



REPUBLIC OF LEBANON
MINISTRY OF FINANCE

معهد باسل فليحان
المالي والاقتصادي
Institut des Finances Basil Fuleihan

Public Procurement Reform in Lebanon

Roadmap 2019-2023

June 2020

I. Context and Background

- **Public procurement reform is a whole-of-government, whole-of-economy whole-of-society reform** highlighted in the Ministerial Declarations of both Hariri (2019) and Diab Governments (2020) as key to Lebanon recovery.
- **The current Government's declaration commits** "..... to pursue efforts undertaken by the Ministry of Finance to reform the public procurement apparatus including finalizing the MAPS II exercise, validating and adopting its recommendations and working towards immediate adoption of a modern public procurement law in consultation with various stakeholders." (Section 2, Article 5) . The Government reflected procurement reform in its **Financial Recovery Plan** (April 2020).
- **PP reform is key to improving fiscal governance and the quality of public services**, encouraging investment inflows, and strengthening accountability and transparency. It is one of the conditionality of the CEDRE conference (2018). It was highlighted by the International Support Group for Lebanon (ISG) on the occasion of its meeting in Paris on December 11, 2019, and in its Joint Statements issued on January 23 and February 12, 2020 following the formation of the Diab Government.
- **The Ministry of Finance committed to procurement modernization**, giving a strong signal of trust to both the private sector and the donor community. This reform is key to integrating financial commitments into the budget process and in forecasting future financial needs.
- The Minister of Finance mandated the **Institut des Finances Basil Fuleihan** to be the National Focal Point for this exercise.

- *This document presents the **evidence-based policy approach adopted based on the MAPS II process (Methodology for Assessing Procurement Systems)**.*
- *It also draws on previous national efforts conducted, benchmarks with int'l best practices and regional PP modernization experiences.*

Document highlights

- I. Context & Background
- II. Public Procurement reform is key to governance
- III. Paramount challenges facing procurement modernization
- IV. Approach and roadmap to procurement reform
- V. Reform outputs and progress 2019-2023

Starting Point : NATIONAL CONSULTATIONS

National Public Procurement Forum, June 2018

<http://www.institutdesfinances.gov.lb/events/forum-on-public-procurement-for-resilience-and-sustainable-growth/>

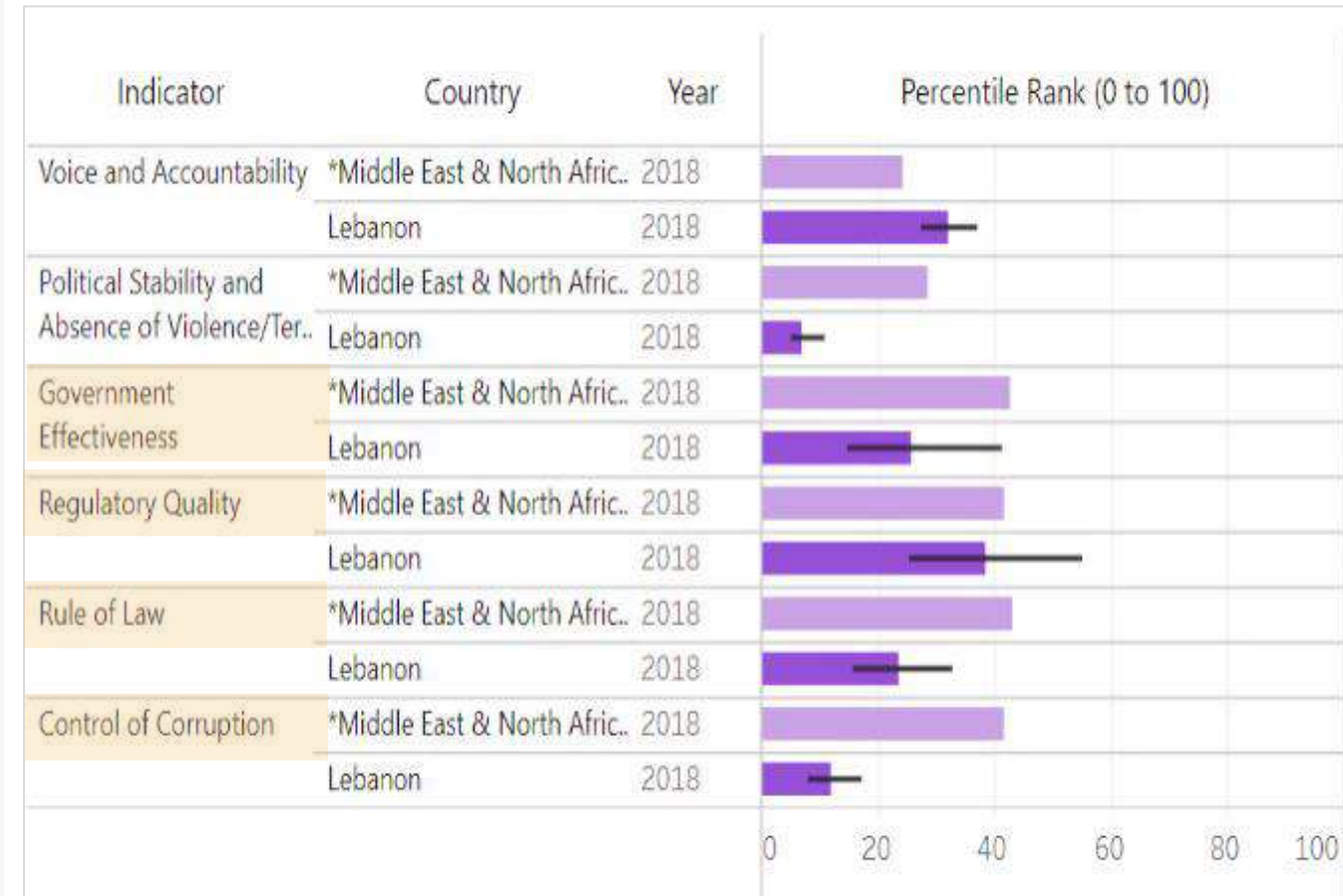


II. Public Procurement reform is key to governance

- Public procurement is a key pillar of structural reforms to enhance fiscal governance and attract public investments in infrastructure.
- Procurement reform is at heart of the fight against corruption; in line with national efforts (Law on Access to Information 28/2017, Law on Protection of Whistleblowers 83/2018, Law on Anti-Corruption 175/2020, National Strategy on Anti-Corruption, etc).
- Control of corruption is a priority: 57% of bribery cases detected are public procurement transactions (1). Lebanon ranks 28/100 on the Corruption Perception Index (137/180) (2).
- The legal framework does not conform with international standards and guidelines. It is outdated (1959/1963) and fragmented (various laws, decrees, decisions, etc); some functions (complaints mechanisms) are inefficient (3,4).
- Several national efforts did not lead to a modern legal framework.

URGENT need for a clear and coherent Public Procurement system (not only a law) in line with international standards (UNCITRAL Model Law 2011, EU Guidelines 2014, OECD Guidelines 2016, etc)

Lebanon ranks below the MENA region on key governance indicators (5)



- OECD (2014), Foreign Bribery Report
- Transparency International (2019), Corruption Perceptions Index
- MAPS II preliminary results, 2019
- Institut des Finances Basil Fuleihan (2014), Professionalizing Public Procurement in Lebanon
- World Bank, Worldwide Governance Indicators, 2018

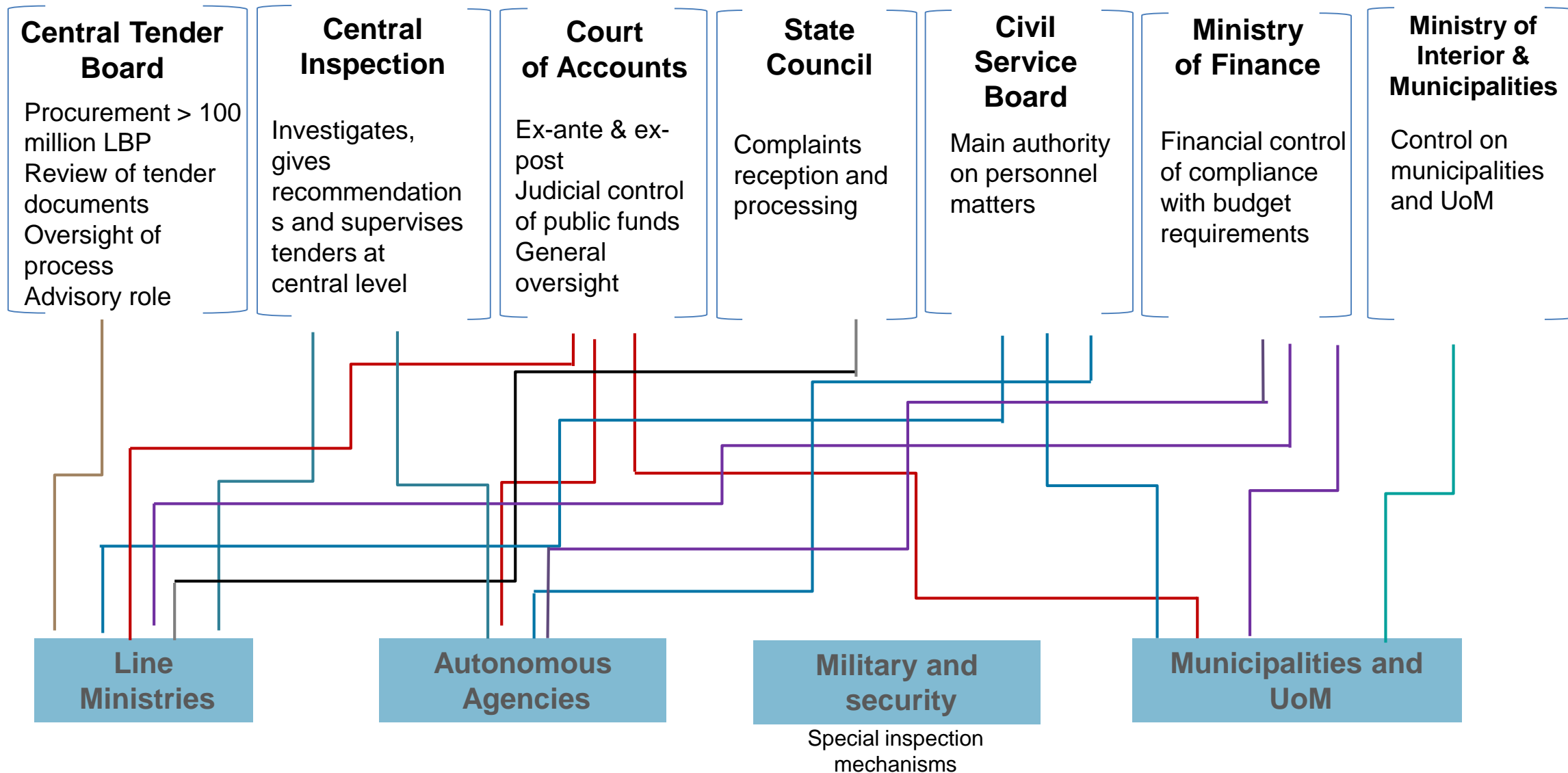
III. Paramount challenges facing procurement modernization

Scattered and outdated procurement legislations and practices

<p>Two main legislations regulate public procurement</p>	<ul style="list-style-type: none"> ▪ The Public Accounting Law (Decree 14969 of December 30, 1963) ▪ The Tender Regulations (Decree 2866 of December 16, 1959)
<p>Other laws and decrees</p>	<ul style="list-style-type: none"> ▪ The General Terms of Reference for Public Works Contractors (Decree of May 20, 1942) ▪ The Penal Code (Legislative Decree 340/NI of March 1, 1943) ▪ The Regulations of the Central Inspection Board (Decree 2460 of November 9, 1959) ▪ The publication of the Annual Procurement Plan (Decree 13221 of June 28, 1963) ▪ The Prequalification of Contractors (Decree 3688 of January 25, 1966) ▪ Stamp Duty (Legislative Decree 67 of August 5, 1967) ▪ The Disbarment from Participating in Public Bids (Decree 8117 of August 29, 1967) ▪ The Terms for Acceptance of Completed Public Works with Some Minor Flaws or Defects (Decree 14601 of May 30, 1970) ▪ The State Consultative Council (Decree 10434 of June 14, 1975) ▪ The financial guidelines for municipalities and public institutions (e.g. Decree 5595 of September 22, 1982) ▪ The Legislative Decree on the organization of the Court of Audit (Decree 82 of September 16, 1983) ▪ The General Budget and Annexed Budgets of 2001 (Article 73 of Law 326 of June 28, 2001) ▪ The Classification of Contractors and Consultants (Decree 9333 of December 26, 2002) ▪ The Identification of National Goods Benefiting from Preference in Public Tenders (Decree 10515 of July 23, 2003)
<p>Decrees applied in military and security sectors</p>	<ul style="list-style-type: none"> ▪ The Administrative Terms of Reference for Army Works (Decree 11573 of December 30, 1963) ▪ The Administrative Terms of Reference for Army Supplies (Decree 11574 of December 30, 1968) ▪ The Administrative Terms of Reference for Internal Security Forces Supplies (Decree 2868 of April 16, 1980)

III. Paramount challenges facing procurement modernization

Weak institutional environment, overlapping mandates, gaps in areas vulnerable to corruption



Private Sector

- Economic operators
- Business associations
- Syndicates

Civil Society

- Economists
- NGOs
- Influencers & journalists

Donor Organizations

- Bilateral partners
- Multinational development org'

Learning Institutions

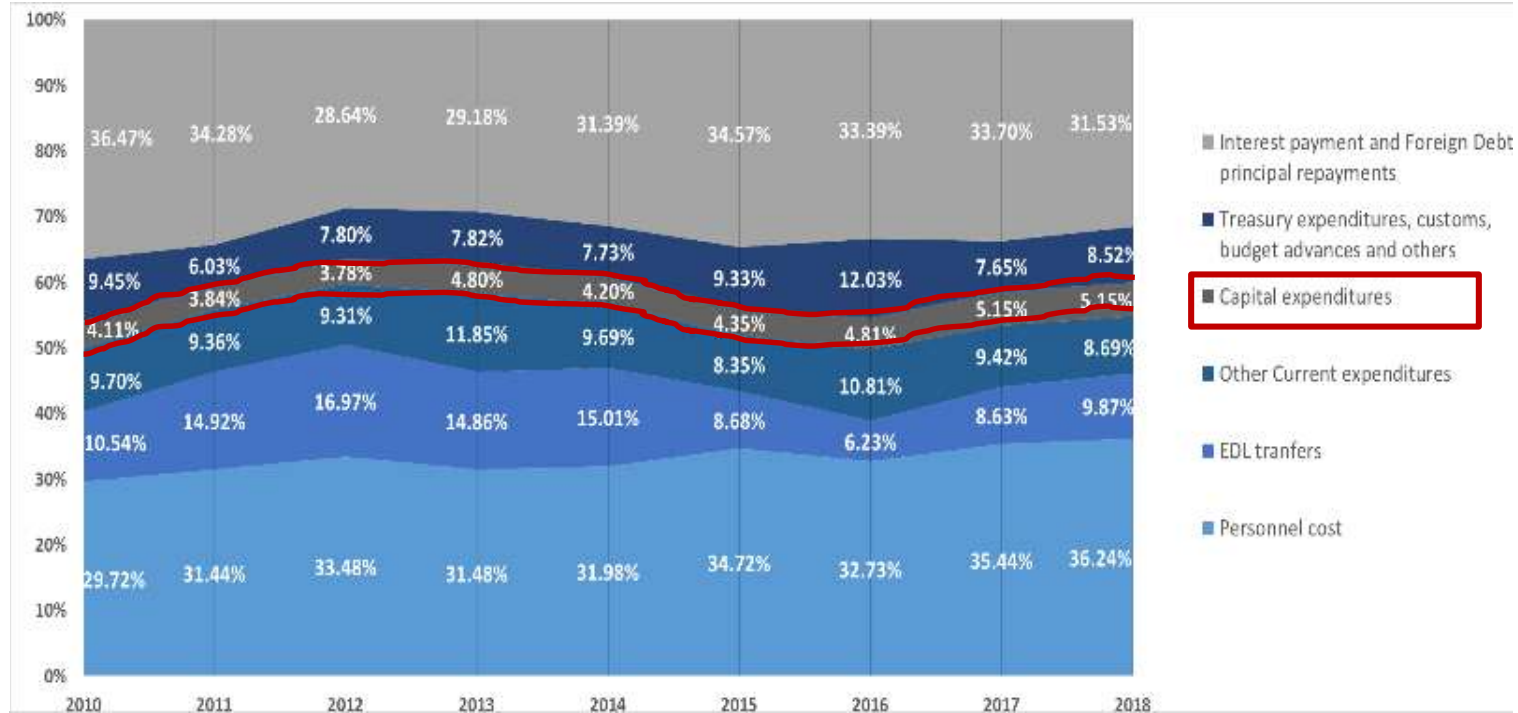
- Training providers
- Universities
- Policy centers & think tanks

III. Paramount challenges facing procurement modernization

Poor quality, capacity, technology, etc. hinder competitiveness and investments

- **The quality of the procurement system is poor (48/100)** as compared to the rest of the world and to a number of MENA countries (1).
- **There are considerable capacity gaps**, resulting in inefficiencies and high risks of corruption (2, 3).
- **PP practices do not conform with standards** of sustainability covering the economic, social and environmental considerations (2,3).
- **Government digitization and access to information is scarce**; Lebanon ranks 99/193 in terms of e-Government development (4).
- **Narrow fiscal space for public investment, not exceeding 5% of public expenditures (2018) and shrinking to 2% in 2020 Budget.**, due to high expenditures on personnel cost, interest payments and foreign debt.
- **A weakening economic competitiveness, ranking 88/141**, due to notable deficiency in infrastructure and institutions (4)

Performance Overview 2019 Key ◊ Previous edition ▲ Upper-middle-income group average □ Middle East and North Africa average




1. World Bank (2017), Benchmarking Public Procurement Report
2. MAPS II preliminary results, 2019
3. Institut des Finances Basil Fuleihan (2014), Professionalizing Public Procurement in Lebanon
4. World Economic Forum, Global Competitiveness Index (2019)

III. Paramount challenges facing procurement modernization

Lebanon lags behind most MENA countries

Lebanon v/s MENA

- Since 2007, public procurement has been a **key component of the financial governance agenda** of MENA countries.
- Amid periods of severe instability, **most of the countries have embraced change** towards efficient and modern public procurement systems.
- Many countries are applying **e-procurement**

Country	Applicable Legislation	Number and year	Main Law	Last reform	E-procurement
Egypt	<ul style="list-style-type: none"> Law Decree Law 	<ul style="list-style-type: none"> No. 1367, 1998 No. 33, 2010 No. 182, 2018 	Yes	Yes	Under construction
Jordan	<ul style="list-style-type: none"> Supplies Act Joint procurement by law Procurement Law Instructions Amendments to 1993 law New Procurement law 	<ul style="list-style-type: none"> No. 32, 1993 No. 91, 2002 No. 71, 1986 No. 1, 2008 No. 109, 2016 No. 28, 2019 	Yes	Yes, new law voted & published in Official Gazette	New Portal: www.gtd.gov.jo
	<ul style="list-style-type: none"> Public Accounting Law Tender System Set of specific provisions 	<ul style="list-style-type: none"> Decree 14969, 1963 Decree 2866, 1959 	No	No	No
Morocco	<ul style="list-style-type: none"> New Decree Regulatory Body installed 	<ul style="list-style-type: none"> No. 2-12-349, 2013 January 2018 	Yes	Yes	Yes Portal: www.marchespublics.gov.ma
Palestine	<ul style="list-style-type: none"> Law 	<ul style="list-style-type: none"> No. 8, 2014 	Yes	Yes	No
Tunisia	<ul style="list-style-type: none"> Law Law Decree Decree 	<ul style="list-style-type: none"> No. 73-81, 1973 No. 89-9, 1989 No. 1039, 2014 No. 416, 2018 	Yes	Yes	Yes Mandatory use of TUNEPS: www.tuneps.tn
Yemen	<ul style="list-style-type: none"> Law Regulations Presidential Decision Government Decision: use of procurement management data 	<ul style="list-style-type: none"> No. 27, 2007 No. 17, 2009 No. 9, 2011 	Yes	Amendment under way	Higher Authority for Tender Control www.hatcyemen.org

1. OECD (2016), Stocktaking Report on MENA Public Procurement Systems
2. World Bank (2017), Benchmarking Public Procurement

III. Paramount challenges facing procurement modernization

Low digitalization and access to open data

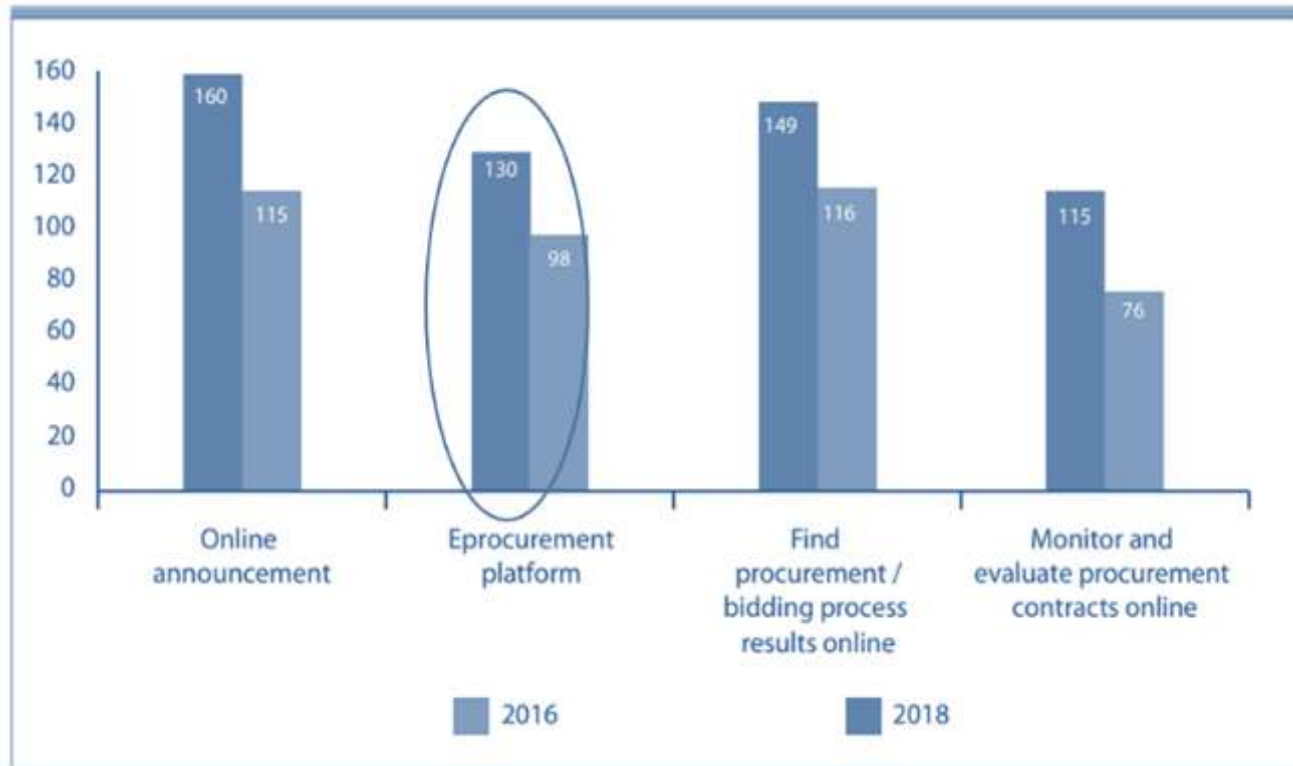
Lebanon ranks **99/193** countries in terms of e-Government development

Open data is instrumental in actioning good governance principles and achieving the sustainable development goals.

Lebanon ranks in the **95th** place for ICT infrastructure, lagging behind other MENA countries (Gulf countries, Egypt, Jordan, Morocco)

Tunisia's mandatory e-procurement starting 2019

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



Tunisia - TUNEPS



REPUBLIC TUNISIENNE
Présidence du Gouvernement

TUNISIA on-line E-Procurement System

FR AR EN

Avis d'A.O. Inscription des fournisseurs Inscription des acheteurs Shopping Mall Catalogue

Login

Inscription des acheteurs publics
Inscription des fournisseurs

La généralisation des Processus

Dans le cadre de la généralisation du système Tunes en 2018, la HA/CCP invite les fournisseurs enregistrés sur le système...

Lois

- Loi n° 2005-80 du 18.
- Loi n° 2009-74 du 11.
- Loi n° 2008-43 du 09.
- Loi n° 99-41 du 10 M.
- Loi n° 99-38 du 03 M.

Décret
Arrêtés
Manuels d'utilisations
Autres

Raccourcis

- Avis d'A.O.
- Plan prévisionnel annuel
- Consultation du produit

Avis d'A.O.

Tout	Travaux	Fourniture de biens	Fourniture de services	Etudes	more
Catégorie de la commande	Nom de l'acheteur public	Objet	Date de rédaction		
Travaux	Groupe Chimique Tun...	RENOUVELLEMENT DE LA PASSERELLE	11-02-2019		
Travaux	Société Nationale d'É...	Projet de réparation des futa...	11-02-2019		
Fourniture...	Hôpital Aziza Ottoman	approvisionnement en produit con...	11-02-2019		

III. Paramount challenges facing procurement modernization

A considerable Capacity Gap among procurement practitioners across public sector

87% Learn their job by experience and peer coaching

80% Work on papers; lacking automation systems and tools

58% Lack knowledge in negotiation skills

48% Lack knowledge in procurement good practices

25% Use procurement guides and manuals

15% Are familiar with sustainable procurement and e-procurement



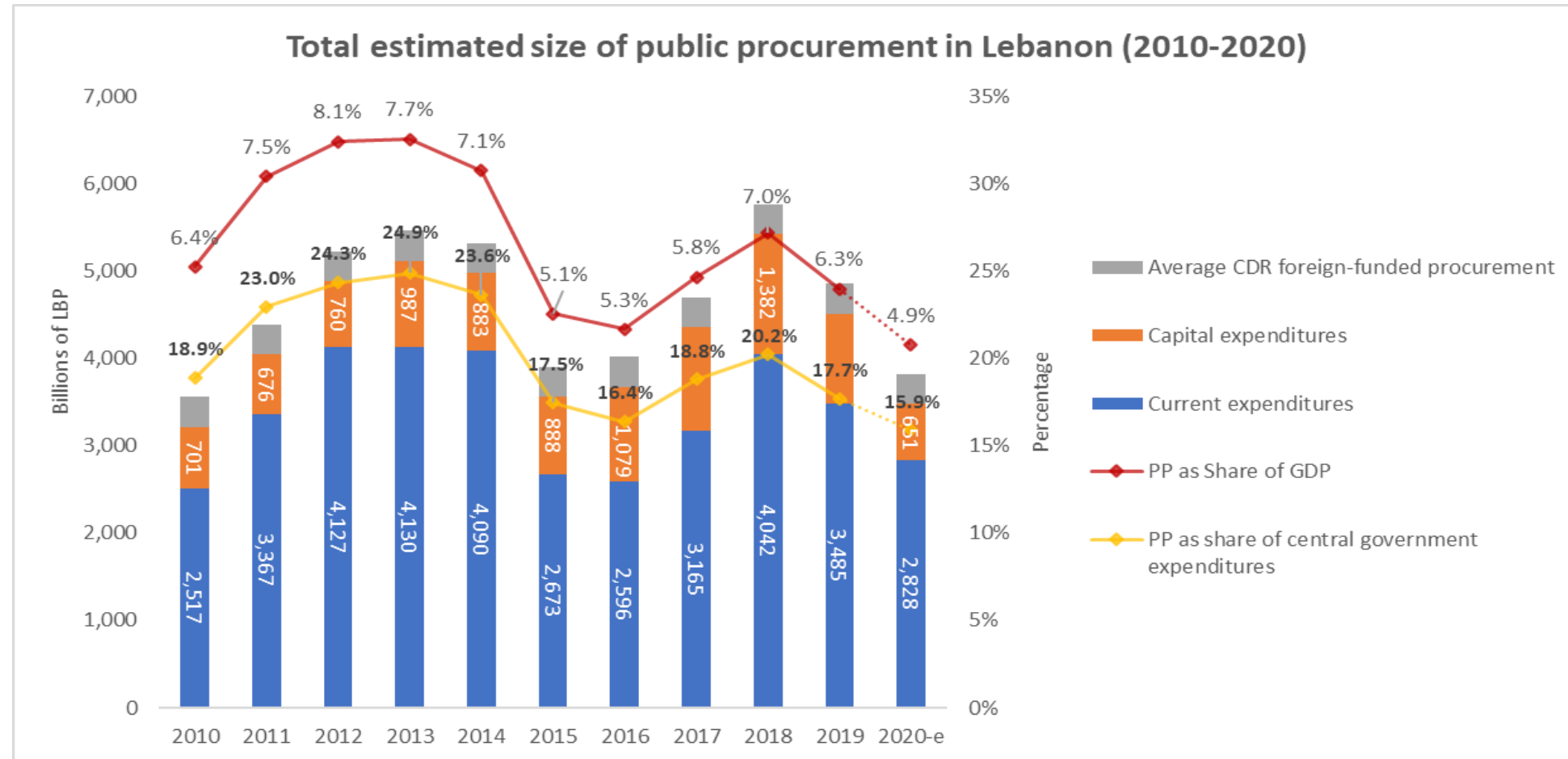
Source: Institut des Finances Basil Fuleihan (2014), Professionalizing Public Procurement in Lebanon

*“The CFAA considers the **fiduciary risk of limitations of financial and audit capacity as significant**. This reflects the **serious depletion of skilled financial officers** in the line ministries and other entities, and the **apparent lack of an overall capacity development strategy**..*

A government-wide finance and audit HR strategy is necessary if the Government expects the ministries to have the capacity to implement the many reforms planned for the public financial management system.”

IV. Public Procurement accounts for 20% of central Government budget

- **Governments are the largest buyers in economies**, offering opportunities to enhance competition and ensure development.
- International reports and global government data show that **low-income countries have the highest share of public procurement in GDP (14.5 %)** followed by **upper-middle income countries (13.6%)** (1). It represents **14% of GDP in the EU** (2).
- **In Lebanon**, procurement accounts on average **20% of central government's expenditures and 6.5% of GDP at central level** (excluding public institutions and municipalities), an estimate of **US\$3.4 billions** (2019) (3)..



PP volume is expected to shrink as a result of decreasing government expenditures and expected contraction of GDP

1. World Bank (2017), Benchmarking Public Procurement Report
2. United Nations, One Planet Network
3. Institut des Finances Basil Fuleihan, recent calculations based on MOF data sources.

IV. Public Procurement accounts for 20% of central Government budget

...But poor quality of infrastructure and lack of advanced tech products procurement

Lebanon has the least ranking for government procurement of adv. tech products (**114/137**), whereas the country's capacity for innovation is high with potential for R&D and availability of human capital

12th pillar: Innovation	58	3.4	
12.01 Capacity for innovation	41	4.5	
12.02 Quality of scientific research institutions	81	3.6	
12.03 Company spending on R&D	75	3.2	
12.04 University-industry collaboration in R&D	48	3.6	
12.05 Gov't procurement of advanced technology products	114	2.8	
12.06 Availability of scientists and engineers	15	5.0	
12.07 PCT patents applications/million pop.	59	2.4	

Infrastructure quality in Lebanon lags behind other Arab countries (**an overall ranking of 130/137**), namely roads and electricity



IV. Public Procurement accounts for 20% of central Government budget

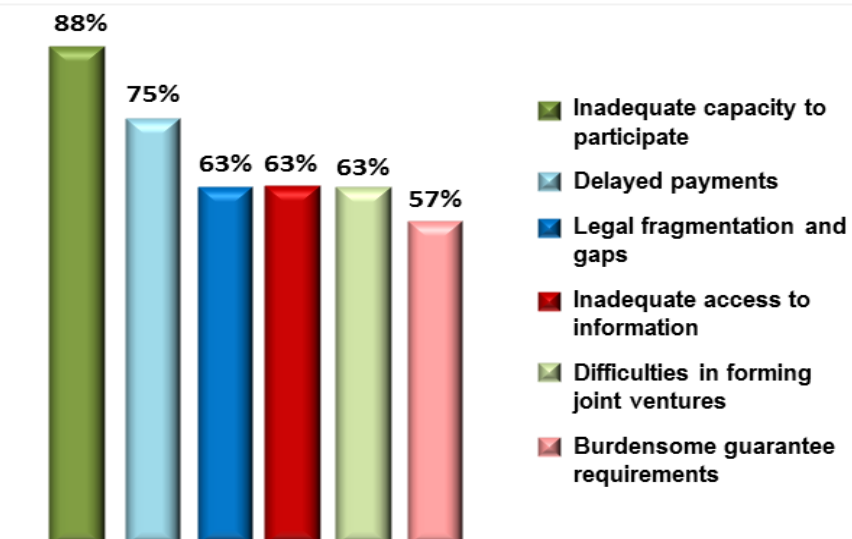
An opportunity for SMEs and for sustainable production and consumption

Government is the BIGGEST buyer

An opportunity for SMEs

- In Lebanon, SMEs constitute more than **95% of enterprises**, and employ **51% of the working population**.
- Set **technical specifications** efficiently: innovative solutions are demand-driven
- **A procurement process** that encourages dialogue with suppliers
- More dynamic **local economies** emerging through innovation, more job creation; SMEs contribute to 66% of total EU employment (1).

Obstacles for SMEs in public procurement



“If public purchasers fully exploit their potential, they will make a big contribution to SME growth and sustainable economic development” – Malcolm Harbour, EU Parliament, 2013

Government is the BIGGEST buyer

An opportunity for SDGs



- It is estimated that **between US\$3trn and US\$5trn will be needed every year** to meet the **SDGs by 2030** (1).
- **Effective public spending** can help through less wasteful and more efficient spending practices on goods and services while promoting social and environmental sustainability (2).

- 1 **SPP included in the new draft procurement law**
- 2 **Encourage SPP across public sector**
- 3 **Adoption of technical specs & procedures promoting SCP**
- 4 **Access to data on sustainable products specifications**

Procurement is a tool for government to carry out its development agenda.– Sarah Adwoa Safo, minister of state in charge of public procurement for Ghana

1. Rotar, LauraJuznik, *Contributions of SMEs to employment in the EU*, September 2019
2. The Economist and UNOPS, *The Future of Public Spending*, April 2020

V. Critical fiscal situation, need of integration and consolidation

- **Budget integration and consolidation** of public finances into a clear medium term framework to better assess fiscal implications and ensure all commitments are visible in the medium and long terms.
- **Assess, monitor, and manage fiduciary risks, budget uncertainties**, inefficiency and corruption
- Achieve greater efficiency and cost savings to provide **greater fiscal space and flexibility**

Public procurement policy framework is at the heart of public financial management framework. It is governed by both national & international regulations, and has large impact on the economy.

Legislative and Policy Environment

Legislation, e.g.
The Constitution
Public Service Act
Crime Act

Policies, e.g.
Open competition
Mandatory reporting
Public Works

International Obligations, e.g.
WTO
Trade agreements
UNCITRAL

Financial Management Framework

Governs financial management, including proposals to spend public money in agencies

Procurement Policy Framework

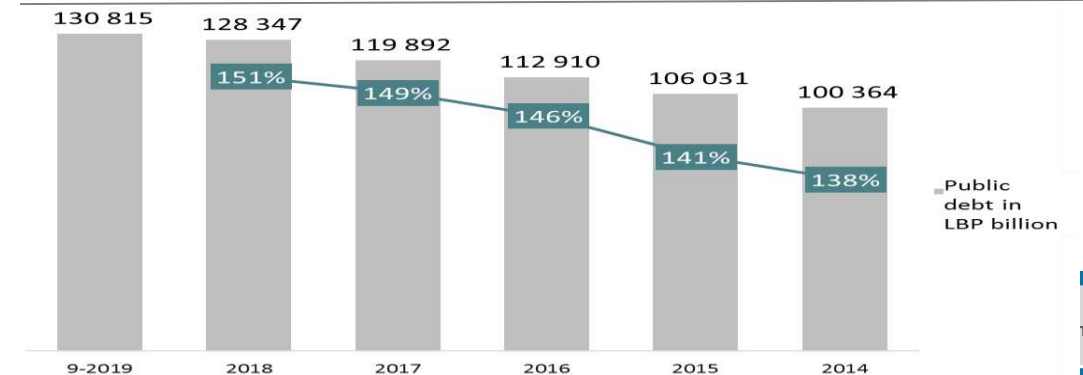
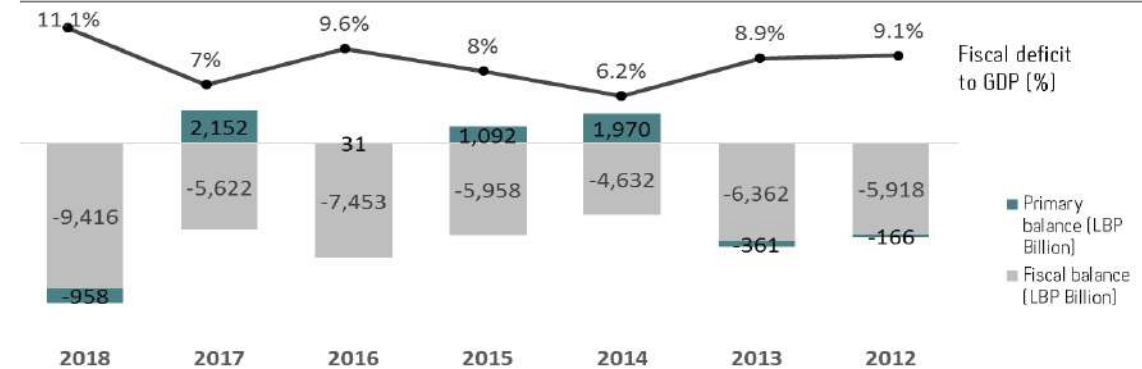
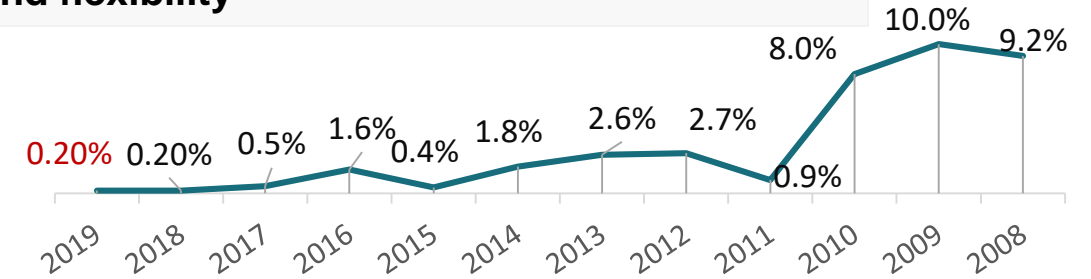
Governs duties related to the procurement of property or services

Public Procurement Law
National Procurement Manual

Tender Board
Internal Procedures/Operational Guidelines

Provide the detailed operational guidance to an agency's officials on procurement

Standard Bidding Documents



VI. Financing needs for exiting both health & financial crisis are immense

A serious **decline in economic activity (-6.9%)** is estimated for 2019¹.

Lebanese chronic **public debt** has dramatically rocketed and reached **160% of GDP** in 2019². Recent estimates record 176% of GDP³.

Fiscal deficit touched **10.2% of GDP** in 2019⁴.

US\$18.15 billion is the estimated cost in terms of **economic activity decline, pressure on public finance and deterioration of public services**, induced by the refugee crisis⁵.

40% of the Lebanese live in poverty, and the share is expected to worsen with the economic recession and outbreak of COVID-19 (more than 50%)⁶.

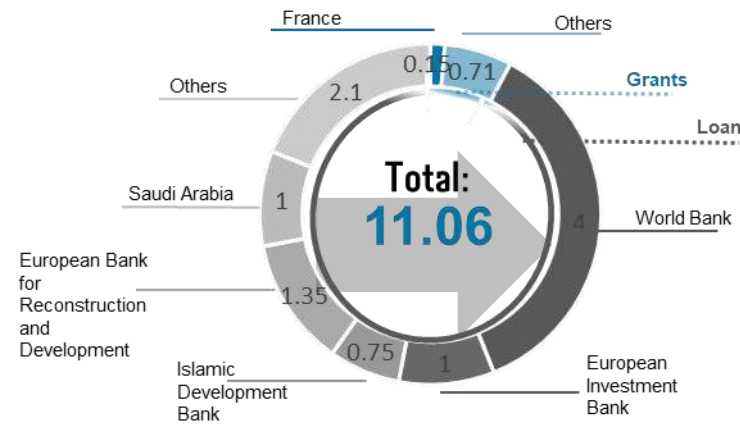
USD11 Billion were pledged at the **CEDRE conference** (April 2018) as international support for Lebanon's "**Vision for stabilization, growth and employment**" and **Capital Investment Plan**

The Lebanese Government **committed to structural reforms** to foster public and private investments. **Public procurement is a main cross-sectoral reform** to improve fiscal governance, encourage investments, and strengthen transparency

Need to integrate public procurement into public finance management, budgeting and services delivery processes.

Laws with relation to public procurement were voted: Law on Access to information (28/2017), Law on Public Private Partnership (48/2017), Law on Protection of Whistleblowers (83/2018), Law on Anti-Corruption (175/2020)

CEDRE pledges (billion dollars)

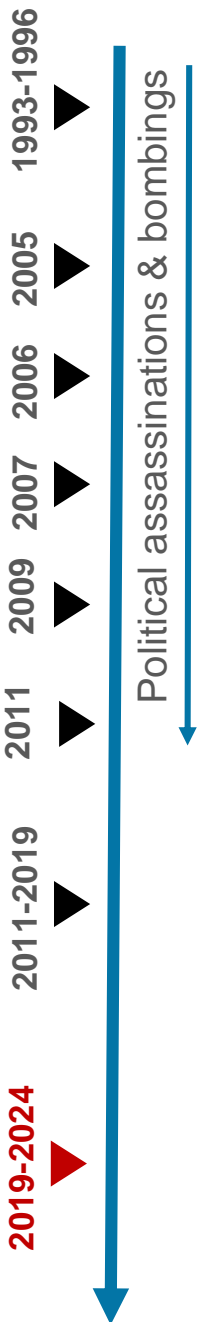


Source: Media reports, Oxford Analytica



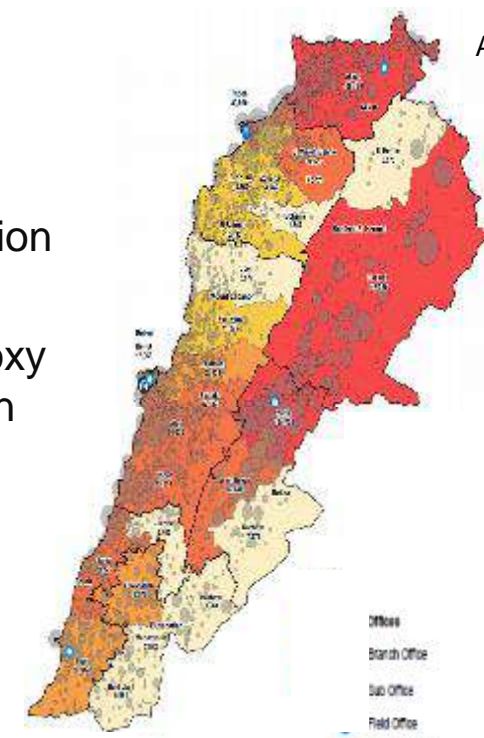
1. Lebanese Ministry of Finance (April 2020)
 2. Lebanese Ministry of Finance (2019)
 3. Lebanese Ministry of Finance (April 2020)
 4. Lebanese Ministry of Finance (2019)
 5. World Bank (2017), Preliminary findings of the Economic and Social Impact Assessment of the Syrian Conflict on Lebanon
 6 World Bank estimates (2020)

In the long run.....Crisis recurrence and intensity necessitate resilience



- Israeli attacks on Lebanon**
- Assassination of PM Rafiq Hariri and Basil Fuleihan & others**
- Israeli war on Lebanon**
- Nahr al Bared Conflict**
- Escalation of political infighting**
- Beginning of the "Arab Spring"**
- Spillover of the Syrian civil war
Influx of refugees
Recurrent security threats
Fiscal and monetary crisis**
- 17 October Revolution**
- Covid-19 Outbreak**

- ▶ Damages to infrastructure
- ▶ 7 billion USD in direct damages in 2006
- ▶ Parliamentary and governmental paralysis
- ▶ Absence of budget laws (2006-2016)
- ▶ Political divisions leading to social destabilization
- ▶ Spillover of the Syrian conflict in 2011 with proxy war being waged by both sides within Lebanon in several regions.
- ▶ Undermined financial stability, obstructed economic growth
- ▶ Holdup of government reform agenda
- ▶ Syria's conflict costing approx. 7.5 billion USD cumulatively.
- ▶ 2012-2014 real GDP cut by approx. 2.5%
- ▶ 2016 Start of Monetary crisis (twin deficit)
- ▶ 2019 Growth contraction of 6.9%
- ▶ **2020 Growth contraction of 12%**
- ▶ **Poverty level expected to reach 52%**



By October 2019,
A total of 918,974 registered refugees

- 5.9 million**
Estimated population living in Lebanon
- 3.3 million**
People in Need
- 2.8 million**
People Targeted
- 1.5 million**
Displaced Syrians
- 1.5 million**
Vulnerable Lebanese
- 257,460 PRL**
- 34,000 PRS**

- ▶ **Pressure on Poverty**
- ▶ **Pressure on Employment**
- ▶ **Pressure on Public Services**

Approach and Roadmap to Procurement Reform 2019-2023

شامل واستشاري وقائم على الأدلة يتماشى مع المبادئ الدولية

POSITION

Gain recognition for the significance and strategic importance of public procurement reform to achieving:

- Sound financial management
- Efficiency in public spending
- Market competitiveness
- Economic growth, employment and SMEs participation
- Inclusiveness and sustainability

GUIDING PRINCIPLES

- A **reform vision aligned with the international principles** of integration, transparency, competition, effectiveness, accountability, integrity, professionalization and sustainability and local development.

APPROACH

- A **demand-driven reform vision founded on an evidence-based** assessment of the procurement legal framework, institutional environment and capacities, operations and practices, and accountability, integrity and transparency.
- A **participatory, consultative and inclusive process** engaging all concerned stakeholders across the country.
- A **multi-layered reform**, involving high-quality local expertise and international technical and policy advise.
- **Enhanced coordination between the government and donor community**, to ensure complementarity with commitments at CEDRE conference.

ACTIONS

- A **roadmap** with milestones and deliverables
- A **clear implementation mechanism** with needed **resources and technical support**.

II. Two stages and Three Pillars (Identified to date)

REFORM DESIGN

PILLAR A: Collection and analysis of evidence

1. Methodology for Assessing Procurement Systems (MAPS II)
2. Institutional Mapping

3. E-Procurement Assessment and Design

PILLAR B: Building and validating the Vision

1. National strategy document and action plan

REFORM IMPLEMENTATION

PILLAR C: Implementing the vision

1. Public procurement law and secondary legislations
2. Guidelines, handbooks and manuals
3. Standard bidding documents
4. Complementary secondary legislations
5. Risk Management Strategies and Tools
6. E-Procurement Portal

Capacity building strategy & professionalization

Strategic communication

Monitoring & Evaluation

Policy advise

III. Identified Reform Components 2019-2023

Methodology for Assessing Procurement System MAPS A1
 Financing partner(s): WB, AFD (GPP) + WB (SFG-MOF)
 Lead Intern'l Expert: Daniel Ivarsson
 National Expert: Elie Naim
 Focal Point: Basma Abdul Khalek

Public Procurement Law: Drafting, Peer & legal review, Secondary Legislation C1
 Financing partner(s): WB
 Intern'l Expertise: SIGMA-OECD (TA)
 National Expert(s): Elie M., Tatiana I. (Peer & legal review) / Nadim A. (Sec.Leg)
 Focal Point: Rana Rizkallah

Policy Advise
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: -----

Institutional Mapping A2
 Financing partner(s): WB
 Experts: Siren Associates
 Focal Point: Basma Abdul Khalek / Rana Rizkallah

Guidelines on the Law C2
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: -----

Handbooks and Manuals C3
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: -----

Capacity Building Strategy, Action Plan & Professionalization
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: -----

E- Procurement Assessment & Design A3
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: Central Tender Board

Standard Forms & Tools C4
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: -----

Complementary Secondary Legislation C5
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: -----

Monitoring & Evaluation
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: -----

National Strategy Document & Action Plan B1
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: -----

Risk Management Strategies and Tools C6
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: -----

Strategic Communication: Information & Consensus Building
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: -----

E-Procurement Portal C7
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: Central Tender Board

Design

Implementation

IV. Workplan 2019-2023

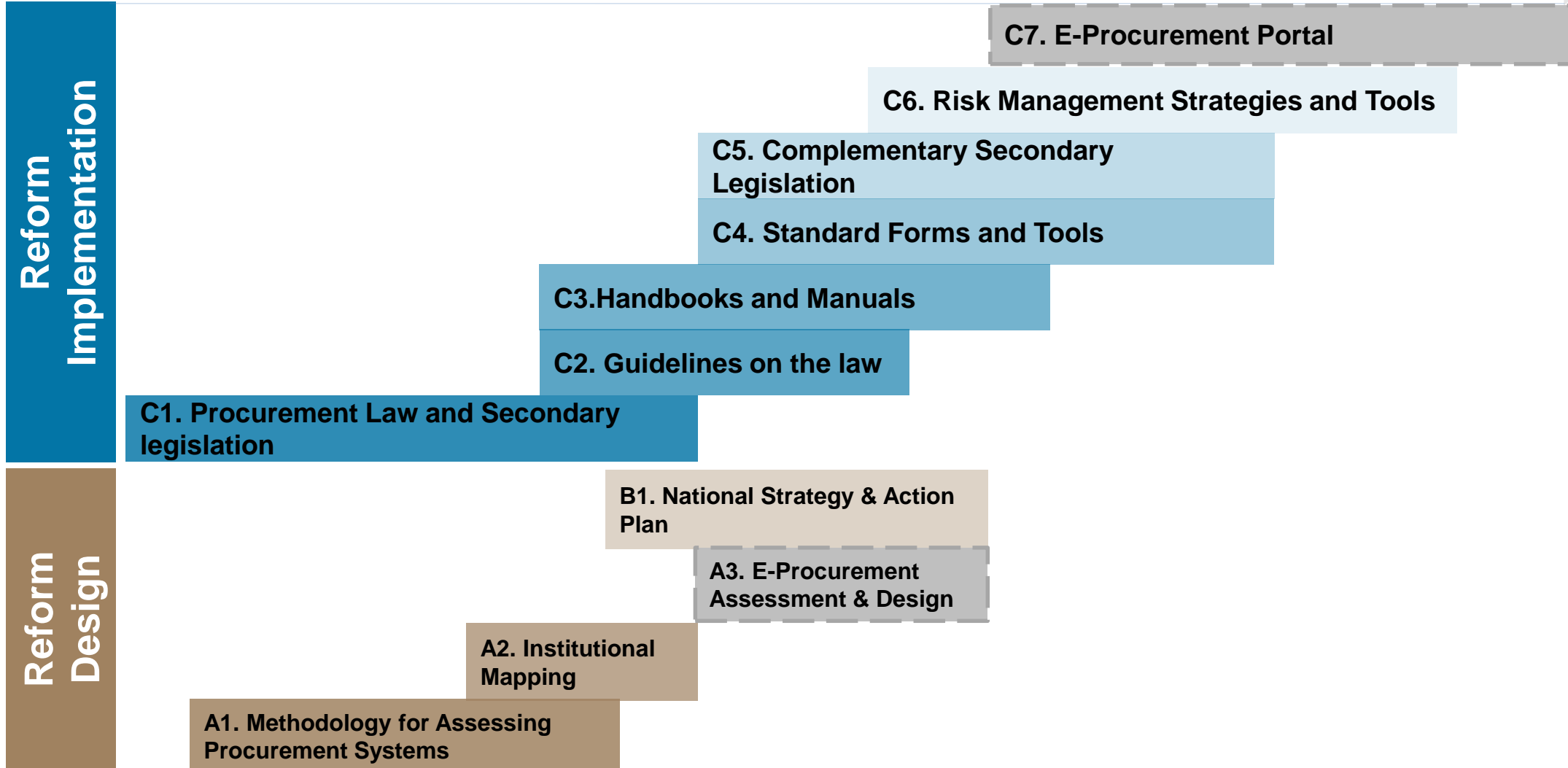
RESOURCE MOBILIZATION

POLICY ADVISE

MONITORING & EVALUATION

STRATEGIC COMMUNICATION FOR INFORMATION & CONSENSUS BUILDING

CAPACITY BUILDING STRATEGY & PROFESSIONALIZATION



Reform Implementation

Reform Design

First National Public Procurement Forum

June 2018

2019

2020

2021

2022

2023

Public Procurement Reform

Reform Outputs and Progress

- The Ministry of Finance is Implementing the Methodology for Assessing Procurement Systems (MAPS II), with the support of the World Bank and the Agence Française de Développement.
- MAPS II is an **international methodology**, developed by the OECD, for assessing procurement systems worldwide.
- It aims at identifying the **strengths, weaknesses and gaps** of the system, and providing recommendations to better prioritize reform actions.
- It falls **within the international requirements** to establishing a modern and sound public procurement system in Lebanon.
- **This evidence-based and participatory assessment will inform the Government of Lebanon of the level of performance of its procurement system and the challenges faced, laying the foundation for a strategic vision of procurement modernization.**



OUTPUTS

- A **baseline assessment** informing the Government of Lebanon of the level of performance of its procurement system and the challenges faced.
- **Recommendations** towards a national strategy for efficient, sustainable and inclusive procurement.

METHODOLOGY

- Qualitative assessment: Indicators' matrix, in-depth interviews
- Quantitative assessment
- Case studies
- Gap analysis
- Findings and recommendations

FOUR PILLARS OF MAPS

Pillar 1- Legislative, Regulatory and Policy Framework (3 indicators and 18 sub-indicators)

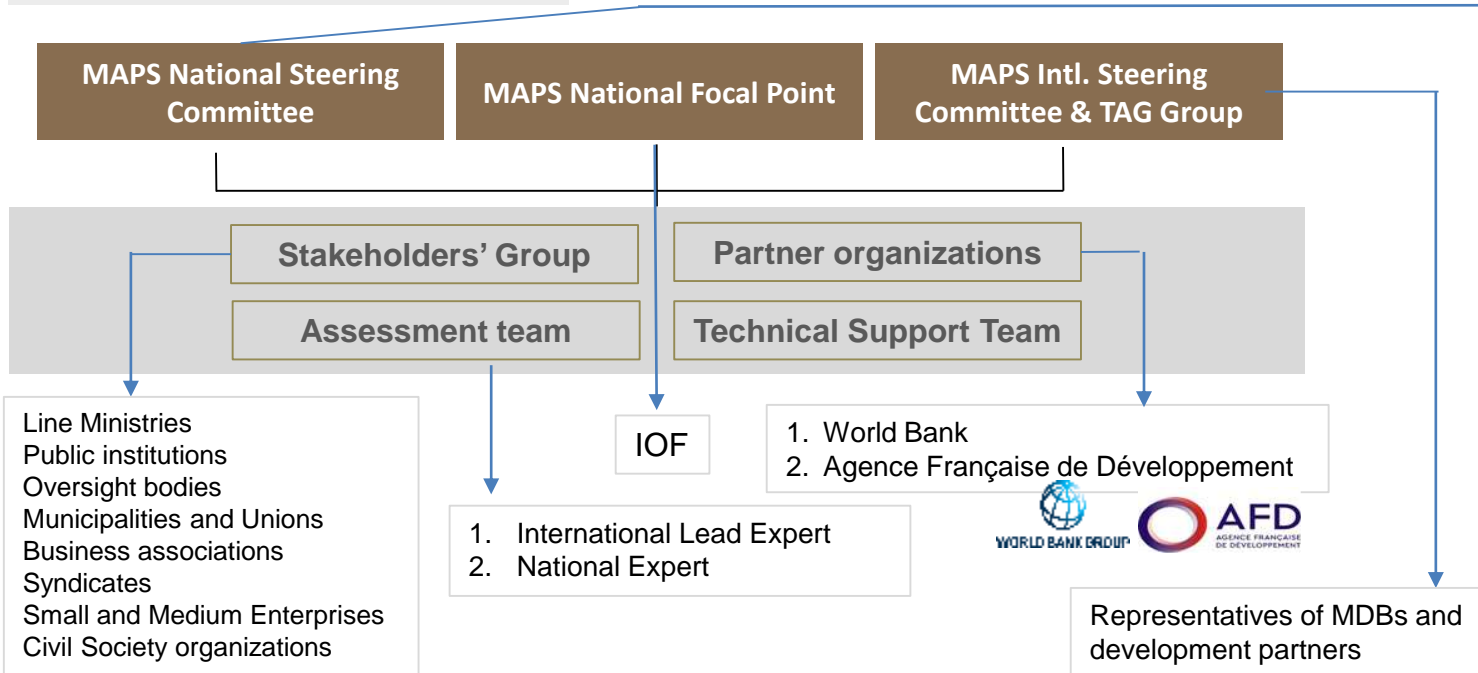
Pillar 2- Institutional Framework and Management Capacity (5 indicators and 14 sub-indicators)

Pillar 3- Procurement Operations and Market Practices (2 indicators and 6 sub-indicators)

Pillar 4- Accountability, Integrity and Transparency (4 indicators and 17 sub-indicators)



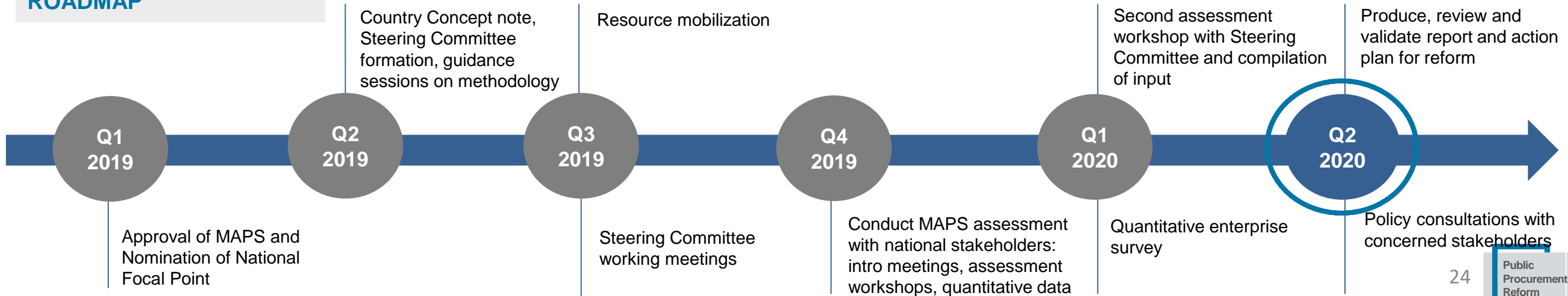
GOVERNANCE STRUCTURE



18 representatives from 15 government institutions to facilitating access to needed information, providing substantive input and reviewing the findings:

1. Ministry of Finance - Institut des Finances Basil Fuleihan (National Focal Point)
2. Court of Audit
3. State Council
4. Central Inspection Board
5. Central Tender Board
6. Ministry of Defense - Directorate General of Administration
7. Ministry of Defense - Lebanese Army
8. Ministry of Interior and Municipalities - General Security
9. Ministry of Interior and Municipalities - Internal Security Forces
10. Ministry of Interior and Municipalities - Local authorities
11. Ministry of Education and Higher Education
12. Ministry of Public Health
13. Ministry of Public Works and Transport
14. Office of the Minister of State for Administrative Reform
15. Council for Development and Reconstruction

ROADMAP



PROGRESS

- 100** Institutions involved in the assessment to date (Public, Private, CSOs)
- 10** Meetings of the Steering Committee
- 4** Introductory meetings with stakeholders
- 5** Assessment workshops
- 1** Enterprise Survey
- 4** Experts' missions
- 2** Consultants mobilized



Pillar I- Legal, Regulatory and Policy Framework

- Procurement does not play its strategic role.
- **Absence of a Public procurement law.**
- A large set of legal texts but not comprehensive, not coherent, nor properly hierarchized.
- **Procurement methods and their application are not described clearly** enough to ensure their use in a coherent and predictable manner.
- **No general requirement for non-discrimination.**
- No clear provisions on how eligibility and ability of tenderers should be determined.
- Possibility for **direct contract by simple decision of COM.**
- **Dispute resolution during contract execution is not mentioned** in procurement regulations.
- **Review and Complaints pertaining to the preparation and award process are not regulated.**
- **Absence of e-procurement** systems and regulations.
- **No legal provisions requiring a well balanced application of sustainability criteria.**

Pillar II- Institutional Framework and Capacity

- Public procurement is **not integrated within the PFM system.**
- **Procurement planning is not systematically done** due to lack of skills in planning, risk assessment and market feasibility, etc.
- **Lack of budget integration** makes it difficult to use open competitive procedures and causes delay in payments.
- The institutional framework is constituted of **various stakeholders, with numerous identified gaps and overlaps** in mandates: the regulatory framework does not clearly define public entities with respect to their roles and responsibilities
- The legal and regulatory framework **does not specify a normative/regulatory function.**
- **Provisions for procurement policies are not found** in currently applicable laws.
- The current institutional framework **does not include any designated role for supporting the professionalization of public procurement.**
- **No reference to procurement jobs in the Lebanese Civil Service** job classification, except in few public institutions
- **Absence of a well regulated information system** leading to a great scarcity of readily accessible procurement data

Pillar 3- Procurement Operations and Practices

- **Heterogeneous practices** (based on various regulations).
- The private sector has **limited access to business opportunities**, to learn about and understand the requirements and the procedures
- **There is no regular, comprehensive compilation and analysis of data** due to the absence of any single institution tasked with collecting and analyzing data and reporting.
- **Weak presence of clear, strict policies** and of corresponding guidelines and procedures related to **sustainability**.
- **Absence of any formally issued standard bidding documents** at national level.
- Some purchasing entities **lack specialized committees** or staff members officially in charge of the acceptance of goods or works.
- Extent to which invoices are paid in a timely manner is not possible to determine exactly due to the lack of data.
- **SMEs hesitate to spend time on preparing tenders** and participating and to run the risk of delays in project execution and payment.
- There are **no established mechanisms for allowing and encouraging an open dialogue** with the private sector.

Pillar 4- Accountability, Integrity and Transparency

- **Difficult access to information in the absence of regulations and practices that enable and promote civil society participation.**
- There is **no single access point that would make it easy to identify and review relevant procurement notices and related information.**
- The **control framework is constituted by a large number of regulations and institutions**, but this regulatory and institutional set-up is incoherent, with numerous gaps and overlaps and a diversity of approaches and practices.
- There are also **no regulations and no systems in place to follow up on the implementation of the audit recommendations**
- A generally **applicable manual for internal controls procedures does not exist.**
- **Complaints mechanism** suffers from inefficiency.

A.2/ Institutional mapping

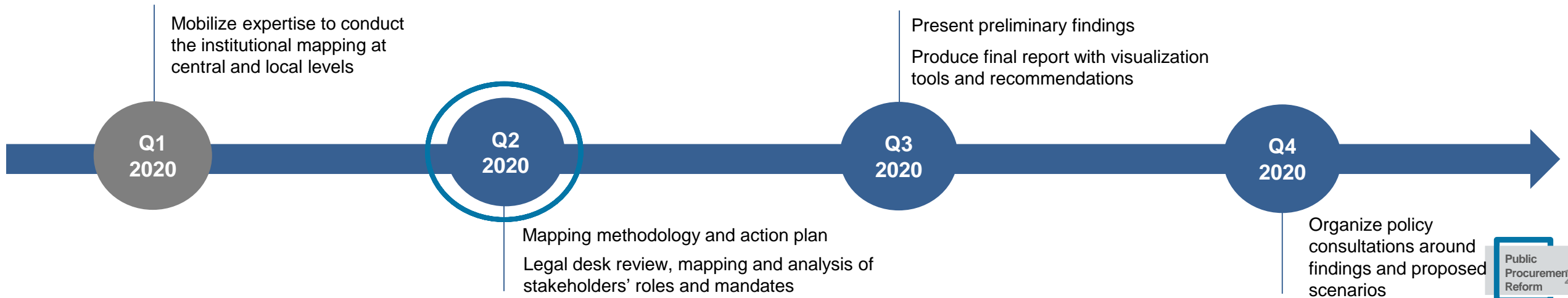
ON GOING

- Several stakeholders at the central and local levels of government are involved in the public procurement system.
- The system suffers from overlapping mandates, with considerable capacity gaps, resulting in inefficiencies and high risk of corruption.
- An institutional assessment of procurement stakeholders is being implemented to help **clarify roles, mandates, prerogatives and structures**, and propose informed institutional redesign scenarios to complement and support the public procurement reform vision.

OUTPUTS

- A **full-fledged institutional diagnostic** that entails an in-depth review of the current status and a delineation of responsibilities, overlaps and gaps
- **Recommendations** with potential institutional redesign scenarios in line with international standards and good practices.

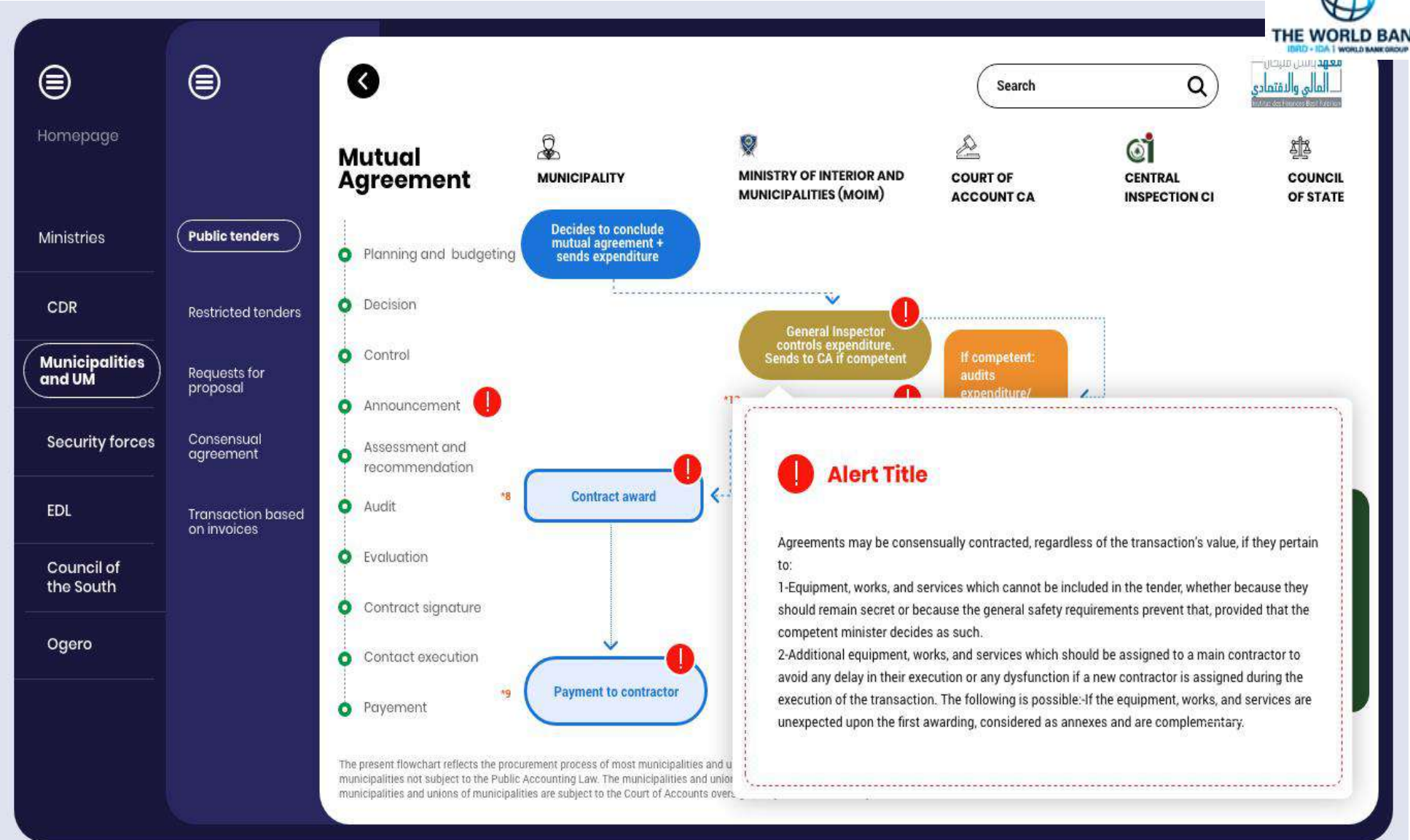
ROADMAP



A.2/ Institutional mapping

ON GOING

- **FIRST** time that **PP processes** are mapped against all intervening government institutions.
- An interactive dynamic tool was developed
- Full transparency about the current flow of work and its future changes
- Possibility to drill every layer of the processes
- Possibility to check every single article of the law that regulates the process
- Gap Analysis will be interactive so that the citizen, the policy maker, the market... can see what and how the system has changed



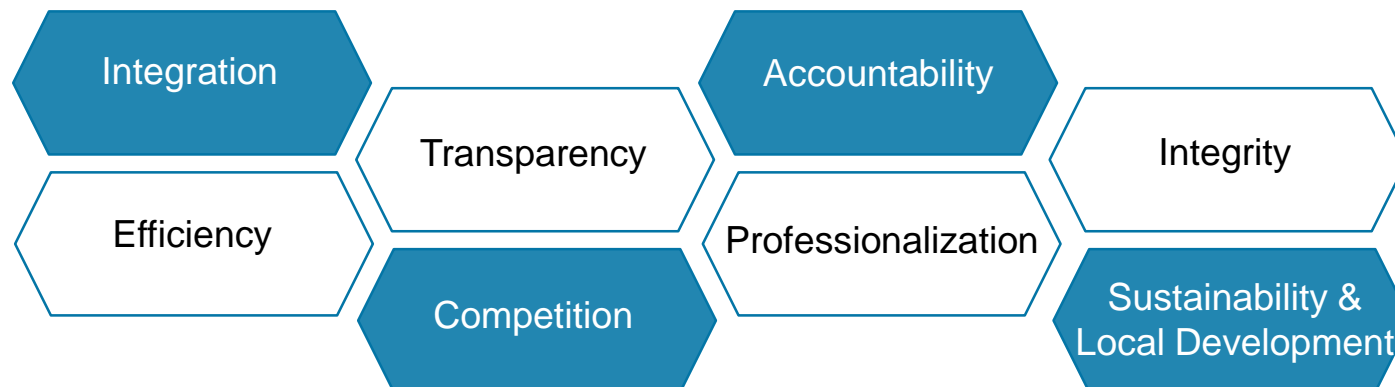
■ **BILINGUAL**

A modern and clear public procurement law is key to ensure that public procurement serve the set policy objectives.

OUTPUTS

- **A modern law** based on: **1)** review of previous draft laws, **2)** evidence and data collected (MAPS II implementation), **3)** the UNICTRAL Model Law and the 12 OECD guidelines, **4)** benchmarks with procurement laws adopted in the Arab region (Jordan, Egypt, Palestine, Tunisia), **5)** the input of national experts, policy strategists and subject-matter specialists, economists, legal experts, private sector and civil society, **6)** technical guidance of OECD-SIGMA experts.
- **Secondary legislation, guidelines, handbooks, and training** to ensure a sound entry-into-force of the law once approved.

EIGHT GUIDING PRINCIPLES



C.1/ Public Procurement Law – Progress

ON GOING

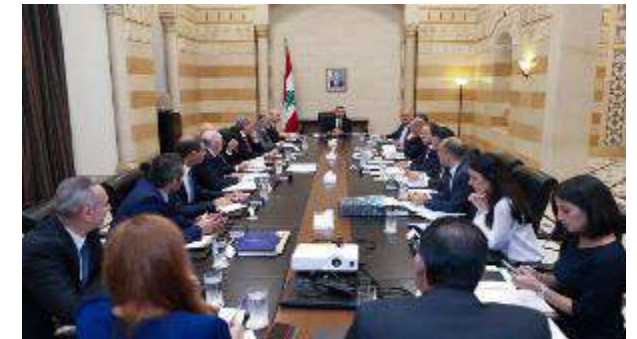
PROGRESS

- 1 | Draft law submitted to Parliament
- 4 | Technical expertise missions
- 24 | Workshops for peer & legal review
- 12 | Experts mobilized (drafting and reviewing)
- 80 | Hours of technical assistance received



CONSULTATIONS

- 2 | Meetings with Prime Minister
- 1 | Meetings with Reforms' Ministerial Committee
- 7 | Meetings with MPs and ministers
- 6 | Meetings with civil society org.
- +10 | Meetings with senior public officials (key stakeholders)
- +15 | Meetings with partner organizations



ROADMAP



Other Components

III. Identified Reform Components 2019-2023

Methodology for Assessing Procurement System MAPS A1
 Financing partner(s): WB, AFD (GPP) + WB (SFG-MOF)
 Lead Intern'l Expert: Daniel Ivarsson
 National Expert: Elie Naim
 Focal Point: Basma Abdul Khalek

Public Procurement Law: Drafting, Peer & legal review, Secondary Legislation C1
 Financing partner(s): WB
 Intern'l Expertise: SIGMA-OECD (TA)
 National Expert(s): Elie M., Tatiana I. (Peer & legal review) / Nadim A. (Sec.Leg)
 Focal Point: Rana Rizkallah

Policy Advise
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: -----

Institutional Mapping A2
 Financing partner(s): WB
 Experts: Siren Associates
 Focal Point: Basma Abdul Khalek / Rana Rizkallah

Implementation

Guidelines on the Law C2
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: -----

Handbooks and Manuals C3
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: -----

Capacity Building Strategy, Action Plan & Professionalization
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: -----

E- Procurement Assessment & Design A3
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: Central Tender Board

Standard Forms & Tools C4
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: -----

Complementary Secondary Legislation C5
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: -----

Monitoring & Evaluation
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: -----

National Strategy Document & Action Plan B1
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: -----

Risk Management Strategies and Tools C6
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: -----

Strategic Communication: Information & Consensus Building
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: -----

E-Procurement Portal C7
 Financing partner(s): -----
 Lead Intern'l Expert: -----
 National Expert(s): -----
 Focal Point: Central Tender Board

Design

A.3/ E-Procurement assessment and design

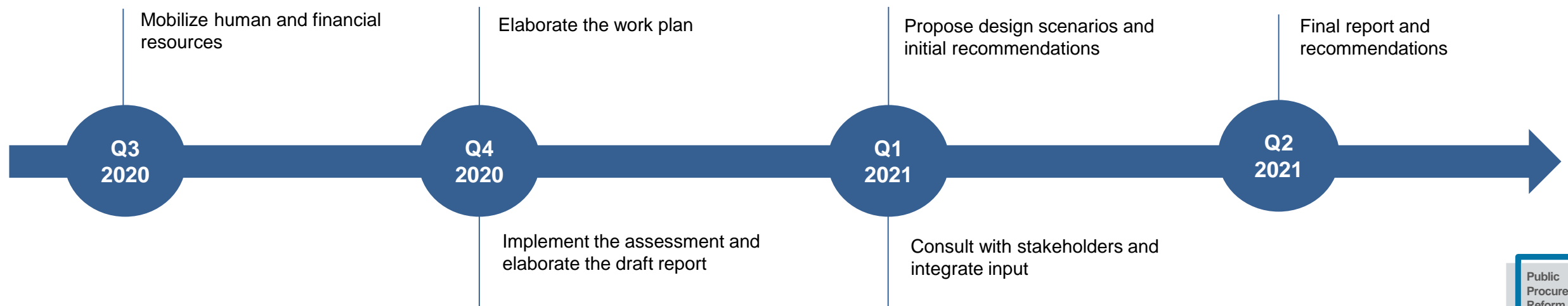
PENDING

- E-procurement is a powerful tool to ensure transparency and integrity in public procurement.
- As part of the reform design process, an e-procurement assessment of legal, institutional and infrastructure capacities would help get an informed vision for future e-procurement design and implementation.

OUTPUTS

- An **e-procurement diagnostic** for Lebanon that entails an in-depth review of current available platforms, infrastructure and potential capability.
- **Recommendations** with potential e-procurement design possibilities in line with the new legal and institutional frameworks.

ROADMAP

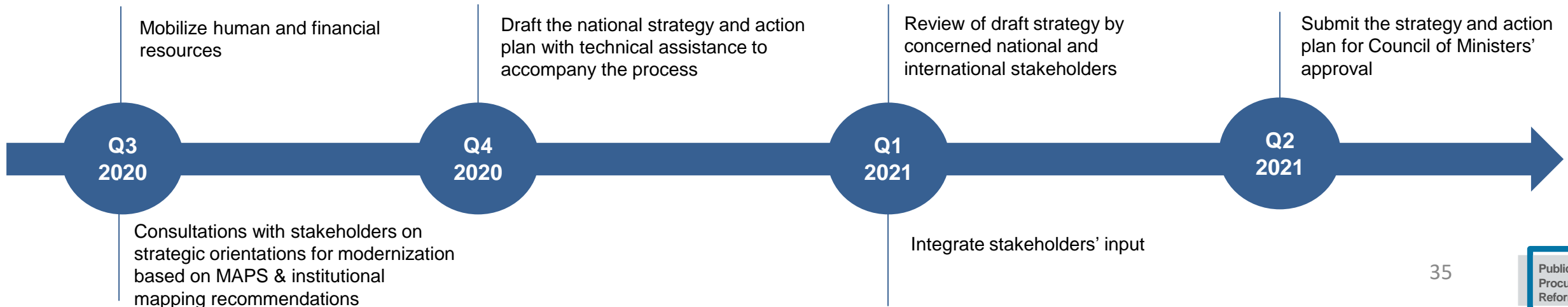


- Public procurement is a strategic instrument to fulfill the Government’s economic, social and environmental objectives.
- A sustainable reform is informed by evidence and public consultation, and guided by a strategic vision for an modern efficient, transparent procurement system.

OUTPUTS

- A **national strategy** that provides medium and long term strategic vision, policy objectives, benchmarks and indicators to guide the modernization of public procurement in Lebanon, based on international standards of integrity, competition, transparency and sustainability, and to evaluate its impact.

ROADMAP

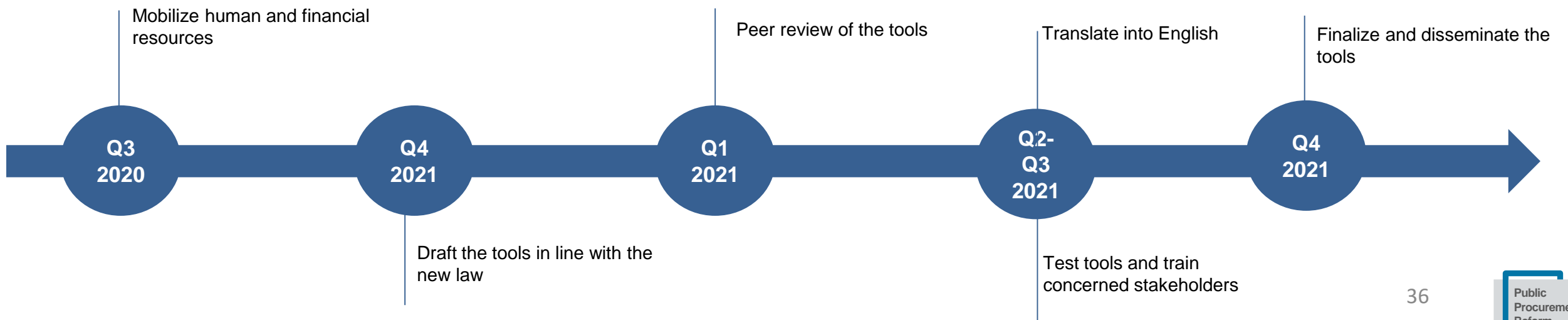


Guidelines in addition to handbooks and manuals are key instruments for the efficient and transparent implementation of public procurement in line with the new legislation and procedures. These tools are directed at both procurement practitioners and businesses to ensure sound procurement practices and increase market competition.

OUTPUTS

- **Guidelines on the new public procurement law** allowing a better understanding of its provisions.
- **User-friendly handbooks and manuals** for sound and efficient practices.

ROADMAP



C.4/ Standard forms and tools

PENDING

Standard forms and tools, including standard bidding documents, for all types of procurement across public sector is a key tool to foster transparency and integrity, fight against corruption and encourage private sector participation. It is a mandatory step that prepares for e-procurement.

OUTPUTS

- **Standard forms and tools**, adapted to the national context and in line with international standards, made mandatory by secondary legislation (decree), and followed by training to all concerned stakeholders.

ROADMAP



C.5/ Complementary secondary legislation

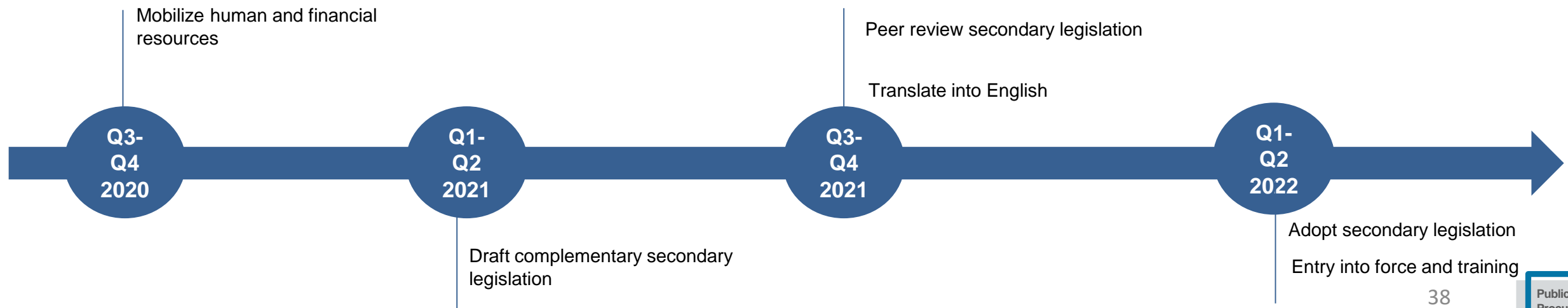
PENDING

Complementary secondary legislations are key regulatory instruments that enable an efficient entry-into-force of the public procurement law, while ensuring that set guiding principles are respected.

OUTPUTS

- **A set of complementary secondary legislation** related to the implementation of the new public procurement law provisions, the new institutional set-up, the capacity building process and the insurance of high standards of integrity and transparency.

ROADMAP



C.7/ E-Procurement portal

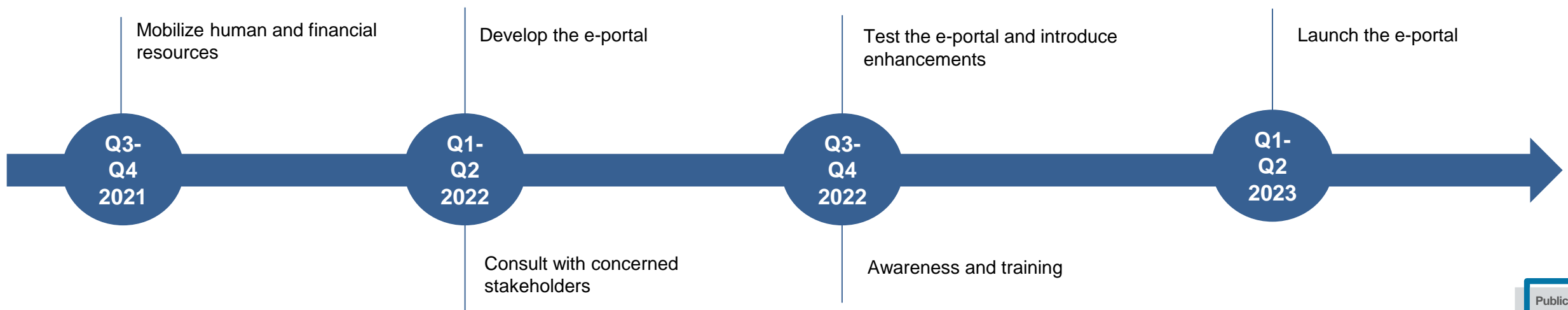
PENDING

- E-procurement is a powerful to ensure transparency and integrity in public procurement.
- Based on the e-procurement assessment and design, the development of an e-portal for public procurement in Lebanon is considered a milestone to advance reform, ensure compliance with international standards and allow regular access and use of procurement data.

OUTPUTS

- **An e-procurement central portal** through which all public procurement operations will take place, while collecting, analyzing data and making it accessible for decisions makers and concerned stakeholders.

ROADMAP

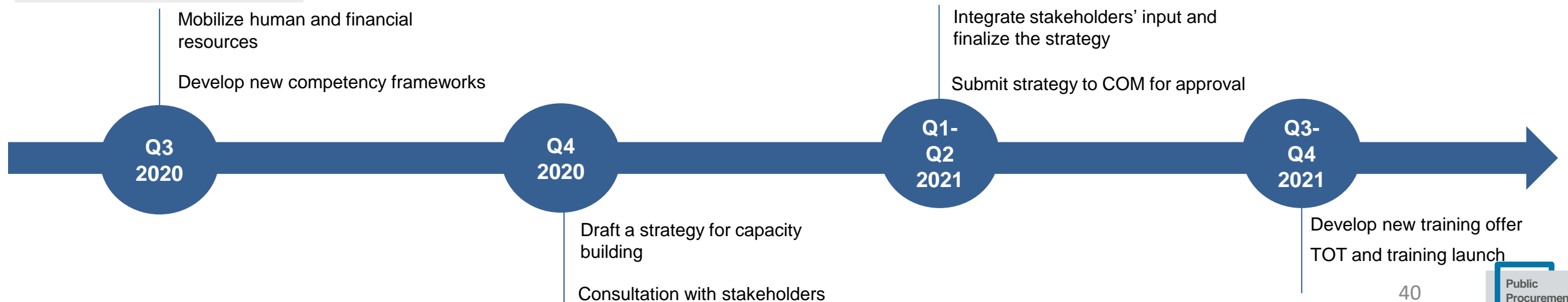


- The Lebanese procurement system suffers from shortages in technical skills and knowledge of good practices, as well as the absence of a stand-alone procurement profession, related job descriptions and a comprehensive competencies' framework.
- Building institutional capacities and human capital is essential to prepare and sustain procurement reform implementation.

OUTPUTS

- A **capacity assessment** at the central and local levels of government, highlighting gaps and capacity development needs, based on qualitative and quantitative evidence.
- **Strategic orientations and action plan for professionalization** aligned with the evolving nature and complexity of public procurement and supporting evidence-based policies for professionalization, and accompanying the introduction of the new law and the whole reform process.
- **New training offer** in line with the new legal and institutional frameworks.

ROADMAP



BUILDING COMPETENCIES

EXPERTS/TRAINERS

A cohort of national certified experts/trainers

PRACTITIONERS

Induction training

Procurement law, Procurement cycle, System and procedures, Working with suppliers, Etc.

Continuous training

Using SBDs, Procurement for works, Evaluation committees, Procurement for security forces, Etc.

Professional certification

Certified programs in public procurement

MANAGERS AND STRATEGISTS

Economic impact of procurement, Strategic procurement, Performance management in procurement, Risk analysis and management, Working with key stakeholders, Conflict resolution in procurement, Lean and agile management, Etc.

PRIVATE SECTOR

SMEs access to markets, Economic cycle and competition, Procurement opportunities (data sources), Understanding terms of participation, Preparing a winning proposal, Disputes resolution, Etc.

RAISING AWARENESS

POLICY AND DECISION MAKERS

Policy, legal and institutional frameworks, international standards and principles, ethics

SENIOR PUBLIC OFFICIALS

Policy, legal and institutional frameworks of public procurement, international standards and principles, risk management, ethics

BUSINESS COMMUNITY

Economic role of procurement, doing business with the Government, procurement reform, international standards and principles

CIVIL SOCIETY ORGANIZATIONS

Procurement oversight, integrity, transparency and accountability mechanisms and tools, legal and institutional frameworks, procurement reform, international standards and principles

ECONOMIC MEDIA AND INFLUENCERS

Policy, legal and institutional frameworks, integrity, transparency and accountability mechanisms and tools, procurement reform, international standards and principles

TRANSFORMATION

Sustainable public procurement

Procurement reform & change management

Risk management

Data tools & analytics

Information systems

Innovation in procurement