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The Reform of World Bank's Procurement Rules

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Abstract:

The World Bank has for decades influenced the regulation and international liberalisation of public procurement markets. However, proliferating procurement chapters of trade agreements and cheap commercial credit flooding emerging markets, along with new development banks on the horizon, forced the World Bank to conduct the first complex reform of its procurement policies, and to compete for its share in the market of development aid. The reform has produced new Procurement Regulations to be implemented from July 2016 onwards. New rules offer plentiful options, of how to configure procurement process, and give borrowers much more flexibility in terms of negotiating with bidders, or applying environmental and social considerations. Subject to bank's consent, new rules allow the use of borrower's own or other development banks' procurement rules, continuing a process initiated with the introduction of Piloting Program on the Use of Country System in 2008. By doing so, new rules are meant to attract borrowers which could now develop their national procurement systems and be compliant with international obligations without having to use special procurement regimes for bank-financed projects. As such, the reform has primarily met expectation of World Bank's best clients, i.e. middle-income emerging economies which called for less rigid procurement rules.