

PROCUREMENT GUIDANCE



A beginner's guide for Borrowers

Procurement under World Bank Investment
Project Financing



Published April 2018 – First Edition

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Common abbreviations and defined terms

This section explains the common terms and abbreviations used in this Guidance. Defined terms are written using capital letters.

Abbreviation/term	Full terminology/definition
BAFO	Best and final offer.
Bank	IBRD and/or IDA (whether acting on its own account or in its capacity as administrator of trust funds provided by other donors).
Bid	An offer, in response to a request for bids, which may or may not include price, by one party to provide Goods, Works, Non-Consulting Services or Consulting Services to another party.
Bidder	A firm or joint venture that submits an offer, called a bid, to supply for Goods, Works, or Non-Consulting Services.
Borrower	A Borrower or recipient of Investment Project Financing (IPF) and any other entity involved in the implementation of a project financed by IPF.
Business Day	Any day that is an official working day of the Borrower. It excludes the Borrower's official public holidays.
Consultant	A variety of private entities, joint ventures, or individuals that provide services of an advisory or professional nature. Where the Consultant is an individual they are not engaged by the Borrower as an employee.
Consulting Services	Covers a range of services that are of an advisory or professional nature and are provided by Consultants.
Goods	A category of procurement that includes: commodities, raw materials, machinery, equipment, vehicles, plant etc.
HEIS	Hands-on expanded implementation support.
IBRD	International Bank for Reconstruction and Development
ICSID	International Centre for Settlement of Investment Disputes.
IDA	International Development Association.
IFC	International Finance Corporation.
Investment Project Financing (IPF)	The Bank's financing of investment projects that aims to promote poverty reduction and sustainable development. IPF supports projects with defined development objectives, activities, and results, and disburses the proceeds of Bank financing against specific eligible expenditures.

Abbreviation/term	Full terminology/definition
MIGA	Multilateral Investment Guarantee Agency.
Non-Consulting Services	Services which are not Consulting Services. Non-Consulting Services are normally Bid and contracted on the basis of performance of measurable outputs, and for which performance standards can be clearly identified and consistently applied e.g. drilling, aerial photography, satellite imagery, mapping etc.
PAD	Project Appraisal Document.
PPSD	Project Procurement Strategy for Development.
Procurement Regulations	The World Bank's Procurement Regulations for Investment Project Financing. These Regulations set the rules for how procurements under IPF are handled.
Proposal	An offer, in response to a request for proposals, which may or may not include price, by one party to provide Goods, Works, Non-Consulting Services or Consulting Services to another party.
RFB	Request for Bids.
RFP	Request for Proposals.
RFQ	Request for Quotation.
SPD	The Bank's Standard Procurement Document.
Task Team	The team headed by Task Team Leaders and including procurement-accredited staff) are responsible and accountable for project-level procurement support and procurement monitoring activities.
VfM	Value for Money.
Works	A category of procurement that refers to construction, repair, rehabilitation, demolition, restoration, maintenance of civil work structure, and related services such as transportation insurance, installation, commissioning, and training.
World Bank	The World Bank comprises two WBG institutions, namely the International Bank for Reconstruction and Development (IBRD), which assists middle-income and creditworthy poorer countries; and the International Development Association (IDA), which focuses on the world's poorest countries.
World Bank Group (WBG)	The World Bank Group is a unique global partnership of five institutions working for sustainable solutions that reduce poverty and build shared prosperity in developing countries. The five institutions are IBRD, IDA, IFC, MIGA and ICSID.

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Section I. Introduction

Purpose

This guidance is an introduction for new users to the World Bank's (Bank) procurement rules and processes. It summarizes the information users need when undertaking procurements funded through World Bank Investment Project Financing (IPF). This guidance should be read in conjunction with the Bank's [Procurement Regulations for IPF Borrowers](#) (Procurement Regulations). As such, this guidance is non-mandatory and offered as an overview only.

The Bank

The World Bank Group (WBG) is one of the world's largest sources of funding and knowledge for developing countries. The WBG has two goals;

1. to end extreme poverty; and
2. promote shared prosperity in a sustainable way.

The WBG comprises five institutions. These institutions work together for sustainable solutions that reduce poverty and build shared prosperity in developing countries.

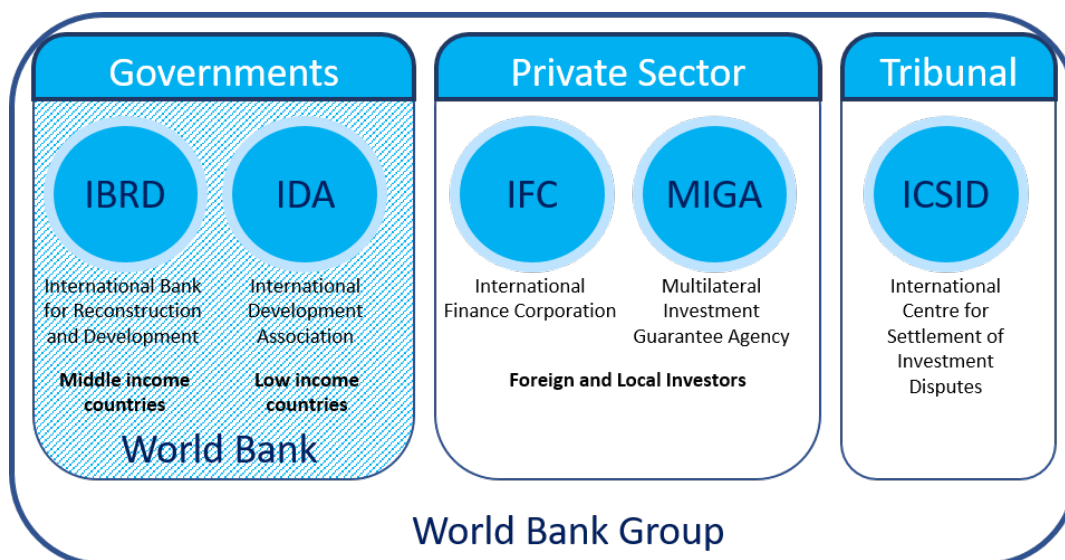


Figure I - The World Bank Group Institutions

World Bank

The World Bank (as opposed to the WBG), comprises two WBG institutions, namely:

1. [International Bank for Reconstruction and Development \(IBRD\)](#), which assists middle-income and creditworthy poorer countries; and

2. [International Development Association \(IDA\)](#), which focuses on the world's poorest countries.

The World Bank provides loans to governments of developing countries to fund development programs. In addition, the World Bank provides policy advice, and technical assistance to support governments when implementing development projects. The Bank's assistance plans are based on poverty reduction and national development strategies. From an extensive analysis of a country's financial and economic situation, each country identifies its priorities and targets for the reduction of poverty and national development. The World Bank aligns its aid efforts correspondingly.

World Bank Group

The World Bank is part of the wider WBG. The remainder of the World Bank Group includes three additional institutions that focus on strengthening the private sector in developing countries. These institutions are:

1. [International Finance Corporation \(IFC\)](#); and
2. [Multilateral Investment Guarantee Agency \(MIGA\)](#);
3. [International Centre for Settlement of Investment Disputes \(ICSID\)](#).

Investment Project Financing

Investment Project Financing (IPF) is one of the ways Bank financing is provided to countries. This can take the form of a IBRD loan, or IDA credit/grant or guarantee. IPF supports projects with defined development objectives, activities, and results, and disburses the financing against specific eligible expenditures. IPF provides funding for activities that produce the physical/social infrastructure necessary to reduce poverty and create sustainable development. To create this infrastructure, Borrowers use the funds from IPF grants, loans and credits to procure Goods, construction (Works), other Non-Consulting and Consulting Services.

Section II. Vision and Core Procurement Principles

Vision and principles for procurement in IPF operations

Vision

The Bank's vision for IPF procurement is:

"Procurement in IPF operations supports Borrowers to achieve value for money with integrity in delivering sustainable development"

To support this vision the Procurement Regulations are part of a modernized, fit for purpose [Procurement Framework](#). The Procurement Regulations detail many options available for Borrowers to tailor individual procurement processes to meet operational needs and deliver the right result.

Core Procurement Principles

The Bank's core procurement principles generally guide the Bank's decisions when applying the Procurement Regulations.

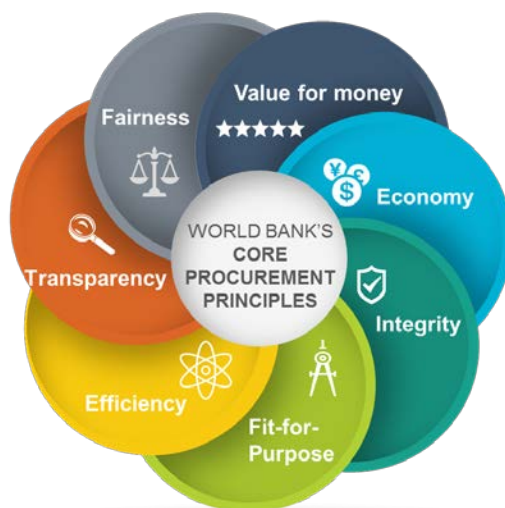


Figure II - The World Bank's Core Procurement Principles

The core procurement principles are:

1. **Value for Money (VfM)**: The principle of VfM means the effective, efficient, and economic use of resources, which 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. Price alone may not necessarily represent VfM.
2. **Economy**: The principle of economy takes into consideration factors such as sustainability, quality, non-price attributes and/or life cycle cost as appropriate, that support VfM. It permits integrating into the procurement process economic,

environmental, and social considerations that the Bank has agreed with the Borrower. It also permits augmenting identified sustainability criteria with specific criteria in support of the Borrower's own sustainable procurement policy.

3. **Integrity:** The principle of integrity refers to the use of funds, resources, assets, and authority according to the intended purposes and in a manner, that is well informed, aligned with the public interest, and aligned with broader principles of good governance. The Bank requires that all parties involved in the procurement process, and their personnel, observe the highest standard of ethics during the procurement process of Bank-financed contracts, and refrain from fraud and corruption (as defined in the Bank's Anti-Corruption Guidelines).
4. **Fit-for-purpose:** The principle of fit for purpose means tailoring the procurement approach and methodology to meet the project development objectives and outcomes, taking into account the context and the risk, value, and complexity of the procurement.
5. **Efficiency:** The principle of efficiency requires that procurement processes be proportional to the value and risks of the underlying project activities. Procurement arrangements are generally time-sensitive and strive to avoid delays.
6. **Transparency:** The principle of transparency requires that the Borrower and the Bank enable appropriate reviews of procurement activities, supported by appropriate documentation and disclosure. Transparency requires:
 - a. 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;
 - b. there is appropriate reporting of procurement activities;
 - c. confidentiality provisions in contracts are used only where justified.
7. **Fairness:** The principle of fairness refers to:
 - a. equal opportunity and treatment for Bidders/Proposers/Consultants;
 - b. equitable distribution of rights and obligations between Borrowers and suppliers, contractors and Bidders/Proposers/Consultants;
 - c. credible mechanisms for addressing procurement-related complaints and providing recourse.

The vision and core procurement principles are set out in the [Bank Policy](#). Bank staff use the Policy and the core procurement principles to inform their decisions on Borrowers' requests for review or support, particularly when there is no precise written rule or regulation that governs the matter in question.

Section III. Governance

Procurement rules

Procurement under IPF is governed by either the Procurement Regulations or the Guidelines. The Bank modernized its procurement framework for IPF projects in July 2016. Which set of rules is appropriate will depend on the date when the project was approved by the Bank i.e. pre or post July 2016.

1. Guidelines (pre-July 2016)

IPF projects which were approved prior to July 1, 2016, are usually governed by the Bank's [Procurement Guidelines](#) (for Goods, Works and Non-Consulting Services) and [Consultant Guidelines](#) (for the selection and employment of consultants). If you are involved with such a project you need to understand, and be familiar with, the appropriate Guidelines, as these are different from the Regulations.

2. Procurement Regulations (post-July 2016)

The Bank undertook a review of its Guidelines and issued an updated Procurement Framework. IPF Projects which were approved after July 1, 2016 are governed principally by the [Procurement Regulations](#).

The rules (either Guidelines or Regulations) that apply to a particular project are specified in the financing agreement. Make sure you follow the stipulated rules including the specific edition, or the Bank may reject to finance the project. This guidance is primarily intended for projects following the Procurement Regulations. However, several aspects of the guidance are relevant for projects following the Guidelines.

Roles and responsibilities

Borrower

The Borrower is responsible for carrying out procurement activities financed by the Bank in accordance with the financing agreement made between the Bank and the Borrower. In particular, the Borrower must only use funds for the purpose for which they were granted. Other responsibilities include:

1. planning the procurement;
2. preparing procurement strategies;
3. seeking offers from the market;
4. evaluating offers and determining the Most Advantageous Bid/Proposal; and
5. awarding, signing and managing contracts.

World Bank

To ensure that funds are used only for the purpose for which they were granted, the Bank provides Borrowers with implementation support and oversight. Implementation support includes providing training and advice to the Borrower. Oversight includes conducting reviews of the Borrower's procurement activities. A review can be either:

1. **prior review:** before the procurement activity takes place; or
2. **post reviews:** after the procurement activity has been completed.

The purpose of the Bank's review is to determine whether, or not the Borrower's procurement activities are/were in accordance with the financing agreement. The Procurement Plan specifies whether a procurement is subject to prior or post review. The Bank requires mandatory prior review where the value of the procurement is above a certain threshold. These thresholds are detailed in Annex I of [Bank Procedure](#).

For procurements subject to prior review, the Bank checks:

1. the draft procurement notices before they are published;
2. the Borrower's draft procurement documents before they are issued;
3. the results of the evaluation of Bids/Proposals before they are announced;
4. the Borrower's draft responses to procurement-related complaints before they are issued; and
5. the draft contracts before they are signed by the Borrower.

For procurements subject to post review, the Borrower conducts the procurement process and the Bank, on a sample basis, reviews the process to determine whether it has been conducted in accordance with the financing agreement.

For further details of the Bank's procurement oversight, see Annex II of the [Procurement Regulations](#).

The Bank may also provide the Borrower with hands-on expanded implementation (HEIS) support. This happens where the Borrower is deemed by the Bank to be:

1. in urgent need of assistance because of a natural or man-made disaster or conflict; or
2. experiences capacity constraints because of being a fragile or small state.

Where HEIS support is provided, the Borrower remains responsible for conducting the procurement.

Eligibility

In order to participate in a procurement opportunity, prospective Bidders/Proposers, and if appropriate the goods that they supply, must be "eligible". There are strict rules that govern eligibility. The general conditions that apply to eligibility are contained in the Procurement Regulations (see Procurement Regulations 3.21 to 3.23). In addition, the Borrower specifies in

the procurement documents issued to bidders/proposers the specific eligibility conditions that apply to that procurement.

General rule

In general terms, the Bank permits eligible firms and individuals from all countries to offer Goods, Works, Consulting and Non-Consulting Services for Bank-financed projects. As such, a Borrower cannot deny a Bidder/Proposer the right to participate in a procurement, or to be awarded a contract, for reasons unrelated to:

1. the Bidder's/Proposer's capability and resources to successfully perform the contract; or
2. a conflict of interest (see Procurement Regulations 3.14 to 3.17).

Exceptions to the general rule

1. Country

A Borrower can deny a Bidder/Proposer the right to participate, or to be awarded a contract if:

- a. the Bidder/Proposer is from a country, or the Goods are manufactured in a country, and
 - i. the Borrower's law or regulations prohibit commercial relations with that country (provided that the Bank is satisfied that the exclusion does not preclude effective competition); or
 - ii. if the procurement is to be implemented across jurisdictional boundaries (i.e. the procurement involves more than one country) exclusion of a Bidder/Proposer on this basis by one country, may apply if the Bank, and all the other countries involved in the procurement, agree; or
 - iii. in complying with a decision of the United Nations Security Council, the Borrower's laws prohibit the import of Goods from that country, or prohibits payments to a country, or a person or entity in that country.

2. State-owned Enterprise

State-owned Enterprise or institution (SOEs) outside the Borrower's country are eligible to participate. SOEs of the Borrower's country are not normally eligible to participate. However, they may be eligible if they can establish that they:

- a. are legally and financially autonomous;
- b. operate under commercial law;
- c. are not under supervision by the agency contracting them.

However, when the Goods, Works, or Services provided by SOEs (including state-owned universities, research centers, or institutions) are of a unique and exceptional

nature, or because their participation is critical to the project, the Bank may exceptionally agree to contracting them, on a case-by-case basis.

3. Anticorruption

A firm or individual is not eligible where it has been sanctioned and declared ineligible under the Bank's [Anti-Corruption Guidelines](#) (see *Procurement Regulations* Annex IV, Fraud and Corruption). For the listing of ineligible firms and individuals see the [Bank website](#).

The Borrower may request that the Bank agree to exclude a firm or individual that is under a legal sanction of debarment in its country. The Bank must be satisfied that the debarment relates to fraud or corruption, and that the judicial proceeding provided adequate due process.

Integrity

Application

In line with the core procurement principle (integrity), the Bank requires that all parties involved in the procurement process, and their personnel, observe the highest standard of ethics during the procurement process and refrain from fraud or corruption.

The Bank will reject a Borrower's proposal for award if it determines that the firm or individual recommended (including any of its staff, or its agents, suppliers or employees), has, directly or indirectly, engaged in fraud or corruption in competing for the contract in question.

Bank's audit and inspection rights

The Bank requires that Borrowers include a clause in the procurement document requiring Bidders/Proposers, and Contractors/Consultants (including their sub-contractors, sub-consultants, agents, personnel) permit the Bank to inspect and audit all accounts, records and other documents relating to the procurement process, selection and/or contract execution. The Bank can appoint auditors to act on its behalf. For further details, see Annex IV of the Procurement Regulations.

Sanctions and remedies

The Bank can exercise various sanctions and remedies where fraud and corruption have been detected. These sanctions and remedies found in the:

1. legal remedies in the financing agreement for each project;
2. legal remedies in the contracts between the Borrower and the Contractor / Consultant;
3. Procurement Regulations Annex IV, Fraud and Corruption.

The Bank can sanction a firm or individual which has been found (by the Bank) to have engaged in fraud or corruption in relation to a Bank financed project. In relation to a Borrower, the Bank may declare a misprocurement, if the Bank determines at any time that a representative of the Borrower has engaged in fraud or corruption during the procurement process, selection and/or execution of the contract in question.

Section IV. Procurement Process

Procurement process overview

The procurement process is defined in the Procurement Regulations as:

“the process that starts with the identification of need and continues through planning, preparation of specifications/requirements, budget considerations, selection, contract award and contract management...”

While each procurement is unique, they broadly follow a similar process. This can be split into seven key stages. Figure III is a simplified representation of the procurement process. It shows the common stages and their usual sequencing. Actual procurements may differ.



Figure III – Summary of the procurement process

1. Develop strategy

During the project preparation phase, the Borrower is required to prepare a procurement strategy for the project. The Bank provides [templates](#) for a long form and short form PPSP.

a. Project Procurement Strategy for Development

The PPSP analyzes and summarizes the various findings which have led to the Borrower's procurement approach. The Borrower has some flexibility in designing the procurement approach. The design should reflect the optimal way to conduct the procurement. Designing the procurement optimally increases the likelihood of the best suppliers submitting offers and increases chances of achieving VfM and delivering the right result(s).

The PPSD assessment covers the following:

- i. the operating environment and how this may influence the participation of potential Bidders/Proposers and the way the procurement will be conducted;
- ii. Borrower's previous experience, track record and capability in conducting similar procurements and implementing similar projects. This includes a resourcing plan to complement Borrower capacity as needed; and
- iii. review of the market to understand its nature and how it works in the operating environment, regionally (across your continent) and globally. This includes assessing the level of supply (i.e. the likely number of potential Bidders/Proposers), the degree of likely competition, the anticipated prices, the factors that influence price, the level of demand in the market (i.e. the number of buyers including how much they buy and in turn their level of influence on the market) and whether there is a supply shortage or shortage of quality suppliers.

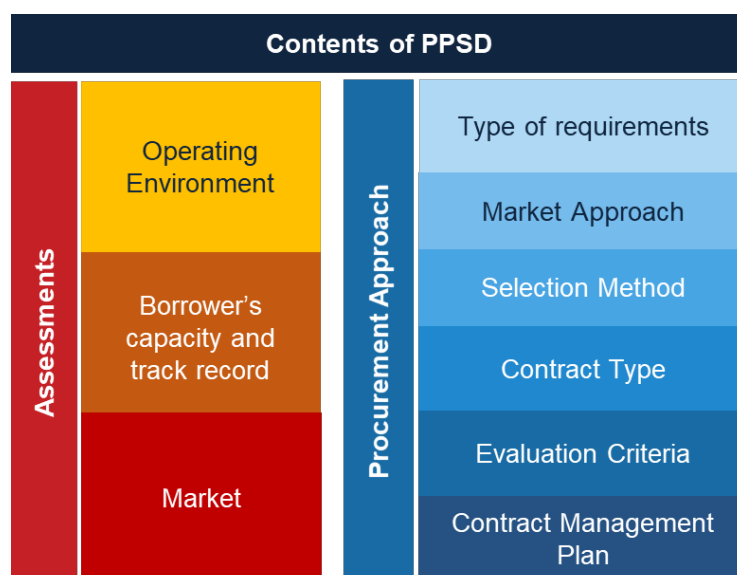


Figure IV - Contents of a PPSD

b. Procurement approach

From analyzing this information, the Borrower designs an appropriate procurement approach. This will detail:

- i. the type of requirements/specifications. These may be conformance or performance based. Conformance requirements are detailed specifications of the Borrower's precise needs and the methodology for achieving them. Performance requirements outline the desired outcomes and allow the market to propose solutions to meet these needs, facilitating more market innovation;
- ii. the type of contract;

- iii. how the Borrower will approach the market for each procurement to obtain offers from the right suppliers including whether it will include national or international competition;
- iv. the selection method that the Borrower will adopt to request offers from suppliers;
- v. the evaluation and qualification criteria that will be used to compare the offers received and determine the Most Advantageous Bid/Proposal; and
- vi. a contract management plan outlining how the contract will be monitored to ensure that each party meets their obligations.

Bank staff then include a summary of the PPSD in the Project Appraisal Document (PAD). The PAD is used to seek the Bank's Board's approval to finance the project. It is important that the PPSD is detailed enough and logically explain and justify the procurement approach. The level of detail in the PPSD should also be proportionate to the complexity, risk and value of the planned procurement under the project.

c. Approach to market options

The Procurement Regulations provide a variety of selection methods and approaches-to-market options (see the Procurement Regulations, Section VI Goods, Works and Non-Consulting Services and Section VII for Consulting Services). This variety allows greater flexibility in designing individual procurement approaches that are fit-for-purpose. Figure IV demonstrates these decision points.

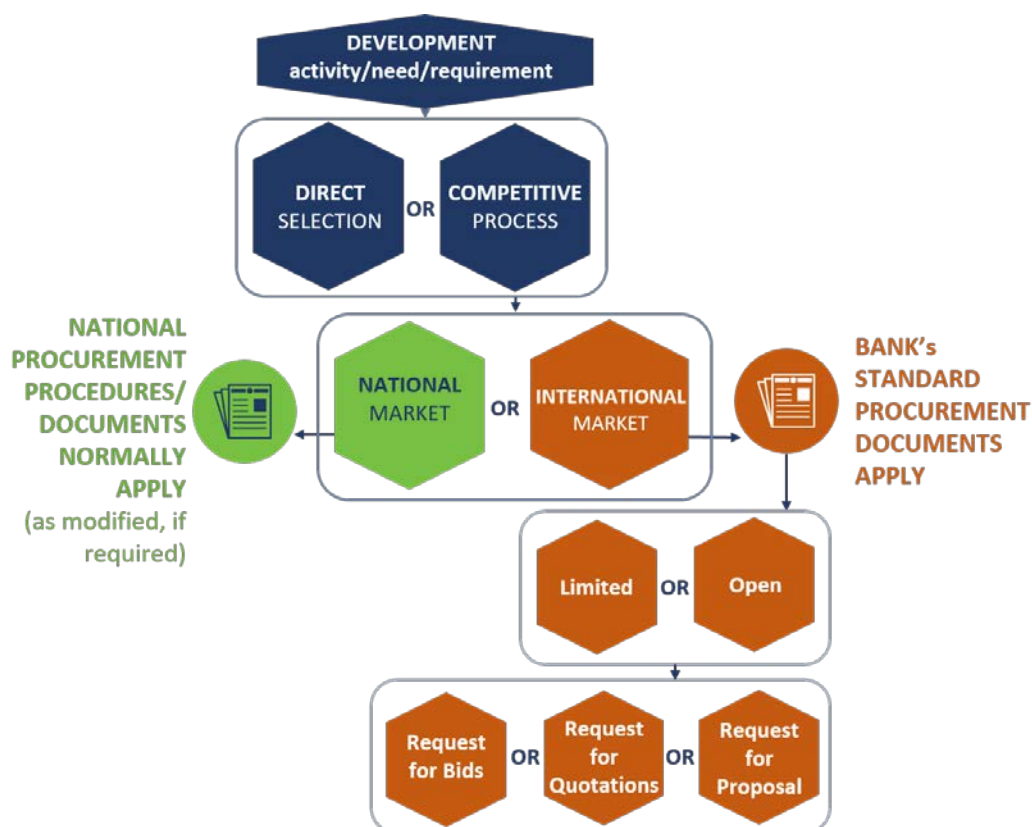


Figure V – Example of selection methods decision logic

d. Competitive versus non-competitive

The first step in determining the approach to the market is deciding whether to follow a competitive or non-competitive approach.

- i. **non-competitive approach:** (direct selection) The Borrower approaches and negotiates with only one firm. Direct selection may be appropriate if there is genuinely only one suitable firm, or there is justification to use a preferred firm. For circumstances when a non-competitive approach may be used see Procurement Regulations paragraphs 6.8 to 6.10).
- ii. **competitive approach:** Multiple firms are invited to participate in the procurement and submit offers. An open competitive approach to the market is the Bank's preferred approach as it provides opportunities for all eligible prospective firms to prepare and submit offers to compete for the work. Under an open competitive approach, the Borrower may approach the national or international market.

e. International versus national markets

- i. **International competition:** Approaching the international market may be appropriate when the participation of foreign firms will increase competition and deliver better procurement results. Open international competitive procurement with international advertising is the Bank's preferred approach for complex, high-risk and/or high-value contracts. In international procurements national Bidders/Proposers are eligible to participate if they wish to do so.

For international competitive procurements Borrowers are required to use the Bank's Standard Procurement Document (SPD) templates. This range of templates covers the most common selection methods (e.g. RFB, RFP) and procurement categories (Goods, Works or Non-consulting and Consulting Services). The SPDs are available in English, French and Spanish on the Bank's [website](#).

The Borrower prepares the procurement documents based on the relevant SPD. The procurement documents describe the requirements and provide instructions on how to submit an offer. Accompanying them is the Bank's guidance for Bidders/Proposers on [Finding Business Opportunities and Winning Contracts](#).

- ii. **National competition:** For national competitive procurement the Borrower may use its own national procurement documents so long as they have been agreed with Bank. Approaching the national market may be appropriate under the following circumstances:
 - a. when the procurement is unlikely to attract foreign competition because of:
 - i. the size and conditions of the market;
 - ii. the value of the contract (refer to [Bank Guidance on thresholds for procurement approaches and methods by country](#));
 - iii. activities that are scattered geographically, spread over time, or are labor intensive;

- iv. the Goods, Works or Non-consulting Services are available locally at prices below the international market;
- b. the advantages of approaching the international market are clearly outweighed by the administrative or financial burden.

f. Selection methods: Goods, Works and Non-Consulting Services

The selection method is the process by which the Borrower approaches the market to invite offers (e.g. RFB, RFP). The Borrower selects the appropriate selection based on:

- i. the nature of the goods and services to be procured and the extent to which the Borrower is able to specify their requirements;
- ii. the level of competition in the market and how many suppliers in the market are able to meet the Borrower's needs; and
- iii. the estimated cost of the goods and services to be procured.

By way of an example, Figure VI explains the selection methods for the procurement of Goods, Works and Non-consulting Services.

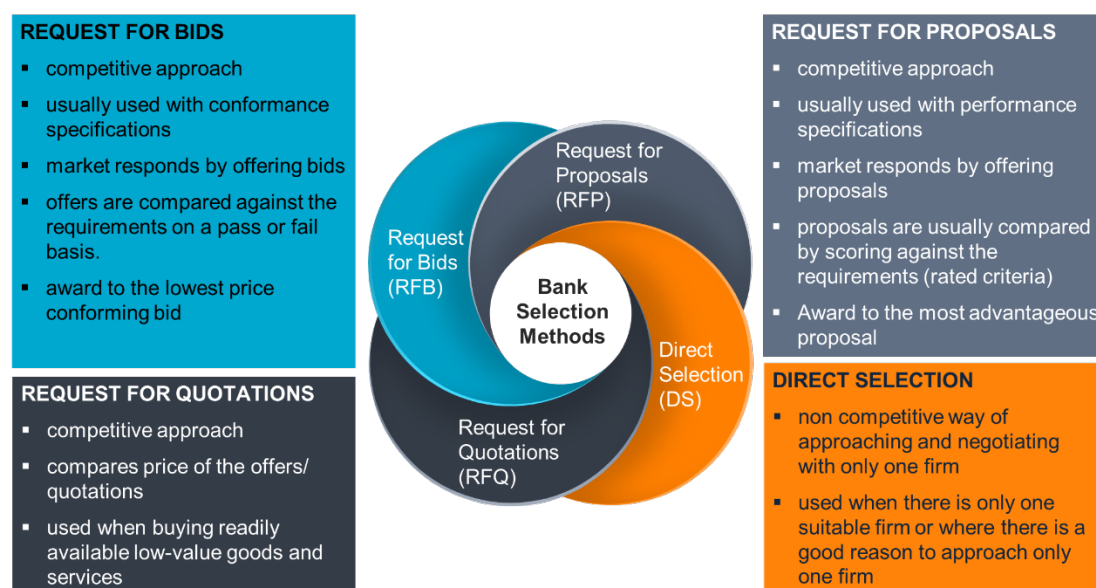


Figure VI - Selection methods for Goods, Works and Non-consulting Services

g. Other market approach options for complex and/or high value procurement

The Procurement Regulations (Section VI) provide other market approach options for complex and/or high-value procurements that are subject to international competitive procurement. These market approaches are subject to the following requirements:

- i. for transparency, their use must have been pre-disclosed in the procurement document issued to the prospective Bidders/Proposers;

- ii. the procurement is subject to the World Bank's prior review due to the level of risk and complexity; and
- iii. an independent probity assurance provider (prior agreed with the Bank) observes the opening of offers (and any negotiations) to ensure that the processes are fair and ethical and that all Bidders/Proposers are treated impartially.

These other market approach options are:

- i. **Competitive Dialogue** is an interactive multistage market approach option that allows for dynamic engagement with Bidders/Proposers. Competitive dialogue may be appropriate when there is no solution currently available on the market, or when there are a number of alternative solutions that could work. It allows the Borrower and Bidders/Proposers to discuss and further refine the detailed technical and commercial arrangements required to support the solutions. It may also be appropriate where due to the nature and complexity of the procurement, the Borrower is not objectively able to define their requirements or adequately specify the legal and/or financial arrangements and contract. For further guidance on how to undertake a competitive dialogue process see [Bank Guidance on competitive dialogue](#).
- ii. **Best and Final Offer (BAFO)** refers to a multi-stage procurement process. After the first stage, which determines which Bids/Proposals meet the Borrower's requirements, the next stage involves providing those Bidder/Proposers an opportunity to submit their Best and Final Offer. BAFO is appropriate when the procurement process may benefit from Bidders/Proposers having a final opportunity to improve their offers, including by reducing prices, clarifying or modifying their offers, or providing additional information. It is normally particularly effective when markets are known to be highly competitive and there is strong competitive tension Bidders/Proposers. See [Bank Guidance on Negotiations and BAFO](#).
- iii. **Negotiations** may be conducted in international competitive procurements following the evaluation of offers and before the award of contract. Negotiations may involve negotiating the terms and conditions, price, social and environmental aspects and innovations. However, negotiations must not change the minimum requirements set out in the procurement documents. Unlike BAFO, which is conducted with several Bidders/Proposers in parallel, negotiations are undertaken first with the Bidder/Proposer that is determined to have the best offer. It is only if this negotiation is unsuccessful that the Borrower may negotiate with the next best ranked Bidder/Proposer. For further guidance on BAFO see [Bank Guidance on Negotiations and BAFO](#).

h. Selection methods: Consulting Services

When contracting individuals or firms to provide Consulting Services, Borrowers follow the approved selection methods for Consulting Services. For details of these methods, see section VII of the Procurement Regulations.

2. Plan the procurement

The Borrower is also required to prepare a Procurement Plan (PP). The PP is informed by the PPSD. The PP is a detailed action plan which describes the procurement activities and sets out the schedule of dates. The PP includes:

- a. a brief description of what is to be procured;
- b. the cost estimate for the procurement;
- c. the selection method to be applied;
- d. the time schedules for the key steps of the procurement process from initiation of the procurement to completion of contract implementation; and
- e. the type of Bank review that will apply.

In preparing the PP the Borrower uses the Bank's online planning and tracking tool, called [STEP](#) (Systematic Tracking of Exchanges in Procurement). The PP is then reviewed and approved by the Bank prior to completion of the loan negotiations and the final PP is published on the Bank's website. The PP is a "living document". That means that it is designed to be updated regularly. At least annually during project implementation. Changes to the PP are subject to the Bank's approval.

3. Invite offers

The Borrower informs the market of the procurement opportunity and invites Bids/Proposals through an invitation (e.g. an invitation for bids/proposals). For procurements subject to open international competition, the invitation is published:

- a. in a local newspaper of wide circulation and/or a free access website; and
- b. on the UN Development Business website; and
- c. on the Bank's external website.

The Borrower provides to interested bidders/proposers a procurement document that includes:

- a. the instructions to Bidders/Proposers on how to prepare and submit their offers including explaining how the best offer will be determined;
- b. a description of the Borrower's requirements; and
- c. standard forms to be completed by the Bidder/Proposer in preparing their offers;
- d. a copy of the draft contract.

For procurements subject to international competition, Borrowers are required to use the SPDs available on the World Bank's website. For procurements subject to the World Bank's prior review, the Borrower submits the procurement document for the World Bank's review before inviting offers.

4. Receive and open offers

Borrowers should allow the market sufficient time to review the requirements and prepare and submit their offers. For procurements involving international competition, this is usually at least 30 business days from the date of publication of the opportunity. During this period, Bidders/Proposers may raise queries and request clarifications on the procurement documents or the Borrower's requirements. Borrowers should address such queries in a timely manner and share the responses with all potential Bidders/Proposers.

Where Borrowers amend the procurement documents, the amendments should be sent to all potential Bidders/Proposers. For procurement subject to prior review, these amendments should only be issued after the Bank's review.

The procurement document specifies the address where offers are to be submitted and the time and place when they will be opened. Opening is usually in public. The exception to a public opening is where a closed opening is justified, such as with BAFO, Competitive Dialogue or Negotiations. A closed opening is not open to the public. Instead a probity assurance provider observes the opening to ensure that the process is fair and ethical and that all Bidders/Proposers are treated impartially. The probity assurance provider's report is openly published later, at the time of the award of contract.

5. Evaluate offers

Evaluation and qualification criteria are used by the Borrower to compare offers and determine the best Bid/Proposal. The best Bid/Proposal is called the Most Advantageous Bid/Proposal.

Evaluation criteria, and the methodology as to how they will be applied, must be established during the early stages of the procurement. They must be published in the procurement documents issued to the Bidders/Proposers. This supports transparency and integrity in the procurement process. It is essential that potential Bidders/Proposers understand the criteria by which their Bid/Proposal will be judged, and what criteria are the least to most important to the Borrower. In this way they will be better able to tailor their Bid/Proposal to meet the Borrower's requirements.

Evaluation criteria should be proportionate and appropriate to the type, nature, market conditions, complexity, risk, value and objective of what is being procured. For further details on how to prepare evaluation criteria see [Guidance on Evaluation Criteria](#).

The process to determine the Most Advantageous Bid/Proposal differs depending on the selection method used. There are two main types of evaluation and qualification criteria.

a. Monetary quantifiable criteria

Monetary quantifiable criteria are used when the Borrower wishes to award the contract to the lowest priced conforming Bid. This type of criteria is best suited to procurements that use conformance specifications (i.e. where the Borrower specifies the outputs and the method of delivery). Often RFB processes use this type of criteria.

The steps in determining the Most Advantageous Bid are as follows:

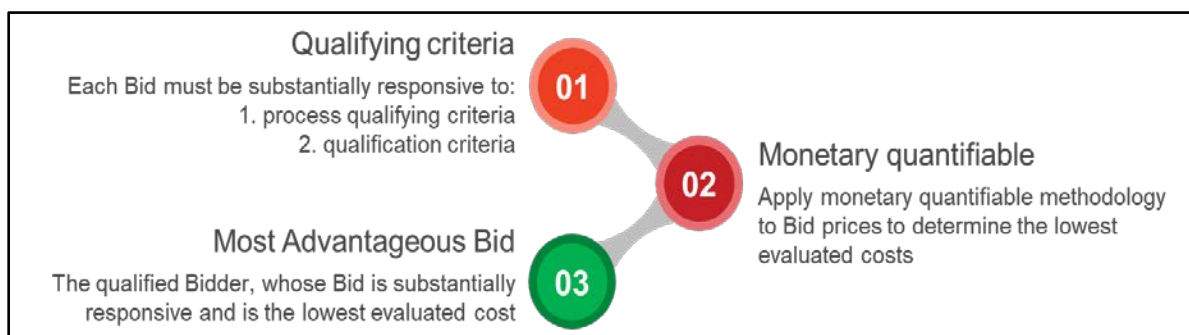


Figure VII - Example of the evaluation using monetary quantifiable criteria

b. Rated criteria

Rated criteria are often used when the Borrower wishes to award the contract to the Proposal which offers the best VfM. The lowest price alone may not be the best VfM. Rather VfM is a combination of price (including life-cycle costs) and quality, non-price attributes, management of risks and costs/benefits.

This type of criteria is best suited to procurements that use performance specifications (where the Borrower specifies the desired outcomes and leaves the method of delivery to the contractor to decide). Often RFP processes use this type of criteria.

The steps in determining the Most Advantageous Proposal are as follows:



Figure VIII - Example of the evaluation using rated criteria

c. Evaluation process

The Borrower must apply the criteria and methodology described in the procurement documents. No variation or inconsistent application is permitted. During the evaluation

stage the Borrower may seek clarifications from the Bidders/Proposers, provided such clarification does not substantially alter the Bid/Proposal.

As part of the evaluation, if a Bid/Proposal is suspected of being “abnormally low” there is a prescribed process that the Borrower must follow. Abnormally low is where the offer price, in combination with other elements of the offer, is so low that it raises material concerns as to the Bidder’s/Proposer’s capability to perform the contract for that price. The Borrower must check the price with the Bidder/Proposer by seeking written clarification. If the Bidder/Proposer fails to demonstrate its capability to deliver the contract for the offered price, the Borrower rejects the Bid/Proposal. For further details see [Bank Guidance on abnormally low bids and proposals](#).

The evaluation process is confidential and should not be disclosed to any persons not involved in the evaluation and award decision process until the Borrower’s Notice of Intention to Award has been transmitted to all Bidders/Proposers.

The Borrower prepares a report of the evaluation process. For procurements subject to the Banks prior review, the evaluation report is subject to review by the Bank before the Borrower communicates its intention to award the contract.

6. Contract award

Once the Borrower has identified the Most Advantageous Bid/Proposal it moves into the contract award phase. The Borrower cannot simply sign the contract with the successful Bidder/Proposer as there are several steps which must be completed to ensure transparency and accountability.

Notification of Intention to Award

Following the decision to award the contract to the Bidder/Proposer with the Most Advantageous Bid/Proposal the Borrower must promptly send written notification of its intention to award the contract to all other Bidders/Proposers. This is called the Notification of Intention to Award. The notice must be sent to all Bidders/Proposers at the same time, and by the quickest means available (e.g. by email). Sending the Notification of Intention to Award initiates the Standstill Period.

a. Standstill Period

The Standstill Period is a period of 10 Business Days following transmission of the Notification of Intention to Award. During this period there is a pause in process, as the Borrower cannot enter into a contract with the successful Bidder/Proposer. The purpose of the Standstill Period standstill period is to allow unsuccessful Bidders/Proposers an opportunity to understand why they were not successful, (they may request a debriefing) and provide them an opportunity to submit a complaint about the decision to award the contract, if relevant.

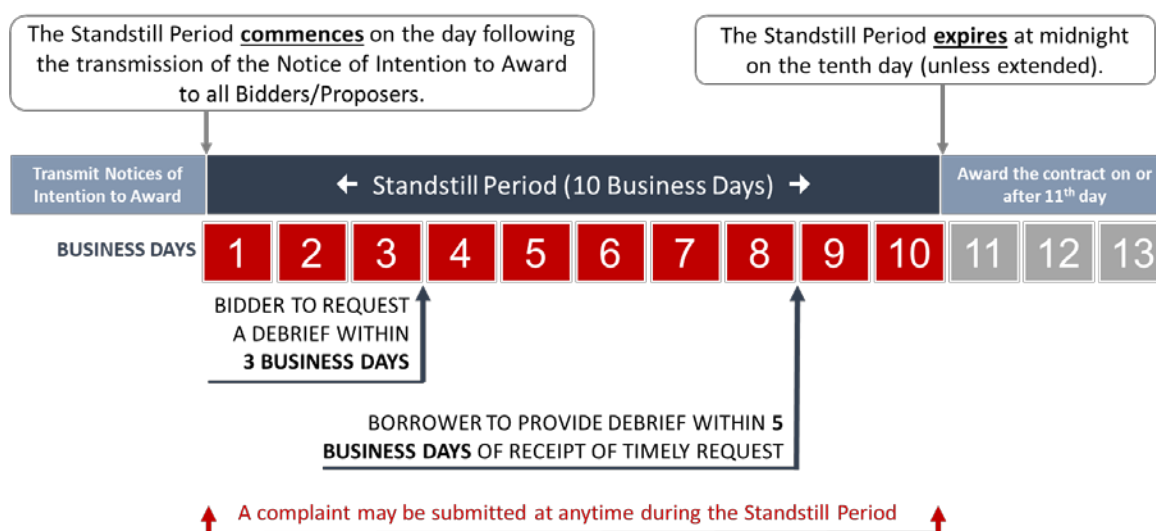


Figure IX - The Standstill Period

There are procedures for requesting a debrief and submitting a complaint. The Standstill Period will be automatically extended where a bidder/proposer has requested a debriefing on time, but the Borrower has been unable to provide the debriefing on time.

For procurements subject to prior review, the Borrower's draft response to the complaint is submitted for the Bank's review before it is issued to the complainant. For information on the Standstill Period, debriefing and complaints see [Bank Guidance on procurement-related complaints](#).

b. Expiry of Standstill Period

Upon expiry of the Standstill Period, after complaints have been addressed if appropriate, the Borrower may proceed to award and sign the contract with the successful Bidder/Proposer. The Borrower does this by transmitting the notification of award to the successful Bidder/Proposer.

c. Contract Award Notice

The Borrower must publish a public notice of the award of contract. This is called the Contract Award Notice. There are rules about what information must be included in the notice (see Procurement Regulations 5.93 to 5.95). The notice should be published on the Borrower's website with free access, or if not available, in at least one newspaper of national circulation, or in the official gazette. For international competitive procurements the notice must also be published on the UN Development Business website and on the Bank's website. The Borrower submits the Contract Award Notice for publication through STEP.

7. Contract management

Successful delivery of contracts requires systematic planning and monitoring to ensure that both parties to the contract are aware of their responsibilities and perform these

responsibilities in a timely manner. To support these activities the Borrower prepares a Contract Management Plan. The plan should be finalized before contract implementation starts. The key objectives of contract management are to ensure that the contract is:

1. delivered on time, at the right place and in the right quantity;
2. to the required specifications, standards and/or quality; and
3. within the agreed price.

For more information see the Bank's Guidance [Contract Management General Principles](#).

Simplified process for emergencies and capacity constraints

The Procurement Regulations allow greater flexibility and simplification for procurements occurring in relation to emergency situations or where the Borrower has certain capacity constraints. Emergency situations are where there is an urgent need of assistance due to a natural or man-made disaster or conflict. Capacity constraints may be due to fragility or specific vulnerabilities as a small state. Such situations often merit a quick procurement response to address the emergency or a customized approach to address the capacity constraint.

In these situations, the Bank is able to tailor the procurement approach to support a fast response. It can determine the most fit-for-purpose selection method, contract arrangement and market approach option that will deliver the best possible procurement result in the response time required. For example, it is possible to use UN Agencies to achieve results on the ground by delivering Goods, Works, Non-consulting Services and Consulting Services. The Bank can also provide hands-on expanded implementation support available (HEIS) to supplement capacity.

For further details, see [Bank Guidance on procurement in Situations on Urgent Need of Assistance or Capacity Constraints](#). Borrowers experiencing such situations should talk to the relevant Bank Task Teams.

Annex A. Further information

An extensive library of good practice procurement guidance and e-learning materials for Borrowers is also available on the Bank's [website](#).

Procurement Framework

- [Procurement Policy in Investment Project Financing \(IPF\) and Other Operational Procurement Matters](#)
- [Procurement Regulations for Investment Project Financing \(IPF\) Borrowers](#)
- [Procurement Directive](#)
- [Procurement Procedure](#)

Guidance

- [Contract Management, General Principles](#)
- [Competitive Dialogue: How to undertake a Competitive Dialogue Procurement Process](#)
- [Evaluation Criteria](#)
- [Finding Business Opportunities and Winning Contracts Financed by the World Bank](#)
- [Identification and Treatment of Abnormally Low Bids and Proposals](#)
- [Operations Procurement Review Committee](#)
- [Procurement Hands-on Expanded Implementation Support](#)
- [Procurement Noncompliance in IPF Operations](#)
- [Procurement Post Review, Independent Procurement Review, and Integrated Fiduciary Reviews](#)
- [Procurement-Related Complaints](#)
- [Procurement in Situations of Urgent Need of Assistance or Capacity Constraints](#)
- [Project Procurement Strategy for Development \(PPSD\) - Long Form Detailed Guide](#)
- [Project Procurement Strategy for Development \(PPSD\) - Short Form](#)
- [Standard Procurement Documents - An Overview](#)
- [Sustainable Procurement](#)
- [Thresholds for Procurement Approaches and Methods by Country](#)
- [Use of Negotiations and Best and Final Offer \(BAFO\) in Procurement of Goods, Works, and Non-consulting Services](#)
- [Value for Money](#)

Bank's Standard Procurement Documents (SPDs)

- [Standard Procurement Documents](#)

Learning

- [E-learning programs for Borrowers](#)

Contact the World Bank

- Borrowers may contact the World Bank to seek further information and guidance. The first point of contact should be the Bank's local office in the Borrower's country, if there is one. The address for each local office is available at:
<http://www.worldbank.org/en/country/insert country name here>
- Borrowers may also contact the Task Leader for the project, who will connect them to relevant World Bank procurement staff and further resources.
- You can contact any Bank staff member by calling: +1 (202) 473-1000



For additional information, such as Standard Procurement Documents (SPDs), Guidance, briefing, training and e-learning materials see www.worldbank.org/procurement