Procurement Policy Review—Feedback from Consultations with External Stakeholders

Summary of Comments Submitted Online

Stakeholders had the option to submit comments online either per email or through Survey Monkey. A total of 37 such submissions were received, which are summarized below. Submissions came from 12 countries (Liberia, Pakistan, United Kingdom, Ghana, Sri Lanka, USA, Sierra Leone, New Zealand, Australia, Bangladesh, Botswana, and Bolivia). Most contributors were procurement specialists working in the public and private sectors.

Robust set of principles (new concepts, development effectiveness, value for money, integrity, sustainability)

- Stakeholders called for a modernization of the World Bank’s procurement system to account for the changing global environment, diverse and evolving client needs, and new and changing World Bank instruments.

- It was recommended to establish a common, principle-based framework that applies to all World Bank-financed procurement, plus a set of guidelines that can be tailored and applied according to specific needs and requirements.

- The principles emphasized in the revised procurement policy should include green procurement, ethical procurement, transparency and openness in public procurement, value for money, effective competition, accountability, and fair treatment. Principles
should also aim at reducing barriers to trade and investment. Principles should be applicable globally, while products and instruments should be responsive to the specific needs of regions and countries.

- Stakeholders identified a number of major challenges for the World Bank’s procurement policy. Challenges include the distinct needs of fragile and low income countries; harmonization with other development partners and convergence with emerging international standards; tradeoffs between sometimes conflicting objectives and the principles of transparency, fair treatment, access, economy, and competition; tradeoffs between rules-based and principles approaches; the rise of globalization and integration; new concepts, tools and technologies that constitute best practices in public procurement worldwide; and growing differentiation among borrower capacities.

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

- The World Bank was asked to make an effort to move away from a one-size-fits-all approach. There were calls for different sets of guidelines tailored to high and middle-income countries on one hand, and small countries including fragile and conflict-affected countries on the other. The World Bank should thoroughly analyze the economic and social realities in a borrower country and tailor procurement provisions accordingly.

- The Bank should pursue a risk-based approach to simplify and streamline its procurement policies. It was suggested to develop a procurement-related risk model that should account for the capacity of borrowing government partners and potential bidders.

- Contributors strongly suggested that the World Bank provide a range of procurement options to meet local needs. Options should include a range of contract approaches and commercial arrangements with appropriate safeguards. Tender Data Sheets and Special Conditions of Contract were also suggested. Guidelines should be flexible to allow adaptation to local contexts. Procuring entities should be allowed to divide a contract into smaller contracts or packages.

- Stakeholders asked for specific review of procurement instruments and methods to better adapt them to specific contexts. Instruments and methods that should be reviewed include margin of preference, the Standard Bidding Documents, and Quality and Cost Based Selection (QCBS). Thresholds and the no objection process need to be adjusted according to market capacity, rural vs. urban environments, and specific sector characteristics.

- It was recommended that the evaluation of contracts include a Price Reasonableness Analysis in the Best Price/Offer Concept. Stakeholders warned that the lowest responsive bidder is not necessarily the best-qualified bidder. A point system for the evaluation of
bids should be introduced. Points should be awarded according to price, quality, reliability, post sale service, and user friendliness.

- Stakeholders widely called for simplification of procedures, especially for low value and low capacity contracts and for community-driven development projects. In some cases, especially for small value contracts, shopping should be allowed instead of mandating National Competitive Bidding (NCB). Especially for community-driven development projects it would also be important to have access to procurement documents in the local language.

- Some stakeholders emphasized that contract variations should be limited. Others, however, argued that to estimate ex ante is imperfect and therefore it is necessary to make room for flexibility.

- Requirements should reflect the realities of specific markets and sectors. Contributors referred to prescriptions regarding the selection of consultants and prescriptions about liability.

**Use of country systems**

- The World Bank’s procurement policy review should go hand in hand with national reform efforts. These require strong country leadership and ownership. The World Bank and other development partners should support national procurement reform with the aim of strengthening legal and regulatory institutions, which would minimize risks related to procurement.

- Most contributors supported the use of country systems. It was suggested that the World Bank enter into an agreement with other development partners to make use of country systems if these are more cost-effective and less time-consuming. Overall, if country systems are acceptable, they should be used for World Bank-funded projects. If, however, there are strong discrepancies between country systems and standards acceptable for the World Bank, the institution should place some restrictions on the national system.

- Overall, stakeholders called for more responsibility for borrowers, combined with rigorous monitoring that will ensure regular review of targets. It was pointed out, however, that only middle income countries might be able to take this responsibility and that countries with low capacity may need more guidance from the World Bank.

- Stakeholders acknowledged that country systems will be diverse and different. The World Bank should identify common elements across all countries and then add country-specific provisions.
• Even when moving toward country systems, some participants suggested that litigation should be placed in international courts (international arbitration) as using the local judiciary may add risk especially for foreign firms.

E-procurement

• Most online contributions supported the introduction of e-procurement in all World Bank-financed projects. This would be helpful to monitor the status of procurement activities, improve efficiency and speed, promote standardization, increase transparency, promote compliance, promote fair competition, and improve procurement management and the quality of public procurement. e-procurement could also be used to make data available on prices, markets, and projects.

• E-procurement would require training for World Bank staff, borrowers, and potential bidders. The World Bank could help by compiling and sharing lessons learned with regard to e-procurement. It was suggested that the World Bank in collaboration with other multilateral development partners develop generic specifications for a range of e-procurement system modules and make them available to interested countries. This would help building capacity.

• Some stakeholders warned that e-procurement may limit competition in countries where ICT capacity is low. Therefore, any transition to e-procurement should be phased, starting with pilot projects, possibly in urban areas that have sufficient capacity. Necessary infrastructure needs to be put into place before any transition. It was also suggested to only move some parts of the procurement process online (e.g., project monitoring) while others remain offline (e.g., loan approval and disbursement). Others suggested using e-procurement only above a certain threshold.

Fragile and conflicted-affected states, emergencies

• Some stakeholders argued that the World Bank should prepare two different procurement policies, one specifically suitable for fragile and conflict-affected countries as well as for low income countries.

Capacity building and strengthening public sector administration

• Stakeholders submitting comments online agreed that well qualified national procurement specialists are crucial to the success of the procurement function. It was also
noted that World Bank efforts to promote procurement capacity have tended to be low-level, short-term, and donor-driven. This has led to failure to address the most fundamental capacity problems in low capacity countries.

- To promote the professionalization of national procurement staff, a national institution for practitioners was suggested. A contributor from Ghana suggested specific steps and requirements for setting up such an institution for all practitioners in procurement and supply chain management. It was suggested that the objectives of this institution be to promote, uphold and improve the standards of training and professional ability of persons engaged in procurement and supply chain management; to help raise the standard of these professionals as a means of increasing productivity, efficiency and promoting the achievement of value for money; to conduct research related to procurement and supply chain management in order to develop its management function; to collaborate with colleges, universities, professional institutions, government departments, commercial institutions and international institutions; and to ensure that the profession is practiced with a defined code of ethics.

- Stakeholders also suggested the formation of procurement clinics in small countries to improve the interaction of practitioners and World Bank procurement specialists. It was emphasized that personnel in the public sector need to be trained in procurement.

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

- Stakeholders were not unified in their support of local preference. Some suggested that local firms should be preferred in the bidding if they create local jobs and in general promote the local industry. It was also suggested to require international firms to subcontract to local companies. Others noted that in small countries a domestic preference would lead to low quality in the implementation of the contract.

- The issue of the lowest bidder not always being the most qualified bidder was brought up a number of times. The World Bank’s guidelines were seen as too inflexible for these situations, leading to award of contracts to bidders with insufficient capacity to implement a project. It was suggested to consider the most economically advantageous tender (MEAT) rather than the lowest responsive bidder.

- Stakeholders voiced criticism regarding a number of World Bank requirements. These included the short-listing of firms, the ability to mention brand names, the treatment of state owned enterprises, the lack of attention to currency depreciation, thresholds, and eligibility criteria.
Coverage of the full procurement cycle

- There was a clear consensus among online submissions that World Bank procurement should focus more on quality, life cycle costs, and outcomes. Performance indicators should be included in the specifications.

- It was furthermore strongly suggested that the World Bank should pay more attention to contract management and risk assessment, which would require more room for flexible decision making among World Bank procurement staff.

- Procurement specialists should be included early in the design and planning stage of projects so that procurement issues and their contributions to project outcomes can be considered at all stages of the project cycle. It was emphasized that procurement should serve development outcomes and not be an industry in and of itself that may distract from the actual purpose of the project.

- Stakeholders called for strong monitoring and evaluation of projects with regard to the use of funds for purpose and the efficiency of the procurement process. Benchmarking and peer reviews should be an integral part of monitoring and evaluation. Outcomes of these evaluations should be made publicly available and should be succinct and easy to understand.

- Maintenance is important to consider in some types of projects and some sectors.

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

- Participants suggested that regular post reviews and strong monitoring and evaluation should be included in all projects. Outcomes of these reviews should be shared widely with stakeholders.

- Audits should always be carried out by independent entities. Audits should solicit the views of beneficiaries and other stakeholders, possibly in form of a panel. Civil society organizations should be involved in audits. It was noted that a lack of a framework for monitoring and evaluation as well as a lack of independent oversight institution could lead to abuse of the system. Some stakeholders suggested incentivizing self-audit programs and adopting an accreditation process.

- The World Bank should ensure that its standards for transparency are being upheld by the borrower and implementing agencies.

- Stakeholders suggested leveraging technology to provide a communications platform that delivers up-to-date management information to all users, providing information about the
status of all procurement projects. The World Bank was encouraged to improve free access to procurement documents through the World Bank’s website.

- Stakeholders from the private sector called for better opportunities to receive information from the World Bank about the results of bid selections. The existing appeals process was considered insufficient. In general, communication between vendors and the World Bank needs to be improved.

**Fraud and corruption**

- While the World Bank’s attention to fraud and corruption was favorably noted, it was also pointed out that in some countries corruption is part of the culture and that this culture is very difficult to change. Exposure of corruption both in the public and the private sector may be helpful to bring about this cultural change.

- The World Bank should introduce procedures to expose fraudulent submissions. Vendors found to engage in fraud and corruption should be blocked from any further funding from all multilateral development banks until evidence is provided that the situation has been remedied. The institution was also encouraged to promote the passing of national anti-corruption laws.

**Harmonization**

- Stakeholders encouraged the World Bank to take a leadership role with regard to harmonizing procurement policies and standards across multilateral development banks. ISO 10845 could be a model for this standardization. In any case, multilateral development banks should follow the same rules and guidelines.

- Harmonization is particularly important when different multilateral development banks in neighboring or otherwise connected regions fund projects. A lack of collaboration and integration can increase the cost and time for procurement reform and undermine the establishment of a “one trading region strategy.”

- At the same time as harmonizing procurement policies and guidelines across multilateral development banks, resolutions of the Paris Declaration should be strongly promoted.
Bank’s role (internal organization, roles and responsibilities, staffing, professionalization, efficiency, fiduciary, reviews, value-added, processes and disputes)

- It was noted that the World Bank needs to maintain a strong fiduciary role to make sure that World Bank funds are used for the purposes intended.

- Stakeholders’ submissions discussed the efficiency of the World Bank’s procurement function and suggested that it be monitored regularly. They discussed the time needed for decision-making, the efficiency of compliance controls, and the evaluation of stakeholder satisfaction. It was suggested that too much time is being spent on evaluating small-value contracts. Overall, the World Bank was seen as very bureaucratic and in need of simplification of internal processes. All, in all, stakeholders considered the necessary internal transformation to be “dramatic.”

- Participants pointed out that World Bank procurement staff need new skill sets to efficiently fulfill their role after the procurement policy has been revised. Procurement staff should be empowered and trained to make procurement decisions.