



The World Bank
Procurement Policy Review
Feedback Summary

Date: Dec 5, 2014

Location (City, Country): Lilongwe, Malawi

Total Number of Participants: 36 (gov't, development partners, NGO, CSO, private sector)

Overview and General Reactions:

Clarifications were made about concepts such as the scope and the implementation of VfM, SPP, APA. In addition, the Government supports the proposals to track performance of companies and to streamline the use of the Bank prior review.

Representatives of both the public and private sector want to know if and how the new procurement framework can promote the development of SMEs in Malawi. Private sector reports that although the Government is the biggest buyer and has developed a policy to promote SMEs, they have not been able to fully participate in both WB and Government financed contracts given the inflexible and disproportional financial and technical requirements to bid.

Development partners are interested in the delegation of procurement responsibilities; the Bank's internal capacity to implement the new policy; and the promotion of the use of national systems. They express support in joining efforts with the Bank to enhance capacity building initiatives.

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">Capacity building and institutional strengthening are the most important issues discussed. Participants agree that the private sector should also benefit from the capacity building initiative proposed in the new procurement framework given their limited capacity to respond to Bank and Government financed operations.

<ul style="list-style-type: none"> Stakeholders highlight that if capacity building is offered only to companies selected on the basis of lowest evaluated bid, then SMEs could not benefit. They asked if the Bank would consider the approach in the contract so that all could benefit. As regards certifications/professionalization of procurement, it was noted that the Malawi polytechnic offers a course on procurement.
<p>2. How should the Bank operationalize the potential broader use of value-for-money criteria in borrower contract award decisions?</p>
<ul style="list-style-type: none"> How does the policy intend to minimize the level of subjectivity involved in VfM evaluations? Stakeholders wished to understand better the distinctions between the different procurement methods, such as VfM. Where better VfM products may have been identified later, no objection approvals are needed for every increase in budget (even if minimal), which may delay the project.
<p>3. How should the World Bank target its procurement staff resources to get the best results?</p>
<ul style="list-style-type: none"> While appreciating the Bank responding to modern procurement methods, how is the Bank preparing to amend itself in accordance with the policy and prepare staff for the changes?
<p>4. How and when should alternative procurement arrangements be used for procurement in Bank projects and how should they be assessed?</p>
<ul style="list-style-type: none"> Stakeholders question if it would be possible to apply country system at the federal level, where agency capacity is greater and Bank systems at the state/local levels, where capacities are lower.
<p>5. How should sustainable procurement matters be addressed in Bank-financed contracts?</p>
<ul style="list-style-type: none"> Participants wanted to know how the Bank defines SPP and how it might consider non-price attributes. Although local companies may not be able to attain the higher sustainability standards, their incorporation in tender documents is found to be a good way to introduce them into the country context.
<p>6. How should the World Bank manage fraud and corruption issues in the procurements it finances?</p>
<ul style="list-style-type: none"> A big issue is the lack of transparency: stakeholders suspect adverts calling for tenders are often only published for compliance purposes, when in fact a company has either already been 'awarded' the contract or is given prior knowledge of a planned project so it has advantage in information. Indeed, business associations are also politicized and so there is a need to establish independent entities that can support local SMEs.
<p>7. What role should the Bank have with regard to complaints monitoring?</p>
<ul style="list-style-type: none"> Stakeholders also want to know how whistleblowers might be protected from any retaliation.
<p>8. 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"> Agree that the Bank should enhance its supervision covering contract management. Tracking performance of suppliers may help build trust and get generate business with good performers. Participants agreed that there

are many ways to achieve that end, including providing benefits to good performers such as lowering performance guarantees.

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

- Participants enquired if and how the new framework captures the benefits of regional trade agreements.
- Regarding the selection of individual consultants, the Bank's current regulations are too rigid on eligibility.
- Given the different time frames taken for responses to waivers, will there be a policy that controls the time taken to respond.
- The ADM framework along with the levels of decision-making and its delimitations was explained in more detail.
- Participants seek a clear definition of what constitutes a high value contract; and an understanding of who selects the procurement procedure fitting a project.
- In addition they want to know if the revision of current guidelines will differentiate between small value procurements (e.g shopping) and if the thresholds are set by country.
- Stakeholders note the disproportional award of contracts MNEs (or "Malawian inc.") versus local ones or local SMEs. It is understood that MNEs are more acquainted with the process for tendering, while local SMEs are challenged by the Bank's SBDs, finding them cumbersome or face compliance issues; one idea to support SMEs could be through MNEs partnering with them (underlining that the latter must be incentivized). Another may be to 'water down' the requirements by lowering the threshold (depending on the level of acceptable risk), permitting SMEs participation. SMEs located beyond the capital city are even challenged in accessing the relevant bidding documents.
- Other barriers to SMEs or startups are the astronomic interest rates by commercial banks required for Bank guarantees.