

2022

Public Procurement Reform in Lebanon

FROM LEGISLATION TO IMPLEMENTATION

PREPARING THE SOUND ENTRY INTO FORCE OF
PUBLIC PROCUREMENT LAW NO. 244/2021

PROGRESS REPORT – MARCH 2022

REFORM HIGHLIGHTS

Amidst challenges of many folds and a multi-facet economic and financial crisis considered by the World Bank as the third severe crisis across the globe since the 19th century, Lebanon was able to mark a key milestone on the path of needed structural reforms, through **the steady, but challenging, advancement of Public Procurement Reform.**

The Public Procurement Law no. 244/2021 was issued on July 19, 2021 and published in the Official Gazette on July 29, 2021. The law was drafted, discussed and promulgated **in light of international standards and guidelines**, and based on the **recommendations of Lebanon's MAPS assessment**, with continuous technical guidance and support from international partners, namely the World Bank, OECD-SIGMA, and the French Development Agency (AFD). The law is key for Lebanon to **improving financial governance, market competition and promote transparency and accountability on the use of taxpayers' money.**

Law no. 244/2021 enters into force on July 29, 2022, **time is very tight to complete necessary steps on the institutional and operational levels and be ready for efficient implementation.**

The Government of Lebanon's Declaration, issued on September 16, 2021, clearly commits to pursue efforts to reform Public Procurement including issuing secondary legislations necessary for enactment.

On November 2, 2022, the Minister of Finance designated **the Institute of Finance as the national coordinator of the public procurement reform through** Decision no. 620/1. This is consequent to the successful coordination efforts of the MAPS exercise (2019-2020) and the participative inclusive approach it privileged as well during the discussion of the **Public Procurement Law 244/2021** (2020-2021).

On January 20, 2022, **Lebanon's National Strategy for Public Procurement Reform, developed based on the recommendations of the MAPS assessment, was launched by H.E. the President of Council of Ministers** in a ceremony that gathered international partners, high diplomatic representations, ministers and members of parliament and representatives of private sector and civil society.

On February 8, 2022, **the Council of Ministers issued Decision no. 14 establishing an Inter-ministerial Committee** in charge of reviewing and adopting the public procurement reform. The Committee is chaired by the Minister of Finance and composed of the Ministers of Public Works and Transport, Interior and Municipalities, Industry, Environment, Economy and Trade, and the Minister of State for Administrative Reform. The Decision nominated the **Institut des Finances to serve as the Secretariat of the Committee.**

However, with current budgetary constraints and unprecedented pressure on public finance, **Lebanon lacks substantial human and financial resources** to put in place an ambitious and time-bound reform process. The support of international partners, civil society and the private sector is crucial to **ensure a coordinated and synchronized action and the sustainability of nationally led process in alignment with international standards and good practices.**

FROM LEGISLATION TO IMPLEMENTATION: WORK IN PROGRESS

Concurrent to the official commitment by the Government of Lebanon to advance the reform, **the Institut des Finances Basil Fuleihan, in its capacity of national coordinator, is leading and coordinating four parallel reform tracks** in preparation for law implementation, **in close collaboration with the Central Tender Board:**

Track 1

Secondary legislations and Guidelines

Drafting of secondary legislations started with the priority texts pertaining to the operationalization of the Public Procurement Authority and the Complaints Authority. A team of national experts is contributing to the drafting and review process.

With technical assistance of the Agence Française de Développement

Drafting of Law guidelines started

	<p><i>With technical assistance of the Agence Française de Développement and OECD-SIGMA</i></p>
<p>Track 2 Standard bidding documents (SBDs) for goods, works and services and a set of tools for public procurers</p>	<p>A team of national experts is contributing to SBDs' development; however progress is slow due to shortage in resources and incapacity to recruit additional expertise. <i>Partial support is provided through technical assistance by the World Bank and the Agence Française de Développement.</i> <i>More resources are needed to complete development and digitize documents and tools on the electronic platform.</i></p>
<p>Track 3 Capacity building</p>	<ul style="list-style-type: none"> ▪ Capacity building strategy and action plan: Strategy drafting was done by national expertise, with a detailed action plan on the short, medium and long terms, based on survey and consultations <i>Drafted with technical support of the World Bank. Peer reviewed by OECD-SIGMA.</i> ▪ Training of trainers' program: Developed and delivered to a core group of 15 national trainers. <i>With the support of the World Bank</i> ▪ Training for procuring entities: Online delivery of first training course on the Law started on Zoom platform and is expected to continue until June 2022 to reach around 1,500 procurers. This pilot action is taking place on the proper scarce financial and human resources of the Institut des Finances. <i>An urgent need for resource mobilization for (1) specialized training to public procurers (hands-on training on SBDs and other tools), (2) sustaining capacity building for stakeholders across public sector, and (3) establishing and managing an online learning platform that is currently non-existent.</i> ▪ Training of private sector and civil society: Training of private sector and CSOs on the new Law has not yet started. <i>An urgent need for resource mobilization for this activity to ensure proper implementation of the Law by all concerned stakeholders.</i>
<p>Track 4 Central electronic platform</p>	<p>The central electronic platform is a key reform tool to be operated and managed by the Public Procurement Authority, for publication of information, collection and analysis of data, and the systematic, timely and free access to all stakeholders.</p> <ul style="list-style-type: none"> ▪ Electronic procurement assessment and strategy: Drafted to inform on potential scenarios for the short, medium and long terms, with a priority of having the platform operational by August 2022, with all required functionalities as per the provisions of Law 244/2021. <i>Drafted with the technical support of the World Bank. Peer reviewed by the Open Contracting Partnership.</i> ▪ Establishing the platform: Lebanon's application to the Global Procurement Partnership (GPP) multi-donor trust fund was selected to develop the needed platform and make it functional. <i>A GPP grant (until June 2023) is allocated for the establishment and operationalization of the platform, including testing and pilot training on its use.</i> ▪ Ongoing consultations and exchange with the Central Tender Board and national stakeholders, including civil society, as well as with international partners to opt for an efficient and viable solution as per the Law's requirements and with buy-in at the national level. <i>Additional resources and expertise are needed to provide advice to national stakeholders on the platform's management and use, the digitization of forms, the use of data for better transparency and accountability, the training of diverse user categories, full deployment at the national level, and medium-term enhancements.</i>

POLICY DIALOGUE AND STAKEHOLDERS' ENGAGEMENT



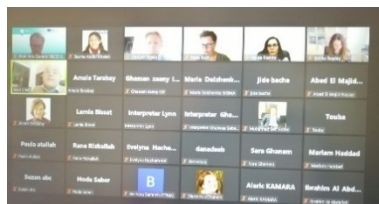
Launching Ceremony of the National Reform Strategy

The **official launching of Lebanon's Public Procurement Reform Strategy** took place on January 20, 2022, under the auspices and in the presence of the President of the Council of Ministers and the Minister of Finance, and with the participation of +100 decision makers, senior public officials, and representatives of the international community, business associations and civil society. The launching event was the occasion to present the transformative reform process since 2019, the reform strategic orientations, and actions to be undertaken in preparation for the implementation of Law 244/2021. An expert panel discussion on the various components of the action plan followed with the participation of the Central Tender Board and representatives of the private sector and civil society.



Formation of Reform Inter-Ministerial Committee and Secretariat

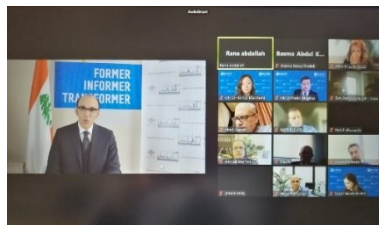
Based on the national reform strategy, and in order to maintain the political will and reform momentum, the **Council of Ministers established an Inter-ministerial Committee** (Decision no. 14 dated February 8, 2022) in charge of endorsing the strategy and following up on implementation. It is chaired by the Minister of Finance and composed of the Ministers of Public Works and Transport, Interior and Municipalities, Industry, Environment, Economy and Trade, and the Minister of State for Administrative Reform. The same Council of Ministers' decision nominated the **Institut des Finances as the Secretariat of the Committee**. The Committee is reviewing the draft reform strategy before submission for approval by the Council of Ministers.



Policy dialogue and transfer of international good practices

Regulatory role of the Public Procurement Authority (PPA)

Since putting a modern legal framework in place is not sufficient, it is important to set a secure and efficient system of public procurement, through timely establishment of the PPA. **With the technical assistance of OECD-SIGMA**, an exchange webinar took place (experiences from Albania, Croatia, Poland and Turkey) to introduce the Central tender Board leadership and staff to their future role as PPA and start assessing technical and human capacity needs.



Risk management in public procurement

Addressing mismanagement and corruption risks are key for a sound procurement system. **With the technical support of the OECD**, a policy note on risk management was drafted and an exchange workshop was organized to introduce Lebanese public administrations and municipalities to the concept and cases of risk management in public procurement. To efficiently identify and mitigate procurement risks, a strategy with implementation tools shall be developed, accompanied with awareness raising to procurers and decision-makers on their respective roles.

Continuous awareness raising on Law 244/2021



Awareness raising, of policy and decision makers for smooth change management and of private sector and civil society for engagement with the reform and better monitoring, is key. Since October 2021, more than 20 awareness raising activities and specialized workshops took place in collaboration with the Lebanese Parliament, the Central Tender Board, the World Bank, the Westminster Foundation for Democracy, UN Women, the Lebanese Transparency Association, the Lebanese Center for Policy Studies. Topics tackled the principles and provisions of Law 244/2021, its implementation tools, the role of the Public Procurement Authority, the new review mechanism and role of the Complaints Authority, competition and participation of small and medium-enterprises, transparency and accountability, electronic procurement and open data, inclusive procurement, etc.

THE WAY FORWARD

The following calendar presents the short-term actions towards Law implementation:

Pillar	Action	To be completed by
Reform Strategy and Action Plan	Council of Ministers to endorse the National Strategy and Action Plan and call for the donor community to provide necessary funding	April 2022
Secondary legislations for PPA and CA	Council of Ministers to issue PPA and CA decrees	June 2022
Standard Bidding Documents, Forms and Templates	1- Develop SBDs and forms and consult with concerned stakeholders, test and finalize	July 2022
	2- PPA to issue regulatory decisions making the use of SBDs and forms and templates mandatory	August 2022
Guidance for Law implementation	1- Develop and make available law guidelines	September 2022
	2- Develop and make available user-friendly guides to concerned stakeholders	December 2022
Capacity building	1- Continue the delivery of training and awareness raising on the Law to all concerned stakeholders	June 2022
	2- Mobilize resources for the implementation of the capacity building action plan	June 2022
	3- Establish and operate an online learning platform	August 2022
Central electronic platform at PPA	1- Decision on technical solution of the platform	April 2022
	2- Establishment of the platform/portal with related database	July 2022
	3- Piloting and testing	August 2022
	4- Capacity building and communication	December 2022
Technical support to new authorities	1- Technical support to Public Procurement Authority	As of August 2022
	2- Technical support to Complaints Authority	As of August 2022
Technical support to National Coordinator	Technical, financial and operational support	June 2022

512, Corniche El-Nahr
P.O.Box: 16-5870 Beirut, Lebanon
Tel: +961 1 425 146/9
Fax: +961 1 426 860
Institutdesfinances.gov.lb



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