

MAPS LEBANON ASSESSMENT OUTCOMES, WAY FORWARD, AND LESSONS LEARNT

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OUTLINE

- I. Lebanon's Country context
- II. Lebanon's MAPS
 - I. Consultative exercise
 - II. Room for improvement
 - III. The Institutions
 - IV. Gaps, risks and recommendations by pillar
- III. Action plan 2021-2023
- IV. Lessons Learnt

I. LEBANON COUNTRY CONTEXT

Lebanon: Navigating the crisis

It would be naïve to assume the crisis will be anything but painful and prolonged

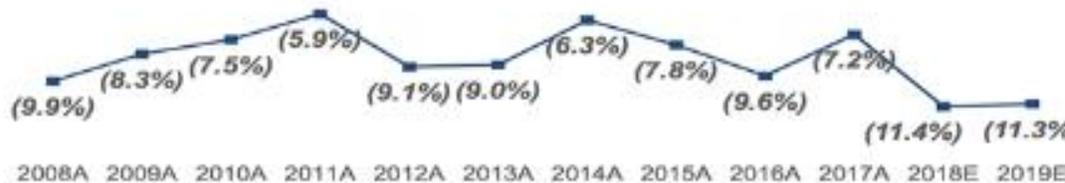
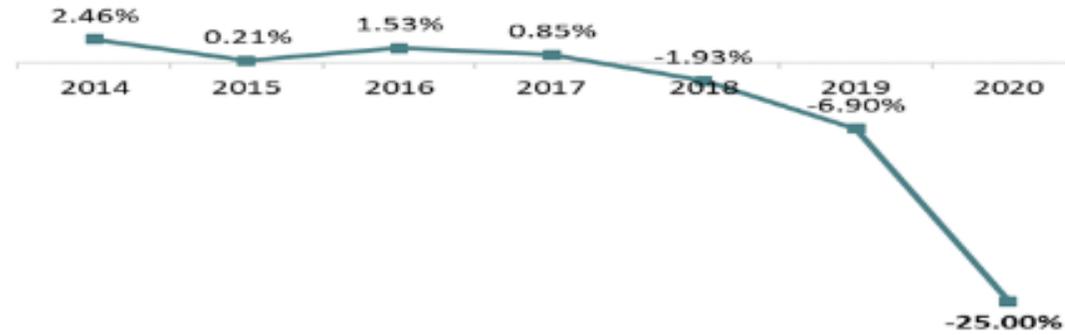
by Amer Bisat and Rob Kahn

6 March 2020 | 17:10

Source: by Annahar



A moment of truth. The constellation of shocks facing Lebanon and its new government is unprecedented. A deep economic and financial crisis and a new and



— Fiscal balance (% of GDP) — Primary fiscal balance (% of GDP)



GDP contraction
25%
(IMF WEO, 2020) ↓

+66% live below the
poverty line
(WB estim. 2021) ↑

Inflation
above 140%
(2021) ↑

Estimated Budget deficit
7.2% of GDP
(MoF,2020) ↑

Drop in revenue of
40%
(2019-2020) ↓

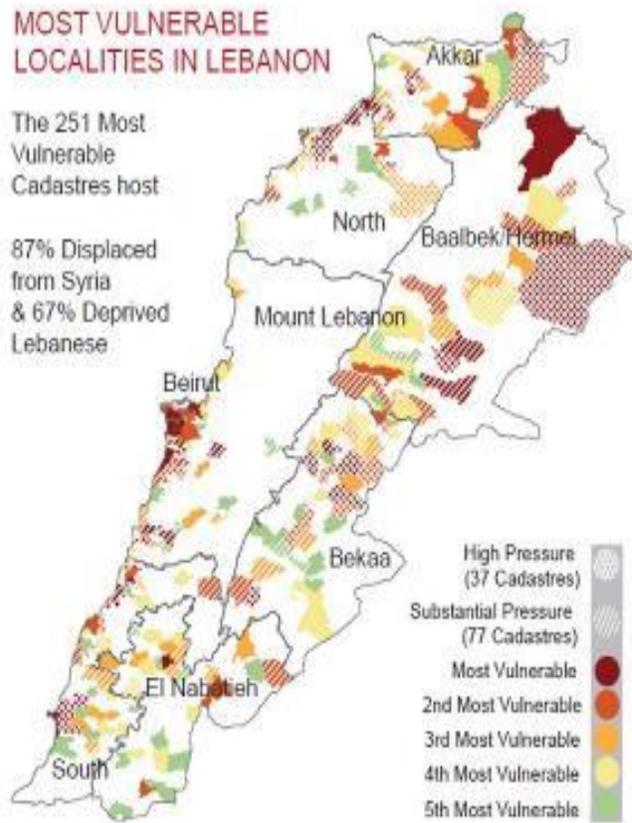
Growing public debt
+170% of GDP
(MoF,2020) ↑

Current account balance
-16.32% of GDP
(IMF, WEO, 2020) ↓

MOST VULNERABLE LOCALITIES IN LEBANON

The 251 Most Vulnerable Cadastres host

87% Displaced from Syria & 67% Deprived Lebanese



MACROECONOMIC FRAMEWORK

- Refugee crisis (40% of population in refugees), fall out from Syrian war
- Economic losses (\$3.5 billions) & financing gap (\$10 billions) caused by Beirut Port Explosion (Aug'20)
- Unprecedented challenges & additional pressure: COVID-19
- Economic model based on ST capital inflows
- Default on paying sovereign debt obligations
- State elite capture. Exacerbating corruption (CPI ranking 149/180)
- To backstop recession & restore trust: Economic & financial reforms; public procurement reform is a key one

I. LEBANON COUNTRY CONTEXT - PROCUREMENT SYSTEM

- Public procurement size: 20% of public expenditures & 6.5% of GDP; at central level
- 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.
- The quality of the procurement system is poor (48/100) as compared to the rest of the world and to several MENA countries. World Bank (2017), Benchmarking Public Procurement Report
- A weakening economic competitiveness, ranking 88/141, due to notable deficiency in infrastructure and institutions World Economic Forum, Global Competitiveness Index (2019)
- Government digitization and access to information is scarce; Lebanon ranks 99/193 in terms of e-Govt development.
- There are considerable capacity gaps, resulting in inefficiencies and high risks of corruption. Institut des Finances Basil Fuleihan (2014), Professionalizing Public Procurement in Lebanon
- PP practices do not conform with standards of sustainability

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	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	Portal: www.marchesp.ublics.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	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.hatcyeme.n.org



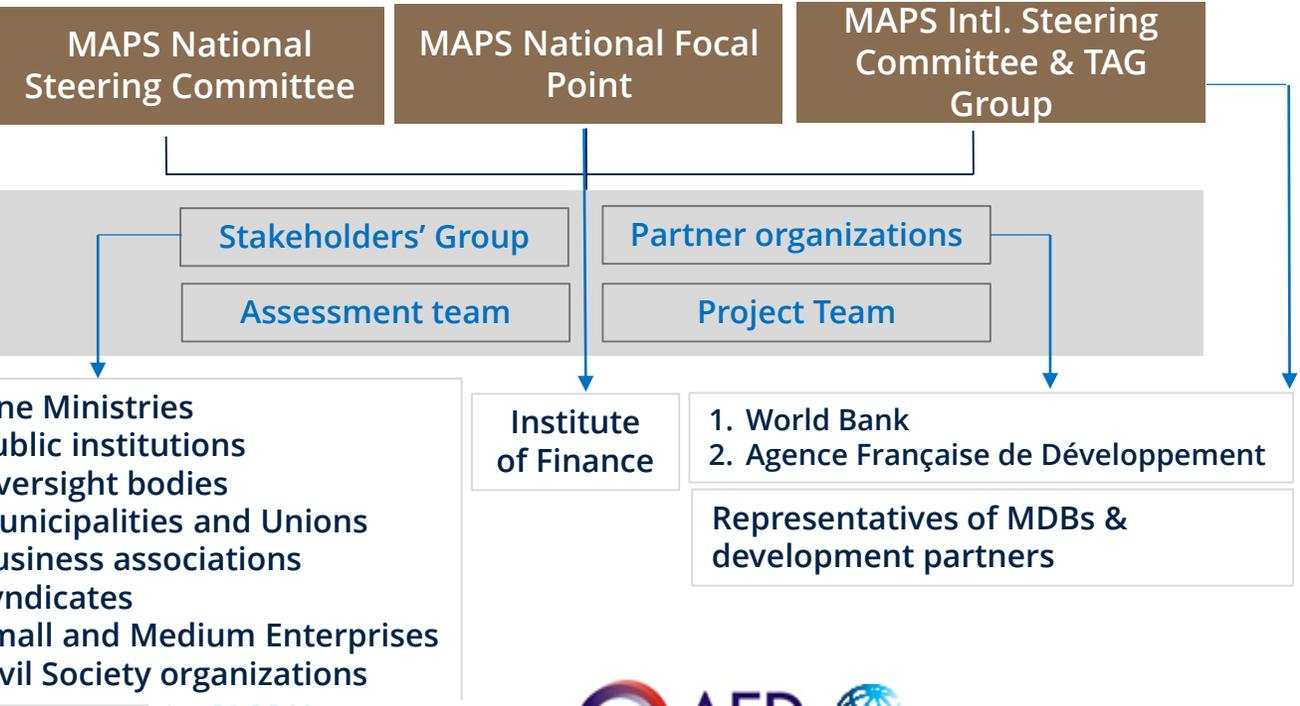
II. LEBANON'S MAPS - CONSULTATIVE EXERCISE

- The Ministry of Finance implemented the Methodology for Assessing Procurement Systems (MAPS II), with the support of the World Bank and the Agence Française de Développement, from March 2019 until July 2020.
- This evidence-based and participatory assessment informs 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 reform.
- Institut des Finances Basil Fuleihan mandated as National Focal Point to lead on the exercise
- An exhaustive +260-page report with annexes was the fruit of consultations with +100 stakeholders (public & private sector, CSOs), laying the foundation for a strategic vision for PP reform

GOVERNANCE STRUCTURE

18 representatives from 15 government institutions compose the National Steering Committee

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. Council for Development and Reconstruction
15. Office of the Minister of State for Administrative Reform

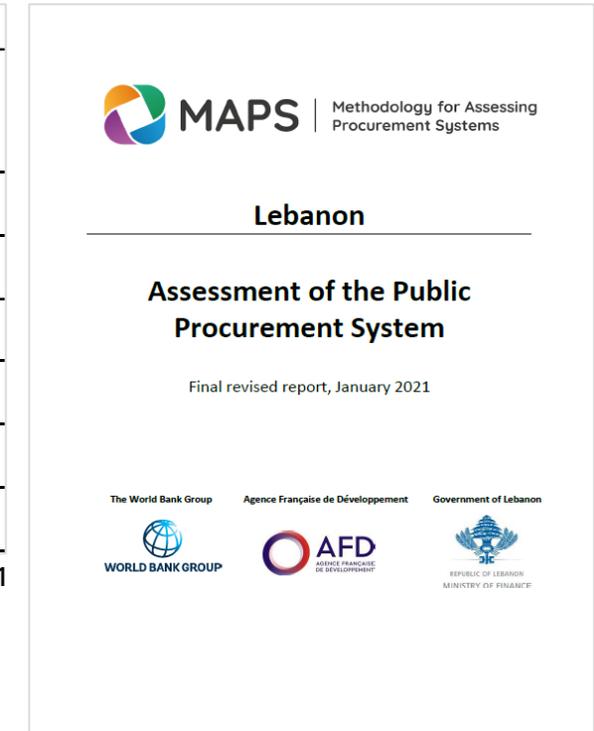


II. LEBANON'S MAPS – ROOM FOR IMPROVEMENT

KEY FINDINGS

MAPS Pillar	Assessment Criteria	Met	Partially Met	Not Met	Not Applicable	Total
I-Legal, Regulatory, and Policy Framework		9	27	30	1	67
II-Institutional Framework and Management Capacity		0	18	30	7	55
III-Public Procurement Operations and Market Practices		0	8	18	0	26
IV-Accountability, Integrity and Transparency		2	18	42	0	62
Total		11	71	120	8	210
Percentage		5%	34%	57%	4%	100%

Source: MAPS Assessment Report, January 2021



FULL REPORT:

http://www.institutdesfinances.gov.lb/wp-content/uploads/2021/03/Lebanon-MAPS-Report-final-revised-Jan2021_comp_compressed.pdf

EXECUTIVE SUMMARY:

<http://www.institutdesfinances.gov.lb/wp-content/uploads/2021/03/Lebanon-MAPS-Report-Executive-Summary-Jan2021-ENG.pdf>

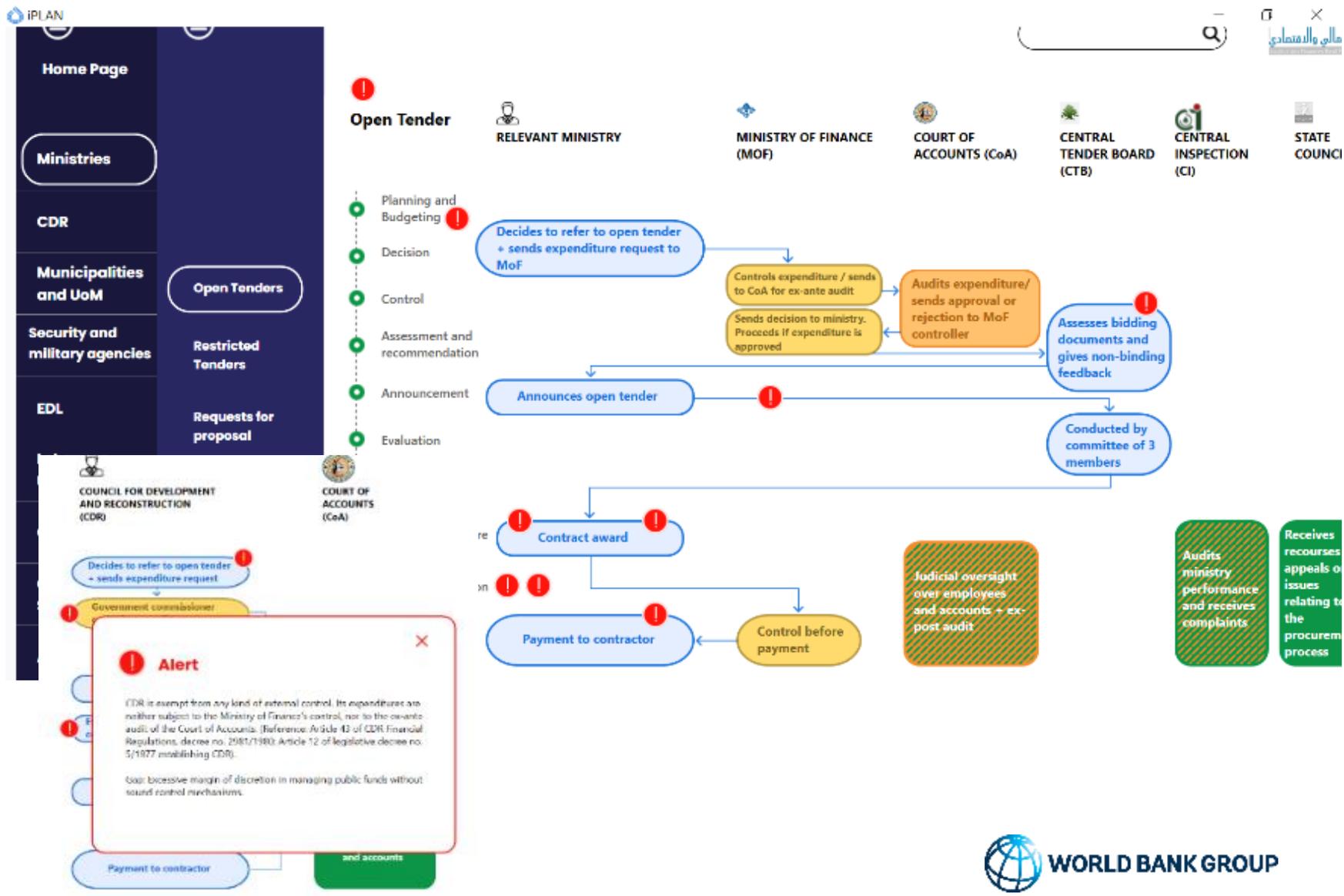


Indicators

- 1 | Draft Assessment Report, reviewed by GPP Secretariat and TAG
- 100 | Institutions involved at the national level (Public, Private, CSOs)
- 10 | Meetings of the National Steering Committee
- 5 | Assessment workshops
- 1 | Enterprise Survey
- 4 | Experts' missions
- 2 | Consultants mobilized

II. LEBANON'S MAPS – MAPPING THE INSTITUTIONS

- FIRST time that PP processes are mapped against all intervening government institutions.
- We have developed an interactive dynamic tool
- Full transparency about the current flow of work and its future changes
- Possibility to drill every layer of the processes
- To the 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



II. LEBANON'S MAPS - OUTCOMES

PILLAR I Legal, Regulatory & Policy Framework

Main gaps and risks

- Incomplete & incoherent legal framework: no unified law
- Narrow range of award procedures: high risk of ineffective & inefficient procurement
- Secondary legislation missing, incomplete or late
- Lack of officially endorsed standard documents & guidance tools: widely varying practices
- Complaints review cumbersome, time consuming, inefficient
- No strategic policy approach to PP as tool for financial governance & sustainable development
- Lack of alignment with international agreements

Key recommendations

- Adopt a new, comprehensive PP law, applicable to all procuring entities & all public contracts
- Widen the range of award procedures as key tool to market competition & efficient procurement
- Establish a speedy & competent complaints mechanism by an independent review body
- Incorporate social & environmental aspects through regulations and guidance
- Align new legislation for conformity with UNCAC & other ratified international agreements

II. LEBANON'S MAPS - OUTCOMES

PILLAR II Institutional Framework & Management Capacity

Main gaps & risks

- Gaps, overlaps in allocation of key public procurement functions; weak resources
- Inefficient internal organisation of procuring entities, lack of skills, absence of profession
- No use, no benefits of centralized procurement, framework agreement
- No e-procurement, not even national website for notices
- Procurement data not systematically collected, compiled, analyzed & disseminated for supporting evidence-based policy making

Key recommendations

- Improve planning & integration in PFM systems
- Establish an independent regulatory body
- Establish an independent procurement review body
- Define responsibilities & structure for new bodies
- Reorganize & build capacity of procuring entities & their staff, create a stand-alone profession
- Develop use of framework agreements
- Introduce e-procurement, starting with a central electronic platform
- Systematize collection & use of aggregated data

II. LEBANON'S MAPS - OUTCOMES

PILLAR III Procurement Operations & Market Practices

Main gaps & risks

- Weak knowledge, skills & experience, limited access to training & advice for practitioners & officials
- No guidance materials, standard documents
- Cumbersome, time consuming procedures
- Weak skills, inadequate practices for drafting requirements & setting selection & award criteria
- Limited access information to private sector, especially SMEs & new entrants
- Weak competition, weak supply market, lack of knowledge of PP

Key recommendations

- Enhance skills in PP & provide guidance materials & standard documents
- Assign responsibility to a competent authority for analyzing PP data & making it available for policy-making
- Issue guidelines & provide hands-on training for procuring entities
- Promote enterprise participation & greater competition, & making information easily accessible

II. LEBANON'S MAPS - OUTCOMES

PILLAR III Procurement Operations & Market Practices

Private sector perception

PRACTICES

- 56.5% consider that contracts do not contribute to fair distribution of risks between parties
- 70% consider that payment conditions are not fair a& reasonable
- 70% consider that online PP information & transparency in the procurement process are key requirements to access markets

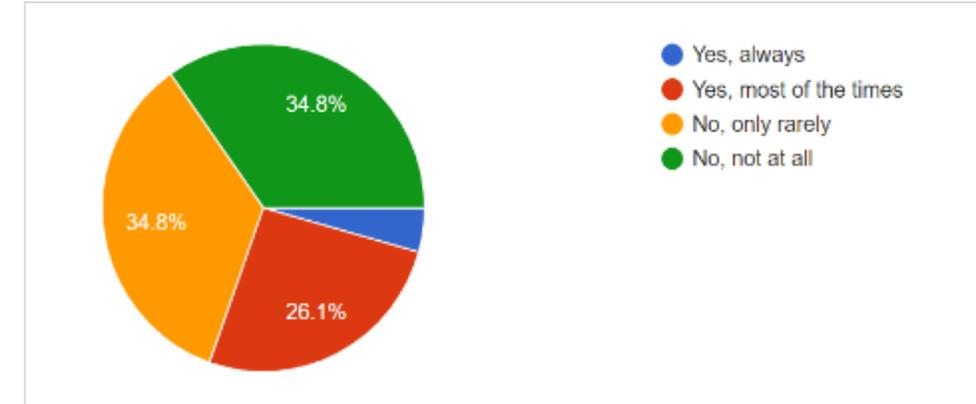
COMPLAINTS

- 65% consider that the complaints system is not reliable and unfair
- 65% said there is no effective mechanism for resolving contractual disputes after contract signature
- 60% of companies that do not file a complaint consider that a complaint against a contracting authority is not worthwhile due to lack of trust in a fair and reliable complaints review system

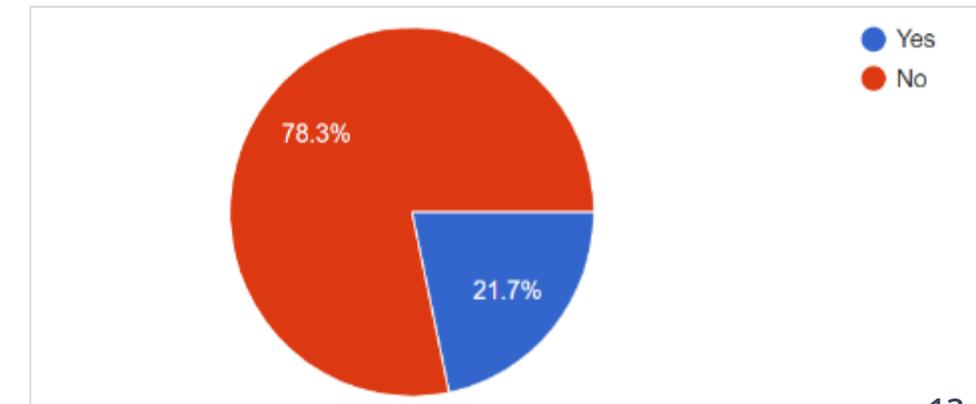
TRANSPARENCY

- 95% consider that an e-procurement system is effective to reducing corruption in PP
- 90% consider that compulsory publication of all awards, contracts and contract amendments is key for transparency in PP

Government communicating with the business community to inform of change in public procurement legal or institutional framework



Awareness of private sector of training programmes or information sessions on public procurement organised by the government for the benefit of the private sector



II. LEBANON'S MAPS – OUTCOMES

PILLAR IV Accountability, Integrity & Transparency

Main gaps & risks

- Procurement data scarce or missing, difficult to access, making it difficult to monitor fraud & corruption
- Lack of systematic policy consultations
- Absence of an independent review body
- Unclear distribution of responsibilities; few effective sanctions meted out
- Oversight & monitoring fragmented, incomplete; no internal audit; external audit not fully independent
- Lack of regulatory & institutional measures to ensure integrity

Key recommendations

- Institute systematic policy consultations with business community & civil society
- Simplify & clarify principles of integrity & accountability
- Establish an efficient & fair complaints system
- Eliminate gaps and overlaps at level of oversight bodies & raise the level of transparency of their work
- Ensure that cases of fraud & corruption are identified, investigated & effectively sanctioned, based on data made accessible

III. ACTION PLAN 2021-2023

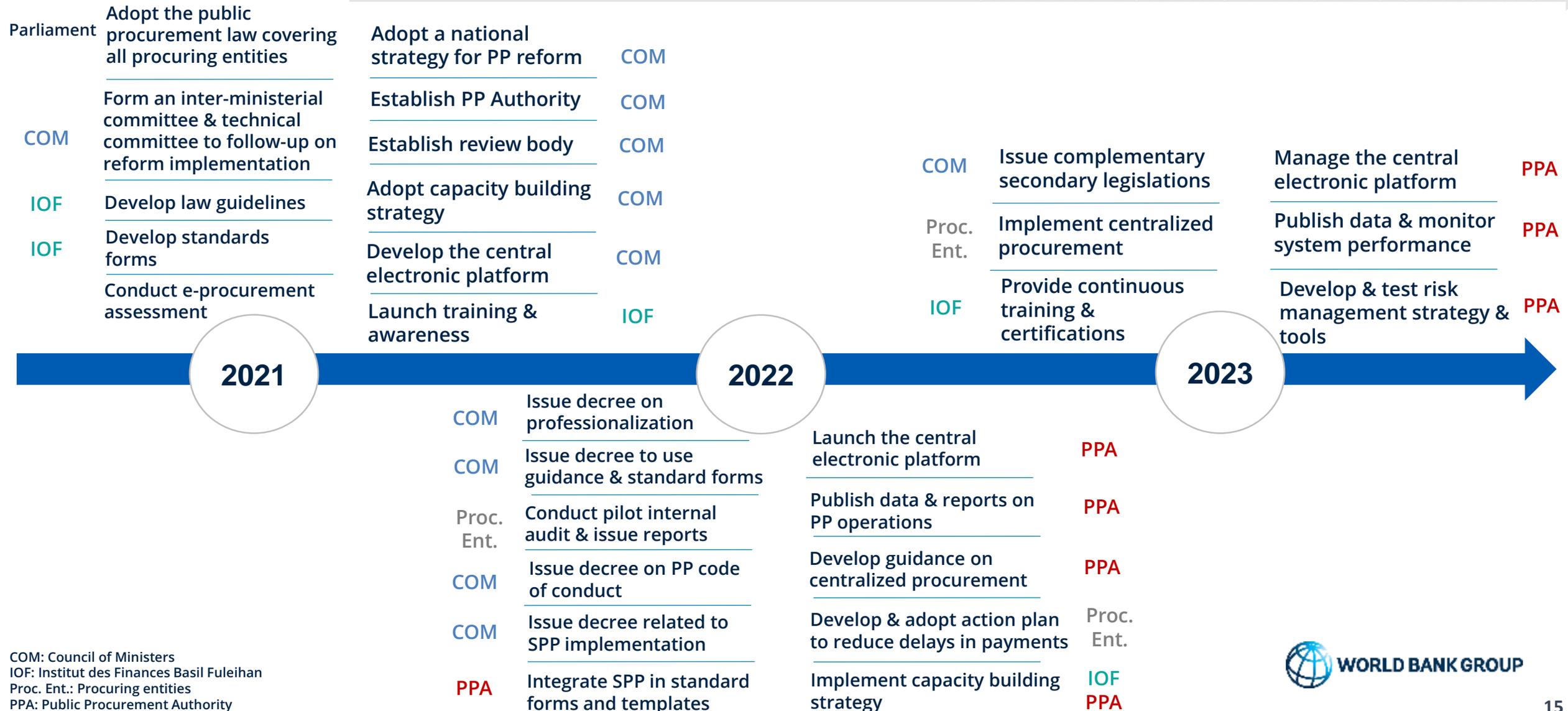
RESOURCE MOBILIZATION

POLICY ADVISE

MONITORING & EVALUATION

STRATEGIC COMMUNICATION FOR INFORMATION & CONSENSUS BUILDING

CAPACITY BUILDING & PROFESSIONALIZATION

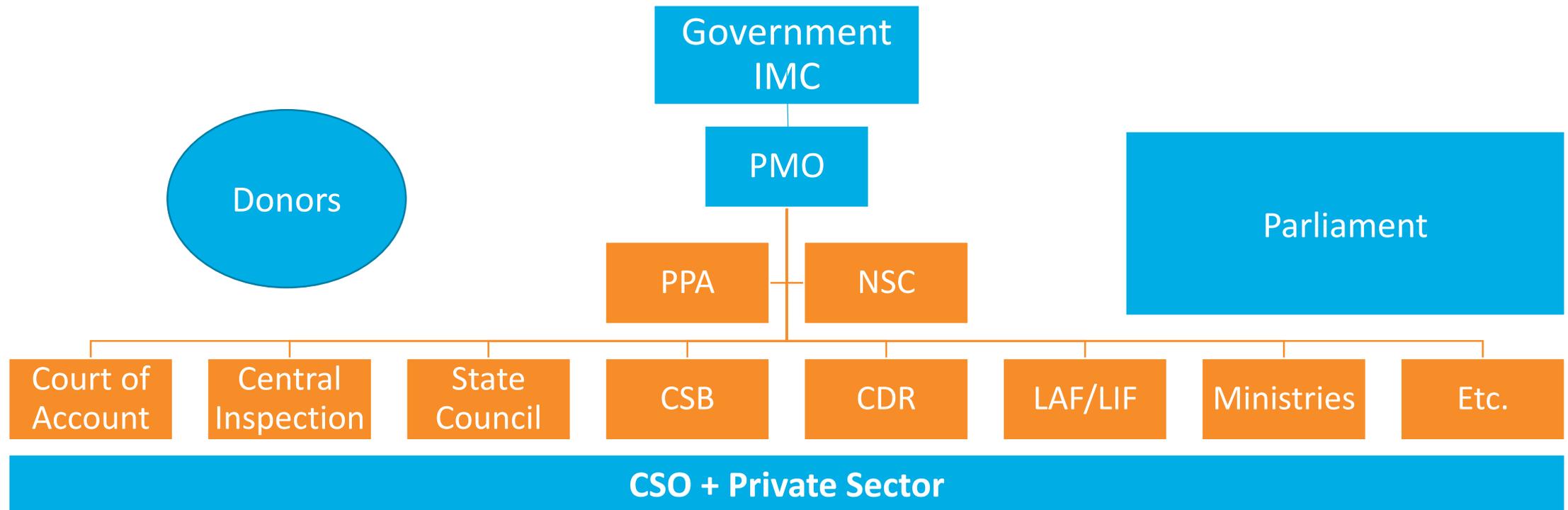


III. ACTION PLAN 2021-2023

For discussion in the framework of the National Strategy being developed under GPP-Type1

Strong and efficient reform governance mechanisms are key to **nurturing political will and maintain coordination between concerned stakeholders**

- Decision makers needs to be empowered through clear information to make arbitrages
- Implementation agents need to have a full view and a voice in the reform process



IV. LESSONS LEARNT

At the level of Government

- Maintain high-level political commitment - key to advance & sustain procurement reform
- Ensure national ownership (**Nurture a common vision**)
- Think beyond the regulatory aspect of reform
- Observe a solid consultative approach
- Ground the assessment in national institutional dynamics
- DO NOT underestimate needed time, efforts & resources for findings' validation

At the level of funding partners

- NOT a standalone Exercise: Subscribe MAPS within a holistic roadmap to support PP reform
- PROVIDE COORDINATED needed technical backstopping to address country's capacity gap
- DO NOT underestimate time, efforts & resources requirements of national counterpart
- SUPPORT: MAPS National Coordinator with suitable funding for effective implementation & coordination, working in 2 languages, technical validation, communication
- MORE exchange of experiences, mutual learning, transfer of knowledge & networking between MAPS beneficiary countries

THANK YOU!

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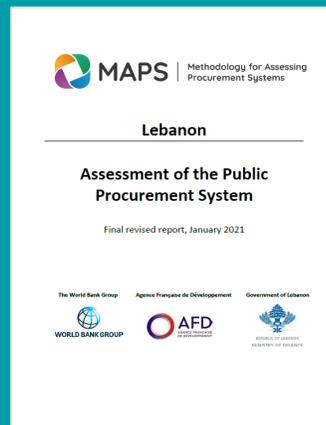
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FULL REPORT:

http://www.institutdesfinances.gov.lb/wpcontent/uploads/2021/03/Lebanon-MAPS-Report-finalrevised-Jan2021_comp_compressed.pdf

EXECUTIVE SUMMARY:

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