

Executive summary

In Malta, public procurement accounted for approximately 6% of GDP in 2019 and it is recognised as a strategic instrument for achieving government policy goals, including recovery from the COVID-19 pandemic.

The Department of Contracts (DoC) within the Ministry of Finance and Employment is responsible for the administration of procurement procedures. In addition to procurement policymaking, the DoC carries out *ex ante* control by vetting tenders. In recent years, the DoC has reformed the public procurement system, but the system still faces significant challenges.

Key findings and policy recommendations

Improving the organisational structure of public procurement

Core and supplementary procurement functions are mostly addressed in Malta within the DoC. Some gaps have been identified in the advisory and operations support functions and the professionalisation function. In addition, DoC is responsible for vetting tender documents through two directorates who are performing similar tasks: the Operations Directorate (OD) and the Sectoral procurement Directorate (SPD). The responsibility of each Directorate depends on three parameters: i) the estimated value of the procurement, ii) the procurement procedure and iii) the schedule of the public procurement regulation under which the entity is listed. The SPD value for vetting is low (EUR 10,000), which creates an administrative burden for the SPD and contracting authorities (CAs). CAs were categorised into different schedules based on their capability without detailed criteria. Furthermore, there are no formal and regular exchanges with key public procurement stakeholders. Malta could benefit from:

- Further strengthening the professionalisation of public procurement functions
- Creating a helpdesk to provide support to the users of the public procurement system
- Rethinking the organisational structure of DoC, for instance by centralising the vetting process within one directorate
- Gradually increasing the SPD value for vetting to decrease the workload and progressively restructuring the SPD by purchasing categories
- Introducing clear criteria for CAs to be assigned to each schedule; and
- Establishing formal and regular exchanges with key stakeholders of the public procurement system

Enhancing public procurement processes

Gaps have been identified in the planning of procurement activities and in the assessment of needs and market analysis. The vetting process faces several challenges, including conflict of opinions among different vetting officials and the lack of standardised procedures between SPD (3-layer vetting system) and OD (2-layer one). In addition, the use of best price-quality ratio (BPQR) criteria is also subject to prior

approval by DoC. All increase the length and burden of the vetting process. In addition, procurement processes are not fully digitised and efficiency tools are not widely used. Therefore, Malta could benefit from:

- Asking CAs to prepare procurement plans
- Streamlining the vetting processes by i) standardising and reducing the layers of the vetting process, ii) reinforcing vetting officials' capacity to ensure coherent feedback and, iii) setting minimum and maximum timelines for vetting processes
- Promoting the use of BPQR criteria in tenders for different procurement categories and gradually removing DoC's approval
- Further digitising all procurement processes by introducing, for instance, e-signature and making the use of ePPS mandatory for some procurement actions such as challenging procurement decisions
- Promoting the use of efficiency tools such as centralised procurement, framework agreements and dynamic purchasing systems

Implementing a risk-based approach in public procurement

Risk management practices in public procurement are not deeply rooted in Malta. The country has not yet developed a dedicated strategy and tools in this area. Malta could benefit from:

- Developing a national public procurement risk management strategy covering all CAs
- Developing risk management tools to be used by CAs.

Strengthening the strategic use of public procurement

Malta has taken steps to promote green public procurement (GPP) since 2011 through the development of GPP National Action Plans (NAP). In October 2021, Malta launched the 2nd NAP, which is more ambitious than the 1st NAP and could face implementation challenges. It is critical to support and monitor the 2nd NAP implementation. Public procurement for innovation (PPI) is still underused due to the lack of an enabling environment including institutional frameworks, strategies, and capability. Therefore, Malta could benefit from:

- Monitoring the implementation of the 2nd NAP to identify potential bottlenecks.
- Increasing the GPP capability through providing improved and updated guidelines and training that could gradually be made mandatory.
- Strengthening the enabling environment of PPI by i) assigning the leading role to one entity and ensuring co-ordination with other stakeholders, ii) developing a comprehensive strategy to promote PPI, and iii) reinforcing the capability-building system of PPI by developing a practical manual; establishing a competence centre for innovation procurement; and ensuring effective monitoring of PPI through ePPS.

Reinforcing the capability of the public procurement workforce

Malta has been professionalising the public procurement workforce through various initiatives; including the classification of four job profiles for the public procurement career stream, a pilot programme on Recognition for Prior Learning, and the organisation of training. However, the capacity of the procurement workforce is still a challenge in Malta. The country could benefit from:

- Developing a public procurement professionalisation strategy
- Reinforcing the training system based on the ProcurComp^{EU} self-assessment survey

- Offering training to procurement officials and to key stakeholders within CAs
- Developing a national certification framework aligned with the training system and the competency matrix to be developed by adapting ProcurComp^{EU} matrix to the local context

Developing a comprehensive measurement framework in Malta

There is no comprehensive public procurement measurement framework implemented by the DoC. Many CAs do not see the benefits of measuring the performance of public procurement. Malta could benefit from:

- Developing a comprehensive measurement framework for public procurement and raising awareness of its benefits
- Improving data availability and quality in ePPS.



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