

Consultation by the World Bank on its Procurement Policy Reform

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Statement by
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Sectoral Distribution of “Prior Review” contracts

| | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Civil Works | 5.542 (56%) | 7.662 (64%) | 6.499 (60%) | 8.349 (63%) | 8.008 (59%) |
| Goods | 2.817 (29%) | 2.655 (22%) | 3.000 (28%) | 2.974 (23%) | 4.128 (30%) |
| Consulting | 1.488 (15%) | 1.588 (14%) | 1.303 (12%) | 1.877 (14%) | 1.413 (11%) |
| Total | 9.847 | 11.905 | 10.802 | 13.200 | 13.549 |

Source: World Bank Statistics „Prior Review Contracts under Bank-Financed Projects, Civil Works / Goods / Cons. Services (in mil. US\$)

Top 6 World Bank civil works providers (mil. US\$)

| Ranking | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|------------|------------------|------------------|------------------|------------------|-----------------------|
| 1 | China 1.594 | China 2.652 | China 1.878 | China 1.455 | China 2.040 |
| 2 | India 740 | India 991 | Argentina 510 | Brazil 1.309 | South Africa 1.080 |
| 3 | Argentina 338 | Brazil 555 | India 482 | Italy 1.025 | India 439 |
| 4 | Italy 296 | Russia 437 | Brazil 395 | India 454 | Brazil 386 |
| 5 | U.K. 245 | Argentina 374 | Vietnam 342 | Vietnam 380 | Italy 322 |
| 6 | Germany 141 | Italy 259 | Italy 279 | Argentina 356 | Vietnam 309 |
| All | 5.542 | 7.662 | 6.499 | 8.349 | 8.008 |

Source: World Bank Statistics „Prior Review Contracts under Bank-Financed Projects / Civil Works FY 2007 – 2011” (in mil. US\$)

Specific Borrowers Winning Local ICB Contracts

| Country | Total ICB | Total ICB to Nationals | % ICBs to Nationals | Total ICB | Total ICB to Nationals | % ICBs to Nationals |
|------------------|---------------------|------------------------|---------------------|-----------------|------------------------|---------------------|
| 2006-2010 | Amount (USD) | | | Number | | |
| Argentina | 1,791,307,266 | 1,596,235,645 | 89.11% | 188 | 178 | 94.94% |
| Brazil | 2,762,597,321 | 2,036,850,135 | 73.73% | 173 | 166 | 95.96% |
| China | 5,067,586,519 | 4,833,808,058 | 95.39% | 547 | 526 | 96.16% |
| Indonesia | 592,484,736 | 477,309,867 | 80.56% | 78 | 68 | 87.17% |
| India | 3,091,625,801 | 2,519,985,596 | 81.51% | 320 | 280 | 87.55% |
| Mexico | 145,265,960 | 135,265,960 | 93.12% | 267 | 267 | 99.81% |
| Philippines | 149,106,793 | 70,774,978 | 47.47% | 41 | 21 | 50.00% |
| Poland | 55,939,814 | 29,771,665 | 53.22% | 13 | 11 | 80.77% |
| Russia | 1,447,765,142 | 1,283,319,052 | 88.64% | 298 | 267 | 89.60% |
| Turkey | 945,070,160 | 639,907,226 | 67.71% | 99 | 81 | 82.16% |
| Vietnam | 1,130,756,069 | 810,440,552 | 71.67% | 849 | 704 | 82.98% |
| | Average: 76.56% | | | Average: 86.10% | | |

Source: World Bank Policy Review Initiating Discussion Paper, dated 29 March 2012, at page 57

World Bank Procurement Policy Review



advises

IAGP

(20 members from
public sector,
private sector, civil
society and academia)

EIC Working Group
„World Bank Procurement“



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Tiziana Tampieri - TAMPIERI

Main ANCE/EIC Recommendations

✦ Country Procurement Systems:

- ✦ **Maintain for large civil works contracts** (“Top 1.000 contracts”) **the Bank’s “*golden procurement standard*”** as laid down by the World Bank’s *Standard Bidding Documents for the Procurement of Works*
- ✦ **Maintain for large civil works contracts** (“Top 1.000 contracts”) **the Bank’s “Prior Review” policy** to ensure that Borrower’s tender and contract conditions are in fact in accordance with the Bank’s standards

Main ANCE/EIC Recommendations

✦ Pre-qualification:

- ✦ For large civil works contracts, **pre-qualification should be the standard procedure** (and the **post-qualification procedure** should be avoided)
- ✦ Technical and financial qualifications of **consolidated local subsidiaries and affiliated companies** should be accepted
- ✦ Beyond scrutinising **financial capability** and **technical competence**, the PQ system should also **evaluate sustainability criteria**, such as Environmental Management (ISO 14001), Occupational Health (OHSAS 18001), Decent work conditions (ILO), Local Content, etc.

Main ANCE/EIC Recommendations

✦ Award criteria:

- ✦ Move from the “**lowest evaluated tender**” criterion to **Most Economically Advantageous Tender**, such as delivery date, life-cycle cost, etc.
- ✦ Policy to reject **Abnormally Low Bids**
- ✦ **Innovative evaluation criteria** rewarding specific contributions to development, such as employment and training of local personnel and know-how transfer

Main ANCE/EIC Recommendations

✦ Contract execution:

- ✦ Clients' amendments **should not deviate from the standard risk allocation** laid down in the Bank's General Contract Conditions (the *"FIDIC MDB Harmonised Construction Contract"*)
- ✦ Enforcement of **Dispute Boards** and **International Arbitration** vis-à-vis the Borrowers
- ✦ **Bank oversight over the full project cycle** from the tender phase until project completion

Next Step:

**Recommendations by the World Bank management
to the Board of Executive Directors**

Thank you for your attention!