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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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# Sound Procurement is at the Heart of Good Governance

- Governments and citizens engaging to design and implement policies that improve lives
- Effective institutions and the machinery of government
- The rule of law and the role of law
- A central, but evolving role in confronting corruption

# 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, and inflicts major, long lasting costs on societies
- Preventing corruptions helps generate significant fiscal savings and engenders trust in institutions

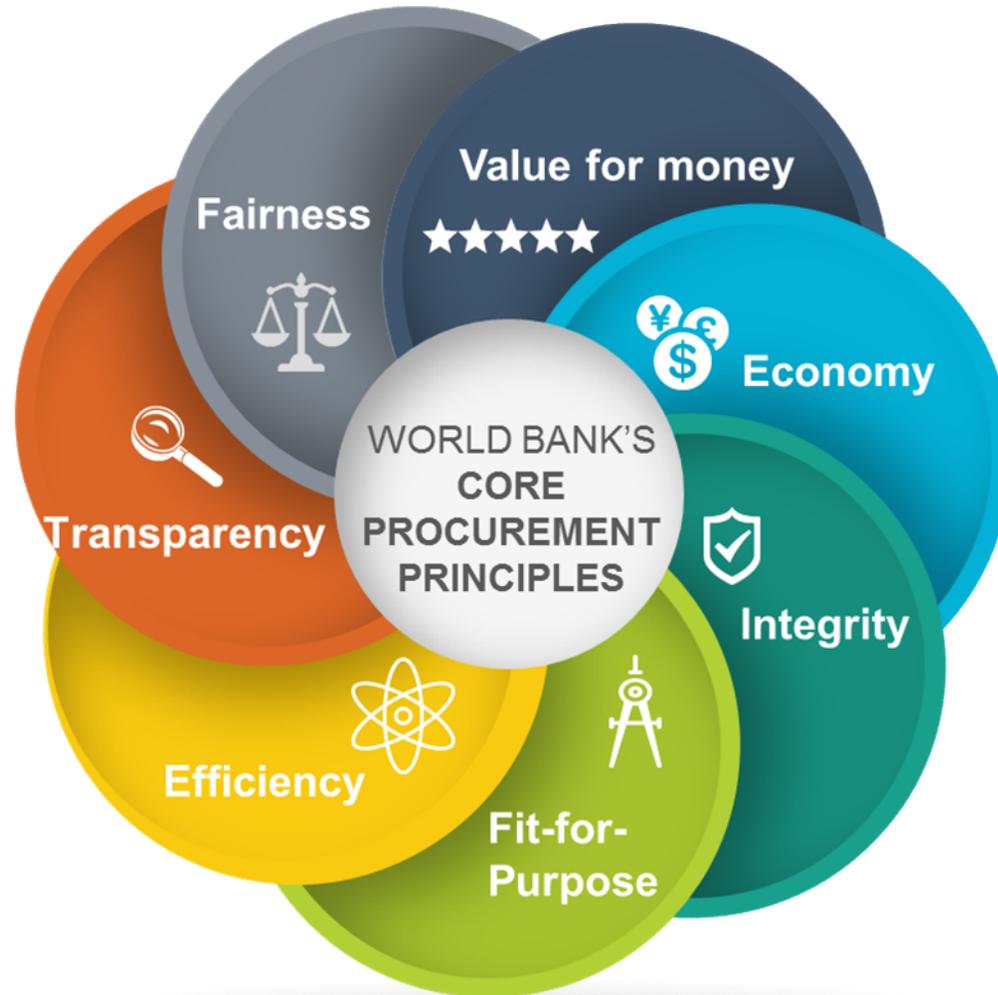
# The Logic of Modern Procurement Rules

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

# The World Bank's Global Impact

- Bank funds over 1,800 investment projects in 136 countries
- Generates up \$20 Billion a year procurement market
- Approximately 6,000 contracts awarded annually
- Support to modernization in most countries of operation
- Benchmarking Public Procurement (180 countries so far)
- Global partnerships and knowledge sharing

# 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
  - 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

# Unlocking the Power of Information

- Adequate and timely disclosure
- 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

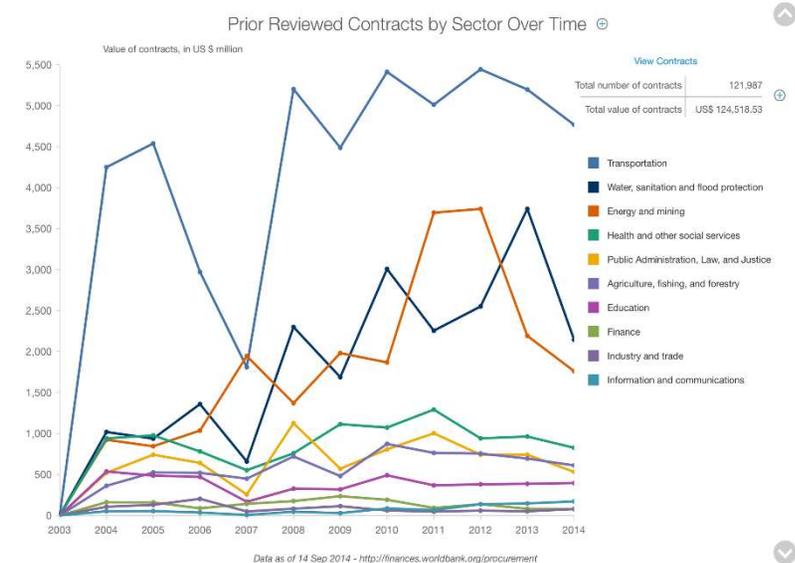
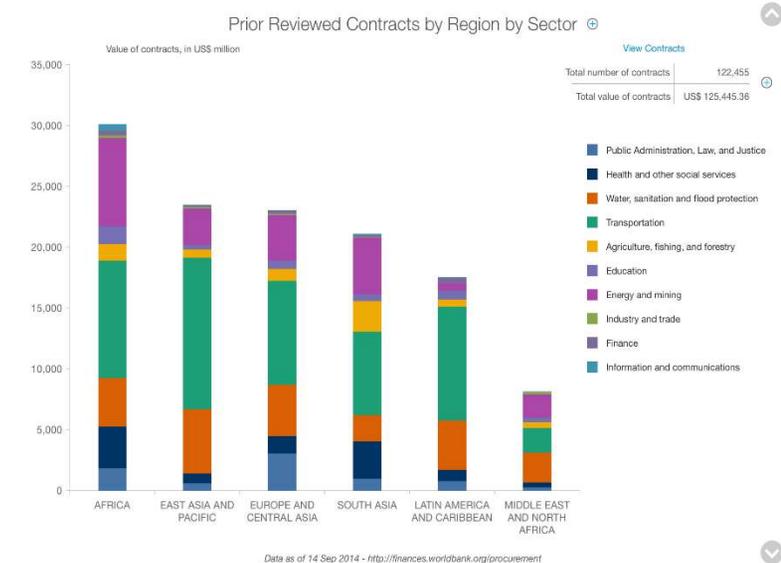
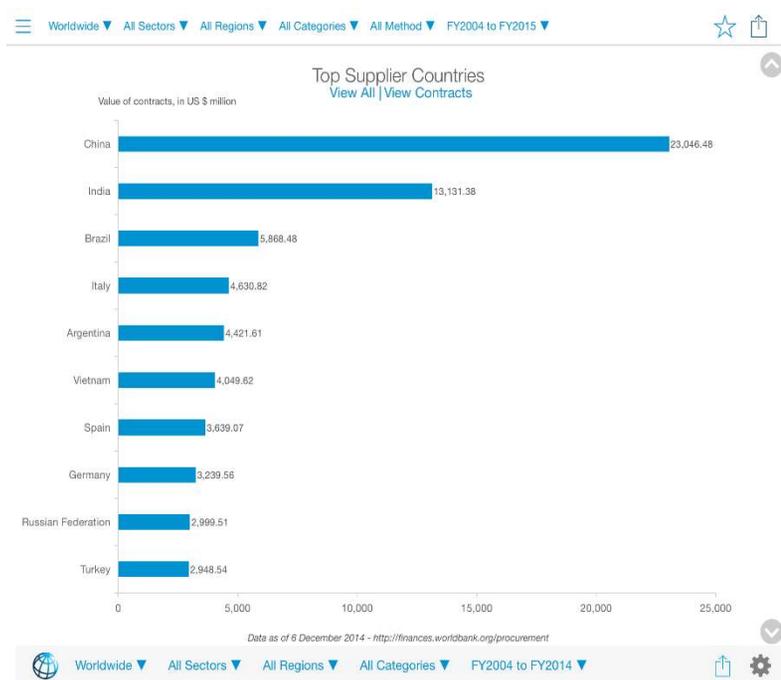
## Leveraging Collaboration and Global Fora

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

# 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

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



# 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

# MAPS – Pillar IV

- Harmonized approach to assess the domestic system
- Revised MAPS includes more quantitative indicators
- Describes an ideal operating environment
- Enhanced focus on civil society and access to information
- Reliable and efficient control and audit
- The importance of procurement appeal mechanisms
- Ethics and anti-corruption measures