

General Guidelines



Developing Procurement Capacity



Prepared by: The Office of Procurement Regulation

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Developed in accordance with the Trinidad and Tobago Public Procurement and Disposal of Public Property Act Number 1 of 2015 (as amended) and the attendant Public Procurement and Disposal of Public Property Regulations 2021

1. REVISIONS

Revisions of 2023

To be in alignment with the fully proclaimed *Public Procurement and Disposal of Public Property Act, 2015*, as amended (“the Act”), and the *Public Procurement and Disposal of Public Property Regulations* of 2021, revisions to these general guidelines were made with respect to:

Revision	Page No.
Section 1.3: removal of instructions to procuring entities to use these General Guidelines as a model for creating their Special Guidelines	4
Section 1.4: informing public bodies of the need to comply with these guidelines	4
Section 1.5: informing public bodies where applicable, to highlight any exemptions or amendments in the format specified by the OPR.	4
Deletion of Glossary of Terms; replaced by link to access same on OPR’s website	32
Included link to access List of Acronyms on OPR’s website	32
Minor editorial changes throughout these guidelines	

***Note:** In the event that there is a discrepancy between the Handbooks & Guidelines and the Act and Regulations, the provisions of the Act and the Regulations shall prevail.

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EXECUTIVE SUMMARY

Smart public procurement requires specific expertise. Increasing the effectiveness, efficiency and transparency of public procurement systems is an on-going challenge for governments and the international development community. It has been widely recognised that in order to achieve desired and legally binding objectives in public procurement requires the existence of a national procurement system that meets international standards and that operates in accordance with legal requirements, most prominently the Public Procurement and Disposal of Public Property Act, 2015, as amended (“the Act”), and the Public Procurement and Disposal of Public Property Regulations, 2021 .

The development and long-term maintenance of an adequate *procurement capacity* is a prerequisite for ensuring that such a system is established and operated successfully. The United Nations (UN) defines *capacity development* as “The process through which individuals, organisations, and societies obtain, strengthen, and maintain the capabilities to set and achieve their own development objectives over time.” The United Nations Development Programme (UNDP) has been at the forefront of examining the evidence and developing approaches towards capacity development.

These guidelines, building on the principles, frameworks and recommendations developed by the UNDP, are meant to assist public bodies in assessing their current procurement capacities and the eventual deficiencies that need to be addressed. The processes and measures outlined in the guidelines are based on a *methodological approach* that divides capacity development into key steps and lists the actions that need to be taken by public bodies to achieve their preferred capacity. The ultimate benefit of a successful capacity development programme is a guarantee that legal requirements are met and that the long-standing principles of transparency, non-discrimination, equal treatment, proportionality and value for money remain the guiding force behind public procurement actions.

A blurred map of the Caribbean region serves as the background. The map shows various islands and countries, with 'TRINIDAD & TOBAGO' prominently displayed in the center. Other visible labels include 'GRENADA', 'VINCENYA', 'Margarita', 'Caru-pano', 'Port of Spain', and 'ZULIA'. The text 'Section 1' is overlaid in a large, dark blue, serif font.

Section 1

Context and Background

1. CONTEXT AND BACKGROUND

1.1 Purpose of these guidelines

The Act introduces a new paradigm for the procurement, retention and disposal of public property in Trinidad and Tobago. The new legislative framework purports a shift from achieving procurement objectives by following a *principle model* as opposed to a prescriptive model.

For procurement actions based on this model to have the intended impact, it is imperative that public bodies develop, strengthen and sustain the necessary *capacity* to execute the procurement in a manner that ensures compliance with the objects of the Act.

These general guidelines have been developed to provide public bodies with an understanding of the enabling elements of procurement capacity and how a public body could use these enabling elements to develop its procurement capacity over time, transitioning from basic capacity to intermediate capacity and eventually to advanced capacity.

1.2 Intended audience

These guidelines are intended for accounting officers, decision makers, procurement managers/officers, project managers, technical officers and other public officers involved in procurement proceedings and in the expenditure of public money, as defined in Section 4 of the Act.

1.3 Legal context and alignment

These guidelines should be read in conjunction with the Act, the Public Procurement and Disposal of Public Property Regulations as well as the publications entitled *Basic Procurement Handbook* and *Comprehensive Handbook on Procurement, Retention and Disposal of Public Property*.

1.4 Compliance with these general guidelines

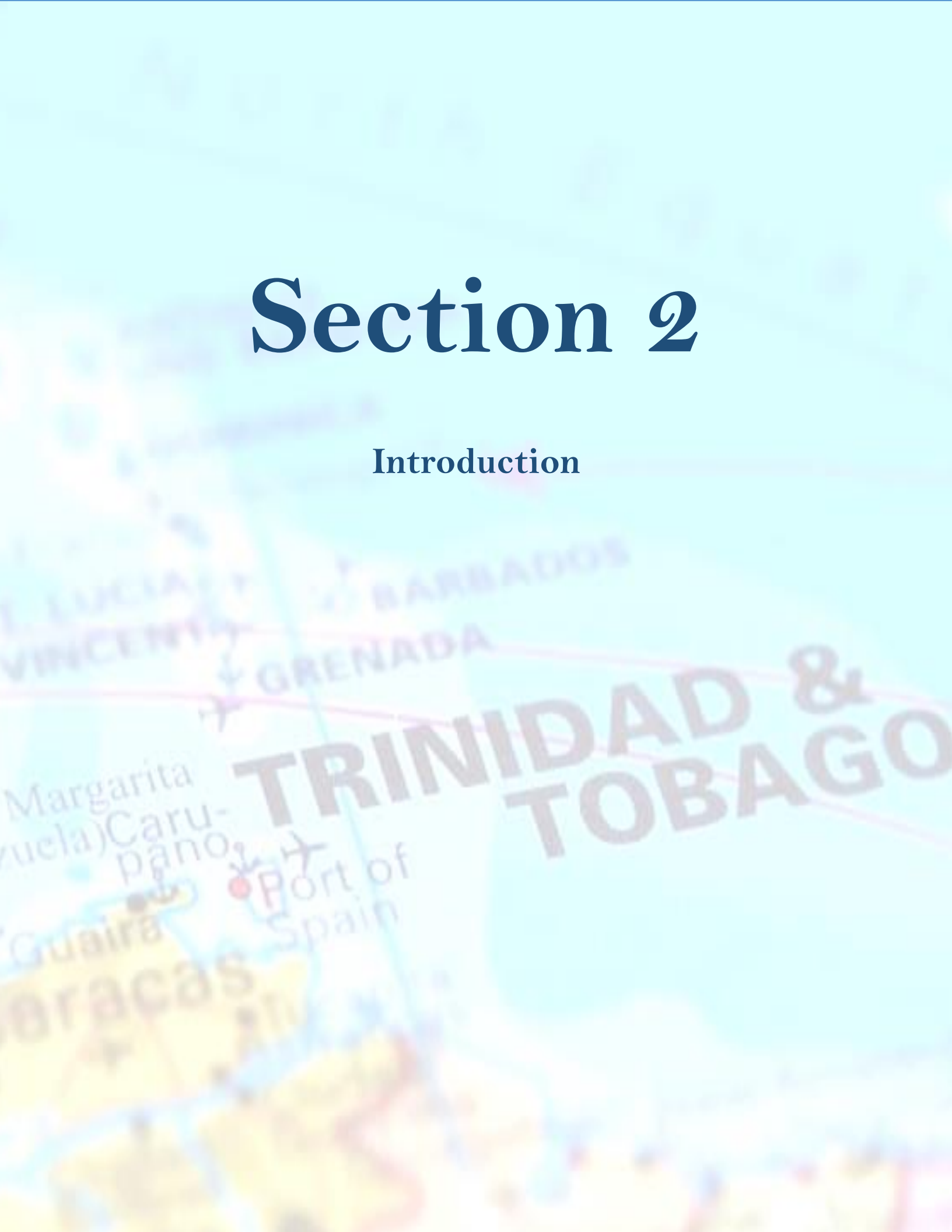
In accordance with Sections 30(1)(a) and 54(1)(a) of the Act, public bodies ‘shall comply with’ these general guidelines issued by the Office of Procurement Regulation (“the OPR”).

1.5 Exemptions or amendments to these general guidelines

As may be applicable, pursuant to Sections 13(1)(c), 30(1)(b) and (c), 30(2), 30(3), 54(1)(b) and (c), 54(2) and 54(3) of the Act, public bodies shall prepare handbooks and special guidelines highlighting exemptions or amendments to these general guidelines, in the format specified by the OPR, for its approval.

Section 2

Introduction



2 INTRODUCTION

The public procurement system, as envisaged in the Act, is *principle-based*. The strength of a principle-based procurement system lies in the governance structure, the institutional framework, the individuals and their ability to discharge their responsibilities prescribed in the legislation and the Regulations.

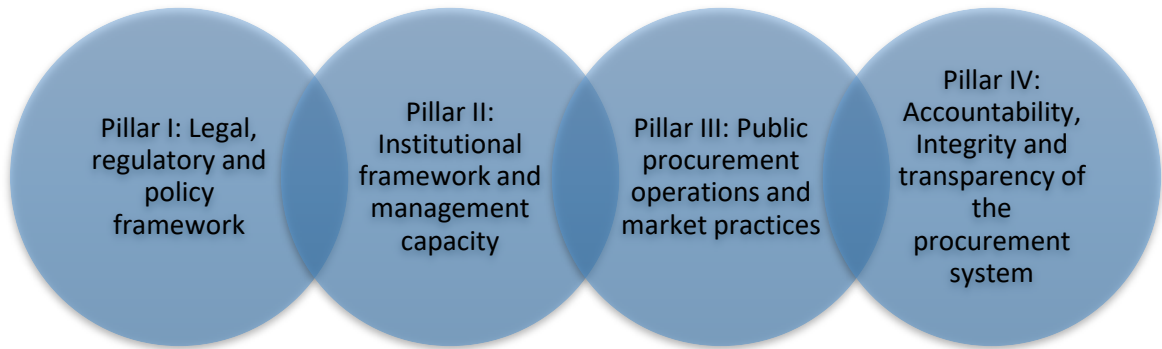
A principle-based procurement system does not prescribe one-size fits all methodologies for the execution of procurement proceedings; it rather focuses on the notions embedded in the guiding principles of the legislation, which are in essence the objects and the intent of the Act.

The Act that governs the procurement, retention and disposal of public property sets the *framework* within which public bodies and procurement actors must operate as custodians of public monies. This system requires that individuals and institutions involved in executing the procurement function be highly skilled and capable for benefits to be derived in full. According to a 2010 OECD¹ survey, the lack of adequate capability and management within the procurement function was identified as a prominent weakness across respondent countries. The same study recognised that in one third of the surveyed countries, procurement is viewed as an administrative rather than a professional function.

Institutional and individual capacity development in the public procurement system plays a key role in building a robust procurement system. This is underscored by the OECD's Methodology for Assessing Procurement Systems (MAPS)², a tool developed to assess and improve public procurement systems. The MAPS tool is intended to enable countries to identify the strengths and weaknesses of their procurement systems based on four pillars:

¹ MENA-OECD Network on Public Procurement - Roadmap: How to elaborate a Procurement Capacity Strategy

²Methodology for Assessing Procurement Systems (MAPS)



These pillars are further divided into indicators and sub-indicators, with emphasis on conformity as well as the performance of the system. As public bodies embark on a programme of implementing this new procurement system and establishing their own internal systems, the MAPS tool can serve as a reference point for the assessment of procurement capacity. Whilst the tool focuses on country-level assessments, there are several measures that individual public bodies can implement to improve their procurement system.

These guidelines therefore seek to establish a framework that public bodies can use in their assessment of procurement capacity and provide guidance and information to support public bodies in developing their procurement capacity.



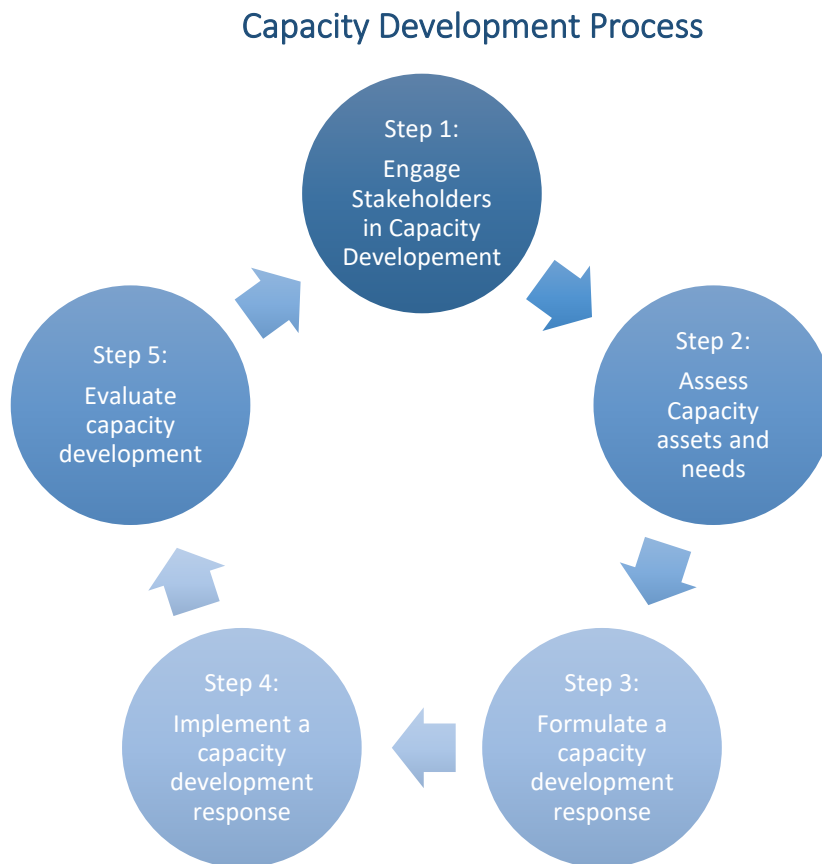
Section 3

Capacity Development

3 CAPACITY DEVELOPMENT

According to the UNDP, the United Nations’ development agency, capacity development³ is the process through which individuals, organisations and societies obtain, strengthen and maintain the capabilities to set and achieve their own development objectives over time. Capacity development is a **transformational process** whereby institutions, individuals and societies are strengthened to perform better and more consistently over time, to tackle and manage shocks and changes.

The UNDP’s capacity development process is cyclical in nature and includes five (5) steps.



Source: UNDP

The following section explains how the UNDP’s capacity development tool can be used to assist public bodies in their capacity development process.

³ Public Procurement Capacity Development Guide, Procurement Capacity Development Centre, Capacity Development Group, Bureau for Development Policy

Step 1: Engage Stakeholders in Capacity Development

The identification and engagement of key stakeholders is a critical step in the capacity development process as obtaining buy-in from them can determine the success or failure of the capacity development programme. The OPR recommends applying a **systematic approach** to determine key stakeholders as well as their levels of interest and influence. Any given public procurement process involves a wide range of stakeholders with different levels of interest and influence. Stakeholder groups that public bodies should be aware of include the following:



Public bodies should identify the stakeholders who will be responsible and accountable for different aspects of the capacity assessment and those who will need to be consulted and informed during the various phases of the process. The outcome of this stakeholder assessment should shape the engagement strategy for the capacity development process.

Step 2: Assess capacity assets and needs

Once the stakeholders have been identified and the strategy for their engagement has been developed, public bodies must undertake an assessment of their own capacity.

Capacity assessment is the analysis of the state of procurement capacity that public bodies currently possess and helps identify any capacity deficiencies or needs. Once they are in the possession of this information, public bodies can devise a focused capacity development strategy geared towards effectively addressing identified deficiencies and improving the skills that are already present. The UNDP has developed a capacity assessment framework; however, this must be tailored to suit the needs of the specific public bodies.

The UNDP Capacity Assessment Framework

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The UNDP's capacity assessment framework identifies three (3) points where capacity can be developed:



Capacity assessments at the level of public bodies will primarily focus on the organisational level; however, it is important to note that each entry point influences the other. As such, elements of the environment will affect organisational level assessments.

Public bodies must then determine the core issues to be addressed in the assessment as well as the procurement capacities to be considered. These would be adjusted based on the needs of the specific public body. The UNDP has identified four (4) core issues that have the greatest impact on capacity development. Based on experience, not all issues need to be addressed during every assessment but the team responsible for the assessment may consider the following core issues in their design:

- **Institutional arrangements:** The legislation, policies, systems, procedures, codes of conduct and values of the organisation that allow for efficient execution.
- **Leadership:** The ability to influence and motivate individuals to achieve or exceed expectations as well as the ability to anticipate and be responsive to change.
- **Knowledge:** The creation, sharing and diffusion of information and knowledge through education, experience or on the job training. The ability of the organisation and environment to support such learning.
- **Accountability:** The ability to hold duty bearers accountable for actions and steer actions in the right direction. This refers to the obligation of an individual or an organisation to account for their activities publicly, accept responsibility for them, and disclose results in a transparent manner. Accountability allows for development through monitoring, self-regulation and learning.

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The UNDP’s capacity assessment framework identifies *functional* and *technical* capacities to be addressed in the assessment. These are the skills and areas of expertise required for the successful creation and management of policies, legislations, strategies and/or programmes for procurement.

The following table provides a snapshot of the enablers of procurement capacity and the elements that need to be assessed under each enabler⁴.

Procurement Capacity Enablers and Related Elements

<i>Enabler</i>	<i>Elements</i>
<p><i>Procurement leadership and governance</i> <i>Focus is on how the procurement function is coordinated and managed</i></p>	<ul style="list-style-type: none"> • Policy and procedures governing procurement • Type and levels of authority • Location and reporting lines for the procurement function • Procurement’s business horizon • Scope of influence of the procuring entities spend • Transaction management
<p><i>People</i> <i>Relates to staff resources undertaking procurement activities and staff expertise</i></p>	<ul style="list-style-type: none"> • Number and expertise of staff involved in procurement • Types of tasks those involved in procurement • Incentives and rewards for performance • Procurement and requestor staff collaboration • Career development for those involved in procurement
<p><i>Significant procurement planning</i> <i>This has two aspects: (1) Planning how to manage the total portfolio of significant procurement and disposal actions; (2) Planning for individual categories of goods and services.</i></p>	<ul style="list-style-type: none"> • Managing the overall programme of significant procurements • The procurement function’s relationship and interaction with requestors in planning for significant procurements • The identification and treatment of risk in significant procurements • Differentiation of the supply base • Developing category supply strategies
<p><i>Managing supply</i></p>	<ul style="list-style-type: none"> • Procedures for managing various types of supply arrangements

⁴ Procurement capability and performance assessment method developed by the Queensland State Government , Australia

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Focus is on how well supply arrangements are managed over their life to optimise performance and realise expected benefits

- Consultation and information sharing with suppliers
- Understanding of the procuring entity's status in major supply markets
- Collaboration between procurement and requestors
- Practices for negotiating and dealing with suppliers

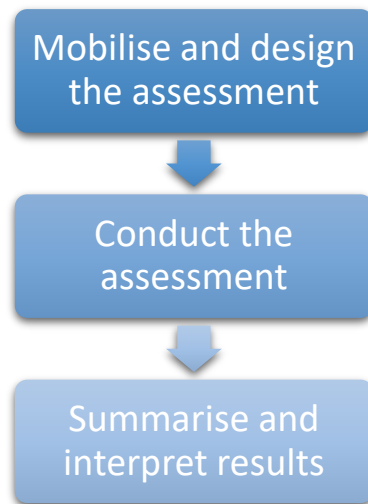
Performance management

The collection, collation and analysis of information on targets set and results achieved as well as its application to support good procurement performance

- Assessing the effectiveness of the procurement function
- Assessing the effectiveness of significant procurement projects
- Management of information

To facilitate the execution of assessments at the organisation entry point, the UNDP has designed a sample framework for procurement assessments. This document can be used as a starting point for public bodies.⁵

The Capacity assessment process involves three (3) key activities:



1. Mobilise and design the assessment:

The first stage in the capacity needs assessment process is to determine the roles of the relevant stakeholders and engage them accordingly. Stakeholder engagement at this stage helps ensure that the capacity assessment process is well adapted to the needs of the organisation; this will also ensure that the results from the exercise are relevant and useful.

⁵ Annex 6 of the Public Procurement Capacity Development Guide, Procurement Capacity Development Centre, Capacity Development Group, Bureau for Development Policy

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Discussions must then be held with key stakeholders to determine the objectives of the assessment. In the context of a reform of the national procurement system, public bodies must undertake organisational level assessments to determine whether they possess the necessary capacity to undertake procurement, retention and disposal processes efficiently, effectively and in compliance with the Act. The assessment will also be instrumental in identifying the specific areas that require strengthening. The objectives of the assessment will be affected by the level of resources available to carry out the assessment and the response.

Once the assessment objectives have been defined, the UNDP's assessment framework should be adapted to meet the public body's needs, the data collection methods and analysis approach. A number of data collection techniques should be used to allow for a robust system and to corroborate findings from the assessment. Experience shows that issues such as access to information and stakeholders modifying information can skew results. Ensuring that the right stakeholders are engaged and the use of different data collection methods can help reduce the likelihood of this.

The following are some suitable data collection techniques that can be utilised.

- **Review of documents, case files and records:** Internal documents such as policies, procedures and reports can be reviewed to assess their compliance with regulations and laws. Once gaps are identified, they can be updated accordingly.
- **Surveys:** Surveys can be used as a quick, easy and affordable data collection and analysis tool. They provide varied responses as they contain true/false, multiple choice, scaled or open-ended questions.
- **Interviews:** Personnel can be interviewed individually to obtain information on their overall knowledge on the procurement process and to determine individual skill gaps. Interviews can be structured (using survey forms) or unstructured to gather detailed information.
- **Self-Assessments:** Self-assessment exercises can be used to allow participants to analyse their own capacity in different areas, their strengths and whether they believe improvement is required and what they believe will be appropriate methods to help them to reach a particular level or improve.
- **Focus groups:** This tool entails a group discussion with a moderator and approximately five (5) to eight (8) persons at a time. Focus groups create open lines of communication among individuals and rely on the dynamic interaction between participants to yield data that would be impossible to gather via other approaches.
- **Client satisfaction surveys and scorecards:** Commonly used to rate the overall satisfaction of customers or users of a product, service or experience. This is a good research method to obtain feedback from internal users on the internal procurement service, the interaction of the service providers and their knowledge when assisting with procurement activities and providing information and resolving procurement related issues.

The next step in the assessment process is developing a ranking scheme to measure existing and desired capacity. The difference between the level of desired and existing capacity will

determine the effort and response required. The ranking scheme may be in the form of a rating scale from one (1) to five (5) where five (5) represents a high level of capacity and one (1) represents no capacity or it can be descriptive.

The following is a general rating scale:

- ◆ **Basic capacity:** Possesses general knowledge and awareness
- ◆ **Intermediate capacity:** Possesses training, the ability to work independently and apply the knowledge in a comprehensive manner.
- ◆ **Advanced capacity:** In-depth knowledge, experience and the ability to apply the knowledge in a strategic manner.

Following the development of the ranking scheme, public bodies must determine the assessment team and participants. The team conducting the assessments should be familiar with the content and context of the assessment as well as the process (techniques to administer and to interpret results). Additionally, the assessment team should be committed to the assessment and should own the results. Participants in the assessment should represent a cross-functional team operating at various levels within the organisation to allow for different perspectives.

The assessment team should identify a location for the exercise, if resources permit, an external facilitator to avoid influencing the participant's responses and also to allow for more probing questions, which will yield a better understanding of the root causes of capacity gaps.

2. Conduct the Capacity Assessment

Using the plan and strategies devised during mobilisation and design, public bodies should conduct the assessment. It is important to present to the participants the purpose of the assessment, how the results will be used and the level of confidentiality.

The capacity assessment consists of three (3) core steps:

- defining desired capacities,
- assessing actual capacities, and
- analysing the capacity gap.

NOTE! During the assessment, focus should be maintained on root causes in order to understand the reasons for the gaps identified. To do this effectively, public bodies must identify the technical and functional capacities that are required and the desired levels within the organisation.

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If the UNDP’s capacity assessment framework for procurement assessment was tailored during the assessment, use the tailored framework and determine the capacity required for each of the functional and technical competency areas identified.

The following table illustrates the progression in the development of procurement capacity using the procurement enablers and elements identified in the table above. Public bodies can use this table to determine a desired level and the time frame for attaining the desired state. Once this is done, priority levels can also be assigned such as high/medium/low based on the importance to the procurement function.

Progression in the Development of Procurement Capacity

<i>1. Procurement leadership and governance</i>		
Basic Capacity	Intermediate Capacity	Advanced Capacity
<i>There is no entity-level policy for managing procurement. Rather, a basic procurement framework is provided, which concentrates on process-level procedures for tactical and operational procurement</i>	There is an approved procuring entity policy dealing with the management of procurement. It sets out roles and responsibilities as well as references an Annual Procurement Plan and planning for significant procurement categories. Nevertheless, in practice the policy has limited influence. Organisationally it is approached more from a compliance perspective rather than as a framework to maximise value for money and to support the delivery of programmatic/business goals.	There is an approved procuring entity policy on procurement, which is understood and applied as intended across the entity. Roles are clear and responsibility accepted by the Procurement and Operational areas of the entity. The Annual and significant procurement planning requirements are seen as useful business practices.
<i>Those involved in procurement have very low levels of authority to undertake procurement actions, and all are based on expenditure levels. For most procurements actions of any value and complexity, authority effectively sits in the requesting areas.</i>	Procurement authorities are linked to risk and value. The complexity and impact of the decisions being made is factored in to a certain extent. This may be reflected in delegations given with respect to particular categories. Some requesting managers (either through formal or informal authority) may be in a position to vet, influence, amend or reject procurement actions.	There is a hierarchy of procurement delegations setting out the types and levels of authority to act for both procurement officers and staff in requesting areas. These have been set up to match the expertise of decision makers with the type, size, frequency and complexity of the procurement and disposal actions. The delegations are reviewed at least every two years

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<i>1. Procurement leadership and governance</i>		
Basic Capacity	Intermediate Capacity	Advanced Capacity
<i>Procurement sits as a subordinate unit to Finance or to another corporate support function, or to a business unit in operations. It essentially operates as a clerical, administrative activity, processing requests. Compliance with standardised processes is fundamental.</i>	Procurement may report to a senior manager or it may be positioned as a subordinate unit to Finance or to another corporate support function, or to a business unit in operations. Either way, it is recognised that procurement has some real contributions to make to the delivery of programme/business outcomes. Value for money is the focus of procurement activities, though due process remains important.	Procurement reports to a senior manager. Operational areas see it as having the tools and business acumen to add to the delivery of their projects by consistently securing value for money.
<i>Generally, the function operates with a short-term horizon (one year) with current operational needs determining its business objectives.</i>	There is short-term planning to manage current operational needs as well as some long-term planning for resourcing and performance. The scope of the latter may vary from some or all of the procuring entity's spending and may set broad aspirational targets as well as specific actions with measurable outcomes.	There is an Annual Procurement Plan which covers all areas of expenditure, but which has linkages to a timeframe across the term of the entity's business planning cycle. It is focused on maximising value realised from the expenditure in supporting the procuring entities business outcomes.
<i>The procurement function manages supply activities for only a small range of goods and services. For other areas of expenditure, the procurement function's role is essentially clerical, with decisions on supply strategy and managing contracts undertaken in the operational areas.</i>	The procurement function has influence over most areas of significant expenditure. There are cases where decisions on significant supply strategies and contract management are made in operational areas with little or no involvement from procurement.	The procurement function is involved in all areas of significant procurement expenditure.
<i>All transactions are handled in a similar manner, irrespective of value and risk.</i>	Transaction types and associated risks and costs have been analysed and there are strategies to manage these including devolving buying/shopping close to the point of need via purchase card, on-line ordering and through	All transactions are handled in a similar manner, irrespective of value and risk.

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<i>1. Procurement leadership and governance</i>		
Basic Capacity	Intermediate Capacity	Advanced Capacity
	ordering under framework agreements for regularly purchased items.	

<i>2. People</i>		
Basic Capacity	Intermediate Capacity	Advanced Capacity
<i>There are insufficient dedicated procurement staff members and their skill levels are inadequate. The focus is on the administrative processes of procurement to the detriment of thorough planning and contract management. Requesting area staff that have a significant involvement in specifying requirements and/or planning and contract management have no training that gives them expertise in these areas.</i>	There are sufficient procurement staff, though they do not have the depth of training and experience to provide the levels of expertise needed to add value to the full range of procurement actions. The shortcomings are most apparent in the planning for and management of high risk and value procurements. Requesting area staff that have a significant involvement in specifying requirements and/or planning and contract management have some training that gives them skills for the work they do.	There are sufficient staff and they have (or have a clear development/training path to achieve) the level of expertise to successfully manage the size, types and complexity of the procurement work they undertake. The procuring entity annually reviews its training and development programme to ensure it continues to meet current and future needs aligned with the procuring entity's current and future business objectives.
<i>Most procurement staff work satisfactorily even though there are no particular incentives or rewards for very good performers nor actions taken against poor performance. The tendency is to settle at mediocrity.</i>	Consideration is given to rewarding staff though without bonus payments rewards tend to be indirect (e.g. opportunities for additional training or further career development). Procurement staff may perceive that working harder can mean more and or tougher work, but this extra responsibility is not in practice strongly linked to better remuneration or career advancement. The approach does not motivate the staff. In addition, mediocre performers	There are clear authorities and accountabilities for procurement staff and they are assessed on the basis of performance. Benefits for high performance are provided and staff see them as being worthwhile and accessible. Mediocre to poor performers are identified, given advice and assistance to improve and if unsuccessful, moved to work commensurate with their skills and output.

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<i>2. People</i>		
Basic Capacity	Intermediate Capacity	Advanced Capacity
	are tolerated with little or no corrective action undertaken.	
<i>Procurement and requestor staff essentially work as individuals and not as integrated teams in managing procurements. Irrespective of the nature of the procurement, the norm is for a person to do a task then - in line with a predetermined and prescribed processes - pass the work to someone else to do their task.</i>	There is some collaborative teamwork between procurement staff and requestors in the planning for and management of supply arrangements, although this is not consistent across the entire spend. In addition, where teams are formed, there may not be rigour in making sure they have all the necessary expertise and resources to do the work well.	For all significant procurements or disposals, there are teams with clear roles and expectations about what they are to do. They comprise procurement and requestor area staff (as well as Finance or other areas as needed) who, collectively, have been identified as having the expertise to do the work.
<i>Career development is not deemed important. Staff are recruited for a particular position and are expected to have all necessary skills. It is assumed that they will stay in that role for some time.</i>	The retention of good performers is deemed important, supported by development programmes for some staff. However, for many staff training is ad hoc and may be generalist training rather than planned to address gaps in their capability sets. There is not necessarily a development plan that looks at all staff involved in procurement as a means of building the procurement function. Some senior procurement staff guide and mentor junior staff members, though this is not a formalised activity in the procuring entity.	All procurement staff have training and development plans linked to annual performance reviews. The plans take into consideration the type of work to be done in the short to medium term as well as the staff member's own aspirations. Individual plans are rolled up into a procuring entity development programme, which maps the capability of staff as a whole to the size and complexity of the entity's total procurement spend. There is a mentoring programme for procurement staff.
<i>Most of the time of procurement staff, including that of the senior procurement officers, involves processing activities. There is little time spent on analysis, planning and performance management of contracts as doing this is either: not seen as making a</i>	Senior procurement staff are spending a significant amount of their time on analysis and planning for significant procurement and disposal actions as well as actively managing category level supply arrangements. These activities are accepted as worthwhile business practices and, are seen	It is recognised that there are different levels and types of expertise required for strategic, tactical and operational procurement. There is a planned and organised allocation of roles and responsibilities so that sufficient expertise is available and applied to match the size,

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<i>2. People</i>		
Basic Capacity	Intermediate Capacity	Advanced Capacity
<i>difference or the staff are not familiar with this work and are not aware of what needs to be done.</i>	to improve the value for money that can be realised for the procuring entity.	complexity and impact of the procurement decisions and actions.

<i>3. Significant procurement planning</i>		
Basic Capacity	Intermediate Capacity	Advanced Capacity
<i>Not much attention is given to forecasting workloads in terms of the number, type, value and complexity of expected procurements and how this compares with previous years and how such workloads will be managed optimally. The approach to workload management is ad hoc. The result of this is that some projects are delayed, some are underdone in terms of analysis and planning resulting in lost value. In addition, the workloads of staff are uneven.</i>	There is consultation between procurement and requesting areas to discuss expected major projects. The time horizon is usually one year. In addition, the identification of changes in work is often focused on whether there is more or less money to be spent and not in terms of the number, types and risk factors of projects. There can be some reallocation of resources to accommodate the complexity of workload over the ensuring period.	There is an existing programme of procurement projects, which is reviewed annually, but linked to the entity’s business planning horizon (~ 3 years). Procurement resources (number of people and expertise) are matched to the profile of the work set to commence in the next year. Gaps are identified and actions to treat risks are put in place. Consideration is given to the capability needed in future years and on actions to address future capability requirements.
<i>Procurement’s relationship with requestors and other stakeholders is arms-length. The expectation is that even for medium to large projects there will be a statement of requirement and that should be sufficient. Requests, when received, are not segmented in terms of significance (expenditure and risk). Essentially all requirements are treated the same.</i>	It is understood that there needs to be consultation with requestors and other stakeholders to get clarity on requirements and to examine options in order to meet these requirements. This occurs once the procuring entity’s budgets are settled. There is segmentation by the procurement area of requests based on their size and assessed risk. There is a formal procedure on how requests are to be segmented and how they should be managed.	In the budget preparation phase of the business cycle, the procurement area works with programme/business areas to help scope out the goods and services that would be required to support the significant projects being proposed for approval. When programmes are approved, procurement works with programme areas to refine requirements and map out a suite of procurement projects to

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		<p>arrange the necessary supply. Teams are formed to manage the individual projects with the input from procurement, requesting areas and any specialists (e.g. technical or financial). The progress of projects is reported to programme management.</p>
<p><i>Risk management in procurement is generally focused on the risk of not fully following prescribed processes. The inherent risks to procurement in individual projects are not considered, except in the most extreme cases. Standard processes are assumed to manage risks and the achievement of value for money.</i></p>	<p>Risks surrounding the successful outcome of the procurement and the achievement of value for money are recognised and there is segmentation of categories into a risk profile. There is a structured approach to identifying risk treatments but building these into supply strategies/arrangements is inconsistent. There are good examples of successes but also cases where risks have been missed resulting in lost value.</p>	<p>Opportunity and risk assessments are undertaken for all procurement categories and this analysis is factored into project resourcing as well as into supply strategies. There is a risk profile assigned to the entity’s portfolio of goods and services categories and this wider perspective is factored into the planning for and the management of the procurement function as a whole.</p>
<p><i>All suppliers in each category are treated as if they have the same risks, opportunities and importance to the entity. Generally, standardised arms-length, formalised and structured processes are applied. The concept of building strong communication channels with some critical suppliers is seen as outside the rules and not pursued.</i></p>	<p>There is differentiation of procurement categories by the entity and therefore some differentiation of risk management with respect to the firms that supply in these categories. Stronger communication channels and collaborative activities occur with many of these suppliers. Though the effectiveness of this extra effort varies as in some cases it is not clear what is the best approach to a particular supplier and what will be the impact of the approach that has been taken. This arises mostly in long-term collaborations.</p>	<p>Key suppliers are identified and their importance to the entity and the entity’s importance to them are determined and reflected in the planning and resourcing for supply strategies.</p>
<p><i>There is little effort put into developing supply strategies. It is an accepted wisdom that there are a few standard strategies,</i></p>	<p>There is planning for all of the entity’s significant procurements and this work incorporates stakeholder, demand and market analysis as precursors to determining supply</p>	<p>All significant procurements have well developed supply strategies, formed through a sound analysis of stakeholder needs and</p>

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<p><i>identified through trial and error, that are sufficient to cover all situations. There may be structured procurement planning processes to be followed, but these are generally completed for compliance rather than being used as a business tool to identify how to get the best value. The analysis of supply markets is superficial, often focused around how many firms bid for the business previously. The commercial behaviour and the entity's position and leverage in the market are not understood.</i></p>	<p>strategies. The quality of this work can vary. Where there is a deficiency this will often arise from not having sufficient understanding of the opportunities and risks presented by the market and how the entity should respond. Performance measures are included in the plans, though there are examples where these lack clear targets and may not be effective in terms of results and value realised.</p> <p>There is a process to retain the research and analysis undertaken in each plan and have it available for future use.</p>	<p>issues, as well as demand and supply markets. The value for money to be achieved is described and there are targets and performance measures in place to gauge the achievement of expected results.</p> <p>The entity has built up a body of knowledge regarding its major supply markets and this is subject to periodic reviews.</p>
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4. Managing supply		
Basic Capacity	Intermediate Capacity	Advanced Capacity
<p><i>Once established, supply arrangements receive little attention and are not managed effectively. There may be procedures provided for managing supply arrangements but they are open to individual interpretations or are ignored. There will likely be several examples where extensions to arrangements were sought because the entity was not sufficiently organised to go back to the market, even though it was timely to do so. Concerns or complaints from suppliers or buyers regarding expectations and actual</i></p>	<p>There are documented processes issued for managing supply arrangements. These are generally well understood though their application varies with staff applying an individual perspective on managing arrangements. Quality can vary.</p> <p>The performance of arrangements managed will likely be documented with some perspective formed on how well they are going.</p> <p>However, the capture of information on all of the entity's supply arrangements is not consistent.</p> <p>The management of arrangements not directly scrutinised by the procurement area often receives little attention in terms of assessing</p>	<p>Detailed procedures for establishing and managing supply arrangements are in place, they are understood and are applied consistently across all supply arrangements. What arrangements are actually delivering and their performance are both understood.</p> <p>There is a "contracts register," which captures data on the status of all of the entity's significant supply arrangements.</p> <p>The entity is able to provide a consolidated view of the progress and performance of its arrangements.</p> <p>Decisions on whether an arrangement is to expire without replacement, is to be</p>

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<i>4. Managing supply</i>		
Basic Capacity	Intermediate Capacity	Advanced Capacity
<i>performance of the other party are not addressed. The entity underutilises many supply arrangements and some are probably not necessary.</i>	buyer/supplier behaviour and the optimisation of performance overall.	extended, or a new arrangement is set up are made in a timely manner.
<i>There is little understanding of the suppliers under the major supply arrangements. Responses to tenders and information from suppliers' sales and marketing personnel are the sources of information on what is happening in the supply market.</i>	Procurement and requestor area staff (where there are specialist or technical requirements) meet with the suppliers to the arrangements. The focus is often on the administrative processes of the arrangement and less on the continual optimisation of the behaviour of both the supplier and the buyers using the arrangement. During the life of supply arrangements of high expenditure or critical goods/services, there are examples of periodic reviews of a suppliers' corporate health, competitiveness or technical capability. However, this is not the common practice.	There are regular reviews of the capability of all of the entity's major suppliers as well as scans of the markets generally. The analysis is factored into the on-going management of existing arrangements as well as retained and collated for future planning.
<i>The entity is not aware of how its major suppliers view it as a customer. Nor is there an appreciation of the impact that the way the entity deals with different suppliers has on the quality of goods/service received from those suppliers and the value for money realised. There is an assumption that all suppliers act the same and want the entity's business.</i>	For its major areas of supply and arrangements that extend over time, the entity recognises the need to be up to date in its understanding of where it stands in the market, its leverage and any emerging issues. The extent and quality of information gathered and analysed about individual suppliers and the supplier's true interest in the entity's business depend on the capability and attitude of the contract manager.	The entity has a clear understanding of its status with suppliers under its major supply arrangements and also why suppliers hold particular views. There is also a solid understanding of the market overall. The entity applies this information in its dealings with its suppliers to help optimise the performance of supply arrangements.
<i>There is little preparation and planning for negotiations with suppliers.</i>	There are entity guidelines and procedures on when and how to prepare for and undertake negotiations with suppliers.	Negotiations with suppliers are planned with the level of effort commensurate with the size and complexity of the matter

<i>4. Managing supply</i>		
Basic Capacity	Intermediate Capacity	Advanced Capacity
<i>There may be limited guidelines on negotiating with suppliers once the arrangements are in place.</i>	<p>Most procurement staff have an understanding of negotiating tactics and practices, which has been gained either through training or on the job. The quality of this expertise varies.</p> <p>There is recognition that larger, more complex supply arrangements need a high level of expertise. However, the two are not always aligned in practice.</p> <p>The commercial significance of information is understood by procurement staff but not necessarily by requestor area staff who are dealing with suppliers.</p> <p>Preparation and planning by multi-functional teams is occurring for major negotiations. But for many other situations it is still a case of the procuring entity’s representatives relying on personal expertise and “winging it” at meetings with suppliers.</p>	<p>or supply arrangement to be addressed with the supplier(s). Both procurement and requestor area staff are involved.</p> <p>All procurement staff understand negotiating tactics and have received some training in this area.</p> <p>A number of key procurement staff have been provided with training and mentoring to give them the expertise to plan and lead negotiations. Requestor area staff have received some training or provided with awareness sessions on negotiating with suppliers.</p>
<i>Procurement staff and staff from requestor (operational) areas of the entity will often deal independently with the same suppliers or market segments about the operation of supply arrangements. This ad hoc approach can confuse suppliers with mixed or different messages.</i>	<p>There are guidelines for day-to-day dealings with suppliers. They are applied consistently in the procurement area, though not as consistently in respect to supply arrangements managed in other areas of the entity. There are teams with representation from procurement and requestor areas formed to engage with suppliers under the very large and/or complex supply arrangements.</p>	<p>There are procuring entity guidelines and protocols for dealing with supply markets and with suppliers to supply arrangements. For supply categories identified as critical, specific engagement strategies have been developed.</p>

<i>5. Performance management</i>		
Basic Capacity	Intermediate Capacity	Advanced Capacity
<i>The procuring entity does not have a way for assessing the</i>	<p>There are some measures in place for gauging the effectiveness of</p>	<p>The entity has sufficient performance measures, which</p>

<i>5. Performance management</i>		
Basic Capacity	Intermediate Capacity	Advanced Capacity
<p><i>overall capability and effectiveness of its procurement function. There may be some measures, though these are likely to be set around basic procurement activities. There will be periodic checks of processes and these will primarily focus on compliance and not results achieved. There appears to be little interest at the management level to monitor procurement performance.</i></p>	<p>the procurement function and there is a systematic capture and reporting of results. There are gaps in the data that can be collected and this impedes the depth of analysis. The application of information as part of a continuous improvement programme for the procurement function is starting to occur, but is not well developed. There is some benchmarking against other similar organisations.</p>	<p>are aligned with its business operations to allow it to annually review and report to management on its procurement capability and performance in realising value for money and supporting programme goals. The procurement function can demonstrate that it captures and applies performance information as part of a continuous improvement programme. The entity benchmarks procurement performance against other similar organisations. It uses this benchmarking to help determine interventions necessary to enhance capacity and performance.</p>
<p><i>There is little or no monitoring of the major supply arrangements to see if they are delivering expected results. It is assumed that once in place, the arrangements will work. Only when there is major failure will some review take place. Improvement opportunities via the identification and avoidance of potential risks, the avoidance of higher costs and ways to get more quality, quantity or functionality for the same expenditure are not well understood and are not measured.</i></p>	<p>There are performance measures for the significant supply arrangements, though the quality and usefulness of the measures varies. Some are clear, quantitative statements of expected benefits, while others are qualitative statements of desired end states without sufficient quantification of timing, quality and costs. The quality and effectiveness of performance measures to a particular category will often be dependent on the person managing the procurement project rather than there being an embedded culture of the need to give visibility to performance.</p>	<p>For all significant procurement actions, there are targets and performance measures to gauge the results that have been achieved. Targets can be quite sophisticated and range across expected savings, avoided costs, risks avoided, quality or functionality improvements through to the impact on better delivery of the entity’s business or services to its clients. There is a procuring entity standard on the development and use of performance measures in procurement. Results being delivered though implemented supply strategies are collated so that they are readily accessible to and easy to interpret by the business</p>

<i>5. Performance management</i>		
Basic Capacity	Intermediate Capacity	Advanced Capacity
		<p>areas served by the arrangements. This information is valued by the business areas.</p> <p>Results for individual supply arrangements can be rolled up to give an entity-wide view of the value being realised from its significant areas of procurement expenditure.</p>
<p><i>Organisational-level experience and learning are not captured and passed on except in the form of anecdotes from one staff member to another.</i></p>	<p>Knowledge sharing between staff and across business areas of organisational experiences is recognised as valuable. The capture of this information is not systematic. To a large degree, what is known and put forward for inclusion in procurement deliberations still depends on who is in the room at the time.</p>	<p>There are networks in place for formal and informal knowledge capture and sharing as well as for the retention of organisational learning and memory.</p>

3. Summarise and interpret results

When the results have been collected, they need to be compiled into a report. The following step is to validate the results and clarify any gaps in the data in collaboration with the relevant stakeholders. Having stakeholder buy-in plays a key role in the validation process, therefore open and candid discussions are important. The results should be clear, easy to understand and interpret. The objective, methodology, results, interpretation and recommendations are key elements to be included in the report.

Step 3: Formulate a capacity development response

The results of the assessment will be the key elements when formulating a capacity development response. The capacity development response should:

- ✓ summarise the gaps identified in the assessment report
- ✓ describe the root causes or reasons for the existence of the gaps
- ✓ specify the capacity development initiatives to address the gaps
- ✓ define the indicators to measure success
- ✓ identify the person(s) responsible for implementation
- ✓ specify stakeholders involved in implementation

- ✓ indicate priority level (high/medium/low) and timeframe for implementation and
- ✓ develop realistic cost estimates.

NOTE! The capacity development response should be systematic, coherent, implementable, sequenced and based on the impact and the level of priority assigned.

Defining *progress indicators* is an important part of this process, as these allow for measuring and monitoring capacity improvements. The indicators should include the baseline that illustrates the capacity level at the start as well as the target that illustrates intended outcomes.

Additionally, *output and outcome indicators* should also be defined, outputs being the development result in the short term and outcomes being the intended change in development conditions resulting from the output.

The implementation plan must be as realistic as possible in terms of time and cost. Based on the budget available, there is a range of training approaches that can be used from formal programmes (accredited programmes) to experience-driven alternatives. The following provides a summary of some available approaches to capacity development.

Capacity Development Options

<i>Capacity Development Type</i>	Description
<i>Coaching</i>	Supporting an individual during training or development in order for them to reach a specific personal or professional goal
<i>Dialogues</i>	A range of learning conversations that go beyond knowledge transfer to include knowledge articulation and translation
<i>Expert advice</i>	Advice from experts in response to specific queries. It might include a process to clarify and reframe the question that is being asked
<i>Fellowship</i>	An extended position that provides paid employment and support for people who have completed formal coursework in evaluation.
<i>Internship</i>	A paid or unpaid entry-level position that provides work experience and some professional development.
<i>Mentoring</i>	Supporting a colleague by sharing professional and personal experiences in order to support their development and growth
<i>Learning circle</i>	Allows a group of individuals to meet and explore an issue and learn from each other in the process.
<i>Peer learning</i>	An approach to learning where tacit knowledge is transferred from practitioner-to-practitioner. Peer learning can have many different objectives and take a number of forms.

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<i>Reflective practice</i>	Involves an individual reflecting on their work allowing them to learn from their own experiences and insights and engage in a practice of continual learning.
<i>Self-paced learning</i>	Viewing learning materials, such as previously recorded webinars, at your own pace.
<i>Supervision of practice</i>	A model of professional development from social work where everyone, even experienced practitioners, is expected to have regular debriefing and reflection with a senior person on issues in their work.
<i>Training and formal education</i>	Development of knowledge and skills in conducting and/or managing an evaluation in a structured setting.

When designing the capacity development response, ensuring the participation of a cross section of stakeholders may prove beneficial as they can contribute varied experiences, innovative and creative solutions. A key consideration is that core issues influence each other; therefore, a response that affects more than one capacity level will generally be more effective.

Step 4 Implement the Capacity Development Response

Implementing the capacity response is the process of putting the plan into action. It is at this stage that the strength of the planned development response will be tested. During the implementation process, active monitoring is important to allow for adjustments along the way.

Step 5 Evaluate Capacity Development

The evaluation of the capacity development response allows for an assessment of the intended outcomes and drawing conclusions in terms of impact and the quality of outcomes achieved. Given the nature of capacity development, assessments should be done periodically to determine the extent to which interventions have been effective and to modify or introduce new interventions as required.



Section 4

Conclusion

4 CONCLUSION

Commitment to procurement capacity assessment and improvement

Public bodies must undertake assessments of their procurement capacity on an annual basis, identifying their assets and needs. The training needs should also be assessed and planned training and certification opportunities shall be identified in the Annual Procurement Plan.

Procurement capacity development should be treated as *a strategic process*, which requires continuous assessment and improvement to ensure relevance. Though the benefits of capacity development are intangible and difficult to measure in the short term, sustained efforts to improve procurement capacity over time will lead to significant efficiency gains.

As public bodies move towards professionalising procurement within their respective agencies, adequate funding may not always be available to sustain capacity development. Partnerships between institutions and individuals, where all parties contribute and learn from each other can assist where revenues fall short.

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GLOSSARY OF TERMS

The Glossary of Terms is available on the OPR’s website at <https://oprtd.org/handbooks-of-procurement-retention-disposal/>

LIST OF ACRONYMS

The list of Acronyms is available on the OPR’s website at <https://oprtd.org/handbooks-of-procurement-retention-disposal/>