

# Procurement Consultancy: The driving force towards sustainable development

By Bob Vlietstra



The Procurement of goods and services requires mobilisation of a complex system of procedures, logistics and finance. Considering the vast amounts of funds being spent on the procurement of goods and services, within every commercial organisation, government entity or development agency, executive focus and first priority should be given to this subject. Policy objectives leading towards "value for money" and open & fair competition needs to be achieved. Both sets of objectives are complementary, by stimulating broad participation in the tendering process through transparent and accountable procurement procedures and practices, responsive and competitive tenders will be received, offering advantageous on overall purchasing conditions.

## Donor and recipient relation

Recent developments in the relation between donors and recipients are now offering important opportunities of incorporating poverty reduction strategies into multi donor and bilateral support programmes. Donor assistance should be provided in a way that either builds or strengthens the recipient government sustainable capacity enabling direct design as well as implementation of the poverty reduction strategies. Adopting the principals of direct support enables the recipient government of spending these donor funds as part of their own government budget. The provision of funds under direct support offers potential advantages over project driven assistance. It strengthens ownership, make recipient governments more accountable to their people and enhances long term financial planning. It will however require, in many cases, incentives from both the donor and the recipient government to look into the effectiveness of the public procurement systems.



## Policy and principles

Public procurement is not a "one-off deal", it's an ongoing process of activities based on the following principals: **Public accountability**, funds being spent on the procurement of goods and services through government system are clearly defined as taxpayers' money. The spending authorities are fully accountable to the general public for the expenditure of these funds. Therefore, procurement, like all financial expenditure, should be subject to prior- and post procurement audits. **Value for money**, to achieve the best value for money, the concepts of over-all economy, efficiency and effective-

ness in the use of the resources needs to be taken into account during the evaluation process. It's far too simple selecting on the lowest price only. Additional evaluation criteria of compliance to technical specifications, performance reliability, availability of after sales facilities and whole-life costs need to be incorporated into the selection grids.

**Transparency**, the government whose entities are spending public funds are responsible for the provision of comprehensive legislation governing public procurement, based on clear, transparent and competitive procedures. The bidding documentation for



the tendering of goods, works and services should be consistent, tested and approved. It is furthermore essential that the procurement professionals handling these procedures and documents be given the required authority, are well educated and thoroughly trained. Clear and transparent procedures and practices are also facilitating a better understanding between tenderer and suppliers. Fair treatment during the tendering process will encourage participants to submit responsive and competitive bids, based on making available all necessary information in the provided tender document.

**Open and fair competition**, it is essential of treating all tender participants on an equal footing. No discrimination between goods or services on the basis of their country of origin. When drawing up the tender specifications for the goods, works or services to be procured, it needs to be ensured that the overall generic specifications and logistical requirements, included into the bidding documents, will not create unnecessary limitations to international manufacturers. All potential bidders are to be given the same information at the same time, allowing them equal opportunities of preparing competitive bids.

**Open participation**, the selection of the type of procurement procedure to be followed, either single source, limited procedure or open international tendering, needs to be selected very carefully. It's true that international competitive bidding is taking time but drafting and maintaining detailed overall procurement planning can

redirect this obstacle of time into an advantage through inviting international participation and competition. There are several options available to inform interested bidders how and when to obtain the bidding documents, enabling them to participate in the tendering process.

### Common procurement weaknesses

Within the interaction between recipient and donor, a common interest is soon identified. Many governments of countries in development have recognised the strong advantages of poverty reduction through working together with the donor countries by building sustainable capacity and strengthening the public sector. However, it is also noticed that most developing countries do not yet meet the international standards related to public expenditure management required by the donor's office of the general auditor. The provision of Procurement Consultancy can assist the recipient in the assessment and evaluation of their institutional procurement and disbursement procedures, identifying possible risks and weaknesses. Based on the outcome of the assessment, recommendations

will be provided on how to strengthen the institutional capacity and improve quality standards.

Based on previous experience, common weaknesses are in the area of:

- unclear procurement law, regulations and documentation;
- adhoc and inconsistent procurement rules;
- lack of procurement planning;
- shortage of local institutional capacity providing quality procurement training;
- inadequate procurement auditing.

### Achievements

When development funds are granted directly by the donor community to the recipient government, the responsibility and accountability for the expenditure of these funds lays directly with the receiving government. Managing the fiduciary risk related to direct support will require a sound assessment of the effectiveness of the recipient government's systems and practices. Building on structures available in country, with donor support, will facilitate over time the implementation of sound and tested public expenditure management systems. This way, the recipient government will experience the potential advantages of direct support over projects through enhancing long term financial planning based on donor commitments. Procurement consultancy can contribute to the smooth implementation of increased effectiveness of government procurement and disbursement systems.

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Trained as procurement professional in the area of electric power and the automotive sector, Bob joined IPA in 1983. Intensive travelling was undertaken in East Africa, Eastern Europe, former Yugoslavia, former Russian States and more recently West Africa and the Far East. During the eighties and the early nineties, priority was given to business development and the implementation of major procurement contracts. Since the mid nineties, a large number of procurement consultancy assignments have been implemented, including overall procurement capacity assessments. Furthermore, procurement monitoring & auditing assignments have been frequently undertaken. Bob is married and has 2 teenage sons.