

May – December 2023

Public Procurement Reform in Lebanon

This Progress Report was prepared by the Secretariat of the Inter-ministerial Committee¹ in charge of following up on the public procurement reform.¹

Reform Highlights

- The Public Procurement Law 244/2021 entered into force on July 29, 2022, marking an important milestone in reforming public procurement, one of the key structural reforms committed to in the Staff Level Agreement concluded by the Lebanese Government with the International Monetary Fund in April 2022.
- **The International Monetary Fund's Staff Concluding Statement of the 2023 Article IV Mission of March 23, 2023 stated clearly that "the approved procurement law, which is in line with the best international standards, should be implemented promptly, starting with the full functionality of the Procurement Authority and the e-procurement platform".**
- **Public procurement reform is one of the ambitious structural reforms needed to create an enabling environment for stronger inclusive growth in Lebanon.** It is a pillar of Lebanon's National Anti-Corruption Strategy adopted in May 2020.
- **Political instability and vacuum since October 31, 2022 has affected the reform progress namely in what concerns the nomination of both authorities created by Law 244/2021; the Public Procurement Authority and the Complaints Authority, the challenge of allocating proper financial resources in the Budget Law of 2023; and the regular meetings of the Inter-Ministerial Committee of the Reform.**
- **Lebanon's National Strategy and Action Plan approved by the Council of Ministers (Decision no.66, dated May 20, 2022) has identified important institutional and operational pillars for reform implementation, hence not achieved yet as planned** due the shortage in allocated technical, financial and human resources timely, namely to: 1) the National Coordinator (Institut des Finances Basil Fuleihan); 2) the Public Procurement Authority (PPA); 3) the yet to be established Complaints Authority (CA); 4) the set-up of an e-procurement system at the PPA; 5) the mandatory continuous and specialized training by the Institut des Finances; 6) the design of competency frameworks and creation of procurement profession; 7) the communication and awareness; 8) the risk management function; etc.
- **The lack of needed support has slowed the overall progress in 2023.**

¹ The IMC is composed of 6 ministers (Public Works and Transport, Interior and Municipalities, Industry, Environment, Economy and Trade, and the Minister of State for Administrative Reform). It was formed by virtue of the Council of Ministers Decision no.14 dated 08/02/2022.

1. Progress is slow putting at risk the reform momentum

This section presents progress of the public procurement reform during the period **May to December 2023**, along the 8 working groups (Figure 1) defined in the National Reform Strategy and action plan; a strategic reform vision developed with technical support of the World Bank (GPP-MDTF) and approved by the Council of Ministers in May 2022.

Figure1: National strategy working groups



PROGRESS OF WORKING GROUPS

WG1: PRIORITY SECONDARY LEGISLATIONS

| Deliverable | Status | Progress period |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|--------------------|
| Public Procurement Authority <ul style="list-style-type: none"> 2 Decrees for PPA finalized and presented by the Head of the PPA to the President of the Council of Ministers (administrative procedures + financial procedures) - Not yet approved 2 Decrees for PPA (nominations + staff organization) Decision on Internal Audit procedures (standards and principles) | In progress; responsibility of PPA | 80% 20% 100% |
| Complaints Authority <ul style="list-style-type: none"> 5 Decrees for Complaints Authority revised and updated (nominations + staff organization + administrative procedures + financial procedures +Modus operandi) – Process pending | In progress; ground preparation until CA is established | 50% |
| 6 Decrees for sound performance of the procurement system <ul style="list-style-type: none"> Use of framework agreements (drafted) Sustainable public procurement (drafted) Composition of procurement unit at procuring entity Contract acceptance conditions in case of deficiencies Job description, competencies, and recruitment Electronic procurement | In progress | 33% |

Main challenges: Due to political deadlock, no progress was done in view of institutionalizing the two new authorities, i.e the Public Procurement Authority and the Complaints Authority including their regulations (preparatory work on secondary legislations was done for the PPA), initiating the process of

recruiting their members (advertising, soliciting CVs, undertaking interviews, etc.), and ensuring their proper operationalization and staffing, etc.

WG2: STANDARD PROCUREMENT DOCUMENTS (SPDs)

| Deliverable | Status | Progress |
|---------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------------|
| ▪ 3 Main SPDs for Goods, Works and Services (drafted) | Submitted to PPA for publication | 90% |
| ▪ 3 Simplified SPDs for Goods, Works and Services (drafted) | Submitted to PPA for publication | 90% |
| ▪ 3 SPDs for framework agreements - small works, goods, consultancy services (+consultation, review, testing & training) | Slow progress | 10% |
| ▪ Sectoral SPDs | Not initiated | 0% |

Main challenge: Standard Procurement Documents are not yet issued and published for use by procuring entities.

WG3: GUIDELINES AND TOOLS

As PPL 244 introduces new practices and procurement methods, accessing guidelines and hands-on tools to reduce miscomprehension and facilitate implementation is needed by procuring entities, however limited progress was made at this level.

| Deliverable | Status | Progress |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|-------------|
| ▪ 1 Draft explanatory guidelines on Law 244 (+consultation, review, testing and training) | Drafted; pending review, validation and publication by PPA | 50% |
| ▪ 2 User friendly guides on Law 244 (one addressed to Parliamentarians / one to citizens and stakeholders) | Completed | 100% |
| ▪ +60 Forms and templates identified; 25 forms prepared (development, testing, finalization, and training on use) | In progress; pending completion and publication by PPA | 40% |

Main challenges: Explanatory guidelines on Law 244 are not yet issued and published for use by procuring entities. Forms and templates need to be completed and published for use by procuring entities.

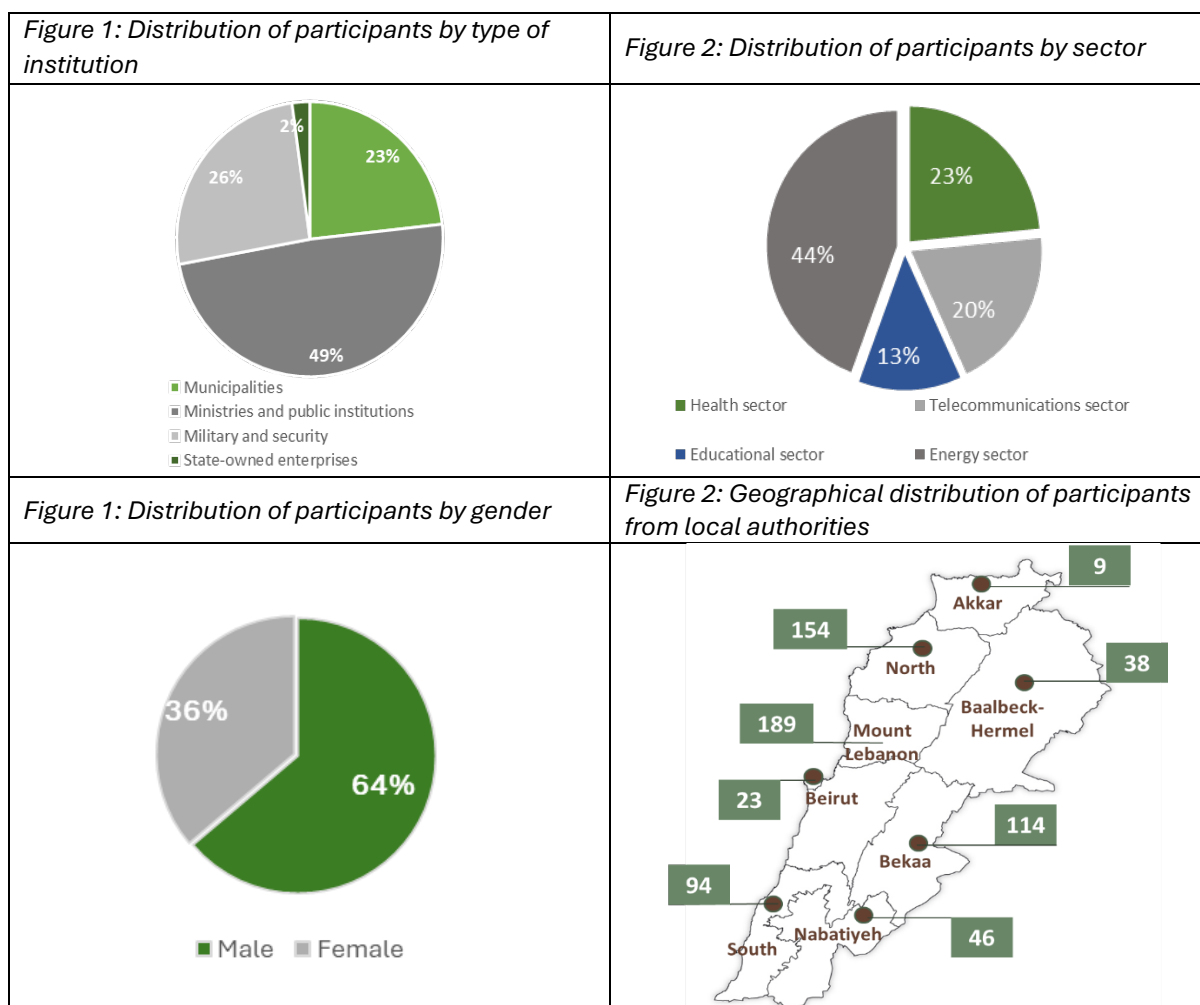
WG4: TRAINING AND PROFESSIONALIZATION

Despite the scarcity of resources, and within its mandate by Law 244 - Article 72, the Institute:

- continued providing mandatory continuous and specialized training on public procurement. **The general introductory course outreached 59% of targeted beneficiaries across several sectors (2,921 out 5,000 participants) (Figures 1 to 3). Municipalities continue to request training and coaching for them to comply with the Law (Figure 4); however, the capacity to respond remains very low with a shortage of adequate resources.**
- launched a training needs assessment by end of 2023 for better identification and prioritization of actions at this level, with the technical support of the World Bank (GPP-MDTF). The results of the assessment will inform the work on capacity building in the short to medium term.
- started the **design of specialized courses - Procurement planning and Framework agreement** with the technical assistance of Expertise France - Agence Française de Développement and **Procurement methods and Contract management** with the technical assistance of the World Bank (GPP-MDTF). The full-fledged modules need to be completed, piloted and delivered to targeted audiences. Other thematic needs also to be tackled as of 2024.
- started working on a **structured training offer catering for the national needs and the level of competencies of procurement practitioners**, with the technical support of OECD-SIGMA.

| Deliverable | Status | Progress |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------|
| <ul style="list-style-type: none"> 1 updated full-fledged introductory course on PPL 244 with a graded exam; Out of 2,921 participants who sit for the graded exam, 1,430 passed the exam | Completed | 100% |
| <ul style="list-style-type: none"> 4 new specialized technical training contents 2 specialized TOT programs on new training contents | In progress | 60% |
| <ul style="list-style-type: none"> 20 Expert-trainers actively involved in training and content preparation 10 potential new trainers | In progress | 70% |
| <ul style="list-style-type: none"> 2,921 Participants to introductory training on PPL 244 out of 5,000; among which 667 from local authorities | In progress | 59% |
| <ul style="list-style-type: none"> 20 awareness raising sessions on-going addressed to public sector employees and civil society organizations across Lebanon | In progress | 80% |
| <ul style="list-style-type: none"> On-Line training platform | Not initiated | 0% |
| <ul style="list-style-type: none"> Competency based training framework & 6 specialized curricula | Not initiated | 0% |

This above-mentioned progress on capacity building comes in line with the National Reform Strategy and Action Plan implementation (2022-2024). It is also aligned with the capacity building strategy developed based on national priorities and international good practices, with the technical support of the World Bank (2022) and peer-reviewed with assistance of OECD-SIGMA and Expertise France - Agence Française de Développement.



Specialized courses in public procurement available at the Institute

To increase outreach on procurement reform, 4 videos were produced to inform on procurement good practices and announce new learning opportunities, with the technical support of the World Bank (GPP-MDTF).

[Video - Public Procurement Law](#)



[Video - Procurement Planning](#)



[Video - Procurement Methods](#)



[Video - Contract Management](#)



[Video - Building capacities for reforming public procurement](#)



International Certification Program in Strategic Public Procurement

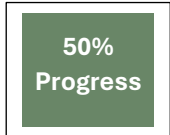
The **Institut des Finances Basil Fuleihan** launched the **International Certification Program in Strategic Public Procurement**, that will be implemented starting May 2024, in collaboration with the University of Rome Tor Vergata in Italy and with the support of the Government of Italy.

The program aims to equip Lebanese officials and professionals across public sector with essential knowledge regarding the strategic importance of public procurement, its functions, and procedures, with emphasis on ensuring value for money and compliance with national, EU, and international procurement regulations. The program is intended to serve as a catalyst for the implementation of Law 244 in Lebanon, in line with international standards and good practices.



Main challenges: The demand for specialized and certified training by procurement stakeholders across the public sector has increased over the past six months. Investing in on-line learning and testing platforms as well as self-paced learning remains crucial to satisfy increasing demand and to ensure there are enough cohorts of qualified staff involved in public procurement. However, the limitations in terms of technical and financial support are hindering timely and regular progress on this front. The scarce resources for new modules development, testing, and for nationwide training delivery and coaching are negatively affecting timely progress of capacity building with a risk to instill a culture of resistance to change.

WG5: COMMUNICATION AND AWARENESS



The Institut des Finances continued the awareness raising efforts on the reform and the law implementation. [Awareness videos](#) and tools were developed with the technical assistance of the World Bank.

More than 35 sessions were organized directed at decision and policy makers, practitioners, business community, academics and civil society.

Also, in the framework of advancing the Anti-Corruption national agenda and the role of procurement reform as one of its key components, the Institute experts delivered workshops in the regions and took part in roundtable discussions around Law 244 and reform implementation to raise awareness on integrity, transparency and accountability in collaboration with Gherbal Initiative.

Main challenges: Maintain a structured policy dialogue and inter-institutional dialogue and coordination to reduce resistance and ensure effective reform implementation, as well as a structured awareness across economic actors (professionals, business community, SMEs), civil society, and economic media towards a solid public engagement with the reform.

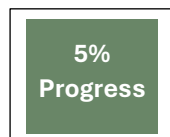
WG6: CENTRAL ELECTRONIC PLATFORM

An assessment and strategy for E-Procurement was developed by international experts with the technical support of the World Bank.

In the absence of a central electronic platform, the Public Procurement Authority continues using its [current website](#) for publication and announcements for the immediate term.

Main challenge: Lebanon has not yet a fully functional central electronic platform considered to be a critical component for effective law 244 implementation and for transparency, integrity and accountability requirements. It is also an enabler for competition and cartels breaking.

WG7: RISK MANAGEMENT

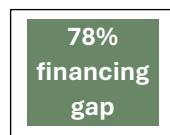


The national strategy on public procurement reform identified **the need to develop a risk management strategy and tools to efficiently identify and mitigate procurement risks**. A [policy brief](#) was published by the OECD, in collaboration with the Institute to highlight the importance of this concept and provide recommendations towards a tailored public procurement risk management strategy based on the national context and international good practices.

With the technical assistance of Expertise France - Agence Française de Développement, a risk mapping was developed at the level of the PPA, in addition to awareness raising to its team on forensic auditing, and guidance for detecting offenses and irregularities in the activity of procuring entities.

Main challenge: Support is needed for the development of a dedicated risk management strategy with detailed implementation plan and tools.

WG8: RESOURCE MOBILIZATION



In its capacity as National coordinator and Secretariat of the IMC, the Institute is keeping a lively dialogue with the donor community through regular briefing meetings and communication.

A series of high level meetings with representatives from the World Bank, the International Monetary Fund, the United Nations, the French Embassy in Beirut, the Agence Francaise de Development, the European Bank for Reconstruction and Development, the Embassy of Belgium, the Embassy of Italy and the European Delegation in Lebanon took place to present the reform progress, issues at stake with law implementation, and highlight the need for sustainable direct support to the various components of the national strategy and to the State institutions working on reform implementation.

The National Coordinator also maintained dialogue with 3RF “Anti-Corruption, Public Financial Management, Civil Service and Public Administration Reform” Working Group to reiterate the importance of donors’ synchronized effort in supporting structural reforms such as public procurement.

Table 1: Technical assistance mobilized and financing gap.

| No | Area of support | Estimated Cost (in USD) | Technical assistance provided for the period 2019-2023 by: | | | | | | | | FINANCING GAP (in USD) | | |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|------------------------------------------------------------|--------------------|------------------|--------------------|--------------------------|----------------------------|---------------------|---------------|------------------------|-------------------------------|------------|
| | | | AFD (eqv. in USD) | EBRD (eqv. in USD) | US-MEPI (in USD) | OECD (eqv. in USD) | OECD-SIGMA (eqv. in USD) | GPP - WB executed (in USD) | World Bank (in USD) | WFD (in USD) | | | |
| Reform Design | MAPS Assessment Institutional Mapping of Stakeholders National Reform Strategy and Action Plan | 320,000 | 17,280 | | | | | | 140,000 | 150,000 | | 12,720 | |
| WS1 | Legislation (drafting, reviews, translation, consultations, finalization) | 165,000 | 35,856 | | | | | 1,272 | | 25,000 | 6,000 | 96,872 | |
| WS2 | Standard Tender Documents (development, consultations, testing, finalization) including SPDs (goods, works, services), Simplified SPDs, SPDs for FAs (goods, works, services), Sectoral SPDs | 450,000 | 27,216 | | | | | | | 103,800 | | 318,984 | |
| WS3 | Guidelines & Tools (development, consultations, testing, finalization) | 200,000 | 25,920 | | | | | 8,480 | | | 12,000 | 153,600 | |
| WS4 | Training and Professionalization (specialized and technical content development, customization, deployment) | 1,150,000 | 187,920 | | | | | | 391,000 | 184,350 | | 386,730 | |
| WS5 | Communication & Awareness | 160,000 | | | 14,000 | | | | 69,875 | 20,500 | 18,400 | 37,225 | |
| WS6 | Electronic Procurement | 1,800,000 | | | | | | | | 32,000 | | 1,768,000 | |
| WS7 | Risk Management (Awareness, strategy & tools) | 150,000 | | | | | 10,600 | | | | | 139,400 | |
| WS8 | Technical Support to Public Procurement Authority | 600,000 | | | | | | | | | | 600,000 | |
| WS9 | Technical Support to Complaints Authority | 300,000 | | | | | | | | | | 300,000 | |
| WS10 | Technical Support to National Coordinator | 600,000 | 30,672 | 33,000 | | | | | | | | 536,328 | |
| | Total | 5,575,000 | 324,864 | 33,000 | 14,000 | 10,600 | 9,752 | 600,875 | 515,650 | 36,400 | | 4,349,859 | |
| | EUR/USD rate used: 1 Euro = 1.08 USD (dec 2023) | | | | | | | | | | | Financing gap (till Dec 2023) | 78% |

2. Priorities to safeguard a nationally-led reform

In line with the National Reform Strategy and Action Plan 2022-2024 approved by the Council of Ministers (Decision no.66 of May 20, 2022), the priorities for the reform to advance remain the following:

Priorities related to the High-level commitment

- Preserve and maintain the commitment of the Government of Lebanon to advance Public Procurement Reform**, and thus the implementation of the related Reform Strategy and its Action Plan (2022-2024) that was approved by COM decision no.66 of May 20, 2022.
- Maintain the engagement of the international donor community to advance public procurement reform through the allocation of proper financial, human and technical resources, and the sound implementation of support programs in close coordination with Lebanese stakeholders.**

Priorities related to the legal and policy framework

- Initiating evidence-based dialogue around key policy areas** such as sustainable public procurement, participating of small and medium enterprises, gender responsive procurement, etc.
- Aligning other decrees and bylaws related to oversight and control bodies with the Public Procurement Law – Pillar IV of the national reform strategy:** for example, Court of Accounts bylaw, decrees governing the cycle of pre-approvals of municipalities procurement, etc).

Priorities related to the Institutional set-up

- Appointments by Council of Ministers of the Public Procurement authority (PPA) members – Art. 74, 75 & 78 of PPL 244:** Currently, the PPA is led by its President, which represents a risk for

the efficiency of the PP system. The PPA shall function as a collegial authority (decisions taken by the majority of its 5 members). The PPA shall be assisted by a Technical Support Unit (TSU).

6. **Establishment and appointments by Council of Ministers of the President and members of the Complaints Authority (CA) – Art. 89, 90 & 91 of PPL 244:** Currently, the CA is absent from the system, knowing that its role is crucial for the system to ensure fair treatment and equal opportunities to all bidders. The CA shall be assisted by a Technical Support Unit (TSU).
7. **The Public Procurement Authority to establish and operationalize a fully functional central electronic platform** as a critical component for effective PP law implementation and for transparency, integrity and accountability requirements -Art. 76 of PPL 244.
8. **Establish a dedicated unit for public procurement within procuring entities** with organizational structure and clearly defined functions and responsibilities - Art.73 of PPL 244.
9. **Set up the framework for professionalization of the public procurement function - Art. 73 of PPL 244:** Set up competency frameworks, standard job descriptions and qualification requirements for public procurement officials at different levels, and across procuring entities.

Priorities related to capacity building

10. **The Institut des Finances – Ministry of Finance to continue providing training and capacity building to relevant civil servants at central and local levels, as well as other involved stakeholders - Art. 72 of PPL 244:** This training function is needed to equip all procuring entities with trained and highly skilled professionals in public procurement, and appropriate tools, while ensuring a high quality and specialized training content and **technical assistance to procuring entities (Help Desk)**. The training shall also **cover the private sector, continuous capacity building for national trainers while using new technologies and tools (e-learning)**.
11. **Ensuring public procurement integration into the budget preparation process (Art. 11 of PPL 244)** through specific training and awareness raising to procuring entities, Ministry of Finance, and other concerned stakeholders.

ⁱ For further details, please address your queries to Ms. Basma Abdel Khalek, Email: babdulkhalek@iof.gov.lb