

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

**Buenos Aires, Argentina
November 7, 2007**

OPCPR, LCR Procurement Team and the LCR - Southern Cone CMU (LC7) organized a meeting with representatives of the **public sector** from Argentina, Bolivia, Chile, Ecuador, Paraguay, Peru and Uruguay to discuss the World Bank's proposed piloting methodology for use of country procurement systems. Representatives of the major agencies with an interest in procurement participated (see Annex I -List of participants).

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 were overall supportive and commented that the proposed policy and methodology would help to further strengthen procurement systems in countries which have already undertaken some reforms. However, some participants commented that stronger incentives should be developed for interested countries. Some participants were also concerned that existing capacity constraints, especially in lower income countries, may make it difficult to make substantial progress in the use of country systems. These participants argued that the standards set by the current 54 indicators are too stringent and that meeting these standards would require, for some countries, to make fundamental changes in the local systems (including legal and administrative traditions). Some commented that the methodology seems modeled after Bank policy and the Bank should be more flexible in accepting local rules.

The Bank responded that the methodology intends to provide an incentive for countries to focus on the main issues affecting their own country procurement systems and develop a comprehensive strategy to address them. The methodology reflects wide consensus on international good practices as it based on a tool developed jointly by all development partners and representatives of many countries within the context of the OECD-DAC Procurement Joint Venture. The indicators are not intended to be prescriptive. They allow countries to benchmark themselves against international good practices and one of their key objectives is to help identify areas that need strengthening and develop a road map and a baseline for reforms. Countries can also use the methodology to continue measuring progress in the implementation of reforms. Equivalency with Bank policy does not mean that procedures must necessarily be the same, but that the same fundamental principles and rules are met. The indicators were designed taking into account that similar principles are implemented differently in different legal systems and the Bank will evaluate each pilot country considering the unique characteristics of the local system. Where there are significant differences between Bank policy and the local system, it will obviously be impossible for the Bank to be able to rely on it.

Some participant commented that the use of indicators focusing on transparency and corruption may be sufficient to satisfy the Bank that the funds are used appropriately and that some national procurement systems already have a strong control environment. However, a discussion ensued on the fact that controls may be strong, but policies and procedures can be inadequate and the result still inefficient and/or non transparent.

Participants asked who would perform the evaluation and score the different indicators.

The Bank responded that performance in implementing rules will be measured at the project/agency level. It also clarified that it will perform the evaluation. There may be cases in which the country or a donor will have already performed the evaluation. In these cases, the evaluation may be validated by the Bank. The Bank is accountable to its share holders for the use of the funds it disburses and, consequently, needs to make an independent decision on the suitability of the domestic systems for use in its projects. It is also important to ensure consistency in applying the methodology across different 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?**

It was noted by some participants that, although the indicators cover all the essential aspects, there are some issues that would deserve greater emphasis. In particular, they pointed out the need to: (i) better assess the quality of the mechanism to resolve protests, including their impartiality; and (ii) include more detailed indicators on the effectiveness of the control environment.

Some participants also suggested that indicators related to information systems look in more detail into the quality of these systems.

Other participants mentioned that the tool should be more flexible and that too many indicators with a mandatory score of 3 are included. These participants suggested to increase the number of critical indicators for which a score of 2 is acceptable. They also asked if it would be possible to change the indicators minimum score for the different countries.

The Bank responded that it is important to ensure consistency in the evaluations and, consequently, a standard methodology is needed. It is possible to make some adjustments to the draft methodology based on the feed-back received, if there is general consensus, but then the indicators must be used consistently in all countries. The Bank clarified that sub-indicators are a tool to assess systems, but that the Bank will rely on other information such as CPARs and reforms implementation. The Bank also mentioned that action plans to support capacity development will be agreed with countries not yet meeting the benchmarks.

- 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?**

This question was not specifically discussed. However, some participants questioned the need for Bank's prior review when the local system is accepted.

The Bank clarified that the ex-ante review will apply only to these large and most complex contracts, which, in essence, will remain outside the scope of application of the policy. For other contracts, the Bank will conduct post review and rely on the proposed independent annual audits..

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

One participant inquired whether local procedures may be used under some conditions.

The Bank clarified that, while the Guidelines for Selection and Employment of Consultants do not include a method equivalent to NCB for goods and works, it is possible to make some progress taking a similar approach for consultants and carrying out an equivalency assessment in countries which have adopted appropriate procedures. The Bank will consider carrying out an in-depth assessment of the equivalency of local rules in pilot countries where the country have requests it based on their similarity to Bank rules. In these cases, a matrix of minimum requirements for equivalency, based on the principles of the Bank's Guidelines on Selection and Employment of Consultants, would be developed and utilized. If equivalency is established, local rules can be used. Furthermore, the proposed policy includes the possibility of using national procedures acceptable to the Bank for contracts below the threshold set for each country for short-lists of consultants comprising national firms only. This threshold depends on the competitiveness and maturity of the local market for consulting services.

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?

Some participants commented that indicators related to information systems do not capture adequately performance aspects. They recommended to focus not only on the existence of these systems and their basic features, but also their quality and effectiveness in ensuring wide dissemination of procurement information. Other expressed wondered whether the assessment is sufficiently focused on performance compliance.

The Bank responded that the intention is indeed to assess whether information systems, including e-procurement systems, are designed to generate quality information, and are used consistently and strategically. This information is typically assessed in the CPAR, which often includes the results of a complementary in-depth assessment of the e-procurement system based on a harmonized tool developed jointly by the Multilateral Development Banks.

The Bank also explained that, in addition to the performance data which will be used to establish a baseline and collected and monitored throughout the life of the project, the process will rely on other tools to track capacity, compliance performance, and fiduciary risk at the sector/project level. These include assessments of the procurement risk and capacity for every project and of the sector's performance and compliance with the standards set in the country's procurement systems. A new project risk analysis tool will be used to complement the capacity assessment of the implementing agency. This risk analysis tool has already being tested and will help tracking key indicators throughout the life of the project as a web-based application.

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?

Representatives of sub national governments pointed out that in many countries with a federal form of government there is a significant difference between the federal systems and the states' or provinces'. While in some cases, the federal system may be stronger, some state system may also be sound. It was noted that sub-national governments have a strong preference for using their own systems and was suggested to include them in the piloting phase. In addition, a discussion ensued on the desirability of harmonizing procurement policies and procedures within federal countries.

The Bank responded that it typically lends to national governments, and, since the number of pilots will be limited initially, the objective is to focus first on strong national systems. Some sub-national systems, however, could be good candidates for a second phase, as agreed with the respective national governments. Regardless, the Bank will continue to promote and support the strengthening of sub-national governments' procurement systems, as appropriate.

Additional topics addressed during the ensuing discussion which were especially highlighted by participants included: (i) the importance of harmonization among donors, including the use of harmonized standard bidding documents; (ii) the need for the methodology to assess local bidding documents; (ii) and a question on how the 2007 version of the assessment methodology differs from the 2005 version.

The Bank explained that the OECD-DAC benchmarking tool is the result of a collective effort involving partner countries to the Paris Declaration on Aid Effectiveness, multilateral development institutions, and bilateral donors. In addition, the multilateral institutions continue to work closely to harmonize their policies and standard bidding documents. Significant progress has been achieved in this area with procurement guidelines mostly harmonized (notwithstanding some remaining differences) and harmonized Master Procurement Documents developed for different types of procurement. Finally, a high degree of coordination will be sought in applying the methodology. For example, it is expected that assessments at the country level by the Bank and the IDB will be similar and carried out jointly. The Bank explained that it considers harmonization and progressive use of country system as complementary objectives which are key to strengthen local policies and procedures. The OECD-DAC benchmarking tool serves both purposes. The ultimate objective of harmonization is the common use by the donors of sound and efficient local systems instead of externally imposed rules. However, while most Multilateral Institutions are expected to be able to assess equivalence in the same manner at the country level, each could use different procedures at the project level, depending on their respective approach to measuring capacity and appetite for risk.

With respect to national bidding documents, the Bank explained that they will be carefully reviewed as part of the equivalence assessment. Bidding documents are addressed in the OECD-DAC tool as an element of the quality of the legal system (Pillar I). Tender documentation and specifications, evaluation criteria, and other aspects of the bidding process are addressed in sub-indicator 1. Sub-indicator 2 (b) assesses whether model documents exist and include basic mandatory clauses which reflect the requirements of the legal framework. Sub-indicator 2 (f) assesses whether General Conditions of Contract are consistent with national and, when applicable, international requirements.

The 2007 version of the assessment methodology incorporates several improvements to address comments received and concerns expressed by various parties with respect to the

2005 version, as well as to streamline and better focus the evaluation exercise. The current version uses the 54 sub- indicators of the OECD-DAC benchmarking tool vetted by the internal donor community in the processes discussed above. The indicators used in the previous Bank proposal were based on the results of the OECD-World Bank round table (a predecessor to the Procurement Joint-Venture), many of which were overlapping. Among other aspects, the revised assessment methodology includes improved performance and equivalence measurements and additional diagnostic tools and assessments which allow a coordinated assessment at the three levels of country, sector and project. In addition, the number of critical sub-indicators has been increased.

Annex I

List of Participants Public Sector

Country Systems Consultations in LC7 Countries - Guest List

Argentina Public Sector - November 7 - 3:00 PM

#	Name	Position	Institution
1	Dr. Pablo Abal Medina	Coordinador General	Unidad Coordinadora de Programas y Proyectos con Financiamiento Internacional - Ministerio de Planificación Federal, Inversión Pública y Servicios
2	Cdor. Guillermo Cappelletti		Unidad Coordinadora de Programas y Proyectos con Financiamiento Internacional - Ministerio de Planificación Federal, Inversión Pública y Servicios
3	Cdor. Gustavo Barcos		Unidad Coordinadora de Programas y Proyectos con Financiamiento Internacional - Ministerio de Planificación Federal, Inversión Pública y Servicios
4	Esteban Bogut		Dirección Nacional de Proyectos con Organismos Internacionales de Crédito
5	Martha Amato		Dirección Nacional de Proyectos con Organismos Internacionales de Crédito
6	Sofía Greco		Dirección Nacional de Proyectos con Organismos Internacionales de Crédito
7	Mariana Celani		Dirección Nacional de Proyectos con Organismos Internacionales de Crédito
8	Natalia Sgrelli		Dirección Nacional de Proyectos con Organismos Internacionales de Crédito
9	Dr. Fernando Diaz	Director Nacional	Oficina Nacional de Contrataciones
10	Rafael Ruffo		Oficina Nacional de Contrataciones
11	Miguel Binstock		Oficina Nacional de Contrataciones
12	Silvia Perez Ibarreta		Oficina Nacional de Contrataciones
13	Daniel Gaudio		Oficina Nacional de Contrataciones
14	Verónica Montes		Oficina Nacional de Contrataciones
15	Martín Tenembraun		Oficina Nacional de Contrataciones
16	Fernando Jaime	Coordinador	Unidad de Analisis Estrategico de Gestión de la Subsecretaría de la Gestión Pública Jefatura de Gabinete de Ministros
17	Andrés Rivas Lago		Jefatura de Gabinete de Ministros
18	Dr. Nicolás Raigorodsky	Director de Planificación de Políticas de Transpare	Oficina Anticorrupción
19	Gabriel Rolleri	Coordinador - Dirección de Planificación de Políticas de Transparente	Oficina Anticorrupción
20	Vanesa del Boca	Dirección de Planificación de Políticas de Transparente	Oficina Anticorrupción
21	Juan Manuel Magliano	Secretario Ejecutivo de Presidencia	Auditoría General de la Nación
22	Carlos Rubione		Auditoría General de la Nación
23	Sr. Pablo Barone	Secretario Ejecutivo de la Unidad de Coordinación con Organismos Multilaterales de Crédito	Ministerio de Economía de la Provincia de Buenos Aires
24	Sra. Marcela Maziriz		Unidad de Coordinación con Organismos Multilaterales de Crédito Ministerio de Economía de la Provincia de Buenos Aires

Country Systems Consultations in LC7 Countries - Guest List (Cont.)
Argentina Public Sector - November 7 - 3:00 PM

#	Name	Position	Institution
25	Sra. Carina Santiago		Unidad de Coordinación con Organismos Multilaterales de Crédito Ministerio de Economía de la Provincia de Buenos Aires
26	Yamila López		Unidad de Coordinación con Organismos Multilaterales de Crédito Ministerio de Economía de la Provincia de Buenos Aires
27	Jessica Seimandi		Unidad de Coordinación con Organismos Multilaterales de Crédito Ministerio de Economía de la Provincia de Buenos Aires
28	<i>Cont. Roberto Lacalle</i>	<i>Secretario de Inspección - Socio</i>	<i>Honorable Tribunal de Cuentas</i>
29	<i>Cr. Diego D. Balbi</i>	<i>Categoría 8 Profesional - Auditor Junior</i>	<i>Honorable Tribunal de Cuentas</i>
30	<i>Cr. Gustavo Bianco</i>	<i>Relator - Auditor Senior</i>	<i>Honorable Tribunal de Cuentas</i>
31	<i>Cr. Juan Carlos Petrasso</i>	<i>Relator Jefe de Inspección - Gerente</i>	<i>Honorable Tribunal de Cuentas</i>
32	Dr. Antonio Eduardo Sicaro	Ministro de Infraestructura, Vivienda y Servicios Públicos	Gobierno de la Provincia de Buenos Aires
33	Ing. Silvio Peist	Ministerio de Infraestructura, Vivienda y Servicios Públicos	Gobierno de la Provincia de Buenos Aires
34	Lic. Juan Martín Ongay	Ministerio de Infraestructura, Vivienda y Servicios Públicos	Gobierno de la Provincia de Buenos Aires
35	Eduardo Credaro	Agua y Saneamiento	Gobierno de la Provincia de Buenos Aires
36	Carlos Ribione	Agua y Saneamiento	Gobierno de la Provincia de Buenos Aires
37	Virginia Mondelo	Agua y Saneamiento	Gobierno de la Provincia de Buenos Aires
38	Lic. Claudio Vissio	Administrador Provincial de Proyectos de Inversión y Financiamiento Externo	Provincia de Santa Fe
39	Carlos Borra	Administración Provincial de Proyectos de Inversión y Financiamiento Externo	Provincia de Santa Fe
40	Manuel Fernandez	Administración Provincial de Proyectos de Inversión y Financiamiento Externo	Provincia de Santa Fe
41	Oscar Maggi		Provincia de Santa Fe
42	Cont. Francisco Sobrero	Subsecretario de Proyectos de Inversión y Financiamiento Externo -Ministerio de Hacienda y Finanzas	Gobierno de la Provincia de Santa Fe
43	Cra. Silvina Rivero	Presidente	Agencia Córdoba de Inversiones y Financiamiento - Provincia de Córdoba
44	Dra. Liliana Quevedo	Asesora Jurídica	Agencia Córdoba de Inversiones y Financiamiento - Provincia de Córdoba
45	Cont. Hugo Perego		Agencia Córdoba de Inversiones y Financiamiento - Provincia de Córdoba
46	Cra. Clara Koretzky	Contadora General de la Provincia	Gobierno de la Provincia de Córdoba

Country Systems Consultations in LC7 Countries - Guest List (Cont.)

Argentina Public Sector - November 7 - 3:00 PM

#	Name	Position	Institution
47	Roberto Jaime	Ministerio de Obras y Servicios Públicos	Gobierno de la Provincia de Córdoba
48	Lic. Nestor Lietti	Director General de Relaciones con el Banco Mundial Subsecretaria de Gestion Operativa	Gobierno de la Ciudad Autónoma de Buenos Aires
49	Dr. Sergio Pozzi	Temas jurídicos - PGRH	Gobierno de la Ciudad Autónoma de Buenos Aires
50	Lic. Federico Robert	Coord. De Medidas No Estructurales - PGRH	Gobierno de la Ciudad Autónoma de Buenos Aires
51	Cont. Eduardo Roza	Adquisiciones - PGRH	Gobierno de la Ciudad Autónoma de Buenos Aires
52	Ing. Juan Zubeldía	Adquisiciones - PGRH	Gobierno de la Ciudad Autónoma de Buenos Aires
53	Cont. Ricardo García	Prog. Financiera y Desembolsos - PGRH	Gobierno de la Ciudad Autónoma de Buenos Aires
54	Lic. Juan Villar	Gestión presupuestaria y Adm. De contratos - PGRH	Gobierno de la Ciudad Autónoma de Buenos Aires
55	Cont. Susana Genni	Coord. De Prog. Y Administración Financiera - PGRH	Gobierno de la Ciudad Autónoma de Buenos Aires
56	Dr. Diego Martín	Temas legales – Ministerio de Planeamiento y Obras Públicas de la Ciudad	Gobierno de la Ciudad Autónoma de Buenos Aires
57	Dra. Loianno	Procuradora Adjunta	Gobierno de la Ciudad Autónoma de Buenos Aires
58	Gustavo Rojas		Gobierno de la Ciudad Autónoma de Buenos Aires
59	Dra. Marta Dolder	Funcionaria de la Procuración Gral. de la Ciudad	Gobierno de la Ciudad Autónoma de Buenos Aires
60	Gumersindo Velazquez	Especialista en adquisiciones	Banco Interamericano de Desarrollo

Country Systems Consultations in LC7 Countries - Guest List (Cont.)

Chile Public Sector - November 7 - 3:00 PM

#	Name	Position	Institution
61	Alejandra Barraza		División Políticas y Gestión de Compras
62	Jorge Martinez	Subrepresentante	Banco Interamericano de Desarrollo

Country Systems Consultations in LC7 Countries - Guest List (Cont.)**Paraguay Public Sector - November 7 - 3:00 PM**

#	Name	Position	Institution
63	Victoria Rivas	Directora General de la Dirección General de Licitaciones	Contraloría General de la República
64	Francisco Ogura	Director Políticas de Endeudamiento	Ministerio de Hacienda
65	Juan Ángel Álvarez	Director de Crédito Público	Ministerio de Hacienda

Country Systems Consultations in LC7 Countries - Guest List (Cont.)**Paraguay Public Sector - November 7 - 3:00 PM**

#	Name	Position	Institution
66	Ec. Laura Remersaro	Auditora Interna	Auditoría Interna de la Nación
67	Cra. Solange Nogues	Directora Ejecutiva de la Unidad Centralizada de Adquisiciones de Alimentos (UCAA)	Ministerio de Economía y Finanzas
68	Ninoschka Dante		Unidad Centralizada de Adquisiciones de Alimentos (UCAA) Ministerio de Economía y Finanzas
69	Cra. Carolina García	Directora Ejecutiva de la Unidad Centralizada de Adquisiciones de Medicamentos y Afines del Estado (UCAMAE)	Ministerio de Economía y Finanzas
70	sc. Gustavo Baldassari		Unidad Centralizada de Adquisiciones de Medicamentos y Afines del Estado (UCAMAE) Ministerio de Economía y Finanzas
71	Gabriele Del Monte		Banco Interamericano de Desarrollo

Country Systems Consultations in LC7 Countries - Guest List (Cont.)**Paraguay Public Sector - November 7 - 3:00 PM**

#	Name	Position	Institution
72	Emilio Pinto	Director General de Sistemas de Administracion Gubernamental de Bolivia	Direccion General de Sistemas de Administracion Gubernamental de Bolivia
73	Dr. Mario Guachalla		Direccion General de Sistemas de Administracion Gubernamental de Bolivia
74	Ing. Rocio Quinteros		Direccion General de Sistemas de Administracion Gubernamental de Bolivia
75	Lic. Franz Quisbert		Direccion General de Sistemas de Administracion Gubernamental de Bolivia
76	Rodolfo Gastaldi	Surepresentante	Banco Interamericano de Desarrollo

Country Systems Consultations in LC7 Countries - Guest List (Cont.)
Paraguay Public Sector - November 7 - 3:00 PM

#	Name	Position	Institution
77	Dr. Juan José Martínez		Ministerio de Economía y Finanzas
78	Dra. Milagros Ibarra		
79	Luis Torricelli Farfán	Presidente	CONSUCODE
80	Héctor Inga Huaman	Secretario General	CONSUCODE
81	Hugo Vallejos Campbell	Director de Operaciones	CONSUCODE
82	Victor Escala		Banco Interamericano de Desarrollo
83	Karina Diaz Briones		Banco Interamericano de Desarrollo

Country Systems Consultations in LC7 Countries - Guest List (Cont.)
Paraguay Public Sector - November 7 - 3:00 PM

#	Name	Position	Institution
84	Dr. Daniel López	Dirección Nacional de Contratación Pública	Procuraduría General del Estado
85	Dra. Carmita Rivera	Dirección Nacional de Contratación Pública	Procuraduría General del Estado
86	Dr. Mario Paz	Dirección Nacional de Contratación Pública	Procuraduría General del Estado
87	Sr.Marco Aleman		Banco Interamericano de Desarrollo

WB83128
D:\Consultation on Country Systems in Argentina - Public Sector2..doc
12/01/2008 18:07:00