

**COST EFFICIENCY OF COMMUNITY CONTRACTING VERSUS
COMMERCIAL CONTRACTING IN MALAWI'S PUBLIC PROCUREMENT:
EVIDENCE FROM COVID-19 SCHOOL CONSTRUCTION PROJECTS**

MASTER OF ARTS(DEVELOPMENT STUDIES) THESIS

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UNIVERSITY OF MALAWI

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MA (DEVELOPMENT STUDIES) THESIS

BY

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Submitted to the Department of Development Studies, School of Humanities and Social
Sciences, in partial fulfilment of the requirements for a the Master of Arts in
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UNIVERSITY OF MALAWI

DECEMBER, 2024

DECLARATION

I, the undersigned, hereby declare that this thesis is my own original work and it has never been submitted for similar purposes to this or any other university or institution of higher learning. Where other people's work has been used acknowledgements have been made. All errors contained herein are the author's sole responsibility.

EDWARD CHILEKA BANDA

Full Legal Name



Signature

8th JANUARY 2025

Date

CERTIFICATE OF APPROVAL

The undersigned certify that this thesis represents the student's own work and effort, and it makes acknowledgements where other sources of information are used. The thesis is submitted with my approval.

Signature: _____ Date: _____

Gowokani Chijere Chirwa, PhD (Associate Professor)

Supervisor

DEDICATION

This thesis is dedicated to my father, late Mr. Adan Chileka to whom I owe all the credit for my education from primary school all the way to university. My father was an exceptional and quite a responsible man. Despite being a school dropout himself, my father saw the value of education and put all his efforts that I attain some education to the highest level possible. Through his disciplinarian approaches at family level, I developed love for school and respect for family and community values. My father is late now having departed to meet the Lord in 2019, yet still around through my life and education attainments. I fully dedicate the thesis to this wonderful dad, Mr. Chileka. May your soul continue to rest in peace.

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ABSTRACT

The primary aim of this study was to compare the cost-efficiency of two public procurement models namely community contracting and commercial contracting in Malawi during the COVID-19 pandemic. Utilizing evidence from the construction of school blocks during this period, the study was motivated by the notable use of the community contracting model, despite the Public Procurement and Disposal Act (PPDA) No. 27 primarily emphasizing the commercial contracting model (PPDA Act, 2017). To achieve its objectives, the study employed a mixed methods research approach, collecting primary data through interviews, focus group discussions, and observations, while also gathering secondary data from various official sources. The findings of the study indicate that the community contracting model provides greater cost-saving opportunities compared to commercial contracting. A key insight is that the rigid and inflexible nature of commercial contracting often leads to prolonged timelines and elevated costs. Furthermore, the study reveals that community contracting yields more significant advantages, including community empowerment, enhanced quality, skill transfer, job creation, and a strengthened sense of ownership among participants. In conclusion, the community contracting model is identified as the more cost-efficient public procurement option for low-cost community projects qualifying under low-cost Requests for Quotations (RfQs) when compared to the commercial contracting model utilized by private contractors. Overall, the community contracting model demonstrates superior performance in terms of cost, time, quality, and community benefits factors that are recognised as essential proxies for cost efficiency in the literature.

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ABBREVIATIONS

ATI	Access to Information Law
CDF	Constituency Development Fund
CEPA	Centre for Environmental Policy and Advocacy
CPAR	Country Procurement Assessment Report
CGS	Central Government Stores
COVID-19	Coronavirus disease of 2019
CTB	Central Tender Board
DDF	District Development Fund
DODMA	Department of Disaster Management Affairs
EoIs	Expression of Interests
FIDIC	Fédération Internationale des Ingénieurs-Conseils
FGDs	Focus Group Discussions
GESD	Governance to Enable Service Delivery
IDFI	Institute for Development of Freedom of Information
ILO	International Labour Organization
IPCs	Project Implementation Committees
IPDCs	Internal Procurement and Disposal Committees
MASAF	Malawi Social Action Fund
MCPAR	Malawi Country Procurement Assessment Report
MDAs	Ministries, Departments and Agencies
MEJN	Malawi Economic Justice Network
MP	Member of Parliament
MRA	Malawi Revenue Authority
MSMEs	Micro, Small and Medium-sized Enterprises
ODPP	Office of the Director of Public Procurement
PMC	Project Management Committee
PPA (2003)	Public Procurement Act
PPDA (2017)	Public Procurement and Disposal of Assets
PPDAA	Public Procurement and Disposal of Assets Authority
PTAs	Parents and Teachers Associations

RfQ	Request for Quotations
TI	Transparency International
UNCITRAL	United Nations Commission on International Trade Law
UNODC	United Nations Office on Drugs and Crime
WHO	World Health Organisation

DEFINITIONS OF KEY TERMINOLOGIES

Commercial contracting: Commercial contracting which is also known as the conventional public procurement model refers to public procurement focusing on hiring private contractors by the Government to provide goods and services (PPDA,2017: 4).

Community Contracting: Community contracting is where the government procures services directly from the community by delegating project management functions such as managing project funds, supervision and mobilising community resources, which form part of the contribution (De Silva, 2000).

Cost Efficiency: Cost efficiency refers to a scenario in which the output is achieved using less costs, within the expected time and also having reasonable standard (Bradrana, et al., 2017).

Corruption: It is classified according to the acts of commission that range from bribery and embezzlement, abuse of functions and trading in influence and illicit enrichment (UNODC, 2013).

COVID-19: Coronavirus disease of 2019 which is characterised by respiratory symptoms and is infectious (WHO, n.d)

Development administration: those aspects of public administration that are necessary to ensure the implementation of policies, projects and programmes aimed at improving social and economic conditions of humanity (Gant, 2006)

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

This study is a comparative analysis of public procurement models which are community contracting and commercial contracting in Malawi. The study has been motivated by the use of the community contracting model during the Coronavirus disease of 2019 (COVID-19) despite the Public Procurement and Disposal Act (PPDA) number 27 only focusing on the commercial contracting model (PPDA Act, 2017). During COVID-19, the Department of Disaster Management Affairs (DODMA) provided funds to local Councils in Malawi for the construction of primary school blocks. The construction project aimed at decongesting classrooms to contain the spread of COVID-19 (DODMA, 2021). DODMA used community contracting model for the construction of the school blocks in all the district councils by directly providing funds to communities against the conventional public procurement procedures. The PPDA Act only recognises the hiring of commercial contractors and is silent on community contracting model (PPDA, 2017).

However, this was not the first time the community contracting model has been used in Malawi. The contracting model was also used under the Malawi Social Action Fund (MASAF) project funded by the World Bank from 1994. The central argument of this study posits that community contracting represents the most cost-efficient approach for community-based projects, such as the construction of school blocks. The research demonstrates that the community contracting model serves as a superior method of public procurement for low-cost community projects when compared to the commercial contracting model. Notably, the findings indicate that commercial contracting can be up to four times more expensive than community contracting. This stark contrast in cost-effectiveness underscores the potential benefits of adopting community contracting as a

viable solution for optimising resource allocation and enhancing the efficiency of public sector investments in community development initiatives.

In this study “commercial contracting refers to public procurement focusing on hiring private contractors by Government to provide goods and services” (PPDA,2017, p.4). Commercial contracting model is used interchangeably with conventional public procurement model, which focuses on government procuring services from the private contractors. Most conventional public contractors are driven by commercial interests, one of which is maximising profits. This is opposed to community contracting where government procures services directly from the community by delegating project management functions such as managing project funds, supervision and mobilising community resources, which form part of the contribution (De Silva, 2000). Some of the key features of community contracting include involvement of community members in identifying needs and selection of a community project management committee. Another key feature of community contracting is that the community contributes labour, cash and other materials as a way of encouraging community ownership and project sustainability in the long run (De Silva, 2000).

Globally the concept of community contracting has been applied in several countries including Brazil, Yemen, Peru, Bolivia and several Africa countries under World Bank funded projects. A study by the International Labour Organization (ILO) in north-eastern Brazil, revealed that community contracting encourages sense of ownership amongst beneficiaries (ILO, 2007). Evidence shows that the model works well when the projects are simpler and local as opposed to complex projects.

Community contracting is found to be beneficial to the community. For instance, there is improved capacity of community members to sustain projects and be empowered through knowledge, business and employment opportunities (ILO 2007). Additionally, under community contracting, community members have sufficient knowledge about the project and are willing to follow up on the project.

In Africa, community contracting procurement model dates back to when World Bank introduced the concept for social projects from the early 1990s as a way of alleviating poverty. The model has been used in Zambia, Somalia, Malawi, Zimbabwe. An assessment of these projects showed that the community contracting brought more benefits to local communities in terms of savings, time, community benefits and sustainability (ILO, 2005; ILO, 2007; De Silva, 2000).

Commercial contracting procurement models were adopted as part of procurement reforms pushed by Bretton Wood Institutions as one of the preconditions for aid (Muhumuza, 2023). World Bank produced country procurement assessment reports that attempted to standardize procurement procedures. In addition, the United Nations Commission on International Trade Law (UNCITRAL) model law on public procurement influenced the abolition of centralized tender boards (United Nations, 2014). The reform entailed the passing of the Public Procurement Act and the establishment of public procurement commissions, which replaced the old centralised procurement models. In the case of Malawi, the Government Unit was discontinued. These reforms took place from 2000 and in some countries were finalised around 2017.

Johnson et al. (2003) argue that the primary function of public procurement is to effectively manage the delivery of goods and services within the supply chain while ensuring both cost-effectiveness and efficiency. Notably, the public sector accounts for approximately 40-50 percent of spending in many economies worldwide, primarily focused on providing essential services and procuring resources from the private sector (ILO, 2005; World Bank, 2020). This significant investment underscores the critical importance of optimizing public procurement practices, as they directly influence the allocation of public resources and the overall quality of services delivered to citizens.

In order to promote the spirit of self-help among communities and cut the cost of development, many governments including the Malawi government, have also implemented community projects or direct community financing. These have been aimed at improving social and economic infrastructure such as schools, health units and bridges through community contracting as opposed to the use of central procurement methods

which are dominated by the private individuals and firms (Hussein, 2003; Kishindo, 2000). Therefore, public procurement offers an opportunity for cutting development cost and instilling the self-help spirit when community involvement is considered integral.

Since independence, the Malawi Government has been central in implementing community projects aimed at providing social services such as health, education and transportation facilities to the communities (CEDP, 2010). In this drive, the Government has been procuring the services from the private actors, also known as commercial contractors and communities through direct financing mechanisms or community contracting towards the construction of community projects such as school blocks, boreholes and health facilities.

Upon gaining independence, the Malawi government adopted the United Nations (UN) definition of community development as “a process by which the efforts of the people are united with those of governmental authorities to improve the economic, social and cultural conditions of communities” (United Nations, 1963:4). Given the high levels of poverty and the lack of technical expertise in rural areas, most community projects have relied heavily on government and donor assistance (Kishindo, 1994:206). This framework of community development underpins community contracting, allowing the government to provide infrastructure at reduced costs by sharing financial responsibilities with community efforts (Kishindo, 2003).

Prior to the transition to multiparty democracy in the 1990's, most community projects were done through the Youth Week Programme whereby communities volunteered their own labour and made local contributions with the support from Government to construct schools, health units and bridges (Kachipande, 2013). Under the community development concept, communities are expected to identify their pressing needs and devise their own solutions to them, aided by the government only to the extent that local human and financial solutions are inadequate for a community solution (Kishindo 2003, 380).

However, with the coming of reforms in public procurement systems, public procurement appears to be fully commercialised resulting in the dominance of commercial and private contractors while community contracting has been on the decline (Muhumuza, 2023; United Nations, 2014). More and more low-cost community projects including the construction of pit latrines are contracted out to commercial entities and individuals. This has deepened dependency while increasing the cost of development administration.

In spite of the reform towards conventional public procurement models that focus on commercial contracting, some school projects in Malawi have been constructed using community contracting model (Nzangaya, 2021; Telgen, et al., 2016). For instance, a total of 94 low-cost school blocks were constructed across the country using community contracting model. The school blocks were completed within a period of three months to decongest classroom and contain the spread of COVID-19 in 2021, with funding from DODMA. Each school block was allocated eight million eight hundred thousand Malawi Kwacha (MK8,800,000). In contrast, the same two classroom blocks could cost 20 to 60 million Malawi kwacha if commercial contractors were used (Nzangaya, 2021). The Community contributes bricks, sand and water. These scenarios led the study to interrogate why there has been a shift towards community contracting and yet Malawi has moved towards commercial or public procurement contracting as standard for all public procurement.

A Procurement Assessment Report in Malawi recognized that increasing the effectiveness, efficiency and transparency of public procurement systems is an on-going concern of the Malawi government and of the international development community (World Bank, 2004). Kenny (2007) corroborates that the impact of corruption goes beyond bribe payments to poor quality of constructed infrastructure with low economic returns, and low funding for maintenance.

In light of the aforementioned context, this study aims to identify the more cost-efficient model of public procurement between community and commercial contracting approaches for the construction of community-level projects. Specifically, the research

focuses on analysing 12 primary school block projects, comparing six constructed under the commercial contracting model with six built using the community contracting model. These projects have been purposively selected from six district councils: Lilongwe, Dowa, Mzimba, Nkhatabay, Balaka, and Zomba. By employing this comparative analysis, the study seeks to provide insights into the relative cost-efficiency of these contracting models, thereby contributing to more effective public procurement strategies for community development initiatives.

1.2 Problem Statement

The dominance and preference for commercial and private contractors in public procurement is clear and quite evident. For instance, The PPDA act of 2017 highlights the role of commercial contracts and provides a definition for the same (PPDA, 2017: 4). The annual thresholds produced by the Public Procurement and Disposal of Assets Authority (PPDA) only refer to contracting of commercial suppliers and private firms including the Micro, Small and Medium-sized Enterprises (MSMEs) and nothing is hinted or provided for community contracting (PPDA Thresholds 2019-2020). Additionally, the PPDA is notably silent on the use of community contractors in Malawi. Conventional public procurement systems have overlooked the principles of community development that underpin community contracting (Broms et al., 2019; Harland et al., 2019). Consequently, even small community projects, such as school blocks and public toilets, which fall under the low-cost threshold for Requests for Quotations (RfQs) by the PPDA, have been awarded to commercial firms and individual consultants. This practice has undermined self-reliance and increases development costs, as commercial contracting for minor projects has led to greater community dependency on external providers. Commercial models, characterized by lengthy processes and additional fees, are inherently more expensive. For example, the Malawi government reports spending 8 million Malawi Kwacha (MK8,000,000) on a school block under the community contracting model, compared to 20 million Malawi Kwacha (MK20,000,000) under the commercial contracting model (Nzangaya, 2021). This reliance on commercial contracting has resulted in significant financial burdens on both the government and local communities, rendering it an inefficient model for delivering community projects.

The Malawi Country Procurement Assessment Report (CPAR) report of 2004 laid bare serious problems for commercial contracting model including delays in the procurement process, insufficient capacity, and inadequacies in procurement organisation, documents and management (CPAR, 2004). Some of the community projects implemented by commercial contractors have been delayed for longer periods such as 3 to 4 years. In some cases, the projects constructed by commercial contractors have been abandoned, leading to the high cost of the projects. CPAR report further reveals that weaknesses of the public procurement system, inadequate capacity and also a lack of checks and balances in procurement fiduciary management have contributed to corrupt practices in Malawi (World Bank, 2004).

Furthermore, public procurement systems and processes are infested with corrupt practices including inflation of prices, paying for goods and services that are not supplied, and paying for a project several times in the event that the project has delayed or was abandoned (Chisesa 2015). There are narratives of kickbacks in the public procurement processes fuelled by the commercial contractors as they compete for projects (Chisesa,2015; Mtuwa & Chiweza, 2023) All these weaknesses have allowed corruption and delays to lead to high costs of commercial contracting as opposed to community contracting that has wider public scrutiny and more direct financing mechanisms. The government has ended up paying twice or more for delayed or abandoned community projects procured through commercial contractors who largely pursue maximum profits leading to higher costs for commercially led projects.

However, while many studies have analysed both commercial and community contracting models, no study has attempted to compare and contrast the two models to determine a cost-efficient model (Chilipunde,2010; Chisesa, 2015; De Silva, 2000; De Silva, 2001; Harland et al, 2019; Ikechi et al., 2020; ILO,20025). This study therefore compares the cost-efficiency of commercial contracting and community contracting as key public procurement contracting models. The study further employs a case study of the COVID-19 Primary School Improvement Project implemented by the Education Cluster under the Ministry of Education in the 2020-2022 period.

1.3 Objectives

1.3.1 Main Objective

To assess the cost-efficiency of two public procurement models of community contracting and commercial contracting in Malawi during COVID-19.

1.3.2 Specific Objectives

- a) To compare the costs of community-based contracting and commercial contracting in the construction of selected primary school blocks in Malawi.
- b) To identify cost saving opportunities for the public procurement models for community projects in Malawi.
- c) To analyse the benefits of community contracting over commercial contracting for the community and government in Malawi.

1.4 Research Questions

- a) What are the cost comparisons between community-based contracting and commercial contracting in the construction of selected primary school blocks in Malawi?
- b) What are the cost-saving opportunities for the public procurement models for community projects in Malawi?
- c) What are the benefits of community contracting over commercial contracting for both the community and government in Malawi?

1.5 Significance of the Study

Several studies have been carried out on public procurement in Malawi but there is limited literature available to compare and contrast community contracting and commercial contracting models in Malawi. Therefore, this study is critical to help fill this knowledge gap. Chilipande (2010) examines the constraints and challenges faced by Malawi's small medium and micro enterprises. Another study analyses corrupt practices in public procurement in Malawi (Chisesa, 2015). A study by De Silva (2001) examines community-based contracting with Malawi as one of the case studies. ILO (2005) also studies community contracting in rural areas with Malawi as a case study. No

comparative study has been conducted on the two public procurement models in Malawi, namely commercial contracting and community contracting. Hence, insights from this study will contribute to the body of knowledge on the cost-efficiency of public procurement models and form the basis of future studies.

Debates over wastages in public procurement rages on. Public procurement systems have been pointed as fertile ground for corruption leading to poor service delivery, loss of public funds, delays in completing projects and poor workmanship (Mtuwa & Chiweza, 2023). This in turn makes development administration costly. Hence, there is a need to revisit and reconsider community contracting approaches in the implementation of low-cost community projects. The Public procurement systems which are centrally controlled appear to be more expensive and inefficient. The study will also feed into the mandate of the PPDA which is to ‘carry out economic studies on public procurement and disposal of assets, comparisons, and future projections, so as to provide advice to the Government in respect of the mid-term and long-term policy it may formulate in public procurement and disposal of assets' matters’ (PPDA Act, Article 5 (i)p 11).

1.6 Organisation of chapters

This study covers five chapters. Chapter one, which is the introduction provides background information on the study. It also outlines the problem statement, main and specific objectives of the study, research questions and the significance of the study. Chapter two presents the conceptual and theoretical framework and also empirical literature. This is followed by Chapter Three which explains the study design, sample design, study area, study period, data collection tools, data analysis, ethical considerations, and limitations of the study. Chapter Four presents and discusses the findings of the study. Finally, chapter five provides the overall conclusions of the study and also highlights areas of further study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the conceptual and theoretical framework and also empirical literature on cost efficiency, commercial contracting model and community procurement model. The study adopts a thematic presentation of the review. The literature will attempt to discuss what is known on the subject area, and the gaps related to this study.

2.2 Conceptual and Theoretical Framework.

2.2.1 Community Procurement Contracting Model and Commercial Contracting Procurement

This subsection of the literature review elucidates the key concepts and theoretical frameworks employed in this study. According to the International Labour Organization (ILO, 2015), community contracting is defined as a mechanism for implementing small-scale infrastructure and service projects that facilitate the integrated participation of user communities. This definition underscores the importance of community involvement throughout all stages of the project lifecycle, encompassing identification, planning, fund management, execution of public works, and the subsequent operation and maintenance of the completed services. Moreover, community contracting fosters direct benefits for local communities, as residents not only receive the services provided by the projects but also gain employment opportunities during their implementation (De Silva, 2001). This participatory approach not only enhances the sustainability of projects but also empowers communities, contributing to broader socioeconomic development. The benefits of the contract go to the community and not to a contractor, middle-man, or development agency. The concept is promoted as a more efficient, appropriate alternative to expensive, top-down, contractor-driven community improvement (Housing by People in Asia, 1999, 24). Community contracting enables locals to work together and build social cohesion.

For instance, the United Nations Development Programme (UNDP) project in Yemen reports that community contracting has helped combat the effects of climate change through various public works programmes. Consequently, the community contracting model has reduced conflicts (UNDP, 2023). Significant drawbacks of community contracting include the community's lack of project implementation skills and the potential for conflicts of interest with local suppliers.

In 2000, the World Bank commissioned a study in Malawi focused on Malawi Social Action Fund (MASAF) programmes. The aim was to assess local stakeholder perceptions of community contracting. Despite identifying knowledge gaps and challenges in project management, the study highlights that community contracting significantly enhances community participation, accountability, and ownership of development projects (De Silva, 2002). This approach fosters a sense of local engagement and responsibility, ultimately leading to more sustainable and effective outcomes in community development initiatives. Thus, based on the success stories of community-driven development and participation, MASAF lessons informed the development of a manual on direct community financing sponsored by the World Bank (De Silva 2002).

Likewise, International Labour Organization studies Malawi as a case study on community contracting in rural areas. The study identifies several opportunities for scaling up community contracting to rural communities with recommendations on capacity building and improvement of legal and policy frameworks to support community contracting (ILO,2005). However, despite the availability of information on community contracting as a viable development model, preference has gone towards centrally done contracting of commercial and private actors. This has taken place, despite evidence that the conventional public procurement systems that have favored private individuals and firms are riddled with so many challenges including corruption, delays and poor workmanship. (Mtuwa & Chiweza, 2023).

Commercial contracting, also known as central contracting, occurs when procurement is centralized to source a private contractor for specific projects (Sithy et al., 2020). This

process is governed by Public Procurement Acts and Public Procurement Committees. However, studies suggest that traditional procurement methods are becoming outdated and inefficient due to their rigid and slow processes (Dolah, 2023; Pearson, 2023). Additionally, limited supplier engagement in the commercial contracting model arises from buyers setting requirements and seeking bidders, which restricts supplier involvement. A 2014 study by Schneider Electric on procurement in the software industry indicated that traditional methods hinder the achievement of zero-carbon goals (Pearson, 2023).

The many reforms in public procurement have favoured the growth and dominance of commercial contractors even in low-cost community projects which communities can ably handle (Dolah, 2023). One of the benefits of the commercial contracting procurement model to government is the flexibility to operate to meet specific needs and reduced administrative costs as most issues are handled by the commercial contractors. Contractors have always operated from outside the project area and demand bigger budgets for their projects so that they make adequate profits (Harland, et. al., 2019). To most government officials, commercial contracting is said to be less-involving. On the converse, community contracting is not profit-driven and therefore cuts out several processes and budget items that may inflate project costs.

2.2.2 Theory of Cost Efficiency

The study shall employ the theory of Cost Efficiency. When benefits from allocated resources equal to or outweigh the costs then efficiency is achieved (Feng, et al, 2020). The basic assumption is that the most cost-efficient model is one which is less costly while providing maximum benefits to various stakeholders. The efficiency principle in the modern world can be traced to the works of several scholars such as Adam Smith, Vilfredo Pareto and Henry Ford. The efficiency principle lays the theoretical groundwork for cost-benefit analysis, which is how most decisions regarding the allocation of resources are made (Rizzo, 2013). The theory has been chosen to inform the determination of the efficiency of direct community financing against centrally managed commercial contracting. The study will compare the cost of commercially contracted

projects and those under community contracting and determine what would be the best use of available public resources. Cost efficiency in this case entail that outputs are achieved using less costs, within the expected time and also having reasonable standards (Bradrania, et, al 2017). The goal is to produce desired products at the lowest possible cost and reduce misuse of resources. This entails reducing losses, and also avoiding wastage. The amount of time taken, standards of the completed work, the finances involved and the benefits are used as proxies for cost efficiency (Helby, 2019) Since no study has provided a relationship between community contracting, commercial contracting and cost efficiency, this study will provide a link between these concepts. This study attempts to compare the two procurement models in the context of Malawi.

2.3 Empirical Literature

2.3.1 Historical Background of Public Procurement in Malawi

The public procurement system in Malawi is regulated by the Public Procurement and Disposal of Assets Act (PPDA 2017) and other secondary legislations. Before 2003, Malawi had a centralized procurement system with the Central Tender Board (CTB) as the sole entity responsible for all procurement of all Government Ministries and Departments (IDFI, et al, 2018). Later on, the Central Government Stores (CGS) used to procure for Government Ministries without sufficient control from the Government. This was one of the gaps that led to the enactment of the Public Procurement Act (PPA) of 2003.

The Public Procurement Act (PPA) decentralised procurement responsibilities to individual procuring entities and established the Office of the Director of Public Procurement (ODPP) as a public office charged with the responsibility of monitoring and overseeing public procurement in Malawi (IDFI et al., 2018). However, the absence of effective enforcement mechanisms prompted the introduction of the Public Procurement and Disposal of Assets Act in 2017. This legislation created the Public Procurement and Disposal of Assets Authority (PPDA), an impartial and independent institution tasked with regulating, monitoring, overseeing, and enforcing public procurement and asset disposal in Malawi (Chilipunde, 2010; PPDA, 2017). The establishment of the PPDA is a

significant step toward ensuring transparency, accountability, and efficiency in public procurement processes, thereby enhancing the integrity of public spending in the country. The PPDA has now transitioned from being a government department to a fully-fledged Authority. The PPDA operates independently and the Director General is appointed through competitive means and not appointed by the President. This is unlike other oversight bodies. This provides opportunity for greater independence of the procurement authority. The PPDA is equipped with relatively wider authority, which includes investigation and sanctioning of procuring entities and granting permission to use the direct procurement procedure (PPDA, 2017). This adoption of the PPDA implies a move towards a commercial or public procurement system as a main model of the Government of Malawi. What is interesting is that the Public Procurement and Disposal of Assets Act recognizes commercial contracting and is silent on the community contracting model. As commercial contracting has taken centre stage over community contracting, in the several aspects of cost-efficiency and community development values of self-help and volunteerism have been ignored (De Silva, 2002). As a result, public procurement is now perceived as the domain of commercial contractors while the community contracting model is less favoured and receives little confidence among controlling officers and procurement specialists.

However, due to lengthy processes and additional costs, the cost of development administration for community projects has tended to be three to four times higher under commercial contracting. There have also been reports of corruption and collusion in the public procurement processes (Chisesa, 2015). There are also loopholes in the inherent design of procurement laws in Malawi which has fuelled corruption (Nkhata & Chipofya, 2024). The study notes that this issue of corruption and the inefficiencies associated with corruption can be explored as an area of further study as it is beyond the scope of this study. It is also worth noting that, international organizations such as the World Bank had previously advanced community contracting as a model for the implementation of Public Works Programmes in developing countries such as Malawi. Yet, there seems to be no policy shift towards community contracting or Direct Community financing for community projects that fall under the low Request for Quotations (RFQs) thresholds by

the PPDA. Hence, this raises some implications for the development administration of community projects.

2.3.2 Emergency Funding in Malawi during COVID-19 Pandemic- A Case Study

In 2020, the Malawi Government provided emergency funding to government departments, and ministries called clusters as part of the response to the COVID-19 pandemic. One of the clusters that received funding was the Education Cluster under the Ministry of Education under the Primary School Improvement project (DODMA, 2021). Under this project, the Ministry was funded to construct more school classrooms and drill more boreholes to decongest the classrooms and improve sanitation to contain the pandemic at its peak (Nzangaya, 2021). Media reports indicate that due to time constraints, the funding did not follow the detailed public procurement system in place. For instance, the Ministry of Education used Request for Quotations instead of open tenders (Chimjeka, 2022). In this case, the central government directly financed the community projects through the District Councils and used community-contracting for the construction of school blocks. Under these projects, selected schools formed project committees and received direct funding through their school accounts, ranging from MK8 million to MK13 million (Nzangaya, 2021).

Furthermore, media reports indicate that the Primary School Improvement project under direct community financing registered tremendous results and that the model proved to be more cost-effective and cost-efficient as school blocks that normally cost between Mk40 million to MK60 million under commercial contracting did cost between MK8 million and MK13 million while under this community contracting (Nzangaya, 2021). Similarly, boreholes that normally cost above MK3.5 million under commercial contracting cost less than Mk1.5 million. This revelation has generated debate on what model would be the most cost-effective and that would register better results, including the empowerment of communities. This study intends to unpack the cost differences, cost-saving opportunities and also to evaluate the benefits of the two models through comparative analysis.

2.3.3 Empirical Studies on Public Procurement Systems in Africa

Some studies have been done on public procurement systems in Africa with most studies focusing on the theme of public procurement systems and corruption. A study on effectiveness of Public Procurement Act (PPA) in Nigeria, found that the PPA helped curb corrupt practices and improved transparency and accountability in procurement processes (Ikechi et al.,2020). On the contrary, lack of strong institutions has been found to encourage the abuse of public procurement processes in Nigeria. The resulting effect has been the slowing down of development gains (Efebe, 2018). Another study contends that public procurement in Nigeria and South Africa has been captured by the state, suggesting that e-procurement could address the inefficiencies caused by corruption (Abioro, 2021).

Similarly, other studies conclude that reform in the public sector procurement in South Africa have not led to better service delivery due to the implementation challenges of the reforms. Hence, reforms alone without proper working implementation systems do not guarantee better results (Fourie & Malan, 2020; Kithatu-Kiwekete & Phillips, 2020). One study reviewing the literature on public procurement and corruption in Africa identifies multiple factors—economic, political, organizational, and social—that drive corruption on the continent (Apollo & Nshombo, 2014). Some studies have been conducted in Malawi with a focus on corruption in public procurement systems and the resulting effects on service delivery (Chilipunde, 2010; Chisesa, 2015; Mtuwa & Chiweza, 2023). Public Procurement has been identified as the government activity most vulnerable to corruption. In his thesis on corrupt practices in public procurement in Malawi, one study observes that most contractors and suppliers of various government works, goods and services pay bribes or kickbacks of some kind (Chisesa,2015). The reasons range from either influencing tendering decisions so that they are awarded contracts or when contracts are signed to ensure that they are paid on time. This is done with an intention to circumvent stringent public procurement procedures and processes as prescribed by the procurement law and other financial management instruments. (Ibid). Thus, they regard these rules and procedures as stringent since open tendering is mostly the default procurement method in public sector. It was further observed that some contractors and

suppliers resort to paying bribes and kickbacks because of ignorance (Chisesa, 2015). Therefore, with cases of corruption, delays and sub-standard works, the commercial contracting could prove to be most expensive as projects budgets are usually inflated to cushion the unforeseeable costs.

What is coming out clearly is that most studies have focused on corruption in public procurement in Africa with most studies focusing on South Africa and Nigeria. However, the current study has not come across any work that attempts to interrogate the efficiency of public procurement models of commercial and community contracting through comparative analysis. This is, therefore, one of the key gaps which is emerging for the literature reviewed so far.

2.3.4 Empirical Studies on Commercial and Public Procurement Models

O'Shea et al. (2019) compared traditional procurement with Public-Private Partnerships (PPP) in school construction in Ireland and conclude that there is no evidence to suggest that PPPs yield better value for money. Their analysis shows that PPPs do not facilitate faster delivery of infrastructure when examining the entire procurement process, from contract signing to the ultimate delivery of the final product or service. Similarly, Helby (2019) conducted a systematic review to evaluate the costs, quality, and value for money of infrastructure projects under both public-private partnerships and conventional public procurement. This study reveals that PPPs tend to be more costly while providing value for money comparable to that of conventional procurement. However, Helby (2019) also highlights a significant limitation: the lack of adequate data to substantiate conclusions regarding the quality and value for money of infrastructure projects constructed through PPPs. Notably, both O'Shea et al., (2019) and Helby (2019) employed quantitative methodologies, drawing their insights from developed countries, thus revealing a crucial comparative gap in the literature. This gap underscores the need for further research focusing on the procurement landscape in developing nations, particularly studies that compare the conventional procurement model with the commercial contracting model. Therefore, this study aims to address this deficiency, contributing to a more comprehensive understanding of procurement practices and their implications for development in less developed contexts.

Paul et al., (2024) explore strategies to improve procurement efficiency in high stakes environments. The study concludes that there are several ways of ensuring cost efficiency while at the same time maintaining quality. Some of the strategies include streamlining operations to reduce waste; adoption of lean procurement principles and use of modern technology. One study reports that most authors on procurement point to the need to assess efficiency but do not provide the indicators. Efficiency is thus understood as fulfilment of the set goals and targets on the different procurement stages; indicators related to costs of the individual procurement process; quality and performance of the end product and also internal and external factors that are context specific (Minnullina, 2017). Wang, et. al (2020) focuses on efficiency and notes that high efficiency is a goal of public

procurement and focuses on three measures of efficiency price, time and intellectual efficiency. Study concludes that from the eighty-three (83) public procurement contracts in China, price efficiency is negatively associated with implementation of green public procurement. But study reports positive relationship between price and the number of bidders and the evaluation method. Since correlation does not mean causation, it is difficult to draw conclusive conclusion from the study.

Sohail and Baldwin (2001) focus on community partnered procurement (CPP) in Sri Lanka, Pakistan and India. They conclude that CPP is a suitable approach for micro projects as it builds community capacity and is an innovative response to limitations of traditional procurement model in terms of time, cost and quality. Similarly, Kaltume (2012) points out that while traditional procurement model offers some advantages it does not achieve both primary and secondary goals and hence considered to be ineffective. This is further compounded by political interference and the failure to involve the community.

On the contrary, Costin et al., (2019) acknowledges the limitation of collaborative procurement in spite of being perceived as the most appropriate procurement method by beneficiaries. These limitations are further elaborated by a study that argues that while Community Benefits (CB) is a sustainable public procurement model in terms of improving economic and social outcomes, it is not free of challenges (Wontner, et, al, 2020). One of the major challenges in implementing community benefits procurement model is the tension that arise with traditional procurement policies and the different perceptions between buyers and sellers.

Yet despite the availability of various studies on public procurement and community contracting, there has not been any study that has attempted to compare and contrast projects using community contracting vs. projects using central procurement methods. This gap is glaring considering the potential community contracting has in ensuring efficient use of public resources. The current study intends to analyse the cost-efficiency of community contracting against the central procurement methods using the case of

schools and boreholes constructed under the COVID-19 Primary School Improvement Project of the Education cluster under the Ministry of Education.

2.3.5 Empirical Studies on Cost and Benefits of Procurement Models

Rasheli (2016) investigates the transaction costs associated with managing procurement contracts in the public sector at the local government level in Tanzania. The study reveals significant information, negotiation, and monitoring transaction costs incurred during the post-contractual stage. Additionally, high transaction costs stem from institutional challenges and a pervasive lack of transparency. These issues are compounded by the limitations of local village and ward procurement committees, which often lack the capacity to effectively manage contracts. The study identifies further contributing factors, including insufficient support from higher authorities and the absence of procurement contracting guidelines in local languages. This research emphasises the urgent need for enhanced capacity-building initiatives and improved institutional frameworks to mitigate transaction costs and foster greater transparency in local procurement processes.

Rajeh et al. (2014) propose a conceptual procurement selection model based on transaction cost theory which would assist organisations to choose the most suitable procurement approach that minimizes transactional costs. They argue that the selection of the most suitable procurement method should consider cost, quality and time as determinants. Karjalainen (2011) compares the cost effects of centralised versus decentralised tendering processes in the Finish government. the study concludes that centralized procurement is better due to the economies of scale due to lower prices through volume discounts. However, they find that centralised procurement has increased overhead costs and delayed responses especially when dealing with matters at the divisional level. Dragicevic & Ditta (2016) explore community benefits from social procurement policies in Canada, United States of America and United Kingdom. They find that policies that encourage community benefits agreement during procurement lead to the creation of jobs which in turn has ripple effects on the economy. The social procurement framework encourages public participation in decision-making and also promotes inclusion. This in turn builds the capacity of community members. The current

study will attempt to explore the benefits of the two procurement models within the context of a developing country such as Malawi.

2.4 Conclusion of the Literature Review

This chapter has presented theoretical and empirical literature relevant to the study, organised thematically. The review indicates that proxies of cost-efficiency include project completion time, costs incurred, standards achieved, and community benefits. A significant gap identified is that the PPDA Act in Malawi does not address the role of the community contracting model, despite its frequent use in the country. The literature review reveals a lack of studies comparing the commercial contracting model with the community contracting model; most existing research focuses on traditional procurement versus Public-Private Partnerships. Additionally, some literature presents the community contracting model as "community benefits procurement policy" or "community partnered procurement." There are varying opinions on the effectiveness of each model, suggesting that results are context-dependent and highlighting the need to explore the comparative outcomes of both procurement models.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methods used to actualise the specific objectives of the study. It includes the study design, sample design, study location, study period, data collection tools, data analysis, ethical considerations limitations of the study and the conclusion of chapter three.

3.2 Study Design

Study design refers to the step-by-step guide that ensures that shows how, when and where data will be collected and analysed (Creswell & Creswell, 2022). This study employed a mixed research design that integrated both qualitative and quantitative methodologies. Quantitative data related to cost and time variables for the community contracting and commercial contracting models were collected and analysed to assess cost efficiency in implementing community projects.

The qualitative research method was chosen for its ability to provide a comprehensive perspective, allowing attitudes, behaviours, and decisions to be understood within their natural context. Desai and Potter (2006) emphasise that qualitative research offers a holistic understanding of complex realities, with research questions evolving as the investigation progresses. While concerns about objectivity exist, the primary aim of qualitative research is to explore differing and often competing ‘subjectivities’, including diverse accounts of facts, meanings, norms, and perceptions.

The study also used a case study, which is the intensive study of a single case where the purpose of that study is at least in part to shed light on the population (Berg, 2001). The

case study utilised in this study was characterised as a single case study that combined synchronic analysis (where variations of observations within the case at a given point in time are analysed) and diachronic analysis (where variations of observations over a period of time are also analysed) (Gerring, 2007). The case study of COVID-19 school projects served only a supportive role, a background against which the actual research interests played out.

3.3 Sample Design

A sample design refers to the plan used in the study to select the study population (Creswell & Creswell, 2022). It includes sample size and sampling method used

A total of 81 respondents were involved in the study through key informant interviews and Focus Group Discussions (FGDs). The study population comprised stakeholders in the public procurement sector, including government officials in line ministries, departments, and district councils. These officials included 81 officials from the National Presidential Taskforce on COVID-19, the Ministry of Education, the Ministry of Health, the Malawi Department of Disaster Management Affairs (DODMA), the Ministry of Local Government, the Public Procurement and Disposal Authority (PPDA), Members of Parliament, Councillors, National Assembly and Ministry of Finance. These study participants were selected based on their role in contracting and their knowledge of contracting related to the COVID-19 national response, particularly the education cluster. The study compared six projects implemented under community contracting (direct financing method) with six projects under commercial contracting across six districts: Zomba and Balaka in the Southern Region, Lilongwe and Dowa in the Central Region, and Nkhatabay and Mzimba in the Northern Region. Two school projects were selected from each district for analysis, ensuring both national and regional representation. This approach allowed the study to capture diverse geographical and cultural perspectives on the two public procurement models. Zomba and Lilongwe provided an urban perspective, while the other districts represented rural contexts. Additionally, selecting two districts from each political region enabled the exploration of political considerations and variations in the public procurement process.

A purposive sampling technique was used to select respondents from the stakeholders. Purposive sampling was used because it allows the selection of the sample based on the researchers' knowledge of the population, its elements and the nature of the research (Creswell & Creswell, 2022). Study participants were drawn from various institutions that have some experience in procurement processes and implementing community projects using either commercial contracting or community contracting. Only respondents conversant with either community or commercial contracting models were engaged.

The snowball sampling method was employed to recruit interviewees, where each respondent would suggest additional participants, leading to an expanding list of potential interviewees (Desai and Potter, 2006). This approach was also used to adjust the sample population to identify other key actors involved in community projects utilising either commercial or community contracting models. To ensure social inclusion and non-discrimination, special emphasis was placed on selecting women and individuals with disabilities to participate in the study, particularly during the Focus Group Discussions (FGDs), as these groups represent some of the most vulnerable populations in society.

3.4 Study Location

The study was conducted across six selected district and city councils: Zomba, Balaka, Lilongwe, Dowa, Nkhatabay, and Mzimba. Additional interviews were held at the national level, targeting officials from Parliament, the NLGFC, the Ministry of Local Government, the Public Procurement and Disposal Authority (PPDA), and the Ministry of Education. The research was not confined to a single location; rather, it was carried out at participants' preferred sites, with interviews conducted either virtually or in person.

3.5 Study Period

Data collection took about 10 weeks, depending on the participants' availability and schedules. Transcription and preliminary analysis of the data were conducted concurrently with data collection to check for gaps and saturation.

3.6 Data Collection Tools

Data collection methods are divided into two main categories, primary and secondary data collection methods (Taherdoost, 2021). This study employed the primary data collection method by conducting key informants, telephone interviews, and focus group discussions. Secondary data was collected for quantitative data by referring to relevant official documents.

3.6.1 Secondary Data

The main documents reviewed included the Public Procurement and Disposal of Assets Act (PPDA), PPDA Annual Thresholds, Annual budgets, Audit Reports, Bill of Quantities (BoQs) and project reports. Quantitative data relating to costs and efficiency was collected through structured questionnaires and analysis of project documents, including budgets and BoQs. The secondary data was also crucial at the analysis stage as it gave more meaning to the information collected through the interviews. Data relating to cost and time variables for the two models was collated and analysed to inform the cost-efficiency comparative analysis.

3.6.2 Key Informant Interviews

A semi-structured interview guide was used for the in-depth interviews to allow for comparability and flexibility of responses. Five respondents were interviewed from each of the six purposely selected district and city councils with direct experience in the use of the commercial contracting model and community contracting model. A total of 21 respondents were engaged with three officials interviewed from each of the selected national-level institutions, which included Parliament, PPDA, National Local Government Finance Committee (NLGFC), Ministry of Finance, Ministry of Local Government and Ministry of Education. One respondent from the presidential task force team on COVID-19 and two officials from DODMA were also interviewed.

3.6.3 Focus Group Discussion

According to Creswell and Creswell (2022), a focus group is a primary data collection technique that typically involves eight to twelve participants with shared characteristics or interests. In this study, Focus Group Discussions (FGDs) were held with members of community implementation committees in Lilongwe and Zomba to gather community perspectives on one project utilising Direct Community Financing/community contracting and another involving Central commercial contracting. A total of five FGDs, each comprising twelve participants, were conducted—two in Zomba with project management committee members from community contracting and three in Lilongwe

with school management committees. Overall, 60 community members participated in the study through FGDs.

3.7 Data Analysis

In this study, qualitative data collected from key informant interviews and focus group discussions were recorded, translated, and transcribed verbatim. The data were analysed using thematic analysis, which involves grouping information by similarities to identify themes (Creswell & Creswell, 2022). This thematic approach allowed the study to focus on patterns in emerging themes relevant to the research objectives, providing a deeper and more nuanced understanding of the data.

Descriptive analysis was used to analyse quantitative data most of which was secondary data. Statistical Package for the Social Sciences (SPSS) was used to analyse quantitative data collected in the study. Graphs were produced from the descriptive analysis. Quantitative data including cost and time variables for both commercial contracting and community contracting models, was collated and analysed using SPSS simulations.

3.8 Ethical Considerations

The discourse of public procurement involves issues concerning political economy where various interests and actors are always in contestation and tend to be sensitive. The study obtained an ethical clearance from the University of Malawi Ethics Committee. The respondents were notified of their right not to participate in the study. Access to raw data was also restricted in the study. Computers storing data were password protected. At the time of interview transcription, all information that might identify respondents was marked anonymous or removed. No identifying information would appear in the thesis and any other output format unless prior consent were sought and provided.

The study also prioritized informed consent, ensuring that participants were voluntarily involved and fully aware of any potential risks associated with participation, including physical, psychological, or social harm (Berg, 2001). Additionally, confidentiality was rigorously maintained, defined by Berg (2001) as the active removal of identifiable

information from research records. Precautions were implemented to prevent sensitive information from being inadvertently disclosed or accessed by unauthorised individuals.

3.9 Anticipated Limitations of the Study

The study limitation may arise due to constraints on study design, time limit, and economic matters. In this case, some respondents were unwilling to provide the information required for the study as they found it to be sensitive. To overcome these limitations, the study assured the respondents of their total confidentiality and permission was sought from relevant authorities. The other limitation was that the study was conducted in selected six districts as explained under study design as such the results were not used to generalise the findings. This then serves as a foundation for further research in this area.

3.10 Conclusion

This chapter has outlined the methodology employed in the study, which utilised a mixed-methods approach encompassing both qualitative and quantitative research paradigms. Data was collected from a total of 81 respondents through Key Informant Interviews and focus group discussions, using purposive and snowball non-probability sampling methods. Quantitative data were analysed descriptively using SPSS, while qualitative data were subjected to thematic analysis. Ethical clearance was obtained from the University of Malawi's research and ethics committee, and respondent confidentiality was strictly maintained. The chapter also highlighted the study's limitations and the strategies implemented to address them.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents and discusses the findings from the data collected as outlined in chapter three of the study. The findings presented in this section are on the following specific objectives: to compare the costs of community-based contracting and commercial contracting in the construction of selected primary school blocks in Malawi; to identify cost-saving opportunities for the public procurement models for community projects in Malawi; and evaluating the benefits of community contracting versus commercial contracting.

4.2 Comparison of Costs Between Community-based Contracting and Commercial based Contracting

The study finds that the Community contracting model of public procurement is more cost-efficient than commercial contracting in terms of perceptions, costs, community benefits and sustainability. The study observed that commercial contracting is expensive due to various types of levies charged, inflation of price on items and most projects had their budgets increased substantially as opposed to the projects under community contracting. This was supported in verbatim by one respondent:

Under community contracting, building materials are purchased at prevailing market prices. Yet the same items are quoted on higher prices two or three times higher than those under community contracting. Commercial contractors tend to exaggerate prices of building materials to maximize profits and this makes construction projects expensive.

The study further reveals that commercial contracting is burdened by several costs, including a Value Added Tax (VAT) of 16.5%, a PPDA Levy of 1%, a National Construction Industry Council (NCIC) Levy of 1%, and contingencies amounting to 5%. These costs are typically managed at the discretion of the architect, who is usually the commercial contractor. Furthermore, delays inherent in commercial contracting contribute significantly to increased project costs, as contractors often cite inflation to justify higher expenditures beyond previously agreed-upon amounts. Such inflated prices undermine the cost efficiency of commercial contracting. These findings are consistent with existing literature, where researchers such as Harland et al. (2019), Costin et al. (2019), and Dolah (2023) argue that commercial contracting is inherently costly due to profit-maximizing motives characteristic of private businesses. Additionally, these results conflict with the principle of cost efficiency, which posits that benefits must outweigh costs for an initiative to be deemed efficient. Consequently, there is a pressing need to address the inefficiencies associated with commercial contracting if Malawi is to optimize the development and administration of its projects. The study also suggests that future research should investigate the inefficiencies of both contracting models, particularly in the context of corruption, to better understand how to enhance cost efficiency and effectiveness in public procurement.

The study also finds that commercial contracting is hindered by lengthy processes that delay project implementation and increase costs. In contrast, the direct financing approach used in the community contracting model circumvents these lengthy and expensive procedures, leading to cost savings by enabling immediate procurement of materials. This approach also minimizes the risk of corrupt practices that can inflate costs in commercial contracting. These findings align with existing literature, which indicates that commercial contracting models often fail to achieve the primary and secondary goals of social projects (Housing by People in Asia, 1999; Kaltume, 2012). Thus, the study highlights the broader applicability of these findings despite differing contextual factors. However, opponents of community contracting cite low standards and lack of capacity among community members to supervise construction projects as one of the limitations of the model. One respondent intimated that:

Community model is most cost-efficient due to ownership, involvement and taking care of project materials, however, communities do not have capacity to handle procurement and that projects under community contracting run the risk of being of low standards.

Wontner et al (2010); Rasheli (2016) and ILO (2005) also highlight that in some instances community contracting is not viable as communities lack the necessary knowledge to ensure compliance of the construction standards. It can be argued that under community contracting, the lack of capacity may result in higher costs, as communities might accept low-quality projects. These low-quality projects may require constant renovation in the case of a school block. Furthermore, this finding is also contrary to the findings by Sohail & Baldwin (2001) who argue that community contracting should be encouraged as it builds the capacity of community members over time. This implies that there is a need to consider equipping local committees such as school development committees regarding project management in their communities. It is not just about involving the communities but also the consideration of their knowledge. The study also seems to point to the fact that there is a need to consider the applicability of each of the models in specific situations. Hence, a one-size-fits-all approach regarding procurement models in Malawi may not be ideal.

The study also observes that while commercial contracting model appears to foster transparency in the way contractors are selected, it does not offer the same transparency in the implementation of projects. This occurs because the contractor and concerned Ministries Departments and Agencies (MDAs) do not give communities enough information and enough space for scrutiny including financial expenditure reports. Some respondents indicated that kickbacks significantly influence contractor selection in commercial contracting. Previous studies (Nkhata & Chipofya, 2024; Mtuwa & Chiweza, 2024) highlight corruption as a critical issue within Malawi's public procurement system. In this regard, this study argues that corruption undermines the cost efficiency of the commercial contracting model by creating additional losses during both the procurement

process and project implementation. Therefore, meaningful change requires a re-evaluation of how community project development is administered in Malawi.

4.2.1. Perceptions in Favour of a Contracting Model

The study reveals that 74.07% of respondents advocated for community contracting as a more cost-efficient public procurement model for low-cost community projects, such as constructing primary school blocks, while 25.93% favoured the commercial contracting model, primarily citing quality standards. Figures 1 and 2 below provide a graphical representation of these perceptions.

Furthermore, FGDs indicate unanimous support for community contracting among community members involved in the study. However, opinions were divided among respondents from participating councils, resulting in a 50:50 split. Many public officials expressed a preference for the commercial contracting model, emphasising its perceived high-quality standards and the reduced monitoring burden on councils, as responsibilities are largely delegated to contracted firms. Notably, resistance to the community contracting model was most pronounced among procurement officers, Members of Parliament (MPs), and other public officials directly involved in the procurement process and project approvals. It is plausible that personal incentives associated with the commercial contracting model influenced these preferences. Many public officials perceive community contracting as offering limited incentives for their involvement and control, which may further contribute to their reluctance to embrace this model.

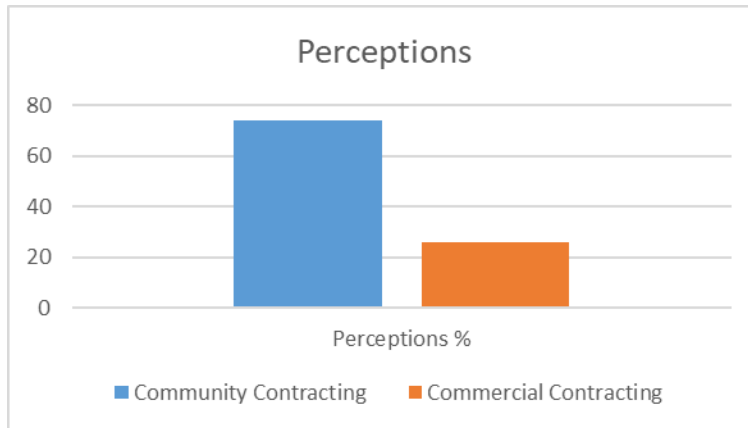


Figure 1: Sample perception on community and commercial contracting model

Source: Author's computation from collected data

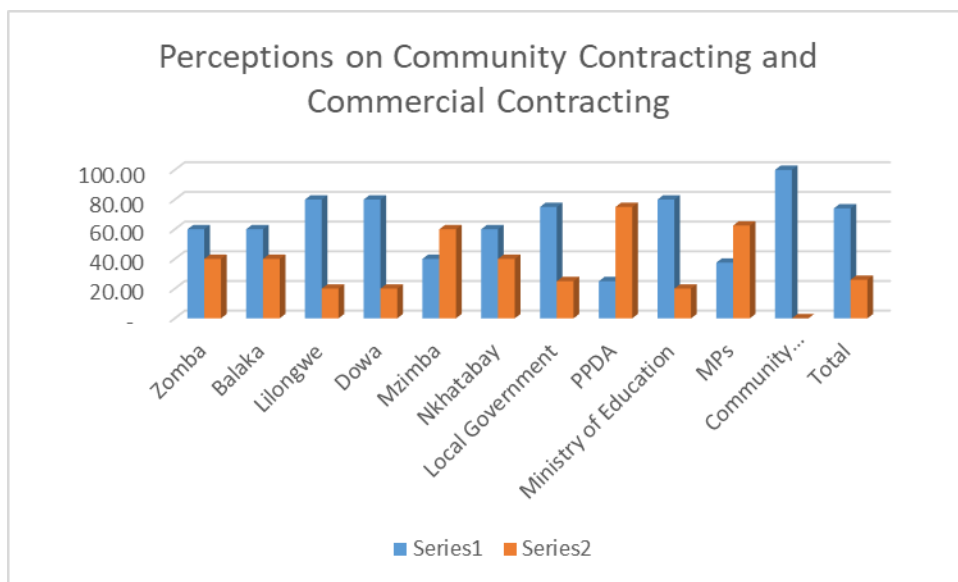


Figure 2: Perception on community and commercial contracting model by public officials and the Community

Source: Author's computation from collected data

The study argues that most public officials are used to the commercial contracting model as some seem to benefit through kickbacks as highlighted by Malawian studies (Nkhata & Chipofya, 2024). The commonality of corruption in public procurement in Africa has also been highlighted in literature. (Efebe, 2018; Abioro, 2021 and Fourie & Malan,

2020). Commercial contracting is more prone to abuse and corruption as information flow is restricted to contracting parties. Future studies can attempt to explore how corruption has made commercial contracting an expensive model.

Community members generally lack familiarity with the commercial contracting model, which limits their ability to provide informed opinions about it. Furthermore, negative perceptions of commercial contracting have been fuelled by media reports highlighting instances of corruption related to public procurement. The literature review revealed a lack of studies addressing public perceptions of these two contracting models, underscoring a significant gap in the existing body of knowledge. Consequently, this study makes a unique contribution by illuminating community perceptions of both contracting models, thereby enriching the academic discourse on public procurement.

4.2.2 Costs Compared: Budget Variations, Project Expenditures, Prices of Building Materials

The study highlights a significant cost disparity between the commercial contracting model and the community contracting model, with the former proven to be three to four times more expensive for constructing school blocks. For example, the construction of a two-classroom block through the commercial contracting model can cost up to MK63,000,000, whereas the same structure constructed using the community contracting model during the COVID-19 pandemic can be built for a maximum of MK12,500,000. This stark contrast indicates that the government could construct at least four school blocks with a budget of MK63 million using community contracting, compared to only one under the commercial model. Figure 3 provides a comparative analysis of budget variations between initial budgets and final expenditures for the councils participating in the study.

The literature also supports the potential advantages of community contracting, as articulated by several studies, including those by De Silva (2001), UNDP (2023), and Dragicevic & Ditta (2016). These studies underscore the effectiveness of community contracting in facilitating low-cost community projects. In agreement with this literature,

the current study argues that community contracting is a cost-efficient approach, emphasising that significant savings can be realized in the construction of school blocks. Consequently, it is imperative for the development administration of small or low-cost projects, particularly in resource-constrained countries like Malawi, to prioritise community contracting in order to transform local communities effectively.

In contrast, commercial contracting proves to be a costly model for public procurement of community projects including school blocks due to several factors. These include inflated prices for building materials, additional expenses associated with preliminary works such as site preparation, and extra costs for external works like utilities, contingencies, and levies. Such factors diminish the cost-efficiency of commercial contracting. As one respondent candidly remarked:

The community model is a cost-efficient model because in commercial contracting, there are so many costs that go into it such as taxes like NCIC levy, PPDA levy, withholding tax which all go into: the project overall cost.

This implies that in terms of the theory of cost efficiency, the costs outweigh the benefits hence commercial contracting is not a cost-efficient procurement model especially regarding community projects. This has also been highlighted in literature as others argue that the high cost of commercial contracting is due to the inflexibility and the strict adheres to procedures (Pearson, 2023; Dolah, 2023). Consequently, a lot of time is spent on the processes irrespective of the urgency of the matter.

The study further notes that commercial contractors typically incur expenses for services such as architectural design and preparation of Bills of Quantities (BoQ) through payments to architects and quantity surveyors. These costs are often offset by inflating the prices of building materials and overall project budgets, as commercial contractors prioritise profit maximisation. Evidence supporting this observation is illustrated in Figure 4 below, which presents the Bill of Quantities for commercial contracting. This

practice not only raises project costs but also undermines the financial sustainability of public procurement efforts.

In contrast, most of these expenses are eliminated under community contracting making it quite a cost-efficient model of public procurement for low-cost community projects. For example, under community contracting, a bag of cement cost MK7,300 while during the same time, a bag of cement cost MK18,000 as procured by a commercial contractor in one of the projects. Refer to Figure 5 for the graphical variations in cement price quotes under the two models being compared in this study. What is clear is that more money is spent on commercial contracting.

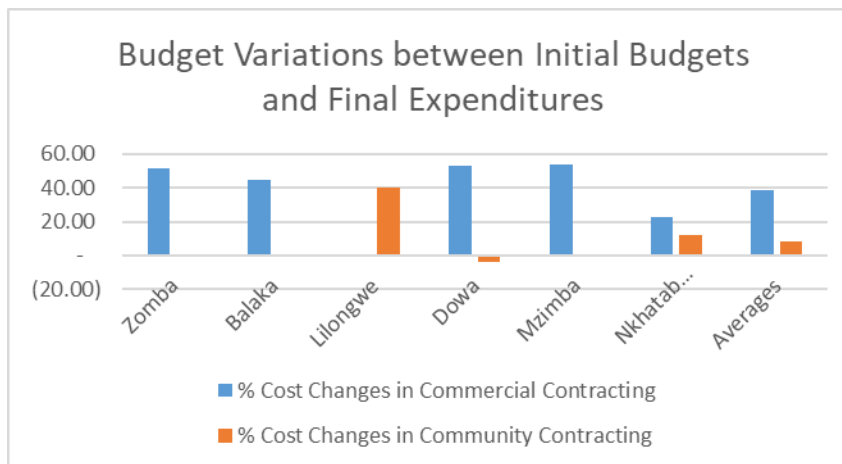


Figure 3: Budget Variations between Initial Budgets and Final Expenditure in commercial and community contracting

Source: Author's computation from collected data

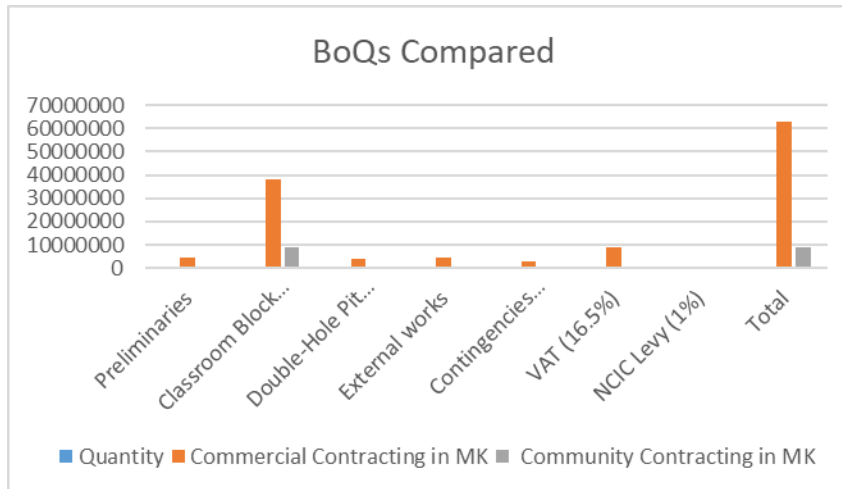


Figure 4 : Bill of Quantities under Commercial contracting

Source: Author's computation from collected data

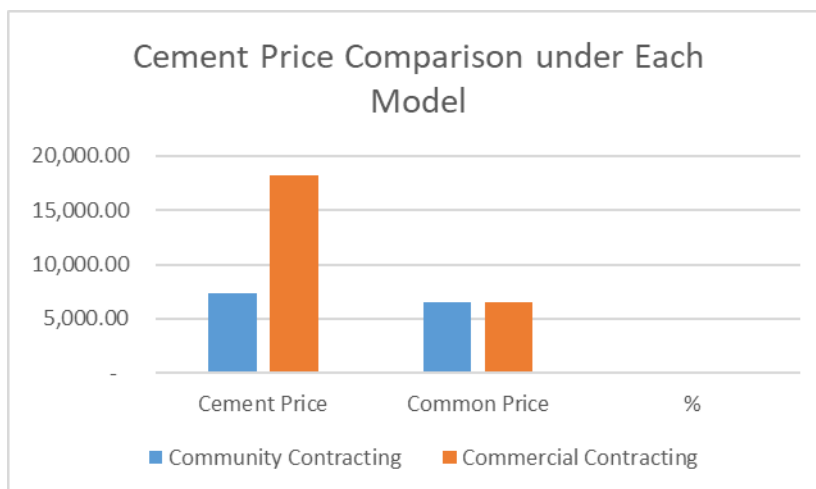


Figure 5: Cement Price Comparison under Commercial contracting and under Community contracting model

Source: Author's computation from collected data

4.3 Identify cost-saving opportunities for the public procurement models for community projects in Malawi

The study analysed both primary and secondary data to identify cost-saving opportunities, revealing that the community contracting model offers significantly greater cost-saving potential than the commercial contracting model. Unlike commercial contracting, community contracting employs direct financing through project committees,

effectively bypassing the additional processes and levies that typically inflate project budgets. For instance, the construction of school blocks using the community contracting model incurred no preliminary expenses, contingencies, or levies that are usually associated with commercial contracts. Instead, funding was primarily allocated to direct project costs, including labour and the purchase of building materials. Moreover, community contracting enhances transparency and accountability, which mitigates the risk of collusion between contractors (in this case, project committees) and suppliers to inflate prices. As a result, market prices predominantly determine costs in construction projects under the community contracting model, ensuring that community resources are utilized more efficiently. This model not only supports fiscal responsibility but also empowers local communities to take control of their development initiatives, leading to more sustainable outcomes.

Similarly, the cost-efficient theory is not satisfied in this case as the costs are more than those from the community procurement model. This echoes the findings of some of the studies reviewed in this study on commercial contracting. For instance, Minnulina (2017) argues that some public procurement models are less efficient. Efficiency is understood as the fulfilment of set goals. The issue is that time-saving is an important aspect of cost-saving mechanisms. The more time a project takes, the more the reduction in cost-saving opportunities and the more it becomes difficult to attain the set goals. The rigid nature of commercial contracting to strict adherence to procedures makes it take a lot of time and hence it can be concluded that commercial contracting offers less cost-saving opportunities. This is further compounded by inflation and other unforeseeable circumstances. Kaltume (2012) points out that the traditional procurement model in most cases fails to achieve both primary and secondary goals and is hence considered to be inefficient.

Paul et al. (2024) and Wang et al. (2020) note that public procurement processes are often cost-inefficient, prompting recommendations for enhancing cost efficiency through reduced adherence to rigid procedures and the integration of modern technology. In light of these observations, there is a pressing need to consider reforming the current public

procurement framework in Malawi. However, it is crucial to recognise that public procurement reform alone will not yield significant cost-saving opportunities without the presence of supportive institutions. This assertion is reinforced by literature from the South African context, where public procurement reforms failed to improve service delivery due to the lack of robust institutional foundations (Fourie & Malan, 2020; Kithatu-Kiwekete & Phillips, 2020). Thus, for effective public procurement reform in Malawi, it is essential to simultaneously strengthen the institutional framework to ensure that reforms translate into tangible benefits.

The study further finds that community contracting offers more cost-saving opportunities than the commercial contracting model, as funds circulate among community members and remain within the local economy. There is also an aspect of more job creation under community contracting, which ensures that the money is spent within the benefiting community. This agrees with some studies that highlight cost-saving opportunities of community contracting that emerge from job creation and the absence of strict procedures (Dragicenvic & Ditta, 2016; Kaltume, 2012).

Community contracting also presents several avenues for cost-saving opportunities, including time savings, the elimination of many ancillary costs, a reduced likelihood of corruption that leads to price inflation, and the removal of bureaucratic hurdles. Under the community contracting model, the tendency to inflate commodity prices and other expenses is significantly diminished, as project committees directly source materials without the rigid procedures characteristic of commercial contracting. Consequently, this study aligns with existing literature, which concludes that the community contracting model offers greater cost-saving mechanisms for small public projects (Feng et al., 2020; Kaltume, 2012). Thus, we argue that the procedural complexities inherent to commercial procurement present fewer opportunities for cost savings. Additionally, the profit-driven motives of most commercial contractors exacerbate costs, further highlighting the community procurement model as a more economically efficient alternative. This evidence underscores the importance of adopting community contracting for small public projects, particularly in resource-constrained environments.

4.3.1 Impact of Time Savings on Cost

The study demonstrates that the direct financing mechanism of the community contracting model significantly reduces the time spent on procurement processes compared to commercial contracting, where projects often experience delays of several months or even years, leading to increased costs. This finding aligns with a study from Tanzania, which highlights various costs associated with public or commercial procurement, resulting from institutional challenges and procurement practices (Rasheli, 2016). In such cases, the principles of cost efficiency are not upheld. Furthermore, Rajeh et al. (2014) propose a conceptual model aimed at identifying the most cost-efficient procurement methods that save costs, ensure high quality, and expedite project completion.

The review of COVID-19 projects in this study indicates that delays under the community contracting procurement model were minimal, typically lasting only 1-2 months. The Ministry of Education, in collaboration with local councils, successfully constructed hundreds of classroom blocks within a three-month timeframe. This efficiency can be attributed to the community's empowerment to directly purchase building materials from nearby markets, facilitating a faster construction process. This finding aligns with existing literature, which notes that the community contracting model in countries such as Sri Lanka, Pakistan, and India effectively addresses the limitations of traditional procurement models regarding time, cost, and quality (Sohail & Baldwin, 2001). However, it is important to note that community contracting projects also faced delays when communities struggled to supply building materials, including sand, bricks, and quarry. Thus, while community contracting may experience some reduction in cost-saving opportunities, it ultimately provides greater overall savings compared to the commercial contracting model. This evidence supports the argument that community contracting is a more effective approach for delivering public projects, particularly regarding cost efficiency.

4.3.2 Operating Base of Contractors and Cost Implications

Most commercial contractors for the six selected projects operated from cities outside the communities and districts where the projects were implemented, specifically from Lilongwe, Blantyre, Zomba, and Mzuzu. This pattern indicates that commercial contracting is predominantly dominated by large contractors. Operating from distant locations has significant implications for the overall project costs, particularly regarding variables such as transportation and fuel expenses. Literature reviewed in this study supports this notion, with Karhalainen (2011) highlighting increased overhead costs associated with public procurement in Finland. Furthermore, Rajeh et al. (2014) identify costs, quality, and time as key determinants of the cost efficiency of a procurement model. Given these considerations, it can be concluded that the operational model of commercial contracting tends to be more expensive and less beneficial to society, as it fosters limited interaction with the communities that benefit from the projects. This detachment can create a sense of alienation among community members, further undermining the effectiveness and sustainability of development initiatives. In addition, there is less involvement of the benefitting community and hence this makes it difficult for the project to be accepted by the community.

In contrast, community contracting involved hiring workers for school projects from within the local communities. Project management committees were also composed of community members, reducing the need for workers to operate from major cities. This localised approach led to more reasonable labour charges compared to those of commercial contractors. These findings align with reports from Yemen, which indicate that employing local artisans fosters social cohesion while providing opportunities for community members to acquire new skills (UNDP, 2023). Thus, involving the local population in small projects not only offers cost-saving opportunities but also generates additional benefit ripple effects.

4.4 Analyse the benefits of community contracting over commercial contracting for the community and government in Malawi

4.4.1 Community Empowerment and Financing Mechanisms

The study demonstrates that community contracting provides significantly greater benefits in terms of community empowerment and financing mechanisms compared to commercial contracting. The regulations and practices associated with conventional public procurement in the six selected projects, which utilized commercial contracting for the construction of school blocks, are lengthy and cumbersome. In contrast, the processes followed under community contracting involve more direct financing mechanisms for community projects, enabling faster implementation. Commercial contracting entails several bureaucratic steps, including advertising, applicant solicitation, bid evaluation, contract awarding, and project implementation. This drawn-out process can extend for several months, leading to unnecessary delays and potential price adjustments, sometimes resulting in up to a year before actual project implementation begins. As Bradrania et al. (2017) argue, cost efficiency is achieved when outputs are delivered within the expected timeframe and meet reasonable standards. Furthermore, Rasheli (2016) highlights high transaction costs in Tanzania associated with information gathering, negotiation, and monitoring in the post-contractual stage of commercial contracting. Such high transaction costs diminish the benefits to the community, exacerbated by the delays in processing commercial contracts. Consequently, the protracted pre-contractual period associated with commercial contracting undermines its cost efficiency.

Additionally, in commercially contracted projects, contractors retain full control over project management, including procurement of materials and services, as well as labour recruitment and payment. This exclusion of community involvement in procurement and management processes further diminishes the potential benefits of commercial contracting. Therefore, it can be concluded that community contracting is not only more efficient but also enhances community empowerment, thereby offering a superior approach for public procurement in community-based projects.

Conversely, projects implemented under the community contracting model often bypass various conventional contracting procedures. Specifically, processes such as Expressions of Interest (EoIs) and tender bidding are not required, which enhances efficiency in project implementation. These findings resonate with existing literature that highlights the flexibility and reduced administrative costs associated with community contracting (Harland et al., 2019). In this model, school blocks financed by the Department of Disaster Management Affairs (DODMA) through district councils were managed by community committees, including members of School Management Committees (SMC), Parents-Teacher Associations (PTA), Mother Groups, Village Development Committees (VDCs), and Village Headmen. Notably, the procurement units in the study districts were not involved in these processes; they relinquished procurement responsibilities to the communities for COVID-19 school projects. This delegation provided communities with the opportunity to develop their capacity to manage small projects and created employment opportunities for local workers. This aligns well with literature that supports the benefits of community contracting (UNDP, 2023; Dragicevic & Ditta, 2016; De Silva, 2002). The community members thus gain valuable skills and knowledge while engaging actively in their development, promoting inclusivity among various segments of the community.

However, it was observed that local councils often lacked motivation to participate in community contracting projects, largely because they could not meet operational costs or derive personal benefits. Consequently, many councils failed to supervise and monitor the community contracting projects funded by DODMA. This reluctance indicates that many procurement units do not view community contracting as an acceptable model for public procurement. Thus, while community contracting offers numerous advantages, including enhanced local empowerment and capacity building, systemic support and motivation from procurement units remain critical for maximising its potential. Therefore, the study finds that the community contracting model of public procurement is more empowering through direct mechanisms for financing. In contrast, commercial contracting processes are lengthy and time-consuming with limited community participation.

4.4.2. Community Participation, Transparency and Accountability in the Contracting Models

The study reveals that community contracting enhances community participation, transparency, and accountability in the management of public resources, as funds are overseen by project committees. In contrast, commercial contractors often fail to provide adequate information regarding project budgets to the communities. When community members sought clarification, they were typically met with threats indicating that the contractors would abandon the project if challenged. The findings indicate that communities lacked the agency to question the commercial contractors responsible for school construction projects operating under conventional public procurement procedures. Instances, where community members attempted to inquire about costs or pricing, were frequently met with resistance and intimidation. Such dynamics highlight a significant drawback of the commercial contracting model, as it undermines community engagement and fails to empower local stakeholders. Thus, the evidence strongly supports the argument that community contracting not only fosters a more participatory and accountable approach to public procurement but also empowers communities to play a vital role in the management of their development initiatives. This was supported verbatim by one respondent:

The commercial or private contractors do not share project information with us, particularly the budget and expenditures. When we ask, they always threaten us that they can leave the project. Out of fear, we just accept them to continue with the project. We feel helpless

Under commercial contracting projects, information about the project budget, BoQs and signed contracts were often withheld from the communities, consequently affecting transparency and accountability. Scanty information like the project's total budget on billboards was provided without further details and breakdown. This points to the importance of transparency and free flow of information especially to the benefitting communities. In Contrast, Project Implementation Committees (PICs) for the community contracting projects were willing to provide information about project budgets and expenditures, unlike the commercial contractors. A free flow of information encourages

community members to actively engage and collaborate in project completion. This phenomenon is well-documented in studies on community contracting, which emphasize its role in fostering social capital and generating broader benefits for the community (UNDP, 2023). As a result, the communities involved in this study have reaped significant rewards from their active participation in development initiatives.

On the contrary, the Committees under community-contracted projects had full control in managing project funds and procuring building materials and labour services. Despite the requirement that every community project must have a Project Implementation Committee (PIC) involving community members, most commercial contractors did not involve the community in the implementation of the construction projects. This has not been documented in the literature reviewed in this study. Therefore, it can be argued that this finding is unique to the study area and it's an area for improvement.

In contrast, the PICs under community-contracted projects (COVID-19-funded projects), usually the School Management Committees (SMCs), were in full control of project implementation. These PICs received and managed project funds. Project funds were deposited in School Bank accounts. Studies from other countries such as one done in three countries: India, Pakistan and Sri Lanka point out that one of the benefits of what they call 'community partnered procurement is that it involves the community in small projects that concern them. As a result, they argue that such an approach is an innovative alternative that addresses the shortfalls of traditional procurement more so in terms of time, cost and quality (Sohail & Baldwin, 2001).

Additionally, under community contracting projects, communities experienced a heightened sense of empowerment, feeling free to engage with the Project Management Committee (PMC) and builders without intimidation. Project budgets and Bills of Quantities (BoQs) were accessible to both committees and community members, facilitating prudent management of project funds. This transparency fostered greater accountability, which are essential components of cost-efficiency in the utilisation of public finances. Helby (2019) underscores that standards, financial management, and

timelines are key proxies of cost efficiency. Thus, the active involvement of the community is vital for ensuring their participation in development processes, ultimately leading to enhanced empowerment. By promoting community engagement, the community contracting model not only enhances accountability but also contributes to the overall effectiveness of public procurement initiatives.

During the study, it also proved difficult to access information on projects under the commercial contracting model as public officers felt like they were being investigated. This echoes observations on the procurement system in Malawi, one of which is a lack of transparency and corrupt practices (World Bank, 2004). It was also observed that challenges related to accessing project information relating to costs were caused by a lack of transparency and accountability. Meaning that some project costs were better left hidden and not exposed to the public. On the contrary, accessing information about projects under community contracting was very easy. With the community involved in procurement under the community-contracted projects funded by DODMA (COVID-19 funds), there was great transparency and accountability, resulting in the efficient and prudent use of project funds as most of the funds were spent on the project activities. There was greater scrutiny of projects by the community members that used community contracting as opposed to those under commercial contracting. Therefore, commercial contracting is more prone to undue influence and more likely to create inefficiencies as a result of the challenges mentioned in this paragraph.

4.4.3. Contracting Models and Expectations on Community Contributions

The study finds that both commercial and community contracting models expect community contributions, either in cash or kind. Projects under the commercial contracting model, financed by public funds such as the District Development Fund (DDF) and Constituency Development Fund (CDF), often required communities to provide materials like bricks, sand, and quarry. In contrast, community projects funded by donor sources, such as the Governance to Enable Service Delivery (GESD), were typically considered fully funded and did not require community contributions. However,

commercial contractors sometimes still requested materials, like burnt bricks, to reduce costs.

Communities faced challenges in providing these contributions, which occasionally delayed project implementation. Analysing these findings within the framework of cost efficiency theory suggests that commercial contracting is not cost-efficient; the already substantial budgets also place additional demands on communities. Furthermore, despite community contributions, contractors often lack transparency regarding project costs, creating contradictions that need to be addressed. The literature reviewed does not indicate similar findings from other countries; however, one study highlights that price efficiency is a key goal of public procurement (Wang et al., 2020). Thus, one could argue that commercial contracting unfairly burdens poorer communities.

The study reveals that both contracting models encountered challenges related to community contributions; however, projects utilising commercial contracting experienced more significant and intense difficulties compared to those employing direct financing through the community contracting model. Projects under commercial contracting faced numerous delays and cost overruns, leading to their designation as the less cost-efficient model of public procurement in Malawi. In contrast, the community contracting model actively promotes community contributions, fostering greater participation and ownership among local stakeholders. This grassroots involvement not only enhances the effectiveness of project implementation but also cultivates a sense of shared responsibility, differentiating it markedly from the privately managed nature of commercial contracting. Consequently, the findings underscore the advantages of community contracting in facilitating community engagement and ensuring more efficient utilisation of resources in public procurement initiatives.

4.4.4 Comparing Quality Standards

In terms of quality of standards, there was a general perception among respondents, public officials in particular, that projects under community contracting were expected to be of poor quality as compared to projects under commercial contracting owing to the

amount of money spent. To them, commercial projects that utilised more funds than the community-contracted projects were expected to be of greater quality. However, the study found that despite commercial projects funded by DDF and CDF being albeit more expensive, the quality of standards was not all that different and did not guarantee quality. In some cases, projects under community contracting appeared to be of better standards than those commercially funded by DDF and CDF. Only selected projects funded by GESD appeared to be of higher quality but at a very huge cost. Figure 6 below shows a Community Contracting Project (Left) that cost MK8.6 Million standing side by side with a Commercially contracted project (Right) that cost MK53 Million. Despite the slightest difference in height, the classroom blocks are of similar standards.

Figure 7 below shows a MK46,000,00 Malawi kwacha school block. Judging by appearance, the block in Figure 7 is substandard despite the huge expenditure. For a closer comparison of the quality, the study provides Figure 8 below which shows the interior of the classroom. Inspection of the MK46 Million school block shows poor standards despite claims by respondents that commercial contractors provide better quality school blocks.

One of the respondents from the focus group discussion pointed out that:

Community model is most cost-efficient due to ownership, involvement and taking care of project materials, however, communities do not have the capacity to handle procurement and that projects under community contracting run the risk of being of low standards.



Figure 6: Pictorial Focus on Community Contracted Projects vs Commercially Contracted Projects

Source: Captured by author during data collection



Figure 7 : A MK46 Million Classroom block built over a period of 3 years.

Source: Captured by author during data collection

The study concludes that the commercial contracting model does not adequately ensure the safeguarding of quality standards, as many projects executed under this model were found to be substandard despite significant financial investments. For instance, a community contracting model project in Zomba, which cost MK8.5 million, demonstrated quality standards comparable to those of a neighbouring project completed

under the commercial contracting model. This finding suggests that the community contracting model is equally capable of maintaining quality standards, similar to those established in commercial contracting. These conclusions align with existing literature, such as the works by De Silva (2000) and UNDP (2023), which emphasize the cost efficiency of community contracting in terms of quality standards, community benefits, and overall costs. Furthermore, it can be inferred that the key proxies of cost efficiency namely, quality, community benefits, and cost management are effectively met within the framework of community contracting, particularly regarding the attainment of reasonable quality standards (Bradrana, 2017). Thus, the findings advocate for a re-evaluation of public procurement practices to recognise the strengths of community contracting.



Figure 8: Picture showing the interior of a MK46,000,000 school block constructed under commercial contracting

Source: Author's pictorial data from the field

4.4.5. Additional Community Benefits

The study finds that the community contracting model of public procurement for low-cost community projects has more benefits to the community than commercial contracting.

Respondents indicated that community contracting had more benefits to the community than commercial contracting projects citing the creation of more jobs, provision of markets and skills transfer as the main benefits to the community. A verbatim excerpt from a respondent below supports the findings: “Communities provided labour force hence economic benefits. Small-scale businesses also do their trade around these construction sites”.

The benefits of job creation and other associated advantages are well-documented in the literature. For instance, UNDP (2023) has positively assessed the role of community contracting in rebuilding Yemen, highlighting its contributions to job creation, skill transfer, and the establishment of local markets for goods. Furthermore, community contracting has the potential to generate more employment opportunities by facilitating the construction of numerous school classrooms and engaging a larger workforce within the same budgetary constraints. Table 1 below compares the benefits of community contracting with those of commercial contracting, as reported by respondents in the study. This comparison underscores the substantial advantages of community contracting in promoting economic development and community empowerment.

Table 1: Comparing Additional benefits of community and commercial contracting

Community Contracting	Commercial Contracting
Increase ownership of the project by the community	Community ownership and participation are highly limited
Efficient use of public resources	Made expensive with levies, delays and most prices inflated
Created jobs for the locals	Labour is usually hired outside the project area
Speedy implementation of the projects hence timely provision of services	Delays of several months or years. Most of those who were hired by the contractor complained about non-payments or delayed payments
Due to more people hired, small businesses benefited from the market around the project	Most labourers were imported from outside the project area and did not adequately support local businesses

Source: Author's compilation from collected data

4.4.6. Sustainability

The community contracting model of public procurement significantly enhances community involvement and participation, thereby fostering a strong sense of ownership and self-reliance, unlike the commercial contracting model. Under community contracting, local artisans and community members gain valuable skills through their active engagement in managing project resources and providing labor. As a result, communities develop a profound connection to the projects they undertake, leading to better care and maintenance compared to those managed by commercial contractors. Many respondents from the community indicated that projects executed under commercial contracting are often perceived as proprietary to the contractors rather than the community. In contrast, community contracting cultivates a genuine sense of ownership due to its collaborative nature. This model not only strengthens social capital but also empowers community members, aligning with findings from De Silva (2002), Sohail and Baldwin (2001), and the UNDP (2023), which emphasize the positive impact of community engagement on project sustainability and local development.

Consequently, the community contracting model emerges as a vital approach for enhancing community resilience and investment in their development initiatives.

4.4.7 Quality Vs Value for Money

Proponents of commercial contracting often cite the quality of standards as the primary reason for the model's cost efficiency, arguing that projects executed under community contracting are typically substandard. However, observational evidence from this study suggests otherwise, revealing that some projects completed through community contracting actually exhibit superior quality compared to those carried out under the commercial contracting model. This discrepancy highlights the need to reassess the assumptions surrounding the efficacy of commercial contracting based solely on purported quality standards. The findings indicate that community contracting can deliver projects that not only meet but occasionally surpass the quality benchmarks set by its commercial counterparts. Such insights challenge the narrative that positions commercial contracting as the unequivocal leader in quality and cost efficiency, emphasising the potential of community contracting as a viable and effective alternative for public procurement in community projects. For instance, projects funded by the DDF and the CDF were not superior to those funded during the COVID-19 pandemic. Furthermore, concerns regarding value for money were raised, as costs for commercial contracting projects were found to be significantly inflated. For example, a pit latrine constructed under commercial contracting could cost as much as MK4.5 million, whereas a similar pit latrine built by the community cost only MK87,000 (see Figure 9 for a pictorial comparison). Thus, the commercial contracting model does not guarantee quality or value for money, as many projects completed under this model have also been found to be of poor quality.



Figure 9: A MK4.5 Million Pit latrine (Left) under Commercial Contracting vs a MK87,000 Pit latrine built by the community contracting (right)

Source: Captured by author during data collection

Findings from FGDS with community members indicate strong support for the community contracting model, as illustrated in Figure 10 below. This figure presents a community that endorses community contracting as the more cost-efficient approach to public procurement for low-cost projects, such as constructing school blocks.

The findings of this study are strongly corroborated by the reviewed literature. Helby (2019) emphasises that quality, costs, and value for money are critical determinants of cost efficiency in public procurement. Similarly, Minnulina (2017) asserts that efficiency in public procurement encompasses not only cost but also the quality and performance of the end product, among other factors. Based on the pictorial data presented in this study, it is evident that the community contracting model emerges as the most cost-efficient option, even when assessed against these standard criteria. This finding underscores its potential benefits, particularly for resource-constrained countries like Malawi, where maximising value from limited resources is essential for effective public procurement.



Figure 10 : FGD with some community members that endorsed community contracting model as a better option

Source: Pictorial data by the Author

4.5 Reasons for not using Cost-Efficient Model-Community Contracting Model in public procurement for low-cost projects-final thoughts

Despite being a more cost-efficient model for community projects under the low-cost RfQs, community contracting is found not to be widely used as a commercial contracting model is treated as the de-facto model of public procurement. There are doubts over standards being compromised and the capacity of local artisans being undermined when a community contracting model is used as explained in the preceding sections above. Additionally, it was observed that community contracting has limited incentives to public officers involved in public procurement as it does not offer any commissions and kickbacks from the community contractors (the Community itself). Furthermore, many council authorities feel commercial contracting saves their time they would spend on monitoring and supervision by transferring all the powers to the contractor. One respondent claimed that *“Some public officials also benefit from commercial contractors and would not want to lose this with the community contracting.”*

For politicians, such as MPs, the community contracting model appears to challenge their authority by diminishing their control over the management of public resources and their vested interests. Consequently, many projects funded through the CDF favour commercial contractors over community contracting. This preference reflects a desire to

maintain oversight and influence in procurement processes, potentially sacrificing the benefits of community involvement and empowerment that community contracting can provide. By prioritising commercial contracting, decision-makers may inadvertently undermine the potential for more inclusive and transparent development practices that could better serve their constituencies.

While the study demonstrates strong support for community contracting as the more cost-efficient model of public procurement for low-cost community projects, such as the construction of classroom blocks, it also highlights potential opposition to this model. First, professionals in the procurement industry are likely to resist community contracting because it eliminates job opportunities for them. Second, public officials, particularly controlling officers and procurement officers who benefit from kickbacks and commissions in the existing procurement processes, may vehemently oppose community contracting. Many perceive that this model would diminish their control over resources, as funds would be managed directly by the communities through appointed project committees. Third, commercial contractors are likely to oppose community contracting for community projects because it threatens their jobs and revenue streams. By utilising direct financing for community projects, commercial contractors would be excluded from the procurement chain. Moreover, quantity surveyors and architects would also oppose community contracting, as they currently receive compensation from conventional procurement processes involving bids that require their services. Given these dynamics, it is crucial to consider the interests at play as we advocate for the community contracting model. While its benefits are evident, overcoming the resistance from various stakeholders will be essential for its successful implementation. To underscore this, in one of the interviews one key informant respondent indicated that: -

There is a need for civic education so that council officials and politicians should understand that the community contracting model is the most cost-efficient model of low-cost community projects. There is also a need for capacity building of school committees to be able to handle procurement matters, bid evaluation and project supervision.

4.6 Study Limitations

While the study has yielded valuable findings, generalising these results based on the analysis of only 12 selected community projects presents challenges, particularly given the vast number of projects implemented under both community and commercial contracting models. Statistically, the limited sample size makes it difficult to conclusively establish that community contracting is the more cost-efficient model compared to commercial contracting.

Additionally, a notable limitation of the study pertains to challenges in data collection. Public officials were often hesitant to provide the quantitative data necessary for detailing the selected projects, despite being aware of the Access to Information Law (ATI). This reluctance hindered efforts to obtain a comprehensive breakdown of project costs, which would have allowed for a more nuanced analysis of cost variables such as transportation, building materials, and labour.

Nevertheless, the qualitative data collected regarding respondents' perceptions strongly reinforces the argument that community contracting represents the most cost-efficient model for procuring community projects, such as the construction of school blocks. Thus, despite the limitations, the findings contribute critically to understanding the advantages of community contracting in public procurement.

CHAPTER 5

CONCLUSION

5.1 Introduction

This study conducted a comparative analysis of public procurement models, specifically community contracting and commercial contracting, in the context of Malawi. The motivation for this research arises from the increased utilisation of the community contracting model during the Coronavirus disease of 2019 (COVID-19), despite the Public Procurement and Disposal Act (PPDA) No. 27 predominantly emphasizing the commercial contracting model (PPDA Act, 2017). This investigation aimed to highlight the effectiveness and efficiency of community contracting, particularly in emergency contexts, thereby contributing valuable insights to the discourse on public procurement in Malawi.

Specifically, the study intended to achieve the following objectives:

- a) To compare the costs of community-based contracting and commercial contracting in the construction of selected primary school blocks in Malawi.
- b) To identify cost-saving opportunities for the public procurement models for community projects in Malawi.
- c) To analyse the benefits of community contracting over commercial contracting for the community and government in Malawi.

The study has been guided by the cost efficiency theory and it has adopted a mixed method approach where both quantitative and qualitative research methods were used. The study involved a total of 81 respondents. The study was conducted in six selected district and city councils of Zomba, Balaka, Lilongwe, Dowa, Nkhatabay, and Mzimba. The focus was on school blocks constructed during COVID-19.

5.2 Summary of Key Findings

The study concludes that the community contracting model of public procurement in Malawi is significantly more cost-efficient for low-cost community projects, particularly those classified under low-cost Requests for Quotations (RfQs), compared to the commercial contracting model involving private contractors. The community contracting model excels in terms of cost, time, quality, and community benefits all essential proxies for assessing cost efficiency as outlined in the literature.

Despite these advantages, the study finds that the community contracting model faces substantial competition from the commercial contracting model, which continues to be widely utilized for several reasons. Respondents often cite adherence to quality standards and a perception of reduced involvement as justifications for the preference for commercial contracting. However, the findings indicate that some projects executed under the commercial contracting model were perceived to have lower quality standards compared to those funded through the community contracting approach, particularly those supported during the COVID-19 pandemic.

Moreover, resistance to the adoption of community contracting often arises from controlling officers and politicians, including members of Parliament, who may fear a loss of control over procurement processes and a reduction in their vested interests. Given these challenges, it is essential for the community contracting model to undergo improvements and strengthening to become a recognised and effective cost-efficient alternative for public procurement in low-cost community projects, ensuring that quality standards are maintained.

The study further highlights that, the community contracting model presents more substantial cost-saving opportunities compared to commercial contracting. A key finding is that the rigid and inflexible nature of commercial contracting often results in prolonged timelines and increased costs. Ultimately, the findings reveal that community contracting offers numerous additional benefits, including enhanced community empowerment, improved quality, skill transfer, job creation, and a heightened sense of ownership among

community members. These advantages make community contracting a compelling option for public procurement in support of sustainable community development.

5.3 Implications of the Study

The findings of this study highlight the critical need to consider the community contracting model in the broader discussions surrounding the administration of development projects, particularly in resource limited countries like Malawi. The commercial contracting model appears to deplete significant resources, underscoring the necessity to re-evaluate the current approach to development project management in Malawi.

Despite recent reforms in procurement laws that recognize commercial contracting while remaining silent on community contracting, the evidence presented in this study indicates that commercial contracting is cost-inefficient. It falls short in terms of time, cost, quality, and the benefits provided to communities, as corroborated by the literature reviewed. Furthermore, the findings suggest that the implementation of certain policies can often fail to benefit the majority of the population. However, it is essential to recognise that commercial contracting may still be appropriate for large-scale projects where the benefiting communities may lack the requisite skills or resources. Consequently, policymakers should carefully consider the implications of procurement methods and prioritize community contracting for smaller projects to enhance efficiency and community involvement in the development process.

5.4 Areas of further study

The study advocates for further research and analysis of public procurement models to inform the review of existing laws and policies, ensuring they reflect the cost-efficiency of various contracting approaches. It is possible that a mixed model could be developed that best achieves the objectives of cost efficiency and effectiveness in the implementation of low-cost community projects, such as the construction of school blocks. Moreover, the study calls for additional investigations into the community contracting model to identify avenues for its enhancement and optimisation. Future

research should also explore the inefficiencies associated with the commercial procurement model, particularly in the context of corruption and institutional bottlenecks. By addressing these areas, policymakers and practitioners can gain valuable insights that foster the development of more effective and accountable procurement practices, ultimately benefiting community development initiatives.

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