World Bank Procurement

Enabling Quality Infrastructure
Agenda

➢ The WB Procurement reform in a nutshell
  • Facts and figures
  • Reform process/ Journey
  • Key feature of the reform

➢ Key features of the new Procurement Framework to ensure quality infrastructure
  • Strategic planning
  • Appropriate procurement and contract award
  • Contract management
In a nutshell
Facts and Figures

- Multilateral Development Bank
- Most governments represented
- Bank funds over 1,800 investment projects in 172 countries
- Active project portfolio worth about US$80 Billion in total
- Annual procurement’s circa USD20 Billion
- Bank’s procurement system started over 50 years ago
- 250 procurement staff in 72 countries support projects
Top areas of spend in FY16

- Transport 47%
- Water 18%
- Energy & Extractives 17%

- Agriculture
- Education
- Energy & mining
- Finance
- Health & social serv
- Industry and trade
- Info & communication
- Public admin, Law
- Transportation
- Water/sanit/fld prot

Source AO: BI – Information as of August 24, 2016
Contracts by categories, FY16

- **Civil Works**: 66%
- **Consultant Services**: 23%
- **Goods**: 10%
- **Non-Consulting Services**: 1%
The Procurement reform: Journey

Initiating Discussion Paper 2012
Check that the Bank’s approach is modern, meets new needs & future proof
Global consultations (round 1)

Proposed New Framework 2013
What we heard in consultations
Board debate & direction given

Developing the New Framework 2014
Proposals to resolve complex issues
Global consultations (Round 2)

Finalizing the New Framework 2015
Finalized Policy and approaches to complex issues
Effective July 1, 2016
Key Features of the Framework
Key innovations

- Requires Project Procurement Strategy for Development (PPSD);
- Enables Value for Money as a core procurement principle in all procurements:
  - A shift in focus from the lowest evaluated compliant bid to bids that provide the best overall value for money, taking into account quality, cost, and other factors as needed;
- Provides more options for tailored procurement approaches;
- Permits hands-on expanded implementation support as an option for the highest risk operations;
Key innovations (2)

- Promotes strategic engagements with providers
  - i.e. sectorial engagements, pre-meetings
- Enables the use of sustainable procurement criteria in procurement;
- Improves the approach to resolving procurement-related complaints.
  - A standstill period, debriefing;
- More involvement in contract management of procurements with high value and high risk
Enabling Quality Infrastructure
Enabling Quality Infrastructure (QI)

- Successful delivery of QI relies on good procurement:
  1. **Strategic alignment of objectives** ensures the right projects are selected that will add the most value.
  2. **Good Governance** ensuring a competitive, globalized business environment, with open and fair access to bidding opportunities.
  3. **Adherence to Procurement Core Principles** ensuring fit for purpose quality infrastructure, faster project delivery and better value for money with integrity.
Strategic planning

- Reduces downstream cost, better risk/reward allocation, better VfM, on-time completion:
  - Market Analysis
  - Fiduciary Risk Analysis
  - Fit-for-Purpose/Context Specific Solutions that delivers VfM

- Identifies risks incorporated into procurement design:
  - Disaster resilience, client capability to manage the asset

- Promotes private sector’s participation through market engagement:
  - Sectorial Engagement, pre-meetings

- Provides more collaborative approaches encourage innovation and a longer term outlook by firms:
  - Competitive dialogue, PPPs.
Procurement and contract award

➢ More variety of procurement methods:
  • Competitive dialogue, framework agreements, etc.

➢ Fit-for-purpose evaluation and qualification criteria to achieve VfM:
  • Evaluation of Criteria: Qualifying or Rated-type
  • Evaluation of Costs: adjusted bid price or life-cycle

➢ More options during evaluation to assess factors that add value or reduce risk longer-term
  • Sustainable Procurement, LCC, ALB, negotiations, BAFO, value engineering, etc.

➢ Compliant handling
Contract Management

- Greater focus on contract management enables better performance of client and contractor, better relationships
  - KPI monitoring,
  - dispute resolutions

- Better procurement information monitoring and tracking
• What is a good result?
• How will value for money be achieved?
• How will opportunities/risk be managed at different procurement stages:
  - Prequalification
  - Specification
  - Evaluation
  - Contract Management
• How will suppliers/contractors be motivated to bid/innovate?
• How will you incentivize suppliers/contractors to perform?

• Determine the right procurement arrangements:
  - World Bank in full
  - Other MDB/bilateral
  - Borrower’s own arrangements
• Will the procurement use (for example)?:
  - Request for Bid, or Proposal
  - International/National
  - Pre/post qualification
  - Special conditions of contract
  - Framework agreements
  - Reverse auctions
  - Competitive dialogue
  - Value engineering
  - Best & Final Offer
  - Negotiation
• How will the bid be costed?
  - Lump sum
  - Target fee
  - Schedule of rates
  - Time based
  - Performance based
• How will responses be evaluated?
  - Substantially responsive/Lowest evaluated cost
  - VfM rated criteria
• Contract Management approach:
  - Risk management
  - Monitoring of costs, key performance indicators, milestones and deliverables
  - Contract variations

For all projects:
  • Procurement Plan
  • Summary PPSD for inclusion in the Project Appraisal document

Where needed:
  • Procurement Risk Management Plan
  • Contract Management Plan
The World Bank’s New Procurement Framework

- Provides more choice and greater flexibility to deliver the desired outcome
- Focus on Value for Money
  - Value for Money Guidance
  - Bid Evaluation
  - Abnormally low bids
- More, and earlier, engagement with Business
- Hands-on support as needed
- Performance monitoring and contract management
Contact for World Bank Procurement Framework:

Christopher Mark Browne
Chief Procurement Officer
cbrowne1@worldbank.org
Tel: 202 458-5485

Diomedes Berroa
Lead Procurement Specialist
dberroa@worldbank.org
Tel: 202 458-9432

World Bank Group
1818 H Street NW
Mail Stop MC 10-1018
Washington DC 20433
USA

Procurement Website