

Use of Country Procurement Systems
Consultations in Morocco
October 31st, 2001

The World Bank organized two consultations in Rabat, one with members of the Government of Morocco and Algeria via video conference and another with the Moroccan Civil Society and Private Sector (see attached list of participants) on October 31st, 2007 to present the methodology for the Use of Country Procurement Systems to seek feedback and comments. The discussions that took place between the World Bank representatives and the participants have been summarized around the six issues posted on the website.

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 from Morocco wanted to know if the evaluation of their own national procurement system they carried out in 2005 is still valid or whether they would be required to start all over again.

The Bank explained that the evaluation using the OECD/DAC tool will have to be updated as the tool itself has evolved from a draft in 2005 to the first approved version in 2007 and changes have been made in some sub-indicators and the scoring system. In addition the Moroccan system has been strengthened in certain areas since the evaluation and that will have to be reflected in the results as well. However, the selection of the pilot countries will be based on a methodology that takes into consideration, not only the results of the OECD/DAC but results from other assessments.

The participants questioned the rationale behind the selection of pilots by sector and project as opposed to the country level and wanted some additional explanation on the selection process.

The Bank explained that for procurement the pilots the assessment will not stop at the country level as different ministries/implementing agencies operate at different levels of performance. Hence there will be a need to evaluate performance at the sector, implementing agencies level to determine their readiness for increased use of country systems. Consequently, the selection will be carried out at three levels: there will be a first selection of a pool of potential countries based on general procurement and performance track record of the country, then an assessment of the quality of the public procurement system at the national level based on the OECD/DAC benchmarking tool, and how such system meets a test of equivalence with Bank policies, and thirdly an assessment of risks, capacity, and the performance of the implementing agency at the sector/project level.

The participants believed that the only way to achieve harmonization at the country level is for all the other financial institutions to agree on the levels of achievement that could be considered acceptable by all. They even suggested a certification by OECD/DAC

that other donors should recognize. In the same line of thinking, the participants wanted to know if the evaluation can be done in a sector that is not financed by the Bank.

The Bank pointed out that the Bank has defined a methodology to determine the risk it is willing to take it in selecting pilot countries for projects financed by the Bank and that the risks will be different for different institutions/aid agencies. Therefore there cannot be one set of standards for all; each aid agency will have to set their own.

The Bank explained that the assessment for selecting pilot countries for the use of country systems will be solely for sectors/projects financed by the Bank.

The participants wanted to know what will happen if a country does not pass the test.

The Bank explained that the country will benefit from a strengthened capacity development assistance program, hopefully in close collaboration with other donors.

- 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 from Morocco thought that the importance of the quality of the system should be put in perspective in comparison with the performance of the system which in their opinion is much more relevant. They also thought that the scoring system of the OECD/DAC benchmarking tool is not appropriate.

The Bank explained that at this stage there will not be any changes in the OECD/DAC benchmarking tool but that there is a separate exercise where lessons learned from its application will be used to improve it. The Bank has been encouraging all participants to send us contributions in this area. The Bank also told them that the process dealing with performance will be reviewed when finalizing the paper.

- 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?**

The Moroccan participants believed that implementation will become more complicated if the Borrowers have to follow one set of rules for smaller, routine contracts and another for complex projects. They wanted the Bank to evaluate the national systems on all levels and if the countries pass all the tests, the national systems should be used.

They also wanted some clarifications on the definition of complex projects.

The Bank explained that what may be complex for one country may not be so for another and that at the time of finalizing the procurement plan during negotiations the Bank and the Borrower will agree on what constitutes complex in the projects. On a more general

note at this point, complex projects are all projects that are not routine for which the country may not have the expertise and for which they have heavily relied on the Bank's experience in the past.

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

The Moroccan participants, as in question 3 above, would prefer that all procurement use national procurement procedures. If the consultants' procedures are not acceptable, the Bank should work with the country to achieve the desired level of acceptance. They added that a multitude of procedures within a same project would be too confusing.

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?

The private sector highlighted several areas (not listed here) that, in their opinion, needed to be strengthened and wanted to know how the use of country systems could help. They pointed out that the Moroccan national system did not score very well on the transparency corruption index.

The Bank's response was that the exercise would highlight areas that do not score so well that the Government would have to address if they want to be selected as pilots.

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 to see the Bank continue its efforts in harmonizing with other donors/IFI. In their opinion harmonization of donors' procedures is a bigger concern at this stage than use of country systems, whose benefits will come a little bit later.

The Bank explained that a lot of progress has been made in this area and continues to be made but that this is not sufficient as the national system is not only policy and procedures and harmonisation at the donors/IFI levels does not improve the national system which comprises of the legal framework, the institutions, tools, competent staff, private sector, etc.

The participants from Morocco suggested that pilots be made up of sectors and not projects alone if lessons are to be successfully drawn from this exercise. And if sectors are selected, the Bank will have to review its position on the exclusion of PIU from pilots.

Overall Conclusion

The representatives from Algeria endorsed the methodology as is. The participants from the Moroccan administration welcomed the initiative by the Bank and proposed changes (as specified above) to the methodology.

The general opinion of the private sector was that this move towards use of country systems will boost the participation of local firms who are very familiar with local regulations and will force the country to reach a better level of performance and reduce non competitive and discriminatory practices that exist today.