

2016 PROCUREMENT FRAMEWORK

Standard Procurement Documents

PRIVATE SECTOR SEMINAR



April 2018

Topics covered

This session will cover the following :

- The Standard Procurement Documents (SPDs)
- New features in Standard Procurement Documents
- Request for Proposals SPD for Goods, Works and Non-consulting Services
- Updates to Request for Proposals SPD for Consulting Services
- The Enhancements to the SPDs to improve Environmental Social, Health and Safety (ESHS) performance

Standard Bidding Documents (SBDs) vs Standard Procurement Documents (SPDs)

Standard Bidding Documents (SBDs)

- Used for projects governed by the Guidelines and concept notes prior to July 1 2016 and
- Works related SBDs only updated to include Environmental, Social, Health and Safety enhancements.

Standard Procurement Documents (SPDs)

- Used for projects where the new Procurement Framework applies
- Mandatory for projects with concept notes after July 1, 2016
- 28 SPDs launched as of March 2018

SBDs and SPDs

- Mandatory for international competitive procurements
- May be used (with amendments) for national competitive procurements, with the Bank's agreement

List of Standard Procurement Documents

Works (11 SPDs)

RFB Small Works (1 envelope)

RFB Small Works (2 envelope)

RFB Large Works (without PQ)

RFB Large Works (after PQ)

PQD Large Works

ISD Works 2 stage (Design + Build)

RFP Works 2 stage (Design + Build)

RFB Roads (Output + Performance based)

RFB Works French Civil Code (FRENCH)

RFB Water and Wastewater Treatment Plant
(Design + Build + Operate)

ISD Water and Wastewater Treatment Plant
(Design + Build + Operate)

Plant (4 SPDs)

RFB Plant (without PQ)

RFB Plant (with PQ)

ISD Plant

RFP Plant (2 stage)

Acronyms

RFB = Request for Bids

PQD = Prequalification Document

RFP = Request for Proposals

ISD = Initial Selection Document

List of Standard Procurement Documents (cont.)

Goods (6 SPDs)

RFB Goods (1 envelope)

RFB Goods (2 envelope)

PQD Health Sector

RFB Health Sector

RFB Education (Textbooks)

RFB Framework Agreement

Consulting Services (1 SPD)

RFP Consultancy Services

Others (6 SPDs)

PQD Management Services

RFB Management Services

RFB Non-Consultant Services

RFB Information Systems

ISD Information Systems

RFP Information Systems

SPDs Translations

- French – 20 SPDs
- Spanish – 22 SPDs

Approach to developing the new SPDs

Method

- SBDs modified to reflect the Regulatory changes
- SPDs developed from existing SBDs
- Opportunity to correct inconsistencies, update versions and apply enhancements

Important considerations

- Kept key aspects of international competitive procurement e.g.:
 - ◆ international advertisement
 - ◆ application of Bank's sanction policy, eligibility, and conflict of interest
 - ◆ pricing, use of foreign currencies, price adjustment, payment terms
 - ◆ international dispute resolution
 - ◆ use of international instruments e.g. INCOTERMS and URDG

Key changes common to all SPDs

The next set of slides will cover the following key changes:

- Determination of the successful bid/proposal
- Lifecycle costing (emphasis given)
- Abnormally Low Bid/Proposal
- Notification of Intention to Award, Standstill Period + debrief
- Procurement-related complaints (detail covered in separate session)
- Sustainable procurement
- Value Engineering



Most Advantageous Bid/Proposal

- PPSD informs evaluation methodology
- Criteria to be appropriate to the nature and complexity of the procurement to allow the Borrower to achieve VfM
- New approach = “most advantageous bid/proposal” (details in later slides)
- For RFP the lowest evaluated cost alone may not necessarily represent best VfM



Conditions of use:

- May be used when the O&M costs (recurrent costs) are estimated to be considerable compared to the capital cost
- may vary among the bids / proposals

Application

- methodology, parameters, and information required from bidders for the LCC determination should be specified in the bidding / proposal document including:
 - Number of years for life cycle analysis
 - operating costs
 - maintenance costs,
 - discount rate for NPV



Identification tools

- ALB: Abnormally Low Bid /Proposal
- Seriously unbalanced/front loaded bid/proposal
- Updated cost estimate

Tools for addressing

- ALB: rejection of bid / proposal
- Seriously unbalanced/front loaded bid/proposal: increase of performance security or rejection of bid /proposal
- Unreasonably high priced:
 - BAFO / Negotiation
 - Pre-contract discussion to reallocate risks and responsibilities
 - Re-bidding as a last measure
- Cost and Quality weighting system in RFPs

- Enhanced provisions based on MDB Working Group findings
- Modified definition of ALB/P:

Where the price, in combination with other elements, appears unreasonably low, to the extent that it raises material concerns as to the bidder's/proposer's capability to perform the contract for that price

The 5 stages in managing an ALB/P:

Identify: Borrower identifies a potential ALB/P

Clarify: Borrower seeks clarification from the bidder/proposer

Justify: bidder/proposer prepares a justification of the price

Verify: Borrower analyzes the justification to verify if it provides reasonable explanation and validation of the price

Decide: Borrower decides whether to accept or reject the bid/proposal.

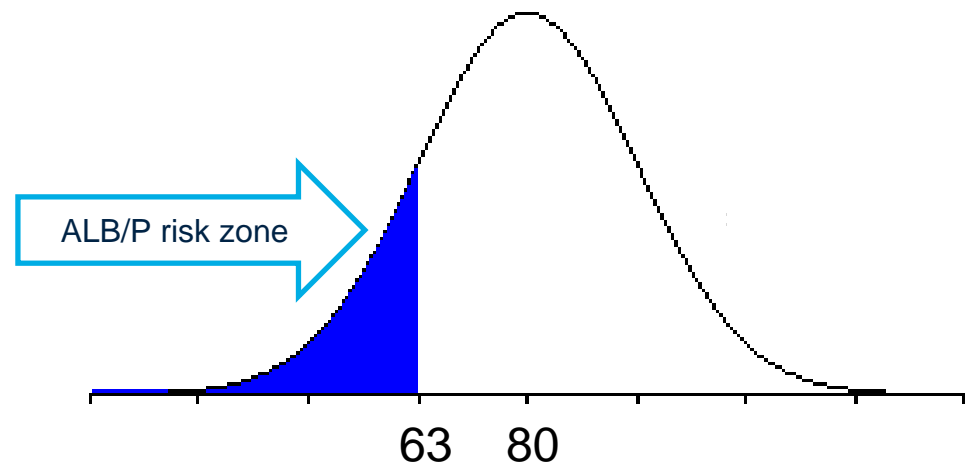
Identification: Scenario 1

- Fewer than five compliant bids/proposals: Identification based on a comparison of the adjusted bid/proposal price, and its constituent parts, with the Borrower's own cost estimate.

Identification: Scenario 2

- At least five compliant bids/proposals: ALB/P risk zone is more than one standard deviation below the average of the compliant bids/proposals received.

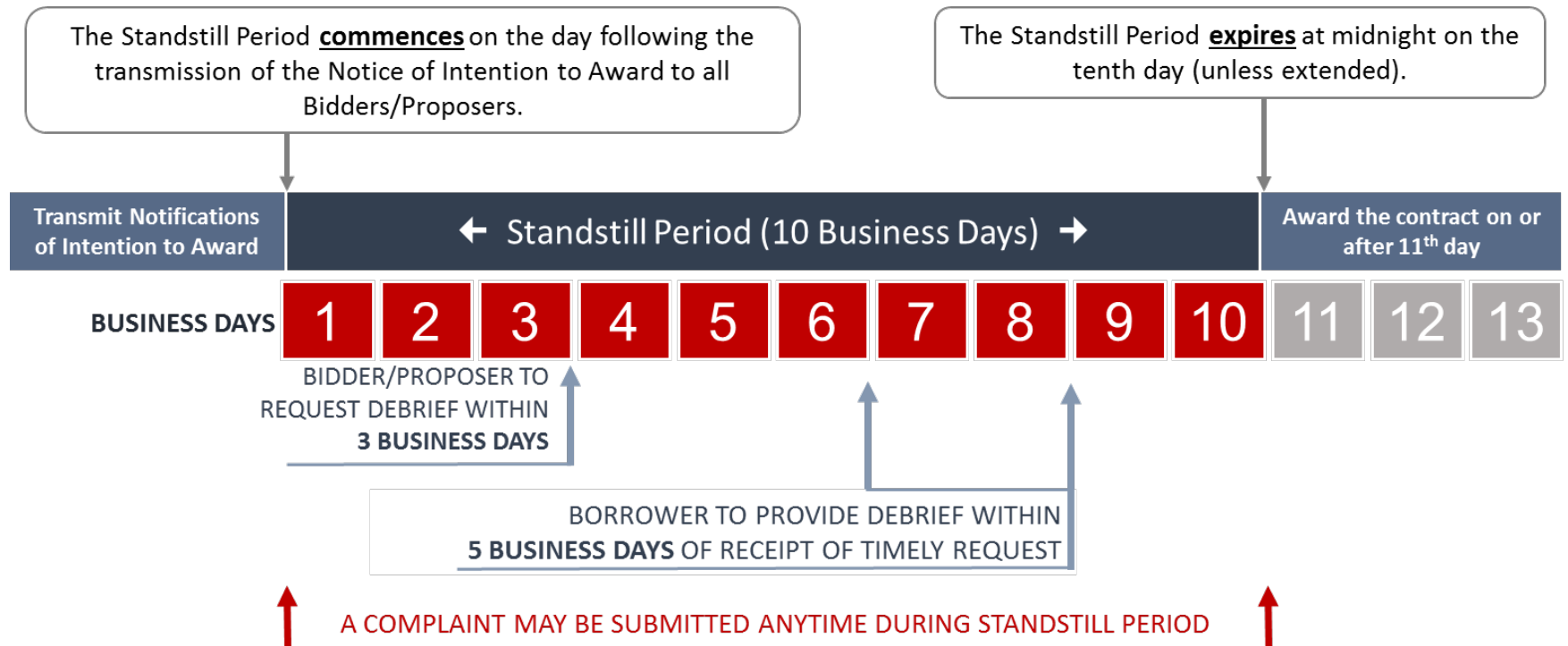
Example Bids	\$M
Bid 1	72
Bid 2	92
Bid 3	82
Bid 4	101
Bid 5	53
Average	80
Standard Deviation	17
ALB/P threshold	63



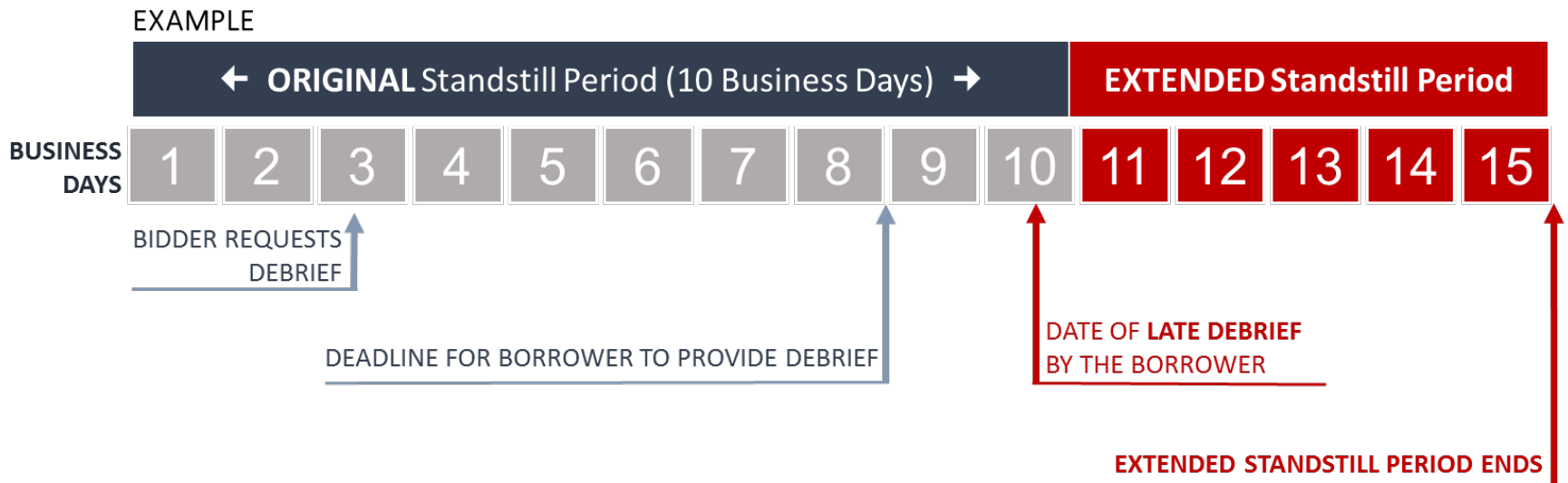
- Once Borrower decides who to award contract to it must inform other bidders/proposers
- Send NIA to each bidder/proposer that submitted bid/proposal (but not to those who have previously been told they were not successful)
- Sending NIA starts the standstill period
- NIA must include:
 - ◆ details of the successful bidder + the contract price
 - ◆ names of all other bidders and their prices
 - ◆ statement why recipient of the notification was not successful
 - ◆ instructions on how to request a debriefing
 - ◆ date Standstill Period will end

- Standstill period is a period of 10 business days, from date NIA sent, where Borrower cannot award the contract
- Gives unsuccessful bidders/proposers time to decide if they want:
 - ◆ a debrief
 - ◆ to lodge a complaint against the decision to award the contract
- Standstill period can be extended in certain circumstances
- Circumstances where Standstill period does not apply:
 - ◆ only one bid/proposal submitted
 - ◆ direct selection
 - ◆ call-off under framework agreement
 - ◆ emergency situation

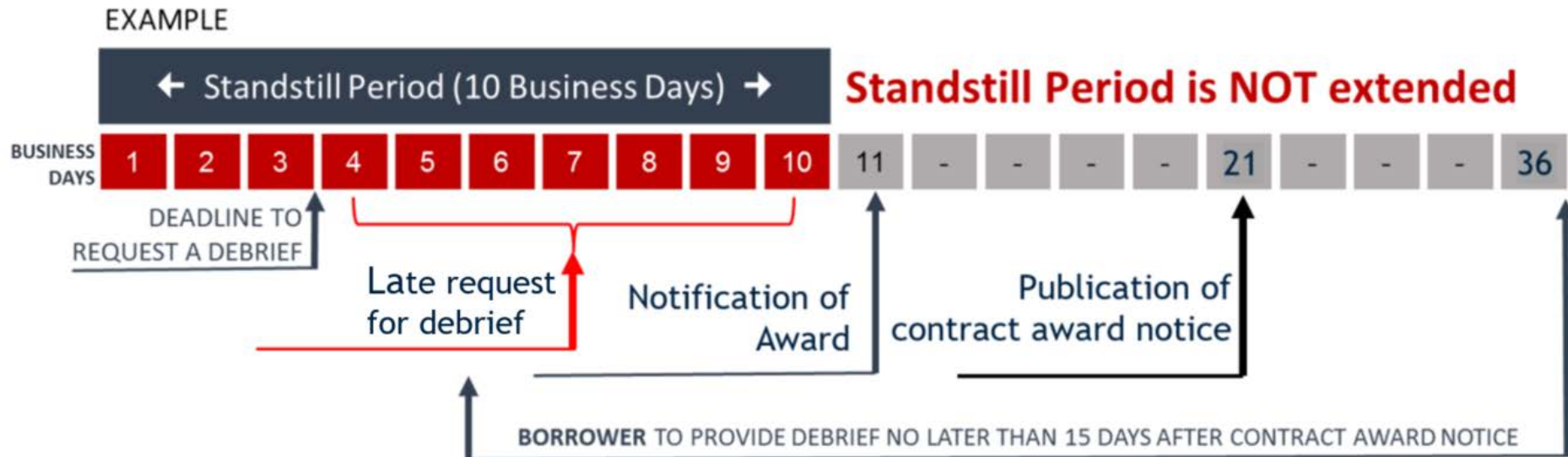
- Bidder/proposer submits request for a debrief
- Borrower provides debrief within 5 business days
- Standstill period expires at the end of the 10th day



- Bidder/proposer submits request for a debrief
- Borrower unable to provide debrief within 5 business days
- Standstill period extended to 5 business days after the debrief takes place



- If bidder/proposer submits a late request for a debrief
- Borrower to provide debrief as soon as possible
- Normally no later than 15 business days after publication of the Contract Award Notice



Regulations support application of sustainable procurement

- Sustainable procurement requirements beyond the Bank's policies (e.g. environmental and social) are optional – at Borrower's discretion and as agreed with the Bank
- Application must be consistent with Bank's Core Procurement Principles and the Borrower's own policies
- May include sustainable procurement in:
 - ◆ technical specifications and/or business or performance requirements
 - ◆ evaluation criteria
 - ◆ contract terms and conditions, if relevant

Application in evaluation

- **RFB** normally (i) pass/fail and/or (ii) convert to monetary terms
- **RFP** normally assessed using combination of pass/fail and rated criteria

- VE is a systematic and organized approach to provide the necessary functions at optimal cost
- VE may result in methods, alternatives, time reduction without sacrificing needed functionality or reliability.
- VE may be proposed by contractors
- SPDs include provisions for value engineering including how the benefit will be shared between the borrower and the contractor

RFB SPDs – key structural changes

RFB structural changes

- Maintained RFB document structure and language
- Maintained prequalification, now separate RFB SPDs for use:
 - ◆ without Prequalification (for Plant and large Works)
 - ◆ after Prequalification
- Discontinued two-stage for plant (this is now updated to be RFP Plant)
- Removed User's Guide from SPDs (plan to issue as separate documents)
- Introduced two envelope process (currently available for Goods and Small Works)
- Updated existing Prequalification documents for:
 - ◆ works
 - ◆ management services
 - ◆ health sector goods

RFP SPDs – key structural changes

- New Initial Selection document (a form of shortlisting)
- New RFP SPD documents based on existing SBDs/RFBs
- 3 model RFP SPDs
- New terminology = “Proposer” and “Proposal”
- Single and multi-stage approaches
- Two envelope processes
- RFP 2 Stage approach SPDs currently available for:
 - ◆ plant
 - ◆ information systems
 - ◆ large works (design + build)
 - ◆ water and waste water plants (Design, Build and Operate)

Streamlined RFP (to be developed)

Key features:

- Single-stage plus Initial Selection
- Borrower is able to describe the result/outcome to be achieved
- Borrower is seeking customization of existing solution/s or a new or alternative solution
- No “Discovery” or “Dialogue” phases
- BAFO or Negotiation used, if appropriate
- Independent probity assurance provider is mandatory if BAFO or Negotiation and closed opening are used
- Faster than RFP Two-stage and Competitive Dialogue

Two-stage RFP

Key features:

- Two-stage plus Initial Selection
- Independent probity assurance provider is strongly advised
- Borrower can describe the desired result/outcome, but can't fully describe the solution or wants market to propose options
- Borrower is seeking innovation in design of technical solution and/or delivery or implementation
- Borrower wishes to explore proposed solutions with each Initially Selected applicant. Allows a “Discovery” phase for 1-on-1 discussions with proposers
- Borrower may need additional specialist expertise
- BAFO or Negotiation used, if appropriate
- Takes more time and resources than RFP Streamlined, but not as much as RFP Competitive Dialogue

Competitive Dialogue - Introduction

Competitive Dialogue:

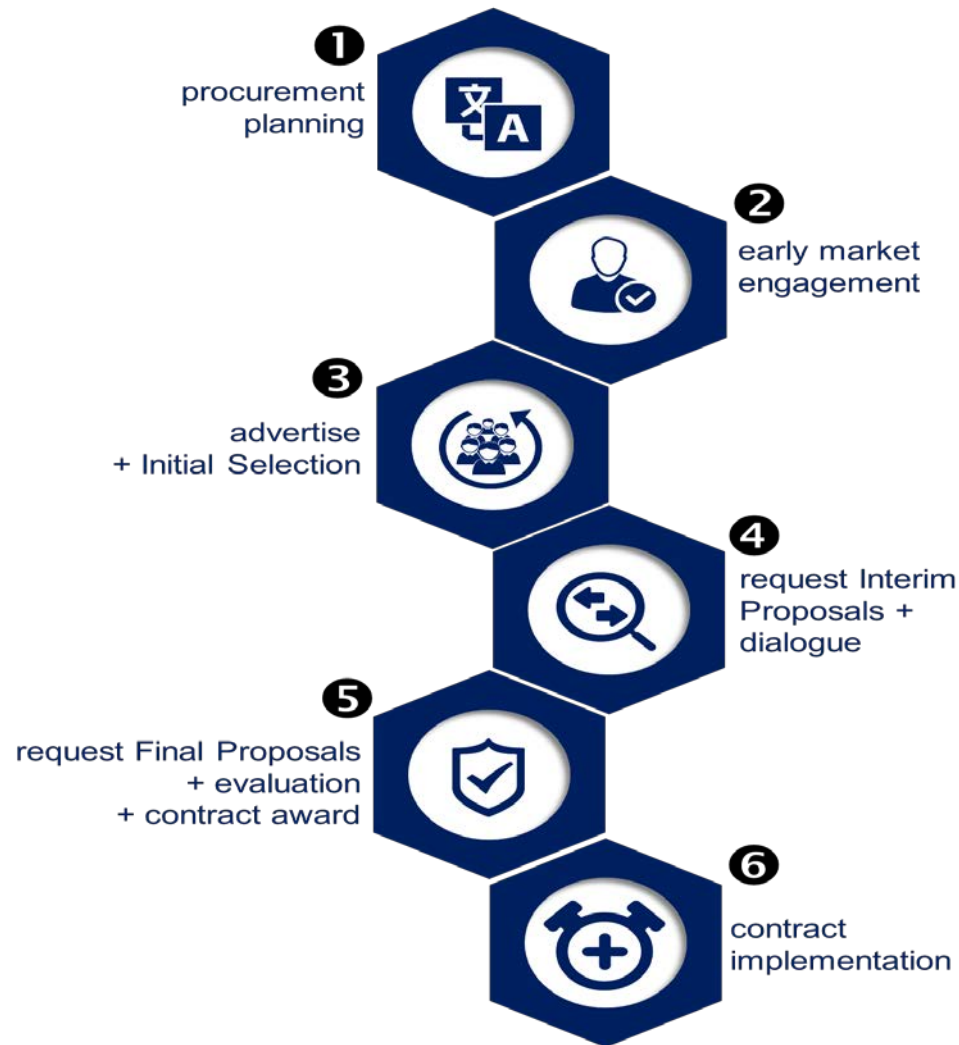
- Is an ***interactive multistage selection arrangement***
- Allows for ***dynamic engagement*** with Proposers
- Is only to be used for ***complex or innovative procurement***
- Uses a multistage ***Request for Proposals*** Selection Method

Competitive Dialogue - Application

Competitive Dialogue is most appropriate:

- where a number of solutions that satisfy the Borrower's requirements may be possible, and
- where the detailed technical and commercial arrangements required to support those solutions require discussion and development between the parties; and
- due to the nature and complexity of the procurement, the Borrower is not objectively able to:
 - adequately define the technical or performance specifications and scope to satisfy its requirements; and/or
 - fully specify the legal and/or financial arrangements of the procurement

Competitive Dialogue - Key Stages



Competitive Dialogue - Use

STAGE 1:	Planning for a Competitive Dialogue	<ul style="list-style-type: none">• Borrowers fully planned for the complexity and duration of the process• Appropriate work streams, appropriate resources and dedicated teams
STAGE 2:	Early market engagement	<ul style="list-style-type: none">• Borrowers consider how to prepare the market and stimulate competition
STAGE 3:	Advertise and Initial Selection	<ul style="list-style-type: none">• Initial Selection is mandatory in a Competitive Dialogue• Rated criteria are used• Best Applicants (normally not less than 3 and not more than 6) are Initially Selected

Competitive Dialogue - Use

STAGE 4:	Request Interim Proposals and dialogue	<ul style="list-style-type: none">• Proposers submit Interim Proposals that address the Borrower's "needs"• One-on-one dialogue between the Borrower and each Proposer leads to a refinement of the proposed solutions
STAGE 5:	Request Final Proposals, evaluation and contract award	<ul style="list-style-type: none">• Dialogue phase closes the Borrower invites the submission of Final Proposals• Final evaluation of the Proposals
STAGE 6:	Contract implementation	<ul style="list-style-type: none">• Strong oversight in place• Active and well-resourced contract management

Competitive Dialogue – Example Timeline

Key events	Completed by week	Time between events
CD planning and establishing teams	8	
Early market engagement	10	2
Advertise Initial Selection	16	6
Receive Applications, evaluate and Initially Select	20	4
Invite Interim Proposals including time to respond	26	6
Receive Interim Proposals and dialogue round 1	32	6
Dialogue round 2	37	5
Dialogue round 3	41	4
Invite Final Proposals and time to respond	47	6
Receive Final Proposals, evaluate and select MAP	53	6
Award contract	55	2
Project start up and contract implementation	59	4

Competitive Dialogue – Key Features

- Scope of dialogue is:
 - commercial
 - legal
 - technical
 - cost
- Integrity of the dialogue process:
 - information shared in a non-discriminatory manner
 - Proposers commercially confidential information protected
- Probity Auditor role
- Financial proposals not opened in public
- Resource intensive

Initial Selection

The RFP SPDs have been designed to work in conjunction with Initial Selection

- Regulations: “*Initial Selection shall normally be used with RFP method for GWNcS*”

Rationale

- Initial Selection enables Borrower to invite only the highest ranked applicants to submit proposals
- Only applicants that have the best chance of succeeding are put to the time and cost of submitting full proposals
- Improves quality of proposals and participation
- Makes the RFP process more manageable for the Borrower

Range of Applications Initially Selected

Set the range based on factors identified in PPSD:

- Diversity and maturity of market
- Complexity and/or novelty of the GWNcS being procured
- Level of effort required by proposers and Borrower
- Not too few - need to maintain competitive tension
- Not too many - proposers need confidence that they have an increased chance of winning:
 - ◆ fosters quality of proposals
 - ◆ encourages strong commitment to the process
 - ◆ too many defies the purpose of Initial Selection

Note: range should be reasonable given nature + complexity of the procurement and market

Case study: Initial Selection

Evaluation and Initial Selection

- 14 Applications are received. Only 11 Applications are substantially qualified
- These 11 are evaluated against the rated criteria and ranked according to their scores

Ranking	Entity	Total scores	Borrower's actions
1st	Firm A	89	minimum number = 4 The first 4 ranked Applications are Initially Selected
2nd	Firm B	85	
3rd	Firm C	80	
4th	Firm D	76	
5th=	Firm E	75	maximum number = 8 The Borrower has discretion to Initially Select from this group, where there is justification
5th=	Firm F	75	
7th	Firm G	34	
8th	Firm H	30	
9th	Firm I	28	elimination All Applications exceeding the maximum number are eliminated
10th	Firm J	26	
11th	Firm K	23	

- Rated criteria are weighted and evaluated using a scoring system
- Allows objective comparison of quality between different solutions
- Rated criteria may be applied to:
 - ◆ identify the highest scoring proposed solutions
 - ◆ assess innovative solutions
 - ◆ criteria that cannot be expressed in monetary terms
- Rewards proposals that exceed minimum requirements and demonstrate best overall VfM
- Decision to award contract is based on the optimum combination of quality + cost

Rated criteria (cont.)

- To minimize subjectivity:
 - ◆ criteria should be material and relevant to the needs
 - ◆ each criterion should be clearly described
 - ◆ scoring methodology should be appropriate to the nature + complexity of procurement
 - ◆ weightings are based on relative importance
 - ◆ include the criteria, scores and scoring methodology in the Initial Selection/RFP document - proposers should be fully informed
- Ensure:
 - ◆ Borrower has capacity to develop rated criteria and scoring methodology
 - ◆ evaluation panel understands how to apply the criteria and methodology
 - ◆ evaluation report details the scoring and justifies the recommendation

Best and Final Offer (BAFO)

- An option in international competitive procurement where Borrower requests BAFOs
- Used following evaluation and before contract award, when the procurement would benefit from bidders/proposers having a final opportunity to improve their bids/proposals
- Must signal in the procurement document that BAFO may be used
- Borrower's discretion to use will depend on market response
- If used, bidders/proposers are not required to submit a BAFO
- There cannot be Negotiation after BAFO
- If BAFO is used must employ independent Probity Assurance Provider
- Probity report shared with Bank, sent to proposers and published on Borrower's website

**BAFO and Negotiation are mutually exclusive
i.e. you cannot use both in a single procurement**

- An option, in international competitive procurement, that allows the Borrower to conduct a negotiation following evaluation and before contract award
- Must signal in the procurement document that Negotiation may be used
- Borrower's discretion to use will depend on market response
- Negotiation may address terms and conditions, price, social/ environmental aspects + innovation
- BUT must not materially change the Borrower's requirements
- Sequence:
 - ◆ must negotiate first with the bidder/proposer with the MAB/P
 - ◆ if outcome unsuccessful, negotiate with next MAB/P
- Must be held in presence of independent probity assurance provider
- Probity report is shared with the Bank

What is the 2 envelope process?

- Technical parts and financial parts of bids/proposals put in separate envelopes
- Both envelopes are submitted simultaneously before the deadline
- At first opening only technical envelopes opened – financial envelopes are kept in safe custody
- At second opening financial envelopes (for technically qualified bids/proposals) are opened

Why have a 2 envelope process?

- Evaluation of technical parts is not influenced by price
- In BAFO/Negotiation helps maintain competitive tension between bidders/proposers

Default position = maintain practice of public openings for both technical and financial parts

Exception = closed opening with probity auditor = option that may be applied:

- two-envelope process, with
- RFP for goods, works or non-consulting services
- where BAFO or Negotiation are applied

Closed opening with probity auditor = new process when opening financial envelopes:

- opened in the presence of a probity assurance provider (not in public)
- auditor prepares a probity report
- deferred disclosure = at the same time as sending Notification of Intention to Award, the Borrower:
 - ♦ sends the probity report to proposers
 - ♦ publishes report on website

New test to determine the successful proposal

When rated criteria are used: example Request for Proposals

The most advantageous proposal is the proposal:

1. of the proposer that meets the qualification criteria, and
2. whose proposal has been determined to be:
 - a. substantially responsive to the RFP document, and
 - b. the best evaluated proposal (i.e. the highest scored proposal)

In this scenario the MAP represents the best VfM, which may not be the lowest evaluated cost



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WORKS AND CONSULTING SERVICES

Enhancing ESHS through Procurement



Why are we doing this?

The Bank wants to:

- achieve improved ESHS performance and outcomes
- drive effective contract management and project delivery
- create a platform to enable dialogue and engagement by Bank, Borrowers and industry to build awareness, understanding and capability
- foster industry change

How are we doing this?

The Bank is driving change by:

- promoting and enabling good ESHS practice through procurement documents and procedures
- supporting Borrowers in setting appropriate ESHS policies, standards, measures, and requirements
- requiring bidders/proposers to address ESHS risks and impacts associated with the project
- assessing bidders/proposers to determine if they have sufficient ESHS capacity and capability to perform to the required standards
- proactively managing project delivery and quickly addressing ESHS performance deficits

Key enhancements

1. Declaration
2. Statement of ESHS standards
3. ESHS requirements / specifications
4. Code of Conduct
5. Management Strategies and Implementation Plans (MSIPs)
6. Performance security
7. Provisional sum
8. Key personnel
9. Reporting
10. Contract variations
11. Interim payments

Key enhancements

1

Declaration Required

- Any civil works contracts that have been suspended or terminated for ESHS reasons
- any performance security terminated for ESHS reasons

2

ESHS Standards

- Guidance provided to help Borrower develop appropriate ESHS policy
- Borrower's ESHS policy now included in bidding documents

3

Requirements, Specs & ToR

- Borrower to describe ESHS obligations in Specifications / requirements / ToR
- ESHS and Procurement Staff to collaborate in preparing and reviewing Specifications / requirements / ToR

Key enhancements

4

Code of Conduct

- Bidders / proposers required to have, submit as part of bid, and comply with ESHS code of conduct for employees and subcontractors
- Code of conduct addresses risks associated with labor influx

5

ESHS Strategies & Plans

- Bidders / proposers required to submit as part of bid Management strategies and implementation plans (MSIP) to manage ESHS risks and impact
- Works commencement subject to Engineer's approval of ESHS MSIP
- MSIP regularly reviewed and updated

6

Performance Security

- Contractor to submit ESHS Performance Security of 1 to 3% of contract price (for high risk contracts)
- Performance Security and ESHS Performance Security together \leq 10% of contract price

Key enhancements

7 Provisional Sum

- Additional Provisional Sum for ESHS outcomes that may be included in RFB/RFP documents
- Proposes as additional incentive to improve performance in low performing countries

8 Key Personnel

- Bidders must demonstrate availability of suitably qualified ESHS Specialists dedicated to the project
- ESHS Specialists named in (as key personnel) in bids / proposals and their quality evaluated
- Approved ESHS Specialists named in the contract

9 Reporting

- Contracts now include ESHS reporting requirements including (i) immediate notification of serious incidents and (ii) regular progress reports
- Interim payments may be withheld for non reporting

Key enhancements

10

Contract Variations

- For each variation, contractor to provide sufficient ESHS information (risks and suggested mitigation) to enable engineer to evaluate ESHS risks and impact

11

Interim Payments

- Employer can now withhold interim payment where there has been a failure to perform an ESHS obligation

Consulting services for supervision of civil works

- Consultant's bids/proposals must now address ESHS risks and impacts associated with the project
- Consultant's ESHS capacity and capability now evaluated

SBD/SPD changes:

- Consultant is required to submit its ESHS Code of Conduct
- TOR to contain ESHS requirements and describe ESHS Key Expert's scope of services
- Proposal must contain:
 - ◆ Consultant's understanding of the ESHS provisions
 - ◆ tasks that will deliver the ESHS outputs
- ESHS Key Expert/s to be named in the proposal and contract

Contract conditions changes:

- Contract reflects key changes



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NEW forms in SPDs



New Forms in SPDs

- ESHS declaration form – to be filled by applicants/bidders
- Beneficial Ownership form – to be filled by the successful bidder/proposer
- Notification of intention to award form – to be filled by the borrower
- ESHS performance security – where required to be submitted by bidders/proposers

Useful links

World Bank's Procurement Regulations for IPF Borrowers

<https://policies.worldBank.org/sites/ppf3/PPFDocuments/Forms/DispPage.aspx?docid=4005>

World Bank's Procurement Policy

<https://policies.worldBank.org/sites/ppf3/PPFDocuments/Forms/DispPage.aspx?docid=4002>

Standard Procurement Documents templates

<http://www.worldBank.org/en/projects-operations/products-and-services/brief/procurement-new-framework#SPD>

Guidance on SPDs

<http://www.worldBank.org/en/projects-operations/products-and-services/brief/procurement-new-framework>

Guidance on how to complain

<http://www.worldBank.org/en/projects-operations/products-and-services/brief/procurement-new-framework>

Guidance on PPSD

<http://pubdocs.worldBank.org/en/123601488224013672/PPSD-Short-Form-Final.pdf>

<http://pubdocs.worldBank.org/en/847531467334322069/PPSD-Long-Form.pdf>

Procurement App for iPad:
Data on contracts

<https://itunes.apple.com/us/app/world-bank-project-procurement/id911312962?mt=8>

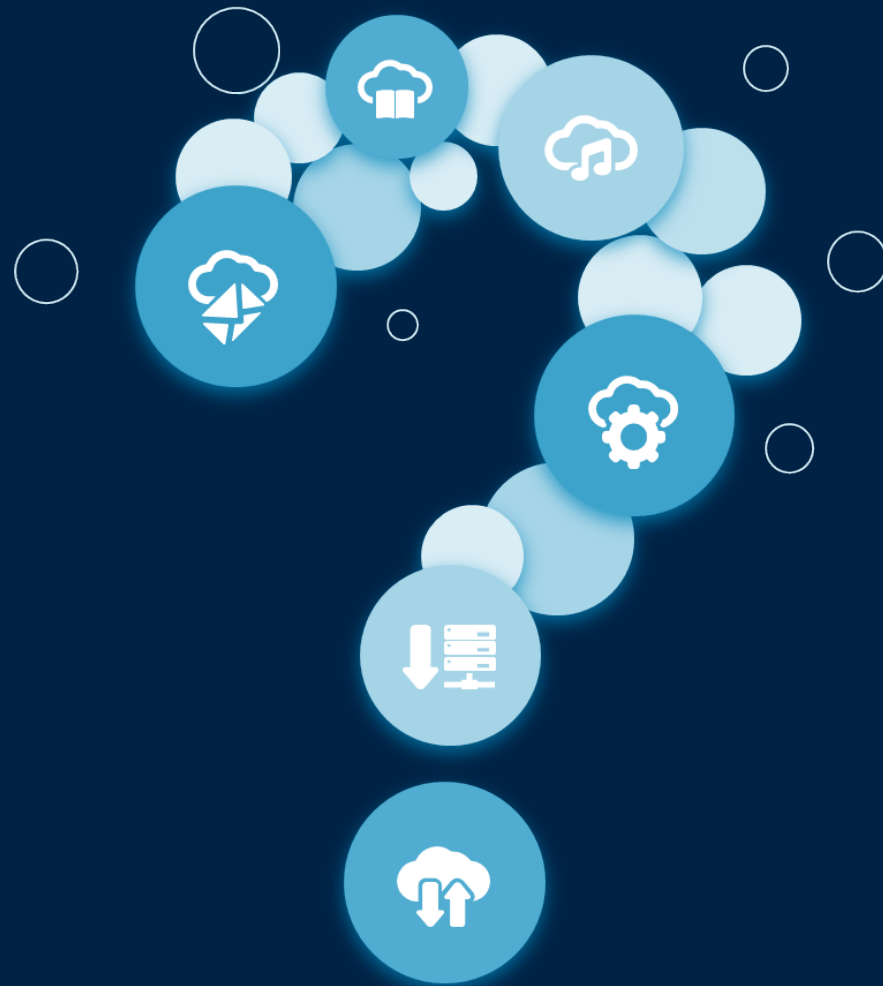
Procurement App for iPad:
Data on projects, finances and procurement data

<https://itunes.apple.com/us/app/world-bank-group-finances/id465555488?mt=8>

UNDB Online

<https://www.devbusiness.com/Search/Search.aspx?PreLoadProjects=1>

Questions?



FOR MORE INFORMATION
<http://www.worldBank.org/procurement>

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