The first three stages of the project cycle are primarily the responsibility of World Bank or IDB staff. Taking what may be no more than a basic set of objectives, task team leaders develop a project work plan in consultation with the borrower. The work plan incorporates the objectives and culminates in the appraisal stage with a comprehensive, step-by-step blue print of how the project will be implemented, called the staff appraisal report or project appraisal document. During project preparation, task team leaders often require the services of individual consultants to perform short-term consulting assignments.

Once each bank's Board of Directors approves the project appraisal document, senior bank staff and officials of the borrowing countries enter into negotiations to finalize the terms of the loan and of project execution. After negotiations are completed, the project is ready to be implemented.

It is during this stage that bidding is conducted and contracts awarded for equipment, civil works and consulting contracts. And it is important to recognize that during this stage a shift in responsibility occurs as well. In contrast to the first three stages, the borrowing country is responsible for managing the implementation of the project. As was mentioned earlier, this includes the evaluation of the competing bids and the selection of the company with the winning bid.

The World Bank and the IDB have established guidelines and rules for how borrowers manage the procurement process, evaluate bids and select winners. During project execution, the only role of the banks is to ensure that borrowers follow the procurement rules. Indeed, one of the conditions attached to the World Bank and the IDB providing a loan is that the borrower must employ the procurement rules set out by each institution.

There are a number of types of procurement rules which borrowers may use. While each aim at promoting "economy and efficiency", for commercial purposes, the basic distinction between each type concerns how their attached conditions (in terms of advertising, time, pricing, currency, terms of payment and local content) either promote or discourage bidding from foreign companies.

International Competitive Bidding (ICB) is the type of procurement most conducive to bids from foreign companies. It is also the method which the two banks encourage their borrowers to utilize. Yet, in spite of this encouragement, for World Bank-financed projects in 1997, *less than 50%* of the procurement was conducted under ICB.

While it is the most favourable type of bidding for foreign companies, ICB does not eliminate certain biases given to local companies. Under ICB, borrowing countries can grant a degree of price preference, of up to 15% in some cases, to bids with local content.

Conversely, there is not a set of World Bank or IDB procurement rules which reserves procurement for donor countries. It is very common to find companies from borrowing countries competing against companies from donor countries