

Use of Country Procurement Systems
Consultation
Meeting with Asian Development Bank
6 November 2007

A meeting was organized with the Asian Development Bank to discuss the World Bank proposal for the use of country procurement systems. The set of questions was not considered useful for this discussion with ADB. Instead, a summary of this discussion is presented below.

Summary: The ADB noted a decline in CPAR activity and asked how the country system assessments will all fit together, including the risk model? *The Bank agreed that the level of CPAR activity has gone down as a result of changes in the Bank removing the requirement to conduct CPARs and making the use of the CPAR a "demand driven" exercise. Now CPARs are most frequently conducted as part of an integrated assessment or as a follow up exercise as part of monitoring procurement reform activity in the country. All information sources such as the CPAR and the OECD/DAC assessments, plus additional country based information will contribute to a full and complete understanding of the country. The risk model referred is being used once we have identified the pilot countries and will be applied at the implementing agency level to help track and monitor performance once the pilots are underway.*

The ADB asked about cooperation with the other regional banks, including how we saw the impact of our proposal on this cooperation. *The Bank responded that we felt the need to move forward on our own to define our methodology in the context of the World Bank, its capacity to implement and its understanding of the risk involved with the proposal. Since this is only a pilot, we will learn lessons and fully share our experiences with our partner institutions and donors. We also are planning to build on the high level of cooperation and coordination that exists with our donor partners at the country level, especially with regard to capacity development. We will use assessments that have been done in cooperation with our donor partners, although the Bank will have to conduct its own verification process as part of implementing the methodology as it is a key element of the country selection process. Once we have identified the potential countries in the "candidate pool" we will be in a better position to discuss cooperation, coordination and impact with the donors active in the countries. We also stated that the Bank will continue to work closely with the other Bank's through the HOP (Heads of Procurement) and with bi-lateral donors through the JV for Procurement process.*

Comments were raised concerning the performance aspects of the methodology. It was felt that the methodology does not focus sufficiently on performance. It was pointed out that many areas are not covered by the 7 suggested areas of tracking performance data. *The Bank agreed that performance was a difficult area to address. The 7 suggested areas to track performance will only give an indication of whether performance standards are being maintained or improved during the life of the project. The Bank will continue to conduct its normal supervision and will focus on the many areas reviewed during supervision. In addition, the risk model identified certain areas that contribute to risk and risk management. This risk model will be applied throughout the life of the pilots. Finally, the Bank will learn a great deal on various areas of performance by the annual procurement audits. The Bank will help prepare TOR for these audits to make sure they will complement and add to other sources of performance information.*

The ADB staff were generally supportive but concerned about impact on their own practices at the country level. The ADB said that the Bank should seek consensus among the active donors in any of the proposed pilot countries on how to move forward. *The Bank agreed that we would need to consider impact on current operations in each pilot country and to work closely with other donors in the country. The Bank reiterated its intention to share our learning widely with our partners and we would certainly consult before moving beyond the initial pilots. We intend to maintain a high level of transparency, disclosure and coordination as we move forward with the piloting process.*

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