

# Project Administration Instructions

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## PRICING AND FREIGHT CHARGES IN BIDS AND CONTRACTS

1. Bids for goods under international competitive bidding or limited international bidding procedures are usually invited on the basis of cost, insurance, and freight (CIF)<sup>1</sup> or carriage and insurance paid (CIP) for all goods offered from abroad, and ex-works, ex-factory, or off the shelf (EXW)<sup>2</sup> for locally available, manufactured, or assembled goods, including those previously imported. Where inland transportation, installation, commissioning, or other similar services are required to be performed, the bidder provides a separate quotation for these related services.
2. If the purchaser wishes to reserve transportation and insurance of the imported goods for domestic companies or other designated sources, bidders are asked to quote free on board (FOB) or cost and freight (CFR) prices in addition to the CIF or CIP prices specified in para. 1. Selection of the lowest evaluated bid is under the CIF or CIP price, but the purchaser may sign the contract on FOB or CFR terms and make its own arrangements for transportation and/or insurance. In such a case, ADB does not finance the insurance and transportation costs.
3. ADB finances insurance and transportation only if no undue restrictions have been imposed in procuring them, and economy and efficiency were considered. FOB contracts state that the supplier will promptly notify the purchaser when the goods are ready for shipment so that the latter can arrange transportation. The contract states the date up to which the supplier will be responsible for storage charges (normally up to 30 days from notice being given to the purchaser).
4. For turnkey contracts, the bidder quotes the price of the installed plant at site, including all costs for supply of equipment, marine and local transportation and insurance, installation and commissioning, and associated works. It also includes all other services included in the scope of contract such as design, maintenance, and operation. Unless otherwise specified in the bidding documents, the turnkey price includes all duties, taxes, and other levies.
5. Bidders for civil works contracts quote unit prices or lump sum prices for the performance of the works, and such prices include all duties, taxes, and other levies. Bidders obtain all inputs from any eligible sources so that they may offer the most competitive bids.
6. Staff must take into account the above when reviewing draft bidding documents, evaluating bids, and disbursing loan proceeds.

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<sup>1</sup> Refer to INCOTERMS. CIF is cost, insurance and freight for maritime transportation. CIP is carriage and insurance paid to (named place of destination) in the case of multimodal transportation. FOB is free on board. CFR is cost and freight.

<sup>2</sup> The EXW price includes all duties, sales and other taxes already paid or payable for the components and raw materials used in the manufacture or assembly of the equipment, or the prior import of the equipment, offered in the bid.