



The World Bank

Procurement Policy Review Feedback Summary

Date: June 28, 2012

Venue: Berlin, Germany

Total Number of Participants: 22

Overview and General Reactions

Ms. Maria Vannari, Senior Procurement Specialist and Mr. Marcelo Donolo, Procurement Specialist from the World Bank met with stakeholders from German private sector in Berlin to discuss the Bank's procurement policy review.

Summary

Members of the German private sector made the following statements with regard to the review process and key aspects of the procurement review that the World Bank should consider as it develops a new policy framework:

- The Bank needs to keep its important role as a standard setter in the area, as others use the Bank's procurement policy as a benchmark
- Safeguards need to be kept for all investments, especially large-scale investments
- The International Advisory Group on Procurement (through which feedback can be channeled) and the openness of the consultative process of the Bank is highly welcomed
- The development of a framework of principles would be welcomed.
- It is important that the following principles are upheld in particular:
 - Anti-corruption and integrity. These need to be defined further than in the Discussion Paper: Do we need Integrity Pacts?

A joint Code of Ethics? The Bank further needs to ensure that anti-corruption guidelines are applied universally to secure companies a level playing field

- Capacity assessment / building: if responsibility is delegated to the country, the Bank needs to ensure capacity, as well as anti-corruption measures, are in place
- Economy: there needs to be a link to value for money; issues that need to be addressed in this area more specifically are:
 - Use of merit points
 - Regulation of monetary costs and benefits
 - Quality
 - Life-cycle efficiency
 - Reliability
 - User-friendliness of systems
 - Efficiency – pre-qualification criteria
 - Equal access
 - Independent review and complaint mechanisms – companies should have a right to complain directly to the WB
- How will the WB address abnormally low bids?
- The WB needs to define what kind of thresholds it will apply in the future on International Competitive Bidding, National Competitive Bidding and Local Shopping
- Sustainability: the Bank needs to define sustainability beyond the environmental and social aspects and include added value for local communities
- Transparency: timely and consistent publication of procurement documents is needed
- The Bank Contract Awards Database should be improved so it is easier to navigate
- Further issues to be addressed during the Review are:
 - Contract condition
 - Dispute settlement
 - Arbitration
 - Domestic preferences
 - Transfer of know-how
 - Risk management
 - Role of WB during project implementation – the Bank is needed here because of its extensive experiences and for handling disputes and complaints
 - Role of the Bank in PPP
 - E-procurement
 - Green Procurement
 - Social Requirements
 - Use of Country Systems
 - PforR

- The Bank needs to clearly identify risks and concerns
- The Bank needs to develop good monitoring systems/tools to ensure that local projects are not beneficial to individual parties in the country only, but to the country as a whole as a supranational institution, the Bank can best take on this role and ensure that the development targets of a country are met
- The fact that the Bank is not directly involved in the awarding process does not match its anti-corruption efforts – issues of fair competition and low prices, especially bidders offering dumping prices, need to be addressed
- The Bank's social and environmental standards are at times too restrictive
- Information on which companies have been awarded as main contractors of projects should be made more transparent so Small and Medium Enterprises are able to offer subcontracted services to these companies
- The procurement process is often too lengthy, especially if integrity investigations are included (which can have high costs for companies)
- The awarding of contracts is often based on the lowest bid only – a more holistic and systematic/nuanced approach would be welcomed i.e. the Bank should look in more detail at what precisely a company can offer, e.g. not only training, but training with certification; sustainable products, quality, etc.
- Companies that have overcome corruption issues and have established mechanisms to guard against them should be removed from debarment
- Considering that PforR excludes Category A projects, does the Bank intend to separate small from large size projects? Are the same and numerous procedures really necessary for smaller-scale projects?
- How will the Bank address cross-debarment for NCB?
- Rio+20 resulted in important procurement initiatives in the area of sustainability, which the Bank should review.