

Other types of bidding include¹¹:

Limited International Bidding (LIB): by direct invitation only

National Competitive Bidding (NCB): advertised locally and following local procedures

Local or international shopping: purchase of low-value, off-the-shelf items

Direct purchasing: negotiated purchase from a proprietary supplier

Commercial practices (where the loan proceeds are on-lent to the private sector)

Despite being the most favourable procurement method for foreign companies, ICB does not eliminate certain biases given to local companies. Indeed, even under ICB, borrowing countries can grant a degree of price preference to bids with local content. "At the World Bank, for example, price preference of up to 15% can be given for equipment contracts, 10% for consulting contracts, and 7.5% for civil works contracts"¹². With such a powerful advantage being accorded to local capacity building, the incentive for foreign companies to pair with local agents is very high (exactly the goal of the policy). This means that if Canadians want to remain competitive, they too will need to seek out such partners or be disadvantaged by the bidding procedures.

Consultancy projects are handled slightly differently. They also have a plethora of categories, but the two most important are Quality Based Selection (QBS) and Quality and Cost-Based Selection (QCBS). In QBS consultants are ranked on the quality of their bid, and only the best negotiates price with the Bank. Conversely in QCBS a threshold quality standard is established and the financial component of all bidders that meet it are compared. This has made a substantial difference in recent years as QCBS has gained prominence. The result has been that, as capacity in developing countries increases, more and more local companies can meet the quality threshold of QCBS. Then, with lower costs, they can leverage a winning bid based on price. Previously, under QBS, if they weren't the highest quality bid, they never would have been considered.

¹¹World Bank (1992a), pp 42-44. And Trade Partners UK (2001), p 15.

¹²OLIFI - Washington (1999), p 4.