

A PRACTICAL GUIDE TO TRANSFORMING PROCUREMENT SYSTEMS

TASK FORCE ON PROCUREMENT

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CHAPTER 1: INTRODUCTION AND CONTEXT

For purposes of this Guide, **procurement** is defined as the overall process of acquiring goods, works and services including functions from the identification of needs, solicitation and selection of sources, preparation and award of contract, and all phases of contract administration through to the end of a contract. **Public procurement** is procurement falling under the jurisdiction of a Government or other public sector organisation including all entities that use public funds. In practical terms public procurement ranges from the buying of fuel to construction of roads and highways, from school books to medicines and from office supplies to consulting services.

Procurement of goods (e.g. fuel, medicines, office supplies), services (e.g. cleaning services, consulting services) and works (e.g. construction of highways, or schools) accounts for a significant amount of national expenditures. Globally, expenditure for public procurement is estimated at about 15% of the world's GDP, though in some developing countries the percentage may be much higher. Improved public procurement, therefore, has positive impacts on achieving economic and social outcomes or goals.

Wastage in public procurement results both from lack of competence and corruption and clearly the degree to which this is the case will vary from country to country. As an example, it has been estimated that if all Italian public bodies were to pay the same prices as the one paid by one of the best "savings would be between 1.6% and 2.1% of GDP.¹ Another example is the Government of Sierra Leone that estimated that even if only 15% of public procurement expenditure was being wasted due to incompetence and/or corruption, measures to improve procurement could save something in the region of USD 30-40 million per annum. It's clear that savings of this magnitude provide an opportunity for Governments to increase the buying power of the budget with corresponding improvements in the level and quality of public service delivery to citizens or, in times of economic stress, support cost savings and budget reduction whilst maximizing the impact of public expenditure.

However, many countries are finding that the contribution of public procurement goes beyond such savings and can in fact support delivery of Government policies in other areas. Public procurement is a stimulus for growth in the domestic and/or regional private sector as the government is one of the main clients of the private sector and thus hugely influences the way that business processes evolve within the country. Through sustainable public procurement, governments can lever public spending to promote economic, environmental and social policies in the country. For example, some countries, such as Kenya, have introduced initiatives to develop access of small and medium-sized enterprises (SMEs) to the public procurement market. "Green" procurement is an area of focus for other countries, for example a piloting project in Mauritius, looking at how public procurement is being used to support development of environmentally friendly products.

Clearly then, **procurement is strategically important** and the argument for Governments to invest in improving their public procurement systems is compelling. However, experience shows that technical fixes alone do not lead to sustainable transformation of public procurement systems. Public procurement is not only an integral part of public financial management, but is also intimately linked to

¹ OECD-DAC Task Force on Procurement: The Strategic Importance of Procurement 2011 and Bandiera, Prat and Valletti (2009, American Economic Review)

wider Public Sector reforms which in turn are deeply political.² This publication is intended to provide practical guidelines to navigate these processes, but there are a number of trends worth highlighting.

Value for Money is often described as being the balance of economy, efficiency and effectiveness and many countries are now recognizing that it has a strategic element that goes beyond the narrow focus of cost or cost versus quality related to an individual procurement case. Rather the optimal definition of value for money will depend on the strategic goals and outcomes specific to each government (or public sector organisation). For instance some may put more weight on the overall importance of “buying green” or supporting the development of SMEs compared to the weight of an individual transaction cost in calculating the overall value for money.

Professionalism: Procurement has often been viewed as an administrative function, but the evidence suggests that investing in professionalism in procurement and emphasizing not only compliance to the rule of law, but also market and organisational knowledge as well as ethical standards, can be extremely effective in terms of improving procurement.³ The Government of Bhutan, recognizing that the desired improvement in procurement outcomes was dependent on the performance of those conducting procurement, has invested in professionalizing public procurement. The approach they have introduced goes beyond compliance to develop professional procurement competence and continuing professional development.

Electronic Government Procurement (e-GP) is a tool that, when applied appropriately, can facilitate tremendous improvements in terms of efficiency and effectiveness in procurement. Many countries are now using web-based technology to improve access to procurement information - an inexpensive but highly effective means to increase transparency and competition. Other countries are applying much more sophisticated approaches. For instance the Government of Panama achieved savings of over USD 20 million per year for fuel directly resulting from the e-GP system which allowed them to consolidate demand, transparently solicit competitive bids, and facilitate use of purchasing cards. In another example, in 2010 contract prices were 11% below cost estimates in Indonesia as a result of introduction of e-GP.⁴

Performance Management: Most countries are now looking at implementing systems to measure the performance of the procurement system allowing them to demonstrate improvements as well as driving the ongoing implementation of reforms. As an example, Tanzania has introduced a Procurement Management Information System which, as well as providing data on performance improvements, informs strategic decisions relating to the direction of future initiatives. Moreover, the performance management systems itself also contributes to the improvements by communicating what is expected and providing a motivating factor. In terms of the indicators the performance of local government entities has improved from 40% to 66% over the last 3 years and from 43% to 74% for central government entities.⁵

In summary, when the fundamental procurement principles of fairness, integrity and transparency through competition are combined with operational efficiency and effectiveness, reduced corruption and increased professionalism, the result is greater value for money and improved public service delivery.

² Strengthening Procurement Systems: Results and Opportunities, OECD-DAC 2011

³ Strategic Importance of Procurement, OECD-DAC Task Force on Procurement, 2011

⁴ Strengthening Procurement Systems: Results and Opportunities, OECD-DAC 2011

⁵ Strengthening Procurement Systems: Results and Opportunities, OECD-DAC 2011

With this in mind in 2003 a unique partnership between the OECD/DAC and the World Bank led to the creation of the Procurement Roundtable, a partnership that quickly grew to include all interested bi-lateral donor organisations, multi-lateral development banks, United Nations organisations and representatives from partner countries. The focus of the Procurement Roundtable (later called the Joint Venture) was on strengthening procurement capacities in developing countries. The Roundtable prepared a publication entitled “Strengthening Procurement Capacities in Developing Countries (Volume 3 of the DAC Guidelines and Reference Series on Harmonizing Donor Practices for Effective Aid Delivery)”. This publication included three good practice papers:

- Mainstreaming and Strengthening Public Procurement;
- Procurement Capacity Development; and
- Benchmarking, Monitoring and Evaluation.

These documents remain relevant today and prepared the foundation for the subsequent work of the Roundtable and its successor organisations, the Joint Venture on Procurement and the current Task Force on Procurement, operating under the chapeau of the Working Party on Aid Effectiveness (WP-EFF) and the Global Country Systems Cluster. This work has produced a range of publications, products and tools in addition to hosting annual workshops that bring participants together to share country experiences, discuss issues of common interest and introduce new tools that support the development of capacity and improved procurement systems.

Subsequent publications prepared by this group include:

- The Methodology for Assessment of Procurement Systems (MAPS);
- Compendium of Country Examples on Sharing experiences for Applying MAPS;
- Strengthening Country Procurement Systems: Results and Opportunities.

This Practical Guide to Transforming Procurement Systems builds on, and is complementary to, these other publications. It is intended to provide practical guidance on how to manage a procurement reform, modernisation and/or capacity development process whether at the national, sector or entity level. As well as providing guidance, it provides links to many existing resources that can be used and adapted in support of these processes.

A fundamental principle of this Guide is that "procurement transformation" is essentially an internally driven process which responds to many factors both internally and externally generated. Therefore the Guide is **targeted at those leading change in their own countries or organisations**. However, it will also be relevant for others who provide support including donors, development partners and consultants. The Guide is flexible; intended to be relevant to all countries no matter the stage of development or level of maturity of the procurement system.

The Guide is structured around a process of assessment, strategic planning and implementation, and includes focused guidance on country context, national procurement systems, sectors, entities and individuals. The Guide is designed to be easy to use for those seeking guidance only on part of the process, such as assessment, or those focused on a particular tier, such as a national procurement system. Where relevant, each Chapter provides information on existing tools that can be used or adapted, as well as lists of other useful resources. Finally it provides a number of Annexes with various practical worksheets and tools.

CHAPTER 2: CONCEPTUAL FRAMEWORK

While this is primarily a practical guide, it's important to start out by describing the fundamental concepts that underpin the approach presented. Terms such as reform, modernisation, capacity building or development and change management are frequently used and confused. "Transformation" as used in this guide is an umbrella to encompass all these concepts. **Transformation is defined as "a marked change or alteration, usually for the better"**.

The sister publication "Strengthening Country Procurement Systems: Results and Opportunities"⁶ provides an overview of procurement transformations over the last decade illustrated by a number of country cases. From these we can conclude that, if "Procurement Reform" and "Modernisation" describe the "**what**" of the transformation process, the "**how**" is increasingly influenced by practices and approaches that are often described by the terms "Capacity Development" and/or "Change Management".

2.1 Procurement Reform

Procurement Reform often involves a political dimension where government leaders consider linkages, sequencing, dependencies and synergies between other components of the public sector reform process. Procurement reforms are increasingly being described in terms of "**first**" and "**second**" **generation reforms**. First generation reforms have typically encompassed a package that includes legal and regulatory reforms, reform of institutional and organisational frameworks and training procurement officials and other stakeholders on the new arrangements. Second generation reforms often include initiatives aimed at upholding the integrity of the system and also related to the introduction of electronic Government Procurement (e-GP), professionalization of procurement, performance management, the links to other public sector reforms, the roles of stakeholders and, in some cases, the role of procurement in supporting or contributing to government social and fiscal policy objectives. The evidence also shows that these second generation reforms are being combined with a conscious and strategic focus on the "how".

2.2 Procurement Modernisation

The term Procurement Modernisation is increasingly being used bringing with it the idea of a process of continuous and ongoing improvements. Modernisation also brings with it the idea that improvements are based on the experiences and lessons from other countries.

2.3 Capacity Development

The terms capacity development or capacity building are sometimes understood as being limited to the training of individuals, but the concept is much broader and includes organisation/institutional and societal elements. A number of definitions exist, but most are similar to the OECD/DAC definitions of **capacity** as "*The ability of people, organizations and society as a whole to manage successfully their own affairs*" and **capacity development** as "*Processes whereby people, organizations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time.*" These definitions emphasise three important concepts:

- To be successful it needs to be an internally driven process.

⁶ OECD-DAC Procurement Task Force 2011

- The focus is country-specific and multi-tiered, ranging all the way from society through its institutions down to the individual level; and
- The process of capacity development is much broader and more complex than just “strengthening”, but also includes “unleashing”, conserving”, “creating”, “adapting”, “sustaining” and “maintaining”.

More specifically, public procurement takes place within the overall country context which includes political and economic interests, incentives, values and ideas together with formal and informal institutions, many of which are not specifically focused on procurement but both influence and are influenced by it. The national procurement system provides the overall framework within which procurement takes place within the country. Procurement is typically conducted within entities (both national and sub-national) and sectors, each with their own interests, incentives, values, cultures, formal and informal structures. Individuals are the backbone of all these tiers, not only those working within the public sector, but citizens as well as those in the private sector. All these elements form a complex system.

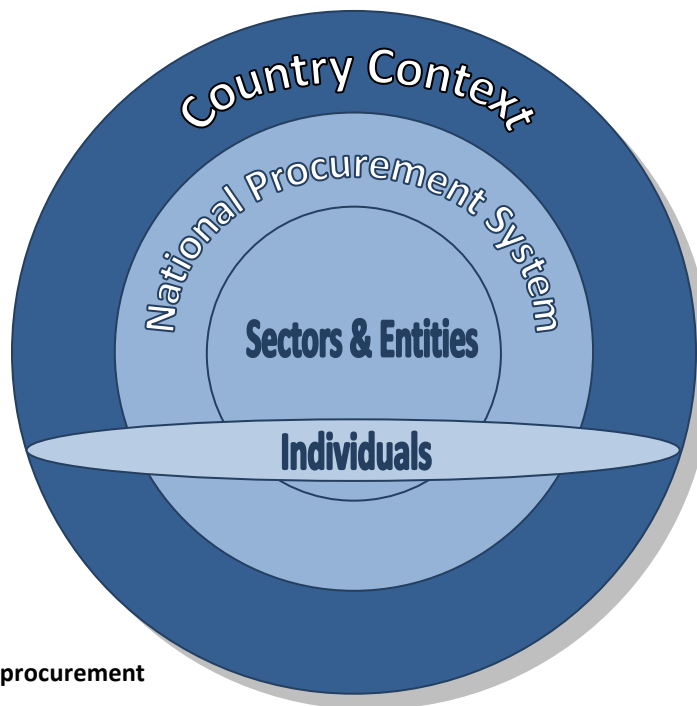


Figure 1: Tiers of procurement

The following **ten principles for capacity development** are not prescriptive but provide a good starting point for adapting and applying a comprehensive approach.⁷

⁷ UNDP: Ownership, Leadership and Transformation, NY (2003)



Principles for capacity development

<p>1. Don't rush. Capacity development is a long-term process. It is not amenable to delivery pressures, quick fixes and short-term results seeking. Engagement for capacity development needs to have a long term horizon and be reliable.</p>	<p>6. Establish positive incentives. Distortions in public sector employment are major obstacles to capacity development. Ulterior motives and perverse incentives need to be aligned with the objective of capacity development. Governance systems respectful of fundamental rights are a powerful incentive.</p>
<p>2. Respect the value systems and foster self-esteem. The imposition of alien values can undermine confidence. Capacity development requires respect. Self-esteem is at the root of capacity and empowerment.</p>	<p>7. Integrate external inputs into national priorities, processes and systems. External inputs need to correspond to real demand and need to be flexible to respond effectively to national needs and possibilities.</p>
<p>3. Scan locally and globally: reinvent locally. There are no blueprints. Capacity development means learning. Learning is a voluntary process that requires genuine commitment and interest. Knowledge transfer is no longer seen as the relevant modality. Knowledge needs to be acquired.</p>	<p>8. Build on existing capacities rather than creating new ones. This implies the use of national expertise as prime option, resuscitation and strengthening of national institutions, and protecting social and cultural capital.</p>
<p>4. Challenge mindsets and power differentials. Capacity development is not power neutral and challenging vested interests is difficult. Frank dialogue and moving from closed curtains to a collective culture of transparency is essential to promote a positive dynamic for overcoming them.</p>	<p>9. Stay engaged under difficult circumstances. The weaker the capacity is, the greater the need. Weak capacities are not an argument for withdrawal or for driving external agendas.</p>
<p>5. Think and act in terms of sustainable capacity outcomes. Capacity is at the core of development. Any course of action needs to promote this end. Responsible leaders can inspire their institutions and societies to work effectively towards capacity development.</p>	<p>10. Remain accountable to ultimate beneficiaries. Any responsible government is answerable to its people, and should foster transparency as the foremost instrument of public accountability.</p>

2.4 Change management

Procurement transformation clearly involves change; and there is a growing body of knowledge and experience relating to the management of change. Typically definitions of change management refer to processes and approaches used to bring out organisational change with particular focus on the human perspective.

Figure 1 above illustrates clearly that transformation of procurement involves transforming the behavior of individuals. Change management models and approaches can be useful in addressing this aspect and also in recognizing that failure to do so can be one of the biggest impediments to the successful

implementation of a procurement transformation. Some of the main reasons emerging from research as to why change projects fail include:⁸

- Lack of clear ownership and commitment at appropriate levels in the organisation.
- Lack of a clear and powerful vision for what the outcome of the change initiative would be, or where it does exist, failure to communicate that vision and lack of clarity about what is required in terms of “new” behaviors and approaches that is consistent with the new vision.
- No link to the core objectives of the organisation i.e. a lack of a clear link between the change initiative and the organisation’s key strategic priorities including agreed measures of success.
- No sense of urgency (no burning platform for change), or the initiative was not given any serious priority so was under-resourced and everyone had their normal jobs to do at the same time.
- Not removing obstacles to change (which also signals that there is not really that much commitment to the change).
- Failure to create quick wins and no follow through e.g. neglecting to anchor the change securely in the organisational culture as “the way we do things”.
- Lack of effective engagement with stakeholders.
- Lack of skills and proven approach to project and risk management e.g. no single point of responsibility and too little attention to breaking the initiative into manageable steps.
- Lack of follow through e.g. not finished, overtaken by the next initiative, lack of budget.

A number of change management models exist that aim to take a structured approach to addressing these issues. This Guide takes a practical approach to procurement transformation that incorporates aspects relating to reform, capacity development and change management.

2.4.1 Transformation Process

Transforming procurement is not a one off intervention but an ongoing cyclical process. This Guide has been structured around this process with the following steps.

1. Procurement Assessment
2. Strategic Planning
3. Implementation

This is an ongoing process since experience shows that once procurement systems reach a certain level of maturity, the desire and need to implement further improvements arises.

⁸ The Improvement and Development Agency, Communities and Local Government and the London Borough of Lambeth: Managing for Significant Change (2007)




Figure 2: Transformation Process

It's important to conduct an **assessment at the start of any transformation process in order to clarify the objectives**, identify the current situation and, not least, to identify and engage stakeholders in the process. Chapter 3 covers the assessment stage providing a number of steps including identifying and engaging stakeholders, scoping, designing and planning the assessment, conducting the assessment and then analyzing the findings. In addition to presenting practical guidelines for each of these steps, the Guide will go into more detail regarding conducting assessments specifically relating to country context, national procurement system, sectors and procuring entities and individuals. However, it's an underlying assumption that conducting an assessment at one of these tiers will require some "zooming out or in" to other tiers. For example an assessment focused on a particular procuring entity will require consideration of aspects of the country context and the national procurement system, as well as the individuals that work within the entity.

The findings of the assessment inform the **strategic planning process** which is covered in Chapter 4 including design of the initiatives and activities that will contribute to achieving the objectives and goals of the transformation process and turning this into an implementable plan.

Chapter 5 provides guidance on how the **implementation** phase can be organised to ensure timely and effective implementation of the action plan.

The document is structured so as to make it easy to use for those seeking guidance on only parts of this process e.g. assessment, or those seeking guidance on an entire process focused on a particular tier e.g. assessment, strategic planning and implementation relating to a national procurement system. The matrix below illustrates which Chapter(s) provides guidance relating to each process step, tier and/or combination. It will be repeated at the start of each Chapter highlighting the content of that Chapter.

	Assessment	Strategic Planning	Implementation
Country Context	Chapter 3.1 & 3.2	Chapter 4	Chapter 5
National Procurement System	Chapter 3.1, 3.2 & 3.3		
Sector & Procuring Entity	Chapter 3.1, 3.2 & 3.4		
Individual	Chapter 3.1, 3.2 & 3.5		


Additional Resources

The following resources can provide additional information and guidance and can all be accessed on www.unpcdc.org.

 Resource	Description
Strengthening Country Procurement Systems: Results and Opportunities (forthcoming) OECD-DAC Procurement Task Force, 2011	Review of procurement reforms since 2003, including case stories.
Good Practice Paper on Capacity Development OECD-DAC Procurement Roundtable, 2005	Good practice guide to procurement capacity development.
Public Procurement Capacity Development Guide UNDP, 2010	Guide to procurement capacity development.
The Challenge of Capacity Development: Working Towards Good Practice OECD, 2006	Framework for capacity development.
Toolkit for Capacity Development European Commission, 2009	Practical guidelines for capacity development.
Change Management Toolkit Version 2 Adapted by the London Borough of Lambeth from the Change Management Toolkit first developed by Information Management Associates for the Peoples Network, 2007	Step by step toolkit for change management in public sector organisations.
Managing Significant Change Version 4 The Improvement and Development Agency (IDeA), Communities and Local Government (CLG) and the London Borough of Lambeth, 2007	Guide to change management in public sector organisations.

CHAPTER 3: PROCUREMENT ASSESSMENT

3.1 Approach

	Assessment	Strategic Planning	Implementation
Country Context	Chapter 3.1 & 3.2	Chapter 4	Chapter 5
National Procurement System	Chapter 3.1, 3.2 & 3.3		
Sector & Procuring Entity	Chapter 3.1, 3.2 & 3.4		
Individual	Chapter 3.1, 3.2 & 3.5		

As discussed in Chapter 2 it is important to start any transformation process, or new phase of a process, with an assessment in order to clarify the objectives, identify the current situation and, not least, to identify and engage stakeholders in the process. This section provides general guidelines that apply to assessments at any tier while following sections cover the specific details of assessments of the country context, national procurement system, sector and procurement entity and individual tiers.

The assessment process consists of a number of activities which are clustered under 4 headings: **Engage stakeholders; Design and Plan; Conduct; and Analyze Findings.**

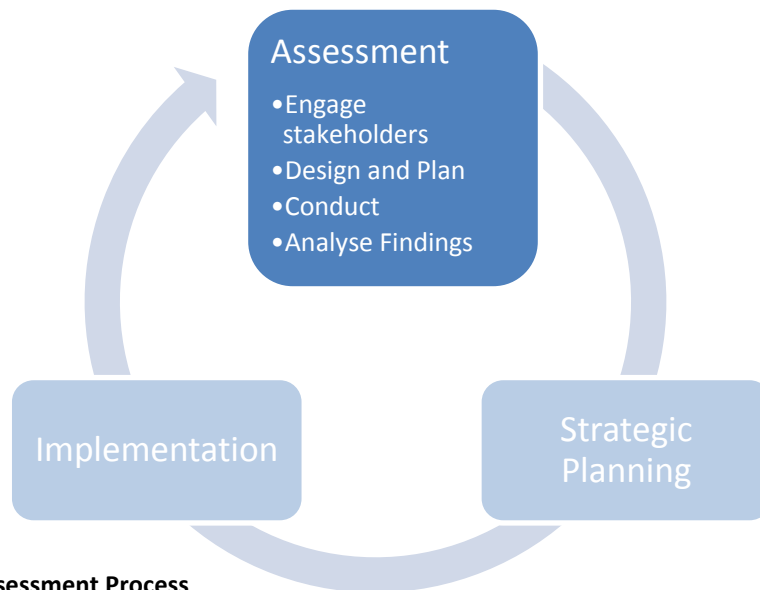


Figure 3: Assessment Process

3.1.1 Engage stakeholders

No matter how large or small a transformation process, it will have an impact on real people who have hopes, fears, needs, ambitions and worries which will, whether consciously or not, influence the way they understand and react to what happens around them. Those that are going to be influenced by the change, or who will have influence on it, therefore need to be engaged not only at the beginning, but throughout the process. People do not change their attitudes and behavior on command from others, therefore **successful change depends on actively and appropriately engaging them throughout a change process.**

Depending on the objectives and scope of the assessment (topics that are covered in more detail below), a wide range of different stakeholders may be affected with different levels of interest in and influence in the process. As noted in the previous Chapter, two of the main reasons change projects fail are lack of clear ownership and commitment at appropriate levels in the organisation and lack of stakeholder engagement. By engaging stakeholders at the very early stages of a reform or change process it is possible to create ownership and buy-in that will be critical when it comes to implementing changes further on. Moreover transformational leaders are a common feature of successful change processes. Such leaders can be found at all levels of organisations and institutions and across the various stakeholder groups and play a key role in “championing” the capacity development or reform program.

The level of engagement and participation of stakeholders should be appropriate to their expected role in the change process i.e. their level of interest and influence. There are various approaches and tools available to map and analyze stakeholders, but typically it involves a 4 step process:

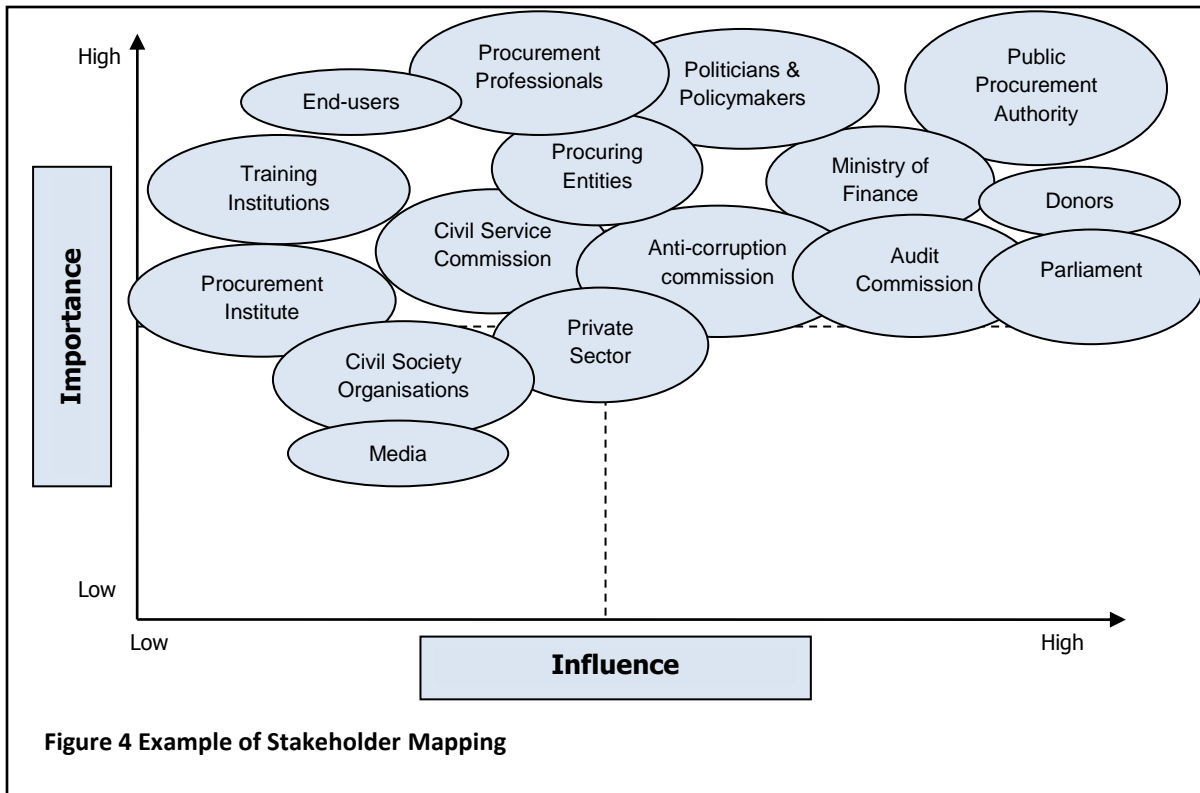
1. **Identify the stakeholders.** They will vary from situation to situation, but may include: national institutions such as the public procurement oversight organisation; ministry of finance; civil service commission; anticorruption commission; audit commission; training and education institutions; political social and economic leaders; procuring entities (ministries, districts, municipalities); departments within procuring entities including end-user departments; individual procurement staff and other officials engaged in the procurement process (accountants, engineers, project managers etc); professional procurement associations: the business community; civil society organisations; citizens: the media; donors and development partners.
2. **Analyze stakeholders.** The stakeholders can be mapped according to their relative influence and importance bearing in mind that this may vary at different stages of the transformation process. It can help to present the mapping visually using a matrix.



Country Case: Sierra Leone

Comprehensive and wide ranging stakeholder engagement has been a key feature of the procurement reform process in Sierra Leone since 2002. The initial kick off was a multi-stakeholder workshop to create a common understanding and generate an initial action plan. The Reform Steering Committee recognised that there were a number of stakeholders with vested interests in the procurement system and considered it essential that they were not only supporting, but driving the process. Different avenues were used to keep them engaged in the process including newsletters, manuals and workshops.

Source: Strengthening Country Procurement Systems: Results and Opportunities, OECD-DAC 2011



3. **Plan stakeholder communications:** There is no “one size fits all” approach: communications to the business community would not be the same as for individual procurement staff whose jobs are directly impacted (or maybe even threatened) by the process. The plan therefore needs to include a differentiated approach using different channels to engage different stakeholders and with different levels of active participation. Channels can include newsletters and bulletins, meetings, workshops and individual or group consultations. Depending on the stakeholder, the communication flow may be mainly or entirely one way i.e. keeping the stakeholder informed, or it may be a two-way communication with active involvement and input.
4. **Engage with your stakeholders:** Once the plan is in place it is important to follow through with it. It can be all too easy to get overwhelmed with the practical aspects of planning and conducting an assessment and the communications aspect gets put on the back burner, so it is important to include it in the work-plan along with other activities. It also needs to be revisited regularly as the influence and importance of different stakeholders will shift during the process.



Country Case: Senegal

The ultimate objectives of any reform process of the public procurement system are value for money and this is directly linked to the trust the private sector has in the system. In 2003, the government of Senegal decided to conduct an assessment of the procurement system with the full participation of all of the key stakeholders from the civil society and the private sector. Representatives from these sectors have been (i) sensitized during a national workshop aiming at informing these actors about the scope and practical details of the execution of the assessment, and (ii) actually involved through a Steering Committee responsible for conducting the assessment and monitoring the implementation of the recommendations following on. The modernization of the system has been successfully implemented and one of the most important strengths of Senegalese Public Procurement System is the existence of an independent and financially autonomous Public Procurement Regulatory Authority (ARMP) with a tripartite board of directors of equal representatives of civil servants, private sector and civil society, self-nominated by each sector, and empowered to regulate policy, carry out compliance audits (audits) and review complaints in procurement.

Source: African Development Bank, 2011

3.1.2 Designing and Planning Assessments

The decision to conduct an assessment is quite often the result of a perception that the procurement performance, stability and adaptability of one or more institutions need to be improved. Sometimes this is the result of a specific event, such as a scandal, but often it is part of an ongoing or continuous improvement program, an effort to strengthen systems for example as result of membership in regional groupings, to mitigate risks, or a spin-off of transformation initiatives in other parts of government. No matter the motivation, conducting an assessment can be a resource intensive exercise, both in terms of time and money. Experience shows that the investment made in the design and planning phase pays off later when it comes to conducting the assessment and implementing the strategy. There are a number of steps involved in designing and planning an assessment:

- Clarifying objectives
- Designing the assessment
- Planning the assessment.

Clarifying objectives:

The assessment exercise needs an **Assessment Owner - an individual whose role it is to manage and oversee the process**, facilitate the dialogue between different actors and stakeholders and ideally also be a lynchpin to the further strategic planning and implementation stages. If the Assessment Owner isn't immediately clear at the outset then (s)he needs to be identified as a very first step.

Regardless of where or why the initial impetus for the assessment arose, the overall objectives and expectations need to be clarified. It is a good idea to start with identifying overall high-level objectives for the assessment. Some guiding questions to assist this discussion could be:

- What is the purpose of the procurement assessment?

- Are priorities for the procurement assessment based on national, sector or organisational priorities?
- What are expectations regarding its output?
- Are these expectations realistic?

Discussions should result in identifying an overall high-level objective for the assessment exercise. Examples of such objectives could be:

- “To measure progress since earlier assessment exercises of the national procurement system and form baseline against which to measure future progress”.
- “To assess the current procurement capacity within the Ministry and prepare a plan to develop the necessary capacity to enable the Ministry to undertake procurement in a manner that provides value for money and that is in compliance with the applicable legal and regulatory framework and with international standards.”

It is important at this point to be clear as to what the assessment results are to be used for. A large proportion of assessments end up as documents in a bookshelf and are never looked at until the next round of assessment. If the assessment is to be used as a starting point for a reform or capacity development effort then it is a good idea to prepare the terms of reference for strategic planning and implementation already at this stage. Guidance on this can be found in Chapters 4 and 5.

The next stage is to identify the **scale and scope** of the assessment.

- **Whose capacities need to be assessed?** Will the assessment focus on the entire national procurement system, on one organisation or group of organisations, or on a sector? For example, the procurement capacity of a ministry, a municipality or district authority or an entire sector, such as the health sector? Will it focus on only the public service or on all stakeholders and actors that influence or interact with the procurement system? Will it focus on the procurement department and/or committees within an organisation, or on all departments that are involved in the procurement process such as end-user departments and finance?
- **What capacities need to be assessed?** Is it the capacity of the entire national procurement system to meet international standards? Or is it the capacity within an organisation to manage one particular type of procurement, for example, pharmaceuticals? Or to manage one part of the procurement process, for example contract management?

There is a tendency to want to measure the whole spectrum of capacities, but if an assessment is to be conducted in a time and cost effective way, then it makes sense to narrow the focus using the above questions.

At this point in the exercise it is also necessary to consider where the resources are going to come from (in terms of time, human resources and money), not only for the assessment exercise (guidance on costing an assessment is provided below), but also the subsequent strategic plan and its implementation. If the resources are not available in the regular budget or readily available from other sources, then a plan needs to be made to **mobilise resources** or to adjust the scope and scale of the assessment to make it more realistic. Currently the environment in many countries is very conducive to mobilizing resources towards improvements in public procurement both from government and the donor community thanks to the global focus on development effectiveness.

Designing the assessment:

With the scale and scope of the assessment established, the next stage is to figure out **how** these capacities will be assessed. In some cases it may be necessary to develop an assessment framework from scratch but this can be complex and time-consuming. Generally the most practical solution is to use an existing framework, adapting it if necessary. Sections 3.2 to 3.5 provide detailed information depending on whether the focus of the assessment is on the Country Context, National Procurement System, Entities and Sector or Individual, or indeed a combination. Most assessment frameworks consist of a series of indicators, often with ranking schemes included.



Adapting Assessment Tools:

The following Chapters include details of existing tools that can be adapted particularly for assessments. Key points to consider when adapting existing tools include:

- Be clear about the objectives of the assessment – whose capacities, what capacities and for what purpose?
- Review existing tools to identify those that most closely match the objectives. The tables in this guide provide a brief summary of the tool as well as a hyperlink to make it easy to review. In addition, it can be helpful to enquire within your network and collect experiences/tools from others who have conducted similar assessments.
- Don't be confined to using just one tool – it may be more appropriate to combine a couple of different tools e.g. one that looks at context and one that looks at more technical aspects.
- Once you have identified the tool(s) you wish to adapt review it(them) considering the following questions:
 - Which indicators are appropriate as they currently are?
 - Which indicators need adjustment? In what way?
 - Are there indicators which are not relevant in this context?
 - Are there areas that need to be assessed that are not covered in the tool?
 - Is the scoring approach appropriate?
 - How is data going to be collected?

The level of work involved in adapting an existing tool will vary. In some cases it will be possible to use a tool as it is e.g. the MAPS tool (see Chapter 3.3) can usually be applied in its existing form. In other cases it may be more appropriate to develop a new framework using the existing tools as inspiration for preparation of indicators. Often it will be somewhere between these two extremes.

Involving **stakeholders** in the design phases can ensure that the process is well adapted to the actual needs and that the results will be relevant and useful. However it also provides an opportunity to reinforce stakeholder commitment to the results and can provide an opportunity to develop their capacities. Last, but not least, engagement with stakeholders can ensure that the process is well integrated with other processes that are taking place.

Planning the assessment:

Some of the issues that need to be considered when planning an assessment include **who** is going to conduct the assessment and **how** it is going to be conducted. [Annex 1](#) provides a sample Terms of Reference for conducting an assessment that can be adapted as necessary. The size of an **assessment**

team will depend on the scale and scope of the assessment as well as the resources available. Some small assessments can be conducted by a single individual, while for a complex assessment a whole team may be needed, potentially even incorporating sub-teams, particularly if data needs to be collected from various regions or districts. There are various **roles** needed in an assessment team though each role does not need to be performed by a different person (e.g. one person could play the role of both facilitator and procurement expert.). Examples of different roles are described in the box. Deciding on the members of an assessment team is partly about identifying individuals with the knowledge and skills to perform these roles, but there are other factors which influence whether the ideal assessment team composition consists of internal staff or external experts in the form of local or international consultants:

- **Capacity:** Are there internal staff with the skills to fulfill these roles? Participating in an assessment is also an opportunity to develop the capacity of internal staff which also needs to be considered.
- **Resources:** Using internal staff will often be cheaper, but they need to have the time and be released from their normal duties for the duration of the assessment. It is unrealistic to expect that staff can actively participate in undertaking the assessment on top of conducting their regular job.
- **Sensitivity & objectivity:** In some instances it can be easier for external consultants to ask difficult questions; to get open responses without fear of repercussions; to bring out different perspectives and also draw on experiences from elsewhere (whether national or international). On the other hand they will have less understanding of the local environment.

An effective solution can be to have a team that includes both staff and external (national and/or international) consultants.

A regardless of the size and scope of the assessment a **work plan** should be drawn up for the assessment detailing the outputs to be achieved, activities, due dates and roles and responsibilities. This work plan provides the basis for estimating the costs of the assessment. Designing and costing a capacity assessment may evolve into an iterative process that balances design and budget. Potential costs to include in the assessment budget are:

- Salaries of staff involved in the assessment
- Consultant costs
- Renting locations for meetings and workshops
- Stationery
- Travel expenses
- Reproduction of materials
- Costs for conducting surveys or other data collection.



Assessment Team Roles:

Facilitator: to manage the process and facilitate discussions on the design and conduct of the assessment, as well as the analysis of results.

Context Expert: familiar with the political and socio-economic environment in which the assessment is being conducted.

Procurement Expert: With procurement knowledge relevant for the assessment. Depending on the context, this may need to include sector-specific procurement experience or experts in cross cutting issues such as legal or audit.

Administration & logistics: Making appointments and taking care of administrative tasks related to the assessment.

3.1.3 Conducting Assessments

Data collection

In principle the decision about **what data** should be collected will be driven by the assessment framework. In practice it will also be driven by what information is available. A simple worksheet can be developed listing the indicators to be assessed and the sources of data to inform the assessment team sufficiently. A sample data collection worksheet is attached as [Annex 2](#).

Possible **methods to collect data** include:

- Review of documents such as laws, regulations, procedures manuals, organisation charts, monitoring reports (including annual reports and audit reports).
- Interviews.
- Focus group discussions.
- Questionnaires.
- Client satisfaction surveys and scorecards.
- Workshops.
- Self-assessment instruments.
- Web based assessment tools and templates.
- Review of case files and records (based on checklists).

Each approach has advantages and disadvantages. For example, interviews can provide useful information on perceptions and underlying reasons, while review of case files can reveal how things are actually done in practice. Self-assessment instruments are a good way of unveiling perceptions and attitudes which is important for understanding root causes and aspects relating to the informal structures in place. Web based assessment tools can increase accessibility and levels of participation.



During an assessment both **quantitative** and **qualitative** data can be collected. Both have pros and cons so usually it is ideal to include both. Quantitative data includes specific, measurable, numerical or statistical data such as spend data, or a measure of the frequency of an occurrence.

Qualitative data is descriptive and provides breadth and depth and allows the underlying reasons and root causes of capacity deficits or constraints to be explored and to ensure that wrong assumptions about the reasons for a gap are not made.

Formulating precise questions is essential to ensure the data collected is meaningful, but also to reduce the amount of data and information to be collected. When deciding on the approach to collection and analysis, it is useful to reflect on the purpose of the assessment. The following questions can be useful in this process:

- How important is hard quantitative evidence, as opposed to softer qualitative information?
- How important is it to use data and information collection as a learning experience?
- What are the benefits of using a third party to collect data and information e.g. is objectivity important?
- To what extent is it necessary to compare data and information over time or across entities or as a measure of change?

- Is the purpose of data and information collection to emphasise strengths and opportunities that can be built upon? Or is it to focus on gaps and constraints?
- If focusing on gaps and constraints, how is it possible to pinpoint the underlying reasons (root causes) for the gaps and constraints?

The size of **data samples** is also a key consideration. Large amounts of data can be expensive to collect if it involves a number of different ministries, municipalities or provinces or reviewing a huge number of case files. In addition, collecting a wealth of information is pointless if there is not enough capacity to analyze and interpret the findings or if it will not lead to actionable results. **As a general rule it is better to collect the smallest amount of input needed to draw valid conclusions.** This will maximise cost effectiveness and avoid unnecessary complications when analyzing the findings.

Stakeholder engagement

During the data collection phase of an assessment, various stakeholders will typically participate through interviews, workshops, surveys etc. and if there are groups of stakeholders who are resistant or feeling threatened by the assessment this may influence the information they are prepared to provide or the responses they give in interviews or surveys. Therefore plan the communications and information that is provided, as well as the way that data is collected, to take these kinds of reactions into consideration. This can be done by taking care to explain how the assessment results will be used (e.g. whether they are only to support internal improvements or if comparisons will be made to other departments or entities) and to remind participants that the assessment is not an individual performance review or audit. Where possible, harness the engagement of supportive stakeholders by finding ways to engage them actively in the assessment process.

Practical Aspects

There are many tasks that need to be effectively and realistically planned and coordinated when conducting an assessment including:

- Assigning roles and tasks among assessment team members.
- Conducting a literature review to collect related and relevant assessments and documents and reviewing these documents.
- Preparing interview guides, questionnaires, and worksheets.
- Using web based solutions where appropriate.
- Planning/booking meetings, interviews and workshops.
- Travelling to/between appointments.



Validation

In many situations it can be a good idea to organise a process of validation before finalising the assessment results. As well as providing an opportunity to validate the findings and/or identify and correct mistakes and misunderstandings, more importantly it provides an opportunity to share information and ensure buy-in and commitment from stakeholders, which is important for the future implementation of the strategic plan. Usually this would be done in a workshop, though sometimes it can be a good idea to organise separate workshops for different stakeholder groups to ensure open discussion. During the workshop(s), the preliminary findings can be presented and stakeholders invited to express their views. Usually this will increase trust among them and increase the credibility of the exercise.

- Conducting meetings, interviews and workshops.
- Sharing and discussing preliminary findings within the assessment team.
- Compiling data.
- Preparing reports.

Make sure enough time is allocated for all activities and the work plan is realistic taking into account other demands and making an effort to avoid assessment fatigue. Also ensure that meetings are scheduled in a purposeful and timely way, involving the correct stakeholders.

3.1.4 Analyse Findings

Once the necessary data and information has been collected, usually from multiple sources, the assessment team will compile, summarise and interpret the results. The assessment team may find that the data and information gathered from different sources is incomplete or provides conflicting insights, especially with self-assessments and qualitative data, since individual perceptions are influenced by many factors. It is therefore important, regardless of the type of data and information collected, to get a variety of perspectives and take into account different points of view when formulating the assessment summary. Sometimes further exploration of specific areas in question may be required, particularly those that have elicited differing or even conflicting responses, through additional assessment or informal discussion with key stakeholders.

The analysis should focus on identifying trends, cross cutting issues and common bottlenecks as well as analyzing gaps and their root causes. Once there is broad agreement on the findings of the assessment, the final report can be prepared. Typically an assessment report would include:

- An introduction and background
- An executive summary
- A description of the approach
- A presentation of the country context
- An overview of the findings, including the emerging trends and issues (detailed data can be included in Annexes).

The assessment report would not normally include recommendations for future actions or strategies. Chapter 4 describes how to use the assessment findings to prepare strategic plans.



Options for a “quick” assessment

While it is recommended to follow all the steps presented here, in some cases it may be desirable to simplify the process, for example, when the focus of the assessment is very clear, or when there are constraints in terms of time or capacity.

1. Engage Stakeholders:

- Don't be tempted to skip this stage as it will probably lead to delays later in the process. However, in many cases the key stakeholders will already be known and engaged. Rather than going through a formal mapping process, it will be possible to involve them in the assessment by, for example, inviting them to a meeting or sending regular communications to keep them updated.

2. Designing Assessments:

- Defining the objectives of the assessment is perhaps even more important for a quick assessment in order to provide focus. The key issues to consider are whose capacities are to be assessed, what capacities and for what purpose. It is important to keep the focus as narrow as possible.
- For a quick assessment it obviously makes sense to use an existing assessment tool and to keep adaption to a minimum.


3. Planning and Conducting

- The workplan doesn't need to be a full-blown project plan, but consideration needs to be given to who is going to conduct the assessment and how it is going to be resourced. Using an experienced person (either an internal person or a person within the network with experience, or an external consultant) can be solutions depending on resources available. [Annex 1](#) provides a sample Terms of Reference for an Assessment that can be adapted.
- When collecting data focus on quality over quantity. Consider how to collect the best data with the minimum effort e.g. well planned workshops can be more effective than many individual interviews, or select smaller but representative samples and consider the use of web based solutions for greater efficiency.

In summary, when the situation demands a “quick assessment”, it makes sense to still invest in stakeholder engagement, and the design and planning of the assessment. This will save time and efforts in the actual conducting of the assessment.


Additional Resources

The following resources can provide additional information and guidance and can all be accessed on www.unpcdc.org.

 Resource	Description
Compendium of Country Examples and Lessons Learned from Applying the Methodology for Assessment of National Procurement Systems OECD-DAC, 2008	Guidance on conducting procurement assessments drawing on country experiences.
Public Procurement Capacity Development Guide UNDP, 2010	Guide to conducting procurement capacity assessments and preparing capacity development plans.
Toolkit for Capacity Development Tool 4: Mapping Sector and Governance Actors and 5b: Actor Assessment Matrix European Commission, 2009	Stakeholder mapping tools.
Change Management Toolkit Version 2 Adapted by the London Borough of Lambeth from the Change Management Toolkit first developed by Information Management Associates for the Peoples Network, 2007	Step by step toolkit for change management in public sector organisations.
Managing Significant Change Version 4 The Improvement and Development Agency (IDeA), Communities and Local Government (CLG) and the London Borough of Lambeth, 2007	Guide to change management in public sector organisations.
Strengthening Country Procurement Systems: Results and Opportunities (forthcoming) OECD-DAC Procurement Task Force, 2011	Review of procurement reforms since 2003, including case stories.
Capacity Assessment Practice Note UNDP, 2008	A guide to capacity assessment.

3.2 country context

“The context matters for capacity development. It sets the stage on which actors pursue their interests and agendas – both of which are affected by change processes. And capacity development is change, in most cases producing winners and losers and reconfiguring the balance of influence and power in and between individuals, organisations and groups of organisations.”⁹

 Country Context	Assessment	Strategic Planning	Implementation
Country Context	Chapter 3.1 & 3.2	Chapter 4	Chapter 5
National Procurement System	Chapter 3.1, 3.2 & 3.3		
Sector & Procuring Entity	Chapter 3.1, 3.2 & 3.4		
Individual	Chapter 3.1, 3.2 & 3.5		

3.2.1 Introduction

Key messages coming out of a review of progress in reforming procurement systems¹⁰ are that technical fixes alone have not led to hoped-for sustainable improvements in the performance of public procurement systems. On the contrary, many countries have found that despite having put good quality legal, regulatory and formal institutional frameworks for public procurement in place, improvements in procurement practice and performance remain elusive. Increasingly there is a recognition that if existing and future reforms are to be successful then contextual issues need to be included in assessments and considered when designing and implementing transformation processes. While it is unlikely that a procurement assessment would focus only on the country context tier, it is recommended that any procurement assessment whether focused on the national, sector, entity or individual level include an assessment of the context to the extent appropriate according to the scale and scope.

3.2.2 What is meant by country context?

The term country context is also sometimes referred to as the (enabling) environment or the political economy and it also includes aspects of change management. For the purposes of this guide, Country Context is being used as an umbrella term to include all these concepts.

The OECD-DAC Perspectives Note: The Enabling Environment for Capacity Development¹¹ provides a comprehensive overview of country context which is recommended for further reading. The following provides a summary, adapted for relevance to public procurement.

Procurement systems are not static and do not exist in a vacuum. While there are generally accepted principles for what constitutes “good” public procurement, a procurement system operates within a complex web of governance and public sector, society, local, national, regional and global markets etc..

⁹ Perspectives Note: The Enabling Environment for Capacity Development, OECD-DAC 2011

¹⁰ Strengthening Procurement System: Results and Opportunities, OECD-DAC 2011

¹¹ Perspectives Note: The Enabling Environment for Capacity Development, OECD-DAC 2011

These factors have influence on the public procurement system, just as changes in a public procurement system will influence them. The following aspects of the country context which will be elaborated further below:

- The strength of society, state and the economy
- Formal and informal institutions
- Stakeholder interests and politics.

The strength of society, state and the economy

Countries vary hugely in terms of geography, economy, politics and history including state formation processes. A quick comparison of key indicators from some of the countries featured in the publication *Strengthening Procurement System: Results and Opportunities*¹² illustrates this diversity (see figure 5).

Clearly whether a country has a population of 0.7 million (Bhutan) or 230 million (Indonesia) will have implications for procurement transformation, as will whether it has a GDP of almost USD 1.6 trillion (Brazil) or USD 1.3 million (Bhutan) or whether the Government spends USD 1,600 per capita (Brazil) or USD 19 per capita (Sierra Leone) on goods, services and government salaries. Countries currently or recently affected by conflict such as Sierra Leone or Afghanistan will have different issues to contend with in a procurement transformation than countries with a long history of peace and stability, while a landlocked country such as Malawi will have different issues affecting procurement than say, Indonesia which is made up of more than 17,000 islands.

Formal and informal institutions

Here institutions are not defined as “organisations” but as resilient social structures, in other words the rules, beliefs and norms held in a society (or by different groups of society) some of which are formal e.g. procurement procedures, and some of which are informal e.g. cultural norms. These relate to how people behave in organisations, for example in relation to superiors and colleagues, and how people behave in communities and families e.g. how gender or age accord different positions to men and women or younger and older people¹³.

When talking about public procurement, a significant aspect may be the norms that set the obligations of an individual to family and kin, which in many societies override obligations to serve the public in general or the obligation not to abuse public office for “private” gain. While this may be a socially legitimate and expected behavior in the country context, it can be contrary to “international standards”. Another aspect may be that the norm of obeying orders from superiors is stronger than the requirement



Country Case: Albania

In the period 1995 to 2006 the Government of Albania implemented numerous legal and institutional procurement reforms as a result of pressure from external partners. Yet during this period there was little improvement in the operation of public procurement in the country. In 2006, however, Albania signed a Stabilization and Association Agreement with the European Union (EU) which included a commitment to move towards approximation with the EU Procurement Directives as part of the obligations towards acceptance into the EU. The political will unleashed by the goal of EU membership resulted in implementation of a number of initiatives that resulted in considerable measurable improvements in the performance of the procurement system in a short period of time.

Source: Strengthening Procurement Systems: Results and Opportunities, OECD-DAC, 2011

¹² Strengthening Procurement Systems: Results and Opportunities, OECD-DAC, 2011

¹³ Perspectives Note: The Enabling Environment for Capacity Development, OECD-DAC 2011

to comply with formal procedures, or simply the way procurement is perceived as a profession (or not) in public service.

The challenge is that while it is fairly easy to adjust formal institutions, informal institutions are resilient to change. Initiatives to impose so-called international good practice that don't take these contextual aspects into consideration are unlikely to succeed.

2009	Approx Population (millions)	GDP (USD millions)	GDP per capita (USD millions)	General government final consumption expenditure (goods, services & salaries) (% of GDP)	General government final consumption expenditure per capita (USD)
Afghanistan	30	10,624	354	10	35
Albania	3	11,834	3,773	10	394
Bangladesh	162	89,378	608	5	27
Bhutan	0.7	1,265	1,772	22	398
Brazil	193	1,571,979	8,251	20	1,629
Ghana	24	15,619	1,098	19	124
Indonesia	230	540,277	2,272	3	70
Kenya	40	30,200	744	17	128
Malawi	15	4,975	327	13	43
Mauritius	1	8,865	6,951	15	1,330
Mongolia	3	4,584	1,690	15	225
Morocco	32	90,859	2,842	15	426
Panama	3	24,711	6,956	11	906
Philippines	92	160,476	1,836	11	192
Rwanda	10	5,064	510	10	51
Sierra Leone	6	1,942	323	14	19
Tanzania	44	21,623	503	16	79

Figure 5: Source selected [World Development Indicators for 2009, World Bank](#)

Stakeholder Interests and Politics

In Chapter 3.1 the role of stakeholders was discussed but it focused mainly on those with direct connections with the public procurement system. The macro political processes in a country will also have an impact on whether there is an environment that is likely to be conducive to or resistant to procurement reforms. Due to the large flows of money through the procurement system and the power that may be connected to that money, it is not unusual for powerful actors within the political system, government service and/or the private sector to have strong vested interests in the procurement system. Procurement is also an area that attracts the interest of external stakeholders, in particular

development partners and donors and the relationships between these actors and government can be complex.



Examples of procurement related challenges relating to the country context (see [Annex 3](#) for inspiration on solutions):

- The case evidence suggests that that one of the biggest challenges for procurement reform is how to address factors that lie outside of the area of “control” of public procurement authorities. This demands an unusually high level of **co-ordination capacity** since it depends not only on technical co-ordination skills but strong political skills. In many countries this challenge is compounded by the **uncoordinated support of multiple development partners** which may add to the co-ordination burden.
- In principle, public sector organizations, including procurement, should deliver because they are instructed to do so through the political and administrative system. However, the reality is that they tend not to that well, unless end-users (i.e. citizens) are somehow able to directly demand the services and provide feedback at local level e.g. school books, good quality roads, medicines etc. and hold the service providers accountable.
- **Corruption** in procurement (including bribery, favouritism, patronage systems and bid rigging) is a critical issue in many countries. This is particularly the case when the political and business elite are closely interwoven and the formal regulatory framework is weak compared to the informal mechanisms.
- **Political interference** in procurement processes is common in many countries as a result of strong vested interests and informal norms.
- Issues relating to implementing “**international standards**” or best practices in challenging environments e.g. small, fragile or conflict-affected states.
- Social and ethical norms that don’t match “international standards” e.g. norms of obligations to family and kin that command stronger loyalty and respect than for the state and formal laws and regulations.
- Lack of “**political will**” which can be the result of vested interests or lack of prioritisation can result in situations where leaders give lip-service to supporting reforms, but do not follow through in terms of resources, sanctions etc. This can be compounded by lack of political will in development partners e.g. not harmonising requirements or having a clear position on the levels of risk.
- Improving **conditions of service and remuneration** for those working in procurement is often cited as being important for procurement reform processes to be successful. However contextual issues make civil service and pay reform themselves an extremely complex and extended process.

3.2.3 Assessing the country context

Chapter 3.1 provides detailed guidance on conducting procurement assessments and that process should be applied when conducting an assessment of the country context.

There are a number of tools and approaches that can be adapted to conduct an assessment of the country context. Chapter 3.1 includes a box with tips on how to adapt tools to meet specific needs. Broadly speaking there are three different categories of approaches:

- **Country/macro level analysis** which seeks to understand the country context and to capture the overall governance situation. The analysis looks into the broad political economy environment in a country or a region and highlights potentially important factors such as the geopolitical context, important social divisions and the role of history.
- **Sector level analysis** aims to identify certain barriers of opportunities that are common in a particular sector including the incentives and constraints that influence stakeholders in that sector.
- **Problem-driven analysis** seeks to understand or resolve a particular problem.

Many of the tools that are available have been developed by donors or development organisations for their own purposes and therefore need adapting before they can be applied. Chapter 3.1 provides tips to facilitate this process. The scale and scope of the assessment to be conducted will help identify which tool(s) most closely fit the need prior to adaptation.

 Tool	Approach	Overview
Power Analysis (Swedish International Development Cooperation Agency)	Macro	Focus on understanding the nature and distribution of power by mapping the informal political landscape. Can be adapted for specific contexts and focus areas. The approach is mainly based on secondary research and desk studies but can be complemented by interviews and surveys. The information produced is largely qualitative.
Strategic Governance and Corruption Analysis (Netherlands' Ministry of Foreign Affairs)	Macro	Analyses the context for governance and anti-corruption focusing on formal and informal aspects in a given context. Draws on existing information and provides guidance on how to structure and analyze the information. Many similarities with the Drivers of Change approach.
Political Economy Analysis How to Note (United Kingdom Department for International Development)	Macro & Sector	Provides an overview of different tools and approaches and how they can be applied.
Analytical Framework for understanding the political economy of sectors and policy analysis (Overseas Development Institute)	Sector	Usually starts with a country analysis mapping the country context and thereafter defining the sector, its actors, organisations and institutions and the dynamics between them. This can be used to define objectives, and entry points.
Analyzing and addressing governance in sector operations (European	Sector	Starts with an analysis of the context of the sector governance followed by a mapping of the actors and their interests, power and incentives and thirdly an analysis of the governance and accountability relations between the key

Commission)		actors. This is then summarised showing the key features, key strengths and weaknesses and the major trends.
Problem Driven Analysis (World Bank)	Macro, Sector & Problem	<p>Analysis to understand or resolve a particular problem, rather than focusing on a broad overview e.g. analyzing the effects of a particular reform. Three layers comprise:</p> <ul style="list-style-type: none"> • What challenges exist: evidence of poor outcomes to which governance and political economy appear to contribute. • Associated institutional and governance arrangements and capacities e.g. mapping relevant branches of government and ministries, existing laws and regulations and policy processes. • Political economy drivers: why things are this way e.g. analysis of stakeholders, incentives and issues shaping positions and action. <p>Includes approaches for translating the analysis into action including choosing between trying to expand the space for change actively, or to choose activities within the existing room for maneuver.</p>
Toolkit for Capacity Development Tool 5: Political Economy and Stakeholder Analysis (European Commission)	Sector	A quick scanning of significant cross-sector factors, mostly linked to wider political economy factors, that are likely to enable and/or constrain the capacity and performance of sector organisations and the likely support for and resistance to capacity development and change from significant stakeholders.
Change Readiness (Learning Network on Capacity Development)	Macro, Sector & Problem	<p>To analyze the preparedness of the conditions, attitudes and resources needed for change to happen successfully. Includes the following dimensions:</p> <ul style="list-style-type: none"> • Attitudes: The political economy for change: the vision of a different future and the commitment to achieve it. • Conditions: The laws, structures, systems etc. necessary to mandate, support and manage the change. • Resources: The human, physical and financial resources needed to support or facilitate the change. <p>Various tools available that will need to be adapted to fit the specific needs and context.</p>
Toolkit for Capacity Development Tool 6: Change Management	Sector	Tool to assess change management capacity in order to (1) adjust ambitions for change to the available capacity to manage change, (2) change and/or prompt actions to increase the capacity to manage change, and (3) to define functions and distribute responsibilities for important change management elements.

Key principles for assessing the country context:


Some key lessons relating to the assessment of the country context include:

- To be relevant an assessment of the country context should be led by country actors (and not by donors). This is a challenge in that most of the tools available have been designed by donors and therefore need to be adapted to make them appropriate.
- Transformation will meet more resistance, the more comprehensive it is and the more it is contrary to the country context. The stronger the resistance the more power is needed to overcome and sustain change. A change readiness assessment can help uncover these issues.
- Depending on the level of change readiness it may be necessary to adopt a more realistic and scaled back and / or incremental approach with longer timeframes, clear priorities and opportunistic flexibility.
- Objectives should be scaled to fit the level of incentives and capabilities available to coordinate across multiple sector and organisational boundaries.
- The leadership and management for change needs to be harnessed in the assessment process.


So that the assessment does not end simply as an interesting intellectual exercise, it is important that it result in a strategy that is then implemented. The strategy and implementation must be a clear intent from the start of the process, the strategy will be discussed further in Chapters 4 and the implementation in Chapter 5.

Additional Resources:

The following resources can provide additional information and guidance and they, along with the tools above, can all be accessed on www.unpcdc.org.

 Resource	Description
Perspectives Note: The Enabling Environment for Capacity Development OECD-DAC and LenCD, 2011	Presents evidence and overview of how the environment (context) can be more or less enabling for capacity development, how stakeholders can adapt to or influence the context they operate in and the implications for transformation processes.
Linking procurement and political economy Chr. Michelsen Institute commissioned by DFID and WBI, 2010	Provides an overview of political economy analysis and its application for public procurement.

3.3 National procurement systems

	Assessment	Strategic Planning	Implementation
Country Context	Chapter 3.1 & 3.2	Chapter 4	Chapter 5
National Procurement System	Chapter 3.1, 3.2 & 3.3		
Sector & Procuring Entity	Chapter 3.1, 3.2 & 3.4		
Individual	Chapter 3.1, 3.2 & 3.5		

3.3.1 Introduction

This Chapter provides guidance on how to assess a national procurement system and should be used in conjunction with Chapter 3.1 which provides overall guidelines for conducting procurement assessments, as well as Chapter 3.2 which provides guidance on assessing the country context.

3.3.2 What is meant by national procurement systems?

The national procurement system is the overall framework for public procurement in a country including the legal framework, organisational set-up including arrangements for control and oversight, as well as the procedures and practices. In terms of assessment, it is typical to differentiate between assessing **the framework** itself and assessing **how well it functions in practice**. Most countries are in a continuous process of improvement of the public procurement system and conducting an assessment at regular intervals can serve various purposes including:

- To identify strengths and weaknesses in the national procurement system as the starting point for a transformation strategy.
- To create a baseline against which to measure progress and demonstrate progress made since earlier assessment exercises.

Typically, an assessment of a national procurement system will go beyond the public sector framework itself, and also look at the relationship between the public procurement system and other parts of government, the functioning of the national supply market and its relationship with the public procurement system, as well as the role of civil society.



Country Case: Afghanistan

In 2005 Afghanistan conducted an assessment of the procurement system using an early version of the MAPS tool. The results provided input to the design of a reform program. A new assessment was done in 2009/10 providing a comparative basis to demonstrate progress, but also to provide a baseline for a transformation strategy for the next period.

Source: Strengthening Procurement Systems: Results and Opportunities, OECD-DAC, 2011



Examples of procurement related challenges concerning national procurement systems (examples of possible solutions are provided in [Annex 3](#)):

The numbers of challenges facing national procurement systems are many and varied, but some examples are included here.

- One of the biggest challenges facing many countries is that despite having a relatively robust legal and regulatory framework for public procurement, the level of compliance with the framework remains weak.
- Conditions of service for procurement staff including career paths and other aspects of procurement professionalization are a challenge in many countries.
- While most countries have established a procurement normative and regulatory body, it is frequently a challenge to ensure that it has adequate capacity including resources to perform its functions.
- The organisational arrangements for public procurement in terms of the level of centralisation/decentralisation is a challenge in many countries, particularly issues of decentralisation putting additional strain on an already limited national procurement capacity.
- Management information systems including performance monitoring, the quality of data and record keeping are a challenge in many countries.
- Weak links to the planning and budgeting systems often create problems for the procurement system.

3.3.3 Assessing the national procurement system

Since being published in 2006, the OECD-DAC Methodology for Assessment of Procurement Systems (MAPS) has quickly become a popular tool for countries to assess their national procurement system and it is estimated that by 2011 at least 60 countries have conducted an assessment using MAPS at least once.

The MAPS provides a “standard” for the overall framework for national public procurement system with a set of **baseline indicators (BLIs)** against which a country can benchmark. MAPS is structured around 4 Pillars, subdivided into a total of 12 indicators and 54 sub-indicators and scoring is done at the sub-indicator level on a rating of 0 to 3 where 3 is the highest. The four pillars are:

- **Pillar I: Legislative and Regulatory Framework** – looks at the legal and regulatory instruments from the highest level (e.g. the national law) down to the detailed implementing regulations, procedures and bidding documents.
- **Pillar II: Institutional Framework and Management Capacity** – looks at the institutions and management systems that are part of the overall public sector governance including links to Public Financial Management, the normative/regulatory body, procuring monitoring, and training strategy.
- **Pillar III: Procurement Operations and Market Practices** – looks at the operational effectiveness and efficiency of the procurement system at the level of the procuring entities and at the market e.g. competence of government officials, adequacy of training programs, record keeping, delegation of authority, private sector, including access to market, contract administration and dispute resolution.

- **Pillar IV: Integrity and Transparency of the Public Procurement System** – looks at the systems in place to ensure that the system operates with integrity and has appropriate controls in place e.g. audit and control, appeals and complaints, access to information, ethics and anti-corruption provision.

Some specific issues to consider when conducting a MAPS assessment include the following:

- MAPS assesses the formal institutions in the procurement system, but as discussed in Chapter 3.2, for successful transformation to take place, the country context also needs to be considered. **Combining a MAPS assessment with an assessment of the country context is therefore recommended.**
- **Root cause analysis:** Conducting an assessment using MAPS will tell you what the current situation is with the national procurement system, but not **why** it is that way. If the assessment results are to be used for strategic planning, it is a good idea to explore the root causes underlying strengths and weakness during the assessment process.
- **Scope of the assessment:** MAPS is a “standard” tool so when determining the scale and scope of the assessment it is worth considering whether there are additional procurement issues that are not covered by the MAPS assessment that should be included and if so additional indicators could be added to assess these issues.
- **Data collection approach:** When planning the data collection it is important to consider data sources relating not only to the sub-indicator itself, but also the root causes for strengths and weaknesses and the level of compliance (see below). Mapping the data sources for each sub-indicator and using this to create interview guides and checklists is recommended. A sample data collection worksheet can be found in [Annex 2](#).



Country Case: Ghana

Ghana has implemented a tool with 50 indicators some of which are directly linked to MAPS. Data collection is done by specially trained assessors and data has been collected from more than 750 procuring entities. A key issue with the system however is the cost of collecting the data, in particular the need for assessors that need to be trained and paid, and the need for continuous technical refinement of the software tool.

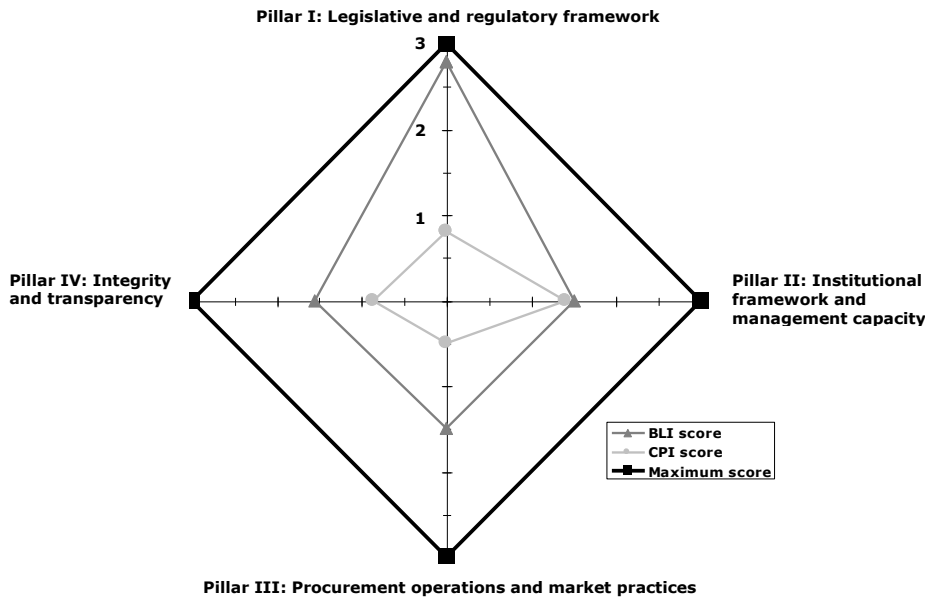
Source: Strengthening Procurement Systems: Results and Opportunities, OECD-DAC, 2011

Generally speaking MAPS measures the overall framework for the national procurement system, but it is usually desirable also to assess how the framework is functioning in practice, often referred to as the **level of compliance**. Countries have typically taken one of two approaches to this which can be summarised as a quantitative approach and a qualitative approach.

- **Quantitative approach:** The 2006 Version 4 of the OECD-DAC Methodology for Assessment of National Procurement Systems published in 2006 included optional Compliance and Performance Indicators (CPIs). These are quantitative indicators relating to specific Base-Line Indicators (BLI’s) e.g. % of payments made late (BLI 3b). Some countries e.g. Philippines and Ghana have taken these indicators and adapted them to suit their own context. However, many countries find that they do not have data available to be able to score these indicators in a cost effective way.


- Qualitative approach:** Other countries e.g. Kenya and Malawi have taken a qualitative approach to assessing the current level of compliance relating to the BLIs through interviews, case reviews etc., making it easy to simultaneously explore root causes. Moreover, by assigning a rating scale for the level of compliance similar to the 0-3 scale for the BLIs, an interesting comparison can be made between the system itself and the level of compliance (see figure 6).

Figure 6: An example of comparison between BLI scores and level of compliance



[Annex 4](#) provides possible quantitative (the MAPS CPI) and qualitative indicators (that can be scored using the 0-3 scale suggested above) for each of the MAPS sub-indicators.


While MAPS is the main tool available for assessing national procurement systems, other tools can provide additional input to an assessment focused on the national level. An overview of tools is included in the table below.

 Tool	Description
Methodology for Assessment of Procurement Systems (MAPS), OECD-DAC	Comprehensive Tool to assess the overall framework for a public procurement system through Baseline Indicators (BLIs) – see above.
Compliance and Performance Indicators (CPIs), OECD-DAC	Quantitative indicators relating to MAPS BLIs to measure the level of compliance. Can also be measured through a qualitative approach (see above).
Guidance Note for Application of MAPS in Small Fragile or Post Conflict Countries (forthcoming), OECD-DAC	Certain country contexts can have implication for the framework for public procurement and this guidance note provides application guidance for small, fragile or post-conflict countries.
Country Procurement	The purpose of the CPAR is to assess the current state of the public


Assessment Report (CPAR), World Bank	<p>procurement system and other factors that affect public procurement in the country in order to identify its strengths and weaknesses for purposes of developing an action plan to address weaknesses and improve the system. Additionally, the World Bank uses the CPAR to determine the extent to which national procurement procedures are acceptable for use in World-Bank financed investment projects when national competitive bidding (NCB) is authorised and to provide a basis for decision making on the management of supervision of World Bank operations. However, generally speaking country counterparts are involved by the World Bank in conducting a CPAR so the information can be useful to feed into and inform a country's own assessment. Moreover as a tool it can provide inspiration for designing an assessment framework for a country procurement system.</p>
Public Expenditure and Financial Accountability (PEFA) Framework , PEFA	<p>A performance assessment framework for Public Financial Management Systems. The framework includes a number of indicators relating to public procurement, some of which are linked to MAPS indicators. Useful for providing insight into issues where procurement is linked into the country's wider public financial management (budgeting, budget execution, internal and external audits, transparency, etc.).</p>

Additional Resources

The following resources can provide additional information and guidance and, along with the tools above, can all be accessed on www.unpcdc.org.

 Resource	Description
Compendium of Country Examples and Lessons Learned from Applying the Methodology for Assessment of National Procurement Systems OECD-DAC, 2008	<p>Guidance on conducting procurement assessments drawing on country experiences.</p>
Public Procurement Capacity Development Guide UNDP, 2010	<p>Guide to conducting procurement capacity assessments.</p>
Procurement Capacity Assessment and Strategy Formulation in Malawi: A Case Study OECD-DAC	<p>A case study describing the step-by-step in process undertaken in Malawi to conduct an assessment using MAPS.</p>

3.4 Sectors and procuring entities

 Assessment	Strategic Planning	Implementation
Country Context	Chapter 4	Chapter 5
National Procurement System		
Sector & Procuring Entity		
Individual		

3.4.1 Introduction

This Chapter provides guidance on how to assess a sector or an entity and should be used in conjunction with Chapter 3.1 which provides overall guidelines for conducting procurement assessments, as well as Chapter 3.2 which provides guidance on assessing the country context including the informal institutions.

3.4.2 What is meant by sectors and procuring entities?

In the public sector, procurement is conducted within organisations. Most countries operate with a decentralised or delegated approach to procurement which means that procurement is conducted in Ministries, and in local government organisations including municipalities, districts and the like. In some cases a procurement assessment will go beyond an individual organisation to an entire sector, for example when the procurement performance of a sector is dependent on the capacity of a number of organisations. A typical example is the health sector, where it is not unusual for multiple public sector and parastatal organisations to be involved in the procurement and supply chain process, but it can also be the case in other sectors.

A procurement assessment at the sector or entity level will typically have a more operational focus than one at the national level. At this level, the function of procurement is to support the sector or organisation in fulfilling its goals and objectives. Further considering the health sector example, the role of procurement is to ensure delivery of the right goods, services and works (such as pharmaceuticals, vaccines, medical equipment, construction of hospitals) at the right place (such as hospitals, clinics, doctors surgeries, pharmacies) at the right time (so that they are available whenever needed but don't exceed expiry dates) at the right price, at the same time meeting appropriate quality standards.

Although there are general principles and a widely accepted understanding of procurement good practice, the capability requirements and procedures to conduct procurement will be different depending on the sector or category of procurement. For example, complex civil works procurement using international competitive bidding is different than the procurement of pharmaceuticals which again is different than the procurement of routine stationery. As a result there is no blueprint for what the procurement function in an organisation or sector should look like.



Country Case: Zimbabwe

A number of organisations in the **health sector** in Zimbabwe are involved in implementing grants from the Global Fund for Aids, Tuberculosis and Malaria (GF), fulfilling roles at different parts of the supply chain. As part of the process of further developing the capacity of the health sector to deliver, a number of organizations participated in an assessment using a self-assessment tool adapted from the GF requirements including, Procurement and Supply Management. The self-assessment included input from managers and staff as well as a review of evidence in existing reports, audits and assessments. The assessment focused on assessing those capacities required to fulfill the organizations' strategic plans and goals. Procurement and supply chain management was assessed in an integrated manner alongside other competence areas such as project management, financial management, monitoring and evaluation etc.

This means that when conducting a procurement assessment of an entity or sector it is necessary to have an understanding of:

- The strategy, goals and objectives of the organisation and/or sector.
- A clear picture of the organisation or sector's **procurement profile**. The procurement profile can be more or less detailed but should include the following information:
 - What goods, services and works are purchased and how much is spent on them;
 - How the goods, services and works are purchased (methods);
 - Who the goods, services and works are purchased from;
 - The geographical location of suppliers e.g. local, regional, international.



Examples of procurement related challenges concerning sectors and procuring entities (examples of possible solutions are provided in [Annex 2](#)):

- Lack of clarity about roles and responsibilities
- Poor coordination and knowledge sharing between different actors
- Problems with forecasting and procurement planning leading to insufficient and inappropriate goods, services and works being procured
- Problems with links to the budget
- Weak supply chain management leading to losses, delays and procured goods not reaching end users
- Inadequate record keeping and management information
- Procurement seen as strictly an administrative function
- Lack of appropriate skills and knowledge by those handling procurement resulting in reduced competition, lack of transparency, and deficiencies throughout the procurement process including lack of technical expertise that can limit types of goods and services that can be procured and how
- Non-compliance with procurement rules – often because of lack of planning or because they are seen to provide a bottleneck
- Inappropriate political influence in the procurement process
- Poor contract management
- Ineffective internal control and external scrutiny of procurement transactions
- Private sector lacks knowledge or trust in public procurement system resulting in limited competition.


Various **spend analysis** tools are available that can support preparation of a procurement profile, usually through analysis of the accounts payable. However, the amount of resources spent on preparing the analysis should be considered, and most organisations are able to provide an indication of the data required by collating from existing records.

3.4.3 Assessing the sector or procuring entity

Unlike for national procurement systems, no widely accepted assessment tool exists for assessments at the sector or organisational level. A number of different tools do exist. Some of these are tools used by donors to assess partner institutions for the purposes of capacity assessment and/or risk management. Caution should be taken when using tools designed for risk assessment, although these are often called capacity assessments, as there are significant differences between an assessment undertaken with a view to mitigating risk (which is something you do to another in order to protect your own interests) and one undertaken with a view to transforming procurement. Nonetheless while not all of these tools are publically available, those that are can be adapted or provide inspiration to designing an assessment. Chapter 3.1 provides advice on planning and designing assessments as well as adapting tools depending on the defined scope and scale.

As with an assessment of the national procurement system, an assessment of the sector or organisation must take the informal institutions into consideration as well as the formal ones. Chapter 3.2 on Country Context provides extensive input into this aspect. Aspects of change management are really important when talking about organisational change and therefore need to be addressed in the assessment process. None of the tools identified fully address both formal and informal aspects of organisational procurement in one framework and it is therefore recommend to adapt the approaches as required.

Below is an overview of various tools and approaches that are available in the public domain.

 Tool	Description
World Bank Revised: Instruction for Carrying out Assessment of Agency's Capacity to Implement Procurement	Looks mainly at the formal aspects. The Purpose is to evaluate the capability of an organisation to administer World Bank financed procurement, particularly with a risk assessment focus, but also to identify an improvement plan. <ul style="list-style-type: none"> • Legal Aspects and Procurement Practices • Procurement Cycle Management • Organisation and functions • Support and control systems • Record-keeping • Staffing • General procurement environment • Private sector viewpoint. Appendix 1 has qualitative indicators relating to these areas and Appendix 2 a matrix to record findings.
Office of Government Commerce: Procurement Capability Review Model and Standards Framework Version 4.0	Part of UK Government "Transforming Government Procurement" Agenda. Objective is to assist organisations improve their procurement performance and identify priorities for improvement. Assess organisations against a series of nine high-level indicators under the following headings: <ul style="list-style-type: none"> • Leadership <ol style="list-style-type: none"> 1. Visibility and impact of leadership

- 2. Vision, aspirations, business and policy alignment
- 3. Stakeholder and supplier base confidence levels.
- Skills Development and Deployment
 - 1. Effective Resourcing of procurement activity
 - 2. “Intelligent client” capability
- Systems and processes
 - 1. Governance and organisation
 - 2. Strategic and collaborative approach to market engagement and sourcing
 - 3. Effective use of procurement tools and techniques
 - 4. Knowledge and performance management

Indicators scored according to “fitness for purpose” e.g. the appropriate level of capability matching the procurement portfolio for the organisation. Includes both qualitative and quantitative indicators.

May assume a higher level of procurement maturity than is appropriate

[National Institute of Government Procurement: Agency Accreditation Criteria](#)

Self-evaluation framework for procuring entities towards agency accreditation with a list of indicators under the following headings:

- Mission and strategies
- Organisation
- Authority and Responsibility
- Planning and scheduling
- Standards and specifications
- Personnel and Professional Development
- Best practices
- Audit and evaluation
- Property management
- Cooperative procurement
- Procurement Technology

May assume a level of maturity that is not appropriate in all countries but can provide inspiration.

[European Commission: Toolkit for Capacity Development Tool 2a: Assessing Organisational Capacity: Checklist for Organisational Assessment](#)

This is not a procurement-specific tool, but rather aims to ensure that the most critical areas of organisational capacity are considered when an assessment is planned. Helps identifying the scope of assessment work. The checklist focuses on the following assessment areas:

- organisational outputs (services and products, including regulatory services/products);
- inputs (monetary, human, and physical/technical resources);
- leadership;
- motivation and incentives;
- balance between functional and political dimensions of the organisation(s);
- fit between the formal and informal organisation(s); and

	<ul style="list-style-type: none"> networking capacity <p>Would need to be used in combination with a more procurement-specific related approach.</p>
ADB Practical Guide to Capacity Development in a Sector Context Tool 1: Setting the stage – Delimiting the Sector	Not procurement-specific, but is a practical tool to identify the organisations to be included in a sector assessment.
PATH Health Sector Procurement Assessment Guide	<p>Provides a comprehensive list of qualitative indicators relating to Health Sector Procurement under the following 7 categories:</p> <ul style="list-style-type: none"> Reproductive Health Procurement Cycle Management Legal Framework Organisation and Functions Record-keeping Staffing Previous Assessments and Capacity Building General Risk Assessment <p>It includes a table for recording assessment ratings and a format with sample quantitative performance indicators.</p>
Global Fund for Aids, Tuberculosis and Malaria: Procurement and Supply Management Assessment Tool	<p>Tool used to assess the procurement capacity of potential Principal Recipients to implement GFATM grants. Includes indicators relating to the following aspects:</p> <ul style="list-style-type: none"> Product selection Patents Forecasting Procurement systems National Drug Regulatory Authority, quality assurance and quality control Receipt and storage Distribution Rational Drug Use Diagnostics and other non-pharmaceutical products Management and Coordination
UNDP - Capacity Development Toolkit to Strengthen National Entities to Implement National Disease Responses	To be published February 2012

In addition, [Annex 5](#) provides an example of a procurement assessment framework developed for an organisation. It provides indicators/data sources related to institutional arrangements, leadership, knowledge and accountability and transparency in connection with the various stages of procurement cycle as well as for some generic organisational capacities. [Annex 6](#) provides an example of a framework for sector assessment (health) where procurement is integrated with other functional capacities.


Key Principles for assessing sectors or entities

Some key lessons relating to the assessment of sectors or procuring entities include:


- Ensure that all actors involved within the scope of the assessment are included as well as the relationships between them, which often are the source of bottlenecks. In an organisational context the procurement function extends beyond the procurement department or those that have procurement in their job title. For example, procurement planning and requirement definition are often the responsibility of user departments, as is contract management, while invoice processing and payment are often an accounting responsibility.
- When the focus is on a sector, it is important to conduct a mapping of all the sector organisations to ensure that neither too many nor too few are included.
- The goal for procurement transformations in a sector or organisation should be a level of capacity that is fit for purpose i.e. appropriate to the procurement profile of the organisation. Capacities for conducting local procurement within small local government entities should be different to national level entities.

Additional Resources

The following resources can provide additional information and guidance and, along with the tools above, can all be accessed on www.unpcdc.org.

 Resource	Description
Public Procurement Capacity Development Guide UNDP, 2010	Guide to conducting procurement capacity assessments and preparing capacity development plans.

3.5 individuals

 Country Context	Assessment	Strategic Planning	Implementation
Country Context	Chapter 3.1 & 3.2	Chapter 4	Chapter 5
National Procurement System	Chapter 3.1, 3.2 & 3.3		
Sector & Procuring Entity	Chapter 3.1, 3.2 & 3.4		
Individual	Chapter 3.1, 3.2 & 3.5		

3.5.1 Introduction

This Chapter provides guidance on how to conduct assessments focused on individuals involved in procurement. It should be used in conjunction with chapter 3.1 which provides overall guidelines for conducting procurement assessments, as well as Chapter 3.2 which provides guidance on assessing the context in which individuals function.

3.5.2 What is meant by individuals?

As discussed in Chapter 2, individuals are the backbone of all the tiers that make up a procurement system. Most capacity development literature, while recognizing the various tiers that make up a system like procurement, steer clear of providing guidance on the individual aspect on the basis that this is the responsibility of organisations. Yet, a huge proportion of strategies that emerge from assessments include training activities that specifically target the development of individuals. It is true that it is unlikely that the focus of an assessment conducted as part of a procurement transformation would start with individuals as the initial entry point. In most cases, it will be an assessment at the organisation or sector level (or even the national level) that will identify that a change in knowledge, skills, attitudes and behaviors will be required for individuals involved – either because of performance challenges, or because changes are to be introduced. At this point, however, to avoid leaping to the assumption that training is the solution to every issue, an assessment of the needs of individuals should be conducted.

Such assessments come with a variety of different names: training needs assessments (which however seem to assume that training is going to be the strategy); learning needs assessment, competency assessments and capability assessments are typical terms.



Examples of procurement related challenges concerning individuals (examples of strategies to address challenges are provided in [Annex 3](#)):

- New procurement processes and procedures change the expectations and requirements of those working in procurement.
- Contextual issues, such as organizational or cultural norms exert demands on individuals that are different or contrary to those required by the formal system.
- Difficulty with recruiting individuals into procurement jobs with existing appropriate competencies.
- Procurement not seen as a “profession” with associated values and codes of ethics.
- No certification programs and recognized accreditation for those working in procurement.
- Poor motivation of those working in procurement
- Those involved in procurement are not held accountable for results.
- Need to continuously develop individuals to take on increasingly high levels of responsibility.
- High turnover of procurement staff.
- Inappropriate interference in procurement cases from individuals in positions of power.
- Shortage of skills in particular areas, not only within the public service, but including journalists, suppliers, civil society organizations.
- Lack of procurement training institutions resulting in ad-hoc training activities

3.5.3 Assessing individuals involved in procurement

Assessments focused on the individual level are about getting an understanding of the capacities that exist, what needs to be developed and, importantly, **the contextual issues**. In terms of the role of individuals the focus is on their **behavior**. Any procurement transformation process requires that people involved will need to change the way they behave. Therefore **Change Management** approaches should be an important aspect of assessments focused on individuals, along with **effective stakeholder engagement and communication**. These topics were discussed in Chapters 2 and 3.1.

The behavior of individuals is influenced by their knowledge, their skills and their attitudes. When talking about individuals the influence of contextual issues should not be underestimated. As discussed in Chapter 3.2, while procurement officers may be fully conversant with the legal requirements governing procurement, and have all the necessary skills to perform those requirements, if the social norm is that family obligations command stronger loyalty than the formal laws, or if the organisational culture is to follow what the boss says, even if it is contrary to the rules, then these aspects will have an influence on behaviour.

Assessments focused on individuals therefore while including knowledge and skills about **technical procurement issues**, should also feature context issues including the informal structures within which they operate which may provide motivation for or barriers to transfer of learning. Professional **values and principles** are also a key aspect when talking about procurement.



Country Case: Ghana

As part of comprehensive reform of the public procurement system in Ghana, the Public Procurement Authority (PPA) recognized that successful implementation of the changes impinged on the development of those individuals whose job it was to conduct procurement in the various government entities. Therefore the PPA embarked on a Skills and Training Needs Assessment which assessed the knowledge, skills and ability to perform of those working in public procurement roles under the new framework.

Unfortunately there are not a wide range of tools available for conducting procurement assessments for individuals that include both technical and contextual issues. Therefore it will almost always be necessary to develop and adapt to fit the specific requirements. Chapter 3.1 provides guidance on designing and planning assessments.

As with sector or entity assessments, the assessment of individuals should be **relevant** for the organisation they work in and the function they perform. For example, someone working in the Ministry of Education would not typically need to be an expert in the procurement of pharmaceuticals. In most organisations, not everyone needs the same competencies or the same level of competencies and the assessment framework will need to take this into consideration. When defining the scope of an assessment some of the factors that need to be considered include¹⁴:

- Is it for the organisation as a whole, to ensure that all employees have or develop the relevant capabilities to deliver the organisation's strategy?
- Or is it for a specific department, project or area of work e.g. a new project, new procedures or reorganisation necessitating a change in roles?
- Or is it to allow individuals to link their own personal learning and development needs to those of the organisation e.g. as part of the regular performance management review system?

Often assessment frameworks focused on individuals are based on **competency frameworks**. As mentioned above, the behavior of individuals is influenced by their knowledge, skills and attitudes. Competencies are usually defined as the specific behaviors that individuals must have (or acquire) to perform effectively at work i.e. the personal attributes or inputs of the individual.¹⁵ A competency framework is a structure that sets out and defines each individual competency required by individuals working in an organisation.


Conducting an assessment focused on individuals can be sensitive and when planning data collection, the possible reactions of those being assessed, as well as confidentiality issues need to be considered. Possible approaches to collecting data include:

- Self-assessment questionnaires.
- Interviews
- Focus groups
- Observation
- Document review including job profiles, reports etc.

The tools below provide input on how to conduct an assessment and/or develop a procurement competency framework. In some cases these tools assume a level of system maturity that may not be appropriate in all country or organisational contexts. However they can provide inspiration or a basis for adaptation for a specific purpose. Guidance on adapting assessment tools is providing in Chapter 3.1.

¹⁴ Chartered Institute of Personnel and Development Factsheet: Identifying Learning and Talent Development Needs, August 2010

¹⁵ Chartered Institute of Personnel and Development Factsheet: Competence and Competency Frameworks, May 2011

 Tool	Description
Skills Third Sector: Training Needs Analysis	Not procurement specific, but rather provides a step by step guide to carrying out a training needs analysis across all levels of an organisation – organisational, team and individual.
Government of Scotland: Procurement Competency Framework	A spreadsheet with indicators at five levels for a wide range of different procurement related competences. Includes a self-assessment tool.
Northern Ireland Public Sector: Procurement Competence Career Path Framework	Description of procurement career paths and indicators at 5 levels for a wide range of different procurement related competences.
Chartered Institute of Purchasing and Supply Australasia: Training Needs Analysis Tool	Self-assessment questionnaire for procurement.
NIGP: Values and Guiding Principles of Public Procurement	List of 6 values for public professionals with associated principles: <ul style="list-style-type: none"> • Accountability • Ethics • Impartiality • Professionalism • Service • Transparency.

Key Principles for assessing development needs for individuals


Some key lessons relating to the assessment of individual needs include:

- The assessment should focus on needs that are appropriate to the priorities and strategies of the organisation and the specific role of the individual in the organisation.
- It should have the current level of the individual as its starting point.
- It should include an analysis of factors that will support or block transfer of learning.¹⁶
- It should go beyond technical procurement skills and knowledge and also consider issues such as values and attitudes.
- Communicate, communicate, and communicate. It is important that individuals understand the purpose of the assessment, how it will be done and what it will be used for.
- Assessments focused on individuals need to be done by those who work and live within the system under consideration, not by external actors.
- Confidentiality issues need to be taken seriously when undertaking assessments focused on individuals.


¹⁶ UN Habitat Good Practice Note: Training – near final draft April 2011.

Additional Resources

The following resources can provide additional information and guidance and, along with the tools above, can all be accessed on www.unpcdc.org.

 Resource	Description
Training and Beyond: Seeking Better Practices for Capacity Development LenCD and OECD-DAC, 2011	A paper discussing the critical messages about training and learning that are emerging from current international scrutiny of training capacity development.

CHAPTER 4: STRATEGIC PLANNING

	Assessment	Strategic Planning	Implementation
Country Context	Chapter 3.1 & 3.2	Chapter 4	Chapter 5
National Procurement System	Chapter 3.1, 3.2 & 3.3	Chapter 4	
Sector & Procuring Entity	Chapter 3.1, 3.2 & 3.4	Chapter 4	
Individual	Chapter 3.1, 3.2 & 3.5	Chapter 4	

4.1 Introduction

Chapter 2 discussed some of the main reasons why transformations fail. The following identifies some important factors that need to be in place for a transformation to be successful and that need to be considered when planning the strategy:

- Clear ownership and commitment at appropriate levels of the “organisation” (this could be the government in the context of a national procurement system).
- A clear and powerful vision for what the outcome of the transformation will be and communication of that vision including what is required in terms of “new” behaviors and approaches.
- Clear links as to how the transformation relates to the core objectives and key strategic priorities of the “organisation”.
- A sense of urgency as to why the transformation initiative should be given serious priority.
- Obstacles to change are addressed.
- Achievement of “quick wins” and attention taken to anchor the change securely in the “organisational” culture as “the way we do things”.
- Effective engagement with stakeholders.
- Effective project and risk management for the transformation with clear lines of responsibility and the initiative broken down into manageable steps.
- Effective follow through to completion with adequate resources provided throughout.

Developing the strategic plan should be a flexible process that is a continuation of the assessment exercise and takes the factors above into account. [Annex 7](#) provides a sample Terms of Reference for preparing a strategic plan. The process consists of a number of activities which are clustered under 3 headings:

- Clarify the vision and the goals of the strategy
- Formulate solution options
- Transform into a strategic plan

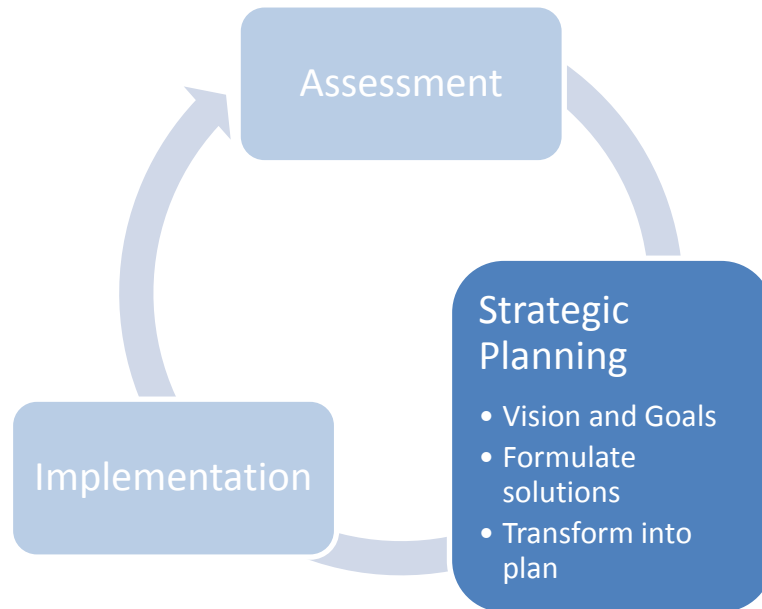


Figure 7: Strategic Planning

4.2 Clarify the vision and goals of the strategy

4.2.1 Identify the Project Owner

As with the Assessment process (see Chapter 3.1), the strategic planning process needs a **Project Owner** whose role it is to manage and oversee the process, facilitate the dialogue between different actors and stakeholders and ideally be a lynchpin to the completed assessment process and to the further implementation of the plan. This may be the same person as the Assessment Owner or a different individual, but this needs to be clarified at the outset.

4.2.2 Engage Stakeholders

As noted above, **stakeholder engagement** is one of the most important factors for the future success of the strategic plan, including ensuring clear ownership at appropriate levels in the organisation. Chapter 3.1 discussed the importance of identifying and analyzing stakeholders, planning stakeholder communications and engaging stakeholders throughout the process. Ideally then, at the start of the strategic planning process stakeholders have already been engaged, but now is a good time to review, update and re-energise the stakeholder communication plan.



Caution/Note

Remember here the term “transformation” is used as an umbrella to cover “reform”, “capacity development”, “modernization” and/or “change management”. The “name” of the strategy could be “reform strategy”, “capacity development strategy”, “modernization strategy” or “change management strategy” – the important thing is that name should be meaningful to the stakeholders.

4.2.3 Identify the Goal(s)

With the Project Owner in place and stakeholders engaged, the next stage is to identify the **goal(s) of the strategy**. The goal(s) should:

- Clarify the benefit that is intended to result from the transformation.
- Be a priority for the government, sector or entity or contribute directly to such priorities.
- Be meaningful for the key stakeholders.

For example, the goal of the Public Procurement Reform Strategy in the Republic of Zambia is *“to promote and institutionalise a transparent, accountable and efficient public procurement system in order to improve expenditure management.”*

4.2.4 Clarify the Vision

Each goal identified needs a **vision**, in other words, a description of what the situation will look like when the goal is achieved e.g. if the goal is to institutionalise a *transparent* procurement system – what will that transparent procurement system look like and how will you be able to recognise that it has been achieved? Different stakeholders may have different expectations or ideas about this e.g. supplier or civil society representatives may have different expectations than government officials of how transparent a procurement system should be. Making the visioning a participatory process involving the key stakeholders, with input of key evidence including assessment findings, can help clarify differences and identify a common vision with appropriate ownership.

4.2.5 Define Indicators for Success

Indicators should be developed for the goal(s) with indicative baselines and targets, though these may well need to be adjusted further on in the process. Goal indicators should be high level and few and measure the overall progress. At the national level for example, scoring against the MAPS tool could be used as an overall goal indicator.



Country Case: Bhutan


When designing a strategy to professionalize the procurement community the Government of Bhutan used 3 MAPS sub-indicators as Outcome indicators for the strategy i.e.

Sub-Indicator 5(c): A sustainable strategy and training capacity exists to provide training, advice and assistance to develop the capacity of government and private sector participants to understand the rules and regulations and how they should be implemented. Target: to increase score by at least 1 point. Baseline: 0.

Sub-Indicator 6(a): The level of procurement competence among government officials within the entity is consistent with their procurement responsibilities. Target: to increase score by at least 1 point. Baseline: 2.

Sub-Indicator 6(b): The procurement training and information programs for government officials and for private sector participants are consistent with demand. Target: to increase score by at least 1 point. Baseline: 0.

Source: Strengthening Procurement Systems: Results and Opportunities, OECD-DAC 2011

 Tool	Description
WBI Steps for Designing a Results-Focused Capacity Development Strategy	Step by step guide to clarifying goals for a strategic plan.
Step 1 Clarify the Development Goal(s)	

4.3 Formulate solution options

The strategic plan will consist of initiatives that are designed to make the transformation from the current situation to the situation that reflects the vision and goals that you have defined. Therefore the formulation process should start with a thorough review of assessment results including the context. The review should focus not only on weaknesses, but on what works well.

Experience shows that designs are often overly ambitious with too many activities scheduled into too short a period of time without adequately taking into account readiness for change and other constraints. There are often strong pressures and incentives to produce an ambitious strategy coming from politicians or from donors. However this pressure should be managed through dialogue and communication about the planning process and about what is realistic.

Transformation usually depends on a number of simultaneous or parallel interventions. Taking a systematic and iterative approach to developing the strategy through a process of prioritisation with a focus on the end results, should result in a strategic plan that is realistically ambitious and achievable. The following steps can facilitate this process.

4.3.1 Brainstorm

Using the assessment results as input and with the strategic vision and goals in mind, brainstorm possible solution options. It is important at this stage to focus on common and recurring issues and problems, as well as the root causes underlying current weaknesses and then design solutions that address those root causes, not just the symptoms. It can be a good idea to include stakeholders with different perspectives and competencies in this brainstorming process as this often results in a greater level of innovation and creativity. [Annex 3](#) provides a list of examples taken from various country cases. However it is important to note that there are no blueprints. The examples are not exhaustive and should not be seen as prescriptive or as a menu of options. However they can provide inspiration for brainstorming,



Country Case: Malawi

To support them in the strategic planning process, the Office of the Director of Public Procurement (ODPP) in Malawi prepared a worksheet to guide them through the process. They plotted the capacity gaps and root causes identified in the assessment process with a column which they used to identify relevant initiatives relating to each root cause. They included both “quick-wins” and longer term initiatives. Then they added additional columns to the worksheet and for each initiative identified output and outcome indicators with baselines and targets. After reviewing the initiatives for similar, overlapping or inconsistent initiatives, they were consolidated into a coherent plan including an overall description of the initiative, roles and responsibilities, timeframe and priority.

Source: Procurement Capacity Assessment and Strategy Formulation in Malawi: A Case Study. OECD-DAC Joint Venture on Procurement

discussions, adaptation and/or further research. The strategic planning goal at this point is to **produce a long-list of possible interventions**.

4.3.2 Review

Once the long-list is developed it is then time to review it through different lenses. Preparing a matrix where the results of the various reviews are plotted is recommended.

Review each initiative on the long-list according to the following parameters:

- Which **stakeholders** would be involved in and/or affected by implementing this solution? What are their interests with regards to this initiative? What are their resources and power for influencing? What is their importance for the success? The Actor Assessment Matrix¹⁷ (see tools below) can be a useful tool to facilitate this process.
- What result will be achieved from this initiative?
- How does this initiative **link to or integrate with other reform initiatives** or the overall strategy/priorities of the Government, sector or entity?
- What are the **enabling factors and constraints** towards being able to implement the initiative and how strong are they? Force Field Analysis (see tools below) can be a useful tool to facilitate this process.

Then **review the complete list** according to the following parameters:

- Does the overall list include a **good balance of “quick wins”, medium and long-term initiatives**? “Quick wins” are initiatives that require a small investment, can be implemented quickly and communicate progress which provides motivation and incentives for the ongoing change process, as well as providing leverage to elicit support and resources for the longer-term more resource intensive initiatives.
- Do the initiatives include a balance of internal/external and functional/political perspectives according to Figure 7 below? This table clusters options into 4 overlapping categories and is useful to check that the strategy includes an adequate mix of options.

	Predominately Functional-Rational Perspective	Predominantly Political Perspective
Internal elements supply side	Focus on getting the job done Examples: Change structures, procedures, processes, technology and skills	Focus on getting power, loyalties and incentives right Examples: Ensure promotions, firing, support to groups of reformers, sanctions against “rent-seeking”, performance-based benefits.
Context or external stakeholders and factors, demand	Focus on creating an enabling regulatory and supervisory environment.	Focus on increasing external pressure for performance Examples: User pressure for

¹⁷ EU Toolkit for Capacity Development, March 2009


side	Examples: Modify resource envelope, legal mandate, supervisory agencies, external audits, formal governance	accountability: strengthen advocacy and lobby groups, train politicians, journalists and media; build network for change; provide knowledge products.
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Figure 8: Complementary Options for Interventions¹⁸

- Does the **change management capacity** exist to implement these options? What is the track record for implementing similar initiatives? The Self-Assessment of Change Capacity can help facilitate this process (see tools below). What is the level of **readiness for change**?
- Is the level of ambition of the overall plan realistic in terms of the resources (including budget) available?

4.3.3 Fine-tune

The review process should be done in several rounds, where initiatives will be prioritised, changed, re-sequenced, removed or added in line with the findings of the review process with a more and more refined analysis. The Sequencing and Scoping of CD and Reform Tool (see tools below) can be useful to facilitate this process. This process should continue until the overall plan is appropriately ambitious, realistic and achievable including a good balance of the various parameters discussed above and focused on achieving the desired results.

 Tool	Description
Actor Assessment Matrix (Tool 5b, Toolkit for Capacity Development, European Commission)	Matrix to assess stakeholders and their interests and power with regards to enabling or constraining the change process.
Force Field Analysis (Tool 6, Change Management Toolkit, London Borough of Lambeth)	Tool to identify what factors will help implementation of the initiative and what will hinder it.
Self-Assessment of Change Capacity (Tool 6a, Toolkit for Capacity Development, European Commission)	Self assessment tool to measure capacity to manage the change initiative.
Sequencing and Scoping of CD and Reform Tool (Tool 7a, Toolkit of Capacity Development, European Commission)	Sequencing Matrix for Capacity development Reform Intervention

¹⁸ EU Toolkit for Capacity Development, March 2009

4.4 Transform into a strategic plan

No matter how strong the design of strategy, it will only achieve its goals if it is effectively implemented. The reality is that the majority of strategies fail to get implemented. It's therefore critical to turn the list of solution options into an implementable plan. This process includes the following steps:

- Assign roles and responsibilities
- Define change processes and how they will be implemented.
- Identify resource allocations and, where necessary, prepare a resource mobilisation plan
- Identify timelines
- Construct a results framework and monitoring and evaluation arrangements
- Prepare the strategic plan document

[Annex 8](#) provides a generic example of an implementation planning worksheet.

4.4.1 Assign roles and responsibilities

When identifying those who are to be responsible for implementing aspects of the strategic plan, it is important to consider whether they have the appropriate competencies to carry out the role (or how they can be supported in acquiring those competencies) and also whether they have the appropriate level of authority with the organisation as well as the time to carry out the responsibilities, particularly if this will be additional to their regular job.

4.4.2 Define change processes and how they will be implemented

The importance of managing change has already been discussed in terms of the assessment and strategic planning process, and hopefully by this stage there is a good foundation for the ongoing change management process. It is important to plan the necessary change process necessary during the ongoing implementation of the transformation. This will include identifying agents who will bring about the change for each reform as well as harnessing coalitions for change. Some of the tools that have already been discussed can also be useful at this stage (see tools below).

4.4.3 Identify resource allocations and, where necessary, prepare a resource mobilisation plan

Ideally resources should have been identified to support the strategy prior to initiating the strategic planning process, indeed before commencing the assessment (see Chapter 3.1). These resources could be from the regular budget or from external donors. Regardless of the source, at this point it will be necessary to allocate the overall budget to the specific activities and to justify the investment either within the organisation or to external funders.

When doing the allocation it is important to cost in, not only the funding required for the implementation, but also for the independent sustainability of the initiative i.e. the cost of the one-time intervention plus the ongoing costs of maintaining the new situation in the future. For example, if the solution to be implemented is a procurement monitoring system, the cost of developing the system should be calculated, as well as the costs associated with the ongoing implementation of the monitoring system.

The costs for shorter-term initiatives can be determined through activity-based budgeting. This starts from action planned and budgets the estimated, quantifiable inputs (such as number of consultant days, transportation costs, translation days, number of manuals to be printed). Costs associated with more long term solutions are more complicated. If these cannot be accurately projected (which often involves using econometric modeling techniques), the costing exercise should probably be limited to costing actual, planned activities to avoid questioning the credibility or legitimacy of the costs.

If the exercise reveals insufficient funds for all the proposed activities then either a plan needs to be made to mobilise additional resources, or the plan may need to be adjusted to fit within the available resource envelope. As mentioned before, currently the environment in many countries is very conducive to mobilizing resources towards improvement is public procurement both from government and the donor community thanks to the global focus on development effectiveness. Based on the assessment results and strategic planning so far, a proposal can be prepared for mobilizing additional resources.

4.4.4 Identify timelines

The temptation is often to assign all initiatives with high priority and aggressive timeframes, but **it is important to ensure the plan is realistic in terms of what is truly achievable as well as to sequence activities appropriately with clear milestones.** The process of reviewing the solution options will provide important data to inform prioritisation, the setting of timelines and sequencing of the initiatives.

4.4.5 Construct a results framework and monitoring and evaluation arrangements

The importance of identifying a few high level indicators, with baselines and targets relating to the Strategic Goals, was mentioned above. In addition, indicators for the initiatives included in the plan need to be identified and this takes place on two levels:

- The change in the performance, stability and adaptability of the procurement system or of the organisation. These are called **outcomes**.
- The results of activities which are called **outputs**.

Indicators for both outcomes and outputs are needed to monitor progress and each indicator needs a baseline and target. The baseline data is used as the starting point for measuring progress: the targets may be either short-term or long-term with interim milestones. [Annex 9](#) provides an example of a results framework relating to a strategic goal. It includes examples of outcomes and indicators relating to change in the performance, stability and adaptability of the procurement system. It also includes related outputs and indicators. Progress monitoring should allow for refinement of the initiatives and potentially the design of new initiatives to address evolving needs. Figure 9: Provides examples of outcome and output indicators.

Expected Result	Indicators	Baseline	Target	Data collection method
Outcome				
Increased public access to procurement information	% of procurement plans, procurement notices and contract awards published on website	2011: 10%	2012: 15% 2013: 60% 2014: 99%	Procurement Monitoring survey
Outputs:				
Improved functionality of website	New features implemented	User uploading not currently functional	Functional by end 2012.	Project completion report
Guidelines on uploading to website developed	Guidelines developed and published	No guidelines	Published by end 2012.	Project completion report
Users trained on data uploading to website	# of users trained and able to use system	No users trained.	2013: 20 users 2014: 50 users	Post training test results.
Figure 9: Example of outcome and output indicators				

A monitoring and evaluation plan based on these outcomes, outputs and indicators should be developed and should include the following:


- How the data is to be collected (methods).
- The frequency of the measurement
- Who is responsible for collecting the data/reporting
- Resources required for monitoring
- Risks and assumptions for carrying out of the monitoring.

Regardless of the type of indicators selected, they should be **SMART**: **S**pecific, **M**easurable, **A**ttainable, **R**elevant and **T**ime-bound. The availability of indicator data, or lack thereof, as well as the cost of gathering it, may mean that certain indicators should be reconsidered. Where possible, the monitoring should be incorporated into existing monitoring frameworks.

4.4.6 Prepare the Strategic Plan Document

Last, but definitely not least, all this information should be compiled into a document. [Annex 10](#) provides a generic Table of Contents for a Strategic Plan. Once a draft has been prepared this should be circulated to key stakeholders for comment and feedback before being finalised.

Attention should be given as to how the Strategic Plan is going to be communicated to key actors and stakeholders. This should be part of the change process defined in the document.

 Tool	Description
Change Management Toolkit, London Borough of Lambeth	<p>Toolkit with a number of tools to support change management including:</p> <ul style="list-style-type: none"> • Questions to consider when engaging with change • Forging ownership with externally imposed change • Priorities in managing change • Understanding the change process • Organisational structures/processes review tool • Change agents checklist • Force Field Analysis • Individual perceptions of change



Options for a “quick” strategy formulation

In some circumstances it may be desirable to adopt a more simple approach to the strategy formulation, for instance, in situations where the scale of the assessment is small, or where time or resources are limited. In such situations it can be helpful to prepare a worksheet similar to the one in [Annex 8](#).


- Start with a column listing the gaps and root causes that were identified in the assessment process.
- In the next column identify initiatives to address the root causes. This can be done in a team brainstorming process.
- Review the overall list of initiatives for similarities, overlaps and inconsistencies and streamline into a coherent plan.
- For each of the initiatives identify outcome and output indicators, with baselines and targets.
- Thereafter add columns for roles and responsibilities, timeframes, priorities and sequencing, as well as costing.
- Review the overall plan to ensure that it is realistic and achievable.

Additional Resources

The following resources can provide additional information and guidance and, along with the tools above, can all be accessed on www.unpcdc.org.

 Resource	Description
Steps for Designing a Results-Focused Capacity Development Strategy World Bank Institute, 2011	Operational steps to facilitate the design of a capacity development strategy.
Procurement Capacity Assessment and Strategy Formulation in Malawi: A Case Study OECD-DAC Joint Venture on Procurement	A case study illustrating step-by-step in a practical way the approach taken in Malawi to conduct and assessment and formulate a strategy.
Change Management Toolkit London Borough of Lambeth, 2007	Practical tools to facilitate change management
Toolkit for Capacity Development European Commission, 2009	Practical tools to facilitate capacity development
Measuring Capacity UNDP 2011	A guide on how to measure capacity development including a framework for capturing the resulting change.
Public Procurement Capacity Development Guide UNDP 2010	Practical Guide to procurement capacity development.

CHAPTER 5: IMPLEMENTATION

	Assessment	Strategic Planning	Implementation
Country Context	Chapter 3.1 & 3.2	Chapter 4	Chapter 5
National Procurement System	Chapter 3.1, 3.2 & 3.3		Chapter 5
Sector & Procuring Entity	Chapter 3.1, 3.2 & 3.4		Chapter 5
Individual	Chapter 3.1, 3.2 & 3.5		Chapter 5

5.1 Introduction

Chapter 4 discussed how to prepare a strategy that includes a full implementation plan including:

- Roles and responsibilities;
- Change processes and how they will be implemented;
- Resource allocations;
- Timelines;
- Results framework and monitoring and evaluation arrangements.

Providing that these aspects have been put in place, the implementation should be straightforward. This Chapter will provide guidance on how the implementation phase can be organised to ensure timely implementation of the agreed plan.

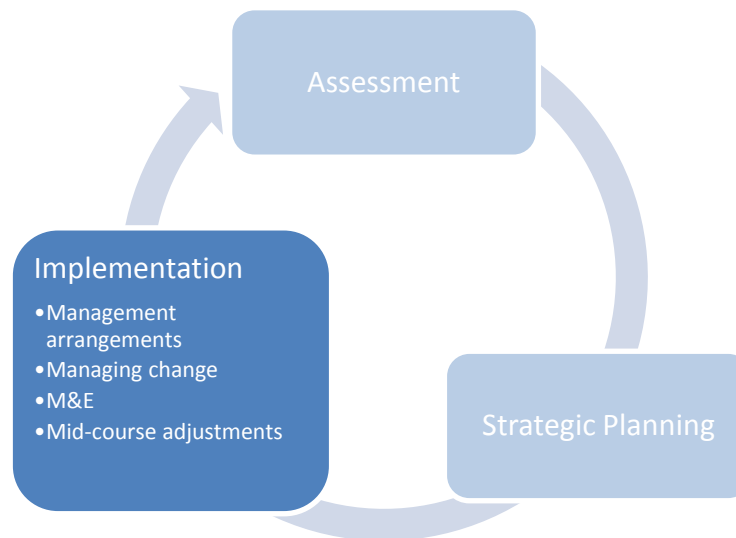


Figure 10: Implementation Process

5.2 Management Arrangements

Since implementation usually spans over a medium or long-term period, appropriate institutional management structures need to be established. Ideally the day-to-day management of the transformation strategy should be embedded in existing sustainable organisational structures. For example a national procurement reform strategy would often be embedded in the national procurement normative/regulatory body. The placement of management responsibility for a strategy focused at the sector or entity level would probably have emerged during the assessment and strategic planning phases.

Whatever the organisational home for managing the implementation process, it is important that the required competencies exist or if not, that a plan is made for how they will be acquired. Relevant competencies relate to leadership, project management, risk management, change management, communications and monitoring and evaluation. Where there is no existing organisational structure then it may be necessary to establish interim arrangements such as an interim Steering Committee for a large scale process, or an interim Project Manager for a smaller scale. However these types of arrangements should always include an exit or transition strategy which includes developing the appropriate capacity for a sustainable ongoing structure.

As well as responsibility for the day-to-day management and implementation of the transformation strategy, in some circumstances it may also be desirable to establish steering committees, task forces or sounding boards, either one or a combination. Some advantages and uses of to these kinds of arrangements include:

- Creating and sustaining ownership and commitment at appropriate levels in the Government or organisation by including key stakeholders in a steering committee;
- Ensuring ongoing links between the implementation of the strategy and other key Government or organisational priorities and objectives;
- Ensuring ongoing links with other related initiatives and reforms such as public financial management (PFM), civil service, audit, sector programs etc.;
- To ensure ongoing commitment from and coordination of multiple development and funding partners including coordination of multiple;
- To provide a forum for external expert advisory support and advice;
- To ensure ongoing dialogue with the private sector and civil society.

When establishing these kinds of arrangements however, it is important to be clear about what the objectives of the body are, what its roles and responsibilities are, frequency and purpose of meetings and who should be represented. It's also important to ensure that the arrangements are efficient and effective and are not a resource draining coordination burden or a duplication of any existing structures.

5.3 Managing change

Change deals with people and in any change process there will be winners and losers and the balance of influence and power in and between individuals, organisations and groups of organisations will shift.¹⁹

¹⁹ Perspectives Note: The Enabling Environment for Capacity Development, OECD-DAC 2011

The evidence suggests that contextual factors relating to the informal institutions e.g. social and cultural norms such as those relating to family, kinship or patronage are generally beyond the short-term influence of individuals. However incentives (both positive and negative) for performance and change also exist within organisations, for example, due to the qualities of a leader, or well-motivated staff, though it can be difficult to sustain such situations in the long-term when they go against the grain of prevailing norms. Change readiness tools can help identify such factors.

However well planned the strategy has been it is inevitable that unanticipated resistance and barriers will arise during the implementation. Ongoing attention needs to be paid throughout and the change management strategy will constantly need to be adjusted to react to the ever-changing situation. Some of the “levers” that can be used to manage the change process are:

- **Incentives** can be used to motivate and to increase performance. Often reducing disincentives or perverse incentives that favor non-conductive behavior can be more effective than inventing new incentives. These should have been uncovered during the assessment (see Chapter 3). However generally incentives are related to human resource management, opportunities, internal benefits, rewards and sanctions.
- **Quick wins** are initiatives that require a small investment, can be implemented quickly and communicate progress and which should be included in a strategy (see Chapter 4). It is important to focus on achieving these quick wins early in the implementation phase as they provide motivation and incentives for the ongoing change process.
- **Clear Milestones** allows key implementation stages to be identified throughout the process, these help recognise achievement and helps reduce reform fatigue.
- **Communication and stakeholder engagement** is a critical element of managing change and should be a high priority activity throughout the implementation. It is important that messages are presented in a way that makes sense to the audience and therefore communication and stakeholder engagement activities should be differentiated for different target audiences.
- **Leadership for change** is not only about individuals in high positions. Often coalitions of individuals in different positions provide a strong basis for change leadership. These change agents need to be harnessed and supported throughout the change process.
- **Networking** with others to share experiences on how to resolve challenges and issues relating both to technical and change management. This can include in-country networks with peers in other similar organisations, regional networks or online forums).

A number of resources (see below) can provide support to managing the change process.



Country Case: Serbia

Through various events such as workshops and meetings facilitated by the Public Procurement Office in Serbia, procurement officers working in municipalities have had the opportunity to meet and share experiences. As a result an informal network has sprung up among the Procurement Officers where they use each other for support both relating to issues about applying the new legal framework in practice, but also relating to the challenges of changing attitudes within their organizations towards conducting procurement in a professional manner. As a next step the procurement officers are now working on formalizing the network and opening it to others by creating a procurement association.

5.4 Monitoring and Evaluation

Chapter 4 discussed establishing a monitoring and evaluation framework for the transformation. As far as possible the implementation should be integrated into existing monitoring structures. When moving from planning to implementation, the monitoring framework should be reinforced and elaborated including finalizing roles and responsibilities, indicators, baselines, risk and targets and establishing the required information systems. At this point some indicators may need to be adjusted for example if necessary data is not available and/or cannot be collected in a cost effective manner. Thereafter the monitoring framework should be implemented including applying tools to collect and analysis the data. In addition the communication of results should be an important activity and feeds into the management of change (see above).

While monitoring gives ongoing information on whether the change is going in the right direction and at the speed as planned, it doesn't give information on the reason for the changes or how they are happening – or not, as the case may be. Therefore evaluations can be used to uncover what is working and what is not, and why. Generally evaluations should be done when there is a divergence between the planned and actual performance, or when decisions need to be made about resource allocations. Being able to demonstrate progress and results is an important aspect in being able to justify and ensure ongoing funding.

As well as providing information that can be used to validate the strategy, make mid-term corrections and improve the design and implementation and ensure accountability, monitoring and evaluation activities can provide a good source of data and “stories” to feed into the communications strategy.



Country Case: Kenya

The Public Procurement Oversight Authority (PPOA) in Kenya faced challenges in implementing their Strategic Plan 2010-14 mainly due to the lack of availability of financial resources – the levy on procuring entities provide for in the law did not materialize as expected. As a result they had to make pragmatic adjustments to the expectations, for example, relying on seconded staff from other ministries until such times as it was possible to recruit PPOA staff.

Source: Strengthening Procurement Systems: Results and Opportunities, OECD-DAC 2011

Additional Resources

The following resources can provide additional information and guidance and can all be accessed on www.unpcdc.org.

 Resource	Description
Perspectives Note: The Enabling Environment for Capacity Development OECD-DAC, 2011	A paper discussing how the environment can be more or less enabling for capacity development, how actors can adapt to or influence the context they operate in and what the implications are for capacity development.
How to assess change readiness LenCD 2011	Guide to conducting change readiness assessment
Leadership for Human Development UNDP, 2006	A guide to leadership development in a development context.
Incentive Systems: Incentives, Motivation and Development Performance UNDP, 2006	A guide to incentives in a development context.
Managing Significant Change IDeA, CLG and London Borough of Lambeth, 2007	Guide to managing change in a public sector environment.
Change Management Toolkit London Borough of Lambeth, 2007	Toolkit to facilitate the management of change.
Handbook on Planning, Monitoring and Evaluating for Development Results UNDP, 2009	Guidelines on monitoring and evaluating.
Capacity Development Practice Note UNDP, 2006	Overall guide to the UNDP approach to capacity development.

ANNEX 1: SAMPLE TERMS OF REFERENCE FOR AN ASSESSMENT

This is a generic Terms of Reference for a procurement assessment that can be adapted depending of the scope and scale of an assessment, regardless of whether the assessment is to be conducted by external or internal assessors.

TERMS OF REFERENCE FOR PROCUREMENT ASSESSMENT

FOR [NAME OF COUNTRY, SECTOR AND/OR ENTITY]

Background and Context

The context and background that has lead to the decision to conduct an assessment including links to other relevant initiatives. Include details of key stakeholder involved.

Activities

Working under the overall supervision of and providing support to [Assessment Owner]:

Objectives:

1. Clarify, in consultation with stakeholders, the overall objectives for the assessment based on the expectations regarding its output, priorities in line with [national/sector/entity] objectives.
2. In line with the objectives identify the scale and scope of the assessment, including:
 - Whose capacities need to be assessed?
 - What capacities need to be assessed?

Stakeholder Mapping and Engagement:

3. Map key stakeholders
4. Prepare a stakeholder engagement plan
5. Engage stakeholders appropriately at the following stages of the process:
 - Scoping and designing the assessment
 - Data collection
 - Validation of results
 - Sharing results and planning next steps

Design and Plan the Assessment

6. Review assessment tools available and identify tool(s) that match the objectives
7. Adapt the tools to match the objectives.
8. Plan the data collection approach and map data sources to the assessment tool.

9. Prepare a workplan for the assessment exercise including outputs to be achieved, activities, due dates, roles and responsibilities and budget.

Conduct the Assessment

- Prepare interview/self-assessment questionnaires, data collection checklists etc.
- Collect data as appropriate (e.g. review documents, interviews, workshops, self-assessment instruments etc).
- Record findings.

Compile and analyze data

- Compile and analyze data collected by indicator
- Assign ratings according to the assessment approach
- Debrief key stakeholders on findings.

Validate results

- Facilitate validation of findings with key stakeholders (e.g. through a workshop or series of workshops).

Prepare Assessment Report

Key Deliverables:

- Assessment workplan including:
 - Objectives of the assessment
 - Scale and scope of the assessment
 - Stakeholder mapping and engagement plan
 - Assessment approach (tools and data collection)
 - Assessment workplan including outputs to be achieved, activities, due dates, roles and responsibilities and budget.
- Preliminary findings
- Final report including:
 - Introduction and background
 - An executive summary
 - A description of the approach
 - A presentation of the context
 - An overview of the findings (detailed data included in Annexes)

ANNEX 2: DATA COLLECTION WORKSHEET

This table provides examples of data sources for an assessment using the Methodology for Assessment of Procurement Systems (MAPS). It suggests sources relating to each of the Sub-indicators in order to collect data relating to scoring the Baseline Indicators and the level of compliance.

Note: These are illustrative examples only, the actual data sources will vary from country to country.

Indicators	Sources relating the Baseline Indicators (BLIs)	Sources to assess level of compliance (qualitative)
Pillar I – Legislative and Regulatory Framework		
Indicator 1:		
Public procurement legislative and regulatory framework achieves the agreed standards and complies with applicable obligations		
Sub-indicator 1(a) - Scope of application and coverage of the legislative and regulatory framework	Public Procurement Law/Regulations Procurement Normative/Regulatory Body	Procurement Normative/Regulatory Body Monitoring Department/Audit reports Procuring Entities Private sector associations
Sub-indicator 1(b) - Procurement methods	Public Procurement Law/Regulations	Procurement Normative/Regulatory Body Monitoring Department/Audit reports Procuring Entities (+sample of contracts) Private sector
Sub-indicator 1(c) - Advertising rules and time limits	Public Procurement Law/Regulations	Procurement Normative/Regulatory Body (+website) Monitoring Department (+monitoring reports) Procuring Entities (+sample of contracts)

Indicators	Sources relating the Baseline Indicators (BLIs)	Sources to assess level of compliance (qualitative)
		Private sector associations
Sub-indicator 1(d) - Rules on participation and qualitative selection	Public Procurement Law/Regulations	Procurement Normative/Regulatory Body Monitoring Department (+monitoring reports) Procuring Entities Private sector associations Anti-Corruption Bureau
Sub-indicator 1(e) - Tender documentation and technical specifications	Public Procurement Law/Regulations Standard Bidding Documents	Procurement Normative/Regulatory Body Monitoring Department Procuring Entities Private sector associations
Sub-indicator 1(f) - Tender evaluation and award criteria	Public Procurement Law/Regulations Standard Bidding Documents	Procurement Normative/Regulatory Body Monitoring Department (+monitoring/audit reports) Procuring Entities (+sample of contracts) Private sector associations
Sub-indicator 1(g) - Submission, receipt and opening of tenders	Public Procurement Law/Regulations Standard Bidding Documents	Procurement Normative/Regulatory Body Monitoring Department (+monitoring/audit reports) Procuring Entities Private associations
Sub-indicator 1(h) – Complaints	Public Procurement Law/Regulations	Procurement Normative/Regulatory Body Monitoring Department

Indicators	Sources relating the Baseline Indicators (BLIs)	Sources to assess level of compliance (qualitative)
		Complaints Body Procuring Entities Private sector associations
Indicator 2: Existence of Implementing Regulations and Documentation		
Sub-indicator 2(a) - Implementing regulation that provides defined processes and procedures not included in higher-level legislation	Public Procurement Law/Regulations Procurement Manual	Procurement Normative/Regulatory Body Procuring Entities Private sector associations
Sub-indicator 2(b) - Model tender documents for goods, works, and services	Public Procurement Law/Regulations Procurement Manual	Procurement Normative/Regulatory Body Monitoring Department Procuring Entities Standard Bidding Documents
Sub-indicator 2(c) - Procedures for pre-qualification	Public Procurement Law/Regulations Procurement Manual	Procurement Normative/Regulatory Body Monitoring Department Procuring Entities (+sample of contracts)
Sub-indicator 2d) - Procedures suitable for contracting for services or other requirements in which technical capacity is a key criterion	Public Procurement Law/Regulations Procurement Manual	Procurement Normative/Regulatory Body Monitoring Department Procuring Entities (+sample of contracts)
Sub-indicator 2(e) - User's guide or manual for contracting entities	Public Procurement Law/Regulations	Procurement Normative/Regulatory Body Procurement Manual

Indicators	Sources relating the Baseline Indicators (BLIs)	Sources to assess level of compliance (qualitative)
		Procuring Entities
Sub-indicator 2(f) - General Conditions of Contracts (GCC) for public sector contracts covering goods, works and services consistent with national requirements and, when applicable, international requirements	GCCs	Procurement Normative/Regulatory Body Procuring Entities (+sample of contracts)
Pillar II – Institutional Framework and Management Capacity		
Indicator The public procurement system is mainstreamed and well integrated into the public sector governance system		3:
Sub-indicator 3(a) - Procurement planning and data on costing are part of the budget formulation process and contribute to multiyear planning	Public Procurement Law/Regulations Financial Management Manual	Procurement Normative/Regulatory Body Procuring Entities Ministry of Finance (Budget Section)
Sub-indicator 3(b) - Budget law and financial procedures support timely procurement, contract execution, and payment	Public Finance Law/Regulations Financial Management Manual	Ministry of Finance (Budget Section) Accountant General Procuring Entities Private sector representatives
Sub-indicator 3(c) - No initiation of procurement actions without existing budget appropriations	Public Procurement Law/Regulations Public Finance Law/Regulations Financial Management Manual	Procurement Normative/Regulatory Body Ministry of Finance (Budget Section) Accountant General Procuring Entities

Indicators	Sources relating the Baseline Indicators (BLIs)	Sources to assess level of compliance (qualitative)
Sub-indicator 3(d) – Systematic completion reports are prepared for certification of budget execution and for reconciliation of delivery within budget programming	Procurement Normative/Regulatory Ministry of Finance (Budget) Accountant General Procuring Entities	(same as BLI) (+sample of completion reports by Procuring Entities)
Indicator 4: The country has a functional normative/regulatory body		
Sub-indicator 4(a) - The status and basis for the normative/regulatory body is covered in the legislative and regulatory framework	Public Procurement Law/Regulations	Procurement Normative/Regulatory Body Civil society organisations
Sub-indicator 4(b) - The body has a defined set of responsibilities that include but are not limited to the following: <ul style="list-style-type: none"> • providing advice to contracting entities; • drafting amendments to the legislative and regulatory framework and implementing regulations; • monitoring public procurement; • providing procurement information; • managing statistical databases; • reporting on procurement to other parts of government; • developing and supporting implementation of initiatives for improvements of the public procurement system; and • providing implementing tools and documents to support training and capacity development of implementing staff 	Public Procurement Law/Regulations	Procurement Normative/Regulatory Body Procuring Entities

Indicators	Sources relating the Baseline Indicators (BLIs)	Sources to assess level of compliance (qualitative)
Sub-indicator 4(c) - The body's organisation, funding, staffing, and level of independence and authority (formal power) to exercise its duties should be sufficient and consistent with the responsibilities	Public Procurement Law/Regulations Procurement Reform Strategy Plan Annual Reports of Procurement Normative/Regulatory Body	Procurement Normative/Regulatory Body
Sub-indicator 4(d) - The responsibilities should also provide for separation and clarity so as to avoid conflict of interest and direct involvement in the execution of procurement transactions. (Due to the nature of this sub-indicator, scoring is either a 3 or a 0)	Public Procurement Law/Regulations	Procurement Normative/Regulatory Body
Indicator 5: Existence of institutional development capacity		
Sub-indicator 5(a) - The country has a system for collecting and disseminating procurement information, including tender invitations, requests for proposals, and contract award information	Public Procurement Law/Regulations Procurement Normative/Regulatory Body	Procurement Normative/Regulatory Body (+website) Private sector associations
Sub-indicator 5(b) - The country has systems and procedures for collecting and monitoring national procurement statistics	Public Procurement Law/Regulations Procurement Normative/Regulatory Body Aggregate procurement statistics	Procurement Normative/Regulatory Body
Sub-indicator 5(c) - A sustainable strategy and training capacity exists to provide training, advice and assistance to develop the capacity of government and private sector participants to understand the rules and regulations and how they should be implemented	Procurement Normative/Regulatory Body Procurement Reform Strategy and implementation reports Skills and training need assessment	Procurement Normative/Regulatory Body Training institutions Procuring Entities Statistics on training

Indicators	Sources relating the Baseline Indicators (BLIs)	Sources to assess level of compliance (qualitative)
	Certification/training programs	
Sub-indicator 5(d) - Quality control standards are disseminated and used to evaluate staff performance and address capacity development issues	Procurement Normative/Regulatory Body Civil service commission	Procurement Normative/Regulatory Body Civil Service Commission Procuring Entities
Pillar III – Procurement Operations and Market Practices		
Indicator 6: The country's procurement operations and practices are efficient		
Sub-indicator 6(a) - The level of procurement competence among government officials within the entity is consistent with their procurement responsibilities	Public Procurement Law/Regulations Procurement manual Job profiles Procurement Normative/Regulatory Body Civil service commission: Scheme of Service/Career path Procuring Entities	(same as BLI)
Sub-indicator 6(b) - The procurement training and information programmes for government officials and for private sector participants are consistent with demand	Procurement Normative/Regulatory Body Training institutions/training programs Procuring Entities Private sector associations	(same as BLI)

Indicators	Sources relating the Baseline Indicators (BLIs)	Sources to assess level of compliance (qualitative)
	Civil society organisations	
Sub-indicator 6(c) - There are established norms for the safekeeping of records and documents related to the transactions and contract management	Public Procurement Law/Regulations Procurement manual Procurement Normative/Regulatory Body Audit Law/Archives regulations Anti-corruption law Access to Information Law	Procurement Normative/Regulatory Body Procuring Entities (+sample of contract records) Anti-Corruption Bureau
Sub-indicator 6(d) - There are provisions for delegating authority to others who have the capacity to exercise responsibilities	Public Procurement Law/Regulations Procurement Manual Financial regulations	Procurement Normative/Regulatory Body Civil Society Organisations
Indicator 7: Functionality of the public procurement market		
Sub-indicator 7(a) - There are effective mechanisms for partnerships between the public and private sector	Procurement Normative/Regulatory Body Private sector associations Procuring Entities Public Private Partnership Law	(same as BLI)
Sub-indicator 7(b) - Private sector institutions are well organised and able to facilitate access to the market	Procurement Normative/Regulatory Body Private sector associations	(same as BLI)
Sub-indicator 7(c) - There are no major systemic constraints (e.g. inadequate access to credit, contracting practices, etc.)	Procurement Normative/Regulatory Body	(same as BLI)

Indicators	Sources relating the Baseline Indicators (BLIs)	Sources to assess level of compliance (qualitative)
inhibiting the private sector's capacity to access the procurement market	Private sector associations	
Indicator 8: Existence of contract administration and dispute resolution provisions		
Sub-indicator 8(a) - Procedures are clearly defined for undertaking contract administration responsibilities that include inspection and acceptance procedures, quality control procedures, and methods to review and issue contract amendments in a timely manner	Public Procurement Law/ Regulations Procurement Manual General Conditions of Contract Standard Bidding Documents Procuring Entities	Procurement Normative/Regulatory Body Procuring Entities (+sample of contracts) Private sector associations
Sub-indicator 8(b) - Contracts include dispute resolution procedures that provide for an efficient and fair process to resolve disputes arising during the performance of the contract	Public Procurement Law/Regulations General Conditions of Contract International Arbitration Law UNCITRAL website: New York Convention Procuring Entities	Procurement Normative/Regulatory Body Ministry of Justice Procuring Entities (+sample contracts)
Sub-indicator 8(c) - Procedures exist to enforce the outcome of the dispute resolution process	General Conditions of Contract Ministry of Justice Procurement Normative/Regulatory Body Procuring Entities	Ministry of Justice Procurement Normative/Regulatory Body Procuring Entities (+Procurement Manual)

Indicators	Sources relating the Baseline Indicators (BLIs)	Sources to assess level of compliance (qualitative)
	Procurement Manual	
Pillar IV – Integrity and Transparency of the Public Procurement System		
Indicator 9: The country has effective control and audit systems		
Sub-indicator 9(a) - A legal framework, organisation, policy, and procedures for internal and external control and audit of public procurement operations are in place to provide a functioning control framework	Public Procurement Law/Regulations Audit Act Internal/External Audit manual (or alternative instructions) Specialised procurement audits	Procurement Normative/Regulatory Body National Audit Office Ministry of Finance (Internal Auditor) Procuring Entities Parliament (Public Accounts Committee)
Sub-indicator 9(b) - Enforcement and follow-up on findings and recommendations of the control framework provide an environment that fosters compliance	Procurement Normative/Regulatory Body National Audit Office Ministry of Finance (Internal Auditor) Procuring Entities Audit reports Prosecution cases/Court decisions	(same as BLI)
Sub-indicator 9(c) - The internal control system provides timely information on compliance to enable management action	Ministry of Finance (Internal Auditor) Internal Audit Manual (or alternative instructions)	(same as BLI)
Sub-indicator 9(d) - The internal control systems are sufficiently defined to allow performance audits to be conducted	Internal Audit Manual (or alternative instructions)	Ministry of Finance (Internal Auditor) Sample performance audits for procuring

Indicators	Sources relating the Baseline Indicators (BLIs)	Sources to assess level of compliance (qualitative)
		entities
Sub-indicator 9(e) - Auditors are sufficiently informed about procurement requirements and control systems to conduct quality audits that contribute to compliance	Procurement Normative/Regulatory Body National Audit Office Ministry of Finance (Internal Auditor) Training program for procurement audits	Procurement Normative/Regulatory Body National Audit Office Ministry of Finance (Internal Auditor) Procuring Entities Training institutions
Indicator 10: Efficiency of appeals mechanism		
Sub-indicator 10(a) - Decisions are deliberated on the basis of available information, and the final decision can be reviewed and ruled upon by a body (or authority) with enforcement capacity under the law	Public Procurement Law/Regulations Procurement manual Operations procedures of complaints body	Complaints body (and records of decisions) Procuring Entities Private sector associations
Sub-indicator 10(b) - The complaint review system has the capacity to handle complaints efficiently and a means to enforce the remedy imposed	Public Procurement Law/Regulations Procurement manual Operations procedures of complaints body	Complaints body Procuring Entities Private sector associations
Sub-indicator 10(c) - The system operates in a fair manner, with outcomes of decisions balanced and justified on the basis of available information	Public Procurement Law/Regulations Procurement manual Operations procedures of complaints body	Complaints body (+website) Civil society organisations Private sector associations
Sub-indicator 10(d) - Decisions are published and made available to all interested parties and to the public	Public Procurement Law/Regulations Procurement manual	Complaints body (+website) Procuring Entities Civil society organisations

Indicators	Sources relating the Baseline Indicators (BLIs)	Sources to assess level of compliance (qualitative)
	Access to Information Law Operations procedures of complaints body Published decisions	
Sub-indicator 10(e) – The system ensures that the complaint review body has full authority and independence for resolution of complaints	Public Procurement Law/Regulations Procurement manual	Complaints body(+ records of decisions) Private sector associations Civil society organisations
Indicator 11: Degree of access to information		
Sub-indicator 11(a) - Information is published and distributed through available media with support from information technology when feasible	Public Procurement Law/Regulations Procurement manual Access to Information Law e-procurement system Procuring entities	Procurement Normative/Regulatory Body (+website) Private sector associations Civil society organisations Procuring entities
Indicator 12: The country has ethics and anticorruption measures in place		
Sub-indicator 12(a) - The legal and regulatory framework for procurement, including tender and contract documents, includes provisions addressing corruption, fraud, conflict of interest, and unethical behaviour and sets out (either directly or by reference to other laws) the actions that can be taken with regard to such behaviour	Public Procurement Law/Regulations Procurement manual Standard Bidding Documents General Conditions of Contract	N/A (see indicator 12(c))

Indicators	Sources relating the Baseline Indicators (BLIs)	Sources to assess level of compliance (qualitative)
	Anti-corruption Law Anti-corruption Bureau	
Sub-indicator 12(b) - The legal system defines responsibilities, accountabilities, and penalties for individuals and firms found to have engaged in fraudulent or corrupt practices	Public Procurement Law/Regulations Procurement manual Standard Bidding Documents Anti-corruption law	N/A (see indicator 12(c))
Sub-indicator 12(c) – Evidence of enforcement of rulings and penalties exists	Procurement Normative/Regulatory Body Anti-Corruption Bureau (+statistics) Civil society organisations Private sector associations	(same as BLI)
Sub-indicator 12(d) - Special measures exist to prevent and detect fraud and corruption in public procurement	Anti-Corruption Bureau	Anti-Corruption Bureau Civil society organisations
Sub-indicator 12(e) – Stakeholders (private sector, civil society, and ultimate beneficiaries of procurement/end-users) support the creation of a procurement market known for its integrity and ethical behaviours	Media clips Integrity pacts Corruption perception surveys	Procurement Normative/Regulatory Body Anti-Corruption Bureau Private sector associations Civil society organisations
Sub-indicator 12(f) - The country should have in place a secure mechanism for reporting fraudulent, corrupt, or unethical behaviour	Public Procurement Law/Regulations Procurement manual Anti-Corruption Bureau	Procurement Normative/Regulatory Body Anti-Corruption Bureau Procuring Entities Private sector associations

Indicators	Sources relating the Baseline Indicators (BLIs)	Sources to assess level of compliance (qualitative)
	Whistleblower Act	
Sub-indicator 12(g) - Existence of Codes of Conduct/Codes of Ethics for participants that are involved in aspects of the public financial management systems that also provide for disclosure for those in decision making positions	Codes of Conduct/Codes of Ethics for public officials Procedures for disclosure of conflict of interest Procedures for declaration of assets and liabilities	Civil service commission Procurement Normative/Regulatory Body Anti-Corruption Bureau

ANNEX 3: EXAMPLES OF OPTIONS TO ADDRESS PROCUREMENT CHALLENGES

This table suggests different types of initiatives that can be used to address various kinds of procurement challenges.

Important: Please note that there are no blueprints to resolving procurement challenges. These examples are not exhaustive and are purely illustrative. They should not be seen as prescriptive or as a simple menu of options, but rather provide input and inspiration for brainstorming, discussions, adaptation and/or further research.

Option examples	Tier	Challenges it can address	Comments
Reform of legal/regulatory framework	National	Existing framework not comprehensive, poorly codified or not in line with international standards	Needs to be combined with other options to address contextual issues as well as compliance.
Preparation of manuals, standard bidding documents and other tools	National, Sector, Entity	Lack of knowledge of requirements.	Need to be practical and appropriate for the context e.g. in local languages, appropriate level of complexity for area of application.
Coordination mechanisms between procurement authorities and other related bodies e.g. civil service commission, audit, finance, anti-corruption	National, Sector, Entity	Problems in addressing factors that lie outside the area of “control” of procurement authorities e.g. links to the budgeting system.	It isn’t enough to establish formal mechanisms without considering the informal mechanisms operating between different parties. If these aren’t considered/addressed could result in meaningless meetings without result.
Coordination mechanisms between procurement authorities and donors/development partners	National, Sector, Entity	Uncoordinated support of multiple development partners, causing additional coordination burden	It isn’t enough to establish formal mechanisms without considering the informal mechanisms operating between the different parties. If these aren’t considered/addressed could result in meaningless meetings without result.
Multi-stakeholder coalitions for change	National, Sector, Entity	Lack of political will; lack of leadership and agents for change; corruption and /or poor compliance/performance of procurement system	Can strengthen the leadership capacity and voice of multiple stakeholders including “demand side” voice e.g. citizens, media etc.

Option examples	Tier	Challenges it can address	Comments
Activities to strengthen citizen groups e.g. Civil Society Organisations including developing networks, educating on procurement monitoring and social accountability techniques	National, Sector, Entity	Lack of political will; lack of leadership and agents for change; corruption and /or poor compliance/performance of procurement system	Can strengthen the leadership capacity and voice of multiple stakeholders including “demand side” voice e.g. citizens.
Activities to strengthen the media such as providing information on procurement requirements and activities to strengthen investigative journalism capacities	National, Sector, Entity	Lack of political will; lack of leadership and agents for change; corruption and /or poor compliance/performance of procurement system	Should be combined with activities to strengthen the leadership capacity and voice of multiple stakeholders including “demand side” voice e.g. citizens
Activities to provide guidance to suppliers on how to do business with government	National, Sector, Entity	Poor supplier participation in bids, or high percentage of non-compliant bids received.	The underlying reasons for low participation or non-compliance should be investigated. In some cases over complexity of bidding documents may contribute to the problem or it may be due to other contextual issues such as bid rigging, or issues to do with the nature of the supply market.
Creation of career path within civil service for procurement officials, including creation of job descriptions relating to specific grades, merit/qualification based on recruitment	National, Sector, Entity, Individual	Procurement seen as an administrative function, problems in attracting and retaining qualified individuals.	Unless contextual issues relating to the informal systems that affect recruitment, promotion etc (e.g. cultural norms relating to seniority, gender, family or kin) are also considered and addressed this is unlikely to work as intended.
Functional reviews and business process reengineering	Sector, Entity	Lack of clarity about roles and responsibilities, poor coordination and knowledge sharing between actors, inefficiency in the procurement process	Unless contextual issues relating to the informal systems are also considered and addressed it is unlikely to be successful in the long-term.
Introduction of procurement performance /results based management scheme	Sector, Entity, Individual	Poor compliance/performance of procurement system. Poor motivation of individuals	Unless efforts are also made to address the “results culture” introducing a system on its own is not likely to be successful.

Option examples	Tier	Challenges it can address	Comments
Publication of procurement information such as procurement notices and contract awards	National, Sector, Entity	Corruption, political interference, poor participation in procurement	This is a quick win that can have a huge impact with little investment. It needs to be context appropriate in terms of language, technology etc. E.g. for a small contract in a local community a notice on the community notice board in the local language may be more appropriate than an online publication on the national procurement website.
E-procurement	National, Sector, Entity	Corruption, lack of efficiency, poor management information and record keeping, poor compliance.	Can be a huge investment. Does not necessarily eliminate corruption – may just shift to other actors. Without efforts to also address process issues, it is unlikely to be successful.
Developing Certification programs for procurement officials	National, Sector, Entity, Individual	Procurement seen as an administrative function, problems in attracting and retaining qualified individuals, poor motivation of individuals, lack of procurement professionalism.	Providing certification is a good way to provide more effective and sustainable procurement learning and education (as compared to one of training courses). Provides motivation and incentives to those working in procurement. Can promote “professionalism” which goes beyond skills and knowledge to include values.
Collaboration with education institutions to include procurement qualifications in curriculum	National, Sector, Entity, Individual	Lack of political will, problems with knowledge sharing, procurement seen as an administrative function, problems in attracting and retaining qualified individuals, poor motivation of individuals, lack of procurement professionalism.	Promoting procurement at all levels of curriculum can ensure that procurement over time will have candidates for all levels of responsibility. By including procurement not only as stand-alone qualifications but as part of the curriculum for other public administration or business courses can contribute in time to a change in perception of the value of the procurement function.
Creation of professional associations for public procurement professionals.	National, sector, entity.	Procurement seen as an administrative function, problems in attracting and retaining qualified individuals, poor motivation of individuals, lack of procurement professionalism.	Is a good way to provide more effective and sustainable procurement learning and education (as compared to one of training courses). Provides motivation and incentives to those working in procurement. Can promote “professionalism” which goes beyond skills and knowledge to include values.

Option examples	Tier	Challenges it can address	Comments
Communications strategy including website, newsletters, newspaper columns, radio and TV shows	National, sector, entity	Poor public perception of procurement, lack of political will.	Can strengthen the demand side (e.g. citizen's voice) for improved procurement outcomes and also support ongoing change management.
E-learning, blended learning	Individual	Lack of procurement related knowledge	Can be a very cost-effective way of delivering "training" for learning needs with high knowledge or technical component.
Experiential learning such as action learning, on-the-job training, work-based learning, work/job shadowing etc.	Individual	Lack of individual competence, including behavioral/value-based/motivation issues.	Grounds learning into workplace practice and starts from the participants own level of experience. Not so effective for technical needs.

ANNEX 4: MEASURING LEVEL OF COMPLIANCE BY MAPS SUB-INDICATOR - QUANTITATIVE AND QUALITATIVE

This table provides suggestions on how to measure the level of compliance relating to each of the MAPS sub-indicators. For each indicator the quantitative assessment indicator (CPI) is taken from Version 4 of the OECD-DAC Methodology. The third column includes suggestions on how to measure the level of compliance in a qualitative way.

(Refer to OECD-DAC Methodology of Assessment of National Procurement Systems (MAPS) for more information on each of these sub-indicators)

BLI Sub-Indicator	Quantitative assessment of compliance (CPI)	Qualitative assessment of compliance ²⁰
Pillar I: Legislative and Regulatory Framework		
Indicator 1 Public Procurement legislative and regulatory framework achieves the agreed standards and complies with applicable obligations		
Sub-indicator 1(a) - Scope of application and coverage of the legislative and regulatory framework	No CPI	Do procuring entities in practice have copies of the documents that define the legislative and regulatory framework?
Sub-indicator 1(b) - Procurement methods	% of procurement subject to the legislative framework being assessed (in volume and number of contracts) carried out through open tendering.	Is competitive tendering in practice the default method of public procurement in procuring entities?
Sub-indicator 1(c) - Advertising rules and time limits	<ul style="list-style-type: none"> • % of invitations for open tenders publically advertised? • Average # of days between tender advertisement and tender opening 	Are the existing rules of advertisement (including type of opportunities published, timeframe, source of publication, content) complied with?
Sub-indicator 1(d) - Rules on participation and qualitative selection	% of open tender documents that include provisions limited participating for reasons other than qualifications or acceptable exclusions.	Do procuring entities comply with the established rules on domestic price preferential?

²⁰ Qualitative indicators can be assigned a score on scale of 0-3 as follows: 0=no compliance, 1=partial compliance, 2=substantial compliance and 3=full compliance.

BLI Sub-Indicator	Quantitative assessment of compliance (CPI)	Qualitative assessment of compliance ²⁰
Sub-indicator 1(e) - Tender documentation and technical specifications	% of tenders rejected in each process	Do the technical specifications issued by procuring entities in practice comply with the requirements of the legal framework, including the established minimum content and use of neutral specifications?
Sub-indicator 1(f) - Tender evaluation and award criteria	<ul style="list-style-type: none"> • % of tenders including non quantifiable or subjective evaluation. • Public perception of confidentiality of tender evaluation process. 	<ul style="list-style-type: none"> • Are relevant evaluation criteria in practice specified in advance in the tender documents? • Are decisions made solely based on the stated evaluation criteria?
Sub-indicator 1(g) - Submission, receipt and opening of tenders	% of tenders opened publicly and recorded.	<ul style="list-style-type: none"> • Are tender openings carried out in accordance with the provisions of the legal framework? • Are records of bid opening in practice retained and available for review? • Is security and confidentiality of bids maintained prior to bid opening?
Sub-indicator 1(h) – Complaints	% of cases resolved within the terms established in the legal framework.	<ul style="list-style-type: none"> • Are procuring entities aware of the procedure for review? • Is the complaint review system in practice being used?
Indicator 2. Existence of Implementing Regulations and Documentation		
Sub-indicator 2(a) - Implementing regulation that provides defined processes and procedures not included in higher-level legislation	SUB-INDICATOR INCLUDES COMPLIANCE ASPECT.	
Sub-indicator 2(b) - Model tender documents for goods, works, and services	% of open tenders that use model tender documents or clauses.	<ul style="list-style-type: none"> • Are the developed Standard Bidding Documents being used consistently by procuring entities? • Do the SBDs have an adequate format, level of detail and content?

BLI Sub-Indicator	Quantitative assessment of compliance (CPI)	Qualitative assessment of compliance ²⁰
Sub-indicator 2(c) - Procedures for pre-qualification	<ul style="list-style-type: none"> • % of cases where prequalification was used appropriately as prescribed in the legal framework. • % of cases that used objective pass/fail prequalification criteria as opposed to subjective ones. 	Are pre-qualification procedures being applied by procuring entities in accordance with the provisions in the legal framework?
Sub-indicator 2(d) - Procedures suitable for contracting for services or other requirements in which technical capacity is a key criterion	No CPI.	Is quality adequately reflected in the selection procedures applied by procuring entities for contracting for services?
Sub-indicator 2(e) - User's guide or manual for contracting entities	SUB-INDICATOR INCLUDES COMPLIANCE ASPECT.	
Sub-indicator 2(f) - General Conditions of Contracts (GCC) for public sector contracts covering goods, works and services consistent with national requirements and, when applicable, international requirements	% of tenders that use the GCC standard clauses or templates as applicable.	Are the General Conditions of Contract being used consistently by procuring entities?
Pillar II: Institutional Framework and Management Capacity		
Indicator 3. The public procurement system is mainstreamed and well integrated into the public sector governance system		
Sub-indicator 3(a) - Procurement planning and data on costing are part of the budget formulation process and contribute to multiyear planning	No CPI	<ul style="list-style-type: none"> • Do procuring entities in practice have procurement plans? • Are the procurements undertaken by procuring entities in accordance with the plan?

BLI Sub-Indicator	Quantitative assessment of compliance (CPI)	Qualitative assessment of compliance ²⁰
Sub-indicator 3(b) - Budget law and financial procedures support timely procurement, contract execution, and payment	% of payments made late.	SUB-INDICATOR INCLUDES COMPLIANCE ASPECT.
Sub-indicator 3(c) - No initiation of procurement actions without existing budget appropriations	SUB-INDICATOR INCLUDES COMPLIANCE ASPECT.	
Sub-indicator 3(d) – Systematic completion reports are prepared for certification of budget execution and for reconciliation of delivery within budget programming	<ul style="list-style-type: none"> • % of major contracts without completion reports • Average time after contract completion for completion reports to be prepared. 	Are completion reports in practice made for major procurements?
Indicator 4. The country has a functional normative/regulatory body		
Sub-indicator 4(a) - The status and basis for the normative/regulatory body is covered in the legislative and regulatory framework.	SUB-INDICATOR INCLUDES COMPLIANCE ASPECT.	
Sub-indicator 4(b) - The body has a defined set of responsibilities that include but are not limited to the following (see list in methodology)	No CPI	In practice, are the defined functions and responsibilities carried out by the normative/regulatory body?

BLI Sub-Indicator	Quantitative assessment of compliance (CPI)	Qualitative assessment of compliance ²⁰
Sub-indicator 4(c) - The body's organisation, funding, staffing, and level of independence and authority (formal power) to exercise its duties should be sufficient and consistent with the responsibilities	% of those surveyed that perceive procurement as being performed competently and independently.	Is the organisation, funding, staffing, level of independence and authority of the normative/regulatory body in practice sufficient to exercise its duties?
Sub-indicator 4(d) - The responsibilities should also provide for separation and clarity so as to avoid conflict of interest and direct involvement in the execution of procurement transactions.	% of those surveyed that perceive the regulatory function to be free of conflict.	SUB-INDICATOR INCLUDES COMPLIANCE ASPECT.
Indicator 5. Existence of institutional development capacity		
Sub indicator 5(a) - The country has a system for collecting and disseminating procurement information, including tender invitations, requests for proposals, and contract award information.	SUB-INDICATOR INCLUDES COMPLIANCE ASPECT.	
Sub indicator 5(b) - The country has systems and procedures for collecting and monitoring national procurement statistics.	Age of information	SUB-INDICATOR INCLUDES COMPLIANCE ASPECT.

BLI Sub-Indicator	Quantitative assessment of compliance (CPI)	Qualitative assessment of compliance ²⁰
Sub-indicator 5(c) - A sustainable strategy and training capacity exists to provide training, advice and assistance to develop the capacity of government and private sector participants to understand the rules and regulations and how they should be implemented	<ul style="list-style-type: none"> • # of staff involved in procurement in the central government that receives formal training in the year. • Average waiting time to get in a formal training event. 	Are the training and capacity development activities provided for in the training strategy implemented according to plan?
Sub-indicator 5(d) - Quality control standards are disseminated and used to evaluate staff performance and address capacity development issues.		SUB-INDICATOR INCLUDES COMPLIANCE ASPECT.
Pillar III. Procurement Operations and Market Practices		
Indicator 6. The Country's procurement operations and practices are efficient.		
Sub-indicator 6(a) - The level of procurement competence among government officials within the entity is consistent with their procurement responsibilities	No CPI	<ul style="list-style-type: none"> • Are the job descriptions for procurement jobs known to the procuring entities? • Do the procuring entities make job descriptions available to the individual procurement officers?
Sub-indicator 6(b) - The procurement training and information programs for government officials and for private sector participants are consistent with demand.	SUB-INDICATOR INCLUDES COMPLIANCE ASPECT.	

BLI Sub-Indicator	Quantitative assessment of compliance (CPI)	Qualitative assessment of compliance ²⁰
Sub-indicator 6(c) - There are established norms for the safekeeping of records and documents related to the transactions and contract management	% of contracts found with incomplete records being retained.	<ul style="list-style-type: none"> Do Procuring Entities comply with requirements with regard to which documents should be included in each procurement record? Are procurement files in Procuring Entities kept in a manner that makes them available for public inspection?
Sub-indicator 6(d) - There are provisions for delegating authority to others who have the capacity to exercise responsibilities.	No CPI	Is delegation of procurement decision making authority in practice decentralized to the lowest competent levels consistent with the risks associated and the monetary sums involved?
Indicator 7. Functionality of the public procurement market.		
Sub-indicator 7(a) - There are effective mechanisms for partnerships between the public and private sector.	Opinion on effectiveness of mechanisms to engage with relevant organisations or agencies.	SUB-INDICATOR INCLUDES COMPLIANCE ASPECT.
Sub-indicator 7(b) - Private sector institutions are well organised and able to facilitate access to the market.	Average number of tenders submitted in each process.	SUB-INDICATOR INCLUDES COMPLIANCE ASPECT.
Sub-indicator 7(c) - There are no major systemic constraints (e.g. inadequate access to credit, contracting practices, etc.) inhibiting the private sector's capacity to access the procurement market.	SUB-INDICATOR INCLUDES COMPLIANCE ASPECT.	

BLI Sub-Indicator	Quantitative assessment of compliance (CPI)	Qualitative assessment of compliance ²⁰
Indicator 8. Existence of contract administration and dispute resolution provisions		
Sub-indicator 8(a) - Procedures are clearly defined for undertaking contract administration responsibilities that include inspection and acceptance procedures, quality control procedures, and methods to review and issue contract amendments in a timely manner	<ul style="list-style-type: none"> • % of contracts containing such provisions. • Evidence in contracts surveyed that contract administration is timely. 	Do procuring entities in practice administer contracts in accordance with the requirements of the legal framework?
Sub-indicator 8(b) - Contracts include dispute resolution procedures that provide for an efficient and fair process to resolve disputes arising during the performance of the contract.	% of contracts that include ADR provisions.	SUB-INDICATOR INCLUDES COMPLIANCE ASPECT.
Sub-indicator 8(c) - Procedures exist to enforce the outcome of the dispute resolution process.	SUB-INDICATOR INCLUDES COMPLIANCE ASPECT.	
Pillar IV: Integrity and Transparency of the Public Procurement System		
Indicator 9. The country has effective control and audit systems		
Sub-indicator 9(a) - A legal framework, organisation, policy, and procedures for internal and external control and audit of public procurement operations are in place to provide a functioning control framework	No CPI	Are the framework, organisation, policy and procedures for internal and external control and audit being applied in practice?

BLI Sub-Indicator	Quantitative assessment of compliance (CPI)	Qualitative assessment of compliance ²⁰
Sub-indicator 9(b) - Enforcement and follow-up on findings and recommendations of the control framework provide an environment that fosters compliance	# of recommendations pending after 1 year	<ul style="list-style-type: none"> • Does management of Procuring Entities respond to findings and recommendations • Are controlling officers of Procuring Entities held accountable for lack of compliance with audit requirements as well as general public financial management requirements?
Sub-indicator 9(c) - The internal control system provides timely information on compliance to enable management action.	# of qualified opinions from external auditors due to critical internal control weaknesses and recommendations referring to internal controls that remain outstanding.	SUB-INDICATOR INCLUDES COMPLIANCE ASPECT.
Sub-indicator 9(d) - The internal control systems are sufficiently defined to allow performance audits to be conducted.	% of agencies reviewed with written internal control procedures.	Are performance audits carried out?
Sub-indicator 9(e) - Auditors are sufficiently informed about procurement requirements and control systems to conduct quality audits that contribute to compliance	No CPI	Do auditors in practice have the procurement knowledge required to conduct quality audits?
Indicator 10. Efficiency of appeals mechanism		
Sub-indicator 10(a) - Decisions are deliberated on the basis of available information, and the final decision can be reviewed and ruled upon by a body (or authority) with enforcement capacity under the law.	SUB-INDICATOR INCLUDES COMPLIANCE ASPECT.	

BLI Sub-Indicator	Quantitative assessment of compliance (CPI)	Qualitative assessment of compliance ²⁰
Sub-indicator 10(b) - The complaint review system has the capacity to handle complaints efficiently and a means to enforce the remedy imposed	<ul style="list-style-type: none"> • % of complaints processed within the time limits in the legal framework • % of decisions taken that are enforced 	<ul style="list-style-type: none"> • Are complaints processed within the time limits of the legal framework? • Are the decisions taken enforced?
Sub-indicator 10(c) - The system operates in a fair manner with outcomes of decisions balanced and justified on the basis of available information	% of favorable opinions	Does the complaint review system in practice operate in a fair manner, with outcomes of decisions balanced and justified on the basis of available information?
Sub-indicator 10(d) - Decisions are published and made available to all interested parties and to the public.	SUB-INDICATOR INCLUDES COMPLIANCE ASPECT.	
Sub-indicator 10(e) – The system ensures that the complaint review body has full authority and independence for resolution of complaints.	SUB-INDICATOR INCLUDES COMPLIANCE ASPECT.	
Indicator 11. Degree of access to information		
Sub-indicator 11(a) - Information is published and distributed through available media with support from information technology when feasible.	No CPI	Are the stakeholders to the procurement system and the public in general well informed about the public procurement system and issues related to public procurement?
Indicator 12. The country has ethics and anticorruption measures in place		

BLI Sub-Indicator	Quantitative assessment of compliance (CPI)	Qualitative assessment of compliance ²⁰
Sub-indicator 12(a) - The legal and regulatory framework for procurement, including tender and contract documents, includes provisions addressing corruption, fraud, conflict of interest, and unethical behavior and sets out (either directly or by reference to other laws) the actions that can be taken with regard to such behavior.	SUB-INDICATOR INCLUDES COMPLIANCE ASPECT.	
Sub-indicator 12(b) - The legal system defines responsibilities, accountabilities, and penalties for individuals and firms found to have engaged in fraudulent or corrupt practices.	No CPI	Are the responsibilities, accountabilities and penalties carried out/enforced in practice?
Sub-indicator 12(c) – Evidence of enforcement of rulings and penalties exists.	% of cases that result in sanctions or penalties	SUB-INDICATOR INCLUDES COMPLIANCE ASPECT.
Sub-indicator 12(d) - Special measures exist to prevent and detect fraud and corruption in public procurement	% of favorable opinions by the public on the effectiveness of the anticorruption measures.	<ul style="list-style-type: none"> • Are measures in place perceived as credible by public institutions, private sector, civil society, and the public? • Is there any evidence that the measures in place contribute to shape and improve the integrity of public procurement? • If a mechanism is in place to prevent and detect fraud and corruption is in place, is there any evidence of the impact of the mechanism?

BLI Sub-Indicator	Quantitative assessment of compliance (CPI)	Qualitative assessment of compliance ²⁰
Sub-indicator 12(e) - Stakeholders (private sector, civil society, and ultimate beneficiaries of procurement/end-users) support the creation of a procurement market known for its integrity and ethical behaviors.	SUB-INDICATOR INCLUDES COMPLIANCE ASPECT.	
Sub-indicator 12(f) - The country should have in place a secure mechanism for reporting fraudulent, corrupt, or unethical behavior	No CPI	Is the reporting mechanism in place being used to report fraudulent, corrupt, or unethical behavior?
Sub-indicator 12(g) – Existence of Codes of Conduct/Codes of Ethics for participants that are involved in aspects of the public financial management systems that also provide for disclosure for those in decision making positions	<p>% of public officials involved in procurement that have signed the Code of Conduct</p> <p>% of public officials involved in procurement that have issued a declaration of assets and liabilities</p>	<ul style="list-style-type: none"> • Do public officials involved in the procurement function have a copy of the Code of Conduct/Code of Ethics? • Is there any evidence that the Codes of Conduct/Ethics influence the behavior of those covered by it?

ANNEX 5: SAMPLE FRAMEWORK FOR PROCUREMENT ASSESSMENT FOR AN ORGANISATION

This framework is structured around indicators with related data sources for an assessment at the organisational level. Indicators relate to the steps in the procurement cycle in terms of 4 cores issues: institutional arrangements, leadership, knowledge and accountability. In addition some generic capacities are included.

Procurement capacity	Institutional arrangements	Leadership	Knowledge	Accountability and transparency (including record keeping)
Procurement planning	<p><u>Indicator:</u></p> <p>A well-defined recurring process is in place to ensure that annual procurement plans are prepared and approved on time.</p>	<p><u>Indicator:</u></p> <p>Organisation Head actively encourages, participates and approves procurement planning, and monitors the implementation of the procurement plan.</p>	<p><u>Indicator:</u></p> <p>All staff involved in procurement is familiar with the procurement planning requirements.</p>	<p><u>Indicator:</u></p> <p>Adequate action is taken if annual procurement plans are not developed, approved on time, or in accordance with legal requirements.</p>
	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Interviews with staff - Existence of approved procurement plan by timeline - Review of sample files to check whether procurements follow the procurement plan 	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Interview with Organisation Head - Interview with other staff - Review Notice Board and website of Organisation for publication 	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Interviews with procurement officers and users - Review of sample files to check whether procurements follow the procurement plan 	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Interviews with staff - Evidence of actions taken if annual procurement plans are not developed, approved on time, or in accordance with legal requirements

Procurement capacity	Institutional arrangements	Leadership	Knowledge	Accountability and transparency (including record keeping)
Requirement definition	<p><u>Indicator:</u></p> <p>Well defined specification/ToR are prepared adhering to the regulations, in particular:</p> <ul style="list-style-type: none"> - correct, complete - required quality - non-restrictive - appropriate packaging, if relevant - includes cost estimate - developed timely 	<p><u>Indicator:</u></p> <p>Organisation Head encourages and supervises the timely development of specifications and cost estimates.</p>	<p><u>Indicator:</u></p> <p>All staff involved in drafting specifications or ToR have the required technical knowhow.</p>	<p><u>Indicator:</u></p> <p>No re-procurements due to restrictive specifications.</p> <p>Clear responsibilities exist for drafting specifications-ToR including cost estimates.</p>
	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Interviews with the staff - Interviews with private sector - Review of sample files 	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Interviews with Organisation Head - Interviews with other staff 	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Interviews with staff - Review of sample files 	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Review of sample files - Interviews with staff - Existence of appropriate job descriptions
Choice of procurement method	<p><u>Indicator:</u></p> <p>A well defined recurring process is in practice to ensure that appropriate method is applied depending on the size, nature, time, and complexity of procurement objective.</p>	<p><u>Indicator:</u></p> <p>The Organisation Head approves all non-preferred procurement methods.</p>	<p><u>Indicator:</u></p> <p>All staff involved in choosing the procurement method are familiar with the Regulations.</p>	<p><u>Indicator:</u></p> <p>The use of any non-preferred method of procurement is justified and documented.</p>

Procurement capacity	Institutional arrangements	Leadership	Knowledge	Accountability and transparency (including record keeping)
	<u>Data Sources:</u> <ul style="list-style-type: none"> - Review of sample files 	<u>Data Sources:</u> <ul style="list-style-type: none"> - Interview with Organisation Head 	<u>Data Sources:</u> <ul style="list-style-type: none"> - Interview with staff - Evidence of training - Audit findings, if any 	<u>Data Sources:</u> <ul style="list-style-type: none"> - Review of sample files
Advertisement	<u>Indicator:</u> Advertisements are prepared and published according to the Regulations.	<u>Indicator:</u> Organisation Head supervises that advertisements are prepared and published according to requirements.	<u>Indicator:</u> All staff involved are aware of requirements and can complete properly.	<u>Indicator:</u> Publication of all prequalification, tenders and requests for expressions of interest following the specified timeline.
	<u>Data Sources:</u> <ul style="list-style-type: none"> - Evidence of advertisements placed in widely circulated newspapers and posted on notice board - Publications on website if applicable 	<u>Data Sources:</u> <ul style="list-style-type: none"> - Interviews with staff - Review copies of advertisements - Review of website 	<u>Data Sources:</u> <ul style="list-style-type: none"> - Review of copies of advertisement - Review of website - Evidence of training - Interviews with Organisation Head of and staff 	<u>Data Sources:</u> <ul style="list-style-type: none"> - Review of sample files

Procurement capacity	Institutional arrangements	Leadership	Knowledge	Accountability and transparency (including record keeping)
Pre-qualification / Sourcing	<p><u>Indicator:</u></p> <p>Prequalification used when applicable according to the rules.</p> <p>Roster of qualified potential suppliers reviewed annually and does not restrict competition.</p>	<p><u>Indicator:</u></p> <p>Organisation Head approves prequalification reports.</p>	<p><u>Indicator:</u></p> <p>Staff and members of evaluation committees are familiar with the regulations.</p>	<p><u>Indicator:</u></p> <p>The Organisation informs applicants in writing of the reasons for the rejection of prequalification application (upon request).</p>
	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Evidence of evaluation of prequalification using pre-disclosed evaluation criteria - Review of roster of qualified Potential Suppliers - Interviews with Procurement staff 	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Evidence of prequalification reports - Evidence of notification to applicants 	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Evidence of training - Interviews with Organisation Head, staff and members of evaluation committees (sample) 	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Interviews with suppliers
Preparation and issuance of tender documents	<p><u>Indicator:</u></p> <p>The appropriate standard bidding documents are applied and include appropriate evaluation criteria and bidding documents are readily available to the potential suppliers.</p>	<p><u>Indicator:</u></p> <p>n/a</p>	<p><u>Indicator:</u></p> <p>Procurement staff are familiar with the Standard Bidding Documents and the rules.</p>	<p><u>Indicator:</u></p> <p>All suppliers have equal access to information and are treated fairly.</p>

Procurement capacity	Institutional arrangements	Leadership	Knowledge	Accountability and transparency (including record keeping)
	<u>Data Sources:</u> <ul style="list-style-type: none"> - Interviews with procurement staff - Review of sample files - Register of issuance of bidding documents - Review of complaints. - Interviews with suppliers 	<u>Data Sources:</u>	<u>Data Sources:</u> <ul style="list-style-type: none"> - Interviews with procurement staff - Review of sample files 	<u>Data Sources:</u> <ul style="list-style-type: none"> - Evidence that bidding documents are posted - Review of complaints
Receipt and opening of tenders (by tender opening committee)	<u>Indicator:</u> Bids received before the deadline are securely stored. Public bid openings are held within the required time limit by the Bid opening committee according to the rules. Opening follows the guidelines for the procurement method.	<u>Indicator:</u> The Chairperson of the Bid Opening Committee is qualified and conducts Bid Openings according to the rules and regulations.	<u>Indicator:</u> The Chairperson and other members serving on Bid Opening Committees are conversant with the rules and regulations regarding bid opening.	<u>Indicator:</u> Tender Opening Sheet and other required formalities are properly completed and documented.
	<u>Data Sources:</u> <ul style="list-style-type: none"> - Review of sample files (Tender Opening Sheet). - Interviews with Chairperson of the Bid Opening Committee - Interviews procurement staff - Interviews with suppliers 	<u>Data Sources:</u> <ul style="list-style-type: none"> - Interview with the Chairperson of the Bid Opening Committee - Interviews with procurement staff - Review of Sample Files (Tender Opening Sheet) 	<u>Data Sources:</u> <ul style="list-style-type: none"> - Interview with Chairperson - Review of Sample Files (Tender Opening Sheet) 	<u>Data Sources:</u> <ul style="list-style-type: none"> - Review of Sample Files

Procurement capacity	Institutional arrangements	Leadership	Knowledge	Accountability and transparency (including record keeping)
Evaluation	<p><u>Indicator:</u></p> <p>The evaluation process is carried out in a way that ensures fair and efficient outcomes and according to required deadlines.</p>	<p><u>Indicator:</u></p> <ul style="list-style-type: none"> - Decision making on appointment of evaluation committee members is done by Organisation Head or other appropriate authority - The tender evaluation report is approved/rejected by appropriate approval authority 	<p><u>Indicator:</u></p> <p>All evaluation committee members and procurement officers are fully familiar with the evaluation requirements set out in the regulations.</p>	<p><u>Indicator:</u></p> <p>The evaluation is properly documented</p>
	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Evidence exists that the evaluation committees are constituted as per requirements - Evidence exists that evaluation criteria are relevant and known to bidders in advance and applied - Evidence exists that evaluation time limits prescribed by the regulations are complied with 	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Review of sample files 	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Interviews with procurement officers - Evaluation Report - Evidence of training or qualifications 	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Existence of all records of the evaluation and negotiation process as required by the regulations - Number of complaints relating to evaluations
Award	<p><u>Indicator:</u></p> <p>The process of notification of award is carried out as required by the Regulations.</p>	<p><u>Indicator:</u></p> <p>Approval is given according to required deadline.</p>	<p><u>Indicator:</u></p> <p>All procurement officers are fully familiar with the award requirements.</p>	<p><u>Indicator:</u></p> <p>Successful and unsuccessful tenderers are informed about the award decision as required by the PPA.</p>

Procurement capacity	Institutional arrangements	Leadership	Knowledge	Accountability and transparency (including record keeping)
	<u>Data Sources:</u> <ul style="list-style-type: none"> - Review of sample files 	<u>Data Sources:</u> <ul style="list-style-type: none"> - Review of procurement files 	<u>Data Sources:</u> <ul style="list-style-type: none"> - Interviews with procurement officers - Evidence that award decisions are published as required 	<u>Data Sources:</u> <ul style="list-style-type: none"> - Evidence that award decisions are published as required - Evidence of unsuccessful bidders requesting for the grounds for non-acceptance of the tender - Number of complaints
Complaints	<u>Indicator:</u> <p>The complaint system is respected and time limits kept.</p>	<u>Indicator:</u> <p>The Organisation Head actively encourages proper handling of complaints.</p>	<u>Indicator:</u> <p>Organisation Head, procurement officers, bidders, and suppliers are fully familiar with the rules of the complaint system.</p>	<u>Indicator:</u> <ul style="list-style-type: none"> - The complaint system is being used by aggrieved bidders and suppliers - Valid complaints are sustained
	<u>Data Sources:</u> <ul style="list-style-type: none"> - Interview with National Procurement Regulatory Authority - Interviews with Suppliers - Review of complaints register 	<u>Data Sources:</u> <ul style="list-style-type: none"> - Interview with procurement officers and Organisation Head 	<u>Data Sources:</u> <ul style="list-style-type: none"> - Interviews with Head of PE, procurement officers, bidders, and suppliers 	<u>Data Sources:</u> <ul style="list-style-type: none"> - Evidence of complaints received by PEs - Evidence of corrective actions

Procurement capacity	Institutional arrangements	Leadership	Knowledge	Accountability and transparency (including record keeping)
Contract finalisation, issuance, signature	<p><u>Indicator:</u></p> <p>Contracts are signed in accordance with appropriate delegation of and include all relevant supporting documents within the specified deadline. Performance security received where applicable.</p>	<p><u>Indicator:</u></p> <p>Delegation of authority is applied according to requirements and contracts signed in line with specified deadlines.</p>	<p><u>Indicator:</u></p> <p>Procurement officers are aware of the rules and procedures for contract signature.</p>	<p><u>Indicator:</u></p> <p>Contracts are included in the procurement file.</p>
	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Review of sample files 	<p><u>Data Sources:</u></p> <p>Evidence that authority has been delegated appropriately.</p>	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Interview with procurement officers 	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Availability of appropriate contract records
Contract administration	<p><u>Indicator:</u></p> <p>The contract administration process allows the relevant managers to check if supplies are on time, on spec, on budget.</p>	<p><u>Indicator:</u></p> <p>The Organisation Head is actively monitoring the progress and performance of contracts and takes appropriate action as required.</p>	<p><u>Indicator:</u></p> <p>Managers are aware of the rules and procedures for contract administration.</p>	<p><u>Indicator:</u></p> <p>Any disputes are dealt with according to the legal framework.</p>
	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Interview with users and procurement officers - Evidence in sample procurement files that supplied according to delivery schedule 	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Evidence of progress reports and completion reports 	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Interview with managers 	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Evidence of dispute settlement

Procurement capacity	Institutional arrangements	Leadership	Knowledge	Accountability and transparency (including record keeping)
Payment of invoices	<p><u>Indicator:</u></p> <p>The payment process of the Organisation ensures that payments are made in accordance with requirements.</p>	<p><u>Indicator:</u></p> <p>The Organisation Head is aware of overdue payments.</p>	<p><u>Indicator:</u></p> <p>The managers and financial accountant are fully familiar with the rules and procedures for making payments.</p>	<p><u>Indicator:</u></p> <p>Records of payments are kept in accordance with regulations.</p>
	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Evidence from receipts and reports 	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Review of management reports - Interview with Organisation Head 	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Interviews with managers and financial accountants 	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Evidence from receipts and reports
Other Capacities:	<p><u>Indicator:</u></p> <ul style="list-style-type: none"> - Performance at the individual level is defined and rewarded - Incentives (monetary and non-monetary) encourage compliance and performance - Procurement function is adequately resourced in terms of financial, human and physical resources 	<p><u>Indicator:</u></p> <ul style="list-style-type: none"> - Leadership in procurement is seen as a critical management function that includes: developing and communicating a vision and common goals; in inspiring and creating commitment to implement these vision and goals; in creating trust and motivating people and manage for results. 	<p><u>Indicator:</u></p> <ul style="list-style-type: none"> - Procurement staff have appropriate education and professional qualifications - Recruitment of procurement staff and appointments to procurement related functions is based on qualifications and competencies 	<p><u>Indicator:</u></p> <ul style="list-style-type: none"> - Sanctions are applied for non-compliance and non-performance - Transparency and good record-keeping facilitates access to information - Internal and external procurement review and controls conducted on regular basis and recommendations are acted upon in a timely manner

Procurement capacity	Institutional arrangements	Leadership	Knowledge	Accountability and transparency (including record keeping)
	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Interviews with Organisation Head - Interviews with procurement staff - Evidence of supporting tools and instruments 	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Evidence of documented procurement strategy - Evidence of action plans to strengthen procurement function e.g. training plans - Evidence of Management Information System that covers procurement - Interviews with Organisation Head - Interviews with procurement staff 	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Evidence of job descriptions, org. charts, “establishment” etc. - Interviews with Organisation Head. - Interviews with procurement staff - Evidence of supporting tools and instruments 	<p><u>Data Sources:</u></p> <ul style="list-style-type: none"> - Interviews with Organisation Head - Interviews with Procurement staff - Evidence of record keeping - Evidence of review findings and implementation of recommendations - Evidence of information published or reported to National Procurement Authority for publication

ANNEX 6: EXAMPLE OF CAPACITY ASSESSMENT TOOL FOR THE HEALTH SECTOR

This provides an example of a capacity assessment tool used to support self-assessment of the function capacities in the health sector. The tool was designed to assess function capacities 1) program management; 2) financial management; 3) procurement and supply chain management; and 4) monitoring and evaluation.

Area	Program Management Capacities	Financial Management & Systems (FMS) Capacities	Procurement and Supply Chain Management (PSM) Capacities	Monitoring & Evaluation (M&E) Capacities
Management	1.1 Capacity to effectively plan, manage, monitor, and forecast.....	2.1 Capacity to effectively plan, manage, monitor and forecast FM.....	3.1 Capacity to effectively plan, manage, monitor and forecast PSM operations with clear structures, roles and responsibilities.	4.1 Capacity to effectively plan, manage, monitor....
Accountability	1.2 Capacity to maintain and use adequate....	2.2 Capacity to maintain and use adequate FM...	3.2 Capacity to maintain and use adequate PSM accountability, audit and oversight mechanisms	4.2 Capacity to maintain and use adequate M&E accountability...
Policies & Procedures	1.3 Capacity to follow management requirements...	2.3 Capacity to follow FM requirements...	3.3 Capacity to follow national PSM requirements as well as organisation procurement policies and procedures	4.3 Capacity to follow M&E requirements...
Knowledge & Skills	1.4 Capacity to recruit, maintain & develop staff....	2.4 Capacity to recruit, maintain and develop knowledge of staff...	3.4 Capacity to recruit, maintain and develop knowledge of staff to implement PSM operations (HQ, Province & District).	4.4 Capacity to recruit, maintain and develop knowledge of staff....
Other Functions	1.5 Legal capacity, status and authority...	2.5 Capacity to accurately and promptly record...	3.5 Capacity to competitively and transparently solicit and select products and services to achieve the best value for money	4.5 Capacity to collect and record programmatic...
	1.6 Capacity to maintain adequate infrastructure and info systems...	2.6 Capacity to disburse funds to procurement agents and suppliers...	3.6 Capacity to effectively and securely receive, store, distribute, control and account for the inventory of products.	4.6 Capacity to support the preparation reports....
	1.7 Capacity to recruit, maintain, adequate health expertise...	2.7 Capacity to maintain an adequate internal control system	3.7 Capacity to enter into and manage contracts and sub-contractor relationships	4.7 Capacity to make data available....
	1.8 Capacity to effectively manage program appraisals...	2.8 Capacity to support the prom preparation of reports...	3.8 Capacity to maintain and follow necessary quality assurance and quality control procedures	4.8 Capacity to manage knowledge to make it accessible....
		2.9 Capacity to safeguard financial and physical assets		
		2.10 /3.9 Capacity to implement a policy with clear procedures of zero tolerance for fraud, financial mismanagement and other forms of malpractice.		

For the purpose of this annex the focus will be on Procurement and Supply Chain Management. The table above summarises four of the functional capacities and includes the more detailed capacities for Procurement and Supply Chain Management.

The template is to support a capacity development self-diagnostic exercise for an organisation seeking to improve its functional capacities. This template does not intend to represent a suggested guideline or approved approach, but an example of how a capacity diagnostic exercise may be conducted. This template is a practical resource for practitioners, and should be modified as necessary for each particular organisation and situation.

This template is based on a self-diagnostic exercise completed on the Health Sector in a small number of countries in 2010-11. This was followed by a capacity development planning effort, which is also summarised in the following annex.

Items identified in red are intended to be modified to each specific organisation and self-diagnostic exercise.

Instructions in using the template are captured in “callout” boxes such as this one, and should be removed when modifying the template for use. A comprehensive guideline will be produced by UNDP and will be available in early 2012.

The purpose of this assessment process is to provide one or more organisations with a clear and logical understand of key capacity gaps and recommendations which can be used to produce a capacity development plan. Therefore addressing the capacity gaps as outlined in this diagnosis are meant to ensure, though not guarantee, that the organisation(s) will have the capabilities in place to perform procurement to an acceptable level.

The assessment should be completed by the organisation(s) ideally with facilitation support from a neutral individual or organisation, and is intended for use by the organisation(s). A facilitator is not required to conduct the self-diagnostic, but a facilitator can be of value in providing experience in and coordination of the self-diagnostic process, management of multi-stakeholder engagement, data capture and report writing, and research support.

Evidence of the level of capacity, comments, and recommendations are produced through a review of existing documents, as well as through consultations with members of the organisation(s) management and staff responsible for procurement.

Capacity assessment of each Procurement capacity identified

This section captures capacity assets, gaps, and levels for each capacity defined within a capacity area (see below for an example). A self-diagnostic framework is used to capture information for each capacity, and information captured is analyzed to create the summary capacity diagnosis and recommendations. This self-diagnostic framework has been designed to assess the current and desired capacity levels for the selected organisation(s) at a national (Nat) and provincial (Prov) level.

Procurement and Supply Chain Management Capacity

3.1 Capacity to effectively plan, manage, monitor and forecast PSM operations with clear structures, roles and responsibilities						
Types of evidence required:	Organigram showing PSM unit structure and reporting lines at HQ, Province, and District; documented roles and responsibilities; integrated work plans with time-bound measurable results; measurable results frameworks; regular development and review of procurement plans; procurement planning is integrated into the budgeting process; tracking of plan vs. actual results and financials; evidence of forecasting; minutes of PSM management meetings with actions, timelines and responsibilities; management reviews of PSM operations; evidence of management action based on monitoring information and analysis					
Documented Evidence:	(recorded from existing reports, audits, procedures etc.)					
Evidence Discussed:	(recorded from discussions and meetings)					
Capacity Strengths & Gaps:	Main capacity strengths and gaps from completing the assessment are identified using the capacity indicators, discussed and recorded.					
Recommendations:	During and at the conclusion of discussions and meetings potential recommendations are identified and noted for discussion at the planning stage.					
Comments:	Useful context can be added to help inform the capacity planning stage.					
	Capacity Indicators					
	0 <i>Capacity gaps pose major risks</i>	1 <i>Capacity gaps pose risks which cannot be addressed in 3-6 months</i>	2 <i>Capacity gaps pose some minor risks & must be closed prior to implementation</i>	3 <i>Capacity gaps pose minor risks & can be strengthened concurrently with implementation</i>	4 <i>Capacities and systems fully satisfy minimum requirements</i>	5 <i>Capacities and systems exceed the minimum requirements</i>
Capacity Levels	Weak PSM mgmt and alignment with implementation of programs & grants	Unclear PSM mgmt. structures and reporting lines; ad-hoc plans and reports	PSM management structures in place but work plans not fully integrated and results difficult to measure	PSM org and work plans integrated and aligned to program requirements with time-bound and measurable result targets	Integrated PSM Org, work plans and systems linking plans to actual, with accurate and timely reporting	PSM work plans and systems integrate across programs and ops, providing a holistic view for financial plans/results.
Current						
Desired						

ANNEX 7: SAMPLE TERMS OF REFERENCE FOR PREPARING A STRATEGIC PLAN

This is a generic Terms of Reference for preparing a strategic plan for procurement transformation that can be adapted depending of the scope and scale of the objectives.

TERMS OF REFERENCE FOR PROCUREMENT TRANSFORMATION STRATEGIC PLAN

FOR [NAME OF COUNTRY, SECTOR AND/OR ENTITY]

Background and Context

The context and background for the planning exercise including key results and findings from the assessment.

Activities

Working under the overall supervision of and providing support to [Project Owner]:

Objectives:

10. Clarify, through a participatory process with key stakeholders, the vision for the transformation
11. Define indicators to measure the strategic goals with baselines and targets.

Stakeholder Engagement:

12. Review and update stakeholder communication plan for the strategic planning exercise.
13. Engage stakeholders appropriately at the following stages of the process:
 - Clarification of the vision for the strategic plan;
 - Formulation of solutions;
 - Transformation into a plan;
 - Finalisation of the Strategic Plan.

Formulate Solutions

14. Define initiatives to resolve recurring issues and problems as well as root causes identified in the assessment. Include quick-wins, medium and long-term solutions.

Transform into a plan

For each initiative identify:

- Roles and responsibilities;
- Change processes required;
- Resource allocations and resource mobilisation plan;
- Timelines, with milestones, priorities and dependencies;
- Results framework with outcome and output indicators with baselines and targets;
- Monitoring and evaluation plan;

Key Deliverables:

Strategic Plan document including (see [Annex 10](#) for contents for a Strategic Plan document):

- Background

- Key assessment findings that inform the strategy
- Strategic Goals and Vision
- Strategic solutions
- Strategic Plan
- Results Framework
- Monitoring Plan

ANNEX 8: EXAMPLE OF AN IMPLEMENTATION PLANNING WORKSHEET

This worksheet can be adapted for use in preparing the initiatives within a strategic plan.

Initiative	Strategic Goal	Change processes	Responsible	Stakeholders	Priority, timeframe and sequencing	Costing	Outcome indicators with Baselines &Targets	Output Indicators with Baselines &Targets
List the initiatives that will make up the Strategic Plan. This will be an iterative process as initiatives will be prioritised and refined.	The strategic goal that the initiative relate to.	Actions that will be required to elicit the desired changes.	The person responsible overall for implantation.	Other stakeholders involved in the initiative.	Indicate whether this is a high, medium or low priority initiative plus timing (start & finish plus milestones) and sequencing relations to other initiatives	Include costing information for each initiative.	For each initiative define outcome indicators along with baselines and targets.	For each initiative define output indicators along with baselines and targets.

ANNEX 9: ILLUSTRATIVE RESULTS FRAMEWORK

*This results framework takes an example of a strategic goal relating to procurement in a Government. It includes outcomes and indicators that relate to the **stability, performance and adaptability** of the procurement system which are understood to be indicators of improved capacity. In addition it includes outputs and indicators relating to four core issues that have been identified as being relevant: institutional arrangements, leadership, knowledge and accountability.*

Strategic Goal: Increased Value for Money through improved on time, on specification, on price delivery of goods to end-users							
OUTCOMES							
Stability		Performance			Adaptability		
Outcomes	Indicators	Outcomes	Indicators	Outcomes	Indicators		
Public procurement entities have institutionalised standardised procedures	<ul style="list-style-type: none"> • % of items procured / procurements that utilised standard bidding documents - <u>institutionalisation</u> • Incidences and scale of non-compliance / misprocurement - <u>risk mitigation</u> 	Public procurement entities have improved effectiveness and efficiency in public procurement.	<ul style="list-style-type: none"> • % of items procured/ procurements that did not meet requirements / specification standards. - <u>effectiveness</u> • Average time taken from purchase order to product delivery. - <u>efficiency</u> 	Public procurement entities implement systematic improvements in procurement regulations and procedures.	<ul style="list-style-type: none"> • # of initiatives implemented to generate new process/ procedures for procurement - <u>investment for innovation</u> • # of relevant entities with regular process reviews conducted (and recommendations implemented). - <u>continuous improvement</u> 		
OUTPUTS							
Institutional Arrangements		Leadership		Knowledge		Accountability	
Outputs	Indicators	Outputs	Indicators	Outputs	Indicators	Outputs	Indicators
public procurement regulations developed	- existence of public procurement regulation that meets int'l standards	clear vision & strategy to improve public procurement articulated and shared	- existence of strategy - % of senior procurement mgrs who understand the strategy	learning / training plan in place for management and staff	- existence of plan for mgt and staff - no. of procurement staff who are certified	Procurement audit system in place to monitor compliance	- no. and type of audit regulations / policies - no. and frequency of audits conducted
incentive / reward systems for adherence to laws & regulations established	- incentive / reward system incorporated into HR - performance management system	'champion' for improving procurement in each entity identified and peer group formed	- list of 'champions' - peer group meets regularly to discuss challenges and solutions	guidelines and manuals produced and disseminated	- no. and type of guidelines and training manuals produced - % of staff who utilise the guidelines and manuals on a regular basis	mechanism for citizen monitoring of public procurement established	- existence of citizen monitoring system - no. of meetings/ opportunities provided for citizen participation - no. of citizen/ citizen groups who have participated

ANNEX 10: EXAMPLE TABLE OF CONTENTS FOR A PROCUREMENT TRANSFORMATION STRATEGIC PLAN

This Table of Contents can be adapted to the specific needs of the strategic plan.

1. Executive Summary
2. Background
 - Reason and purpose for developing the Strategic Plan
 - Country/sector/procurement context
 - Short introduction to capacity development and change management
 - Short introduction to good procurement
 - Approach taken to developing the strategy including stakeholder engagement activities
3. Key assessment findings that inform the strategy.
 - Capacity assets
 - Bottlenecks and main issues
4. Strategic Goals and Vision
5. Strategic Solutions:
 - Description of the brainstorming and review process (details can be provided in annexes).
 - Conclusions of the review including, trends and future capacities
 - Description of the Prioritised Strategic Solutions.
6. Strategic Plan:
 - Integration with other plans / strategies / reforms
 - Activities including:
 - Work Plan to achieve results
 - Roles and responsibilities
 - Change processes; how it will be communicated and implemented
 - Resource allocations and identification of any additional resources
 - Sequencing, timelines and milestones
7. Results Framework
 - Indicators, Baselines, Targets and the monitoring arrangements.
 - Reporting arrangements