The World Bank

Procurement Policy Review

Feedback Summary

Date: October 3rd 2014

Location (City, Country): Mexico D.F., Mexico

Total Number of Participants:
- Private Sector: 4
- Public Sector: 24

Overview and General Reactions:

Overall, participants congratulated the Bank for the comprehensive review if the procurement system, and welcomed the proposed framework: “which reflects good international practices, such as VfM, sustainable procurement, fit-for purpose, etc.”

Specific Feedback from Stakeholders

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<th>1. How should the Bank implement support to borrower procurement capacity building and institutional strengthening?</th>
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<td>• Stakeholders suggested to the Bank to keep in mind the end goal is to accomplish the project’s objectives and to guarantee that the procurement plan is procured adequately.</td>
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<td>• Even though there is coordinated work with the Bank, there is a lack of technical assistance in terms of technical content, process and paper work to be filled in.</td>
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<td>• It was also noted that there is very little involvement from the Bank when it comes to the execution of the projects. The need of Bank staff to support throughout the procurement process and execution of the project was emphasized.</td>
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<td>• Participants mentioned the importance of keeping the harmonization with the other MDBs and joint efforts to sensibilize instead of</td>
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capacitate national employees through support on the use of tools.
- Stakeholders asked for a progressive implementation of the new policy supported with capacity building.

2. **How should the Bank operationalize the potential broader use of value-for-money criteria in borrower contract award decisions?**

- Stakeholders agreed that it was very interesting to move to VfM as it gives more flexibility and quality; however, they were interested in the strategy to accomplish the transition successfully in terms of accountability.
- Stakeholders also asked for clear guidance for the implementation of VfM.
- Participants from the private sector suggested two teams to evaluate the bids: a qualitative team and a quantitative team, each performing separate evaluations. Then another team should analyze both reports and decide on the best bidder.
- The private sector suggested avoiding ambiguous definitions of VfM and to determine a pass or fail scoring for the technical specifications.

3. **How should the World Bank target its procurement staff resources to get the best results?**

- Participants were concerned that even if there is more hands-on support during the procurement planning stage, there is a big challenge when it comes to cultural change and habits.
- Stakeholders find important to realize that the Bank staff will need to have enough time to give technical support and still continue with their day to day activities. This will be a challenge to the success of the strategic planning proposed in the reform.
- Participants suggested to focus the resources towards high risk contracts and to increase the supervision to suppliers with low performance.

4. **How and when should alternative procurement arrangements be used for procurement in Bank projects and how should they be assessed?**

- Stakeholders mentioned the importance of assessing the maturity of the procurement systems.
- Participants proposed to consider including trade agreements that have clauses in procurement given that trade agreements are more likely updated frequently and in line with best practices in transparency and value for money.
- Although participants received well the proposal of Alternative Procurement Arrangements, they advised that the Use of Country System should not be excluded from the proposed new Procurement Framework. Their view is that by not targeting country systems, the Bank could not be appropriately engaged and could not effectively support countries to develop their procurement systems.

5. **How should sustainable procurement matters be addressed in Bank-financed contracts?**
- Stakeholders asked if the policy on sustainability would include specific criteria for SMEs.

### 6. How should the World Bank manage fraud and corruption issues in the procurements it finances?

- Participants from the public sector suggested to evaluate the possibility harmonizing the fraud and corruption principles with Mexican authorities and for the Bank to report to the national authorities when a case is being investigated for fraud and corruption.
- Stakeholders from private sector mentioned that the perception of corruption in Mexico has increased in the past years.
- Fully adhering to the requirements of the Anti-Corruption Guidelines (ACGs) has been somewhat or very difficult. This has limited Mexico to use of Bank funds in Mexico. Cases like Avian Flu, and sub-project financing private sector initiatives, were presented as examples. They asked that the ACGs should be a fit-for-purpose policy, allowing the use of practical approaches in those jurisdictions with proven sound AC law and effective enforcement. In addition, while they are supportive of cooperating with the Bank on measures to prevent and combat fraud and corruption in programs, there is a level of disappointed that the ACGs do not focus more strongly on supporting governments in improving their own systems.

### 7. What would be suitable procurement metrics that the Bank should use to improve performance?

### 8. What role should the Bank have with regard to complaints monitoring?

- Participants welcomed the proposal to streamline the Bank’s role to monitor complaints and agreed that though not being a contractual party, the Bank has interest about the outcomes of the contracts that the institution finances. Moreover, participants from the private sector agreed that more involvement from the Bank was an incentive for the private sector to participate.
- Participants from the public sector a how far the Bank wants to go, and a query for balanced interventions according to the Bank’s developmental mandate

### 9. What should be the Bank’s role in contract management, and with regard to improving performance of suppliers?

- Stakeholders suggested to focus on analyzing the procurement processes that have been flagged, with issues or stopped.
- Participants from private and public sectors agreed that the Bank should play an active role in contract management, addressing, among others, technical and institutional weaknesses of the executing agencies.
10. General comments on other issues emanating from the Bank's proposals?

- Participants from the private sector suggested training financial agents so that they will learn about the process and then they will extend the knowledge. This way the Bank will not impose the reform but train the key figures in the economy that will embrace the new proposals and serve as multipliers.
- Participants welcomed the proposal that the Bank procurement framework should be flexible enough to be operational in jurisdictions with different capacities and complexities. As an example, they stated that Mexico itself will benefit from the fit-for-purpose approach since institutional capacities; market conditions and other factors vary from the Federal and state levels.
- Consensus that procurement should be a strategic instrument to meet project’s development objectives. They welcome the idea of carrying out up-front analysis of the relevant context of the operations.
- They advised that procurement strategy for development should be part of the bank overall investment approach for the preparation of Bank’s projects.