



# EARLY MARKET ENGAGEMENT

## Purpose

Proactively engaging with prospective suppliers (before a formal procurement process has begun) is crucial to the success of any complex project. Effective March 1, 2025, Borrowers are required to undertake Early Market Engagement for all international procurements >\$10M.

This Fact Sheet highlights the importance of Early Market Engagement and offers practical tips to assist Borrowers to successfully undertake Early Market Engagement, whilst managing potential risks.

## What is Early Market Engagement?

Early Market Engagement is a common business term used to describe organized interactions between a buyer and prospective suppliers, outside of the actual bidding process. In World Bank financed projects, it relates to the Borrower's approach for discussing their requirements with suppliers in each market and encouraging their participation, before bidding documents have been published and a formal process commences.

Early Market Engagement allows a Borrower to:

- Communicate needs or requirements to suppliers;
- Openly and transparently discuss possible solutions;
- Consider cost/value impacts, benefits and risks of possible solutions;
- Test optimal risk allocation and incentives;
- Stimulate innovation in the design and delivery of the solution; and
- Understand market capacity, capability and trends.

## Why is Early Market Engagement important?

Early Market Engagement can help the Borrower to:

- Improve their understanding of the market and become a more informed, intelligent buyer;
- Increase trust and credibility with suppliers;
- Identify potential risks, costs and added value early in the project cycle;
- Determine which party (Borrower or Supplier) is best placed to own/manage those identified risks;



- Explore opportunities for delivering aspects such as innovation, social value or environmental initiatives including measures to reduce climate impacts or improve climate resilience;
- Make upcoming procurements attractive to leading suppliers and motivate qualified and capable suppliers to bid; and
- Prime the market so they are ready to respond to the opportunity.

Early communication with suppliers will help them prepare their response, plan time/resources for bidding, persuade their own management to invest time in bidding, including coordinating with their supply-chain or potential joint venture partners. It will be particularly impactful for procurements with a constrained market for reasons such as limited supply, new/unique requirements, or a challenging delivery context. There may also be a need to increase supplier participation due to a lack of interest, for example because of a known or perceived incumbent supplier. Further, if potential suppliers perceive the Borrower to be high-risk (e.g. history of late payment, transparency concerns [see: [Transparency International Country Corruption Index](#)], efficiency worries [see: [World Bank Business Ready Index](#)], lack of experience in this type of procurement etc.), then additional effort will be needed to persuade them to bid.

## When can Early Market Engagement be conducted?

It's a myth that Borrowers shouldn't talk directly with suppliers about project objectives and requirements before a formal procurement process is launched. In fact, the private sector may have valuable perspectives that should be incorporated into the very earliest stages of project design, when the concept note is under development.

Engaging early can also help Borrowers understand what is possible, for example what resources (such as staff, products, or equipment) would be needed to ensure

successful implementation. This engagement is crucial to inform the procurement approach, Project Procurement Strategy for Development (PPSD) and Procurement Plan.

For example, if a Borrower is procuring a very specialized asset such as a new water treatment plant, Early Market Engagement would help the Borrower to validate their proposed technical requirements to ensure they consider new/emerging technologies or other market developments. There may also be significant environmental and social risks that must be mitigated (such as pollution risk, safety etc.) and the private sector may have ideas about how the project delivery approach could be changed to mitigate those risks and maximize opportunities such as local job creation.

More complex procurements may benefit from conducting Early Market Engagement at multiple stages of the project, for example:

- An initial engagement before the project has even been approved to discuss the proposed objectives and delivery approach; and
- Further engagement to discuss proposed specifications, and share draft bidding documents.

At the conclusion of each stage of Early Market Engagement, the PSD and Procurement Approach should be updated to reflect key findings. The process should be completed before the bidding opportunity is advertised.

## How to identify suppliers for Early Market Engagement?

There is no 'right' number of suppliers to speak to, and more isn't necessarily better. Market analysis conducted as part of the Project Procurement Strategy for Development (PPSD) should be used to identify potential participants. Ideally, a wide range and mix of suppliers (including large and small, as well as global and domestic suppliers) would be targeted to achieve a reasonably representative sample for the sector.

Early Market Engagement should be proportionate to the scale and value of the project. For lower value

or one-off procurements, simple internet research should be sufficient to identify potential suppliers. For larger procurements, more extensive market analysis (including an open call for interested Bidders) may be necessary to identify a diverse range of global suppliers (including those that have bid for similar previous Bank-financed projects).

## What information can be requested from suppliers during Early Market Engagement?

The type of information collected will depend on the objectives of the engagement, but may include:

- Feedback on the proposed procurement approach and Borrower's PPSD findings/perceptions;
- Feedback on proposed specifications, risks, risk allocation, contract terms, remuneration/costing/Bill of Materials model, bid evaluation approach/weightings, incentives and opportunities;
- Current prices, pricing methods and other factors influencing price;
- Market trends and regional differences (other major procurements they are considering bidding for which may impact capacity etc.);
- Availability of alternative goods and services (product differentiation);
- Any current or potentially innovative developments or new technologies in the market; and
- Common or prevalent risks within the supply chain(s).

## Key considerations for effective Early Market Engagement

Borrowers should consider the following factors when developing their approach:

- Pilots, paid design studies, or Proof of Concept exercises may be valuable, particularly where cutting-edge approaches and new technology are being deployed;
- Consider that market feedback may suggest a need to reconsider the requirement and scope of the procurement, or re-consider proposed commercial or contractual options, such as multiple suppliers or a geographical split;
- In some sectors, a high-degree of competition or sensitivities around intellectual property may mean that suppliers are reluctant to openly share their perspective in front of competitors, in which case Early Market Engagement can be designed to allow confidential sharing of feedback; and
- Senior representatives and larger businesses are more likely to take Early Market Engagement seriously if the buyer's senior management is involved and supportive.

## Managing risks of Early Market Engagement

Poorly executed Early Market Engagement can result in:

- Real or perceived unfair advantage to one supplier (including designing the specification or requirement in favor of one potential supplier);
- Exposing a supplier's commercially sensitive information; and
- Creating an atmosphere of mistrust and damaging the government's reputation.

It is critical that Early Market Engagement is carried out while upholding the Bank's core procurement principles of fairness and transparency. In practice, this means:

- Considering engagement of independent probity assurance advisors (especially in high-risk settings) to manage any perceived fraud and corruption risks;
- Keeping a thorough record and minutes of discussions;
- So far as possible, keeping the process open and transparent, while recognizing there may be circumstances where it is necessary to protect commercially sensitive, innovative or confidential supplier information;
- Maintaining commercial confidentiality by withholding sensitive commercial information e.g., proprietary design innovations etc.;
- Providing a level playing field to ALL suppliers throughout the process – including giving all suppliers access to the same amount of information (where engagements are general, they should be recorded and posted so they can be accessed by all interested suppliers; and
- Making suppliers aware that any resulting procurement will be conducted competitively.

Please see Annex C of the Bank's [Guidance on Negotiations and BAFO](#) for example of a ToR for Probity Audits)

## Annex One: Types of Early Market Engagement

### Broad

- Opportunity to engage a large group of suppliers efficiently
- Ensures suppliers get access to the same information at the same time
- Minimizes risk of fraud and corruption, perception of bias, etc.
- However limited opportunity to test procurement Approach, understand market-led innovations, etc.
- Suppliers are likely to be less willing to share emerging market insights and suggest alternatives

Type of Market Engagement	What is It?
<b>Business Outreach/ Opportunities Event</b>	Event organized by the Borrower or Bank to openly discuss upcoming procurement opportunities (often within a specific sector or region), sharing useful insights into Bank or client objectives, and how to get involved.
<b>Trade Show/ Exhibition</b>	A trade show (or trade fair/exhibition/expo) is an event that allows suppliers to showcase and demonstrate their latest products and services and discuss recent market trends and opportunities. Consider attending trade shows that are specific to the Borrowers' needs, particularly to raise awareness of potential opportunities.
<b>Meet the Buyer/ Meet the Supplier</b>	Event where a range of potential buyers get to meet with a range of potential suppliers. Provides opportunities for Borrowers to discuss their needs and get more information from suppliers about products and services.
<b>Meeting with Industry Bodies</b>	Meeting with industry bodies and representative groups enables the Borrower to discuss their needs and allows industry representatives to explain how the industry works, present possible solutions and provide contacts for relevant suppliers. Industry bodies may also be able to organize and facilitate sessions with invited businesses.
<b>Pre-bid supplier briefing</b>	Just before publishing a Notice of Procurement, a Borrower can hold a pre-bid briefing for suppliers. This is intended to give advance notice and promote the contract opportunity. It allows suppliers to ask questions and better understand Borrower needs.

## Targeted

- Provides best opportunity to get detailed feedback on procurement approach, alternative approaches, etc.
- Increases potential to get access to leading insights into markets, potential innovations, etc.
- Can be used to motivate specific suppliers to bid (through understanding barriers to participation, etc.)
- However can increase exposure to potential fraud and corruption, perception of bias (however these risks can be mitigated e.g., through using an independent probity advisor)

Type of Market Engagement	What is It?
<b>Supplier Meeting</b>	Typically 1:1. Provides the best opportunity to get detailed feedback/insight from that supplier, including potential innovative alternatives. Can be used to better understand any potential barriers that might stop that supplier bidding and what can be done to overcome them.
<b>Supplier Workshop</b>	Brings a smaller group of suppliers from a given industry together (in person or virtually), allowing Borrowers to present their needs and suppliers to ask questions and present possible solutions in response. Aims to capture suppliers' views on the Borrower's requirements, including viability and possible delivery options. This can help to stimulate innovative solutions from a diverse range of potential suppliers, and allows suppliers to discuss opportunities with one another (e.g. partnering arrangements, sub-contracting opportunities, etc.).
<b>Supplier networking</b>	Creates a forum for suppliers to explore joint bids, partnering arrangements or subcontracting opportunities. Particularly useful where the Borrower has diverse requirements that could not be delivered by one supplier.

## Annex Two: Market Engagement Plan Template

<b>Objectives of Early Market Engagement</b>	<ul style="list-style-type: none"> <li>• What is the international market’s likely view of the Borrower and this opportunity? Is it attractive? If not, how can the procurement be made more attractive?</li> <li>• What does the Borrower want to achieve with this Market Engagement?</li> <li>• What are the specific insights, feedback, input the Borrower wants to get from the market?</li> <li>• Is there a risk of lack of market interest in this opportunity (to what extent is the Early Market Engagement needed to motivate the market to participate?)</li> </ul>
<b>Suppliers to Target</b>	<ul style="list-style-type: none"> <li>• Suppliers who have successfully delivered similar projects for the Borrower, or other Bank Borrowers in relatable operating contexts</li> <li>• Bidders that have responded to similar projects in the past</li> <li>• Leading global suppliers</li> <li>• Suppliers recommended by trade bodies, local chambers of commerce</li> <li>• Any target groups (e.g. women-owned, disability-owned or other minority or disadvantaged supplier categories that the Borrower wishes to target)</li> </ul>
<b>Approach</b>	<ul style="list-style-type: none"> <li>• Is there a high risk of corruption?</li> <li>• Will an independent probity advisor be used?</li> <li>• Will the Early Market Engagement be openly advertised?</li> <li>• What format will the Early Market Engagement take (presentation, workshop, 1:1 meeting, Events)?</li> <li>• Will the Early Market Engagement be in person, virtual, or hybrid?</li> <li>• How will feedback be captured?</li> <li>• How will events be recorded and shared with all interested suppliers?</li> <li>• Will the independent probity advisors reports be public (while protecting bidder commercially sensitive information)?</li> </ul>
<b>Preparation Required</b>	<ul style="list-style-type: none"> <li>• What inputs are needed (presentation materials, project objectives, PPSD, details of indicative upcoming procurement packages, draft bidding documents, proposed evaluation criteria/weightings)?</li> </ul>
<b>Roles &amp; Responsibilities</b>	<ul style="list-style-type: none"> <li>• Who will lead the Early Market Engagement?</li> <li>• Who will be involved?</li> <li>• What is the role of the Bank vs Borrower?</li> <li>• What is the role of the independent probity advisor (if required)?</li> </ul>
<b>Timeline</b>	<ul style="list-style-type: none"> <li>• When will Early Market Engagement take place?</li> <li>• Are multiple phases of Early Market Engagement needed?</li> <li>• How will it be phased in relation to other key milestones (e.g. after finalization of initial version of PPSD, before drafting of Bidding Documents)?</li> </ul>

## Annex Three: Supporting Resources

[How to carry out early market engagement successfully - Procurement Essentials](#) (2023, UK Crown Commercial Service)

[How to engage the market: An overview of the European legal framework](#) (2021)

<https://www.oc-innovation.ca/wp-content/uploads/2022/01/03-OCI-IPT-Early-Market-Engagement-Strategies-Guide-Jan-2022.pdf>

<https://www.procurement.govt.nz/guides/construction-procurement/construction-procurement-guidelines/> (New Zealand Government Market Engagement Construction Procurement Guidelines, 2019)