

“GOVERNANCE PROCEDURES AND POLICIES”

Speech presented by
Permanent Secretary, Ministry of Finance
Mr. Kamal Mankee, at the Seminar for Chairmen, Members of Boards and Chief
Executive Officers of State Enterprises, Statutory Authorities and Similar Agencies.

VENUE: Hilton Trinidad and Conference Centre
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TIME: 2:00 P.M.

Madam Chair, Senator the Honourable Christine Sahadeo, Minister in the Ministry of Finance, other Members of the Head Table, Permanent Secretaries, Chief Executive Officers, Directors, Corporate Secretaries, Ladies and Gentlemen.

My function this afternoon is to speak to the issue of the proposed new Public Sector Procurement Regime. To do this in the time allotted I must of necessity zero-in on the bare essentials of the Regime and leave some of the details to the Question and Answer Session that will follow.

SLIDE 1

Reform of the Government’s Procurement Regime is one of several major reform exercises currently being undertaken by Government as part of its Vision 2020 Initiative. One of the objectives of that Initiative is a **Quality of Governance reflecting the highest standard of Ethics, Transparency and Accountability. An appropriate Procurement Regime is therefore a critical component of that Governance.**

To date, a Green Paper on the Reform of Government’s Procurement Regime has been published for public comment. The deadline for submission of comments was extended from November to December, and to January. Sadly to say, there has been very little response, in fact I do not recall any response, from the State Enterprises Sector.

That notwithstanding, a draft White Paper on the Public Sector Procurement Regime is currently being prepared and is expected to be completed by the end of this month, with the new Regime targeted to come on stream by June, 2006 – if not sooner.

SLIDES 2 & 3

This Reform initiative has become necessary for a number of reasons, including those identified on the screen.

Some of the major deficiencies in the current system include:

1. A weak legal framework – that is limited to the tendering stage of the procurement process
2. The exclusion of several procuring agencies from the purview of the CTB, including some state enterprises and Statutory Boards.

3. The existence of parallel Procurement Systems (CTB, NIPDEC, National Hospital Management Co System, State Enterprises System)
4. Increasing concerns relating to guidance and control, lack of Transparency and Accountability and Unfair practices
5. The absence of standardisation of procurement documentation and practices
6. The Ordinance does not apply to tendering on financial matters and as a result does not accommodate delivery systems such as BOLT, BOOT and DFC
7. There is a lack of general oversight of the current procurement regime.
8. The absence of a strong Regulatory Framework has resulted in inadequate levels of Transparency and Accountability
9. There is inadequate public information; and
10. There are significant Human Resource limitations (particularly at the CTB and the line Ministries)

SLIDE 4

In developing the new Regime, the Procurement Reform Committee examined three (3) different procurement models:

1. The UNCITRAL Model (IADB Model)
2. The Institutional Model (Contractor General Model of Jamaica)
3. The Principle Model (The Australian Model)

SLIDE 5

The Committee chose the Principle Model - duly modified to suit the Trinidad and Tobago environment - as the Preferred Model.

The Principle Model is based on three (3) underlying operating principles; namely,

Value for Money This is not necessarily the lowest price, but rather the achievement of the best combination of price and quality to meet the particular needs of the client in the shortest possible time.

Transparency This requires that information regarding the procurement process must be in the public domain, where suppliers of goods and services have full access to information on procurement opportunities, requirements, rules, decision making criteria, and bids are opened publicly and award decisions are published.

Accountability This is achieved where officials of procuring agencies are clearly identifiable as are their responsibilities. They must be held directly accountable within the framework of ministerial responsibility to Government, Parliament and the Public at large.

SLIDES 6 – 9

Roll out of the New Regime would require a new Procurement Infrastructure including, among other things:

- ❖ A fully decentralized Procurement Regime

- ❖ Establishment of a single Legal and Regulatory Framework
- ❖ Establishment of an Independent Regulator and Regulatory Agency
- ❖ Application of the new Procurement Regime to all Government Ministries, Statutory Boards, Regional Health Authorities, Regional Corporations, State Enterprises, NGO's and CBO's
- ❖ Use of the Procurement System to promote **National Development and local industries**
 - Introduction of an E-Procurement System
 - Establishment of a Complaints Desk and a dispute Resolution Mechanism
 - Development of a Procurement and Disposal Website, and publication of a Procurement and Disposal Gazette
 - Development and maintenance of National Registries of suppliers of goods and services and their competencies

SLIDE 10 The Role of the Regulator

A key player in the new Regime will be the Regulator:

- ❖ He, or she, will be responsible for monitoring and auditing the procurement process in all State Agencies spending public monies, as well as those spending private monies for public purposes. (eg BOLT, BOOT, DFC Projects)
- ❖ He will develop Guidelines, Procedures, Processes and Handbooks that will inform the procurement practices of procuring agencies. Included in these will be standard forms of Agreements and Contracts as well as Pro Forma Clauses. In addition, the Regulator will be required to **develop a code of ethics for procurement officers.**
- ❖ He will be required to ensure that the Procurement System conforms to the Operating Principles and Guidelines
- ❖ He will be authorized to investigate breaches of the Operating Principles, Guidelines, and code of ethics and report on these investigations to Parliament; as well as submit Annual Reports to the Parliament on the performance and operations of the Public Sector Procurement Regime.

Public Sector Procurement Regime

Government's Reform Initiatives

- The Financial System
- The Pension System
- The Tax System
- The Government Procurement System

Reasons for Reform

- To address the weakness and deficiencies in the current system
- To adopt a single procurement system / single Legal & Regulatory Framework
- To achieve a quality of governance consistent with Vision 2020
- To strengthen and promote confidence in our public institutions

Reasons for Reform

- To develop and promote domestic industries
- To take advantage of developments in information and communication technology
- To ensure that domestic procurement practices conform with international best practice
- To meet the requirements of the CSME

Procurement Systems

- The UNCITRAL Model (IADB Model)
- The Institutional Model (Contractor General Model of Jamaica)
- The Principle Model (Australian Model)

The Preferred Model

The underlying operating principles are:

- Value for Money
- Transparency
- Accountability

New Procurement Infrastructure

1. A fully decentralized procurement regime
2. Repeal of the Central Tenders Board Ordinance
3. Establishment of a single Legal and Regulatory Framework based on the underlying principles of
 - * Value for Money
 - * Transparency
 - * Accountability

New Procurement Infrastructure

4. Establishment of a Regulatory Agency and an Independent Regulator with a monitoring and auditing function
5. Application of the new Public Sector Procurement Regime to all Government Ministries, Statutory Boards, Regional Health Authorities, Regional Corporations, State Enterprises, NGO's and CBO's
6. Use of the Public Sector Procurement Regime to promote national development

New Procurement Infrastructure

7. Establishment of a Complaints Desk and a Dispute Resolution Mechanism
8. Introduction of an electronic procurement system
9. Development of a Procurement and Disposal Website
10. Development and publication of a Procurement and Disposal Gazette

New Procurement Infrastructure

11. Development and maintenance of National Registries of suppliers of goods and services and their specific competencies
12. Recognition of the procurement function as a professional service

Role of the Regulator

1. Monitor and audit the procurement processes of spending agencies
2. Ensure the procurement system conforms to the Operating Principles
3. Develop Procurement Guidelines, Procedures, Processes, and Handbooks

Role of the Regulator

4. Report to Parliament on the results of its investigations
5. Report to Parliament on an Annual Basis

Copies of the Green Paper are available in pdf format at www.finance.gov.tt