Bank Directive

Procurement in IPF and Other Operational Procurement Matters

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Content
Sets out the operational rules and general roles related to procurement activities financed by IPF operations, the Bank’s support to Borrowers in the area of building procurement capacity, and other operational procurement matters

Applicable to
IBRD, IDA

Issuer
Vice President, OPSVP

Sponsor
Chief Procurement Officer, OPSPR
SECTION I – PURPOSE AND APPLICATION

1. This Directive sets out the operational rules and general roles related to (a) the procurement of goods, works, non-consulting services, and consulting services financed by the Bank (in whole or in part) through IPF operations, excluding procurement under Bank guarantees and under Bank-financed loans made by eligible financial intermediaries, for which the final recipient of loan funds is a private borrower; (b) the Bank’s support to Borrowers in the area of building procurement capacity; and (c) other operational procurement matters.

2. This Directive applies to the Bank.

SECTION II – DEFINITIONS AND ACRONYMS

As used in this Directive, the capitalized terms and acronyms have the meanings set out (a) in Section II of the Procurement Policy, or (b) below.

1. ADM: accountability and decision-making roles set out in the “Guidance on the Accountability and Decision Making Framework.”

2. Concept Review: a review through which a management decision is made on whether to proceed with the preparation of the IPF operation described in paragraph 7 of Section III of the IPF Directive.

3. GP: Global Practice.

4. GGP: Governance Global Practice.

5. INT: Integrity Vice Presidency.


7. LEG: Legal Vice Presidency.


9. OPSPF: Standards, Procurement, and Financial Management, OPCS.


13. **Procurement Procedure**: Bank Procedure, “[Procurement in IPF and Other Operational Procurement Matters](#).”

14. **Procurement Regulations for Borrowers**: “[World Bank Procurement Regulations for IPF Borrowers](#).”

15. **Professional Accreditation and Standards Panel for Procurement (PASP)**: a panel carrying out the functions set out in the Procurement Procedure.

16. **SIP Director**: Solutions and Innovations for Procurement Director, GGP.

17. **STEP**: Systematic Tracking of Exchanges in Procurement.

18. **Team Leader (TL)**: Bank staff assigned to lead IPF task teams.

19. **WBG Institutions**: IBRD, IDA, IFC, or MIGA.

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**SECTION III – SCOPE**

**A. Procurement Assessment**

1. During project preparation, the Bank assesses procurement-related risks (in addition to non-procurement risks) that may affect the project and Bank financing, and considers any procurement arrangements that may be appropriate for the project, including the Bank’s implementation support and monitoring of the project, and the Borrower procurement support requirements.

2. In addition to the exception stated in paragraph 12(a) of Section III of the IPF Policy, to facilitate the Bank’s response to situations of urgent need of assistance or capacity constraints described in paragraph 12 of Section III of the IPF Policy, the Bank (a) may accept a simplified PPSD; (b) may accept streamlined procurement arrangements taking into account the context and the risk, value, and complexity of the procurement; and (c) may accept the use of Borrowers’ national procurement arrangements pursuing the Procurement Regulations for Borrowers.

**B. Procurement Rules and Procedures Applicable to the Borrower**

The terms and conditions governing the procurement of goods, works, non-consulting services and consulting services financed under the project are set out in the legal agreement between the Bank and the Borrower. These terms and conditions include, except when APA apply, the requirements set out in the Procurement Regulations for Borrowers.

**C. Monitoring of Procurement-related Compliance and Implementation Support**

1. Pursuant to paragraph 21 of Section III of the IPF Policy, the Bank carries out its procurement-related implementation support and monitoring through a risk-based approach, adjusted to reflect project-/portfolio-related circumstances. The approach may include the use of prior and
post reviews, as well as independent procurement reviews, and other fiduciary mechanisms appropriate to the underlying level of risk of a specific project or portfolio.

2. **Prior review.** Generally, the Bank carries out prior review (an ex-ante review of the Borrower’s planned procurement actions) of high-value and/or high-risk procurement activities financed by the Bank. The Bank sets monetary thresholds for prior review based on procurement risk ratings. In exceptional cases, the Bank may (a) require prior review below specified monetary thresholds if it determines that there is a substantially increased risk associated with the planned procurement activities; and (b) may agree that high-value procurement activities that otherwise would be subject to prior review may be subject to post review if it determines that such procurement activities present low or moderate procurement risk.

3. **Post reviews** examine procurement activities after they are completed by the Borrower. The Bank may rely on third parties, such as supreme audit institutions, individuals and firms, acceptable to the Bank, to carry out post reviews.

4. In projects in situations of urgent need of assistance or capacity constraints described in paragraph 12 of Section III of the IPF Policy, if the Borrower has limited institutional procurement capacity for the proposed IPF, the Bank may agree to provide hands-on expanded implementation support at the appropriate stage of procurement. Such support may include (a) drafting procurement documents; (b) identifying strengths and weaknesses of bids/proposals; (c) observing dialogues and negotiations with bidders/consultants; and (d) drafting procurement reports and contract award documentation. Project execution remains the Borrower’s responsibility, and, except in projects for which the Bank has agreed to execute start-up activities under paragraph 12 (c) of Section III of the IPF Policy, hands-on expanded implementation support does not result in the Bank’s executing procurement on behalf of the Borrower.

D. **Alternative Procurement Arrangements**

1. The justification for APA, including risks and benefits, is identified and assessed as early as possible during project preparation, and is described in the relevant project documents. The APA justification describes, among other things (a) why the APA would be the most appropriate procurement arrangement to support the Borrower in achieving the project’s development objectives; and (b) how the APA would (i) provide adequate assurance that the proceeds of Bank financing will be used only for the purposes for which the financing would be granted, and (ii) meet the requirements set out in Section III.F.2 of the Procurement Policy.

2. When the Bank approves APA, the terms and conditions of the APA are set out in the legal agreement with the Borrower and other relevant parties.

3. If the terms and conditions of the APA are not complied with, the Bank has the right (in addition to its other contractual rights) to revoke or modify its agreement allowing the use of the APA.

E. **Roles, Responsibilities, and Accountabilities**

1. Procurement-related functions in the Bank are carried out primarily by OPCS (OPSPF), GGP, and LEG staff, and members of task teams.
2. **OPCS (CPO)** is responsible and accountable for the general oversight of the Procurement Framework, including the following functions:

   a. interpreting, proposing or concurring with revisions to (i) the Procurement Policy, (ii) this Directive, and (iii) the Procurement Guidelines;
   b. interpreting, and approving revisions to, (i) the Procurement Procedure, and (ii) the Procurement Regulations for Borrowers;
   c. issuing, interpreting, and approving revisions of (i) the Bank’s standard procurement documents, and, (ii) specific forms of agreements required for procurement (i.e. United Nations, public private partnership, etc.);
   d. monitoring the overall functioning of the Procurement Framework and the Procurement Guidelines within the Bank;
   e. clearing waiver proposals related to (i) the Procurement Policy, (ii) this Directive, and (iii) the Procurement Guidelines;
   f. approving waiver proposals related to (i) the Procurement Procedure, and (ii) the Procurement Regulations for Borrowers;
   g. deciding on procurement standards and accreditation of staff;
   h. chairing the PASP;
   i. establishing thresholds parameters for prior review and other procurement-related processes;
   j. clearing APA proposals;
   k. chairing OPRC and deciding on requests for procurement clearance of OPRC-threshold contracts;
   l. advising on and providing central monitoring of procurement-related complaints;
   m. in collaboration with the GGP, designing and initially implementing training on the Procurement Framework, including the Procurement Regulations for Borrowers;
   n. leading and representing the Bank in operational procurement matters, both internally and externally, including the harmonization of Bank procurement rules and dialogue on Procurement Framework matters with other multilateral or bilateral organizations and development agencies;
   o. leading sectoral/industry engagement programs with providers;
   p. in collaboration with the GGP, designing and updating STEP; and
   q. carrying out ADM functions specified in this Directive, the Procurement Procedure or other operational rules.

3. The **GGP (SIP Director)** is responsible and accountable for the implementation of the Procurement Framework, including the following functions:

   a. allocating accredited procurement staff to task teams and supervising them;
   b. providing project implementation support and monitoring, including (i) hands-on expanded implementation support, (ii) procurement and fiduciary assurance, and (iii) issuing procurement clearance within accreditation levels;
c. advising on waivers of the Procurement Procedure and the Procurement Regulations for Borrowers;

d. making operational staffing decisions (recruitment, promotion, work allocation, etc.);

e. overseeing staff development and general procurement training;

f. functioning as the deputy chair of the PASP;

g. developing and implementing a framework for building country procurement and integrity systems;

h. implementing STEP; and

i. carrying out other project-specific ADM functions specified in this Directive, the Procurement Procedure, or other operational rules.

4. LEG provides advisory services on legal procurement matters, including the following functions:

a. advising OPCS on procurement policy issues;

b. advising OPCS, the GGP, and the other GPs on legal procurement issues in operational activities;

c. representing LEG in the OPRC and providing legal advice to the CPO;

d. providing legal advice on responses to procurement-related complaints, and attending debriefings by the Bank for procurement-related complaints that raise legal issues;

e. advising on matters of procurement-related noncompliance, including misprocurement;

f. providing legal advice to GGP on country legal and institutional assessments and capacity-building activities;

g. in coordination with the CPO, participating in the Bank’s dialogues with the legal procurement community, professional associations and international organizations on legal procurement aspects of Bank procurement policy and international procurement standards; and

h. carrying out other project-specific functions as set forth in this Directive, the Procurement Procedure or other operational rules.

5. **Task teams** (headed by TLs, and including procurement-accredited staff) are responsible and accountable for project-level procurement support and procurement monitoring activities, including the following functions:

a. carrying out project procurement-related risk assessments and proposing appropriate procurement arrangements, and monitoring the implementation of risk mitigation measures;

b. assisting the Borrower in the preparation of the PPSD and Procurement Plan;

c. issuing Bank a no-objection to a Borrower’s decision that requires procurement clearance, subject to the procurement clearance;

d. reviewing procurement-related complaints;
e. monitoring contract management, including by carrying out physical inspections, and monitoring contractual disputes;

f. maintaining a filing system for all procurement matters related to the project;

g. providing hands-on expanded implementation support; and

h. carrying out other project-specific ADM functions specified in this Directive, the Procurement Procedure or other operational rules.

F. Inter-institutional Operational Conflict of Interest

WBG Institutions other than the Bank may (a) have a financial interest in potential providers of goods, works, non-consulting services, and consulting services for contracts financed by the Bank; or (b) be engaged in advisory services for the Borrower related to the project. In such cases, actual, potential, or perceived conflict of interest is addressed in accordance with the Procurement Procedure, taking into account, as appropriate, the “Inter-institutional Operational Conflict of Interest Guidelines.”

G. Procurement-Related Complaints, Contract Disputes, and Other Communications

1. Timely resolution of procurement-related complaints is critical to avoid undue delay in and disruption to project implementation. The Bank requires Borrowers to make reasonable efforts to address such complaints fairly and transparently.

2. The Bank requires Borrowers to record all procurement-related complaints, contractual disputes, and other communications in the appropriate tracking system agreed with the Bank.

H. Support to Borrowers in Procurement Capacity Building

1. The Bank may support Borrowers in their effort to strengthen their procurement capacity. The Bank may provide support at the project level or as part of the country/sector dialogue, through a range of activities, funding, technical advice, and implementation support, taking into account country, sector, entity/agency, or project considerations.

2. On a project level, during project preparation and throughout its implementation, the Bank identifies Borrower’s procurement capacity-building needs, and the staffing, funding, consulting services, training, and other actions proposed to address those needs, as well as the technical advice and implementation support needed from the Bank at the project level.

3. On a country/sector level, the Bank may support the Borrower’s procurement institutional and regulatory reforms and procurement capacity-building efforts through assessments, technical assistance, and advisory services.

SECTION IV – WAIVER

The provisions of this Directive may be waived in accordance with the Bank Policy “Operational Policy Waivers”, and the Bank Procedure “Operational Policy Waivers and Waivers of Operational Requirements.”
SECTION V – EFFECTIVE DATE

This Directive is effective on July 1, 2016.

SECTION VI – TRANSITIONAL ARRANGEMENTS

1. Preparation activities for IPF operations with Concept Review prior to July 1, 2016, follow BP 11.00 only for capacity and risk assessment, supervision planning, and procurement planning, including procurement strategy for the project and procurement plan. By meeting the requirements of BP 11.00, these operations fulfill the requirements of Section III.G of the Procurement Policy and Section III.A of this Directive.

2. Unless the Bank and the Borrower agree to use the Procurement Regulations for Borrowers, Procurement Guidelines apply to (a) IPF operations under implementation on July 1, 2016; and (b) IPF operations under preparation (i) with Concept Review decision prior to July 1, 2016; and (ii) with Management decision prior to July 1, 2016 to proceed with the preparation of a project for which there is no Concept Review.

3. In exceptional cases, with the CPO’s approval, the Procurement Guidelines may apply to additional IPF operations when there is a financing gap, cost overrun or similar cases.

SECTION VII – ISSUER

The issuer of this Directive is the OPSVP.

SECTION VIII – SPONSOR

The sponsor of this Directive is the CPO, OPCS.

SECTION IX – RELATED DOCUMENTS


Bank Policy, “Investment Project Financing.”


Bank Directive, “Procurement in IPF and Other Operational Procurement Matters”
Bank Policy, “Procurement in IPF and Other Operational Procurement Matters.”


Bank Procedure, “Procurement in IPF and Other Operational Procurement Matters.”


“Guidance on the Accountability and Decision Making Framework.”

“Instructions: Additional Financing for Investment Project Financing.”

“Instructions: Investment Project Implementation Support to Project Completion.”

“Instructions: Preparation of Investment Project Financing (Track 1).”

“Instructions: Preparation of Investment Project Financing (Track 2).”

“Instructions: Preparation of Investment Project Financing - Situations of Urgent Need of Assistance or Capacity Constraints.”

“Instructions for Suspension, Cancellation and Placement of Bank Loans in Nonperforming Status.”

“Inter-institutional Operational Conflict of Interest Guidelines.”


“World Bank Procurement Regulations for IPF Borrowers.”

WBG Sanctions Framework.

SECTION X – REVISION HISTORY

November 1, 2017: This updates the Procurement Directive issued on June 28, 2016 to reflect a revision of paragraph 2, Section III.A, to facilitate the Bank’s response to situations of urgent need of assistance or capacity constraints described in paragraph 12 of Section III of the IPF Policy. In addition, it updates the new nomenclatures of (i) the IPF framework, retrofitted into the Bank
Policy, Policy and Procedure Framework; and, (ii) SIP (formerly Public Integrity and Openness). Finally, it clarifies roles and responsibilities between OPCS and GGP regarding the design, update and implementation of STEP.

Questions about this Directive should be addressed to the CPO, OPCS