

# Public Procurement in Malta

Re-engineering the  
Department of Contracts



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RE-ENGINEERING THE DEPARTMENT  
OF CONTRACTS

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## *Executive summary*

Malta is actively pursuing more effective and efficient public procurement with the recognition that it will support the government's broad strategic goals and contribute to its fast growing economy.

Malta has made great progress in updating its public procurement processes with many strategic initiatives either underway or completed. The e-procurement system is well used and has a regular programme of updates. However, Malta wants to continue improving its public procurement system to enable and support more strategic initiatives.

This study specifically focuses on the current public procurement processes. Several areas of potential improvement have been identified. The main themes for improvements hinge on public procurement capability and capacity building, strategic planning, increasing and enhancing digital public procurement processes and to benchmark improvements.

The key role that public procurement plays in supporting economic growth and productivity is well recognised in Malta particularly as the country is in a high growth phase. The report reviews the current public procurement processes. Using case studies from other countries a number of areas have been identified as potential key improvements in the Malta public procurement framework. Lastly a methodology has been suggested using high-level performance indicator measurement to demonstrate the degree to which any initiatives are successful.

### **Key Findings**

- Overall timeliness is not an issue with some exceptions – there are some areas of improvement already being actively addressed. Current data shows that tender vetting and tender evaluation is largely being completed in good time with some potential for improvements remaining.
- Workforce capability and capacity has received some attention with an acknowledgement that an overall framework plan is likely to support sustained improvements. Ensuring that the right skills and experience are available to support strategic and operational needs underpins the success of the overall public procurement processes.
- Access to specialist knowledge and expertise has been noted as an area which could be enhanced. An evaluator pool has been used as an example that may also be used in other areas such as technical expertise and procurement expertise.
- Strategic planning will ensure that Malta can work towards realising the potential benefits from its procurement processes through initiatives like category management and improved framework agreements. Using commercial drivers to create an environment for growth and innovation is consistent with the overall direction of the government in Malta.

- Exploring ways to enhance digital processes and methodologies to create environments for the market to thrive and meet the needs of public entities could also support improved outcomes. While the mandated public e-procurement system has an excellent rate of adoption by economic operators and contracting authorities there are some identified areas of improvement which could lead to enhanced experiences and communication for all stakeholders including citizens.
- Measurement is seen as key to enabling the path to improved efficiency and effectiveness by providing data to clearly see where the improvements are having the greatest impact. A high-level set of performance measures has been suggested and these can be used to understand how well initiatives are working and to set future direction and focus.

## *Introduction*

Although a small economy in European and international terms, Malta is a fast-growing economy in several public and private dimensions, which means that the public procurement system is also key for its continued economic success. Malta's real Gross Domestic Product rose by 6.4% in 2017, one of the highest growth rates in the European Union (EU). Malta's internationally-oriented services sector has experienced solid performance and this has contributed to maintaining Malta's sizeable current account surplus (European Commission, 2018<sup>[1]</sup>).

The public procurement system in Malta is in a state of active reform and change. The institutional framework for public procurement has been built over time as part of the change programme. Reforms have been brought about principally in the regulatory realm and as a result there have been some wide reaching structural changes to organisations.

Even with strong impetus and a high rate of change there is recognition from internal and external stakeholders that there is still room for additional improvements. According to the European Union Single Market Scoreboard (the Scoreboard) for 2017, the overall public procurement performance in Malta was average (European Commission, 2018<sup>[2]</sup>).

In 2016 the Government of Malta instituted a new regulatory framework which transposed the 2014 EU Directives covering Public Procurement, Concession Contracts and Utilities Contracts. The new regulations were intended to increase effectiveness, transparency and accountability.

Following this significant movement forward in the regulatory landscape a raft of changes in the organisational and operational areas pertinent to public procurement followed suit. Major improvements continued in the area of e-procurement and also through decentralisation of the public procurement processes with the establishment of Ministerial Procurement Units (MPUs), similar to other European countries, like Portugal. The European Single Procurement Document (ESPD) was also introduced and good progress was made in the areas of environmental and social procurement.

Looking to the future the commitment to organisational and operational change is strong. There is a recognition that the public procurement workforce capability will play a key role in the future success of public procurement in Malta and there is a commitment to put in place strategies to improve the current state.

Most of the reforms undertaken to date are aligned with the abovementioned EU Directives, but some reforms such as the establishment of MPUs fall under the discretionary power of the Member States.

To achieve the desired improvements in Malta's public procurement efficiency and effectiveness it is acknowledged and recognised that a concerted and planned programme of change will be able to accelerate and enhance the programmes already underway.

This report is produced under the project designed to re-engineer the Department of Contracts within the Ministry for Finance, the single centralized public procurement body

in Malta responsible for drafting public procurement legislation and policy. It is also responsible for preparing guidelines and instructions and collecting statistical data. This project is a joint effort of the Maltese Government, the European Union and the OECD, financed by the EU through the Structural Reform Support Service.

The report consists of two parts, the first covers the re-engineering of the procurement processes in the Department of Contracts and the second part consists of a stakeholder analysis and action plan for effective change management.

## **Part I. Re-engineering the Department of Contracts**



## 1. Institutional framework for public procurement in Malta

It is essential to identify the institutional framework and main actors in the public procurement system in Malta in order to provide context for the review. This section describes the recent public procurement reforms and key institutions in Malta.

### 1.1. Overview of the recent public procurement reforms in Malta

The public procurement system in Malta is in a state of active reform and change. The existing public procurement institutional framework has been built over time as part of the change programme.

On 28 October 2016, the Government of Malta published the following new public procurement regulations through legal notices (LN):

- Public Procurement Regulations 2016 (LN352/2016).
- Concession Contracts Regulations 2016 (LN353/2016).
- Public Procurement of Entities operating in the Water, Energy, Transport and Postal Services Sectors Regulations 2016 (Utilities) (LN351/2016).
- Emergency Procurement Regulations 2016 (LN350/2016).

These Regulations transposed EU Directive 2014/24, the Concession Contracts Directive 2014/23 and the Utilities Contracts Directive 2014/25. The package of new legal notices was completed by the Emergency Procurement Regulations, which does not have any specific parallel in the EU Directives. The Emergency Procurement Regulations envisaged a relaxation of the rules generally applicable to public procurement in the context of contracts with a value of less than EUR 135 000, provided that the necessity to award such "emergency contracts" arises due to unforeseen surges in the use of supplies or as a consequence of issues of national health, security or strategic importance. The new regulations were intended to increase effectiveness, transparency and accountability.

Within this context, considerable progress has been made in recent years on reforming public procurement in order to respond to the transposition of the EU Directives. Recent procurement reforms have included:

- Establishment of the new thresholds (see table below).
- Establishment of Ministerial Procurement Units (MPUs) to promote the decentralization of public procurement processes.
- Reinforcement of the monitoring function of the Department of Contracts (DOC).
- Blacklisting of tenderers involved in illegal and irregular activities such as fraud and money laundering through the Commercial Sanctions Tribunal.
- Introduction of the European Single Procurement Document (ESPD).



- Subdivision of tenders into lots for facilitating the tender participation by SMEs.
- ‘Most economically advantageous tender’ (MEAT) as the sole award criterion which includes price, cost, and/or the best price quality ratio (BPQR).
- Promoting environmental and social commitments.
- Use of electronic communications, including the use of two important electronic tools, mainly, Electronic Auctions (e-auctions) and the Dynamic Purchasing System (DPS).
- Appeals to the Public Contracts Review Board (PCRB) for quotations/tenders estimated above or equal to EUR 5 000.

Most of the reforms are aligned with the EU Directives, but some reforms such as the establishment of MPUs are unique to Malta.

**Table 1.1. Thresholds before and after reforms**

	Old Threshold (Public Procurement Regulations 2016)	Current (Amended by the Legal Notice 26 of 2018)
Public Works	EUR 5 225 000	EUR 5 548 000
Public Supply and Service (awarded by central government authorities)	EUR 135 000	EUR 144 000
Public Supply and Service (awarded by subcentral contracting authorities)	EUR 209 000	EUR 221 000

*Note: All thresholds in this document are exclusive of VAT.*

*Source: (Government of Malta - Ministry for Finance, 2018<sup>[3]</sup>).*

## 1.2. Categories for public tenders in Malta

The categories for Public Tenders in Malta are set out in the Public Procurement Regulations and are represented in the following table:

**Table 1.2. Categories for processing public tenders in Malta**

Process – contracting authority for public tenders without Ministerial Procurement Unit
Below EUR 144 000
Process – contracting authority for public tenders with Ministerial Procurement Unit
Between EUR 10 000 – EUR 250 000
Process – contracting authority for public tenders with Department of Contracts
Over EUR 144 000/EUR 250 000

*Source: (Government of Malta, 2016<sup>[4]</sup>).*

If the procurement procedure is EUR 10 000 or above then a full tender process is carried out. For procurement procedures below EUR 10 000 the process is to administer quotes. When the estimated value does not exceed EUR 5 000 public contracts are awarded by either obtaining hand quotations, issuing a competitive call for quotations through ePPS (electronic public procurement system) or by a direct contract award which is at the discretion of the head of the contracting authority.

When the estimated value meets or exceeds EUR 5 000 but does not exceed EUR 10 000 public contracts are awarded by: either issuing an open call for quotations through ePPS or a direct contract award at the discretion of the head of the contracting authority.

As set out in Table 1.2 when the estimated value of a procurement exceeds EUR 10 000 and up to EUR 250 000 public contracts are awarded further to an open call for tenders published through the Government's ePPS system by the MPU for decentralised ministries. On the other hand, non-decentralised ministries publish their own procurement open calls up to EUR 144 000.

When the estimated value exceeds EUR 144 000 or EUR 250 000 depending on whether an MPU is set up in each respective Ministry, public contracts are awarded further to a tender, published through the Government's ePPS system by the DOC. In some cases, a meeting is convened between the DOC and contracting authority to further discuss the vetting of the tender document to ensure that it is in line with both the Public Procurement Regulations and national policy.

### 1.3. Main actors in public procurement in Malta

In Malta the administration and oversight of public procurement is carried out across several main actors. This section describes the roles and responsibilities of the main actors in regard to public procurement.

#### *1.3.1. Office of the Prime Minister (strategy and implementation)*

The Office of the Prime Minister (Strategy and Implementation) leads the agenda of public procurement reform in Malta in close collaboration with the DOC within the Ministry for Finance. The remit of the Office includes also the coordination of training needs and streamlining of the Financial and Public Procurement Regulations.

#### *1.3.2. Department of Contracts, Ministry for Finance*

The Department of Contracts within the Ministry for Finance is responsible for the administration of the procurement procedures stipulated in the Public Procurement Regulations (LN352/2016) (the Regulations). Its principal mission is to have the necessary administrative structures to ensure that public procurement procedures are implemented in accordance with the principles of (1) Non-Discrimination; (2) Transparency; (3) Equal Treatment, and (4) Proportionality.

The DOC oversees procurement procedures where the value is above the threshold stipulated in the Regulations. Such responsibilities include:

- Vetting and approving procurement documents before and during publication.
- Drawing up and signing of contracts on behalf of contracting authorities.
- Authorising modifications.
- Approving contract extensions.
- Implementing suitable measures to monitor contract execution.

The DOC also provides guidance on procurement methodologies, administers the blacklist while also supervising and reporting any breaches of the Regulations. The DOC serves as a central purchasing body, and it even administers the framework agreements for supplies, works or services which are published by the same DOC.

The DOC is headed by the Director General (referred to as Director in the Public Procurement legislations) and consists of the following three directorates: Operations; Policy Development & Programme Implementation; and Administration which are described below.

### *1.3.3. Directorate of Operations*

The Directorate of Operations is composed of four units: pre contracts; post contracts; demand management; and special projects. Its main responsibilities, among others, include the following:

- Vetting and approval of procurement documents.
- Drawing up of contracts on behalf of contracting authorities.
- Secretariat of General Contracts Committee (GCC).
- Strategic procurement.
- Framework contract agreements.

#### **Box 1.1. Categories of current framework contracts administered by the DOC**

The following categories of supplies are set up under framework contracts administered by the DOC:

- Winter and Summer Uniforms for government messengers and security officials.
- Shoes for government messengers and security officials.
- Shirts for government messengers and security officials.
- Anoraks for government messengers and security officials.
- Pullovers for government messengers and security officials.
- Envelopes.
- Malta and EU Flags.
- Toilet Paper.

*Source:* Created based upon information provided by public officials in Malta.

In addition to the above, at departmental level, contracting authorities have set up 28 framework agreements (4 Works, 14 Supplies, and 10 Services) in 2017. These are administered by the contracting authorities themselves.

The DOC has so far identified the following possible categories for future framework agreements:

- Supply of water.
- Cleaning services.
- Security services.
- Nursing services.
- Lift services.

- Travel insurance services.
- Supply of printing paper.
- Maintenance items (such as screws, paint, varnish, cement/concrete, protective).

#### ***1.3.4. Directorate of Policy Development and Programme Implementation***

The Directorate of Policy Development and Programme Implementation (DPDPI) is responsible for the development and implementation of public procurement policy in Malta ensuring full compliance with legislative and administrative requirements, and Malta's other commitments in this area. The DPDPI consists of the following four units: Compliance and Monitoring; Quality Assurance; Policy Development; and Programme Implementation. Its responsibilities include the following:

- Methodological assistance (training, guidelines/manuals, procurement policy notes, and templates).
- BPQR award criteria approval (121 approvals in 2017, 58 approvals in 2018).
- Implementation of key performance indicators within DOC.
- Coordination for EU affairs.
- Monitoring and compliance of public procurement across all contracting authorities. This involves also coordination with the main auditing bodies - the National Audit Office (NAO), the Internal Audit and Investigation Division (IAID) and Managing Authorities for EU funds in Malta.
- Monitoring of public procurement indicators to ensure agile data and statistical collection systems which monitor public procurement performance from various perspectives. This also includes the compilation of the EU Governance Monitoring Report as per EU Directives obligations.

In particular, the function of the Compliance and Monitoring Unit (CMU) has been considered more and more important for the purpose of strengthening transparency, ensuring good governance and, potentially, promoting whistleblowing. Contrary to the audit function, which is typically retrospective, monitoring contributes to early identification and correction to prevent a contracting authority from non-compliance with procurement procedures. The CMU carries out random spot-checks to investigate public procurement procedures for ex-ante control purposes. The CMU also deals with any cases referred to the DOC in writing either through the Director General of Contracts or through the unit's generic email address ([compliance@gov.mt](mailto:compliance@gov.mt)). There were 75 cases referred in 2015, 80 in 2016 and 72 in 2017.

The CMU has been cited as an example of good practice by the European Commission (see (European Commission, 2017<sup>[51]</sup>)).

### Box 1.2. Malta – Monitoring of non-compliance in public procurement

#### Example 48. MALTA – Monitoring of non-compliance in public procurement

The Department of Contracts (DOC), falling within the remit of the Ministry of Finance, operates as one of the central purchasing bodies in the Maltese public procurement system, with the task of regulating and administering public procurement initiatives and procedures. Pursuant to its competencies, the DOC has established a Compliance and Monitoring Unit (CMU) with the objective of ensuring transparency and proper policy architecture in public procurement and promoting whistleblowing as well.

The CMU's tasks relate to the early identification of situations of non-compliance and then correction of them. In that regard, it conducts regular monitoring of public procurement, including random spot checks of procurement procedures (the latter being under implementation). Monitoring allows for early identification and correction of potential irregularities before the problem becomes recurrent and then causing the contracting authority/entity to be in non-compliance.

The investigations carried out by the CMU enable the DOC to garner the necessary information to conduct analysis and propose solutions. The solutions aim at the correction of the detected situations of non-compliance and typically may require broader policy changes or targeted recommendations at the level of the contracting authority/entity.

In the course of the past years, the Compliance and Monitoring Unit has intervened in more than 75 cases of non-compliance in 2015 and more than 80 in 2016.

*Source:* (European Commission, 2017<sup>[5]</sup>).

The DOC have a set of performance indicators which are being used to measure the success of current initiatives underway.

### Box 1.3. Key performance indicators

The following are the main key performance indicators set in Malta for the DOC:

- Reinforcing the Compliance and Monitoring Unit for further scrutiny during the procurement process.
- Increasing the number of Ministerial Procurement Units.
- Introducing a 'Point System' which shall be implemented upon the completion of contract for monitoring purposes.
- Elaborating standardized technical specifications for common use by contracting authorities.
- Expanding the use of Framework Agreements and the Dynamic Purchasing System.
- Reviewing the procurement process to potentially reduce the average lead time of the procurement process.
- Setting up a 'Pool of Evaluators' for the tender evaluation committee of contracting authorities.

- Developing a training strategy for public administration in the form of an induction course for all procurers (the National Public Procurement Regulations accredited course) and a follow up hands-on course on National Public Procurement Practices (the Booster course).

*Source:* Created based upon information provided by public officials in Malta.

### ***1.3.5. Directorate of Administration***

The Directorate of Administration consists of five units: Human Resources; Inventory and Accounts; Customer Care; Information Technology including ePPS (electronic public procurement system); and Registry. Its main responsibilities include the following:

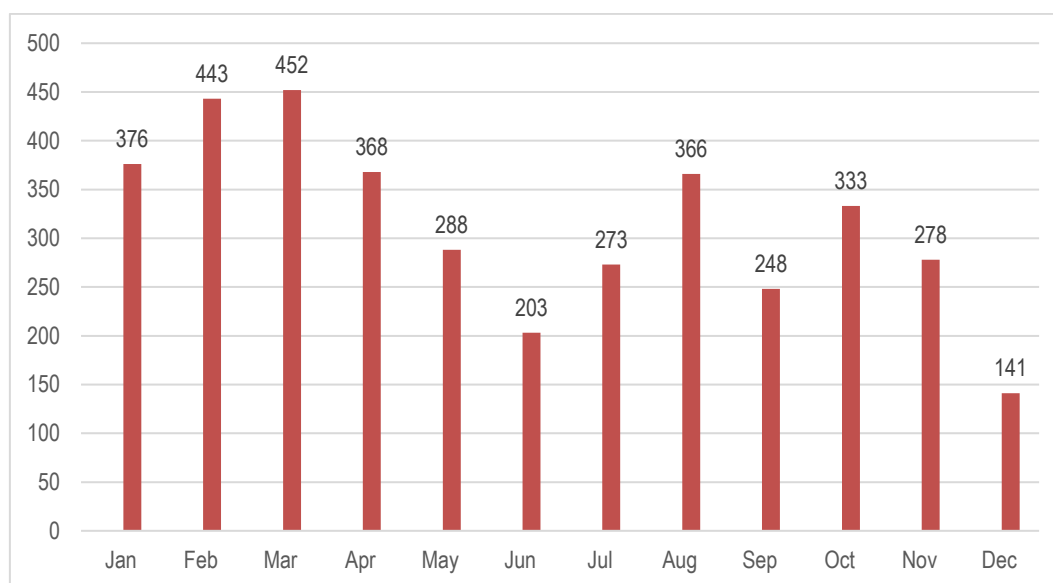
- Administrative tasks of the DOC (human resources, accounts, IT system etc.).
- Help desk for contracting authorities and economic operators.
- E-procurement platform (ePPS).

The DOC introduced the e-procurement Platform (ePPS) in 2011. Since 2016, all the procurement procedures with a value of EUR 5 000 (excluding VAT) or above are published electronically through the ePPS. The following information is available in the ePPS with the goal of ensuring the efficiency and transparency of the procurement process:

- Tender notices and bidding documents.
- Tender clarifications issued by contacting authorities.
- Minutes of clarification meetings/site visits.
- Record of bids.
- Successful bidders and awarded price.

The Customer Care Unit functions as the help desk through phone call and e-mail to answer to questions from contracting authorities and economic operators. In case the questions are very specific and complicated, they are forwarded to the Managers I (Procurement). Currently, four DOC staff are assigned to this task of help desk. DOC is examining the possibility of outsourcing customer care service.

According to the Customer Care Annual Statistics 2017, the Customer Care Unit received in total 3 769 calls in 2017.

**Figure 1.1. Total customer care calls during 2017**

Source: Customer Care Annual Statistics 2017.

The questions range from the basic ones such as supplier registration and password to technical questions including tender evaluation, documentation, awards etc.

**Table 1.3. Top 20 most frequently asked topics during 2017**

Rank	Topic	Number
1	Register as a Supplier	332
2	Password	232
3	Evaluation – Online	209
4	Documentation	119
5	Creation of Call for Tenders (CfT)	110
6	Accounts (ePPS)	110
7	Tender Submission	108
8	Evaluation – Clarification	104
9	Clarification	102
10	TPT - Tender Preparation Tool	101
11	Cancellation of CfT	84
12	eID (For entities registered in ePPS)	83
13	Opened Tender Details	81
14	Awards	81
15	Tender Structure – Edit	80
16	Tender Package Upload	66
17	Associate/d Officers	60
18	User Accounts	58
19	Contract Award Notices	57
20	Workshop	50

Source: Customer Care Annual Statistics 2017.

### ***1.3.6. Malta Information Technology Agency (MITA)***

The Malta Information Technology Agency (MITA) is the central driver of Information and Communications Technology (ICT) policy, programmes and initiatives in Malta. To increase the quality of e-government services, MITA started re-engineering its e-government framework in 2010 by establishing a central platform which enables the rapid implementation of services. MITA has procured the ePPS on behalf of the DOC. MITA is also a central purchasing body for procurement related to ICT.

### ***1.3.7. Decentralised Ministries (MPUs) within Contracting Authorities***

Currently, there are circa 170 contracting authorities in Malta. While most of the contracting authorities fall within the responsibility of the DOC, some contracting authorities are authorized to administer their own public procurement processes<sup>1</sup>. In an effort to decentralize procurement functions at Ministry levels, the government started to set up the Ministerial Procurement Units (MPUs) in 2016. The mandate of the MPUs is to process, publish, administer and recommend the award/cancellation of calls for tenders. Contracts arising out of procurement procedures administered by MPUs are signed by the Minister responsible for that Ministry or another delegated person. Regulation 79 of the Public Procurement Regulations stipulates that the main duties of MPUs are as follows:

- Observe and abide by Public Procurement Regulations.
- Administer call for tenders published under the open procedure, on behalf of a contracting authority, as long as the estimated value of that public procurement exceeds EUR 10 000 but does not exceed EUR 250 000.
- Publish all calls for tenders, through the government's e-procurement platform, unless otherwise provided for in the regulations.
- Monitor the implementation for the procurement process such as the review of the tender documents prepared by contracting authorities.
- Take appropriate measures to effectively prevent, identify and remedy conflicts of interest arising in the conduct of procurement procedures to avoid any distortion of competition and to ensure equal treatment of all economic operators.
- Indicate in their procurement documents that the award of the contract is subject to the review procedure as set forth in the regulations and to include an extract of the relevant part of the appeals process in the said documents for the guidance of economic operators.
- Publish in the Gazette a notice of all awards of contracts including variations/modifications set outside the limit of the tender conditions, within six months of their award.
- Make recommendations in the name of the contracting authorities according to what is provided for under these regulations.
- Forward the recommendations for the award of contracts to the Departmental Contract Committee (DCC).
- Send a copy of the contract to the Director General Contracts when he so requests.



There are seven MPUs in seven ministries including the MPU for the Ministry for Transport, Infrastructure and Capital Projects (MTIP) which was established in August 2018.

**Table 1.4. Contracting authorities and staff in MPUs**

Name of Ministry	Number of Contracting Authorities	Number of Staff at MPU
MHAS	14	5
MEDE	19	11
MJCL	24	3
MFCS	12	3
MGOZ	8	3
MESDC	11	5
MTIP	15	7

*Note:* MEDE MPU staff are also the Ministry's Central Procurement Unit.

*Source:* Based on data provided by the Office of the Permanent Secretary in Malta.

In general, the establishment of the MPUs has contributed to reduce the average length of the procurement process. For example, the average days spent on the tender evaluation is 91 days below the EU average of 120 days.

**Table 1.5. Average evaluation days at each MPU**

Ministry	Date of Establishment	Number of Contracts Awarded following a Tendering Process	Average Evaluation Days
MHAS	28/10/2016	5	189
MEDE	28/10/2016	131	115
MJCL	30/05/2017	95	48
MGOZ	30/05/2017	33	84
MFSS	30/05/2017	59	105
MESDC	23/01/2018	7	90
MTIP	01/09/2018	-	-
Total	-	330	105

*Source:* Created based on data provided by the DOC.

Increasing the number of MPUs is one of the goals of the government. The government intends to establish MPUs for three more ministries: the Ministry for Finance (MFIN); the Ministry for Energy and Water Management (MEW); and the Ministry for Economy, Investment and Small Businesses (MEIB). The setup of such MPUs is highly dependent on the human resource capacity.

### 1.3.8. Committees

There are three important committees in relation to public procurement processes in Malta. The Tender Evaluation Committee (TEC), nominated individually for each procurement is mandated to evaluate the tender offers submitted by economic operators, and submit a tender evaluation report. There are also another two committees: the Departmental Contracts Committee (DCC) and the General Contract Committee (GCC). Their main duty is to review the conclusions of the tender evaluation reports submitted by the TEC, and make definite recommendations for the award of contracts. The details of each committee is described in below.

### *Tender Evaluation Committee (TEC)*

The Tender Evaluation Committee (TEC) is a committee appointed by contracting authorities for evaluating tenders and making final recommendations. Contracting authorities establish a TEC for each procurement procedure and nominate its members prior to the tender publication. The TEC usually consists of three evaluators with voting powers, a Chairperson and a Secretary who drafts the report. As a general rule, they must be employees within the Public Service/Sector.

The Evaluation Process has three (3) stages as follows:

- Administrative evaluation.
- Technical evaluation.
- Financial evaluation.

Following this, the TEC draws up its conclusions and recommendations and presents the report for the necessary approvals. The role of the TEC terminates officially only after the standstill period is respected as their report may be challenged through an appeal.

Regulation 17 of the Public Procurement Regulations stipulates that the TEC draws up and submits the tender evaluation report for approval as follows:

**Table 1.6. Party receiving the tender evaluation report**

Conditions	Submitted to
Estimated value of the tender is less than EUR 144 000 – Non-decentralised Ministries	Departmental Contracts Committee (DOC)
Estimated value of the tender is EUR 144 000 or more – Non-decentralised Ministries	Director of Contracts, GCC
Contracting authorities which administer their own public procurement under Schedule 3 of the Public Procurement Regulations	Contracting Authorities
Tenders which are published by the MPU – Estimated value of the tender is more than EUR 10 000 and less than EUR 250 000 – Decentralised Ministries	MPU/DCC

*Source:* Regulation 17 of the Public Procurement Regulations.

### *General Contracts Committee (GCC)*

The General Contracts Committee (GCC) is a permanent committee established within the DOC. The GCC is composed of the Director of Contracts and other members comprising a minimum of four members and a maximum of ten. The GCC have with a fixed term of appointment of not more than three years. The GCC is responsible for tasks relating to procurement processes the value of which are estimated above EUR 144 000 or EUR 250 000 or more.<sup>2</sup> Regulation 72 of Public Procurement Regulations provides that the GCC shall:

- Advise on all matters relating to public contracts, as well as on public procurement of materials, works and services.
- Evaluate reports and recommendations submitted by contracting authorities and make definite recommendations for the award of contracts. The decisions are based upon the majority, although the Director of Contracts has the veto power. The recommendations are based on due consideration of the final cost to the contracting authority and the impact of each offer on its recurrent expenditure.

- Report any irregularities during the tendering process and make recommendations to the Minister charged with responsibility for the contracting authority concerned.
- Deal with disputes arising from public contracts between contracting authorities and contractors.
- Formally investigate complaints concerning public contracts and procurements and make recommendations.
- Assist the Director General of Contracts in the execution of his duties in accordance with the Public Procurement Regulations.

#### *Departmental Contracts Committee (DCC)*

The Departmental Contracts Committee (DCC) is set up in every Ministry to process open procurement calls where the value is estimated to be between EUR 10 000 and EUR 144 000 (EUR 250 000 in case of the tenders published by the MPU). The DCC is composed of three members: a chairperson (usually the head of corporate services at the Ministry), a member appointed by the Permanent Secretary of the concerned ministry; and a member to represent the DOC). The DCC makes definite recommendations for the award of contracts. For this purpose, the DCC reviews the conclusions and recommendations of the tender evaluation reports submitted by the TEC.

#### *1.3.9. Local Councils*

Schedule 3 of the Public Procurement Regulations allows Local Councils to administer their own public procurement procedures. Regulation 104 of the Public Procurement Regulations also stipulates that Local Councils will follow regulations made under the Local Councils Act. Article 38 of Local Councils Act (Chapter 363) establishes that Local Councils shall follow procurement guidelines issued by the Director. (Department for Local Government, 1993<sub>[6]</sub>).

Article 3 of Subsidiary Legislation 363.186, of the Local Councils Procurement Regulations, stipulates that the Public Procurement Regulations shall apply to Local Councils unless otherwise stated in the Department for Local Government Procurement Guidelines 2017 which regulates all the public procurement carried out by local authorities. (Government of Malta - Department for Local Government, 2018<sub>[7]</sub>).

The Procurement Guidelines 2017 (Version 1.1) issued by the Department for Local Government consists of two sections: Section I the applicability of the Public Procurement Regulations to Local Authorities and Section II Specific Guidelines applicable to Local Authorities such as the time limits of each tender procedure and step-by-step procurement process flows including the evaluation process. (Department for Local Government, 2017<sub>[8]</sub>). The Annexes of the Procurement Guidelines 2017 contain useful templates for procurement documents such as the tender notice, letter to successful/unsuccessful bidders, procurement timeline and checklist and details of the procurement.

### 1.3.10. Ministry for the Environment, Sustainable Development, and Climate Change

The Ministry for the Environment, Sustainable Development, and Climate Change (MESDC) oversees the implementation of the green public procurement (GPP) policy. In Malta, green public procurement is voluntary and promotes resource efficiency and eco-innovation. However, MESDC carried out the first National Action Plan (2012-2014) which sets out a target of 50% for green public procurement, Actual performance of 49% in 2014 and 63% in 2017. The second National Action Plan not only plans to increase this target up to 75%, but also to introduce five new goods, service, and works which are subject to GPP policy in addition to the existing ten products. MESDC coordinates with the GPP coordinator at each Ministry to assist in the adoption of green public procurement. The GPP coordinator reviews tenders prior to publication to make sure that the tender evaluation criteria comply with the GPP policy. In instances where the tender document does not comply with the mandatory criterion the GPP coordinator can reject the tender document. The maximum percentage allocation for scoring of green evaluation criteria is set at 15% within the best price-quality ratio (BPQR). There is no restriction on the breakdown of the 15% allocation. Goals have been set for the proportion of green public procurement to be carried out within specific categories as set out below.

**Table 1.7. Targets of green procurement for each product**

Product Group	Baseline	National Targets		
	2014	1 <sup>st</sup> year	2 <sup>nd</sup> year	3 <sup>rd</sup> year
Copying and graphic paper				
Gardening products and services				
Computers and Monitors				
Imaging equipment	100%	100%	100%	100%
Textiles				
Cleaning products and services				
Street lighting and traffic signals				
Transport	30%	50%	80%	100%
Furniture	30%	30%	40%	50%
Food and Catering Services				
Electric & electronic equipment used in health care				
Sanitary tapware				
Toilets and urinals	New	10%	20%	30%
Office building design, construction and management				
Road design, construction and maintenance				

*Source:* Created based upon the information provided by MESDC.

Recently, two specific industries, the construction sector and the hospitality and catering industry, have been given increased importance. In addition, in September 2018 officials in Malta noted that the second National Action Plan will be released for public consultation.

### 1.3.11. Public Contracts Review Board

The Public Contracts Review Board (PCRB) is responsible for examining the complaints and disputes raised during the procurement process. The PCRB is composed of three members: a chairperson and two permanent members appointed by the Prime Minister for a period of three years. Regulation 87 of the Public Procurement Regulations sets out the following functions of the PCRB:

- Review concerns or complaints raised before the closure of tenders.
- Review complaints relating to exclusions, non-compliant offers, contract award decisions or cancellations of a procurement procedure after the tender closing date and time.
- Address requests for the ineffectiveness of a public contract as established in the Public Procurement Regulations.
- Hear and determine any cases assigned to it under Public Procurement Regulations or any other law.
- Hear and determine any cases assigned to it in a public call for tenders or quotations, even if such call does not involve procurement.

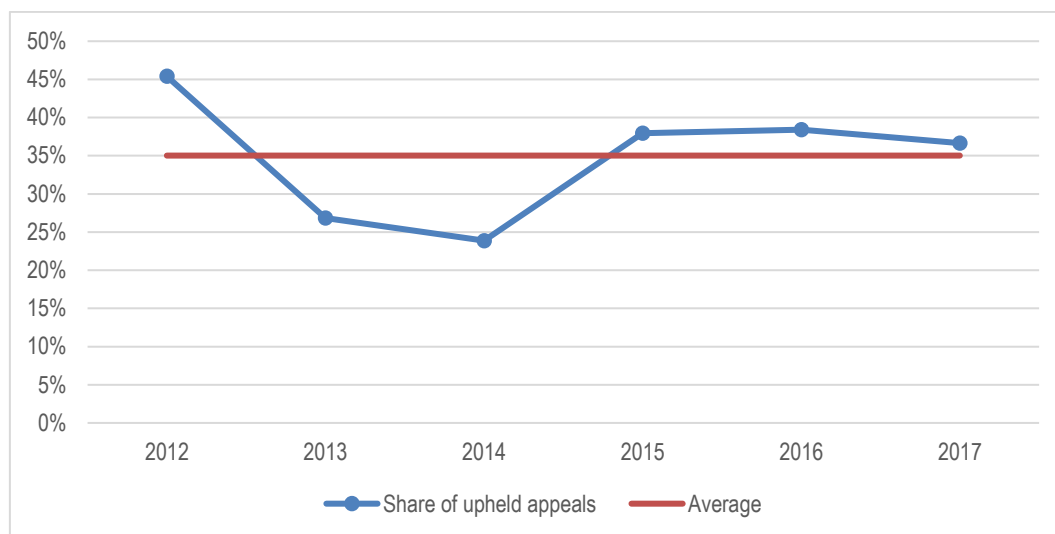
Appeals can be presented for tenders or quotations that have an estimated value of EUR 5 000 or more. All appeals shall be lodged with the PCRB, and only be valid when accompanied by a deposit equivalent to 0.50% of the estimated value of the whole tender or quotation. Deposits must not be less than EUR 400 and capped to EUR 50 000.

**Table 1.8. Statistics on decisions of the PCRB**

Year	Cases	Upheld Appeal	Rejected Appeal	Share of appeals upheld
2012	152	69	83	45.39%
2013	123	33	90	26.83%
2014	134	32	102	23.88%
2015	116	44	72	37.93%
2016	128	48	77	38.40%
2017	101	37	64	36.63%
TOTAL	751	263	488	35.02%

*Note:* The number of cases in 2016 includes two appeals that were withdrawn and one that was lodged erroneously.

*Source:* Created based upon the information provided by the DOC.

**Figure 1.2. Share of appeals upheld**

Source: Created based upon the information provided by the DOC.

Regulation 90 of the Public Procurement Regulations provides that the PCRB has the authority to cancel tendering procedures. Final decisions of the PCRB are made by majority decisions in spite of the preference for unanimity. The average time taken between the lodgement of appeals and the issuance of decisions was 1.58 months in 2016 and 1.47 months in 2017, (Government of Malta - Ministry for Finance, 2018<sup>[3]</sup>).

Decisions made by the PCRB are subject to appeal. Regulation 284 of the Public Procurement Regulations provides that any aggrieved party may appeal to the Court of Appeal within twenty calendar days from the date of the decision. According to Regulation 290, the application for a re-trial from a decision of the Court of Appeal is not allowed if, after the final decision of the PCRB has been given, the public contract has been signed between the contracting authority and the recommended tenderer and no request for the suspension of the execution of the decision has been made.

### ***1.3.12. Commercial Sanctions Tribunal***

The Commercial Sanctions Tribunal is a tribunal established within the Ministry for Finance. Its purpose is to determine issues related to the blacklisting of economic operators. Any economic operator violating the Public Procurement Regulations is subject to various sanctions including blacklisting and cancellation of any ongoing contracts. Blacklisted economic operators are prohibited from participating in public tenders for periods of between six months and two years.

### ***1.3.13. National Audit Office***

The National Audit Office carries out audits of the accounts of the Government of Malta. Their remit includes both the central and local level, public entities which use funds belonging directly or indirectly to the Government or where the Government of Malta owns not less than 51% of the shares, and public funds received by private entities and non-governmental organisations.

During the fact-finding mission, the NAO pointed out the following issues that had been found in regard to public procurement:

- Direct contracting due to urgency.
- Tender publication.
- Extension contract periods (May be perceived as unfair for those economic operators which had decided not to submit tender offers because they thought they could not meet the original completion date).

#### *1.3.14. Internal Audit and Investigations Department (IAID)*

The function of the Internal Audit and Investigations Department (IAID) is to carry out internal and financial investigations. Its mission is to ensure that the Government of Malta makes the best use of public funds in order to achieve the results that the Maltese and EU citizens rightly expect to see. It is composed of the following four Directorates: the Internal Audit & Risk Management Directorate; Central Harmonisation Directorate; Financial Investigations Directorate; and EU Funds Audits Directorate. Public procurement is also subject to internal audit by the IAID. During the fact-finding mission, the IAID expressed a number of concerns which have been raised with contracting authorities relating to compliance (direct orders above the thresholds made under emergency, failure to publish awards in the government gazette, variations management, lack of planning for extensions, missing documentation). In relation to timeframes there were concerns raised about their length for vetting processes by the DOC, stressing the importance of coordination between the DOC and contracting authorities.

## Notes

<sup>1</sup> These exceptions correspond to EuroMedITI Ltd., Grand Harbour Regeneration Corporation P.L.C., Malta Information Technology Agency (MITA), Malta Government Technology Investments Limited (MGITIL), MGI/MIMCOL, and Local Councils.

<sup>2</sup> EUR 250 000 or more for the tender through the MPU.

## 2. Gap analysis and assessment of challenges

### 2.1. Overall assessment of public procurement processes in Malta

Overall Malta's performance in public procurement processes was rated as average compared to other EU countries according to the EU Single Market Scoreboard for 2017 (European Commission, 2017<sup>[9]</sup>). Malta achieved a satisfactory score on three areas: (2) No call for bids, (7) SME contractors and (8) SME bids.

Seven areas out of 12 were highlighted as unsatisfactory: (4) Cooperative procurement (5) Award criteria (6) Decision speed (9) Procedures divided into lots (10) Missing calls for bids (11) Missing seller registration numbers (12) Missing buyer registration numbers.

Malta has progressed many initiatives and made a lot of progress during 2017, however it is acknowledged that there is still significant scope for improvement particularly in areas where it would enhance effectiveness and efficiency.

### 2.2. Legal framework

Malta has been a member state of the European Union (EU) since 2004 and is bound by the Treaty on the Functioning of the European Union (TFEU) and secondary legislation promulgated by the European Institutions particularly the New Public Procurement Directives – Directive 2014/24/EU on procurement; Directive 2014/25/EU for entities operating in the utilities sector; and Directive 2014 /23/EU on the award of concession contracts). Malta has a wide ranging legal framework governing public procurement comprising five current sets of regulations issued under the Financial Administration and Audit Act. The framework includes regulations relating to the remedies available to aggrieved tenderers.

**Table 2.1. Malta legislative framework**

Scope	Legislation
General Procurement	Public Procurement Regulations
Water, Energy, Transport and Postal Services	Public Procurement of Entities operating in the Water, Energy, Transport and Postal Services Sectors Regulations
Concession Contracts	Concession Contracts Regulations
Defence and Security	Public Procurement of Contracting Authorities or Entities in the fields of Defence and Security Regulations
Local Bodies Procurement	Local Councils (Procurement) Regulations (
Emergency Procurement	Emergency Procurement Regulations
Energy and Fuels appeals	Procurement (Energy and Fuels) Appeals Board Regulations
Health Service Concessions Reviews	Procurement (Health Service Concession) Review Board Regulations
Concessions Reviews	Concessions Review Board Regulations

*Source:* Public Procurement Regulations.



The Water, Energy, Transport and Postal Services Sector Regulations extend to entities other than contracting authorities or public undertakings and the Public Procurement Regulations have provisions relating to certain subsidised public works contracts. Non-governmental organisations (NGOs) are requested to issue a call for tenders following the spirit of the Public Procurement Regulations when awarding a contract which will be subsidised through public and/or EU funds.

With a plethora of legislation and regulation there is a risk in Malta that the required high standards cannot be completely observed by both the public procurement workforce and the suppliers.

### 2.3. Implementing tools

Procedures and guidance provide practical operational support for the procurement teams carrying out the work. In Malta there are various sources where guidance can be found:

- Manual of Procedures, Public Procurement Regulations, 2016 (SL174.04), Version 1.1, Policy Development and Programme Implementation Directorate, Department of Contracts.
- Procurement Guidelines 2017, Version 1.1, Department for Local Government.
- Legal Notices.
- Circulars.
- Procurement Policy Notes.
- Standard Operating Procedures for Evaluation Committee.

The guidance notes provide various parameters which are to be applied to procurement processes. Financial thresholds for procurement activity are set out in the Public Procurement Regulations, 2016 (SL174.04) (the Regulations) as follows:

**Table 2.2. Financial thresholds for procurement activity in Malta**

Procurement Category	Threshold	Authority
General (excludes public works, defence, social and areas set out in Sch 14)	Above EUR 144 000	Director of Contracts
General (excludes public works, defence, social and areas set out in Sch 14)	Below EUR 144 000	Contracting Authority
General (excludes certain public works, defence, social and areas set out in Sch 14)	Above EUR 10 000 and below EUR 250 000	Ministerial Procurement Unit
Public Works Contracts	Above EUR 5 548 000	Director of Contracts
Public Works Contracts	Below EUR 5 548 000	Contracting Authority
Certain defence contracts	Above EUR 221 000	Director of Contracts
Certain defence contracts	Below EUR 221 000	Contracting Authority
Social and Sch 14 services	Above EUR 750 000	Director of Contracts
Social and Sch 14 services	Below EUR 750 000	Contracting Authorities

*Source:* Manual of Procedures, Public Procurement Regulations, 2016 (SL 174.04), Policy Development and Programme Implementation Directorate.

The guidance documentation is, in some cases, newly developed or still under development. During the fact-finding mission it transpired that some of the contracting authorities are reluctant to take responsibility for procurement procedures which are within their authority. They were instead seeking guidance and decisions from the Department of Contracts.

#### 2.4. Assessment of the public procurement workforce capacity and capability

A sound public procurement system requires a highly skilled public procurement workforce. The *2015 OECD Recommendation of the Council on Public Procurement* (hereinafter referred to as the “OECD Recommendations”) recommends that countries develop a procurement workforce with the capacity to continually deliver value for money efficiently and effectively. (OECD, 2015<sub>[10]</sub>).

##### **Box 2.1. OECD Recommendation on the capacity development of procurement**

The *OECD Recommendation of the Council on Public Procurement IX*. Recommends that countries develop a procurement workforce with the capacity to continually deliver value for money efficiently and effectively.

Countries should:

1. Ensure that procurement officials meet high professional standards for knowledge, practical implementation and integrity by providing a dedicated and regularly updated set of tools, for example, sufficient staff in terms of numbers and skills, recognition of public procurement as a specific profession, certification and regular trainings, integrity standards for public procurement officials and the existence of a unit or team analysing public procurement information and monitoring the performance of the public procurement system.
2. Provide attractive, competitive and merit-based career options for procurement officials, through the provision of clear means of advancement, protection from political interference in the procurement process and the promotion of national and international good practices in career development to enhance the performance of the procurement workforce.
3. Promote collaborative approaches with knowledge centres such as universities, think tanks or policy centres to improve skills and competences of the procurement workforce. The expertise and pedagogical experience of knowledge centres should be enlisted as a valuable means of expanding procurement knowledge and upholding a two-way channel between theory and practice, capable of boosting application of innovation to public procurement systems.

*Source:* (OECD, 2015<sub>[10]</sub>).

The overall capacity measured by the number of personnel in the core public procurement workforce in Malta working in the Department of Contracts is currently 34 officers (of these 13 are at Director or Assistant Director level). Overall there are circa 430 officers deployed in public procurement in Malta as at October 2018.

Several recent reforms have been launched to address the identified gaps in the capability of the public procurement workforce in Malta:

**Table 2.3. Recent reforms to public procurement capability in Malta**

Year	Initiative Name	Description
2017	Professionalisation	Provide a career path for public procurement workforce
2017	Role clarity	Defined list of duties for Managers II (Procurement)
2017	Training course	National public procurement regulations
2017	Training ePPS	Training on ePPS electronic procurement system
2017	Training templates	Ad hoc training on tender templates
2017	Training Green Public Procurement	Training course on Green Public Procurement
2017	Tertiary Course	3 year bachelor level degree in public procurement and finance including hands on with Department of Contracts and Contracting Authorities

*Source:* Created based upon information provided by public officials in Malta.

In 2015 the government sponsored a Chartered Institute of Procurement and Supply (CIPS) Diploma in Public Procurement and Supply course which was organised through the Malta College of Arts Science and Technology (MCAST) with eight government employees achieving the qualification.

Currently the intent is that all officers who work in public procurement attend an induction course on the regulations followed by a hands-on booster course. The induction course is accredited under the Malta Qualifications Framework Level 4. In-house training is also provided on all procurement legislation, the Electronic Public Procurement System (ePPS) and on monitoring tender processes. Officers are randomly selected to attend overseas training.

The planned three-year bachelor's level course was initially going to start in October 2017. However, a full-time three-year course will be available at MCAST in Q1 2019. A part-time course and an apprentice scheme are also in the pipeline to build a cohort of possible future procurement personnel.

A new framework that is intended to provide a career path for managers was introduced recently across all public sector managers. The main change implemented was to introduce a requirement that managers possess both tertiary level qualifications and experience. Previously applicants for public procurement roles could have either experience or qualifications or both. The new requirement has impacted on current workforce because some have no qualifications but a great deal of experience. The feedback is that this change in eligibility criteria has resulted in a loss of motivation and job satisfaction. Examples of some of the issues are:

- Experienced staff training their new managers in how to do their jobs. The new managers have qualifications but limited experience.
- Lack of career path for those with a great deal of experience but no qualifications causing them to look externally for promotion with resultant loss of knowledge and capability.

Steps are being taken to address the issue (which is not confined to the area of procurement workforce alone). The shortages of experienced or qualified people are acute across the entire Maltese public services/public sector. The shortages need to be addressed comprehensively and in accordance with a robust strategic plan for all areas not just procurement.

Internationally the procurement workforce is experiencing shortages and skill gaps in many countries, in the public and private sectors. The market for talent is extremely competitive and organisations need to have a compelling strategic and business-centric procurement story to tell in order to attract and retain the best procurement minds. (Deloitte, 2018<sub>[11]</sub>).

Globally Chief Procurement Officers perceive that there is a significant and sustained talent gap in procurement with CPOs consistently believing that their teams lack the skills needed to delivery their procurement strategy. The view from CPOs is that in leadership roles skills are needed in business partnering, presentation skills and business knowledge. At category manager/contract manager and specialist levels the biggest gaps are in negotiation skills, analytics and technical procurement. (Deloitte, 2017<sub>[12]</sub>).

For Malta this means that a workforce planning strategy with a long-term view is needed. Consideration can be given to the skillsets needed for the Maltese context along with attraction and retention strategies to build a robust and sustainable public procurement workforce.

Key to achieving the best outcomes in procurement is a fully professional workforce with the right people in key roles. When launching the recent Public Procurement Package, the European Commission stated that professionalisation of public procurement can help foster the impact of public procurement in the whole economy. Professionalisation is understood broadly as reflecting the overall improvement of the whole range of professional skills and competencies, knowledge and experience of the people conducting or participating in tasks related to procurement. An effective professionalisation policy should be based on an overall strategic approach along three complementary objectives: policy architecture, human resources and systems. (European Commission, 2017<sub>[13]</sub>).

In Malta, despite a robust high-level framework being put in place with many initiatives in the pipeline or underway, there remain skill and capacity gaps.

**Table 2.4. Gaps in workforce capability**

Identified Gap	Consequence
Changes to management job descriptions to require both experience and qualifications	Demotivation and lack of career path for existing staff with experience and without qualifications
Requirements for new candidates to have both experience and qualifications	Lack of candidates for new positions as those without qualifications do not apply
New staff with less experience than existing staff	Additional work for existing staff as they are training new and in experienced managers
Lack of consultation with existing staff on HR changes	Perception by existing staff of lack of consultation about changes leading to disengagement
Lack of qualified and experienced individuals in Malta	Few candidates are applying for the open positions leaving gaps in the team and impacting on ability to deliver projects
High volume of changes in processes leading to a lack of current knowledge in procurement workforce	Staff do not have up to date knowledge about the changes and sometimes do not take responsibility for the procurement processes leading to delays.
Focus on skillsets is in the area of compliance and lacks support of soft skills such as relationship management or analytical skills such as spend analysis	Focus is on the sourcing part of the procurement lifecycle rather than ex ante (supplier relationship management) and ex post (contract management).
Sharing of knowledge and skills between teams and individuals the contracting authorities.	Knowledge sharing would aid consistency and continuous improvement between the contracting authorities.

*Source:* Created from information provided by public officials in Malta.

Coordination between the circa 170 contracting authorities, seven MPUs and the Department of Contracts to develop a procurement workforce with the capacity to continually deliver value for money has been mostly inconsistent:

- Some contracting authorities are fortunate to have very experienced and highly qualified individuals working for them. However, during the fact-finding mission it was raised that the sharing of knowledge and skills is discouraged by both a high administrative workload and the lack of an overall means to knowledge share.
- Some local institutions have been involved in the development of a university level course. Certainly, there are unique aspects to the legal framework and associated procurement processes in Malta; however the skills sought are generic and there are many training courses available worldwide for development of such areas as sourcing and contract management.

Overall there remain gaps in the area of public procurement workforce capacity and capability in Malta; however, a lot of progress has been made as has been noted by the European Commission (European Commission, 2017<sup>[51]</sup>) and it will not be a significant exercise to further improve the current state.

## 2.5. Assessment of Processes

As known, the public procurement cycle refers to a sequence of related activities, from needs assessment, through competition and award, to payment and contract management, as well as any subsequent monitoring or auditing. These related activities can be split into at least three separate stages:

- Pre-tendering (including planning).
- Tendering (including invitation and award).
- Post-award (including contract and implementation).

An analysis of the procurement processes currently in place in Malta was carried out to identify the challenges arising across these three broad stages of procurement.

There has been a significant amount of activity already completed and still underway in Malta to reform the public procurement system. The OECD Recommendation and its intertwined 12 principles, as well as the knowledge and good practices gathered by the OECD in reviewing public procurement systems across Europe, OECD and non-member countries are one of the main benchmarks used in this review. The review includes properly assessing the needs of public entities, conducting market analysis, and applying adequate tools to improve procurement procedures, such as aggregation or framework agreements.

The outcomes of the analysis support the importance of evaluating existing processes. Likewise institutions are to identify functional overlap, inefficient silos and other causes of waste.

### *2.5.1. Pre-tendering - Planning and preparation*

Procurement planning encompasses both that done by contracting authorities in regard to purchasing activity for a specific period of time and also that done for the purchase of a specific requirement. Time spent in assessing the market prior to the release of a tender will often result in much better outcomes.

Procurement processes benefit greatly from a thorough and timely understanding of the market from within which the procurement is taking place. The Malta Department of Contracts' Manual of Procedures allows for contracting authorities to conduct market consultations with a view to preparing the procurement and informing economic operators of their procurement plans and requirements. However, there is little guidance on how to incorporate market analysis into procurement planning. (Government of Malta, 2016<sup>[14]</sup>).

Market analysis during procurement planning has many advantages including:

- Increasing the awareness of the market and recent market developments or trends that may affect competition for the tender or that may make collusion more likely (e.g. small number of suppliers, standardised or simple products, little or no entry, etc.).
- Having a picture of global impacts and influences on products, prices and cost structures.
- Shaping of future tenders and analysis of supplier market share through gaining information about past tenders for the same or similar products.
- Improving understanding of the market and suppliers by sharing of information between public procuring authorities who have recently purchased similar goods, services or works.

When coupled with insights as to upcoming procurement activity across contracting authorities the planning can be used to produce improved value for money. For example, public procurement projects can be planned to make the best use of available resources and take advantage of scale economies such as occurs in Australia as described below.

### Box 2.2. Government spending statistics in Australia

The Australian e-procurement system, AusTender, provides centralised publication of Australian government business opportunities, annual procurement plans, multi-use lists and contracts awarded. Agencies are required by the Commonwealth Procurement Rules to publish on AusTender standing-offer arrangements and contracts with a value of AUD 10 000 or more. Since 2005, bodies governed by the Commonwealth Authorities and Companies Act are also required to publish details of certain contracts and standing offers.

On the AusTender website, it is possible to access reports on contract notices, standard offer notices and procurement plans. As an example, the records on contract notices that are available online include information on the procuring entity, the procurement method, the contract value and period, a description of the contract and supplier details. The records are searchable by agency, date range, value range, category, confidentiality, supplier name, supplier's Australian Business Number (ANN) and report type. It is also possible to download summary records that include information on the total count and value. Aggregated information extracted from AusTender is available on the website of the Department of Finance. It includes statistics on:

- Total procurement contracts reported, including a breakdown of total value and number of contracts per financial year.
- Procurement contracts by value threshold, including a breakdown of value, percentage of total value, number of contracts and percentage of total number of contracts.
- Participation of small and medium-sized enterprises (SMEs) in procurement.
- Overseas procurement contracts (contracts identified by agencies as primarily or entirely based outside Australia).
- Individual business participation in procurement.
- The ratio of goods to services contracts procured.
- The top 20 categories for goods and services procurement contracts, including a breakdown of value, percentage of total value and percentage of SME participation.
- The top 10 procuring Financial Management and Accountability Act 1997 agencies, including a breakdown of value, percentage of total value and rank in previous years compared to the most recent ranking.

Contracting authorities are able to use the information to undertake cooperative procurement through group buying practices such as “clustering” or “piggybacking”. Cooperative procurement may be referred to as collaborative procurement or multi agency access (MAA) in planned procurements, approaches to market (ATMs), multi-use lists (MULs) and standing offer notices (SONs) published on AusTender.

Contract authorities consider cooperative procurement options as part of their procurement planning. This includes:

- Determining if another entity's existing arrangements would provide

Source: Australian Government, Department of Finance, Canberra [www.finance.gov.au](http://www.finance.gov.au).



### Framework agreements

Undertaking market analysis is one of the necessary steps in preparing to set up framework agreements.

The objective of a framework agreement is to deliver goods and services to the public administration through rationalisation of the public procurement process and leveraging the power of demand, supply and central purchasing bodies.

There are certain risks that should be assessed and mitigated when setting up framework agreements:

- Market closure, when few suppliers are contracted for a long period.
- Exclusion or demotivation of small and medium-sized enterprises (SMEs).
- Diminishing scale benefits by including too many SMEs or breaking up the framework agreement into too many lots.
- Ignoring particular needs of specific contracting authorities as a result of standardisation.
- Increased complexity of framework agreement management – the bigger the agreement, the more complex it is to monitor its performance.

**Table 2.5. Objectives, actions and benefits of framework agreements**

	Objectives	Actions	Benefits
Improve the demand side	Rationalise public expenditure	<ul style="list-style-type: none"> <li>• Framework agreements (FAs) for the major spending categories</li> <li>• Goods and services standardisation</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction and rationalisation of public expenditure</li> <li>• Reduction of waste</li> <li>• Controlling public debt</li> </ul>
	Increase savings and quality	<ul style="list-style-type: none"> <li>• Awarding on the most economically advantageous tender (MEAT) if the subject of the contract allows it, or lowest price</li> <li>• Definition of maximum price and minimum technical specifications, assuring quality and service-level agreements (SLA)</li> </ul>	<ul style="list-style-type: none"> <li>• Value for money, best product/price ratio</li> <li>• Increased quality of procured goods and services</li> <li>• Better management of products and services</li> </ul>
Improve the supply side	Improve competitiveness	<ul style="list-style-type: none"> <li>• Supplier selection based on financial, technical, environmental, quality and SLA performance criteria</li> <li>• Possibility of grouping and sub-contracting</li> <li>• Subdivision into lots – by regions and/or by category of goods or services</li> <li>• Reducing tendering procedures for contracting authorities (CAs)</li> </ul>	<ul style="list-style-type: none"> <li>• Market competitiveness development</li> <li>• Support the diversity of suppliers and the viability of SMEs</li> <li>• Better supply terms for the public administration</li> <li>• Increased transparency</li> <li>• Environmental and social sustainability</li> </ul>
Improve the relationship management	Increase efficiency	<ul style="list-style-type: none"> <li>• Purchasing process simplification</li> <li>• E-procurement development</li> </ul>	<ul style="list-style-type: none"> <li>• Dematerialisation of the business process</li> <li>• Allowing public administration modernisation and achieving e-government goals</li> <li>• Possibility to free up resources dedicated to the procurement process and direct them to other activities</li> </ul>
	Develop reliable information	<ul style="list-style-type: none"> <li>• Group and analyse information from all stakeholders, including suppliers and CAs</li> <li>• Create transparent and reliable databases</li> </ul>	<ul style="list-style-type: none"> <li>• FAs performance monitoring</li> <li>• Ongoing improvement of public purchasing</li> <li>• Greater control of expenditure through purchasing reports</li> </ul>
	Ensure compliance	<ul style="list-style-type: none"> <li>• Comply with local and EU rules</li> <li>• Comply with public sector engagements</li> <li>• Follow guidelines</li> </ul>	<ul style="list-style-type: none"> <li>• Reliable audit trail</li> <li>• Avoid disputes and sanctions</li> <li>• Leverage local and international experience</li> </ul>

Source: (OECD, 2014<sub>[15]</sub>).



Once the framework agreements are set up there are a number of areas to consider in the ongoing management of them. The tasks during the lifecycle of a framework agreement are shown below.

**Table 2.6. Tasks, roles and responsibilities during the lifecycle of a framework agreement**

Planning Phase	Tendering Phase	Launching Phase	Management Phase	Exit
Analysing needs and effects, identifying possibilities and limitations of the supplier market	Tender process applies	Launching of the framework agreement to customers	Monitoring and steering the supplier(s)	Analysing the success of the framework agreement and the procurement. Analysing what would need to be done differently the next time. Ending the framework agreement
Defining the goals for the procurement, the tendering procedure and the agreement	Tender process applies	Explaining to the customers how the agreement works and its limitations	Developing supplier relationships	Planning and assisting customers in transferring to a new agreement.
Preparing for the tendering phase	Tender process applies	Providing guidance to awarded suppliers	Following the developments within the market and the framework agreement (similar to what a project manager might do in the private sector)	

Source: (OECD, 2014<sub>[15]</sub>).

All types of framework agreements have advantages and disadvantages. Where the framework agreement contains all of the terms (whether single- or multi-supplier) the workload of the contracting authorities is facilitated because more straightforward contracting is allowed, through non-negotiated, directly placed purchase orders. Often, they cover products or services that do not require customisation or where technical flexibility at the call-off stage is not necessary. Such framework agreements define all of the technical specifications and service level agreements (SLAs) in the framework agreement itself. Some of the goods or services categories often covered by this type of framework agreement are consultancy services, recruitment services, legal services, office supplies, hardware, furniture or fuel.

In framework agreements, where not all of the terms are laid down, the contracting authorities have additional flexibility in the second (call-off) stage. In such cases the central procurement body will deliberately leave the definition of additional technical specifications and Service Level Agreements (SLAs) conditions (such as delivery period, specific types of products or services, use of green/sustainable awarding criteria) to be set by the contracting authority in the second stage competition, thus aligning purchases to specific needs and market conditions. Often the following categories are covered by such framework agreements: mobile communications, travel services and software.

### *2.5.2. Tendering*

#### *Technical specifications*

A significant level of guidance is contained in the Malta Manual of Procedures on how to draft technical specifications. (Government of Malta, 2016<sup>[14]</sup>).

Several issues with regard to technical specifications were raised during the fact-finding mission to Malta:

- Perception that reviews by the MPUs should not be raising issues of a technical nature about specifications that had been drafted by a technical expert. The feedback given was that the reviews by MPUs should not be carried out in technical areas of the specification when it had been drafted by an expert.
- Economic operators' view that the technical requirements on some occasions were lacking the input of technical experts.
- Evaluations were sometimes carried out on technical aspects with little or no support from technical expertise.

While there is guidance available from a compliance point of view in the Manual of Procedures the issues with technical specifications relate not to their form but their substance.

#### *Publication of tenders*

The publication process for tenders is important to aid transparency and to ensure that the market has a good understanding so that economic operators submit appropriate offers and have plenty of time to lodge them. In Malta all tenders above EUR 5 000 must be published on the ePPS.

Issues with regard to publication of tenders that were raised during the fact-finding mission included:

- Vetting of some tender documents taking too long within the Department of Contracts and MPUs. The resulting delays can negatively impact on the time for economic operators to respond and result in dates being pushed out or tenders being cancelled.
- Process of conversion of the tenders into xml to be imported on the ePPS is cumbersome and causes delays.

**Box 2.3. OECD’s Recommendation of the Council on Public Procurement – Principle on e-procurement**

VII. RECOMMENDS that countries improve the public procurement system by harnessing the use of digital technologies to support appropriate e-procurement innovations throughout the procurement cycle.

To this end, countries should:

1. Employ recent digital technology developments that allow **integrated e-procurement solutions** covering the procurement cycle. Information and communication technologies should be used in public procurement to ensure transparency and access to public tenders, **increasing competition, simplifying processes** for contract award and management, driving cost savings and **integrating public procurement and public finance information**.
2. Pursue state-of-the-art e-procurement tools that are modular, flexible, scalable and secure, in order to assure business continuity, privacy and integrity, provide fair treatment and protect sensitive data, while supplying the core capabilities and functions that allow business innovation. E-procurement tools should be **simple to use and appropriate to their purpose**, and consistent across procurement agencies, so the extent possible; excessively complicated systems could create implementation risks and challenges for new entrants or small and medium enterprises.

*Source:* (OECD, 2015<sup>[10]</sup>).

Amongst the drivers and benefits of e-procurement are transparency and assistance in the re-engineering of Government business processes. It is also viewed as a way that governments can lead by example. The elimination of manual processes frees up the time of public procurement teams allowing them to accomplish more strategic aspects of procurement such as supplier relationship management. Other benefits include: better access to tendering information, increased ability to negotiate and leverage buying power, improved financial management, improved information and knowledge management and innovation in procurement. (Vaidya, Yu and Soar, 2002<sup>[16]</sup>).

In Malta there is an existing e-procurement system and the feedback given during the fact-finding mission indicates that several manual processes continue to be followed as opposed to transitioning more fully to the ePPS.

### *Clarifications*

The clarification process is a vital part of the overall sourcing phase designed to encourage transparency, integrity and access for the market. Clarifications aid in understanding for both evaluators and economic operators. The process does suffer from the risk of inadvertent disclosure of information and the process of clarifications needs overview from experienced procurement professionals at every phase. In Malta there is rigorous filtering of clarifications. However, some issues were raised during the fact-finding mission:

- Currently approval of clarifications from contracting authorities (not MPUs) must be carried out by the Department of Contracts. The reason given for centralising this process was a need for consistency in the quality of drafting, and conformity.
- A perception that economic operators were using the clarifications process to extend timeframes (sending them in at the last minute) or to obtain unfairly advantageous information (wording the clarification to obtain information that would advantage one or more economic operators over others).

### *Opening of Bids*

For transparency to be maintained it is important to carry out the tender opening process well. Planning for any issues that may be encountered can save time in the process and prevent delays caused by debating issues.

In Malta tenders are opened in public at the place and on the date and time indicated in the Call for Tenders (CfT), by the General Contracts Committee or officials from the contracting authority as appropriate. In the case of e-tenders a summary of tenders received will be instantly uploaded on the website [www.etenders.gov.mt](http://www.etenders.gov.mt).

The National Audit Office (NAO) in Malta noted some deficiencies in tender documents which may have been avoided or corrected during a contract opening process. Many of these deficiencies no longer occur due to the later adoption and use of the ESPD which is a self-declaration of the business's financial status, abilities and suitability for a public procurement procedure.

- Non-submission of bank guarantees.
- Copies of insurance policies and proof of their payment not available.
- Lack of quality certificates.

During the fact-finding mission in Malta, the body representing economic operators raised concerns relating to the opening procedures:

- Refusal of a late submission.
- Evaluation committee requesting the Department of Contracts to assist as an offer was found to be incomplete due to a broken CD.
- Query whether it was necessary to provide the economic operator's memorandum and articles of association. It may be that this information is being provided more than once or is considered unnecessary for current suppliers to the contracting authority.
- Economic operator offer – consideration not given as to whether it was abnormally low. Should bids be opened and considered before being circulated to evaluators sometimes a check can be made for abnormally low bids to consider whether or not they should proceed (if this is an option under the terms and conditions of the tender).
- Unnecessary or trivial certificates requested by contracting authorities.

The opening of bids benefits from guidance and planning. The pre-empting of issues during a good quality opening process can save a lot of time and cost during the process.

### *Evaluation of Bids*

Carrying out a robust and efficient evaluation is one of the primary objectives of a well-run procurement process. In Malta it is considered a crucial step within the tendering process timeline which is intended to be completed in an efficient and timely manner.

In Malta evaluation is a stage in the procurement cycle that experiences time delays and during the fact-finding mission a number of areas were highlighted for improvement:

- Requests for evaluator approvals of the outcomes after the publication of the tender.
- Evaluators lacking the necessary experience and knowledge of how to conduct an evaluation.
- Lack of knowledge concerning the carrying out of online evaluations in the ePPS.
- Issues during the evaluation process are sometimes not raised with the result that they are not dealt with before the evaluation committee is convened for group moderation. If the clarification is sought before the evaluators convene then there is the potential to save time. The evaluators have the benefit of corrections being made prior to convening and so do not need to revise their evaluation after the fact.
- Evaluation committees seeking guidance from the Department of Contracts, DCC and GCC. During the fact-finding mission it was explained that there is a perception that the evaluation committees are reluctant to take responsibility for recommending a position and hence the large number of queries.
- During the fact-finding mission it was mentioned that moderation of evaluation scores is being undertaken when the scores are similar among evaluators; this was perceived as showing that possibly evaluator have discussed their individual evaluations with each other. In fact, often the scores are similar where the bidders have all understood the requirements. Moderating scores that are markedly different would be more likely required as it could indicate that an evaluator has misunderstood the response, that a response is ambiguous, or an evaluator has consistently taken a much different view (hard or soft) than other evaluators (in some instances this will be repeated across several scores by the same evaluator).
- Evaluation scoring is manually reproduced for moderation by cutting and pasting from the excel ePPS scoring sheets. The cutting and pasting process could result in errors and adds time to the process.
- The ePPS has functionality which enables it to produce an evaluation report, however the evaluation reports continue to be manually created at the end of the evaluation.
- Creation of paper files for consideration by decision makers and reviewers instead of using the electronic files in the ePPS.
- Evaluation teams typically are made up of three people – while this makes it easier to set up an evaluation team there are some risks with small teams. A wide range of scoring is not available and average scores may be unable to be calculated or skewed. Should there be one or more retirements from the evaluation team this can lead to cancellation or be delayed until new people are found unless good records are kept. There is no evidence that any of these issues are current in Malta.

The use of past performance in evaluations was raised during the fact-finding mission in Malta. The past performance of an economic operator was regarded as highly relevant and it was suggested to be taken into account in evaluations. In Malta, there is a national policy to only request evidence of experience for tenders above EUR 500 000 as it is perceived as opening more competition for SMEs and start-up businesses.

Until 2014, the European Union Procurement Directives, essentially forbade the use of past performance, except for extreme cases of major contractual violations sanctioned by the judiciary. In the new 2014 EU Directives a change was made to enable the limitation of bidder's participation in the awarding procedures, but not to select among bidders based on past performance.

The United States have been using past performance in evaluation for some time as described below. In the contract management phase there is evidence that the active monitoring and use of past performance in this way will see strong improvements in performance ex post the procurement procedure concluding. (Decarolis, Pacini and Spagnolo, 2016<sup>[17]</sup>).

#### **Box 2.4. Vendor performance information in the United States**

Agencies in the United States have long informally evaluated contractors' performance and generally kept some records regarding this performance, at least during the term of the contract. Since 1993 agencies are required to compile evaluations of past performance. Federal law generally requires agencies to evaluate and document contractor performance on contracts or orders whose value exceeds the simplified acquisition threshold (generally USD 150 000). The evaluation must generally address the quality of the product or service supplied by the contractor, its efforts to control costs, its timeliness and compliance with schedules, its conduct of management or business relations, its performance in subcontracting with small businesses and other applicable factors (e.g. tax delinquency). The evaluation and any contractor response comprise the past performance information that is stored in government databases (e.g. Past Performance Information Retrieval System (PPIRS) and Federal Awardee Performance and Integrity Information System (FAPIIS)) and may be used in future source selection decisions.

Federal law also generally requires agencies to consider contractors' past performance when making source selection decisions in negotiated procurements whose value exceeds the simplified acquisition threshold. In a negotiated procurement, the contract is awarded to the offerer whose proposal represents the "best value" for the government based on various factors identified in the solicitation. These factors typically must include price and past performance. However, other factors may be considered and procuring agencies determine the weight given to various factors.

In addition, agencies are required by law to consider whether the contractor has a "satisfactory performance record" when determining whether the contractor is sufficiently "responsible" to be awarded a federal contract. Agencies cannot generally award a contract without determining that the contractor is "responsible". While agencies are generally prohibited from repeatedly finding a contractor not to be responsible based upon the same deficient past performance they may debar or suspend contractors for wilful failure to perform under a contract or contracts, or for a history of failure to perform or unsatisfactory performance of a contract or contracts.

*Source:* (Manuel, 2015<sup>[18]</sup>).

Enabling economic operators which have the necessary technical and professional ability to bid for contracts ensures good delivery of services and value for money. An aspect of an economic operator's technical and professional ability is its reliability as demonstrated by its performance in past contracts. In some EU Member States and also non-European Union countries an economic operator can be excluded from a framework agreement according to certain conditions that can apply individually or cumulatively, depending on the framework's design as follows:

- Delays in providing the goods and/or services in accordance with the framework agreement.
- Failure to supply all the goods and/or services in accordance with the scope set out in the framework agreement.
- Failures to meet any service levels and/or supply the goods and/or services.
- Negative feedback from contracting authorities.

If contract awards are based on past performance, it encourages countries to achieve better acquisition outcomes over the long term and helps to ensure that the contracting authority or the central procurement body will contract with firms that are likely to meet performance expectations. A system that allows for past performance criteria encourages economic operators to compete not only on price but also on quality. It is important to note, however, that for past performance information to be useful, it must be documented, relevant, fair and reliable; systems, tools and metrics for sharing the information such as those in the United States.

### *Awarding the contract*

The roles of the actors during the award of a contract in Malta are set out below:

- Evaluation committee: recommends the award on behalf of the Contracting Authority to the respective MPU or the DOC.
- DOC - Department of Contracts: establishes and regulates the procedure to be followed during meetings of the General Contracts Committee, the Special Contracts Committee, the Departmental Contracts Committee and the Evaluation Committee on various matters including contract award via published manuals or guidelines.
- DCC - Departmental Contracts Committee: makes definite recommendations for the award of contracts where the estimated value is below EUR 144 000 or EUR 250 000 in decentralised ministries.
- GCC General Contracts Committee – considers the conclusions and recommendations of evaluation reports submitted by Contracting Authorities and makes definite recommendations for the award of contracts ensuring that the best value for money at the lowest possible cost is attained.

The evaluation report is a key document in the procurement process as it enables the decision maker to verify that the evaluation process was carried out properly, ensuring that the award recommendation is sound and correct so as to make the contract award decision.

### 2.5.3. *Contract and supplier relationship management*

Comprehensive contract management frameworks can assist in improving other aspects of the procurement lifecycle. Higher quality and comprehensive market intelligence and information leads to improved requirements and assists in negotiations and ongoing contract management by identifying blind spots and added value.

#### **Box 2.5. The OECD Recommendation of the Council on Public Procurement**

The *OECD Recommendation of the Council on Public Procurement* VI. recommends countries foster transparent and effective stakeholder participation.

To this end countries should:

1. Develop and follow a standard process when formulating changes to the public procurement system. Such standard process should promote public consultations, invite the comments of the private sector and civil society, ensure the publication of the results of the consultation phase and explain the options chosen, all in a transparent manner.
2. Engage in transparent and regular dialogues with suppliers and business associations to present public procurement objectives and to assure a correct understanding of markets. Effective communication should be conducted to provide potential vendors with a better understanding of the country's needs, and government buyers with information to develop more realistic and effective tender specifications by better understanding market capabilities. Such interactions should be subject to due fairness, transparency and integrity safeguards, which vary depending on whether an active procurement process is ongoing. Such interactions should also be adapted to ensure that foreign companies participating in tenders receive transparent and effective information.
3. Provide opportunities for direct involvement of relevant external stakeholders in the procurement system with a view to increase transparency and integrity while assuring an adequate level of scrutiny, provided that confidentiality, equal treatment and other legal obligations in the procurement process are maintained.

*Source:* (OECD, 2015<sup>[10]</sup>).

There is potential for increased efficiency and effectiveness by improving contract and supplier relationship management in Malta. Currently there are no defined frameworks or guidance on these methodologies. If these are introduced, then there could be an improvement in the following identified problem areas:

- Requirements drafting: creating better quality requirements for inclusion in requests for proposals. Clear and up to date requirements ensure that responses are of a better quality and reduce the need for clarifications. Implementation of solutions could be improved with the needs of users being adequately met.
- Procurement planning: assisting to define the most appropriate kind of approach to market for the procurement process. Information about the supplier market can assist in considering lot size, whether or not and how much of the approach is



available on line, in person or hard copy. Consideration of methods such as interviews, demonstrations and trials can be included and catered for if needed.

- Risk management: consideration of risk is much improved by the availability and analysis of market information. Defining improved risk treatments in areas such as financial viability, conflicts of interest, cartels and supply chain is enhanced with an appropriate market knowledge base.
- Governance: ensuring clear responsibilities for the operational management of contracts including breaches, reporting, performance measurement and complaints.

A contract management framework containing clear governance and controls can support improved outcomes. Contracting authorities in Malta are responsible for contract performance. Modification of a contract during the term and termination related to procurement procedures is covered in the Regulations.

Several areas concerning contract management were raised during the recent fact-finding mission to Malta:

- Some contracts contain long periods for payment – sometimes one to two years.
- Penalties being charged for breach of service level agreements. Suppliers are sometimes forecasting these amounts into their costs and factor them in their respective offers.
- The physical distance of Malta from suppliers can mean additional costs and risks of delays.
- Some categories of goods, services and works are impacted by international shortages. It was suggested that working with suppliers to anticipate impacts and identify solutions would help.
- Work on inventory management categories has resulted in some additional value being obtained through working with the suppliers to better manage Contracting Authorities' inventory.

Malta has several framework agreements at both centralised and decentralised levels for several categories. Framework agreements provide remarkable benefits for contracting authorities such as simplification, rationalisation and participation. The use of framework agreements in Malta does not appear to be as widespread as could be expected. During the fact-finding mission several issues were mentioned in regard to framework agreements:

- Budgeting is split between the contracting authorities and it is difficult to consolidate it for the purposes of carrying out a consolidated procurement procedure.
- It is difficult to amalgamate the requirements of the various contracting authorities.
- Forecasting is difficult and experience has been suboptimal.

For framework agreements to operate successfully it is important to have commitment from both the demand and supply sides as it indicates the likelihood of effective trade activities between the parties. When demand side commitment is weak and contracting authorities are not required to purchase through a framework agreement, the

attractiveness of the instrument to suppliers may be limited. When the supply side commitment is weak and does not entail the mandatory acceptance of orders, efficiencies for the contracting authorities may be questioned. The primary role of Central Purchasing Bodies (CPBs) is, therefore, to try to reconcile their flexibility with reasonable visibility on likely procurement activities. The overall structure of framework agreements could help to transform the role of the central purchasing body from an intermediary to an enabler. (OECD, 2017<sup>[19]</sup>).

A number of issues concerning compliance and control have been identified from the analysis of processes and procedures.

## 2.6. Performance measures

The success of the changes to the procurement framework in Malta will be tracked using performance measures. In order to measure public procurement systems there are currently two main methods:

- **Qualitative measures:** A subjective assessment of the attributes of a national procurement system, such as the OECD’s Methodology for Assessing Procurement Systems (MAPS), which assesses compliance against a number of indicators. For example, under the second pillar (out of 4) of the MAPS framework on Public Procurement Operations and Market Practices, compliance with a sub-indicator on procurement planning is measured according to compliance with a number of statements (e.g. “The requirements and desired outcomes of contracts are clearly defined”) (OECD, 2006<sup>[20]</sup>). In the case of MAPS assessments, quantitative indicators are used to assess the level of compliance with certain principles and are integrated into the score based on an overall methodology that is used by an expert assessor.
- **Quantitative measures:** Composite indicators that span a number of different procurement operational areas, according to the type of data that is available. For example, the effectiveness of tenders might be assessed based on the average number of tender responses submitted. (Kosovan Public Procurement Regulatory Commission, 2014<sup>[21]</sup>).

However, there are many challenges in measuring public procurement systems including the difficulty of comparing between diverse jurisdictions. There is also often a scarcity of available data from a central source such as a Central Purchasing Body. Based on responses collected from OECD countries in 2016 most measurement focusses on the delivery of savings and occasionally focusses on the use of user satisfaction surveys to measure the success of framework agreements and other services. (OECD, 2017<sup>[22]</sup>).

### 2.6.1. Measurement of the public procurement system

Access to data is essential to measure the efficiency and effectiveness of a procurement system. The data needs to be able to be collected from each step of the procurement process as illustrated by the systems being used by the World Bank for this purpose – it can be a complex exercise.

### **Box 2.6. Approaches for measuring procurement efficiency through e-procurement at the World Bank**

Measuring and analysing procurement inefficiency requires data to be collected on each step of procurement process. The principal World Bank-wide source of procurement data is a web-based interface for entering contract information for World Bank-funded contracts. The interface, however, does not cover all contracts and captures only the final stage of the procurement process: the date of the approval of the contract award, and the date of contract signature. In effect, the interface does not provide information capable of tracking processing time at different stages of the procurement cycle, a requirement vital to tracking efficiency.

Some World Bank regions, such as Latin America and Caribbean, use the Procurement Plan Execution System (SEPA), which focuses primarily on the monitoring and execution of procurement plans related to World Bank funded projects. SEPA's objective is to promote transparency in World Bank operations and to offer a procurement management tool to borrower governments. SEPA requires the input of core procurement dates and provides the option of tracking additional procurement steps. It is, however, a standalone system and dates are inputted at the discretion of the borrower, thus introducing a high level of variability in available information by project and country, rendering the dataset unsuitable for global analysis of procurement efficiency.

It has been used to identify sources of inefficiency, however. For example, analysis showed that a procedure for buying consultancy services was prone to delays. On further investigation, this process required two documents to be prepared by the country in question and approved by the World Bank. Steps could then be taken to increase the efficiency of the process.

The Procurement Cycle Tracking system developed in the World Bank Africa region, PROCYS, is a platform of communications between the principal parties involved in the procurement process. The number of days taken at each stage of the process and the interactions between stakeholders is recorded in the system. It thus tracks not only the total elapsed time between a borrowing country submitting a document to the World Bank for approval and approval being given, but also the number of iterations between the parties, and between different approval levels within the World Bank. It currently covers over 460 projects in over 40 countries in the Africa region, and is being used to provide management information on the responsiveness of different participants in the procurement process.

Systems across the World Bank portfolio all have different objectives and architecture. While there is a wealth of information collected and analysed for specific monitoring needs, the systems do not provide necessary data to analyse the efficiency of procurement process across the World Bank.

*Source:* (Kumar, Nair and Piecha, 2015<sup>[23]</sup>).

The collection of data would support analysis of the processes and provide a basis upon which to look for improvements in effectiveness and efficiency. Implementing a structured qualitative assessment of performance will enable the improvements in efficiency and effectiveness to be measured over time. In Italy the central purchasing

body Consip measures and assess performance in a number of areas including supplier performance (OECD, 2017<sub>[24]</sub>) and savings in framework agreements (OECD, 2017<sub>[19]</sub>).

### **Box 2.7. Consip and measurement of efficiency and effectiveness**

Consip, the Italian central purchasing body, assesses the performance of its suppliers according to a structured mechanism.

1. Technicalities: The monitoring of service qualitative levels delivered by suppliers is based on the analysis of five macro-categories (for each framework agreement).
  - a. Tools: The Supplies' Monitoring Team employs the following three tools:
    - i. Inspections – supplier performance inspections.
    - ii. Survey – surveys to measure perceptions of supplier's service levels.
    - iii. Claims – collection and analysis of public administration claims is undertaken in order to identify agreements performing below requirements in terms of supplied quality services.
2. Inspection financing: Each agreement generates a specific budget to finance the inspections. This budget is calculated proportionally to the amount of money spent through the agreement (the maximum amount paid by the supplier is equal to 0.5% of the sum spent). Consip authorises the supplier to pay the external inspection body. To guarantee the inspection payments, Consip requires a specific guarantee from the supplier.
3. Methodology: The results of surveys and inspections are used according to different weights to produce an indicator that shows the performance of suppliers under existing framework agreements. The monitoring team draws on surveys and inspection findings to score each component in an indicator.

*Source:* (OECD, 2017<sub>[19]</sub>).

Implementing a structured and qualitative assessment of efficiency and effectiveness requires collection of data that is consistent and comprehensive.

### ***2.6.2. Measurement of public procurement effectiveness and efficiency in Malta***

In Malta there are existing data available from the ePPS on the number of procurement procedures, divided by category (works, supplies and services). Data can be collated about the time frames for procurement procedures, however, it is not automatically reported. To perform robust performance measurement against pre-determined metrics additional data will need to be collected.

## **2.7. Public procurement systems**

In Malta all procurement procedures above the threshold of EUR 5 000 must be published and submitted through the ePPS. The ePPS was launched in 2011. During the fact-finding mission a number of areas for improvement were highlighted:

- Increased awareness of the advantages of e-procurement.
- Simplification and enhancement of the functionalities of the ePPS.

- Full transition across all of government including local councils.
- Transposition of the Public Procurement Regulations into the ePPS.
- Negotiation of a fresh contract with the Service Provider.

During the fact-finding mission a number of issues with the ePPS were raised:

- The system is not used in moderation with the data instead being copied and pasted into separate documents by the evaluators.
- Some economic operators find that it is difficult to upload xml files into the system when they are requested to submit their bids.
- Some data is not captured from tender files which means that reporting is not available on timeframes for bid processes.

## 2.8. Arbitration and remedies

It is important for the proper functioning of a procurement system that the right checks and balances are in place to ensure that any areas of non-compliance are met with the appropriate remedy.

### **Box 2.8. The OECD Recommendation of the Council on Public Procurement**

The *OECD Recommendation of the Council on Public Procurement* XII. recommends that countries apply oversight and control mechanisms to support accountability throughout the public procurement cycle, including appropriate complaint and sanctions processes.

To this end countries should:

- (ii) Develop a system of effective and enforceable sanctions for government and private sector procurement participants, in proportion to the degree of wrongdoing to provide adequate deterrence without creating undue fear of consequences or risk-aversion in the procurement workforce or supplier community.
- (iii) Handle complaints in a fair, timely and transparent way through the establishment of effective courses of action for challenging procurement decisions to correct defects, prevent wrong-doing and build confidence of bidders, including foreign competitors, in the integrity and fairness of the public procurement system. Additional key aspects of an effective complaints system are dedicated and independent review and adequate redress.

Source: (OECD, 2015<sup>[10]</sup>).

There are a variety of remedies available in Malta which are set out the Public Procurement Regulations and summarised below:

**Table 2.7. Malta – Public contracts review board remedies**

Remedy
Set aside decisions
Determine issues relating to the submission of an offer through the ePPS
Remove discriminatory technical, economic or financial specifications in documents
Correct errors or ambiguities in documents
Cancel the call for competition on the basis that it is in violation of a law

*Source:* Public Procurement Regulations.

Additionally the following remedies are available in regard to public procurement procedures in Malta:

- Prior to the deadline for submission of offers, an economic operator may submit a pre-contractual concern to the PCRFB. This remedy is free of charge and may be submitted at any point during the publication and while the call is still open on the market.
- After the closing date and during the ten-calendar day “standstill period” any tenderer, candidate, or any person who has submitted a request for participating or a tender may file an appeal before the Public Contracts Review Board (subject to paying a deposit).
- Contracts above a certain value can be the subject of an application of ineffectiveness for a period after award.
- Ten days following receipt of notice of termination of a contract the economic operator can make an objection to the Public Contracts Review Board.
- Any party who feels aggrieved by a decision taken by the Public Contracts Review Board may appeal to the Court of Appeal within 20 calendar days from when the decision is made public.

During the fact-finding mission there was feedback from contracting authorities that, following the cancellation of a procedure, the loss of EU funds and delayed outcomes was a concern. While the remedy would be necessary in some cases there may be a negative outcome for the contracting authority and consequently some reluctance to impose it.

The Compliance and Monitoring Unit (CMU) monitors public procurement, investigates complaints, ensures adherence to the Public Procurement Regulations, co-ordinates with the Inter-Ministerial Task Force on Green Public Procurement, and compiles the EU monitoring report. The CPU was set up to strengthen transparency, ensure good governance and potentially promote whistleblowing. The CMU is intended to be a pre-emptive function to all for early identification and correction before a non-compliance arises.

The National Audit Office (NAO) monitors the accounts and performance of all public authorities and private entities in which the government owns more than 51 percent of shares. The NAO commented on issues of concern regarding procurement in certain individual cases. These include lack of documentation, retrospective variations, failing to follow mandatory procurement procedures, engagement of supplier prior to completion of

procurement procedure, purchases from expired contracts, procurement from open market instead of an existing period contract, and contract awards not publicly notified.

## 2.9. Summary of gap analysis

The following table provides a summary of the main areas identified above as being gaps in the current procurement processes in Malta. In the next section proposals are made to suggest ways to close the gaps.

**Table 2.8. Summary of gap analysis**

	Transparency	Knowledge	Communication	Planning	Timeliness	Systems	Risk management	Governance
Legal framework					X			
Workforce capability		X	X	X	X			
Workforce capacity		X	X	X	X			
Technical Specifications		X			X			
Publishing of tenders		X			X	X		
Clarifications								
Opening of bids	X							
Evaluation		X	X		X	X	X	X
Contract award								
Contract management			X	X	X		X	X
Performance Measures	X					X		
Remedies					X		X	

*Source:* Created based on information provided by public officials in Malta.

## 3. Proposals and policy options

### 3.1. Assessment of the challenges in specific topics

In the previous section an assessment was made over the overall public procurement processes in Malta against international benchmarks and opportunities for improvement including assessment of the pros and cons and consideration of risks and mitigations. This section outlines proposals and policy options based on the assessment in the previous section and aligns with the overall objectives of increasing effectiveness and efficiency of Public Procurement in Malta.

#### *3.1.1. Organisational framework – Roles and responsibilities*

##### *Proposal 1: Defining the scope of action for the Department of Contracts, Contracting Authorities and Ministerial Procurement Units*

The focus of the Department of Contracts is increasing on the areas of monitoring and risk management and advisory functions. The changes explore the possibility of a greater level of responsibility for the contracting authorities.

Feedback received during the fact-finding mission was that there is support for enabling contracting authorities to determine procurement processes with a value below EUR 144 000 where there is a Ministerial Procurement Unit (MPU). This would leave the MPU with responsibility for procurements between EUR 144 000 and EUR 250 000. While this would empower contracting authorities it would also mean that the inconsistencies and perverse incentives created by the current split between contracting authorities and the DOC may be exacerbated. In addition, during the fact-finding mission, there was feedback about the risk of loss of autonomy and ownership by contracting authorities when MPUs are set up.

Similar to other European countries like Portugal, the Government of Malta has embarked upon a decentralisation process across public procurement functions and the process of setting up further MPUs has been signalled as continuing. Public Sector entities' status gives them the benefit of increased flexibility in relation to the recruitment and retention of staff and would therefore be well placed to carry out their own procurement function. MPUs may benefit from a focus on procurement carried out by the Public Service rather than Public Sector. MPUs would have more time and resources available if the Public Sector entities carried out their own procurement functions. There is also consideration being given to including other contracting authorities under Schedule 3 of the Public Procurement Regulations (agencies and entities that have an autonomous status). However, full assurance concerning the capability and capacity of the contracting authorities concerned would be needed prior to any such decentralisation.



### Box 3.1. Major reform of public procurement in Portugal

Portugal started a major reform of its public procurement in 2007 which was based on three major pillars:

1. New legislation aimed at transposing the EU Directives 2004/17 and 2004/18 and to consolidate and modernise regulatory structures for public procurement.
2. New institutions: ANCP (Agência Nacional de Compras Públicas, EPE), the National Agency for Public Procurement which was created in 2007 and took on a role of (a) regulatory authority and (b) a management entity for mandatory electronic National Public Procurement System (SNCP – Sistema Nacional de Compras Públicas) as well as (c) central purchasing unit for central government administration.
3. New electronic process: e-Procurement platforms were introduced for all public entities for all public contracts above EUR 5 000.

The ANCP's major objectives were twofold. Firstly economic goals by increasing savings in public procurement (contribution to sound and better usage of taxpayers' money). Secondly, environmental goals by gradually incorporating environmental requirements within the selection/qualification and award criteria in public tenders. At the same time, SNCP, the National Public Procurement System took into consideration the key stakeholders in the country and actively involved the major contracting entities in the reform. In design, the SNCP is a hybrid system, with ANCP as a central management unit operating a network structure of key stakeholders. The network includes the UMC (Unidades Ministeriais de Compras – ministerial purchasing units), set up in each ministry and acting as a mini central purchasing unit and a focal point between the ANCP and contracting authorities in central government administration.

The major features of the SNCP system are:

- Participation prescribed by law.
- Aggregation of procurement by ANCP or the UMC.
- Acquisition under framework agreements established by the ANCP for demand aggregated across the central government, standardised and purchased benefiting from economies of scale.

Working under the umbrella of the Ministry of Finance, the ANCP was responsible for setting up the SNCP, training the UMCs and coordinating the Interministerial Advisory Committee, responsible for the approval of the National Purchasing Plan, upon ANCP's aggregation of information and calculation.

*Source:* (European Bank for Reconstruction and Development, 2015<sup>[25]</sup>).

In order to address the potential issues with the three different stakeholders it will be necessary to define their scope and provide a framework for ensuring that the public procurement procedures are being owned by the correct actor. It would be advisable to ensure that procurement staff in contracting authorities are adequately trained to help reduce errors and understand when a procurement procedure should be handled by a different actor.

While there are currently different thresholds related to particular procurement categories (water, energy, transport, postal services, defence, security, energy, fuels, health service concessions) there is an opportunity to refine this approach within the current and proposed structure. As part of the procurement reforms in New South Wales, Australia it was decided to devolve procurement responsibility for some of the existing whole of government contracts out to government agencies. Each agency was chosen based on having specialist knowledge of particular categories, the best opportunity to make savings, and incentives to drive better value and innovation. There is an accreditation process for agencies which is based on a measurement of their capability (Government of New South Wales, 2016<sub>[26]</sub>). Over the past few years, Italy has similarly carried out a review of its procurement function and centralised it to achieve improvements across a number of areas.

### **Box 3.2. Centralisation of procurement in Italy**

Consip SpA is a public stock company set up in 1997 and entirely owned by the Italian Ministry of Economy and Finance (MEF), its sole shareholder. Its mission is to make the use of public resources more efficient and transparent, by providing tools and skills, to public administrations, in order to allow them to perform public purchases and at the same time stimulate a competitive participation of enterprises to public tenders. Consip acts according to an “in house” model. It is a public company and can act as a central purchasing body for all central state administrations.

A purchasing transformation programme, centrally co-ordinated, born out of a review of expenditure that began in 2014 yielded EUR 25 billion in 2016 and EUR 30 billion in 2017. The Italian purchasing context in 2014 was:

- over 32 000 purchasing organisations
- 15 regional and one national purchasing centre, but most spend still done at the single hospital/city level
- limited purchasing skills outside of five sixths of the purchasing centres
- inconsistency in terms of purchasing strategy, specifications and pricing.

Analysis identified that there were significant variations between regions in the purchasing price of identical goods and services. The objectives of the transformation were to:

- achieve a quantum leap in purchasing skills and scale to:
  - realise better price consistency and financial savings
  - unify purchasing strategies optimising specifications, particularly of services
  - promote innovation and guarantee quality
- streamline process costs
- strengthen the fabric of services and product suppliers.

The programme benefited from Consip’s and some of the regional CPBs accumulated experience to extend the central purchasing units coverage and penetration. It also created a mandatory centralisation of large healthcare and local entities’ goods and services.

The change management component of the programme was managed with weekly steering committee meetings, intensive communications to all stakeholders and quarterly performance dialogues.

As a result of the reforms the percentage of centralised health care purchasing went from 27% in 2015 to 89% in 2017. The cumulative value of new tenders in the centralised categories went from EUR 25 billion in 2016 to EUR 57 billion in 2017.

Cumulative multi-year potential savings were increased from EUR 5.8 billion in 2016 to EUR 12.7 billion in 2017.

Other achievements include:

- Process cost reductions of 80-85% for the centralised categories.
- Standardisation of service specifications, reducing low value-add variability. Additional potential savings of 5-15%.
- Building demand management control systems for drugs and medical devices.
- Innovation – over EUR 1.5 billion freed up for financing of innovative drugs.

*Source:* (Financial Times, 2017<sup>[27]</sup>). Also based upon a Powerpoint presentation “Purchasing transformation: The Italian experience” presented by during a seminar at the OECD on 31 January 2019.

Similarly, in Malta individual agencies or MPUs could be given responsibility for particular categories of procurement spend. A challenge to this approach was raised during the fact-finding mission whereby the budget process for procurement means that it is currently difficult to combine procurement activities across different contracting authorities. To solve this issue, it is proposed that framework agreements are set up that enable individual contracting authority budgeting to take place and to also ensure that the process for all contracting authorities is clear and consolidated purchasing can take place. Setting up a framework agreement that provides contracting authorities the ability to choose one or more suppliers from a supplier panel would enable separated budgeting to occur.

*Proposal 2: Analyse the possibility to change the value range within thresholds for procurement procedures*

In Malta tenders must be issued for procurement procedures which have a value higher than EUR 10 000. Allowing contracting authorities to issue quotes instead of full tenders at a higher value than EUR 10 000 would support a reduction in timeframes for these procedures.

Currently the DOC provides a non-mandatory standard template for calls for quotations. Should the value range be increased for quotations then the Malta Government considers it would be appropriate to simplify the template for calls for quotations and make it compulsory for contracting authorities to use. Consideration would also be given to making a signed contract compulsory following the call for quotations process concluding. Full consideration would need to be given to assurance and monitoring to ensure compliance as part of the implementation plan for any such actions.

Any changes to value ranges should be in line with the European Union Directives and the procedures under the lowest threshold should still abide by the general principles of European Union law.

If framework agreements are adopted more widely then secondary or call off procedures would also reduce timeframes. It is suggested that a risk-based approach is taken so that the default is a quote process and full tenders are only carried out where there is a need based on factors like risk and complexity. Procurement planning can incorporate consideration of the approach to market which would consider factors such as the complexity and risk involved in the subject of the project.

### 3.1.2. Procurement procedures

In Malta there are a significant number of procurement procedures underway at any one time. The volume of procurement procedures coupled with the complex nature of the rules surrounding procurement activity create a challenging environment to implement changes.

#### *Proposal 3: Improving the impact of framework agreements*

Although there are various framework agreements in place some difficulties were identified in the implementation of further categories:

- Technical experts in the categories are not widely available across government and this would hinder the establishment of technical specifications and terms of reference.
- It was perceived as risky to have technical specifications and terms of reference in place for the whole lifetime of the framework agreements because it may be deemed to be limiting the market from offering improved technical services and the latest products. Consideration of whether or not a category is suitable for a framework agreement would reflect the degree of standardisation of the goods, services or works. If there is a high degree of change due to factors such as innovation, then the category would not be suitable for a framework agreement. A robust market analysis can assist in decision making.

Common product and services categories suitable for framework agreements from several EU countries is set out below.

**Table 3.1. Common products and services categories for framework agreements, EU countries**

• PC desktop/laptop	• Telecommunications products and services (networks, mobile and landline phones and services)
• Copiers and printers	• E-procurement tools
• Hardware and IT equipment	• Meals
• Software licensing	• Printing and copying
• Office furniture	• Travel and accommodation
• Fuel (for heating and transport) and electricity	• Cleaning services and products
• Vehicles and motorcycles and their insurance	• Transport services
• Paper and office supplies	• Security and surveillance services

Source: (OECD, 2014<sup>[15]</sup>).

It is suggested that further consideration is given both to the guidelines for use of framework agreements in Malta and the categories covered by them. The introduction of further categories could assist in achieving an increase in both efficiency and effectiveness through:

- Rationalisation of public expenditure.
- Increased savings and quality.
- Improved competitiveness.
- Increased efficiency.
- Development of reliable information.
- Ensuring compliance.

### **Box 3.3. Framework agreements in Portugal and Colombia**

A framework agreement is an agreement with one or more economic operators for the supply of goods, services and, in some cases, works. Its purpose is to establish the terms governing contracts to be awarded by one or more procuring entities during a given period. Entities can use different types of framework agreements which depend on a combination of two driving parameters: the number of suppliers (one/many) and the completeness of the terms of the agreement (complete/incomplete). The type of framework agreement used will depend on the specificities of each procurement category in terms of needs assessment and market capability.

In Portugal one of the top priorities identified for ANCP was launching public tenders with the aim of awarding framework agreements for goods and services commonly purchased by public administration. The strategy aimed at creating value, financial gains and savings and cost reductions through the implementation of framework agreements, which would facilitate the tendering process, by shortening timeframes, easing rules and presenting a predefined set of products. This process combined with the centralisation under the UMC promoted synergies and economies of scale as a result of a concentration process.

In 2012 Colombia Compra Eficiente (CCE) was established as the CPB for Colombia and subsequently empowered with a mandate that includes the establishment and operation of public procurement information, and the development and dissemination of procurement policies and expertise, at both central and sub-national levels. The use of framework agreements has been made compulsory for buying entities at the central government level and optional for subnational buyers. The intent is to use framework agreements as a way to tap into the potential of aggregating demand.

*Source:* (European Bank for Reconstruction and Development, 2015<sup>[25]</sup>) (OECD, 2016<sup>[28]</sup>).

During 2019 the DOC is committed to seeking effective solutions to address the current issues and seek further benefits from framework agreements. A number of areas are to be explored, including further specific consultations with stakeholders to ascertain effective, efficient, economical and sustainable solutions. The DOC is also seeking to increase the use of the framework agreements for aggregated procurement activity through its Demand Management Unit.

*Proposal 4: Making a better usage of procurement planning*

The planning phase in procurement is important not only for each particular procurement procedure but also for cooperative or collaborative procurement activities. In Malta there is an opportunity to benefit further from building time for and allocating resources to planning as part of the procurement lifecycle.

A good understanding of the total yearly procurement pipeline across Malta, by collecting annual procurement plans from the contracting authorities and MPUs, will result in informed strategic procurement planning. Hence outcomes such as collaborative procurement activities across contracting authorities could result. The main benefits of such activity are lower costs for economic operators and improved value for money for contracting authorities.

Procurement planning which incorporates the collection of market information can lead to better outcomes for procurement procedures as the information could be used to achieve improved outcomes throughout the procurement lifecycle, from the go-to-market phase right through to contract management.

In Malta a focus on thorough market analysis would enable the collation of information prior to the initiation of a procurement process which could support the exclusion of non-performing bidders.

It is suggested that focus is brought to setting up a clear framework and guidance for pre-market engagement in Malta. This would include:

- Procurement planning at a national as well as distributed level to enhance efficiency and reduce the overall volume of tenders.
- Ongoing contact with the supplier markets both locally and internationally.
- Using information on performance in the public sector to inform decision making prior to releasing a tender.

*Proposal 5: Improving technical specifications and technical expert pool*

The inclusion of technical experts in the team that drafts the specifications is a measure that improves the quality of the description of goods, services and works when a tender goes to market. There is always potential for perceived or actual conflicts of interest to arise and it is important to manage these carefully. However, the value gained by including the expert knowledge in the drafting phase ensures that the specifications of the tender will be much more robust and aligned to the offerings that the market will make. It will also help to avoid the risk that changes may be sought to a technical specification after the tender process has already kicked-off.

Although it can be difficult to find the technical expertise needed, this is an important part of the planning phase for a procurement project. A pool of technical experts in areas of frequently procured goods, services and works is an option.

It would assist with the tender process to ascertain that engaging and managing technical experts in Malta is supported by knowledgeable procurement staff. Ensuring that technical experts are clear on their roles and responsibilities, providing the proper information at the right time and acting with integrity are all necessary for the engagements to work well. Providing support documents such as template terms of engagement, frequently asked questions and guidelines on how to source and manage technical experts would be beneficial.

*Proposal 6: Enlarging tender publication and expanding it to pre-tendering stages*

Overall the requirement to publish tenders on the ePPS supports a good level of transparency in Malta and assists in efficiency and effectiveness. To increase the benefits of the e-procurement system there are some areas where improvements could be made.

In some cases publishing technical specifications prior to the publication of the tender would permit stakeholders to comment and contribute to any areas in specifications and criteria. This may offer insights and improvements. It would enable feedback about technical details and mitigate against the risk of information asymmetry which is a potential way of ensuring a level playing-field, particularly where there is an incumbent supplier. An example of such incumbent advantage was the subject of the development of a structural empirical model of procurement activities in the German market for railway passenger services which found that the incumbent was slightly more cost-efficient and had substantially more information about future ticket revenues than its competitors (Stefan and Christoph, 2018<sup>[29]</sup>). Templates could be prepared for specifications of common goods, services and works where there is no framework agreement already in place.

The vetting process undertaken by the Department of Contracts could be improved through exploring methods to introduce efficiencies such as enabling it to be performed online. There are many technologies available that enable collaborative meetings to occur without the requirement for travel and a physical presence. Planning the reviews a year ahead to identify any peaks and troughs, avoid times when there may be limited resources and scheduling reviews to make best use of available staff.

Devolving out responsibility for the vetting of documents where there is sufficient expertise could actually improve the quality of documents by spreading the workload and avoiding the bottlenecks that otherwise occur. A clear outline of the responsibilities for each section of a document could prevent issues with technical specifications being reviewed unnecessarily and save time. Focussing available resources onto the areas where they have the best capability (for example, converting documents to xml files) would enable development of specialisation in the tasks which means they get completed to a higher standard and faster. (Chittka and Muller, 2009<sup>[30]</sup>).

While the Government of Malta is not ready to expand further on its pre-market engagement activity in public procurement it should be noted that since 2016, with the introduction of Preliminary Market Consultations under Regulation 47(1) of the Public Procurement Regulations, progress has been made towards expanding the pre-tender role of the contracting authorities. In addition, the Department of Contracts publishes technical specifications to be used for targeted procurement. The Department of Contracts continues to seek services and supplies for which standard technical specifications can be made available. It is acknowledged by the Government of Malta that such documents would be beneficial to economic operators and contracting authorities alike.

*Proposal 7: Increasing the effectiveness of evaluation techniques and methods*

Facilitation of knowledge sharing amongst the procurement community is critical and disseminating evaluation methodology guidance will support this objective.

During the planning phase for a procurement procedure consideration is given to the type of evaluation methodology that will be applied. There are many different types of evaluation methodology and sufficient time needs to be allocated to consideration of this vital part of the process. In order to understand which evaluation technique will best suit the procurement outcome sought, then it is essential to consider factors such as:

- Whether the procurement involves goods or services.
- Whether the strongest emphasis is on price or on quality.
- Whether all of the criteria have the same importance.
- How complex the procurement is.
- Whether a multi stage process is needed due to shortlisting.
- Size of market or economic operator community.
- How difficult it is to define the scope of the requirements.
- Whether there is a fixed budget.

For the correct method to be carried out well there needs to be a very good knowledge base in the procurement workforce. Support for the knowledge base can be provided through training, templates and guidelines.

Moreover, for a more effective evaluation the procurement workforce needs to have a suitable level of knowledge and skills to bring to bear. In Malta the fact-finding mission was told that the knowledge base about different pricing evaluation techniques was insufficient amongst procurement staff. Creating forums and online repositories of examples or frequently asked questions from Malta and elsewhere would assist in closing the gap by giving staff ready access to the information. To supplement the training and support already provided, consideration could be given to holding briefings for evaluation committee members outlining the way that the process is to be carried out as well as incorporating guidance in the ePPS and templates while evaluation is being carried out. Providing a group of peers either as evaluation chairs or senior roles in the procurement community that evaluators can refer to for guidance could also be beneficial.

**Table 3.2. Comparison of average days for tender award pre MPU and post MPU**

Data for Ministry of Education and Employment (MEDE) and Ministry for Justice, Culture and Local Government (MJCL)

MPU	Average days for award of tenders (pre MPU)	Average days for award of tenders (post MPU)
MEDE	122 days	115 days
MJCL	155 days	51 days

*Source:* Process Overview Public Procurement Process for Open Calls Tenders, Department of Contracts. Updated on 31 May 2018.

Since introducing the MPUs to Malta there has been a marked reduction in tender award timeframes. The MEDE and MJCL followed a different process to that previously used including convening a meeting both at vetting and evaluation stage to resolve any issues and clarifications in the meetings rather than by email. The practice could also be adopted by other contracting authorities in Malta.



The current e-procurement system in Malta (ePPS) has functionality to provide electronic reporting on evaluation outcomes. Using the source data from the system would help to avoid duplication of work and also avoid any potential errors through the transition of data manually from ePPS into hard copy evaluation reports.

Past performance of bidders can be used to limit the bidders' further participation in the evaluation process. A clear set of guidelines could be developed to provide for the circumstances for this to occur using information that is documented, relevant, fair and reliable. Clear expectations and follow up during contract management can also provide some controls as to further participation by economic operators and even improve performance in some cases.

#### *Proposal 8: Optimising the pool of evaluators*

The purpose of a good evaluation is to provide objective analysis to support decision making (Government of UK, 2018<sup>[31]</sup>). The areas of focus for evaluation in Malta are principally related to the timeframes and bolstering capability and knowledge of those performing the task.

There are currently too few evaluators available in Malta to perform the numerous evaluations required.

In addition, staff that are deployed to perform evaluations are also expected to keep performing normal duties. The evaluator may find it difficult to devote the time that is needed at the same time as working in a full time role. A pool of evaluators has been set up to bridge this gap. Also it is advisable that in the planning phase evaluators are identified to accelerate the evaluation process.

A centralised pool of evaluators is already being set up within contracting authorities and will serve as a source of knowledge and expertise about evaluation. The initiative will also aid consistency of decision making across contracting authorities in similar procurement procedures. Consideration is being given to the optimal mix of expertise and knowledge for the pool.

#### *Proposal 9: Updating evaluation templates*

Standardised templates are ready-to-use templates which contracting authorities can use, i.e. tender notice and tender documents. The advantage of these templates is to help contracting authorities save time and avoid potential errors. The templates also contribute to assuring the quality of the procurement procedures and decreasing the administrative burdens of economic operators who prepare the bid proposals. However, standardised templates are not a common practice in many European countries yet. (PWC and European Commission, 2016<sup>[32]</sup>).

In Malta various templates have been developed including:

- Evaluation report.
- Tender document categorised according to thresholds.
- Call for tenders.
- Training content improvement.

Splitting templates into common goods (such as toilet paper, stationery, bottled water) and specific, one off supplies may also enable efficiencies as there is less guidance needed for common goods as the tenders are frequent enough for there to be a body of existing knowledge about the specifications and other parts of the tender considerations.

In order to aid efficiency in Malta it may be worthwhile creating templates for evaluation planning. The templates could set out the tasks required to set up and run an evaluation. Using templates could aid consistency and reduce the number of processes referred to the DOC, GCC and DCC.

#### *Proposal 10: Tackling clarifications*

Excessive requests for clarifications can mean that the technical specification or scope of a procurement process was not clear. The number of clarifications can be reduced through planning and prior market engagement along with subject matter expertise in drafting of the technical specifications and during evaluations.

In Malta a number of initiatives have been instigated and implemented to reduce clarifications. Instituting the improvements in a planned way across and throughout the whole procurement system will ensure that they are both taken up and maintained.

One suggestion is to set up a knowledge base for the training and sharing of methods and techniques for both answering and creating clarifications for the staff involved. Consideration could be given to creating a standard set of training material for evaluation chairs and evaluators. Over time this could support devolving responsibility for clarifications management from Department of Contracts to the MPUs and contracting authorities.

A knowledge base accompanied by a search engine would enable quick access to a database of previous clarifications so that consistency is maintained across procurements of the same or similar products.

#### *Proposal 11: Increasing efficiency of post tender contract management*

There is the potential for increased efficiency and effectiveness by improving contract and supplier relationship management in Malta. In 2014 the scope of the procurement rules set out by the European Union was extended beyond the award and conclusion of a contract and now includes provisions to regulate the modification and termination of contracts (European Parliament and Council, 2014<sub>[33]</sub>). The introduction of frameworks for contract management and supplier relationship management may address some of the gaps currently experienced in the post tender phase in Malta.

Efficiency and effectiveness in procurement organisations needs to be assessed relative to the activities they are involved in. There is a trade-off between efficiency and effectiveness. Different competencies are represented in efficiency and effectiveness. When the organisation is “doing things right” it is being efficient and when it is “doing the right thing” then it is being effective. The organisation which is highly efficient may spend less than peers, however, quality and value may suffer. Those organisations focused on efficiency tend to make decisions based on cost and investment pay back likelihood whereas organisations focussed on effectiveness make decisions based on quality and value rather than costs and productivity. An organisation which emphasises customer service may place more emphasis on effectiveness rather than efficiency. Some key categories for measuring efficiency include: cost, staffing, productivity, technology leverage and cycle time.

By investing in higher value areas such as supplier relationship management and strategic sourcing efficiency can be improved – it allows staff to be released from operational roles to value adding roles. (Hart, n.d.<sup>[34]</sup>).

#### **Box 3.4. Colombia’s new e-procurement system SECOP II**

In 2016, Colombia Compra Eficiente (CCE), the National Central Purchasing Body of Colombia designed and implemented a next-generation e-procurement platform (SECOP II). Designed to increase electronic availability of all procurement documents, allow electronic communication at all stages of the procurement cycle and electronic submission of tenders. One of the most important advantages of SECOP II is the automation and centralisation of many of the data collection activities. By collecting data in structured formats, the resource intensive process of manually reporting data, manually sampling and testing for inaccuracies and manually generating relevant reporting from the system are eliminated and these resources dedicated to other functions within the context of improving the public procurement system.

As the system developed, Colombia recognised the importance of having key performance indicators derived from information available from within SECOP II and other related systems. Eleven key indicators across four key target areas were identified and defined, and baseline evaluations have been conducted.

SECOP II has also been integrated with the SIIF financial information system. In implementation of the *Tienda Virtual del Estado Colombiano* – the e-store system for the framework agreements managed by CCE – work was done to integrate with SIIF, and the development of SECOP II has benefited from this experience.

*Source:* (OECD, 2016<sup>[28]</sup>).

Currently there is greater focus on effectiveness than efficiency in Malta evidenced by the focus on a high touch public procurement processes with a number of handoffs. Therefore, opportunities for efficiency gains exist in the area of supplier relationship management as by increasing market engagement and securing a greater information base for future procurements there is room for time savings, productivity and reduced costs.

#### **3.1.3. Human resources**

The capacity and capability of the procurement workforce in Malta is impacted by a number of internal and external factors which sometimes cause the procurement procedures to be affected. A lot of work has been done in the area of training and development; however, the time horizon for benefits to be realised is likely to be relatively lengthy. Nonetheless there are several opportunities available in the area of workforce capacity and capability in Malta.

#### *Proposal 12: Developing a professionalisation strategy*

The ongoing upskilling of the procurement workforce could benefit from further shape and direction supported by a professionalization strategy. It is suggested careful consideration is given to the types of training and qualifications needed to ensure the best outcomes for the individual staff members and for overall procurement outcomes. Consideration of the levels of skills, qualifications and experience required are pivotal in designing the strategy. Once the strategy is completed the next phase could be to set up a

certification framework which sets out the subjects required, topics to be taught, objectives of training sessions, different ways of learning to suit different learning styles. The inclusion of more on the job training is considered optimal due to the positive feedback received on this method during the fact-finding mission.

*Proposal 13: Creating a workforce capability plan*

With the recent changes to the public sector job descriptions in Malta qualifications have been emphasised rather than practical on-the-job experience. More recently, however, there has been a move to change this back to requiring either or both. A skills based assessment mechanism would ensure that, not only academic credentials are taken into account, but also core experience gained. Some qualifications recognise experience and non-academic learning through Continuing Professional Development (CPD) schemes. For example, the CIPS scheme enables the recognition of practitioners' ongoing development of knowledge and skills, beyond qualifications, to maintain competence in the field of procurement. (CIPS (Chartered Institute of Procurement & Supply), n.d.<sup>[35]</sup>).

Another method of increasing workforce capability is to encourage opportunities for mentoring, buddy programmes, communities of interest and electronic hubs to aid in sharing of expertise, experience and knowledge across the procurement profession in Malta. In New Zealand the government supports a highly successful Graduate Programme which includes mentoring and buddy activities as part of its overall strategy to increase procurement workforce capability. (MBIE (Ministry of Business, Innovation and Employment), n.d.<sup>[36]</sup>).

*Proposal 14: Increasing general effectiveness and efficiency of the procurement function*

The main areas of focus for increasing efficiency in Malta currently are:

- Increased competition, reduced administrative burdens, shortened duration and increased compliance levels through e-procurement.
- Increased value from use of framework agreements and/or consolidated contracts.
- Decreased cost of procurement staff over time as levels of efficiency increase in areas of automation such as e-procurement, the use of framework agreements and consolidated contracts.
- Decrease in unsuccessful procurement processes.
- Improved public procurement planning as reflected in decreased time spent on certain parts of the procurement lifecycle (specification development, clarifications, evaluation).

In order to demonstrate the improved efficiency and effectiveness of the procurement function it is necessary to create a set of new metrics and define the data that will need to be gathered for measurement.

There has been a great deal of focus on improving the timeframes for procurement procedures however this is only one metric. A number of other metrics are common in assessing procurement efficiency and effectiveness.

**Table 3.3. Procurement performance measurement**

	Metric	Measurement
Efficiency	Cost	Procurement cost as a % of spend
	Staffing	Staff per million of spend
	Productivity	Purchase orders divided by material receipts per employee and cost per purchase order divided by receipt
	Technology Leverage	Technology cost per billion dollars of spend divided by technology cost as a % of procurement cost
	Cycle time	Hours required to complete a requisition and purchase order
Effectiveness	Cost savings	Annual cost savings as a % of spend
	Supplier leverage	Number of suppliers per X dollars of spend, percent of suppliers providing 80% or more of the annual spend, percent of purchases made from preferred suppliers
	Error rates	Percent of transactions requiring correction after process
	Customer satisfaction	Percentage of deliveries received in full and on time – IFOT (measurement can sometimes be difficult). This metric can also be used to track the quality of items being delivered

Source: (Hart, n.d.<sup>[34]</sup>).

In order to demonstrate whether or not the metrics are met ongoing data will need to be collected. The extent of data to be collected will need to be defined including any constraints and limitations. It is suggested that if possible the collection is automated using the ePPS.

A key element of performance measurement is credible savings reporting. A reporting system usually includes:

- A clear benefits tracking governance structure.
- Standard documentation.
- Reporting protocols.

Savings can be broken down as follows:

- Year on year savings – reported as EBIT (earnings before interest and tax).
- Cost avoidance such as negotiated reduction from contracted increase or avoidance of proposed cost increase.
- Revenue improvement through volume impacts resulting from process improvements, bottleneck elimination or decreased in selling costs or penalties.
- Balance sheet improvements – improved working capital, capital expenditure reduction or reduced investment in non-value assets (Hart, n.d.<sup>[34]</sup>).

Considering the specific objectives and focus in Malta a set of performance indicators along with data requirements is suggested. The performance indicators below focus on efficiency and effectiveness in the context of the economic impact of public procurement. Further consideration could be given to including performance measures in the areas of environmental and social impacts.

**Table 3.4. Applicability of performance indicators to the Malta public procurement system**

Objective	Data requirements	Applicability in Malta
<b>Inputs - General</b>		
Overall inputs required	Staffing levels; cost of running organisation; breakdown of time spent on different activities	Internal data on staffing can be used to establish overall organisation inputs, and division of inputs by activity
Cost of establishing framework agreements (FAs)	Cost and time of staff (inside and outside of organisation) spent on establishing and managing FAs	Direct costs and employee time spent establishing and managing FAs possibly established from existing data
Increased competition in FAs	Numbers of bids submitted for different stages of each FA (including call-off stage)	Data available on ePPS. Requires data on call-off phase participation from contracting authorities where required.
SME participation in FA tenders	Number of bids submitted for different stages of each framework agreement by businesses categorised as SME's	Can be established, provided size of business is captured as part of tender information
<b>Inputs – Capability building and consulting services</b>		
Spend/time on advisory services and resources	Staffing levels related to advisory services; additional costs for providing such resources and tools	Direct costs and employee time spent delivering consulting/advisory services to contracting authorities (CAs) may be established from existing data
Training spend	Cost of providing training courses, and amount of employee time consumed on delivering training	Direct costs and employee time spent delivering training to CAs may be established from existing data
<b>Outputs – Framework Agreements</b>		
FA hard savings	Cost of goods and services agreed in framework agreements (or cost paid by CAs in second stage) versus market rate for CA or centrally agreed rate depending on methodology	Savings methodology to be developed and applied
FA time savings	Average time spent by CA personnel to establish a contract for the relevant good or service	Time spent by personnel is collected in aggregate and may be able to be broken down as required.
FA customer satisfaction	Survey results from users of FAs from within CAs	Customer satisfaction surveys would need to be put in place if currently not in existence.
Efficiency in second stage FA processes/through dynamic purchasing system (DPS)/other instruments economic operators	Assessment of time taken for economic operators (averaged across several economic operator profiles) to compete in initial and call-off stages of tender with and without efficiency tools such as DPS	Data could be obtained from economic operators on the time taken to respond to FA tenders in using ePPS or other efficiency tools
Efficiencies in second-stage FA processes/DPS/other instruments - CAs	Assessment of time taken for contacting authorities (averaged across several CA profiles) to compete initial and call-of stages of tender with and without efficiency tools such as DPS	Data could be obtained from CAs and ePPS on the time taken to purchase from FAs manually or by using DPS or other efficiency tools
SME success	Ratio of SMEs that are successful in FA tenders. For multi-stage FA, assessment of success at 1) initial tender stage and 2) call-off stage (and number and value of contracts awarded to SMEs)	Would require reference to a database of supplier information – may be available in ePPS
Innovative procurement	Ratio of goods and services purchased that meet innovation criteria (e.g. purchased through PCP, first introduction into domestic market etc.).	Measurement of percentage of innovative procurement procedures could be made
<b>Outputs – Capability Building</b>		
Qualified/certified personnel	Levels of certification in procurement professionalization of workforce versus overall workforce numbers	Data on competence levels and qualifications of procurement professionals is available
<b>Measuring DOC and MPU Performance in Malta</b>		
<b>Inputs</b>		
Cost and time of procurement processes	Time taken (and any associated overt costs, not including employee salaries) by government personnel, including non-procurement roles, to undertake procurement activity	Data could be captured on a consolidated basis and for separate stages of procurement procedures. An estimate of total cost and time across the system could be made from the data

Objective	Data requirements	Applicability in Malta
SME participation	Number of bids submitted for government tenders by businesses categorised as SMEs	Information could be collected through ePPS (if possible) that could be used to assess the number of SMEs participating across all tenders
Business perceptions on cost and time of participating in government tenders	Survey responses, including quantitative results, on time taken (and resources engaged) in responding to government tenders	Could survey a broad sample of business sizes and tender types to gain an understanding of inputs required of businesses when participating in public tenders
Overall inputs of national procurement system	Data/estimates on number of personnel in each contracting authority engaged in procurement activity, and value of procurement spend at each contracting authority	Could be assessed using estimated size of procurement workforce as well as procurement spend.
Business participation and competition	Average number of bidders per tender; ratio of tenders that are open procedures versus limited tenders and direct awards	Information on procurement activity from ePPS and from data on direct awards where available
E-procurement inputs	Direct costs for purchasing, upgrading or maintaining an e-procurement system; personnel costs associated with system management and maintenance	Data could be collected centrally on e-procurement system and personnel costs
<b>Outputs</b>		
Government customer satisfaction	Survey results from teams within CAs that use procurement services on service/efficiency/effectiveness provided by public procurers	Could survey recipients of procurement services within contracting authorities
SME success	Ratio of SMEs that are successful in government tenders, and number and value of contracts awarded to SMEs	Data on size of economic operator could be collected and collated into reporting
E-procurement time savings	Assessment of time taken for contracting authorities and businesses to conduct tender procedures with and without use of different digital procurement functionalities	Data could be collected on the time taken for contracting authorities to conduct tenders manually versus using different digital functionality. Once a benchmark is established then measurement can take place.
Use of whole of life costing	Ratio, value and number of contracts awarded following a procedure containing life-cycle costing award criteria	Information could be collated from the ePPS or manually from contracting authorities
Cost and time reduction resulting from process simplification	Measurement of time taken by government and business personnel to complete tender procedures but before and after efforts to improve or simplify processes (e.g. use of model contracts)	A benchmark could be established on the time to complete different types of tender then measurements could be taken after improvements/simplifications have been made

Source: Based on data provided by Malta; (OECD, 2016<sup>[37]</sup>) and (The World Bank, 2017<sup>[38]</sup>).

## 4. Public procurement processes

### 4.1. Introduction

To better achieve relevance and impact, a review of the public procurement systems and processes through the lens of efficiency and effectiveness was also carried out. There is an ongoing programme underway to improve in these areas across the whole public procurement system and some progress was noted. There is recognition that there are many opportunities for improvement which have varying degrees of feasibility depending on the external factors that may be relevant in any given situation such as:

- Legislation – adds significantly to the time and effort required to make the change.
- Technology - change may require budget, people and time.
- Political system – contracting authorities may be unable to act.

A number of change options have been suggested and are outlined in the proposed processes below. Clear accountability assists in efficient decision making and so it is suggested that Ministries could create a position responsible for coordination of the drafting of the tender documentation with the Contracting Authorities. The position has been called a “Procurement Leader” in the proposed processes. The Procurement Leader would be a senior individual who is fully trained and has significant procurement experience. It may be that a pool of such individuals could be created similar to the evaluation and technical expert pools which enables the leveraging of expertise across the Ministries.

Currently there are also Manager I (Procurement), Manager II (Procurement) and Assistant Manager (Procurement) in the DOC and the decentralised ministries.

Another position called a “Schedule Manager” is suggested to plan a 12-month pipeline of tenders across all Ministries. This would enable opportunities for collaborative procurement to be identified as well as managing of resources around fluctuations in volume. It may not be possible to plan ahead for all tenders however it would create some additional transparency around the view forwards.



## 4.2. Public procurement processes in Malta

### 4.2.1. Process 1 – Drafting

**Table 4.1. Proposed process - drafting**

Task	Process	Output	Proposed Change Action
List of the scheduled tenders for the next period	Reporting from each contracting authority on planned tenders for the next period. Meetings between Managers I (Procurement) at each Ministry, contracting authorities (CAs) and Schedule Managers to coordinate the upcoming tender projects and schedule timeframes.	Plan of the scheduled tenders for the next period.	Define planning process including people (e.g. new positions Schedule Manager, Procurement Leader) and systems requirements.
Planning is reviewed at central level (DOC)	Plan is reviewed by DOC and any areas of concern raised on an exceptions basis with the relevant CA. Exceptions may relate to the size or complexity of the planned procurement procedure.	List of exceptions for the next period for review.	Define review process including people and systems requirements.
Technical specifications are forwarded for drafting of tender document	The Procurement Leader at each Ministry requests technical specification from CA as an input to tender document. Drafting of the tender document by procurement unit at Ministry. Meetings convened between the Managers I (Procurement) within the units and the technical experts at the CAs in order to pool ideas with the aim of producing a high quality tender document from both a technical and procurement viewpoint. Procurement Leader at each Ministry requests the technical specifications from the CA in order to start drafting the tender. Meetings convened between the Managers I (Procurement) within units and technical experts at contracting authorities. Any external technical experts vetted and authorised by DOC.	Tender document drafted by CA.	Define process for drafting of tender documents including meetings between CA and Ministry, roles responsibilities and guidance on managing external technical experts.
Technical specifications forwarded to be included in tender document	Procurement Leader at the Ministry supervises whole process and ensures that tender document meets quality standard prior to preparation and forwarding to DOC.	Tender document drafted by Ministry	Define process for quality control and assurance. Guidelines on tender drafting.
Tender document forwarded to DOC	Tender document completed and Procurement Leader at the Ministry forwards by email to DOC.	Tender document received by DOC and scheduled to be vetted.	Guidelines on tender vetting.
Sign off	Tender document received by DOC. Manager I (Procurement) vets document.	Approval/non approval of tender document	Vetting guidelines for Manager I (Procurement).

*Source:* Created based upon information provided by public officials in Malta.

### 4.2.2. Process 2 – Vetting

**Table 4.2. Proposed process – vetting**

Task	Process	Output	Proposed Change Action
Tender document received by email on DOC generic email managed by the Customer Care Unit and forwarded for registration.	<p>1. The tender document is received directly by Registry Department at the DOC rather than Customer Care who then forwards the email to the Registry. The Registry opens the file together with the tender checklist and forwards to the Director of Operations.</p> <p>2. The Registry Department should log:</p> <ul style="list-style-type: none"> <li>(i) when the file was received,</li> <li>(ii) details of the respective CA sending the file</li> <li>(iii) date when file has been forwarded to the Director of Operations to be assigned.</li> </ul> <p>3. In addition, there should be a planning schedule in place that may be administered by the Assistant Director and accessed by the Director of Operations, Registry, Managers I (Procurement) and Managers II (Procurement) showing the status of every tender file and the person assigned to work on such tender.</p> <p>4. This would enable the Assistant Director to monitor the status of each tender document and take immediate action on problematic tenders which are taking too long.</p>	<p>Physical tender file is opened with the tender document and tender checklist.</p> <p>Tender status tracking</p>	<p>Tender document sent to registry rather than through customer care. Log kept by registry of date of file received, details of CA sending file, date of forwarding to Director of Operations. Delays are highlighted through tender status tracking system. Schedule manager is informed for necessary action.</p>
Tender file assigned for vetting	<p>5. Tender file is assigned by the Director of Operations to a MIP for vetting.</p> <p>6. MIP vets the file.</p> <p>7. MIP meets the Assistant Director to discuss the main issues found in the file. The scope of this meeting is for both the MIP and the Assistant Director to pool in their ideas on the file and raise any possible clarifications in one meeting, thus avoiding having the tender file passing to and from between different emails.</p> <p>8. Assistant Director reviews the tender file.</p>	<p>Clarifications sent to the CA through email.</p> <p>Amended tender document.</p>	<p>MIP to vet the file and outline main issues in this file.</p> <p>AD and MIP meet to jointly raise potential clarifications</p>
Tender file assigned for vetting	<p>9. Clarifications raised by the MIP and Assistant Director are forwarded to the Procurement Leader at the Ministerial level.</p> <p>10. Procurement Leader reviews the clarifications raised and co-ordinates with the team at the respective CA to amend the tender document.</p> <p>11. Amended tender document is re-sent by the CA to the MIP for review.</p>	<p>Clarifications sent to the CA through email.</p> <p>Amended tender document.</p>	<p>Procurement Leader reviews the clarifications document.</p>
Amended tender document for review by MIP	<p>12. The MIP reviews the amended tender document and ensures that all the clarifications raised have been adequately answered.</p> <p>13. When MIP is satisfied that all the clarifications are adequate, file is forwarded to Assistant Director for approval.</p>	<p>Amended tender document forwarded to Assistant Director approval.</p>	
Amended tender document is approved by the Assistant Director	<p>14. The Assistant Director has the necessary technical experience to ensure that the tender document has been adequately vetted and all the likely procurement issues have been settled. Thus, the file may be approved by the Assistant Director without the need for the Director of Operations to delve into the detailed vetting of the file.</p>	<p>Amended tender document forwarded for final approval from Director of Operations</p>	<p>Amendments to be approved by AD level rather than Director of Operations</p>

Task	Process	Output	Proposed Change Action
Brief discussion of tender document between Assistant Director and Director of Operations.	15. The Assistant Director and Director of Operations hold a meeting to discuss the salient points of tender document before the Director of Operations gives the go-ahead for publication. 16. Tender document is approved by the Director of Operations. 17. Director of Operations forwards the approved tender file to MIP for publishing.	Vetted Tender file approved. Vetted Tender file forwarded to MIP for publication.	

Source: Created based upon information provided by public officials in Malta.

### 4.2.3. Publication and clarifications

**Table 4.3. Proposed process publication and clarifications**

Task	Process	Output	Proposed Change Action
Tender file approved for publication	MIP sends the file to the Procurement Leader at the Ministry in order to confirm that the version in hand is final and requests the conversion of the document to xml. Procurement Leader at Ministry (rather than the MIP) converts the file to xml and forwards the file to MIP for review. MIP reviews xml file received from the Procurement Leader at the Ministry.	Tender file converted to xml	Procurement Leader to prepare file. Converted file forwarded to MIP.
Request to appoint members of the evaluation committee from pool of evaluators.	MIP co-ordinates with the Procurement Leader at the Ministry in order to appoint the evaluation committee from the available pool of evaluators. Procurement Leader at Ministry nominates the members for the evaluation committee.	Evaluation committee members appointed.	Evaluator's pool to be set up and used as part of the process
Tender document ready to be uploaded on ePPS.	MIP uploads xml document on ePPS and publishes tender. Public have timeframe of ten days to submit any clarifications on the published tender via ePPS.	Tender document published.	Emails collected and all information submitted on the session for clarification
Clarifications from public are received through ePPS.	After the publication of the tender, the public has a stipulated period to submit any clarification on the tender through the ePPS.		Clarifications received from public and collected
Clarifications from public are received through ePPS.	MIP is prompted by ePPS that clarifications have been received by the public and after the expiration of clarification period, the MIP forwards such clarifications to the Procurement Leader at the Ministry in order to co-ordinate with the contracting authority for review and replies on the clarifications posed. Procurement Leader at the Ministry contracting authority sends the replies of the clarifications to the MIP. MIP checks the clarifications and forwards them for the approval of the Director of Operations. Director of Operations approves the clarifications and forwards them back to the MIP. The public reviews received clarifications on the day of clarification meeting. Interested bidders submit their offers through ePPS. In some cases, an appeal may be lodged by economic operators at pre-award stage.	Clarifications from public are informed. Interested bidders submit their offers.	A clarification meeting will be set up to answer all questions on the day itself. One-to-one clarification emails are not sent out by staff before the date of clarification meeting.

Source: Created based upon information provided by public officials in Malta.

#### 4.2.4. Tender evaluation process

**Table 4.4. Proposed tender evaluation process**

Task	Process	Output	Proposed Change Action
Bids are received through ePPS and opening sessions for tenders held.	<ol style="list-style-type: none"> <li>1. MIP prepares the schedule of opening tenders and presents to GCC.</li> <li>2. Opening session of tenders held.</li> <li>3. Schedule of opening is signed by the Chairperson of GCC and is available on the notice board at Department of Contracts.</li> </ol>	Tender offer unlocked.	
MIP assigns the evaluation committee members on ePPS to commence evaluation process.	<ol style="list-style-type: none"> <li>4. Evaluation committee members receive email through ePPS that offer has been unlocked and that they have been appointed as evaluators.</li> <li>5. Evaluation committee members meet and evaluation process begins. EC members are given a deadline of three weeks to conclude report.</li> <li>6. Evaluation report is drafted and finalised online. Once the evaluation report is finalised, it is printed and signed by all evaluation committee members. Signed hard copy of the evaluation report is uploaded on the ePPS. All evaluation committee members within the evaluation committee have to approve in ePPS system.</li> <li>7. Evaluation committee members forward signed hard copy to Registry at DOC.</li> <li>8. Registry at DOC manually stamps arrival date and time and logs date of receipt in spreadsheet</li> </ol>	Evaluation report finalised for review.	<p>Pool of evaluators set up prior.</p> <p>Shorten task timeframes for evaluation committee approval in ePPS.</p>
Evaluation report forwarded to Assistant Director for review.	<ol style="list-style-type: none"> <li>9. Director of Operations assigns the evaluation report to MIP for review.</li> <li>10. MIP reviews evaluation report and convenes meeting with evaluation committee to identify any further clarifications required.</li> <li>11. After sorting out any clarifications, Director of Operations approves the evaluation report.</li> <li>12. GCC board meeting is convened for the award process.</li> </ol>	Approved evaluation report Tender file, evaluation report and recommendation for award forwarded to GCC for approval.	Memorandum prepared by the Secretary to the GCC to be removed from process.

Source: Created based upon information provided by public officials in Malta.

#### 4.2.5. Award process

**Table 4.5. Proposed award process**

Task	Process	Output	Proposed Change Action
Tender documents and evaluation report forwarded for GCC meeting.	<ol style="list-style-type: none"> <li>1. GCC meeting is convened and secretary to the GCC verbally presents the evaluation report. Contracting authority is required to notify of any performance issues that precluded an economic operator from proceeding in the evaluation process.</li> <li>2. GCC members discuss whether in their opinion the recommendations issued at evaluation stage for the successful bidder are adequate and tender is awarded.</li> <li>3. MIP prepares letters to successful and unsuccessful bidders together with the reasons for such decision and also prepares schedule of award.</li> <li>4. Letters and schedule are uploaded through ePPS. A standstill period of 10 days is initiated during which the unsuccessful bidders may file an objection.</li> </ol>	<p>Approval of tender award from GCC.</p> <p>Letters to the successful and unsuccessful bidders.</p> <p>Schedule of award.</p>	Contracting authority is to notify GCC regarding any economic operators that were not taken forward.

Source: Created based upon information provided by public officials in Malta.

### 4.2.6. Appeal process

**Table 4.6. Proposed appeal process**

Task	Process	Output	Change Action
Appeal by aggrieved bidder to PCRB	<ol style="list-style-type: none"> <li>1. During the 10 days standstill period, the unsuccessful bidder has the right to file an appeal with the PCRB.</li> <li>2. PCRB deliberates and either rejects the appeal, cancels the tender or requests another evaluation of the tender.</li> <li>3. Following the PCRB decision there is a 20-day period until the tender process continues. During this time the aggrieved bidder has the right to appeal to the court of appeal.</li> <li>4. If the PCRB rejects the appeal by the aggrieved bidder then the tender process continues to the award phase.</li> <li>5. If the PCRB cancels the tender then the tender process may need to be run again.</li> </ol>	<p>PCRB decision</p> <p>Court of Appeal decision</p>	Supplier relationship management and contract management processes to include a record of economic operator performance. The record will incorporate the number of unsuccessful appeals made by unsuccessful bidders.

Source: Created based upon information provided by public officials in Malta.

### 4.2.7. Final award

**Table 4.7. Final award process**

Task	Process	Output	Change Action
Contract drafted for signature	<ol style="list-style-type: none"> <li>1. If there are no appeals or the appeals sentence has lapsed, the tender documents are forwarded to the MIP for contract drafting. The MIP is assisted by a Manager II (Procurement).</li> <li>2. Draft contract is forwarded to the assistant director for approval.</li> <li>3. Once the contract is approved, the Manager II (Procurement) communicates to the successful bidder that the contract is ready to be collected for signature.</li> <li>4. Successful bidder collects the contract from DOC, signs it and returns the signed copy for the signature of the director general.</li> <li>5. Manager II (Procurement) forwards the contract for the director general's signature.</li> <li>6. Director General signs the contract.</li> <li>7. Manager II (Procurement) sends an email to the contacting authority and successful bidder informing them that a signed copy of the contract may be collected.</li> <li>8. Contracting authority and successful bidder collect the signed copy of the contract from DOC.</li> </ol>	<p>Schedule of upcoming contract award dates</p> <p>Signed contract</p>	System to be instituted for scheduling of upcoming award dates.

Source: Created based upon information provided by public officials in Malta.

### 4.2.8. Variations

**Table 4.8. Proposed variations process**

Task	Process	Output	Change Action
Request by contracting authority for a variation of the contract	<ol style="list-style-type: none"> <li>1. Contracting authority discusses with the economic operator that a variation to the contract is necessary.</li> <li>2. Contracting authority and economic operator agree on the variation proposed.</li> <li>3. Contracting authority contacts advisory team at DOC for approval of the variation.</li> <li>4. DOC receives the request for the variation.</li> <li>5. For Works contracts, DOC requests the recommendation of a technical expert to evaluate the variation.</li> <li>6. Technical expert reviews the variation and sends recommendations to DOC.</li> <li>7. Director of Operations reviews technical expert's recommendations approves or declines the variation.</li> <li>8. Director of Operations forwards the approved variation to the MIP who prepares a memorandum for GCC approval.</li> <li>9. Director of Operations endorses variation memorandum before presentation to GCC.</li> <li>10. GCC approves or declines variation memorandum. Decision minuted.</li> <li>11. MIP informs the contracting authority of the GCC decision.</li> <li>12. MIP drafts change to contract.</li> <li>13. Change to contract approved by assistant director.</li> <li>14. MIP informs contracting authority and economic operator that the contract change is ready for signature.</li> <li>15. Change to contract is signed by both contracting authority and economic operator.</li> </ol>	Changes to contract by way of variation.	Contracting authority contacts advisory team at DOC for the approval of the variation. In the case of MPUs the variations/modifications are approved by the respective Permanent Secretary

*Source:* Created based upon information provided by public officials in Malta.



## 5. Public procurement systems

### 5.1. Introduction

In the area of public procurement in the European Commission Single Market Scoreboard it was noted that across the member countries e-procurement is generating major savings. The digital transformation of public procurement makes it easier for economic operators to access procurement markets and help modernise public administrations (European Commission, 2018<sup>[2]</sup>). The OECD Recommendation – Principle on e-procurement also supports improvement of the public procurement system by harnessing the use of digital technologies to support appropriate e-procurement innovations throughout the procurement cycle. (OECD, 2015<sup>[10]</sup>).

In Malta there has been a great deal of work and focus in the e-procurement area especially in order to improve efficiency and effectiveness in the public procurement system.

### 5.2. E-public procurement systems in Malta

The electronic public purchasing system (ePPS) is a web-based portal through which public calls for tenders are issued. Economic operators can set up new tender alerts, obtain tender documents, and view summaries of tenders received and recommendations for awards. Economic operators are also able to submit tender bids electronically through the system.

With the goals of improving efficiency and effectiveness in mind a re-engineered public procurement system suite of processes is proposed subdivided into stages incorporating specific steps relating to the ePPS existing functionality.

The e-procurement framework in Malta is steadily becoming further embedded through an improvement programme. There is scope for further improvements to be made to aid more efficient and effective procurement to be carried out while also being cognisant of the overall feasibility and constraints which need to be factored into any planning.

#### 5.2.1. Proposal – functionality of the ePPS

The following proposals are designed to enable a forward thinking strategy for use of the ePPS (or other available electronic platforms or tools) to automate existing functionality which is currently carried out manually. Any proposed changes to the ePPS must be studied in terms of the impact particularly in regard to the core functionality of the current system which has served DOC well.

- Planning on a centralised or within contracting authorities of future procurement procedures. One way of achieving this is to use a platform or electronic means to coordinate a central plan of procurement procedures. The benefits of such an approach are to promote transparency and accountability while also enhancing



communication between the various actors involved. However, any such initiative would need to be cognisant of the purpose of the platform and ensure that the new functionality is consistent with it.

- In some cases, when an original tender file was opened and registered in the Doc Reg system (an electronic registry system administered by the Registry section), the Call for Tender (CfT) number was not found on the ePPS system. The reason for the missing information is that the tender was never published. It is proposed that an automated means of counting this effort would benefit the creation of future strategies for efficiencies by reducing the number of drafts that do not get published. The benefits of this proposal would be to enhance the traceability and version control within the system.
- Conversion to xml format is a core feature of the ePPS which guarantees security. If other formats were accepted the timeframes for uploading and converting files would be eliminated. Although there may be some cost and time initially associated with such an improvement it may be offset by the efficiencies gained.
- Communications is a key enabler for efficiency of procurement processes. And while there is a great deal of communication already supported in Malta if communications with economic operators and between ministries was able to be enhanced further then fairness and transparency would be supported. There is also high potential for the speed of procurement procedures to be improved.
- A number of enhancements were also suggested by economic operators during the fact-finding mission:
  - The tender preparation tool only works in JAVA which needs to be updated regularly (sometimes daily).
  - While there are multiple forms of search functionalities feedback was received that navigation of tenders can sometimes be difficult even when using the CfT number.
  - Economic operators cannot view their own documents in the ePPS.
  - Due to security requirements there is an element of repetition involved with logging into the system as economic operator details must be entered twice.
  - The ePPS has a current limitation on documents that can be uploaded in the Technical section. It is possible to zip files on the system to enable all documents to be uploaded and there are instructions on how to do this in the Frequently Asked Questions contained on the [contracts.gov.mt](http://contracts.gov.mt) website.

### 5.2.2. Stage 1: Tender documentation to publication

**Table 5.1. Stage 1 Tender documentation to publication**

Stage	Process Description
1	Co-ordination method (such as meeting) for planning upcoming tender projects.
2	Each Ministry forward the plan of scheduled tenders for approval.
3	Ministry communicates planned tender projects for the next period (suggest six to twelve months).
4	Ministry starts drafting the tender document. Technical experts vetted and authorised from the DOC to contribute.
5	Ministry personnel supervise the whole process and ensure that a good quality tender document is prepared and forwarded to DOC.
6	Tender document is completed and forward by email to DOC.
7	DOC receives completed tender document and ensures it is correct.
8	Tender document received directly by Registry Department at DOC and forwarded by email to the Registry. Registry opens file together with the tender checklist and forwards to the Director of Operations.
9	Registry Department keeps log of file.
10	Tender file is assigned by the Director of Operations to a Manager I (Procurement) (MIP) for vetting.
11	Clarifications raised by the MIP and Assistant Director are forwarded to Ministry.
12	Ministry reviews clarifications raised and co-ordinates with contracting authority (CA) to amend the tender document. Amended tender document is sent by to the MIP for review.
13	MIP reviews amended tender document and ensures that all the clarifications raised have been adequately answered.
14	MIP forwards file to Assistant Director for approval.
15	Assistant Director vets file.
16	Assistant Director and Director of Operations coordinate before the Director of Operations provides approval for publication.
17	Tender document approved by Director of Operations.
18	Director of Operations forwards approved tender file to MIP for publishing.
19	MIP sends file to Ministry to confirm final version and requests the conversion of the document to xml format.
20	MIP co-ordinates with Ministry to appoint Evaluation Committee (EC) from available pool of evaluators.
21	Ministry nominates the members for the EC.
22	MIP uploads xml document on ePPS and publishes tender.

*Source:* Created based upon information provided by public officials in Malta.

### 5.2.3. Stage 2: Tender published to evaluation report signed

The potential use of the ePPS system for document management and avoiding duplication of documentation and additional effort with consequential delays was highlighted during the fact-finding mission. However, it was also highlighted that any such proposal would need to consider fully any other options such as uploading documents to trace milestones. The proposals below focus on the tender publication and evaluation process.

- Currently responses are uploaded into ePPS and it was mentioned during the fact-finding mission that requests were being made for printouts of the uploaded responses. Efficiency gains could be made by using the ePPS as a document management system. By using the ePPS for internal users, security could also be enhanced as it may be possible to monitor access to documents.
- At the end of the evaluation process the evaluation committee members are each required to sign off the evaluation report. During the fact-finding mission it was noted that there were delays caused by this process as sometimes members of the evaluation committee fail to sign off the evaluation report. Currently the ePPS is

configured so that the process will be halted until all the evaluation committee members have signed off. Devising a way of moving the process onwards or enhancing the notifications to evaluation committee members would benefit the timeframes. The DOC is working on improvements to this part of the process.

- Currently for procurement procedures there are a significant number of documents that require physical signatures (such as the tender document being sent by the CA to the DOC for signature even though it is under the authority of the MPU). It may be possible to develop the ePPS to enable electronic signing of documents and so reduce timeframes for procurement procedures significantly.

**Table 5.2. Stage 2: Tender published to evaluation report signed**

Stage	Process Description
1	Tender published through ePPS.
2	Public clarifications through ePPS.
3	Bidders submit responses in ePPS.
4	Letters to successful and unsuccessful bidders and awards published in ePPS.
5	Post award standstill period of 10 days (appeal may be filed).
6	Staff of Ministry prompted by ePPS when clarifications received and expiration of the ten-day period.
7	MIP assigns the EC members to scoring functionality in ePPS to commence evaluation process.
8	EC members receive email through ePPS that a response has been unlocked and that they have been appointed as evaluators. TEC members meet and evaluation process begins. EC members are given a timeframe of three weeks to conclude the report.
9	Evaluation report drafted and finalised online. Evaluation report then printed and signed by all members.
10	Signed hard copy of evaluation report is uploaded to ePPS.
11	Evaluation report finalised once all EC members have updated ePPS system with their individual approval.
12	EC committee members forward signed hard copy to Registry at DOC.
13	Registry at DOC stamps evaluation report with arrival date and time and logs date in spreadsheet to record when it was received.
14	Director of Operations assigns the evaluation report to MIP for review.
15	MIP reviews evaluation report and meets with evaluation committee to review any clarifications.
16	Director of Operations approves Evaluation Report.
17	GCC meeting is convened for Award process.

*Source:* Created based upon information provided by public officials in Malta.

#### **5.2.4. Stage 3: Evaluation report, award and contract, appeals**

Following the evaluation phase and production of the evaluation report there is a large amount of documentation needed that leads to the signing of the contract. There is potential to enhance this process within the ePPS or by other electronic means and so create further efficiencies in the process.

- Currently the evaluation report is created online and is generated by the ePPS. However, the DCC and GCC forums require hard copies to be produced for the purposes of those bodies to meet. Each of the hard copies needs to be signed by the evaluation committee members. Currently it is possible to do this online. If the practice of printing out hard copies is ceased then further efficiencies in timeliness could be gained.
- Some of the procurement procedures being undertaken in Malta are relatively significant projects in their own right. It may produce additional efficiencies if the ePPS or another platform were explored as a means of electronically supporting the scheduling of procedures and ongoing management of them. If it is the case

that ePPS is not suitable then it is suggested that the feasibility of project management software is considered.

- Generation of contract documents is possible using the ePPS and it enabling the economic operator to sign electronically could provide an added efficiency by supporting faster turnaround.
- The ePPS has potential to expand into the post contract phase and it may be possible to introduce functionality for contract and supplier relationship management. Collecting data electronically about economic operators would support fast decision making during due diligence and pre selection phases. The ESPD has been adopted to aid in efficiency in due diligence and it is suggested that the potential for further efficiency gains are explored.

**Table 5.3. Stage 3: Evaluation report, award and contract, appeals**

Stage	Process Description
1	GCC meeting held and Secretary to GCC verbally presents the evaluation report to GCC members.
2	CA brings forward the list of suppliers whose responses did not proceed to evaluation.
3	GCC members discuss the recommendations of the EC tender award decision is made or not.
4	MIP prepares letters to successful and unsuccessful bidders together with the reasons for decision and prepares update to awards.
5	Letters and award update are uploaded to ePPS.
6	Ten days standstill period for unsuccessful bidders to file an objection.
7	During ten-day standstill period unsuccessful bidder may file an appeal which is forwarded to PCRB.
8	PCRb deliberates on such appeal.
9	After decision by PCRb DOC wait for stipulated period before continuing with the tender process.
10	Aggrieved bidder has the right to appeal to Court.
11	If appeal lodged in Court then PCRb orders either tender offer be evaluated again or rejected. Potential actions from the conclusion of the appeal are continue with awarding original bidder or cancel the tender.
12	If there are no appeals or appeal order ends, the tender documents are forwarded to the MIP for contract compilation.
13	Draft contract is forwarded for approval.
14	Following contract approval the successful bidder is contacted for signature.
15	Successful bidder collects contract from DOC, signs it and returns signed copy for signature of the Director General (DG).
16	Contract forwarded for DG's signature.
17	DG signs the contract.
18	Email sent to CA and successful bidder that signed copy of the contract is ready for collection. CA and successful bidder collect signed copy of the contract from DOC.

*Source:* Created based upon information provided by public officials in Malta.

### 5.2.5. Variations

The variations process could benefit from being electronically managed as the current manual processes can cause delays and uncertainty about benefits being realised for ministries and economic operators. Variations can be complex to manage and while the ePPS can enable the recording of the variations and justifications alongside other important milestones such as payments there may still be long timeframes for some variations driven by complexity. Having a robust process for variations enhances probity and transparency while also enabling economic operators and ministries to benefit from in-scope changes. There is guidance available on the ePPS regarding issues to be aware of with variations. It was noted that the current ePPS does not allow for the completion of

works stage to be noted. Such functionality could avoid the situation and consequent delays caused when it is not clear if a contract deliverable has been completed.

**Table 5.4. Stage 4: Variations process**

Stage	Process Description
1	CA and supplier agree that a variation is necessary.
2	CA and supplier agree on wording of proposed variation.
3	CA contacts DOC for approval of variation.
4	DOC receives the request for variation.
5	For works contract, DOC requests recommendation of technical expert to evaluate variation.
6	Technical expert reviews variation and sends recommendation to DOC.
7	Director of Operations reviews recommendation of technical expert and approves/declines variation.
8	Director of Operations forwards approved variation to MIP to prepare memorandum and present to GCC for approval.
9	MIP prepares memorandum for GCC approval.
10	Director of Operations endorses variation memorandum for GCC.
11	GCC approves variation memorandum and decision minuted.
12	MIP informs CA of decision by GCC.
13	Different MIP drafts change to contract.
14	Change to contract approved by Assistant Director.
15	MIP informs CA and supplier that change is ready for signature.
16	Change to contract signed by CA and supplier.

*Source:* Created based upon information provided by public officials in Malta.

## **Part II. An action plan for effective change management**



## 6. Identifying actions and planning for the future

### 6.1. Proposals and policy options

A number of proposals and policy options to enhance effectiveness and efficiency were identified following the assessment of the overall public procurement processes in Malta. Following further collaborative workshops and discussion the proposals and policy options have continued to evolve.

The proposals and policy options were ranked according to their priority. Two proposals were identified as being Low priority and have therefore are not being pursued at this time:

- Proposal 6: Enlarging tender publication and expanding it to pre tendering.
- Proposal 11: Increasing efficiency of post contract management.

### 6.2. Methodology for planning phase

The RACI methodology (Santos, 2018<sub>[39]</sub>) was used to identify the actors for the implementation of the proposals. RACI enables the understanding of the roles and responsibilities required for various tasks, processes and assignments. The following criteria were used:

- R = Responsible – the individual who carries out the work.
- A = Accountable – the individual who holds the ultimate accountability for the work being carried out and/or decision making.
- C = Consulted – individuals who should be informed and referred to prior to decision making or task completion.
- I = Informed – individuals who should be informed once decisions are made or upon work completion.

The table below identifies the actors that are accountable and responsible for the implementation of the proposals. A summary of the main implementation tasks is also set out in the table. A detailed stakeholder analysis has been carried out as part of the planning process and is described later in this report.



Table 6.1. RACI matrix for the Malta re-engineering project – Department of Contracts

Proposal #	Initiative	Description	Priority	Responsible – Who is completing the task	Accountable – Who is making decisions and taking actions on task(s)	Consulted – Who will be communicated with regarding decisions and tasks	Informed – who will be updated on decisions and actions during the project	Estimated timeframe
1	Identify scope of action for the Department of Contracts, CAs and MPUs	Other CAs in Schedule 3 Increase MPU remit from EUR 144 000 Increase MPUs threshold to EUR 500 000.	High	DG Contracts	Steering Committee	Office of the PPS Line Ministries (PS and DCS Offices) MPUs Major CAs Budget Office Attorney General Justice Unit	All CAs Treasury Department PPCD FPD IAID NAO IPS P and SD	1 year
2	Analyse the possibility of changing the value range within thresholds for procurement procedures	Increase Departmental thresholds for CfQs from EUR 5 000 to EUR 10 000 and from EUR 10 000 to EUR 25 000, with all associated changes, including issue of CfQs up to EUR 25 000. CfQ template made compulsory. Wider use of FA to reduce timeframes.	High	Director Operations	DG Contracts	Line Ministries (PS and DCS Offices) MPUs Major CAs IAID NAO	All CAs Treasury Department Budget Office PPCD FPD	1 year
3	Improving the impact of framework agreements	Increase use of FA to take advantage of economies of scale.	High	Demand Management Unit	Director Operations	Line Ministries (PS and DCS Offices) MPUs	All CAs	1.5 years
4	Making a better use of procurement planning	Introduce a yearly Procurement Plan for Departmental and DOC CfTs both for local and EU funded projects. Make wider use of PIN.	High	Demand Management Unit	Director Operations	Line Ministries (PS and DCS Offices) MPUs Major CAs P and SD (Owner of Business and Financial Plans exercise) Budget Office	All CAs Treasury Department Budget Office PPCD FPD IAID NAO	1 year

Proposal #	Initiative	Description	Priority	Responsible – Who is completing the task	Accountable – Who is making decisions and taking actions on task(s)	Consulted – Who will be communicated with regarding decisions and tasks	Informed – who will be updated on decisions and actions during the project	Estimated timeframe
5	<b>Improving technical specifications and technical expert pool</b>	Setting up of Technical Experts pool through Professional Services CFT. Consider issuing a DPS. Issue further Standard Technical Specs.	High	Quality Assurance Unit	Director PDPI	Line Ministries MPUs MTIP (Works and Services Division) Major CAs GPP Office	All CAs	1.5 years
6	<b>Increasing the effectiveness of evaluation techniques and methods</b>	Full integration of Evaluation Report within the ePPS to simplify or even remove hard copy requirement. FAQs. Create a PPCM Forum.	High	eProcurement Unit	Director Administration	MITA (PPCM Forum and DOC Moderators); European Dynamics	All CAs	1 year
7	<b>Optimising the pool of evaluators</b>	Evaluation Pool at Ministerial level. Retired public officials were considered but the need for upskilling means this is not currently considered feasible.	High	Quality Assurance Unit	Director PDPI	Line Ministries MPUs Major CAs	All CAs PPCD FPD IAID NAO	1 year
8	<b>Updating evaluation templates</b> (very closely related to, and dependent on proposal #6)	FAQs database. Further simplification of ER template. See proposal 6. Diversify ER templates for Common Goods and Specific (one-off) procurement.	High	Quality Assurance Unit	Director PDPI	Major CAs	All CAs	6 months
9	<b>Tackling clarifications</b>	Standard set of training material and a knowledge base. Consideration of delegation to approve clarifications and rectifications to CAs.	High	Pre-contracts Unit	Director Operations	Line Ministries MPUs Major CAs	All CAs PPCD FPD IAID NAO	1 year
10	<b>Developing a professionalisation strategy</b>	Professionalisation strategy comprising the evaluation of competences, qualifications and experience. On the job training is considered optimal.	High	DG Contracts	Steering Committee	Office of the PPS P and SD (Including IPS) EU Commission (working party on professionalisation in	All CAs	2 years

Proposal #	Initiative	Description	Priority	Responsible – Who is completing the task	Accountable – Who is making decisions and taking actions on task(s)	Consulted – Who will be communicated with regarding decisions and tasks	Informed – who will be updated on decisions and actions during the project	Estimated timeframe
11	Creating a workforce capability plan	Skill based assessment mechanism considering qualifications, competences and core experience. CPD and the CIPS scheme.	High	DG Contracts	Steering Committee	Public Procurement) Office of the PPS P and SD (Including IPS)	All CAs	2 years
12	Increasing the general effectiveness and efficiency of the procurement function	Need for a new set of metrics.	Medium	eProcurement Unit	Director Administration	European Dynamics (Potential ePPS enhancements)	All CAs	1.5 years

Source: Provided by public officials in Malta.

### 6.3. Business process metrics – inputs and availability

The ability to track the success of the process will be possible by using performance measures. The measures suggested are designed to demonstrate the level of efficiency and effectiveness in the procurement system in Malta. The current ePPS can produce some of the data, however, at the moment a significant amount can only be produced manually or not at all. The table below reflects the current state of data availability in Malta for each of the metrics identified.

**Table 6.2. Data inputs and availability for performance measurement of the public procurement system in Malta**

Metric	Information source	Availability	Data collection time periods
<b>Procurement Organisation</b>			
Staffing Levels	DOC Business Plans	Available now. Manually compiled by one resource. Time required from request to report is one day.	Yearly
Cost of running organisation	Departmental Accounting System (DAS) and HR Payroll (One source once CFMS in place).	Available. Time required from request to report is one week.	Yearly
Breakdown of time spent on different activities	CAs, DOC and MPUs	Not available. Needs to be collected from each individual working within CAs, DOC and MPUs through a standard template which includes generic classification of activities in order to allow statistical analysis. Time required from request to report is one week.	Monthly
Overall inputs for national procurement – number of personnel as a ratio of overall spend	CAs, DOC and MPUs	Not available. CAs, DOC and MPUs must collect and submit data concerning the average number of personnel working within the Procurement function (taking in consideration employee turnover) and amount of CA budget spent on public procurement contract management activities. Time required from request to report is one week.	Yearly
Training spend – cost of producing training courses and employee time delivering	IPS and Lecturers	Not available. Manually compiled by one resource. Time required from request to report is two days.	Yearly
Spend/time on advisory – staffing levels related to advisory and additional costs	DOC and MPUs officials	Not available. Needs to be manually collected from each individual working within DOC and MPUs through a standard template which includes generic classification of activities in order to allow statistical analysis. Time required from request to report is one week.	Monthly
Qualified/certified personnel – levels of certification in procurement professionalisation of workforce vs overall workforce numbers	CAs, DOC and MPUs	Not available. Needs manual data collection and transmission by CAs and MPUs through HR Sections. Time required from request to report is one week.	Yearly
<b>Procurement Procedures</b>			
Cost and time of procurement processes – cost and time data	DOC and MPUs	Not available. Needs data collection by both parties and transmission by MPUs. Time required from request to report is one week.	Quarterly (Allows for faster identification of seasonal trends)
Cost and time reduction resulting from process simplification – time measurement before and after	DOC and MPUs	Not available. Needs data collection by both parties and transmission by MPUs. Time required from request to report is one week.	Half Yearly

Metric	Information source	Availability	Data collection time periods
Business participation and competition – number of bidders per tender	DOC ePPS	Single source. Available through ePPS. Time required from request to report is one week.	Yearly
Business participation and competition – ratio of tenders that are open vs limited and direct	DOC ePPS	Not Available. Measures need to be taken in order for data to be collected through ePPS, thus CAs register all their Direct Contracts on ePPS. Time required from request to report is two days. Otherwise a more cumbersome exercise needs to be undertaken where specific data is collected by DOC/MPUs from CAs. Time required from request to report is two weeks.	Yearly
<b><i>e-Procurement</i></b>			
e-Procurement inputs – system cost (up front, ongoing maintenance upgrades, personnel)	DOC	Available. Data can be collected through one resource. Time required from request to report is one day.	Half-Yearly
e-Procurement time savings – assessment of time taken to conduct procurement procedures	DOC ePPS	Available. Statistical data of procurement period from publication to award is already being collected.	Half-Yearly
<b><i>Strategic procurement</i></b>			
SME participation – number of bids from SMEs	DOC ePPS	Not available. Needs ePPS update and economic operator input upon registration / submission of offers.	Yearly
SME success – ratio of SMEs that are successful	DOC ePPS	Not available. Needs ePPS update.	Yearly
Innovative procurement – ratio of goods and services purchased that meet innovative criteria	DOC ePPS	Not available. Needs ePPS update.	Yearly
Use of whole of life costing – ratio/value and number of contracts awarded using this method	DOC ePPS	Not available. Needs ePPS update to allow exact specification of award criteria.	Yearly
<b><i>Stakeholder satisfaction</i></b>			
Business perception of cost and time in participating in government tenders – survey responses	Specific survey research	Not available. Survey needs to be drawn up, planned and commissioned.	Yearly
Government customer satisfaction – survey results from government teams that use procurement services	Specific survey research	Not available. Survey needs to be drawn up, planned and commissioned.	Yearly

Metric	Information source	Availability	Data collection time periods
<b>Framework Agreements</b>			
Cost of establishing framework agreements – cost and time of staff (inside and out) spent on establishing and managing	CAs, DOC and MPUs	Not available. Needs to be manually collected from each individual working within DOC and MPUs through a standard template which includes generic classification of activities in order to allow statistical analysis. Time required from request to report is one week.	Yearly
Increased competition of Framework Agreements – number of bids submitted for different phases of Framework Agreements	CAs, DOC and MPUs	Not available. Needs ePPS update.	Yearly
SME participation in Framework Agreements – number of bids for each stage from SMEs	DOC ePPS	Not available. Needs ePPS update and economic operator input upon registration/submission of offers.	Yearly
Framework Agreement hard savings – cost of goods and services agreed vs market rates	CAs, DOC and MPUs	Manually compiled by one resource. Time required from request to report is two weeks.	Yearly
Framework Agreement time savings – average time spent to establish a contract	DOC ePPS	Available. Data can be collected through one resource. Time required from request to report is one day.	Yearly
Framework Agreement customer satisfaction – survey results from the users of Framework Agreements	Specific survey research	Not available. Survey needs to be drawn up, planned and commissioned.	Yearly
Efficiencies in second stage Framework Agreements – assessment of time for economic operators and contracting authorities	CAs, DOC and MPUs	Not available. Needs to be manually collected from each individual working within DOC and MPUs through a standard template which includes generic classification of activities in order to allow statistical analysis. Time required from request to report is one week.	Yearly

*Source:* Provided by public officials in Malta.



## 7. Analysing stakeholders to ensure effectiveness of change

The stakeholder analysis was performed to support an effective change management plan by identifying and analysing all of the relevant actors. The relevant actors are identified and their roles and responsibilities are defined in the context of the re-engineering project of the Department of Contracts.

### 7.1. Methodology for stakeholder analysis

The RACI methodology (Santos, 2018<sub>[39]</sub>) was used to carry out the stakeholder analysis. RACI enables the understanding of the roles and responsibilities required for various tasks, processes and assignments. The following criteria were used:

- R = Responsible – the individual who carries out the work.
- A = Accountable – the individual who holds the ultimate accountability for the work being carried out and/or decision making.
- C = Consulted – individuals who should be informed and referred to prior to decision making or task completion.
- I = Informed – individuals who should be informed once decisions are made or upon work completion.

### 7.2. Description and grouping of stakeholders

The tasks for re-engineering the public procurement processes in Malta have been grouped into the following work categories:

- Setting up the policy framework.
- Drafting tender document.
- Vetting.
- Publication and clarification.
- Evaluation.
- Award, appeal, variation.



### *7.2.1. Setting up the policy framework*

In the table below the stakeholders are identified according to the RACI categorisation. For ease of reference, accountabilities are marked in blue whilst responsibilities are marked in red, as indicated on the tables. Remaining stakeholders are either consulted prior to the change action, or informed following the change action, as deemed necessary.

Based upon discussions with public officials in Malta it is intended that the Office of the Prime Minister Strategy and Implementation division will be accountable for the:

- Development of strategic guidelines for procurement changes.
- Setting up the demand management unit for framework agreements.

The Steering Committee will be responsible for implementation of these actions. The Steering Committee accountability will extend to a number of areas as set out in the table below with responsibility for implementation largely with the DOC:

- Setting up clear framework and guidance on procedures - DOC Regulatory section responsible to implement.
- Defining scope and responsibilities for various stakeholders - DOC Regulatory responsible to implement.
- Defining planning process for tendering and resources - DOC Advisory section responsible to implement.
- Defining review process including people and systems needed - DOC Advisory responsible for the work.
- Defining the policy for quality control and assurance - DOC Monitoring responsible for the work.
- Issuing guidelines for use of framework agreements - DOC Regulatory responsible for performing the work.

DOC Advisory will be responsible for sourcing technical experts, guiding technical experts, defining process for drafting tender documents (initial guidance to the newly set up MPUs), issuing guidelines for tender drafting as well as vetting, and drafting SOPs for procurement processes for all stakeholders concerned. After dissemination of the detailed guidelines, drafting of the tender documents would become the responsibility of Contracting Authorities, and be supervised by the Procurement Leaders within the Ministries. The MPUs will be ultimately held accountable for the quality of the tender documents produced.

Table 7.1. Setting up the policy framework

Change action	OPM (Strategy and Implementation)	Steering Committee	Implementation project team	DOC Regulatory Officer	DOC Advisory	DOC Monitoring	DOC IT Section	MPUs	Ministries	Contracting Authorities	GCC and DCC	Evaluation Committee	PCRB	Economic Operators
Developing strategic guidelines for the changes in the procurement processes in Malta	A	R	C	C	C	C	C	I	I	I	I	I	I	I
Setting up clear Framework and guidance on procurement procedures to be followed by all the actors involved in the process	C	A	C	R	C	C	I	I	I	I	I	I	I	I
Define scope and responsibilities for CAs, MPUs and DOC to ensure Public Procurement procedures are followed	C	A	C	R	C	C	I	I	I	I	I	I	I	-
Define planning process for tenders including resources needed	C	A	C	C	R	C	C	I	I	I	I	I	I	-
Define review process including people and systems needed	C	A	C	C	R	C	C	I	I	I	I	I	I	-
Finding the right pool of technical experts in areas of frequently procured goods, services and works	-	C	-	C	R	C	C	C	I	C	C	C	-	-
Vetting and authorisation of technical experts by DOC	I	-	-	C	C	R	C	I	I	I	C	C	I	-

Change action	OPM (Strategy and Implementation)	Steering Committee	Implementation project team	DOC Regulatory Officer	DOC Advisory	DOC Monitoring	DOC IT Section	MPUs	Ministries	Contracting Authorities	GCC and DCC	Evaluation Committee	PCRB	Economic Operators
Guiding technical experts from a procurement perspective	-	C	-	C	R	C	C	-	I	-	-	C	-	-
Define process for drafting of tender documents with Contracting Authorities (CAs)	I	-	C	C	R	C	C	R	I	I	C	C	-	-
Define process for quality control and assurance to Ministries	I	A	C	C	C	R	C	I	I	I	-	C	-	-
Issue guidelines for tender drafting	I	C	C	C	R	C	C	I	I	I	I	I	-	-
Issue guidelines for tender vetting	I	C	C	C	R	C	C	I	I	I	I	I	-	-
Drafting Standard Operating Procedures (SOPs) for procurement processes to be followed by DOC, MPUs and CAs	I	C	-	C	R	C	C	I	I	I	I	I	-	-
Issue guidelines for use of framework agreements	C	A	-	R	C	C	C	I	I	I	I	I	I	I
Setting up a Demand Management Unit for framework agreements	A	R	C	-	-	-	-	-	-	-	-	-	-	-

Source: Created by IDEA from information provided by public officials in Malta.

### *7.2.2. Drafting tender document*

The Contracting Authorities will be responsible for the majority of the actions involved in this process including drafting the tender documents and consulting the vetted technical experts who provide the technical specifications. DOC Advisory will be responsible for reviewing the tender plan. Procurement Leaders in the Ministries will review the tender documents against quality standards set out in the procurement guidelines. The MPU will be accountable for ensuring that high quality tender documents are produced.

**Table 7.2. Drafting tender document**

Change action	Steering Committee	Implementation project team	DOC Regulatory Officer	DOC Advisory	DOC Monitoring	DOC IT Section	MPUs	Procurement Leader within Ministries	Contracting Authorities	Vetted Technical Experts	GCC and DCC	Evaluation Committee	PCRB	Economic Operators
Compile and forward tender plan to DOC for review	-	-	-	I	I	-	-	I	R	-	-	-	-	-
Review plan for tender and any concerns raised with CA	-	-	-	R	-	-	-	I	I	-	-	-	-	-
Meeting convened between Procurement Managers at DOC/MPU, technical people and procurement staff from CA	-	-	-	R	-	-	R	-	R	-	-	-	-	-
Request for technical specifications from vetted and authorised technical experts	-	-	-	-	-	-	-	-	R	I	-	-	-	-
Preparation of technical specifications and forward to CA	-	-	-	-	-	-	-	-	I	R	-	-	-	-
Drafting of tender document by procurement staff at CA following procurement guidelines	-	-	-	-	-	-	-	-	R	-	-	-	-	-
Review of tender documentation by Ministry to ensure quality of tender document	-	-	-	-	-	-	A	R	C	I	-	-	-	-
Tender document sent to DOC/MPU for vetting	-	-	-	-	-	-	-	-	R	-	-	-	-	-

Source: Created by IDEA from information provided by public officials in Malta.

### *7.2.3. Vetting*

The Registry section at DOC will carry out the function of registering tender files and the process of forwarding them for vetting. It is envisaged that planning, monitoring and approval of tenders may be carried out by at Assistant Director (AD) level within DOC and MPUs (approval of tenders only). Ensuring vetting is carried out according to guidelines, and the approval of clarifications may be carried out at Manager Procurement (MP) level. DOC AD level will have accountability for approval of clarifications while the Director DOC will have accountability for approval of tender documentation for publication according to thresholds.

**Table 7.3. Vetting**

Change action	Registry at DOC	DOC Regulatory Officer	DOC Advisory	Director DOC	DOC Assistant Director (Monitoring)	Procurement Manager – DOC (Monitoring and Vetting)	Procurement Leader at Ministerial Level	MPUs	Ministries	Contracting Authorities	Vetted Technical experts
Tender file registered – date of receipt, CA sending file and date when file forwarded for vetting	R	-	-	-	I	-	-	-	-	-	-
Tender file forwarded for vetting	R	-	-	-	I	-	-	-	-	-	-
Log in tender file in planning schedule showing tender status and MP responsible	-	-	-	-	R	-	-	-	-	-	-
Ensuring vetting of tender file is according to agreed vetting guidelines	-	-	-	-	C	R	-	-	-	-	-
Tackle the clarifications on tender file raised by MP and AD from DOC	-	-	-	-	I	I	R	-	C	C	C
Monitor and highlight and delays in clarifications and tender status through the planning schedule	-	-	-	-	R	C	I	-	-	I	-
Approval of clarifications and amended tender document	-	-	-	-	A	R	I	-	-	I	-
Approval of tender document for publication	-	-	-	A	R	C	I	R	-	I	-

Source: Created by IDEA from information provided by public officials in Malta.

#### ***7.2.4. Publication and clarification***

Under the publication and clarification process, the Manager Procurement within DOC and MPUs shall share the responsibility of reviewing XML versions of documents, uploading onto ePPS, aggregating all clarifications raised through ePPS, and forwarding them to Contracting Authorities. Meetings will be coordinated by Procurement Leader at Ministerial level and be held with Contracting Authorities to inform and clarify queries to economic operators. Replies would then be documented and uploaded on ePPS for transparency. The checking and approval of replies on the clarifications would be the responsibility of the Procurement Leader at Ministerial level, and the accountability of the MPUs.



**Table 7.4. Publication and clarification**

Change action	Registry at DOC	DOC – Regulatory Officer	DOC Advisory	Director of Operations-DOC	DOC – Assistant Director (Monitoring)	Procurement Manager – DOC (Monitoring and Vetting)	Procurement Leader at Ministerial Level	MPUs	Pool of Evaluators	Nominated Evaluation Committees	Contracting Authorities	Vetted Technical Experts
Approved tender file converted to xml						I	R	I				
Review of xml version of tender document						R	I	R				
Setting up a pool of evaluators with evaluation experience		C	R	C	C	C		C				
Coordination for the appointment of team of evaluators from available pool						R	C	R	I			
Nomination for members of Evaluation Committee							R			I		
Approval of nominated members of the Evaluation Committee				A	R	I	I			I		
Upload of xml document on ePPS for tender publication						R		R				
Aggregate all the clarifications by public raised on the tender in ePPS						R		R				
Forwarding all clarifications raised by public for review						R	I	R				

Change action	Registry at DOC	DOC – Regulatory Officer	DOC Advisory	Director of Operations-DOC	DOC – Assistant Director (Monitoring)	Procurement Manager – DOC (Monitoring and Vetting)	Procurement Leader at Ministerial Level	MPUs	Pool of Evaluators	Nominated Evaluation Committees	Contracting Authorities	Vetted Technical Experts
Coordination of meeting to tackle all the clarifications raised by the public							R				I	
Meeting held in order to answer all clarifications raised							R				R	
Forwarding replies on the clarifications raised by public after meeting held						I	R				I	
Checking and approval of the replies on clarifications							R	A				

Source: Created by IDEA from information provided by public officials in Malta.

### 7.2.5. Evaluation

The Evaluation Committee will be responsible for meeting, evaluating submissions and producing a signed report within three weeks. The Chair of the Evaluation Committee will be accountable for delivery of the report within the stipulated deadline. The evaluation report will be registered by DOC and reviewed by DOC / MPU. The Procurement Manager will meet the Evaluation Committee to discuss clarifications. Approval of the evaluation report will be the responsibility of AD / MPUs, and Director DOC will have the ultimate accountability of report approval.

**Table 7.5. Evaluation**

Change action	Registry at DOC	DOC - Regulatory Officer	DOC - Advisory	Director of Operations - DOC	DOC Assistant Director (Monitoring)	Procurement Manager – DOC (Monitoring)	Procurement Leader at Ministerial Level	MPUs	Chair Evaluation Committee	Evaluation Committee	Contracting Authorities	Economic Operator
Meeting of Evaluation Committee for Tender Evaluation	-	-	-	-	-	-	-	-	A	R	-	-
Finalising Evaluation report using provided template from DOC within the deadline of three weeks	-	-	-	-	-	-	-	-	A	R	-	-
Sign and upload evaluation report on ePPS. Approval of report on ePPS to be done same day of upload	-	-	-	-	-	-	-	-	A	R	-	-
Receive hard copy of evaluation report and registers arrival date in system	R	-	-	-	I	-	-	I	I	-	-	-
Assigns evaluation report for review	-	-	-	-	R	I	-	R	-	-	-	-
Review of evaluation report and clarifications are listed	-	-	-	-	-	R	-	R	-	-	-	-
Meeting convened with Evaluation Committee to address and sort out clarifications on Evaluation report	-	-	-	-	-	R	-	-	R	R	-	-
Approval of Evaluation Report	-	-	-	A	R	I	-	R	I	I	-	-

Source: Created by IDEA from information provided by public officials in Malta.

### *7.2.6. Award, appeal and variation*

Contracting Authorities will maintain records about economic operators, including statistics relating to the number of unsuccessful appeals, in order to build company profiling. CAs will also request approval for variations by MPUs and the DOC Advisory section. The ultimate accountability will vest within the Director DOC role and the Permanent Secretary in the case of MPUs.

**Table 7.6. Award, appeal and variation**

Change action	Registry at DOC	DOC Regulatory Officer	DOC - Advisory	Director of Operations - DOC	DOC – Assistant Director (Monitoring)	Procurement Manager – DOC (Monitoring and Vetting)	DOC – IT Section	Procurement Leader at Ministerial Level	Permanent Secretary MPU	MPUs	GCC	Chair Evaluation Committee	Evaluation Committee	Contracting Authorities	PCRB	Economic Operators
Maintaining record on economic operators precluded from process	-	-	-	-	-		-	-	-	-		-	-	R	-	-
Maintaining record of economic operators' performance	-		-	-	-	-	-	-	-	-		-	-	R	-	-
Maintaining record of number of unsuccessful appeals made by unsuccessful bidders	-		-	-	-	-	-	-	-	-	-	-	-	R	-	-
Update system to include scheduling of upcoming award dates							R		-	-		-	-		-	
Request approval for any variations to the contract	-	-			-	-	-	-	-		-	-	-	R	-	-
Approval of variation	-	-	R	A	-	-	-	-	-	R	-	-	-		-	-

Source: Created by IDEA from information provided by public officials in Malta.

## 8. External services to support change

External services to support the implementation of the re-engineering project may be needed for some initiatives. A number of external services have been identified which will aid in ensuring that the DOC strategy is successfully delivered. The external services needed could include the following:

- Training.
- Training collateral development.
- Template and guideline development.
- Information technology.
- Legal.
- Communications and engagement specialists.

In order to identify which external services were needed for the re-engineering project political, economic, social, technological, legal and environmental factors were considered by carrying out a PESTLE analysis (n.d.<sup>[40]</sup>).

After completing the PESTLE analysis (see Annex A) the need for a number of external services was identified as set out in the following table:

**Table 8.1. External services**

Proposal number	Description of external services
Proposal 5: Technical specification and technical expert pool	Technical experts to be subcontracted as deemed appropriate to carry out drafting of specifications which are technical in nature.
Proposal 7: Increasing effectiveness of evaluation techniques and methods	DOC may need to seek external services for both technical support and training in the new/updated system. Particularly if evaluation methods and techniques are shifted online.
Proposal 8: Optimising the pool of evaluators	Although it is acknowledged that developments are underway in the optimisation of the pool of evaluators, it may be beneficial to consider contracting both public and private entities/individuals according their expertise and as needed.
Proposal 12: Developing a professionalization strategy	In addition to sourcing key internal stakeholders, DOC may need experts in change management, strategy and/or external educational institutions.
Proposal 13: Creating a workforce capability plan	Due to limitations in the availability of current resources, it may be beneficial to subcontract experts in the field in order to identify current workforce competencies.

*Source:* Created by IDEA from information provided by public officials in Malta.



## Annex A. PESTLE analysis

### Political factors

**Table A A.1. Training**

	Training
Government policies which changeover time	The impact of changing government policies on training. Consider the choice of flexible training programmes that change in accordance with government policy rather than those where the syllabus or tutor rarely change.
Government term	The impact of changing government term.
Trading policies	Consider planning for procurements that will outlast the term of governments.
Funding, grants and initiatives	Training needs will require insights into how to select the right people to authorise transactions. These needs will need to be identified through a thorough analysis of training needs.
Lobbying and pressure groups	Understand which aspects of current procurement routes could be misused or abused and engage external trainers to explain the consequences of such actions.
Terrorism	The impact of internal office politics on training agendas. Choose whether or not training is mandatory for job placement. Limit politics internally and use mediation procedures if needed.
Elections and political trends	The impact of corruption / bureaucracy can stifle any improvement particularly at operational levels within the ministries.
Internal political issues	Reduce the impact of such practices on departmental reputations.
Inter-country relationships	
Local commissioning processes	
Corruption	
Bureaucracy	

*Source:* Created by IDEA from information provided by public officials in Malta.



**Table A A.2. Training collateral development**

Training collateral development	
Government policies are bound to change	The effect of government policies should not have a severe impact on the objectives of educational institutions, such as University, MCAST, and private educational institutions. With change in policies or government terms, it is critical that any teaching programmes are updated and do not stagnate over time Funding, grants or initiatives can affect training programmes in management or leadership if they are directly funding the course. Identify areas where supporting grants may no longer be available. In doing so, provide alternative options for funding (if possible). Consider building inter-country relationships in order to gain knowledge, experience, and be trained on public procurement using both international and local expertise.
Government term	
Trading policies	
Funding, grants and initiatives	
Lobbying and pressure groups	
Terrorism	
Elections and political trends	
Internal political issues	
Inter-country relationships	
Local commissioning processes	
Corruption	
Bureaucracy	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.3. Template and guidelines development**

Template and guidelines development	
Government policies are bound to change.	The impact of changing policies will require guidelines to be reviewed on a yearly basis, as well as upon each policy change. The impact of defined Government terms/positions. Select which parts of procurement strategies will be retained for long-term and which parts of procurement may change in the shorter-term. Consider the impact of insufficient provision of funding; which areas are critical and cannot afford the impact of such a loss; which areas are secondary and may be removed. The misuse of guidelines or templates may lead to behaviour which poses legal issues. Review yearly and avoid reputational problems. The impact of inter-country relationships can affect procurement procedures particularly if incorrect practice in Malta is flagged. Encourage inter country relationships to enhance procurement processes as opposed to adding bureaucratic measures which may stifle international competence. Allow for international governing boards to assess the quality of the procurement processes which have been established. Malta's small size could affect its ability to self-audit. Improved and innovative processes could result from this activity.
Government term	
Trading policies	
Funding, grants and initiatives	
Lobbying and pressure groups	
Terrorism	
Elections and political trends	
Internal political issues	
Inter-country relationships	
Local commissioning processes	
Corruption	
Bureaucracy	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.4. Information technology**

	Information technology
Government policies are bound to change.	The impact of policy on IT expertise should not be a hindering factor but rather assist the overall procurement strategies being proposed.
Government term	Ensure continuation of the procurement change strategy at a national level, irrespective of any future change/s in government.
Trading policies	Enable sufficient systems in place to ensure appropriate adoption and implementation of the proposed strategy.
Funding, grants and initiatives	Highlight which funding programmes may affect IT changes and select critical ones to the system as well as the ones which are not as critical (should funding be an issue). A prioritization process is necessary in order to identify the IT components that are critical for effective change implementation.
Lobbying and pressure groups	Internal politics/inter-country relationships should not hinder IT, and in the case of the latter, facilitate innovation. Therefore activity to build such supportive relationships should be considered.
Terrorism	Local commissioning processes may hinder IT if there is not enough knowledge of its use or if staff members choose to override the system for special cases or direct orders. Avoid such circumstances as much as possible, and/or ensure adequate documentation.
Elections and political trends	Corruption/bureaucracy may result in suboptimal IT outcomes, such as lack of innovation as well as transparency, particularly if there is an ability to override through instruction by top management. This could affect the credibility of the people making use of the system. The outcomes can be improved by ensuring integrity and objectivity in decision making as well as efficiency and effectiveness in the procurement of IT.
Internal political issues	
Inter-country relationships	
Local commissioning processes	
Corruption	
Bureaucracy	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.5. Legal**

	Legal
Government policies are bound to change.	Enable procurement units to gather data on a regular basis by engaging with the sector to identify problems. The impact of political factors on the legal options that are being built as part of this change strategy could be dependent upon the time taken to affect change within the currently instituted laws and the pressure received from lobbyists and pressure groups, or strategic partners.
Government term	
Trading policies	Identifying the goals of key strategic players through procurement legal reform.
Funding, grants and initiatives	
Lobbying and pressure groups	
Terrorism	
Elections and political trends	
Internal political issues	
Inter-country relationships	
Local commissioning processes	
Corruption	
Bureaucracy	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.6. Communications and engagement specialists**

	Communications and engagement specialists
Government policies are bound to change.	N/A
Government term	
Trading policies	
Funding, grants and initiatives	
Lobbying and pressure groups	
Terrorism	
Elections and political trends	
Internal political issues	
Inter-country relationships	
Local commissioning processes	
Corruption	
Bureaucracy	

*Source:* Created by IDEA from information provided by public officials in Malta.

## Economic factors

**Table A A.7. Training**

	Training
Local economy	The economic impact on training as a result of growth will require increased procurement specialisation in the sector.
Taxation	The number of specialized procurement employees has decreased, resulting in a lack of foundation for decision making within core government operations. The time taken to train is substantial (from 6 months up to 3 years).
Inflation	
Interest	Human resources may not be available as originally envisaged. Alternative methods may need to be considered, such as; train the trainer, or subcontracting. Procurement resources may not be easy to recruit and retain. Government core functions have been stretched following the introduction of MPUs.
Economy trends	
Seasonality issues	
Industry growth	
Import/export ratios	
International trade	
International exchange rates	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.8. Training collateral and development**

	Training collateral development
Local economy	The effects of trends and seasonal issues should form part of the decision-making modules in teaching programs being proposed.
Taxation	
Inflation	Workshops design can address change in economy whereby participants will be invited to make decisions in the context of relevant scenarios.
Interest	
Economy trends	Training collateral will be designed to take into account current economic impacts, as well as ways in which to remain abreast of future trends.
Seasonality issues	
Industry growth	
Import/export ratios	
International trade	
International exchange rates	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.9. Template and guidelines development**

Template and guidelines development	
Local economy	The formation and preparation of templates and guidelines to suit economic trends is expected. Team leaders responsible for setting direction in procurement sectors will need to understand where the nation's economy is heading.
Taxation	
Inflation	
Interest	
Economy trends	
Seasonality issues	
Industry growth	
Import/export ratios	
International trade	
International exchange rates	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.10. Information technology**

Information technology expertise	
Local economy	The speed of transactions has impact on economic flows and trends. Contracts contain similar elements: costs, payment and delivery terms, SLAs, guidance for dispute resolution, etc. The impact and speed of transactions in response to industry growth can be met efficiently through the use of IT expertise. As was noted throughout the data collection exercise, gaps brought to the forefront resulted in a lack of capability in using software to its full potential.
Taxation	
Inflation	
Interest	
Economy trends	
Seasonality issues	
Industry growth	
Import/export ratios	
International trade	
International exchange rates	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.11. Legal**

Legal	
Local economy	In any public infrastructure project, clarity around project objectives is critical to ensure that it is carried out in a way that cost-effectively achieves those goals.
Taxation	
Inflation	
Interest	
Economy trends	
Seasonality issues	
Industry growth	
Import/export ratios	
International trade	
International exchange rates	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.12. Communications and engagement specialists**

Communications and engagement specialists	
Local economy	Changes in the economy can be both positive and negative. Any system will experience the consequence of both. Critical to communication is to engage the right expertise. Communication is dependent on the structures created to facilitate it. Consider a communication strategy for each department. One which allows for communication designed internally for strategic staff and a different strategy for outreach to generic staff as well as the public.
Taxation	
Inflation	
Interest	
Economy trends	
Seasonality issues	
Industry growth	
Import/export ratios	
International trade	
International exchange rates	

*Source:* Created by IDEA from information provided by public officials in Malta.

## Sociological factors

**Table A A.13. Training**

Training	
Demographics	The influencing factors include: (i) Maltese networks which are closely knit and highly influential (ii) the limitations on size of population and catchment within the procurement profession (iii) lack of variety in instruction and learning. In the case of training it is possible that an understanding is reached in terms of the limitations in trainee numbers available. A solution for this would be to combine the procurement strategy with other current activities to widen the catchment and increase the uptake. It is also beneficial to consider training in procurement strategies from foreign countries.
Media views of the industry	
Work ethic	
Brand, company, technology image	
Lifestyle trends	
Cultural Taboos	
Consumer attitudes and opinions	
Consumer buying patterns	
Ethical issues	
Consumer role models	
Major events and influences	
Buying access and trends	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.14. Training collateral development**

Training collateral development	
Demographics	Training collateral development may be affected by consumer attitudes and opinions and well as cultural norms and expectations.
Media views of the industry	In addressing the situation, it may be beneficial to discuss the advantages of taking up a procurement career more widely.
Work ethic	Consider the use of a campaign strategy to discuss, explain, and promote the nature of and a career path in public procurement.
Brand, company, technology image	Address ethical issues - there might be concerns amongst the general public about the ethical issues surrounding products that are bought through government procurement routes. Consider addressing ethical considerations as a pre-requisite to decision making during procurement processes.
Lifestyle trends	
Cultural Taboos	
Consumer attitudes and opinions	
Consumer buying patterns	
Ethical issues	
Consumer role models	
Major events and influences	
- Buying access and trend	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.15. Template and guidelines development**

Template and guidelines development	
Demographics	Consumer buying patterns can be an indicator for feedback on efficiency of selected processes. It was noted during the data collection phase that a lack of instructions to users resulted in several calls being made for clarification purposes.
Media views of the industry	New data sets from general public information should be collated and analyzed to update on progress and to determine if progress is benefitting the general users of the system.
Work ethic	Feedback exercises on a) template changes b) guidelines improvement will link the changes made to consumer attitudes and opinions and, in turn, influence the long-term design strategy for public procurement.
Brand, company, technology image	
Lifestyle trends	
Cultural Taboos	
Consumer attitudes and opinions	
Consumer buying patterns	
Ethical issues	
Consumer role models	
Major events and influences	
Buying access and trends	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.16. Information technology**

	Information technology
Demographics	Positive impacts on lifestyle could be a benefit of change to systems being proposed in the public procurement domain. Social media has its benefits in communicating with stakeholders. Engagement may be improved if secure methods for communication exchange are set up. The use of social media platforms would be an added benefit for those set up as community beneficiaries.
Media views of the industry	
Work ethic	
Brand, company, technology image	
Lifestyle trends	
Cultural Taboos	
Consumer attitudes and opinions	
Consumer buying patterns	
Ethical issues	
Consumer role models	
- Major events and influences	
- Buying access and trends	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.17. Legal**

	Legal
Demographics	Cultural aspects may create legal implications.
Media views of the industry	All projects are delivered by people, and for effective procurement systems to be put in place, a review of people-related elements is required.
Work ethic	Competence of procurement personnel is critical to project success, and compliance to the legal implications of procurement is necessary.
Brand, company, technology image	
Lifestyle trends	Understanding how ethics and governance influences procurement choices.
Cultural Taboos	
Consumer attitudes and opinions	
Consumer buying patterns	
Ethical issues	
Consumer role models	
Major events and influences	
Buying access and trends	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.18. Communication and engagement specialists**

Communications and engagement specialists	
Demographics	<p>The media views of this industry will be highly dependent upon government reputation being built in the face of current business.</p> <p>It was noted during data collection that there is a distinction between the efforts made within operational sectors and strategic levels. The efficiencies that occur within operations are not visible.</p> <p>The impact of communicating efficiencies occurring at operational level should be considered.</p> <p>An assessment of whether the media is presenting a true reflection of the current system is necessary, and gaps addressed accordingly.</p>
Media views of the industry	
Work ethic	
Brand, company, technology image	
Lifestyle trends	
Cultural Taboos	
Consumer attitudes and opinions	
Consumer buying patterns	
Ethical issues	
Consumer role models	
Major events and influences	
Buying access and trends	

*Source:* Created by IDEA from information provided by public officials in Malta.

## Technological factors

**Table A A.19. Training**

Training	
Emerging technologies	<p>The impact of technology on training would require instructors to consider the advancement of procurement systems and the applicability of their use as part of their teaching programme. This might require an assessment of the abilities current tutors have in facilitating IT.</p> <p>Public procurement can potentially be an important instrument for research and innovation. In this case policy design can be influenced by understanding how supplying the public sector affects supplier's innovation capabilities and performance.</p>
Maturity of technology	
Technology legislation	
Research and Innovation	
Information and communications	
Competitor technology development	
Intellectual property issues	

*Source:* Created by IDEA from information provided by public officials in Malta.



**Table A A.20. Training collateral development**

	Training collateral development
Emerging technologies	<p>It is important to note the volume and quality of training, supervisor support, peer support, and organisational incentives, related to training outcomes (training-transfer-related factors).</p> <p>The impact of technology could offer trainees the possibility to focus on empowering learners with relevant knowledge that will help them in career advancement; such as technology legislation.</p> <p>Teaching companies will need to cater to learners' needs and adopt strategies that have proven to have a high impact on technology growth.</p> <p>Value to learners - All the efforts taken by teaching companies/institutes towards training and development of employees in procurement will need to demonstrate value to the learner in order to keep them engaged and interested. This means adhering to business objectives as well as personal goals.</p>
Maturity of technology	
Technology legislation	
Research and Innovation	
Information and communications	
Competitor technology development	
Intellectual property issues	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.21. Template and guidelines development**

	Template and guidelines development
Emerging technologies	<p>The impact of technology on template and guidance development is an option for creating an informative and easy to use infrastructure for the public domain in the area of procurement.</p> <p>Data that can be collated would relate to capacity, demand and output bringing to the forefront information from this sector.</p>
Maturity of technology	
Technology legislation	
Research and Innovation	
Information and communications	
Competitor technology development	
Intellectual property issues	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.22. Information technology**

	Information technology expertise
Emerging technologies	<p>New technology provides the opportunity for procurement to boost market coordination, introduce new suppliers, improved compliance methods, increase capacity and speed, integrate risk management and increase trust by removing human error.</p> <p>The aim would be to enhance the performance for suppliers and the buyers, improving the buyer-supplier relationship. The positive impact would be on the overall system and decision-making capability of the sector itself.</p> <p>Another key factor for consideration is big data, and having the infrastructure for artificial intelligence (AI) applications. Undoubtedly, this would require seeking technical expertise for the set-up, user training and ongoing management of the technological infrastructure.</p> <p>AI may be able to transform procurement models by enabling more efficient procurement processes, as it may be used to alert organisations about issues in the process, supplier compliance and potential fraud (McCrea, 2018<sub>[41]</sub>). AI may be used further for effective reporting in order to identify procurement trends, which would hence be able to guide future development and strategy.</p>
Maturity of technology	
Technology legislation	
Research and Innovation	
Information and communications	
Competitor technology development	
Intellectual property issues	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.23. Legal**

	Legal
Emerging technologies	The impact of emergent technologies on the legal implications of public procurement such as blockchain should be considered.
Maturity of technology	
Technology legislation	Blockchain is a secure ledger system, which in effect will track a product from source (CIPS (Chartered Institute of Procurement & Supply), n.d. <sup>[42]</sup> ). A new ledger entry is built based on each transaction that takes place with the product or as that product is used as a component to build finished goods.
Research and Innovation	
Information and communications	It is critical to evaluate the changes that this system will bring and manage the planned changes in advance (if and where possible).
Competitor technology development	
Intellectual property issues	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.24. Communications and engagement specialists**

	Communications and engagement specialists
Emerging technologies	Emerging technology have positive impacts on facilitating improved communication and engagement between buyers and suppliers.
Maturity of technology	
Technology legislation	Communications was one of the issues noted in the data collection exercise, the benefits of improvement achievable using emergent technology would supplement the improvements being implemented under the change management plan.
Research and Innovation	
Information and communications	Take into consideration emerging technologies and assessment of their suitability for core operations rather than remaining reactive to modernisation of local/international suppliers.
Competitor technology development	
Intellectual property issues	

*Source:* Created by IDEA from information provided by public officials in Malta.

## Legal context

**Table A A.25. Training**

	Training
Current legislation	The legal framework for procurement has influences on training capabilities. The influence could encourage a strategic approach towards increasing awareness of environmentally and socially preferred goods, services and infrastructure.
Future legislation	
International legislation	The aim is to provide value for money across the asset life cycle not just at a point of purchase. The total lifecycle costing methods could be an intrinsic part of the training capacity not an add-on to the final stages in procurement steps.
Regulatory bodies and processes	Areas to consider for specific training include areas of public procurement regulation such as:
Consumer protection	• training to ensure users of the system understand the benefits and legal implications throughout the procurement life cycle;
Health and safety regulations	• key areas of governance to assist legislation adherence;
Money laundering regulations	• the ability to address stakeholders that do not conform, as due to the heavily connected network, at times enforcement may be difficult;
Tax regulations	• the ability to penalise contractors who do not abide by regulation – as it may be challenging due to either being too lenient or restriction in the number and availability of other suppliers;
Competitive regulations	Engaging trainees directly in the field for enhanced quality of problem solving.
Industry-specific regulations	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.26. Training collateral development**

Training collateral development	
Current legislation	Within the context of training collateral development, it would be beneficial to note which criteria within the legislative framework surrounding procurement procedures are to be included as part of the training syllabus. A review of laws, regulations and policies would ensure that trainees are aware of changes to health and safety regulations, money laundering regulations, as well as industry-specific regulations. Methods to enhance compliance to regulations should be considered in training, in order to encourage observation and adherence to the external laws and regulations.
Future legislation	
International legislation	
Regulatory bodies and processes	
Consumer protection	
Health and safety regulations	
Money laundering regulations	
Tax regulations	
Competitive regulations	
Industry-specific regulations	
Industry-specific regulations	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.27. Template and guidelines development**

Template and guidelines development	
Current legislation	Best practice guidelines, codes of conduct, development of new contracts, understanding the structure of tender and contract documents, and Practice manuals form part of a continuous development programme for procurement efficiency. Ensuring support by the relevant legislative framework will allow for solution building and improved guidance.
Future legislation	
International legislation	
Regulatory bodies and processes	
Consumer protection	
Health and safety regulations	
Money laundering regulations	
Tax regulations	
Competitive regulations	
Industry-specific regulations	
Industry-specific regulations	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.28. Information technology**

Information technology	
Current legislation	<p>The influence of legislative frameworks on IT development is threefold:</p> <ul style="list-style-type: none"> <li>• providing an overview of the significance and current status of the use of information technology in procurement in accordance with the latest legislative developments</li> <li>• identification of challenges in the use of IT for procurement</li> <li>• locating priorities in the future developments for IT procurement. Internal process optimization is critical to an IT improvement intervention.</li> </ul> <p>Critical to maintaining a level of influence within the latest IT developments is ensuring that any legislative changes are aligned with the proposed developments. The aim is to reduce the gap between regulation and the facilitation of processes through IT improvements.</p>
Future legislation	
International legislation	
Regulatory bodies and processes	
Consumer protection	
Health and safety regulations	
Money laundering regulations	
Tax regulations	
Competitive regulations	
Industry-specific regulations	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.29. Communications and engagement specialists**

Communications and engagement specialists	
Current legislation	<p>Setting up communication methods for procurement means that there will be both rigorous data sets and an easier approach for the interested suppliers.</p> <p>Legislative frameworks can meet the needs of a broad range of stakeholders including the public procurement teams.</p> <p>Emails and standardised notifications speed up processes, nevertheless, building a communication plan which is based on direct contact with users through a) workshop-based events and, b) conference calls.</p>
Future legislation	
International legislation	
Regulatory bodies and processes	
Consumer protection	
Health and safety regulations	
Money laundering regulations	
Tax regulations	
Competitive regulations	
Industry-specific regulations	

*Source:* Created by IDEA from information provided by public officials in Malta.

## Environmental context

**Table A A.30. Training**

Training	
Environmental regulations	<p>The training programme can include content on links between:</p> <ul style="list-style-type: none"> <li>• procurement management and environmental regulations</li> <li>• sustainability measures and inclusion in the procurement strategy</li> <li>• ecological regulations and procurement</li> </ul>
Ecological regulations	
Reduction of carbon footprint	
Sustainability	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.31. Training collateral development**

	Training collateral development
Environmental regulations	Compliance with all applicable environmental laws and regulations is required.
Ecological regulations	Understanding of legal responsibilities, such as:
Reduction of carbon footprint	<ul style="list-style-type: none"> <li>• types of permits and approvals required</li> <li>• terms and conditions of permits and approvals</li> <li>• future plans to reduce environmental impacts</li> </ul>
Sustainability	Obtaining necessary certification, such as quality certificates can be incorporated in training collateral development level.

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.32. Template and guidelines development**

	Template and guidelines development
Environmental regulations	New environmental regulations mean upgrading of current templates and guidelines to suit emerging requirements.
Ecological regulations	Green Public Procurement (GPP) is becoming more relevant and requires pre-planning to ensure that the concept is integrated and not treated as an afterthought. Planning is needed in regard to:
Reduction of carbon footprint	<ul style="list-style-type: none"> <li>• template and guidelines in place to support GPP outcomes</li> <li>• indicators for measurement to confirm whether the guidelines being developed support the overall procurement process</li> </ul>
Sustainability	Expected trends that green requisites are expected to meet in the next 5 years. Impacts on international trade that such changes may add.

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.33. Information technology**

	Information technology
Environmental regulations	Understanding options such as cloud procurement management as investments for public systems.
Ecological regulations	Utilising environmentally sustainable material/ equipment in procurement systems.
Reduction of carbon footprint	
Sustainability	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.34. Legal**

	Legal
Environmental regulations	Integrating environmental regulations as a requisite to the legal aspects of the procurement strategy.
Ecological regulations	The impact of compliance to such regulations will be considered as integral to the strategy.
Reduction of carbon footprint	Identify international public procurement legal requirements envisaged for the future, in order to adopt a proactive rather than reactive approach to changes in regulation.
Sustainability	

*Source:* Created by IDEA from information provided by public officials in Malta.

**Table A A.35. Communications and engagement specialists**

	Communications and engagement specialists
Environmental regulations	The impact of new environmental regulations on procurement systems in place.
Ecological regulations	The planning required to carry out any necessary updates or changes to current systems.
Reduction of carbon footprint	The communication of the changes to environmental and ecological regulations in adopting a sustainable approach to public procurement.
Sustainability	

*Source:* Created by IDEA from information provided by public officials in Malta.

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