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Centre for Open and Lifelong Learning

FEEDBACK TUTORIAL LETTER

1ST SEMESTER 2023

ASSIGNMENT 1

PROCUREMENT MANAGEMENT

PMM711S

QUESTION 1

This question assessed whether you could link procurement strategies to an organisation or national objectives. To answer the question, students were expected to identify the NDP5 objectives and suggest procurement strategies to help achieve them. Below are some links that were supposed to be established between NDP5 objectives and public procurement.

- Industrialization and economic growth: Use public procurement buying power to create industries and empower local markets.
- Education and skills development: Use procurement to ensure the Ministry of Education has the right equipment, books, systems, classrooms, etc., to create conducive learning environments. For example, if procurement does not deliver quality or on time on hostel food, schools, etc., this might affect the abilities of learners to focus in class.
- Infrastructure development: The NDP5 aims to enhance infrastructure development in the country, including constructing new roads, railway lines, and other transportation infrastructure. These projects need to be materialised through procurement. Finding the right suppliers and all the other 5Rs is critical in successfully implementing these projects.
- Health and social welfare: The plan seeks to improve Namibians' health and social welfare by increasing access to healthcare and social services. This can be achieved if best practices are implemented to govern how the relevant products are acquired.
- Environmental sustainability: Including sustainability criteria in the public procurement evaluation process.
- Governance and institutional strengthening: The plan seeks to strengthen governance and institutional capacity in Namibia by improving public service delivery, promoting accountability and transparency, and enhancing the rule of law. This is the very object of the Procurement Act of 2015.

Overall, the NDP5 aims to achieve inclusive growth and development, reduce poverty and inequality, and improve the quality of life for all Namibians. This highly depends on how public funds are spent.

On average, you have performed well on these questions. Few students, however, failed to draw a relationship between the procurement strategies and NDP5 objectives.

QUESTION 2

This question expected students to analyse the case study and apply course concepts. Most of you should have applied the concepts to the case and copied course notes without internalising what they mean in the context of this case.

2.1 Discuss the four importance of procurement management in the context of the above case?

A good answer was supposed to take the procurement objectives discussed on pages 16-18 of the study guide and apply them to the case. You were expected to include but not limited to;

- Operational Support Requirements- can the hospitals/Ministry of Health operate without the clinical products being procured? The discussion was supposed to include the impact of the cancellation on the operations of the Ministry of Health.
- Manage the Procurement Process and the Supply Base Efficiently and Effectively by ensuring a reliable supply of medical supplies and equipment while achieving cost savings and promoting supplier diversity. Perform a comprehensive analysis of the Ministry's current spending on medical supplies and equipment to identify areas where cost savings can be achieved. Contract suppliers deliver on-time delivery, quality of goods and services, and overall cost-effectiveness.
- Develop Strong Relationships with Other Functional Groups- Build strong relationships with key departments to ensure a reliable and consistent supply of goods and services.
- Develop Integrated Purchasing Strategies That Support Organizational Strategies, Goals and Objectives. This includes adopting procurement strategies aligned with the Ministry's goals and objectives. E.g. contracting a costly supplier affects the ministry's ability to provide integrated, affordable, accessible quality health care and social services responsive to the population's needs.
- Improves cost savings – buying at inflated prices will conflict with cost savings
- Providing access to external markets- market analysis should highlight the shortage of Namibian firms to cost-effectively deliver pharmaceutical/ clinical products as we don't have local production capacity. Thus Open national bidding might not have been the best method to use. Providing access to external markets can be a way for MOHS to promote transparency, accountability, and fair competition while enabling governments to benefit from the expertise and resources of companies worldwide.

Overall, most of you still need to link these objectives to the case. But on average, I have received some really good responses.

2.2 Which key responsibilities did the board procurement department fail to deliver on? also, highlight at which procurement cycle stage/s the board failed.

- **Trusted Advisor-** considered valued partners by the business, not gatekeepers or administrators. Have a high level of involvement in planning and budgeting. The case merits demonstrate that cost analysis wasn't conducted. Also, the board is responsible for carrying out market analysis to advise of the best strategies and evaluate criteria.
- **Driving Supplier Innovation** through effective supplier evaluation and selections- the board didn't ensure the right qualifying supplier was selected. Choosing the highest bid based on unverified information and inconsistent supplier criteria will not help the board reduce costs. The board is responsible for procuring the biggest contracts. Thus buying at inflated prices make no sense when they have buying power and could benefit from economies of scale. If anything, they have an opportunity to appoint suppliers that innovatively contribute to national objectives, e.g. employment creations
- **Providing Insights-** Procurement provides predictive insights on supply markets during operational planning and budgeting. This requires having the tools and expertise to turn data into actionable knowledge. The board's act to assume we have local manufacturers implies no market analysis was conducted, and data from historical spending were not analysed.
- **Risk Protection-** develop risk management programs to ensure supply continuity and regulatory compliance. Clinical products are subjected to rigorous quality and health standards. Awarding a contract to a company that is importing presents a health risk. Imagine buying substandard condoms. Thus the board should have conducted supplier risk assessments to determine the best mitigation strategy when risk exposure is identified. E.g., if suppliers are importing the board, they can include criteria such as health certificates to ensure quality from manufacturers.
- **Agile Staffing-** mistakes like this highlight the board's failure to attract employees that can implement best practices
- **Develop/adopt sourcing strategies-** Procurement is responsible for developing strategies that create the greatest value for the supply chain. Thus, local sourcing wasn't the best strategy for a country that doesn't produce many clinical products. Perhaps a partnership to transfer skills to inspiring local suppliers would have been better.

Considerations were also made responsibilities in the study guide from pages 18-19 when applied to the case

- Evaluate and select suppliers
- Review goods and services procured
- Act as the primary contact with suppliers
- Decide how to make a purchase

In the future, please use the key responsibilities in the PPT and not the study guide.

2.3 Was the Central Procurement Board of Namibia's right to cancel this bidding process? Justify

Yes, Although the board only cited Section 54(1)(b) of the Public Procurement Act,15 of 2015, the procurement additionally contradicted the objectives of the ACT, which are: transparency, competitive supply, effectiveness, efficiency, fair dealing, responsiveness, informed decision-making, consistency.

2.4 Why was this procurement facilitated by the board rather than the ministry?

The key function of the board is to conduct the bidding process on behalf of public entities to award contracts for the procurement or disposal of assets that exceed the threshold prescribed for public entities. as outlined in Part 3, section 8 of the procurement act of 2015. The public procurement act regulations outline the threshold limit on page 31. The procurement is above 25 million, the threshold limit for category one public entities.

Most of you need clarification on board with the procurement policy unit. Please familiarise yourself with the functions of the various structures in public procurement. This is even more important should you attend public procurement interviews.

2.5 The Namibian procurement act is considered a procurement policy and procedure for government entities. Discuss why this should not be advisable.

First, to answer this question, you must recognise the difference between the Act, a legal framework and the procurement policy and procedures study. The public procurement Act of 2015 provides the legal basis and safeguards for public procurement and should be distinct from policies and procedures. While procurement policy provides the guidelines and principles that guide the procurement process and procurement procedures provide the detailed steps and processes that must be followed to carry out the procurement policy. Refer to the study guide on Page 47 Different section categories of procurement policies and compare to the act to see if it has covered any of them. The Act is not a policy and procedure but has some elements that can be incorporated into the policy and procedures. Public procurement policy and procedures must be informed and comply with the Act.

Extra five marks were awarded for structure, language, referencing and grammar. Please use APA referencing guide. I have uploaded it on eLearning.

General comments.

Please avoid copying and pasting answers from AI platforms such as Chat GPT. Be cautioned that the Turnitin system does pick up such practices. On the contrary, use the AI platforms to guide you, but you should still analyse and apply content to demonstrate understanding. Students with high AI and Turnitin similarities are penalised.

I have also learned that you don't familiarise yourself with the public procurement act. These legal frameworks are critical for this course. Please do read them. I have uploaded them on eLearning.