

# PUBLIC PROCUREMENT FUNDAMENTALS

Lessons from and for the Field

(INCLUDES A SIMPLE  
STEP-BY-STEP GENERIC  
PROCUREMENT MANUAL)

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PROCUREMENT MANUAL)

BY

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## ABOUT THE AUTHOR

The author served as a lead procurement specialist at the World Bank (WB) at its headquarters in Washington, DC before his retirement in late 2011. His last assignment at the WB was to support public procurement reform and capacity building in the South Asia Region. He has a long experience of public procurement reform and capacity building and the procurement under the WB-financed development projects in 35 countries in Eastern and Central Europe, Balkans, Caucuses, Central Asia, and South Asia. Of his 30 years at the WB, he spent approximately 10 years of these in the client countries working directly with the client, i.e., staff of government implementing agencies. He was present in Eastern European countries (Czechoslovakia — later Czech and Slovak Republics; Hungary, Poland, Yugoslavia, etc.) during their transition to market economy, and played a key role as a WB staff member in supporting these countries' efforts in introducing public procurement laws and regulations suitable for the free market system. He conducted assessments of public procurement systems in many countries, including Albania, Armenia, Bhutan, Croatia, Hungary, Kazakhstan, Kyrgyzstan, Poland, Slovakia, Sri Lanka, Tajikistan, Turkey, and Ukraine. These assessments included recommended action plans which led to further public procurement reform and capacity building. The author managed several WB grant-funded projects in different countries in support of public procurement reform and capacity building. In order to foster

regional cooperation in public procurement, he initiated regional public procurement forums in Central Asia and South Asia. In addition to making significant contributions to the preparation of Standard Bidding Documents, such as for procurement of works, he also designed procurement under emergency projects in Bosnia, Kosovo, Poland, and Turkey. Currently, the author is an international procurement consultant.



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# FOREWORD

Public procurement concerns and affects us all regardless of who we are, where we live, and what we do. Economic, social, and environmental benefits of public programs and projects to a country and its citizens depend very much on how public procurement is managed, conducted, and controlled. These benefits are supposed to be large as countries spend from 15 to 20 percent of their gross domestic product on acquisition of goods, works, and services for public programs and projects. This indicates the importance of the alignment of public procurement strategies and actions to national economic, social, and environmental strategies and actions. Furthermore, public procurement can also serve as a useful tool for promoting international and regional cooperation through trade and commerce.

Public procurement systems across countries are all based in most part on the same basic principles of economy, efficiency, transparency, and fairness. These principles have evolved and now include value for money, fit for purpose, and integrity. Therefore, the premise of this book is the commonalities of public procurement systems all over the world.

Public procurement is a complex subject. It is multidisciplinary and cuts across all sectors of economy and society. It has a multitude of stakeholders with differing interests in and influence over procurement. Government itself is the rule maker, the buyer, and the overseer; private sector, the producer and the manufacturer and provider of goods, works, and services; civil society, the watch dog to ensure that the

benefits of a public project reach the people; and the people, the ultimate beneficiaries of government programs and projects supported by public procurement system.

There exists a large amount of literature on public procurement that deals with different aspects of public procurement, including, among others, commercial, environmental (sustainable procurement), legal, and technical aspects. This book, however, is introductory and attempts to bring together these different and complex aspects of public procurement in a clear and succinct, simplified, and understandable manner. These aspects relate to public procurement legislative and regulatory environment; the institutional framework and management capacity; procurement operations and market; and transparency.

It is expected that this book will enable the reader to grasp quickly and easily the fundamental principles and mechanics of public procurement; and that this increased awareness will result in improved performance of public procurement systems. In addition, it is hoped that this book and its accompanying generic procurement manual will be of particular help to public procurement officials who more often than not have to undertake procurement of goods, works, and services with little or no training in the subject. This book is also intended for use by private sector officials who are an integral part of public procurement.

A word of caution for the readers: this book includes universally accepted practices and procedures. Although public procurement legislative and/or regulatory framework in most countries are based more or less on the same procurement principles, there may be variations and departures from these principles. Therefore, before applying the procedures and practices contained in this book, it is imperative for the reader to ascertain that these are compatible with the national procurement laws and regulations.

# LIST OF ABBREVIATIONS

ADB	Asian Development Bank
CDD	Community-driven Development
CBP	Community-based Procurement
e-GP	Electronic Government Procurement
EU	European Commission
FIDIC	International Federation of Consulting Engineers
GAC	Governance and Anti-corruption
GPA	Government Procurement Agreement
IT	Information Technology
MDB	Multilateral Development Banks
M&E	Monitoring and Evaluation
MTD/SBD	Model Tender Documents/Standard Bidding Documents
MOF	Ministry of Finance
OECD	Organization for Economic Cooperation and Development
OSCE	Organization for Security and Cooperation in Europe
PPA	Public Procurement Agency
PC	Procurement Committee

PE	Procuring Entity
PP	Procurement Plan
PPL/A	Public Procurement Law/Act
PPR	Public Procurement Regulation
PPP	Public–Private Partnership
PQ	Pre-qualification
RFP	Request for Proposal
TEC	Tender (Bid) Evaluation Committee
UNCITRAL	United Nations Commission on International Trade Law
UNCAC	United Nations Convention against Corruption
WB	World Bank