

**Use of Country Procurement Systems
Consultation with the Public Sector of Colombia,
Mexico & Central American Countries**

**México City, México
November 6, 2007**

LCR Procurement Team and the CMU for Mexico and Colombia (LC1) organized a meeting with representatives from the **public sector** of Colombia, Mexico and Central American Countries (Costa Rica, Guatemala, Honduras, Nicaragua, Panama and El Salvador) to discuss the World Bank's proposed piloting methodology for increased reliance on country procurement systems in the Region (see annex I - list of participants). A comments and questions and answer session followed a presentation on the Methodology by the Bank.

The following six key questions summarize the discussion.

- 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?**

Overall, participants were supportive of the proposed policy and methodology. However, some expressed pessimism about their chances to be selected as a pilot country in the near future.

Some participants asked how the piloting process would take into account the application of procurement provisions included in trade agreements.

The Bank responded that the procurement systems will be evaluated on their own merits. If the country is selected as a pilot, any relevant aspects of its regulatory framework, including its obligations under trade agreements, may be used, as appropriate.

Some participants asked whether the Bank will continue to be interested in the improvement of the local system's openness and efficiency, and in the development of the local industry.

The Bank confirmed that one of the objectives of the proposed policy is to further support the strengthening of national systems and that it will continue to pursue its development objective of making domestic systems transparent and efficient beyond the projects it finances.

Some participants asked why the Bank proposes to begin with pilot countries and projects, how many pilots will be selected, and when they will be finalized.

The Bank responded that a few countries (probably 8-10) will be selected initially in order to focus its resources and be able to monitor closely implementation. The pilots will be carefully monitored and evaluated and further progress will depend on lessons learned. Projects in selected countries will last several years, according to their objectives and design. These projects will be evaluated throughout their implementation with regular reporting and it will obviously take some time to process information and generalize lessons.

Some participants asked whether sub-national governments could participate in the Pilot Programs, given that the capacity for each sub-national government is different.

The Bank responded that pilots will initially focus on the national level, but it is possible that sub-national levels may be included during a second phase, provided the same conditions exist, as evaluated on a case by case basis.

Some participants asked whether there was a pre-established number of Pilots and whether any country had already been selected.

The Bank responds that the number of Pilots is not pre-defined, but it is likely to be in a limited number, as discussed above, and that no country has been pre-selected.

Participants inquired about the Private sector's reaction in the region and advocated close cooperation between private and public sector in identifying best practices for public sector procurement.

The Bank reported that the first consultation with the private sector in Brazil had been positive and agreed with the need for close cooperation between the government and the private sector.

One participant asked whether only one or more projects would be used as pilots in selected countries and who will make this decision.

The Bank responded that it will depend on the assessment of each sector and/or implementing entity in the country. In addition, each project may present different risks depending on its complexity. More than a pilot project in a given country could be accommodated. While the decision is ultimately the Bank's, it will be closely coordinated with the Government.

- 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 participants believe that the indicators are rigid (especially the critical indicators requiring a score of 3) and they fear that many countries will not be able to meet them.

Some participants suggested that the IDB evaluates country systems with less complex tools and inquired about coordination between the two Banks.

The Bank responded that the OECD indicators were developed with the active participation of the IDB and that the two Bank have been carrying out joint assessments and preparing joint CPARs in all countries in the region. However, while a great degree of coordination can be expected, final decisions on the use of country systems will be made by each Bank individually. It is expected that the assessments at the country level will be similar and carried out jointly.

- 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 discussed.

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

There was no specific comment, although a number of participants expressed reservations about the quality of the Bank's own policy for selection of consultants.

- 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 suggested that independent observers be employed, especially to monitor progress in the areas measured by the indicators. In particular, they suggested that sub-indicators 9 and 12 be monitored jointly with civil society.

The Bank thanked the participants for the suggestion which will be considered.

- 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?**

No further recommendations were made.

Annex I

List of Participants Public Sector

Country Systems Consultation Meeting LCC1 – LCC2 – Guest List Public Sector - November 5th 2007 (Afternoon Meeting)	
Name	Entity
Enzo de Laurentiis	IBRD (LCSPT Manager)
Costa Rica	
Erick Acosta Solis	Ministerio de Hacienda de Costa Rica
Malu Guzman	Ministerio de Hacienda de Costa Rica
Jeannette Solano Garcia	Direccion de Contratacion Administrativa
Guatemala	
Alvaro Fernandez	Ministerio de Finanzas Publicas MINFIN
Benjamin Ruiz	Ministerio de Finanzas Publicas MINFIN
Jose Alejandro Fuentes	Ministerio de Finanzas Publicas MINFIN
Roosa Maria Juarez Velasquez	Direccion de la Asesoria Juridica MINFIN
Manolo Castillo de Leon	Direccion de la Asesoria Juridica MINFIN
Honduras	
Oscar Chinaea	ONCAE
Ricardo Orllron	ONCAE
Jhessy Johann Toro	SEFIN
Margarita Pavon	SEFIN
Nicaragua	
Marjorie Alvarado	Dirección General de Contrataciones del Estado
Aura Maria Cruz	Dirección General de Contrataciones del Estado
Marvin Cruz	Dirección General de Contrataciones del Estado
Alan Clerk	Dirección General de Contrataciones del Estado
Panama	
Marissa Echevers	Dirección Nacional de Contrataciones Publicas
Rafael Fuentes	Dirección Nacional de Contrataciones Publicas
Silka Correa	Dirección Nacional de Contrataciones Publicas
El Salvador	
Ana Elsa Gallardo	Ministerio de Hacienda

