

**RECENT TRENDS IN
IFI/UN PROCUREMENT PROCEDURES**

**POTENTIAL IMPACT
ON CANADIAN CONSULTING FIRMS**

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FOREWORD

In 2002, Trade Team Canada – Service Industries launched an initiative to reassess the international development business (IDB) market (IFIs and UN-System) for Canadian service exporters and update its various support tools accordingly. The effort led to the creation of a new web-based information resource for Canadian management consulting firms and law firms, the “*Roadmap to International Development Business – Management Consulting and Legal and Judicial Reform*”, commissioned by Industry Canada’s Service Industries Branch (SIB) and currently being installed on Industry Canada’s website

This report expands on key IFI/UN procurement aspects by providing a deeper analysis of the existing procurement and consultant selection guidelines, the trend toward procurement harmonization and the implications for Canadian consulting firms. This service-sector-focused analysis complements work under way at the Export Financing Division of the Department of Foreign Affairs and International Trade, reviewing overall trends in: IFI project lending, information access, private sector investment and procurement policy.

The purpose of this report is to provide a basis for discussion by consulting industry representatives and federal trade and industry officers, with a view to devising practical strategies to safeguard the commercial interest of Canadian consulting service firms in IDB markets.

Rapport aussi disponible en français.

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INTRODUCTION

Numerous reports on the international development market have noted the competitiveness of Canadian consulting firms.¹ When given the opportunity to compete on a level playing field, Canadian service providers win a relatively large number of contracts financed by the international financial institutions (IFIs), like the World Bank and the United Nations, relative to service providers from other OECD countries. In large part, the level playing field Canadian consulting firms enjoy is a result of each IFI's guidelines for selecting consulting services which establish an institutional preference for open competition and define the rules under which consulting firms compete.

However, the playing field is not without its "bumps" -- the guidelines of the IFIs are not identical and, indeed, some rules, in practice, put Canadian firms at a competitive disadvantage. A lack of familiarity with the various guidelines can cause Canadian consulting firms to misjudge opportunities, to submit uncompetitive or non-compliant proposals, and, ultimately, to lose contracts.

Today, unfamiliarity with the various IFI guidelines has wider implications. Senior officials from the IFIs have committed to harmonize their operational procedures, including procurement, in order to reduce the economic burden borne by developing countries. Over the coming year, the IFIs are expected to complete harmonized procedures for selecting consultants that all the IFIs will adopt and apply. The potential exists that the IFIs will adopt harmonized procedures that include elements which weaken the competitiveness of Canadian consulting firms. As a result, Canadian consultants need to have a clear picture of the business implications of the IFI guidelines to be competitive today but also to ensure the harmonized IFI playing field remains level in the future.

The following report describes the implications of key conditions and procedures of present IFI guidelines for selecting consulting services and identifies the potential impact of harmonization on them and on the competitiveness of Canadian consulting firms. The report concludes by recommending that the Canadian consulting industry use IFI harmonization as an opportunity to entrench the conditions and procedures that enhance Canadian competitiveness. The report further recommends that the Canadian consulting industry's primary interests lie in addressing six specific conditions and procedures concerning eligibility, conflict of interest, expression of interest advertising and submission, short-listing, and the use of cost as an evaluation criterion.

IFI PROCUREMENT PRINCIPLES AND GUIDELINES

For the purposes of this report, the international development market for consulting services encompasses assignments that are financed by the following IFIs:

- the World Bank;
- the Inter-American Development Bank (IDB);
- the European Bank for Reconstruction and Development (EBRD);

¹ In this report, "consulting firms" or "consulting services" are meant to include a wide range of services but most prominently professional services including management consulting, consulting engineering, legal services, accounting, urban planning, financial advisory services, and education and training.

- the Asian Development Bank (AsDB);
- the African Development Bank (AfDB); and
- the United Nations (UN).²

With respect to consulting services, all IFIs attempt to balance the need for economy and efficiency in the selection process with need for transparency and high-quality services. As a principle, all IFIs agree that this balance can best be achieved through an open competition among qualified consulting firms where selection is primarily based on the technical quality of proposals.

At present, each IFI has its own set of guidelines for selecting consultants which describe the conditions and procedures – the “rules” -- of the different selection methods and the circumstances under which they are appropriate.³ Despite agreement about the need for open competition, the conditions and procedures of IFI guidelines sometimes differ. Moreover, some guidelines, like the World Bank’s, are highly detailed, while others, like the UNDP’s, are relatively sparse.

While these differences can be confusing and costly for both companies and developing countries, for the most part, the guidelines have benefited Canadian consulting firms. By providing a level of transparency and predictability greater than normally found in developing countries, the guidelines have leveled the playing field, allowing the strong technical quality of Canadian firms to be the critical factor in contract awards. Nevertheless, as will be discussed in greater detail later in the report, the guidelines do entail some negative effects for Canadian consulting firms, particularly small- and medium-sized enterprises (SMEs) -- a target group of much Government of Canada export assistance.

EMERGING ISSUES

With respect to IFI procurement guidelines, three issues have had important effects in recent years: fraud and corruption, electronic procurement or “e-procurement”, and procurement harmonization.

Fraud and Corruption

Since 1996 when it first openly declared that fraud and corruption undermined development, the World Bank has been at the forefront of IFI efforts to combat them in procurement. Soon after, clauses were inserted in the World Bank’s guidelines that defined fraudulent and corrupt practice and gave the World Bank the ability to “debar” companies from competing for future Bank-financed contracts. With the exception of the UN, all the other IFIs have included similar clauses and consequences in their own guidelines. Although corruption remains a problem for Canadian consulting firms, the effect of IFI efforts has been to increase the scrutiny of business practices and the costs of engaging in corrupt practice.

² The UN has numerous agencies financing procurement opportunities, each with its own particular procedures. For the purpose of this report, references to the UN pertain to the guidelines of the United Nations Development Program’s (UNDP) Inter-Agency Procurement Services Office.

³ The formal title of each IFI’s guidelines can be found in the references section of the report. Please note that IDB guidelines for selecting consultants are not publicly available at this time. They are scheduled to become public in July 2003.

E-procurement

Advances in information and communication technology (ICT) have the potential to improve transparency, increase the speed and reduce the costs of IFI procurement. E-procurement conducted via the web and the internet, for example, can foster public scrutiny of government actions and disseminate tender documents and related information more quickly and widely, resulting in less paperwork, better proposals, quicker response times and lower costs for borrowing countries.

Realizing this potential will depend on how well security concerns are addressed. For e-procurement to be effective, bidders and buyers need to have confidence bids can be verified as authentic and protected from alteration. In developing countries, in particular, a weak e-procurement system may offer more opportunities for problems or malfeasance than a weak “hard-copy” procurement system. From the perspective of IFI guidelines for selecting consultants, IFI procurement officials find themselves trying to balance the potential benefits of e-procurement with vastly different levels of ICT capacity among borrowing country governments and among consulting firms.

Procurement Harmonization

Of the three factors, efforts to harmonize procurement procedures could have the greatest impact on IFI guidelines, by far. There is wide agreement among members of the international development community that donor countries must avoid unnecessary duplication and better coordinate their aid. The cost to developing countries of servicing multiple donors is far too high. Procurement is no exception.

For over two years, the Heads of Procurement Group⁴ has been working to harmonize procedures. The effort has entailed each IFI compromising on terminology and policy and adopting a more cooperative approach to how they serve borrowing countries. On a pilot basis, the World Bank and the regional multilateral development banks are jointly conducting Country Procurement Assessment Reviews to determine the institutional capacity and “prior review” thresholds for IFI review of procurement actions. Additionally, the World Bank and regional multilateral development banks have completed standardized bidding documents for goods and for civil works, and have developed a draft copy of a Standardized Request for Proposal (SRFP) which is scheduled for completion by the end of 2003.

Harmonization will entail IFIs altering their guidelines for selecting consultants as well. The speed and the length to which they alter them will depend on the views of each IFI’s Board of Directors. Nevertheless, in light of the intense pressure to reduce the burden borne by developing countries, while differences will remain, a convergence of most key conditions and procedures of consultant selection is expected.

Like the IFIs’ efforts to combat fraud and corruption and to facilitate e-procurement, harmonization of procurement is a welcome development for Canadian consulting firms in principle – less deviation among procurement rules can make submitting proposals on IFI-financed contracts simpler and less costly. However, from a practical,

⁴ The MDB Heads of Procurement Group consists of the AfDB, the AsDB, the Black Sea Trade and Development Bank, the Caribbean Development Bank, the EBRD, the European Commission, the European Investment Bank, the IDB, the Nordic Development Fund, the North American Development Bank, the UNDP, and the World Bank.

commercial stand-point, whether Canadian consulting firms benefit from harmonization depends on the actual conditions and procedures the IFIs adopt. The potential exists that the IFIs will adopt harmonized procedures that weaken the competitiveness of Canadian consulting firms.

CONDITIONS AND PROCEDURES FOR CONSULTANT SELECTION

To identify the potential impact of IFI procurement harmonization, one needs to understand the implications of the present guidelines for selecting consulting services. IFI guidelines can be broken-down into three parts: General Conditions; Expression of Interest (EOI) and Proposal Submission Procedures; and Evaluation Procedures.

General Conditions are rules that have implications for the competitiveness of Canadian consulting firms but which are not tied to the *interaction* that occurs between firms and developing countries during the selection process. EOI and Proposal Submission Procedures encompass the rules that define how firms and developing countries interact up to the point at which proposals are received. Evaluation Procedures encompass the rules that define how developing countries evaluate proposals and then interact with bidders.

Each of the following three sections will describe the key rules and their business implications and conclude with a short discussion of the potential impact of harmonization. References to the guidelines will be followed by notations that identify the specific IFI and clause. For example, “[WB 1.10]” refers to section 1.10 on “Eligibility” in the World Bank’s Guidelines: Selection and Employment of Consultants by World Bank Borrowers.

IMPLICATIONS OF GENERAL CONDITIONS

Eligibility

Each IFI’s guidelines define which firms are eligible to compete for contracts. Primarily, eligibility pertains to two things: whether the firm is registered in a country that is a member of the IFI and, in the case of developing countries, whether the firm is government-owned. For example, the World Bank, AsDB, and AfDB limit eligibility to firms from member countries while the EBRD and UN do not. The World Bank, IDB and AfDB place restrictions on the eligibility of government-owned enterprises [WB 1.10(b); AfDB 2.5.5] while the EBRD and AsDB⁵ provide no written guidance on the matter.

At present, eligibility rules generally favour Canadian consulting firms. Canada is a member of all the major IFIs and, therefore, its firms are eligible for almost all opportunities. Restrictions on the eligibility of government-owned enterprises in developing countries are also favourable as they tend to prevent cut-price proposals by government-owned enterprises and nepotistic contracts awards.

⁵ The AsDB standard request for proposals document actually contains a clause which “discourages” the use of government-owned enterprises. Furthermore, while it is not contained in the guidelines, the AsDB’s requirement for registration with DACON might also be regarded as a condition of eligibility

Conflict of Interest

Conflict of interest guidelines attempt to ensure firms put the interests of the borrowing country above their own. Generally, they stipulate that firms “or any of its affiliates” that provide services during project preparation or implementation “shall be disqualified from subsequently providing goods or works or services related to the initial assignment” [WB 1.9(a)]. The EBRD [5.5], the AfDB [2.5.4] and the AsDB [5.06] have similar, though less descriptive, rules. UN guidelines make no reference to conflict of interest.

From a practical stand-point, conflict of interest has shown itself to be very difficult to apply consistently. Even within the World Bank, for example, anecdotal evidence indicates widely diverging interpretations of what an “affiliate” or a “related” assignment is that have hurt Canadian firms on occasion. Arguably, the lack of clarity has restrained the Canadian service industry, much of which tends to err on the side of caution. At present, Canadian consulting firms should be wary of the rule and seek clarification well before the RFP and from a senior procurement official.

Fraud and Corruption

As stated earlier, all the IFIs, with the exception of the UN, have broadly similar rules to prevent fraud and corruption and to punish guilty firms [WB 1.25; EBRD 2.9; AsDB 1.05; AfDB 2.11]. The rules allow the IFIs to reject a firm’s proposal, to revoke financing for the assignment and declare a firm ineligible to compete for future contracts financed by the IFI. Differences arise over whether a guilty verdict by “a judicial process or other official enquiry” [for e.g. see EBRD 2.9(d)] can trigger debarment by an IFI. The EBRD and AfDB allow for this, while the World Bank and AsDB are silent on the matter. Finally, none of the guidelines specifically address the relationship of “agents” to a consulting firm.

In principle, IFI efforts to combat fraud and corruption benefit Canadian consulting firms. However, it is the application of the rules which could be problematic. Presently, companies have little way of knowing how the IFIs investigate allegations or which countries’ judicial processes are acceptable to the IFIs. Even the actions of a local agent can impugn a company. Somewhat paradoxically, the current application of IFI guidelines forces Canadian companies to act “beyond repute” but to not expect fraud and corruption rules to be applied consistently or forcefully to their competitors.

Potential Impact of Harmonization

Eligibility: The logical result of the effort of senior IFI officials to better coordinate aid delivery is the removal of nationality as a basis for eligibility. This is expected to be a highly sensitive issue; in effect, its removal will require the interests of developing countries as “buyers” to trump their interests in developing domestic industry. Harmonization will also need to address the eligibility of government-owned enterprises and employees in both developed and developing countries.

The removal of nationality as a basis for eligibility has the potential to benefit Canadian consulting firms as it effectively “unties” aid. As multilateral and bilateral aid agencies would be able to jointly finance more projects, the number and value of assignments that Canadian consulting firms can compete for will increase. Being highly competitive, contract awards to Canadian firms will likely increase in tandem.

Changes to the eligibility requirement concerning government-owned enterprises and employees will need to be followed carefully. Applying the rule to Canadian agencies and public servants could undermine a competitive advantage Canadian consulting firms enjoy, as government officials often combine technical quality with low pricing – a winning combination in the IFI procurement environment.

Conflict of Interest: Harmonization presents the opportunity for the IFIs to better define the definition and application of conflict of interest. Success in this regard can only benefit Canadian consulting firms. The IFIs should be encouraged to better define conflict of interest in their guidelines and in the SRFP.

Fraud and Corruption: During the harmonization process, the question of whether IFI procurement guidelines should recognize the “debarment” of consultants by other IFIs is likely to arise and the outcome has serious implications for consulting firms. As recent cases illustrate, the mere existence of an investigation by an IFI can damage the reputation of a firm. If a debarment by one IFI entails debarment by all IFIs, the sanction could effectively put a firm out of business. Although it cannot be resolved through a simple change of IFI guidelines, the IFIs should be urged to clarify and publicize their procedures for investigating and evaluating allegations.

IMPLICATIONS OF EOI AND PROPOSAL SUBMISSION PROCEDURES

EOI Submission

Most IFI guidelines for selecting consulting services provide rules on advertising EOI. At the World Bank, EBRD and AfDB, advertising EOI is mandatory for assignments over certain thresholds; usually US\$ 200,000; € 200,000; and UA 350,000, respectively. The EBRD has EOI posted on its web site while the World Bank and the AfDB make developing countries post EOI in a national newspaper and in the United Nations publication *Development Business*. AsDB guidelines are silent in both regards, although, in practice, EOI are posted on its web site and in *Development Business*.

The World Bank and the AfDB both give explicit instruction in the guidelines about the time that should be allowed for consulting firms to respond to EOI. World Bank guidelines provide “not less than 14 days from the date of posting on UNDB online” [2.5] for submission, while the AfDB provides for “45 calendar days” [3.5.3]. Complicating matters further, UN *Development Business* has adopted a practice of not advertising certain EOI that appear in its online version in its hard copy.

With varying advertising locations and EOI submission deadlines, the clear implication is that a business strategy that relies on waiting for opportunities to appear in certain publications and web sites is not likely to be effective. In the case of the World Bank, for example, even the most prepared firm may have difficulty providing a high-quality, tailored EOI, either by mail or electronically, if only 14 days are given to respond. To maximize their ability to be short-listed, consulting firms need to cultivate personal contacts with the executing agencies and the IFIs. This entails having a clear region or

sector focus and multiple visits to developing countries and the IFIs – potentially, a very costly proposition for Canadian SMEs.

Short-Listing

IFI guidelines for short-listing share similar instructions concerning the number, and nationality of firms on short-lists. All IFIs reserve the right to approve short-lists although the other elements differ slightly. For assignments above \$ 200,000, the World Bank, for example, must approve short-lists that should have 3-6 firms with no more than two from any one country and, ideally, one from a developing country [2.6]. In contrast, the AsDB must also approve short-lists with 5-7 firms that reflect the AsDB's member countries "in a reasonably balanced way" [6.03(b)] and UN guidelines place no restrictions on the number of firms [4.1].

The World Bank is the only IFI that explicitly allows firms that have not been short-listed to request a copy from the borrowing country [2.6]. It is also the only IFI that explicitly allows short-lists to be composed solely of national (i.e. domestic) consulting firms in certain cases [2.7]. In certain countries, like Brazil, Argentina, India, Sri Lanka, Thailand, and Malaysia, the threshold is as high as US\$ 500,000.⁶

The short-listing conditions do not appear to have any adverse implications for Canadian consulting firms, although some Canadian consulting firms have expressed frustration with the lack of transparency in the short-listing process. In contrast, the World Bank's allowance for short-lists composed of only national consulting firms may prove problematic. One of the attractions of IFI consulting contracts for SMEs is their combination of value and transparency. Often between US\$ 200,000 and \$500,000 and advertised internationally, IFI assignments are well-suited to the business development, technical, and project management capabilities of Canadian SMEs. If the World Bank thresholds for "national" short-lists rise in enough countries, the competitive position and number of opportunities available to Canadian SMEs will shrink.

Proposal Submission

All IFI guidelines give standard instructions about the information that should be included in Requests for Proposals, including the work conditions, the terms of reference, the evaluation criteria and the proposed contract. Instructions vary about how much time should be given to submit proposals and about how firms can ask for clarifications. The World Bank sets a minimum of four weeks and suggests no more than three months for submissions [2.12]; the AfDB sets a minimum of 45 days when "non-regional" firms are on the short-list [3.7.6]; and the AsDB suggests 60 days [6.09]. The World Bank [2.12], the UN [3.1.4], and the EBRD [Annex 2, 6-8] instruct firms to submit requests for clarifications in writing.

The confidentiality and security of proposals is an obvious issue for firms, but also for developing countries. With the exception of the UN, all IFI guidelines indicate that proposals should be sent in sealed and clearly marked envelopes. A failure to strictly follow submission instructions can result (and has resulted) in disqualification of Canadian consulting firms.

⁶ A full list of country thresholds can be found on the World Bank's web site: <http://www.worldbank.org/html/opr/consult/ceiling.htm>

Particularly in the case of complex assignments, even three months may be too short a period of time in which to prepare and submit a high-quality proposal; more so, if clarifications must be submitted and responded to in writing. It is not uncommon for responses to take a long time, if they are provided at all, and enforcement of this procurement rule tends to be uneven. By allowing questions to be posted and responded to on a web site, e-procurement systems could radically improve this situation, increasing transparency and speed. However, in lieu of such an arrangement, Canadian consulting firms should request clarifications as early as possible, copying the IFI project officer to ensure a timely and sufficient response from the developing country. Instructions about proposal submission should be followed “to the letter” no matter how redundant or unnecessary they may appear.

Potential Impact of Harmonization

EOI Submission: Canadian consulting firms will benefit from harmonization if it is used to centralize and standardize advertising. In view of the low cost of web-based communication, the IFIs should be encouraged to have all EOI, regardless of the threshold, posted in at least one central online source (e.g. *Development Business Online* or *dgMarket*).

Short-Listing: IFIs should consider making short-lists widely and easily available, as this would allow Canadian SMEs more opportunity to pursue sub-contracting opportunities. In contrast, an effort by the IFIs to adopt a “national” short-list policy similar to that of the World Bank should be strongly resisted. If all IFIs adopt such a policy, Canadian SMEs risk being driven out of the international development market.

Proposal Submission: Ideally, the period for submitting proposals should be at least 45 days unless an e-procurement system exists which would allow clarifications to be requested and responded to electronically.

IMPLICATIONS OF EVALUATION PROCEDURES

Cost as an Evaluation Criterion

All IFIs give priority to technical quality during proposal evaluation but since the mid-1990s the price or “cost” of proposals has also become a criterion. Selection methods fall into three generic categories. “Quality- and Cost-Based Selection” (QCBS) awards contracts based on a combination of technical and cost factors, with cost generally accounting for 20-30%. “Quality-Based Selection” (QBS) award contracts solely on technical factors. “Least-Cost Selection” (LCS) uses technical and cost factors, awarding contracts to the firm that had the lowest price of all the firms which surpassed the minimum technical threshold.

World Bank [1.5] and AsDB [6.01] guidelines suggest QCBS to be the most appropriate method in the majority of cases, while EBRD guidelines favour QBS [5.8], and UN and AfDB guidelines give no preference. All IFI guidelines basically agree that the complexity and importance of an assignment determines the appropriate method, with QBS being most appropriate for highly complex or important assignments and LCS “where well-established practices and standards exist” [WB 3.6]. Nevertheless, in the case of the IDB, anecdotal evidence from Canadian firms suggests that LCS has become the preferred selection method of borrowing countries.

Of all the conditions and procedures of IFI guidelines, the application of cost has the most important implications for Canadian consulting firms. First, it provides a competitive advantage, especially on small-value assignments, to universities and non-government organizations (NGOs) which are not as profit-driven as private firms. Second, in cases where they are up against G-7 competitors, cost has generally given a competitive advantage to Canadian consulting firms that have taken advantage of the low Canadian dollar exchange rate.

However, evidence suggests that cases where Canadian firms compete solely against G-7 firms are on the decline. Increasingly, local consulting firms, NGOs and institutes are competing against Canadian firms. Hence, the third implication: when Canadian firms compete against local consultants, QCBS puts Canadian consultants at a competitive disadvantage. Indeed, the fourth implication is that from a competitive stand-point LCS is the worst selection method for Canadian consulting firms. Taking these implications together, the obvious conclusion is that Canadian firms increasingly must enter partnerships with local consultants if they are to remain competitive in an environment where cost is an evaluation criterion.

“Local” Preference

As development institutions, the IFIs have a mission to develop the capacity and support local industry. This is manifested in the guidelines of the World Bank, the AsDB, and the AfDB. The World Bank allows up to 10 technical points out of 100 for use of national consultants [2.14], while AsDB guidelines state that when all factors affecting the evaluation are equal, preference will be given to collaborations between developed and domestic consultants or to domestic consultants “who alone have submitted proposals” [4.03(a)]. The AfDB, in contrast, is less direct, providing 10 technical points out of 100 for “knowledge of the country” [3.8.7]. EBRD guidelines are silent on the matter. Like “cost”, the elements create strong incentives for Canadian firms to partner with local consultants.

Proposal Opening Procedures

For QCBS, most IFI guidelines give instructions that proposals contain two separate, sealed envelopes, one containing the technical proposal, the other the financial. Immediately after the deadline for submission has passed, the technical envelopes are opened and evaluated. Once the technical evaluation is complete, only those that meet the minimum technical threshold have their financial envelopes opened in a public meeting. At that time, all technical and financial scores are read aloud. Proposals that did not meet the minimum technical standard have their envelopes returned unopened [see WB 2.12, 2.13, 2.19; AsDB 6.10; AfDB 3.82, 3.8.11].

Proposal opening procedures tend to be followed but attending the public opening of the financial proposals can be costly to Canadian consulting firms. Although an e-procurement system which accepts proposals electronically assists Canadian firms, the effect of e-procurement on proposal opening procedures could be problematic. It would become much more difficult to guarantee the integrity of proposals and appeals would likely increase.

Potential Impact of Harmonization

Cost as an Evaluation Criterion: Harmonization should not be allowed to increase the use of LCS. From a Canadian commercial perspective, indeed, its use should be highly circumscribed. If it cannot, some thought should be made to adopting the AfDB's approach to LCS. Under its method, only proposals that exceed the minimum technical score and are within 10% of the highest technical score have their financial proposals opened [AfDB 3.6.13].

Local Preference: Local partnerships are advisable even without the local preference allowance in IFI guidelines. However, like the "national" thresholds in the previous section, reforms that weaken the ability of Canadian firms to pursue and win contracts, particularly those between \$200,000-500,000, should be resisted.

Proposal Opening Procedures: Wider adoption of e-procurement systems by developing countries will benefit Canadian consulting firms in the international development market. The IFI effort to harmonization procurement should be used to promote greater use of e-procurement, but only if the security of Canadian proposals can be guaranteed.

CONCLUSION

IFI guidelines for selecting consulting services, in large part, have enabled Canadian consulting firms to be successful in the international development market. The IFI effort to harmonize procurement procedures provides Canadian consulting firms and government officials the opportunity to entrench the conditions and procedures that enhance the competitiveness of Canadian firms and remedy the ones that weaken it.

This report described some potential impacts of harmonization. It recommends that the Canadian consulting industry's primary interests lie in:

- removing nationality as a basis for eligibility;
- clarifying the concept of conflict of interest;
- centralizing and standardizing advertisement of EOI;
- maintaining adequate time periods for EOI and proposal submission;
- limiting the adoption of a "national" short-list policy similar to the World Bank's; and
- decreasing and circumscribing the use of LCS.

Clearly, more research and analysis is required if we are to gain a clearer picture of Canadian interests. In this respect, a two-stage initiative appears worthwhile. First, a thorough analysis of the draft harmonized SRFP needs to be undertaken to identify the concrete changes that are proposed and their potential impact. Second, the views of Canadian consulting firms need to be solicited through a series of consultations with firms that are active in the international development market. Such an initiative has the best chance of ensuring the interests of Canadian consulting firms are well represented in the IFI effort to harmonize procurement procedures.

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ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank
AsDB	Asian Development Bank
DAC	Development Assistance Committee of the OECD
EBRD	European Bank for Reconstruction and Development
EOI	Expression of Interest
IDB	Inter-American Development Bank
IFI	International Financial Institution
LCS	Least-Cost Selection
NGO	Non-Governmental Organization
OECD	Organization for Economic Cooperation and Development
QBS	Quality-Based Selection
QCBS	Quality- and Cost-Based Selection
SRFP	Standardized Request for Proposal
UN	United Nations
UNDP	United Nations Development Program
WB	World Bank