



The World Bank

Procurement Policy Review Feedback Summary

Date: October 1st 2014

Location (City, Country): Lima, Peru

Total Number of Participants: 33

Overview and General Reactions:

The proposed new Procurement Framework was positively received. The stakeholders welcomed this proposal and commented that the Bank “seeks to modernize its procurement system, reflecting international good practices”. Representatives from the public sector also indicated that they saw the proposed approach as a major step forward and hoped that it would help them in modernizing the Peruvian procurement system.

Specific Feedback from Stakeholders

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

- The private and public sector embrace more involvement from the Bank at a technical and administrative level. However, there is an identified need of setting clear directives for the staff to assist the project from the beginning and throughout the whole process until delivery and impact: procurement strategic planning.
- There is a concern regarding the technical capacity of the staff that has to take care of tasks that have to be carried out on top of the daily workload which constitutes a risk to the success of the project.
- Frequently, procurement specialists are not involved in project planning and the specialist developing the project plan has no expertise in procurement; thus, the procurement might not be focused properly. Given that the procurement specialists have to

execute the procurement, their involvement in the project plan that sets the procurement plan was suggested to be incorporated in the procedures. Also, to include the supply risk to the risk assessment.

- There is a demand for training and/or workshop to enhance coordinated work between specialists, designers and executors.
- It was suggested for the Bank to review the procurement plan (as it is working with SEPA) and determine the efficiency and effectiveness of the procurement unit.

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

- In the application of Value for Money, the Bank should be involved with the client in order to ensure the achievement of the desired project impact.
- Public procurement in Peru is trying to include the concept of VfM but there is a need to work in a cultural change to accomplish it.

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 suggested considering determining country specific thresholds when preparing the methodology for Alternative Procurement Arrangements.
- Participants advised about the need to develop an integral assessment to also determine if external factors, such as the external control (Supreme Audit Institutions), could generate adverse effects in procurement. The participants commented on how the Supreme Audit Institution (SAI), through its focus on process rather than outcomes, was having a negative impact on procurement. It was also indicated that the Bank would have to train the SAI in the evaluation and monitoring of modern procurement approaches.

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

- Sustainable procurement in Peru has been introduced but it has not been developed fully due to limited capacity. The preparation of manuals and/or guides, by the Bank, on this matter was recognized to be useful as a reference.

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?

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

- The private sector expressed the need of defining thresholds or levels of involvement from the bank when disputes or claims exist. It was suggested to consider levels according to procurement categories, complexity or value.
- The arbitration system has been widely used as a first option for dispute resolution; therefore, an effort from the Bank is needed to change the approach to dialogue with mediation as proposed.
- Participants seconded the proposal to develop flexible instruments to resolve conflicts and disputes since traditional practices are ineffective, onerous, negatively impacting the development objectives of the operations.
- Stakeholders welcomed the proposal to streamline the Bank's role to monitor complaints, but advised that this should be operationalized using practical and balanced approaches that allow the Bank to timely respond to relevant cases.

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

- Some procurement problems have its origin in the development of the TOR and are detected during the procurement process. Thus, guidance since the TOR definition for complex and important processes is proposed. Moreover, it was suggested to coordinate workshops for the clients and the suppliers with the participation of different countries and regions, if possible. This problem is generally found with firm consultant services because of the ambiguity to define the nature of the service.
- Clarification regarding the scope of the role of the Bank in terms of assistance in contract management, disputes during execution and the project impact. Whether the assistance will be an informative follow up or will it have a defined structure clear to everyone, or is it a subject that is intended to be determined during consultations.
- Participants from the private and public sectors agreed that the Bank should play an active role in contract management, addressing, among others, technical and institutional weaknesses of the executing agencies.

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

- Participants noted the need of considering different capabilities and market conditions for projects located far from big cities which require goods and services where there is low supply.
- There was a consensus that the Bank procurement framework should not be constructed as a one-size fit-all proposal and supported the idea that procurement should be instrumental to achieve development objectives. Stakeholders showed a great interest how a fit-for-purpose proposal could be operationalized.
- Participants suggested to consider making an effort in a communication channel, to be used as a knowledge platform for example,

where stakeholders can access information according to the sector and topic.