

Impact of Procurement Strategies on Cost- Effective Infrastructure Development in Botswana

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Abstract

- ▶ Infrastructure development is crucial for economic growth.
- ▶ Choice of procurement strategy is pivotal for project success.
- ▶ Examining various strategies, influencing factors, and case studies.

Introduction

- ▶ Infrastructure's role in economic growth and quality of life.
- ▶ Procurement strategy's impact on project efficiency and cost-effectiveness.
- ▶ Evolution of Botswana's procurement strategies: traditional, Design-Build, and Development Management model.

Background

- ▶ Procurement as a broader system.
- ▶ Five fundamental procurement principles.
- ▶ Diverse factors influencing the procurement process.
- ▶ Limited choices of procurement systems despite industry dynamics.

Literature Review

- ▶ Historical procurement methods in Botswana.
- ▶ Traditional methods vs. contemporary approaches.
- ▶ Exploration of PPPs and BOT projects.
- ▶ The pivotal question: Optimal procurement choice.

Procurement Strategies

Traditional Procurement

- ▶ Separate contracts for design and construction.
- ▶ Competitive bidding, potential adversarial relationships.
- ▶ Cost management and accountability.
- ▶ Government's shift due to perceived high costs.

Procurement Strategies

Design-Build

- ▶ Integrates design and construction in a single contract.
- ▶ Collaboration benefits but concerns about cost control.
- ▶ Referee and player dilemma, lack of accountability as it managed by the Contractor

Procurement Strategies

Management Contracting (Development Management Model)

- ▶ Client engages a management contractor in this case Development Managers.
- ▶ Early contractor involvement, flexibility, and efficient delivery.
- ▶ Allocation of risks, collaboration, and expertise.
- ▶ Botswana's commitment to cost-effective infrastructure delivery through trying various strategies.

Case Studies

- ▶ Difficulty in accessing information on infrastructure projects.
- ▶ Lack of transparency affecting cost-effective development.
- ▶ Importance of public accountability in procurement.

Best Practices and Recommendations

Proper Legal and Regulatory Frameworks for PPPs

- ▶ Significance of clear legal frameworks for PPPs.
- ▶ Transparent contract terms, dispute resolution mechanisms.

Best Practices and Recommendations

Early Stakeholder Involvement

- ▶ Importance of involving stakeholders early.
 - Professionals remain in the dark on developments around procurement
- ▶ Incorporating diverse perspectives for transparency and consensus.

Challenges

- ▶ Corruption and Lack of Transparency
 - Bribes, Favoritism, Nepotism, Inflation of project costs, hampers delivery
- ▶ Inadequate Planning and Project Management
 - Poor planning and project management can lead to delays, cost overruns, and ineffective use of resources
- ▶ Political Instability
- ▶ Inadequate Capacity and Skills
 - An average government employee who has not worked in the private sector lacks the exposure and experience to capital projects
- ▶ Poor Risk Management
- ▶ Poor workmanship
 - Cost of Poor Quality (COPQ) encompasses all expenses that would be eliminated if the task is executed correctly on the initial attempt. Cconstitutes 22% to 33% of total revenues.

Conclusion

- ▶ The choice of procurement strategy significantly influences the cost-effectiveness of infrastructure projects
- ▶ But greater more is mitigating the challenges faced by public procurement and project implementation

THANK YOU!

