



The World Bank

Procurement Policy Review Feedback Summary

Date: September 11, 2012

Venue: Lima, Peru

Total Number of Participants: 29

Overview and General Reactions

The consultation on the review of the Bank procurement policy and procedures for Peru took place on September 11, 2012 with representatives of the Government, the private sector and the civil society. The presentation on the purpose of the consultation was carried out by Jean-Jacques Verdeaux, the Bank's Procurement Coordinator for Andean countries, who served as moderator during the discussion.

The participants welcome the exercise and thanked the Bank for having taken the initiative of consulting countries on such an important subject. The debate was rich and turned out to focus a lot on an "ideal" procurement system, whether it is applicable to Bank-financed projects or national resources. The main reactions and contributions were as follows:

A recurring issue in the discussion was the efficiency to produce results of the procurement system; one participant emphasized that although procurement is about methods and rules, its efficiency and capability to get results are the real tests of a functioning procurement system; he emphasized that many factors may adversely affect such results which are independent of the procurement system, such as : political interests, lack of public policies, lack of capacity, bureaucratic systems, excessive controls, stringent legal framework, staff turnover, lack of administrative career... Therefore, any effort to promote, to some extent, the use of national capabilities to implement system are linked to many other considerations beyond the procurement area; finally, this

participant emphasized that risk was often loosely defined and not focused either on results.

Another strong remark was on the critical importance of the capacity of procurement staff to handle procurement; although procurement is widely seen as a set of rules and controls, the capacity of the people responsible to carry out the project is a crucial element to the success of a contract, irrespective of the rules and systems in place; a participant emphasizes that the country (“Peru”) does not have this kind of capacity on its own and that the partnership with MDBs, particularly the Bank, is key to implement successfully projects in Peru. The same participant noted that better capacity with procurement officials makes possible a greater use of technical criteria in evaluation that, ultimately, according to him, result in better quality in contracts.

Several comments were aimed directly at the Bank procurement rules and policy; among these comments, we have noticed the requirement for a quicker Bank’s no objection process, a more extensive use of framework contracts in projects, greater use of simple rules for lesser value contracts, more flexibility in terms of review for agencies with high procurement capacity, and the idea of having a Bank complaints review mechanism available specifically for Banks(IDB, WB)-financed contracts.

Finally, the use of national procurement system in lieu of Bank procurement policy has been mentioned as a possible incentive for Peru to reform its national procurement system of the country; this idea has been rejected strongly by several participants as the incentive for the country would not be sufficient considering the relatively modest part of Bank financing in the overall investment budget, the flexibility, security and impartiality offered by Bank procurement policy and procurement staff. Participants did not reject the idea that the use of country system could be applicable in other countries and acknowledged that this option depended strongly on the maturity of the national procurement system. They nonetheless considered that Peru has not reached this level yet.

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?

- Procurement is an element of public resources management; any reform or support to countries should embrace a vast array of domains such as modernization of civil service, rule of law, institutional reform; evolution in procurement at the international and national level did not include these key issues necessary to a modern, transparent and efficient procurement system

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?

	<ul style="list-style-type: none"> Review process as it exists could be simplified, most tailored review and threshold requirements depending on actual agency capacity are necessary.
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?	
	<ul style="list-style-type: none"> The idea of an independent protest mechanism for Bank-financed contracts was mentioned as a possible way of controlling compliance with Bank mandate of funds used for the purpose intended.
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"> Bank procurement is still much centered around ICB, QCBS, and NCB procurement methods; other procurement methods provided in the guidelines should be more widely used.
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"> NA
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"> Building capacity but incrementally and upon Client’s request; moreover, there is a sense that the Bank should stay modest in its ambitions to reform procurement systems in middle-income countries.
7. What suggestions do you have to monitor and evaluate the Bank’s Procurement policies and assess their impact and effectiveness?	
	<ul style="list-style-type: none"> Monitoring by external expert advisory group.
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?	
	<ul style="list-style-type: none"> An independent protest mechanism for Bank-financed projects is an innovation that has been mentioned by the participants as a possible solution that could balance for more flexibility and at the same time accountability.