

CARIBBEAN

COMMUNITY

SECRETARIAT

**TWENTY-NINTH MEETING
OF THE STANDING COMMITTEE
OF CARIBBEAN STATISTICIANS**

SCCS/2004/29/6

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**GOVERNMENT PROCUREMENT FRAMEWORKS IN THE CARIBBEAN
COMMUNITY: TOWARDS A REGIONAL BEST-PRACTICE REGIME FOR THE
CARICOM SINGLE MARKET AND ECONOMY**

**COMPONENT 2 - COLLECTION AND ANALYSIS OF GOVERNMENT
PROCUREMENT STATISTICS- STATUS REPORT**

1. Introduction

The Caribbean Community Secretariat is currently executing a Project to establish Government Procurement Frameworks in Member States. This initiative should lead to the establishment of a regional best practice regime for the full operation of the CARICOM Single Market and Economy. Throughout CARICOM the public sector is a significant consumer of goods services and public works. To date, however, government procurement has not yet been brought under the disciplines of the Community integration programme. The process of government procurement is often cumbersome and time consuming and a significant portion of the procurement for goods, services and public works is biased in favour of nationals which limits the potential contribution of government procurement to regional trade in goods and services.

The Project includes the following three components -

Component 1: National Government Procurement Frameworks: Analysis, Comparison and Recommended Improvements. This component comprises a diagnosis of the existing legal and institutional government procurement frameworks in CARICOM Member States including The Bahamas and Haiti;

Component 2: Collection and Analysis of Government Procurement Statistics which entails the collection of Government Procurement Statistics in each of the 15 Member States of CARICOM.

Component 3: Recommendations for a Best Practice Regime for Government Procurement which includes the preparation of a report containing a set of recommendations on how countries could move towards a regional best-practice framework for government procurement, covering all relevant institutional and organisational aspects.

The Project is funded by the Inter-American Development Bank (IDB) and the Canadian International Developmental Agency (CIDA). Work on the statistical component commenced late in 2003 and continued into 2004. The backdrop to the Project is the strategy of the IDB in the Region expressed in the Caribbean Regional Programming Paper (GN-2035-2), which highlights the importance of a harmonised process of economic liberalization, as well as convergence towards modern regulatory frameworks in the Region in order to facilitate the efficient participation of CARICOM in the global economy. Such a process will help CARICOM to move towards unified positions in external trade forum.

2. Rationale for the Establishment of a Regional Regime on Government Procurement Database System

The procurement of goods and services by government agencies for their own purposes ensures the necessary inputs that enable the government to fulfil its tasks. These tasks comprise the provision of essential goods and services that have impact on major stakeholders in the society such as taxpayers, suppliers, procuring entities and civil

society. Government procurement is a core element of the operations of governments at the domestic level and is also important for international trade, notwithstanding frequently applied discriminatory procurement policies.

Despite its relevance to international trade, Government Procurement was initially omitted from the multilateral trade rules under the World Trade Organisation (WTO). However, over the years processes to address the inclusion of government procurement in the WTO have incorporated an agreement of Government Procurement in 1994 which is being renegotiated, negotiation of services procurement which started since 1997 and work on transparency in government procurement.

At the hemispheric level of the Free Trade Area of the Americas (FTAA) Government Procurement is included in the agenda of the regime being negotiated.

At the regional level, the establishment of the CARICOM Single Market and Economy (CSME) requires an effective regional regime for government procurement that can facilitate full implementation of the CSME. This regional regime on government procurement will also enable more effective participation in the external trade negotiations relating to government procurement.

Therefore the objectives of the overall Project include:

- (i) The imperative of enabling full implementation of the CSME through the establishment of a regional regime for Statistics on Government Procurement;
- (ii) The facilitation of the decision-making process among national and regional authorities in government procurement matters, both in terms of CSME issues and as regards external trade negotiations through:
 - (a) providing decision-makers in the Region with an overview of existing national government procurement frameworks in CARICOM including

laws, regulations, procedures and practices – and recommendations for their improvement;

- (b) ensuring greater availability of government procurement statistics for national and regional policy makers; and
- (c) providing recommendations on the formulation and implementation of a regional government procurement framework that would facilitate the functioning of the CSME and strengthen CARICOM's external economic relation.

The Project will therefore provide data on the following:

- (i) The composition and value of government procurement of goods, services and works by procuring entity (central, sub-central);
- (ii) The procurement modality used , the type of merchandise etc.;
- (iii) The composition and value of intra-regional and extra-regional trade derived from government procurement;
- (iv) Based on the data collected, a database of statistical information will be developed using the UNCPD and other relevant classifications.

The main outputs will therefore be:

- (i) A regional analysis of the size and scope of government procurement activities including related trade in CARICOM and 15 national reports on government procurement including the completed questionnaire of which the FTAA will be a subset;

- (ii) An electronic database containing all available statistics on government procurement;
- (iii) Recommendations to improve the system of data collection on Government Procurement.

3. Project Work Plan

The Statistics Component entailed the collection of government procurement statistics utilising a data collection instrument based on the FTAA questionnaire but not exclusively. The Secretariat reviewed the existing data collection to obtain a quick assessment of the viability of its implementation and suggested some changes to enable improved monitoring of the data collection. This step was also important, taking into consideration that this is a relatively new area of data collection in terms of the details, classifications and attributes required.

The following were the changes made to the original work-plan:

- (i) The Team Leader should visit all Member States in order to undertake reconnaissance of the data availability at the national level, to be in a better position to guide the Data Collection Experts and to ensure that a strategy is applied in each Member State to enable the collection of the required data;
- (ii) Additional data collection experts were recommended to effectively execute the component and the number was put at ten;
- (iii) Additional time was allocated for the data collection activity in each Member State. Initially, it was approximately two and a half days per Member State;

- (iv) The recommendation was made for the data collection experts to be sourced from within the individual Member State as far as possible, due to the increased costs as a result of the recommendations above;
- (v) It was recommended that the Secretariat convene along with the briefing meeting of the team leader, a one day training of all the data collection experts.

4. Status of Work of the Statistics Component

The Team Leader guided by the Secretariat and the CRNM and with the assistance of the Consultants from Component 1, as well as officials in Member States prepared a Comprehensive Work Plan inclusive of Guidelines for the DCEs, the Data Collection Instrument and Coding Manual. It was more practical for the Secretariat to prepare the schedule for the country visits for the DCEs and Team Leaders. A common report format for the preparation of the country and national reports was also drafted.

Preparatory activities commenced for the statistical component commenced in late 2003 and the actual recruitment of data collection experts and Team Leaders took place in 2004. The actual briefing meeting took place on October 11 2004 after the issuing of the “no objection” by IDB to proceed with the strategy and personnel. However prior to this process Member States were asked to name coordinators at the national level. The scheduling of the country visits for the DCEs/Team Leader to collect/monitor the data was prepared by the Secretariat.

The Secretariat, with the expectation that this might have occurred prepared letters of introduction for the Team Leader and DCEs as well as letters for the Permanent or Financial Secretary which served to further inform of the Project and to enable the release of data to the DCEs.

The issue of the sustainability of the effort is to be addressed, based on the experience of the Project and after discussions with officials in Member States. Essentially the Project seeks to establish a Government Procurement Database System in Member States.

ACTION REQUIRED

The **Meeting** is invited to -

: **consider** the report on the progress of a Project to compile Government Procurement Statistics in Member States.
