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Operations Policy & Country Services

Policy-work Update

Procurement Framework

November 9, 2017



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Updates Overview



Standard Procurement Documents (SPDs)

- Enhancements to Regulations and SPDs to reflect:
 - Beneficial Ownership
 - Direct Payment
 - Gender Based Violence
- Published 2 new SPDs:
 - Design + Build: *Works*
 - Initial Selection Document
 - Request for Proposal
 - Design, Build + Operate: *Water & Wastewater Treatment Plants*
 - Initial Selection Document
 - Request for Proposal
- Completed development of SPD for Framework Agreements for Goods



An Extensive Library of Guidance Available to Staff, Borrowers, and the Public



Project Procurement Strategy for Development
Short Form Guidance
February 2017



Project Procurement Strategy for Development
Long Form Detailed Guidance
July 2016



Sustainable Procurement
An introduction for practitioners to sustainable procurement in World Bank IPF projects
November 2016



Competitive Dialogue
How to undertake a Competitive Dialogue Procurement Process
October 2017



Standard Procurement Documents
An overview for practitioners
November 2016



Evaluation Criteria
Use of evaluation criteria for procurement of Goods, Works, and Non-consulting Services using RFB and RFP
July 2016



Value for Money
Achieving VfM in Investment Projects Financed by the World Bank
July 2016



Abnormally Low Bids and Proposals
Guide to the identification and treatment of Abnormally Low Bids and Proposals
July 2016



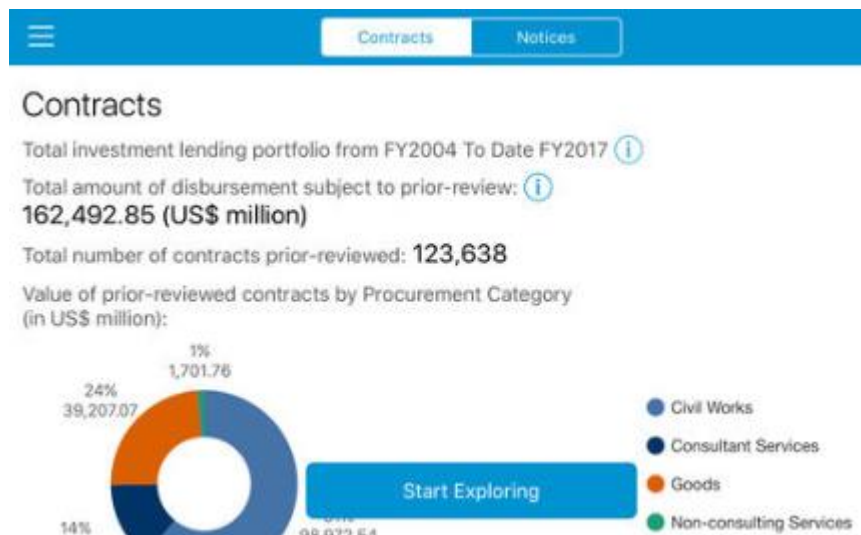
Procurement-related Complaints
How to complain
January 2017



Contract Management
General Principles
September 2017

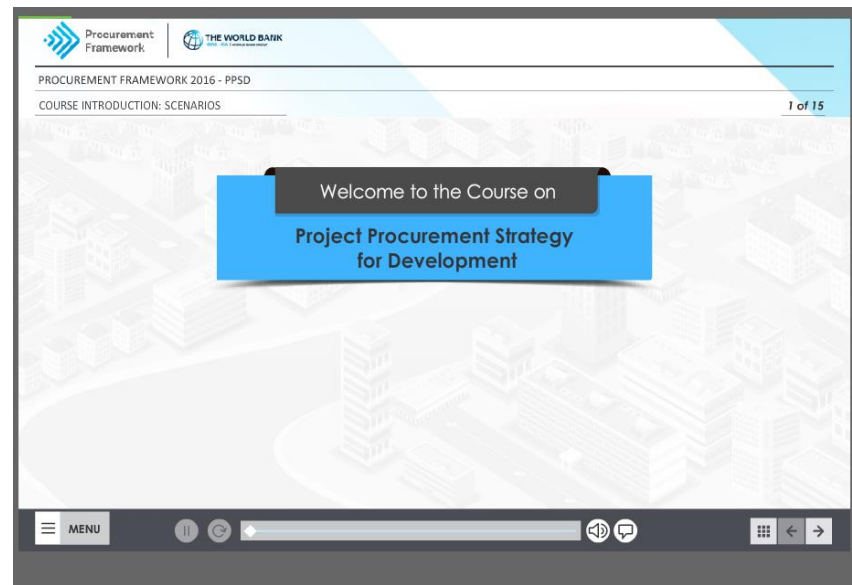
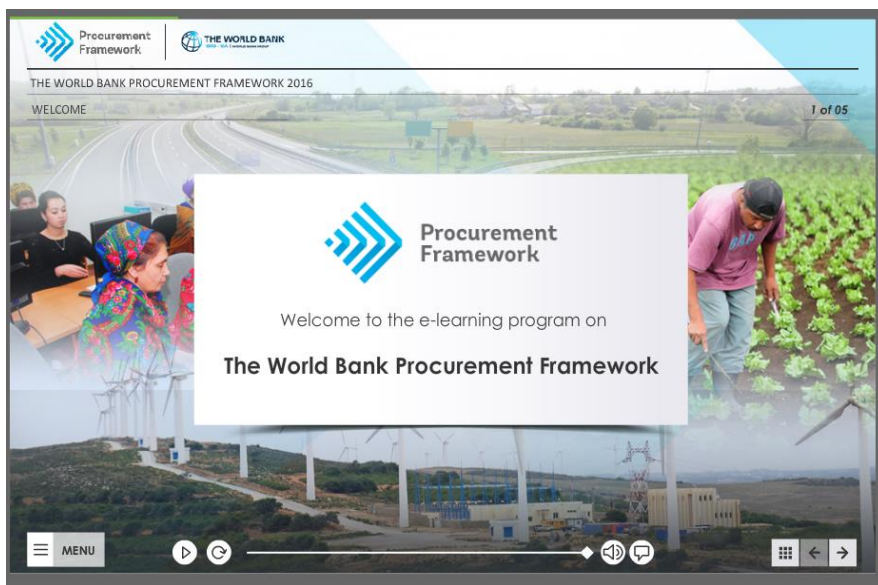


Procurement App

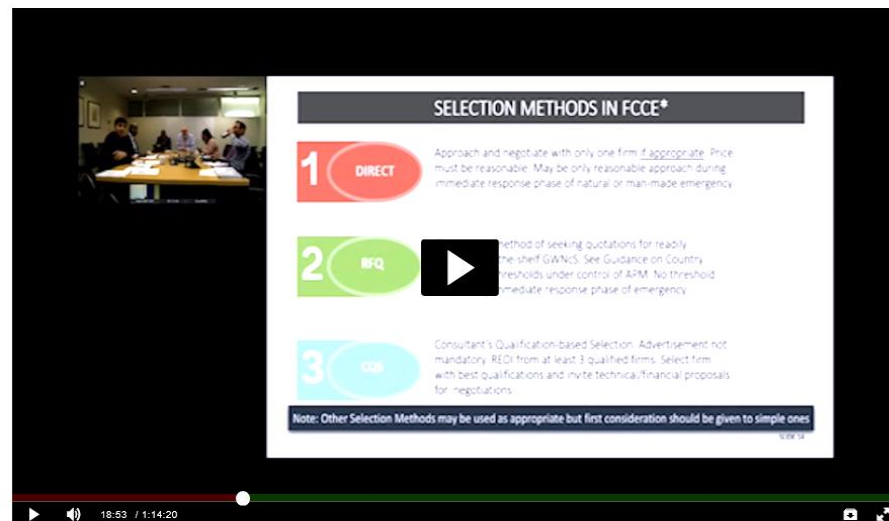


Tender Notices						Filter
Deadline	Description	Country	Project ID	Notice Type	Published	
01-Sep-2017	RECRUTEMENT D'UN CONSULTANT POUR LA REALISATION DE L'EVALUATI...	Togo	P149942	Request for Expression of I...	19-Dec-2016	
06-Mar-2017	Hebron Regional Wastewater Management Project - Phase I	West Bank and Gaza	P117449	Invitation for Bids	15-Dec-2016	
14-Feb-2017	Travaux de construction de deux (2) réservoirs, d'un (01) château d'eau et...	Burkina Faso	P106909	Invitation for Bids	19-Dec-2016	
14-Feb-2017	PROCUREMENT OF SPECIALIZED MACHINERY AND HEAVY VEHICLES	Armenia	P146199	Invitation for Bids	09-Dec-2016	
13-Feb-2017	Fourniture et pose de réseaux, de bornes fontaines et la réalisation de branchem...	Burkina Faso	P106909	Invitation for Bids	19-Dec-2016	
04-Feb-2017	Procurement and Supply of Additional goods for Optical Fiber Network High d...	Afghanistan	P121755	Invitation for Bids	18-Dec-2016	

E-Learning and Webinars for Borrowers & Suppliers



Learning Events	No. of Events	No of Participants
Webinars	13	822
F2F	3	180
BBL	2	90
Total		1092



Procurement in Situations of Urgent Need or Capacity Constraints



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Beneficial Ownership Pilot



Overview

- A three-year pilot including all projects with Decision Review on, or after November 1, 2017
- Misrepresentation may trigger sanctions
- Information provided may require clarification, and decision on responsiveness made on case-by-case basis
- Borrowers will publish the completed template with its contract award information on its own website and the Bank's website/systems
- B/O information will not be routinely verified by the Borrower or the Bank, but will be available for verification when warranted (e.g. integrity red flags)

Scope

- Continue to request all bidders – in the Bank SPDs – to identify general B/O related information such as:
 - identity (name, legal form and proof of existence)
 - organization chart
 - board of directors
- Winning bidders to complete a B/O template before contract signing for the Bank's most significant procurements - over the OPRC thresholds
- The winning bidder is required to identify the Beneficial Owner:
 - directly or indirectly holding 25% or more of the shares
 - directly or indirectly holding 25% or more of the voting rights
 - directly or indirectly having the right to appoint a majority of the board of directors or equivalent governing body of the Bidder
- If not able to identify any Beneficial Owner, the Bidder is required provide an explanation on why it is unable to identify any Beneficial Owner
- In a JV each reference to “Bidder” shall refer to the JV member



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Mandatory Direct Payment Pilot



Background

- Concerns that payment risk may affect competition, but no data
- Management committed to:
 - “create an option for contractors to request direct payment from the Bank at the time of bidding, where risks of delayed or non-payment are considered high by the market.”
- Options for Direct Payment discussed with ED Advisors
- Following further consultations with EDs, Management launched a three-year pilot on November 1st, 2017

Overview

- Supports effective procurement in FCS situations
- Key difference from current Direct Payment approach is that Direct Payment for projects in the pilot is mandatory for international competitive procurement, or direct selection, when criteria apply
- Borrowers will not have a choice of disbursement method
- Communications, briefing notes, and Q&A issued
- Engagement with other MDBs to share lessons and practices

Scope

- Pilot applies to IPF projects under preparation (including Additional Financing) which meet the following criteria:
 - i. the project is financed under IDA18
 - ii. the project triggers paragraph 12 of Section III of the IPF Policy (fragile and conflict-affected states/situations and small states - FCS) and
 - iii. the Decision Review for the project is held on or after November 1, 2017
- For projects under the pilot (unless the Special Commitment disbursement method is used) borrowers are required to use the Direct Payment method for disbursement under contracts for goods, works, or non-consulting services and consulting services procured/ or selected through open or limited competition, or Direct Selection

Pilot Coverage

- Approach facilitates monitoring and management of unexpected consequences
- Hands on Expanded Implementation Support (HEIS) is available to borrowers in fragile and conflict-affected states/situations and small states
- Through HEIS, the Bank may help borrowers to advance procurement



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World Bank's approach to Domestic Preference in Procurement

Background

- Advantage to local contractors/manufacturers applied during evaluation (15% for goods for all Borrowers, and 7.5% for works, but only in countries below specified GNI) – since the 60's
- Local manufacturers may include locally incorporated foreign companies (provided that domestic content is at least 30%)
- Local contractors include locally incorporated companies which are majority owned by a national of the borrower country
- Management committed to review current approach
- Ernst & Young carried out an independent review of DP, with peer reviews of by OPCS data team, DEC, and Trade & Competitiveness

Key Findings and Conclusions

- Used infrequently (9% by value of all international procurement)
- Rarely influences award decision (<1% by value)
- Literature suggests that LC requirements are not effective, unless context specific, and complemented by other targeted initiatives
- Local awards vary significantly by sector, region and country
- DP is mostly applied in countries and contracts where limited domestic capacity exists
- International competition is not discouraged by DP
- DP, as currently applied, is not effective in helping the development of local industry