



The World Bank

Procurement Policy Review Feedback Summary

Date: July 26, 2012

Venue: Ottawa, Canada

Total Number of Participants: 7

Overview and General Reactions

A meeting with Canadian Government Officials was held on July 26, 2012, in Ottawa, Canada, hosted by the Department of Finance. This meeting brought together officials with diverse responsibilities in the Federal Government's public procurement policies and practices, Canada's overall relation with the World Bank, Canada's international development program, and its interests in international trade and investment. The list of participants is provided. On the Bank's side, the meeting was attended by Bernard Becq, Chief Procurement Policy Officer, via audio, and Myrna Alexander, consultant, member of Procurement Review team.

The purpose of the consultations was two fold: first, to receive the inputs from Canadian authorities on the Bank's current procurement policies and their recommendations on the Review and, second, for the Bank to learn from Canada's experiences. The discussion started with a presentation, based on the Overview provided, on the rationale for the Review and the Bank's initial diagnosis of the challenges faced. Among the points highlighted in that presentation include the changes in country contexts, new legal instruments on public procurement, and new instruments and mechanisms for delivering development assistance.

Following this presentation, the meeting was open for questions and clarifications. During the course of the discussion, feedback provided and views were exchanged on what the Bank might do and the relevant experiences both from the point of view of CIDA and the Federal Government's procurement policies. Specific feedback was sought on the guiding questions posed for the consultations.

Overall Feedback

- Harmonization is at the core of the aid effectiveness agenda. The Bank's policies ought to facilitate greater harmonization across donors/countries. Nevertheless, there ought to be certain core features, such as anti-corruption measures. This should require a set of standards that can work across an array of legal systems. The attention paid to corruption should extend to contract management, and encompass both the context and the role of the Bank in supervision. Harmonization also ought to look at social and environmental dimensions, at least for large scale investments that are sensitive to such factors.
- Canada's approach to public procurement reform has been guided by flexibility, based on principles, and not customization which is too prescriptive and leads to many exemptions. Such an approach would be advocated for the Bank as well, recognizing that the Bank is not a direct party to the procurement transactions carried out with Bank financing, making the Bank's role more akin to the Federal Government's in terms of transfer payments. The foundation for such an approach could be an array of options, differentiated by country, based on risks, capacity, markets, sector, etc.
- Canada's approach is risk based. CIDA has already shifted to risk-based contract management, which entails identifying and managing risks based on values. It has required a change in thinking at the project level. For the Department of Public Works, this has further entailed a change to the approval regime and a shift in the Government's audit program towards comprehensive reviews of high risk procurements and employment of strategic choices in where to audit based on expected costs and benefits. In that regard, the Bank's approach to prior and post reviews, covering 20 percent of contracts by number, seems high. Moreover, in line with the Bank's role (noted above), such audits need to be done by the countries, integrated into the country's system, and shifting the Bank's role to overall effectiveness of the project, not auditing the transactions.
- In broad terms, the direction to be taken by the Bank ought to be in the direction of getting away from 'one-size-fits-all' and prescription to one based on options and risk management sensitive to context.

Further inputs on the specific consultation questions followed.

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?

- In order to improve the Approach Paper, the World Bank may want to put more emphasis on the work done by other MDBs and other groups, and carry out more analysis of the main items that are being procured.

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"> • The World Bank should move to a risk-based management approach and a value-based approach, with less focus on transactions. • It may want to consider adopting a set of broad policies that address the “big” policy elements and constitute the principles of the framework, and then work out how to implement the policy. This is the approach taken by Canada’s Treasury Board, which has a new framework that focuses on value rather than individual transactions (see the Board Secretariat’s webpage on the Procurement Suite Renewal Initiative). • In turn, the Department of Public Works focuses on details of implementation, providing tools to the contracting departments to do procurement more effectively. These tools are based on national procurement strategies devised for the main commodities-products-items being purchased. The results is a set of tools on how to procure relatively routine items, typically low valued contracts. • A critical factor has been altering the skill set of those carrying out procurement. In addition, the focus on the “big” picture helped to generate buy-in for the policy changes and provided senior leaders the opportunity to check what is going on and where they need to have input at the early part of the procurement cycle with high degrees of involvement in the planning stage.
<p>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?</p>	
	<ul style="list-style-type: none"> • One of the key parts of the reforms undertaken by the Canadian Government was to place procurement into its management accountability framework (see the Federal Accountability Act), which sets out who is responsible and who reports on issues. • As already noted, the focus should be on results, modifying the present review (audit) approach, integrating that with those of clients, and adopting a core set of anti-corruption requirements.
<p>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?</p>	
	<ul style="list-style-type: none"> • As above, to adopt a risk and value based systems, integrate into accountability frameworks, and provide support for capacity building.
<p>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?</p>	
	<ul style="list-style-type: none"> • Indeed, there is a lot of potential but Canada’s early e-procurement initiatives were not always successful: the Department of Public Works had problems implementing e-procurement as the solutions did not work. However, there are now new IT solutions that offer greater prospects. Work is underway on e-tools by commodity/product (e.g. fuel, automobiles, professional services). There are plans to develop an e-based contract management system and to replace an automated buyer system.

	<ul style="list-style-type: none"> • Streamlining needs constant attention. The Canadian Government continuously streamlines its procedures, which are risk based but made more complex due to the proliferation of international trade agreements that affect how domestic procurement is undertaken. Efforts are needed to use the same language. • Reducing complexity and elapsed time can be facilitated by a functioning complaints handling mechanism. In the case of Canada, its independent complaint resolution mechanism, which is quasi-judicial, works well and is respected. The ombudsman is used as a more informal mechanism.
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"> • The Bank can build on its successful experiences, notably in Afghanistan with the use of country systems. From the outset these were integrated with capacity building and used an expenditure based system. • Look at parts of the system and develop options to help reconcile differences. • Other suggestions were provided above, for instance, the suggestion to adopt a standard set of language, work with the MDBs, etc.
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"> • A reduced number and time spent on reviews and reports. • Innovations, such as "green" procurement, are introduced. • A risk based system has been implemented, with the appropriate tools. Such a system would need to be consolidated across the whole organization. • Service levels are adhered to. • Feedback from contracting agencies and other stakeholders.
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"> • Focus on people: training, ensuring that the right people are doing the right job. • Review where this stands in two years time. • Make procurement an integral part of the Bank's overall policy framework, showing the linkages, as under the "CIDA at Work" initiative. • The Bank may also be interested in looking at how Canada deals with PPPs which requires specialized expertise and at the experience of CCC and EDC. • Anticipate delays and more time needed to get the job done.