



The World Bank

## Procurement Policy Review Feedback Summary

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**Date: October 20, 2014**

**Location (City, Country): Manila, Philippines**

**Total Number of Participants: 16**

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

A half day consultation session with CSO and private sector stakeholders was conducted on October 20, 2014 in Manila. The participants were from the CSO community and the bidder community (private organizations who have participated in the Bank's financed projects or other public investment projects). The list of participants is attached.

Motoo Konishi, the Country Director 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 Manila procurement team members also joined the consultations.

### **Specific Feedback from Stakeholders**

<p><b>1. How should the Bank implement support to borrower procurement capacity building and institutional strengthening?</b></p>
<ul style="list-style-type: none"> <li>• The Philippine law has mandated CSOs and private sector to observe public procurement. It has not been sustained, and these observing institutions have lost much interaction and participation in public procurement. Would like to see that institutional strengthening could be continued with the observing institutions, including studying what went wrong previously.</li> </ul>
<p><b>2. How should the Bank operationalize the potential broader use of value-for-money criteria in borrower contract award decisions?</b></p>
<ul style="list-style-type: none"> <li>• The current procurement of the World Bank is an unmovable wall that only focuses on infrastructure projects. This doesn't always work for other types of projects, so adding value-for-money will improve projects overall.</li> <li>• This will allow for unethical subjectivity if not managed properly.</li> <li>• The private sector feels that the Philippine government is not ready to handle this type of change to procurement, even though it is something standard in private procurement.</li> <li>• The government doesn't have the capability to properly evaluate prices in procurement. This leads many private sector organizations to stay away from government projects because the risk is too high. There should be some kind of database that shows cost of contracts for governments to better understand the pricing and evaluation for projects.</li> </ul>
<p><b>3. How should the World Bank target its procurement staff resources to get the best results?</b></p>
<ul style="list-style-type: none"> <li>•</li> </ul>
<p><b>4. How and when should alternative procurement arrangements be used for procurement in Bank projects and how should they be assessed?</b></p>
<ul style="list-style-type: none"> <li>• The World Bank should consider including other organizations to lead procurement.</li> <li>• Local private sector organizations cannot be part of the projects when the Asian Development Bank and World Bank come together, because the parameters for bidding are set so high. Only large international organizations participate and then end up sub-contracting to the local private sector organizations. The parameters of bidding in alternate procurement arrangements should be assessed to ensure involvement of local organizations.</li> </ul>
<p><b>5. How should sustainable procurement matters be addressed in Bank-financed contracts?</b></p>

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

- The World Bank should encourage CSOs as observers to public procurement, especially as it is mandated in the Philippine law.
- The procurement policy review should look into technology for integrity, such as geotagging of procurement activities.

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

- To determine this, the World Bank needs to share procurement data, especially that in the Philippines, so that it will be easy to identify which contract types are generally problematic and where there are bottlenecks in the system.
- The World Bank should enhance and promote Community Driven Development projects through the procurement policy review.

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

- There needs to be a revision in the conflict of interest of organizations, as this leads to many organizations being wrongly disqualified. Private sector organizations will invest in other public organizations or initiatives, and then are not allowed to bid on contracts involving these entities due to a perceived conflict of interest.

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

- Suppliers could be brought into the procurement process earlier, as they could provide alternate solutions for projects. An effort should be made to bring in suppliers that are currently not involved in World Bank projects.
- More information is needed on contracts subject to post review, to understand what is the quality of contracts and how many are not performing well.

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

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