



The World Bank

Procurement Policy Review Feedback Summary

Date: June 12, 2012

Venue: MOMBASA, KENYA

Session: Workshop on Harmonizing Procurement Policies for Effective Regional Integration

Countries and Regional Bodies participating: Ethiopia, Ghana, Kenya, Nigeria, Tanzania, Uganda, South Africa, West Africa Economic and Monetary Union, Common Market for Eastern and Southern Africa

Total Number of Participants: 13

Summary:

This consultation with national and regional public procurement officials from selected countries and two regional bodies took place as one of the agenda items of a Regional Workshop on Harmonizing Procurement Policies for Effective Regional Integration in the Africa Region. The main message from this session was the support for the use of national procurement systems, with an attendant shift in focus capacity building, performance management, and accountability.

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?

- The World Bank's Guidelines are geared to large infrastructure projects. This needs to change, and the Bank needs to use national procurement systems more.
- The Bank's procurement procedures are frustrating because they are used to contract firms and service providers to short-change national systems. How far do we go in undermining the application of country systems? This happens in energy, education, health and other sectors.
- The Bank gives minimum response on procurement issues but they impact our relations with various stakeholders and success of the Bank's projects.
- In Uganda, for example, both the World Bank and national procurement systems apply with preferences to local contractors. This dual system is good. The Bank's systems provide insurance and evidence that national systems are used appropriately.
- Project design and credit documents state that national systems, including procurement, are used in accordance with the national laws, unless stated otherwise in the terms of the Credit/Loan Agreement. But when technical issues emerge, national systems are forgotten in favor of the Bank's systems.
- A lot of effort is put in reforming country procurement systems but we face an obvious situation where we are running two parallel systems. Country systems must become more effective and take the leading role. The Bank should assess country systems and capacity, and where appropriate, use them.
- The Bank hires good people from the public sector to design and implement the projects that finances and thus reduces national capacity to design and implement good national systems.
- There is a problem with the Bank's "no objection". The Bank does not sign off on the supply of works and equipment (for example, Kenya's ICT project). When contracts are signed, no objection is given but approvals are not given. Every process up to award is approved but when contracts are submitted for Bank approval, no approval is given. This adds to frustration. Sometimes, the Bank's "no objection" takes too long, and it can even be backdated. But these are procedural questions that can be solved.
- One suggestion for this policy revision is to remove procedural problems, such as the 36 months needed for a project to move from appraisal to commencement. The use of local procurement systems will shorten the implementation time. National systems are in place and must be used as part of appraisal and implementation of Bank-financed projects.
- While the Bank does not implement projects, there are some examples in Uganda where there were two parallel processes used for oversight and evaluation. This should be avoided. Certain control tools should exist, but government systems should prevail.

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?

- We need new and broader concepts of public contracts management, checks and balances, and some independent evaluation.
- It is important to recognize good performance in public sector. An adequate performance measurement system is needed. It is also important to leverage best practice and encourage competition but this may be hard in the social sectors, which are fragmented and has lots of small projects: therefore, good measurement systems are difficult to implement.
- Public sector management practices should be broadened. Governance cuts across public and private sectors. There were deliberate efforts to downsize the public sector through privatization, but it does not always work. Hence, CSOs and other institutions should be incorporated in a broader governance framework. For example, in Uganda, some good governance systems exist but have not been properly utilized.
- It is difficult to apply the same systems to all. For example, in sectors where small and medium enterprises are highly developed, rules should be different from those where SMEs are weak.

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 government and public institutions must lead monitoring procurement and enforcing accountability. This should not be a risk.
- The Bank should invest more energy and resources in enhancing monitoring systems and sanction mechanisms. Let's be responsible for our own development. Give responsibility to the overseer/users. They should be responsible for process and outcomes.
- We should have joint mechanisms and agreed ratings for all public entities and projects. For example, some entities have enhanced capacity because of the World Bank engagement but others do not. We cannot talk of integrity issues where capacity is weak. Local regulators should assess capacity and risk. Development partners should adopt this assessment from these public regulators.
- The fact that World Bank does not fully use country systems has increased the risk of poor monitoring and compliance. Better results can be achieved if the Bank collaborates with national regulators. Discrepancies between the Bank and government would be reduced or resolved. The Bank should work together with local authorities to get better results.
- In Ghana, public procurement agencies do assessments of public institutions, but the auditors engaged in these areas often don't have sufficient experience.
- Institutions must be built and capacity enhanced. For example, in Nigeria, consultants are at times given work but don't have sufficient skills or knowledge to do this work. Personalities and quality of institutions often affect the quality of outputs.

- A standing committee on public accounts can ensure that recommendations taken, rules are followed and systems apply. They should also impose sanctions.
- The Bank should support regulators and oversight institutions to make sure they function effectively – auditor general, ombudsman, and credible fiduciary bodies.
- The ability to ensure that funds are used for the intended purposes would depend on how the funds are disbursed. Appropriate oversight is very important. So are internal and external audits. The Bank should give countries the right to use their oversight institutions to conduct audits and compliance. The Bank should concentrate on capacity building.

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?

- Consider community, sub-national and national levels separately as they are too diverse.

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?

- The Bank can possibly use more electronic procurement and e-platforms.
- Electronic procurement platforms should be considered as part of ICT policy and any potential obstacles or problems should be addressed at that level.
- It is better to promote country e-platforms, instead of publishing contracts in large development portals.
- The Bank should explore the use of GPS systems in project monitoring.

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?

- Participants would like to receive more clarity in the Bank’s position on the use of country systems. In some countries, such as Ghana, Senegal, Mauritius and Rwanda, they have been discussed but before any final decisions, P4R came in and overtook the discussions.
- There is an overwhelming support for the use of country systems, and the discussions on the methodology should be restarted.

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

- The Bank should monitor compliance, leading to legitimate awards of contract and focus less on effectiveness and impact. It would be very interesting to evaluate and measure country systems that exist.
- Some of the elements of national systems must be questioned, for example local preference vs. development effectiveness.
- The Bank should provide more research analysis and feedback online.

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?

- The goal should be to make procurement systems country friendly at the same time as anticipate the risks involved and establish many control mechanisms. Policy framework should be pro-development, pro-country/agency, and foster development.
- The Bank needs to approach these issues more diplomatically. Now, the relationship is at arms-length. The Bank perceives that it is dealing with corrupt systems, and hence has to check everything. Some research in Kenya shows that people who are closely monitored don't do their work well. Authorities should be given the flexibility and independence to do their work better.
- The Bank is perceived in general to be bureaucratic: it should remove many bureaucratic processes to promote efficiency and accountability. But when funding comes from the Bank/AfDB, people are more accountable. Remove long processes but ensure that all provided funds are accounted for.
- The World Bank procedures are not overly complex, but some other agencies' ones are. But some Bank's internal and external dynamics add to negative perceptions. Hold people accountable but ease their burden of compliance.
- The Bank should go ahead with prior review while reforming its procurement, but it should be set within certain thresholds.
- The role of the Bank should be redefined to do more capacity building.
- There is a lot of concern about the use of foreign consultants, including ex-Bank staff, for Bank-funded projects. Let the local people do the work and be engaged.