



The World Bank

## Procurement Policy Review Feedback Summary

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**Date: June 29, 2012**

**Consultation with European Commission**

**Venue: Brussels, Belgium**

**Total Number of Participants: 8**

### Overview and General Reactions

The consultations with the European Commission (EC) were held in Brussels, Belgium, on June 29, 2012. Participants from the World Bank included Mr. Bernard Becq, Chief Procurement Policy Officer; Mr. Devesh Mishra, Regional Procurement Manager for the Eastern Europe and Central Asia; Mr. Marcelo Donolo, Procurement Specialist of the Procurement Anchor unit, and Ms. Elisabetta Piselli, Senior Counsel in the Procurement Legal Department.

Mr. Becq presented the rationale for the review and its key objectives and explained how the Bank's procurement policies have changed over time and how the needs among borrowers have evolved and pushed the Bank's current model to its limits. As a result, the Bank is undertaking a comprehensive review of its policies to align with different development agendas, develop more integrated approaches, and address the capacity building needs of clients through a more flexible, risk-based approach. One of the overarching objectives of the review is to better reconcile the Bank's fiduciary mandate and the key role of procurement in development effectiveness.

The meeting with the EC was seen as particularly well-timed given the current review of the EU Directives. Participants agreed to the complexities of reform processes, which involve stakeholders across a broad spectrum: those who wish to see full reliance on country systems to those who prefer for procurement policies to remain unchanged.

The key themes that were discussed included sustainable procurement; the use of e-procurement and related methods such as e-procurement auctions; the consistency of WB and EU procurement policies; contract management and monitoring; and public procurement and capacity building.

Several key items relating to **sustainability** were discussed:

- The EC is interested in having procurement procedures that foster other policies without creating obligations such as purchasing “green” products and services. Green procurement sees a divide between EU countries and social issues are largely debated.
- The use of negotiated procedures requires sophisticated implementation agencies in “more advanced” countries given the governance and institutional frameworks and capacity that are needed to implement them properly.
- A key concern on sustainability in procurement is to develop the right mechanisms that would allow countries to develop their capacity in adopting sustainable practices, such as through a range of options they may select where capacity, markets, and evaluation approaches are taken into account, i.e. best fit. Issues of sustainability need to be addressed through a more open and consistent dialogue with borrowers so that capacity issues can be identified and addressed.

The approach the EC is taking with regard to **e-procurement** is to remain as open as possible. One of the challenges in this area is the many diverging ideas with regard to e-procurement, given that some countries are more advanced in this area than others. The EC further stated that it plans to make mandatory the actual submission of offers through e-procurement systems.

The Bank noted that it is working to adapt all SBDs in order to accommodate e-procurement systems all the way through the submission of bids. It also explained that the Bank is developing open data platforms designed to allow the public to access and create customized reports on contract award information through the use of mobile smart devices such as smart phones and tablets. The Bank’s Open Contracting initiative will provide a mechanism through which civil society can hold governments accountable for the use of public expenditures by accessing the Bank’s information databases containing data on contract advertisements, selection processes, awards, disbursements, and performance.

In discussing the **EU procurement directives**, Ukraine and Romania were cited as two examples where public procurement needs improvement and where the possibility of using national rules with little modification could be explored. The Bank noted that the EU procurement directives are silent on the issue of eligibility but that the Bank would need to explore how to address local content more effectively. Co-financing and how to better articulate the WB procurement policy and the EU procurement directives constitutes another area for further collaboration –a list of specific topics will be defined. A related area is the GPA of the WTO, the EC approach being to ensure flexibility and consistency with such standards.

The need to address **contract management and execution** and the role of financiers in supervising contract implementation was recognized. There is interest in looking at, inter alia: prior bad performance and related issues of discrimination; increased participation of SMEs in public bidding; turnover caps; contract monitoring to enforce accountability and performance, and the development of rules in case major changes occur during the execution of contracts under implementation that would require a new bidding process; the development of effective performance management tools to improve quality assurance processes and endorsing quality control procedures; ways to improve contract design; and the organization of procurement processes to better align with local capacity in the borrower country.

Other areas of common interest included:

- specific procurement issues in regard to PPP operations as well as projects in fragile and conflict-affected states (FCS);

- simplification of bidding documents; and
- COI provisions of procurement policies and contract documents