

NEW PROCUREMENT FRAMEWORK

*The Hague
November 2, 2016*



Key Messages on the New Procurement Framework (NPF)

- The New Framework became effective as of **July 1, 2016**
- Applicable for Investment Project Financing
 - Concept Review Decision on or after July 1, 2016 and some “Early Adopters”
 - If justified, Additional Financing may use Procurement/Consultant Guidelines
- Active projects and those under preparation with PCN before July 1, 2016 will continue to apply Procurement Guidelines and Consultant Guidelines
- If Borrower and Bank agree, projects currently under preparation may switch to Procurement Regulations for IPF Borrowers (APM advice)
- Active projects may switch to Procurement Regulations for IPF Borrowers after Restructuring

Core Procurement Principles



Core Procurement Principles

- *Value for Money*
- *Economy*
- *Integrity*
- *Fit-for-Purpose*
- *Efficiency*
- *Transparency*
- *Fairness*

Roles and Responsibilities



Roles and Responsibilities

- *Borrowers*: implementation of the project, including carrying out procurement activities
- *Bank*: supervision (fiduciary role) and implementation support, including:
 - Prior and Post Reviews
 - Independent Procurement Reviews (IPR)
 - Third party assurance
 - Hands-on Expanded Implementation Support (HEIS) for procurement in certain projects

Key Changes



- ✓ Structure of the Regulations for Borrowers
 - *Acronyms and Glossary*
 - *Seven Sections*
 - *Fifteen Annexes*
- ✓ One Regulations for Goods, Works, Non-Consulting Services and Consulting Services

Sections I & II: Introduction and General Considerations

✓ Applicability

Exceptions:

- *FI (repayable loans to individuals and private entities)*
- *Bank Guarantees*

Sections I & II: Introduction and General Considerations

✓ Alternative Procurement Arrangements

The Bank may:

- *Agree to rely on and apply the procurement arrangements of a multilateral or bilateral agency or organization and an agency or entity of the Borrower; and may agree that such agencies/organizations representatives take a leading role in providing implementation support and monitoring*
- *Agree on and apply the procurement rules and procedures of an agency of the Borrower*

Alternative Procurement Arrangements shall be:

- *Consistent with Bank Core Procurement Principles and Governance*
- *Subject to the Bank's eligibility criteria (universal eligibility and debarment), ACGs (including inspection and audit rights), Sanctions regime; one Bid/Proposal per Bidder/Consultant, Complaints provisions*
- *Subject to the Bank's unrestricted right to exercise contract remedies*

Section III: Governance

- Roles and Responsibilities (above)
- *Hands-on expanded implementation support:*
 - *Drafting procurement documents*
 - *Identifying strengths and weaknesses of bids/proposals*
 - *Observing dialogues and negotiations with bidders/consultants*
 - *Drafting procurement reports and contract award documentation*

Project execution remains the Borrower's responsibility

Section III: Governance

✓Eligibility

- *More flexibility (SOEs, hiring Civil Servants, etc)*
- *Remove additional constraints for contracting civil servants, on the basis that their services: (i) are critical to project implementation, (ii) do not create conflict of interest, and (iii) do not conflict with the Borrower's laws and the Bank's Procurement Framework*

✓Non-compliance

- *More options beyond misprocurement (legal remedies)*
- *Corrective actions shall be proportional to the severity and impact of the infringement and shall take into account all relevant factors, including any valid action/s, inaction/s or omission/s by the Borrower, or any party involved in the procurement, including the Bank*
- *Professional judgement*

Section III: Governance

- ✓ Complaints Handling
 - *Introduced Standstill period (10 days), allowing unsuccessful bidders (standing) to lodge any complaints within an specific time prior to contract award*
 - *Introduced debriefings by Borrowers within Standstill period*
 - *Business standards (response time)*
 - *Borrowers shall record in STEP all complaints. In addition, Borrowers shall inform the Bank of any procurement complaints subject to prior review*

Section IV: PPSD & Procurement Plan

✓ Project Procurement Strategy for Development (PPSD)

➤ *by Borrower with Bank support*

✓ Activity Procurement Strategy

➤ *high risk and/or high value activities/contracts*

✓ Overview of the PPSD

➤ *See next slides*

✓ Procurement Plan

➤ *output of PPSD*

PPSD Overview

1. *PPSD is required for all IPF projects*
2. *Size and complexity of PSD commensurate with the procurement*
3. *PPSD is prepared by the Borrower. Bank staff may support with research, analysis, selecting options and drafting*
4. *The PSD is built around 3 basic elements:*
 - *Data gathering through research*
 - *Structured analysis using procurement tools and techniques*
 - *Decision making and actions based upon the data and analysis*
5. *PPSD aims at developing a consistent, fit for purpose approach to procurement across the portfolio*

Section V: Procurement Provisions

- ✓ Advance Procurement and Retroactive Financing
 - *from equivalence with procedures to consistency with Core Procurement Principles*
- ✓ Leased Assets
- ✓ Second Hand Goods
- ✓ STEP – Systematic Tracking of Exchanges in Procurement

Section V: Procurement Provisions

Abnormally Low Bids - introduced for goods, works and non-consulting services:

- *where the bid/proposal price, in combination with other constituent elements of the bid/proposal appears unreasonably low*
- *Borrowers must reject a bid if it is abnormally low and the bidder cannot provide sufficient justification to support their costing/methods/approach.*
- *the guidance indicates how to identify an ALB relative to other bids/proposals received*

Section V: Procurement Provisions

Confidentiality

- *Extended to cover confidential or proprietary information of bids, including trade secrets, etc.*

Standstill Period

- *introduced specific period allowing unsuccessful bidders (standing) to lodge any complaints within an specific time prior to contract award*
- *Introduced debriefings by borrowers within standstill period*
- *Ten (10) Business Days from the notification of the intention to award*
- *Exclusions apply, such as, direct selection, emergency situations, only one bid is submitted in a competitive process, competition among firms in already established FA*

Section V: Procurement Provisions

National Procurement

- *Streamlined requirements, when the country's own procurement arrangements may be used, if they are acceptable to the Bank*

Section V: Procurement Provisions

- ✓ Contract Management
 - *The aim of contract management is to ensure that all parties meet their obligations*
 - *Introduced to ensure that:*
 - *contractor performance is satisfactory*
 - *appropriate stakeholders are informed*
 - *all contract requirements are met*

Section VI: Approved Selection Methods (G, W, and NCS)

- ✓ Introduced

- *Negotiations*
- *BAFO*
- *Competitive Dialogue*
- *E-reverse Auctions*

Selection Methods for Goods, Works and Non-Consulting Services

| Goods, Works, and Non-consulting Services | Market approach options | | | | | | | | | | | |
|---|--|---------|--------|----------------|----------|----------|----------|--------------|-------------|------|-------------|----------------|
| Approved selection methods and arrangements | Open | Limited | Direct | Inter-national | National | PQ | IS | Single-stage | Multi-stage | BAFO | Negotiation | Rated criteria |
| Selection methods | | | | | | | | | | | | |
| Request for Proposals | ✓ | ✓ | x | ✓ | ✓ | x | normally | ✓ | ✓ | ✓ | ✓* | normally |
| Request for Bids | ✓ | ✓ | x | ✓ | ✓ | optional | x | ✓ | x | ✓ | ✓* | not normally |
| Request for Quotations | ✓ | ✓ | x | ✓ | ✓ | x | x | ✓ | x | x | x | x |
| Direct Selection | x | x | ✓ | x | x | x | x | ✓ | x | x | ✓ | x |
| Selection arrangements | | | | | | | | | | | | |
| Competitive Dialogue | ✓ | ✓ | x | ✓ | ✓ | x | required | x | ✓ | x | x | ✓ |
| Public-Private Partnerships | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | x | ✓ | ✓ | ✓ | ✓ | ✓ |
| Commercial Practices | As per acceptable commercial procurement practices | | | | | | | | | | | |
| UN Agencies | As per Paragraphs 6.47 and 6.48 | | | | | | | | | | | |
| E-Auctions | ✓ | ✓ | x | ✓ | ✓ | ✓ | x | ✓ | x | x | x | x |
| Imports | ✓ | ✓ | x | ✓ | x | x | x | ✓ | x | ✓ | x | x |
| Commodities | ✓ | ✓ | x | ✓ | ✓ | ✓ | x | ✓ | x | x | x | x |
| Community-driven Development | ✓ | ✓ | ✓ | x | ✓ | x | x | ✓ | x | x | x | x |
| Force Accounts | x | x | ✓ | x | ✓ | x | x | x | x | x | x | x |

Section VII: Approved Selection Methods (CS) – Key Changes

- ✓ Number of short-listed firms now 5-8
- ✓ TOR must be released with REOI
- ✓ Shortlist restrictions
 - *Fit for purpose, not prescriptive, removed geographic constraints*
- ✓ Advertising for CQS non-mandatory
- ✓ 7-days “pause” between the notification of the technical score and the opening of the financial proposals

Selection methods for Consulting Services

| Consulting Services | Market approach options | | | | | |
|--|--|---------|--------|----------------|----------|-----------|
| Approved selection methods and arrangements | Open | Limited | Direct | Inter-national | National | Shortlist |
| Selection methods | | | | | | |
| Quality Cost Based Selection | ✓ | x | x | ✓ | ✓ | ✓ |
| Fixed Budget Based Selection | ✓ | x | x | ✓ | ✓ | ✓ |
| Least Cost Based Selection | ✓ | x | x | ✓ | ✓ | ✓ |
| Quality Based Selection | ✓ | x | x | ✓ | ✓ | ✓ |
| Consultant's Qualification Based Selection | ✓ | ✓ | x | ✓ | ✓ | x |
| Direct Selection | x | x | ✓ | x | x | x |
| Selection Arrangements | | | | | | |
| Commercial Practices | As per acceptable commercial Procurement practices | | | | | |
| UN Agencies | As per Paragraphs 7.27 and 7.28 | | | | | |
| Non Profit Organizations (such as NGOs) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Banks | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Procurement Agents | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Selection Methods for Individual Consultants | | | | | | |
| Selection of Individual Consultants | ✓ | ✓ | ✓ | x | x | x |

Annexes



- ✓ Annex I. Value for Money
- ✓ Annex II. Procurement Oversight
- ✓ Annex III. Procurement-related Complaints
- ✓ Annex IV. Fraud and Corruption
- ✓ Annex V. Project Procurement Strategy for Development
- ✓ Annex VI. Domestic Preference
- ✓ Annex VII. Sustainable Procurement
- ✓ Annex VIII. Contract Types
- ✓ Annex IX. Contract Conditions in International Competitive Procurement
- ✓ Annex X. Evaluation Criteria
- ✓ Annex XI. Contract Management
- ✓ Annex XII. Selection Methods
- ✓ Annex XIII. Competitive Dialogue
- ✓ Annex XIV. Public-Private Partnership
- ✓ Annex XV. Framework Agreements

Contract Management and Complaints Handling System



Bank Involvement in Contract Management

- Contract management approach detailed in PPSD
- Key Performance Indicators (KPIs) to be set that include regular review by Bank procurement staff
- Contract management reviews will involve discussion with clients and contractors/suppliers – discussing KPIs

Contract Management Planning

- Contract management plan covers:
 - Risk management
 - Roles and responsibilities
 - Relationship management (communication and reporting procedures)
 - Key terms and conditions
 - Key milestones and payment provisions
 - Deliverables and KPIs
 - Contract administration (Variation and change control, record keeping)

Enhanced Complaints Handling

- Bank will be more involved in complaints handling through:
 - Centrally monitoring procurement related complaints
 - More support to Task Teams on complaints handling
- Borrowers required to copy all complaints to the Bank and to resolve them appropriately and in a timely manner
 - Business standards and measures for tracking complaints established – with non-compliance actions available
- More streamlined complaints submission by bidders/consultants through provision of :
 - A standstill period to submit their complaint before the borrower proceeds to signing the contract in all cases;
 - A standstill period following the notification of the results of technical evaluation for consultants to complain before opening of the financial proposals
 - Debriefings by borrowers within standstill period

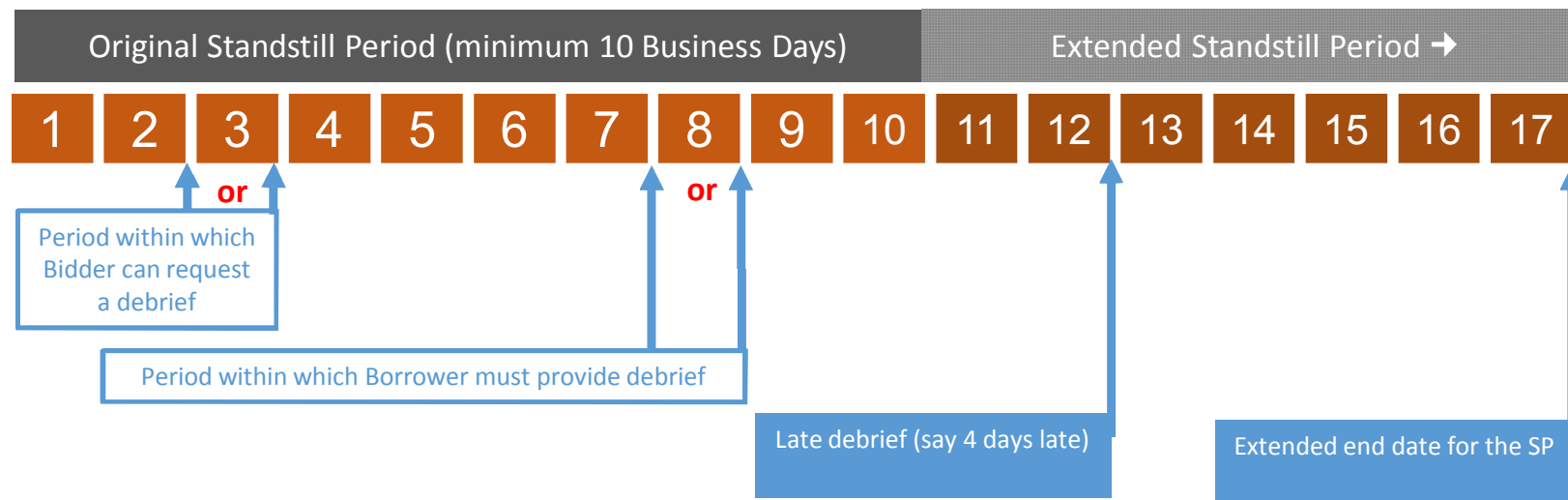
Standstill Period (SP)

- Period within which to complain (and still be able to influence the award decision)



Standstill Period

➤ Late debrief and extended SP



Evaluation Aspects



- Evaluation criteria should be proportionate and appropriate to the type, nature, market conditions, complexity, risk, value and objectives of what is being procured;
- To the extent possible, the criteria should be quantifiable;
- Criteria may take into account such factors as: (i) cost – adjusted bid price and life-cycle cost; (ii) quality; (iii) risk; (iv) sustainability; (v) innovation.

Goods, Works, and Non-Consulting Services:

- Qualifying criteria are the minimum requirements normally evaluated on pass/fail basis;
- Rated-type Criteria: non-price attributes assessed with merit points;
- Combined Rated-type Criteria and Cost
- **Initial Selection:**

Normally used with RFP method for Goods, Works or Non-Consulting Services

- **Discovery Stage (under Two-Stage RFP Model 1):**

One-on-One meetings with each Proposer to probe, challenge and clarify the proposed Technical Proposal.

Consulting services:

- Technical Evaluation and Financial Evaluation
- Financial Proposals shall not be opened earlier than 7 business days from the communication of the technical evaluation results to the Consultants;
- Combined Quality and Cost Scores:

| Description | Quality/Cost Score Weighting (%) |
|--|----------------------------------|
| High complex / downstream consequences / specialized assignments (or may use QBS method) | 90 / 10 |
| Moderate complexity | 70-80 / 30-20 |
| Assignments of a standard or routine nature (or may use LCS method) | 60-50 / 40-50 |

Benefits of the new Procurement Framework for Suppliers and Contractors



- Much more focus on suppliers and contractors:
 - How best to engage with you, how to motivate you, how to persuade you to bid on procurements
- Opportunities for more dialogue and engagement
- Ability to offer innovative solutions to meet needs
- More efficient procurement approaches
 - In general due to use of fit for purpose procurement approaches and methods
 - By appropriate Borrowers receiving hands on implementation support from Bank staff, to fix any problems before they start
- Prompt handling of complaints and issues
- Standstill periods to fix any problems, before award
- Supports modern, collaborative procurement practices

Best Practice in Planning and Making a Bid



General Considerations

- Huge and diverse portfolio, so target efforts
- Procurement is led by the Borrower, NOT the Bank
- Four broad procurement systems:
 - International Competitive Bidding
 - National Competitive Bidding
 - Procurement systems of another MDB/bilateral
 - Borrowers arrangements, in full if assessed and acceptable
- Tailor procurement approaches to countries, projects and markets
- Contract is with the Borrower, not the Bank, under their legal framework (international arbitration if ICB)
- Zero tolerance for Fraud and Corruption (public debarment)

Role of Bank Staff in Procurement

- Assess Borrower's public procurement system, procurement capacity of project implementing agency, and mitigate potential procurement risks
- Support improving overall procurement system (capacity)
- For specific projects, set the procurement rules, and processes
- Assist borrower in preparing the PPSD and the Procurement Plan
- Provide procurement training, knowledge, and share best practice
- Supervise project/program (on a prior, and/or post review basis)
- Provide implementation support where appropriate (hands-on support to help in low capacity situations)
- Support contract management by reviewing KPIs
- Monitor compliance with Loan/Credit Agreement and Procurement Plan

Borrower's Role in Procurement

- Lead the procurement using the Banks rules or other system agreed
- Prepare PPSD and Procurement Plans
- Advertise upcoming bidding opportunities
- Prepare and issue bidding/proposal documents
- Receive and evaluate bids/proposals
- Award contracts
- Implement contract; pay supplier/contractors/ consultants
- Monitor compliance with Legal Agreement and Procurement Plan
- Arrange for project/program audit

Good Advice

- Be informed about the country, project, processes, and competition:
 - Determine areas of focus, countries/procurement type etc.
- Consider how you will respond to project needs
- Identify local partners and others for any joint ventures
- Previous technical and country experience is usually critical
- Understand local customs, laws, markets
- Respond substantially to technical specifications
- Submit timely and high-quality bids
- Contact the Implementing Agency to address any need for clarifications or other concerns
- Make use of country trade missions/Executive Director team

Preparing the Proposals

- Make a pre-proposal visit (if indicated in RFP)
- For consultant services - address Terms of Reference fully
- For Goods, Works, Services etc. respond substantially to technical specifications
- Emphasize methodology for delivery – innovate if you can
- Propose a strong Project Manager and qualified experts
- Cite relevant technical and regional experience similar to the assignment – more significant and similar the better
- Involve national partner consulting firms or individual consultants, consider joint ventures
- Don't deviate from standard RFP forms/conditions

Preparing the Proposals

- No conditionalities: conditionalities or qualifications will lead to rejection
- Get official clarification: If any provisions of the bidding/proposal document are unclear or unacceptable, submit an official inquiry in writing to the borrower cc the Bank before the bid closing date or such date as may be specified
- Submit a professional, proposal ensuring all supporting documents included, signed by authorized individual
- Carefully review qualification and evaluation criteria:

Failure to satisfy qualification criteria (including SOE eligibility criteria) results in high bid rejection rate

Final checks before submission

- Amount, validity and text of Bid Security
- Signatures and power of attorney
- Joint venture agreement enclose
- References enclosed
- Discounts in covering letter or appropriate place as specified in the bidding/proposal document
- Marking of envelopes as appropriate

Pay attention to “Don’ts”

- No Bid Security
- Insufficient Amount of Bid Security
- Lack of Supporting Documents
- Incomplete Bids
- Expiration and Extension of Bid Validity
- Partial Quantities
- Absence of test reports if required
- Bids not signed
- JV partner as bidder in another bid
- Conflict of interest

At bid/proposal opening

- Be on time: Submit bid/proposal within the stipulated deadline. Late bids/proposals will not be accepted
- During bid opening, ensure that:
 - All relevant prices are read out
 - All discounts are read out
 - Presence and amount of bid security is read out
 - No envelope remains unopened
 - All the above is recorded correctly
 - The record is signed by all bidders present and by the purchaser
- Be aware of possible extension: There may be a request to extend the bid validity and bid security periods by several months, as in certain cases the evaluation of bids requires more time than originally expected

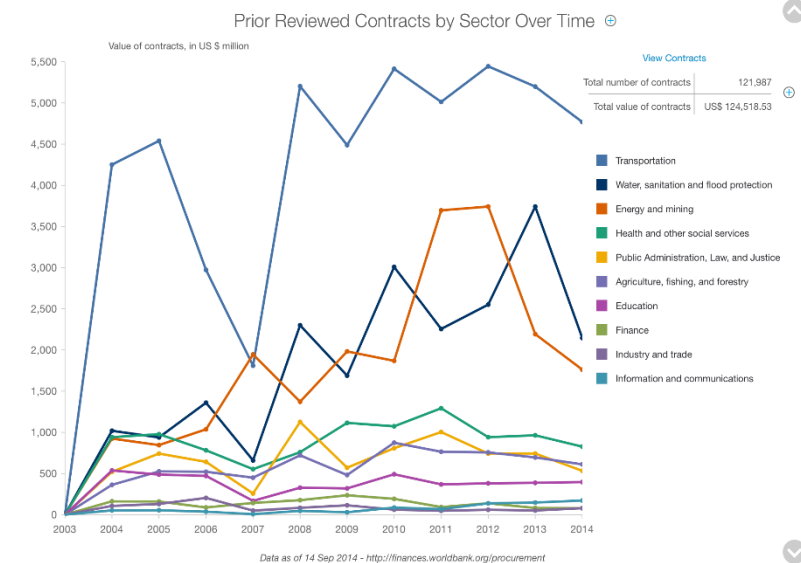
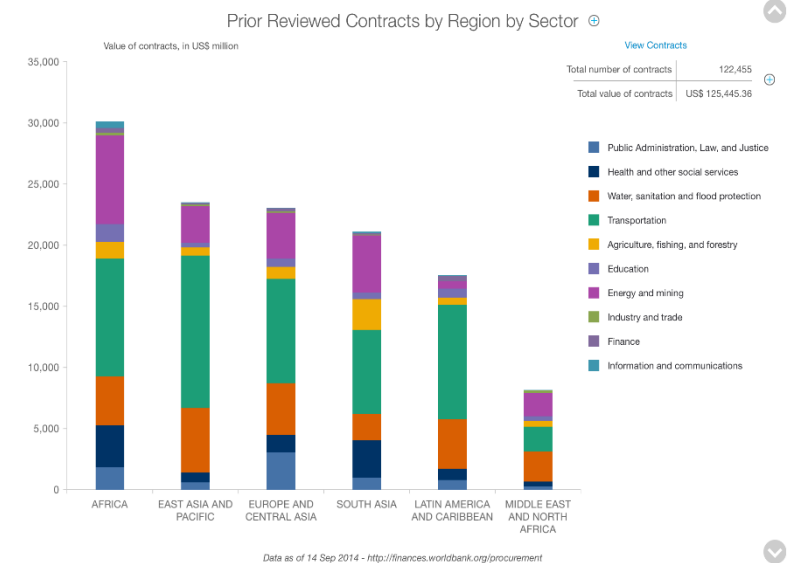
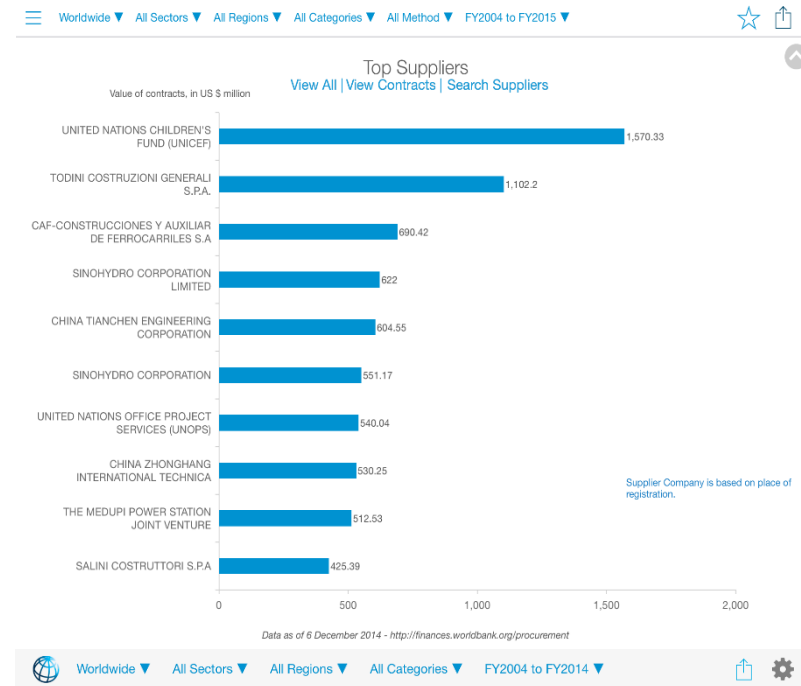
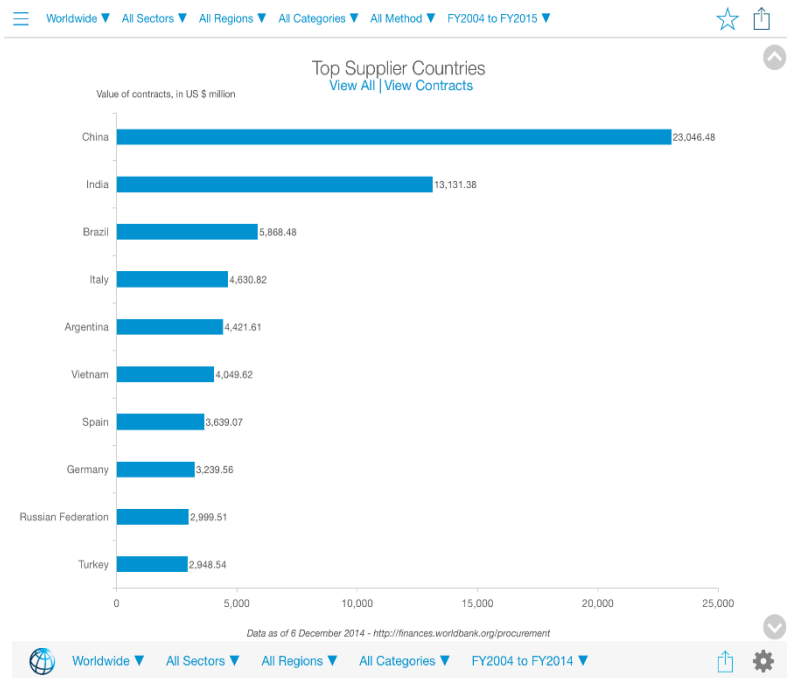
Finding Business Opportunities



World Bank Procurement App

- The App provides:
 - Procurement data on major contract awards
 - Allows the public to explore complex datasets
 - The App enables the public to look at:
 - Ratios
 - Trends
 - Supplier Rankings
 - Easily accessible menus and filters make it easy to mix and match at many levels of aggregation
 - Enables the public to easily explore large amounts of data
 - Includes an email feature that imports charts, figures, and tables into email messages
 - The App is available for iPad and is being developed for iPhone/Android
- The App can be downloaded at the Apple Store for free

World Bank Procurement App



World Bank Group Finances App

- Allows users to quickly access Bank portfolio of projects, finances, and procurement data:
 - Access in one of nine different languages (Arabic, Bahasa Indonesia, Chinese, English, French, Hindi, Portuguese, Russian, and Spanish) from any place in the world
 - Locate the projects in your neighborhood financed by the Bank, including the major awarded contracts
 - Receive Procurement/Tender Notices and follow business opportunities in more than 100 countries
 - Get updates on pending projects in the pipeline, as well as latest approved projects
 - Check the disbursements data, updated monthly, and the contributions to Trust Funds
 - Engage with the Bank by sharing, following its projects and investments, or reporting back

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www.step.worldbank.org

www.wbgeconsult2.worldbank.org



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