



A BEGINNER'S GUIDE FOR BORROWERS

**Procurement under World Bank
Investment Project Financing**

Published November 2023—Second Edition
Published April 2018—First Edition

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Common Abbreviations and Defined Terms

This section explains the common terms and abbreviations used in this Guidance. Defined terms are written using capital letters.

Abbreviation/Term	Full Terminology/Definition
Best and Final Offer (BAFO)	A near final Bid/Proposal in a multistage procurement process. During this stage the Bidder/Proposer has an opportunity to refine the Bid/Proposal.
Bank	The World Bank.
Bid	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.
Bidder	A firm or joint venture that submits an offer, called a bid, to supply Goods, Works, or Non-Consulting Services.
Borrower	A Borrower or recipient of World Bank Investment Project Financing and any other entity involved in the implementation of a project financed by Investment Project Financing.
Business Day	Any day that is an official working day of the Borrower. It excludes the Borrower's official public holidays.
Consultant	A variety of private entities, joint ventures, or individuals that provide services of an advisory or professional nature. Where the Consultant is an individual, they are not engaged as an employee.
Consulting Services	A range of services that are of an advisory or professional nature and are provided by Consultants.
Core Procurement Principles	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 Bank Policy: Procurement in IPF and Other Operational Procurement Matters.
Evaluation Criteria	Price and non-price criteria, including Rated Criteria when applicable, that define how the Borrower assesses which Bidder/Proposer provides the Most Advantageous Bid.
Goods	A category of procurement that includes commodities, raw materials, machinery, equipment, vehicles, plant, etc.
GPN	General Procurement Notice.
HEIS	Hands-on Expanded Implementation Support.
IBRD	International Bank for Reconstruction and Development, an institution of the World Bank Group.
ICSID	International Centre for Settlement of Investment Disputes, an institution of the World Bank Group.

Abbreviation/Term	Full Terminology/Definition
IDA	International Development Association, an institution of the World Bank Group.
IFC	International Finance Corporation, an institution of the World Bank Group.
Investment Project Financing (IPF)	The Bank's financing of investment projects that aim 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.
MIGA	Multilateral Investment Guarantee Agency, an institution of the World Bank Group.
Most Advantageous Bid/Proposal (MABP)	<p>The Bid or Proposal that meets the qualification criteria and has been determined to be substantially responsive to the Request for Bids or Request for Proposals and has been evaluated as the highest-ranked Bid or Proposal, as defined in the Procurement Regulations paragraphs 5.68 to 5.71 and Procurement Regulations Annex X Evaluation Criteria.</p> <p>See Section IV of this Guidance for more detailed information on how MABP is applied in practice.</p>
Non-Consulting Services	Services that are not Consulting Services. Non-Consulting Services are normally bid and contracted on the basis of performance of measurable outputs, for which performance standards can be clearly identified and consistently applied. Examples include drilling, aerial photography, satellite imagery, mapping, and so on.
PAD	Project Appraisal Document.
PP	Procurement Plan.
PPSD	Project Procurement Strategy for Development.
Procurement Documents	A generic term used in the Procurement Regulations to cover all Procurement Documents issued by the Borrower to potential Applicants/Bidders/Proposers. It includes: GPN, SPN, REoI, prequalification document, Initial Selection document, RFB, RFP, forms of contracts, and any addenda.
Procurement Process	A process that starts with the identification of a need and continues through planning, preparation of specifications/requirements, budget considerations, selection, contract award, and contract management. It ends on the last day of the warranty period.
Procurement Regulations	The World Bank's Procurement Regulations for Investment Project Financing. These Regulations set the rules for how procurements under IPF are handled.
Proposal	An offer, in response to an RFP, which may or may not include price, by one party to provide Goods, Works, Non-Consulting Services, or Consulting Services to another party.

Abbreviation/Term	Full Terminology/Definition
Rated Criteria	<p>Rated Criteria are used to evaluate non-price attributes of Bids/Proposals, including quality, risks/mitigations, VfM opportunities, sustainability, and other technical aspects.</p> <p>Specific references in the Procurement Regulations include:</p> <ul style="list-style-type: none"> ■ <u>Paragraph 5.50. Evaluation Criteria</u>—requirement to apply Rated Criteria for procurements subject to international competition, for which a Bank Document is used. ■ <u>Paragraphs 5.60 and 5.70</u>—MABP. ■ <u>Section VI, Paragraph 6.1</u>—Matrix of Approved Selection Methods for Goods, Works, and Non-Consulting Services. ■ <u>Section VI, Paragraph 6.37</u>—Use of Rated Criteria. ■ <u>Annex X</u>—Evaluation Criteria.
REOI	Request for Expressions of Interest.
RFB	Request for Bids.
RFP	Request for Proposals.
RFQ	Request for Quotations.
SEA/SH	Sexual Exploitation and Abuse/Sexual Harassment.
SOE	State-Owned Enterprise.
SPN	Specific Procurement Notice.
Standard Procurement Documents (SPDs)	Procurement documents issued by the Bank to be used by Borrowers for IPF-financed projects. These documents include: GPN, SPN, REOI, Standard Prequalification documents, Initial Selection documents, RFBs, and RFPs.
VfM	Value for Money.
Works	A category of procurement that refers to construction, repair, rehabilitation, demolition, restoration, and maintenance of civil work structures, and related services such as transportation insurance, installation, commissioning, and training.
World Bank	The World Bank comprises two WBG institutions, the International Bank for Reconstruction and Development (IBRD), which assists middle-income and creditworthy poorer countries, and the International Development Association (IDA), which focuses on the world's poorest countries.
World Bank Group (WBG)	The World Bank Group is a unique global partnership of five institutions working for sustainable solutions that reduce poverty and build shared prosperity in developing countries. The five institutions are the IBRD, IDA, IFC, MIGA, and ICSID.

Contents

Common Abbreviations and Defined Terms i

SECTION I. Introduction 1

Purpose	1
World Bank Group	1
World Bank	2
Investment Project Financing	3
Geographic regions and countries	3

SECTION II. Procurement Vision and Core Principles 5

Procurement Vision	5
Core Procurement Principles	5

SECTION III. Governance 9

Procurement Rules	9
Financing Agreement	9
Roles and Responsibilities	10
Borrower	10
Bank	10
Hands-on Expanded Implementation Support	11
Eligibility	11
Exceptions	12
Integrity	13
Application	13
Bank's Audit and Inspection Rights	13
Sanctions and Remedies	13

Section IV. Procurement Process 15

Procurement Process Overview	15
1. Develop Strategy	16
2. Plan the Procurement	22

3. Invite Offers.....	22
4. Receive and Open Offers.....	23
5. Evaluate Offers.....	23
6. Contract Award.....	25
7. Contract Management.....	27
Simplified Process for Emergencies and Capacity Constraints	27

ANNEX A. Additional Resources 29

Procurement Framework.....	29
Mandatory Documents.....	29
Procurement Guidance.....	29
Templates	30
Standard Procurement Documents	31
Learning	31
Contact the World Bank.....	31

Introduction

Purpose

This Guidance provides an introduction for new users to the World Bank's (the Bank's) Procurement Policy and Procurement Regulations. It summarizes the information Borrowers need when undertaking procurements funded by Bank Investment Project Financing (IPF). This Guidance should be read in conjunction with the Bank's Procurement Policy and Procurement Regulations for IPF Borrowers. As such, this Guidance is not mandatory and is offered as an overview only.

Further information and references:

World Bank

IBRD—[International Bank for Reconstruction and Development](#)

IDA—[International Development Association](#)

IPF—[Investment Project Financing](#)

Where We Work—[Seven regions and over 170 countries](#)

IPF-Funded Procurement

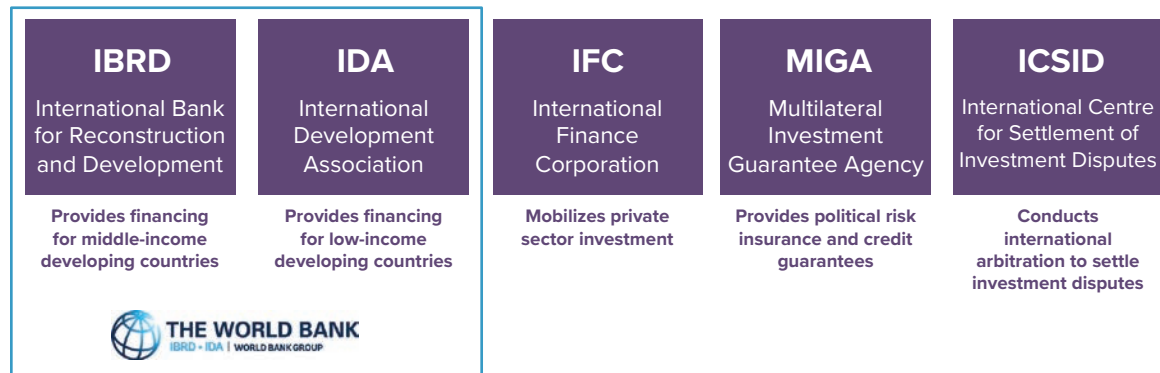
Bank rules—[Procurement Framework](#)

Procurement—[Regulations](#)

Procurement—[Policy](#)

World Bank Group

The World Bank (Bank) is part of the wider World Bank Group (WBG). The WBG is one of the world's largest sources of funding and knowledge for developing countries. The WBG comprises five institutions, as shown in Figure 1. These institutions work together for sustainable solutions that reduce poverty and build shared prosperity in developing countries.

FIGURE 1 The five World Bank Group Institutions

World Bank

The World Bank (Bank), as opposed to the WBG, comprises two WBG institutions, namely, the IBRD and IDA. The Bank provides loans, credits, and grants to developing countries to fund development programs and projects. In addition, the Bank provides policy advice, and technical assistance to support governments when designing and implementing development projects. The goals of Bank financing are to promote poverty reduction and sustainable development in a manner that is aligned with each country's national development strategies.

The Bank's Mission

"The World Bank has two goals: end extreme poverty and promote shared prosperity in a sustainable way."

The Two Bank Institutions

IBRD—International Bank for Reconstruction and Development

IBRD is a global development cooperative owned by its 189 member countries. As the largest multilateral development bank in the world, it supports the WBG's mission by providing loans, guarantees, risk management products, and advisory services to middle-income and creditworthy low-income countries, and by coordinating responses to regional and global challenges.

IDA—International Development Association

IDA is the world's largest multilateral source of concessional financing for the poorest countries. It provides concessional development credits, grants, and guarantees to support these countries' efforts to increase economic growth, reduce poverty, and improve the living conditions of the poor.

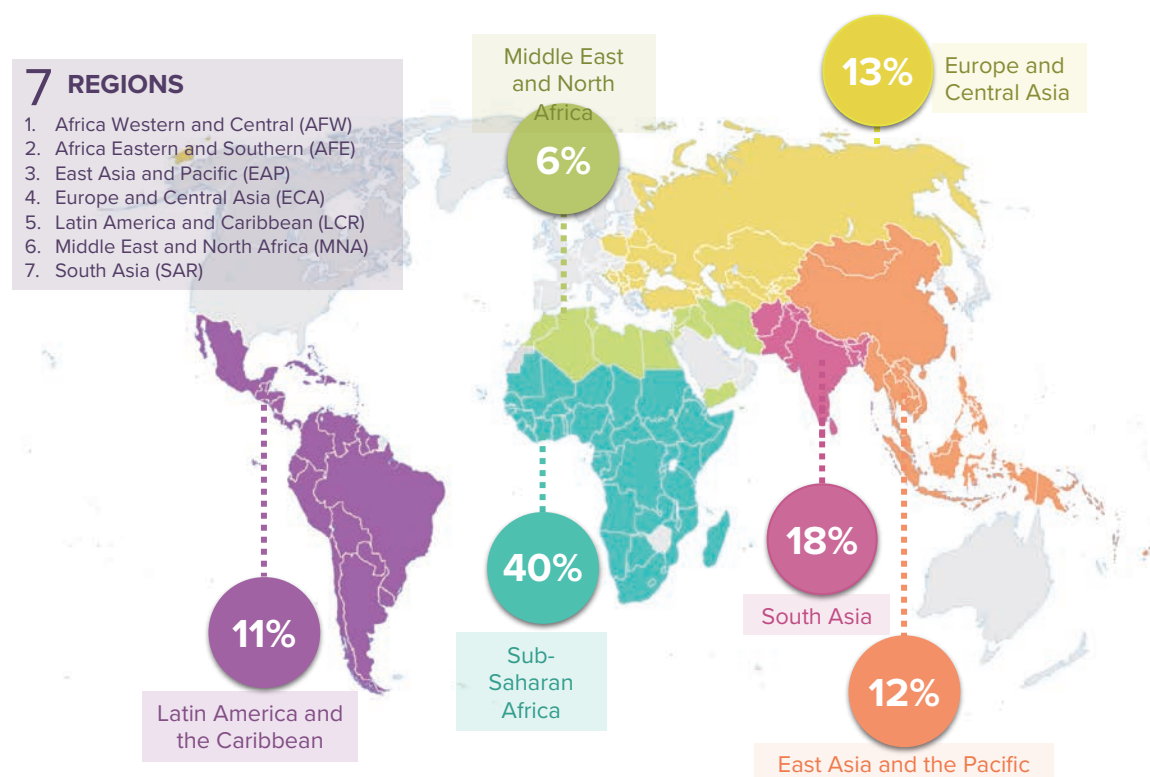
Investment Project Financing

Investment Project Financing (IPF) is one of the ways in which Bank financing is provided to countries. This financing may take the form of an IBRD loan or IDA credit/grant or guarantee. IPF supports projects with defined development objectives, activities, and results, and disburses the financing against specific eligible expenditures. IPF provides funding for activities that produce the physical/social infrastructure necessary to reduce poverty and create sustainable development. To create this infrastructure, Borrowers use the funds from IPF loans, credits, and grants to procure Goods, Works, Consulting Services, and Non-Consulting Services in accordance with the Bank's Procurement Policy and Procurement Regulations.

Geographic Regions and Countries

The Bank's operations are divided into seven geographic regions. The diagram in Map 1 shows the regions and the indicative percentage of the Bank's global commitments by region (for financial year 2022).

MAP 1 World Bank's global commitments by region (2022)



Procurement Vision and Core Principles

Procurement Vision

The Bank's vision for IPF procurement is stated in the Procurement Policy:

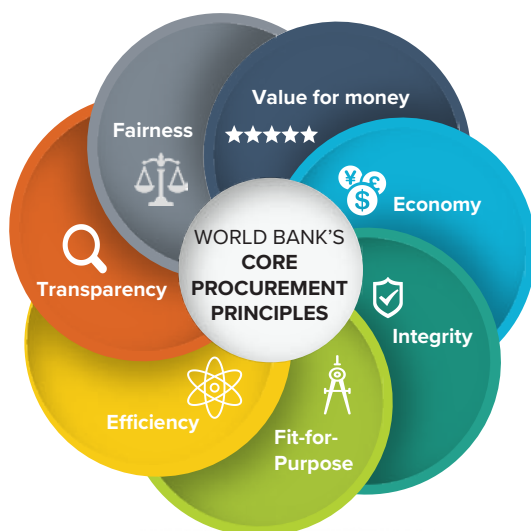
“Procurement in IPF operations supports Borrowers to achieve value for money with integrity in delivering sustainable development.”

This vision informs the Procurement Regulations and the Bank's Procurement Framework. The Framework has been designed as a modern, fit-for-purpose Procurement Framework. The Procurement Regulations detail the many options available for Borrowers to tailor individual procurement processes to meet operational needs and deliver the intended development results.

Core Procurement Principles

The Bank's Core Procurement Principles, as listed in Figure 2, guide the Borrower's decisions when applying the Procurement Regulations.

FIGURE 2 The Bank's Core Procurement Principles



The Core Procurement Principles are:

1. **Value for Money (VfM):** The principle of VfM endorses 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 VfM.
2. **Economy:** The principle of economy takes into consideration such factors as sustainability, quality, non-price attributes, and/or life-cycle costs, as appropriate, that support VfM. The principle of economy 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 requires that all parties involved in the procurement process and their personnel observe the highest standard of ethics during the procurement process of Bank-financed contracts and refrain from fraud and corruption (as defined in the Bank's Anti-Corruption Guidelines).
4. **Fit for Purpose:** The principle of fit for purpose means tailoring the procurement approach and methodology 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 reviews of procurement activities, supported by appropriate documentation and disclosure. Transparency requires:
 - a. 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
 - b. that procurement activities be appropriately reported
 - c. that confidentiality provisions in contracts be used only where justified.
7. **Fairness:** The principle of fairness refers to:
 - a. equal opportunity for and treatment of Bidders/Proposers/Consultants
 - b. the equitable distribution of rights and obligations between Borrowers and suppliers, contractors, and Bidders/Proposers/Consultants

- c. availability of credible mechanisms for addressing procurement-related complaints and providing recourse.

The vision and Core Procurement Principles are set out in the Bank Policy. Bank staff use the Policy and the Core Procurement Principles to inform their decisions on Borrowers' requests for review or support, particularly when there is no precise written rule or regulation that governs the matter in question.

Governance

Procurement Rules

Procurement under IPF is governed by either the Procurement Regulations or Guidelines. Which set of rules applies to any given project depends on the date when the project was approved by the Bank. This distinction relates to the introduction of the Bank's Procurement Framework on July 1, 2016, which modernized procurement policy and rules for IPF-funded projects and introduced the Procurement Regulations.

1. **Guidelines (pre-July 2016)**

IPF projects that were approved prior to July 1, 2016, are usually governed by the Bank's [Procurement Guidelines](#) (for Goods, Works, and Non-Consulting Services) and [Consultant Guidelines](#) (for the selection and employment of Consultants). If you are involved with such a project, you need to understand the appropriate Guidelines, as they are different from the Regulations.

Pre-July 1, 2016 [Policy, Guidelines, and Documents](#)

2. **Procurement Regulations (post-July 1, 2016)**

Under the new Procurement Framework, IPF-funded Projects that were approved by the Bank on or after July 1, 2016, are governed principally by the [Procurement Regulations](#).

Post-July 1, 2016 [Procurement Framework](#)

Financing Agreement

The rules (either Guidelines or Regulations) that apply to a particular project are specified in the project's financing agreement. Make sure you follow the stipulated rules, including the specific edition of the Guidelines or Regulations that apply to the project, or the Bank may decline to finance the resulting contract.

Focus of this Guidance

This Guidance is primarily intended for projects subject to the Procurement Regulations. However, several aspects of the Guidance are also relevant for projects subject to the Guidelines.

Roles and Responsibilities

Borrower

The Borrower is responsible for carrying out procurement activities financed by the Bank in accordance with the financing agreement signed between the Bank and the Borrower. In particular, the Borrower must use funds only for the purpose for which they were granted. Other responsibilities include:

1. planning the procurement
2. preparing a procurement strategy for the project, as defined in the Project Procurement Strategy for Development (PPSD)
3. inviting offers from the market
4. evaluating offers and determining the Most Advantageous Bid/Proposal (MABP)
5. awarding, signing, and managing contracts.

Bank

To ensure that funds are used only for the purpose for which they were granted, the Bank provides Borrowers with procurement implementation support and oversight for each project. Implementation support includes providing training and advice to the Borrower. The Bank conducts its procurement oversight function in order to discharge its fiduciary responsibilities, as required by the Bank's Articles of Agreement.

Prior and Post Reviews

This fiduciary responsibility entails the Bank conducting reviews of selected procurement activities undertaken by the Borrower. A review may be either:

1. **prior review:** undertaken while the procurement activity is taking place, or
2. **post review:** undertaken after the procurement activity has been completed.

The purpose of the Bank's review is to determine the extent to which the Borrower's procurement activities are in accordance with the financing agreement for the project, including the Procurement Policy and Regulations, which are incorporated by reference in the financing agreement. The Procurement Plan specifies whether a procurement is subject to prior or post review. The Bank requires mandatory prior review where the value of the procurement is above certain thresholds. These thresholds are detailed in Annex I of [Bank Procedure](#).

Prior Reviews

For procurements subject to prior review, the Bank reviews:

1. the PPSD and Procurement Plan for the project
2. the draft General Procurement Notice (GPN) and Specific Procurement Notices (SPNs) before they are published
3. the Borrower's draft Procurement Documents before they are issued to the Bidders/Proposers
4. the results of the evaluation of Bids/Proposals before they are communicated to the Bidders/Proposers
5. the Borrower's draft responses to procurement-related complaints before they are issued to the complainant
6. the draft contracts before they are signed by the Borrower.

Unless otherwise agreed with the Bank, prior review will be undertaken for all Works procurements under projects classified as high risk for Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) that use SPDs.

Post Reviews

For procurements subject to post review, the Borrower conducts the procurement process and the Bank, on a sample basis, reviews the process to determine whether it has been conducted in accordance with the financing agreement.

For further details of the Bank's procurement oversight, see Annex II of the [Procurement Regulations](#).

Hands-on Expanded Implementation Support

The Bank may also provide the Borrower with Hands-on Expanded implementation Support (HEIS). This support may be provided where the Borrower is deemed by the Bank to be:

1. in urgent need of assistance because of a natural or man-made disaster or conflict, or
2. experiencing capacity constraints because of being a fragile or small state.

Where the Bank provides HEIS to the Borrower, the Borrower remains responsible for conducting the procurement.

Eligibility

The Bank permits eligible firms and individuals from all countries to offer Goods, Works, Consulting Services, and Non-Consulting Services for Bank-financed projects. In accordance with the Regulations,

a Borrower shall not deny a Bidder/Proposer participation in a procurement, or award of a contract, for reasons unrelated to:

1. the Bidder's/Proposer's capability and resources to successfully perform the contract, or
2. a conflict-of-interest situation covered under the Procurement Regulations (Paragraphs 3.14 to 3.17).

Exceptions

1. **Country**

A Borrower may deny a Bidder/Proposer the right to participate or to be awarded a contract if:

- a. the Bidder/Proposer is from a country, or the Goods are manufactured in a country, and
 - i. the Borrower's law or regulations prohibit commercial relations with that country (provided that the Bank is satisfied that the exclusion does not preclude effective competition), or
 - ii. if the procurement is to be implemented across jurisdictional boundaries (i.e., the procurement involves more than one country). Exclusion of a Bidder/Proposer on this basis by one country may apply if the Bank and all the other countries involved in the procurement agree, or
 - iii. in complying with a decision of the United Nations Security Council, the Borrower's laws prohibit the import of Goods from that country, or prohibit payments to a country or to a person or entity in that country.

2. **State-Owned Enterprise**

State-Owned Enterprises or institutions (SOEs) outside the Borrower's country are eligible to participate. SOEs of the Borrower's country are not normally eligible to participate. However, they may be eligible if they can establish that they:

- a. are legally and financially autonomous, and
- b. operate under commercial law, and
- c. are not under supervision by the agency contracting them.

However, when the Goods, Works, or Services provided by SOEs (including state-owned universities, research centers, or institutions) are of a unique and exceptional nature, or when their participation is critical to the project, the Bank may exceptionally agree to the Borrower's contracting them, on a case-by-case basis.

3. **Anticorruption Disqualification**

A firm or individual is not eligible where it has been sanctioned and declared ineligible under the Bank's [Anti-Corruption Guidelines](#) (see Procurement Regulations Annex IV, Fraud and Corruption). For the listing of ineligible firms and individuals, see the [Bank's website](#).

The Borrower may request that the Bank agree to exclude a firm or individual that is under a legal sanction of debarment in its country. The Bank must be satisfied that the debarment relates to fraud or corruption, and that the judicial proceeding provided adequate due process.

4. **SEA/SH Disqualification**

The Bank may disqualify a firm from being awarded a contract, financed in whole or in part by the Bank, for a period of two years if the firm has been determined to be noncompliant with its contractual SEA/SH Prevention and Response obligations. The determination of noncompliance shall be made in accordance with the procedures specified in the applicable SPD.

A firm disqualified by the Bank for noncompliance with contractual SEA/SH Prevention and Response obligations shall be excluded from being awarded a contract to be financed in whole or in part by the Bank. (Refer to the Procurement Regulations Paragraphs 3.24 and 3.34.)

Integrity

Application

In line with the Core Procurement Principle of integrity, the Bank requires that all parties involved in the procurement process and their personnel observe the highest standard of ethics during the procurement process and refrain from fraud or corruption.

The Bank will reject a Borrower's proposal for award if it determines that the firm or individual recommended (including any of its staff, agents, suppliers, or employees) has, directly or indirectly, engaged in fraud or corruption in competing for the contract in question.

Bank's Audit and Inspection Rights

The Bank requires that Borrowers include a clause in the procurement document requiring that Bidders/Proposers and Contractors/Consultants (including their sub-Contractors, sub-Consultants, agents, and personnel) permit the Bank to inspect and audit all accounts, records and other documents relating to the procurement process, selection, and/or contract execution. The Bank may appoint auditors to act on its behalf. For further details, see Annex IV of the Procurement Regulations.

Sanctions and Remedies

The Bank may exercise various sanctions and remedies where fraud and corruption have been detected. These sanctions and remedies can be found:

1. in the "Legal Remedies" in the financing agreement for each project
2. in the "Legal Remedies" in the contracts between the Borrower and the Contractor/Consultant
3. in the Procurement Regulations, Annex IV, Fraud and Corruption.

The Bank may sanction a firm or individual that has been found by the Bank to have engaged in fraud or corruption in relation to a Bank-financed project. In relation to a Borrower, the Bank may declare a misprocurement if the Bank determines at any time that a representative of the Borrower has engaged in fraud or corruption during the procurement process, selection, and/or execution of the contract in question.

Procurement Process

Procurement Process Overview

The Procurement Process is defined in the Procurement Regulations as:

“the process that starts with the identification of need and continues through planning, preparation of specifications/requirements, budget considerations, selection, contract award and contract management.”

While each procurement is unique, all Procurement Processes broadly follow seven common stages. Figure 3 is a simplified representation of the Procurement Process. It shows the common stages and their usual sequencing. Actual procurements may differ.

FIGURE 3 Summary of the Procurement Process



1. Develop Strategy

During the project preparation phase, the Borrower is required to prepare a Project Procurement Strategy for Development (PPSD) for the project. The Bank has Guidance and a template for long-form PPSDs and short-form PPSDs.

a. Project Procurement Strategy for Development

The PPSD, summarized in Figure 4, analyzes and summarizes the various factors that influence the Borrower's procurement approach. The Borrower has some flexibility in designing the procurement approach. The design should reflect the optimal way to conduct the procurement. Designing the procurement optimally increases the likelihood of the mostly high-qualified Bidders/Proposers submitting offers and facilitates the Borrower's achieving VfM and of delivering the desired development results. See: Procurement Guidance, Value for Money: Achieving VfM in Investment Projects Financed by the Bank.

It is at the stage of writing the PPSD that the Borrower decides on the types of Evaluation Criteria that will be applied to each major contract, including the application of Rated Criteria to the non-price/technical/quality attributes of Bids/Proposals, as well as the proposed prioritization and weightings of such attributes, and how quality and price will be combined to determine the MABP. The decisions made at this stage then feed into the design of the Procurement Plan.

For Works procurements in projects classified as high-risk for SEA/SH, the Procurement Plan shall also detail use of the applicable SPD for large Works. In addition, all Works procurements in projects classified as high risk for SEA/SH shall have a Contract Management Plan.

The PPSD assessment covers the following:

- i. **Operating Environment:** The operating environment and how it may influence the participation of potential Bidders/Proposers and the way in which the procurement will be conducted
- ii. **Borrower's Capacity and Track Record:** Borrower's previous experience, track record, and capability in conducting similar procurements and in implementing similar projects. This step includes a resourcing plan to complement the Borrower's capacity as needed, which may include the need for HEIS to be provided by the Bank
- iii. **Market:** Review of the market to understand its nature and how it functions in the operating environment, including nationally, regionally, and internationally. This step includes assessing the level of supply (i.e., the likely number of potential Bidders/Proposers), the degree of competition among Bidders/Proposers, anticipated prices, the factors that influence price, the level of demand in the market (i.e., the likely number of buyers, including how much they buy and their level of influence on the market), and whether there is a shortage of supply or of qualified suppliers.

b. Procurement approach

From analyzing this information, the Borrower designs an appropriate procurement approach, which details:

FIGURE 4 Content of a PPSD

Project Procurement Strategy for Development (PPSD) Summary of Contents	
Analysis and Assessments	Procurement Approach
1 Project Overview	6 Procurement Approach Options and Recommendations Addresses the following factors: <ul style="list-style-type: none"> ▪ Requirements ▪ Contract Strategy ▪ Selection Method ▪ Evaluation Methodology ▪ Contract Management
2 Strategic Assessment of Operating Context and Borrower Capability	
3 Procurement Risk Analysis	
4 Stakeholder Analysis	7 Preferred Arrangement for Low-Value Low-Risk Activities
5 Procurement Objectives	8 Summary of PPSD to support the preparation of the PAD by the Bank

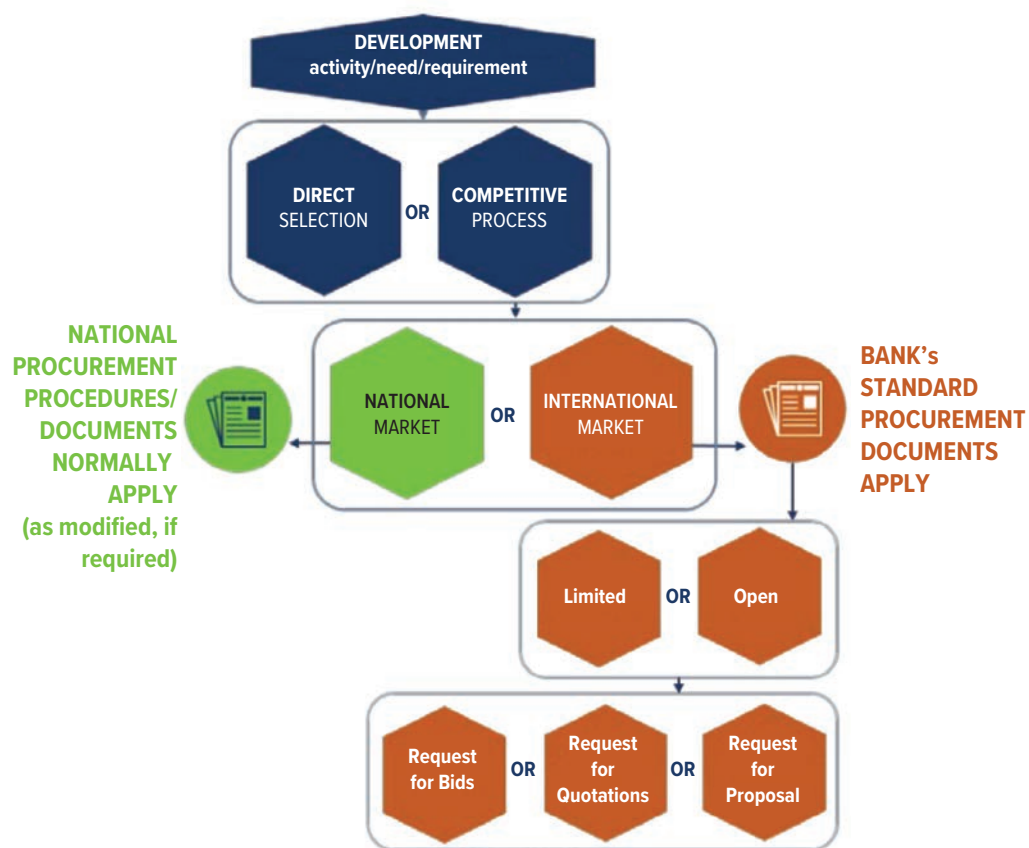
- i. the type of requirements and specifications, which may be conformance- or performance-based. Conformance requirements are detailed specifications of the Borrower's precise needs and the method for achieving them. Performance requirements outline the Borrower's desired outcomes and invite Bidders/Proposers to propose solutions to meet these needs, thus facilitating innovation by the market
- ii. the type of contract
- iii. how the Borrower will approach the market for each procurement to obtain offers from the most high-qualified Bidders/Proposers, including whether the Borrower will include national or international competition
- iv. the selection method that the Borrower will apply to request offers from Bidders/Proposers (RFB, RFP, RFQ, other)
- v. the evaluation and qualification criteria that will be used to compare the offers received and identify the Bidder/Proposer that submits the MABP
- vi. a Contract Management Plan outlining how the contract will be monitored to ensure that each party meets its obligations and that the VfM offered in the winning Bid is delivered through the performance of the contract.

Bank staff then include a summary of the PPSD in the Project Appraisal Document (PAD). The PAD is used to seek the approval of the Bank's Board to finance the project. It is important that the PPSD be sufficiently detailed to explain and justify the Borrower's selected procurement approach. The level of detail in the PPSD should be proportionate to the complexity, risk, and value of the planned procurement under the project.

c. Approach to market options

The Procurement Regulations provide a variety of selection methods and market approach options (see the Procurement Regulations, Section VI: Goods, Works, and Non-Consulting Services, and Section VII: Consulting Services). This variety allows greater flexibility in designing individual procurement approaches that are fit-for-purpose. Figure 5 demonstrates these decision points.

FIGURE 5 Example of selection methods decision logic



d. Competitive versus non-competitive

The first step in determining the approach to the market is deciding whether to follow a competitive or non-competitive procurement approach.

- i. **Non-competitive approach:** Direct selection: Proportional, fit-for-purpose, and VfM considerations may require a direct selection approach wherein the Borrower approaches and negotiates with only one firm. Direct selection may be appropriate if there is genuinely only one qualified firm or there is justification to use a preferred firm. For circumstances in which a non-competitive approach may be used, see Procurement Regulations Paragraphs 6.8 to 6.10.

- ii. **Competitive approach:** Multiple firms are invited to participate in the procurement and submit offers. An open, competitive approach to the market is the Bank's preferred approach as it provides opportunities for all eligible, interested Bidders/Proposers to submit offers and compete for the award of contract. Under an open competitive approach, the Borrower may approach the national or international market, as justified in the PPSP.

e. **International versus national markets**

- i. **International competition:** Approaching the international market may be appropriate when the participation of foreign Bidders/Proposers will increase competition and deliver better VfM. Open international competitive procurement with international advertising is the Bank's preferred approach for complex, high-risk, and/or high-value contracts. In international procurements, national Bidders/Proposers are also eligible to participate.

For international competitive procurements, Borrowers are required to use the Bank's Standard Procurement Documents (SPDs). The range of SPDs covers the most widely used selection methods (e.g., RFB, RFP) and procurement categories (Goods, Works, Consulting Services, Non-Consulting Services) and a wide range of sector-specific documents.

Application of Rated Criteria for International Procurements

With a limited number of exceptions, all procurements that are subject to international competition and use a Bank SPD are required to apply Rated Criteria with a two-envelope procedure in the evaluation of Bids/Proposals. However, the use of Rated Criteria is not required in the procurement of pharmaceuticals, vaccines, off-the-shelf goods, educational materials, or commodities.

The Borrower/Proposer prepares the procurement documents based on the relevant Bank SPD. The SPDs are available in English, French, and Spanish on the Bank's [website](#).

The procurement documents describe the requirements and provide instructions to Bidders/Proposers on how to prepare and submit their Bids/Proposals. Accompanying them is the Bank's Guidance for Bidders/Proposers on [Finding Business Opportunities and Winning Contracts Financed by the World Bank](#).

- ii. **National competition:** For national open competitive procurement, the Borrower may use its own national procurement procedures and procurement documents so long as they are consistent with the Bank's Core Procurement Principles and so long as the Borrower ensures that the Bank's Anti-Corruption Guidelines and Sanctions Framework and contractual remedies, set out in the financing agreement, apply and have been agreed with the Bank.
- iii. Approaching the national market may be appropriate under the following circumstances:
 - a. When the procurement is unlikely to attract foreign competition because of:
 - i. the size and conditions of the market
 - ii. the value of the contract (refer to [Bank Guidance on thresholds for procurement approaches and methods by country](#))

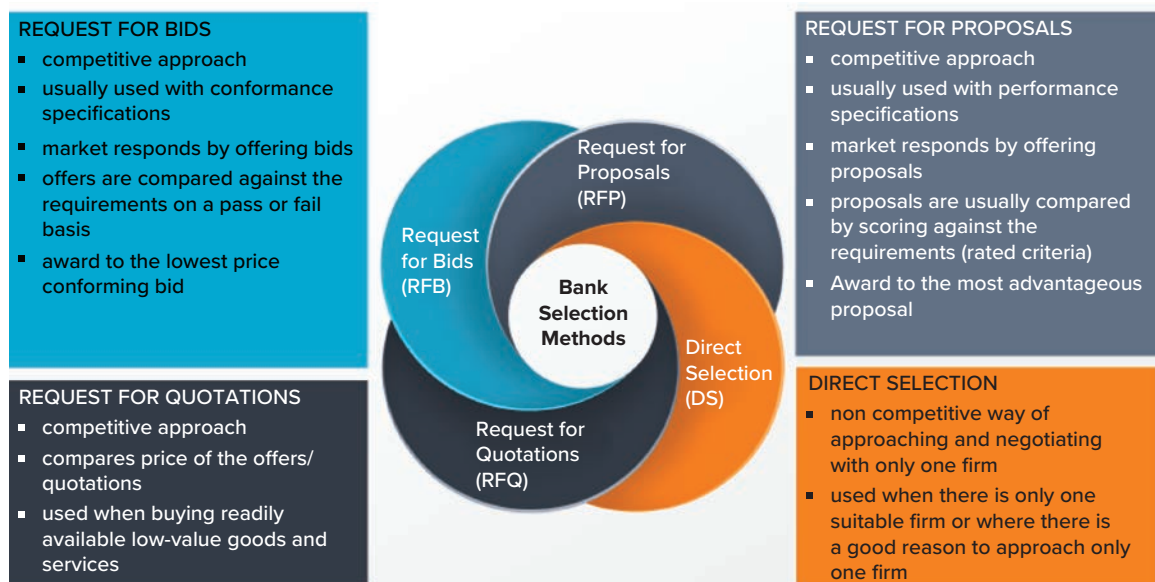
- iii. activities that are scattered geographically, spread over time, or are labor-intensive
 - iv. the local availability of the Goods, Works, or Non-Consulting Services at prices below the international market.
 - b. The advantages of approaching the international market are clearly outweighed by the administrative or financial burden involved.
 - c. If foreign firms wish to participate in open national competitive procurement, they may do so on the terms and conditions that apply to national firms.
- f. **Selection Methods: Goods, Works, and Non-Consulting Services**

The selection method is the procurement process by which the Borrower approaches the market and invites offers (e.g., issues RFB, RFP). The Borrower selects the appropriate selection method based on:

- i. the nature of the goods and services to be procured and the extent to which the Borrower is able to specify its requirements
- ii. the level of competition in the market and how many suppliers in the market are able to meet the Borrower's requirements
- iii. the estimated cost of the goods and services to be procured.

By way of an example, Figure 6 explains the selection methods for the procurement of Goods, Works, and Non-Consulting Services.

FIGURE 6 Selection Methods for Goods, Works, and Non-Consulting Services



g. Other market approach options for complex and/or high-value procurement

The Procurement Regulations (Section VI) provide other market approach options for complex and/or high-value procurements that are subject to international competitive procurement. These market approaches are subject to the following requirements:

- i. For transparency, their use must have been pre-disclosed in the procurement document issued to the prospective Bidders/Proposers,
- ii. The procurement is subject to the Bank's prior review owing to the level of risk and complexity, and
- iii. An independent probity assurance provider (prior agreed with the Bank) observes the opening of offers and any negotiations to ensure that the processes are fair and that all Bidders/Proposers are treated impartially.

These other market approach options are:

- i. **Competitive dialogue:** An interactive, multistage market approach option that allows dynamic engagement with Bidders/Proposers. Competitive dialogue may be appropriate when there is no solution currently available on the market, or when several alternative solutions exist that could meet the Borrower's requirements. It allows the Borrower and Bidders/Proposers to discuss and further refine the detailed technical and commercial arrangements required to support the solutions. It may also be appropriate where, as a result of the nature and complexity of the procurement, the Borrower is not objectively able to define its requirements or adequately specify the legal and/or financial arrangements and contract. For further guidance on how to undertake a competitive dialogue process, see [Bank Guidance on competitive dialogue](#).
- ii. **Best and Final Offer (BAFO):** A near final Bid in a multistage procurement process. After the first stage, which determines which Bids/Proposals meet the Borrower's requirements, the next stage involves providing those Bidder/Proposers an opportunity to submit their Best and Final Offer. BAFO is appropriate when the procurement process may benefit from Bidders/Proposers having a final opportunity to improve their offers, including by reducing prices, clarifying or modifying their offers, or providing additional information. It is normally particularly effective when markets are known to be highly competitive and there is strong competitive tension among Bidders/Proposers. See [Bank Guidance on Negotiations and BAFO](#).
- iii. **Negotiations:** In international competitive procurements, negotiations may be conducted following the evaluation of offers and before the award of contract. Negotiations may involve negotiating the terms and conditions, price, social and environmental aspects, and innovations. However, negotiations must not change the minimum requirements set out in the procurement documents. Unlike BAFO, which is conducted with several Bidders/Proposers in parallel, negotiations are undertaken first with the Bidder/Proposer determined by the Bank to have the best offer. Only if this negotiation is unsuccessful may the Borrower negotiate with the next best ranked Bidder/Proposer. For further guidance on BAFO, see [Bank Guidance on Negotiations and BAFO](#).

h. Selection methods: Consulting Services

When contracting individuals or firms to provide Consulting Services, Borrowers follow the approved selection methods for Consulting Services. For details of these methods, see Section VII of the Procurement Regulations.

2. Plan the Procurement

The Borrower is also required to prepare a Procurement Plan (PP), which is informed by analysis conducted and choices made in the PPSD. The PP is a detailed action plan that describes the procurement activities and sets out the schedule of dates. The PP includes:

- a. a brief description of what is to be procured
- b. the cost estimate for the procurement
- c. the selection method to be applied
- d. the time schedules for the key steps of the procurement process, from initiation of the procurement to completion of contract implementation,
- e. the type of Bank review that will apply.

In preparing the PP, the Borrower uses the Bank's online planning and tracking tool, called [STEP](#) (Systematic Tracking of Exchanges in Procurement). The Bank then reviews and agrees to the PP prior to completion of the loan negotiations; the final PP is then published on the Bank's website. The PP is a "living document." This means that it is designed to be updated regularly, at least annually during project implementation. Any updates to the PP are subject to the Bank's prior review.

3. Invite Offers

The Borrower informs the market of the procurement opportunity and invites Bids/Proposals through an invitation (e.g., an invitation for Bids/Proposals). For procurements subject to open international competition, the invitation is published:

- a. in a local newspaper of wide circulation and/or on a free access website, and
- b. on the UN Development Business website, and
- c. on the Bank's external website.

The Borrower provides to interested Bidders/Proposers a procurement document that includes:

- a. the instructions to Bidders/Proposers on how to prepare and submit their offers, including an explanation of how the MABP will be determined
- b. a description of the Borrower's requirements
- c. standard forms to be completed by the Bidder/Proposer in preparing its offers, and
- d. the draft contract.

For procurements subject to international competition, Borrowers are required to use the Bank's SPDs. For procurements subject to the Bank's prior review, the Borrower submits the procurement document for the Bank's review via STEP before inviting offers.

4. Receive and Open Offers

Borrowers should allow market participants sufficient time to review the requirements and prepare and submit their offers. For procurements involving international competition, this time is usually at least 30 business days from the date of publication of the SPN. During this period, Bidders/Proposers may request clarification of the procurement documents or the Borrower's requirements. Borrowers should address such queries in a timely manner and share the responses with all potential Bidders/Proposers.

Where Borrowers amend the procurement documents, the amendments should be sent to all potential Bidders/Proposers. For procurement subject to prior review, these amendments should be issued only after the Bank's review.

The procurement document specifies the address where offers are to be submitted and the time and place they will be opened. Opening is usually in public. An exception to a public opening arises when a closed opening may be justified with a BAFO, Competitive Dialogue, or Negotiations. A closed opening is not open to the public. Instead, a probity assurance provider observes the opening to ensure that the process is fair and ethical and that all Bidders/Proposers are treated impartially. The probity assurance provider's report is openly published later, at the time of the award of contract.

5. Evaluate Offers

Evaluation and qualification criteria are used by the Borrower to compare offers and determine the MABP.

Evaluation criteria, and the method for applying them, must be established during the early stages of the procurement. They must be published in the procurement documents issued to the Bidders/Proposers. This requirement supports transparency and integrity in the procurement process. It is essential that potential Bidders/Proposers understand the criteria by which their Bid/Proposal will be judged, and what criteria are the least to most important to the Borrower. In this way Bidders/Proposers will be better able to tailor their Bid/Proposal to meet the Borrower's requirements.

Evaluation criteria should be proportionate and appropriate to the type, nature, market conditions, complexity, risk, value, and objective of what is being procured. For further details on how to prepare evaluation criteria, see [Procurement Guidance, Evaluating Bids and Proposals](#).

The process to determine the MABP differs depending on the selection method used. There are two main types of evaluation and qualification criteria.

a. Monetarily quantifiable criteria

When setting monetarily quantifiable Evaluation Criteria, the Procurement Documents shall specify the relevant factors to be considered in the Bid/Proposal evaluation and the manner in

which they will be applied for the purpose of determining the evaluated financial cost of each Bid/Proposal.

Examples of where monetarily quantifiable criteria may be applied to determine the total evaluated Bid/Proposal financial cost may include, among others:

- i. margin of domestic preference (if agreed with the Bank)
- ii. time schedule adjustment
- iii. payment schedule adjustment
- iv. life-cycle costing
- v. functional guarantees min/max adjustment
- vi. adjustments for nonmaterial non-conformities
- vii. discounts.

Monetarily quantifiable criteria are most often used with an RFB selection method and a conformance specification.

b. Rated criteria

Use of Rated Criteria is mandatory for any Procurement Process subject to international competition and for which a Bank SPD is used. However, use of Rated Criteria is not required in the procurement of pharmaceuticals, vaccines, off-the-shelf goods, educational materials, or commodities.

Use of Rated Criteria allows the Borrower to achieve VfM by ensuring that, in addition to price, all relevant technical and qualitative non-price factors are taken into account in the determination of the MABP.

Rated Criteria are best suited to procurements that use a performance specification, whereby the Borrower specifies its desired outcomes and leaves the method of delivery of that outcome to the Bidder/Proposer to propose in its Bid/Proposal. RFP procurement processes are best suited to the use of a performance specification along with Rated Criteria.

Two-envelope process

In all cases where Rated Criteria are applied, the evaluation shall be conducted on the basis of a two-envelope procedure. Technical bids are opened and evaluated first. Then the financial envelopes of only those Bidders whose technical Bids are evaluated as responsive are opened and evaluated.

c. Evaluation process

The Borrower must apply the criteria and methodology described in the procurement documents. No variation or inconsistent application is permitted. During the evaluation stage the

Borrower may seek clarifications from the Bidders/Proposers, provided such clarification does not substantially alter the Bid/Proposal.

As part of the evaluation, if a Bid/Proposal is suspected of being “abnormally low,” there is a prescribed process that the Borrower must follow. “Abnormally low” means that the offer price, in combination with other elements of the offer, is so low that it raises material concerns as to the Bidder’s/Proposer’s capability to perform the contract for that price. The Borrower must check the price with the Bidder/Proposer by seeking written clarification. If the Bidder/Proposer fails to demonstrate its capability to deliver the contract for the offered price, the Borrower rejects the Bid/Proposal. For further details, see [Procurement Guidance: Abnormally Low Bids and Proposals](#).

The evaluation process is confidential and should not be disclosed to any persons not involved in the evaluation and award decision process until the Borrower’s Notice of Intention to Award has been transmitted to all Bidders/Proposers.

The Borrower prepares a report of the evaluation process. For procurements subject to the Bank’s prior review, the evaluation report is subject to review by the Bank before the Borrower communicates its intention to award the contract.

6. Contract Award

The award of the contract is made to the Bidder/Proposer that submits the MABP.

- a. Where Rated Criteria are not used, the MABP is:

the Bid/Proposal of the Bidder/Proposer that meets the qualification criteria and whose Bid/Proposal has been determined to be:

- i. substantially responsive to the RFBs/RFPs document,
- ii. the lowest evaluated cost.

- b. Where Rated Criteria are used, the MABP is:

the Bid/Proposal of the Bidder/Proposer that meets the qualification criteria and whose Bid/Proposal has been determined to be:

- i. substantially responsive to the RFBs/RFPs document,
- ii. the highest-ranked Bid/Proposal, based on a combination of price and technical/quality/non-price criteria.

- c. In Consulting Services, the MABP is the best evaluated Proposal.

At the contract award phase, the Borrower cannot simply sign the contract with the successful Bidder/Proposer, as several steps must first be completed to ensure transparency and accountability in the procurement process.

Notification of Intention to Award

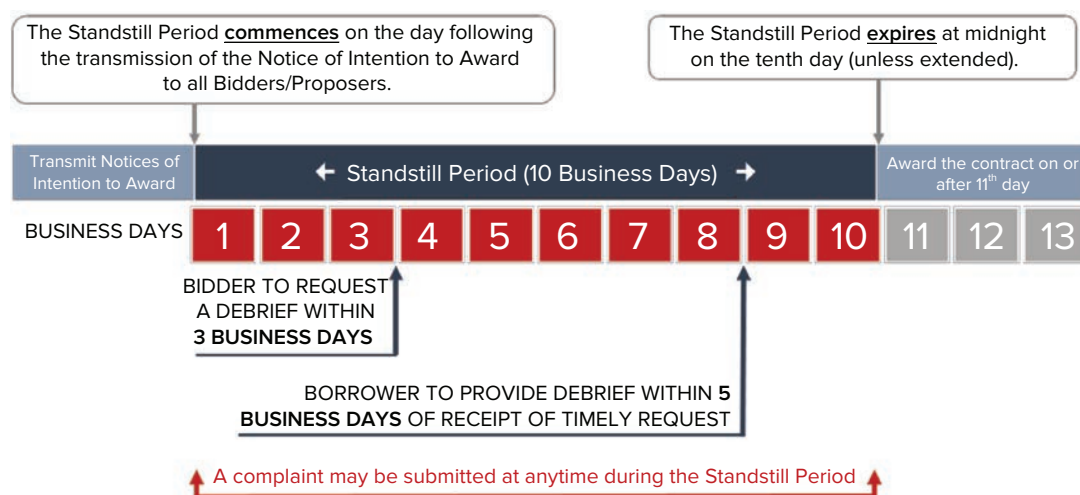
Following the decision to award the contract to the Bidder/Proposer with the MABP,, the Borrower promptly sends a written notification of its intention to award the contract to each Bidder/Proposer that submitted a Bid/Proposal. This is called the Notification of Intention to Award. The Notification must be sent to all Bidders/Proposers at the same time and by the quickest means available (e.g., by email). Sending the Notification of Intention to Award initiates the Standstill Period.

Standstill Period

The Standstill Period is a period of ten business days following transmission of the Notification of Intention to Award.

During this period there is a pause in the process, during which the Borrower is prohibited from entering into a contract with the successful Bidder/Proposer. The purpose of the Standstill Period is to allow unsuccessful Bidders/Proposers an opportunity to understand why they were not successful, (they may request a debriefing) and to provide them an opportunity to submit a Complaint about the decision to award the contract, if relevant.

FIGURE 7 The Standstill Period



There are procedures for requesting a debriefing and submitting a complaint. The Standstill Period will be automatically extended if a Bidder/Proposer has requested a debriefing on time, but the Borrower has been unable to provide the debriefing on time.

For procurements subject to prior review, the Borrower's draft response to a complainant is submitted for the Bank's prior review before it is issued to the complainant. For information on the Standstill Period, debriefing, and complaints, see [Procurement Guidance: Procurement-Related Complaints](#).

w. Expiry of Standstill Period

Upon expiry of the Standstill Period, after complaints have been addressed (if appropriate), the Borrower may proceed to award and sign the contract with the successful Bidder/Proposer. The Borrower does this by transmitting the notification of award to the successful Bidder/Proposer.

x. Contract Award Notice

The Borrower shall publish a public notice of the award of contract. This is called the Contract Award Notice. There are rules about what information must be included in the notice (see Procurement Regulations 5.93 to 5.95). The notice should be published:

- i. on the Borrower's website with free access, or if not available, in at least one newspaper of national circulation, or
- ii. in the official gazette.

For international competitive procurements, the notice must also be published:

- i. on the UN Development Business website, or
- ii. on the Bank's website.

The Borrower submits the Contract Award Notice to the Bank for publication through STEP.

7. Contract Management

Successful delivery of contracts requires systematic planning and monitoring to ensure that both parties to the contract are aware of their responsibilities and perform them in a timely manner. To support these activities, the Borrower prepares a Contract Management Plan. The plan should be finalized before contract implementation starts. The key objectives of contract management are to ensure that the contract is:

1. delivered on time, at the right place, and in the right quantity
2. performed to the required specifications, standards, and quality
3. completed within the agreed price.

For more information, see the Bank's Guidance:

1. [Contract Management, General Principles](#)
2. [Contract Management, Practice](#).

Simplified Process for Emergencies and Capacity Constraints

The Procurement Regulations allow greater flexibility and simplification for procurements occurring in relation to emergency situations or when the Borrower has certain capacity constraints. Emergency situations are those in which assistance is urgently needed owing to a natural or man-made disaster

or conflict. Capacity constraints may result from fragility or specific vulnerabilities as a small state. Such situations often merit a quick procurement response to address the emergency or a customized approach to address the capacity constraint.

In these situations, the Regulations permit the Borrower to tailor its procurement approach to support a fast response. It can determine the most fit-for-purpose selection method, contract arrangement, and market approach option that will deliver the best possible procurement result in the response time required. For example, it is possible to use UN agencies to achieve results on the ground by delivering Goods, Works, Non-Consulting Services, and Consulting Services. The Bank may also provide HEIS to supplement the Borrower's procurement capacity.

For further details, see Bank Guidance [Situations of Urgent Need of Assistance or Capacity Constraints](#)

Additional Resources

Procurement Framework

The World Bank's Procurement Framework was launched in July 2016. It modernizes the World Bank's procurement policy and maximizes the strategic role of procurement in achieving key development goals. The Framework promotes tailored procurement approaches that emphasize choice, quality, and achieving Value for Money with integrity, delivering sustainable development and enabling tailored adaptation to country contexts.

Mandatory Documents

Regulations: [Procurement Regulations for Investment Project Financing \(IPF\) Borrowers](#)

Policy: [Procurement Policy in IPF](#)

Directive: [Procurement Directive](#)

Procedures: [Procurement Procedure](#)

Procurement Guidance

A range of user support material has been developed to assist implementation of the Procurement Framework. Guidance can be found on the Procurement Framework [webpage](#) and includes information about the following topics:

Abnormally Low Bids and Proposals

Bank Reviews – Post Review, Independent Procurement Review, and Integrated Fiduciary Reviews

Competitive Dialogue: How to undertake a Competitive Dialogue Procurement Process

Complaints – Procurement-Related Complaints

Conflict of Interest (see Template section below for declaration template)

Contract Management, General Principles

Contract Management, Practice

ESHS – Environmental, Social, Health & Safety in Procurement

Evaluating Bids and Proposals Using Rated Criteria

Framework Agreements

Guide for Borrowers – Procurement under World Bank IPF

Guide for Suppliers – Finding Business Opportunities

HEIS – Hands-on Expanded Implementation Support

Health – A Buyer's Guide to Medical Diagnostic Equipment

Health – Engaging an Expert Consultant for Medical Diagnostic Equipment

Negotiations and BAFO – in Procurement of Goods, Works, and Non-consulting Services

Noncompliance in IPF Operations

PPSD Guidance Long Form – Project Procurement Strategy for Development

PPSD Guidance Short Form – Project Procurement Strategy for Development

PPP – Public Private Partnerships

SEA/SH – Prevention and Response Measures in Procurement Q&As

Situations of Urgent Need of Assistance or Capacity Constraints

SPDs An Overview – Standard Procurement Documents

Supply Chain Management

Supply Chain Management – An introduction and practical toolset

Sustainable Procurement

Thresholds for Procurement Approaches and Methods by Country

Value for Money

Templates

A range of user tools and templates is available on the Procurement Framework [webpage](#). These include the following:

Contract Price Adjustment Computation Workbook (Excel)

PPSD Template – Long Form

PPSD Template – Short Form

GPN Template

Textual Part of Procurement Plan

Letter of Acceptance of Anti-Corruption Guidelines and Sanctions Framework

Requests for Expressions of Interest sample format

Conflict of Interest Declaration Template

Standard Procurement Documents

[Standard Procurement Documents](#)

Learning

[E-Learning Programs for Borrowers](#)

Contact the World Bank

Borrowers may contact the World Bank to seek further information and guidance. The first point of contact should be the Bank's local office in the Borrower's country, if there is one. The address for each local office is available on the "Where We Work" web page:

1. Navigate to the web page [Where We Work](#)
2. Select the appropriate country
3. On the Country page, under the "Overview" tab, scroll to the bottom of the page, where Country Office Contact information is listed.

Borrowers may also contact the Task Leader for the project, who will connect them to relevant World Bank procurement staff and further resources.

You may contact any Bank staff member by calling: +1 202-473-1000



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