# Consultation by the World Bank on its Procurement Policy Reform

on 16th January 2013 in Rome

#### Statement by

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**Co-ordinator of ANCE MDB Working Group** 



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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%)	<b>4.128</b> <i>(30%)</i>
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	China	China	China	China
	1.594	2.652	1.878	1.455	2.040
2	India	India	Argentina	Brazil	South Africa
	740	991	510	1.309	1.080
3	Argentina	Brazil	India	Italy	India
	338	555	482	1.025	439
4	Italy	Russia	Brazil	India	Brazil
	296	437	395	454	386
5	U.K.	Argentina	Vietnam	Vietnam	Italy
	245	374	342	380	322
6	Germany	Italy	Italy	Argentina	Vietnam
	141	259	279	356	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\$)





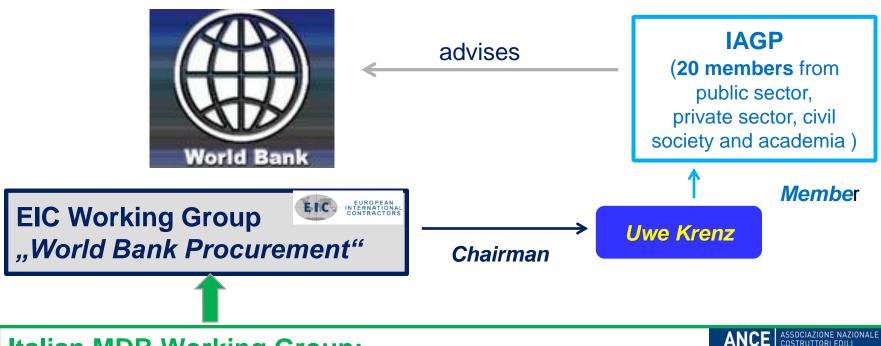
## **Specific Borrowers Winning Local ICB Contracts**

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**



#### **Italian MDB Working Group:**

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#### 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





#### 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.





#### 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





#### 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!