

Public Governance in Lebanon: Public Procurement Reform

21 March 2019



About “Institut des Finances Basil Fuleihan”

As a center of excellence with extensive experience, the IOF supports capacity building in public financial management and customs

Contribute to the development of human resources and capacity in public financial management

Strengthen cooperation and networking, the transfer of knowledge and good practices

Promote knowledge transfer, transparency and access to information

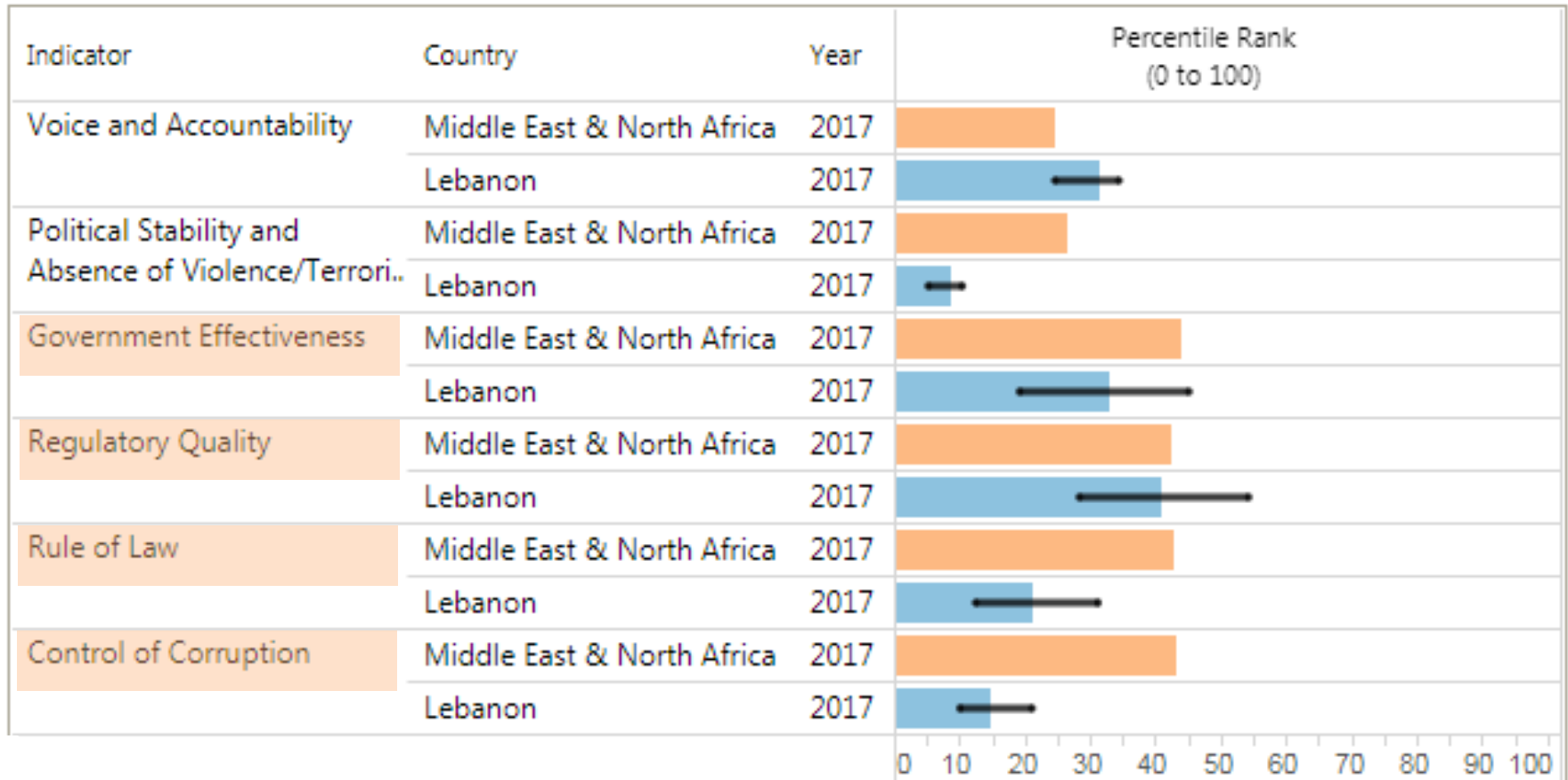
Promote a culture of excellence and innovation in public sector

Legal Status: Public Autonomous Agency (administrative and financial autonomy) reporting to the Minister of Finance



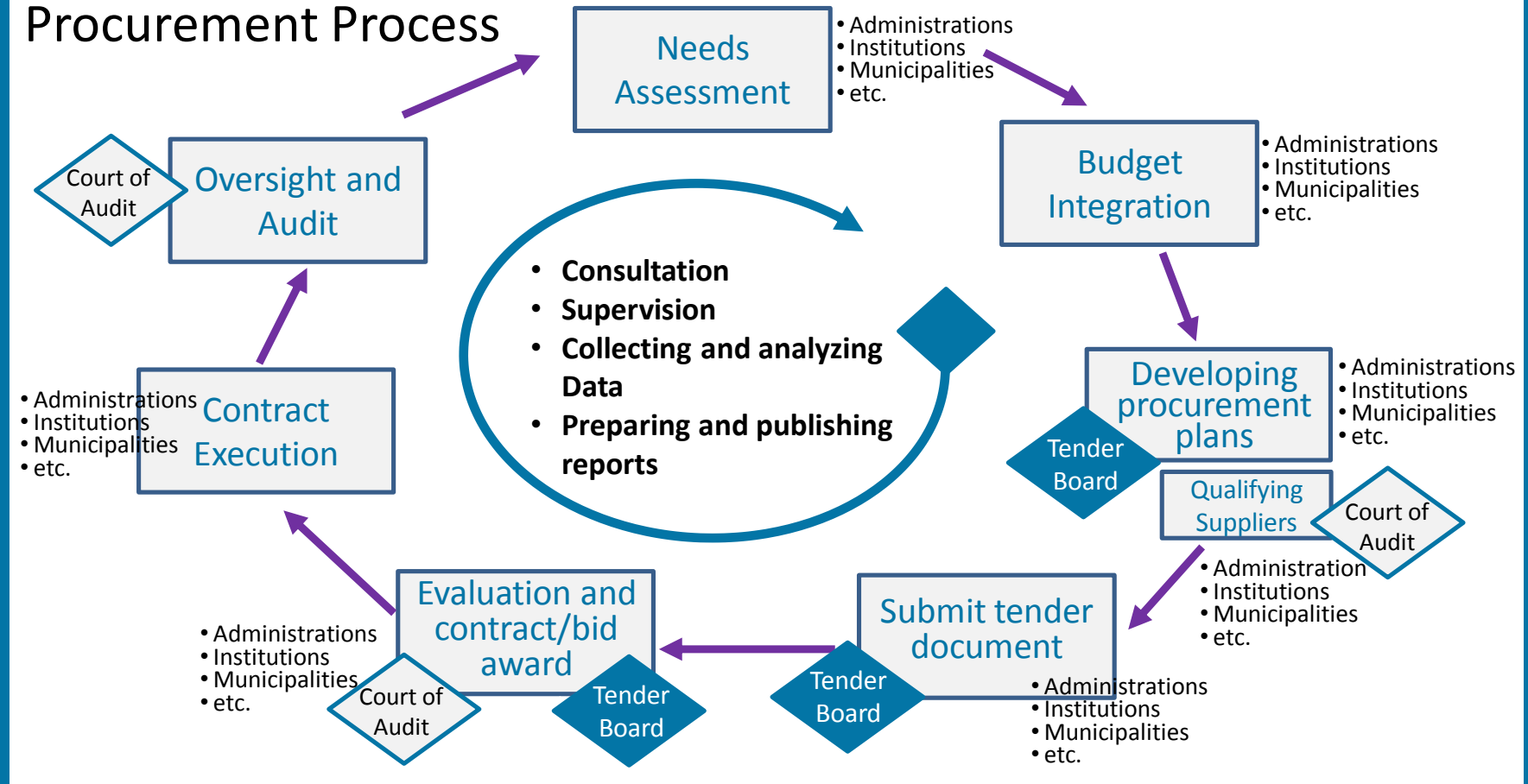
Public Procurement: A pillar of good governance

Public Procurement is a core component to **rationalize and streamline public expenditures** and **create value for money** in the delivery of public services



At the heart of Macroeconomic and Policy frameworks

Procurement Process

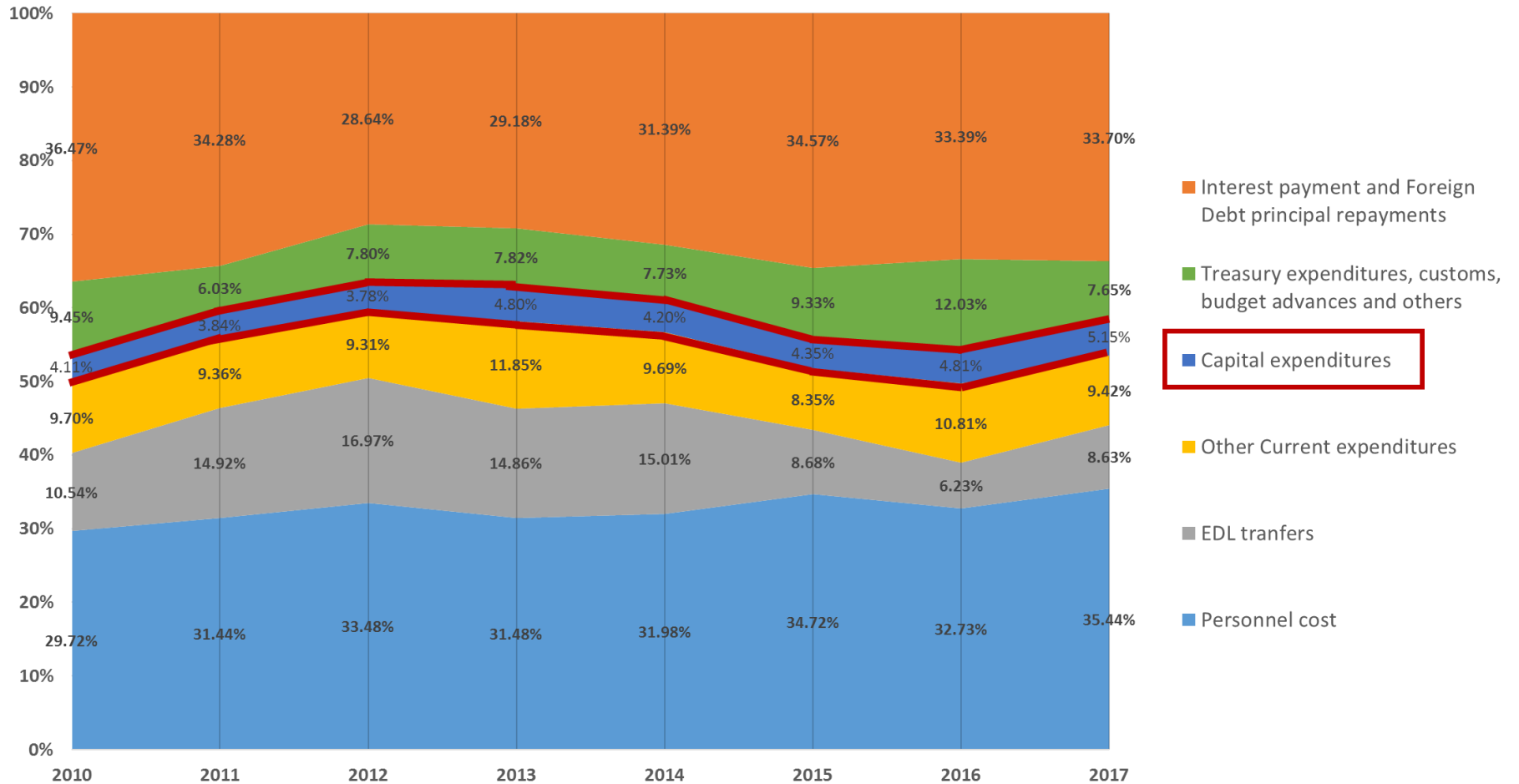


Regulatory Framework: Laws and Procedures → Executive Bodies → Standard procedures
 → Oversight Bodies → Conflict resolution

Macroeconomic Framework → Economic instances
 → International Organizations
 → Civil Society

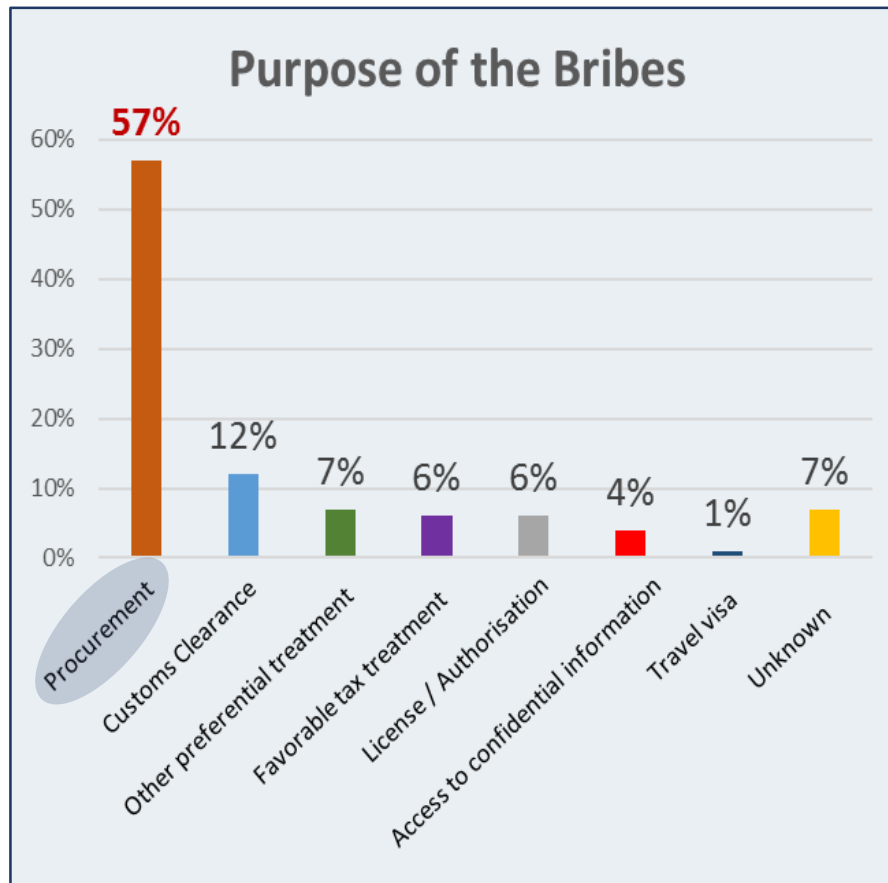
Challenge 1: Low fiscal space for public investment

Percentage of Expenditure (2010-2017)



Source: Ministry of Finance, Public Finance Monitor, 2018

Challenge 2: Fighting corruption and enhance trust

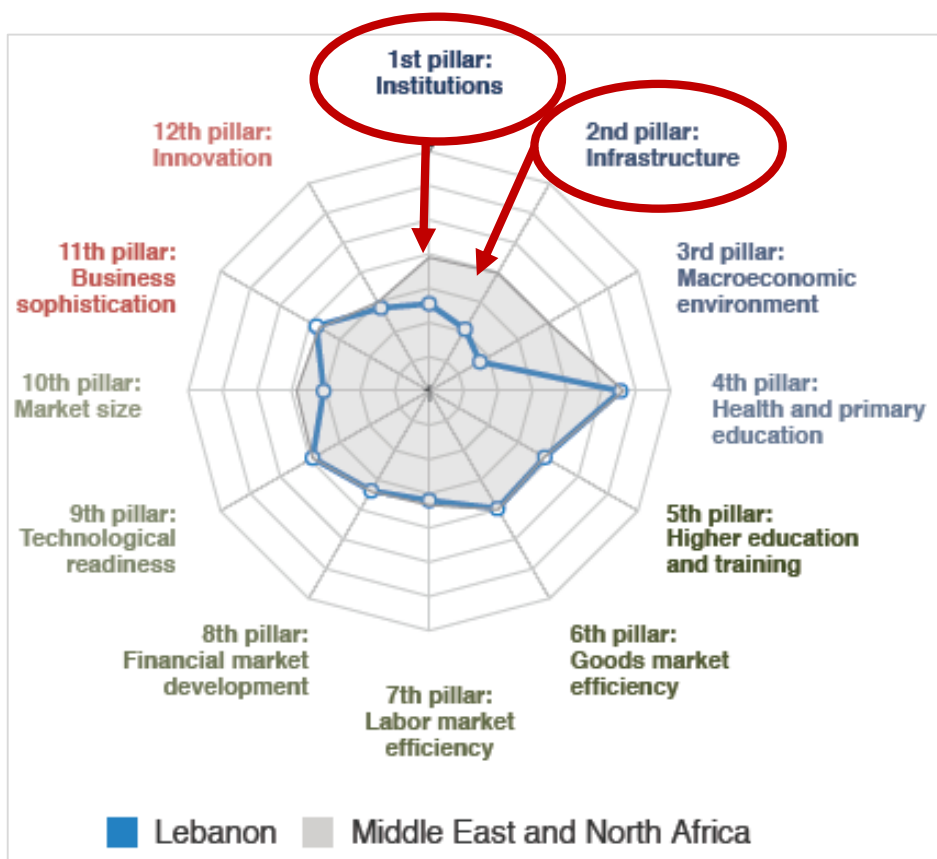


Source: OECD, 2014

Indicator (2018)	Regional rank	Global rank
Corruption Perception Index	13/21	138/180
Control of Corruption	-	- 0.97*

* Global ranking between -2.5 (Low \ Control of Corruption) to +2.5 (High Control of Corruption)

Challenge 3: Economic Competitiveness



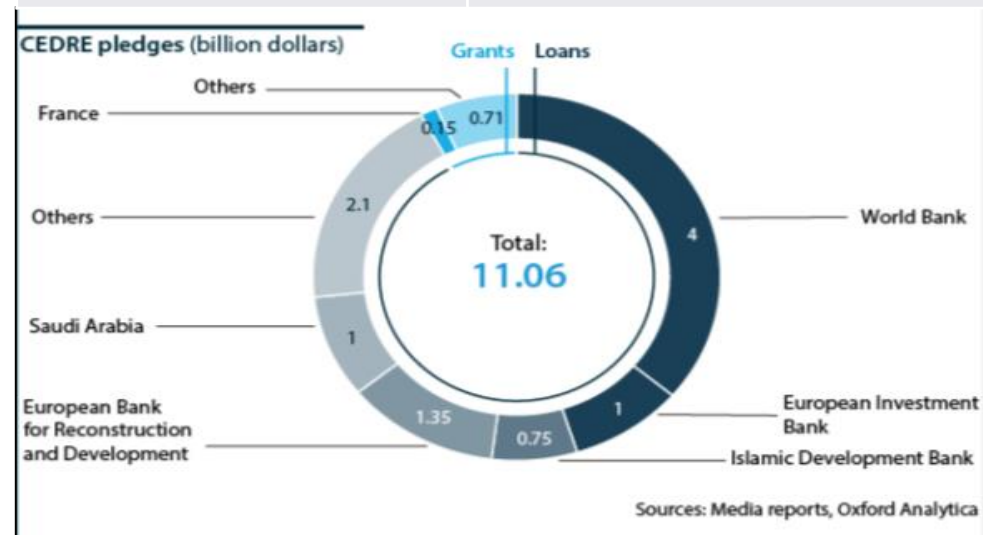
Source: GCI Report, WEF, 2018

Indicator (Year)	Regional rank	Global rank
Ease of Doing Business (2019)	54/100	142/190
Economic competitiveness (2018)	12/12	105/137
Quality of infrastructure (2018)	-	113/137
Technological and innovation readiness (2018)	22/2	137/141
Government procurement of technology products (2018)	-	114/137

Challenge 4: Implementing the Capital Investment Plan



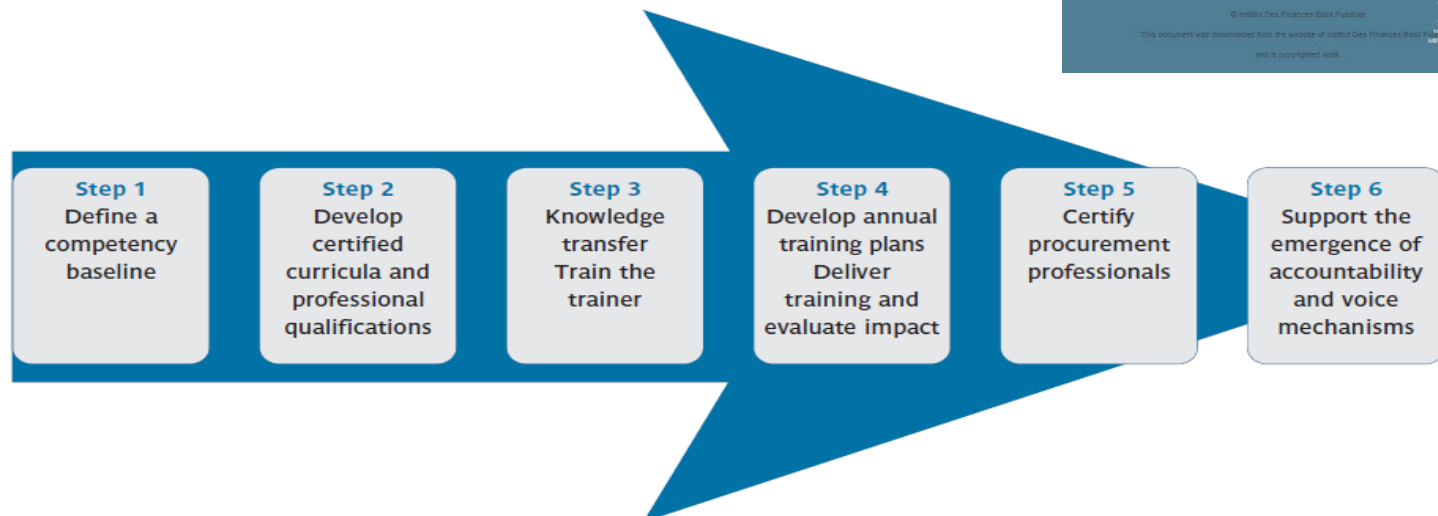
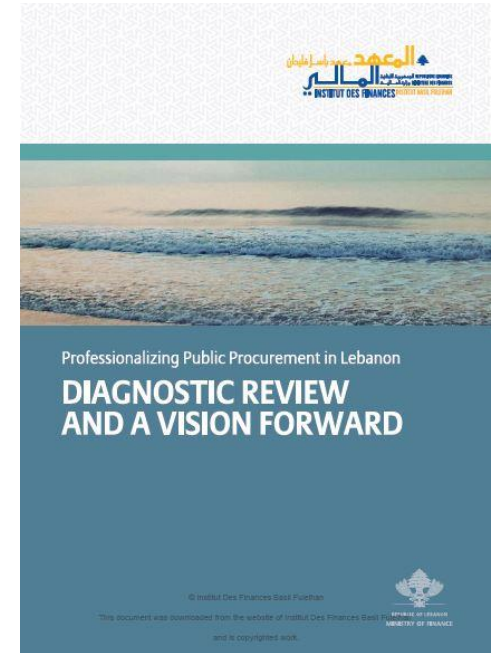
Sector	Amount (USD Million)
Water and Irrigation	3,135
Wastewater	2,404
Solid Waste	1,400
Transport	5,683
Electricity	3,592
Telecom	700
Infrastructure for Tourism and Industry	339
TOTAL	17,253



Challenge 5: Professionalizing Public Procurement

A considerable capacity gap for procurement practitioners
48% has lack in knowledge in procurement good practices

Efficient procurement is conditioned by:
Procurement as a stand-alone profession
Improving human capital competencies at all levels



Challenge 6: Sustainability (Economic, Environmental, and Social)

Government is the **BIGGEST** buyer

Procurement accounts for 13% of GDP in OECD countries
25-35% GDP in the Arab World
4% of GDP in Lebanon (at central level)



Good procurement is sustainable public procurement



1

SPP included in the new procurement law

2

Encourage SPP across public sector

3

Adoption of technical specifications & procedures promoting SCP

4

Access to data on sustainable products specifications

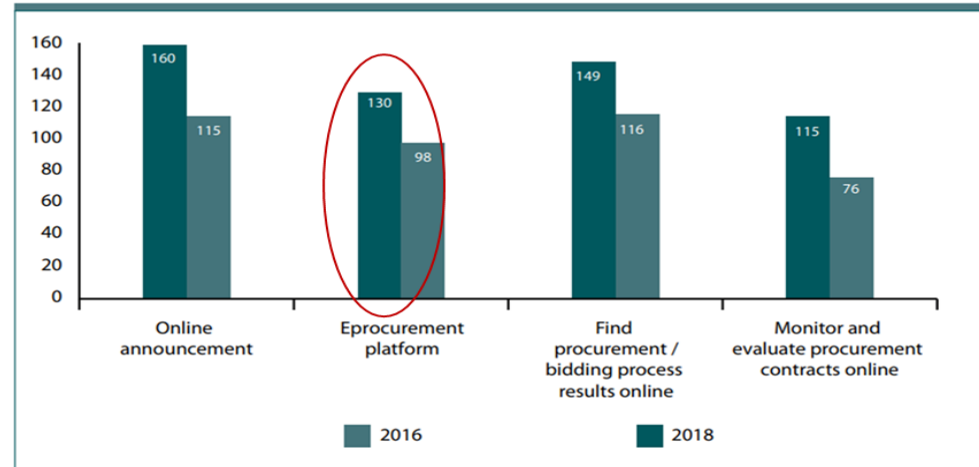
Challenge 7: Digitalization of Public Procurement

E-government can be instrumental in promoting good governance principles and achieving the sustainable development goals.

Low digitization in Lebanon:

Lebanon ranks 99th out of 193 countries in terms of e-Government development

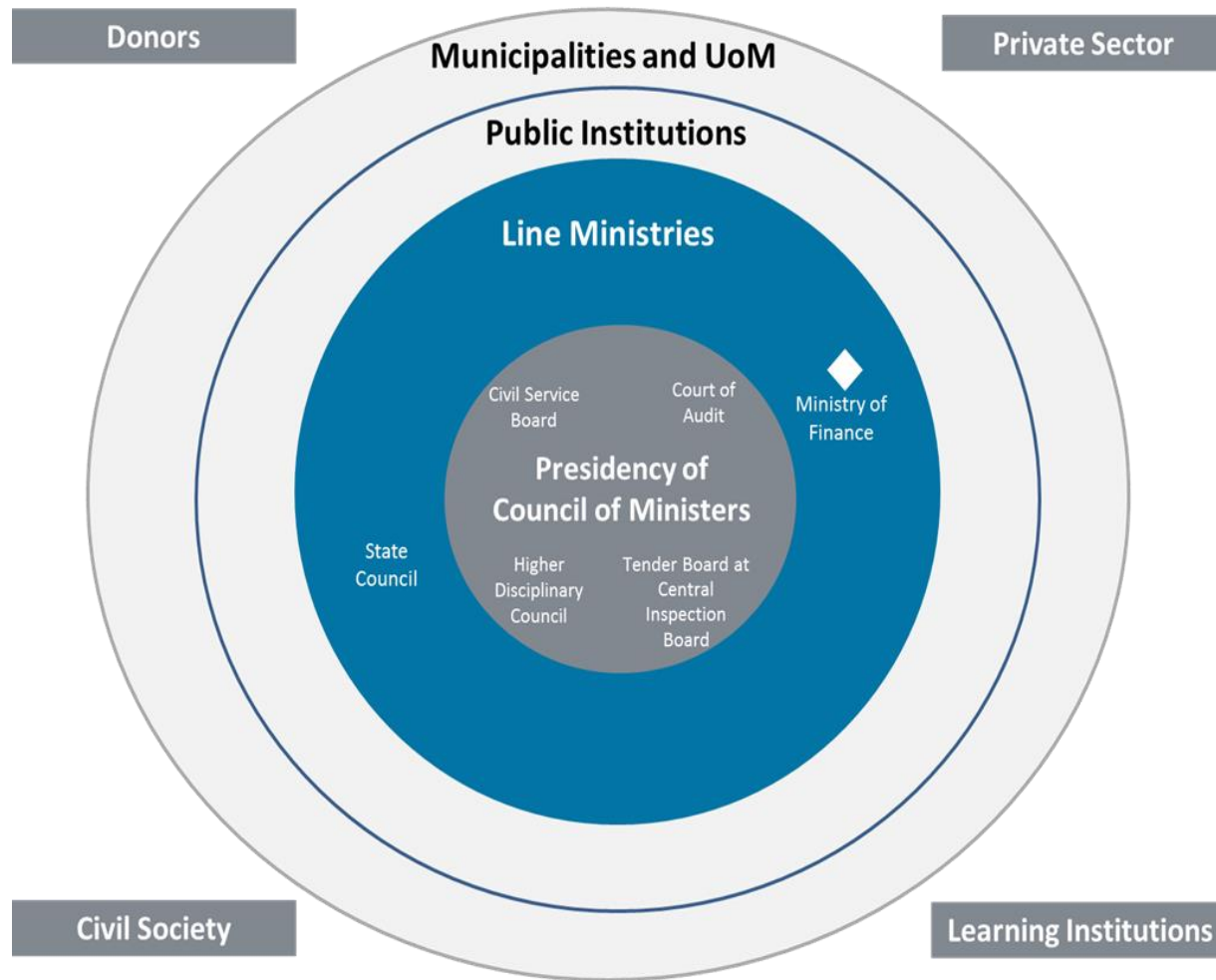
Number of countries offering tools related to e-procurement out of 193 countries, 2016 and 2018



Tunisia - TUNEPS

Avis d'AO					
Tout	Travaux	Fourniture de biens	Fourniture de services	Etudes	more
	Travaux	Groupe Chimique Tuni ...	RENOUVELLEMENT DE LA PASSERELL		11-02-2019
	Travaux	Société Nationale d& ...	Projet de réparation des fuite ...		11-02-2019
	Fourniture ...	Hôpital Aziza Othman ...	approvisionnement en produit con ...		11-02-2019

Challenge 8: A modern legal, institutional and regulatory framework



The **new public procurement law** will amend provisions in other relevant laws.

Any law regulating the concerned institutions shall be **consistent with the principles, objectives and provisions** of the new procurement Law.

Ministry of Finance Action Plan: 3 Reform Tracks

1

New Public Procurement Draft Law based on 8 guiding principles, in line with the 12 OECD guiding principles

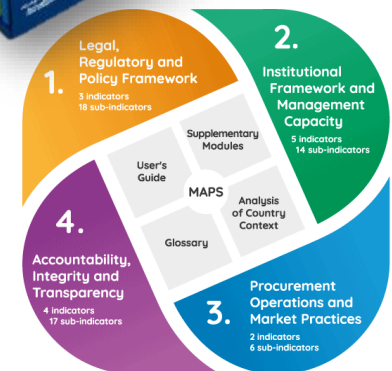
2

- **Reviewing and upgrading the 5 Standard Bidding Documents** for Goods, Works and Consultancy Services
- **Draft decree** to make their use mandatory.

3

Methodology for Assessing Procurement Systems (MAPS II); an international assessment tool:

- A clear and sound legal framework;
- Institutional mapping and distribution of roles and prerogatives;
- Preparing for e-procurement as key instrument to enhance transparency and accountability.



Track 1: A New Public Procurement Draft Law based on 8 Guiding Principles



Track 2: Five Standard Bidding Documents

National Guide: Public Procurement Guide

5 Standard Bidding Documents:

- Procurement of Goods
- Procurement of Simple Goods
- Procurement of Works
- Procurement of Simple Works
- Procurement of Consultancy Services



Track 3: MAPS Assessment

Assessment of 4 Pillars of the Public Procurement System

Legislative, Regulatory and Policy Framework	18 indicators
Institutional Framework and Management Capacity	14 indicators
Procurement Operations and Market Practices	6 indicators
Accountability, Integrity and Transparency	17 indicators

With the support of:



- International methodology applied in 90 countries, with technical assistance and expertise of World Bank, AFD, OECD, SIGMA.
- High Level Advisory Committee (12 public sector agencies) + assessment working groups (representatives of public sector, private sector, civil society, as well as experts)

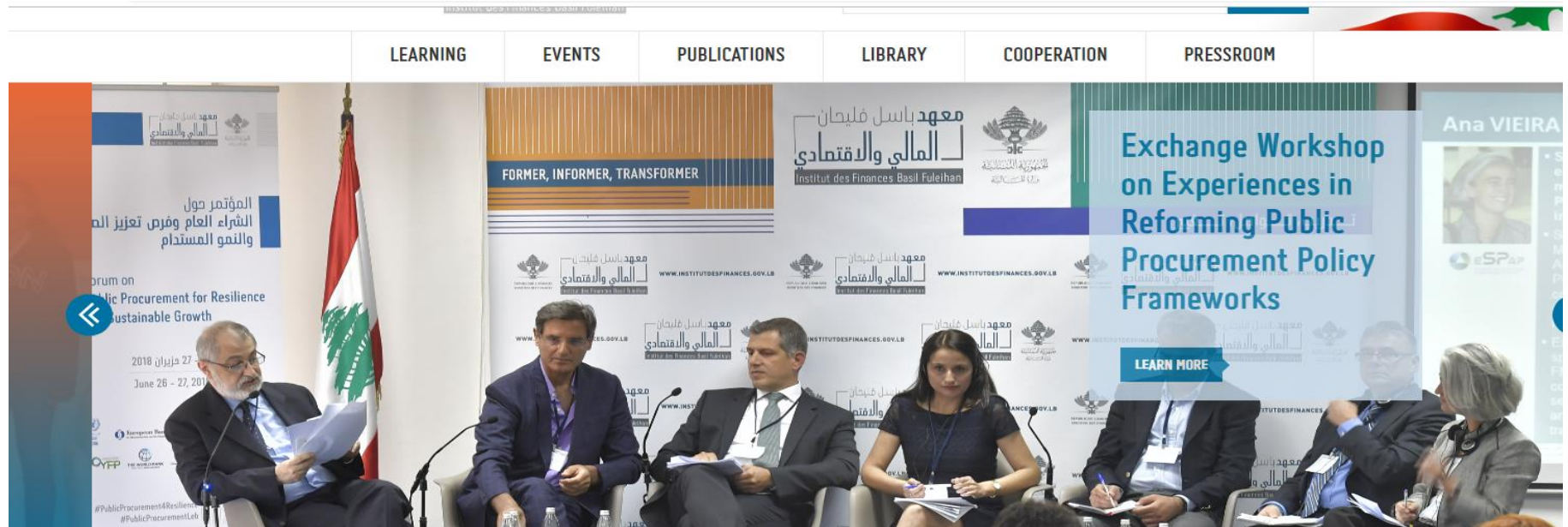
Outputs:

- National Assessment Report highlighting strengths, weaknesses and gaps of the public procurement system
- Evidence-based recommendations advising on strategic areas of reforms

The Ministry of Finance Roadmap

	Q1 Oct-Dec 2018	Q2 Jan- March 2019	Q3 April- June 2019	Q4 July-Sept 2019	Q5 Oct-Dec 2019	Q6 Jan- March 2020
An Expert Task force is mandated by the Ministry of Finance (4 July 2018)						
1-Requesting the Methodology for Assessing Procurement Systems (MAPS 2)	1/11/2018					
2- Review of international recommendations and reports	Oct 2018					
3-Review of old draft laws in Lebanon	Oct 2018					
4- Overview of international guidelines in particular the 12 principles of OECD	Oct 2018					
5-Review the regional experience in modernizing PP law (Egypt, Tunisia, Palestine ...)		Jan 2019				
6- Elaborating the 8 guiding principles		Jan 2019				
7-Drafting a new public procurement law based on the guiding principles						
8- Upgrading 5 Standard bidding documents						
9-Implementation of the MAPS Assessment						
10. Work plan to modernize public procurement and mapping of institutional players						

Thank you !



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