

Use of Country Procurement Systems
Consultations in Bangladesh
December 5, 2007

The World Bank organized a consultation session via video conference between New Delhi and Dhaka on December 5, 2007 with representatives of the government and other interested stakeholders in Bangladesh. The main objective of the consultation was to present the methodology for the Use of Country Procurement Systems to seek feedback and comments from the participants. The following is a summary of the 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?

The participants sought clarifications on the criteria for the selection of pilot countries and its time table; also question was raised about the adequacy of the number of pilot countries.

After explaining the selection process, the Bank clarified that initially 8-10 countries will be targeted to allow the Bank to closely monitor their implementation. It was also informed that the decisions have not yet been finalized on the number of pilots or the regions. The selection will depend largely on the results of the consultations and interests expressed by the countries themselves.

There was question about the need for such exercise in Bangladesh where the Bank already accepted Government's procurement laws/rules for local procurement. Also, the participants raised question about harmonization among development partners and their commitments under the Paris Declaration on Aid Effectiveness.

The Bank responded that the use of country systems pilot will assess the country/ sector's position regardless of the method of procurement, meaning whether the country system has the required level of rules/ procedures to deal with international procurement. As regards harmonization, the Bank pointed out that this initiative is in line with the objectives of the Paris Declaration. The Bank explained that the assessment for selecting pilot countries for the use of country systems will be solely for projects financed by the Bank. However, the Bank is in consultation with other development partners for better harmonization among them. It also cited instances where there has been good collaboration in the area of harmonization in procurement, for instance, the Bangladesh education sector SWAPs where most key development partners accepted the harmonized procedures.

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?

The participants raised question about the high level of benchmarks set by this current proposal and concern that how a score of 3 on so many indicators would be achieved by poor countries, especially when there are ample instances in Bank-funded projects where Bank's rules are applicable but never were measured on such high benchmarks.

The Bank understood that this remains an area of concern and assures that this may be reviewed and addressed in the draft methodology after receipt of all comments on consultations. The Bank further stated that there is a separate exercise where lessons learned from its application will be used to improve it and it has made a commitment to maintain standards and to help countries achieve such standards leading to the benefits of better performing systems..

Participants wanted assurance that ongoing sustained reform actions in the countries will be taken into consideration as well as diagnostic exercises may not give an up to date view of the current situation. Participants mentioned that Bangladesh borrowed money (not grant) from the Bank and has been implementing reforms for the last several years through reform projects (one completed and second phase started), and this in itself evidences the seriousness of the country to improve its own system.

The Bank reiterated the importance of ongoing reforms and substantial progress of some of its client countries which measure the seriousness or commitment of Governments to modernize and improve their national systems and assured that those progresses will be duly considered in making decisions for a pilot country.

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 and what constitutes complex procurement.

The Bank explained that what may be complex for one country may not be so for another, and usually during negotiations the Bank and the Borrower will jointly define and agree upon complex contracts that will require prior reviews by the Bank that are reflected in the procurement plan. Complex procurement is procurement that is not routine for the countries, for instance, large power plants, construction of large bridges. It is also procurement for which the countries have heavily relied on the Bank's experience in the past due to a lack of local expertise. 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 clarified that generally it refers to the performance measurement for the implementing agency that will track aspects of performance of procurement under selected projects. This is within 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?

The participants wanted that decisions be made on the basis of reform developments made in each country; also a mechanical evaluation of the country system may not provide adequate insights of the positive changes. Most participants advised the following to make the effort more effective to help build better country systems: (i) provide technical assistance in the form of grant in collaboration with other development partners, (ii) focus more on the implementation and monitoring challenges and help develop client countries appropriate monitoring tools taking cognizance of the country specifics in a more realistic way where “good local fit” may yield better outcomes than just insisting on introducing “best practices”, (iii) streamline procurement reforms with other reforms for good governance, (iv) institutionalize procurement management capacity development within the country, and (v) help build a well functioning e-Gp system.

The Bank generally appreciated the views and assured careful consideration in working out its future strategy in this area.

Overall Conclusion: The participants were generally supportive of the proposal but expressed some concerns 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 taking into account the progress made in the specific area of procurement in a client country and its sustained commitment.