

DIRECTIVE
ON
OPERATIONS PROCUREMENT

August 18, 2017

A. OVERRIDING OBJECTIVE

1. Purpose. The purpose of this Directive on Operations Procurement (**Directive**) is to enable the Bank's staff to implement the Bank's Procurement Policy (**Policy**) in a manner consistent with the *Interim Operational Directive: Procurement Instructions to Recipients* (**Procurement Instructions to Recipients**).
2. The exercise and interpretation of this Directive shall seek to give effect to this overriding objective.

B. DEFINITIONS

3. **Definitions.** The capitalized terms used in this Directive have the meanings ascribed to them in the Policy or Procurement Instructions to Recipients, or the Operational Policy on Financing, or as set forth below:
 - (a) **Procurement Advisor** means the procurement advisor under the responsibility of the Vice President, Policy and Strategy.
 - (b) **Procurement Committee** means the Procurement Committee, whose composition and terms of reference are set forth in the *Terms of Reference of the Operations Procurement Committee*.
 - (c) **Procurement Framework** means, collectively (i) the Policy, (ii) Procurement Instructions to Recipients, (iii) this Directive, and (iv) associated administrative guidance relating to procurement that may be issued from time to time by the Vice President, Policy and Strategy.
 - (d) **Procurement Specialists** means the staff, who assist and report to the Procurement Advisor in carrying out the responsibilities described below in Section III.
 - (e) **Project Team Leader** means the individual designated to lead the Project Team in accordance with the *Interim Operational Directive on Financing Sovereign-backed Loans* or the *Directive on Non-sovereign-backed Financings* (as applicable).

C. RESPONSIBILITIES

- 3.1. **General.** The Vice President, Policy and Strategy is responsible for procurement oversight under and in accordance with the Procurement Framework, as described below in this Section III. This work is undertaken in close coordination with the Vice President, Chief Investment Officer and the General Counsel. The Procurement Advisor has primary responsibility under the Vice President, Policy and Strategy, for the carrying out of these oversight responsibilities, with the support of Procurement Specialists. For each Sovereign-backed Loan (and, as appropriate, for other Financings), the Vice President,

Policy and Strategy assigns a Procurement Specialist to serve on the Project Team¹. The Procurement Specialist reports to the Procurement Advisor on all Project matters relating to procurement. The Project Team Leader is responsible for keeping the Procurement Specialist fully informed of all such matters at all stages of the Project's preparation through implementation.

3.2. Administrative Guidance. The Vice President, Policy and Strategy may, from time to time, issue administrative guidance, providing detailed procedures and specifications that support this Directive.

3.3. Procurement Oversight Functions. Procurement oversight includes the following functions: (a) policy development; (b) policy assurance; (c) implementation; (d) compliance; and (e) advisory, as described below.

3.3.1. Policy Development. This function covers all aspects of procurement policy development, including:

- (a) formulating and proposing revisions to the Policy, Procurement Instructions to Recipients and this Directive;
- (b) preparing and issuing administrative guidance (including setting thresholds for competitive tendering and for prior review by the Bank of Recipient procurement decisions), and standard procurement documentation, designed to ensure the efficient and proper implementation of the Procurement Policy, the Procurement Instructions to Recipients and this Directive;
- (c) interpreting the Procurement Framework;
- (d) representing the Bank both internally and externally on procurement matters; and
- (e) maintaining close contact with other multilateral development banks in connection with their procurement harmonization efforts.

3.3.2. Policy Assurance. The Vice President, Policy and Strategy is responsible for providing assurance, prior to submission of the Financing to the Board for approval, that the Bank has complied with all Bank operational policies applicable to the Project. In the context of procurement, this function includes:

- (a) conducting the Project's procurement risk assessment, including assessing the Recipient's procurement capacity;
- (b) assessing the Recipient's procurement arrangements for the Project, identifying procurement risk-mitigation measures, as needed, and developing or clearing the Bank's procurement oversight arrangements for the Project;

¹ See, *Interim Operational Directive on Financing Sovereign-backed Loans*, sub-paragraph 3.1.1(a).

- (c) assessing the country's procurement system and co-financiers' procurement policies (and related common procedure frameworks), if such system or policies are proposed to be applied under the Project; and
- (d) clearing the proposed procurement arrangements for the Project, including the Project Delivery Strategy and procurement plan (as well as advance procurement arrangements); and
- (e) clearing the procurement arrangements described in the Project's documentation.

3.3.3. Implementation. The Vice President, Chief Investment Officer has overall responsibility for overseeing the implementation of each Project. However, the Vice President, Policy and Strategy retains responsibility for oversight of procurement matters during the Project's implementation. This function includes:

- (a) generally providing procurement advice and support to the Project Team on request;
- (b) interfacing with the Recipient on procurement matters;
- (c) facilitating timely publication of procurement notices on the Bank's website;
- (d) for contracts subject to the Bank's prior review, reviewing and clearing all procurement documents of the Recipient, procurement decisions of the Recipient, proposed no-objections to be issued by the Project Team Leader, as well as changes to such contracts proposed by the Recipient;
- (e) assisting the Project Team Leader in monitoring the implementation under the Project of: (i) procurement processes; (ii) contracts procured; and (iii) procurement risk mitigation measures (including ad hoc post reviews of selected contracts and review of Project monitoring reports);
- (f) advising the Recipient on compliance with the procurement aspects of Project implementation;
- (g) providing assurance to the Management and the Board as to whether or not the Recipient has complied with the Policy and Procurement Instructions to Recipients in specific instances; and
- (h) reviewing and clearing proposed changes to the Project Delivery Strategy, procurement plan or other procurement arrangements (including risk mitigation measures and oversight arrangements) for the Project, as well as their description in any Project documentation required for Management or Board approval of such changes.

3.3.4. Compliance. This function includes:

- (a) reviewing procurement complaints received from tenderers, in consultation with the Project Team, and preparing, as needed, recommendations for the Procurement Committee;
- (b) participating in the review by the Procurement Committee of, and its decisions regarding, procurement complaints, as specified in the *Terms of Reference of the Operations Procurement Committee*; and
- (c) referring to CEIU allegations of a Prohibited Practice in accordance with the *Prohibited Practices Policy* and its Directive and collaborating, as required in investigations of such allegations.

3.3.5. Advisory. This function includes:

- (a) developing and delivering internal and external training and informational materials on procurement related matters; and
- (b) providing advice on procurement related matters to staff on request.

3.4 Separation of Functions among the Procurement Advisor, Project Team Leader and Procurement Specialist. In order to give effect to the above responsibilities in connection with each Financing for a Project, the Procurement Advisor, Project Team Leader and Procurement Specialist each assumes separate functions as follows:

3.4.1. Procurement Adviser. The Procurement Adviser:

- (a) monitors compliance with the Policy, Directive and Procurement Instructions to Recipients under the Project;
- (b) provides procurement advice to the Procurement Specialist;
- (c) sets thresholds for competitive tendering and Bank prior review of Recipient procurement decisions;
- (d) clears any proposal by a Recipient to use its applicable country procurement system;
- (e) clears any proposal to apply a co-financier's procurement policies;
- (f) monitors procurement-related complaints; and
- (g) clears procurement qualifications of any consultant or staff who may, in addition to the Procurement Specialist, provide support to the Project Team on procurement-related matters.

3.4.2 Project Team Leader and Procurement Specialist. The Project Team Leader, supported by the Procurement Specialist, has overall responsibility for ensuring the conduct of procurement reviews and procurement monitoring, as follows:

- (a) the Project Team Leader ensures that the Procurement Specialist is provided with all procurement-related documentation for the Project, including the Project Delivery Strategy (and Procurement Plan), procurement documentation, evaluation reports, proposed awards, and other documents required to enable the Procurement Specialist to conduct the tasks described below;
- (b) the Procurement Specialist conducts procurement-related risk assessments and clears proposed procurement-related risk mitigation and Bank review arrangements;
- (c) the Procurement Specialist reviews and clears the Project Delivery Strategy (and Procurement Plan);
- (d) the Procurement Specialist provides no-objection to procurement documents and procurement decisions of the Recipient. On the basis of this clearance, the Project Team Leader issues the Bank's no objection to the Recipient; and
- (e) the Project Team Leader monitors the Recipient's implementation of procurement-related risk mitigation measures and its contract management, keeping the Procurement Specialist informed of issues as they arise. The Procurement Specialist assesses and decides on appropriate measures to address these issues.

3.4.3. Disagreements. Disagreements among staff regarding procurement matters that cannot be resolved expeditiously, are promptly raised to their respective managers; if agreement cannot be reached expeditiously at that level, the matter is raised to the Procurement Committee in accordance with the *Terms of Reference of the Procurement Committee*.

D. RELATED DOCUMENTS

Policy

Interim Operational Directive: Procurement Instructions for Recipients

Terms of Reference of the Operations Procurement Committee

Operational Policy on Financing

Interim Operational Directive on Financing Sovereign Backed Loans

Directive on Non-sovereign-backed Financings

Policy on Prohibited Practices

General Conditions for Sovereign Backed Loans