



FEA'S PROCURING AND BIDDING FOR ENERGY PROJECTS

By: Stephen Taylor



FEA Procurement Policy

- **FEA has an internal procurement policy.**
- **Comprised of Strict Guidelines and High Ethical Standards.**
- **Overseen by the Supply Chain Department, led by a General Manager - Supply Chain.**
- **Internally and Externally Audited.**
- **Reports to the Audit and Finance Sub-Committee of the Board of Directors.**
- **Evaluate the effectiveness of FEA's internal control practices.**
- **It also monitored FEA's Risk Management practices and results**

Major Project Procurement

- **Dependent on the Donor Agency/Financier/Sponsor of the Project.**
- **Internationally renowned and accepted policies and guidelines are used.**
- **Contracts and Agreements drawn up using standard contract, such as FIDIC (Fédération Internationale Des Ingénieurs-Conseils-International Federation of Consulting Engineers).**
- **Loan Guarantees are provided by the Government of the day.**
- **Nadarivatu Hydropower Project was procured under the World Bank Guidelines.**



WORLD BANK GUIDELINES

- **PRINCIPLES OF PROCUREMENT**
- **IMPORTANT ISSUES REQUIRING ATTENTION BY BORROWERS**
- **PROCUREMENT OF CONSULTANCY SERVICES**
- **PROCUREMENT OF GOODS/ WORKS**
- **STAGES OF CLEARANCES BY BANK.**

PRINCIPLES OF PROCUREMENT

- **ECONOMY AND EFFICIENCY**
- **EQUITABLE AND FAIR COMPETITION**
- **DEVELOPMENT OF DOMESTIC INDUSTRIES AND
LABOR**
- **TRANSPARENCY.**

IMPORTANT ISSUES

- **WHY BANK REQUIRES ITS GUIDELINES TO BE FOLLOWED**
- **APPLICABILITY OF GUIDELINES**
- **CAPACITY ASSESSMENT OF IMPLEMENTING AGENCIES**
- **REQUIREMENT OF QUALIFIED/ EXPERIENCED PROCUREMENT STAFF AND PROJECT MANAGERS**
- **BANK REVIEW**
- **MISPROCUREMENT**
- **CONFIDENTIALITY OF PROCESS**
- **DISCLOSURE OF EVALUATION AND AWARD**
- **DEBRIEFING.**

WHY GUIDELINES

- **The Bank, for its part, is required by its Articles of Agreement to “...ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations,” and it has established detailed procedures for this purpose.**
- **To foster competition the Bank permits firms and individuals from all countries to offer goods, works, and services for Bank-financed projects. Any conditions for participation shall be limited to those that are essential to ensure the firm’s capability to fulfill the contract in question.**
- **The Bank does not permit a Borrower to deny pre- or post-qualification to a firm for reasons unrelated to its capability and resources to successfully perform the contract; nor does it permit a Borrower to disqualify any bidder for such reasons**

APPLICABILITY

- For the procurement of those contracts for goods and works not financed from a Bank Loan, the Borrower may adopt other procedures.
- In such cases the Bank shall be satisfied that the procedures to be used will fulfill the Borrower's obligations to cause the project to be carried out diligently and efficiently.

CAPACITY ASSESSMENT

- THE BANK IS REQUIRED TO ASSESS THE CAPACITY AND CAPABILITY OF THE BORROWER/ IMPLEMENTING AGENCY TO CARRY OUT PROCUREMENT FUNCTION EFFICIENTLY.

REQUIREMENT OF QUALIFIED PROCUREMENT STAFF AND PROJECT MANAGERS WITH THE BORROWER

- **IN ORDER TO CARRY OUT THE PROCUREMENT FUNCTION AS PER THE BANK'S PROCEDURES WHICH ARE ESTABLISHED INTERNATIONAL BEST PRACTICES FOR PUBLIC PROCUREMENT, THE BANK SEEKS THAT THE BORROWERS ENGAGE STAFF WELL VERSED AND EXPERIENCED IN THIS AREA.**
- **THE BANK RECOMMENDS THAT THE STAFF WHO WILL BE RESPONSIBLE TO CARRY OUT PROCUREMENT AND MANAGE THE PROJECT FOR THE BORROWER SHOULD, IF REQUIRED, GO THROUGH TRAINING COURSES.**

REVIEW OF PROCUREMENT DECISIONS

- **The Bank reviews the Borrower's procurement procedures, documents, bid evaluations, award recommendations, and contracts to ensure that the procurement process is carried out in accordance with the agreed procedures.**
- **The Procurement Plan approved by the Bank shall specify the extent to which these review procedures shall apply in respect of the different categories of goods and works to be financed, in whole or in part, from the Bank loan.**
- **For Nadarivatu Hydropower Project, FEA hired the services of a consulting firm, MWH, for preparation of the Bid Documents, Bid Evaluations and Contracts.**

MISPROCUREMENT

- **The Bank does not finance expenditures for goods and works which have not been procured in accordance with the agreed provisions in the Loan Agreement and as further elaborated in the Procurement Plan.**
- **In such cases, the Bank will declare misprocurement, and it is the policy of the Bank to cancel that portion of the loan allocated to the goods and works that have been misprocured.**
- **Even once the contract is awarded after obtaining a “no objection” from the Bank, the Bank may still declare misprocurement..**

CONFIDENTIALITY OF PROCESS

- After the public opening of bids, information shall not be disclosed to bidders or other persons not officially concerned with this process until the publication of contract award.

DISCLOSURE AND PUBLICATION OF AWARD

- Within two weeks of receiving the Bank's "no objection" to the recommendation of contract award, the Borrower shall publish the results, either online or newspapers etc, or as specifically required by the Bank.

DEBRIEFING

- In the publication of Contract Award, the Borrower shall specify that any bidder who wishes to ascertain the grounds on which its bid was not selected, should request an explanation from the Borrower.

DEVELOPMENT OF DOMESTIC INDUSTRIES

- Maximization of the use of local labor, and materials and services available within the Country. (Steel, fuel, cement etc).

STAGES OF CLEARANCE

- **CONSULTANCY SERVICES**

- SHORTLIST
- TERMS OF REFERENCE AND RFP
- TECHNICAL EVALUATION
- DRAFT CONTRACT

- **GOODS/ WORKS PROCUREMENT**

- PREQUALIFICATION
- BIDDING DOCUMENTS
- EVALUATION AND AWARD.

THANK YOU

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