

# World Bank Procurement Framework & Business Opportunities

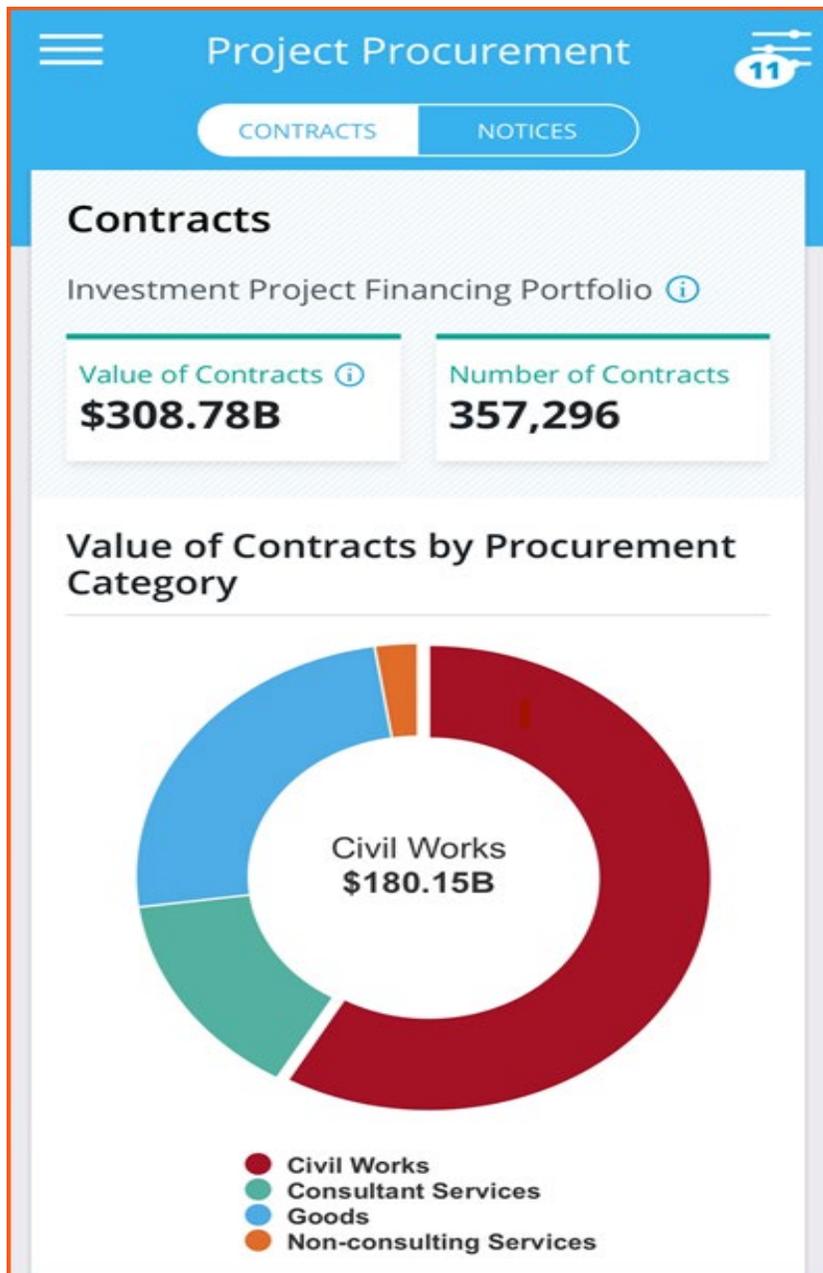
Outreach Conference for Private sector on Bidding Opportunities and new Complaint Management system in Lao PDR

Application of Rated Criteria in World Bank Procurement



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# World Bank Global Portfolio

- Total Spend = US\$ 308 billion
- Bank supports infrastructure development US\$180 billion globally which includes a significant volume of civil works contracts
- Multiple global initiatives and organizations emphasize sustainable infrastructure with very similar approaches
- Bank has developed specific policies to manage Environmental and Social (ES) risks, with additional requirements for large civil works

# Why bid on Bank-funded contracts?



- Billions of dollars worth of business



- Opportunities to work globally
- Opportunities to enter developing markets



- Equal opportunity & fair treatment
- Certainty of process & high standards of integrity
- High certainty of payment



- Variety of contract sizes
- Opportunities suitable for SMEs to large multinationals

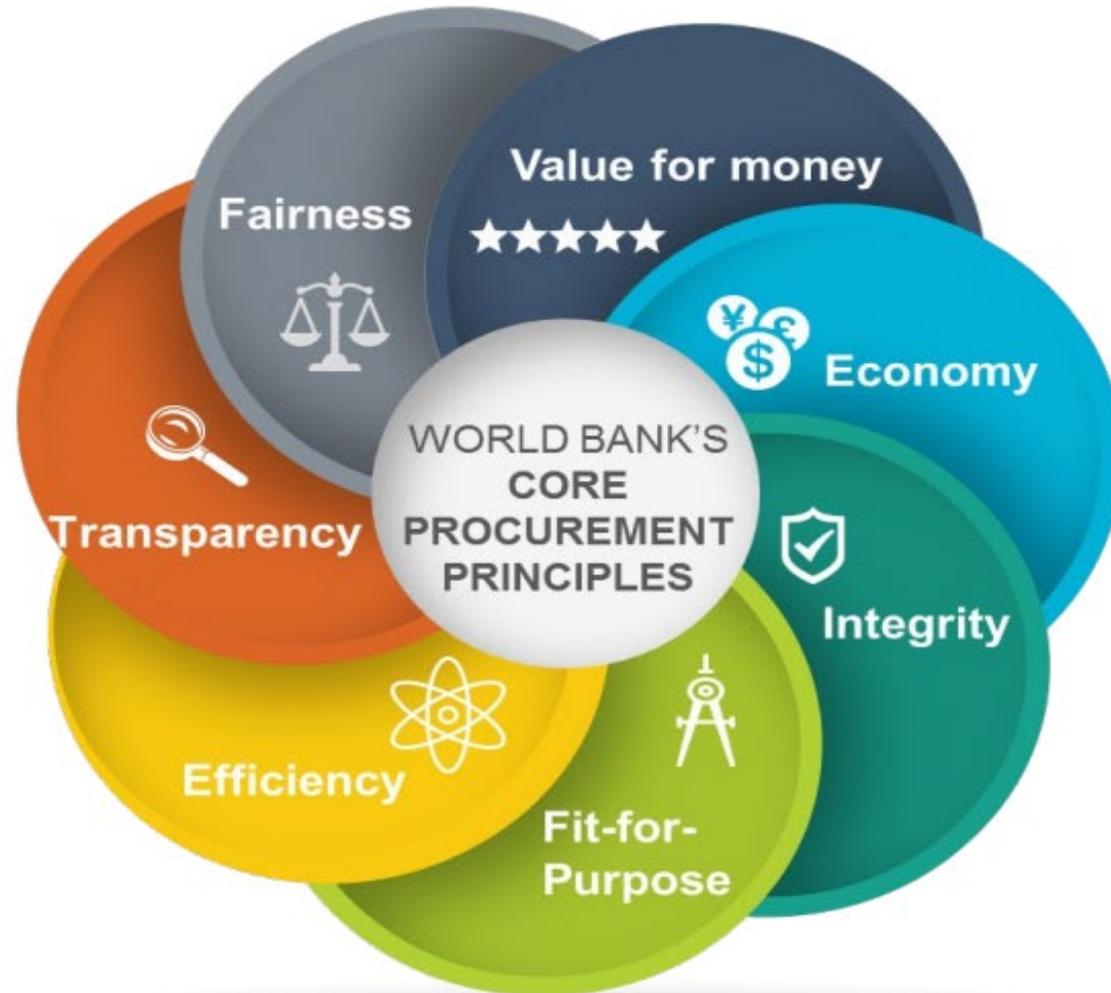


- Wide variety of sectors
- Demand for variety of specializations

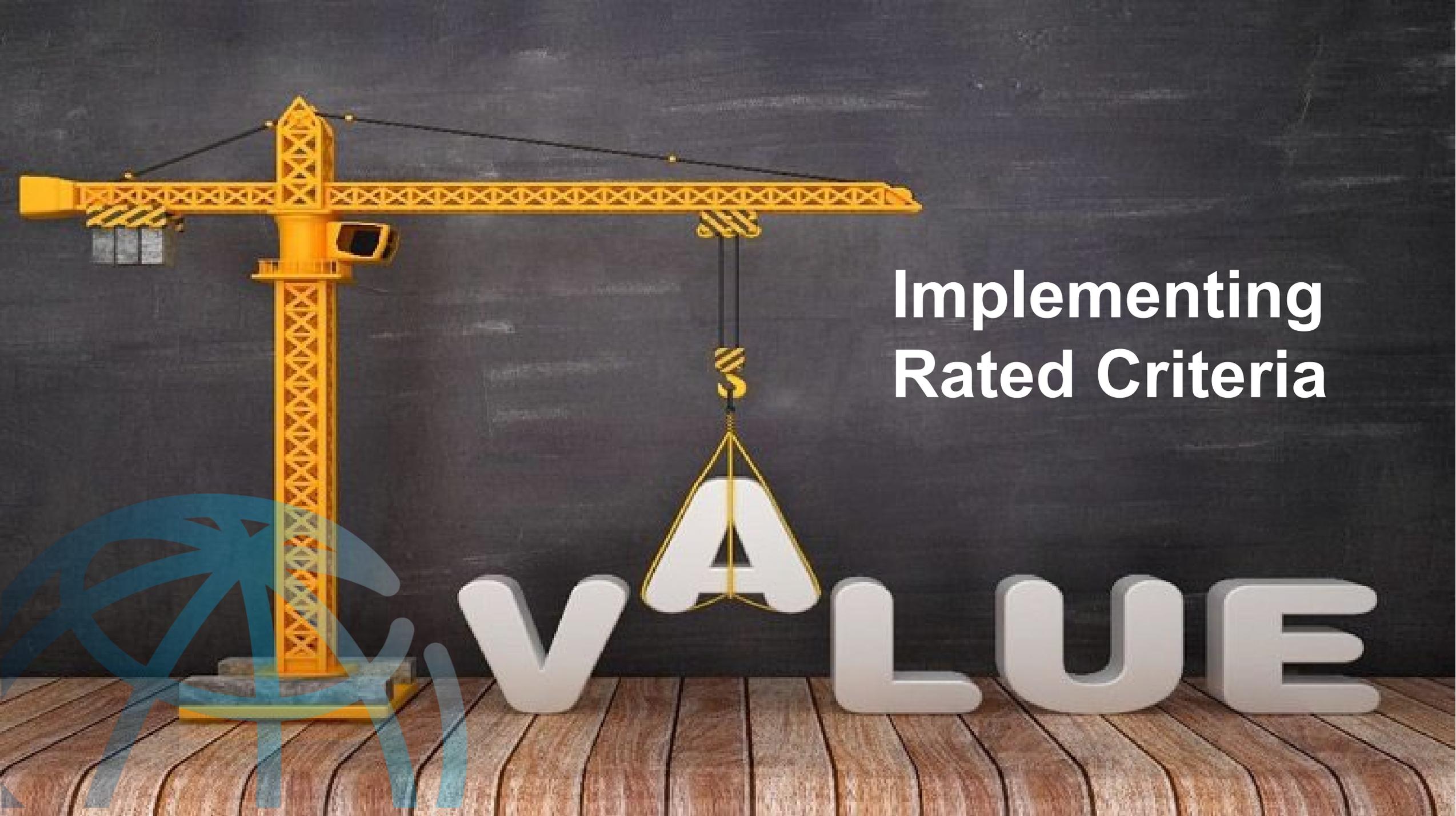
# Procurement Vision & Core Principles

## VISION

*“Procurement in Investment Project Financing supports Borrowers to achieve value for money with integrity in delivering sustainable development”*







# Implementing Rated Criteria

VALUE

# What are Rated Criteria?

***Rated Criteria are used to evaluate non-price attributes of Bids/Proposals, including quality, risks/mitigations, opportunities, sustainability, and other technical aspects***

# Using Rated Criteria

## ■ General Principles

- Rated Criteria are subset of Evaluation Criteria, within the whole Evaluation Approach
- Rated Criteria are qualitative and help measure differentiation of Bids/Proposals
- Prioritized and focused on critical technical matters
- Weighted according to importance
- Tailored to specific project needs (avoid a cookie cutter approach)
- Use two-envelopes for all applicable procurements

## ■ Common issues that Rated Criteria may assess:

- Works methodology
- Extent technical proposal exceeds minimum requirements
- Credibility of related plans, risk assessments, proposed approaches to implement the contract, deliver environmental & social objectives etc.
- Experience and skills proposed key personnel

# Where to use Rated Criteria?

**All new International Procurements advertised or invited on or after September 1, 2023, using a Bank Standard Procurement Document\* must use Rated Criteria**

\*However, application of Rated Criteria is not mandatory for:

- Pharmaceuticals
- Vaccines
- Off the shelf goods and educational materials (e.g., published academic textbooks)
- Future commodities

# What are Rated Criteria?

- **Rated Criteria may:**
  - Be a statement of qualitative aspects of a requirement (*e.g. the timber must be sourced from independently certified sustainable sources*)
  - Specify the minimum standard where requirements are mandatory (*e.g. the road must be at least 5 meters wide*)
  - Seek solutions (*e.g. design a flood defense to protect from a 1 in 200-year flood event*)
  - Specify the minimum quality by setting a Minimum Quality Threshold score (*e.g. Bidder/Proposer's Labor Management Plan must score at least 3 out of 4 to proceed*)
  - Be input, outcome or performance based
- **Rated Criteria should be:**
  - **Scorable** and able to be rated to justifiably differentiate Bids/Proposals
  - Specific and proportionate - designed to address project objectives, risks and issues

# Developing Rated Criteria

- Bid/Proposal Documents must include full details of the Evaluation Approach, Rated Criteria, weightings and the specific manner they will be applied
- The overall number being kept to the essential minimum, having too many makes identification of the optimal bid more difficult
- **Focus will be on the technical aspects that enable scored differentiation** between Bids/Proposals
- Once the Bidding/Proposal Documents have been issued, any changes to the Evaluation Approach may only be made through addenda (giving sufficient time to consider changes)

# Environmental & Social (ES) Risk Management

**Environmental and Social (ES) risks include:**

Resettlement

Labor force influx

Community health and safety

Occupational accidents

Environmental protection

Sexual exploitation and abuse (SEA) and sexual harassment (SH)

# Environmental & Social (ES)

## Relevance for procurement

- Bank's ES policies are a cornerstone of the World Bank's approach to ensure strong protections for people and for the environment
- Bank's policies require ES risks to be assessed and addressed through specific ES instruments (e.g., Environmental and Social Management Plans)
- Many ES risks must be managed by the contractor building the infrastructure – so the Bank has integrated ES considerations throughout the procurement process e.g.:
  - specification and KPIs
  - contractor's Code of Conduct
  - ES reporting
  - contractors ESMPs regularly updated
  - contract variations to address ES risks
  - role of engineer to oversee implementation
  - contractual remedies



# Protecting vulnerable communities

## Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH)

- Gender-based Violence (GBV):
  - affects 1 in 3 women in their lifetime
  - entails significant social and economic costs estimated at 3.7% GDP
- SEA/SH incidents have occurred in Bank-financed projects - perpetrated by contractors' personnel against community members
- The Bank's new SEA/SH measures apply to large Works contracts classified as high-risk SEA/SH
- New Bank remedy - 2 years "disqualification" for non-compliance with GBV obligations; after which strengthened qualifications must be demonstrated



# Advancing Use of Rated Criteria

- Since 2016, the Bank's Procurement Framework has enabled use of Rated Criteria
- Currently used extensively in Consulting Services, Information Systems and Plant
- Rated Criteria are used to assess non-price factors such as quality, sustainability and innovation aspects of Bids/Proposals
- Rated Criteria help Borrowers award contracts on factors which are not limited to just price
- Globally, more countries are using Rated Criteria when determining contract award
- Works, Goods and Non-consulting Services contracts are still mainly awarded on "lowest evaluated price"
- Effective September 1, 2023, Rated Criteria will be required for most International Procurements which are higher value contracts but relatively few in number

# Why this Change...

- Greater use of Rated Criteria will further contribute to successful contract outcomes
- Helps create new opportunities for improving risk management, by ensuring supply chains are secure, sustainability issues are considered, cybersecurity risks are addressed as well as factoring climate impacts into award decisions
- Combined with price and life cycle cost formulas, Rated Criteria provide a truer assessment of value that incorporates quality, sustainability, and other key criteria
- Increases the contribution of procurement to Bank priorities such as GRID and Paris Alignment
- Rated Criteria create incentives for highly qualified bidders to participate in bidding and allows them greater flexibility to provide tailored and innovative solutions
- According to the OECD, Rated Criteria reduces the risk of collusion, including bid rigging, in procurement processes

# Preparations in Lao PDR

- Revised the value thresholds for international market approach. All Works contracts valued up to \$5 Million will now follow National Market approach (earlier limit was \$2 Million).
- All Goods and Non consulting Services contracts valued up to \$1 Million will now follow National Market approach (earlier limit was \$600,000).
- Project staff trained on use of rated criteria application
- Information sessions for bidders
- Special Bidders conferences for high value contracts with rated criteria application

# Links to useful information

## **World Bank's Procurement Regulations for IPF Borrowers**

<https://policies.worldbank.org/sites/ppf3/PPFDocuments/Forms/DispPage.aspx?docid=4005>

## **Standard Procurement Documents (SPD) templates**

<http://www.worldbank.org/en/projects-operations/products-and-services/brief/procurement-new-framework#SPD>

## **Guidance on SPDs**

<http://www.worldbank.org/en/projects-operations/products-and-services/brief/procurement-new-framework>

## **Guidance on finding business opportunities**

<http://pubdocs.worldbank.org/en/767421522948635843/Procurement-Guidelines-finding-opportunities-2018.pdf>

## **Guidance on how to complain**

<http://www.worldbank.org/en/projects-operations/products-and-services/brief/procurement-new-framework>

## **Video: World Bank Procurement – how to bid**

<http://www.worldbank.org/en/news/video/2016/03/30/world-bank-procurement-video>

# Identifying opportunities - links

## **World Bank website**

<https://www.worldbank.org/>

## **International development procurement notices (UNDB)**

<https://devbusiness.un.org/>

## **FinancesOne**

<https://financesapp.worldbank.org/>

## **Procurement App**

<https://itunes.apple.com/us/app/world-bank-project-procurement/id911312962?mt=8>

## **Country Partnership Frameworks**

<https://www.worldbank.org/en/projects-operations/country-strategies>

## **Monthly Operational Summary**

<https://www.worldbank.org/en/projects-operations/products-and-services/brief/monthly-operational-summary>

## **Project Documents**

<https://projects.worldbank.org/en/projects-operations/projects-home>

## **Procurement plans**

<http://projects.worldbank.org/procurement/procurementsearch?lang=en&&&qterm=&showrecent=true&srce=plans>