

29295



Malawi

**Country Procurement Assessment Report
(CPAR)**

Volume 3

EXECUTIVE SUMMARY

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CURRENCY EQUIVALENTS

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FISCAL YEAR

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ABBREVIATIONS

ACB	-	Anti-Corruption Bureau
CGS	-	Central Government Stores
CIF	-	Cost Insurance and Freight
CMS	-	Central Medical Stores
COMESA	-	Common Market for Eastern and Southern Africa
DISTMS	-	Department of Information Systems and Managing Services
DoPP	-	Director of Public Procurement
FIMTAP	-	Financial Management, Transparency and Accountability Project
FRDP II	-	Third Fiscal Restructuring and Deregulation Technical Assistance Project
GCU	-	Government Contracting Unit
GOM	-	Government of Malawi
HIPC	-	Heavily-Indebted Poor Countries
IFMIS	-	Integrated Financial Management System
IPC	-	Internal Procurement Committee
Kw	-	Kwacha
MDGs	-	Millennium Development Goals
MoF	-	Ministry of Finance
MOH	-	Ministry of Health
MRA	-	Malawi Revenue Authority
NAO	-	National Audit Office
NCIC	-	National Construction Industry Council
OPC	-	Office of the President Cabinet
PIU	-	Project Implementing Units
PSI	-	Pre-shipment Inspection
PVHO	-	Plant and Vehicle Hiring Organization
SADC	-	Southern Africa Development Community
SPU	-	Specialized Procurement Units
ToT	-	Training of Trainers

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EXECUTIVE SUMMARY

INTRODUCTION

1. **Importance of Public procurement for Malawi:** From 1996 to 2002,¹ more than 40% of public expenditures (recurrent and development budget) or **US\$ 235 million** on average, passed through public procurement, translating into 12.2 to 16.2 percent of GDP during that period. This is a higher proportion than the 10% estimated for most countries in Africa. These figures underscore the importance of public procurement for the country's financial management and the need for a sound procurement fiduciary system to be in place in order to achieve budgetary savings that can be allocated to economic development and poverty reduction. Even if a conservatively estimated 10% of this cost could be saved through better procurement policies, practices and institutional arrangements, this would mean a yearly gain to the exchequer of the order of \$24 million.

2. **Procurement Reform and Country Assistance Strategy.** In August 2002, the Government's Poverty Reduction Strategy Paper (PRSP) was endorsed by the World Bank and International Monetary Fund. One objective is to promote good governance to ensure that public institutions and systems establish an effective incentive system, increase productivity and benefit the poor. The Country Assistance Strategy (CAS) for FY04-06, agreed with the Government in line with this objective, emphasizes strengthening economic management; growth; and service delivery. The objectives of the PRSP and the CAS are difficult to achieve without sound public procurement -- based on economy, efficiency and transparency in the use of public funds. The recommendations made in this Report aim to help achieve these objectives.

3. **Progress with Procurement Reform.** Since the preparation of the diagnostic study on Malawi's public procurement system in 1996, the Government has made good progress with establishing new – and relatively good – legal framework for procurement reform. But there has not yet been much reform (institutional, practical and oversight). In 2003, the Malawi Parliament passed a new procurement law, the Public Procurement Act of 2003, which became effective in August of that year. The new Procurement Act requires procurement regulations to provide, inter alia, thresholds for the use of the various procurement methods, bid and bid evaluation procedures and contract management

4. In May 2000, the Government summarily transferred the functions of the Malawi Tender Board to the already existing Government Contracting Out Unit (GCU) whose original role was to privatize and “contract out” various service activities of Government. Approval of government tenders was added and “Interim Guidelines”² were hurriedly developed to regulate procurement. However, the “Interim Guidelines” are not clear on procurement procedures and do not provide

¹ Based on IMF statistical data, IMF Country Report No 02/182 of August 2002.

² “Interim Procurement Guidelines for Goods, Works, Consultancy Services and Donor-funded projects” of 2000.

for standard bidding documents and manuals. Draft regulations have been in preparation for some time and need to be finalized in order to fill the vacuum created with the enactment of the new Procurement Act. Also, procurement staff need to be trained on the basis of the new Regulations to be able to implement the Procurement Act efficiently.

5. **Weaknesses in Current Procurement Performance.** The weaknesses in the current procurement procedures are revealed in the survey done in the context of the CPAR for Bank financed projects, as well as in the Country Portfolio Performance Review (CPPR) of February 2003, which identified delays in the procurement process, insufficient capacity, and inadequacies in procurement organization, documents and management. The continued reliance on the Interim Guidelines, which include a number of practices that are considered incompatible with internationally acceptable procurement standards, are also partially to blame for this. Delays in procurement processing due to faulty procurement management are costly to the State in lost benefits that could have been gained by getting projects on stream earlier, had the procedures been handled properly.

6. **Objectives of the CPAR.** The analysis of the CPAR is carried out against the five basic pillars of a sound public procurement system, including: (i) a functioning legal, regulatory and institutional framework, (ii) use of modernized procurement procedures and practices; (iii) procurement proficiency of Government staff; (iv) independence of audits and recourse for complaints; and (v) inclusion of anti-corruption measures in the procurement law and application of effective sanctions. In addition, the CPAR analyses the performance of the private sector in public procurement and the procurement performance of Bank financed projects. The analysis has led to the recommendations made below, summarized in the Action Plan, to strengthen each pillar over time.

MAIN FINDINGS AND RECOMMENDATIONS

7. **Overall context:** Malawi is starting its procurement reform activities with a clean slate – essentially from scratch; its main existing plank is the relatively good Procurement Act. This poses a positive opportunity for installing a new good public procurement system soon – even the Tender Board was disbanded in 2000 to enable a fresh start. As shown below, Malawi has intentions to set up an independent Directorate of Public Procurement, it has plans to fully decentralize procurement authorities to implementing agencies through Internal Procurement Committees (IPCs) and plans to establish a cadre of public procurement professionals to support effective and professional procurement through the IPCs. Government has also re-iterated its strong commitment to eradicate corruption, including in activities related to procurement.

8. The Procurement Act was passed, in 2003, after delays and near derailment. Six months after the Procurement Act became law, the Director of Public Procurement has not been appointed³; hence the Act cannot realistically be implemented. The SPUs (Specialized Procurement Units) in the ministries and agencies (to provide professional procurement support to IPCs) are yet to be established and staffed.

9. At this juncture, political commitment is crucial to build on the positive steps already taken and to create a good new procurement system consistent with the vision expressed at the highest political level, from time to time.

³ Subsequently, the Director has been appointed in March/April 2004; the office is yet to be operationalized.

Pillar 1: Legal, Regulatory and Institutional Framework

10. **Legal and Regulatory:** The Procurement Act has been made effective but the procurement regulations have yet to be issued.

11. **Institutional Aspects of the Procurement Act.** Essential features of the Act are to:

(i) Establish the Office of the Director of Public Procurement (DoPP) responsible for policy and regulations and transfer to DoPP the functions of the provisional General Contracting Out Unit (GCU) established in 2000 when the Malawi Tender Board was abolished.

(ii) Decentralize public procurement decisions and responsibility to the procuring entities – ministries and other government agencies, through the creation of Internal Procurement Committees (IPCs) and their Special Procurement Units (SPUs). At the time of writing this report:

- a) **the Director of the DoPP had not yet been appointed and the Office was not made operational.**⁴
- b) **The SPU (specialized procurement units) in the ministries and agencies are yet to be established and staffed**

12. It is highlighted that the location of the DoPP under the President would not be desirable. It would be organizationally correct, for fiduciary and other reasons, to make the DoPP responsible to the Ministry of Finance. In order to maintain the desirable objective of having DoPP as a strong, properly empowered institution that oversees the entire procurement policy framework (policy development, Laws and Rules, oversight and enforcement), the Ministry of Finance may have a general ministerial remit over the DoPP, but it should not have managerial authority over the Director of the DoPP. It is recognized that this recommendation may require amendment to the recently enacted Procurement Act. Yet, there is balance of advantage in favor of this change in order (a) to ensure that the fiduciary organizational principles are honored, and (b) to de-link the DoPP from the President and Office of the President and Cabinet (OPC). Such an arrangement would correctly free the President from a responsibility which could otherwise organizationally embroil that exalted position in operational controversies and sensitivities that could arise in the sphere of procurement.⁵

13. Other institutional issues: The Central Government Stores (CGS) and Plant and Vehicle Hiring Organization (PVHO) have not proven to be successful in practice and not able to keep up service level. While the Malawi health care system possesses particular features, which together with previous and on-going reform efforts may justify maintaining of the CMS, the same does not apply for the CGS and the PVHO. The latter two organizations provide goods and services, which

⁴ Please see earlier footnote.

⁵ This issue was discussed in detail during the CPAR Stakeholders Workshop (May 12-13, 2004) in which three options for the location of DoPP were discussed- i.e. (i) MoF; (ii) Office of the President (as per the Act) and (iii) Parliament (PAC). Participants showed no difference in seeing an independent regulatory and monitoring. The general consensus was, however, not to move the DoPP to the MoF for the following main reasons: (i) DoPP will not be responsible for day to day procurement operations and hence concerns on the degree and effects of possible interference would, in practice, be mitigated; (ii) moving the DoPP to MoF can not fully mitigate the concerns on potential interferences; and (iii) moreover, the Act has just been enacted and, therefore, rather than considering to introduce changes at this moment, it would be preferable to give a “testing period” after which the situation would be reassessed depending on the experience of DoPP during the period.

may be acquired readily and at lower prices at the private market. This is highlighted by the fact that procuring entities bypass the CGS and the PVHO.

14. Eventual restructuring/ commercialization/ privatisation of CGS/ PVHO could entail social costs through possible retrenchments. However, many of the staff that are active in purchasing activities could be encouraged to qualify (with retraining etc., as needed) for enrolment in the new procurement cadre to be formed. The cadre is expected to have a structured and attractive career path and salaries. Others would need retraining support for absorption elsewhere in government or to choose other career options.

Pillar 2: Procurement Procedures and Practices

15. The 1996 diagnostic study and subsequent CPAR assessments have found weaknesses in procurement procedures and practices and the lack of effective application and enforcement. In particular, these assessments highlighted the absence of procurement planning leading to direct contracting for “urgent” procurement, lack of standard procurement documents and poor practices including application of preferences in national bidding, negotiations of contract prices for goods and works after bid-award, inconsistent and burdensome bidder registration procedures, and poor record keeping of procurement decision making. In addition, delays in release and shortage of allocated funds and inadequate contract administration lead to delayed payments to contractors with all its negative consequences on the value for money including higher bid prices, implementation delays and interest charges.

Pillar 3: Procurement Proficiency

16. Lack of procurement capacity is widely recognized as a main obstacle to efficient public procurement. Proficiency in public procurement is not considered important because it does not offer an attractive career path. The new Procurement Act calls for the establishment of a procurement cadre. If the procurement reforms are to succeed, procurement capacity needs immediate and sustained strengthening. Developing comprehensive capacity building strategy based on training need analysis and establishing cadre of procurement specialists within the public service system is of utmost importance for the success of the decentralized procurement regime.

17. The Government is to be complemented for taking advance action in training up procurement staff by retaining consultants, over a year ago, for such a task. Funds for this consultancy assignment were provided under a Bank financed TA project with more funds to be provided in follow-on programs, as needed. The DoPP, as the cadre management authority, is responsible to ensure that adequate training is given on an ongoing basis to the staff concerned.

Pillar 4: Independent Complaints Mechanism and Procurement Audits

18. Bidders do not have access to a formalized mechanism to launch grievances about the bidding process or contract administration. Firms are afraid to launch complaints for fear of retribution and blacklisting. This situation leads to a lack of transparency and credibility of the public procurement system. The new Procurement Act addresses complaint review mechanisms and provides for (i) Administrative Review and (ii) Judicial Review. Lack of resources and political interferences should not be allowed to hamper this important role of the DoPP as a credible venue for administrative review of complaints. Procurement audits are carried out rarely because the National Audit Office (NAO) is primarily concerned with financial audits and due to

lack of capacity. With the introduction of a decentralized procurement system, the need for rigorous enforcement of the procurement process becomes accentuated. The DoPP should ensure that IPCs and Controlling Officers are made fully aware of their increased responsibilities and accountabilities in the decentralized procurement regime. It needs to be noted that **adequate monitoring and enforcement** are some of the pillars of decentralized procurement.

Pillar 5: Anti-Corruption Measures

19. The weakness of the public procurement system and capacity and also a lack of checks and balances in procurement fiduciary management have contributed to corruptive practices in Malawi. Although the Anti-Corruption Bureau (ACB) has been strengthened and successfully investigated a number of high profile corruption cases, which the Public Prosecutor has prosecuted, a broader national framework for combating corruption in procurement has yet to be developed.

Other Issues

Private Sector Procurement Performance

20. **Composition and size of the private sector.** The private sector is composed mainly of manufacturing and distribution. Malawi's manufacturing industry is small, but there are an adequate number of suppliers of imported goods and commodities. The capacity of the construction industry is too small to bid for larger contracts (even the largest domestic contractors have an annual turn-over of not more than US\$ 5 million). The consulting industry (including general consultancy, architects and surveyors, economists, auditing and finance) consists mostly of one-person firms.

21. **Participation in public procurement.** The private sector faces typical constraints in public procurement: difficult access to bank credit, forcing bidders to provide their own assets as collateral, slow payments from the Government, and limited financial capacity. Also, bidders are not yet familiar with the new procurement legal framework.

E-procurement

22. The new Procurement Act provides for the DoPP to "devise a strategy for, and to promote, the application of modern information and technology communications technology to public procurement". The overall assessment is that Malawi is ready to introduce the first steps of e-procurement by initiating exchange of procurement information through the Internet.

Procurement Performance of World Bank financed projects

23. **Size and Status of the Active Portfolio.** As of September 30, 2003, 13 projects have a total commitment of US\$454 million, concentrated in the social sectors, representing more than 50%. About 10 projects are in the pipeline. The latest government/ World Bank performance progress report (end of September 2003) indicates that the number of problem projects have been reduced to zero. Despite the successes, inadequate budget allocations and delayed release of counterpart funds are still a challenge for effective implementation.

24. **Procurement Implementation of the Portfolio.** Procurement performance of Bank financed projects reflect the general deficiencies of public procurement in Malawi mentioned above and the recommendations below for better performance mirror the recommendations made for strengthening the five pillars.

GENERAL RISK ASSESSMENT

25. **Possible Risks.** The on-going legal reforms underscore the large gap between previous and existing rules, the current procurement practices and the new Procurement Act. This gap is caused in part by lack of capacity and knowledge and in part by corrupt behavior that is allowed to flourish because of weak enforcement. A major concern is that the gains in procurement reform are not validated if the reforms are not rigorously promoted and enforced.

26. Malawi is not alone in facing this risk as many African nations, which are reforming their procurement fiduciary management systems, are in various degrees confronted with the same problem. The progress Malawi has made since publication of the Diagnostic Study in 1996 is commendable. However, much needs to be done to achieve the goals of the reforms. Compared to other African nations carrying out similar reforms, the overall risk that the reforms might fail is considered “average”. Proactive and sustained involvement of the Government, private sector, civil society, and the donor community is needed to mitigate the risks and to overcome possible setbacks. The general risk assessment is summarized in the table attached to this summary.

RECOMMENDED ACTION PLAN

27. Clearly, the procurement reform process involves managing a substantial transformation that the CPAR’s recommendations entail. The importance of instituting proper measures for change management cannot be overstressed. Further, there should be a “champion” for this change. This role would fall upon the DoPP. In addition to the political commitment needed for driving the changes needed, strong efforts will be needed by the “champion” to move the procurement reforms forward to effective implementation.

28. From the detailed list of proposed action plan at the end of this report, the **key actions** to be taken are attached to this Executive Summary. Success factors for the **implementation of the Action Plan** summarized in the table below include:

- (a) Commitment at the highest level and oversight of the reforms through the creation of a high level steering committee of senior government officials and other key stakeholders.
- (b) Proper costing of the Action Plan and preparation of detailed implementation and financing plan.
- (c) Support from donors, including the World Bank, to finance the reforms and technical assistance in the implementation of the Action Plan
- (d) Building consensus among all key stakeholders on the procurement reform strategy and ensure their full participation in the process.
- (e) Assigning clear responsibility and accountability for the success of the strategy.

- (f) Identifying a list of milestones or major immediate progress points; and
- (g) Identifying key performance measures to be monitored throughout the implementation of the strategy and creating an information system to record progress.

29. Financing and Monitoring of the Action Plan: Financing may be considered from the Financial Management, Transparency and Accountability Project (FIMTAP), and other development partners.

30. The CPAR key findings and the attached Action Plan were discussed in detail in a CPAR Workshop (May 12-13) that clearly demonstrated full ownership of the government and concerned key stakeholders. Stakeholders discussed and accepted the Action Plan with few constructive comments. Subsequent to the workshop, out of the short-term actions, actions of absolute priority have been identified and DoPP is working on them. The framework for preparing a detailed costed work plan based on the CPAR Action Plan has also been discussed with DoPP and it has already started to prepare its work plan and fund requirements for implementing the procurement reforms to enable timely sourcing of funds from the government, the World Bank and other donors.

Action Plan

Short term (0-2 years)	Medium Term (3-4 years)	Responsibility
Pillar 1: Legal, Regulatory and Institutional		
DoPP to be staffed and provided with necessary budgetary resources. Immediately initiate studies to clearly recommend the future of CGS and PVHO.	Strengthening of DoPP should continue. Take concrete measures to implement recommendations on CGS and PVHO. ⁶ To minimize social impact and to maximize utilization of resources due to potential changes in CGS, consider, with re-training, assigning relevant CGS staff to fill SPUs.	Government
Create Internal Procurement Committees (IPCs) and their Special Procurement Units (SPUs)	Central Medical Stores (CMS) to be reorganized and adopt cost effective procurement procedures to ensure "value for money"	Government/DoPP
Regulatory Procurement Regulations to be finalized as soon as possible and widely disseminated to procurement staff. Study and design Management Information System (MIS)	Full adherence to Procurement Regulations. Implementation of IMS through set-up and training of decentralized IPCs and SPUs	DoPP/IPCs/SPUs
Pillar 2: Procurement Procedures and Practices		
Prepare standard bidding and contract documents	Ministries/Gov. Agencies should ensure that procurement planning is carried out on annual basis and performance against plan monitored. DoPP should verify proper application of procurement planning as part of post reviews.	Responsible Ministries and Agencies/DoPP
DoPP to exercise quality control	Bidder registration should be simplified	DoPP
Procuring entities to set up and use efficient record systems	Record systems to be verified and improved	DoPP/IPCs/SPUs
Pillar 3: Procurement Proficiency		
Potential procurement staff to fill the Specialized Procurement Units (SPUs) be identified by competent institution or firm carrying out skills assessment	A career path to be devised for procurement staff, with adequate financial incentives- create procurement cadre in the civil service system	Government/DoPP
Provide basic and advanced procurement training on the basis of the new procurement regime to address immediate competence gaps	DoPP to issue ethical standards for procurement staff. Performing procurement staff to be "Procurement accredited" and given appropriate incentives	DoPP
Pillar 4: Independent Complaints Mechanism and Procurement Audits		
DoPP to establish a unit dealing with bidder complaints	Bidder complaints mechanism to function effectively	DoPP
NAO to strengthen its audit capacity with procurement proficient staff	Systematic procurement audits by DoPP with clear performance indicators, at both central and local levels.	Government/DoPP

⁶ On CGS: During the CPAR stakeholders' workshop and subsequent meetings, the government has affirmed that it will, as a priority, form a team to closely study CGS and provide its recommendations to government. On PVHO: the initial procurement processes (under a Bank financed Project) are underway to enable the employment of a consultant to study PVHO more closely and provide its recommendations on the future of the organization.

Short term (0-2 years)	Medium Term (3-4 years)	Responsibility
DoPP to build-up a capacity to carry out “post procurement review” and to undertake procurement audits, either on its own or in collaboration with NAO.	Clarify and elaborate roles of DoPP vis-à-vis NAO in conducting procurement auditing, and formalize cooperation between the two institutions	Government/DoPP/NAO
Pillar 5: Anti-Corruption Measures		
Internal controls and audit functions, and oversight bodies within Parliament, such as Parliamentary Select Committees, to be strengthened	DoPP to establish a website and publish procurement information, advertisements, awards, guidelines, etc. to enhance transparency and access to information on procurement procedures	Government/DoPP/Parliament
Anti-Corruption Bureau (ACB) to be assisted in developing a National Anti-Corruption Strategy. Prepare Action Plan to combat corruption in procurement, with broad involvement of the Government and civil society	Operational links to be established between the procurement and contracts investigation unit of the ACB and the monitoring unit of the DoPP	Government/DoPP/ACB
Develop and enforce code of conduct for civil servants in procurement	DoPP to verify compliance with code of conduct of civil servants in procurement (continuous)	Government/HRMD-OPC/DoPP
Establish hotline for disclosure of misconduct within public procurement, either linked to the DoPP or to the already existing corruption hotline operated by the ACB	Introduce a capacity building scheme to involve NGOs in public procurement monitoring. Conduct a country-wide information campaign about the responsibility and avenues of disclosing information on violations of the procurement procedures	DoPP/ACB
Private Sector Procurement Performance		
DoPP to organize business seminars to familiarize the private sector with the new Procurement Act and the contents of the Regulations	DoPP to hold regular sessions, if possible twice during the year, with the private sector and members of civil society to establish and maintain a dialogue on public procurement	DoPP/Private sector organizations/Civil Society
Executing agencies to take immediate measures to improve their contract monitoring and payment system and liaise better with the budgetary mechanism to ensure availability of funds when payments are needed	DoPP to use its website to provide regular pertinent information to the private sector on public procurement matters.	DoPP
DoPP to ensure that Procurement Regulations include clear guidelines on the amounts and maximum levels of bid- and performance securities.	DoPP to consider establishing a guarantee scheme or another similar support mechanism (excluding subsidy) that may lower the cost of capital, letters of credit, performance and bid securities.	DoPP/banking system
E-Procurement		
Procurement Performance of World Bank financed projects		
Procurement staff to be recruited prior to procurement activities, and procurement training to be organized from inception.	Action to continue	Executing agencies/World Bank
Procurement staff to be trained in preparing and updating procurement plans. All new projects should have acceptable procurement plans prior to negotiations and the plans should be updated in an acceptable manner regularly.	Action to continue	Executing agencies/World Bank
Annual Post Procurement Reviews to cover all projects	Action to continue	Executing agencies/WB

GENERAL RISK ASSESSMENT

Risk to Be Managed	What Can Happen	How Can It Happen	Measures
New DoPP not acting in its policy capacity	Procurement policy and strengthening of the procurement system do not materialize	DoPP focuses on monitoring as with the old GCU.	<ul style="list-style-type: none"> • Allocate adequate resources and training to the DoPP • Separate functions within the DoPP and put different persons in charge of monitoring and policy
DoPP not able and/or equipped to monitor public procurement adequately	Sub-standard procurement performance and general lack of oversight	<p>Information Management System (IMS) is not put in place</p> <p>DoPP fails to develop good collaboration with decentralized procurement units</p>	Develop IMS and ensure implementation through proper roll-out and training of decentralized IPCs and SPUs
Poor dissemination of Procurement Act and supporting legal instruments	Even though the Procurement Act is enacted, its impact is limited	Regulations are not prepared or disseminated. Procuring entities continue "business as usual"	<ul style="list-style-type: none"> • Develop Procurement Regulations for central and local authorities and promote use • Develop and disseminate standard procurement documents and promote use
Weak compliance with new procurement rules	Procurement Act and new regulations are implemented slowly	<p>Lack of enforcement allows old practices to continue.</p> <p>Lack of proper procurement audits prohibits adequate enforcement measures</p>	<ul style="list-style-type: none"> • Strengthen enforcement and procurement audit functions of the DoPP • DoPP to function as a credible avenue of complaint on procurement issues
Inefficient bidders' registration system	Bidders continue to be burdened with cumbersome registration procedure.	Prevailing registration system is not modernized.	<ul style="list-style-type: none"> • Launch general assessment of the need for registration systems • Streamline registration system and procedures
Local government procurement continues to be flawed with irregularities	Local communities continue to mistrust public authorities and cast doubt on public spending	Lack of attention to local government procurement	<ul style="list-style-type: none"> • DoPP to monitor local government procurement • Local communities and NGOs should be involved in monitoring public procurement at local level • Training and capacity building measures should be taken for local government procuring units
Reluctance/ failure to restructure/ commercialise/ privatise CGS / PVHO	GOM will not benefit from more competitive market prices	Lack of political will to seriously consider the future of these organizations	<ul style="list-style-type: none"> • GOM to seriously consider the future of these organizations as a priority measure

Risk to Be Managed	What Can Happen	How Can It Happen	Measures
Lack of procurement capacity in decentralized units lead to delays and/or irregularities in public procurement	Institutional set-up not in place (i.e. IPCs and SPUs) Individuals responsible for procurement not conversant with new procurement regime	Decentralization is not properly planned and executed Insufficient resources allocated to fund the reform process Insufficient capacity building of procurement entities	<ul style="list-style-type: none"> • Detailed operational plan for decentralization should be developed and executed • Government to allocate funds for capacity building and training and seek donor funding • Comprehensive procurement training strategy developed and implemented
High level of corruption in public procurement	Cost increases in public contracts Waste of scarce public funds Contracts are not or only partially completed and are of unsatisfactory quality	Low salaries of Government staff do not provide incentives to apply new procurement regulations Lack of investment creates severe competition for public contracts Weak public sector managerial accountability and transparency contributes to corruptive practices	<ul style="list-style-type: none"> • Increase support to oversight, audit and investigative bodies such as the DoPP, NAO and ACB • Establish monitoring mechanisms • Implement transparency measures in public procurement • Enforce ethical standards for public employees • Conduct information and sensitization activities

