

TECHNICAL COOPERATION DOCUMENT

I. BASIC INFORMATION

Country/Region:	Regional
TC Name:	Strengthening the regional public procurement marketplace in the Caribbean.
TC Number:	RG-T2535
Team Leader/Members:	Team Leader: Leslie Harper (IFD/FMM); Team members: Sharlene Shillingford (VPC/FMP); Roy Parahoo (FMP/CBA); Shirley Gayle (FMP/CTT); John Primo (CID/CBL); Daniel Sanchez (IFD/FMM); Ana Cristina Calderon (IFD/FMM); Viviana Maya (LEG/SGO); and Marina Massini (IFD/FMM).
Taxonomy:	Client Support
Date of TC Abstract authorization:	July 31, 2014
Beneficiary:	Bahamas, Barbados, Belize, Jamaica, Suriname and Trinidad and Tobago ¹
Executing Agency:	Inter-American Development Bank ² (IFD/FMM)
Letter of Request:	Letter
Donors providing funding:	Regional Public Goods (RPG)
IDB Funding Requested:	US\$600,000
Local counterpart funding:	US\$70,000 (In kind)
Total:	US\$670,000
Disbursement period:	36 months
Execution period:	34 months
Required start date:	November 30, 2014
Types of consultants:	Firms and individual consultants
Prepared by Unit:	IFD/FMM
Unit of Disbursement	IFD/FMM
Responsibility (UDR):	
TC Included in Country Strategy:	No
TC included in CPD:	No
GCI-9 Sector Priority:	Institutions for Growth and Social Welfare.

II. OBJECTIVES AND JUSTIFICATION

- 2.1 **Objective.** The main objective of this program is to support the strengthening of the regional public procurement market place in the Caribbean by promoting

¹ To date, Bahamas, Barbados, Belize, Jamaica, Suriname and Trinidad and Tobago have expressed interest in the program. The remaining Caribbean countries are invited to participate at any time during the execution of the program. All that is required is a letter of commitment indicating willingness to participate.

² [Letter](#) requesting IDB execution of the program.

- more effectiveness, transparency and value for money in national public procurement systems.³
- 2.2 **Justification.**⁴ In the Caribbean, the public sector plays a significant role as a consumer of goods, services and public works, representing between 10 and 30 percent of its GDP. Public procurement is a major area in which governments are striving to improve effectiveness in their delivery of public services and at the same time to serve them efficiently according to their national budgets.⁵
- 2.3 In the case of the Caribbean, the transition to a more integrated regional marketplace requires an increased capacity to sell to the governments of neighboring countries, which is a natural progression for suppliers and buyers given the small size of national markets. However, governments have not been able to maximize the benefits of regional competition and consolidated demand due to: (i) outdated and/or dispersed national legal and regulatory frameworks that handicap trade across borders; (ii) inefficiencies in procurement operations and insufficient technological infrastructure; and (iii) weak institutional public procurement entities and deficiencies in developing and retaining human capital with professional background and skills in public procurement.⁶
- 2.4 With regard to legal and regulatory frameworks, many countries in the Caribbean do not have a dedicated procurement law or, where a procurement code exists; the procedures are often vaguely defined, fragmented across different pieces of legislation or are limited in scope. This has contributed to inconsistencies in the interpretation of the legislation and diminished accountability. Some progress has been made to this regard. For example, the countries adopted the Caribbean Community (CARICOM) Single Market and Economy (CSME) which was established by the Revised of Treaty of Chaguaramas. In addition, Article 239 of that Revised Treaty mandated that the member states should elaborate a regional protocol for public procurement, which is being carried out through the Framework Regional Integration Policy on Public Procurement (FRIP). However the implementation of this mandate has been slow.⁷ Therefore there is a need to review and update laws and regulations based on international good practices that are in accordance with these agreements.⁸
- 2.5 Regarding procurement operations and technological infrastructure, in the Caribbean region most of the countries have a centralized website for the publication of procurement opportunities, but in many cases they are not regularly used across procurement entities or the private sector. There is also limited

³ This TC will support the existing regional public procurement market place that was created through the Revised Treaty of Chaguaramas that established the Caribbean Community, including the CARICOM Single Market and Economy. It will be aligned with CARICOM agreements.

⁴ For more background information on public procurement in each country please see their [fiduciary profiles](#).

⁵ OECD (2014). Government at a Glance: Latin America and the Caribbean.

⁶ Schrouder, S. (2009). Public procurement in the Caribbean: confronting the challenges and opportunities.

⁷ Shillingford S and Gayle S. (2014) CARICOM: small market-big money.

⁸ CARICOM agreements.

- consistency across public entities regarding record maintenance, standard bidding documents, proposal requests, and contract models. There also tends to be a lack of a supplier registry that is formalized and accessible to all entities. Additionally, statistics on public procurement awards and participation of local or international private sector are not available to use as a tool for monitoring pricing and value-for-money (business intelligence).⁹ These challenges make it difficult for the private sector to access the public procurement market, which is particularly the case for small and medium sized enterprises.
- 2.6 Finally, regarding the institutional capacity of public procurement entities, there is a deficiency in developing and retaining human capital with professional background and skills in public procurement. In many cases, this challenge is a result of a lack of a career path for procurement professionals and formalized on-going training.¹⁰ Although there have been improvements over the last ten years, especially regarding the creation of national central authorities for public procurement, there is still limited capability of these entities to perform functions such as monitoring the compliance of procurement processes, providing advice on the application of the law and the creation of mechanisms to improve trade.
- 2.7 Failure to properly address all these elements in a comprehensive manner can lead to inefficiencies and limited development results. This is especially the case in the Caribbean as the countries head towards a regional approach to public procurement. The harmonization of public procurement rules, regulations and procedures will make it easier for the private sector to participate in international bidding across countries. Standardized procedures and documents will simplify procurement, facilitate commerce and cut the cost of doing business. The development of common e-catalogues in public procurement can significantly benefit both buyers and suppliers due to the positive effects of consolidated supply. Finally, there is a need for training among countries.
- 2.8 While there has been a lot of progress in recent years, the majority of the initiatives have been dispersed and more costly for having been carried out in isolation. To that regard, the Caribbean countries have recognized the need to work together as a region through an exchange of knowledge and lessons learned from countries that have undergone similar reform processes. Therefore, addressing these complex challenges as a Regional Public Good (RPG) makes sense to leverage scarce financial and human resources at the same time enabling the countries to support each other through south-south collaboration. This is especially the case as there is such a wide variance among the countries of the region in terms of advancements in procurement reform.
- 2.9 To that regard, this RPG program will support the work of the Caribbean members of the Inter-American Network on Government Procurement (INGP).¹¹

⁹ Schrouder, S. (2009). Public procurement in the Caribbean: confronting the challenges and opportunities.

¹⁰ UNDP (2010). Public procurement capacity development guide.

¹¹ The INGP (also known by the RICG, its Spanish acronym) www.ricg.org is comprised of 31 heads of procurement from government institutions with the highest level of responsibility for public procurement.

The INGP has been at the forefront of promoting knowledge exchange and south-south collaboration in this critical area in the Latin America and Caribbean (LAC) region. By working together in a comprehensive fashion, the countries will be able to leverage and maximize the limited resources that are available by promoting: (i) cooperation among countries (technology and human resources); (ii) the combination of resources from other international organizations; and (iii) optimization of existing initiatives and ongoing investments.

- 2.10 The program will contribute to the Ninth General Increase in the Resources of the Inter-American Development Bank (AB-2764) (GCI-9) Lending Program Priority Target supporting development in small and vulnerable countries. Within this priority, the program will contribute outputs regarding implementation and upgrading of Public Financial Management system (procurement). The program will also facilitate the Bank's output contribution to the sector priority goal (2012-2015) of institutions for growth and social welfare, which is the number of public financial systems implemented or upgraded.

III. DESCRIPTION OF COMPONENTS AND BUDGET

- 3.1 In response to the identified problems, the program will carry out the following activities comprised in three main components:
- 3.2 **Component I: Regulatory and Legislative Framework.** This component will support the strengthening of national legal and regulatory frameworks which will provide consistency between national procedures and the regional market place (in accordance with CARICOM agreements). The component will include the following: (i) research of the current situation of legal frameworks in the Caribbean; (ii) action plans to strengthen the legal procurement frameworks and prepare draft regulations; and (iii) carry-out consensus and awareness building meetings for the governments to share experiences and knowledge.
- 3.3 At the national level these activities will generate greater efficiency in the procurement processes, clearly define the procedures that should be adopted, and the roles and responsibilities of procurement officials and bodies. These activities will contribute to the support of more competitive and transparent public procurement systems with greater coherence at the regional level.
- 3.4 **Component II: Operational Framework.** In order to strengthen the procurement operations at the national level, this component will provide support to the following activities: (i) diagnostics and needs-assessments of the current operational¹² and technological infrastructure in the Caribbean; (ii) strategic plans regarding the procurement operations and electronic platforms; and (iii) design of standardized procurement modules and sustainable operational e-GP applications (e-purchasing, e-consultancy and e-tendering).

¹² Such as thresholds, methods, aggregated demand, standard documentation.

3.5 **Component III: Capacity development and institutional framework.** This component will strengthen the capacity of central procurement authorities and national procurement professionals, and promote professional development.¹³ It will include the following: (i) a book on the state of public procurement in the Caribbean; (ii) a regional training program on public procurement (based on a strategic plan for a career path in the Caribbean); (iii) technical seminars for the implementation of the regional training program; and (iv) a procurement toolkit.

Table 1: Indicative Results Matrix

Results Indicators	Unit	Baseline		Goals		Means
		Value	Year	Value	Year	
Outcomes						
Increased competition, value for money and controls in procurement (PEFA) ¹⁴	PI-19 ¹⁵	1.5 ¹⁶	2014	1.8	2018	PEFA Report
Increased the # of countries with information that is published	Indicator 11a ¹⁷	0.5	2014	0.8	2018	MAPS
Outputs						
Research on the legal framework in Caribbean states	#	0	2014	1	2018	Project files
Action plans and draft regulations	#	0	2014	5	2018	Project files
Consensus and awareness building meetings	#	0	2014	3	2018	Project files
Diagnostics/ needs assessments	#	0	2014	2	2018	Project files
Strategic plans	#	0	2014	5	2018	Project files
Designs of standardized procurement modules and e-GP applications	#	0	2014	5	2018	Project files
Book	#	0	2014	1	2018	Project files
Training program	#	0	2014	1	2018	Project files
Technical seminars	#	0	2014	3	2018	Project files
Toolkit for procurement unit structure, institutional set up and monitoring.	#	0	2014	1	2018	Project files

3.6 The total funding required for the program amounts to US\$670,000. The Regional Public Goods initiative will provide funding for the amount of US\$600,000 and US\$70,000 will be in kind contributions from the participating countries.

¹³ The target audience of the training will be procurement officers in the line ministries.

¹⁴ Public Expenditure and Financial Accountability Methodology (PEFA) (2011).

¹⁵ Performance Indicator (PI)

¹⁶ Scores were calculated by doing a simple average of Caribbean PEFA scores. The scores range from 0 to 4, with 4 being the maximum score.

¹⁷ Methodology for assessing public procurement systems (2009).

Table 2: Indicative Budget¹⁸ (US\$)

Activity	IDB Funding	In-kind Counterpart	Total
Component I: Regulatory and Legislative Framework	100,000	40,000	140,000
Component II: Operational Framework	235,000	10,000	245,000
Component III: Capacity Development and Institutional Framework	250,000	20,000	270,000
Monitoring	10,000	0	10,000
Evaluation	5,000	0	5,000
Total	600,000	70,000	670,000

- 3.7 **Monitoring.** The monitoring and evaluation of the program will be carried out by taking into account the indicators that are provided in the Result Matrix for the technical cooperation program, which include means of verification.
- 3.8 **Technical and basic responsibility.** Technical and basic responsibility for the implementation of the TC rests in the project team. Specifically, IFD/FMM will have both technical and fiduciary responsibilities for the project.

IV. EXECUTING AGENCY AND EXECUTION STRUCTURE

- 4.1 The executing structure of this TC will be the Executing Agency (EA) and the Advisory Group (AG).¹⁹ The participating countries will each designate a technical focal point that will make up the AG of the program. The AG will have the following functions: (i) coordinate at the national level the activities of the TC; (ii) serve as a link between the TC and the institution that each participant represents; (iii) attend all the activities of the TC that are carried out in his/her country and provide any information that is required; (iv) provide inputs to any technical activities that are carried out (hiring of consultants, review of technical products, etc); and (v) participate in the organization of consensus building meetings and other events related to the TC. The main mechanism for participation of the AG will be through periodic teleconferences and meetings that will be facilitated through the EA.
- 4.2 The Bank, through the Fiscal and Municipal Management Division (IFD/FMM) will be the executing agency for this TC.²⁰ IFD/FMM will be responsible for the overall execution and supervision of the project in close coordination with the AG composed of the participating Caribbean countries.

¹⁸ See [detailed budget](#).

¹⁹ The program will support the development of the AG into a mechanism for continued networking and interaction amongst the countries. This will help ensure the sustainability of the reforms in the countries as well as serve as a channel for countries to maintain a continuous dialogue amongst themselves.

²⁰ See email.

- 4.3 The participating countries have requested that the Bank execute this project; they have justified their request as follows: (i) as mentioned, the participating countries lack the institutional capacity in public procurement to effectively coordinate a regional effort in this area; (ii) there are no academic or non-governmental entities in the region that have expertise, fiduciary capacity and/or interest in assuming the role of the executing agency; and (iii) the Bank, on the other hand, has highly technical knowledge of public procurement modernization in the Caribbean, the capacity to convene and rally the participating countries around the objective for cross-country cooperation in government procurement and the administrative support for the timely execution of the project.
- 4.4 Procurement will be carried out in accordance with Bank policies and procedures set forth in documents AM-650-1 and the corporate procurement policy GN-2303-20.

V. OTHER KEY ISSUES AND RISKS

- 5.1 The activities under this program require a high level of persistent political support, particularly those in Component I. In the absence of such support, the program may not deliver the expected results. This risk will be mitigated by supporting the authorities with realistic solutions that can be applied to their own context. These actions enhance the countries ownership of the program. In addition, a significant training effort will be required to build the necessary capacity for the successful participation in a regional market. This risk will be mitigated through a coordinated effort in the following actions: (i) preparation and implementation of customized training for the Caribbean context; (ii) raising public awareness of the need for strengthening public procurement systems; (iii) maintaining a continuous dialogue with the governments; and (iv) providing valuable technical assistance for the implementation of activities in the program.

VI. ENVIRONMENTAL AND SOCIAL STRATEGY

- 6.1 No negative environmental impact is anticipated from this technical cooperation. Based on the Safeguard Policy Filter Report, the project does not require a classification or further environmental or social actions. According to the Environment and Safeguards Compliance Policy (OP-703) this TC has been classified as category C (see [Safeguard Filters](#)).

Required Annexes:

- Annex I [Terms of Reference](#)
Annex II [Procurement Plan](#)

**STRENGTHENING THE REGIONAL PUBLIC PROCUREMENT MARKETPLACE IN
THE CARIBBEAN**

RG-T2535

CERTIFICATION

I hereby certify that this operation was approved for financing under the Facility for the Promotion of Regional Public Goods (RPG) through a communication dated July 31, 2014 and signed by Kai Hertz (ORP/GCM) in compliance with resolution DE-104/14 approved by the Executive Directors on July 30, 2014. Also, I certify that resources from said fund are available for up to **US\$600,000** in order to finance the activities described and budgeted in this document. This certification reserves resources for the referenced project for a period of four (4) calendar months counted from the date of signature below. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in U.S. dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this operation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, for which the Fund is not at risk.

Original Signed

November 25, 2014

Sonia M. Rivera
Chief
Grants and Co-Financing Management Unit
ORP/GCM

Date

APPROVAL

Approved:

Original Signed

November 25, 2014

Vicente Fretes
Division Chief
Fiscal and Municipal Management Division
IFD/FMM

Date