



# **Risk Based Procurement For Bank's financed projects**

**OECD – 7<sup>th</sup> Dec 2021**



# CONTENT

01

**Overview and Rationale**

02

**Risk Assessment Methodology Country and Sector/Agency levels**

03

**Report Outline for Procurement Risk Assessment**

04

**Risk Treatment**

05

**Utilization of findings and way forward**

# Overview and Rationale

Risk Based Framework

## Overview

- The purpose of risk management in procurement is to minimize the impacts of possible adverse events in achieving the Project Development Objectives (PDO's) of a project.

- The Procurement Risk-Based Framework describes how risks are identified, assessed, and managed at the country and sector/agency levels

- Risk assessments and treatments need to be monitored continuously as existing risks change, and new risks emerge.

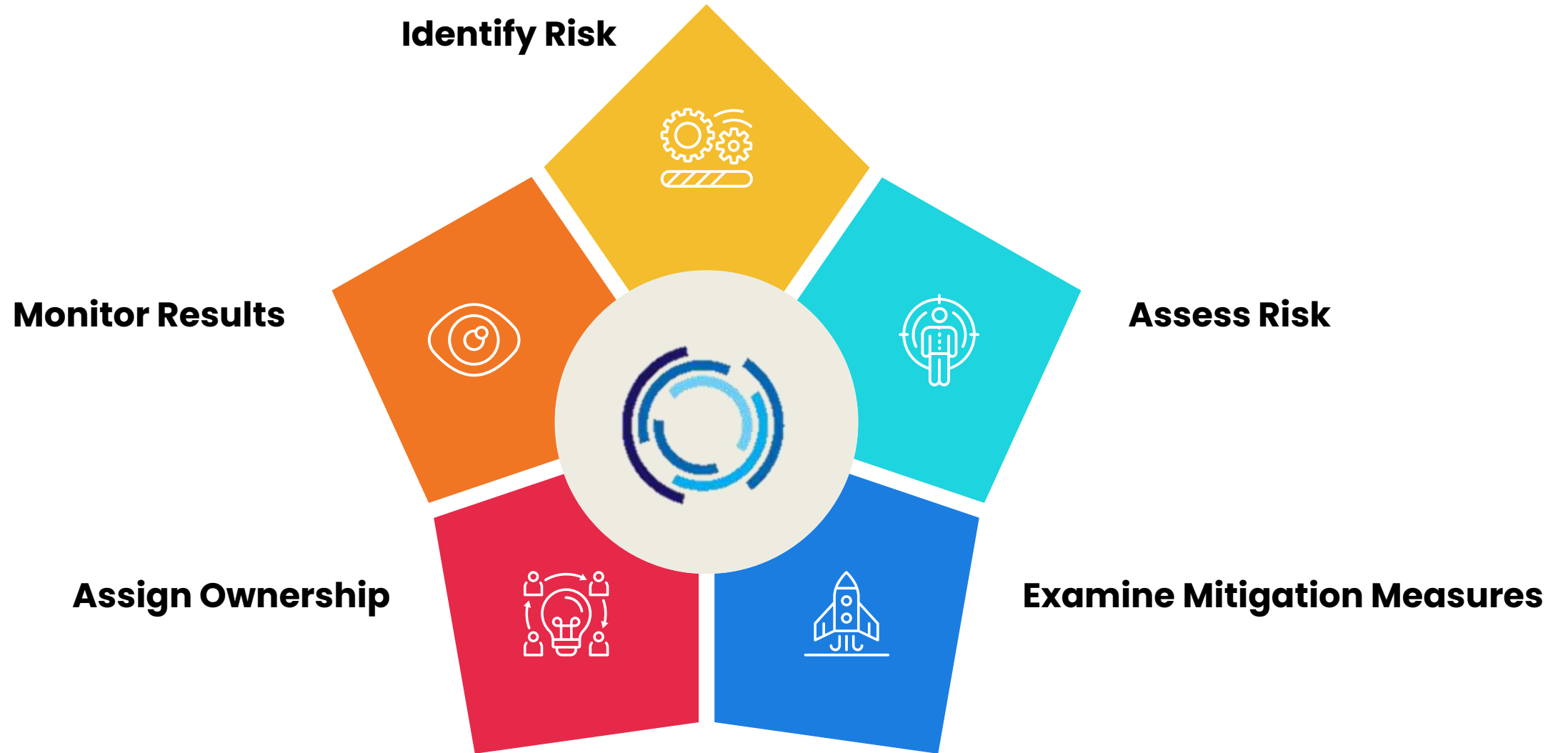
## Rationale

### Critical tool to

- Expedite project processing and implementation
- Reduce 18 months on project implementation period
- Allow Bank's staff to focus of high values and/ or risk procurements
- To have enough time to focus on planning and Contract management

# Risk Based framework

Risk Management Process



# Risk Assessment Methodology

Country and Sector/Agency levels

Risk Management Tool	Country	Sector	Agency	Project
MAPS Assessment	✓			
Country and Sector/ Agency Procurement Risk Assessment	✓	✓	✓	
Procurement Risk Categorization	✓	✓	✓	✓
Project Procurement Risk Assessment			✓	✓
Contract Management Plan				✓

# Risk Assessment Methodology

Country and Sector/Agency levels

1

The Methodology for Assessing Procurement Systems (MAPS) is an international standard and the universal tool to evaluate any public procurement system anywhere in the world

2

Originally created in 2003–2004 and revised in 2018, common tool to assess the quality and effectiveness of procurement systems

## The MAPS include four thematic pillars

(each pillar includes indicators, sub-indicators - qualitative and quantitative - and assessment criteria):

(I) Legislative, Regulatory and Policy Framework

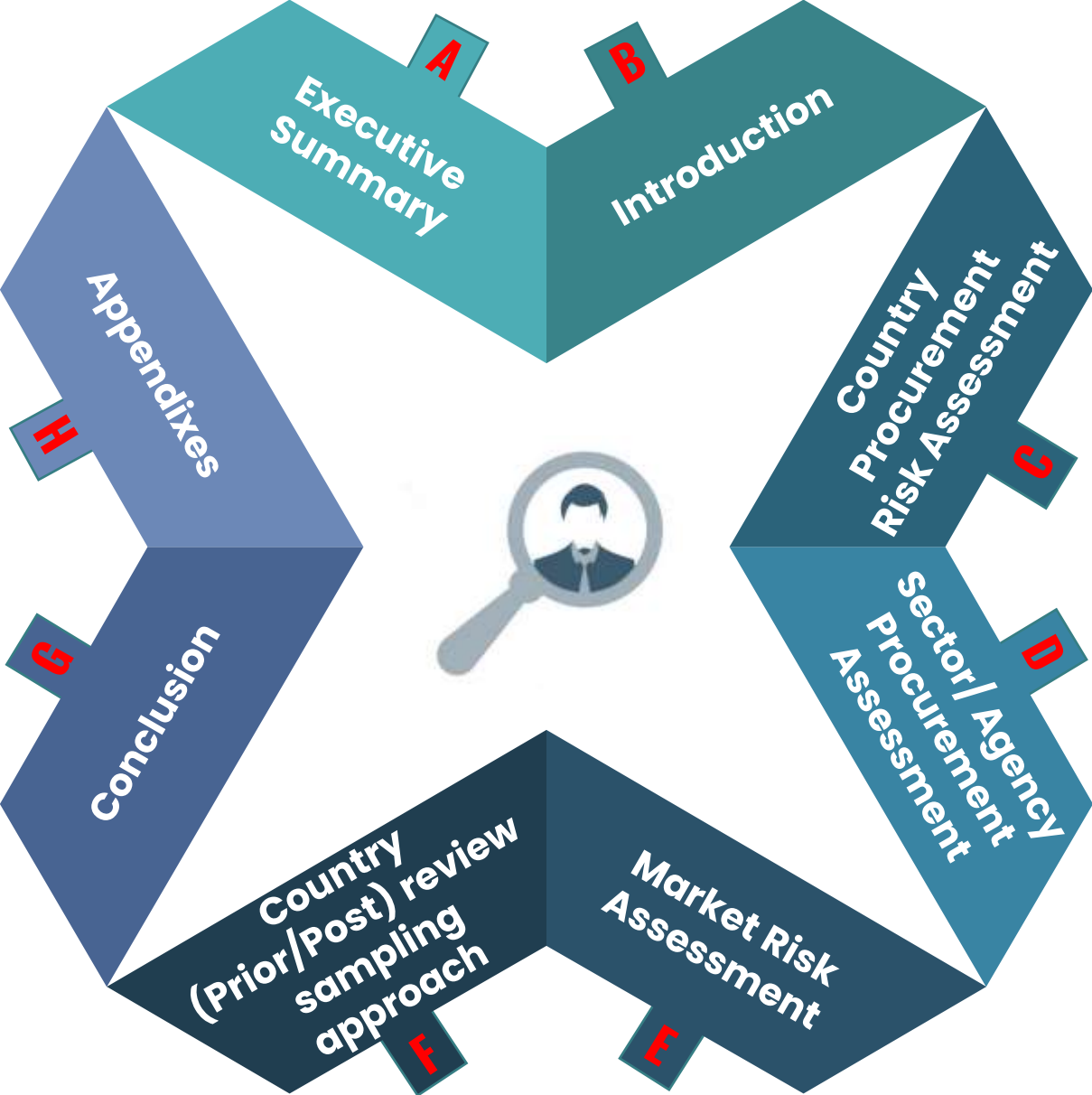
(II) Institutional Framework and Management Capacity

(III) Procurement Operations and Market Practices

(IV) Accountability, Integrity and Transparency of the Public Procurement System



# Report Outline for Procurement Risk Assessment





# Risk Treatment

**Each risk should be treated in one of the four ways:**

## Avoid

- Avoid the risk by deciding not to proceed with the project or activity

## Reduce

- Reduce the likelihood of the occurrence, e.g., procurement approach, contract terms and conditions, contract management activities, quality control manuals, training, etc.
- Reduce the consequence of the occurrence, e.g., contingency planning, relocation of an activity or operation, etc..

## Transfer

- Transfer the risk to another party, e.g., contract terms, regarding liability and indemnity, insurance, etc.

## Accept

- Accept the risk without mitigation. This may occur because
  - The risk rating is so low as to not warrant mitigation
  - There is no treatment available, and/or
  - The costs of treatment outweigh the benefits.



# Utilization of findings and way forward

If Country and Sector/Agency Risk Assessment is moderate or low

## 01 Decision to Use an Alternative Procurement Arrangement

- The final step in accrediting the agency and determining the use of an APA for a specific project is to combine the agency procurement assessment with the project procurement risk profile.
- Agencies with extreme agency procurement risk would not be eligible

Agency Procurement Risk Rating	Project Procurement Risk Assessment		
	Low Risk Procurement	Medium Risk Procurement	High Risk Procurement
Extreme	x	x	x
High	✓	x	x
Medium	✓	✓	x
Low	✓	✓	✓

# Utilization of findings and way forward

If Country and Sector/Agency Risk Assessment is moderate or low

02

**Use of Beneficiary Procurement System** assessed acceptable by the Bank: For Low risk transactions apply Country NCB procedures, National Shopping, operating cost (miscellaneous) and Direct Contracting

ICB and Consultancy services, apply Bank's procurement Procedures

03

**Use of e-GP system** provided the Bank is satisfied with the adequacy of the system in terms of accessibility, security, integrity, confidentiality and audit trail features.

04

**Project Processing** : Update Country and Sector/Agency Risk assessment and assess Project Risk in the section 3 of the Procurement Strategy Template

05

**Risk Assessment findings are Inputs for the MCPS Report**

06

**Post review if compliance and performance procurement capacity assessment of the EA along with market conditions and above Risk assessment rating is moderate/low**



Thank You!

