

Board of Executive Directors
World Bank Group
1818 H Street, NW
Washington, DC 20433

April 22, 2008

Dear Sir/Madam:

Re: Use of Country Procurement Systems in Bank-Supported Operations

I am writing with regard to the Country Procurement Systems Pilot Program, which you will consider shortly. As Chair of Transparency International, a global coalition of local chapters working to diminish corruption's debilitating impact on development in their countries, I write to express TI's views about the World Bank's current proposal to pilot the use of country procurement systems.

As we have noted in prior submissions, reform of national procurement systems is a TI global priority, given their particular vulnerability to corruption. TI welcomes the World Bank's determination to strengthen the capacity of procurement systems in order to "improve the development effectiveness of public expenditure, whether it be financed with taxes, World Bank funds, or resources from other partners."

We appreciate that the Bank has taken many of TI's recommendations into account. However, further improvement is needed to advance the program's stated objective of building national procurement capacity. As you consider the proposed methodology, we urge you to request further clarification and attention to the concerns raised below.

Country systems pilots must demonstrate that the assessment and utilization of country systems leads to long-term, institutionalized improvements to national procurement systems. In this context, we would like to make the following recommendations:

- In our earlier submissions, we underscored the need for action plans to address all country-level deficiencies in meeting generally accepted international practice. However, the current proposal does not provide for capacity-building action plans for 25 of the 54 OECD DAC sub-indicators used to identify deficiencies, allowing them instead to remain "less than fully achieved and needing more improvements." We recommend that there be capacity-building action plans for all sub-indicators.
- Indeed, the current proposal introduces the approach of addressing systemic weaknesses "quickly" through "gap-filling measures," rather than sustainably, through policy and process reforms that will improve the whole system in the long term. The Bank's experience in piloting environmental and social procurement systems should alert the Bank to the weaknesses of gap-filling measures as a means to build long-term, systemic capacity.
- The current proposal does not sufficiently involve those with the greatest stake in procurement integrity: the citizenry, civil society, and the private sector. As noted in our earlier submissions, given the critical need to develop checks and balances for effective public funds management—as illustrated by the findings of the recent India Detailed Implementation Review (DIR)—the methodology should incorporate stronger "demand-side" accountability by introducing 3rd party monitoring into the pilot design and implementation. The public should have the opportunity, capacity and resources to access the information

necessary to monitor all stages of public procurement and contract performance. Such information would include bid evaluation reports, the resulting contracts (redacted to protect proprietary information), and the performance audit reports. External stakeholder oversight would provide the Bank's Management and Board of Executive Directors with an independent source against which to assess the pilots' performance.

Transparency International continues to support the Bank's objective to strengthen country systems, and we continue to extend our offer of assistance to the Bank in further developing the methodology and monitoring its implementation, tapping into our global expertise in procurement monitoring.

We welcome the Bank's commitment to keep external stakeholders fully informed at all stages of the pilot process and on the results, and to hold broad-based consultations on issues encountered and potential solutions before taking the program to the next stage.

We appreciate the consideration of the Board of Executive Directors of these recommendations.

Best regards,

A handwritten signature in blue ink, reading "Huguette Labelle". The signature is fluid and cursive, with the first name being more prominent.

Huguette Labelle
Chair