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
Background – World Bank Projects
Background – World Bank Projects
Background - Main areas of activity

Top Sectors in FY14 by *Contract Amount*

- **Transport** 37%
- **Water, Sanitation, Flood** 18%
- **Energy and Mining** 19%

<table>
<thead>
<tr>
<th>Major Sector</th>
<th>% Contract Amount (Value)</th>
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<tbody>
<tr>
<td>Transportation</td>
<td>37%</td>
</tr>
<tr>
<td>Energy &amp; mining</td>
<td>19%</td>
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<tr>
<td>Water/sanit/fld prot</td>
<td>18%</td>
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<tr>
<td>Public admin, Law</td>
<td>7%</td>
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<tr>
<td>Health &amp; social serv</td>
<td>7%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>5%</td>
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<tr>
<td>Education</td>
<td>3%</td>
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<tr>
<td>Info &amp; communication</td>
<td>1%</td>
</tr>
<tr>
<td>Industry and trade</td>
<td>1%</td>
</tr>
<tr>
<td>Finance</td>
<td>1%</td>
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<tr>
<td><strong>Grand Total</strong></td>
<td><strong>100.00%</strong></td>
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Diversity of Operations

- Wide Range of Projects
- Diverse Places
- Mixed Capacity
**Overall Reform Timeline**

- **Approach Paper endorsed by AC/CODE**: 2012
- **Proposed Framework to AC/CODE**: April 2013
- **Policy articulation and implementation strategy**: November 2013-May 2014
- **Global consultation**: August 2014 to December 2014
- **Revised Framework endorsed by AC/CODE**: November 2013
- **Draft Policy to AC/CODE**: July 2014
- **Finalizing Framework**: January 2015 to April 2015
- **Board Approval**: July 2015
- **Final Approval and Go Live**: FY16
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.
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 owns 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
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
Conclusion
The Future of Procurement in World Bank Investment Project Finance

- Modern
- Fit for purpose
- Tailored
- Responds to client needs
- Risk-based
For comments and more information, go to our consultation website or email dberroa@worldbank.org