

**The World Bank Group**

IBRD IDA IFC MIGA ICSID



**FIDIC conference 2007  
SINGAPORE**

**B BECQ – World Bank**

## Evolving Role of the Bank

- ⇒ Portfolio evolution (public policy and public sector management; infrastructure initiative)
- ⇒ Moving away from “ring-fenced” projects (programmatically loans, reliance on country systems)
- ⇒ Country ownership is the core concept of the Bank’s strategy of helping the countries to address their specific challenges and support the countries’ own initiatives, rather than impose reforms from outside

# Trends in procurement

- ⇒ Oversight, relying more on
  - ex-post reviews and audits, although maintaining high standards
  - enhanced anti-corruption focus
  - transparency and competition
- ⇒ Development, including in particular
  - support to procurement reforms
  - strengthening capacity
  - focusing on building the capacity of institutions

## Harmonization

- ⇒ Paris Declaration (High-Level Forum on Aid Effectiveness) -- in particular with regard to procurement, development of a methodology/tool by the OECD-DAC Procurement Joint Venture to benchmark country systems
- ⇒ Heads of Procurement of MDBs (Multilateral Development Banks) -- simplifying and harmonizing their policies and procedures to the largest possible extent

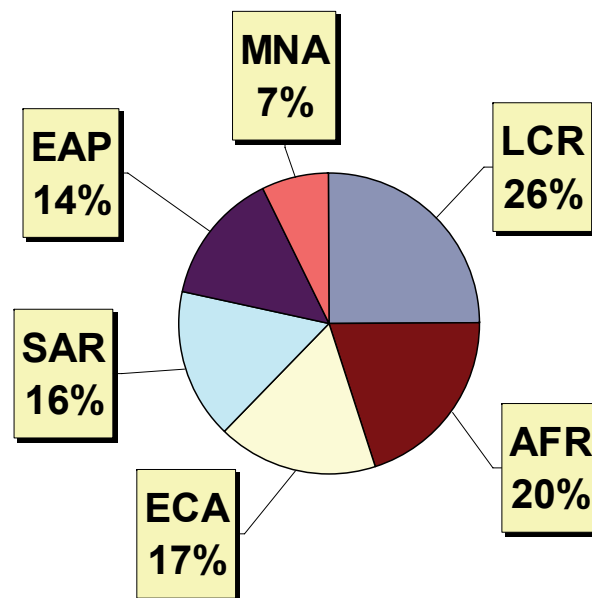
# FIDIC-MDB cooperation

1. Harmonized MDB Master Procurement Documents for Works
  - General Conditions
  - Dissemination and Translations
  - Use by bilateral agencies
2. Dialogue and consultations (BIMILACI)

# Business Opportunities

- ⇒ WB Investment lending
  - \$16.3 billion -69% of the total
- ⇒ WB Policy Development lending
  - \$7.3 billion - 31% of the total
- ⇒ FY2006 was at the highest level
  - in six years (FY01–FY06)
  - 279 projects --IBRD 112, IDA 167
  - \$23.6 billion --IBRD \$14.1, IDA \$9.5

## IBRD/IDA FY2006 Lending Amount by Operations Region



Region	Amount (\$ m)
LCR	5,911
AFR	4,727
ECA	4,045
SAR	3,797
EAP	3,402
MNA	1,701
<b>Total</b>	<b>23,581</b>

## FY06 Ten Largest IBRD / IDA Borrowers

Country	IBRD / IDA Commitment Amount (\$M)	Share of Total IBRD / IDA Commitments
Mexico	1,793	7.6%
Brazil	1,676	7.1%
Turkey	1,526	6.5%
Pakistan	1,498	6.4%
China	1,454	6.2%
India	1,416	6.0%
Argentina	785	3.3%
Egypt, Arab Rep	780	3.3%
Vietnam	768	3.3%
Tanzania	751	3.2%
<b>Total</b>	<b>12,446</b>	<b>52.8%</b>



## IBRD/IDA FY2006 Lending by Major Sectors

Major Sector	IBRD/IDA #	IBRD/IDA Commit Amt (\$M)
Public admin, Law	84	5,858
Health & social serv	32	2,132
Energy & mining	30	3,030
Agriculture	28	1,752
Transportation	26	3,215
Education	24	1,991
Water/sanit/fld prot	21	1,721
Industry and trade	15	1,542
Finance	15	2,320
Info & communication	2	81
<b>Total</b>	<b>279</b>	<b>23,641</b>

## Focus and challenges

- ⇒ Procurement Reforms and Strengthening Country Procurement Systems in Developing Countries
- ⇒ Governance and Anti-corruption
- ⇒ Quality of projects and procurement

# Strengthening Country Procurement Systems

- ⇒ Procurement in a broader reform context “Expanding the Use of Country Systems in Bank Operations”, including environmental and social safeguards which have already been approved by the Board of Directors
- ⇒ Public Financial Management (PFM)
- ⇒ MIC Agenda
- ⇒ GAC Agenda
- ⇒ Enhanced Bank focus on efficiency of outcomes and on results
- ⇒ Scale up development impact and increase development effectiveness
- ⇒ Support to capacity building agenda

# Reliance on Country Systems

- Increase country ownership of Bank projects
- Enhance national systems
- Simplify Bank's processes Reduce Transactions' costs and Moving away from "ring-fenced" investment projects
- Not a disruptive move, rather, continuation of existing policies and practices ("NCB") in relation to which Bank has gathered experience for more than 20 years
- Simplifying and harmonizing policies and procedures from the perspective of a given Client country when Clients possess well-developed legal and institutional frameworks

## Basic Premises of Approach

- ⇒ Project-by-project approach very limited in impact – proposal of a new country approach including FM and Safeguards, with pilots in procurement at the sector/project level
- ⇒ Three phases
- ⇒ Assessment based on the policy framework and equivalence to Bank policies at the country level, and on performance and risk/capacity at the sector/project level

## Key issues

- ⇒ level of achievement defined by the use of the benchmarking tool too stringent and inflexible
- ⇒ complex, high value procurement processes to be excluded from the use of country procurement systems
- ⇒ proposed performance-based measures to address transparency, access to information, and GAC issues

## Selection of Consultants

- ⇒ All consulting requirements above certain thresholds to follow Bank Guidelines
- ⇒ All consulting requirements below such thresholds to use country methods agreed with the Bank
- ⇒ Country may request an equivalence assessment for increased reliance on use of country system for consultancy assignments above the stated thresholds.

## Process so far

- ⇒ Procurement in a broader reform context (“Expanding the Use of Country Systems in Bank Operations”); environmental and social safeguards component already approved by the Board of Directors
- ⇒ CS Paper submitted to Bank Board of Executive Directors on March 8 2005
- ⇒ Reaction from parts of the Business Community during consultations was strong
- ⇒ Revised Country Systems approach presented to CODE and Board of Executive Directors on June 19, 2007
- ⇒ Technical Briefing of Board on methodology on September 11, 2007



## **Bank oversight**

- ⇒ Application of remedies, including re-imposition of Bank procedures if failure to comply with provisions of Loan Agreement
- ⇒ Publicly disclosing Bank's assessment
- ⇒ Not a reduction of Bank standards, and adapted oversight

# Consultations

- ⇒ Objectives
- ⇒ Global electronic consultation, including the posting of a full-fledged document on the Bank website
- ⇒ Meetings held in both Part I and Part II Countries with the Private Sector, Governments, and other Stakeholders

# Implementation Timeline

- ⇒ Publish draft methodology on website in September 2007 following internal consultations
- ⇒ Consultations with external stakeholders September – November, 2007
- ⇒ Finalization of the Methodology in November 2007
- ⇒ Board approval in December 2007
- ⇒ Selection of Pilot Countries early 2008

# Consultants: issues

- ⇒ Project sustainability and quality of design
- ⇒ Harmonization of Policies on Consultants – which way forward to ensure quality (technical and ethical) and a working relationship between clients and consultants
- ⇒ Development of capacity and sustainability: lack of skilled resources and risk of impact on quality
- ⇒ Development of the local consulting capacity
- ⇒ Promoting integrity and fighting corruption: what are the real issues? Is there an opportunity for collaboration of consultants, IFI's and clients?

## BIMILACI

- ⇒ BIMILACI dates back to the very early 1990s
- ⇒ Meeting hosted alternatively by the World Bank and the IaDB, and attended in recent years by other MDBs and representatives from several Embassies and Us Treasury.
- ⇒ BIMILACI is an opportunity for dialogue with consulting industry which is an essential partner to exchange ideas, share views on development in our world, help improve policies and procedures, and service delivery

## EFFECTIVENESS OF THE WORLD BANK'S POLICY ON CONSULTANTS

- Assess effectiveness of the Guidelines in leading to “efficient contract allocation” by considering quality, efficiency & economy, fair competition, transparency and the development of LDC consultants
- Key focus: Effective selection depends to a good extent on the
  - (1) quality of the regulations and
  - (2) capacity of the users to apply it correctly

## Status of the WB study

- ⇒ More consultations will take place with concerned stakeholders and borrowing countries before changes are brought
- ⇒ Continue dialogue and review to reach harmonization with the other MDBs
- ⇒ Difference between the guidelines and their application, i.e. need for better guidance and training.
- ⇒ The WB does not intend to be too prescriptive in its guidelines
- ⇒ Revising guidelines would face opposition both at the Board of Executive Directors and by some stakeholders.

# Quality

- ⇒ Highest quality at the lowest price is incompatible (value for money) + potential risks, but what to do
- ⇒ Quality has been deteriorating (demand is greater than resources) but many causes other than QCBS; the question should be “what is the best selection method based on what is needed?”



# Capacity Building

- ⇒ Developing local capacity is key to achieve development results and protect the use of country, Bank, and donor funds for intended purposes in addition to quality objectives
- ⇒ The way forward: 1) harmonize consultant selection policies and practices; 2) recognize the role of national professional associations as pivotal for the private sector; 3) focus on promoting practices that encourage knowledge transfer; and 4) developing training materials and training platforms
- ⇒ Challenges: strengthening of weak regional groups, funding for training in the private sector

# PROFESSIONAL INTEGRITY

- ⇒ Another Bank study shows that procurement systems must rely on ethics and integrity to achieve quality
- ⇒ The Banks have numerous tools such as the red flags, ethics programs, fiduciary action plans or risk management modules, and will still work jointly to harmonize these tools.

## GAC

- ⇒ Supporting governance and anti-corruption at the country level.
- ⇒ Addressing the private sector role in governance.
- ⇒ Supporting global efforts to reduce corruption.
- ⇒ Preventing corruption in Bank-financed projects.

# Increasing Transparency and Competition in Procurement

- ⇒ Global need for transparency, efficiency, economy and effectiveness
- ⇒ Advertising
  - Bank-supported advertising
  - Increased use of websites for NCB advertising
  - Capacity building for countries to increase advertising opportunities
- ⇒ Competition
  - Policy and contractual requirements for equal treatment of foreign firms in bidding
  - Competitive selection of consultants

# Global partnership fighting corruption

- ⇒ Meetings w/ other Multilateral Banks to define a common approach and common strategy to fight corruption.
- ⇒ Possible actions: common approach to blacklisting, sharing of information...
- ⇒ Reach to the private sector to understand challenges and problems that corruption represents for the private sector.