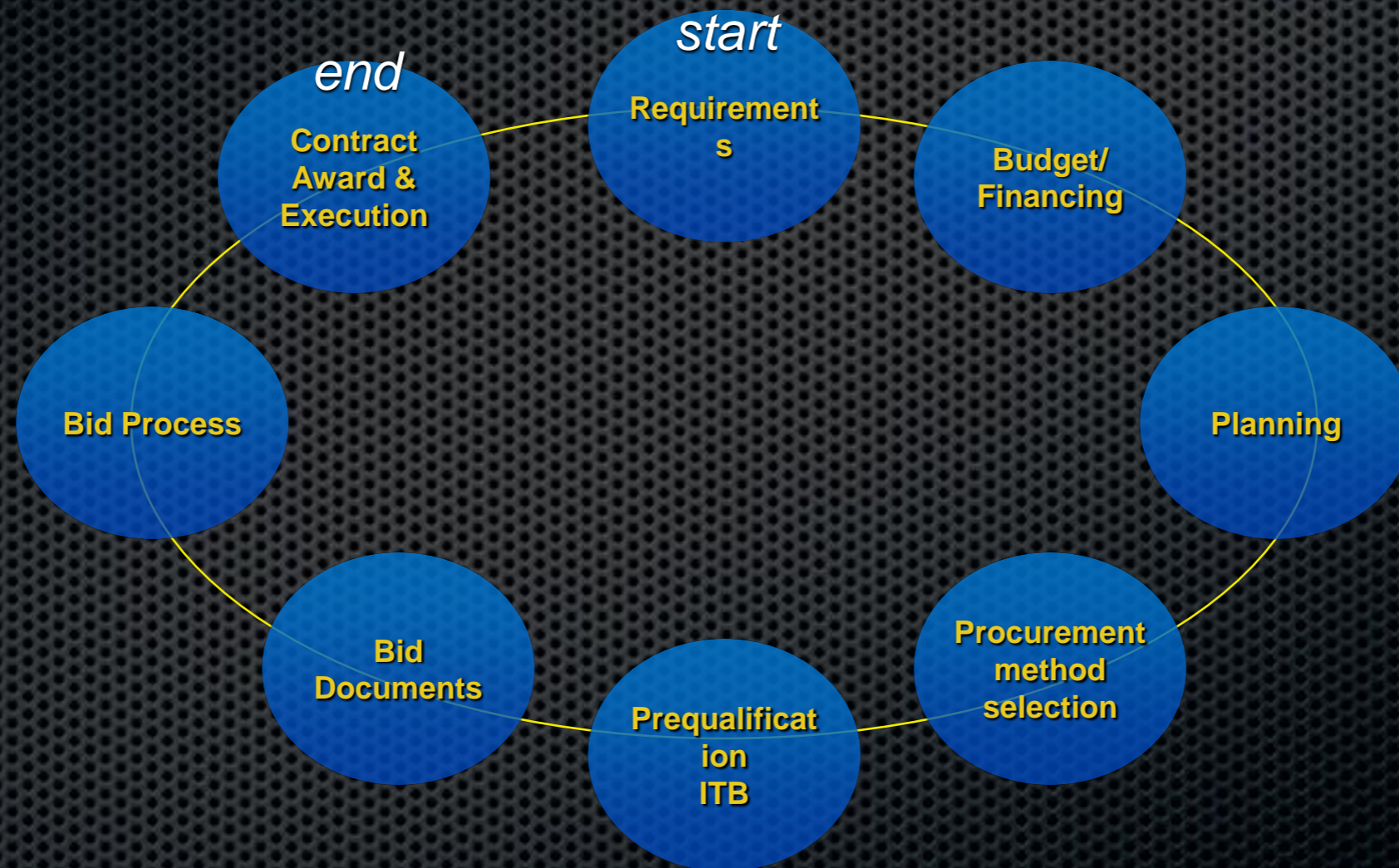


Procurement under PPP Operations

Ashish Bhateja

OPCS - Operations Risk Dept

Procurement as we understand



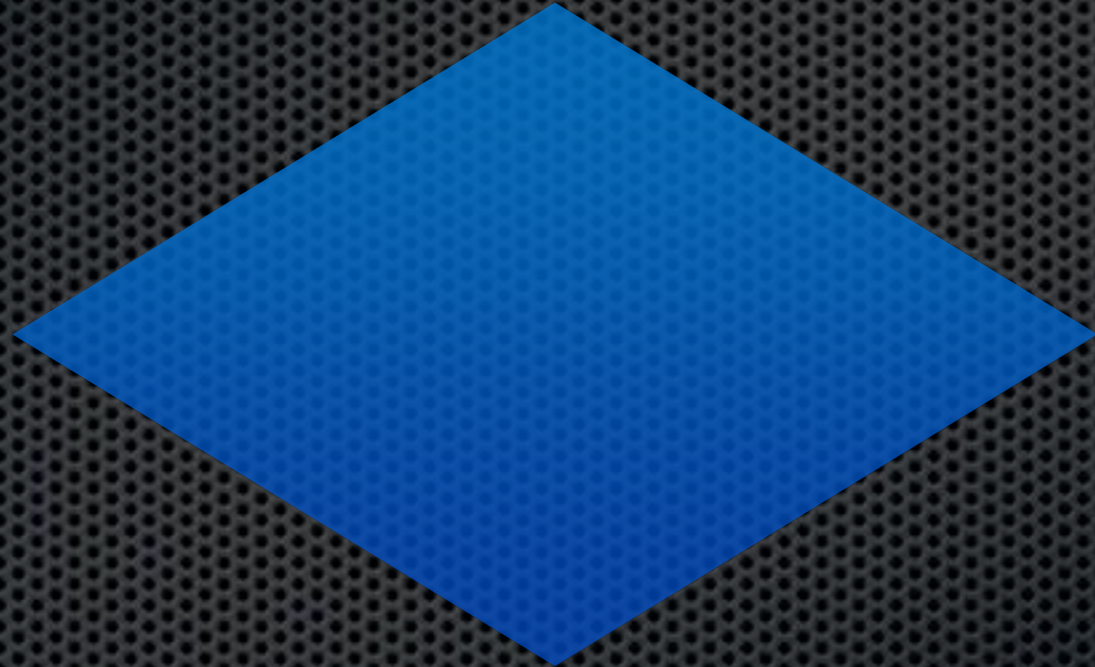
Public Procurement

transparency

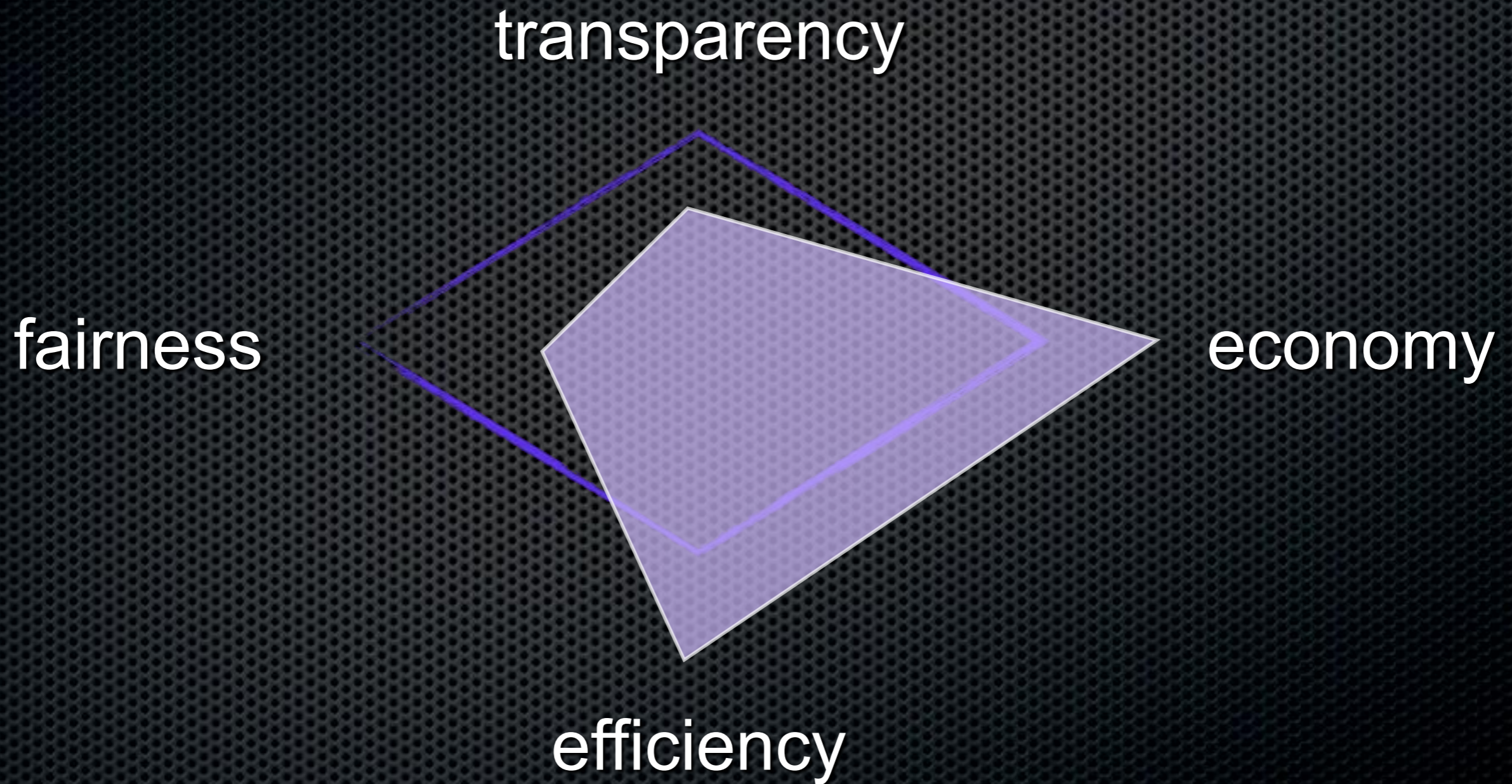
fairness

economy

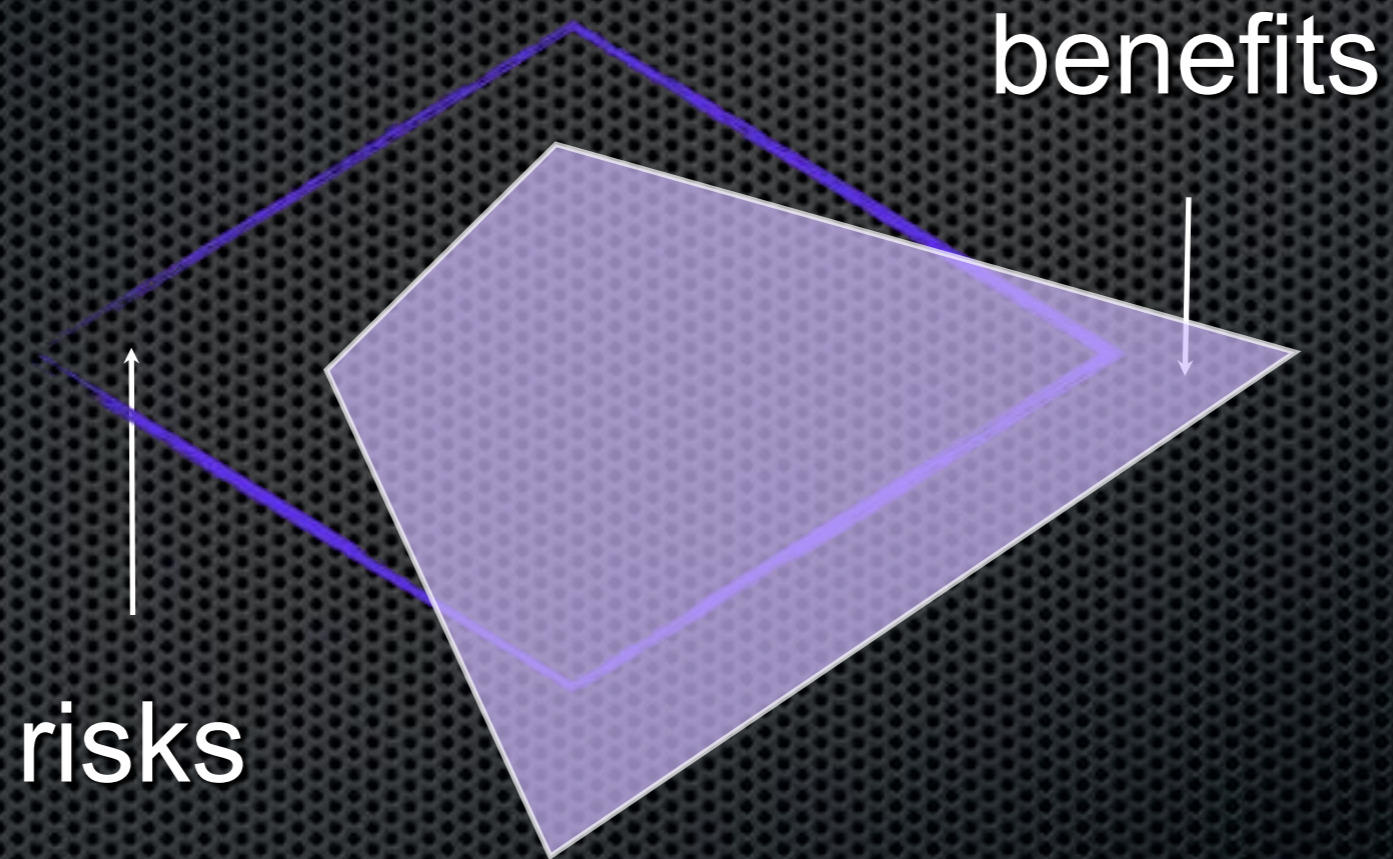
efficiency



Private Procurement



PPP or not



WB Procurement Policy for Private Sector Engagements

- guarantees
- financial intermediary lending
- public private partnerships
- commercial entities of public sector

Procurement requirement under Guarantees

- promoting economy and efficiency
- require the goods and/or works procured to have appropriate quality and pricing, and
- be delivered or completed in timely fashion

Procurement requirement under PPP

- a transparent, competitive bidding process which should yield the most economically advantageous tariff or PPP payment and that offers incentives for efficient procurement throughout the lifecycle of the project;
- a formula or regulatory mechanism within the PPP contract for periodic and extraordinary adjustments of the tariff or PPP payment, which (if properly structured) precludes pass-through of inefficient or costly procurement by the PPP service provider;
- contract monitoring and enforcement by the government (or the regulatory authority) to ensure that the payments are performance-based and in accordance with the contract.

Procurement Methods

Engagement	Procurement Method	Bank Review
Guarantees	Economic & Efficient	On loan completion
FIL	Private sector /commercial	Threshold based
PPP	Open, competitive	Prior
Commercial entity	Public	Threshold based

Experience

- engagement model -
 - work better when we are involved early
 - capacity: borrower and bank

Challenges

- FILs
- ex-post engagements
 - anti-corruption requirements
- determining 'acceptability to the bank'
 - framework for risks vs benefits
- lead bank approach

Resources

- <http://siteresources.worldbank.org/INTPROCUREMENT/NT/Resources/Procurementguidelines.pdf>