



- The World Bank’s procurement policy should take into account global warming and the effects of the environment on procurement, but should not turn the policy into a “repository” for broad policy issues with mandatory requirements for implementing agencies.
- To make the procurement review successful, the World Bank should pay special attention to implementation, change management, and a comprehensive communication strategy.

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

- The revised World Bank procurement policy should move away from one-size-fits-all and strict prescriptions to an approach based on options and risk management sensitive to context. Participants expressed general support for adopting more flexible procurement systems.
- The World Bank should establish a minimum set of requirements that apply to all procurement situations, but should also discriminate among its borrowers. The minimum set of requirements is important to ensure rules do not become too diverse when trying to make the policy work for the wide range of World Bank clients.
- The Bank should differentiate procedures for large value contracts as opposed to small value contracts. For the latter, procedures should be much simpler.
- If innovation is the objective of World Bank procurement, this should not be at odds with cost control. In general, cost control considerations should not be in the way of innovation.
- The World Bank should clearly define how to account for special characteristics of some companies, such as state-owned enterprises (SOEs) and non-governmental organizations (NGOs).
- Another specific category for the World Bank to consider is PPP (Public Private Partnerships), which usually have a significant procurement dimension. Stakeholders from the medical equipment sector in particular emphasized PPP, which help governments overcome their capacity limits with regard to maintaining complex technical systems.
- Representatives from the medical equipment sector also explained that as healthcare systems are becoming more and more complex, the World Bank should start viewing complex medical projects through the same lens it views infrastructure. This includes recognizing that projects require more than just the equipment.

## **Use of country systems**

- Stakeholders agreed that when relying more on country systems, different levels of country capacity need to be taken into account. The World Bank procurement policy should promote the development of country systems and ensure that procurement is an integral part of country reforms. When country capacity is low, the World Bank should provide a standard set of rules.
- Stakeholders from Canada and the USA pointed to challenges as development agencies move from the use of specific rules and standards to risk based approaches at the same time as they adopt country systems. The lack of uniformity among partners may require a more uniform set of guidelines provided by the World Bank. Moreover, some sectors lack regulatory procedures, and would need some standards to make up for this lack.

## **E-procurement**

- E-procurement provides a lot of potential, but bilateral development partners warned that implementation could be challenging. Canada, for example, is developing e-tools by commodity/product (e.g. fuel, automobiles, professional services). Canada has plans to develop an e-based contract management system and to replace an automated buyer system.
- Stakeholders mentioned that the use of e-procurement might lower bidding costs. Moreover, getting bidding documents online and free of charge could increase the size of the competitive pool. It would also increase transparency in the selection and evaluation process, tracking of milestones and delays, and debriefing of bidders.

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

- Fragile and conflict-affected countries need to have staff on the ground that is qualified and prepared to respond to situations in which standard World Bank policies cannot be applied.

## **Capacity building**

- Stakeholders emphasized that the effectiveness of the new policy will depend on the country's capacity to implement. The World Bank therefore should provide training, help create procurement units, and build a core cadre of procurement specialists who understand rules as well as general procurement frameworks.

- In some countries there is not procurement profession. In these cases, the procurement function must be defined, established, and mainstreamed across government offices. Capacity building in country systems should thus be made an integral part of the Bank's development support.
- Low capacity limits the ability of contracting agencies to utilize innovative procurement methods, such as performance-based contracts and design.
- In specific sectors, the government should partner with the industry to develop capacity. This could be part of companies' social responsibility programs and help them facilitate future business opportunities in those countries.
- The World Bank should utilize its existing online learning mechanisms to build sectoral capacity in countries. In any case, training should be localized, training manuals should be provided in the local language.

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

- Technical specifications should be prepared by technical specialists. Technical specifications also need to be written in a way that does not favor a particular firm. Some stakeholders suggested that the World Bank partner with the industry to develop up to date technical specifications.
- In some national markets rules such as the provision to have six bidders on a short list as well as the nationality requirement do not properly reflect market realities. Private sector representatives suggested that the World Bank narrow down the number of companies that bid for complex systems, as only a small number of them have the capacity for such systems. They called for a closer consideration of qualification based selection, the role of partnerships, and the opportunity for alliance building between contracting agencies and suppliers, which may entail a different definition of "competition".
- With other rules, stakeholders called for consistency in their application. Rules cited as examples included the number of years of experience and credit given by the Bank for experience in neighboring countries as part of qualifications.
- The World Bank should analyze the impact of government procurement on jobs.
- The local procurement provision set by the World Bank should differentiate between local contribution to technical content and local contribution to other aspects of the contract.

- Several stakeholders, in particular from the private sector, called for a mechanism to track past performance of bidders, bidder costs, and customer satisfaction. Scorecards were suggested for ranking bidders and borrowers.

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

- As procurement is positioned in the context of public sector management and the overall principle of value added is introduced, procurement procedures need to include the entire supply chain management. The World Bank needs to realize that procurement is only successful if it achieves the intended results, not if procedures are followed correctly. In order to better monitor the use of funds, the Bank needs to engage more aggressively in the project implementation phase, based on its value-added.
- The World Bank should consider a broader discussion with the business community about contract management.
- Risk management should be a central aspect of the World Bank's approach to procurement. Stakeholders stated that the World Bank would need to establish short and mid-term risk mitigation strategies. The private sector can provide good practices and models for this purpose. The World Bank, and other donors, should be more open to the advantages of taking risk, i.e., the potential for greater reward and development impact.
- A full procurement cycle needs to include credible systems for monitoring and evaluation. This would build confidence in public procurement among the general public, shareholders, donors, and development partners. It was suggested that the World Bank focus on monitoring and evaluation of large contracts.
- Technical staff working in projects should be involved at all stages of the project, from design all the way through to implementation, including contract management. Maintenance is an issue in some sectors as well. Industry representatives suggested that the World Bank take a closer look at the life cycle of procured equipment.

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

- Stakeholders widely agreed that procurement processes need to be clear, user-friendly, and transparent, and that there is a need for redress mechanisms. Stakeholders unanimously called for more transparency. More information should be available to bidders and there should be more and better ways to get feedback from customers and users. A database run by an independent third party was suggested.

- Monitoring should focus on results, less on compliance. The World Bank should balance the need for efficiency and the need for transparency without placing overly restrictive burdens on bidders and implementing agencies.
- Stakeholders expressed concern about the objectivity of evaluations, especially when compared to other donor programs. Since the World Bank is not part of the evaluation process, some participants criticized that the institution appears to “rubber stamp” what is presented. There was a call for the Bank to be present at the evaluation table.
- Stakeholders also criticized the complaints handling system of the World Bank. Bidders may actually have incentives to not use the present system. There was a call for more clarity in complaints handling, including a clearer definition of ‘complaint’ (for example, as opposed to a clarification). The World Bank should improve its practices in identifying, labeling, and recording complaints. Overall, stakeholders called for a safe place for complaints to be heard without fear of reprisal.
- Private sector representatives called for an independent and accessible ombudsman responsible for dealing with concerns from the private sector. Other stakeholders called for more involvement of civil society in the monitoring of projects.
- More information on successful and partially successful projects should be made publicly available.

### **Fraud and corruption**

- Stakeholders welcomed the World Bank’s attention to transparency and anti-corruption. They emphasized the need to shift from a focus on investigation to a more comprehensive and preventive approach. In this context, more emphasis on contract execution and contract management could help with preventing fraud and corruption.

### **Harmonization**

- Stakeholders agreed that development agencies should harmonize their procurement policies and should work together in a more coordinated manner.
- Harmonization was identified as an issue across multilateral development banks and other development agencies, but also across different World Bank offices.
- A harmonized approach should focus on a number of core features, such as anti-corruption measures and social and environmental impact of procurement. The World

Bank should absolutely avoid the proliferation of standards and documents and direct their efforts to apply existing procedures.

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

- The shift from rules based procurement procedures to risk based procedures and the move toward country systems calls for a redefinition of the World Bank's role in public procurement. Procurement staff need to be able to manage the diversity and the flexibility inherent in new approaches to procurement. This may require a larger procurement staff base and better cooperation with sectoral experts.
- The credibility of the World Bank's revised procurement policy will depend on the strength of the institution's internal control framework. Bilateral development partners reported that their framework extends through the entire procurement cycle.
- Consultation participants called upon the World Bank to improve the quality of supervision.
- The internal review processes are too lengthy. The review and reporting procedures should be limited to fewer contracts and should take less time.
- Stakeholders held that the World Bank is not equipped to handle a technical review of documents. On the other hand, technical experts may lack an understanding of procurement.
- It was ascertained that borrowing countries need 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 authorization/evaluation and complaint handling.