

GSP II Reflection Learning Sharing

Public Procurement

Contract Management for improved Services provision by Government

In order to deliver public services effectively, government commission suppliers through formal contractual agreements to precisely express required services, quality and timeframes. Contract management covers all the activities before, during and after the contractual period and forms an integral part of public procurement. It is the process that ensures both parties to a contract fully meet their respective obligations as effectively as possible. This means actively tracking and monitoring delivery and costs, managing risks and actively managing the relationships between the municipality and the supplier. Effective contract management ensures that a contract delivers what has been specified, within defined timelines, in accordance with stated performance standards, without defect and at the agreed price or cost. To assist both government and suppliers contract management documents need to be aligned and provide consistent and practical guidance. Poor contract management can lead to unwanted consequences such as irregular expenditure and insufficient or poor delivery of services.

KEY FACTORS OF CONTRACT MANAGEMENT

Contract management ensures delivery of desired procurement outcomes and considers a broad range of factors such as:

- driving continuous improvement.
- value preservation and additional value creation.
- performance management.
- risk mitigation, role clarity, and the value of supplier relationship; and
- quality assurance.

Overview

The GSP II helped to improve contract management by municipalities to guarantee the integrity of processes and better delivery of services. The GSP II supported the Office of the Chief Procurement Officer (OCPO) to review and improve the Contract Management Framework (CFM), supported by the development of a “model” Contract for use in government, a Standard Opera-





tional Procedure (SOP) and the development and implementation of a training programme to contract management practitioners in the partner municipalities. The project was implemented together with the National Treasury's OCPO and the partner municipalities.

What was undertaken

1. Contract management experts reviewed and aligned the contents of existing documents on Contract Management namely, the Contract Management Framework, the Contract Management Guide and the Guidelines for the establishment and implementation of a Contract Management System and repackaged these documents into the current Contract Management Framework (CMF). This reader-friendly document serves as an implementation guide for contract management in its easiest form.
2. A "model policy" was designed to provide practical guidance on the implementation of the Contract Management System to assist the Institution to effectively manage contracts. Although the Contract Management System follows demand management and the procurement process, the focus of the Contract Management System is on the activities to be undertaken during the operational phase of a contract. This includes implementation and execution after the Contract has been awarded and the delivery of goods or Service is to commence.
3. The SOP development and training project was executed using a seven step approach commencing with project inception, baseline study consultation and SOP review, development of the training materials, identification and selection of learners, the actual training, providing post-training implementation support as well as a project closure.
4. The SOP and training programme development were informed by the baseline study consultation of contract management issues, existing research on supply chain management that was conducted in the selected municipalities as well as a review of SOPs by the National Treasury. The baseline study consultation and the SOP review revealed learning gaps, which formed the basis for the development of learning and training materials.
5. The learners for the training programme were identified from the eight (8) GSP partner municipalities. A total of seventy-seven (77) learners were nominated to attend the five module, four-day training which was conducted virtually through the MS Teams platform.



What was achieved

Contract management is essential to well-executed contract implementation and the realisation of the benefits of the contract. This project has assisted the OCPO to remove inconsistencies and gaps in the existing contract management framework and to implement and new unambiguous Contract Management Framework that is easily understood and applied by practitioners. The implementation of the new framework was supported with a comprehensive capacity development approach inclusive of the provision of best practice, standard operating procedures and training.

Reflection and Learning

- Contract management is an essential part of the overall procurement system. The GSPII has also assisted the OCPO and partner municipalities to implement other efficiencies in the overall procurement system. This comprehensive approach to improving the procurement system should yield efficiencies, quality and integrity.
- The leadership of the OCPO has assisted the implementation of the project greatly.
- The project was planned and implemented with a comprehensive capacity development approach in mind. Changes to the policy framework were supported with practical guidance and individual capacity development measures.

The Governance Support Programme (GSP II) is a Technical Cooperation programme co-steered at national level in a partnership between the Department of Cooperative Governance (DCoG), the National Treasury (NT), the Department of Public Service and Administration (DPSA), the Department of Planning, Monitoring and Evaluation (DPME), and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the latter responsible for the implementation of the German development contributions on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). The programme was co-financed by the United States Agency for International Development (USAID) and the Department for International Development of the United Kingdom (DFID).

The GSP II provided technical, policy and process advice to support the South African public sector. The programme strengthened capacity for local government planning, financial management and oversight and was executed in the Provinces of Mpumalanga and Eastern Cape.

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