



Lebanon

Public Procurement Reform Strategy

December 2021

Executive summary

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Public procurement is one of the main cross-sectoral reforms that the Government of Lebanon committed to at the “Conférence économique pour le développement, par les réformes et avec les entreprises” (CEDRE) held in Paris in April 2018, and in successive governments’ declarations¹, in order to improve fiscal governance and the quality of public services, encourage investment inflows, and strengthen accountability and transparency.

Public procurement in Lebanon accounts for an average of 20% of central government expenditure and 6.5% of the Gross Domestic Product (thus, around USD 3.4 billion in 2019) at the central level. A coherent and clear public procurement system in line with international standards and based on sound legal and institutional foundations would considerably contribute to helping resolve the current economic and financial crisis, create the basis for the implementation of the Government’s vision for economic recovery and sustainable development, and help restore citizens’, investors’, and the donor community’s trust.

The vision behind the reform is that public procurement:

- serves the need of the whole population to **access high quality public services**, in a sustainable manner;
- secures **value for money** by ensuring best use of limited public funds and supporting responsible public financial management;
- encourages **competition in the procurement market** and allow new competitors to access opportunities, while ensuring to them equal chances and fair treatment;
- is carried out with **fairness and transparency** in ways that enhance integrity and accountability;
- promotes **sustainable development** in its three aspects: economic, social and environmental.

Reform efforts were undertaken since 2019, notably in the form of a comprehensive assessment of the public procurement system in Lebanon using the MAPS² approach and through the preparation of a new public procurement law. The Institut des Finances Basil Fuleihan (IoF)³ has been mandated by the Lebanese Minister of Finance⁴ to continue coordinating these national efforts, as reform lead. Like the MAPS assessment, this procurement reform process is comprehensive, in that it addresses each of the key components of the public procurement system – including the policy/legal framework, the procedural framework, the institutional framework and the human resources, the technological components, including the various aspects of e-procurement, and the accountability mechanisms and the measures for ensuring transparency and integrity.

Based on the findings of the MAPS assessment, the new law was drafted, reviewed by international experts, and discussed in Parliament. After being voted by the Parliament on June 30, 2021, the Public Procurement Law no. 244/2021 dated 19

¹ A commitment concretized in the respective Ministerial declarations of Hariri (2019), Diab (2020) and Mikati (2021) governments

² Methodology for Assessing Procurement Systems (MAPS II), 2018

³ The Institute is an autonomous public institution working under the tutelage of the Minister of Finance

⁴ Minister of Finance’s decisions no. 109/1 dated March 4, 2019, no. 199/1 dated June 9, 2020, no. 620/1 dated November 2, 2021

July 2021 was published in the Official Gazette⁵; a period of 12 months after official publication is given for its provisions to enter into force.

Objectives of the strategy

Given the shortcomings at hand and the limited resources available to implement the various recommendations of the MAPS assessment, this strategy has set four objectives to guide and advance public procurement reform in Lebanon:

1. Bring the regulatory and policy framework in line with good international practices;
2. Create an institutional framework for successful procurement management and building corresponding capacity
3. Achieve economy and efficiency in procurement operations and practices
4. Promote accountability, integrity and transparency in public procurement

Based on these objectives, a number of actions were identified and listed as priority actions.

Short term actions

Until the entry into force of the new public procurement law (PPL), but no later than by 29 July 2022, focus shall be put on the following actions:

- prepare for the entry into force of the Public Procurement Law (PPL) by drafting the related secondary legislations;
- set up the proposed public procurement (regulatory) authority PPA and prepare it to undertake its mission;
- set up the proposed complaints authority and prepare it to undertake its mission;
- design forms and templates, issue guidance materials, policies, and standard documents for the new procurement approaches and procedures and prepare for their digitization;
- design and launch the capacity building strategy and capacity building for all stakeholders concerned in preparation for PPL implementation, and follow through with professionalization of the public procurement workforce;
- launch awareness raising for all concerned stakeholders;
- set up the central electronic platform for notices and procurement documents and start developing other elements of e-procurement.

Medium term actions

From the entry into force of the new Law until 31 December 2024: further work and additional resources are needed in order to:

- bring the application of the regulatory and policy framework in line with good international practice;
- create an institutional framework for successful procurement management and build corresponding capacity;
- ensure economy and efficiency in procurement operations and practices; and
- promote accountability, integrity, and transparency in public procurement;
- Implement a full e-procurement solution.

Those short- and medium-term efforts will then have to be continued in the longer term to create a stable, supportive legal and institutional environment while at the

⁵ The law was published in Lebanon's Official Gazette issue no. 30 of July 29, 2021

same time ensuring that the public procurement system can develop in response to any new challenges that may arise.

Reform coordination and management

The mechanisms for managing the implementation of the public procurement reform strategy serve two main purposes:

- to secure stable, long-term, high-level commitment to the public procurement reform efforts, including major decisions on national priorities, resource allocation and roles and responsibilities, and
- to provide transparent, effective monitoring and guidance of the different steps in the reform process and of the entities involved.

The first purpose, **high level commitment to the reform**, shall be met through a prompt action from the Government of Lebanon. To nurture a common vision, maintain political momentum, implement the reform strategy and prioritize actions,

For this purpose, the Government of Lebanon is advised to form an **Inter-Ministerial Committee (IMC) supported by a National Technical Committee (NTC)** of stakeholder representatives; a consultative and inclusive approach similar to the one set for the implementation of the MAPS assessment (2019-20). The latter was a largely successful experience and gained trust of all actors.

The NTC shall be coordinated by the national reform lead since 2019, hereinafter named the National Coordinator (Institute of Finance Basil Fuleihan) to capitalize on previous efforts, ensure synchronization among all stakeholders, smooth reform implementation, adequate internal engagement with national stakeholders and external communication. A resourced technical support unit, composed of multidisciplinary experts, shall be formed to support the mandate of the National Coordinator.

Setting up efficient coordination mechanisms and allocating necessary resources for the management of the public procurement reform process, **are key pillars** for the good implementation of the public procurement reform, bringing to bear appropriate means for the engagement of the various stakeholders, including civil society.

At present, the institutional resources are lacking and mostly limited to the MoF/loF's contribution to the reform process. The management capacity of the national coordinator (Institute of Finance Basil Fuleihan) needs to be augmented to ensure the good implementation of the reform. **This is a key risk factor.**

With national budgets shrinking, the national coordinator has no financial resources available at present for the implementation of this strategy.

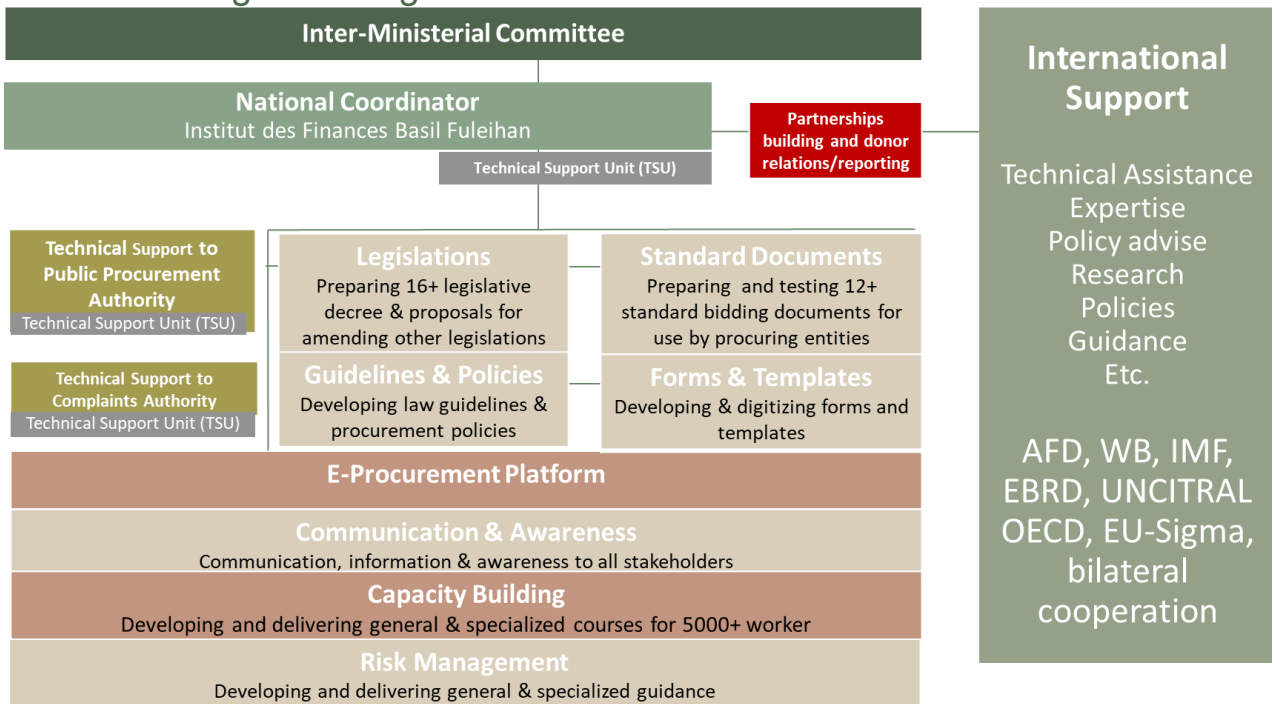
International partners namely the World Bank and the Agence Française de Développement (AFD), have synchronized efforts in 2019 - 2021 to address the existing gaps to implement the MAPS assessment, to help draft and enact the new law and to design the necessary strategy documents. However, for the short, medium and long term, the bulk of financial resources is required for the implementation of the various reform components identified to adequately prepare for the law entry into force, i.e secondary legislations, standard bidding documents, guidelines, forms and templates, capacity building, awareness and communication, and the introduction of the central electronic platform.

Not only the regular dissemination of information to all stakeholders but also other aspects of the reform management will require regular measurement of what actually happens in public procurement and of the progress made in the implementation of the various steps of the public procurement reform.

To this end, there would be a need to intensify the monitoring, collecting, compiling, and analyzing information from all available sources and making it accessible. The monitoring should enable the use of suitable indicators related both to the progress and the outcomes of the reform process itself and allow regular reporting.

It is of crucial importance for the international community to synchronize its action to mobilize resources for an effective implementation of the various components of the reform. In this perspective, three technical supports units (TSU), composed of multi-disciplinary expertise, shall be formed to directly support the National Coordinator (Institute of Finance Basil Fuleihan), the Public Procurement Authority (PPA), and the Complaints Authority (CA).

Reform management organization



Public Procurement Reform Action Plan 2022 - 2024

Strategic objective	Implementation			Monitoring	
Operational objective	Activity	Responsible	Timeline	Success indicator	Outcome
I. Bring the regulatory and policy framework in line with good international practice					
I.1 Implement the new, public procurement law by all procuring entities	1. Prepare and adopt secondary legislation and decisions as the PPL may require (related to the institutional set-up, procurement practices, e-procurement, and professionalization)	IoF; PPA, CoM	31.12.2022	Secondary legislation and decisions drafted and adopted	
	2. Prepare and implement an awareness raising and engagement campaign about the PPL and the complementary legal framework	IoF	31.12.2022	Knowledge and acceptance of PPL among all stakeholders	
I.2 Widen the range of award procedures to make it easier to pick the one best suited to the value, nature and complexity of the contract and to the conditions on the supply market	1. Prepare and adopt explanatory guidelines on the PPL	IoF; PPA; CoM	30.06.2022	Clear and comprehensive guidelines explaining the PPL materials issued and freely accessible on the central electronic platform	
	2. Prepare and issue guidance for notices, requirements and specifications, timelines, selection and award criteria and their use, forms of contract, and contract management	IoF; PPA	30.09.2022	Clear and comprehensive guidance issued and freely accessible on the central electronic platform	
	3. Prepare and issue standard forms for notices, tender documents, contracts, and reports, considering the need for them to be possible to use also in an e-procurement environment at a later stage	IoF; PPA	30.06.2022	Clear and comprehensive standard documents issued and freely accessible on the central electronic platform	
I.3 Ensure that responsibilities for key functions mainly policy making, regulatory development, and review of complaints, are clearly assigned	1. Nomination of the PPA President and members (selection process + nomination decree)	CSB, CIB, CoA, NACA, CoM	Shortly after entry into force of the PPL	PPA President and members nominated	
	2. Prepare and adopt a decree detailing PPA President and members' salaries and compensations	PPA; MoF; CoM	30.07.2022	Decree on salaries and compensations of PPA president and members drafted and adopted	



Strategic objective	Implementation			Monitoring	
Operational objective	Activity	Responsible	Timeline	Success indicator	Outcome
	3. Prepare and adopt PPA's internal regulations related to its administrative and financial bylaws, as well as staffing bylaws (including, among others, job descriptions, competency framework and recruitment criteria)	PPA; CSB; State Council; CoM	30.07.2022	Clear and comprehensive regulations in place for the PPA's work	
	4. Nomination of the CA President and members (selection process + nomination decree)	CSB; CIB; CoA; NACA; CoM	30.06.2022	CA President and members nominated	
	5. Prepare and adopt a decree detailing CA President and members' salaries and compensations	CA; MoF; CoM	30.07.2022	Decree on salaries and compensations of CA president and members drafted and adopted	
	6. Prepare and adopt CA's internal regulations related to its administrative and financial bylaws, as well as staffing bylaws	CA; CSB; State Council; CoM	30.06.2022	Clear and comprehensive regulations in place for the CA's work	
I.4 Develop and implement a sustainable procurement policy that empowers the public procurement system to play its role in promoting the country's development policies and objectives and underpins its stability and perennity	1. Develop and issue principles and policies for sustainable procurement, harmonizing them with broader, national policies for sustainable development	PPA; CoM	31.12.2023	Policy document on sustainable procurement prepared, adopted and issued	
	2. Set up a mechanism for long term, strategic development of Lebanon's public procurement system; this may include the preparation, adoption and implementation of successive five-year strategies and corresponding action plans	PPA; CoM	31.12.2024	Mechanism for strategic development of public procurement in place; follow-up strategy adopted	
II. Create an institutional framework for successful procurement management and build corresponding capacity					
II.1 Ensure that the key central functions of the public procurement system are well handled; namely the Public Procurement Authority (PPA) and the Complaints Authority (CA)	1. Ensure that a sufficient budget is available for the PPA and the CA	MoF; Parliament	30.06.2022	PPA and CA budgets available within the State budget	
	2. Recruit and appoint PPA and CA staff	PPA; CA; CSB	30.06.2022	PPA and CA staff appointed	
	3. Train PPA and CA members and staff	IoF	31.12.2023	Members and staff trained	
	4. Provide the PPA and the CA with adequate facilities, including ICT equipment and administrative systems	CoM	30.06.2022	PPA and CA operational	
II.2 Reorganize procuring entities and build their capacity	1. Prepare and make available guidance for applying the general obligation in the PPL for procuring entities to have a dedicated unit for public procurement within their organizational structure, with clearly defined functions and responsibilities	IoF; PPA	31.12.2022	Guidance materials issued to procuring entities and their supervisory bodies and freely accessible on the central electronic platform	



Strategic objective	Implementation			Monitoring	
Operational objective	Activity	Responsible	Timeline	Success indicator	Outcome
	2. As applicable, revise relevant regulations, including any specific statutes, that govern the internal organization and activities of procuring entities in order to bring them in line with the provisions in the PPL	CoM; CSB; MoIM;	31.12.2022	Applicable regulations etc. amended to align with the PPL	
	3. Unless and until internal audits are generalized, prepare and make available guidance on systematic ex-post evaluation by procuring entities of their public procurement operations, with focus on procurement outcomes compared with objectives and on administrative performance, for feedback into financial and procurement planning	PPA; Procuring entities	31.12.2022	Guidance on ex-post evaluation on public procurement approaches and procedures issued to procuring entities, and freely accessible on the central electronic platform	
	4. Ensure that procuring entities are equipped with qualified staff and appropriate tools and systems for handling public procurement operations	PPA; CoM; MoF; MoIM; Procuring entities	31.12.2023	Monitoring mechanism in place; level of effectiveness published	
II.3 Set up the framework for professionalization of the public procurement function	1. Set up competency frameworks, standard job descriptions and qualification requirements for public procurement officials at different levels, and across procuring entities	PPA; CSB; MoIM; Procuring entities; IoF	31.12.2022	Competency frameworks set up, standard job descriptions etc. available and published	
	2. Prepare and adopt secondary legislation in view of recognizing public procurement as a profession and give public procurement officials corresponding, specific status in the civil service	PPA; CSB; CoM	31.12.2022	Public procurement officially recognized as a profession; officials given corresponding status	
II.4 Develop, where appropriate, arrangements for centralized purchasing	1. Analyze the potential for increased use of joint or centralized procurement	IoF; PPA	31.12.2023	Analytical report issued	
	2. Develop a few typical scenarios for the use of joint or centralized procurement, as well as corresponding guidance materials	IoF; PPA	31.03.2024	Scenarios and guidance notes published	
	3. Run one or several pilot operations for testing and refining possible practical approaches to centralized procurement	IoF; PPA; Procuring entities	31.12.2024	At least one pilot operation running; outcomes reviewed	
	4. Complementing the provisions of the PPL and reflecting the outcomes of the pilot operations, draft model statutes for centralized procurement and support its creation, development, and adoption	PPA; CoM	31.12.2024	Model statutes adopted and further guidance materials issued	



Strategic objective	Implementation			Monitoring	
Operational objective	Activity	Responsible	Timeline	Success indicator	Outcome
II.5 Set up the central electronic platform and prepare for e-procurement implementation	1. Set up a central electronic platform for mandatory publication of procurement notices of all procuring entities and for facilitating access to public procurement data, information, and tender documents, along with a database based on Open Contracting Data Standards (OCDS)	PPA	30.06.2022	Central electronic platform with database dedicated to public procurement operational and fully functional	
	2. Define policies and procedures for collection, management and analysis of detailed data on public procurement, including appropriate performance indicators, with due consideration of the tools to be available on the central electronic platform	PPA	30.06.2023	Policies and procedures published and applied, and procurement data available in OCDS format	
	3. Develop a comprehensive concept for introduction and management of e-procurement in all its various aspects and stages; consult widely and take decisions; and set aside resources for implementation	PPA	31.03.2023	E-procurement strategy presented; adopted, with funding made available three months after adoption	
	4. Implement the measures agreed under the e-procurement strategy	PPA; Procuring entities; others	31.12.2024	Successive timing and performance milestones of the strategy met during system development; testing carried out and system readied for roll-out	
	5. Prepare and adopt adequate secondary legislation for e-procurement implementation, including appropriate performance indicators, with due consideration of the tools to be available in the e-procurement system, of other public financial management needs, and of the general need for transparency and accountability in the public sector; and assign roles, responsibilities and resources to the competent authorities, in line with other measures for public administration reform	PPA; CoM	31.12.2024	E-procurement implementation into force	
III. Ensure economy and efficiency in procurement operations and practices					
III.1 Raise the skills of procurement officials in planning and preparation, tender	1. Conduct an assessment to identify current public procurement skills, resources and capacity building needs of procurement officials	IoF	31.12.2022	Capacity building needs assessment issued	



Strategic objective	Implementation			Monitoring	
Operational objective	Activity	Responsible	Timeline	Success indicator	Outcome
evaluation and contract award, and contract management as well as in the proper use of e-procurement	2. Determine appropriate measures for closing existing capacity gaps, considering the new PPL provisions and the capacity building strategy; and harmonies with other measures for raising administrative capacity	IoF; other national training providers; PPA	31.12.2022	Professionalization and capacity building strategy; adopted, with funding made available, three months later	
	3. Identify, engage and train a first group of trainers in public procurement and engage other training resources that may be available initially, to be followed by additional recruitment and training of trainers and engagement of training institutions and other capacity building providers	IoF	31.12.2022	Trainers trained and ready to deploy at the national level	
	4. Develop and provide initial training on the new Public Procurement Law	IoF	30.06.2022	All procuring entities have access to at least one duly trained official	
	5. Take necessary measures for the development and implementation of e-learning as well as diversification of learning techniques	IoF	31.12.2022	Procurement training is delivered on an online learning platform; modern and customized techniques applied	
	6. Develop guidance materials of the various aspects of the PPL and make them available to all stakeholders concerned with PPL implementation	IoF; PPA	31.12.2022	All stakeholders have access to guidance material on PPL	
	7. Develop and provide further hands-on training for procuring entities on procurement planning, including needs analysis, market research, choice of approaches and procedures, preparation and publication of procurement plans, as well as on contract management	IoF; PPA; other national training providers	31.12.2023	All procuring entities staff trained at least once; follow-up in place for medium and long term	
	8. Develop and provide training to all concerned stakeholders on the use of central electronic platform for public procurement	IoF; PPA	31.12.2022	Procuring entities well trained and ready to use the central electronic platform	
	9. Develop and provide training on the use of e-procurement as and when system modules become ready, well before their roll-out	PPA; IoF	30.06.2024	E-procurement training provided successively in line with the timing of system development and roll-out	



Strategic objective	Implementation			Monitoring	
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	10. Prepare and issue guidance and materials to help incorporate social and environmental aspects as well as sustainability criteria in requirements, specifications and selection and award criteria, e.g. use of environmental standards and life cycle costing; and roll out as a complement to other capacity building	PPA; IoF	31.12.2023	Sustainable procurement approaches in place; their use monitored and made public	
III.2 Develop the use of framework agreements	1. Develop a few typical scenarios for the use of framework agreements, as well as corresponding guidance materials	IoF; PPA	31.12.2022	Scenarios and guidance notes published	
	2. Promote the use of framework agreements, through awareness and training, in situations where their advantages are proven	IoF; PPA	31.12.2023	Training and awareness activities carried out	
III.3 Promote wider enterprise participation and greater competition, by setting fair and reasonable requirements and award criteria and applying them in a consistent and transparent manner, and making information easily accessible	1. Carry out awareness raising and information campaigns about the new PPL and the business opportunities it creates	IoF	30.06.2023	Information provided to the business community; follow-up campaign ready to be launched	
	2. Conduct an assessment to identify the nature, origin and modalities of all the barriers facing enterprises, especially SMEs and women-led or minority owned enterprises, for successfully participating in public procurement	IoF	30.06.2023	Assessment results published	
	3. Take measures to reduce, mitigate or eliminate the barriers to participation in public procurement; monitor the outcomes and take further corrective action as needed	PPA	31.12.2023	Participation levels at least doubled	
	4. Monitor the effects on participation of the way needs, requirements, selection and award criteria are formulated, communicated and applied by procuring entities, and take corrective action as needed	PPA	31.12.2024	Findings regularly published; measures in place	
	5. Carry out a study of both the demand and the supply sides of the public procurement market in Lebanon and how they match each other (or not), and use the findings to inform future economic development and public procurement policies	IoF; PPA	31.12.2024	Analytical report published; findings used by Government to inform policies; follow-up studies planned	



IV. Promote accountability, integrity and transparency in public procurement					
IV.1 Institute systematic policy consultations with the business community and civil society and raise transparency of public procurement	1. Develop and institutionalize mechanisms for enhanced consultation with civil society, both when policies are developed or amended and in the case of specific procurement projects or operations	PPA; IoF	31.12.2022	Consultation mechanisms in place; initial use successful	
	2. Enforce the use of the central electronic platform by all procuring entities in view of making all procurement related information comprehensive and easily accessible, free of charge	PPA	31.12.2022	Successive steps taken to widen the range, detail and comprehensiveness of public procurement data	
	3. Carry out awareness raising, information and training activities for CSOs to better monitor public procurement through the retrieval and analysis of data	IoF; PPA	31.12.2023	Activities successfully carried out; follow-up prepared	
IV.2 Simplify and clarify principles of integrity and accountability and support their application	1. Develop and issue a code of conduct for public procurement that is binding for all procuring entities	PPA	30.09.2022	Code of conduct published	
	2. Conduct a legal review on applicable laws and regulations, including the laws related to anti-corruption, to make sure whether notions of integrity and accountability are clearly defined and made applicable to public procurement, and suggest recommendations as appropriate	PPA	31.12.2024	Legal review and recommendations made available	
	3. Take measures for the effective and efficient implementation of the anti-corruption laws, including by ensuring that the National Anti-Corruption Authority (NACA) is fully operational	CoM	30.06.2023	NACA operational; laws effective	
IV.3 Eliminate gaps and overlaps in the roles of oversight bodies and raise the level of transparency of their work, with focus on the achievement of good public procurement outcomes and the prevention of bad practices	1. Examine existing regulatory and institutional framework applicable to public procurement oversight, identify gaps and overlaps; determine oversight objectives and principles; eliminate redundant control steps; put relatively greater emphasis on procurement risk prevention rather than on correction actions	PPA; CoA; MoF, others tbd	31.12.2023	Policies harmonized; regulatory and institutional gaps closed, overlaps eliminated; approaches reviewed and updated	
	2. Prepare and adopt a policy for internal audit as well as a properly resourced plan for its successive introduction in all procuring entities at central and local levels of government; harmonize it with development of internal audit in general and other PFM improvements	MoF; PPA; Procuring entities	30.06.2023	Internal audit framework in place; first auditors appointed and trained; initial successes achieved	



	3. Shift the focus of the work of oversight bodies from formal compliance with procedures to the achievement of intended results in ways that improve value for money while meeting criteria of fairness, impartiality and due process; in particular, ensure that the Court of Accounts puts much more emphasis on performance audits	PPA, CoA	31.12.2024	Policies and practices revised; auditors etc. retrained; results monitored and published	
	4. Once they have been issued, immediately publish all findings, recommendations and reports of the various oversight bodies on the central electronic platform free of charge	Oversight bodies concerned; CoM	31.12.2024	Oversight bodies' reports freely available on the central electronic platform as well as the website of each body	
IV.4 Ensure that actual cases of fraud and corruption are identified, properly investigated and effectively sanctioned	1. Ensure that data on public procurement related to accountability, integrity and transparency is generated, published, compiled and made freely accessible on the central electronic platform	PPA	30.06.2023	Information mentioned freely available and ready to be acted on	
	2. Complementing the PPL provisions, develop simple, efficient and effective means for follow-up and enforcement of decisions and recommendations of oversight bodies and concerned stakeholders, with vigorous measures to ensure that obligations are met and that appropriate sanctions are meted out when merited	PPA; CA; CoA; CIB, NACA; Procuring entities; State Council; and others	31.12.2024	Means mechanisms in place to ensure enforcement of PPL and oversight decisions	

