



The World Bank

## Procurement Policy Review Feedback Summary

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**Date:** September 21<sup>st</sup>, 2012

**Venue:** Brasilia, Brazil

**Total Number of Participants:** 33

### Overview and General Reactions

The consultation workshop conducted on September 21, 2012 included representatives of consulting and contractor associations, consulting firms, executing agencies, and representatives from key government institutions such as SEAIN (Secretariat of International Affairs), SEPLAN (Secretariat of Planning), TCU (General Attorney office of the Federal Government) and TCEs (General Attorney office of the States). The participants represented different Brazilian states (Bahia, Paraná, Minas Gerais, Rio de Janeiro, Ceará and Sao Paulo).

Participants from the World Bank included: Snezana Mitrovic, (Regional Procurement Manager for LAC), Boris Utria (country operations advisor), Etel Bereslawski (Hub procurement coordinator for Brazil), Luciano Wuerzius (procurement specialist), and Danilo Carvalho (procurement specialist, consultant)

Boris Utria delivered the opening remarks: he congratulated the initiative of this consultation and introduced the purpose of the meeting. A short film on the Procurement Policy Review produced by the World Bank and presented by Joachim Von Amskey was projected. Thereafter, Mrs. Snezana presented the rationale of the review and its main objectives, and briefly introduced the participants on the top of the discussion by delivering the Bank's power point presentation.

During the meeting the participants shared their views on several aspects of the current procurement and consulting guidelines, made suggestions for improving the Bank's role and submitted additional comments in writing.

The summary of the discussions and written comments is the following:

#### **General Observations:**

- World Bank should move to laying out general procurement principles and allow countries to use their own procedures if they are aligned with the Bank's general procurement principles. By taking this approach Borrowers will save time and will accelerate the implementation of their projects, because implementing agencies will not have to go through time consuming justifications for the use of procedures that are different from and/or contravene the national procurement laws.
- The World Bank should provide more flexibility to Borrowers, according to the Borrower's capacity and operational risk.
- The policy document is shy in relation to the possibility of establishing an institutional capacity risk of the Borrowers and for determining parameters linked to that risk.
- The World Bank should incorporate procurement practices that are environmentally sound, social friendly and sustainable at a long run.
- The World Bank should strengthen its capacity to support, supervise and guide Borrowers on different procurement matters.
- The success of this exercise (that is, the reform of the Bank procurement procedures) will highly depend on the procurement specialist's capacity and expertise to handle the new procedures or rules. The risk behind this approach of moving from compliance to principles is that the executing agencies will be subject to the procurement specialist's own discretion and judgement in resolving procurement matters.
- The World Bank should permit countries preserve their Constitutional principles on the procurement processes and be allowed to use the procedures incorporated in the national law. These procedures are better known by the Institutions and consequently projects will be implemented more efficiently.
- Private sector is motivated to participate in bidding opportunities financed by the World Bank because the funds are guaranteed and payments are done on timely basis.

#### **Project design and implementation**

- The World Bank should help Borrowers to set up organizations responsible for accomplishing the project's execution and able to make an informed opinion related to its implementation.
- The Bank should closely supervise the project's implementation and oversee the management of contracts.
- Procurement specialist should participate from the very early stages of the project's design.
- The State General Auditors have a broad vision on the general and common issues faced by different Implementing

Agencies and thus could positively contribute in the design of the projects.

- The World Bank should lead a role for inducing key players to take on responsibilities for implementing their projects.
- The project's performance should be audited to allow the World Bank and Borrowers to follow up the status of the Project and to better know whether the project's results or objectives are being achieved.
- Executing agencies should plan ahead the Project activities and the World Bank should encourage the participation of all key and decision making players in the planning process.
- During the appraisal phase it should be determined the staff that would be trained on procurement.

### **Country Systems**

- The national procurement law should adopt the Bank's practice of not disclosing the unit prices and detailed budget. It has been demonstrated that this procedure is very beneficial to the outcome of the procurement exercise, mainly because the unit prices adopted by the contracting agencies are often unrealistically determined and outside the market conditions.
- We agree with the principle that quality should prevail in the selection of consulting services.
- There is a tendency to make things happen quickly. The quality of the procurement process should not be diminished in favor of faster procurement processes.
- General Attorney's offices should be used in a more efficient way; they should not be limited to only conduct financial audits but rather to do a more comprehensive and ambitious oversight of the project's accomplishments.
- Initiate a debate about the usefulness of adopting a shortlist: what is the importance and results of this practice?
- Set up a portal where the executing agencies could upload and download documents, interchange opinions as well as terms of reference.

### **Procurement practice**

- The World Bank should help creating a consulting data bank, so Borrowers can consult it for preparing the shortlist.
- The World Bank should have more agile procedures and less prior review steps.
- The World Bank should take into account the Borrower's difficulties to issue bidding documents in two different languages. Developing countries are rarely staffed with the technical staff capable of working in two different languages.
- Borrowers with higher capacity should implement projects without requiring any prior review no-objection and prior review should be carried out only on crucial and most important cases.
- The requirements for average construction turnover and capacity of the contractor should be revised so to not limit the participation of local contractors.
- All no-objections should be decentralized to the Bank's Brasilia office.
- TORs should be disclosed jointly with the Request for Expression of Interest.
- Encourage the preparation of bidding documents before the loan agreement's signature

- There was a common consensus about the difficulties that Implementing Agencies face in complying with the geographic distribution rule for the shortlisting. Qualified local firms are left behind because of this requirement. The participation of international firms should not be mandatory and only the first six ranked and qualified firms, regardless their nationality, should be included in the shortlist.
- Advertising costs are substantially high and many times it is not economically justifiable to have the REOI published several times with the aim to attract international firms.
- It is important to have well elaborated TORs to allow the private sector to accurately understand the scope of the services. Implementing agencies need to be strengthened in the elaboration of TOR and consulting budgets
- TORs are in general of a very bad quality.
- National firms are often forced to form joint-ventures with foreign firms with the unique objective to meet the foreign quota of the shortlist, but the contract ends up being executed by the local firm.
- The Bank's prior reviews are welcomed as this practice prevents fraud and corrupt practices.

#### **PforR**

- Bank's procedures for the selection and employment of consultants should be adopted in this type of operations. The Brazilian procurement law permit that the executing agencies make the price prevail over the quality in the selection of consulting firms.

#### **Capacity Building**

- Have capacity building activities in which real procurement cases are being discussed as well guidance provided for the calculation of realistic consulting estimates and preparation of TORs.