World Bank Procurement Reform: Consultations for Phase 2

Background

The World Bank is conducting the first comprehensive review of its policy and procedures for procurement in World Bank Investment Project Finance. As part of this review, the World Bank is consulting with shareholders and stakeholders to seek their input and feedback regarding the future direction of World Bank procurement, the key recommendations and principles to guide the policy and their application, and the specific changes to the policy for consideration by the Bank’s Board of Executive Directors.

In February 2012, the Board of Executive Directors endorsed going ahead with the review in a two-stage approach. The review consists of a first phase to identify the issues to be addressed and to formulate the overarching framework and guiding principles for the future evolution of the policies and their application. This phase was based on an Initiating Discussion paper, which provides an overall diagnosis, additional studies to address specific concerns, the advice and inputs from a group of international experts, and the views solicited via consultations with a wide range of stakeholders. The first review phase closed with a Proposed New Framework on Procurement in World Bank Investment Project Finance, outlining the principles of the new policy.

Beginning in November 2013, the second phase of the review focuses on fleshing out the details of the new proposed policy, directives, and procedures. The second reform stage culminates in the drafting of the statement of operational policy and accompanying directives and. The final policy document is expected to be presented to the Bank’s Board of Directors in Fiscal Year 2015.

The review is being undertaken as part of the World Bank’s modernization agenda. It responds to increasing demands from a changing global operating context, diverse and evolving needs of clients, and the varying business and instruments that Bank offers today to promote development. Past revisions of the Bank's procurement policies have addressed issues as they emerged, incrementally and sequentially. While these changes constitute significant evolution and serve borrowers well, the provisions added over time have made the Bank's policy and practices time-consuming and complex, according to many borrowers and Bank staff.

The case for reform

The landscape of public procurement around the globe has changed. Trends point to innovations and new practices such as – among others - value for money, best fit for purpose, environmentally and socially responsible procurement, and technologies to make procurement more efficient. More and more countries see public procurement as a strategic function and a public sector management tool, instead of merely an administrative process. Greater focus is being directed to performance and on getting more “value-for-money,” and less on compliance for the sake of compliance. There is increased awareness of the need for integrity and probity, given the vulnerability of public procurement to fraud and corruption. Nontraditional methods of public procurement, new interactions with suppliers, and e-procurement platforms are increasingly being used to take advantage of the gains that can be made in the large global market and from the enhanced and faster processes.
The World Bank’s borrowing member countries are, to varying degrees, improving their institutional capacities and striving to reform their procurement systems. Progress is being made but it is uneven: fragile and conflict-affected countries, many small countries, and numerous sectors or institutions in even more capable countries face distinct challenges. This requires the Bank’s procurement policies and procurement to move from a “one-size-fits-all” approach to one that accounts for risks and capacity and provides a platform for country procurement reform and capacity building.

Other changes have occurred within the Bank as it has adapted to meet the needs of its diverse clients. New instruments have been devised, such as Emergency loans, Development Policy Loans (DPLs), Guarantees, and Program for Results (PforR) as well as new set of delivery mechanisms, including sector-wide and performance-based mechanisms, public-private partnerships, community-driven development and conditional transfers and grants. Over time, the Bank has expanded the items that it finances to include most locally procured works, goods, and services, salaries, operating costs, recurrent items, and grants and other transfers. The transactions financed by the Bank now include those that are large and small, simple and complex, one-time and routine.

All of these factors provide the rationale for undertaking a thorough analysis and review of the Bank’s procurement policies and, on the basis of that assessment, devise a new policy framework that works in the future. The goal is to ensure that the Bank’s procurement policies remains relevant to a wide range of clients with different capacities and needs, a wide range of risks, a wide range of instruments, delivery mechanisms, and ways of doing business, and a large set of diverse transactions.

Objectives of the consultation

The two-stage review of the procurement policies is supported by two periods of global multi-stakeholder consultations to elicit input and feedback from interested stakeholders in as broad and inclusive a manner as possible. The goal is to produce a final policy framework, including procurement principles, procedures, and guidelines, that responds effectively to multiple contexts, needs and demands. The objectives of the consultation process are to:

- Create a space for dialogue and participation of stakeholders so that the proposed revisions of the policies can benefit from different perspectives.
- Solicit feedback and input on the issues to be addressed, the key recommendations to guide the framework, and responses to options and choices for specific revisions based on that policy framework.
- Help to frame and guide the formulation of the specific revisions and work out implementation and other operational implications.

The envisaged outcomes of the consultation include:

- Revised draft policy based on stakeholder input as appropriate;
- Consultation report including a summary of all stakeholder feedback;
- Response from the Bank on how stakeholder feedback informed the final draft procurement policy and framework.
Participants

Stakeholders to be consulted include shareholders, policy makers, borrower governments, national procurement bodies, procurement practitioners, bilateral and multilateral development partners, industry leaders, private sector representatives and business associations, civil society representatives, experts, scholars, and other interested development groups and practitioners.

Format

In the first phase of the review, the World Bank consulted with almost 2,000 stakeholders in about 100 countries. A summary of the input received can be found on the dedicated consultation website. Consultations for the second phase of the review will focus on systematically engaging stakeholders in every region, while at the same time providing extensive information and explanation of the reform proposals as well as providing stakeholders with a range of feedback mechanisms. Stakeholder feedback will be guided by overarching discussion questions that will help the review team systematize and utilize stakeholder feedback.

Pre-consultation

It is envisaged that the consultation period starts with 2-4 weeks for publicizing the proposed procurement policy framework and a number of draft procedures as endorsed by the World Bank's Executive Directors. Relevant documents and explanatory materials will be posted on the dedicated consultation website. Stakeholders will be invited to peruse the documentation, ask clarifying questions to the reform team, and submit comments on the proposed framework. Online consultation methodologies such as chats and forums will be utilized.

Consultation

After an initial information period, which will predominantly utilize online channels for consultation, the World Bank will commence full multi-stakeholder consultations, utilizing targeted face-to-face meetings as well as online feedback channels.

- **Online**
  Stakeholders will be invited to submit their comments on the proposed documents in a variety of formats through a dedicated consultation website. All feedback received will be compiled and summarized for the policy review team's review and will be considered as the review is going forward. The World Bank will publish a summary of all feedback received and will outline how stakeholder feedback was taken into account.

- **Face-to-face**
  The World Bank will organize regional consultation summits to engage stakeholders from governments, the private sector, civil society, academia, and other interested parties. Stakeholders unable to travel to the summit location will be connected via video conference. It is envisaged to host 1-2 consultation summits per region. Stakeholders will be selected by the World Bank and by interested partners, such as government agencies, civil society organizations, or private sector umbrella organizations. Summaries of consultation meetings will be published on the consultation website and will be integrated into the final consultation report.

Anticipated timeframe

The consultation for the second phase of the review of the World Bank's procurement policy framework is envisaged to span four months, including one month of pre-consultation, starting on August 1, 2014, and ending on November 30, 2014. Depending on the endorsement of the second policy framework paper, draft policy, and draft procedures, the pre-consultation period is planned to start in August. This period will focus on online engagement and dialogue, focusing on clarifying
the approach consulted on. The full consultation period is planned to start in September with extensive face-to-face engagement of regional stakeholders.

**Preliminary overall review schedule (subject to changes)**

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<tr>
<th>Phase 1</th>
<th>May 2012 - February 2013</th>
<th>External Consultations. Online and face to face, seeking input on issues to be addressed and views on key principles for modifying the Bank policy. Initial diagnosis and rationale is outlined in the <a href="#">Initiating discussion paper</a>. Establishing (June 2012) an <a href="#">International Advisory Group on Procurement</a> with representatives from clients, industry, civil society, bilateral and multilateral development agencies, along with international organizations such as WTO, OECD and UNCITRAL, which will advise the Bank on the scope of the review and its conclusions and recommendations. <a href="#">Series of studies</a> and <a href="#">benchmarking exercises</a>, and <a href="#">compilation of lessons</a> and experiences with public procurement innovations.</th>
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<td></td>
<td>February 2013</td>
<td><a href="#">Summary of all feedback</a> received and posted online.</td>
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<td>April 12, 2013</td>
<td>Board of Executive Directors consideration of a draft proposal for an overarching framework and guiding principles for revisions to the Bank's procurement policy and procedures.</td>
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<td></td>
<td>April-October 2013</td>
<td>Revision of the proposal for a new policy framework.</td>
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<td>November 2013</td>
<td>Endorsement of the proposed new policy framework by Executive Directors.</td>
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<td>July 2014</td>
<td>Endorsement of the direction for the policy framework by Executive Directors.</td>
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<td>August 2014</td>
<td>Pre-consultation to disseminate the proposed framework and related documents to allow stakeholders to become familiar with the materials.</td>
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<td>Phase 2</td>
<td>September-November 2014</td>
<td>Full consultation, main meeting period. Online and targeted face-to-face meetings on the specific proposals made in the procurement framework. Further development of accompanying materials.</td>
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<td></td>
<td>December 2014</td>
<td>Policy revisions, consultation report. Stakeholder feedback will be incorporated into a new draft procurement policy, procedures, and directives, which will be presented to Executive Directors. <a href="#">Summary of all stakeholder feedback</a> posted online.</td>
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<td></td>
<td>Early 2015</td>
<td>Presentation of final policy proposal to Executive Directors.</td>
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**Contact**

Questions about the consultation process should be directed to the Procurement review team at procconsult@worldbank.org.

*To share views and recommendations, go to the “Your Feedback” functionality on the website. Feedback can also be submitted by email to procconsult@worldbank.org.*