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**ADDIS ABABA UNIVERSITY  
SCHOOL OF GRADUATE STUDIES  
COLLEGE OF BUSINESS AND ECONOMICS**

**CHALLENGES IN PUBLIC PROCUREMENT PROCESS**

**THE CASE OF**

**SOME SELECTED FEDERAL PUBLIC SECTOR**

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This Submitted to the Department of Accounting and Finance

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Degree in Accounting and Auditing

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**ADDIS ABABA**

## **STATEMENT OF D E C L A R A T I O N**

I the understated, hereby declare that this work entitled “Challenges in Public Procurement Process the case of same Selected Federal public sector, is my original work and has not been presented for the award of any degree or diploma in this or any other University and that all sources of materials used for the thesis have been duly acknowledged.

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## **STATEMENT OF CERTIFICATION**

This is to certify that the thesis presented by Mesfin Mekoennen entitled “challenges in Public Procurement processes same Selected Federal public sectors, submitted in partial fulfillment of the requirements for the Degree of Master of Arts in Accounting and Auditing fulfills with the regulation of the University and meets the accepted standards with respect to originality and quality.

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**CHALLENGES IN PUBLIC PROCUREMENT PRACTICES THE  
CASE OF  
SAME SELECTED FEDERAL PUBLIC SECTOR**

**By  
Mesfin Mekonnen**

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## **List of Acronyms and Abbreviations**

<b>ADB</b>	Africa Development Bank
<b>CIPS</b>	Chartered Institute of Purchasing and Supply
<b>CPI</b>	Corruption Perceptions Index
<b>CPAR</b>	Country Procurement Assessment Report
<b>E-CPAR</b>	Ethiopia Country Procurement Assessment Report
<b>e- GP</b>	Electronic Government Procurement
<b>FEAC</b>	Federal Ethics and Anti-Corruption Commission
<b>FPPAA</b>	Federal Public Procurement and Property Administration Agency
<b>GDP</b>	Gross Domestic product
<b>HRC</b>	Human Rights Commission
<b>MoFED</b>	Ministry of Finance and Economic Development
<b>MoFEC</b>	Ministry of Finance and Economic Co-operation
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>PEs</b>	Procuring Entities
<b>IISD</b>	sustainable development
<b>UNDP</b>	United Nation Development Program
<b>UNES,</b>	United Nation Economy system
<b>UNCITRAL</b>	United Nations Commission on International Trade Law
<b>SBD</b>	Standard Bidding Documents
<b>WB</b>	World Bank

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## **ABSTRACT**

Assessing challenges in Public Procurement Process the case of some Selected Federal public sector, the current public procurement system requires high standards of efficiency, accountability and transparency because public procurement serves public interests. Out of the total public resources utilized, procurement constitutes a major share (about 65%) of public expenditure. Ethiopia has already taken a number of steps to improve its public procurement systems. However, ensuring efficiency, accountability and transparency in the public procurement process is challenging. The studies critically assess challenges in public procurement process the case of some selected Federal public sector, it was also attempted to identify the efficiency level of the Procurement Unit, major challenges and examine the extent of their impact. The method adopted to carry out the study was descriptive survey method which enables to discover qualitative and quantitative factors; and the selection of the respondents was done using stratified random sampling technique. The variables considered in the study are efficiency, transparency, accountability and procurement process challenges related variables. The study involved 12 Federal offices, 37 procurement unit staff members, 4 Public procurement and Property Administration Agency directors, 25 Financial Expert ,12 Middle level Managers, 5 internal Auditors and 6 suppliers. Instruments employed for the data collection were questionnaire, interview and document analysis. The finding indicated that lack of accountability and weakness with regard to the implementation of national policy, regulation, rules, and procedures; and in adequate political commitment and low efforts made to improve public procurement practices were mentioned as principal challenges observed in the Federal Public sector Procurement practice. Besides, the procurement plan, specification and bid documents and market price assessments were found to be poor and incomplete. Moreover, a long delay in the procurement process and evaluation of technical documents, as well as the level of compliance with the required best standards was found low. Therefore, the study recommends that the need to review the procurement Policies, Rules and Procedures in line with the challenges applying a collective effort and make early corrective action.

# Chapter One

## 1. INTRODUCTION

### 1.1 Background of the Study

These days, many governments have embarked on reforms in their procurement systems to streamline and harmonize legal and institutional framework. Procurement is essential for the development of economies and as a result governments, policy makers, business practitioners and academia are giving it much attention than ever. ( Mlinga, R ; .2009 )

Public procurement is a means used to support the country's economic development and procuring entities must ensure fairness, economy, efficiency and effectiveness in the system. If the procurement policy and practices ensure Transparency and Accountability, it will enhance good governance, build trust and create conducive environment between the Government, citizens and donor partners in order to help create various partnership arrangements. Evidently, in order to address the aforementioned issues the Public Procurement and Property Administration Agency was established Proclamation (649/2009) to regulate, set standards and build capacity of the procurement personnel in public bodies.

The public procurement process spans the whole life cycle from initial conception and definition of the needs through to the end of the useful life of an asset or the end of a contract. Public sector is a very large and diversified enterprise that spends 45–65 percent of its budgets on procurement. This amounts to 13–20 per cent of GDP in OECD countries and even more in developing and transition economies:- 65 per cent in Ethiopia; 35 per cent in South Africa; 43percent in India; and 47 percent in Brazil.

Various studies also documented that public procurement is a key driver of international commerce creating value chains that span the world. International Institute for Sustainable Development (IISD; 2008),

In relation to this, Public Procurement has undoubtedly become an increasingly important factor in economic and business circles globally. This is evidenced by the growing interest of donors, governments, civil society, professional organizations, the private sector and the general public. A majority of developing countries are now reforming the legal, organizational and institutional frameworks for public procurement (UNES, 2009).

When we come to the Ethiopian case, like other countries, the Governments of Ethiopia need to adopt appropriate measures to improve management of the public procurement systems and to ensure that public procurement is carried out fairly, openly and without discrimination against any person, group or institute. The Federal Democratic Republic of Ethiopia considers its necessity to regulate and improve the way in which the public procurement of goods, works and services is undertaken. Achieving better transparency, efficiency, fairness and Impartiality in public procurement process in the country is among the most important Ethiopian Government Issue. (Directive, 2010),

Expenditure on public procurement takes the major share of the annual Government budget and also forms a considerable portion of the GDP. More than 65% of the Annual budget of Ethiopia or 14% of the GDP goes to procurements. This means, in the year 2009 of the Ethiopian fiscal budget year or 2016/2017(274.4 Billion Birr \*65 equal to) 178.36 Billion Birr has been allocated to procurement related activities. This gives an insight into the volume of such activity taken place in Ethiopia. (FPPPA unpublished report; July 2009)

Thus, it still remains the most serious challenges and governments' difficulty that require more efforts, commitment and certain internal interventions to counter such challenges in the procurement process. An assessment undertaken by the Agency discovered defects in the procurement practices especially with regard to procurement planning and usage of the SBD due to poor enforcement mechanism. Thus, all the above research results

revealed the wise handling of public procurement process is fundamental to achieve economic, socio-political and other government objectives.

Accordingly, unless these real challenges affecting effective functioning of public procurement practices are minimized or handled as long as possible, they may become more serious, require more resources, commitment and makes the current intent more difficult, and as a result seriously affect the emerging economy of the country.

In general, public procurement is an area in need of attention since scarce resources are not being properly managed in many countries as well as major reform needs to be in place in order to improve the level of effectiveness of the public procurement system.

## **1.2. Statement of the Problem**

The rising concern of civil society with integrity, fraud and corruption, and the increased demand for accountability put politicians on notice of the importance of procurement as a strategic government function. In association, the integrity of public financial management and procurement arrangements affect the level of trust that citizens have in their governments (AFDB; 2014). Through public procurement, 12 to 20% of developing countries' GDP is spent annually (UNES,; 2009). Besides, public procurement accounts for at least 15% of World's Gross Domestic Product (GDP) and even more in African Countries (World Bank ;2013).

Public procurement is an influential vehicle for governments to lead by example and “walk the talk” on sustainable development, (IISD; 2008). Public procurement is one of the fastest changing government functions, because procurement has moved from being an administrative function, to become a strategic responsibility that plays a critical role in public expenditure management, the quality of governance, the promotion of economic development and commercial integration,(AFDB;2014).

According to corruption perception index report (CPI; 2016) Ethiopia is ranked 108th out of 176 with the least corrupt countries at the top. This has procurement that the main factors including stakeholders, academic entities and the general public understand the

whole process of procurement. Unfortunately, in many federal public sectors the process is still shrouded with secrecy, inefficiency and corruption.

The main objective of the procurement proclamation (649/2009) and the subsequent Directive and guideline was to promote fairness, transparency and nondiscrimination in procurement in federal public sectors with the aim of ensuring efficient use of public funds. While many Federal public sectors have faced Challenges Such as many procurement activities still suffer from neglect, lack of proper regulation implementation, poor co-ordination suppliers and procuring entities, poor co-ordination managers and procurement unit, slow with a lot of bureaucracy ,lack of Transparency and Accountability, differing levels of corruption and not having a cadre of trained and qualified procurement specialists who are competent to conduct and manage the procurement process in a professional, timely and cost effective with integrity.

However, as indicated in the unpublished annual report of procurement regulatory body compliant report, the major challenge between procuring entities and suppliers are discrimination, corruption and nepotism .As stated by the Ethiopian Public Procurement and Property Administration Agency, in its Complaints Review and Resolution Directorate, as the number of compliant report increases, the irregular implementation of Proclamation and Directive also increases in the Federal public sectors.

**Table-1 the Level of Compliant report**

year	2003 E.C	2004 E.C	2005 E.C	2006 E.C	2007 E.C	2008 E.C
Compliant report	34	48	99	107	113	208

**Source: unpublished Annual Report of FPPAA, (2003-2008)**

Similar to the above generalized idea, according to the author knowledge there are few studies conducted in public procurement policy and organizational structural issue such as (Yirga, 2011), (Yonas, 2014), (Anteneh , 2015), (Sofoneyas , 2016 ), (Haftom 2016 ) and completely ignored the impact of Transparency and Accountability in Federal public

sectors procurement process against the set forth procurement regulation and the implementation challenges.

Public procurement processes in Federal public sector they have serious challenges between the procurement regulation and the implementation which is not mitigating by procurement Audit. Supplier compliant reports and corruption practice increase year to year these practices indicate to defalcate to achieve sustainable procurement and good government of the country.

the need to establish the Ethiopian Federal Government Procurement and Property Administration proclamation is to ensure that public property in which a significant amount of public money is invested, is utilized in such a manner as to enable the government device maximum benefit there from and modernize the administration; hence, it is necessary to introduce an integrated public property administration proclamation; (649/2009).

As indicated in various official documents, the major factors that are challenging the efforts made to ensure transparency and accountability in the procurement process are: failure to integrate and align procurement process with the strategic vision and objectives of the government. Various studies indicated that the public sector is a very large and diversified enterprise that spends 60–65 per cent of its budgets on procurement. Similarly,

Evidently, the fundamental objective of establishing Public Procurement and Property Administration Agency and preparing policy, procedure or guidelines is to eliminate corruption in the procurement process, regulating expenditure and also instilling discipline in public finances ensuring transparency and accountability with the provisions of public procurement policy. Likewise, the main aim of national policy on procurement, therefore, is to achieve value for having regard to probity and accountability, (UNES; 2009). However, still there are significant challenges in procurement process. These challenges relate to the growing demand of citizens for proper implementation of transparency and accountability in public procurement process to make governments

more open and accountable. In relation to this, effective transparent and accountable Governance needs to set out a priority areas of focus including: legislative framework for procurement, internal controls and audit, procurement staffing and capacity building, budget execution reporting, external audit, legislative oversight, and civil society participation . (AFDB;2014).

Therefore the purpose of this study is to achieve the intended objectives is trying to assess the factors that could Challenges in Public Procurement practices and forwarding possible solutions to build Trust between procuring entities and suppliers implementation of the Procurement regulation.

### **1.3. Objective of the study**

#### **1.3.1 General Objective**

The general objective of this study is to assess and analyze the factors affecting public procurement, Processes for same federal public sector.

#### **1.3.2 Specific Objectives**

The specific objectives of this study are to:-

- To determine the major challenges in the public procurement in federal public sector that influences the implementation of public procurement regulations in the study area.
- To establish to what extent does procurement regulations/ directive affects same federal public procurement Processes
- To examine the extent of impact the overall bundles of determinant factors have on implementation of public procurement regulations.

## **1.4 Research Questions**

Based on the above stated problem the study tried to answer the following main research questions:

- What are the major internal and external challenges in public procurement in federal public sectors that influence the implementation of public procurement regulations?
- How does public procurement regulations/ directive affects same federal public procurement Processes?
- What strategies can be put in place to enhance federal public sector procurement be improved to implement the public procurement regulations effectively?

## **1.5 Significance of the Study**

Investigating the actual implementation of public procurement practice can play significant role to improve the current conception and challenges in the Federal public sectors, and as a result, secure transparency and accountability. Thus, the study is expected to contribute a lot to the improvement of public procurement challenges in the federal public sectors in relation to transparency and accountability.

Therefore, the prime use of this research is to The Ethiopian Public Procurement and Property Administration Agency. The public sectors might be able to realize the extent of public procurement challenges, identify their weaknesses and take corrective measure based on recommendations to be forwarded. Besides, it will serve as a tool to guide all procurement related staff to carry out their duties correctly. Further, it can be helpful as a reference for future investigation for those who have intention to conduct further study in the area.

## **1.6 Scope of the study**

It will be significant if the study covers and treat a broad range of issues so as to arrive at a reliable generalization. However, the researcher rather focuses his attention to assess

and analyze the procurement regulation and the implementation challenges the Federal public sector; and therefore, limited his scope Challenges in Achieving Transparency and Accountability in Public Procurement Procedures in The Case of federal Public Sectors.

Moreover, it is confined to selected Federal public sectors for the research to be manageable and submit as scheduled. To this end, the study is limited to the major areas related to public procurement challenges centering transparency and accountability in the Federal sectors. Therefore, the study did not cover the practices of the public enterprises, regional states and city administrations of public procurement practices.

### **1.7 Limitations of the Study**

It will be also good if the study treated more challenges affecting the public procurement practice in the Federal public sectors. However, it is limited to the major independent variables: transparency and accountability which are basic features in the public procurement process and still challenging as well as hinder the smooth implementation of procurement activities in the Federal public sectors.

Factors such as, interest of the group, time, access to literature and other elements are taken as a major constraints of the study that could limit its effectiveness. However, the researcher will make all possible efforts and commitments to minimize the effects of the anticipated barriers.

### **1.8 Operational Definition of Key Terms**

**Procurement:**-obtaining goods, works, consultancy or other services through Purchasing, Hiring or obtaining by any other contractual means Proclamation (649/2009).

**Practices:-** the actual performance or application what someone advocated in Principle, (Webster's,;2005).

**Transparency:** -Transparency refers to the openness of a procurement activity to Scrutiny by Interested parties. It involves providing documented reasons

for decisions and the provision of appropriate information to relevant stakeholders (CMC; 2006).

**Accountability:** - In the context of the State Purchasing Policy, accountability means being Able to demonstrate how an agency has achieved its procurement objectives in manner consistent with the objective of the Policy (CMC; 2006)

**Federal:** -The Federal Republic of Ethiopia, FDRE, Proclamation (1/1995).

**Public Procurement:-** procurement by a public body using public Funds Directive, (2010)

**Government:** -the office, authority, or function of governing. The officials comprising the governing body of a political unit,( Webster's; 2005).

## **1.8 Organization of the Study**

The study is organized in to five chapters. The first chapter deals with the background of the study in which the research goals, significance of the problem and the problem related issues are raised. Besides, statement of the problem, that paved ways to the basic questions raised in the same chapter is elaborated and justified. Furthermore, objectives of the study, significance of the study, delimitation of the study, limitation of the study, definition of terms and organization of the study are discussed.

Chapter two is given to the review of related literature. Chapter three comprises the research design and methodology. The research method, sample and techniques, instrument and procedure of data collection and method of data analysis are described in this chapter in detail. The analysis and interpretation of the collected and organized data based on the methods indicated in chapter three is dealt in chapter four. Finally, the findings are summarized, the conclusions are drawn and the recommendations are suggested in chapter five.

# Chapter Two

## 2. REVIEW OF RELATED LITERATURE

### 2.1 Theoretical part of literature Review

#### 2.1.1 Introduction

The purpose of this study is to examine public procurement practices in the Federal offices in relation to transparency and accountability. This chapter, therefore, deals with the views of different scholars on procurement practices, the practicality of transparency and accountability, factors associated with public procurement, basic principles and major procurement phases to be followed and implemented.

#### 2.1.2 over View of Public Procurement

Public procurement can be defined as the purchase of commodities and contracting of construction works and services if such acquisition is effected with resources from state budgets, local authority budgets, states foundation funds, domestic or foreign loans guaranteed by the state, foreign aid as well as revenue received from the economic activity of state. Public procurement is the attainment, whether under formal contract or otherwise, of works, supplies and services by public bodies. (Proclamation 649/2009)

Procurement is essential for the development of economies, at present, governments, policy makers; business practitioners and academia are giving it much attention than ever. Similarly, development Partners and Governance advises developing countries to establish clear and democratic legislative frameworks for the administration of aid, to ensure better participatory and accountability engagement with development partners. (AFDB; 2014).

Different scholars tend to define the term procurement in different ways Procurement is the process of obtaining goods or services in any way, including borrowing, leasing and even force of cash (Lysons, K. & Farrington, B. 2006).

Besides, procurement is the process of acquiring goods works and services, covering both acquisitions from third parties, (Proclamation, 649/2009). The modern concept of procurement is that of an essential support to good public sector performance, and to achievement of the country's economic and social goals, i.e.: an integral part of public expenditure management. Procurement thus means, obtaining goods, works, consultancy or other services through purchasing, hiring or obtaining by any other contractual means using public funds. (AFDB; 2014)

Reducing poverty and attaining health, education, and other objectives requires getting the most out of the limited funds available for state purchases of goods, services, and infrastructure. The term public procurement has been variously defined. The term is widely adopted to describe the government's activity of purchasing the goods and services which is needs to carry out its functions, Public procurement as procurement by a public body using public fund, (proclamation ;649/2009).

Procurement is central to the government service delivery system, and promotes aims which are, arguably, secondary to the primary aim of procurement such as using procurement to promote social, industrial or environmental policies (Cane;2004).

Public procurement is alternatively defined as the purchase of commodities and contracting of construction works and services if such acquisition is affected with resources from state budgets, local authority budgets, states foundation funds, domestic or foreign loans guaranteed by the state, foreign aid as well as revenue received from the economic activity of state, (OECD;2005).

The objective of public procurement is to provide quality goods and services through open and fair competition in the exact quantity and proper quality as specified, and has to be delivered at the time and place where needed, (Bashekag. B.C 2008).

Moreover, in so far as public procurement has important economic and political implications, ensuring that the process is economical and efficient is crucial; and this requires that the whole process is well understood by the actors ( the government, the

procuring entities, the business community/suppliers and the other stakeholders (UNES;2009).

Studies show that public procurement is most prone to corruption (Soreide;2002) and (Kaufman,2004). It was estimated that systematic corruption can add 20-25 percent to the cost of government (UNDP; 2006). Transparent procurement procedures can help limit bribery and corruption, which are particularly rampant in the procurement field. (OECD, 2003) . Insofar, as public procurement has important economic and political implications, ensuring that the process is economical and efficient is crucial (Odhiamg W. and Kaman. 2006). .In relation, a major objective of most –perhaps all procurement system is to successfully acquire the goods, works or services concerned on the best possible terms. This is often referred to as:

- I - Value for money or efficiency in the acquisition of required goods, works or services
- Ii- Integrity –avoiding corruption and conflicts of interest
- Iii- Accountability
- Iv- Equal opportunities and equal treatment for providers
- V - Fair treatment of providers
- Vi- Efficient implementation of industrial, social and environmental objectives in Procurement
- Vii- Opening-up public markets to international trade
- Viii- Efficiency in the procurement process (Arrow SmithS;2010) .

Procurement budgets in developing countries account for about 20 percent of government expenditure globally, (Mlinga, R; 2009). Efficient public procurement practices also contribute towards the sound management of public expenditures more generally. ((Hunja,;2003). Marginal improvements in procurement systems therefore can yield

enormous benefits. Correspondingly (directive; 2010) public procurement manual specified the main guarantees of effective and efficient public procurement.

- These are: - 1. Value for money (economy, efficiency, and effectiveness);
2. Non-discrimination (fairness);
  3. Transparency; and
  4. Accountability and Ethical Standards.

Various studies documented that public procurement has a direct impact on the successful delivery of government projects and public services; sound public financial management by achieving value for money in government expenditure; reducing corruption; more competition; budgetary savings; reduce debt levels; and encouraging private sector. There are three important principles that are found in most regulatory systems on public procurement; these are the principles of: Transparency, Competition and Equal treatment (Arrow Smith, S;2010).

Public procurement is a broad concept, which goes beyond purchasing activity, whose purpose is to give the public body best value for money; value implies right price, right quality, right time, right place, and right quantity .(directive, 2010) In relation, public procurement is perceived to susceptible to corruption from project inception to completion.,(Osei-Tutu, et al, (2012)

Many governments have embarked on reforms in their procurement systems to streamline and harmonize legal and institutional framework A potential benefit arising from transparency and accountability provision in public procurement practice is that they may constrain rent-seeking activities. (Hoekman, Bernard; 1998) Similarly, several studies also stated that the main reasons why government focused on public procurements.

- Public procurement is much more than a process or procedure; it is a fundamental and integral part of the government and public financial system. (Knight Louise, 2007).

- Government procurement of goods and services represent an important share of GDP about 10% excluding employees' compensation, (OECD; 2003).
- Public procurement practice focuses on the procurement process which is a means to discourage corrupt practices and safe guard completion. Procurement process cannot be uniform among countries. It will depend on various things-nature of goods to be procured, why they are being procured and the economic and legal framework of the country. (Directive; 2010).

Many of the arguments in favor of general transparency disciplines in the WTO revolve around public governance objectives, in particular reducing the scope for bribery and corruption. The issue of corruption extends beyond procurement, rent seeking in the public purchasing context is particularly prominent because considerable amounts of money involved. In general, emphasizing on public procurement contributes to the procurement efforts made to enhance the modern procurement theory and practice; as well as to proper conduct in public procurement, and fighting corruption. (OECD; 2002).

To achieve these goals, effective and efficient procurement processes must be established effective functioning of public procurement necessitates a high degree of both transparency and accountability. This includes, incorporating adequate controls to promote competition and minimize the risk of fraud, corruption, waste, and the mismanagement of public funds, and establishing trust in the citizens.

### **2.1.3 History of Public Procurement in Ethiopia**

According to the Ethiopian Procurement and Property Administration Agency Unpublished Training Manual, public procurement was started in 1940 EC. It was established to procure military equipment and supplies for soldiers. With the responsibility laid on the Ministry of Finance; the procured materials were stored at the Ministry's storeroom. According to the report, the improved procurement services were started in 1942 EC. In addition to military equipment, the Ministry of Finance was given the mandate to procure stationeries and cars for organizations which are financed by the regular budget.

From 1943 to 1958, though all Government institutions' procurements have been carried out through MOF (Ministry of Finance), serious delay and non-continuous services were noted which ultimately bore problems with regard to the performance of the institutions. After the Ministry of Stores and Supplies was established in 1958, government institutions procurements were carried out through this office, Later on, to find solutions for the problems that arose in connection to the problems of Government Procurement

Performances, in 1977 the Government Procurement and Material Management Control Department was structured under the Ministry of Finance which carried out its work allowing the institutions delegated to perform procurements up to Birr 150,000.00 by their own until 1981.

During the Derg regime, the functions of public procurement were handled by the Ministry of Finance. After the coming into effect of the new constitution in 1995, the Federal Government of Ethiopia (FGE) drafted a new public procurement laws and regulations; namely "The Federal Government of Ethiopia the Financial Administration.

Proclamation 57/1996" and "the Council of Ministers Financial Regulations 17/1997. According to the World Bank sponsored Country Procurement Assessment Report (CPAR), which was released in August 1998, these rules and regulations were not made on the basis of internationally recognized public procurement legal documents such as the UNCITRAL Model Law on Procurement of Goods, Works and Services.

In 2005 Public Procurement Agency was established by Proclamation No. 430/2005 and public procurement was completely given to executive public bodies in a decentralized way. The agency which has already brought solutions partially for the problems that rolled up for many years. Subsequently, the Public Procurement and Property Administration Agency was established by the proclamation 649/2009 and currently Public Procurement is regulated by the Agency.

Currently, in Ethiopia significant improvements and progress has been made in establishing a proper institutional framework for supporting public procurement. , Federal oversight functions have been established; the Public Procurement Authority in its effort

to make public procurement transparent, efficient, and fair, established five basic pillars of the public procurement - comprehensive transparent legal and institutional framework; clear and standardized procurement procedures and standard tender documents; independent control system; proficient procurement staff; and anti-corruption measures.  
**Source:** (FPPAA Unpublished Training Manual; November 2008 E.C)

## **2.1.4 Basic Public Procurement Methods, Principles and Process**

### **2.1.4.1 Procurement Methods**

A procurement method is the technique that public body uses to acquire goods, works and services. Studies suggested that the method selected depends on a number of factors including the type of goods or service being procured, the value of the good or service being procured, the potential interest of foreign bidders and even the cost of the procurement process itself.

The Federal Democratic Republic of Ethiopia, Public Procurement and Property Administration Agency (649/2009,) proclamation lists the following methods of procurement to be used in public procurement:

- a) Open Bidding;
- b) Request for Proposals;
- c) Two stage Tendering;
- d) Restricted Tendering;
- e) Request for Quotation;
- f) Direct Procurement.

Besides as stated in the proclamation “Except as otherwise provided in this proclamation, public bodies shall use open bidding as the preferred procedure of procurement. Public bodies may use a method other than open bidding only where conditions for use of such

other method stipulated under this proclamation are satisfied proclamation (649/2009) Moreover, manual stated that,

A procurement method is the technique that public body uses to acquire goods, works and services. The procurement methods described in this chapter are applicable to the procurement of goods, works and services consultancy and non-consultancy. The method selected depends on a number of factors including the type of goods or service being procured, the value of the good or service being procured, the potential interest of foreign bidders and even the cost of the procurement process itself.

Moreover, the Proclamation and Directive and the Manual assumes that the public body is able to exactly spell out the object of procurement and can specify it in detail in the Bidding Documents and the technical specifications. Otherwise, procurement proceedings shall not begin until such time as the public body has been assisted to prepare a satisfactory technical specification against which bids shall be invited. The following sections describe the choice of procurement method. (directive;2010).

#### **2.1.4.2 Procurement Principles**

In order to ensure the practicability of Transparency and Accountability in public procurement there are serious principles and steps which procurement officers needs to follow in their procurement exercise or processes. All public sector officers have a public duty to put the public interest above their own personal or private interests when carrying out their official duties. This principle applies to anyone engaged to deliver government programs and services, whether as a full- or part-time employee, casual or contract staff member, board member, and consultant or volunteer .(Mal Grierson and Robert Need ham 2006) .

Evidently, the overall aims of all procurement principles are to guide the implementing agency and develop integrity throughout the entire public procurement cycle. For instance, the Malaysian Government Procurement Principles, in general, provide support for the full achievement of the objectives and aspirations of the National Development

Policy and Vision 2020 that is towards a developed nation status. Accordingly, the Malaysian government procurement is essentially based on the following principles:

**i. Accountability:–**

Procurement should obviously reflect public accountability entrusted with the Government.

**ii. Transparency:–**

All procurement regulations, conditions, procedures and processes need to be clear and transparent to facilitate better understanding among suppliers and contractors.

**iii. Value for Money:–**

Government procurement should yield the best returns for every Malaysian Ringgit spent in terms of quality, quantity, timeliness, price and source.

**iv. Pen and Fair Competition:–**

Processes involving Government procurement should offer fair and equitable opportunities to all those participating or competing in any procurement.

**V. Fair Dealing: -**

All acceptable bids will be processed fairly based on current rules, policies and procedures, (POM;2013).

Increasing the effectiveness, efficiency and transparency of procurement systems is an on-going concern of all governments and the international development community. The legal framework for public procurement in Ethiopia is based on certain basic procurement principles. According to proclamation (649/2009) and authority, execution of procurement must comply with the following principles:-

- A) Achieve maximum value for money in procurement;
- B) No candidates shall be discriminated or excluded from participation 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;
- C) Support the country's economic development by ensuring economy, efficiency, and effectiveness of public procurement;
- D) Any criteria applied in making procurement decision and decision taken on each procurement must be made transparent to all concerned parties;
- E) Ensure accountability for decision made and measures taken the execution of public procurement;
- F) Encourage local producers, companies, small and micro enterprises which support the national economy through the application of preferential treatment granted by the proclamation and directive;

Furthermore, regarding principles of integrity in procurement stated the following four inter-linked principles of integrity in procurement: fairness and impartiality; accountability and transparency of process; confidentiality and security of information and materials; and effective management of conflicts of interest. Generally, the overall aims of the principles are to guide the implementing agency and develop integrity throughout the entire public procurement process. (Grierson & Needham 2006)

### **2.1.4.3 Procurement Process**

A key element in best practice procurement is to clearly define who is responsible for the different decisions needed at various stages in the process, Studies classify procurement processes to be followed by each public body in to three phases in the execution of public. (Grierson & Needham; 2006 ).

Procurement:- Pre-tendering phase, Tendering phase and Post tendering phase also classified the agency's procurement system process or the tender phases in the same way. Accordingly, (MoFE; 2010)

#### **2.1.4.4 Pre-tendering Phase**

##### **A) Procurement Plan**

Any public body and other entities accountable to such public body shall be required to prepare a procurement plan supported by action plan enabling them to execute in due time, the procurement necessary to implement their work program.

##### **B) Preparation of statement of requirement**

Any statements of requirement (mostly known as specification) prepared for bid must be available, designed in a way to avoid bias, and in general it must be clear and comprehensive but not discriminatory.

A statement of requirement, mostly referred as Specification, shall be prepared in accordance with the need of end users and in such a manner that it allows wider competition in the basis of performance, function, technical or design characteristics depending on the type of the procurement. The Statements of requirement being an integral part of the contract shall be used to verify the conformity of the supply with the stated technical requirement (MoFED;2010)

##### **C) Selection of procurement Method**

Public bodies have to select and indicate the appropriate procurement methods to be used in respect of each type of procurement, from among the methods prescribed in the Proclamation and Directive,

- i) Every public body shall use open bidding as the preferred procedure of procurement; otherwise the public bodies shall keep record of the statement of the ground and circumstance on which it relied to justify the use of the other methods; and

- ii) The use of open bidding is mostly justifiable because the method is most appropriate to ensure the procurement principles including Transparency and Accountability, (MoFED ; 2010).

## **D) Bidding Document**

Good record keeping is essential throughout the procurement process. The outcomes of key discussions, data and decisions must be documented and filed in a form which allows those undertaking subsequent reviews of the process to clearly understand how, why, when and by whom the key decisions were made .(Grierson & Needham ; 2006).

Public bodies have to use the standard bidding document prepared by FPPAA without changing the instruction to bidders and the general conditions of contract while making any adjustment to the other parts of the standard bidding documents that they consider appropriate to the types and nature of the procurement (MoFED;2010).

### **2.1.4.5 Tendering phase**

#### **A) Invitation to Bid**

Either for National or International bid, the invitation to bid has to publish at least once in a newspaper that has wide circulation to ensure participation as many bidders as possible. ( proclamation 649/2009). The invitation to bid shall contain at least the name and address of the public body, quantity and place of delivery of the goods or services, the place where the bidding documents can be obtained, the amount the bidding security, the price of the bid document and the means of payment, the place and deadline of submission of bids, and the place, date and hour of the bid opening etc. (MoFED, 2010).

#### **B) Setting of criteria for bid evaluation**

Evaluation criteria should be simply and clearly expressed to ensure the supply requirements are met. They should capture all the considerations the agency intends to take into account. The public Body has to indicate clearly the bid evaluation criteria in the evaluation and qualification criteria section of the standard bidding document.

Selection of a successful bidder shall be carried out based on in either setting of the minimum technical requirement or using the relative weight to be ascribed to each criterion in order to facilitate the selection. (Grierson & Needham; 2006 )

### **C) Receipt of bid document and Opening the Bid**

Public bodies have to make available a bid box for collection of bid document from bidders. The bid box shall be placed at the location stated in the bidding document and remain open throughout the bid floating period. Bids shall be opened in public at the time and place stated in the invitation to bid or in the document amended if any.

### **D) Evaluation bids and selecting the successful bidder**

A well-managed procurement process provides consistency in the development and application of evaluation criteria. In order to identify the successful bidder, the public Body shall conduct preliminary and detailed technical and financial evaluation of bids on the basis of the requirements set forth in the bidding (Grierson & Needham,2006)

### **E) Announcing the Bid Result**

Public Bodies shall announce the result of a bid evaluation to all bidders (successful and unsuccessful) at the same time. The information to be disclosed to the unsuccessful bidders shall be the reason why they did not the identity of the successful bidder (MoFED, (2010).

### **F) Signing of Contract**

Any public Body has to sign with a supplier, a contract containing the general conditions of contract forming an integral part of the bidding document and the special conditions of contract to be agreed upon by and between it and the supplier. The contract to be signed between the public body and the suppliers shall clearly state the obligations of the two parties and incorporate provisions. The main information prescribed in the signed contract must be disclosed to the public in the manner stated in the available directive.

#### **2.1.4.6 Post tendering phase**

##### **A) Contract management**

The process of ensuring that each party's performance meets contractual requirements (PMSAPSC; p 842)

##### **B) Complain Handlings Procedures**

Complaint can be raised from the two sources i.e. from candidates or suppliers and public bodies. A complaint against an act or omission by the public body shall in the first instance be submitted to the head of the public body. If the head of the public body doesn't issue a decision within ten (10) working days or if the candidate is not satisfied with the decision of the head of the public body, the candidate is entitled to submit a complaint to the Bard within five (5) working days from the date on which the decision has been or should have been communicated to the candidate by the public body (MoFED, 2010)

The board shall take any decision regarding a complaint, notify relevant bodies of the complaint and shall take into account information and argument received from such bodies and from the public body. The board shall issue its decision within fifteen (15) working days of receiving the complaint, stating the reasons for its decision and remedies granted.

On the other hand the public bodies are also lodge a complaint on suppliers mostly for non-performed agreements as a result suppliers may be given last warning and/or banned from Government procurement may be for unlimited period.

##### **C) Procurement Record Keeping**

Good record keeping is essential throughout the procurement process. The outcomes of key discussions, data and decisions must be documented and filed in a form which allows

those undertaking subsequent reviews of the process to clearly understand how, why, when and by whom the key decisions were made. (Grierson & Needham ;2006 ).

Public bodies shall have to maintain records and document regarding their public procurement, the record shall include that following:-

- A brief description of the procurement;
- The invitation to bid;
- The name and addresses of suppliers that submitted bids;
- The evaluation criteria stipulated and a summary of the evaluation and comparison of bids;
- Information on the proceeding of any decision rendered where a complaint against a procurement process is lodged;
- The ground for using a procurement procedure other than open bidding; (proclamation 649/2009)

#### **2.1.4.7 Appeal Mechanisms and Complaint Review**

Different studies indicated that in most cases in countries like Ethiopia, the limited public resources should be properly managed to get the most out of these resources. In Ethiopia, at the federal level, the Complaints Board has been established as an appeals mechanism within the FPPAA. The Board receives complains from suppliers.

The proclamation (649/2009) provides the Board the following:

- The right to review for participants in a procurement process
- Provisions to respond to a request for review at the procuring/agency level with administrative review by another body independent from the procuring agency that has the authority to grant remedies and includes the right for judicial review
- Establishes the matters that are subject to review
- Establishes timeframes for issuance of decisions by the procuring agency and the administrative review body

The Board, which is chaired by the Minister, has five members. All members are drawn from MoFED; public bodies, public enterprises and the Federal Public Procurement and Property Administration are appointed by the Minister.

In relation to how complaints submit to the concerned body, complaint against an act or omission by the public body shall in the first instance, be submitted to the head of the public body. (Proclamation 649/ 2009)

FPPPA focused on the promotion of proper implementation of the public procurement proclamation, development of man power capacity to carry out public procurement functions, and the strengthening of uniform application of the procedures laid down in the Public Procurement Directive and Standard Bidding Documents in all public bodies at federal and regional levels (MoFED, 2010).

However, the Minister shall establish by a directive the procedure the Agency follows in reviewing and deciding complaints submitted to it in accordance with this Article. (Proclamation ; 649/2009),

#### **2.1.4.8 Electronic Procurement (E-procurement)**

Use of electronic means in procurement process has become a significant tool for oversight and inspection of the procurement process in many states. In line with this,

A new procurement technique that has been increasingly adopted in public procurement in recent years is the electronic auction or electronic reverse auction. It is an on-line real-time competition between a buyer and a number of suppliers who compete to win the contract by submitting successively improved tenders with the benefits of information on the tenders provided during the competition. (Arrow smith, 2009).and (Lysons and Farrington 2006,)

E-procurement as using the internet to operate the transactional aspect of requisitioning, authorizing, ordering, receiving, and payment process for the required service or product . (Benton ;2007) as cited in state that E-Procurement will also lead to higher transactional accuracy and cost reduction for the entire supply chain( Yonas;2014) .

Studies indicated that in the last four decades, both public and private sector organization have been making good use of information technology system in an attempt to shorten and also automate their procurement and other processes. E-procurement is defined a comprehensive process in which government uses Information Technology (IT) systems including Internet to establish agreements for the acquisition of products or services .

E-procurement systems have recorded the needed attention it deserves as a means of enhancing the procurement process. (Krisor et al.2003). E-procurement as using the Internet to operate the transactional aspects of requisitioning, authorizing ordering, receiving and payment processes for the required services or product. (Lysons and Farrington 2006) stated that, to achieve economy, transparency and modernization in public procurement, the Ministry may authorize the use of electronic means as a method of procurement. In order to implement this: the Agency shall conduct a study and submit proposal on a system of conducting procurement by means of electronic exchange of information which is appropriate to the level of development of the country. (Proclamation; 649/2009)

The phenomenon of electronic auction in recent years has been accepted in many public procurement systems, and has been obviously regulated in several systems; and there are detailed legal rules in the EU and now in many of its member states. (Arrow smith ; 649/2009)

#### **2.1.4.9 Ethics in Public Procurement**

Studies suggested that good procurement holds its practitioners and other officers responsible for enforcing and obeying the rules of conduct- ethics. Likewise, professional ethical code is a belief that all procurement officers and other staff should follow directive, (2010) .Ethics are the moral principles or values that guide officials in all aspects of their work. Ethical behavior encompasses the concepts of honesty, integrity, probity, diligence, fairness, trust and respect. Ethical behavior includes avoiding conflicts of interest, and not making improper use of an individual's position.(Grierson & Needham 2006)

In every disciplines of working environment there is an ethics which describes about the set of standards of doing things. As indicated on various studies conducted on the public procurement process, public procurement requires procedures and ethics for the whole procurement process. In relation, as public procurement in general is very complicated requiring a very broad- based or interdisciplinary knowledge, a systems approach is useful. (Thai;2001)

Moreover, public sector employees have an obligation to act ethically and in the public interest at all times. there may be occasions where an officer may, through their actions or roles, be the subject of accusations of:

- Fraud - The false representation of facts with an intention to deceive or enable some person or organization to gain an unfair advantage. This includes the falsification of documents and the certification as to the trueness of statements known to be wrong.
- Theft - Stealing or dishonest misappropriation of money or property.
- Corruption - Acceptance of any gift or consideration as an inducement or reward. Robust procedures and processes that demonstrate strong probity principles will minimize the potential for officers to be exposed to such risks and allegations. (Grierson & Needham ; 2006),

“Ethics” means the moral principles and rules of conduct that shall be followed and that are applicable to all personnel of a public body involved in public procurement. However, these shall also be applicable for Applicants, Bidders, Suppliers, Contractors and Consultants who are expected to observe the highest standard of ethics during the implementation of procurement proceedings and the execution of subsequent contracts directive, (2010).

the following fundamental ethical obligations .According to the proclamation, an employee or a person in a position of responsibility has to keep in secret any confidential

information of the Public Body, candidates or suppliers which he came to know of on account of his duty. For this purpose,

- a) No information shall be disclosed to any third party which is likely to restrict competition or helps bidders to derive unfair advantage or which is detrimental to the interest of the Public Body except by order of a competent court or by special permission of the head of the Public Body.
- b) Keep in secret decisions and other information of the Public Body in dealing with suppliers in the execution of contracts, Moreover, regarding accountability of every person who, promises, offers or gives any bribe to any person appointed to or employed in any public procurement and property administration with intent:
- c) to influence the decision or action of that person on any question or matter that is pending, or may be brought before him in his official capacity; or
- d) is guilty of an offence and liable on conviction to a fine of not less than Birr50,000 and to rigorous imprisonment for a term of not less than ten(10) years and not more than twenty (20) years. ( proclamation ;649/2009)

## **2.2 Empirical part of literature Review**

### **2.2.1 Introduction**

In order to envisage the study we need to look the studies conducted by different researchers whether international, regional or national in line with the existing principles and procedures which are very important for measuring the level and identifying the problem of Transparency and Accountability in the country.

### **2.2.2 Transparency of the Procurement Systems**

An open and transparent procurement process improves competition, ensures value for money, increases efficiency and reduces the threat of unfairness or corruption. Moreover, transparent procurement procedures can contribute to a more efficient allocation of resources through increased competition, higher quality procurement and budgetary savings for governments and thus for taxpayers.

Transparency measures that includes open bidding procedures, prompt notifications to successful as well as unsuccessful bidders, publication of annual procurement plans, bid challenges system, engaging the private sector in the procurement system, keeping a complete and adequate records of procurement system. Bench marking report (OECD; 2009)

In Brazil to provide free real-time access to information on budget execution, as a basis to support direct monitoring of federal government programs, including procurement spending by citizens. Access to the Transparency Portal is available without registration or password. Data are automatically extracted and published on the portal from existing information systems of the federal public administration, removing the need for any specific actions by federal public organizations to publish information. Since May 2010, revenue and expenditure data available through the Transparency Portal are updated daily. Bench marking report (OECD; 2016 P 21)

### **2.2.3 Accountability of the Procurement Systems**

Access to key procurement information in a civil society, media and other stakeholders directly affects accountability. The role of Accountability in procurement operation either in managerial or expert level lies on the way in which they made decisions using powers and authority entrusted to them. It is the accountability that offers an obligation for managers or any procurement officer to answer for the performance of the roles and responsibilities assigned to them. (UNDP; 2010)

With regards to the institutional and formal set-up Ethiopia has established many of the required institutions especially at the federal level with a mandate to strengthening the integrity and accountability in the procurement system. However, the actual performance in these areas in the procurement system is still considered to have considerable room for improvement in Ethiopia. (CPAR, Volume II , November ,2010).report,

## **2.2.4 Publication of procurement notices**

Publication of procurement notices is essential to create the proper conditions for open and fair competition. Publication is always mandatory and can take various forms: the press, specialized newspapers and freely accessible web portals.

In Argentina or Brazil is able preliminary consultation to process for all interested parties to provide their input in the technical specification procurement, under certain conditions. Indeed in Argentina, when the amount of the contract or a call for consultation is published online for a submit comments .the tender documents for high-value construction and engineering contracts. bench marking report (OECD ;2016)

## **2.2.5 Advertising periods**

Unless it is set standards on fixing of the Procurement advertising periods in the regulation between the minimum and maximum days and ensuring all implementation is in line with the rule or not we cannot expect Transparency and Accountability in the system.

In Iraq, depending on the “importance of the contract”, advertising periods range from 15-60 days for procurement and consultancy services; and from 21 to 60 days for public works (Article-5-First-c) .

To put these deadlines in context, the minimum advertising period in countries in the European Union is 52 days for open tenders and 37 days for restricted tenders. These advertising periods may be reduced in case of emergency. Bench marking report (OECD; 2009; p 28) .

It is usually associated with International Competitive Bidding (ICB) process time by 2-3 months or more since this is most time consuming. (WBFPM; 2001 ;p 93) Draft report

The time set for the advertisement period in the Federal Government of Ethiopia is a minimum of 45 days for complex procurement of International Competitive Bidding and 15 days for Non-complex National competitive bidding (Directive;2010).

## **2.2.6 Ensure that procurement officials meet high professional standards of Knowledge, skills and integrity like any other work discipline**

The overall procurement process must be managed by qualified public officials in order to ensure that the implementation of the procurement is done in a good and effective manner which is also a means to address Transparency and Accountability stipulated in the rule. This professionalism can be guaranteed by providing and updating a common body of knowledge, skills and ethical standards among procurement personnel.

World Bank report indicated that low salaries of procurement personnel, poor record keeping, and delays in payment of contractors are crucial factors that challenge procurement. World Bank (2004)

However Public procurement unit knowledge, technical capacity and expertise observed at the procuring entity level, is conveyed by a lack procurement planning. (CPAR 2008),

” Without thorough procurement planning, the subsequent procurement processes will not yield substantial benefits” (Behsaka, 2008, p197).

## **2.2.7 Establishment of Appeals mechanisms**

in order to build bidders ‘confidence in the integrity and fairness of procurement system efficient appeal and complaint procedures are important. Accessibility, user-friendliness, timely processing, independent reviewed effective follow up are key features of sound appeal and complaints procedures. ;bench marking report (OCED ;2016),

In Iraq, once the bid award decision is made, the winning bidder must be announced to the other bidders as soon as possible. In order to give unselected bidders sufficient time to file their protests and complaints, the 14-day period indicated in the 2008 Regulation should be fully respected. bench marking report OCED; 2009).

In Ethiopia, at the federal level, the Complaints Board has been established as an appeals mechanism within the FPPAA. Regarding the operation of the complaint handling in

the Federal government of Ethiopia ,the unpublished 2008 E.C annual reports of the FPPAA reveals that in a fiscal year (July 1-June 31) 208 complaints were logged to the board and 41 (or 85.4) of the complaint was decided by the board. As to an assessment by the OECD, worldwide, 56% of countries have weak public procurement enforcement mechanisms BY (Yirga Tesfahun July 2001). In the case of Ethiopia a total of 62 federal government ministries, agencies, universities and other institutions were assessed by the 2008 E.C FPPAA. From these institutions 37 Procuring Entities (or 60%) Use direct procurement method while the condition for use of this method hasn't been fulfilled, 18 entities (or 29%) haven't prepared procurement plan, and 30 procuring entities (or 48%) did not conduct debriefing for the unsuccessful bidders, 29 procuring entities (or 48 %) Evaluate bidders not in accordance with criteria specified in the bidding document, In addition, 21 procuring entities (or 34%) Not given sufficient time for bidders to lodge a complaint is Major Audit finding the summary is given in the following table

**Table 2.1: Summary of Audit Findings**

<b>Activities</b>	<b>Number of</b>	<b>Activities</b>
Absence of procurement plan	18	29
Using Direct procurement method while the condition for use of this method hasn't been fulfilled	37	60
Not keeping minimum floating period for the bid	20	32
Advance Payment effected greater than 30% of the total contract price	17	27
Not debriefing the unsuccessful bidders	30	48
Evaluating bidders not in accordance with criteria specified in the bidding document	29	
Not given sufficient time for bidders to lodge a complaint	21	34

**Source: unpublished Annual Report of (FPPAA; 2008 E.C)**

### **3. Summary and Gaps Identified in the Literature**

The review of literature indicates that Public procurement Regulation, directive and manual plays a strategic role for strong ethical standards and be free of Corruption and rent seeking of public funds. Also it improves transparency and accountability in the Public procurements .However, much as literature points out the advantages of implementing Public procurement Regulation, directive and manual on the accountability and transparency of Public procurement practice Having efficient and effective procurement policy and procedures cannot give a guarantee for proper implementation unless it is realized through practices in order to achieve transparency in the procurement of goods, services and works and at the same time ensuring accountability. This study will therefore fill the above mentioned gaps by examining the effect of public sector procurement practice on the transparency and accountability procuring public sector. Using a case study of selected federal public sectors procurement practice

# **CHAPTER THREE**

## **3. THE RESEARCH DESIGN AND METHODOLOGY**

This part of the study presents the research design and methodology utilized to assess Public Procurement Practice in selected Federal Offices in relation to Transparency and Accountability. The setting of the study, sample populations and sampling techniques, instruments and procedures of data collection and administration as well as methods of data analysis are presented.

### **3.1 The Research Design**

The main purpose of this study is to assessing and analyzing the procurement regulation and the implementation challenges, in achieving to Transparency and Accountability. Thereby, the study could identify the procurement regulation and the implementation the major procurement challenges. Therefore, based on the subject and the nature of the population, descriptive survey study method with quantitative data analysis approach will be employed to carry out the study. The researcher chose the descriptive design because this design would help in explaining the present situation in detail instead of relying on judgment.

The researcher also used the qualitative and quantitative data analysis to show detailed pictures of the existing problems as possible. Besides, the qualitative methods would allow obtaining and describing the opinions from the respondents. This would help the researcher in getting most information and also by using the quantitative method, the researcher, would be able to effectively analyze the numerical data obtained of respondents.

## **3.2 Sample Size, Target Population and Sampling Techniques**

The researcher has chosen the Federal Public Offices as a study site. The main reason is the growing demand of citizens for proper implementation of public procurement process, transparency and accountability from their leaders. Moreover, complaints raised from stakeholders due to corrupted code of conduct observed among procurement personnel in the federal public sector has not been researched so far to examine the issue.

### **3.2.1 Sample Size**

At present, there are about one hundred fifty five public sectors established at the Federal level which are participating in public procurement. However, because the main focus of the study is assessing procurement practices in selected federal public sector as well as to the convenience of the study, the target population involved in the study is limited to selected federal public sector. Besides, the researcher is also forced to select the vendors or suppliers sample size based on their market share and sales volume invested for local and international procurement of goods, works and services due to their huge number to list all of them.

Accordingly, from all federal public sector and Agencies found in the Capital City of the Federal Government, Addis Ababa, 12 totally ( 7.7%) of them namely, Ministry of Education, Ministry of Health, Ethiopian Road Authority, Ethiopian Water Resources Development Fund, Addis Ababa University, Pharmaceuticals Fund Supply Agency, Public Servant Social Security Agency, National Education Assessment and Examination Agency, Public Procurement and Property Administration Agency, Public Procurement and Property Disposal Services, National Plan Commission and Federal First Instance Court are selected from high spending Federal public sector as well as from low spending offices using the same technique based on the amount of budget allocated to them and qualifications of the procurement staff in the offices.

However, because different procurement entities have different experiences in public procurement, some of sample population, individuals or groups, to be included are selected using purposive sampling method.

### **3.2.2 Target Population and Sampling Techniques**

The target population is the key stakeholders involved in procurement activities in the selected Federal Public Offices. Accordingly, the entire population was Public Procurement unit Staff Members, Financial Experts, Middle level Managers (FPPAA Directors), and Internal Auditors who are directly or indirectly connected with the public procurement of goods, services, works and involved in related activities. Besides, Suppliers were involved to the convenience of the study as a source of information using systematic random sampling techniques. Employing simple random sampling (randomly drawn units using lottery method), each member of the population has an equal chance of being included in the sample and to reduce possibility of selection bias (Kothari, 2004).

Concerning respondents in the sample Federal Public offices and stake holders, 37 Public Procurement Staff Members, 25 Financial Experts, and 12 Middle level Managers, 5 Internal Auditors and stratifying them by sex. Besides, 6 market share suppliers such as Qerer black eston private limited Company, EThionipoel Technical Sheer Company, Niyal Mother Sheer Company, Lenovo private limited Company, lusey Engineering and IT and T solution private limited Company were chosen purposely based on the number of employees working on procurement unit and procurement related jobs within public bodies.

With this technique, the sampling frame was organized into relatively homogeneous groups (strata) before selecting elements for the sample. According to Janet (2006), this step increases the probability that the final sample will be representative in terms of the stratified groups.

### **3.3 Instruments and Procedure of Data Collection and Administration**

#### **3.3.1 Instruments of Data Collection**

Employing multiple instruments for data collection increases the validity of the research findings and minimizes the risk erroneous conclusions. Thus, data used in this paper will be collected from both primary and secondary sources. Primary data were collected

mainly through structured questionnaire and interview, while the secondary data will be gathered from document analysis: published and unpublished materials

### **3.3.1.1 Questionnaire**

Questionnaire as a data collection instrument is important to produce quick results, offer greater assurance of anonymity and gives a considered and objective view of an issue (Sarantakos, 2005).

The questionnaire was chosen because it incorporates many questions and various items and involves many respondents that will enhance the possibility of gathering enough data that suffice the analysis, interpretation and conclusions based on the responses given by Public Procurement staff members, higher officials, financial experts, middle level managers and internal auditors respondents.

The questionnaire was designed to include both close-ended questions, suitable for short responses that allow responding precisely; and subjective/open-ended types aimed to let respondents express their views freely in details and respond in their own words and self-expression. The questionnaire was carefully developed and categorized into three sections. Section one will be about general information regarding respondents' profile. Section two was allocated for questions related to transparency in public procurement. The third section of the questionnaire will be about questions related to accountability in procurement, and the last section was allocated for questions related to Public Procurement practice in the case of the same federal sector.

### **3.3.1.2 Interview**

With a skillful interviewer, interview is often superior to other data gathering instruments confidential and reluctant to put his/her idea in writing Best, (2003). Data was also collected through semi-structured interview to validate the information obtained through questionnaire. The interview was carefully developed and conducted with those purposively selected public entities, the Public Procurement and Property Administration Agency Directors, as well as suppliers.

### **3.3.1.3 Document Analysis**

The other instrument the researcher applied in order to strengthen the information and data collected using the aforementioned instruments were analysis of the available documents. Such as public procurement and property Administration Agency Unpublished reports (2003 -2008 E.C).

The secondary data, the document was collected in order to include a review of key public procurement publications and literature on the subject: academic articles, website publications, published and/or unpublished documents, organizational reports, government documents, relevant legislation, administrative rules, policies and procedures reviewed the researcher considered relevant.

### **3.3.2 Procedure of Data Collection and Administration**

At the beginning, contact was made and the objective of the study was explained to the selected federal public sector through phone to get their permission and cooperation every study has its own framework for collecting data to ensure that the required data are collected accurately and economically. The study employed both primary and secondary method of data collection.

During the administration of the questionnaire, the participants were informed in advance about the role of the study to ensure their willingness and get the questionnaires back. Next, the researcher gave orientation, distributed the questionnaires, administered and collected within the appropriate time from the selected respondents.

Moreover, the researcher conducted the interview with the FPPPAA Directors and suppliers with in appropriate time and place chosen by the respondents. Finally, the document analysis was carried out.

### **3.3.3 Method of Data Analysis**

The collected raw data was organized, tabulated, interpreted and analyzed using Likert 5-point rating scale, mean, present and standard deviation; as well as the step-wise Cronbach's alpha test. In the interpretation and analysis of responses and the entire data, Likert scale is more useful when behavior, attitude or other phenomenon of interest needs to evaluate in a range (Leedy & Ormrod, 2010).

The mean will be judged with the median line of Likert scale (5) from "Strongly Disagree" =1 to "Strongly Agree" =5. Moreover, the data presented with the help of figures and tables will be interpreted and summarized so as to draw conclusions and forward recommendations.

### **3.3.5 Validity and Reliability of Data Collection Instrument**

Validity is the accuracy and meaningfulness of inferences, which is based on research results. It is the degree to which results obtained from the analysis of the data actually represent the phenomenon under study. For content validity, the researcher discussed the items in the instrument with the supervisor's, colleagues and other researchers to determine the validity of the research instruments. (Mugenda ; 2003)

reliability refers to the consistency or dependability of a measurement technique and it is concerned with the consistency or stability of the core obtained from a measurement technique ,as well as with the consistency or stability of the score obtained from a measure or assessment over time and across settings or conditions. (Kaufman & Laufman 2005)

Reliability test has been done to check whether the consistency or stability of the score obtained from a scale used on the questionnaire is measuring as it needed to measure. For the test of reliability, Cronbach's alpha test was used as a measuring of internal scale consistency using SPSS (Statistical package for social science studies).

**Table 3.1: Reliability Statistics**

Cronbach's Alpha	N of Items
.769	60

**Source: Field Survey, May 2017**

In this research content, the researcher used questionnaires to check reliability so as to adjust according to the specific topic. Prior to the actual data collection, pilot test was conducted by distributing sample questionnaires to 17 respondents in three different Public organizations to ensure the reliability of the instrument the researcher was tested it using Cronbach's Alpha ( $\alpha$ ).

According to Zikmund, Babin and Griffin (2010) scales with coefficient alpha between 0.8 and 0.95 are considered to have very good quality, scales with coefficient alpha between 0.7 and 0.8 are considered to have good reliability, and coefficient alpha between 0.6 and 0.7 indicates fair reliability.

# CHAPTER FOUR

## 4. DATA ANALYSIS AND INTERPRETATION

### 4.1 Introduction

The main objective of this chapter is to find out challenges in Public Procurement processes the case of some Federal Public Sector of Ethiopia analyzing the primary and secondary data. The primary data was collected through research questionnaire (both open and closed ended) from public bodies and suppliers and also interviews were conducted to increase an opportunity to explore topics in depth and also used secondary data for the analysis.

To this end, the analyses shown in the subsequent pages will help to understand the status of the federal government procurement system Challenges, the structure of the procurement unit, the major factors influencing the implementation of Transparency and Accountability and the mechanism installed for complaint handling.

#### 4.1.1 The Response Rate of Respondents

Out of the 82 questionnaires distributed to the respondents a total of 80 were collected which accounted for response rate. Among the questionnaires distributed, 2 (2.44%) of the respondents fail to return the questionnaire whereas 1(1.22%) of them returned incomplete or erroneously filled questionnaires. The sample size of the study was 82 respondents but only 79 were participated in the study, thus, the response rate was 97.56%. The demographic data of respondents in this research are described in relations to the gender, age, marital status, educational level, experience and position. Such information is useful in not only giving us a context in which the interpretation of our results must be attached, but is also useful for more advanced statistical analysis.

### 4.1.2 Gender of Respondents

The study also sought to determine the respondents' background information in terms of gender. This was necessary to determine the number of men and women employees in this research federal public sector and establish any gender disparities in the organization's workforce.

**Table 4.1.2 Gender of Respondents**

	Frequency	Percent
Valid male	56	70.9
Valid female	23	29.1
Total	79	100.0

**Source: Own survey, 2017**

Regarding genders as shown in table 4.1 above 70.9 % are male and 29.1 % are female. This indicates that the number of male employees dominates the number of female employees in this research.

### 4.1.3 Age of Respondents

**Table 4.1 Ages of Respondents**

	Frequency	Percent
Valid less than 25	2	2.5
Valid 26-30	22	27.8
Valid 31-35	20	25.3
Valid 36-40	20	25.3
Valid 41 and above	15	19.0
Total	79	100.0

**Source: Own survey, 2017**

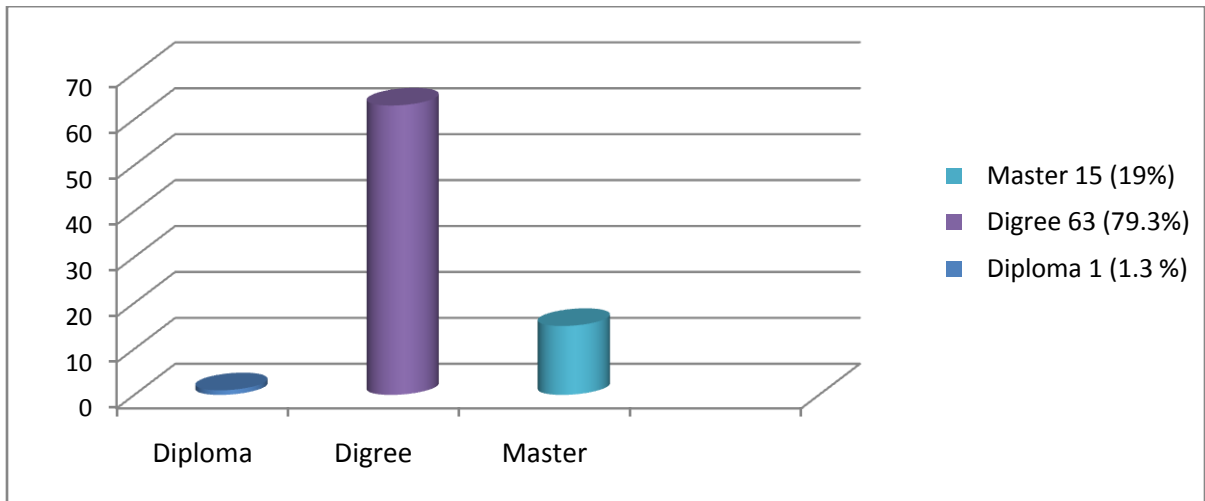
The study further established respondent's age distribution categorized in a certain range. This was to determine how age relates to procurement performance practice efficiency based on experience. Out of the total respondents 2 people (2.5%) are Less than the ages 25, 22 people (27.8%) are between the ages of 26 to 30, 20 (25.3%) people between the ages of 31 to 35 and 20 people (25.3%) are between the ages of 36 to 40, 15 (19%) people

are 41 years or older. As per the above data of table 4.2 the distributions of the respondents are from different age groups and this helps to analyze the procurement practice and its link with challenges in Public Procurement processes & their awareness level in terms of age.

#### 4.1.4 Educational Levels of Respondents

It was important to establish the education level held by the study respondents in order to discover if they were equipped with relevant knowledge and skills on procurement performance and operational efficiency.

**Graph 4.1 Educational Levels of Respondents**



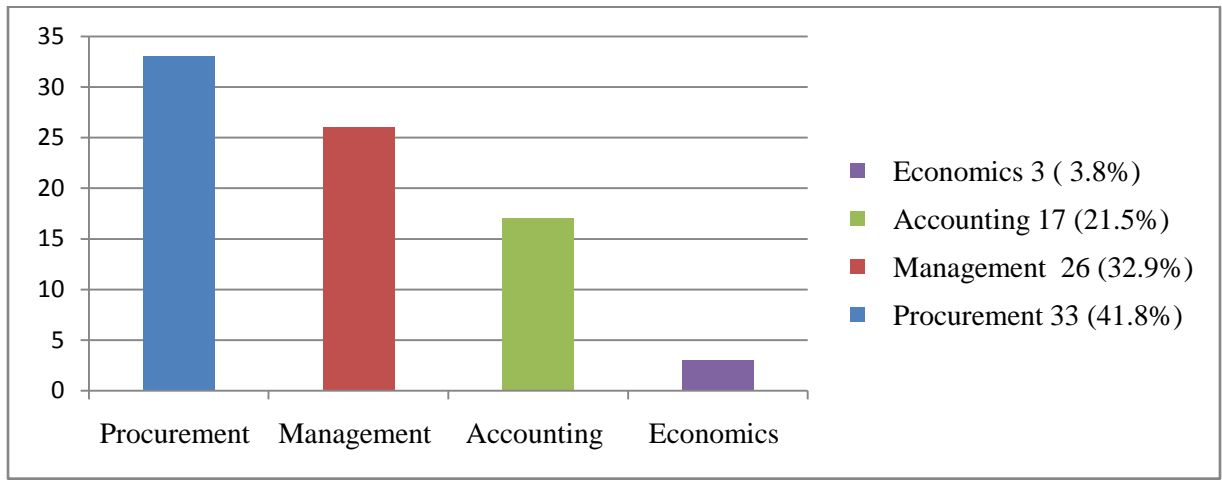
**Source: Own survey, 2017**

Figure 4.1 summarizes the level of education of respondents, 15 (19%) of the respondents have master's degrees and, 63 (79.3 %) of the respondents have degree and 1(1.3%). Based on the above data it's possible to say that all respondents 100 (79) in the selected Federal Public bodies are holders of 1 degree and above which means all respondents are well educated. Respondents with technical knowledge on the study problem assist in gathering reliable and accurate data on the problem under investigation his demonstrated that most of the selected Federal Public sectors employees were qualified professionals

with technical knowledge and skills on the study problem and thus provided the study with reliable information on assessment of procurement practice and its link with challenges in Public Procurement processes.

#### 4.1.6 Field of Study of Respondents

**Graph4.2: Field of Study of Respondents**

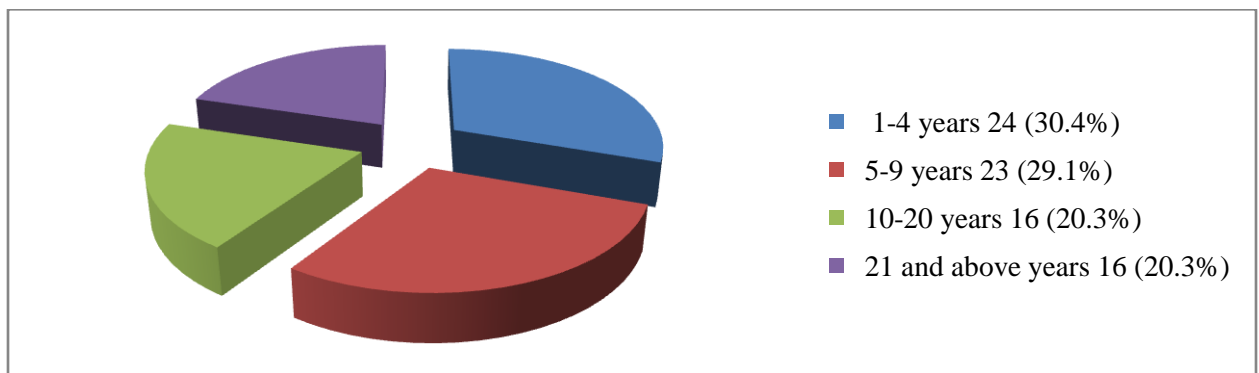


**Source: Own survey, 2017**

As shown in Figure 4.2, the broad range of respondents' professions was relevant for the study. From the total respondents, 33 (41.8%) of the respondents have procurement specialty, 26 (32.9%) of the respondents have management, 17 (21.5%) of the respondents have Accounting, and 3 (3.8%) percent have economics background;

#### 4.1.7 Work Experience of Respondents

**Graph4.3: Experience of Respondents**

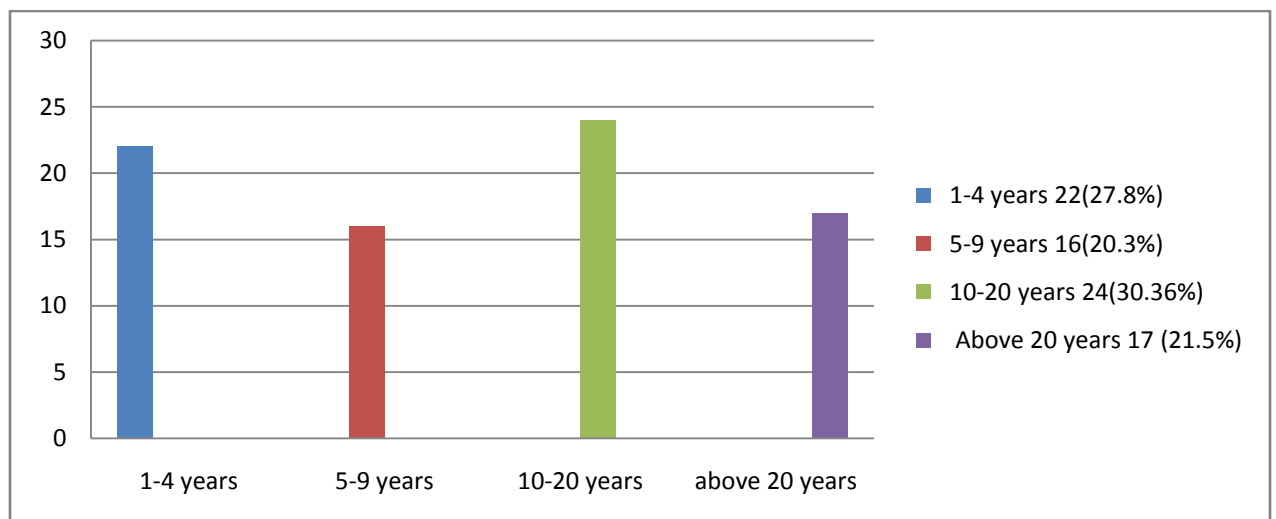


**Source: Own survey, 2017**

Figure 4.3 above shows the duration of work of the respondents not necessarily with the current employer, 24 (30.4%) of the respondents have worked between 1 to 4 years, 23(29.1%) between 5 to 9 years, 16 (20.3%) between 10 to 20 years, and 16 (20.3%) above 20 years respectively. This shows the majority of respondents are experienced and well exposed and still the respondents are able to give accurate information.

#### 4.1.8 Service in the Current Organization

**Graph 4.4: Work Experience of Respondents in the Current Organization**

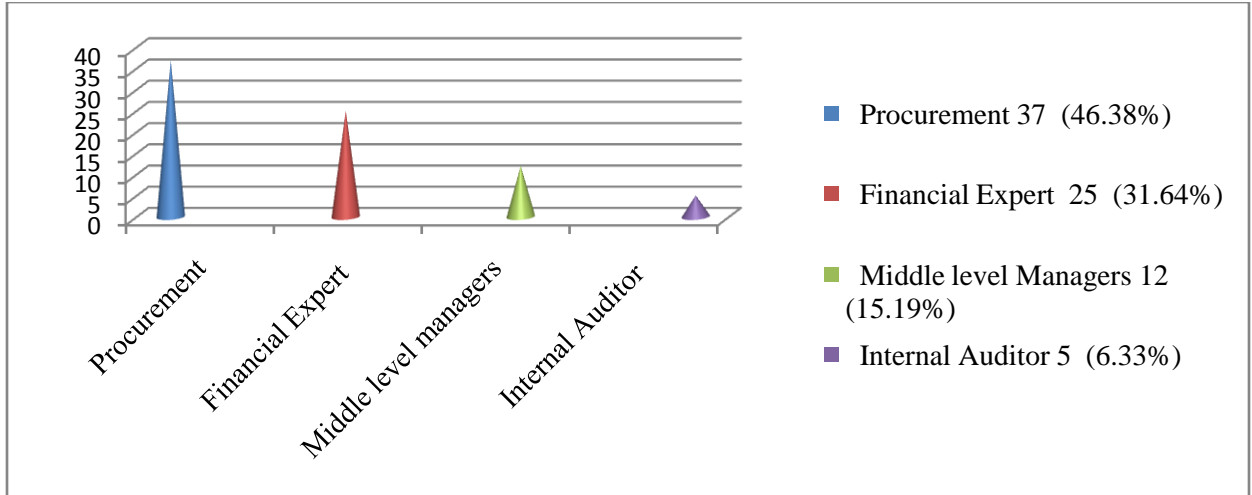


**Source: Own survey, 2017**

The study determined the working experience held by the respondents in order to ascertain the extent to which their responses could be relied upon to make conclusions on the study problem using their working experience. It was divided into four categories. From the findings in table 22, (27.8%) indicated to have a working experience of 1-4 years, 16 (20.3%) indicated to have a working experience of 5-9 years, 24 (29.1%) indicated to have a working experience of 10-20 years and 17 (21.5%) indicated to have a working experience above 20 years .

### 4.1.9 Current Job Position of Respondents

Graph 4.5: Current Job position of Respondents



Source: Own survey, 2017

Figure 4.5 illustrate that the position of respondents 37(46.83%) of them were Procurement Expert, the second higher respondents fall in senior financial Expert job position which covers 25 (31.64%). And the remaining 12(15.19%) middle level manager and 5(6.33%) internal auditor fall under the job category of middle level managers, this data indicated that almost all employees of the public procurement units were involved in the study, and this might give a good result of study and purposively full representation of respondents.

## 4.2 Challenges in Public Procurement process

In this part the challenges public procurement Process the Public Procurement Unit Technical Knowledge and efficiency, Transparency of the procurement Process, Accountability the Public Procurement Process, Challenges the Public Procurement Process and Strategies Issues in Public procurement were discussed.

The score of strongly disagree have taken to represent a variable which had a mean score of 0 to 1.5, the score of disagree have been taken to represent a variable with a mean score of 1.5 to 2.5, the score of neutral been taken to represent a variable with a mean score of 2.5 to 3.5, the score of agree have been taken to represent a variable with a mean

score of 3.5 to 4.5 and the score of strongly agree have been taken to represent a variable which had a mean score of above 4.5 while a standard deviation of  $>1.00$  implies a significant difference on the impact of the variables among the respondents while a standard deviation of  $<1.00$  which indicated smaller dispersion from the mean which is interpreted to mean convergence on the particular proposition.

#### **4.2.1 Public Procurement Unit Technical Knowledge and Efficiency**

Since public procurement is an area vulnerable to corruption, oversight, communities and institutions, should perform their duties effectively and efficiently to minimize public fraud and corruption in the procurement processes.

Any procurement activity necessitates the involvement of several stakeholders each of which has their own interest and priority area. The procurement unit technical knowledge and efficiency can play a great role in ensuring an effective procurement system. Thus to make the procurement processes Transparent and Accountable, public bodies need to have proper Procurement Unit structure with qualified staff, properly equipped and managed and with clear definitions of responsibility and accountability for decisions taken.

**Table 4.3.1 Analysis of Public Procurement Unit technical knowledge and Efficiency**

VARIABLES		S.D	D	M	A	S.A	M	S.D
The Public procurement Unit is conscious and familiar with the Public procurement rules, directive, manuals and procedures.	F	10	59	5	2	3	2.10	0.794
	%	12.66	74.68	6.33	2.53	3.8		
The Procurement Unit prepares a procurement plan and does not perform the procurement activities according to the organization objectives.	F	59	11	5	3	1	1.43	0.872
	%	74.68	13.92	6.33	3.8	1.27		
The procurement units evaluate the procurement plan performance and carry out annual procurement assessment.	F	23	35	12	9	-	2.09	0.950
	%	29.11	44.30	15.19	11.39	-		
The procurement unit follows proper record keeping systems.	F	41	24	2	7	5	1.87	1.213
	%	51.89	30.38	2.54	8.86	6.33		
The Procurement Unit is free from any intervention in performing its responsibilities.	F	61	11	7	-	-	1.32	0.631
	%	77.22	13.93	8.86	-	-		
The procurement unit is adequately staffed with skillful and competent workforce related to organization searcher	F	32	21	11	9	6	2.19	1.292
	%	40.51	26.58	13.92	11.39	7.59		
The Procurement Unit gets adequate training access offered by the Federal Public Procurement Property Administration Agency, other training providers or concerned organizations.	F	5	11	12	27	24	3.68	1.225
	%	6.33	13.92	15.19	34.17	30.38		
Tendering committee gets adequate training access offered by the Federal Public Procurement & Property Administration Agency, other training providers or concerned organizations.	F	49	18	5	4	3	1.66	1.061
	%	62.03	22.78	6.33	5.06	3.8		
There is a clear chain of responsibility and effective control system in the procurement unit.	F	61	11	7	-	-	1.32	0.631
	%	77.22	13.93	8.86	-	-		

VARIABLES		S.D	D	M	A	S.A	M	S.D
There is defined career path for procurement employees focusing on professional skills.	F	10	59	5	2	3	2.10	0.794
	%	12.66	74.68	6.33	2.53	3.8		
Requirements (specifications) prepared by public sector there is clear and appropriate to enough for the bid computation	F	-	-	-	68	11	4.86	0.348
	%	-	-	-	86.08	13.92		
The Procurement Endorsing Committee has adequate time and office facility to carry out its responsibilities.	F	35	26	10	4	4	1.94	1.113
	%	44.3	32.91	12.66	5.06	5.06		
High turnover in the procurement unit staff is a great challenge for the appropriate implementation of procurement.	F	10	59	5	2	3	2.10	0.794
	%	12.66	74.68	6.33	2.53	3.8		
There is an association between the quality of the Procurement Unit function and the effectiveness of the Tendering Committee	F	1	3	4	13	58	4.57	0.858
	%	1.27	3.8	5.06	16.46	73.42		
The management of your organization has a commitment to add value to the Procurement Unit function.	F	59	11	5	3	1	1.43	0.872
	%	74.68	13.92	6.33	3.8	1.27		

**Source: Own survey, 2017**

**In this section the researcher presented various aspects touching on Public Procurement Unit Technical Knowledge and Efficiency with related to challenges in public Procurement process and the findings are depicted in table 4.3.1**

From the above table 4.3.1 it was established that the respondents strongly agreed that The Requirements (specifications) prepared by public sector there is clear and appropriate to enough for the bid computation.(4.86) and There is an association between the quality of the Procurement Unit function and the effectiveness of the Tendering Committee (4.57). While respondent agreed The Procurement Unit gets adequate training access offered by the Federal Public Procurement Property Administration Agency, other training providers or concerned organizations (3.86).

However the majority of respondents disagreed that the procurement unit is adequately staffed with skillful and competent workforce related to organization searcher (2.19) .The Public procurement Unit is conscious and familiar with the Public procurement rules, directive, manuals and procedures. (2.10), There is defined career path for procurement employees focusing on professional skills.(2.10), High turnover in the procurement unit staff is a great challenge for the appropriate implementation of procurement.(2.10). ,the procurement units evaluate the procurement plan performance and carry out annual procurement assessment (2.09). , The procurement unit follows proper record keeping systems.(1.94), The Procurement Endorsing Committee has adequate time and office facility to carry out its responsibilities. (1.87) and tendering committee gets adequate training access offered by the Federal Public Procurement & Property Administration Agency, other training providers or concerned organizations. (1.66),

There are respondents strongly disagreed that there is a clear chain of responsibility and effective control system in the procurement unit. (1.32), The Procurement Unit is free from any intervention in performing its responsibilities.(1.32), The management of your organization has a commitment to add value to the Procurement Unit function.(1.43), and The Procurement Unit prepares a procurement plan and does not perform the procurement activities according to the organization objectives.(1.43).

In general, the result revealed that, deficiency of public procurement unit in technical knowledge and skill , unfamiliarity with the public procurement rules, directive, manuals and procedures, and lack of staffed skillful and competent workforce were found among chief factors exerted a considerable influence on the procurement unit function.

The low variation of standard deviation which is  $<1.00$  indicates that respondents were unanimous the Public Procurement Unit Technical Knowledge and efficiency that could Challenges in Public Procurement Process. On the other hand components of the Public Procurement Unit Technical Knowledge and efficiency competence that could Challenges in Public Procurement Process with high variation shown on the Public Procurement Unit recruits competent staff to handle the procurement process , the procurement staff has enough experience and the procurement staff educational background and management has a commitment and action to add value to the Procurement Unit function which is  $>1.00$  implies a significant difference on the above factors of components among the respondents.

**Based on the result of the self-administered questionnaire and structured personal interview held by the researcher, the findings are supported and according to the senior procurement expert in the FPPPA**

*” It is found that all the above observed challenges are faced by the federal public sectors procurement process*

*The training design is not based on a skills gap inventory to match the needs of the system,Preparing and implementing Procurement planning practice is poor,Delaying in document evaluation, payment of contract,unplanned procurement requisition practice high,They have a big skill gap in to preparing quality and complete specifications, terms of reference, and design and Evaluation ,Endorsing committees are found unfamiliar with the procurement regulation and due to the low salary of the government procurement staff as compare to the nongovernmental and private sectors and like any other work discipline the overall procurement process must be managed by qualified public officials in order to ensure the implementation of the procurement is done in*

*efficient and effective manner which is also a means to address transparency and accountability stipulated in the rule.*

*Well-designed, effective, and comprehensive procurement training is essential to improving the expertise knowledge and performance of the procurement personnel in each PB's. Proper training is vital to sustain and promote good procurement process".*

#### **4.2.2The effectiveness of public procurement transparency**

Transparency means unimpeded visibility. It usually refers to the openness of a procurement activity to scrutiny by interested parties. It involves providing documented reasons for decisions and the provision of appropriate information to relevant stakeholders. Transparent procurement procedures can help limit bribery and corruption, which are particularly rampant in the procurement field" (OECD 2003, page 3).

When the public bodies were asked to evaluate the level of transparency in the procurement process, they responded as follows:-

According to Table 4.4.1: below, though, the response given for high and moderate level of transparency is much close or the difference is insignificant, but majority of the respondent (PB and suppliers) indicated that procurement transparency is at moderate level .

**Table 4.4.1: Assessment on the effectiveness of public procurement transparencythe selected Federal Public sectors**

VARIABLES		S.D	D	M	A	S.A	M	S.D
The PPPAA proclamation, directives, standard bidding document and other necessary documents are easily accessible.	F	-	-	-	11	68	4.86	0.348
	%	-	-	-	13.92	86.08		
Procurement documents and clarifications are easily accessible whenever requested by the appropriate body.	F	46	14	6	9	4	1.87	1.254
	%	58.2	17.7	7.6	11.4	5.06		
Fundamental Procurement processes are disclosed to the public on the PPPAA and other Public sector websites.	F	59	11	5	3	1	1.43	0.872
	%	74.68	13.92	6.33	3.8	1.27		
The results of the bids are disclosed to the successful and unsuccessful bidders.	F	51	11	5	7	5	1.78	1.268
	%	64.56	13.93	6.33	8.86	6.33		
Lack of qualified and inadequate staff is related to the effectiveness of transparency.	F	61	11	7	-	-	1.32	0.631
	%	77.22	13.93	8.86	-	-		
Invitation to bid is announced to the public on newspaper	F	-	-	-	14	65	4.80	0.490
	%	-	-	-	17.72	82.28		
Procurement information is easily accessible to all stakeholders at a common place	F	65	12	2	-	-	1.20	0.464
	%	82.28	15.19	2.53	-	-		
The Procurement unit is responsive to customer needs.	F	30	36	5	3	5	1.95	1.085
	%	38	45.56	3.9	4.4	3.9		
Noncompliance and fragmentation procurement procedures are problems in the implementation of effective transparency.	F	1	3	2	12	61	4.63	0.819
	%	1.27	3.8	2.53	15.19	77.21		
All communications between parties of the procurement, such as Applicants, Bidders, Suppliers, Contractors, Consultants and Public bodies is through writing and documentation.	F	-	-	-	14	65	4.82	0.384
	%	-	-	-	17.72	82.28		

**Source:Own survey,2017**

**In this section the researcher presents various aspects touching on transparency the Public Procurement Process and challenges in public procurement efficiency and the findings are depicted in table 4.4.1**

From the above table it was established that majority of the respondents strongly agreed The PPPAA proclamation, directives, standard bidding document and other necessary documents are easily accessible.( 4.86), Invitation to bid is announced to the public on newspaper .(4.80), Noncompliance and fragmentation procurement procedures are problems in the implementation of effective transparency.( 4.63) and All communications between parties of the procurement, such as Applicants, Bidders, Suppliers, Contractors, Consultants and Public bodies is through writing and documentation.( 4.82).

However the respondents disagreed that Procurement documents and clarifications are easily accessible whenever requested by the appropriate body. (1.87), the results of the bids are disclosed to the successful and unsuccessful bidders (1.78) and The Procurement unit is responsive to customer needs (1.95),While they are respondents strongly disagreed Fundamental Procurement processes are disclosed to the public on the PPPAA and other Public sector websites.(1.43),Lack of qualified and inadequate staff is related to the effectiveness of transparency.( 1.32), and Procurement information is easily accessible to all stakeholders at a common place(1.20),

Evidently, good procurement establishes and then maintains rules and procedures that are accessible, predictable and unambiguous. It should be fair and seen to be fair. In general, it is possible to summarize that, each phase of the procurement proses appropriately demonstrate to the public

The low variation of standard deviation which is  $<1.00$  indicates that respondents were unanimous on components of transparency the Public Procurement Process that could affect public sector procurement process efficiency. On the other hand components of transparency the Public Procurement Process that could affect public sector procurement

efficiency with high variation shown on the level of Public sector to disclosure annual procurement plan, tender notices, contract awards and each phase of the procurement FPPAA and procurement entity Web Site , the procurement staff has enough skill to use ICT for the procurement process and there is an up to date information for the procurement document on the FPPA website which is >1.00 implies a significant difference on the above factors of components among the respondents..

## **B) The view of Suppliers Representatives Interviewed on the Transparency of the Procurement process**

The supplier's representative interviews confirmed the efforts made by public bodies to make the procurement process transparent via disclosure of information, clarity of bidding documents, disclosures of evaluation criteria and the impartiality of the procurement personnel. They are however not happy with the participation of public enterprises operating as business firms in the public procurement because they are given preferential treatment since they are government affiliated organizations.

Based on observation during the study, suppliers perceive that public enterprises operating as business firms can get benefit from public procurement but in reality public procurement rule don't have any benefit to public enterprise and this can arise from lack of awareness creation to the suppliers about public procurement rule. On the other hand, suppliers were very much clear about the means of ensuring transparency and accountability like disclosure of procurement information (GPN, Advertisement, Bid result and Contract information), clarity of the specification and the implementation of procurement proceedings ,so that, in order to take corrective action it is important to have an established Agency and Suppliers Relationship.

### **4.5. Accountability the Public Procurement Process**

Accountability simply means holding individuals or committees involved in the procurement process liable for their actions. It is, therefore, the obligation to account for the particular duties have been performed. The role of each person or group of Persons

(the evaluation and endorsing committees) should be clearly defined in order they can be held liable for wrong decisions and actions.

Ethiopia has established many of the required institutions especially at the federal level with a mandate to strengthening the integrity and accountability in the procurement system. However, the actual performance in these areas in the procurement system is still considered to have considerable room for improvement.(CPAR;2010)

**Table 4.5.1: Analysis Accountability in the Federal Public Procurement Prelatic the selected Federal Public sectors**

VARIABLES		S.D	D	M	A	S.A	M	SD
The procurement procedures are completed in time	F	3	2	6	22	46	4.34	0.999
	%	3.8	2.53	7.59	13.92	58.23		
The procurement method selected depends on the type of goods, services, value, potential interest of foreign bidders and even the cost of the procurement process itself.	F	-	-	7	55	17	4.13	0.540
	%	-	-	8.86	69.62	21.52		
There is a series of public procurement auditing by PPPAA.	F	48	11	9	7	4	1.84	1.234
	%	60.76	13.92	11.39	8.86	5.06		
The procurement officers are held accountable for their decisions in the procurement process.	F	1	3	2	12	61	4.63	0.819
	%	1.27	3.8	2.53	15.19	77.21		
The procurement Unit Personnel perform ethically and are responsive to the public interest and needs at all times.	F	46	16	9	8	-	1.73	1.022
	%	58.23	20.25	11.39	10.13	-		
Noncompliance and fragmentation Procurement procedures are problem in the implementation of effective accountability.	F	-	-	-	65	14	4.80	0.490
	%	-	-	-	82.28	17.72		
Lack of qualified staff in the procurement unit is among the constraints not timely accomplished. Duties and responsibilities.	F	55	9	7	6	2	1.62	1.090
	%	69.62	11.39	8.86	7.59	2.53		
There is series monitoring of public procurement units activities.	F	3	2	6	22	46	4.34	0.999
	%	3.8	2.53	7.59	13.92	58.23		
There is clear separation of roles and duties between different entities in the Procurement Units.	F	-	-	-	24	55	4.70	0.463
	%	-	-	-	30.38	69.62		

Source: Own survey 2017

**In this section the researcher presents various aspects touching on Accountability the Public Procurement Process and challenges in public procurement efficiency and the findings are depicted in table 4.5.1:**

From the above table 4.5.1 it was established that majority of the respondents strongly agreed that the Noncompliance and fragmentation Procurement procedures are problem in the implementation of effective accountability.(4.80), There is clear separation of roles and duties between different entities in the Procurement Units. (4.700), the procurement officers are held accountable for their decisions in the procurement process. (4.63), while other respondents agreed the procurement procedures are completed in time (4.34), There is series monitoring of public procurement units activities. (4.34), and The procurement method selected depends on the type of goods, services, value, potential interest of foreign bidders and even the cost of the procurement process itself.(4.13)

However the respondents disagreed that The There is a series of public procurement auditing by PPPAA.(1.84), The procurement Unit Personnel perform ethically and are responsive to the public interest and needs at all times.(1.73) and Lack of qualified staff in the procurement unit is among the constraints not timely accomplished. Duties and responsibilities (1.62) .

Good procurement unit holds its experts and other officers responsible for enforcing and obeying the rules. Besides, segregation of work structure in the procurement unit is crucial to implement effective accountability in public sectors.

However, the finding find out that absence of accountability in the organization in decision making and the procurement unit has not fully authorized and independent for the procurement process. Besides, they do not held accountable for their wrong decisions made, as well as no separation of roles and duties between different entities in the Procurement Units.

The low variation of standard deviation which is  $<1.00$  indicates that respondents were unanimous on components of accountability the Public Procurement Process that could affect public sector procurement process transparency. On the other hand components of

accountability the Public Procurement Process that could affect public sector procurement transparency with high variation shown on the level of Public procurement Regulation, directive, manual, standard bid document and the forms is enough for the procurement process, the procurement staff has enough Knowledge and Experiences to use the procurement process and there is an accountability system in the organization in the procurement decision making While the segregation of work structure Procurement Units crucial to implement effective accountability in public sectors. >1.00 implies a significant difference on the above factors of components among the respondents.

### **B) The Views of suppliers interviewed on Accountability**

According to the Suppliers representative interviewed, they perceive the implementation of accountability as a one way enforcing the law. because, if suppliers fail in the contract executions, many penalties are imposed. However, if the public bodies fail to play its role effectively, for example, delaying payments and failure to respond to issues raised in a timely manner, suppliers do not have the right to impose any penalties in their opinion, the rule on accountability favor mostly the public bodies.

Based on the above response and observation, suppliers are not satisfied with the existing implementation of accountability principles because there is no accountability observed or no body is sued based on those who did not perform their duties in accordance to the organizational standard whereas most actions have been taken on the wrong doings. They also noted that in order to address accountability, it needs to long way including regular court procedure for those who are committed crime.

## 4.6. Challenges the Public Procurement Process

**Table 4.6.1: Analysis of Challenges in Procurement Process the selected Federal Public sectors**

VARIABLES		S.D	D	M	A	S.A	M	S.D
Absence of in-service training and granting timely education to the procurement practitioners are among the most prominent challenges in the Public Procurement.	F	-	-	9	15	55	4.58	0.691
	%	-	-	11.39	18.99	69.62		
Public procurement is open to all persons/ there is no discrimination regardless of nationality and/or race or any other standard	F	50	14	7	6	2	1.68	1.081
	F	63.29	17.72	8.86	7.59	2.53		
The Procurement entities employ corrective legislative and administrative measures to handle unethical behaviors/ misconducts and corruptions.	%	46	20	8	3	2	1.67	0.983
	F	58.23	25.32	10.13	3.8	2.53		
Undertaking too much unjustified and unplanned purchase in each budget year affects the proper implementation of the public procurement process.	%	3	2	6	22	46	4.34	0.999
	F	3.8	2.53	7.59	13.92	58.23		
There is an extended procurement work flow that makes the time taken too long to procure materials, services and works.	%	2	6	9	16	46	4.24	1.089
	F	2.53	7.59	11.39	20.25	58.23		
Procurement audit plays a vital role in investigating and detecting fraud and corruption in procurements as well as in suggesting improvements.	%	3	5	9	19	43	4.19	1.110
	F	3.8	6.33	11.39	24.05	54.43		
Corruption is still a serious obstacle to transparent and value-for-money procurement in the public sectors	%	1	3	2	12	61	4.63	0.819
	F	1.27	3.8	2.53	15.19	77.21		
The high turnover of staff related to low salary is a typical problem in achieving successful procurement.	%	-	-	-	11	68	4.86	0.348
	F	-	-	-	13.92	86.08		

VARIABLES		S.D	D	M	A	S.A	M	S.D
Inadequate funding for some programs by some suppliers delays payment of contract sum to suppliers, delivery of goods, works and services are some of principal challenges observed in the Public Procurement practice.	%	-	-	54	11	14	4.54	0.730
	F	-	-	68.35	13.92	17.72		

**Source: Own survey, 2017**

**In this section the researcher presents various aspects touching on Challenges the Public sector Procurement Process and the public sector does efficient the findings are depicted in table 4.6.1:**

From the above table it was established that majority of the respondents strongly agreed that the high turnover of staff related to low salary is a typical problem in achieving successful procurement. (4.86), Corruption is still a serious obstacle to transparent and value-for-money procurement in the public sectors (4.63) and Absence of in-service training and granting timely education to the procurement practitioners are among the most prominent challenges in the Public Procurement.(4.58), and Inadequate funding for some programs by some suppliers delays payment of contract sum to suppliers, delivery of goods, works and services are some of principal challenges observed in the Public Procurement practice. (4.54).

However the respondents disagreed that Public procurement is open to all persons there is no discrimination regardless of nationality and/or race or any other standard (1.68) and The Procurement entities employ corrective legislative and administrative measures to handle UN ethical behaviors/ misconducts and corruptions (1.67). While the respondents agreed Undertaking too much unjustified and unplanned purchase in each budget year affects the proper implementation of the public procurement process.(4.36), There is an extended procurement work flow that makes the time taken too long to procure materials, services and works (4.24) and Procurement audit plays a vital role in investigating and detecting fraud and corruption in procurements as well as in suggesting improvements.(4.19).

However the respondents disagreed that Public procurement is open to all persons/ there is no discrimination regardless of nationality and/or race or any other standard (1.68) and The Procurement entities employ corrective legislative and administrative measures to handle un ethical behaviors/ misconducts and corruptions (1.67).

This shows that provides better public procurement to the suppliers, and increase public confidence in federal public sectors efficiency to mitigate the Challenges the Public

Procurement Process and that FPPAA more work procurement audit strategically implements to identify fraud and corruption in public sectors procurement process.

The low variation of standard deviation which is  $<1.00$  indicates that respondents were unanimous on components of Challenges the Public Procurement Process that affect public procurement Efficiency. On the other hand components of Challenges the Public Procurement Process that could affect public procurement process Efficiency with high variation shown on the procurement unit structure is enough to handle the procurement process and the Procurement staff has enough capacity to handle the procurement process properly which , improving work environment, implement administrable stretcher and the for back ground which is  $>1.00$  implies a significant difference on the above factors of components among the respondents

**Based on the result of the self-administered questionnaire and structured personal interview held by the researcher, the findings are supported and according to the senior procurement expert in the FPPA**

*" Challenges in public Procurement Process is Lack of sustainable Accountability from the Government with regard to the existing regulation. Government related factors, such as absence or in adequate political commitment and low efforts made to improve public procurement practice and the Decisions should not the public's interest,. Proclamation 649//2009 is permissive organization shall be select Procurement method of Procurement By Restricted Bidding Without the bottomless discussion and recognition of the management Corruption and rent seeking is still found a serious obstacle to transparent and value-for-money procurement in the public sectors. And The Majority of supply's Lack of proper trained and awareness in public procurement regulation low."*

## 4.7. Strategies Issues in Public Procurement

**Table 4.7.1: Analysis of Strategies Federal Public sectors Procurement**

VARIABLES		S.D	D	M	A	S.A	M	S.D
Providing trainings to the procurement staff help to ensure the procurement conducted in the most efficient manner as possible.	%	-	-	18	21	40	4.28	0.816
	F	-	-	22.78	26.58	50.63		
Providing specific mechanisms can monitor and detect misconduct behaviors in public procurements.	%	2	6	7	9	55	4.38	1.090
	F	2.53	7.59	8.86	11.39	69.62		
Empowering Civil societies, media, professional associations and the wider community can mitigate public procurement corruption	%	-	-	9	20	50	4.52	0.695
	F	-	-	11.39	25.32	63.29		
Implementing e-procurement technical reduce corruption by increasing Transparency and Accountability	%	-	-	-	11	68	4.86	0.348
	F	-	-	-	13.92	86.08		
Employing modern technology and specific procurement software can mitigate the number of problems related to Transparency and Accountability	%	-	-	9	15	55	4.58	0.691
	F	-	-	11.39	18.99	69.62		
Increasing managerial control and collaboration improves Accountability and Transparency of the Procurement Process.	%	-	-	15	47	17	4.03	0.640
	F	-	-	18.99	59.49	21.52		
The Government needs to review the Procurement Policies and procedures in line with the challenges to limit the number of steps in the procurement process so as to reduce the level of bureaucracy in the system and streamline the system to promote quick response	%	-	-	11	14	54	4.54	0.730
	F	-	-	13.92	17.72	68.35		

VARIABLES		S.D	D	M	A	S.A	M	S.D
Having a sound procurement system and competent professional workforce equipped with defined skills and knowledge for specified procurement task improves public procurement.	%	-	-	19	20	40	4.27	0.828
	F	-	-	24.05	25.32	50.63		
Employing global experience and best practices helps to improve the quality of procurement practice.	%	-	-	-	24	55	4.70	0.463
	F	-	-	-	30.38	69.62		
In-service training and granting timely and continuous education effectively mitigate the challenges in the implementation of the Procurement Act enhancing the competencies of the workforce.	%	-	-	-	11	68	4.86	0.348
	F	-	-	-	13.92	86.08		

**Source: Own survey, 2017**

**In this section the researcher presents various aspects touching on Strategies Issues in Public sector Procurement Process and the public sector does lead Procurement Process. Strategically the findings are depicted in table 4.7.1:**

From the above table it was established that majority of the respondents strongly agreed that the Implementing e-procurement technical reduce corruption by increasing Transparency and Accountability. (4.86), In-service training and granting timely and continuous education effectively mitigate the challenges in the implementation of the Procurement Act enhancing the competencies of the workforce., (4.86), Employing global experience and best practices helps to improve the quality of procurement practice. (4.70). Employing modern technology and specific procurement software can mitigate the number of problems related to Transparency and Accountability. (4.58). The Government needs to review the Procurement Policies and procedures in line with the challenges to limit the number of steps in the procurement process so as to reduce the level of bureaucracy in the system and streamline the system to promote quick response,(4.54) .and Empowering Civil societies, media, professional associations and the wider community can mitigate public procurement corruption. (4.52).

However the respondents agreed that the Providing specific mechanisms can monitor and detect misconduct behaviors in public procurements.(4.38) , Providing trainings to the procurement staff help to ensure the procurement conducted in the most efficient manner as possible.(4.28). Having a sound procurement system and competent professional workforce equipped with defined skills and knowledge for specified procurement task improves public procurement. (4.27). and Increasing managerial control and collaboration improves Accountability and Transparency of the Procurement Process.(4.03).

The finding identified that the regulatory bodies are found weak in employing regulations and modern technology -specific procurement software and e-procurement;

This indicates that The FPPAA shall enforce public sectors leaders and procurement unit that implement rules and regulations properly should refrain from breaking rules and regulations. Facilitation, training and implementation to build supplier capital at the group and trade association level in public procurement regulation. Using proper information Communication technology full exercised on the procurement processes and established organizational commitment from all levels to mitigate challenges procurement processes.

The low variation of standard deviation which is  $<1.00$  indicates that respondents were unanimous on components of Strategies Issues in Public Procurement process that could affect public sector procurement process. On the other hand components of Strategies Issues in Public sector Procurement process that could affect public procurement process. with high variation shown on Electronic means of procurement or E-procurement is full exercised on the procurement processes to mitigate corruption and rent skiing, by increasing Transparency and Accountability. back ground which is  $>1.00$  implies a significant difference on the above factors of components among the respondents.

# CHAPTER FIVE

## Summary, Conclusions and Recommendations

This chapter provides the major findings of the study collected using questionnaire, interview and secondary data's followed by the conclusions and recommendations.

### 5.1 Summary of Major Findings

The main purpose of this study is to assess Public Procurement Practices in Federal Public sectors with related to Transparency and Accountability. In order to achieve the objectives of the study, basic questions on the major internal and external challenges, the impact of those procurement practices and how would be improved to implement the public procurement regulations effectively were formulated. Besides, data collection instruments, such as questionnaire, interview guided questions and document analysis that could help to obtain the data'was developed.

The study was carried out in twelve Federal offices of Ethiopia based on the amount of budget allocated to them from high spending and low spending offices to the convenience of the study, as well as to be manageable and submit as scheduled. They were selected through random sampling techniques with lottery system to give equal chance for all Federal offices to be selected. The subjects of the study were 37 Public Procurement unit Staff Members, 25 Financial Experts, 12 Middle level Managers, 5 Internal Auditors, and 6 suppliers.

To collect relevant information from the sample population, the questionnaires were distributed to the sample respondents. Following this, the interviews were conducted. Moreover, the documents were examined from published and unpublished materials

Finally, the data obtained were sorted, tabulated, generalized analyzed and interpreted using both quantitative and qualitative methods, Likert's 5-point rating scale, mean, medium and Cronbach's alpha test. Accordingly, the following findings are drawn.

### **5.1.2 Public Procurement Unit technical knowledge and Efficiency**

The study sought to determine the challenges of public procurement practice same the federal level public sectors.

Efficiency is the extent to which the entity is able to procure goods, works and services of quality, in a timely and most economical manner. It implies practicality, especially in terms of compatibility with the administrative resources, organizational capabilities of the purchasing entity and its procurement personnel with the planned/envisaged type and volume of procurements.

The study attempts to examine the challenges of public procurement process in some selected federal public sectors, and found out a big skill and knowledge gap in the procurement unit in preparing procurement planning, complete specifications and terms of reference.

Besides, the Procurement Unit technical knowledge, competence and efficiency in implementing the proclamations, Directives, manuals were discovered as big challenges. Moreover, Evaluation and Endorsing committees are found unfamiliar with the procurement regulations and procedures. Thus, dalliance in document evaluation, payment of contract sum to suppliers, procuring goods, service and works with the right quality and time occurred.

Besides, the result indicated that the procurement staff members were not given timely and updated professional trainings; and therefore, they are found to be reluctant and are not committed to implement procurement principles.

The finding was related with kiage (2013), that procurement staff competencies affect procurement performance both for procurement unit and the whole organization. In other words the study reveals that employee who are adequately educated, equipped with the right qualification and skill carries out duties in a professional manner and reduce wastage of resources.

### **5.1.2 The effectiveness of public procurement transparency**

The Transparency supports the wise use of limited development funds, from planning investments in advance to measuring the results. An open and transparent procurement process improves competition, ensures value for money, increases efficiency and reduces the threat of unfairness or corruption.

The study found out weaknesses in disclosure of procedures chosen and the way of conduct; the selection, tender notices and contract award decisions; and the results of each complaint was reviewed. Besides, transparent and readily accessible information on general laws, regulations, judicial decisions, administrative rulings, procedures and policies on public procurement were not implemented appropriately; Good procurement establishes and maintains rules and procedures that are accessible, predictable and unambiguous. Thus, it should be fair and open to all concerned bodies in the procurement process.

### **5.1.3 Accountability in the Federal Public Procurement**

The study sought to determine that Accountability in the Federal Public Procurement practices same the federal level public sectors

Accountability is a key inducement to individual and institutional probity, a key deterrent to collusion and corruption, and a key prerequisite for procurement credibility. All procurement officers and other staff should adhere to the professional ethical code.

The study found out that proclamation (649//2009) is permissive organization shall be select Procurement method of Procurement by Restricted Bidding Without the bottomless discussion and recognition of the management. The procurement unit has not full authority and independence for the procurement process. There is no an accountability system in the organization in the procurement decision making. Procuring goods, service and works with the right quality and time is problem by the quality and capacity of the suppliers and Supply's deliberately complains reports submit by public sectors procurement complaint review board.

#### **5.1.4 Challenges in Procurement Process**

The study sought to Challenges in Procurement Process in the Federal Public Procurement practice same the federal level public sectors

The study found out that lack of sustainable Accountability and Transparency from the Government with regard to the existing regulation. Government related factors, such as absence or in adequate political commitment and low efforts made to improve public procurement practices ;corruption and rent seeking; high staff turnover due to low salary; unqualified staff, equipment and clearly defined responsibility were still found significant challenges in implementing effective procurement process in the public sectors..

#### **5.1.5 Public procurement Strategies**

The study sought to Public procurement Strategies in the Federal Public Procurement practice same the federal level public sectors

Thus, in order to alleviate the identified challenges, strategies such as the utilization of e procurement is found a significant tool in the procurement system to reduce corruption by increasing Transparency and Accountability. However, this study has discovered, the use of e-procurement has not been fully exercised in the public sectors under study. Moreover, the government needs to review the Procurement Policies and procedures in

line with the challenges discovered. Employing global experience and best practices as well as increasing managerial control and collaboration were also identified as prominent strategies to ensure Accountable and Transparent procurement system.

Besides, based on the respondent's characteristics, the following findings are drawn.

- Most of the employees in the public procurement units are found in the middle age and productive, therefore, can contribute for the achievement of the procurement process in the public offices.
- Some of the Procurement Unit work forces were found un professional, and therefore, contributed to the in effectiveness of procurement process

Besides, concerning the possible interventions to be carried out to ease the challenges and improve the procurement practice and process still masked with limitation, inefficiency and corruption observed in the Federal public offices: provision of timely trainings to the procurement staff; implementing E-procurement or modern technology and procurement software; having a complete procurement system and competent professional workforce were found to be significant to mitigate the number of problems related to Transparency and Accountability in the Public Procurement process.

## **5.2 Conclusions**

Depending on the major findings of the study, the following conclusions were reached. As the findings of the study, certain internal and external challenges, issues and features were found exerting substantial influences to the proper implementation of Public Procurement Practices in the Federal Public sectors. Accordingly, from Government related factors, absence or in adequate political commitment and low efforts made to improve public procurement practice, high staff turnover related to low salary, poor working environment and excessive work load, fail to employ modern technology and specific procurement software and inadequate training access offered by the Federal Public Procurement Property Administration Agency, other training providers or concerned organizations.; from Procurement Unit related aspects, unaware and unfamiliar of the Public Procurement Unit with the Public procurement rules, directive, manuals and procedures as desired; low commitment and efforts to add value to the Procurement Unit function; lengthy and an extended procurement procedures that

makes the time taken too long to procure materials, services and works; and undertaking too much unjustified and unplanned purchase were found to be the most serious variables in establishing Transparency and Accountability stipulated in the procurement rules, directive, manuals and procedures.

Moreover, regarding the possible strategies and interventions to be undertaken to minimize the challenges and improve the current procurement practice observed in the Federal public sectors, provision of timely trainings to the procurement staff; implementing E-procurement technical, modern technology and specific procurement software; having a sound procurement system and competent professional workforce equipped with defined skills and knowledge were found to be significant to mitigate the number of problems related to Transparency and Accountability and offers gains in terms of efficiency and effectiveness in the Public Procurement process.

### **5.3 Recommendations**

In light of the findings and conclusions drawn, the following recommendations are forwarded.

- Lack of accountability and weakness with regard to the implementation of national policy regulation, rules, and procedures; and in adequate political commitment and low efforts made to improve public procurement practices were mentioned among the major government related constraints. Evidently, the main aim of national policy, regulation, rules and procedures of procurement is to achieve Transparency and Accountability. Thus, the Government requires making sure that every procurement process is executed in compliance with the proclamation, directive, manuals, regulations, rules and procedures.
  
- Lack of proper trained and qualified procurement experts who are competent to conduct and manage the procurement process in a professional, timely and cost effective method with integrity was found other prominent challenges in the procurement practices.

*Thus, procurement process needs to be managed by a competent professional workforces equipped with defined skills and knowledge for specified procurement jobs. Therefore, the government should ensure that the procurement officials meet high professional standards of knowledge and skills.*

- Supply's deliberately complains reports submit by public sectors procurement Activity spatial higher Education (university) to Bored , therefore to mitigate this un ethical Supply's practice FPPPAA to give attention to equipped new proclamation abject to Supply's Accountability. Thus Supply's has not performed according to ethically regulated procedures.
- Undertaking too much unjustified and unplanned purchase in each budget year in most organizations has been discovered as a typical problem. However, government's capability is measured by the well management of public funds to alleviate poverty, and enhancing government trustworthiness and It is necessary to have more integration between the annual procurement planning and annual programming budget planning preparation and summiting period in federal public organization to support the effectiveness of procurement transparency and accountability.
- High staff turnover related to low salary, poor working environment and excessive work load were discovered as a serious problem in the public sectors.

**Hence,**

*The Governments must be assessing current procurement expert needs to review salary; timely education and incentives related issues consistent with their responsibility, to mitigate the challenges related to staff turnover and enhance the competencies and performance of the workforce in the procurement unit.*

- Governments must be assessing current a procurement unit organization structure that can limit public procurement effectiveness with related to Transparency and Accountability then taken corrective actions.

- Mismanagement of public funds, wastefulness and corrupted code of conduct are found among serious challenges in the procurement process of the Federal offices. Obviously, public procurement is an area that affects the level of trust that citizens have in their government, and need due attention, commitment and certain internal interventions.

Therefore, Federal Prosecutor, the Federal Ethics and Anticorruption Commission, the Federal Auditor General, Federal prosecutor and the Public Body need to establish sound procurement system to minimize the risk of fraud, corruption, and waste and to establish trust in the citizens.

- The finding indicated that efficient use of Electronic means of procurement or E-procurement as a significant tool in increasing Transparency and Accountability, for oversight and in section in the procurement system.

Thus, PPPAA needs to promote electronic means or E-procurement to shorten the process, operate the transactional aspects of requisitioning, authorizing, ordering, receiving and payment processes for the required services or products, and as a result to reduce corruption.

- Though public bodies are responsible to disclose General Procurement Notice (GPN), Tender Notice and Contract information in the Agency's website Though public bodies are required by law to disclose General Procurement Notice (GPN), Tender Notice and Contract information in the Agency's website by law, fail to implement the law and access to the required information has identified as a significant impact to achieve success in procurement function.

Thus, the PPPAA requires promoting specific mechanisms and managerial control in order to improve delaying in document evaluation Accountability and Transparency of the Procurement Process.

➤ Moreover, the findings also indicated the majority of developing countries are now reforming the legal, organizational and institutional frameworks for public procurement. Therefore, the Government needs to review general the procurement regulation and procedures in line with The challenges insustainable public procurements and good governmentin to limit the number of steps in the procurement process as to reduce the level of bureaucracy in the system and implement e-procurement software streamline the system to promote quick responses.

#### **5.4 Suggestion for Further Research**

Finally, this research helps other researchers or other interested organizations that necessitate conducting detailed research in the public procurement practice with related to Transparency and Accountability of the Federal Government of Ethiopia. So they might use this study as a preliminary for their further and detailed studies

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# **Annex**

## **Appendix-A**

**Addis Ababa University School of Graduate Studies**

**College of Business and Economics**

**Department of Accounting and Auditing**

**A questionnaire to be filled by Procurement Unit Staff Members**

**Research Topic:-**

**CHALLENGES IN PUBLIC PROCUREMENT PROCESS  
THE CASE OF  
SAME SELECTED FEDERAL PUBLIC SECTOR**

**Researcher's Name:** Mesfin Mekonnen

Dear Sir/ Madam

The purpose of this questionnaire is to collect relevant data that help to investigate the Challenges in Public Procurement Process the case of same Selected Federal public sector in the case of selected Federal offices, and to come up with relevant remedies to improve the practice.

The information that you provide, your opinion and suggestion determine the quality of the study. Thus, I am confident that you realize my effort and cooperate by providing factual information for each question carefully and responsibly. Your response will be kept confidential and will be used only for this study.

I thank you in advance for your appreciable cooperation!

### **General Direction**

- You do not need to write your name on the questionnaire paper

- To the questions with alternative choices, write " x " inside the boxes , and give short answer and brief responses for the items requiring opinion and factual information in the space provided when required.

**Part –I Personal Background Information**

1. Please indicate your gender: 1. Male  2. Female
2. Age of respondent
  1. Less than 25
  2. 26- 30
  3. 31- 35
  4. 36 - 40
  5. 41 and above
3. Level of education
  1. Diploma
  2. Degree
  3. Master
  4. PhD
  5. If other \_\_\_\_\_
4. Field of study (multiple answers are possible):
  1. Procurement
  2. Management
  3. Accounting
  4. Economics
  5. Please specify if any -----
5. Work Experience
  1. 1-4 years
  2. 5-9 years
  3. 10-20 years
  4. 21 and above years
6. Year of service you have worked in the current organization?
  1. 1 – 4 years
  2. 5 – 9 years
  3. 10 – 20 years
  4. Above 20 years
7. Position
  1. Middle level Manager
  2. Financial Expert
  3. Procurement Expert
  4. Internal Auditor

**Part- II. Questions intended to investigate Procurement Practices that has been implemented in your organization.**

Indicate the extent of your view from your experience by putting “X “in the column. How do you rate the Public Procurement Practices of your organization **in terms of the features described below?** You need to rate the extent of your agreement using the following rating scales

**1 = Strongly Disagree (SD) 2 = Disagree (D) 3 = Moderately (M) 4 = Agree (A) 5 = Strongly Agree (SA)**

1	Questions Related to Public Procurement Unit technical knowledge and efficacy	S D	D	M	A	S A
		1	2	3	4	5
1.1	The Public procurement Unit is not conscious and familiar with the Public procurement rules, directive, manuals and procedures.					
1.2	The Procurement Unit prepares a procurement plan and performs the procurement activities according to the organization objectives.					
1.3	The procurement units evaluate the procurement plan performance and carry out annual procurement assessment in all entities.					
1.4	The procurement unit follows proper record keeping systems.					
1.5	The Procurement Unit is free from any intervention in performing its responsibilities.					
1.6	The procurement unit is adequately staffed with skillful and competent workforce.					
1.7	The Procurement Unit gets adequate training access offered by the Federal Public Procurement Property Administration Agency, other training providers or concerned organizations.					
1.8	Tendering committee gets adequate training access offered by the Federal Public Procurement & Property Administration Agency, other training providers or concerned organizations.					
1.9	There is a clear chain of responsibility and effective control system in the procurement unit.					
1.10	There is defined career path for procurement employees focusing on professional skills.					
1.11	Requirements (specifications prepared by the you there is clear and appropriate.					
1.12	The Procurement Endorsing Committee has adequate time and office facility to carry out its responsibilities.					
1.13	High turnover in the procurement unit staff is a great challenge for the appropriate implementation of procurement.					
1.14	There is an association between the quality of the Procurement Unit function and the effectiveness of the Tendering Committee?					
1.15	The management of your organization has a commitment to add value to the Procurement Unit function.					

2	Questions Related to Transparency	SD	D	M	A	SA
		1	2	3	4	5
2.1	The PPPAA proclamation, directives, standard bidding document and other necessary documents are easily accessible.					
2.2	Procurement documents and clarifications are easily accessible whenever requested by the appropriate body.					
2.3	Fundamental Procurement processes are disclosed to the public on the PPPAA and other Public sector websites.					
2.4	The results of the bids are disclosed to the successful and unsuccessful bidders.					
2.5	Lack of qualified and inadequate staff is related to the effectiveness of transparency.					
2.6	Invitation to bid is announced to the public on newspaper.					
2.7	Procurement information is easily accessible to all stakeholders at a common place					
2.8	The Procurement unit is responsive to customer needs.					
2.9	Noncompliance and fragmentation procurement procedures are problems in the implementation of effective transparency.					
2.10	All communications between parties of the procurement, such as Applicants, Bidders, Suppliers, Contractors, Consultants and Public bodies is through writing and documentation.					

3	<b>Questions Related to Accountability</b>	<b>S D</b>	<b>D</b>	<b>M</b>	<b>A</b>	<b>S A</b>
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
3.1	The procurement procedures are completed in time.					
3.2	The procurement method selected depends on the type of goods, services, value, potential interest of foreign bidders and even the cost of the procurement process itself.					
3.3	There is a series of public procurement auditing by PPPAA.					
3.4	The procurement officers are held accountable for their decisions in the procurement process.					
3.5	The procurement Unit Personnel perform ethically and are responsive to the public interest and needs at all times.					
3.6	Noncompliance and fragmentation Procurement procedures are problem in the implementation of effective accountability.					
3.7	Lack of qualified staff in the procurement unit is among the constraints not to accomplish. Duties and responsibilities.					
3.8	There is series monitoring of public procurement units activities.					
3.9	There is clear separation of roles and duties between different entities in the Procurement Units.					

4	<b>Public Procurement Challenges that affect transparency and accountability Related Questions</b>	<b>S D</b>	<b>D</b>	<b>M</b>	<b>A</b>	<b>S A</b>
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
4.1	Absence of in-service training and granting timely education to the procurement practitioners are among the most prominent challenges in the Public Procurement.					
4.2	Public procurement is open to all persons/ there is no discrimination regardless of nationality and/or race or any other standard.					
4.3	The Procurement entities employ corrective legislative and administrative measures to handle un ethical behaviors/ misconducts and corruptions.					
4.4	Undertaking too much unjustified and unplanned purchase in each budget year affects the proper implementation of the public procurement process.					
4.5	There is an extended procurement work flow that makes the time taken too long to procure materials, services and works.					
4.6	Procurement audit plays a vital role in investigating and detecting fraud and corruption in procurements as well as in suggesting improvements.					
4.7	Corruption is still a serious obstacle to transparent and value-for-money procurement in the public sectors.					
4.8	The existing procurement systems require Improvements / reforms.					
4.9	The high turnover of staff related to low salary is a typical problem in achieving successful procurement.					
4.10	Inadequate funding for some programs by some suppliers delays payment of contract sum to suppliers, delivery of goods, works and services are some of principal challenges observed in the Public Procurement practice.					

### Part- III. Strategies to be applied to improve Procurement Practices in Government Public Offices

The following are some of strategies that may be applied to mitigate problems related to Public procurement. Please, from your experience rate the extent to which each strategy to be applied to reduce the problem observed in your organization related to public procurement. You need to rate the extent of your agreement using the following rating scales.

**1 = Strongly Disagree (SD) 2 = Disagree (D) 3 =Moderately (M) 4 = Agree (A) 5 = Strongly Agree (Sa)**

5	public procurements Strategies Related Questions	SD	D	M	A	SA
		1	2	3	4	5
5.1	Providing trainings to the procurement staff help to ensure the procurement conducted in the most efficient manner as possible.					
5.2	Providing specific mechanisms can monitor and detect misconduct behaviors in public procurements.					
5.3	Empowering Civil societies, media, professional associations and the wider community can mitigate public procurement corruption.					
5.4	Implementing e-procurement technical reduce corruption by increasing Transparency and Accountability					
5.5	Employing modern technology and specific procurement software can mitigate the number of problems related to Transparency and Accountability					
5.6	Increasing managerial control and collaboration improves Accountability and Transparency of the Procurement Process.					
5.7	The Government needs to review the Procurement Policies and procedures in line with the challenges to limit the number of steps in the procurement process so as to reduce the level of bureaucracy in the system and streamline the system to promote quick response.					
5.8	Having a sound procurement system and competent professional workforce equipped with defined skills and knowledge for specified procurement task improves public procurement.					

5	<b>public procurements Strategies Related Questions</b>	<b>S D</b>	<b>D</b>	<b>M</b>	<b>A</b>	<b>S A</b>
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
5.9	Employing global experience and best practices helps to improve the quality of procurement practice.					
5.10	In-service Training and granting timely and continuous education effectively mitigate the challenges in the implementation of the Procurement Act enhancing the competencies of the workforce.					

**Appendix-B**

**Addis Ababa University School of Graduate Studies**

**College of Business and Economics**

**Department of Accounting and Auditing**

**An interview guide questions to Procurement Unit Higher Officials**

**Research Topic:-**

**CHALLENGES IN PUBLIC PROCUREMENT PROCESS**

**THE CASE OF**

**SAME SELECTED FEDERAL PUBLIC SECTOR**

Dear Sir/ Madam

My name is Mesfin Mekonnen, I am a post graduate student of Addis Ababa University. Currently, I am conducting a study entitled “Public Procurement Practice in Selected Federal Offices, in Terms of Transparency and Accountability”. The purpose of this interview is to collect relevant data that help to investigate the procurement practice and to come up with relevant remedies to improve the practice.

Thus, I have designed few questions concerning **Challenges in Public Procurement Process the case of same Selected Federal public sector**. The information that you provide, your opinion and suggestion determine the quality of the study. Thus, I am confident that you realize my effort and cooperate by providing factual information for each question carefully and responsibly. Your response will be kept confidential and will be used only for this study.

I thank you in advance for your appreciable cooperation!

**Part –I Personal Background Information**

1. Sex: \_\_\_\_\_

2. Position in the organization: \_\_\_\_\_

3. How long have you been serving on the current position? \_\_\_\_\_

4. Educational Level \_\_\_\_\_ Field of Study \_\_\_\_\_

## **Part- II Questions intended to investigate the Procurement Practices**

1. In your opinion, what are the major factors influencing public procurement related to Transparency and Accountability the supplier's side?
2. What are the major factors influencing the implementation of proper public procurement practice?
3. How much the Procurement Unit employees are qualified in order to accomplish their duties and responsibilities?
4. In your opinion, what are the major constraints to implement the Proclamation and the directive in relation to Transparency & Accountability?
5. What are the most frequent complaints raised from suppliers to your office?
6. Do you think that your organization established a culture where Transparency and Accountability awareness and proactive behavior is part of an employee's day to day activity?
7. What devices, techniques, and control system does the PPPAA use to ensure effective Procurement Performance?
8. What are some of the challenges you have been facing in the procurement system?
9. What do you suggest to enhance the Public Procurement Process in the future?
10. Do you have any more to say regarding the procurement process in your organization?

**Thank You Again!**

**Addis Ababa University School of Graduate Studies**

**College of Business and Economics**

**Department of Accounting and Auditing**

**An interview guide questions to Suppliers**

**Research Topic:-**

**CHALLENGES IN PUBLIC PROCUREMENT PROCESS**

**THE CASE OF**

**SAME SELECTED FEDERAL PUBLIC SECTOR**

Dear Sir/ Madam

My name is Mesfin Mekonnen, I am a post graduate student of Addis Ababa University. Currently, I am conducting a study entitled “Public Procurement Practice in Selected Federal Offices, in Terms of Transparency and Accountability”. The purpose of this interview is to collect relevant data that help to investigate the procurement practice and to come up with relevant remedies to improve the practice.

Thus, I have designed few questions **Challenges in Public Procurement Process the case of same Selected Federal public sector.** The information that you provide, your opinion and suggestion determine the quality of the study. Thus, I am confident that you realize my effort and cooperate by providing factual information for each question carefully and responsibly. Your response will be kept confidential and will be used only for this study.

I thank you in advance for your appreciable cooperation!

**Part –I Personal Background Information**

1. Sex:\_\_\_\_\_
2. Position in the organization:\_\_\_\_\_
3. How long have you been serving on the current position?\_\_\_\_\_
4. Educational Level \_\_\_\_\_
5. Field of Study\_\_\_\_\_

**Part- II Questions intended to investigate the Procurement Practices**

1. In your opinion, what are the major factors influencing public procurement related to Transparency and Accountability the Federal Offices?
2. In your opinion, what are the real problems of the current proclamation and the directive?
3. How do you explain the current Procurement Process and practice in the Public procurement Offices?
4. Do you think that the fundamental Procurement information is easily accessible to all stakeholders?
5. Does the PPPAA provide trainings and workshops to build all prospective Bidders capacity?
6. In your opinion, what are some of the challenges facing the procurement practice related to Transparency and Accountability?
7. What are some of the challenges you have been facing in the procurement system?
8. Do you think that the current means of advertising is convenient to you as well as to all bidders?
9. What do you suggest to enhance the Public Procurement Process in the future?
10. Do you have any more to say?

**Thank You Again!**