



# SUSTAINABLE PROCUREMENT

**Identification/Concept stage:  
Identifying key sustainability  
opportunities**

Published June 2023—Second Edition

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# Common Abbreviations and Defined Terms

The below table sets out common abbreviations and defined terms (those starting with capital letters) that are used in this Guidance.

## Glossary of Commonly Used Terms

Abbreviation/Term	Full Terminology/Definition
<b>Alternative Procurement Arrangement (APA)</b>	An approved procurement arrangement, typically based on rules, procedures, regulations, or policies of other development banks, agencies, and organizations, including client implementing agencies. APAs can be applied to procurement arrangements under the Bank's Investment Project Financing (IPF) if they meet the Bank's assessed standard.
<b>Applicant</b>	A firm, joint venture, or Consultant that submits an Application in response to an invitation for Prequalification, Initial Selection, or Shortlisting.
<b>Associated Facilities</b>	Facilities or activities that are not funded as part of the project and, in the judgment of the Bank, are: (a) directly and significantly related to the project; and (b) carried out, or planned to be carried out, contemporaneously with the project; and (c) necessary for the project to be viable and would not have been constructed, expanded or conducted if the project did not exist.
<b>Bank</b>	IBRD and/or IDA (whether acting on its own account or in its capacity as administrator of trust funds provided by other donors).
<b>Bid</b>	An offer, by a firm or joint venture, in response to a Request for Bids, to provide the required Goods, Works or Non-consulting Services.
<b>Bidder</b>	A firm or joint venture that submits a Bid for Goods, Works or Non-consulting Services in response to a Request for Bids. In this Guidance, 'Bidder' is more broadly used to refer to a firm or joint venture responding to any competitive Bank-financed procurement activity, including a Request for Proposal.
<b>Borrower</b>	A borrower or recipient of Investment Project Financing (IPF) and any other entity involved in the implementation of a project financed by IPF.
<b>Contractor</b>	A business that undertakes a contract to deliver all or a proportion of a project. Can be referred to as a 'Main Contractor' where they are responsible for managing the deliverables of other Contractors. Defined by the International Federation of Consulting Engineers (FIDIC) as 'the person(s) named as contractor in the Letter of Tender accepted by the Employer . . .'
<b>Consultant</b>	A variety of private and public entities, joint ventures, or individuals that provide services of an advisory or professional nature. Where the Consultant is an individual they are not engaged by the Borrower as an employee.

<b>Abbreviation/Term</b>	<b>Full Terminology/Definition</b>
<b>Core Procurement Principles</b>	The Bank's Core Procurement Principles (value for money, economy, integrity, fit for purpose, efficiency, transparency, and fairness) are set out in detail in Section III.C of the Bank Policy: Procurement in IPF and Other Operational Procurement Matters.
<b>ESA</b>	The process of environmental and social assessment as defined in ESS1
<b>ESCP</b>	Environmental and Social Commitment Plan.
<b>Environmental and Social Framework (ESF)</b>	Environmental and Social Framework of the Bank, as may be amended from time to time, which consists of a Vision for Sustainable Development, the World Bank Environmental and Social Policy for Investment Project Financing and the ten Environmental and Social Standards.
<b>Environmental and Social Standards (ESS)</b>	The ten ESSs, contained in the ESF, set requirements to identify, avoid, minimize, reduce or mitigate the adverse environmental and social risks and impacts of investment projects.
<b>Goods</b>	A category of procurement that includes commodities, raw material, machinery, equipment, vehicles, Plant, and related services such as transportation, insurance, installation, commissioning, training, and initial maintenance.
<b>Green, Resilient and Inclusive Development (GRID)</b>	The Bank's strategy for responding to global economic and climate impacts by promoting economic growth that goes hand in hand with environmental goals and social inclusion.
<b>IBRD</b>	International Bank for Reconstruction and Development.
<b>IDA</b>	International Development Association.
<b>IISD</b>	International Institute for Sustainable Development.
<b>Initial Selection (IS)</b>	The shortlisting process used prior to inviting Request for Proposals in the procurement of Goods, Works, or Non-consulting Services.
<b>Investment Project Financing (IPF)</b>	The Bank's financing of investment projects that aims to promote poverty reduction and sustainable development. IPF supports projects with defined development objectives, activities, and results, and disburses the proceeds of Bank financing against specific eligible expenditures.
<b>KPI</b>	Key Performance Indicator.
<b>Most Advantageous Bid/Proposal</b>	As defined in the Procurement Regulations, Annex X, Evaluation Criteria.
<b>NGO</b>	Non-governmental Organization.
<b>Non-consulting Services</b>	Services that are not Consulting Services. Non-consulting Services are normally bid and contracted on the basis of performance of measurable outputs, and for which performance standards can be clearly identified and consistently applied. Examples include drilling, aerial photography, satellite imagery, mapping, and similar operations.
<b>Prequalification</b>	The shortlisting process which can be used prior to inviting Request for Bids in the procurement of Goods, Works, or Non-consulting Services.
<b>Primary Suppliers</b>	Defined in the ESF as 'those suppliers who, on an ongoing basis, provide directly to the project goods or materials essential for the core functions of the project. Core functions of a project constitute those production and/or service processes essential for a specific project activity without which the project cannot continue.'

Abbreviation/Term	Full Terminology/Definition
<b>Probity Assurance Provider</b>	An independent third party that provides specialist probity services for concurrent monitoring of the procurement process.
<b>Procurement Documents</b>	A generic term used in the Procurement Regulations to cover all Procurement Documents issued by the Borrower. This includes GPN, SPN, EOI, REOI, Prequalification document, Initial Selection document, Request for Bids document, Request for Proposal documents, forms of contracts and any addenda.
<b>Procurement Plan</b>	The Borrower's Procurement Plan for IPF projects, as referred to in the Procurement Regulations, Paragraphs 4.4 and 4.5, and incorporated by reference in the Legal Agreement.
<b>Procurement Process</b>	The process that starts with the identification of a need and continues through planning, preparation of specifications/requirements, budget considerations, selection, and contract.
<b>Project Development Objectives (PDOs)</b>	The development objectives that a project intends to achieve.
<b>Project Procurement Strategy for Development (PPSD)</b>	A project-level strategy document, prepared by the Borrower, that describes how procurement in IPF operations will support the PDOs and deliver Value for Money.
<b>RFB</b>	Request for Bids as a selection method.
<b>RFP</b>	Request for Proposals as a selection method.
<b>RFQ</b>	Request for Quotations as a selection method.
<b>Small and Medium-Sized Enterprises (SMEs)</b>	Small and Medium-Sized Enterprises is a term used to classify businesses according to their size, which is typically determined according to staff headcount and/or annual turnover.
<b>Subcontractor</b>	Defined by FIDIC as 'any person (or business) named in the Contract as a subcontractor, or any person appointed by the Contractor as a subcontractor . . . for a part of the Works.'
<b>Supervising Engineer</b>	Defined in the industry standard form contract developed by the International Federation of Consulting Engineers (FIDIC) as the 'Engineer' who is 'appointed by the Employer to act as the Engineer for the purposes of the Contract'
<b>Supplier</b>	Businesses that are contracted to provide physical supplies such as goods, materials, plant, and so on, either directly to the Borrower/Employer or to the Contractor or Subcontractors.
<b>Sustainability</b>	For purposes of this guidance, "sustainability" is used interchangeably with "environmental and social" when referring to an approach that protects or enhances the environmental and social aspects of a project and considers longer-term, qualitative and non-financial benefits, often to wider society.
<b>Sustainable Procurement</b>	Sustainable Procurement refers to the use of procurement to achieve benefits that fall within three sustainable development categories: economic, environmental, and social.
<b>Sustainable Public Procurement (SPP)</b>	Sustainable Procurement activity carried out by public authorities or government agencies / bodies / institutions.

Abbreviation/Term	Full Terminology/Definition
<b>Task Team</b>	The team assembled within the World Bank made up of a collection of number of skillsets/professions and lead by the Task Team Leader with the objective of supporting the Borrower to deliver the project and achieve the Project Development Objectives.
<b>Value for Money (VfM)</b>	VfM means the effective, efficient, and economic use of resources, which requires the evaluation of relevant costs and benefits, along with an assessment of risks, and of non-price attributes and/or lifecycle costs, as appropriate.
<b>Works</b>	A category of procurement that includes new construction of structures of all kinds (buildings, highways, bridges, etc), renovations, extensions, and repairs. This category can also include water and sanitation, transportation and energy-related infrastructure.
<b>World Bank Group</b>	Represents IBRD, IDA, IFC, MIGA, and ICSID.

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# The World Bank Project Cycle

## Overview

The Bank's project cycle has five stages,<sup>59</sup> which are as follows:

1. Preparation Stage
  - a. Identification/Concept
  - b. Appraisal
2. Negotiation Stage
3. Approval Stage
4. Implementation and Support Stage
5. Completion/Validation and Evaluation Stage

The bulk of procurement activity (that is, the bidding process, which is often referred to as the seven stages of Operations Procurement) is typically carried out during the Implementation and Support Stage. However, to effectively identify and mitigate E&S risks and take advantage of opportunities, the Bank's procurement and E&S specialists may need to be involved at earlier stages throughout the cycle, for example:

- Initial assessment of E&S impacts and consideration of project alternatives takes place during Identification/Concept; and
- Key impact assessment and planning activity takes place throughout the Preparation Stage.



## Preparation Stage: Identification/Concept

### Stage Summary

- Key stage activities:**
- Borrower and Bank agree on project concept, as summarized in the Activity Initiation Summary
  - Task Team formed
  - Task Team starts preparing a Project Concept Note (PCN)
  - Bank prepares and discloses two documents:
    - Project Information Document: outlines the scope of the intended project
    - Concept stage Environmental and Social Review Summary (C-ESRS)

- In this section, you will learn:**
- Task Team's role in supporting the Borrower to identify and mitigate E&S risks at the start of the project
  - The use of national-level objectives, set out in Bank documents such as the Country Partnership Framework, as key reference points for the project
  - The role of Procurement and E&S in challenging and validating early project decisions, such as the consideration of project alternatives, so that E&S risks and opportunities are considered appropriately
  - The contents of a PCN, and how initial work on risk assessments and country assessments are incorporated

#### Key Things to Consider

##### Bank Procurement Specialist

- Ensure there is common understanding of roles and responsibilities in relation to procurement activities across the Task Team
- Review Country Partnership Framework to consider procurement's role in achieving economic, environmental, and social objectives (for example, job creation, developing new markets, supporting SME growth, increasing diversity in certain professions) and provide feedback to Borrower

##### Bank E&S Specialist

- Build common understanding of the key E&S activities and risks across the Task Team
- Conduct initial review of project E&S risks to inform PCN, which may include risks associated with key supply markets

##### Borrower Procurement Specialist

- Use development of PDOs to begin to formulate procurement objectives
- Engage with internal PIU/IA stakeholders to ensure procurement is involved in review of key early planning documents such as the PCN

##### Borrower E&S Specialist

- Carry out initial risk assessment of project
- Identify any serious E&S risks that may require special attention at key stages of the project

## Stage Overview—Identification/Concept

During this stage, the Borrower and the Bank are involved in defining the concept and scope of the project. This activity is to ensure that the proposed PDOs effectively contribute to the Borrower's development objectives and are aligned with the **Country Partnership Framework (CPF)**. The Bank Task Team is formed, bringing together a diverse skillset to consider the best way to deliver the project, follow through on the project's intent, and achieve the development objectives. This may require the Task Team to ask some fundamental questions about the project approach.

The Borrower and the Bank agree on an initial project concept and beneficiaries, which is outlined in a **Project Concept Note**. This document identifies proposed objectives, risks to the achievement of these objectives, alternative scenarios, and a likely timetable for project preparation. It includes a summary of the project's E&S risks, the capacity of the Borrower, and potential measures required to manage project impacts and risks. Two other documents that the Bank prepares and discloses at this stage include:

- **Concept Stage Project Information Document (PID)**, which outlines the context and purpose for the project, the intended scope, development objectives and identifies key roles for the project such as senior leaders within the Borrower's PIU/IA and the Bank's Task Team Leader; and
- **Concept Stage Environmental and Social Review Summary (ESRS)**, which is a record of the due diligence carried out by the Bank at the Concept Stage and includes information on the type and scope of the proposed Project, its potential risks and impacts, the Environmental and Social Risk Classification, the type of environmental and social assessment to be conducted and information on the provisional timeframe for conducting the assessment. This includes any preliminary information on the identity of stakeholders, and the nature of stakeholder engagement.

This stage represents a significant opportunity to influence the scope, objectives, and approach of the project in order to deliver sustainable outcomes. To effectively contribute to the development of a robust project concept, both the Procurement Specialist and E&S Specialist should collaborate in order to gain an understanding of each other's perspectives on key risks and issues. This can lead to a common understanding of how the project's most significant E&S risks could be addressed through the procurement process. This discussion can also help identify stages of the project cycle where closer collaboration between the Procurement Specialist and E&S Specialist will be required, such as reviewing specific parts of the Borrower's PPSD.

## Setting Project Objectives

### Country Partnership Framework

The Country Partnership Framework (CPF) guides the development support that the Bank gives to a country. It identifies overarching national objectives, set against the country's economic and social context and historical performance, and charts a course toward the Bank's goals of poverty reduction, shared prosperity, and Green, Resilient and Inclusive Development. Beneath these overarching goals, the Bank and the Borrower agree on a set of Higher-Level Outcomes and Objectives (HLOs), which may be economic (improved public spending efficiency), social (improved educational outcomes for young women), or environmental (enhanced management of water resources).

The CPF also identifies priority sectors or areas of public services (for example, water, education, health, transport) that are most in need of investment or development. In addition, it may identify social issues (for example, gender-based violence (GBV)) that are particularly prevalent within the country. These challenges are typically addressed through a program of activities as opposed to a single project. The CPF will also provide useful context on public administration and fiscal management activities within the country, including public procurement, providing a brief analysis of challenges and opportunities for improvement, particularly in relation to transparency and corruption.

The CPF provides line of sight between HLOs and the projects that will help to achieve them. Table 3 represents an extract from a CPF for the Dominican Republic (DR), which shows how progress against national-level objectives (LH column) are monitored through progress indicators (center column). Progress toward these goals is then achieved through the delivery of IPF projects (RH column), which gives line-of-sight of the direct contribution that projects make to the achievement of HLOs.

**TABLE 3** Partial extract from Dominican Republic CPF, 2022–2026<sup>60</sup>

CPF Objective Indicators	Supplementary Progress Indicators	WB Project
<b>Objective Indicator 21: Total and female farmers adopting improved agricultural technology.</b>	<b>Progress indicator 1.12:</b> Land area under sustainable landscape management practices (CRI)	DR Resilient Agriculture and Integrated Water Resources Management Project (P163260) <sup>61</sup>
<b>Baseline (2017): 0</b>	Hectare (Ha) <b>Baseline (2021): 1,866</b>	
<b>Target (2026): at least 25% (1,300) of the total</b>	<b>Target (2023): 3,375</b>	
<b>Objective Indicator 22: Area of landscapes under approved management plans to benefit biodiversity.</b>	<b>Progress Indicator 1.13:</b> Farmers adopting climate-smart and sustainable rice production practices	Integrated Landscape Management in Dominican Republic Watersheds (P170848)
<b>Hectare (Ha) Baseline (2021): 0</b>	<b>Baseline (2021): 0</b>	
<b>Target (2026): 306,900</b>	<b>Target (2026): 1,200</b>	

The CPF typically includes a broad range of development priorities. They might include improvements needed in health, education, sanitation, social cohesion, or transport. At this early stage of the project, the Task Team should use the CPF to consider all objectives that the project could achieve that align with the objectives of the CPF. Procurement can influence how a Borrower selects its objectives and approach, including by using expertise and innovation from the supply market so that the project approach considers recent developments and historical challenges. Table 4 demonstrates how issues identified in the CPF can be expanded on to consider how procurement activity might help achieve the objectives.

Procurement may need to engage with colleagues from other Bank departments to conduct further research and analysis to better understand policy challenges within the country. For example, before establishing the objective of procuring services from women-owned businesses, procurement can engage with policy experts to understand the barriers that women-owned businesses face, and which sectors would be most appropriate to target.

**TABLE 4** Converting CPF issues and opportunities into procurement actions

Issues and Opportunities Identified in CPF	Example	Procurement Action
Economically disadvantaged or marginalized groups	Young indigenous people experiencing extreme poverty and a low rate of employment	Opportunities for apprenticeships with main Contractor to provide trade training
Domestic “green” industries	Growing domestic market providing recycled textiles	Evaluate bids based on Bidders’ proposals for supporting local industries
Categories of businesses that are underrepresented	Small proportion of women-owned businesses nationally, but female entrepreneurship growing in commercial architecture and engineering sectors	Identify categories, such as professional and design services, that can be targeted for increasing representation of women-owned businesses and incorporate as a procurement objective
Key sectors in need of investment and innovation	Slow growth and low productivity in domestic industry providing prefabricated housing	Use project to pilot prefabricated accommodation for site staff to provide investment to domestic industry

**FIGURE 26** Case Study: Social inclusion through procurement in Cali, Colombia

#### Case Study: Social inclusion through procurement in Cali, Colombia

##### Background

In 2017, the Public Procurement Department of the Mayor of Cali, Colombia procured security and surveillance services for a number of facilities owned by the local government. While procuring these services, the Mayor’s office saw an opportunity to deliver on objectives of social inclusion.

##### Approach

Bidding documents included two technical requirements of a social nature:

- First, provision of the service had to be carried out while employing four individuals with reduced mobility, which had to be certified by the Bidder at the time, presenting the individuals’ national identification cards and certificate issued by a disability qualification board.
- Second, Bidders had to certify that 10% of the personnel engaged for each area would be made up of unemployed mothers. This condition had to be certified by the Bidder, presenting a sworn statement signed by the individual and the birth certificate of at least one of their children.

##### Outcome

One year after the commencement of the three awarded contracts, the Mayor’s office followed up to review results and collect feedback from Contractors, which was extremely positive. One hundred and three female security guards were engaged through the contract, including former victims of domestic abuse who used the role as an opportunity to escape violent homes with their children.

In a male-dominated industry in Colombia, which typically avoids hiring women due to concerns about pregnancy, breastfeeding, periods, and maternity leave, among others, Contractors reported a positive experience. The women valued the opportunity to be active in the workplace and were proud to represent their organization. They were often excellent mediators, as they were more understanding and conciliatory than their male counterparts.

Source: [PROLAC Annual Report](#), World Bank (2022)

**FIGURE 27** Case Study: Identifying barriers to gender responsive procurement in the Caribbean**Case Study: Identifying barriers to gender-responsive procurement in the Caribbean****Background**

The Bank procurement team in Latin America and the Caribbean (LAC) is striving to identify opportunities for gender-responsive procurement across the region. A Practice Note was developed in 2022 to share their insights and experience on effective measures for incorporating gender considerations into the procurement cycle. Gender issues such as access to economic opportunities and labor force participation in the region, and globally, were badly affected by the COVID-19 pandemic. Their experiences suggested that success was dependent on a solid understanding of the issues facing women, so that the procurement approach could try to eliminate the most significant barriers.

**Approach**

To fully understand the issues facing women in the region, the regional procurement team conducted a thorough literature review of Bank reports on gender inequality and procurement in the target countries, such as gender scorecards and *Women, Business and the Law*<sup>62</sup> report on legal barriers to economic equality and participation. Next, the team studied the national legal framework on gender equality to see how procurement could be aligned with national gender action plans. This was supplemented with engagement with the LAC Gender Innovation Lab and brainstorming with Bank experts who understood gender issues at a sectoral, regional, and country level. The next stage involved interviews with relevant stakeholders, including representatives of women's groups and civil society associations, government officials, and procurement practitioners in selected countries.

**Outcome**

The work identified a range of social and institutional barriers — including human capital factors and social norms — that perpetuate gender inequalities. By openly acknowledging such barriers, the team were able to devise policies that, as far as possible and within the limits of procurement as a policy tool, could try to address them. This detailed process was used to develop a holistic approach that would use procurement to benefit all aspects of women's lives, with positive repercussions on human capital and social inclusion.

The team's success was constrained by the lack of gender-disaggregated data (by sex and other key variables, such as age, related to vulnerable groups) on ownership of companies that participate in Borrower bidding processes and are awarded contracts, as well as a lack of information on gender composition of the workforce of companies that win contracts, which is a common challenge in many countries. This makes it more challenging to fully understand barriers and measure the success of the policy.

## Developing the Plan

### Project Concept Note

The Project Concept Note (PCN) sets out the PDOs, initial costing and phasing, and an overview of the Borrower's capacity and any limitations that may impact implementation. The PCN includes a summary of both procurement and E&S considerations for the project. Although it is unlikely that the Procurement Plan will be well advanced at this stage, the high-level approach may be sufficiently advanced to include in the PCN.

### Early Cost Estimation

The PCN provides an indication of the total cost of the project, as well as the estimated value of the contracts required to implement the project. This is likely to be based on the Borrower's own cost assessment and may not yet have been tested with the supply market. It may also be an analysis of "upfront costs," without considering the scale of costs that may be incurred over the full lifecycle of the product, asset, or service.

If E&S risks have been assessed to be high, it is likely that the Bank will take a more active interest in the early stages of the estimation process. A more complex project environment can increase the cost of implementing the project, owing to the cost of risk mitigation. A lack of interest from (or availability of) suppliers can also increase costs through a lack of competition.

To assess the full value that a project delivers and the costs that it incurs, the cost assessment needs to consider much more than just the initial cost required to purchase or construct the project. Projects can apply more sophisticated methodologies to understand the full scale of costs, as well as potentially considering broader economic, environmental and social costs and impacts. Procurement can advise the Task Team to apply these more sophisticated methodologies, as they will likely result in higher-quality, more sustainable outcomes. Procurement can also advise the Task Team when the target market lacks the capacity to deliver on more stringent E&S requirements. This comprehensive approach to assessing cost and related tradeoffs may also cause the Task Team and Borrower to consider project alternatives if the current option could result in significant long-term costs or significant environmental and social harm.

The Borrower will work toward a full cost estimate and implementation schedule, considering the cost of mitigating and monitoring E&S risks. This will be appraised by the Task Team, who will also need to consider the cost of any support the Bank will need to provide for the project, and any work required to develop Borrower capacity in E&S management. This should be completed in advance of the procurement process. However, at this stage, the economic assessment is likely to be based on a high-level estimate.

## Considering Project Alternatives

Analysis throughout this first phase should enable the Task Team to develop an initial assessment of the cost, feasibility, and risk profile of the project. There may still be an opportunity to influence the project's objectives, the analysis and selection of options, or to alter the approach and/or delivery model envisaged by the project. Procurement has the potential to provide significant value by asking fundamental questions, such as:

- Is the supply market capable of delivering the project as the Borrower wants it to be delivered?
- Is there another way to achieve the same (or improved) objectives while reducing risk?
- Is the contract needed at this time, or can an existing service or asset be maintained or improved in a way that can still achieve the PDOs or the objectives set out in the CPF.
- Does the supply market have knowledge, insight or innovative approaches that could help deliver this project in a better way?
- Do current supply constraints present a significant risk to the project which could be eliminated by choosing an alternative approach?
- Could the project be delivered in a way that enhances the local economy or engages marginalized groups?

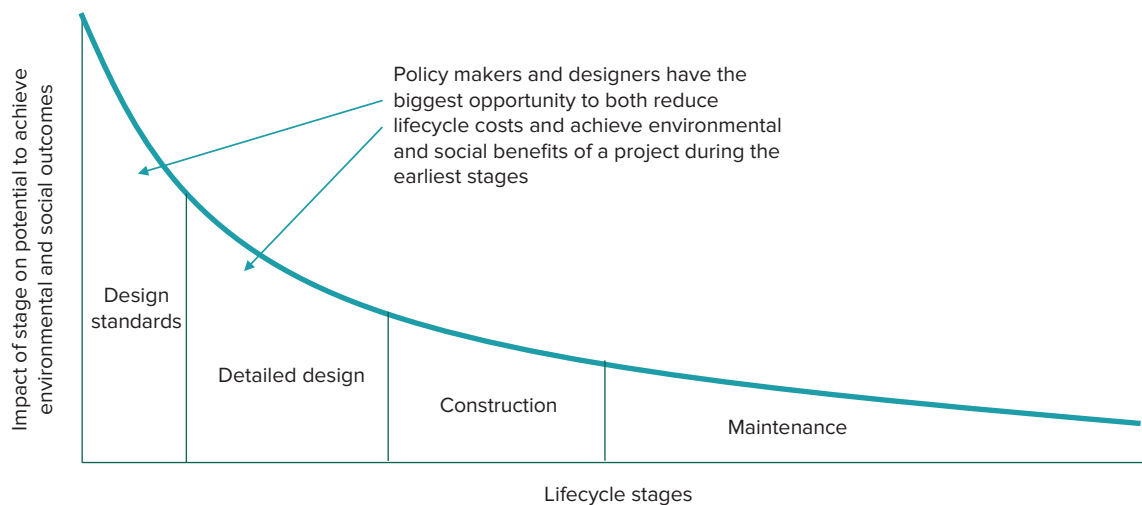


The E&S Specialist can influence these decisions in a similar way, and can ask questions such as:

- Are there alternative project designs or siting options that could help avoid or minimize some of the key risks and impacts?
- Are the potential impacts of E&S risks post-mitigation too great for the project to continue?
- Could a change in project approach significantly change the likelihood and impact of E&S risks?

The most significant and impactful decisions occur in the first phases of a project, such as the assessment and selection of options, and the most fundamental aspects of design and approach. Therefore, procurement's ability to have significant influence over the most important decisions decreases as the project progresses, as demonstrated in Figure 28.

**FIGURE 28** Declining impact of project decisions throughout project lifecycle – illustrated example for Works projects



At this early stage of the project, the E&S Specialist will apply the mitigation hierarchy to E&S risks that have been identified so far. This may lead to a conversation with the Borrower about whether project alternatives have been considered, to see if alternative options could avoid or minimize risks, or lead to new benefits. Alternatives options could include factors such as:

- Changes to specific project activities,
- Siting,
- Planning,
- Design, or
- Implementation approach (ESS1 paragraph 24).

The assessment of project alternatives can be informed by the Borrower's assessment of the financial and technical feasibility of the mitigation measures under different project alternatives, and the capacity of the PIU/IA and the market to implement them. This analysis can pull information from literature, relevant feasibility studies, or discussions with procurement practitioners on market capacity. For example, if a project option presents a significant environmental risk, but it is assumed that it can mostly likely be mitigated by the Contractor quite easily and at little cost, then this should be factored into the evaluation of project alternatives. If a project option presents a significant social risk that would be disproportionately costly to mitigate in relation to the overall cost of the project, this may favor other project alternatives.

## Selecting the Right Delivery Model

It is appropriate at this stage of the process to consider the most effective delivery model for the project. For example, does the Borrower require support beyond the construction of the asset, such as effectively operating and maintaining the asset? Will the design and construction be tendered as a complete package, or will the first phase of procurement just involve the procurement of design services?<sup>63</sup> If the Borrower would prefer to have the private sector fund the asset over the long term, then a Public-Private Partnership (PPP) model may be more appropriate.<sup>64</sup>

The delivery model selected will impact the size, scale, and complexity of the procurement approach, as well as the amount of support that the Borrower requires. Procurement has a role to play in influencing this decision, based on the capacity of the supply market to deliver under these different models, as well as the financial implications.

Some projects may involve engaging technical or design expertise at the outset, who will help to define and design the project before approaching the market to find a Contractor who would be engaged under a simple "build" contract. In these cases, the Borrower should give the consultancy firm that is engaged to develop the design clear instructions about sustainability requirements, as demonstrated in Figure 29.

## Implications of Project Cost on Procurement and E&S Approach

Initial cost assessments should provide an early indication of the potential size and complexity of procurement activity. This will enable the Procurement Specialist to consult the Procurement Regulations to identify whether a national or international procurement approach is likely to be used. This decision will refer to the Country Procurement Thresholds,<sup>65</sup> and it will have significant implications for the procurement approach, including the procurement documents that are used.

The value and risk of the procurement activity will also be a key factor in determining the oversight procedures that the Bank will put in place to monitor procurement activity. A higher-value procurement may trigger the threshold for the Bank to conduct prior review.<sup>66</sup>

## Establishing the Task Team

### Clarifying Task Team Roles and Responsibilities

Responsibility for implementing the project in a way that meets lending policies, including the ESF and the Procurement Framework, sits with the Borrower.

**FIGURE 29** Engaging a design team/Consultant to help achieve sustainable outcomes**Engaging a design team/Consultant to help achieve sustainable outcomes**

A PIU/IA does not often have the in-house capability to design large or complex assets, meaning this capability needs to be brought into the project team. The way in which this is done is dependent on the delivery model chosen, for example:

- Under a design/build model, the Contractor is engaged to both design and then construct the asset.
- Under a build only model, the design is either conducted in-house or a specialist consultancy provider is engaged to develop the design and help prepare the bidding documents and technical requirements that will be used to select a Contractor.
- More complex models (such as design, build, operate, PPPs or alliances) may involve design teams and Contractors being engaged simultaneously to form one large, multi-functional project team.

In the case of a “build only” model, the Borrower will need to engage a consultancy provider, which may be done using the Bank SPD “Request for Proposals – Consulting Services (Non-supervision).” When procuring the consultancy provider, the Borrower should clearly set out their requirements and objectives. This could be done by developing a Project Brief, which should include:

- The objectives and priorities of the project, including PDOs
- Any information already developed on the intended lifespan for the asset and its disposal
- Any information on the project site (if established) or potential site options, including environmental risks and considerations, nearby affected communities, site safety and security, and any significant historical or cultural ties
- Requirements for the asset’s operational use, including transport/logistics (that is, how the asset will be accessed and by whom), required flexibility (for example, options for future expansion, potential future uses), and likely energy and water requirements
- Borrower roles, project structure and any relevant information on the PIU/IA’s capacity and prior experience
- Preferences for the project (for example, use of local materials, use of landscape), and quality expectations (including health and safety and design quality)
- Intent to limit use of building materials with high-carbon and other GHGs emissions (for example, does the Borrower intend to identify low-carbon alternatives? Are there options for piloting innovative new materials?)
- Options for waste minimization, such as design choices to avoid cut-offs, or methods for recycling or re-using materials onsite
- Sustainability objectives such as energy use targets, resilience to potential hazards or threats (for example, climate adaptation), waste and water management, and pollution control

Source: Project brief for design and construction, *Designing Buildings* (2022)

During this first project phase, the Bank establishes a Task Team to support the Borrower to scope the project, including specific expertise in procurement and E&S. Table 5 summarizes overall responsibilities for key participants in the project. Note that additional information on how roles and responsibilities apply to each phase of the project, in particular between the Procurement Specialist and E&S Specialist, is provided throughout this Guidance.

## Sharing Insights between Bank Procurement and E&S Specialists

The Task Team incorporates a mix of skills and expertise, which will be most effective when it operates in a collaborative way. Both Procurement Specialists and E&S Specialists have important perspectives to incorporate at key stages of the project. The current stage presents an early opportunity for E&S and Procurement Specialists to collaborate and share knowledge, particularly related to E&S risks and how they may impact on procurement. This knowledge sharing may take several forms, for example:

- Once Borrower informs the Bank on key findings of its assessment of project risks and impacts, E&S Specialist initiates a workshop with the Procurement Specialist to discuss relevant procurement strategies to help manage such risks and impacts

- Jointly developing a summary table of E&S risks that need to be mitigated through procurement to share with the TTL
- Procurement proactively researching major supply chains relevant to the project to understand potential sustainability-related sourcing issues and summarize potential risks and alternatives, sharing findings with E&S Specialist

**TABLE 5** Overview of roles and responsibilities across key Bank, Borrower, and external roles

<b>Bank roles</b>	<p><b>Task Team Leader</b></p> <ul style="list-style-type: none"> <li>■ Overall project leadership, project coordination, and policy compliance</li> <li>■ Interlocutor between the Bank, technical specialists, and the Borrower</li> </ul>	<p><b>Environmental &amp; Social Specialists</b></p> <ul style="list-style-type: none"> <li>■ Technical E&amp;S support and due diligence on ESF</li> <li>■ Advise the Task Team on E&amp;S mitigations, including criteria for bidders, performance measures, and so on.</li> <li>■ Work with Procurement Specialists to incorporate E&amp;S technical requirements in procurement documents (including bidding documents, evaluation reports, and contracts)</li> <li>■ Supervise the Borrower’s delivery against their E&amp;S commitments</li> </ul>	<p><b>Procurement Specialist</b></p> <ul style="list-style-type: none"> <li>■ Specialist support and procurement advice to the Task Team, including on application of Procurement Framework</li> <li>■ Advise Borrower on appropriate SPDs for the project or on enhancements needed for national bidding documents</li> <li>■ Liaise with E&amp;S Specialist to review technical content and confirm E&amp;S requirements have been incorporated appropriately</li> <li>■ Liaise with E&amp;S Specialist to confirm E&amp;S issues have been mitigated throughout bidding process</li> <li>■ Supervise procurement under the project to confirm alignment with PPSD</li> </ul>
<b>Borrower roles</b>	<p><b>Borrower PIU/IA:</b></p> <ul style="list-style-type: none"> <li>■ Implement the project in accordance with the Legal Agreement, including obligations related to the ESF and Procurement Framework</li> <li>■ Assess, manage, and monitor E&amp;S risks and impacts at each stage in the project</li> <li>■ Include relevant E&amp;S obligations and legal remedies in contracts</li> <li>■ Require that relevant E&amp;S obligations are included by Contractors in their subcontracts.</li> <li>■ Supervise Contractors so they operate in a manner consistent with the ESSs, including ESCP requirements, and require Contractors to do the same with their own Subcontractors and Suppliers</li> </ul>	<p><b>Supervising engineer (large works only):</b></p> <ul style="list-style-type: none"> <li>■ Borrower’s representative on site</li> <li>■ Monitor site operations</li> <li>■ Make day-to-day decisions in delegated areas and escalate/ expedite Borrower decisions in non-delegated matters</li> </ul>	<p><b>Technical Specialist:</b></p> <ul style="list-style-type: none"> <li>■ Advise on technical elements of the project</li> <li>■ Involved from start of project on analysis of initial options through to development of technical specifications and requirements, in liaison where appropriate with E&amp;S and Procurement</li> <li>■ Key contributor to technical elements of bidding document</li> <li>■ With procurement support, leads on engagement with Bidders, including using early market engagement to respond to feedback on project approach</li> </ul>

(continues)

**TABLE 5** Overview of roles and responsibilities across key Bank, Borrower, and external roles  
(continued)

Contractor roles	Main Contractor:	Subcontractors:	Primary Suppliers
	<ul style="list-style-type: none"> <li>■ Responsible for contracted deliverables, including the management of E&amp;S risks and impacts as prescribed in the contract</li> <li>■ Ensure Subcontractors and Primary Suppliers are accountable for delivering E&amp;S obligations relevant to their activities under the contract</li> </ul>	<ul style="list-style-type: none"> <li>■ Adhering to relevant E&amp;S obligations under the contract</li> <li>■ Providing reporting on E&amp;S issues and compliance</li> </ul>	<ul style="list-style-type: none"> <li>■ Complying with relevant ESS2 and ESS6 requirements while providing goods or materials to the project</li> </ul>

**FIGURE 30** Case Study: Cross-Bank collaboration to deliver innovative procurement in Vietnam

#### Case Study: Cross-Bank collaboration to deliver innovative procurement in Vietnam

##### Background

Funding for development of a wastewater treatment plant in Ho Chi Minh City was split between the Bank, which financed design and construction, and the Borrower, who would finance the ongoing operation and maintenance of the facility. This gave the Borrower an incentive to ensure the procurement approach applied a lifecycle perspective and considered quality and longevity alongside upfront cost. However, the Borrower had little experience of delivering projects using more innovative procurement methods.

##### Approach

A number of key project roles worked closely with the Borrower to ensure the project was structured appropriately to achieve long-term value and ensure that the successful Bidder used innovation and diligent E&S management to deliver on the project's objectives. This meant intensive engagement between the Borrower and the Bank throughout project preparation and implementation, in particular by a number of key roles:

- The Task Team Leader was determined and persistent in convincing the Borrower to change their traditional approach (design–bid–build, carried out in three separate phases) to an integrated Design Build Operate (DBO) model, which was a new concept to the Government at the time of project preparation. This meant supporting the Government by engaging resources who could provide expertise and advice at the right stages of the project.
- The Country Director, along with the Bank's legal counsel, provided valuable support during loan negotiations, which removed constraints in the Borrower's legal system on the application of DBO contracting and allowed open competition in the identification of technology solutions.
- During the procurement process, critical guidance and support was provided by the Operations Procurement Review Committee (OPRC) and the Accredited Practice Manager, who helped to overcome various procurement challenges.

To achieve the project's E&S objectives, various sustainability-related requirements were included in the bidding documents, in particular:

- Technology options were not prescribed; instead, Bidders were encouraged to propose advanced environmentally friendly and energy-efficient technology;
- The Bid evaluation approach considered lifecycle costing, including capital expenditure (CAPEX) and operating expenditure (the costs of operation and maintenance [OPEX]) in order to incentivize Bidders to offer high-quality and durable solutions;
- Although the Bank's new ESHS requirements were not mandatorily applicable to the project, they were incorporated into bidding documents, including a requirement for a 3% ESHS Performance Security, which was applied in Vietnam for the first time.
- ESHS requirements included a stipulation that the Contractor had to take into account climate change impacts and carbon footprint reduction in design and construction of the works.

Source: World Bank case study repository

In their respective early risk analysis, both procurement and E&S may identify risks that impact on each other. Table 6 provides two illustrative examples of how a specific risk is identified by either the E&S or Procurement Specialist, and then how effective collaboration on early risk identification and mitigation can help to deliver a positive outcome.

**TABLE 6** Example of collaboration between E&S and procurement on risk identification and mitigation

	E&S-led Activity	Procurement-led Activity
<i>Risk identified</i>	E&S risk analysis identifies that the project presents high risk of biodiversity loss	Procurement risk analysis identifies that the domestic market is not able to deliver critical services, meaning bids must be obtained from international Bidders
<i>Insights gained from colleagues</i>	Market analysis conducted by Procurement identifies suppliers with strong track record of mitigating biodiversity loss operating in nearby countries	E&S colleagues identify heightened risks to local community from an international workforce
<i>Mitigation</i>	Risk can be mitigated through a change to the procurement strategy to attract Bidders from alternative markets	Bidders should be asked during bidding process to demonstrate experience in effectively managing a workforce in rural, complex settings

## Managing Different Perspectives and Timeframes in the Task Team

As the Task Team progresses through the project cycle, different elements of the project may be occurring in parallel. For example, the Procurement Specialist and E&S Specialist are likely to be working on different deliverables at the same time. These activities may require different levels of detail or may involve different levels of complexity, which means that they are not always completed at the same time. Where either procurement or E&S activities experience delays, this may result in the misalignment of activities across the team. The TTL's role is to help resolve any differences of opinion, dependencies or conflicting timeframes to avoid project delays or disruption.

Procurement and E&S Specialists may have different perspectives on any number of issues, such as the severity and impact of a certain risk, perceptions about project stakeholders or affected communities, or the capacity of Contractors, Subcontractors and/or Suppliers to manage specific E&S risks. In these cases, the TTL can help to find common ground in the following ways:

- Reaffirming the project's objectives to align different technical aspects across the team; and
- Developing prioritization criteria to facilitate an assessment of potential tradeoffs and a collective decision on the issues.

## Undertaking Initial Risk Analysis

### Assessing the Suitability of the Borrower's Procurement Framework

The Bank assesses the Borrower's national procurement system, typically using the MAPS methodology or other appropriate assessment methodologies. This information supports the procurement

risk assessment in the PCN by providing useful context and background on procurement in the Borrower country. It can also be used to identify potential risks to the achievement of SPP outcomes. The supplementary MAPS module on Sustainable Procurement could also be used to develop a wide-ranging and comprehensive view of the suitability of the procurement framework for implementing SPP.<sup>67</sup>

To understand whether the national procurement system provides an environment conducive to the delivery of SPP, either the Bank or Borrowers themselves can ask the following key questions to identify potential constraints:

- Does the Borrower have experience of implementing SPP on Bank-financed projects?
- What are the specific capacity gaps that the Bank could help address through the provision of technical support and expertise?
- Are there already sustainability-related policy objectives in place at the national level that procurement practitioners will be familiar with (for example, SME engagement, targeting minority-owned businesses, reducing construction waste)?
- Do the current legislative arrangements preclude the use of SPP practices (for example, is the use of rated criteria permitted)?
- Is it possible to conduct market engagement activities in the country without unduly increasing corruption risk?
- Are there specific risks or concerns relating to the use of SPP (for example, particularly powerful industry groups, stringent complaints procedures with severe punishments)?
- Do the bidding documents include sufficient provisions to adequately mitigate against environmental and social risks and impacts?

#### Key Tip!

The early stages of a project are when Procurement Specialists and E&S Specialists have the greatest potential to help the Borrower to achieve sustainable outcomes. Specialists can use their expertise to influence the TTL and/or the Borrower to:

- Incorporate “lifecycle thinking,” considering the whole life of an asset, including the environmental and social impacts and benefits
- Listen to the market and learn from past successes and challenges
- Think about how to introduce innovative approaches, both in how the procurement is structured, but also the products or services that are being procured
- Seek to use the procurement to achieve development objectives (for example from the Country Partnership Framework)
- Ensure the Borrower is aware of the requirements of the ESF and what needs to be done to ensure the ESSs are met

## Next Steps

By reading this section, Procurement and E&S teams should be aware of the importance of the decisions made during the project's earliest phases, and how they might materially impact sustainability outcomes. By working together, the Procurement Specialist and E&S Specialist can influence these decisions in the interest of improving project outcomes from a sustainability perspective.

The initial analysis and assessment of risks conducted to date will be expanded and built upon in the next phase, in order to develop a comprehensive and fit-for-purpose procurement strategy.

### Identification: Learning Checklist

- I am aware of my responsibilities, and the responsibilities of my colleagues and other key parties, in relation to the implementation of SPP
- I understand how the CPF and other key documents are used to align IPF projects with development objectives
- I understand the types of questions I can ask to ensure the project approach is well-considered when compared to alternative approaches
- I am aware of how an initial analysis of risk and capacity is used to develop the PCN



## Endnotes

- <sup>59</sup> Bank Procedure: Preparation of Investment Project Financing, World Bank (2021).
- <sup>60</sup> [Dominican Republic - Country Partnership Framework for the Period FY 22-26](#), the World Bank (2022).
- <sup>61</sup> The reference number P163260 is the World Bank project number.
- <sup>62</sup> [Women, Business and the Law 2023](#)
- <sup>63</sup> See Section VI of the Procurement Regulations on Approved Selection Methods, which is expanded on in the [Project Procurement Strategy for Development—Long Form Guidance](#); see Section VIII. Design of Procurement Approach and Recommendation, in particular 8.4 Contract Strategy (page 51).
- <sup>64</sup> The Bank's [guidance on procurement of PPPs](#) is developed by the Public–Private Infrastructure Advisory Facility (PPIAF).
- <sup>65</sup> Country Procurement Thresholds are set out [here](#), as directed by the Procurement Regulations.
- <sup>66</sup> This is informed by the PPSD prepared by the Borrower and is outlined in the Procurement Plan that is appended to the Project Appraisal Document (PAD).
- <sup>67</sup> MAPS, [Sustainable Procurement Module](#).







For additional information, such as Standard Procurement Documents (SPDs), Guidance, briefing, training and e-learning materials see [www.worldbank.org/procurement](http://www.worldbank.org/procurement)