

May 2020



MOZAMBIQUE

Assessment of the Public Procurement System

Executive Summary



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The MAPS assessment of the public procurement system in Mozambique consists of **this Executive Summary** and the following three volumes:

Volume I - Main Report includes an introduction, analysis of the country context, and an assessment that covers four pillars: Pillar I - Legal, Regulatory, and Policy Framework; Pillar II - Institutional Framework and Management Capacity; Pillar III - Public Procurement Operations and Market Practices; and Pillar IV - Accountability, Integrity, and Transparency of the Public Procurement System. The analysis comprises 14 indicators, with tabulation on substantial gaps/red flags and risk classification and recommendations. Finally, this volume provides consolidated recommendations and an action plan and lists key steps of the validation process of the assessment report. An acknowledgement section appears at the beginning of this volume.

Volume II - Detailed Report - Indicator Matrix for Pillars I, II, III, and IV covers the assessment criteria, qualitative and quantitative analysis, gap analysis, potential red flags, and initial inputs for recommendations as per the standard MAPS template.

Volume III - Annexes, comprising the following: Detailed Action Plan (Annex 1), Stakeholders mapping and representatives interviewed (Annex 2); List of UGEAs (that are procurement implementing units) interviewed (Annex 3); Validation process and feedback received (Annex 4); UGEA survey results (Annex 5); Private sector survey focus group (Annex 6); Private sector recommendations (Annex 7); Steering committee composition (Annex 8); and Background documents (Annex 9).

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Background

The Mozambique country procurement assessment based on the MAPS II methodology was carried out from September 2018 to June 2019, at the initiative of the Government of Mozambique (GOM) through the Functional Unit for Supervision of Procurement (UFSA). It was accomplished with the direct financial support from the World Bank and the UK Department for International Development (DFID) and substantial contribution from the German Corporation for International Cooperation GmbH (GIZ) and benefited from the advice and guidance of other Development Partners (DPs) including the European Union (EU), International Monetary Fund (IMF), African Development Bank (AfDB), Global Affairs Canada (GAC), United States Agency for International Development (USAID), Swiss Embassy, Belgian Development Agency (ENABEL), and General Directorate for Cooperation and Development (DGCS).

The MAPS report was subject to the validation of the Steering Committee, World Bank quality assurance process (June 2019), the MAPS Technical Advisory Group review (August 2019), and government final endorsement (March 2020). The process of review and validation is summarized in Chapter 6 of Volume I - Main Report.

The MAPS II methodology, 2018, is a universal tool reflective of leading international procurement practice that serves as a guide toward sustainable and inclusive public procurement reform. The GOM decided to benefit from the MAPS II upgraded analytical framework to get more visibility into existing public procurement challenges and opportunities that lie ahead. Based on these findings, a comprehensive and inclusive strategic plan was formulated to guide the way forward toward improved procurement outcomes.

Country context¹: Mozambique is a country endowed with ample natural resources and a young and fast-growing population of 29 million people. With its extended ocean coastline, the country is strategically located, as it offers a conduit to global markets for the neighboring landlocked countries. On the economic front, Mozambique continues in a slow growth trajectory that followed the 2016 hidden debt crisis. It recorded a gross domestic product (GDP) rate of 3.3 percent in 2018 and about 2 percent in 2019, after the devastating impact of tropical cyclones Idai and Kenneth on agricultural production. Thus, the economic performance is yet to revert to the pre-crisis levels of 7 percent. Small and medium enterprises have fallen back and their capacity to generate jobs has been restricted even further as credit supply and demand for goods and services remain constrained. It is expected that the Mozambique economic growth prospects will be further affected by the COVID-19 pandemic. In the political arena, the October 2019 general elections resulted in a landslide win by the incumbent Mozambique Liberation Front (*Frente de Libertação de Moçambique*, FRELIMO) party which has won the Presidency and the National Assembly.

¹ Source: Based on World Bank Country Office Country Overview, 2019.

Public Procurement in Mozambique and MAPS Scope

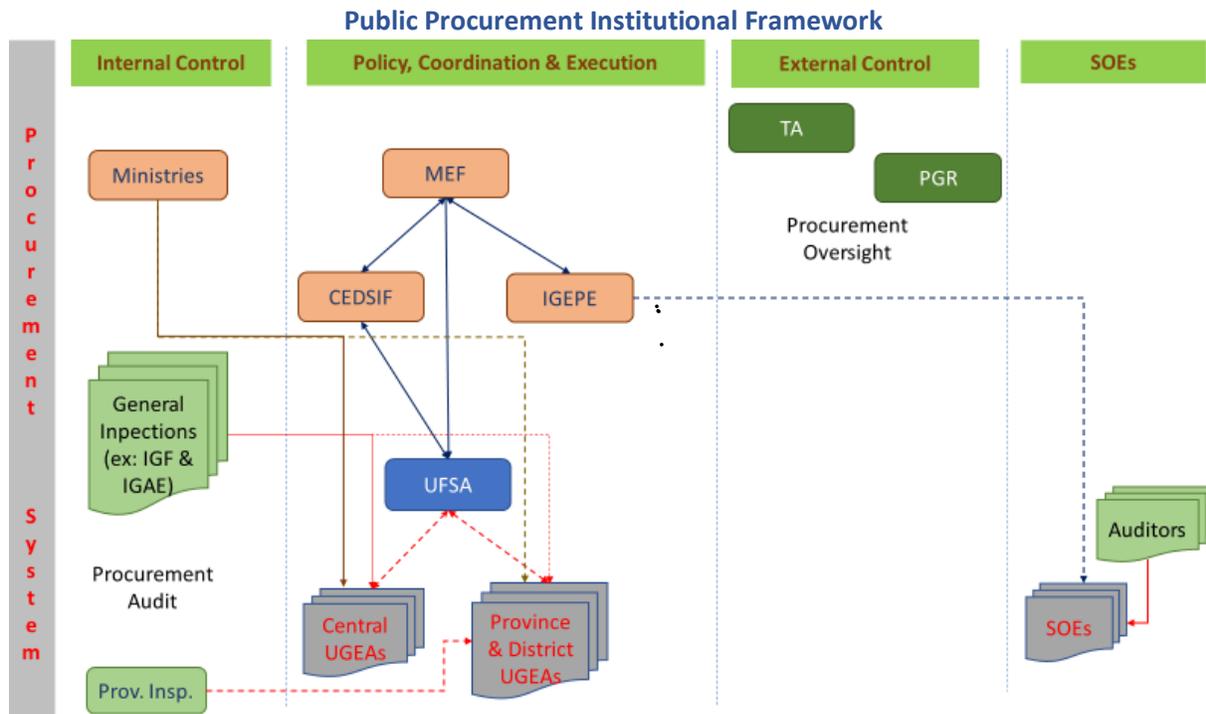
While on a sharp decline after the debt crisis, public procurement still accounts for a significant share of the economy: 33 percent of public expenditures and about 10 percent of the GDP in 2018 (versus 54 percent and 22 percent, respectively, in 2014). Even a relatively small increase in efficiency can easily translate to more timely, higher quality public services to its citizens. In addition, public procurement is an important source of revenue for the local private sector, contributing to job creation, which is a high GOM priority, at a time when about 500,000 young people enter the job market every year.

The assessment of the Mozambique public procurement systems against the criteria set out in the MAPS II methodology, confirmed the progress achieved in the establishment of the legal and institutional framework for public procurement. However, challenges remain and, if addressed, could significantly improve the efficiency in the use of public funds, delivery of public goods and services to citizenry, and achievement of government horizontal policy objectives (job creation, environmental benefits, support to national and micro, small, and medium enterprises [MSMEs]).

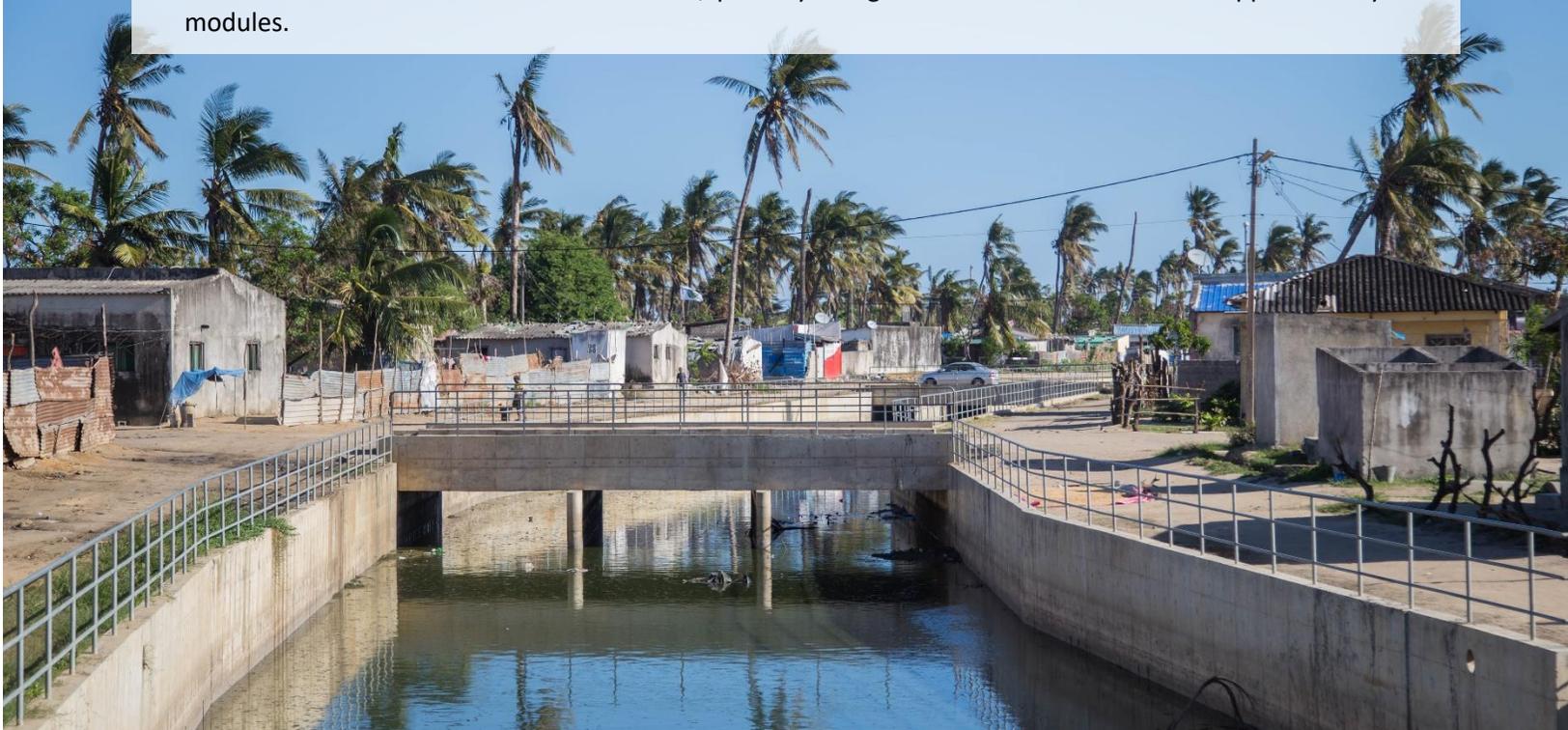
The current institutional government architecture for public procurement in Mozambique is captured in the figure below, which identifies two key areas for public procurement: Core government procurement and State-owned enterprise (SOE) procurement. At the policy level, the main institution for both areas of procurement is the Ministry of Economy and Finance (MEF). CEDSIF (Center for Development of the Finance Information System) is an autonomous agency supporting the MEF technology agenda, including e-procurement.

- A. **Core government procurement** is regulated by the Public Procurement Decree 5/2016 (*Regulamento*) and is supported by the following institutions:
- UFGA – the lead public procurement agency in charge of procurement regulation and supervision.
 - Procurement implementing units/*Unidades Gestoras e Executoras das Aquisições* (UGEs).
 - Internal control and audit agencies including the General Inspectorate of Finance (IGF-MEF) and sectoral and provincial inspectorates; *Tribunal Administrativo* (TA) and Attorney General/*Procuradoria Geral da República* (PGR) have, among other responsibilities, an internal control function (for example, procurement prior and post review).
 - The TA is also in charge of external audit and procurement appeals at the judicial level (*recurso contencioso*).

- B. **SOE procurement** is governed by SOE Law No. 3/2018 and SOE Regulations/Decree No. 10/2019, requiring that specific procurement regulations be adopted by each SOE; there is no designated oversight agency for procurement; however, there is a State-Owned Equity Holding Management Institute/Instituto de *Gestão das Participações do Estado* (IGEPE-MEF) representing the government shareholding interests.



The focus of this report is the core government procurement under the *Regulamento*, while briefly addressing public procurement under the SOE and Public Private Partnership (PPP) laws. Given the significant public resources spent for procurement in the areas of SOEs and increasingly in PPP projects, and the relatively new SOE procurement legal framework, it is recommended that follow-up procurement assessments focus on SOE and PPP sectors, possibly using the MAPS sector and PPP supplementary modules.



Positive Developments

Progress was recorded in developing the legal and regulatory framework for public procurement with the adoption of Decree 54/2005 further amended in 2010 and 2016 (the *Regulamento*). The assessment confirmed that the legal and regulatory framework is generally aligned to international practices, promotes the principles of competition, transparency, and equal treatment, and affords participants the right to challenge/appeal contract award decisions.

Furthermore, the institutional architecture for procurement has been established with procurement being part of the broader public financial management (PFM) system. The apex entity is UFSA, the central government procurement regulatory unit. UFSA asserted itself as the lead procurement agency by creating control systems, tools for practitioners, capacity building programs, and information systems on public procurement. About 1,600 procurement Implementing units (UGEAs), decentralized up to the local level, are in charge of the day-to-day procurement operations. UGEAs are integrated into and respond to the public administration entity to which they pertain.

Finally, there are advancements in the procurement oversight and integrity systems. A procurement oversight framework is in place as detailed earlier. In the integrity arena, there is a comprehensive legal framework and institutions that are tasked with its enforcement, that is, PGR, Central Anti-corruption Agency/*Gabinete Central do Combate à Corrupção* (GCCC), TA, and Central Public Ethics Commission; and, under the *Regulamento*, a debarment mechanism was set in place to sanction bidders, including for corrupt practices. Publication of contract awards is showing results as media and citizens have started to monitor procurement decisions. At the international level, Mozambique is a member of the United Nations Convention against Corruption (UNCAC) and other regional anti-corruption conventions.

Key Challenges

Legal and institutional reforms are still to deliver their full benefits. Enforcement of the *Regulamento* by UGEAs is relatively weak, and budget allocation for contracts is a serious constraint.

- Effective integration of procurement in the PFM system is still to be achieved. The weak connection between procurement planning/contract monitoring and budget preparation and execution is one of the reasons for the accumulation of payment arrears for public contracts. As a result, the private sector is struggling with more than 50 percent of the companies identifying long payment delays of 18 months on average (2018 Enterprise Sector Survey, [2018 ES Survey]).
- There are some areas of inefficiency in procurement identified by this assessment as further outlined. Contracts are fragmented, foregoing the benefits from economies of scale. This is due to a combination of factors including inadequate planning and the fact that fractioning of contracts is not explicitly prohibited in the Regulation. While on the declining trend, direct contracting/*ajuste directo* is still accounting for a large share of procurement (about 45 percent). Regarding publicity, it is commendable that the legal framework supports transparency through extensive requirements for publication of procurement opportunities and contract awards; it was noted, however, that the cost of advertising in the press for lower value contracts is disproportionately high compared with the contract value. In addition, procurement information is scattered in various media, and the UFSA portal is still to be developed into a full-fledged centralized online portal with comprehensive and up-to-date information on public procurement. Finally, in spite of the good compliance with process requirements during the procurement stage, the UGEA survey revealed significant weaknesses in procurement planning and contract management, activities that are critical to improving procurement outcomes.
- UGEAs are to be created in each procuring entity that has a budget allocation/*tabela orçamental*, but at this stage, not all UGEAs are part of the organic structure of government (for example only 70 percent of the UGEAs surveyed were formalized). There are no clear statistics on UGEAs' population and staff which hampers effective supervision and capacity-building planning and implementation.
- UGEAs' staff capacity is generally low, and they are adversely affected by high staff turnover in the absence of a career path in procurement. In this context, capacity building is permanently in a catch-up mode, and it is less effective due to the need to train a high number of new staff. Job profiles (while developed) are not yet approved, and there is no accreditation process. Practitioners lack some of the implementation tools; by way of illustration, updated standard bidding documents (SBD) consistent with the 2016 *Regulamento*, while developed, have not yet been issued and important regulations/*normas complementares* are still to be prepared.

- Engagement of stakeholders is picking up, but it is still modest (only 22 percent of private sector survey participants confirmed that they are informed on policy changes). There are no systematic capacity-building programs for the private sector (including MSMEs) to help their effective participation to the procurement marketplace and support new entries and no real dialogue with the civil society.
- In the absence of e-procurement, and UGEAs not submitting the requisite information to UFSA, there is a shortage of centralized, reliable information on public procurement and performance monitoring is affected. E-procurement agenda (the implementation of an end-to end system) is stalled by the lack of resources.
- While the level of cooperation and exchange of information between the oversight agencies has been stepped up there is a need to further coordinate their actions including in the interpretation of *Regulamento*. The prior and post review process by TA covers all government contracts, irrespective of nature and amount which impacts on the procurement process lead time and is taxing on UGEAs and TA resources.
- The challenge/appeal mechanism is not effective, conclusion supported by the private sector survey that amply shows that respondents do not trust the administrative challenge/appeal system; the bidders' debarment process is not transparent in the absence of implementation rules/*normas complementares*; and overall perception of corruption is high, with 70 percent of the private sector identifying it as a barrier to doing business (2018 ES Survey).



The implementation gap has been exacerbated in the aftermath of the ‘debt crisis’ of 2016 that dramatically reduced the funding for the procurement agenda. This was coupled with a deterioration in the governance environment as reflected by the international ‘governance’ indices.

- 2018 CPIA index on Transparency Accountability and Corruption in Public Sector was 2.5, below the 2.7 SSA IDA average (scale 1-6):
- <http://datatopics.worldbank.org/cpia;>
- TI/CPI fell to 23 in 2018 from 31 in 2015 (scale 0-100)
<https://www.transparency.org/cpi2018>

Finally, while UFSA was instrumental in establishing a new, modern public procurement system in Mozambique, the status quo is no longer consistent with its increasing responsibilities. UFSA’s new responsibilities are now driven by a growing procurement network with increased supervision and performance monitoring demands, the emergence of e-technology based procurement, the professionalization and integrity agendas, and the increasing need to engage with a multiplicity of state and non-state actors to find holistic solutions to challenges that are inherently complex.

Opportunities for Improvement

A set of recommendations to address the challenges identified are made in consideration of the government’s overall development objectives, including the decentralization agenda. It is important to further underscore that the formulation of said recommendations entailed a process of balancing the ‘ideal’ versus ‘best-fit’ solutions. Therefore, in consideration of the potential risks that may arise when carrying out the longer-term structural recommendations, interim, pragmatic solutions are also identified. These are quick win actions that can generate significant improvements in procurement outcomes while being carried out within the current legal and institutional framework. The key recommendations are grouped below around (i) the cross cutting legal/regulatory framework and (ii) five high-level strategic objectives.

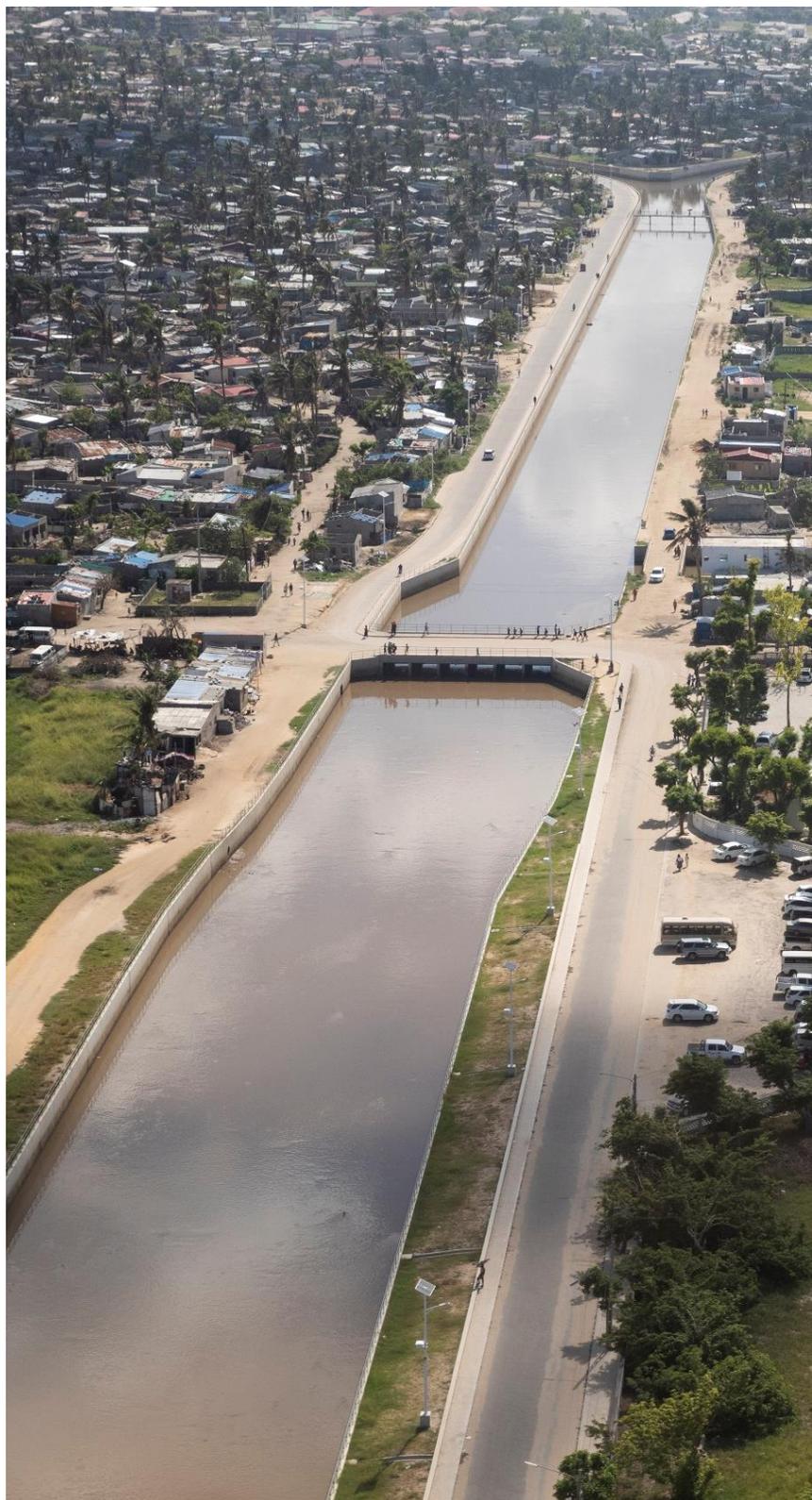
The legal framework for public procurement, while generally adequate, needs further strengthening in specific areas identified under the MAPS analysis to improve procurement outcomes.² Some areas need to be addressed through revising/amending the *Regulamento*, but others can be addressed through secondary legislation. Those areas to be addressed through the *Regulamento* include strengthening the definition of UFSA’s responsibilities as central regulatory and oversight procurement body and its role as the sole debarment authority and creation of an independent administrative appeal body (prior to TA judicial level); in addition, the *Regulamento* needs to address other key provisions required under the MAPS standard to enable optimal procurement results, for example, including an option for framework agreements, more cost effective options for bid securities and publicity requirements, explicit prohibition of fractioning contracts, regulating SOE participation in public bidding, and mandating the publication of the procurement plan.

² The normative gaps identified and recommendations made are further addressed in the Volume I, Main Report (Pillar I).

It is noted, however, that **many of the recommendations to fill the legal gaps identified, which are critical to optimal public procurement outcomes can be addressed within the current legal and institutional framework** through issuing implementation rules/*normas complementares*, Standard Bidding Documents (SBDs), and guidance/*instruções*. Priority actions include issuing implementation rules for debarring bidders and handling challenges/appeals at the administrative level that guarantee ‘due process’, implementation rules on how to better balance the access to information and the need to safeguard confidentiality during the evaluation process, and instructions on the application of preferences and sustainability criteria and on how to promote open bidding and limit the automatic fall back on less competitive methods for large contracts. It is critical for the good operation of the public procurement system to issue the updated SBDs, consistent with the 2016 *Regulamento* and the MAPS recommendations, and to publish the SBDs on the UFGA website.

Other recommendations relate to strengthening the legal framework for public procurement outside the *Regulamento* such as (a) the urgent need for SOEs to adopt enterprise specific procurement regulations consistent with relevant procurement provisions set in Law No. 3/2018 (SOE Law) and Decree No.10/2019 (SOE Regulations) and (b) completion of the e-procurement regulatory framework.

The implementation of the above recommendations will create a strengthened normative environment that will enable improved procurement outcomes and boost the confidence of the participants in the public procurement market.



Strategic Objective # 1



Strengthen UFSA authority and capacity to effectively carry out its lead procurement agency functions and continue to improve the legal framework for public procurement.

A stronger, more inclusive, and increasingly decentralized lead agency will be more capable to respond to the demands of the second-generation public procurement reforms in Mozambique. Strengthening its authority would not only entail a *de jure* change in UFSA's legal status⁴ but also a *de facto* transformation. Implementing the latter objective, can start immediately and can be, among other things, achieved through UFSA attracting more resources, both financial and human, based on a strong strategic plan and demonstrable results. Activities that may strengthen its status include, but are not limited to, effective engagement with its stakeholders, conducting systematic oversight, leading the certification/professionalization and capacity-building agenda, collecting statistics, and reporting on public procurement performance.

High-impact priority actions

- Use the strategic action plan based on the MAPS assessment to attract additional resources, including for recruiting the needed key technical staff for UFSA to effectively carry out its functions.
- Address some normative gaps identified in the area of procurement and contract management by issuing the updated SBDs (now in draft) and Implementation Rules/*normas complementares* and disseminating the Procurement Manual.
- Step up UFSA performance monitoring mechanism (for both procurement/contract management) by enforcing UGEAs' obligation to provide performance information under the *Regulamento* and by using e-SISTAFE³ data.
- Create a discussion forum with representatives from various public procurement stakeholders for a more inclusive policy formulation and implementation.

³ Public Sector Financial Management System/*Sistema de Administração Financeira do Estado*.

⁴ An option could be a change in the UFSA status from 'subordinated' to 'autonomous' status—that is, from *vinculada to tutelada*.

Strategic Objective # 2

Adopt a more strategic and value-for-money approach to procurement and contract management to increase the efficiency in the use of public funds and delivery of public services.

High-impact priority actions

- Engage with sectors and UGEAs to promote increased aggregation at the district, province, and central levels, in particular for recurrent procurement. Roll out reverse auction/*concurso por lances*.
- Conduct UGEA mapping that will provide valuable information on the universe of UGEAs and on potential efficiency opportunities and will ensure an objective basis for the UGEAs' oversight and capacity-building/certification programs.
- Update the design and road map for e-procurement to enable its efficient implementation.
- Address MPE⁵ teething problems to be able to roll it out and improve budget execution discipline, including the payment process.
- Provide guidance to UGEAs to (a) reduce the cost of advertising by using less expensive options that are provided in the *Reglamento* without compromising transparency and (b) avert failed competitive procurement and minimize the automatic use of less competitive methods.
- Enforce the performance monitoring system at procuring entity/UGEA level based on a set of indicators (agreed with UFSA) to get insights into recurring challenges and the options available to improve procurement outcomes.

There are several dimensions to this agenda. **First**, procuring entities should look at procurement holistically during the planning period and aggregate it at the center, province, and district levels, when needed, to achieve economies of scale and reduce transaction costs, including through the use of framework agreements and e-catalogues. **Second**, procurement Implementing units (UGEAs) need to be established consistent with the demand for procurement. While the current government rationalization of budget units seems to be a step in the right direction this should be complemented by the inclusion of all UGEAs in the organic structure of the government to vest them with appropriate level of authority and accountability. **Third**, UFSA/CEDSIF should urgently reactivate the e-procurement agenda and advance its implementation to foster transparency and efficiency. **Finally**, procuring entities must make performance monitoring an integral part of procurement and contract implementation activities to continuously optimize the public procurement systems' operation.

⁵ State Asset Module/*Modulo de Patrimonio do Estado - MPE* (currently under pilot phase) will bring in the PFM system pre-contractual information including the 'procurement plan' that will serve as a control tool for commitments.

Strategic Objective # 3

Build a critical mass of procurement cadre through certification, professionalization, sustained training, and technical support.

It is imperative to create a critical mass of procurement specialists and stave off the high turnover at the procuring entities level; to this end, launch the certification agenda and continue the capacity building programs, including for UFSA staff. Since the training demand exceeds supply by an order of 10:1 there is need to outsource this activity and use 'train the trainer' approaches and e-learning tools. In addition to capacity building, provide more tools to practitioners to support their effective performance, for example, updated SBDs, standard bid evaluation reports, implementation rules and instructions for the appropriate enforcement of the public procurement legal framework including in novel areas like strategic planning, use of value for money approaches, sustainable procurement, and domestic preference criteria.

High-impact priority actions

- Approve procurement specialists job profiles (already elaborated) as a first step toward certification.
- Start developing e-training modules to support the certification agenda in collaboration with other education institutes and professional organizations.
- Provide tools to practitioners (Implementation rules, SBDs, Manuals) and train them for their use.
- Develop the frequently asked questions (FAQ) section on UFSA website to address common concerns.

Strategic Objective # 4



Improve private sector access to the public procurement market and promote its effective participation.

The assessment identified various avenues that can lead toward this objective through (a) effective publicity of public procurement opportunities; (b) reducing the cost of entry/participation in the public procurement market for bidders; (c) adding transparency and due process to the bidders' debarment and procurement challenge/appeal mechanism; (d) addressing late payment⁶ issues that make public procurement increasingly less attractive to the private sector, by promoting, among others, a stronger link between procurement and budget planning and execution, increased commitment controls through the Asset Module (MPE), and enforcement of the contractual penalties for late payments; and (e) increasing bidders' confidence in the appeal mechanism by creating an administrative independent procurement appeal body (prior to TA judicial level).

High-impact priority actions

- **Increase private sector access to information on bidding opportunities** by stepping up publicity on a central platform (UFSA website) in particular for public bidding/*concurso público*.
- **Provide more services to bidders at the decentralized level:** for example, develop the capacity of Provincial Departments of Economy and Finance (PDEF) to support bidders with *catastro* registration.
- **Minimize the cost of bidders' participation:**
 - Increase threshold for the use of bid security.
 - Ensure bidding document prices are reasonable, as per the *Reglamento*.
 - Enforce the application of penalties for delayed payments in contracts.
 - Launch a program to build capacity of the private operators to participate in procurement (MSMEs in particular) in collaboration with private sector associations.
- **Step up communication channels with the private sector**, including MSMEs, and include on UFSA website an FAQ section to address private sector needs.

⁶ Late payment issues and commitment controls are on the MEF agenda with technical assistance from DPs.

Strategic Objective # 5



Strengthen oversight and boost integrity in public procurement.

The assessment identified a series of actions through which this objective could be met.

Strengthen oversight through stepping up coordination among the entities in charge to avoid overlapping activities and take advantage of synergies and reduce the oversight cost. In addition, build the capacity of the internal and external auditors and inspectors to conduct effective, risk-based, procurement audit/controls and harmonize auditors' interpretation of the *Regulamento*. Furthermore, issue implementation rules/*normas complementares* to facilitate the enforcement of the legal integrity requirements and increase the volume and quality of procurement and contract management information publicly available as a pre-condition for effective citizens' monitoring. Finally, ensure adequate resources to strengthen management and oversight of public procurement, to improve the efficiency in the use of public funds, and to signal the government's support to boosting transparency and integrity in an area so critical to the overall governance climate in Mozambique.

High-impact priority actions

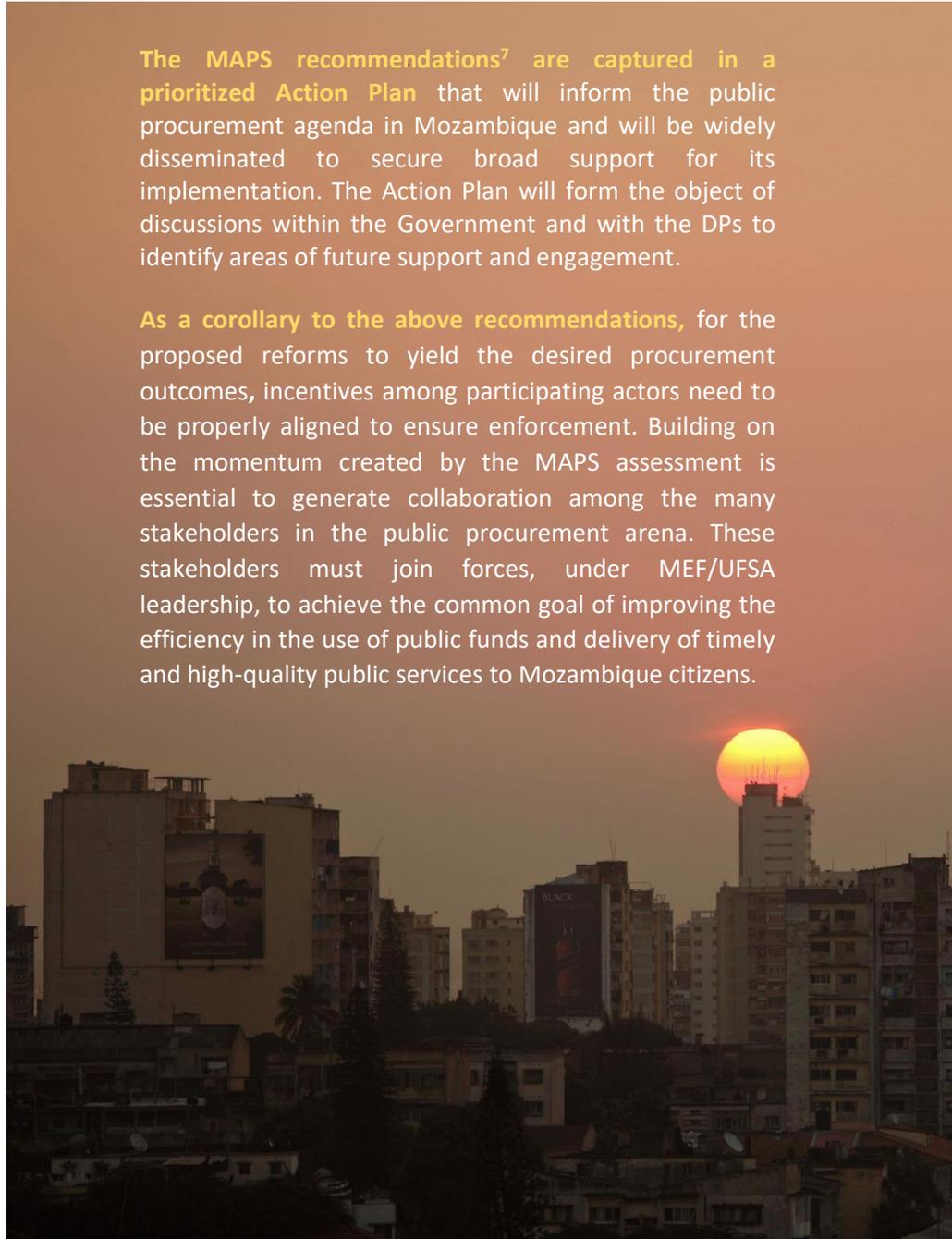
- **Streamline oversight:** Create a forum for communication with oversight agencies (IGF, TA, inspectorates) to harmonize positions in the interpretation of the *Regulamento* and streamline the supervision/audit process. Assess scope of PGR prior review function to avoid overlapping with TA.
- **Facilitate the reporting of unlawful conduct** by providing public servants and citizens a clear guidance on how to navigate the integrity system's multiple agencies and enforce UGEAs reporting obligations under the *Regulamento*.
- **Include integrity training** in the public procurement capacity-building agenda/curriculum to raise awareness about integrity risks, "red flags", mitigation options and reporting channels.
- **Allow outside observers to participate in the bid opening sessions** to offer opportunities for the civil society to get more involved in public procurement monitoring.
- **Issue debarment and challenge/appeal implementation rules/*normas complementares*** to ensure 'due process', fairness and transparency for systems whose integrity is critical to private sector participating with confidence in the public procurement marketplace.

Next Steps

In the implementation of MAPS recommendations

The MAPS recommendations⁷ are captured in a prioritized Action Plan that will inform the public procurement agenda in Mozambique and will be widely disseminated to secure broad support for its implementation. The Action Plan will form the object of discussions within the Government and with the DPs to identify areas of future support and engagement.

As a corollary to the above recommendations, for the proposed reforms to yield the desired procurement outcomes, incentives among participating actors need to be properly aligned to ensure enforcement. Building on the momentum created by the MAPS assessment is essential to generate collaboration among the many stakeholders in the public procurement arena. These stakeholders must join forces, under MEF/UFGA leadership, to achieve the common goal of improving the efficiency in the use of public funds and delivery of timely and high-quality public services to Mozambique citizens.



⁷ Consolidated in Volume I: Main Report/Chapter 4.

Summary Action Plan by Strategic Objectives

#	Recommended Actions	Action by	Time ⁸ Line
STRATEGIC OBJECTIVE # 1: STRENGTHEN UFSA AUTHORITY AND CAPACITY TO EFFECTIVELY CARRY OUT ITS LEAD PROCUREMENT AGENCY FUNCTIONS. CONTINUE TO IMPROVE THE LEGAL PUBLIC PROCUREMENT FRAMEWORK			
1.	<p>Elevate/strengthen UFSA authority, ensure adequate resources, and decentralize its services to the provinces consistent with the decentralization agenda (SI⁹ 5c).</p> <p>In the interim:</p> <ul style="list-style-type: none"> UFSA to attract more resources (financial and human) and technical assistance, based on a strong strategy, action plan and demonstrable results and gradually decentralize key services (for example, by strengthening the provincial departments for Economy and finance (PDEFs) to support delivery of services at the subnational level). 	MEF/UFSA Ministers Council	MT/LT
		UFSA	ST/MT
2.	Build communication and collaboration platforms for engaging various stakeholders (including UGEAs, oversight and integrity agencies, private sector, and civil society) (SI 10a, SI 11c, SI 14e).	MEF/UFSA All stakeholders	ST/MT
3.	Develop performance monitoring mechanisms at UFSA/UGEA level to monitor and optimize procurement and contract management. based on a comprehensive database. Enforce the <i>Regulamento</i> for the submission of performance information by UGEAs and also draw from the e-SISTAFE/MPE information systems (SI 8c). Maintain a statistical database for public procurement (SI 7c).	UGEAs/UFSA/ CEDSIF	ST/MT
			REG
4.	<p>Strengthen the legal framework by revising/amending the <i>Regulamento</i> to fill some gaps identified in light of the MAPS standards (SI 1a through 1k).</p> <p>In the interim:</p> <ul style="list-style-type: none"> Issue updated SBDs consistent with the 2016 <i>Regulamento</i> and <i>other guidance/ instruções</i> as appropriate. Issue implementing rules/<i>normas complementares</i> to address the gaps identified that can be handled through secondary legislation. See related recommendations under Actions 9, 14, and 24 below. 	MEF/UFSA	MT
			ST
			ST/MT
5.	<p>Develop an appropriate procurement legal framework for the SOE sector (SI 1l).</p> <p>Consider having a unified procurement regulation for all SOEs to ensure more transparency and boost competition.</p>	MEF/ IGEPE	MT/ LT
	In the interim:	MEF/IGEPE	ST/MT

⁸ ST: Short term; MT: Medium term; LT: Long Term; IMM: immediate; REG: Regularly; Recommendations may include multiple activities that span more than one timeline.

⁹ SI: MAPS Sub-indicator

#	Recommended Actions	Action by	Time ⁸ Line
	<ul style="list-style-type: none"> • SOEs to urgently elaborate procurement regulations consistent with relevant procurement provisions set in Law No. 3/2018 (SOE Law) and Decree No. 10/2019 (SOE Regulations) and an agency in charge of oversight. • Conduct follow up studies focused on SOEs' and PPPs' procurement. • Build a database for SOE public procurement. 		
STRATEGIC OBJECTIVE # 2: ADOPT A MORE STRATEGIC AND VALUE FOR MONEY APPROACH TO PROCUREMENT AND CONTRACT MANAGEMENT TO INCREASE THE EFFICIENCY IN THE USE OF PUBLIC FUNDS AND DELIVERY OF PUBLIC SERVICES			
6.	<p>Scale up procurement to benefit from economies of scale and reduce transaction cost (SI 6b, SI 9a) by adopting framework agreements, e-catalogues and creating a centralized procurement body.</p> <p>In the interim:</p> <ul style="list-style-type: none"> • Promote strategic procurement planning and aggregate procurement, when appropriate, at the district, province, and central levels consistent with the decentralization agenda. • Roll out reverse auction/<i>concurso por lances</i> for off-the-shelf goods. • Monitor the exceptional regime to avoid abuse of direct contracting and request for quotations. • Enforce performance monitoring of procurement and contract management. 	<p>MEF/UFSA CEDSIF</p> <p>UFSA/sector ministries/provincial directorates</p>	<p>MT/LT</p> <p>ST/MT</p>
7.	<p>Save on the cost of advertising of public procurement opportunities (SI 7a) for UGEAs by using some of the less costly options in the <i>Regulamento</i> without compromising transparency, for example, online advertising, depending on the target audience and connectivity.</p> <p>When revisiting the <i>Regulamento</i> ensure that publicity requirements balance the need for transparency and cost and promote the use of the centralized public procurement portal (UFSA's) in addition to the Ministries' websites.</p>	<p>UFSA/UGEAs</p> <p>UFSA</p>	<p>ST</p> <p>MT</p>
8.	<p>Mapping of UGEAs and rationalization of their number (SI 6a) based on public procurement volume. Ensure UGEAs integration in the organic structures/ <i>Estatuto Orgânico</i> of the government.¹⁰</p>	<p>UFSA/sector ministries/provincial directorates</p>	<p>ST/MT</p>
9.	<p>Advance the implementation of e-procurement: (SI 7b)</p> <ul style="list-style-type: none"> • Update design and road map including cost, timing, and technical assistance needs. • Complete the development of e-procurement regulatory framework. 	<p>UFSA/CEDSIF</p>	<p>ST/MT</p>

¹⁰ UGEA rationalization is consistent with the broader government agenda of rationalizing UGBs- Beneficiary Management Unit - of budget/*Unidade Gestora Beneficiária -do Orçamento*).

#	Recommended Actions	Action by	Time ⁸ Line
	In the interim: <ul style="list-style-type: none"> Develop the use of the UFSA portal as a centralized online platform for procurement information. Roll out the Asset Module (MPE) 		ST
10.	Identify a threshold for formalizing contracts (SI 6b, SI 9a): purchases of very low value can rely on requisition/use purchase orders and be justified based on price reasonableness. The incidence of such transactions would be reduced through aggregation of small procurement, use e-catalogues/reverse auction and the use of framework contracts.	MEF/UFSA	MT
11.	Promote sustainable public procurement (SPP) (SI 3a, SI 9a) by developing an SPP strategy and thorough optimizing evaluation techniques and building UGEAs' capacity to use them.	UFSA/UGEAs	MT
STRATEGIC OBJECTIVE # 3: BUILD A CRITICAL MASS OF PROCUREMENT CADRE THROUGH CERTIFICATION, PROFESSIONALIZATION, SUSTAINED TRAINING AND TECHNICAL SUPPORT.			
12.	Professionalization of procurement function supported by a strategy and a road map to implement it (SI 8b). In the interim: <ul style="list-style-type: none"> Approve the 'profiles' of procurement staff (already developed). Develop/strengthen training programs for UGEAs (including on-line) and roll them out. Conduct the certification process. 	MEF/UFSA MAEFP/ Education institutes	MT/ LT IMMD ST/MT MT
13.	Support UGEA staff to strengthen the quality of technical specifications and contract estimates (SI 9a) through updating and making the Catalogue for Goods and Services and the Price Catalogue available online to all UGEAs.	UFSA/CEDSIF	ST/MT
14.	Provide guidance/<i>instruções</i> to practitioners, (in addition to updated bidding documents, implementing rules/<i>normas complementares</i>) (SI 2a, SI 2b), and training (SI 8a), in areas such as strategic procurement planning, use of less competitive methods when open competition fails, use of sustainability criteria, safeguarding confidentiality, evaluation, consultants' selection, integrity, internal control aspects, contract management, and procurement record management systems. Prepare and provide standard bid evaluation reports. Develop the FAQ section on the UFSA website.	UFSA	ST/MT
15	Engage procuring entities' management (SI 8a) to increase their understanding and appreciation of the procurement function, seek their views and elicit their support.	UFSA	REG.

#	Recommended Actions	Action by	Time ⁸ Line
STRATEGIC OBJECTIVE # 4: IMPROVE PRIVATE SECTOR ACCESS TO THE PUBLIC PROCUREMENT MARKET AND PROMOTE ITS EFFECTIVE PARTICIPATION			
16.	<p>Reduce the private sector cost of entry and participation in the public procurement market (SI 10b):</p> <ul style="list-style-type: none"> • Improve access to bidding opportunities (including procurement plans) and procurement information through a centralized public procurement portal, UFGA portal, (possibly linked to procuring agencies' websites). • Simplify bid submission requirements/procedures to cut down costs: <ul style="list-style-type: none"> ○ Simplify requirements for bid securities and performance securities: by waiving them for consultants and providing the option for Bid Security Declarations for goods/works/services. ○ Until the <i>Regulamento</i> is revised, consider increasing thresholds for their application. ○ Monitor the reasonableness of the pricing of the bidding documents by UFGAs. ○ Facilitate submission of documentary information by bidders and facilitate <i>cadastral</i> registration (in particular at the decentralized level) including through advisory services, online registration and verification of information. ○ Build capacity of PDEFs to support bidders with <i>cadastral</i> registration at provincial level. • Develop the FAQ platform to benefit the participants in the public procurement process. • Remove requirement for local representation for foreign bidders. 	<p>UFGA/UGFAs</p> <p>UFGA</p> <p>UFGA/UGFA</p> <p>UFGA/CEDSIF</p> <p>UFGA/PDEF</p> <p>UFGA</p> <p>MEF/UGFA</p>	<p>ST/MT</p> <p>MT</p> <p>ST</p> <p>REG</p> <p>ST/MT</p> <p>ST/MT</p> <p>ST</p> <p>MT</p>
17.	<p>Address payment issues (SI 4a, SI 4b, SI 10b):</p> <p>Better control of commitments¹¹ including through more robust procurement planning, contract monitoring, and budget execution discipline (MPE roll out will secure systems' checks of commitments) as well as robust oversight.</p> <p>Enforce contract penalties for delay (<i>juros de mora</i>) to compensate the private sector for related monetary loss.</p>	<p>MEF/CEDSIF/ central and local government/IGF/ TA</p> <p>UFGA/UGFAs</p>	<p>MT</p> <p>ST</p>
18.	<p>Create the function of an independent administrative procurement appeal body (SI 13b) and make information on appeals public (SI 13c). Consider strengthening the legal provisions of the appeal process (SI 1(h), SI 13a), e.g., set realistic time frames, waive fees, and merge the first 2 levels of the complaint/appeal system (UGFA and hierarchical).</p>	MEF/UGFA	MT/LT
19.	<p>Identify any existing bottlenecks in the enforcement of the non-judicial dispute (SI 10b) resolution mechanisms to address them.</p>	UFGA	MT
20.	<p>Assess/monitor the effectiveness of the MSMEs' participation and how they benefit from the preferences built into the <i>Regulamento</i> and provide targeted training (SI 3a, SI 10a).</p>	UFGA/UGFAs/	ST/REG

¹¹ Handling arrears and monitoring future commitments is on the MEF agenda with technical assistance from DPs.

#	Recommended Actions	Action by	Time ⁸ Line
		Private sector associations /IPEME	
21.	Private sector outreach (SI 10a): organize regular outreach seminars for the private sector to build mutual trust and obtain useful feedback on public procurement systems operations; conduct periodical surveys to assess changes in perception; and organize training programs.	UFSA/ Private sector associations	ST/REG
STRATEGIC OBJECTIVE # 5: STRENGTHEN OVERSIGHT AND BOOST INTEGRITY IN PUBLIC PROCUREMENT			
22.	Streamline the oversight function by improving collaboration (SI 12b) (including formalization through memoranda) between the institutions in charge (TA, UFSA, IGF, sector and provincial inspectorates) for more efficient and impactful procurement audit and supervision (SI 12c). Develop a procurement training program for auditors (SI 12d).	UFSA/All oversight agencies	ST/MT
23	Clarify the PGR prior review function to ensure that it is not overlapping with the TA function (SI 12a).	PGR	ST
24.	Develop implementing rules/normas complementares on debarment and the procedures for submitting and deciding on procurement challenges/appeals to ensure 'due process'(SI 1d, SI 14c)	MEF/UFSA	ST/MT
25.	Step up the risk-based approach for procurement oversight (SI 6a, SI 12a) to reduce procurement lead-time and transaction cost by: <ul style="list-style-type: none"> Establishing risk-based prior review thresholds and Encouraging more delegation of authority within ministries/departments/agencies. 	MEF/UFSA/oversight agencies	ST/MT
26.	Consistently apply sanctions (SI 14c) for the violation of integrity requirements in procurement and publicize them. Promote collaboration among integrity agencies to avoid overlapping activities and for a consistent application of the <i>Regulamento</i> .	TA, PGR/GCCC, UFSA	REG
27.	Boost stakeholders' (including civil society's) access to public procurement information (SI 11a, SI 11b) and integrity training (SI 14d) to enable informed participants to actively oversee the public procurement processes and signal irregularities to the appropriate authorities (SI 14e); provide guidance on the reporting channels (SI 14f); and make explicit in the bidding documents that public bid opening sessions are open to outside observers (SI 11c).	UFSA/CEDSIF	ST/MT

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