

Use of Country Procurement Systems
Consultation organized by Aus-Trade, Sydney
November 8, 2007

Aus-Trade organized a consultation session with interested private sector firms and other stakeholders in Sydney, Australia on 8 November 2007. 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?

A question was asked about feedback mechanisms during the piloting process.

The Bank responded that this is consistent with previous comments received and the Bank is now planning to maintain an open external website to receive comments as well as a place where documents of interest can be posted in a central location.

Questions were asked about the third party independent audits proposed under the piloting methodology...who performs the audits, who pays, whether the audits would truly be independent and if the audits should be contracted for outside the country.

The Bank responded that some procurement audits are currently undertaken and they are normally contracted out to a local firm. Under the current proposal, the audits would be financed under the project and the country would be responsible for contracting for the service. Contracting outside the country is possible, but local knowledge of laws, regulations and language would be needed to perform a quality audit. This area would normally be flexible to enable implementation in differing country situations.

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?

General comments were made concerning the high benchmark set by this current proposal.

The Bank agreed that this remains an area of concern that will be reviewed and addressed in the draft methodology based on the full range of comments received.

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?

There was no major discussion around this question as most of the participants were not involved in this type of procurement. There was some discussion about the Bank's process of prior review and some clarifications about this process provided.

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

Concerns were raised about the handling of the selection of consultants by governments following their own procedures for requirements under the threshold.

The Bank responded that the OECD/DAC assessment tool looks at the legal and regulatory framework to determine if the country has methods for selection of consulting services. We would make sure that the procedures in the country were acceptable to the Bank. We discussed the fact that certain types of consulting assignments could still require international participation, even below established thresholds, when local capacity to carry out the assignment was considered to be unavailable or not of sufficient quality.

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?

Several comments were put forward concerning the lack of more robust performance measurement that would span the full range of indicators covered by the OECD/DAC benchmarking tool, the capacity of the countries to collect data, and suggestions that other indexes might be useful to consider such as the TI index.

The Bank agreed that the proposed performance measurement under the pilot projects was not extensive, but carefully considered to focus on process since it is in the context of procurement as part of project implementation. The OECD/DAC benchmarking is on a country basis and it has a Part II that very extensively deals with performance measurement as linked to the benchmarking tool and to get a broad country based indication of performance. With regard to determining country risk, the Bank does consider a wide range of available information including the TI indexes. The Bank agreed that capacity to collect and monitor performance data is not strong in most countries. We pointed out that the risk monitoring tool we will introduce under the pilots will help track certain types of performance related to broader risk, while the seven areas where we propose to monitor procurement performance data should give us a good ability to determine if the implementing agency is following good procurement practice in implementing the project.

A statement was made that the pilots might result in less competition and less transparency overall.

The Bank stated that it intends to monitor international competition under the pilot program to determine if there is a negative impact with regard to the use of country procurement systems. With regard to transparency, we are requiring that pilot countries have a functioning and fully accessible website for posting of procurement information. In addition, the Bank will carefully monitor to ensure the use of UNDB for advertisement of procurement identified as being of interest to the international private sector. The Bank will

ensure posting of procurement plans and updates to the plans. We also plan to monitor disclosure of information to maximize the availability of information on the pilots.

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?

Representatives from AusAID discussed issues relating to timing of the budget process in many countries as being out of sync with various donors and aid organizations. They felt that this had an impact at the country level that often affected the way projects were implemented.

The Bank was asked about the timing for the pilots and how many countries we envisioned as participating.

Finally, the question was raised as to whether the Bank would "realistically" be willing to rescind pilot status.

The Bank responded that the PEFA program looks at the broader issues related to country budgeting procedures and also includes some indicators dealing with donor behavior. This procurement piloting program will be implemented in projects and sectors covered by Loan Agreements where the issue of flow of funds does not normally arise.

The Bank indicated that the current proposal for use of country systems in the broader context envisions at least 8-10 countries, with one per region. With regard to procurement, we may or may not be able to qualify the same number of countries. The timing for the piloting will begin after final Board approval which is anticipated in early 2008. Project selection for procurement will consider projects currently in the pipeline. The pilots will continue throughout the life of the projects. The Bank will begin reporting on progress and lessons learned on an annual basis. The Bank carefully considers the application of remedies available under the Loan Agreement based on the specific facts related to the project. This will apply to the rescinding of pilot status.

Overall Conclusion: The participants were generally supportive of the proposal as it will contribute to development and to providing a better and fairer playing field for the many companies that do business in the countries in the region regardless of the source of funding.