



The World Bank

## Procurement Policy Review Feedback Summary

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**Date:** September 7, 2012

**Venue:** Honiara, Solomon Islands, connected by video conferencing with Sydney, Australia

**Total Number of Participants:** 17

### Overview and General Reactions

Consultations for the World Bank's Procurement Policy Review took place on September 7, 2012, via video links in Sydney and Honiara, with stakeholders from government, project management units, and private enterprise in the Solomon Islands and Bank staff from the two locations. Ms. Myrna Alexander, member of the Bank's Procurement Review Team, made the presentation. Discussion followed in response to the guiding questions.

### General Recommendations and Observation

- Capacity building is critical, given the challenges faced in public procurement. While much time is spent on training staff on how to use the Bank's procurement guidelines, the level of resources devoted to capacity building, as cited in the background paper, is too low and resources need to be reallocated to capacity building and policy advice.
- Harmonization is also critical, given the funding now provided by a multitude of sources, such as the EU, AusAid, ADB and so on.
- There is ample scope for simplification. The current set of requirements leads to too large documents, out of sync with the scale and complexity of the procurement transactions and the nature of the projects. This deters bidders.

- At the same time, one of the most serious problems facing the Pacific Islands is the low level of competition and the small number of potential suppliers. Often there is only one—the same supplier all the time. This leads to tough choices between the time lost in bidding to no avail and the potential for fraud and corruption.

### Specific Feedback from Stakeholders

**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?**

- There needs to be a definition of the minimum threshold/value of transaction for which the Bank’s guidelines apply for getting three quotes under local shopping. This equally applies to the definition of what are recurrent and incremental expenditures.
- There needs to be less of “one-size-fits-all”, especially with respect to state organizations, such as statutory bodies that operate differently and have different approaches to procurement.

**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?**

- The approach should be to use better the tools currently available, such as Public Expenditure Reviews and Public Expenditure Capacity Assessments, under the board rubric of Public Financial Management. These tools can provide a road map for making improvements to procurement. Perhaps, the Bank could revisit these tools to make sure that they are adequately addressing the procurement function.
- On the other hand, the Bank pursues a somewhat different set of goals and policies; thus, it will still be important for the Bank to have its own approach and other avenues to achieve those goals which may mean not integrating entirely into the public administration.
- Moreover, it needs to be recognized that many state institutions operate quite separately, and do not necessarily all follow a common set of rules on procurement. This applies to line ministries as well. So there is much that needs to be done within the public sector.

**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?**

- The Bank can be very helpful on the technical front, helping to define specifications and to identify what the client is looking for and how to carry out the technical evaluation. This can deter fraud and corruption.

	<ul style="list-style-type: none"> <li>• It would be helpful too if the Bank could advise on whether or not preferred suppliers can be used, say for ITC purchases, given the low level of competition and limited number of suppliers in the Pacific Islands.</li> <li>• The Bank needs to strengthen its fiduciary oversight and review process. Mistakes slip through. The Bank and implementing agencies may also want to consider employing firms, instead of individual consultants, depending on project needs, as a way of simplifying contract management and performance monitoring.</li> </ul>
<p><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 could help the Bank best tailor its procurement requirements to meet these diverse and varying demands and needs?</b></p>	
	<ul style="list-style-type: none"> <li>• There needs to be a complete and thorough assessment of what is needed ex ante, at the project design stage, as laid out in the initial financing/project documents. This should cover the country as well as sector and project specific needs, along with definitions of what is recurrent cost and what is incremental cost.</li> </ul>
<p><b>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?</b></p>	
	<ul style="list-style-type: none"> <li>• The options for using e-procurement are limited, given the current state of ITC in the Solomon Islands.</li> <li>• Security is another issue that needs to be addressed: e-procurement might be fine for some applications but not necessarily for all.</li> </ul>
<p><b>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?</b></p>	
	<ul style="list-style-type: none"> <li>• The best way to harmonize is to use country systems.</li> </ul>
<p><b>7. What suggestions do you have to monitor and evaluate the Bank’s Procurement policies and assess their impact and effectiveness?</b></p>	
	<ul style="list-style-type: none"> <li>• The timely completion of projects/reduction in project delays ought to be the main measure of success.</li> <li>• Another is the degree of harmonization and how closely budget authorizations/ceilings match execution over a given period.</li> <li>• The advances that are made on professionalization among the procurement family, in particular the extent to which procurement, like accounting and auditing, is present in the offerings by institutions of higher education.</li> <li>• General advances in capacity building as measured by having the right people in place and the right training available.</li> </ul>

	<ul style="list-style-type: none"> <li>• The number of complaints and bid protests is another possible measure.</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>• Eligible project expenditures ought to be agreed up front.</li> <li>• There ought to be much more attention paid to capacity building, including at project launch and preparation of the procurement plan.</li> <li>• The review should be accompanied by an independent assessment of the Bank's policies, not just done by the Bank's own procurement staff. It was highlighted that indeed the Bank's Independent Evaluation Group is about to launch its own assessment, the results of which are to influence the final outcome of the review.</li> </ul>