



THE WORLD BANK

IBRD • IDA | WORLD BANK GROUP

Operations Policy & Country Services

Review of the World Bank's Procurement Policy and Procedures

**Global Multi-Stakeholder
Consultations**

August – December 2014



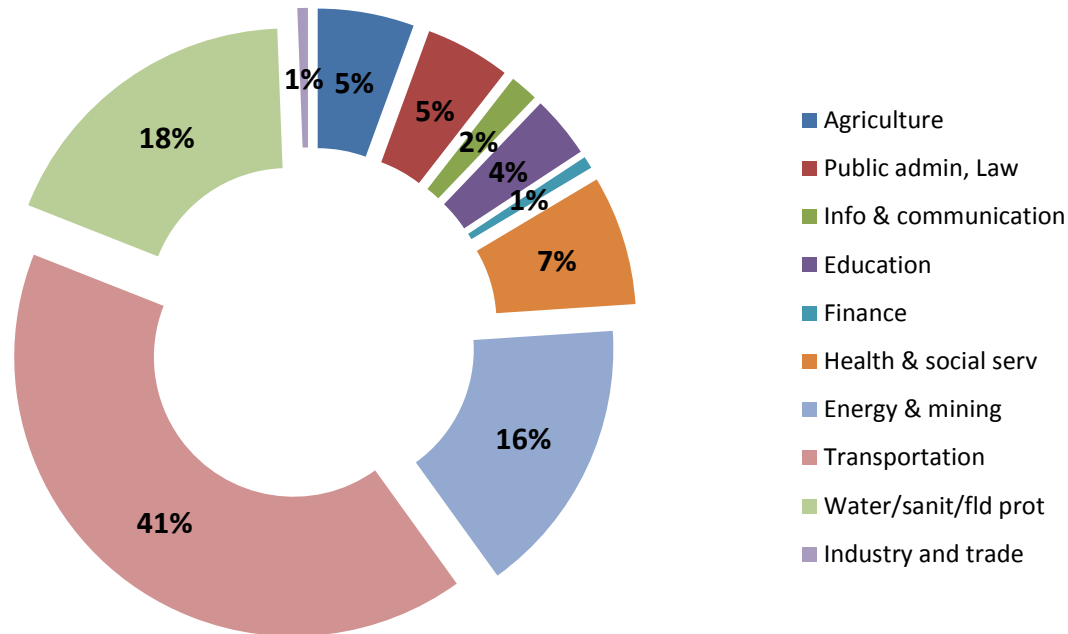
WORLD BANK GROUP

Background



Major Contracts Financed by the World Bank

Top Sectors in FY14 by *Contract Amount*



Current Policy

- The Bank's policies for procurement under IDA and IBRD-financed operations:
 - Devised in the Bank's early years
 - Geared toward large-scale investments in infrastructure
 - Based on the principles of economy and efficiency, equal opportunity, encouragement of domestic industries, and transparency
- Central feature: International Competitive Bidding (ICB)
 - Open to bidders from all Bank member countries (no restriction)
 - Required for all large and complex transactions



Current Policy

- Other methods permitted:
 - National competitive bidding (NCB) also open to bidders w/out restriction
 - Shopping based on three quotations
 - Several other methods (LIB, PPP, FIs, FAs, Force Account, PAs, UN agencies, performance-based, community participation)
 - Specific procedures for consulting services based on quality and/or cost
 - Noncompetitive forms of bidding, on an exceptional basis

Feedback from our Clients

Principles

- Need for a **robust set of principles**, reflecting new concepts in public procurement, including value for money, integrity, efficiency and sustainability

Procurement Methods

- Need for new procurement methods that are **context specific, proportional, and best fit for purpose**, that allow for **innovation**, and that reflect modern, **international good practice**

Market Analysis

- Strategic approach to procurement informed by **upfront market analysis**, industry practices, and competition, including the impact on local industry

Capacity Building

- Greater support for **capacity building**, especially in lower income countries, and across all the actors—private business, NGOs, etc.

Country Procurement Capacity

- Greater support to **country procurement capacity** beyond addressing immediate needs for implementing Bank's lending

FCS & Small Economies

- Special attention to **FCSs and small economies** with limited markets, weak capacity, and limited options for competition

Complex High Risk

- Bank's direct oversight of procurement focusing on the largest and most **complex high risk** and innovative contracts, etc.

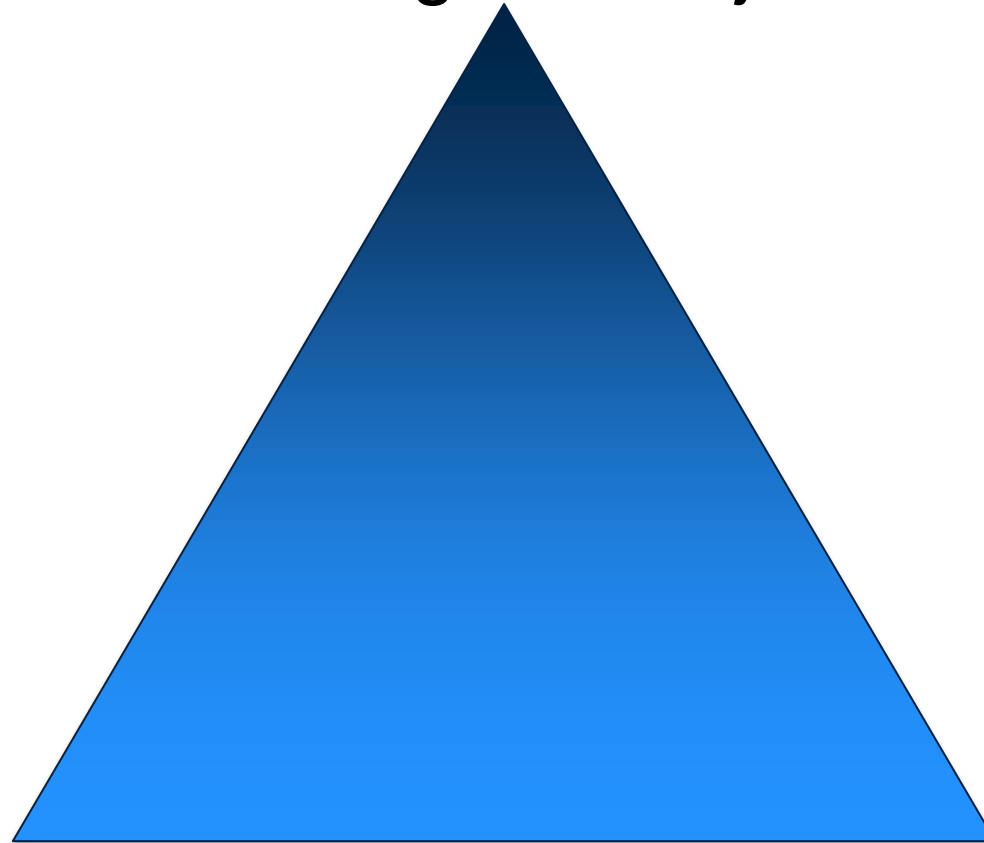
Why Review the Policy?

- Good procurement:
 - Sets the stage for development outcomes in every project
 - Helps clients strengthen their institutions and governance
 - Supports clients to *achieve value for money with integrity in delivering sustainable development*
 - Protects Bank funds from corruption and ensures funds are used as intended
 - Can produce transformational benefits for governments, citizens, businesses, and the Bank

Question: How can Bank procurement better address client needs to strengthen their public procurement and ensure development outcomes with transparency and integrity?

Diversity of Operations

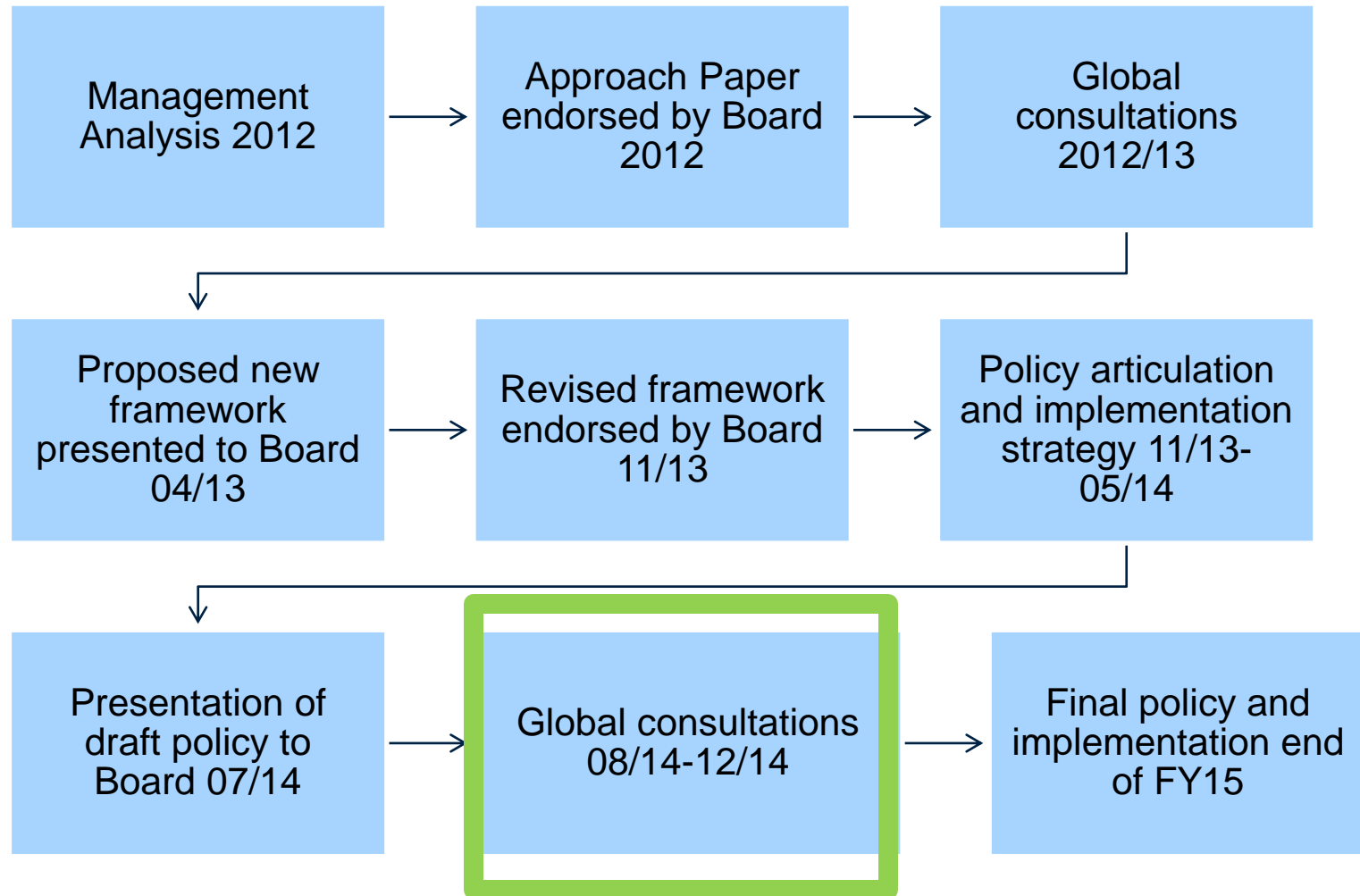
Wide Range of Projects



Diverse Places

Mixed Capacity

Overall Reform Timeline





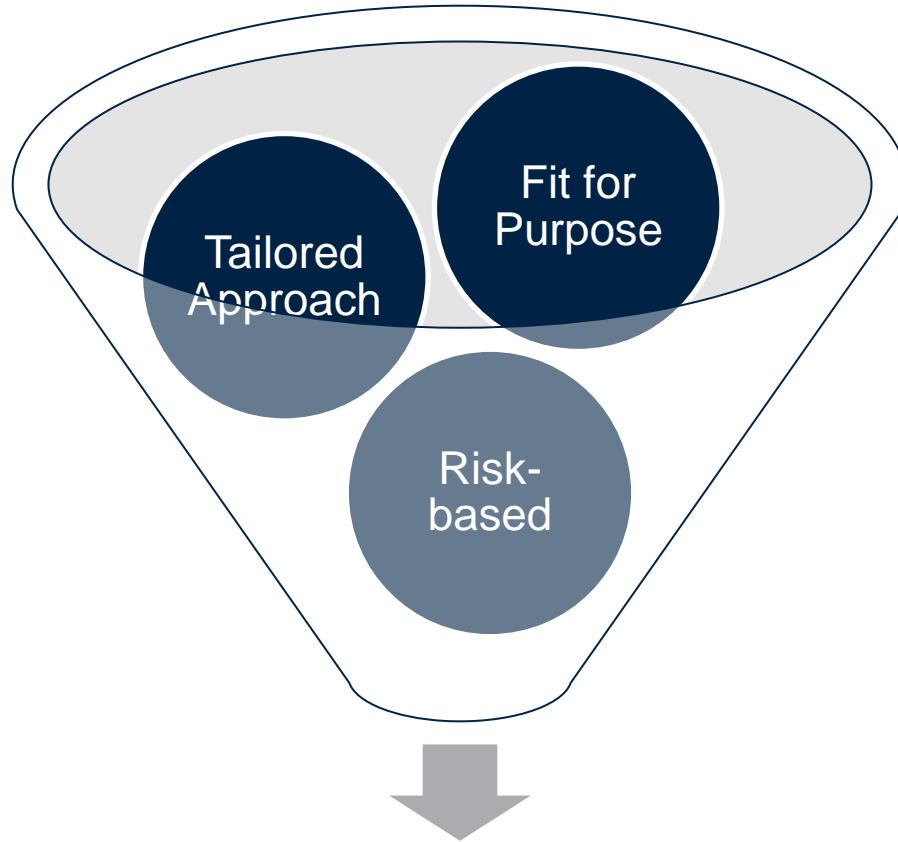
WORLD BANK GROUP

Proposed Framework for Procurement in World Bank Investment Project Finance

Vision

Procurement in Bank operations supports clients to achieve value for money with integrity in delivering sustainable development

Developing the Procurement Framework



Modern Procurement Framework that helps the World Bank to respond better to client needs

Consultation Documents

Consultation Pack:

- Board paper
- Draft policy
- Draft procedures for Borrowers
- Key proposed changes
- Data
- GPA Background

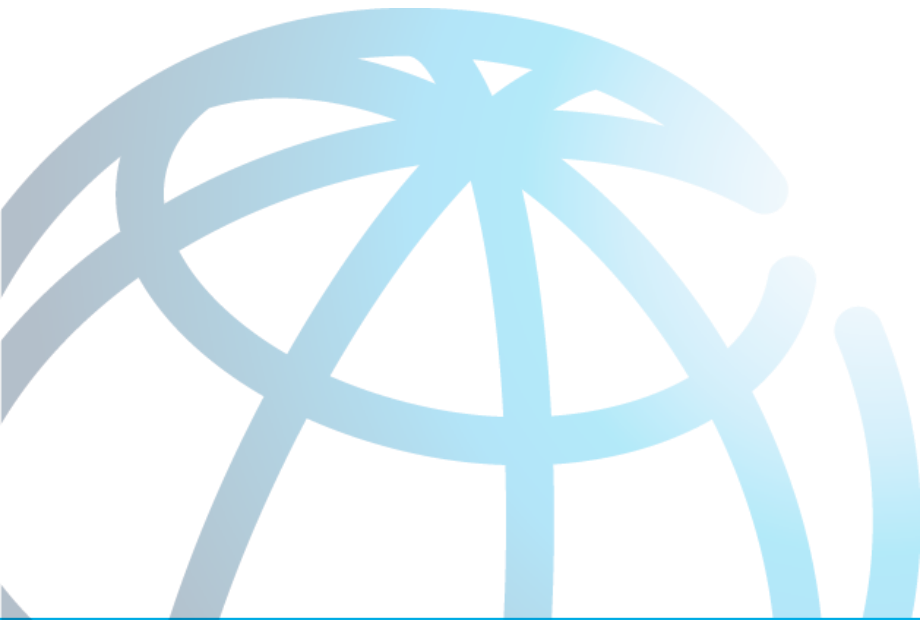
To be published:

- Annexes to procedures for Borrowers
- Directives to Bank staff
- Guidance notes



WORLD BANK GROUP

Key Complex Issues



Client Capacity Building and Institutional Strengthening

Proposal:

- Systematic capacity building and procurement reforms in Borrower countries

Rationale:

- Procurement dual purpose
- Client capacity building central to Bank's mission

Implementation:

- Identifying Borrower countries for accelerated capacity building – subject to their agreement
- Build alliances to seek support and funding, including Trust Funds
- Enhanced agency level procurement diagnostic tool to be developed during the next stage
- Links to Country Partnership Framework (CPF)

Value-for-Money decision-making in contract award decisions

Proposal:

- Moving from lowest evaluated compliant bid to include expanded use of non-price attributes in making contract award decisions

Rationale:

- VfM essential to maximize development impact
- Expand procurement options to support better VfM

Implementation:

- Many ways to achieve VfM, builds on existing approaches
- Procurement Strategy for Development informs contract approach
- Compare relevant benefits and costs on a whole-of-life or life cycle basis
- Bidding documents to specify relevant criteria over life cycle
- Support selection of better value, innovative offers
- Allow for best and final offer/negotiation

Targeting Resources

Proposal:

- Prior review warranted in the highest-risk and/or highest-value contracts
- Streamline volume of prior reviews by 80%

Rationale:

- Allocate resources where they have the highest impact
- Streamline low value work for clients
- Release resources to support strategic work i.e. capacity building, supervision etc.

Implementation:

- Focus prior review on highest risk and/or highest value contracts
- Streamline prior review in lower risk/lower value contracts
- Provide fiduciary assurance on low risk/low value contracts through other mechanisms, e.g., post review on a sample basis
- Make more use of countries' supreme audit institutions to support post-review as appropriate

Alternative Procurement Arrangements

Proposal:

- Agree on acceptable alternative procurement arrangements that may be used to support Bank financed operations where appropriate

Rationale:

- The WB's procurement method is one of many effective approaches → Expanding options strengthens the Bank's position to deliver results to clients

Implementation:

- Option to delegate procurement leadership to another MDB
- Use procurement arrangements of full members of WTO Government Procurement Agreement (GPA)
 - Subject to key conditions, incl. implementation capacity, open advertisement, universal eligibility, right for the Bank to review, CPO clearance, etc.
- Assessment framework to review agency arrangements

Sustainable Procurement

Proposal:

- As agreed with the Borrower, Sustainability requirements can be scoped early and be used to set procurement criteria

Rationale:

- Introduces an option to apply sustainable procurement criteria in World Bank-financed procurements, addressing risks and opportunities to the procuring entity, economy, and society whilst minimizing damage to the environment

Implementation:

- Non-mandatory provision, supports Borrower's inclusion of criteria consistent with the Borrower's own national policy (providing it does not contravene the Bank's Policies)
- Value for money and life cycle based decisions interlink
- Comprehensive tool kit to support sustainable procurement capacity building

Integrity in World Bank procurement

Proposal:

- Focus oversight to most significant contracts:

Rationale:

- Integrity is essential component throughout WB procurement

Implementation:

- Bank's Anti-corruption Guidelines continue to be applied
- More up front strategy work, more support to supervision and contract management
- GPA/NCB, provisions maintained through the financing agreement and operationalized by bidders' acceptance

Complaints

Proposal:

- Centrally monitor procurement related complaints (bidding stage as present and in addition, complaints related to post award activities)

Rationale:

- Responds to requests from many stakeholders, provides more support to task team leaders (TTLs) and recognizes the limits of the Bank's role

Implementation:

- Develop measures for complaints tracking
- Add monitoring of complaints related to post award activities
- Broaden access to Dispute Review Boards (DRB), Dispute Review Experts (DRE) as well as other dispute resolution mechanisms
- Arbitration continues to be available through the contract condition

Contract Management and Supplier Performance

Proposal:

- More supervision and contract management support to higher-risk and higher-value contracts
- Target key suppliers to Borrowers to improve overall performance (in an open, inclusive, transparent manner) i.e. common standards, conditions etc.

Rationale:

- Support better results on the ground, through more review of delivery
- It is common and good procurement practice that the performance of suppliers is systematically managed across all contracts

Implementation:

- Streamlining prior review activities will release time for support for contract management and key supplier engagement
- Target higher-risk and higher value contracts, specific procurement supervision plan and resource
- Agree key sectors to target suppliers for engagement on opportunities



THE WORLD BANK

IBRD • IDA | WORLD BANK GROUP

Operations Policy & Country Services

The Future of Procurement in World Bank Investment Project Finance

Modern

**Fit for
purpose**

Tailored

**Responds
to client
needs**

**Risk-
based**



THE WORLD BANK

IBRD • IDA | WORLD BANK GROUP

Operations Policy & Country Services



WORLD BANK GROUP

Questions for Discussion

What are your views on:

1. How should the Bank implement support to borrower procurement capacity building and institutional strengthening?
2. How should the Bank operationalize the potential broader use of value-for-money criteria in borrower contract award decisions?
3. How should the World Bank target its procurement staff resources to get the best results?
4. How and when should alternative procurement arrangements be used for procurement in Bank projects and how should they be assessed?
5. How should sustainable procurement matters be addressed in Bank-financed contracts?



THE WORLD BANK

IBRD • IDA | WORLD BANK GROUP

Operations Policy & Country Services

What are your views on:

6. How should the World Bank manage fraud and corruption issues in the procurements it finances?
7. What would be suitable procurement metrics that the Bank should use to improve overall performance?
8. What role should the Bank have with regard to complaints monitoring?
9. What should be the Bank's role in contract management, and with regard to improving performance of suppliers?
10. General comments on other issues emanating from the Bank's proposals?



THE WORLD BANK

IBRD • IDA | WORLD BANK GROUP

Operations Policy & Country Services



WORLD BANK GROUP

**For comments and more
information, go to our
[consultation website](#)**

or email

proconsult@worldbank.org