



The World Bank

Procurement Policy Review Feedback Summary

Date: November 17, 2014

Location (City, Country): Madrid, Spain

Total Number of Participants:

Public Sector: 16

Private Sector and Civil Society: 99

Overview and General Reactions:

- The public sector recognized the effort in innovating the procurement system. The Spanish government has identified that the Spanish procurement system has the same issues as those targeted in the procurement reform.
- To address the concept of **integrity** in procurement participants from the public sector suggested reviewing the EU policy regarding disbursement for public financed projects: initially the borrower has to find own lending to start the project; then, if there is no problem with the execution of the initial part, the value committed is disbursed.
- It was suggested to create a **library of good practices** containing detailed examples in procurement of innovation, procurement of intangible assets. An example of procurement of innovation was shared where innovation is linked to supply and commitment: the request for new ideas includes the commitment of 1.000 units of the good for successful ideas.
- Spanish government has experience on Value for Money, social expenditure, innovation and development throughout their public procurement. The Spanish system considers giving extra points to the firms that adopt/use them.
- Public and private sector and civil society concurred that the enhancement of **transparency** is crucial. More specifically, the following points were mentioned:
 - More complete information is needed ahead of the biddings regarding invitation for expression of interest.
 - State clearly to the bidders the stage at which the project is

- Reply to the bidders if they have not been selected and the reasons
 - Advertise short lists for consultants; review the EU's practice on this.
 - Promote transparency in the selection of consulting services
- Participants from the public sector showed concerns about the implementation process and guidance regarding the required cultural change that a successful reform demands.
 - There was a call to pay careful attention to the proportionality of the financial requirements and guarantees. The private sector expressed concerns that in some bidding process the technical and financial requirements are not proportional to the goods, services or works to be procured. In particular, they expressed concerns about the indiscriminate requirements of Bank guarantees to secure the performance of contracts. Private sector asked for the use of these banking requirements to be proportional to the complexity and risk of the activity taking into account market conditions inter alia the excessive costs of Bank guarantees in some countries.
 - Stakeholders find of extreme importance to keep working with the other MDBs and keep the harmonization that has been going on up to now.
 - There is a concern regarding the use of funds financed by the WB to pay taxes. The regulations for this have been changing and the participants would like the reform to state clearly what the position on tax payment is.
 - It was suggested by the private sector to include clauses in the contracts that limit consultants' responsibilities to certain amount as currently this is not stated in the contracts.
 - The private sector welcomed the element of the framework and paid particular emphasis on Value for Money, the strategic role of the Bank processing complaints and Bank's involvement in contract management.

Specific Feedback from Stakeholders	
1. How should the Bank implement support to borrower procurement capacity building and institutional strengthening?	
<ul style="list-style-type: none"> ● Participants from the public sector suggested to identify the suppliers participating in bidding processes and to determine which ones are qualified. As an alternative, other ideas were to do a harmonization of the suppliers, develop a ranking according to qualification, or set up panels of experts to complement scarce local capacity. ● Participants from the public sector were surprised that capacity building was a topic of discussion as it should be part of the core misión of the MDBs. 	
2. How should the Bank operationalize the potential broader use of value-for-money criteria in borrower contract award decisions?	
<ul style="list-style-type: none"> ● In order to use Value for Money, participants from the public sector mentioned that there is the need to improve the life cycle measurement technics. It was suggested to review different successful methodologies used in Europe. For example, the IT procurement methodology in the UK and the Spanish army procurement methodology to procure boats and other items ● Participants showed concerns about the implementation of the Value for Money concept. Given their experience it may cause more 	

time and costs and suggested to use VfM taking into account risks associated to this instrument.

- Participants pointed out that the idea of VfM has been used in the Spanish public procurement as 'Condición económica más ventajosa'.
- However, the reform should be careful in setting the weight given to non-valuable characteristics since it may lead to very subjective decisions. It would be desirable to find an objective and clear way to determine VfM.

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

- The participants had concerns about the reduction of WB involvement in the revision of contracts when WB will be having less prior reviews.
- For the private sector, the fact that the WB is involved is an incentive to bid in countries where otherwise they would not take the risk.
- The change of internal resources by increasing the thresholds and decreasing the number of prior reviewed contracts may have a negative impact. This impact consists of a decrease in the involvement of the bank in more contracts.
- Previous experiences with Spanish companies show that when the contracts are not subject to prior review, it is harder to take action about the complaints expressed to the TTLs.

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

- Participants asked for more information on how alternative procurement arrangements, including for GPA country members, will be implemented.

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

- It was suggested to include the concept of sustainability in the eligibility criteria for suppliers.
- Participants from the public sector expressed surprise that sustainability was not considered as an eligibility criteria already

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

<ul style="list-style-type: none"> • It was suggested to manage cases of fraud and corruption through sanctions that can be applied • Participants asked whether it was the Bank or the borrower in charge of adjudicating the sanctions and which were the possible sanctions to be applied. • Aspects regarding fraud and corruption should be very clear in the new policy and procedures.
<p>7. What would be suitable procurement metrics that the Bank should use to improve performance?</p>
<p>8. What role should the Bank have with regard to complaints monitoring?</p>
<ul style="list-style-type: none"> • Participants are concerned as to the possibility of complaining to the WB even when the national system will be utilized and how much say would the WB have in such cases. • Clarification on the possibility of complaint management before the contract is awarded. • Stakeholders find important to consider the technical capacity required from the WB to reply to complaints and asked about the tools to be used by the borrower to solve the complaints • Some participants suggested to set up a single office to deal with complains managed by the Bank or else a “Procurement courts” to settle disputes
<p>9. What should be the Bank’s role in contract management, and with regard to improving performance of suppliers?</p>
<ul style="list-style-type: none"> • Participant suggested stablishing an independent body in charge of contract management, including contract award. • Participants from the private sector find that there should be some action taken to improve the efficiency of the procurement process in terms of contract cancelation • Stakeholders requested information on the measures that will be taken to avoid the conflict between the project design and the execution, in civil works for example.
<p>10. General comments on other issues emanating from the Bank's proposals?</p>
<ul style="list-style-type: none"> • Stakeholders welcomed the proposal of strategy for development and found useful to direct resources to the initial phase of the procurement process as it will improve the technical aspects during the planning stage. • Participants from the private sector are worried about including previous experience with WB contracts as a criterion of award evaluation. The main worry consists of limiting competition generated by this criterion.