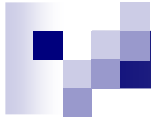




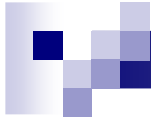
# Status of Public Procurement in the Caribbean

**Cooperation and Integration, the path to Government Procurement  
Development in the Caribbean  
Collaborative Regional Workshop  
April 12-13, 2011**



# Today's presentation

- A brief introduction to the PEFA assessment tool
- What an analysis of 14 country assessments tells us about Procurement
- A brief discussion regarding PFM Action Plans

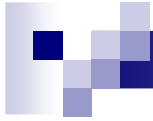


# What is the PEFA program?

- **Public Expenditure & Financial Accountability**
- **Objective:** Results orientation in development of PFM systems & harmonization of PFM analytical work
- **Established:** in 2001 by seven agencies. Today working in tandem with the 25 members of OECD-DAC Task Force on PFM
- **Strategy:** Strengthened Approach to support PFM reform, aligned with Paris Declaration
- [www.pefa.org](http://www.pefa.org)
- OECD-DAC „Methodology for Assessing Procurement Systems“ (MAPS) tool

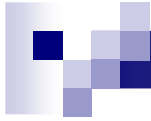
# Countries that have undertaken a PEFA

- At least 17 countries have undertaken a PEFA assessment in the Caribbean
- A number have undertaken two assessments
- My review includes 14 countries
- To see an assessment visit the PEFA website



# Indicators and Ratings

- 31 indicators
- Over 70 sub-indicators
- A to D
- Two methods of scoring
- Can have an intermediate rating where there are more than one sub-indicator



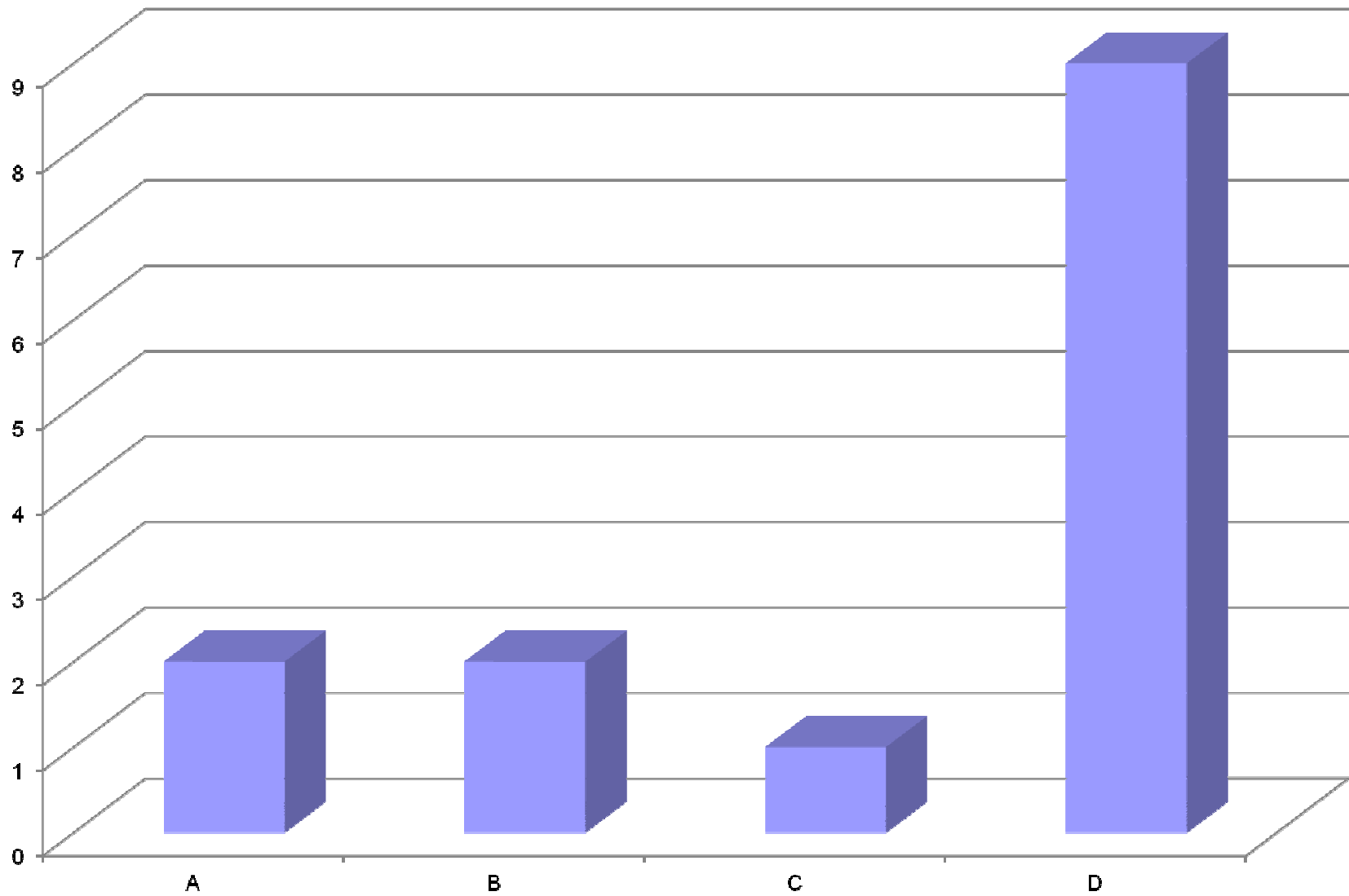
## PI-19 - Competition, value for money and controls in procurement **(old)**

- (i) Evidence on the use of open competition for award of contracts that exceed the nationally established monetary threshold for small purchases (percentage of the number of contract awards that are above the threshold);
- (ii) Extent of justification for use of less competitive procurement methods.
- (iii) Existence and operation of a procurement complaints mechanism

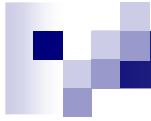
## **Use of open competition for award of contracts that exceed the nationally established monetary threshold for small purchases**

- **Score = A: Accurate data on the method used to award public contracts exists and shows that more than 75% of contracts above the threshold are awarded on the basis of open competition.**
- **Score = B: Available data on public contract awards shows that more than 50% but less than 75% of contracts above the threshold are awarded on basis of open competition, but the data may not be accurate.**
- **Score = C: Available data shows that less than 50% of contracts above the threshold are awarded on an open competitive basis, but the data may not be accurate.**
- **Score = D: Insufficient data exists to assess the method used to award public contracts OR the available data indicates that use of open competition is limited.**

### (i) open competition

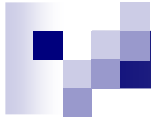






# What are the Results ?

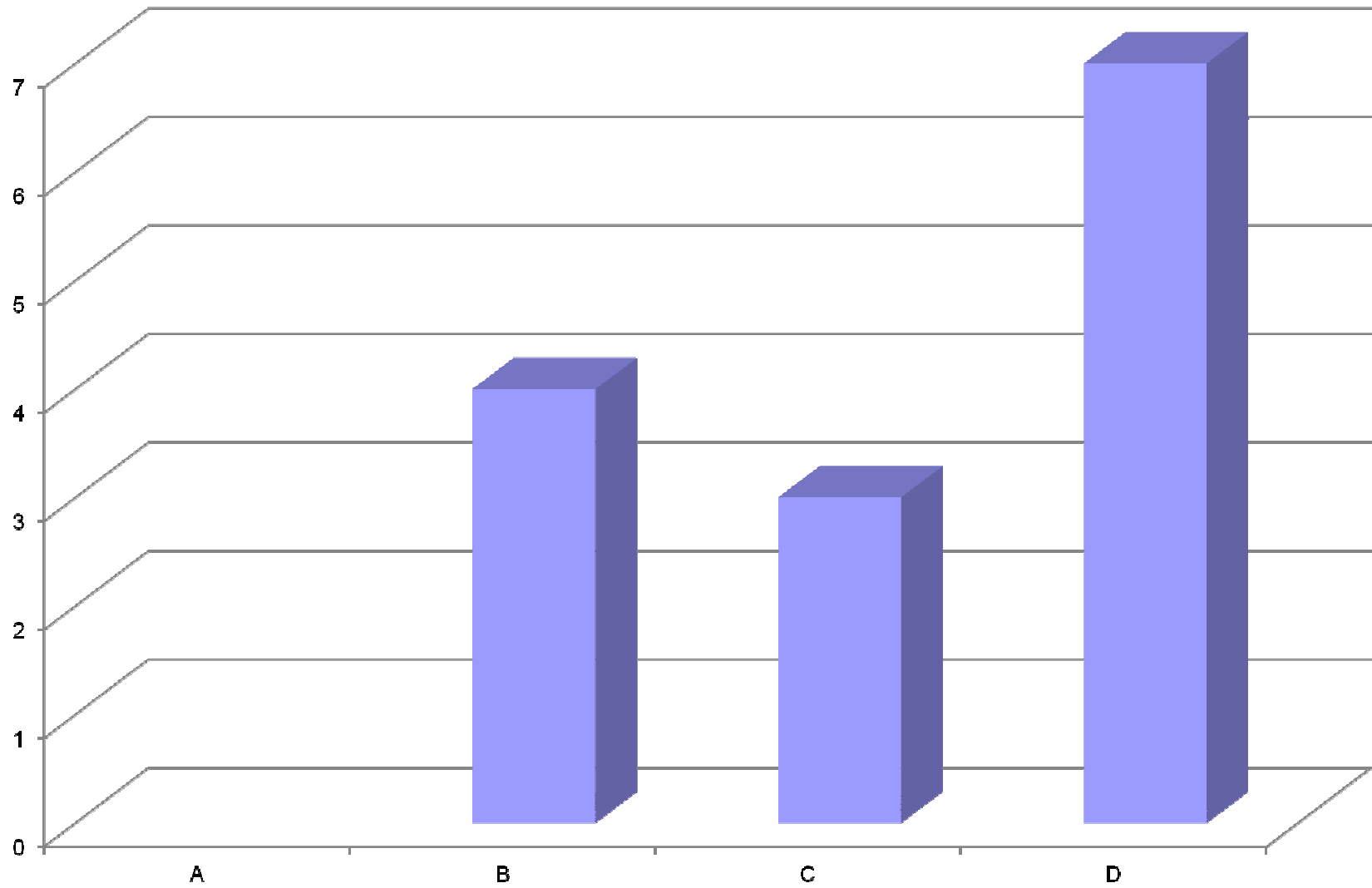
- Absence of a central registry
- No law in place
- Absence of user friendly guidelines
- Regulatory requirements do not clearly establish open competition as the preferred method of procurement
- Open competition is not routinely employed. The request for quotation method is usually applied with all purchases above \$10,000 requiring approval by the FS.

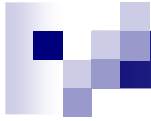


## Justification for use of less competitive procurement methods

- **Score = A: Other less competitive methods when used are justified in accordance with **clear** regulatory requirements.**
- **Score = B: Other less competitive methods when used are justified in accordance with regulatory requirements.**
- **Score = C: Justification for use of less competitive methods is weak or missing.**
- **Score = D: Regulatory requirements do not clearly establish open competition as the preferred method of procurement.**

## Justification for not using open competition





# What are the Results ?

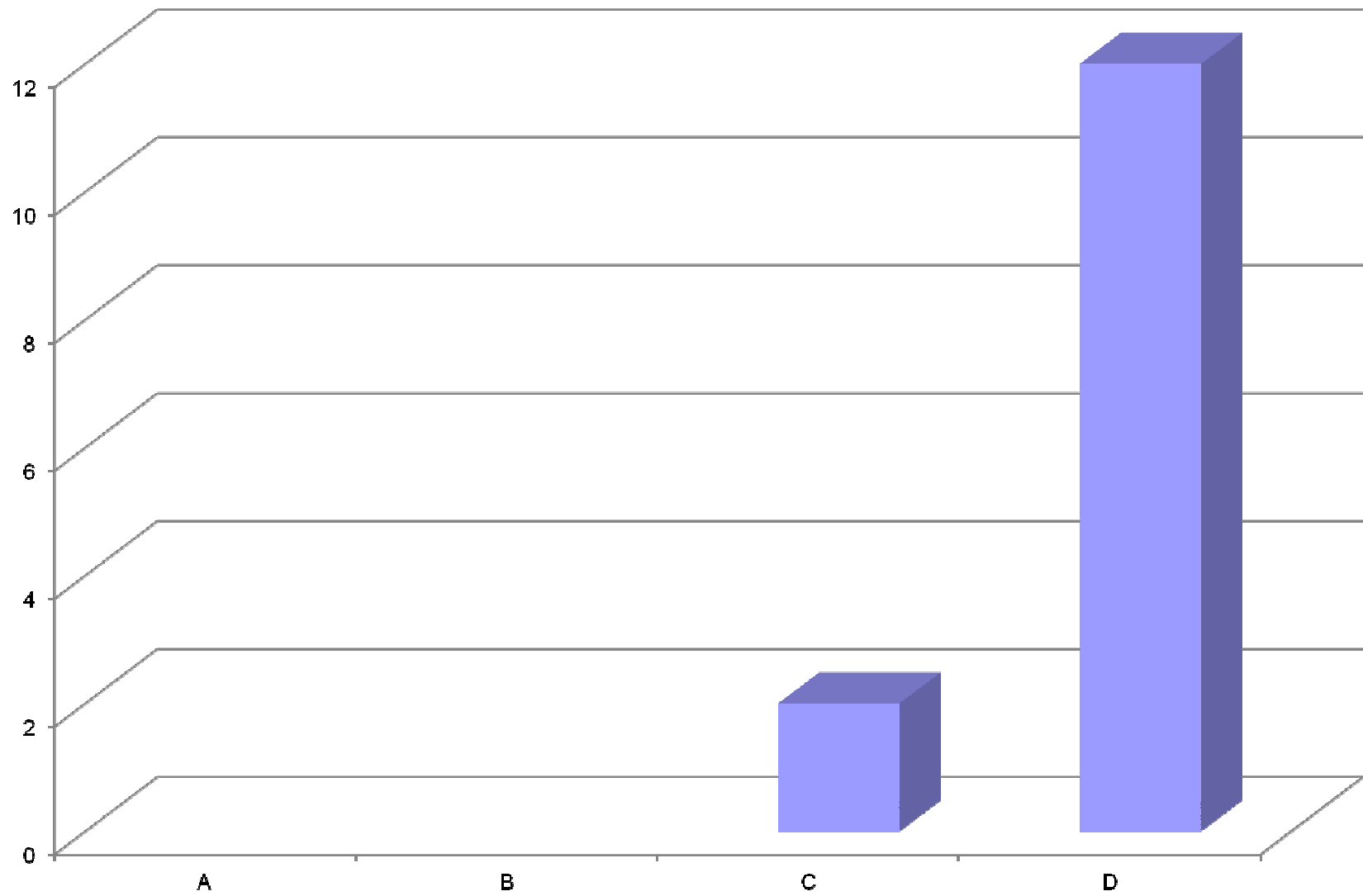
- Instead of competitive tendering, direct purchase methods are frequently used justified by reference to emergency situations, unforeseen circumstances and the existence of only one supplier. The criteria are, however, not transparent and publicly available.

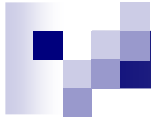
## Existence and operation of a procurement

### complaints mechanism

- **A: A process (defined by legislation) for submission and timely resolution of procurement process complaints is operative and subject to oversight of an external body with data on resolution of complaints accessible to public scrutiny.**
- **B: A process (defined by legislation) for submitting and addressing procurement process complaints is operative, but lacks ability to refer resolution of the complaint to an external higher authority.**
- **C: A process exists for submitting and addressing procurement complaints, but it is designed poorly and does not operate in a manner that provides for timely resolution of complaints.**
- **D: No process is defined to enable submitting and addressing complaints regarding the implementation of the procurement process.**

## Dispute mechanism





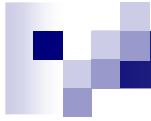
# What are the Results ?

- No complaints mechanism exists.
- The law does not establish a structure and a mechanisms for processing complaints in relation to the procurement process

## PI-10 Public access to key fiscal information

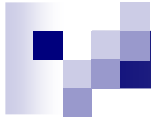
- Six key things including publishing contracts above a certain threshold.
- Only 2 of 14 countries publish contract information.





# An overview of the key issues

- **Countries continue to have weak frameworks in relation to public procurement**
- **The tendering process in countries is generally characterized by the use of non-competitive methods of procurement of goods and services**
- **While some countries have either passed or are in the process of passing new legislation, subsidiary regulations and guidelines are frequently absent**
- **Transparency is generally weak or absent**



# The new PI -19

- i) Transparency, comprehensiveness and competition in the legal and regulatory framework
- ii) Use of competitive procurement methods
- (iii) Public access to complete, reliable and timely procurement information
- (iv) Existence of an independent administrative procurement complaints system.

## i) Transparency, comprehensiveness and competition in the legal and regulatory framework

### **The legal and regulatory framework for procurement should:**

- be organized hierarchically and precedence is clearly established;
- be freely and easily accessible to the public through appropriate means;
- apply to all procurement undertaken using government funds;
- make open competitive procurement the default method of procurement and define clearly the situations in which other methods can be used and how this is to be justified;
- provide for public access to all of the following procurement information: government procurement plans, bidding opportunities, contract awards, and data on resolution of procurement complaints;
- provide for an independent administrative procurement review process for handling procurement complaints by participants prior to contract signature.
- N.B. Coverage is limited to Government funds, excluding SOEs (the OECD DAC *'Methodology for Assessing Procurement Systems'* covers all public funds).

## (ii) Use of competitive procurement methods

- When contracts are awarded by methods other than open competition, they are justified in accordance with the legal requirements

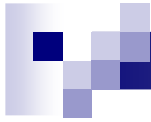
(iii) Public access to complete, reliable and timely procurement information

- Key procurement information (government procurement plans, bidding opportunities, contract awards, and data on resolution of procurement complaints) is made available to the public through appropriate means

## (iv) Existence of an independent administrative procurement complaints system.

Complaints are reviewed by a body which:

- is comprised of experienced professionals, familiar with the legal framework for procurement, and includes members drawn from the private sector and civil society as well as government;
- is not involved in any capacity in procurement transactions or in the process leading to contract award decisions;
- does not charge fees that prohibit access by concerned parties;
- follows processes for submission and resolution of complaints that are clearly defined and publicly available;
- exercises the authority to suspend the procurement process;
- issues decisions within the timeframe specified in the rules/regulations; and
- issues decisions that are binding on all parties (without precluding subsequent access to an external higher authority).



# A Reality check

- Small economies will always find it more challenging to implement “good” practice reforms
- Less resources covering the same areas as large economies
- We must take an incremental approach to reform Focus on the important changes that will make a difference and are achievable
- Along with legislation we need education
- Do not over engineer
- Each country is different. But in PFM most of what we do is fundamentally the same. Join up to achieve economies of scale (CARICAD project in the ECCU)

# PFM Reform Action Plans – The Way Forward

- Seek to address areas of deficiency in a strategic and incremental way
- Address issues identified in PEFA and other diagnostic assessments
- Help us understand the cost of support
- Allow a country to coordinate development partner support





# Questions and comments!

