



Procurement under World Bank funded Projects



July 2015

The “World Bank Group”

<p>International Bank for Reconstruction and Development (IBRD) Issuer of World Bank Bonds</p>  <p>1944</p>	<p>International Development Association (IDA)</p>  <p>1960</p>	<p>International Finance Corporation (IFC)</p>  <p>1956</p>	<p>Multilateral Investment Guarantee Agency (MIGA)</p>  <p>1988</p>	<p>International Centre for the Settlement of Investment Disputes (ICSID)</p>  <p>1966</p>
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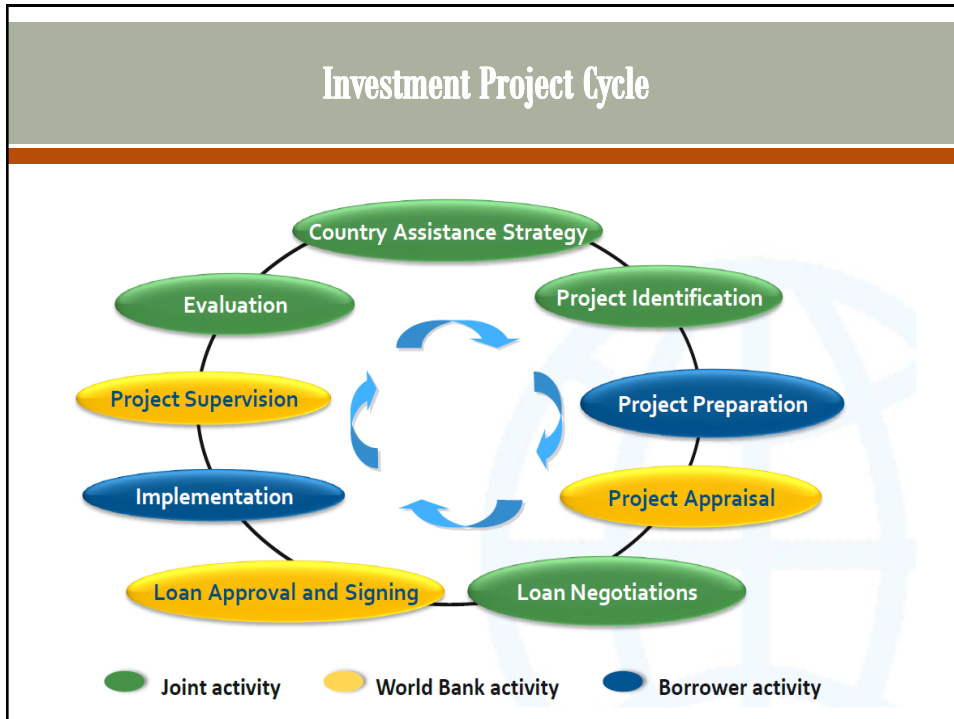
Mission

Help developing countries and their people reach the Millennium Development Goals by working with our partners to alleviate poverty.

Millennium Development Goals

- The World Bank and its member countries are working towards the 8 Millennium Development Goals, which aim to reduce poverty by half by 2015

1	2	3	4	5	6	7	8
Eradicate extreme poverty and hunger	Achieve universal primary education	Promote gender equality and empower women	Reduce child mortality	Improve maternal health	Combat HIV/AIDS, malaria, and other diseases	Ensure environmental sustainability	Develop global partnerships
							



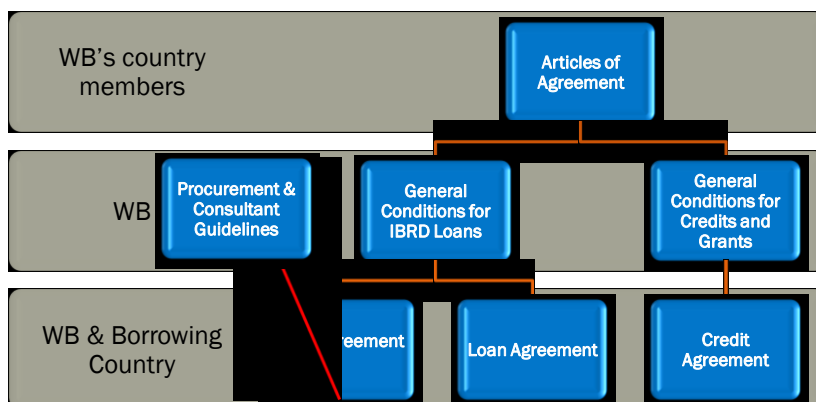
Introduction

- ❖ The Articles of agreement require the World Bank to ensure that the proceeds of Loan/Credit are used for the purposes intended with due attention to economy and efficiency.
- ❖ Accordingly, Bank has developed Guidelines (i) for procurement of Goods, Works, and (ii) Selection of Consultancy Services. Bank Guidelines explain the various procedures acceptable and these are applicable only to the extent provided in the Legal Agreements for specific projects.
- ❖ Procurement is an important aspect of Bank's operation. It is a critical element in Project Implementation and unless it is carried out efficiently and promptly, the full benefits of the Project cannot be realized.

Introduction....

- ❖ Bank loans/credits are normally disbursed as expenditures are incurred. Since delays in procurement delays disbursements, every effort should be made to ensure prompt handling of procurement.
- ❖ Good procurement practices alone cannot assure that the Bank assisted projects will achieve their development goals. But poor procurement practices virtually guarantee that these goals will not be fully achieved.
- ❖ The responsibility for the execution of the Project and therefore for the award and administration of the contracts under the Project rests with the CLIENT/ PROJECT

Hierarchy of legal documents governing Bank operational procurement



What is Bank Procurement ?



Procurement

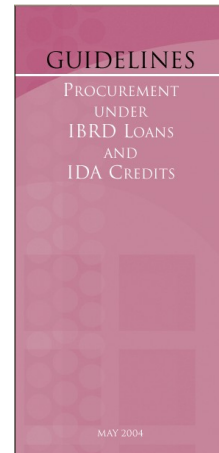
- Applicable Procurement Guidelines May 2004, updated Oct 2006 revised May 2010 (Latest Guidelines are January 2011)
- Public Procurement
 - Economy
 - Efficiency
 - Transparency
 - Fairness



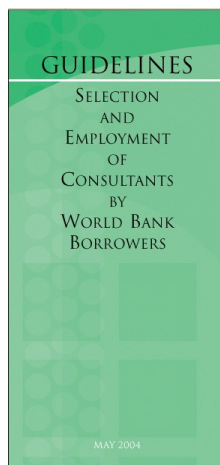
Procurement Guidelines (January 2011 revised May 2014)

Goods and Works & Non consulting services

- I. Introduction
- II. International Competitive Bidding
- III. Other Methods
- IV. Appendices



Consultant Guidelines (January 2011 revised May 2014)



Consulting Services

- I. Introduction
- II. Quality- and Cost-Based Selection
- III. Other Methods
- IV. Types of Contracts and Important Provisions
- V. Selection of Individual Consultants
- VI. Appendices

TWO TYPES OF PROCUREMENT

GOODS AND WORKS.

- PRODUCT BASED / DETAILED SPECIFICATIONS
- OPEN COMPETITION
- NO LIMIT ON THE NUMBER OF BIDDERS EVEN IN CASE OF PRE QUALIFICATION
- PRICE PLAYS AN VERY IMPORTANT ROLE IN BID EVALAUTION
- PUBLIC OPENING OF BIDS
- SINGLE STAGE PROCEDURE NORMALLY

CONSULTING SERVICES

- KNOWLEDGE BASED / TERMS OF REFERENCE (GENERAL WORK PROGRAM)
- SHORTLISTS (6)
- PRICE PLAYS RELATIVELY A MINOR ROLE AND DEPENDING ON THE SELECTION METHOD
- NON-PUBLIC OPENING OF TECHNICAL PROPOSAL
- PUBLIC OPENING OF FINANCIAL PROPOSALS
- TWO-STAGE PROCEDURE

TWO TYPES OF PROCUREMENT

GOODS AND WORKS.

- NEGOTIATIONS ON AN EXCEPTIONAL BASIS
- CONTRACT MUST BE AWARDED TO LOWEST EVALUATED RESPONSIVE BIDDER
- MEASURABLE PHYSICAL OUTPUT

CONSULTING SERVICES

- NEGOTIATIONS NORMAL AND STARTING WITH THE TOP RANKED FIRM
- CONTRACT AWARD IS SUBJECT TO COMPLETING CONTRACT NEGOTIATIONS WITH TOP RANKED FIRM
- MOSTLY INTELLECTUAL OUTPUT (DIFFICULT TO MEASURE)

Standard Bidding Documents and Standard Requests for Proposals (SRFP)

- Bank has developed standard bidding documents. These are based on Bank's experience over the years.
- Goods – Textbooks, Health Sector Goods (Pharmaceutical, vaccines)
- Works – Small / Large
- Prequalification document for Works
- Consultancy Services
- Supply and Installation
- Information Systems
- Non consultancy services – **Performance of a Measurable Output - Mapping, Drilling etc**
- www.worldbank.org/procure

Applicability of Guidelines

The procedures outlined in these Guidelines **apply to all contracts for goods and works financed in whole or in part from Bank loans**. For the procurement of those contracts for goods and works not financed from a Bank loan, the Borrower may adopt other procedures.

In such cases the Bank shall be satisfied that the procedures to be used will fulfill the Borrower's obligations to cause the project to be carried out diligently and efficiently, and that the goods and works to be procured:

- (a) are of satisfactory quality and are compatible with the balance of the project;
- (b) will be delivered or completed in timely fashion; and
- (c) are priced so as not to affect adversely the economic and financial viability of the project.

This includes those cases where the Borrower employs a procurement agent under para. 3.10.

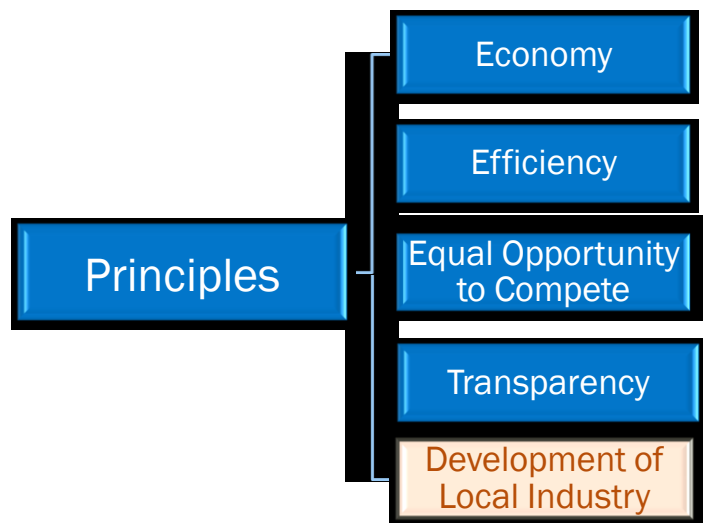
Eligibility

- ❖ Bank permits firms and individuals from all countries to offer goods, works, and non-consulting services.

Exceptions:

- ❖ Exclude firms if Borrower's country prohibits commercial relations with the country where Goods are manufactured.
- ❖ By an act of compliance with a decision of the United Nations Security Council, the Borrower's country prohibits any import of goods from, or payments to, a particular country, person, or entity.
- ❖ Government-owned enterprises may participate only if they can establish that they (i) are legally and financially autonomous, (ii) operate under commercial law, and (iii) are not dependent agencies of the Borrower or Sub-Borrower .
- ❖ A firm sanctioned by the Bank.

Considerations That Guide World Bank Procurement Policies



Considerations That Guide World Bank Procurement Policies

- ❖ What do you mean by ECONOMY ? **Achieving ECONOMY is getting the *right* thing at the *right* price. VALUE FOR MONEY (VfM)**
- ❖ What is Efficiency? **With ECONOMY in price and choice of item, ensuring its arrival in the *RIGHT TIME* and *RIGHT PLACE* for its intended use is EFFICIENCY**

Considerations That Guide World Bank Procurement Policies

- ❖ Transparency? **is letting everyone know not only facts and figures of procurement, but also mechanisms and processes followed Right to Information**
- ❖ Equal Opportunity and Fairness? **Demonstrating impartial, unbiased, and equitable treatment. *...is conforming with rules and standards, free from discrimination and dishonesty***



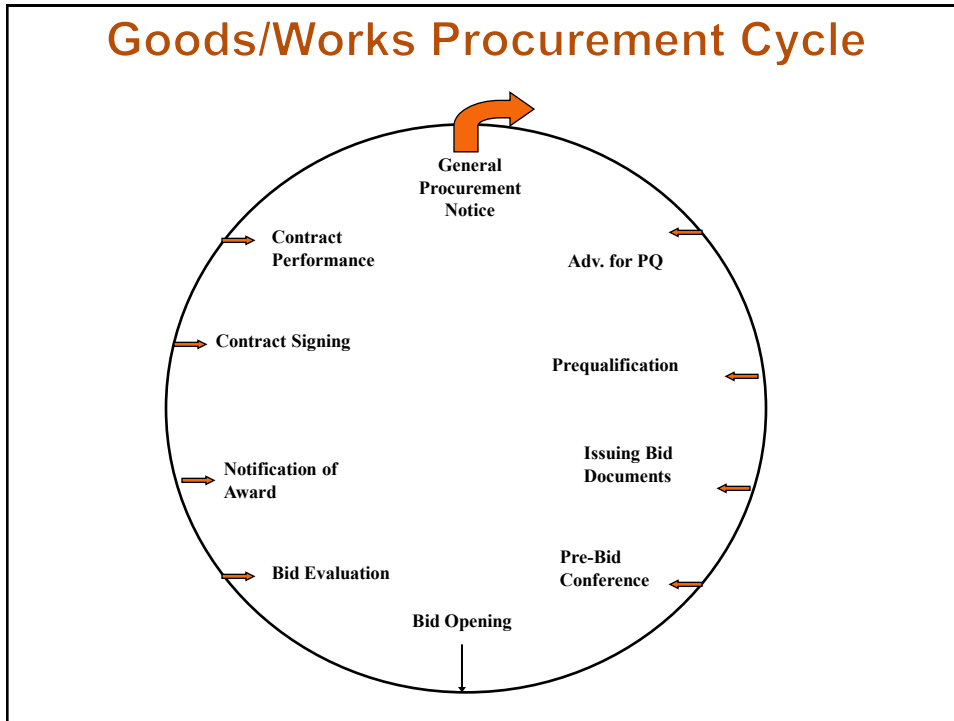
Considerations That Guide World Bank Procurement Policies

- ❖ Bank's interest as a co-operative institution in giving all eligible bidders from developed and developing countries an opportunity to compete
- ❖ Bank's interest as a development institution in **encouraging the development of domestic contracting and manufacturing industries as well as Consulting Services**

Different Methods of Procurement Methods

- International Competitive Bidding (ICB)
- Limited International Competitive Bidding (LIB)
- National Competitive Bidding (NCB)
- Shopping
- Direct Contract (DC)
- Force Account

Goods/Works Procurement Cycle



Different Methods of Selection Process

- Quality Cum Cost Based Selection (QCBS)
- Quality Based Selection (QBS)
- Least Cost Selection (LCS)
- Fixed Budget Selection (FBS)
- Consultant's Qualification Method (CQS)
- Sole Source Selection (SSS)
- **Individual Consultants (IC)**

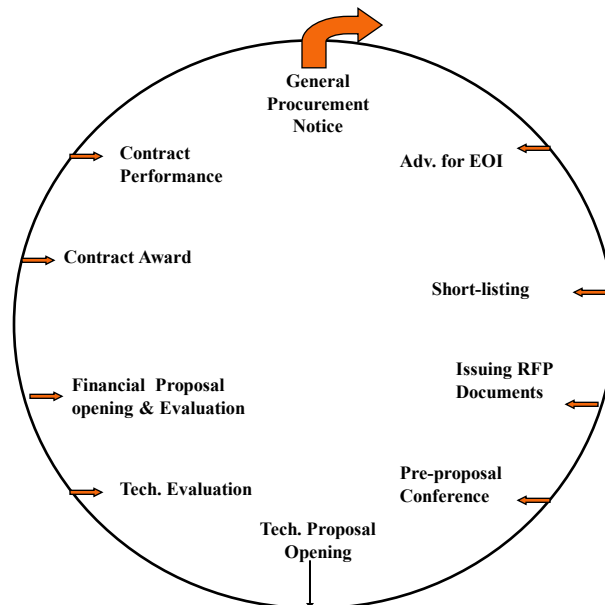
Request for Proposal (RFP)

Bank's Standard Request For Proposals (SRFP)

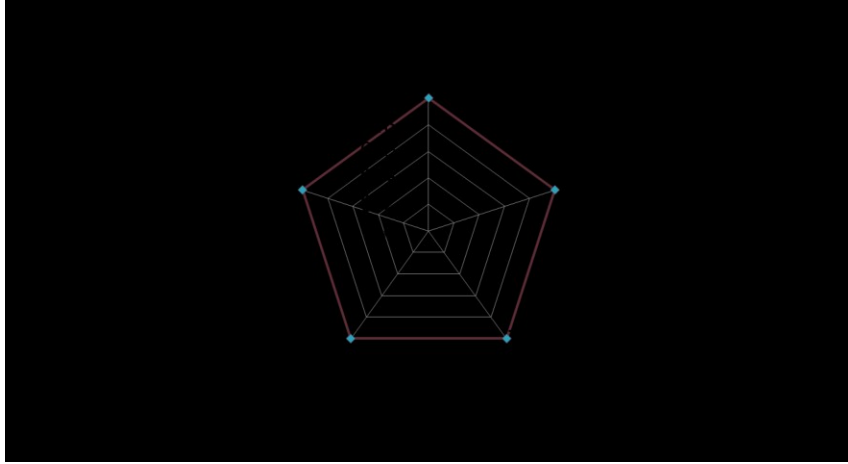
Contents

- Letter of Invitation
- Information to Consultants – Data Sheet
- Standard form for submitting Technical Proposals
- Standard form for submitting Financial proposals
- Terms of Reference
- Standard form of Contract
- Information on Financial negotiations

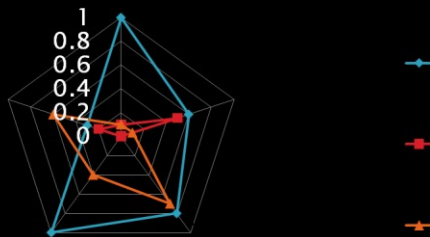
Consultant Selection Cycle



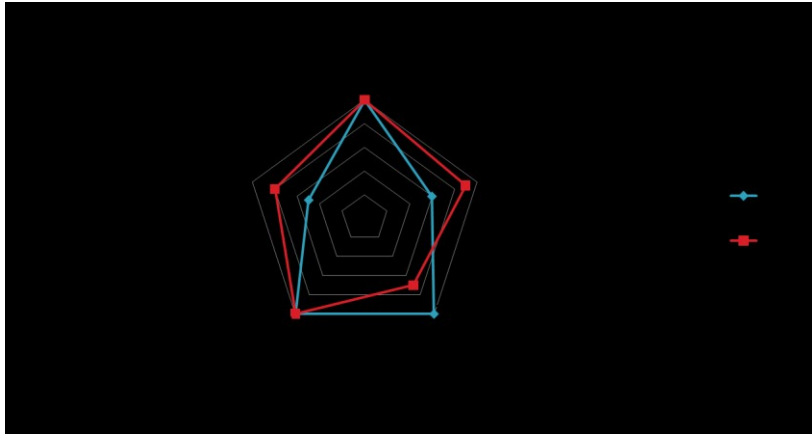
Basic Principles of Bank Procurement



e.g.: Construction of a Power Plant

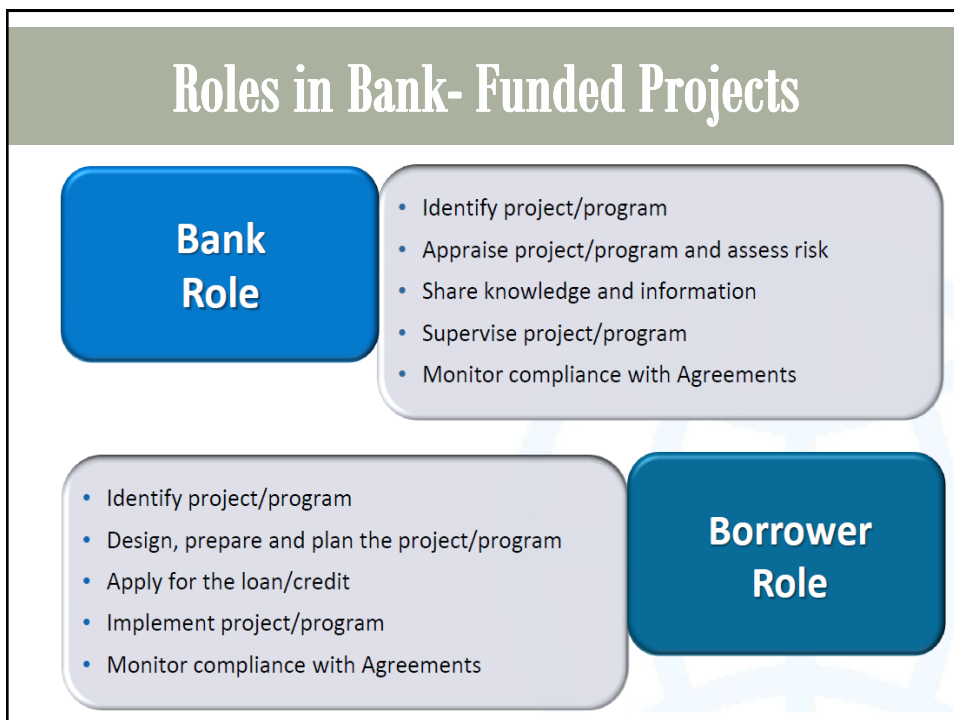
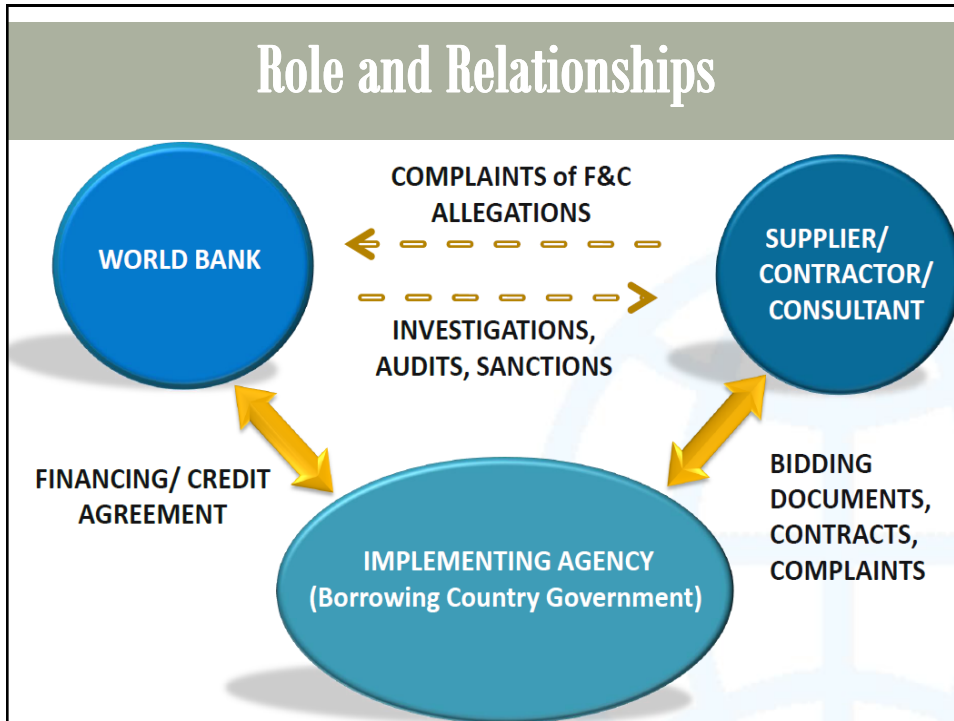


e.g.: Rehabilitation of a Rural Road



Bank's Preference

- Open Competition is the basis of efficient Public Procurement.
- Borrowers to select appropriate Method for each Package and discuss during appraisal.
- ICB should be chosen where feasible/appropriate with domestic preference if applicable .
- Procurement Plan should indicate the appropriate method chosen, package wise, for review by Bank.
- The Reference to PP is reflected in legal agreements.



The Bank's Role in Procurement

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 review, independent reviews
- Investigate allegations of fraud and corruption; apply sanctions if determined as a result of investigations

Borrower's Role in Procurement

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

Consequence of Poor Procurement Planning



PROCUREMENT PLAN

- **Procurement Plan should be prepared separately for:**
 - Goods
 - Works
 - Non consulting services
 - Consulting Services

- **The procurement Plan should take into account the procurement strategy, and various factors like:**
 - Size of the contracts taking into account availability of qualified suppliers/contractors and their capacity;
 - Packaging of contracts for similar goods and works;
 - Appropriate methods of procurement for goods & works (ICB, NCB, Shopping etc.) and consulting services (QCBS, CQS, LCS, Individual Consultants, etc.)

PROCUREMENT PLAN

- ❖ Procurement Plan should indicate the method, review by Bank (Prior / Post).
- ❖ Methods of procurement to be adopted as well as review by Bank will be **decided based on the total value of a Tender** rather than on the value of each individual contract / schedule / lot / slice.
- ❖ Try to achieve economies of scale, by procuring items required during a period thru a single procurement process

PROCUREMENT PLAN

Summary of the Procurement Packages planned during the first 18 months *[List the Packages which require Bank's prior review first and then the other packages]*

Ref No.	Description	Estimated Cost US\$ million	Packages	Domestic Preference (yes/no)	Review by Bank (Prior / Post)
	Summary of the ICB (Works)	82	5	No	Prior
	Summary of the ICB (Goods)	43.77	15	No	Prior
	Summary of the NCB (Works)	64.53	18	No	Post
	Summary of the NCB (Goods)	1.86	4	No	Post
	Summary of the ICB (Non-Consultant Services)	0.45	1	No	Prior

GOODS/WORKS

	ICB	NCB	Shopping	Force Account/ Direct
Works, Supply & Installation	> 40 Million USD	100,000 to <=40 Million	Up to USD 100,000	As per guidelines 3.8 with prior agreement of the Bank
Goods IT equipment and Non-consulting services	> 3,000,000 USD	< 3,000,000 & > 100,000	Up to 100,000 USD	Direct Contracting 3.6 of the guideline with prior agreement of the Bank

Consultant Selection

QCBS	QBS/FBS/ LCS	CQS	Single Source
Default method	Able to meet the provisions of the guidelines	< 200,000 USD	Justification in line with guidelines

➤ Individual Consultants

Prior Review Threshold for Procurement of Works, Goods and IT System			
Procurement Method	Prior Review Threshold	Prior Review by CPMU at CWC	Remarks
Goods, IT Systems and Non Consulting Services	>= US\$ 500,000	US\$ 200,000 <= contracts < US \$ 500,000	In addition first contract respective of the value for both ICB and NCB for goods, IT Systems and Non Consulting Services will be subject to Prior Review by the Bank for each implementing agency
Works, Supply & Installation	>= US\$ 5,000,000	US\$ 100,000 <= contracts < US \$ 5,000,000	In addition first contract respective of the value for both ICB and NCB for goods for Works and Supply & Installation will be subject to Prior Review by the Bank for each implementing agency
Direct Contracting	All contracts wherein the estimate is less than USD 10,000	NIL	
Force Account	All contracts irrespective of value	NIL	

Prior Review Threshold for Procurement of Consultancies		
Selection Method	Prior Review Threshold	Remarks
Competitive Methods (Firms]	>= US\$ 200,000	In addition first contract respective of the value for each method of section [QCBS Time based, QCBS-Lump sum, QBS, FBS and Least Cost to be prior reviewed by the Bank for each implementing agency
Single Source	All	All single source contracts shall be subject to prior review by the Bank except when estimate is less than USD 10,000
Individual Consultants	> US \$ 100,000	

