## Procurement Policy Review—Feedback from Consultations with External Stakeholders: Regional Reports

### Summary for Eastern Europe and Central Asia

<table>
<thead>
<tr>
<th>Countries</th>
<th>Stakeholders</th>
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<tr>
<td>Kyrgyz Republic</td>
<td>37</td>
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<tr>
<td>Russia</td>
<td>18</td>
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<td>Uzbekistan</td>
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<td>Tajikistan</td>
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<td>Albania</td>
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<td>Bosnia and Herzegovina</td>
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<td>Georgia</td>
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<td>Kosovo</td>
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<td>Turkmenistan</td>
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<td>Ukraine</td>
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**Total** 17 132
Robust set of principles (new concepts, development effectiveness, value for money, integrity, sustainability)

- The Bank’s polices are process oriented and sometimes not result oriented. They are frequently very strict, especially provisions concerning state-owned-enterprises and conflict of interest. These provisions need to be more realistic to achieve results.

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

- Participants shared the view that there is a need for more flexibility among countries, reflecting their diverse needs and capacities. Perhaps the Bank could have separate policies for IDA and IBRD countries.

- To ensure that procurement is country- and context-specific, stakeholders suggested the World Bank develop country memoranda that provide a detailed description of the applicability of procurement procedures in each country.

- Although the World Bank’s procurement policy is based on the premise that procurement participants are from the private sector, many projects require expertise of the public sector as well. In some high-risk projects the participation of the public sector can even be crucial to achieve project objectives. In this respect, the Bank may need to revisit its policies related to the eligibility of government-owned institutions and their staff.

- Simplified requirements and bidding documents may be helpful for various sectors and countries. Problems arise in particular with regard to requirements for short lists. Moreover, clearances should be simplified and prior reviews should only be applied to large contracts. Some stakeholders, however, pointed out that prior reviews help avoid misprocurement and are useful for PIUs with low procurement capacity. Standard Bidding Documents need to be consistent with regard to terminology used.

- Estimated costs should be disclosed for civil works.

- Further, there needs to be room for exceptions (which take a long time) and more flexibility within the process.

- On the other hand, the current policies do not provide enough guidance on benchmarking the procurement processes—more data and analysis are needed, for example, to determine the competitiveness of the process, monitoring of the number of bidders or how to measure savings in using one method versus another.

- Among other things, the cost of compliance on the part of bidders ought to factor into the decision making process on the choice of method.
• Consultant proposals should be allowed to be solicited in the local language. An Evaluation Committee should review those proposals.

• Procurement guidelines should be more specific in defining the “substantial margin” with respect to exceeding cost estimates, it needs to be clear what percentage of price increase compared to the estimate would be acceptable.

• Direct contracting has its role and there should be more monitoring of the share of contracts let under competitive versus direct contracting.

• As noted below, there are legitimate cases or emergencies that may need to be dealt with on an urgent basis. But these cases ought to be minimized with better procurement planning and the use of more flexible methods, such as framework agreements, to expedite contracting.

Use of country systems

• As the World Bank works in countries with differences in procurement legislation, the institution should analyze national procurement systems and determine to which extent countries can use their own procurement laws for World Bank-funded projects.

• The use of country procedures would speed up project implementation and would make the process run more smoothly. Stakeholders specifically asked that the World Bank use national or local definitions of “Joint Venture” rather than the current World Bank definition.

• Borrowers would like to be treated as partners in the procurement process and expect their perspectives to be respected by the World Bank.

• Incentives—and disincentives—need to be looked at more closely in how procurement policies actually work. For example, if direct contracting is allowed after two failed attempts to award a contract under competitive procurement, this can undermine the competitive process.

• Another of the issues to be faced in using country systems is the lack of comprehensive data. This needs to be strengthened.
E-procurement

- Views among participants differed with respect to e-procurement. Some saw e-procurement as a way to increase transparency and efficiency and to simplify.
- But others saw e-procurement as a fad and traditional systems will still be necessary. This suggests that there is no need to rush into particular solutions.
- The benefits of transparency may also be oversold: too much transparency may lead to collusion. Too little transparency does not provide a level playing field.
- Perhaps, there should be consideration of more gradual, partial, or delayed transparency depending on the situation.
- Nevertheless, there is opportunity for the Bank to help clients in learning about e-procurement and developing tools for sharing experiences, such as a bulletin board.
- With regard to other technology, stakeholders noted that the World Bank’s Client Connection portal should be more comprehensive and include more procurement functions.

Fragile and conflicted-affected states, emergencies

- One of the elements that the Bank needs to address is its restriction on the hiring of government officials that may be critical in fragile and small states which have limited cadres of experienced and competent staff.
- In addition, there should be the legitimate recognition of emergency situations but these needs to be defined and should be minimized with better upfront procurement planning.

Capacity building and strengthening public sector administration

- Overcoming capacity constraints is paramount. The long run response to issues of capacity has to be part of overall administrative reforms. Ideally, procurement reform and capacity building are part of a well thought out country strategy, done in partnership and done in an integrated fashion.
- In addressing capacity constraints, the Bank needs to move from the “Bank-centric” training that it how provides. There should be training in the pre-tendering phase,
especially on how to prepare technical specifications and TORs for engaging consultants, training for technical specialists and engineers in procurement.

- World Bank country offices could host procurement training courses. An online procurement forum and a database of best practices would also help improve capacity and knowledge about World Bank procurement practices.

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

- More attention is needed on how to assess competitiveness in the bidding process, including monitoring the number of bidders.

**Coverage of the full procurement cycle**

- Participants supported strongly extending the Bank’s policies to the post-tendering phase—contract management and administration—with monitoring of contract execution.

  Borrowing countries or independent third parties should monitor the use of funds for purposes intended, with the World Bank providing guidance based on experience and best practice. Effectiveness should be measured as completion of the agreed measures and as effectiveness and achievement of projects’ development objectives.

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

- There is a need to ensure the institutional independence of agencies to handle bidder complaints and disputes. These dimensions—disputes and complaints—need to be built into the contract execution part of the procurement cycle.

**Fraud and corruption**

- After the introduction of the Bank’s provisions on F&C in 1996, the Bank now needs to do more analytical work on the impact of these provisions. It may be better to introduce effective preventative provisions in bidding documents than to continue with the present approach.
Harmonization

- There were differing views on the need for greater harmonization among donors, with MDBs, etc. Some participants saw the Bank’s procurement rules serving a different purpose and thus not amenable to harmonization across the entire range of Bank clients.

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

- Sometimes the Bank gets too involved in the procurement process: it needs to streamline the back and forth flow of correspondence and instead enter into more informal exchanges to solve any problems.

- There should be less prior review and more reliance on well-equipped implementation units.

- Implementation of any changes to the Bank’s procurement policy to be generated by this review will undoubtedly have to be dealt with down the road, with many questions still to be answered on how changes will affect ongoing projects and how training in the new system will be conducted.

- Stakeholders asked the World Bank to improve transparency of its business standards for the review of procurement documents and with regard to its own performance.