

MAASTRICHT SCHOOL OF MANAGEMENT

(M s M)

**TOPIC : Status of the Procurement
Function in Rwanda Public
Organizations.**

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Declaration

I, Chantal Kajangwe, hereby declare that this is the result of original research conducted by me under supervision of Dr Charles Ndandiko and that no part of it has been duplicated from other sources without proper academic acknowledgement.

I also declare that this thesis has not been submitted either in part or as whole for the award of any other degree.

Chantal Kajangwe

Student

Dedication

To my Family,

To all my Friends, who every day show me their profound attachment,

To every person who work hard for a better World,

I dedicate this research work.

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It is my great pleasure to thank and appreciate specifically the following people and Institution without whose support; this work could not have been completed.

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God Bless. Chantal Kajangwe

Abstract

Public procurement has become more strategic than a clerical activity in recent times. The perception some people have is that procurement departments are reactive rather than proactive and this leads many organizations to pay little or no attention to planning, execution and monitoring of their procurement process and procedures. Inadequate strategic thought in procurement actions often result in total failure of the whole procurement system which eventually leads to undue delays in delivery, shortages and or excess stocks, poor quality products, and other associated problems. When this happens, procurement is then perceived as none performing, cumbersome and cost consuming activity of the organization.

The main objective of the study was to find out the extent to which the procurement function is regarded as a strategic function in Rwanda's Public Organizations; Recognition of the function was measured in terms of position of the procurement unit within the organizational structure, number of staff within the unit vis-à-vis procurement volume and spends, quality of staff, adequacy of office space and equipment and compensation of staff vis-à-vis staff of other departments.

Accordingly, data on these measures was collected from 21 public organizations. From this perspective, we find that in Rwanda procured services, goods and works represent a large percentage in a total expenditure. Despite Government instructions requiring procurement to report to the highest level in the organization, this research revealed that only 33% report to where they are supposed to report to, meaning that, majority of procurement units are still working under others departments, while at the same time, they are supposed to handle strategic activities, in addition, 76% of reviewed cases showed that procurement units are staffed with only one staff, while, the number of contracts processed annually in a number of institutions reach between 101 and 200, this implies large workload to the procurement units which are already under staffed; in terms of facilities and physical assets, the majority of reviewed cases (62%), perceive office space as a key challenge, while, (67%) of reviewed cases disagreed with the statement that the procurement unit has an operating budget; moreover, 72% of reviewed cases disagreed with the statement that the procurement unit has adequate space to keep procurement files.

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List of abbreviations

CS : Consultant Services

EAC : East African Community

G : Goods

GDP : Gross Domestic Product

HDI : Human Development Index

NS : Non Consultant Services

RPPA : Rwanda Public Procurement Authority

UN : United Nations

W : Works

According to the 2009 Human Development report, Human Development Index HDI for Rwanda is 0.460, which provide to the Country of thousand Hills a ranking of 167th out of 182 countries. HDI looks beyond GDP to a larger definition of well-being. It measures three dimensions of human development which includes living a long and healthy life, this is expressed thorough life expectancy, education level which is revealed through adult literacy and gross enrollment in education, and having a decent standard of living, this is expressed by purchasing power parity and income. Even if the index doesn't capture all human development aspects, it however, provides a broadened picture for appreciating human progress and the complex relationship between income and well-being. Our wish for Rwanda and its habitants is a two digit HDI by 20/20 vision through an improved Public Procurement System.

“Procurement affects and is affected by the public sector organization as a whole, and the community it serves, whether at the local, state, or national level. Therefore, participation in the collaborative development and adoption of Public Procurement Values and Guiding Principles by all stakeholders is desired. “By Tina M. Borger, CPPO, Research Director for National Institute of Governmental Purchasing NIGP.

CHAPTER 1: INTRODUCTION

1.1 Background to the Study

Introduction

Procurement has taken on greater strategic importance in most organizations (both private and public) in recent years and it will assume even greater significance in the years to come. Until recently, procurement was a necessary, but seldom celebrated component of government entities. But times have changed: These days, procurement units within government entities are playing pivotal roles in the success of acquisition of infrastructure and delivery of services in ways that old-fashioned ‘purchasing department’ could never have imagined. Such units have statutory support which was not the case before.

This study aims to attract managers’ attention, so that they can allocate strategic position to procurement. The idea is to demonstrate the importance of procurement so that, decision makers can be very well equipped during design of organization structure even during allocations to different units.

In a number of organizations procurement has always been and continues to be part of operational functions; there is a mismatch between responsibility given to the function if we consider the amount of money processed through the procurement process and the power and means provided to that function. It is only during the last 15-20 years, that development of a knowledge base for procurement expertise started effectively. Institutions have realized that the share of procurement spend in the overall revenue is increasing due to the development of approach such as “back to core business” outsourcing and specialization.

In many developing countries if not all, public procurement constitutes a source of primary revenue for the private sector and an important tool in promoting the governance agenda which should be normally one of many Government’s priorities. According to Wayne () Procurement can account for up to 50-70 % of imports in developing countries.

In Rwanda, a significant portion of public spending occurs through the public procurement process. As an example, in 2006, public procurement accounted for approximately fifty-two (52%) percent of total public funds expenditure (RPPA Annual Report, 2007). The public spending in Rwanda is relatively high, when compared to global statistics for the procurement of goods, works, and services. Given this large share in public expenditure, it is apparent that even modest efficiency improvements in the workings of the procurement system can potentially yield substantial savings.

1.2 Evolution of Public Procurement in Rwanda.

Historically public procurement practice in Rwanda can be traced to the 1959 Decree and Order of the King of Belgium enacted to govern the procurement of goods works and transport and the related regulations of July 29th 1971, Cahier Général des charges du FED, of July 29th 1971, advertised in National Gazette No 12 bs 1972. Procurement in Rwanda was regulated by the Royal Decree for Procurement of Goods, Works and Transport in Rwanda, Burundi and Belgian Congo. Another set of procurement laws were contained in the 1993 Prime Minister's order establishing National Tender Award Committee, a unit under directorate of the Treasury in Ministry of Finances. This unit comprised a skeleton staff only two professionals and two support staff. In theory all goods and works whose value was more than 250 000 Rfw had to be procured through a competitive bidding process managed by this small department of government whose capacity was limited. However, in practice this procedure couldn't work and the system was abandoned.

With such a poor system in November 1997 the Government initiated reforms by appointing an Executive Secretary of the National Tender Board (NTB), with the mandate of modernizing and managing the public procurement system. Although created in 1997, the existence of NTB was formalized by the 2002 Prime Minister's order

All tenders above 3 000 000 Rfw were supposed to be processed through National Tender Board, however, as in the previous system, for different reasons some of procuring entities resisted to comply to that request. During the entire period the Procurement function in procuring

entities did not exist or was reduced at the logistic function. The equivalent position was Logistic and it was staffed with low level skills with low facilities.

The 2001 National Policy decentralization inspired as well procurement policy however; the low threshold allowed to procuring entities remained unchanged until 2004. From that period up to now, procuring entities' responsibilities started to be gradually increased. Accompanying measures were adopted in parallel in terms of improving regulations and providing capacity building.

The 2004 Presidential order which established Public Procurement Procedures based on UNICITRAL principles continued to serve until 2007, when Rwanda adopted and published the first modern Public Procurement Law n° 12/2007 of 3/27/2007. This Law brought at a new level the existing public procurement framework which is generally consistent with international standards.

Under the new created legal and institutional framework, NTB was called to focus on oversight role such as regulations, control and capacity building while transactions functions were to be conducted by procuring entities. However, due to capacity constraints decentralization of procurement function had to be done gradually.

In addition, the Law no 63/2007 of December 30, 2007 established the organization, functioning and responsibilities of the Rwanda Public Procurement Authority (RPPA), and a Ministerial Order no 002/08/MIN of 5/9/08 describes the RPPA competences as a centralized regulatory body replacing the NTB in 2008. Though the main function of Rwanda Public Procurement Authority is to regulate, monitor and build capacities in public procurement, also it still awards some tenders and grants '*no objections*' during this transition period after which all procuring entities will have the full responsibility to award all tenders.

The procurement law was followed by issuance of other legal texts such as Procurement Regulations; the restructuring of the tendering process and establishing regulations and standard bidding documents through Ministerial Order No 001/08/10/MIN of 15/01/2008; and

development of Procurement Operational Tools for all procuring entities to facilitate implementation of the Procurement Code.

The last move from transaction was materialized in February 2011, period which all awarding responsibility was transferred to procuring entities.

The Crown Agents Report 2007 observes that there are insufficient numbers of staff dedicated to procurement in procuring entities. Many of the personnel currently engaged in procurement, predominantly members of the internal tender committees have had a limited amount of training at the most basic level. This directly affects the quality and efficiency of their work and is a key constraint in the development of a more effective public procurement system. There is insufficient awareness at the management level of the importance of good procurement and the processes involved.

1.3. Problem definition

Resources are limited when needs are unlimited. Based on that, it is important to put in place a strategy which allows institutions to meet their target under scarce financial resources. Purchasing activities consist in making a choice between many others in a way, which will provide best value for money.

With specialization, different organizations prefer to outsource a number of services or products which are needed in their business, rather than producing or performing them by their own means. This allows entities to benefit from comparative advantages. From this perspective, you find that in Rwanda procured services, goods and works represent a large percentage in total expenditure as an example these varies between 50 and 80 % of the total budget.

When explained to practitioners, students, managers about procurement rules, regulations and procedures, everyone becomes very interested on how practical is the discipline, in terms of how much the organization can process its procurement in a transparent, efficient, economical, and establish an equitable system. However, when, it comes to implementation, procurement rules

and regulations become less interesting to a number of people. Today successful organizations are these which have put procurement in the center of their business.

Public organizations spend money in procuring a number of goods and equipments, works and services which serve for both investment and public use. However, in many cases public organizations don't have in place clear procurement strategy, as a consequence, procurement processes end up by not generating value for money as expected.

Despite such large part in total expenditure, the procurement function is not yet recognized as a strategic function in many organizations. Only few organizations have managers who can appreciate adequately the importance of procurement function. Views are shared when it comes to the importance of procurement, some people consider procurement as a burden to the organization, a function which contributes only to add delays and a lot of bureaucracy in achieving objectives for the organization, while, others find that procurement contribute a lot to development since it allows organizations to purchase goods, works and services in efficient, economic, transparent and equitable way.

As a response to procurement decentralization responsibility, Government of Rwanda aimed to strengthen and provide more autonomy to the procurement function by issuing a circular from Ministry of Labor No 1142/19.21 dated March 06th 2007, , indicating that Procurement unit should report directly to the highest decision maker authority in the organization.

While in most of donors financed projects/programs, procurement function was considered as a key unit in donors funded projects at least since 2003, the same strategy was envisaged to be adopted in public institutions around 2009 with recruitment of 156 procurement officers. This was a joint effort between Ministry of Finances through RPPA and Ministry of Labor.

It is important to note that some entities implemented very well this change by integrating in their structure the procurement function while this was not the case in others entities. With the total decentralization, some entities are getting the necessary staff to the procurement function in line with procurement portfolio however; this decision is adopted on a case basis.

In summary the evolution process has seen minimal reform of the procurement function across public bodies in adopting optimal procurement structures and effective purchasing policies and procedures. For instance appropriate assessment of existing procurement structures and skills and synchronizing them with the requirements of the RPPA has not been forthcoming. Whereas procurement units were created with direct reporting functions to the Head of Entity, this was not complimented by powers and perks;

1.4 Research objective

The main objective of the study was to find out the extent to which the procurement function is regarded a strategic function in Rwanda's Public Organizations.

The specific objectives of this study aim to attract attention of public organization managers' on importance of this less known area which is procurement.

1.5 Research Questions

Our research will help to answer to the following questions.

- a) To what extent have public organizations in Rwanda acknowledged procurement as a strategic function?
 - 1) Is the procurement unit well located?
 - 2) Is the procurement unit empowered to handle strategic responsibilities?

- 3) How does the procurement unit compare with other departments in terms of personnel qualifications and experience; office space and equipment; and compensation?
- b) What procurement arrangements have been implemented to ensure that the procurement function assists the public organization to achieve its objectives?
- c) How have public organizations structured the procurement function to ensure that it adequately handles procurement requirements?

1.6 Significance of the study

This study aims to attract managers' attention, so that they can allocate strategic position to procurement. The idea is to demonstrate the importance of procurement so that, decision makers can be very well equipped during design of organization structure even during allocations to different units.

Procurement policy makers and practitioners will use this study to rethink strategy for the procurement function. Top management in public organizations will be given thought to what position procurement should have within the organizational structure. They will acknowledge that the position of the procurement unit within the structure should be done after a careful analysis of the volume of work involved and the value of procurements, otherwise delays will continue.

1.7 Research methodology

Source of information for the current research was found through, a questionnaire which was used to collect data from Public Institutions; this was combined with information received through interviews with different people coming from public, private institutions and civil society organizations, desk review came to supplement gathered data, researches documents, annual reports from various sources were consulted.

1.8 Problems and limitations.

Our research mainly focused on Central Public Administration as opposed to decentralized entities. Institutions were picked randomly because we assumed that it is the responsibility of each procuring entity to spend strategically public funds. We are convinced that, by analyzing carefully the procurement strategy in 21 institutions, and proposing adequate recommendations will contribute a lot in terms of value for money in Public Sector, therefore, contribute to a good management of limited resources, which will results in an increase in growth and development.

1.9 Thesis Structure

This research work is structured into five chapters. Chapter one is related to the introductory part, where procurement background is provided, evolution of public procurement environment is explained, research objective and problem definition are also justified in this chapter.

The second chapter includes literature review, where the procurement function in public entity is explained, public procurement environment in Rwanda is explained, evolution of procurement discipline is also elaborated, the same chapter provide information on importance of public procurement in general and specifically in Rwanda.

The third chapter is providing information on our research methodology, while, chapter 4, is dedicated to data analysis and research findings.

Chapter 5 covered conclusions and recommendations which resulted from the previous chapters.

CHAPTER 2: PROCUREMENT AS ONE OF STRATEGIC FUNCTION IN PUBLIC SECTOR.

2.1 Procurement background.

Prior to 1900, purchasing was recognized as an independent function by many railroad organizations, and in few other industries.

Prior to World War I, purchasing was regarded as primarily clerical function.

During World War I & II – The function increased due to the importance of obtaining raw materials, supplies, and services needed to keep the factories and mines operating.

1950s & 1960s - Purchasing continued to gain stature as the techniques for performing the function became more refined and as the number of trained professionals increased. The emphasis became more managerial. With introduction of major public bodies and intergovernmental organizations, such as United Nations, procurement becomes a well-recognized science.

1970s & 1980s - More emphasis was placed on purchasing strategy as the ability to obtain needed items from suppliers at realistic prices increased.

Procurement was merely a continuation of the logistics function and Comprised not much more than placing orders at pre-selected suppliers. In September 1983, Harvard Business Review published a ground-breaking article by Peter Kraljic on purchasing strategy that is widely cited today as the beginning of the transformation of the function from "purchasing," something that is viewed as highly tactical to procurement or supply management, something that is viewed as very strategic to the business.

1990s - Procurement started to become more integrated into the overall corporate strategy and a broad-based transformation of the business function ignited, fueled strongly by the development of supply management software solutions which automate the source-to-settle process.

2000s - The leader of the procurement function within many enterprises is established with a C-Level title - the Chief Procurement Officer (sometimes called the Head of Procurement). Websites, publications, and events, and that are dedicated solely to the advancement of Chief Procurement Officers and the procurement function arise. The global recession of 2008-2009 places procurement at the crux of business strategy.

2010s - The elevation of the function continues as Chief Procurement Officers are recognized as important business leaders and begin to take on broader operation responsibility.

2.2 Procurement Function in Public entity

2.2.1 Importance of procurement

Effective procurement enables an organization and its staff to work smoothly to achieve the organization's goals with the right quality and quantity of inputs in place; ineffective procurement planning may result in failure to achieve those goals, putting in jeopardy procurement principles and causing damage to the credibility of the organization

Procurement importance is directly related to the percentage of overall value organization's suppliers bring to it.

Table 2.1: Purchasing volume in different sectors.

| Sector | Purchasing volume |
|-----------------------------|-------------------|
| Trade | 70-98% |
| Industry | 50-90% |
| Commercial service industry | 30-50% |
| Mean | 63% |

Source: class notes

Considering the trend to become more, not less dependent on the capabilities and performance of suppliers, it is clear that for most organizations, the procurement function is becoming more and more strategically important. In such situations, low price without performance is useless.

Public Procurement is at an important factor in public expenditure. Money is translated into goods, works and services in large stake through procurement process. Construction of bridges, hospitals, schools, roads, even elaboration of strategic plans, up to acquisition of text books take place in most countries through public procurement system. Based on this reality we find that this area needs a particular attention from public authorities.

Procurement handled professionally contributes both at a sustainable revenue distribution and economic growth. This can be verified at different angles.

First of all it is verified through value for money since; contracts are awarded on merit basis inefficiencies are reduced on a strict minimum.

Second, a transparent and efficient procurement system is a fantastic tool to fight corruption, since contractors are working on basis of clear objective terms, therefore, they are able to deliver based on well defined conditions. This process allows money to circulate freely which open opportunity to every business operator.

Procurement contributes as an important part in the delivery of public services. With regard to routine goods and services, oversight body should adopt a collaborative procurement programs across Government whereby, the main objective could be value for money, and so, release important resources for public interest.

The importance of procurement is significant and increasing. The procurement function is a very interesting area of attention from a financial perspective. The share of procurement spend in an organization's revenue or total cost is often a lot bigger than expected. Especially the height of the amount spent on indirect purchases is often a surprise. This proves that strategic attention for procurement is important. The share of procurement spend in the overall revenue is increasing because of developments such as 'back to core business', outsourcing and specialization. All of these trend lead to contracting out of activities that were done internally up till then or buying products that were previously manufactured by the organization itself.

As mentioned, efficient procurement has a major impact on the profitability of any organization. Another reason why procurement is increasingly interesting for Management in financial terms is the emerging popularity of the integrated management concept. The creation of smaller work units or business units with their own responsibilities puts procurement forward as an area of financial control. For example sales and wages can easily be much less influenced.

Every Franc not spent is a franc extra profit, so the impact of changes in the spend volume on the financial performance of an organization is powerful. "A penny saved, is a penny earned" and any cost avoidance goes directly to an organization's bottom line. Value analysis can ensure expenditures for an organization are reduced or at least held in check, while the quality of the goods or services provided improves.

Another important financial characteristic of procurement is that a decrease in spend volume has more effect on the profit than an increase in sales. When an organization is aiming at increasing the profit, saving on procurement is a more effective way to realize this than increasing the sales volume. Governmental and institutional organizations are not driven by profit but the financial aspects mentioned above are important to them, too, as spending less money leads to the creation of additional budget space instead of additional profit. The price paid however is not the only indicator of the importance of procurement.

The total cost of ownership is made up of more than just the price of a product or service that is paid to the supplier. By looking at a demand for goods or services from a supply chain point of view important improvements in logistics can be realized, increasing of efficiency of internal procedures as well as efficiency of stock keeping, replenishing, etc. These improvements are often not easily expressed as an amount of francs saved but will add value in terms of time saved or an increase in the quality of internal operations. The importance of procurement in governmental organizations and utility Organizations have been given a boost by the introduction of legislation on public tendering, laid down in RPPA.

2.2.2 What's the proportion of procurement in national budget?

Table 2.2: Total expenses made through the Procurement Process compared to the Total National Budget.

| Year | Total budget Rwf (1) | Total amount spent through oversight body in Rfw. | Total amount below oversight prior review. | Total | Percentage % |
|-------------------------|-------------------------|--|--|-----------------|-----------------|
| July 2009- June 2010 | 898 900 000 000 | 270 911 626 300 | 54 182 325 260 | 325 093 951 600 | 36 |
| Mini budget 2009 | 392 100 000 000 | 76 217 722 510 | 53,239,432,328 | 129 457 154 800 | 33 |
| 2008 | 674 000 000 000 | 220 003 480 500 | 44 000 696 100 | 264 004 176 600 | 39 |
| 2007 | 527 600 000 000 | 174 655 555 000 | 34 931 111 000 | 209 586 666 000 | 40 |
| 2006 | 396 000 000 000 | 141 774 810 204 | 36 511 862 260 | 178 286 672 500 | 45 |
| 2005 | 374 300 000 000 | 107 952 366 678 | 21 590 473 335.6 | 129 542 839 900 | 35 |
| 2004 | 334 500 000 000 | 68 319 877 052 | 13 663 975 410.4 | 81 983 852 460 | 25 |

Sources. Elaborated based on information collected from Ministry of Finances and Economic Planning, And Annual reports RPPA 2004-Jan 2010.

Public administration in Rwanda is organized in central administration with 124 Ministries and agencies, decentralized entities include 4 provinces but these have lost their administrative functions, instead, local administration is provided by 30 Districts, making 154 budget agencies in total.

Detailed information on the gradual decentralization is provided under Table 2.3

Table 2.3:Decentralization of Procurement functions through increased prior review thresholds.

| | Oversight body competence | Procuring entities competences | Particular competence ¹ . |
|---|--|---|--------------------------------------|
| Before 1997 | Each contract above 250 000 Rfw to be awarded based on open competition | Each contract below 250 000 Rfw | N/A |
| 1997 | Each contract above 3 000 000 Rfw | Each contract below 3 000 000 Rfw | N/A |
| 2006 | Each contract above 50 000 000 Rwf | Each contract above 50 000 000Rwf | N/A |
| 2008 with Min order No 002/08/10/ MIN of 09/05/2008 defining the competence of RPPA and fixing the thresholds for public procurement entities | i.Each contract above 200 000 000 rwf ii.Contract between 100 000 000 Rwf and 200 000 000 Rwf | i.Each contract below 100 000 000 Rwf ii. Contract between 100 000 000 Rwf and 200 000 000 Rwf | Each contract below 150 000 000 Rwf |
| 2009 with Min order 003/09/10 RPPA of 24/06/2009 defining the competences of Rwanda Public Procurement authority and fixing the | i.Each contract above 300 000 000 rwf ii.Contract between | i.Each contract below 200 000 000 Rwf ii. Contract between 200 000 000 Rwf and | Each contract below 250 000 000 Rwf |

¹ Ministry of defense for fuel; National examination council for examination material, Embassies; Public Institutions engaged in Commercial or Industrial activities, Ministry of Health for vaccines and medications

Source: Consolidated by the researcher based on existing Rwandans procurement Law and Regulations.

| | | | |
|--|--|------------------------------------|-----|
| thresholds for Public entities | 200 000 000 Rwf and 300 000 000 Rwf | 300 000 000 Rwf | |
| Full decentralization of procurement transaction from RPPA to procuring entities since February 2011 | N/A | Full awarding competence authority | N/A |

Source: Elaborated based on information found in Rwandans procurement laws and regulations.

2.2.3 What are key challenges faced by civil servant when handling their mission.

To analyze limitations faced by procurement staff, it could be better to first review key issues which affect the public sector, then; we can be able to understand the constraints faced by the procurement function as one of key function in public organizations.

A larger area of concern is the operation of the strategic management processes in many of the public organisations, namely (i) lack of a strategic plan (ii) the absence of sound management information about the performance of the organisation against key objective and performance indicators. Without the provision to managers of robust information of this kind, to enable them to take decisions about the direction of the organisation and the allocation of tasks and resources, it cannot be said that a performance management culture is truly in place. From the above mentioned constraints, we can figure how difficult the procurement function will be, adhoc activities will be predominant in the day to day activities.

In order to succeed the procurement processes it will be important to have i/ a clear strategic plan ii/ a well performing management information system to generate information to the management. Other than that procurement will always act on a reactive basis, as opposed to proactive basis.

The development of the performance contract system has a great deal to commend it, especially if it is linked to a coherent system of planning and budgeting, but unless it is accompanied by adequate management information – and managers are empowered to take action on that information – performance contract approach to have good results will need to be supported by above raised points.

In the absence of a coherent system of planning and budgeting, combined with the willingness to achieve results by any means, some of the centrally-prescribed administrative systems which have been universally adopted, such as the procurement process, will continue on one hand to be perceived in practice too slow, cumbersome and inflexible to support operation, while on the other hand are necessary to maintain transparency and integrity in the handling of public money.

Others constraints affecting the public services are related to high staff turnover, inadequate physical facilities etc... Although low salary is the major challenge in staff retention there are others sources of concern: training and career development, commitment of certain managers etc...

All these constraints are also affecting indirectly the procurement function.

2.3 Context of Public Procurement in Rwanda.

2.3.1 Legislative and Regulatory Framework.

Legal and regulatory framework is normally considered as the starting point for development of a governance system. Focusing on procurement, legislative and regulatory framework put in place rules of process and provides the legal basis for securing the rights of participants and establishing their responsibilities. It is a crucial element that relates the procurement process to the overall governance structure within the country and determines obligations of public administration to comply with internal and external requirements. The existing procurement law was established in 2007, this law came to replace the 1959 decree and order of the King of

Belgium governing the procurement of goods works and transport; The previous law was caduc and incomplete.

Between the two procurement laws, a number of decrees and regulations were used and are mentioned below:

- Regulations related to the 1959 procurement law were produced in July 29th 1971,
 - Cahier Général des charges du FED, of July 29th 1971, advertised in National Gazette No 12 bs 1972;
 - 1993 Prime Minister's order establishing National tender Award Committee
 - 1997 National Tender Board replaced National Tender Award Committee
 - 2002 Prime Minister's order establishing National Tender Board
 - The Presidential Order N°28/01 of 19/07/2004 establishing public procurement Procedures;
 - The Ministerial Order N° 002/06/10 MIN of 07/08/2006 fixing the thresholds for Public procurement entities,
 - Law N° 63/2007 of 30/12/2007 Establishing, determining the Organisation, Functioning and Responsibilities of the Rwanda Public Procurement Authority,
 - Ministerial Order N°001/08/10/Min of 15/01/2008 Establishing Regulations on public Procurement and Standard Bidding Documents
 - Public procurement Law N° 12/2007 of 27/03/2007 on public procurement
 - Ministerial Order N°001/08/10/Min Of 15/01/2008 Establishing Regulations on public Procurement and Standard Bidding Documents
 - The Ministerial Order N° 002/08/10 MIN of 09/05/2008 fixing the thresholds for public procurement entities
 - Ministerial Order nominating members of Independent Review Panels
 - Law N° 63/2007 of 30/12/2007 Establishing, determining the Organisation, Functioning and Responsibilities of the Rwanda Public Procurement Authority
- Currently, the draft law amendment of the 2007 procurement law is being discussed in parliament.

In addition to the above mentioned Law, RPPA has prepared a Standard Manual for Public Procurement (User's Guide) for the benefit of practitioners; last but not least, RPPA has

developed the code of conduct for procurement practitioners. All are published on the RPPA website (<http://www.rppa.gov.rw/>) for public use.

2.3.2 Institutional Framework and Management: professional organization, Training Institutions, regulatory body.

Government willing is a key factor in modernizing and maintaining a country's public procurement system. This requires a focal point within Government with right capacity and qualification to manage the procurement system and monitor public procurement implementation. The institutional capacity component is designated to examine the central government institutional framework and its capacity to oversee, manage and support efficient implementation as well as to provide leadership in modernizing and maintaining the public procurement system. This component can be adapted to look at other levels of government, especially in highly decentralized systems.

Well functioning institutions ensure accountability in use of public resources; therefore, public institutions should not operate in a vacuum.

They operate in a way which ensures accountability. Key factor in accountability is the capacity to monitor and enforce rules within any organization.

Procurement together with others mechanisms (accounting and auditing, human resources) is classified among important area where Government has decided to emphasize focus.

The institutional structure for public procurement has evolved over time.

-The 1993 Prime Minister's order established National tender Award Committee which was a department in Ministry of Finances

-1997 National Tender Board replaced National Tender Award Committee

At the same time, Internal Tender Committees were established in all procuring entities.

In 2008, the National Tender Board was restructured to become Rwanda Public Procurement Agency. According to the Law, the RPPA retains the responsibility for conducting procurement transactions but this was done jointly with respective procuring entities. RPPA decentralized gradually the transaction process; the final move to decentralization took place in February 2011 as recommended in the procurement law.

2.3.3. Procurement Operations and Market Practices.

A good public procurement system is only possible when both public and private sectors are well performing. An efficient private sector market is a key factor for overall performance of the system. To be a best partner, the market must have confidence in the competence of the procuring authorities at all levels within the system to implement and administer the public procurement system in line with legislative and regulatory framework.

In Rwanda the private sector has started to get organized into professional association ie Constructors association include 385 companies; Private Medical Doctors Association; Architects Association; Agronomist Association; etc..

Efficiency of the private sector is normally a key factor to a well performing procurement system. As an example, contract management constitutes a key challenge along with the procurement process. This can also be a source of increase in public expenditure. This matter itself constitutes an interest topic for most practitioners and academic people.

2.3.4 Transparency and Integrity of Procurement System.

A well functioning public procurement system operating with integrity (fair, transparent, and credible) require mechanisms and capacity for independent control and audit of procurement operations to provide for accountability and compliance. This must be supported by a system for participants to appeal and challenge decisions with administrative and judicial review bodies having both appropriate levels of independence and the legal power to impose corrective measures and remedies against procuring entities in violation of legal and regulatory framework. Legislation should address totally fraud and corruption, including the issue of conflict of interest, through special measures with objective to create a sound and fair environment for public procurement operations.

Rwanda has initiated key actions in fighting corruption. Some of progress in establishment of mechanisms to support integrity and transparency of the public procurement system are: (i) the Government signed the UN Convention on Anti-Corruption. (ii) Bidders have access to a complaint mechanism that consists in lodging their claim to Independent Review Panels once

they wish so. (iii) Provisions and mechanisms to address violations of the law including those resulting from conflict of interest and fraud and corruption exist in the law; (iii) administrative and criminal remedies are identified in the law and there is evidence that these provisions are vigorously applied (iv) Leadership Code of Conduct (v) Procurement Officers Code of Conduct.

2.4 What is involved in Procurement Management?

2.4.1 Public Procurement cycle.

-The Public Procurement Function comprises timeliness and key stages from which the procuring entity goes through in handling the process. Key factors are following, Planning, elaboration of request for proposal or bidding documents depending on contract nature, Management of bidding process which start from advertisement to bid opening, bid Evaluation and Contract award, preparation and signing of contract, management of contract execution, including dispute resolution methods, General handling of procurement process, duration, actors, controls etc.,

-Organization and Function is related to the organizational structure of the procurement department, allocation of responsibilities, and hand relationship of its reporting, whether decision-making authority has enough capacity to handle the proposed procurement plan for the organization in addition to other routine duties if any. Items to review are: procurement organization and allocation of responsibility, internal procedural manuals but also instructions and historical compliance

-Support and Control Systems, is an aspect which handles services and control mechanisms that provide checks and balances in the system. The autonomy and credibility of procurement audits and the quality of internal controls are critical to the reliability of the system. Key items to be considered are: Auditing, Legal advisory arrangements, internal technical and administrative controls, Code of professional behavior and ethics, Special anticorruption initiatives.

-Record Keeping, completeness of procurement records is a key element of transparency. Information to be availed includes overall data on numbers, nature, values and dates of contracts awarded, names of contractors; every procuring entity should maintain a complete list of awarded contracts, following items should be put on record: public notices of bidding opportunities, bidding documents and addenda, bid opening information, bid evaluation reports, formal appeals by bidders and outcomes, signed contract documents and addenda and amendments, records in claims and dispute resolutions, record of time taken to complete key steps in the process, comprehensive disbursements data (as required by the country's financial management system).

The absence of or significant deficiencies in such records should be reported in the assessment findings and addressed in the recommended action program. The team should also determine to what extent effective procurement monitoring systems are used and, if sufficient data exists, it should identify steps in the procurement process where inefficiencies seem to exist and recommend ways bottlenecks might be eliminated.

-Staffing, The quality and sufficiency of staff in the unit are essential to good procurement administration. The assessment should determine in general whether sufficient qualified staffs are available to carry out the normal procurement tasks assigned to them. There should be a determination whether the existing staffs have relevant knowledge of the disciplines and the capacity required for carrying out the proposed procurement plan under the project. Otherwise the assessment should define the assistance required in the form of training additional staff or consultants or procurement agents and include an estimate of the scope, duration and cost of these services and additional resources.

2.4.2 Characteristics of a good Procurement function.

i. Roles, Responsibilities, Structure and Reporting:

A good procurement function is the one with a clearly and well defined role and responsibility. Reporting line, key involvement in procurement has to be known.

The procurement function needs to be placed at a high level in the organization structure.

Delegation and decentralization of the function has to be well established, in addition common procurement items have to be coordinated.

Procurement officers have to belong to a network which would share information about markets suppliers and products. For a better monitoring and improvement, performance of a procurement entity has to be measured.

ii. Systems processes.

Depending on the type of procurement goods, services and works, there need to be in place a certain way of conducting the procurement process this has to be associated with reasonable transactions costs. As an example, some of automatic systems have to be adopted namely; e-procurement, payment systems, long term agreements, pre-qualified suppliers, coordination of common items etc...refer to UN Procurement Practitioners' Handbook, November 2006. Procurement management information namely procurement profile, supplier performance data, has to be captured and made available to support decisions of the procurement function. In addition to that, the main tools to be used in procurement function has to be know by all key actors who intervene along the procurement cycle these are, standard bidding documents, procurement manuals, user guide manual, code of conduct etc...

In order to improve regularly the system recent audit results and recommendations has to be known and taken into consideration. Same attitude need to be considered for issues and trends appearing in tender committee minutes.

iii. Skills capacities

Roles and responsibilities clearly defined, good systems are very crucial but not enough to ascertain better procurement system. The management has to ensure that levels of procurement skills match the procurement portfolio; in addition, skill levels have to be evaluated regularly. Not only skills for procurement has to be developed systematically but also, there is a need to have in place a long term strategy for recruitment, selection, training and certification of staff. This needs to be clearly developed within staff policy.

2.4.3 Typical activity of a procurement function.

After a requisition has been introduced by the responsible department, the procurement unit is responsible for ensuring the technical description is neutral, generic, clear and free of ambiguity.

The technical description must be the one which can promote competition among bidders.

The procurement unit provides support to the technical departments in following unit: provide information based on lessons learned during previous similar cases, check completeness and neutrality of technical specifications, ensure that these ones are free of biases and not restrictive, assist in market supplier analysis (this can be done through various tools including invitation for request for information, on-line data can provide insight on how to approach the market in order to source in an adequate way) survey to identify potentials sources of suppliers, pricing and availability of information and extent of competition, provide advices on the appropriate method to obtain goods/services in a timely manner and in conditions which ensure best value for money.

2.4.4 Role of others departments along the procurement cycle.

Not all organizations have a procurement department. Some may be too small; others may not yet have recognized the added value of procurement professional. Most organizations with a considerable spend however do have a procurement department. The responsibilities of this department vary largely, and the department can vary from an operational 'order processing unit' to a highly professional tactical procurement function. Once an organization has recognized the added value of the tactical procurement profession, operational tasks are delegated to the internal clients, automated by implementing an electronic procurement system or even outsourced to a third party.

Whether an organization has a procurement department or not, procurement can never be a responsibility of one person or one department. Some examples show that a lot of different parties get involved in different steps of the procurement process:

- Technical specifications are decided by a group representing the users of the products and a service, e.g. maintenance staff, product manager, end user.
- Financial stability of a potential supplier is screened by internal auditors.
- Contractual terms and conditions are drawn up by legal department.

- A team of users and subject matter experts evaluates supplier proposals
- The board of directors makes the financial decision in large investments
- Ordering is often delegated to the logistics department or to end-users
- A key user group is asked to evaluate a supplier's performance.

The spreading of procurement tasks throughout the organization is increasing. Refer to class notes. A trend that enhances this spread is the contracting out of entire responsibilities to external parties, such as cleaning, catering and security services. The decision to tender these tasks is not made by procurement but by management and, a lot of the work involved is usually carried out by the facilities departments because they will have to cooperate closely with the new supplier.

Technical staffs are responsible of the substantive part of Goods/Works/Services etc...Procurement staff are charged by regulations with the responsibility to encourage that bidders receive fair, impartial and equitable treatment from employers. Procurement officer's role tends to put them in institutional conflict with the program and technical staff who are less concerned for procedures especially different competition requirements. Procurement staffs are considered like guardians of procurement rules and regulations. But in principle the role of procurement officers should be to make accessible rules of the game during the procurement process. This attitude is not always found in the part of technical staff that tends to be less open when it comes to try definition of technical requirement. The other difference between technical and procurement staff is price weight. Technical staff tends to allow a low weight to price advancing their concern for performance and technical excellence. Procurement officers however, favor a higher weight to price and lower weight to less intangible evaluation criteria. Similar to private sector, some people tend to be more sensitive to price than anything else; however, one must recognize that this approach is incomplete. In Public procurement, performance is appreciated by how few, regulatory violations they allow or, how few waves the procurement causes.

Decentralized responsibilities also add to the number of people involved in Procurement. People will need things in several places in an organization and as getting these things is their own responsibility, procurement activity in the organization as a whole will increase.

Another reason why procurement, especially the operational part, is increasingly done by other people than those mapped in procurement department are the growing number of possibilities of information technology and the Internet. It becomes easier for people to look for and, find suppliers and place orders themselves. Important to note is that segregation of tasks is required in every organization to avoid subjective or even fraudulent decisions. Ordering, receiving, registering and paying of items should be done by at least four different parties.

2.5 Procurement position in public administration structure before establishment of National Tender Board.

During that time, the procurement function was carried out by unskilled people, who were located at the bottom in the organizational structure. As a consequence, these staffs were mostly handling simple and small procurement tasks especially, they were assigned to these operational tasks namely issuance of purchasing orders; storing supplies etc.

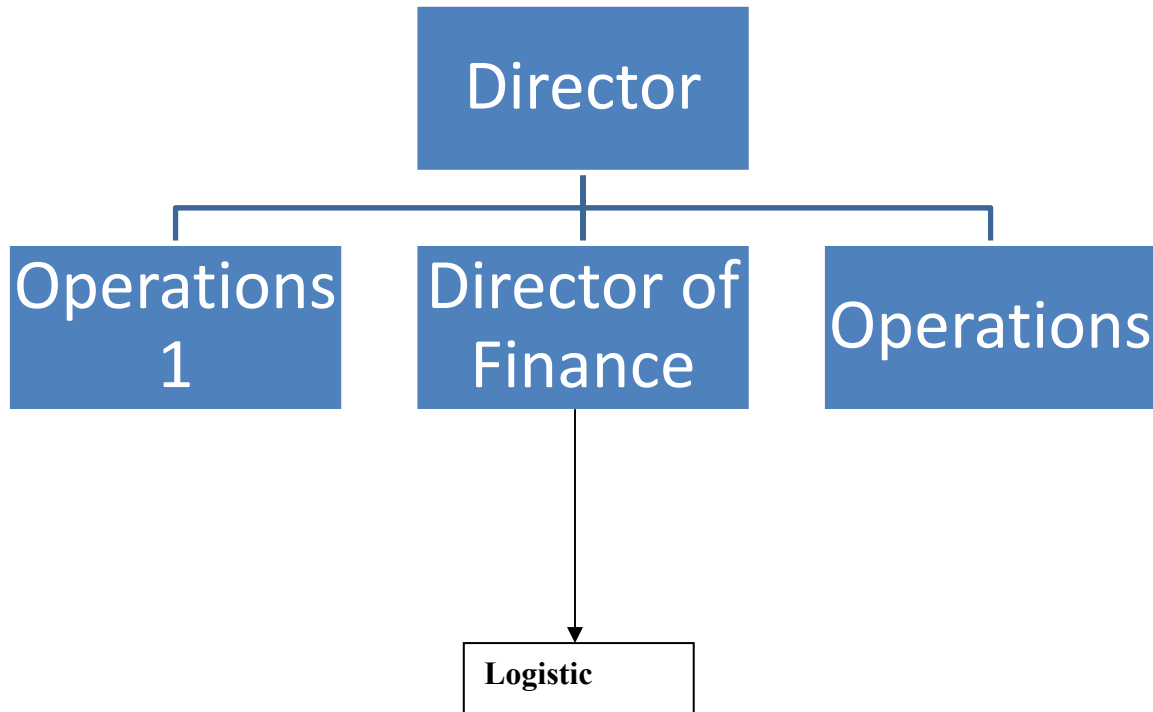
Is logistic equivalent to procurement? There is a tendency to wrongly reduce procurement scope to logistic size.

With the increase of procurement importance, it will release much of the routine purchasing to budget-holders, especially where procurement can add small value. As procurement evolves to become a more strategic function and become more proactive, the function must evolve. Each organization must be able to identify strategic areas which require procurement expertise, from these routine procurement activities which can be handled at budget holder's level.

i.e: determining overall purchasing policy involved with major negotiations.

With technology, e-procurement, can facilitate call offs where from desk-top catalogues an organization can reach good deals in a short time.

Figure 2.1: Procurement function structure in public entities before 1997.



2.6 Procurement position in public administration structure after issuance of MIFOTRA Circular in March 2007.

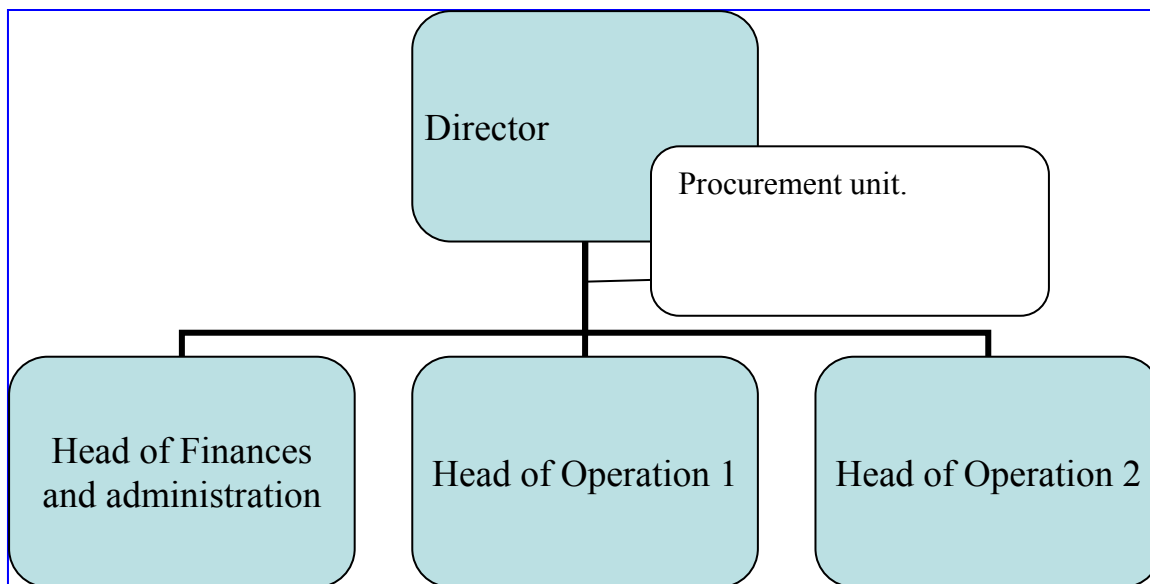
From the below structure it is clear that procurement was given a certain consideration especially, since the staff could report to the chief budget manager whenever possible. To be a procurement officer, a University level was required and this had to be complemented with training in national procedures, which allowed to these staff to gain a certain exposure.

A new element brought in the system is the introduction of tender committees as part of procurement structure. Although a certain effort was carried out to in strengthening the structure, this is still not enough, most of the time; it's the procurement officer who handles the key part in the procurement process. With lack of effective planning in most cases, procurement staff work

under pressure, as a consequence they become fire fighting in many situations where, a proper system could address a number of issues. Eg. Use of automatic systems in the case of routine products, long term agreements, use of pre-qualified suppliers, coordination of common items etc.

As a response to procurement decentralization responsibility, Government of Rwanda aimed to strengthen and provide more autonomy to the procurement function by issuing a circular from Ministry of Labor No 1142/19.21 dated March 06th 2007, indicating that Procurement unit should report directly to the highest decision maker authority in the organization.

Figure 2.2: Procurement function structure after 2007

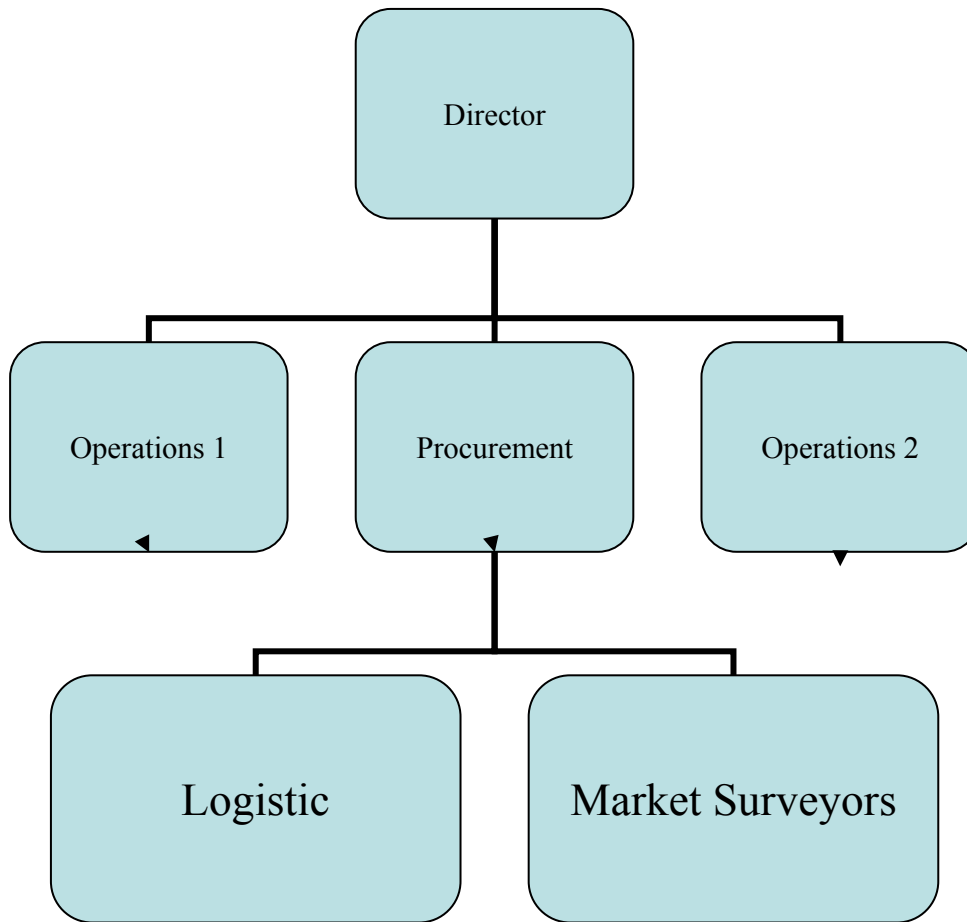


While in most of donors financed projects/programs, procurement function was considered as a key unit in donors funded projects at least since 2003, the same strategy will be adopted in public institutions around 2009 with recruitment of 156 procurement officers. This was a joint effort between Ministry of Finances through RPPA and Ministry of Labor.

It is important to note that some entities implemented very well this change by integrating in their structure the procurement function while this was not the case in others entities.

With the total decentralization, some entities are getting the necessity to staff the procurement function in line with procurement portfolio however; this decision is adopted on a case basis.

**2.7 What is the right positioning of Procurement in Public organization?
Figure 2.3: The ideal situation of Procurement Structure.**



Through different discussions with practitioners we came to understand that the ideal position for the procurement unit, is to be at the same level as others department, by doing this, the function is not only fully integrated in the structure, therefore, procurement as unit is able to benefit the right number of staff as this is the case for others departments. This is valid in terms of others elements such as incentives, equipments, involvements in strategic decisions etc...

2.8 Which approach to be adopted in positioning public procurement in public organizations?

The ideal situation consists in considering procurement as one of the key department/unit in the organization. The size and number of tasks to be performed will depend on organization's mission. Some of the type of activities can be delegated to other departments while others can be outsourced. The important factor to know is to put in place a procurement strategy which will help the organization to realize value for money.

To better support institutional mission, procurement strategy should be aligned to institution's mandate. Procurement objective add value to the organization in fulfilling its mission, goals and objective. An appropriate procurement structure is the one which can proactively support mission, goals and organization's strategy. When preparing a procurement strategy, one might ensure that it is fully aligned with the overall mandate and strategy of the organization. On this basis, before initiating a procurement strategy, it is crucial to review organization mandate and strategy.

To achieve this objective procurement need to be embedded at the strategic position. It is understandable that the procurement function need to be headed by a specialized senior person.

2.9 What does it imply the decision level in procurement.

For a better repartition of role and responsibility along the procurement cycle, it is very important to classify procurement decisions under the three levels.

2.9.1 Strategic decisions

Are the highest level. Here a decision concerns general direction, long term goals, and financial decisions in long term investments, philosophies and values. These decisions are the least structured and most imaginative; they are the most risky and of the most uncertain outcome, partly because they reach so far into the future and partly because they are of such importance. For example: Decisions about what to do with your life, what to learn, or what methods to use to gain knowledge (travel, work, and school) would be strategic. Whether to produce a low priced

product and gain market share or produce a high priced product for a niche market would be a strategic decision.

In procurement area, decisions to be taken at strategic level can be classified as below:

- Outsource or look for in house development;
- Definition of policy related to buy or make;
- Policy regarding inter-company purchases and supplier compensation purchases;
- Developing/ adapting and adopting procurement policies, procedures, task descriptions and standards;
- Follow up of implementation about audit recommendations and review programs;
- Agreements and decisions regarding multi-year contracts with suppliers, development of partnerships or reducing/increasing the number of suppliers;
- Procure capital intensive investment materials.

As a result of the strategic procurement decisions, your organization might have to implement a professional procurement department which can be divided in tactical and operational procurement units.

2.9.2 Tactical decisions

Tend to be medium range, medium significance, with moderate consequences. For example, if someone's strategic decision was to become a procurement specialist, a tactical decision would include where to go to school and what books to read.

In terms of procurement tactical decisions would consist in following:

* Conduct procurement planning through which procurement methods, contract packaging are organized.

Supplier's selection and concluding procurement contracts;

Conduct value analysis programs in conjunction with supplier;

Evaluate supplier's performance;

Conduct market prospection, analyze and evaluate potential suppliers;

Conduct needs assessment and train procurement personnel.

“If you don’t know where you are going you are unlikely to get there and even if you manage to arrive there you won’t know it”.

Early and accurate planning is crucial to avoid last minute, emergency or ill planned procurement, which is a constraint to open, efficient and effective and consequently transparent procurement. Most savings in the procurement process are achieved by improvement in the planning stages. Proactive actions even in situations where planning is difficult such as emergencies, proactive measures can be taken to ensure contingency planning and be better prepared actions to address upcoming procurement requests.

Good practices can be reflected through below elements:

Development of standard specifications TORS/Technical specifications for products/services/works requested in emergency operations.

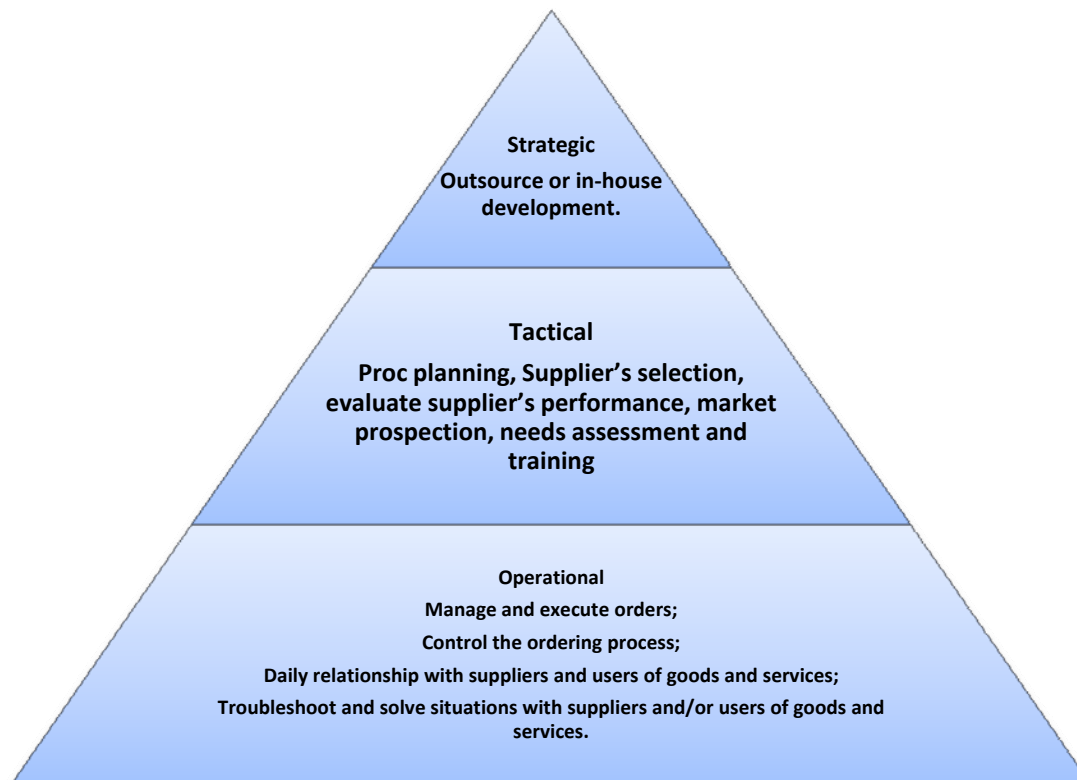
Efficient procurement planning is essential to optimize the contribution of the procurement function towards achieving the overall goals of the organization.

The source of information for the procurement plan should be collected from various sources, beneficiaries, clients, project planners, forecasting systems and list of Long Term Agreement, payments data. The minimum information to be included in the procurement plan will be, expected requirement for goods/ services/works, quantities, delivery time requirements, estimated budget.

2.9.3Operational decisions are day to day decisions. They are often made with little thought and are structured. Their impact is immediate, short term, short range, and usually low cost. The consequences of a bad operational decision will be minimal, although a series of bad or sloppy operational decisions can cause harm. Operational decisions can be preprogrammed, pre-made, or set out clearly in policy manuals. For example, if your tactical decision is to read some books on procurement, your operational decision would involve where to shop for the books. You might have a personal policy of shopping for books at a certain store or two during a determined period. Thus, the operational decision is highly structured: "Whenever books are needed under the predetermined period, look at Amazon Books."

Under operational Procurement following activities are involved:
Manage and execute orders;
Control the ordering process;
Daily relationship with suppliers and users of goods and services;
Troubleshoot and solve situations with suppliers and/or users of goods and services.

Figure 2.4: Level of Procurement decision



Ordering, receiving, registering, paying, of items should be done by at least four different parties. An important comment should be made here. Issues should be examined and decisions should be made at all of these levels. If you discover that nearly all of your thinking and decision making is taking place at the operational level, then you are probably not doing enough strategic thinking and planning. As a result you will lead a reactive life, responding only to the forces around you and never getting control of procurement system, your direction or your goals.

CHAPTER 3. RESEARCH METHODOLOGY.

This chapter brings out information on how the research was conducted. It describes research design, what were the targeted population, sampling design and size, and data collection instruments.

3.1 Research design.

In this research quantitative method was essentially used, a questionnaire was provided to selected institutions, which presented data and facts from the primary source. Questions were addressed to people who are really involved in the procurement process therefore, who can provide reality on the grounds. By doing this we assumed that response provided were in line with what really is taking place on the ground.

3.2 Study Population and sample size.

Population number includes 124 institutions; these comprise all procuring entities in central administration and public institutions.

The sample size of 21 institutions was selected randomly since each public organization has the obligation and responsibility to spend in a responsible way public funds.

3.3 Methods of Data Collection.

Quantitative and qualitative data was collected using two methods. Primary data was collected using questionnaires submitted to 21 institutions. Secondary data was collected using documentary review of annual reports, strategic plans, and publications on procurement auditing. This was supplemented with interviews from people coming from different sectors, public, private and civil society.

3.3.1 Data collection instruments.

3.3.1.1 Questionnaire.

Questionnaires were used to collect information during the study. Research questions were articulated around three components: Organization, Capacity and Performance.

In terms of organization, our focus was put on identifying if sampled organizations had at least a procurement officer; if yes at which level in the organization structure the procurement unit is

reporting; what are the responsibilities of the procurement unit; is there any delegation of authority from the procurement unit? Etc...

The second set of questions was organized around capacity, these ones aimed at getting data related to procurement value; number of transactions handled in procurement; what are the most used procurement methods; what is the capacity of procurement officer and Internal Tender committees' members; are procurement units have enough equipments to do their job; what is the contribution of management and internal tender committee in terms of preparation of procurement plan etc...

The third set of questions were related to performance measurement, at this level, key objective was to know if there is a performance measurement; what is the frequency, what are methods used to measure performance etc..

3.3.1.2 Documentary Review.

Additional information was obtained through documentary review, this consisted in consulting annual reports of different researches conducted in good governance area by different institutions such as, Ombudsman office's, Transparency Rwanda, Rwandese Association of Local Government Authorities (RALGA) , RPPA etc....

Finally we used information received from different seminars in which we participated previously.

3.3.1.3 Interviews.

The other source of information consisted in interviews conducted Head of procuring entities, practitioners, staff from oversight body such as RPPA; representative of private sector associations especially these in construction sector etc...

CHAPTER 4: DATA ANALYSIS AND FINDINGS FROM 21 SELECTED ENTITIES

Most people don't view good procurement practices as a principal integral part of their management function and that a new system needs to have made procurement an indispensable part of their duties. Some civil servants do not appreciate that procurement procedures must be taken into account when planning and organizing their activities. Any system which does not place importance on the procuring entities to ensure that they do the work needed to make procurement process successful would therefore be destined to fail.

Collected information which resulted from a survey conducted in 21 institutions are presented in below tables.

Table 4.4: Organization structure

| | Questions | Percentage | Findings descriptions |
|----|---|--|---|
| O1 | Your organization has an officer responsible/or heading the procurement department? | Yes: 100% | All sampled organizations have an officer in charge of public procurement. |
| O2 | What is her/his job title? | Procurement officer: 76% Procurement manager: 24% | The majority are procurement officers while the rest are procurement managers. This means that in sampled institutions the majority has only one person in the procurement unit, which explains the heavy workload on procurement officers. |

| | | | |
|----|--|--|---|
| O3 | In your organization/entity is procurement unit report to the chief budget manager? If no to which position the head of procurement unit/department report to? | <p>Yes 33%</p> <p>No 38%</p> <p>Do not know 29%</p> | <p>33% report to the chief budget managers, 38% do not report to the chief budget manager, while 29% do not know where they are supposed to report to. This means that 67% of reviewed institutions procurement is still working under others organizations.</p> |
| O4 | What is her/his job title? (Title of the person to who procurement unit report to) | <p>Chief budget manager 33%</p> <p>Deputy Director corporate service 24%</p> <p>Chief Admin Finance 19%</p> <p>Info not provided 23%</p> | <p>In sampled organizations only 33% of proc units report to where they are supposed to report to. The rest of procurement units report to deputy Director corporate service, others to Director of Finances, while few others do not know where they are supposed to report to. Depending on the nature and size of organizations, reporting to Deputy Director Corporate Service can be understandable.</p> |
| O5 | Please indicate which of the following departments the procurement unit has responsibility for? | <p>A. procurement of Goods: 100%</p> <p>B. procurement of Works: 100%</p> | <p>In all sampled organizations procurement unit has responsibility of, procurement for goods, procurement for works,</p> |

| | | | |
|----|--|--|---|
| | | <p>C. procurement of consulting services 100%</p> <p>D procurement of non consulting services 100%</p> <p>E Social service contracting (cleaning companies , catering, waste collection) 95%</p> <p>F. Public private Partnership: yes 14% no 86</p> <p>G. provides guidance/advice on procurement. yes 86% no 14%</p> <p>H. Others. no 95% contract management 5%</p> | <p>procurement of consulting services, and procurement of non consulting services. In sampled organizations, 86% procurement department provides guidance/advice on procurements. Only 14% of sampled organizations, procurement have responsibility in public private partnership.</p> |
| O6 | Procurement unit delegates some procurement authority to individuals services areas/departments of certain contracts value | <p>Yes 24%</p> <p>No 71%</p> <p>Don't know 5%</p> | <p>In sampled organizations 24% only delegates' proc authority, in 71% there is no delegation of authority, while in 5% they don't know if there is any delegation of authority.</p> |

In Rwanda the procurement function existed since 2008 with recruitment of more than 100 procurement officers for all public procuring entities. With the difference of previous situation, level of bachelor degree was the key requirement while in the past even secondary school educated was the requirement to be in charge of logistic, procurement was operating under others

Department. Since procurement unit is called to report to the chief budget manager, this decision was adopted in order to avoid the situation where, middle managers were interfering in procurement. In our sampled organizations, it was revealed that only 33% were reporting to the chief budget manager, 38% do not report to the chief budget manager, and 29% do not know where they are supposed to report.

In addition to that, even among the 33% who report to the chief budget manager find that they are not getting enough support from others departments, this situation create a heavy workload on procurement department and constitute a source of delays along the procurement process.

Capacity Procurement Value.

Table 4.5: On average the annual procurement volume/value handled by your organization lies.

| a/ Capacity proc value C 1 | Goods | Works | Consultants Services. | Non Consultants Services |
|---|--------|--------|-----------------------|--------------------------|
| less than Rwf 10 000 000 | 1(5%) | 4(19%) | 2(10%) | 1(5%) |
| Between Rwf. 10,000,001 to 25,000,000 | 0(0%) | 2(10%) | 2(10%) | 4(19%) |
| Between Rwf. 25,000,001 to 50,000,000 | 1(5%) | 3(14%) | 3(14%) | 2(10%) |
| Between Rwf. 50,000,001 to 100,000,000 | 4(19%) | 1(5%) | 2(10%) | 4(19%) |
| Between Rwf. 100,000,001 to 500,000,000 | 3(14%) | 3(14%) | 5(24%) | 3(14%) |
| Between Rwf. 500,000,001 to 1,000,000,000 | 3(14%) | 1(5%) | 2(10%) | 1(5%) |
| Above Rwf. 1,000,000,000 | 9(43%) | 5(24%) | 4(19%) | 2(10%) |
| None | 0(0%) | 2(0%) | 1(5%) | 4(19%) |
| | 21 | 21 | 21 | 21 |

Note: value in bracket represent percentage.

43% of reviewed institutions are handling contracts for Goods whose value is above Rwf 1 000 000 000, while 24 % of reviewed institutions are handling contracts for works whose value is above Rwf 1 000 000 000, 19% of reviewed institutions are handling contracts in the above mentioned amount, and 10% are handling non consultants services contracts.

These percentages are indicating the level of workload of the procurement units, but, also the sensitivity of their work given amount of money involved in these contracts.

Table 4.3: On average the annual procurement transactions / files handled by your organization lies: (please tick appropriately).

| a/ Capacity proc number C-1 | | | | |
|-----------------------------|---------|---------|----------------------|--------------------------|
| | Goods | Works | Consultants Services | Non Consultants Services |
| Less than 50 | 10(48%) | 18(86%) | 15(71%) | 11(52%) |
| Between 51 to 100 | 6(29%) | 2(10%) | 2(10%) | 3(14%) |
| Between 101 to 200 | 3(14%) | 1(5%) | 1(5%) | 0(0%) |
| Between 201 to 500 | 1(5%) | 0(0%) | 1(5%) | 1(5%) |
| Between 501 to 1000 | 1(5%) | 0(0%) | 1(5%) | 1(5%) |
| Between 1001 to 5000 | 0(0%) | 0(0%) | 1(5%) | 5(24%) |
| Between 5001 to 10000 | 0(0%) | 0(0%) | 0(0%) | 0(0%) |
| | 21 | 21 | 21 | 21 |

Note: value in bracket represent percentage.

24% of reviewed institutions are handling between 1001 to 5000 contracts of Non Consultants Services; this is a huge work for the procurement unit, if we consider all procurement steps.

There are institutions which are handling between 101 and 200 contracts. This is a large number if we consider that 76% of reviewed institutions have only one procurement officer refer on question O2 under organization structure.

Table 4.6: Methods of procurement frequently used: (please indicate on average number of contracts per year for each method).

| a/ C-2 Methods of procurement frequently used: (please indicate on average number of contracts per year for each method). | | | | |
|---|-----------------------|-----------------------|--------------------------------------|--|
| | methods used in Goods | methods used in Works | methods used in Consultants Services | methods used in Non Consultants Services |
| International competitive | 4(19%) | 2(10%) | 8(38%) | 10(48%) |
| National competitive | 16(76%) | 15(71%) | 9(43%) | 0(0%) |
| Restricted competitive | 0(0%) | 4(19%) | 1(5%) | 2(10%) |
| Single source | 0(0%) | 0(0%) | 1(5%) | 0(0%) |
| Individual | 0(0%) | 0(0%) | 1(5%) | 0(5%) |
| Quotation | 1(5%) | 0(0%) | 0(0%) | 1(5%) |
| Minor value | 0(0%) | 0(0%) | 0(0%) | 0(0%) |
| Direct contracting | 0(0%) | 0(0%) | 0(0%) | 0(0%) |
| Pre qualification | 0(0%) | 0(0%) | 0(0%) | 0(0%) |
| Force account | 0(0%) | 0(0%) | 0(0%) | 0(0%) |
| Public private partnerships | 0(0%) | 0(0%) | 0(0%) | 0(0%) |
| Turnkey | 0(0%) | 0(0%) | 0(0%) | 0(0%) |
| Frame work | 0(0%) | 0(0%) | 0(0%) | 0(0%) |
| None | 0(0%) | 0(0%) | 1(5%) | 8(38%) |
| | 21 | 21 | 21 | 21 |

Note: value in bracket represent percentage.

National competitive bidding is the most used procurement method, on average this is 63.33%, this implies that all steps in the procurement cycle have to be followed, which include a certain level of technical and administrative work. This reflects again the volume of work which lies in procurement units.

Table: 4.5 and 4.6 Capacity awareness and information dissemination

| Capacity awareness C-3 | | | | |
|---|--------|-------------|---------|-----|
| C-3 Staff involved in procurement are aware of the Public Procurement Law of 2007, Min Order establishing SBDs, Min order defining competence of RPPA and fixing thresholds for procuring entities. | | | | |
| | no | do not know | Yes | tot |
| number | 3(14%) | 0(0%) | 18(86%) | 21 |
| Information dissemination C-4. | | | | |
| C-4 Appropriate information on procurement is regularly and adequately disseminated (i.e. staff dealing with procurements are aware of updated rules and thresholds, and other issues relevant to their assigned responsibilities) | | | | |
| | 2(10%) | 0(0%) | 19(90%) | 21 |

Note: value in bracket represent percentage.

In 86 % of reviewed institutions, staff involved in procurement is aware of procurement law and regulations. 14% are not aware, while 5% do not know what these documents stand for.

86% is a good indicator on awareness level in terms of procurement law and regulations, however, this is not enough, if we consider that each procuring entity has the obligation to spend public funds in a responsible manner.

In reviewed institution, 90% of them find that dissemination of information on updated rules in procurement is adequately disseminated while 10% find that this not the case.

We estimate that information is widely disseminated the issue stand with existing facilities at the level of procuring entities in terms of being able to have access to these information, for example IT equipments and internet connectivity.

Table 4.7: Capacity Human Resources

| Capacity Human Resources C-5 | | | | | | |
|--|--|--------|--------|---------|--------|-------|
| | <p>a/C-5 Please indicate (tick ✓) the degree to which you agree with the following statement. 1 = Strongly disagree, 2 = Disagree, 3 = Not sure, 4 = Agree, 5 = Strongly agree</p> | | | | | |
| | 1 | 2 | 3 | 4 | 5 | Total |
| The current staff (numbers), directly involved in the procurement activities are sufficient to handle the organization's procurement volume | 6(29%) | 5(24%) | 2(10%) | 5(24%) | 3(14%) | 21 |
| The incentive scheme (including salaries), of staff involved in procurement activities compares well with that of the other professional departments (like finance, administration etc) who are at the same level (position) of the organizational structure | 3(14%) | 6(29%) | 3(14%) | 8(38%) | 1(5%) | 21 |
| The PMU and/or procurement department has a management structure | 5(24%) | 6(29%) | 2(2%) | 6(29%) | 2(10%) | 21 |
| The roles and responsibilities of all categories of staff positions within the structure are clearly written | 4(19%) | 3(14%) | 3(14%) | 8(38%) | 3(14%) | 21 |
| All PMU staff individually have a job description | 2(10%) | 0(0%) | 2(10%) | 11(52%) | 6(29%) | 21 |
| All staff involved in procurement activities match the job specifications of the title they are holding | 3(14%) | 3(14%) | 3(14%) | 9(43%) | 3(14%) | 21 |

Note: value in bracket represent percentage.

Is the number of procurement staff involved in transactions in line with the volume of work?
 53% of reviewed institutions strongly disagreed or disagreed with the say that current staffs (numbers) directly involved in procurement activities are sufficient to handle the organization's procurement volume, only 38% were in agreement that the number of procurement staff involved in this work was in line with the volume of work.

53% of reviewed cases disagreed with the statement saying that the procurement department has a management structure.

38% disagreed with the statement mentioning that the role and responsibilities of all categories of staff positions within the structure are clearly written.

28% disagreed with the statement mentioning that staff involved in procurement activities match the job specifications of the title they are holding.

Suggested number of staff needed to adequately handle procurement activities in the organization.

38% of reviewed institutions find that they need at least 4 procurement officers instead of 1

29% of reviewed institutions estimate that they need at least 3 proc officers instead of 1

In all reviewed cases, no one was satisfied with having a procurement unit staffed by only one person.

Table 4.8: Capacity physical assets and funds

| C-6 Please indicate (tick ✓) your level of agreement to the following statement. 1 = Strongly disagree, 2 = Disagree, 3 = Not sure, 4 = Agree, 5 = Strongly agree | | | | | | |
|--|--------|--------|--------|--------|--------|----|
| | 1 | 2 | 3 | 4 | 5 | |
| The Procurement Unit and/or procurement department has adequate office space to carry out procurement activities | 6(29%) | 7(33%) | 1(5%) | 6(29%) | 1(5%) | 21 |
| The Procurement Unit and/or procurement department has adequate space to keep procurement files | 6(29%) | 9(43%) | 3(14%) | 1(5%) | 2(10%) | 21 |
| The Procurement Unit and/or procurement department has adequate office equipment to carry out procurement activities | 5(24%) | 5(24%) | 3(14%) | 4(19%) | 4(19%) | 21 |
| The Procurement Unit and/or procurement department has an operating budget as a department | 8(38%) | 6(29%) | 3(14%) | 4(19%) | 0(0%) | 21 |

Note: Value in bracket represent percentage.

Office space is perceived as a big challenge, majority of reviewed institutions (62%) disagreed with the statement that procurement unit/department has adequate office space to carry out procurement activities.

72% of reviewed cases disagreed with the statement that the procurement unit/department has adequate space to keep procurement files.

48% of reviewed cases disagreed with the statement that the procurement unit/department has adequate office equipment to carry out procurement activities.

67% of reviewed cases disagreed with the statement that the procurement unit/department has an operating budget as a department.

71% of reviewed institutions revealed that they need following facilities in order to adequately handle procurement activities: Office space, files keeping space, IT equipments including, laptops and desktops, scanners, printers, fax machines; filing cabinets; safe to keep financial offers; waiting space for clients/bidders; round table for evaluating bids; communication facilities ie internet line, transport facilities; storage and archiving, secured space for procurement documents keeping, conference space for bids opening, high open metallic etc.....

Table 4.9: Capacity Human Resources

| | | | | | |
|--|--------|---------|----------|--------|----|
| C-7 Please indicate the number of staff within your organization that spends over 50% of their time on procurement. This would include involvement with any part of the procurement process such as market analysis, drawing specifications, managing contracts, etc). | | | | | |
| 1 to 2 | 3 to 5 | 6 to 10 | 11 to 15 | others | |
| 7(33%) | 5(24%) | 4(19%) | 1(5%) | 4(19%) | 21 |
| 9(43%) | 5(24%) | 4(19%) | 2(10%) | 1(5%) | 21 |
| 4(19%) | 2(10%) | 4(19%) | 5(24%) | 6(29%) | 21 |
| 6(29%) | 1(5%) | 6(29%) | 2(10%) | 6(29%) | 21 |

Note: Value in bracket represent percentage.

Table 4.7: procurement plan

| C-9 The Procurement Unit has a procurement plan | | | | | |
|--|--|----------|--------|-------------|----|
| | | yes | no | do not know | |
| | | 21(100%) | 0(0%) | 0(0%) | 21 |
| Procurement plan is advertised C-10 | | | | | |
| | | yes | no | do not know | |
| | | 19(90%) | 2(10%) | 0(0%) | 21 |

Note: value in bracket represent percentage.

In 100 % of reviewed cases, they all have a procurement plan; however only 90% of this procurement is advertised. Figures show that all procuring entities are aware that they have to prepare a procurement plan, however, only 90% of prepared procurement plan were published. Given that procurement plan are at the same time a road map for procuring entities, and a source of information of tenders opportunities for business community, it is very important for all public organizations to publish their respective procurement plan as required by procurement regulations.

Table 4.11 Key actors in preparation of the procurement.

| C-11 please indicates the level of involvement of the following in development of procurement plan. 1= No involvement, 2= little involvement, 3=not sure, 4=involved, 5=strongly involved | 1 | 2 | 3 | 4 | 5 | no |
|--|------------|-----------|-----------|-----------|------------|------------|
| “Chief executive” of the organization | 7 (33) | 1 (5) | 3 (14) | 4 (19) | 4 (19) | 2 (10) |
| Procurement unit staff | 0 (0) | 0 (0) | 1 (5) | 2 (10) | 16 (76) | 2 (10) |
| Elected members | 3 (14) | 3 (14) | 0 (0) | 5 (24) | 3 (14) | 7 (33) |
| Procurement officers | 0 (0) | 0 (0) | 0 (0) | 1 (5) | 19 (90) | 1 (5) |
| Internal Tender board committee | 11 (52) | 2 (10) | 4 (19) | 2 (10) | 1 (5) | 1 (5) |
| Other (specify) | 2 (10) | 0 (0) | 0 (0) | 1 (5) | 7 (33) | 11 (52) |

Note: Value in bracket represent percentage.

33% of reviewed cases strongly disagreed/disagreed that Chief executive of organizations are involved in developing procurement plan. 14% of reviewed cases were not sure if the Chief executives of organizations are involved in developing procurement plan

All reviewed cases agreed that procurement unit staff were involved in preparation of procurement plan.

28% of reviewed cases strongly disagreed/disagreed that elected members were getting involved in preparation of procurement plan.

100 % of reviewed cases agreed that procurement officers were involved or strongly involved in preparation of procurement plan.

62% strongly disagreed/disagreed that internal tender committee was getting involved in preparation of procurement plan. 10% of reviewed cases stated that others units were not involved in preparation of procurement plan.

According to collected results, the totality work in procurement from the procurement plan is performed by procurement units, which is abnormal. Procurement plan should normally reflect organizations goals and objectives, therefore, managers and others technical staff should be strongly get involved in preparation of the procurement plan, as result, implementation of the procurement plan would be effective.

When technical staff and chief budget managers are not getting involved in preparation of the procurement plan core activities are implemented on an adhoc basis, because they are not part of the plan. In this case, procurement processes are rushed, competition become not possible, less competitive methods are the most favorite methods, in the end, procurement system and staffs are qualified not flexible, when the real roots of the problems are just located in poor practices. As a recommendation, procurement plan should be treated at the same level with others strategic documents such as action plan. This to happen management need to value the function but also practitioners need to be proactive and present to the management the importance of each step in the procurement process.

Table 4.8: Capacity in procurement and professional qualification

| C-12 How many number of staff involved in procurement have the relevant qualifications (please tick <input checked="" type="checkbox"/> appropriately) | | | | | | | | | |
|---|------------|--|---------|--------|--------|---------|----------|--------------------|----|
| | | | none | 1 to 2 | 3 to 5 | 6 to 10 | 11 to 15 | info not available | |
| | univ level | | 8(38%) | 7(33%) | 0(0%) | 0(0%) | 0(0%) | 6(0%) | 21 |
| | prof level | | 17(81%) | 4(19%) | 0(0%) | 0(0%) | 0(0%) | 0(0%) | 21 |

38% of reviewed cases reported that staff involved in procurement does not have university level, while 81% of reviewed cases reported that staff involved in procurement do not have professional qualifications.

Table 4.9: Capacity- fund procurement training

how many of your staff have trained in and/or are familiar with national procedures/ WB/AFDB/EC other Multi Lateral Donor Procurement procedures (please tick appropriately)

| | none | 1 to 2 | 3 to 5 | 6 to 10 | 11 to 15 | info not available |
|--------------------|---------|--------|--------|---------|----------|--------------------|
| Organization level | 5(24%) | 8(38%) | 3(14%) | 1(5%) | 1(5%) | 3(14%) |
| Department level | 15(71%) | 4(19%) | 1(5%) | 0(0%) | 1(5%) | 0(0%) |
| | | | | | | |

Note: Value in bracket represent percentage.

WB: World Bank

AFDB: African Development Bank

EC: European Commission

24% of reviewed cases reported that no one was familiar with neither national procedures nor partners to development procedures in their organizations.

Table 4.10: Capacity to train in procurement C-14

What arrangements does your organization have for training that is related to procurement?

| Such training is part of the organization training programme | Organization level | | Departmental level | |
|---|--------------------|---------|--------------------|---------|
| The organization provides support (financial or otherwise) for staff to seek professional qualification | 8(38%) | 13(62%) | 8(38%) | 13(62%) |
| The organization buys in specialist training as required for the institution. | 7(33%) | 14(67%) | 7(33%) | 14(67%) |
| Individuals and managers decide on training | 6(29%) | 15(71%) | 6(29%) | 15(71%) |
| Other (specify) | 6(29%) | 15(71%) | 6(29%) | 15(71%) |
| | 1(5%) | 20(95%) | 1(5%) | 20(95%) |

Note: Value in bracket represent percentage.

38% of reviewed cases reported that procurement training is part of the organization training program.

33% reported that the organization provides support (financial or otherwise) for staff to seek professional qualification.

29% reported that their organizations buy in specialist training as required for institution

29% reported that individuals and managers decide on procurement training.

Table 4.11: Capacity Internal Tender Committee

| | | |
|--|--------|----|
| Please provide information related to qualification and specific training in procurement for members of internal Tender Committee (ITC) of your organization | | |
| yes | No | |
| 16(76%) | 5(24%) | 21 |

Note: Value in bracket represents percentage.

76% of reviewed cases reported that ITC members are trained in procurement, while 24% reported that ITC members are not trained in procurement. The capacity of these ITC is in the same proportion of training received. In addition organizations reported another type of problem, availability of ITC members is an issue, yet these ITC members have a mandate of 3 years renewable only once see Article 4, Ministerial Order No 001/08/10/MIN of 16/01/2008, establishing Regulations and Standard Bidding documents, they are also supposed to participate in evaluation process. Given that some ITC members primary responsibility is not procurement, they give high priority to their primary mandate, ITC responsibility will come to second level. All work not done become under responsibility of the procurement unit.

Table 4.12: Capacity procurement officers.

| | | |
|--|--------|----|
| Please provide information related to qualification and specific procurement training received by core staff involved in the procurement activities in your organization | | |
| yes | No | |
| 19(90%) | 2(10%) | 21 |

Note: Value in bracket represent percentage.

From reviewed cases, 90% of procurement officers received specific training in procurement while, the rest are not trained. Given the role that procurement staff are supposed to play in the organization, taking into account the risk that can cause ignorance, before getting involved in their work, it is very important to systematically train each procurement staff.

Table 4.13: Performance measurement

| | | |
|--------------------|--------|--------------------|
| performance | | measurement |
| yes | no | |
| 15(71%) | 6(29%) | 21 |

Only 71% of reviewed cases stated that procurement performance is measured in their organizations. In principle all procuring entities need to conduct such performance, because they constitute a solid source of information for further procurement decisions.

Table 4.18: Frequency review of procurement performance

| | Yes | No | |
|-----------------|--------|----------|----|
| Monthly | 9(43%) | 12(57%) | 21 |
| Quarterly | 4(19%) | 17(81%) | 21 |
| Bi-annually | 0(0%) | 21(100%) | 21 |
| Annually | 7(33%) | 14(67%) | 21 |
| Other (specify) | 0(0%) | 21(21%) | 21 |

Note: Value in bracket represent percentage.

43% of reviewed cases reported that performance is measured monthly, while 19% measure performance quarterly, and in 33% cases performance is measured on annual basis.

This table show that most of reviewed cases measure procurement performance on a monthly basis, we estimate that performance measurement will depend on the type of contract, in any case, it is always important to ensure that contractors are fulfilling their obligations as agreed in the contract, otherwise, procuring entities will not get the benefit of value for money.

Table 4.19: Which method used to assess procurement practices?

| Which method used to assess procurement practices P-3 | | | |
|--|--------|---------|----|
| Indicators | 9(43%) | 12(57%) | 21 |
| Reviews | 2(10%) | 19(90%) | 21 |
| Regular meetings | 7(33%) | 14(67%) | 21 |
| Benchmark with another institution | 4(19%) | 17(81%) | 21 |
| Targets | 3(14%) | 18(86%) | 21 |
| Performance specifications | 3(14%) | 18(86%) | 21 |
| Others specify | 5(24%) | 16(76%) | 21 |

Note: Value in bracket represents percentage.

Indicators (43%) and regular meetings (33) are the most used method to assess performance of organization's procurement practices.

Table 4. 142: Findings and Research questions.

| Research questions | Key findings |
|---|--|
| <p>To what extent have public organizations in Rwanda acknowledged procurement as a strategic function?</p> <p>-Is the procurement unit well located?</p> <p>-Is the procurement unit empowered to handle strategic responsibilities?</p> <p>-How does the procurement unit compare with other departments in terms of personnel qualifications and experience; office space and equipment; and compensation?</p> | <p>a. According to Minister of Labor circular's of March 2007, the procurement unit was supposed to report directly to the chief budget manager in the organization,</p> <p>From this research we found that in reviewed institutions only 33% report where they are supposed to report to, the rest are reporting either to the Deputy Director Corporate Service, others to the Chief Administration Finance, some are not even sure where they are supposed to report to. Refer on question</p> |

| | |
|---|---|
| | <p>O4.</p> <p>b. In addition, current research revealed that in 76% cases of reviewed institutions procurement units are staffed with only one staff. (Refer to question O2), while, the number of contracts processed annually in most institutions reach between 101 and 200, (refer to question C1), this implies a lot of work for the procurement units which are already under staffed.</p> <p>c. In terms of physical assets, the majority (62%) of reviewed cases, perceive office space as a key challenge , while (67%) of reviewed cases disagreed with the statement that the procurement unit/department has an operating budget, in addition 72% of reviewed cases disagreed with the statement that the procurement unit has adequate space to keep procurement files. (Refer to question C6</p> |
| <p>What procurement arrangements have been implemented to ensure that the procurement function assists the public organization to achieve its objectives?</p> | <p>Enactment of the procurement law, procurement regulations, putting in place necessary tools to be used by procurement units such as: Standards Bidding Documents, user guide manual; establishment of independent review panel, recruitment of procurement officers with at least bachelor degree level while in the past, secondary school level was accepted, putting in place</p> |

| | |
|---|--|
| | <p>ITC to support the procurement units, however, given the challenging mission the procurement function is called to play, this research revealed that a lot is still need to be done:</p> <p>Experience in procurement is still limited, procurement units are under staffed, these who are involved in procurement reviews are missing either enough time or do not have sufficient experience in this particular area.</p> |
| <p>How have public organizations structured the procurement function to ensure that it adequately handles procurement requirements?</p> | <p>The first significant initiative Government adopted was to recognize that the procurement function needed to be accepted in institutional structure and making the function report to the chief budget manager.</p> <p>The second one was to instruct that the procurement function will be handled by a university holder degree as opposed to what was done in the past, where, a secondary school certificate holder was accepted for the job.</p> <p>In this research it was found that, despite efforts made to put in place a good procurement structure, there is still need opportunity to improve the procurement structure. More information is provided in the next chapter.</p> |

19% of reviewed cases reported that performance measurement is not applied in their organizations.

| Research questions | Key findings |
|---|--|
| <p>To what extent have public organizations in Rwanda acknowledged procurement as a strategic function</p> <p>-Is the procurement unit well established</p> <p>-Is the procurement unit empowered to handle strategic responsibilities</p> <p>-How does the procurement unit compare with other departments in terms of personnel qualifications and experience; office space and equipment; and compensation</p> | <p>a. According to Minister of Labor circular’s of March 2007, the procurement unit was supposed to report directly to the chief budget manager in the organization,</p> <p>From this research we found that in reviewed institutions only 33% report where they are supposed to report to, the rest are reporting either to the Deputy Director Corporate Service, others to the Chief Administration Finance, some are not even sure where they are supposed to report to. Refer on question O4.</p> <p>b. In addition, current research revealed that in 76% cases of reviewed institutions procurement units are staffed with only one staff. (Refer to question O2), while, the number of contracts processed annually in most institutions reach between 101 and 200, (refer to question C1), this implies a lot of work for the procurement units which are under staffed.</p> <p>c. In terms of physical assets, the majority (62%) of reviewed cases, perceive office space as a key challenge , while (67%) of reviewed cases disagreed with the statement that the procurement unit/department has an</p> |

| | |
|--|---|
| | <p>operating budget, in addition 72% of reviewed cases disagreed with the statement that the procurement unit has adequate space to keep procurement files. (Refer to question C6</p> |
| <p>What procurement arrangements have been implemented to ensure that the procurement function assists the public organization to achieve its objectives</p> | <p>Enactment of the procurement law, procurement regulations, SBDs, user guide, independent review panel, recruitment of procurement officers with at least bachelor degree level while in the past, secondary school level was accepted to do the same job, putting in place ITC to support the procurement units, however, given the challenging mission the procurement function is called to play a lot still need to be done:</p> <p>Experience in procurement is still limited, procurement units are under staffed, these who are involved in procurement reviews are missing either enough time or do not have sufficient experience in this particular area.</p> |

| | |
|--|--|
| <p>How have public organizations structured the procurement function to ensure that it adequately handles procurement requirements</p> | <p>The first significant initiative Government adopted was to recognize that the procurement function needed to be accepted in institutional structure and making the function report to the chief budget manager.</p> <p>The second one was to instruct that the procurement function will be handled by a university holder degree as opposed to what was the case in the past, where a secondary school certificate holder was accepted for the job.</p> |
|--|--|

CHAPTER 5: CONCLUSION and RECOMMENDATIONS.

The main purpose of the study was to find out the extent to which public organizations in Rwanda regard procurement as a strategic function; we have found out that i/ procurement units are still working under others departments contrary to what was instructed in Ministry of Labor's circular, where, the procurement unit was supposed to report to the chief budget manager (Only 33% of reviewed institutions are reporting to the chief budget manager),

ii/ procurement units are overloaded (refer to question C5, 53% of reviewed institutions disagreed or strongly disagreed with the say that current staffs (numbers) directly involved in procurement activities are sufficient to handle the organization's procurement volume. iii/ procurement units do not have adequate means to do the job (refer to question C6, 67% of reviewed cases disagreed with the statement that the procurement unit has an operating budget as a department) iv/ interference of middle managers in procurement decision (refer question O 4, only 33% of reviewed cases have procurement units which report to the chief budget manager as this is supposed to be the case.

Recommendations towards organization, capacity and performance.

1. Organization.

In most of reviewed institutions procurement unit is under staffed. Only one person to handle an average of 150 contracts per year, in addition to procurement processes, procurement officers are requested to get involved into contracts management, this is a huge work for one person. Based on these results, we are suggesting that, at least, procuring entities allocate on average 50 contracts per person. This can allow procurement staff to work in a conducive environment and be able to deliver on their work efficiently.

Procurement units need to be given autonomy in order to work efficiently. As we have seen, the large share of public budget is spent through procurement process; it is natural for this sector to attract interest from different powerful people in a given organization. When it happen that the procurement function is controlled by intermediary managers, procurement staff can hardly perform independently their responsibility, since, under such circumstances decisions are laying

in the hand of a person probably, who, may not be aware of procurement principles. This leads to less sensitivity in transparency, equity, efficiency and economy. It is from this finding that we recommend all procurement units to report to the highest authority in organizations or at least to the Deputy Director Corporate Service in these institutions with such structure.

As per our findings, it was noticed that there is no specialization in the procurement unit; each procurement officer is carrying out procurement related to Goods, Works, Consultants services, non- consultants' services, providing advice on procurement, in some cases, procurement staff get even involved in Public Private Partnership in some cases. Given the level of details required in the procurement work, we find that, it would be much more interesting to assign responsibility to different procurement officers based on procurement nature. This can increase specialization and efficiency among procurement staff.

From these findings we conclude that Procurement can never be a responsibility of one person, or one department. A number of parties get involved at different steps of the procurement process.

In line with this, procurement decisions should be taken at three different levels, strategic, tactical, and operational, therefore, issues could be examined and decisions could be made at all these levels. When almost all thinking and decisions making, is taking place at the operational level, then the organization is not doing enough strategic thinking and planning. This lead to a situation where, the organization is led on a reactive basis, where it is responding only to the forces around, never getting control of procurement system, organization's direction or its goals.

Since the procurement function can't operate in isolation; the function is operating in a public sector which has different arrangement in place. In order to succeed the procurement process, it will be important to have a clear strategic plan, a well performing management information system to generate information for management decisions.

Other than that, procurement will always act on a reactive basis as opposed to a proactive basis.

2 Capacity.

In terms of capacity, reviewed institutions revealed that in most cases handled contracts are of large value, as an example 43% of organizations are handling contracts of Goods above Rwf 1 000 000 000, others type of contracts like Consultants Services, at least 20% of reviewed institutions handle contracts which are above Rwf 1 000 000 000, this is a fact that procurement staff need to get enough managerial support.

Procurement Law and regulations are available on RPPA website, given that all public institutions have internet connection; awareness was expected to be at maximum of 100%. Having in mind working environment, where, procurement staff are overloaded, this can partly explain why, some of these staff are not getting enough time to update their level of information, staff are working consistently under emergency situation and, this is how they fail to get enough time for their own development. Our key recommendation at this point, is to improve working environment, to adopt adequate strategy in order to use staff time efficiently and allow staff to work on their skills development.

Organizations are advised to review the staffing strategy in accordance with existing volume of work. In addition to that management can consider which activities need to be delegated.

As results on suggested number of staff needed to adequately handle procurement activities in the organization, 38% of reviewed institutions find that they need at least 4 procurement officers while, in 76% institutions have only one procurement officer.

29% of reviewed institutions estimate that they need at least 3 procurement officers instead of 1. In all reviewed cases, no one was satisfied with having a procurement unit staffed by only one person.

More than 50% in reviewed cases confirmed that they don't have enough office space, they don't have enough facilities to perform their work including Information Technology equipments, filing space is not sufficient, and procurement units doesn't have any budget. Based on these findings we recommend that procurement function to be given appropriate attention in terms of

office space and offices equipments in order to perform the work appropriately. The detailed list is mentioned in chapter 4.

As stated previously, procurement documents are available on RPPA website, staff can consult them freely and at their convenience, it is also important to mention that RPPA has been always available for procuring entities in terms of increasing their capacity in procurement.

In addition, the private sector has picked an interest in providing capacity building in this area, from these information, it is now up to procuring entities to take advantages of these existing facilities, in order to help their staff to benefit for required skills and know how in procurement.

Collected information revealed that training is not an issue in organizations, in a way or another; different entity is having an option to include procurement in the training program. The most important element here is to ensure that staff is trained and institutions are benefiting from these acquired skills.

Procurement role and responsibilities need to be revisited in order to make established institutions more useful, as an example, Internal Tender Committee need to play a control and reviewing role than, getting involved in procurement processes. Evaluation process is a pure technical work which requires enough time and expertise in procurement. Discussions with practitioners revealed that in a committee of five or seven, only one or two persons are doing the real evaluation works, others team members are simply not available due to different reasons.

In order to address this issue, it is recommended to consider evaluation committee on an adhoc basis. The evaluation Team would comprise technical and procurement staff, and then, the ITC would remain with a reviewing and approval role. This to be effective would need to be reflected in Rwandan procurement regulations.

For better implementation of planned activities, the procurement plans need to be reviewed and approved by ITC.

3 Performance measurements.

In line with performance, findings showed that procurement performance is assessed; however, the challenge part lies with follow- up of implementation related to correction measures.

With this regard, it is recommended that, management pay more attention to what is related with implementation of formulated recommendation, this is the best way conducted assessment can have a significant meaning.

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- Rwanda Public Procurement Authority (RPPA) website
- Websites from procurement specialized universities namely, Turin University, University of Twente.
- World Bank Group
- www.ec.europa.eu
- www.ogc.gov.uk
- www.uncitral.org
- www.consip.it

APPENDICES

Appendice 1. Important data on EAC Countries for 2009

| | Rwanda | Kenya | Uganda | Tanzania | Burundi |
|---|---------------|----------------|---------------|-----------------|----------------|
| Population total (millions) | 10.0 | 39.8 | 32.7 | 43.7 | |
| Population growth (annual) | 2.8 | 2.6 | 3.3 | 2.9 | |
| GDP current US\$ billions | 5.1 | 29.4 | 16.0 | 21.6 | |
| GDP per capita currency US\$ | 506 | 738 | 490 | 509 | |
| GDP growth annual % | 5.3 | 2.6 | 7.1 | 5.5 | |
| Life expectancy at birth, total years | 50.1 | 54.2 | 52.7 | 55.6 | |
| Mortality rate, infant (per 1000 live birth) | 70.4 | 54.8 | 79.4 | 68.4 | |
| Literacy rate, youth female (% of female ages 15-24) | 77.1 | 92.9 | 85.5 | 76.3 | |
| Prevalence of HIV, total (% of population ages 15-24) | 2.8 | No information | 5.4 | 6.2 | |

Source: WB data base.

Appendix 2

Definitions

What is public procurement? Public Procurement can be defined as procurement of commodities, goods, works and professional services by the government and its agencies to enable them perform their functions. Public procurement involves the use of public funds, or in other words, revenues generated by taxes and other levies, by virtue of the government's sovereign power.

What are Principles of a good procurement system? The fundamental objective of any procurement in the private or public sector is to get the best value for money.

This can be defined as “economy” and can be achieved through competition among those who can provide goods or services.

Value for money in complex procurement, may imply more than just price, quality aspects need also to be considered. In addition, lowest initial price may not be equal to lowest cost over the operating life of the item procured. The ultimate rationale of good procurement is to obtain maximum value for money.

The second objective is to accomplish the process within minimum time and administrative cost. This is defined as the “efficiency” objective.

In real terms, the best public procurement is simple and swift, providing positive results without causing delays. Moreover, efficiency implies practicality, mostly in terms of compatibility with administrative resources and professional capabilities of procuring entity and its staff.

The third requirement is “equity” which means opening up business opportunities to all qualified suppliers and contractors.

Equity is related to providing fair access to bidders while in competition of Government business.

The fourth element is “transparency”, which means providing the public with all information partnering to business opportunities as well as the award processes. Good procurement creates and then maintains rules and procedures that are accessible and unambiguous.

The fifth element is Integrity; minimize chances of corruption in the procurement processes. This element is enforced through establishment of appeal system. This is a system through which aggrieved bidders can file their complaints provides a self propelling mechanism for transparency and accountability.

Transparency is related to the extent to which tenders opportunities are made available to potential bidders without any limitation.

One must be aware that all these requirements are complementary. The absence of one of them makes the system ineffective.

In the absence of open competition, issues occur from various areas. Corruption prevents citizens to competition and contributes to increase price Government ending paying. Open competition contribute to reduce or discourage establishment of monopoly situations, where, favoritism become the major source of high prices.

Others factors must be considered in terms of value for money in public procurement as follows: value for money include a number of parameters, costs over the life time of good or service; details of the equipment, good or service provided; financial aspects including payments terms, clear price structure which in others words no hidden cost like, transport, operating costs; assistance with disposal; extent of support through life etc..

Competition should be the default procurement method to acquire Goods/work and Services unless there are convincing reasons to go in the other sense.

Clear role and responsibility of personnel holding following tasks should be always clear: specifying the need, providing financial authority, and making procurement commitment.

Needs above a certain threshold indicated in the law should be always advertised in accordance with the country rules and regulations.

Tender Committee" is a committee put in place by the Head of procuring entity to assist the Procurement Unit, in the bid opening, evaluation process and recommend for award of contracts;

“Procuring entity” is a Central or local Government authority, public entity, commission, stand alone project, public institution, agency, or any specialized institution engaged in procurement process and entering in contract with the successful bidder.

Role and responsibility of Procurement Unit in public institution, the procurement unit is in charge of following functions: 1° procurement planning; 2° bidding document preparation; 3° issuance of invitations to bid; 4° receipt and safe keeping of bids; 5° following with competent authorities of approvals for the award recommendations ; 6° preparation of notification of tender award;

7° following up of adequate contract execution in collaboration with the beneficiary department; 8° providing information and documents requested by the procurement oversight body and 9° any other functions specified in the procurement regulations

The Procurement Unit is responsible for carrying out the procurement process Starting with planning process to the completion of the contract execution.

Nature and Type of procurement, Procurement of Goods and non consultants services such as medical equipments, office furniture, and information technology Equipments; cleaning services, security services, accommodation etc..

Constructions works such as construction of roads, construction of bridges, construction of building etc...

Consulting services consist in services of professional nature provided by consultants involving their skills to study, design, organize, manage, or get involve in advisory services. Examples of services, sector studies, feasibility studies, preparation of tender document, training, institutional reform, management and leadership etc..

Procurement Cycle: The cycle include following stages, Procurement Planning, definition of requisitions, preparation of bidding document, publication in one or two stages, reception and bid opening, evaluation of offers, contract negotiations and award, contract management.

Procurement planning consist in determining contract packaging, establishing procurement scheduling, choice of procurement methods, plan presentation, the last stage consist in plan monitoring and updating.

Proper procurement plan clarifies what is needed and when to both user and business community. The procurement plan present a number of benefit to the organization, it serves as a road map to both staff and management, contribute to increase transparency since it contains all potentials contracts for a given future period.

Definition of requisition consists in defining technical specifications or terms of references depending on type of contract.

Technical specifications should include title, background information, standards, specific constraints and limitations, requirements, marking, packing, packaging, quality, quantity and testing.

Proper Terms of references should normally include the following aspects, sufficient background on both the project and the assignment, this is important because it will allow consultants to come up with responsive proposals, objectives and expected results of the assignment, scope of the mission, under phased assignment, scope of mission is subject to modification, depending on intermediate results. The mission may expand or be reduced, reporting requirements and list of reports, inputs to be provided by the employer (data, local services, personnel and others facilities), institutional and organization arrangement.

Procurement method, procurement method is determined on the basis of nature and size of contract but also determined by the supply side.

The international recognized procurement methods are, *international competitive bidding(ICB)*, national competitive bidding(NCB), Limited international competitive bidding(LIB), International and local shopping, Direct contracting, Force account, Framework agreement.

Under ICB Method, there can be one or two stage tendering.

In two stages tendering, the buyer, prepare a first stage bidding document, provide functional performance specifications without going into details of technical specifications. Responses of such bidding documents are technical proposals with no price. The buyer assesses the bidder's qualifications, evaluates the technical proposal, indicates to the bidder's what might be done to

present a responsive offer. The second stage submission include both a revised technical proposal and a submit a financial proposal.

The two stage process allows an extensive interaction between the buyer and the supplier which will result in a good adjustment and understanding of technical specifications.

In one stage process, the buyer prepare a bidding document with detailed functional and technical specifications, response from bidders include both technical and financial requirement.

National competitive bidding (NCB) is an open competition process but advertisement is limited at the domestic level. Even though, a non national company which information is free to compete if it is willing to do so.

Limited international bidding, consist in direct invitation without opened advertisement. This method is applicable when there is limited number of suppliers

International and local shopping, this consist in requesting at least three written quotations, the method is appropriate when procuring readily available off the shelf goods or standards commodities and for simple works. Shopping is acceptable when contract value is small.

Direct contract, this is a procurement method without competition, it has to be adopted under exceptional circumstances normally defined in procurement guidelines. The contractor or supplier selected has to meet technical requirement, price has also to be in the range of market price.

Other important concepts Supply chain, Supply chain is concerned with activities such as make, transform, move and store. Others parameters like capacity location which implies internal or external transport are also involved. Supply chain can be local, national or international. The supply chain may be complex, and will affect everyone involved in it.

In our views, supply chain is part of procurement process, in a sense that it start

After identification of the supplier, while procurement itself will combine both identification of the supplier/contractor up to contract execution. The public sector which is the focus of our

study, identification of public sector imply the competition process with respect to core procurement principles, economy, equity, efficiency and transparency.

What is the Public Procurement Authority (RPPA)? The main function of Rwanda Public Procurement Authority (RPPA) is to regulate, monitor and build capacities in public procurement.

What are the responsibilities of RPPA in Rwanda? Ensure organization, analysis and supervision in public procurement matters; advice the Government and other public procurement organs on the policies and strategies in matters related to organization of public procurement; control activities of public contract award and execution; develop human resource professionalism in public procurement; develop teaching material, organize trainings and set requirements to be fulfilled by public procurement members of staff; collect and disseminate procurement information on public procurement; elaborate standard tender documents, bid evaluation reports, and other standard documents for use by procuring entities; suspend or approve the suspension and debarment bidders in public procurement; provide technical support where possible, to public procuring entities; sensitize the public on matters related to public procurement; establish relations and cooperate with other regional and international agencies carrying out similar responsibilities.

Appendix 3: Questionnaire

| | |
|---|--|
| Questionnaire to determine whether procurement is considered as a strategic function | |
| The questionnaire was prepared to establish the position of Procurement within the Organizational Structure and the Capacity of Procurement Unit to administer procurement in an efficient and effective way, with a view of sustainable improvement. | |
| Your responses are extremely valuable and will be kept confidential. | |
| Name of organization / implementing agency | |

| | | | |
|---|----|--------------------------|--|
| Organization | | | |
| O-1 Your organization/entity has an officer responsible /or heading the procurement department | | | |
| <input type="checkbox"/> | No | <input type="checkbox"/> | I do not know <input type="checkbox"/> Yes |
| O-2 What is her/his job title? | | | |

| | | | |
|---|----|--------------------------|---|
| Procurement unit (pu)position in the organization | | | |
| O-3 In your organization/entity is procurement unit report to the Chief budget manager? If no to which position the head of procurement unit/department report to? | | | |
| <input type="checkbox"/> | No | <input type="checkbox"/> | I do not know <input type="checkbox"/> Yes <input type="checkbox"/> |
| Who else | | | |
| O-4 What is her/his job title?(title of the person to who procurement unit report to) | | | |

| Organization | | |
|--------------|---|---|
| O-5 | Please indicate (tick ✓) which of the following departments the Procurement Unit has responsibility for: | ✓ |
| A | Procurement of goods | |
| B | Procurement of works | |
| C | Procurement of consulting services | |
| D | Procurement of non consulting services | |
| E | Social service contracting (Cleaning Companies, catering, waste collection...) | |
| F | Public private Partnerships | |
| G | Provide guidance/advice on procurements | |
| H | Other (specify) | |
| I | | |

| Organization | | |
|---|--|------------------------------|
| O-6 Procurement Unit delegates some procurement authority to individual service areas/departments of certain contract value (PU delegating to others units some of their work) | | |
| <input type="checkbox"/> No | <input type="checkbox"/> I do not know | <input type="checkbox"/> Yes |

| Capacity – procurement volumes |
|--|
| C-1 On average the annual procurement volume/value handled by your organization lies: (please tick ✓) |

appropriately)

| | | Goods | Works | Consultancy services | Non consultant services | Total |
|---|---|-------|-------|----------------------|-------------------------|-------|
| A | Less than Rwf 10,000,000 | | | | | |
| B | Between Rwf. 10,000,001 to 25,000,000 | | | | | |
| C | Between Rwf. 25,000,001 to 50,000,000 | | | | | |
| D | Between Rwf. 50,000,001 to 100,000,000 | | | | | |
| E | Between Rwf. 100,000,001 to 500,000,000 | | | | | |
| F | Between Rwf. 500,000,001 to 1,000,000,000 | | | | | |
| G | Above Rwf. 1,000,000,000 | | | | | |
| H | | | | | | |

Capacity – procurement transactions

C-1 On average the annual procurement transactions / files handled by your organization lies: (please tick appropriately)

| | | Goods | Works | Consultancy services | Non consultant services | Total |
|---|-------------------|-------|-------|----------------------|-------------------------|-------|
| A | Less than 50 | | | | | |
| B | Between 51 to 100 | | | | | |

| | | | | | | |
|---|-----------------------|--|--|--|--|--|
| C | Between 101 to 200 | | | | | |
| D | Between 201 to 500 | | | | | |
| E | Between 501 to 1000 | | | | | |
| F | Between 1001 to 5000 | | | | | |
| G | Between 5001 to 10000 | | | | | |
| H | Other (specify) | | | | | |

| Capacity – procurement methods | | | | | | |
|---|---------------------------|-------|-------|----------------------|-------------------------|-----------------|
| C-2 Methods of procurement frequently used: (please indicate on average number of contracts per year for each method) | | | | | | |
| | Method | Goods | Works | Consultancy services | Non consultant services | Other (specify) |
| A | International competitive | | | | | |
| B | National competitive | | | | | |
| C | Restricted competitive | | | | | |
| D | Single source | | | | | |
| E | Individual | | | | | |
| F | Quotation | | | | | |
| G | Minor value | | | | | |
| H | Direct contracting | | | | | |

Capacity – procurement methods

C-2 Methods of procurement frequently used: (please indicate on average number of contracts per year for each method)

| | Method | Goods | Work s | Consultanc y services | Non consultant services | Other (specify) |
|---|-----------------------------|--------------|-------------------|----------------------------------|--|----------------------------|
| I | Pre qualification | | | | | |
| J | Force account | | | | | |
| K | Public private partnerships | | | | | |
| L | Turnkey | | | | | |
| M | Frame work | | | | | |

| Capacity - awareness | | |
|--|--|------------------------------|
| <p>C-3 Staff involved in procurement are aware of the Public Procurement Law of 2007, Min Order establishing SBDs, Min order defining competence of RPPA and fixing thresholds for procuring entities.</p> | | |
| <input type="checkbox"/> No | <input type="checkbox"/> I do not know | <input type="checkbox"/> Yes |
| <p>C-4 Appropriate information on procurement is regularly and adequately disseminated (i.e. staff dealing with procurements are aware of updated rules and thresholds, and other issues relevant to their assigned responsibilities)</p> | | |
| <input type="checkbox"/> No | <input type="checkbox"/> I do not know | <input type="checkbox"/> Yes |

| Capacity – human resources | | | | | | |
|--|--|----------|----------|----------|----------|----------|
| <p>C-5 Please indicate (tick \checkmark) the degree to which you agree with the following statement</p> <p>1 = Strongly disagree, 2 = Disagree, 3 = Not sure, 4 = Agree, 5 = Strongly agree</p> | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 |
| A | The current staff (numbers), directly involved in the procurement activities are sufficient to handle the organization’s procurement volume | | | | | |
| B | The incentive scheme (including salaries), of staff involved in procurement activities compares well with that of the other professional departments (like finance, administration etc) who are at the same level (position) of the organizational structure | | | | | |
| C | The PMU and/or procurement department has a management structure | | | | | |

Capacity – human resources

C-5 Please indicate (tick \checkmark) the degree to which you agree with the following statement

1 = Strongly disagree, **2** = Disagree, **3** = Not sure, **4** = Agree, **5** = Strongly agree

| | | 1 | 2 | 3 | 4 | 5 |
|---|---|----------|----------|----------|----------|----------|
| D | The roles and responsibilities of all categories of staff positions within the structure are clearly written. | | | | | |
| E | All PMU staff individually have a job description | | | | | |
| F | All staff involved in procurement activities match the job specifications of the title they are holding | | | | | |
| G | Please suggest the number of staff needed to adequately handle procurement activities in your organization | | | | | |

Capacity – physical assets and funds

C-6 Please indicate (tick ✓) your level of agreement to the following statement

1 = Strongly disagree, **2** = Disagree, **3** = Not sure, **4** = Agree, **5** = Strongly agree

| | | 1 | 2 | 3 | 4 | 5 |
|---|--|----------|----------|----------|----------|----------|
| A | The Procurement Unit and/or procurement department has adequate office space to carry out procurement activities | | | | | |
| B | The Procurement Unit and/or procurement department has adequate space to keep procurement files | | | | | |
| C | The Procurement Unit and/or procurement department has adequate office equipment to carry out procurement activities | | | | | |
| D | The Procurement Unit and/or procurement department has an operating budget as a department | | | | | |
| E | Please list suggestions on facilities needed to adequately handle procurement activities organization | | | | | |

Capacity – Human resources

C-7 Please indicate the number of staff within your organization that spend over 50% of their time on procurement. This would include involvement with any part of the procurement process such as market analysis, drawing specifications, managing contracts, etc)

Please indicate whether these staff are employed at organizational or at individual service/departmental level

| | Organizational wide Total number of staff (√) | Service/department-wide Total number of staff (√) |
|-----------------|--|--|
| 1-2 | | |
| 3-5 | | |
| 6-10 | | |
| 11-15 | | |
| Other (specify) | | |

C-8 Please also provide figures for goods, services and works at organizational level and individual service/departmental level (please tick \surd appropriately)

| | Organizational level | | | | Departmental level | | |
|-----------------|----------------------|----------|-------|--|--------------------|----------|-------|
| | Goods | Services | Works | | Goods | Services | Works |
| 1-2 | | | | | | | |
| 3-5 | | | | | | | |
| 6-10 | | | | | | | |
| 11-15 | | | | | | | |
| Other (specify) | | | | | | | |

Capacity - procurement planning

C-9 The Procurement Unit has a procurement plan

No

I do not know

Yes

C-10 If yes is the procurement advertised on dgmarket?

C-11 Please indicate (tick \checkmark) the level of involvement of the following in development of procurement plan

1 = No involvement, **2** = Little involvement, **3** = Not sure, **4** = Involved, **5** = Strongly Involved

| | | 1 | 2 | 3 | 4 | 5 |
|---|---------------------------------------|----------|----------|----------|----------|----------|
| A | “Chief executive” of the organization | | | | | |
| B | Procurement unit staff | | | | | |
| C | Elected members | | | | | |
| D | Procurement officers | | | | | |
| E | Internal Tender board committee | | | | | |
| F | Other (specify) | | | | | |

Capacity – procurement professional qualification

C-12 How many number of staff involved in procurement have the relevant qualifications (please tick \checkmark appropriately)

| Organizational Level | | | University of Turin, International Training Center (ILO) | CIPS (UK) | CAPS (US) | NEVI (Netherlands) | Other |
|-----------------------------|--|--|--|-----------|-----------|--------------------|--------------|
| None | | | | | | | |

Capacity – procurement professional qualification

C-12 How many number of staff involved in procurement have the relevant qualifications (please tick appropriately)

| Organizational Level | | | University of Turin, International Training Center (ILO) | CIPS (UK) | CAPS (US) | NEVI (Netherlands) | Other |
|-----------------------------|--|--|--|-----------|-----------|--------------------|--------------|
| 1-2 | | | | | | | |
| 3-5 | | | | | | | |
| 6-10 | | | | | | | |
| 11-15 | | | | | | | |
| | | | | | | | |

| Capacity – fund management training | | | | | | | | |
|---|-----------------|----------------------|----------|-------|--|--------------------|----------|-------|
| C-13 How many of your staff have trained in and/or are familiar with national procedures/WB/ADB/EU other MULTI LATERAL DONER. Procurement procedures (please tick <input type="checkbox"/> appropriately) | | | | | | | | |
| | | Organizational level | | | | Departmental level | | |
| | | Goods | Services | Works | | Goods | Services | Works |
| | None | | | | | | | |
| | 1-2 | | | | | | | |
| | 3-5 | | | | | | | |
| | 6-10 | | | | | | | |
| | 11-15 | | | | | | | |
| | Other (specify) | | | | | | | |

| Capacity – institutional support training | | | | | | | |
|--|---|----------------------|----------|-------|------------------------|----------|-------|
| C-14 What arrangements does your organization have for training that is related to procurement | | | | | | | |
| | | Organizational level | | | Procurement Unit level | | |
| | | Goods | Services | Works | Goods | Services | Works |
| A | Such training is part of the organization training programme | | | | | | |
| B | The organization provides support (financial or otherwise) for staff to seek professional qualification | | | | | | |
| C | The organization buys in specialist training as required for the institution. | | | | | | |
| D | Individuals and managers decide on training | | | | | | |
| E | Other (specify) | | | | | | |

| Capacity – internal tender committees | | | | | | |
|--|-------|-----------------------|-------------------------------|--------------------------------|--|---------------------|
| C-15 Please provide appropriate information in respect to members of internal Tender Committee (ITC) of you organization | | | | | | |
| | Names | Title in organization | Title in the tender committee | Highest academic qualification | Professional qualification (or training received in procurement) | Date of appointment |
| | | | | | | |

| Capacity – internal tender committees | | | | | | |
|--|-------|-----------------------|-------------------------------|--------------------------------|--|---------------------|
| C-15 Please provide appropriate information in respect to members of internal Tender Committee (ITC) of your organization | | | | | | |
| | Names | Title in organization | Title in the tender committee | Highest academic qualification | Professional qualification (or training received in procurement) | Date of appointment |
| A | | | | | | |
| B | | | | | | |
| C | | | | | | |
| D | | | | | | |
| E | | | | | | |
| F | | | | | | |
| G | | | | | | |
| H | | | | | | |
| I | | | | | | |
| J | | | | | | |

| Capacity – procurement's core staff | | | | | | |
|--|-------|--------------------------|--------------------------------|----------------------------|--|-----------------------------------|
| C-16 Please provide information about the core staff, of the procurement unit and /or involved in the procurement activities in your organization | | | | | | |
| | Names | Position in organization | Highest academic qualification | Professional qualification | Year first appointed in public service | Years spent with the organization |
| | | | | | | |

Capacity – procurement’s core staff

C-16 Please provide information about the core staff, of the procurement unit and /or involved in the procurement activities in your organization

| | Names | Position in organization | Highest academic qualification | Professional qualification | Year first appointed in public service | Years spent with the organization |
|---|-------|--------------------------|--------------------------------|----------------------------|--|-----------------------------------|
| A | | | | | | |
| B | | | | | | |
| C | | | | | | |
| D | | | | | | |
| E | | | | | | |
| F | | | | | | |
| G | | | | | | |
| H | | | | | | |
| I | | | | | | |
| J | | | | | | |
| K | | | | | | |
| L | | | | | | |
| M | | | | | | |
| N | | | | | | |
| O | | | | | | |

Capacity – procurement’s core staff

C-16 Please provide information about the core staff, of the procurement unit and /or involved in the procurement activities in your organization

| | Names | Position in organization | Highest academic qualification | Professional qualification | Year first appointed in public service | Years spent with the organization |
|---|-------|--------------------------|--------------------------------|----------------------------|--|-----------------------------------|
| P | | | | | | |
| Q | | | | | | |
| R | | | | | | |

Performance Measurement

P-1 Your organization/entity measures procurement performance

know No I do not Yes

| Performance Measurement | | |
|--|-----------------|--|
| P-2 How often do you review the procurement performance of your organization? | | |
| A | Monthly | |
| B | Quarterly | |
| C | Bi-annually | |
| D | Annually | |
| E | Other (specify) | |

| Performance Measurement | | |
|--|--|--|
| P-3 Please indicate the method used to assess the performance of your organization's procurement practices: (tick \checkmark) | | |
| A | Indicators | |
| B | reviews | |
| C | Regular meetings | |
| D | Benchmarking (with another institution) | |
| F | targets | |
| G | Performance specifications | |
| H | Other (specify) | |