

**GOVERNMENT OF BELIZE
MINISTRY OF FINANCES**

**PROGRAM TO SUPPORT IMPLEMENTATION OF THE ACTION PLAN TO
STRENGTHEN THE PUBLIC FINANCIAL MANAGEMENT (PFM) SYSTEM
(BL-T1039)**

Draft Inception Report

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Abbreviations/Acronyms

ADR	Alternative Dispute Resolution
FARA	Finance and Audit Reform Act (2005)
FO	Financial Orders (1965)
FTRR	Fiscal Transparency and Responsibility Regulations (SI-95-2010)
GCC	General Conditions of Contracts
GOB	Government of Belize
HLSC	High-Level Steering Committee
IADB	Inter-American Development Bank
MOF	Ministry of Finance
MTFF	Medium-Term Fiscal Framework
OECD/DAC	Organization for Economic Cooperation and Development/Development Assistance Committee
PAC	Public Accounts Committee
PC	Project Coordinator
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PPH	Procurement Procedures Handbook
SDBs	Standard Bidding Documents
SIF	Social Investment Fund
SO	Stores Orders(1968)
ToR	Terms of Reference

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1. INTRODUCTION

1.1 Background

The Government of Belize (GOB), with the support of various international development organizations and donors, has in the last years implemented a series of actions to support the reform of the Public Financial Management (PFM) and the public procurement system which is a key component of the overall government's fiscal transparency reform program.

The public procurement in Belize is mainly governed by three legal instruments: the Financial Orders (FO) of 1965, the Stores Orders (SO) of 1968 and the more recent Financial and Audit Reform Act of 2005 (FARA). An assessment of the national procurement system carried out in 2010 showed that this legal framework did not provide sufficient detail for the administration of the public procurement at the operational level and contained significant gaps compared to international best practices.

The FARA, in Part IV, establishes the government systems for procurement of goods and services. The FO and SO, though relatively outdated, do make reference to some aspects of public procurement as well as to the key principals of transparency and accountability. However, there is no comprehensive body of contemporary formal government procurement procedures, neither established standard against which contract monitoring and management occurs and can be measured for compliance.

Practices over the years have evolved into mostly **institution-specific informal norms**, leading to those government officials with responsibility for procurement having difficulty distinguishing formal procedure from informal practice. This has resulted in process inefficiencies and non-standardization across procuring entities with the attendant lack of predictability of the system for the suppliers.

To address those issues, the Government of Belize, with the support of the Inter-American Development Bank (IADB), has elected to call on a Consultant to provide services to support the development and implementation of four essential mechanisms, namely a Procurement Procedures Handbook, Standard Bidding Documents, a Training Program for the use of the Procurement Procedures Handbook, and a Government Information Procurement Portal.

1.2 Objectives of the Consultancy

As per the ToR (**Annex I**), the overall objective of the assignment is to strengthen the Public Expenditure Management system in Belize, in order to facilitate a better understanding of policies and procedures, reduce transactions costs, create more opportunities, enhance capacity and reduce the asymmetry of public procurement information.

More specifically, to achieve this objective, the Consultant is expected to:

- (i) Develop a Procurement Procedures Handbook in accordance with GOB Procurement Policy and in line with International Best Practices;

- (ii) Develop SBDs and standardized purchase orders and associated forms of contract to be used by all government entities in procuring goods, works, consulting and other services across various government ministries;
- (iii) To develop and implement a Training Program, for the public and private sector, in the use of the Procurement Procedures Handbook;
- (iv) To develop a user-friendly portal that would provide information on procurement regulation, business opportunities, tender notices, awards of contracts, and general statistical and other information of public interest.

1.3 Purpose of this Report

This Inception Report is provided in compliance with the Terms of Reference (ToR). The report is kept short and straightforward to be used as a reference tool for a result-oriented assignment implementation, with a clear and accepted vision of the consultancy by all stakeholders.

The report aims to provide a clear definition of the assignment focus and expected deliverables and task activities, and includes a detailed work program and timeframe for the successful completion of all deliverables.

This report was developed during a short inception phase of five days, which wouldn't have been successful without the efficient cooperation of Mrs. Yvette Alvarez, Senior Advisor, Ministry of Finance, and Client's Project Coordinator (PC) who provided the Consultant with preliminary documentation.

2. APPROACH AND METHODOLOGY

2.1 Missions, Tasks & Deliverables

As per the ToR and contract, the Consultant's total assignment input is of 200 work days, over a period of nine (9) months, starting from the 23rd of April 2012, date of the commencement of work.

There are five (5) Deliverables expected to be produced during the consultancy, which are the following as stated in the ToR:

1. Inception Report;
2. Procurement Procedures Handbook;
3. Standard Bidding Documents (SBDs);
4. Training Program for the public and private sectors in the use of the Procurement Procedures Handbook; and
5. Government Information Procurement Portal.

All Deliverables will be submitted to the Project Coordinator, namely Mrs. Yvette Alvarez, Senior Advisor, Ministry of Finance, in accordance with Section 4 "Project Administration" of

the Consultant's Contract. The High-Level Steering Committee (HLSC) will determine the technical acceptability of the Deliverables within 7 working days of their receipt.

These deliverables entail specific activity tasks to be undertaken within a maximum of five (5) missions in Belize, described in the ToR (section 4.1) as being:

1. *First In-Country Mission:*
 - Meet with key individuals of lead institutions for broad direction and relevant documentation;
 - Discuss authorities their objectives for a draft Procurement Procedures Handbook.
2. *Second In-Country Mission:*
 - Present and finalize the Procurement Procedures Handbook with the relevant authorities;
 - Discuss work done on the preparation of the Standard Bidding Documents;
 - Discuss plans for developing the Training Program and Website.
3. *Third In-Country Mission:*
 - Present and finalize the draft SDBs with relevant authorities;
 - Present the draft Training Program.
4. *Fourth In-Country Mission:*
 - Deliver the training to representatives of the public and private sectors;
 - conclude information gathering and preliminary work necessary for the development of the website.
5. *Fifth In-Country Mission:*
 - Conclude the development of the Procurement Portal.

The Consultant, in between the in-country missions, is expected to carry out activities for developing the deliverables in his country of residence.

2.2 Approach

The Consultant will adhere to the general approach to the consultancy tasks as set in the ToR, and which revolves around a dynamic of close interaction between stakeholders in Belize and the Consultant, particularly during in-country missions. For each of the four deliverables related to the public procurement sector, the preparation and development work follows the same strategic method:

- (i) Initial discussions with relevant authorities, key individuals and institutions, with a view to define objectives and scope of the task activities; and
- (ii) Presentation and finalization of the draft deliverable with relevant authorities.

The first in-country mission will be the opportunity for broad discussion/direction on the assignment and relevant documentation gathering.

During the initial stage of the assignment, the Consultant was able to review and analyse relevant official documents, reports and legal framework that helped identify basic elements and issues for the general discussions and the more specific consultations on the Procurement Procedures Handbook during the first mission in Belize. The list of documents can be found in **Annex II**.

Before each in-country mission, the Consultant will forward to the Project Coordinator a draft mission program in order to arrange meetings and interviews before his arrival in Belize. The tentative list attached in **Annex III** includes a first perception of key institutions to be visited during the Consultant's first mission that will be refined in coordination with the PC.

3. TENTATIVE ACTIVITY WORK PROGRAM & TIMEFRAME

The activity Work Program presented below is a roadmap describing the deliverables, detailed tasks of the Consultant, as well as their timeframes, to accomplish the objectives of the assignment. In preparing the Program, the Consultant has relied on the ToR, the work development methodology and desk review of initial relevant documents.

The Work Program format approach revolves around the five deliverables and the five missions, with task activities being undertaken sequentially and/or concurrently. The timeframe proposed is however a reasonable tentative effort that should remain flexible enough to take into account the actual work progress from one phase to the next, while ensuring that the assignment is achieved within the timeline allocated by the ToR.

Tentative Activity Timeframe & Work Program

Task Number	Task Description	Time Span (Months)								
		1	2	3	4	5	6	7	8	9
		April-May 2012	May-June 2011	June-July 2011	July-Aug 2011	Aug-Sept 2011	Sept-Oct 2011	Oct-Nov 2011	Nov-Dec 2011	Dec 2011 Jan 2012
	Inception Phase									
	Desk Review of background materials	█								
4.1 a	Inception Report submission	█								
	Inception Report approval		█							
	Procurement Handbook Procedures Development									
	<i>First In-Country Mission</i>									
4.1 b (i)	Meet with key individuals of lead institutions		█							
4.1 b (ii)	Discuss with authorities their objectives for a draft Procurement Procedures Handbook		█							
	<i>Work in Country of Residence</i>									
4.2	Develop first Draft of Procurement Procedures Handbook and submission to GOB		█	█	█	█				
4.2	Incorporation of GOB comments					█				
	<i>Second In-Country Mission</i>									
4.1 c (i)	Present and finalize the Procurement Procedures Handbook with the relevant authorities				█	█				
	Standard Bidding Documents (SBDs) Development									
	<i>Second In-Country Mission</i>									
4.1 c (ii)	Discuss work being done on the preparation of the Standard Bidding Documents				█	█				
	<i>Work in Country of Residence</i>									
4.3	Develop first Draft of Standard Bidding Documents and submission to GOB					█	█	█	█	█
4.3	Incorporation of GOB comments								█	█

	<i>Third In-Country Mission</i>	
4.1 d (i)	Present and finalize the draft Standard Bidding Documents	
	Training Program Development & Implementation	
	<i>Second In-Country Mission</i>	
4.1 c (iii)	Discuss plans for developing the Training Program	
	<i>Work in Country of Residence</i>	
4.4	Develop first draft of the Training Program and submission to GOB	
4.4	Incorporation of GOB comments	
	<i>Third In-Country Mission</i>	
4.1 d (ii)	Present the draft Training Program	
	<i>Fourth In-Country Mission</i>	
4.1 e (i)	Deliver the Training Program to representatives of the public and private sectors	
	Government Information Procurement Portal Development	
	<i>Second In-Country Mission</i>	
4.1 c (iii)	Discuss plans for developing the website and interview key stakeholders	
	<i>Work in Country of Residence</i>	
4.5	Develop preliminary work for the development of the website	
	<i>Fourth In-Country Mission</i>	
4.1 e (ii)	Conclude information gathering and preliminary work for the development of the website	
	<i>Fifth In-Country Mission</i>	
4.1 f (i)	Conclude the development of the Procurement Portal	

TERMS OF REFERENCE

PROGRAMME TO SUPPORT IMPLEMENTATION OF THE ACTION PLAN TO STRENGTHEN THE PUBLIC FINANCIAL MANAGEMENT (PFM) SYSTEM

(BL-T1039)

- (i) **Development of a Procurement Procedures Handbook (PPH):**
- (ii) **Preparation of Standard Bidding Documents:**
- (iii) **Development and Implementation of a Training Program for the use of the PPH; and**
- (iv) **Development of a dedicated Government Information Procurement Portal**

I. BACKGROUND

Procurement in Belize is governed primarily by the following legal instruments: the Financial Orders (FO) of 1965, the Stores Orders (SO) of 1968 and the Financial and Audit Reform Act of 2005 (FARA).¹ These instruments provide insufficient detail for the administration of public procurement at the operational level and contain significant gaps compared to international best practices. Although the FO and SO make reference to some aspects of public procurement, **there is no comprehensive body of contemporary formal government procurement procedures.** Consequently there is **no established standard** against which contract monitoring and management occurs and can be measured for compliance. Practices over the years have evolved into mostly **institution-specific informal norms**, leading to some officers with responsibility for procurement having difficulty distinguishing formal procedure from informal practice. This results in process inefficiencies and non-standardization across procuring entities with the attendant lack of predictability of the system for the suppliers.

To address those issues, this consultancy will support the development and implementation of four (4) essential mechanisms, namely a **Procurement Procedures Handbook, Standard Bidding Documents, a Training Program** for the use of the Procurement Procedures Handbook, and a **Government Information Procurement Portal**.

The Procurement Procedures Handbook, will provide a comprehensive detailing of procurement procedures in Belize and will include guidance on procurement planning, choice of the most appropriate procurement strategies and methods, detailed procedures and templates (for example bid evaluation reports, price quotations, procurement notices, award notices, clarifications, etc). It will provide practical information on the structured flow of the procurement process, with steps from start to finish, facilitating a better understanding of policies, regulations and procedures. **The Handbook will include two sections, one geared toward the public sector and one for the private sector.** It will also include the development of detailed procedural guidelines that would govern all the elements of the procurement process, setting out clear responsibilities and accountabilities, including advertising requirements; composition and functions of evaluation committees; minimum content,

¹ FARA establishes the government systems for the procurement of goods and services and was meant to clarify the status of the FO and SO through s. 23. However, as **s. 23 has not entered into force**, their legal status remains inconclusive and procurement entities continue to use these Orders in the public procurement of goods and services. FARA is the primary or parent legislation, but regulations have not been developed.

management and maintenance of the procurement record; pre-disclosure of evaluation and award criteria; public accessibility to procurement information; mandatory publication requirements including roles and responsibilities in respect of contract awards; standards of procurement planning and coordination; contract monitoring and management procedures; suppliers' rights to challenge and review and corresponding procedures, etc.

Thereafter, the consultancy will involve the development and implementation of a **Training Program** for the public and private sectors in the use of this new Handbook.

The Standardization of Bidding Documents (SBD) is intended to create a common set of bidding documents to be used by all government entities in procuring goods, works, consulting, and other services across various government ministries. The lack of standardized bidding documents (SBDs) in Belize is a serious issue affecting the ability of the private sector to do business with the government, and adding to the costs of administering the system. For example, contract documents do not generally contain adequate safeguard for GOB in the event of supplier non-performance and/or unsatisfactory performance. This is important in view of the wide variation in practice existing across government ministries and agencies.

The development of a dedicated procurement website that consolidates procurement information will address an important gap in Belize. Public access to procurement information is critical to improving transparency and public confidence in a government's procurement system. A basic portal can provide access to a whole range of public procurement information at low cost, such as relevant legislation, policies and guidelines, procurement plans and notices, bidding documents and contract award results. This will help reduce the asymmetry of public procurement information and contribute to competition in terms of quantity (participation) and quality (openness and fairness).

CONSULTANCY OBJECTIVES

The overall objective of this consultancy is to strengthen the Public Expenditure Management system in Belize, in order to facilitate a better understanding of policies and procedures, reduce transactions costs, create more opportunities, enhance capacity and reduce the asymmetry of public procurement information.

To achieve this overall objective, the assignment includes four (4) immediate objectives as follows:

- (v) To develop a Procurement Procedures Handbook in accordance with GOB Procurement Policy and in line with International Best Practices.
- (vi) To develop SBDs and standardized purchase orders and associated forms of contract to be used by all government entities in procuring goods, works, consulting and other services across various government ministries.
- (vii) To develop and implement a Training Program, for the public and private sector, in the use of the Procurement Procedures Handbook.
- (viii) To develop a user-friendly portal that would provide information on procurement regulation, business opportunities, tender notices, awards of contracts, and general statistical and other information of public interest.

CHARACTERISTICS OF THE CONSULTANCY

Type of consultancy: Individual

Start date: _____

Duration: 200 Work Days

Place of work: Belize and country of residence.

Qualifications:

- At least fifteen (15) years international experience in public sector procurement planning and bid administration.
- Specialist on information and communication technology management, with at least five (5) years experience in developing public sector procurement portals.
- Experience in designing and implementing training programs in the area of procurement.
- Previous work with public sector institutions within the Caribbean in the functional areas of procurement, planning, auditing, control, and developing portals for public sector institutions would be an asset.

Institutional arrangements: the Consultant will report to the *High-Level Steering Committee (HLSC)*.²

Payments: The payment schedule is as follows:

- 15% at the signing of the Contract;
- 10% on the submission of the **Inception Report**, approved by the authorities;
- 20% on submission of the final version of the **Procurement Procedures Handbook**, as approved by the Contractor General and technically accepted by the High Level Steering Committee (HLSC) within 7 working days of its receipt;
- 20% on submission of the final version of the **Standard Bidding Documents**, as approved by the Contractor General and technically accepted by the HLSC within 7 working days of its receipt;
- 20% on submission of the **Training Program**, as approved by the Contractor General and technically accepted by the HLSC within 7 working days of its receipt; and
- 15% delivery of the **fully operational Website**, as approved by the Contractor General and technically accepted by the HLSC within 7 working days of its receipt.

3.8 In addition to consulting fees, the Contract will cover expenses related to a maximum of five (5) trips to Belize on submission of receipts.

² The High-Level Steering Committee (HLSC), will oversee and coordinate the implementation of the country's overall reform agenda in public expenditure management in order to ensure the development and implementation of a coherent and well-coordinated package of reforms.

ACTIVITIES

- 4.1 To achieve the objectives stated in 2.2 above, the Consultant will:
- a) **BEFORE the First Mission** to Belize, submit, for the consideration of the relevant authorities, an Inception Report containing a detailed work program and timeframe for the successful completion of all Deliverables outlined in Section V below.
 - b) **During the FIRST Mission:** (i) meet with key individuals of lead institutions for broad discussion/direction and relevant documentation; and (ii) discuss with the authorities their objectives for a draft Procurement Procedures Handbook as defined at 4.2 below.
 - c) **During the SECOND Mission:** (i) present and finalize the Procurement Procedures Handbook with the relevant authorities; (ii) discuss work being done on the preparation of the Standard Bidding Documents that should encompass the detailed activities defined at 4.3 below; and (iii) discuss plans for developing the Training Program and the Website as defined at 4.4 and 4.5 below.
 - d) **During the THIRD Mission:** (i) present and finalize the draft Standard Bidding Documents with the relevant authorities; and (ii) present the draft Training Program, as defined at 4.4 below.
 - e) **During the FOURTH Mission:** (i) Deliver the training to representatives of the public and private sectors; and (ii) conclude information gathering and preliminary work necessary for the development of the website, as defined at 4.5 below.
 - f) **During the FIFTH Mission:** (i) Conclude the development of the Procurement Portal
- 4.2 **Objective 1:** The Consultant will meet initially with key individuals of lead institutions (such as the Contractor General and Ministry of Finance) for broad direction and relevant documentation. Without limiting the generalities of the foregoing and under the guidance of the Contractor General, the Consultant will develop a Procurement Procedures Handbook that will include:
- Detailed procedural guidelines to govern all elements of the procurement process.
 - Guidance on procurement planning, choice of the most appropriate procurement strategies and methods.
 - Templates (for example bid evaluation reports, price quotations, procurement notices, award notices, clarifications, etc).
 - Practical information on the structured flow of the procurement process, with steps from start to finish, facilitating a better understanding of policies, regulations and procedures.
 - Two sections, one geared towards the public sector and one for the private sector.
- 4.3 **Objective 2:** The Consultant will prepare Standard Bidding Documents for goods, works and requests for services and will be required to carry out the following specific activities:
- Formulate a policy for the use of Standard Bidding Documents (SBDs) for the purposes of acquiring goods, works and services including.
 - Elaborate the scope applicable to the preparation of the SBDs including development of SBDs for the following (consistent with requirements of Government of Belize and international development partners):
 - Limited/Selected Tendering Shopping;
 - Open tendering – Procurement of Goods;
 - Limited Selected Tendering – Minor Works;
 - Open Tendering – Procurement of Works, Small Contracts;

- Open Tendering – Procurement of Works, Large Contracts;
- Requests for Proposals (RfPs).

This should provide, among other things, sample formats of:

- Procurement Plans;
 - Standard Bid Evaluation Report formats for goods and works;
 - Standard proposal evaluation report formats for services;
 - Format for maintaining procurement data; and Transmittal forms etc.
- Identifying the levels of responsibility for preparation of the bidding documents, including the commercial and technical parts, and approvals relevant to pertinent levels of authority;
 - Establish procedures for choosing the applicable SBDs in accordance with the procurement and providing the procurement staff with relevant information on methods of adapting them to the particular procurement in question;
 - Outline a strategic approach for implementing the use of SBDs across goods;
 - Provide for integration with government’s financial management system, viz establish link between payment systems and budgetary/resources availability;
 - Make recommendations for and design the methodology for expediting the registration of overseas suppliers of goods and services within the bidding/registration processes;
 - Create appropriate linkages between procurement data by application of standard format to facilitate improved quality of/availability of government statistics and increased knowledge of government expenditure impacted by the procurement process.

4.4 **Objective 3:** Without limiting the generalities of the foregoing and under the guidance of the Contractor General, the consultant will develop a training program specifically designed for Belize, based on the final version of the Procurement Procedures Handbook. This training program will include one module for the private sector and one for the public sector.

4.5 **Objective 4:** The Consultant will perform the following specific tasks:

- Interview key stakeholders to ensure that the content and structure of the page is tailored to the needs of Belize.
- Define the details of the templates for the Website.
- Define the software that will be used for the Web page design.
- Develop content management tool and develop portal.
- Conduct usability tests and refine portal based on results as well as feedback from key stakeholders.

DELIVERABLES

All Deliverables will be submitted to the Project Coordinator in accordance with Section 4 Project Administration of the Contract. The HLSC will determine the technical acceptability of the Deliverables within 7 working days of their receipt.

An *Inception Report* containing a detailed work program and timeframe for the successful completion of the deliverables.

The *Procurement Procedures Handbook* approved by the Contractor General.

Standard Bidding Documents (SBDs), approved by the Contractor General, with appropriate linkages to the Procurement Procedures Handbook and the budgetary procedures. A detailed manual addressing all aspects of the Procurement Procedures should be attached to the SBDs.

Training Program for the public and private sectors in the use of the Procurement Procedures Handbook specially designed for Belize and approved by the Contractor General.

A fully-operational website approved by the Contractor General.

ANNEX II: List of Documents Reviewed

Reference Documents Provided:

Summary Table PEFA final report

PFM as Eligibility Criterion - 2008.157190 (Belize 282-11)

Fiscal PPT

Final Report - Belize PEFA based PFM Assessment 2008 revised

Amendment to Finance and Audit Act dated 30 Dec 2010

Finance & Audit Act 2005

Revised Final Draft Alick Lazare's Report

Fiscal Transparency and Responsibility Regulations, 2010 S.I. No. 95 2010

BELIZE - OECD-DAC Procurement Assessment - Bases for an Action Plan

Cabinet Memorandum - Procurement Review - OECD -DAC Methodology [1]

Annex III: Tentative List of Key Institutions to Visit

Public Sector Agencies

Ministry of Finance
Ministry of Public Works
Ministry of Agriculture
Ministry of Education
Ministry of Labour, Local Government and Rural Development
Ministry of Natural Resources and the Environment
Ministry of Police and Public Safety
Ministry of Housing
Ministry of Health
National Security

Contractor General
High-Level Steering Committee (HLSC)
Attorney General
Auditor General
Accountant General
Chairman, Public Accounts Committee
University of Belize
Social Security Board
Belize City Council
Orange Walk Town Council
Belmopan City Council

Private Sector Organization

Belize Business Bureau
Association of Professional Engineers of Belize
Association of Professional Architects of Belize
National Trade Union Congress
Belize Tourism Ind. Association
Chamber of Commerce
BMDP Project Coordinator
Public Relations of the Social Investment Fund
Sol Belize Ltd.
Bravo Motors Ltd
Belize Diesel and Equipment
Wood Depot Ltd
Angelus Press Ltd
Print Belize Ltd

International Donors

IADB

EU - Projects

WB – Projects

JICA