



policy should clearly define a central objective for procurement and build the policy around this central objective. The revised policy should be based on principles and results, rather than on structured procedures.

- The new policy should take into account that the needs of member states and beneficiaries have changed a lot since the World Bank was founded.
- The revised procurement policy should focus on the issue of how to efficiently produce development results. The policy needs to be tied to a number of reform agendas to make it efficient, such as political reform, legal reform, public sector reform, and professionalization.
- The World Bank should incorporate procurement practices that are environmentally sound, accounting for social aspects, and sustainable in the long run. Stakeholders in particular called for stronger leadership by the World Bank with regard to sustainable procurement.

### **Context-specific methods, best fit for purpose, room for innovation**

- Since market conditions vary from country to country and across sectors, there can be no single procurement solution.
- The Bank's policies should provide more flexibility for borrowers depending on their capacity and operational risks, based on a risk assessment. There should be more use of procurement procedures found in national laws.
- Quality should be the guiding principle in the selection of all products and services.
- Procurement procedures should be useful and appropriate in a national context. This would require reconsideration of short-listing practices, ICB thresholds, evaluation criteria, prior review for borrowers with high implementation capacity, Joint Ventures with international firms, the nationality requirement, World Bank guarantees, advertising, and the World Bank's procedures for selecting consultants. Specific bidding forms, such as ICB may not be appropriate in all countries, especially when international firms are not interested in working in a country.
- Stakeholders suggested that prior review should only be carried out for a limited number of contracts. In general, the review process as well as threshold requirements should be reviewed and simplified according to the capacity of the implementing agency.
- The World Bank should consider Public-Private Partnerships as new instrument.

- Participants called for a more extensive use of framework contracts in projects, greater use of simple rules for lesser value contracts, less technical terminology, more flexibility in terms of review for agencies with high procurement capacity, another look at advertising requirements and their costs, and a complaints review mechanism for Bank-financed contracts.
- The World Bank should consider procurement methods beyond International Competitive Bidding, Quality and Cost Based Selection, and National Competitive Bidding. In particular, ICB requirements often take too long, given the use of new technologies and the rapid flow of information.
- The World Bank should introduce a mechanism to allow the participation of a wide range of bidders, including non-governmental organizations (NGOs), consulting firms, industrial and commercial public entities, etc.
- Stakeholders suggested the adoption of incentive mechanisms for PIUs that implement innovative tools and approaches and make sure that innovation is not penalized in the bidding process.
- The Standard Bidding Documents were considered too complex to the extent that some bidders may be excluded from taking part in the bidding. Bidding documents should be specific to sector, type of procurement, or estimated contract amount.

### **Use of country systems**

- The notion of moving toward country systems met with mixed reactions. Donors and representatives of Peru warned that different levels of country capacity could endanger the success of this particular approach to procurement. Donors noted that reliance on country systems in the past led to low implementation rates. Stakeholders from Argentina spoke in support of strong World Bank guidelines because of the variety and complexity of local and national legislation. In Paraguay, it was suggested to use country systems for small contracts and the World Bank system for large contracts. Representatives from middle-income countries, on the other hand, emphasized that their national systems were robust and should be relied upon by the World Bank. They also stated that using country systems would significantly accelerate the implementation of projects.
- Some stakeholders suggested that national procurement systems could be used for low value contracts, while World Bank rules should apply for large value contracts.

- Some participants noted that a move toward country systems could be a tool to promote legislative reforms in countries. However, reform should not be an objective of the World Bank procurement policy in middle-income countries.

### **E-procurement**

- Stakeholders suggested that technology should support the principles of World Bank procurement, while at the same time providing flexible implementation options.

### **Capacity building**

- All stakeholders agreed that assistance and support to country systems and PIUs would be needed to improve national capacity. This is particularly important as more reliance on local capacities, more flexibility and more focus on results will create more discretion on the part of procurement officials. They will need to be better equipped to handle that.
- The success of the revised procurement policy will depend on procurement capacity in the country. The World Bank should therefore establish mechanisms to promote institutional capacity of borrowers and strengthen its support to and supervision in low capacity countries.
- Capacity and training needs should be identified early in the project phase and should be part of the project design.
- Case studies would be useful to train procurement staff. These case studies should include guidance for the calculation of estimates and preparation of TORs.

### **Market analysis (shape of markets, competition, impacts, especially on local industry)**

- Consultation participants argued that a thorough analysis of the conditions in local markets is crucial for the success procurement processes. This kind of analysis can help identify dangers with regard to corruption and can also help develop realistic procurement processes that work in specific markets.
- Stakeholders strongly suggested that bidding documents be provided in the language of the local market, since developing countries often do not have the capacity to translate English documents.

- Some questioned the value added of the Bank's nationality requirement for short-listing consultants given the state of development of their local markets.
- Past performance and quality of contractors should be included in the requirements for bid selection.
- Participation of local contractors should be encouraged by revising the requirements for average construction turnover and capacity of the contractor.
- Consultations participants emphasized the importance of well-developed TORs to allow the private sector to accurately understand the scope of the services. TORs should be disclosed jointly with the Request for Expression of Interest.

### **Coverage of the full procurement cycle**

- The World Bank should include supervision of project implementation as well as oversight over the management of contracts to its procurement cycle. Procurement specialists should be involved starting at an early stage in the project cycle. It was stated that well-designed Requests for Proposals are key to ensuring that funds are used for the intended purposes.
- Monitoring should shift from compliance to results and cover the entire project circle. Results should be measured in terms of quality, efficiency, transparency, and cost. The World Bank should concentrate its resources on contract management and post reviews (rather than prior reviews except for the most demanding contracts) with a better supervision of contract implementation.
- The quality of the procurement process should not be compromised by the attempt to speed up the procurement process. Stakeholders suggested that the World Bank establish quality standards, although not to the detriment of smaller companies that may find it difficult to meet those standards.
- Suppliers should be asked for their opinions regarding technical specifications so that specifications can be developed in accordance with market capacity.
- Stakeholders suggested that the Procurement Plan should be dynamically updated throughout project implementation to respond to changing needs.
- The capacity of PIUs should be assessed before implementation.

## **Transparency, access to information, civil society, audits, dispute resolution**

- To strengthen accountability, the World Bank should promote mechanisms for participation and oversight by civil society. The World Bank should develop general guidelines for entities that monitor and audit procurement. These guidelines should mirror the shift from compliance to results.
- Borrowers should have the ability to monitor project progress to get a better understanding of whether project objectives are being achieved. The World Bank should contribute to building the capacity of national Control Agencies.
- Independent audit/regulatory institutions should be empowered to conduct comprehensive oversight beyond financial audits. This requires stronger access to relevant information. Also, these institutions have many lessons and knowledge about borrowers that can be useful at the project design and appraisal stages.
- Stakeholders called for an online portal for implementing agencies to access documents, exchange experiences as well as exchange TORs. A consultant data bank for borrowers to help preparing short lists was also suggested.

## **Fraud and corruption**

- There was some doubt expressed on if and how the Bank's current provisions on fraud and corruption worked and can be enforced.
- Participants in Colombia placed special emphasis on making sure that there are strong links established between procurement policies with country/borrower audit and control entities, borrower internal audit processes and borrower capacities.
- Some stakeholders welcomed the World Bank's prior reviews as proactive measure against fraud and corruption.
- There was also a suggestion that the World Bank should collaborate with borrowers to reduce the use of exceptional procurement regimes as these provide opportunities for corruption.

## **Harmonization**

- One of the recurrent issues in the discussion was the lack of harmonization between bilateral and multilateral donors, particularly for programs receiving funds from different donors. Procurement rules should be much better harmonized and integrated.

- Moreover, the Bank's posture towards international instruments that now affect the public procurement policies adopted by its members, such as UNCITRAL's Model Law on Public Procurement, various bilateral trade agreements, and the European Union's Directives is not clear and will have to be clarified.

**Bank's role (internal organization, roles and responsibilities, staffing, professionalization, efficiency, fiduciary, reviews, value-added, processes and disputes)**

- Stakeholders asked for a clearer definition of the World Bank's role in procurement: is the institution part of the process or does it assume an external role of evaluating documentation?
- The World Bank should revise its processes and review procedures to make them more flexible.
- Some stakeholders suggested decentralizing the no objection process and allowing country offices to make these decisions. In general, the no objection process was criticized for being too slow.
- Stakeholders from borrowing countries called for more clarity of the World Bank's approving vs. no objection roles and the role of Task Team Leaders. There may be a need for more independence and separation of the functions of review/authorization and complaint handling.
- The World Bank was asked to be more transparent and more rigorous in the selection of consultants.
- Success of the new policy will highly depend on the number, capacity, and expertise of the Bank's cadre of Procurement Specialists to handle the new policies: borrowers run the risk that they will be subject to the discretion and judgment of these specialists in resolving procurement matters.