

Program-for-Results: Procurement

World Bank financing represents only 1-2 percent of developing country spending. By extending good procurement practices to an entire government program, Program-for-Results, will enable the Bank to achieve the biggest impact with its limited resources on the approximately 20 percent of developing country public expenditure in procurement.

We will be able to extend our internationally acclaimed procurement principles beyond simply World Bank financed programs, strengthen the procurement standards and transparency in client country systems and expenditures, without diminishing World Bank procurement standards in any way.

High Value Contracts Excluded

- All high value contracts will be excluded, i.e. all contracts above a certain level will be excluded from Program-for-Results or will be subject to Investment Lending (IL) procurement policies.

(High value contracts are defined presently as \$50 million for Works, Turnkey and Supply and Installation contracts, \$30 million for Goods, \$20 million for IT systems and Non-consulting Services, and \$15 million for Consulting Services, i.e. the bulk of the volume of contracts *prior-reviewed* by the Bank)

Rigorous Upfront Assessment

- We will assess the entire procurement systems of the country's program, including the capacity to manage fraud and corruption risks, expanding the Bank's commitment to good procurement beyond activities financed by Investment Lending.
- Each operation will be assessed against important criteria similar to those of the current Bank procurement policy applicable to IL operations including: adoption of public advertisement of all bids; no restrictions on competition; fair and transparently applied bid evaluation criteria; acceptable conditions of contract; effective complaint mechanisms; and strong anti-corruption measures.
- The assessment will include:
 - ❖ Identification of key risks and agreed actions to manage those risks;
 - ❖ Capacity building activities that the Bank will help the borrower with, including with technical assistance;
 - ❖ Key improvements in borrowers procurement performance which may be linked to disbursements of Bank funds; and
 - ❖ Benchmarks against which procurement system performance will be monitored during implementation of the program.

Strong Complaint Mechanisms

- Bidders will have access to complaints mechanism, which they currently enjoy under IL operations for high-value contracts. As with IL, bidders will also have the ability to complain directly to the Bank if they believe the Borrower is unresponsive to their complaints or treated them unfairly under applicable rules and processes.
- During the implementation of a Program-for-Results operation, the Bank will monitor the procurement system performance and the implementation of agreed actions. Failure to meet agreed obligations will allow the Bank to invoke its legal remedies

In a Program-for-Results Operation
procurement rules and procedures
 are **acceptable, clear, and easily accessible;**
 contracts are **competitively bid with adequate**
advertising; and **evaluation and award criteria are disclosed**
 consistently applied. **contract conditions are**
nondiscriminatory and *balanced between the employer and contractor;*
 contracts are **managed efficiently;** the performance of the
 procurement system is **adequate;** and there are **appropriate**
complaint mechanisms.

Cautious Roll-out

- In the first few years, lending will be limited. Category A activities and high value contracts will be excluded from Program-for-Results. The Bank's commitment to openness and transparency will be applied to the entire program. We will prepare a progress report after two years of implementation, which will be discussed with the Bank's Board of Executive Directors and disclosed publicly. An early evaluation of implementation by the Independent Evaluation Group is also planned.

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