

OFFICE MEMORANDUM

DATE: May 23, 2002

TO: Distribution

FROM: Armando Araujo, Director (OPCPR)

EXTENSION: 38874

SUBJECT: **Revised CPAR Procedures**

1. The interim instruction of June 1, 1998 was prepared to assist Bank staff in carrying out Country Procurement Assessment Reports (CPARs). A key objective of the new procedures introduced by the instruction was to promote dialogue with governments on how to strengthen their public procurement systems. A further objective was to assess, in practice, the efficiency, transparency, and integrity of a country's entire procurement system and the risk it may pose to the use of Bank funds. The CPAR was also intended to provide a key input to the Country Assistance Strategy (CAS) for the Bank to support public procurement reform as part of an agreed implementation strategy.

2. The CPAR instruction of June 1998 anticipated periodic evaluations of its effectiveness and subsequent revision or modification as needed. In the intervening period, there have been a number of important developments that make such a revision timely. First, with transparency and broader governance concerns having become an integral part of country assistance strategies, the efficiency and transparency of public procurement systems has been seen increasingly as an important component of public sector management. Second, changes in the Bank's business over the years, including the increased use of adjustment lending and the introduction of poverty reduction support credits (PRSC) and debt relief initiatives, has resulted in the need to undertake a comprehensive diagnostic of the country's fiduciary accountability environment, including an assessment of the country procurement system, as part of the process for agreeing to such lending. Finally, in July 2000 the CPAR was officially designated as economic and sector work (ESW) requiring revisions to the instruction to comply with Bank business processes for ESW.

3. At the end of FY01, the Quality Assurance Group (QAG) undertook, at the request of the Procurement Sector Board, a review of some 20 CPARs conducted since the introduction of the 1998 instruction. This review has identified areas for improvement regarding the (a) internal quality of the assessments; (b) skill mix of the task team conducting the assessment; (c) coordination of the products with other Bank economic and sector work (ESW); and (d) overall impact of the assessments. Consequently, a revision of the interim instruction of June 1, 1998, was undertaken. The new instruction introduces:

- (a) Mandatory steps to comply with business processes for ESW;

- (b) Guidance aimed at strengthening the analytical content and internal quality of CPARs;
- (c) Steps to improve the impact of the CPAR, including coordination with other fiduciary ESW, follow-up actions plans, monitoring and evaluation, and capacity building strategies;

Revisions have also been made to other sections of the existing CPAR procedures. These revisions are aimed at strengthening consultation mechanisms with interested donor agencies, providing clearer guidelines on the scope and content of the CPAR, and guiding staff on possible sequencing of reforms including near-term capacity building, monitoring, and training measures that can be undertaken while approval for longer-term measures, e.g. legislative revision to procurement laws, is being sought.

4. The draft instruction was circulated to bilateral and multilateral donors for review and comment during the Heads of Procurement meetings held at the Inter-American Development Bank during 25-27 March 2002. Comments received from the participating organizations have been incorporated into the instruction. At the conclusion of the March meetings, the participants agreed to use the CPAR as an assessment tool and to continue to coordinate and participate actively in assessments and follow-up activities in client countries. In order to facilitate this cooperation, the World Bank shared the planned schedules for conducting CPARs through Fiscal Year 2004.

5. The revised CPAR procedures, April 2002, are attached. Questions on these revised CPAR procedures should be addressed to the Director, Procurement Policy and Services Group, Operations Policy and Country Services (OPCPR).

COUNTRY PROCUREMENT ASSESSMENT REPORT

SECTION I - INTRODUCTION

1. Sound public procurement policies and practices are among the essential elements of good governance. Good practices reduce costs and produce timely results; poor practices lead to waste and delays and are often the cause for allegations of corruption and government inefficiency. The Bank has always taken measures to ensure that sound principles and practices are followed in projects it finances, by requiring that borrowers adhere to its procurement guidelines and by supervising project implementation. The same benefits that accrue to Bank-assisted projects in which procurement is handled well, can and should be extended to all public sector procurement. Accordingly, the Bank is prepared to assist Borrower member countries, as an integral part of their Country Assistance Strategies (CAS), to analyze their present procurement policies, organization, and procedures; and to help them develop or modify their systems to:

- (a) increase their capacity to plan, manage and monitor the procurement process effectively;
- (b) improve the accountability, integrity, and transparency of the process and reduce the scope for corruption; and
- (c) be consistent with internationally accepted principles and practices.

2. The main instrument for undertaking this diagnostic and working with the client countries to achieve the above development objectives is the Country Procurement Assessment Report (CPAR).

3. The magnitude of resources involved in public expenditure is sizeable and has been conservatively estimated at between 8-12 % of GDP depending on the country. The prevalence of inefficient or corrupt practices leads to significant additional cost resulting in decreased delivery of services, infrastructure, and public goods. In addition to reducing costs, good management of public resources also increases the public's confidence in governance. The potential gains for putting in place sound public procurement practices are thus self-evident.

SECTION II - CPAR OBJECTIVES

4. The CPAR was designated as economic and sector work (ESW) in July 2000. Like other ESW, it is intended to be an analytical tool to diagnose the health of the existing system in a country and, in the process, generate a dialogue with the government focused on needed reforms. The main purpose of the CPAR is to establish the need for and guide the development of an action plan to improve a country's system for procuring goods, works, and consulting services. To accomplish this, the primary objectives of a CPAR are to:

- (a) provide a comprehensive analysis of the country's public sector procurement system, including the existing legal framework, organizational responsibilities and

control and oversight capabilities, present procedures and practices, and how well these work in practice;

- (b) undertake a general assessment of the institutional, organizational and other risks associated with the procurement process, including identification of procurement practices unacceptable for use in Bank-financed projects;
- (c) develop a prioritized action plan to bring about institutional improvements, and
- (d) assess the competitiveness and performance of local private industry with regard to participation in public procurement, and the adequacy of commercial practices that relate to public procurement.

5. Traditionally in Bank-financed projects, the purpose of the CPAR was to ensure that national procurement procedures were suitable for use and to help define the appropriate intensity of supervision. However, the fiduciary role of CPARs is also important in other types of Bank operations such as adjustment lending, debt relief, and poverty reduction support credits, where it is expected to provide assurance that the fiduciary framework for management of funds provided by the Bank is a sound one. For non-project lending, fiduciary and development objectives in fact coincide, since Bank funds and the government's own funds are fungible, and any overall improvement in the procurement system means that Bank funds are less at risk.

6. The CPAR continues to serve the dual purpose of ensuring that national procurement procedures are acceptable for use in Bank-financed investment projects and providing a sound basis for decisions on the management of supervision in Bank operations. The data collection and analysis necessary to meet the CPAR objectives listed above, combined with a review of the history of borrower procurement and disbursement performance, the frequency and nature of substantial complaints and past misprocurement, the existence of any major procurement-related problems and the existing procurement capacity in field offices are to be used to (a) establish appropriate review thresholds for different procurement methods; (b) provide input for the capacity assessment of implementing agencies; (c) gauge what would be an appropriate frequency and nature of procurement audits; and (d) provide information to support the determination of the range of procurement services that should be provided from field offices.

SECTION III - PREPARATION OF THE CPAR

7. ***Bank Business Process for ESW.*** In order to ensure that CPARs become an integral part of the country work program, that they are staffed by broad-based teams, and that they benefit from the full range of Bank expertise, it is essential that their preparation and review follow standard ESW business processes.¹ **Attachment Three** provides more information on the business processes for a CPAR, including information on mandatory documents, required reviews, and coding of products for entering into SAP. In accordance with the ESW business processes, there are two critical elements that are required to support the internal review process and quality enhancement process for all ESW:

¹ OD 2.00, March 1989, and updated in 1996.

- (a) Preparation of an Initiating Concept Memorandum (ICM); and
- (b) The Peer Review process
8. The purpose and importance of each of these is discussed below:
- (a) ***Initiating Concept Memorandum.*** Adequate preparation is essential for successful ESW. An ICM prepared by the TTL is a critical document that sets the stage for the CPAR and should be prepared well in advance of the main mission. The ICM is often prepared following a scoping mission which is used to ascertain the level of government support and ownership and identify specific areas of interest for the CPAR. The ICM should:
- Describe and justify the proposed task, including justification for timing, in the context of the country strategy and any prior CPAR or related ESW
 - Indicate the government's commitment, whether a counterpart team had been identified to work with the Bank and identity of collaborating development partners
 - Identify the range and scope of the CPAR including principal issues and focus areas that will be reviewed and explain how they will be addressed
 - Describe the task plan, team composition, required staff time, and budget
 - Identify the peer review team
- An ICM review meeting should be convened and chaired by the Country Director or a designated staff from the country team. The meeting should provide guidance to the team concerning the scope, focus, and the analytic framework of the proposed work and resolve any particular problems affecting the implementation of the work. A memorandum, recording the principal decisions taken at the meeting, should be cleared with the meeting Chairperson and circulated promptly to the recipients of the original ICM.
- (b) ***Peer Review Process.*** The key documents prepared which lead to the delivery of the final ESW product are the Initiating Concept Memorandum described above and the draft report which provides a working document that is circulated for comments. Both documents are subject to a mandatory peer-review process involving experienced staff from within the Bank and external participants selected to enhance the quality of the end product and provide the valuable input and insight of others who are not members of the assessment team. Peer reviewers are selected from within the region, from sectors that are related to procurement and from development partners that have an interest in the product. The peer-review process enables the TTL to augment the professional skills of the assessment team.

9. **Ownership.** The CPAR should be undertaken in agreement with the government to ensure ownership of the proposed reform program. Ultimately, the country must decide what actions it will take to improve procurement, so it is essential that it participate fully in defining the scope of the assessment, scheduling the various activities required, collecting and analyzing the data needed, and preparing the final report. Accordingly, the organization(s) in the country responsible for procurement should be encouraged to provide counterparts to work in partnership with the Bank staff or consultants who collect the data, analyze the present system, and formulate recommendations to correct problems they find. At a minimum, the country should designate a liaison and coordinating agency that can provide basic support services and help the CPAR team by identifying sources of information, facilitating meetings and guiding the study efforts. If the country does not have a clearly defined organizational hierarchy of procurement responsibilities, it may be desirable for an organization with an oversight interest in public procurement, such as a Ministry of Finance, to be the coordinating party. Seeking the support and participation of the government is a key responsibility of the task team leader (TTL). Techniques that have proved useful in obtaining government support include: (a) discussing the positive economic benefits; (b) exploring trade benefits; (c) providing data which can demonstrate inefficiencies in the existing system (such data is generally available from experience under Bank-financed projects); (d) making use of the country's interest in joining international treaty agreements; and (e) benefits which may be available under existing or planned lending. Many task managers have successfully used an introductory workshop with government organizations as an opportunity to discuss the benefits of a CPAR and generate ownership and support.

10. **Operational Procurement Review (OPR).** In the event a government is unwilling to participate (see discussion on participation in paragraph nine above) in the preparation of a CPAR, it may still be necessary for the Bank to have accurate information about the system in the country in order to carry out its fiduciary responsibilities. In such cases, sufficient information must be obtained to enable the Bank to assess the national procedures for procurement to determine acceptability for use in national competitive bidding under Bank-financed projects and to make judgments about appropriate supervision arrangements. Such a limited review, with no evidence of government support or ownership, is considered to be an Operational Procurement Review. In some cases it may be necessary to seek the guidance of the Procurement Board to determine if there has been sufficient participation on the part of the counterpart government for the assessment to be considered a CPAR. The question of counterpart participation needs to be clearly addressed in the ICM to enable the earliest determination on the status of the product and whether it can meet the criteria for a CPAR.

11. **Management and Quality of CPARs.** The CPAR is the primary ESW product of procurement sector. The Regions are responsible for the quality of CPARs—the Country Director has final sign-off authority and the Regional Procurement Adviser (RPA) ensures that appropriate quality assurance arrangements are in place. The Procurement Board is responsible for the development of the instrument, providing guidance to staff, overall monitoring of quality, and identifying action programs needed to improve quality. The anchor unit of the PR Board (OPCPR) and the legal procurement team (LEGPR) is involved in the review of the CPAR at critical stages and is available to provide advice and assistance to teams.

12. **Staffing.** The TTL carrying out the CPAR should normally be a senior procurement staff member of the Bank. Consultants engaged to work on a CPAR will be under the leadership and management of the TTL. The TTL should be designated by the RPA in consultation with the Country Director. The Director of Operations Support and the anchor to Procurement Board should be consulted if there are issues with staffing. The team carrying out a CPAR should consist of members with professional competence and experience in procurement including knowledge of laws and practices, institutional arrangements, and understanding of risk assessment. In addition, the team or the group of peer reviewer(s) should include someone with a strong background in public sector management. A CMU or Country Office (CO) staff member who will help identify valuable sources of information, and take part in the discussions with the government about the recommended action program, should also be included on the team. To the extent feasible, participants from other interested donors or partners in the country should be invited to be active members of the team or as peer reviewers (see paragraph 14). The staffing of the CPAR team should be identified in the ICM to enable reviewers to consider the skill mix of the team and determine areas where additional resources may be needed.

13. **Resources.** It is essential that adequate budget resources be committed by the CMU to undertake a CPAR. While overall budget resources will vary depending on the country and complexity of the task, recent experience indicates that budgets below \$75,000 may result in less than satisfactory products. Depending on the size and complexity of public sector procurement in a country and the way it is presently being implemented, the preparation of a CPAR, from initial data collection in the field to development of an action program, is likely to require from 15 to 45 staff weeks of professional services (i.e., from \$75,000-225,000), over a minimum period of approximately 3 to 6 calendar months. A budget of less than \$75,000 is only suitable for very small countries.

14. **Partnerships.** Sound, effective country procurement systems are a priority interest to the regional development banks and other donors, as well as the World Bank. Collaboration with regional development banks and other donors active in the country should therefore to be actively pursued. Their involvement may take several forms, such as the provision of staff or financing of consultants in the multidisciplinary team undertaking the CPAR; participation as peer reviewers for the ICM and the draft CPAR; provision of financing for implementation of the action plan to help leverage Bank resources; or a combination of these forms.

15. **Integration with Other Bank ESW Products.** Other Bank ESW and diagnostic products may overlap with the CPAR or address areas of interest that are related to the public procurement system in a particular country. The principal examples are the:

- Public Expenditure Review (PER), which analyzes public spending allocations and the institutions responsible for public expenditure management
- Country Financial Accountability Assessments (CFAAs), which review the financial accountability arrangements in the public and the private sectors. (The CFAA and the PER, together with the CPAR are generally referred to as “fiduciary ESW”)
- Institutional and Governance Reviews (IGR) which review the quality of accountability, policy-making and service delivery institutions.

16. These products, whether planned or existing, may have an impact on the scope, timing, and process for carrying out a CPAR. The scope of the CPAR may be reduced to exclude areas covered or planned to be covered by other Bank or partner organizations' ESW/diagnostic work, with the final CPAR incorporating relevant conclusions from that work. The timing and process may be affected if it is agreed to carry out the CPAR at the same time or to sequence its timing with one or more of the other products. Staff who are planning CPARs should first review other relevant planned or actual ESW/diagnostic products and, where appropriate, meet with the teams concerned to ensure coordination and integration with the Bank's overall efforts. To ensure that the integrated product will achieve the objectives of each of the three fiduciary ESW products, in particular that it will facilitate the implementation of recommended action plans, the Anchors of each of the three Sector Boards should be consulted at the initial stage of the ICM. Comments should also be sought from the Anchors of the three Sector Boards before the draft final integrated report is sent to the client, including guidance on the most appropriate way to present the final report to the client. The results from the "fiduciary ESW" products should be reflected as a consolidated input into the CAS fiduciary assessment and coordinated strategy for addressing this area in the country.²

SECTION IV - CONTENT AND ORGANIZATION OF CPAR

17. *Assessment of Country Procurement System.* A country's procurement system is the composite of the following main factors:

- (a) legal framework
- (b) procurement system organizational framework
- (c) procurement capacity building system/institutions
- (d) procurement procedures/tools
- (e) decision-making and control system
- (f) anti-corruption initiatives and programs
- (g) private sector participation in the system
- (h) contract administration and management
- (i) system for addressing complaints

18. These topics cover the legal and technical framework for a country's procurement system but, by themselves, they do not describe how well or poorly the system works or whether there are significant differences in performance in different sectors. It is essential for the CPAR to examine how all types of procurement are supposed to be carried out for goods, works and consultant services, including where applicable large and/or complex turnkey, supply/install, management of public utilities, concession, information technology, and other contracts. More importantly, while the official regulations and procedures may be basically sound or need only

² Interim Guidelines on "Treatment of Procurement and Financial Management in Country Assistance Strategies" dated June 30, 2001 jointly issued by the PR and FM Sector Boards applies.

minor changes, the CPAR must examine their application and enforcement in practice, which may be entirely different. Poor dissemination of rules, inadequate training of personnel, lack of enforcement, failure to maintain good records, endemic corruption and a variety of other factors create risks that can undermine an otherwise seemingly adequate system.

19. ***Issues Associated with Risk in the Public Procurement System.*** A central tenet of the CPAR is the evaluation of the different risks associated with the country's procurement system. Poor procurement quality often results from underlying factors inherent in the society or in the organization carrying out procurement. Such factors include (a) the degree to which high levels of government promote a culture of accountability, (b) the status of the public sector staff responsible for procurement, (c) the salary structure of public sector procurement staff versus the private sector, (d) the degree to which agencies responsible for procurement are free from political interference, (e) the existence of honest and capable procurement staff, and (f) the presence of clear written standards, procedures and delegations of authority and responsibility. Although such issues may be extremely sensitive to the government, they must be examined in detail during the CPAR process because they are most often the key barriers to good quality procurement in practice and have a direct bearing on risk associated with the public procurement. Analysis of these factors and others in the country will help lead the CPAR team to assessing the overall risk in the system. The categorizing of risk is inherently a subjective determination which should be supported by less subjective indicators and information available on the system. The table below provides a sample methodology that was used in a recent CPAR to link typical risks in public sector procurement to actual indicators found in the system. Identifying risk factors also facilitates the development of the action plan.

Risk to be managed	What can happen	How it can happen
Loss of economy and inefficiency in procurement	<p>Tenders are not awarded to the lowest responsive bidder.</p> <p>The tenders received / awarded do not represent best value for money.</p> <p>Time taken to solicit and award tenders is excessive.</p>	<ul style="list-style-type: none"> • Lack of competition (see below) and capacity to understand market. • Poor contracting strategies / procurement documents which place excessive and unnecessary risks on bidders / overlook quality in selection of consultants. • Lack of procedures / excessive controls / shortage of experienced or trained staff / data management systems. • Weak procurement planning. • Uncompetitive procedures for selection and employment of consultants.
Unfair and inequitable treatment of suppliers and contractors	Responsible parties have double standards in dealing with suppliers and contractors.	<ul style="list-style-type: none"> • Preferential treatment beyond that provided for in the law is practiced. • Price matching is used to secure the participation of enterprises targeted in terms of a preferential procurement policy.

Risk to be managed	Indicative risk of objectives not being fully realized in components of system			
	National	Provincial	Local	SOE
Loss of economy and inefficiency in procurement	M	M-H	M-H	L-M
The exclusion of certain eligible bidders from competing for bids	M	M-H	M-H	L-M
Unfair and inequitable treatment of suppliers and contractors	L	M-H	M-H	L-M
Lack of integrity, fairness and public confidence	L	M-H	M-H	M

20. **Risk to Bank-financed Projects.** A CPAR also helps determine to what extent factors evident in the country's public procurement system will affect the Bank's portfolio. The Bank's principal concern is to ensure that funds are used both efficiently and transparently for the purpose intended. In addition to looking at elements of public sector management affecting the public procurement system and collecting anecdotal evidence on practical implementation, a good risk assessment needs to be based on empirical data, to the extent it is available. The use of ex-post procurement reviews as well as experience with procurement under Bank-financed projects provides essential inputs to an overall risk assessment based on actual performance data. In addition, consultation with task managers of Bank-financed projects in the country's portfolio can provide specific data useful to completing the risk assessment. The result of the risk assessment shall indicate whether the country risks are high, average, or low. This risk assessment will be the key input that guides the Bank's decision regarding the nature and intensity of Bank supervision of procurement in that country and will provide contributing information that can be linked to specific lending instruments to support implementation of key recommendations.

21. **Quality of CPARs.** A strong analytical framework, supported by sound empirical data which is carefully tailored to the specific country context, is a prerequisite for producing a CPAR of good quality. Experience with other ESW reports has shown a number of ingredients are important to achieving this. In general, there needs to be a logical sequence starting with the identification of issues to be addressed, the supporting analysis, the conclusions and recommendations, and finally to the development of a specific action plan.

22. Some important areas require particular attention in the preparation of CPARs:

- (a) Use of quantitative information, ex-post procurement reviews, experience with Bank portfolio corruption perception surveys, consultation with local private companies etc. to assess the actual performance of the country's procurement system; local consultants can be employed to help collect and analyze this data;
- (b) Detailed institutional analysis of key government ministries and agencies in the actual performance of public procurement responsibilities, their strengths and weaknesses, priority capacity building needs, the governance environment in which they operate, and the incentives needed to improve performance;

- (c) A report that is concise, logical, reads well, and is not excessively technical providing a clear message that can be understood and accepted by non-technical decision-makers in the counterpart Government and within the Bank;
- (d) A risk assessment which identifies clear areas of risk and which proposes a risk management strategy, with targeted interventions, to reduce these risks;
- (e) A detailed action plan which prioritizes recommendations, differentiates between short, medium, and long term recommendations, carefully assesses the political feasibility of the main recommendations, and which is linked to the Country Assistance Strategy;

In general, the quality of ESW is strongly associated with improved development outcomes of Bank country assistance strategies. The Internal Quality section of the QAG questionnaire used for the evaluation of ESW provides useful guidance to task managers undertaking CPARs.

23. **Records Management.** Good record keeping is a necessary condition for transparent and fair procurement. This involves setting up an efficient and dependable information management system that not only keeps records of important bidding and contract documents but also provides accurate information on the current status of individual bidding processes. While investigating the procurement practices and procedures, the CPAR team should take particular note of the availability and completeness of procurement records.

24. The absence of, or significant deficiencies in, such records should be reported in the CPAR findings and addressed in the recommended action program. In addition, because timely completion of the procurement cycle is an important indicator of the efficiency of a procurement system, the CPAR team should also determine to what extent effective procurement monitoring systems are in use, and whether the application of a process of electronic monitoring would be helpful.

25. **Emerging Areas.** There are several emerging areas of growing interest to the Bank and our client countries with regard to assessing the public procurement system. These areas, along with more traditional elements of a public procurement system are covered in **Annex B** through a series of specific questions which can help focus the review. These areas of emerging interest include the following:

- E-procurement and the use of technology to increase competition and improve transparency in the public procurement system;
- Environmentally and socially responsible procurement (green procurement)—including the adequacy and extent to which this topic is addressed in the existing procurement system;
- Contract administration including review of a number of indicators that cover payments, performance of suppliers, extent of price increases and contract amendments, dispute resolutions, arbitrations, quality control/inspection and acceptance and warranties;

- Control systems which track the flow of funds and help detect weaknesses in the application of the procurement regulations and procedures and those that could facilitate money laundering or financing of illicit or criminal activities;
- Applicability of the public procurement laws and regulations to military expenditures.

26. **Organization of CPAR.** The CPAR should be prepared in two main parts; an Executive Summary and the Report, including annexes and attachments. The Executive Summary should be concise and to the point; it should not exceed 3-5 pages. The summary should open with introductory remarks which relate key elements of the ICM including information on the participation of the counterpart team in the review and assessment. It should continue with an overall assessment of the procurement environment in the country and an identification of the major risks observed. A summary of the critical findings including a discussion on why these are critical findings should be included, followed by a listing of the major strengths and weaknesses of the present system, as bullet points grouped by topics; e.g., regulatory framework, institutions, human resources and capacity, performance in Bank projects, etc. The summary should conclude with an outline of the action plan based on the assessment that includes recommendations both for the country and for any Bank operational matters.

27. The Report should describe the key findings on the effectiveness and transparency of the present system, provide the supporting analysis, and highlight any critical recommendations. Its length should normally not exceed 25 pages. The information and analysis contained in the report will be the basis for discussions about follow-up steps. It should therefore contain a recommended action plan consisting of a coordinated package of initiatives affecting all of the major areas requiring follow up, including legislative changes, organizational reform and plans for training and capacity building. The Report will also cover each of the areas identified in the ICM as being areas of specific focus for the CPAR. The report must also provide the specific input needed for Bank internal use including: acceptability of national procedures for Bank-financed procurement; risk assessment; recommendations for supervision of procurement under Bank-financed projects; and provide some information on possible sources of financing linked to the country assistance strategy. The CPAR should recommend the dollar ceilings below which short lists of consultants for Bank financed projects may comprise entirely national firms. The ICM should be included as an attachment to the report and may be referred to for information on the country which need not be repeated in the body of the report.

28. The annexes and attachments to the Report are an opportunity to provide a fuller description and discussion of each of the topics covered in the CPAR. They can be used to provide the background and supporting material for the team's findings and key recommendations that are presented in the main report as well as the counterpart teams response or comments on areas of disagreement with the Bank's team. They should also include a complete list of the laws, regulations collected during the preparation of the CPAR. Copies of relevant and important documents collected and additional backup materials should be retained for reference and future use in the CMU files.

29. The following attachments and annexes are included with this revised CPAR instruction:

- Attachment 1 provides elements of a well-functioning public procurement system.
- Attachment 2 provides guidance on the contents of the CPAR.
- Attachment 3 contains information on the processing of the CPAR as an ESW product.
- Annex A contains a checklist to help in determining unacceptable procurement practices for NCB under Bank-financed projects.
- Annex B provides guidance in the form of a checklist of questions to be investigated for each important aspect of a procurement system. These materials are illustrative and for guidance only; each country is unique and the CPAR effort must be tailored to the country environment.

30. **Disclosure.** The Bank generally encourages the involvement of a wide range of interested stakeholders in the process of preparing CPARs, and the dissemination of the results of the review to these groups. They should normally also include other development partners, professional bodies, civil society and private sector representatives, as well as academics. The Bank's disclosure policy is that completed CPARs will be disclosed unless there is specific objection by the government. The government should be informed of this policy when the final CPAR is officially forwarded to the government by the Country Director.

SECTION V - FOLLOW-UP TO THE CPAR

31. **Report's Impact.** The follow-up of implementation of recommendations is a critical phase which is decisive in determining the impact of the report. This has traditionally been the weakest aspect of ESW, including the CPAR. It is therefore essential that these recommendations be clearly justified and prioritized in the report. Recommendations should be differentiated in terms of their short-, medium-, and longer-term feasibility. A cost estimate and an identification of potential sources of funding should be provided for the implementation of these recommendations. To the extent possible, a lead organization and specific agents should be identified for the implementation of each of the items in the action plan.

32. The CPAR should first be given to the government for review, followed by discussions of the findings and recommendations between the government and the CPAR team. The objective of these discussions should be to agree on the specific scope of actions to be taken, a time frame for their implementation, and the responsibilities for coordination and execution of the program. The results of agreements reached during these discussions should then be incorporated in the Country Assistance Strategy and appropriate actions initiated.

33. From the outset of the CPAR exercise, there should be an explicit understanding between the country and the Bank that the results are intended to form the basis for agreed action programs if the CPAR indicates significant deficiencies in the existing system. When agreeing with a government to undertake a CPAR, the CMU should anticipate that assistance in the form of technical and financial resources will be needed to implement agreed action plans. The Bank should be prepared to help organize and, if necessary, fund this assistance in the same way it does with other policy and sector reform programs.

34. ***Monitoring and Evaluation.*** Designing a monitoring and evaluation system, with appropriate benchmark indicators, is essential to tracking progress during the implementation of the agreed action plan. The indicators should be selected with a view to improving the actual performance of the country's public procurement system. Such indicators, for example, might measure (i) the timeliness with which procurement decisions, i.e., awards, contract negotiation, contract payment, are taken; (ii) the frequency with which contract award decisions are protested or overturned; (iii) the effectiveness with which complaints are handled; and (iv) reliability of records management system. Putting in place an electronic monitoring system, which is accessible outside of government ministries and agencies, is an effective way to monitor improvements in benchmark indicators.

35. Discussions with the Government on follow-up to the CPAR may lead to an agreement that the country needs to carry out reforms in the area of public procurement. The need for procurement reform may also arise in the context of various project-related activities. Procurement reform may be financed either through an Institutional Development Facility Grant (IDF), that solely finances procurement reform activities, or as a component of an investment or technical assistance project.

36. ***Developing an Implementation Strategy.*** A sound and effective public procurement reform program is likely to start by revising the existing procurement laws and regulations or by introducing an entirely new legal framework in the countries where there were no pre-existing rules. These are critical areas for procurement reform but their implementation may take time until a political consensus has been reached. Other areas for improvement include the reform or strengthening of institutions overseeing procurement, the organization of a procurement monitoring system and the training of government procurement staff in enforcing new rules, preparing standard procurement documentation and recording procurement data. Some of these areas can, and should, be addressed in the short term while longer-term action on legislative and institutional reform is being sought. The timing of actions, identification of responsibilities, financing and other key decisions are part of developing and monitoring an implementation strategy that must be done in close consultation with the government. The recommendations and action plan in the CPAR should be flexible, providing options to the government for the development of a procurement reform implementation strategy.

Attachment 1

Elements that Constitute a Well Functioning Public Procurement System

1. A public procurement system can be said to be well functioning if it achieves the objectives of transparency, competition, economy and efficiency, fairness and accountability. The following are among the key elements that can be used in determining to what extent a particular system meets these objectives.

(i) A clear, comprehensive and transparent legal framework as characterized by: the presence of legal rules that are easily identifiable, that in themselves do promote all the objectives stated above and that govern all aspects of the procurement process. At a minimum such rules should provide for: wide advertising of bidding opportunities, maintenance of records related to the procurement process, predisclosure of all criteria for contract award, contract award based on objective criteria to the lowest evaluated bidder, public bid opening, access to a bidder complaints review mechanism, and disclosure of the results of the procurement process.

(ii) Clarity on functional responsibilities and accountabilities for the procurement function as characterized by a definition of: (a) those who have responsibilities for implementing procurement including preparation of bid documents and the decision on contract award, (b) who in the buying entities bears primary accountability for proper application of the procurement rules, and (c) means of enforcing these responsibilities and accountabilities including the application of appropriate sanctions.

(iii) Related to (ii) above, is the need for an institutional framework that differentiates between those who carry out the procurement function and those who have oversight responsibilities. In this regard, it is now generally agreed to be a good approach to have an agency which has responsibility for overall procurement policy formulation and the authority to exercise oversight regarding proper application of the procurement rules and regulations. Attributes that make such an agency successful include: lack of involvement in internal operational procurement matters in the buying entities, functional independence and authority to enable it oversee procurement in the entire public sector and an adequate budget and staff to enable it carry out its responsibilities effectively.

(iv) Robust mechanisms for enforcement. Clarity of rules and institutional arrangements may be of little value if there doesn't exist the means to enforce the rules and if the rules aren't in fact enforced. The means of enforcement include the right to audits by the government of the procurement process and a bidder complaints review mechanism in which bidders have confidence.

(v) A well trained procurement staff. Central to ensuring proper application of the procurement system is a cadre of staff that possess the technical proficiency to implement

the function. The existence of a continuous, focused, and targeted training program is therefore mandatory.

2. It should be noted that the issues listed above are, however, not exhaustive and any assessment and analysis will need to be customized to the issues present in each specific country. In particular, it will be important to also assess the manner in which all the above actually work in practice.

Attachment 2 - Suggestions for Format and Content of CPAR

Each CPAR will be different and reflect the scope and content as agreed in the approved Initiating Concept Memorandum (ICM). The following provides guidelines on format and content based on a "standardized model" that should be used where and when applicable.

I. Executive Summary

1. Introductory Remarks
2. Summary of Critical Findings and Brief Analysis
3. Outline of Recommended Action Plan

II. Report

A. Preface:

1. Date and Basis for Report
2. Acknowledgments
3. Government Participating Organizations
4. Other Co-Sponsors/Contributors
5. World Bank Team

B. Background:

1. Relevant Country Information (may be summarized from ICM)
2. Bank Portfolio in Country (actual and planned)
3. Brief Discussion on Extent of Government Participation in CPAR

C. Discussion and analysis of Findings: (customized to scope of the CPAR as defined in the ICM)

Public Sector

1. Legal and Regulatory Framework
2. Procedures and Practices
3. Organization and Resources
4. Audit and Anti-Corruption Measures
5. Public Sector Management Performance
6. Performance on Bank-Financed Projects
7. General Risk Assessment
8. Recommended Supervision Plan and Identification of Unacceptable Practices for use in Bank-Financed Projects

Private Sector

1. Competitiveness and Participation of Private Sector in Public Procurement
2. Performance on Public Procurement Contracts (quality, timeliness, disputes)
3. Commercial Practices as they Relate to Public Procurement System

D. Recommended Action Plan:

1. Sequenced Actions Summarized by Major Categories
2. Identification of Measures to be Taken by Government/Private Sector
3. Identification of Measures to be Taken by Bank and other Donors/Organizations
4. Technical Assistance
5. Timetable
6. Potential Sources of Financing
7. Monitoring and Follow-up Plans

III. Attachments and Annexes

1. Background and Supporting Material for the Team's Findings
2. Listing of Laws/Regulations, etc.
3. Other Relevant Information such as Special Studies, Statistical Data, etc.

ATTACHMENT 3 - GUIDANCE ON THE BUSINESS PROCESS FOR THE CPAR

Initiating Concept Memorandum

1. The following is an illustration of the contents of an Initiating Concept Memorandum for a CPAR. The ICM is often prepared following a mission to the country to discuss the scope and participation of the Government and other interested stakeholders in the CPAR.

- Background
 - ⇒ Country background
 - ⇒ Objective of the CPAR
 - ⇒ Relationship to CAS, lending program, and policy dialogue with the country authority including basis for timing of the CPAR
- Scope
 - ⇒ Areas to be reviewed
 - ⇒ Specific issues deserving attention
 - ⇒ Other relevant sources of available information, and how the CPAR relates to these
- Methodology
- Process
- Role and identity of participants
 - ⇒ Country authorities and other in-country stakeholders
 - ⇒ Collaborating development partners
 - ⇒ Planned contributions by country authorities, other-in-country stakeholders, and partners.
- Relationship to other Bank diagnostic ESW work and any lending operations supporting public sector reform
- Reporting arrangements and timetable
- Team composition and quality assurance arrangements
- Budget

2. The draft ICM should be prepared early in the planning stages for a CPAR, **but as a minimum four weeks prior to the scheduled assessment mission.**

3. The draft ICM shall be circulated, as a minimum, to the following for review and comment prior to the scheduled review meeting:

Mandatory Reviews:

- Regional Procurement Advisor
- Country Director
- LEGOP
- OPCPR
- Peer Review team (including those external to the World Bank)
- All members of the assessment team

Other Recommended Reviews (to extent not represented as peer reviewers):

- Other regional staff as may be determined by regional guidelines
- Country lawyer
- Country Economist
- PREM
- Regional Financial Management Advisor
- Government Counterparts

4. A review meeting for the draft ICM shall be scheduled **at least three weeks prior to the assessment mission**. The review meeting should be chaired by the Country Director or a designated representative. Following the review meeting, information should be provided to those reviewing the draft ICM to indicate changes made as a result of the review process. The draft ICM should be finalized accordingly and distributed.

The CPAR

5. The draft report shall be circulated to the same list of reviewers as the ICM (indicated in paragraph three above). This list indicates the required reviews and should be expanded to include additional participants such as external partners and other donors. The draft report shall be discussed in a review meeting chaired by the Country Director or a designated representative. Following the meeting, a memorandum shall be prepared indicating the changes to be incorporated into the draft report based on the review.

6. The draft report should be shared with the concerned government counterparts as part of the preparation and review of a CPAR. This can be accomplished by seeking comments and government input throughout the process. In some cases, it may be advisable to arrange a separate review meeting with the counterparts if funds are available to organize such a review.

7. Following the completion of the final report, which includes the input from the review process, the CPAR shall be forwarded to the government under an official forwarding letter from the Country Director. The letter shall indicate that the Bank intends to publish and disclose the CPAR in accordance with the Bank's disclosure policy unless the government states its objection.

8. Distribution of the completed CPAR shall be made as a minimum to the same list as indicated in paragraph 3.

Information on Normal Processing Times for a CPAR

9. A CPAR normally takes 6 months or longer to complete. The length of time can vary widely depending upon many factors such as: coordination with other ESW; identification of team members and organization of their participation; identification and coordination with other development partners and interested donors; the size and complexity of the planned CPAR; the need to organize the participation of the government counterparts, to name just a few.

10. Task team leaders should carefully consider the steps leading to the CPAR assessment mission and the time needed to complete the process and deliver a completed product of high quality. The key milestones are to be entered into the SAP system by the task team leader and should be realistic from the beginning. The SAP system is used by the Bank to monitor compliance and to forecast the delivery of products. Regional management is responsible for projecting and reporting on the delivery of ESW products based on the entries into the SAP system.

11. The CPAR is an ESW product and shall be entered into the SAP using appropriate codes based on guidelines which are provided to staff.

Annex A - Checklist comparing National Competitive Bidding Procedures and World Bank Policy			
	Yes	No	Bank Policy
1. Are there eligibility restrictions based on nationality of bidder and/or origin of goods (other than primary boycotts)?			Not allowed
2. Are there primary boycotts which are established by law?			Only primary boycotts are acceptable
3. Are bidding opportunities advertised in the local press?			Required
4. Are prospective bidders allowed at least 30 days for bid preparation (except for commodities/small goods contracts)?			Required
5. Are contractors/suppliers prequalified for large/specialized contracts?			Required
6. Are minimum experience, technical and financial requirements (for pre- or post-qualification) explicitly stated in the documents? <hr/> <p>Registration should not be used as a substitute for advertisement when open competition is required. However, when advertising for civil works, borrowers could indicate the required minimum category of contractor specified in the registration system.</p>			Required <hr/> Required
7. Is an invitation to prequalify advertised for each procurement involving large or complex potential contracts?			Required
8. Are joint ventures with local firms required for foreign firms' eligibility?			Not allowed
9. Are joint venture partners jointly and severally liable?			Required

Annex A - Checklist comparing National Competitive Bidding Procedures and World Bank Policy			
10. Are there set limitations to the number of firms who can bid for a contract?			Not allowed
11. Are parastatals allowed to bid?			Acceptable only if they (i) are financially autonomous, (ii) operate under commercial law, and (iii) are independent from borrower and its purchasing/contracting authority.
12. Are bidders required to register with a local or federal authority as a prior condition for bidding?			Should be discouraged. Acceptable only if registration criteria, process and cost reasonable/efficient and qualified foreign firms are not precluded from competing.
13. Are extensions to bid validity allowed?			Acceptable only if justified by exceptional circumstances.
14. Are there restrictions on the means of delivery of bids?			Not allowed, except when bidders have to submit physical samples. Then they can be required to deliver bids by mail, by courier, by hand, etc.
15. Is preference given to suppliers or contractors based on region or locality of registration, small size, ethnic ownership, etc.?			Not allowed
16. Are there restrictions on sources of labor and material?			Not allowed, except for unskilled labor, if available locally.

Annex A - Checklist comparing National Competitive Bidding Procedures and World Bank Policy		
17. Is public bid opening required? Does it occur immediately or closely following the bid submission deadline?		Required
18. Is a “two envelope” bid opening procedure permitted for procurement of goods or works? ³		Should be discouraged. Allowed only if (i) domestic law precludes use of one envelope and (ii) provided adequate safeguards against retaining second envelope unopened are incorporated in the two envelope procedures and effective bid protest mechanisms are already in place for the due processing of bid complaints.
19. Is automatic rebidding required if too few bids are received?		Acceptable, provided all responsive bidders are allowed to bid, the process is efficient and no serious delays result.
20. Is “bracketing” used in bid evaluations? ⁴		Not allowed
Are bid evaluation criteria other than price allowed?		Only if quantified in monetary terms
21. Is award made to lowest evaluated qualified and responsive bidder?		Required

³ All technical envelopes are opened first and, after review, price envelopes of all or only qualified/responsive bids are opened in the second round.

⁴ Rejection of bids outside a range or “bracket” of bid values.

Annex A - Checklist comparing National Competitive Bidding Procedures and World Bank Policy			
22. Are price negotiations conducted with “winning” bidders prior to contract signature?			Not allowed, except where the bid price is substantially above market or budget levels and then only if negotiations are carried out to try to reach a satisfactory contract through reduction in scope and/or reallocation of risk and responsibility which can be reflected in a reduction in Contract Price. (See Guidelines para 2.60)
23. Are price adjustment provisions generally used?			Not required, but recommended for works contracts of one year or more in duration when domestic inflation rate is high.
24. Are the terms and conditions used in goods and works procurement generally appropriate for the size and nature of contract intended?			Required (to be acceptable they should be balanced, reasonable, and clearly address the most important issues that lead to problems during performance, e.g. risk allocation, payment, inspection, completion/acceptance, insurance, warranties, changes, contract remedies, force majeure, governing law, termination, etc.)
25. Are contract scope/conditions modified during implementation?			Acceptable, but the Bank’s approval is required for changes in those contracts that were subject to prior review under the Loan Agreement.

ANNEX B - QUESTIONNAIRE ON PUBLIC PROCUREMENT SYSTEM

Section A - Legal Framework
GENERAL FEATURES
1. Identify predominant legal system (i.e. Common/Civil Law; Socialist; other)
2. Identify form of government (i.e. federal or centralized)
3. Does the Constitution (if there is one) contain any provision directly bearing on public sector procurement? (If so, describe)
4. Is the country a signatory (or planning to become one) to the Agreement on Government Procurement of the World Trade Organization?
5. Does the basic contract law contain any provision directly bearing on public sector procurement? (If so, describe)
6. Is there a separate body of law which regulates public sector procurement, or is it governed by regulations issued under an organic finance act?
7. Is the system clear, comprehensive and consistent? Does it cover all essential aspects with no unduly complicated, unnecessary, conflicting or outdated regulations? Are rules found in various distinct sources or within a well coordinated legal framework?
8. Is the hierarchy of the sources of procurement rules well established?
9. What is the scope of coverage for the procurement legal framework? Does it cover sub-national government? Does it include coverage of all government procurement including security and military procurement?
10. Are there separate procurement rules established for parastatals? Describe.

11. Is the procurement function decentralized? If so, describe basic structure, name the main decentralized procuring entities and indicate their role, rights, and responsibilities.
12. Is there an entity(ies) with oversight responsibilities for procurement functions throughout public administration (e.g., with primary regulatory powers, responsible for harmonization of rules and monitoring of compliance)? If so, identify and describe responsibilities and structure.
13. Is there a Central Tender Board or a similar institution? What are its duties and responsibilities?
14. Does the system allow/facilitate the introduction of new and innovative techniques and contracting practices without compromising basic principles?
15. Are there rules/procedures regarding bidder suspension and debarment?
16. Is the country a member of regional trade/customs agreements? (If so, specify)
Are there primary/secondary boycotts? (Specify)
Are there provisions regarding preferences for particular categories of suppliers of goods, works and services? (Specify)
Are there arbitration rules applicable to procurement contracts? Are they consistent with international rules such as those embodied in the UNCITRAL Model Law on Arbitration? (Highlight major differences)
Are there laws or regulations governing policies and procedures for awarding concessions/contracts for private sector provision/operation of power, water or other infrastructure facilities? (BOO, BOT, etc.) Do any general conditions of contract apply as a matter of law or regulation?
BASIS OF TRANSPARENCY
1. Is there a legal or regulatory requirement for public disclosure of procurement legal texts?
2. Are there mandatory requirements for maintaining written records of procurement? To what extent are they available to the general public?
3. Are requirements for advertisement of contracting opportunities adequate? Does the country have a national gazette (or other similar publication) published in a timely fashion? Is it easily available to the general public?

4. Are requirements regarding public bid opening, if any, appropriate?
5. Are negotiations after bid opening or award selection allowed? Do the rules on negotiated procurement, if any, provide the basis for a fair and transparent process?
6. Are conditions for use of various procurement methods clearly established? Is there an explicit requirement that open competitive bidding is the preferred or default method?
7. Is there a requirement for public notice of contract awards?
8. Are there clear and appropriate requirements for bid and contract securities?
9. Are qualification requirements for bidders, if any, fair and appropriate for the purpose of the contract?
10. Do requirements for bid examination and evaluation provide the basis for a rational and fair process?
12. Are summaries of information about public procurement published (e.g. number of bids received, number of contracts awarded, names of successful bidders)? If so, describe scope and frequency.
Does government hold regular meetings with the business community to discuss public procurement issues?
Is there a conflict of interest policy in effect? (If so, describe its essential features).
15. Are there laws on bribery of government officials and are they enforced? Do government bidding documents and contracts contain anti-bribery and anti-corruption conditions?
BASIS OF ACCOUNTABILITY
1. Are government employees expected to follow a published code of ethics? If so, describe its basic features.
2. Is there an accessible and secure process for bidders to report bribes by others and solicitation/extortion of bribes by government officials?
3. Do bidders have adequate access to administrative or judicial review/appeal?

4. Are there measures/initiatives to curb/control corruption, e.g. anti-corruption statutes and/or bodies, whistle-blower statutes, comprehensive reforms of the civil service/judiciary, regional initiatives, provisions in the criminal law, anti-bribery provisions, etc.? (If so, describe)

Section B - Trade/Customs Practices

1. Are foreign firms engaged in trade with the country required to use a local agent?

2. Is there evidence of any trade malpractice affecting public sector procurement?

3. Is inspection conducted according to generally established procedures? Are there indications that the inspection is not effective?

4. Do preshipment/post-shipment inspection, if any, unduly increase the procurement lead time?

5. Is counter-trade used? Barter agreements? For what percentage of the country's total trade?

6. Are the ICC's INCOTERMS generally understood and commonly used in the Country? Are other trade terms used?

7. Are licensing and customs procedures generally transparent and efficient?

8. Are "facilitation" payments normally necessary to clear goods through customs, obtain work permits for expatriate labor, process monthly payment certificates/invoices?

9. Are staff familiar with shipping and other trade documents? With documentary credits?

Section C - Financial/Budgetary Framework

1. Are banks capable of issuing Letters of Credit?

2. Are banks generally creditworthy?

3. Can bid, performance and advance payment securities be obtained easily? What formats are permitted? Bank guarantees? Bonds? Other? Provide details on cost, if available.

4. Are the requirements for issuance of bid, performance, and other securities to suppliers/contractors reasonable?

5. Do suppliers/contractors have reasonable access to credit?

6. Do implementing agencies obtain budgetary authorizations for contract payments falling due beyond the current financial year?
7. Are major projects or programs clearly identified in government budget estimates?
8. What procedures are followed to ensure the procuring entity obtains budget authorization prior to inviting bids?
9. Do procuring entities reliably receive the monies authorized? Or is the budget subject to revision during the year by a restrictive cash release system?
Section D - Public Sector Procurement of Goods/Works
GENERAL RISK ASSESSMENT
1. Is staff working in public sector procurement area held in high regard?
2. Are pay levels for staff working on procurement comparable to that for other public and private sector technical specialists?
3. Does a code of ethics exist that staff working in procurement are expected to follow?
4. Are the authorities relating to procurement clearly delegated to the entities carrying out the process? Are the applicable procedures clearly defined?
5. Are procurement decisions overridden by higher governmental agencies? If so, by whom? To what degree is the procurement decision-making process independent and based on transparent criteria?
6. Does the highest level of government encourage/support/enforce compliance with existing procurement regulations? Are violations investigated and procurement/other responsible officials held accountable?
7. Are there indications suggesting price-fixing in open bidding?
ORGANIZATION
1. Is appropriate information on procurement adequately disseminated (i.e. procurement staff are aware of updated rules and thresholds, and other issues relevant to their assigned responsibilities)?
2. Are the procurement and supply management functions clearly distinguished?

3. Is contracting authority reasonably delegated (i.e. there are no unnecessary levels of approvals or cumbersome procedures)?
4. Are the thresholds for contracting authorities regularly updated?
5. Do procuring entities have internal quality and control mechanisms? Are they regularly audited?
6. Are procurement staff experienced in international procurement?
7. Do adequate formal and on-the-job training programs exist for entry- and higher-level staff that contribute to proper professional career development? Does knowledge of procurement lead to career advancement?
8. Are there additional training resources in the country that are currently utilized or that could be utilized to complement Government/donor-administered programs (e.g. universities and private institutions)?
9. Did previous training programs (if any) lead to an obvious improvement in the quality/productivity of procurement work?
10. Do procurement staff have adequate project/contract management capabilities?
11. Are procurement agents used? Under what circumstances? How are they selected? Describe normal basis for compensation and contract duration
12. Is procurement monitoring and administration computerized? How adequately do procurement entities track the key steps in the procurement process and collect appropriate project-related cost and schedule information?
PROCUREMENT PLANNING
1. Are project implementation units adequately staffed with trained procurement, planning, scheduling, expediting and cost estimating personnel?
2. Is overall planning for complex goods, works and other contracts done in sufficient detail to produce realistic project definition, achievable completion schedules, and accurate cost estimates?
3. Is the early technical and financial planning well coordinated so that projects are fully funded when work needs to begin, based on accurate cost estimates?

4. Are appropriate methodologies used to plan multiple inter-related procurement activities on large projects (e.g. the critical path method)?
5. Are project components appropriately packaged for procurement purposes?
6. Are completion schedules generally met for goods, works and consultant services contracts? If not, what is the major cause for slippage? Is sufficient time generally allowed for external reviews/clearances?
7. Do procurement units regularly conduct market surveys to update their knowledge of prevailing prices for goods and works?
8. Are procedures and methodologies for planning procurement of recurrent items (i.e. inventory control, forecasting of future requirements, classification, coding, accounting/financial management, spare parts management, and delivery systems) adequate?
DOCUMENT PREPARATION
1. Do standard documents exist for goods, works and other types of contract? List. Are other international contract formats used? If so, identify.
2. Are these documents, if any, readily adaptable to specific contract situations (i.e. by modifications made through a Bid Data Sheet, Special Conditions of Contract or similar)?
3. Are there separate documents for international and national competitive bidding not financed by the Bank?
4. Do Instructions to Bidders (ITBs) contain all information necessary to prepare responsive bids and clearly understand evaluation criteria and their method of application?
5. Do they contain other necessary information, such as eligibility requirements, basis of bid, language and currency of bids, common currency for purposes of evaluation, source and date of the exchange rate, etc.? Are sample forms and other appropriate sections of the documents provided?
6. Are bidders required to provide bid security in an appropriate amount as a condition of responsiveness of their bid?
7. Is pre- or post-qualification provided for?
8. Are qualification criteria appropriate and clearly described?

9. Are conditions of contract equitable? Do they provide adequate coverage for most important commercial and legal issues (for the method of procurement, size, nature and type of contract used) and provide adequate protection to the Government, without putting undue risk on bidders?
10. Are standard purchase orders used for shopping?
PREQUALIFICATION
1. Is prequalification carried out when appropriate? What types of contracts is it used for? Works? Goods? Other?
2. Is the prequalification process fair and transparent? Are decisions made promptly? Are foreign firms allowed to apply?
3. Are standard prequalification documents used? Do they clearly and completely describe all the prerequisites for submitting responsive applications for prequalification? Is financial information routinely requested and critically evaluated to assess an applicant's financial capacity to perform?
4. Do procuring entities verify prior to contract award if a successful bidder continues to meet prequalification requirements?
5. Are suppliers required to have a local agent in order to qualify to bid for goods or services?
6. Do procuring entities maintain updated lists of qualified suppliers and contractors and updated market information on commonly procured goods, including spares and consumables? Is supplier and contractor performance routinely evaluated and are any standing lists of prequalified suppliers and contractors updated and modified based on this information. Can newcomers readily apply and be qualified?
7. Is the procedure for registration of domestic contractors fair, providing timely access to the bidding process to all potentially qualified bidders? Are bidders should be allowed to register by mail and, if the conditions in the country allow, through the internet? Is registration permanently opened to bidders for registration or update, is there a deadline imposed in relation to a specific bidding process? Is the time taken for registration reasonable?
ADVERTISEMENT
1. Are contracts to be awarded by competitive bidding publicly advertised?
2. Is sufficient time allowed to obtain documents and prepare bids?

3. Do the requirements specify use of publications or websites that are readily available to the public and are known to the private sector as sources of information on public procurement opportunities?

**COMMUNICATIONS BETWEEN
BIDDERS AND THE PROCURING AGENCY**

1. Are requests for clarifications answered promptly and completely in a written form?

2. Are clarifications, minutes of the pre-bid conference, if any, and modifications of the documents promptly communicated to all prospective bidders?

3. Are bidders afforded sufficient time to revise their bids following a modification of the documents?

4. Do procuring entities maintain accurate records of all communications with the bidders (before and after the deadline for submission)?

RECEIPT OF BIDS AND OPENING

1. Are bids received prior to the deadline securely stored?

2. Are public bid openings conducted?

3. If so, are they conducted at a specified place closely following the deadline for submission?

4. What information is read out at the opening ceremony? Are minutes kept?

5. Do bid opening procedures differ for goods, works or other types of contracts? If so, how?

BID EXAMINATION AND EVALUATION

1. Are evaluations conducted by qualified evaluating committees?

2. Are evaluating committees appointed ad hoc for each evaluation?

3. Is responsiveness determined on the basis of the documentary requirements described in the documents and according to established practice?

4. Are bid evaluations carried out thoroughly and on the basis of the criteria specified in the documents?

5. Is the successful bidder's qualification to perform the contract determined solely on the basis of the criteria stated in the documents? (See above) If not, what other criteria are considered?
6. Are evaluations normally completed within the original bid validity period?
7. Are bid evaluation reports prepared containing all essential information (i.e. a clear and complete description of the evaluation process, including the reasons for rejecting any bid as non-responsive, how the stated evaluation criteria were applied, and how the successful bidder's qualifications were verified)?
8. Describe any significant differences between goods and works procurement relating to the above.
CONTRACT AWARD AND EFFECTIVENESS
1. Are contracts required to be awarded to the lowest evaluated responsive bidder who has been determined to be qualified to perform the contract satisfactorily?
2. Are negotiations conducted with bidders, before or after selection?
3. Are additional Government approvals required before contracts can be made effective?
4. Is performance security required in a reasonable amount and in a reasonable format?
5. Describe any differences between goods and works relating to the above.
CONTRACT ADMINISTRATION
1. Are there manual or computerized procurement and/or contract monitoring systems?
2. Are suppliers and contractors generally paid on time? What is the normal time lapse from invoice submission to final payment?
3. Are there appropriate procedures to monitor delivery of goods and services to verify quantity, quality and timeliness?
4. Are contract changes or variations handled promptly in accordance with the contract conditions and established practice (i.e. change/variation orders are given and/or confirmed in writing, constructive change orders are avoided, unit rates in the contract are honored but the supplier or contractor is allowed to agree to any new unit rates introduced and the completion schedule for each change or variation, etc.)?

5. Do procuring entities normally make a good faith attempt to resolve disagreements through informal negotiations?
6. If this fails, are the resulting disputes handled in accordance with the contract conditions?
7. Are supplier and contractor claims handled fairly based on a clear recognition of both parties' obligations under the contract?
8. Are contract managers/administrators skilled in resolving problems in a timely manner and dealing with unforeseen circumstances arising during the life of the contract? Do they adequately document all actions of contractual import taken by the purchase/employer during implementation?
9. Are contractual remedies utilized only when appropriate and in accordance with the contract conditions?
10. Are contracts generally completed on schedule and within the originally approved contract price? Or are cost and time overruns frequent? If so, in which sectors and for which particular kinds of contracts? Are fair final acceptance procedures used and certificates issued in a timely fashion?
11. Are contracts generally administered in a fair and equitable manner (e.g. the purchaser/employer grants extensions of time when delays are attributable to its untimely action, fair compensation is provided to offset additional costs caused by its mistakes, etc.)
12. Are under-inspection, over-inspection and/or improper rejection of goods, materials or methods of carrying out the works a common problem?
13. Are disruptions of the supplier's or contractor's orderly performance common?
14. Can any of the improper contract administrative practices identified above, be attributable to a problem identified in the local procurement environment? Specify
15. Are procurement evaluations/audits conducted? If so, describe scope, frequency, who carries them out, etc.
RECORD KEEPING

- | |
|--|
| <p>1. For contracts to be awarded on the basis of competitive bidding, does the procuring entity maintain a complete record of the process? This would include e.g. copies of all public advertisements, prequalification documents (if used), the prequalification evaluation report documenting any decisions not to prequalify certain potential bidders, the bidding documents and any addenda, a record of any pre-bid meetings, the bid opening minutes, the final bid evaluation report (including a detailed record of the reasons used to accept or reject each bid, copies of bids, appeals against procedures or award recommendations, a signed copy of the final contract and any performance and advance payment securities issued, etc.</p> |
| <p>2. Are adequate contract administration records maintained? (These would include contractual notices issued by the supplier, contractor, purchaser or employer; a detailed record of all change or variation orders issued affecting the scope, quantities, timing or price of the contract; records of invoices and payments; certificates of inspection, acceptance and completion; records of claims and disputes and their outcome; etc.)</p> |
| <p>3. For small contracts or purchase orders for goods procured using shopping procedures, is a database maintained showing the current market price for commonly needed items?</p> |
| <p>4. Are periodic reports prepared on overall procurement activities? By and for whom?</p> |

Section E - Public Sector Selection of Consultants

1. Are procuring entities capable of carrying out a professional selection process for consultant services? Do they administer consultant contracts effectively?
2. Is the winning consultant firm normally chosen by comparing competitive proposals submitted by a list of qualified firms? Where do implementing agencies obtain the information necessary to develop lists? Specify what other methods are used and when they are used.
3. Do requests for proposals clearly describe the selection process and evaluation criteria?
4. Do the Terms of Reference describe the requirements of the assignment clearly and completely, including background, scope and objectives, deliverables, time frame, anticipated staff-time, and government contributions?
5. Is selection based only on technical considerations or also on price?
6. Are technical criteria detailed and appropriate and their relative weights reasonable?
7. If price is also a selection factor, are technical evaluations completed before opening and consideration of price proposals? Are the relative weights chosen for each factor appropriate?
8. Are there standard conditions of contract? Are they fair and equitable to the consultant? Do they adequately protect the interests of the client?
9. What form of compensation is used? Unit rates? Lump sum based on milestones? Other?
10. Are consultants required to submit proposal, performance and/or advance payment securities?
11. Is there a conflict of interest policy provision included in the conditions of contract? (If so, describe)
12. Are evaluations conducted by committees with appropriate expertise?
13. Are general criteria broken down into appropriate detailed criteria agreed by the evaluating committee before conducting the evaluation?
14. Are all criteria applied consistently, fairly and impartially by the evaluators? Are the individual score sheets kept as part of the procurement record?
15. Are evaluations conducted individually by each member of the committee and the results averaged?

16. Are new factors or weights added after the issuance of the request for proposals which are considered during the evaluation?		
17. Are evaluation reports prepared containing essential details of the process, results, and matters to be taken up during contract negotiations?		
18. Are evaluations normally completed within the time originally requested for the validity of proposals?		
Section F - Procurement Performance		
STATISTICS		
1. What are the approximate annual values of public procurement for goods, works, and consultant services, respectively? If possible, distinguish between procurement for projects and ongoing programs.		
2. What are the approximate percentages of goods, works, and consultant services financed by external donors?		
3. What percentage of public procurement follows competitive bidding procedures? Other methods?		
4. What percentage of competitively bid procurement is donor financed?		
GENERAL EXPERIENCE		
1. Are government organizations generally perceived by suppliers/contractors/consultants/the public as fair and efficient in their procurement practices?		
2. Which of the following factors are considered to be problems by persons familiar with public procurement in the country?	Yes	No
Inappropriate or outdated laws and regulations		
Poor compliance with and enforcement of existing laws		
Poor information about procurement needs		
Shortage of experienced professional staff		
Poor training of procurement staff		
Low pay for procurement staff		
Poor procurement training		
Weak procurement planning		
Poor procurement methods and procedures		
Lack of good standard procurement documents		

Poor technical specifications (Goods only? Works?)		
Cumbersome contract approval procedures		
Lack of clear delegation of contracting authority		
Interference by higher level officials		
Inadequate appeals mechanism		
Lack of anti-corruption measures and enforcement		
EXPERIENCE WITH WORLD BANK-ASSISTED PROJECTS		
1. How many Bank projects have been completed in the country? Are now underway? In which sectors?		
2. Which organizations have been responsible for procurement on these projects?		
3. What thresholds for ICB, IS, NS, and prior review for goods, works, and consultant services are currently in effect for ongoing projects? Are they the same for all projects? How long have they been in effect?		
4. Do project audits/completion reports/supervision reports indicate significant procurement problems? Have any cases of misprocurement occurred? Describe.		
5. Have procurement issues caused serious implementation delays, cost overruns, disbursement delays? Describe.		
6. Does the Bank receive a large number of complaints about procurement procedures, selection decisions in the country?		
7. Are contracts generally awarded within the planned, usual time frame that would be required for similar operations by other experienced and efficient organizations?		
8. Are there serious problems or conflicts between national and/or local practices and World Bank guidelines which should be addressed on an interim basis pending implementation of recommended long-term action plans?		
Section G - Private Sector Procurement		
1. Is there a reasonably well-developed private sector which freely trades goods and procures works and other services?		
2. Does the private sector compete actively in opportunities advertised by the government? Is this evidenced by number of bids/proposals received when open competition is sought?		

3. Do private sector companies feel comfortable in exercising their right to complain or seek remedies under the public procurement system (to the extent the system provides for this right)?
4. What is the performance record of private sector companies on government contracts? (Is there evidence of deliberate underpricing, poor performance on government contracts or excessive price increases after contract award during performance)?
5. Is there evidence that private sector companies are aware of requirements and have the capacity to submit acceptable bids/proposals (i.e. understand the system)? Are many bids/proposals rejected for procedural reasons?
6. Has there been any experience with private sector contracts for the provision, operation, maintenance of infrastructure for various public services (BOO/BOT/BOOT/etc.)? Describe.
7. Do private sector companies have access to commercial loans at a reasonable interest rate?
8. Are bonds commonly used? Is so, is there a regulatory authority overseeing the activities of bonding companies? Is there a mechanism to suspend companies that have not honored their obligations to pay or execute bonds? Is there a satisfactory track record of calling of bonds?
SECTION H - EMERGING AREAS OF INTEREST
1. Is military expenditure covered by the public procurement systems laws and regulations? Briefly describe coverage and exceptions.
2. Does the public procurement system and accompanying control environment (including the financial accountability system) control the flow of funds so as to ensure that funds budgeted for valid expenditures are not diverted to finance illicit activities (e.g. money laundering, terrorism)?
3. Does the country have policies aimed at promoting environmentally and socially responsible procurement? Briefly describe coverage or initiatives that will contribute to such procurement practices.