



- Stakeholders agreed that the revised procurement policy should be based on principles and be considerably shorter than the current policy. This approach would also require a set of explanatory notes or manual to help with making decisions. Stakeholders want the World Bank to set an international standard in procurement, while at the same time accepting country systems.
- A new policy framework should encourage green procurement and sustainable procurement based on life cycle costing. In general, the policy should focus on value for money by moving from tactical to strategic procurement, expense analysis, category management, long term arrangements, negotiation frameworks, and risk and capacity assessments. Different tools and approaches need to be recognized in the new policy to leverage economies and best value for money.

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

- Stakeholders expressed great support for a shift from “one size fits all” to “best fit for purpose.” The World Bank should focus on achieving efficiency in delivery, rather than strictly following rules.
- The procurement policy review should take into account the socio-economic, political, cultural, governance, and capacity situation in each country and ensure that the World Bank process does not undermine traditional local systems.
- Consultation participants encouraged the World Bank to use best practices and innovations from successful sectors, such as power and infrastructure, to inform procurement work in sectors where it has been less successful, such as education and social sectors. Stakeholders also emphasized, however, that different sectors require different approaches.
- The role of the most economically advantageous tender (MEAT) was emphasized many times. Participants held that bids at a very low price often provide inferior goods or services, but cannot be ignored by the borrower. The revised procurement policy should give precedence to the most economically advantageous tender (MEAT) rather than the lowest responsive bidder.
- The World Bank’s focus on compliance was identified as obstacle for domestic bidders.
- Stakeholders also noted that the World Bank’s requirement of Joint Ventures might not be appropriate in all sectors. Joint Ventures should be need-based, not compulsory. Other suggestions to improve best fit for purpose include a revision of the prior review

arrangements, the procedures for hiring consultants, centralization of procurement functions, and the complexity of procurement documents.

- The World Bank was encouraged to provide a separate policy for procuring services of Civil Society Organizations (CSO) as well as for semi-government organizations.

### **Use of country systems**

- Stakeholders in general supported the use of country systems, but emphasized that a move toward country systems should be accompanied by a focus on capacity building and system development.
- Participants appealed to the World Bank to build relationships of trust and collaboration with their country partners. Reviews conducted by the World Bank would be sufficient to ensure compliance with World Bank principles.
- When moving toward the use of country systems, the World Bank needs to work with partners to increase political commitment, country ownership, country leadership as well as financial and other support to enhance procurement capacity.
- The World Bank should have different policies for countries with different characteristics (e.g., low income countries, middle-income countries, fragile and conflict affected countries).
- The switch to country systems should be gradual (phased), so as not to interrupt existing projects.
- Arbitration should also be national, not tied to New York courts.

### **E-procurement**

- Stakeholders widely called for the introduction of e-procurement. India is switching to e-procurement, and stakeholders felt that the World Bank is lagging behind in this development. However, consultation participants also warned that financial and technical capacity for handling e-procurement tends to be low in many countries and many agencies.
- Before moving toward e-procurement, it was recommended that the World Bank analyze e-procurement practices and outcomes in different countries to avoid adopting inefficient practices.

- Stakeholders expressed concerns about data security. The World Bank should set standards for minimum security requirements, safeguards, measures, and actions.
- The World Bank should consider a central procurement portal with standard protocols, time stamping systems, digital signatures and a trusted environment.
- There was concern about e-procurement leading to discrimination.
- In general, technologies should be used to monitor performance, increase transparency, increase efficiency, and improve management of procurement systems.

### **Fragile and conflicted-affected states, emergencies**

- Stakeholders from Afghanistan in particular expressed concern that the particular circumstances of fragile and conflict-affected states may be overlooked. In these particular cases, rules and pragmatism should be balanced.
- Securing bid or performance securities is a particular challenge for fragile and conflict-affected states. The World Bank should consider mechanisms such as umbrella bid security, insurance, and performance guarantee through the government treasury.
- In case of a humanitarian crisis or a disaster, the procurement process must be fast and responsive to the situation.

### **Capacity building**

- The World Bank is a major player in building professional capacities in the public sector and should continue to be so. Capacity building should be sustainable, proactive, and not only project specific.
- Stakeholders emphasized the need to improve the degree of professionalization in procurement. As part of this process, certification should be required for all procurement professionals.
- Students, trainees, and contractors should be encouraged to enroll in procurement courses. Other target groups for capacity building include local government institutions such as Gram Panchayats.
- The World Bank can take a leading role in gathering and disseminating best practices.

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

- Participants suggested that a sector- or industry wide study of the procurement environment should be carried out as a first step of revising the World Bank's procurement policy to assess the availability of a "bidder's market" for each sector, factors affecting bidder preferences for participating in competitions, and the gap between real demand and supply.
- Stakeholders widely supported the notion of giving preference to local industries, although some voices stated that this would be the responsibility of the government.
- Stakeholders appealed to the World Bank to promote small and medium enterprises or companies in low capacity markets by allowing strategic partnerships, possibly with minor stakes in a contract. The World Bank policy should try to create an enabling environment for such partnerships.
- ICB and NCB should be used as appropriate for the specific markets. Small work orders should be given to the registered contractors without contracting. LCB should be used for small contracts. The thresholds for ICB should be increased.
- World Bank procurement policies do not allow borrowers to negotiate on commercial terms. In a market where pricing is ad hoc and influenced by many factors, finding and establishing a fair and reasonable price for goods, works and services they acquire through the World Bank procurement processes is a cause of concern for stakeholders.
- To reduce evaluation times, the World Bank should recognize the borrowers' classification and pre-registration of contractors. Previous feedback and evaluations should be taken into account.
- The nationality norm for short lists should be reviewed and adjusted according to local capacity. Regional experience, as opposed to country-specific experience, should be considered.
- Representatives of the IT sector suggested incorporating IT requirements into the budgeting of large projects from the conceptualization stage. Warranty arrangement should be industry-based.

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

- The World Bank should include contract management and delivery in the procurement cycle. The revised policy should move procurement from an administrative task to supply management.

- The revised procurement policy should promote the development of long-term relationships between suppliers and buyers. Routine purchases only require a transactional relationship, but strategic purchases require long-term relationships. Procurement for strategic purposes should be collaborative, which will improve the quality of products, works, and services.
- The World Bank should get more involved in the monitoring of social, environmental, and other elements of a contract, and should assess the company's performance in this regard.
- Vendors/suppliers should be part of the procurement planning processes to benefit from their technical expertise.
- Closer interaction with bidders at all stages of the procurement cycle would improve the World Bank's ability to choose the most qualified bidders.
- Post-contract management can preclude failures due to low quality and quantity. Therefore, inspection and quality assurance should be a priority.
- The World Bank's procurement policy should take a realistic approach to risk assessment and risk management. High-risk projects need more technical and implementation support.
- Stakeholders also called for better monitoring of procurement and project outcomes.

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

- The World Bank should take monitoring of performance more seriously. Community participation in monitoring should be encouraged. Regular public meetings could provide feedback on the implementation of projects. Stakeholders emphasized the role of independent monitoring and oversight groups. External/third party monitoring (with clear auditing standards) and post reviews were recommended to ensure use of fund for the purpose intended. Some stakeholders suggested that clients should have the right to audit contracted firms.
- A procurement management database would help develop efficient systems to track cost, assisting in market research, and provide performance data. A publicly accessible regional or national rating system would provide incentives for companies to perform well.
- Consultation participants called for stronger dispute resolution mechanisms. Complaints should be registered and tracked publicly.

- The World Bank should ensure that details on budgets and projects are being made publicly available.

### **Fraud and corruption**

- A large number of stakeholders called for robust measures to tackle fraud and corruption. They emphasized that supply-side corruption should not be ignored and accountability should be promoted.
- However, stakeholders also appealed to the World Bank to maintain a balance between fighting corruption and considering the larger benefits of a project. Procurement could become overly bureaucratic if used as leverage for governance or anti-corruption reforms. Overall, the World Bank should not focus on anti-corruption measures that are unlikely to be implemented, but should rather provide holistic supervision.
- Agency and country systems can be effective in preventing corruption. The World Bank should rely on these systems and not mistrust the client. However, capacity building would help agencies to improve their local anti-corruption efforts.
- In instances of fraud and corruption, justice delivery needs to be timely. Lengthy processes limit the ability of clients to prevent fraud and corruption.

### **Harmonization**

- Stakeholders agreed that the World Bank should strive to harmonize its procurement policy with those of other development partners as well as with the borrowers' systems. Multiple procedures create confusion, which could be avoided by a move toward country systems.
- Multilateral and bilateral development partners have made considerable efforts to harmonize their procurement policies. However, the approach and interpretation of those policies is not always consistent.
- Stakeholders encouraged multilateral and bilateral development partners to share data with regard to capacity and risk assessment.

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

- The World Bank should limit its role to providing principles, rather than be involved closely in the procurement process, which results in long turnaround times. Lengthy processes were identified as major obstacle to effective procurement management.
- The World Bank should consider itself a partner of clients and bidders in a relationship of trust.
- Stakeholders criticized the overly complicated legal language of World Bank procurement reviews and emphasized that the World Bank, borrowers, and bidders all need to understand the World Bank guidelines and procedures.
- To move to supply management, the World Bank would need to reorganize itself into category management sectors and teams and needs to develop expertise in specific sectors.
- Consultation participants also encouraged the World Bank to improve the transparency of World Bank procurement, in particular the selection of consultants.