PROCUREMENT MANAGEMENT FOR IPF BORROWERS

October 2025

SCCI
STRENGTHENING CLIENT CAPACITY FOR IMPACT

THE WORLD BANK
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LEARNING OBJECTIVES

After the session, participants will be able to:

- ✓ Build a foundational knowledge of procurement principles and processes to enhance effective procurement management.
- ✓ Understand the bid evaluation skills to ensure equitable and transparent selection.
- ✓ Develop understanding in managing contracts across their entire lifecycle.
- ✓ Define the Procurement Officer's role in projects, emphasizing alignment with project goals, schedules, and financial constraints.
- ✓ Utilize Hands-on Expanded Implementation Support (HEIS) to develop effective solutions.

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SESSION OUTLINE

1. Basic principles of procurement
2. Procurement processes (including STEP)
3. Bid evaluation techniques
4. Contract management
5. Role of procurement staff
6. Hands-on Enhanced Implementation Support (HEIS)
7. Governance
8. Fraud & Corruption
9. Cause of Delays

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PRINCIPLES OF PROCUREMENT

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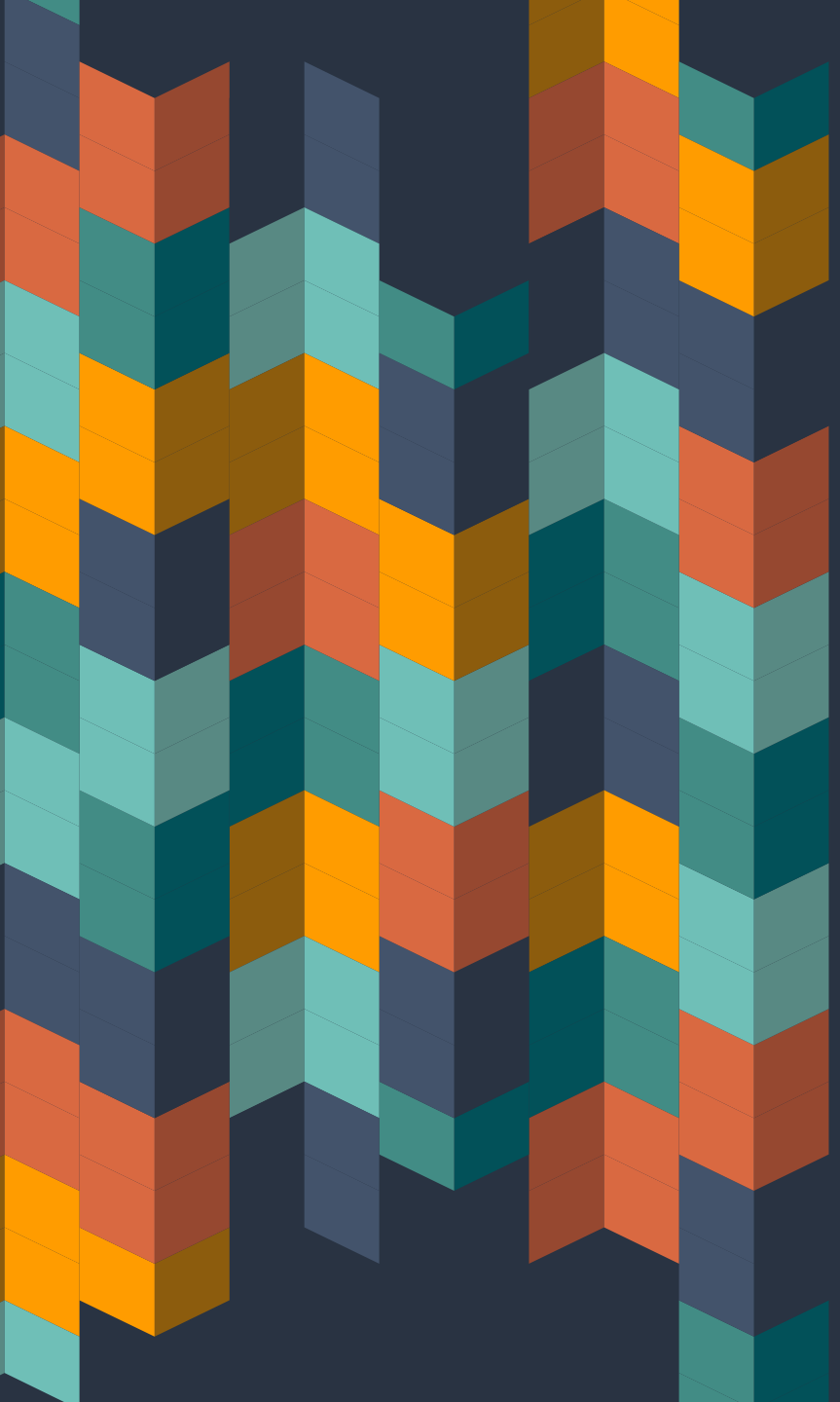

What's the first word that comes to mind when you hear 'procurement'?

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BASIC PRINCIPLES OF PROCUREMENT

Vision

"*Procurement in Investment Project Financing supports clients to achieve value for money with integrity in delivering sustainable development.*"

World Bank's Procurement Framework (2016)'s overall goal

"...to modernize the procurement policy & maximize the strategic role of procurement. This is mandatory for all projects funded by the World Bank."

Specific objectives

- Modernize the Procurement Policy (Use of Regulations vs. Guidelines Pre-July 2016)
- Maximize the strategic role of procurement in achieving key development effectiveness goals.
- Emphasize flexibility, quality & greater value for public spending
- Context-specific approaches for fragile and conflict-afflicted states.
- Improve Transparency & Achieve Value for Money

PROCUREMENT FRAMEWORK

Vision

"Procurement in Investment Project Financing supports clients to achieve value for money with integrity in delivering sustainable development."

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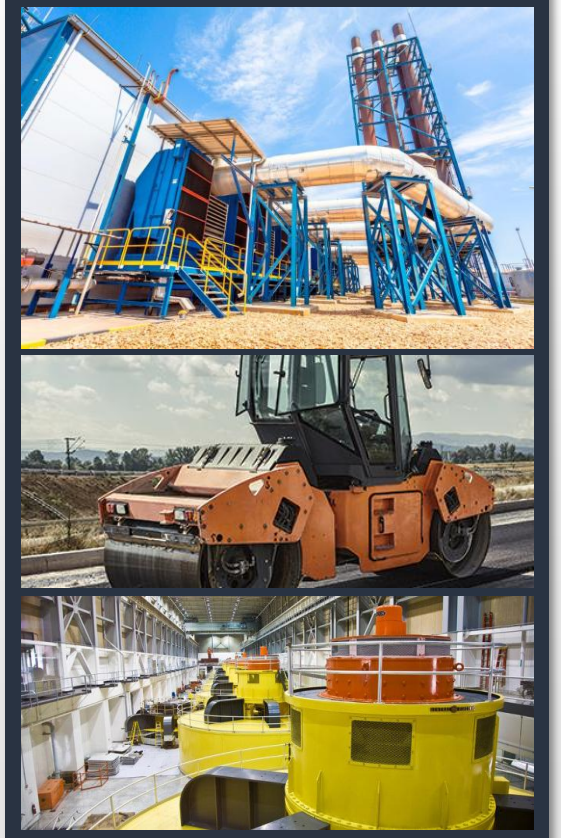
BANK PRODUCTS

Investment Project Financing (IPF)



Development Policy Financing (DPF)

Program-for-Results (PforR)

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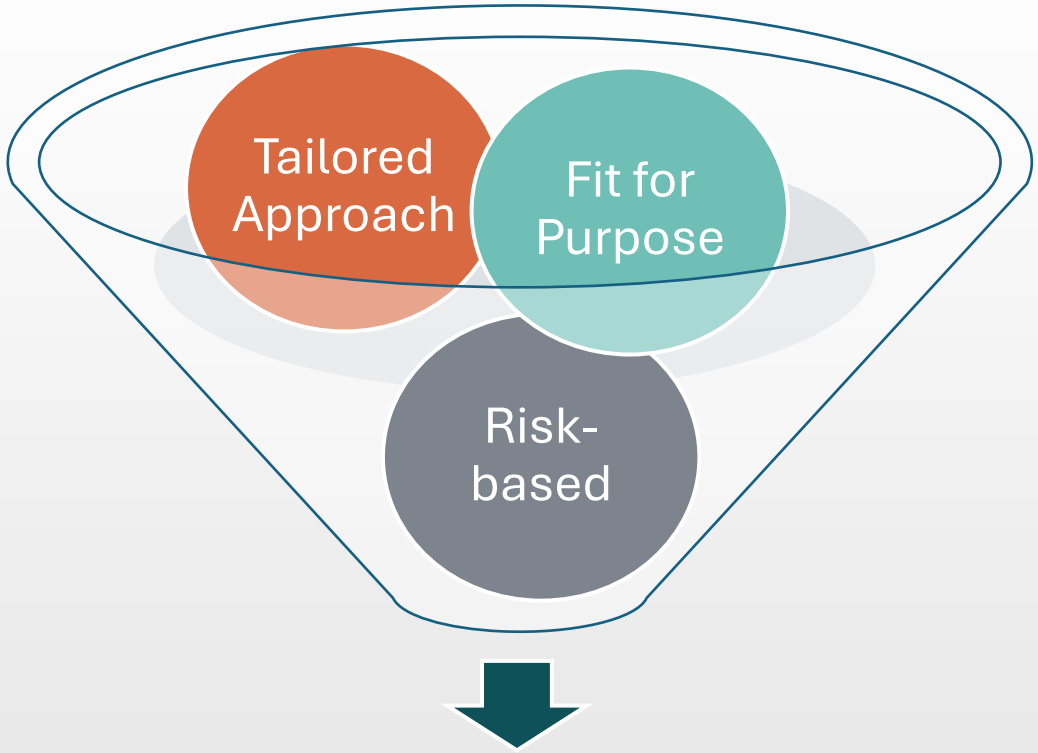
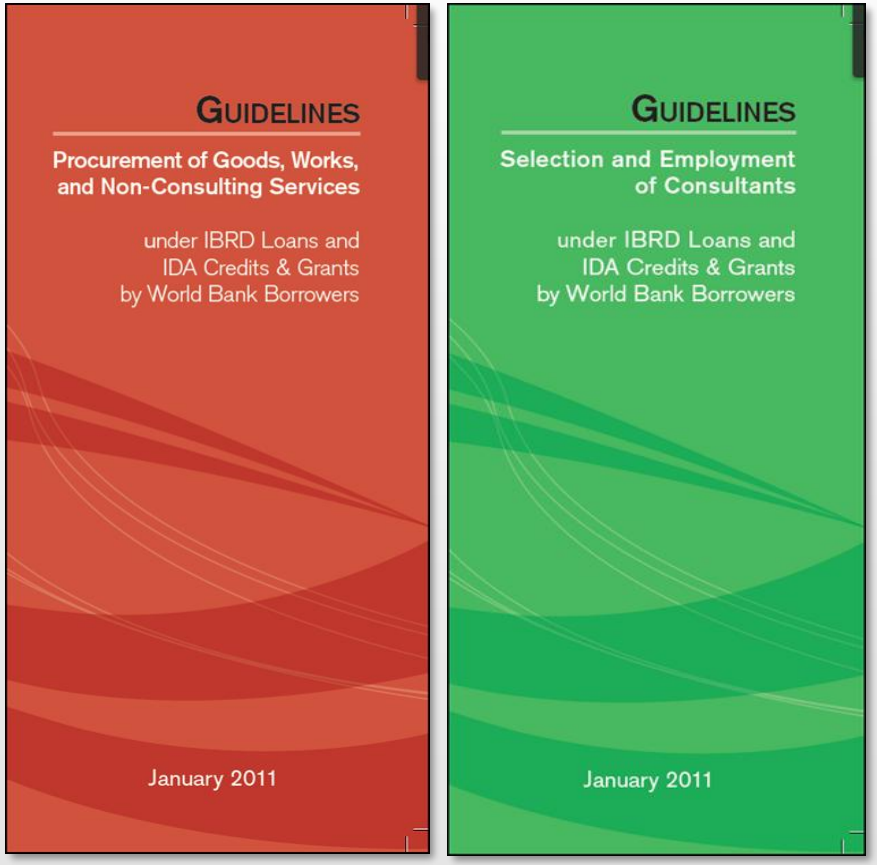
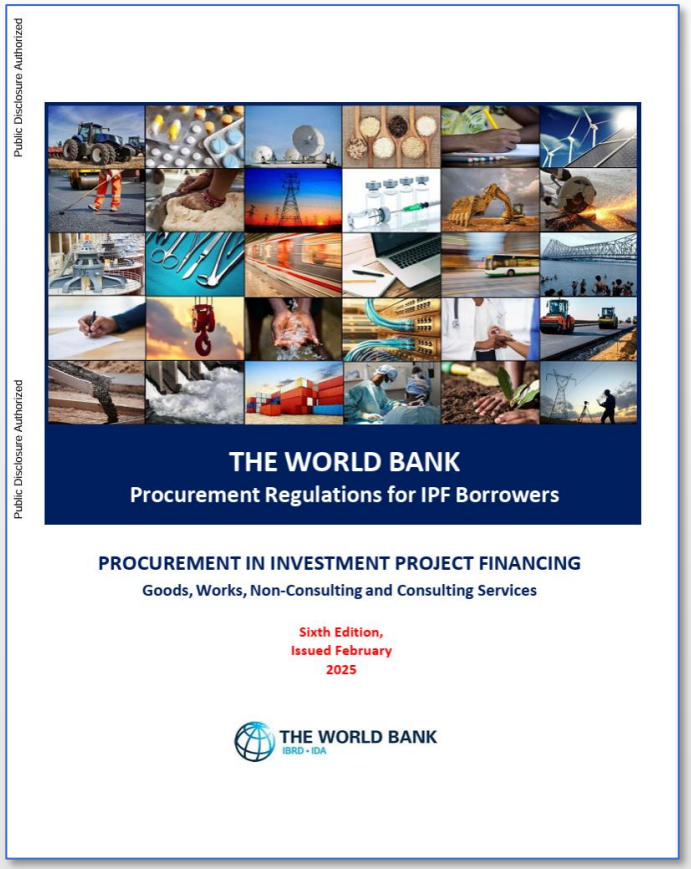
DEVELOPING THE PROCUREMENT FRAMEWORK



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

PROCUREMENT/CONSULTANT GUIDELINES VS. REGULATIONS





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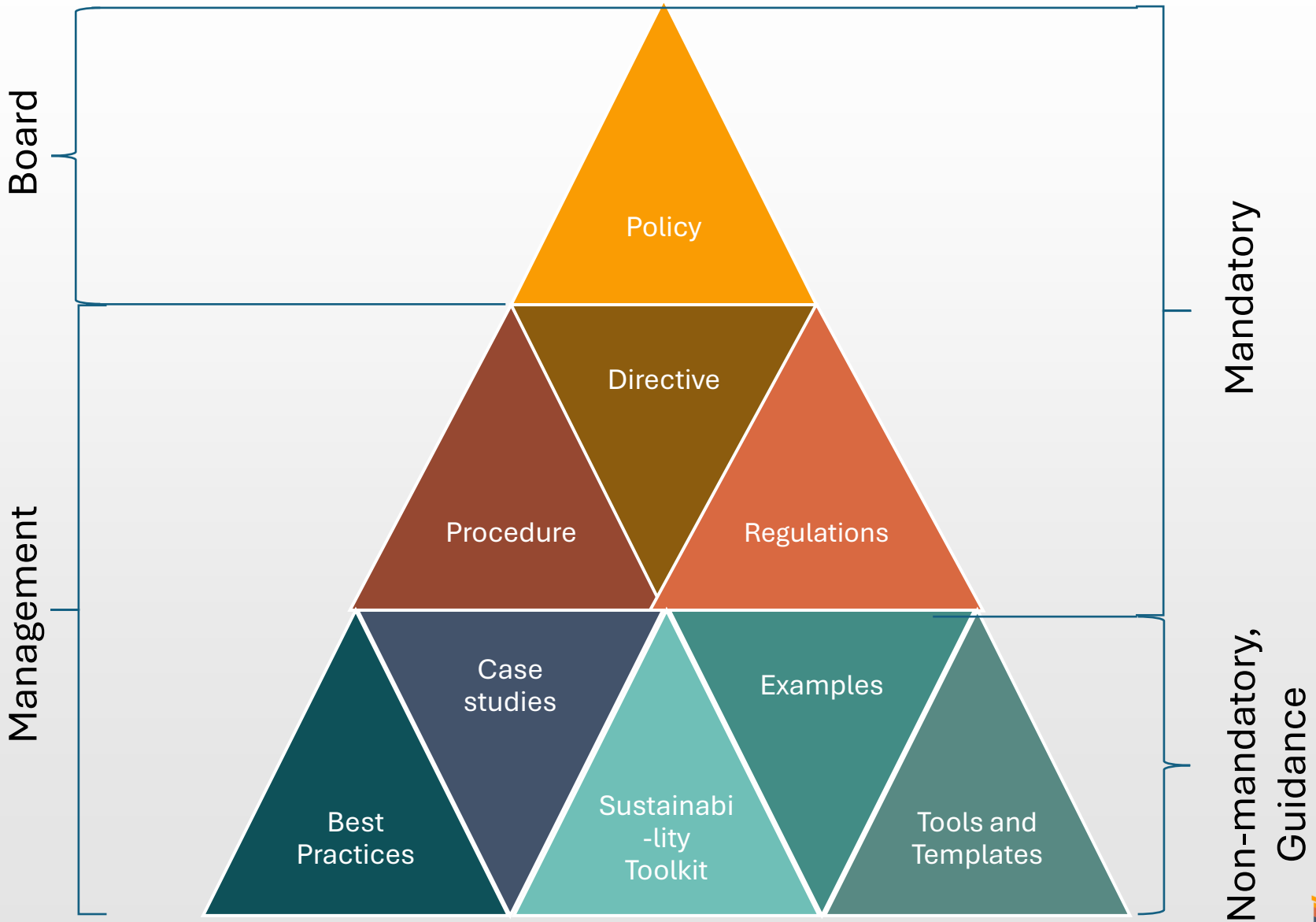
STRUCTURE OF THE PROCUREMENT FRAMEWORK



CORE PROCUREMENT PRINCIPLES

Value for money

- Effective, efficient, and economic use of resources
- Requires an evaluation of relevant costs and benefits, along with an assessment of risks, and non-price attributes and/or life cycle costs, as appropriate

Economy

- Considers factors such as sustainability, quality, and non-price attributes and/or life cycle cost as appropriate, that support value for money
- Permits integrating into the Procurement Process economic, environmental, and social considerations
- Permits augmenting identified sustainability criteria with specific criteria in support of the Borrower's own sustainable procurement policy

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CORE PROCUREMENT PRINCIPLES

Integrity

- Use of funds, resources, assets and authority, according to the intended purposes
- Bank requires that all parties involved in the Procurement Process, observe the highest standard of ethics during the Procurement Process of Bank-financed contracts, and refrain from fraud and corruption

Fit for purpose

- Applies to the intended outcomes and the procurement arrangements in determining the most appropriate approach

Efficiency

- Requires Procurement Processes to be proportional to the value and risks of the underlying project activities

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CORE PROCUREMENT PRINCIPLES

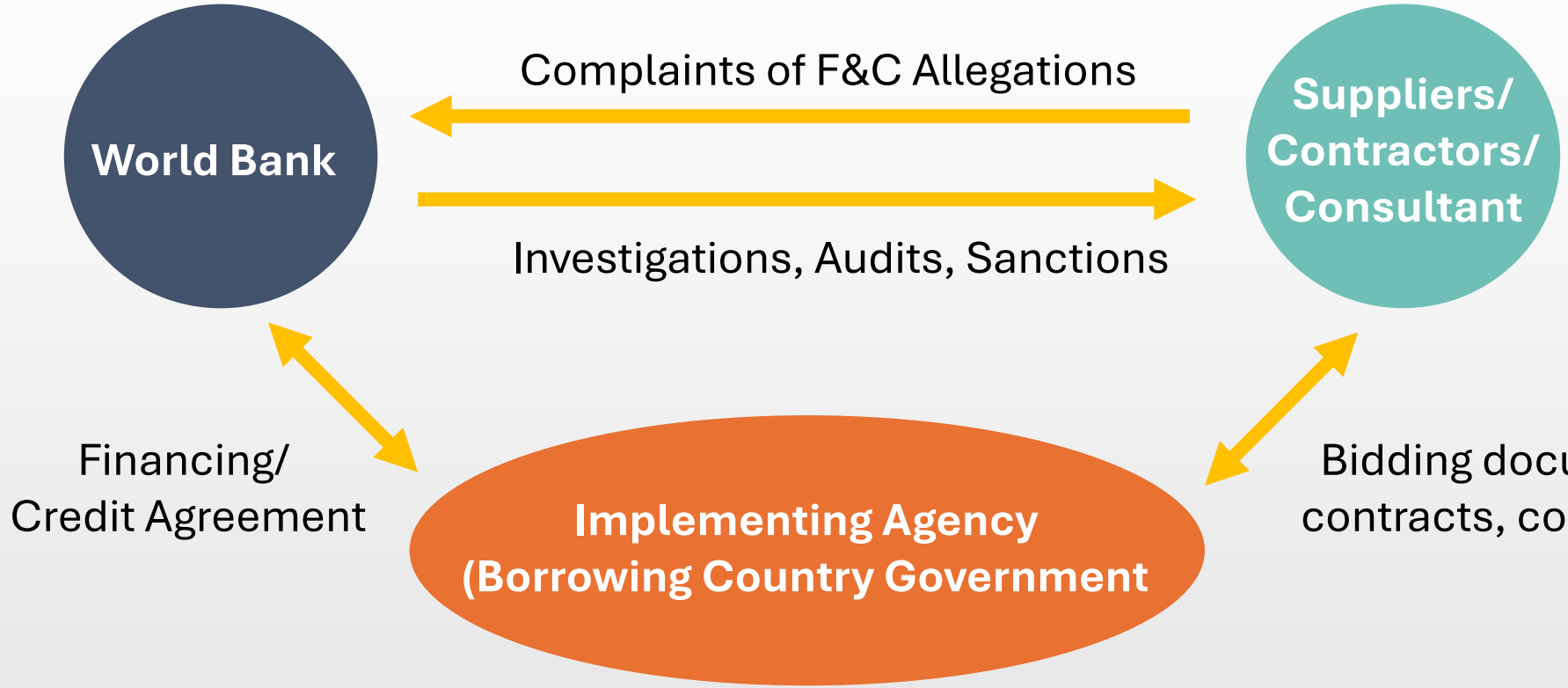
Transparency

- The Borrower and the Bank enable appropriate review of the procurement activities, supported by appropriate documentation and disclosure
- Procurement information → publicly available → consistent → timely → readily accessible → widely available sources at reasonable or no cost
- Appropriate reporting of procurement activity
- Confidentiality provisions in contracts only where justified

Fairness

- Equal opportunity and treatment for bidders and consultants
- Equitable distribution of rights and obligations between Borrowers and suppliers, bidders, consultants and contractors
- Credible mechanisms for addressing procurement related complaints and providing recourse

ROLE AND RELATIONSHIPS



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ROLES IN BANK-FUNDED PROJECTS

Bank

- Identify project/program
- Appraise project/program and assess risk
- Share knowledge and information
- Supervise project/program
- Monitor compliance with Agreements

Borrower

- Identify project/program
- Design, prepare and plan the project/program
- Apply for the loan/credit
- Implement project/program
- Monitor compliance with Agreements

THE BANK'S ROLE IN PROCUREMENT

Assess Borrower's public procurement system, procurement capacity of project implementing agency, and potential procurement risks

Assist Borrower in procurement planning

Provide procurement training, knowledge, and best practice sharing

Monitor compliance with Loan/Credit Agreement and Procurement Plan (prior review, post, and independent reviews)

Investigate allegations of fraud and corruption; apply sanctions if determined as a result of investigations

BORROWER'S ROLE IN PROCUREMENT

Prepare Procurement Plans	Advertise upcoming bidding opportunities	Prepare and issue bidding documents	Receive and evaluate bids/proposals
Award contracts	Implement contract; pay supplier/ contractors/ consultants	Monitor compliance with Loan/Credit Agreement and Procurement Plan	Arrange for project/program audit

KEY CHANGES AND UPDATES

- For contracts following International Competitive Bidding (ICBs) use the latest updated Standard Bidding Documents (SBDs).
- For contracts subject to post review, the Bank will review the Borrower's compliance with the Rated Criteria Weightings Matrix. Misapplication of the weightings included in this **Matrix may lead to mis procurement.**
- **All SBDs have been updated and must be mandatorily used for all procurements from March 1, 2025**
- **Early Market Engagement –** Early Market Engagement is a common business term used to **describe organized interactions between a buyer and prospective suppliers, outside of the actual bidding process**.

In World Bank financed projects, it relates to the **Borrower's approach for discussing their requirements with suppliers in each market and encouraging their participation, before bidding documents have been published and a formal process commences**.

KEY CHANGES AND UPDATES

Activities estimated to cost more than $10 million planned to be procured through international competition will have to mandatorily conduct the following:

- First, mandate minimum rated criteria weighting for all international competitive procurement, with **50% weighting for non-price factors for all high and substantial risk contracts**.
- Second, for contracts with an estimated value over $10 million, **early market engagement** will be an integrated part of our processes to attract high-caliber bidders and optimize procurement strategies.
- Third, collaborate with clients to aggregate smaller contracts into larger packages
- Fourth, offer direct payment options to reduce supplier payment risks.

MATRIX OF RATED CRITERIA WEIGHTINGS BY RISK AND COST

PROGRESS ON CHANGES LAUNCHED IN MARCH 2025

RATED CRITERIA

- Specific **quality weightings** for all international procurement + enhanced oversight
- Launch updated rated criteria **guidance & support** tools
- Launch **library of sector-specific rated criteria**

PROGRESS:

- 56% average weighting for higher risk/value procurements
- 50% average weighting for all procurements
- Rated Criteria Library, Guidance notes, E-learning (which all include practical examples).

INDUSTRY ENGAGEMENT

- **Early market engagement** for international procurements >$10m
- **Direct payment option** for international contracts
- Enhanced support for procurement **complaints**

PROGRESS:

- Global private sector engaged on updated changes and business opportunities
- Launched E-Learning for Suppliers
- Centralized complaints monitoring
- Revamped Procurement website

AGGREGATED PROCUREMENT

- Engage **Bank Facilitated Procurement** beginning with small states and Mission 300
- **Aggregated** procurement

PROGRESS:

- **Bank-Facilitated Procurement (BFP) operationalized, resource hub** launched to support future BFPs
- **Fact sheet on aggregation** to support Task Teams to identify and implement consolidation opportunities
- EAP and LAC working to establish **regional HEIS/BFPs,** including aggregating procurement opportunities.

CLIENT CAPACITY BUILDING, DATA ENABLED DECISION MAKING AND RISK MANAGEMENT

- Expand **hands-on support (HEIS)** to clients
- Launch **Procurement learning for Clients**
- **Improve data and reporting system**
- **Enhance risk identification** and management

PROGRESS:

- **100+ projects** using HEIS
- **1,000 + people completed eLearning,** available for staff, clients and businesses
- **STEP replacements and enhancements to existing STEP system** to enhance efficiency e.g. Artificial Intelligence enabled ToR, PPSD builder etc.

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FORTHCOMING: INCREASING LOCAL LABOR PARTICIPATION IN WORKS CONTRACTS

POTENTIAL TO USE PROCUREMENT TO OPERATIONALIZE WORLD BANK GROUP'S JOBS AGENDA

- Requirements related to local labor for international works contracts – Labor costs for local workers represent not less 30% of the total labor costs under the contract
- Rated Criteria could be used to incentivize bidders to offer higher percentage and rewards kills development.
- Details and guidance coming up soon

IMPACT

- ✓ Create local jobs.
- ✓ Increase skills development.
- ✓ Provide opportunities for local workers.
- ✓ Boost national economy.

PROCUREMENT PROCESS

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PROCUREMENT PROCESSES

WORLD BANK PROCUREMENT FRAMEWORK

01

Develop strategy

Assess the market and operating environment and determine procurement approach (PPSD).

02

Plan the procurement

Prepare detailed plan for the procurement process and schedule activities.

03

Invite offers

Request offers from the market e.g. RFB or RFP. Answer questions from the market.

04

Receive offers

Receive offers. Open offers and keep a record.

05

Evaluate offers

Compare offers and determine most advantageous bid/proposal.

06

Award contract

Standstill Period, address any complaints received, award contract and publish Contract Award Notice.

07

Manage contract

Finalize Contract Management Plan and implement monitoring, evaluation, and payment systems. Ensure both parties meet their obligations.

PROCUREMENT PROCESS (1/4)

The procurement process for World Bank Investment Project Financing (IPF) projects includes several structured steps that ensure efficiency, transparency, and alignment with the project's goals. Here's a breakdown of the process that borrowers follow for IPF projects:

1. Planning Stage

- **Project Procurement Strategy for Development (PPSD)**: At the outset, borrowers develop a Project Procurement Strategy for Development (PPSD), detailing the procurement approach based on the project's objectives, market analysis, and risks. This document aligns procurement activities with project needs.
- **Procurement Plan**: Borrowers prepare a detailed Procurement Plan, listing all required goods, works, and services. The World Bank must approve this plan, which sets out the specific procurement methods and timelines for each item.

2. Selection of Procurement Methods

- The World Bank prescribes various procurement methods depending on the nature, complexity, and value of the procurement:
  - **Open Competitive Bidding (International or National)**: This is used for high-value or complex contracts and ensures that suppliers worldwide can participate.
  - **Limited Competitive Bidding**: For cases with a limited number of suppliers.
  - **Direct Selection**: Used under specific conditions, such as for proprietary products, sole suppliers, or emergency needs.
  - **Framework Agreements and Community Participation**: Can be used for smaller or repetitive purchases and community-driven projects.

PROCUREMENT PROCESS (2/4)

3. Preparation of Procurement Documents

- **Standard Procurement Documents (SPDs)**: Borrowers use SPDs provided by the World Bank for bidding, which ensures consistency and transparency. These documents include detailed requirements, evaluation criteria, and contract terms.
- **Request for Proposals (RFPs) and Invitations to Bid (ITBs)**: Depending on the method, the borrower issues RFPs or ITBs to invite suppliers or contractors to submit bids or proposals.

4. Bidding Process

- **Advertisement and Bid Invitation**: Borrowers advertise bid invitations (internationally or nationally) to attract qualified bidders.
- **Bid Submission and Opening**: Bidders submit their bids by a specified deadline. For transparency, the bids are opened in a formal, public process.
- **Bid Evaluation**: Borrowers evaluate bids against pre-set criteria in the bidding documents to determine the most responsive and cost-effective bid. Evaluation criteria often include technical specifications, quality, cost, and timeline.

PROCUREMENT PROCESS (3/4)

5. Review and Approval by the World Bank

- **Prior or Post Review**: Depending on project risk and procurement value, the World Bank conducts a prior review (review before awarding) or a post-review (after contract award) of procurement decisions.
- **Clearance and Approval**: The World Bank gives clearance for major procurement decisions and reviews bid evaluations to ensure compliance with guidelines.

6. Contract Award and Execution

- **Notification of Award**: Once a bid is selected, borrowers notify the successful bidder and issue a public notice of the award.
- **Contract Signing**: The borrower and the selected bidder sign the contract, binding both parties to the agreed terms.
- **Mobilization and Execution**: Contractors or suppliers begin work as per the contract schedule. Borrowers oversee the work to ensure compliance with the terms, quality, and timelines.

PROCUREMENT PROCESS (4/4)

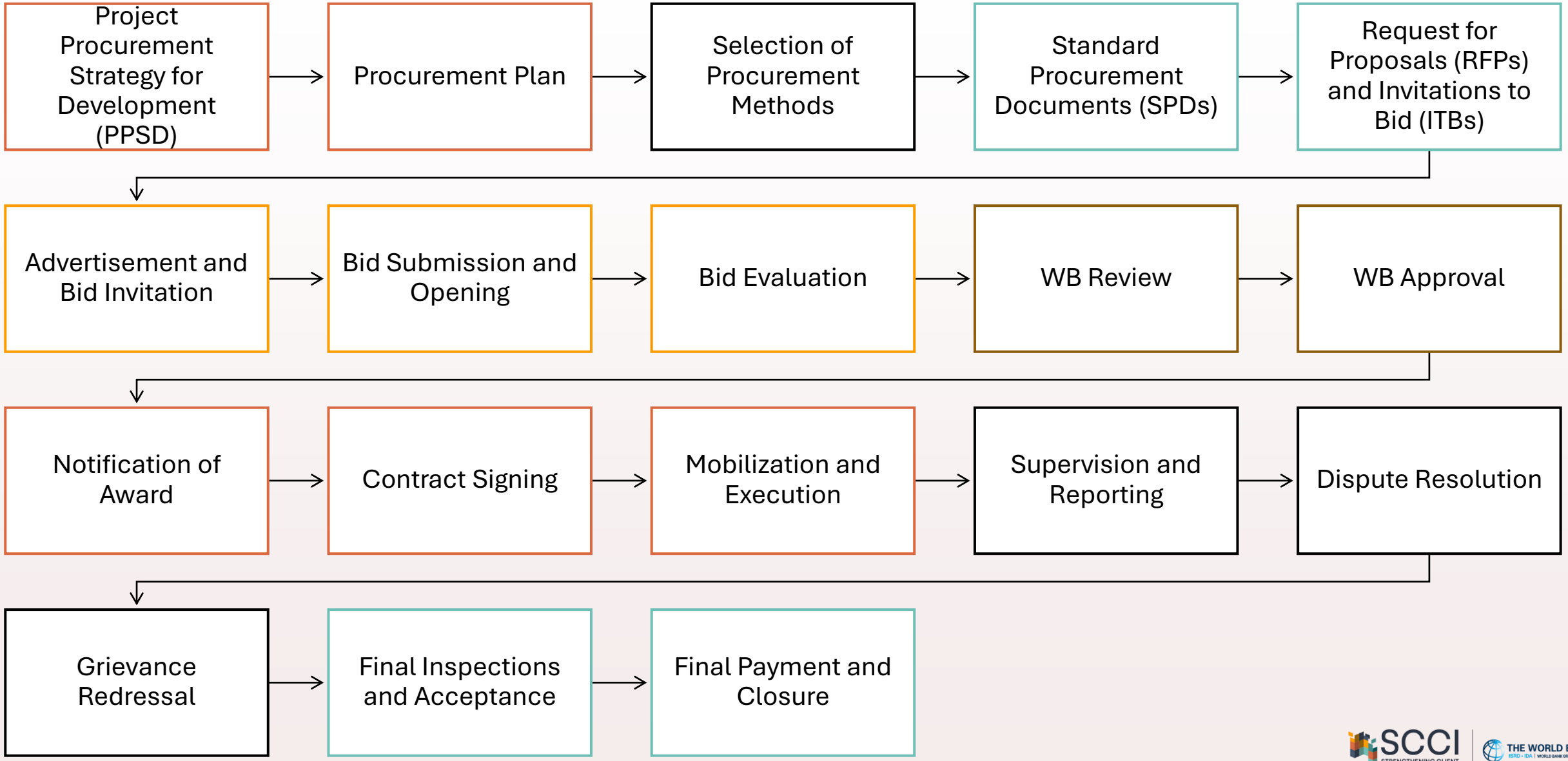
7. Contract Management and Performance Monitoring

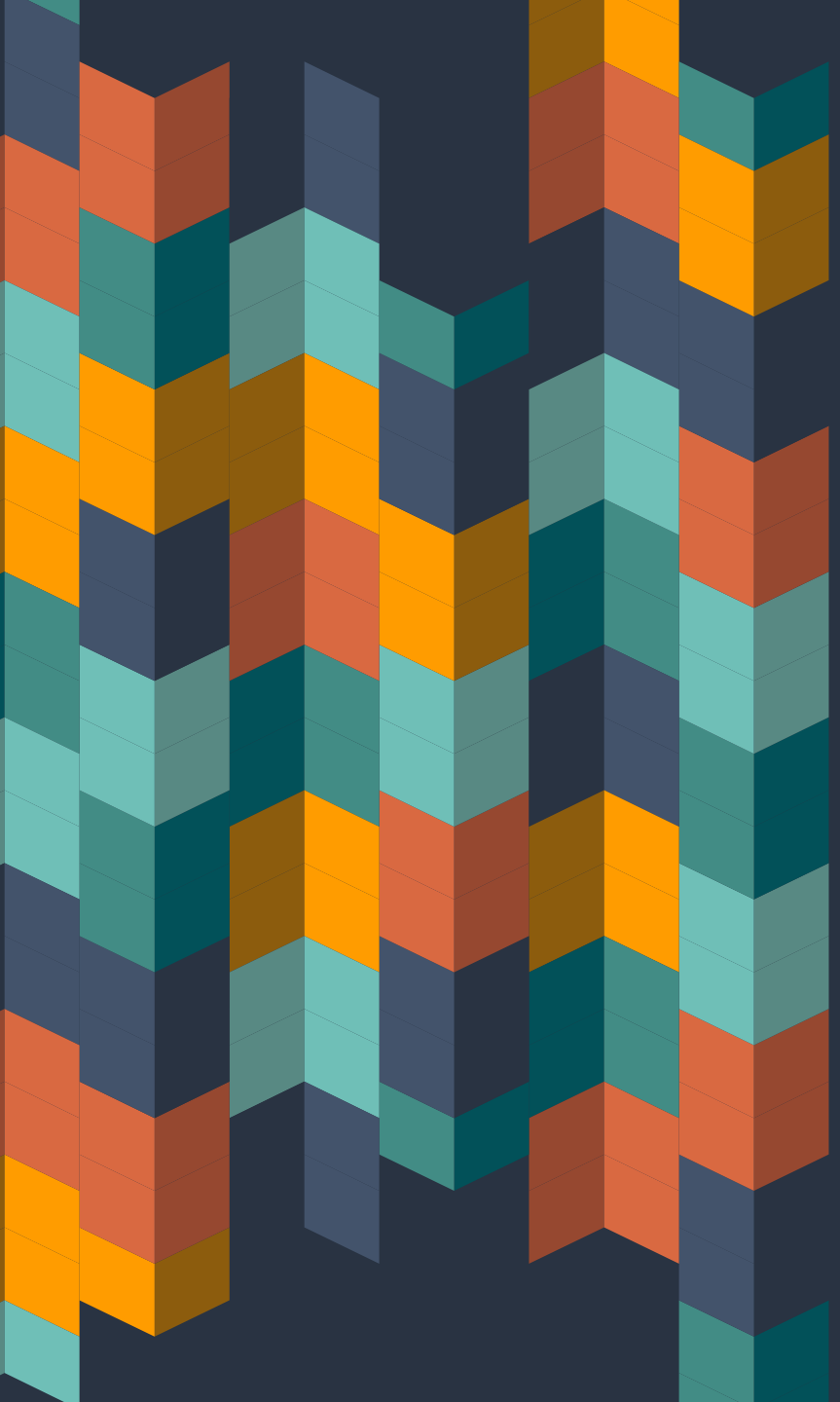
- **Supervision and Reporting**: Borrowers are responsible for contract supervision, ensuring timely delivery, quality compliance, and payment schedules. Periodic performance reports are submitted to the World Bank.
- **Dispute Resolution**: Borrowers and contractors use agreed-upon dispute resolution mechanisms if issues arise.
- **Grievance Redressal**: For complaints or issues raised by bidders, borrowers maintain a grievance redress mechanism to handle disputes transparently.

8. Completion and Close-Out

- **Final Inspections and Acceptance**: Before final payment, Borrowers inspect and verify the completion of goods, works, or services to ensure they meet the contract specifications.
- **Final Payment and Closure**: Borrowers make the final payment and officially close out the contract, often including a final report to the World Bank summarizing contract performance and lessons learned.

PROCUREMENT PROCESSES





SYSTEMATIC TRACKING OF EXCHANGES IN PROCUREMENT

(STEP)

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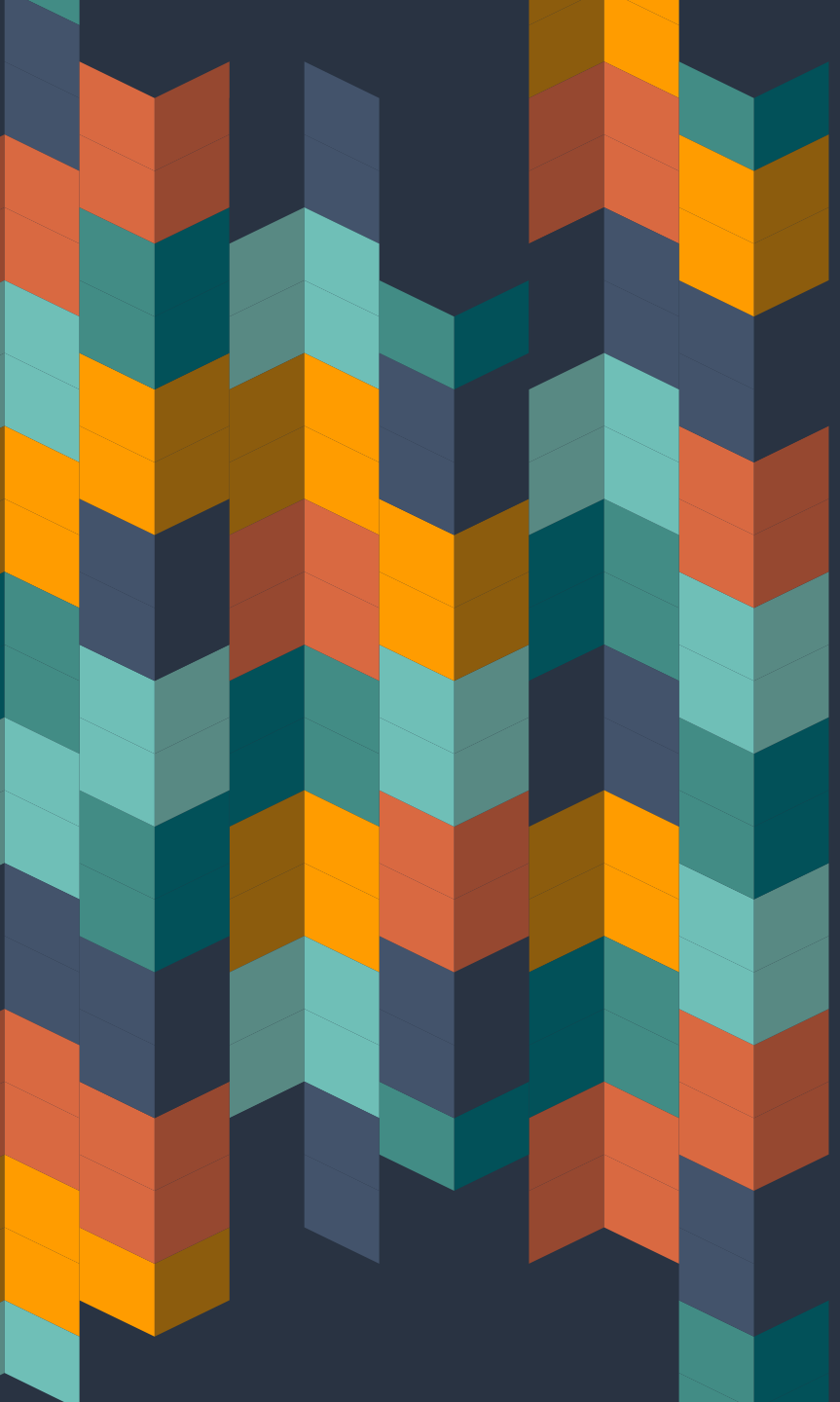

In one word, what is your experience with STEP?

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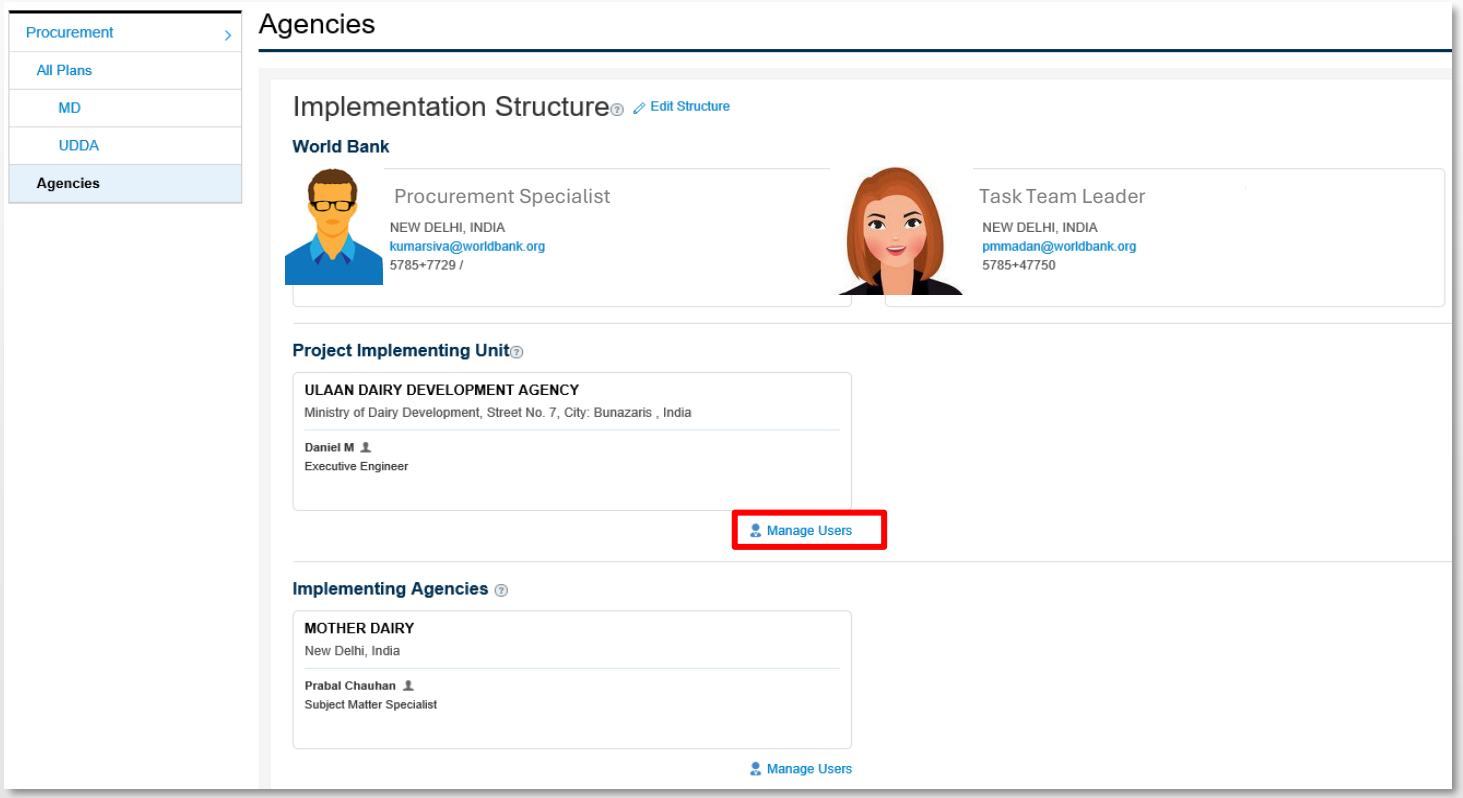
STEP: SETTING UP PROJECT FOR STEP

Users can be added only by the Bank staff after the contact person of the agency sends an email request to the Bank with the user details



PROJECT STRUCTURE SET-UP
(BASED ON FINANCIAL AGREEMENT)

Structure 1

Bank ← Implementing Agency (IA)

Structure 2

Bank ← Implementing Agency # 1

Bank ← Implementing Agency # 2

Structure 3

Bank ← Coordinating Agency (CA)

Coordinating Agency (CA) ← Implementing Agency # 1

Coordinating Agency (CA) ← Implementing Agency # 2

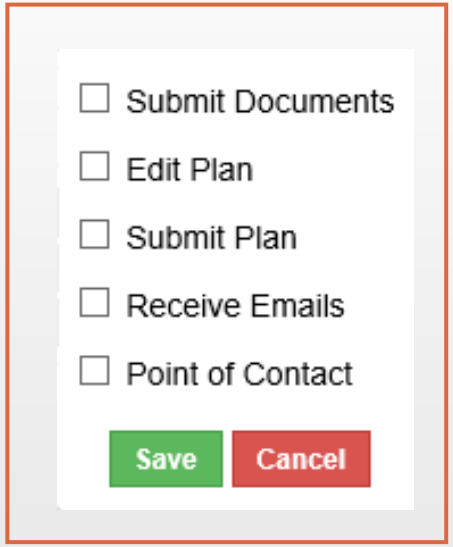
STRUCTURE # 3

If the implementation structure includes both a CA and IAs, then STEP presents an option for the user to select if plan submission can be delegated to individual IAs from CA.

If Procurement Plan submission is not delegated to individual IAs, then Point of Contract (POC) option will only be available at CA level.

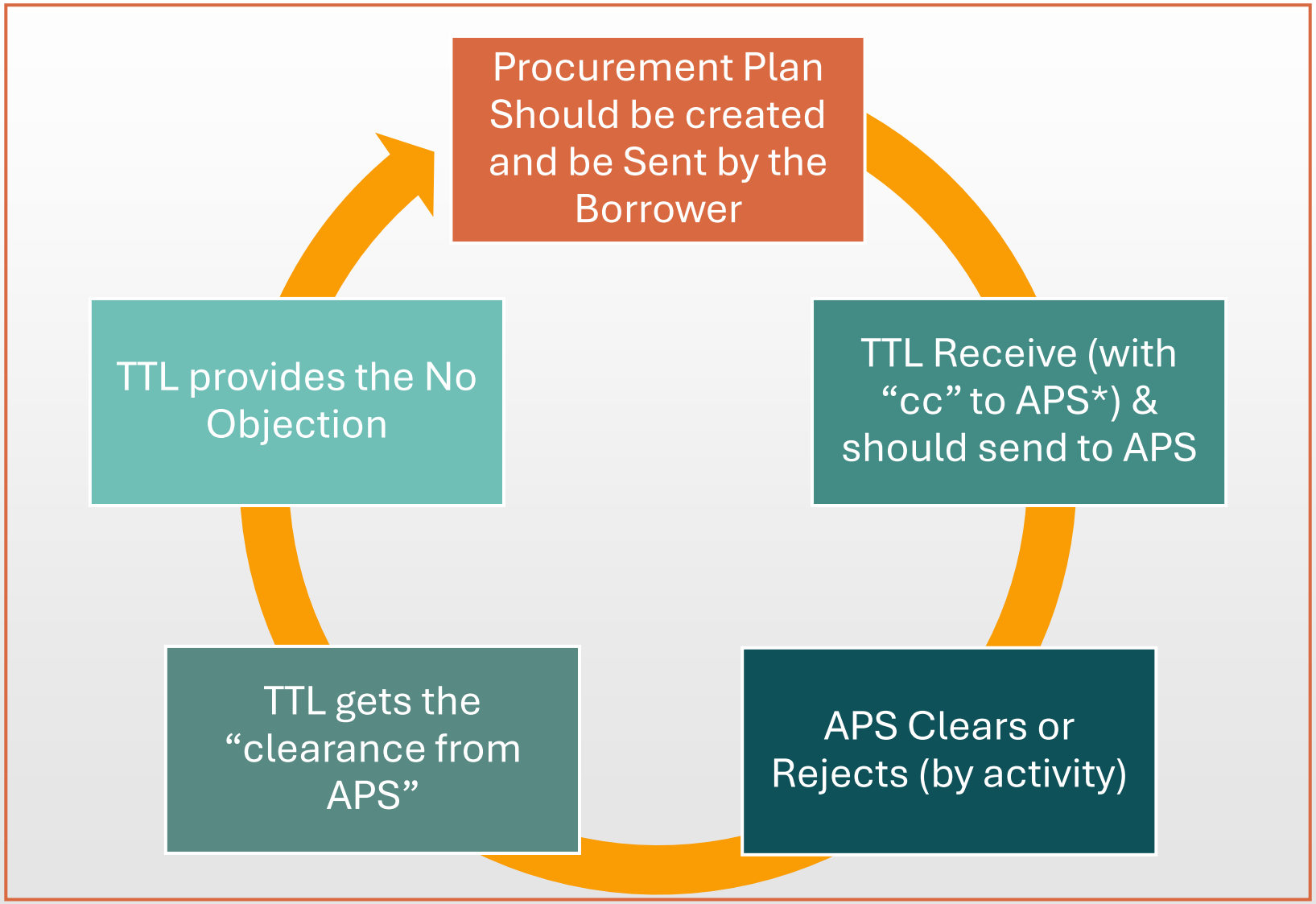
DEFINE THE ROLES FOR ALL USERS UNDER THE IMPLEMENTING AGENCY

- In each project, **only one user can be assigned the role of Point of Contact** (POC) for the Implementing Agency (Project Director/Coordinator/ etc.), but **multiple users can submit documents, edit or submit plans**
- Since an Agency may have several projects, thus there will be **one POC for each project**
- If Procurement Plan submission is not delegated to IAs, then **POC option will only be available at Implementing Agencies level**
- **Implementing Agencies can have users with different roles**, as selected by the TTL or delegated task team member



LOOP # 1 – PROCUREMENT PLAN

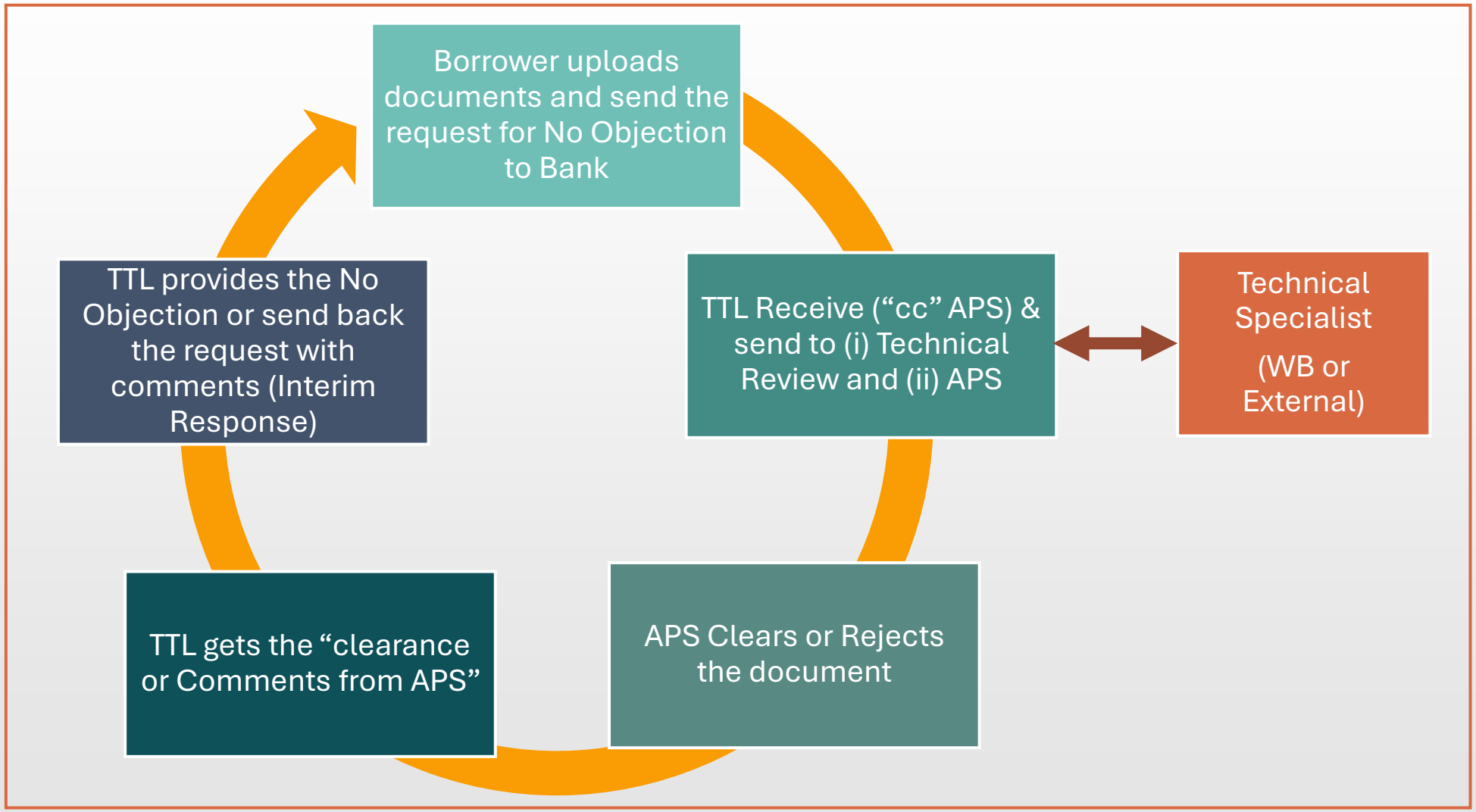
STEP Workflow



*APS: Accredited Procurement Specialist

LOOP # 2 – ACTIVITY CLEARANCE

STEP Workflow



BID EVALUATION TECHNIQUES

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EVALUATION CRITERIA AND METHODOLOGY

Request for Bids/Request for Proposals document

Criteria	Methodology
• For any Procurement Process subject to international competition and for which a Bank Document is used, Rated Criteria shall apply, and the process shall be conducted using two envelopes in accordance with Paragraphs 6.29 and 6.31. • Use of Rated Criteria is not required for procurement of pharmaceuticals, vaccines, off-the-shelf goods, off-the-shelf educational materials, or commodities.	• The Evaluation Criteria and methodology shall be appropriate to the type, nature, market conditions, and complexity of what is being procured. • For international competitive procurement, the Bank's requirements for the submission of Bid/Proposal prices (format, structure and details), and method of comparison and evaluation of Bid/Proposal prices (including treatment of taxes levied in the Borrower's country for procurement of Goods, Works, Non-consulting services, and Consulting Services), are detailed in the appropriate SPDs.

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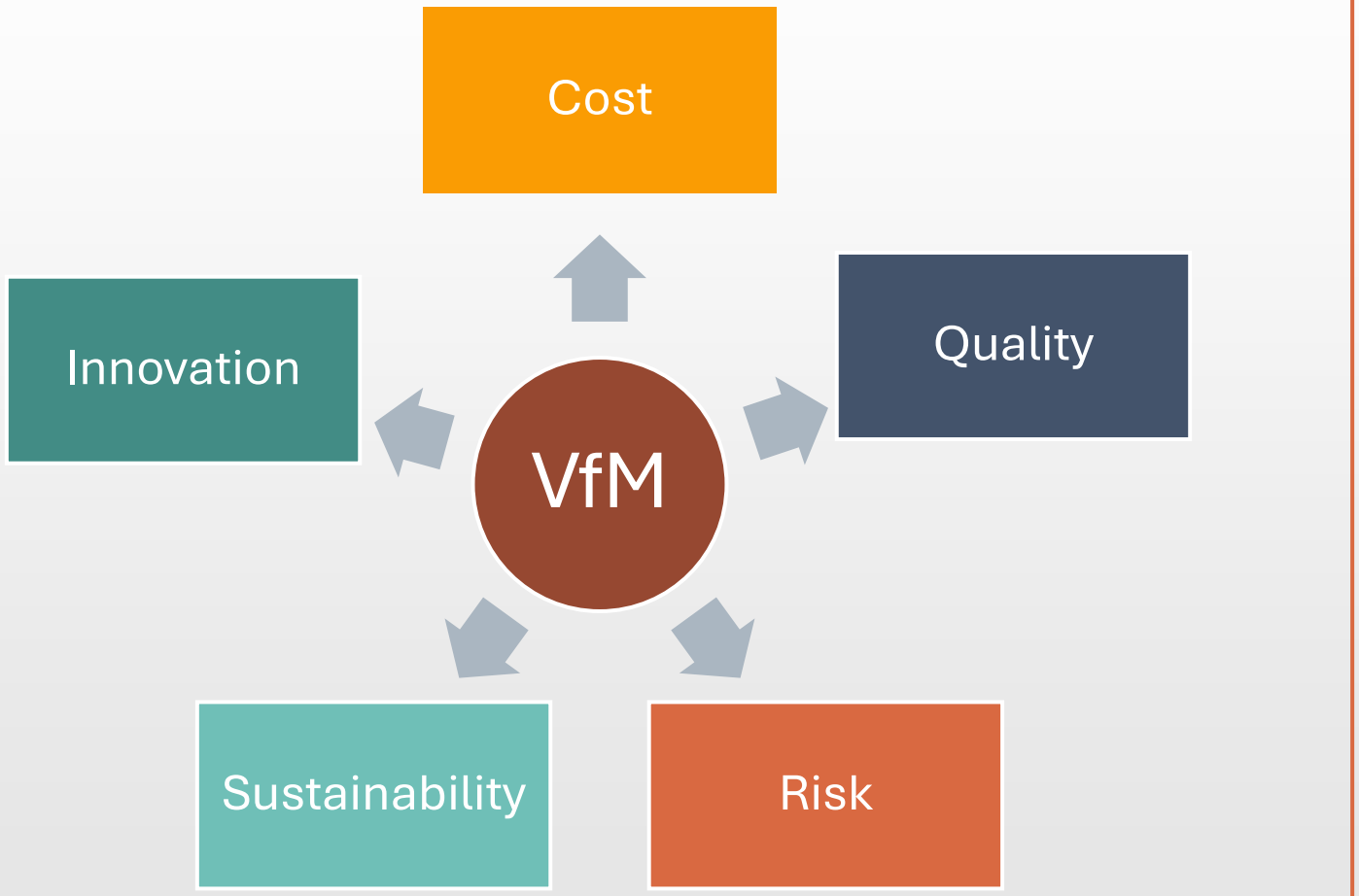
ACHIEVING VALUE FOR MONEY

Criteria should take into account



MONETARY AND RATED CRITERIA

Monetary Criteria

- Award contract to lowest price.
- Minimum criteria required assessed on a pass-fail basis.
- Best used for ‘conformance’ specifications.

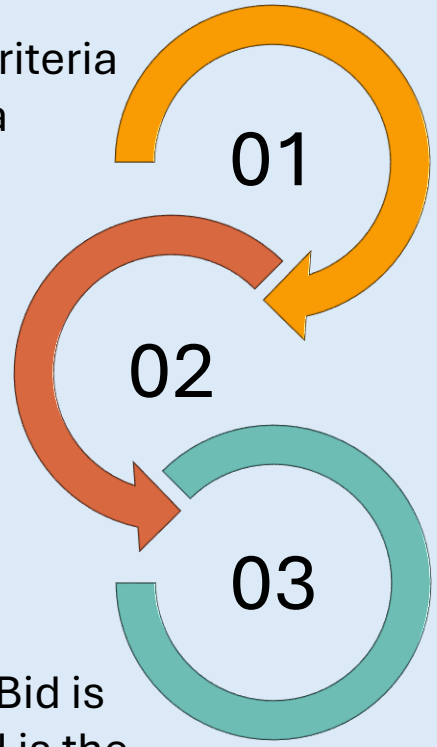
Rated Criteria

- Non-price attributes assessed with merit points
- Criteria are prioritized, assigned merit points, and weighted according to their relative importance in achieving results
- Best suited to ‘performance’ specifications.

MONETARY CRITERIA

- Award contract to lowest price.
- Minimum criteria required assessed on a pass-fail basis
- Best used for ‘conformance specifications.

Qualifying criteria
Each Bid must be substantially responsive to:
1. Process qualifying criteria
2. Qualification criteria



Monetary quantifiable
Apply monetary quantifiable methodology to Bid prices to determine the lowest evaluated costs

Most Advantageous Bid
The qualified Bidder, whose Bid is substantially responsive and is the lowest evaluated cost

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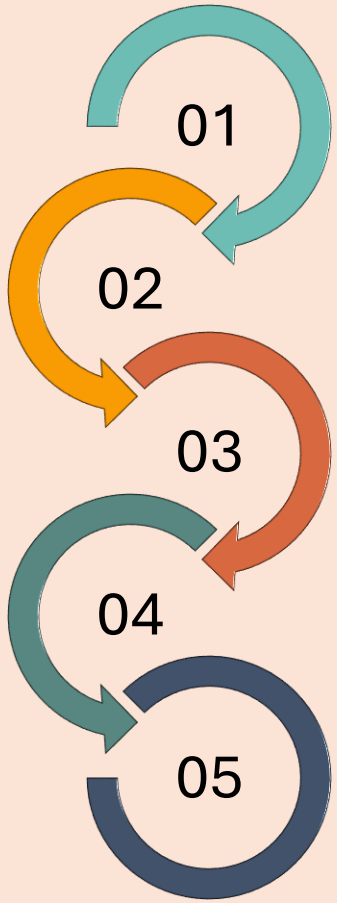
RATED CRITERIA

- Non-price attributes assessed with merit points
- Criteria are prioritized, assigned merit points, and weighted according to their relative importance in achieving results
- Best suited to ‘performance’ specifications.

Rated criteria
Substantially responsive Proposals are scored against rated criteria

Ranking
Evaluated costs converted to scores and added to the computation of the evaluation. Proposals are ranked from highest scoring to the lowest



Qualifying criteria
Each Bid must be substantially responsive to:
1. Process qualifying criteria
2. Qualification criteria

Monetary quantifiable
Apply monetary quantifiable methodology to Proposal prices to determine comparative evaluated costs

Most Advantageous Proposal
The qualified Proposer, whose Proposal is substantially responsive and is the highest ranked Proposal

BID/PROPOSAL EVALUATION CRITERIA

Project Procurement Strategy for Development (PPSD)

Evaluation Criteria

Evaluation Criteria

- Proportionate and appropriate to the type, nature, market conditions, complexity, risk, value and objective of what is being procured
- Indicated in the Request for Bids/Request for Proposals document shall be applied
- Applied consistently to all Bids/Proposals submitted.

Request for Bids/Request for Proposals Document

- Shall detail the complete Evaluation Criteria, including, Rated Criteria (any sub-criteria) as applicable, and the specific way applied, including prioritization and weighting
- Once issued, any changes to the Evaluation Criteria shall be made only through addenda

REQUIREMENTS – FACTORS TO CONSIDER

Evaluation Criteria

+

Rated Criteria

=

Value for Money

Cost

- Appropriate to the nature of the procurement including adjusted price

Quality

- To determine the degree to which the Goods, Works, Non-consulting Services or Consulting Services meet or exceed the requirements

Risk

- To identify and mitigate relevant risks, such as those related to environment, social, economic, cybersecurity, implementation

Sustainability

- To address economic, environmental, and/or social issues, and/or sustainability opportunities identified

Innovation

- Innovative aspects of, inter alia, design, methodology, technology and/or delivery of the Goods, Works, Non-consulting Services, or Consulting Services.

PRIORITIZING RATED CRITERIA AND SETTING SUB-WEIGHTINGS

Why Prioritize Rated Criteria?

Rated Criteria should reflect what matters most to the you as the Borrower and the project. Prioritization ensures that bidders focus on what will most influence success.

How to Prioritize Effectively

- Align technical sub-criteria (e.g., sustainability, innovation, safety) with Procurement Objectives and PDOs.
- Use sub-weightings to reflect relative importance of each technical factor.
- Ensure that total technical weighting aligns with project risk, complexity, and market conditions.
- Combine technical and financial scores using a clear and balanced overall weighting (e.g., 60:40 or 70:30).

Tip: A simple prioritization matrix can help you visualize trade-offs and focus on what adds the most value.

EXAMPLE – SIMPLE PRIORITIZATION TO SET SUB-WEIGHTINGS

	Rated Criteria A	Rated Criteria B	Rated Criteria C	Rated Criteria D
Rated Criteria A				
Rated Criteria B	B			
Rated Criteria C	C	B		
Rated Criteria D	D	D	D	

Total Count	Priority	weightings
A = 0	4th	10%
B = 2	2nd	30%
C = 1	3rd	20%
D = 3	1st	40%

In this example, Rated Criteria D was most important, with Rated Criteria A much less important. Where as here, apart from Criteria A, there is a more equal spread of importance the technical weightings might be split e.g., 40%, 30% 20%, 10%

If one Rated Criteria was vastly more important than any other it may be given e.g., a 50% or more weighting

EXERCISE: SET SUB-WEIGHTINGS FOR WORKS CONTRACT FOR CONSTRUCTION OF KETON BRT ROAD INFRASTRUCTURE (USD100M)

	Rated Criteria A	Rated Criteria B	Rated Criteria C	Rated Criteria D
Rated Criteria A				
Rated Criteria B				
Rated Criteria C				
Rated Criteria D				

Total Count	Priority	weightings
A =		
B =		
C =		
D =		

Rated Criteria Selected

- Method Statement for construction activities, Work Program and Management strategies
- Experience of key-personnel
- Implementation plans for E&S
- Socio-Economic Objectives

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EFFECTIVE EVALUATION

Things to consider

- Single Evaluation Committee to responsible to finalize Award Recommendation.
- Number of Evaluation Committee Members should 5 to 6.
- The Evaluation Committee Members selected upfront. Maintain a long list of trained members for World Bank funded / Development Partners projects.
- Complete the bid evaluation within the agreed timeline.
- Take internal approval within the agreed lead time to ensure awarding the contract within original bid validity.
- Streamlined and simplified approval process.

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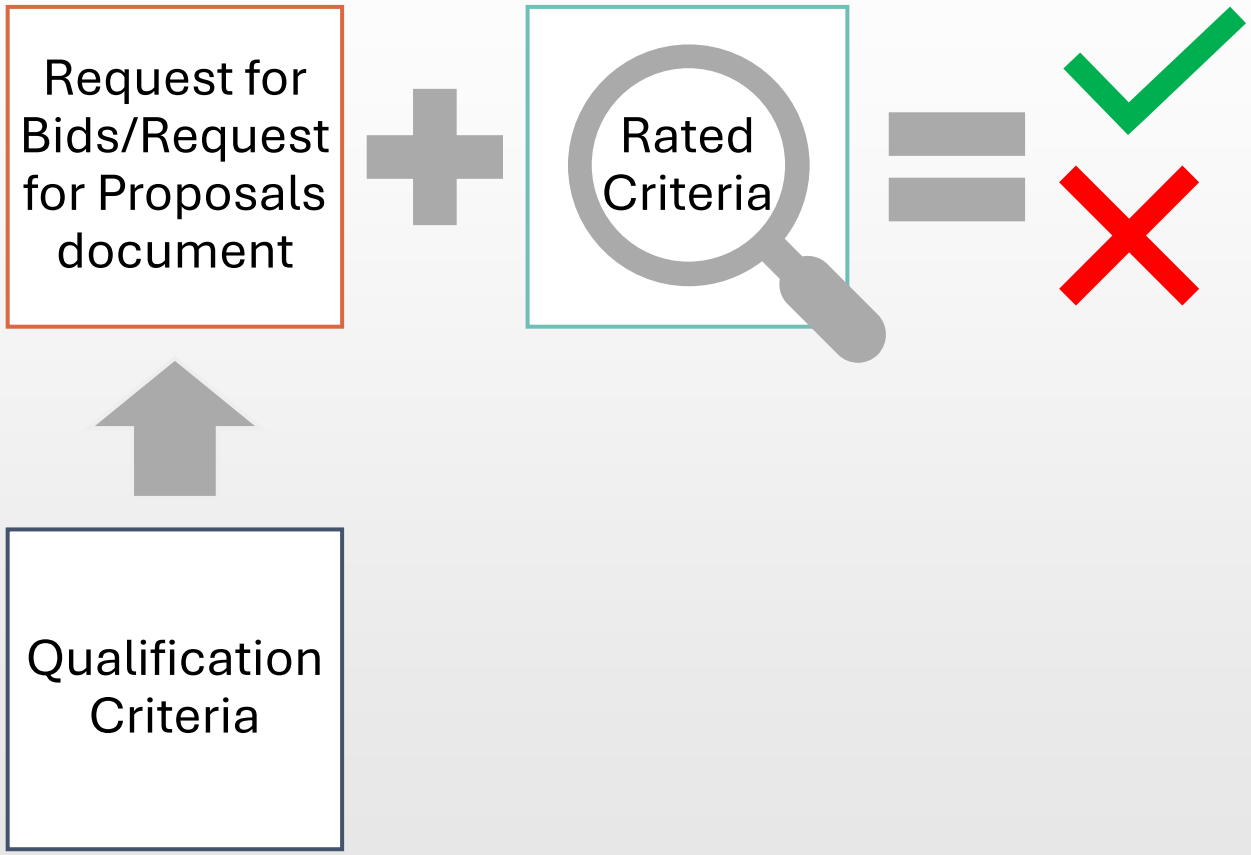
GOODS, WORKS, AND NON-CONSULTING SERVICES



Adjustments of Bid price

- Includes arithmetic correction, discounts, and other adjustments specified for evaluation purposes, including deviation in the delivery/implementation schedule and/or payment terms, and corrections for minor deviations or omissions.

Life-cycle costing

- Used when the costs of operation and/or maintenance over the specified life of the Goods or Works are estimated to be considerable in comparison with the initial cost and may vary among different Bids/Proposals.

GOODS, WORKS, AND NON-CONSULTING SERVICES
(CONT.)

Life-Cycle Costing

Request for Bids/Request for Proposals document

Number of years used in the life-cycle cost determination

Discount rate, in percent, to be used to calculate the net present cost of future costs over the life-cycle period

Factors and methodology to be used for calculating the operation, maintenance, and residual value costs

Financial Score

Most Advantageous Bid/Proposal

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CONSULTING SERVICES

Technical Evaluation Criteria: Scoring System

Merit Point Range	Rated Criteria
20 – 50%	• Adequacy of methodology and work plan
30 – 60%	• Relevant experience and qualifications of key staff
0 – 10%	• Relevant experience of the firm
0 – 10%	• Transfer of knowledge

Note: The request for proposals document shall specify the overall minimum technical score. The minimum technical score shall normally be in the range of 70-85% depending on the nature and complexity of the assignment.

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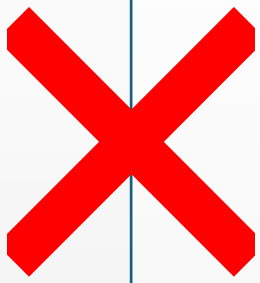
FINANCIAL EVALUATION

$ Offered
Total Price

Expenses:

- Remuneration
- Reimbursable
- Miscellaneous



- Local identifiable indirect taxes (such as sales, value-added, and excise taxes and similar taxes and levies) on the contract
- Income tax payable to the country of the Borrower on the remuneration of Services rendered in the country of the Borrower by nonresident experts and other personnel of the consulting firm

- In exceptional circumstances, when the Borrower cannot fully identify indirect taxes when evaluating the financial offers, the Bank may agree that, for the purpose of evaluation only, prices may include all taxes payable to the country of the Borrower

FINANCIAL EVALUATION (CONT.)

Contracts

Time-based

- Any arithmetical errors are corrected, and prices are adjusted if they fail to reflect all inputs that are included in the technical Proposals

Lump-sum

- Consultant is deemed to have included all prices in its financial Proposal, so neither arithmetical corrections nor price adjustments shall be made
- Total price, net of taxes, included in the financial Proposal is considered the offered price.

For Quality and Cost-Based Selection (QCBS), the Proposal with the lowest offered total price is given a financial score of 100% (one hundred percent), and other Proposals given financial scores that are inversely proportional to their prices. The methodology to be used is specified in the request for proposals document.

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COMBINED QUALITY AND COST SCORES

QCBS = Most Advantageous Proposal

Quality & Cost Scores

★★☆

	Description
90 / 10	• High complex / downstream consequences / specialized assignments(or may use Quality Based Selection (QBS) method)
70-80 / 30-20	• Moderate complexity
60-50 / 40-50	• Assignments of a standard or routine nature (or may use Least-Cost Selection (LCS) method)

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CONTRACT MANAGEMENT

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Why do contracts fail?

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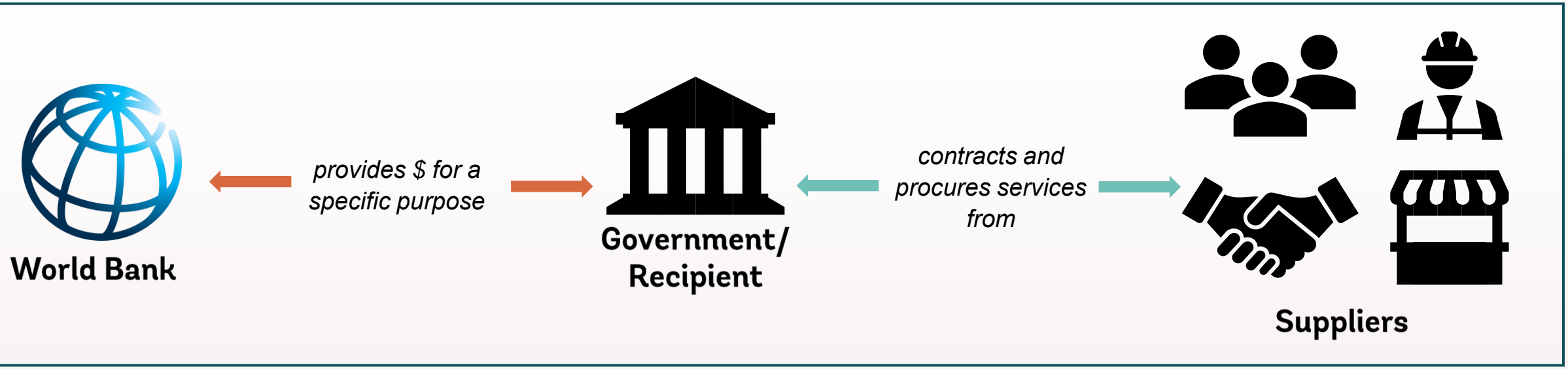
KEY PROJECT IMPLEMENTATION ROLES



What is a "**contract**"?

"A written agreement between two parties, to give predictability and to protect both parties"

Contracts govern the relationships between the Government/ Recipient and Suppliers by outlining

- Rights and responsibilities (duties and obligations) of employer and contractor/ consultant/ employee/supplier.
- Process for modifying the agreement between the parties should things not go as planned.

FORM OF CONTRACT DEPENDS ON WHAT ARE CONTRACTED FOR

Consulting services

- Time-based
- Lump-sum

Goods

- Based on Unit Prices
  - Ex Works (EXW)
  - Carriage and Insurance Paid To (CIP)

Works

- Based on Unit Prices
- Design and Build
- Engineering, Procurement and Construction
- Performance-based

CONSULTING SERVICES

Time-based

- Used when it is difficult to define or fix the scope and duration of the services.
- Close monitoring to ensure:
  - Charges are for the time actually spent on the assignment
  - Reimbursables are in accordance with the contract;
  - Quality of services.
- Can be the source of time and cost overrun coupled with poor quality of services

Lump sum

- Used when the deliverables of the Consulting Services can be clearly and accurately specified.
- Payments are:
  - Made upon successful delivery of a contractual milestone;
  - May be a percentage of the total contract amount

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CONTRACT MANAGEMENT

- **Core Procurement principles (Bank's Procurement Framework):** value for money, economy, integrity, fit for purpose, efficiency, transparency and fairness
- **To achieve these principles, Bank's Procurement Framework** gives due attention to:
  - upfront planning (Project Procurement Strategy for Development (PPSD))
  - appropriate contractor selection methods and approaches
  - Contract Management
- The **Procurement Process** as defined in the **Procurement Regulations** extends from **planning to Contract Management**
- Contract Management covers activities undertaken during the period from award of contract towards contract completion
- **Good Practice**: **Contract Management Plan (CMP) with KPIs** for contracts identified in the PPSD and finalized on or immediately after contract award
- **Good Practice**: contract monitoring and reporting based on CMP

WHY IS CONTRACT MANAGEMENT RELEVANT?

Strong procurement process leading to contract award is essential, but effective contract management is equally critical for project success

Effective implementation by the team members transform well-drafted contracts into successful outcomes

CMP is a mitigation tool, but monitoring and adaptation are key to contract success

Contracting parties maximize benefits, sometimes adversarially

Encourages a focus on collaborative problem-solving guided by the contract

Effective monitoring of cost, time, quality, and risk, across multiple dimensions and concurrently, is essential for success

Requires adequate resources, including skilled contract managers and effective systems

WHY DO CONTRACTS FAIL?

Poor contractor selection process

- Inadequate technical and qualification requirements
- Poor tender evaluation

Inadequate planning and organization

- Contract management not planned
- Inadequate resource and systems to manage the contract

Inadequate supervision

- Failure to closely monitor contractor performance
- Failure to enforce contractual requirements and remedies
- Fraudulent and corrupt practices
- Excessive delays in decision making
- Poor relationship management/failure in communication

CONTRACT MANAGEMENT PLAN

When to plan

should begin as early as possible and be completed by contract signing or thereafter without much delay

Should be fit for purpose	Shared/discussed with relevant parties particularly the contractor and consider their inputs	Subject to Bank's prior review for contracts identified in the Procurement Plan for a Project (these are normally OPRC*/major contracts)	Good Practice for all contracts- proportional to risk, nature and complexity: could be relatively simple mapping for less complex contracts

*OPRC- Operations Procurement Review Committee

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CONTRACT MANAGEMENT PLAN

Examples of contents of a Contract Management Plan

- ☐ Contract management roles and responsibilities
- ☐ Key Performance Indicators (KPIs) and Milestones
- ☐ Reporting requirements (types of reports, times, contents etc.)
- ☐ Record keeping requirements and procedures
- ☐ Independent quality assurance requirements
- ☐ Change management or contract variation procedures
- ☐ Risk management plan
- ☐ Insurance coverage, guarantees and/or securities, as applicable
- ☐ Interface management (between contractors), if applicable
- ☐ Contract closure procedures

CMP: KEY PERFORMANCE INDICATOR (KPI)

Borrower tool to facilitate monitoring contract performance and ensure achievement of outcomes

Not a substitute for the contract provisions

Tangible and measurable targets

Weighted depending on relevance and scores given

Discuss unmet KPIs and address issues

CMP: KEY PERFORMANCE INDICATOR (KPI)

Good Practice

Develop early and test during early market engagement

Discuss with contractor

Include in progress meetings

Update as needed

Include in post-implementation review as lessons learned

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ROLE OF PROCUREMENT STAFF

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ROLE OF PROJECT PROCUREMENT STAFF

Governance

The governance of procurement in IPF operations shall be managed through clear and transparent lines of accountability, and the clear definition of the roles and responsibilities of each party.

ROLES AND RESPONSIBILITIES: GOVERNMENT

The Borrower is responsible for:

Carrying out procurement activities financed by the Bank in accordance with these Procurement Regulations. This includes planning, strategizing, seeking and evaluating Applications/Quotations/Bids/Proposals, and awarding and managing contracts.

Retaining all Procurement Documents and records of procurements financed by the Bank, as required in the Legal Agreement.

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ROLES AND RESPONSIBILITIES: WORLD BANK

The Borrower may engage independent Probity Assurance Providers to be present during different stages of the Procurement Process, including engagements/discussions with firms, Bid/Proposal opening, evaluation, negotiations, contract award decisions, and/or contract execution.

Where the Bank requires the Borrower to appoint a Probity Assurance Provider, the Borrower shall obtain the Bank's agreement to the selection and appointment.

HANDS-ON ENHANCED IMPLEMENTATION SUPPORT

(HEIS)

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WHEN SHOULD HEIS BE OFFERED TO BORROWER?

Task	HEIS Available (Yes / No)
Drafting Procurement Documents	Yes
Attending pre-bid meetings as observers, including clarifying on matters of the Procurement Regulations for Borrowers	Yes
Attending bid opening as an observer, including clarifying matters of the Procurement Regulations for Borrowers	Yes
Identifying strengths and weaknesses in bids	Yes
Evaluating bids / proposals on behalf of the Borrower	No
Deciding the winning bidder	No
Advising on areas to clarify or negotiate	Yes

WHEN SHOULD HEIS BE OFFERED TO BORROWER?

Task	HEIS Available (Yes / No)
Attending negotiations as observers, including clarifying matters of the Procurement Regulations for Borrowers	Yes
Conducting the negotiations	No
Observing debriefings, including clarifying matters of the Procurement Regulations for Borrowers	Yes
Conducting debriefings on behalf of the Borrower	No
Supporting the Borrower in addressing procurement-related complaints	Yes
Drafting the final award letter/contract	Yes
Supporting the Borrower in defining arrangements for monitoring contract implementation	Yes

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GOVERNANCE

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GOVERNANCE

Accountability

- Holds those involved in the procurement process accountable for their actions (or inactions)

Conflict of Interest

- Those involved in the procurement process should not have a conflict of interest, unless such a conflict has been resolved in an acceptable manner

Eligibility

- The Bank permits individuals from all countries to offer Goods, Works and Non-Consulting Services to Bank-financed projects subject to Bank rules on eligibility and participation

GOVERNANCE (CONT.)

Complaints and complaint related communication

- Complaints and communications related to contractual matters may be brought to the attention of the Borrower or Bank at the appropriate stage of the procurement
- Such complaints should be addressed objectively and in a timely manner with transparency and fairness

Noncompliance

- If Borrowers or other parties not involved in the procurement process do not comply with the applicable procurement requirements, the Bank may in addition to contractual remedies in the relevant legal agreement take appropriate actions

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FRAUD AND CORRUPTION

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FRAUD AND CORRUPTION

The Bank's ACG apply to procurement under Bank IFP operations. Borrowers, bidders, contractors and any sub-contractors, and their personnel, shall observe the **highest standard of ethics** during the procurement process and contract execution of Bank-financed contracts, and **refrain from Fraud and Corruption.**

Corrupt Practice	offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party
Fraudulent Practice	any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation
Collusive Practice	an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party

FRAUD AND CORRUPTION (CONT.)

Coercive Practice

impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party

Obstructive Practice

deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation

acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for under paragraph 2.2 e. below.

The Bank may: a)Reject a proposal for award; b) Declare misprocurement; c)may sanction a firm or individual; d) Require that a clause be included in procurement documents and contracts financed by the Bank, requiring (i) bidders, contractors, and their sub-contractors, and personnel, permit the Bank to inspect all accounts, records and other documents relating to the procurement process, or contract execution, and to have them audited by auditors appointed by the Bank.

PROCUREMENT DELAYS

Delays in procurement does not mean delays of the procurement team

- Lack of adequate definition of Implementation Arrangements
- Lack of adequate definition of procurement scope and realistic and updated budget
- Lack of adequate definition of technical specifications and Terms of Reference
- External pressure to rush procurement process bypassing due diligence
- Weak knowledge of developing technologies and market trends
- Weak understanding of the specific market constraints
- Delays in decision making process from third party beneficiaries
- Mismatch of evaluation committee profiles
- Bureaucratic delays in prior and post decisions
- Inadequate understanding of selection method consequences

What procurement action helped your project most during implementation?

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RESOURCES

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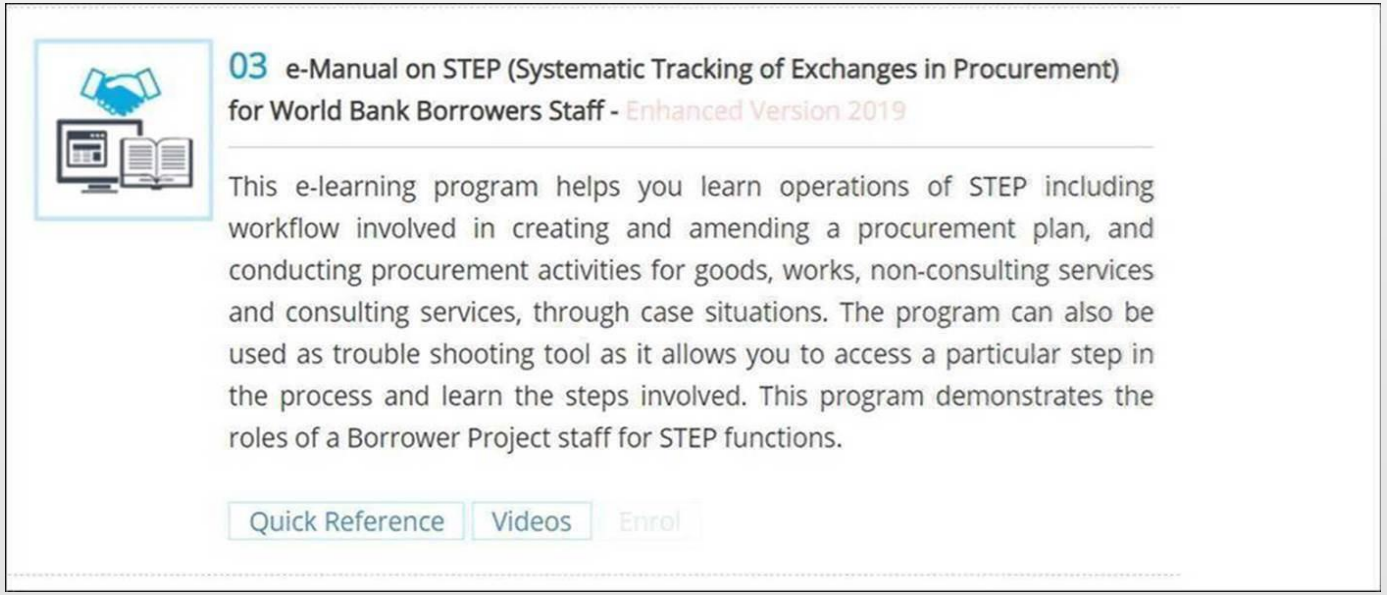
ONLINE RESOURCES

- This presentation provides an overview of the capabilities and functionality of the Bank's new Procurement Planning and Tracking System STEP – Systematic Tracking of Exchanges in Procurement. It is an introduction to the system and its value proposition, providing an overview view of the system framework, core features, and functionality.
- More information on STEP implementation timelines, support teams, and other learning resources are available on the Bank's website link given below.
- https://wbnpf.procurementinet.org/e-learning-programs



THANK YOU!

Questions?

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