



# Project Information Document/ Identification/Concept Stage (PID)

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Concept Stage | Date Prepared/Updated: 01-Mar-2018 | Report No: PIDC138590



**BASIC INFORMATION**

**A. Basic Project Data**

Project ID	Parent Project ID (if any)	Environmental Assessment Category	Project Name
P166039		C - Not Required	OECS Public Procurement Network
Region	Country	Date PID Prepared	Estimated Date of Approval
LATIN AMERICA AND CARIBBEAN	Caribbean	01-Mar-2018	
Financing Instrument	Borrower(s)	Implementing Agency	Initiation Note Review Decision
Investment Project Financing	Ministry of Finance, Economic Growth, Job Creation, External Affairs and Public Service	Department of Finance, Economic Affairs, & Social Security	The review did authorize the preparation to continue

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**Financing (in USD Million)**

**SUMMARY**

<b>Total Project Cost</b>	0.00
<b>Total Financing</b>	0.00
<b>Financing Gap</b>	0.00

**DETAILS**

**B. Introduction and Context**

Country Context

Dominica, Grenada, St. Lucia, and St. Vincent and Grenadines are all member nations of the Organization of Eastern Caribbean States (OECS) that share many commonalities. They are small, open economies that are highly dependent on volatile sectors such as tourism and remittances. Historically, their economic performance has been uneven, due to reasons that range from a process of restructuring their economies after the end of preferential trade agreements with Europe in the 1980s to being exposed frequently to natural disasters. After growing faster than the rest of the world in the 1980s at an annual average of 6



percent, these countries have experienced a significant growth slowdown since the 1990s with annual growth rates of 2 percent or less on average.

The vulnerability of these countries to external economic shocks and natural disasters expose them to repetitive cycles of slow growth, high levels of debt and limited fiscal space. Their close ties with the U.S. economy and its business cycle means that the islands remain vulnerable to the fluctuations of output and developments in their main trade partners, especially the U.S. and the European Union. Economic growth volatility in the OECS region in general has been higher than that observed in other groups of countries with similar characteristics such as other small states of the Caribbean, the broader group of small-island development states, and Central American countries. Output volatility in the region was particularly pronounced in the early half of the 1990s and 2000s and then more recently during 2008–2010 as a result of the global financial crisis, which caused a significant decrease in tourism, remittances and investments. Grenada and St. Lucia have exhibited the highest levels of output volatility during this period, followed by Dominica and St. Vincent and Grenadines, which experienced relatively lower volatility.

Against this backdrop, the key challenges for Dominica, Grenada, St. Lucia, and St. Vincent and Grenadines have been to stimulate economic growth, diversify the economy, and achieve fiscal sustainability. Improving public expenditure management and opening new ways for citizens to interact with the government can enhance the capacity of Dominica, Grenada, St. Lucia, and St. Vincent and Grenadines to absorb fiscal shocks, diversify their economies, and build economic and social resilience. While past Bank and IMF engagements in the region, including through the regional SEMCAR program, have primarily focused on building capacity across the region in modernizing budget practices, potential improvements in public investment management and public procurement have remained largely unexplored. Improvements in public investment management to align capital spending with strategic sectors can serve to enhance resilience against natural disasters, create jobs and provide better services to citizens. Reforms that simplify public procurement and make it more transparent and accessible to larger segments of the population across the region can increase value for money in the purchase and provision of public goods and services, and foster trust in the government among citizens and the private sector. Making non-sensitive government datasets readily accessible to the public in digital format can allow governments to make decisions driven by data and serve to strengthen disaster awareness, response and resilience. It can also enable entrepreneurs to create new products and services in key sectors such as tourism and health, and provide civil society a platform to evaluate government performance.

Financed by the U.K. Department for International Development (DFID), the proposed project will target these selected, Official Development Assistance (ODA)-eligible countries in the OECS region, namely Dominica, Grenada, St. Lucia, and St. Vincent and Grenadines. These countries will be the beneficiaries of the technical assistance activities that the project will deliver to improve public investment and public procurement management systems and the enabling environment for open data and digital governance in these countries. Apart from these countries in the OECS region, the project will also work with Jamaica in the area of promoting open data and digital governance, building on the enabling policy environment and the



Open Data portal that the Bank helped the country develop under previous Bank engagements in this country.

#### Sectoral and Institutional Context

Dominica, Grenada, St. Lucia, and St. Vincent and Grenadines all have limited resources to invest in strategic projects. Quality of the design of public investment projects varies greatly from country to country and by sector, but are at very basic levels in all of these countries. The limited fiscal space that these governments have faced has led them to consider public-private partnerships (PPPs), often without a proper evaluation of the medium-term implications of the use of this modality on the countries' finances. The separation of planning and budgeting functions that is common in these countries has created two separate processes for undertaking recurrent expenditures and capital investments. In this sense, from both strategic and value for money perspectives, weaknesses in aligning recurrent and capital expenditures are limiting the potential for growth and the strategic role of the budget as an instrument to address the key development challenges of these countries.

The evolution of public procurement systems in the OECS has proceeded more slowly than in the rest of the Caribbean, and is currently lagging behind global trends in public procurement reform. At the regional level, the Revised Treaty of Chaguaramas (2001) provides for the establishment and implementation of a regional public procurement regime within CARICOM. Based on this treaty, CARICOM is developing a Model Bill on Public Procurement, and has been negotiating protocols for public procurement with individual member countries. St. Lucia is one of the states that has signed onto a protocol. CARICOM has also developed a Framework Regional Integration Policy on Public Procurement (FRIP). The primary objective of FRIP is the full integration of the national procurement markets in member states into a single, unified single market and economy, with an expected size equivalent to 20% of the GDP of the member states.

The move towards regional integration in public procurement markets will require CARICOM member countries, including those in the OECS, to harmonize their procurement procedures. The harmonization of public procurement procedures across member states should enhance economies of scale and value for money, and make it easier for vendors in one OECS country to bid on goods and services being procured by another member state. The absence of standard bidding documents and contract templates make it difficult for governments to streamline the procurement cycle and for vendors to comply with it. Most procuring entities use documents and templates used by international organizations such as the World Bank or Inter-American Development Bank, which are often too complex for the needs of small island purchasers. In addition, government officials lack sufficient technical understanding of public procurement principles and procedures to be able to manage the procurement cycle effectively. Pockets of expertise and experience that exist are usually absorbed into Procurement Coordination Units that are established to implement projects financed by international financial institutions (IFIs). These units are often staffed by contracted personnel who specialize in the procurement processes of the relevant IFI and not in the country's own procurement laws.



There is already a significant level of inter-country activity across the OECS in public procurement markets. Such activity takes place mostly through informal exchange of information between procurement offices of different countries, by advertising the same tender in different countries, for example. There is no formal mechanism, such as a common electronic platform, for the government of one island to advertise its public tenders in the territory of another. St. Lucia has launched an “Invitations to Tender” page on the website of the Ministry of Finance, Economic Affairs, Planning and Social Security, which is used primarily for publishing notices of contract awards. Grenada has a government web portal, which lacks functionality and information regarding the Government’s procurement operations. A relevant pilot project is the OECS eProcurement system for pharmaceuticals, which was funded through an IDA grant. The system allows Dominica, St. Lucia, Grenada and St. Vincent and the Grenadines to procure jointly pharmaceutical goods through an automated system maintained by the OECS Secretariat. This regional, pooled method of conducting public procurement reduces time and costs and enhances transparency for bulk purchases through publishing tenders and contracts. The project, which closed in 2014, had by mid-2016 conducted six tenders for a total value of US\$27 million. The system helped reduce the time it takes to forecast and aggregate the pharmaceutical needs of the participating countries from 7 days to 2 days, while the time to compile bids from suppliers was reduced from 7 days to 1 day. The average amount of time to process a pharmaceutical procurement requisition order was reduced from 5 days to 20 minutes. In this context, an electronic platform that facilitates information sharing in public procurement across the OECS would not only serve to streamline public procurement in each individual island but also stimulate growth in inter-island bidding and competition

At a meeting on June 20-21 2017, procurement officials from the Organization of Eastern Caribbean States (OECS) expressed their interest in launching a peer-based learning network of procurement practitioners working in the OECS. The meeting, which was supported by the DFID funded “OECS Jamaica Strengthening Public Expenditure Management and Digital Governance Project”, was organized by the World Bank and hosted by the Caribbean Development Bank (CDB) at its headquarters in Barbados, brought together for the first time the Chief Procurement Officers of eight small island nations: Anguilla, Antigua and Barbuda, British Virgin Islands, Dominica, Montserrat, Saint Lucia, Saint Kitts and Nevis and Saint Vincent and the Grenadines.

Although many of these officials have communications with regional organizations that play a policy role in public procurement, including the OECS Commission and the CARICOM Single Market and Economy Program, what is currently lacking is a continuous community of practice for procurement the region. In particular, procurement officials in OECS countries face unique, challenges. Significant barriers to inter-island trade impede the development of a common market for public procurement. Each country has developed its national procurement system in isolation and, as a result, there now exists a patchwork quilt of disparate laws, regulations and guidelines that govern procurement in each country, underpinned by a myriad of different procurement methods, thresholds and types of procurement documentation which impedes companies and service providers from bidding for public contracts in other countries. In addition, Most OECS countries still conduct procurement under antiquated financial regulations, and, to date, attempts to enact and implement new procurement laws in Dominica, Grenada and Saint Lucia have not succeeded. In yet



other countries, including Saint Vincent and the Grenadines, there is no specific legislation governing public procurement.

A survey was conducted in July/august 2017 to identify and map the needs of the procurement and government officials in order to design the requirements for the OECS procurement Network, 9(nine) states were consulted and 100% of government official's that participated in the survey recognized the needs of the network. Forming a peer-learning OECS procurement practitioners' network will facilitate exchange of country and regional experience and bring global knowledge and best practice to bear on procurement issues, thereby helping to fill a knowledge gap in the region. Ultimately, it is anticipated that such knowledge sharing would lead to strengthened procurement capacity and improved procurement systems – both key objectives of the project. The results of the survey demonstrate the concrete interest of the OECS governments to create and engage in an open space for knowledge sharing and capacity building to strength their procurement capacity.

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#### Relationship to CPF

The proposed initiative is fully aligned with the World Bank Group Regional Partnership Strategy (RPS) for the OECS for the period FY15-19. The RPS is consistent with the holistic approach adopted by the OECS Governments to tackle the long-standing issues of low growth and debt sustainability, and aims at contributing to laying the foundations for sustainable inclusive growth through three areas of engagement: (i) competitiveness, (ii) public sector modernization, and (iii) resilience. In this context, the RPS acknowledges that public sector modernization would help the OECS countries enhance their fiscal and debt sustainability, improve the provision of public services, and leverage private investments. The Strategy notes that while several OECS countries have engaged into public sector modernization efforts, public financial management should generally be further strengthened to increase links between planning and budgeting, improve cash management, reduce manual processes, and integrate systems such as tax, customs, budget, and debt management.

### **C. Project Development Objective(s)**

#### Proposed Development Objective(s)

The Project Development Objective (PDO) is to support the establishment and functioning of a public procurement network for OECS countries.

#### Key Results

The objective of this proposed activity is to design, launch and operate a web portal that will support the formation of a peer learning network for public procurement practitioners in OECS countries, in which officials can share professional experiences and learn from each other, thereby improving their technical knowledge and skills and improving their ability to reform their own procurement systems.



Key results expected are:

(a) Establishment of a Community of Practice of public procurement professionals throughout the OECS countries; (b) Services for web design and development, testing, commissioning and routine maintenance of online portal and web hosting services; (c) Delivery of online training interventions for the benefit of users, including webinars and training videos; (d) Delivery of training materials in the routine maintenance of the web portal, which may include videos and software maintenance manual.

**D. Preliminary Description**

Activities/Components

The proposed grant will support: (a) exchange experiences on specific, high priority procurement reforms and their implementation; (b) analyze common procurement challenges faced; (c) have shared portal to store e-learning content, that can be accessed and updated on a regular basis.

**A. Activities/Components**

1. Establish Portal for the Public Procurement Network

Financing of web hosting and maintenance services for the portal, services for web design and development, testing, commissioning and routine maintenance of online portal.

2. Knowledge Sharing and Content Management

Delivery of online knowledge sharing activities/training for the benefit of users, including webinars and training videos. This will also involve populating and managing the technical content of the portal (e.g., reference materials such as legislations, guidelines, good practices, lessons learned, training materials that may include videos, etc.)

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**SAFEGUARDS**

**E. Safeguard Policies that Might Apply**

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01		X	
Natural Habitats OP/BP 4.04		X	
Forests OP/BP 4.36		X	



Pest Management OP 4.09		X	
Physical Cultural Resources OP/BP 4.11		X	
Indigenous Peoples OP/BP 4.10		X	
Involuntary Resettlement OP/BP 4.12		X	
Safety of Dams OP/BP 4.37		X	
Projects on International Waterways OP/BP 7.50		X	
Projects in Disputed Areas OP/BP 7.60		X	

**CONTACT POINT**

**World Bank**

Contact : John Oliver Moss Title : Lead Procurement Specialist  
Telephone No : 458-9564 Email :

**Borrower/Client/Recipient**

Borrower : Ministry of Finance, Economic Growth, Job Creation, External Affairs and Public Service

**Implementing Agencies**

Implementing Agency : Department of Finance, Economic Affairs, & Social Security  
Contact : Cointha Thomas Title : Permanent Secretary  
Telephone No : 17584685501 Email : cointha.thomas@govt.lc

**FOR MORE INFORMATION CONTACT**

The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 473-1000  
Web: <http://www.worldbank.org/projects>

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