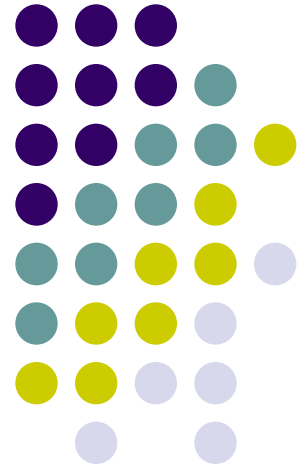


بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Public Financial Management - Procurement

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Former Minister of Public Works and Housing / Jordan





Public procurement

Procurement is the process by which government entities purchase Works, Supplies and Services from the private sector.

This process will usually be subject to specific rules and policies (Procurement Regulations) covering how the procurement process and relevant decisions are made.

The annual volume of Public Procurement in Jordan (Works, Supplies and Services) is about 1.5 billion \$.



Historical Overview

- The need to regulate Public Procurement was recognized by the Jordan Legislators from the early stages of establishment of Jordan.
- The oldest Procurement Regulation was issued in 1922 (Tenders and Auctions Law for the Year 1922).

Which is an early **sign of Good Governance** in Public Procurement in Jordan.

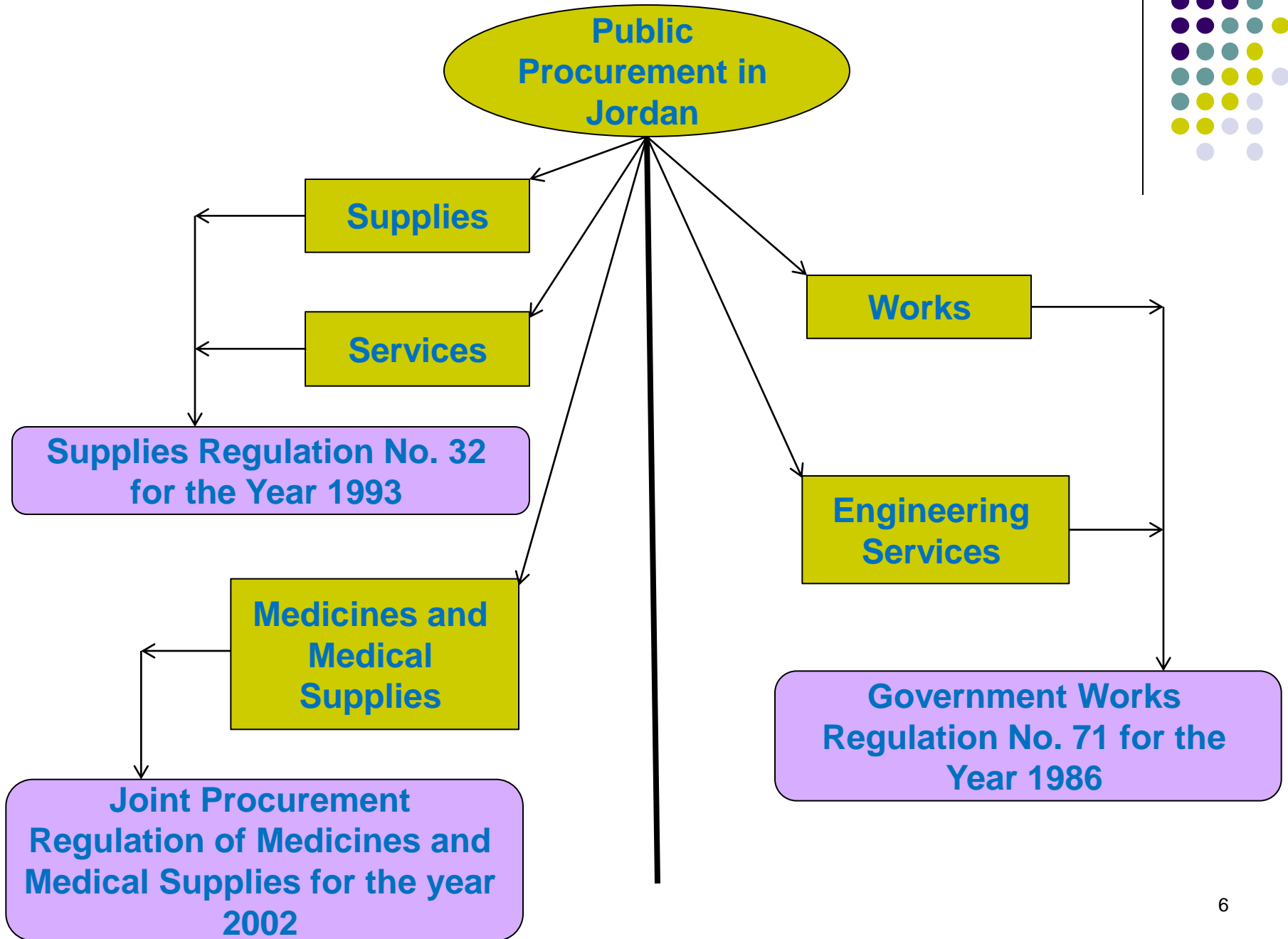


The process of development and modification to the regulations governing Public Procurement in Jordan continued to deal with the rapid developments in the field of Procurement in pursuit of internationally recognized best practices to achieve Good Governance in Public Procurement.



Current Status

- **Three (3) main Public Procurement Regulations govern Public Procurement for government entities in Jordan depending on the type of procurement (Works and Engineering Services, Goods and Services, Medicines and Medical Supplies) as shown in the next slide.**
- **In addition to many other entity specific Public Procurement Regulations [more than thirty (30)] used by some government entities in Jordan.**





This situation shows that the Public Procurement process in Jordan is governed by too many Procurement Regulations which is not a sign of Good Governance.

The government of Jordan realized this situation and called for a general review of the existing Procurement Regulations commenced in 1998 and in 2009.



One of the recommendations was to establish a Procurement Commission for Public Procurement to be concerned only with the complaints, regulatory and monitoring aspects of Public Procurement.

A Country Procurement Assessment Report (CPAR) was issued in coordination with World Bank in 1999 and again in 2009 which came up with a study to evaluate and give recommendations to develop the procedures involved in Public Procurement in Jordan.

Properties of the Existing Regulations



- **Acceptable terms of transparency with low risk of corrupt practices.**
- **Limited Flexibility.**
- **Delay in procedures.**
- **Not in harmony with modern procurement practices (does not contain new methods for procurement such as two stage tendering and the selection of consultants).**

Properties of the Existing Regulations/Continued



- **Contradicts with the requirement of Jordan accession to the Government Procurement Agreement (GPA) of the WTO regarding protection (Requirement of a local agent for Supplies and a local contractor to be associated with foreign contractor for Works).**
- **Centralization (Most of the Public Procurement is done through 3 Central Public Procurement entities).**

Properties of the Existing Regulations/Continued



- No separation between the regulatory, monitoring aspects and the administrative, procedural functions.
- Does not contain clear provisions and mechanism to deal with protest and appeal by Bidders.
- Does not clearly identify the clauses regarding conflict of interest, corruption and fraud.
- Delay in procedures.

Areas for Reform and Modernization



- **Modernization of Public Procurement Regulations (One Public Procurement Regulation).**
- **Development and restructuring of the Public Procurement sector.**
- **Improvement of procedures.**
- **Develop a national strategy for training human resources working in Public Procurement.**



Triggers for Reform

- **Separate the regulatory and monitory functions from those of operation and administration.**
- **Establish a Procurement Commission to deal with policy, regulation, monitoring, procurement economics, and training.**
- **Unification of Public Procurement Regulations and procedures for all government entities.**
- **Harmonization with related international agreement and best practices.**

Triggers for Reform/Continued



- Increase transparency and ensure fair competition.
- Facilitate Jordan possible accession to the GPA Agreement of the WTO.
- Establishing a bid protest and appeal mechanism
- Introducing the concept of e-procurement.

Reform Measures in Jordan regarding Public Procurement



Jordan Completed a draft Unified Public Procurement Regulation.

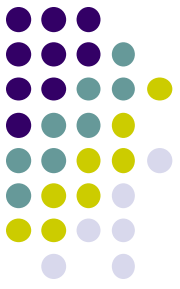
- **Main Features:**

Coverage of all ministries, municipalities and government entities including public universities.

- **Exceptions:**

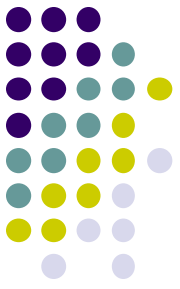
The security purchase of the relevant government entities (Military and Public Security).

Features of the draft Unified Public Procurement Regulation



- **Unification of Public Procurement procedures in all ministries and government entities.**
- **Unification of Public Procurement procedures pertaining to Works, Supplies and Services.**
- **Move towards decentralization.**
- **Raising the thresholds of procurement for tendering committees (Works, Supplies and Services).**
- **Establishing of the Procurement Commission.**

Features of the draft Unified Public Procurement Regulation/Continued



- Enhance transparency, fairness, equal opportunities and competitiveness.
- Enhance economy and efficiency in Public Procurement.
- Introduce new methods of procurement (Two-stage Tendering).
- Regulating procurement of Services and introduce latest methods of services (Procurement on basis Quality and Price, Procurement on basis of Quality only).

Features of the draft Unified Public Procurement Regulation/Continued

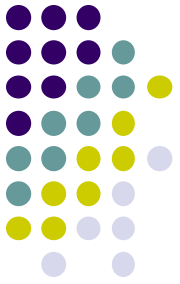


- Encouraging the participation of Small and Medium Enterprises SME's in Public Procurement.
- Training and capacity building for personnel working in Public Procurement.
- Develop a mechanism for remedies, protest, appeal and dispute resolution.



Finally for Jordan to keep **Good Governance** in Public Procurement:

- Enact the draft Unified Public Procurement Regulation.
- Start Capacity Building program for Public Personnel working in Public Procurement.
- Develop a National Training Strategy and ensure the execution of this Strategy.
- Training on the use of ICT and the internet in Public Procurement.



Thank You