



WORLD BANK GROUP

World Bank Procurement Framework & Business Opportunities

Tokyo, February 2016

Agenda

- A. World Bank – Facts and Figures
- B. Objectives of the new framework
- C. The Journey
- D. Modernized Procurement Framework (NPF)
 - Core principles
 - Sustainable procurement
 - Alternative Procurement Arrangements
 - Contract Management
 - Complaints Handling
- E. Implementation of the NPF
 - Readiness
 - Standard Bidding Documents – what's new?
- F. Finding bidding opportunities
- G. Conclusions

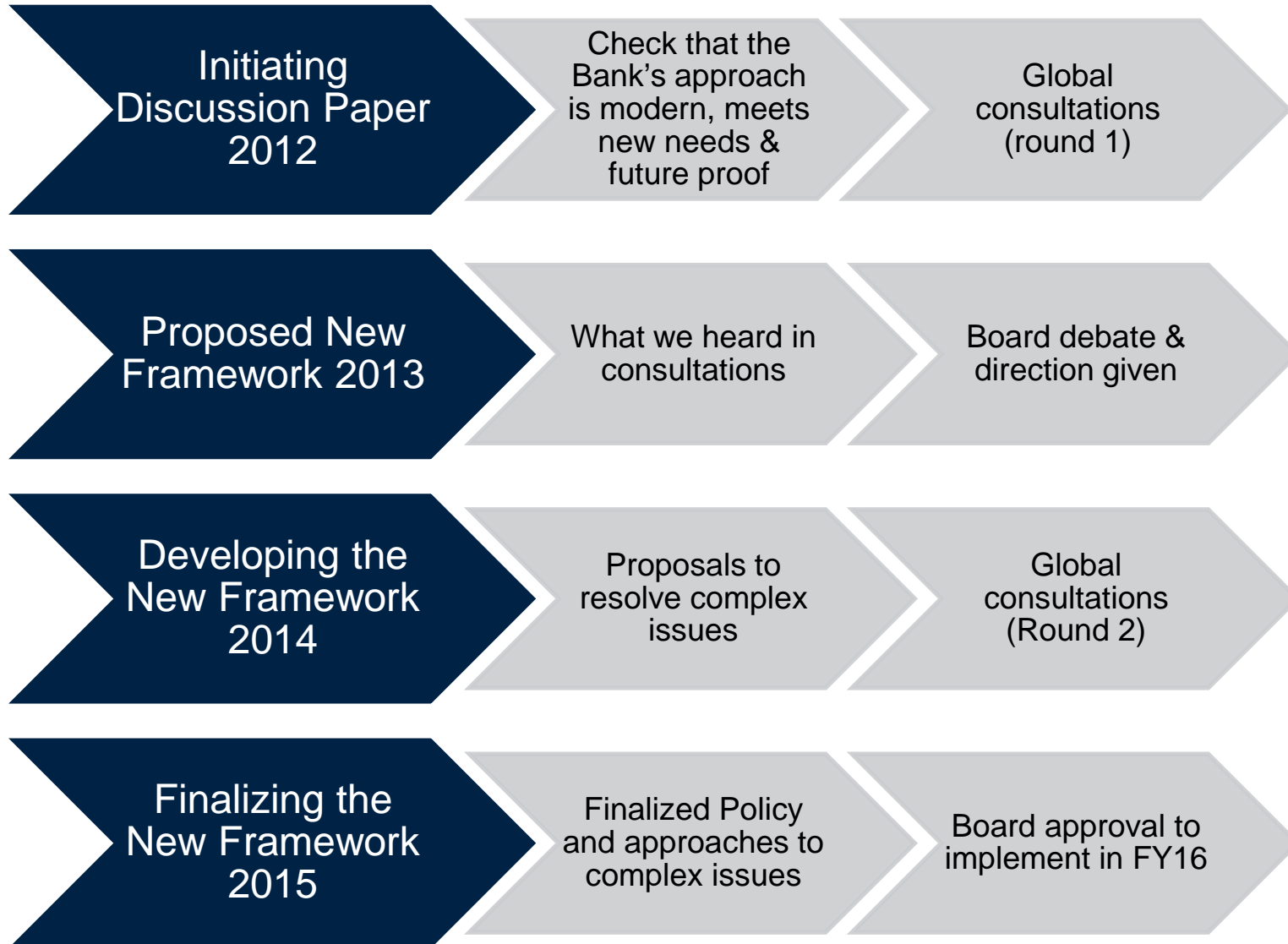
A. World Bank – Facts and Figures

- Multilateral Development Bank
- Most Government's represented
- Bank funds over 1,800 investment projects in 172 countries
- Procurement portfolio worth about US\$44 Billion in total
- Annual procurement's circa US\$15 to \$20 Billion
- Bank's procurement system started over 50 years ago
- New modernized Procurement Framework based on feedback from 5,000 people around the World
- Great Apps for finding bidding opportunities/information
- 250 procurement staff in 72 countries support projects

B. Objective of the new Framework

- Modernize how the Bank engages with borrowers, NGOs and the private sector in project activities
 - Enables key participants (borrowers/suppliers) to collaborate and deliver value for money outcomes
- Introduce flexibility in the design of procurement processes to ensure that they are fit for purpose and appropriate to the size, value and risk of the project
- Provide modern and efficient procurement approaches and methods
 - Allows innovation in the solutions that the Bank finances
- Increase transparency by providing access to procurement information

C. The Journey



You Said - We Did

What you said:

- Take a more strategic approach informed by up-front analysis of markets, industry practices, and competition
- Apply value-for-money (VfM) decision making for award of contract
- Define parameters for use of other MBDs and borrower's procurement arrangements and institutions
- Bank staff to provide hands-on implementation support to procurement, particularly in low-capacity environments and to support the optimal use of complex procurement methods

What we did:

- Introduced the Project Procurement Strategy for Development which facilitates more strategic procurement approach informed by up-front analysis of markets, industry practices, and competition.
- Allowed the use of value-for-money criteria for contract award decisions based on the most advantageous bid/proposal
- Provided clearly defined circumstances for use of alternative procurement arrangements in Bank projects
- Allowed Bank staff to provide hands on support to borrowers, particularly in low-capacity environments and in use of complex procurement methods

You Said - We Did

What you said:

- More Bank involvement in dealing with complaints
- More Bank support to contract management in the most significant procurements
- New thinking needed about the Bank's approach to fraud and corruption
- Provide procurement methods that are context-specific, proportional, and best fit for purpose

What we did:

- Enhanced the Bank's approach to procurement-related complaints
- Provided stronger involvement of the World Bank in contract management
- Expanded the management of fraud and corruption issues in the Bank funded procurements
- Inclusion of procurement methods that will be determined through the PPSD to be context-specific, proportional, and best fit for purpose

You Said - We Did

What you said:

- Promote sustainable procurement
- Set metrics to measure results on the ground and use e-procurement to provide procurement data
- Initiate external sectoral engagement to investigate opportunities to improve procurement arrangements

What we did:

- Allowed the use of additional sustainable procurement criteria in Bank funded evaluation of bids/proposals if borrower requests
- Enabled better access to procurement data and metrics through electronic systems
- Establishment of an external sectoral engagement program approved

D. Modernized World Bank Procurement Framework: Core Procurement Principles

- Value for money
 - is the 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
 - takes into consideration 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

D. Modernized World Bank Procurement Framework:

Core Procurement Principles

➤ Integrity

- refers to the 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 both 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

D. Modernized World Bank Procurement Framework:

Core Procurement Principles

➤ Transparency

- the Borrower and the Bank enable appropriate review of the procurement activities, supported by appropriate documentation and disclosure
- that relevant procurement information be made publicly available to all interested parties, consistently and in a timely manner, through readily accessible and widely available sources at reasonable or no cost
- the use of 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

D. Modernized World Bank Procurement Framework: Sustainable Procurement Criteria

- Use of sustainable procurement criteria introduced to enhance sustainable development
- Non-mandatory to be used if borrower requests
- Procurement approach with sustainable procurement criteria to be consistent with Core Procurement Principles
- Use risk assessment to identify opportunities:
 - Criteria for selection
 - Specification
 - Bid evaluation
- Whole life cost assessment/rated criteria

D. Modernized World Bank Procurement Framework: Alternative Procurement Arrangements (APA)

- Use of APA is the delegation of procurement leadership on Bank financed projects to: multilateral or bilateral agency or organization; or an agency, or entity of the Borrower
- The Bank assesses the procurement arrangements of another party before accepting to delegate procurement leadership in a project to it
- Use of APA is subject to Core Procurement Principles, Governance (such universal eligibility) and Bank's sanctions and Anticorruption regimes
- Use of APA will increase country ownership; strengthen management capacity; bring greater alignment of donor funds; and reduce transaction costs

D. Modernized World Bank Procurement Framework: **Contract Management**

- Contract management approach detailed in PPSD
- Key Performance Indicators (KPIs) to be set that include regular review by Bank procurement staff
- Contract management reviews will involve discussion with clients and contractors/suppliers – discussing KPIs
- For high value /high risk procurements subject to the Operational Procurement Review Committee (OPRC) review, progress will be reported periodically to the OPRC

D. Modernized World Bank Procurement Framework: Contract Management

- Contract management plan covers:
 - Risk management
 - Roles and responsibilities
 - Relationship management (communication and reporting procedures)
 - Key terms and conditions
 - Key milestones and payment provisions
 - Deliverables and KPIs
 - Contract administration (Variation and change control, record keeping)

D. Modernized World Bank Procurement Framework: Enhanced Complaints Handling

- Bank will be more involved in complaints handling through:
 - Centrally monitoring procurement related complaints
 - More support to Task Teams on complaints handling
- Borrowers required to copy all complaints to the Bank and to resolve them appropriately and in a timely manner
 - Business standards and measures for tracking complaints established – with non-compliance actions available
- More streamlined complaints submission by bidders/consultants through provision of:
 - A standstill period to submit their complaint before the borrower proceeds to signing the contract in all cases;
 - A standstill period following the notification of the results of technical evaluation for consultants to complain before opening of the financial proposals
 - Debriefings by borrowers within standstill period

E. Implementation: **Readiness**

- Implementation scheduled for July 1, 2016 for:
 - Projects with a Project Identification Document (PID) dated July 1, 2016 and onwards
 - Early adopters

- The following areas critical areas identified for implementation readiness:
 - Training, Learning & Accreditation
 - Documentation and Guidance Materials
 - Communications and Outreach
 - Key Systems
 - Metrics, Monitoring & Evaluation

E. Implementation: **Standard Procurement Documents – what's new?**

- New generic name = **Standard Procurement Documents (SPDs)**
- 25 separate documents being updated to include use of VfM rated criteria, standstill periods, open data, etc.
- SPD updates in two phases:
 - Phase 1: *minimal changes only - Aug 2015 to Mar 2016*
 - Phase 2: *continued review of SPD's structure & format - from Jul 2016*



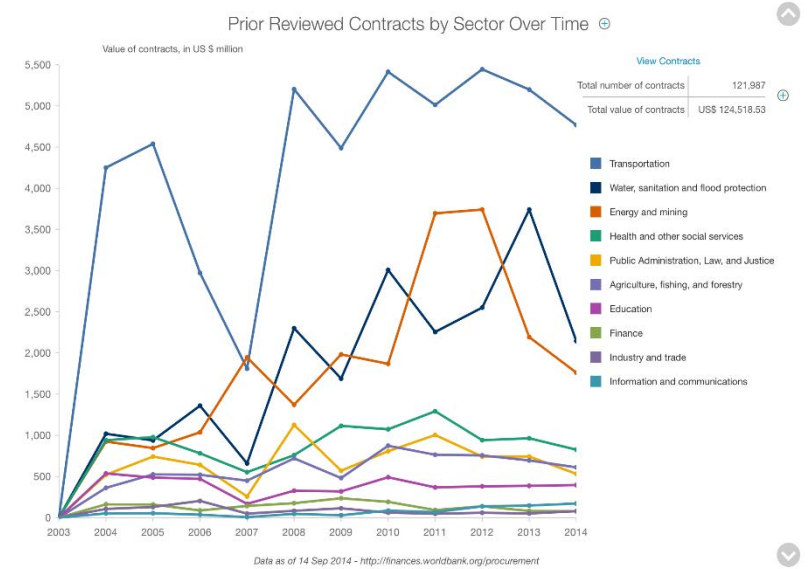
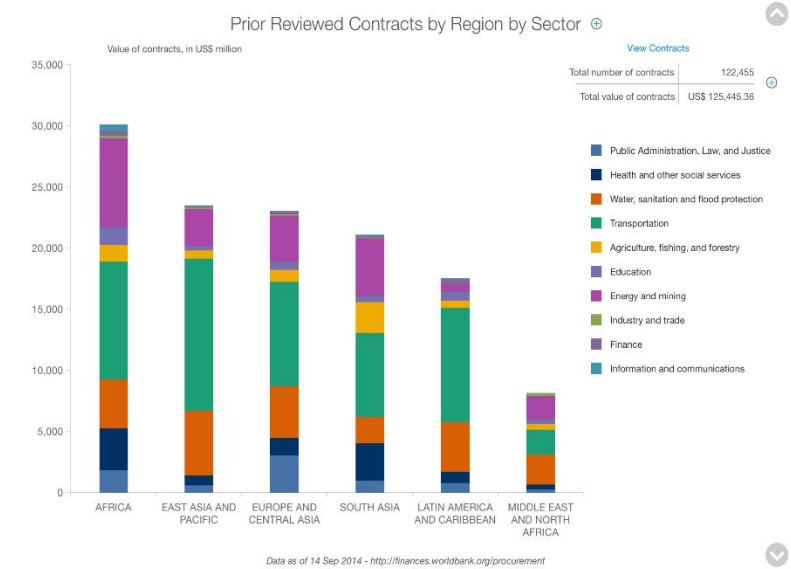
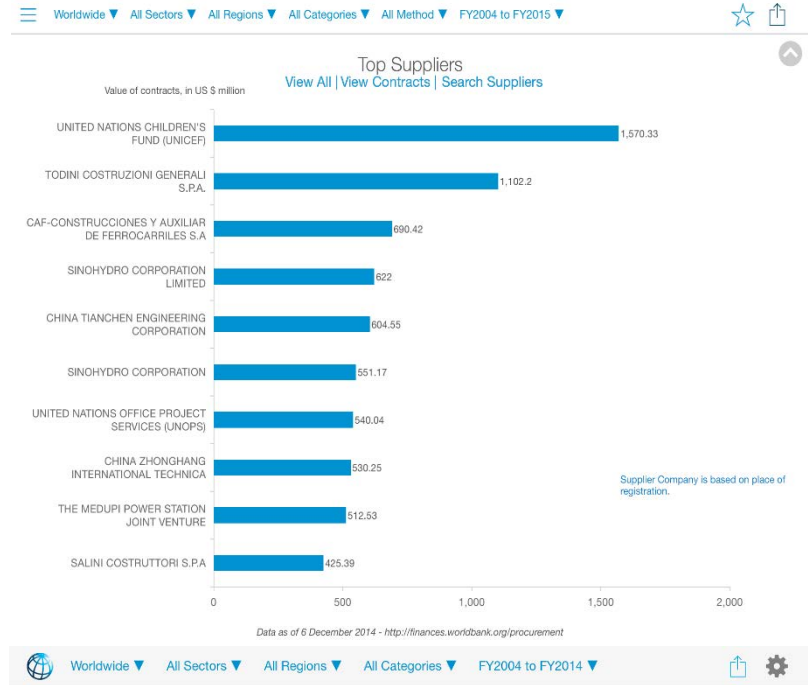
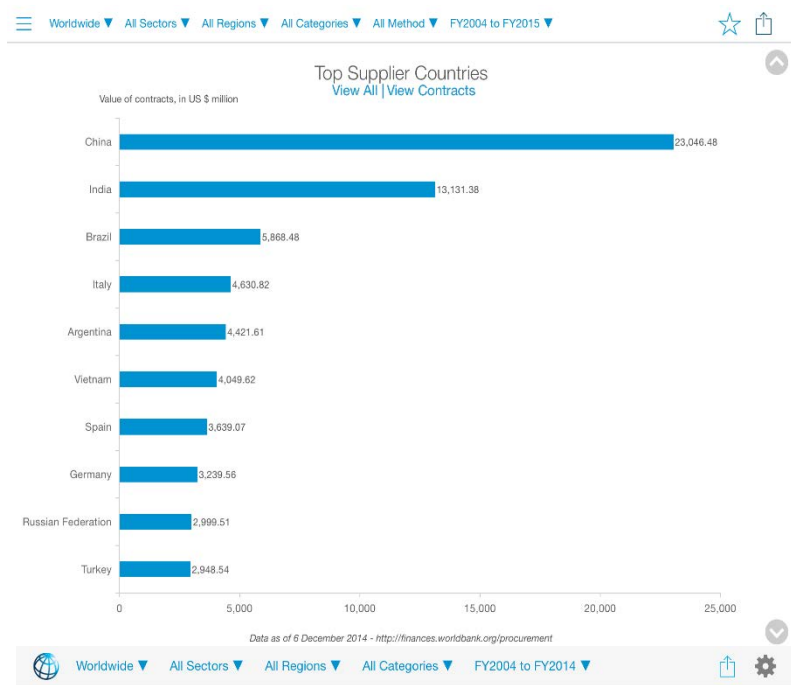
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F. Finding Business Opportunities

World Bank Procurement App

- The App provides:
 - Procurement data on major contract awards
 - Allows the public to explore complex datasets
 - The App enables the public to look at:
 - Ratios
 - Trends
 - Supplier Rankings
 - Easily accessible menus and filters make it easy to mix and match at many levels of aggregation
 - Enables the public to easily explore large amounts of data
 - Includes an email feature that imports charts, figures, and tables into email messages
 - The App is available for iPad and is being developed for iPhone/Android
- The App can be downloaded at the Apple Store for free

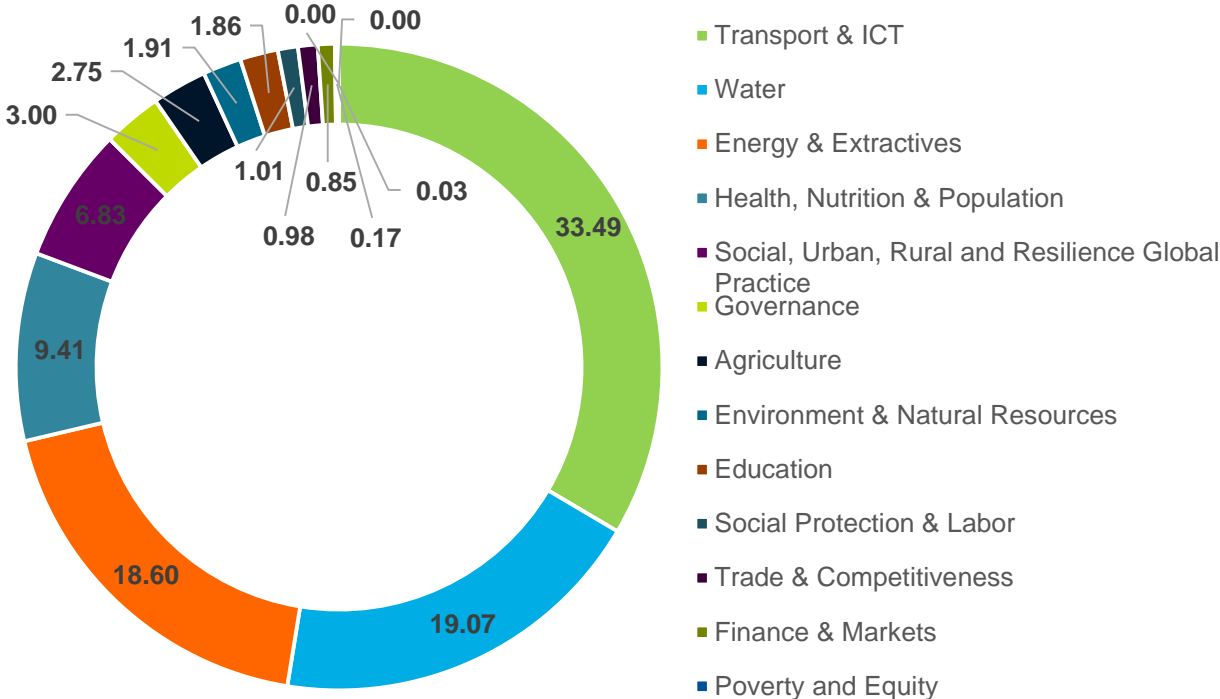
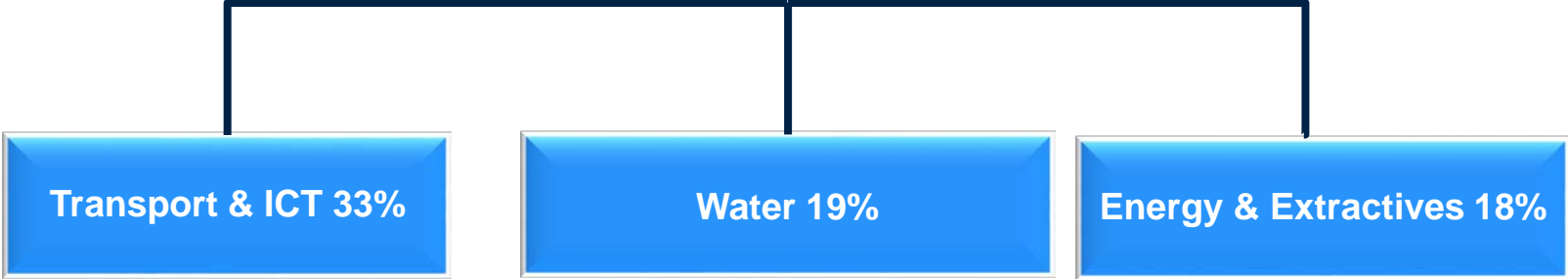
World Bank Procurement App [\(link\)](#)



World Bank Group Finances App

- Allows users to quickly access Bank portfolio of projects, finances, and procurement data:
 - Access in one of nine different languages (Arabic, Bahasa Indonesia, Chinese, English, French, Hindi, Portuguese, Russian, and Spanish) from any place in the world
 - Locate the projects in your neighborhood financed by the Bank, including the major awarded contracts
 - Receive Procurement/Tender Notices and follow business opportunities in more than 100 countries
 - Get updates on pending projects in the pipeline, as well as latest approved projects
 - Check the disbursements data, updated monthly, and the contributions to Trust Funds
 - Engage with the Bank by sharing, following its projects and investments, or reporting back

Top areas of spend in FY15



FY15 Top Ten Borrowers

Ranking	Country	IBRD	# of Projects	% of Total Amount
1	India	1678465601	26	27.6%
2	China	836674256.6	59	13.8%
3	Egypt, Arab Rep	772147708.6	7	12.7%
4	Brazil	341700738.8	32	5.6%
5	Serbia	275429515.7	6	4.5%
6	Indonesia	248819902.2	12	4.1%
7	Lebanon	246914784.8	5	4.1%
8	Argentina	182667714.6	14	3.0%
9	Philippines	166565693.1	4	2.7 %
10	Azerbaijan	137207369.3	9	2.3%
Total	Grand Total	6086331568	353	

Source OA: Procurement Contract Detail - Additional Selections 11/12/2015

FY15 Top Ten Supplier Countries

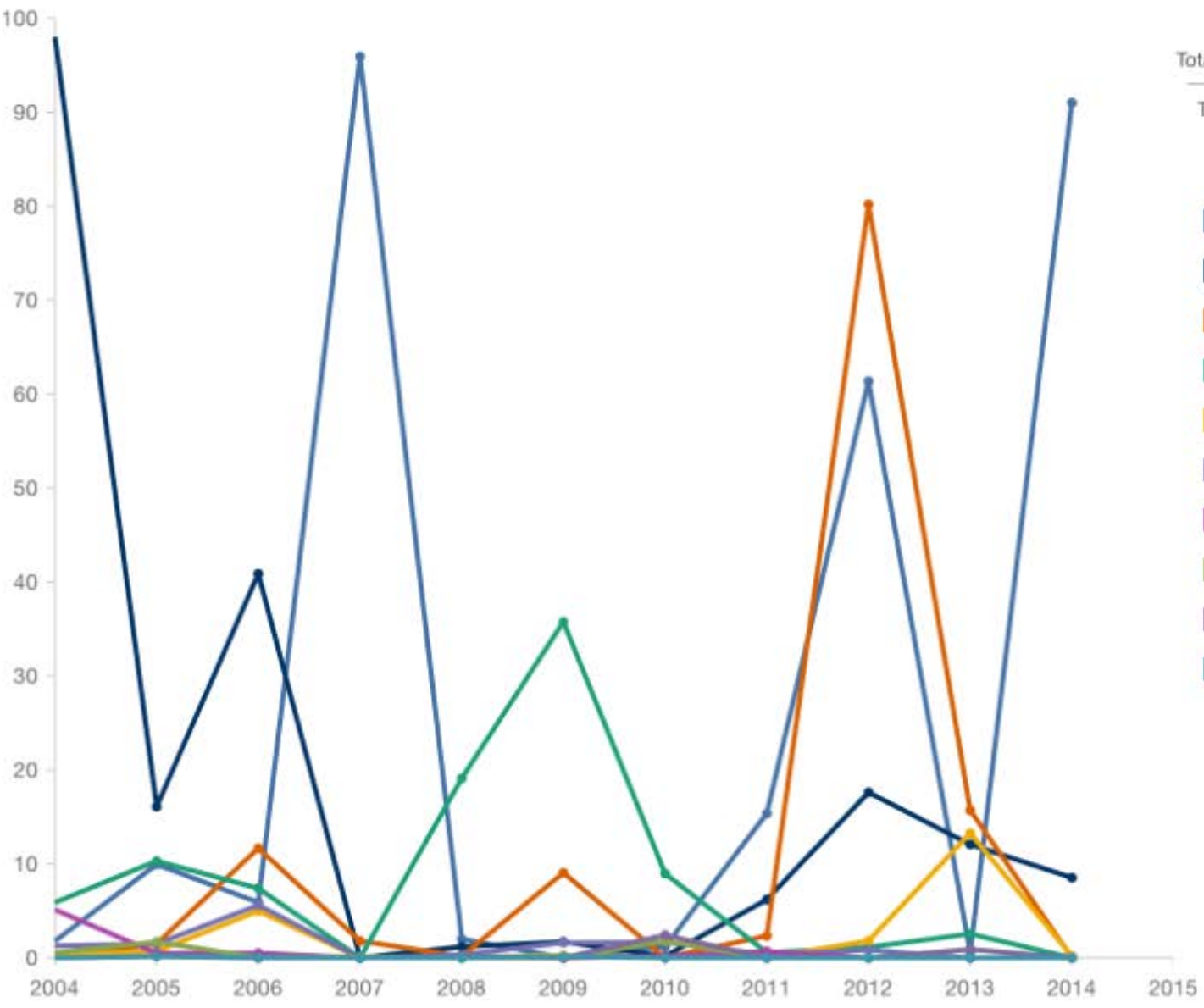
Ranking	Supplier Country	Amount US\$
1	India	2,093,095,579
2	China	1,741,852,054
3	Italy	892,831,913
4	Vietnam	382,559,285
5	Spain	373,661,429
6	Nigeria	352,845,233
7	Brazil	341,242,330
8	France	276,324,775
9	Afghanistan	265,142,319
10	Serbia	205,743,894

Prior Reviewed Contracts by Sector Over Time

Value of contracts, in US \$ million

[View Contracts](#)

Total number of contracts	259
Total value of contracts	US\$ 809.74



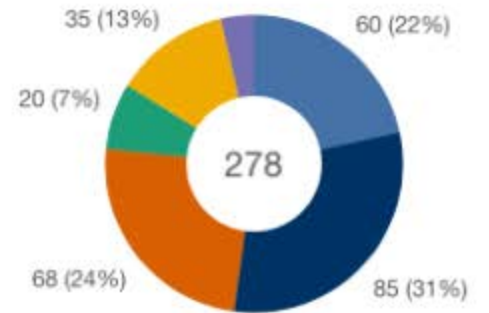
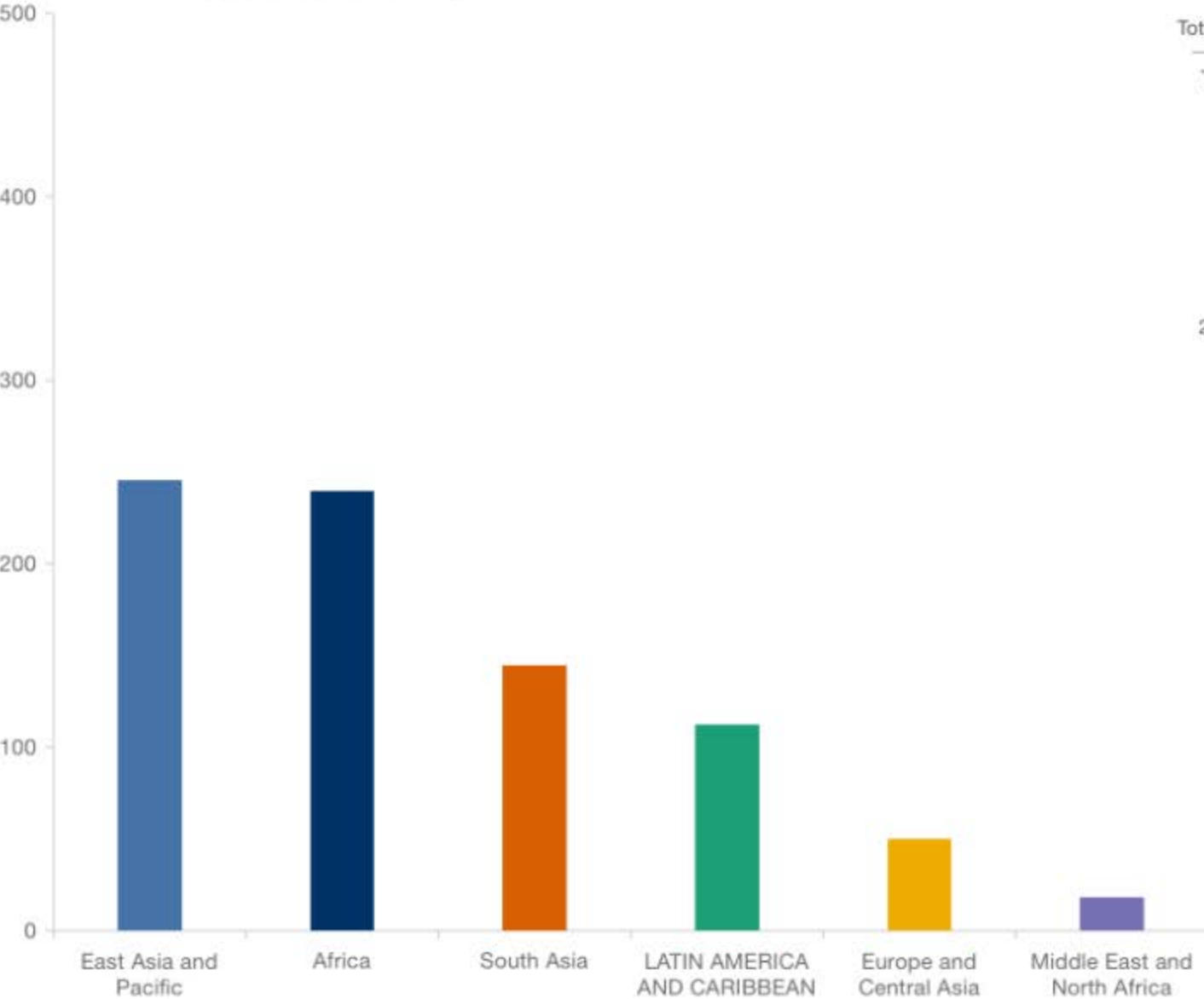
- Energy and mining
- Transportation
- Water, sanitation and flood protection
- Health and other social services
- Public Administration, Law, and Justice
- Agriculture, fishing, and forestry
- Finance
- Education
- Industry and trade
- Information and communications

Prior Reviewed Contracts by Region ⊕

Value of contracts, in US\$ million

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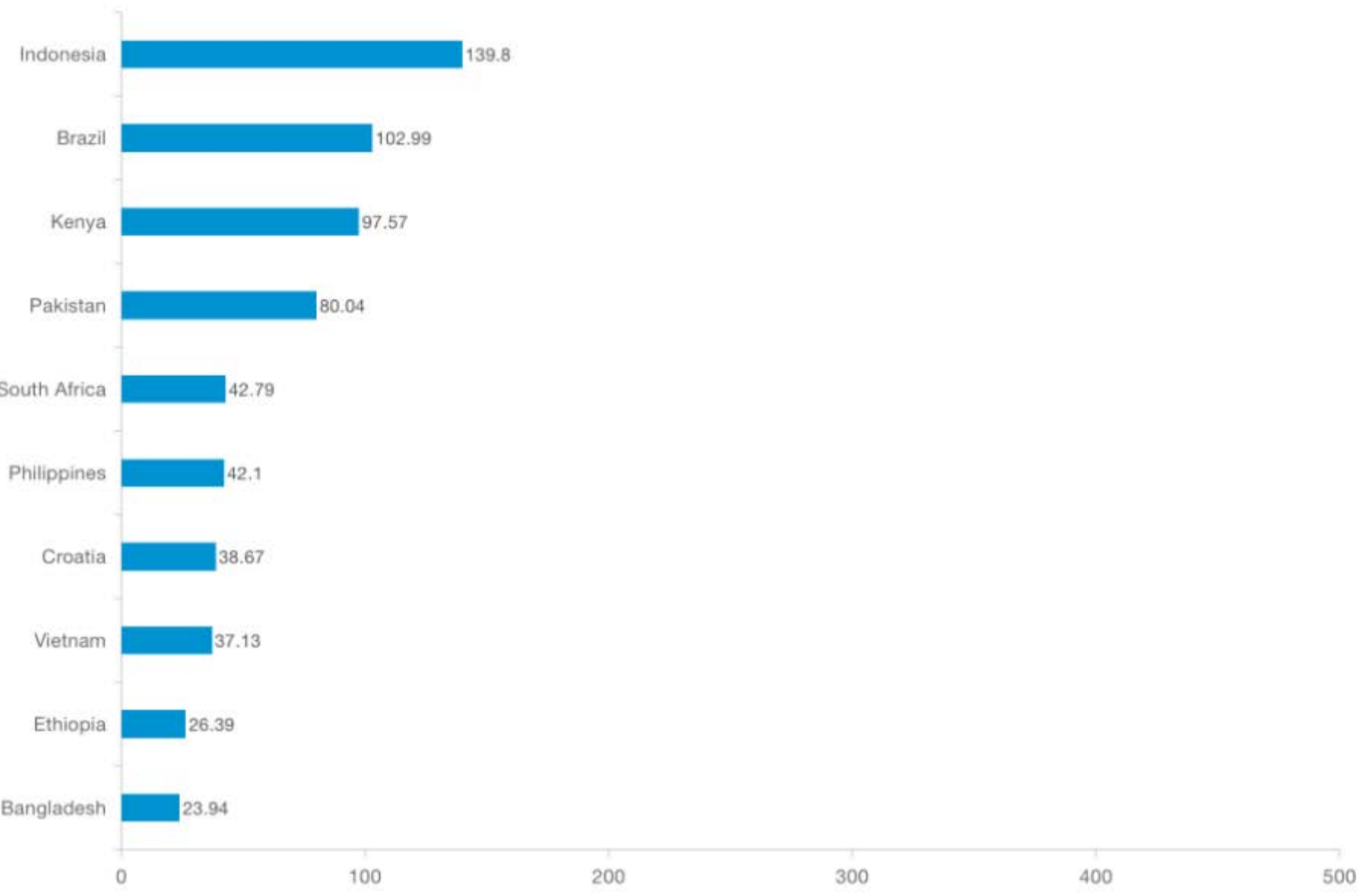
Total number of contracts	278
Total value of contracts	US\$ 809.74



Top Supplied Markets

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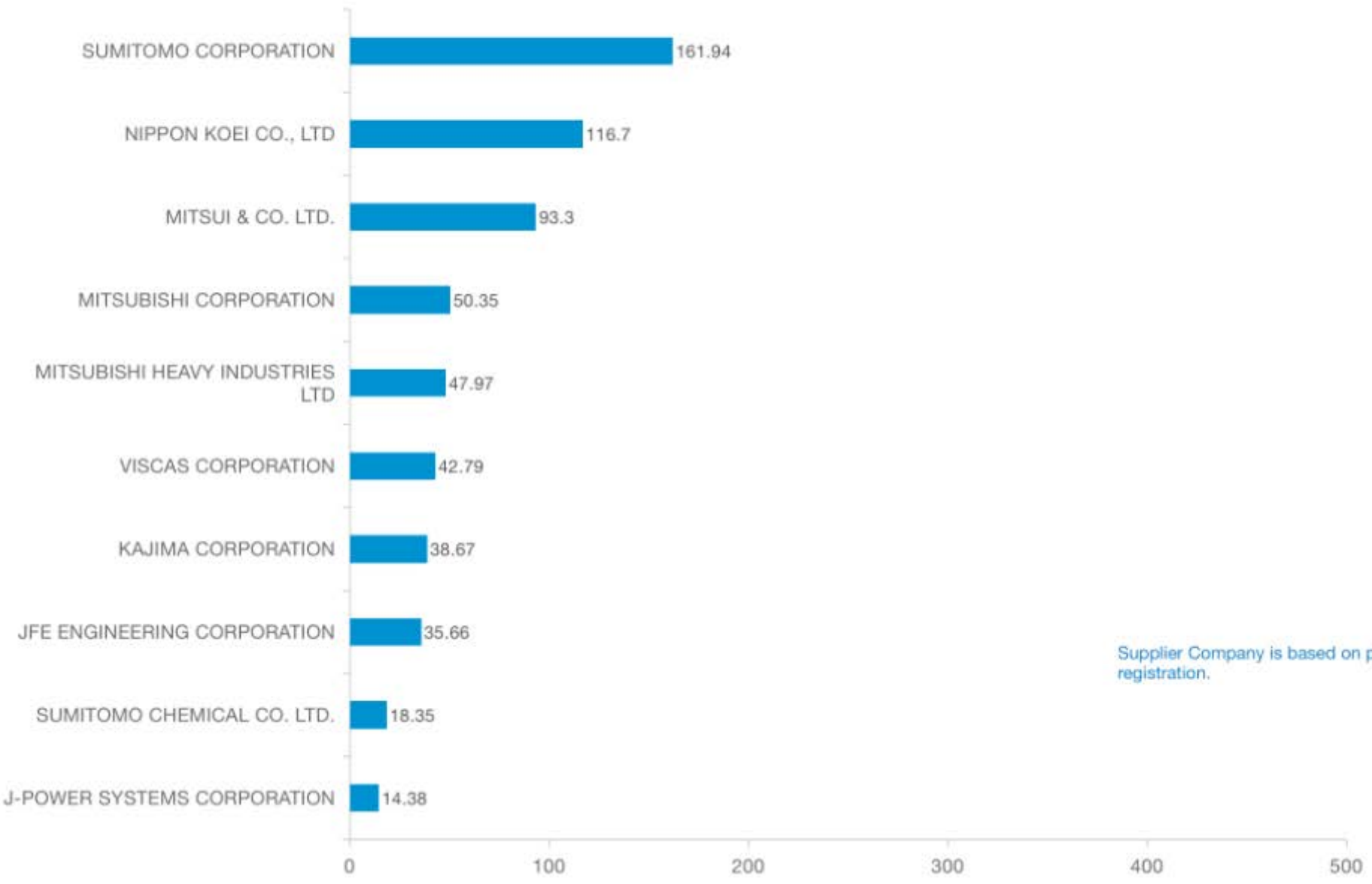
Value of contracts, in US \$ million



Top Suppliers

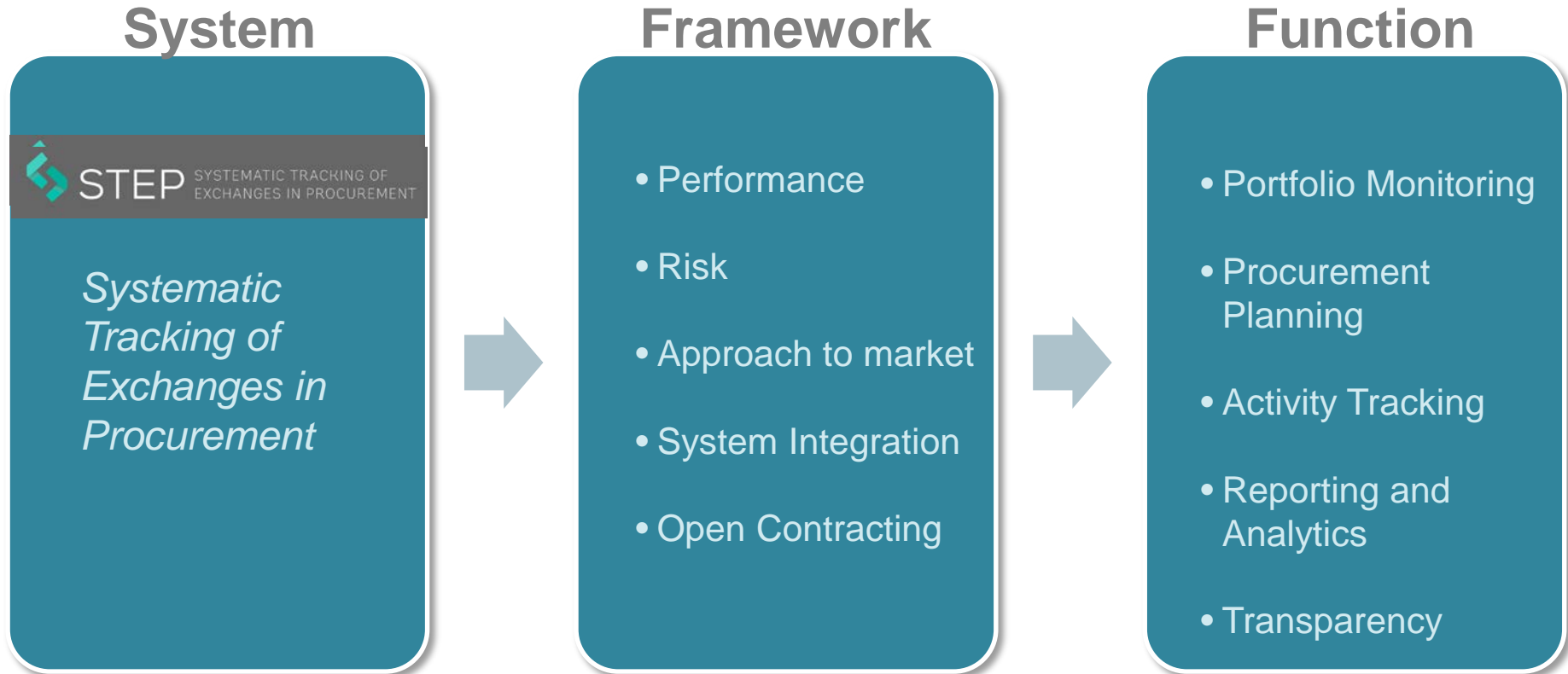
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Value of contracts, in US \$ million



Supplier Company is based on place of registration.

More data available in 2016 - STEP



G. Conclusion

- Large and diverse procurement portfolio
- Support some of the World's most complex procurements
- Examine our rich information system to identify potential opportunities
- Modernizing approach/parallel running of old system
- Support change in some challenging places/projects
- Great business opportunities available
- Strategy for geographic diversification, Bank projects provide a safety net/opportunity to build new markets
- Need great supplier and contractors to help us deliver the development results the World needs – help us out



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