



**PUBLIC PROCURMENT PRACTICE IN ETHIOPIA: THE  
CASE OF FEDERAL MINISTRY OF EDUCATION**

**By: Tsigab Assefa**

**ADDIS ABABA UNIVETSTY SCHOOL OF COMMERCE  
POST GRADUATE PROGRAM**

**June, 2014**

**Addis Ababa**



**PUBLIC PROCURMENT PRACTICE IN ETHIOPIA: THE  
CASE OF FEDERAL MINISTRY OF EDUCATION**

**In Partial Fulfillment of the Requirement for the Award of Master  
of Arts in Marketing Management**

**By: Tsigab Assefa**

**Adviser: Bizuneh Asfaw (PhD)**

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# APPROVAL

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**By: Tsigab Assefa**

### Approved by Board of examiners:

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## Statement of Declaration

I, **Tsigab Assefa** declare that this Master research project entitled “**public procurement practice in Ethiopia, the case of Federal Ministry of Education** “is an outcome of my own effort of study and all sources of materials used for the study have been duly acknowledged .

I have produced it independently except for the guidance and suggestion of the research adviser.

This study has not been submitted for any degree in this university or any other university .it is offered for partial fulfillment of the requirements for the degree of Master of Arts in Marketing Management.

Declared by

Tsigab Assefa

Student

.....

Signature

June, 2014

Date

## **Statement of Certification**

This is to certify that **Tsigab Assefa** has carried out his research work on the topic entitled **Public Procurement Practice in Ethiopia in the case of Federal Ministry of Education** is his original work and is suitable for submission for the award of Master's Degree in Marketing Management.

---

Advisor: Bizuneh Asfaw (PhD)

June, 2014

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Tisgab Assefa

June, 2014

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## **Abbreviations and Acronyms**

|        |  |
|--------|--|
| COMESA | Common Market for Eastern and Southern Africa                      |
| CRB    | Complaints Review Board  |
| CTRC   | Central Tendering Review Committee                                 |
| E.C    | Ethiopian calendar   |
| ETB    | Ethiopian Birr   |
| FDRE   | Federal Democratic Republic of Ethiopia                            |
| FPPD   | Federal Public Procurement Directive                               |
| GPMMCD | Government Procurement and Materials Management Control Department |
| ICB    | International competitive bidding                                  |
| NCB    | National Competitive Bidding                                       |
| MOE    | Ministry of education  |
| MOFED  | Ministry of Finance and Economic Development                       |
| OECD   | Organization for Economic Cooperation and Development              |
| PPPPA  | Public Procurement and Property Administration Agency              |
| PPAD   | Procurement and Property Administration Directorate                |
| PPDS   | Public Procurement and Disposal Service                            |
| SBD    | Standard Bidding Documents   |
| USD    | United States Dollar   |

## **Abstract**

*The main aim of this research was to provide an examination of the Ethiopian public procurement practice with reference to FDRE, Ministry of Education. It was conducted to find out the problems of inefficiency and delayed procurement practice in three areas of procurement (the procurement records, the procurement process and the work force of procurement. The research methodology employed was descriptive survey. In this study public body head, endorsing committee, Procurement and Property Administration Directorate, procurement head and procurement experts were involved as source of primary data in addition to document review. The data were presented and analyzed qualitatively by the use of qualitative content analysis. the major findings of the study indicates that the Ministry of Education public procurement practices is inefficient and delayed because of lengthy process, highly bureaucratic, lacks transparent, responsibility, accountability and skillful experts, poor record management and not give due attention by the heads of the public body and other concerned parties. Based on the findings the researcher recommended the procurement practice should be improved in terms of having, sustaining , training the procurement officers and also modernizing the process and the procurement practices and the public body should provide proper attention and follow up for the unit.*

**Key words: Public Procurement, Procurement Practice**

# CHAPTER ONE

## 1. INTRODUCTION

### 1.1. Background of the Study

Procurement function is vital to any organization and procurement strategies have become part of a business success than ever before. Despite the importance of the procurement function their process has been a subject of controversy in recent year (Thai, 2009). If it is not properly managed the procurement police and procedure may lead to in efficiency and loss of a competitive advantage in terms of increasing cost and delays in serving the customer or user with the recognition of the long term implication of the procurement function and on the competitiveness of the organization.

Public procurement is an important function of government. The main rational behind this is firstly the share magnitude of procurement outlays has a great impact on the economy and needs to be well managed, secondly its importance tool for achieving economical, social and any other objectives .

Public procurement is continuing to evolve both conceptually and organizationally. That evolution accelerated during 1900's as governments at all levels come under increasing pressure to “ do more with less “ indeed, all government entities of rich or poor countries are straggling in the fact of unrelenting budget constraints ,government downsizing , public demand to increase transparency in the public procurement , the greater concerns about efficiency ,fairness, and equity (Thai, 2009, choi, n.) .

According to Thai, (2009) Public procurement system in different countries of the world, developed or developing countries, share some common knowledge and practices.

According to Dobler and Burt, (1998) procurement can be defined as “...the acquisition, whether under formal contract or otherwise, of goods, services and works from third parties by contracting authorities.” In addition, Adotévi, (2009) and Jones, (2002) defined procurement as:

“the activity of assessing, buying and receiving goods, works and services.” But to put it in nutshell form when goods and services are purchased by public sector, it is called public procurement. In nutshell form public procurement is a procurement falling under the jurisdiction of a government or other public organization sector.

Most of the time, public procurement is carried out through competitive bidding process with the intention of achieving maximum economic efficiency. Strong public procurement practice in public sector is a tool for achieving political, economical, and social goals.

Public procurement in Ethiopia was not practice as of the more advanced nation like USA and Europeans. The rationale behind this can be the late introduction of modern government system in the country. The document of PPPAA tells that the introduction of public procurement in Ethiopia was started with the introduction of modern government administration. The first government organization was established at the time of Menelik II in the beginning of the 20<sup>th</sup> century. Nevertheless, the first form of rules and regulations of public purchasing emerged during the regime of Haile Selassie I. After that during the Dergue regime there was some modification in the regulation of public procurement.

Finally, the then government of FDRE made in his stay three modifications, even though there is a plan to reform the public procurement system and practice in more advanced and systematic way. Parallel to that best practices show that public procurement has become much more complex than ever before.

In Ethiopia Ministry of Education is one of the oldest services rendering government organization. Large amount of money is allocated for procurement every year from the treasury, international aids and international grants. Since MOE is a federal government institution its budget is allocated and approved by MOFED. The ministry is responsible to implement the procurement process according to the federal government procurement proclamation, directive, manual and standard bidding document, where the budget is from the treasury. If the budget is not from the treasury MOE can use other procurement practices like World Bank procurement practice.

According to PPPAA new proclamation 649/2009 there are four main category of procurement. In MOE under each of the procurement category the followings are the main lists. Goods: books, vehicles, computers, stationary materials, tires, furniture, and staff uniforms. Consultancy service: book and training manual development, training. Works: construction of office and schools finally service: transportation, printing, and maintenance and repair of damaged things. No matter the size of the organization is, every organization needs proper procurement practice to achieve its objective.

In MOE about 60% to 80% amount of total budget allocated each year from the recurrent and capital budget for procurement; and the strict government proclamation and directive demands careful procurement management practice. This procurement process starts from the procurement request and winds up by satisfying the initiator or the ultimate customer or user.

The following lists of documents are the legal texts which are ruling and guiding the procurement system of the country at federal level.

- Federal government public procurement and property administration proclamations 649/2009
- Federal public procurement directive ,2010
- Procurement manual ,2011
- Standard bidding documents 2006 and 2011
- Standard forms and templates.

## **1.2. Statement of Problem**

More than 60 percent of annual budget goes to procuring public goods and services according to the Ethiopian Procurement and Property Administration Agency (PPA) report. Efficiently and effectively handling this size of procurement outlay has been a policy and management concern as well as a challenge for governments.

Though public procurement shares 60 percent of the total public spending, it hasn't been given due attention so far in the country particularly in the ministry of education.

In addition, procurement by its very nature deals with issues of law, engineering, Information technology, etc. However, the ministry has few employees which are not trained in these fields. For example the Ethiopian Anti-Corruption Commission and Customs and Revenues Authority have their own lawyers for corruption cases.

Since procurement is consuming considerable budget, its management requires significant attention. Whereas observing the public procurement practice in the ministry it can be realized that the operation needs improvement. The observation made by the researcher in public procurement identifies problems in public bodies are executing unplanned procurement, without market research procuring and setting plans, having weak contract management, giving less attention and consideration to the procurement, less quality procurement for the users, highly cumbersome and bureaucratic producers for the experts, lack of training to the staff of the procurement and less awareness of the procurement endorsing committee and also poor record management.

World bank in its Equipment Procurement Management Module 3, (2009) states that experience in public procurement has shown in many cases that increased in cost and delays in can be attributed to lack of familiarity with procurement system and procedure of the funding agencies combined with in adequate command of the essential day by day business skill needed to manage the international and national public procurement operation.

More generally and independently from sources of financing either national budget or external resources, public procurement is affected by the weakness and in efficiency of the country public procurement practice and the lack of training of the responsible officers.

Hence, to solve the problems identified above a research is needed to examine public procurement in the federal Ministry of Education.

This study was motivated by desire to come up with feasible recommendation of the problems being faced.

### **1.3. Research question**

The following basic research questions were raised and attempt was made to answer.

- Are the procurements records handled by MOE relevant?
- Is the procurement service process effective and efficient?
- Does the MOE have the appropriate skilled and trained workforce for performing its functions

### **1.4. Objective of the Study**

#### **1.4.1. General Objective of the Study**

The general objective of the study is to examine the practices of the public procurement service operations of the federal Ministry of Education.

#### **1.4.2. Specific Objective of the Study**

- To identify the lists of procurement records of MOE and assess their relevance
- To examine the effectiveness and efficiency of procurement service operation process at MOE
- To assess the procurement work force qualification and relevance

### **1.5. Scope of the study**

This study was intended to examine the public procurement practice service at the Federal ministry of education main office. Procurements of a public body from another public body for the provision of goods, works, consultancy or other services are not examined in this study.

In addition this research was focused on NCB and ICB procurement methods and was limited to the year 2003 up to 2005 E.C.

### **1.6. limitation of the study**

Lack of textbooks and previous researches in the area of public procurement was one of the major pitfalls in this research. In addition, lack of finance was the major limitation of this study which hinders the researcher from an in depth investigation of the issue. Further, busyness of the key informant groups has forced the researcher to cancel lots of appointments and it took longer than expected time for the completion of the research.

### **1.7. significance of the study**

The findings of the study might be useful for the MOE to know about public procurement practice and as a result the institution would be able to take corrective actions on those issues which need improvement.

For other researchers to identify the gaps so that may need further research and this thesis can be used also as a reference.

This research can serve as an inspiring board for those supporters and credit providers who want to undertake further insight in this area.

It can be an input for the public procurement and property administration agency for the upcoming reforms in the public procurement practice of the country and for the Ethiopian World Bank country office to understand the practices of the ministry procurement so as to give support accordingly.

### **1.8. Organization of the Paper**

This paper is organized in five chapters. Chapter one contains background of the study, statement of the problems, research questions and objectives of the study, scope of the study, limitation of the study, significance of the study and finally the organization of the paper.

Chapter two discusses the opinions, findings from different authors, publications and all possible sources as a basis of foundation for this research. It is divided into definition of the key variables and other parts according to the research questions.

Chapter three shows a description of research design, study population, sampling design which will include the sampling method, sampling procedure and sample size, sources of data collection and data collection methods.

Chapter four deals the data presentation and analysis. Finally the fifth chapter deals with the summaries of key findings, concluding remarks and recommendations suggested for solving the problem.

## Chapter Two

### 2. Related Literature Review

#### 2.1. Definition of public procurement

Dobler and Burt (1998) defined procurement as “...the acquisition, whether under formal contract or otherwise, of goods, services and works from third parties by contracting authorities.” In addition, Adotévi (2009) defined procurement as: “the activity of assessing, buying and receiving goods, works and services.”

Thai (2009), quoting the United Nations definition defined public procurement as an “overall process of acquiring goods, civil works and services which includes all functions from the identification of needs, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration through the end of a services’ contract or the useful life of an asset.”

According to the new Public Procurement Proclamation (No 649/2009), procurement means “obtaining goods, works, consultancy or other services through purchasing, hiring or obtaining by any other contractual means.”

Public procurement is public whenever this process is performed by public organizations or whenever it is performed on their behalf or again funded by public organizations (Jones, 2002, Musanzikwa, 2013). The process of procuring starts with the definition of what is to be procured (goods, services and/or works, quality), then is followed by how it should be etc...), then proceeds to perform the act of procuring that is finalized by a contract or an order, followed by a delivery and the subsequent payments to the supplier. Performance is defined by how “well” this process is conducted and how “good” the outcome is.

From the above definitions it is understood that public procurement is a practice of acquiring goods and services by using public funds through applying government legislatives.

## **2.2. Public procurement: - a historical genesis**

According to Thai (2001), Public procurement has a long history written on a red clay tablet found in Syria, the earliest procurement order dates from between 2400 and 2800 B.C. The order was for 50 jars of fragrant smooth oil for 600 small weights in grain. Other evidences of historical procurement includes the development of the silk trade between China and Greek colony in 800 B.C

According to Dobler and Burt (1998), public purchasing possesses a strong historical base in the United States from 1792 when the federal government authorized the Departments of War and Treasury to contract on behalf of the nation. While the intent of Congress was likely to prevent corruption in the letting of government contracts, the authorization also served as an acknowledgement of the profession.

Public procurement in Ethiopia is a recent phenomenon. According to a report prepared by the Ethiopian Procurement and Property Administration Agency, public procurement was started in 1940 EC.

According to Admasu (2009), it was established to procure military equipment's and supplies for soldiers. With the responsibility laid on the Ministry of Finance then procured materials were stored at the Ministry's warehouse.

According to the report, the improved procurement services were started in 1942 EC. In addition to military equipment's, the Ministry of Finance was given the mandate to procure stationeries and cars for organizations which are financed by the regular government budget.

Due to lack of skilled and qualified employees the organization couldn't perform as expected. Due to these and other setbacks an independent agency (Ministry of Public Property Organization and Distribution) were established in 1950 under proclamation NO 19/1950.

This independent agency was responsible to procure and distribute the items, however, didn't last long and dissolved in 1956 for the following reasons: the agency was established without any prior study, there were shortage of capital, absence of qualified and skilled employees,

absence of support and cooperation from other ministries, absence of warehouses for the storage of procured materials.

In 1981, the Provisional Military Government of Socialist Ethiopia issues a financial regulation under the Minister of Finance.

The current Ethiopian government, to ensure that public procurement and property administration, in which a significant amount of public money is invested, is utilized in such a manner as to enable the government derive maximum benefit there from and modernize the administration thereof, has established the Public Procurement and Property Administration Agency under Proclamation \_ 649/2009. Furthermore, a new public procurement directive and manual has been issued.

### 2.3. Key actors in federal public procurement system of Ethiopia

According to the PPPAA No. 649/2009 and FPPD, (2010) public procurement has the following three main actors

**Table a, Key actors in federal public procurement system of Ethiopia**

| S.NO. | Key actors   |
|-------|--|
| 01    | <p><b><i>Public Body / Procuring Entity /</i></b></p> <p>The Public body means any public body which is partly or wholly financed by the federal government budget, higher education institutions and public institutions of like nature.</p> <p><b><i>It has the following lists of bodies within</i></b></p> <p><b>I. Heads of Public bodies</b></p> <p>A head of a Public Body have the duties and responsibilities:-</p> <p>Ensure that the procurement staff and head of the procurement unit of the Public Body have the required educational qualification and experience in the fields relevant to public procurement.</p> <p>Ensure that the procurement staff and head of the procurement unit meet high ethical</p> |

standards.

Ensure that the unit responsible for procurement in the Public Body has the necessary authority and internal system in place to enable it discharges its duties as a team and so on.

## **II. A Procurement Unit**

A procurement unit has the following duties and responsibilities according to federal procurement directive, 2010:-

Identify the procurement need and prepare the procurement plan of the Public Body in accordance with article 8/1 of the procurement Directive; Identify items which are classified by the Agency as common user items which can be purchased through consolidated procurement with needs of other Public Bodies, Prepare and submit to the Procurement Endorsing Committee, bidding documents in collaboration with the procurement initiator; Make corrections to the bidding documents in conformity with the recommendation of the Procurement Endorsing Committee, and so on.

## **III. Procurement endorsing committee**

According to article 7 of public procurement directive, 2010 Procurement Endorsing Committee has the following duties and responsibilities:-

Ensure that the annual procurement plan prepared by the procurement unit of a Public Body takes into account the following points:-

- a) That the identified procurement needs of the Public Body are in harmony with its work program.
- b) That there is no other better alternative to procurement to satisfy each need,
- c) That the procurement plan is prepared in such a way as to enable bulk purchase
- d) That other special requirements arising from the nature of the Public Body are addressed.

Ascertain that the bidding document prepared by the procurement unit satisfies the following requirements:-

- a) That it is in conformity with the standard bidding document prepared by the Agency

|    |  |
|----|--|
|    | <p>for each type of procurement.</p> <p>b) That the technical specification complies with the conditions stipulated in the Proclamation &amp; this Directive.</p> <p>c) That the evaluation criteria are non-discriminatory, transparent and achievable.</p> <p>d) That it contains all the necessary forms and conditions which the proclamation and this directive require to be stated depending on the type of the procurement, and other matters of fundamental importance and so on</p> <p style="text-align: center;"><b>IV. Users/ initiators /and technical experts.</b></p> <p>These peoples are mainly important in requesting needs, approving the demands and preparing technical specification, conducting technique evaluation and inspection during the acceptant of the procured items.</p> |
| 02 | <p><b><i>The regulatory and licensing body</i></b></p> <p>The regulatory body and /or licensing body of any concern regarding public procurement in the county are public procurement and property administration agency. But because of lack experts, it is working with collaboration with other public bodies. Like regarding works procurement with ministry of urban development and housing construction, regarding transport, transport authority and regarding the ICT procurement the ministry of information and communication technology.</p>   |
| 03 | <p><b><i>The business society</i></b></p> <p>The business societies incorporate the domestic (national and small scale and micro enterprise) and international business firms.</p>   |

Source: PPPAA, 2009

## 2.4. Sources of budget and public procurement category in FDRE

**Table b, source of Budget and Public Procurement Category in FDRE**

|   |                                       |   |
|---|---------------------------------------|---|
| In Ethiopia there are four sources of finance for public procurement. These are:                        |                                       |   |
| 01  | <b>Tax collected from the citizen</b> | Each year the federal government allocates budget to different government agencies to enable them to cover their operational and capital expenses in the budget year. These government agencies use part of this allocated many to purchase goods and services. Therefore the main sources of this budget are tax collected from citizens and concerned foreigners by the government.                 |
| 02  | <b>Aid</b>                            | Different international originations, NGOs or donor organization assist the government when it undertakes project s with the aim of alleviating different social and economic problems. These project needs to acquire goods or services for their operations. Thus international and donor organizations may participate or may extend their assistance in effecting foreign or domestic purchasing. |
| 03  | <b>Lone</b>                           | The federal government can borrow money from other governments or international banking institutions such as African development bank, World Bank with the aim of financing major projects. It is possible that part of lone will be spent on purchasing computer ,vehicles ,machinery or other items ,which needs to be important or to be purchased from domestic market .                          |
| 04  | <b>Internal income</b>                | This type of budget sources is happened when the government agencies have its own sources of income like higher education intuitions and government development agencies.   |
| According to PPPAA No. 649/2009 there are four categories of procurement in Ethiopia are the following: |                                       |   |
| <b>S. No.</b>   | <b>Category</b>                       | <b>Explanation</b>  |
| 01  | <b>Goods</b>                          | Mean raw material, products and equipment and commodities in solid, liquid or gaseous form, marketable software and live animals as   |

|    |                            |  |
|----|----------------------------|--|
|    |                            | well as installation, transport, maintenance or similar obligations related to the supply of the goods if their value does not exceed that of the goods themselves   |
| 02 | <b>Services:</b>           | Mean any object of procurement other than works, goods and consultancy services: such as maintenance, security, janitorial, electricity, telecommunication and water supply service.   |
| 03 | <b>Works</b>               | Mean all work associated with the construction, reconstruction, up grading, demolition, repair or renovation of a building road, or structure, as well as services incidental to works, if the value of those services does not exceed that of the works themselves and includes build-own operate build- own-operate-transfer and build operate transfer contracts; |
| 04 | <b>Consultancy Service</b> | Mean a service of an intellectual and advisory nature provided by consultants using their professional skills to study, design and organize specific projects, advice clients, conduct training and transfer knowledge   |

Source: PPPAA, 2009

## 2.5. Public procurement method in FDRE

According to the new PPPAA No. 649/2009 there are six types of procurement methods. They are:

**Table c, selected public Procurement Method in Ethiopia**

| <b>S.NO.</b> | <b>Procurement methods</b>    | <b>Explanation</b>   |
|--------------|-------------------------------|--|
| 01           | <b>Open Bidding/tendering</b> | This method is used where the items are unclassified, simple and straight forward to define. These items range from clothing, foodstuffs, stationery, work Services, repairs, etc. In this case advertisements are placed in the daily papers, notice boards, televisions and the firms are invited to tender. |

|    |                                       |  |
|----|---------------------------------------|--|
| 02 | <b>Two stage bidding /tendering</b>   | Two stage tendering is a method of tendering which involves firstly through a competitive exercise based on outline pricing and quality the identification of a preferred contracting organization; the second stage includes negotiation and working with the preferred contractor in order to arrive at a final price for the scheme             |
| 03 | <b>Restricted bidding / Tendering</b> | This method is used where the goods or services are of a specialized nature or can only be supplied by a limited number of firms. Here the security implications of the procurement are taken into consideration. The firms are identified through a confidential due diligence research by a competent agency such as the user or systems branch. |
| 04 | <b>Request for proposal</b>           | Public bodies may engage in procurement by means of request for proposals when it seeks to obtain consultancy services or contracts for which the component of consultancy services represents more than 50% of the amount of the contract.  |
| 05 | <b>Request for Quotation</b>          | A request for quotation is a document issued when an organization wants to buy something and chooses to make the specifications available to many other companies so they can submit competitive bids.   |
| 06 | <b>Direct Procurement</b>             | This is used where there is no competition due to technical and security reasons or one firm can only supply the goods or services. Direct procurement can also be used in the event of a national emergency or disaster   |

Source: PPPAA, 2009 and 2010

## 2.6. Principles of public procurement

According to PPPAA No. 649/2009 article 5 the main public procurement principles are:

- 1/ Ensure **value for money** in the use of public fund for procurement.
- 2/ **Non discrimination** among candidates on grounds of nationality or any other criteria not having to do with their qualification, except in cases of preference specifically provided for in this Proclamation;
- 3/ **Transparency and Fairness** of the criteria on the basis of which decisions are given in public procurement as well as of decisions for each procurement;
- 4/ **Accountability** for decisions made and measures taken with regard to public procurement and property administration;

According to Thai (2009), the principal hallmarks of proficient public procurement are:

**Economy:** Procurement is a purchasing activity whose purpose is to give the purchaser best value for money. Value may imply more than just price, for example, since quality issues also need to be addressed. Moreover, lowest initial price may not equate to lowest cost over the operating life of the item procured. But the basic point is the same: the ultimate purpose of sound procurement is to obtain maximum value for money.

**Efficiency:** The best public procurement is simple and swift, producing positive results without protracted delays. In addition, efficiency implies practicality, especially in terms of compatibility with the administrative resources and professional capabilities of the purchasing entity and its procurement personnel.

**Fairness:** Good procurement is impartial, consistent, and therefore reliable. It offers all interested contractors, suppliers and consultants a level playing field on which to compete and thereby, directly expands the purchaser's options and opportunities.

**Transparency:** Good procurement establishes and then maintains rules and procedures that are accessible and unambiguous. It is not only fair, but it is seen to be fair.

**Accountability and Ethical Standards:** Good procurement holds its practitioners responsible for enforcing and obeying the rules. It makes them subject to challenge and to

sanction, if appropriate, for neglecting or bending those rules. Accountability is at once a key inducement to individual and institutional probity, a key deterrent to collusion and corruption, and a key prerequisite for procurement credibility.

## **2.7. Public Procurement Workforce**

According to an OECD (2006) report, a sound procurement system has to have a competent professional workforce equipped with defined skills and knowledge for specified procurement jobs. The procurement workforce permeates virtually every effort within an organization, including successfully acquiring goods and services and executing and monitoring contracts. Unfortunately, public procurement has been a neglected area of education. Thus, public procurement personnel are mostly on-the-job training or from law schools. Thus, it is a challenging task for organizations to choose the right staff in the right numbers applying skills where needed to accomplish the mission effectively. Creating a procurement workforce with the right skills and capabilities can be a challenge, given changes to procurement processes, the introduction or expansion of alternative contracting approaches, and increased reliance on services provided by the private sector.

Thus, governmental entities need to have a comprehensive training program, a comprehensive strategic workforce plan to profile the current staff, and projects staffing needs for the future, to hire, develop, and retain talent.

## **2.8. Procurement process**

The procurement area requires a wide range of standard operating procedures to deal with the normal daily tasks. The large number of items, the large bill volume involved the need for an audit trail, the severe consequence of unsatisfactory performance, and the potential contribution to effective organizational operations inherent in the function are five major reasons for developing a sound procurement system. According to Leenders et al. (1989), and the essential steps in the procurement procedure are;

## **I. Recognition of need**

Any procurement originates with the recognition of a definite by someone in an organization. The person responsible for a particular activity should know what the individual requirements of the unit are: what, how much and when it is needed.

## **II. Accurate description and desired commodity**

No procurements can be expected to buy without knowing exactly what the using departments want. For this reason it is essential to have an accurate description of the need, the article the commodity, or the service which is requested.

## **III. Selection of possible source of supply**

Supplier selection constitutes an important part of the purchasing function and involves the location of qualified sources of supply and assessing the probability that a purchase agreement would result in on time delivery of satisfactory product and needed services before and after the sale.

## **IV. Analysis of bids**

Analysis of the quotes and the selection of the vendor lead to the placing of an order. Since analysis of bids and the selection of the vendor are matters of judgment, it is necessary only to indicate here that they are logical steps in purchasing.

## **V. Preparation of the purchase order**

The placing of an order usually involves preparation of a purchases order form unless the vendor's sales agreement or a release against a blanket order is used instead. Failure to use the proper contract form may result in serious legal complications. Furthermore, the transaction may not be properly recorded.

## **VI. Follow-up and expediting**

After a purchase order has been issued to a vendor, the buyer may wish to follow-up and/or expedite the order. At the time the order is issued, an appropriate follow-up date is indicated.

## **VII. Receipt and inspection of goods**

The proper receipt of materials and other items is of a vital importance. The greater majority of firms have, as a result of experience, centralized all receiving less than one department, the chief exceptions being those large companies with multiple plants.

## **VIII. Clearing the invoices and payment**

Invoices usually arrive before the goods, except on local deliveries, in which case they arrive almost simultaneously with them. Since the invoice constitutes a definite claim against the buyer, it needs to be handled with great care.

## **IX. Maintenance of records**

After having gone through the steps described, all that remains for the disposal of any order is to complete the records of the purchasing department. This operation involves little more than assembling and filing the purchasing department's copies of the documents relating to the order and transferring to appropriate records the information the department may wish to keep.

## CHAPTER THREE

### 3. Research Methodology

This chapter explains the research methodologies used and it covers design of the study, sample size, sampling design and procedure, data sources and type, methods of data collection and methods of data analysis.

#### 3.1. Research Design

The type of research that is employed under this study is descriptive and analytical research designs involving qualitative research. Descriptive research was adopted to describe and analyze the facts and factors related to the public procurement practice

#### 3.2. Study Population and Sample Size

The target populations are 26 persons. These are head of public body, procurement endorsing committee and the procurement staff. The sample was made up of 26 persons; fifteen of them were selected because of their existence in the office and importance for the study. The procedure is stated as follows. Only the staffs available more than years were considered in the study.

**Table 1 Number and type of respondents**

| Category of Respondents                                 | Population | Sample size | Percentage |
|---|------------|-------------|------------|
| The procurement and property administration directorate | 1          | 1           | Census     |
| the procurement head                                    | 1          | 1           | Census     |
| The procurement staff                                   | 14         | 8           | 50%        |
| The procurement endorsing committee                     | 5          | 4           | 80%        |
| The public body heads                                   | 5          | 1           | 20%        |
| Total   | 26         | 15          | N/A        |

Source: survey, 2014

### **3.3. Sampling Design and Procedure**

The sampling procedures used were purposive sampling where respondents who actively and commonly participant to the purpose of the study were selected from three sections of the Ministry of Education. This was done in order to select respondents with the required information.

### **3.4. Data Sources and Types**

The study used Primary Data. Primary data was collected by use of unstructured interview and document review.

### **3.5. Methods of Data Collection**

#### **3.5.1. Interview Method**

The researcher used interviews. Five different types of interview were administered to 15 respondents according to their relevance. This was intended to obtain the required data from the main sources.

#### **3.5.2. Document review Method**

The researcher used document review method so as to compare the interviewee data and the facts on the ground from the year 2003-2005 E.C.

### **3.6. Method of Data Analysis**

Data have been analyzed qualitatively after the relevant data were collected, appropriate data has been selected and the next step was checking and converting the data into formats that is appropriate for analysis. The methods of data analysis employed were qualitative content analysis. Descriptive analysis was employed to analyze data presented in the form of tables. Finally, the data has been presented, summarized and analyzed in order to draw conclusions and foreword recommendations.

## CHAPTER FOUR

### 4. DATA PRESENTATION AND ANALYSIS

Under this chapter the collected data from the interview and document review were summarized and analyzed by qualitative content analysis methods in order to realize the ultimate objectives of the study.

The data collected was categorized, presented and finally analyzed by qualitative content analysis in order to come up with feasible recommendation. Tables were used so as to clearly present the findings.

**Table 2 Planned and executed procurement composition profile 2003-2005 E.C**

| Year | Methods of procurement in numbers |     | Estimated budget in ETB | Estimated budget in USD | Actual cost in ETB | Actual cost in USD |
|------|-----------------------------------|-----|-------------------------|-------------------------|--------------------|--------------------|
| 2003 | ICB                               | 20  | None                    | 139,140,130             | None               | 169,000,000        |
|      | NCB                               | 44  | 294,007,114             | None                    | 300,150,222        | None               |
|      | RFP/RT                            | 4   | 1,345,000               | None                    | 1,816,782          | None               |
|      | RFQ                               | 0   | None                    | None                    | 2,000,000          | None               |
|      | DP                                | 0   | None                    | None                    | 259,199            | None               |
|      | Un planned procurement            | 334 | None                    | None                    | 1,250,000          | None               |
| 2004 | ICB                               | 2   | 6,800,000               | None                    | 5,374,218.75       | None               |
|      | NCB                               | 23  | 93,999,441              | None                    | 101,000,324        | None               |
|      | RFP/RT                            | 8   | 2,756,400               | None                    | Un Procured        | None               |
|      | RFQ                               | 0   | None                    | None                    | 1,700,786          | None               |
|      | DP                                | 0   | None                    | None                    | 345,897            | None               |

|      |                       |     |            |      |            |      |
|------|-----------------------|-----|------------|------|------------|------|
|      | Unplanned procurement | 150 | None       | None | 1,134,005  | None |
| 2005 | ICB                   | 0   | None       | None | None       | None |
|      | NCB                   | 23  | 25,438,418 | None | 29,005,098 | None |
|      | RFP                   | 2   | 3,024,000  | None | 2,909,823  | None |
|      | RFQ                   | 0   | None       | None | None       | None |
|      | DP                    | 0   | None       | None | None       | None |
|      | Unplanned procurement | 140 | None       | None | 1,000,389  | None |

Source, 2003-2005 E.C MOE report

As it is presented from the above table 2 the assessment incorporates a three year time periods. That was from the year 2003 up to that of 2005 Ethiopian calendar. Based on report the total procurement value budgeted and cost respectively presented as follows

**Table 3 the budget and the actual values of procurement**

| Year | Budget                              | Actual                           | Difference                    |
|------|-------------------------------------|----------------------------------|-------------------------------|
| 2003 | ETB 295,351,114 and USD 139,140,130 | ETB 303476203 and USD169,000,000 | ETB8,125,089<br>USD29,859,870 |
| 2004 | ETB 103,355,841                     | ETB107,508,548                   | ETB4,152,707                  |
| 2005 | ETB 28,462,418                      | ETB32,915,318                    | ETB4,452,900                  |

Source, 2003-2005 MOE report

As per Table 2 and 3 regarding in procurement method, value of procurement and procurement plan the following analysis has been done.

## **Procurement methods**

In ministry of education six type of procurement were practices in the last three years. These were International competitive bidding, National competitive bidding. Request for proposal, restrict biding, Request for quotation and direct procurement. So that it is clear that the ministry was applying all procurement methods except two stage bidding process. As far as it is a big organization it is expected to conduct and apply all types of procurement methods.

## **Values of procurement**

With regard to the value and volume of procurement, the national and international procurement takes the highest level. From the above Table 2 and 3 the trend shows that the value of procurement was decreasing from time to time. The main rational behind this was the project called by the name general education quality improvement has come to end during the year 2005.

## **Procurement plan**

With regard to the procurement plan the trend shows that the actual price of procurement and the budgeted amount were not close enough. According to all the respondents there were no market research conducted in the last three years. The value and numbers of unplanned procurement were decreasing from time to time. It was because of the newly modified procurement directive which was enacted during the year 2004 E.C. allows up to 100, 000 ETB than that of 30,000 ETB before. This makes the unplanned procurement to decrease its recurrence.

### **4.1. Assessing Lists of public procurement records and functions**

#### **4.1.1. Pre procurement stage /pre biding stage/ records and functions**

These documents are mostly originated from the procuring entity, aiming to describe what is required to procure.

**Table 4 Pre procurement stage /pre biding stage**

| <b>S.NO</b> |            | <b>Record title</b>        |
|-------------|------------|----------------------------|
| 01          | <b>1.1</b> | Need identification letter |
|             | <b>1.2</b> | purchasing request letter  |

|          |            |  |
|----------|------------|--|
| <b>2</b> | <b>2.1</b> | Drafted annual procurement plan  |
|          | <b>2.2</b> | Request Memo from PPAD to procurement endorsing                        |
|          | <b>2.3</b> | Procurement plan approval memo   |
|          | <b>2.4</b> | Annual procurement plan notification Letter                            |
|          | <b>2.5</b> | General procurement notice (In case of world bank financed project )   |
| <b>3</b> | <b>3.1</b> | Technical specification request letter ,                               |
|          | <b>3.2</b> | Technical specification notification letter                            |
|          | <b>3.3</b> | Technical specification terms of reference and bill of quantity.       |
| <b>4</b> | <b>4.1</b> | Draft bidding document   |
|          | <b>4.2</b> | Draft bidding document approval request Memo                           |
|          | <b>4.3</b> | Bidding document Approval Memo   |
|          | <b>A</b>   | Draft bidding document approval request memo ( in case of world bank ) |
|          | <b>B</b>   | No objection for the bidding document ( in case of world bank )        |
| <b>5</b> | <b>5.1</b> | Estimated Invitation for bid   |
|          | <b>5.2</b> | Payment request notification letter                                    |
|          | <b>5.3</b> | Instruction letter   |
| <b>6</b> | <b>6.1</b> | Bidding document dispatch list Registration form                       |
| <b>7</b> | <b>7.1</b> | question or clarification request letter                               |
|          | <b>7.2</b> | Clarification response letter  |
| <b>8</b> | <b>8.1</b> | Pre bid conference notification letter                                 |
|          | <b>A</b>   | Pre bid meeting attendant Registration form ( in case of world bank )  |
|          | <b>8.2</b> | Minuet of pre bid conference   |
|          | <b>8.3</b> | Pre bidding conference report  |

|          |            |   |
|----------|------------|---|
|          | <b>8.4</b> | modification and amendment approval request memo                                      |
|          | <b>8.5</b> | modification and amendment approval memo  |
|          | <b>8.6</b> | Bid extension notice in any   |
|          | <b>A</b>   | Request for no objection on the clarification and amendment ( in case of world bank ) |
|          | <b>B</b>   | No objection on clarification & modification letter( in case of world bank )          |
|          | <b>8.7</b> | Amendment and modification notification letter  |
|          | <b>8.8</b> | Amendment and modification notification dispatch list registration form               |
| <b>9</b> | <b>9.1</b> | Bid submission registration form  |
|          | <b>9.2</b> | Bid submission conformation sheet   |
|          | <b>9.3</b> | Bid closing sheet   |

Source: survey, 2014

### **Market research**

Regarding Market research Table 7, shows that record prepared by the procurement and analysis by the PPAD to be used as a reference was not included in the procurement record lists. In general according to the respondents there was no market research conducted in the last three years. This clearly shows that the organization annual procurement plan was done without price index and this makes difficult to secure budget and to execute the procurement easily.

### **Procurement plan**

As per 1.1 of Table 7, there is no need of having need identification letters and purchasing request letters as far as there is standard procurement made annually. According to the procurement experts having bulk records in the one procurement process make the task very difficult and complicated. They also suggest that the purchasing request should have to be requested using electronic data exchange mechanisms for those un-standard requirements.

### Technical specification

Most of the technical specification records are prepared by the user department and it is not allied with the public procurement practical principle for example they request product by brand and unacceptable delivery schedule.

### Bidding document

According to the procurement unit head bidding documents are standard for example section 1 and section 7 there is no change needed. So there is no need to copy it sends it to the procurement endorsing committee for review and approval

#### 4.1.2. On Procurement Stage /records and functions

These documents tell mainly how the requirements are sourced from the right supplier.

**Table 5 on procurement stage /bidding stage**

| S.NO |     | Record title  |
|------|-----|---|
| 01   | 1.1 | Bid opening attendance sheet  |
|      | 1.2 | Bid opening checklist   |
|      | 1.3 | Registration form for the procurement team  |
|      | 1.4 | Bid opening minute  |
|      | 1.5 | Bid opening report  |
|      | 1.6 | Notification letter of bid opening report   |
| 2    | 2.1 | Preliminary examination   |
|      | 2.2 | Eligibility documents ( bids submitted by the bidders )                             |
| 3    | 3.1 | Technical evaluation request memo/ technical evaluation committee nomination letter |
|      | 3.2 | Technical proposal ( bids submitted by the bidders )                                |
|      | 3.3 | Technical evaluation report   |

|          |     |   |
|----------|-----|---|
|          | 3.4 | Approval request memo for Technical evaluation report         |
|          | 3.5 | Notification of approval memo for technical evaluation report |
|          | 3.6 | Technical proposal /bid                                       |
|          | 3.7 | Technical evaluation result notification letter               |
|          | 3.8 | Complain letter on the technical evaluation result            |
|          | 3.9 | Responses letter to the complaints                            |
|          | 3.9 | Financial Bids/proposal opening date notification letter      |
| <b>4</b> | 4.1 | Financial Bids/proposal opening attendance sheet              |
|          | 4.2 | Registration form of procurement team                         |
|          | 4.3 | Financial Bids proposals/ opening report                      |
|          | 4.4 | Financial comparison report                                   |
|          | 4.5 | Financial bids  |
| <b>5</b> | 5.1 | General evaluation report.                                    |
|          | 5.2 | General evaluation report Approval request memo               |
|          | 5.3 | General evaluation report Approval memo                       |
|          | 5.4 | Bid award notification letter                                 |
|          | 5.5 | Bid security confiscation letter                              |
|          | 5.6 | Acceptance letter   |
|          | 5.7 | Performance bond  |
|          | 5.8 | Instruction letter  |

Source: own survey, 2014

In these section unnecessary displaying information and also redundancy happened frequently and it is sometimes cumbersome to understand it also to make others understood it. According to

the procurement unit head as if it is not necessary we are expected to do it and strongly he comment that it needs improvement

#### **4.1.3. Post procurement /post bidding/ records and functions**

These documents tell the start and finalization of contract.

**Table 6 post procurement /post bidding/ Stage three**

| <b>S.NO</b> | <b>Record title</b>                                      |
|-------------|--|
| <b>01</b>   | <b>1.1</b> Singing contract document request memo        |
|             | <b>1.2</b> Singed Contract document                      |
|             | <b>1.3</b> Letter of instruction about the contract      |
| <b>02</b>   | <b>2.1</b> Advance payment request letter                |
|             | <b>2.2</b> Advance payment grantee                       |
|             | <b>2.3</b> Advance payment permit notification letter    |
| <b>3</b>    | <b>3.1</b> Request letter for opening letter of credit   |
|             | <b>3.2</b> Application form for letter of credit         |
|             | <b>3.3</b> Foreign exchange application for Imports form |
|             | <b>3.4</b> Singed commercial invoice                     |
|             | <b>3.5</b> Certificate of origin                         |
|             | <b>3.6</b> Packing list                                  |
|             | <b>3.7</b> Bill of loading/ air way bill                 |
|             | <b>3.8</b> Insurance policy                              |
|             | <b>3.9</b> Fright certificate                            |
|             | <b>3.10</b> Vessel certificate                           |
| <b>A</b>    | Forwarding instruction                                   |

|          |             |  |
|----------|-------------|--|
|          | <b>B</b>    | Agency agreement                           |
|          | <b>C</b>    | Gift certificate                           |
| <b>4</b> | <b>4.1</b>  | Request letter of importation              |
|          | <b>4.2</b>  | Response letter for importation permit     |
|          | <b>4.3</b>  | Delegation letter to the supplier          |
|          | <b>4.4</b>  | Clearance and tax assessment               |
|          | <b>4.5</b>  | Budget letter to custom authority          |
|          | <b>4.6</b>  | Request letter for first payment           |
|          | <b>4.7</b>  | Transmittal letter for payment arrangement |
|          | <b>4.8</b>  | Payment request notification letter        |
|          | <b>4.9</b>  | Performance bond reseals letter            |
|          | <b>4.10</b> | Performance bond confiscation letter       |
|          | <b>4.11</b> | Annual Procurement performance report      |

Source: survey, 2014

In general from the above Table 4, 5 and 6 it is understood that the public procurement records are bulky and some of them are unnecessary. According to table 4, 5 and 6, in the first stage 37 records, in stage two 32 and in stage three 30 records were found .from this it is understood that in total 99 documents without redundancy may contain the maximum records to show the end to end of one long procurement.

For more information about the pre on, and post procurement records, their importance and how they are processed see annex 1.

## **4.2. Examining of the public Procurement Process at MOE**

In MOE there are six different types of procurement methods each having particular situation to be applied to put them in a nutshell form (ICB, NCB, RT, RFQ, RFP and DP). Among them the main concern was given only to open tendering process whether it is national or international.

The procurement process practice in MOE involves a set of clearly defined 3 stages, 9 process and 30 main steps,

These stages steps and process are listed as follows.

#### **4.2.1. First stage:-pre bidding process/pre procurement**

##### ***Process 1 annual Procurement planning***

##### **Step 1. Need identification and market survey:**

The procurement unit recognizes need for purchase, when requests are presented and summarizing annual procurement plan set. There was no market surveys conducted in the three years.

##### **Step 2. Verification of purchase requisition:**

the procurement unit head and the team verifies purchase requests by checking whether budget is there for the particular purchase and whether it is necessary to be procured .

##### **Step 3. Preparations summary of items to be purchased:**

The procurement unit prepares list summarizing the items to be procured and conducting the procurement by request for quotation if it is gonging to be conducted by.

##### **Process 2 preparation of biding document**

##### **Step 4. Draft Biding document preparation**

The procurement unit with the Technique people prepares biding document and send the draft biding document to the endorsing committee for approval if the process is under the ministry control. Whereas, if the finance from the World Bank getting no objection from the bank was mandatory.

##### **Process 3 invitations**

##### **Step 5. Advertisement and Invitation for the bid:**

The bid will be announced on Ethiopian herald (if the tender is in English language) and Addis Zemen (if the tender is Amharic language ) and the biding document will be ready for candidates

## **4.2.2. Second stage:-bidding process /on procurement**

### **Process 4 sourcing**

#### **Step 6. Selling bidding document**

This depends on bid floating period accordingly to the nature of the procurement that is based on the complexity, type, of the procurement. Candidates are request to come in person to get the bidding document paying the require amount of money based on the specific procurement notice. There is no way to get the biding document electronically or other means.

#### **Step 7. Modification of the biding document**

Based on requests from candidate or by the knowledge of the ministry people the biding document can be modified before 21days for international 15 days for national procurement. In modification of the biding document getting approval from the endorsing committee and no objection from the World Bank is mandatory. Finally delivering the issued modification or clarification document to all candidates is conducted by the procurement unit. But here there is no system or report mechanism to confirm whether they get all the candidates the necessary documents on time.

#### **Step 8 Bidders shall fill the bid document and return**

The submission of the bids conduct by the bidders to the procurement unit at the place mention in the bidding document and the procurement unit receipt the bids and registering the name and representative of the bidder. But here there is so practice of issuing receipt voucher to the bidders that confirms the submission of the bids proposal.

#### **Step 9 bid opening session**

The bid opening session conducts during the time specified and the place in the bidding document in front of the bidders .any necessary matter read out loudly by the procurement teams to the representatives without break. At the end the procurement team gives chance to listen any comment or unclear ideas happened during the opening session.

## **Process 5 evaluation**

### **Step 10 preparation of bid opening report**

The bid opening report is prepared by the procurement team and delivered to the bidder as soon as possible if it is a world bank financed, whereas if it is government financed there is no practice of delivering the bid opening report to the bidders .

### **Step 11 preparation of preliminary examination**

The preliminary examination is prepared by the procurement team. Preliminary examination is done by the procurement team so as to ensure the eligibility of a bidder. This document is basically used to confirm the legal status of the bidder.

### **Step 12 preparations of Technical evaluation and its approval**

The technical evaluation was conducted by technical people if items are technical like computers and accessories IT experts shall verify the bid document against the specification most of the time from the ministry staff but sometimes because of the lack of expertise in the ministry then out sources the technical evaluation. This technical evaluation report is expected to get approved by the endorsing committee. After approval if it is necessary informing to all qualified and unqualified bidders is applied.

### **Step 13 Comparisons of financial proposals and preparation of general report**

The general report preparation was conducted by the procurement team following the financial comparison.

### **Step 14 Approval of the procurement**

Procurement unit requests approval of the procurement by presenting the necessary document incorporating the opinion of the directorate to the endorsing committee. The endorsing committee examines the report to endorse. And finally the committee can endorse if it finds according to the principle of public procurement if no with strong justification the endorsing committee can reject the request of the approval.

## **Process 6 award**

### **Step 15 Notification of award**

The procurement head prepares the notification of award and notifies the bid result to all successful and unsuccessful bidders.

### **4.2.3. Third Stage: - Post bidding /Post procurement / mostly named as a contract management /**

## **Process 7 signing contract**

### **Step 16. Singing contract agreement with the successful bidder**

Sending the draft contract document by the procurement unit to the successful bidder /s the getting it back after receiving opinions. After receiving letter of acceptance and issuing of performance bond by the bidder contract signature will be conducted by the directorate up to 2 million birr whereas if it above 2 million birr the contract will be signed by the heads of the public body .

### **Step 17. Opening of letter of credit**

If the procurement type is international there is a need of opening the letters of credit by the national , commercial or constricton and business bank as far as the procurement body government body it is mandatory to use only government bank to open letter of credit . if the procurement type is national there is no need to open the letter of credit but to give them any support they may need to conduct the procurement accordingly .

## **Process 8 contract management**

### **Step 18 Receipt of documents through the bank**

Through the bank the procurement unit focal person of the procurement receives documents like shipping document, packing list, and certificates of insurance, certificate of country of origin, commercial invoices and fright invoice from the issuing bank.

### **Step 19 Facilitating Delegation letter to the supplier, Clearance and tax assessment, Budget letter to custom authority**

By the request of the supplier the MOE procurement focal person prepare letters to custom authority. This is done after checking the shipping documents.

### **Step 20 Effecting of payment**

According to the letter of credit and contract document the procurement directorate /head/ notify the bank/ the finance administration directorate to effect the payment based on the documents if there is no any discrepancies in the document but if there is any discrepancies in the document the procurement head may refuse to effect the payment and request to the supplier to amend the document according to the letter of credit and contract document. If the procurement is national according to the contract document condition the payment will be effected.

### **Step 21 Inspection of the items**

The items are subject to inspection most of the time conducted by the technical evaluator's .but there is no as such of writing a report about how was the inspection conducted.

### **Step 22 Issuance of receiving invoice:**

The store keeper issues receiving invoice to the supplier. Mostly suppliers deliver the items and leave without having the receiving invoice since the process of quality check and confirmation for receiving will take a month or more. Which means even though the item is in the store users have to wait for a month or so before collecting the item until receiving invoice is issued and payment effected.

### **Step 23 Delivery of items and submission of model 19**

The supplier delivers the item to final destinations according the contract documents and submits the model 19 that confirms the delivery of the items.

### **Step 24 Request for payment:**

The supplier requests payment to be effected to the procurement unit by attaching the necessary documents like material /item/ issuance recite mostly known as model 19.

### **Step 25 Effecting of final payment**

Procurement head request the payment to finance directorate or to the bank

The final payment is released according the contract agreement.

## **Step 26 Procured items shall be dispatched to users**

The items procured will be dispatched to the final users so as to facilities the main goal of the sector.

## **Step 27 closing of the contract**

After the completion of the contract with satisfaction and without satisfaction

## **Step 28 Release of performance bond**

After contract closing performance bond will be relished

## **Step 29 cancellation of letter credit**

After closing the chapter of the post procurement mainly called the contract management

## **Process 9 recode keeping**

## **Step 30 record management**

The total procurement record is expected to be filed for further reference

## **Analysis on public procurement process in MOE**

Thorough analysis of the procurement process reveals a number of problems. The major problems are presented as follows:

### **Market research**

According to all the interviewee there was no practice of conducting market research so as to make the decision easy and justifiable. In the last three years there was no market research conducted and there was no reasoning provided for not conducting it.

### **Lengthy processes:**

The procurement process involves 30 steps, which are very lengthy some of the steps are redundant and because of this procurements are often delayed and sometimes they can be not procured because of bid validity expires . According to the procurement experts the lengthy process is the main obstacle for not conducting procurement timely. Beyond this according to the public body head the timing and procurements are not allied in the ministry.

### **Lots of decision makers**

Besides the lengthy procurement process, involvement of large number of decision makers delays the process. In a particular open bid procurement process some 6 parities will be involved

out of these 4 are committees each consisting 3 to 5 members. The members are holding the responsibility in the committee as part time duty without any additional benefit or compensation and minimal direct supervision.

A particular procurement shall pass through 7 levels of organizational hierarchy starting from the users or initiators to the finance administration directorate for effecting payment. The involvement of several decision makers, particular in the form of committee with part time members is creating big challenge for timely procurement.

### **Communication gaps**

There exists communication gap among parties involved in the procurement process; this can be explained as follows:

- a. The requesting unit might not clearly state the item required on the purchase requisition letter.
- b. For purchases that experts and technique committee will not be involved (no bid and non-technical purchase) suppliers might deliver different items that users didn't request
- c. Purchaser might purchase different items because they don't have clear understanding of the items requested or they simply assume the item they purchased can substitute the requested one.
- d. There are instances that for the items which are available in the store, purchase requisition are issued and purchases were made, this is because users directly present their purchase requisition to purchasing unit without the consent of the store.
- e. Neither the users who requested for the purchase nor the purchasers who made the order are present when the supplier is delivering the items and this creates loophole for suppliers to cheat
- f. A particular purchase might go back and forward because some information is missing and this will further stretch the already long process.

### **Poor record keeping:**

There are no well-established records for procurement activities. A particular purchase requisition doesn't have serial number and the purchase progress is not recorded this makes expediting difficult and locating a particular purchase requisition among plenty others intricate.

### **Absence of follow up**

There is no systematic way to expedite the procurement process. The users who requested the purchase have to do the expediting by themselves most of the times

Information on the progress of the purchase would not be known since there is no record to refer.

### **Absence of accountability:**

There is no practice that intentional or negligent delay in purchasing would result accountability.

If a particular purchase is taking too long no consequences will follow. As a matter of fact, there are no positive or negative reinforcements to make procurement experts and purchasers more committed to their work.

## **4.3 Examining the procurement staff qualification and relevance**

**Table 7 the main staff required (procurement workforce by MOE)**

| S.N<br>O | Position/ job<br>level    | job title                               | Monthly<br>Salary | Quantity | Education level and field<br>of study  | Experience                             |
|----------|---------------------------|---|-------------------|----------|--|--|
| 01       | Professional<br>science 9 | procurement<br>and property<br>director | 4343              | 1        | BA in accounting,<br>management, economics,<br>procurement and other<br>related field of study | 10 years of<br>experience and<br>above |
| 02       | Professional<br>science 8 | procurement<br>head                     | 4116              | 1        | BA in accounting,<br>management, economics,<br>procurement and other<br>related field of study | 9 years of<br>experience               |
| 03       | Professional<br>science 6 | procurement<br>expert level 3           | 2934              | 2        | BA in accounting,<br>management, economics,<br>procurement and other<br>related field of study | 7 years of<br>experience               |
| 04       | Professional<br>science 4 | procurement<br>expert level 2           | 2500              | 4        | BA in accounting,<br>management, economics,<br>procurement and other<br>related field of study | 5years of<br>experience                |

|    |                        |                            |      |   |  |                       |
|----|------------------------|----------------------------|------|---|--|-----------------------|
| 05 | Professional science 2 | Procurement expert level 1 | 1719 | 6 | BA in accounting, management, economics, procurement and other related field of study      | 2years of experience  |
| 06 | Secretarial science 9  | purchaser                  | 1499 | 2 | Diploma in accounting, management, economics, procurement and other related field of study | 3 years of experience |

Source, Human resource administration directorate file, January 2003 E.C

**Table 8 Support staff of MOE required procurement workforce by MOE**

| S. N O | Position /job title      | Job title | Salary | Quantity | Educational background and field of study | Experience            |
|--------|--------------------------|-----------|--------|----------|---|-----------------------|
| 01     | Secretarial science 9    | Secretary | 1499   | 1        | Diploma in any field of study             | 4 years experience    |
| 02     | Secretarial science 8    | Secretary | 1295   | 2        | 12 complete and certificate               | 2 years of experience |
| 03     | Security and labor force | Messenger | 470    | 1        | Fourth grade complete                     | 0 years of experience |

Source, Human resource administration directorate file, January 2003 E.C

**Table 9 Deployed main and support procurement work force (2003- 2005 E. C.)**

| Year | Sex    | Required Core staff | Required Support staff | Deployed Core staff | Deployed Support staff | Remark                                     |
|------|--------|---------------------|------------------------|---------------------|------------------------|--|
| 2003 | Male   | 16                  | 4                      | 5                   | 1                      | 8 position were vacant from the core staff |
|      | Female |                     |                        | 3                   | 3                      |  |
|      | Total  | 20                  |                        | 8                   | 4                      | 12   |

|      |        |    |   |    |   |  |
|------|--------|----|---|----|---|--|
| 2004 | Male   | 16 | 4 | 7  | 0 | 5 position were vacant from the core staff |
|      | Female |    |   | 4  | 4 |  |
|      | total  | 20 |   | 11 | 4 | 15   |
| 2005 | Male   | 16 | 4 | 6  | 0 | 9 position were vacant from the core staff |
|      | Female |    |   | 1  | 4 |  |
|      | Total  | 20 |   | 7  | 4 | 11   |

Source, survey, 2014

### **Analysis on staff qualification and relevance**

As it can be seen from the above Table 7, 8, 9 this analysis has been made. For the last three year the support staff was fully deployed and the core staff was not fully employed as per the ministry requirement

### **Educational Back ground**

Procurement officials have a verity of back grounds such as accounting, economics, and management. So this indicates procurement as something any one can do and the area is not highly profiled. According to PPAD directorate the attitude give toward procurement is negative. Beyond this those who are graduated by procurement and supply management the area not interested to advance it as it is negatively interpreted by the community. According to the procurement experts government should do so as be given due consideration to the field of study. As a matter of fact procurement is vital for country development in all around.

### **Salary**

According to the procurement unit head and PPAD directorate the procurement unit was over loaded and less played. While the staff is managing huge amount of money the staff salary per month was less and even it is also unfair. According to the public body response the field of the study is not highly profiled by the civil service mister.

According to the procurement experts there was no measure taken to attract and sustain employees in the ministry. That is why there was a highly turn over in the last three years. As it

is presented in table 8 the salary ranges from 1499 to 4300 which in average is less USD 200. By this one can understand that the salary of procurement is very less and unsatisfactory.

### **Experience**

According to PPAD and the endorsing committee the procurement function is staffed with employees having minimal exposure to procurement profession. The practice shows that the principle of purchasing to secure 5R's (that is right quality, right quantity, right sourcing, right price and right timing) is not recognized by almost all levels of decision makers.

According to the public body head and PPAD the basic objective of a particular purchase as stated by the purchasing officials shall be meeting the requirement /needs for performing the educational support mission. This is unclear statement and doesn't show how the 5R's are to be secured.

### **Training**

Even if the staff were taken good training the job performance were not as expected.

According to the PPAD the procurement process involves varies committees including procurement team. Technical evaluation committee and endorsing committee and finally inspection committee most of the members are taking the assignment as part time except the procurement team to their job and almost all of them have very little knowledge in public procurement . Besides this, part time committee members give priority for their primary responsibility and often they miss meetings and delay decisions.

### **Procurement and timing**

According to the PPAD and the procurement staff because of the committee to make important decisions, meetings were been postponed and this will delay the procurement process. For example, after a particular evaluation report to be conducted and to be approved was already takes a month or even more before decision made.

## **Chapter Five**

### **5. Conclusion and Recommendation.**

#### **5.1 Conclusions**

##### **1) On the records and function of public procurement**

- There is no well established record management system in the hands of endorsing committee and in the procurement unit.
- There is no well applied system of transferring files from the procurement unit to the finance administration directories.
- There is no check list in pre, in and post procurement in the procurement unit.
- In general the procurement tracking is poor in the ministry.

##### **2) On the public procurement methods and processes**

- There is no systematic planning the incorporates market research
- Most common and significant problem is the planning of the requirement from the uses side that affects the overall procurement process.
- There is training given in advance for the users and that of the technical evaluation committee in some areas of procurement but it could not able to bring good performers in the operation
- There is no checklist for the endorsing committee prepared by the procurement unit or by the endorsing committee or by both.
- There is no time table to accomplish the activities in the time frame of bid validity.

### **3) On the parts involved in the public procurement process**

- The requirement made by the ministry was not well studied. The positions were not fully assigned by the requirements of the ministry. Even though they made different payments for experts who actually work similar jobs.
- There is misunderstanding among the experts because of their educational background and experience.
- There is no adequate mechanism to ensure accountability in pre-procurement and post procurement.
- There is no well specified and measured task for the parties involved in the procurement.
- There is no position in the unit to handle the contract, transit on behave of the ministry and the procurement staff are paid less and overloaded

## **5.2 Recommendations**

Based on the findings of the study the following recommendation suggested. The recommendations are forwarded in three main areas as follows.

### **1) On the records and function of public procurement**

- Electronic data exchange can help in speeding up its effectiveness can make also less paper in the procurement practice.
- Establishing its own staff and room to handle the procurement records specially the bids proposal (documents submitted by the bidders).
- Giving serial numbers and putting the records chronologically so as to make the procurement records to be assessed and traced easily.

### **2) On the public procurement methods and processes**

- Modernization procurement practices and competitiveness
- Work to adopt electronic procurement system this will help to speed up the performance of public procurement in the sector.
- Ensure the procurement planning is carried out on annual bases executing the procurement also as needed.
- Improve the effectiveness and efficiency of the process
- Putting and having lead time to each procurement methods and developing action plan.

### **3) On the parts involved in the public procurement process**

- Assigning qualified staffs for the procurement unit and for the endorsing committee if it is possible also dissolve the committee and assigning highly qualified procurement professionals to approve the procurement recommended by the procurement unit.
- Strengthen the procurement unit and endorsing committee by delivering timely training and awareness.
- Ensuring the background of the staffs as far as possible from procurement and supplies management
- Developing incentive mechanisms to encourage the good procurement experts.
- Developing human resource management that can allows to the procurement experts to sustain in the office.
- Developing outcome based methodology in the procurement process and avoiding the unnecessary duplication of task in the practice.

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# Appendix

## Appendix I

### List of Interviewees

The following table shows the list of personalities who participated in the interview. It presents the interviewees with their jobs and work experiences.

| S.NO | Title                                       | Persons | Place of work   |
|------|---|---------|---|
| 01   | Public body heads                           | 01      | state minster of general education  |
| 02   | Member of the endorsing committee           | 04      | Adviser to the minster, UNSECO national agency, licensing and relicensing director, directorate and the HIV protection coordination office. |
| 03   | director                                    | 01      | Procurement and property administration directorate   |
| 04   | head  | 01      | Procurement unit  |
| 05   | Procurement expert level one, two and three | 08      | Procurement unit  |

## **Appendix II**

### **Interview questions**

#### **I. Interview Questions Specially Designed to Collect Data from the public body head of MOE.**

My name is Tsigab Assefa , candidate for Masters in marketing Management.. I am doing a research entitled “Public Procurement practice in Ethiopia: the case of federal ministry of education”. I have designed few questions about the public procurement practice in MOE . These questions meant for examining the public procurement practice. I therefore kindly appreciate for your time and I hope your frank and straightforward responses for the following questions.

#### **Thank you in advance!**

1. Would you tell me about the historical background of the MOE?
2. How much money is the MOE spending by public procurement? How much percent this amount this accounts with regards to the total budget of the ministry?
3. How much strategically important is public procurement for MOE?
4. In your opinion, has the MOE public procurement been given due attention as a strategically important sector?
5. What initiates public procurement in MOE?
6. Do stakeholders work together to effect the procurement according to the mission of the ministry?
- 7 what are the main problems in the public procurement in your case?

## **II. Interview Questions Specially Designed to Collect Data from the procurement endorsing committee about the public procurement practice in MOE**

My name is Tsigab Assefa, candidate for Masters in marketing Management. I am doing a research entitled “Public Procurement practice in Ethiopia: the case of federal ministry of education”. I have designed few questions concerning the procurement endorsing committee. These questions meant for examining the roles and public procurement processes handled by the endorsing committee. I therefore kindly appreciate for your time and I hope your frank and straightforward responses for the following questions.

### **Thank you in advance!**

1. What are the main tasks performed by you regarding public procurement in MOE?
2. What are the main records handled by your team?
3. Dose the procurement staff work with you in organized and integrated way?
4. Does the team have the checklist to perform the task as soon as possible?
- 5 what is the main problem in the practice of the endorsing committee?

### **III. Interview Questions Specially Designed to Collect Data regarding the procurement practice from PPAD ,director**

My name is Tsigab Assefa, candidate for Masters in marketing Management. I am doing a research entitled “Public Procurement practice in Ethiopia the case of federal ministry of education”. I have designed few questions concerning the institutional framework of the Ethiopian public procurement. These questions meant for assessing the institution which controls the activities of public procurement at the PPAD. I therefore kindly appreciate for your time and I hope your frank and straightforward responses for the following questions.

#### **Thank you in advance!**

1. How much qualified employees do the MOE have in order to accomplish it duties and responsibilities?
2. Does the MOE train its acquisition workforce on the proclamation and other secondary legislatives? If so how frequently does it take place?
3. What are the challenges in conducting the procurement practice?
4. What is the system regarding the accountability, transparency and that of the responsibility?
5. Do you think that the procurement system is good or otherwise?
6. What are the main responsibilities of PPAD?
7. What are the steps in the procurement process?

#### **IV. Interview Questions Specially Designed To Collect Data from the procurement unit head about the Public Procurement Operations and Practices**

My name is Tsigab Assefa, candidate for Masters in marketing Management. I am doing a research entitled “Public Procurement practice in Ethiopia: the case of federal ministry of education”. I have designed few questions concerning the operations and practices of public procurement. These questions meant for assessing the on ground applications of the procurement process. I therefore kindly appreciate for your time and I hope your frank and straight forward responses for the following questions.

#### **Thank you in advance!**

- 1 How do you understand the relationships you have with users?
- 2 What are the recodes in pre biding stage?
- 3 What are the records in the bidding stage?
- 4 What are the recodes in the post biding stage?
- 5 What activates done by the procurement experts?
- 6 How many kinds of procurement methods do you use?
- 7 What are the participants and their contribution in the public procurement process?

## **V. Interview Questions Specially Designed to Collect Data from procurement expert regarding the public procurement operation and practice**

My name is Tsigab Assefa, candidate for Masters in marketing Management. I am doing a research entitled “Public Procurement practice in Ethiopia: the case of federal ministry of education. I have designed few questions concerning the procurement operation and practice of MOE .These questions meant for assessing of procurement practices at the Federal ministry of education.

I therefore kindly appreciate for your time and I hope your frank and straightforward responses for the following questions.

### **Thank you in advance!**

1. Do you think that you have lists to do according to your job title?
2. What are the main areas that need improvement?
3. Do you tell me the mine and detailed process of the public procurement process?
4. What are the mine records of pre on and post procurements?
5. What are the practices in the procurement methods?
6. Does the office exercise incentive or salary increment, if yes how is the salary and incentive of employee.

## Annex 1

### Pre procurement stage /pre bidding stage

| S.NO | Record title  | Processes by   | Purpose  |
|------|---|--|--|
| 01   | <b><u>1.1</u></b> <b><u>Need identification letter</u></b>                      | Prepared by the Procurement unit head and signed and issued by the PPAD  | To let the users make available their yearly demand. This letter issued by PPAD once in a year   |
|      | <b><u>1.2</u></b> <b><u>purchasing request letter</u></b>                       | Prepared by the user/requester/initiator with or without detail technical specification and delivered to PPAD. With and without request from of PPAD | This document is very important to consolidate annual procurement plan by procurement unit. But also prepared by the demand of the users (mainly if it is urgent requirement) this document is the base and fundamental document for procurement to be made. |
| 2    | <b><u>2.1</u></b> <b><u>Drafted annual procurement plan</u></b>                 | Prepared by the procurement unit, to be reviewed by the endorsing committee and to be approved by the public body heads.                             | To compile and summarized the requisites.  |
|      | <b><u>2.2</u></b> <b><u>Request Memo from PPAD to procurement endorsing</u></b> | Prepared by the procurement unit head and signed and issued by PPAD.   | for review and approval  |
|      | <b><u>2.3</u></b> <b><u>Procurement plan approval</u></b>                       | Prepare by the endorsing committee and the public  | To notify the PPAD and the procurement   |

|   |            |   |   |  |
|---|------------|---|---|--|
|   |            | <u>memo</u>   | body to PPAD  | staff.   |
|   | <u>2.4</u> | <u>Annual procurement plan notification Letter</u>                                    | prepared by procurement unit in collaboration with the users and reviewed by the endorsing committee issued by public body head finally approved by the public body heads | So as to notify the annual procurement plan of the MOE to PPPAA.                                 |
|   | <u>2.5</u> | <u>General procurement notice</u><br><u>(In case of world bank financed project )</u> | Prepared by the procurement specialist and approved by the world band or by the financing agency.   | This document available in projects case so as to notify the upcoming task                       |
| 3 | <u>3.1</u> | <u>Technical specification request letter ,</u>                                       | Prepared by the procurement unit head or by the focal person of the procurement unit  | To request the responsible body to deliver documents of technical specification to be delivered. |
|   | <u>3.2</u> | <u>Technical specification notification letter</u>                                    | issued by users/ beneficiary /initiators /Technical experts/people (mostly from the user section to procurement unit  | To notify the technical requirement of the intended procurement.                                 |
|   | <u>3.3</u> | <u>Technical specification terms of reference and bill of quantity.</u>               | Prepared by the technical experts   | The deliver the detailed technical requirements  |
| 4 | <u>4.1</u> | <u>Draft biding document</u>  | prepared By procurement unit in collaboration with the users .this document only found with endorsing committee   | To be reviewed by PPAD and approved by the endorsing committee                                   |

|          |                   |  |   |   |
|----------|-------------------|--|---|---|
|          | <b><u>4.2</u></b> | <b><u>Draft bidding document approval request Memo</u></b> | Prepared by focal person signed and issued by the PPAD  | To notify the endorsing committee   |
|          | <b><u>4.3</u></b> | <b><u>Biding document Approval Memo</u></b>                | Prepared by the endorsing committee   | To notify the PPAD  |
|          | <b><u>A</u></b>   | <b><u>Draft bidding document approval request memo</u></b> | Prepared by the procurement consultant  | To get confirmation of approval   |
|          | <b><u>B</u></b>   | <b><u>No objection for the biding document</u></b>         | Prepared by the world bank people   | To notify the MOE to proceed accordingly.   |
| <b>5</b> | <b><u>5.1</u></b> | <b><u>Estimated Invitation for bid</u></b>                 | Prepared by the focal person and signed by the PPAD and stamped by the seal of the procuring entity to be estimated and financed. | This document is estimated by the Ethiopian press agency by chance it is very near to the ministry so the focal person or the purchaser can do it. There are options for normal and urgent. If it is normal waiting for ten day maximum is mandatory if it is urgent waiting day maximum is five days. Of this there is also difference in financial arrangement. |
|          | <b><u>5.2</u></b> | <b><u>Payment request notification letter</u></b>          | prepared by the focal person with attaching the estimated invitation for bid and issued by PPAD                                   | This letter is made to effect payment to Ethiopian press agency for the advertisement according to the estimation they  |

|          |                   |   |  |   |
|----------|-------------------|---|--|---|
|          |                   |   |  | made.   |
|          | <b><u>5.3</u></b> | <b><u>Instruction letter</u></b>                              | Prepared and signed by the procurement expert  | This document gives direction payment to be made by the candidates in the finance directorate.  |
| <b>6</b> | <b><u>6.1</u></b> | <b><u>Biding document dispatch list Registration form</u></b> | Prepared by the focal person and with collaboration of the procurement staff the selling of documents will be done until the official dead line of the bid happen. | To have the records of the applicant/ candidates.   |
| <b>7</b> | <b><u>7.1</u></b> | <b><u>question or clarification request letter</u></b>        | issued by candidate or public body based on the biding document  | This is to get clear idea about the requirements items and procedures regarding the procurement.  |
|          | <b><u>7.2</u></b> | <b><u>Clarification response letter</u></b>                   | Prepared by the focal person in collaboration with the procurement unit Issued by the PPAD to bidders  | To let candidates and applicants inform the unclear question.   |
| <b>8</b> | <b><u>8.1</u></b> | <b><u>Pre bid conference notification letter</u></b>          | Prepared by focal person issued by PPAD ( as per the biding document )   | To notify the candidates where and when the pre biding is conducted and clarify issues and amendments made by issues posed in the meeting |
|          |                   | <b><u>Pre bid meeting attendant</u></b>                       | Prepared and issued by focal person and  | To have the list of   |

|            |  |   |   |
|------------|--|---|---|
|            | <b><u>Registration form</u></b>  | attendants fill name and their address  | the attendants.   |
| <b>8.2</b> | <b><u>Minuet of pre bid conference</u></b>                                       | prepared by the procurement unit  | To have the record of the pre bidding conference.                                       |
| <b>8.3</b> | <b><u>Pre bidding conference report</u></b>                                      | prepared by the procurement unit signed and issued by the PPAD                        | To notify the candidate or applicants what kind amendment has been made by the meeting. |
| <b>8.4</b> | <b><u>modification and amendment approval request memo</u></b>                   | Prepared by the focal person and issued by the PPAD                                   | To notify and request for approval the endorsing committee                              |
| <b>8.5</b> | <b><u>modification and amendment approval memo</u></b>                           | Prepared by the procurement endorsing committee                                       | To notify the PPAD.   |
| <b>8.6</b> | <b><u>Bid extension notice in any</u></b>  | Prepared by the focal person and issued by the by PPAD                                | To notify the candidates the bid extension  |
| <b>A</b>   | <b><u>Request for no objection on the clarification and amendment</u></b>        | Prepared by the procurement specialist  | To request the no objection from the bank   |
| <b>B</b>   | <b><u>No objection on clarification and modification letter</u></b>              | Prepared by the world bank people   | To notify the MOE and proceed accordingly   |
| <b>8.7</b> | <b><u>Amendment and modification notification letter</u></b>                     | Prepared by the focal person and reviewed by the procurement unit and issued by PPAD. | To notify all the candidates the amendment made by the procuring entity.                |
| <b>8.8</b> | <b><u>Amendment and modification notification dispatch list registration</u></b> | Prepared by the focal person.   | To have the list of candidate who took the amendment and                                |

|   |     |  |  |  |
|---|-----|--|--|--|
|   |     | <u>form</u>                              |  | modification.  |
| 9 | 9.1 | <u>Bid submission registration form</u>  | Prepared by the focal person                                     | To have the list of bidders.   |
|   | 9.2 | <u>Bid submission conformation sheet</u> | Prepared for bidders issued by focal person                      | To the bidders to confirm the submission of the bid  |
|   | 9.3 | <u>Bid closing sheet</u>                 | Prepared by the focal person and signed by the procurement unit. | ( only this record serves for about 30 minute long whether it will be putted in the bid box or in the door of the bid opening room ) the main purpose of this document is to witness that no additional late bids was no included in the procurement process . |

Source: survey, 2014

**on procurement stage /biding stage**

| S.NO |     | Record title                        | Processed by  | Purpose  |
|------|-----|-------------------------------------|---|--|
| 01   | 1.1 | <u>Bid opening attendance sheet</u> | issued by the focal person  | To have the lists of bid attendants                            |
|      | 1.2 | <u>Bid opening checklist</u>        | Issued by the focal person followed by the members of the procurement team. | To have the main pointes remembered at the time of bid opening |

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|          | <b><u>1.3</u></b> | <b><u>Registration form for the procurement team</u></b> | Issued by the chair man of the procurement team.   | That helps to confirm the presence of the staff during bid opening session   |
|          | <b><u>1.4</u></b> | <b><u>Bid opening minute</u></b>                         | Prepared by the procurement team most of the time drafted manually or in computer and presented to the bidders representative using LCD.   | This is written English and in Amharic languages to be served as a basic data for feather evaluation and examination |
|          | <b><u>1.5</u></b> | <b><u>Bid opening report</u></b>                         | Prepared by the procurement team the main difference between the bid opening minute is that it will not be forward to the bidders whereas the bid opening report will be forwarded to all bidders. | To be deliver to all bidders   |
|          | <b><u>1.6</u></b> | <b><u>Notification letter of bid opening report</u></b>  | prepared by the focal person and issued by the PPAD  | The covering letter to the bid opening report  |
| <b>2</b> | <b><u>2.1</u></b> | <b><u>Preliminary examination</u></b>                    | Prepared by the procurement team according to the PPPAA form and template.   | To confirm the eligibility of the bidder   |
|          | <b><u>2.2</u></b> | <b><u>Eligibility documents</u></b>                      | Submitted by the bidder containing different confirmation regarding the preliminary  | To confirm the legal issues of the bidder  |

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| 3 | <b><u>3.1</u></b> | <b><u>Technical evaluation request memo/ technical evaluation committee nomination letter</u></b> | Issued by PPAD to users, initiators or to the assigned technical evaluation committee by the heads of the public body or by the authorized PPAD. | To inform and request the responsible body to conduct the technical evaluation          |
|   | <b><u>3.2</u></b> | <b><u>Technical evaluation report</u></b>   | Conducted by technical people and issued by the users head to PPAD for approval to the endorsing committee.                                      | To verify the qualification of the procured item  |
|   | <b><u>3.3</u></b> | <b><u>Approval request memo for Technical evaluation report</u></b>                               | Prepared by the focal person and issued by PPAD to procurement endorsing committee.  | To notify the endorsing committee for their approval                                    |
|   | <b><u>3.4</u></b> | <b><u>Notification of approval memo for technical evaluation report</u></b>                       | issued by procurement endorsing committee to PPAD  | To notify the procurement unit the approved it or not                                   |
|   | <b><u>3.5</u></b> | <b><u>Technical proposal /bid</u></b>   | Issued by the bidder mostly presented as explained in words and drawings sometimes in sample.  | To notify the quality of the requirement by fitting the demand of the procuring entity. |
|   | <b><u>3.6</u></b> | <b><u>Technical evaluation result notification letter</u></b>                                     | is prepared by the focal person and issued by PPAD to all bidders  | To notify the bidders regarding the technical evaluation                                |
|   | <b><u>3.7</u></b> | <b><u>Complain letter on the technical evaluation result</u></b>                                  | Prepared and issued by bidder to public body head.   | To inform the public body heads regarding the technical evaluation                      |
|   | <b><u>3.8</u></b> | <b><u>Responses letter to the</u></b>   | issued by PPAD with  | To respond the  |

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|          |                   | <b><u>complaints</u></b>   | collaboration and advice of the public body heads   | clarification or amendment question.  |
|          | <b><u>3.9</u></b> | <b><u>Financial Bids/proposal opening date notification letter</u></b> | issued by the PPAD  | To notify the qualified bidder to attend the financial bid opening session                        |
| <b>4</b> | <b><u>4.1</u></b> | <b><u>Financial Bids/proposal opening attendance sheet</u></b>         | issued by the focal person  | To the attendants list during financial bid opening session                                       |
|          | <b><u>4.2</u></b> | <b><u>Registration form of procurement team</u></b>                    | that helps to conform the presence of the staff during financial bid opening session issued by the chair man of the procurement | To have the list of the team during the financial bid opening                                     |
|          | <b><u>4.3</u></b> | <b><u>Financial Bids proposals/ opening report</u></b>                 | prepared by the procurement team  | To show the compiled documents<br><br>Regarding price of the bid.                                 |
|          | <b><u>4.4</u></b> | <b><u>Financial comparison report</u></b>                              | issued by the procurement team  | To confirm the financial matters regarding the bids.  |
|          | <b><u>4.5</u></b> | <b><u>Financial bids</u></b>   | Issued by the bidder to tell the overall total bid price  | Helps to conduct the financial comparison e then it the based to do the finalization of the bids. |
| <b>5</b> | <b><u>5.1</u></b> | <b><u>General evaluation report.</u></b>                               | prepared by the procurement team and reviewed by the PPAD   | To put the proposal for final decision of the bid.  |
|          | <b><u>5.2</u></b> | <b><u>General evaluation report Approval request memo</u></b>          | prepared by the focal person and issued by the PPAD to the endorsing  | To notify the procurement endorsing committee   |

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|                   |   | committee   | for the approval of the general evaluation report.  |
| <b><u>5.3</u></b> | <b><u>General evaluation report Approval memo</u></b> | issued by the endorsing committee to PPAD                     | To notify the PPAD and the procurement unit   |
| <b><u>5.4</u></b> | <b><u>Bid award notification letter</u></b>           | issued by the PPAD to all successful and unsuccessful bidders | To notify the total result of the bid   |
| <b><u>5.5</u></b> | <b><u>Bid security confiscation letter</u></b>        | Prepared by the focal person and issued by the PPAD           | To save the money that takes place for the process of the tender. Basically this happen to the bidders who withdraw at the time of bid validity and those who refuse to sign the contract document. |
| <b><u>5.6</u></b> | <b><u>Acceptance letter</u></b>                       | issued by the successful bidder and delivered to the PPAD     | to notify the public body that the bidder is agreed to sign a contract with the public body   |
| <b><u>5.7</u></b> | <b><u>Performance bond</u></b>                        | Prepared by banks and issued by the winner.                   | To assure the completion of the contract if not for the purpose of compensation   |
| <b><u>5.8</u></b> | <b><u>Instruction letter</u></b>                      | Prepared by the procurement head and signed by the PPAD       | To notify and instruct the contract with whom are going to conduct the  |

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|  |  |  |  | assignment |
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**post procurement /post bidding/ Stage three**

| S.NO |            | Record title                                    | Processed by   | Purpose   |
|------|------------|---|--|---|
| 01   | <u>1.1</u> | <u>Singing contract document request memo</u>   | Prepared by the focal person and signed by the PPAD if it is the contract value is above two million Ethiopian birr. | To inform the public body head to sing the contract document.   |
|      | <u>1.2</u> | <u>Singed Contract document</u>                 | Issued by the focal person and verified by the contractor and the responsible public body and signed by both party.  | To serve as a main legal document to pursue the intended performance.   |
|      | <u>1.3</u> | <u>Letter of instruction about the contract</u> | Prepared by the procurement unit head and issued by the PPAD   | That helps to notify the contractor/supplier/consultant /service provider to start officially the work and to be receiving the singed contract document official. |
| 02   | <u>2.1</u> | <u>Advance payment request letter</u>           | Prepared by the contractor based on the contract document and delivered to the PPAD                                  | To get allowance of advance payment   |
|      | <u>2.2</u> | <u>Advance payment grantee</u>                  | Prepared by any bank by the request of the contractor to the PPAD  | .to have grantee for the payment that is going to be made by the procurement  |

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|          |                   |   |  | entity  |
|          | <b><u>2.3</u></b> | <b><u>Advance payment permit notification letter</u></b>    | Prepared by the focal person and issued by the PPAD  | To notify the contractor  |
| <b>3</b> | <b><u>3.1</u></b> | <b><u>Request letter for opening letter of credit</u></b>   | Issued by the focal person and signed by finance administration directorate with collaboration of the minister or state minister to the authorize bank. Mostly construction and business bank.   | To request the permit from the bank   |
|          | <b><u>3.2</u></b> | <b><u>Application form for letter of credit</u></b>         | Filled by the focal person according to the contract document finally verified and signed by PPAD in collaboration with the minister or state minister.  | To notify the bank  |
|          | <b><u>3.3</u></b> | <b><u>Foreign exchange application for Imports form</u></b> | filled by the focal person according to the contract document finally verified and signed by PPAD in collaboration with the minister or the state minister. In five copy one is original ,second is for import control copy, third is for fill copy and finally two customs copy(duplicated) . | To request the bank so as to allow the public body by confirming there is no delinquent list in track record of the bank. |
|          | <b><u>3.4</u></b> | <b><u>Singed commercial invoice</u></b>                     | Issued by the chamber of commerce or competent   | To notify the bank and public body  |

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|  |                    |   | authority as per the Performa invoice.  | the delivered goods based on the perform invoice                       |
|  | <b><u>3.5</u></b>  | <b><u>Certificate of origin</u></b>         | Issued by the chamber of commerce or competent authority as per the Performa invoice.                                   | To notify the suppliers products are delivered and produced country    |
|  | <b><u>3.6</u></b>  | <b><u>Packing list</u></b>                  | Issued by the supplier and confirmed by the chamber of commerce   | To notify the list of pack items.                                      |
|  | <b><u>3.7</u></b>  | <b><u>Bill of loading/ air way bill</u></b> | Issued by the shipping company  | To verify and notify the shipped items in sea.                         |
|  | <b><u>3.8</u></b>  | <b><u>Insurance policy</u></b>              | the at helps to confirm the presence of the staff during bid opening session issued by the chair man of the procurement | To confirm that the shipment is insured.                               |
|  | <b><u>3.9</u></b>  | <b><u>Fright certificate</u></b>            | prepared by the supplier and verified by the chamber of commerce  | To notify the shipment of the goods                                    |
|  | <b><u>3.10</u></b> | <b><u>Vessel certificate</u></b>            |   |  |
|  | <b><u>A</u></b>    | <b><u>Forwarding instruction</u></b>        | Is prepared and fill by the focal person and singed and issued by PPAD  | To instruct the public body the transistor in case of government order |
|  | <b><u>B</u></b>    | <b><u>Agency agreement</u></b>              | It is prepared by the agency to be signed by  | To show the commitment of the public body to the                       |

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|          |                   |  | the PPAD  | agency to do the job according the contract agreement         |
|          | <b><u>C</u></b>   | <b><u>Gift certificate</u></b>                       | Prepared by the gift provider   | To notify the goods are not procured but given as gift.       |
| <b>4</b> | <b><u>4.1</u></b> | <b><u>Request letter of importation</u></b>          | issued by the focal person and signed by PPAD to MOFED  | So as to get importation permit                               |
|          | <b><u>4.2</u></b> | <b><u>Response letter for importation permit</u></b> | Issued by MOFED to concerned parties and MOE .  | To notify the permit ion for importation                      |
|          | <b><u>4.3</u></b> | <b><u>Delegation letter to the supplier</u></b>      | issued by the supplier and requested to PPAD so as to write delegation letter to the agent of the supplier or to the transistor to facilitate the process accordingly | Support letter so as to clear the goods.                      |
|          | <b><u>4.4</u></b> | <b><u>Clearance and tax assessment</u></b>           | Issued by MOFED to concerned parties and MOE .  | To confirm and check the exact figure of the required payment |
|          | <b><u>4.5</u></b> | <b><u>Budget letter to custom authority</u></b>      | prepared by the procurement team  | To pay the taxes  |
|          | <b><u>4.6</u></b> | <b><u>Request letter for first payment</u></b>       | Issued by the supplier and transferred to PPAD to effect first payment according to the documents received from the bank.   | To request first payment                                      |
|          | <b><u>4.7</u></b> | <b><u>Transmittal letter fro payment</u></b>         | Prepared by the   | To deliver the  |

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|                    | <b><u>arrangement</u></b>                           | procurement expert and reviewed by the procurement unit head and signed by the PPAD | procurement document in advance to the finance administration directorate so as to make advance preparation. |
| <b><u>4.8</u></b>  | <b><u>Payment request notification letter</u></b>   | Prepare by the supplier it could be with or without completion document             | To notify payment request  |
| <b><u>4.9</u></b>  | <b><u>Performance bond reseals letter</u></b>       | Prepared by the procurement focal person signed and issued by the PPAD .            | to notify the bank who is in charge  |
| <b><u>4.10</u></b> | <b><u>Performance bond confiscation letter</u></b>  | Prepared by the focal person and issued by the PPAD                                 | To save the loss or damages happen by the capacity or inefficiency of the supplier.                          |
| <b><u>4.11</u></b> | <b><u>Annual Procurement performance report</u></b> | Prepared by the procurement unit and signed and issued by the PPAD                  | To notify the concerned parties from the ministry and to deliver data to PPPAA                               |

Source: survey, 2014

