



The World Bank

Procurement Policy Review Feedback Summary

Date: November 20th - 21st of 2014

Location (City, Country): Moscow, Russia

Total Number of Participants: Public Sector: 18

Overview and General Reactions:

The public sector mentioned that the Russian Legislation is very strict and had questions regarding how the new procurement framework would adapt to the Russian Legislation. They also requested clarification on the application of the policy and procedures to projects where Russian companies participate in foreign borrower's biddings and the other way around: foreign companies bidding for Russian contracts. In this context, more clarity about the use of National Competitive Bidding in the Russian context and the role of the Bank was required. There is a high perception of corruption in Russian public procurement and the projects financed by the World Bank seem to have a better perception. Stakeholders from the public sector asked about the procedure for state owned enterprises (SOE) to participate in bids when such firms operate as commercial firms.

Specific Feedback from Stakeholders

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

- Participants from the public sector were concerned that Russian suppliers had little knowledge of the Bank's documents and stated the need of finding a strategy to close that gap.
- Public sector stakeholders suggested a more proactive approach from the Bank in advising clients and suppliers on the doubts that may arise from the formulation of the bidding documents and evaluation. Participants suggested that the Bank should explain the reasons for declining a No Objection. In addition, they mentioned that the Bank should either trust the borrower or have a clear

alternative proposal when in disagreement with the borrower's proposal.

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

- Participants from the public sector are concerned that the Bank's staff rotation in DC has a influence in decisions with regard to procurement.
- Public sector stakeholder suggested setting a clear methodology and guidelines to apply Value for Money. This will also be helpful for the government to apply VfM.
- Public sector participants suggested including labor cost based on time to the contracts, to state clearly the evaluation criteria and to allow for experts' opinion as a criterion.
- In line with improving the knowledge sharing of VfM it was suggested to set up spaces for cross-country knowledge sharing.

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

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

- Participants from public and private sector requested clarification on Alternative procurement Arrangements.
- Clear guidelines and methodologies are expected to be developed by the Bank from both private and public sector.

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

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

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

- Participants from the public sector stated that Russia has little to no experience with sustainable procurement.

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

- Participants from the public sector suggested that the Bank should improve complaints management in terms of quality of the responses and to use complaints statistics considering that some complaints are void and vague and should not be used to measure

suppliers' performance if so. They also suggested that vendors should be held responsible and punished when making void or false complaints or when coming from companies that can't bid for the contracts because they are below the expected criteria.

- Public sector stakeholders suggested preparing a clear list of common complaint responses and clarification requests in order to avoid manipulation of the system. This should be included to the guidelines.
- Moreover, there is a concern with the implementation because the dispute resolution mechanism could be biased as they consider that it is hard to find a neutral party to fairly mediate. Stakeholders mentioned that a Panel of experts will not resolve much in the context of Russia because of retaliation. However, the function of the bank as an independent advisor, to help in dispute resolution is welcomed to benefit in solving disputes. If it comes as a Bank position there is a better impression of the neutrality.

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

- Participants from the public sector asked the Bank to consider while writing the procedures that there are big problems in accessing tender information. The national and Bank requirements for publication and forms are very different. It was suggested by some participants that Bank's bids should be advertised in the national system as Russian firms are used to it and use it all the time because it is mandatory. Otherwise, access to information about the contract and bidding process should be improved.

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

- Public sector participants are especially concerned with the implementation phase. They mentioned that the new framework implementation will require additional work and it was questioned if the costs related to the procedures implementation and administration will pay off.
- Recommendations and guidelines for staff were found to be necessary during the meetings.
- Public sector stakeholders suggested giving more flexibility to tailor documents and procedures according to the country. A lot of firms are public in Russia, therefore the eligibility criteria is different than for other countries. It should also be clear what are the pieces that can be changed and which ones are set.
- Participants from the public sector asked more information about the proposed procurement methods. In specific, if negotiation in the proposal would be included.
- Participants from the public sector asked if the post review process would change with the proposed procurement framework and mentioned the need of having Bank staff knowledgeable in Russian law.