



# Bank Policy

## Procurement in IPF and Other Operational Procurement Matters

### **Bank Access to Information Policy Designation**

Public

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OPSVP5.05-POL.144

### **Issued**

November 7, 2017

### **Effective**

July 1, 2016

### **Last Revised On**

November 2, 2017

### **Content**

Sets out Bank Policy governing procurement activities financed by IPF, the Bank's support to Borrowers in the area of building procurement capacity, and other operational procurement matters

### **Applicable to**

IBRD,IDA

### **Issuer**

Vice President, OPSVP

### **Sponsor**

Chief Procurement Officer, OPSPR

## SECTION I – PURPOSE AND APPLICATION

1. This Policy sets out a vision, the key principles, and policy requirements governing the procurement of goods, works, non-consulting services, and consulting services financed by the Bank (in whole or in part) through IPF operations, excluding procurement under Bank guarantees and under Bank-financed loans made by eligible financial intermediaries, for which the final recipient of loan funds is a private borrower.
2. This Policy applies to the Bank.

## SECTION II – DEFINITIONS AND ACRONYMS

As used in this Policy, the capitalized terms and acronyms have the meanings set out below.

1. **Anti-Corruption Guidelines:** the [“Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants.”](#)
2. **APA:** alternative procurement arrangements.
3. **Bank:** IBRD and IDA (whether acting in its own capacity or as administrator of trust funds funded by other donors).
4. **Board:** the Executive Directors of IBRD or IDA, or both, as applicable.
5. **Borrower:** a borrower or recipient of the IPF, and any other entity involved in the implementation of the project financed by the IPF.
6. **Core Procurement Principles:** the principles set out in Section III.C of this Policy.
7. **CPO:** Chief Procurement Officer.
8. **Financing:** a loan, credit, or grant made by the Bank from its resources or from trust funds funded by other donors and administered by the Bank, or a combination of these.
9. **IBRD:** International Bank for Reconstruction and Development.
10. **IDA:** International Development Association.
11. **IFC:** International Finance Corporation.
12. **Investment Project Financing (IPF):** Bank Financing described in paragraph 1 of Section III of the IPF Policy.
13. **IPF Policy:** Bank Policy, [“Investment Project Financing.”](#)
14. **Management:** the President or a Manager of the Bank, or a chief officer whose functions and responsibilities include the authority to issue P&P Documents as set out by Management through terms of reference or a delegation of authority, or some or all of these persons, as applicable.

15. **Manager:** a person identified as a manager in the Bank’s human resources system.
16. **MIGA:** Multilateral Investment Guarantee Agency.
17. **OPCS:** Operations Policy and Country Services.
18. **OPSVP:** Operations Policy Vice President.
19. **P&P Document:** a document defined in Section II.10 of the Bank Policy, “[Policy and Procedure Framework](#).”
20. **Procurement Framework:** a framework consisting of this Policy and other procurement requirements and procurement guidance adopted by Management.
21. **Project Procurement Strategy for Development (PPSD):** a strategy referred to in Section III.G of this Policy.
22. **Procurement Plan:** a plan referred to in Section III.G of this Policy.
23. **Procurement Process:** a process covering all the stages of procurement.
24. **WBG:** IBRD, IDA, IFC, MIGA.
25. **WBG Sanctions Framework:** a framework consisting of WBG Policy, “[Sanctions for Fraud and Corruption](#)”, and other related P&P Documents adopted by Management.

## SECTION III – SCOPE

### A. Vision

Procurement in IPF operations supports Borrowers to achieve value for money with integrity in delivering sustainable development. To achieve this vision, the Bank seeks assurance from Borrowers that acceptable procurement arrangements are applied to the financial resources it provides to Borrowers, and supports Borrower countries in enhancing and implementing sound procurement systems and institutions. The Bank may support country capacity building at the level of the project or as part of the country dialogue, using a range of measures—funding, technical support, and hands-on expanded implementation support (in selected cases)—depending on the specific context of the country, sector, agency, or project.

### B. Preamble

This Policy is based on and, with other Bank fiduciary rules and practices, fulfils the requirements of the IBRD Articles of Agreement (Article III, Section 5(b) and IDA Articles of Agreement (Article V, Section 1(g)) to ensure that the proceeds of Bank Financing are used only for the purposes for which the Financing was granted, with due attention to considerations of economy and efficiency, without regard to political or other non-economic influences or considerations.

## C. Core Procurement Principles

All procurement actions under this Policy are governed by and are consistent with the following Core Procurement Principles.

1. **Value for money.** The principle of value for money means the effective, efficient, and economic use of resources, which requires an evaluation of relevant costs and benefits, along with an assessment of risks, and non-price attributes and/or life cycle costs, as appropriate. Price alone may not necessarily represent value for money.
2. **Economy.** The principle of economy takes into consideration factors such as sustainability, quality, and non-price attributes and/or life cycle cost as appropriate, that support value for money. It permits integrating into the Procurement Process economic, environmental, and social considerations that the Bank has agreed with the Borrower. It also permits augmenting identified sustainability criteria with specific criteria in support of the Borrower's own sustainable procurement policy.
3. **Integrity.** The principle of integrity refers to the use of funds, resources, assets, and authority according to the intended purposes and in a manner that is well informed, aligned with the public interest, and aligned with broader principles of good governance. The Bank therefore requires that all parties involved in the Procurement Process, including without limitation, Borrowers and sub-Borrowers (and other beneficiaries of Bank Financing); bidders, consultants, contractors, and suppliers; any sub-contractors, sub-consultants, service providers or suppliers; any agents (whether declared or not); and any of their personnel, observe the highest standard of ethics during the Procurement Process of Bank-financed contracts, and refrain from fraud and corruption, as that term is defined in the Anti-Corruption Guidelines.
4. **Fit for Purpose.** The principle of fit for purpose applies both to the intended outcomes and the procurement arrangements in determining the most appropriate approach to meet the project development objectives and outcomes, taking into account the context and the risk, value, and complexity of the procurement.
5. **Efficiency.** The principle of efficiency requires that Procurement Processes be proportional to the value and risks of the underlying project activities. Procurement arrangements are generally time-sensitive and strive to avoid delays.
6. **Transparency.** The principle of transparency requires that the Borrower and the Bank enable appropriate review of the procurement activities, supported by appropriate documentation and disclosure. Transparency requires (i) that relevant procurement information be made publicly available to all interested parties, consistently and in a timely manner, through readily accessible and widely available sources at reasonable or no cost; (ii) appropriate reporting of procurement activities; and (iii) the use of confidentiality provisions in contracts only where justified.
7. **Fairness.** The principle of fairness refers to (i) equal opportunity and treatment for bidders and consultants; (ii) equitable distribution of rights and obligations between Borrowers and suppliers, bidders, consultants, and contractors; and (iii) credible mechanisms for addressing procurement-related complaints and providing recourse. Open competitive procurement is the Bank's preferred procurement approach, whenever possible, to maximize fairness of

opportunity to bid. Whenever possible, the Bank requires that eligible individuals and firms be given the same opportunities to compete for Bank-financed activities.

#### **D. Governance**

1. **Accountability.** The concept of accountability, as it applies to the Bank and Borrowers, combines the requirements of transparency and responsibility, and holds those involved in the Procurement Process accountable for their actions (or inactions).
2. **Conflict of Interest.** The Bank requires that all parties involved in the Procurement Process not have a conflict of interest, unless such a conflict has been resolved in a manner acceptable to the Bank.
3. **Eligibility.** The Bank permits firms and individuals from all countries to offer goods, works, non-consulting services, and consulting services for Bank-financed projects, subject to other Bank rules on eligibility and participation.
4. **Complaints and Contract-related Communications.** Procurement-related complaints and communications related to contractual matters may be brought to the attention of the Borrower or the Bank at the appropriate stage of the Procurement Process. They make every effort to address such complaints and other communications objectively and in a timely manner, with transparency and fairness.
5. **Noncompliance.** If the Borrower or other parties involved in the Procurement Process do not comply with the applicable procurement requirements, the Bank may, in addition to the contractual remedies set out in the relevant legal agreement, take other appropriate actions consistent with the terms and conditions of the legal agreement and the Bank's implementation support and monitoring role.

#### **E. Roles and Responsibilities**

The Bank's and Borrower's roles and responsibilities, including in the area of procurement, are set out in paragraphs 19 and 21 of Section III of the IPF Policy. In seeking to ensure that funds are used only for the purposes for which the Financing was granted, the Bank carries out its procurement functions, including procurement oversight, under a risk-based approach.

#### **F. Alternative Procurement Arrangements**

1. Subject to paragraph 2 of this Section III.F, at the Borrower's request, the Bank may agree to (a) rely on and apply the procurement rules and procedures of another multilateral or bilateral agency or organization, and may agree to such a party taking a leading role in providing the implementation support and monitoring of project procurement activities; and (b) rely on and apply the procurement rules and procedures of an agency or entity of the Borrower.
2. The alternative procurement arrangements referred to in paragraph 1 of this Section III.F are consistent with the provisions set out in Section III.C and Section III.D of this Policy, and ensure that the WBG Sanctions Framework and Anti-Corruption Guidelines, contractual remedies set out in its legal agreements with the Borrower, and other terms and conditions necessary to address the particular circumstances of the proposed APA apply.

## **G. Project Procurement Strategy for Development and Procurement Plan**

The Bank requires the Borrower to develop a Project Procurement Strategy for Development and a Procurement Plan for each IPF operation. The PPSD describes how the project procurement activities support the development objectives of the project. The scope and details of the PPSD take into account, and are proportional to, the relevant market, scale, risk, value, and country circumstances, including, when applicable, situations of urgent need of assistance or capacity constraints, and the specific economic, environmental, and social objectives of the project. The Procurement Plan is based on the PPSD and sets out the selection methods to be followed by the Borrower during project implementation in the procurement of goods, works, non-consulting services, and consulting services financed by the Bank.

## **H. Interpretation and Modification of the Policy**

The Executive Directors of the Bank interpret and, as necessary, modify this Policy. Management also interprets this Policy, and recommends to the Executive Directors any necessary Policy modifications.

### **SECTION IV – WAIVER**

The provisions of this Policy may be waived in accordance with the Bank Policy “[Operational Policy Waivers](#)”; and the Bank Procedure “[Operational Policy Waivers and Waivers of Operational Requirements](#).”

### **SECTION V – EFFECTIVE DATE**

This Policy is effective on July 1, 2016.

### **SECTION VI – ISSUER**

The issuer of this Policy is the OPSVP.

### **SECTION VII – SPONSOR**

The sponsor of this Policy is the CPO, OPCS.

### **SECTION VIII – RELATED DOCUMENTS**

Bank Directive, “[Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants](#).”

Bank Directive, “[Policy and Procedure Framework](#).”

Bank Directive, “[Procurement in IPF and Other Procurement Operational Matters](#).”

Bank Policy, "[Investment Project Financing.](#)"

Bank Policy, "[Operational Policy Waivers.](#)"

Bank Procedure, "[Policy and Procedure Framework.](#)"

Bank Procedure, "[Procurement in IPF and Other Operational Procurement Matters.](#)"

Bank Procedure, "[Working Arrangements among the Global Practices, the Regions, INT and OPCS Concerning Fraud and Corruption.](#)"

Bank Procedure, "[Small Recipient-Executed Trust Fund Grants.](#)"

Board Paper, "[Procurement in World Bank Investment Project Financing Phase II: The New Procurement Framework,](#)" R2015-0120, dated June 17, 2015.

"[Instructions: Additional Financing for Investment Project Financing.](#)"

"[Instructions: Investment Project Implementation Support to Project Completion.](#)"

"[Instructions: Preparation of Investment Project Financing \(Track 1\)](#)"

"[Instructions: Preparation of Investment Project Financing \(Track 2\)](#)"

"[Instructions: Preparation of Investment Project Financing - Situations of Urgent Need of Assistance or Capacity Constraints.](#)"

"[Instructions for Suspension, Cancellation and Placement of Bank Loans in Nonperforming Status.](#)"

"[World Bank Procurement Regulations for IPF Borrowers.](#)"

[WBG Sanctions Framework.](#)

## SECTION IX – REVISION HISTORY

November 1, 2017: This updates the Procurement Policy issued on June 28, 2016 to reflect new nomenclature of the IPF framework, retrofitted into the Bank Policy, Policy and Procedure Framework.

Questions about this Policy should be addressed to the CPO, OPCS.