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Operations Policy & Country Services

The World Bank Procurement Framework: the role of public procurement in preventing corruption

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Milano, March 16, 2017

Governance at the World Bank – Key to Achieving our Goals

- Governments and citizens engaging to design and apply policies that improve lives
- The underlying drivers of policy effectiveness: commitment, coordination, and cooperation
- Effective institutions – the machinery of government (form and function)
- Building capacity (to implement policies) and power asymmetries
- The rule of law and the role of law
- Confronting corruption

The Logic of Modern Procurement Rules

- Regulate interactions between government and domestic/international markets
- Instrument of public policy
- Drive behavior toward functional performance
- Seek innovative solutions to deliver better services with value for money and integrity
- Protect management integrity
- Balance key stakeholders' interests
- Make strategic use of technology

Why is a Sound Procurement System Central to Preventing Corruption?

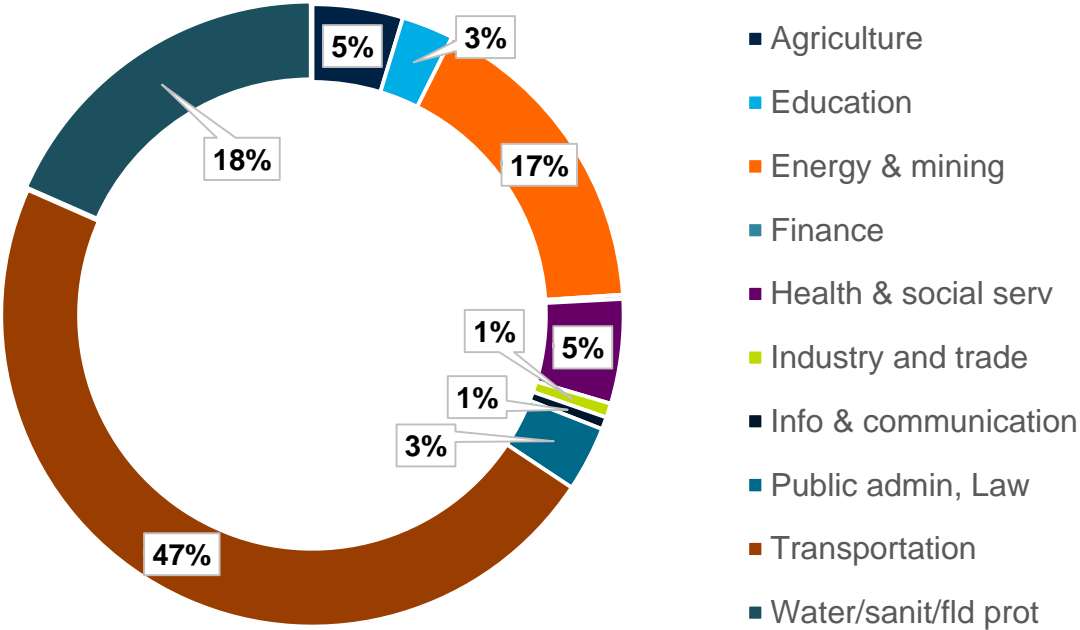
- Government activity most vulnerable to F&C - approximately a third of government spending, and 12% of GDP in OECD countries
- Corruption distorts allocative efficiency, inhibits, innovation, and inflicts major, long lasting costs on societies
- Preventing corruptions helps generate fiscal savings and engenders trust in institutions

World Bank Procurement's Significant Global Impact

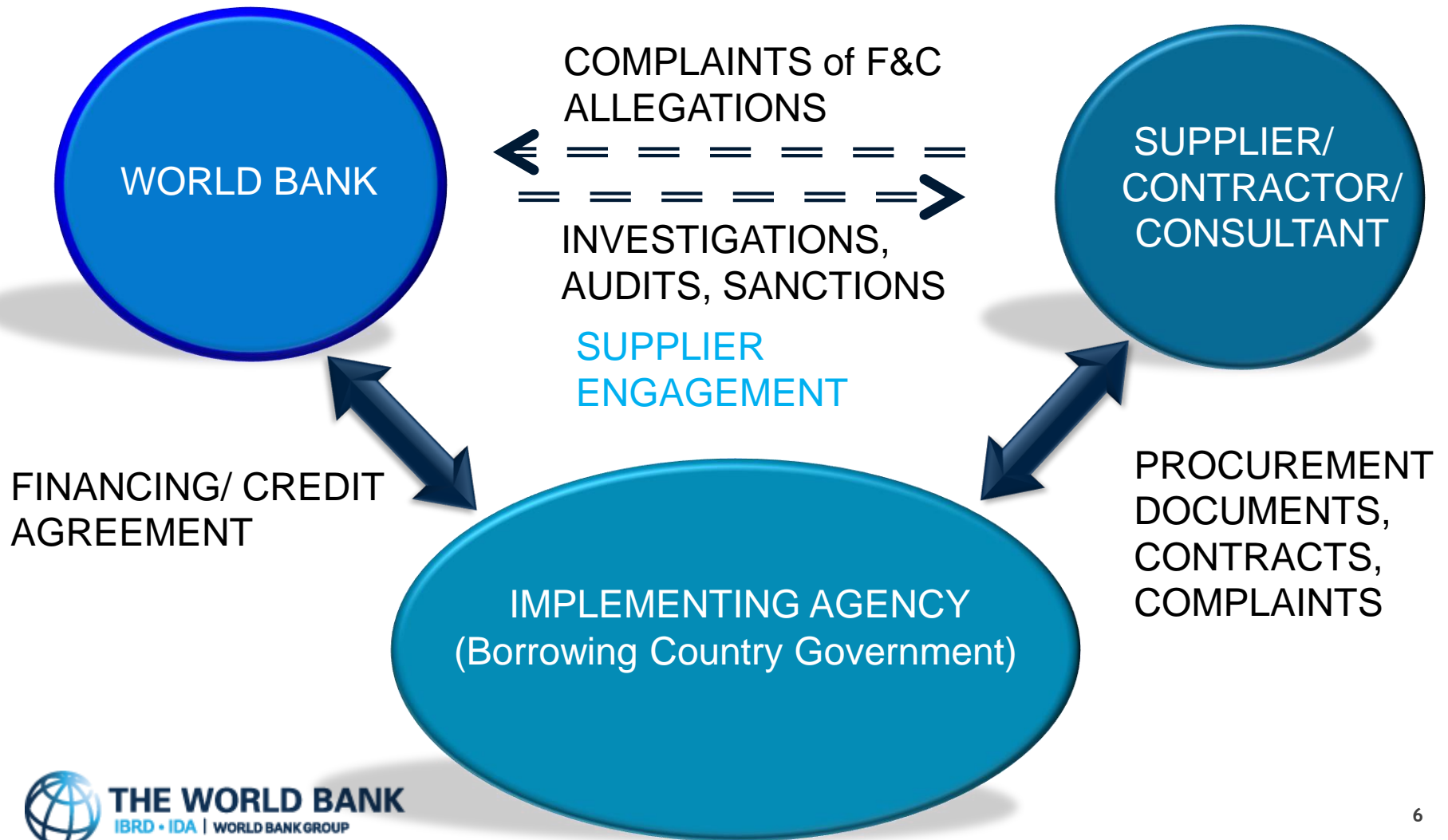
- Bank funds over 1,800 investment projects in 136 countries
- Active project portfolio worth about US\$80 Billion in total
- Annual IPF procurements circa \$14 to \$20 Billion
- Finances government-led procurement in a variety of industries and sectors
- Approximately 6,000 contracts awarded annually
- Approximately 340 projects currently utilizing the new Framework
- Operating model includes 250 procurement staff based in 72 countries to support projects and build capacity
- Benchmarking Public Procurement (180 countries); Global Partnership; support to reforms, presence in other global fora

Top Areas For Spend In FY16 (Worldwide)

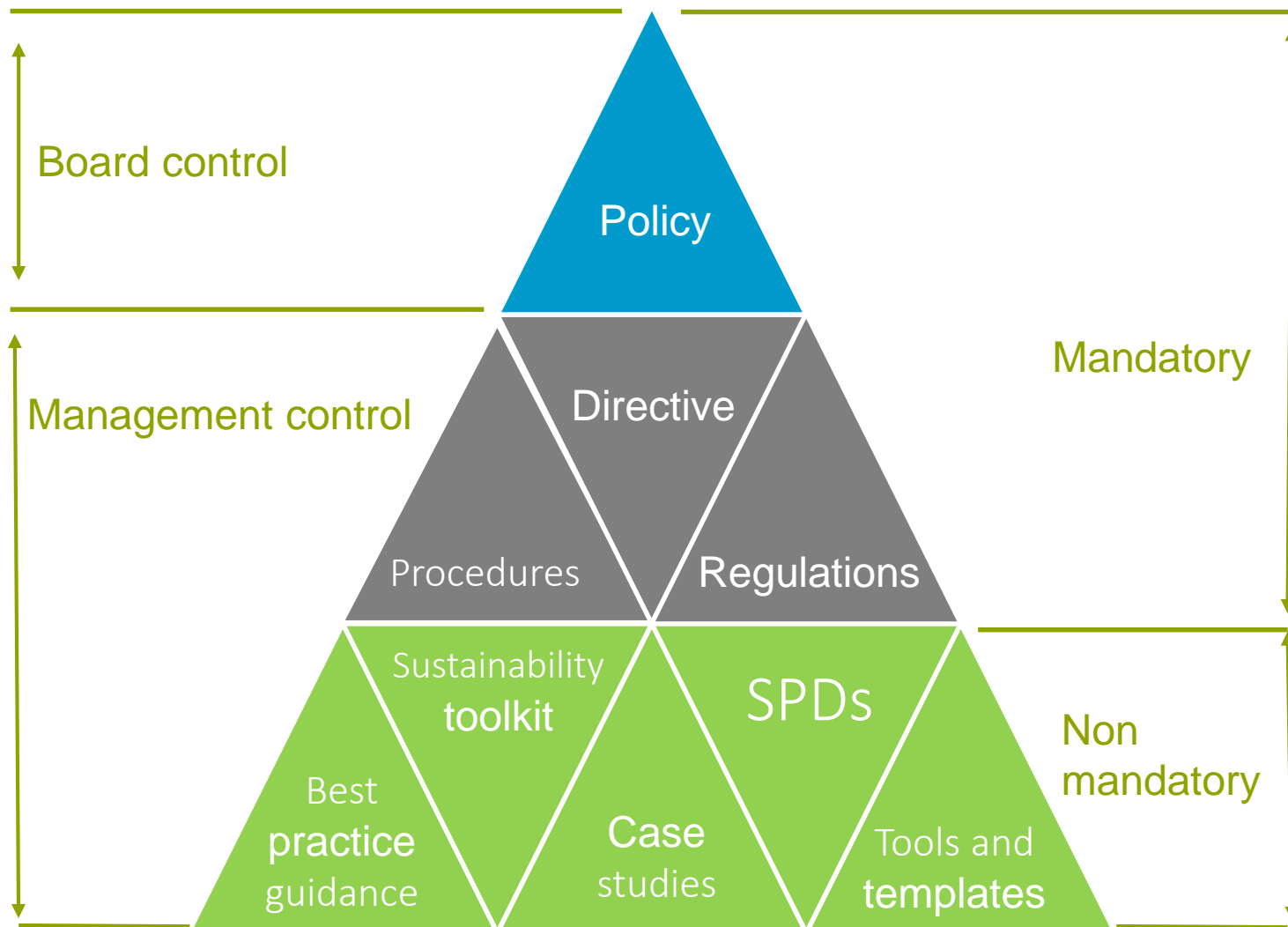
\$80 Billion



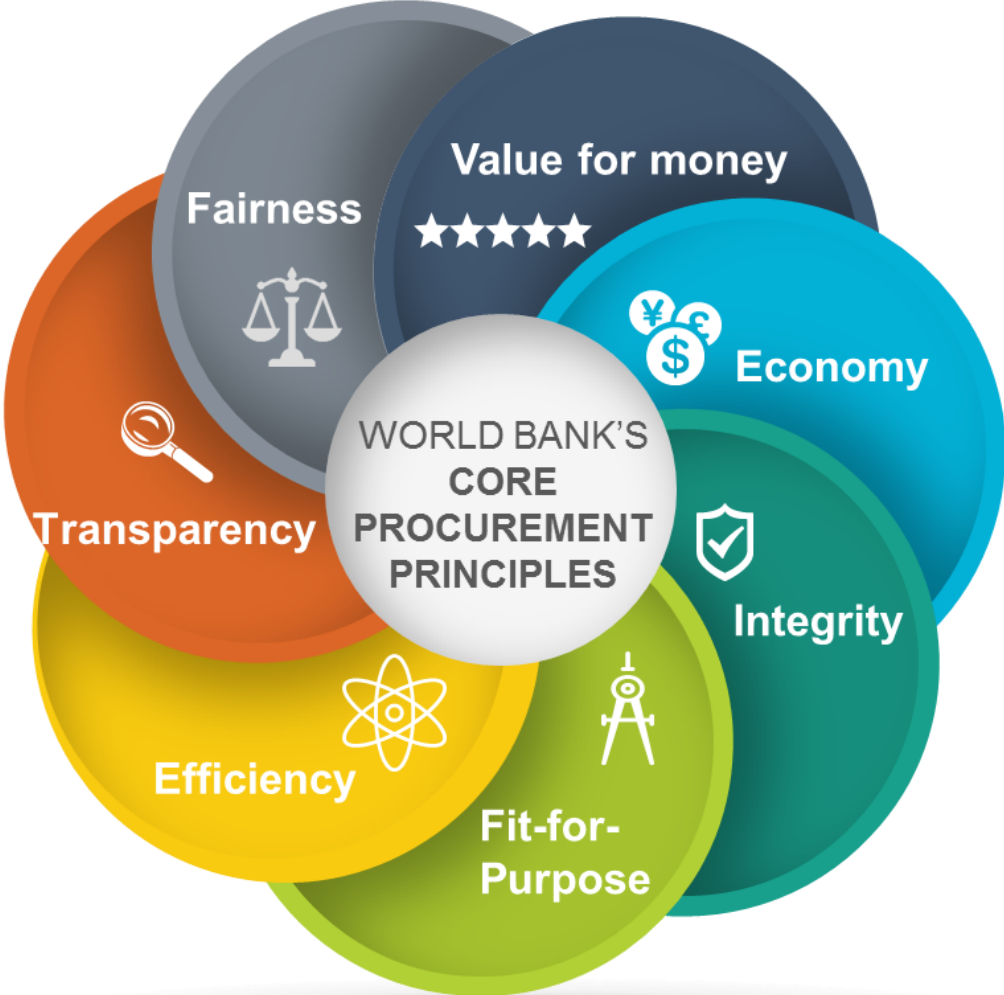
Contractual Relationships



New Procurement Framework for IPF



Core Procurement Principles



Key Features

- More upfront analysis and design
- More options for tailored procurement approaches, and hands-on expanded implementation support
- Promotes strategic engagements with providers
- Enables the use of sustainable procurement criteria
- Improves the approach to resolving procurement-related complaints (e.g. stand-still period)
- More involvement in contract management to ensure the best possible outcomes and that problems are resolved quickly
- Risk-based and proportional
- Enhances integrity, transparency, and accountability

Greater Focus On Procurement Planning

- Project Procurement Strategy for Development (PPSD)
 - new market analysis and procurement planning tool
 - risk-based approach
 - addresses how the procurement will support development and deliver best VfM
 - forms the basis of the procurement plan
 - proportional to the risk, value and complexity of the procurement
 - short version for low-value, low-risk projects
 - simplified version for emergency situations
 - living document – can be updated periodically
 - electronic procurement planning and monitoring system (STEP)

Promoting Integrity

- Bank's Anti-Corruption Guidelines and sanctions procedure
- Up-front dialogue on integrity matters to determine appropriate integrity controls in support of the selected procurement method and approaches (competitive dialogue, negotiations)
- Greater interaction on integrity matters with specialists in relation to actual contract delivery and results measurement
- Use of technologies—e-procurement, open data, and geo-tagging of procurement activities

Promoting Integrity - continued

- Ineligibility for debarment now covers participation. This resolves issues on whether a sanctioned firm could participate in a procurement process (short-list, pre-qualifications, etc.)
- Acceptance of national debarments to the Bank's satisfaction (related to F&C, issued by a judicial or administrative entity, under a due process) -not limited to NCB
- Letter of Acceptance of WB ACG for APAs, PPP (Bank financing after the PPP contract award), national procedures

Anti-corruption Provisions

- Bank's Anti-corruption provisions are contained in full in each SPD:
 - defining the sanctionable practices of corruption, fraud, collusion and coercion
 - sanctioning those engaged in sanctionable practices
 - declaring ineligibility of those sanctioned in according with WB prevailing sanctions policies
 - requiring Bank's right to inspect
- Where SPDs are not used, (e.g. alternative procurement arrangements, national competitive procurement) consultants will be required to accept the application of, and agreed to comply with, the Bank's Anti-corruption provisions

Sanctionable Practices

- Corrupt practices
- Fraudulent practices
- Collusive practices
- Coercive practices
- Obstructive practices

Unlocking the Power of Information

- Open Contracting
- Data analytics – measuring performance
- Focus on outcomes rather than procedure, including for corruption indicators
- Comprehensive data consumption strategies
- Citizens' participation and closing the feed-back loop
- Beneficial Ownership

Open Contracting

- Improving the disclosure of contract information and data by providing guidance on the type of data to be published and by proposing application of open and standardized disclosure formats
- Creating opportunities for stakeholder participation for effective use of information and data in the monitoring and oversight of contract management
- Advancing mechanisms for constructive multi-stakeholder engagement around contract performance
- 19 countries adopted OC commitments during UK Anti-corruption summit and 5 of these have programs with the WB

Beneficial Ownership

- Natural person who ultimately owns or controls a company (25% or more)
- FATF recommendations and evolving international practice
- Aligned with initiatives on AML, company registration, anti-terrorism, and Stolen Assets Recovery
- WB Standard Procurement Documents require winning bidder to provide B/O information
- Information published with contract award
- Misrepresentation of B/O information may be investigated and sanctioned

World Bank Procurement App

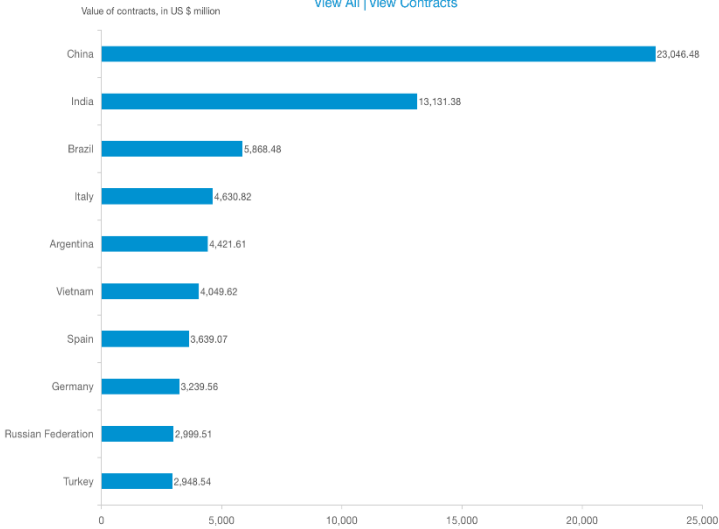
- Historic Procurement data on major contract awards
- The App enables the public to look at:
 - who won what, where, and how much
 - ratios
 - trends
 - supplier rankings
- Easy to slice data by type, place, year, and company
- Enables the public to easily explore large amounts of data
- Includes an email feature that exports charts, figures, and tables
- Free for iPad and iPhone from the Apple Store

World Bank Procurement App [\(link\)](#)

Worldwide All Sectors All Regions All Categories All Method FY2004 to FY2015

Top Supplier Countries

[View All](#) | [View Contracts](#)

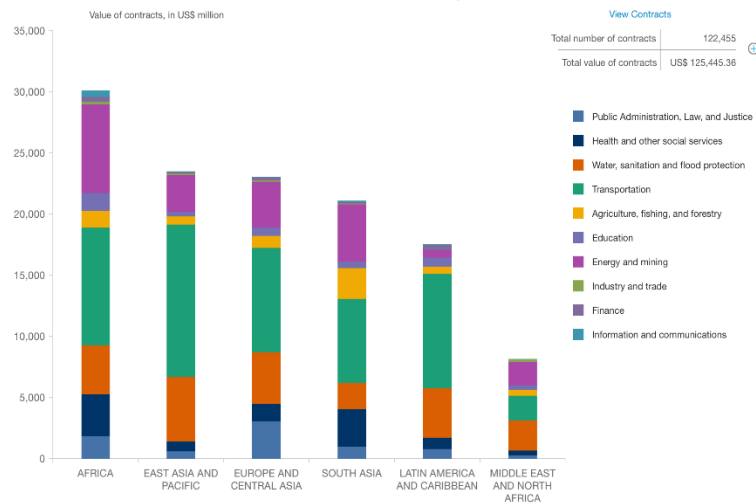


Data as of 6 December 2014 - <http://finances.worldbank.org/procurement>

Worldwide All Sectors All Regions All Categories FY2004 to FY2014

Prior Reviewed Contracts by Region by Sector

[View Contracts](#)

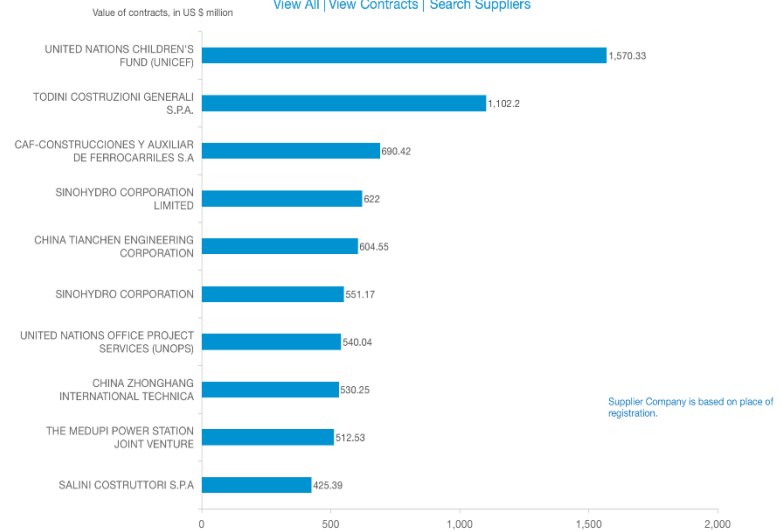


Data as of 14 Sep 2014 - <http://finances.worldbank.org/procurement>

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Top Suppliers

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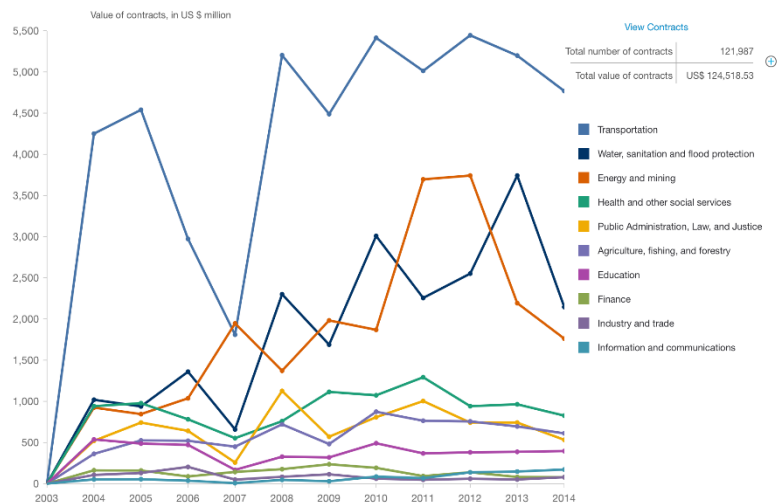


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Worldwide All Sectors All Regions All Categories FY2004 to FY2014

Prior Reviewed Contracts by Sector Over Time

[View Contracts](#)



Data as of 14 Sep 2014 - <http://finances.worldbank.org/procurement>

World Bank Group Finances App

- Access the Bank portfolio of projects, finances, and upcoming/key procurement opportunities:
 - nine different languages (Arabic, Bahasa Indonesia, Chinese, English, French, Hindi, Portuguese, Russian, and Spanish)
 - locate any project including the awarded contracts
 - receive Procurement/Tender Notices and follow business opportunities in more than 100 countries
 - get updates on pending projects in the pipeline, as well as latest approved projects
 - check the disbursements data, updated monthly, and the contributions to Trust Funds
 - engage with the Bank by sharing, following its projects and investments, or reporting back

Managing The Procurement Portfolio - STEP



- ✓ Records all contracts
- ✓ Tracks all performance
- ✓ Identifies risks at activity level
- ✓ Helps inform risk assessment
- ✓ Verifies supplier eligibility
- ✓ Reduces risk of ineligible payments
- ✓ Captures competition data
- ✓ Facilitates market analysis
- ✓ Automates publication of data
- ✓ Enables open contracting
- ✓ Migrates existing data
- ✓ Staging area for client systems
- ✓ Simplifies access to data
- ✓ Enhances analytics

Leveraging Global Fora and Collaboration

- MDB harmonization – cross-debarment
- OECD - MAPS
- PEFA, GIFT, SDGs
- Global standards (INTOSAI, IFAC, etc.)
- G-20 (illicit financial flows, tax transparency, Beneficial Ownership, etc.)

MAPS

- Harmonized tool to assess procurement systems
- Provides direction for reform
- Core assessment and several modules
- Guided by OECD Recommendations on Public Procurement (value for money, transparency, fairness, and good governance)
- Contextual elements (e.g. secondary policy objectives)
- Qualitative and quantitative indicators
- Validation and Secretariat services