



The World Bank

## Procurement Policy Review Feedback Summary

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**Date:** September 6, 2012

**Venue:** Sydney, Australia

**Total Number of Participants:** 13

### Overview and General Reactions

Consultations for the World Bank's Procurement Policy Review took place in Sydney on September 6, 2012, with stakeholders from academia, civil society, and private enterprise in Australia, along with AusAID and Bank staff. Ms. Myrna Alexander, member of the Procurement Policy Review team, made the initial presentation which was followed by open discussion and responses to the guiding questions posed for consultation.

- At the heart of the problem facing the World Bank is the lack of a global consensus on internationally accepted standards against which to gauge local country systems. This void—and the absence of international leadership—compound the challenge.
- At the same time, it is not only the rules for procurement that count: it is how they are applied and what actually happens, which are influenced by the political economy and the social-cultural-economic conditions in the Bank's borrowing countries. People count.
- Moreover, there are valid reasons for different approaches and systems, based on program design.
- Given these starting conditions, there is a need for better analysis of country systems on the part of the Bank, leading to pragmatic and programmatic solutions best suited for each country.

- The focus of the Bank’s policy should be on the governance framework along with practical guidance and capacity building.

<b>Specific Feedback from Stakeholders</b>	
<b>1. The analysis presented in the Initiating Discussion Paper captures the key issues and concerns that should be addressed in the review. Are there other challenges which the review should try to address?</b>	
	<ul style="list-style-type: none"> <li>• There are several. Among other things, capacity building and professionalization of the procurement function. This entails the provision of on-line training (given the high costs of face-to-face training) and the institutionalization of professional training in country, since training effectively now ends at project completion. It should focus on core capacities, and could include areas such as e-procurement and involve short study tours.</li> <li>• Second, consensus on internationally accepted public procurement standards. The review might be the opportunity to [re]start this conversation if the Bank were willing to take the lead.</li> <li>• It was noted that the Bank is undertaking additional analysis on these dimensions and the results of those studies will inform the review.</li> </ul>
<b>2. Taking into account the new concepts of public procurement and the broader context of public sector management best practices, what type of changes should the Bank take into consideration in modernizing its procurement policies?</b>	
	<ul style="list-style-type: none"> <li>• No specific recommendations.</li> </ul>
<b>3. In light of various levels of risks and capacity among borrower agencies, how can the Bank best ensure that funds provided by the Bank are used for the purpose intended?</b>	
	<ul style="list-style-type: none"> <li>• It is essential that the Bank maintain a high level of governance over procurement under Bank financing.</li> <li>• The emphasis should shift, nevertheless, to what happens downstream, with greater investment and insistence in ensuring that borrowers live up to their obligations.</li> <li>• Transparency is key: the Bank can use the data generated by e-procurement to cast light on procurement transactions and corruption. There is considerable potential for data mining, analysis and intelligence gathering.</li> <li>• In more general terms, the fight against corruption needs to be opportunistic and use different tools and avenues, as part of a collective effort with other donors and development partners.</li> </ul>
<b>4. The Initiating Discussion paper highlights the multiplicity of demands and contexts procurement is serving today –diverse sectors, instruments, delivery mechanisms and clients with varying institutional frameworks and governance conditions. What recommendations</b>	

**could help the Bank best tailor its procurement requirements to meet these diverse and varying demands and needs?**

- As noted above, the Bank needs to be pragmatic and programmatic in matching its procurement policies with country/specific program/project needs. It should be especially cautious in the case of low capacity countries, many of which are located in the Pacific region.
- In doing so, the Bank will have to provide a better match between its procurement staff/in-house expertise and the nature of the procurement transaction. For example, the Bank will need highly specialized staff for PPPs and Design and Build procurements, and less specialized staff for routine road maintenance.
- The Bank can do a better job at providing both its own staff and borrowers with data and information on past precedence, “case law”, and where to get advice.
- Also, internal staffing. Generally, the Bank’s in-country procurement capacity is not high enough, particularly if staff are involved in activity design or engaged in procurement reform activities.

**5. What could the Bank do to simplify and streamline its current policies and to take advantage of the potential gains offered by e-procurement and IT-based tools?**

- The Bank, via its policy, can pursue many avenues to simplify. One is how procurement is defined, especially for small transactions. This could greatly simplify current procedures.
- Equally, there are many avenues to follow in promoting the use of e-procurement, with additional impacts on transparency, timeliness, and fraud and corruption.

**6. International consensus calls for use of country systems and harmonization among development partners. What can the Bank do to advance the use of country systems and harmonization among partners?**

- The Bank will have to take into account the emergence of new donors, such as China and Brazil, in its approach to harmonization. This could add to the complexity and tension in the evolution of the current approach to public procurement.
- At the same time, the Bank could use more convincingly the importance of public procurement in the world economy—some 10 to 15 percent or more of GDP—to mobilize attention and resources for public procurement reform. There is potential for the Bank to take on a leadership role.
- Further, there are opportunities to collaborate more closely with agencies, such as AusAID, which play predominate roles in specific countries, particularly some of the Pacific Islands.

**7. What suggestions do you have to monitor and evaluate the Bank’s Procurement policies and assess their impact and effectiveness?**

	<ul style="list-style-type: none"> <li>• The key measure ought to be the performance along the policy’s attributes and how the policy influences outcomes; for example, the extent to which transparency is achieved.</li> <li>• What the success of “value for money” looks like needs to be addressed. It is likely that the “three-e’s”—economy, efficiency and effectiveness—will remain that the center.</li> <li>• It is further likely that the performance monitoring and evaluation system will have to rely on country level reports, covering both qualitative dimensions and compliance.</li> <li>• In moving forward, the Bank needs to be realistic about how much to attempt to measure and what is attributed to procurement.</li> </ul>
<b>8. Do you have other suggestions to help the Bank develop a proposal for a new policy framework and guiding principles for revisions to the Bank’s procurement policies?</b>	
	<ul style="list-style-type: none"> <li>• In reassessing its role in the procurement process, the Bank should examine the possibility of taking on a more direct and active role in bid evaluation and selection.</li> </ul>