



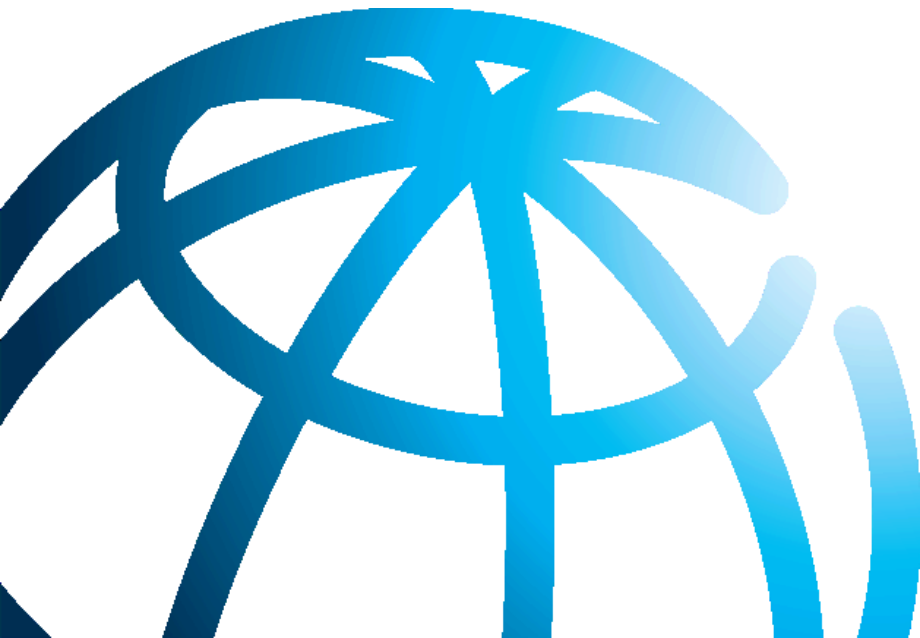
WORLD BANK GROUP

WORLD BANK PROCUREMENT

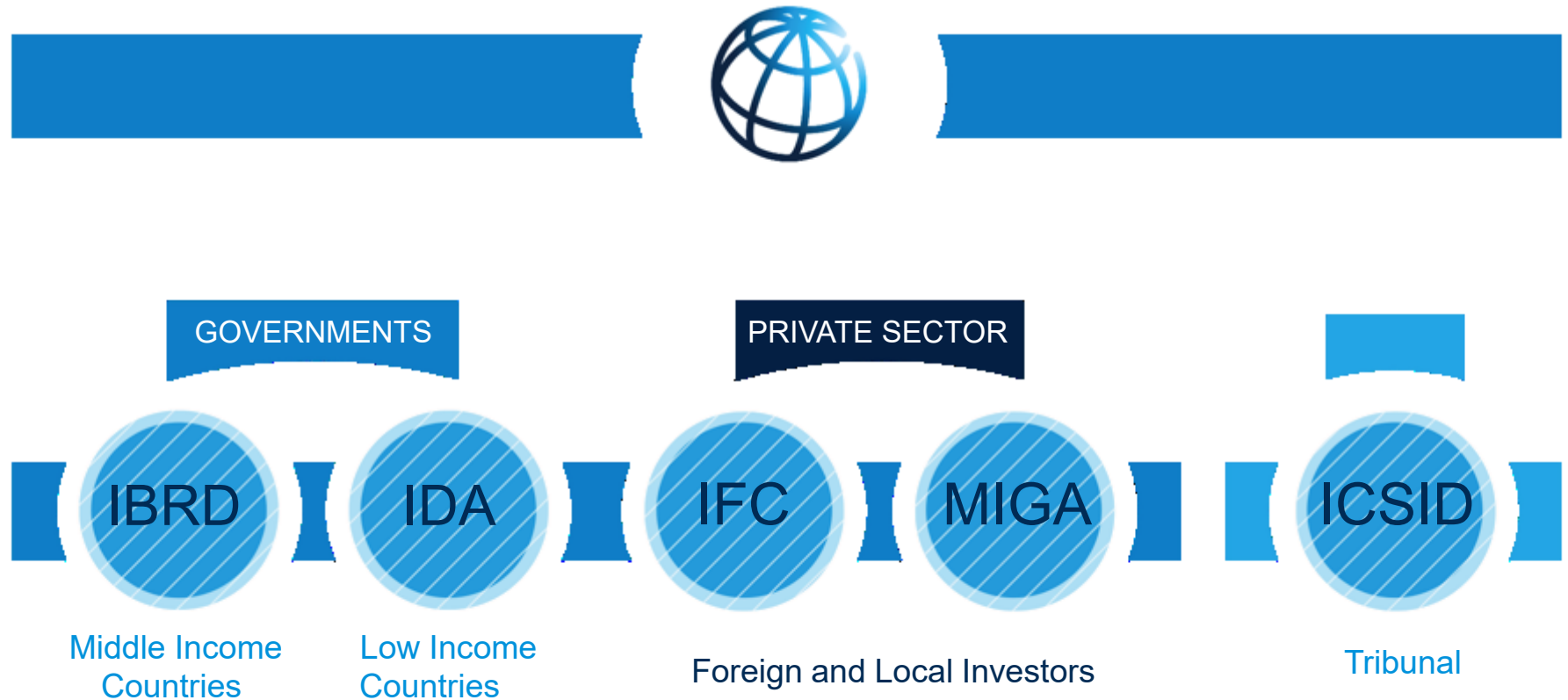
**Creating an enabling environment for business
in international development**

Enzo de Laurentiis
Chief Procurement Officer

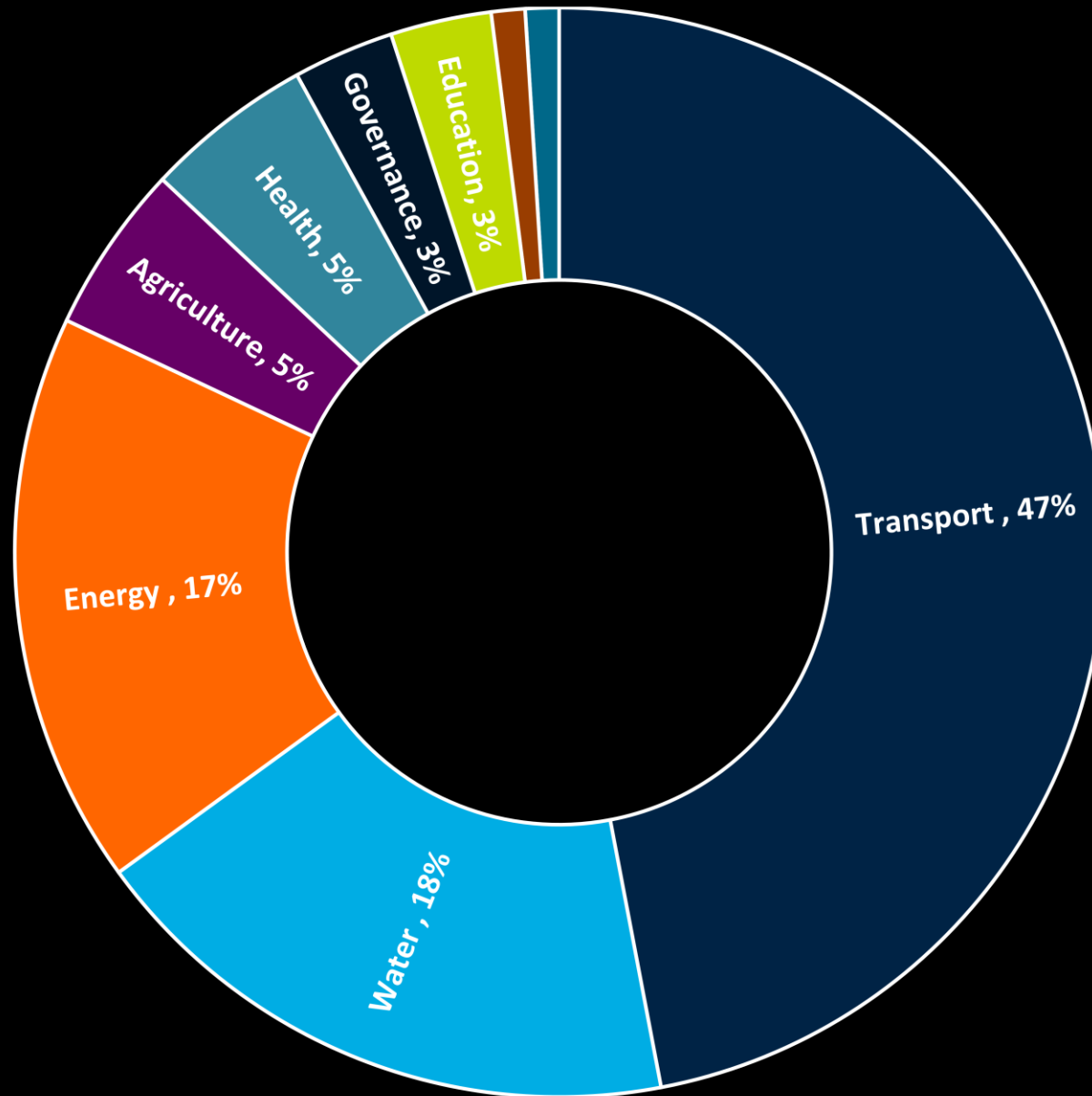
Napoli – Bologna, May 15 e 16, 2018



The World Bank Group

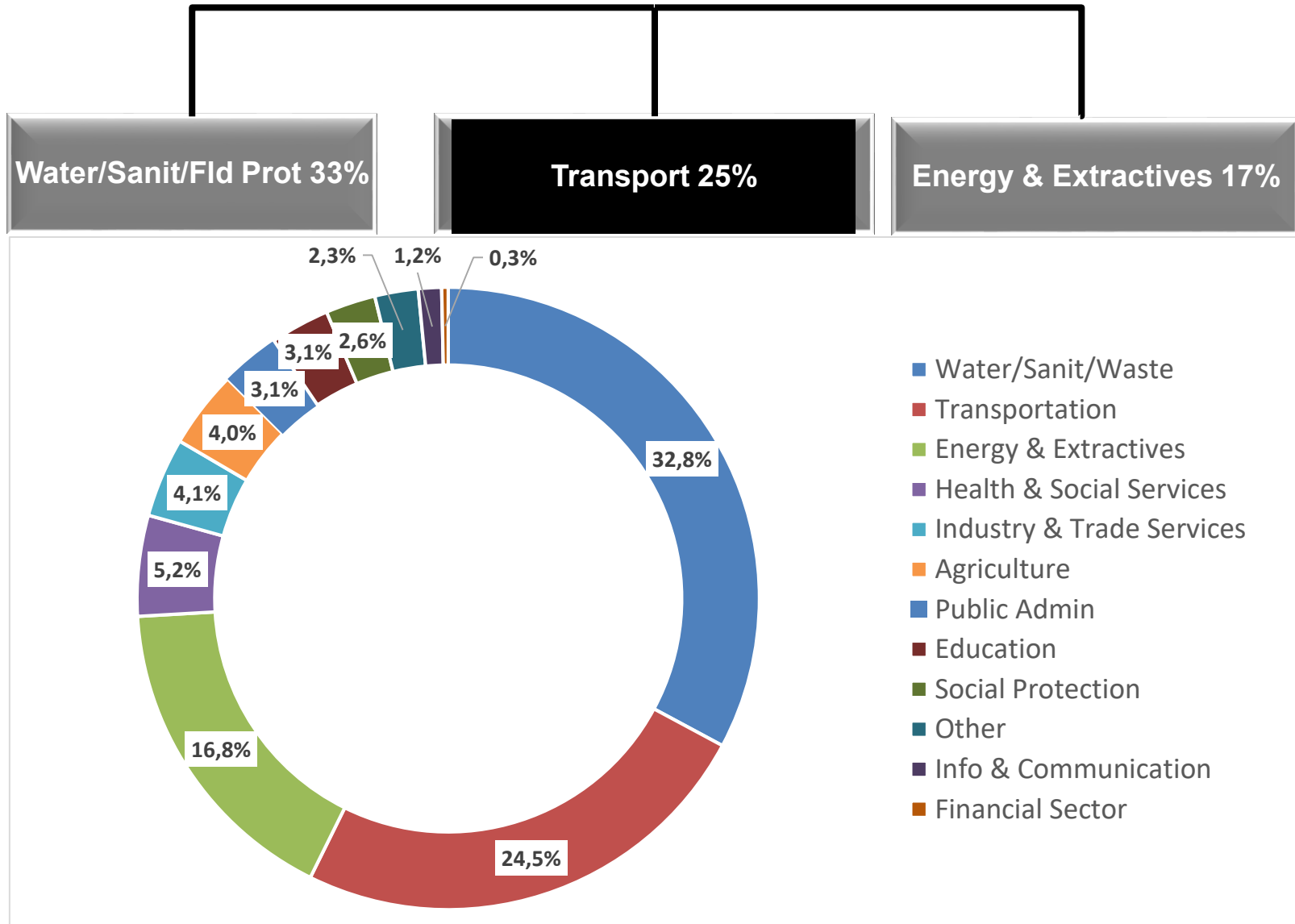


Diverse portfolio across multiple sectors – FY17

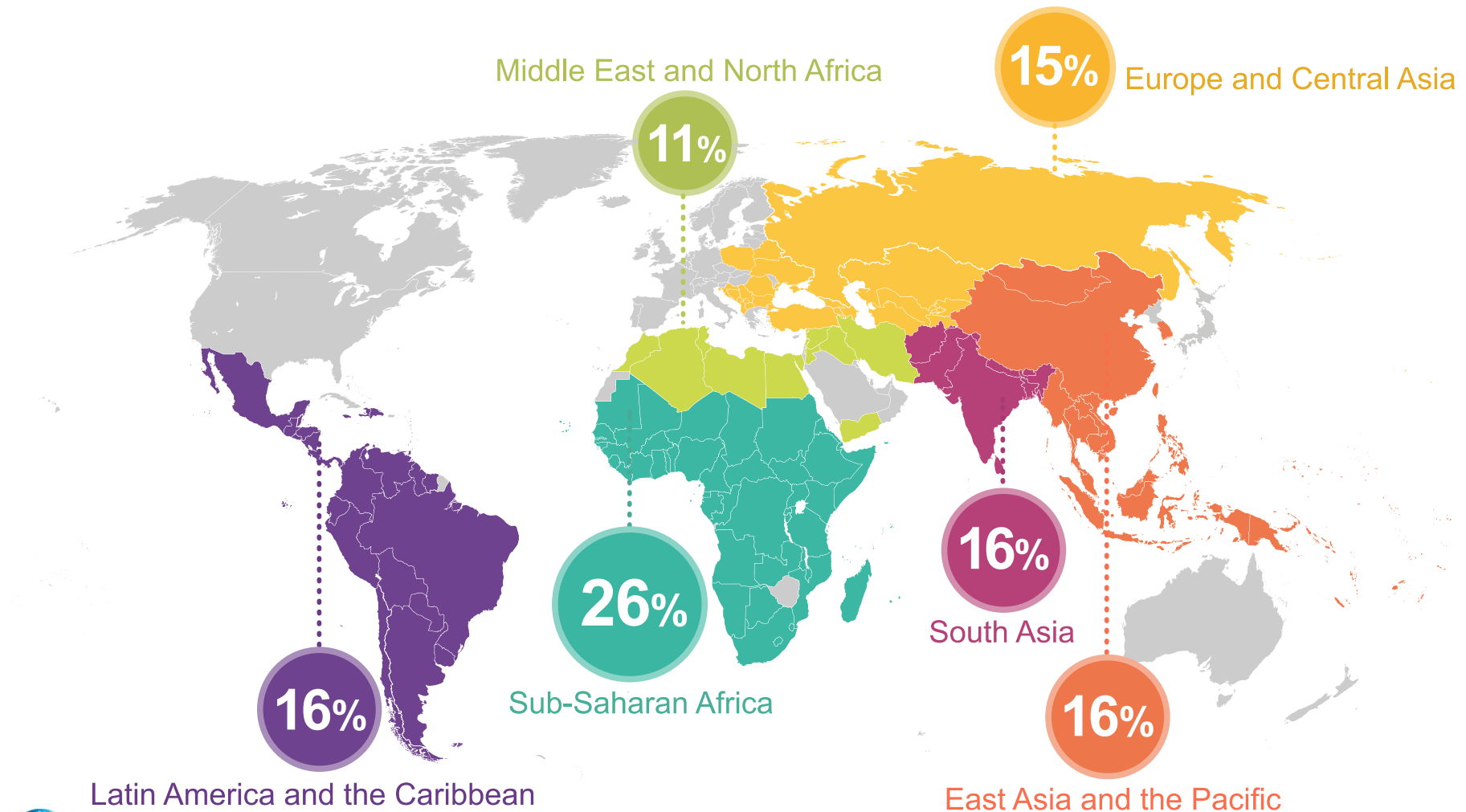


Top Areas of Procurement Spend in FY17 (Worldwide)

\$11 Billion – 1,600 Projects in 132 countries



2017 Global Commitments by Region



FY13 - FY17 Top Ten Procuring Borrowers

RANK	COUNTRY	CONTRACT VALUE (USD)	% OF TOTAL VALUE
1	India	8,752,920,035	12.82%
2	China	5,140,644,287	7.53%
3	Argentina	3,218,193,604	4.72%
4	Pakistan	3,200,964,256	4.69%
5	Egypt	3,061,083,355	4.49%
6	Vietnam	2,857,999,229	4.19%
7	Bangladesh	2,108,678,068	3.09%
8	Ethiopia	2,049,971,376	3.00%
9	Ecuador	1,889,437,833	2.77%
10	Indonesia	1,645,069,571	2.41%

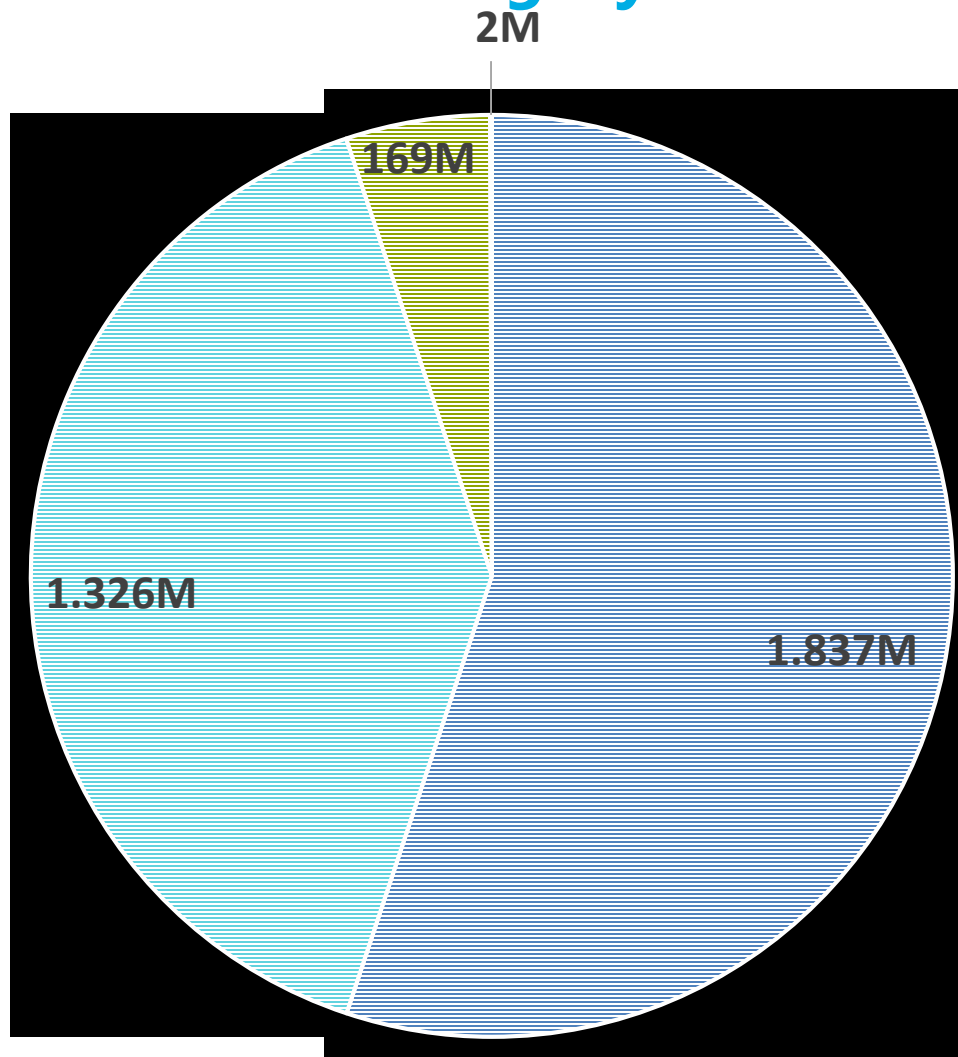
FY13 - FY17 Top Ten Supplier Countries

RANK	COUNTRY	CONTRACT VALUE (USD)	% OF TOTAL VALUE
1	China	13,105,261,913	19.20%
2	India	9,020,082,113	13.22%
3	Italy	3,334,248,497	4.89%
4	Spain	3,283,833,662	4.81%
5	Brazil	2,651,564,379	3.88%
6	Vietnam	1,950,293,547	2.86%
7	Argentina	1,847,827,464	2.71%
8	Turkey	1,684,168,408	2.47%
9	France	1,598,325,888	2.34%
10	Indonesia	1,295,092,576	1.90%

FY13 - FY17 Top Ten Consulting Service Countries

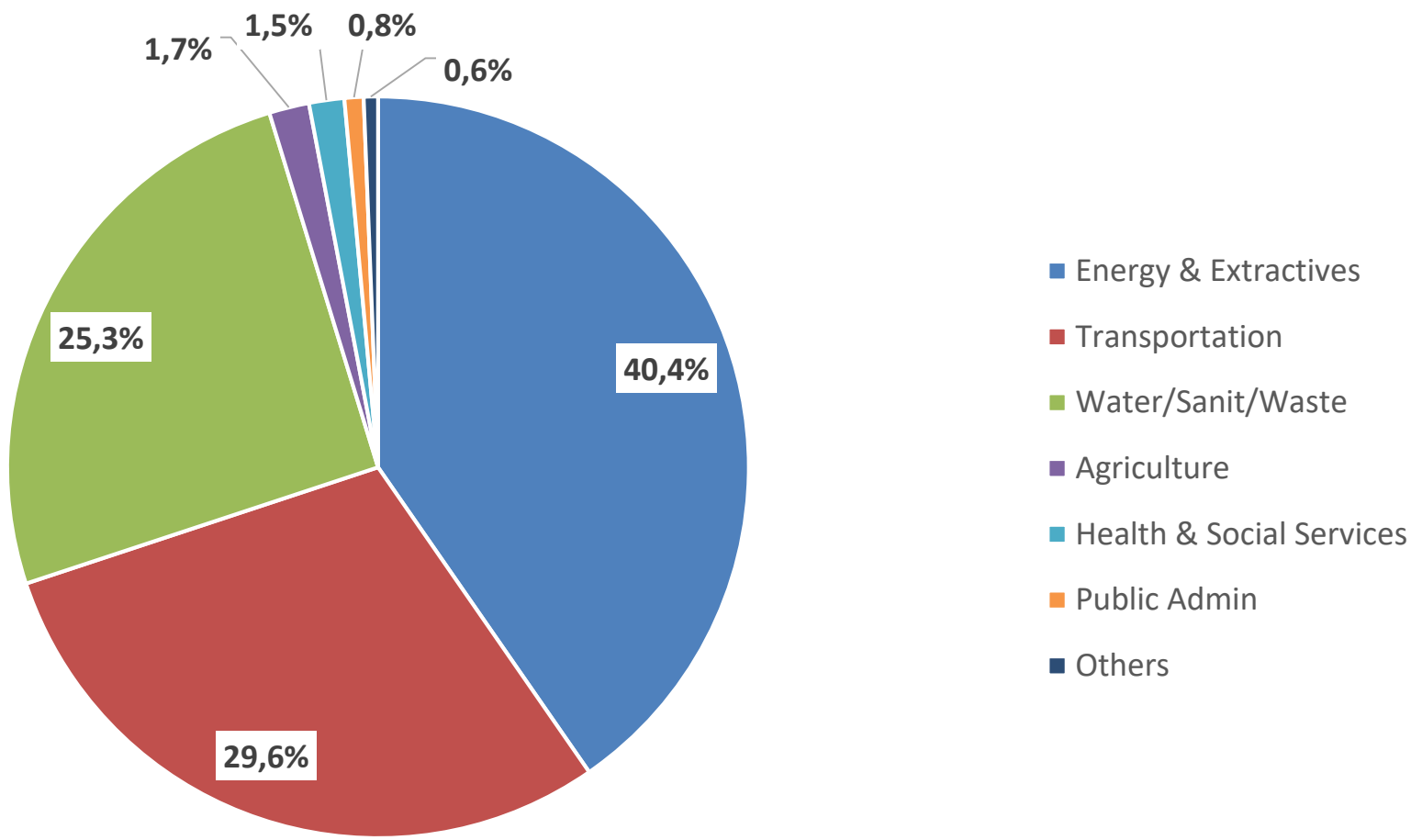
RANK	COUNTRY	CONTRACT VALUE (USD)	% OF TOTAL VALUE
1	Canada	513,684.5	5.41%
2	France	488,452.5	5.14%
3	India	459,911.0	4.84%
4	Germany	337,550.5	3.55%
5	United Kingdom	331,673.9	3.49%
6	Nigeria	318,608.0	3.35%
7	United States	316,091.4	3.33%
8	Australia	207,379.7	2.18%
9	Brazil	204,886.6	2.16%
10	Russian Federation	189,918.9	2.00%
11	Italy	168,668.6	1.78%

Italy: FY13 - FY17 Contract Awards by Procurement Category



■ CIVIL WORKS ■ GOODS ■ CONSULTANT SERVICES ■ NON-CONSULTING SERVI

FY13 - FY17 Sector Distribution of Awards to Italy



\$ 3 Billion

Energy & Extractives 40%

Transport 30%

Italy: FY13 - FY17 Top Ten Suppliers

RANK	SUPPLIER	CONTRACT VALUE (USD)	# OF CONTRACTS	% OF TOTAL VALUE
1	AC BOILERS S.P.A	729,661,929	2	21.88%
2	JV TODINI & IMPREGILO & KAZAKHDORSTROY	386,455,520	4	11.59%
3	ANSALDO CALDAIE S.P.A.	370,165,874	1	11.10%
4	GHELLA S.P.A. (JV)	339,874,191	0.33	10.19%
5	TODINI COSTRUZIONI GENERALI S.P.A.	280,582,240	2	8.42%
6	ALSTOM FERROVIARIA S.P.A.	245,982,271	2	7.38%
7	IMPREGILO S.P.A. (JV)	223,820,609	0.5	6.71%
8	COOPERATIVA MURATORI & CEMENTISTI	196,989,701	1	5.91%
9	PRYSMIAN POWER LING S.R.L. (JV)	80,386,709	1.5	2.41%
10	ASTALDI	76,002,694	0.66	2.28%

Italy: FY13-17 Top Ten Consulting Service Providers

RANK	SUPPLIER	CONTRACT VALUE (USD)	# OF CONTRACTS	% OF TOTAL VALUE
1	IRD ENGINEERING SRL	19,709,462	7	11.69%
2	ITALFERR S.P.A	10,543,538	3	6.25%
3	LOTTI INGEGNERIA-AL ENGINNERING S.R.I	9,391,340	2	5.57%
4	FINEUROP SPA	6,903,658	1	4.09%
5	STUDIO ING. G. PIETRANGELI SRL	6,288,864	2	3.73%
6	AIC PROGETTI	5,797,797	5	3.44%
7	STUDIO GALLI INGEGNERIA (SGI)	5,409,589	6	3.21%
8	TECHNIPLAN	5,168,215	2	3.06%
9	STIPE CONSULTING ENGINEERING	4,479,868	1	2.66%
10	TECHNIPLAN INTERNATIONAL CONSULTING	4,265,047	5	2.53%

The Logic of Modern Public Procurement

- Stewardship of public resources
- Improved public services
- Economic and social policy objectives
- Growth and sustainable development
- Innovation
- Scanning the horizon to prepare for future needs

The World Bank's New Procurement Framework

Old Problems – New Solutions

- One size fits all, limited options, prescriptive
 - F&C seen as primary challenge
 - Mixed capacity - clients, suppliers and Bank
 - Arms-length approach to markets
 - Primary focus on selection phase
-
- Key focus on results
 - Fit for purpose approach as enabler of value for money
 - Flexible, risk-based decision-making
 - Early, proactive market engagement
 - Capacity building
 - Dynamic risk management, with enhanced integrity, fairness and transparency
 - Increased focus on contract management

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- WORLD BANK GROUP**



Project Procurement Strategy for Development
Short Form Guidance
February 2017



Project Procurement Strategy for Development
Long Form Detailed Guidance
July 2016



Sustainable Procurement
An introduction for practitioners to sustainable procurement in World Bank IPF projects
November 2016



Competitive Dialogue
How to undertake a Competitive Dialogue Procurement Process
October 2017



Standard Procurement Documents
An overview for practitioners
November 2016



Evaluation Criteria
Use of evaluation criteria for procurement of Goods, Works, and Non-consulting Services using RFB and RFP
July 2016



Value for Money
Achieving VfM in Investment Projects Financed by the World Bank
July 2016



Abnormally Low Bids and Proposals
Guide to the identification and treatment of Abnormally Low Bids and Proposals
July 2016



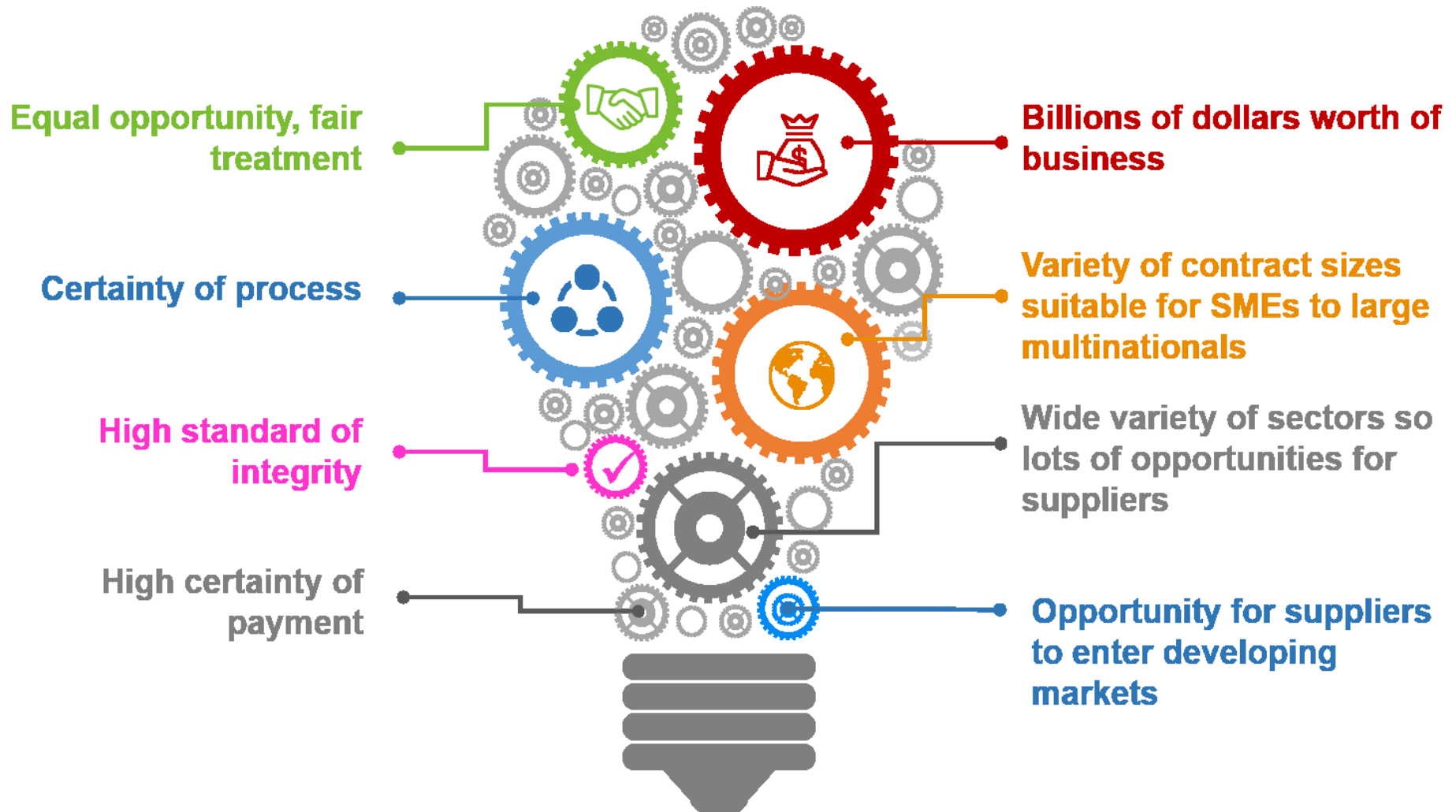
Procurement-related Complaints
How to complain
January 2017



Contract Management
General Principles
September 2017



Why bid on World Bank contracts



How to Identify Contract Opportunities

- Country Partnership Framework (CPF)
- Monthly Operational Summary
- Project Document
- World Bank website
- Financing App for real time info
- Historic Procurement data on major contract awards in Procurement App
- Procurement plan on WB site www.worldbank.org
- General and Specific Procurement Notices on United Nations Development Business www.devbusiness.com

World Bank Website

[Projects.worldbank.org](https://projects.worldbank.org)

PROJECTS

PROCUREMENT

Advanced Search

BROWSE PROCUREMENT


Browse by Country/Area
 Browse procurement by over 100 countries and areas


Browse by Sector
 Browse procurement by types of economic activity


Browse by Procurement Plans
 Browse procurement by types of economic activity

NOTICES CONTRACTS PLANS			
Showing 21 - 28 of 28 procurement notices matching the search criteria -			
► Description	► Country	► Project Title	► Notice Type
Installation Of Network Pumps With Frequency Converters In The City Of Ternopil	Ukraine	UDHEEP - P132741	Invitation for Bids
Procurement Of Installation, Testing And Commissioning Of Bharatpur Bhardaghat 220 Kv Transmission Line	Nepal	NP-IN Electricity Transmission & Trade P - P115767	Invitation for Bids
Track Material Transport Motor Car Unit	China	CN-HaJia Railway - P117341	Invitation for Bids
Reconstruction Of Water Supply Networks In The City Of Zhytomyr	Ukraine	Second Urban Infrastructure Proj (UIP2) - P132386	Invitation for Bids
Design Area 8: Karakul District Southwest. Construction Of Primary And Secondary Trunk Mains, Regional Water Distribution Center ? karakul West?, Rural Water Distribution Centers And Distribution	Uzbekistan	ALAT-KARAKUL WS - P118197	Invitation for Bids

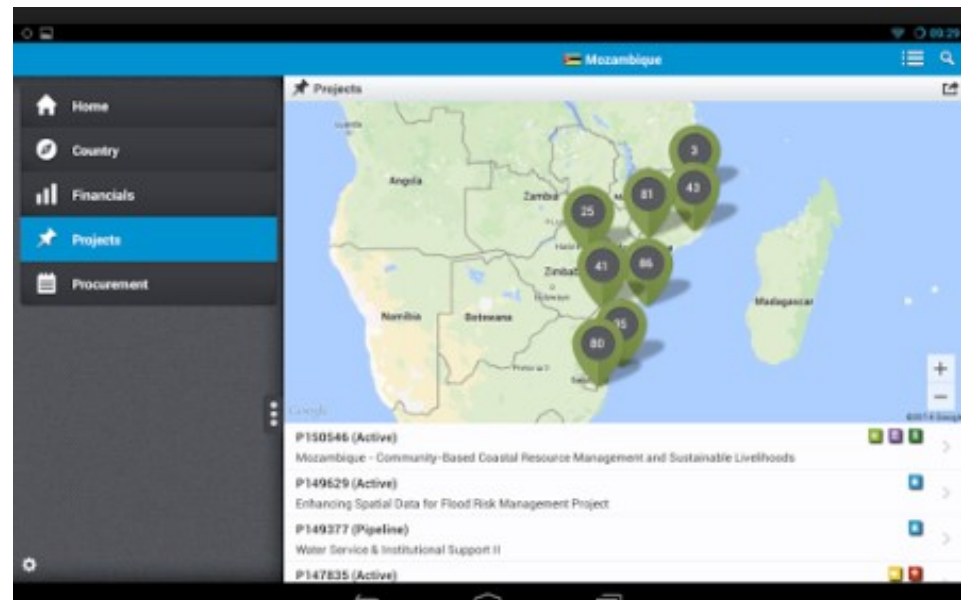
Steps in Identifying Contract Opportunities

- Identifying projects of Interest
 - Determine country and/or sector of interest
 - Review CPF for country of interest to identify current and planned projects portfolio <http://www.worldbank.org/en/where-we-work> (Overview tab/Strategy tab/select CPF)
- Viewing procurement plans to identify planned procurement and timing under the project
 - Go to www.projects.worldbank.org
 - Select "browse by country" choose country
 - Under "Projects" tab, select the project of interest
 - Under "Procurement" tab select "plans" to view latest plan
 - Under "Procurement" tab select "Notices" to view notices

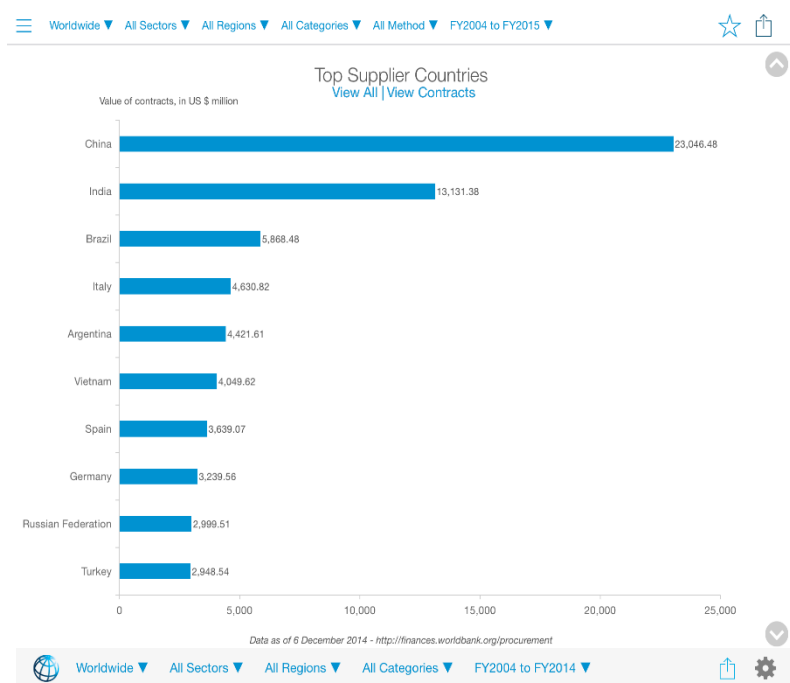
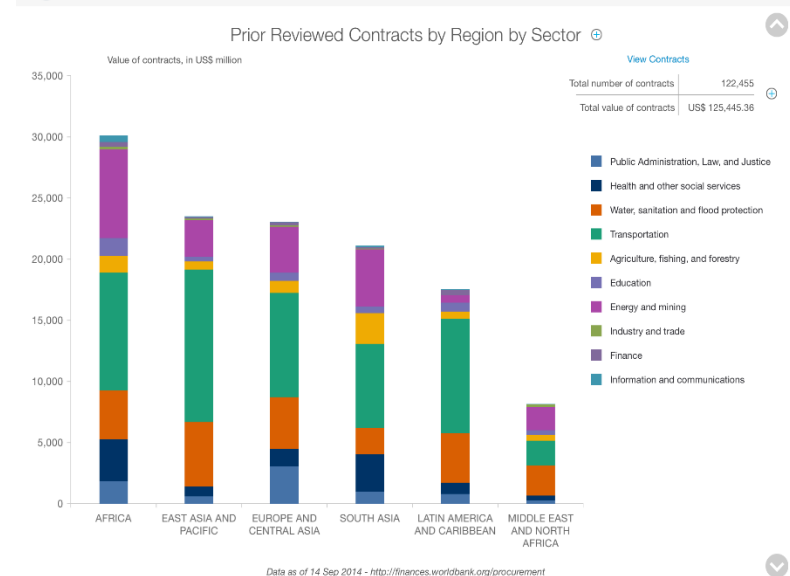
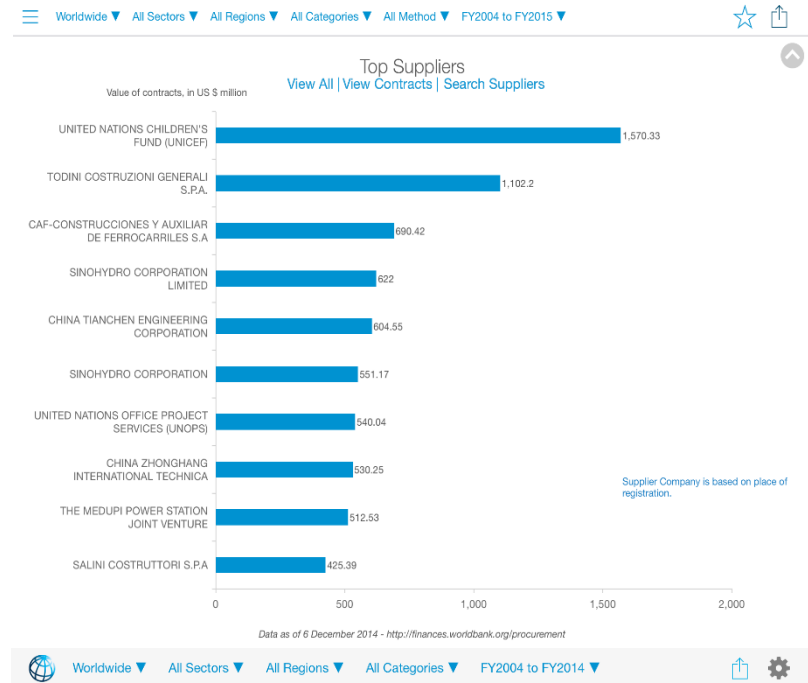
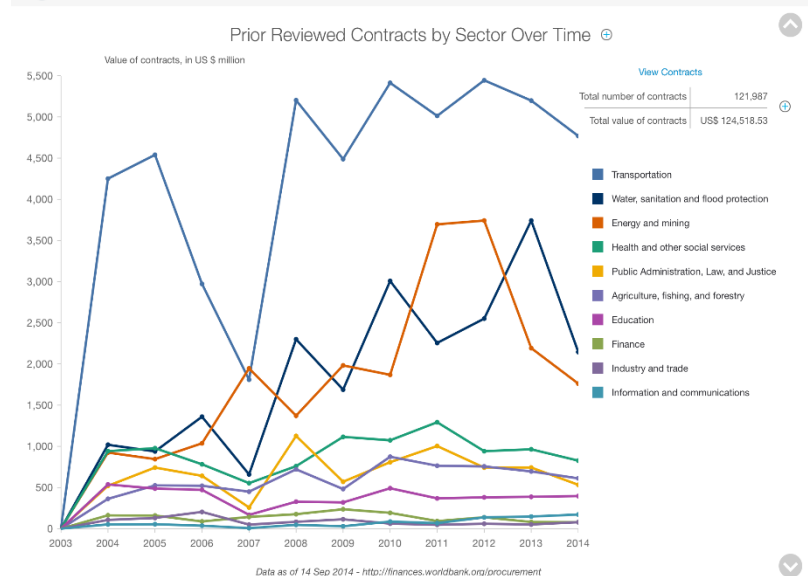
Steps in Identifying Contract Opportunities

- Viewing procurement notices by country or sector
 - Go to www.projects.worldbank.org
 - Select the "Procurement" tab
 - Select "browse by country" (or sector) choose (country or sector)
 - Select the "country/sector of interest"
 - View list of notices and select notice of interest

Finances App



Procurement App [\(link\)](#)



Good advice

- Be informed about the country and project pipeline
 - determine areas of focus, countries/procurement type etc.
- Consider how you will respond to project needs
- Identify local partners and others for any joint ventures
- Previous technical and country experience is usually critical
- Understand local customs, laws, markets
- Use the Implementing Agency, Trade missions/Executive Director team for concerns and questions

Preparing the Proposals

- Make a pre-proposal visit (if indicated in the RFP)
- Fully address the requirements
- Emphasize methodology for delivery – innovate if you can
- Propose a strong Project Manager and qualified experts
- Cite relevant technical and regional experience similar to the assignment – more significant and similar the better
- Involve national partners, consider joint ventures
- Don't deviate from standard RFP forms/conditions

Preparing the Proposals

- Conditions or qualifications will lead to rejection
- Get official clarification: If any provisions of the bidding/proposal document are unclear or unacceptable, submit an official inquiry in writing to the Borrower cc the Bank before the bid closing date or such date as may be specified
- Submit a professional proposal signed by an authorized individual ensuring all supporting documents are included
- Carefully review qualification and evaluation criteria
 - failure to satisfy qualification criteria results in high bid rejection rate

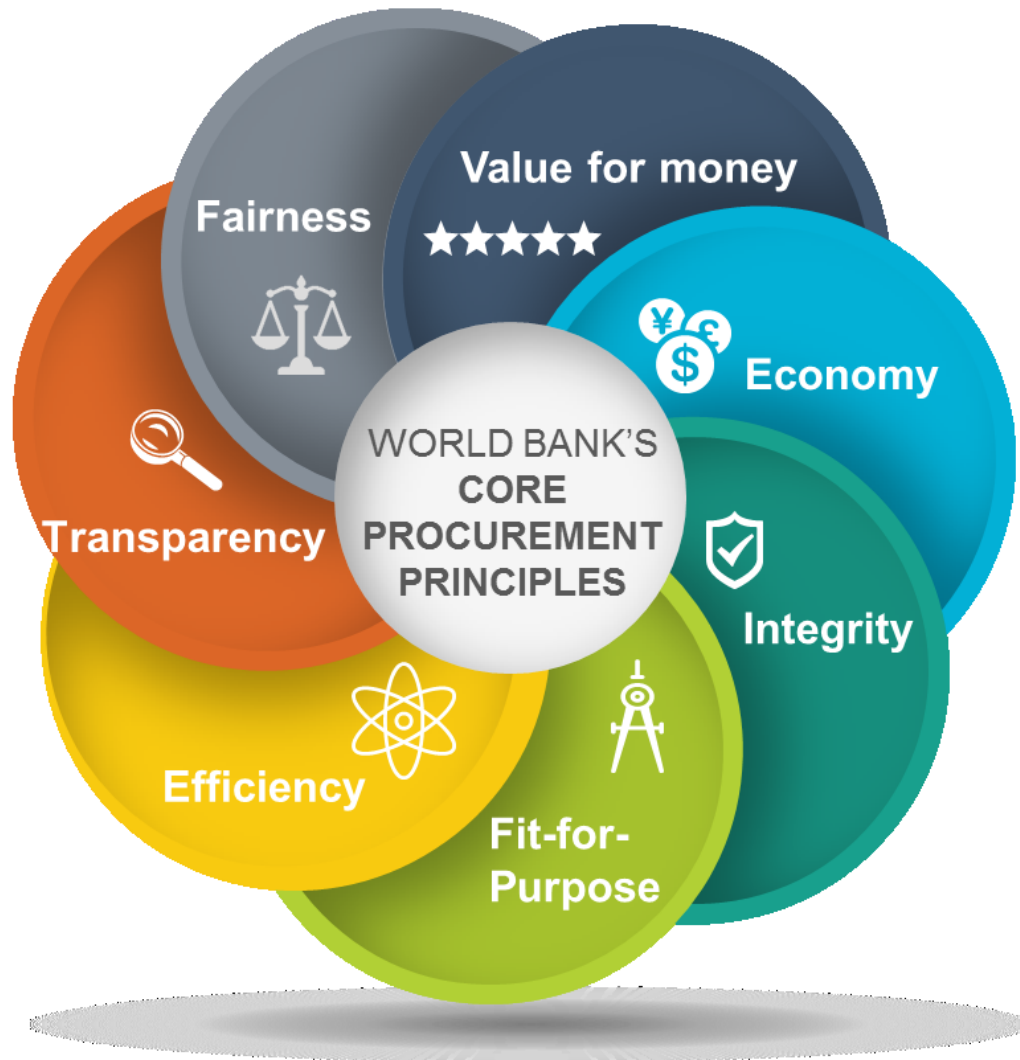
Final checks before submission

- Amount, validity and text of Bid Security
- Signatures and power of attorney
- Joint venture agreement enclosed
- References enclosed
- Discounts in covering letter or appropriate place as specified in the bidding/proposal document
- Marking of envelopes as appropriate

Common issues with Bids

- No Bid Security
- Insufficient Amount of Bid Security
- Lack of Supporting Documents
- Incomplete Bids
- Expiration and Extension of Bid Validity
- Partial Quantities
- Absence of test reports if required
- Bids not signed
- JV partner as bidder in another bid
- Conflict of interest

Core Procurement Principles



Project Procurement Strategy for Development

- Project Procurement Strategy for Development (PPSD) is a critical planning tool that informs the procurement approach
- Captures key market analysis findings and explains how they:
 - impact on the Borrower's approach to market, and
 - determine the best fit-for-purpose procurement approach

Through PPST analysis determine:

What is the market segmentation?
(national/international competition)

1

How will the project outcomes be delivered?

2

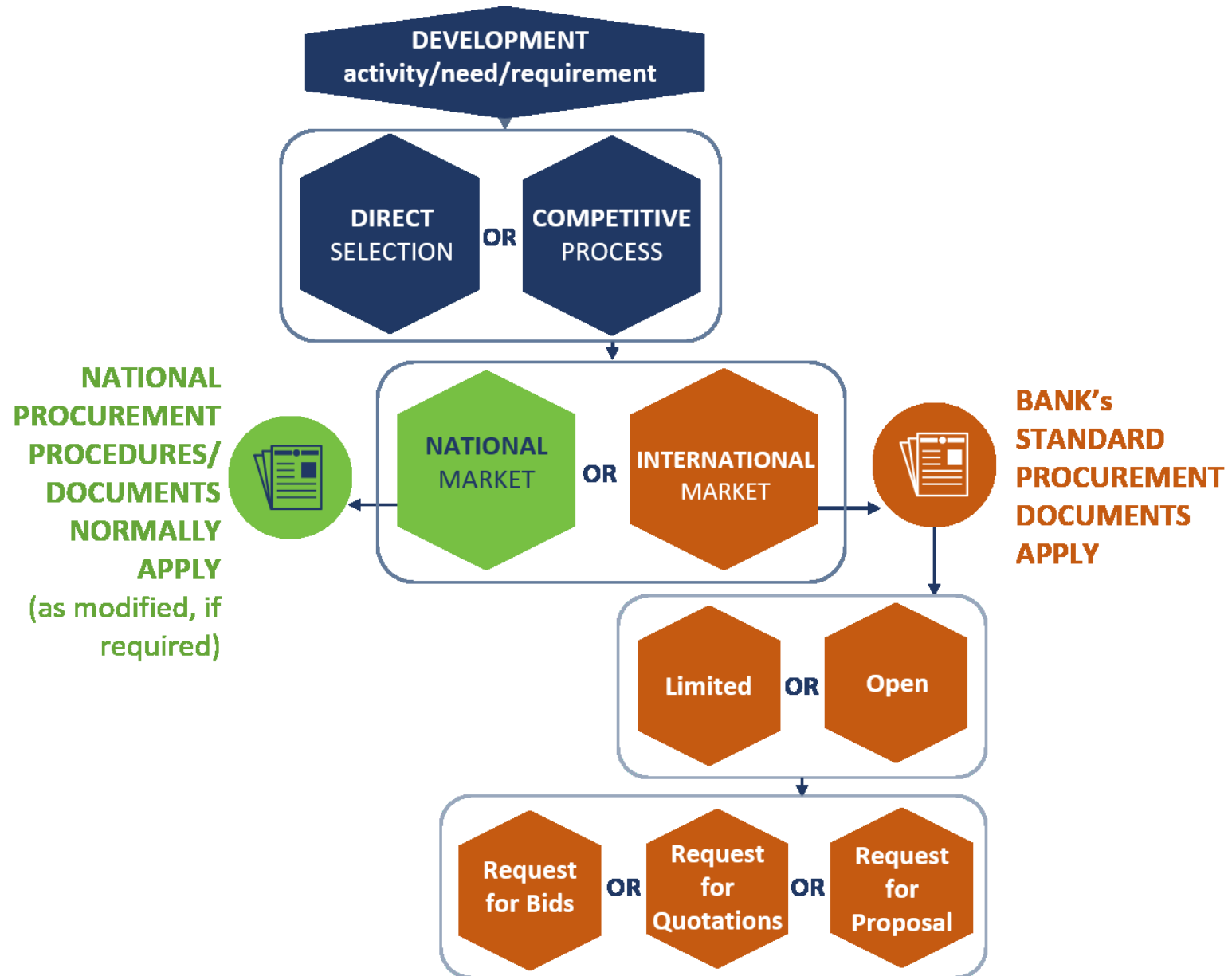
How will the contract and commercial deal be structured?

3



Borrower required
to prepare a PPST
for each Investment
Project Financing
(IPF) project

PPSD, Selection methods and SPDs



Selection Methods

- **RFP** - Competitive method used when Borrower specifies functional/performance needs and the market proposes solutions. Uses Bank SPD and rated criteria apply
- **RFB** - Competitive method used when Borrower clearly specifies requirements and wishes to maintain a higher degree of control in delivery. Uses Bank SPD
- **RFQ** - Seek quotations for readily available, off-the-shelf GWNcS
- **Direct Selection** - Approach and negotiate with only one firm

Standard Documents apply for International Procurement

- Standard Bidding Documents (SBDs)
 - Used for projects governed by the Guidelines i.e. those approved before July 1 2016 and
- Standard Procurement Documents (SPDs)
 - Used for projects where the new Procurement Regulations apply
 - Apply for projects approved after July 1, 2016
- SBDs and SPDs
 - Mandatory for international competitive procurement
 - Choice of procurement document informed by Selection Method and nature of procurement

Available Standard Procurement Documents

Works (11 SPDs)

- RFB Small Works (1 envelope)
- RFB Small Works (2 envelope)
- RFB Large Works (without PQ)
- RFB Large Works (after PQ)
- PQD Large Works
- ISD Works 2 stage (Design + Build)
- RFP Works 2 stage (Design + Build)
- RFB Roads (Output + Performance based)
- RFB Works French Civil Code (FRENCH)
- RFB Water and Wastewater Treatment Plant
(Design + Build + Operate)
- ISD Water and Wastewater Treatment Plant
(Design + Build + Operate)

Plant (4 SPDs)

- RFB Plant (without PQ)
- RFB Plant (with PQ)
- ISD Plant
- RFP Plant (2 stage)

Acronyms

RFB = Request for Bids

PQD = Prequalification
Document

RFP = Request for Proposals

ISD = Initial Selection Document

Available Standard Procurement Documents

Goods (6 SPDs)

RFB Goods (1 envelope)
RFB Goods (2 envelope)
PQD Health Sector
RFB Health Sector
RFB Education (Textbooks)
RFB Framework Agreement

Consulting Services (1 SPD)

RFP Consultancy Services

Others (6 SPDs)

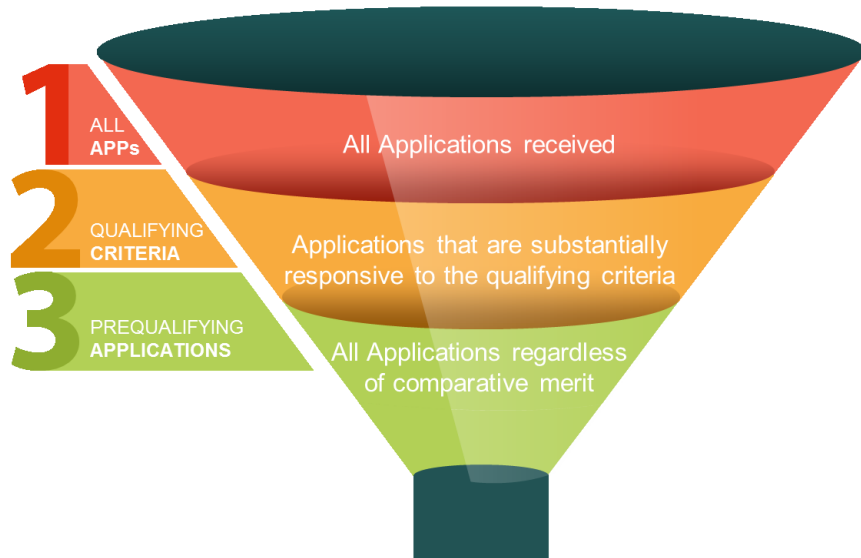
PQD Management Services
RFB Management Services
RFB Non-Consultant Services
RFB Information Systems
ISD Information Systems
RFP Information Systems

SPDs Translations

- French – 20 SPDs
- Spanish – 22 SPDs

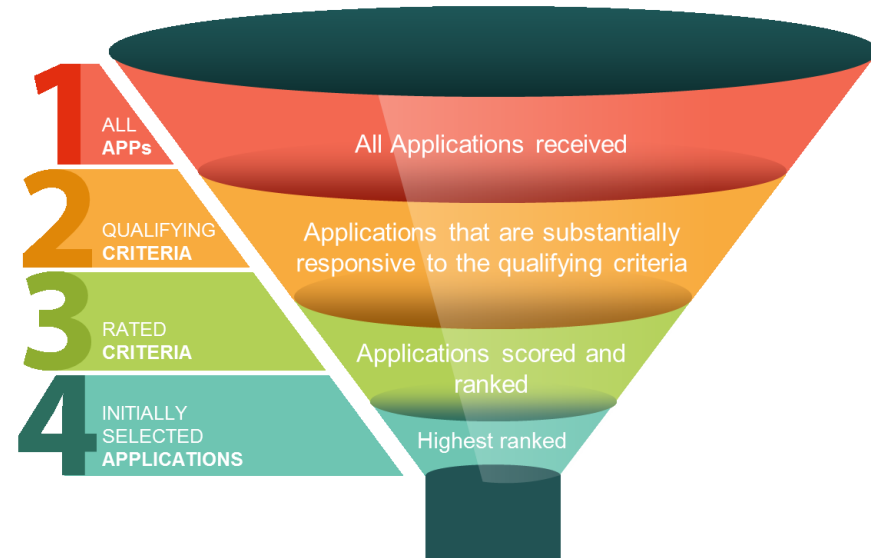
RFB Prequalification vs RFP Initial Selection

Existing Prequalification process (RFBs)



- All suppliers that are substantially responsive to the qualifying criteria are invited to bid

New Initial Selection process (RFPs)



- Additional step = rated criteria
- Only the highest ranked suppliers invited to submit full proposals
- Fairer to market – only suppliers that have a the best chance of succeeding are put to the full cost of proposing

Initial Selection: Case Study

➤ Evaluation and Initial Selection

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

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

Rated Criteria

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

Abnormally Low Bids/Proposals (ALB/P)

- Method to identify and resolve very low priced bids/proposals
- Borrower is required to reject Bids determined to be abnormally low
- Definition of ALB/P:

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

The 5 stages in managing an ALB/P:

- Identify:** Borrower identifies a potential ALB/P
- Clarify:** Borrower seeks clarification from the bidder/proposer
- Justify:** Bidder/proposer prepares a justification of the price
- Verify:** Borrower analyzes the justification to verify if it provides reasonable explanation and validation of the price
- Decide:** Borrower decides whether to accept or reject the bid/proposal.

Abnormally Low Bids/Proposals: Case study

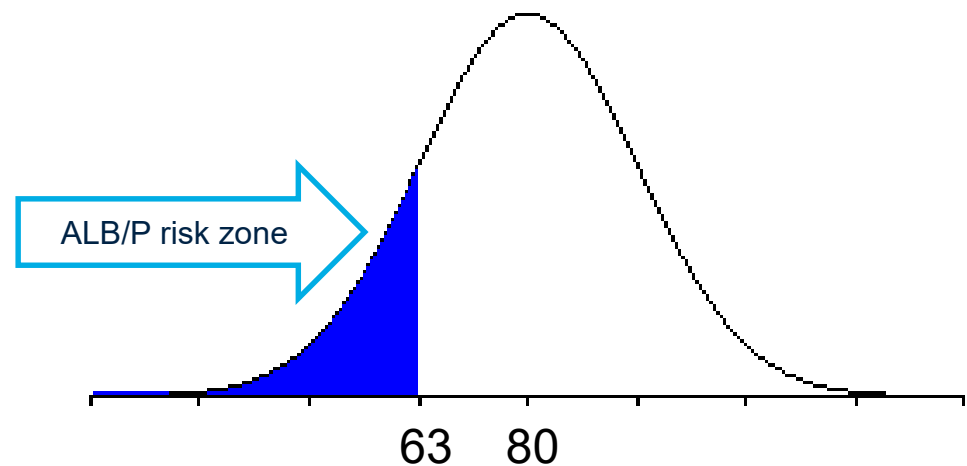
Identification: Scenario 1

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

Identification: Scenario 2

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

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



Sustainable Procurement

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

Application in evaluation

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

Best and Final Offer (BAFO)

- Option in international competitive procurement (prior review)
- Opportunity to improve Bids/Proposals
 - Technical aspects including methodology enhancement
 - price reduction
 - clarification or modification of any aspect of the Bid/Proposal
 - provision of additional information
- Borrower inform Bidders/Proposers in the RFB/RFP that
 - BAFO may be used
 - Bidders/Proposers are not obliged to submit a BAFO
 - no negotiations allowed following BAFO
- Applied for competitive markets and is conducted with several Bidders/Proposers in parallel

Negotiations

- Option in international competitive procurement (Bank prior review)
- Negotiation may take place after the full evaluation of Bids/Proposals and before the Notice of Intention to Award the contract
- RFB/RFP outlines how the Negotiations will be conducted
- Negotiate with best ranked bidder only and then move to next if negotiations are unsuccessful
- Must be held in the presence of an independent probity auditor agreed by the Bank
- Negotiations must not reduce the minimum technical requirements of the Bid/Proposal

Environmental, Social, Health and Safety (ESHS)

The Bank is driving improved ESHS performance and prevention and control of Gender Based Violence (GBV) by:

- encouraging dialogue to build awareness, understanding and capability
- fostering industry change
- promoting and enabling good ESHS practice through procurement documents and procedures
- Clarifying ESHS responsibilities
- supporting Borrowers in setting appropriate ESHS policies, standards, measures, and requirements
- requiring bidders/proposers to address ESHS risks and impacts associated with the project
- assessing bidders/proposers to determine if they have sufficient ESHS capacity and capability to perform
- proactively managing project delivery

ESHS: Enhancements to Standard Procurement Documents

01

Declaration

Bidders to declare civil works contracts suspended or performance securities called for ESHS reasons

02

Statement of ESHS Standards

ESHS Policy now included in the bidding documents issued to suppliers

03

ESHS Requirements / Specs

ESHS obligations described in the specifications/requirements/ToR

04

Code of Conduct

Bidders to include ESHS code of conduct in bids including mechanisms for enforcement and compliance

05

MSIPs

Bids to include Management Strategies and Implementation Plans (MSIP) to manage ESHS.

06

Performance Security

ESHS specific Performance security of up to 3% may be required for high risk contracts/projects

ESHS: Enhancements to Standard Procurement Documents

07

Provisional Sum

Additional Provisional Sum for ESHS outcomes may be included in Procurement Documents as additional incentive to improve performance

09

Reporting

Contracts require ESHS reporting including (i) Regular Progress Reports, (ii) Immediate notification for serious incidents

08

Key Personnel

Bidders must demonstrate availability of qualified ESHS Specialists dedicated to project. Approved Specialists named in contract.

10

Contract Variations

Contractor to provide sufficient ESHS info to enable Engineer to evaluate ESHS risks/impacts

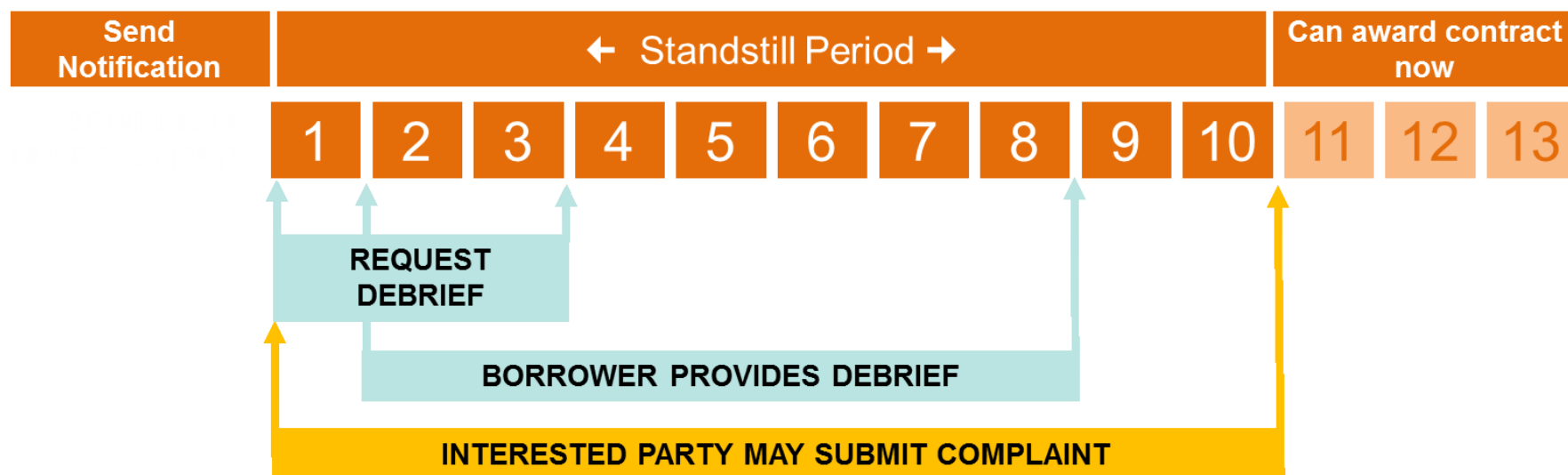
11

Interim Payments

Employer may withhold interim payments for non performance of ESHS obligations including reporting

Standstill Period, Debriefing and Complaints

When a contract is awarded, the borrower must send a notification to the interested parties. The borrower must also provide a debriefing to the interested parties. The borrower must also provide a debriefing to the interested parties. The borrower must also provide a debriefing to the interested parties.



Complaints: Essential Requirements

1. Who can complain?

Complainant must be an 'interested party.' i.e. potential or actual participant

2. What can be challenged?

The circumstances giving rise to the complaint must be relevant to the procurement

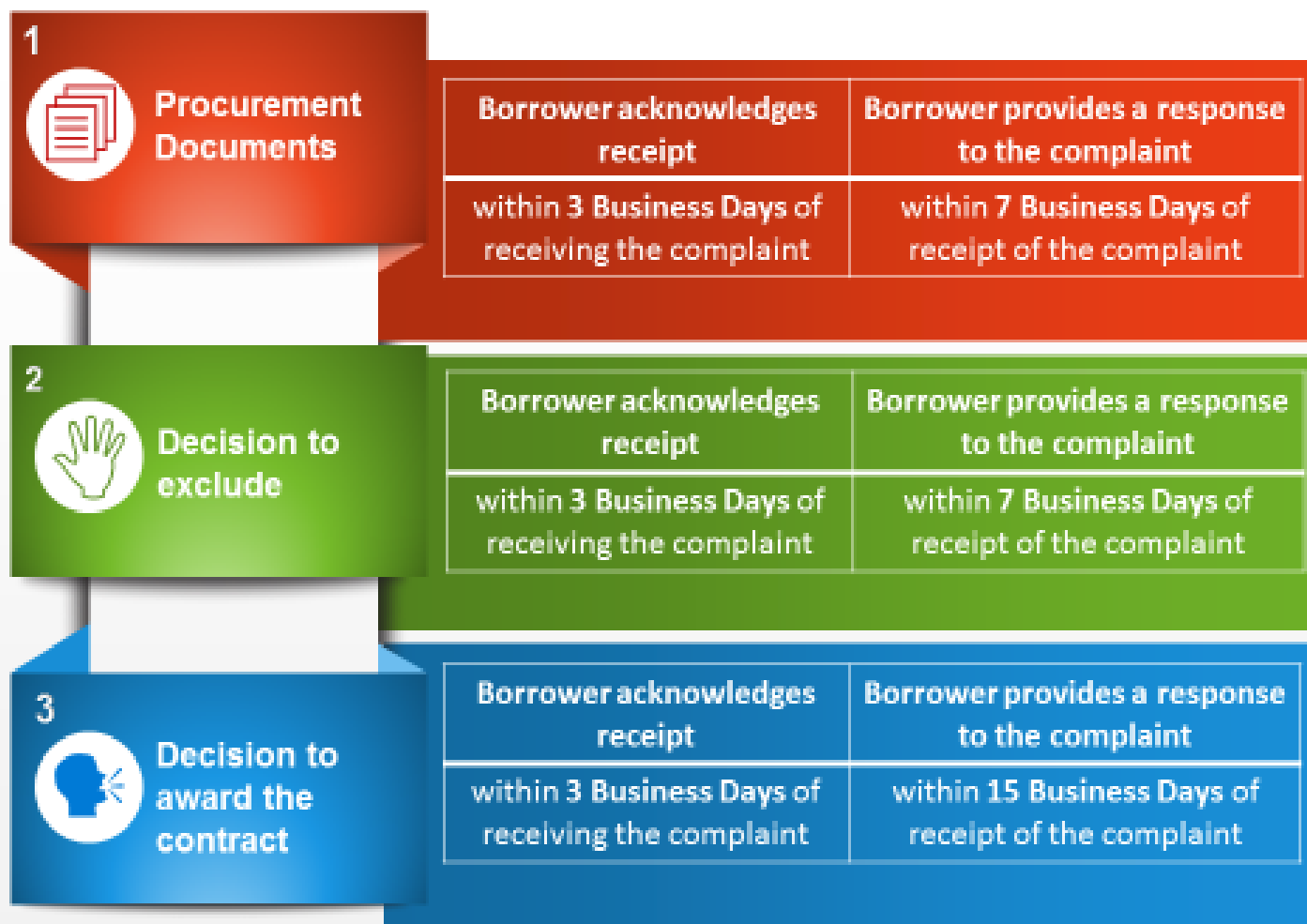
3. When to complain?

Complaints must be filed in a 'timely manner' - Regulations set out the time limits that apply

4. What information to include?

Regulations prescribe the minimum information that must be included in the complaint for it to be considered

Complaints: Business Standards for Response



Conclusion

- The World Bank Procurement Framework:
 - Provides more choice and greater flexibility to deliver the desired outcome
 - More focus on VfM aspects, as opposed to cost only
 - Encourages innovation
 - More and earlier engagement with Business
 - More information and greater transparency on procurement through STEP

Useful links for further information

World Bank's Procurement Regulations for IPF Borrowers

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

Standard Procurement Documents templates

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

Guidance on SPDs

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

Guidance on finding business opportunities and winning contracts financed by the World Bank

<http://pubdocs.worldbank.org/en/767421522948635843/Procurement-Guidelines-finding-opportunities-2018.pdf>

Guidance on how to complain

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

Video: World Bank Procurement, How to bid, finding opportunities, what makes a successful bid

<http://www.worldbank.org/en/news/video/2016/03/30/world-bank-procurement-video>

Procurement App for iPad: Data on contracts

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

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

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

UNDB Online

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



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