



The World Bank

## Procurement Policy Review Feedback Summary

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**Date: October 23, 2014**

**Location (City, Country): Jakarta, Indonesia**

**Total Number of Participants: 81**

### **Overview and General Reactions:**

A half day consultation session with government and development partner stakeholders was conducted on October 23, 2014 in Jakarta, Indonesia. Josephine Bassinette, Portfolio & Operations Manager, made an opening speech, emphasizing the importance of constructive and candid comments and suggestions for this first ever comprehensive review of the WB procurement policy and procedures. Inputs from the Phase 1 consultations have resulted in the preparation of a Proposed New Framework on Procurement in World Bank Investment Project Financing, setting the stage for Phase 2 consultation (September – December 2014).

Christopher Browne, the Chief Procurement Officer, OPSOR made an initial presentation on the rationale of the Review, summary of feedbacks received from Clients through the first round of global consultation, the overall reform timeline, and the key proposed principles and changes to the Bank's procurement policy. The meeting was followed by open discussions and responses to the guiding questions posted for consultation, with participation of Enzo de Laurentiis, Practice Manager, GGP and the Bank's Jakarta procurement team members also joined the consultations.

### **Specific Feedback from Stakeholders**

- 1. How should the Bank implement support to borrower procurement capacity building and institutional strengthening?**

- The capacity building should not only be for procurement staff, but also for local companies that are trying to expanding in their own market and in the international market. Currently, there is no possibility for small and medium enterprises to compete among the large international organization that often win World Bank financed contracts.
- The World Bank should have the same approach to procurement in all of its projects, whether they are collaborating the private sector or with the government.
- The criteria or formula that the World Bank will use to determine the level of capacity building that it will offer to each country needs to be clearly proposed.
- The Country Partnership Framework does not adequately highlight the need for procurement capacity building. There should be more emphasis put on procurement in this document.

## **2. How should the Bank operationalize the potential broader use of value-for-money criteria in borrower contract award decisions?**

- Other development partners use a technique known as Best Value Tradeoff in contract award decisions. A technical evaluation is first completed to competitively rank bids based on technical merit. Highest ranked bids are then put through a cost-based evaluation that includes open negotiations with the bidders.

## **3. How should the World Bank target its procurement staff resources to get the best results?**

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## **4. How and when should alternative procurement arrangements be used for procurement in Bank projects and how should they be assessed?**

- There is concern that the policy might not work well with Indonesian regulation. It would be preferable among the government procurement practitioners if National Competitive Bidding activities only used the Indonesian regulation. This would decrease the number of obstacles the practitioners currently face while handling procurement activities.
- Indonesia has its own electronic procurement system that is mandated for all procurement activities, especially those involving civil work projects. This electronic procurement system should also be used in World Bank financed activities since it provides transparency.
- Development partners have made a commitment to streamline procurement and support the countries' systems. Participants have raised concerns that the World Bank includes this commitment in its new procurement policy framework.
- Harmonization with other multilateral development banks is necessary to ensure streamlined procurement.

## **5. How should sustainable procurement matters be addressed in Bank-financed contracts?**

- Sustainable procurement is still in its infancy in Indonesia, so this is not a high concern for Indonesian procurement practitioners when reviewing the direction of the World Bank's procurement policy.

#### **6. How should the World Bank manage fraud and corruption issues in the procurements it finances?**

- According to the proposed procurement framework of the World Bank, there could be use of a supreme audit institution. Indonesia has two audit organizations that review procurement, so the new procurement framework should allow for multiple audit organizations.
- The World Bank has different regulations and penalties concerning sanctions, compared to the Indonesian national regulations. It should be defined how these different regulations be used collaboratively in future World Bank financed projects.

#### **7. What would be suitable procurement metrics that the Bank should use to improve performance?**

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#### **8. What role should the Bank have with regard to complaints monitoring?**

- Each Indonesian ministry has a system for managing complaints and integrity according to a special request from the Indonesian president. This suffices the need of a complaints monitoring mechanism in Indonesia.
- There is recommendation for the use of the Indonesian dispute settlement public entity in all government procurement activities.

#### **9. What should be the Bank's role in contract management, and with regard to improving performance of suppliers?**

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#### **10. General comments on other issues emanating from the Bank's proposals?**

- The Country Partnership Framework does not adequately highlight the need for procurement capacity building. There should be more emphasis put on procurement in this document.

