Multilateral Development Banks' Procurement Policy Frameworks

Mapping Commonalities and Differences

Key Findings

African Development Bank · Asian Development Bank · Asian Infrastructure Investment Bank · Council of Europe Development Bank · European Bank for Reconstruction and Development · European Investment Bank · Inter-American Development Bank · Islamic Development Bank · New Development Bank · World Bank

November 2025

Preface

This note presents key findings of a comparative analysis of the procurement policy frameworks of ten Multilateral Development Banks (MDBs). It benchmarks the frameworks of the African Development Bank, Asian Development Bank, Asian Infrastructure Investment Bank, Council of Europe Development Bank, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank, Islamic Development Bank, New Development Bank, and the World Bank across eleven analytical dimensions.

This note is intended for broad circulation and may be made publicly available through MDB websites.[1]

Disclaimer: This document is for information purposes only. Nothing in it is legally binding on any MDB or commits them to any course of action. The content is without prejudice to the interpretation that MDBs may in the future give to any provision of their procurement policies.

1 Terminology note: Throughout this summary, the terms "policy" and "framework" are used interchangeably to refer to the procurement policy framework of each MDB as defined in their primary policy, directive, procedural and guidance instruments.

Context and Objectives

Multilateral development banks (MDBs) collectively channel close to USD 200 billion annually into sovereign and non-sovereign operations. How these resources are procured is central not only to fiduciary assurance and project efficiency, but also to whether MDB finance accelerates progress towards the Sustainable Development Goals (SDGs) and the Paris Agreement. Procurement frameworks therefore serve a dual role: as compliance mechanisms safeguarding integrity and accountability, and as strategic levers for achieving broader development outcomes.

The note provides key findings of a comparative analysis of the procurement policy frameworks of ten MDBs as of July 2025: the African Development Bank (AfDB), Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB), Council of Europe Development Bank (CEB), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank (IDB), Islamic Development Bank (IsDB), New Development Bank (NDB), and the World Bank (WB). The assessment is structured around eleven dimensions: (i) legal scope; (ii) exceptions and waivers; (iii) eligibility; (iv) ex-ante, ex-post and independent reviews; (v) complaints; (vi) procurement in fragile, conflict and emergency contexts; (vii) use of national procurement systems; (viii) co-financing and mutual reliance; (ix) sustainable procurement; (x) non-compliance and remedies; and (xi) procurement as a vehicle for wider MDB policies.

The purpose of the analysis is twofold: first, to distil commonalities and divergences that matter for borrowers, providers and co-financiers; and second, to inform the collective reform agenda of the Heads of MDBs Group in the G20 "Roadmap for Better, Bigger and More Effective MDBs." By highlighting where frameworks already align and identifying where divergence persists, the analysis aims to support harmonization, streamlining and modernization of procurement so that it can deliver maximum development impact.

An overarching contrast cuts across the analysis. MDBs can broadly be grouped into those with comprehensive procurement frameworks (ADB, AfDB, AIIB, EBRD, IDB, IsDB, WB), which set detailed procedural rules and provide standard bidding documents, and those with principle-based frameworks (CEB, EIB, NDB), which define core principles and standards while allowing reliance on national systems or other procedures consistent with these principles. This distinction, while nuanced both within and between groups, underpins many of the differences identified during the analysis and shapes how procurement rules are structured across the eleven dimensions. It should also be noted that several of the differences highlighted by the analysis, such as membership-based eligibility, the use of national procurement systems, exceptions and waivers, approaches to non-compliance, or the definition of operations, stem from broader institutional mandates and operating models. These reflect governance and legal foundations that sit alongside procurement, rather than being matters of procurement policy design alone. They are structural and inherent features of each MDB's framework, and therefore unlikely to change. However, as such they do not hinder collaboration. On the contrary, they underscore the complementarity of MDB practices and point to opportunities for coordination.

Overarching Trends and Commonalities

The analysis reveals a strong foundation of convergence across MDB procurement frameworks. Beyond procedural details, MDB frameworks are broadly aligned around core principles of transparency, value for money, integrity, sustainability, and flexibility in fragile or emergency contexts. They also share reliance on co-financiers' rules and uphold common fiduciary standards. Taken together, these shared features demonstrate an increasingly harmonized ecosystem that balances borrower ownership and fiduciary assurance.

A fiduciary bedrock

All MDBs mandate that financing must be used solely for its intended purposes with due regard to economy, efficiency, fairness, transparency, integrity and value for money. This fiduciary anchor derives directly from each institution's Articles of Agreement and underpins every procurement policy framework.

Borrower-led procurement with MDB oversight

In all frameworks, borrowers are responsible for procurement and contracting, while MDBs exercise varying degrees of prior (ex-ante) or post (ex-post) review, generally calibrated through risk-based assessments. This model preserves borrowers' ownership while safeguarding fiduciary assurance.

Reliance on co-financier's rules

Each MDB permits the use of a co-financier's rules under Alternative Procurement Arrangements or Mutual Reliance Agreements, provided core principles are safeguarded. This reflects more than a decade of operational practice in joint financing and helps reduce transaction costs in co-financed projects.

Eligibility and safeguards

MDBs share a common rule that contracts must be awarded to providers with the capacity to perform them, with exceptions limited to grounds such as UN Security Council sanctions or prohibitions under national law. Most also apply consistent safeguards to state-owned enterprises and restrict the engagement of government officials or civil servants to prevent conflicts of interest.

Integrity regimes

All MDBs maintain integrity systems addressing fraud, corruption, collusion, coercion, obstruction and other prohibited (or sanctionable) practices. Seven MDBs (ADB, AfDB, AIIB, EBRD, EIB, IDB, WB) also publish debarment lists, providing transparency and reinforcing deterrence. Five (ADB, AfDB, EBRD, IDB, WB) participate formally in cross-debarment, while others recognize peer sanctions unilaterally, extending the reach of enforcement across the development finance system.

Convergent approach to non-compliance

Every MDB has the authority to suspend disbursements or cancel the financing where agreed procedures have not been followed. This provides a common baseline for addressing procurement non-compliance and ensures resources are used strictly for their intended purposes.

Flexibility in fragile and emergency contexts

All MDBs embed flexibilities—such as direct contracting, shortened timelines, reliance on UN agencies or procurement agents—to accelerate delivery while preserving fiduciary safeguards in crisis settings.

Sustainability mainstreamed

All MDBs allow non-price evaluation criteria, life-cycle costing and performance-based specifications. These tools enable borrowers to integrate environmental and social considerations into procurement processes, from technical specifications and award criteria through to contract performance.

Procurement as a policy vehicle

All MDBs use procurement as an instrument to advance wider policy objectives. Procurement frameworks are interwoven with comprehensive Environmental and Social Frameworks. MDBs' integrity regimes are operationalized through mandatory provisions in procurement documents, audit and inspection rights, and systematic checks against debarment lists. All except the EBRD also permit domestic preference margins under defined conditions.

Notable Divergences and Their Implications

Considerable progress has already been made in harmonizing procurement practices, even as differences remain. The areas of divergence analyzed are therefore best understood as structural and inherent features of institutional mandates, which coexist with, and do not diminish, the growing alignment across core procurement principles. For MDBs, these divergences can complicate joint operations and create friction in co-financing. For borrowers managing multi-donor portfolios, inconsistent practices may delay projects, restrict competition, or increase transaction costs. Providers, likewise, cannot assume uniform treatment and must navigate institution-specific provisions.

Member-based eligibility rules

MDBs diverge between open-access frameworks (AIIB, CEB, EBRD, EIB, WB) and membership-based eligibility (ADB, AfDB, IDB, IsDB, NDB). In co-financed projects, this may result in providers being eligible under one framework but excluded under another. Waiver mechanisms become particularly important in such cases, as they allow banks to resolve inconsistencies. In practice, the use of waivers has enabled MDBs with membership-based regimes to align with those applying open eligibility, reflecting a shared commitment across the system to capacity-focused, non-discriminatory and open participation of providers.

Use of national procurement systems

Five MDBs (ADB, AIIB, EBRD, IDB, IsDB) treat their rules as the default, permitting national procurement rules only by exception. In contrast, two MDBs (CEB, NDB) rely primarily on national systems. The AfDB applies a hybrid risk-triggered model where the use of country procurement systems is the primary option; the EIB distinguishes between EU and non-EU contexts; and the WB uses national systems either under national market sourcing or Alternative Procurement Arrangements.

Definitions and classification of operations

MDBs diverge in how they distinguish between public and private sector borrowers. Some (e.g. AfDB, AIIB, EBRD, EIB) provide explicit definitions of public and private entities, although there is no universally shared definition. Others (e.g. IsDB, WB) rely on implicit distinctions. Several (ADB, IDB, NDB) base procurement regimes primarily on whether operations are sovereign-guaranteed or non-sovereign. Such variations may result in similar borrowers being treated differently across MDBs, complicating co-financing arrangements.

Complaint handling

Two broad models exist. Bank-centric systems (ADB, AfDB, AIIB, EBRD, IDB, IsDB, WB) apply MDB complaint procedures and also issue "no-objections" on prior-review contracts. Country-centric systems (CEB, EIB, NDB) defer largely to national review bodies, with limited MDB role in the complaint process. The EBRD, uniquely, operates a two-tier internal complaints mechanism. CEB and EIB offer an internal committee for challenges against Bank actions, and EIB provides a final external recourse to the European Ombudsman.

Exceptions and waivers

The AfDB, EBRD and WB maintain tiered waiver regimes that allow derogation from most policy provisions, while others (ADB, IDB, IsDB and NDB) restrict waivers more narrowly, typically to issues such as full or partial waivers of eligibility rules. By contrast, although waivers may be permitted in practice, the AIIB, CEB and EIB do not record any such provisions or establish formal waiver mechanisms within their procurement frameworks. For principle-based frameworks, this reflects greater built-in flexibility and reduces the need for formal derogations, though it may also lessen predictability and transparency for borrowers and co-financiers.

Divergent approach to non-compliance

While all MDBs may cancel undisbursed funds in the event of misprocurement, only some (AIIB, CEB, IDB, NDB, WB) explicitly require refunds of disbursed amounts, creating uneven consequences across institutions. Divergence also exists around "no-objections" granted on the basis of incomplete, inaccurate or misleading information: six MDBs (ADB, AfDB, EBRD, EIB, IDB, WB) expressly reserve the right to act retrospectively in such cases, while others do not codify such provisions.

Forward Outlook

Overall, MDB procurement frameworks are already broadly aligned around shared principles of transparency, value for money, integrity, sustainability and flexibility in fragile or emergency contexts. The differences that remain are structural, rooted in institutional mandates and operating models, and are therefore unlikely to change. Among these, a fundamental divide can be observed between MDBs with comprehensive frameworks, anchored in detailed procedures and standard documentation, and those with principle-based frameworks, which prioritize core standards and allow greater reliance on national systems. Yet even within this diversity, there are clear avenues where MDBs may find value in closer alignment and continued collaboration—where such efforts are both feasible and beneficial.

Mutual recognition of procurement rules, progressively embedded in MDB frameworks since 2015, has simplified co-financing and reduced transaction costs. Although these provisions are broadly similar, further alignment would enhance their consistency and predictability. At the same time, MRAs can act as a catalyst for wider harmonization across other dimensions, such as eligibility, oversight and procurement non-compliance. This is particularly relevant among MDBs with overlapping geographic mandates, where closer alignment can reduce friction and deliver tangible benefits for borrowers, while safeguarding fiduciary assurance.

Eligibility frameworks, while divided between open-access and membership-based regimes, rest on a shared foundation of capability-driven and non-discriminatory participation, with exclusions permitted only in narrowly defined cases. This common anchor leaves space for greater coherence, even as the core access rules of each institution are likely to remain fixed.

Value for money and sustainable procurement are likewise areas where MDBs increasingly converge. The growing emphasis on value for money is evident in evaluation criteria that look beyond price alone, incorporating quality, sustainability, and life-cycle costing. At the strategic level, MDBs have also signaled their intention to develop a common framework for demonstrating value for money in procurement. Sustainable procurement provisions, already embedded across all MDBs, display a high degree of alignment, with remaining differences largely procedural. Together, these dimensions point towards a shared direction: embedding value for money alongside broader development, environmental, and social outcomes into procurement processes, in ways that allow for closer convergence over time.

Some clusters of similarity are also evident. Certain MDBs share provisions that are strikingly close in structure and wording, reflecting either parallel evolution or cross-fertilization of approaches. These patterns suggest natural platforms for progressive alignment where institutions already share a common starting point and operate in particularly close alignment across specific dimensions.

Harmonization can also be pursued through the progressive use of country systems, complemented by their modernization where necessary, providing a balanced pathway for strengthening and expanding development impact across economies.

Taken together, these areas point to a pragmatic path forward. Full harmonization is neither the goal nor a realistic prospect. Rather, continued collaboration and gradual alignment, where appropriate, will enhance the collective impact of MDB procurement—delivering faster implementation and lower transaction costs for borrowers and suppliers, without diluting each institution's accountability to its shareholders.