Public Sector & Fiscal Management

Policy area nominated by Botswana



Botswana

This article is more than **10 months old**

Botswana's president declares health emergency over supply shortages

Duma Boko announces urgent funding package for medicines to be distributed with military oversight

The Problem (Current Situation)

- Repeated medicine shortages and emergency procurements
- Reports of prices inflated 5–10 times
- P250 million emergency allocation vs. much lower competitive quotes
- Lack of systematic price comparison and contract performance data
- Weak transparency in awards and delivery

Medicines Procurement Price-Benchmarking

- Core Question:
  - **Should Botswana introduce open contracting, reference price benchmarking, and stronger contract management for Central Medical Stores (CMS)?**
- Counterfactual (Business as Usual):
  - **Emergency workarounds continue with limited price transparency and weak contract oversight**
- Policy Scenario:
  - **Establish a procurement value-for-money unit with benchmarking, open contracting, supplier prequalification, and performance audits**

What changes with the reform?

Area	Without Reform	With Reform	CBA Treatment
Price Visibility	Hard to compare prices	Common price file + benchmarking	Main source of savings
Contract Transparency	Limited public visibility	Open contracting data published	Implementation cost
Fiscal Savings	High emergency premiums	Reduced markups on covered spend	Core quantified benefit
Medicine Availability	Frequent stockouts	Potential improvement (unquantified)	Evidence gap
Health impacts	Health losses	Avoided loss of DALYs	Not quantified due to data gap

Main Drivers of Value

1. Gross savings rate achieved through benchmarking (most sensitive) – transferred evidence 28%
2. Share of procurement spend brought under the reform
3. Implementation and operating costs
4. Supplier compliance costs
5. Duration and consistency of the reform

- → The result is highly sensitive to how widely and effectively the reform is implemented.

CBA setup

- Benefits Estimation
  - **Annual gross fiscal savings = Covered spend × Gross savings rate (28%)**
  - **Present value calculated over 12 years using a 6% real social discount rate**
- Costs Estimation
  - **One-time setup costs: P 30 million (platform, training, systems, initial audits)**
  - **Annual public operating costs: Platform + Staff + Independent audit**
  - **Supplier compliance costs: Included as real resource costs (even though not paid by government)**
- Key Assumptions
  - **Covered spend share: 75% (phased rollout)**
  - **Gross savings rate: 28% (conservative estimate)**
  - **Many inputs are proxy assumptions pending better CMS data**

Key results from quick CBA

Annual Covered Spend	P 187.5 million	75% of target basket
Annual Gross Fiscal Savings	P 52.5 million	At 28% savings rate
Net Fiscal Benefit over 12 years	**P 290 million**	**Gross savings minus public costs**
Annual Operating Costs	P 21 million	Both private and public
One Time Setup	P 30 million	Public cost
PV Benefits over 12 years	P 467 million	**Stockout and patient welfare effects not included**
PV Costs over 12 years	P 212 million	
BCR	**2.2**	**Fair buy based on fiscal saving only**

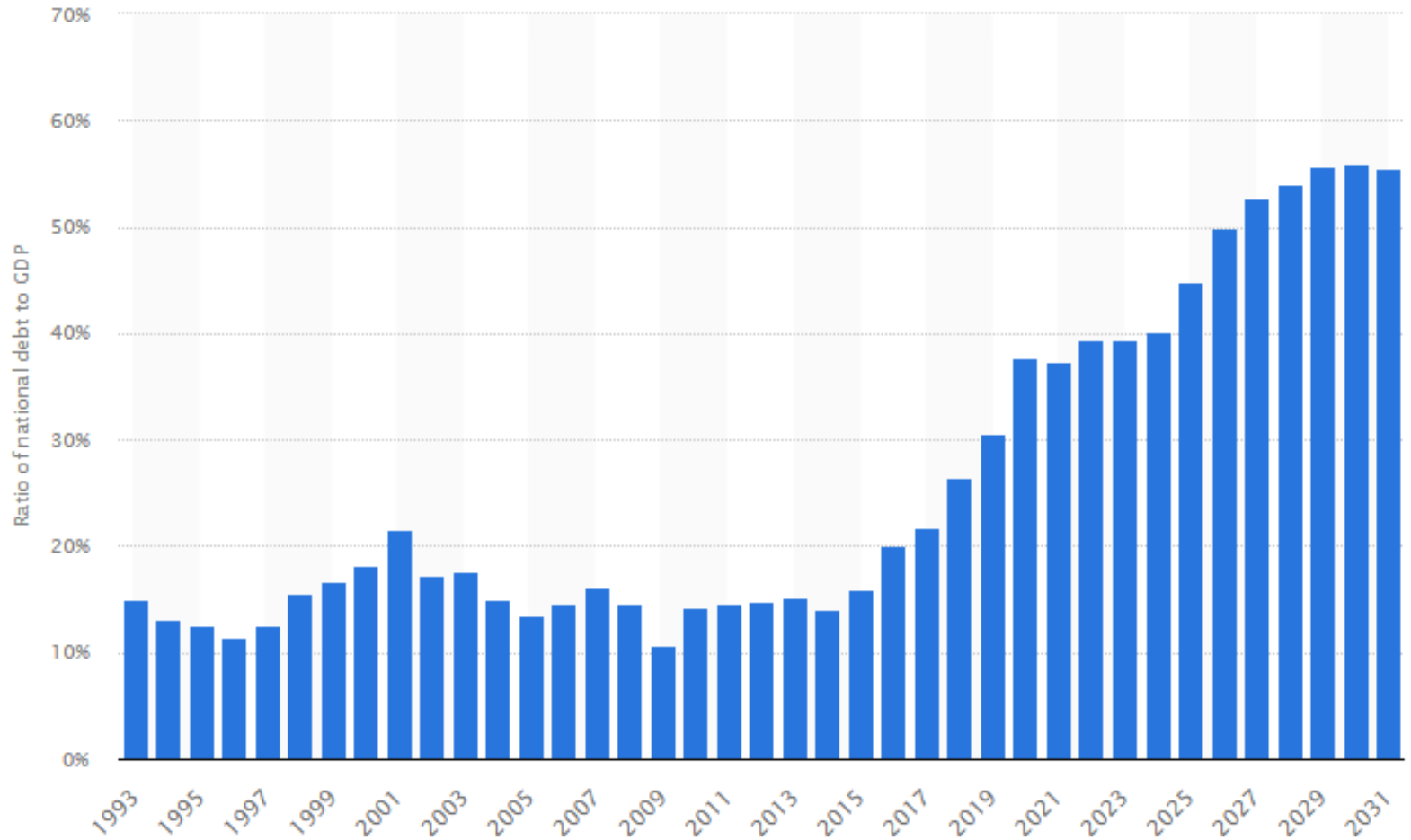
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Fiscal consolidation to reduce debt and necessary reforms

Policy area nominated by Eswatini

Ratio of national debt to GDP of Swaziland from 1993 to 2031



The Challenge

- Public debt near 40% of GDP
- Heavy reliance on volatile SACU custom revenues
- Rising arrears and public enterprise transfers crowding out fiscal space
- Weak budget controls and procurement leakage
- Need for long-term adjustment without damaging service delivery

The Policy Question

Using international cost-benefit evidence, which fiscal consolidation option offers the strongest value for reducing Eswatini's debt and financing pressure?

Three Reform Options Tested

1. **Revenue Administration**

   Tax compliance, arrears collection, digital systems

2. **Wage-Bill and Operating Restraint**

   Payroll controls, attrition, procurement discipline

3. **Public Enterprise & Public Fiscal Managment Reform**

   Public enterprise transfers, IFMIS, e-procurement, arrears control

Executive Summary

Key Finding

Revenue Administration has the highest public-budget BCR (4.1), but Public Enterprises & Public Fiscal Managment Reform has the highest social-resource BCR (1.7) and strongest overall diagnostic for sustainable fiscal consolidation.

Recommendations based on review of international cases

Prioritize Public Enterprises & Public Fiscal Managment Reform reform and Revenue Administration. Use wage-bill restraint gradually , and avoid blunt wage or social spending cuts.

Example of key actions

1. Strengthen public enterprise oversight and reduce transfers
2. Accelerate IFMIS and e-procurement rollout
3. Improve revenue administration compliance systems
4. Use wage restraint
5. Build better data systems before large-scale spending cuts

Main Drivers of Value

1. Size of fiscal adjustment achieved
2. Resource-efficiency share of the adjustment (e.g. lost benefits exceed fiscal savings)
3. Implementation & transition costs
4. Avoided debt-service costs
5. Quality and speed of execution

Cost Benefit Results

Option	Public BCR	Social BCR	NPV (SZL)	Debt Avoided (SZL m)
Revenue Administration	4.1	0.9	824m	1,098m
Wage Restraint	2.5	0.9	682m	942m
PE & PFM Reform	**2.9**	**1.7**	**902m**	**1,136m**

How Costs & Benefits Were Estimated

Benefits

- Fiscal adjustment gains (phased over 5 years)
- Avoided debt-service costs
- Resource-efficiency gains (especially PE/PFM)

Costs

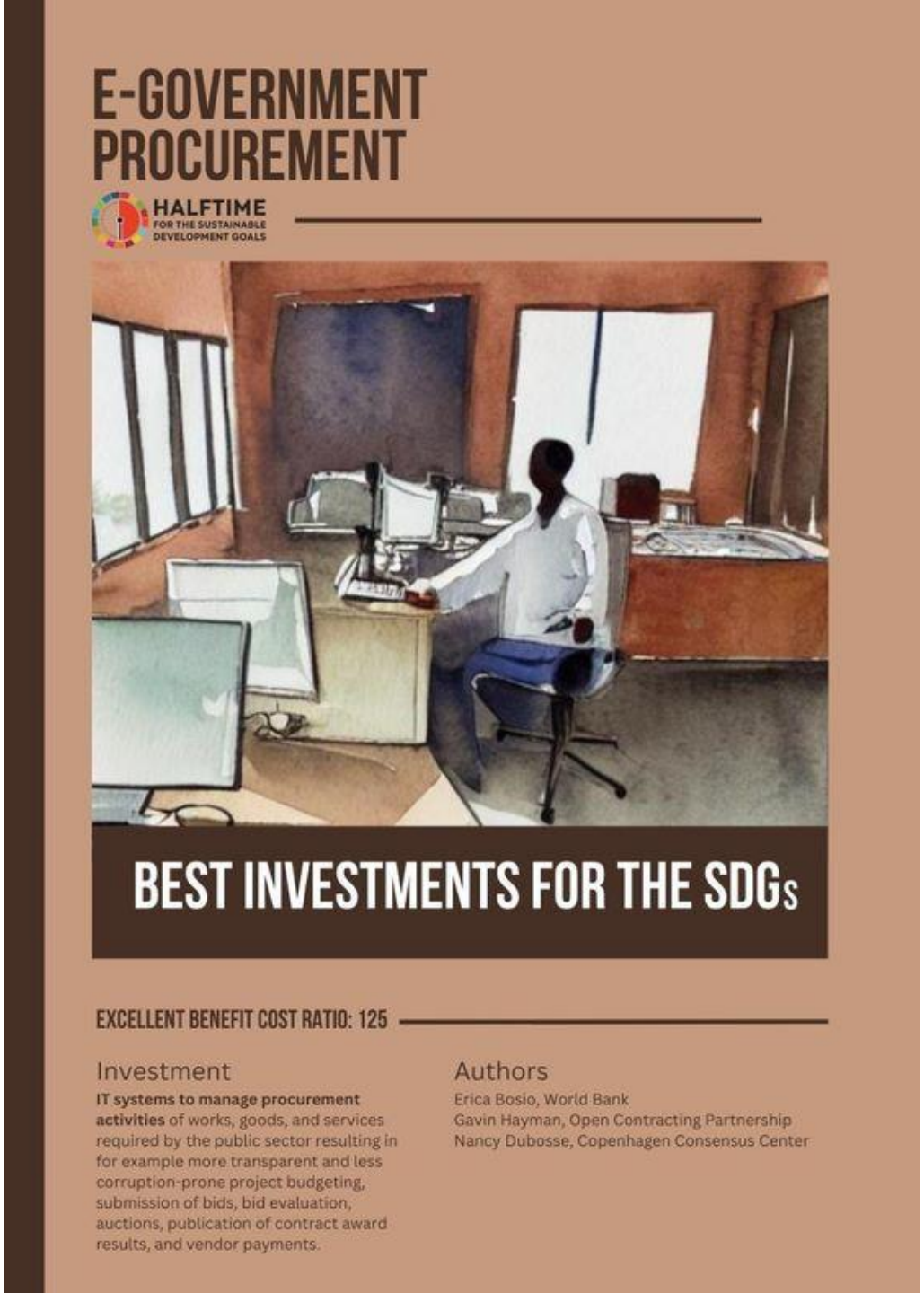
- Implementation costs (systems, training)
- Transition costs (disruption, severance)
- Highest transition risk in wage restraint

Note: Many inputs remain proxy assumptions. Major data gaps e.g. payroll, PE transfers, and tax gaps.

E-procurement

Reducing corruption at extraordinary value

Evidence and investment case for a CBA conference audience



Procurement concentrates both public money and corruption risk

For low- and lower-middle-income countries, procurement represents roughly half of public expenditure. Leakage here directly crowds out health, education, and infrastructure.

$15T

Public procurement in 2018 - about 14.5% of global GDP

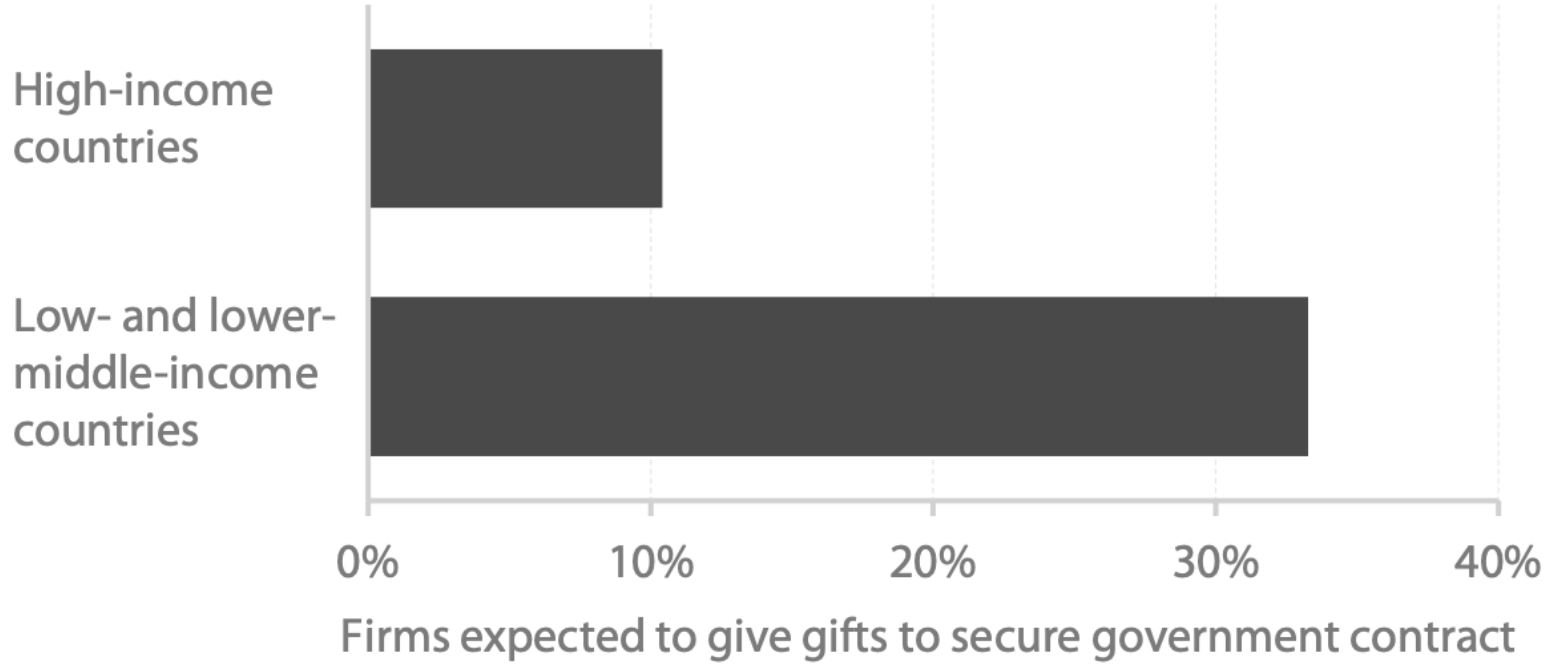
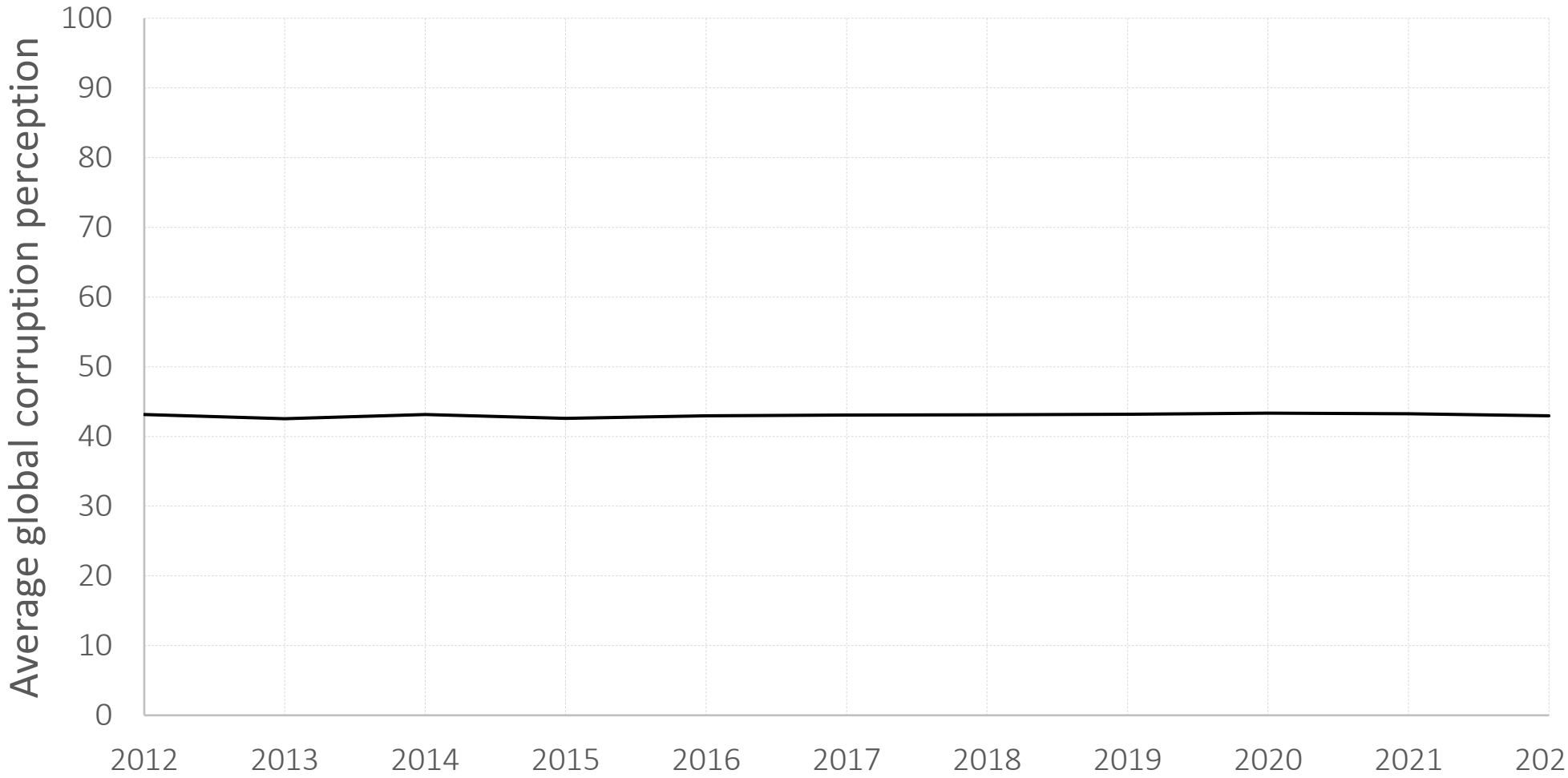


Figure 9.1 *Percent of firms expected to give gifts to secure government contracts: Average for the 2000s.*

Corruption Percentions Index (CPI)



Transparency International.

e-procurement changes the market - not just the paperwork

Make tenders visible

Publish opportunities and records so firms, auditors, and watchdogs can see the process.

Lower bidding costs

Online access removes obscure paper searches and makes entry easier for smaller suppliers.

Increase competition

More bidders reduce single-bid awards and put downward pressure on procurement prices.

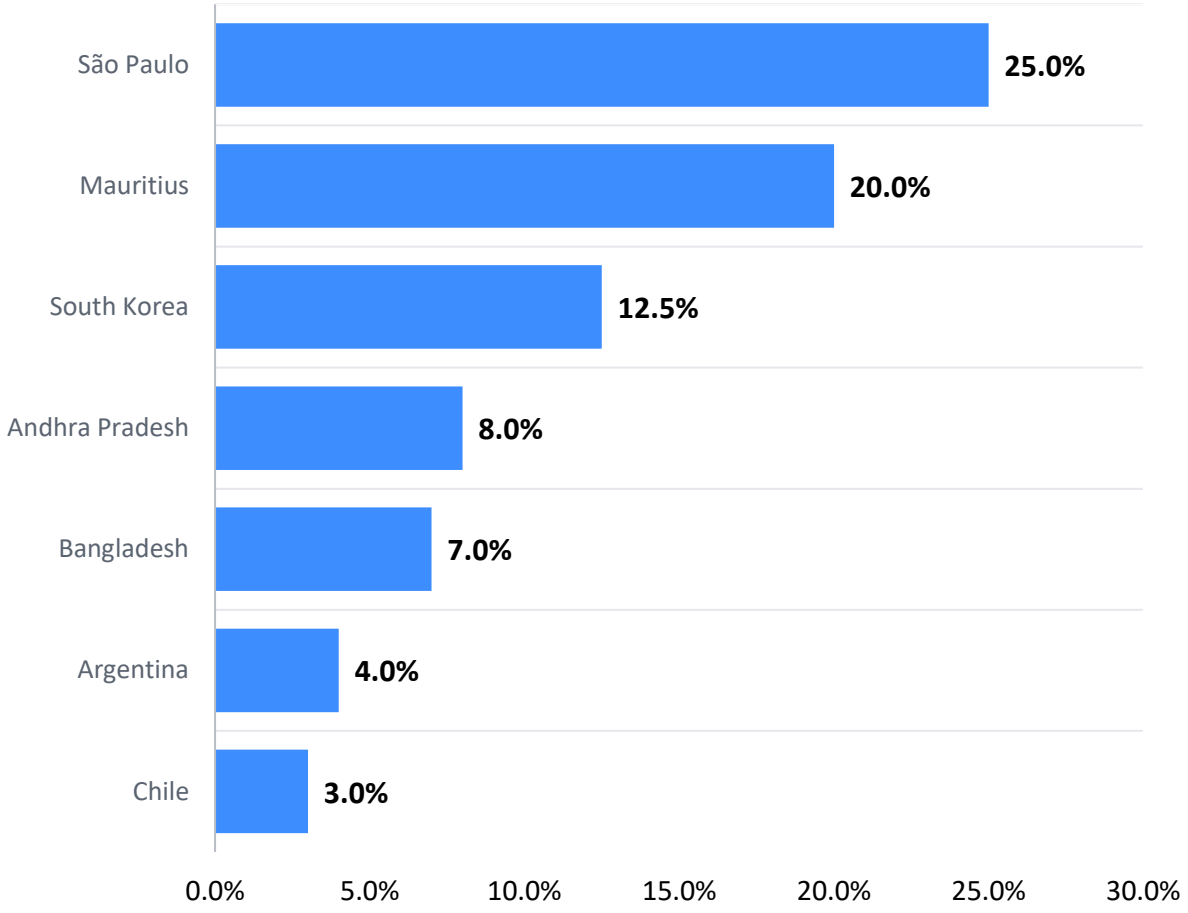
Leave a digital trail

Structured records support accountability and can trigger red flags for collusion or abuse.

Country	Est. % of Procurement *Value* through E-Procurement	Status / Notes
South Africa	70–80%	eTenders portal is mature and widely used for competitive tenders. However, compliance is incomplete (only ~12% of entities upload plans, low contract notice publication). Not yet 100%.
Mauritius	40–60%	e-PS is mandatory and well-established (since 2015/2020). Selective use by some public bodies and offline evaluation/awards reduce the value share.
Tanzania	60–80%	NeST (National e-Procurement System) is operational and widely adopted. One of the more advanced systems in the region.
Zimbabwe	50–70%	eGP system rolled out in 2024/2025. 75% of 2025 annual procurement plans already approved via the system (vs 9% in 2024). Value share rising rapidly.
Zambia	20–35%	e-GP system operational since 2016. Adoption by procuring entities remains moderate (~33% in some studies).
Angola	< 10%	SNCPE operational since 2018. Very low usage — only ~1% of procuring entities and small share of value (per MAPS assessment).
Namibia	10–20%	Informative e-GP portal exists. Full end-to-end system still under development (strategy 2023–2027).
Botswana	< 10%	IPMS has some e-bidding features. Full national e-procurement system planned for launch by 2027. Currently mostly manual.
Mozambique	< 5%	e-GP project launched in 2025. Still in early implementation phase.
Eswatini	< 5%	e-GP system in planning/early rollout stage (MAPS assessment highlights upcoming implementation).
Lesotho	< 5%	Very limited or no full national e-procurement system in widespread use.
Madagascar	5–15%	Has an e-GP platform (replaced older SIGMP). Adoption still limited.
Malawi	< 5%	No significant national e-procurement system in operation.
Comoros	< 5%	No operational national e-procurement system.
DRC	< 5%	No operational national e-procurement system.
Seychelles	< 5%	No operational national e-procurement system.

World Bank MAPS assessments

Country evidence consistently points to lower procurement prices



6.75%

Average documented price reduction after excluding the lowest and highest observations

The benefit case extends well beyond price savings

30h → 2h

Faster awards

South Korea cut the time to select a winning bid.

33% → 17%

More competition

Bangladesh nearly halved single-bid contract awards.

130 → 4,800

More suppliers

Karnataka expanded its supplier base in three years.

+12%

Better quality

India recorded a higher road quality grade after digitization.

Benefits arrive only after the system moves from design to scale

Years 1-2

Plan and build

Review laws, design the platform, procure hardware and software, and train officials and firms.

Year 3

Pilot begins

Savings start to appear as the first transactions move online and processes stabilize.

Year 6+

Reach scale

The model assumes at least half of procurement spending is digitized and benefits become substantial.

The technology bill is modest - but implementation quality varies

<$2m to $43m

Initial investment

Uganda and Mauritius built lean systems; South Korea built a fully integrated national platform.

UPFRONT

$1.3m / year

Average maintenance

Observed annual costs ranged from about $0.36m in Mauritius to $4m in South Korea.

ONGOING

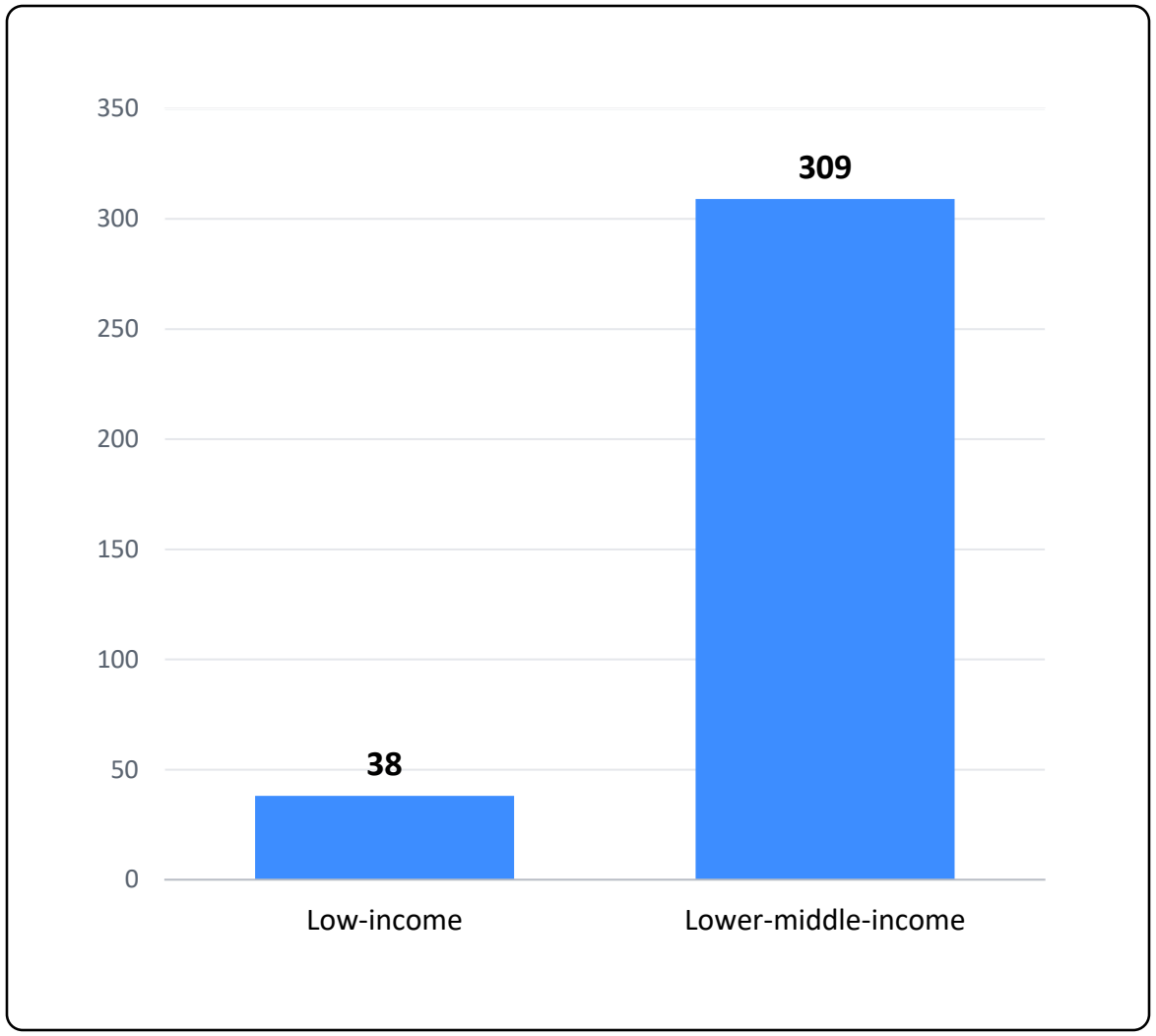
$19.2m

Twelve-year model cost

The chapter's appraisal total in today's dollars, covering design, pilot, and operation.

CBA HORIZON

At an 8% discount rate, the modeled return is extraordinary



The same $19.2m system cost is spread over very different procurement budgets. That scale effect drives the much larger return in lower-middle-income countries.

$732m benefits

Low-income country
BCR 38

$5,919m benefits

Lower-middle-income country
BCR 309

The BCR is not the binding constraint - political economy is

Costs now, savings later

Political leaders may leave office before the strongest benefits arrive.

Planning capacity

Strategic design, legal reform, training, and change management can exceed in-house capability.

Over-specification

Rigid procurement of the new system can itself suppress vendor innovation and competition.

Vested interests

Incumbents who benefit from opacity have strong incentives to delay or weaken reform.

Coalition of winners Smaller businesses that gain access + political leaders who can redirect savings to public priorities