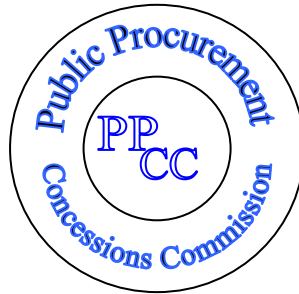


# **PUBLIC PROCUREMENT AND CONCESSIONS COMMISSION**



## **Report on Non-Compliant Procuring Entities**

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**Fiscal Year 2014/2015**

**March 25, 2015**



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## Acronyms and Abbreviations

AITB	Agricultural & Industrial Training Bureau
BIN	Bureau of Immigration & Naturalization
BOTA	Board of Tax Appeals
BWI	Booker Washington Institute
CDA	Cooperative Development Agency
CNDRA	Center For National Documents, Records, & Archives
CSA	Civil Service Agency
CU	Cuttington University
DEA	Drugs Enforcement Agency
EPA	Environmental Protection Agency
EPS	Executive Protection Services
FDA	Forestry Development Authority
FIU	Financial Intelligence Unit
GAC	General Auditing Commission
GC	Governance Commission
GSA	General Services Agency
HRC	Human Rights Commission
IAA	Internal Audit Agency
IIC	Independent Information Commission
JFD	Jackson F Doe Hospital
JFK	John F. Kennedy Medical Center
KRTTI	Kakata Rural Teacher Training Institute
LAA	Liberia Airport Authority
LACC	Liberia Anti-Corruption Commission
LACE	Liberia Agency For Community Empowerment
LBS	Liberia Broadcasting System
LCC	Lofa Community College
LCPS	Liberia College of Physicians & Surgeons
LEC	Liberia Electricity Corporation
LEITI	Liberia Extrative Industry Transparency Initiative
LIBR	Liberia Institute of Bio-Medical Research
Libtelco	Liberia Telecom Corporation
LIPA	Liberia Institute of Public Administration
LISGIS	Liberia Institute of Statistics & Geo-Information Services
LMA	Liberia Maritime Authority
LMDC	Liberia Medical & Dental Council
LMHPRA	Liberia Medical & Health Products Regulatory Authority
LNFS	Liberia National Fire Service
LNP	Liberia National Police
LNPA	Liberia National Police Academy
LNRCs	National Red Cross

LPMC	Liberia Produce Marketing Corporation
LRA	Liberia Revenue Authority (LRA)
LRC	Law Reform Commission
LRRC	Liberia Refugee Repatriation & Resettlement Commission
LWSC	Liberia Water & Sewer Corporation
MCC	Monrovia City Corporation
MCSS	Monrovia Consolidated School System
MFA	Ministry of Foreign Affairs
MFDP	Ministry of Finance & Development Planning
MGCSP	Ministry of Gender, Children & Social Protection
MIA	Ministry of Internal Affairs
MICAT	Ministry of Information, Cultural Affairs & Tourism
MLME	Ministry of Lands, Mines & Energy
MOA	Ministry of Agriculture
MOCI	Ministry of Commerce & Industry
MOD	Ministry of National Defense
MOE	Ministry of Education
MOH	Ministry of Health
MOJ	Ministry of Justice
MOL	Ministry of Labor
MOPT	Ministry of Post & Telecommunications
MOS	Ministry of State For Presidential Affairs
MOT	Ministry of Transport
MPW	Ministry of Public Works
MYS	Ministry of Youth & Sports
NBC	National Bureau of Concessions
NEC	National Elections Commission
NHA	National Housing Authority
NIC	National Investment Commission
NSA	National Security Agency
NTA	National Transit Authority
PCC	Paynesville City Corporation
PE	Procuring Entity
PPCC	Public Procurement & Concessions Commission
PSIP	Public Sector Investment Project
SDF	Social Development Fund
SOE	State Owned Enterprises
UL	University of Liberia
VP	Office of the Vice President
WAEC	West African Examinations Council
WRTTI	Webbo Rural Teacher Training Institute
ZRTTI	Zorzor Rural Teacher Training

## Executive Summary

This report looks at procurement compliance of procuring entities with core budget appropriations of at least US \$250,000, and all entities that received PSIP appropriations in the 2014/2015 National Budget, as well as SOEs which did not receive any appropriation. For the purpose of this report, procurement compliance of an entity has been defined simply as the submission of a core budget or project budget procurement plan or both.

There were 135 entities with core budget appropriation within the threshold considered for this report, of which 55% (or 74) are not procurement compliant, corresponding to which 83.4% of the total core budget (or US \$356,078,862) is appropriated. There are 12 big-spending entities with appropriations of US \$10M or more, of which three are not procurement compliant with a total appropriation of \$76,533,737 or 18% of the total core budget appropriation.

Of the 19 procuring entities with PSIP appropriations, 12 are not procurement compliant corresponding to a non-compliance level of 63%. These non-compliant entities account for US \$98,856,070 or 90.5% of the total PSIP appropriations. Eleven percent (11%) of all PSIP appropriations are allocated to four SOEs of which two are not procurement compliant corresponding to 80% of PSIP appropriation to SOEs (or US \$9,660,182).

In terms of non-compliance by economic sector for core budget appropriation, the least compliant categories are Municipal Government and Health in each of which 89% of entities are not procurement compliant, followed by Industry & Commerce and Agriculture in each of which 80% of entities are not compliant. The least compliant classifications for PSIP appropriations are Health and Industry & Commerce each of which are 0% compliant, followed by Security & Rule of Law with 80% non-compliance.

Two SOEs (CBL and LPRC) are not procurement compliant because neither has submitted procurement plans.

Among the 15 counties, only Nimba County is procurement compliant for both their core budget and SDF appropriations. This represents a non-compliance level of 93% among counties. The total core and SDF appropriations to the 14 non-compliant counties are US \$8,353,517 (or 91% of total core budget appropriations to counties) and US \$12,200,481 (or 88% of total SDF appropriation to counties), respectively. Cumulatively, 89% of combined core budget and SDF appropriations to counties (or US \$20,553,998) is appropriated to the 14 non-compliant counties.

There are three key risks to the national interest as a result of the non-compliance of entities, namely: low inflow of public sector funds into the economy which will result in port delivery of social and public services, expected high demand for single-source procurement, and violations of the procurement law.

The Commission has embarked on a series of programs and envisions others to mitigate these inherent risks and requires increased support in the form of more funding to augment ongoing activities and to implement the envisioned ones.



## **Overview**

The Public Procurement and Concessions Commission in anticipation of each new fiscal year organizes and conducts a procurement plan hearing which is preceded by technical working sessions to provide hands-on assistance to procuring entities. The rationale behind this approach is to guide procuring entities in developing realistic and comprehensive procurement plans to enhance the level of effectiveness in the administration of public procurement.

Thus, for the purpose of identifying general non-compliance by procuring entities, the Commission utilized the requirement of Section 40 of the PPCA, 2010 which states that “all procuring entities shall undertake procurement planning, with a view to achieving maximum value for public expenditure...” and that “after review and any revisions by the Procurement Committee, the Procurement Committee shall furnish a copy of the annual procurement plan to the Commission for approval.” The Commission emphasizes that any procuring entity conducting procurement activities without an approved procurement plan is deemed to be in gross violation of the PPCA, 2010 and as such said procurement processes provide no assurance of the attainment of value for money.

In this report, the Commission submits to the Committee an analysis of compliance levels by procuring entities, inclusive of those receiving appropriations from the National Budget for Fiscal Year 2014/2015 as well as State-Owned Enterprises (SOEs). The Commission considered appropriations made to procuring entities in the categories of core budget and Public Sector Investment Projects (PSIPs) in the National Budget for FY2014/2015 and report on procurement plans submitted for each of the aforesaid components within the period. The report further seeks to demonstrate compliance within various sectors of the budget categorized by economic classification.

## **Scope of Analysis**

For the purpose of this report, procurement compliance has been defined simply as the submission of a procurement plan for either the core or PSIP (project) budget or both by March 25, 2015. Some of the procurement plans submitted are either still being reviewed or have been queried by the Commission awaiting responses from the entities concerned; either of these two cases notwithstanding, entities have been classified as procurement compliant once a procurement plan has been submitted to the Commission.

In addition, the analysis has been mostly limited to procuring entities that have core appropriations in the 2014/15 National Budget of US \$ 250,000 or more, and state owned enterprises with or without appropriation in the National Budget. The core budget total value used to compute percentages is the total core budget appropriations for entities with appropriations of US \$ 250,000 or more.

## Procuring Entities with Appropriation in FY2014/15 Budget

### Core Budget<sup>1</sup>

Of the 135 entities receiving more than US \$250,000 under the core appropriation in the national budget, 61 have submitted procurement plans for the core budget representing about 45%, while 74 remain outstanding, representing about 55%. For the 61 procuring entities which submitted procurement plans for the core budget, the total value of their respective procurement plans is US \$70,907,554 which is 16.6% of the total value of the core budget<sup>2</sup> of US \$426,986,416. The chart below displays the level of compliance among procuring entities receiving core appropriations in the national budget.

The full list of non-compliant entities is provided in Annex 1 beginning on Page 15.

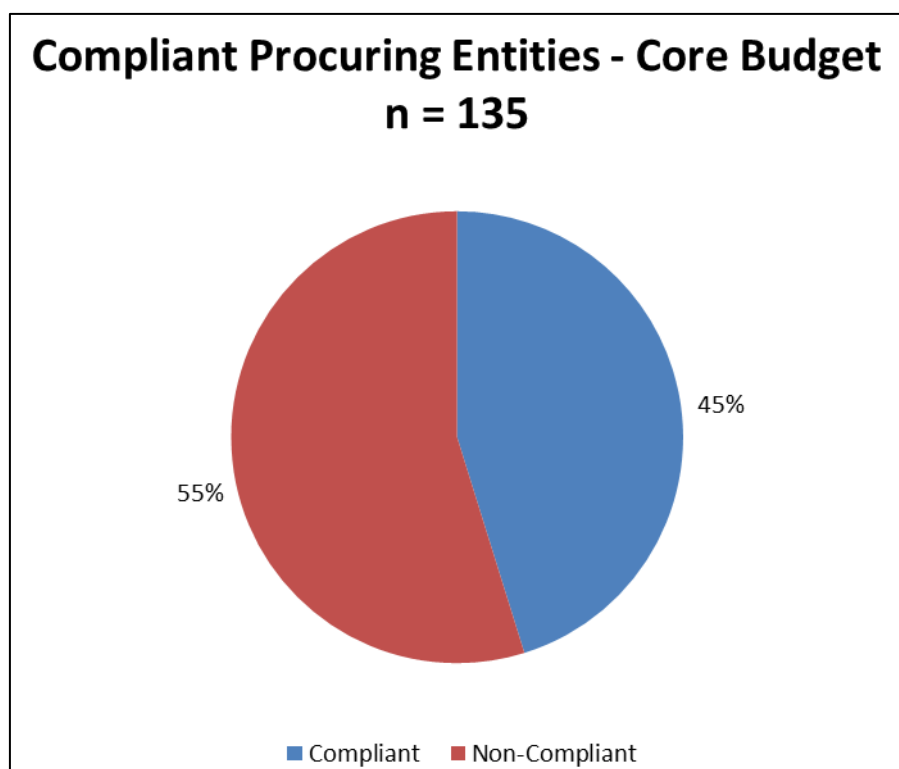


Figure 1: Entities that have Submitted Core Budget Procurement Plans

Twelve (12) procuring entities have appropriations of at least US \$10M each in the core budget; three of these big-spending entities (Judiciary, Ministry of Internal Affairs, and Ministry of Health) have not submitted core budget procurement plans as shown in Table 1 below. The total core budget appropriation for these three non-compliant entities is US \$76,533,737 or 18% of the total core budget appropriation.

<sup>1</sup> The following SOEs have submitted core budget procurement plans but are not included in the analysis in this section because they did not have core budget appropriations: LEC, LTA, NOCAL, NPA, NASSCORP, and RIA

<sup>2</sup> The total value of the core budget is the total for entities with appropriations of US \$250,000 or more.

No	AGENCY	Core Budget Appropriation		Core Budget Procurement Plan		
		Amount Appropriated (USD)	Percentage of Core Budget Total <sup>3</sup>	Submitted	Amount in Procurement Plan (USD)	Percentage of Budget under Procurement <sup>4</sup>
1	MOH	45,691,625	10.7%	No	-	-
2	MOE	37,729,769	8.8%	Yes	3,902,993	10.3%
3	Legislature	37,173,676	8.7%	Yes	6,939,445	18.7%
4	MOJ	29,135,472	6.8%	Yes	918,155	3.2%
5	Judiciary	19,000,576	4.4%	No	-	-
6	LNP	16,457,685	3.9%	Yes	1,475,933	9.0%
7	MOFDP	16,142,897	3.8%	Yes	2,769,616	17.2%
8	LRA	13,108,017	3.1%	Yes	2,542,921	19.4%
9	MOD	12,933,016	3.0%	Yes	4,220,379	32.6%
10	MIA	11,841,536	2.8%	No	-	-
11	MFA	11,832,727	2.8%	Yes	1,476,787	12.5%
12	UL	10,000,000	2.3%	Yes	6,403,817	64.0%
<b>Total</b>		<b>261,046,996</b>	<b>61.1%</b>		<b>30,650,046</b>	<b>11.7%</b>

Table 1: Core Budget Procurement Compliance of Big-Spending Entities

## Public Sector Investment Projects (PSIPs) or Project Budget

Seven (7) of the 19 entities that have appropriations for PSIP have submitted procurement plans to the Commission, representing about 37%, while 12 remain outstanding, representing about 63%. The total amount in the PSIP procurement plans for the seven compliant procuring entities is US \$10,318,492 which is 9.5% of the total PSIP budget of US \$109,174,562.

It is noteworthy that US \$12,050,000 or 11% of all PSIP appropriations is allocated to four SOEs (Liberia Electricity Corporation, Liberia Maritime Authority, Liberia Water & Sewer Corporation, and National Housing Authority), of which two (Liberia Water & Sewer Corporation and National Housing Authority) have submitted PSIP procurement plans for a total of US \$2,389,818 or 20% of PSIP appropriations to SOEs.

Figure 2 below portrays the level of compliance among procuring entities receiving appropriations from the national budget for PSIPs.

Table 2 below shows all 19 entities that have PSIP appropriations and their procurement compliance status. The table also shows that only 9.5% of total PSIP appropriations have been planned for procurement.

<sup>3</sup> These percentages are based on the total core budget appropriation for entities that have appropriations of US \$250,000 or more.

<sup>4</sup> Ditto

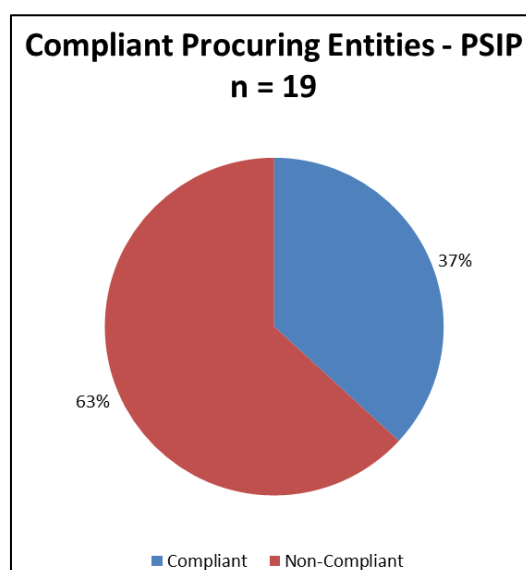


Figure 2: Entities that have Submitted PSIP Procurement Plans

Agency	PSIP Budget Appropriation		PSIP Procurement Plan		
	Amount Appropriated (USD)	Percentage of PSIP Budget Total	Submitted	Amount in Procurement Plan (USD)	Percentage of PSIP Budget under Procurement
MOH	8,478,814	7.8%	No		
MOJ	5,899,642	5.4%	Yes	54,097	0.9%
MOD	1,935,000	1.8%	No		
MIA <sup>5</sup>	500,000	0.5%	No		
MFA	3,400,000	3.1%	No		
LMA	350,000	0.3%	No		
MOS	3,000,000	2.7%	Yes	3,000,000	100.0%
NSA	1,560,000	1.4%	No		
EPS	450,000	0.4%	No		
MPW	55,611,106	50.9%	Yes	4,510,725	8.1%
NEC	9,500,000	8.7%	Yes	59,052	0.6%
MYS	2,000,000	1.8%	Yes	304,800	15.2%
CSA	1,500,000	1.4%	No		
MCC	610,000	0.6%	No		
LWSC <sup>6</sup>	1,000,000	0.9%	Yes	1,530,250	153.0%
HRC	180,000	0.2%	No		
NHA	1,000,000	0.9%	Yes	859,568	86.0%
LAA	2,500,000	2.3%	No		
LEC	9,700,000	8.9%	No		
<b>Total</b>	<b>109,174,562</b>	<b>100.0%</b>		<b>10,318,492</b>	<b>9.5%</b>

Table 2: PSIP Budget Procurement Compliance

<sup>5</sup> The Ministry of Internal Affairs has submitted project procurement plans in the amount US \$555,349 for the Kokoyah Project funded by UNDP but has not submitted one for the US \$500,000 PSIP appropriation.

<sup>6</sup> The MFDP informed the Commission that US \$1.2M had been allocated to LWSC for the Safe Drinking Water Restoration Project in addition to their PSIP appropriation of \$1M.

## **Sectorial Procurement Non-Compliance Overview**

The Commission measured the compliance levels by sector according to economic classification in the national budget. In the analysis, the compliance of each sector was computed based on the number of procuring entities in the sector that have submitted core and project budget procurement plans for approval. There are 135 entities in the 2014/15 National Budget with appropriations of US \$250,000 or more. As presented in Table 3 on Page 6, the Security & Rule of Law category has the largest share of the core budget appropriation of 23.5% with 13 procuring entities, followed by Public Administration with 22.5% of the core budget appropriation and 16 entities. Agriculture and Social Development Services have the least core budget appropriation of 1.6% and 1.9%, respectively with five and seven entities, respectively.

### **Sectorial Core Procurement Non-Compliance**

The economic classifications with the highest level of core budget procurement compliance are Security & Rule of Law, Public Administration, and Infrastructure & Basic Services in which 77%, 69%, 67% of entities have submitted core budget procurement plans, respectively. The least compliant categories are Municipal Government and Health in each of which 11% of entities have submitted core budget procurement plans, followed by Industry & Commerce and Agriculture in each of which 20% of entities have submitted core budget procurement plans. These facts are presented in Figure 3 on Page 7.

### **Sectorial PSIP Procurement Non-Compliance**

More than half (54%) of all PSIP appropriation is in Infrastructure & Basic Services which comprises three entities, and is followed by Energy & Environment and Security & Rule of Law with 9.8% and 9.2% of the PSIP budget and comprising of two and five entities, respectively. Agriculture and Education have no PSIP appropriation, while Industry & Commerce and Municipal Government have 0.3% and 1.0% of the PSIP budget and comprises of one and 2 entities, respectively with PSIP appropriation.

Social Development Services and Transparency & Accountability comprise of one entity each with PSIP appropriation each of which have submitted PSIP procurement plans, hence full compliance for these classifications. These are followed by Infrastructure & Basic Services with a 67% compliance level. The least compliant classifications are Health and Industry & Commerce each of which are 0% compliant, followed by Security & Rule of Law with merely 20% compliance.

These facts are presented in Figure 4 on Page 7.

Economic Classification	Appropriation in 2014/15 National Budget				Core Budget Procurement Plan Compliance					PSIP Budget Procurement Plan Compliance				
	Core Appropriation		PSIP Appropriation		# of Entities (E)	# Compliant (F)	Percentage Compliant (G) = F/E	Amount in Procurement Plan (H)	Percentage of Budget under Procurement (I) = H/A	# of Entities (I)	# Compliant (J)	Percentage Compliant (K) = J/I	Amount in Procurement Plan (L)	Percentage of Budget under Procurement (M) = L/B
	Budget (A)	Percentage (B)	Budget (C)	Percentage (D)										
Agriculture	6,875,842	1.6%	0	0.0%	5	1	20%	907,728	13.2%	0	0	-	0	
Education	66,622,463	15.6%	0	0.0%	20	13	65%	13,720,086	20.6%	0	0	-	0	
Energy & Environment	9,667,840	2.3%	10,700,000	9.8%	6	3	50%	6,632,453	68.6%	2	1	50%	1,530,250	14.3%
Health	65,789,941	15.4%	8,478,814	7.8%	19	2	11%	2,801,674	4.3%	1	0	0%	0	-
Industry & Commerce	15,003,122	3.5%	350,000	0.3%	10	2	20%	5,546,070	37.0%	1	0	0%	0	-
Infrastructure & Basic Services	13,035,013	3.1%	59,111,106	54.1%	9	6	67%	5,167,665	39.6%	3	2	67%	5,370,293	9.1%
Municipal Government	22,790,843	5.3%	1,110,000	1.0%	19	2	11%	5,453,013	23.9%	2	0	0%	0	0.0%
Public Administration	96,193,798	22.5%	7,900,000	7.2%	16	11	69%	16,719,660	17.4%	3	1	33%	3,000,000	38.0%
Security & Rule of Law	100,486,776	23.5%	10,024,642	9.2%	13	10	77%	9,122,103	9.1%	5	1	20%	54,097	0.5%
Social Development Services	8,095,309	1.9%	2,000,000	1.8%	7	4	57%	1,716,098	21.2%	1	1	100%	304,800	15.2%
Transparency & Accountability	22,175,469	5.2%	9,500,000	8.7%	11	7	64%	3,121,005	14.1%	1	1	100%	59,052	0.6%
Total	426,736,416	100%	109,174,562	100%	135	61	45%	70,907,554	16.6%	19	7	37%	10,318,492	9.5%

Table 3: Procurement Compliance by Economic Classification

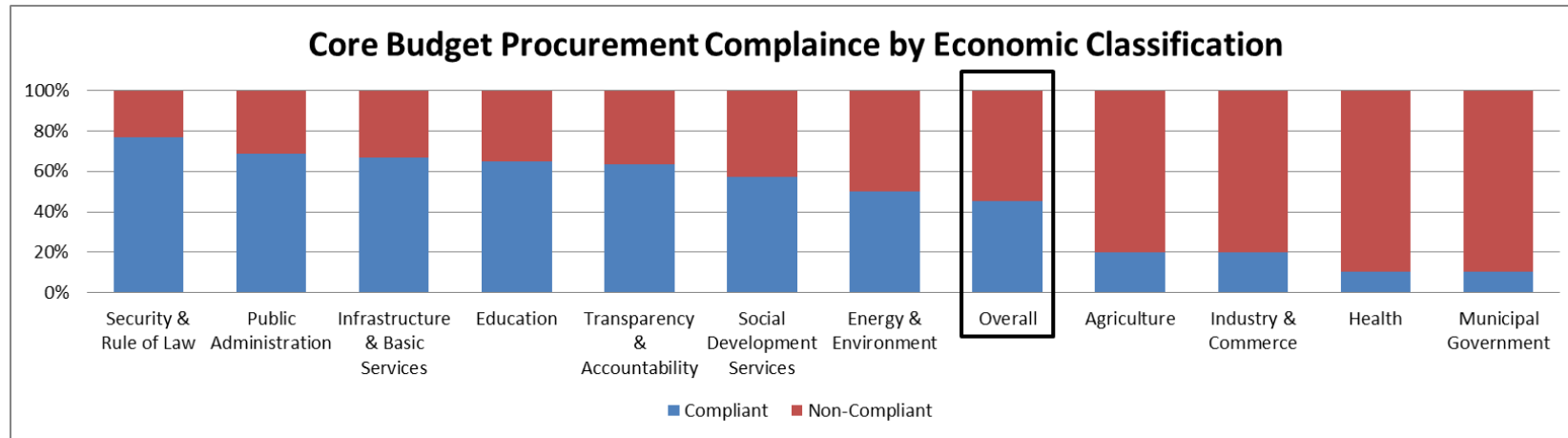


Figure 3: Core Budget Procurement Compliance by Economic Classification

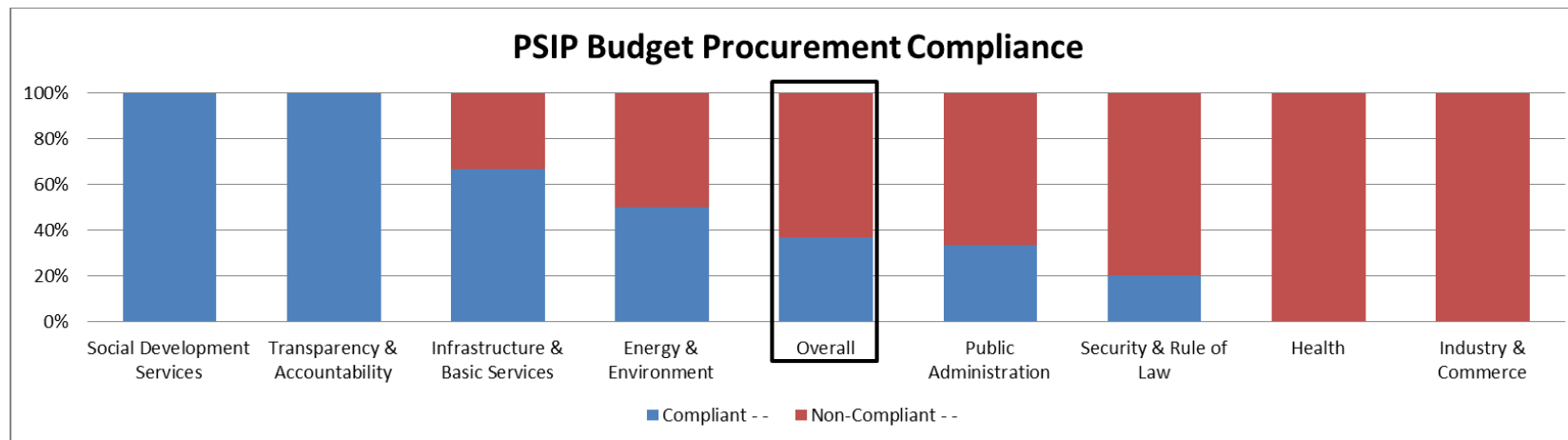


Figure 4: PSIP Budget Procurement Compliance by Economic Classification

## State-Owned Enterprises Not in FY2014/15 Budget

Seven (7) State-Owned Enterprises (SOEs) did not receive appropriations from the national budget but are however included in this report consistent with Section (1)(2)(e) of the PPCA, 2010 which extends the scope and application of the law to “public enterprises which are wholly owned by the State or in which the State has a majority interest.” The Commission also considered the directive for all SOEs to align their fiscal periods with that of the national government. The seven (7) SOEs referenced above are: Central Bank of Liberia (CBL), Liberia Petroleum Refining Company (LPRC), Liberia Telecommunications Authority (LTA), National Oil Company of Liberia (NOCAL), National Port Authority (NPA), National Social Security and Welfare Corporation (NASSCORP), and Roberts International Airport (RIA).

Of the Seven aforementioned entities, five (5) submitted plans for core budget procurement which include Liberia Telecommunications Authority, National Oil Company of Liberia, National Port Authority, National Social Security and Welfare Corporation, and Roberts International Airport. The total amount of these SOEs budget that was allocated for procurement is US\$141,692,102. The Central Bank of Liberia (CBL) and the Liberia Petroleum Refining Company (LPRC) have not submitted procurement plans for their core activities.

For Public Sector Investment Projects, only the Liberia Petroleum Refining Company (LPRC) has submitted a procurement plan amounting to US\$348,000.

These facts are presented in Table 4 below.

No.	AGENCY	Procurement Plan Compliance		Amount in Core Budget Procurement Plan	Amount in Project Budget Procurement Plan
		Core	Project		
1	CBL	No		-	
2	LPRC	No	Yes	-	348,000
3	LTA	Yes		3,875,464	
4	NOCAL	Yes		8,203,999	
5	NPA	Yes		123,427,904	
6	NASSCORP	Yes		5,498,021	
7	RIA	Yes		686,714	
<b>Total</b>				<b>141,692,102</b>	<b>348,000</b>

Table 4: Procurement Compliance of SOEs Not in National Budget



## Procurement Non-Compliance of Counties

### Counties Overview

The total core budget appropriation to counties is US \$9,136,577, of which the largest appropriations are to Sinoe and Grand Kru (12.6% and 11.4%, respectively), followed by Nimba and Maryland (8.6% and 8.5%, respectively). Grand Cape Mount has the least core budget appropriation of 4.2% of the total appropriations to counties followed by Margibi and Lofa (4.6% and 4.7%, respectively). This information is presented in **Error! Reference source not found.** below.

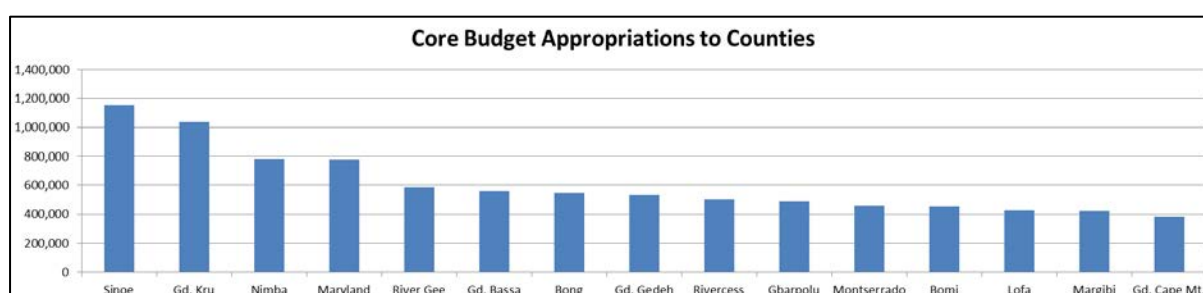


Figure 5: Core Budget Appropriations to Counties

Counties also have appropriation of social development fund (SDF) from 19 companies totaling US \$13,867,481, of which the largest appropriation is to Bong (17.0%), followed by Grand Gedeh and Nimba (12.8% and 12.0%, respectively). Lofa has no appropriation of SDF, and is followed by Maryland and Rivercess each of which has 1.3% of SDF appropriations. These facts are presented in **Error! Reference source not found.** below.

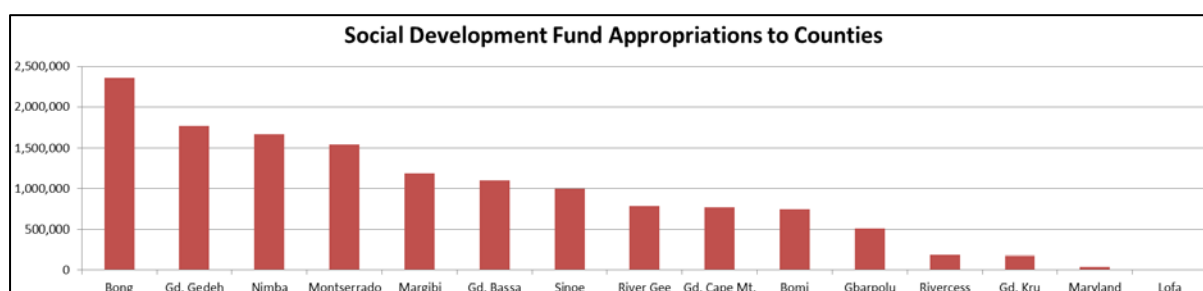


Figure 6: SDF Budget Appropriations to Counties

Taken together the core budget and SDF appropriations to counties total US \$ 23,004,058, the largest of which are appropriated to Nimba, Grand Gedeh, and Sinoe (10.7%, 10.0%, and 9.4%, respectively). Counties with the least combined appropriations are Lofa, Rivercess, and Maryland (1.9%, 3.0%, and 3.6%, respectively). These facts are summarized in **Error! Reference source not found.** below. A more detailed table showing these appropriations is presented in Appendix 3 on Page 19.

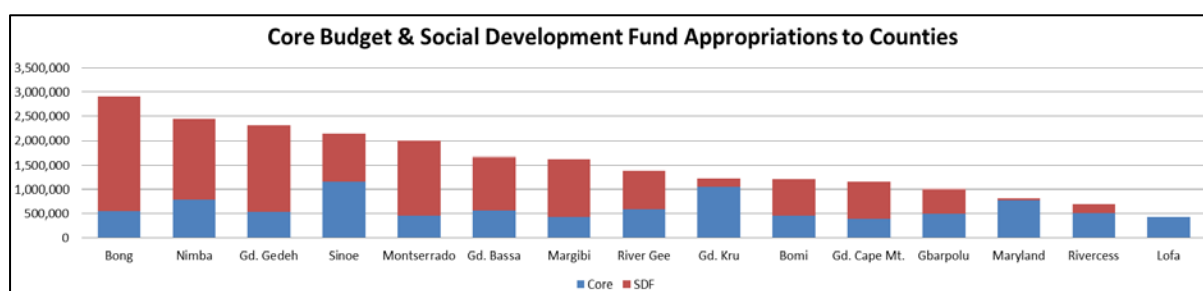


Figure 7: Core Budget and SDF Appropriations to Counties

### Non-Compliant Counties

Only Nimba has submitted procurement plans for its core budget and SDF appropriations in the amounts of US \$4,464,438 and US \$620,504, respectively<sup>7</sup>. None of the other counties have submitted any procurement plans and are therefore not procurement compliant. This represents a 93% non-compliance level for counties for both core budget and SDF appropriations.<sup>8</sup> The total core and SDF appropriations to the 14 non-compliant counties are US \$8,353,517 (or 91% of total core budget appropriations to counties) and US \$12,200,481 (or 88% of total SDF appropriation to counties), respectively. Cumulatively, 89% of combined core budget and SDF appropriations to counties (or US \$20,553,998) is appropriated to the 14 non-compliant counties.

<sup>7</sup> Nimba has submitted a core budget procurement plan totaling US \$4,464,437.56, which they have informed the Commission is being funded from their core appropriation of US \$783,060 and funding from their consolidated account at Central Bank of Liberia. This plan is currently under review.

<sup>8</sup> Fourteen out of 15 counties are non-compliant.

## **Risk of Procurement Non-Compliance to the National Interest**

As a result of the procurement non-compliance discussed herein, there are three key risks to the national interest: low inflow of public sector funds into the economy; very high demand for single-sourcing by non-compliant entities close to the end of the fiscal year; and violation of the procurement law.

### **Key Risk 1: Low Inflow of Public Sector Funds into the Economy**

With only three months remaining in this fiscal year, it is highly unlikely that non-compliant procuring entities will execute the procurement components of their core budgets or their PSIP appropriations in compliance with the PPCA. A total of US \$467,135,413 (or 73.5% of the 2014-15 National Budget of US \$635,236,000) is appropriated to entities that are not procurement compliant. A very large portion of this amount is at risk of not being infused into the national economy.<sup>9</sup> As a consequence of this, there will also be very poor delivery of basic social services by these non-compliant entities.

As explained under the sub-topic *Core Budget* on Page 2, 83.4% of the core budget (or US \$356,078,862) is appropriated to 74 entities that are not procurement compliant. In addition, as presented under the topic *Public Sector Investment Projects (PSIPs) or Project Budget* on Page 3, 90.5% of the PSIP budget (or US \$98,856,070) is appropriated to 12 entities that have not yet submitted procurement plans. Similarly, as explained under the sub-topic *Non-Compliant Counties* on Page 10, 88% of social development funds (or US \$12,200,481) is appropriated to 13 counties that are not compliant. Cumulatively, US \$467,135,413 (or 73.5% of the 2014-15 National Budget of US \$635,236,000) is appropriated to non-complaint entities, a significant portion of which is at risk of not flowing into the economy thereby hampering the post-Ebola recovery of the economy.

### **Key Risk 2: Expected High Demand for Single-Source Procurement**

It is expected that closer to the end of this fiscal year, as has been the experience from previous years, there will be a high influx of requests for “No Objection” to the Commission from non-compliant entities for single-sourcing based on reasons of time limitation, “emergencies”, etc. Most, if not all, of these request for “No Objection” will not be granted by the Commission this time around for two primary reasons:

- 1) The time limitation and emergency conditions would have been created as a result of the dilatory actions of the non-compliant entities. By not submitting procurement plans in a timely fashion, these entities would have created the “emergencies” and conditions of time limitation.

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<sup>9</sup> Please note that 40.5% of the 2013-2014 National Budget is appropriated to non-procurement items or activities like salaries, interest and charges, social benefits, etc.

- 2) Deviation from the procurement law and the tenets of procurement best practices inherently exposes the country to corruption.

As is the case with Key Risk 1, this non-approval of these expected requests for “No Objection” for single sourcing due to dilatory actions of the non-compliant entities will further limit the inflow of public sector funding into the economy thereby hurting the national interest.

### **Key Risk 3: Violations of the Procurement Law**

It has been observed that some of these non-compliant entities have already engaged in procurement activities in contravention of the PPCA without first submitting a procurement plan to the Commission for approval. Even though the Commission is still investigating this situation, it is self-evident that all 74 non-compliant entities are operating and therefore consuming recurring procurable items such as fuel, stationery, etc. which have been procured by these entities in contravention of the PPCA.

In consideration of the fact that about 73.5% of the 2014-15 National Budget of US \$635,236,000 is appropriated to these non-compliant entities, these violations of the PPCA are undermining transparency, accountability, fair play and competition in procurement and exposing the country to corruption and impeding the attainment of value for money in the conduct of public procurement activities.

## **Ensuring Value for Public Funds: the Need to Further Strengthen PPCC**

The Commission has embarked on a series of programs to mitigate the inherent risks associated with procurement non-compliance by, among other things, working with entities to ensure full compliance with the PPCA. These activities include: Hand-holding of entities by which guidance is being provided by the Commission to entities to ensure compliance; conducting technical workshops and trainings for procurement practitioners; monitoring of newspaper publications of Invitations for Bids (IFBs); working with a number of procuring entities to establish proper record-keeping systems; and performing occasional procurement compliance reviews, among others.

However, the aforementioned activities are inadequate in terms of scope as well as in terms of desired effectiveness as there continues to be violations of the law. The Commission presently does not have the required resources, both human and capital, to wholly monitor government's expenditure through the public procurement system. The current ratio of monitoring staff to procuring entities receiving appropriation above US \$250,000 is 1:8. Again, in relation to the 135 procuring entities considered for this report, the Commission has a mere annual average amount of US \$9,540 to monitor each procuring entity from the stage of procurement planning up to contract award, irrespective of the size of the entity's budget or its location. The Commission will require additional funding to strengthen current activities and to develop and implement others that will improve the level of compliance and attain greater value for money. Some of the activities and programs envisioned include the following:

- Periodic reports on the status of procurement, like this report, to shine light on challenges in attaining full compliance of all entities;
- Continuing the hand-holding of entities by which guidance is being provided by the Commission to entities to ensure compliance;
- Establishment of a Procurement Clinic and Call Center with dedicated staff and infrastructure by which entities will receive in-depth guidance on the various steps and aspects of the procurement process;
- Establishment of an e-procurement platform with the necessary safeguards and fool-proofs to ensure compliance and enhance transparency in procurement;
- Strengthening compliance monitoring and review to ensure full compliance and acquire feedback on the compliance levels of entities;
- Reducing the current ratio of 8 procuring entities to one compliance officer by increasing the number of compliance monitoring officers;

- Strengthen the other functionaries and departments of the Commission such as the Legal, Training, Policy, and Communications to ensure full execution of the Commission's mandate under the PPCA;
- Decentralization within the counties to provide technical guidance to, and monitor procurement activities of, local government and rural-based institutions receiving appropriations from the national budget;
- Development of a contractors database that will prequalify businesses eligible to participate in public procurement, with the view to awarding contracts by procuring entities to businesses with the required technical and financial capacity who are current in meeting their legal obligations to the government;
- Publication and dissemination of quick guides, handbooks, and other such materials to serve as easy references for procurement practitioners.

In order to successfully implement these programs and protect the public's interest, the Commission needs the required support to strengthen its capacity to ensure value for money in procurement. The quantification of the needed support will be reflected in the Commission's budget projection for fiscal year 2015/2016 soon to be submitted to the Ministry of Finance and Development Planning.

### Annexes 1: List of Non-Compliant procuring entities with Appropriations in 2014/2015 Budget

No.	Agency	Sector	2014/15 Appropriation (USD)		Procurement Plan Compliance		Amount in Core Budget Procurement Plan (USD)
			CORE	PSIP	Core	Project	
1	AITB	Education	205,056		No		
2	Bassa County Community College	Education	604,093		No		
3	Bensonville Hospital/James N.	Health	400,000		No		
4	Bomi County	Municipal Government	454,365		No		
5	Bomi County Community College	Education	308,037		No		
6	Bong County	Municipal Government	549,076		No		
7	Bureau of State Enterprises	Public Administration	142,974		No		
8	C B Dumbar Hospital	Health	400,000		No		
9	CNDRA	Transparency & Accountability	563,019		No		
10	Civil Service Agency	Public Administration	1,587,408	1,500,000	Yes	No	404,573
11	Cooperative Development Agency	Agriculture	297,426		No		
12	Executive Protection Services	Security & Rule of Law	4,745,481	450,000	Yes	No	1,011,900
13	F. J. Grant Hospital	Health	300,000		No		
14	Financial Intelligence Unit	Transparency & Accountability	492,566		No		
15	Forestry Training Institute	Energy & Environment	240,744		No		
16	Foya Hospital	Health	275,000		No		
17	Gbarpolu County	Municipal Government	493,235		No		
18	Grand Bassa County	Municipal Government	561,844		No		
19	Grand Cape Mount County	Municipal Government	384,602		No		
20	Grand Gedeh County	Municipal Government	536,421		No		
21	Grand Kru County	Municipal Government	1,039,091		No		
22	Human Rights Commission	Security & Rule of Law	757,536	180,000	Yes	No	96,436

No.	Agency	Sector	2014/15 Appropriation (USD)		Procurement Plan Compliance		Amount in Core Budget Procurement Plan (USD)
			CORE	PSIP	Core	Project	
23	IIC	Transparency & Accountability	417,510		No		
24	JFK Medical Center	Health	6,518,784		No		
25	Judiciary	Security & Rule of Law	19,000,576		No		
26	KRTTI	Education	980,211		No		
27	Kolahun Hospital	Health	275,000		No		
28	Land Commission	Transparency & Accountability	833,341		No		
29	LACE	Social Development Services	1,494,667		No		
30	Liberia Airport Authority	Infrastructure & Basic Services	384,553	2,500,000	No	No	
31	Liberia Board For Nursing & Midwife	Health	168,944		No		
32	LCPS	Health	1,150,000		No		
33	Liberia Copyright office	Industry & Commerce	99,007		No		
34	Liberia Electricity Corporation	Energy & Environment	0	9,700,000	Yes	No	20,937,449
35	Liberia Industrial Free Zone Authority	Industry & Commerce	43,350		No		
36	Liberia Industrial Property System	Industry & Commerce	57,580		No		
37	LIBR	Health	409,518		No		
38	Liberia Maritime Authority	Industry & Commerce	8,552,050	350,000	Yes	No	5,100,913
39	Liberia Medical & Dental Council	Health	550,000		No		
40	LMHPRA	Health	432,279		No		
41	Liberia National Lottery	Industry & Commerce	143,768		No		
42	Liberia Opportunity Industrial Center	Education	655,000		No		
43	Liberia Pharmacy Board	Health	142,497		No		
44	Liberia Produce Marketing Corporation	Agriculture	378,419		No		
45	Liberia Rubber Development Authority	Agriculture	403,145		No		
46	Liberia Telecom Corporation	Infrastructure & Basic Services	1,400,000		No		
47	Lofa Community College	Education	645,180		No		
48	Lofa County	Municipal Government	428,799		No		



No.	Agency	Sector	2014/15 Appropriation (USD)		Procurement Plan Compliance		Amount in Core Budget Procurement Plan (USD)
			CORE	PSIP	Core	Project	
49	Mano River Union	Public Administration	601,669		No		
50	Margibi County	Municipal Government	424,401		No		
51	Maryland County	Municipal Government	778,347		No		
52	Ministry of Foreign Affairs	Public Administration	11,832,727	3,400,000	Yes	No	1,476,787
53	Ministry of Health	Health	45,691,625	8,478,814	No	No	
54	Ministry of Internal Affairs	Municipal Government	11,841,536	500,000	No	No	
55	Ministry of Labor	Industry & Commerce	1,631,783		No		
56	Ministry of Lands, Mines & Energy	Energy & Environment	2,728,365		No		
57	Ministry of National Defense	Security & Rule of Law	12,933,016	1,935,000	Yes	No	4,220,379
58	Monrovia City Corporation	Municipal Government	962,677	610,000	Yes	No	988,575
59	Montserrado County	Municipal Government	457,366		No		
60	National ID Registry	Public Administration	300,000		No		
61	National Aids Commission	Health	719,858		No		
62	National Bureau of Concessions	Industry & Commerce	1,259,154		No		
63	National Commission On Small Arms	Security & Rule of Law	250,000		No		
64	National Council of Chiefs & Elders	Municipal Government	405,004		No		
65	National Food Assistance Agency	Public Administration	60,584		No		
66	National Housing & Savings Bank	Infrastructure & Basic Services	45,150		No		
67	National Insurance Corporation of Liberia	Industry & Commerce	77,744		No		
68	National Investment Commission	Industry & Commerce	1,159,651		No		
69	National Red Cross	Social Development Services	250,000		No		
70	National Security Agency	Security & Rule of Law	5,398,304	1,560,000	No	No	
71	National Veterans Bureau	Social Development Services	400,000		No		
72	office of the Vice President	Public Administration	2,139,351		No		
73	Oil Palm Planters	Agriculture	950,000		No		
74	Paynesville City Corporation	Municipal Government	445,049		No		

No.	Agency	Sector	2014/15 Appropriation (USD)		Procurement Plan Compliance		Amount in Core Budget Procurement Plan (USD)
			CORE	PSIP	Core	Project	
75	Redemption Hospital	Health	2,000,000		No		
76	River Gee Communities Health Center	Health	290,000		No		
77	River Gee County	Municipal Government	584,486		No		
78	Rivercess County	Municipal Government	506,623		No		
79	Rural Renewable Energy Agency	Energy & Environment	313,849		No		
80	Sinoe County	Municipal Government	1,154,861		No		
81	Tellewoyan Hospital	Health	300,000		No		
82	Tumutu Training Center	Education	450,000		No		
<b>Total</b>			<b>170,245,332</b>	<b>31,163,814</b>			<b>34,237,012</b>

## Appendix 2: Non-Compliant State-Owned Enterprises (SOEs) not Listed in 2014/15 Budget

No.	AGENCY	SECTOR	Procurement Plan Compliance		Amount in Core Budget Procurement Plan (USD)	Amount in Project Budget Procurement Plan (USD)
			Core	Project		
1	Central Bank of Liberia (CBL)	Public Administration	No			
2	LPRC	Industry & Commerce	No	Yes		348,000

Appendix 3: Core Budget and Social Development Fund Appropriations to Counties

County	Core Budget (USD)	Appropriations from Social Development Funds (USD)																				Grand Total (USD)
		Amlib	Atlantic Resources	B&B	B&V	BHP	Bong Mines	Cavalla Rubber	EJ&J	Euro Logging	Firestone	Gebio Logging	ICC	LTTC	Mittal	PIOM	Sime Darby	Sun Yeun 2	Tarpeh Timber Co.	Western Cluster	Total	
Bomi	454,365																			750,000	750,000	1,204,365
Bong	549,076	12,000				100,000	1,750,000								500,000						2,362,000	2,911,076
Gbarpolu	493,235			4,000													10,000			500,000	514,000	1,007,235
Gd. Bassa	561,844					100,000									1,000,000				4,000		1,104,000	1,665,844
Gd. Cape Mt.	384,602				2,000												10,000	9,000		750,000	771,000	1,155,602
Gd. Gedeh	536,421	12,000								191,000			67,000			1,500,000					1,770,000	2,306,421
Gd. Kru	1,039,091		179,016																		179,016	1,218,107
Lofa	428,799																				0	428,799
Margibi	424,401						875,000				320,000										1,195,000	1,619,401
Maryland	778,347							40,465													40,465	818,812
Montserrado	457,366	12,000					875,000				156,000									500,000	1,543,000	2,000,366
Nimba	783,060					100,000							67,000		1,500,000						1,667,000	2,450,060
River Gee	584,486									191,000						600,000					791,000	1,375,486
Rivercess	506,623	12,000							43,000				82,000	45,000							182,000	688,623
Sinoe	1,154,861											99,000				900,000					999,000	2,153,861
Total	9,136,577	48,000	179,016	4,000	2,000	300,000	3,500,000	40,465	43,000	382,000	476,000	99,000	216,000	45,000	3,000,000	3,000,000	20,000	9,000	4,000	2,500,000	13,867,481	23,004,058