



**THE WORLD BANK**

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Operations Policy & Country Services

# **A new Procurement Framework: complementarities and synergies with GPA, pushing the boundaries of WB procurement.**

WTO Agreement on Government Procurement  
(GPA), Geneva, September 2015

(S2.1)

# About Procurement in the World Bank

# **Managing \$30 Billion Spend in 172 countries**

# Background – World Bank Projects



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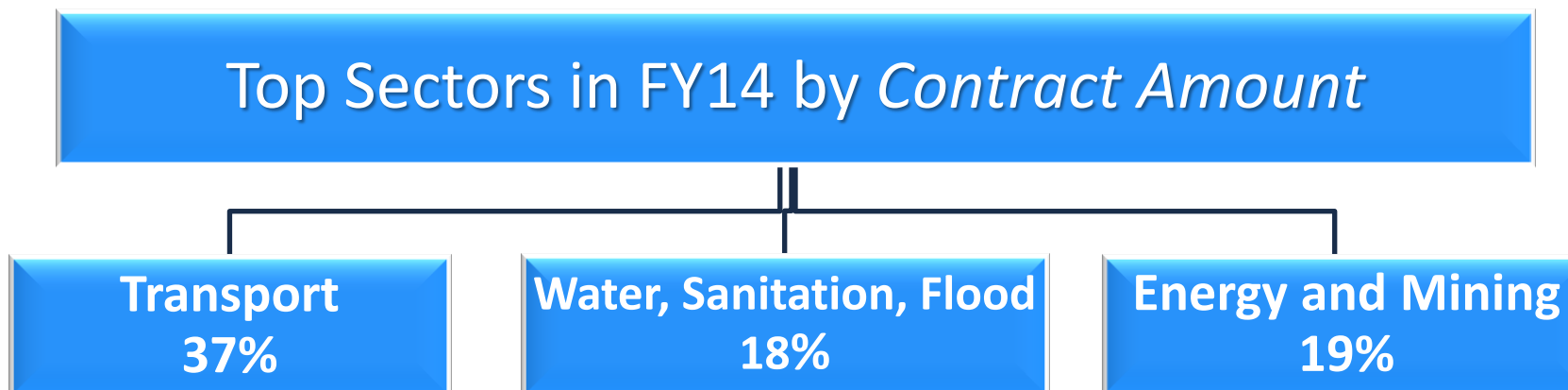




# Background – World Bank Projects



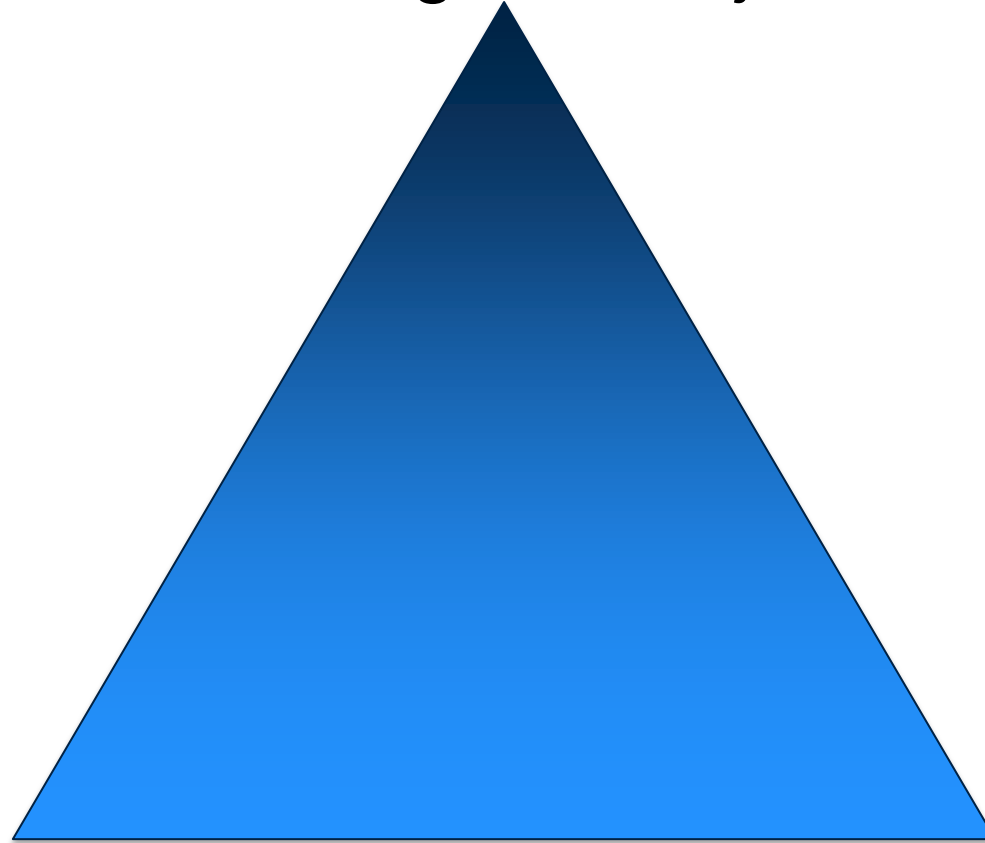
# Background - Main areas of activity



Major Sector	% Contract Amount (Value)
Transportation	37%
Energy & mining	19%
Water/sanit/fld prot	18%
Public admin, Law	7%
Health & social serv	7%
Agriculture	5%
Education	3%
Info & communication	1%
Industry and trade	1%
Finance	1%
Grand Total	100.00%

# Diversity of Operations

Wide Range of Projects



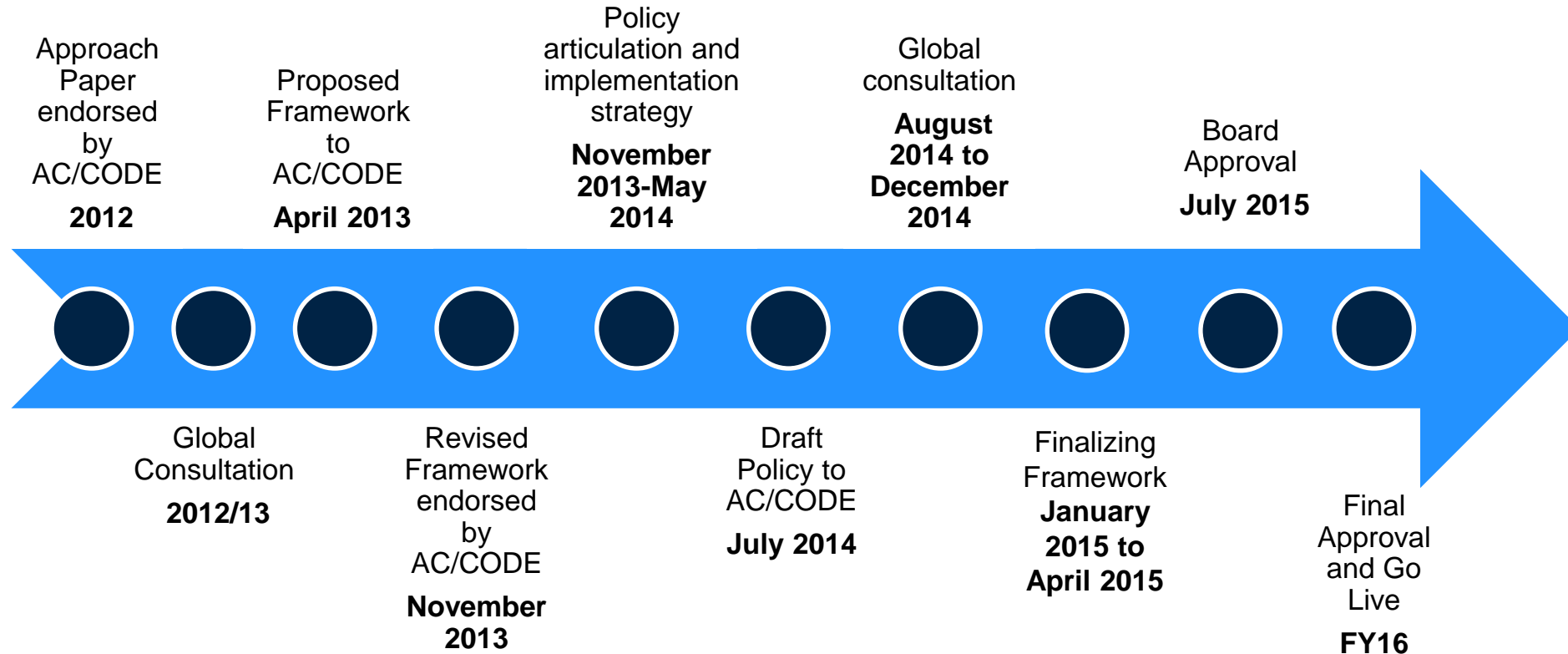
Diverse Places

Mixed Capacity





# Overall Reform Timeline



# 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.



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# **New Procurement Framework**

# Vision

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

# Summary of key changes

- Framework owned by Management
- Build country procurement capacity
- Value for money decision making
- Allow the use of other procurement systems
- Project Procurement Strategy for Development
- Tailored procurement approaches
- Hands-on support
- Strengthen integrity e.g. open data, geotagging
- Introduce sustainable procurement
- Contract Mgmt. & supplier performance

# Summary of key changes

- Streamline low risk work
- Simplified requirements for direct selection, engaging SOEs
- Introduced competitive dialogue
- Allow use of Borrower's framework agreements
- Flexibility when PPP
- Removed restrictions on geographic shortlisting
- Abnormally low bids
- Allow for best and final offer/negotiation/value engineering
- Non-compliance (flexibility)
- Simplified NCB
- More support addressing complaints





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# **Alternative Procurement Arrangements, APA**

# Alternative Procurement Arrangements

## *Issue:*

- 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

# APA – Minimum Requirements



Universal eligibility



Ineligibility of firms temporarily suspended or debarred (joint list for all co-financiers)



ACG, Bank's right to sanction, audit – relevant clauses to be included in suppliers' contracts



Apply Contractual remedies



Handling Complaints



# Alternative Procurement Arrangements

- The methodology is designed to assess borrowers agencies from GPA and Non GPA Countries
- Certain elements that have been assessed as part of the GPA process will not need to be reassessed

## GPA Example

Pillar: Legislative, Regulatory and Policy Framework

Indicator: Scope of application and coverage of the regulatory framework

National Indicator: All laws and regulations must be published and easily available

- WTO assisted the Bank with the development of the assessment methodology for GPA borrower agencies

# Alternative Procurement Arrangements

- Scope of application and coverage of the regulatory framework
  - All laws and regulations must be published and easily available
  - The regulatory framework covers all types of procurement (Goods, Works, Consulting Services and Non-Consulting Services)
- Rule on Participation
  - The regulatory framework details the selection methods that should be used and under what circumstances
  - The regulatory frameworks details the eligibility requirements of providers
- Implementing regulation and or policy that provide defined processes and procedures not included in higher-level legislation
  - Procurement regulations and or policies are consolidated in one single place
- The regulatory body should provide for separation and clarity so as to avoid conflict of interest and direct involvement in the execution of procurement transactions
  - The regulatory framework covers conflicts of interest

# Alternative Procurement Arrangements

- There are systems and procedures for collecting and monitoring procurement statistics
  - There is a system in operation to collect national procurement data
- Are there established norms for the safekeeping of records and documents related to procurement transactions and contract management
  - The regulatory framework establishes a list of the procurement records that must be kept at the operational level
  - There is a document retention policy that is compatible with the statute of limitations in the country for investigating and prosecuting cases of fraud and corruption
- Complaints are effectively managed
  - The regulatory framework provides participants the opportunity to present complaints
  - There is a defined timeframe for responding to complaints



# Alternative Procurement Arrangements

- Decisions are deliberated on the basis of available information, and the final decision can be reviewed and ruled upon by a body (or authority) with enforcement capacity
  - There is an authority in charge of reviewing procurement complaints
  - Providers, bidders or contractors can appeal a final decision
- The procurement arrangement ensures that the complaint review body has full authority and independence for resolution of complaints
  - The complaint review body has full authority and independence for the resolution of complaints
- Procurement Approaches and Methods
  - There are different procurement approaches allowed in the regulatory framework and their conditions of use (such as open or limited competition, direct procurement, national or international) are clearly stated
  - Competitive procurement is the preferred approach

# Alternative Procurement Arrangements

- Advertising rules and time limits
  - There are publication requirements for each type of procurement approach and method included in the regulatory framework
  - There are minimum timeframes for submission of bids/proposals for each procurement method
- Tender documentation and technical specifications
  - The regulatory framework defines the minimum content required to be included in the selection documents
- Procedures for pre-qualification
  - The regulatory framework allows for the use of pre-qualification
- Bid/proposal evaluation and award criteria
  - The regulatory framework defines clearly what can be used as part of the evaluation



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# **Conclusion**

# The Future of Procurement in World Bank Investment Project Finance

**Modern**

**Fit for  
purpose**

**Tailored**

**Responds  
to client  
needs**

**Risk-  
based**





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