

Use of Country Procurement Systems
Consultation organized by World Bank Manila Country Office
November 5, 2007

The World Bank Country Office in Manila organized a consultation session with representatives of the government and other interested stakeholders in the Philippines. The following is a summary of the key issues raised during this consultation.

1. The World Bank has proposed a detailed methodology for a procurement country system piloting program in 8-10 countries. What remaining questions need to be addressed or clarified about this program?

What is the WB doing with countries that are not selected as pilots but still wish to move forward in being assessed and considered for the future?

The Bank responded that the program has a very strong commitment to capacity development for all countries that are interested in becoming accepted for use of country procurement systems. We plan to work closely with other donors active in the country to provide a strong coordinated program of support to the country which will rely on the assessment tools to help identify needs and prioritize support.

Question was asked as to how the Bank would/could declare misprocurement.

The Bank responded that misprocurement could be declared when the Borrower fails to comply with the Loan Agreement. The Loan Agreement will continue to play an important role in defining the remedies available and how and when they can be applied. The Loan Agreements for projects under the pilots will be customized.

A question was asked concerning incentives for countries to participate in this piloting program. This was followed by a question concerning how poor countries could qualify and benefit.

The Bank responded that increased financing for capacity development was one incentive. However, the main incentive should be seen in the context of improved systems and the benefit that the country will gain from better performing systems. Of course, the Bank also pointed out that reliance on country systems in procurement would reduce capacity issues created by the differing requirements of various and should facilitate greater coordination and harmonization within the country. We see these benefits as being equally important to lower income countries.

2. The OECD/DAC benchmarking index provides for scoring of 54 sub-indicators on a 0-3 scale with a score of 3 representing best practice. 30 of 54 sub-indicators in the OECD/DAC tool have been identified as critical and require achieving the highest score of 3 for 22 of the sub-indicators or a score of 2 with an agreed action plan for 8 of the sub-indicators. Is this achievement level appropriate and if not, why?

General comments were made concerning the high benchmark set by this current proposal and concern that a score of 3 on so many indicators would be very difficult to achieve.

The Bank agreed that this remains an area of concern that will be reviewed and addressed in the draft methodology based on the full range of comments received. The Bank further stated that it has made a commitment to maintain standards and to help countries achieve such standards leading to the benefits of better performing systems.

The Philippines pointed out several indicators where they felt more emphasis should be placed given the way business is done in the Philippines. They suggested that the “one size fits all” with regard to defining the critical versus other indicators was not consistent with what was important to good procurement in some countries.

The Bank asked that specific comments be submitted in this area and stated that the comments would be considered carefully when the consultation process has ended and the Bank revises the current proposal.

- 3. Under this proposal, not all procurement would be included in these pilots. Should the Bank include complex, high value procurement such as those [e.g. highway construction, power generation equipment, information technology] now cleared by the Operations Procurement Review Committee (OPRC) in the use of pilot country procurement systems?**

Questions were raised as to why such procurement might be excluded.

The Bank responded that such complex procurement is not encountered frequently in countries and most lack capacity and even appropriate procedures and documents to handle such procurement. Since the Bank is involved more frequently in this type of procurement, it can add value to the procurement process and help to ensure success of projects that include such procurement.

- 4. Is the proposed handling of the Selection of Consultants in the pilots satisfactory? If not, how can this be strengthened?**

Clarification on the proposal for handling the selection of consultants was requested.

The Bank provided clarification of the proposal.

- 5. Are the proposed performance based measures sufficient to address transparency, access to information and governance and anticorruption issues (GAC) that have been raised with regard to the pilots of country systems in procurement?**

A question was asked regarding the difference between the benchmarking indicators and the performance areas that will be monitored as part of the pilots.

The Bank stated that it has defined performance measurement for the implementing agency that will track aspects of performance of procurement under the selected projects. This is different than what is covered in the OECD/DAC assessment tool which benchmarks the country level system against qualitative benchmarks and also suggests many ways to track performance at the country level as well.

6. Do you have other suggestions that will strengthen the World Bank Group's efforts to help countries improve their procurement systems and help us learn from these pilots?

A question was raised concerning the use of independent third party audits. How would this service be financed? It was also asked if the government could provide audit services using its own auditors.

The Bank replied that it was currently proposed to finance the cost of audit of procurement under the projects. It was further envisioned that this would be a function contracted out to an independent provider of the service. However, this is an area which will be looked at again in view of comments received.

A commentary was made by one participant on the value of dispute resolution procedures using a DRB with regard to providing for transparency and a fair playing field.

The Bank did not comment on this as it was not specifically an issue of concern under the consultation process.

Overall Conclusion: The participants were generally supportive of the proposal but equally concerned about how a country would qualify given the complexity and high standards set by the proposed methodology. They want more flexibility in dealing with different countries and different country situations.