

Annex K

Procurement Framework

Implementation Strategy and Plan

Governance Global Practice

May 25, 2015

WORKING DRAFT

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Abbreviations

AC	Audit Committee
APA	Alternative Procurement Arrangement
CCSA	Cross Cutting Solutions Unit
CODE	Committee on Development Effectiveness
CSO	Civil Society Organizations
FCS	Fragile and Conflict-Affected Situations
FIDIC	International Federation of Consulting Engineers
GGP	Governance Global Practice
GTP	Global Talent Pool
HDS	Help Desk Services
IEG	Independent Evaluation Group
IPF	Investment Project Financing
MDTF	Multi Donor Trust Fund
MDB	Multilateral Development Bank
NGO	Non-Governmental Organization
OPCS	Operations Policy and Country Services
PCT	Procurement Change Team
PIO	Public Integrity and Openness Department
PIU	Project Implementation Unit
PPP	Public Private Partnership
PPSD	Procurement Strategy for Development
TL	Team Leader
STEP	Systematic Tracking of Exchanges in Procurement

WORKING DRAFT

I. Introduction

1. The World Bank's new Procurement Framework responds to the changing landscape in which Bank projects and countries' procurement operations are implemented, and to the increasing recognition of the strategic role of procurement. The key features of the Framework are as follows:
 - An enhanced and integrated approach to ensuring the proper use of Bank-provided funds based on a more targeted, risk-based approach to prior review, and a corresponding shifting of resources to more hands-on implementation support for project implementation, institutional strengthening, and inclusive engagement of stakeholders such as civil society organizations (CSOs);
 - Expansion of operating principles for procurement to include value for money and a more flexible, "fit-for-purpose" approach;
 - More tailored approaches to bid evaluation, including the possibility that borrowers would be able to set (in addition to price-based criteria) minimum criteria for non-price, quality-related aspects (pass/fail), and then, if needed, rated aspects that are mandatory or desirable;
 - Affirmation of the strategic role of procurement systems in achieving governance and sustainable development goals, including those embodied in sustainable procurement policies that countries may choose to apply;
 - Expansion of the range of available procurement methods, including competitive dialogue, expanded possibility of negotiation, and electronic reverse auctions, thus providing a wider range of tools for increasingly diverse and sophisticated procurement transactions; and
 - The ability to use Alternative Procurement Arrangements (APAs) to run procurements financed by the Bank.
2. In affirming the strategic development role of public procurement, the Framework underscores the direct linkages between, on the one hand, the performance of the Bank and the country's procurement systems and, on the other hand, achieving the Bank's twin goals. Moreover, the Framework is aligned with the Bank's new organizational structure, which includes bringing the procurement function within the Governance Global Practice (GGP), with procurement staff placed under the Public Integrity and Openness Department (PIO). Thus, the Framework allows the Bank to transcend the traditionally limited perception of the role of procurement, and to empower the procurement function to play out more fully its strategic role in supporting procurement under Bank investment operations. At the same time, the framework calls for helping countries to strengthen their institutional capacity to achieve the positive governance and sustainable development potential of their public procurement systems.
3. The Framework will take effect on January 1, 2016. This implementation plan articulates concrete actions for delivering the Framework. It focuses on what the World Bank will do to implement the Framework and how it will work with governments, development partners, and other stakeholders to support implementation. It therefore concentrates on organization, staffing, budget, and change management, presenting a menu of activities rather than a set of instructions. Its purpose is to kick-start implementation of the Framework. Because the GGP will be mainly responsible for implementation of the framework, this paper outlines how the Public Integrity and Openness Department (PIO) plans to implement the framework and seize the opportunities that this Framework provides.

II. Key Changes for Implementation

4. Key change activities have been identified.

- (a) **Culture change and behavioral changes (governance, skills mix, risk aversion, continuous improvement).** The changing work pattern under the framework calls for moving from prior review of low to moderate value/risk activities towards support for strategic planning, more use of appropriate judgment, hands-on implementation support, and contract management. Above all, this shift will require a significant culture change among all stakeholders. The culture change will be driven by a number of interventions: establishing clear expectations, deliverables, and lines of accountability; creating global talent pools (GTPs); providing training, including in nontechnical areas such as communication; and mentoring. Management will also need to send the right signals to staff so that they feel supported when they make the reasonable judgment calls. Given the decentralized nature of procurement, hub leaders are critical to driving the change. Hub leaders and practice managers will model good practice and will establish clear staff performance targets and monitoring to further drive change throughout the PIO.
- (b) **Establishing global talent pools.** We will use the PIO's global structure to mobilize expertise and establish subject matter experts with key sector knowledge in such areas as power, water, rail, medical goods, and education. We will also identify subject matter experts with expertise in such technical procurement areas as public-private partnerships (PPPs), competitive dialogue, and negotiations, and we will provide specific subject matter training to those individuals during the mobilization phase. They will then form an advanced resource that can support the most significant procurements across the Bank.
- (c) **More efficient approach to prior reviews.** Under the framework, prior review should focus on high-risk and/or high-value procurements; prior review of other operations should be limited, to free up resources. The delta analysis of the framework shows that initiatives to focus prior-review activities can save significant procurement resources (up to the equivalent of 60 Bank staff). Hands-on expanded implementation support at key stages of the procurement process for operations covered under paragraph 12 of OP 10.00, will support new activities. Specific targets will be set to streamline prior reviews to ensure that resources can be freed up to support new activities.
- (d) **Engaging with team leaders.** A comprehensive engagement program will be initiated to ensure team leaders (TLs) are fully up to speed with the changes and opportunities present in the Framework. The PIO and Procurement Change Team will work closely with TLs to provide hands-on implementation support where appropriate. Targeted training will be provided to TLs, and e-learning modules will be developed early in the implementation phase to support wider Bank staff involvement in implementation. An accreditation program will be developed for TLs, empowering them to issue clearances for certain procurement activities.
- (e) **Support to borrowers.** Multiple engagements with clients will provide face-to-face training, e-learning, and specific guidance with best practice case studies, and so on. For fragile and conflict-affected situations (FCS) and small states, the PIO will establish a GTP to maximize fit-for-purpose approaches, targeting hands-on implementation support as needed. This approach has already been agreed with the FCS Cross-Cutting Solution Area (CCSA), and staff are being identified.

- (f) **Complaints handling.** Dedicated senior Bank staff will be centrally allocated to advise on process, support, and expedite the handling of procurement-related complaints. All complaints will be reported to the Bank (including those related to national procurement and APAs). Business standards (response times) will be set for borrowers, bidders, and the Bank. In addition, the Bank will require a standstill period of 10 business days during the procurement process, so that there is time for any bidder to raise complaints and request a debrief before the contract is formed.
- (g) **Establish the external sectoral engagement program.** OPCS will lead an open, transparent, and inclusive sectoral engagement program to maintain the day-to-day independence of procurement-accredited staff. The program will investigate opportunities to improve procurement arrangements in critical areas such as power, medical goods, water, rail, and environment and will develop guidance for improving these procurements and reducing the cost of bidding. The program will be tested before determining its future; results of the pilot will be reported to CODE and AC annually.

5. Attachment 1 outlines the Implementation Plan for the Framework.

III. Organizing for Delivery

6. This section explains how the PIO is organizing for delivery.

A. Governance - Procurement Change Team

7. A Procurement Change Team (PCT) will be established to advise on and monitor the implementation of the Framework. The governance and management structure is designed to deliver best practice project management, maintain the involvement of key stakeholders, and allow sufficient oversight by the Implementation Steering Committee to give Senior Management confidence that the Bank is taking a coordinated approach. The composition of the Implementation Steering Committee and the PCT is shown in Figure 1.

Figure 1. PCT Governance Management Structure



8. The purpose of the PCT is to support and monitor the change program for the implementation of the Framework, (including deliverables in the PIO and/or OPCS), to achieve a successful launch and to enable the change to be embedded in the organization over the long term. Its role encompasses the following responsibilities:
- To ensure that critical readiness activities are delivered between August 2015 and January 2016.
 - To assist with risk and issue mitigation.
 - To ensure that strategic decisions and critical issues are escalated to the Steering Committee appropriately (at the right level and at the right time).

- To ensure that decisions are documented and transparent, and that they receive the appropriate level of reporting for oversight.
- To review and provide timely and constructive feedback on key documentation required for the rollout of the Framework (Implementation Plan, Communications Plan etc.).

B. The Implementation of Key Activities

9. The implementation of key activities has been divided into three phases.

1. Phase 1 - Mobilization Phase

10. The mobilization phase is intended to ensure that the Bank is ready for the rollout of the Framework. The following critical activities will be carried out from August 1 to December 31, 2015:

(a) Communications about the framework.

(b) Staff training:

- Accelerated training for around 50 staff, who will provide support to significant procurements.¹
- Around 60 staff trained as trainers to support broader dissemination.
- Training for PIO practice managers, identified lead procurement specialists, and Hub leaders.
- Soft skills training (leadership, project management).
- Develop e-learning modules.

(c) Develop a new accreditation process and accredit a critical mass of staff in the framework.

(d) Establish key systems:

- A Help desk to answer questions about the framework;
- The STEP system is live and available to track and monitor procurements, with training delivered to identified users.
- A complaints monitoring and recording process.
- A system for monitoring and reporting on key metrics and progress.

(e) Documentation

- The Bank's model legal agreements have been revised to reflect the framework.
- Update standard bidding documents to include use of value-for-money rated criteria, standstill periods, open data, and so on.
- Guidance materials have been published to support borrowers in:

¹ An independent skills assessment has shown that the Bank has a cadre of best-in-class, highly capable staff. Key staff will be provided fast-track training on the Framework and will then provide support to the most significant procurements (over OPRC thresholds) while the wider training program for Bank staff is completed.

- Project Procurement Strategy for Development;
- Complaints handling;
- Sustainable procurement; and
- The methodology to assess borrower implementing agencies for APAs.

2. Phase 2 - Embedding the Change

11. From January 2016 until June 2016, the following activities will be delivered to embed the change within the Bank:
- (a) Continue and widen the training schedule, including across the talent pools.
 - (b) Complete and communicate other documentation, e.g., guidance material on competitive dialogue, contract management, and negotiations.
 - (c) Identify key contracts that should transition to the framework.
 - (d) Establish protocols for monitoring and reporting key metrics and progress to CODE and AC.
 - (e) Implement system changes to support complaints monitoring, STEP, help desk, etc.

3. Phase 3 - Anchor the Change in the Bank

12. From July 2016 onward the change program will be anchored into the organization through the following activities:
- (a) Continued systematic training and staff development across the Bank.
 - (b) Reassessing skills, identifying actions to fill any gaps, and benchmarking against a 2014 baseline.
 - (c) Reviewing (and reporting on) the implementation, identifying successes (celebrate the wins!), and closing any gaps.
 - (d) Updating the framework as required.

C. Transition Arrangements for Existing Contracts in the Portfolio

13. Once the Framework is approved by the Board, the entire proposed Framework will be disclosed publicly, and Management will seek Board approval on July 21, 2015. If the Executive Directors agree with the recommendation and approve the Policy, Management will assess readiness and set a day for effectiveness in FY16.
- a. *New Operations.* Use of the Framework will be mandatory for all new operations—that is, operations with Concept Notes on or after the date of effectiveness.
 - b. *Operations under preparation.* Management will also review internal and Borrower capacity to determine whether procurement under any project under preparation after the Board presentation in July 2015 could be carried out under the Framework.
 - c. *Existing Operations.* The Framework will also be available for use in existing IPF operations. Staff will review the portfolio to identify the most significant projects that involve procurement over OPRC thresholds that have not yet started. After the necessary internal assessment and analysis, and with the Borrower's agreement,

Management would amend the relevant legal agreements to allow the use of the Framework. These amendments would be processed internally as Level Two restructurings requiring approval by Management, unless APAs are proposed, which Management would bring to the Executive Directors' for approval.

14. For those projects for which the procurement has already started and projects that are low to moderate value/risk, it is likely that those procurements will continue under the existing framework, according to the signed legal agreement.
15. This case-by-case approach, targeting the most significant projects first, will allow for strategic dialogue between lead procurement specialists and task team leaders, and will ensure a smooth transition to the framework for existing activities when it makes sense.

D. Parallel running of Procurement Regulations from January 2016

16. While the Framework is being implemented, the Bank's existing procurement arrangements will remain in effect for at least five years to accommodate the substantial time period of legal agreements for complex projects under IPF.
17. The PIO will use GTPs to provide additional support to staff in local offices during the parallel running of two systems. Staff would be allocated globally to support local delivery, leveraging the global resources available within the PIO on a priority risk and value basis. Given the highly dispersed nature of the Bank's procurement resources (some 80% outside Washington, DC) the role of the Hub leaders who manage local delivery and quality will also be critical. Additionally, the lead procurement specialists and accredited practice managers will also be essential in ensuring successful implementation, setting an example to others in the team, and mentoring their staff to support them in the transition and parallel running phase.
18. Successful parallel running of two procurement systems will also be achieved by accrediting staff in the framework and allocating those newly accredited staff to support new projects. Further, because not all PIO staff need to be experts in every aspect of the framework, the identification and accelerated training of PIO staff in GTPs in new methods such as competitive dialogue will also support quicker implementation of new procurement methods. The management of two systems will require close attention by Management to ensure that it does not hinder implementation of the framework. Management stands ready to take adequate mitigation measures (e.g., deployment of short-term consultants to support teams) if such risks materialize.

E. Staff Skills

19. The framework will require Bank procurement staff to perform a larger set of functions than is demanded of them today, to exercise greater professional judgment, and to interact with borrowers in very different ways, including by providing more hands-on support. To perform those functions successfully, staff will need a broader set of skills and capacities in the following competency areas:
 - **Market analysis:** assessing the market factors and other external factors that influence the procurement approach and affect the success of procurement.
 - **Strategic procurement planning:** assisting the borrower in preparing a Project Procurement Strategy for Development for each project, linking the project with the

country's development objectives and its needs for operational support and institutional strengthening.

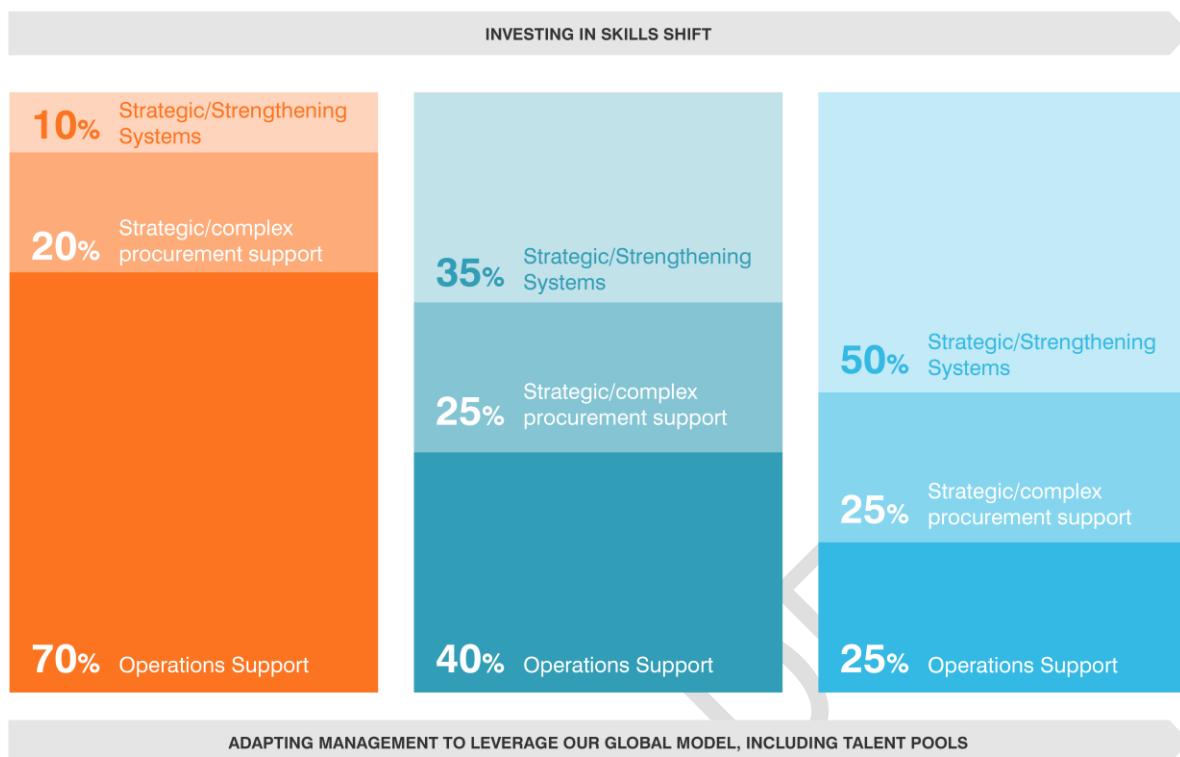
- **Procurement processes:** more detailed identification of procurement needs; providing hands-on support to clients in applying fit-for-purpose and value-for-money principles in developing specifications; selecting procurement methods; formulating and applying bid evaluation criteria; and selecting appropriate standard forms of contract, approaches to the sourcing of supplies, and agreements with external organizations.
- **Contract management:** including assisting clients in supplier relationship management, supplier development, and supplier performance monitoring and management, including support in dispute resolution.
- **Adding value to procurement:** including facilitating the introduction and use of electronic systems; the use of sustainable procurement policies chosen by clients (e.g., energy efficiency, water conservation, business development etc.); and procurement in PPP projects, balancing compliance and outcomes. Also, understanding of the fundamentals of terms of reference, specifications setting, and the use of key performance indicators in contractual agreement.
- **Risk management:** including managing procurement risks in supply chains, dealing with delay and disruption, combatting F&C, and using insurance and emergency plans.

Figure 2 illustrates the current, intermediate, and future (FY2020) shift in skills mix of procurement staff.

F. Strategic Staffing

20. PIO and OPCS have identified the skills and culture shift needed to make the framework effective. This section looks at how PIO and OPCS will work together to ensure that staff attain the needed skills, taking into account the strategic staffing exercise that is now in progress across the Bank.
21. The Framework significantly changes the procurement function of the Bank. It aims, over the next five years, to rebalance the Bank's procurement activities. Whereas today staff spend more than 70% of their time on operational support, the goal is to reduce that share to 25% so that staff can spend more time on work of higher added value, supporting strategic/complex procurements and capacity-building activities (see Figure 2). This shift will be achieved by providing a comprehensive training program and then allocating staff to the activities to which they are best suited. GTPs will provide subject matter expertise, further increasing the cadre of resources to support strategic procurement. There will always be a need for operational support, and staff who have specific skills in this area will be allocated to those activities, supported by GTPs. In the future, it may be necessary to examine the grading mix for procurement services in light of the changing profile to more strategic activities; this aspect will be reviewed annually from FY16 as part of the strategic staffing exercise.

Figure 2. Change in Skills in the Procurement Function (FY15-FY20)



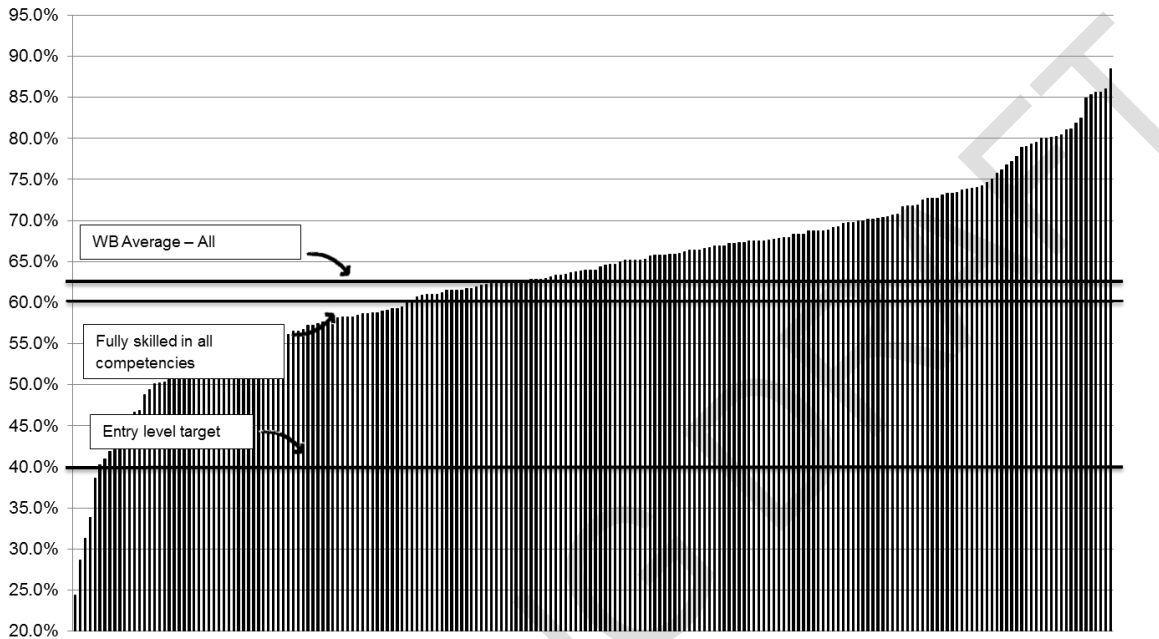
22. To achieve this shift over time will require close Management attention. A delta analysis on the key changes in the Framework indicates that streamlined prior review activity will make it possible to immediately reallocate staff to other activities (see Attachment 2). Reallocation of staff time and enhancing skills through additional staff training will be used to leverage the existing resource, and will support ongoing strategic staffing. Clear work program allocation will help ensure that staff are using the new skills they are acquiring. There is not enough space in the existing headcount for large-scale external recruitment into the PIO; however, opportunities that arise will be used strategically to bring in new skills, including technical skills and enabling skills, as well as skills in political economy analysis, wider understanding of cross-cutting governance issues, public financial management, change management, and communication.

G. Independent Skills Assessment

23. An independent skills analysis, completed by all procurement staff, has benchmarked the Bank against public and private sector organizations. The assessment shows that the procurement skills of the top 10 percent of Bank procurement staff (21 individuals) compare favorably with those of the best in class of benchmark comparators (see Figure 3), and notes that Bank procurement staff have very high levels of academic qualifications, beyond industry norms. Thus there is already a critical mass of highly talented staff who are able to support the Framework now.
24. The results of the skills assessment will be one of the key data points used to inform the preparation of a training program developed to meet to meet the demands of the new Procurement Framework outlined below. The training will initially focus on the skills related to the following areas: end-to-end procurement cycle (particularly planning), “market analysis” (data analytics, financial analysis), risk management, and contract management.

Holistic assessments, covering specialized procurement and handling of complex contractual documents and arrangements, would be administered to staff as they complete the training modules. Additional independent skills assessments are planned to be carried out at the end of FY17 and FY19 for all staff working on procurement matters in the GGP and OPCS.

Figure 3. Overall Bank Staff Skills Assessment



Note: Each line represents an individual participant's score. The horizontal lines represent the average of Bank staff assessed, the Level 3 "skilled in all competency levels", and skills expectation for entry-level staff.

H. Training

25. Attachment 3 outlines, and Table 1 summarizes, a training plan that shows how staff will be trained to meet the requirements of the framework. The goal of the training program will be to develop the talent pool to an internationally benchmarked standard, to build the World Bank's procurement family into a world class resource consistent with the requirements for supporting the Bank's complex and diverse portfolio.

Table 1. Summary Training Plan

<i>Training course</i>	<i>Participants</i>	<i>Schedule</i>
1. Risk and reform town hall – key changes to the procurement Framework	Risk and reform attendees ~200 staff.	Held in Washington DC June 18-19, 2015.
2. Accelerated Strategic Procurement training	Identified procurement staff, giving priority to practice managers, Hub leaders, identified lead/senior specialists and other Bank staff such as legal, TMs etc.	One workshop in each of the 8 global offices, and 2 workshops in Washington, DC—a total of 10 workshops with a maximum of 20 attendees (and preferably 15) per workshop. Workshops to be run between mid-September and mid-December 2015
3. Ongoing Strategic Procurement training	New staff, staff who were unable to attend the Accelerated Strategic Procurement training, and staff who need a refresher course. Non-procurement staff (TMs, legal colleagues).	One workshop in each of the 8 global offices, 2 workshops in Washington, DC—a total of 10 workshops with a maximum of 20 attendees (and preferably 15) per workshop. Workshops to be run between February and April 2016.
4. Strategic Procurement Training of Trainers	60 trainers from Washington-based and field-based PIO staff.	Five workshops in total with a maximum of 20 attendees (and preferably 15) per workshop. Workshops to be run between April and May 2016.
5. One-off training events in advanced procurement topics (competitive dialogue, negotiations, contract management)	Identified lead and senior specialists, procurement staff, practice managers, and Hub leaders.	One 2-day workshop initially for each identified topic. Held in Washington DC. Workshops to be run in June and July 2016.
6. One-off training events in sector-specific procurement (e.g., ICT, medical equipment and pharmaceuticals)	Identified lead and senior specialists, procurement staff, practice managers, and Hub leaders.	One workshop initially for each identified topic; held in Washington, DC. Workshops to be run in June and July 2016
7. E-learning modules	Any Bank staff with access to the internal training portal.	Development of the e-modules will take place from September to December 2015

26. In addition to offering in-house training, the Bank has identified a number of widely recognized training institutions where the required training could be pursued through both e-learning and face-to-face training programs.

I. Accreditation

27. To support the new Procurement Framework and to ensure that the framework is applied in a consistently high-quality manner, a new procurement accreditation system for and Bank staff working on procurement will be developed. Management will draw on the experience from the independent skills analysis to construct a similar assessment model to accredit any staff member to undertake procurement-related activities, linked to an appropriate training program. An online test will be developed that any Bank staff involved with procurement functions, including TMs, will be required to take to continue providing support to IPF procurements. This online test will build on the findings of the independent skills analysis and will include questions related to critical aspects of the new Framework. Individuals' accreditation level would then be set according to their actual score, by level of seniority, and will be reviewed periodically. Team Leaders will be encouraged to take this test and

receive an appropriate level of procurement accreditation so that general knowledge of the Framework becomes embedded, with broadened responsibility for procurement. While this new accreditation procedure is being developed, the current accreditation procedure will be applied. OPCS through the CPO will lead, design and implement a new accreditation system for Bank staff, within the terms of reference of the Procurement Accreditation and Standards Panel. The CPO will also chair the Professional Accreditation and Standards Panel for Procurement, deciding on professional matters e.g. standards, accreditation and technical training in the Framework.

J. Management of Skill Sets

28. In the context of the GGP, PIO has the opportunity to work at a global level and to hone sector-specific and technical procurement skills and expertise, such as competitive dialogue. The PIO expects to deploy GTPs, virtually or physically, as needed, to help internal and external clients solve their procurement problems, focusing on the most significant procurement activities in the portfolio. The GTPs will be created for complex, specialized, and high-demand sectoral operations, and they will provide flexibility to respond to the needs of the Bank's portfolio.
29. GTPs will initially be established in the following thematic areas; the list will be adjusted and elaborated as necessary:
 - e-Government procurement and data/performance measurement
 - Supply chain management and service delivery in areas such as health (medical goods), power, IT, water, transport, education, and environment
 - PPPs/complex and specialized contracts, and competitive dialogue
 - FCS
30. The thematic areas reflect skills that are expected to be needed for the GTPs. Some cross-cutting areas—anticorruption, transparency, and professionalization of procurement—fit across the thematic areas, and as necessary the composition of the GTPs will be reviewed. The precise structure, reporting lines, and accountability mechanism of the GTPs is under development.

K. Help Desk

31. The existing OPCS help desk will be augmented with the Help Desk service (HDS) for the framework to provide advisory support and interpretation to Bank staff and to clients' project implementation units (PIUs). The Help Desk will support procurement staff and TLs in implementing the framework. Staff will be able to contact the Help Desk through e-mail, phone, and voice over the Internet. E-mail communications will go out to TLs about the Help Desk in the fall of 2015.

L. Borrowers

32. There will be a need to communicate comprehensively with borrowers so that they understand the framework and their role in implementing it. Accordingly, as soon as the Framework is approved, PIO and OPCS will jointly organize a series of global events and initiatives for outreach and dissemination (e-mails, face-to-face, e-learning, video briefings, etc.).

33. Country capacity building will need to be appropriately funded, including from a country's own resources, borrowing, reimbursable advisory services, and the Bank's budget. Management will seek to establish a multidonor trust fund (MDTF) for capacity building, to which shareholders will be asked to contribute; several shareholders have already expressed an interest. The program of systemic capacity building at the country level will be commensurate with the funding available. Management will have continued dialogue on the program of strategic capacity building with CODE and the AC, discussing progress to ensure that Executive Directors are satisfied with the depth and reach of activities. Beginning in FY16, Management will report annually to CODE and the AC on the program of strategic capacity building. If it transpires in FY16 that sufficient MDTF funding cannot be secured, Management will discuss priorities and funding options with CODE and AC at that time.
34. OPCS and PIO have conducted a stocktaking of programs worldwide that offer training in public procurement. Thus far, over 200 training institutions have been identified. While this is not yet a comprehensive list of existing programs, most offer training online and in face-to-face interactions. The Bank will explore the possibility of creating partnerships with some of the institutions to further build the professional capacity of borrowers and will seek a way to leverage the investments already made by identifying additional resources (potentially through a MDTF).
35. As outlined in the training plan in Attachment 3, a comprehensive program is being developed to train around 60 staff in how to train counterparts in the framework. The train-the-trainer program will be supplemented with e-learning modules that will be made available to borrowers as appropriate.

M. Standardization of Processes to Release Additional Staff Resources

36. PIO has a global footprint, with over 200 staff. Its structure is based on an inherited regional model, so that core business processes, systems, practices, indicators, and information vary across the Regions. Moreover, there are duplicated functions and tasks (e.g., data collection, reporting, providing comments, and quality control) that PIO will rationalize to better leverage the new global approach.
37. The objective of standardizing processes is to increase efficiency through simple, standardized, and integrated business processes. PIO is developing a methodology for implementing the new operational model; this will release more resources to support new activities under the framework.

N. External Sector Engagement

38. OPCS will begin to investigate opportunities to improve procurement arrangements through external sector engagement, and will pilot the initiative for 18 months before discussing the approach with CODE and AC. To manage any perceived risks, the Bank will publish an open notice of intention to undertake this work, and will invite interested and relevant parties for consultation and joint working to improve performance. We anticipate that by leveraging expertise and convening powers, the Bank can speed up procurements in key sectors and reduce the costs of bidding and procurement for all parties.

O. External Stakeholders

39. The Bank has already carried out significant consultation on the Procurement Framework. Procurement staff who reached out to client countries and donors will brief their clients on

the new Procurement Framework. In addition, PIO and OPCS have already reached out to other partners through bilateral meetings, conferences, and workshops to raise awareness and seek support and partnerships. Further outreach will include other GPs internally, and the business community, multilateral development banks (MDBs), other development partners, nongovernmental organizations (NGOs), CSOs, and government clients and PIUs externally. Further outreach, coordinated jointly by PIO and OPCS, will be carried out as soon as the Framework is approved.

IV. Key Activities under the Framework

40. While PIO's broad organization for delivery under the framework is important, several specific issues require an implementation strategy and plan:

- Project Procurement Strategy for Development and Procurement Plan
- Alternative procurement arrangements
- Optimizing prior review
- Sustainable procurement
- Standard and model documents
- Contract management;
- Hands-on implementation support
- Complaints monitoring
- Strengthening systems

A. Project Procurement Strategy for Development (PPSD) and Procurement Plan

41. For every IPF operation, PIO staff will assist the client to develop the PSD that will be embedded in the Project Appraisal Document. A guidance note will be prepared to define important issues, provide staff with details on how to carry out strategic procurement analysis, and how to carry out an integrated fiduciary assessment and reflect it in SORT, the Bank's risk management tool.

B. Alternative Procurement Arrangements

42. The framework allows the Bank to identify and agree on acceptable APAs that could be used for Bank-financed projects. The following APAs may be used to undertake procurements under Bank IPF:

- The procurement arrangements of other development banks/agencies/organizations (Including UN organizations) with which the Bank has concluded agreements (bilateral/cofinancing agreements and/or Memoranda of Understanding that set out partners' agreed roles and responsibilities);
- Procurement arrangements of full members of the GPA for covered expenditures/agencies, subject to a review of the borrower implementing agency's capacity that is acceptable to the Bank; and
- Procurement arrangements of any borrower implementing agency whose capacity is found acceptable to the Bank according to the Bank's assessment Framework.

43. Assessments to determine the acceptability of the APAs of borrower implementing agencies would be project-driven, and carried out by adequately trained PIO staff using a robust assessment tool, and monitored on a project-by-project basis. The APA assessment methodology will be tested and refined before being finalized. As part of this testing, the PIO will assess the acceptability of up to 100 agencies for APAs. From this feasibility review the PIO will identify up to 10 borrower implementing agencies for full APA assessment, subject to their agreement. The experience gathered from these assessments will be used to refine and finalize the methodology for ongoing application of APA.

C. Rebalancing Prior and Post Reviews

44. Under the framework, higher prior review thresholds will allow the Bank to focus on other added-value activities, such as capacity building at the project and country level and hands-on implementation support. Rebalancing the prior and post reviews is the main mechanism by which the Bank will release existing staff resources to support new initiatives, while making the implementation beyond the initial investment affordable. Activities that are not prior-reviewed will be subject to post review according to an agreed identification model.
45. GGP staff (PIO procurement staff, with help from financial management specialists) will identify qualified institutes and agencies that are willing and capable to carry out post reviews. These post reviews will focus on performance rather than on compliance alone, and PIO will train the agencies that express interest. Continuing current practice, the Bank will remain responsible for engaging these assurance services from either approved public entities or private providers funded by the Bank.

D. Sustainable Procurement

46. The framework refers to sustainable development and to the option that Borrowers may apply sustainable procurement policies and practices. Where appropriate, the Bank and the borrower will identify specific sustainability risks and opportunities for procurement during the research and planning stages of project preparation (incorporating activity-specific issues identified as part of the Bank's environmental and social risk assessment process), as detailed in the PPSD. As agreed with the borrower, sustainability risks and opportunities would then be addressed at the appropriate stage of the procurement process (e.g., defining specific sustainability criteria as necessary for prequalification, specification, evaluation, and contract management). The Bank would support borrowers in including other sustainable procurement criteria in Bank-financed procurements if such criteria are fully consistent with the borrower's own national framework and if the use of such criteria does not contravene the Bank's Core Procurement Principles. Any additional Bank staff time needed to support sustainable procurement will be identified in the PAD and funded accordingly. To support borrowers, PIO will assist them in formulating and implementing sustainable procurement policies.
47. OPCS will develop guidance in the form of a Sustainable Procurement Toolbox and training in sustainable procurement, and PIO will collaborate and partner with internal and external partners (e.g., the Climate Change and Jobs CCSAs, and NGOs and CSOs) to support borrowers in successfully adopting sustainable procurement, as appropriate.

E. Standard Selection Documents

48. OPCS will continue to engage with other MDBs to develop standard selection documents, including balanced forms of contract, to enhance the current suite of standard selection

documents. It will also continue engaging with industry and trade bodies such as FIDIC and NEC to establish a range of appropriate standard documents and contract forms. Even before full implementation of the framework begins, the Bank will update its standard selection documents to include new provisions such as value-for-money rated criteria, standstill periods, and open data. It will also develop a new standard bidding document for Requests for Proposals to support the application of value-for-money decision-making.

F. Contract Management Support

49. The framework recognizes the importance of contract management for the successful implementation of Bank-financed projects and ultimately to the delivery of results. The Bank will dedicate more of its procurement and other project resources to support ongoing contract management, particularly for the most significant procurements (that is, those that are subject to OPRC review). Other contracts may be identified for increased contract management support, if justified. Depending on the procurement method selected, key performance indicators will be set that include regular review by Bank procurement staff. For procurements subject to OPRC review, progress will be reported periodically to the OPRC, enabling continued monitoring of the most significant contracts in the portfolio.
50. The Bank will define staff roles and responsibilities so as not to expose the Bank to unnecessary legal and reputational risk. Support to contract management will vary from case to case and will depend primarily on the borrower's capacity, the contractors' performance, and the country context and legal Framework. It will be limited to the most significant procurements and to high-risk and high-value contracts.
51. In addition to providing staff training, PIO will identify a global pool of contract management experts to which both the Bank staff and borrowers will have access, if they need help.

G. Expanded Hands-on Implementation Support

52. The Framework allows the Bank to provide hands-on implementation support. For now, because of the risks involved, such support will be available only to operations covered under paragraph 12 of OP 10.00—that is, projects for which the borrower/beneficiary or, as appropriate, the member country is deemed by the Bank to (a) be in urgent need of assistance because of a natural or man-made disaster or conflict; or (b) experience capacity constraints because of fragility or specific vulnerabilities (including for small states). To structure the borrower's request for hands-on implementation support, the PPSD/Procurement Plan will document and rationalize which of the following levels of Bank support is needed:
 - Review and advise (current approach).
 - Hands-on implementation support (expanded from current policy restrictions) in operations covered under paragraph 12 of OP 10.00: accredited GGP procurement staff would be able to assist borrowers during any procurement process in preparing reports, developing bids/proposals, and identifying the strengths and weaknesses in bids. Accredited GGP procurement staff may also observe dialogue/negotiations as needed.
 - Execution (current approach): the Bank's internal, corporate procurement team can carry out and execute small procurements on behalf of a borrower in certain situations, see OP10.00, paragraph 12.

53. To operationalize this level of implementation support, the PIO will streamline lower added-value activities such as prior review of low- to moderate-risk/value procurements to allocate increased resources to hands-on assistance to borrowers. Many staff already provide hands-on support to borrowers, and PIO's approach will be to build on that good practice. PIO will expand the codes staff use to record their time to particular activities so that delivery of a changing work program can be closely monitored and reported generally. One code will track the time spent on hands-on implementation support to help inform the proposed study and review of the approach in FY17. Finally, training will be provided to assist procurement-accredited staff in providing hands-on support.

H. Procurement-related Complaints and Contract-related Communications

54. Currently, information on procurement complaints (pre-award) is generated by the Regions and monitored by a central database. While this will continue under the framework, the Bank will significantly strengthen its approach to procurement-related complaints, as follows:
- Dedicated senior Bank staff will be allocated to advise on process, support, and expedite the handling of procurement-related complaints to assist Bank staff, borrowers, and the private sector.
 - All complaints related to an IPF operation, including those related to national procurement and APAs, will need to be reported to the Bank.
 - Stakeholders will inform the Bank of any contractual dispute.
 - Business standards (response times) will be set for borrowers, bidders, and the Bank for procurement-related complaints.
 - In the standard selection documents, a standstill period of 10 calendar days will be introduced after all bidders are notified of the intention to award, so that there is time for any bidder to raise procurement-related complaints and request a debrief by the borrower before a contract is formalized.
 - Debriefs to bidders must be undertaken during the standstill period (which can be extended as needed).
 - Procurement-related complaints will be centrally monitored, tracked, and expedited, and the Bank will report on progress.
 - If the borrower does not deal with complaints in a timely and adequate manner, the Bank could consider this grounds for declaring misprocurement.
 - The Bank will offer increased access to independent dispute review boards and dispute review experts (information on accessing dispute review boards, experts).
 - As part of project implementation support, the Bank will monitor whether agreements made in the contract are carried out and are functioning appropriately.
 - Standard contracts will continue to provide access to international arbitration.
 - If a dispute over the breach of a government contract arises, the Bank's interest in having the project/program completed promptly and satisfactorily calls for prompt and equitable settlement of the dispute. The Bank may assist in facilitating this result, usually through the normal process of implementation support and monitoring.
 - The Bank will provide guidance and training materials for Bank staff, borrowers, and the private sector on procurement-related complaints.
55. OPCS will establish a small dedicated team to provide additional support to complaints handling as outlined above. It is envisaged that this activity will be operational by December

31, 2015. Importantly, providing a central point of contact for information will be critical in meeting the expectations of the private sector.

56. PIO staff, working closely with OPCS and any other relevant party in the Bank (e.g., other GPs, Legal, and INT) will follow up to make sure that complaints are resolved satisfactorily. At the same time, an important component in PIO's institutional strengthening work will be the development of countries' complaint and dispute settlement mechanisms, and support for development of regional dispute settlement bodies where the need may arise.

I. Strengthening Borrower Countries' Institutions and Systems

57. The Vision set out in the framework is: "Procurement in Investment Project Financing supports clients to achieve value for money with integrity in delivering sustainable development". To achieve this vision, the Bank will need to continue supporting borrower countries in enhancing and implementing sound procurement systems and institutions—and such support is a key pillar of the framework. In implementing the Framework, PIO will use its mandate to garner support for strategic initiatives that would help borrowers build capacity, develop institutions, promote good governance, and ultimately deliver much-needed services to their citizens in an efficient, effective, and socially accountable manner.
58. Additionally, PIO will partner with borrower countries to implement four key transformational engagements that would help support the borrower's procurement framework, institutional and regulatory reforms, and procurement capacity-building efforts: (a) professionalization of the procurement function; (b) performance measurement and data analytics; (c) promote uptake of e-procurement; and (d) open contracting.
 - The implementation plan anticipates "partnering" with clients to professionalize the procurement function, rather than merely providing training on best practices. Some of the anticipated activities are to collaborate with institutions that already provide capacity building and have potential to improve the training that they offer; and to support capacity building at the country and regional level (including design and implementation of sector-specific capacity-building programs). The PIO will assist countries in identifying other key steps to be taken to professionalize their procurement workforce. Partnering with clients will also include using the Bank's experience as a convener to facilitate South-South knowledge exchange to share experiences and lessons learned among countries.
 - The performance measurement and analytics transformational engagements will assist borrowers in introducing and developing procurement data collection and data analysis for improved management, service delivery, design, and sequencing of procurement reforms, transparency, and social accountability.
 - The e-GP transformational engagement will feature diagnostic assessments of readiness and need, and support for establishment and enhancement of e-GP systems, including design and development of integrated e-GP solutions.
 - Open contracting will involve the Bank examining options to provide additional data on the procurements it finances to promote openness and integrity.
59. Operationalizing the transformational engagements will be accomplished by intense, sustained engagement with the Global Practices at both the management and the technical level. The GTPs will be instrumental to this, helping mainstream the transformational engagements. The delivery of a project is a first priority for the GPs, and how well procurement and project implementation work in a client country has a direct impact on how

successfully a project is delivered. In engaging with the GPs, PIO will show how the transformational engagements can improve project results.

V. Monitoring and Evaluation

60. PIO, in cooperation with OPCS, will develop a monitoring and evaluation (M&E) system that will allow assessment of the implementation of the new procurement policy Framework and its potential development impact. The approach will be dynamic: it will provide assessment results for reasonable (not too short) periods to cover stabilized data, and assessments will occur regularly enough to identify issues that need to be addressed, help redirect resources, and advise Management and project teams.
61. M&E will assess the key areas of the implementation—for example, capacity building at the country/sector/agency level, and the Bank's effectiveness and efficiency in procurement—focusing on their development impact. M&E will focus on the Bank's performance and deliverables or outputs rather than impact measured at the corporate level. For each of the agreed areas, key indicators will be identified, a mechanism to collect the data will be set up, and a baseline will be developed using a sample of projects based on information available in the Bank's systems (such as ISR, 384, Procsys, STEP) or already collected by other units (IEG, Regions, or OPSOR).
62. While various areas are identified to measure the Bank's procurement performance, the M&E reporting may also analyze procurement performance vis-à-vis the indicator of disbursement, which is measured at both the corporate and regional levels as a proxy for implementation progress. The disbursement level is a multifactor indicator and is not specific to procurement management purposes. However, procurement performance may affect disbursement, and such analysis would establish the causality between procurement and disbursement, while attempting to separate other factors.
63. The dynamic M&E system will be a part of the PIO implementation strategy. PIO will collaborate with OPCS and other Bank units to report on progress on implementing the new Framework every six months, as well as on a 5-year retrospective assessment of the Procurement Policy Framework implementation using the corporate methodology that is used to assess policies (e.g., on development policy or program-for-results lending). For all initiatives detailed in the CODE and AC paper, beginning in FY16 Management will report annually on progress to CODE and AC, providing for each complex issue an explanation of specific progress and actions.
64. The Bank will implement a mandatory planning and tracking system (STEP – Systematic Tracking of Exchanges in Procurement) to provide information on how long procurements are taking by sector, type, agency, and country. With this information, benchmarks can be drawn for the first time on timeliness between different parameters, highlighting where bottlenecks are (Bank, borrower, or provider). Management is unable to define performance targets now, but will do so once the system has been running for 12 months and baselines have been established (FY17). Mandatory use will be phased in to allow for client capacity constraints.
65. Management has established a baseline to assess general Bank procurement skills in the future and in comparison with public and private sector benchmarks. The Bank will reassess the general procurement skills in FY17 and FY19 and will report on progress.

VI. Risk Management

66. The implementation of the framework, with all of its mandated core components—operations support, fiduciary assurance, and institutional strengthening—is premised on the understanding that PIO will be allocated the resources necessary to implement each of those components.
67. The implementation plan focuses how the Bank will support the implementation of the Framework, both through internal actions and initiatives and through work with governments and other stakeholders. Several risks could affect the implementation of this plan, including the sequencing and timing of the activities identified in the plan and the availability of resources. The most significant risks are summarized below:
- a. The budget to implement the reform of the Bank’s procurement framework is not sufficient and stakeholders become frustrated;
 - b. The Bank cannot change the culture and skills mix of its procurement staff to deliver against this framework;
 - c. The Borrower lacks capacity to implement against the Framework;
 - d. The Bank does not have the capacity to implement the Framework;
 - e. Fraud and corruption does not diminish under the Framework;
 - f. Hands-on support exposes the Bank to an acceptable legal risk;
 - g. The Bank’s external sectoral engagement dialogue could expose the Bank to reputational risk
68. Attachment 4 outlines the most proposed mitigation measures for the risks outlined above.

VII. Contingencies

69. Considering the risk and mitigation actions identified above and further elaborated in Attachment 4, the following contingency options are available if the critical activities outlined in Part II are not in place for the effectiveness date in January 2016:
- Move the January start date to a future date.
 - Develop a rephased implementation approach by segmenting the portfolio by stage, risk, and value.
 - Review the thresholds and oversight and refocus efforts on critical parts of the portfolio.
 - Reallocate resources from noncritical delivery aspects to support implementation, leveraging global talent for local delivery.
 - Carry out an annual or semiannual review of implementation activities and adapt the approach to meet the requirements of the portfolio.

VIII. Conclusion

70. Given the degree of change required in the new framework and the need to establish baselines to inform the measurement of results, Management proposes to engage regularly with CODE and the AC on progress on a range of issues identified in this paper. Management will report annually to CODE and the AC. In addition, a formal, detailed review of the entire framework should be undertaken in FY20 to determine whether the framework has been implemented successfully and has optimized procurement results, whether it continues to meet the needs of stakeholders and the Board, and whether it needs to be maintained or enhanced to ensure continued development effectiveness.
71. The implementation strategy and plan set out in this paper will support a broad culture change in the Bank's procurement function, and its successful delivery will be essential for the framework to deliver its benefits. All Bank staff will need to work together, with the support of Management and the Board, to drive this change. The creation of the GGP has provided a unique opportunity to organize resources globally in support of the Framework, and the independent skills analysis has provided a robust baseline for optimizing general procurement skills and informing initial resource allocation. By design, the new framework is more comprehensive than the existing Procurement Guidelines, setting firm and clear rules where needed and introducing greater choice into the procurement system, with transparent procurement strategies that guide project implementation. This approach permits a fit-for-purpose application of procurement that can meet the needs of the very diverse countries, clients, and projects that the framework has to support. As stakeholders corroborated in global consultations, this framework represents a once-in-a-generation reform that reflects best-in-class modern international procurement practice. Management believes that it will significantly improve the overall performance of the Bank's procurement system, supporting the positive development outcomes that everyone seeks.

WORKING DRAFT

Attachment 1: Implementation Plan (estimated dates and activities)

Implementation Plan	FY16												FY17		
	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
Part I: Organizing for Delivery															
Staff Skills															
Enhance and Train Staff															
Integrated Operations Risk Management Forum															
Develop training material															
Training of 60 Trainers (TOT)															
Focused F2F Training To PIO Staff on New framework															
Focused F2F Training To TTLs on New framework															
Focused F2F Training To PIUs on New framework															
Training on soft skills (including change management)															
Strategic Staffing															
Competencies and roles															
Skills Assessment															
Assessments															
Accreditation															
Accreditation of all procurement staff															
Accreditation of TTLs															
Management of Skill Sets															
Global Talent Pool (Innovations and E-GP, open contracting, professionalization, performance measurements and data analysis)															
Subject matter experts (Transport, Power, FCS, Health, etc.)															
General procurement staff															
Help Desk															
Establish Help Desk (appoint and train staff)															
Borrowers															
Capacity Building															
Tools and Guidance Notes															
Procurement planning and tracking system (STEP)															
Guidance note on Project Procurement Strategy for Development (incl. market analysis, etc.)															
Develop performance matrices to measure proc. efficiency (e.g. KPIs)															
Guidance Note on extended complaints handling															
APA Guidance note and assessment tool															
Guidance note on integrity and anti-corruption															
Guidance note on selection methods															
Guidance note on competitive dialogue, negotiations, PPPs															
Guidance note on evaluation criteria and VM															
Guidance note for working in FCS, small states and emergency situations															
Guidance note for hands-on support															
Guidance note Systemic Country Diagnosis															
E-learning for tools for application of the Framework															
Sustainable procurement toolkit															
Guidance note on contract management															
Complaints tracking and monitoring tool upgrade															
Develop Integrated Fiduciary Risk Assessment tool															
Enhance systems/applications to facilitate open data															
Standard and Model Documents															
Update of Bank's existing standard selection documents															
Interactive Standard/Model Document															
New standard selection/model documents (e.g. RFP, competitive dialogue)															
Standardization of Processes															
Standardization of processes															
Internal Sector Engagement															
To PIO Team															
New business opportunities/Transformational engagements															
To GPs															
New business opportunities/Transformational engagements															
To CMUs															
New business opportunities/Transformational engagements															
Outreach to External Clients															
PIUs															
Dissemination/overview of new framework															
Rolling out new e-learning															
MDBs, Bilateral Donors, and UN Agencies															
Harmonization of procurement policies, standard documents and sanctions															
Review and optimize agreements with UN agencies															
Business Community															
Work with FIDIC on the appropriate allocation of risk in the FIDIC															
External sectoral engagement															

Legend	
Action by PIO and follow-up by OPCS	
Action by OPCS and follow-up by PIO/GGP	
Joint Action by both OPCS and PIO	

Implementation Plan	FY16												FY17		
	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
Framework Application - First Set of Actions															
Establish Multi Donor Trust Fund to further support strategic capacity building															
Identify borrower countries for accelerated capacity building															
Prepare a proposal to streamline prior review for SPN to transit gradually to new framework															
Amendments to FA to retrofit to the new framework															
Establish oversight/review for APA															
Identify 100 agencies candidates for APA															
Identify the set of FCS Projects for expanded hands on support															
Identify SPN Projects with Complex contracts for contract management support															
Full assessment of 10 agencies for APA															
Identify potential projects for delegation of leadership to other MDBs where the WB is a minority financier															
Part II: Key Activities Under the framework															
Procurement Change Team															
Professional Panel															
Complaints Monitoring															
Complaints Monitoring															
Identifying and establish framework agreements with DRB/Dispute review experts															
Transition															
Identify projects to transition to the new framework															
Sustainable Procurement															
Sustainable procurement in projects															
Rebalancing Prior and Post Reviews															
Rebalancing Prior and Post Reviews															
Identify external auditors/SAIs/CSOs (and establish framework agreements)															
Procurement Strategy for Development (PPSD) and Project Plan															
Development of Procurement Strategy for Development (PPSD) and Project Plans															
Contract Management															
Contract Management Support															
Strengthening Systems															
Capacity Building and Strengthening Systems															
Expanded Hands-On															
Expanded Hands-On															
Part III: Post-Implementation Activities															
Monitoring and Evaluation															
Monitoring and Evaluation															
Reporting to CODE															
Reporting to CODE/AC (implementation, APAs, waivers, etc.)															
Project Transition															
Project Transition															
Part IV: Risk Management															
Risk Management															
Report on prior review															

Legend	
Action by PIO and follow-up by OPCS	
Action by OPCS and follow-up by PIO/GGP	
Joint Action by both OPCS and PIO	

Attachment 2: Delta Analysis - Changing Activity Allocation of Bank Procurement Staff

Key work items	Resource implications	Starting from
1. Capacity building at agency and country level.	Expands existing work. At the agency level, additional funding needs will be identified and funded at the project level (linked to chosen procurement method).	FY16
2. More resources focused on high-value / high-risk procurement activity and less on low-value / low-risk activities.	More prior review and clearances in more significant procurements, far less prior review below identified thresholds.	FY16
3. Support and review of the Project Procurement Strategy for Development (PPSD).	New activity, builds on existing work undertaken in the Procurement Plan and PRAMs.	FY16
4. Generally providing more hands-on expanded implementation support, in FCS, small states and identified low-capacity environments.	More resources than at present; this should be identified and funded by project. Target critical agencies in the portfolio and high-risk projects for extended hands-on expanded implementation support (~8% of the portfolio - 107 high-risk projects under implementation support).	FY16
5. Performance assessment of agencies to determine use of APAs.	New activity (replaces historic use of country systems work). Can ultimately lead to far less work for the GGP if the APA is agreed; Bank staff can largely be released from supporting procurements for that agency.	FY16
6. Tailored/additional probity / supervision, e.g., for negotiations, best and final offers, competitive dialogue.	More resources, mixture of Bank staff time and external third parties.	FY16
7. Contract management support in most significant activities (typically over OPRC thresholds).	More resources than current levels of implementation support; this should be identified and funded by project.	FY17
8. Sustainable procurement.	New technique, training need for Bank procurement staff.	FY16
9. New procurement methods, e.g., competitive dialogue.	New methods will require training Bank procurement staff. Approach will be to train a cadre of staff in new methods, as opposed to all staff in detail.	FY17
10. Complaints support and monitoring.	New activity in OPCS for senior-level support. Centrally led by OPCS with support from GGP and task teams.	FY16
11. Prior reviews optimized.	Significantly less resources in lower-value, lower-risk areas. More prior review in higher-risk, higher-value areas. The resource mix of the GGP will need to be reoriented to increase the percentage of staff that are subject matter experts, releasing resources from transactional compliance-related activities.	FY16

Key work items	Resource implications	Starting from
12. More post reviews in areas not prior-reviewed, 10% sampling basis.	As prior review decreases, 10% sampling for post review increases correspondingly.	FY16
13. More use of third-party monitoring for post reviews.	Less Bank procurement staff resources, funding for third-party monitoring. Identified and funded through the project or GGP overhead.	FY16
14. Procurement activities undertaken by other MDBs/Agencies/Organizations.	Less activity than present as procurement is largely delegated to another organization.	FY17
15. Fewer problems, actions, and interventions required because of better planning and fit-for-purpose approaches to procurement.	Less activity than present.	FY17
16. Optimized national procurement, streamlined review to accept national arrangements.	Less activity than present. Streamlined criteria for use of national procurement makes the assessment easier.	FY17
17. Enhanced accreditation and more accreditation of task team leaders.	New accreditation system (online test), with more OPCS oversight. Increase procurement actions of TLs as more are accredited, reduce volumes for procurement specialists. Led by OPCS.	FY17
18. External Sectoral engagement program to improve procurement arrangements.	New activity to identify and work with key sectors to identify ways to lift performance and simplify and streamline activities. Led by OPCS.	FY17
19. Creation of Framework Agreements to simplify procurements for Borrowers.	Resources exist for negotiation of agreements with UN agencies. New activity would be Framework Agreements with other organizations. Led by OPCS with support from internal Bank procurement staff.	FY16
20. Increased OPRC review.	Increased review of significant procurements over OPRC thresholds i.e., upfront strategy, regular review during implementation, and contract management review.	FY16

Attachment 3: Training Plan for the Framework

Purpose

This document describes the proposed plan for training World Bank staff on key aspects of the new Procurement Framework which will be launched in January 2016.

Course 1 – Risk and Reform Town hall

Objectives

To provide staff with a comprehensive understanding of the key changes to the World Bank procurement Framework and how these changes will impact the operational procurement function.

Program description

The course will focus on the following “**key changes**” topics. The full list of topics will have brief written narrative for each key change to allow the presentation to focus on the major items:

1. Structure of the Procurement Regulations
2. Core Principles
3. Applicability
4. Roles and Responsibilities, Bank
5. Accountability
6. Non-compliance
7. Relevant ADM procedures
8. SOEs and UN Agencies
9. Hiring of Civil Servants as an exception.
10. Procurement Strategy for Development
11. Advance Procurement and Retroactive Financing
12. Domestic Preference (DP)
13. Leased Assets and Procurement of Second Hand Goods
14. Sustainable Procurement
15. Value Engineering (VE)
16. Contract Conditions
17. Abnormally Low Bids
18. Standstill Period
19. Notification of the Intention to Award a Contract
20. Contract Management
21. Lack of Fit-for-purpose Approach to Market
22. Approved Procurement Methods
23. ICB
24. Request for Proposals Selection Method (RfPs)
25. Request for Bids Selection Method (RfBs)
26. Shopping
27. Direct Selection
28. Commercial Practices
29. Competitive Dialogue Method
30. Public Private Partnerships
31. UN Agencies
32. E-reverse Auctions
33. Framework Agreements
34. Financial Intermediaries – Goods, Works and Consulting Services
35. Loan Guarantees
36. Shortlisting of Consultants
37. Number of Shortlisted Firms
38. Shortlists Restrictions (1) - Shortlist should comprise no more than two firms from the same country and at least one from a developing country.
39. Shortlists Restrictions (2) - Shortlist may comprise only national

consultants below a certain threshold.

40. Shortlists and Key Staff
41. CQS and Advertisement
42. Project Implementation Support Personnel
43. Value for Money
44. Evaluation Criteria
45. Bank's Procurement Oversight
46. Complaints
47. Negotiation
48. Best and Final Offers
49. Fraud and Corruption provisions.
50. Debarment by borrower

WORKING DRAFT

Participants

Attendees will be invited from the list of circa 200 procurement staff that participate in the Risk and reform Forum.

Timing and scheduling

One event date: 18-19 June 2015.

Responsible units

PowerPoint presentation delivered by OPCS

Course 2 – Accelerated Strategic Procurement training

Objectives

To provide staff with a comprehensive understanding of how to undertake strategic procurement across the procurement cycle in the World Bank context. Accelerated to take place before the launch of the new Procurement Framework in January 2016 to ensure a critical mass of staff are adequately trained to carry-out their roles under the new Procurement Framework from day 1 of the Framework .

Program description

The program will provide staff with a comprehensive four day training workshop focusing on the end-to-end procurement cycle, beginning with development of a Project Procurement Strategy for Development through to contract management.

The workshop modules will be:

Day 1 and 2

1. Project Procurement Strategy for Development and Activity Procurement Strategy
 - a. Needs analysis and Supply Chain/Market Analysis
 - b. Specifying requirements
 - c. Planning the approach to market and evaluation
 - d. Approaching the market and selecting a preferred bidder
 - e. Negotiating and awarding the contract

Day 3

2. Achieving Value for Money and better results on the ground
3. Contract Management
4. Prior and Post review methodology

Day 4

5. Building Country Capacity and hands-on implementation support
6. Detecting Fraud and Corruption

7. Wrap-up

Participants

Priority attendees are the eight Practice Managers, identified Lead and Senior Procurement Specialists and Hub-Leaders.

Due to the five day time commitment (four day workshop plus one travel day) from senior staff in the regional offices, Practice Managers will be able to assign staff to a workshop in an adjacent region, and a follow-up “Ongoing Strategic Procurement Training” will be available for new staff and those unable to attend the Accelerated Strategic Procurement workshop.

Timing and scheduling

1. One workshop in each of the 8 regional offices.
2. Two workshops in Washington DC.
3. 10 workshops total with a maximum of 20 attendees per workshop, preferably 15
4. Workshops to be run between mid-September 2015 and mid-December 2015

Responsible units

Three teams of trainers from OPCS and one externally contracted facilitator for each team.

Course 3 – Ongoing Strategic Procurement training

Objectives

To provide staff with a comprehensive understanding of how to undertake strategic procurement across the procurement cycle in the World Bank context. To ensure a critical mass of staff are adequately trained to carry-out their roles under the new Procurement Framework in the three months following go-live of the Framework in January 2016.

Program description

The program will provide staff with a comprehensive four day training workshop focusing on the end-to-end procurement cycle, beginning with development of a Project Procurement Strategy for development through to contract management.

The workshop modules will be specific to development of the Project Procurement Strategy for Development and the Activity Procurement Strategy:

Day 1 and 2

1. Project Procurement Strategy for Development and Activity Procurement Strategy
 - a. Needs analysis and Supply Chain/Market Analysis
 - b. Specifying requirements
 - c. Planning the approach to market and evaluation
 - d. Approaching the market and selecting a preferred bidder
 - e. Negotiating and awarding the contract

Day 3

2. Achieving Value for Money and better results on the ground
3. Contract Management
4. Prior and Post review methodology

Day 4

5. Alternate Procurement Arrangements & Building Country Capacity
6. Detecting Fraud and Corruption
7. Wrap-up

Participants

1. New staff who recently joined the World Bank
2. Staff who were unable to attend the Accelerated Strategic Procurement training
3. Those staff who participated in the earlier Accelerated Strategic Procurement Training workshop and who need a refresher course
4. Non-procurement staff (e.g. Task Team Leaders, Legal colleagues) as space will allow on the courses

Timing and scheduling

1. One workshop in each of the 8 regional offices.
2. Two workshops in Washington DC.
3. 10 workshops total with a maximum of 20 attendees per workshop, preferably 15
4. Workshops to be run between February 2015 and April 2015

Responsible units

Three teams of trainers from OPCS and one externally contracted facilitator for each team.

Course 4 – Strategic Procurement Train-the-Trainer

Objectives

To develop a network of highly trained key staff who will deliver training and advisory support to PIO staff at Washington and Regional levels.

Program description

The program will provide staff with a comprehensive three day training workshop focusing on training World Bank procurement and non-procurement staff on how to deliver training and advisory support on the end-to-end procurement cycle to PIO staff at Washington and Regional levels. Beginning with development of a Project Procurement Strategy for development through to contract management.

The workshop modules will be specific to development of the Project Procurement Strategy for Development and the Activity Procurement Strategy from both the Borrower and World Bank perspective acknowledging the need for ongoing capability building with Borrower counterparts:

Day 1

1. Project Procurement Strategy for Development and Activity Procurement Strategy
 - a. Needs analysis and Supply Chain/Market Analysis
 - b. Specifying requirements
 - c. Planning the approach to market and evaluation
 - d. Approaching the market and selecting a preferred bidder
 - e. Negotiating and awarding the contract

Day 2

2. Achieving Value for Money and better results on the ground
3. Contract Management
4. Prior and Post review methodology

Day 3

5. Alternate Procurement Arrangements & Building Country Capacity
6. Detecting Fraud and Corruption
7. Wrap-up

Participants

60 trainers from Washington-based and field-based PIO staff

Timing and scheduling

1. One workshop in each of the 8 regional offices.
2. Two workshops in Washington DC.
3. Five workshops in total with a maximum of 20 attendees per workshop, preferably 15
4. Workshops to be run between April 2016 and May 2016

Responsible units

Three teams of trainers from OPCS and one externally contracted facilitator for each team, with support from OPCS.

Course 5 – Advanced procurement topics

Objectives

To identify and train a Global Talent Pool of subject matter experts with unique skills and capabilities who are capable of being deployed globally to support quicker implementation of new procurement methods.

To support advanced procurement and strengthen and leverage the synergies across the World Bank global operating model to the benefit of our clients.

Program description

The program will provide staff with a comprehensive two day training workshop focusing on application and support for more advanced procurement topics such as competitive dialogue, negotiations, and alternative procurement arrangements.

The workshop modules will be developed to be specific to each of the topic areas and developed in full consultation with the Global Practices.

Participants

Identified Lead and Senior Specialists, Procurement staff, Practice Managers and Hub-Leaders

Timing and scheduling

1. One workshop will be held initially for each topic area in Washington DC
2. A maximum of 20 attendees per workshop, preferably 15
3. Workshops to be run between June and July 2016

Responsible units

Three teams of trainers from OPCS, with support from OPCS and Global Practice specialists as appropriate.

Pre-training arrangements

1. Engage Global Practice colleagues
2. Development of training material
3. Preparation and printing of training packs for each attendee
4. Advise staff of the scope and timing of the workshop and invite attendees
5. Flights, Accommodation, Venue and seating, catering booking
6. Consumables (name cards, flip charts, markers and pens, notepads)

Course 6 – Advanced procurement - Sector specific

Objectives

To identify and train a Global Talent Pool of sector specific subject matter experts with unique skills and capabilities who are capable of being deployed globally.

To support and improve procurement processes and outcomes in critical market sectors to help solve sector-related procurement issues operating under a global model.

To strengthen and leverage the synergies across the World Bank Global Practices to the benefit of our clients.

Program description

The program will provide staff with a comprehensive two day training workshop focusing on application and support for procurement in specific market sectors such as power, medical goods, water, rail, and environment.

The workshop modules will be developed to be specific to the issues in each sector and developed in full consultation with the Global Practices.

One workshop initially for each identified topic

Workshops to be run between June and July 2016

Participants

Identified Lead and Senior Specialists, Procurement staff, Practice Managers and Hub-Leaders

Timing and scheduling

1. One workshop will be held initially for each topic area in Washington DC
2. A maximum of 20 attendees per workshop, preferably 15
3. Workshops to be run between June and July 2016

Responsible units

Three teams of trainers from OPCS, with support from OPCS and Global Practice specialists as appropriate.

Course 7 – e-Learning modules

Objectives

To develop a comprehensive e-learning modular training program on the new Procurement Framework that is customized to fit the needs of each of the key user groups (PIO staff, Global Practices/Task Leaders (TLs), Project Implementation Units (PIUs)).

Program description

The online e-learning modules will fit the same format of the existing suite of e-learning modules available to Bank staff on World Bank service delivery.

Four major e-learning modules will be developed, one each for:

1. **The new Procurement Framework** - The vision, and the key principles and other Framework requirements governing the procurement of goods, works, non-consulting services and consulting services financed by the Bank (in whole or in part) through the IPF operations, excluding: (i) guarantees; and (ii) the procurement of goods, works, non-consulting services and consulting services financed by the Bank through loans made by eligible financial intermediaries, where the final recipient of loan funds is a private borrower.

2. **Procurement Directive for Bank staff** - Operational rules and general roles related to:
 - a. the procurement of goods, works, non-consulting services and consulting services financed by the Bank (in whole or in part) through the IPF operations, excluding:
 - i. Bank guarantees; and
 - ii. the procurement of goods, works, non-consulting services and consulting services financed by the Bank through loans made by eligible financial intermediaries;
 - b. the Bank's support to Borrowers in the area of procurement capacity building; and
 - c. other operational procurement matters.
3. **Procurement Procedures for Bank staff** - Procedural instructions related to Procurement in IPF and other operational procurement matters, such as procurement accreditation, OPRC, and inter-institutional operational conflict of interest.
4. **Procurement Regulations for Borrowers** - The World Bank Procurement Regulations for Borrowers (the "Procurement Regulations") governs the procurement of goods, works, non-consulting services, and consulting services for Bank Investment Project Financing (IPF).

Participants

Any Bank staff with access to the internal training portal

Timing and scheduling

Development of the e-modules will take place from September, 2015 to December, 2015.

Responsible units

Development of the material for the modules will sit within OPCS

WORKING DRAFT

Attachment 4: Risks and mitigations

Key risks and mitigations include:

- a) **The budget to implement the reform of the Bank's procurement Framework is not sufficient and stakeholders become frustrated.** In Management's view, the implementation of the Bank's proposed procurement Framework is adequately funded. Critically, Management has sought to streamline low value added activities to create time for staff to undertake high added value work. The efficiency of streamlining prior review creates a five year budget benefit of circa \$44.5 million to be reinvested into the Framework. Management will continue to regularly engage with CODE and AC, every six months to review progress, as part of this review Management anticipates discussions on pace and depth of change in Bank Procurement, if it subsequently transpires that the reform of Bank procurement requires additional investment then action can be taken as needed as part of the annual budget review cycle. By maintaining regular review with CODE and AC, Management anticipates that actions can be taken in a timely manner to alleviate potential stakeholder frustrations before they become embedded.
- b) **The Bank cannot change the culture and skills mix of its procurement staff to deliver against this Framework.** An independent skills assessment has been undertaken to test the Bank's general procurement knowledge, which has then been benchmarked against the public and private sectors. The skills assessment provides a baseline to inform general procurement skills development that can be reassessed every two years to track progress. The Bank has outlined a comprehensive training and development program to support implementation of the Framework. The creation of the GGP and the restructuring of the procurement staff into it, has created an opportunity for the GGP to drive a culture change in support of this Framework. The rebalancing of staff workload, reducing low value added activities to create space for higher added value work will send a strong message to staff, this coupled with investment in skills, rebalanced Framework and regular benchmarking of Bank procurement skills create an environment for management to drive culture change.
- c) **Borrower lacks the capacity to implement Framework,** this will be mitigated by phasing implementation and identifying/agreeing technical assistance as part of the Project Procurement Strategy for Development when more innovative procurement approaches are selected. The GGP have allocated over 2,000 additional days of Bank staff time to provide more hands-on, expanded procurement support to borrowers, plus a further 1,408 days of staff time to support the most significant procurements in the portfolio, plus a further 3,168 days of time to support borrowers in developing the Project Procurement Strategy for Development.
- d) **Bank capacity to implement the Framework,** this will be mitigated by internal capacity building informed by the independent skills analysis. A set of training in the Framework will be advanced and targeted on a group of GGP staff who will be allocated to the most significant procurement's in the Bank, while the remainder of the procurement staff are brought up to speed with the Framework.
- e) **Fraud and corruption does not diminish under the Framework,** Management proposes to target procurement resources on the highest-risk and highest-value procurements, increasing the scope of prior review to include up-front strategy development, post-award contract management, and performance reporting. This approach will increase the Bank's oversight of the largest contracts in the investment portfolio, thereby improving performance in fiduciary risk mitigation and project implementation. If alternative procurement arrangements are used, integrity risks will

be managed by including relevant provisions in the procurement documents retaining the Bank's rights of review.

f) **Hands-on support exposes the Bank to an acceptable legal risk**, is a significant shift in the nature of the Bank's engagement, and could result in a greater legal, financial, operational, and reputational risks for the Bank. However, the Bank's broader development objective risks could be mitigated by having more certainty and capacity in the procurement process, speeding up delivery, encouraging more businesses to bid, improving quality in the highest-risk and lowest-capacity situations. This shift from a supporting role to a hands-on implementation role in capacity constrained situations, would no longer allow the Bank to fully disconnect itself from procurement decisions and outcomes. The Bank's association with the final decision-making and outcomes could expose the Bank to potential legal challenges. While the Bank would assert its privileges and immunities against judicial process to shield itself from legal claims brought against it in courts, the nature of the hands-on implementation support is such that the Bank's immunities may be significantly weakened. Management believes that, for the reasons stated above supporting actual development outcomes, better managing fiduciary and fraud and corruption risks, encourage more businesses to bid (particularly in the most difficult situations), therefore the benefits of providing expanded hands-on implementation support to borrowers would justify this higher legal risk exposure for the Bank.

To mitigate these legal risks, the Bank could strengthen its risk management in this area. The Bank could take various measures collectively or independently, depending on the particular level of risk exposure, which would vary by the degree of the expanded hands-on implementation support in FCS, small states and identified low-capacity environments. First, the Bank could manage the increased risk of liability vis-à-vis the borrower or other recipient of hands-on implementation support by inserting a "hold harmless" provision in its legal agreement with the borrower if appropriate². Second, the Bank could take measures to mitigate its risk exposure vis-à-vis third parties. Liability risk relating to third-party claims cannot be excluded contractually, as the Bank does not have a contractual relationship with third parties. However, the Bank could shift some of the increased risk of third-party liability challenges to the borrower by including certain protective clauses in its legal agreement with the borrower or other recipient of the expanded hands-on implementation support.³ Another option would be for the Bank to strengthen its protection by way of its Professional and General Liability Insurance Policies. Management will look into these options and develop a risk management Framework and approach that strikes an appropriate balance.

In every situation, the procurement decisions at key stages always remain the responsibility of the borrower under the Legal Agreement. Bank staff would remain responsible for independent clearance and no-objection above prescribed thresholds; this role can be fully maintained even when expanded hands-on implementation support is provided, as long as it is organized in such a way that Bank staff do not clear their own activities and a separation of duties between hands-on implementation support and no-objection is maintained. In view of the potential legal risks,

² Under such a "hold harmless" provision, the borrower would agree that the Bank will not be liable for any loss, damage, or liability that the borrower may incur as a result of the services provided by the Bank.

³ An example of such a protective clause could be an indemnity by the borrower against any loss, cost, damage, or liability to the Bank arising from claims by third parties.

Management envisages that the provision of hands-on implementation support should be reviewed as part of the ongoing six-monthly reporting on the implementation of the Framework.

g) **The Bank's external sectoral engagement dialogue could expose the Bank to reputational risk.** If the Bank engages with sectors to set mandatory specifications, this could give rise to actual or perceived conflict of interest and/or unfair competitive advantage on the part of suppliers/contractors and expose the Bank to legal challenge. In Management's view, this risk can be mitigated by adopting a gradual approach and conducting the program in an open, inclusive, transparent manner. No mandatory specifications will be set, but rather the focus will be on producing targeted procurement guidance that better supports borrowers and the private sector in specialist procurements. To manage any perceived risks, the Bank will publish an open notice of intention to undertake this work, and will invite interested and relevant parties for consultation and joint working to improve performance.

WORKING DRAFT