

Procurement Practices by Major Development Partners

Law, Rules & Guidelines

Slide NO.2/14

Development Partners' (DPs') role in public procurement referred in:



Section 2(33) includes loan, grants etc given by DPs within "public funds"

Section 3(2)d brings procurement with DP fund under PPA

...**but** if agreement between GOB and DP provides otherwise, DPs' guidelines will prevail.



- Rules brings procurement under DP funds within purview of PPR
- Rule 2(51)d brings procurement with DP fund under PPR
- Rule 47 limits participation of tenderers and applicants within DP approved eligible countries.



When PPR does not apply ...
Guidelines and SBDs, SPDs, RFPs of DPs guides procedure of procurement under DPs fund

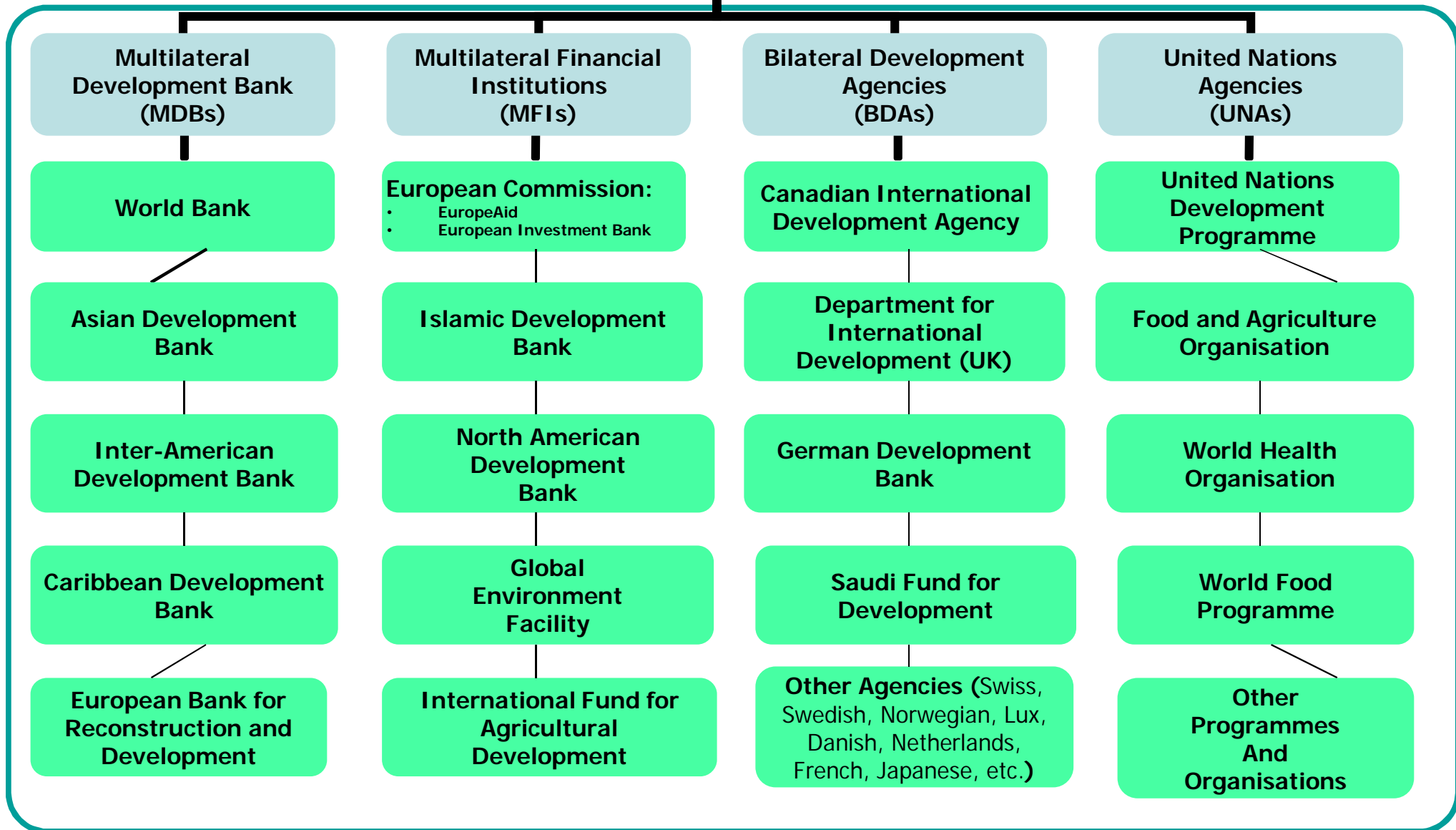
Key International Development Funding Sources

Slide NO.3/14

- **Global annual commitments** to developing and transition countries by bilateral donors and multilateral agencies:
 - \$160 billions approximately.
- Contribution of major **Multilateral Development Banks (MDBs)** such as the WB, ADB, African Development Bank:
 - \$50 billions approximately.
- Contribution of remaining agencies like Multilateral Financial Institutions (**MFIs**), Bilateral Development Agencies (**BDAs**) and United Nations Agencies (**UNAs**), etc.
 - \$110 billion approximately

Key International Development Funding Agencies

Slide NO.4/14



Multilateral Development Banks (MDBs)

Slide NO.5/14

MDBs, also called **International Financial Institutions (IFIs)**, provide **fund** to countries for projects for **social and economic development**

- implemented by executing agencies (EA, usually **govt. departments**)
- procurement of goods and services based on the **guidelines of IFIs**
- Only firms from **members countries eligible** to bid

The financing may be :

- Long-term loans at **market rate of interest**
- Longer-term loans (often termed credits), at **very low interest**
- **Grant financing** usually for TA, advisory services or project preparation
- **Trust Funds** established by member countries permitting MDBs and client countries to finance **consultancies and other TA**

Multilateral Financial Institutions (MFIs)

Slide NO.6/14

- **Multilateral Financial Institutions (MFIs)** also called multilateral Development fund are similar to **MDBs** but usually have a narrower ownership/membership structure or focus on special sectors or activities
- **Funding may include –**
 - interest-bearing loans
 - credits and guarantees
 - non-reimbursable grants
 - incremental financing, etc
- **MFIs** occasionally co-finance projects with **MDBs**.
- **National eligibility** for bidding depends on MFIs rules but eligibility is increasingly expanding

Bilateral Development Agencies (**BDAs**)

Slide NO.7/14

Funding by BDAs (like CIDA, DFID, DANIDA, SFD) include –

- **direct contracting** for goods and services by **BDAs** through competitive bidding
- **grants and contributions to -**
 - **governments**
 - **international agencies**
- **Soft loans, and credits to governments, agencies.**

Grants & loans from BDAs are usually **tied** but are increasingly becoming “untied”

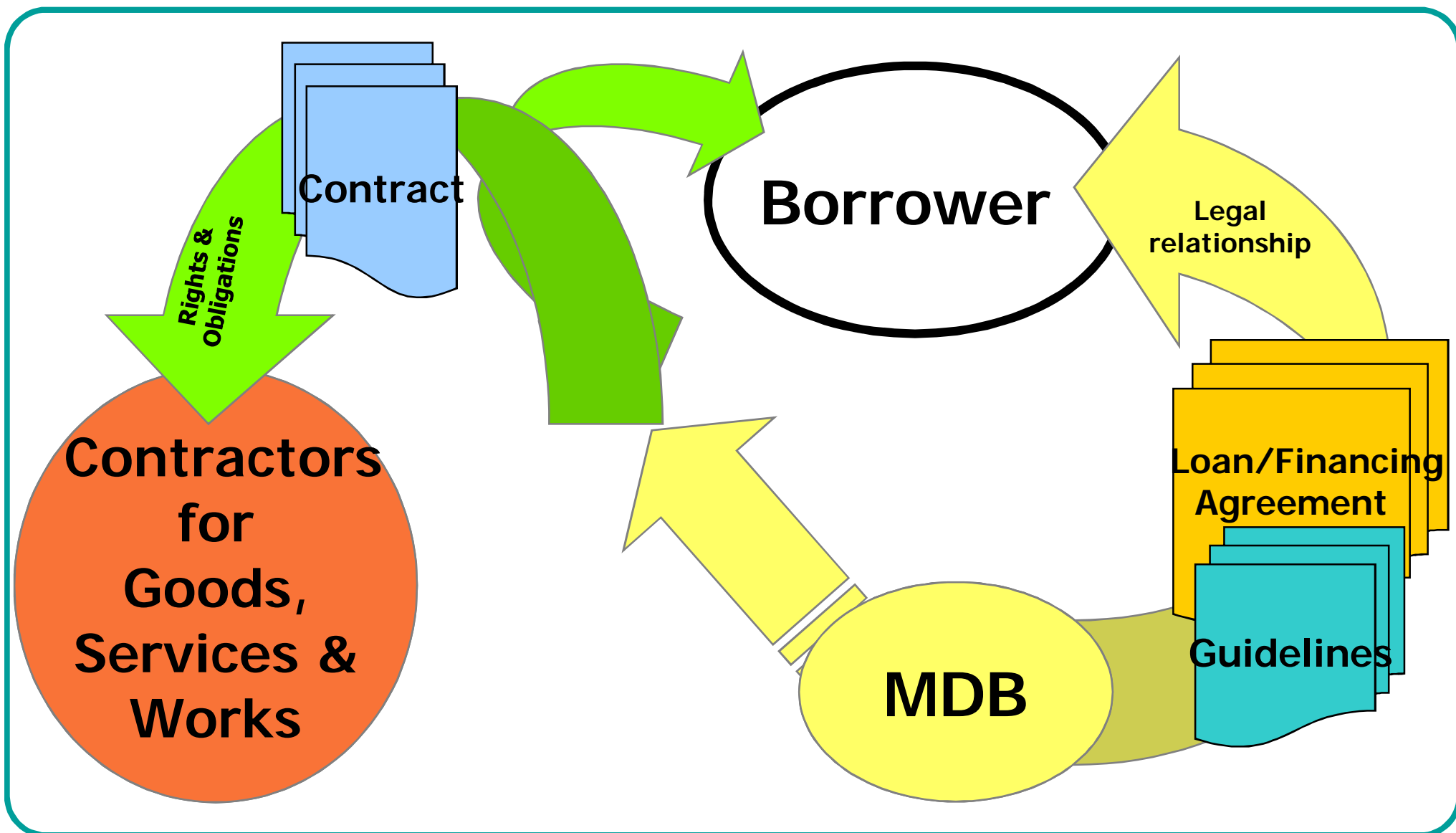
United Nations Agencies (**UNAs**)

Slide NO.8/14

- The **UN System** is made up of over **50** entities (Agencies, Organizations, Commissions, Programs, Funds, etc.)
- **Annual budget** - over **\$7 billion** for the **procurements** to support development and humanitarian aid in more than **100** developing countries
- **Funding by UN System consists of Grants which include –**
 - grants to countries for **TA programme** and **small-scale** projects
 - In case of **larger projects**, procurement usually done by the **UN office for project service** (e.g. post-conflict reconstruction, emergency food aid)
- **Specialized agencies & programmes** work in their respective areas of expertise

Public procurement procedures

Slide NO.9/14



Public procurement procedures

Slide NO.10/14

Each international development agency prescribes:

➤ **Policies & Guidelines**

- - To govern procurement in MDB-financed projects and selection of consultants for MDB's operational work
- -To manage procurement tenders

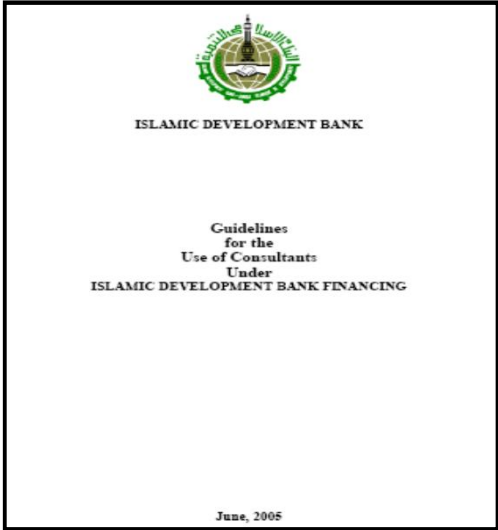
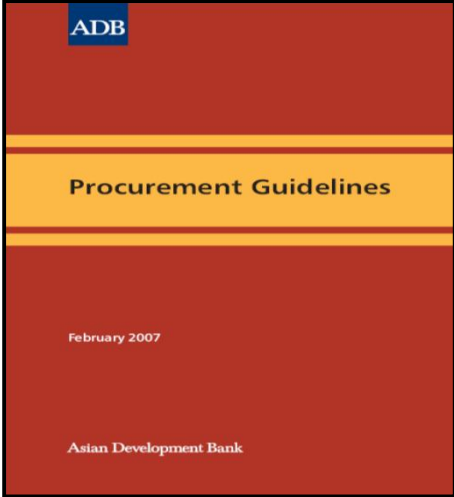
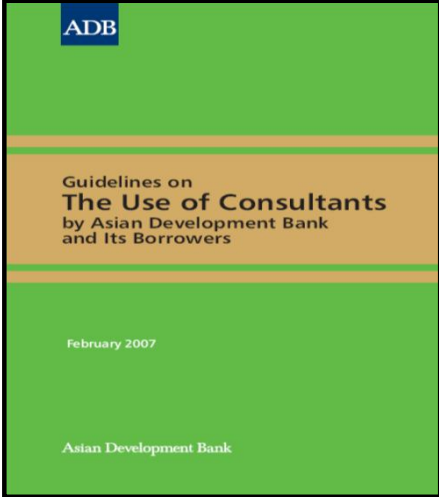
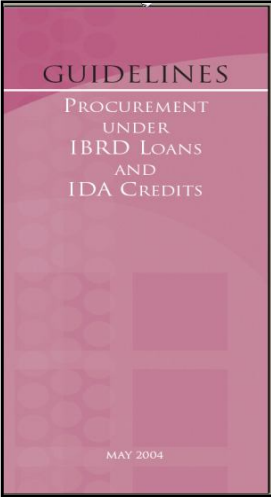
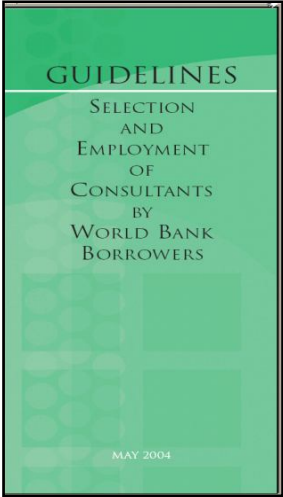
➤ **Standard Bidding Documents (SBDs)**

- "templates" for use to invite bids for procuring goods, works & services under MDB-financed projects. SBDs set out provisions for a particular bid.

Procurement Guidelines

Slide NO.11/14

(Goods, Works & Services)



Standard Bidding Documents (World Bank)

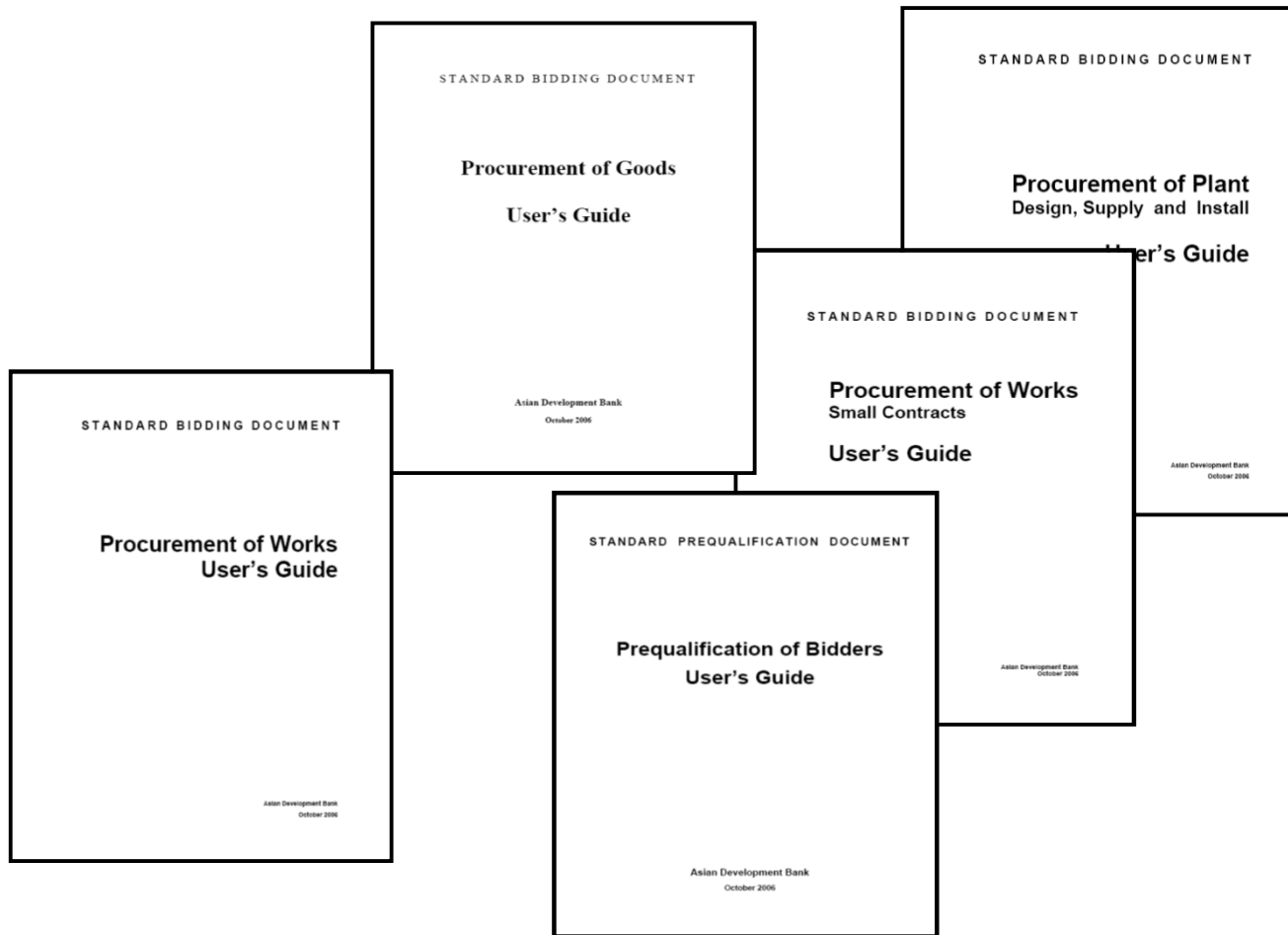
Slide NO.12/14

www.worldbank.org/procurement & www.adb.org/procurement



Standard Bidding Documents (ADB)

Slide NO.13/14



General Considerations

Slide NO.14/14

Project Implementation

Borrower

Contract Award & Administration

Principles

Open competition is the basis for efficient public procurement

