



The World Bank

## Procurement Policy Review Feedback Summary

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**Date:** June 12, 2012

**Venue:** Procurement Policy Consultation, Central Asia Regional Procurement Workshop, Issyk-Kul, Kyrgyz Republic

**Participants' Countries:** Kazakhstan, Kyrgyz Republic, Tajikistan

**Total Number of Participants:** 65

### Overview and General Reactions

Consultation on the Bank's Procurement Policy Review for countries in Central Asia was held in Issyk-Kul, Kyrgyz Republic on June 12, 2012. The consultation was one session in a six -day Procurement Workshop held for Central Asian countries organized by the Bank's Regional Office for Central Asia and the ECA Regional Procurement team. Participants included Senior Governmental officials, Project Directors, Parliament staff, Procurement specialists, Members of tender committees, Representatives of supreme audit institutions, Anticorruption agencies and Civil Society Organizations from Kazakhstan, Kyrgyz Republic and Tajikistan. A list of participants is provided.

The consultation was led by Devesh Chandra Mishra, Regional Procurement Manager for the ECA Region. The end result was a very rich and well informed feedback on the Bank's review of its Procurement Policy. One take-away from the consultations is that opinions among stakeholders on the need for changing the Bank's procurement policies are divided: some thought the current policies worked well while others saw changes as needed. There was also divergence on whether or not the Bank's

policies should stand alone and be distinct, as they have to serve many different countries with different national policies.

The main points that came out of the consultation are the following:

1. The Bank's Procurement policies are **process oriented** and sometimes not result oriented. The process is complicated: there are too many cross-references in the Bank's guidelines and in the bidding documents. Moreover, some of the Bank's policy provisions are **very strict**, especially those concerning state-owned-enterprises and conflict of interest: these provisions should be more realistic to achieve results. The focus on results should extend to the post-tendering phase—**contract management and administration**—with coverage and monitoring of contract execution.
2. At the same time, the Bank may get **too involved** in the process. There is lots of correspondence between the client and Bank teams when there should be more informal exchanges. If there are well equipped project implementation units in place, maybe there is a need to be **less prior review** by the World Bank and more responsibilities to those units.
3. On the other hand, there are **ambiguities** in the Guidelines: (i) it is not clear what constitutes major and minor deviation in bid evaluation; (ii) existing bidding documents are not clear enough to make a decision and provide grounds for disputes between technical specialists, procurement specialists and lawyers during bid evaluation; and (iii) more explanation is needed for local shopping and procurement under Community Driven Development (CDD) operations.
4. There is the need for more **flexibility** among countries, reflecting their diverse needs and capacities. Perhaps the Bank should consider separate procurement policies for IDA and IBRD countries. Simplified requirements and bidding documents for various sectors and countries would be helpful. Moreover, there ought to be more flexibility within the process: the current Policy does not provide for exceptions or it takes a very long time to get exceptions.
5. There are opportunities to increase the use of **e-procurement** and IT technologies in procurement transactions. The Bank should help set up an interactive web portal (Bulletin Board) for procurement specialists of the implementing agencies to discuss procurement issues, including performance of consultants and templates for technical specifications.
6. **Overcoming capacity constraints** is paramount. This is needed on both the Bank's side and the client's side. In particular, the Bank should continue strengthening the capacity of Procurement staff located in the Bank's county offices as they are close to the client. On the client side, more capacity building should be undertaken for government officials involved in project implementation. There should be training on the pre-tendering phase, especially on how to prepare technical specifications and TORs for engaging consultants and training for technical specialists and engineers in procurement with special attention between major and minor deviation.

The discussion raised a number of issues that may need to be addressed further. The first of these was the Bank's stance on **anti-corruption**. Bank has introduced F&C clauses in the Guidelines in 1996. It would be important for the Bank to do analytical work on the impact of these provisions in the Bank- financed projects. Perhaps, there is no need for F&C clause in the Guidelines and it would be better to introduce effective preventive provisions in the bidding documents. This is an area to be pursued under the review.

In addition, the participants raised the question of **implementation** of any changes. How these policy changes will affect ongoing projects? Will the procurement specialists, who got trained on the existing procedures, have problems in adapting? There is no answer to these questions at this point, but clearly the issues of implementation have to be dealt with down the road as the review comes to its end.

### 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 participants raised a number of issues that were not specifically addressed/or in much depth in the Bank's initial diagnosis, namely some of the details of the procurement process, the Bank's approach to F&C, capacity building for both the Bank and the clients, and the implementation of any changes which will be addressed down the road.

**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 participants did not raise any issues concerning procurement in the broader context of public sector reform.

**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 general sentiment was that the Bank should focus more on results and less on process. It was proposed that the Bank examine the impact of its F&C clauses and see if there is a better way to address F&C by building in

	preventative measures. It was also proposed that the Bank reduce the extent of prior reviews.
<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>	
	The participants provided a number of suggestions in order to tailor the Bank’s policies to diverse country and sector contexts (e.g. differentiating between IBRD and IDA countries).
<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>	
	Greater use of e-procurement was seen as a way to improve efficiency and to simplify procedures. A specific suggestion was made to set up a bulletin board for the procurement community.
<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>	
	There seem to be different views on this, with some participants seeing the Bank’s procurement rules as serving a different need and not amenable to harmonization across the entire range of Bank clients.
<b>7. What suggestions do you have to monitor and evaluate the Bank’s Procurement policies and assess their impact and effectiveness?</b>	
	There was no suggestion made in response to this question.
<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>	
	There was no suggestion made in response to this question.