

1. Making the most of procurement

management. In the private sector, this can lead to greater competitiveness and export readiness. In public procurement, improved techniques can also affect exports. An example would be by ensuring that needed infrastructure projects are completed on time and within cost.

Other benefits of improved public procurement involve improving administrative services provided to the public, establishing a "launch market" base for small and medium enterprises (SMEs), and, as shown in Figure 1, by creating reciprocal export opportunities within regional trading groups or in the global public procurement marketplace. The extent to which a country pursues international procurement opportunities for its suppliers is a national decision. However, how well this decision can be properly framed for the best resolution will depend on the level of procurement professionalism within the government.

The more focused the management of public procurement, the better a country can take advantage of its purchasing power to help development efforts. While each marketplace in Figure 1 can be considered linked, governments will be best served if they set clear objectives for each market and work toward achieving these objectives in the most rational manner.

A. National Marketplace

This is normally the largest and offers the best opportunity for local suppliers to increase their sales through government contracts. It is a market relatively well known to the supplier. It also can involve selling to an entity that is using the supplier's taxes for the purchase so there seems to be special satisfaction in doing business locally and knowing how well government resources are being managed.

B. Regional Marketplace

Moving to the regional marketplace involves selling to the governments of neighbouring countries, which would seem a natural progression for suppliers. However, just as a lack of transparency affects the national marketplace, it can be more of a problem for "foreign" suppliers - even if they are located in the region but unfamiliar with neighbouring country laws. Regional trade associations like the Common Market for Eastern and Southern Africa are trying to overcome these deficiencies through greater harmonisation of public procurement rules. Nevertheless, experience from the European Union, probably the most successful regional marketplace in harmonising procedures, still has very limited participation by suppliers outside of the buying country.²

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| <ul style="list-style-type: none"> • • Problems <ul style="list-style-type: none"> - Unskilled Workforce - Accountability - Transparency - Bureaucratic Influence • Objectives <ul style="list-style-type: none"> - Value Buying - SME Development | <ul style="list-style-type: none"> • • Problems <ul style="list-style-type: none"> - Transparency - Legal Structure • Objectives <ul style="list-style-type: none"> - Enlarge Marketplace - Complementary Trade Development | <ul style="list-style-type: none"> • • Problems <ul style="list-style-type: none"> - Transparency - WTO Agreements <ul style="list-style-type: none"> • GATS • GPA • Transparency Working Group - Unequal trading partners • Objective <ul style="list-style-type: none"> - Global Competition |
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² The European Commission's 1996 Green Paper on Procurement documented the fact that for only 3% of eligible transactions, the award of a contract went to a firm located outside the buying country..

C. International Marketplace

In the international marketplace, the most direct attempts to build global trade opportunities are centred in on-going efforts of the World Trade Organization (WTO) member states. Developing countries will need to adequately consider their positions in the following areas:

- ◆ The Government Procurement Agreement (GPA) is a voluntary agreement to extend most-favored-nation and national treatment rules to government purchases of specified government agencies. These agencies are required to

To help developing and transition countries build capacity in these public procurement marketplaces, ITC provides assistance jointly with local staff and consultants.

A. Integrated Framework for LDCs

The Integrated Framework involves the ITC, IMF, UNCTAD, UNDP, World Bank, WTO and OECD in a process in which trade integration strategies will be mainstreamed

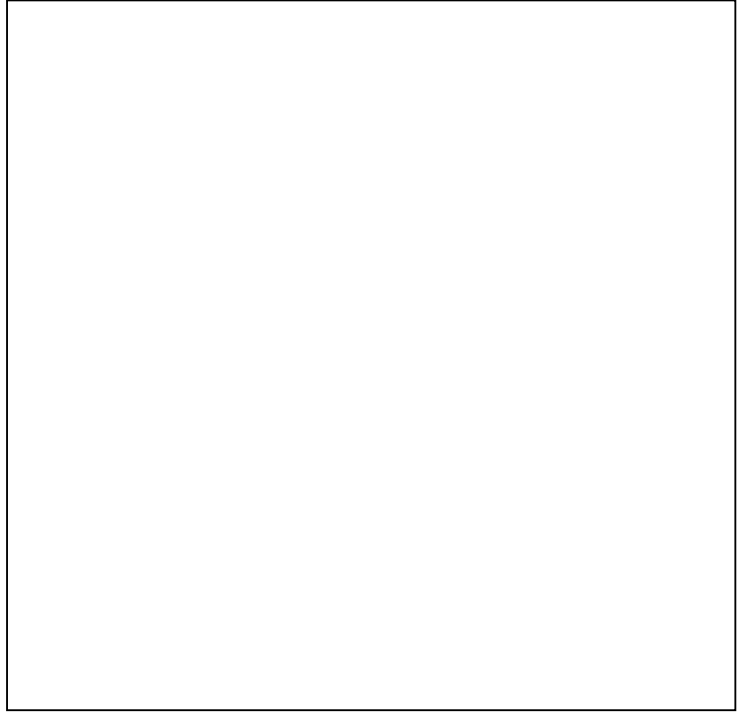


Figure 2

e-Public Procurement functionality

Procurement planning

Tracking supply needs (including demand forecasting, inventory management, etc.)

Procurement budgeting & budget control

Preparing catalogues of approved items (e.g., for common use items, framework contracts)

Communicating the buyer's procurement programme (e.g., yearly, quarterly)

Providing information on the buyer's procurement catalogue (for common use items / framework contracts)

Advertising the buyer's solicitation notices

Providing suppliers' access to the buyer's solicitation documents

Advertising previous contract awards

Sharing of information concerning the national network of public procurement agencies on topics like:

- Membership, News, Public procurement events, and Sharing of common texts like public procurement laws and regulations, guidelines for implementation of regulations, standard procurement documents and contracts, and standard management and record-keeping forms

Tracking the solicitation approval process

Managing supplier data

Suppliers expressions of interest / no interest

Suppliers' registration / pre-qualification

Buyer/supplier communicatio

possible during a typical procurement transaction. The more this process is supported by information technology, the easier it becomes to handle the paperwork and documentation burdens. Some functions supported by a typical e-PP system (front-office and back-office) are listed in Figure 2. The more integrated the two solutions are, the less obvious the distinction is between front-office and back-office, especially when they are both operated on the Web. Front-office refers to electronic support for information and functions available to users inside and outside the procurement agency. Back-office refers to electronic support for information and functions available only inside the procurement agency needed to manage the internal procurement process by the procurement agency. Security of access by authorised users needs to be ensured for both front-office and back-office systems. To improve efficiency within the framework of public procurement reform, it is important to support not only one agency but to provide suitable IT assistance to a group of government agencies (or to all of them) organised as a national network.

C. Compendium of Public Procurement Systems

This pilot interactive database enables a country to compare its procurement system to those of other countries and with generally accepted models. As with all databases, it is important to maintain currency of the material. ITC is seeking to partner with countries and other international organisations to expand the number of countries in the compendium. The compendium is available for viewing on the ITC web site <http://www.p-maps.net/cpps>.

D. ITC Modular Learning System for Public Procurement

These generic training courses - to be tailored to specific country needs - are being developed and piloted to build up the required knowledge and skills of purchasing managers and staff. The courses are intended to be taught on-site (in country) with a duration of 2 weeks for each course. The targeted student population is all contracting personnel in a country to provide a common baseline of knowledge of the procurement function. This can vary according to the training plans of Government to balance needs against available resources. Normally, there are private sector networks of training institutions that could provide the training needed. By using existing training providers teaching agreed materials, the government can develop a more sustainable training base built on the commercial marketplace model. The ITC modular approach will allow training partners to organise their own courses to address the most pressing needs. An Executive

Figure 3
Public Procurement Training System

Phase One Public Procurement Operations

Module 1: Overview of Public Buying

Module 2: Planning and Specifying Requirements

Module 3: Identifying and Evaluating Suppliers

Level Public Procurement Course (Phase Four) provides a supplemental 2 or 3 day course for senior managers who influence procurement decisions. In this course, some higher level concepts are exposed for discussion with peers. This includes an overview of the international and national framework for procurement, how to use the marketplace to achieve mission responsibilities, how to manage for results, how to achieve change in the workplace, and key ethics and anti-corruption policies and considerations. The courses listed in Figure 3.

E. Recent and Current Projects

Uganda

Working in close co-operation with the Government of Uganda and the World Bank

While donors have every right to set their own rules and conditions, questions of sovereignty will exist to determine the longevity of the reforms. Sovereignty describes the ultimate authority in a state, important in an international system of commitments. Aid-recipient countries give up some sovereignty when they agree to conditions in loan and grant agreements. While done for good reasons, the conditions still must be explained at home

Potential Performance Measures include such areas and factors as:

Operational

- ◆ competitive vs. single-source contracts;
procurement administrative lead time;
customer satisfaction surveys;

Professional

- ◆ full time or ad hoc procurement workforce;
skill-level of workforce; career ladder

Business Aspects

- ◆ ability to attract best staff

Those countries that have an organised, system-wide management approach to public procurement will be able to more easily identify effective negotiating positions and trade strategies at the national, regional and international level. However, international agencies need to help by working more closely among themselves as well as with less developed countries to create effective performance measures and a procurement reform "tool chest" to avoid unnecessary duplication of effort. A model for such a tool is the Model Public Procurement law developed after many years of discussion by the United Nations Commission on International Trade Law (UNCITRAL) in 1994. This model has helped many countries think about improvements in the legal framework for procurement.

If such tools were readily available, client countries would not have to reinvent the