



**REVIEW OF THE WORLD BANK PROCUREMENT POLICIES AND PROCEDURES:  
QUESTIONS AND ANSWERS**

**Why the review?**

<b>Q</b>	<b>How does the procurement reform contribute to the World Bank Group’s goals of ending extreme poverty and promoting shared prosperity?</b>
<b>A</b>	Public procurement can be a major contributor to positive economic growth, particularly by facilitating access to contract opportunities for small and medium-sized enterprises, which, as local generators of employment, help deliver shared prosperity in developing countries. Therefore, building clients’ procurement capacity is essential to improved development effectiveness. In an environment of scarce resources, the World Bank needs to make sure that clients get the best value for every development dollar that goes through Bank procurement. If we cannot not be 100% sure that we are getting our clients the best deal, then we need to think about how we can get better. The procurement reform is about making sure that our procurement gets our clients the best goods, works, and services that are available.

<b>Q</b>	<b>What are the problems the Bank is addressing with the review?</b>
<b>A</b>	<p>The World Bank is acknowledged by our stakeholders for being a leader in procurement. Our procurement policy and procedures have served us well in the past and contributed to good development outcomes. However, the Bank has fallen behind on a number of issues in procurement.</p> <ul style="list-style-type: none"> <li>• The World Bank is working on a wide range of projects (ranging from social issues such as education to infrastructure), in a wide range of countries with very different capacities, and in markets with different capacities and realities. Nevertheless, the Bank uses only one procurement framework for all these different situations.</li> <li>• The Bank finances about half of one percent of countries’ public procurement volume. If the Bank finances \$1 in any given project, the Bank’s procurement guidelines will apply—even if other financiers carry a much larger share of the cost. This is difficult to explain to clients as well as contractors and does not always make sense, especially if a larger financier, e.g. another development bank, has procurement guidelines just as robust as the Bank’s.</li> <li>• There is no clarity about which parts of the Bank’s procurement system are policies, guidelines, rules and procedures. Therefore, any deviation from the Guidelines must be approved through a waiver from the Executive Board, no matter how small and reasonable. Procurement outcomes are therefore less efficient.</li> <li>• The Bank’s procurement guidelines were written in the 1960s. Much has changed since then, including globalization and growing client capacity. The procurement policy and procedures need to be changed in order to reflect those different realities and the specific client needs that are defined by those realities.</li> <li>• Our one-size-fits-all approach does not leave sufficient room for innovative procurement methods. We do not differentiate our procurement guidelines according to country and market realities. The current procurement policy and procedures were developed to support a wide range of procurement activities in a development environment with clear lines between countries with low and high procurement capacity. But the Bank’s business has changed, and so have client needs. We do not have a strategic approach to building capacity and strengthening institutions. We recognize that we need to get better at providing value for money and positioning procurement as a core function for delivering development results.</li> </ul>

<b>Q</b>	<b>Are there examples that illustrate the challenges in using the current procurement guidelines?</b>
<b>A</b>	World Bank procurement staff usually have the necessary experience to make procurement work even under difficult circumstances. However, because of the constraints of the one-size-fits-all approach, the lack of room for

adaptability and innovation, and the need to get waivers for any adjustment of the procurement guidelines lead to suboptimal procurement outcomes. The new policy and procedures will reposition World Bank procurement to be more effective in helping clients achieve the best development outcomes.

Procurement in fragile and conflict-affected states as well as in countries with low procurement often poses difficult challenges that cannot easily be solved under the current procurement framework. One example is a Multi-Donor Trust Fund that was administered by the World Bank in **South Sudan** from 2006 until 2012. According to the Bank's procurement system, governments are required to submit procurement tenders, which will then be reviewed and cleared by the Bank. The government in South Sudan had no procurement staff. Procurement professionals from neighboring countries were not interested in coming to South Sudan because of the perceived volatile situation. The government, therefore, did not submit any procurement tenders to the World Bank, which in turn could not approve any disbursements. In the end, Bank procurement staff sat down with the government to work out the procurement situation. This was problematic, however, since the Bank's involvement at the procurement tender preparation stage could be construed as conflict of interest. The current procurement system of the Bank does not provide solutions for situations like this.

Another example comes from a public sector project in **Ethiopia**. All 19 implementing agencies worked on the sub-national level and had very low procurement capacity in general; capacity to comply with the Bank's guidelines was virtually non-existing. Procurement did not move forward and the Finance Minister blamed the Bank for the delay. The Minister threatened to shut down the project and go on without Bank financing. The responsible Bank Task Team Leader then hired two consultants to work with the government directly on establishing a procurement plan. The result was a request from the government for additional funding, an improved relationship between Bank and government, and improved government procurement capacity. However, in order to be able to hire the consultants that contributed to the solution of the procurement problem, the Task Team lead had to go to some lengths because the Bank's current procurement framework does not provide for this option.

An example of the difficult fit of the current procurement procedures is International Competitive Bidding (ICB). In Bank procurement, ICB is often used by default. This is a problem in countries without an international market, for example road works in fragile states. The Bank also prescribes a minimum number of bidders to be shortlisted, even if there are only one or two companies in the market.

Another example is the prescribed **Quality and Cost Based Selection (QCBS)**. QCBS often leads to contracts being awarded to the lowest bidder, without taking into account if Value-for-Money is achieved, even if the bid is unrealistic or the bidder has low implementation capacity. Innovative or high-quality bids often lose out under the current model.

Moreover, limitations imposed on State Owned Enterprises (SOE) are problematic in countries with industries dominated by SOEs or where SOEs have the best capacity to deliver on their contracts.

Q	Are there examples that illustrate the differences in client procurement capacity and why one-size-fits all is not a useful approach?
A	<p>Since 2003, <b>Ghana</b> has a procurement law that established new structures, rules, and procedures, set up a central Procurement authority and an Appeals and Complaints Panel, issued standard bidding documents, and developed training modules. The country is, however, struggling with implementation and efficiency issues.</p> <p><b>Mauritius</b> is one of the Africa Region's best performers across a number of dimensions. The country has a modern procurement system based on the UNCITRAL Model Law. The legal framework includes a central Procurement Board to oversee policy, a set of standard procurement documents, an active program to build a local procurement profession, a forum for interacting with the private sector on common interests, a challenge and appeal system, and a multi-institutional oversight structure which ensures compliance and reviews performance. Mauritius actively benchmarks its system with international good practices, including those of the WTO.</p> <p><b>Morocco</b> started early to modernize its public procurement system and has taken steps to incorporate features needed to comply with the country's international commitments with the EU and under its United States bilateral free trade agreement. Morocco is cooperating closely with the OECD to address issues of governance and anti-corruption. There is more to do on strengthening complaints handling, enhancing the human resources devoted to procurement, and developing its internal control and audit systems as part of a comprehensive program dedicated to fraud and corruption.</p>

	<p><b>Brazil</b> is a mature country in terms of its use of technology and the depth and breadth of its economy and has a very active industrial sector and a generally-developed public administration. It also has a long history of reforming its public procurement system. Brazil introduced technological innovations for the purchase of off-the-shelf goods and non-complex services and was one of the first countries to pilot an e-procurement system. In 2004, it instituted a new system of simplified procurement, reducing the proportion of contracts let on a non-competitive basis. It uses a reverse auction procedure, which is largely automated. The current system is transparent, open, and competitive; it is evidence-based and data-driven; there is a strong control environment; and procurement staffing is professional and well compensated.</p> <p><b>Afghanistan</b> remains a challenging environment. Donors operate in parallel to the government’s procurement system that uses a procurement agent while attempting to create the structures and capacity needed for the long run. A new procurement law was passed in 2005, a procurement policy unit was set up, and regulations were issued in 2007, including standard bidding documents. Nevertheless, effective implementation remains elusive and capacity development, the key constraint, has been made even more difficult by perceptions of high levels of corruption.</p> <p>In each of these countries, the World Bank currently applies the same procurement system. The system does provide a tailored approach to supporting procurement in each specific country context. The procurement reform aims to make policy and procedures more responsive to client needs and provide support where it is really needed.</p>
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<b>Q</b>	<b>Is there a problem with speed and efficiency in the way the Bank handles procurement at the moment?</b>
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A	Most of the delays in projects happen at the stage of implementation. Specifically, the preparation of Terms of References, Specifications and evaluation processes by Borrowers are time-consuming. However, the Bank should always strive to do better: internal processes can be streamlined, decision-making can be more efficient. The more efficient the Bank’s processes, the better the Bank’s position to adequately support clients.
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<b>Q</b>	<b>The IEG review of World Bank procurement implies that Bank procurement in investment lending is adequate. Why is the Bank pursuing the reform anyway?</b>
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A	<p>The IEG report confirms the crucial and successful contribution of procurement to the Bank’s work and underscores the need for adapting procurement policies and procedures to respond to new challenges. The evaluation provides valuable advice on specific implementation issues as well as on broader strategic aspects that are relevant to the policy review. These recommendations complement and add to input received from stakeholders during an extensive consultation period during the first phase of the policy review.</p> <p>IEG report and Bank stakeholders alike point out the need for strategic capacity building, value for money, integrity, fit-for-purpose and a controlled push for using national institutions and procurement systems when appropriate. Taking IEG’s specific implementation recommendations together with stakeholders’ advice on policy reform, a comprehensive picture emerges for Bank management to continue the ongoing reform process and address a wide range of issues that will determine Bank procurement’s future contribution to the institution’s overall development goals.</p>
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<b>Q</b>	<b>How is the procurement reform aligned with the current change process in the Bank?</b>
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A	The Bank is shifting closer to its clients. The new World Bank strategy acknowledges that clients face new challenges and new realities. The World Bank needs to become a “Solutions Bank” in order to deliver customized and appropriate solutions in a wide range of contexts, regions, and sectors, and to a wide range of problems. The procurement policy reforms mirrors this attempt by making policy and procedures more responsive and by focusing on the principles of fit for purpose and value for money.
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<b>Q</b>	<b>How is the procurement reform aligned with the ongoing review and update of the World Bank’s safeguard policies?</b>
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A	The teams working in the World Bank on the procurement policy review and the safeguard policies review and update have been working closely together. The new proposed framework draws on the Bank’s safeguard policies with regard to sustainable procurement. Social and environmental risks would be identified through the appropriate assessment procedures laid out in the Bank’s safeguards provisions. The identified risks would then become part of the project-specific procurement approach.
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## What are you proposing?

<b>Q</b>	<b>What are the highlights of the proposed procurement framework?</b>
A	<p>The Proposed New Framework outlines an updated and modern procurement practice for the World Bank, introducing a risk-based approach that will be responsive to client needs and project realities. Key highlights of the proposal include:</p> <ul style="list-style-type: none"> <li>• A systematic approach to Borrower procurement capacity building and procurement reforms in client countries;</li> <li>• Decision-making based on value for money beyond the current lowest evaluated bidder approach;</li> <li>• International Competitive Bidding (ICB) as preferred method, except for when the World Bank agrees to application of other arrangements (e.g. World Trade Organization, Government Procurement Agreement);</li> <li>• The simplified and enhanced use of National Competitive Bidding in specific areas or sectors as agreed by the World Bank;</li> <li>• New procurement methods for use in Bank-financed projects, such as value for money and competitive dialogue;</li> <li>• The ability to identify and address sustainability issues in the procurement process as agreed with the Borrower;</li> <li>• The streamlined use of prior review and “No Objection” by the Bank, focusing on higher risk and higher value contracts;</li> <li>• Tailored support to supervision, with procurement staff providing more contract management support to TTLs;</li> <li>• Stronger post reviews and audits with involvement of national Supreme Audit Institutions as appropriate and as cleared by the World Bank;</li> <li>• Improved accountability in the process, clearer definition of roles of World Bank and Borrowers, and the application of the Bank’s Accountability and Decision Making Framework (ADM);</li> <li>• The ability for the World Bank to openly provide hands-on support to Borrowers as needed;</li> <li>• The establishment of a Bank-wide procurement tracking system to monitor timeliness and inform performance metrics; and</li> <li>• Monitoring of complaints and affirmation of access to independent complaint review processes outside of the Bank (i.e., dispute review boards, arbitration).</li> </ul>
<b>Q</b>	<b>How will the Bank achieve greater development impact with a revised policy?</b>
A	<p>The procurement reform is about releasing resources to better support client institutions. The Bank proposes to promote efficient and speedy project implementation and innovation. A proportional approach will ensure the procurement method used is the most appropriate to the development needs of the country and the project. A proportional approach to procurement will allow simpler procurement procedures for low risk contracts, which will attract more businesses to bid for Bank contracts. Currently, 80% of the Bank’s prior reviews account for only 6% of spending. By shifting our primary focus to the highest risk and highest value contracts, the Bank releases resources that can be used for more tailoring of significant procurement, greater support to supervision/contract management, complaint support and to help strengthen client procurement institutions.</p>
<b>Q</b>	<b>If the procurement reform were to be implemented as proposed, what would change?</b>
A	<p>The proposed procurement reform is an evolution, not a revolution. The World Bank suggests a modernized framework that is more responsive to client needs. The update of the policy would result in the following changes:</p> <ul style="list-style-type: none"> <li>• Procurement would have a precise and clear mission: “Procurement in Bank Operations supports clients to achieve value for money with integrity in delivering sustainable development.”</li> <li>• Procurement would be governed by principles: value for money, economy, efficiency, fit for purpose, integrity, transparency, and fairness.</li> <li>• Bank procurement would focus more strongly on capacity building and institutional strengthening of Borrowers’ procurement.</li> <li>• More clarity through a policy hierarchy that distinguishes between policy, directives, procedures, and guidance.</li> <li>• Clear single-point accountability and decision-making.</li> </ul>

	<ul style="list-style-type: none"> <li>• Clear roles for Bank staff, Borrowers, and suppliers, and contractors on procurement operations.</li> <li>• Modernized Borrower’s procurement procedures, accompanied by hands-on implementation support from Bank procurement staff as needed, particularly in low-capacity environments.</li> <li>• For FCS, tailored context-specific procurement approaches to maximize development effectiveness.</li> <li>• Recognition of, and support in using, alternative procurement arrangements, where appropriate.</li> <li>• Increased support to the highest-risk and highest-value activities to improve the performance of critical contracts, with prior review of strategic contracts at more stages during the project cycle, including up-front Procurement Strategy for Development.</li> <li>• New criteria for selecting PPPs that best meet the development objectives and project outcomes acceptable to the World Bank.</li> <li>• Streamlined prior review focusing on the highest-risk and/or highest-value contracts and greater use of post review (ex-post auditing) on a sample basis.</li> <li>• Identification and allocation of Bank procurement staff expertise to ensure that the best available resources support the highest-risk and highest-value contracts.</li> <li>• Adjusted thresholds for use of ICB and NCB that are focused on specific market sectors (for example, roads, hydropower, transmission), rather than the current broad categories (e.g., Works, Goods and Services).</li> <li>• Deployment of information technology (IT) systems to track Bank and Borrower procurement performance systematically and report on service levels/response times. IT systems will also be available to support planning and electronic tendering by Borrowers (if they do not have an e-Procurement system).</li> <li>• Development of the skills of Bank procurement staff as needed.</li> </ul>
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<b>Q</b>	<b>What would not change?</b>
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A	<p>The new Framework will update and build on approaches that have served the Bank and its Borrowers well. Key aspects to be maintained in the new framework include:</p> <ul style="list-style-type: none"> <li>• Stringent fiduciary oversight of the procurement process, including through prior and post reviews, use of audits, and where appropriate by declaring misprocurement and exercising remedies.</li> <li>• International Competitive Bidding (ICB) as preferred method for international competitive procurement.</li> <li>• Subject to Bank approval, national competitive bidding (NCB) will continue to use the Borrower’s own competitive public procurement method, evaluated against a streamlined set of criteria.</li> <li>• The Bank will continue to leverage entry points for agency, regional, and country procurement reforms through its support to project-level operational procurement activities.</li> <li>• The Bank will continue to diligently manage fraud and corruption risk.</li> <li>• Procurement-accredited Bank staff will continue to make clearance decisions on procurement transactions to maintain due diligence, in line with the Bank’s Accountability and Decision Making framework (ADM).</li> <li>• Under the proposed Procurement Framework, the Bank remains fully committed to risk management, country procurement capacity building, and appropriate application of good practices.</li> <li>• The Bank remains committed to support through its procurement processes adherence to such international agreements as the United Nations Convention against Corruption and United Nations Fiduciary Principles Accord. The Bank’s anticorruption guidelines will continue to apply to all Bank-financed procurement, with efforts focused on the highest-risk and/or highest-value procurements.</li> </ul>
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<b>Q</b>	<b>What about fiduciary assurance under the new framework?</b>
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A	<p>Under the new framework, procurement would assume a dual role: Building the capacity of Borrowers and providing fiduciary assurance. The framework was developed so that it optimizes the balance between maintaining the Bank’s fiduciary assurance and delivering positive development outcomes. To make sure the Bank is fulfilling its role with regard to fiduciary assurance, we propose to develop a balanced scorecard for procurement services that measures institutional strengthening and fiduciary assurance. Metrics will be developed and reported that detail the key performance factors across the Bank’s procurement activities.</p>
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<b>Q</b>	<b>How will the Bank support Borrowers under the new procurement policy framework?</b>
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A	<p>Public procurement can be a major contributor to positive economic growth. Therefore, building Borrowers’</p>
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	procurement capacity is essential to improved development effectiveness. We propose to target procurement interventions to capacity building and institutional strengthening. Capacity building would focus on helping Borrowers to open up procurement opportunities, build their confidence to bid, and build capability of suppliers. We suggest that the World Bank identify a set of borrower countries to target for accelerated procurement capacity building, subject to their agreement and support in the Country Partnership Framework (CPF). We also propose to build alliances with other donors and business groups to seek support and funding to build procurement capacity in borrower countries.
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<b>Q</b>	<b>Will the World Bank allow the use of client procurement arrangements?</b>
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A	The Bank will identify and agree on acceptable alternative procurement arrangements that may be used in Bank operations. Examples include the procurement systems of other multilateral development banks and of countries that are full members of the World Trade Organization (WTO) Government Procurement Agreement (GPA). The Bank is also working to finalize a performance assessment framework to assess procurement arrangements at the implementing entity level. This will apply at any tier of government in a country, including, where appropriate, state-owned enterprises and will be detailed as at the next phase of the framework. The assessment focuses on quantitative factors (open advertising, direct sourcing, canceled procurements, etc.), qualitative aspects (regulations, complaints handling, fit with the Bank's core procurement principles), and experiential information from stakeholders (the Bank, businesses, NGOs). Once finalized, this assessment framework will be used to analyze the procurement arrangements of specific borrower implementing agencies to determine the potential use of part or all of their procurement arrangements to administer a Bank-financed project (procurements above and/or below agreed ICB thresholds). The Bank proposes to engage with Executive Directors' Advisors on the framework once it has been drafted and tested. To manage accountability in these decisions, the Chief Procurement Officer will have clearance authority for any proposals to use alternative procurement arrangements.
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<b>Q</b>	<b>What is GPA?</b>
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A	The Government Procurement Agreement (GPA) is administered by the World Trade Organization (WTO). GPA has 43 members states, which signed and ratified and international treaty. The GPA is designed to make laws, regulations, procedures and practices regarding government procurement more transparent. Accession to GPA is a thorough process, which involves multiple bilateral and plurilateral appraisals and discussions between an applicant and each GPA member. If the proposed approach to using procurement systems of GPA members is agreed this would affect future projects in Croatia, Poland, Bulgaria, Romania and Armenia (\$721M/169 contracts in FY13). If all current accession candidates become full members, a further \$1.3Bn/756 contracts would be covered (data from FY13).
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<b>Q</b>	<b>The Bank is proposing a shift toward using alternative procurement institutions and arrangements if and as appropriate. Who is deciding when an alternative system is appropriate and how will this decision be made?</b>
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A	The Bank will make the final decision on which procurement system to use. We are developing an assessment methodology to determine whether the procurement arrangements at the level of individual entities could be used in whole or in part in Bank-financed projects. See A15 above.
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<b>Q</b>	<b>Is the Bank lowering the standards for procurement in Bank-financed projects by allowing the use of alternative arrangements?</b>
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A	No. Alternative arrangements will only be used (in full or in part) if the Bank decides that these arrangements are appropriate. The EU's procurement directives are an example of a system with appropriate international recognition. If procurement arrangements do not meet agreed criteria, the Bank's Procurement Framework will be applied. The Bank will evaluate procurement arrangements carefully and make the decision on which system to use based on a range of diagnostics that are currently being developed. The Bank will have the final say on which procurement arrangements will be used in a given project.
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<b>Q</b>	<b>If the Bank is making the decision on which procurement system to use, what will the decision-making process look like? Who will make the final call?</b>
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A	The Chief Procurement Officer with advice from and the Procurement Accredited Practice Manager will make the
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	final call on which procurement system to use. This decision will be based on a rigorous assessment based on the use of appropriate tools and rigorous methodologies. Discussions on the appropriate procurement approach should be included in the development of the Country Partnership Framework.
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<b>Q</b>	<b>Will the Bank remain involved if alternative procurement arrangements are used?</b>
A	Yes. The Bank will continue to ensure that Bank funds are being used in the way intended. The Bank will monitor performance and complaints when alternative arrangements are used. Should any issue arise, the Bank will consider more appropriate procurement options and will identify opportunities for client support and capacity building. Using appropriate alternative arrangements will not lower procurement standards.

<b>Q</b>	<b>What will the Bank do in order to get clients more value for money?</b>
A	The current procurement system imposes procedures on bidders and on the Bank that can cause delays and added cost, regardless of the size and the risk of a contract. Development needs procurement that is flexible and fit for purpose, so it can be tailored to the operating context.

<b>Q</b>	<b>How will the Bank address sustainable procurement?</b>
A	Environmental and social risks and opportunities will be identified as part of Bank’s project risk assessment and addressed in the procurement process. Based on an agreement with the Borrower, these risks would be turned into specific criteria that have to be addressed throughout the procurement process. Such criteria could include energy efficiency of products, chemical waste handling, hazardous substance management, joint venture composition, and training requirements. Moreover, the Bank would support borrowers to include further sustainable procurement criteria in Bank financed contracts if consistent with the borrowers own national policy as well as the Bank’s policies.

### What does that mean in practice?

<b>Q</b>	<b>Is this going to cost more?</b>
A	World Bank staff may need a broader set of skills to implement the new proposed approach to procurement in Investment Project Finance. This does not necessarily lead to higher cost. Staff capacity is being analyzed in parallel to the policy review and staff training programs are being developed to address training needs. Under the new framework, resources would be used more efficiently because staff would focus on the highest risk and highest value procurement operations rather than almost all operations, as is the case at the moment. We expect increased cost from a more intense and more specialized staff engagement with the Borrower to be offset by those efficiency gains. Cost for Borrowers will not increase. Rather, procurement will be easier through clearer guidance, more context specific tailored procurement approaches (more likely to deliver positive results), more hands-on support from the World Bank as needed, and more focused capacity building.

<b>Q</b>	<b>What are the reform’s implications for staff capacity and resource allocation in the Bank?</b>
A	Currently, many procurement staff have general expertise and focus on providing review, advice and no objection to procurement proposals from clients. A lot of effort is spent on prior review of contracts, be they of high or low value or high or low risk. The repositioning of the procurement function will require increasingly specialized staff with greater expertise in capacity building, institution strengthening, and complex procurement support while maintaining a core skill set across staff. The Bank will assess the existing staff skills and, based on this assessment, identify needs for internal capacity building.

<b>Q</b>	<b>Will the Bank need to hire more procurement staff?</b>
A	We do not believe so. We will carefully assign staff according to their specialist capacity and according to client needs. We are currently analyzing the skills of World Bank procurement staff and will build capacity as needed so that we can implement the new procurement framework.

### How was the Proposed New Procurement Framework developed?

<b>Q</b>	<b>Who has had input into the Proposed New Procurement Framework?</b>
A	As a first step, World Bank Management made the decision to review the procurement policy after an internal analysis of the performance of World Bank procurement. At this point, Management asked the Independent Evaluation Group (IEG) to evaluate procurement to better inform the review process. Second, we consulted about 2,000 stakeholders in 100 countries on their views about how the Bank should do procurement. Those stakeholders told us clearly that we need to update our procurement approach in order to respond to Borrowers' needs. We also established an independent advisory group, the International Advisory Group on Procurement (IAGP) to guide the review team on technical aspects of the procurement reform. The third major input into this reform is the IEG report, which provides us with useful insight into what works and what doesn't with regard to the Bank's procurement processes.

<b>Q</b>	<b>Where is the Bank at in the review process?</b>
A	The presentation of the Proposed New Procurement Framework (Phase II) is part of the second phase of the policy review. This first ever comprehensive review of the World Bank's operational procurement policy and procedures started in early 2012 with an internal analysis conducted by Management. After Executive Directors endorsed the Approach Paper for the review in early 2012, the World Bank consulted with almost 2,000 stakeholders in about 100 countries to seek their views on how the World Bank can improve its operational procurement. In an evaluation of World Bank operational procurement, the Independent Evaluation Group (IEG) highlighted a number of areas for improvement, including a more strategic approach to capacity building and a progressive approach towards a greater use of client institutions and arrangements. A group of international experts, the Independent Advisory Group for Procurement (IAGP), was founded to advise the review directly. The recommendations from IEG, stakeholders, IAGP, and the results of internal analyses informed the drafting of the first proposed new policy framework. Phase 2 of the reform started with the Executive Directors' endorsement of the proposed new framework. Since then, the framework has been clarified, expanded, and adapted. The Phase II Framework will be presented to Executive Directors on July 23, 2014.

<b>Q</b>	<b>What are the next steps?</b>
A	After discussion and endorsement of the proposed direction of the World Bank procurement reform by Executive Directors, the World Bank will launch a second round of extensive global multi-stakeholder consultations. We will present final policy proposals to the Board of Executive Directors in FY15 and will proceed to implementation immediately upon approval.

<b>Q</b>	<b>When will the new procurement policy be in effect?</b>
A	Following a second round of consultations in 2014, work will begin on the final part of Phase II of the reform. The Procurement Framework will be finalized and presented to CODE and the Audit Committee and then to the Board for final approval in FY15. We proceed to implementation immediately upon approval.

<b>Q</b>	<b>What is the proposed approach to Borrower capacity building and how will the Bank mobilize resources?</b>
A	The country capacity building effort will be tailored to the specific needs of the country as determined by the enhanced diagnostic tools being developed by the World Bank. The capacity building measures may include: <ul style="list-style-type: none"> <li>• Systematic inclusion of capacity building in World Bank financed projects</li> <li>• Use of external sources for e-learning in procurement</li> <li>• Increased support of e-procurement systems</li> <li>• Increased support to countries to establish procurement performance management systems</li> </ul>

<b>Q</b>	<b>How will the procurement framework balance the emphasis on price and non-price elements in pursuing Value for Money (VfM) and respect the Borrower's decision?</b>
A	The Procurement Framework will enhance and expand the current set of procurement tools available. Value for Money is an overarching concept as there are many ways that this can be achieved. The new framework maintains



	the current lowest evaluated bidder approach, but it now also includes the ability for additional non-price criteria (expanding Value for Money options, building on experience in the current QCBS model outlined in the consultant guidelines). The Procurement Strategy for Development will include consideration of the most appropriate approach to achieve Value for Money. The Procurement Strategy for Development will be developed and owned by the Borrower with support from the World Bank. The strategy will form part of the financing agreement documents and will therefore be subject to the World Bank's no-objection.
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<b>Q</b>	<b>How will alternative procurement arrangements and tailored procurement approaches support better procurement in FCS and small economies?</b>
A	The tailored, fit for purpose approach in the proposed procurement framework will provide needed latitude to design the appropriate procurement arrangements for FCS situations to expedite the implementation of projects in sustainable manner. The Directives to staff and guidance notes will take into consideration the specific factors in the design and implementation of Bank financed procurement for investment projects in FCS. As mentioned in the proposed procurement framework and as will be elaborated further in the Directives and Guidance notes, the implementation support may include hands-on support, and even in special circumstances the Bank may agree with the Borrower to lead and execute the procurement on the Borrower's behalf.

<b>Q</b>	<b>What is the proposed approach to sanctions, debarment lists and Bank remedies in NCB?</b>
A	The new Procurement Framework maintains the current approach of the procurement guidelines that debarred firms and individuals are not eligible to be awarded Bank-financed contracts. The new Procurement Framework proposes that the Bank's sanctions regime will apply to all Bank-financed contracts including those procured under alternative procurement arrangements. In addition, the paper will include current procurement provisions of the guidelines which allow borrowers to apply their own debarment lists for national competitive bidding (NCB). The proposed procurement framework will be reviewed in light of any recommendations from the sanctions review.

<b>Q</b>	<b>How will the Bank ensure transparency and integrity in the use of competitive dialogue?</b>
A	The Procurement Strategy for Development will address the applicability of procurement methods and their associated risks, such as Competitive Dialogue, noting that the principles of integrity and transparency will apply regardless of the procurement method chosen.

<b>Q</b>	<b>What is envisaged for expanding the Bank's role in contract management?</b>
A	The expanded role of the World Bank during contract execution will be developed further in the Procurement Framework (Directives). The Bank proposes that procurement staff will provide more support to TTLs during supervision including identifying and agreeing on performance metrics. Input will be sought during the consultation phase on the expanded role of the World Bank. Consultations will also be carried out with relevant internal stakeholders. Contract management is a specific proposal in this paper as further input is needed to shape the final roles of all parties.

<b>Q</b>	<b>How do the proposed changes to complaints handling differ from the current approach and does the Bank envisage a role as a facilitator or mediator?</b>
A	The World Bank is proposing to improve on the current complaints handling process by: <ul style="list-style-type: none"> <li>Allocating dedicated senior Bank staff to centrally monitor complaints, track progress, and provide reporting/statistics that may assist the Bank in determining future loans to borrowers and will also inform appropriate contract management methods for particular suppliers;</li> </ul>

- Providing more support to TTLs/sectors, including setting business standards and developing measures for procurement related complaints tracking;
- Increasing access to independent Dispute Review Boards (DRB) and Dispute Review Experts (DRE) in Bank financed contracts. The consultation process will seek views on the application of dispute review boards and experts particularly in situations where there is no national independent review body.
- Including, as part of Bank project supervision, reviews to ensure that agreements made in the contract (e.g. to establish a Dispute Review Board) are carried out and are functioning appropriately; and
- Continuing to provide access to arbitration in standard contracts.

While the Bank is not party to the contract and cannot become involved in contractual dispute resolution, it can assist the Borrower with complaints prevention and expediting of complaints.