THE EFFECT OF PUBLIC PROCUREMENT ON THE FUNCTIONING OF A NATIONAL EVALUATION SYSTEM: THE CASE OF SOUTH AFRICA

Dr Angelita Kithatu-Kiwekete
University of Witwatersrand
E-mail: angelita.kiwekete@wits.ac.za
Orcid ID : https://orcid.org/0000-0001-5769-9965

Dr Sean Phillips
University of Witwatersrand
E-mail: sean310864@gmail.com

—Abstract—

The practice of evaluation is gaining importance across governments in Africa. Country-driven evaluation should enhance the government’s capacity for accountability, knowledge management, performance, as well as improved decision making. Countries that have implemented national evaluation systems include Benin, Uganda, and South Africa. Emerging research tends to focus on methodologies or sector-specific aspects of evaluation. This article examines the specific challenge of public procurement for conducting evaluations as knowledge-based services. The article is based on a baseline study. The methodology for the study involved a literature review; in-depth interviews; focus groups with government officials, evaluation suppliers, trainers, and non-governmental organisations (NGOs); a root-cause analysis workshop; and an online survey with both clients and suppliers. The findings are that the quality of government procurement and supply chain management is a major factor that affects the supply of evaluators. The article concludes by offering recommendations to enhance the process of public procurement.

Key Words: monitoring and evaluation, public procurement, supply chain management, national evaluation system, South Africa
**JEL Classification:** H057

**1. INTRODUCTION**

Country-driven evaluation of service delivery is gaining traction in Africa through the establishment of a National Evaluation System (NES). It is anticipated that increasing state-led evaluation will lead to improvements in government performance, decision-making processes, knowledge management, and accountability. Furthermore, the adoption of an NES follows an international trend that has seen the practice of evaluation developing on the continent through both donor-driven initiatives, as well as through state-led evaluation (European Commission, 2014; Genesis Analytics, 2017).

Countries that have implemented their own NES include Benin, Uganda, and South Africa (Goldman et al., 2018; Twende Mbele, 2018a, 2018b). In South Africa, the NES was institutionalised in 2011 through Cabinet’s approval of the National Evaluation Policy Framework (The Presidency, 2011). The national Department of Planning, Monitoring and Evaluation (DPME) in the Presidency oversees the evaluation function for the government. Goldman et al. (2018) found that although South Africa’s NES is in its infancy, great strides have been made. A national evaluation policy and national and provincial evaluation plans are in place, and departmental evaluation plans have recently started to be put in place. Evaluations in the national evaluation plan are being presented to Cabinet, and improvement plans are being implemented based on the results of many of the evaluations.

In terms of the number of evaluations that have been conducted at the departmental, provincial, and national levels of government, Twende Mbele (2018b:11) confirms this trajectory by identifying a cumulative total of 570 evaluations from the period 2012/2013 to 2019/2020 that have either been completed or are under way. In addition, there has been a large recent increase in planned departmental evaluations and government demand for evaluations might double or triple in the next three years, from approximately 40 per annum to approximately 80 to 120 per annum (Twende Mbele, 2018b).

South Africa’s National Evaluation Policy Framework is premised on the principle of independent evaluations funded by the government. This results in the government’s supply chain management and procurement policies and processes playing a key role in the functioning of the evaluation system because external service providers must be appointed to conduct evaluations. It also means that the
success of South Africa’s NES depends in part on an adequate supply of independent evaluators being available to respond to the government’s tenders for evaluations.

Research on public procurement tends to focus on aligning strategic government goals and creating efficiencies for the government (McCruden, 2004; McCue, Prier & Swanson, 2015). In Africa, research ranges from issues related to specific sectors as in the case of Nigeria’s infrastructure sector (Manu et al., 2018) or the overall government experience of procurement (Ambaw & Telgen, 2017; Toeba, 2018).

Public procurement has three strategic goals, namely regulatory, commercial, and socioeconomic goals (Erridge & Mcllorey, 2002, cited in Glas, Schaupp & Essig, 2017:573). Worrel (2012:135) asserts that procurement is done to meet the internal goals and needs of government institutions, as well as to achieve external goals, namely economic development; economic equity, and environmental sustainability. These external goals could also include socioeconomic targets “such as SME [small and medium enterprise] support or procurement of new and innovative … services to satisfy anticipated government needs” (Glas et al., 2017:582). What is important here is the understanding that these contrasting ideals call for the public officials who manage procurement to balance these different priorities, as well as to manage possible conflicts that may arise during procurement (Glas et al., 2017:573).

Procuring knowledge-based services presents a particular challenge for government officials, as well as for service providers, because of the intangible nature of knowledge production and management. Hawkins, Nissen and Rendon (2014:224) argue that knowledge-based services should be strategically sourced because such services are “heavily dependent on skills, experience, and capabilities of individuals”. Service providers of evaluations are thus deemed to be knowledge workers who should work with government officials to generate information needed to improve service delivery. It should also be noted that the particular expertise that these service providers bring “makes switching suppliers quite costly and renders frequent competition quite counterproductive” (Hawkins et al., 2014:24).

South Africa has adopted a comprehensive legal framework for public sector procurement. Notable is the constitutional provision for a public procurement system that is fair, equitable, transparent, competitive, and cost effective.
(Republic of South Africa [RSA], 1996: Clause 217). The Preferential Procurement Act of 2000 (RSA, 2000) and its associated regulations (RSA, 2017), read together with the legal provisions for broad-based black economic empowerment (B-BBEE) (RSA, 2003) are aimed at achieving this constitutional provision and achieving the balance of procurement priorities discussed above. The electronic Central Supplier Database for the government’s service providers offers an innovative opportunity to streamline public procurement across government departments and entities (Anthony, 2018).

Notwithstanding these legal provisions, Ambe and Badenhorst-Weiss (2012:249-250) and Naudé, Ambe and Kling (2013) argue that there are still numerous procurement challenges facing the South African public sector, including a lack of proper skills and management, non-compliance with supply chain management policy and regulations, inadequate planning and linking of demand to the budget, a lack of accountability, and fraud and corruption.

This article focuses on specific challenges related to the procurement of evaluations as identified in the 2018 Twende Mbele diagnostic studies on the supply and demand for evaluators in South Africa. (Twende Mbele is a non-governmental organisation [NGO] that aims to promote collaborative learning regarding monitoring and evaluation in African countries, starting with a partnership between South Africa, Uganda and Benin.) The diagnostic research followed a series of studies on the practice of evaluations carried out in Benin, Uganda, Ethiopia, Ghana, and Malawi (Twende Mbele, 2018a, 2018b; Centre for Learning on Evaluation and Results Anglophone Africa, 2013a, 2013b, 2013c). The Twende Mbele research aimed to quantify the supply and demand for evaluators in South Africa to identify the factors that affect supply, and to make recommendations regarding the strengthening of supply. The studies found that weaknesses in the government’s procurement and supply chain management processes are often the root cause of problems with the quality of evaluations and apparent shortage of supply of evaluators. This article discusses these weaknesses, considering the proposition that strategic sourcing is needed in procuring knowledge-based services, as proposed by Hawkins et al. (2014).

1.1. Methodology

The purpose of this article is to explore the impact that public procurement has on the sourcing of knowledge-based services for government evaluations in South Africa. The main research question of this article is: What impact does the process
of procuring evaluations as knowledge-based products within the context of public procurement in South Africa have on the availability of evaluators?

A constructive qualitative paradigm was used to analyse data that were drawn from the 2018 Twende Mbele diagnostic studies. This study was based on a literature review; interviews; focus groups with government officials, evaluation suppliers, trainers, and NGOs (including a root-cause analysis workshop); and an online survey with both clients and suppliers. Twenty-three interviews were held with a range of clients, suppliers, and institutions that provide training in evaluation. After 11 interviews with suppliers, the point was reached where there were diminishing returns from conducting further interviews, because few new issues were being raised. Forty-four responses were received from the online survey, which was aimed at four target groups, i.e. individual evaluators, organisations that conduct evaluations, organisations that could potentially conduct evaluations on the supply side, and client bodies that commission evaluations on the demand side. Many of the issues that were raised by the interviewees were also raised by the respondents to the online survey. Due to the limited number of suppliers and clients sampled compared to the total population, the findings of this study cannot be generalised. Nevertheless, the interviews and online survey enabled some qualitative issues to be identified and provided some useful insights into the research questions.

The rest of this article is divided into four sections. The first section examines the theoretical considerations for public procurement for evaluation. This is followed by the legislative framework for public procurement in South Africa, outlining the DPME’s procurement experience in particular. Next, the findings from the 2018 diagnostic studies are analysed, and recommendations are made in the conclusion.

2. EVALUATION AND PROCUREMENT

2.1. Evaluation capacity building

As pointed out by the Organisation for Economic Co-operation and Development (OECD, 2010), strengthening evaluation capacities involves more than just building individual technical skills; capacities also involve institutional or organisational capacities and creating an enabling environment. This means that an assessment of demand and supply for evaluation must be done in the context of the enabling environment for supply and the organisational capacity of the demand (organisations) to create an appropriate enabling environment for supply.
In 2014, the World Bank conducted a study of evaluation service providers for the DPME (World Bank, 2014). The eight suppliers interviewed by the World Bank had many positive things to say about their experience of evaluations managed by the DPME, but also raised a number of concerns related to the procurement process and how evaluations are managed by the government. These concerns point to weaknesses in the organisational capacity of the government to create an appropriate enabling environment for supply. The World Bank (2014) study concluded that “[t]he evaluation supply side has the potential to grow, based on the existing firms, market projections and potential, to meet international standards and to become a relevant export services market … Government, and DPME, has a great responsibility in how the evaluation supply side will grow”.

2.2. Procurement as part of the context of evaluation

Coldwell (2019) argues for the interrogation of context in evaluation. Context comprises a myriad of features that, when explored, may contribute to “understanding the reason behind a programme’s success or failure” (Coldwell, 2019:113). Six underlying features of context are proposed: dynamic factors that may change shape over the course of evaluation; agentic factors are independent and may lead or contribute to change; relational factors may influence elements of change processes of evaluation; inherent factors may work alongside others to inform decisions; historically located factors should be viewed in terms of long-term change processes; and complex contextual factors may affect evaluations due to their complexity (Coldwell, 2019:111). These contextual features acknowledge that evaluators should take cognisance that evaluations are conducted in an environment that is dynamic, agentic, relational, historically located, and particularly complex.

This can be said of the evaluations conducted for the DPME on behalf of the South African government. Public procurement as part of this context for evaluation bears the features of a complex contextual factor. Given that the government is part of a local, regional, and international community that is both a consumer of government services and a provider of goods and services – each with competing social, economic, and political developmental goals – procuring evaluation thus occurs in a context that mirrors the country’s socioeconomic developmental aspirations. These aspirations can be evidenced in a public procurement framework that aspires to economic equity, fairness, and transparency, as well as to meet internal needs for the DPME. McCruden (2004) confirms this multipronged nature when assessing social outcomes for labour
practices and for gender parity in public procurement in Malaysia, the United States of America, and South Africa, which all adopted policies for affirmative action and preferential procurement.

McCue et al. (2015) present procurement dilemmas that face public procurement officials, which include devolving purchasing responsibility and developing flexible procurement systems while maintaining accountability and control. In these instances, public procurement is required to reflect “high levels of public disclosure”, as well as a “high reliance on the bid process to increase transparency” (McCue: 2015: 197). This in turn calls for a delicate balance to be sought between efficiency and oversight in public procurement. McCue et al. (2015: 199) found that trade-offs are sought to provide more flexible procurement processes and flexibility to line managers in the purchase of goods and services.

Glas et al. (2017) determine that different levels of government have distinct views on strategic goals whereby centralised procurement organisations perceive political goals as paramount and are influenced by strategic objectives such as innovation, transparency, the promotion of competition, and social responsibility. Decentralised procurement agencies, on the other hand, value non-political goals such as cost efficiency. It is also important that the procurement of service providers of evaluations be done strategically to ensure that evaluations are viewed and utilised as a knowledge management service (Hawkins et al., 2014).

2.3. Governance framework for public procurement in South Africa

The South African Constitution stipulates that public procurement should be fair, equitable, transparent, competitive, and cost effective. The Public Finance Management Act of 1999 and the Preferential Procurement Policy Framework Act (PPPFA) of 2000, together with their respective regulations and a range of Treasury instructions and practice notes, provide a framework that aims to achieve these constitutional requirements. The PPPFA draws on the provisions of the B-BBEE Act of 2003 and its corresponding codes for the calculation of suppliers’ B-BBEE status.

2.4. DPME procurement of evaluations

Evaluations comprise a significant portion of the DPME’s annual expenditure, as reflected in Table 1. From 2014/2015 to 2017/2018, evaluations made up more than a third of the total expenditure on goods and services for this department, reaching as high as 44% in 2017/2018. Going forward, although the estimates for
the medium term (2018/2019 to 2020/2021) reflect a reduction in this procurement item, it is expected to remain at at least 20% of the total expenditure.

<table>
<thead>
<tr>
<th>Audited outcome Amount in R (thousands)</th>
<th>Adjusted appropriation</th>
<th>Medium-term expenditure estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultants: Business and advisory services</td>
<td>52 545</td>
<td>51 168</td>
</tr>
<tr>
<td>% of total goods and services expenditure</td>
<td>37%</td>
<td>35%</td>
</tr>
<tr>
<td>Total goods and services expenditure</td>
<td>139 440</td>
<td>148 054</td>
</tr>
</tbody>
</table>

Source: Adapted from National Treasury (2018:147)

3. FINDINGS FROM THE TWENDE MBELE STUDIES

3.1. Supply of evaluators

It was not possible to quantitatively establish the size of the current country supply of evaluation consultants because there is no clear definition of what an “evaluation consultant” is. There is a debate in South Africa as to whether evaluation specialists, or sector specialists with some evaluation training, or both, are required to conduct evaluations. The size of the potential supply market will vary depending on how an evaluation consultant is defined. Some evaluation consultants are self-taught in evaluation. In addition, many consultants who conduct evaluations also do other research and consulting work. Some conduct evaluations frequently, others only occasionally. Some of those conducting evaluations occasionally might conduct more evaluations under certain circumstances, others might not.

Most of the suppliers interviewed indicated that their preference was to employ evaluators with sector expertise and experience who have learned evaluation methods, as opposed to employing evaluators who have specialised in evaluation but have limited sector expertise or experience. Many suppliers do not employ permanent evaluation staff – rather, they form evaluation-specific associations with individuals with the required qualifications, expertise, and experience. There is therefore a pool of people, some evaluation specialists, some sector specialists, who can be drawn on by evaluation consultancies. Many of these people work for a range of different evaluation consultancies. Many of them also have other non-
evaluation work. The size of this pool depends partly on the eligibility requirements for the evaluations.

Some suppliers or potential suppliers can choose whether to conduct evaluations for certain clients or not, as they have other options for earning an income. Their availability to conduct evaluations often depends on factors such as who the client is, the track record of the client in terms of the way in which it manages evaluations, the quality of the terms of reference, and whether the budget is realistic.

Historically, the supply market in South Africa has met the government’s demand for evaluation. Officials in the DPME indicate that they have not had to cancel any requests for proposals (RFPs) due to a lack of response from the market (although occasionally RFPs have had to be re-issued because the quality of the responses was poor). There is only one reference in one of the provincial evaluation plans to a cancellation of an RFP due to no responses being received. The study noted, however, that while supply has been meeting government demand to date, it may not be able to meet government demand that may grow two or three times larger within the next three years.

3.2. Challenges with the demand-side management of evaluations

During the interviews and workshops and through the online survey, suppliers identified a range of challenges that they experienced when conducting evaluations for government clients. Many of these challenges were also identified by suppliers in interviews conducted for the World Bank (2014) study mentioned earlier. The challenges identified by the suppliers include the following:

- Terms of reference for evaluations are unclear or unrealistic, contain excessive over-specification, stipulate impossible timeframes for submission of bids and for conducting evaluations, and contain inconsistent eligibility and evaluation criteria.
- The scope of work required is underestimated by the client, there are changes to the scope after awarding the tender, and clients ringfence the scope to create no-go areas of underperformance or to avoid placing a decision maker in a poor light.
- Tenders are issued for the evaluation of programmes without clear theories of change, and it is not possible to retrofit theories of change due to a lack of consensus among stakeholders, which are therefore unevaluable.
• Clients not paying for deliverables timeously and long delays in obtaining approvals for evaluation deliverables and subsequent delays in payment.

• Long procurement processes, resulting in it being difficult to retain the team for months between the time of the tender and the time of award (suppliers usually assemble a team, including associates as opposed to full-time employees).

• Suppliers are summoned to interviews without checking their availability, and bidders often find it difficult to make their key people available on the date of the interview arbitrarily set by the government.

• Micro-management, chaotic management, and/or ill-informed management of the evaluation by the client; adversarial, autocratic, and prescriptive management style of some government clients; inability of the client to manage stakeholders during the evaluation; and having to work under evaluation steering committees “with a lot of people who don’t know what they are doing”.

• Difficulty gaining access to data from the government in order to perform an evaluation.

• No feedback on reasons for not being successful in tenders (several respondents had become despondent in this regard and indicated that they were no longer tendering because they did not know why they were always unsuccessful).

• Evaluations being conducted for compliance purposes (after appointment, the client is “out for lunch” and not available to engage in the evaluation), and less enthusiasm for the evaluation in the line department than in the DPME.

None of the above challenges are caused by problems with the regulatory framework for procurement and supply chain management in South Africa per se; they are rather caused by poor implementation within the framework.

Some suppliers indicated that they had incurred losses on government evaluations, largely due to the challenges listed above. Several suppliers indicated that they preferred to conduct evaluations for foundations, “non-profits”, and multi-lateral institutions rather than for the government because they are better managed by the client and are less likely to be loss-making. One supplier indicated that “government evaluations always go over time and budget”, due to the complexity of government systems, the large number of stakeholders, and due to the government often being unable to manage stakeholders and scope.
Some suppliers were of the view that the projected increase in evaluation demand from the government is not sufficiently convincing for them to invest in additional capacity to meet the demand. Reasons given for this view included that only a small proportion of the evaluations in the provincial and departmental evaluation plans are actually implemented, that the evaluation projects are often very small, and that the quality of the government procurement process is often very poor.

Some suppliers indicated that, although they had conducted evaluations for the DPME in the past, they have taken a decision to no longer do so due to past negative experiences. One supplier stated: “With the exception of only one provincial government, I have found all evaluation project management to be considerably lacking. There is a total failure to stick to turnaround time commitments on the part of clients. In many instances shallow, contradictory or vaguely related comment follows and the substance of the evaluation is missed. My personal frustration is to receive comments originating from positions of power over the evaluator, where we are treated as ‘consultants’ in the most derogatory sense and we are expected to answer, ‘how high’ when the client says ‘jump’.” Another stated: “I am able to choose my clients carefully. If they value evaluation feedback, do not complicate the evaluation processes unnecessarily and meet their payment obligations as per contract, I’m keen to work with them. Government, however, falls short on all three of these criteria so I choose not to work with them.” One supplier indicated that “there is no shortage of evaluation firms, only a shortage of firms willing to work for government”.

Nevertheless, some suppliers indicated that, notwithstanding all the challenges related to government clients, they would continue to bid for government evaluations. Some of the suppliers indicated that their reasons for continuing to tender for government evaluations, even though they are not profitable, are that they are important for exposure, that they are core to their purpose as evaluation organisations, and that they help them to engage with and understand the public sector.

The client respondents to the online survey generally had similar minimum qualification or experience requirements for their evaluation tenders, with a requirement of a minimum of 10 years of sector experience being common. There were, however, differences in the details of the requirements. Eleven DPME terms of reference for evaluations were reviewed and it was found that they all differed to some extent in terms of the tender evaluation criteria, particularly regarding the experience and qualification requirements and how these are evaluated. The lack
of standardisation of these processes and procedures makes it difficult for suppliers to know exactly what they need to put in place to stand a good chance of winning tenders. It also creates perceptions of a lack of consistency and transparency in the tendering process. These factors all reduce the attractiveness of the evaluation market to potential suppliers. In addition, it makes the adjudication of tenders more difficult if the tender evaluation criteria and methodology are not constant.

The study found that emerging consulting firms that conduct evaluations are subjected to the same demand-side weaknesses as more established firms, but the emerging firms are more negatively impacted by these weaknesses than the established firms. For example, emerging firms are more negatively impacted by delays in payment or by long delays between the time of bidding and the time of award. Thus, although South Africa has put in place a regulatory framework for public procurement that balances the constitutional requirements for both equity and cost effectiveness, this study found that weaknesses in the implementation of this framework can undermine the achievement of the equity objective.

The relationship between government clients and suppliers contrasts with that between private foundations and suppliers, which was reported by some of the suppliers to be a more collaborative relationship. Some suppliers indicated that private foundations are more attractive clients for this reason. Collaborative relationships between clients and suppliers imply a degree of deliberate “co-production” of evaluations. Some suppliers indicated that they had been involved in collaborative evaluations with non-government clients that involved working together throughout the evaluation process, including a joint definition of the scope of the evaluation.

4. CONCLUSION

A key finding from the study is that problems with the quality of demand-side management of evaluations are often the root cause of problems with the quality of evaluations and apparent shortage of the supply of evaluators. The quality of supply is, to a large extent, dependent on the quality of commissioning (or procurement) and the management of evaluations by clients. Government clients might increasingly experience an apparent lack of supply of evaluators that is due to suppliers choosing not to work for them, rather than being due to a real shortage of supply. If the government wants to act to reduce the risk of a shortage of supply of evaluators in the future, it should focus primarily on addressing the
demand-side shortcomings identified in this study. It should put in place a more appropriate procurement strategy for evaluation, standardise the experience and qualification requirements in requests for quotations and tenders and the method of evaluating them, standardise as many other parts of the evaluation process as possible, introduce evaluability assessments as a standard part of the evaluation process, and train government evaluation managers.

As mentioned in the introduction, Hawkins et al. (2014:224) argue that knowledge-based services should be strategically sourced because such services are “heavily dependent on skills, experience, and capabilities of individuals”. Service providers of evaluations are knowledge workers who should work with government officials to generate information needed that can inform and improve service delivery.

A more appropriate procurement strategy would consider packaging evaluations and/or putting in place term contracts or framework contracts for evaluations.

The study notes that this is allowable in terms of the existing South African regulatory frameworks for procurement, which encourages strategic sourcing (RSA, 2000; 2003; 2017). Packaging or term contracts would result in larger-value tenders that would attract more established private sector management consulting companies to participate in the evaluation market. Requirements for sub-contracting to smaller suppliers and/or supplier development could be built into the contract documents for the packages of evaluations. In addition to creating opportunities for sustainable supplier development, other potential advantages of packaging evaluations are that it reduces the tendering workload for the government and the bidding workload for suppliers and that it provides more opportunities for the development of collaborative relationships between clients and suppliers over time. The study notes that some of the donor organisations are now issuing framework contracts for evaluations. One of the donors indicated that they had been through processes of strategic “commercial reviews”, which had resulted in better procurement of evaluations. It is recommended that the South African government requests their advice and assistance in taking a more efficient and strategic approach to evaluation procurement.

REFERENCES


