

WTO Symposium on Transparency in Government



FIDUCIARY ASPECTS OF QUALITY AND TRANSPARENCY PROCUREMENT

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FIDUCIARY ASPECTS OF QUALITY PROCUREMENT

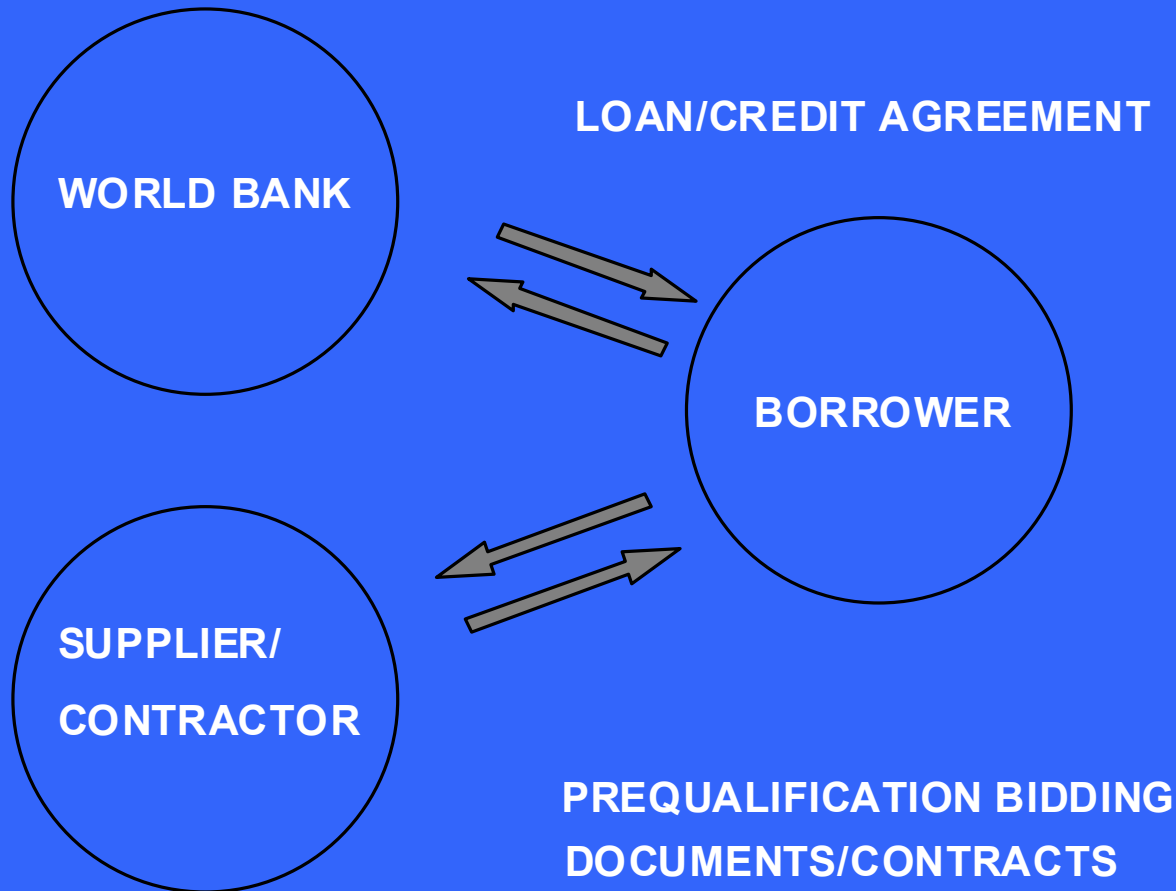
■ OVERVIEW

- Bank staff have a **fiduciary responsibility**, mandated by the Articles of Agreement of IBRD and IDA, to ensure that the proceeds of any loan/credit are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations.

FIDUCIARY ASPECTS OF QUALITY PROCUREMENT

- To fulfil this mandate, the Bank has established detailed **Guidelines** specifically for procurement of goods, works and consulting services
- Basic principles governing the Bank's Procurement Policies:
 - the need for **economy and efficiency**
 - to give all eligible bidders **equal opportunity to compete**
 - as a development institution, encourage the **development of domestic contracting** in the Borrowing country
 - the importance of **transparency** in the procurement process.

PROCUREMENT RELATIONSHIPS



FIDUCIARY ASPECTS OF QUALITY PROCUREMENT



- The **Loan/Credit Agreement** governs the legal relationships between the Borrower and the Bank, and **the Guidelines** are made applicable to procurement of goods and works, and to the selection and employment of consultants for the project as provided in the Agreement
- The rights and obligations of the Borrower and the providers of goods, works and consulting services are governed by the **bidding documents/RFP and by the contracts** signed by the Borrower.

■ ROLE OF BANK STAFF

- Maintains strict neutrality and impartiality throughout the process**

FIDUCIARY ASPECTS OF QUALITY PROCUREMENT



- Appendix 1 of the Guidelines describe the Bank's procedures for reviewing procurement decisions made by the borrower/client. The concurrence of the Bank is communicated to the client through letters conveying the Bank's "no objection" to the Borrower's decision (no-objection letters —NOLs). **The review of the decision and the issuance of the NOL described in Appendix 1 of the *Guidelines* constitute the core of the fiduciary function of procurement.**
- Task Team Leaders (TTLs) sign NOLs responding to Borrower's proposed actions, after a clearance by a Procurement Specialist (PS) or a Procurement Accredited Staff (PAS).

■ **Ensuring that sound national fiduciary systems are in place**

■ **Country Procurement Assessment Reports (CPARs)**

[Sound public procurement policies and practices are among the essential elements of good governance]

- **Jointly by the Bank and the Borrower**
- **Findings include Risks**
- **Recommendations/Action Plans → Procurement Reform**

■ **Capacity Analysis**

- **Assessment of management capacities**
- **Prior Review thresholds for contracts based on the risk analysis**

■ **Procurement Arrangements (provisions in Loan Agreements)**

- **Based on appraisal, capacity assessments etc.,**
- **Changes introduced after negotiations require WB approval and internal clearances**

■ During Implementation, WB:

- Monitors the quality of procurement by the Borrower through:**
 - **Prior Reviews**
 - **Post Reviews**
 - **Mandatory Reviews**
 - **Ex-Post Procurement Reviews**
 - **Ex-Post Procurement Audits**
- Reports major deficiencies and proposed remedies**
- Proposes adjustments of the Bank's procurement supervision plan to reflect improvements or deterioration in Borrower's performance**

Transparency in Government Procurement



Principles

Transparency : Key Principles

- **Effective Advertisement (broad + sufficient time)**
- **Public Bid Opening (immediate opening of all financial bids)**
- **Well-formulated Bidding Documents**
 - **Bid Evaluation Criteria (non-discriminatory, disclosed, in monetary terms**)
 - **Qualification of bidder reviewed separately**
 - **Contract Award to the lowest evaluated bidder --without negotiations**

Procedures should exclude:



- **Use of two-envelope system**
- **Use of merit-point system to evaluate bids (for civil works + goods)**
- **Combine bid evaluation with qualification**
- **Use of non quantified bid evaluation criteria**
- **Restricting access to bidding process**

Modern Procurement Regulations

- **Provide to losing bidders an effective way to submit protests**
 - **Protests submitted to an independent entity**
 - **Protests before contract award may lead to re-visit the contract award**
 - **Protests after contract award may lead to compensatory damages**
- **Institutional Mechanisms**
 - **Entities conducting bid evaluations should be distinct from those having a regulatory/control functions**
 - **Registration of qualified bidder is an heavy procedure which require frequent updating**