



The World Bank

## Procurement Policy Review Feedback Summary

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**Date:** June 25, 2012

**Venue:** Copenhagen, Denmark

**Total Number of Participants:** 4

### Overview and General Reactions

The consultations with the agencies from the United Nations for the Bank's Procurement Policy Review were held in UNDP in Copenhagen, Denmark on June 25, 2012. Participants were: UNDP, UNOPS, UNICEF (Supply Division), and UNFPA.

Due to the UN's extensive experience in the area of procurement and supply chain management, capacity building, sustainable procurement, and international coordination as well as its expertise in delivering procurement services in post-conflict and affected areas, the consultations were a way for participants to provide their views and suggestions on how the World Bank could address similar issues.

Ms. Myrna Alexander, a member of the Bank's Procurement team carrying out the Review, presented the rationale for the Review and how it was to be executed. Ms. Alexander also referred to a section of the Initiating Discussion Paper to illustrate how borrower capacity has changed over time. This served as a basis for discussing the different and changing capacity building needs among borrowers, challenges faced both by the Bank and the UN family for recipient executed activities.

Initial findings by the World Bank on two studies it has been conducting as part of the review - on sustainable procurement and use of preferences - was also presented. Mr. Marcelo Donolo, Procurement Specialist in the Procurement Anchor of the World Bank, also discussed

with the group the use of new IT approaches to enhance access to contract award information, such as Open Contracting, and also explained how the World Bank collected data from its databases to analyze procurement information on major contracts, complaints, and risk. Following the introduction, the floor was open for questions, reactions and suggestions.

A common theme around initial reactions to the presentation was the need for the Bank to build a more flexible policy framework that would allow clients to choose from a menu of policy options that better reflect the reality and conditions of their markets and their specific capacity building needs. This would permit the Bank to move away from a one-size-fits-all approach and towards a more nimble operating framework.

Other themes that came through included the importance of aligning the Bank's future policies and procedures with sustainable procurement practices to help promote environmentally and socially responsible procurement; recognizing the strategic importance of ICB in attracting and retaining clients who seek the Bank's assistance with financing and implementing large contracts; recalibrating the Bank's risk management approach in order to better align the Bank's supervision efforts with available resources; the need to develop borrower capacity to help clients execute their procurement reform programs, and; the importance of developing the right monitoring and evaluation mechanisms to help clients move towards the use of country procurement systems.

Participants also discussed their experiences with the use of domestic preference for small contracts and in promoting local industries, the potential role of procurement agents for countries with low accountability and anti-corruption indexes, and the role of the Bank's no objection process in deterring corruption and minimizing complaints. Another topic of discussion was the Bank's role in addressing complaints from bidders and possible mechanisms the Bank could develop, such as an independent tribunal, to address the more egregious and substantive complaints. Participants also highlighted the need to assess the skill set inside the Bank to handle new ways of procuring.

## 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?**

Questions were raised about any intent the Bank may have to possibly link a country's low accountability and anti-corruption index with mandatory use of procurement agents in these cases.

Participants asked how the Bank would adapt the skills of its staff so it can handle and deliver on its new approach.

**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?**

Participants stressed the importance of working effectively with other internal players, such as with macroeconomists and lawyers, who will play a critical role in the success of positioning procurement within the larger context of public sector management.

The Bank should build its philosophy with partners in mind, as it would no longer be possible to embark on such an effort without the cooperation of strategic stakeholders both within and outside the Bank.

**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?**

It was suggested that the Bank should address the issue of contract management to strengthen its commitment in providing fiduciary assurances. Participants noted that by and large, their experience has shown that contract management is the weakest link.

A suggestion was given to use a risk-based approach, assessing country and project risks, whereby performance influences the perceptions of a country's procurement risks, such as a scorecard that would reflect their risk rating based on a specific scale. The scorecard would be updated periodically to represent the borrower's progress and latest ranking. This should be reflected in the sanction system using remedies such as downgrading and upgrading mechanisms, including the development of a matrix of scores and use of reporting in exercises such as Doing Business. In addition, the Bank could partner with other MDBs to develop harmonized indicators. It was also asked if the IFC had any experiences with this approach that it may share with the Bank.

The importance of technology as a way to streamline fiduciary processes was discussed as an important area the Bank must proactively seek to strengthen its fiduciary role while simplifying processes on the client side. Much of the compliance aspect of the Bank's processes can be captured through electronic, more automated means.

A question was posed about what the Bank was doing on the civil society side, stressing that any tools such as social networking, mobile applications, and the geo-mapping of projects should also be done at the contract (Regional) level in order to make information on the ground readily available to the public, and actionable. The idea here would be to empower and give civil society tools they could use to hold governments accountable for public expenditures. It should address both large and small contracts, contracts in urban areas as well as those in remote or rural locations. Consequently, the public would be playing an important and more active role in identifying performance issues, bottlenecks, and other areas in need of improvement by public authorities.

The performance of consulting contracts should somehow be recorded by the Bank so that it can understand better the performance aspect of consultancies. UNDP is working on a global platform on performance, as they too recognize the need for more attention to performance in the procurement process.

<b>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?</b>	
	As noted in the initial discussion, flexibility is needed to respond positively to the various demands and needs of the client. The Bank should move away from a one-size-fits-all approach. It may also have to reconsider the UN's single audit rule, for example, and allow for more frequent use of waivers to better enable business.
<b>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?</b>	
	The Bank should look beyond the use of funds and focus on performance indicators that can be easily captured through information technology, such as tracking of cycle time, value for money, sanctioned vendors, number of complaints against a contract, and the sustainability aspects of the procurement.
<b>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?</b>	
	As noted in the previous sections, harmonization with other MDBs is important to ensure congruence with initiatives that address the need to improve client services in the area of contract performance and anti-corruption.
<b>7. What suggestions do you have to monitor and evaluate the Bank's Procurement policies and assess their impact and effectiveness?</b>	
	In reviewing how governments are using their systems, the Bank needs to reevaluate monitoring and evaluation mechanisms tempered by risk indexes. Technology should be used to streamline processes while strengthening the validation mechanisms needed to provide for fiduciary assurances. In addition, the M&E system should look to the cycle time and the cost of the procurement process, along with value for money. It could include too measurements of the number of sanctions and bid protests, the adoption of green procurement, and direct procurement costs (e.g. reviews) as a share of the Bank's total procurement effort.
<b>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?</b>	
	Is the Bank looking to do more on the sustainability front, to take more of a leadership role in this area? The Bank should lead in the area of whole lifecycle costing while raising awareness about the intrinsic benefits of sustainable procurement.  Capacity building is key. This is an area in which the UN family and the Bank could collaborate. There needs to be a master plan that can be reach the scale needed to transform capacity.