

Use of Country Procurement Systems  
Consultation in Turkey  
November 26, 2007

The World Bank country office in Ankara organized consultations on November 26, 2007 with members of the Government, Implementing agencies, Private Sector and Other interested associations in Turkey. Separate discussions were held on November 27 with the local office of the European Commission. The list of participants is attached. Director OPCPR and RPM, ECA presented the draft paper on detailed methodology for the use of Country Procurement Systems to seek their views and proposals. All participants showed a great deal of interest in the use of country systems. There was open and frank discussion, a number of questions were addressed and useful comments were made as summarized below.

1. **Turkey is Interested in Use of Country Systems:** Turkey is committed to continued procurement reform and capacity building. The new CPS envisages a move to SWAPs and Treasury is very committed to participate in the UCS program to make these operations more meaningful. Government of Turkey has since confirmed its interest to participate in the Pilot program in a two phased approach. The Public Procurement Agency had already been through the OECD/DAC self assessment and feels comfortable in testing against targeted minimum standards although some of the scoring thresholds for quality indicators could be softened. They seem to be subjective. Overall, they had no apparent problems with the assessment methodology.
2. **Turkey wants World Bank to Simplify Procedures and Improve Speed:** Participants expressed that they were happy with the application of World Bank procedures in their procurement but would like to have selection criteria and procedures simplified. Speed of response and outcome are of main concerns and it is in improved speed that they see most benefits from the Use of Country Systems (UCS) by shifting from prior to post reviews.
3. **Selection of Consultants by UCS is not a good idea:** Participants especially association of consulting engineers were opposed to UCS for hiring of Consultants. Given that Turkish PPL favors cost based selection over quality, it reduces the quality aspect of the service. Clients worry from audits and possible accusation of corruption. They tend to select on lowest price basis as they want to be on a safer ground. This often results in poor quality, while application of Bank Guidelines gets the clients better results and also provides protection from Bank's no objection. There was a suggestion to raise the "**Threshold**" such that for simple contracts such as--construction supervision-- the ceiling for shortlist comprising of all nationals at \$200,000 was considered low and could be raised. World Bank representatives agreed to review this matter.

4. **Number of Firms in the Shortlist:** The requirement of shortlist of 6 firms appeared somewhat rigid. This at times leads to inclusion of both good and medium quality consultants in the shortlist. The less qualified Consultants generally quote lower prices and thus become successful. This undermines quality. Bank clarified that as far as possible Consultants of similar experience and qualifications should be included in the shortlist. The need to have a shortlist of 6 firms was debated at length by the Bank before stipulating in the Guidelines. In the interest of broader competition, quality of services it was decided that a shortlist of 6 was most appropriate. When there are less number of firms for some specialized assignments, the Bank would be willing to consider less than 6 firms as provided in the Guidelines.
5. **What is expected under “Well Organized E-Procurement Web-Site?:** Pilot countries are required to have a functional national procurement web-site where all advertisements and procurement opportunities are available. Turkey seems to have no problem in this regard. At this stage the Bank is not requiring a fully developed e-Procurement System that will cover all aspects of procurement cycle.
6. **Third Party Audits: Can the expenditure be financed from the Loan:** Yes, the cost of carrying independent audits can be charged to projects. This should be agreed with the Government at appraisal.

**Conclusion:** The Bank thanked all participants for very productive and useful discussions and assured that if an assessment finds some differences with the minimum standards, we would arrange “Capacity Development Support” by the World Bank or by other donors. In some countries this exercise may well be a capacity building support. They were further informed that this is not the only time when they can comment on UCS for Turkey. If they wish, they may provide later and we would welcome their comments on our web-site.

## COUNTRY PROCUREMENT SYSTEMS

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