

Annex A – Answers to questions posed BY CODE and AC in Phase I

Procurement in World Bank Investment Project Financing, Phase I: A Proposed New Framework Revised (AC2013-0013/3, CODE2013-0017/3), October 29, 2013 posed a series of questions for Management to explore in more detail during Phase II as follows:

QUESTION:	MANAGEMENT ANSWER:
<p>What are the benefits of this approach and how will they be measured?</p>	<p>Benefits:</p> <p>Management anticipates broad and sustained benefits from adopting the framework:</p> <ul style="list-style-type: none"> • Improved procurement capacity in countries targeted for intensive capacity-building support, and will be measured and tracked and regularly discussed with CODE and the AC as part of a continuous program of development • Projects will be implemented faster overall, because more fit for purpose procurement methods will be used and performance metrics in the planning and tracking system will drive improvement both within the Bank (less churning) and with borrowers (fewer bottlenecks). • Better overall participation in procurement, as procurements are specifically designed through the procurement strategy to fit the project context and the dynamics of the market. • Integrated fiduciary risk management activity, with procurement, financial management, integrity, and governance specialists working together to meet client needs. • Improved complaints handling. • Improved quality in many projects, as providers can differentiate proposals by VfM, offering improved quality/service that is recognized/rewarded in the evaluation. • Enhanced delivery in low-capacity environments and FCS as Bank staff will be empowered to deliver hands-on implementation support, fixing many problems before they occur and transferring knowledge on good procurement practice to clients. • Maintained cooperation with other MDBs at the policy level, with Memoranda of Understanding in place that facilitate cofinancing using other MDB's procedures. • Increased confidence in the Bank's procurement process, and there is regular reporting to CODE and AC on key metrics and progress. • The Bank's modern procurement framework will be used to enhance client government knowledge; by using new techniques supported by the Bank, clients will see the benefits and will modernize their own systems. • APAs used by agencies and entities.

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	<ul style="list-style-type: none"> • Integrity will improve in Bank procurement. Through tailored approaches to strengthen integrity, increased use of CSOs to provide continuous probity assurance, and robust contract management in significant procurements. • Recruitment and retention of skilled procurement professionals as the Bank's approaches and activities are modern and among the most significant development procurement roles on offer. <p>Measurement:</p> <p>For all initiatives detailed in the CODE and AC paper, management will annually update CODE and AC members on progress from FY16. We propose that Management provide CODE and AC members with an explanation under each complex issue identified on specific progress and actions.</p> <p>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). A forbearance period for mandatory usage will be provided to account for client capacity constraints.</p> <p>Management has established a baseline to assess general Bank procurement skills into the future and in comparison with the Public and Private sector benchmarks. See CODE and AC paper, section III (complex issues), Independent Benchmark of Bank Procurement Skills. Management proposes to reassess the Bank's general procurement skills every two years in FY17 and FY19, so progress can be benchmarked.</p>
<p>How will the benefits be seen by borrowers, shareholders, and other stakeholders?</p>	<p>Key benefits that will be seen are:</p> <p>a) Systematic program of targeted, accelerated capacity building and institutional strengthening will focus Bank resources to support significant improvements in key institutions that can be measured and monitored as part of a Procurement balanced scorecard (along with fiduciary matters) subject to mobilizing funding.</p> <p>b) Value for money decisions, measured by post project assessment of deliverables for development effectiveness. Planning and tracking tool (STEP – Systematic Tracking of Exchanges in Procurement) will</p>

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	<p>be used to monitor contract award methods, use and in the future data from the system can be used to inform cost benchmarking analysis.</p> <p>c) Market-centric, modern procurement approaches, measured by business participation in procurement activities, supplier and borrower feedback. The STEP system can be used to identify participation rates and bidding patterns in Bank financed procurements and the use of different procurement methods. Once a baseline of data is available the Bank will produce statistics from the STEP system to inform CODE and AC members on levels of participation in Bank financed procurements and use of different procurement methods. Using open data methods, a Procurement App will also be freely available to assist businesses and other public actors (e.g. CSOs, NGOs, Think Tanks, Academia, communities of practice on Open Contracting and data science) to easily understand who is winning bank-financed procurements and where new bidding opportunities exist. The new STEP system will be linked to the Procurement App so that there is even richer data on participation levels in the future. Subject to funding, a survey could then be undertaken to gain greater insight into business views on bidding on Bank financed contracts. A program of sectoral engagement will also begin in FY16 to target key sectors to improve procurement arrangements and further incentivize businesses to bid in critical areas of Bank financed procurements.</p> <p>d) Procurement resources targeted to high risk and high value contracts, tailoring procurement approaches to fit market contexts of key projects. Target the most significant contracts in the Bank's portfolio (those subject to review at the Operations Procurement Review Committee) and closely monitor and track performance, time and out turn cost, gather borrower and supplier feedback on approach. The STEP system will identify procurement risk at the bid activity level, which can be used to inform this more detailed analysis.</p> <p>e) Circa 60 full time equivalent staff (circa \$8.9 million in salary costs) could be released in the Governance Global Practice (GGP) from low value added prior review work to support new activities in this framework. Mandatory thresholds for prior review activity have been set that target reducing prior review significantly. Reducing prior review will reduce workloads for borrowers as well as the Bank and will speed up projects that no longer have to wait for the Bank's no objection for lower to moderate risk/value procurements (note prior review will be maintained in FCS). The volume of prior review will be monitored and reported.</p> <p>f) Bank staff will have much more time to provide hands-on, expanded procurement support to borrowers, in operations covered under paragraph 12 of OP 10.00. The GGP has allocated significantly more resources to provide hands-on, expanded procurement support to borrowers. This assistance to</p>

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	<p>actual help borrowers through the procurement process, drafting materials etc. as needed, will bring a great deal of added value and should speed up procurement activities in the lowest capacity situations. The GGP will monitor the time allocated to hands-on, expanded support through their time recording system.</p> <p>For all activities above, including other initiatives detailed in the CODE and AC paper, management will update annually CODE and AC members on progress from FY16.</p>
<p>Will there be savings in time and/or cost for borrowers and for project implementation?</p>	<p>By taking more tailored, fit for purpose, market-centric approaches to procurement it is anticipated that implementation will be faster (as there should be less problems transferring to implementation, due to the more VfM, market-centric approach applied to bidder selections). Presently the Bank does not have baseline data from which to calculate specific savings in all aspects of this framework, therefore Management has outlined its estimates based on experience as follows:</p> <p>The Bank estimates that a prior review takes on average 1.7 days of Bank staff time to review and process, the streamlining of prior reviews will reduce the volume by 71%, circa 7,779 less prior reviews based on FY14 data. This equates to a saving of approximately 60 staff per year (full time equivalents, based on 220 working days per staff member per year), which is estimated to be a circa \$8.9 million dollar efficiency benefit per year (60 staff x circa \$150k total cost of employment, salary, plus on-costs etc. = \$8.9 Million USD). This efficiency saving will need to be reinvested into new activities in the procurement framework (see CODE and AC paper, section IV, table 3, delta analysis), and makes this overall reform of the Bank's procurement framework more affordable.</p> <p>It is estimated that the borrower's preparation of the prior review request is double the amount of time that the Bank takes to review it, circa 3.4 days per prior review. Then this streamlining will save borrowers the equivalent of 26,449 days of staff time per year.</p> <p>It is estimated that the processing time to clear a prior review is 7 working days (current business standard), then circa 1600 projects would have a total of at least 11,200 working days of delay saved per year.</p> <p>If it is assumed that an average, lower to moderate risk and value procurement takes at least 100 working days to conclude and involves at least 2 prior reviews (bidding document and evaluation report), then those low to moderate risk procurements in projects would be 21% faster (3.4 days to prepare the prior</p>

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	<p>review and 7 days for the Bank to review and issue its no-objection = 10.4 days x 2 prior reviews = 20.8 days benefit per project).</p> <p>These figures are estimates based on assumptions, the STEP system will be used to establish a baseline and will be monitored as part of the annual report back to CODE and AC members.</p>
<p>What are the risks posed by this approach? How will they be managed? Specifically how will the risk of fraud and corruption be addressed?</p>	<p>Key risks and mitigations include:</p> <p>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 new Framework. Management will continue to regularly engage with CODE and AC, every year 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.</p> <p>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 new 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 policy framework and regular benchmarking of Bank procurement skills create an environment for management to drive culture change.</p> <p>c) Borrower capacity to manage new Framework, this will be mitigated by phasing implementation and identifying/agreeing technical assistance as part of the Project Procurement Strategy for Development when</p>

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	<p>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.</p> <p>d) Bank capacity to implement the new Framework, this will be mitigated by internal capacity building informed by the independent skills analysis. A set of training in the new 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 new framework.</p> <p>e) Fraud and Corruption, 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 will be applied and operationalized by requiring that bidders present a signed acceptance, at the time of bidding, - to be incorporated in any resulting contract, confirming application of the Bank's Anti-Corruption Guidelines, including the Bank's right to sanction, and the Bank's inspection and audit rights.</p> <p>f) Hands on support, Providing hands-on expanded implementation support 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 further mitigated by having more certainty and capacity in the procurement process, speeding up delivery, encouraging more businesses to bid, and improving quality in the lowest-capacity situations. This shift to offer hands-on expanded implementation support to operations covered under paragraph 12 of OP 10.00 would no longer allow the Bank to fully disconnect itself from procurement decisions and outcomes. A closer association with the process leading to 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 and its staff from legal claims brought against it and/or its staff in courts, the nature of hands-on expanded implementation support is such that the immunities of the Bank and its staff may be significantly weakened. Given the litigious nature of public procurement, the possibility is strong that the Bank and/or its staff would be sued in national courts and the privileges and immunities defense would fail as the Bank had stepped outside its role as a financier. However, Management believes that, for the reasons stated above— supporting actual development outcomes, better managing fiduciary and fraud and corruption risks, encouraging more businesses to bid (particularly in the most difficult situations) - the development benefits</p>

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	<p>of providing expanded hands-on expanded implementation support to actually help Borrowers deliver results would justify this higher legal risk exposure for the Bank.</p> <p>To mitigate these legal risks, the Bank will ring-fence the scope of expanded hands-on implementation support to procurement operations covered under paragraph 12 of OP 10.00 and will strengthen its risk management in this area. The Bank will take various measures depending on the particular level of risk exposure in the specific project, which would vary by the degree of the expanded hands-on implementation support and by particular country and sector circumstances. In terms of internal process, the Bank will establish a robust review mechanism for any proposed hands-on expanded implementation support under which the proposal would be vetted by LEG and OPCS to determine if the risks involved have been adequately mitigated and other options have been considered. Risk mitigation measures could include any or all of the following. First, the Bank could manage the increased risk of liability vis-à-vis the Borrower or other recipient of hands-on expanded implementation support by inserting a “hold harmless” provision in its legal agreement with the Borrower if appropriate.¹ Second, the Bank could take measures to mitigate its risk exposure vis-à-vis third parties. Noting that liability risk relating to third-party claims cannot be excluded contractually, as the Bank does not have a contractual relationship with third parties. Management is also exploring the option of strengthening its protection by way of its Professional and General Liability Insurance Policies. Management will develop a risk management framework and approach that can be tailored to meet project and country needs.</p> <p>In every situation², the procurement decisions at key stages always remain the responsibility of the Borrower under the legal agreement. In providing expanded hands-on implementation support, the Bank will not substitute the judgment of Bank staff for the decision making by Borrowers. 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 that there is a clear separation of duties between staff providing expanded hands-on implementation support, and those issuing no-objections are maintained. In view of the potential legal risks, Management envisages that the provision of hands-on expanded implementation support should be reviewed as part of the ongoing reporting on the implementation of the Framework. Further, reflecting feedback that even more hands-on implementation is demanded, Management proposes to undertake a study on the opportunities and risks associated with the</p>

¹ 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.

² Except under OP10.00 paragraph 12 (d) and (e) where the Bank’s internal; corporate procurement team carries out a procurement and executes on behalf of the Borrower.

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	<p>provision by the Bank of more support to carrying out procurements on behalf of Borrowers when requested (undertaken by both internal corporate procurement staff, as well as procurement accredited staff in the GGP depending on the situation). This study will report on whether the risk mitigation measures adopted have proven effective and will deepen the Bank's analysis on the impact of such activities on the Bank's privileges and immunities in the countries in which it operates. The results of this study will be reported to CODE and AC members in FY17.</p> <p>g) The Bank's 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.</p>
<p>What specific measures will the Bank take to strengthen institutions procurement?</p>	<p>a) The GGP has allocated a significant proportion of additional staff time per year to provide more hands-on, expanded procurement support to borrowers, this will greatly assist in building local knowledge.</p> <p>b) Management will identify a group of borrower countries to target with accelerated procurement capacity building, subject to their agreement and support in the Country Partnership Framework. This work will need to be appropriately funded, including from the country's own resources, borrowing, reimbursable advisory services, and the Bank's budget.</p> <p>c) To further support strengthening institutions Management will seek to fully establish a multidonor trust fund (MDTF), in which several donors have already expressed an interest. Management will annually report progress to CODE and AC members to ensure ongoing performance review using agreed program-specific performance metrics for each reform intervention.</p> <p>d) To inform agency capacity building and institutional strengthening, Management has produced a procurement performance assessment tool (see Annex J). This tool will be used to determine the acceptability of an alternative procurement arrangement at the agency level for procurements in World Bank</p>

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	<p>investment project financing. The tool also provides an enhanced procurement system diagnostic that can inform procurement capacity-building programs. Use of the tool will require support from the Bank's procurement, governance, and financial management experts as it critically assesses the broader fiduciary environment in which the procurement is set to occur. In developing the tool, the Bank has enhanced existing international methodologies to include analysis of quantitative and qualitative performance and of stakeholder perceptions at the sector/agency level, to focus on system-wide performance and results.</p> <p>e) The Project Procurement Strategy for Development (PPSD) is a critical component in supporting institutional strengthening at the project level. The PPSD will be developed by the borrower, with support from the Bank, and will form part of the Project Appraisal Document (PAD), annex 3, implementation arrangements. The PPSD will be used to provide structure and discipline to decision-making on the most appropriate procurement approach, including the degree of capacity building, institutional strengthening, borrower training, and degree of hands-on "doing", expanded support needed from the Bank.</p>
<p>How does this approach fit with the Bank's overall change agenda?</p>	<p>This approach is fully consistent with the Bank's overall change agenda. On July 1, 2014 the Governance Global Practice (GGP) was created, at this point procurement delivery support is centrally managed and coordinated through that Practice. Note: Chief Procurement Officer (Policy matters, Bank Procurement Reform, Accreditation and clearance of high risk and / or high value procurements etc.) remains in OPCS. Procurement is ahead of the rest of the Bank in completing an independent skills analysis of its resources and benchmarking skills against the public and private sectors, this has been used to inform internal capacity building and initial resource allocation to support framework implementation.</p>
<p>What is the specific change agenda that will apply to procurement?</p>	<p>See CODE and AC paper, sections III (complex issues) and section IV, table 3. delta analysis, changing activity allocation of bank procurement staff. See annex K for the implementation strategy and action plan.</p>
<p>What changes may be needed to internal structures and decision-making?</p>	<p>The Bank procurement family was restructured on July 1, 2014 into the Governance Global Practice, this supports delivery of this proposed reform program. The Bank's Accountability and Decision Making (ADM) framework is being applied to procurement, see Annex E (Procedures).</p>

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	<p>See CODE and AC paper, section IV, paragraphs 104- 106 for primary responsibilities between GGP and OPCS, and see also annex D, Directives, Section III-E for Roles Responsibilities and Accountabilities as follows:</p> <ol style="list-style-type: none"> 1. Procurement-related functions within the Bank are carried out primarily by the OPCS (OPSOR), GGP, and LEG (LEGOP) staff, and members of the Task Teams. 2. OPCS (OPSOR) is responsible and accountable for the general oversight of the Procurement Framework, including the following functions: (a) interpretation of and proposing revisions to (i) the Procurement Policy, and (ii) this Directive; (b) interpretation and approval of revisions to (i) Procurement Procedure, (ii) Procurement Regulations for Borrowers, and (iii) Procurement Guidance; (c) monitoring the overall functioning of the Procurement Framework within the Bank; (d) deciding on procurement standards and accreditation of staff; (e) establishing prior review and other procurement-related threshold parameters; (f) clearance of APA proposals; (g) chairing OPRC and deciding on requests for procurement clearance of OPRC-threshold contracts; (h) clearance of waiver proposals related to the Procurement Policy and this Directive; (i) approval of waiver proposals related to the Procurement Procedure and the Procurement Regulations for Borrowers; (j) central monitoring of procurement-related complaints, provided that INT is responsible for handling complaints involving allegations of fraud and corruption; (k) in collaboration with the GGP, design and initial implementation of training of the Procurement Framework, including the Procurement Regulations for Borrowers; (l) chairing the PASP; (m) leading and representing the Bank in operational Procurement Policy matters both internally and externally, including the harmonization of Bank procurement rules and dialogue on Procurement Framework matters with other multilateral or bilateral organizations and development agencies; and (n) sectoral engagement programs with providers; and (o) carrying out ADM functions specified in the Procurement Procedure or other operational rules. 3. The GGP is responsible and accountable for the implementation of the Procurement Framework, including the following functions: (a) allocating and supervising accredited procurement staff to task teams; (b) providing project implementation support and monitoring, including (i) hands-on expanded implementation support and (ii) assurance to operations and issue procurement clearance within accreditation levels; (c) advising on waivers of the Procurement Procedure and the Procurement Regulations for Borrowers; (d) handling of procurement related complaints, provided that INT is responsible for handling complaints involving all legations of fraud and corruption; (e) operational staffing decisions (recruitment, promotion, work allocation etc.); (f) staff development and general procurement training; (g) deputing chairing of the PASP; (h) developing and implement a framework

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	<p>for building country procurement and integrity systems; and (i) carrying out other project specific ADM functions specified in the Procurement Procedure, or other operational rules.</p> <p>4. The task teams (headed by Team Leaders, and including procurement accredited staff) are responsible and accountable for project level procurement support and monitoring activities, including the following functions: (a) carrying out project procurement-related risk assessments and proposing appropriate procurement arrangements, and monitoring the implementation of risk mitigation measures; (b) assisting the Borrower in the preparation of the PPSD and Procurement Plan; (c) carrying out procurement-related implementation support and monitoring, including issuing procurement “no objections”; and (d) carrying out other project specific ADM functions specified in the Procurement Procedure or other operational rules.</p>
What are the staffing and cost implications?	See CODE and AC paper, sections III (complex issues) and section IV, table 3. delta analysis, changing activity allocation of bank procurement staff. See annex K for the implementation strategy and action plan.
How will the new policy affect staff skills, incentives, knowledge and training?	<p>The Bank undertook an independent skills analysis to test Procurement staff general procurement knowledge and benchmarked this against the public and private sectors, see CODE and AC paper Section III, paragraphs 90 to 95.</p> <p>See above. A comprehensive training program will be implemented to lift staff skills in the following areas:</p> <ol style="list-style-type: none"> 1. Procurement strategy development 2. Market analysis 3. Risk analysis 4. Value for money analysis 5. Contract management 6. Influencing skills 7. Negotiation 8. New procurement methods such as Competitive Dialogue <p>The GGP will segment staff into:</p>

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	<p>a) Strategic specialists (supporting systemic reform activities and the most difficult procurements in the portfolio)</p> <p>b) Subject matter experts (allocated to areas where deep technical knowledge is required such as medical sector, IT, power etc.)</p> <p>c) General procurement specialists (broad procurement skills that can support multi-faceted projects and capacity building as needed locally).</p> <p>See also CODE and AC paper, Section III (complex issues) and Section IV, table 3. delta analysis, changing activity allocation of bank procurement staff which links to providing the right time to the right added value activities. See also annex K for the implementation strategy and action plan.</p>
<p>How will the Bank work with other international players and partners, including the MDBs?</p>	<p>When negotiating bilateral/cofinancing agreements with other development banks/agencies/organizations, such agreements will reflect the application of Core Procurement Principles in the Bank’s Procurement Policy, the Bank’s sanctions procedure, and the Anti-Corruption Guidelines. The following integrity criteria would govern the use of alternative procurement arrangements:</p> <ul style="list-style-type: none"> • The procurement and governance arrangements, including oversight mechanisms, provide assurance to the Bank that its proceeds will be used for the intended purposes, with due attention to the Core Procurement Principles. • The arrangement maintains the Bank’s eligibility criteria: <ul style="list-style-type: none"> ○ The eligibility of firms and individuals from all countries to offer goods, works, and services to be financed under the operation; and ○ The ineligibility of firms and individuals to participate and to be awarded, or to benefit from, a Bank-financed contract for goods, works, or services financed under the operation if they have been temporarily suspended or debarred by the World Bank Group. • The Bank’s sanctions procedures and Anti-Corruption Guidelines apply and will be operationalized by requiring that bidders present a signed acceptance, at the time of bidding, - to be incorporated in any resulting contract, confirming application of the Bank’s Anti-Corruption Guidelines, including the Bank’s right to sanction, and the Bank’s inspection and audit rights. (Annex E, sub-annex IX).

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	<ul style="list-style-type: none"> The Bank has an unrestricted right to exercise its contractual remedies under its financing agreement with the Borrower.
<p>How will the areas noted for more emphasis in the future (contract execution, transparency, complaints mechanisms) be managed?</p>	<p>See proposals in this CODE and AC paper, section III (complex issues). In summary:</p> <p>Contract Execution – The new framework permits Bank staff to provide more hands-on “doing”, expanded support as needed, particularly in FCS, small states and high-risk activities to deliver successful procurement outcomes. To structure the decision, the PPSD will identify the need for hands-on, expanded support and will be used to document and rationalize the degree of Bank support needed from:</p> <ul style="list-style-type: none"> Review and advise (current approach) Hands-on 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 any³ procurement process in: drafting procurement documents; identifying strengths and weaknesses of bids/proposals; observing dialogues and negotiations with bidders/consultants; and drafting procurement reports and contract award documentation. Execution (current approach in emergency situations, OP10.00 paragraph 12 (d) and (e)) <p>Transparency - Integrity will be strengthened in the new Procurement Framework; the Bank's Anti-Corruption Guidelines and sanctions procedures will continue to apply. Beyond applying the already high standards detailed in the Bank's Anti-Corruption Guidelines and Sanctions Policy, the Bank will further enhance the governance approach relevant to the method selected for the specific procurement by requiring specific integrity management actions.</p> <p>See CODE and AC paper, annex C (Policy), Section III-C.3, annex D (Directive), annex F (regulations) - sub-annex IV (fraud and corruption).</p>

³ Hands-on support by accredited GGP procurement staff could be provided to any procurement financed by the Bank, not just small procurements, start-up activities etc.

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	<p>Complaints - Management proposes to significantly enhance its proposed approach to procurement-related complaints:</p> <ul style="list-style-type: none"> • Dedicated senior Bank staff will be allocated to advise on process, support, and expedite, procurement-related complaints to assist Bank staff, Borrowers, and the private sector; • All complaints related to an IPF operation will need to be reported to the Bank, including for national procurement and APAs; • 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 Bank's 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 accordingly as needed); • Procurement-related complaints will be centrally monitored, tracked, and expedited, and progress will be reported by the Bank; • If complaints are not dealt with in a timely and adequate manner, this could constitute grounds for the declaration of misprocurement by the Bank; • 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 ongoing 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 governmental 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 monitoring⁴; and

⁴ See OP 7.40, Disputes over Defaults on External Debt, Expropriation, and Breach of Contract.

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	<ul style="list-style-type: none"><li data-bbox="632 258 1906 324">• The Bank will provide guidance and training materials for Bank staff, Borrowers, and the private sector on procurement-related complaints. <p data-bbox="548 331 1906 397">See CODE and AC paper; annex C (Policy), Section III, D.4; annex D (Directive), Section III, G; and annex F (Regulations) - sub-annex III (procurement related complaints).</p>

WORKING DRAFT