



The World Bank

Procurement Policy Review Feedback Summary

Date: November 13, 2012

Venue: Moscow, Russia

Total Number of Participants: 18

Overview and General Reactions

The World Bank held consultations with senior Government officials of the Russian Federation (including Project Directors, Procurement specialists of the Borrower's Agencies, Representatives of Accounting Chamber, Federal Antimonopoly Service and Directors of Procurement Institutes on November 13, 2012. The consultations were led by Mr. Devesh Chandra Mishra, Adviser in the Regional Procurement Manager's office for the ECA Region in Washington DC and a video conference with Moscow was organized by the Russia Procurement team. A complete list of participants is provided separately.

At the outset, Mr. Mishra made a presentation on the purpose and objective of the World Bank's initiative to review its procurement policies. He also clarified few of the concerns raised by the participants by referring to the existing policies. The participants expressed appreciation about the willingness and the initiative of the World Bank to improve and refine further its procurement policies and procedures. They also mentioned that if the major documents (Approach Paper and Initiating Discussion Paper) were also translated into Russian language, they could have carried out a more thorough review of the proposed process and could have provided better and more meaningful contribution.

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 Bank works in countries with differences in procurement legislation.. Therefore, in elaborating its new procurement policy, the Bank should analyze the national procurement legislation and determine the extent to which countries may use their own national procurement laws and regulations under Bank-funded projects.
- Though the World Bank’s procurement policy is set on the premise that the participants in a procurement process are generally from private sector, many projects require expertise of public sector of economy. In some projects where the stakes of the state are very high, participation of public sector is crucial to achieve project objectives. In this respect, the Bank may need to revisit its policies related to the eligibility of government-owned institutions and their staff, which according to the local legislation may not necessarily be civil servants or public officials.
- Currently the Bank has a dominating role in the review of any procurement issue in a given country. At present, in many cases the Bank makes the last judgment on specific procurement issues and interpretation of any clause of the Bank’s Standard Bidding Documents and Guidelines, often disregarding Borrower’s arguments. In this respect, the Borrower would like to see itself at equal terms with the Bank and its partners.
- Since the Bank acts on the premise that the decision regarding competitive selection shall be made by the Borrower and the Bank shall only provide its “no objection”, it would be appropriate to free the Borrower from Bank’s excessive control when the Borrower is required to follow the procedures set forth in the Bank’s standard bidding documents.

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?

- The Bank’s procedures for selection of the consulting services are very lengthy, especially in case of high value assignments. In particular, delays arise in the stage of short lists composition that is expected to include firms that meet all requirements. These procedures should be simplified and Bank’s recommendation to modify the short lists should be optional rather than mandatory.
- The Standard Bidding Documents should not have the “unchangeable” part, as no documents may possibly fit to every country and environment. Therefore, it is desirable that these documents are adapted

	<p>to specific environment of a given country. While, it is true that the adoption of specific documents may require a longer period of review by the Bank, nonetheless, it will make contract execution easier and the bidders will be able to better understand these documents and the Bank's principles for an efficient and effective project implementation will be thus met.</p> <ul style="list-style-type: none"> • The Bank has different types of Standard Bidding Documents, and each of them has been subject of multiple revisions. This might have led to different documents using sometimes different terminology. For example: there are some discrepancies between, prequalification and bidding documents. It would be appropriate to ensure consistency in the terms used across the documents • As there are no education institutions that would provide training on World Bank Procurement and Consultant Guidelines, it would be very useful if the Bank could organize regular training courses, hosted by the country office. This would help the procurement officers to obtain firsthand information and would contribute to a more precise application of the procurement procedures. Establishing a procurement forum on the Internet with discussion topics can also help in enhancing the capacity and increasing the knowledge on the Bank's procurement rules and procedures.
<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"> • Use of funds for intended purposes can be assessed by checking implementation of the agreed procurement plan. Ensuring that funds are being used for the purpose intended should be the responsibility of the Borrowing country and the Bank could provide relevant guidance based on its experience and the available best practices. Alternatively, an external (third) party may be invited for this purpose • Additionally, the Bank should allow for the use of direct contracting if the procurement activity in question meets the requirements of the World Bank's Procurement Guidelines, without the need for a prior review. In this aspect, when the services can be delivered only by the natural state-owned monopolies, the Borrower should be given more free hands in the decision-making.

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"> To serve the multiple demands and situations, the Bank should provide for flexibility in changing the policy to adjust to the challenges of the changing world. One way would be the interactive communication with different stakeholders through a permanent forum, moderated by the Bank, with the objective to discuss current questions and situations sharing the gained experience, and to establish and share a database of procurement best practices.
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"> In October 2011 the Bank has conducted a mission to Russia (led by the Regional Procurement staff with IT expertise) to exchange views on the use of electronic reverse auctions which are being widely used under the Russian Public Procurement Law. It would be useful for the Bank to refresh the information gathered during that mission. Additionally, it would be very useful if the Bank could more openly disclose the business standards for review of procurement documents. and also report on its performance
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 should rank the Borrowing countries on the basis of their country systems and depending on such ranking, it could allow the possibility for use of the national procurement legislation (entirely or partly) for example up to a certain threshold depending on the procurement category (i.e. goods, works or services). The parties may engage in conducting regular negotiations in order to harmonize their procurement systems by elaborating action plans that identify the issues and propose solutions.
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"> Effectiveness of the policies should be monitored through completion of the agreed measures, through effectiveness and achievement of projects' development objectives. Assessment could be done by engaging independent evaluators to conduct complex studies by including polls, interviews, and survey of focal groups in different regions and countries, sectors, stakeholders, and finally by comparing expected

	results with the actual outcomes.
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"> • The Procurement and Consultant Guidelines should be less detailed and should include only basic principles and references to the specific documents providing necessary level of details could be in the Loan or Grant Agreement. • It may be appropriate for each country to have a special memorandum, which should provide a detailed description of the allowable procurement procedures and their applicability to each level of implementation (in case of Russia: at federal, regional or municipal levels). Such memorandum shall be used as the basis for negotiations with the country authorities, and it would better reflect the current procurement environment (including potential risks, harmonization process, and the gained experience). It could be updated regularly. Such approach may be time consuming, but will offer the Bank the possibility to take into account the situation in a particular country rather than replicate past experience which can be irrelevant in the context of a given country.