



The World Bank

Procurement Policy Review Feedback Summary

Date: August 16, 2012

Venue: Nairobi, Kenya, with VC connections to six other Bank country sites

Participating Countries: Ethiopia, Kenya, Mauritius, Rwanda, South Sudan, Tanzania and Uganda

Total Number of Participants: 149

Overview and General Reactions

The consultations were conducted face to face at the Kenya Country Office, with participants in the other sites connected via VC at Bank country offices.

Rajashree Paralkar, Senior Operations Officer, Kenya delivered opening remarks and welcomed the participants on behalf of the Bank Country Director for Kenya.

V.S. Krishnakumar, Regional Procurement Manager, Africa Region, and **Edward Olowo-Okore, Director, Core Operations Services, Africa Region** led the consultations from Nairobi.

Peter Warutere, Senior Communications Officer, Africa Region Strategic Communications, recorded feedback from the participants, with additional support from AFRSC staff in the participating countries.

Specific Feedback from Stakeholders

1. The analysis presented in the Initiating Discussion Paper captures the key issues and concerns that should be addressed in the review. Are there other challenges which the review should try to address?

- There shall be provision in the guidelines that empowers the Bank and member countries to work together, adjusting to the realities of each country's needs. There shall be a loophole that the general provision may apply.
- The guidelines in the review consultations paper are clear. A challenge is to understand how to implement them in practice.
- The guidelines do not address complaint mechanisms during implementation. Please clarify in the paper as it has direct impact on combating corruption.
- Capacity of local procurement personnel and of local agencies should be a priority.
- The objective of using country systems will add value utilization of funds. In the meantime, capacity building--training of staff, institutional capacity for regulation and implementation—need to be taken seriously.
- We should focus more on risk management, rather than assessment. We have to take risks in implementation.
- Time taken to go through procurement process on the Bank side needs to be addressed. In project implementation, time-consuming feasibility studies have to be reviewed and taken into account. Environmental issues have to be addressed at the start of projects, not during implementation.
- The emphasis should be on procurement professionals, they will need new skills to deal with new issues such as public private partnerships, value for money and program for results. We should train people now so that they are competent.
- The World Bank should develop an e-procurement system that can be introduced in other countries.
- Teams involved in project cycles should be trained in advance to mitigate risks.
- Procurement should be a key governance issue. Kenya has a problem with its own procurement system. The problem is not the law, but a working judiciary.
- In Tanzania, procurement staff report to the chief executive of their organization but in Kenya, they report to lower level managers.
- We should look at value for money and fit for purpose in relation to the capacity of implementing agencies. Why should we have a project of say \$1 billion being implemented by an institution with

capacity for only \$200 million?

- Procurement decision making and no objection should be more flexible.
- One thing which is not sufficiently covered is fighting corruption in public procurement. Bank has limitations in fighting this because it does not directly interact with people – interaction between laws and people. Countries can get insights/learn and see how to balance this.
- The Bank should look at the whole supply chain. This will help address all issues.
- There are challenges in contract monitoring and management. The new policy should introduce public-private partnerships that include CSOs in monitoring. This will reduce corruption. It should also introduce joint ventures in projects.
- In South Sudan, we should institutionalize the procurement systems and build capacity, including specialization and professionalism. The Bank could assist in developing the quality of procurement staff in our Ministry of Finance and other agencies.
- Regarding performance of contracts, some countries like Kenya, Ghana, Nigeria, Ethiopia have extensive experience. There are firms in these countries that have developed capacity to deliver goods and services in South Sudan. We are a fragile country. The Bank policy should take into consideration this to ensure we are not overrun by these giants. Take a critical look at our strengths and weaknesses.
- There is a problem of time for project implementation especially in rural areas. Delivering inputs to project sites is a challenge. The Bank consider them before withdrawing.
- Local contractors don't have experience to compete with foreign contractors. Contractors develop capacity through building of projects but most Bank procurement activities are in development of infrastructure projects. The current situation is that most projects procured by foreign firms and don't involve local engineers. Africa will take a long time to develop capacity if this continues.
- Bid documents should be standardized. Framework agreements – countries should move to framework tenders and bank should accept this. We have issues of over and under stocking – these issues will be resolved. Issue of lead time will also be addressed. Current practice where projects require two approvals delay approval process.
- I want to raise the issue of flexibility to take into account peculiarities of projects and operating environment. Bank conditions should not be cast in stone, there should be exceptions.
- Transparency in procurement is an issue. We should have transparency and reduce corruption at evaluation and all other stages.

	<ul style="list-style-type: none"> • It is fundamental that the Bank should be strict about corruption, capacity, etc. but also have flexibility on fair practice, especially where domestic firms are involved. • Bank guidelines are not well articulated in contract management. Basic knowledge of procurement issues is not well defined now. • Value for money, program for results, – these new terms are not well known by users. • Professional capacity and code of conduct should be enforced. In the new policy there should be a place for national procurement associations. • Procurement laws are in need of improvement or amendment. • We need to build capacity of staff and implementing agencies. Another issue is using country systems – this should be discussed more deeply. When you go to Bank projects you have to deal with government procurement guidelines, hence, dealing with two parallel systems that may not always be working in the same direction. Eg on payment of interest and commitment fees on undisbursed funds. • Local preference has greatly helped contractors from Mexico, Brazil and China to come up and build capacity. Contractors in Nigeria and Ghana are also coming up on this. But in Uganda this has not happened. Uganda, Rwanda and South Sudan should be given more time. • In evaluating the efficiency of procurement, we should look at contract management. By the end of a contract, it becomes very expensive or it is not done properly. All these should be done in one. • Procurement should be using officers in particular fields. • We should emphasize time taken in project appraisal. The Bank is involved at too many stages. This causes delays especially where projects involve RAPs and other issues.
<p>2. Taking into account the new concepts of public procurement and the broader context of public sector management best practices, what type of changes should the Bank take into consideration in modernizing its procurement policies?</p>	
	<ul style="list-style-type: none"> • On the use of country systems, this is not a new issue. What is new is the commitment of Bank to use this. The Bank is injecting modern systems in procurement by embracing technology and using e-procurement. It is between efficiency and quality issues. The Bank should help countries to modernize their own national systems. • The Bank is very cautious – it should go easy with a phased approach – one quick win, oversight and bid – work with national entities to enforce Bank guidelines. Regulators are independent, have public confidence and have a high level of competence. This will reduce operational costs.

- Most countries recognize Procurement Policy as a strategic function but countries in this region [Africa] probably don't recognize this. Procurement consumes 50% of GDP. The Bank should see broader perspective of country context.
- Inclusion of public-private partnerships is a great idea and should be strengthened.
- We should have the change of policy on domestic preference and direct procurement. In Ethiopia, procurement goes through three layers of government approval. Why do we need a Bank review after this?
- Globally, complex projects are being implemented by joint venture or and consortia. This builds capacity of local firms, and transfers skills and technology.
- The Bank should meet annually with all stakeholders to review and agree on what is working and what isn't.
- The review should change relationship to be strategic rather than adversarial.
- National systems clash with Bank policies eg on technical and financial proposals. Architects have a scale of fees but the Bank procedures are different. They encourage under-cutting and creative procedures. In Kenya, architects use design quotation instead of the stipulated scale of fees.
- The youth should have preference to get some of the Bank-financed work. Most don't have experience to bid and are locked out. We can solve a lot of issues, including unemployment and insecurity by having them engaged.
- The policy should consider that public sector management is changing.
- The Bank sometimes doesn't give precise comments on technical process, thus implementing agencies don't have enough time to review and mitigate.
- In modernizing procurement policies, the Bank should include professional bodies, such as contractors associations, more. This will empower them to regulate themselves and improve their capacity.
- All contracts should go to the ministry of justice for review, so they can handle any contractor who disappeared with money.
- In measuring performance of contractor, the contractor needs support of a project management team. Failure to do this leads to poor performance. Overall assessment should be holistic.

3. In light of various levels of risks and capacity among borrower agencies, how can the Bank best ensure that funds provided by the Bank are used for the purpose intended?

- The Bank should rely on country systems. It has to develop capacity of countries on different levels and stages. Also, consider use of CSOs in oversight, provided they are well organized. Focus on results rather than on process.
- The Bank has to work with the client and minimize transactions without compromising fundamental qualities of public procurement.
- Procurement entities use consultants. These consultants help in bringing in capacity, avoiding delays.
- There should be regular reviews of procurement laws to enable implementation to improve. The Bank should regularly guide the borrower.
- The Bank should use professionals in countries or employ a professional to do technical work in the region. Or it may pre-qualify professional firms in a region to do the work. This will reduce corruption.
- The Bank should take into consideration country level and capacity. These are not the same. Disclosure of information should be enhanced for citizens to be better engaged.
- The Bank should continue to support the work done by the national audit office, real time or contract audit, strengthen value for money, forensic and risk audits. It should empower CSOs to carry out social audit.
- Within the current economic system, the Bank should use local systems. Bank systems are complex and this makes borrowers go to other sources of funds and leave the Bank. Hence, use local systems and take care of risks. Bank procurement unit should be consultative and monitoring. Performance should be prior-agreed with borrower.
- The Bank should do away with oversight function (to country) and concentrate on value for money output.
- The Bank's concern for quality has its costs as officials can defend themselves that they complied with Bank procedures even when the end product is of poor quality.
- What is the intended purpose of funds? A country cannot borrow money, then use foreign contractors and be left to service debt. The Bank should focus on this, ensure that the largest share of its money is retained in the country. There is an issue of equity involved here. These issues are as important as corruption.
- In joint ventures, foreign firms should partner with the locals, not simply focus on transfer of technology.

4. The Initiating Discussion paper highlights the multiplicity of demands and contexts procurement is serving today –diverse sectors, instruments, delivery mechanisms and clients with varying institutional frameworks and governance conditions. What recommendations could help the Bank best tailor its procurement requirements to meet these diverse and varying demands and needs?

	<ul style="list-style-type: none"> • As much as we are crafting the new policy, it should be broader and based on thematic issues, and adaptable to evolving environment to deal with our multiplicity of needs and demands. • Public procurement is taken as a stand alone activity. We should encourage collaborative activity.
5. What could the Bank do to simplify and streamline its current policies and to take advantage of the potential gains offered by e-procurement and IT-based tools?	
	<ul style="list-style-type: none"> • The Bank should work with enterprise solution providers to develop e-procurement capacity. Some of the solutions already available. • There is a lot of appetite for IT solutions and the new guidelines should reflect this. Governments should improve and use more of this. The Bank should leverage on its experience and use this in IFMIS training. • The Bank should harmonize its procedures with country systems. • We should look at public procurement, risk and capacity, e.g. in CDD projects, which delivers value for money. There is a risk in contract management. Put emphasis on management to see if funds are used for intended purposes.
6. International consensus calls for use of country systems and harmonization among development partners. What can the Bank do to advance the use of country systems and harmonization among partners?	
	<ul style="list-style-type: none"> • When donors provide budget support, we use country systems. But donors move slowly. We need serious discussion among development partners on use of country systems. • Capacity building – the Bank should consider level of country experience. • When corruption occurs, whose responsibility is it? What happens where a Bank officer is involved? • The bank should support the establishment of an accreditation body for Africa to enforce ethics and standards. • What is the core idea of procurement? Practitioners are now focused on compliance rather than risk. Procurement process consumes time and money. Benefits and satisfaction are reduced where money is spent on processes. • In Uganda, the Ministry of Justice is mandated by the constitution to review contracts of \$20,000. This threshold was established in 1999, and remains too low. Also the target response time is five days but it takes 41 days. There is pressure for the threshold to be revised. • The government and IDA sometimes don't work together, hence double reviews for the same contracts. • On credit effectiveness in Uganda, it is first signed by the government and the Bank, then taken to parliament

for approval. Although implementation starts from signing, procurement doesn't start until parliament approves. This reduces time implementation. May be parliamentary approval should be first before signing.

- We are required to display award notices before award. The Bank displays signed contracts. But this takes time and also, there is no recourse for complaint by an aggrieved party. If the intention is to be transparent, the Bank should also have a way of advertising contracts proposed for signature. How do you handle complaints after a contract has been signed?

7. What suggestions do you have to monitor and evaluate the Bank's Procurement policies and assess their impact and effectiveness?

- The Banks needs to improve information disclosure to the public. People learn about the Bank when things go wrong. We need maximum disclosure of information and use social accountability more. The Bank needs to assess its models to have citizens monitor and provide feedback. We should see the effect and change at beneficiary level. The Bank should assist in organizing citizen groups to track progress and use of funds even in complex projects. But that is not easy especially in infrastructure.
- Countries are diverse and are at different stages of development. Look at how local procurement rules are working and encourage fair play. There should also be more emphasis on harmonization. Show how things are being done and have local participation.
- Payments, disbursements and taxes take a very long time and become a hindrance to project implementation.
- The Bank may come up with questionnaire to see if its policy has worked or not. Conduct a sort of audit on effectiveness of its procurement policy.
- We need to build capacity in health procurement especially in drugs and equipment. This also includes training of users. We should also address health infrastructure weakness and contract management.
- The threshold of foreign firms should be revised. Projects are completed, but they are expensive to maintain. Local firms should be empowered to ensure project sustainability.
- Review the criteria for awarding tenders. In the past, many local firms were eliminated for the lack of experience, while there may have never been a large project there.
- It should be the responsibility of Bank and government to form a team for effectively monitoring contracts.
- In Kenya, there are some systems in place with disclosures being made by team of assessors. There are two experts reviewing one project. Audits are being carried out regularly. This can be taken on more boardly, at country and regional level.
- The Bank should develop performance indicators and share with borrowers. Borrowers should then be rated

	<p>against these benchmarks.</p> <ul style="list-style-type: none"> • We should separate accountability between procurement and regulatory entities. The Bank should demand this. eg the government implements projects but regulation is done by parliament. • Bank guidelines are too many and mechanistic. It should concentrate on procedure and avoid innovation and creativity. It should also concentrate on performance.
<p>8. Do you have other suggestions to help the Bank develop a proposal for a new policy framework and guiding principles for revisions to the Bank's procurement policies?</p>	
	<ul style="list-style-type: none"> • We haven't talked about supplier efficiency. Suppliers find procurement documents and details too complex. The Bank should have supplier workshops, to discuss its expectations. This will build capacity. • The tools used by Bank are not user friendly. Procurement plans are too lengthy and there are too many dates. This should be restructured. From my experience, EU procedures are easier and user friendly. This is a good learning opportunity. • In procurement of community procurement, the Bank should encourage use of voucher systems.