



The World Bank

Procurement Policy Review Feedback Summary

Date: September 21, 2012

Venue: Pasig City, Philippines

Total Number of Participants: 59

Overview and General Reactions

Thirty-two representatives from government agencies and 29 from CSOs, the private sector and development partners participated in two batches of consultations. When asked to share their expectations of the consultation, the participants said they came to be acquainted with the World Bank's proposed improvements in its procurement policies, to share their experiences in procurement, compare experiences with other government agencies especially in foreign-assisted projects, understand how World Bank policy can be harmonized with national policy, find innovative ways to improve procurement in government offices, bring forward the procurement challenges of local government units, learn what's new in procurement in the national and international scenes, and contribute ideas to make procurement "easier for everybody".

The discussions were lively, with participants highly engaged, and the resource persons promptly responding to the practical points and questions brought up by the participants. There were strong points raised about the need to harmonize country systems and procedures with World Bank standards, capacity building, the need for flexibility especially in e-procurement, difficulties in dealing with foreign suppliers, and the status of local contractors vis-à-vis foreign contractors in civil works.

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?

- Regarding the lowest cost principle in the procurement of goods and services, the basis should not be cost but quality, need to balance quality with cost.
- Issues arise in delivery and implementation of a project. The lowest cost will change dramatically if you add factors and costs that need to be undertaken such as delivery, inspection, verification and validation outside the country which are not factored in the preparation of a project proposal.
- Localize procurement. The capacity of local suppliers in providing particular goods could be better than that of foreign suppliers, especially in the light of decentralization where national and local government units are now part of the procurement process.
- Green public procurement. World Bank rules should support sustainable public procurement to include green buildings, carbon footprint and other environmental concerns.
- Encourage the use of country systems and the country-focused approach by increasing the threshold for national competitive bidding.
- Utilize the Marrakech approach that considers three elements of sustainable public procurement: the economic, social and environmental aspects.
- While increased flexibility in procurement is important, it involves the subjective impressions of the evaluator. On the other hand, the rigid standards of e-procurement involve simple yes and no answers. If time is of the essence, e-procurement is better followed. It saves time, needing no more evaluation on different levels. Flexibility prolongs the procurement process.
- Use of country systems. It is unrealistic to make country procurement systems the exact equivalent of World Bank rules.

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?

- Capacity building not only for government but also for the private sector and CSOs. CSOs need to be capacitated to make them more sustainable. However, CSOs don't want capacity building on the technical side, their role being citizen monitoring, not auditing.
- From the CSO and human rights point of view, the Bank's modernization agenda should follow what is in the UN document on the right to development. The Bank has been very government-centered but the whole point of development is to be people-centred. Changes in procurement policies must serve the community, particularly in situations where there is a problem with government in terms of transparency and accountability.

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?

- Adopt the Millenium Challenge Corporation’s approach of organizing a technical review panel with private sector participation that is synonymous to a bids and awards committee. This eliminates corruption in agencies, increases transparency and minimizes risks.
- In spite of existing procedures and policies designed to protect them from political influence and interventions, local government units continue to find ways to “do their thing”. The Bank should introduce changes in policies and rules regarding local government units to protect the procurement process.
- Include the private sector in the technical review, and broaden participation of community- based organizations in implementation, monitoring and evaluation of the effectiveness and impact of the project.
- Observers in bids and awards committees should not be mere rubber stamps, approving pre-arranged agenda where the bidding is just a formality. The status of observers must be elevated so that decisions are not made before they make their reports.
- Professionalization of procurement personnel. Capacity building on procurement processes for procurement personnel to ensure that the funds they are handling go to the intended purpose.
- Continued use of e-procurement for transparent transactions.
- Provide for an independent cost accountant for every project to report the real cost of the project to the Bank.

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?

- One size does not fit all. The Bank should analyze which particular rules are effective for each country so that there are country-specific rules, since not all rules are applicable to all countries, given different cultures and social realities.
- Develop a monitoring and evaluation tool to assess a country’s procurement rules and capacity for implementation.
- Enhance the capacity of CSOs in procurement monitoring and invite them to join the process, giving due consideration to their financial limitations.
- More than training on the technical aspects of procurement, there should be integrity-based modules for procurement practitioners that will reinforce character and integrity.
- Socially responsive procurement. There is a need for a framework that allows local community groups to participate in the procurement of goods and services without going through strict requirements. Micro enterprises can provide limited volumes of goods but they do not qualify under the present rules of procurement.
- Change eligibility requirements and policies towards the direction of capacity building and fair play, taking into account the level of experience of contractors in the evaluation system. Total experience should be considered; contractors should not be penalized for opting not to participate in projects under the former administration.

	<p>This pre-qualification requirement actually penalizes those contractors who are ethical.</p> <ul style="list-style-type: none"> • The government's procurement system has improved but is quite restrictive, not able to bring in more participants, because, they say, of World Bank rules. Jobs are often given to foreign firms that sub-contract local contractors to do the job. Why can't locals be the primary contractors? • World Bank should mandate joint ventures so that there is a transfer of technology from foreign to local contractors. • The concept of competitiveness should be clearly defined so that it is not used for graft and corrupt practices. • There should be an openness in the bidding process, with the terms of reference announced ahead of time. Bidding forms should include a prototype contract and based on this, only those who are pre-qualified may participate.
<p>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?</p>	
	<ul style="list-style-type: none"> • More knowledge sharing and training on the new bidding document. • Compatibility of IT systems. In buying servers, software and services, we commit to certain systems and suppliers, which often require direct contracting for further additional work on software and service providers. Would it be possible to use direct contracting instead of competitive bidding in this regard? • Develop a software for project management for all projects funded by the World Bank. • Training for participants of the Philippine Government Electronic Procurement System's anticipated roll out on civil works in October. • The issue of digital signature. How do companies based outside the country participate in e-procurement when the digital signature is country-based?
<p>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?</p>	
	<ul style="list-style-type: none"> • World Bank guidelines should be based on principles and the country system should serve as the hard rules. • Examine country systems, rules, statutes and procedures and establish equivalency with the Bank's. In comparing Bank and country rules and procedures, focus on principles and harmonize them but do not do rule-by-rule, procedure-by-procedure comparison. • Bidding is usually controlled by politics so it is not a level playing field. World Bank must set criteria on countries and governments in this regard, especially in places where transparency and accountability are not observed. • World Bank should measure openness and reliability of country systems and impose minimum standards on countries. • Regarding joint ventures, the criteria for pre-qualification should state that at least one member of the joint venture comes from local contractors. In this regard, World Bank should provide incentives to build the capability of local contractors.

7. What suggestions do you have to monitor and evaluate the Bank's Procurement policies and assess their impact and effectiveness?

- Wider-based participation of stakeholders with oversight powers. There should be private sector participation from the start of the process. In preparing the procurement plan, local offices must be required to submit the inputs of CSOs.
- More focus on a thorough evaluation of the impact of procurement policies.

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?

- International competitive bidding rules tend to bog down a project's timeline and must be amended.
- Difficulties in evaluation of bids and implementation should be addressed.
- Increase the frequency of monitoring projects by the local Bank staff.
- Prepare the hard law (guidelines), and soft law (the implementing rules and regulations) for implementation indicating the parameters in which countries can move. Give countries more leeway in conducting their own procedures. The Bank guidelines should be focused more on principles than on rules.
- Simplify World Bank guidelines, taking into account country laws. Suggest principles only, then follow Philippine laws.
- Besides the green book on consultants' services and the red book for works and non-consultants, the Bank should issue a manual for civil works.
- There is a need to change the relationship and paradigm from a) the Bank checking on operations against prescribed rules to b) a more collaborative process of working together with borrowers as partners. The parties should be able to discuss the innovations needed and come up with a harmonized plan for the success of the project.
- Promote green procurement