



Assessment of Sustainable Public Procurement Practices in Ethiopian Public Procurement and Property Disposal Services and Public Procurement and Property Administration Agency

By

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DECLARATION

I, Ermias Wosenyeleh Asefa, hereby, declare that the thesis entitled “**Assessment of Sustainable Public Procurement Practices in Ethiopian Public Procurement and Property Disposal Services and Public Procurement and Property Administration Agency**” is my original work and has never been presented for a degree in any other university and all the sources of materials used for the thesis have been duly acknowledged.

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CERTIFICATION

This to certify that **Ermias Wosenyeleh Asefa** has carried out his thesis work on the topic entitled **“Assessment of Sustainable Public Procurement Practices in Ethiopian Public Procurement and Property Disposal Services and Public Procurement and Property Administration Agency”** under my guidance and supervision. Accordingly, I hereby assure that his work is appropriate and standard enough to be submitted for the award of Master of Arts degree in Logistics and Supply Chain Management.

Shiferaw Mitiku (PhD)

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The Researcher

TABLE OF CONTENTS

Acknowledgement.....	i
List of tables'	v
List of figures.....	vi
Acronyms and abbreviations	vii
Abstract.....	viii
CHAPTER ONE.....	1
INTRODUCTION.....	1
1.1 Background of The Study	1
1.2 Background of the Organizations	2
1.3 Statement of the Problem.....	3
1.4 Objectives of the Study	6
1.5 Research Questions.....	7
1.6 Significance of the Study	7
1.7 Scope of the Study	8
1.8 Organization of the Study	8
CHAPTER TWO	10
REVIEW OF RELATED LITERATURE	10
2.1 Theoretical Literature Review	10
2.1.1 The Concept of Sustainability and Public Procurement	10
2.1.2 The Principles of the Marrakech Task Force Approach to SPP	11
2.1.3 Sustainable Development	13
2.1.4 The Concept of Public Procurement	14
2.1.5 The Concept of Sustainable Procurement	14
2.1.6 The Triple Bottom Line	19
2.1.7 Argument against SPP	20
2.1.8 Potential Benefits of SPP in Developing Countries	22
2.1.9 Drivers of Sustainable Procurement	26
2.1.10 Challenges to Sustainable Procurement.....	29
2.2 Empirical Literature Review	33
2.3 Identified Literature Gap	36
2.4 Conceptual Framework of the Study	36

CHAPTER THREE	40
METHODOLOGY OF THE STUDY	40
3.1 Description of The Study Area	40
3.2 Research Approach	40
3.3 Research Design	41
3.4 Sources Of Data	41
3.5 Data Collection Tools	42
3.6 Population And Sample Size	42
3.7 Data Analysis Techniques And Report	43
3.8 Ethical Consideration	44
3.9 Validity And Reliability Test	44
CHAPTER FOUR	46
RESULTS, DISCUSSION, AND INTERPRETATION	46
4.1 Introduction	46
4.2 Questionnaires' Response Rate	46
4.3 General Information of Respondents	46
4.4 Perception Level of Procurement Professionals Towards Sustainable Public Procurement	49
4.5 Review of Public Procurement Proclamation And Directives in Addressing SPP Considerations	54
4.6 Practices of Addressing Sustainable Public Procurement Considerations	57
4.7 Challenges of Addressing Sustainable Public Procurement	75
4.8 Correlation Analysis for Practices of Sustainable Public Procurement	79
4.8.1 Correlation Analysis	80
4.8.2 Multicollinearity Assumption	81
CHAPTER FIVE	85
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	85
5.1 Summary Of Major Findings	85
5.2 Conclusion	90
5.3 Recommendations	91
5.4 Suggestion for Further Study	94

References	95
Annex 1: Questionnaire	i
Annex 2: Organizational Structure of PPPAA	ii
Annex 3: Organizational Structure of PPPDS	iii

LIST OF TABLES

Table 2.1	Potential benefits of Sustainable Public Procurement:	23
Table 2.2	General External Drivers for Sustainable Procurement	25
Table 2.3	General Internal Drivers for Sustainable Procurement	26
Table 3.1	Reliability Test.....	44
Table 4.1	General Information	46
Table 4.2	Responsibility in relation to Procurement.....	48
Table 4.3	Level of Knowledge towards SPP	49
Table 4.4	Adequacy of Training on SPP.....	51
Table 4.5	Review of Sustainable considerations in Public Procurements	53
Table 4.6	Economic Aspects of SPP Considerations	58
Table 4.7	Environmental Aspects of SPP	64
Table 4.8	Social Aspects of SPP	70
Table 4.9	Possible Challenges of SPP.....	74
Table 4.10	Kendall's W. Test	76
Table 4.11	Pearson Correlation Information	80
Table 4.12	Collinearity statistics value	81

LIST OF FIGURES

Figure 1 Balancing sustainable procurement objectives.....	16
Figure 2 Generic Procurement Cycle.....	37
Figure 3 Conceptual Framework	38

ACRONYMS AND ABBREVIATION

CIPS:	Chartered Institute of procurement and Supply
FDRE:	Federal Democratic Republic of Ethiopia
GDP:	Gross Domestic product
KPI:	Key Performance Indicators
MoFED:	Minister of Finance and Economic Development
OECD:	Organization for Economic Cooperation and Development
PPFAA:	Public Procurement and Property Administration Agency
PPPDS:	Public Procurement and Property Disposal Service
SPSS:	Statistical Package for Social Science
SMEs:	Small and Medium Enterprises
SD:	Sustainable Development
SPP:	Sustainable Public Procurement
UNCED:	United Nations Conference on Environment and Development
UN:	United Nations
UNGM:	United Nations Global Market Place
UNEP:	United Nations Environment Programme
WLC:	Whole Life Costing
MTF:	Marrakech Task Forces (MTF)
WTO:	World Trade Organization
UNDESA:	UN Department of Economic and Social Affairs
SCP:	Sustainable Consumption and Production
CSD:	Commission on Sustainable Development

Abstract

The objective of this study was to assess the practices of Sustainable Public Procurement in two public procurement organizations: Public Procurement and Property Disposable services, and Public Procurement and Property Administration Agency. The research used descriptive and explanatory types of research design, and also used the quantitative and qualitative approach. The target populations were employees who are involved in procurement, contracting team, Property administration team, Market research and valuation team of the two organizations and their total number were 81. Primary data, through the use of questionnaire and semi structured interview were used and secondary data such as; Public procurement proclamations, directives and various internal documents, books, journals were reviewed. The collected data, from the questionnaire, was analyzed using descriptive and inferential statistics by aid of Statistical Package for Social Science version 20. The major finding of the study indicates that the practice of sustainable public procurement in the two public procurement organizations, is in its infancy stages. Very few variables of the sustainability considerations were incorporated in their public procurement proclamation, directives, working manuals, framework agreement, and General and Special Conditions of contract and also very few variables of the sustainability considerations were practiced in the day to day procurement activities by the procurement professionals. Among the three Sustainable Public Procurement dimensions; environmental and social sustainability considerations were almost absent in their policy day to day procurement practices. In additions, the non-inclusion of majority of the sustainability considerations, as a policy or in their day to day procurement activities, has potentially bring undesirable consequences in to the environment, and exacerbated the social and economic aspects of Sustainable Public Procurement. The correlation result indicated that there were positive relationship between all of independent variables (Level of knowledge on Sustainable Public Procurement, Adequacy of training on Sustainable Public Procurement, Various challenges) and the dependent variable (Practices of Sustainable Public Procurement).The researcher recommends that, initiative has to be started on the formulation of sustainable public procurement policy and national implementation strategy, by Public Procurement and Property Disposable services, and Public Procurement and Property Administration Agency and in consultation with responsible stakeholders that translates how economic, environmental and social sustainability considerations need to be addressed through public procurement. In additions, a wider procurement reform will be required, by the two public procurement organization, considering sustainability at the different stages of the procurement cycles. Besides that, education and training on sustainable public procurement at the individual procurement professional level need to be provided to increase knowledge base for implementing sustainable procurement. With this problem, the researcher recommend further study to be carried out on the way forward on how the country adopt and implement the sustainability considerations in its the public procurement.

Keywords: - Sustainable, Procurement, Economic, Environmental, Social

CHAPTER ONE

INTRODUCTION

This chapter of the research study introduces the background of Sustainable Public Procurement, the rationale for conducting the study in two selected public procurement organizations: FDRE Public Procurement and Property Disposal Services, and Public Procurement and Property Administration Agency. In addition, the objectives, delimitation and significances of the research study has been discussed in this chapter.

1.1 BACKGROUND OF THE STUDY

Public procurement represents an estimated 15 percent of the Gross Domestic Product (GDP) in Organization for Economic Co-operation and Development (OECD) countries and up to 25 percent of GDP in developing countries and procurement is increasingly seen as a powerful public policy tool to bring about major environmental and social benefits (OECD 2011c; ADB 2011).

The share is believed to be much higher in developing and least developed countries, where development of basic infrastructure is still the prime focus of governments and consumes huge budget. In developing countries, public procurement is increasingly recognized as essential in service delivery and it accounts for a high proportion of total expenditure. For example, public procurement accounts for 60 percent in Kenya, 58 percent in Angola, 40 percent in Malawi and 70 percent of Uganda's public spending (OECD, 2010).

In Ethiopia, more than 60 percent 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. The expenditure on public procurement is increasing from year to year. However, the resource spent on public procurement is not used properly and in an economical manner and in the current Ethiopian public procurement process, the compliance on public procurement process shows increment from year to year. Efficiently and effectively handling this size of procurement outlay has been a policy and management concern as well as a challenge for governments (PPPAA Annual Report, 2014).

Most OECD countries are implementing national programs to promote Sustainable Public Procurement (SPP). This strategy allows for the consideration of economic, environmental and social criteria when awarding public contracts to drive sustainable production and consumption patterns (United Nations, 2008).

SPP in developing countries is still in its infancy even though the negative consequences of climate change exacerbate existing development problems.

Public procurement is the overall process of acquiring goods, works and services on behalf of a public authority (Hilse, 1996; IISD, 2007). It is in essence a question of matching supply and demand, just as with any private procurement procedure. Public contracting authorities however, have to exercise special caution when awarding contracts, because they handle public funds and are accountable to tax payers. Public procurement laws and procedures can differ from country to country and also between national governments, state-owned enterprises and local governments. There are generally two underlying principles to be observed within public procurement. These principles are best value for money by ensuring cost-efficiency through competition, and fairness to ensure a level playing field for market participants by applying procedures that safeguard non-discrimination, equal treatment, transparency, and proportionality (Hilse 1996; IISD 2007; European Commission 2011 b).

An improved sustainable procurement practice despite the challenges is the driving force behind the benefits and impacts in realizing value for money within public procurement and sustainable purchasing practices. The role of Procurement Professionals in appreciating challenges and benefits of sustainable procurement helps in ensuring public procurement are executed devoid of causing harm to the environment and increasing the cost of supply.

Hence, taking the above pillars of Sustainable Public Procurement (SPP), this research study will be carried out in two public procurement organizations i.e. the Federal Public Procurement and Property Disposal Services (PPPDS) and the Public Procurement and Property Administration Agency (PPPAA) of the Government of Ethiopia

1.2 BACKGROUND OF THE ORGANIZATIONS

The FDRE Public Procurement and Property Administration Agency (PPPAA), is established as an autonomous government organ through the Ethiopian federal Government Public Procurement and Property Administration Proclamation No. 649/2009. PPPAA plays more of supervisory role ,policy formulations, provision of training and other related public procurement and property administrations The objectives of PPPAA is to advise the government on all public procurement and property administration policies, principles and implementations and provide technical assistances to the regional

government and city administrations, follow up compliances of public bodies in relation to their undertaking of procurement and property administrations as per the proclamations, ensure fair, transparent and non-discriminatory and value for money procurement and modern property administration etc .

The FDRE Public Procurement and Property Disposal Service is established by regulation No. 184/2010 of the council Ministry of Finance and Economic Development. The main objectives of PPPDS are; to enable the timely supply of goods and services, which are commonly used by public bodies as well as goods and services which have national strategic significance in the desired quality and at prices attributable to economic of scale resulting from bulk purchase, to enable the speedy disposal by sale of properties of public bodies at fair prices and, to assist public enterprises in the procurement of goods and services and disposal assets etc.

These two public procurement organizations supplement each other in a sense that PPPDS carryout procurement of public organization common user items and national utilizes, render efficient and effective property disposal service including support for the private sector, whereas PPPAA will provide technical assistances in the development of public procurement policies, directives, prepare ,update and issue authorized of the standard bidding documents, procedural forms and any other attendant documents pertaining to procurement and property administrations.

These two public procurement organization have, a critical mass of procurement in more segments of the market that could help orienting the market towards more sustainable directions. This study explores several aspects of how procurement sustainability is practiced and the challenges of practicing Sustainable public procurement in these two specific organizations.

1.3 STATEMENT OF THE PROBLEM

Globally, there are rising costs of energy and increasing standardized testing of products as well as stricter supervision of procurement of goods, services and works. Furthermore, there is a continuous pressure for green revolution. In Ethiopia, there is tightening budgets and compliance to the Public Procurement Directive, 2010 and is putting increasing pressure on procurement practices. Sustainable public procurement is increasingly recognized as an instrument of authorities insurance and a lever for wider economic, social and environmental changes. In Ethiopia, however, there exist not open criteria, principle or road map for sustainable procurement of commodity, whole works and services, which are

incorporated either in the proclamation enacted for public procurement or in the public procurement directive. In an effort to bring and attain sustainable development, and transiting into a full middle income, sustainable procurement must be the nation major player.

Public organizations procure goods, works and services without consciously taking into consideration its impacts on the environment. Legislations to sustainable public procurement in Ethiopia are absent and not embedded in its Public procurement directive, thus making the implementation process a cumbersome one. The Public Procurement Proclamation, 2009 for instance, lacks sustainability ingredients to help ensure green procurement and other issues in sustainable procurement. This resulted in local conditions and market, remaining devoid of Sustainable public procurement elements. Businesses in the country remain ignorant of the best practices of sustainable procurement. Though, 60 percent of the Government's annual budget is expended through procurement and mostly in the transport, energy, water, agriculture and education sector which represents an annual expenditure of about US\$3.5 billion; sustainable procurement practices, and education in this field is limited (PPPAA Annual Report, 2014).

A study was conducted by Abdul-Aziz, (2013) with the objectives of identifying the extent to which sustainable public procurement practices have been implemented, drivers for SPP and the challenges facing the implementation of sustainable procurement in an effort to contribute towards implementation of SPP practices in the public sector of Ghana. According to this research finding, lack of budget for internal and external support , lack of matric (KPI) to measure and monitor progress, high prices of green products, unavailability of green products from local markets, lack of support from top management, resistances from the supplier, lack of relevant legislation and legal enforcement, , lack of internal expertise, on sustainable topics, contradictory objectives and lack of information on supplier corporate social responsibility practices are some of the challenges reflected in this study.

Islam and Siwar, (2013) have carried out a study to compare and contrast current sustainable procurement (SP) practices including the main opportunities of, and barriers to, engagement with SP between two countries, Australia and Malaysia. The results are based on data collected from surveys using a standard questionnaire in both countries. The result shows that some SPP practices are evident in public sector procurement practice and that the extent and nature of SPP practices varies significantly between two countries. In particular, Australian public organizations placed stronger emphasis on safety

aspects of SPP while Malaysia placed greater importance on diversity. However, Malaysian public sector organizations came out ahead on most dimensions of SPP practices. The public sector organizations in both countries reported that financial pressures is the most significant barrier to SPP implementation whilst organizational efficiency and transparency provided optimal opportunities for implementing SPP practices. This study provided practical insights into whether and how government policies are being implemented in both countries.

In Ethiopia, a total of 60 percent of annual budget allocation are spent for procurement of goods, works and services which are managed by public organizations. This represents a huge opportunity for enhancing the environment and quality of life by choosing the right goods and services. Thus, it seems to be a good consideration to have a look at on the role of SPP in bringing about sustainability. While Sustainable Public Procurement (SPP) activities are common in many developed countries, however, the awareness and implementation of SPP is still comparatively low in most developing countries including Ethiopia.

The researcher has reviewed the FDRE Public procurement proclamation, directives and working manuals, like the Standard bid documents, Special and General conditions of the contract (SCC and GCC) and comprehend that, there exists lack of policy and other relevant guideline for the practices of SPP in Ethiopian Federal Public Procurement to ensure the needs of the present generation are met without compromising the ability of the future generations to meet their own needs.

In additions, preliminary interview were made with experts who are working in PPPDS and PPPAA and apprehend that, the practices of SPP, are not incorporated in the directives and manuals of FDRE Public procurement and as a result it is not practiced in a comprehensive manner, rather in a very fragmented manner, only addressing very few components of the SPP.

The absences of SPP policy and clauses in FDRE public procurement directives and manuals have created some room for the supplier to supply items which do not incorporate the sustainable concepts or ingredient and ultimately resulting in to some undesirable consequences in to the environment in the form of global warming, reduce the ecological balance, increasing waste, air pollutions, high noise and etc. Moreover, the absences of SPP issue in the public procurement directive has exacerbated the social and economic aspects of SPP, in the forms of increasing cost of social life, disrespecting ILO

conventions on use of forced and child labor, unfair trade practices and overlooking Whole Life Costing (WLC) in their procurement practices.

The interview with the experts from PPPDS and PPPAA also revealed that, limitation in SPP knowledge, and inadequacy of expert in the area is assumed to aggravate the issue of not incorporating SPP in the FDRE public procurement policies and practices and is supposed to be major hiccup concerning the adoption and implementation of SPP. The lack of SPP in the existing regulations and guidelines by FDRE, leads to poor decisions and choice of selections of service providers and products, which are deprived from objectivity, accountability and transparency and resulted in a high incidence of poor and wasteful procurement and high expenditure. As a result of that, the quest of balancing the economic, social, and environmental variables in their procurement decisions is missing in public procurement as the public procurement policy, directive and proclamation have not addressed the issue of SPP in it.

To the knowledge of the researcher, no study has been undertaken regarding the practices of SPP in PPPAA (Public Procurement and Property Administration Agency) and PPPDS (Public Procurement and Property Disposal Services) of FDRE. Hence, the researcher was interested to identify the present public procurement practices and related challenges of addressing social, economic and environmental imperatives for sustainable public procurement in Ethiopia, by selecting the two organizations as point of discussion and provide way forward. Recognizing the important role that SPP can play to support sustainable development and procurement, this study is aimed to provide an assessment of SPP practices and fresh input into the SPP discourse, thereby informing policy development at the government and organizational levels.

1.4 OBJECTIVES OF THE STUDY

The general objectives of the study was to assess the practices of Sustainable Public Procurement in the Federal Government of Ethiopian PPPDS and PPPAA.

Specific Objectives of the Study

More specifically, the specific objectives of the study were:

- To examine the extent to which Sustainable Public Procurement dimensions are incorporated in the PPPDS and PPPAA proclamation, policy, directives and working manuals.

- To analyze the perception level of public procurement professionals (in the selected two public procurement organizations) on sustainable public procurement
- To investigate the extent of Sustainable Public Procurement dimensions (economic, social and environmental issues) are being practiced in procurement practices of PPPDS and PPPAA .
- To identify the major challenges for addressing sustainable public procurement practices in PPPDS & PPPAA.

1.5 RESEARCH QUESTIONS

The following research questions have been proposed in response to the objectives mentioned above:

- What is the extent to which Sustainable Public Procurement dimensions are incorporated in the PPPDS and PPPAA proclamation, policy, directives and working manuals?
- What is the perception level of procurement practitioners in the selected two organization in regards to sustainable public procurement?
- How the Sustainable Public Procurement dimensions is practiced in the procurement process of the selected two organizations?
- What are the major challenges for incorporating sustainability issues (economic, social and environmental) in the public procurement practices of in Ethiopia (PPPDS & PPPAA)?

1.6 SIGNIFICANCE OF THE STUDY

Sustainable procurement cannot be achieved without considering the triple constraints i.e. the social, environment and the economic. It is significant to note that there can be sustainable procurement when the social, environment and the economic are all considered right from inception to the end of a contract. The study believed to help PPPDS and PPPAA and policy makers to formulate ways on how to implement and improve sustainable procurement practices and policy formulation for the public procurement and economy. Furthermore, this research will serve as a source for which researchers in the field of public service delivery and procurement in Ethiopia will build upon for further research.

In addition, the study could be of importance to procurement Professionals in various public sectors since it would add a body of knowledge to inculcate sustainable public procurement in their day to day procurement practices. The issues which had been addressed in this research may expect to improve

public procurement practices in regard to sustainable public procurement, thereby addressing the Sustainable Development issues in the country and ensure the best value for public money.

1.7 SCOPE OF THE STUDY

The study was limited to Ethiopian PPPDS and PPPAA organizations on how sustainable procurement practices are carried out in their procurement process. The study took into consideration of the procurement of goods, works and services by the two public procurement organizations. It do not address other public organizations in its study, in additions, the study was not covered the regional government public bodies procurement activities. This was done to make the study more manageable and do detail analysis of the practices of SPP on the two major public procurement organizations for the study.

To the knowledge of the researcher and preliminary discussion made with the experts from PPPDS, and PPPAA, no major research works have been done on the practices of sustainable public procurement on the two major public procurement organizations, hence, it is important and pertinent to research on how public money was spent and how sustainable public procurement was practiced. The study focused on Sustainable public procurement and do not address other peripheral issues in operations or procurement issues of the selected companies.

In additions, the researcher have delimited the respondents profile to those procurement officers, contracting team, Property administration team, Market research and valuation team , these are employees who are involved in procurement, supply chain and logistics of the two selected organizations. The researcher believed that, since the study focus on the practices of sustainable public procurements in PPPDS and PPPAA, a reliable and correct feedback on the topic was obtained from the respondents selected for this study. As a result, other staff of the organization were not included for the study under considerations.

1.8 ORGANIZATION OF THE STUDY

This research study is organized in five chapters. The first chapter deals with the introduction part of the study focusing on the background of the study, statement of the problem, objectives of the study and other relevant issues. The second chapter focused on review of relevant literature for the study under considerations, empirical literature review and conceptual framework are also incorporated in this chapter.

The third chapter deals with research methodology, that is, the research design, approaches used throughout the data collection and analysis processes. Chapter four is focused on presentation of the data collected from the respondents, and discussions, analysis and interpretations followed respectively. The last chapter focused on presenting summary of major findings, conclusion and providing possible recommendations based on the finding of the study.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.0 INTRODUCTION

This chapter introduces the theoretical background of the sustainable procurement under the study and explains on why it is a relevant issue to public/government perspective. Besides, the emergence of the phenomenon on sustainable procurement and its connection to sustainable development has been described. Some of the concepts relevant to the sustainable procurement have also been presented and elaborated.

The research work started with a thorough and critical review of literature which focused basically on the concept of sustainable public procurement, potential benefits, drivers and constraints connected with sustainable procurement,. For getting in-depth knowledge of sustainable procurement, different books, journals, publications were reviewed. Besides, the websites of different organizations practicing sustainable procurement and also different multi-national organizations were visited in order to know the latest advancement in this sector.

2.1 THEORETICAL LITERATURE REVIEW

2.1.1 THE CONCEPT OF SUSTAINABILITY AND PUBLIC PROCUREMENT

According to Blackburn (2007), the concept of sustainability first emerged into mainstream discourse in 1972, during the United Nations Conference on the Human Environment. At a time when serious environmental concerns were beginning to be raised in relation to industrial development and practices (on issues such as deforestation, pollution and the use of toxic pesticides, for example), the conference delegates debated which was more important: economic development or environmental protection? After a series of discussions, the UN had recognized that economic development and environmental protection were inextricably linked and potentially, mutually reinforcing. Economic development would be required to raise living and working conditions, and to support investment in environmental conservation and viable technologies. At the same time, any attempt to improve human well-being that threatened the environment was doomed to failure in the long run because the depletion of resources, the degradation of environment and the pollution of air and water, for example, would impact on the wellbeing and development potential of future generations.

2.1.2 THE PRINCIPLES OF THE MARRAKECH TASK FORCE APPROACH TO SPP

Background to the Marrakech Task Force Approach to Sustainable Public Procurement

The Marrakech Task Forces (MTF) are voluntary initiatives, led by governments, which - in co-operation with various other partners from the North and the South - commit themselves to carrying out a set of activities, at the national or regional level, that promote a shift to consumption and production patterns towards greater sustainability. (UNEP, 2011)

The Marrakech Process responds to the call of the Johannesburg Plan of Implementation (2002) to develop a 10-Year Framework of Programmes on Sustainable Consumption and Production. The Marrakech Process on SCP is led by the UN Department of Economic and Social Affairs (UNDESA) and the United Nations Environment Programme (UNEP).

According to UNEP (2011), in 2005, the Marrakech Task Force on Sustainable Public Procurement was launched at a Sustainable Consumption and Production expert meeting in Costa Rica. The Task Force was led by the Swiss Federal Office for the Environment, and its members included the governments of Argentina, China, Czech Republic, Ghana, Mexico, Norway Philippines, UK, and USA as well as the State of São Paulo. The Task Force also included organisations such as the European Commission, UNEP, UNDESA, the International Labour Organization, ICLEI-Local Governments for Sustainability, and the International Institute for Sustainable Development. The Task Force was active until the 19th session of the Commission on Sustainable Development (CSD 19) in 2011.

Principles of the Marrakech Task Force Approach to SPP

According to UNEP, (2011) the following Principles were developed by the Marrakech Task Force (MTF) to guide countries on sustainable public procurement. They include: 1) Good procurement is sustainable procurement; 2) Leadership; 3) Policy through procurement; 4) Enabling delivery; 5) Implementing and 6) Monitoring results and outcomes

These principles can be adapted to countries' legal and institutional frameworks, and are versatile enough to apply also to businesses. Each Principle is now described in turn as follows;

1) Good procurement is sustainable procurement

SPP includes the three pillars of sustainable development: social, environmental and economic.

As in good procurement, essential elements of SPP include transparency, fairness, non-discrimination, competition, accountability, and verifiability. Procurement operates in a globalized market; therefore the impacts of SPP activity are felt on a global basis. SPP needs to take account of these impacts at local, national and international levels (UNEP, 2011)

2) Providing and demonstrating leadership through SPP

Senior level, influential champions help to promote and embed SPP and ensure that resources are provided for delivery. In addition, organizations that excel in sustainable procurement can demonstrate leadership by sharing best practice and encouraging others.

3) Procurement can deliver on policy goals

SPP can contribute, or be the main means, to the delivery of a wide range of government or organizational objectives. Strategies and objectives (reflecting international and national dimensions) include efficiency, sustainable development, sustainable consumption, and production. Whilst it is possible to achieve good SPP results without a policy, clear and consistent policies that explain objectives help procurers make good procurement decisions. Policy makers need to understand how procurement works so that they can produce policies that procurers can implement. Likewise, procurers should be involved at the early stages of policy development so that they can advise on implementation (UNEP, 2011).

4) On enabling the delivery of SPP

Policy-makers, politicians, internal customers, suppliers, contractors, as well as procurers all have a role in enabling delivery. The skills needed for SPP are similar to those usually identified with commercial procurement - influencing, negotiating, communication, and analysis. Procurers may need to inform and develop their suppliers and contractors as well as engage the market early in the process to maximize the opportunities for more sustainable and innovative solutions. They also need access to information to make the optimal decision, including baseline procurement data. SPP requires the communication of a consistent message designed for the needs of various internal and external audiences. SPP should be supported by clear lines of accountability, with incentives and penalties for delivery (UNEP, 2011).

5) Implementation

Sustainable Public Procurement must be based on the principle of continuous improvement and on a life cycle approach. It should be supported by the principles of the procurement hierarchy and recognize the benefits, wherever they occur. SPP should use a risk-based approach, targeting the

areas of highest impact or priority, whilst also demonstrating immediate success through a ‘quick wins’ approach. Integrating SPP into organizational management systems, including environmental management systems, helps in making it part of routine procurement practice (UNEP, 2011).

6) Monitoring results and outcomes

Outcomes delivered through SPP can include: improved environmental performance, including reduced CO₂ emissions (global and local environmental goals); cost savings, including recognition of non-tangible benefits and costs; good governance; job creation; minority empowerment; poverty reduction; wealth creation; and transfer of skills/technology. SPP can also be used to: stimulate “appropriate” competition; create markets for appropriate technology (i.e. not necessarily high-tech solutions); drive markets for innovative and sustainable solutions; encourage early engagement and dialogue with the market (within the boundaries of procurement rules); and enhance dialogue with civil society (UNEP, 2011).

2.1.3 SUSTAINABLE DEVELOPMENT

Sustainable development (SD) emerged as a new development paradigm and has been adopted by the international community as an overarching development goal since the United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro, Brazil in 1992. The concept was introduced by the Brundtland Commission in its report, *Our Common Future*, in 1987 as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. The Rio declaration at the UNCED of 1992 endorsed a total of 27 principles towards achieving SD that are captured in Agenda 21. Agenda 21 provides a thorough and broad-ranging program of actions demanding new ways of investing in our future to reach global SD in the 21st century (Roos, 2012).

The evidence that a degrading environment is visibly impinging on our health, economies and security is helping to drive sustainable development. SD is not just a concept; it is a stated objective of governments around the world. It is increasingly becoming the goal of businesses and organizations in the public and private sector, as well as that of individuals and communities. SD requires governments and organizations to consider the social, economic and environmental aspects of their operations, with no single aspect dominating (UNEP, 2012). With sustainability issues becoming vital in the developmental agenda of nations, it is time to shift the focus of developing countries’ public

procurement systems from mainly immediate economic advantages to sustainable public procurement systems, which will result in long term benefits.

Natural resources like land and water are limited and their per capita availability is diminishing due to rising population on the one hand and also due to excessive use of common pool resources on the other hand. The degradation of natural resources reduces the wellbeing of people; especially the poor and women suffer more, as they depend much more on natural common property resources for fuel and water (Roos, 2012).

2.1.4 THE CONCEPT OF PUBLIC PROCUREMENT

Public procurement is the acquisition of goods and services at the best possible total cost of ownership, in the right quantity and quality, at the right time, in the right place and from the right source for the direct benefit or use of corporations, or individuals, generally by contract (Mlinga, 2009).

Public procurement is a key tool to promote objectives of an economic, environmental and social nature gaining much attention globally over the past decades. In developing countries, it is one of the main instruments to the achievement of development goals such as reducing poverty and providing health, infrastructure, education and other services (Mlinga, 2009).

In Ethiopia, more than 60 percent 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. The expenditure on public procurement is increasing from year to year. However, the resource spent on public procurement is not used properly and in an economical manner and in the current Ethiopian public procurement process, the compliant on public procurement process shows increment from year to year (PPPAA,2014).

2.1.5 THE CONCEPT OF SUSTAINABLE PROCUREMENT

Procurement refers to the process used by an organization to enter into supplier contracts for purchase of goods, works and services. It is not limited to the purchasing processes of the public sector, but is widely used to refer to the purchasing procedures of all organizations, including private enterprise. The concept of Sustainable Procurement (SPP), was originally floated at the UN World Summit on Sustainable Development in Johannesburg in 2002, is conceptualized by Borland (2009) to include

planetary, environmental, financial and social /cultural considerations. It involves looking beyond the traditional economic parameters and making decisions based on life-cycle costs, associated environmental and social risks and benefits and implications (UN, 2012).

SP can be defined as buying goods and services in environmentally, socially and economically conscious ways. The most regularly cited definition for SP originates from the United Kingdom Sustainable Procurement Task Force and coherently builds on the concept of sustainable development (UN, 2012).

Sustainable public procurement is a process whereby public institutions meet their needs for goods, services and works in a way that achieves value for money on a whole life cycle basis in terms of generating benefits not only to the organization, but also to society and the economy, while minimizing damage to the environment (DEFRA, 2006).

The reason that SPP is an increasingly important aspect of the journey towards sustainable development for a government is that public sector spends on goods and services are large. In addition, as the public sector is concerned with the common good and societal well-being, it may have a natural affinity with longer term sustainable development objectives. This public sector affinity with SD may have the effect of ‘pulling’ the demand for sustainable goods and services through the market. Governments can not only ensure they are buying more sustainably, but can through the scale of their spend influence suppliers and markets to adopt sustainability practices (UNEP, 2012).

Roos (2012) has stressed that the three pillars of sustainability establish a triple baseline of external concerns to be fulfilled. This means that purchasers need to look beyond the conventional criteria of price, quality and service when making purchasing decisions. The triple baseline also requires the purchaser to consider the whole life cost (WLC) of procurement. The WLC not only considers upfront costs but includes operating and disposal costs to ensure real value for money over the longer term. The four primary goals of sustainable procurement can be defined as follows i) to minimize any negative impacts of goods, works or services across their life cycle and through the supply chain for example, impacts on health and well-being, air quality, generation and disposal of hazardous material, ii) to minimize demand for resources for example, reducing purchases, using resource-efficient products such as energy-efficient appliances, fuel-efficient vehicles and products containing recycled content, iii) to ensure that fair contract prices and terms

are applied and respected that meet minimum ethical, human rights and employment standards, and iv) to promote diversity and equality throughout the supply chain by for example, providing opportunities for small and medium sized enterprises (SMEs) or by supporting training and skill development (Berry, 2011).

The United Nations Environment Programme (UNEP) has recently been supporting the countries of Chile, Colombia, Costa Rica, Lebanon, Mauritius, Tunisia and Uruguay in designing and implementing SPP policies and action plans (UNEP, 2011).

The benefits of balancing economic, environmental, and social elements into procurement processes and operations are not a new development. According to Linton *et al* (2007), there are increasing economic pressures, rising expectations of customers and other key stakeholders in procurement practices. The strict government regulation towards more emphasis on "green" supply for many companies and public institutions are essential for sustainable practices. The phenomenon has become more difficult, especially for organizations to maintain profitability and value for money while ensuring environmental friendliness in their procurement practices. The institutions must go beyond simply using recycled materials and comply reluctantly with government regulations in their procurement practices.

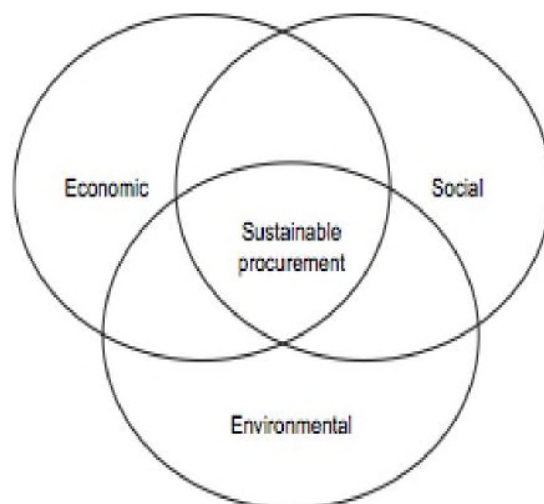


Figure 1: Balancing sustainable procurement objectives (Berry, 2011)

UNEP (2012) stated that, there is general and global agreement around the fact that climate change presents a threat that goes far beyond the immediate disruption to our environment. The physical effects of climate change, such as sea level rise, droughts, floods and other extreme weather events,

will lead to social and economic problems: large scale migration, crop failure, faster and wider spread of diseases, economic volatility and resource competition. Climate change will accelerate global instability exacerbate existing tensions around the world. Procurement can be used as a significant mechanism to advance the sustainability agenda.

Sustainable procurement is about securing value for money whilst realizing environmental, social and economic benefits and therefore becomes a key driver for promoting sustainable global growth and sustainable development commitments (UNEP, 2012)

According to Erdmenger, (2003) through sustainable procurement, organizations use their own buying power to give a signal to the market in favor of sustainability and base their choice of goods, works and services on: a) Economic considerations: best value for money, price, quality, availability, functionality; b) Environmental aspects, i.e. green procurement: the impacts on the environment that the product and/or service has over its whole lifecycle; and c) Social aspects: effects of procurement decisions on issues such as poverty eradication, equity in the distribution of resources, labor conditions, human rights.

Sustainable procurement should consider the economic, environmental and social consequences of design, non-renewable material use, manufacture and production methods, logistics, service delivery, use, operation, maintenance, re-use, recycling options, disposal and suppliers' capabilities to address these consequences throughout the supply chain. In other words, sustainable procurement takes into account the whole lifecycle of a purchase and purchased items and the chain or network of supply relationships (Erdmenger, 2003).

2.1.5.1 Economic aspect of sustainability

Economic development goals are increasingly a function of procurement (Murray, 2001). Specifically, scholars have increasingly discussed the role of procurement as an economic development tool and as a driver of innovation (Murray, 2001). Drawing on fostering economic opportunities as a key external goal in procurement, buy local policies can be specifically crafted as a tool to mediate equity concerns by targeting economic opportunities at particular groups in terms of geography, historical disadvantages in economic opportunities, or disproportionate economic need. McCrudden (2004) have noted the historical origins of the equity and social justice dimensions of procurement.

SPP can also be a major driver for innovation and help stimulate environmentally and socially conscious markets, particularly in sectors where public purchasers represent a large share of the market such as construction, health services, public transport, or information technologies. The promotion of small and medium-sized companies (SMEs) and supplier diversity facilitates access to the public procurement market and can increase competition (Berry, 2011).

2.1.5.2 Environmental Aspect of sustainability

The integration of environmental concern in the public procurement process goes under several different names, including eco-procurement (Erdmenger, 2003), environmentally preferable purchasing, environmental public procurement (European Commission, 2004), greener public purchasing (Marron, 2003), and sustainable procurement, addressing both environmental and social issues (McCrudden, 2004). Ideally, integrating environmental concern in the procurement process involves avoiding unnecessary purchases by reviewing the actual need for the product and seeking other solutions. If this is not possible, it seeks to purchase a greener variant that supplies the same or better quality and functionality as the conventional choice (Erdmenger, 2003).

Continuous degradation of our natural environment, with increasing greenhouse gas emissions and climate change, have led policy makers to focus on PP as a way of encouraging the development of more environmentally friendly goods and services. Several authors have discussed the role of using PP as a policy instrument (Marron, 2003 and McCrudden, 2004). According to Marron (2003), governments attempt to do so by using various policies that increase the recycled content of government purchases, increase the efficiency of energy-using devices or that promote the use of one or several of the following: organic products, alternative fuels, clean electricity and less-polluting manufacturing technologies. Examples of policies that are used in this context provided by Marron (2003) are improved budgeting systems (e.g. using life-cycle costing), price preferences for greener products (e.g. by putting an estimated price tag on an environmental factor, such as one ton emitted carbon dioxide), set-asides for greener products (e.g. 10% of power from renewable sources).

In Particular, Environmental Preferable Purchasing is defined as buying products or services that have a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose. Integrating environmental criteria in procurement

process can contribute to meeting environmental challenges such as climate change, soil degradation, biodiversity loss, and access to fresh water. There are significant variations in the sustainability impacts associated with different commodities. Environmental issues can be taken into consideration in technical specifications, in selection criteria, in the award of contracts, and in contract performance clauses. According Marron (2003) key environmental issues which might be considered over the life cycle of the goods/services include: Energy use and type of energy utilized; water use and water quality impacts; Resource use, including the use of non-renewable resources; volume and type of waste; End-of-life options (e.g. recyclability, resource recovery); Impact on natural habitat; Level of toxic and hazardous substances/waste; Noise, pollutants and emissions.

2.1.5.3 Social aspects of sustainability

Sustainable public procurement can be used as a technique for tackling social disadvantage and exclusion (Boomsma, 2008). This should be able to give public sector buyers a lot of control over what is manufactured and how it is manufactured. Similarly, SPP can contribute to enhancing compliance with national social and labor laws, international conventions, and social development goals such as the basic ILO conventions, which ban forced and child labor, establish the right to form trade unions and ensure non-discrimination.

By promoting voluntary social standards, SPP can help improving living conditions and reducing poverty in developing countries. SPP can also stimulate social justice and social inclusion. South Africa, for example, has introduced a system to promote the advancement of people historically disadvantaged by unfair discrimination on the basis of race, gender or disability. In Brazil, a law introduced in 2007 established criteria aimed to increase participation of small businesses in procurement. Overall, social factors include recognizing equality and diversity, complying with core labor standards, ensuring fair working conditions, increasing employment and skills, and developing local communities (Berry 2011; United Nations, 2008; UNEP, 2012).

2.1.6 THE TRIPLE BOTTOM LINE

Boomsma (2008), has stated that, the term triple bottom line indicates three pillars of sustainability namely, economic, environmental and social. Based on the accounting concept of 'The Bottom Line'(TBL), the term was designed to engage business leaders, raising awareness that cooperate activity not only adds economic value but also can potentially add environmental and social value and

more importantly, create environmental and social costs. These are previously regarded as 'externalities' not accounted for in the performance measurement of organizations. Traditionally, these have been borne financially by governments and experientially by communities. In TBL thinking, businesses which cause costly environmental and social impacts should share (or at least recognize) these costs.

Moreover, Boomsma, (2008) showed that, 'People' pertains to fair and beneficial business practices toward labor and the community and region in which a corporation conducts its business. 'Planet' refers to sustainable environmental practices. 'Profit' is the economic value created by the organization after deducting the cost of all inputs, including the cost of the capital tied up. It differs from traditional accounting definitions of profit. In a sustainability framework, the 'profit' aspect needs to be seen as the real economic benefit enjoyed by the host society. The triple bottom line (also called 3BL, and later people, Profit, planet) recognizes the need for business to measure their performance not just by how well they further the interests of their primary stakeholders/ shareholders through profitability (the economic bottom line), but also by how well they further or protect the interests of their secondary stakeholders (including the wider society), in relation to social and environmental sustainability. TBL accounting means expanding the traditional reporting framework of a company to take into account ecological and social performance, in addition to financial performance.

2.1.7 ARGUMENT AGAINST SPP

IISD (2012) has identified that, many stakeholders have expressed concern that in lower income countries, SPP can crowd-out domestic businesses as they will not be able to meet the environmental and social criteria incorporated in sustainable tenders.

This argument may be valid when SPP policies and programs do not allow for adequate market consultation and lead time both when launching SPP policies/programs and when designing pilot tenders. Suppliers need to be informed well in advance that SPP policies are in the pipeline and that future tenders are likely to include environmental and social criteria. Lead time is essential to provide companies with the time to upgrade and seek out solutions to meet these new demands in a cost- effective manner.

IISD (2012) and the global policy debate is responding to this interest. The UNCITRAL model law on Public Procurement (2011) includes provisions on environmental and social criteria, while the WTO Government

Procurement Agreement similarly provides for procurement decisions to be based on environmental and social sustainability. SPP is also an 'enabling condition' of the Green Economy policy debate that lower-income countries are working to deliver on. But to ensure that SPP policies meet these new challenges, stakeholders need to revisit the lessons learnt to date and use them to address SPP policies in the light of global trade and capital market dynamics, natural resource wars, competition for foreign direct investment, and the continuous need to innovate, re-skill and up-skill for continued competitiveness.

A number of international organizations consider that SPP could play a crucial role in encouraging firms to be environmentally friendly by implementing certain environmental management practices. The OECD (2003) has identified that environmental performance of public procurement highlights that GPP could provide the appropriate context in order for firms to develop new technological and production (radical or improved) innovations in the field of environmental services. However, a limited number of studies have been carried out to examine to what extent the GPP implementation will play a critical role in the decisions of managers to invest in environmental management practices.

Seitz and Wells (2006) has stressed that while environmentally friendly living is a positive ideal, there are several possible disadvantages of going green:

Initial Costs: Perhaps the greatest disadvantage of going green is that it often requires a large initial cost. For example, installing a new roof or new insulation to keep heat from escaping your home would be considered a green home improvement, but it would cost a large sum of money to get the work done. Similarly, buying a hybrid vehicle that gets good gas mileage can reduce energy consumption, but hybrid vehicles often cost many thousands of dollars more than similar vehicles without hybrid technology. Upfront costs present a large deterrent to going green (Seitz and Wells, 2006).

Inadequate Savings: The aim of going green in many cases, such as building an energy-efficient home or purchasing a hybrid vehicle, is to reduce environmental impact while saving money in the long term. Green buildings and vehicles tend to use less energy, so initial costs can often be recouped over time through energy savings. The problem is that the savings generated by going green are often less than expected; they do not make up for the initial cost quickly enough to make them economically viable (Seitz and Wells, 2006).

Competition: In the business world, going green can be an attractive goal to gain goodwill and consumer support, but unless green improvements are economically viable, it can put a business at a competitive disadvantage. For instance, if one company decides to adhere to strict, self-imposed pollution standards which require the installation of new technology and workers, while another sets loose standards, the second company will be at an advantage since they will have lower production costs. Even if national standards were imposed to force businesses to go green, this could put them at a competitive disadvantage with respect to foreign companies (Seitz and Wells, 2006).

Marginal Impact: While going green is focused on reducing harm to the environment, the impact that any specific individual can have on the environment by going green is often negligible. The theory is that if everyone were to go green, it would have a significant and noticeable impact, but not everyone can be convinced to go green and many believe that doing so has no real impact outside of the economics. This makes going green a personal choice for many, which does not necessarily result in concrete economic or environmental benefits (Seitz and Wells, 2006).

Time: Another potential disadvantage to going green is the time factor. Time is an issue with green living in two separate ways. The first is that adopting a green lifestyle can often be time-consuming for those who are fully committed to green living. For example, you may choose to make your own cleaning or beauty products, which takes more time than simply purchasing them from a store. Menu planning and shopping for organic or green foods can also be time-consuming, especially if you live in an area that lacks the proper resources, such as a farmer's market or natural foods store. The time factor is also an issue in terms of the payback rate of certain green living investments. For example, growing a garden is a great way to promote healthy living and sustainability but it doesn't happen overnight. Replacing regular light bulbs with compact fluorescent light bulbs (CFLs) can help the environment and save money, but it typically takes about four months for them to pay back the difference in their cost (Seitz and Wells, 2006).

2.1.8 POTENTIAL BENEFITS OF SPP IN DEVELOPING COUNTRIES

There are many benefits of SPP which are often mutually reinforced. For example, green technologies generate economic benefits such as job and wealth creation, social benefits such as employment and skill development and environmental benefits such as efficient use of resources. At the same time, scientific evidence on the impacts of SPP is rare and there are perceived or actual barriers that limit the uptake of SPP, especially in developing countries. This discussion analyzes the potential benefits of SPP

and examines barriers to SPP implementation with a special focus on developing countries. This analysis is conducted through the review of impact studies (Roos, 2012).

Potential benefits

Environmental dimension

Roos (2012) ,public authorities, due to their importance as customers, can have a positive influence on environmental challenges through SPP. They can contribute to meeting environmental challenges such as climate change, soil degradation, biodiversity loss, and access to fresh water. Public authorities can contribute by reducing the risk of negative environmental impacts on health, safety or wellbeing of a nation or an ecosystem caused by public procurement. Public authorities can also generate savings in waste reduction as well as resource consumption and conservation. Considerations in the procurement process include material used to make products procured, production processes, use of renewable raw materials, energy and water consumption during use, greenhouse gas emissions and air pollutants, durability and product lifespan, opportunities for recycling or reusing the product, waste, packaging and transportation.

In doing so, SPP can support a stated national environmental policy, ensure conformance with adopted international environmental conventions, and contribute to achieving international targets such as the reduction of greenhouse gas emissions laid out in the Kyoto protocol. There is also a high potential for environmental benefits at the local level. For example, procuring non-toxic cleaning products can create healthier conditions for school children and the use of low-emission buses for public transportation can improve local air quality (European Commission, 2004; United Nations, 2008).

Social dimension

Similarly, SPP can contribute to enhancing compliance with national and international social and labor laws. Further SPP can enhance commitments to social development goals such as the basic ILO Conventions, which ban forced and child labor, establish the right to form trade unions and ensure non-discrimination. SPP can contribute to improving living conditions and reducing poverty in developing countries by promoting voluntary social standards such as Fair Trade. SPP can also stimulate social justice and social inclusion. South Africa, for example, has introduced system to promote the advancement of people historically disadvantaged by unfair discrimination on the basis of race, gender or disability. In Brazil, a law introduced in 2007 established criteria aimed to increase participation of

small businesses in procurement. Overall, social factors include recognizing equality and diversity, complying with core labor standards, ensuring fair working conditions, increasing employment and skills, and developing local communities (European Commission, 2004; United Nations, 2008; IISD, 2007; UNEP 2012d).

Economic dimension

The upfront purchase price of a product or service is only one element of the total cost of ownership. To ensure value for money over the longer term, establishing the lowest whole-life cost of a product can result in significant financial savings. A structured approach can be used to produce a spend profile of the product or services over its anticipated life span, including cost for purchase, use, maintenance and disposal. In some cases even upfront cost for sustainable products are lower due to sustainable production processes. The cost for societies as a whole caused by pollution or global warming can also be reduced by expanding this approach through the consideration of externalities (Berry, 2011; European Commission, 2010; United Nations, 2008).

SPP can also be a major driver for innovation and help stimulate environmentally and socially conscious markets, particularly in sectors where public purchasers represent a large share of the market. Sectors which are likely to have the most impact include construction, health services, public transport, or information technologies. For example, SPP can drive markets to shift to cleaner technologies resulting in the generation of income and improved competitiveness of suppliers nationally or globally. Purchasing information technologies that are accessible for persons with disabilities SPP can serve as a model for other consumers and can help create a level playing field and economies of scale. The promotion of small and medium-sized companies and supplier diversity can result in increased access to the market (Berry, 2011; European Commission, 2010; United Nations, 2008).

Indirect benefits

Public demand for more sustainable produced goods and services can also have desirable indirect effects, such as raising consumer awareness about the environmental and social implications associated with different types of purchases. This awareness leads to socially responsible consumerism which creates demand for sustainable consumption and production patterns. Governments can demonstrate responsible governance, mitigate risks and promote behavioral change by setting an example through the establishment of SPP programs. The implementation of a sustainable procurement policy is a very

effective way to demonstrate an authority’s commitment to sustainability as a whole. These policies can also help improve public image and legitimacy (United Nations, 2008).

Table 2.1 Potential benefits of Sustainable Public Procurement

Potential benefits of Sustainable Public Procurement	
Potential environmental benefits	
Contributing to meeting environmental challenges	Response to climate change, soil degradation, biodiversity loss, access to fresh water which includes reducing use, reusing, and recycling and ultimately reducing the amount of waste going to landfill
Contributing to achieving binding targets	Reduction of greenhouse gas emissions, energy efficiency, national environmental objectives
Local environment	Providing non-toxic cleaning products, creating healthier conditions for school children or using low-emission buses which improve local air quality
Potential social benefits	
Improved compliance with social and labor law	Compliance with provisions of the basic ILO Conventions which ban forced labor and child labor, establish the right to freedom of association and collective bargaining, and non-discrimination in terms of employment and occupation
Improved living conditions	Promotion of voluntary social standards such as Fair Trade which help reduce poverty
Improved social justice	Integration of people with disabilities or improved gender and ethnic equity
Potential economic benefits	
Financial savings	Reduced total cost for purchase, use, maintenance and disposal by using WLC Recognize upfront costs for sustainable products can be lower due to sustainable production processes .Cost for societies caused by pollution, global warming, etc. can be reduced
Driving markets to more innovative solutions	Drive markets to shift more rapidly to cleaner technologies resulting in the generation of income, improved competitiveness of suppliers, and ultimately lower cost due to economies of scale Expand markets that support achievement of social objectives and serve as a model by offering standards and information

Increased access to markets	Promotion of small and medium-sized companies and supplier diversity
Indirect benefits	
Raising consumer awareness	Raise consumer awareness about the environment and social implications of procurement, Promote sustainable consumption and production patterns
Demonstrating responsible governance	Respond to the growing public demand for governments to be environmentally and socially accountable in their actions, mitigate risks, and promote behavioral change
Improving public image and legitimacy	Combine sustainable growth with reduced environmental impact and improved living conditions The public sector responds to its moral and political responsibilities

Source: Sustainable Procurement, the official CIPS course book in partnership with PROFEX publishing, 2010

2.1.9 DRIVERS OF SUSTAINABLE PROCUREMENT

Drivers are forces which create pressure to integrate sustainability consideration through procurement. Drivers are the factors that impel actions for sustainable procurement. So, factors such as resource scarcity, legislation, reputational risk, shareholder pressure etc. are likely to drive organizational measures for sustainability (Seitz and Wells, 2006).

Drivers come before the introduction of a sustainability program, as a contributing factor in it. Drivers for sustainable procurement may be classified as external and internal. Table 2.2 and Table 2.3 show some of the key general external and internal drivers for sustainable procurement.

It should be obvious that some of these factors will be more immediately relevant and influential in some sectors than others. So, organizations need to decide which drivers it might most effectively use as leverage to champion a sustainable procurement initiative.

Table: 2.2 – General External Drivers for Sustainable Procurement

Drivers	Indicators of the drivers
Political factors	Government policy, targets and standards, incentives and penalties, Government practice as a buyer/ supplier and employer
Economic factors	Loss of market demand for unsustainable products/ services, rising market demand for sustainable products/ services
Social/ Ethical factors	Social attitudes and values creating media, banking, labor and consumer pressure for sustainable practices, emerging social justice and ethical issues (eg corporate governance, citizenship, corruption, trading ethics, fair trade, human and Labor rights), industry/ professional codes of ethical practice.
Technological factors	Competitor/ market innovation and take-up of sustainable technologies (new products, materials, and processes), exposure of unsustainable technologies (eg resource usage, wastes), and opportunities in new sustainable technology markets (eg alternative energy).
Legal factors	National and international legislation on sustainability (or threat thereof), waste, pollution, emissions, employment rights, health and safety, consumer rights, corporate governance, banking sector procurement etc.
Environmental factors	Resource depletion and costs (especially energy costs), issues of concern to key stakeholders (eg climate change, GHG emissions, deforestation, water management, conservation, biodiversity, pollution, waste reduction), national targets under international agreements.
External stakeholder factors	Interest and pressure in any or all of the above factors, creating threats and opportunities for the organization in Obtaining resources and collaboration (eg customers, labor, investors, pressure group activism, potential for cause-related marketing).

Source: Sustainable Procurement, the official CIPS course book in partnership with PROFEX publishing, 2010

However, despite external pressures, many institutions have not fully embraced issue of sustainability in their procurement. This is posing great danger on the eventual users and subsequent regards to the procedures or rules and standards that governs supplies within the supply chain of public procurement (Tregidga and Milne, 2006). Much of the activity on sustainable procurement probably caused by the legal necessity of environmental management requiring agencies or procurers to adhere to the practice and see it as risk reduction strategies and negotiates their contract alongside. In furtherance to that consumer knowledge on sustainable procurement ensure focusing on recycling, reuse, recycling and reverse logistics increasing cost (Tregidga and Milne, 2006).

Table 2.3 – General Internal Drivers for Sustainable Procurement

Drivers	Indicators of the drivers
Corporate Goals	Corporate vision, mission and objectives including Sustainability values and aspirations.
Organizational status	Existing CSR and/ or corporate citizenship objectives/ Policies.
Top level buy-in	Senior management visionaries, champions and supporters of sustainability.
Business factors	Business case arguments for sustainability, enhanced Reputation, brand strength and sales revenue, cost/ waste reduction (eco-efficiencies), enhanced supply chain innovation and efficiency, reduced regulatory burden.
Accountability factors	Accountability mechanisms, which demonstrate Seriousness, and make reward contingent on sustainability progress/ performance.
Risk awareness	Priority given to risk management, perception of business, Reputational and supply risk from non-sustainability, reputational damage.
Stakeholder factors	Internal stakeholder demand for sustainability (eg need to attract and retain quality managers, employees, investors and supply chain partners).

Source: Sustainable Procurement, the official CIPS course book in partnership with PROFEX publishing, 2010

More so, if procurers failed to see these as external factors it can create barriers to treatment of a broader approach to the full range of sustainable procurement practice. Procuring entity may have on these issues but because entities have a high value over other equally important things that promote procurement sustainability, they may neglect their procurement decisions on basis of cost. However, if these external factors have limited vision on the part of management, the obstacles to adopt more holistic approach

encompass the full range of sustainable procurement practices. It is often argued that managers in the shared values of the organization will be motivated to promote organizational goals related to sustainability (Koplin *et al*; 2007).

There are studies providing support to the force of the sustainability of internal engines that focused on learning rooted in characteristics entity supported for sustainable procurement practices (Tregidga and Milne, 2006). Thus, integrating sustainable procurement are successful if there is internal support through stipulated.

2.1.10 CHALLENGES TO SUSTAINABLE PROCUREMENT

Procurement is one of the key drivers of change in any organization (Walker *et al*; 2012), whether public or private sector, and is increasingly becoming a mechanism for policy delivery (Linton *et al*. 2007). All public procurement institutions in Ethiopia; for instance are required to achieve value for money and governed by the public procurement policies and rules to ensure that it is fair and open (PPPAA, 2010).

However, the implementation of such directives is often challenged when entity intends sustaining such practices within public procurement delivery. Importantly, there is no legal barrier embedding sustainable procurement practices within public procurement. Public sector procurement management required managers continuous promoting of sustainable procurement practices at all front to improve supply. It must be noted that the forms of challenges which impede smooth implementation of sustainable procurement affect either public led procuring institution or private procurement agencies (Roos,2012).

2.1.10.1 Legislative Support

Countries need to provide legislative support by providing the laws position on sustainability criteria in public procurement activities. In Ethiopia, for example, although there is a Public Procurement Directive/Manual, the directive does not address issue on sustainable procurement practices. There are no sections within the directive that address procuring sustainable products that ensure value. There are however widespread uses of criteria and called for sustainable public procurement practices, through the adoption of national legislation (Roos, 2012). The uses of criteria other than price control authorities.

The Federal PPPDS and PPPAA, of Ethiopia which are the Public Procurement Authority should include procurement policies allowing the integration of sustainable procurement practice within public procurement.

McCrudden, (2004) has stated that, however, law on procurement especially on standardization practice may not be easy as each country may have different standard codes that may govern public supplies. But without necessary regulatory mechanisms that ensure achieving lowest cost objective public procurement objective of providing value may be achieved.

More so, in countries where the Government Procurement Agreement and other multilateral agreement are in restriction of the use, a ratified discriminatory procurement rules are applicable. The SPP provisions could be used provided by disappointed bidders in question with the so-called domestic bid challenge procedure, the mandatory (WTO, 2006)

2.1.10.2 Financial Systems and Accounting Practices.

Still difficult issues are the budget and accounting framework in which to operate public facilities especially within an increasing public expenditure and poor management. Common barriers on sustainable purchasing decisions include budgeting one year and the limited ability of funds from one year and to keep efficiency gains. The intensified focus on short-term results lead to the discrimination and purchasing of higher investment costs; compromise between the use of investigating resources and investment decisions accordingly (Lee *et al.*, 2013).

2.1.10.3 Political commitment.

The experience of many countries shows that political commitment to a high level is the key to sustainable implementation of procurement practices. Further, questions such as what are the client's secondary objectives and what makes effective supply for departments and agencies with reference to the environment, social and economic procurement requires high level of political commitment (European Commission, 2004).

There is often a low awareness of the benefits of sustainable products and services which causes a lack of political commitment. Conflicting priorities can result in a lack of alignment of SPP policies with national development objectives or procuring entities' organizational goals (Roos, 2012).

2.1.10.4 Technical Capacity

The lack of capacity of procurement officers have been recognized as the main obstacle to the implementation of the sustainable procurement policy. In the technical aspects of the supply, the utmost importance is that clear criteria guidelines and training are defined sustainability. How to apply these criteria in the purchasing process, from tender to monitoring needs and evaluation, procurement officers are available (Steurer and Konrad, 2007).

2.1.10.5 Low Multi Stakeholder Approach

Boomsma (2008) found out that, sustainable sourcing needs involvement of multi-stakeholder processes. As well as the primary value chain actors, it is important to involve other stakeholders-researchers, government, support agencies, etc. to improve sustainability. These actors have different understandings of value chain development, different expectations, and different approaches. It is necessary to create synergy among these differences by managing conflicts and interest in order to ensure that all actors gain. This is expounded in the study of Erdmenger (2003), he identified that, massive corporate failures and malfeasance have further eroded stakeholders trust in business. This trust need to be regained since it is essential for companies not to only achieve sustainability goals, but also acquire and retain the necessary top talent, win new business and forge productive partnership, with regulators, NGO"s and other civic entities.

Carter and Fortune (2002) also found out that, with the involvement of stakeholders such as the end users housing scheme from the beginning of the procurement process, there is much satisfaction with the end product. As much as this is important for development agencies to fulfill their social responsibilities in the practice of sustainable procurement, the challenge that is envisage in the procurement landscape of Ethiopia is how stakeholders could be identified from the early stages of procurement. It is believed that, the stakeholders in public procurement should be well defined in order to know who is required to assign responsibilities and who is required to be held responsible as far as sustainable procurement practice is concerned.

2.1.10.6 Lack of Social Drive

An external force, such as demand for quality and traceability (promoted by the government and consumers demand for sustainability and safety), demonstrate lack of social responsibility in general. The press from NGOs' and the media to bring problems to public attention for the country to be socially and

environmentally responsible towards sustainability has not been adequate. Erdmenger (2008) identified that, private actors have not become involved in the NGOs' policy development nor do they influence monitoring and evaluation systems. Such lack of private efforts would result in market pressure on the relevant institutions to ensure sustainability in the procurement process, which will in turn fulfill corporate social responsibility.

2.1.10.7 The Supply Constraints

For many countries, the offer may be a major obstacle to the implementation, because at least some domestic industry must undergo before the SPP policy be created considerable modernization. To meet these challenges, there should be best practice and the experience of successful countries, most organizations based practice promotional materials sustainable and environmentally sound policy (Steurer and Konrad, 2007), must be available.

In addition, there should be leadership and commitment of leaders and decision makers. In the UK, for example, the creation of a multi-national SPP working group helped to ensure commitment (Lee *et al.*, 2013). In general, feel the effects of supply chain constraints enhanced sustainable development. Setting and the agreement on the sustainable development priorities (eg taking into consideration of carbon emissions) and sectors main concern for action interest to optimize the share of wealth and allow making decisions prepared. Compulsory SPP brand clearly requires that, it is of the order a priority for all of government, and the guidelines and expectations for managers' clear policies and procurement. Public spending may need to be adjusted management frameworks supports SPP. Procurement is obtained through the central body while others are increasingly decentralized hence decision sustainability must lay down to ensure consistency in supplies and standardization (Koplin *et al.*; 2007).

In additions to the above challenges in adopting and implementing SPP in general, some research study have been carried in to specifically to show the barriers to SPP in developing countries.

To shed some light on this important issue, the barriers to SPP in developing countries are analyzed following an approach developed by the European research project RELIEF. The analysis includes the compilation of a list of potential barriers, identification of actors, development of a structured questionnaire, assessment of barriers through structured interviews, and analysis and strategy development (Barth *et al.* 2005).

Compilation of a list of potential barriers

McCrudden, (2004), has identified a list of potential barriers and compiled by using the general barriers identified above and by incorporating some issues considered to play a role in developing countries such as the potential impact of donor guidelines, lack of capacity, market readiness, and the negative impact on small and medium-sized local companies.

The list of potential barriers to implement SPP principles in developing countries are: Legal framework does not allow or encourage SPP, Lack of knowledge related to environmental and social policies, Donor Guidelines do not allow or encourage SPP, Lack of monitoring tools, Lack of capacity, Market is not prepared to deliver sustainable products and services, Lack of guidance material and practical tools, Negative impacts on small and medium sized local companies , SPP is too complex, SPP is expected to increase the cost of public procurement , and Inflexible budgetary mechanisms (McCrudden, (2004).

2.2 EMPIRICAL LITERATURE REVIEW

The objective of this section is to review what other researchers have contributed in respect of sustainable public procurement in different countries from empirically perspective. To this end, the empirical study is divided in to two sub sections as, the practices of SPP in developed and developing countries.

2.2.1 Practices of SPP in some Developed countries

Roos (2012) in her study, shows that current SPP policies in Europe, the US, Canada, Japan, and Australia display a high level of cross-national variation as they reflect different national policy priorities.

In a study made by Roos (2012) showed that, public procurement in the EU, for example, is governed by a set of guiding principles such as best value for money and fairness coupled with an overall policy framework designed to open up the EU's public procurement market to competition within the Union. Policy discussions concerning sustainable public procurement have a predominantly environmental character. There is a considerable variation both in the extent to which EU member countries have developed and implemented a national policy and in the character and focus of existing policy frameworks.

By contrast, UNEP (2012) study shows, SPP policy frameworks in the United States place particular emphasis on avoiding discrimination and providing equal opportunities for women and minority owned businesses with some emphasis on purchasing from indigenous people i.e. the social aspects of SPP.

In Canada, federal procurement policies include economically oriented aspects of purchasing and in addition, comprise measures to ensure procurement opportunities for aboriginal businesses i.e. Social aspects of SPP (UNEP, 2012).

Islam and Siwar, (2013) have carried out a study to compare and contrast current sustainable procurement (SP) practices including the main opportunities of, and barriers to, engagement with SP between two countries, Australia and Malaysia. The results are based on data collected from surveys using a standard questionnaire in both countries. The result shows that some SPP practices are evident in public sector procurement practice and that the extent and nature of SPP practices varies significantly between two countries. In particular, Australian public organizations placed stronger emphasis on safety aspects of SPP while Malaysia placed greater importance on diversity. However, Malaysian public sector organizations came out ahead on most dimensions of SPP practices. The public sector organizations in both countries reported that financial pressures is the most significant barrier to SPP implementation whilst organizational efficiency and transparency provided optimal opportunities for implementing SPP practices. This study provided practical insights into whether and how government policies are being implemented in both countries

In Japan, sustainability criteria emphasize environmental aspects and corporate governance measures are mandated. State-based schemes in Australia support local businesses (McCrudden, 2004; Brammer & Walker, 2007). The focus of sustainable procurement can range from inclusion of certain demographics, good governance, and environmental sustainability to buying local. The focus of each policy directly links to one or more of the three pillars of sustainable development based on country priorities.

In a study by Brammer, (2007), shows that, European countries such as the Netherlands, Sweden, Norway, the United Kingdom (UK) and Denmark lead in terms of SPP policies and programs. The disseminating activities of these countries display a high level of awareness of sustainable procurement policies (70–80%). These countries have all achieved a high level of adoption of sustainable procurement policies through organizational procurement strategies and procurement procedures.

2.2.2 Practices of SPP in some Developing Countries

UNEP, (2012) has carried out a study on SPP implantations, o various countries and reported that, in Africa, Ghana is embarking on a large project on SPP as part of its public procurement reform. The International Institute of Sustainable Development (IISD) launched a project on sustainable public procurement (SPP) in 2007 with a view to promoting sustainable public procurement in emerging and developing economies. As part of their project on SPP, IISD initiated country projects in India and South Africa. An assessment of what support is required to implement SPP in South Africa has been released in 2008.

UNEP(2012) in Asia (Korea, Thailand, India and China), laws are in place which allow SP to take place and active consideration is given on how to enforce these laws through the creation of eco-labels (e.g. see China and Thailand for, inter alia, photocopy machines, paper, food, computers

Roos (2012) in her study has tried to explain the experiences of some developing countries in terms of the practices SPP and the researcher has selected the experiences of two developing countries: Mauritius and Chile. For my literature, I have selected the experiences of Mauritius and Ghana, on adoption and practices of SPP. In 2009, Mauritius decided to become a pilot country using the Approach to SPP. The Status Assessment was conducted in July 2009. The assessment found that Mauritius does not generally consider sustainable criteria in public procurement. The assessment also found that Mauritius' legal environment is conducive for SPP implementation.

The Legal Review also noted that the current procurement legislation does not contain explicit provisions on SPP. However, it does not represent any major barrier for the implementation of SPP. For example, the law permits the consideration of social and environmental features in technical specifications, allows for the application of whole life costing and includes some provisions related to the promotion of local economies and SMEs (Roos, 2012).

Public procurement spends in Mauritius amount to as much as 20% of the GDP (Roos, 2012). In 2010, according to Roos, (2012) the government recognizes that procurement decisions by public bodies have inherent social, public health, environmental and economic impacts both locally and globally, both at present and in the future. Government commits to integrating sustainable criteria in the procurement process, to ensure all goods, works and services purchased deliver value for money, minimize environmental damage and maximize social benefits. In this way, Mauritius will benefit from improved

environmental performance, including reduced CO2 emissions, cost savings including recognition of non-tangible benefits and costs, good governance, job creation, empowerment of vulnerable people, promotion of health and safety, poverty reduction, wealth creation and transfer of skills/technology.

A study was conducted by Abdul-Aziz, (2013) with the objectives of identifying the extent to which sustainable public procurement practices have been implemented, drivers for SPP and the challenges facing the implementation of sustainable procurement in an effort to contribute towards implementation of SPP practices in the public sector of Ghana. According to this research finding, lack of budget for internal and external support, lack of metric (KPI) to measure and monitor progress, high prices of green products, unavailability of green products from local markets, lack of support from top management, resistances from the supplier, lack of relevant legislation and legal enforcement, lack of internal expertise, on sustainable topics, contradictory objectives and lack of information on supplier corporate social responsibility practices are some of the challenges reflected in this study.

2.3 Identified Literature Gap

From the researcher review of related literatures and discussions made with procurement experts of both organizations, and to the knowledge of the researcher, it has been identified that, no research study have been carried out on the practices of SPP by taking these two organizations as a point of discussions. A lot of researches on public procurement have been carried out on these two organizations, however, the practices of SPP in PPPDS and PPPAA is not addressed in any literature, from the review of related literature and to the best knowledge of the researcher. Hence, the researcher believes that the outcome of this research study will be used to fill and narrow the literature gap in this regards.

2.4 CONCEPTUAL THEORETICAL FRAMEWORK

2.4.1 Integrating SPP in procurement

Figure 2.1 demonstrates how a successful adoption of sustainable public procurement practices requires them to be integrated in the seven basic stages of the procurement process (CIPS, 2012)

The below diagram shows the basic generic steps involved in the procurements and the researchers takes this as conceptual framework to see how the SPP are integrated in the various stages of the procurements cycle.

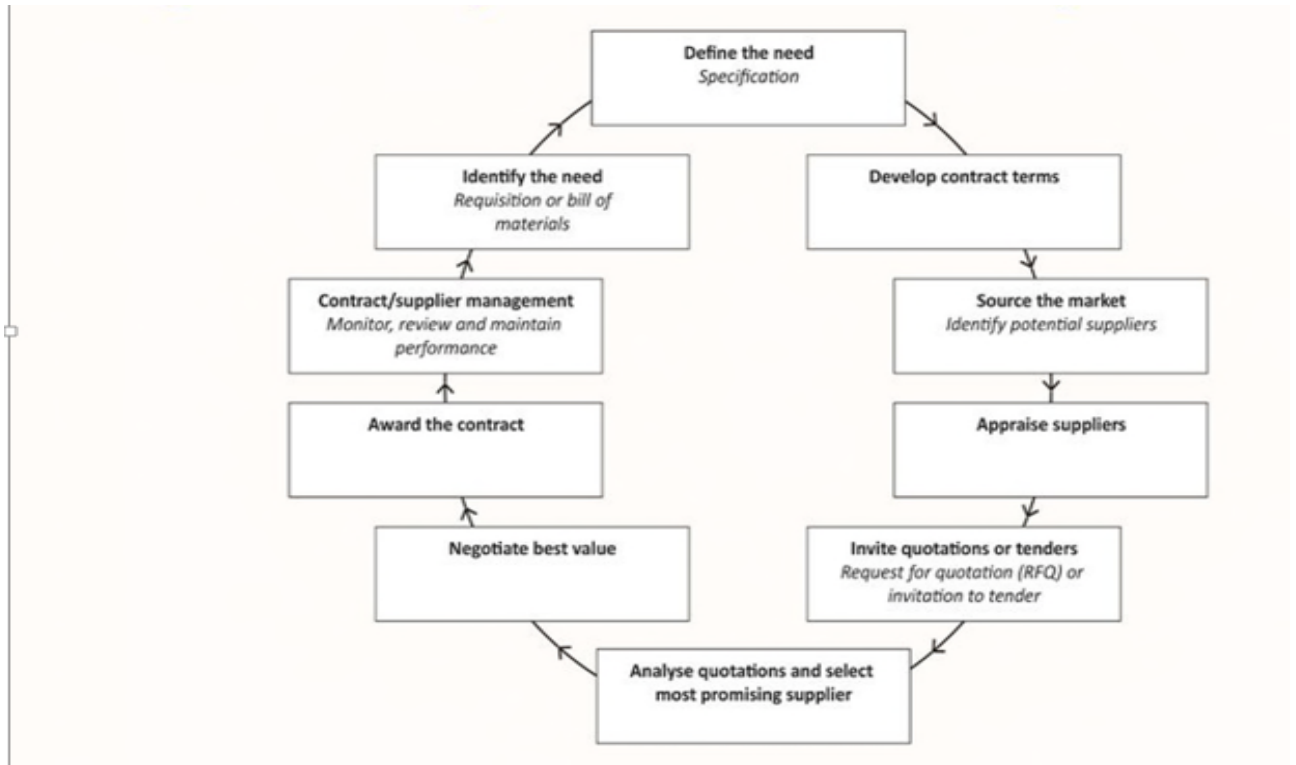


Figure 2: Generic Procurement Cycle

Source: CIPS, Sourcing in Procurement and Supply, Hand Book, 2012

The above procurement process incorporate both the pre Contract Award Stages and Post Contract Award Stages. Where the pre contract Award stages incorporates: identification and definition of need, procurement planning, development of contract, market survey and engagement, appraisal and selection of suppliers, receipt and evaluation of offers and contract award. Whereas, the post contract award stage comprises of expediting, payment, contract or supplier management, ongoing asset management and post contract lesson learning (CIPS,2012).

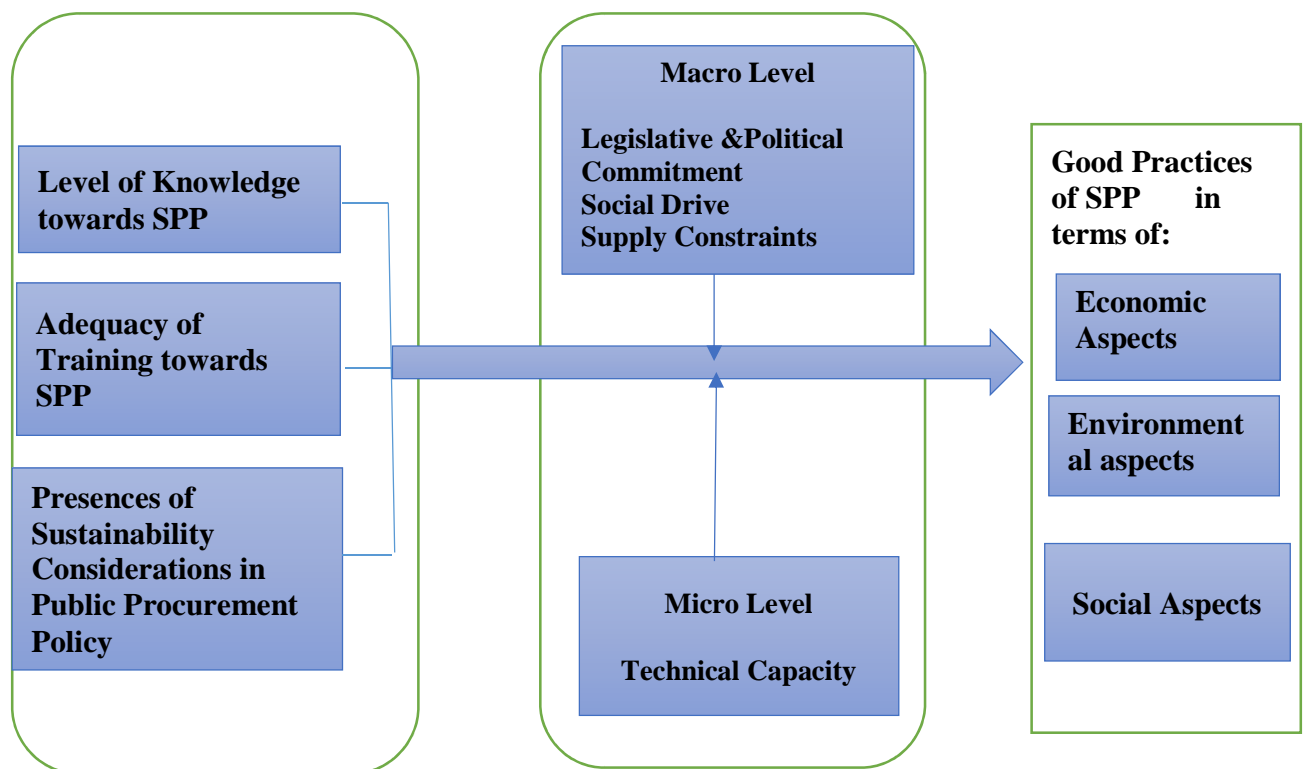
2.4.2 Conceptual Framework of the Study

According to Bogdan and Biklen (2003) a conceptual framework is a basic structure that consists of certain abstract blocks which represent the observational, the experimental and the analytical/synthetically aspects of a process or system being conceived. The interconnection of these blocks completes the framework for certain expected outcomes.

INDEPENDENT VARIABLES

DEPENDENT VARIABLE

Challenges of Addressing SPP



Source: Researcher Conceptual Framework.

Figure 3: Conceptual Framework

The above Figure 2.2 describes hypothetical conceptual framework that links sustainable public procurement practices with elements that are involved in the practices. The level of awareness of procurement professionals, which is explained in terms of level of knowledge of the procurement practitioners towards SPP and adequacy of training on SPP among the procurement practitioners, has an impact on good practices of Sustainable Public Procurement on their day to day procurement activities. In additions, the presences of robust SPP policies, in different format,

and incorporated in the public procurement proclamations, directives, General and Special Conditions of their contract (Contract performance Clauses), various types contracts, and other relevant procurement documents are also a pre requisite for decent practices of SPP in public procurements of the two public procurement organizations. Furthermore, the various types of supports such as legislative and political support, the awareness of society towards sustainability considerations, and issues related to the supply side have contributed a lot for proper practices of SPP in the two public procurement organizations.

CHAPTER THREE

METHODOLOGY OF THE STUDY

INTRODUCTION

Methodology is the framework within which the study is conducted or the foundation upon which the research is based (Brown, 2006). The third chapter describes how the research was conducted, it reveals the research approach, data collection methods, sampling methods and the data collection process, review of statistical tools and how the data was analyzed. For this work to be authentic the research explains all the procedures, the data collection tools and the variables used and reasons for the choice as well as the limitation of the methodology used.

3.1 DESCRIPTION OF THE STUDY AREA

The study was carried out in two public organizations which are playing a major role in public procurement of the FDRE. PPPAA and PPPDS are established through Proclamation No. 649/2009 and regulation No. 184/2010 respectively. Both organizations have an office in Addis Ababa, Ethiopia. Though the proclamation and regulation, under which the organizations are established, allow both organizations to open an office outside Addis Ababa, so far, they have not opened branches office outside Addis Ababa. As per the annual Report of PPPAA, (2015), there are 173 federal budgetary organizations which are benefited from PPPDS procuring goods and service. However, the researcher delimit its research study only on the two public procurement organizations, PPPDS and PPPAA, because the researcher believed that, the two public procurement organizations, are the one who plays a major role in undertaking public procurements and on formulation of public procurement policy.

3.2 RESEARCH APPROACH

The research employed a mixed research approach in this study. A mixed research approach is useful to capture the best of both qualitative and quantitative data and it enables to triangulate and support the data and result collected by questionnaire (Greener, 2008). While using a mixed approach, a concurrent triangulation approach was utilized to determine if there is a convergences, differences or some combinations.

The primary technique for collecting the primary quantitative data was a use of self-developed questionnaire containing self-assessment items measured on the 5-point Likert type of scales strongly disagree, disagree, neutral, agree, strongly agree.

The qualitative data collected through open-ended, and through the use of personal interview with key procurement practitioners of both organizations. In additions, the qualitative approach in the study focused on reviewing the FDRE Public procurement Proclamations, directives and, manuals and other relevant procurement documents to examine the presences of sustainable considerations and its practices.

3.3 RESEARCH DESIGN

Kothari (2004) stated that, research design is the conceptual arrangement within which the research conduct constitutes the blueprint for the collection, measurement and analysis of data. It helps the researcher in the allocation of his/her limited resources by posing crucial choices: It is the blue print to include experiments, interview, observations, and the analysis of records or some combinations of these. It is the plan structure of the investigation so conceived as to obtain answers to research questions (Cooper and Emory, 1995)

In this study, descriptive research design/ method was employed to assess the practices of sustainable public procurement in two public procurement organization i.e. PPPDS and PPPAA. The descriptive method was chosen for its suitability to reveal the current practices of sustainable public procurement in the selected organizations. Since the objective of descriptive survey study is to learn who, what, when, where and how of the topic, it was believed that it is suitable for the research topic under study.

In additions, Kothari. (2004) states that explanatory research describes the phenomena as well as explains why behavior is the way it is. To this effect, this research used some elements of the correlation statistics of the explanatory type of research, to describe the relationship between independent (Perception level of procurement professionals towards SPP and Challenges for aggrissing SPP) and dependent variables (good practices of SPP in the selected two organizations) and to rank challenges identified to address SPP practices i.e. Kendall W. Test.

3.4 SOURCES OF DATA

Both primary and secondary sources of data was used for the study.

a) Primary Sources

The primary sources are employed to ask first hand data through questionnaire, and interview. Questionnaire was designed and distributed to employees. Interview was also conducted with employees and key officials and experts from the organizations.

b) Secondary Sources

To provide a conceptual framework for the study, secondary data have been employed. The secondary data employed were accessed from the library, internet, journal articles, and research reports. The idea of secondary data was to gather the necessary information to guide the conduct of the study in order to confirm or reject the primary data. Publicly accessible information such as published and unpublished books, journals, especially, the FDRE public procurement proclamation, directive, General and Special conditions of contract (GCC and SCC), Sample Frame work Contract, Sample Standard Bid documents, country examples were extensively used and supplemented by structured interviews aimed at receiving expert opinions from key stakeholder groups

3.5 DATA COLLECTION TOOLS

Semi-structured Interview: Personal interview were among the basic methods that was used for the collection of qualitative data. Thus, based on the basic research questions, leading questions was prepared in advance. The interviews was essentially used to obtain relevant data that could not be handled through questionnaires and for counter-checking purpose. Towards this, semi-structured interview questions that enquire about the existing practices, major gaps being observed with regard to the current practices of Sustainable Public Procurement was employed.

Questionnaires: According to McNabb (2008), questionnaires are the most popular way of gathering primary data, particularly when the research problem calls for descriptive analysis. Hence, self-administered questionnaires that comprised of both open ended and close ended questions was employed in this study.

3.6 POPULATION AND SAMPLE SIZE

Population is a whole set of the universe from which a sample taken Saunders *et al*, (2007). Target population refers to the larger population to which the researcher ultimately would like to generalize the results of the study Mugenda, (2003). The population of this research is all employees of PPPDS and PPPAA. However, the target population of the study are all staffs working as procurement officers, contracting team, Property administration team, Market research and valuation team, these are employees who are involved in procurement, supply chain and logistics of the two selected

organizations. The target populations was 23 (Twenty Three) and 58 (Fifty Eight) from PPPAA and PPPDS respectively, making the total target population of 81 (Eighty one). The target are directly or indirectly involved in procurement process and the data for population were taken from Human Resource Department of PPPDS and PPPAA. Due to the relatively small size of the population, the entire population was used as the sample size. Hence, a census sampling was employed for this study and a census sampling eliminates sampling error and provides data on all the individuals in the target population.

Regarding desk review of the study, the researcher have reviewed the 2009 Public Procurement Proclamation, the 2010 Public Procurement Directives, any amendment made to the public procurement directives issued after 2010 by the then MOFED or PPPAA, sample framework agreement or contract, general conditions of contract, special conditions of contract. In additions, the researcher have reviewed sample standard bid documents issued for some huge procurements for better understandings and search for SPP considerations in the public procurement practices.

3.7 DATA ANALYSIS TECHNIQUES AND REPORT

The data collected through different tools were analyzed in line with the basic research questions. Data were analyzed qualitatively and quantitatively. Firstly, the data were collected, and then checked, coded and converted into a format that was appropriate for analysis and interpretation. The data were analyzed by using inferential and descriptive statistics technique with the aid of SPSS software, version 20. Descriptive analyses were applied through mean, standard deviation, graph, charts, frequency, tables and percent. In additions, desk review were employed to find out the inclusion of sustainability considerations in the public procurement proclamations, directives etc.

Inferential statistics were applied through the uses of correlation analysis. The correlation analysis was used to establish with statistical significance and identify the nature of the existing relationship between the dependent variable and the independent variables

The data that was obtained through open ended part of the questionnaires and personal interviews were analyzed qualitatively using descriptive statements and explanations. These qualitative data were used to elaborate the ideas and also to show similarities and differences among the responses as a means of triangulation.

3.8 ETHICAL CONSIDERATION

Research ethics deal with how we treat those who participate in our studies and how we handle the data after we collect them. The researcher keep privacy (that left any personal questions), anonymity (protecting the identity of specific individuals from being known) and confidentiality or keeps the information confidential Saunders *et.al*, (2007). Accordingly, the questionnaire was distributed to voluntary participants and made a clear introduction and instruction parts regarding the purpose of the research.

3.9 VALIDITY AND RELIABILITY TEST

Validity

The researcher have reviewed the related and extensive literature to have complete data on the research topics. This comprehensive approach helped to ensure face and content validity of the survey instrument. The researcher have also reviewed an extensive literature to develop questions for the survey. The researcher carried out a pilot test on survey instrument (questionnaire) and checked the questionnaire is complete, free from any biased and confusion word to selected few respondents. The instrument and research method was also revised and commented by to professional advisor and expertise before going to data collection. Moreover, to insure the statistical validity of the study, the researcher have collected quantitative data using survey questionnaire and interview to reach to concrete conclusion.

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 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.

The Cronbach's alpha value of each dimension of independent variables (Knowledge level on SPP, Adequacy of Training or Familiarity with SPP, CHLP, CHS, CHT, CHSU) and dependent variable (Practices of SPP) is listed in below table 3.1 indicate all Cronbach's alpha value is greater than 0.7, which means all items are reliable and data has internal consistency and able to accepted for further analysis.

Table 3.1: Reliability Test

S. No	Variables	Items	Cronbach's Alpha Value
1	Knowledge level on SPP	4	0.704
2	Adequacy of Training or Familiarity with SPP	4	0.722
3	Legislative support and Political commitment	4	0.747
4	Social Drive	4	0.822
5	Technical Capacity	3	0.801
6	Supply Constraints	4	0.822
7	Practices of SPP	16	0.737
	Cumulative Cronbach's Alpha Value	39	0.889

Source: Primary data, 2019

CHAPTER FOUR

RESULTS, DISCUSSION, and INTERPRETATION

4.1 INTRODUCTION

The objective of this research study is to assess the practices of Sustainable Public Procurement in Public Procurement and Property Disposal Services and Public Procurement and Property Administration Agency. To this end, questionnaire was developed in line with the objectives of the research and it was distributed and collected from the targeted group. Thus, this section of the study focus on presenting the data collected from the respondents, and analyzing and interpreting respectively. Coded responses were entered into Statistical Package for the Social Sciences (SPSS) version 20, for data analysis. The data have been presented by tabulation, and figures. The chapter covers respondents' general information and the assessment of practices of SPP in the two major public procurement organizations.

4.2 QUESTIONNAIRES' RESPONSE RATE

A total of 81 questionnaire were distributed among PPPDS and PPPAA staffs, however, a total of 74 questionnaire were properly filled and returned to the researcher, representing, (91 .35 %) rate of return. Hence, the analysis is done based on the total of 74 filled and collected questionnaires.

4.3 GENERAL INFORMATION OF RESPONDENTS

Table 4.1 shows the general information on the respondents profile and each profile are described as follow:

4.3.1 Types of Organization

Statistical analysis of data showed that majority of the respondents (71.6 %) are from PPPDS (Public Procurement and Property Disposal Services, while the rest (28.4%) belong to PPPAA (Public Procurement and Property Administration Agency). The main reason for high proportion of respondents from PPPDS is, the fact that, this organization has relatively large number of staff as compared with PPPAA. In additions, the respondents from PPPDS are involved in the day to day operations of procurements for Federal Public organizations, and this allowed the staff to have practical knowledge on the practices of SPP.

Table 4.1: General Information

	Descriptions	Option	Frequency	Percent (100%)
1	Name of the organization	PPPDS	53	71.6
		PPPAA	21	28.4
2	Sex	Male	59	79.7
		Female	15	20.3
3	Education Level	Certificate	0	0
		Diploma	0	0
		Degree	59	79.7
		Master	15	20.3
		PhD	0	0
4	Years of Experiences	Less Than 2 years	24	32.4
		2- 5 years	39	52.4
		6 – 8 years	7	9.5
		Above 8 years	4	5.4
5	Types of Procurement	Goods	4	5.4
		Services	3	4.1
		Works	3	4.1
		All	64	86.5

Source: Primary data collected, 2019

4.3.2 Sex

Predominantly males were the procurement practitioners (79.7 %) whereas female participation in the procurement professions in the selected organizations are found to be lower (20.3%). Lower representation of female might be due to the fact that procurement happens to be one of the areas, where low attention is given by female. In additions, less participation of women in public procurement process needs to be improved with proper mentoring, promoting the procurement professions with the engagement of various stakeholders.

4.3 .3 Level of Education

Most of the procurement practitioners (79.7 %) had degree level of education while the remaining (20.3 %) had post graduate degree (Master). No respondents have diploma or certification level of education and this tells us, the composition of their level of education is relatively better, and procurement activities are carried out by educated procurement professional, which has a positive outcome to the profession and the organization.

Moreover the compositions of the respondent's level of educations shows that the respondents were well educated and could understand and respond to the questionnaire properly.

4.3.4. Years of Experience in Public Procurement

As it can be seen from table 4.1 , from the total respondents (32.4 %) of them have two and below two years of experience, (52.4 %) of the respondents have two to five years of work experience, (9.5 %) and (5.4 %) respondents have five to eight and above eight years of experiences respectively.

The majority of the respondents 85.1 % have less than five years of experiences, which shows that the organizations are staffed with young and energetic procurement professionals. In additions, the selected organizations are young to the country and these public procurement organizations came to the scene of public procurement after the issuances of the proclamations and regulation to establish both organization, before ten years. The relatively young age of the organizations might have also contributed with the young age composition of the procurement professionals.

4.3.5 Type of Procurement Involved

Majority of the respondents (86.5 %) were involved in all types of procurement activities. Whereas small proportions of the respondents (5.4 %), (4.1 %), and (4.1 %) are involved in goods, services and works respectively. Variation in the proportion of goods, works and services might be due to the nature of job classification among the procurement professionals in the selected two organization.

The above figures shows that, the majority of the respondents have not restricted in the procurement of one category, rather they are engaged in all types of procurement, and this would help them to understand the questionnaire suitably and respond properly.

4.3.6 Major Responsibility of the Respondent in Public Procurement Process

The highest portion of the respondents (74.3%) was involved in the procurement activities of their organization. Whereas, (8.1 %) and (2.7 %) of the respondents' involved in the monitoring and supervision of procurement activities, and approving tender process respectively, this shows us, these respondents are senior Procurement staffs or directors of their respective units. The remaining (1.4

%), (1.4 %) of the respondents were involved in the development of specifications and acts as a member/chairperson of tender evaluation respectively.

Only (13.5 %) of the respondents have indicated their responsibility as other, and some of them have specified their responsibility as: contract administration officer, Market Survey Officer and planning unit.

In general the composition of respondents in terms of responsibilities, helped the researcher to understand how the procurement practitioners understand sustainable public procurement and provide reliable information that could contribute through the validity of this study.

Table 4.2 Responsibility in relation to Procurement

No.	Responsibility	Frequency	Percent (100)
1	Perform the procurement activities	54	73
2	Participate in the development of specification	1	1.4
3	Act as a member/chairperson of tender evaluation committee	1	1.4
4	Approve tendering process	2	2.7
5	Monitor and supervise the procurement practices	6	8.1
6	Others	10	13.5

Source: Primary data collected, 2019

4.4 PERCEPTION LEVEL OF PROCUREMENT PROFESSIONALS TOWARDS SUSTAINABLE PUBLIC PROCUREMENT

4.4.1 Level of Knowledge towards SPP

This section of the study discusses on the perception level of the respondents, (Procurement practitioners) towards Sustainable Public procurements (SPP). To this end, two major questions have been raised to understand their level of understandings on SPP, i.e. level of knowledge towards SPP and adequacy of training or familiarity towards SPP. Thus, table 4.3 discusses on the perception level of the respondents on SPP.

Table 4.3: Level of Knowledge towards SPP

No.	Perception towards SPP	Y/N	Frequency
1	I have no idea about sustainable public procurement	Yes	16
		No	58
2	It is spending and investing public money to maximize net benefits for the organization and the country as a whole.	Yes	19
		No	55
3	It is the procurement that maintained maximum transparency, fairness, quality and participation	Yes	37
		No	37
4	It is procurement which is based on considering the environmental, social and economic impacts for achieving value for money	Yes	59
		No	15

Source: Primary data collected, 2019

The most regularly cited definition for sustainable public procurement originates from the *United Kingdom Sustainable Procurement Task Force* and coherently builds on the concept of sustainable development- Sustainable public procurement is a process whereby public institutions meet their needs for goods, services and works in a way that achieves value for money on a whole life cycle basis in terms of generating benefits not only to the organization, but also to society and the economy, while minimizing damage to the environment (DEFRA, 2006).

To understand the perception level of procurement practitioners among the two organization, four different concepts, which is believed to be related or not related to the concepts SPP, were given for the respondents to reflect their perceptions with Yes or No choice. The majority of the respondents (78.4 %) have indicated that they have some ideas about SPP, only few of the respondents (21.6 %) have showed that they do not have any idea about SPP.

Moreover, the respondents were asked, whether SPP is represented by ‘It is spending and investing public money to maximize net benefits for the organization and the country as a whole’ and the great majority of the respondent (74.3%) have responded positively that, SPP is not represented by spending public money to maximize a benefit to the organization .

Furthermore, additional question were presented for the respondents to see if SPP is related to maintaining maximum transparency, fairness, quality and participation, and almost equal result for the two options were responded as (50 %) of the respondent have responded that,SPP is not represented by this concept, while the remaining half (50 %) of the respondents have claimed that SPP is represented and related to the concept of transparency, fairness, quality, and participation.

This shows that, the respondents have differing views on this concept of SPP. In addition, the above response rate also shows us that , even if the respondents claimed that they have adequate knowledge on SPP, refer table 4.4, Q3, the concept of SPP is still new to the procurement practitioners and they do not internalize it in the way the literature define and conceptualize it.

Lastly, the majority of the respondents (79.7 %) have reflected that, the concept of SPP is related with a procurement which considers the environmental, social and economic impacts for achieving value for money. Only a small percentage of the respondents (20.3%) have a different perception towards SPP. The small percentage which responded to this questions, negatively might be those respondents who have not actively participated in procurement or those respondents who have relatively less experiences on public procurements.

In general, by considering the above four major concepts of SPP with their responses, the procurement practitioners in the selected two organizations have a positive perception towards SPP. Above all the definition which was provided by , DEFRA, was selected by the majority of the respondent, confirming the fact that, the knowledge of SPP is not new to the procurement practitioners . Variation in the concept of SPP might be due to their different academic background, education level, trainings and level of familiarity about SPP.

4.4.2 Training on SPP

Another dimension used to understand the perception level of the procurement practitioners towards SPP, among the two organizations were to see the adequacy of training towards SPP. To this end, four related concepts on SPP were given to the respondents to measure their level of knowledge through the use of Likert five scale i.e. Strongly Agree, Agree, Neutral, Disagree and Strongly Disagree. The summary of their response is depicted using Table 4.3.

Where a mean range between 4.21 to 5.0 indicate high level of knowledge adequacy, mean range between 3.41-4.2 good evel of level of knowledge adequacy, mean range between 2.61- 3.4 are moderate level of knowledge adequacy, mean range between 1.81 – 2.6 are poor level of knowledge adequacy and mean range between 1-1.8 are shows very low level of knowledge adequacy.

Table 4.4: Adequacy of Training on SPP

Variables	SA	A	N	D	SD	Mean	SD	
I have adequate knowledge on Public procurement	19	41	14	0	0	4.07	0.66	
I have adequate knowledge on Sustainable development	4	46	14	9	1	3.58	0.82	
I have adequate knowledge on Sustainable procurement	6	45	15	8	0	3.66	0.78	
I have adequate knowledge on Responsible or ethical procurement	17	41	8	8	0	3.91	0.87	
Grand Mean for adequacy of training							3.81	

Source: Primary data collected, 2019

Key: SA: Strongly Agree, A: Agree, N: Neutral, D: Disagree and SD: Strongly Disagree, F: Frequency, SD: Standard Deviation

The overall mean of 4.07 for the first inquiry showed a positive response rate of the procurement practitioners and they have adequate knowledge of public procurement, and only very of the respondents were in dilemma to decide on whether they have adequate knowledge on public procurement or not. Hence, the above figures shows that, the procurement practitioners in the two public procurement organizations have adequate knowledge and skill on public procurement, which is the pre requisite for their profession and day to day procurement activities.

Additional questions were forwarded to the respondent to understand their adequacy of knowledge towards Sustainable development. This question have been raised as sustainable development is becoming the goal of businesses and organizations in the public and private sector, as well as that of individuals and communities and requires governments and organizations to consider the social, economic and environmental aspects of their operations, with no single aspect dominating. Based on that, mean of 3.58 have been obtained as a response and shows that, the response rate were positive and the overall understandings of the respondents towards sustainable development was good. Moreover, a SD of 0.82 have been also obtained which do not show much inconsistencies or variation among the respondents on familiarity with sustainable development. The above proportions shows that, the procurement practitioners, have adequate knowledge on sustainable development, which will allow them to understand how the element of sustainable procurement were incorporated with in sustainable development. However, still, there are some respondents who seemed to be not

familiar with this concepts and the respective organizations need to provide the required training or awareness on how public procurements are related with sustainable developments.

The majority of the respondents, with a mean of 3.66, have claimed that they have adequate knowledge and familiarity towards sustainable procurement. This tells us that, the procurement practitioners have adequate knowledge and level of understanding on sustainable procurement, which is supported by very little SD of 0.78. Nevertheless, the high proportion, do not necessarily mean that, all have adequate knowledge on SPP. The level of knowledge of the procurement practitioners in the two public procurement organizations, need to be supported with formal trainings, awareness creations mechanisms and other means too.

The last question was on their level of knowledge towards ethical or responsible procurement, and, the lion share of the respondents with a mean of 3.81, have adequate knowledge on responsible or ethical procurement. Very small portion of the respondents, have no adequate knowledge on ethical procurement. The positive response towards this question might be the various trainings provided on procurement ethics to the procurement staff by PPPAA, and the inclusion of some clauses on the public procurement directive on responsible and ethical procurements.

Siwar and Islam (2013), in their research study on sustainable procurement practices of Malaysian and Australia, they found that, poor education and practices in honesty, morality and professional ethics were prevailing among human resources involved in public procurement. Such a scenario signals the importance of training on sustainable procurement for using procurement as a policy instrument for the governments. However, it seems that, this research study showed that, the level of knowledge and training of the procurement practitioners are adequate enough to understand and practices the concept of SPP. This research study also concur the research study of, Siwar and Islam, on the need for provision of training on sustainable public procurement.

In general, from the response rate of the respondents, with a grand mean of 3.81, the awareness and level of training or familiarity towards sustainable public procurement and its related concept is relatively good. This shows that, the procurement practitioners are exposing themselves and continuously updating their level of understandings through educations, trainings, readings, and other means, which is positive towards implementation of sustainable public procurement by the government.

4.5 REVIEW OF PUBLIC PROCUREMENT PROCLAMATION AND DIRECTIVES IN ADDRESSING SPP CONSIDERATIONS

This section represents a search for any aspects of sustainability consideration in the current public procurement framework of the Federal Democratic Republic of Ethiopia. To this end, a review was made on the proclamation enacted to establish the public procurement and Property Administration Agency, Proclamation No. 649/2009 and Public Procurement Directive of 2010. Besides, the two major documents, the researcher have reviewed various internal circular which are issued either by PPPDS or PPPAA, sample framework agreement or contract and the Special and General conditions of the Contract (SCC and GCC) and the result of the review is presented in table 4.5.

Roos, (2012) in her study has indicated that, the laws, national policies and strategies of a national SPP system provide the framework for a transparent and consistent introduction of SPP into procurement practices. However, to bring about change in the traditional procurement mindset, sustainability considerations need to be integrated in a procuring entity’s strategy, management processes and practice.

Table 4.5 tried to summarize the result of the search/quest for inclusion of sustainable considerations in the public procurement directive, proclamation, and various relevant documents of the two public procurement organizations and it is presented as follows:

Table 4.5: Review of Sustainable considerations in Public Procurements

SPP Considerations	Provision of SPP Considerations in Proclamation, Directives and other relevant documents.
Economic aspect of Sustainability	<p>While reviewing the economic considerations of sustainability, both Proclamation No. 649/2009 and Federal Public Procurement directive, 2010, have incorporated very few variables of the economic consideration.</p> <p>To mention this, the proclamation and the directives clearly indicate the degree of preferences that will be given to locally produced goods, to small and Medium (Micro) enterprises established under the relevant proclamation, and to local construction and consultancy services. Where two bidders get</p>

	<p>equal merit points in the evaluation, preference shall be given to local products or services in accordance with article 25/3 of the proclamation Even both documents clearly shows the margin of preferences given to the selected local sectors.</p> <p>Adjustment of contract price: price adjustments are allowed in respect of works contracts, after 12 months from the effective date of such contracts and in respect of procurement made under a framework contract, after 3 months from effective date of such contract.</p> <p>Marc J (2009) has stated the economic factors should include: creation of employment, use of whole life costing approach, provision of opportunities to SMEs, price adjustments clauses etc.</p>
<p>Environmental aspect of Sustainability</p>	<p>The only issue which is addressed in the proclamation and public procurement directive is the following phrases <i>‘That the procurement need is environmentally friendly’</i> which is not well elaborated either in the proclamation or directives.</p> <p>The inclusion of various environmental sustainable considerations such as, (Marc J, 2009) ‘material used to make products procured, production processes, use of renewable raw materials, energy and water consumption during use, greenhouse gas emissions and air pollutants, durability and product lifespan, opportunities for recycling or reusing the product, waste, packaging and transportations’ were not included in the proclamation and public procurement directive.</p>
<p>Social aspect of Sustainability</p>	<p>The Proclamation and Federal Public Procurement directive, provide the below point on social considerations:</p> <p>Equal Opportunity for participation in the bid: No Candidate Shall be discriminated or excluded from participating in public procurement on the ground of nationality or other reasons which are not related to the evaluation criteria except in accordance with the rule of preference provided in the proclamation.</p>

	<p>As outlined by Marc J (2009) social sustainable considerations incorporate issues such as; encourage diverse supplier base of supplier, promote fair employment practices, and ethical sourcing, compliance with national and international social and labor laws, respective ILO Conventions, on banning use of forced and child labor, establish the right to form trade unions and ensure non-discrimination, ensuring fair working conditions, increasing employment and skills. The review of all the relevant documents from the two public procurement organization showed that only one element of social sustainable dimension; ‘equal opportunity’ is incorporated, and the review revealed that other social dimensions were not incorporated.</p>
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Although these provisions in the public procurement documents relate somehow to different aspects of addressing sustainability through public procurement, these are not sufficient for effectively addressing sustainability imperatives in the procurement system as a policy instrument for sustainable procurement in Ethiopia. It is evident here that very few sustainability considerations were made available in terms of addressing the economic, environmental and social aspect of sustainability in the public procurement documents of Ethiopia.

In additions to the non-inclusion of sustainable considerations in the public procurement proclamation and directives, there is no government policy or strategy on SPP in Ethiopia. The results from interview made with some senior Procurement practitioners at PPPDS and PPPAA also revealed that, the Federal government of Ethiopia, have not developed any policy to incorporate the sustainable considerations in its public procurement. Apart from some sustainable considerations in the public procurement directive, maybe there are some attempts at the requirement definition stage of the procurement, while preparing the specifications for procurement of goods and Terms of references for the procurement of services, to include very generic issues of sustainable considerations like, environmental friendly items, ISO or equivalent certified product or company and etc. But this practices are not mandatory and exercised in all the procurement that is being carried out by PPPDS, as there is no policy which supports the inclusion of sustainable considerations in the procurement practices.

Though there exists limitations in scope to address the three aspects of sustainability, at policy level, various sustainability criteria have still a chance to be incorporated through definitions of specifications, selection criteria, awarding the contract and contract performance clauses within the existing framework of the government procurement.

The absences of SPP policy and clauses in FDRE public procurement proclamation and directive have created some room for the supplier to supply items which do not incorporate the sustainable concepts or ingredient and ultimately resulting in to some undesirable consequences in to the environment in the form of global warming, reduce the ecological balance, increasing waste, air pollutions, high noise and etc. Moreover, the absences of SPP issue in the public procurement directive has exacerbated the social and economic aspects of SPP, in the forms of increasing cost of social life, disrespecting ILO conventions on use of forced and child labor, unfair trade practices and overlooking Whole Life Costing (WLC) in their procurement practices.

4.6 PRACTICES OF ADDRESSING SUSTAINABLE PUBLIC PROCUREMENT CONSIDERATIONS

This section of the study address on the practices of sustainable public procurement in the selected two federal public procurement organizations. To this end, a questionnaire have been prepared by considering the economic, environmental and social dimension of SPP, where each dimensions were measured with Likert five scale i.e. Strongly Agree, Agree, Neutral, Disagree and Strongly Disagree to gather information and reflections from the procurement practitioners. Where a mean range between 4.21 to 5.0 indicate extensively practiced ,mean range between 3.41-4.2 are well practiced, mean range between 2.61- 3.4 are moderately practiced ,mean range between 1.81 – 2.6 are poorly practiced and mean range between 1-1.8 are shows never practiced.

4.5.1 Practices of Addressing Economic Aspects of SPP

Economic considerations are the traditional heartland of decision making for procurement. From an economic perspective SPP encourages the use of more resource efficient goods and services and encourages evaluating cost performance over the lifetime of a contract and not limiting decision making to upfront cost consideration. (UNEP, 2012). The economic consideration of SPP incorporate issues beyond the normal cost of acquiring the required goods and services and comprises issues such as: delivering the value for money across the whole life cost of the purchase, Fair treatment, opportunity for small and Medium sized enterprises (SME), creations of jobs,

transparency, open competitions, nondiscrimination economic development and others (Marc J,2009).

Various questions were raised to assess the practices of economic aspects of sustainable considerations. The respondents were asked whether their organizations standard bid documents or other relevant document encourage the participation of local suppliers, and almost all the respondents were having a similar opinion regarding the question (86.6 %) of the respondents, have responded positively by confirming that their organizations encourage local suppliers to participate in their bid. Only (10.8 %) of the respondents were neutral on the encouragement provided to local suppliers. The mean for the above questions were 3.81, showing that, the practices of encouraging local supplier to participate in the bid is positive.

Table 4.6: Economic Aspects of SPP Considerations

Descriptions	SA	A	N	D	SD	Mean	SD
Your organization put criteria in the Standard Bid Document or in other relevant procurement documents to encourage the participation of local suppliers.	4	60	8	2	0	3.89	0.511
Your procurement Process leaves some room for SME (Small & Medium) to participate in the bid	5	52	7	8	2	3.67	0.86
Your organization adopt and practices whole life costing (WLC) in order to take sustainability criteria into account rather than lowest price in all tender	0	6	6	50	12	2.08	0.75
During conducting procurement Suppliers' fair and viable margins is requested from your side to achieve quality delivery and effective supply management.	1	31	6	25	11	2.81	1.17
Your organization include price adjustment clause in the contract in order to cope up with market price change and security of delivery, in its Framework Agreement or other.	3	56	8	7	0	3.74	0.68
Grand Mean of Economic Aspects						3.24	

Source: Primary data collected, 2019

Key: SA: Strongly Agree, A: Agree, N: Neutral, D: Disagree and SD: Strongly Disagree, F: Frequency, SD: Standard Deviation

In additions, Article 16.20 of public procurement directive, clearly indicate that, preferences shall be granted in ay procurement to locally produced goods, to small and Micro enterprises and locally construction and consultancy firm. Likewise, the degree of preferences to be provided to the local supplier is also indicated, showing us the emphasis given for local supplier.

Question regarding SMEs, have been also raised in the above table, and majority (78.1%) of the respondent's mentioned that their procurement processes had room for SMEs, socially economic enterprises and indigenous suppliers, whereas small portion of the respondents (13.5 %) have indicated that there is no room for SMEs participation.

A study carried out by (Roos, 2012), on SPP practices at Chile, revealed that, there was greater access to the public procurement market for micro and small businesses. Micro and small businesses represent over (90%) of all businesses registered in Chile. To ensure that these companies have equal access to a public procurement market increasingly dominated by electronic means, the Chilean government have created a platform and 16 Entrepreneurial Centers throughout the country. These fully equipped centers provide free Internet access, training, support and services

for companies to significantly improve their chances of doing business with public entities. Also, a scoring system was provided which allows for feedback between procuring entities and suppliers. By reducing information inequalities, the introduction of the electronic platform resulted in a level playing field for everyone with micro, small and medium enterprises representing about 50% of the trade on the public procurement platform. The President of the National Chamber of Commerce stated “with the establishment of support center, suppliers gain access to a larger marketplace, something which was previously very difficult for people outside the Metropolitan Region, who were limited to selling only in their own geographic area”.

The result of this research study also showed that, the government policy, through its public procurement directive, provide opportunity for SMEs to participate in the public tendering process. This shows as, the practices of providing opportunity to SME is similar with the result of the study carried out in Chile, as indicated in the previous paragraph. The only issues missing, as compared with the Chilean government or public procurement practices is that, the absences of establishments of some support centers to allow the SME to have an equal access to public tenders notice.

Hence, the government should be encouraged as it provide opportunity for SMEs participation in the public procurement with good preferential rights and understand their contributions towards job creations and other purposes. However, putting the opportunity of participation for SME may not be adequate enough, the government (responsible government offices) should closely works with these two public procurement organizations on the possibility of sharing the public tender to SME or create some support centers to allow all SME to have an equal access to public procurement or tender notices.

The adoption and practices of whole life costing (WLC) in their procurement practices have been also raised, and the majority of the respondents (83.8 %) have claimed that, their organization do not adopt and practices whole life costing in their procurement. Only very few respondents (7.3 %) have stated that their organization practices WLC. In additions, around (8.1 %) of the respondents were indifferent to comment on the issue of WLC, but some of them have reflected their view on the open ended question by stating that they are not familiar with the word WLC and confirm that their organizations, uses least cost approach to procure and evaluate bidders. The mean for the respondents were 2.08, which shows that, the organization do not adopt and practices WLC approach.

In fact, from the review the public procurement directive and proclamation, depending on the procurement modality employed, RFQ,ITB, RFP etc the public organization uses different evaluation techniques to select the winning bidder, but it do not uses whole life costing as an instrument to evaluate and select bidders. The review of the documents also revealed that, the public procurement directive do not incorporate WLC approach as policy, as a result it do not ensure the best value for money through the use of whole life cycle or approach.

In fact, from the review the public procurement directive and proclamation, depending on the procurement modality employed, RFQ,ITB, RFP etc the public organization uses different evaluation techniques to select the winning bidder, but it do not uses whole life costing as an instrument to evaluate and select bidders. The review of the documents also revealed that, the public procurement directive do not incorporate WLC approach as policy, as a result it do not ensure the best value for money through the use of whole life cycle or approach.

Marc J(2009) has indicated that, the upfront purchase price of a product or service is only one element of the total cost of ownership. To ensure value for money over the longer term, establishing the lowest whole-life cost of a product can result in significant financial savings. A structured approach can be used to produce a spend profile of the product or services over its anticipated life span, including cost for purchase, use, maintenance and disposal. In some cases even upfront cost for sustainable products are lower due to sustainable production processes. The cost for societies as a whole caused by pollution or global warming can also be reduced by expanding this approach through the consideration of externalities (Berry, 2011).

A study carried out in Cambridge city council, (Marc J, 2009) in the use of whole life costing while they procure LED lighting for a multi-story underground parking, revealed that, through the use WLC approach for this procurement, the successful bidder provided a high quality LED lighting solution, good installation services and competitive pricing, the cost of \$77,100 represented a 35% financial saving against previous purchase and initial budgeted.

The above study showed that, WLC approach provide a better value for money for the purchase that, we made. However, the result of this research study showed the non-existences of WLC approach as compared with the practices of WLC in the above cases is different. Had there been a policy or guidance on the use of WLC, there would have been a lot of opportunity for public organization to save cost and promote sustainable considerations in their procurement. Nonetheless, the non-existences of the WLC approach in public procurement directives and other guidance note prevent public organizations from the benefits of WLC.

Hence, the two public procurement organizations in collaboration with relevant stakeholders, should start to consider the inclusion of the whole life costing techniques to obtain a better value for money for its procurement, so that this helps them to avoid the hidden costs, which are not embedded within the upfront or purchase cost of the item.

Question no.4, shows that highest proportions (48.7 %) of the respondents do not request the suppliers' to include their fair and viable margins in the estimated tender price of respective goods, works and services. They claimed that the supplier need to charge prices that will enable them to generate adequate revenues to pay their workers a living wage and benefits and to invest resources in improved working conditions, additional employment and capability development. While (43.3 %) of the respondents claimed that, they request supplier profit in estimating tender price. However, (8.1%) of the respondents were neutral on responding on whether supplier's fair and viable margin

is requested or not. A group mean of 2.81 have been obtained, indicating that the practices of requesting suppliers to submit fair and viable margin on their profit is moderately practiced, however, with relatively high degree of variation from the mean i.e. 1.7 SD.

The result of interview indicates that, in some high value procurements, there is a tendency to request the suppliers to submit their fair and viable margin of profit to understand the market prices of the requested items, and to ensure effective delivery. In additions to that, for common user items, usually the market prices of the common user items are assessed. To this end, PPPDS has established a separate unit, Market Price Survey and Information Directorate Director Unit, which is responsible for assessing the market prices, closely working with Central Statistical Agency of Ethiopian to understand inflation, consumer price index other relevant data, which are necessary for the framework contract and price adjustments requests. However, the public procurement directive or other procurements documents, do not include any clauses regarding the inclusion of this important aspects of procurement.

In general, even if there are some practices regarding suppliers to submit their fair and viable profit margin, while quoting their prices, the practice need to be supported by proper policy and guidance to be applicable in all or selected types of public procurements.

Lastly, question regarding the inclusion of price adjustments have been raised and almost all the respondents (79.8 %) have positively responded that, they have included in the contract. Only (9.5 %) of the respondents have claimed that they do not include price adjustment. A mean of 3.74 have been recorded for the above questions showing that, the government policy and practices include price adjustment mechanism in their contract.

According to Saifu (2014) majority of Bangladesh procurement practitioners, include price adjustment clause in the contract as per the public procurement policy, and further indicate that, the price adjustment clause is necessary in order to cope with market price change and security of delivery in work procurement of more than 18 month long. Ignorance of supplier and imparting some additional administrative burden in using PA might be responsible for not implementing it in every procurement contract. Fixed price agreement sometimes seen as an unsustainable or inequitable

passing of cost related risk down the supply chain, impacting ultimately on its most vulnerable members.

The result of this research study also showed that, in addition to the practices, the public procurement directive of Ethiopia, clearly indicate that, price adjustment are allowed in respect of works contract, after 12 months from the effective date of the such contract, and in respect of procurement made under framework contract after three months from effective date of the contract. Hence, the finding on this issue conform to the result carried out in Bangladesh.

In general the practices of including price adjustment clause in the contract allow the government to cope up with market price change and security of delivery and it is considered as a good sign for sustainable considerations.

Sustainability considerations related with economic aspects have an acceptable mean of 3.24, showing us most of the major economic sustainable considerations are either being practiced or incorporated in the written documents of the two public procurement organizations, which is a positive indications for Sustainable Public procurement practices. However, this do not necessarily mean that, all economic sustainable considerations are practiced and incorporated in the two public procurement organization. Still, the two public organization, in collaborations with relevant stakeholders need to work hard to incorporate the whole life cost approach and other economic sustainability considerations in their public procurement activities.

4.5.2 Environmental Aspects of SPP

Environmental aspect is another dimension of sustainable procurement. Environmental concerns remain the key driver behind the sustainable procurement agenda and there is a growing consensus that humanity is placing excessive demands on available resources thorough unsustainable consumption pattern and lifestyle choices. Thus, efforts were made to gain the understanding of the respondents about the environmental aspect through different questions and presented in table 4.7.

Respondents were asked on whether they try to assess the environmental impact of the goods, services or works they procure before launching for high value procurements and the majority , (66.3%) shows that they do not identified the environmental impact of the goods/ works or services

procured before launching a high value tender, while (25.7 %) of the respondents did that assessments. Likewise, the mean for the above question was 2.5 which shows that, the procurement carried out for high value goods, services or works do not take in to considerations for environmental impact assessment.

Table 4.7: Environmental Aspects of SPP

Descriptions	SA	A	N	D	SD	Mean	SD	
Your organization identify the environmental impact of the goods, works or services you procure before launching a high value tender set criteria in the bid document.	0	18	6	42	7	2.5	0.98	
You asks suppliers to commit to waste reduction goals and Reduces packaging material.	0	11	4	46	13	2.17	0.89	
Public tendering process are considering resource conservation, energy consumption, and potential adverse health and environmental effects in its procurement.	0	18	21	32	3	2.73	0.88	
You consider options for reuse, repair, upgrade or modification of existing assets before making a new purchasing demand.	0	8	5	45	16	2.1	0.84	
Key environmental issues like energy use, water use, waste, noise, pollutants and emissions, impact on natural habitat etc. are considered over the life cycle of the goods/service.	0	11	11	36	16	2.2	0.95	
Your organization use criteria so that the suppliers/contractors comply with the minimum legal standard (e.g. noise level) or environmental management system.	0	32	7	32	3	2.9	1.01	
Grand Mean of Environmental Aspects							2.43	

Source: Primary data Collected, 2019

Key: SA: Strongly Agree, A: Agree, N: Neutral, D: Disagree and SD: Strongly Disagree, F: Frequency, SD: Standard Deviation

BSB (2012) has identified that, environmentally preferable goods and services have a lower impact on the environment over the life cycle of the good or service, when compared with competing goods or services serving the same purpose. It is important to identify the environmental impact of products purchased through the entire life cycle.

However, the practices observed in the two public procurement organizations do not support the above arguments. The lack of environmental assessments for high value procurement, may have a great impact on the environment, over the life cycle of the product and other. Hence, the two public procurement organizations need to work closely with other relevant stakeholders and incorporate a mandatory criteria to carry out the environmental impact assessment before proceeding with the procurement.

Another question regarding whether the suppliers have been requested to commit waste reduction goals and reduce packaging materials were asked and the majority (79.8%) of the respondents have responded negatively that they do not request, only (14.9 %) of the respondents do request the supplier to submit the above two issues. A mean of 2.17 for this question also shows us that the procurement practitioners do not request supplier to submit waste reduction goal or reduction of packaging materials.

The result of the interview, also revealed that, so far there is no practices in terms of requesting the suppliers to commit waste reduction and reduce their packaging, rather, we usually request suppliers to properly pack and avoid improper packing. In additions, from the sample framework contract reviewed, the researcher have observed that, the manner in which goods to be packed do not take sustainability considerations, rather it indicate that, how strong the packing should be in terms of withstanding various temperatures and other related issues. The lack of this sustainable considerations in the public procurement documents as well as in the practices definitely affecting the environment that we are living in many ways.

Hence, the public authorities lacks this ingredients and failed to provide the required emphasis on waste reduction and packing mechanism which are necessary to conserve the environment and it is also advisable for the government at least to incorporate some important issues in their bid documents, to encourage suppliers to be innovative in terms of their packaging and contribute for the health of the environment.

Around (47.3 %) of the respondents, have responded negatively, that their tendering process do not take into considerations of the resource conservations, energy conservation and its effect on the environment. However (24.3%) have claimed that their procurement take in to considerations of this

issue, another (28.4%) of the respondents are moderately agree with this concept. A mean of 2.73 for the above question shows that, the procurement practitioners moderately practicing, but it seems that they do not provide due emphasis for this consideration, while carrying out their procurement as the mean of 2.73 is more closer to the next threshold for poor practicing of the issue under considerations. In additions, it also shows that the two public procurement organization do not incorporate the resource conservations, energy conservation and its effect on the environment in their tenderizing process.

Adopting and implementing a sustainable purchasing policy can help to reduce these impacts across a broad spectrum of environmental aspects, from climate change, to water quality, to waste. It is difficult to precisely measure the impacts of purchasing given the multi-dimensionality of environmental impacts of products.

About (82.4%) of procurement professionals do not consider various options such as reuse, repair upgrade or modification before making a new purchasing demand, while (10.8 %) of the respondents considered these during procurement planning. A mean of 2.11 proves also that, the various options such as reuse, modifications, repair, and upgrade before making purchase decision were not taken in to considerations. The non-inclusion of the above sustainability considerations in the policy documents of the two public procurement organizations or lack of awareness or knowledge on the impact of non-inclusion of these important sustainability considerations in their procurement, could be the basic reason for not addressing this issues in their procurement practices.

According to UNEP (2012), it has recently conducted an analysis of the impacts of SPP to provide insight into the methodologies used and impacts measured in developing countries. For example, in Brazil, the State of Sao Paulo distributes a school kit every year to all students, which includes a notebook. In 2008, it was decided that the notebook should be made out of recycled paper. In 2011, the procurement of 3.8 million notebooks was launched through a call for tender. The estimated budget for this tender was approximately USD 9.5 million. The procurement of these recycled paper notebooks resulted in savings of more than 8 million liters of water, 1,766 tons of waste and 241 kg of organo-halogen compounds. The use of recycled notebooks in the State of Sao Paulo not only reduced the need for raw material but also reduced landfill waste which creates ground and water

pollution and contributes to the spread of various diseases among vulnerable populations. It also created additional income for waste pickers and led to financial benefits. The economies of scale of the purchase led to a reduction in price of the school kits by 3.88% percent (UNEP, 2012).

As per the above case study carried out by UNEP, we can understand the relevance of inculcating sustainability considerations regarding reuse, repairs, modifications etc, in our procurement activities so as to obtain environmentally friendly goods and services at better prices.

In addition to the result of the survey, the result of the interview also indicated that, so far, there is no initiative which was carried out to consider the options for reuse, repair and modifications of existing assets before making a new purchasing demand in the two public procurement organizations. It is sometimes said that the most sustainable product that you buy is the one that you do not buy at all. Identification and definition of requirements, as the basis for procurement strategy, is the fundamental intervention point for sustainability. In order to develop appropriate solutions for a given requirement, purchasers need to understand the current and future needs of key stakeholders to promote sustainable considerations in their procurement.

Another example, UNEP (2012) have been given on the savings made by the UN office in Nairobi. The UN print office in Nairobi purchases recycled paper from a regional producer in South Africa and sanitary paper from a waste recycling company based in Kenya. Collection of waste paper to be used by the recycling company in Kenya is carried out in the UN compound. This helps to save paper costs since the raw materials for the paper derive from the waste paper generated by the occupants of the UN compound. The additional benefit deriving from this situation is the creation of jobs having safe working conditions.

Hence, the two public procurement organizations in coordination with relevant stakeholders need to work on the inclusion of various environmental issues like the possibility of reuse, repair, upgrade or modification before making a new purchasing demand, as part of their policy. These environmental issues can be addressed either at policy level or as part of criteria in various stages of their procurement.

Majority of the respondents (70.2 %) do not consider various environmental issues over the lifecycle of the procured goods, works and services. Around (14.9%) of respondents always considered these issues during procurement planning. This shows that, more than half of the respondents disagreed that the public procurement they carried out do not take into considerations of various environmental

issues over the life of the procured goods, services and works, this is also supported by a mean of 2.23.

The lack of policy, awareness and time pressure of procurement practitioners might be responsible for not considering these key environmental issues in every procurement process. In additions, the lack of awareness from the requesting (user) organizations, suppliers and other stakeholders also aggravate the non-inclusion of this issue in the procurement activities.

Hence, the two public procurement organizations need to work in collaborations with various stakeholders, who have an interest on inclusion of theses environmental dimensions, to better address the key environmental issues indicated from the outset. The ignorance of these key environmental issues such as energy use, water use and water quality impact, volume and type of waste, level of toxic and hazardous substances/waste, noise, pollutants and emissions, would have a very big impact on natural habitat etc, as result it is mandatory exercise to consider the issues over the life cycle of the goods/service.

On the use of environmental criteria, the minimum legal standard or environmental management system, around (47.4%) the respondents provided a negative response to this question. However, (43.2 %) of the respondents have showed their positive responses, i.e. they usually uses various environmental criteria as mandatory requirement, where the suppliers are expected to comply with. However, a group mean of 2.9 shows the issue is moderately practiced and have showed their positive responses, i.e. they usually uses various environmental criteria as mandatory requirement, where the suppliers are expected to comply with.

The result of the interview also showed that, the procurement practitioners use some environmental criteria such as (ISO14001, some labeling -ISO Certifications and other criteria) in their bid documents for some selected goods, so that the suppliers/ contractors is expected to comply with the minimum legal standard such as noise level and others. However, almost in most procurement cases, the absences of policy and directions regarding the minimum environmental standards aggravates the negative consequences of its non-inclusion.

Hence, the two organization again need to work closely with other relevant stakeholder, for setting mandatory standards, which can serve as a minimum legal standards regarding environmental issues to protect the health of the environment.

In general, very little attempt have made by the two public procurement organizations, in terms of addressing the environmental sustainability consideration in the public procurement directive and day to day procurement practices, which was also substantiated by 2.43, group mean of mean for this sustainability consideration, where a group mean below 2.6, shows the variable under study was poorly practiced by the respondents. Roos (2012) has indicated that, public authorities can contribute a lot by reducing the risk of negative environmental impacts on health, safety or wellbeing of a nation or an ecosystem caused by public procurement. Public authorities can also generate savings in waste reduction as well as resource consumption and conservation. Considerations in the procurement process include material used to make products procured, production processes, use of renewable raw materials, energy and water consumption during use, greenhouse gas emissions and air pollutants, durability and product lifespan, opportunities for recycling or reusing the product, waste, packaging and transportation.

Hence, by incorporating the environmental aspects of sustainable considerations, SPP can support our national environmental policy, ensure conformance with adopted international environmental conventions, and contribute to achieving international targets such as the reduction of greenhouse gas emissions laid out in the Kyoto protocol. There is also a high potential for environmental benefits at the local level. For example, procuring non-toxic cleaning products can create healthier conditions for school children and the use of low-emission buses for public transportation can improve local air quality (United Nations, 2008).

4.5.3 Social Aspects of SPP

Social considerations are related to the compliance with human rights and the right to decent work as defined by the International Labor Organization (ILO). Public procurement can be used as a means to tackle social issues such as inclusiveness, equality, diversity, poverty, unemployment, skill development, health and wellbeing. Many of these issues are interrelated which means a cohesive approach is needed to bring about lasting social improvement.

Table 4.8 present the summary of results of the respondents regarding the social dimensions of sustainability considerations.

The result of the study revealed that majority (79.1%) of the respondent's confirmed that their procurement process follow the principle of equality i.e. participation to all the potential suppliers/

contractors. Only very few (10.8 %) of the respondents have responded negatively, which might be lack of understandings of the public procurement directives or other relevant procurement materials. The above inquiry have a mean of 3.7, which shows the inclusion and practices of providing equal opportunity to all suppliers are practiced by procurement practitioners in a very good manner. Public procurement should ensure diversity and equality in the supplier market – encouraging a diverse base of suppliers.

Table 4.8: Social Aspects of SPP

Descriptions	SA	A	N	D	SD	Mean	SD	
Your procurement process follow the principle of equality i.e. participation to all the potential suppliers/ contractors in the bid.	6	53	7	8	7	3.77	0.75	
Your organization put any criteria or clause regarding workers/ employees health & safety, minimum wage, maximum working hour, rest period in your tender document.	0	12	19	37	6	2.5	0.86	
Your organization request bidders and visit bidders' plan to ensure that they are not using sweatshop labor	0	9	30	29	6	2.56	0.81	
Your organization have a policy on prohibition of suppliers to use child labor, forced labor and sex	1	4	23	42	4	2.4	0.74	
Your organization put criteria for evidence of ethical labor practices (terms & conditions, health & safety, equality, diversity, compliance with ILO	2	13	16	41	4	2.12	0.9	
Grand Mean of Social Aspects							2.67	

Source: Primary data collected, 2019

Key: SA: Strongly Agree, A: Agree, N: Neutral, D: Disagree and SD: Strongly Disagree, F: Frequency, SD: Standard Deviation

A study conducted in Bangladesh, shows a similar result, in that, more than 86 percent of the procurement practitioners have responded positively in terms of applying equal participations of suppliers. The practices of providing equal opportunity to all supplier in our country shows a similar result with the above study conducted in other country, which is positive and need to be encouraged too(Saifu,2014) .

The FDRE public procurement directive also clearly shows that, no candidate shall be discriminated or excluded from participating in public procurement on the ground of nationality or other reasons.

In general the inclusion and practices of providing an equal opportunity to participate in public bid is a good indication for social aspects of Sustainable considerations.

Question regarding the inclusion of criteria or clause on workers healthy, safety and other, have been raised and , majority of the respondents (58.1%) have responded that they do not include any criteria or clause regarding workers/ employees health & safety in their tender documents. About one-quarter (25.7%) are partially or neutral in their response and the remaining (16.2 %) have responded positively i.e. they have included in their tender documents or contracts. A mean of 2.5 for this question also shows that, there is no direction in the form of policy or other forms which guide or support the procurement practitioners to include the health and safety of employees, minimum wages, maximum working hour, rest periods either in the tender document or in their different contract.

Islam (2014) has indicated that, the inclusion of various criteria or clauses on regarding health and safety of employees, minimum wages, maximum working hour, rest periods practices have the potential to improve work conditions such as labor standards, promote health and safety etc, which is witnessed in its research carried out in two countries, Malaysian and Australia. However, the result obtained in this research study showed an opposite result, with the study conducted on Malaysian and Australia, showing lack of this social sustainable considerations in the public procurement.

Hence, the two public organizations in collaboration with the relevant stakeholders need to take in to considerations of the above facts and include the health and safety of employees, minimum wages, maximum working hour, rest periods either in the tender document i.e. standard bid document or in their Special or General contract of condition as mandatory requirements.

Sweatshop labor, is defined by the US department of Labor, (2010) as factory that violates two or more labor laws. Sweatshop often have poor working conditions, unfair wages, unreasonable, working hour conditions, lack of benefits for workers. Around (47.3%) of the respondents have responded negatively that, they do not request bidders and pay a visits to bidders' plant to ensure that they are not using a sweatshop labor, however (40%) and (12.2%) of the respondents have neutral and positive responses towards this questions. A mean of 2.5 also indicates that, the

organizations do not request bidders to ensure that they are not using sweatshop labor and, the procurement practitioners do not also visit their plant too. From the responses of the procurement practitioners, it seems that, there is lack of awareness on the concept of sweatshop and they might even think that it brings some additional cost while making visit could be some of the factors that would be responsible for not visiting every supplier's factory to investigate that they are not using sweatshop labor.

According to a report by Fighting Global Poverty (2014), on Bangladesh garment workers, the majority of garment workers earn little more than the minimum wage, set as 3000 taka a month (approximately (\$25) far below what is considered a living wage, calculated at 5000 taka monthly, (\$45), which would be minimum required to provide family with shelter, food and education. They are also facing terrible conditions, and they are forced to work 14 to 16 hrs a day, seven days a, they face unsafe, cramped and hazardous conditions etc.

In this research study, the researcher do not investigate on which sectors of the economy that employees are /not facing a similar problem like their Bangladesh fellows, in our country, however, the public procurement directive so far do not have any clause on the issue of sweatshop labor, as a result of this, it might create an opportunity for the supplier to use sweatshop labor in their production process and supply their production to public procurement organizations.. Hence, the two public procurement organizations need to have a proper clause which address issues related with the use of sweatshop labor and force suppliers to comply with that clause, so that it is possible to prevent modern day slavery.

Majority of the respondents (62.2%) result shows that they did not have a policy on child labor, forced labor. Around (31.1%) of the respondents have neutral or partial on the issue of child labor in their procurement directive or other forms of documents. A mean of 2.4 also shows the non-inclusion of this sustainable consideration in the public procurement directive and day to day practices of procurement in the two public procurement organizations.

The review of the public procurement directive and proclamation, contracts of various types, the General and Special conditions of contract (GCC & SCC) showed that the government have not included the prohibition on use of child labor or forced labor. This is very dangerous and it may results in to violations of various international conventions, where FDRE is accorded. Hence, the two organizations need to work collaborate with various stakeholders and incorporate this

prohibition either in their procurement directives, standard bid documents of Contracts or SCC & GCC to prevent the use of child and forced labor by suppliers.

On the last question, the respondents were requested to give their views about ethical labor practices (terms & conditions, health & safety, equality, diversity, compliance with ILO standards etc.) in their procurement. Most of the respondents (62.2%) have responded negatively that they do not put any criteria for evidences of ethical labor practices. However (20.3 %) and (21.6%) of the respondents showed positive and partial attitude towards the evidences of ethical labor practices. A mean of 2.12 also shows that FDRE do not incorporate any issues regarding the evidences of ethical labor practices Ethiopia has signed the ILO convention on labor and ethical labor practices, however, these issues are missing in the public procurement directives and other working manuals, and also in its practices, hence, it is advisable for the two public procurement organizations to work closely with the relevant stakeholders and incorporate the ethical labor practices in their procurement practices.

An early study carried out in 2007 by the University of Bath School of Management, UK, came to the conclusion that sustainable procurement practices in the public sector is a significant and yet understudied concept. A further survey which included 280 public procurement practitioners from 20 mostly industrialized countries, showed that a wide range of sustainable procurement practices are embedded to some degree in public sector procurement practices around the world and that the extent and nature varies significantly across countries (Brammer & Walker 2007).

Kahlenborn's analysis of patterns integrating sustainability criteria in European public entities backs these conclusions (Kahlenborn , 2011). For example, technical specifications are most often used to introduce environmental criteria 66 percent, followed by award criteria 45% percent, and through requirements for technical and/or professional ability 44 percent. The introduction is used by only 11 percent. Further, requirements for technical and/or professional ability are most often used to introduce social criteria 40 percent, followed by the contract conditions 33 percent and award criteria 34 percent (Kahlenborn, 2011). While recognizing that different situations may require choosing alternate solutions, the use of contract clauses for social considerations is recommended by the EU Directives. Survey results also show that front runners balance the various elements of the tendering process to capitalize on many possibilities to introduce environmental and social criteria.

Marc J (2009) indicate that, SPP in developing countries is still in its infancy. The spreading application of SPP and good practices developed and prolifically shared in industrialized countries has not yet filtered in a meaningful way into the developing world. Activities connected with SPP can mainly be found in middle-income countries (United Nations, 2008). Most prominently, the United Nations Environment Programme (UNEP) has assisted seven countries in developing SPP policies and action plans using a methodology developed by the Marrakech Task Force on Sustainable Public Procurement (UNEP, 2012).

In general, the existences of written sustainable procurement policy provides useful basis on which to build a coherent, well-coordinated, structured approach. The responsible senior management of the public procurement organizations together with relevant political leaders, should be responsible for maintaining political commitment to sustainable public procurement. Without such policy effort, the process tends to be rather piecemeal and based on personal efforts of certain staff members. Moreover, encouraging those with purchasing responsibilities to include sustainability considerations in their procedures without clear policy statements ca prove difficulty. A policy gives backing to those driving the process with in the organizations.

Analysis of the interview with procurement experts of PPPDS revealed a similar results with the quantitative data collected from the two public procurement organization. The fact that, only some SPP dimensions are incorporated in the public procurement documents of the two public procurement organizations. As a triangulation, each SPP dimensions were further tabled for discussion during the interview and the result revealed that: In the environmental dimensions of SPP, almost all environmental sustainability considerations are not included in the policy and addressed in the practices. In some time, they have a tendency where, the procurement practitioners use some environmental criteria such as (ISO14001, some labeling -ISO Certifications and other criteria) in their bid documents for some selected goods, so that the suppliers/ contractors is expected to comply with the minimum legal standard such as noise level and others.

Regarding the economic sustainability considerations, the result of the interview revealed that, local and SME are more encouraged to participate in the tendering process and some privileged will be provided for local SME, however, the organization have not established mechanism or platforms to reach to the SMEs and local suppliers to participate in the tendering process. Moreover, we consider the purchase price of the item and other efficient considerations in our procurement. Which supplier has the highest or lowest tender price?”, “Most times, the tender with the least price seems to be the

criterion, but of course you need to satisfy the technical specifications”, “With the technical specifications, if you meet the basic ones and you have the least quoted price, obviously, you may become the supplier of choice”. Others include protection of indigenous firms and SMEs as well as economic efficiency measures. Apart from the above observation, it was also noted that there is no single policy guide outlining these criteria.

The social sustainability considerations were also examined during the interview, and the result showed that, very few of this dimensions were incorporated in the public procurement documents and in the day to day procurement practices. In fact, the interviewee revealed that, the public procurement documents provide equal opportunity for all suppliers to participate in the tendering process without discrimination. They believed that, this encourage transparency and fairness to supplier. However, they stressed that, their organization and the country still remain a lot in terms of inculcating labor laws, ILO conventions, which they believed their organization is way back as compared with other countries in terms of this dimensions.

Regarding further initiatives on SPP, so far, their organizations have not started to move to align their procurement in line with the SPP framework, but there are possibilities to inculcate the SPP dimension, up on revision of the public procurement directive in consultation with various stakeholders. In general, the result of the interview, also revealed that, the non-presence of major SPP requirements, in environmental, economic and social considerations, believed to bring some negative consequences to health of the society, financial losses to the country, and disrespecting the labor laws and the society. The result also stressed, that, the non-presences of SPP policy, especially on environments and economy has exacerbated poor public procurement decisions, which were witnessed in some public procurement endeavors.

4.7 CHALLENGES OF ADDRESSING SUSTAINABLE PUBLIC PROCUREMENT

Despite evident benefits that the diffusion of SPP can provide, several potential challenges limit the uptake of sustainable public procurement practices. In this research study, respondents were requested to show the level of agreement to the challenges of SPP in terms of addressing sustainable considerations in their procurement activities and that needs to be overcome in order to implement SPP.

The summary of the information related to ‘challenges’ to SPP are listed in Table 4.8. The various challenges are broadly categorized as challenges related to: Legislative and political Commitment

(CHLP), Social (CHS), Technical Capacity (CHT) and Supply Constraints (CHSU) and the level of agreements of the respondents were measured with Likert five scale , on a scale between 1 and 5.

Table 4.9: Possible Challenges of SPP

Possible challenges	SA	A	N	D	SD	Mean	SD
Challenges related to Legislative and political	16	43	11	3	1	3.93	0.68
Challenges related to Social Drive	18	42	4	10	0	3.86	0.82
Challenges Related to Technical Capacity	6	38	13	15	2	3.41	0.83
Challenges Related to Supply Constraints	13	36	9	9	0	3.8	0.82

Source: Primary data collected, 2019

Key: SA: Strongly Agree, A: Agree, N: Neutral, D: Disagree and SD: Strongly Disagree, F: Frequency, SD: Standard Deviation

As it can be seen from the below table, the mean values for all challenges are well above 3.0, indicating that, all the challenges have potential influences in terms of addressing sustainability consideration in the practices of SPP. Majority of the respondents (80.8 %), for challenges related to legislative and political commitment have responded positively by confirming that, this is an important challenges for addressing SPP issues in the two public procurement organizations. In additions, a mean of 3.93 also shows the respondents acceptances for the legislative and political commitment as a challenges for addressing SPP issues in the public procurement of FEDRE. Hence, both organization need to closely works with relevant political actors and other stakeholders on the need to take SPP issues as their main agenda.

Another issues, related to social drive have been also raised and predominantly (81.2%) of the respondent have accepted social drive as a main challenge for addressing social issues. The mean of this challenge is 3.86, which shows us the importance of this challenges and the need to address it in an integrated manner.

The technical capacity of the procurement practitioners have received (59.5%) of the respondents' acceptances, however, (17.6 %) and (24%) of have respondents have responded moderately in partial

manner and negatively towards this challenge. The mean of this challenge is 3.41, which is positive, however, as compared with other challenges, it is the least acceptable challenges. This might be because, the respondents might claim that, they have the required knowledge, and willingness, to address the sustainability considerations.

Lastly, challenge related with supply constrains in terms of addressing sustainability considerations have been raised and predominately (75.6 %), of the respondents have accepted this factor as a challenge, however (12.2 %) and (12.2%), of the respondents have replied moderately in partial manner and negatively towards this criteria. A mean of 3.8 shows that the supply constraints are considered as a major challenge in addressing sustainable considerations. One of the major issue observed in this factor is that, majority of the respondents believe that sustainable product comes with premium costs. However, it seems that this kind of misconception need to be cleared out among the procurement practitioners and there is a need to create awareness, training, and educating procurement professionals must be addressed by the two public procurement organizations.

In a study carried out on barriers of SPP in developing countries, the lack of capacity, lack of guidance and tools, the capacities of small and medium-sized enterprises, and the legal framework, have been rated fairly high and are closely related issues. However, in this research study the result from the survey shows different, where the technical capacity of the expert are the least ranked challenges in terms of addressing sustainability considerations (Roos, 2012).

The research used the Kendall's W. test for ranking the various challenges which are identified through questionnaire for addressing the sustainability considerations in the practices of SPP in the two public procurement organizations.

As per table 4.10 of the finding through Kendall's W test, it showed that, the following five challenges were ranked as the top five challenges: Fear of restricted supplier competition for sustainable options, Lack of social drive/responsibility on sustainable issue or Corporate social responsibility, Lack of Awareness of society towards Sustainable options , and products; Premium cost of sustainable alternatives to be offered from the suppliers and Absence of policy guidance to support in promoting sustainability issue in public procurement accordingly

And the least three acceptable challenges for addressing the sustainability considerations in the practices of SPP were: time pressure of procurement professionals, Avoidance of complexity for secondary objectives of procurement and Attitude/Cultural resistance to change.

A total of fifteen challenges were identified and respondents were requested to use a Likert five scale to rank their level of agreement with the identified challenges in terms of addressing sustainability considerations in the SPP practices and it is presented in table 4.11

Table 4.10: Kendall's W. Test for challenges of Addressing SPP Ranks

Challenges	Mean Rank	Rank
Fear of restricted supplier competition for sustainable options	8.95	1
Lack of social drive/responsibility on sustainable issue or Corporate social responsibility	8.93	2
Lack of Awareness of society towards Sustainable options , and products	8.86	3
Premium cost of sustainable alternatives to be offered from the suppliers	8.81	4
Absence of policy guidance to support in promoting sustainability issue in public procurement	8.55	5
Absence of political commitment in promoting sustainability	8.4	6
Lack of expertise on environmental and socially responsible procurement	8.37	7
Lack of synergy among different social groups in promoting sustainable products	7.63	8
Lack of Product availability with sustainable option	7.60	9
Lacking awareness among procurement practitioners	7.55	10
Lack of long term view towards sustainable development or procurement	7.51	11
Lack of capacity of local suppliers to invest in sustainable technologies	7.31	12
Attitude/Cultural resistance to change	7.20	13
Avoidance of complexity for secondary objectives of procurement	7.14	14
Time pressure of procurement professionals	6.99	15

Source: Primary Data Collected, 2019 (SPSS Result)

And the least three acceptable challenges for addressing the sustainability considerations in the practices of SPP were: time pressure of procurement professionals, avoidance of complexity for secondary objectives of procurement and attitude/cultural resistance to change.

The existing literature highlights significant barriers to the development, adoption and implementation of organizational SPP with barriers significantly varying across countries and sectors. For example, Walker and Brammer (2009) report that financial constraints rank highly in the United Kingdom, while in the rest of the world product, quality and availability of sustainably produced alternatives rank as number one. Nevertheless, a common finding of many studies according to Preuss (2007) is that financial constraints in the form of cost/price, lack of budget, and lack of resources, pose the largest barrier to adopting SP practices. At the same time, UN (2008) reported that lack of training for public procurement officers has been identified as the single most important barrier to the implementation of SPP practices in OECD countries.

However, the result of this research findings revealed that, unlike the result of other research findings indicated above, all the selected challenges for this research were considered as a main challenges as they were having a mean of 3.4 and above, moreover, the result showed that, fear of restricted supplier competition for sustainable options, lack of social drive/responsibility on sustainable issue or corporate social responsibility, followed by lack of awareness of society towards sustainable options.

Hence, the two public procurement organizations in collaboration with relevant stakeholder need to create awareness to the business community on sustainable considerations and the benefits associated with sustainable products services, and works, Moreover, there is a need to actively engage the business community to discuss on what the features of the required new products ,services and works and incorporate sustainable ingredients, so that it will be relatively easy to fulfill our needs from these suppliers with sustainable considerations.

4.8 CORRELATION ANALYSIS FOR PRACTICES OF SUSTAINABLE PUBLIC PROCUREMENT

In this part of the study the researcher used inferential analysis with the various tests of significance for autocorrelation and multi co linearity in order to determine the validity of data.

The major objectives of this research study was to assess the practices of sustainable public procurement in two major public procurement organization. The inferential statistics such as correlations, multicollinearity and Kendall's W. test has been employed in order to see the degree of

relationship between the predictors and independent variables, to check presence of multicollinearity problem and also to rank the various challenges for addressing SPP respectively.

In additions, the objective of the research require more descriptive statistics, review of various secondary data and interview, than inferential statistics. As a result of this, the use of inferential statistics is limited to correlations, , multicollinearity and very few other tests, in additions the research study is more concerned with explaining or describing the existing situation as it is. With this understandings, this research study has attempted to use inferential statistics; such as correlations, multi collinearity, and Kendall's W. test and the result of the study through this inferential statistics have been presented as follows.

4.8.1 Correlation Analysis

The correlation of the variable is measured by Pearson correlation coefficient. The result of the Pearson correlation is presented in the following table and interpreted by the guide line suggested by Field (2006); he mentioned that the Pearson correlation coefficient shows the relationship and direction between the predictor and outcome variable. Accordingly, if the relationship is measured in the range of 0.1 to 0.29 it is a weak relationship, 0.30 to 0.49 is moderate, above 0.50 shows strong relationship; while the positive and negative sign tell us the direction of their relationship.

The below correlation table shows that, the correlation relationship between predictor variables (i.e. Knowledge on SPP, Adequacy of training on SPP, challenges such as: Technical capacity (CHT), Social drive (CHS), Legislative and Political commitment (CHLP), and supply constraints (CHSU), and dependent variables i.e. Practices of Sustainable Public Procurement (SPP Practices).

Accordingly, the practices of Sustainable Public Procurement has positive correlation with all predictor variables at Pearson correlation (r) value of 0.078, 0.172, .021, 0.0217, 0.03 and 0.217 respectively i.e. Knowledge on SPP, Adequacy of training on SPP, challenges such as: Technical capacity (CHT), Social drive (CHS), Legislative and Political commitment (CHLP), and supply constraints (CHSU). Even if there exists a positive relationship between the independent and dependent variable, the degree or strength of their relationship is relatively weak. In additions, the significance value for all predictors are above 0.05.

As per table 4.11, the significance or p value for all the predictors variable are above 0.05, with 95 % confidence level, which means that, the level of significances of these predictor variables are very insignificances, which tells us there is no statistically significances correlation between the predictors variable (Knowledge on SPP, Adequacy of training n SPP, challenges such as: Technical capacity (CHT), Social drive (CHS), Legislative and Political commitment (CHLP), and supply constraints (CHSU)) and the dependent variable (Practices of Sustainable Public Procurement).

The weak relationship, predications and variations between the independent and dependent variables, has happened , from the statistical result, there is no enough evidences to conclude that, there is a statistically significant correlation between predictor and dependent variable ,because there is no significance statistical correlation, as a result, this model will not fit to analyze the objectives of the research study. In additions, much of the sustainability considerations (dependent variables) are not incorporated in the public procurement directive, and other relevant documents, and it was not also practiced in the two public procurement organizations, as a result of this, it would be very difficult to conclude that, the predictors have a prediction ability and direct impact on the practices of SPP.

4.8.2 Multicollinearity Assumption

Multicollinearity exists when there is a strong correlation between two or more predictors in a regression model Saunders (2007). There should be no perfect linear relationship between two or more of the predictors. So the predictor variables should not correlate too highly. 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).

If there is a high degree of correlation between independent variables, we have a problem of what is commonly described as the "problem of multicollinearity" Kothari, (2004) and Field, (2006). This research data multi-collinearity assumption is checked by the Pearson Correlation Coefficient and Collinearity Statistics.

Table 4.11: Pearson Correlation Information

Variables		SPP Practice (N= 74)
Knowledge on SPP	Pearson Correlation	.078
	Sig. (2-tailed)	.508
Training	Pearson Correlation	.172
	Sig. (2-tailed)	.142
CHT	Pearson Correlation	.021
	Sig. (2-tailed)	.860
CHS	Pearson Correlation	.217
	Sig. (2-tailed)	.063
CHLP	Pearson Correlation	.003
	Sig. (2-tailed)	.978
CHSU	Pearson Correlation	.217
	Sig. (2-tailed)	.063
SPP Practice	Pearson Correlation	1
	Sig. (2-tailed)	

Source: Primary data collected, 2019

A. Assumption Test using Pearson Correlation Coefficient

The first assumption is checking the value of Pearson correlation coefficient among predictor's variables. If Pearson correlation coefficient (r) value among predictors are below < 0.9 , there is no substantial correlation between predictor variables so there is no multi-collinearity problem (Field, 2006). As shown in table 4.11 above, all the Pearson correlation coefficient values (r) between predictors are below 0.90. Therefore, in the case of PPPDS and PPPAA, collinearity assumption don't have collinearity problem, so that, this enables to obtain unique estimates of the regression coefficient.

B. Assumption Test using Collinearity Statistics

The other way of checking the multicollinearity assumption is that by looking SPSS analysis output correlation table of collinearity statistics value of Tolerance and Variance Inflation Factor /VIF (Field, 2006). The Tolerance column value below 0.02 and VIF value above 10 pose a multicollinearity problem. Having this, the Tolerance and VIF value is shown in the regression standardized coefficients table 4.10 below and the analysis indicates that there is the minimum tolerance value of 0.835 which is above 0.02 and the maximum VIF value is 1.198 which is below 10. Therefore, the predictors do not highly correlate with each other; hence, there is no multicollinearity problem.

Table 4.12: Collinearity statistics value

Model	Collinearity Statistics	
	Tolerance	VIF
Knowledge on SPP	.946	1.057
Training	.835	1.198
Technical Capacity Challenge	.863	1.159
Supply Constrains Challenges	.891	1.122
Legislative and Political Challenges	.906	1.104

Source: Primary data collected, 2019

The weak relationship, in terms of predications and variations, has happened because much of the sustainability considerations are not incorporated in the public procurement directive and it was not also practiced in the two public procurement organizations. And as it is explained in section 4.9 of this study, the objective of the research study was to assess the practices of SPP in the selected two public procurement organizations. In additions, the non-inclusion of majority of sustainability considerations, prevents the procurement professionals from demonstrating their knowledge and training on SPP, and the various identified challenges from affecting the practices of sustainable public procurement. This tells us the level of sustainable public procurement is in its infancy stage, as it was even substantiated from the above statistical results. As a result, the use of other types of inferential statistics may not be necessarily required for this kinds of research study, as the objective of the study was more concerned with explaining or describing the existing situation as it is.

In general, this chapter has discussed on the results obtained through desks review of the two public organization on the search for inclusion of SPP dimensions on their policy and further see the results obtained through questionnaire and interview with the selected target population. The result of the findings, conclusion and possible recommendation based on the study will be discussed on the next chapter.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter of the research study incorporate the summary of the major findings which are obtained from the questionnaire result, interview and secondary sources, and conclusions are

drawn in light of the objectives of the study. The researcher also presents possible recommendations for both the research and to the organizations under study. Finally, it highlights suggestion for further study by other researchers in the future.

5.1 SUMMARY OF MAJOR FINDINGS

The major objective of this research study was to assess the practices of sustainable public procurement in two public procurement organizations and the research was having four major objectives:

- To examine the extent to which Sustainable Public Procurement ingredients are incorporated in the Federal Government of Ethiopian PPPDS and PPPAA proclamation, policy, directives and working manuals.
- To analyze the perception level of public procurement professionals in the selected two organization on sustainable public procurement
- To investigate the extent of Sustainable Public Procurement criteria, particularly economic, social and environmental issues are currently practiced in procurement practices of the selected organizations.
- To identify the potential challenges of practicing sustainable public procurement in FDRE public procurement, PPPDS & PPPAA.

To this effect, the researcher has prepared and distributed questionnaire, interviewed key staffs and reviewed the public procurement proclamation, directive and various internal documents of the two public procurement organizations, and the summary of major findings are presented as follows:

General Information

Statistical analysis of data showed that majority of the respondents (71.6 %) are from PPPDS, while the rest, (28.4%), belong to PPPAA .Predominantly males were the procurement practitioners, (79.7 %), whereas female participation in the procurement professions in the selected organizations are found to be lower (20.3%) .Most of the procurement practitioners, (79.7 %), had degree level of education while the remaining (20.3 %) had post graduate degree (Master). The majority of the respondents (85.1 %) have less than five years of experiences, which shows that the organizations are staffed with young and energetic procurement professionals.

Review of Public Procurement Proclamation and Directives in Addressing SPP Considerations

Objective-1 To examine the extent to which Sustainable Public Procurement dimensions are incorporated in the PPPDS and PPPAA proclamation, policy, directives and working manuals.

The review of secondary sources (Public Procurement proclamation, directive, manuals, Framework agreements, Special and General Conditions of contract, Sample Standard Bid documents etc.) revealed the following results.

Very few sustainability considerations were made available in terms of addressing the economic, environmental and social aspect of sustainability in the public procurement documents of Ethiopia.

- Economic Aspect of Sustainable Considerations: Among the many variables to be included in this dimension the result of the review showed only; preferences to be given to local and SME; and price adjustment clauses are included. Other important economic sustainability considerations are missing.
- Environmental Aspect Sustainable Considerations: The only issue which is addressed in the proclamation and public procurement directive is '*That the procurement need is environmentally friendly*' which is not well elaborated either in the proclamation or directives. This still shows the non-inclusion of various environmental sustainability considerations.
- Social Aspect Sustainable Considerations: it only address the issue of Equal Opportunity for participation in the bid. Other social sustainable considerations were not incorporated.

The Federal government of Ethiopia, have not developed any policy to incorporate the sustainable considerations in its public procurement.

Perception Level of Procurement Professionals towards Sustainable Public Procurement

Objective- 2 - To analyze the perception level of public procurement professionals (in the selected two public procurement organizations) on sustainable public procurement.

Regarding respondents (procurement practitioners) perception towards SPP, two basic issues were raises (knowledge on SPP and Training/familiarity with SPP). The majority of the respondents, (79.7 %), have reflected that, the concept of SPP is related with a procurement which considers the environmental, social and economic impacts for achieving value for money, which agree with the definition proposed for SPP and confirming that, the knowledge of SPP is not new to the procurement practitioners.

On the other issues of perception towards SPP: the majority of the respondents, (69.9 %), have claimed that they have adequate knowledge and familiarity towards sustainable procurement. This was also supported by a mean of 3.66. And, it seems that, this research study showed that, the level of knowledge of the procurement practitioners are adequate enough to understand and practices the concept of SPP.

Practices of Addressing Sustainable Public Procurement Considerations

Objective 3- To investigate the extent of Sustainable Public Procurement dimensions (economic, social and environmental issues) are being practiced in public procurement process of selected two organizations.

Practices of Addressing Economic Aspects of SPP

(86.6 %) of the respondents, have responded positively by confirming that their organizations encourage local suppliers to participate in their bid, which was supported by a mean of 3.81.

The organization do not adopt and practices whole life costing in their procurement, with a mean of 2.01.

A group mean of 2.81 have been obtained, indicating that the practices of requesting suppliers to submit fair and viable margin on their profit is moderately practiced, however, with relatively high degree of variation from the mean i.e. 1.7 SD.

A mean of 3.74 have been recorded for the price adjustment clauses in the contract, showing that, the government policy and practices include price adjustment mechanism in their contract.

In general, Sustainability considerations related with economic aspects have an acceptable mean of 3.24, showing us most of the major economic sustainable considerations are either being practiced or incorporated in the written documents of the two public procurement organizations.

Practices of Addressing Environmental Aspects of SPP

Almost, (66.3%) of the respondents replied that , they do not identified the environmental impact of the goods/ works or services procured before launching a high value tender, Likewise, a mean 2.5, which supports and shows that, the procurement carried out for high value goods, services or works do not take in to considerations for environmental impact assessment.

(79.8%) of the respondents have responded negatively that they do not request supplier to submit waste reduction goal or reduction of packaging materials. A mean of 2.17 for this question also shows us that the procurement practitioners do not request supplier to submit waste reduction goal or reduction of packaging materials.

A mean of 2.73 , on whether their tendering process take into considerations of the resource conservations, energy conservation and its effect on the environment shows that, the procurement practitioners are moderately practicing, even if it is not incorporated in their public procurement directive.

A mean of 2.11 showed that, the various options such as reuse, modifications, repair, and upgrade before making purchase decision were not taken in to considerations.

A group mean of 2.9 shows the issue of using various mandatory environmental criteria are moderately practiced i.e. they usually uses various environmental criteria as mandatory requirement, where the suppliers are expected to comply with

In general, very little attempt have made by the two public procurement organizations, in terms of addressing the environmental sustainability consideration in the public procurement directive and day to day procurement practices, which was also substantiated by 2.43 , group mean of mean for this sustainability consideration.

Practices of Addressing Social Aspects of SPP

Majority, (79.1%), of the respondent's confirmed that their procurement process follow the principle of equality i.e. participation to all the potential suppliers/ contractors. The above inquiry have a mean of 3.7, which showed the inclusion and practices of providing equal opportunity to all suppliers are practiced by procurement practitioners.

A mean of 2.5 showed that, there is no direction in the form of policy or other forms which guide or support the procurement practitioners to include the health and safety of employees, minimum wages, maximum working hour, rest periods either in the tender document or in their different contract.

A mean of 2.5 for the use of sweetshop labor and visit to bidders' plant, indicates that, the organizations do not request bidders to ensure that they are not using sweetshop labor and, the procurement practitioners do not also visit their plant too.

Use of policy on child labor and forced labor, with mean of 2.4, showed the non-practice of this issues and non-inclusion of this sustainable consideration in the public procurement directive and day to day practices of procurement in the two public procurement organizations.

Most of the respondents, (62.2%), have responded negatively that they do not put any criteria for evidences of ethical labor practices. A mean of 2.12 also showed that the public procurement organizations do not incorporate any issues regarding the evidences of ethical labor practices.

Challenges of Addressing Sustainable Public Procurement

Objective 4- To identify the major challenges for sustainable public procurement practices in PPPDS & PPPAA

The result of the finding through Kendell's W test, showed that, the following five challenges were ranked as the top five challenges: Fear of restricted supplier competition for sustainable options, Lack of social drive/responsibility on sustainable issue or Corporate social responsibility, Lack of Awareness of society towards Sustainable options , and products; Premium cost of sustainable alternatives to be offered from the suppliers and Absence of policy guidance to support in promoting sustainability issue in public procurement accordingly. And the least three acceptable challenges for addressing the sustainability considerations in the practices of SPP were: time pressure of procurement professionals, Avoidance of complexity for secondary objectives of procurement and Attitude/Cultural resistance to change.

Correlation Statistics Result

The result of the correlation relationship between predictor variables and dependent variable, i.e.(the practices of Sustainable Public Procurement) has positive correlation with all predicator variables at Pearson correlation (r) value of 0.078, 0.172, .021, 0.0217, 0.03 and 0.217 respectively : Knowledge on SPP, Adequacy of training n SPP, challenges such as: Technical capacity (CHT), Social drive (CHS), Legislative and Political commitment (CHLP), and supply constraints (CHSU). Even if there exists a positive relationship between the independent and dependent variable, the degree or strength of their relationship is relatively weak. In additions, the significant value for all

predicators are above 0.05, which shows there is no statistically significant correlation between the predictors and dependent variable.

Multi Collinearity test results of the study revealed that, all the Pearson correlation coefficient values (r) between predictors are below 0.90. Therefore, the case of collinearity assumption don't have collinearity problem so that it enables to obtain unique estimates of the regression coefficient.

5.2 CONCLUSION

Sustainable procurement constitutes a significant lever for public sector organizations to accelerate the shift towards more sustainable consumption and patterns, and more generally to contribute to the achievement of Millennium development goals.

From the research findings, the study can conclude that sustainable public procurement variables (Economic, Environment, and Social) are very new to the two public procurement organizations and very few of the variables were incorporated in their public procurement proclamation, directives, working manuals, framework agreement, and General and Special Conditions of contract. However, this did not mean that, the public procurement organizations did not have any elements of sustainability considerations as a written documents. Very few, sustainability considerations were found, however, these are not sufficient for effectively addressing sustainability imperatives in the procurement system as a policy instrument.

The practice of sustainable public procurement in the two public procurement organizations , which are guided and supported by the public procurement proclamation, directives and other written documents, is in its infancy stages. Very few variables of the sustainability considerations were practiced in the day to day procurement activities by the procurement professionals. These very few sustainable variables were embedded as a policy in their procurement directives, and some of them were included in their procurement cycles either at requirement definition stage, evaluation stages and others.

The researcher has identified that, the non-inclusion of majority of the sustainability considerations, as a policy or in their day to day procurement activities, would potentially bring undesirable consequences in to the environment in the form of global warming, reduce the ecological balance, increasing waste, air pollutions, high noise and etc. Moreover, it would exacerbated the social and economic aspects of SPP, in the forms of increasing cost of social life, disrespecting ILO conventions on use of forced and child labor, unfair trade practices and overlooking Whole Life Costing (WLC)

in their procurement practices. The literature also showed that SPP practices include: improving efficiency and transparency, improving compliance, financial savings, meeting goals and targets, improving the work environment, and contributing to the modernization and international competitiveness of local industry, thus reducing use of natural resources including improving the quality of air and water.

The researcher has also identified potential challenges for addressing sustainability considerations in the Sustainable Public Procurement practices and the non-inclusion of the sustainability considerations in the public procurement directive and other relevant manuals would have its own influence on the practices of SPP in the two public procurement organizations.

From the inferential statistics, it has been observed that, the predictor and dependent variables have positive but weak correlation, with a P value above 0.05 and The weak relationship, predications and variations between the independent and dependent variables, has happened , from the statistical result, that ,there is no enough evidences to conclude that, there is a statistically significant correlation between predictor and dependent variable ,because there is no significance statistical correlation. In additions, much of the sustainability considerations are not incorporated in the public procurement directive and it was not also practiced in the two public procurement organizations, as a result of this, it would be very difficult to conclude that, the predictors have direct impact on the practices of SPP.

5.3 RECOMMENDATIONS

Although sustainable public procurement is an important issue in most of the developed countries, the practices of SPP is very limited. In Ethiopia, as public procurement expenditure constitutes around (60%) of the government annual expenditure the non-inclusion of sustainability considerations in the public procurement, have definitely impacted the environment, social and economic aspects of SPP. To improve sustainability imperatives through procurement some measures are needed to be adopted. Based on the above conclusions the following specific recommendations are proposed to address sustainability in the practices of public procurement in the two public procurement organization.

Initiative has to be started on the formulation of sustainable public procurement policy and national implementation strategy, by PPPDS & PPPAA in consultation with responsible stakeholder that translates how economic, environmental and social sustainability considerations need to be addressed through public procurement. The public procurement framework and other standard tender documents should be aligned with the policy. In doing so, the public procurement organizations need to consider the involvement of stakeholder for integrating sustainability considerations in the public procurement system of Ethiopia. Hence, it is suggested that, a solid multi-stakeholder group had to be build first to help to create public awareness on what SPP stands for and to further engage stakeholders in procuring entities. This will creates the conditions for effective collaboration between governments and citizens in a process that enhances legitimacy and accountability of public decision-making.

It is suggested to include in the public procurement proclamation or directive a clear statement that public procurement should contribute to the implementation of economic, social and environmental policy objectives. These intended statement should also reflect a change in perception from viewing public procurement as a set of bureaucratic rules to recognizing procurement as a strategic function, and it is expected that sustainable public procurement will play a very big role in the country's development.

Education and training on sustainable public procurement at the individual procurement professional level seem necessary in order to increase knowledge base for implementing sustainable procurement. Only the formulation of a policy and including sustainability criteria in the documents are not enough to introduce a sustainable procurement system in the public procurement system of Ethiopia. It should be considered in long-term basis. Hence, it is recommended for PPPAA in particular to provide the required sustainable public procurement and other peripheral matters a formal trainings, or awareness sessions to Federal public budgetary organizations, at the individual procurement professional level in order to make active sustainable procurement choices.

The researcher recommends, the whole Life Costing approach should be introduced, by the two public procurement organizations, in evaluating competitive tenders for capital items, but on selective basis. The procurement of capital items usually have a long life in use that give rise to many

costs in addition to original purchase price. The two public procurement organization may lack some knowledge and information required to carry out the WLC, as a result, it is advisable to start the use of WLC approach on need basis and on selected product categories. With this experiences, the two public organizations can scale up the adoption and implementation of WLC approach as a policy.

The two public procurement organizations, are advised to revise their contract performance clauses, i.e. General and Special conditions of the contract, as the Contract performance clauses, are generally the most appropriate stage in the procurement process to include social considerations. This is especially true for considerations related to, social sustainability considerations, employment and labor conditions such as the obligation to recruit unemployed persons or persons with disabilities, to set up training programs, or to comply with fundamental human rights guaranteed by the ILO core conventions, prohibition on use of child and forced labor, health & safety, equality, diversity. In additions, UNEP, (2010) also recommends that, Contract performance clauses can also be used to include environmental considerations. Environmental considerations may include efficient product delivery at off-peak traffic times to reduce transport impact, reuse/recycling of packaging, reports on greenhouse gas emissions caused in delivering the products, minimization of waste and efficient use of resources such as electricity and water on a construction site, or the application of a specific environmental management measures for construction works such as ISO 14001

The researcher also believe that, due to the pertinent lack of knowledge on SPP in the context of Public procurement system, external assistance from various development partners (World Bank, UNEP etc) who have extensive knowledge and experiences on supporting developing countries in their adoption and implementation of SPP, will be needed to strengthen local capacities, customize existing tools, and develop innovative approaches to engage the suppliers across the supply chain. A strong SPP framework that takes account of stakeholder interests is needed to anchor success.

The two public procurement organizations in collaboration with relevant stakeholder need to create awareness to the business community on sustainable considerations and the benefits associated with sustainable goods, services, and works, to moderate the various challenges of addressing SPP considerations.

5.4 SUGGESTION FOR FURTHER STUDY

This research study was carried out to assess the state of practices of Sustainable Public Procurement in the two public procurement organizations. The result of the study, revealed that, only very few

sustainable considerations were incorporated in the public procurement proclamation and directive and the level of practices of SPP in the day to day procurement activities by the procurement practitioners were very low.

Hence, the researcher believe that, a lot of work will be required from PPPAA and PPPDS and other stakeholders to integrate sustainability considerations in daily public procurement practices in our country. Hence, the researcher recommended further research study to be carried out on the mechanism by which, the country adopt and implement the sustainability considerations in its public procurement.

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Annexes

ANNEX 1: Questionnaire



Questionnaire
Addis Ababa University
School of Commerce
Department of Logistics and Supply Chain Management

Dear respondent,

I am a prospective graduate in the graduate School of Addis Ababa University, Department of Logistics and Supply Chain Management. I am carrying out an academic research for partial fulfillments of the requirements of Masters of Arts in Logistics and Supply Chain Management and the title of my research is '**Assessment of Sustainable Public Procurement in the case of Public Procurement and Property Disposal Service and Public Procurement and Property Administration Agency**'.

Hence, I am kindly requesting you to genuinely respond to the listed questions, which are believed to be relevant for the research study under considerations. I would like to assure you that, the information obtained shall be used purely for academic purpose and will be kept strictly confidential. Please indicate your level of agreement or disagreement by using (✓ or x) mark on the appropriate box given corresponding to each statement, Please state your opinion on the space provided for open question and no need of writing your name.

Your co-operation and assistance will be highly appreciated. If you need any clarification or information, I can be reached through: **Mob: 0911-661151** or **[E-mail: ermiasalm@yahoo.com](mailto:ermiasalm@yahoo.com)**

SECTION A: GENERAL INFORMATION

1. Name of Organization: A- PPPDS B- PPPAA
2. Sex: A- Male B- Female
3. Education (Basic/ Last Degree):
 A- Certificate B- Diploma C- Degree D- Master E- PhD
4. Years of Experiences in procurement activities:
 A- Less than 2 years B- 2 - 5 years
 C- 6- 8 years D- Above 8 years
5. Please mention type of procurement you are involved?
 A- Goods B- Services C- Works D- All
- 6. Please mention your responsibility in relation to procurement? (You can choose more than one; if it describes your role in relation to the procurement)**
 A- You perform the procurement activities;
 B- You participate in the development of specification;
 C- You act as a member/chairperson of tender evaluation committee;
 D- You approve tendering process;
 E- You monitor and supervise the procurement practices;
 F- Other, please specify _____

SECTION B: KNOWLEDGE ON SUSTAINABLE PROCUREMENT (Perception level of Procurement Professional)

1. What is the level of your Knowledge on Sustainable Public Procurement

Indicate your degree of agreement with the following statements with YES or NO

Code	Knowledge on Sustainable Public Procurement	YES	NO
KSP11	I have no idea about sustainable public procurement		
KSP12	It is spending and investing public money to maximize net benefits for the organization and the country as a whole.		
KSP13	It is the procurement that maintained maximum transparency, fairness, quality and participation		
KSP14	It is procurement which is based on considering the environmental, social and economic impacts for achieving value for money		

2. You have adequate training or familiarity with the following concepts

Indicate your degree of agreement with the following statements. (Strongly agree = 5; Agree=4; Neutral=3; Disagree=2; strongly disagree=1)

Code	Training Area	5	4	3	2	1
KSP21	I have adequate knowledge on Public procurement					
KSP22	I have adequate knowledge on Sustainable development					
KSP23	I have adequate knowledge on Sustainable procurement					
KSP24	I have adequate knowledge on Responsible or ethical procurement					

Other relevant training, please specify;

SECTION C: *ECONOMIC ASPECT OF SUSTAINABILITY THROUGH PUBLIC PROCUREMENT*

1. Indicate your degree of agreement with the following statements. (Strongly agree = 5; Agree=4; Neutral=3; Disagree=2; strongly disagree=1)

Coding	List of Questions	5	4	3	2	1
ECS1	Your organization put criteria in the Standard Bid Document or in other relevant procurement documents to encourage the participation of local suppliers.					
ECS2	Your procurement Process leaves some room for SME (Small & Medium) to participate in the bid.					
ECS3	Your organization adopt and practices whole life costing (WLC) in order to take sustainability criteria into account rather than lowest price in all tender.					
ECS4	During conducting procurement Suppliers' fair and viable margins is requested from your side to achieve quality delivery and effective supply management.					
ECS5	Your organization include price adjustment clause in the contract in order to cope up with market price change and security of delivery, in its Framework Agreement or other forms of contracts.					

*If your organization adopts and practices whole life costing in its procurement, would you please mentions or provide example in what type of procurement do you employee WLC?

SECTION C: *ENVIRONMENTAL ASPECT OF SUSTAINABILITY THROUGH PUBLIC PROCUREMENT*

2. Indicate your degree of agreement with the following statements. (Strongly agree = 5; Agree=4; Neutral=3; Disagree=2; strongly disagree=1)

Coding	Lists of Questions	5	4	3	2	1
ENS1	Your organization identify the environmental impact of the goods, works or services you procure before launching a high value tender.					
ENS2	You asks suppliers to commit to waste reduction goals and Reduces packaging material					
ENS3	Public tendering process are considering resource conservation, energy consumption, and potential adverse health and environmental effects in its procurement.					
ENS4	You consider options for reuse, repair, upgrade or modification of existing assets before making a new purchasing demand.					
ENS5	Key environmental issues like energy use, water use, waste, noise, pollutants and emissions, impact on natural habitat etc. are considered over the life cycle of the goods/service that your organization are procuring					
ENS6	Your organization use criteria so that the suppliers/ contractors comply with the minimum legal standard (e.g. noise level) or environmental management system.					

Other, please specify:

SECTION C: SOCIAL ASPECT OF SUSTAINABILITY THROUGH PUBLIC PROCUREMENT:

3. Indicate your degree of agreement with the following statements. (Strongly agree = 5; Agree=4; Neutral=3; Disagree=2; strongly disagree=1)

Coding	Lists of Questions	5	4	3	2	1
SOS1	Your procurement process follow the principle of equality i.e. participation to all the potential suppliers/ contractors in the bid.					
SOS2	Your organization put any criteria or clause regarding workers/ employees health & safety, minimum wage, maximum working hour, rest period in your tender document.					
SOS3	Your organization request bidders and visit bidders' plan to ensure that they are not using sweetshop labor.					

SOS4	Your organization have a policy on prohibition of suppliers to use child labor, forced labor and sex .					
SOS5	Your organization put criteria for evidence of ethical labor practices (terms & conditions, health & safety, equality, diversity, compliance with ILO(International Labor Organization) standards etc.) from the suppliers/ contractors.					

Other, please
specify _____

SECTION D: CHALLENGES NEEDED FOR ADDRESSING SUSTAINABILITY THROUGH PUBLIC PROCUREMENT

Possible Challenges of Addressing Sustainable Public Procurement

The listed factors are some of the challenges to integrate economic, social and environmental (SPP) criteria into your organization's procurement processes. Hence, indicate your degree of agreement with the following statements. (Strongly agree = 5; Agree=4; Neutral=3; Disagree=2; strongly disagree=1)

Coding	List of Possible Challenges	5	4	3	2	1
CHLP	Legislative and Political Commitment					
CHLP1	Absence of policy guidance to support in promoting sustainability issue in public procurement.					
CHLP2	Avoidance of complexity for secondary objectives of procurement.					
CHLP3	Absence of political commitment in promoting sustainability.					
CHLP4	Lack of long term view towards sustainable development or procurement.					
CHS	Social Drive					
CHS1	Lack of social drive/responsibility on sustainable issue or Corporate social responsibility.					
CHS2	Attitude/Cultural resistance to change					
CHS3	Lack of synergy among different social groups in promoting sustainable products.					
CHS4	Lack of Awareness of society towards Sustainable options , and products					
CHT	Technical Capacity					
CHT1	Lack of expertise on environmental and socially responsible procurement					
CHT2	Time pressure of procurement professionals					
CHT3	Lacking awareness among procurement practitioners					

CHSU	Supply constraints					
CHSU1	Fear of restricted supplier competition for sustainable options.					
CHSU2	Lack of capacity of local suppliers to invest in sustainable technologies					
CHSU3	Lack of Product availability with sustainable option.					
CHSU4	Premium cost of sustainable alternatives to be offered from the suppliers.					

Others, Please Specify:

THANK YOU FOR YOUR COOPERATIONS

Interview Questions

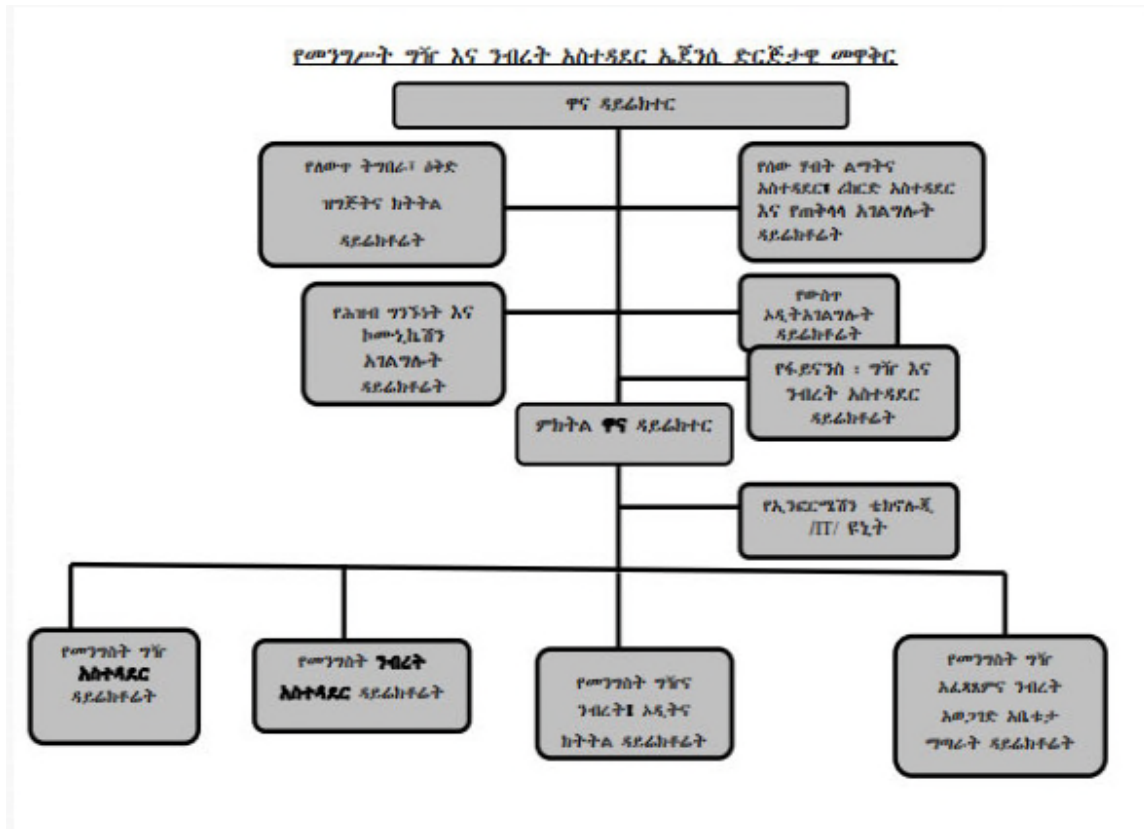
Interview Questions: For Key Employees

1. What is your responsibility in the area of public procurement?
2. Does your organization have a policy & strategy to enforce or implement SPP in every procurement process?
3. If yes, please tell us how you implement the policy? Is it at in all steps of the tender process or what?
4. Do you have a management support to implement SPP in your organization?

Ongoing/Future initiatives

- 1) Are there any ongoing or future initiatives in your organization to promote/mainstream sustainability considerations in public procurement? Please specify.
- 2) In your opinion, should sustainability considerations become an integral part of public procurement reform programs, i.e. approaches and tools be integrated in procurement assessments and capacity development plans?

Annex 2: Organizational Structure for PPPAA



Source: <http://www.ppa.gov.et/>

Annex 3: Organizational Structure for PPPDS



Source: <http://www.pppds.gov.et/index.php/am/>

