

# CARICOM: Small Market-Big Money

Amalgamating the Procurement Market to  
Transform Small Size into an Economic Advantage

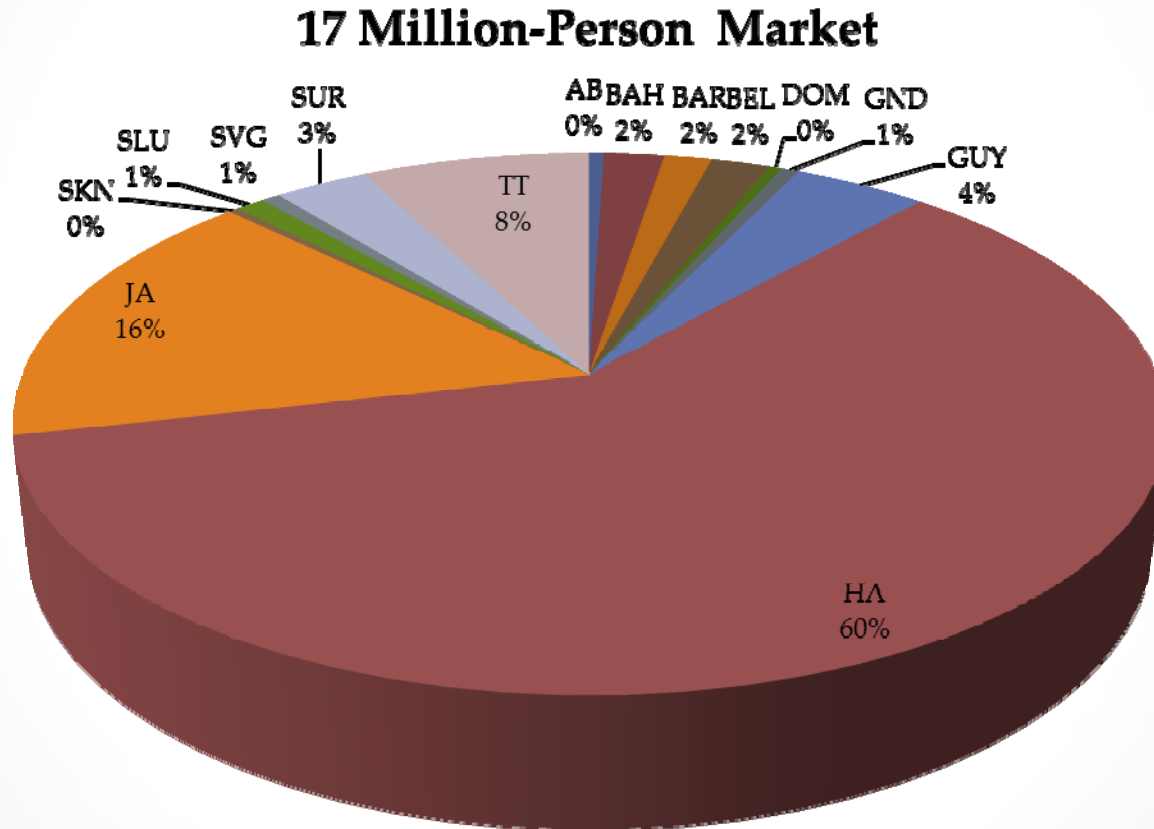
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# Profile of the Caribbean Community

- Established by Treaty of Chaguaramas – **1973**
- 15 states spread across the Northern, Central, and Southern Caribbean plus top of south America
- Total population – 17.3Mil
- CSME – CARICOM Single Market and Economy Space – unified approach to development/global competitiveness -**2001**
- Mandates Procurement Protocol

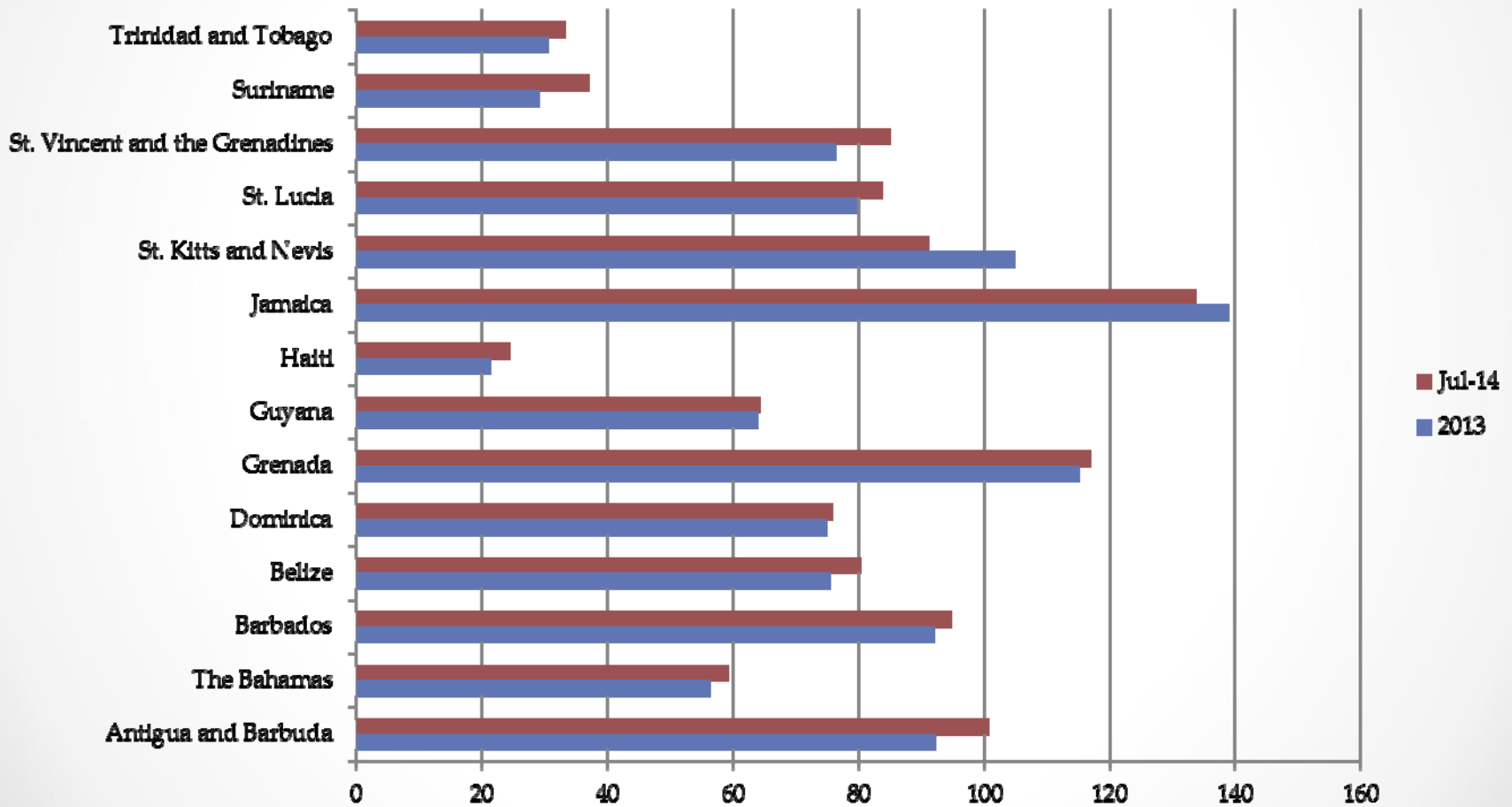
# 17 Million Person Market



# Public Procurement- Current State

- Procurement reform – all countries, varying degrees
- Regional (CSME) Procurement Protocol – initiated but low momentum
- Weak Procurement Systems -Only 1 country demonstrates some features of a strong procurement system
- Very little economic cooperation taking place in procurement.
- Little strategic vision of public procurement
- Absence of distinctive leadership at the national level

# Debt to GDP Ratio – Update



# Panoramic View

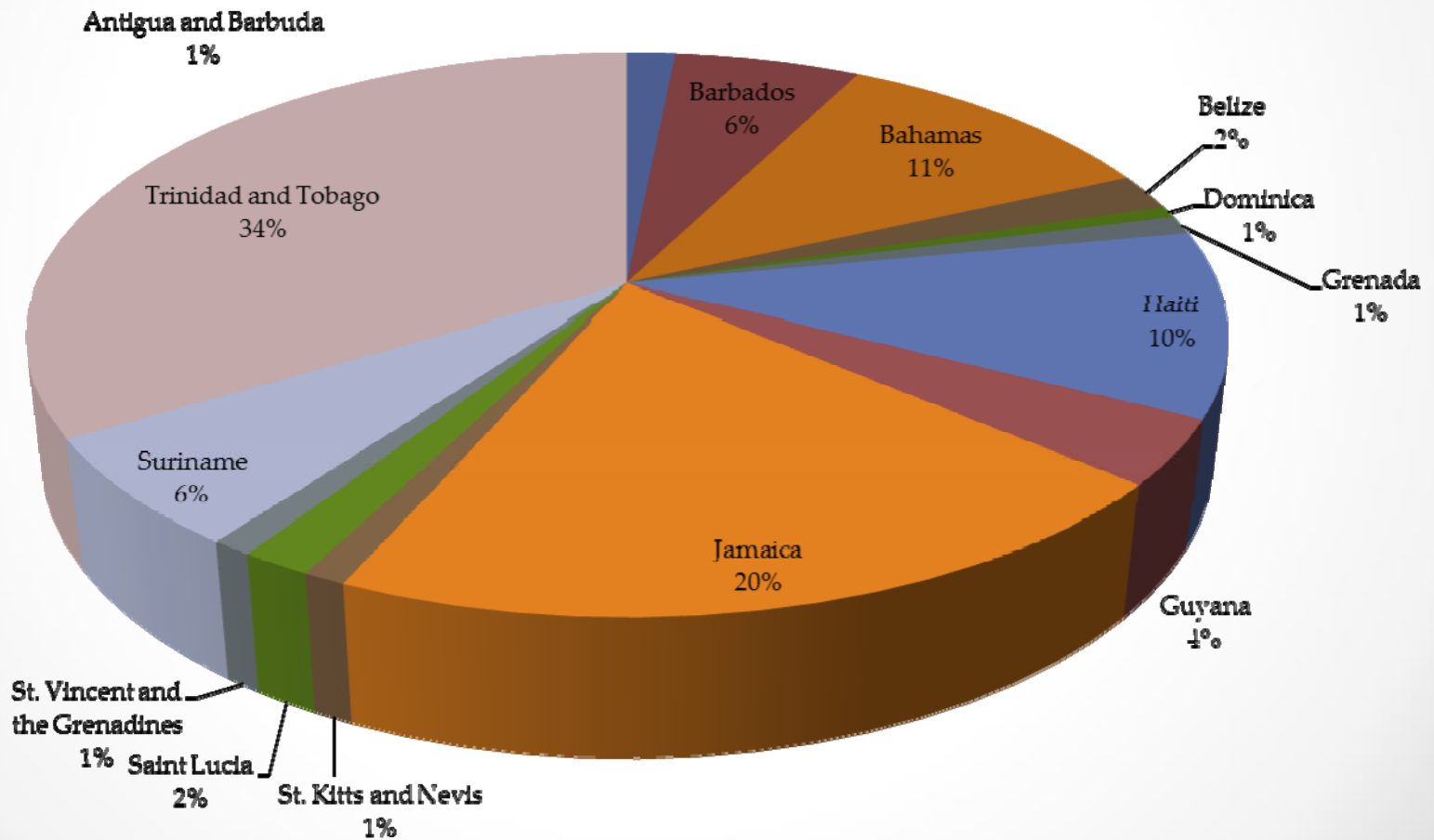
I	AB	BH	BA	BE	DM	GN	GY	HA	JA	SK	SL	SV	SU	TT
LR	Yellow	Yellow	Red	Red	Yellow	Red	Green	Green	Light Green	Red	Red	Red	Red	Red
CM	Red	Red	Red	Red	Red	Red	Red	Yellow	Green	Red	Red	Red	Red	Red
SB	Red	Red	Red	Red	Red	Red	Light Green	Yellow	Green	Red	Red	Red	Red	Red
RG	Red	Red	Red	Red	Red	Red	Green	Green	Green	Red	Red	Red	Red	Red
UG	Red	Red	Red	Red	Red	Red	Green	Light Green	Green	Red	Red	Red	Red	Red
RB	Red	Red	Red	Red	Red	Red	Red	Green	Green	Red	Red	Red	Red	Red
SY	Red	Red	Red	Red	Red	Red	Red	Red	Light Green	Red	Red	Red	Red	Red
EI	Red	Red	Red	Red	Red	Red	Red	Red	Light Green	Red	Red	Red	Red	Red
CB	Red	Red	Red	Red	Red	Red	Red	Red	Light Green	Red	Red	Red	Red	Red
T	Red	Red	Red	Red	Red	Red	Red	Red	Yellow	Red	Red	Red	Red	Red
TT	Red	Red	Red	Red	Red	Red	Red	Red	Yellow	Red	Red	Red	Red	Red
RS	Red	Red	Red	Red	Red	Red	Red	Red	Green	Red	Red	Red	Red	Red
A	Red	Red	Red	Red	Red	Red	Red	Red	Green	Red	Red	Red	Red	Red
AP	Red	Red	Red	Red	Red	Red	Red	Yellow	Green	Red	Red	Red	Red	Red
AI	Red	Red	Red	Red	Red	Red	Red	Red	Light Green	Red	Red	Red	Red	Red

# Value of Procurement Market

Country	GDP	15%	20%	30%
Antigua and Barbuda	1.22	0.183	0.244	0.366
The Bahamas	8.373	1.25595	1.6746	2.5119
Barbados	4.262	0.6393	0.8524	1.2786
Belize	1.637	0.24555	0.3274	0.4911
Dominica	0.495	0.07425	0.099	0.1485
Grenada	0.811	0.12165	0.1622	0.2433
Guyana	3.02	0.453	0.604	0.906
Haiti	8.287	1.24305	1.6574	2.4861
Jamaica	14.389	2.15835	2.8778	4.3167
Montserrat	0.04378	0.006567	0.008756	0.013134
St. Kitts and Nevis	0.767	0.11505	0.1534	0.2301
St. Lucia	1.377	0.20655	0.2754	0.4131
St. Vincent and the Grenadines	0.742	0.1113	0.1484	0.2226
Suriname	5.009	0.75135	1.0018	1.5027
Trinidad and Tobago	27.13	4.0695	5.426	8.139
<b>Total</b>	<b>77.519</b>	<b>11.62785</b>	<b>15.5038</b>	<b>23.2557</b>

# Procurement Market Share \$15.5 Billion USD

**Estimated PP at 20% of GDP**

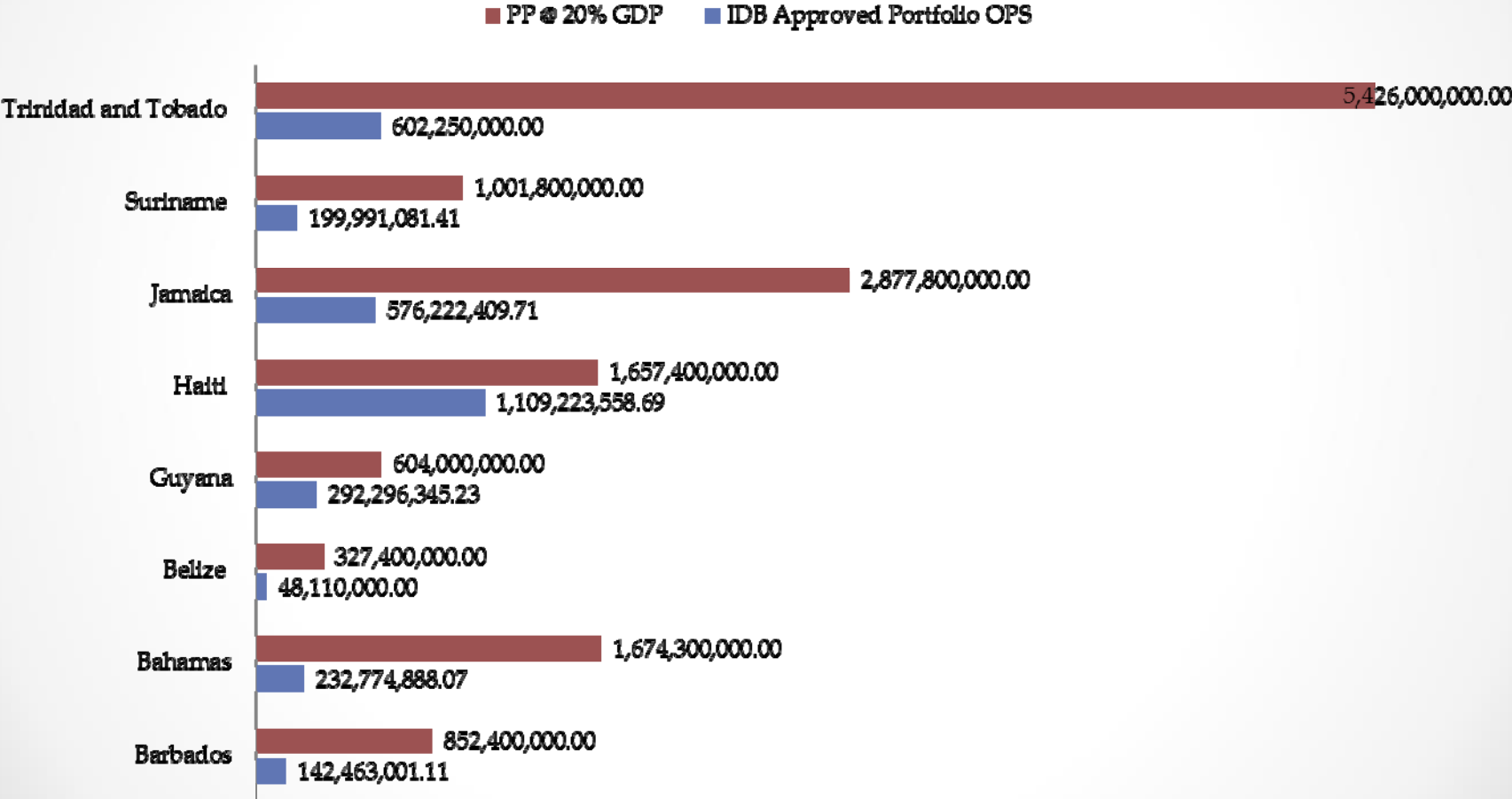




# Much Bigger Market Than Assumed

- It is 57 % of the amount spent (\$26B) by the World Bank in 168 developing countries in 2013
- Larger than the value of projects approved by the IDB in LAC 2012. IDB approved 169 projects for \$11.4 B.
- \$15B identified at risk in Indonesia. \$50M invested through Millennium Challenge Corporation to modernize procurement.
- It compares to the GDP of Senegal, Georgia, Mozambique and Papua New Guinea.
- \$15B PP in CARICOM is imprisoned in a segregated market under poor procurement conditions
- \$15B should turn heads

# At US\$3.2 Billion, IDB Portfolio 1/4 of 15.5 Billion PP IN Caribbean



## Case of the Organization of Eastern Caribbean States (OECS) Pharmaceutical Procurement Service (PPS)

- Sub group of 9 states within CARICOM with total population of **550K**-
- pooled procurement of pharmaceuticals through PPS
- PPS established in **1986** by **1989** self sufficient
- Since 2012 – procurement via e-proc. system
- Current Average Annual Savings of **30%**
- Average annual purchase value **US\$ 21M**

# Potential Savings

- apply internationally accepted best practices -save between 20% to 25% of the total procurement- in CARICOM equivalent to about US\$3.75 billion annually.
- US\$3.75 billion could impact on the five year regional average negative balance of payments of US-\$1.5234 billion
- implementing a program of strategic and pooled procurement the CARICOM region stands to save at least 30% on procurement of certain goods and services.

# Conclusion

- Small Size does not indicate small Value
- Region's procurement value (US\$15.5B) is significant enough to warrant increased attention.
- Small Size does not mean constant vulnerability
- OECS PPS example

# Going Forward

# Legal context for establishment of Regional Procurement framework

- The Revised Treaty also provides the legal basis for the free movement of resources, specifically persons and capital, both of which are integral elements in Public Procurement activities
- Articles 39-41 – Free movement of Capital
- Articles 45-46 – Free Movement of persons/labour

# Operationalize the Regional Procurement Regime

Implement 12 Pillars :

1. Community Procurement Model law
2. Capacity Building and Training
3. Electronic Procurement Regional Information System
4. Professionalization of Procurement Staff
5. Permanent Joint Council on Procurement
6. Joint Bidding Facility
7. Standard Bidding Documents
8. Supplier Registry
9. Catalogue of Goods
10. Permanent Committee on Procurement
11. E-enabling legislation
12. Framework for procurement administration



# “Do Not Ask For Whom the Bell Tolls”

- Implement Regional regime; Use as a platform for trade negotiation
- Enhance participation of Small Businesses
- Agree on Regional Thresholds and open the CARICOM Market
- Awaken Civil Society through Transparency
- More Coordinated Donor Intervention
- Use a problem Driven Approach to procurement related challenges facing the region

# Problem Driven Approach II

#	Problem	Impact	Opportunity	Authority and Influence
6	Weak Human resources capacity	<ul style="list-style-type: none"> <li>Inadequate supply of trained persons to manage procurement;</li> <li>Frontline workers provide low level service to private sector;</li> <li>Inefficient spending</li> </ul>	<p>Professionalize Public Procurement</p> <p>Train personnel in public procurement, project and contract management, by sector</p> <p>Partner with a regional institution such as the UWI to develop a sustainable training program (diploma, certificate, degree) in public procurement;</p> <p>UWI to partner with other institutions to provide diploma training.</p>	<b>civil service/Political directorate;</b>
7	Absence of Regional monitoring	<ul style="list-style-type: none"> <li>Lost opportunity for coordinated research, development and innovation;</li> <li>Lost opportunity for wider funding beyond traditional donors</li> </ul>	Establishment of an Observatory	<b>UWI; CARICOM Secretariat leadership; National governments; NGO</b>
8	Small businesses participating minimally in procurement  No incentives for small businesses	<ul style="list-style-type: none"> <li>Concern that Small Businesses may lose market share and not survive competition;</li> <li>Small business sector not benefitting from government support:</li> <li>Unable to make sustained contribution to economic development</li> </ul>	<p>Develop small business laws and policies to legally support small business,</p> <p>Establish a carve out for vulnerable groups, local content, community procurement and women in business, and use them.</p> <p>Establish Joint Bidding Facility</p>	<b>Political directorate; Private Sector</b>

# United Front



70 million supporters, 70 million players.