



SESSION NUMBER & TITLE
Parallel Session 11: Improving Procurement Processes: Lessons Learned
SESSION TAKE AWAY
There is no one size fits all but through a combination of results-based or impacts-based solutions, capacity building programs, technology; procurement of works, goods, and services will become less of a barrier in facilitating project success, especially in countries with lower institutional capacity to implement procurement.
SUBTHEME
Resilience Sustainability Inclusive Partnerships Innovation
ORGANIZATION/S
NITI Aayog of Government of India United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) World Bank (WB) Asian Development Bank (ADB)
PRESENTER: Eungji Kim, Senior Evaluation Specialist, Asian Development Bank
<u>Evaluation of ADB's Procurement System, 2014-2021</u>
<ol style="list-style-type: none"> ADB's procurement reform challenges are (i) poor communication on key procurement concepts, (ii) risk assessment based primarily on contract size, (iii) ongoing adoption of Strategic Procurement Planning (SPP), (iv) high bar of implementing procurement innovations, (v) lack of internal capacity development strategy for procurement, (v) insufficient planning and coordination for developing member county's (DMC) capacity development, and (v) poor procurement data transparency and governance. ADB recommendations for delivering value for money (VfM) are (i) ensure clear messaging and communication on key procurement principles and objectives; (ii) prioritize and manage procurement contracts, not only by size but also by how critical they to project success; (iii) strengthen the transparency and governance of procurement by further improving procurement data system design, integration and management; (iv) commit strategic long-term investment to continue building on current initiatives to develop procurement capacity of ADB and the DMCs; and (v) promote interdepartmental collaboration to ensure that SPP is an integrated and holistic practice that considers quality and VfM.
PANELIST/DISCUSSANT #1 Jeff Chelsky, Manager, Independent Evaluation Group
<i>What are the two most pressing challenges on procurement that you'd like to share with the audience?</i>
<ol style="list-style-type: none"> Integrating procurement into a broader public financial management structure as this has a lot to do with procurement and integrating it into country strategies from the standpoint of capacity building, and prioritization.



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2. Human resources, particularly on capacity building and this dovetails into issues of public sector reform and how HR is managed. Repeating the same capacity building efforts with the same end result as in the past.

Please share the preliminary set of findings of the ongoing assessment on procurement (to be published in late June 2024).

1. WB introduced a systematic tracking of exchanges in procurement or STEP which was supposed to be a monitoring tool. The problem is that countries are taking 50% of their time uploading documents, which means documents are not getting uploaded hence the system is undermined. This shows that what was needed is a simplified approach; a system that does everything does not do anything for a lot of countries especially lower capacity countries.
2. On the HR/capacity building side, public procurement is very difficult to reform. They've cited the Liberia case wherein there was a training institute within a university that provides a potential pipeline of trained people who could eventually come into the public system. This has some benefits because these have not been influenced by the incentive structure, they are also cheap, and you have more of them than trying to reform the existing structure.
3. The evaluation mirrors the finding about prioritizing procurement not because of its size but because of its criticality e.g., hiring of consultant to set things up and when they are not there, the whole thing gets slowed down.
4. Sharing of procurement documents across countries where you have technical specifications that are replicable was very helpful.
5. On country strategies and integrating capacity building into country strategies is about having good diagnostics on what needs to be fixed but they are not produced at the right time so they're not available to inform country strategies as they tend not to be high profile as other issues so they don't get the attention that they need to get and they are not often integrated into PFM (the lead for Public Investment Management is the IMF, not the World Bank).
6. There is also an ongoing work on the use of Project Implementation Units (PIUs) as there is very little evaluative work done on PIUs. ADB has done this but there seems to be some interface on procurement issue that's worth looking into.

The WB began its decentralization some 20 years ago, what are the lessons learned from this experience, especially that of delegating authority at the country level?

PANELIST/DISCUSSANT #2: Soomi Ro, Director, Administration

What are the two most pressing challenges on procurement that you'd like to share with the audience?

1. Bringing the results with procurement hence aiming to be solutions-based or results-based or even impacts-based.
2. Capacity building of human resources, particularly the procurement officers.

Any good practices that worked well in terms of building long-term capacity on something that is complex?



As a response to the member states call to shorten the long process of procurement, the UN implemented a management reform in 2019. Currently UN procurement is pegged at \$3 billion per year distributed to 25 procurement offices. The decentralization approach was great news but comes with increased risk e.g., are staff ready. Hence, the UN implemented the following programs:

1. Professionalization program for procurement officials. The UN signed an agreement with CIPS and other similar procurement license program that every procurement professional has to complete; the UN also began its internal procurement training online that can be accessed online by staff.
2. Current common procurement or the Common Service Solutions efforts where the UN tries to identify to stop duplicating the common procurement contracts if that is something that they can all share.

PANELIST/DISCUSSANT #3: Abinash Dash, Director, Development Monitoring and Evaluation Office, NITI Aayog, Government of India

What are the two most pressing challenges on procurement that you'd like to share with the audience?

1. Ensuring that Value-for-Money is in place for every procurement process and that is not exclusive for public procurement but it's moreso when dealing with public money. There are 3 things which we look for better processes and reforms—transparency, efficiency and accountability.
2. How to be transparent, accountable and efficient when doing procurement.

Any good practices that worked well in terms of building long-term capacity on something that is complex?

The Government Marketplace, which is a public procurement platform for all departments under the union government. Borne in 2016, the platform has processed \$13 B worth of procurement over the last 5 years with savings of 20% of total cost. GEM is transparent, on real-time, and allows for simplified approach particularly in uploading documents e.g., bids. There's a dedicated professional/nodal officer assigned in each department handholding each department's bidding process over a longer period of time.

What are the concerns at the union level of some of the issues on procurement?

MODERATOR: Emmanuel Jimenez, Director General, Independent Evaluation Department

Procurement has the potential to impact development effectiveness, and effective procurement systems not only ensure that goods and services are received at least cost but that they actually help deliver outcomes.

Q&A SUMMARY



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Taking into account ESGs and the 3 Es, there is now a fourth E (equity) which we should consider, how far has the project help improve the social status of the people, how far does it actually serve the best interests of the society in which it's implemented?

Suggests harmonization of procurement systems for ease of use; and requests support on FIDIC training especially for government officials coming from developing countries who can't afford the high cost of training.

UNESCAP: I fully agree with the harmonization, even the pain points of the Auditors when externally evaluating whether the ADB or the WB or the Secretariat. I also find that the one size does not fit all and though while we all aspire for that, personally I don't think we can achieve the one procurement rules that govern the entire procurement offices in the system. The virtue is that we recognize that one size does not fit all and the importance of contextualizing depending on the mandated deliveries.

On harmonization, the UN makes sure that it recruits the right procurement professionals to do the job right. UN is also pushing for staff mobility whereby staff moves around to learn a little bit about procurement, reduce differences which would eventually lead to harmonization.

NITI Aayog: India has already taken the step to include the Equity aspect and have followed the OECD-DAC criteria, that is in terms of gender inequality, social inequality and regional inequality. An example is the MSME reforms where we brought procurement processes in MSMEs who can actually bid, whilst this will not be in the same platform as with the big firms. We also relaxed some of the requirements for MSMEs.

On harmonization, it is a good idea but it will be difficult as each donor has their own set of guidelines, and so does the governments which we need to follow.

Going forward, the use of technology and IT has to be leveraged because reducing human interface as in the case of India is bringing more transparency

UNESCAP: On the E side, the UN call it under the diversity program or the inclusive procurement program than the E per se. There is a pilot project where the UN will recognize disability inclusion, women entrepreneurship in our procurement.

What the UN System and the governments are doing on tech procurement?

What is your view of 3 donors co-financing per country, what happens to the procurement? Harmonizing is good but this may not be possible, can we have a standardized requirement like 3 quotes or whatnot? (Suggests flexible procurement especially for small island countries with limited procurement capacities)

SESSION COORDINATOR

Araceli Knaik