

BANK DIRECTIVE

Procurement in IPF and Other Operational Procurement Matters

Bank Access to Information Policy Designation
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Content
Sets out operational rules and roles governing procurement activities financed by IPF and other operational procurement matters

Applicable to
IBRD and IDA

Issuer
Vice President, OPCS

Sponsor
Chief Procurement Officer, Operations Risk Management, OPCS

WORKING DRAFT

SECTION I – PURPOSE AND APPLICATION

1. This Directive sets out 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.
2. This Directive applies to the Bank.

SECTION II – DEFINITIONS AND ABBREVIATIONS

As used in this Directive, the capitalized terms and abbreviations have the meanings set out: (a) in Section II of the Procurement Policy, _____, 201_, Catalogue Number _____; or (b) below.

1. **ADM:** accountability and decision making roles set out in the “Guidance on the Accountability and Decision Making Framework,” dated April 8, 2013, as may be revised from time to time.
2. **GGP:** Governance Global Practice of the Bank.
3. **IFC:** International Finance Corporation.
4. **INT:** Integrity Vice Presidency of the Bank.
5. **LEG:** Legal Vice Presidency of the Bank.
6. **LEGOP:** Operational Policy unit of LEG.
7. **MIGA:** Multilateral Investment Guarantee Agency.
8. **Procurement Policy:** Bank Policy, “Procurement in IPF”, _____, 201_, Catalogue No. _____, as may be amended from time to time. (e-link)
9. **Procurement Procedure:** Bank Procedure, “Procurement in IPF and Other Operational Procurement Matters”, _____, 201_, Catalogue No. _____, as may be amended from time to time. (e-link)
10. **Procurement Regulations for Borrowers:** “World Bank Procurement Regulations for IPF Borrowers”, dated _____, 201_, as may be amended from time to time. (E-link.)
11. **Professional Accreditation and Standards Panel for Procurement (or PASP):** a panel established by _____, carrying out the functions set out in the Procurement Procedure.
12. **WBG Institutions:** means any of the IBRD, IDA, IFC or MIGA.

A. Procurement Assessment

During project preparation, the Bank assesses procurement-related risks (in addition to non-procurement risks) that may affect the project and Bank financing, and considers any procurement arrangements that may be appropriate for the project, including the Bank’s implementation support and monitoring of the project and the Borrower procurement support requirements.

B. Procurement Rules and Procedures Applicable to the Borrower

The terms and conditions governing the procurement of goods, works, non-consulting services and consulting services financed by the Bank are set out in the legal agreement between the Bank and the Borrower. These terms and conditions include, except for cases where the APA apply, the requirements set out in the Procurement Regulations for Borrowers.

C. Monitoring of Procurement-related Compliance and Implementation Support

1. Pursuant to paragraph 21 of OP 10.00, the Bank carries out its procurement-related implementation support and monitoring through a risk-based approach, adjusted, as appropriate under project-related circumstances, including through the use of prior and post reviews, as set out in the Procurement Plan.
2. Generally, the Bank carries out prior review (an ex-ante review of planned procurement actions of the Borrower) of high-value and/or high-risk procurement activities financed by the Bank. The Bank sets monetary thresholds for prior review based on the project procurement risk rating. In exceptional cases, the Bank may: (i) require prior review below specified monetary thresholds if the Bank determines that there is a substantially increased risk associated with the planned procurement activities; and (ii) may agree that high-value procurement activities that are otherwise would be subject to prior review be subject to post review if such procurement activities are determined to present low or moderate procurement risk.
3. Post reviews examine procurement activities after they are completed by the Borrower. The Bank may use a third party such as a supreme audit institution and other auditors, acceptable to the Bank, to carry out post reviews.
4. In addition to prior and post reviews, the Bank may rely on independent procurement reviews and third-party assurances.
5. In projects in situations of urgent need of assistance or capacity constraints described in paragraph 12 of OP 10.00, if the Borrower has a limited institutional procurement capacity for the proposed IPF, the Bank may agree to provide the Borrower hands-on expanded implementation support at various stages of the Procurement Process, which may include: (a) drafting procurement documents; (b) identifying strengths and weaknesses of bids/proposals; (c) observing dialogues and negotiations with bidders/consultants; and (d) drafting

procurement reports and contract award documentation. Project execution remains the Borrower's responsibility, and, except for projects where the Bank has agreed to execute start-up activities under paragraph 12 (d) of OP 10.00, hands-on expanded implementation support does not result in the Bank executing procurement on behalf of the Borrower.

D. Alternative Procurement Arrangements

1. The justification for an APA, including risks and benefits, is identified and assessed as early as possible during project preparation, and is described in the relevant project documents. The APA justification describes, among other things: (a) why the APA would be the most appropriate procurement arrangement to support the Borrower in achieving the project's development objectives; and (b) how the APA would: (i) provide adequate assurance that the proceeds of Bank financing will be used only for the purposes for which the financing would be granted, and (ii) meet the requirements set out in Section III.F.2 of the Procurement Policy.
2. When approved by the Bank, the terms and conditions of the APA are set out in the legal agreements with the Borrower and other relevant parties.
3. If the terms of the APA are not complied with, the Bank has the right (in addition to its other contractual rights) to revoke or modify its agreement allowing the use of the APA.

E. Roles, Responsibilities and Accountabilities

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 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.

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.

F. Inter-institutional Operational Conflict of Interest

WBG Institutions other than the Bank may: (a) have a financial interest in potential providers of goods, works, non-consulting services and consulting services for contracts financed by the Bank; or (b) be engaged in advisory services for the Borrower related to the project. In such cases, conflict of interest, whether actual, potential, or perceived, is addressed in accordance with the Procurement Procedure, taking into account, as appropriate, the “Inter-institutional Operational Conflict of Interest Guidelines.” (E-link)

G. Procurement-Related Complaints and Contract-Related Communications

1. Procurement-related complaints and communications relating to contractual matters may be brought at any stage of the Procurement Process to the attention of the Borrower or the Bank, and they make every reasonable effort to address or respond to them diligently, professionally, and in a timely manner.
2. The Bank is informed by the Borrower of all procurement-related complaints and communications relating to contractual matters brought to the attention of the Borrower.
3. The Bank centrally monitors and reports the handling of all procurement-related complaints and communications relating to contractual matters.

H. Support to Borrowers in Procurement Capacity Building

1. The Bank may support Borrowers in their effort to strengthen their procurement capacity. Bank support may be provided at the project level or as part of the country/sector dialogue, through a range of activities, funding, technical advice, and implementation support, taking into account country, sector, entity/agency, or project considerations.

2. On a project level, the PPSD is the key document which describes the Borrower's procurement capacity building needs, and staffing, funding, consulting services, training and other actions proposed to address such needs, as well as technical advice and implementation support needed from the Bank at a project level.
3. On a country/sector level, the Bank may support the Borrower's procurement institutional, and regulatory reforms and procurement capacity building efforts through assessments, technical assistance, and advisory services.

SECTION IV – WAIVER

The provisions of this Directive may be waived in accordance with the Bank Policy, "Operational Policy Waivers", April 7, 2014, Catalogue No. OPCS5.06-POL.01, and Bank Procedure, "Operational Policy Waivers and Waivers of Operational Requirements", July 1, 2014, Catalogue No. OPCS5.06-PRO.01.

SECTION V – EFFECTIVE DATE

This Directive is effective [insert date].

SECTION VI – ISSUER

The Issuer of this Directive is the Vice President, OPCS.

SECTION VII – SPONSOR

The Sponsor of this Directive is the CPO, Operations Risk Management, OPCS.

SECTION VIII – RELATED DOCUMENTS

Bank Directive, "Policy and Procedure Framework", January 8, 2014, Catalogue No. LEG4.01DIR.01.

BP 10.00, "Investment Project Financing", April 2013, revised in July 2014.

Bank Policy, "Operational Policy Waivers", April 7, 2014, Catalogue No. OPCS5.06-POL.01.

Bank Policy, "Procurement in IPF", _____, 201_, Catalogue No. _____.

Bank Procedure, "Policy and Procedure Framework", January 8, 2014, Catalogue No. LEG4.01PROC.01.

Bank Procedure, "Procurement in IPF and Other Operational Procurement Matters", _____, 201_, Catalogue No. _____.

Board Paper, "Procurement in World Bank Investment Project Financing", dated _____, No _____.

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“Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and Revised in January, 2011.

“Instructions: Additional Financing for Investment Project Financing” e-link.

“Instructions: Investment Project Implementation Support to Project Completion” e-link.

“Instructions: Preparation of Investment Project Financing (Track 1)” e-link.

“Instructions: Preparation of Investment Project Financing (Track 2)” e-link.

“Instructions: Preparation of Investment Project Financing - Situations of Urgent Need of Assistance or Capacity Constraints” e-link.

“Instructions for Suspension, Cancellation and Placement of Bank Loans in Nonperforming Status” e-link.

OP 10.00, “Investment Project Financing”, April 2013, revised in July 2014.

“World Bank Procurement Regulations for IPF Borrowers”, dated _____.

World Bank Sanctions Procedures, April 15, 2012.

Questions regarding this Directive should be addressed to the Chief Procurement Officer, OPSOR
