PROCUREMENT REFORM ADVANCES IN THE MENA REGION

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Introduction: In a region beset with major challenges, some remarkable progress has been achieved in the development and modernization of public procurement systems. Important procurement reform milestones were recently achieved in a number of MENA countries:

- The Government of the Kurdistan Region in Iraq adopted the new Procurement Regulation, serving as the anchor instrument for a new legal framework for public procurement in the Region;
- The new Procurement Law for the Palestinian territories has entered into effect and
- Kuwait enacted a new Procurement Law, replacing one of the world’s oldest procurement laws with one of the world’s newest ones.

Those reforms respond to budget constraints and to the need for more efficient and strategic procurement systems. They are the result of a lot of long, hard work by stakeholders in the concerned countries supported by the World Bank’s MENA Procurement Team. In this context it is useful to highlight some features of successful procurement reform processes in these countries as well as elsewhere in the MENA region. There are useful lessons to be gleaned from these observations.

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Inclusive Reform Processes: These procurement reforms demonstrate the importance of an inclusive approach. In KRG and in the Palestinian territories, the Inter-Ministerial Committees involved key stakeholders in preparing the new legal frameworks. In Kuwait, the new Law resulted from unprecedented cooperation between the executive and legislative branches, facilitated by the World Bank team and demonstrating improved policy and law-making approaches that help to transcend traditional silos.

Reforms Based on Diagnostic Assessments: In all three countries, the reform process began with a detailed assessment of the existing
procurement system. The assessments involved participants and stakeholders in public procurement applying international assessment standards and identifying strengths and weaknesses, and priority needed reforms.

**Improved economy, efficiency, transparency and accountability:** Reforms improve the procurement system in terms of key indicators (e.g., in Kuwait procurement under the old Law was characterized by chronic delays that created bottlenecks in implementation of the national development plan and capital investment budget). In each of the countries new techniques are enabled that promote efficiency, including framework agreements and e-procurement. Transparency is bolstered, for example, by publication of annual procurement plans and single-portal websites for the procurement systems; accountability is fostered by establishment of independent administrative review of complaints from bidders.

**Procurement reform mainstreamed into development strategy:** The latest successful procurement reform developments in the MENA Region illustrate a growing recognition of the strategic role of public procurement systems in operationalizing delivery of essential services and governance standards. These are also important for pursuing important economic, environmental and social policy objectives. An increasing number of countries ensure that modernization of public procurement systems is embedded in their national development strategies. This is illustrated by the procurement reform process in KRG, which is in line with the KRG 2020 Vision of ‘Effective, transparent, trusted and honest Government’, and part of the 3-year economic reform plan aimed at “Achieving Shared Prosperity and Protecting the Vulnerable” launched in June 2016. The reform in the Palestinian territories is within the framework of the Palestinian National Development Plan- State Building to Sovereignty (2014-2016).

Thus, new procurement frameworks increasingly address not only modernization of procurement methods and procedures, but also affirm the possibility of applying sustainable procurement policies such as promoting the reduction of the carbon footprint of public purchasing, and the development of the SME sector through public procurement. Along those lines, the World Bank is assisting the Qatar Development Bank to establish a program promoting SME participation in public procurement.

**Ongoing Reform Processes:** Enactment of a new core instrument to regulate public procurement is but one of the building blocks of a modern public procurement system. The procurement reform initiatives in these three countries also address other core components of the system including:

- Issuance of various additional instruments that comprise the legal framework (e.g., regulations to support implementation of the new Procurement Law in the Palestinian territories; standard procurement documents and contracts in the KRG and the Palestinian territories);
- development of institutional and organizational arrangements for implementing procurement and for policy-making and oversight, including establishment of the High Council on Public Procurement Policy in the Palestinian territories and the setting up of a procurement policy and oversight unit in Kuwait, and
- capacity-building and professionalization of the procurement workforce as well as other stakeholders.

Going forward, reform is likely to win greater support over time if it results in tangible and visible improvements that beneficiaries, including governments, can easily observe. Early gains are essential as a demonstration effect to build upon for further reform steps, hence the importance of data collection for procurement performance analysis, and the identification of actions that would generate improved outcomes in the short and medium terms, as well as for transparency and accountability.
Procurement reform in Contexts of Fragility, Conflict, and Violence (FCV): The progress achieved in the KRG and the Palestinian territories in procurement reform efforts testifies to the relevance of procurement processes in FCV conditions. Modernization of public procurement systems help countries to have the tools needed to deal more effectively with humanitarian crisis response, while optimizing coordination between humanitarian response and the development needs and strategies of an affected country.

Regional Initiatives: Knowledge-exchange modalities have been established in the MENA region to facilitate the cross-border exchange of knowledge and experiences gained in operating and modernizing public procurement systems. Those include the MENA Regional Network of Procurement Experts, and the course on Current Trends in the Reform and Modernization of Public Procurement Systems, a peer-to-peer learning experience offered by the Bank’s MENA Procurement Group at the IMF Center on Economics and Finance located in Kuwait. Another promising initiative is the availability in Arabic of the Massive Open Online Course on procurement, which is free of charge and results in a certification – an important resource for promoting professionalization of the procurement function.

Building on previous reforms in MENA Countries: The recent procurement reform successes in KRG, Kuwait and the Palestinian territories follows on reform processes conducted in other MENA countries. For example, in Tunisia, a revised set of regulations promotes modernization of procurement by enabling e-procurement and establishing an "Observatory" that harnesses the power of data for monitoring purposes. In Morocco, where the new constitution makes, for the first time, an explicit reference to public procurement, accomplishments include the new Public Procurement Decree, establishment of the National Commission for Public Procurement that will house the complaint redress mechanism, and stepped-up capacity building efforts at the federal and other levels.

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