

**Use of Country Procurement Systems
Consultation with the Private Sector and Civil Society of Argentina,
Bolivia, Chile, Ecuador, Paraguay, Peru and Uruguay**

**Buenos Aires, Argentina
November 8, 2007**

OPCPR, LCR Procurement Team, and the LCR - Southern Cone CMU (LC7) organized a meeting with representatives of the **private sector and the organized civil society** from Argentina, Bolivia, Chile, Ecuador, Paraguay, Peru and Uruguay to discuss the World Bank's proposed piloting methodology for use of country procurement systems (see Annex I -List of participants). A comments and Q&A session followed a presentation of the methodology by the Bank.

A question and answer period followed a presentation by the Bank on the proposed methodology.

The consultation summary is organized around the following six key questions:

- 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?**

Participants agreed that the proposed policy would contribute to strengthening national procurement systems, and there was no opposition in principle. However, civil society representatives commented that a more active participation of civil society throughout the process is desirable. This could include a more active role in both selecting pilot countries and monitoring pilot projects. In addition, civil society representatives indicated their interest in participating in the identification of areas where capacity building is required, in their respective countries. Some civil society representative indicated that they would have preferred a greater involvement in the design of the methodology. There was consensus on the need for an active dialogue between the Bank, the private sector, and civil society representatives, especially with respect to the area of transparency.

The Bank explained that select staff with experience and expertise in these matters will perform the evaluations, but the private sector and civil society will typically be consulted during the analytical work which underpins country assessments. Some form of participation may be further discussed with respect to monitoring the pilots' implementation. The process that led to the development of the indicators, including the OECD-DAC Joint-Venture on Procurement, was also explained.

It was suggested that the presence of an organized civil society be taken into account in the selection of pilot countries. Participants agreed that the system's performance is a key aspect, even in countries with good systems, and emphasized that the civil society and the private sector are best equipped to assess whether the rules are being enforced.

The Bank explained the selection process (both for countries and sectors, as discussed in the consultation paper) which will be based on an open dialogue with Governments. The Bank agreed to review possible ways of including stakeholders in monitoring pilot projects.

- 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?**

Some participant worried that the large number of indicators may complicate the evaluation.

It was suggested to include a sub-indicator on quality (as related to openness and transparency) of technical specifications in indicator 12 regarding ethics and anti-corruption measures.

Some participant indicated that other aspects of performance such as planning, contract implementation, and the quality of the monitoring and audit arrangements should be included as critical indicators with a minimum score of 3.

Several participants focused on the complaints sub-indicator, within Pillar I and suggested that the Bank evaluate not only the efficiency of the results, but also their quality in terms of fairness and transparency.

One participant suggested that indicators related to access to the information also require a minimum score of 3.

The Bank indicated that it will review all suggestions regarding sub-indicators and overall required scores, as may be needed.

- 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. power generation equipment, information technology] now cleared by the Operations Procurement Review Committee (OPRC) in the use of pilot country procurement systems?**

There were no particular comments or questions on this aspect.

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

Some participants suggested to extend the use the national systems in pilot countries to consultants. These participants suggested, as a first step, to raise the thresholds for short lists comprising only national firms.

The Bank responded that the methodology envisages to do so at the request of Governments that have laws and policies dealing specifically with consulting services. Thresholds will also be reviewed according to local market conditions.

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?

Participants recommended to include: (i) technical qualifications and experience of the members of evaluating committees; (ii) procurement planning and contract management, as discussed above; and (iii) accountability of public officials and codes of ethics.

The Bank indicated that it will consider these suggestions.

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?

Participants suggested that the Bank's ex-post review in pilot projects be coordinated with existing control mechanisms in the pilot country (particularly, the role of the SAIs). It was also suggested to enhance coordination between the countries' complaint mechanisms and the possibility to refer cases to the Bank.

The Bank responded that it will consider the suggestion of working more closely with national control agencies and explained that it is already coordinating on PFM reforms (including procurement) and discussing areas of possible cooperation with Supreme Audit Institutions in several countries in the Region. The Bank also coordinates closely on procurement complaints with the Borrower within current projects and considers a sound protest review mechanism an important aspect of the country's procurement system, as reflected in the first pillar of the assessment methodology. The suggestion of further enhancing coordination with the local system on this aspect will be considered. However, the Bank explained that not every aspect of the implementation of the proposed policy can be fully defined in advance and some will necessarily build on the results of and experience gained during the initial pilots. Monitoring complaints sent to the Bank will be an important aspect of the pilots' implementation process and the Bank's complaints database will be one of the systems which will contribute information and data to the Dynamic Procurement Risk Model. The Risk Model will be used as a tool for both the borrower and the Bank to develop a capacity development plan based on the risks identified and monitor progress in strengthening local capacity by continuously updating the initial baseline during the life of the project.

Annex I

List of Participants Private Sector and Civil Society

Country Systems Consultations in LC7 Countries - Guest List

Argentina Private Sector - November 8 - 11:00 AM

#	Name	Position	Institution
1	Ing. Luis Rocha	Presidente	Cámara Argentina de Consultores
2	Angel Ferrigno		Cámara Argentina de Consultores
3	Demetrio Serman		Cámara Argentina de Consultores
4	Dr. Gastón Rosenberg	Responsable de Programa Contrataciones Públicas Transparentes - Transparencia y Anticorrupción	Poder Ciudadano
5	Federico Arenoso	Programa Contrataciones Públicas Transparentes - Transparencia y Anticorrupción	Poder Ciudadano
6	Julieta Arias	Coordinadora del Area de Transparencia	Poder Ciudadano
7	Carlos Antonucci	Presidente	Unión Argentina de Proveedores del Estado
8	Dra. Raquel Chojkier	Asesora Legal	Unión Argentina de Proveedores del Estado
9	Lic. Rodrigo Pérez Graziano	Economista Jefe	Cámara Argentina de Comercio

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Chile Private Sector - November 8 - 11:00 AM

#	Name	Position	Institution
10	Cristobal Tello	Director Ejecutivo	Chile Transparente
11	Felipe Del Solar	Jefe de Estudio	Chile Transparente
12	Marcelo Cerna	Investigadore Senior	Chile Transparente

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Paraguay Private Sector - November 8 - 11:00 AM

#	Name	Position	Institution
12	Mr. Luis Fretes	Director Ejecutivo del Centro de Políticas Públicas	Universidad Católica
13	Sra. María del Pilar Callizo		Transparencia Paraguay
14	Sr. Oscar Gavilán	Coordinador Operativo del Área de Contrataciones Públicas	Transparencia Paraguay
15	Felix Alonso Soerensen	Presidente	Cámara Paraguaya de Consultores

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Uruguay Private Sector - November 8 - 12:00 PM

#	Name	Position	Institution
16	Ing. Jorge Pazos	Secretario Ejecutivo	Cámara de la Construcción
17	Ec. Adrian Fernandez	Asesor	Cámara de la Construcción
18	Ing. Martin Carriquiry	Vicepresidente	Asociación Cristiana de Dirigentes de Empresas
19	Cont. Jorge Costa		Asociación Cristiana de Dirigentes de Empresas
20	Viviana Martinez	Programa de Desarrollo Local	Centro Latinoamericano de Economía Humana

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Bolivia Private Sector - November 8 - 9:00 AM

#	Name	Position	Institution
21	Guillermo Morales Fernández	Presidente	Camara Nacional de Comercio de Bolivia
22	Ivan Bustillo Saramayo	Presidente	Camara de Construccion de la Paz

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Peru Private Sector - November 8 - 9:00 AM

#	Name	Position	Institution
23	Andoni Goyburu		Proética