



Ministry of Food Production, Land and Marine Affairs

KEYNOTE ADDRESS

Senator the Honourable Vasant Bharath

Minister of Food Production, Land and Marine Affairs

Republic of Trinidad and Tobago

At the 2nd Caribbean Public Procurement (Law and Practice) Conference
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'A Case for Procurement Reform in Trinidad and Tobago'

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Hyatt Regency, Trinidad
1 Wrightson Road, Port of Spain

SALUTATIONS

Thank you very much.

- The Honourable Keith Rowley, Leader of the Opposition and Member of Parliament for Diego Martin West
- Senator the Honourable Fitzgerald Hinds
- Her Excellency Karen Mc Donald, High Commissioner of Canada
- Mr. Iwan Misser Sewbarath, Representative, Inter-American Development Bank (IADB)
- Ms. Sandra Gobin, Senior Procurement Specialist, Organisation of Eastern Caribbean States (OECS)
- Professor Norman Girvan, Conference Chairman
- Ms. Margaret Rose, Executive Director, Caribbean Procurement Institute and host of this two-day Conference
- Faculty Members
- Specially invited guests
- Participants
- Members of the Media

Good morning ladies and gentlemen

In my capacity of acting Minister of Finance, I wish to first thank the hosts, Caribbean Procurement Institute, for its invitation to speak on an issue that is very relevant to Trinidad and Tobago today.

Public procurement has a tremendous impact on the economic, social, political and legal environment. In fact, it has been the singularly most important factor in bringing down successive Governments over the last ten (10) years. In Trinidad and Tobago, public agencies are major purchasers of property and services and therefore exert significant influence on the size, structure and performance of domestic industries. It is therefore absolutely necessary for the Government to continuously review the effectiveness, efficacy and efficiency of its procurement regime.

The current legal and regulatory framework embodied in the Central Tenders Board Ordinance applies mainly to Government ministries and departments and some statutory authorities. There are however other agencies using public funds, including State-owned enterprises, statutory authorities and civil society whose procurement practices fall outside the ambit of the Ordinance.

To understand the reasons behind this shortcoming is to understand its history. During the period 1956 to 1960, there was a significant increase in the public sector in-house construction activity which gave rise to a number of financial management problems. This then led to the establishment of:

- **A Cost Accounting Division** in the Ministry of Finance to deal with the control of the Development Programme expenditure; and
- **The Central Tenders Board** to be *“the sole and exclusive authority in inviting, considering and accepting or rejecting offers for the supply of articles or for the undertaking of works or any services necessary for carrying out the functions of Government or any statutory bodies, and to dispose of surplus or unserviceable articles belonging to the Government or statutory bodies.”*

These measures applied the principles of efficiency, transparency and accountability, as understood at that time, to the management of public procurement and the public purse. Over the years, the Government has played an increasingly influential role in the public procurement system and in 1979, the Ordinance was amended to allow the Government to act on its own behalf.

This reflected a major policy shift in the role of the Central Tenders Board (CTB) as Government’s sole procuring agency. The amendment also increased the powers of the Central Tenders Board (CTB) to contract consultants. In 1987, the Ordinance was amended further to provide for the handling of matters in the event of an emergency without reference to the Central Tenders Board (CTB). In 1991, an amendment provided for a Special Ministerial Tenders Committee to be established at the Ministry of National Security to procure arms, ammunition and equipment for the Defense Force and the protective services.

In 1993, another amendment validated the National Insurance Property Development Company (NIPDEC) as a procurement agency for Government outside the ambit of the Central Tenders Board (CTB).

Further decentralization of the procurement regime was also effected from 1979 onwards by the establishment of new statutory corporations and the removal of some earlier established statutory bodies from the purview of the Central Tenders Board (CTB). In the last ten (10) years mushrooming Special Purpose Companies were set up in order to circumvent bureaucratic delay, but only succeeded in circumventing proper procurement practices.

In 2005, a **white paper** on the reform of the public sector procurement regime was developed in an attempt to address the deficiencies and weaknesses of the present public sector procurement regime and the Central Tenders Board Ordinance of 1961.

However, while the white paper proved to be instructive and highly illustrative of the weaknesses it failed to highlight some key issues. As a result, the white paper never progressed to the point where it could be implemented.

One thing is certain – a certainty based on the recent experiences with UDECOTT and the recommendations of the UFF enquiry. **A new public procurement framework is imperative** and this framework must apply to **ALL**, including State-owned enterprises, statutory authorities and civil society whose procurement

practices fall outside the ambit of the Central Tenders Board (CTB) Ordinance. The framework must apply objective standards evenly across all stages of the process and to all the actors in the process.

More importantly, public procurement must employ a system that adopts the operating principles of value for money, transparency and accountability.

In formulating this public procurement system some key factors must be taken into consideration.

These include:

- **Good Governance:** The operation of the Government's procurement practices and procedures directly affects the esteem in which Trinidad and Tobago will be held at home and abroad. Efficient procurement practices incorporating the principle of good governance will signal to the world at large the Government's preferred way of doing business.
- **Public Confidence:** The public must have confidence in the integrity of the public procurement process. The current practices of sole tendering by State-owned enterprises are cause for concern and unacceptable with respect to the lack of transparency of the contracting process and the criteria for evaluation and decision making. There is therefore a need for processes which will restore and deepen public confidence.

- ***Social and Economic Development:*** Procurement practices operate as a driver of the national economy. The volume of purchases by public agencies must profoundly impact upon the sustainability of small and medium sized enterprises. In fostering social and economic development, Government's procurement policy must therefore address the guarantee of substantial market share to local businesses and the development of local skills.
- ***Impact of Technology:*** The advancement of cross-border trading and e-commerce places additional demands for the establishment of a procurement system that can meet international demands and current trends. The current procurement system will function more efficiently if also placed on an electronic platform. The imperative, therefore, is for a placement system that meets these challenges without compromising the public interest. At this point, let me say that the Ministry of Finance has already embarked upon an e-Auction implementation programme as an initial step in transforming the current regime into an electronic format.

This programme is spearheaded by a Cabinet appointed e-Auction Task Force. To date, fourteen (14) state enterprises and agencies have participated in e-Auction events and the programme has realized approximately TT\$45 million in savings from these events.

- Another consideration is ***Conformity to Best Practice:*** The removal of trade barriers and the evolution of procurement practices internationally have

triggered the need to review current practices in Trinidad and Tobago to ensure that domestic practices are in conformity with international best practice.

- So, again, I address the case of ***Weaknesses in the Current System*** which includes:
 - ❖ Prevailing deficiencies in the legislative framework;
 - ❖ A shortage of skilled procurement staff in the various public agencies; and
 - ❖ A lack of a Regulator, with the responsibility of oversight of the entire system to ensure efficiency and effectiveness, which has promoted windows of opportunity for dubious practices.

For that reason, **in moving forward**, the Government will adopt a procurement policy based on the principles of good governance, the involvement of civil society and a legal and regulatory framework promoting proper oversight.

This will provide a mechanism for ongoing public evaluation of the efficiency and effectiveness of the procurement process.

Such a policy will in turn promote value for money, transparency and accountability and will ensure equal opportunity in the acquisition, disposal and maintenance of property, works and service involving public funds.

As indicated earlier, recent experiences have reinforced the urgent need to reform our procurement system as a result of which our Government moved swiftly to deliver on an election promise by laying a Draft Bill in Parliament on the 25th June 2010.

That Bill was debated only two (2) weeks ago and has been sent to a Joint Select Committee for its consideration – its main purpose ‘to enable a holistic and rational approach to the re-engineering of the public financial management system’.

In closing, I wish to congratulate the Caribbean Procurement Institute for their foresight on the need for these conferences in the context of the realities of our national, regional and global society today and trust that you will fully participate in and benefit from the Conference over the next two days.

I thank you.