



The World Bank

## Procurement Policy Review Feedback Summary

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**Date:** June 5-7, 2012

**Venue:** Middle East and Northern Africa Regional Procurement Conference, Amman, Jordan

**Participants' Countries:** Egypt, Iraq, Jordan, Kuwait, Lebanon, Qatar, Tunisia, West Bank and Gaza, Yemen

**Total Number of Participants:** 58

### Overview and General Reactions

The multi-stakeholder consultations for the Bank's Procurement Policy Review took place as one of the agenda items of the MNA regional procurement conference entitled, "Towards Better Governance and Public Sector Performance" held in Amman, Jordan on June 5 to 7, 2012. Participants came from Egypt, Jordan, Lebanon, Tunisia, and the West Bank & Gaza, plus observers from the Gulf Coast Countries and Iraq.

The conference, funded by a trust fund from the Government of Spain and organized in collaboration with WBI, the *Institu des Finances Basil Fuleihan* and the *Ecole Superiere des Affaires* of Lebanon, provided the platform for a range of public officials, non-governmental organizations and private sector entities across the Region to discuss and better understand how public procurement—when managed efficiently and transparently—can assist in enabling good public sector management through its impact on governance, social accountability, trade and public-private partnerships, service delivery and capacity building. In this context, the consultations on the Bank's Procurement Policy were a way for participants to provide feedback to the Bank on how the Bank's policies can be effective in advancing country efforts to deliver on that agenda as well as to achieve results under Bank financed development programs.

Ms. Myrna Alexander, a member of the Bank's Procurement team carrying out the Review, provided the introduction. In addition to

outlining the rationale for the Review and how it was to be carried out, Ms. Alexander shared recent statistics on the value, number and nature of the contracts financed by the Bank in Jordan which demonstrate in this specific example a number of the general findings presented in the Review's Initiating Discussion Paper. Following the introduction, the floor was open for questions, reactions and suggestions.

A number of themes came out loud and clear. The first of these was the need for **capacity building** as seen from the optic of overall public sector management: procurement cannot be divorced from civil service reform, judicial reform, and overall improvement to public sector management. Many foresaw the need for greater focus on building a cadre of professional procurement specialists in the Region. This was repeated at the Conference's closing session with a specific request for a regional effort to build local procurement capacity.

This was seen as the *sine qua non* for moving towards greater **use of country systems**, another of the high priorities expressed by the participants. This comes at a critical time in the Region when many countries are currently revising and strengthening their domestic procurement systems. It will be important for the Bank to engage in this process and to reposition itself and renew its efforts after the lack of success of the Piloting Program for the Use of Country Systems. It is time for the Bank to work together to build trust and for countries to adopt **greater transparency**.

Achieving greater use of country systems necessitates that the policy differences between country systems and the Bank's policies be narrowed. The time is right for that since, as noted above, many countries are now engaged in revising their systems. One of the main areas of difference is the inclusion of **domestic preferences** in many national procurement systems as a priority to develop local industries.

This could be facilitated by **harmonization**, not only among the Multilateral Development Banks (MDBs). There should be more efforts at unification. The MNA Region now has countries that are borrowers from the Bank and signatories of bilateral trade agreements, which include provisions on public procurement, and/or aspirants to join and/or benefit from association with the European Union. The desire was to see all actors (e.g. the Bank, UN agencies) move closer to international standards.

In the meantime, there were many things that the Bank could do. Among these are to pursue **simplification and employing e-procurement, adding flexibility and moving away from one-size-fits-all**. The same policy for all of the Bank's borrowers no longer corresponds to today's reality. Part of this should be **less recourse to ICB** and to **reduce the number of contracts subject to the Bank's prior review**. The standards or specific criteria beyond the size of the contract should be established for determining which method is used. It was also likely that the Bank will have to address **green procurement**.

Participants recognized that such changes imply the need for **better risk management** on the part of the Bank. Underlying this is a continuing concern about **corruption and pressures on procurement officials and staff**. We should not lose sight of the interplay between corruption and efforts at strengthening public sector management and capacity building.

The final exchange focused on **how to measure the success** of any change to the Bank's policies. Reflecting the priorities expressed by the participants during the consultation, the four measures of the policy's effectiveness recommended by the participants were: (i) the extent to which public procurement is seen/actually part of key government accountability and performance measures at the country level;

(ii) the extent to which country systems are used; (iii) the number of prior reviews by the Bank; and (iv) demonstrable progress on harmonization.

### 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?**

No additional issue was raised.

**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?**

As noted in the summary, the participants stressed the need to see public procurement reform, and the Bank's policies, in the larger context of public sector management. This ought to take a broad view, including civil service reform and legal and judicial improvements. The main message was the procurement reform could not be done in isolation and the Bank should not shy away from that this approach because it was difficult.

**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?**

There was no specific suggestion on this dimension other than the need to improve how the Bank assesses and manages risks.

**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?**

More flexibility is needed, and less one-size-fits-all.

**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?**

Greater use of e-procurement was seen as a way to improve efficiency and to simplify procedures.

**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?**

	As noted in the summary, participants saw the need for much greater use of country systems and for all international actors to work towards an agreement on international standards. This goes beyond the Bank's current work with the MDBs.
<b>7. What suggestions do you have to monitor and evaluate the Bank's Procurement policies and assess their impact and effectiveness?</b>	
	The four suggested criteria are: (i) the extent to which public procurement is seen/actually part of key government accountability and performance measures at the country level; (ii) the extent to which country systems are used; (iii) the number of prior reviews by the Bank; and (iv) demonstrable progress on harmonization across the full range of international actors.
<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>	
	No additional issue was raised.