



The World Bank

Procurement Policy Review Feedback Summary

Date: September 14, 2012

Location: Tokyo, Japan (Consultation with Japan International Cooperation Agency (JICA))

Total Number of Participants: 10

Overview and General Reactions

The bilateral consultation on the Procurement Policy Review with Japan International Cooperation Agency (JICA) was held in Tokyo, on September 14, 2012. The management of the Financing Facilitation and Procurement Supervision Department of JICA, including its Director General, participated to represent the institution. The list of participants is provided. A separate meeting was held with JICA VP Kiyoshi Kodera. On the Bank side, the meeting was attended by Bernard Becq, Chief Procurement Officer, Rowena Gorospe, Senior Counsel, Yuka Yabashi, Operations Analyst of Tokyo Development Learning Center (TDLC), and Tomoyuki Naito, Program Manager of TDLC.

The background of the Review was briefly explained by Mr. Becq, as well as the main observations of the Bank, based on other consultations. The meeting then proceeded with a series of comments, questions and answers about the Review and its approach. In particular, the following topics were discussed:

- JICA was interested in the approach of the World Bank to put in place a new procurement policy framework. The Bank explained that a new policy framework would be defined first in order to guide the development of a revised policy to account for the global changes that have taken place and align it with the broader modernization of investment lending pursued by the Bank. The Bank's dual development and fiduciary mandate as well as the procurement review function will be revisited. This may require a shift in focus on how Bank procurement staff exercise their function.
- JICA had the impression that the Bank's Guidelines are changed too often. However, Mr Becq clarified that they had only been amended recently in 2004 and 2011. The 2006 version relates only to the incorporation of an addendum on fraud and corruption; in 2010, it was also an addendum related to the new sanctions regime and MDB cross debarment.

- JICA noted three major global trends in procurement: 1) the assumption that bidders are mostly companies based in their own countries while global companies have affiliates in the borrowing countries; 2) the development of national industries, and 3) the changing nature of the relationship between donors and borrowing countries, including changes in favor of borrowing countries which now try to negotiate special conditions, which was never done before.
- JICA noted that bigger contracts used to be awarded only to foreign contractors; this may not be relevant anymore.
- Firms in emerging countries are increasingly participating in ICB bids in other countries, and some which are not well reputed participate as sub-contractors.
- JICA stressed the importance of implementation issues. Not all project problems can be resolved at the level of procurement and there is a need to establish a sound contract management mechanism.
- The role of the engineer can improve the quality of contract management.
- Striking the balance between the use of country systems and a level playing field for all bidders remains key.
- JICA presented its finding on Dispute Boards. It prepared a Dispute Board Manual in March 2012 as a tool to enhance local capacity in contract management.

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?	
	<ul style="list-style-type: none"> • With regard to fragile states, JICA raised the issue of how to simplify procurement procedures without “cutting corners”, and how to apply a new set of rules to fragile states.
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?	
	<ul style="list-style-type: none"> • No specific suggestions.
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?	
	<ul style="list-style-type: none"> • No specific suggestions.
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?	
	<ul style="list-style-type: none"> • No specific suggestions.
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?	

	<ul style="list-style-type: none"> • No specific suggestions.
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?	
	<ul style="list-style-type: none"> • JICA pointed out that it was important that the use of ‘country system’ would not be misunderstood by client countries. JICA expressed caution that a change in the World Bank procurement policy should not be understood as a “green light” for countries to use local country systems to do whatever they want.
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"> • No specific suggestions.
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?	
	<ul style="list-style-type: none"> • JICA have found that the lack of client countries capacity in contract management is a serious issue. In this regard, JICA conducted a study on the use of Dispute Boards, and suggested possible collaboration with the Bank in capacity building in the proper use of this contract management tool.