



**THE INFLUENCING FACTORS OF FRAMEWORK AGREEMENT EFFECTIVENESS
IN PUBLIC PROCUREMENT AND PROPERTY DISPOSAL SERVICE, ETHIOPIA**

BY

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CANDIDATE’S DECLARATION

I do hereby declare to the senate of Addis Ababa University School of Commerce that the work which is being presented in this thesis entitled ‘THE INFLUENCING FACTORS OF FRAMEWORK AGREEMENT EFFECTIVENESS IN FEDERAL PUBLIC PROCUREMENT AND PROPERTY DISPOSAL SERVICE, ETHIOPIA’ with the guidance and support of the research advisor, is my own original work, that it has not been submitted partially; or in full, by any other person for an award of a degree in any other university or institution and that all sources of material used for the thesis have been duly acknowledged.

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APPROVAL

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ACRONYMS AND ABBREVIATION

FA	Framework Agreement
FDRE	Federal Democratic Republic of Ethiopia
GDP	Gross Domestic product
ICB	International Competitive Bid
MoFED	Minister of Finance and Economic Development
NCB	National Competitive Bid
OECD	Organization for Economic Cooperation and Development
PPPAA	Public Procurement and Property Administration Agency
PPPDS	Public Procurement and Property Disposal Service
SBD	Standard Bid Document
SPSS	Statistical Package for Social Science

ABSTRACT

Framework agreement type of Procurement has increasingly become very important in both developed and developing countries like Ethiopian. Despite its importance, limited research has been undertaken to assess framework agreement effectiveness in public procurement in Ethiopia. Inefficient procurement process, and inefficient contract administration, late submission of procurement plan, shortage of foreign currency, and low financial capacity of suppliers', late delivery and late payment are the manifestation of framework agreement in PPPDS. This study aimed to ascertain the determinants of framework agreement in public procurement a case of Public Procurement and Property Disposal Service. Specifically the study sought to establish the impact of factors that affects framework agreement effectiveness; ascertain the influence of suppliers' performance execution, suppliers' capacity, public bodies' procurement plan and information communication technology affects framework agreement effectiveness. The study was conducted through both descriptive and inferential research design. The study employed purposive and simple random sampling to select the sample and sample elements. This resulted to a sample size of 118 respondents. A structured questionnaire and interview as a data collection instrument was used. The data analysis was conducted through descriptive, correlation and multiple regression statistical technique using SPSS version 23. Data which is collected through interview was analyzed by thematic analyses. Findings indicate that suppliers' performance execution, suppliers' capacity, public bodies' procurement plan & ICT utilization have significant impact on framework agreement effectiveness. From the study conclusions are made. First the model depicts that supplier's performance execution accounts for 23.9% of variations in framework agreement, second suppliers' capacity accounts for 28.3%, third, public bodies' procurement plan accounts for 26.9 % and lastly ICT utilization accounts for 18.2% of variations in framework agreement effectiveness. Based on the findings, the study recommends PPPDS should adopt information communication technology, monitor and evaluate suppliers' capacity and performance execution in framework agreement; public bodies particularly heads of public bodies should give attention for procurement plan and procurement expert empowerment and suppliers also should bounce consideration on their performance execution and capacity to play their role for the effectiveness of framework agreement.

Key Words: Framework Agreement, Common user items, PPPDS, suppliers' performance execution, suppliers' capacity, procurement plan, ICT utilization

CHAPTER ONE

1.1 Background of the Study

Public expenditure is a key policy tool, and good procurement practices are a major determinant of its effectiveness. On behalf of their citizens, governments typically spend between 5% and 20% of their gross domestic product (GDP) on the procurement of goods, services, and civil works, and a difference between effective and less effective procurement policies that implies savings of even 1% of gross domestic product represents a significant part of government budgets, (World Bank, 2012).

Public procurement accounts for 15-30% of the gross domestic products (GDP) for many countries in the world (United Nations Office on Drugs and Crimes (UNDOC), 2013). While public procurement represents an estimated 15% of GDP in Organization for Economic Co-operation and Development (OECD), countries and up to 25% of GDP in developing countries (OECD, 2007); studies have shown that 70 percent of the public budget goes for procurement purposes in sub Saharan countries (Abebe, n.d). Ethiopia also spends more than 60 percent of public expenditures for procurement of goods and services (Tesfahun, 2011). This implies that a large amount of money is spent by the government every year to purchase goods, services and works.

Public procurement is the process of the acquisition, usually by means of a contractual arrangement after public competition, of goods, services, works and other supplies by the public entity using public fund (MoFED, 2010).

According to (PPPAA, 2011) Public Procurement and Property Administration Agency competent public procurement is basically characterized by value for money that consists of economy, efficiency, and effectiveness; nondiscrimination (fairness), transparency, and accountability and ethical standards.

According to Public Procurement and Property Administration Agency (PPPAA, 2011 pp. 2) Framework Agreement means a basic agreement with supplier which sets out terms and conditions that allow public bodies to order goods or services throughout the term of the agreement under the terms and conditions specified in that framework agreement (i.e. it provides

a mechanism for calling off purchase orders from a catalogue of goods or services as and when public body needs to buy something within the scope established for the Framework Agreement). A Framework Agreement sets out the terms and conditions for subsequent call-off contracts but places no obligations on the public body to place future purchase orders, does not require or obligate public body to issue any minimum number or value of purchase orders, and does not guarantee any minimum or maximum amount of expenditure under the Framework Agreement. There is no funding obligated by this Framework Agreement and no claims for payment may be made by the Supplier directly against the Framework Agreement. Issuance of purchase orders to obtain the supplier's goods or services hereunder is wholly within the discretion of public bodies and nothing herein shall be construed to limit public bodies' use of other Suppliers to supply similar goods or services

Frameworks agreements aggregate in one initial stage a large part of the administrative burden of a procurement process. This would be expected to lead to significant cost savings, particularly if the number of subsequent contracts within the framework is high. Framework contracts have lower costs than any other form of procurement and the savings are found both for authorities and for firms. They also perform better compared to other forms of procurement in terms of the number of bids that they attract. This, however, should be balanced against the much lower level of competition that will exist at the time of each contract under the framework.

According to the manual on the use of framework agreement (FA manual, 2010) umbrella agreement has the following advantages: provide public bodies with a convenient, flexible, streamlined and efficient process for purchasing, allow public bodies to enter into call-off contracts with framework agreement's suppliers without a further procurement process, require fewer steps to make a purchase and in turn they provide faster procurement processes, while still achieving value for money, provide better pricing than public body can obtain through regular procurement processes, provide a reduced need for warehousing as goods are stored by suppliers, allow central management of the contract;, make purchasing easier for public bodies because they can be faster, more efficient, and can offer better pricing.

These benefits can be important especially when public bodies are making frequent purchases of the same or similar item, or are involved in small projects. However, these advantages can only be achieved where public purchasers have an understanding of the market in which they are

operating, and how competitive pressures work in that market, to enable them establishes the appropriate conditions for the framework to operate.

1.2 Background of the organization

Concerning the execution of large value procurements in order to fulfill similar procurement requirements of various public bodies or recurrent procurement requirements of public body, the basic provisions in that regard are Chapter eleven of the Proclamation and Directive's Part VI. (FDRE, 2009)

These provisions authorize the Public Procurement and Property Disposal Service, a central Government body established by the Council of Ministers Regulation No. 184/2010 dated July 9, 2010, to enable timely supply of goods and services, which are commonly used by public bodies as well as goods and services which have national significance, in desired quality and at prices attributable to economics of scale resulting from bulk purchases.

Pursuant to article 61.5 of the Proclamation, public bodies may carry out procurement of recurrent requirements of similar items under the conditions specified in Article 27.13 of the Directive. The Service is accountable to The Ministry of Finance and Economic Cooperation. Besides the regulatory body of this service is Public Procurement and Property Administration Agency. This Service was established by regulation No 184/2010 of the Council of Ministers and was executing its activities starting from October 1st 2010 with the following objectives:-

1. to enable the timely supply of goods and services, which are commonly used by public bodies as well as good and services which have national strategic significance, in the desired quality and at prices attributable to economies of scale resulting from bulk purchases;
2. enable the speedy disposal by sale of properties of public bodies at fair prices;
3. To assist public enterprises in the procurement of goods and services and disposal of assets.

1.3 Statement of the Problem

According to the Ethiopian Public Procurement and Property Administration Agency report (PPPAA Annual Report, 2014), more than 60% of the total public expenditure has been spent through public procurement in a year. It is a huge amount of money that public bodies spent via public procurement of course needs to manage with due care.

Apart from the Proclamation 649/2009, there is also the Federal Government Public Procurement Directive issued by the Minister of Finance and Economic Corporation that entered into force on 8th day of June 2010, which establishes procedures for concluding and administering framework agreements.

Today public procurement has been identified as the government activity one of the most vulnerable to corruption. According to McDonald (2009), lack of accountability, transparency and integrity have long been associated with public procurement.

In setting up these framework agreements, the body administering framework procurements or eligible public body will undertake a full procurement in accordance with the Federal Government Procurement and Property Administration Proclamation No. 649/2009. As a result Public Procurement and Property Disposal Service is an authorized organ for framework agreement (central procurement)

According to framework agreement manual (PPPAA, 2011) all public bodies are obliged to use framework agreements for the procurement of common user items identified by the Public Procurement and Property Administration Agency. The length of the framework agreement (under the Procurement and Property Administration Proclamation) will be a maximum of three years.

According to Tadesse M, (2014) even though framework agreement has a number of benefits, there are some limitations in relation to its application to public procurement and property disposal service. For instance, concerning timely supplying of goods, Federal Public Procurement and Property Disposal Service is failed to provide satisfactory service delivery to its customers, With respect to the participation of bidders on Framework Agreement tenders, very few potential suppliers are dominating the market and this would lead to monopoly and unfair competition which is against the procurement principles and core problems were observed on the implementation of FA are resistance from end users, low capacity of suppliers, lack of qualified human power.

Federal Public Procurement and Property Disposal Service have also conduct assessments on framework agreement implementation. As a result the service comes up with the following findings in both internal and external factors. Inefficient procurement process, and inefficient

contract administration, late submission of procurement plan, shortage of foreign currency, low financial capacity of suppliers', late delivery and late payment (PPPDS, 2016). The problem that this research investigates is what factors upshot on the adoption of framework agreement. Hence, this research is initiated based on the gap identified in the public procurement and property disposal service survey.

1.4 Research Gap

Since much of literatures are not found related to framework agreement in Ethiopia, this study is an endeavor to mitigate the research gap in this regard. Thus on the basis of related literatures the study aims at identifying the factors affecting framework agreement effectiveness in PPPDS. Therefore, there is need to carry out this research in order to help PPPDS, suppliers and public bodies understand the factors affecting framework agreement. This will mitigate the research gap in this regard.

Therefore, Due to these gap and facts the study assesses factors that affect framework agreement effectiveness in Federal Public Procurement and Property Disposal Service.

1.5 Research Question

The study has both basic and sub research questions to address the objectives of the study.

1.5.1 Basic Research Question

Based on the above statement of problem, the study attempt to answer the following question:-

- What are the main factors that affect the effectiveness of framework agreement in federal public procurement and property disposal service?

1.5.2 Sub Research Questions

1. How the service follows performance execution of framework agreement suppliers?
2. What are the mechanisms to measure framework agreement supplier capacity?
3. What are hindrances of accuracy of public bodies' annual procurement plan?
4. What are the ways of information exchange mechanisms among suppliers, public bodies and the service?

1.6 Objectives of the Study

The study focuses on the assessment of framework agreement effectiveness in PPPDS.

1.6.1 The general Objective

The general objective of the study is to identify factors that influence the effectiveness of framework agreement practices in public procurement and property disposal service.

1.6.2 Specific Objectives

Having the above mentioned general objective, the study has the following specific objectives so as to answer sub research questions.

1. To assess the suppliers performance execution follow up tools in framework agreement
2. To investigate ways of measurements of suppliers capacity in framework agreement
3. To evaluate the ways of checking mechanisms for the accuracy of public bodies annual procurement plan
4. To assess information exchange mechanisms among suppliers, public bodies and the service in relation to framework agreement

1.7 Significances of the Study

The findings of the study are expected to contribute a lot for different stakeholders. The primary significance of this study would be for the Federal Procurement and Property Disposal Service to improve the service in relation to framework agreement. It is also hoped that the study would benefit the public body and, the business community and the policy makers to make necessary adjustments toward framework agreement manuals, producers and different documents. The study also gives light to future study as a source of literature.

1.8 Scope of Study

The study would be more fruitful if it would be conducted widely including other regional and city administration public procurement and property disposal agencies. However, due to time, and financial constraints, the study would be delimited to Federal Public Procurement and Property Disposal Service only, and the depth of the study is also delimited to assess factors that influence framework agreement execution.

1.9 Limitation and delimitation of the study

Federal public procurement and property disposal service is established accomplish a number of objectives including the achievement of better transparency, economy, efficiency, fairness and impartiality in public procurement. Each of the objectives of its establishment has many folds to study. Because of the time and budget constraints, this study focuses only on the factors affecting framework agreement as a result of the establishment of the PPPDS and moving to a centralized procurement arrangement (framework agreement arrangement).

The PPPDS currently procures common user items through framework arrangement and also entertaining individual public bodies' procurement up on request of non-common user items. Since this study is about the framework agreement arrangement, it will focus only on the procurement of goods procured under the framework agreement. In addition, incomplete information from respondents had also been partially faced whereby the study's finding has been considered in line with detail information obtained from interviews conducted with of public bodies, suppliers and expert.

1.10 Operational definitions of Key Terms and Concepts

For this study, the operational definitions for the key terms and concepts are as follows:

- **Framework Agreement:** - Framework Agreement means a basic agreement with supplier which sets out terms and conditions that allow public bodies to order goods or services throughout the term of the agreement under the terms and conditions specified in that framework agreement (i.e. it provides a mechanism for calling off purchase orders from a catalogue of goods or services as and when public body needs to buy something within the scope established for the Framework Agreement).
- **Public Procurement and Property Disposal Service:** - is a public body organize under the mission for procurement of public organizations common user items and nationally strategic utilities; render efficient and effective property disposal service; including support for the private sector.
- **Common users items-** items which are commonly used by public bodies e.g. computers, furniture, Stationary, sanitary, tires, vehicles

1.11 Organization of the Study

The study is presented in five chapters. The first chapter contain the introduction part of the paper which comprises the background of the study, background of the company, statement of the problem, basic research questions, objectives of the study, hypothesis of the research, definition of key terms, significance of the study, and scope and limitation of the study.

The second chapter provides the relevant theoretical and empirical information obtained from related reviewed literatures pertaining to the topic under the study.

The third chapter presents the research methodology part used to carry out the research activities. This part of the research comprises the type and design of the research, the population and samples of the study, sampling methods and procedures employed, data sources and data collection instruments used, the data collection procedures, the data analysis and presentation methods used.

The fourth chapter shows the findings, the interpretation and discussion parts of the research. Finally, the fifth chapter contains the summary, conclusion and recommendation and Suggestion for Further Study.

CHAPTER TWO

REVIEW OF RELATED LITERATURES

This chapter provides the background of the study and presents a strong foundation for designing and formulating the research methodology. Literature review of the thesis contains reviews and opinions of the different authors and researches related to the research topic and a presentation of the variables that assist in generating the hypothesis statement.

In this literature review the main areas considered are FA definitions and concepts, Centralized and Decentralized procurement, management of Framework agreement and experience of the rest of other countries on performing framework agreements. This theoretical review will help for making analysis on the actual practice of FAs in PPPDS

2.1 Public Procurement Processes

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 birr volume involved the need for an audit trail, the sever 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. The acquisition process is closely tied to almost all other functions included in an organization and also the external environment creating a need for complete information systems.

According to Public Procurement and Property Disposal Service/PPPDS the essential steps in the procurement procedure are;

1. Recognition of need from beneficiaries

- Any procurement originates with the recognition of a definite by public body especially federal budgetary public bodies.
- Assessing the **Specification** prepared based on the procurement law
- Make sure that there is estimated budget for this particular procurement

“**Specification**” means a document describing the quality, type and standard with which the required goods, services, works or consultancy services should comply.

2. preparing Bid Documents

- Public procurement and property disposal service uses standard bid documents. Deciding the procurement either national Competitive bid/NCB or international competitive bid/ICB
- Select the procurement method- from the six recognized method of procurement (open, restricted, direct, two stages, request for quotation and request for proposal) framework agreement is procure by open tendering.
- Prepare the bid by using standard bid document
- Presenting the bid document to procurement business process owner or any other concerned organ.

3. Present the Bid Document to Procurement endorsing Committee

- By using memo send the document to the service deputy director general in the name of procurement business process
- Based on the comments by procurement endorsing committee prepare the final bid document
- By converting the word file to PDF burn on CD

4. Advertisement

- Thought memo send the final document to finance, procurement and property administration business process owner to release on press
- Follow up the release of the bid on press

5. Sale the Bid Document

- Distinguish the legality of the bidders
- Make sure that the bidder is either principal bidder or local agent
- If it is necessary prepare pre-bid conference with fundamental minutes
- Prepare bid document box
- Prepare personnel to receive samples (for those bides that need samples)

6. Open the Bid

- Prepare bid opening hall
- Write memo to documentation officer and internal audit to observe the bidding process 3 days before the opening date

- At least 3 procurement experts should there
- Prepare attendance sheets for both bidders/representatives and procurement expert team
- Conduct the necessary ceremonies based on the bid stage either technical or financial

7. Bid Evaluation

- Here 4 evaluations will conduct: preliminary evaluation, technical evaluation, financial evaluation and post evaluation.
- Under preliminary evaluation request the bidders to present on-shelf documents like that of VAT certificate, independent external audit report, suppliers' list certificate etc.
- Report the result of the preliminary evaluation to procurement business process thought memo
- Separate successful bidders from unsuccessful based on preliminary evaluation.
- Conduct the technical and financial evaluation either merit point or comply with the specification based on the bid document. Procurement directive 16.8.2 state as follow
 - a) setting the minimum technical requirement and selecting the bidder with the lowest evaluated bid from among the bidders meeting such minimum technical requirements, or
 - b) Indicating clearly in the bidding document the criteria to be applied to determine the functional or economic value of the procurement and the relative weight to be ascribed to each criterion and selecting the bidder with the highest cumulative result by conducting evaluation based on these criteria.
- Present the result of bid evaluation to procurement endorsing committee
- Inform both successful and unsuccessful bidders with sufficient reasons
- Handle compliance from bidders with in the time line

8. Signing of Contract

- Awarding the successful bidder
- Prepare draft contract document and communicate to the successful bidder
- Sign the contract after 15 working days (to handle compliance)
- Administer the contract or send it to beneficiaries' to administer by themselves

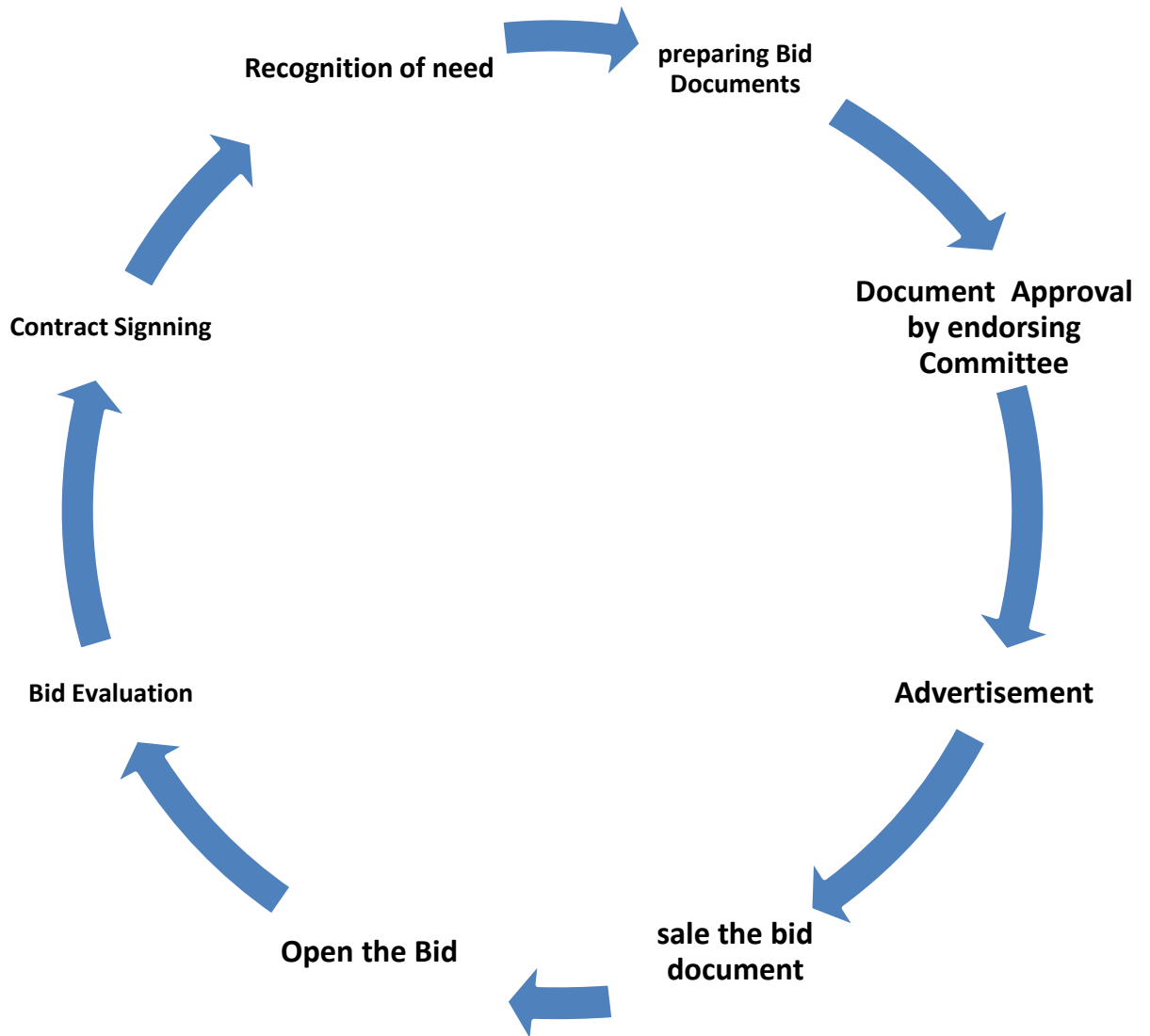


Figure 2. 1 The Procurement Cycle

Source: PPPDS bidding process standard

2.2 Definition of Framework Agreement

On the Guidelines procurement of goods, works, and non-consultancy service under IBRD loans and IDA Credits and grants World Bank borrowers January 2011, a framework agreement is defined as “a long term agreement with suppliers, contractors and providers of non-consulting services which sets out terms and conditions under which specific procurements (call-offs) can be made throughout the term of the agreement. FAs are generally based on prices that are either pre-agreed, or determined at the call-off stage through competition or a process allowing their revision without further competition. FAs shall not restrict foreign competition, and should be limited to a maximum duration of 3 years.

According to the Ethiopian Federal Government Procurement and Property Administration (PPPAA, 2009), Framework Contract means “a general agreement of procurement establishing unit price and other terms and conditions of contract which serves as a basis for supplies to be delivered under future specific contract”

Further to the above proclamation, the definition of framework agreement is more elaborated in the PPPAA manual of framework agreement issued on May 2011, as follows:

FA means “a basic agreement with supplier which sets out terms and conditions that allow public bodies to order goods or services throughout the term of the agreement under the terms and conditions specified in that framework agreement (i.e. it provides a mechanism for calling off purchase orders from a catalogue of goods or services as and when public body needs to buy something within the scope established for the Framework Agreement)”.

2.3 Advantages and disadvantages of Using Framework Agreements

2.3.1 Advantages Framework Agreements

According to framework agreement manual (2011) the following are principal benefits of using framework agreements: provide public bodies with a convenient, flexible, streamlined and efficient process for purchasing the goods or services covered by the framework agreements, allow public bodies to enter into call-off contracts with framework agreement's suppliers without a further procurement process, require fewer steps to make a purchase and in turn they provide

faster procurement processes, while still achieving value for money, provide better pricing than public body can obtain through regular procurement processes; provide a reduced need for warehousing as goods are stored by suppliers, allow central management of the contract, make purchasing easier for public bodies because they can be faster, more efficient, and can offer better pricing.

These benefits can be important especially when public bodies are making frequent purchases of the same or similar item, or are involved in small projects.

Dobler and Burt, (1998), also briefly explained centralized procurement yields the following benefits; minimizing duplication of procurements by central coordination, avoiding haphazard procurement practices and maximizing efficiency because procurement officials with professional training and expertise are more efficient than less skilled user departments' managers or operational managers whose procurement responsibility is secondary, saving operational managers' time so that they can focus on their core responsibilities, lowering overall transaction costs due to consolidation of orders, achieving volume discounts through the consolidation of procurements, reducing shipping and handling charges through the consolidation of shipments, receiving better prices and better services offered by suppliers because their sales, shipping, and invoicing expenses are reduced and facilitating procurement control and accountability.

2.3.2 Disadvantages of Using Framework Agreements

On the other hand, some potential disadvantages of centralized procurement stem from any sub-optimal relationships that may develop between the central procurement office and the clients it serves.

According to Tadesse, M. (2014) the following may consider as limitation of framework agreement: resistance from end users, low capacity of suppliers and lack of qualified human power and contract administration.

2. 4 Supplier's Performance Measurements in Procurement

Public procurement contracts represent a major share of any country's GDP and public expenditure budget. According to data published by the European Commission in its Evaluation Report (2011), public procurement in the EU accounted for EUR 2100 billion in 2009, or 19% of

GDP. These levels of expenditure alone provide sound reasons for analyzing the performance of public procurement operations at all levels.

Supplier Relationship Management (also called Vendor Relationship Management) is a set of principles, processes, and tools that can assist organizations to maximize relationship value with suppliers and minimize risk and management of overhead through the entire supplier relationship life cycle (McCue, C. P. and Johnson, B. R. (2010).)

According to EU (2010), there are three different levels of performance measurement within a public procurement system are broadly identifiable. There are close links between the three levels in terms of performance interdependency. However, the needs, objectives and methodologies for measuring performance can differ.

1. **National (Meta) Level** - assessing the performance of the national public procurement system
2. **Contracting Authority (Macro) Level** - assessing the performance of the contracting authorities' operations
3. **Contract Management (Micro) Level** - assessing the delivery of an individual contract

2.5 Suppliers' Capacity

In today's competitive economic environment, customers do not just prefer but demand manufacturers to provide quality products in a timely fashion at competitive prices. To satisfy this requirement, manufacturers need to plan necessary and sufficient capacity to meet market demands. According to Yeung and Lo (2002), Suppliers' management can be viewed in terms of the managerial efforts necessary for creating an operating environment in which a manufacturer can integrate its supplier capabilities into its operational processes. These managerial efforts can be clustered into several components namely management responsibility, supplier selection, supplier development, supplier integration, quality measurement and conducting supplier audits.

In order to compete effectively in the world market, a company must have a network of competent suppliers. Supplier assessment and selection is designed to create and maintain such a network and to improve various supplier capabilities that are necessary for the buying organization to meet its increasing competitive challenges. A firm's ability to produce a quality product at a reasonable cost and in a timely manner is heavily influenced by its suppliers'

capabilities. Supplier performance is considered one of the determining factors for the company's success (Krause et al, 2000) argued that without a competent supplier network, a firm's ability to compete effectively in the market can be hampered significantly.

2.6 Annual Procurement Plan

According to Basheka (2006), annual procurement plan defined as the guide of procuring entities that indicates what, how and when to procure goods, works and services for a particular budget year. It is a tool that facilitates early and smooth procurement process and illustrates businesses' early attention to procuring entity's planned procurement of the next budget year

The study conducted on the implementation of Public Procurement Plan in Tanzania Johanson, et al. (2014), shows that there is no team spirit built between Procurement Unit and user departments in annual procurement plan from preparation to its implementation. The user departments lack knowledge of procurement plan preparation and what benefits it has in order to meet organizations goal through effective and efficient procurement function. Moreover, they believe that procurement planning is the mandate of only the Procurement Unit while they have a lion shares in need identification, preparation of specifications and procurement action plan quarterly. In addition, user departments do not understand Public Procurement proclamation and its regulations in acted.

As to Procurement Directive MoFED(2010), the procurement plan is prepared with clearly stated objectives such as: to ensure compliance with principles of public procurement namely accountability, non-discrimination, value for money, transparency and ethical standards, to achieve the work program of the Public Body, to ensure economy and efficiency in the operation of the Public Body by discouraging little by little purchase, exercise prudence and make the necessary preparation to anticipate problems that might be encountered in the execution of procurement. Moreover, it is mandatory for the public bodies to prepare annual procurement plan and all items to be procured shall be included in the plan with appropriate method of procurement.

The annual procurement plan can be amended with justifiable reason. But the Public Body is not allowed to make piecemeal procurement or perform in a way different from annual procurement plan that has been approved by the authorized head of the Public body and announced to the

relevant regulatory body need to know (MoFED, 2010). This in turn implies that it is necessity to prepare comprehensive and inclusive procurement plan by cordial participation and cooperation of all stakeholders.

2.7 Information Technology in Public Procurement

Information and Communication Technology (ICT) has helped organizations to broaden their markets through the concept of globalization. Through globalization the division created by diversity in locations is bridged mainly through internet technologies. According to (Davila,Gupta & Palmer, 2003; Leipold et al., 2004) the use of information and communication technology such as internet / web based system by governments in conducting their procurement relationship with bidders for the acquisition of goods, works, services and other consulting services required by the public sectors. It has been defined as an inter-organizational information system, which automatizes any part of the procurement process in order to improve efficiency, quality, and transparency in government procurement.

Emerging information and communication technology (ICT) can play an important role in public finance management by promoting greater comprehensiveness and transparency of information across government institutions. As a result, the introduction of Integrated Financial Management Systems (IFMIS) has been promoted as a core component of public financial reforms in many developing countries.

According to Oyuke and Shale (2014) stated that organizations must maximize the use of procurement in every aspect of the business, linking across all members of the supply chain, increasing the speed of information transfer, and reducing non-value adding tasks.

A research conducted by Mardia P. (2016) shows that information technology in procurement is a significant contributor to organizational performance in improving service delivery, efficiency, effectiveness, continuous Quality improvement, reduction in purchase price and transparency.

Generally, Procurement has the potential to significantly impact national economies as well as the competitive position of individual organizations if it is supported by information technology.

2.8 Review of Empirical Studies

Building on the above literature review, empirical Framework Agreement studies will be summarized below.

Based on the study result Tadesse M, (2014), With respect to the participation of bidders on FA tenders, very few potential suppliers are dominating the market and this would lead to monopoly and unfair competition which is against the procurement principles.

Concerning timely supplying of goods, PPPDS is failed to provide satisfactory service delivery to its customers. For example the award notification of FAs for the budget year 2013/14 was distributed to the public bodies on December and January 2014. This means that for more than half of a budget year the public bodies were in trouble to facilitate their duties efficiently.

Regarding contract administration Tadesse M, found that contracting officials spent more time in routing activities rather than administering existing contracts. This often leads to problems in contractor performance, cost overruns, and delays in receiving goods and services. As per the respondents view long process of custom clearance, complains related to delay in payment and delivery of goods out of specification are the few basic contract administration problems. In many instances, PPPDS is not efficiently serving the government as well as the public bodies in terms of timely supplying of goods, appropriate administration of contracts, and customers satisfaction.

These constraints are related to lack of commitment, lack of experience, lack of integration among the parties with PPPDS which are directly or indirectly involved in procurement activities such as the public bodies, PPPAA, MoFED, Central Statistics Agency, Banks, Custom clearance authority, and the business society.

Tadesse M, (2014), recommended that: - to avoid the delays on the process of procurement, PPPDS can early start the process of planning based on the early received inquiries. Because in FA exact quantities or timings can be adjusted, the problem related to foreign currency can be solved through discussions with all concerned banks before the signing of FAs or by arranging prior availability of foreign currency, the composition of staff members which are mainly engaged in procurement activity and contract management must include graduates of different disciplines. For instance engineers are very important for the sector.

Another Framework Agreement assessment conducted by Bewketu Moges (2016) following facts are identified:

- The only information PPPDS currently sharing about suppliers is publishing the framework agreements on the website to the entire public.
- Currently PPPDS is not using any different technology or software that can be shared to the other public bodies.

Economies of information and learning mean developing purchasing expertise, sharing all available purchasing knowledge on suppliers, new technologies, internal users, applications and the prevention of mutually incompatible negotiating strategies.

Regarding suppliers' capabilities, they are unable to perform the supply as per public body's needs. Framework agreement makes use of public finance as significant device for attaining economic, social and other significant objectives. To some extent there was achievement from volume procurement. But it is not as such to maximum benefits saved due to low supplier's capacity and supplying substandard products. Kumala T. (2014).

Federal Public Procurement and Property Disposal Service have also conduct assessments on framework agreement effectiveness. As a result the service comes up with the following findings in both internal and external factors. Inefficient procurement process, and inefficient contract administration, late submission of procurement plan, shortage of foreign currency, low financial capacity of suppliers', late delivery and late payment (PPPDS, 2016).

ICT utilization has a great contribution for effective procurement performance. Lack of advanced technology usage i.e. e-procurement technology in procurement process is one of the challenge of procurement performance in the public procurement and property disposal service. (Ayenachew, 2016).

In the practice of procurement planning, there is a problem of user departments need identification and gap identification by the procurement units and also the procurement plan is not used as a monitoring tool and also the procurement plan is not amended with the organizational conditions like priority change, institutional capacity to handle the procurement process and estimates of time requirements (Shunka, 2016).

2.9 Conceptual Framework

Efficient and effective implementation of Framework Agreement in both developing and developed countries depend on various factors such as Public bodies' procurement plan, Supplier's Capacity, Supplier's Performance execution and Information Exchange Mechanisms among the participants of the Framework Agreement.

These factors if well management will result to efficient, effective and harmonized Framework Agreement effectiveness which eventually result into the intended purpose. The relationship between independent and dependent factors can be exemplified as in the following figure.

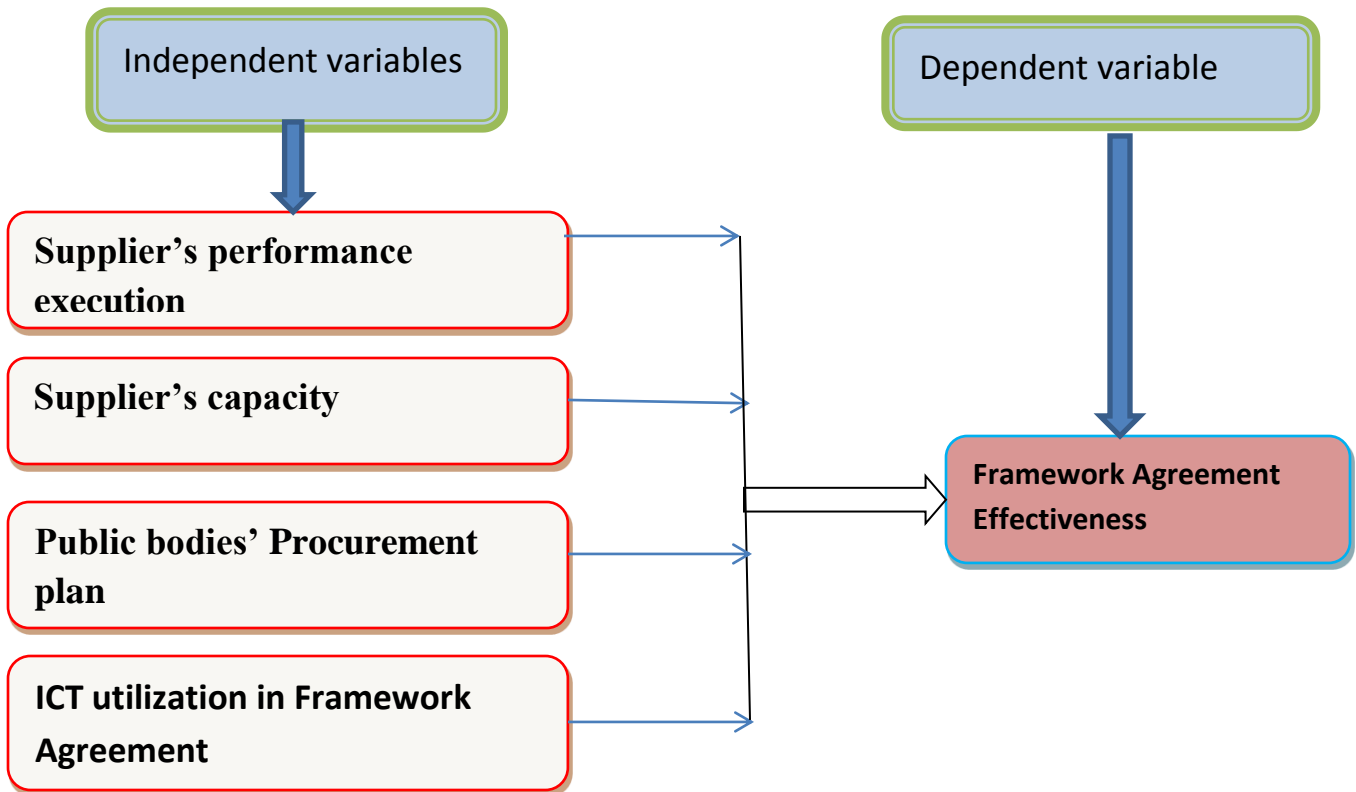


Figure 2. 2 Conceptual Framework

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter describes the research methodology adopted throughout this study to meet the research objectives and to address the research questions. It describes: the choice of particular research designs, research approach, sample and sampling techniques, source of data collection, data collection instruments and the method of data analysis.

3.1 Description of the Study Area

The study area is Addis Ababa which is located at central part of Ethiopia. Pursuant to the Ethiopian Constitution of 1995, the city of Addis Ababa is one of the two federal cities that are accountable to the Federal Government of Ethiopia. It is the capital city of Ethiopia. Founded in 1886, it is the largest city in Ethiopia, with a population of 3,384,569 according to the 2007 population census with annual growth rate of 3.8%; all of the population is urban inhabitants.

Addis Ababa lies at an altitude of 2,300 meters (7,500 ft.) and is a grassland biome, located at 9°1'48"N 38°44'24"E Coordinates: 9°1'48"N 38°44'24"E. The city lies at the foot of Mount Entoto and forms part of the watershed of the Awash.

The area of the city is 204.7 square miles (530.21 square kilometers). The city is divided into 10 sub cities. The public bodies and suppliers are randomly scattered in different parts of the city. Addis Ababa is an important administrative center not only for Ethiopia but also for the whole of Africa. The headquarters of the African Union and the United Nations Economic Commission for Africa can both be found in the city. (A.A city Admin)

3.2 Research Approach

The study used both qualitative and quantitative research methods as a research approach to describe the current the status of framework agreement effectiveness in public procurement and property disposal service. Mixed research approach enables to use multiple methods of data collection and helps to generate reliable findings. Therefore, this study was used the mixed research approach. The advantage of using mixed approach is that it enables to triangulate and support the data and result collected by questionnaire (Saunders et.al, 2007).

According to John (2003) states that mixed method research include quantitative and qualitative methods that are the major approaches being used today in the social and human science with their advantages and disadvantages. Employing mixed approach helped the study to neutralize biases of applying any of a single approach as well as ways to balance the weaknesses inherent in a single method with the strengths of the other method. The quantitative and qualitative approach of the study focused on identifying factors affecting framework agreement. The primary technique for collecting quantitative data used a self-developed questionnaire, containing items of measured on the 5-point Likert type and the qualitative technique used in interview and an open-ended questions.

3.3 Research Design

Since objective of this study is to assess the factors affecting framework agreement in public procurement and property disposal service, descriptive and inferential type of research design is more appropriate. The study chooses the descriptive and inferential design because the nature of the designs is helpful in describing the current situation of framework agreement effectiveness in detail and inferential statistics help to show the direction of the relationship and the magnitude.

Therefore, the research design of this study were descriptive and inferential type of research design

3.4 Population of the Study

Target population refers to the larger population to which the study ultimately would like to generalize the results of the study (Mugenda and Mugenda, 2003). The total population of the study is 199. (i.e. Federal Procurement and Property Disposal Service procurement experts (26), Federal public bodies (124) and suppliers (49) who win and sign contract in framework agreement bids)

3.5 Sampling Technique

Purposive and simple random sampling techniques were employed in this study to come up with valid outcomes. The reasons behind selecting these sampling techniques are that the study decides whom to include as a respondent for the questions that would be prepared to collect data and get a better chance to select right respondents. The study was used purposive sampling

technique in the interviews. The basic reason here is that selected individuals are those who are responsible for the issue under investigation and have adequate knowledge.

The study was applied simple random sampling technique to select respondents from framework agreement suppliers and federal public body around in Addis Ababa. Regarding procurement experts' purposive sampling technique was employed.

Therefore, both purposive and simple random sampling techniques were employed in this study.

3.6 Sample Size

There are numerous formulas to determine the sample size of study. For the purpose of this study, the formula set by (Kothari, 2004), was used.

Therefore, Federal Procurement and Property Disposal Service procurement experts, Federal public bodies and suppliers who win and sign contract framework agreement bids are the population, the sample size will:

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{e^2 (N - 1) + z^2 \cdot p \cdot q}$$

Where,

p = proportion of success = 75%

q = proportion of fail = 25%

z = confidence level = 1.96

e = standard error = 5%

N= Total population = 199

n = sample size,

Therefore the sample size will be: $n = \frac{1.96^2(0.75)(0.25)*199}{0.05^2(199-1)+1.96^2*(0.75)(0.25)}$

n= 118 respondents

According to Patrick, B. (2003) the return or success rate 50% is ‘adequate’; 60% response rate is ‘good’ and 70% rate or higher is ‘very good’. The study use for this study 75% response rate is expecting and remaining 25% may be non-response rate, and sample size will determine at 95% confidence level and margins of error at 5%.

Therefore, the sample size of the study is 118 respondents. From the total sample size the share of federal public bodies, suppliers and PPPDS procurement expert were:

- Public bodies → $118/199*124 = \underline{74}$
- Suppliers → $118/199*49 = \underline{29}$
- PPPDS procurement expert → $118/199* 26 = \underline{15}$

All questionnaires were distributed for PPPDS procurement experts, suppliers and federal public bodies based on their sample share. However, only 93 (78.8%) questionnaires were returned. The following table shows distribution of sample population.

Table 3. 1 Distribution of sample population

Sampling frame	Number of population	Sample size	Response Rate	Data collection tools	Sampling Techniques
Public bodies	124	74	53= 72%	Questionnaires & interview	simple random sampling
Suppliers	49	29	25= 86%	Questionnaires & interview	Simple random sampling
Procurement Expert	26	15	15= 100%	Questionnaires & interview	Purposive and simple random sampling
Total	199	118	93= 78.8%		

Source: PPPDS HR and framework agreement bidding document 2008-2010

3.7 Data sources

There are two types of data, namely primary and secondary data. Study might use either both or one of the types of data depends on the research type and data collect for the study (Saunders et.al, 2007). For this study, both primary and secondary data were employed.

3.7.1 Primary Data Sources

Primary data are originated for the specific purpose of addressing the problem at hand (Malhotra and Birks, 2006). Primary data are help full to get original information from the respondents to know their feelings, opinions, attributes and perceptions towards a framework agreement. For this research purpose primary data were collected through standardize questionnaire and interview.

3.7.2 Secondary Data Sources

Secondary data; such type of data involves different sorted data made, adjusted and field by a third party. As a result, different books, journals, articles, annual report and research papers on similar topics shall be used as secondary sources of data. This data served as reference and guide the focus of clarify research question.

3.8 Ethical Consideration

The study address the ethical issues and practices that directly and indirectly affect the development and evaluation of the proposal as well as overall research processes. The study takes into account the following ethical activities when it conducts by:-

- Do not abuse the respondents.
- Fulfilling the promises what the study made to respondents.
- Completing the interview and questionnaires at the specified time.
- Avoiding emotion, dishonest and unsuited behaviors.
- *Ensuring to the respondents not to disclose their names, and personal information.*
- In addition, full acknowledgment of all the reference materials used in the study.

3.9 Data Analysis and Presentation

Since objective of this study is to assess factors that affect framework agreement in public procurement and property disposal service, descriptive and inferential statistics research design is more appropriate.

Descriptive and inferential statistics are used to describe the data collected in research study and to accurately characterize the variables and to summarize a study sample. In the research, raw data is changed into a data structure that enables to generate meaningful and useful bits of information. The major part of the analysis was done based on the descriptive statistics, correlation and multiple regression analysis for quantitative data to examine the study to indicate factors of Framework Agreement in PPPDS.

Descriptive statistics used included use of frequencies, means and measure of distributional shape (i.e. skewness).The analysis was done using the Statistical Package for Social Science (SPSS) version 23.

In order to investigate the correlation/linear relationship between the two variable Spearman ranks correlation coefficient is used. It is used to reveal the relationship between two variables and to what extent the variation in one variable coincides with the variation in another variable.

The collect and analyze data was presented by using the following data presentation tools: tables, pie chart, and histogram along with sufficient interpretations.

To further understand the relationship between the variables, regression analysis was carried out. In addition variables were regressed using a model and all coefficients interpreted. The model took this formula (Ho, 2006):

$$Y = \beta_0 + \beta_1 \chi_1 + \beta_2 \chi_2 + \beta_3 \chi_3 + \beta_4 \chi_4 + e$$

Where: Y = Dependent Variable (Framework Agreement Effectiveness)

χ_{1-n} = Independent variable (χ_1 is Information Exchange mechanisms, χ_2 Supplier's performance execution. , χ_3 is supplier's capacity measurements and χ_4 is Public body's annual procurement plan)

β_0 = the constant

β_{1-n} = the regression coefficient or change included in Y by each χ

ϵ = error term

Therefore, the research design of this study used both descriptive and inferential type of research design.

3.10 Validity and Reliability

3.10.1 Validity

Statistical validity also used to measure the validity of the research through use of correct statistical procedure and instruments (Neuman, 2007). To insure the statistical validity of the study, the study has collected quantitative data using survey questioner and interview and analysis the data using correct statistical instruments like descriptive statistics, inferential statistics, correlation and regression analysis to see the relationship of the variable and reach concrete conclusion.

3.10.2 Reliability

Reliability refers to the extent to which your data collection techniques or analysis procedures will yield consistent findings (Saunders et al., 2007). The data reliability test is measured by using Cronbach's Alpha. Cronbach's Alpha was also calculated as part of the reliability test to assess how valid the results were and should produce similar generalized results if the sample size were increase (Field, 2006). The Alpha value is ranges from a maximum of 1.0 for a perfect score to minimum of zero, good measure of the alpha should be 0.70 or higher (Neuman, 2007). According to William and Barry (2010) scales exhibiting a coefficient alpha between 0.80 and 0.96 are considered to have very good reliability, between 0.70 and 0.80 are considered to have good reliability, and alpha value between 0.60 and 0.70 indicates fair reliability and when the coefficient alpha is below 0.60, the scale has poor reliability. Accordingly, the Cronbach's Alpha values of the survey indicate good reliability and the result are presented in table 3.2.

Table 3. 2 Cronbach Alpha value

S. No	Variables	Cronbach's Alpha Value	Number of Items
1.	Framework Agreement Effectiveness	.841	5
2.	Information Exchange Mechanisms	.728	8
3.	Supplier's Performance Execution	.772	6
4.	Supplier's Capacity Measurement	.756	5
5.	Public Bodies' Annual Procurement plan	.820	5

Source: Survey Result, May 2017

The Cronbach's Alpha range value is between 0.728 and 0.841. Therefore, all variables are acceptable for further analysis.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

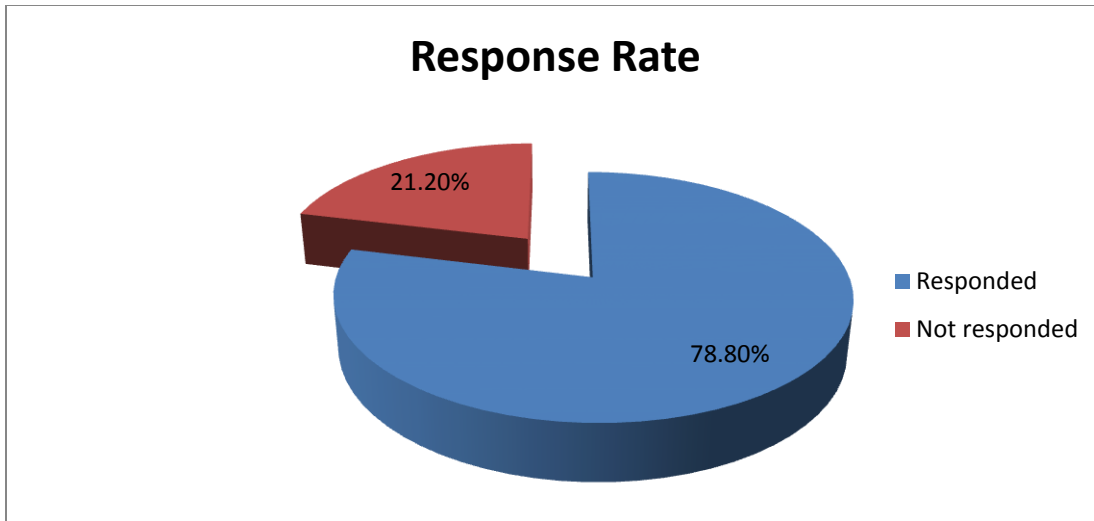
The purpose of this study was to assess the factors that affect framework agreement. This chapter presents the main part of the study. Coded responses were entered into Statistical Package for the Social Sciences (SPSS) version 23, for data analysis.

In this study both descriptive statistic and inferential analysis were used to analyze the data. The descriptive statistics utilized in this research is used to analyze the demographic data and independent variables including frequency and percentages. Inferential analysis is concerned with the various test of significance for normality, autocorrelation and multi-collinearity in order to determine with what validity data can be said to indicate some conclusion(s). The data was sorted to group questions according to applicable constructs under test. Finally correlation and standard multiple regression analysis were performed. The discrete variables (dependent and independent) are available in the dataset. Analysis of the data is presented below:

4.1 Questionnaire Response Rate

In order to conduct this study a total of 118 questionnaires were distributed for PPPDS procurement experts, suppliers and selected public bodies which are located only in A.A, among these questionnaires 93 are collected and the remaining 25 questionnaires are not returned.

The response rate of all the questionnaires stood at 78.8%. Therefore, the analysis is done on the 78.8% of response rate which is considering sufficient to conduct the study.



Source: Survey result, May 2017

Figure 4.1 Response rate in Graph

4.2 Profile of Respondents

This section provides a profile of respondents who involved in the study and data collection on basic characteristics.

Accordingly, the following variables about the respondents were summarized and described in the following table. These variables include: gender, educational level, years of experience and current position.

Table 4. 1 Response summary on Profile of Respondents

<i>Respondent Profile</i>		<i>Frequency</i>	<i>Percent</i>
<i>Gender</i>	<i>Male</i>	51	54.8
	<i>Female</i>	42	45.2
	<i>Total</i>	93	100
<i>Educational background</i>	<i>Certificate</i>	4	4.3
	<i>Diploma</i>	17	18.3
	<i>Degree</i>	62	66.7
	<i>Master & Above</i>	10	10.8
	<i>Total</i>	93	100.0
<i>Position</i>	<i>Director</i>	4	4.3
	<i>Team Leader</i>	26	28.0
	<i>Expert</i>	63	67.7
	<i>Total</i>	93	100.0
<i>Working Experience</i>	<i>Less than 2 years</i>	16	17.2
	<i>2-5 Years</i>	36	38.7
	<i>6-10 Years</i>	21	22.6
	<i>Above 10 Years</i>	20	21.5
	<i>Total</i>	93	100.0

Source: Survey Result, May 2017

As shown in table 4.1, 54.8% of the respondents are male and 45.2% were female. This tells as the majority respondents are males. With respect to the educational qualification of respondents, 66.7% are degree holders, 18.3% and 10.8% of the respondent are in diploma and master & above level respectively, the remaining 4.3 are in certificate level. This implies that almost all of the respondents are found in a good educational level that assures as they are able to understand about ICT, Procurement planning and measuring suppliers capacity to make framework agreement effective and efficient in achieving its intended objectives.

As table 4.1, 67.7% of the respondents were procurement experts, 28% were team leaders and 4.3% were directors. From this anyone can understand that the majority were able with adequate

designation authority. Thus, it is clear that the experienced and educated respondents could understand the problems in framework agreement and can play a vital role in solution parts.

On Table 4.1 above, when respondents are asked about their procurement and related work experience, 38.7% of them replied as they are within 2-5 Years of experience, 22.6% of them answered as they are within 6-10 years, 21.5% are above 10 years, the remaining 17.2% have less than 2 years of procurement and related work experience. This indicates that the majority (61.3%) of the respondents are below 5 years of procurement and related work experiences which may create a gap in handling framework agreement in a good manner.

4.3 Survey Results

The following descriptive statistical analysis shows the conceptual framework adopted for this study. Particularly, the analysis demonstrates the research questions, which are public bodies' procurement plan, suppliers' capacity, supplier's performance execution and information exchange mechanisms among the service, suppliers and public bodies. To make discussions the study used frequency and percentile. PPPDS procurement expert, public bodies and suppliers were asked to indicate the extent to assess factors that affects framework agreement in PPPDS in five scales (1= strongly disagree, 2= disagree, 3= moderate, 4= agree and 5=strongly agree).

4.3.1 Supplier's performance execution and its effect on the effectiveness of FA

Since Framework Agreement means a basic agreement with supplier which sets out terms and conditions that allow public bodies to order goods or services throughout the term of the agreement under the terms and conditions specified in that agreement supplier's performance play a great role in accomplishing the agreement in comfortable manner.

Table 4. 2 Response summary on Supplier’s performance execution

No	Questions	Scale	Frequency	Percent
1	Suppliers in framework agreement deliver goods on time upon a written request	Strongly Disagree	19	20.4
		Disagree	36	38.7
		Moderate	31	33.3
		Agree	6	6.5
		Strongly Agree	1	1.1
		Total	93	100.0
2	Supplier capacity to deliver all the requested goods at a time	Strongly Disagree	20	21.5
		Disagree	44	47.3
		Moderate	16	17.2
		Agree	12	12.9
		Strongly Agree	1	1.1
		Total	93	100.0
3	Suppliers have delivered right quality as per the specification	Strongly Disagree	9	9.7
		Disagree	30	32.3
		Moderate	35	37.6
		Agree	16	17.2
		Strongly Agree	3	3.2
		Total	93	100.0
4	Suppliers are willing to prompt corrective action for defectives items	Strongly Disagree	9	9.7
		Disagree	23	24.7
		Moderate	43	46.2
		Agree	16	17.2
		Strongly Agree	2	2.2
		Total	93	100.0
5	Suppliers are willing to give technical support for sold goods.	Strongly Disagree	1	1.1
		Disagree	15	16.1
		Moderate	47	50.5
		Agree	28	30.1
		Strongly Agree	2	2.2
		Total	93	100.0

Source: Survey Result, May 2017

The percent of various indicators shown in table 4.2 indicated suppliers are willing to give technical support for sold goods, from 50.5% of respondents. 59.1% of respondents indicated that Suppliers in framework agreement are not deliver goods on time upon a written request. Suppliers have no capacity to deliver all the requested goods at a time from 68.8% of

respondents. From 42% of respondents, replied that Suppliers are not delivered right quality as per the specification. From 46.2% of the respondent are in moderate level when they asked to reply on supplier's willingness to prompt corrective action for defectives items.

According to interviewee responses;

From the point of public bodies there is no hesitation that there are suppliers that didn't supply the requested items as per the purchase order. According to contract terms specified in the SBD (Standard Bid Document) suppliers should supply the requested good within 7 days after issuing of purchase order. But only a few suppliers are performing as per the contract agreements.

Sometime public bodies may wait more than six months to get the issued items. From the perspective of suppliers the interviewees respond that 'forthrightly speaking there is a problems regarding on time supply, but there are factors to this. Upland requisition, shortage of foreign currency, payment dalliance, extended customs clearing and freight forwarding and etc.' the service (PPPDS) point out that domestic suppliers have limitation in capacity and the service is working more to empower them but for time being to tackle such problems supplier change is one of the method what they use.

According to Tadesse M. (2014) concerning timely supplying of goods, PPPDS is failed to provide satisfactory service delivery to its customers. For example the award notification of FAs for the budget year 2013/14, was distributed to the public bodies on December and January 2014. This means that for more than half of a budget year the public bodies were in trouble to facilitate their duties efficiently.

In general, from these findings all analysis and literature agreed that factors related with suppliers performance execution having the greatest framework agreement factors in PPPDS.

4.3.2 Supplier's capacity measurement its effect on the effectiveness of FA

The evaluation criteria used in each procurement process will be designed to ensure that framework agreements are awarded to suppliers submitting the most economically advantageous tenders, taking into account factors including price; quality; capacity, experience of the bidder, etc. (manual on the use of framework agreement, 2011)

Accordingly, suppliers' capacity can play a great role in framework agreement. Therefore Supplier performance should measure, analyze, and manage for the purposes of reducing costs, mitigating risk, and driving continuous improvements in value and operations.

The procurement experts, public bodies and suppliers were asked about suppliers' capacity while delivering items in framework agreement. The following table summarizes the responses.

Table 4. 3 Response summary on Supplier’s capacity measurement

No.	Questions	Scale	Frequency	Percent
1	Supplier’s capacity has an impact on public procurement particularly on Framework Agreement	Strongly Disagree	4	4.3
		Disagree	13	14.0
		Moderate	9	9.7
		Agree	38	40.9
		Strongly Agree	29	31.2
		Total	93	100.0
2	The service has mechanisms to measure FA suppliers’ capacity	Strongly Disagree	7	7.5
		Disagree	28	30.1
		Moderate	23	24.7
		Agree	26	28.0
		Strongly Agree	9	9.7
		Total	93	100.0
3	Suppliers have clear information about their capacity measurement	Strongly Disagree	8	8.6
		Disagree	40	43.0
		Moderate	18	19.4
		Agree	23	24.7
		Strongly Agree	4	4.3
		Total	93	100.0
4	The service play significant role in suppliers capacity empowerment	Strongly Disagree	14	15.1
		Disagree	33	35.5
		Moderate	22	23.7
		Agree	21	22.6
		Strongly Agree	3	3.2
		Total	93	100.0
5	Suppliers capacity measurement has an impact on organizational performance	Strongly Disagree	1	1.1
		Disagree	13	14.0
		Moderate	7	7.5
		Agree	48	51.6
		Strongly Agree	24	25.8
		Total	93	100.0

Source: Survey Result, May 2017

As it summarized in the table 4.3, 72.1 % (agree and strongly agree) of respondents assures that suppliers’ capacity has an impact on public procurement particularly on Framework Agreement. 77.4% the respondents also agreed that Suppliers capacity has an impact on organizational

performance. 37.7% and 37.6% of the respondents have no clear information about PPPDS suppliers' capacity measurements on framework agreement agree and disagree respectively. The rest 24.7% of the respondent remain in moderate level.

As can be seen in the above table 51.6% of the respondents in doubt about suppliers' have been informed about their capacity measurement. 29% of the respondents were arguing that suppliers' are endowed about their capacity measurement. This indicates that PPPDS has work on awareness toward supplier's capacity measurement. When respondent asked about the role of PPPDS in empowering small and medium enterprises they respond as follow. 50.6% replied that PPPDS has limitation on suppliers' enablement where as 25.8% were passable with the service work. The remaining 23.7% were in moderate level.

In addition to that above presented facts from interview participant's they inform that;

Since framework agreement invites both domestic and foreign suppliers (the bid by itself is International Competitive Bid/ICB) domestic suppliers face competition from international bidders. By themselves domestic suppliers have limited capacity compares to foreign bidders. The suppliers also point out that the requirement that specified in framework agreement document is one of the bottlenecked that encumbers our performance and our capacity. From the point view of PPPDS retorted that there no doubt domestic suppliers have limited capacity but the service goes long distance to enable them competent like facilitating foreign currency, 30% advance payment end etc.

According to Kumala T. (2014) there is a drawback in framework agreement procuring variety of items due to suppliers' capacity and inadequacy in number which indirectly affect the effectiveness of the competition.

From these anyone can understand that suppliers capacity play a great role to have effective framework agreement.

4.3.3 Public bodies' procurement plan and its effect on the effectiveness of FA

Procurement planning is the future needs to procure goods and services for the organization to meet its strategic goals, thus, performing the procurement plan should be proactive; failure to request the required goods or services early will bring to postpone the work program to subsequent years, it is also a means for under-utilization of the budget. As procurement is a long and time-consuming process, contract planning should “begin as soon as the agency need is identified, preferably well in advance of the fiscal year in which contract award is necessary” (Thai, 2009).

Table 4. 4 Response summary on public bodies' procurement plan

No.	Questions	Scale	Frequency	Percent
1	Procurement plan has an impact on public procurement particularly on FA	Strongly Disagree	3	3.2
		Disagree	12	12.9
		Moderate	10	10.8
		Agree	41	44.1
		Strongly Agree	27	29.0
		Total	93	100.0
2	Public bodies have submission their annual procurement plan on time	Strongly Disagree	11	11.8
		Disagree	32	34.4
		Moderate	18	19.4
		Agree	26	28.0
		Strongly Agree	6	6.5
		Total	93	100.0
3	The service has follow up means to procurement plan submission	Strongly Disagree	11	11.8
		Disagree	20	21.5
		Moderate	37	39.8
		Agree	22	23.7
		Strongly Agree	3	3.2
		Total	93	100.0
4	The service has a mechanism to check public body's accuracy of the procurement plan	Strongly Disagree	10	10.8
		Disagree	27	29.0
		Moderate	32	34.4
		Agree	20	21.5
		Strongly Agree	4	4.3
		Total	93	100.0
5	Inaccurate procurement plan has impact on organizational performance	Strongly Disagree	6	6.5
		Disagree	7	7.5
		Moderate	11	11.8
		Agree	37	39.8
		Strongly Agree	32	34.4
		Total	93	100.0

Source: Survey Result, May 2017

The enquiry about procurement's plan impact on framework agreement, 73.1% (sum of agree and strongly agree) of the respondent replied that procurement plan has an impact on framework. Of the respondents 16.1% were believe that procurement plan has no impact on framework. With

regard to procurement plan impact on organizational performance 74.2% of the respondents were replied that procurement plan has an impact. 14% and 11.8% were disagreed and moderate on the impact of procurement plan respectively. From this anyone can understand that procurement plan has a great impact on public procurement particularly on framework agreement and organizational performance.

As can be seen in the above table 4.4 when the respondents ask to answer about public bodies' timely submission of procurement plan 46.2% were replied that public bodies' have limitation on time submission of their annual procurement plan where as 34.5% the respondents were comfortable with annual procurement submission date. The remaining 19.4% of the respondents were in moderate level.

According to table 4.4 on aggregate (strongly disagree and disagree), 33.3 % of respondents were answer that PPPDS has no follow up means to procurement plan submission where as 39.8% were in moderate level and 26.9% of the respondent replied that PPPDS has follow up means to procurement plan submission. On this study the respondent were asked about checkup mechanisms of the accuracy of procurement plan which is submitted by public bodies'. 39.8% of the respondents were believe that PPPDS has no checkup mechanisms where as 25.8% were believe that PPPDS has checkup mechanisms the rest 34.4% of the respondents were in moderate level.

A survey result comes from interviewee participants enlighten that;

Most of procurement experts in public bodies lack experience to prepare a procurement plan due a number of reasons; absence of training to capacitate the employee before their commencing procurement planning, no staff dedicated to planning for the procurement of goods, works or services, employee turnover, the procurement plan is not used as monitoring tool etc.

Regarding the issue under discussing Shunka A. (2016) the following arguments were drown; absence of raising needs, preparing adequate specifications for goods, works or services in their procurement request on time and submitting it to the procurement units on time from the user, absence of reviewing procurement need gap of user departments by the procurement unit; departments, there is no regular and timely reporting of procurement plan and its performance to PPA using proper format, lack of qualified procurement staff that challenges the procurement

planning etc. The findings concur with Mamiro (2010) agrees with these findings and concludes that one of the major setbacks in public procurement is poor planning and management of the procurement process which include needs that are not well identified and estimated, unrealistic budgets and inadequacy of the skills of staff responsible for procurement.

To sum up, from the analysis all of the respondents agreed that factors related with procurement planning are factors of framework agreement in PPPDS, This indicated that annual procurement plan submission date and mechanisms to check whether the submitted procurement plan is accurate or not are the major factors of framework agreement in PPPDS.

4.3.4 Information exchange mechanisms and its effect on the effectiveness of FA

Public procurement is a major tool to bring good governance and transparency. In developing countries government's capability is measured by its well managed and performing the public funds to alleviate poverty, enhancing government credibility (Word Bank, 2010).

Under information exchange mechanisms among suppliers, public bodies and the service the following question were raised for the respondent and they respond as follow.

Table 4. 5 Response summary on Information exchange mechanism

No.	Questions	Scale	Frequency	Percent
1	Information communication technologies has an impact on public procurement particularly on FA	Strongly Disagree	4	4.3
		Disagree	17	18.3
		Moderate	11	11.8
		Agree	42	45.2
		Strongly Agree	19	20.4
		Total	93	100.0
2	PPPDS has ICT system to exchange information with suppliers and public bodies.	Strongly Disagree	16	17.2
		Disagree	30	32.3
		Moderate	17	18.3
		Agree	28	30.1
		Strongly Agree	2	2.2
		Total	93	100.0
3	Information exchange among PPPDS, public bodies and suppliers takes few days.	Strongly Disagree	9	9.7
		Disagree	32	34.4
		Moderate	26	28.0
		Agree	19	20.4
		Strongly Agree	7	7.5
		Total	93	100.0
4	There is fast information exchange among the service, public bodies and suppliers takes few days.	Strongly Disagree	15	16.1
		Disagree	29	31.2
		Moderate	41	44.1
		Agree	8	8.6
		Strongly Agree	0	0.0
		Total	93	100.0
5	Delay of information exchange has an impact on FA performance	Strongly Disagree	3	3.2
		Disagree	15	16.1
		Moderate	13	14.0
		Agree	41	44.1
		Strongly Agree	21	22.6
		Total	93	100.0
6	PPPDS has information exchange mechanisms rather than letter and telephone	Strongly Disagree	17	18.3
		Disagree	26	28.0
		Moderate	25	26.9
		Agree	18	19.4
		Strongly Agree	7	7.5
		Total	93	100.0

Source: Survey Result, May 2017

The respondents indicated that information communication technology has an impact on public procurement particularly on framework agreement 65.6 % (sum of agree and strongly agree). 22.6% (sum of disagree and strongly disagree) the respondent answer that information communication technology has no impact on public procurement particularly on framework agreement. The remaining 11.8% were replied moderately. From this anyone can understand information communication technology play a significant role in public procurement especially on framework agreement.

With regard to the question raise to respondents for their level of agreement on PPPDS has ICT system to exchange information with suppliers and public bodies 49.5% of the respondents respond that the service has no ICT system to interact public body and suppliers. 32.3% were respond that the service has ICT system and the remaining 18.3% remain in moderate level. This indicates that PPPDS has a limitation on information communication system to share information with its customer (mainly public bodies and suppliers).

Table 4.5 above, concerning the time duration to exchange information 44.1% of the respondents replied as there is deferment of information. But 27.9% responded as there is no information deferment. 28% of the respondents remain in moderate level. This one can understand that there is information exchange dalliance among the service, public bodies and suppliers.

As indicated in table 4.2 above, 66.7% of the respondent replied as delay of information has an impact on framework agreement when they asked to rate their level of agreement about adjournment of information exchange has an impact on FA performance where as 19.3% replied as information exchange has no impact on framework agreement performance. 14% of the respondents were moderate on the issue.

With regard to the question asked to respondents whether the service has information exchange mechanisms in addition to letter and telephone 46.3% of the respondent replied as the service has no additional means to share information with its customers where as 26.9% replied that there is a mechanism. The remaining 26.9% were in moderate level.

In general, from the analysis the above table we can understand that majority of respondents agreed that the service lacks information communication technology infrastructures. The service contacts its customer through letter and telephone. As a result framework agreement is

influenced by information sharing mechanisms. In PPPDS’s framework agreement performance had high factors because as the above table indicates that mean value is less than 3.

In addition to the above facts interview participants were asked about the issue under investigation, they replied as follow; information communication technologies are very important especially in public procurement to facilitated information exchange among suppliers, public bodies and the service. However, PPPDS has no information exchange mechanism in addition to letters and telephone.

The above findings concur with Ayenachew C. (2016) study entitled that ‘challenges of public procurement performance in the case of federal public procurement and property disposal service, Ethiopia’ shown that lack of advanced technology usage i.e. e-procurement technology in procurement process is one of the challenge of procurement performance in the PPPDS.

To sum up, from the analysis the above table, interview and literature we can understand that majority of respondents agreed that the service lacks information communication technology infrastructures. The service contacts its customer through letter and telephone. As a result framework agreement is influenced by information sharing mechanisms.

4.4 Framework Agreement Evaluation

The study was evaluated PPPDS’s framework agreement factors by analyzed the following four independent variables.

Table 4. 6 Framework Agreement Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
FAperformanc	93	1	5	3.04	.949
FAcapacity	93	1	4	2.78	.829
FAplan	93	1	5	2.97	.914
FAICT	93	1	5	3.22	.964

Source: Survey Result, May 2017

Where: FAperformanc = Framework Agreement Suppliers’ Performance Execution, FAcapacity = Framework Agreement Suppliers’ Capacity Measurement, FAplan= Framework Agreement Public bodies’ Procurement Plan, FAICT = Framework Agreement ICT Utilization.

The mean and standard deviation of various indicators shown in table 4.6 indicate higher means on suppliers' performance execution (3.04) and ICT utilization (3.22) having the lowest factors of framework agreement in PPPDS compare with the remaining other two variables. The standard deviation values also indicate that most of the respondents agree to the attributes. The low mean on suppliers' capacity measurements (2.78) and public bodies' procurement plan (2.97) had high factors of framework agreement in PPPDS. Hence, the data indicate that most of respondents agreed on framework agreement are highly affected by suppliers' performance execution, suppliers' capacity, ICT utilization and public bodies' procurement plan.

4.5 Major Factors of Framework Agreement in PPPDS

The study also identified the major factors of framework agreement in PPPDS from PPPDS's framework agreement survey 2016.

Table 4. 7 Challenges of procurement performance in PPPDS

Internal challenges	External challenges
➤ Lack of modern record and document management	✓ Delay of finance process
➤ Extra delay due to evaluation procedure	✓ End users are not raised their need on time
➤ High employee turnover	✓ Shortage of foreign currency
➤ Lack of skills and capacity	✓ Performance of suppliers
➤ Inadequate monitoring of contract procedure	✓ End users not administered contract properly
➤ Poor relationship between buyer and supplier	✓ Incomplete requisitions from end users

Source: PPPDS's FA survey, 2016

4.6 Tests and Analysis to examine the factors of Framework Agreement

The study used inferential analysis is concerned with the various tests of significance for normality, autocorrelation and multicollinearity in order to determine the validity of data. The data was sorted to group questions according to applicable constructs under test. Finally

correlation and standard multiple regression analysis were performed. Tests and analysis of the data are presented below:

4.6.1 Normality Test

Frequency distributions come in many different shapes and sizes. It is quite important, therefore, to have some general descriptions for common types of distributions. In an ideal world our data would be distributed symmetrically around the center of all scores. As such, if we drew a vertical line through the center of the distribution then it should look the same on both sides. This is known as a normal distribution and is characterized by the bell-shaped curve. This shape basically implies that the majority of scores lie around the center of the distribution (so the largest bars on the histogram are all around the central value (Field, 2006).

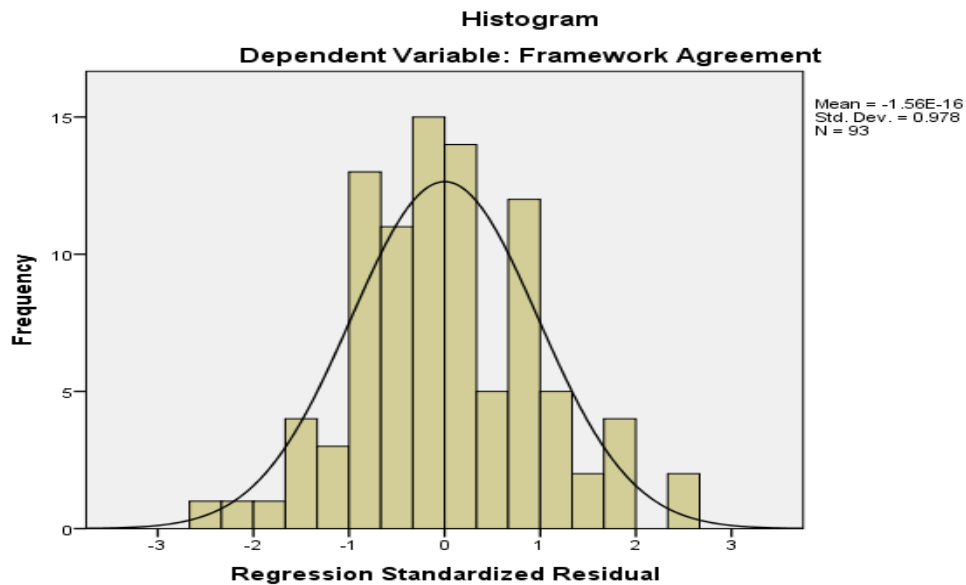
In a normal distribution, the values of skewness are 0. If a distribution has values of skew above or below 0 then this indicates a deviation from normal (Field, 2009). As we have seen from the below table, the skewness approaches or around to Zero and normal distribution figure 4.3 also show the data is almost normal. All variables were found to be normal.

Table 4. 8 Tests of normality Framework Agreement Effectiveness

	Suppliers' performance	Suppliers' capacity	Public bodies' procurement plan	Utilization of ICT
Skewness	-.052	-.225	-.393	-.271
Std. Error of Skewness	.949	.829	.914	.964

Source: Survey Result, May 2017

Skewed distributions are not symmetrical and instead the most frequent scores (the tall bars on the graph) are clustered at one end of the scale. A skewed distribution can be either positively skewed (the frequent scores are clustered at the lower end and the tail points towards the higher or more positive scores) or negatively skewed (the frequent scores are clustered at the higher end and the tail points towards the lower more negative scores) (Field, 2005)



Source: Survey Result, May 2017

Figure 4. 2 Normal distribution of the data

4.6.2 Correlations Analysis

The correlation of the variable is measured by Spearman’s correlation coefficient. The result of the Spearman’s correlation is presented on following tables and interpreted by the guide line suggested by Field (2006); he mentioned that the Spearman’s correlation coefficient is shown the relationship between the predictor and outcome variable. The relationship is measured in the range of 0.1 to 0.29 is weak relationship, 0.30 to 0.49 is moderate, above 0.50 shows strong relationship; while the positive and negative sign is for the direction of their relationship (Field, 2006).

Table 4. 9 Correlation table

			Suppliers' performance execution	Suppliers capacity	Public bodies' procurement plan	Utilization of ICT	FA effectiveness
Spearman's rho	Suppliers' performance execution	Correlation Coefficient	1.000**	.431**	.516**	.349**	.511**
		Sig.(2-tailed)	.	.000	.000	.001	.000
		N	93	93	93	93	93
	Suppliers capacity	Correlation Coefficient	.022	1.000	.116**	.053**	.431**
		Sig.(2-tailed)		.	.000	.000	.000
		N		93	93	93	93
	Public bodies' procurement plan	Correlation Coefficient			1.000	.112**	.516**
		Sig (2-tailed)			.	.000	.000
		N			93	93	93
	Utilization of ICT	Correlation Coefficient				1.000	.349**
		Sig.(2-tailed)				.	.000
		N				93	93
Framework Agreement effectiveness	Correlation Coefficient					1.000	
	Sig.(2-tailed)					.	
	N					93	
**. Correlation is significant at the 0.01 level (2-tailed).							

Source: Survey Result, May 2017

Spearman's product moment correlation coefficient (r_s) was used to determine the strength of relationship between the dependent (Framework agreement effectiveness) and independent

variables (suppliers' performance execution, suppliers' capacity, public bodies' procurement plan and utilization of ICT). It is a parametric technique which gives a measure of the strength of association between two variables.

As it can be shown in the above correlation matrix, each variable is correlated with itself. Framework agreement effectiveness is positively correlated with suppliers performance execution with Spearman's correlation coefficient of $r_s = 0.511, P < 0.01$, there is found to be a positive correlation between framework agreement effectiveness and suppliers' capacity with a correlation figure of 0.431, $P < 0.01$, it was clear that there is a positive correlation between the framework agreement effectiveness and public bodies' procurement plan as shown by a correlation figure of 0.516, $P < 0.01$, and also there is a positive correlation between framework agreement effectiveness and utilization of ICT with Spearman's correlation coefficient of $r_s = 0.349, P < 0.01$. This shows that there was positive correlation between framework agreement effectiveness and suppliers' performance execution, suppliers' capacity, public bodies' procurement plan and Utilization of ICT.

4.6.3 Multicollinearity Assumptions

Multicollinearity exists when there is a strong correlation between two or more predictors in a regression model (Saunders et.al, 2007). There should be no perfect linear relationship between two or more the predictors. So the predictor variables should not correlation too highly (Ho, 2006). If there is perfect collinearity between predictors it becomes impossible to obtain unique estimates of the regression coefficients because there are an infinite number of combinations of coefficients that would work equally well. Perfect collinearity is rare in real-life data, but less than perfect collinearity is virtually unavoidable (Field, 2006). This research data multicollinearity assumption is checked by the Spearman's correlation Coefficient and Collinearity Statistics:

The first assumption is checking the value of Spearman's correlation coefficient among predictor's variables. If Spearman's correlation coefficient (r_s) value among predictors are below < 0.9 , there is no substantial correlation between predictor variables so there is no multicollinearity problem (Field, 2006). As shown above table 4.9 all the Spearman's correlation coefficient values (r_s) between predictors are below 0.90. Therefore, it is satisfied multi-

collinearity assumption and don't have collinearity problem so that it is able to obtain unique estimates of the regression coefficient.

4.6.4 Auto-correlation Assumption /Durbin–Watson test/

It is the assumption of independent error tenable or reasonable test. Durbin-Watson used to test for serial correlation between errors. The test statistic value d can vary between 0 and 4, with a value of 2 meaning the residuals are uncorrelated. A value greater than 2 indicates a negative correlation between adjacent residuals, whereas a value below 2 indicates a positive correlation (Field, 2006). Similarly, Ott and Longnecker (2001) defines when there is no serial correlation, the expected value of the Durbin–Watson test statistic d is approximately 2.0; positive serial correlation makes $d < 2.0$ and negative serial correlation makes $d > 2.0$. Although, values of d less than approximately 1.5 (or greater than approximately 2.5) lead one to suspect positive (or negative) serial correlation. If serial correlation is suspected, then the proposed multiple regression models are inappropriate and some alternative must be sought. In this study model the value of the test is 1.736, so it can be safely assumed that there is no problem of autocorrelation (Table 4.10).

4.6.5 Multiple Regression Results

The study conducted a multiple regression analysis so as to test relationship among variables (independent) on the challenges of framework agreement effectiveness in PPPDS. The study applied the statistical package for social sciences (SPSS) to code, enter and compute the measurements of the multiple regressions for the study.

Regression of Framework Agreement effectiveness (FAeff) on suppliers' performance execution (FAPerformance), suppliers' capacity (FAcapacity), public bodies' procurement plan (FAplan) and Utilization of ICT (ProcICT) is presented below.

I Coefficient of Determination

Model summary table describes the overall model whether the model is successful in predicting dependent variables. It gives a value of R square, which measure of how much of the variability in the outcome is accounted for the predictors. In addition, this summary table tells us whether auto-correlation assumption is satisfied or not through Durbin Watson value (Field, 2006).

Table 4. 10 Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.81	.656	.641	.386	1.736

Source: Survey Result, May 2017

From Table 4.10, the four independent variables that were studied, explain only 65.6% of the factors that are affecting framework agreement effectiveness in PPPDS as represented by the R^2 . This means that other factors not studied in this study contribute 34.4% affecting framework agreement effectiveness in PPPDS.

II Analysis of Variance /ANOVA/ Test

ANOVA model is more likely to be significant, indicating that at least one group mean is different from another group mean. ANOVA is the appropriate statistical technique to examine the effect of a less-than interval independent variable on an at-least interval dependent variable. If the F test result is not significant, the model should be dismissed and there is no need to proceed to further steps (William and Barry, 2010).

Table 4. 11 ANOVA table

Model	Sum of Squares	Degree of freedom	Mean Square	F statistic ratio	Sig.
Regression	24.960	4	6.240	41.984	.000 ^b
Residual	13.079	88	.149		
Total	38.039	92			
a. Dependent Variable: FAeff					
b. Predictors: (Constant), FAICT, FAcap, FAplan, FAperformance					

Source: Survey Result, May 2017

The ANOVA test result of procurement performance is indicated on above table 4.11, it is noticed that F value 41.984 is significant at $P < 0.001$ levels. Therefore, from the result, it can be concluded that the combination of the independent variables (suppliers' performance execution,

suppliers’ capacity, public bodies’ procurement plan and Utilization of ICT) significantly predicts the dependent variable (framework agreement effectiveness).

III Regression Coefficients or Model

Standardized regression coefficient (Beta) is the estimated coefficient indicating the strength of relationship between an independent variable and dependent variable expressed on a standardized scale where higher absolute values indicate stronger relationships(range is from -1 to 1) (William and Barry, 2010).

Table 4. 12 Coefficients table

Model	Unstandardized Coefficients		Standardized Coefficients	t test	Sig.
	B	Std. Error	Beta		
(Constant)	.052	.230		.225	.001
FAperf	.239	.044	.353	5.414	.000
FAcap	.283	.049	.365	5.799	.000
FAplan	.269	.045	.383	5.919	.000
FAICT	.182	.043	.273	4.250	.000

Source: Survey Result, May 2017

Table 4.12 shows the Beta Coefficients that present the contributions or positive or negative relationship of each variable to the model. The t and p values showed the influence of the independent variables on the dependent variable. At 5% level of significance and 95% level of confidence, suppliers’ performance execution had a 5.414 level of significance, suppliers’ capacity showed a 5.599 level of significance, and public bodies’ procurement plan showed a 5.919 level of significant and utilization of ICT had a level of significance of 4.250. Hence the most significant factor is public bodies’ procurement plan.

According to beta coefficient results, all predictors are positively related to dependent variables and significantly framework agreement effectiveness. The study conducted a multiple regression analysis to determine the relationship between independent variables and dependent variable.

From the regression equation established, taking all factors (suppliers’ performance execution, suppliers’ capacity, public bodies’ procurement plan and utilization of ICT) constant at zero, the framework agreement factors at PPPDS would be 0.052 Further, if all the other variables are kept constant, a unit increase in suppliers’ performance execution, there is an increase of 0.239 in

framework agreement effectiveness at PPPDS. A unit increase in suppliers' capacity will lead to a 0.283 increases in framework agreement effectiveness at PPPDS; a unit increase in public bodies' procurement plan will lead to a 0.269 increase in framework agreement effectiveness at PPPDS, while a unit increase in utilization of ICT will lead to a 0.182 increase in framework agreement effectiveness at PPPDS.

These results imply that suppliers' capacity contribute more to framework agreement effectiveness at PPPDS followed by public bodies procurement plan, suppliers' performance execution, while ICT utilization contributes the least to framework agreement effectiveness at PPPDS.

The study has discovered that the degree of factors of framework agreement effectiveness can determine by those identified independent or predictor variables. The study developed below regression model:

The multiple regression equation (Ho, 2006):

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n$$

- Where:
- Y = dependent variable
 - β_0 = constant
 - β_n = Unstandardized regression coefficient
 - X = Value of the predicted coefficient

$$Y \text{ (FAE)} = \beta_0 + (\beta_1) \text{ SPER} + (\beta_2) \text{ SCAP} + (\beta_3) \text{ PBPP} + (\beta_4) \text{ UICT}$$

Where:

- FAE is Framework agreement Effectiveness
- SPER is Suppliers' Performance in Framework Agreement
- SCAP is Suppliers' Capacity
- PBPP is Public Bodies' Procurement Plan

UICT is Utilization of ICT in Framework Agreement

$$Y (\mathbf{FAE}) = 0.052 + 0.239\mathbf{SPER} + 0.283\mathbf{SCAP} + 0.269\mathbf{PBPP} + 0.182\mathbf{UICT}$$

By examining the unstandardized regression coefficient (β) for each of the predictor variables, the result found that suppliers' performance execution ($\beta = 0.239, p < 0.05$), suppliers' capacity $\beta = 0.283, p < 0.05$), public bodies' procurement plan ($\beta = 0.269, p < 0.05$) and utilization of ICT in framework agreement ($\beta = 0.182, p < 0.05$) show positive relationship with framework agreement effectiveness. So, there is a positive relationship between the predictors (suppliers' performance execution, suppliers' capacity, public bodies' procurement plan and utilization of ICT) and outcome (framework agreement effectiveness) since the value of beta coefficient is positive. As suppliers' performance execution, suppliers' capacity, public bodies' procurement plan and utilization of ICT is good, framework agreement effectiveness at PPPDS is also improved.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter presents a summary of the findings, conclusions and recommendations made to help and improve the performance of public procurement particularly framework agreement in PPPDS based on the objectives of the study. The chapter also concludes with recommended areas for further research work.

5.1. Summary of Finding

According to data analysis in the previous sections summary of findings is presented separately under each objectives of the study as follows.

5.1.1 Suppliers' performance execution

The first objective was to establish the factors related suppliers' performance execution on framework agreement. The results shown that 44% of the respondents indicated that suppliers' performance execution in framework agreement impacted on framework agreement effectiveness and 19% of the respondent indicated that suppliers' performance execution did not affect framework agreement effectiveness while the rest (37%) of them are in moderate level.

From Spearman's correlation coefficient, framework agreement effectiveness in PPPDS is positively related to suppliers' performance execution with Spearman's correlation coefficient of $r_s = 0.511$, $P < 0.01$.

From the regression model, a unit increase in suppliers' performance execution in framework agreement, there is an increase of 0.239 in framework agreement effectiveness at PPPDS. This implies that supplier's performance execution accounts for 23.9% of variations in framework agreement effectiveness at PPPDS. The results as shown that suppliers' performance execution is one of the factors that hinder framework agreement at PPPDS

The study also found out there was poor contract administration at the PPPDS characterized by late delivery of goods, delays in payments to suppliers and lack of proper controlling mechanism.

5.1.2 Suppliers' capacity

From the findings, 48% of respondents indicated that suppliers' capacity in the framework agreement has impact on framework agreement while 35% of them indicated that the suppliers' capacity did not affect framework agreement effectiveness the rest 17% were in moderate level.

From Spearman's correlation coefficient, there is found to be a positive correlation and significantly related between framework agreement and suppliers' capacity with a correlation figure of 0.431, $P < 0.01$.

From regression model, a unit increase in suppliers' capacity will lead to a 0.283 increase in framework agreement at PPPDS. This implies that supplier' capacity accounts for 28.3% of variations in framework agreement effectiveness. The results as shown that suppliers' capacity is one of the factors that hinder framework agreement at PPPDS

5.1.3 Public bodies procurement plan

From the findings, 47% of respondents indicated that public bodies' procurement plan has an impact on framework agreement effectiveness while the 30% of the respondents shown that public bodies' procurement plan has no effect on framework agreement effectiveness whereas 23% of the respondents were in moderate level.

From Spearman's correlation coefficient, it was clear that there is a positive correlation between the public bodies procurement plan and framework agreement as shown by a correlation figure of 0.516, $P < 0.01$.

From regression model, a unit increase in public bodies' procurement plan will lead to a 0.269 increase in framework agreement effectiveness at PPPDS. This implies those public bodies' procurement plan accounts for 26.9% of variations in framework agreement effectiveness.

The results as shown that there is delay and inaccurate public bodies' procurement plan in framework agreement process is one of the factors of framework agreement at PPPDS

5.1.4 Utilization of Information Communication Technology

The study found out 44% of respondents agreed that utilization of information communication technology has an impact on framework agreement while 32% of the respondents indicated that utilization of ICT did not affect framework agreement effectiveness whereas 24% were remain in moderate level.

From Spearman's correlation coefficient, there is a positive correlation and significantly related between framework agreement and utilization of ICT with Spearman's correlation coefficient of $r_s = 3.649$, $P < 0.01$.

From regression model, a unit increase in utilization of ICT will lead to a 0.182 increase in framework agreement effectiveness at PPPDS. This implies that utilization of ICT accounts for 18.2% of variations in framework agreement effectiveness. The results as shown that lack technology usage rather than letters and telephone in framework agreement process is one of the factors of framework agreement effectiveness in the PPPDS

5.2. Conclusion

The study concludes that suppliers' performance execution, suppliers' capacity, public bodies' procurement plan and utilization of ICT positively affect framework agreement effectiveness at PPPDS. Suppliers' capacity explains about 65% of the variations in framework agreement effectiveness while suppliers' performance execution, utilization of ICT and public bodies' procurement plan explain 42%, 22% and 20% respectively.

The most important factor analyzed based on the following factors: PPPDS role in suppliers' empowerment, suppliers capability to deliver the requested items on time and PPPDS suppliers' capacity measurement are related with suppliers' capacity. Suppliers' capacity and suppliers' performance execution was found to be as pointed out by most of the respondents. As a result, poor performance of suppliers and delays in payments to suppliers are greatly affect framework agreement effectiveness at PPPDS.

The study found out that there were poor ICT infrastructures to handle framework agreement. Regarding ICT utilization PPPDS still use only letter and telephone to communicate public bodies and suppliers.

The study further concluded that one of the major setbacks in PPPDS is imbalanced public bodies' procurement plan which manifested by delay of procurement plan submission, inaccurate plan with the actual usage and not having experience to prepare procurement plan.

In general, the study indicates that all factors have significantly correlation and effect on framework agreement, specifically suppliers' capacity are highly explain power at B value of 0.649, next suppliers' performance execution have significant contribution to procurement performance at B value of 0.421, ICT utilization and public bodies' procurement plans also have significant contribution at 0.221 and 0.195 B value, respectively.

5.3. Recommendations

Based on finding of the study, conclusion drawn in line with the study objectives, the following points are recommended for PPPDS, Public bodies and Supplier in order to improve framework agreement effectiveness.

5.3.1 Recommendation for PPPDS

- The study established that suppliers' performance execution and capacity affects framework agreement effectiveness to a large extent. The study recommends that within this fact the service should monitor and evaluate suppliers' performance and capacity objectively. This will help to achieve high levels of efficiency and effectiveness in framework agreement.
- For the success of the contracts under execution, the management of PPPDS should ensure that proper mechanisms for procurement performance such as adequate monitoring and evaluation of procurement performance are put in place with the input of procurement personnel and the user department with progress reports that helps to take necessary action.
- PPPDS should provide ICT infrastructures in order to minimize paperwork, delay and very long transaction processes and to increase effectiveness and to communicate easily with public bodies' and suppliers in the framework agreement.
- PPPDS should have Regular assessment on the effectiveness of framework agreement to solve basic problems regarding framework agreement and to improve customer service delivery.

- Finally, the study recommends that the PPPDS apply important benchmarked lessons in contrast with our country situation and adopt effective framework agreement mechanisms which are compatible with Ethiopia's conditions .

5.3.2 Recommendation for Public Bodies

Since framework agreement by its nature provides a number of advantages (helps to focus on their core missions, convenient, flexible, streamlined and efficient process for purchasing, allow central management of the contract, reduce need for warehouse, etc.) to the public bodies, they should team up with public procurement and property disposal service. As a result the study recommends that;

- The concern of procurement planning being a cornerstone for any public bodies, shall be given due attention by all concerned actors across the board on top of devising the legal framework and organizational structure.
- Public bodies' should prepare Procurement plans on time with complete information. In addition, they should minimized urgent/unplanned requisitions to suppliers.
- Head of public bodies' should give attention toward preparation of annual procurement plan that adversely affect their organizational performance particularly and organizational projected mission generally.
- Public bodies' need to consider a viable environment to have a qualified procurement staff in terms of having the proper organizational structure

5.3.3 Recommendation for Suppliers

- Since their capacity and performance execution affects the performance of public bodies' and PPPDS they should perform their duties as per the contract.
- Suppliers in framework agreement expect to have good relationship with their customers (public bodies and PPPDS). So the study recommends that they should maintain strong bond. They should develop win-win supplier and vendor relationship in long run to have competitive advantage.
- No one of course should tolerate ongoing late delivery of goods specially universities. Therefore, suppliers should delivery the requested items as per the purchase order.

5.4. Suggestion for Further Study

The scope of this research was attempted to assess factors affecting framework agreement effectiveness in Federal Public Procurement and Property Disposal Service. The study found that the variables considered; suppliers' performance execution, suppliers' capacity, public bodies procurement plan and information exchange mechanisms accounted for 65.6% variability in framework agreement effectiveness; implying that the 34.4% could be due to other factors beyond the scope of this study. Further research is recommended on factors such as, legal issues toward framework agreement, staff competency, suppliers' business working experience, ethics of participants, market dynamism and etc.

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Appendix

Survey Questionnaire

My name is Tariku Tamiru, a prospect graduate of Master of Arts student in Logistics and Supply Chain Management in Addis Ababa University, School of Commerce. I am carrying out an academic research on the 'THE INFLUENCING FACTORS OF FRAMEWORK AGREEMENT EFFECTIVENESS IN FEDERAL PUBLIC PROCUREMENT AND PROPERTY DISPOSAL SERVICE, ETHIOPIA' for the fulfillment of my postgraduate studies in Logistics and Supply Chain Management. The information provided through this questionnaire will be treated with top most confidentiality and results will be used to make recommendations which will help Public Procurement and Property Disposal Service in relation to Framework agreement (Centralized procurement).

You are requested to kindly answer all the questions by ticking (✓) in the appropriate box or filling in the spaces provided. **PART I**

GENERAL INFORMATION

1. Gender

Male Female

2. Educational level?

Certificate Diploma Degree Masters and above

3. What is your position in the organization?

Director Team Leader expert

4. Your working experience in procurement

0-2 year 3-5years 6-10 years more than 10 years

PART II

Please read each statement and put (√) on the item that suits you as best alternative.

A. What is your level of agreement with the following statements that relate to **Supplier’s performance execution?**

No.	Statement	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree
1	Suppliers in framework agreement deliver goods on time upon a written request					
2	Supplier capacity to deliver all the requested goods at a time					
3	Suppliers have delivered right quality as per the specification					
4	Suppliers are willing to prompt corrective action for defectives items					
5	Suppliers are willing to give technical support for sold goods.					

If you have any suggestion in relation to Supplier’s performance execution, please share your comments.

B. What is your level of agreement with the following statements that relate to **of supplier’s capacity?**

No.	Statement	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree
1	Supplier’s capacity has an impact on public procurement particularly on Framework Agreement					
2	The service has mechanisms to measure FA suppliers’ capacity					
3	Suppliers have clear information about their capacity measurement					
4	The service play significant role in suppliers capacity empowerment					
5	Suppliers capacity measurement has an impact on organizational performance					

If you have any suggestion in relation to measurements of supplier’s capacity, please share your comments.

C. What is your level of agreement with the following statements that relate to Public body’s annual procurement plan?

No.	Statement	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree
1	Procurement plan has an impact on public procurement particularly on FA					
2	Public bodies have submission their annual procurement plan on time					
3	The service has follow up means to procurement plan submission					
4	The service has a mechanism to check public body’s accuracy of the procurement plan					
5	Inaccurate procurement plan has impact on organizational performance					

If you have any suggestion in relation to Public body’s annual procurement plan, please share your comments.

D. What is your level of agreement with the following statements that relate to **Information exchange mechanisms?**

No.	Statement	strongly Disagree	Disagree	Moderate	Agree	Strongly Agree.
1	Information communication technologies has an impact on public procurement particularly on FA					
2	PPPDS has ICT system to exchange information with suppliers and public bodies.					
3	Information exchange among PPPDS, public bodies and suppliers takes few days.					
4	There is fast information exchange among the service, public bodies and suppliers takes few days.					
5	Delay of information exchange has an impact on FA performance					
6	PPPDS has information exchange mechanisms rather than letter and telephone.					

If you have any suggestion in relation to Information exchange, please share your comments.

E. What is your level of agreement with the following statements that relate to Framework Agreement Effectiveness?

No.	Statement	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree
1	Procurement of framework agreement system has beneficial to the user public bodies					
2	PPPDS has follow-ups systems on delivery of common user items.					
3	Submitting proper annual procurement plan to the concerned organ on time has an impact on framework agreement.					
4	Delay in supplying of goods is one of the problems that should be improved by PPPDS.					
5	The common use items supply is deliver as per the order received.					

If you have any suggestion in relation to factors that affect Framework Agreement implementation, please share your comments.

THANK YOU VERY MUCH!!!

Interview Questions

My name is TARIKU TAMIRU, a prospect graduate of Master of Arts student in Logistics and Supply Chain Management in Addis Ababa University, School of Commerce. I am carrying out an academic research on the 'THE INFLUENCING FACTORS OF FRAMEWORK AGREEMENT EFFECTIVENESS IN FEDERAL PUBLIC PROCUREMENT AND PROPERTY DISPOSAL SERVICE, ETHIOPIA' for the fulfillment of my postgraduate studies in Logistics and Supply Chain Management. I am requesting you to feel free in giving your answers and all will be considered right. Your co-operation and assistance will be highly appreciated in advance.

1. PPPDS is established with the aim to enable the timely supplying of goods and service which are commonly used by public bodies as well as goods and services which have national strategic significance. In your opinion is this objective achievable or not and please share your opinion in relation to framework agreement
2. How do you get supplier's performance the executions of framework agreement participants?

In order to have harmonious Framework Agreement implementation, suppliers' capacity can play a vital role. How you evaluate supplier's capacity especially domestic suppliers'?

3. In framework agreement public bodies' procurement plan plays a vital role. What are the problems you find public body's annual procurement plan?
 4. What are the core problems so far you observed on the implementation of Framework agreements?
 5. Now a day ICT plays a great role in procurement. How PPPDS evaluate the importance of ICT systems in framework agreement?
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6. If you have any suggestions in relation framework agreements conducted in PPPDS please share your comments.

THANK YOU VERY MUCH!!!