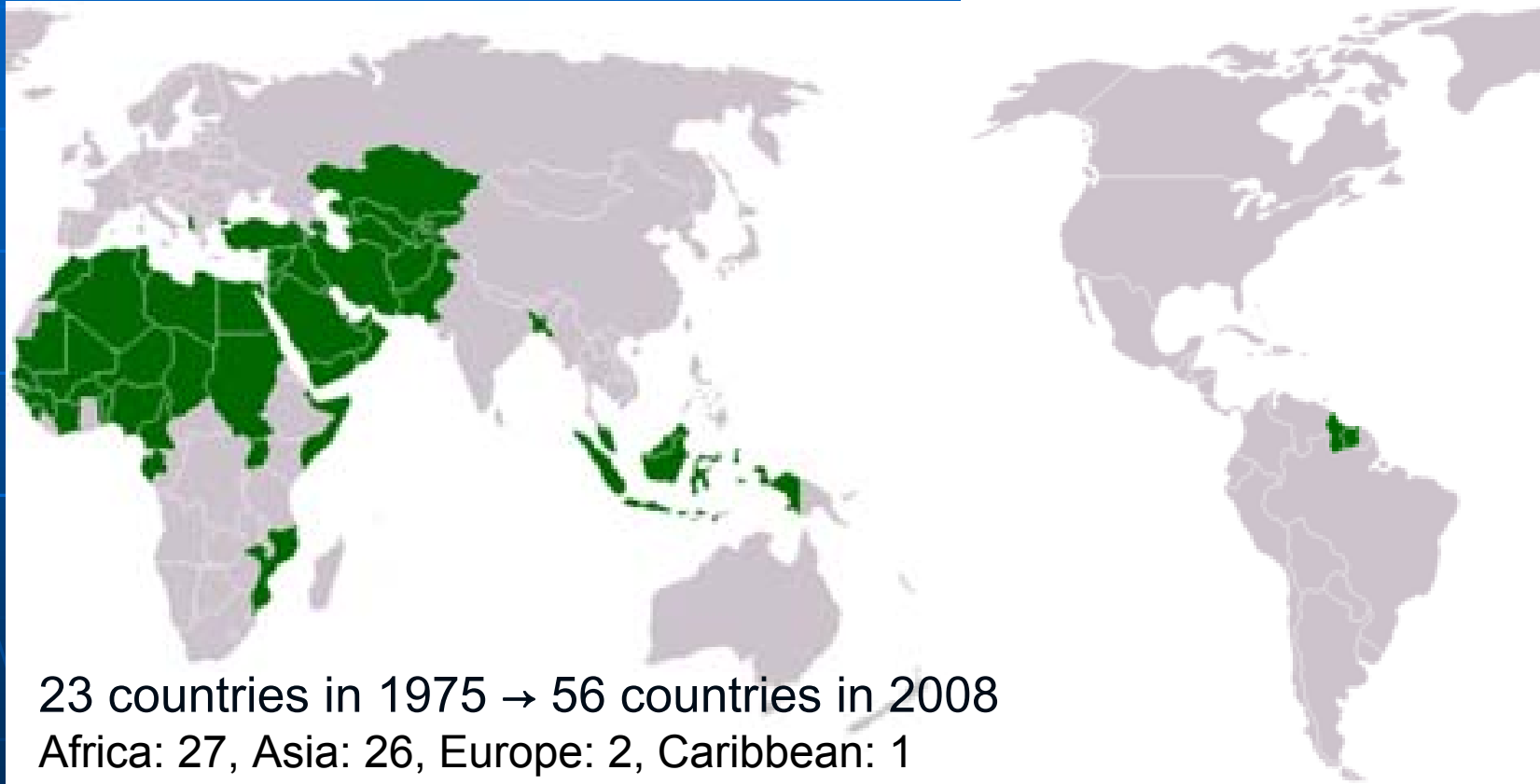
FIFTH REGIONAL PUBLIC PROCUREMENT FORUM
(Issyk-Kul, 21-24 April 2009)

**CONSIDERATIONS ON
SOUND PUBLIC PROCUREMENT
REGULATORY FRAMEWORK**

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A UNIQUE MODEL OF SOUTH-SOUTH COOPERATION (56 COUNTRIES SPREAD OVER 4 CONTINENTS)





CAPITAL RESOURCES

Authorized Capital
ID 30.0 billion

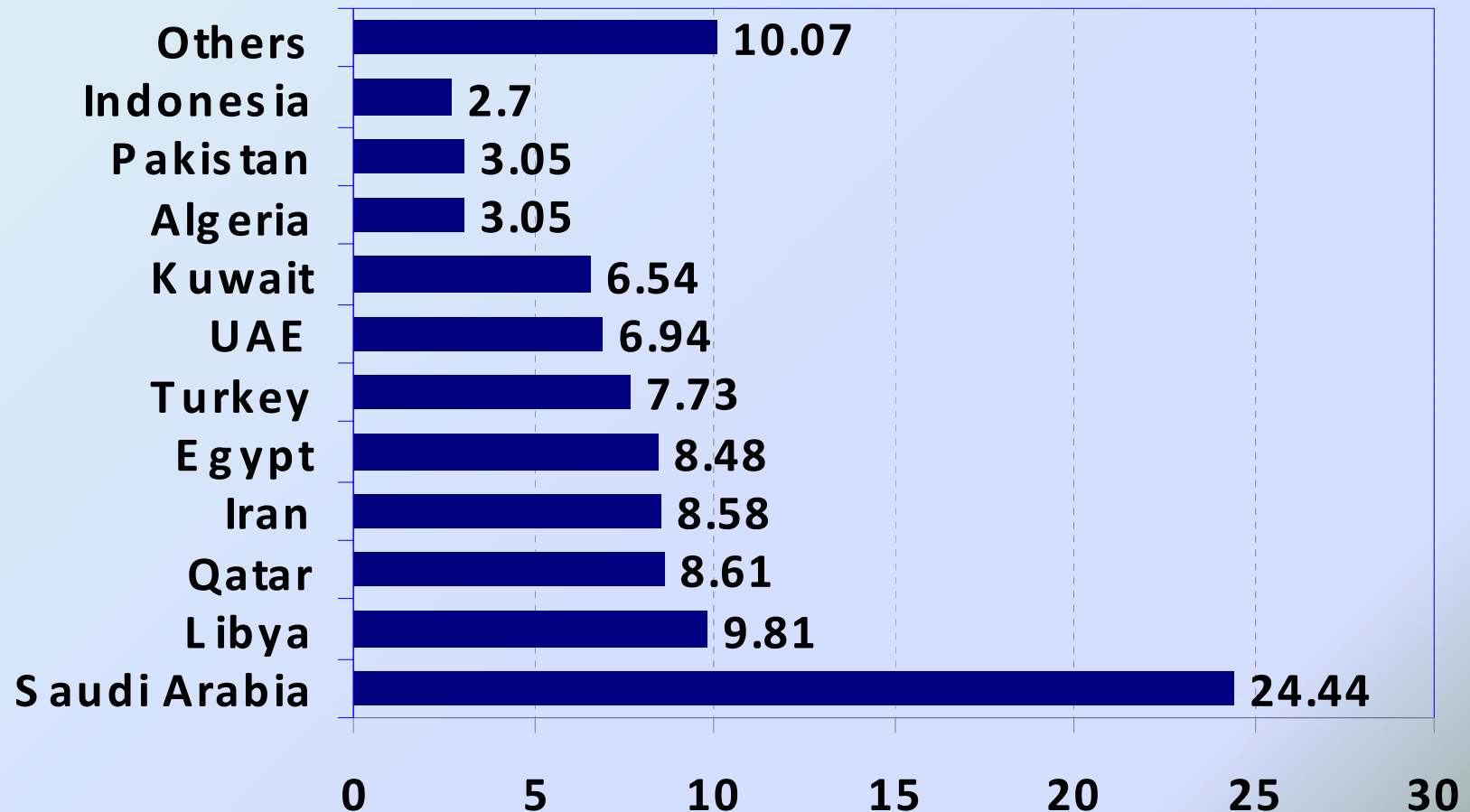
Subscribed Capital
ID 16.0 billion

Paid-Up Capital
ID 3.4 billion

- AAA Rating by Moody's, Fitch, S&P
- Zero-Risk Rating by European Commission

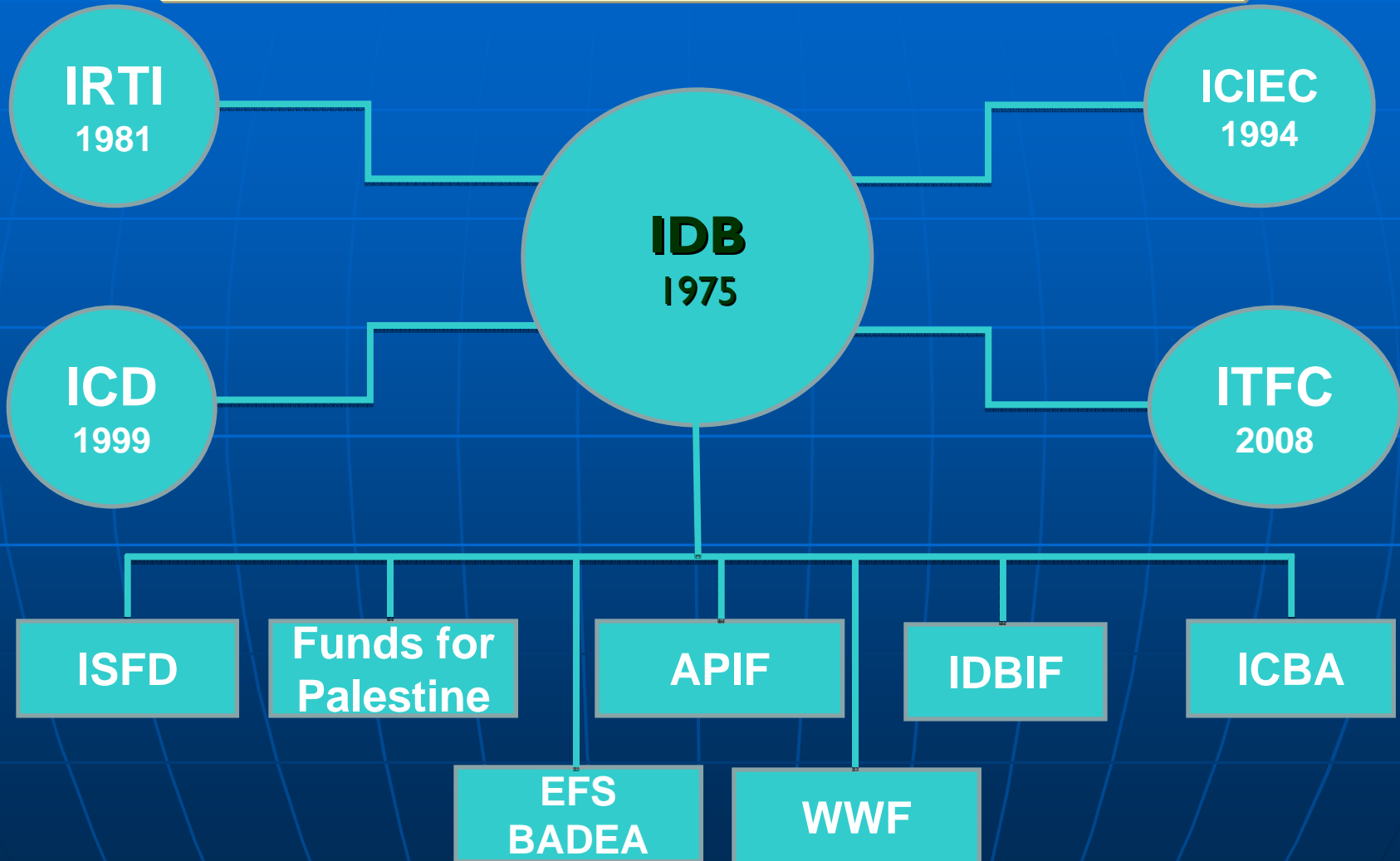


MAIN SHAREHOLDERS





IDB GROUP – MEMBERS & AFFILIATES





IDB GROUP APPROVED FINANCING – (Cum. End 2008)

Type of Operation	US\$ billion
1- Project Financing + Technical Assistance	23.8 (41.8%)
2- Trade Operations	32.4 (57.0%)
3- Special Assistance	0.67 (1.2%)
TOTAL	56.87



MISSION STATEMENT

“The Mission of IDB is to promote comprehensive human development, with a focus on the priority areas of alleviating poverty, improving health, promoting education, improving GOVERNANCE and prospering the people”.



PURPOSE OF REGULATORY FRAMEWORK

- **TO INCREASE COMPETITION AND
MAXIMIZE VALUE FOR MONEY**
- **TO SAVE TAXPAYERS' MONEY**
- **TO ENSURE INVOLVEMENT OF
THE BUSINESS COMMUNITY**



WHAT SHOULD REGULATION COVER?

- **REGULATORY FRAMEWORK SHOULD BE COMPREHENSIVE, COVERING ALL CONTRACTS, OTHERWISE, PRIVATE CONSIDERATIONS PREVAIL OVER PUBLIC INTEREST**



TRANSPARENCY

- **HOW TO ACHIEVE THAT?**
 - **ADVERTISEMENT MADE PROPERLY**
 - **BID OPENING: PUBLIC**
 - **EVALUATION CRITERIA: CLEAR AND OBJECTIVE**
 - **LOWEST EVALUATED RESPONSIVE BIDDER AWARDED**
 - **NO NEGOTIATIONS**



TRANSPARENCY

- **REALITY ON THE GROUND:**
 - **ADVERTISEMENT IS DONE ONLY IN A LOCAL NEWSPAPER, OR WEBSITE WITH PASSWORD, NO FREE ACCESS**
 - **ADVERTISEMENT IS DONE ONLY IN ONE LANGUAGE IN A COUNTRY WITH MANY LANGUAGES**



TRANSPARENCY

- **REMEDY:**
 - **SOUND REGULATION WOULD REQUIRE THAT ADVERTISEMENT IS MADE:**
 - **IN ONE NEWSPAPER WITH NATIONAL CIRCULATION AND/OR OPEN & FREELY ACCESSIBLE WEBSITE... IN ALL MAJOR LANGUAGES OF THE COUNTRY**
(e.g. ARMENIA: ARMENIAN, ENGLISH & RUSSIAN)



TRANSPARENCY

- **ANOTHER REALITY ON THE GROUND: TIME GAP BETWEEN BID SUBMISSION AND BID OPENING**
 - **WHAT HAPPENS DURING THIS TIME GAP?**
 - **AS A BIDDER WOULD YOU ACCEPT THAT?**



TRANSPARENCY

- **WOULD YOU SUBMIT A BID NEXT TIME? (Cost of bidding substantial, US\$ 200K)**
- **REMEDY: SOUND REGULATION TO PROVIDE FOR IMMEDIATE BID OPENING AFTER SUBMISSION**



TRANSPARENCY

- **AND ANOTHER REALITY ON THE GROUND: TIME GAP BETWEEN BID OPENING AND PREPARATION/SENDING MINUTES TO BIDDERS**
 - **IT IS TOO LATE TO COMPLAIN OR PROTEST !!!**
 - **REACTION OF BIDDERS?**



TRANSPARENCY

- **SOUND REGULATION:**
 - **MINUTES TO BE PREPARED IMMEDIATELY IN THE PRESENCE OF BIDDERS**
 - **ALL BIDDERS AND ALL MEMBERS OF BID OPENING COMMITTEE TO SIGN MINUTES**
 - **ALL BIDDERS PRESENT GET COPIES IMMEDIATELY, REMAINING GET COPIES WITHIN 3 DAYS**



FAIR TREATMENT OF BIDDERS

- **LOSING BIDDERS SHOULD HAVE THE OPPORTUNITY TO SUBMIT PROTESTS BEFORE THE AWARD BECOMES FINAL, TO AN INDEPENDENT ENTITY WITH ADEQUATE EXPERTISE**
- **PREREQUISITE FOR AN EFFECTIVE BID PROTEST: TIMELINESS**



FAIR TREATMENT OF BIDDERS

- **IF NO CLEAR RULES ABOUT HOW AND WHERE TO COMPLAIN**
- **IF DECISION COMES BACK TOO LATE (AFTER CONTRACT AWARD)**
- **BIDDERS DISCOURAGED**
- **MAY NOT BID AGAIN**



**LESS COMPETITION
HIGHER PRICES**



EFFICIENCY

- LAW SHOULD NOT PROVIDE THAT MAXIMUM AMOUNT ALLOCATED IS DISCLOSED IN THE BIDDING DOCUMENTS
- THERE IS LITTLE OR NO COMPETITION
- ALL BIDS CLOSE TO MAXIMUM AMOUNT
- SOME BIDDERS THINK MAXIMUM AMOUNT IS TOO LOW, NO BID



LOW COMPETITION
HIGHER PRICES



NEGOTIATIONS

- **SOUND REGULATION SHOULD NOT ALLOW PROCURING ENTITY TO FORCE WINNING BIDDER TO REDUCE HIS BID PRICE, OR AFTER CONTRACT AWARD TO REDUCE HIS CONTRACT PRICE**
- **IT IS NOT IN PUBLIC INTEREST:**
 - **IMAGINE HOW BIDDERS WILL REACT**
 - **IT INVITES “MISUSE”**



EXCEPTIONS & WAIVERS

- **REGULATION SHOULD PROVIDE ANY WAIVER NEEDED IN THE CONTEXT OF INTERNATIONAL AGREEMENTS**
- **BUT SHOULD NOT LIST 25 OR MORE REASONS FOR SINGLE SOURCE PROCUREMENT, ONLY FEW JUSTIFICATIONS FOR SINGLE SOURCE, SUCH AS:**
 - **NATURAL DISASTER**
 - **EQUIPMENT PROPRIETARY, OBTAINABLE FROM ONE SOURCE**



СПАСИБО

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Thank You

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