

Use of Country Procurement Systems  
Consultation organized by World Bank, Sydney  
November 9, 2007

The World Bank, Sydney Office organized a consultation session by video conference with a number of Country Offices from the region on 9 November 2007. Each country office connected invited participants from the government, donor organizations and from the Bank's staff. The following provides a summary of the discussions that took place between the World Bank representatives and the participants.

**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?**

**PNG** - AusAid asked if there were incentives or disincentives seen for joining (expressing interest) in the pilots. Government representative asked if PNG would be considered. Question was also asked regarding the time and effort involved in the OECD/DAC assessment and validation process and if there would be financial support.

*The Bank responded to the questions/comments from PNG participants as follows:  
Regarding incentives/disincentives: the Bank sees the program as offering incentives in the form of capacity development, reduced costs and simplification of dealing with donors, improved systems that function for the benefit of all using the systems, among others while disincentives might include exposure of weaknesses, cost of process and increased pressure to reform if country's systems are assessed as not meeting benchmark standards.*

*With regard to PNG qualification, the Bank stated that the selection process has yet to begin, so it would be premature to answer the question. However, it was pointed out that PNG would need to undergo an OECD/DAC benchmarking assessment as it is one of the criteria.*

*With regard to financial support, the Bank will seek resources to implement the piloting program. It will also work with other donor organizations to try to provide increased resources for capacity development work that remains a key element of the piloting proposal.*

**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?**

**Indonesia:** Question was asked concerning the equivalency versus the OECD/DAC benchmarking assessment. Question was asked to clarify Bank pilots with regard to the JV for Procurement pilots (Indonesia is a pilot). Question was asked about weighting of the OECD/DAC benchmark indicators. Question was asked about the performance indicators and why there were so few and so narrowly focused on process. Statement was made that the Bank's Guidelines seem to still be the underlying standard.

**Canberra:** AusAid asked about aid partner involvement in the assessment process. They asked for clarification on the equivalency assessment.

*The Bank responded that the OECD/DAC was a country based benchmarking tool available for use by all countries and all interested donors to benchmark the strengths and weaknesses of the country's procurement system. It will be an information source and a selection criteria used by the WB. The equivalency test is strictly a WB method to provide our institution with information specific to the comparison of country procedures with WB policy as stated in the Guidelines.*

*The Bank clarified that its proposed piloting program is separate and distinct from the JV for Procurement pilot program. (The Bank will benefit from the JV piloting program as the participating countries are applying the benchmarking tool.)*

*The Bank stated that the OECD/DAC indicators were not weighted. We agreed however that by making certain indicators "critical" this could be considered a form of weighting. The Bank explained that the performance indicators in our methodology are to be applied at the implementing agency level and are intended to ensure that the implementing agency is following good procurement procedures within the context of project implementation.*

*These performance indicators will be tracked throughout the life of the project and are considered one of the "controls" for the pilots.*

*The Bank stated that the Bank's Guidelines are policy documents defining how procurement is to be handled under Bank-financed projects. We will deal with our Guidelines by the "equivalency" process defined and the proposal for handling of the selection of consultants. The Bank's Guidelines were not the basis for the OECD/DAC benchmarking tool which looks at the full public procurement system in a country. The two are considered to be complimentary and consistent with each other as both adhere to principles of good procurement which are internationally recognized.*

- 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?**

**Indonesia:** Question was raised about the extent of the procurement pilots within a country regarding application to projects and/or sectors.

*The Bank responded that each pilot country would be looked at individually with regard to the pipeline of projects planned in the country and would determine on that basis whether whole sectors (all or some of the projects planned in the sector) or just individual projects would qualify for piloting of the use of country procurement procedures.*

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

No questions/comments were presented.

**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?**

Clarification question was raised which is covered under 2 above.

**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?**

**Timor Leste:** Government asked if the CPAR was the only document to be used. The government asked if it would be in the interest of a government to request participation. A comment was made concerning PIUs and the government stated that it used integrated PMUs. Questions were also asked about the use of the OECD/DAC benchmarking assessment if an assessment was already completed.

**Indonesia:** Question about the timeline of the process. Another question was raised about the proposed independent third party audits.

*The Bank responded that the CPAR would be only one source of information, but an important one as it provides a great deal of information on the procurement system in a country and it can be used to assess the governments commitment to implementation of reforms. It was recognized that Timor Leste has implemented significant changes since a CPAR done in 2001/2.*

*The Bank stated that each country must make its own decision as to whether they wish to be considered as a pilot country. There would be potential benefits with regard to increased focus and attention to support capacity development in the country even if the country does not end up as a pilot country.*

*The Bank stated that it has participated with most countries in the OECD/DAC assessments undertaken to date. However, for the pilots, the Bank will undertake a special validation if it is using results of an assessment already conducted where the Bank was not an active partner. The OECD/DAC assessments are to be evidence based and this helps validation of assessments conducted by others.*

*The Bank explained the timeline for implementation of the methodology but stated that the Bank would need the approval of its Board. This will not be known until early 2008 and this could have an impact on the timeline.*

*The Bank explained that the proposed audits were to help review the implementation of procurement within the projects selected and to provide information on procurement indicators, quality of performance and lessons learned. Cost of these audits is currently proposed to be covered by the project.*

**Overall Conclusion:** Country interest seems evident, but it is clear that the roll out of the pilots will require the strong support of colleagues from the regions. The VCs provided an opportunity for country office staff and donors located in countries to learn more about this process and it was agreed that they will be well positioned to continue to respond to questions from country counterparts.