

American Association of Engineering Societies
American Consulting Engineers Council
American Council of Engineering Companies
American Society of Civil Engineers
Association of French International Contractors
Business Council of International Understanding
Canadian Manufacturers & Exporters
Coalition for Employment through Exports
Corporate Council on Africa
Emergency Committee for American Trade
European International Contractors
National Foreign Trade Council
Representative of German Industry and Trade
U.S. Chamber of Commerce
United States Council for International Business

Director Paul G. Bermingham
Vice President, OPCS, Joachim Von Amsberg
1818 H Street, NW
World Bank
Washington DC 20433

Dear Paul Bermingham and Joachim Von Amsberg,

We would like to first thank you for the meeting held on May 5, 2011 between the Bank and representatives from a number of U.S. business associations regarding the treatment of procurement under the Program for Results (P4R) proposal. We appreciate your willingness to arrange this meeting on relatively short notice and listen to a range of business concerns regarding the Bank's country systems (UCS) pilot program and the future of the World Bank's established procurement standards under the proposed P4R proposal.

The signatories to this letter also include a number of non-U.S. business associations which, while not in attendance at the May 5th meeting, have also been closely following the procurement issue and also have concerns about the future of the World Bank's procurement standards. Since the next meeting is considered a consultation with the business community we all believe it would be appropriate to invite both U.S. and non-U.S. associations to join in the consultation next week.

We have long looked to the World Bank as THE leader in setting high standards of integrity and transparency in public procurement through the visible positioning of Bank-funded procurement. We strongly supported the Bank's creation of the ITAG to review and provide advice to the Bank on potential country participants in the Use of Country Systems (UCS) pilot program. As you know, to date, no country has been found whose domestic procurement system was found sufficient under the OECD-DAC benchmarks, standards which are themselves much weaker than the longstanding World Bank procurement standards.

As we discussed in the May 5th meeting, the Bank is now promoting the adoption of the P4R concept paper, about which we are deeply concerned. Among the key problems that we identify in the description of this program in the concept paper are the following:

- The P4R Concept Paper includes no reference to objective, international best practices or standards regarding procurement under P4R projects. The Paper states that “[t]he procurement assessment would not focus on ‘equivalency’ with Bank rules and procedures,” but will rely upon “*commonly-accepted* procurement attributes,” which are undefined. See P4R Concept Paper at 42 (emphasis added).
- The P4R Concept Paper sets very low levels of compliance with the aforementioned low standards before funding a project. For example, the Paper states that a project would proceed to approval where the “assessments conclude that the program processes are *adequate*” See P4R Concept Paper at 41 (emphasis added). When weaknesses are so severe . . . the Bank *may* decide not to finance the program.” See P4R Concept Paper at 41 (emphasis added). Similarly, in assessing the financial management arrangements, one of the key principles is whether the arrangements “contribute to providing *reasonable assurance* on the use of all of the program funds,” a standard that would be unacceptable to businesses and governments that require rigorous and accurate accounting and traceability of funds. See P4R Concept Paper at 45 (emphasis added).

These and many other statements in the P4R Concept paper create very concrete concerns among our businesses that the P4R program will not require the type of high-standard procurement standards and procedures that are vital to ensure transparency and integrity of the procurement process and the traceability of Bank funds.

We all strongly support the Bank devoting the necessary resources, as the IDB is doing, with dedicated resources, to achieve significant capacity building that will enable countries to develop procurement systems compatible with the Bank’s highest standards and support the transparency and anticorruption initiatives of the IFIs. But we believe also that there must remain in place the long-established standard set by the Bank’s policies and procedures to ensure a global benchmark in this critical area.

We look forward to the May 24, 2011 consultation on P4R to discuss in depth these and other specific concerns with the current P4R concept and what would be required to ensure that the Bank’s lending programs will preserve vitally important internationally accepted standards relating to procurement, transparency and accountability.

Sincerely,

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