

PROCUREMENT CAPACITY DEVELOPMENT: FROM THEORY TO PRACTICE

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ABSTRACT. In March 2005, The Paris Declaration on Aid Effectiveness (OECD, 2005) highlighted the need to develop the procurement capacity of developing nations. In this context, UNDP developed a unique approach for Procurement Capacity Assessment and for formulating procurement capacity development strategies. This paper discusses one application of this approach to prepare a procurement capacity development strategy for the Government of Malawi. Using this case, the UNDP approach is analysed against its stated purposes, and suggestions for further improvements and developments presented with a view to mainstreaming the approach.

INTRODUCTION

Increasing the effectiveness, efficiency and transparency of public procurement systems is an on-going concern of governments in Developing Countries and the international development community. It has been widely recognised that increasing the effectiveness of the use of public funds, including funds provided through official development assistance (ODA) requires the existence of a national procurement

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system that meets international standards and that operates as intended. The Paris Declaration on Aid Effectiveness recognises that strengthening national procurement systems is crucial in terms of improving the efficacy of aid and ultimately towards achieving the Millennium Development Goals (MDGs) by 2015. Moreover, in most Developing Countries public procurement of goods, services and works accounts for a significant proportion of GDP (maybe as much as 70% in some cases), so improved public procurement capacity results in greater value for money and increased public service delivery.

Frequently, procurement reform efforts in developing countries have been driven by donor organisations in an attempt to mitigate risks associated with implementing the activities they fund. Their focus has traditionally been threefold focusing on: (i) legal reform (ii) reform of procurement institutional frameworks and (iii) training of procurement staff in the new law and procedures. However, in recent years there has emerged widespread consensus that such reform programmes have not achieved the desired outcomes in terms of improved performance of public procurement systems.

This conclusion is in line with more general developments in the aid and development environment, where question marks are being raised at the results and outcomes that have been achieved through the delivery of aid and development services over the years. This review and analysis is resulting in a shift in paradigm from a donor driven, inputs-based technical assistance approach towards a nationally owned, outcome-based capacity development approach. The United Nations (UN) defines capacity development as “The process through which individuals, organisations, and societies obtain, strengthen, and maintain the capabilities to set and achieve their own development objectives over time.” The United Nations Development Programme (UNDP) has been at the forefront at examining the evidence and developing approaches towards Capacity Development which are outlined in its Capacity Development Practice Note. Moreover, the evidence has demonstrated the importance of using Capacity Assessments as a systematic starting point for any capacity development intervention and UNDP has developed an approach which is described in its Capacity Assessment Practice Note.

In response to the specific needs and demands relating to public procurement, UNDP also developed an adaptation of the Capacity Assessment approach specifically relating to public procurement and this

is described in the UNDP Draft Procurement Capacity Assessment Users' Guide.

UNDP APPROACH TO ASSESSING PROCUREMENT CAPACITY

The UNDP approach to assessing procurement capacity differs from other assessment approaches in that it brings together a value base, with a conceptual framework, and last, but definitely not least, a methodological approach. In terms of values it gives primacy to national ownership, policies and priorities and also acknowledges that capacity already exists as a starting point and needs to be developed as opposed to built from scratch. The conceptual framework applies the capabilities for human development philosophy. It also embraces the shift from the supply (donor) driven and inputs-based Technical Assistance approach to a more demand driven and outcome-based one. The methodological approach provides a practical step by step tool which leads easily from the procurement capacity assessment to formulation of procurement capacity development responses in the form of a plan with indicators and costing, which is ready for implementation.

The UNDP Procurement Capacity Development Process is cyclical and includes 5 steps: (i) Engage Partners and Build Consensus (ii) Assess Capacity Assets and Needs (iii) Formulate Capacity Development Strategies (iv) Implement and Monitor Capacity Development Strategies and (v) Evaluate Capacity Development Strategies.

UNDP defines capacity assessment as “an analysis of current capacities against desired future capacities; this assessment generates an understanding of capacity assets and needs which in turn leads to the formulation of capacity development strategies.” Hence, undertaking a procurement capacity assessment using this approach typically involves steps 2 and 3 of this cycle. A series of key activities is anticipated within each of these steps:

Assess Procurement Capacity Assets and Needs

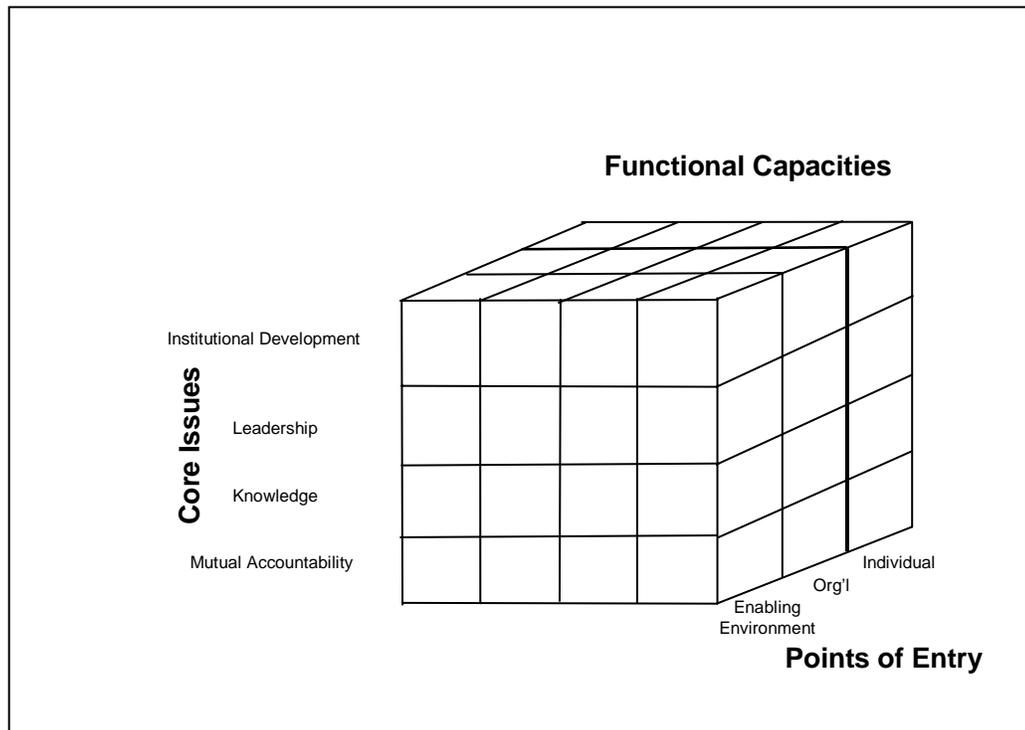
- a. Mobilise and design
- b. Conduct the capacity assessment
- c. Summarise and interpret results

Formulate Procurement Capacity Development Strategies

- a. Define capacity development strategies
- b. Define progress indicators
- c. Cost capacity development strategies and capacity development

The UNDP Procurement Capacity Assessment Framework is composed of three dimensions shown in Figure 1.

FIGURE 1
UNDP Procurement Capacity Assessment Framework



- **Points of Entry:** UNDP recognises that a country's capacity resides on different levels – enabling environment, organisation and individual – and thus needs to be addressed across these levels.

- **Core Issues:** These represent issues which UNDP is most often called upon to address. Not all of these issues will necessarily be analysed in any given assessment, but they provide a comprehensive set of issues a capacity assessment team may consider as it defines its scope: 1) institutional development; 2) leadership; 3) knowledge; and 4) mutual accountability.
- **Functional or Technical Capacities:** These are the capacities necessary for the successful creation and management of policies, legislations, strategies and/or programmes that are the focus of the particular assessment, and therefore will be adapted depending on the scope of each assessment.

This framework is intended to be flexible and easy to adapt to different contexts by selecting the appropriate cross sections of point of entry and core issues and identifying the functional capacities depending on the objective and scope of the assessment exercise. Given the contextual demands of any assessment, questions and indicators will be elaborated for each of the cross sections.

An important part of the process is the formulation of procurement capacity development strategies using the results of the capacity assessment. UNDP has identified four capacity development response strategies:

- **Institutional Reform and Incentives:** process facilitation for change management, functional reviews, salary reform, business processes
- **Leadership Capacities:** negotiation & visioning skills, coaching and mentoring, ethics, advocacy and media
- **Education, Training and Learning:** training methods, tertiary education curricula and investments, vocational education, on-the-job skills
- **Accountability and Voice Mechanisms:** peer reviews, citizen watch, Monitoring and Evaluation, stakeholder feedback, public info campaigns

The procurement capacity development strategies should be accompanied by indicators against which to measure progress. The challenge is to go beyond monitoring and evaluation that is project- or programme-based and viewed in terms of outputs, to monitoring and evaluation that is viewed in terms of outcomes. For each indicator

identified, baselines and targets should be set. It is also critical that the capacity development response strategies and related action plans are accurately costed in order to realistically determine the extent of funding required for implementation.

APPLYING THE PROCUREMENT CAPACITY ASSESSMENT APPROACH IN MALAWI

Context

Public Procurement has been in focus in Malawi for more than a decade with an initial diagnostic study in 1996. Subsequently the Public Procurement Act came into force in 2003. In 2004 the World Bank undertook a Country Procurement Assessment Report (CPAR) which highlighted the strengths and weaknesses of the Public Procurement system in Malawi and resulted in an Action Plan. This Action Plan has formed the basis of the strategy of the Office of the Director of Public Procurement since then. The Office of the Director of Public Procurement (ODPP) was created as a result of the 2003 Public Procurement Act and is established as a result of the law to regulate public procurement to ensure transparency, accountability and value for money and maximise the potential for public procurement to support sustainable development.

The ODPP recognised that the first step towards developing capacity for public procurement was to undertake an assessment of capacity assets and gaps and therefore decided to conduct an assessment of procurement capacity with a view to develop a strategy to address those capacity gaps identified in the exercise. The overall expectations of the Procurement Capacity Assessment can be summarized as:

- To measure progress since earlier diagnostic exercises, in particular the Country Procurement Assessment Report (CPAR) of 2004.
- To serve as the first step of a process towards implementing a procurement capacity development strategy.
- To serve as a baseline against which to measure future progress.

Decision to Use UNDP Procurement Capacity Assessment Approach

In view of the previous diagnostic exercise using the World Bank's CPAR in 2004 it may have been obvious to again use this approach to

conduct the assessment. The CPAR is a diagnostic tool developed by the World Bank, the primary objectives of which are to:

- (a) Provide a comprehensive analysis of the country's public sector procurement system, including the existing legal framework, organizational responsibilities and control and oversight capabilities, present procedures and practices, and how well these work in practice;
- (b) Undertake a general assessment of the institutional, organizational and other risks associated with the procurement process, including identification of procurement practices unacceptable for use in Bank-financed projects;
- (c) Develop a prioritized action plan to bring about institutional improvements, and
- (d) Assess the competitiveness and performance of local private industry with regard to participation in public procurement, and the adequacy of commercial practices that relate to public procurement.

CPARs are undertaken by Bank staff and/or consultants usually with cooperation from the Government. It includes a description of the elements of a well functioning procurement system (i.e. a “standard” against which to compare) and a checklist of questions to be investigated for each important aspect. It does include a requirement for an action plan for improvements which should be prioritised, costed and responsibility assigned.

In selecting an approach, the following factors were important to the ODPP beyond the overall objectives already agreed:

- The assessment should be owned and lead by ODPP itself, as should the subsequent capacity development plan.
- The approach should include a method that was easy to apply and where ODPP would be able to undertake similar assessments again in the future.
- It should include a framework around which it was possible to engage and involve stakeholders.

The ODPP was already aware of the UNDP Procurement Capacity Assessment approach and therefore was able to compare both this and

the CPAR tool against their requirements. Clearly a standard CPAR approach would be contrary to their requirements for ownership, however potentially an adaptation of the tool could be developed, although the focus of the CPAR is on assessing risk as opposed to capacity so this would be fairly difficult. On the other hand, the UNDP approach with its combined value base, conceptual framework, and methodological approach seemed to be a good match to their requirements without much further adaptation work.

Combining the UNDP Approach with the OECD-DAC Methodology

Having decided to use the UNDP approach it was necessary to 1) define the desired capacities within the public procurement system in Malawi 2) ensure establishment of a baseline against which to measure future progress.

For this it was proposed to combine the UNDP approach with the OECD-DAC Methodology for Assessment of National Procurement Systems. The OECD-DAC tool offers a detailed and operational assessment framework categorised under four pillars:

- Pillar I: Legislative and regulatory framework
- Pillar II: Institutional framework and management capacity
- Pillar III: Procurement operations and market practices
- Pillar IV: Integrity and transparency of the procurement system

The four pillars are sub-divided into 12 indicators and a total of 54 sub-indicators, focusing both on systemic and compliance/performance related aspects of a procurement system. In other words it provides a “standard” against which to compare a procurement system and is intended as a tool to be used either as input to capacity development or to risk assessments by donors.

Assessing Capacity Assets and Needs

While external consultants were commissioned to carry out the assessment, ODPP assigned two of its own staff members to take part in the assessment. ODPP considered the participation of its staff members through the assessment and strategy formulation process to be an important aspect of the process on two counts. First, the staff members’ presence ensured that invaluable knowledge of Malawi’s procurement system was fully utilized through the process. Second, ODPP’s

participation served to enhance its capacity to conduct subsequent similar assessments and to take leadership of the capacity development strategies to be implemented after the finalization of the assessment.

The assessment team designed the assessment framework using the UNDP capacity development process to structure the overall process. The core issues were aligned with the pillars and indicators of the OECD-DAC Methodology. The team also brainstormed any additional core issues that need to be addressed that were not covered by the OECD-DAC Methodology and these were added. The entry point was primarily the enabling environment with some zooming in to the organizational level to look at various key institutions involved in public procurement in Malawi.

Certain measures were taken early in the assessment phase in order to prepare the ground for the subsequent strategy development process. One of the measures taken was to focus not only on identifying the weaknesses of the procurement system, but also on uncovering the root causes underlying these weaknesses. This was important, as the root causes were later to form a starting point for formulating capacity development strategies. The assessment and strategy formulation process in Malawi roughly followed the five steps:

FIGURE 1
Assessment and Formulation Process in Malawi



As illustrated, the assessment phase consisted of three core steps: Defining desired capacities, assessing actual capacities, and analysing the capacity gap between the two. The 54 sub-indicators of the OECD-DAC methodology provided a useful framework for establishing Malawi's desired capacities in the field of procurement. Using these indicators as a

starting point, Malawi's actual capacities could be assessed, and actual capacities measured against desired capacities. This gap analysis thus provided a detailed procurement diagnosis, pinpointing capacity needs for each of the 54 procurement-related areas covered by the assessment tool. In Malawi, however, the identification of capacity gaps did not mark the end of the assessment process. To be able to formulate capacity development strategies, the team would not only need to know what the capacity gaps were, but also why they were there – that is, the root causes underlying the gaps. As a fourth step in Malawi's assessment process, the team therefore set out to identify root causes for each gap. In practice, this was done by exploring possible reasons for identified weaknesses among all relevant stakeholder groups, and by confronting stakeholders with contrasting explanations in order to uncover as many contributing factors as possible. Often capacity gaps appeared to have several root causes, which pointed to a need for multi-pronged capacity development strategies.

As a consequence of the focus on root causes, a second measure taken in the assessment phase was to take a qualitative approach to the data collection. A wide range of stakeholders to the procurement system was interviewed, including selected ODPP staff members, procuring entities, control and oversight authorities, private sector associations, training institutions, civil society organisations and development partners. Similarly, all legal and regulatory documents relating to public procurement in Malawi were reviewed as were policy documents, strategies and previous studies of relevance to the functioning of the procurement system. This qualitative approach enabled the assessment team to consider in detail both descriptive aspects (i.e. "what is the capacity need?") and explanatory aspects (i.e. "why does this capacity need to exist?") of the procurement system.

Challenges in the Assessment Phase

While the above measures significantly contributed to preparing the ground for the subsequent strategy formulation, the assessment also revealed a number of challenges affecting this process.

One of the main challenges was to ensure access to information from stakeholders. Many stakeholders proved reluctant to share sensitive information with the assessment team, and in some cases information on

weaknesses to the procurement system was withheld or modified, resulting in imprecise assessment results and, in effect, capacity development strategies. Although efforts were put into presenting stakeholders with the interview context and the purpose of the assessment from its outset, the experience from Malawi suggests that more comprehensive efforts are needed to generate widespread trust in the assessment process.

Another challenge encountered was related to the involvement of ODPP staff members as assessors in the process. While the presence of ODPP in many cases helped to uncover otherwise hidden weaknesses to the procurement system, in other cases it turned out to be an impediment to identifying actual root causes. For example, ODPP's presence sometimes created a sense of insecurity among the interviewees, hereby adding to the challenge of creating stakeholder trust in the assessment process. At the same time, as the advisory body, ODPP is itself a stakeholder with well-developed views on the system, which in the assessment process did not always correspond to the views of other stakeholder groups. This inherent subjectivity of ODPP was addressed and discussed by the assessment team throughout the assessment. Nevertheless, the experience from Malawi underlines the importance of carefully preparing national assessors for the self-assessment method and its pitfalls.

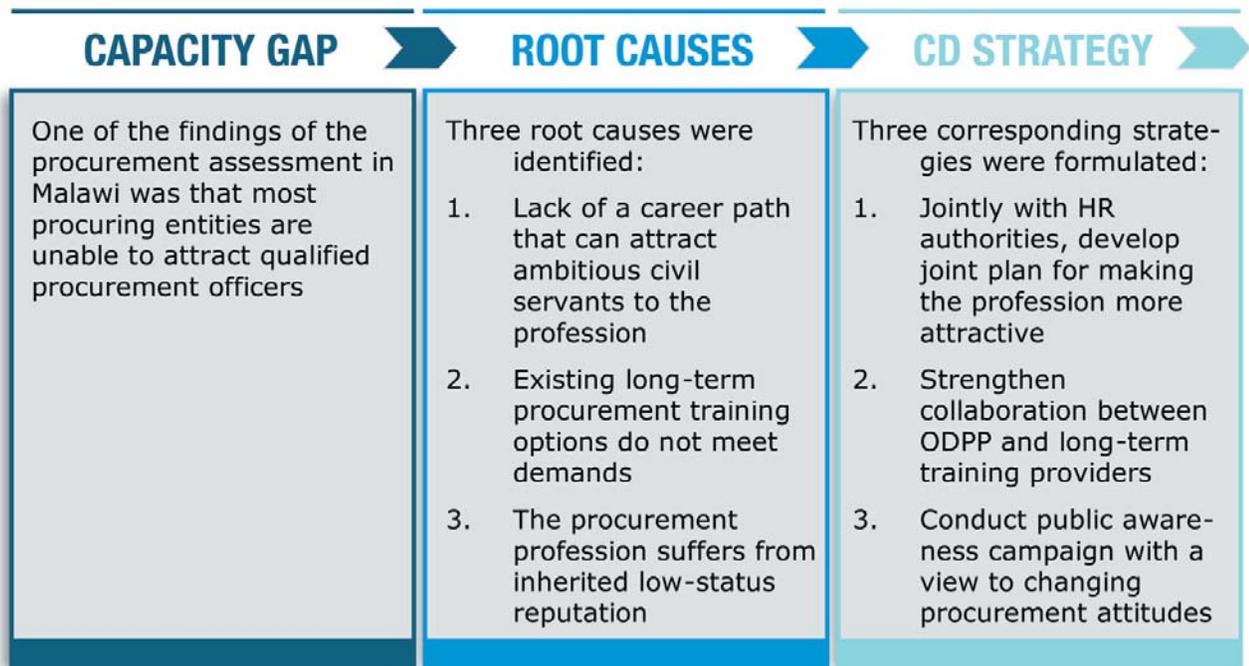
Formulating Capacity Development Strategies

Based on the validated assessment findings, the process of formulating capacity development strategies was initiated. In practice, the strategy formulation was composed of three main stages: Identifying the actual strategies, defining progress indicators, and transforming strategies into a coherent Capacity Development and System Strengthening Plan.

Identifying Capacity Development Strategies

For the purpose of determining which capacity development strategies were needed to address the identified capacity gaps and their root causes, the assessment team developed a strategy formulation worksheet systematically listing all capacity gaps and corresponding root causes. A column of blank fields was left for the team to propose relevant strategies for each root cause. As the example in Figure 2 illustrates, this worksheet enabled the team to maintain a clear link between gaps, root causes and strategies.

FIGURE 2
Example of strategy formulation worksheet



In the identification process, both short-term strategies and medium-term strategies for procurement capacity development were considered. The short-term strategies focused mainly on “quick wins”, i.e. strategies that could be implemented with only small efforts and resource inputs, thus contributing to fast and low-cost improvements of the procurement system. The medium-term strategies, on the other hand, covered more complex, time- and resource intensive interventions, often requiring co-ordination between several stakeholders.

For ODPP it was important that the strategies identified did indeed offer sustainable improvements to all aspects of the procurement system. For this reason, capacity development strategies were considered not only in the traditional area of training and competence development, but also at the organisational and societal level. Capacity development itself was broken down into four different clusters:

- Institutional Reform and Incentives
- Education, Training and Learning
- Leadership Capacities
- Accountability and Voice Mechanisms

Some examples of the strategies identified for each cluster are presented in Figure 3.

FIGURE 3
Examples of the strategies identified for each cluster



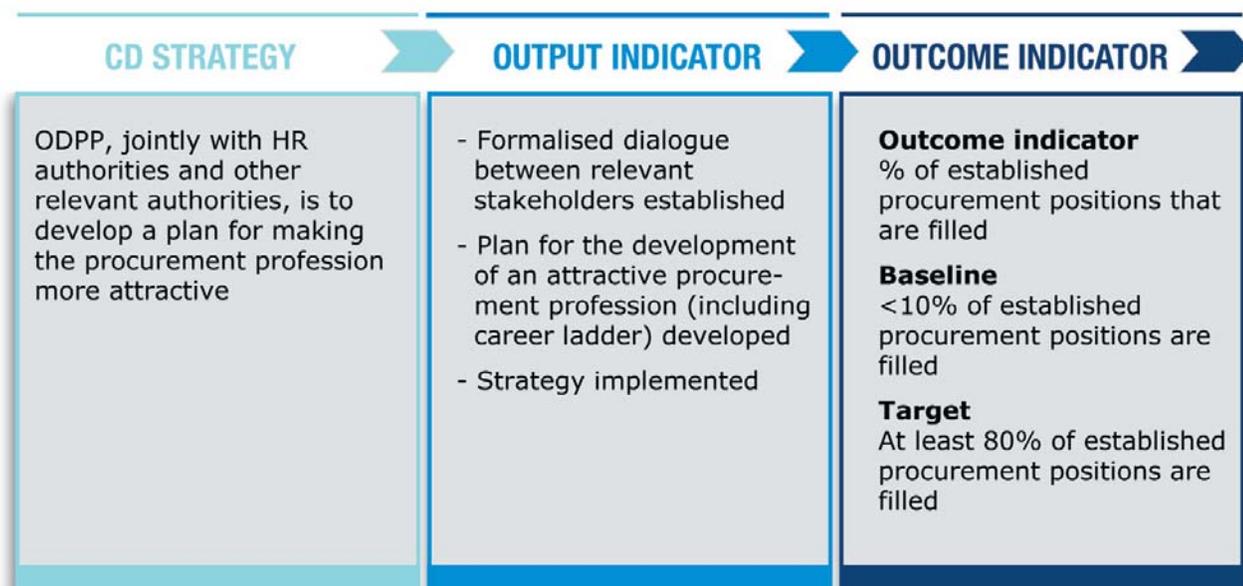
All strategies were reviewed by a group of stakeholders including staff members from all ODPP departments and representatives from interested procuring entities. During the review, the relevance and attainability of each strategy was discussed in detail together with the assessment team, and when needed, strategies were amended or replaced by more realistic interventions.

Defining Progress Indicators

To provide ODPP with a tool to continuously measure capacity improvements – and adjust potential unintended effects of the strategies – two “progress indicators” were identified for each strategy. An output indicator measured whether the strategy had been implemented, and an outcome indicator measured whether the strategy implemented had in fact led to its intended result.

A baseline measuring the capacity level at the outset of the strategy implementation, as well as a target for the desired capacity level by the end of the implementation period, was defined for each outcome indicator. Figure 4 illustrates how progress indicators, baselines and targets were in practice defined in Malawi.

FIGURE 4
Definition of Progress Indicators, Baselines and Targets



Transforming Strategies into a Coherent Plan

While the strategy formulation worksheet proved a useful tool to ensure that all capacity gaps and root causes were addressed by relevant capacity development strategies, many of the capacity gaps listed together in the worksheet led to similar, overlapping, or inconsistent strategies. This created a need to review, mainstream and consolidate the strategies into a coherent plan.

In Malawi, this transformation process resulted in a total of 15 short-term strategies and 21 medium-term strategies, which were consolidated and presented in the Capacity Development and System Strengthening Plan. The presentation of each strategy in the Plan included:

- A detailed description of the strategy, the root causes and gaps it addresses, and a proposal for its implementation.
- A clearly assigned lead institution and list of stakeholders to be involved in the implementation process.
- Implementation timeframe.
- Implementation priority (high, medium or low).
- Progress indicators (output indicator, outcome indicator, baseline and target).

Challenges in the Strategy Formulation Phase

Although the process of formulating procurement capacity development strategies in Malawi was generally considered rewarding by ODPP and the assessment team, the process was not free from challenges.

One of the challenges faced by ODPP related to strategies dealing with areas in which procurement meets other core public functions, such as audit, public financial management, human resource development and anti-corruption. In order to be successful, such strategies require the input and co-ordination of several stakeholders, and the task of leading these strategies' implementation does often not rest with ODPP. In the Capacity Development and System Strengthening Plan, such areas are therefore addressed by strategies of intensified dialogue with a view to enhancing co-ordination and developing joint strategies. To what extent capacity gaps are eventually dealt with largely depends on the ability of stakeholders to enter into such dialogue.

Another challenge relating to the strategy formulation process was the challenge of costing strategies. In the case of Malawi, it was agreed that the costing of capacity development strategies would be carried out by ODPP. It would take the shape of an input-based budgeting process in which estimated, quantifiable inputs (e.g. number of consultant days, transportation costs, translation days, number of training materials to be printed, etc.) would be budgeted for each strategy. At the time of writing, ODPP has costed high priority strategies agreed for implementation in the short term; however, costing of medium priority and low priority strategies remains outstanding, mainly due to the fact that the sources of funding for these strategies are yet uncertain.

ANALYSIS: DOES THE PROCUREMENT CAPACITY ASSESSMENT APPROACH ACHIEVE ITS STATED PURPOSE?

Having presented the procurement capacity assessment process in Malawi, this section explores to what extent the UNDP Procurement Capacity Assessment approach has proven successful in Malawi keeping in mind the earlier mentioned purposes of the approach. The analysis is undertaken on two levels: 1) whether the UNDP Procurement Capacity Assessment approach serves as a step-by-step guide to conducting procurement capacity assessments ; and 2) whether it also contributes to the long term goal of developing public procurement capacity in developing countries.

Does the UNDP Procurement Capacity Assessment approach in practice serve a step-by-step guide to conducting procurement capacity assessments?

In Malawi, the UNDP Procurement Capacity Assessment approach was easily understood and was found to provide a systematic approach to the process that was easily understood and accepted by all stakeholders and provided an overall structure for the assessment work. However, the specific steps in the guide were adapted to meet the specific purposes in Malawi. For example, the overall framework was adjusted to fit around the Joint Venture Methodology; the UNDP supporting tool was not used, but rather specific worksheets were designed for the process. Moreover, some issues that were not covered in detail in the guide proved to be significant in conducting the actual assessment. For example: the composition of the assessment team and their role, and data collection

and access to information. This has also been the experience in other applications of the approach, which are not discussed in this paper.

The objectives of the Malawi assessment itself were:

- To measure progress since earlier diagnostic exercises, in particular the Country Procurement Assessment Report (CPAR) of 2004.
- To serve as the first step of a process towards implementing a procurement capacity development strategy.
- To serve as a baseline against which to measure future progress.

The assessment approach can be deemed as having been extremely successful in meeting all three objectives. The 2004 CPAR report was used as input to the design of assessment and all aspects of the resulting action plan were included in the assessment review. The capacity development strategy which resulted from the assessment exercise clearly met the second and third objectives. The strategy includes all aspects and is ready for implementation. Moreover the Strategy includes indicators and baselines that will serve as a basis against which to measure future progress.

Does the approach contribute to the long term goal of developing public procurement capacity in developing countries?

The capacity assessment exercise in Malawi was concluded with the preparation of the Capacity Development Strategy in December 2007. Capacity development is by definition a long-term process which cannot be rushed, so at time of writing (May 2008) it is impossible to tell whether using the approach will contribute to the long-term development of procurement capacity and to improved performance of the public procurement system within Malawi. However, based on the events so far taken place following the approval of the Capacity Development Strategy, it is possible to get a first indication of the contributions likely to follow from the UNDP approach.

On the positive side, the ODPP has so far managed to successfully implement a number of quick-win strategies within a short timeframe. These interventions include development of standard bidding documents for routine services which were lacking at the time of assessment; setting up procedures for and uploading procurement information to the ODPP website for easy public access; establishing a structured dialogue with

the Ministry of Finance with a view to enhance procurement planning procedures; and initiating activities to enhance monitoring of procurement compliance carried out by ODPP. Despite the fact that all these interventions are categorised as “low cost”, their swift implementation under ODPP leadership indicates a persistent commitment to develop procurement capacity.

It is also worth noting that UNDP has recently committed itself to support the implementation of those strategies that have been identified as “high priority” in the Capacity Development Strategy. In other words, the core challenge of funding, which is a common impediment to procurement capacity development, has been now partly removed.

The above trends together give some indication that the UNDP approach is indeed contributing to the long term goal of developing procurement capacity. Most importantly, the UNDP approach has clearly been adopted by its key stakeholders – not least the ODPP – as an approach going beyond the relatively short process of assessing capacities. Today the resulting Capacity Development Strategy is thus commonly referred to by ODPP as a key strategy tool which needs to be adhered to in order to develop procurement capacity. Similarly, development partners supporting the field are reported to broadly acknowledge the Capacity Development Strategy as a common basis for procurement capacity development. Although in itself not sufficient to achieve the long term goal of developing procurement capacity, this is certainly a necessary precondition and may as such be considered a contributing factor.

At the same time, a number of challenges to the strategy implementation yet remain to be handled in Malawi before the long term goal of procurement capacity development can be achieved. One area still of concern is that of funding, given the fact that sources of funding to implement medium-priority and low-priority capacity development strategies have still not been identified, neither from the national budget nor from development partners. While the issue of funding has not proved fatal in the short run, it may constitute a risk to the capacity development process in the long run, as it slows down reform momentum among national stakeholders and prevents implementation of capacity development strategies while these are still on the agenda.

Another challenge to the implementation of procurement capacity development strategies is that of stakeholder co-ordination. In Malawi’s

Capacity Development Strategy, this challenge was addressed by strategies of intensified dialogue with a view to enhancing co-ordination and developing joint strategies. When moving on to implementing capacity development strategies, the challenge is translated into a challenge of making these stakeholders aware of the need to jointly develop procurement capacity, and mobilising them to actively participate in the strategy implementation. To what extent Malawi will succeed in doing so remains to be seen.

Finally, though the commitment and leadership displayed by ODPP in Malawi is imperative to the successful development of procurement capacity development, so is the commitment of broader national development fora. Up to now, the procurement capacity development process in Malawi has been handled by the ODPP in relative isolation. At the same time, the current status of Malawi's capacity development process today well illustrates that capacity development strategies need more than one owner to translate into implementation. In this regard it is important to acknowledge that any reform process involves change – with all the barriers that this entails. To move from formulation to implementation of reform strategies, this change process must be carefully and continuously managed, e.g. by identifying national drivers of change, addressing resistance to change, and establishing clear political leadership to reforms. To what extent high level stakeholders will take a stake in the process and commit to it in the coming time may well influence the impact of implemented strategies on procurement capacities.

CONCLUSIONS AND SUGGESTIONS FOR FURTHER IMPROVEMENTS AND DEVELOPMENTS

Conclusion

The case of Malawi well illustrates the usefulness of the UNDP Procurement Capacity Assessment approach, both as a step-by-step guide to conducting procurement capacity assessments and as a contributor to the long term goal of developing public procurement capacity in developing countries. While it is still too early to make a full-scale assessment of the long term impact of the tool, there are clear indications that the approach taken has put Malawi on the right path and provides some optimism that the desired changes and improvements will

indeed take place. That being said, the difficult work remains and there are still barriers to overcome. The question in this context remains how the UNDP approach can be further developed to also address these and other weaknesses identified in Malawi's assessment and strategy formulation process. The final section of this paper gives some suggestions for further improvements and development.

Suggestions for further improvements and development

The lessons learned from Malawi, as well as from other applications which are not discussed in this paper, indicate that the UNDP Procurement Capacity Assessment approach holds the potential to become an even more useful tool by integrating these lessons into a revised UNDP Procurement Capacity Assessment User's Guide.

A revised guide may gain from including more detailed guidance on some of the issues that this case has shown to be significant including:

- **Stakeholder coordination and national anchoring:** The case of Malawi clearly showed that to develop effective strategies that go beyond the control of the procurement authority (e.g. relating to audit, civil service reform, anti-corruption etc.) close dialogue and coordination between all key stakeholders and integration of strategies into broader national development fora should be part of the strategy development process in order to facilitate the joint formulation of sustainable strategies.
- **Building stakeholder trust:** The assessment process in Malawi demonstrates that the importance of involving a broad range of stakeholders throughout the process – through informal meetings, workshops, consultations, etc. - should not be underestimated. An in-depth stakeholder understanding of the assessment's objectives is likely to facilitate trust in the process and enhance access to valuable information from stakeholders. Moreover, an enhanced stakeholder awareness of the positive contributions of procurement capacity development on their own work situation - "what's in it for me" – is likely to create an atmosphere of meaningful change and help building broad commitment to the reform agenda.
- **Composition of assessment team and the role of assessors:** The Malawi case clearly illustrates the importance of an actively participating procurement authority throughout the

assessment and strategy formulation process. At the same time, the role of assessor – and in some cases self-assessor – has proven a challenging one, for which authority staff members need to prepare well, e.g. through systematic reflection and competence development in assessment methods.

- **Costing strategies:** As illustrated by Malawi's experience, the task of costing capacity development strategies is not something that happens automatically, as it is time consuming and often not considered a strategic part of the capacity assessment and strategy development exercise. More guidance on the strategic importance of and operational approach to costing capacity development strategies may in this respect be needed, as may a more consistent focus on ensuring early commitment to future funding of agreed capacity development interventions (see also below).
- **Funding capacity development interventions:** As indicated by the case study, funding is one of the main drivers in procurement reform processes. To facilitate a smooth implementation of capacity development interventions, it is important to build a clear commitment to the funding of procurement reforms from the outset of the assessment process – whether from national budgets or development partners' budgets. Similarly, strong links to agreed funding sources need to be ensured throughout the assessment and strategy formulation process.

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