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**DEPARTMENT OF PHARMACEUTICS AND SOCIAL PHARMACY
HEALTH SUPPLY CHAIN MANAGEMENT STREAM**

**PHARMACEUTICAL PROCUREMENT PERFORMANCE OF PUBLIC
HOSPITALS IN ADDIS ABABA, ETHIOPIA**

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**Pharmaceutical Procurement Performance of Public Hospitals in Addis
Ababa, Ethiopia.**

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This is to certify that the thesis prepared by Demissu Abdi entitled: "Pharmaceutical Procurement Performance of Public Hospitals in Addis Ababa, Ethiopia. " and submitted in partial fulfillment of the requirements for the Degree of Master of Science in Health Supply Chain Management complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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Abstract

Introduction: Pharmaceuticals public procurement consists of the whole process of acquiring pharmaceuticals and services and it starts with identification of needs and preparing the procurement plan and the procurement method. It also includes risk assessment, identification, and evaluation of alternative solutions, contract award, and management, receiving the procured property or obtaining the services and settling of payments by the public Hospitals. The performance of procurement process is decreased due to different factors. This study analyzed the assessments of pharmaceutical public procurement performance based on identifying major Factors affecting pharmaceutical procurement performance in Hospital procurement processes, procedures, plans and administrative procedures related to procurement activities.

Methods: A mixed methods sequential explanatory study design, with qualitative and quantitative study, was approached. To select the population of respondents used census with a sample size of sixty-two (62) respondents. Primary and secondary data sources were used and the questionnaires were closed-ended and open-ended. The data analysis is conducted through descriptive statistical techniques using SPSS. A total of 60 questionnaires were completed.

Results: Most of the respondents indicated that 73.3% Procurement related administrative procedures explain the variations in procurement performance while, Procurement planning, utilization of ICT, procurement procedures and transparency explain 70%, 63.7%,60%, and 36.7% respectively and supplier supplying capacity and supplier performance are the major challenges of procurement performance in Hospitals.

Conclusion: This study found that procurement related administrative procedures, procurement planning, procurement procedures and utilization of ICT have effect on procurement performance. Procurement plans prepared by end-users in due time to send to Pharmacy unit and Hospitals shall apply advanced technology, which may be E-procurement technology which is very useful to communicate easily with the user department, procurement unit, and suppliers.

Keywords: Procurement performance, procurement administrated related procedure, procurement planning, procurement procedure, ICT and Transparency.

List of acronyms

AACAHB	Addis Ababa City Administration Health Bureau
AAPPA	Addis Ababa Procurement and Property Agency
ALERT	All Africa Leprosy and Tuberculosis Rehabilitation Training Center
CEO	Chief Executive Officer
COMESA	Common Market for Eastern and South Africa
CPAR	Country Procurement Assessment Review
CSA	Central Statistics Agency
EFY	Ethiopian fiscal year
EPSA	Ethiopia Pharmaceutical Supply Agency
FPPPA	Federal Public Procurement and Property Agency
FMHACA	Food, Medicine and Healthcare Administration and Control Authority
FMOH	Federal Ministry of Health
GDP	Gross Domestic Product
ICT	Information and Communication Technology
MOF	Ministry of Finance
OECD	Organization for Economic Co-operation and Development
SIAPS	Systems for Improved Access to Pharmaceuticals and Services
SPSS	Statistical Package for Social Science
UNDP	United Nation for Development Program
USAID	United States Agency for international development
WB	World Bank
WHO	World Health Organization

1. Introduction

1.1 Background of the study

Pharmaceutical procurement is an element of the government's activities of purchasing pharmaceuticals and related services which it needs to carry out its functions. Phases of procurement processes are identification of procurement needs, procurement planning, bid processes and placing of the contracts and contract management (Arrowsmith, 2010). Public procurement is a key tool to promote economic development. In developing countries, it is one of the main instruments to the achievement of development goals such as reducing poverty and providing health, infrastructure, education and other basic services hence greatly contribute to best utilization of public resources (Amdework and Aemiro, 2014).

In public procurement, inadequate procurement planning and poor drafting of specifications, lack of advertising the detailed planning of the procurement before the start of procurement process, insufficient use of open competitive tendering and lack of monitoring and evaluation are some of the challenges that hinder public procurement effectiveness (Jones, 2013).

Pharmaceutical procurement is a complex process that involves many steps and many stakeholders (USAID, 2011). It is also conducted within national and international policies, rules, regulations and structures that may hinder or support the overall efficiency of the procurement process. Procurement in hospitals is the responsibility of the pharmacist or pharmacy staff, though skills beyond basic pharmacy are also required (Karr, 2004).

Procurement is a critical part of supply chain management or the logistics cycle, without procurement procedures and processes, you would not be able to meet the six rights (Right product, quantity, quality, place, time and cost). A procurement unit with staff also ensures that national procurement regulation and procedure are properly implemented (USAID, 2011).

Public procurement is an important function of the public body for a number of reasons. The total degree of procurement outlays has a large impact on the economy and needs to be well managed. Expenditure on public procurement takes the lion share from the annual Government budget; 64% of the annual budget and 14% of the GDP (Gross Domestic Product). Support the country's economic development by ensuring economy, efficiency, and effectiveness in the

execution of Public procurement (FPPA, 2009].Improving the public procurement system will apparently impact significantly on the emergent economy of Ethiopia which will result in budgetary savings and efficiency in government expenditures, thereby creating wealth and reducing poverty (Amdework andAemiro, 2014).Unless the Procurement Process is administered effectively and efficiently, the performance of the procurement entities will be highly affected (OECD, 2019).Transparency in public procurement is about information. The approach to answer procurement information by civil society, the media and other stakeholders, and the ways in which these can use the information, directly affects accountability (UNDP, 2010).

According to the study done by Gunasekaran, 2013 despite the fact that there are various studies that focus on procurement performance many procurement activities suffer from neglect, lack of direction, poor coordination, lack of fair competition and transparency, differing levels of corruption and most importantly not having a cadre of trained and qualified procurement specialists, who are competent to conduct and manage such procurement's, in a professional, timely and cost-effective manner. Open method procedures, prompt disclosure of the results of bids, i.e., prompt notification to successful as well as unsuccessful bidders, publication of annual procurement plan, bid challenges system; engaging the private sector in the procurement process, keeping a complete and an adequate records of procurement activities are also other procurement performance relevant measures (Gizachew Abebe ,2012).

Poor procurement performance in the public procuring entities has been a problem due to lack of compliance with procurement regulations, lack of adherence to procurement procedures, lack of professionalism in undertaking procurement activities and lack of transparency in tendering process (Juma, 2012).However, all the challenges and factors need attention since they could influence the performance of the procurement function. Due to these reasons the researcher examined the challenges of pharmaceutical public procurement performance in Hospitals and shown the effect of administrative procedures related to procurement, utilization of ICT, procurement planning, Transparency and procedures on performance of procurement function. The study was measured and declared the performance of the procurement function with intangible performances like quality of procured pharmaceuticals, timely delivery of orders and commodity security.

1.2 Statement of the Problem

Pharmaceutical procurement represents a large portion of the costs in the health care system. They account for 20-60% of health spending in developing and transitional countries (Cameron *et al.*, 2009). Pharmaceutical expenditures account for approximately 25% of total health expenditures, ranges from 68% to 75% across countries and are typically one of the top health care expenditures for governments globally (SIAPS, 2013). Pharmaceutical procurement plays a critical role in the management of health since most of the time drugs are prescribed in order to manage health disorder as much as 40% in developing countries (Ombaka, 2009).

The major challenge faced in the procurement of drugs is inadequate funding and delay in paying the suppliers owing to bureaucracy required to acquire money from the county offices (Muhia, *et al.*, 2017). According to Nyakundi *et al.*, (2012) procurement is the nerve center of performance in every organization, whether public or private and thus, needs serious attention and tight system to be adopted and followed. The general effect of pharmaceutical procurement in governance and national development cannot be overemphasized due to the fact that if mishandled, it can have negative impact on the lives of the governed while on the other if properly handled can result to positive welfare for the entire population (Ogunsanmi, 2013).

Lack of effective pharmaceutical procurement system not only affects the availability of essential drugs but also significantly affect performance. Deficiency in selection, quantification, procurement causes losses of the expenditure (MSH, 2011)

Pharmaceutical procurement is a means to government commodity delivery, yet constraints affect its performance. Procurement is prone to corruption: occasioning waste and affecting quality essential pharmaceuticals service and life-improving opportunities (Ondabu *et al.*, 2014). Worldwide, public procurement has become an issue of public attention and debate and has been subjected to reforms, restructuring, rules, and regulations (Kenth and Vahid, 2012). The goal of health procurement system is much larger than simply making sure a product gets where it needs to go. Ultimately, the goal of every pharmaceutical procurement system is to help ensure that every customer has commodity security. Commodity security exists when every person is able to obtain and use quality essential pharmaceuticals whenever he or she needs them. A

properly functioning supply chain is a critical part of ensuring commodity security (USAID, 2011).

The term procurement transparency implies openness in procurement processes, procedures and adherence to lay down rules. In Ethiopia out of the total public spending, more than 60% goes to Procuring public goods and services which is very high when compared with a global average of 12-20 % (Tesfahun, 2011). There are numerous mechanisms by which health facilities manage their in-house procurement of pharmaceuticals ranging from open tender to direct procurement. May procure pharmaceuticals by schedule or as needs arise. All these mechanisms have their own advantage and disadvantage in different situations.

Effective procurement is an important step in pharmaceutical logistic system. An effective procurement process seeks to ensure the availability of the right pharmaceuticals, in the right quantities, at reasonable prices, and recognizable standards of quality (MSH, 2011).

Getahun, A. (2015) conducted the research on assessment of procurement planning and implementation effectiveness in Ethiopia. The study pointed out the procurement plan format which was not coherent. The study has also observed that the plan and reporting format, which has sent from PPA, doesn't show the detail lead-time. It only shows the time limit set up for the process. The performance reporting format doesn't adhere with the plan format. It only shows the type and the amount of the procurement which does not allow to keep tracking the performance level.

The study also indicated that extra delay in technical document evaluation has significant impact to achieve success in procurement function, the work programs had been affected by procurement function, because of the goods/service or works not being procured on time, in contrary, urgent/unplanned procurement requisitions is a challenge in procurement unit. The study has found out also lack of technology usage in the procurement process

The goal of procurement is to give quality pharmaceuticals and related services during open and fair competition in the exact quantity and proper quality as specified and to be delivered at the time and place where required (Bespeak, 2008). As cited in Kakwezi and Nyeko's ,2010 study, most entities in developing countries have been known for their poor procurement performance and corruption, resulting from no adherence to processes and procedures, poor resources

utilization, poor personnel management and training, inadequate payment and benefits. Some of the 2018 unpublished procurement audit report findings are lack of procurement planning, not keeping minimum floating period for the bid, frequent piecemeal procurement practices using Request for Quotation (RFQ), evaluating bidders out of the criteria in the bidding document, no debriefing for the unsuccessful bidders, delivery of poor quality etc. with the procedure set forth.

Thus, this study envisages to provide an empirical snapshot of the current pharmaceutical procurement performance situation in Public hospitals in Addis Ababa and to give attention to procurement procedures, plans, administrative procedures, transparency and utilization of Information and Communication Technology (ICT) more specifically at Public hospitals.

2. Literature Review

This presents a review of the related literature on the subject under study presented by various researchers, scholars, analysts, and authors. The specific areas covered here were the conceptual framework and the empirical literature review.

2.1 Theoretical Review

According to Chimwani *et al.*, 2014 public procurement is a means to government service delivery, yet constraints affect its performance. Procurement is perceived as prone to corruption; occasionally waste and affecting the quality of service and life-improving opportunities. There is a need to reverse this worrying trend and win public confidence.

Procurement is the method of finding, agreeing with terms and acquiring pharmaceuticals and related services from manufacturers, distributors often through tendering or competitive bidding process (Jean *et al.*, 1993). The process is used to ensure the procuring entity receives pharmaceuticals and related services at the best possible price when aspects such as quality, quantity, time, and location are compared. Corporations and public bodies often define processes intended to promote fair and open competition for their business while minimizing risk, such as exposure to fraud and collusion (Weeleet *et al.*, 2010).

Pharmaceutical public procurement is the purchase of pharmaceuticals by the public sector and it is a major component of public spending with a sizable impact on the total demand of any domestic economy, generally accounts for a large share of public expenditure in a domestic economy. It representing about one-third of total expenditure in OECD countries. According to (Cernat and Kutlina-Dimitrova, 2015). It representing about one-third of total expenditure in OECD countries. In 2013, in GDP the European Union; it accounts for 15% of Gross Domestic Product (GDP) worldwide. In developing countries, Public procurement is increasingly recognized an essential in service delivery (Basheca and Bisangabasaija, 2010), and it accounts for 60% in Kenya (Akech, 2005), 58% in Angola, 40% in Malawi and 64 % in Ethiopia respectively (Basheca and Bisangabasaija, 2010; FPPAA, 2018).

Effective procurement is an important step in the pharmaceutical logistics system, effective procurement process seeks to ensure the availability of the right pharmaceuticals, in the right quantities at reasonable prices, and recognized standards of quality (MSH, 2011).

Kari *et al.*, 2010 states that public procurement is the acquisition of pharmaceuticals by public institutions and concerns contracts between the government and the private in many different areas such as health services. It is simply the process of implementation of procurement all activities, including procurement planning, procurement procedure, contract award, contract management, and record keeping. Procurement is the business management function that manages the entire process of acquisition of external resources in an efficient and economical manner.

2.1.1 Procurement Performance

According to Getahun (2015), Public procurement performance is measured whether it assures value for money or not. Due to non-adherence to proper processes and procedures, it is vulnerable to corruption and malpractice. Good procurement is a key tool to bring good governance and transparency. In developing countries government's capability is measured by well managed and performing public funds to alleviate poverty, enhancing government credibility (Word Bank Report, 2010). Procurement performance refers to efficiency and effectiveness in acquiring goods and services in the procurement function in order to change from being reactive to being proactive to attain set performance levels in an entity. Procurement performance has several benefits to an organization, like cost-saving, reduce lead time, policy adherence and compliance to procurement regulation (Stephen k and Gregory, 2015). Poor procurement performance in the public procuring entities has been a problem due to lack of compliance with procurement regulations, lack of adherence to procurement procedures, lack of professionalism in undertaking procurement activities and lack of transparency in tendering process (Juma, 2012).

According to Murray (2012), measuring procurement performance is important as the procurement department plays an ever-increasingly important role in the supply chain in an economic downturn. A reduction in the cost of raw material and services can allow supplier to competitively market the price of their finished goods.

Baily p. et al, (2008) also states that to evaluate procurement performance using quantity one would seek to know the quantity percentage of stock that has not moved over a specified period. Number of stock outs and the number of small value orders, number of emergency orders and comparison of stock with the target stock.

An obvious performance measure of the success of any purchasing department is to save money by the company. However, there are a number of performance measurements that hospitals can use when they measure procurement performance: these performance measures typically revolve about efficiency and effectiveness. The goal of public procurement is to ensure the most efficient, transparent and fair manner for the use of public funds and resources. The main goal of the governments as purchaser is the provision of pharmaceuticals of appropriate quality and at a competitive price. To ensure value for money and minimize the risk of corruption and favoritism public procurement procedure should create fair opportunity for all providers (Krasniqi, 2012).

2.1.2 Assessment on procurement performance

According to Hommen,2009, public procurement defined as “acquisition through buying or purchasing of goods and services by government or public organizations”. It involves significant investments and plays a major role in the marketplace. Procurement refers to the government activity of purchasing goods and services needed to perform its functions. (Ambe, 2012).

The dictionary of business defines the term procurement as the all-encompassing task of the procedures necessary to obtain goods and services (Business Dictionary, 2011).“procurement” in principle is different from”purchasing”, in that, the former deals with undertakings involved in creating essential requirements, in sourcing activities like researching into the market, performing an evaluation on vendors as well as contract negotiations, The later forms part of procurement thus, it is part of the activities of necessary for goods and services to receive for the act of procurement in the public sector to be effective and efficient, the right goods and services in the appropriate proportions should be available when they are needed, and at realistic costs for the appropriate customer in familiar ideals for quality (WHO,2007).

Most of the procurement principles (only with some exceptions) are similar in all governments in the world. Public procurement principles are rules or approaches to the procurement activities which enable the development of an effective procurement marketplace and lead to improved procurement performance. Public procurement is the process by which the public body and other publicly-funded entities obtain goods, works, and services needs to implement public needs. It accounts for at least 15% of the world’s gross domestic product (GDP), and even more in African countries (World Bank, 2013).

2.1.2.1 Procurement Administrated Related Procedure

Public sector procurement is a crucial process and deserves real attention given that, the bodies responsible for procurement in public institutions are guided by protocols, strategies, and techniques. This notwithstanding, Delange (2011) found that enormous funds are lost every year because public procurement policies are poorly managed. In view of this, public sector workers need to be properly managed to make sure that compliance with important regulations, policies and procedures are achieved. A properly designed and implemented procurement policy plays a fundamental role in providing a guiding framework for the implementation of effective procurement practices (De Lange, 2011).

According to Thai (2009), public procurement system needs to have good procurement laws and regulations should be clear, consistent, comprehensive and flexible. A procurement policy is simply the rules and regulations that are set in place to give the process of acquiring goods and services needed by organization to function efficiently (Frindaly, 2009).

2.1.2.2. Procurement Plan

Procurement planning is the process used by the public hospitals to plan purchasing activity for a specified period of time. It is commonly completed during the budgeting process. Procurement planning as the purchasing function through which organization obtains pharmaceutical products from suppliers. It defines the items need to procure the process for acquiring those items and schedules the timeframes for delivery. Sound procurement plan aids public body to achieve maximum value for expenditures and enables the entities to identify and address all relevant issues pertaining to a particular procurement before they can publicize their procurement notices to potential suppliers of goods and services (Ogubala and kiarie, 2014).

A good procurement budget without a plan, and there can be no procurement without a budget to fund it. Planning is a process that consists of many steps and the bottom line is that planning is not concerned with future decisions but rather with the future impact of decisions made today Thai,(2004).

According to Kiage, J.O.(2013) counsels that a procurement plan is an instrument for implementation of the budget and should be prepared by the user departments with a view to avoiding or minimizing excess votes in the entities' budgets and to ensure that procurements do

not proceed unless there are funds to pay for them. This implies that all procurement plans must be well integrated into the budget process based on the indicative budget as appropriate and in compliance with the procurement law.

To accomplish the organization's objectives, the most important tool is effective procurement plan. Procurement plan that aligns to the objective of the organization programs and budgetary process can expedite the accomplishment of the goals. It is one of the pre-requisites for the effectiveness and efficiency of the procurement function, thus leading to the ultimate success of the organization (Namusonge *et al.*, 2013).

Procurement planning must be prepared by the "right" personnel and accorded the importance it deserves (Namusonge *et al.*, 2013). However, the tendency shows that they are not aware in developing precise requisition for the procuring department; they also frequently fail in submitting timely. The divisions take long as there lack of teamwork and close co-ordination on budgeting for the annual procurement plan. This generates heat and disagreement among user departments and leads to failure of presenting their needs in time.

According to Basheka (2008), procurement planning is the primary function that sets the stage for consequent procurement activities. A mistake in procurement planning has wide implications for local governance, measured from the two indicators of accountability and participation. Furthermore, the Ethiopian Public Procurement and Property Administration Proclamation No.649 article 22 sub-article 1 (FPPPA, 2009), clearly states that every public body shall prepare annual procurement plan that consists of all the procurements they are going to conduct in the budget year.

2.1.2.3. Staff competence in Procurement

There are a number of training activities organized by different providers and that procurement capacity is gradually growing. A high number of procurement staff in the public sector has received relevant basic training.

However, there are also some major challenges and constraints to achieving a successful long-term procurement capacity development in Ethiopia. One of the main issues is the high turnover of staff in the public sector in general and accordingly in procurement related functions. The high turnover of staff is a typical problem and the root cause seem to be the low salary level compared

to international organizations and even the private market. The lack of recognition of procurement as a profession and its limited options in terms of building a professional career is also considered to be part of the problem.

Many procuring organizations do not have staff with the right competence critical to good procurement process management. There is a need for authorities to give much greater emphasis to developing such competence to adopt best practices more widely. In order to sustain economic growth and effective performance in procurement, it is important to optimize the contribution of employees to the aim of and goals of the organization.

Technological development and organizational change have gradually led some employees to the realization that success relies on skills and abilities of their employees and this means considerable and continuous investment in training and development. Training is the process of identifying and developing the necessary knowledge and skill required for doing a job (Sultana, 2012).

Baily et .al. (2005) submitted that knowledge of the mission, the existence of top-down objective with related performance measures, and process guidelines link individual or group performance to the procuring entities goals and expectations of upper management require good qualifications. Professional qualifications are the pivot around which performance turns. Without well motivated, able and well trained staff, even the best plan and strategies can fail.

2.1.2.4. Procurement Process

According to Celestine (2012), the procurement process will start with need realization and identification of the requirements. The information to identify and realize the need can be collected from the inventory status, operational requirements budgets, and the procurement plan. Using the information gathered from user department of the requirements of the hospital will be established.

Steps in the procurement Process

- **Market Enquiry**

The process of inviting and evaluating tenders or quotations will vary depending upon procurement entity own internal procedures.

- **Evaluation and Awarding**

The evaluation of tenders and awarding of contracts to suppliers is an important phase of the procurement process Maurer, (2004). It is the process that determines the actual quality, reliability, delivery, etc. of the goods and services.

The procurement department coordinates the following

- Analyzing and evaluating the bids against set criteria, specification requirements and presenting the analysis to an procurement appointed committee
- Verification of supplier capability and quality control/ assurance processes
- Reviewing product inspection results where necessary
- Verification of technical evaluation reports where applicable
- Negotiates with vendors where it is recommended by the committee
- Placing orders and expediting the delivery.

2.1.2.5. Procurement Unit Structure and Functions

According to Compton (2007) proposed that effective carrying out of public sector procurement procedures greatly depends on the level of employees' training since lack of trained staff on procurement function limits the ability of the organizations to hold procurement best practices through benchmarking that lack of professional training is a key barrier to maintenance of high level of professionalism in the implementation of procurement procedure in any organization.

According to Amdework and Aemiro(2014) stated that a sound procurement system needs also to have a competent professional workforce equipped with defined skills and knowledge for specified procurement jobs (Amdework and Aemiro, 2014). The procurement workforce passes through virtually every effort within an organization, including successfully acquiring goods and services and executing and monitoring contracts. Moreover, the procurement area requires a wide range of standard operating procedures to deal with normal daily tasks.

According to the Common Market for Eastern and South Africa (COMESA) procurement manual (2010), the procurement unit and its functions mean “The organizational structure of the procurement unit, how responsibilities are allocated, its reporting relationships, its decision-making authority and whether it has the capacity to handle the proposed procurement plan for the project in addition to its other routine duties if any; “In conducting public procurement functions there must be capable and qualified personnel’s in the organizations. In this regard, the Federal public Procurement directive (2010) stated that every public body must “ensure the procurement staff and head of the procurement unit of the public body have the required educational qualification and experience in the field relevant to the procurement”. Therefore, each public body needs to have proper structure and qualified persons for conducting public procurement. “Professionalism is a discipline whereby educated, experience and responsible procurement officers make informed decisions regarding procurement professional” (Nsiah *et al.* ,2016)

2.1.2.6. Procurement Procedures

All firms have procurement procedures, and they are used to control spending activity, ensure appropriate approvals are in place and reduce the risk of overpayment procedures are operating instructions detailing functional duties or tasks. According to (Madara, 2010). All steps of the procurement cycle must be properly documented with each step being approved by the designated authority. (Lysons and Farrington, 2006) argued that public procurement procedures the process followed by acquiring of goods through hiring, leasing or any other contractual means of engaging suppliers in the provisions of service. It also provides the means of processing information and communicating from the time of need until the materials are delivered.

Baily, Farmer, Jessop and Jones (2005) argued that public procurement procedures tend to be characterized by high levels of bureaucracy independent of order value; poor communications and focusing on unit price rather than long-term relations. Procurement perceptions are affected by the existing organizational structure, quality of internal communication system, past experience and resources available. A procurement policy may define the approval process for contracts of varying cost levels and may include role of purchasing, conduct of procurement staff, buyer-seller relationships, and operational issues. Without elaborate and effective procurement procedures Government policy objectives would fail to meet the desired objectives

2.1.2.7. Transparency in procurement

According to Patrick, (2010) transparency is the aspect of ensuring accountability and minimizing corruption and has gained importance in organizations for economic cooperation and development (OECD) countries. The high market value of pharmaceutical products is prone to unethical practices. Though such practices are common around the world, a number of factors influence developing countries to higher risks. It is estimated that in some countries, up to two-thirds of all hospital medicines are “lost” through poor procurement practices including corruption and fraud (Cohen, 2008).

The concept of accountability involves the proper documentation of all the activities that take place in the procurement process and responsibility to demonstrate the acquisition of goods and related services that have been executed in accordance with the articulated rules and standards (Adegite, 2010). Open bidding procedures, prompt disclosure of the results of bids, i.e., prompt notification to successful as well as unsuccessful bidders, publication of annual procurement plan, bid challenges system engaging the private sector in the procurement process, keeping a complete and an adequate records of procurement activities are also other transparency relevant measures (Gizachewu, 2012).

According to the UNDP report (2010), access to key procurement information in civil society, media and other stakeholders directly affects accountability. The report noted that technology increases transparency and competence among suppliers through clear and comprehensive bidding documents and contracts in the procurement process.

2.1.2.8. Selection of procurement Method

Every public body that purchases goods or services has standard procurement procedures, the method they use to acquire those things, these procedure cover all aspects of the procurement cycle, including the selection of the supplier, contract negotiations, order placement, and payment. 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. According to Proclamation no. 649/2009, art.33 (1) a-f, the following procurement methods are mentioned to be used in public procurement.

- a) Open bidding
- b) Restricted bidding
- c) Request for proposal
- d) Two-stage bidding
- e) Request for quotation
- f) Direct procurement

Every public body shall use open bidding as the preferred procedure of procurement otherwise the public bodies shall keep a record of the statement of the ground and circumstance on which it relied to justify the use of the method (Directive, 2010). The use of open bidding is mostly justifiable because the method is most appropriate to ensure the procurement principles including Transparency and Accountability.

2.1.2.9. Complaint handlings Procedures

The 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 Board within in 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, (Directive 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.

2.1.2.10. Access to Information

Procurement must give reliable information about the activities of the procurement institute. This is a key safeguard against corruption and aids the improvement of competition and relationships between procurement and stakeholders. The procuring entities are required to disclose the procurement plan bid advertisement and Contract award on the Agency's website at the value of

which corresponds to or is greater than the given thresholds. (Directive, 2010). According to Transparency International (2015), this should be done by:

- Creating and publishing annual reports of procurement activities and spending in a format that is accessible and easy to understand;
- Providing stakeholders and the public access to current, up-to-date information about procurement processes, procedures, and policies;
- Providing stakeholders and the public access to information pertaining to proposed changes in the procurement processes, procedures, and policies; and Providing all bidders, and the public with easy and timely access to information about:
 - solicitation/ tender opportunities;
 - selection criteria;
 - the evaluation process;
 - rules governing the protest and dispute-settlement mechanisms and procedures;
- Providing equivalent information for all procurement transactions and Contracts and making sure that the information is accessible to the public, and limiting confidentiality to legally protected information only.

2.2. Empirical Review

There have been several studies that have been conducted on challenges affecting public procurement performance in Africa and other parts of the world.

Ngugi and Mugo (2012) did a study on the internal factors affecting the procurement process of supplies in the public sector, a survey of Kenya government ministries. The finding revealed that accountability, ICT adoption and ethics affected the procurement process of health care supplies in the public sector to a great extent. The study, therefore, recommended that examination and evaluation of offers be made effective, accountability and measurement of goals and result need to be considered,adequate control should put in place reducing opportunities for corruption. Nguill and Susan (2014) were conducted research on factors affecting efficiency of procurement functions at the public institutions in Kenya. The study recognized that existing legal framework and organization culture affects the efficiency of the public procurement functions factor-like adherence in procedure,corruption affects the efficiency at the public institution in Kenya. From

the findings the study concludes that staff competencies affect greatly the efficiency of procurement function. Hence human resources need to obtain core competencies, didn't hold modern technology, in procurement function, thus not using ICT in the procurement function do not benefit from its advantage reduced paperwork, minimize the workload of the employees, increase the transaction effectiveness, increase quality of goods and services, reduced lead time and improve decision making. The study also found out that proper procurement record management helps in giving accurate and reliable information for decision making and also enhances transparency and accountability in the life cycle of procurement process.

Zegeye Bekele (2015) conducted research on factors affecting procurement performance of public Higher Education Institutions; (The case of Jimma University). The research problem clearly intends to identify the cause affecting the procurement performance of the institution and to examine the implication of the established procurement practice on organizational performance. The research finding answered the major areas poor performance can be summarized as poor procurement planning, procurement process and employee competency as the most important factor affecting procurement activities in the university.

The study recommends the organization should strive to strengthen the procurement plan and make a good culture so as to ensure the successful implementation of the organizational plan and to achieve organizational goals and objectives. The study also identifies that the university does not use the information technology in procurement function; there is a shortage of qualified and experienced employees the procurement procedure is too long and should avoid redundant steps and the management should also devise mechanism to motivate purchaser through recognizing and rewarding efficient purchases and while making institutional transformation special emphasis should be given and the legal framework should be flexible were raised by researcher.

2.2.1 Challenges of procurement planning

From the research result in Mombasa Celestine (2012), concluded that procurement planning is affected by procurement staff competence with respect to cost estimates, need assessment and quality specification preparation. Similarly, the Organization for Economic Cooperation and Development OECD (2007) identified some planning-related challenges of procurement grouping them into four. Those are:

- Needs assessment, planning, and budgeting reflected by lack of adequate needs assessment, poor procurement planning, failure to budget realistically, procurements not aligned with the overall investment decisions, interference of high-level officials in the decision to procure, informal agreement on contracts;
- Definition requirements which incorporate problems in technical specifications, poor bidders selection and award criteria and unqualified companies;
- The timeframe that is the difficulty in equally satisfying all bidders needs have time in order to participate in bids.

2.2.2. Information Communication Technology

A study by Matunga, Nyanamba and Okibo (2013) on the effect of e-procurement an efficient of procurement in public hospitals established that Kisii level 5 hospital uses e- tendering, e- quotations and e-sourcing as the main e-procurement applications and that the greatest challenges faced when using e-market provider were inadequate funding, organization’s inability to handle change management and lack of training of employees on how to use them. Besides, the hospital should also advise suppliers to deliver supplies, services and works promptly, monitor closely inflated prices of goods, services, and works. Good procurement practice should entail clear rules and regulations that make procurement information accessible, unambiguous and fair by deliberate notice (Nwfar, 2015).Maintaining an up-to-date inventory and management information system and ensuring the use of the data are critical for effectiveness and efficiency in the public sector. This aids in the effort to control costs and help the hospital to ensure that enough supplies are at hand and stock-out is minimized (Daniel, 2013). As technology solutions are founded upon and must integrate with the operating practices of procurement institutions, procurement staff must continue to find ways to creatively streamline processes become more efficiently promote transparency, preserve process integrity and provide information regarding contracting activities and decisions that build and strengthen public trust (Indaba ,2014).

2.2.3. Increasing Transparency in the Supplier List

The functioning of the suppliers' list, where a master list is kept with the FPPA and AAPP is a necessary tool for effective procurement operations and for ensuring that suppliers are eligible and live up to their responsibilities. However, there is an issue of updating the suppliers' list in all

entities and making the list available to all stakeholders in the procurement system. While suppliers list can be a useful tool in developing countries, where capacity and accountability for suppliers may be low, it is essential that the supplier list does not become an administrative bottleneck and opportunity for corruption, without adding true value to the procurement process (CPAR, 2010).

3. Objectives

3.1. General objective

- To assess the pharmaceutical procurement performance in public hospital of Addis Ababa

3.2. Specific objectives

- To assess the major impact of procurement-related administrative procedures on procurement performance in Addis Ababa hospitals.
- To assess the effect of procurement planning of user departments on the procurement performance in Addis Ababa hospitals.
- To examine the influence of procurement procedures and ICT on procurement performance in Addis Ababa hospitals.
- To assess how transparency affects procurement performance in Addis Ababa hospitals.

4. Methods

4.1. Study Area and Setting

The study was conducted in Addis Ababa, the capital and the largest city of Ethiopia (World population review, 2018). Addis Ababa has 11 public hospitals, 25 private hospitals and 97 health centers (Health and Health-related indicators, 2018). The study was conducted on eleven governmental hospitals (St. Paul's Hospital Millennium Medical College (SPHMMC), All Africa Leprosy and TB Rehabilitation Training Center (ALERT), Amanuel specialized hospital (ASH), Saint Peter hospital (SPH), Black lion specialized hospital (BSH), Menelik II Referral Hospital (MRH), Zewditu Memorial hospital (ZMH), Yekatit 12 medical college hospital (YMH), Gandhi Memorial Hospital (GMH), Ras Desta Memorial (RSH) and Tirunesh Beijing Hospital (TBH). Out of eleven governmental hospitals, six were managed by Addis Ababa City Administration Health Bureau (AACAHB); the other 5 were managed by the Federal Ministry of Health (FMOH, 2009). The study was conducted between April 1 to June 30, 2019.

4.2. Study Design

In this study, mixed methods sequential explanatory design was employed. Both quantitative, cross-sectional survey and qualitative data were collected to complement each other. The quantitative data collection form of which includes a self-administered semi structured questionnaire and observational checklist while the qualitative approach was used to obtain detailed descriptions with words and explanatory detailed explanations. In-depth interview was also conducted with key informants.

4.3. Source population

The source population for this study was all procurement personnel working as a purchaser in hospitals in Addis Ababa.

4.4. Study population

All voluntary members of the tendering committee who were working in the selected hospital take part in the quantitative survey. Moreover, Chief Executive Officers (CEO) of all hospitals; who consent for the study, took part in the qualitative part of the study. The in-depth interview

all CEOs were involved in order to complete information flow and need to include administrative part of the hospital who had directly involved in decision making, management process and execution of pharmaceutical procurement in the hospital.

4.5. Eligibility Criteria

4.5.1. Inclusion criteria

- ✓ The public hospital administered by Federal Ministry of health or Addis Ababa city administration Health Bureau
- ✓ All members of the tendering committee who were involved in pharmaceutical procurement process
- ✓ Complete pharmaceutical bidding document was included

4.5.2. Exclusion Criteria

- ✓ All professional workers who did not participate directly in procurement practices were excluded.
- ✓ Incomplete bidding document was excluded.

4.6. Sampling Technique

All individuals who fulfill the eligibility criteria were selected. The census was used based on the data on the study desires to generate from target population for both the document review and questioner. Chief executive officers were selected by purposive sampling technique until saturation of information was reached.

4.7. Data Collection instrument

A structured questionnaire with both open and close-ended questions was employed (PPAM, 2011). To explore the barrier of the pharmaceutical procurement system, in-depth interview with the eleven hospital heads of each of the hospitals was conducted by principal investigators along with a structured questionnaire. Interview guide was prepared for the in-depth interview and a digital voice recorder was used to record the in-depth interviews. The Interview was done in private area. The average time spent for each interview was 30 minutes.

4.8. Data sources and Types

In this research primary and secondary data sources were used. The primary source of the data was collected through interviews and questionnaires. The secondary source materials (procurement audit manual, published different journal articles) of the research are going to be literature and other related journals, manuals.

4.9. Data Collection Procedures

The study utilized both primary and secondary sources of data collection. The primary data was collected through research questionnaires and interviews. The document was reviewed during study are minute and bidding document of the 2010 EFY.

4.10. Data Quality Assurance

The questionnaire and the checklist for the data collection were commented by advisors and staff of senior procurement specialists in Ethiopia pharmaceutical Supply agency and Procurement Agency in the department. The three data collectors were trained on the data collection instruments and processes for a session of half-day by the principal's investigators. Their profession was procurement specialists. Regarding interview guide suggestion was given about questions to be in chronological order and it was corrected as commented.

Reliability indicates the extent to which a variable or a set of variables is consistent in what it is intended to measure. Reliability allotment was used to measure the internal consistency of variables. For this study Cronbach's alpha was used

Thus, to test the reliability of the instrument, Cronbach alpha relating to all dimensions was computed. Of three dimensions of logistics performance, the Cronbach alpha coefficient range from 0.70 to 0.79. It is recommended that the value of Cronbach's alpha around 0.8 is good (Zinbarg, 2005). The overall alpha values in the study are 0.851 Thus, the internal consistency of the instrument is sustained. In addition, to ensure the validity of the variables, the researcher was received comments from the advisor and other expertise in the field of the study. Furthermore, pre-test was done by considering 3 (5%) from the study participants of Armed force and Police Hospitals respectively. The major objective of the pilot test was to get feedback on the questionnaire's way of preparation, wording, coherence and any other valuable comment and to incorporate any important comments and finalize the questionnaire.

4.11. Data presentation and Data analysis

Data obtained from questionnaires were analyzed, first raw data have tallied and tabulated. In order to analyze the data SPSS software version 20 was used. The qualitative data were analyzed by using a thematic analysis approach which means that the recorded audio data were listened repeatedly for several times, then transcribed and categorized to main themes and finally the finding were presented by narration. Out of sixty-two (62) questionnaires distributed sixty (60) were collected with complete information giving a response rate of 96.77(%). Such primary sources of data were also triangulated by collecting and analyzing secondary data from bidding documents found in the hospital and information's from structured interview with head of the hospital with respect to transparency and accountability, personnel qualification, evaluation and specification, value for money, challenges procurement and Ethiopian pharmaceutical supply agency (EPSA)

Regulation and procurement performance practice for the sake of cross-checking and further explanation of the response made by the hospitals. The data presented by using frequency, percentages and mean, and standard deviation. The tender committee was asked to indicate the extent to analyze the assessment of factor affecting pharmaceutical procurement performance in Hospitals in five scales (1= strongly disagree, 2= Disagree, 3= Neutral, 4= Agree and 5=strongly agree).

4.13. Operational Definition

Pharmaceutical Public procurement: means procurement made by the public bodies using public funds such as medicine, laboratory reagent chemicals and medical supplies and equipment (Aronovichetal, 2010).

Pharmaceuticals: Any substance or mixture of substances used in the diagnosis treatment, mitigation, prevention of disease and includes medical instruments and medical supplies (FMHACA, 2009).

Procurement performance: is measured whether it assures value for money due to proper process and procedure or increased customer satisfaction. It entails high return on investment(ROI), reduced transactional costs, faster delivery services and supplies, delivery of a high quality purchase, and supply chains (Odhiambo and Kamau,(2003).

Related Services: means the services incidental to the supply of the Pharmaceuticals, such as insurance, installation, training, and initial maintenance and other similar obligations of the Supplier under the Contract (FDRE, 2011)

Supplier: means a natural or juridical person under contract with a Public Body to supply Pharmaceuticals and Related services, as named in the Special Conditions of Contract (Proclamation No. 649/2009).

Technical Specification: This means description of the quality, type, and standard with which the required Pharmaceuticals, services, works or consultancy services should comply (Proclamation No. 649/2009).

Bid: means a written offer for the quantity of goods, works, or services, at stated price; based on technical specifications and other terms and conditions. Bids are submitted to a purchaser by an interested seller in response to an Invitation for bids (Aronovichetal, 2010).

Contract: This means the binding contract agreement entered into between the Public Body and the Supplier, comprising Contract Documents referred to therein, including all attachments, appendices, and all documents incorporated by reference therein (Aronovichetal, 2010).

Standard Bidding Document: means the document prepared by the Agency to serve as a point of reference in the preparation of bidding documents by Public Bodies (FPPD, 2010).

ICT utilization: means is the usage of information communication technology in the processes of procurement activities.

Procurement administrative procedures are procurement-related administrative functions in the process of internal and external procurement activities.

Procurement planning: means is the future needs to procure pharmaceuticals for the hospitals to meet its strategic goals (Basheka, 2008).

Procurement procedures: Means are operating instructions detailing functional duties or tasks

Health commodity security: means commodity security exists when every person is able to obtain and use quality essential pharmaceutical whenever she needs them (Aronovicheetal, 2010)4.14. Ethical Considerations

Ethical approval was obtained from the Ethics Review Committee of the School of Pharmacy, Addis Ababa University(Letter no ERB/SOP/60/04/2019 April 08, 2019)then, the selected hospitals were communicated with formal letters from the school of pharmacy, Addis Ababa University. The study was conducted In the hospital after permission from chief executive officers of respective hospitals was obtained.Participants of the study were asked for consent before participating in the study. During the consent process, they were provided with information regarding the purpose of the study,why and how they were selected to be involved in the study,and what was expected of them and that they can withdraw from the study at anytime.Participants were also assured about confidentiality of the information obtained in the course of the study by not using personal identifiers and analyzing the data in aggregates. Concerning the in-depth interviews,interviews were recorded on digital voice recorder after interviewees gave informed consent. The name of the interviewees and the hospitals in which they work did not appear in data analysis, interviewees were assured that the information they provide was only to be handled by the research team,and that it was not be discussed with hospital administrators or other participants of the study.

5. Result and Discussion

5.1. Response Rate

In order to conduct this research a total of sixty-two (62) questionnaires were distributed for eleven (11) hospitals. Five (5) Hospitals were under FMOH and six (6) Hospitals were under AACHB, among 62 are the remaining 2 questionnaires were not returned and therefore, sixty (60) questionnaires were analyzed with response rate of 96.7(%) which is considering sufficient to conduct the study.

5.1.1. Profile of Respondents

Table 1: Socio-demographic characteristics of study participants (N=60) in public hospitals of Addis Ababa, Ethiopia, 2019.

Variables	Frequency(n)	Percentage (%)
Education		
Diploma	6	6.7
First Degree	49	81.7
Master's Degree	7	11.7
Work experience		
< 2 years	1	1.7
2-5 years	15	25.0
6-10 years	25	41.7
> 10 years	19	31.7
Positions		
Head of units	25	41.7
Senior expert	22	36.7
Expert	12	20.0
Diploma	1	1.7

From the total respondents 1.7% of the participants had less than 2 years of work experience, 25% of the respondents had 2-5 years of work experience and 41.7% respondents had experience of 6-10 and 31.7% of them had above 10 years' experience. The data told about most of respondents (around 93%) had more than two years' experience and specifically around 49% of respondents had six and above years' experience which means most of respondents had good knowledge about the research subject matter.

As mentioned in the above table 1, 20% of the respondents were experts, 36.7% were senior experts and the majority of the respondents (41.7%) were heads of department units. This implies

that the majority were able with adequate designation authority. Thus, it is clear that the experienced and educated respondents could understand the problems in procurement related activities and give sufficient and correct information that could contribute through the validity of this study.

These findings were in line with cited in Worku G.(2014) that respondents with a high working experience assist in providing reliable data on the study problem since they have technical on the problem being investigated by the study. This indicates that the respondents had in the tertiary training institutions for a long time and thus understood technical issues (Table 1).

5.2. Survey Results

The following descriptive statistical analysis shows the conceptual framework adopted for this study. Particularly, the analysis demonstrates the research questions, which are procurement-related administrative procedures; procurement planning, procurement procedures, ICT utilization and transparency to make discussions the study used mean frequency and percentile.

5.2.1. Procurement related administrative procedures and its effect on procurement performance

Pharmaceutical procurement is a major tool to bring good governance and transparency. In developing countries government's capability is measured by a well managed and performing public fund to alleviate poverty, enhancing government credibility (World Bank, 2010). Procurement related administrative procedural questions are classified into three categories: according to challenges related to procurement proclamation and directives and challenges related to internal and external procurement activities.

1. Regarding procurement proclamation and directives challenges

According to Thai (2009), public procurement laws and regulations clearly cover the whole scope of public procurement, all stages of the procurement processes, methods and procurement, ethics, and transparency. In addition, procurement laws and regulations have to be easy to be accessed by the public.

Table 2: Proclamation and directives related response summary in public Hospitals of Addis Ababa, Ethiopia, 2019.

Variables	Scale	Percentage (%)	Mean
Your Hospitals have a copy of procurement proclamation, directives and manual that governs all procurement and contract activities,	Strongly disagree	6.7	3.77
	Disagree	6.7	
	Neutral	16.7	
	Agree	43.3	
	Strongly agree	26.7	
Your Hospital's procurement manuals and procedures are communicated to all procurement staffs and stakeholders.	Strongly disagree	8.3	3.27
	Disagree	20.0	
	Neutral	25.0	
	Agree	30.0	
	Strongly agree	16.7	
Your Hospitals has a transparent working process.	Strongly disagree	5.0	3.43
	Disagree	23.3	
	Neutral	13.3	
	Agree	40.0	
	Strongly agree	18.3	
The national procurement rules and regulations hampering (slow down) the operations of your Hospitals.	Strongly disagree	8.3	3.72
	Disagree	6.7	
	Neutral	6.7	
	Agree	61.7	
	Strongly agree	16.7	
A hospital has transparent complaining process.	Strongly disagree	5.0	3.50
	Disagree	16.7	
	Neutral	18.3	
	Agree	43.3	
	Strongly agree	16.7	

This study indicated that hospitals had a copy of procurement proclamation and directives, 70.0% (sum of agree and strongly agree) which had a mean of 3.77.60% of respondents indicated hospitals had transparent complaining process as shown by a mean of 3.50. From 46.7% of respondents, Hospitals procurement process and procedures were communicated to all

procurement staffs and stakeholders, mean of 3.27. The respondents also agreed that Hospitals has transparent working process, from 60% of respondents, as shown by a mean of 3.50.

The high mean the national procurement rules and regulations hampered the operations of the Hospitals, from 78.4% of respondents, as indicated a mean of 3.72. The mean value 2 and less indicated low challenges of procurement performance, mean value greater than 2 and less than 3 indicate moderate, mean value greater than 3 indicate high challenges of procurement performance related with procurement proclamation and directives.

In general, from the analysis majority of respondents agreed that proclamation and directives related challenges in hospitals' procurement performance had low challenges because as summarized in the above table indicates that mean value is greater than 3. The highest mean values are hospitals had its own procurement proclamations and directives and communicated to all staffs and stakeholders; hence it was not a challenge in public procurement performance at hospitals. Thai (2009) stated that a sound public procurement system needs to have good procurement laws and regulations. Procurement laws and regulations lead to procurement efficiency or inefficiency. The mean value as shown in the table that the national procurement rules and regulations hampering the operations of hospitals have effect on the performance of procurement in hospitals (Table 2).

2.Regarding challenges with internal procurement activities

Pharmaceutical procurement faces numerous challenges caused by different forces, as per (Thai,2001) it faces internal and external challenges, internal challenges of procurement is consist of five elements; A) policy-making and management; B) authorizations and appropriations; C) procurement regulations; D) procurement function in operations (processes, methods, organizational structure, and procurement workforce; E) feedback.

Table 3: Internal challenges related response summary in public Hospitals of Addis Ababa, Ethiopia, 2019.

Variables	Scale	Percentage (%)	Mean
Lack of clear process and procedure are the major challenge of procurement performance in your Hospitals.	Strongly disagree	13.3	3.23
	Disagree	15.0	
	Neutral	20	
	Agree	38.3	
	Strongly agree	13.3	
Late delivery of Pharmaceuticals affects the performance of procurement in your Hospitals.	Strongly disagree	6.7	4.00
	Disagree	3.3	
	Neutral	6.7	
	Agree	50.0	
	Strongly agree	33.3	
Lack of employee experience in the procurement field is one of the problems for hospitals' procurement performance.	Strongly disagree	8.3	3.47
	Disagree	13.3	
	Neutral	13.3	
	Agree	53.3	
	Strongly agree	11.7	
Lack of accountability is one of the challenges of procurement performance in your hospitals.	Strongly disagree	13.3	3.33
	Disagree	13.3	
	Neutral	13.3	
	Agree	46.7	
	Strongly agree	13.3	
Poor communication and coordination of employer	Strongly disagree	3.3	3.77
	Disagree	13.3	
	Neutral	11.7	
	Agree	46.7	
	Strongly agree	25.0	

As it summarized in table 3 the percent and mean of internal challenges related with procurement activities indicated higher means on late delivery of pharmaceuticals, from 83.3 %(sum of agree and strongly agree) of respondents, mean of 4.00. 71.7% of respondents indicated poor communication and coordination of employer mean of 3.77. The response of lack of employee

experience, from 65% of respondents, mean of 3.47. The respondents also agreed that lack of accountability from 50% of respondents as indicated by a mean of 3.33. From 51.6% of respondents, lack of clear process and procedure as shown by a mean of 3.23. The mean value 2 and less indicated low challenges of procurement performance, mean value greater than 2 and less than 3 indicate moderate challenges of procurement performance, mean value greater than 3 indicate high challenges of procurement performance related with internal procurement activities.

The mean value show that most of respondents accepted as there were challenges in related with internal challenges in procurement processes because as the above table indicated that all mean value is greater than 3. As the above table indicated that the highest mean value was late delivery of pharmaceuticals was the major impact on procurement performance in hospitals. This was also confirmed by Baily *et al* (2005), many public procurement activities suffer from neglect, lack of direction, poor co-ordination, lack of open competition and transparency, differing levels of corruption and most importantly not having a team of trained and qualified procurement specialists, who were competent to conduct and manage such procurements, in a professional, timely and cost effective manner (Table 3).

3. Regarding challenges with external procurement activities

External forces and challenges are as per Thai (2001); A) Market Environment; B) Legal Environment; and Other Environment Forces.

Table 4: External challenges related response summary in public Hospitals of Addis Ababa, Ethiopia, 2019.

Variables	Scale	Percentage	Mean
Shortage of supplier	Strongly disagree	6.7	3.82
	Disagree	6.7	
	Neutral	16.7	
	Agree	38.3	
	Strongly agree	31.7	
EPSA regulations are one of the factors	Strongly disagree	5.0	3.92
	Disagree	6.7	
	Neutral	13.3	
	Agree	41.7	
	Strongly agree	33.3	
Supplier's supplying capacities	Strongly disagree	1.7	4.07
	Disagree	5.0	
	Neutral	11.7	
	Agree	48.3	
	Strongly agree	33.3	
Late payment to suppliers	Strongly disagree	5.0	3.60
	Disagree	15.0	
	Neutral	16.7	
	Agree	41.7	
	Strongly agree	21.7	
Supplier performance	Strongly disagree	3.3	3.93
	Disagree	6.7	
	Neutral	8.3	
	Agree	56.7	
	Strongly agree	25.0	

Regarding the performance of hospitals procurement process challenged mostly by external factors. The percent and mean of various indicators shown in table indicated higher means on 81.6% (sum of agree and strongly agree) of respondents indicated Supplier's supplying capacities (mean of 4.07). 81.7% of respondents indicated Supplier performance (mean of 3.93). 75% of respondents indicated EPSCA regulation was one of the factor(mean of 3.92).The respondents also agreed that 70 % of respondents indicated shortage of supplier as shown by a mean of 3.82.late payment to supplier from 63.4% of respondents as indicated a mean of 3.60.The mean value 2 and less indicated low challenges of procurement performance, mean value greater than 2 and less than 3 indicate moderate challenges of procurement performance, mean value greater than 3 indicate high challenges of procurement performance related with external procurement activities.

In general, from the analysis all of the respondents agreed that external procurement activities related challenge having the greatest challenges on pharmaceutical procurement in hospitals', because as the above table indicates that all mean value is greater than 3.As indicated the above table the highest mean value supplier supplying capacity and supplier performance are the major challenges of procurement performance in Hospitals. Agreeably a study by kirand and Rotich (2014) on the determinants of public procurement performance in Kenyan universities established that the main concern of procurement function is to make sure that one buys from the best suppliers and also improve the current suppliers. The organization therefore choose suppliers with who the capacity to deliver. The study further observed that supplier evaluation can work as a tool to influence further behavior of both buyer and supplier organization. By connecting procurement targets to certain supplier competence, organization achieves higher supplier performance thereby leading to improved procurement performance (Table 4).

5.2.2. Procurement planning and its effect on procurement performance

Procurement planning is the future needs to procure pharmaceuticals and related services for the hospital to meet its strategic goals, thus, performing the procurement plan should be proactive; failure to request the required pharmaceuticals early will bring to postpone the work program to subsequent years, it is also a means for under-utilization of the budget. As procurement is a long and time-consuming process, contract planning should "begin as soon as the hospital need is

identified, preferably well in advance of the fiscal year in which contract award is necessary” (Thai, 2009).

Table 5: Procurement planning related response summary in public Hospitals of Addis Ababa, Ethiopia, 2019.

Variables		Scale	Percentage	Mean
Inadequate budget planning of end-users		Strongly disagree	8.3	3.62
		Disagree	6.7	
		Neutral	20.0	
		Agree	45.0	
End users are not raised their need on time		Strongly disagree	10.0	3.57
		Disagree	5.0	
		Neutral	21.7	
		Agree	45.0	
Incomplete requisitions from end users		Strongly disagree	3.3	3.98
		Disagree	1.7	
		Neutral	15.0	
		Agree	53.3	
Lack of qualified staffs is the problem to prepare a procurement plan		Strongly disagree	1.7	3.63
		Disagree	11.7	
		Neutral	23.3	
		Agree	48.3	
Urgent/unplanned requisition		Strongly disagree	15.0	4.00
		Strongly disagree	6.7	
		Disagree	1.7	
		Neutral	13.3	
	Agree	41.7		
	Strongly agree	36.7		

The percent and mean of various indicators shown in table 5 indicated higher means on urgent/unplanned requisition, from 78 % (sum of agree and strongly agree) of respondents, mean of 4.00. 80% of respondents indicated Hospitals performance affected by incomplete requisitions from end users, mean of 3.98. Incomplete requisitions from end users, from 63.3% of respondents, Lack of qualified staffs is the problem to prepare procurement plan. mean of 3.63. From 65% of respondents, Hospitals procurement performance challenged by Inadequate budget planning of end users , mean of 3.62. From 63.3 % (sum of agree and strongly agree) of respondents indicated End users are not raised their need on time , mean of 3.57. The mean value 2 and less indicated low challenges of procurement performance, mean value greater than 2 and less than 3 indicate moderate challenges of procurement performance, mean value greater than 3 indicate high challenges of procurement performance related with procurement planning. In general, from the analysis all of the respondents agreed that challenges related with procurement planning were the greatest challenges on public procurement performance in Hospitals, because as the above table indicates that all mean value was greater than 3. This indicated that the highest mean values Urgent/unplanned requisition and urgent/Incomplete requisitions from end users were the major challenges of procurement performance in Hospitals. Agreeably Mamiro (2010) in his findings underscores these facts and concluded that one of the major setbacks in public procurement was poor procurement planning and management of the procurement process which include needs that were not well identified and estimated, unrealistic budgets and inadequacy of skills of procurement staff responsible for procurement. The findings concluded with Thai (2004) that there could not be a good procurement budget without a plan, and there could be no procurement without a budget to fund it. Planning is a process that consists of many steps and the bottom line is that planning was not concerned with future decisions but rather with the future impact of decisions made today (Table 5).

5.2.3. Procurement procedures and its effect on procurement performance

Every organization that purchases goods or services has standard procurement procedures, the methods they use to acquire those things. These procedures cover all aspects of the procurement cycle, including the selection of suppliers, contract negotiations, order placement and payment (WHO, 2008). Procurement encompasses the whole process of acquiring pharmaceuticals and/or related services. It begins when a public body has identified a need and decided on its

procurement requirement. Procurement continues through the processes of risk assessment, seeking and evaluating alternative solutions, contract award, delivery of and payment for the property and/or services and, where relevant, the ongoing management of a contract and consideration of options related to the contract (Waters 2004).

Table 6: Procurement procedure-related response summary in public Hospitals of Addis Ababa, Ethiopia, 2019.

Variables	Scale	Percent	Mean
Selection of procurement methods is one of the challenges of procurement performance	Strongly disagree	3.3	3.52
	Disagree	16.7	
	Neutral	18.3	
	Agree	48.3	
	Strongly agree	13.3	
The evaluation procedure is the major challenge on performance of procurement	Strongly disagree	10.0	3.57
	Disagree	5.0	
	Neutral	13.3	
	Agree	61.7	
	Strongly agree	10.0	
The compliant procedure is a major source that affects performance of procurement	Strongly disagree	8.3	3.28
	Disagree	15.0	
	Neutral	23.3	
	Agree	46.7	
	Strongly agree	6.7	
Award and contract procedure influence the performance of procurement	Strongly disagree	10.0	3.53
	Disagree	8.3	
	Neutral	13.3	
	Agree	55.0	
	Strongly agree	13.3	
Inadequate monitoring/evaluation of the performance of the procurement process is one of the challenges	Strongly disagree	3.3	3.67
	Disagree	11.7	
	Neutral	18.3	
	Agree	48.3	
	Strongly agree	18.3	

As it summarized in the table 6, 66.7 %(agree and strongly agree) of respondents (mean 3.67) assured inadequate monitoring/evaluation of procurement performance. The respondents also agreed that evaluation procedure, 71.7% of respondents, indicated by a mean of 3.57. 68.3% of

respondents indicated award and contract procedures as shown by a mean of 3.53. 61.6% of respondents assured selection of procurement methods by a mean of 3.52. 53.4. % of respondents declared Compliant procedure in procurement processes as shown in the above table, by a mean of 3.28 and The low mean as shown in table 4.6, The mean value 2 and less indicated low challenges of procurement performance, mean value greater than 2 and less than 3 indicated moderate challenges of procurement performance, mean value greater than 3 indicate high challenges of procurement performance related with procurement procedures.

The mean value shown that most of respondents highly accepted as there were challenges in related with procurement procedures because as the above table indicate that the mean value was greater than 3. The highest mean values were inadequate monitoring/evaluation of procurement performance and evaluation procedure were the greatest challenges on public procurement performance in Hospitals. This is also confirmed by Dorothy, K. (2010), the efficient use of procurement procedures answered to improving procurement performance and further indicates that a critical factors to improved procurement performance in public sector (Table 6)

5.2.4. ICT Utilization and its Effect on Procurement Performance

Information is the lifeblood of procurement and is needed at every stage if the procurement process is to be optimal .what to order when to order and how much to order and from whom should be communicated on time to ensure steady supply in the hospitals. Timely and accurate information exchange is necessary among staff and among procurement trading partners. Thus, maintaining an up-to-date inventory and management information system and ensuring the use of the data is critical for effectiveness and efficiency in the public sector. This aids in the effort to control costs and help the hospital to ensure that enough supplies are at hand and stock-out is minimized (Daniel, 2013).

Table 7: Information and communication technology utilization related response summary in public Hospitals of Addis Ababa, Ethiopia, 2019.

Questions	Scale	Percent	Mean
ICT has increased transactions efficiencies in Hospitals	Strongly disagree	10.0	3.65
	Disagree	10.0	
	Neutral	15.0	
	Agree	35.0	
	Strongly agree	30.0	
ICT has accelerated the procurement process in Hospitals	Strongly disagree	11.7	3.57
	Disagree	11.7	
	Neutral	15.0	
	Agree	31.7	
	Strongly agree	30.0	
ICT support to reduce paperwork in Hospitals	Strongly disagree	15.0	3.50
	Disagree	5.0	
	Neutral	21.7	
	Agree	31.7	
	Strongly agree	26.7	
ICT play a role to increase goods/service delivery performance in Hospitals	Strongly disagree	13.3	3.60
	Disagree	5.0	
	Neutral	21.7	
	Agree	28.3	
	Strongly agree	31.7	
ICT has increased the output of procurement officers in Hospitals	Strongly disagree	11.7	3.63
	Disagree	5.0	
	Neutral	20.0	
	Agree	35.0	
	Strongly agree	28.3	

As it summarized in table 7 the percent and mean value of ICT utilization in procurement department indicated that ICT has increased transactions efficiencies in Hospitals by a mean of 3.65, from 65%(sum of agree and strongly agree) of respondents. The respondents also agreed that ICT has increased the output of procurement officers in Hospitals as indicated by a mean value is 3.63 from 61.3% of respondents. From 60% of respondents, ICT play role to increase goods/service delivery performance in Hospitals as indicated a mean of 3.60. The response resulted of ICT had accelerated the procurement process in Hospitals. From 61.7% of respondent, mean of 3.57. The respondents also decided that ICT support to reduce paper work in Hospitals, from 58.4% of respondents, mean of 3.50. The mean value 2 and less indicated low challenges of procurement performance, mean value greater than 2 and less than 3 indicated moderate, mean value greater than 3 indicate high challenges of procurement performance related with utilization of ICT.

In general, the majority of the respondents agreed that the challenges are related with utilization of ICT had low challenges because as the above table indicates that mean value is greater than 3 because the advanced e-procurement technology still not applied in Hospitals. ICT utilization that was one of the challenges of procurement performance concluded that procurement systems were still largely manual, neither streamlined nor automated. This resulted inefficiency and losses (Boniface Ikumu Chimwani, 2014). A study by christine(2015) found that implementation of ICT based procurement methods in many public institutions in afria is hindered by lack of e-procurement methods, lack of automated procurement systems, lack of supportive ICT infrastructure. From open ended questions, one of the influences of Hospitals procurement performance was not used modern ICT technology, i.e. not applied e- procurement technology compared to the current and engineering technology (Table 7)

5.2.5. Transparency and its effect on procurement performance

Transparency and openness are often key factor for the credibility of the public procurement body to achieve good results for end-users of the contract, in particular government hospitals, in their negotiations with bidders. Public Procurement is one area where corruption is widespread in both developing and developed countries (Thai, 2008).

Table 8: Transparency (accountability) related response summary in public Hospitals of Addis Ababa, Ethiopia, 2019.

Variables	Scale	Percent	Mean
After the contract is awarded, accountability becomes easy to monitor and control acquisitions	Strongly disagree	8.3	3.43
	Disagree	10.0	
	Neutral	23.3	
	Agree	46.7	
	Strongly agree	11.7	
The government ensures whether the supplier provides the required quality and quantity to ensure value for public money	Strongly disagree	6.7	3.10
	Disagree	25.0	
	Neutral	30.0	
	Agree	28.3	
	Strongly agree	10.0	
In procurement operations, discretionary power is delegated with a high level of accountability	Strongly disagree	5.0	3.32
	Disagree	18.3	
	Neutral	25.0	
	Agree	43.3	
	Strongly agree	8.3	
An internal auditing system is effective for identifying corruption and making the persons accountable	Strongly disagree	6.7	3.27
	Disagree	23.3	
	Neutral	21.7	
	Agree	33.3	
	Strongly agree	15.0	
Compliance with standards set	Strongly disagree	1.7	3.07
	Disagree	40.0	
	Neutral	16.7	
	Agree	33.3	
	Strongly agree	8.3	
Law is non-repressive and fair	Strongly disagree	6.7	2.87
	Disagree	31.7	
	Neutral	31.7	
	Agree	28.3	
	Strongly agree	1.7	
There are clear sentencing guidelines	Strongly disagree	8.3	3.57
	Disagree	31.7	
	Neutral	28.3	
	Agree	26.7	
	Strongly agree	5.0	

As shown in table 8 regarding internal system which ensured accountability that most of (58.4%) of respondents reported accountability easy to monitor and control acquisition in hospitals whereas 40% of the participant considered that there was no clear sentencing guideline in general, from the analysis majority of respondents agreed that internal system was strong to ensure accountability challenges in Hospitals procurement performance had low challenges because as below the table indicates the highest mean values are hospitals had there were clear sentencing guidelines hence it was not a challenge in public procurement performance at hospitals. However in examining document Instead of a procurement endorsing committee the head of the hospital identifies procurement needs and ascertained that the bidding document prepared by the procurement units also .review of reports submitted by suppliers Ngugi and Mugo(2012) did a study on the internal factor affecting procurement process of supplies in the public sector's survey of Kenya government ministries. The result told that accountability affected procurement process of health care supplies in the public sector to a great extent and adequate controls should be put in place reducing opportunities for corruption. The mean value as indicated below table that law was non-repressive and fair had moderate impact on the performance of procurement in Hospitals (Table 8)

Table 9: Transparency related response summary in public Hospitals of Addis Ababa, Ethiopia, 2019.

Variables	Scale	Percent	Mean
In your hospital, rule-based legislation provides more effective control over the bureaucracy in making effective competition	Strongly disagree	8.3	3.00
	Disagree	26.7	
	Neutral	25.0	
	Agree	36.7	
	Strongly agree	3.3	
The winning bidder on the basis of stated criteria is awarded without the need for additional personal communication	Strongly disagree	3.3	3.47
	Disagree	15.0	
	Neutral	23.3	
	Agree	48.3	
	Strongly agree	10.0	
Your hospital uses competitive biddings in almost all cases unless justifiable reasons force it to acquire through other methods	Strongly disagree	3.3	3.38
	Disagree	15.0	
	Neutral	23.3	
	Agree	48.3	
	Strongly agree	10.0	
In your hospital, there is clear hierarchical accountability in reporting and taking actions	Strongly disagree	1.7	3.22
	Disagree	30.0	
	Neutral	23.3	
	Agree	35.0	
	Strongly agree	10.0	
Decisions are reasonable and timely	Strongly disagree	3.3	2.95
	Disagree	40.0	
	Neutral	21.7	
	Agree	28.3	
	Strongly agree	6.7	

Decisions are linked reasonably with effective service-delivery	Strongly disagree	5.0	3.13
	Disagree	26.7	
	Neutral	26.7	
	Agree	33.3	
	Strongly agree	8.3	
Decisions are fair and characterized by non-corrupt processes	Strongly disagree	5.0	3.13
	Disagree	25.0	
	Neutral	31.7	
	Agree	28.3	
	Strongly agree	10.0	
Decisions are based on defined goals	Strongly disagree	3.3	3.12
	Disagree	28.3	
	Neutral	28.3	
	Agree	33.3	
	Strongly agree	6.7	
Awareness and capacity building (including training) are regularly created on transparency issues in your hospital	Strongly disagree	15.0	2.98
	Disagree	16.7	
	Neutral	25.0	
	Agree	41.7	
	Strongly agree	1.7	

The respondents indicated above the table 9 shown that majority of (58.3%) of the participants reported the winning bidder without the need of for additional personal communication and usage of competitive procurement with regard to selection of bidder while 43.3% were reported decision were not reasonably and timely done In general, from the analysis majority of respondents agreed that transparency well-established with regard to selection of bidder in Hospitals This supported by the studies by transparency International (2015) which indicated that global principles and minimum standards of transparency, integrity, and accountability should be placed to ensure public procurement was corruption-free and procurement laws must identify

principles, standards and key steps needed to ensure a clean contracting process and procedure (Table 9).

5.2.6. Procurement Performance Evaluation

The researcher was evaluated Hospital procurement performance by analyzing the following five independent variables.

Table 10: Procurement performance-related summary in public Hospitals of Addis Ababa, Ethiopia, 2019.

	N	Minimum	Maximum	Mean	Std. Deviation	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
ProcaAmin	60	2.00	4.00	3.67	.601	-	6.7%	20%	73.3%	
ProcPlan	60	1.00	5.00	3.70	.760	1.7%	5%	23.3%	61.7%	8.3%
ProcProcedure	60	2.00	4.00	3.52	.701	-	11.7%	25%	63.3%	-
ProcICT	60	1.00	5.00	3.55	1.199	10%	6.7%	23.3%	38.3%	21.7%
ProcTrans	60	2.00	5.00	3.22	.783	-	18.3%	45%	33.3%	3.3%

Where: ProcAdmin = Procurement Related Administrative Procedures, ProcPlan = Procurement Planning, ProcProcedure= Procurement Procedure, ProcICT = Utilization of ICT= ProcTrans=Procurement transparency

The mean and standard deviation of various indicators shown in table 10 indicates higher means on procurement planning (3.71), administrative procedures in procurement processes (3.67) and information communication technology (3.55) were the greatest challenge on public procurement performance in Hospitals compare with the remaining other two variables. The low mean procurement transparency (3.22) and procurement procedure (3.52) had a low challenge on the

performance of public procurement. Hence, the data indicated that most of respondents agreed on procurement performance are highly affected by procurement planning, procurement-related administrative procedure, ICT utilization, procurement procedure, and transparency respectively from higher mean to lower mean

Regarding Procurement related Administrative procedures

From the result obtained, the majority (78.4%) of the respondents answered that the national procurement rules and regulation hampered the operations of the hospital. This indicates that the legal framework of Public procurement of Ethiopia which is prepared for all federal public institution has some limitation. According to Tesfahun, Y. (2011) to improve in the pharmaceutical sector, experience had shown the need for the legislative and administrative reforms necessary to establish transparent and accountable systems; enabling them to revise and adjust their existing laws, policies, administrative structures and processes in order to ensure transparency and accountability. Timeliness was very essential in pharmaceutical procurement because delay results in aggravating the patient condition; Therefore the birr amount or threshold for the pharmaceutical procurement should be revised taking in to account the current situation of the time value of money.

Regarding Procurement Planning

The result revealed that 70% of respondents indicated that procurement plans in the hospital impacted positively on procurement performance while the rest 30% of them indicated that the procurement plans did not affect procurement performance. This study found out the pharmaceuticals not being procured on time because the work programs affected by procurement planning i.e. end-users not raised their need on time and urgent/unplanned procurement requisitions were challenges in procurement unit of Hospitals. Preparing quality specification was very important for effectiveness of procurement process; however, it was found that sub-standard quality of such documents was major challenges in implementation of procurement plan. The results further revealed that the procurement plans were prepared and the goals set participatory. According to *PTF 2017* misappropriation of funds among other challenges added seriously to patient dissatisfaction due to lack of essential drugs. Procurement plans, therefore, influence procurement performance in the sense that they provide focused and efficient

utilization of available resources, help in budgeting and planning and therefore with adequate provision of funds due to procurement plans, performance is assured. (Ocharo J, 2013)

Regarding Procurement Procedures

From the results, 63.3% of respondents indicated that procurement procedures had a positive impact on procurement performance while the remaining respondents (36.7%) shown that procurement procedures had no effect procurement performance. The results have shown that inadequate monitoring/evaluation the performance of procurement process had significant impact to achieve success in procurement function at Hospitals.

The procurement procedure for pharmaceutical procurement was similar to that of other goods as there were standard procurement guidelines. Inadequate monitoring/Evaluation procedure, the major challenge played a crucial role in procurement problems. Without the needed or appropriate procedure, pharmaceutical could not be acquired leading to inevitable lack in the hospital. Selection of Improper procurement method leads to delays in procurement processes is among the causes for suppliers compliant; including delay in payment to the supplier which resulting in lack of trust. This resulted in supplier withholding the supplies until they were paid (Muhia J etal,2017).

Utilization of Information Communication Technology

The study found out 60% of respondents agreed that utilization of ICT impacted positively on procurement performance while the remaining respondents (40%) indicated that the utilization of ICT did not affect procurement performance. The results shown that lack of advanced technology usage i.e. e-procurement technology in procurement process was one of the challenges of procurement performance in the Hospitals. According to SIAPS, 2016 there should be a management information system for the tendering unit and its clients, to monitor the pharmaceutical procurement process. The system should be able to track the procurement process and signal problems when they arise so that they could be easily addressed. Procurement systems were still largely manual, neither streamlined nor automated. This resulted inefficiency and losses. ICT enables systems integration, promotes transparency, accountability, reliability, and enhancement of relationship management. Staff members are yet to benefit from attendant ICT use and adoption. The observation that the hospitals had not automated their procurement

procedures confirms a survey by the WHO (2007) which showed that the level of ICT adoption in the provincial and district hospitals was very low due to lack of adequate staff to use the available technology. Spreadsheets and manual processes are slow and cumbersome and could not supported today's demand-driven enterprise. However it was noted that even with the basic applications, these applications enhanced distribution of information, improved both internal and external communication, led to decentralization of tasks and enabled better stock control. Njeru, (2014) established that adoption of ICT helps in determination of re-order levels and stock control management and increases transparency in the procurement process.

Using online resources and forums to share information with the public improved the visibility of Procurement activities and improved the transparency of processes that were previously considered highly complex. Developing an e-government procurement (e-GP) platform improved public access to government procurement information, as well as enhanced the overall procurement cycle. Mobile technology, although not specifically mentioned, could benefit in-house administrative functions by using efficient communications and exchange of information (Thegazietal, 2015).

Regarding transparency

From the results, 36.6% of respondents indicated that procurement transparency had a positive effect on procurement performance while the remaining respondents (63.7%) shown that procurement transparency had no effect procurement performance.

The study provided a number of contributions to as it helps practitioners to know the importance of compliance to procurement regulation in enhancing procurement performance in the organization. The organization needed to ensure that all procurement staff complies with procurement regulation so as to improve procurement performance. (Amdeworketal,2014).

Provisions contained in the agreement were not adequate enough to settle disputes arisen in the course of contract performance. It is more acute when it comes to disputes or complaints related to payment. The study confirmed the need to support OCED, 2016, in order to build bidders 'confidence in the integrity and fairness of the procurement system. This was because efficient appeal and complaint in procurement procedures were important. Accessibility, user-friendliness, timely processing, independent review effective follow up was key features of sound appeal and

complaint procedures (Table 10).

5.2.7. Results & Discussions of structured interview & secondary sources of data

Document review

Table 11: Bidding document review related summary in public Hospitals of Addis Ababa, Ethiopia, 2019.

Description	Yes(%)	No(%)
Is there a copy of legal framework (Regulation, Directives, and manual) concerning Public Pharmaceutical procurement in the hospital	72.7	27.3
Our procurement processes well organized and documented	45.5	54.5
Are procurement processes organized and documented And include:needs to be addressed ;contract Performance description,documentation and notification	45.5	54.5
Are conducted procurement proceduressufficiently recorded and documentec	36.4	63.6
Has the procurement under review and the related funding been approved by head of the hospital	100	
Where funding is being arranged by grants or borrowings do these have the necessary approval and legal authority	100	
Did procurement unit prepare procurement plan of pharmaceuticals		100
Did procurement endorsing committee review and endorse the procurement plan	45.5	54.5
Did the head of the hospital examine and approve the procurement plan	100	
Procedures for verifying pharmaceuticals have been properly delivered /performed and are in accordance with contract terms	36.4	63.6
Are the responsibilities for monitoring the execution and performance of the contract clearly assigned	45.5	54.5
Did the hospital use the standard bidding document prepared by the agency	72.7	27.3
Was standard bidding document approved by the procurement endorsing committee	45.5	54.5
Has the hospital defined clearly the evaluation criteria	72.7	27.3
Did the hospital select an appropriate and admissible procurement method	45.5	54.5
If a method other than open bidding was used, did the public hospital give sufficient and reasonable reasons for its option, providing a detailed explanation as to why open bidding was not possible	72.7	27.3
Was the selected method the most efficient and effective for the performance of the contract	36.4	63.6
Did the selected method ensure competition and transparency	45.5	54.5

As summarized above the table 11. Regarding the availability of the legal framework as accessed from the information in the hospitals 72.7% the hospitals had the document and had them

practice using it as the procurement process was critical to the effective and efficient functioning of Public Pharmaceutical procurement while 27.3% of the hospitals did not have the legal framework regardless of its importance.

The majority, 64.6% of the hospital their procurement process were not sufficiently documented and recorded, while 36.4% conducted procurement procedures, sufficiently recorded and documented.

At the same time, 54.5% of hospital procurement documents were not organized in user friendly manner, while 45.5% were relatively found to be in a better-organized manner.

Similarly, 54.5% procurement processes were not well organized, documented including contract Performance description and notification. While 45.5% were found in a better status.

Regarding reviewing and endorsing the pharmaceutical need and preparation of procurement plan with the same token, 54.5% of the hospital were not reviewed and endorse procurement plan

Similarly 54.5% of the hospital's standard bidding document did not approved by the procurement endorsing committee. While about 45.5% of the hospitals had the practice of endorsed by endorsing committee. According to Directives article 7.2 should be ascertained by endorsing committee.

According to the current Federal government, public Procurement and Property Administration Proclamation No 649/2009 Article 9c, 23 and Procurement Directives Article 32 stipulates the following:-

“Public body should maintain records of procurement and other pertinent documents.”

According to this article such activity enables to follow progress, reviewed and supported by management decision and also form a basis for financial and compliance control in the procurement process.

According to the current Addis Ababa city Government public Procurement and Property Administration Proclamation, No 17/2009 Article 8,b and Federal public Procurement Directives Article 7,7.2 stipulated the following:-

“All procurement need and procurement plan should be endorsed and ascertained by the procuring unit”. According to this article the endorsing committee should endorse, examine and approve the procurement plan. According to Rembe (2011) observation, procurement entities need to make every effort to appoint procurement record officers with clearly defined record-keeping duties, transparency and accountability which was promoted through the appropriate recording of procurement procedures. There was a need for every procuring entity to maintain records retention and disposal schedule for sound management of procurement transactions.

As accessed from the information available, the Majority (63.6%) of the hospitals didn't verify pharmaceuticals that had been properly delivered /performed and are in accordance with contract terms while 34.6% of the remaining hospitals verify pharmaceuticals. This implied that the procurement process should interact with the other financial control in order to safeguard the assets, and is advisable to examine the procurement process as an integral part of the system of internal control.

As envisaged from the information accessed, 54.5% of the hospitals did not assigned professionals on the process of execution and performance of a contract, while about 45.5% the hospitals had the practice. In this regard proclamation No.649/2009, art. 8, c, “*ensure monitoring of contract and the procurement process allows management to assess overtime to the effectiveness of procurement control*”.

Most of (72.7%) the hospitals used the standard bidding documents while few of (27.3%)didn't use the standard bidding document .in addition to the performance description the bidding document provided that all the relevant condition for the competition. The majority (72.7%) of the hospital had defined clearly the evaluation criteria while few of 27.3% didn't define evaluation criteria. Likewise 54.5% of the hospitals didn't have an appropriate and admissible procurement method while few of (45.5%) of hospitals had an appropriate and admissible procurement method. This implied that the selection of the procurement method had consequence for the competition.

Most (72.7%) the hospital given sufficient and reasonable reasons for its option, providing a detailed explanation as to why open bidding was not possible while only some of (27.3%) of the hospital didn't give sufficient and reasonable time.

At the same time, 63.6% of the hospitals didn't select methods that had most efficient and effective for the performance of the contract. While the remaining 36.4% of the hospitals selected the most efficient and effective for the performance of the contract.

Similarly, 54.5% of the hospitals' selected methods didn't ensure competition and transparency while the remaining 45.5% hospitals ensured competition and transparency. In spite of this the principles of fair competition, transparency and equal treatment was not be respected ((Table 11)

Table 12:Restricted procurement method review related summary in public Hospitals of Addis Ababa, Ethiopia, 2019.

Description	Yes (%)	No (%)
Did the hospital carry out pharmaceuticals procurement by means of restricted bidding in compliance with directives	90.9	9.1
Were the required pharmaceuticals available only with limited supplier	81.8	18.2
When the hospital decided to limit the number of the supplier to invite to bid, did the invitation to bid indicate	81.8	18.2
Did the number of candidates invited to respect the minimum set (not less than 5) .ensuring a genuine competition	72.7	27.3
Is it certain that the hospital did not permit the inclusion of a supplier who had not previously applied to participate	36.4	63.6
Did the total contract value of procurement made by restricted bidding exceed the threshold established in directives	63.6	36.4

As shown in table12 majority (90.9%) of the hospital carried out pharmaceuticals procurement by means of restricted bidding in compliance with directives .while few of (9.1%) the hospital didn't carried out procurement by means of restricted bidding in compliance with directives. as regards to availability with limited supplier most of (81.8%) the hospital acquired pharmaceuticals while the remaining (18.2%) of the hospital didn't acquire pharmaceuticals. The

majority (81.8%) of the hospital were decided to limit the number of supplier to invite to bid while few (18.2%) of the hospitals didn't limit the number of supplier to invite to bid.

Most (72.7%) of the hospital invited candidates with the minimum set (not less than 5) by. Ensuring a genuine competition while few (27.3%) of the hospitals didn't invite candidates with the minimum set. According to Directives article art.23.4, a technique used by the hospitals was satisfied. 63.6% of the hospitals didn't permit the inclusion of suppliers who had not previously applied to participate. While some (34.6%) of the hospital permitted the inclusion of supplier. Similarly 63.6% of the hospital exceeds the threshold value made by restricted bidding while few (34.6%) of the hospitals didn't exceed the threshold indicated for restricted bidding. According to Directives art23.3 each public procurement entity should not exceed the threshold predetermined (Table 12).

Table 13: Request for quotation Procurement method review related summary in public Hospitals of Addis Ababa, Ethiopia, 2019.

Description	Yes	No
Did public hospital select at least three candidates from the supplier list	72.7%	27.3%
Did public hospital split procurements on the basis of gov't provisions		100%
Did the head of the hospital or his representative authorize procurement	100%	

Request for quotation was used mostly because it provided the best avenue for the procurement department to compare prices and it was fast to carry out .using different procurement procedures brought in inconsistency for each procedure required different time frames and processes to be observed. Open and direct tendering were least preferred due to their lengthy process which was time-consuming (Table 13).

Table 14: Advertising the invitation review related summary in public Hospitals of Addis Ababa, Ethiopia, 2019.

Ser.n o	Description	Yes	No
1	Did the public hospital advertise bids in compliance with a proclamation	81.8 %	18.2 %
2	Was timely and equal access to bidding documents and information provided to all candidates	54.5 %	45.5 %
3	Did time limits set to receive bids comply with the minimum requirements Established for the identified type, complexity and mode of procurement?	90.9 %	9.1%
4	Was the time limit set for submission of bids sufficient to the potential bidders to prepare and submit their bids	81.8 %	18.2 %
5	Were results of the award procedure published in accordance with Directive?	54.5 %	45.5 %
6	Did the procuring entities and bidders/suppliers communicate in written form?	72.7 %	27.3 %

As it is shown above the table 14 majorities (81.8%) of the hospital advertised bids in compliance with proclamation while few (18.2%) of the hospitals didn't advertise bids in compliance with the proclamation. Most (54.5%) of the hospitals clearly provided bidding documents and information timely and equal accessed to all candidates while the remaining (45.5%) of the hospital did not provide bidding documents and information timely and equal access to all candidates.

The majority (90.9%) of the hospital did set time limits to receive bids comply with the minimum requirement established while few of (9.1%) of the hospitals didn't set time limits to receive bids comply with the minimum requirement established.

The majority (81.8%) of the hospitals were set sufficient time limit to potential bidders to prepare and submitted their bid while few (18.2%) of the hospitals didn't set sufficient time limit to potential bidders to prepare and submitted their bid

Most (54.5%) of the hospitals were given the result of the award to successful and unsuccessful bidders according with directives mentioned. while few (45.5%) of the hospitals didn't gave the result of the award according to the directives. The majority of (72.7%) the hospitals communicated their supplier in written form while few (27.3%) of the hospital didn't communicate their supplier in written form (Table 14).

Table 15: Bid opening ceremony review related summary in public Hospitals of Addis Ababa, Ethiopia, 2019.

Description	Yes	No
A formal bid opening procedureundertaken	72.7%	27.3%
Did the public body utilize the standard Bid Opening Checklist	54.5%	45.5%
Is there a record maintained of the procedures followed in the opening of bids	72.7%	27.3%

As summarized in table 15 majority (72.7%) of the hospitals were undertaken a formal bid opening procedure while the remaining (27.3%) of the hospitals didn't taken a formal bid opening procedure.(54.5%) of the hospitals utilized the standard Bid Opening Checklist while only some (45.5%)didn't take standard Bid Opening Checklist. The majority (72.7%) of the hospitals had a record maintained procedure following the opening of bids while few (27.3%) of the hospital didn't have a record maintained of the procedure following in the opening of bids.Before the examination and evaluation of bids taken place the hospital should open all bid received before the time specified in bidding document(Table 15).

Table 16: Bid Evaluation review related summary in public Hospitals of Addis Ababa, Ethiopia, 2019.

Description	Yes	No
Did Procurement Endorsing Committee or other authorized body approve bid evaluation results, within the bid validity period offered by the bidders	36.4%	63.6%
Was interval between dates of notification and signing a contract in accordance with Directive to allow unsuccessful bidders to seek a review of an award decisions	90.9%	9.1%
Were unsuccessful bidders notified in writing on the results of the technical evaluation and reason(s) for not being chosen as the successful bidder at the same time	90.9%	9.1%

As shown above the table 16. As the information accessed 63.6% of the hospital procurement endorsing committee and other authorized bodies didn't approve the procurement of pharmaceuticals within the Bid validity period offered by the bidder however the remaining 34.6% of the hospital endorsing committee approved procurement of pharmaceuticals within the Bid validity period.

Majority(90.9%) of the hospitals procurement unit adhered to the rule stipulated in the directives that after the letter of award given to the winner there should be interval between dates of notification and signing of contract while few(9.1%) of the hospitals didn't adhered to the rule Similarly (90.9%) of the hospitals wrote a letter the results of the technical evaluation and reason for not being chosen to all bidder who participate in the bid while the remaining (9.1%) of

the hospital didn't gave the letter of the result of technical evaluations that for not being chosen. This implied that the award process demonstrated ensured objectively and transparently (Table 16).

Table 17: complaint review related summary in public Hospitals of Addis Ababa, Ethiopia, 2019.

Description	Yes	No
Complaints lodged by bidders /candidates against any act or omission by the public body properly resolved	81.8%	18.2%
Were complaints, in the first instance, addressed to and lodged with the public body	100%	
Did the public body issue a confirmation of receipt of a complaint	100%	
Did public body suspend a bid proceeding after presentation of complaint to the head of the public body	90.9%	9.1%
Did the public body resolve the dispute amicably by mutual agreement	90.9%	9.1%
Did the public body issue a written decision on the complaint within 10 working days from the date of submission of the complaint?	90.9%	9.1%
Did the public body send to the complainant a copy of the decision within 5 working days from the date in which the decision was made	100%	
Did the public body submit to the Secretariat of the Board a written Statement of Response and the documents in connection with the complaint within five (5) working days of the receipt of the notification	90.9%	9.1%
Did the public body act in accordance with Board's decision concerning complaint	90.9%	9.1%

As summarized above table 17 showed that the Majority(90.9%) of the complaint raised by the bidder was resolved amicably by mutual agreement. while the remaining 9.1% of the hospitals were not resolved. All (100%) of the compliant rose by the bidder in the first instance submitted to the head of the hospital.

The current Federal government public Procurement and Property Administration Proclamation No 649/2009 Article 74 sub Article 1 stipulates the following:-

" A complaint against an act or omission by the public body should in the first instance be submitted to the head of the public body"

According to this article, the head of the public procuring entity is given the right to prior review complaints against the action of its organization. In other words, this means that a complaint might not be accepted or treated by the complaint handling board if it was not first submitted to the procuring entity. "The hospital compliant review and remedies system was to enforce the practical application of public procurement legislation. It served as a deterrent to broken the law and thus encourages compliance. Furthermore, breaching the law and genuine mistakes could be corrected. Therefore, an effective functioning public procurement review and remedies system might ultimately contribute to the achievement of the objectives of the substantive procurement rules, such as transparency, non-discrimination, and equal treatment, and value for money'. (Table 17).

5.2.8. Structured Interview

Thematic analysis of the interviews identified nine major themes and meaning drawn from them: transparency, qualified personnel, evaluation, specification, value for money, procurement law, the current process, Ethiopian pharmaceutical supply agency and compliant handling with pharmaceutical procurement performance practices, Eleven (11) key informants were used to the study and interview was held with them.

5.2.8.1. Theme one pharmaceutical procurement performance practices

Respondents mentioned the following as factors affecting procurement performance practices. These include problems of technical specification, evaluation criteria especially in the procurement of medical equipment, low level of threshold, and limited number of suppliers, cumbersome procurement procedure, and outdated procurement law. In addition, internal as well as external auditors negative attitude towards the procurement was also mentioned as major factors which influence procurement practices as explained in the quotation below;

“Most of the auditors want their activities to be done quickly and therefore put pressure on the activities of the procurement unit (tendering unit).In effect lack of pharmaceuticals lead to dissatisfaction of the patient.”(Hp1, hospital One).

5.2.8.2. Theme two towards to Transparency

Two differing opinions emerge from this theme. *“Some respondents mentioned that there is a clear chain of responsibility in procurement process, while others mentioned Transparency requirement after completion of bid evaluation result is not practiced by most managers is their argument”*(HP2,hospital two)The head of the hospitals were engaged in approving the proposal given from tendering committee as well as reviewing the supplier compliant.

The above-mentioned statements were affirmed by international best practices, we can identify the following important factors for measuring the level of accountability, clear chain of responsibility together with effective control mechanisms, handling complaints from suppliers and public review and scrutiny of procurement actions (OECD, 2009).

5.2.8.3. Theme three qualified personnel

Two divergent opinions emerged from this theme. Some respondents mentioned that there is a qualified procurement officer who is being supported by other staff in the hospital as summarized in the excerpt below:

“There are qualified and competent procurement officers and other supporting staff on the procurement of items needed by the hospital”(Hp3,hospital three)

It is possible that the respondents who maintained that there are qualified personnel in the hospital are those who have trained procurement personnel and hence will defend” their territory”. On the contrary, other respondents without any reservation suggest that there is no qualified procurement personnel in the hospital as explained beneath.

‘There are no qualified procurement personnel here because they lack knowledge of pharmaceutical procurement’ (Hospital4, hospital four)

Babar et al., (2011), in his study in Auckland, indicated that those with higher education status and with better knowledge were more likely to use good procurement pharmaceuticals. otherwise those who do not have staff with the right competence critical to good procurement process management. There is a need for authorities to give much greater emphasis to developing such competence to adopt best practices more widely. Nonetheless, respondents viewed that there is a need to adequately train the procurement unit in the area of procurement of pharmaceuticals with requisite of on the job training and need to be allowed to provide technical support throughout the procurement process.

5.2.8.4. Theme four Evaluation

Some respondents mentioned that evaluation criteria used for bid comparison are commented on for lack of objectivity.

“Unquantifiable factors dominate the objective evaluation criteria. The point or rating system is one instance and used to evaluate best with inferior qualities on equal footing. In addition, evaluations take longer time than expected.”(Hp5, hospital five)

While other Respondents mentioned that they have *“the fear that capacity of the evaluators is one of the factors affecting timely completion and meaningful comparison of bids on equal basis”* (Hp6, hospital six). Evaluation criteria governing pharmaceutical procurement are not distinctly identified and administered separately.

5.2.8.5. Theme five Specification

Respondents mentioned a key area where procurement has problems: Regarding specification most respondent indicate

“The majority of the purchasers are concerned only with the acquisition of the contract and give little room for critical procedural and technical issues determining sustainability of the medical equipment/services.’ Specifications relative to medical equipment are not only lacking the level required details, but also incomplete. They tend to focus on Brand names of special models rather than broadly specifying relevant characteristics, performance and operational requirements of the required items. It is the opinion of the respondents that such practices have affected both

the purchasers and suppliers. Moreover, *price quotations are sometimes exaggerated due to the perception of the suppliers in public procurement.*(Hp7,hospital seven).

5. 2.8.6. Theme six Value for money

Achieving value for money in procurement i.e. ensures economy, efficiency and effectiveness is one of the concerns of procurement performance and practices in the procurement arena.

Some respondents mentioned that there are mechanisms for ensuring value for money; *“Choosing the default procurement method and the effectiveness of the processes of procurement”* (Hp8, hospital eight).Other mentioned for ensuring value for money is *“ensuring that items supplied meet the specification required”* (Hp9,hospital nine,).According the study affirmed (as cited in Worku thesis, 2014) best value for money is defined as the “optimization of whole life costs and quality needed to meet the user’s requirements while taking into consideration potential risk factors and resources available”. Its goal is to achieve maximum benefits for the organization.

5.2.8.7 Theme seven Challenges the application of procurement law

Apart from their knowledge of the law, it was interesting to know whether the law was enforced/ effective in the hospital. Two differing views came up While some respondents thought that *“the law was not effective in that it delays procurement processes and needs to be amended”* (Hp101, hospital ten).

While others argued that hospital cannot function in their procurement activities without the law and responded that. *“Yes the procurement law is effective because we work with the law without it, we cannot procure anything”* (Hp11, hospital eleven).However, the country’s procurement law is not amended since 2009 accordingly the implication that the public procurement act needs to periodically review to meet international standards taking in to account the current situation so as to purchase efficiently and effectively in the procurement process of pharmaceuticals.

5. 2.8.8. Theme eight the current process from selection to procurement

Most of the respondent thought that the system facilitated the processes of the procurement of pharmaceuticals due to *“the active participation of Drug and therapeutic committee (DTC) and Endorsing committee”* (Hp1, hospital one) others respondent understood that “passive

participation of DTC and No establishment a tender Endorsing Committee to approve procurements of high-value pharmaceuticals” (Hp5, hospital five)

5.2.8.9. Theme nine Ethiopian pharmaceutical supply agency

It was important to find out whether the procurement process of the Ethiopia pharmaceutical supply agency is beset with any challenges. Most respondents believed that the system of central purchase of pharmaceuticals was numerous challenges and had this to say

“Yes there is a lot of interference frequently stock-out pharmaceuticals in the hospital shall ask the permission of Ethiopia pharmaceutical supply agency to stump out of stock and unnecessary dalliance in the procurement process.” (Hp10, hospital ten) and others believed that *“No there is no interference instead it facilitates the procurement processes and decrease the workload of the hospital.”*(Hp2, hospital two). This implies timeliness in procurement is very crucial because delays lead to exacerbating the well being of the patient. And timely delivery of pharmaceuticals makes work very easy but largely depends on the supplier who is asked to deliver the items.

5.2.8.10. Compliant handling and procurement performance practices

On dispute settlement mechanism some of the respondents feel that *“ public procurement practices have no instrument to address complaints during the bid process.”* (Hp3, hospital three). Nevertheless, public procurement proclamation and Procurement Directives provide procedures and review requirements of complaints filed by bidders against an act or omission by the procuring entity. Complaints submitted by bidders shall be reviewed and resolved both at procuring entity and public Procurement and property disposal complaint handling Board. But these provisions are not known by most suppliers. Provisions contained in the agreement are not adequate enough to settle disputes arisen in the course of contract performance. It is more acute when it comes to disputes or complaints related to payment. The study confirmed the need to support OCED (2016), in order to build bidders ‘confidence in the integrity and fairness of procurement system. This is because efficient appeal and complaint in procurement procedures are important. Accessibility, user-friendliness, timely processing, independent review and effective follow up are key features of sound appeal and complaint procedures.

6. Strength and limitations

6.1. Significance of the study

The output of this research will contribute to the betterment of hospitals in terms of ensuring commodity security in the country. It will also enlighten policymakers in the public hospitals to have a glance of what is missing in the total picture of their procurement performance and take necessary directions towards improving it in the future. Moreover, it would be an initial input for those who wish to conduct further studies on this topic.

6.2. Delimitation/scope of the study

This study is encircled only in Addis Ababa public hospitals to assess pharmaceutical procurement performance practices and problems. Among hospitals these studies focus on procurement tendering committee at Addis Ababa public hospitals. Since the study assesses the pharmaceutical performance of the hospital only at Addis Ababa, due to this the study may not give enough information about the whole picture of the system.

6.3. Limitation of the study

The study lacks analytical design (association between independent variable and dependent variable) design; this makes this project less merit from the statistical inference perspective. The findings of this study were from only hospital perspective at Addis Ababa; due to this the study may not give enough information about the entire image of the system.

6.4. Strength of the study

The study used both quantitative and qualitative research methods. It also used different data collection methods, (semi-structured questionnaire, key informant interview, and observation using checklist).The interview includes decision maker of the hospital chief executive officer regarding pharmaceutical procurement service.

7. Conclusion and Recommendations

7.1. Conclusions

In view of the finding this study concludes that administrative procedures, procurement planning, procurement procedures and utilization of ICT affect procurement performance at Hospitals. Procurement related administrative procedures explain about 73.3% of the variations in procurement performance while, Procurement planning, utilization of ICT, procurement procedures and transparency explain 70%, 63.7%,60%, and 36.7% respectively. The most important factor was found to be procurement-related administrative procedures followed by procurement planning as pointed out by most of the respondents. Administrative procedures analyzed based on the following challenges: challenges are related to procurement proclamation and directives, internal and external procurement activities. Most of the respondents pointed out that external related procurement activities are the major challenges of procurement performance at Hospitals.

The study found out that there was a shortage of supplier supplying capacity, supplier performance, EPSA regulation, shortage of supplier and late payments to suppliers which greatly affecting on procurement performance of Hospitals. The study further concluded that one of the major setbacks in Hospitals is poor planning and management of the procurement process which includes urgent/unplanned requisitions, incomplete requisition, and lack of qualifies personnel, inadequate budget planning of end-user and the needs from end-users not raised their need on time.

7.2. Recommendations

Based on the finding of the study, conclusion drawn in line with the study objectives, the following points are recommended for Hospitals in order to improve procurement performance in procurement functions.

- The procurement process should be administered by qualified and experienced procurement professionals.
- The public hospitals should strive to strengthen their procurement plan
- Hospitals should automate their procurement system. It should embrace ICT for the purpose of enhancing efficiency, effectiveness, and transparency. The hospital shall

install advanced technology, which may be e-procurement technology which is very useful to communicate easily with the user department, procurement unit, and suppliers

- The procurement should adopt both decentralized and centralized structure; by decentralized, some routine and repetitive procurement activities should be done by hospitals because one hospital activities are peculiar from others,.
- Ethiopian pharmaceutical agencies should enter into framework agreements to save significant procurement time and resources by avoiding the repetition of all steps to ensure supply security while retaining flexibility in purchase quantities.
- The hospital should enter a long term contract with suppliers to ensure commodity security and by reducing delays the lengthy procurement process.
- Hospitals under Addis Ababa City health bureau should establish endorsing committee to ensure transparency and accountability.
- Finally, The legal framework of public procurement of Ethiopia which prepared for all federal public institution has some limitation it considers pharmaceutical procurement was under good procurement type so the birr amount or threshold for this type of purchase should be revised and separated taking into account the current situation of the time value for money

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Annex 1

School of Pharmacy

Questionnaire to be filled by Public Hospitals

Dear Participants,

My name is Demissu Abdi; Candidates for Masters in Health Supply Chain Management. I am doing research for partial fulfillment of Masters Degree. This questionnaire is prepared to collect data for my research topic entitled” Factors affecting pharmaceutical procurement performance, Assessment in hospitals of Addis Ababa, Ethiopia. For partial fulfillment of Masters Degree in Health Supply Chain Management. The purpose of the study is purely academic. Hence, I will assure you that it will have no negative effect on you as individual or on your organization. The effectiveness of the study depends on your genuine frank response which will be kept confidential. I, therefore, request you to fill the questionnaire honestly and frankly. I would like to thank you for your kind cooperation in advance. My contact address in case you have question while completing questionnaire or to provide additional information: Demissu Abdi Mobile phone *0911063791 or email katiwemesh@gmail.com.General Instruction: Please circle the letter of your choice where alternative is given, in case where description response requires please write your response in space provide and also use tick mark where required. Please note that additional paper can be used where the space provided is not enough for descriptive response.

PART I

GENERAL INFORMATION

1 .What is your education level?

Certificate[] Diploma [] Degree [] Masters Degree [] PhD []

2. Years of service/working period

Less than 2 year [] 2-5 years [] 6-10 years [] Over 10 years []

3. Please indicate your designation/ position

Head of department/unit/division [] senior expert [] expert []

PART II

Administrative functions related to procurement process

The objective of the study: To identify the major procurement-related administrative procedures in Hospital. Each scale represents the following rating:

1. Strongly Disagree; 2. Disagree; 3.Neutral; 4. Agree; 5. Strongly Agree

Question: What is your level of agreement with the following statements that relate to the effect of procurement-related **administrative procedures** on procurement performance in hospitals?

Categories			1	2	3	4	5
Challenges related to procurement proclamation and directives	1	Your Hospitals have a copy of procurement proclamation, directives and manual that governs all procurement and contract activities.					
	2	Your Hospital’s procurement manuals and procedures are communicated to all procurement staff and stakeholders.					
	3	Your Hospitals has a transparent working process.					
	4	The national procurement rules and regulations hampering (slow down) the operations of your Hospitals.					

	5	A hospital has a transparent complaining process.					
Internal procurement activities related challenges	1	Lack of clear process and procedure are the major challenge of procurement performance in your Hospitals.					
	2	Late Delivery of Pharmaceuticals affects the performance of procurement in your Hospitals.					
	3	Lack of employee experience in the procurement field is one of the problems for hospitals' procurement performance.					
	4	Lack of accountability is one of the challenges of procurement performance in your hospitals.					
	5	Poor communication and coordination of the user department affect the performance of procurement in your hospital.					
External procurement activities related challenges	1	The shortage of suppliers is the major challenge for your hospital procurement performance.					
	2	PFSA regulations are one of the factors for your hospitals' procurement performance.					
	3	Supplier's supplying capacities affect the performance of procurement in your hospital					
	4	Late payment to suppliers affects the performance of procurement in your hospitals.					
	5	Supplier performance has an impact on procurement performance in your hospitals.					

If you want to add, please specify.....
.....
.....

PART III

Procurement planning

The objective of the study: To evaluate the effect of **procurement planning** of user department on the procurement performance in your hospitals.

Each scale represents the following rating:

- 1. Strongly Disagree; 2. Disagree; 3. Neutral; 4. Agree; 5. Strongly Agree

Question:

What is your level of agreement with the following statements that relate to the assessment of **procurement planning** of the user department on procurement performance the hospitals?

		1	2	3	4	5
1	Inadequate budget planning of end-users is major challenge for the effectiveness of hospital procurement performance.					
2	End users are not raised their need on time influence the effectiveness of hospital procurement performance.					
3	Incomplete requisitions from end users influence hospitals procurement performance.					
4	Lack of qualified staff is the problem to prepare procurement plan.					
5	Urgent/unplanned requisition is the major challenge to go procurement process					

If you want to add, please specify.....

.....
.....

PART IV

Procurement procedures

The objective of the study: To examine the influence of **procurement procedures** on procurement performance in your hospitals.

Each scale represents the following rating:

1. Strongly Disagree; 2. Disagree; 3. Neutral; 4. Agree; 5. Strongly Agree

Question:

To what extent **procurement procedures** influence procurement performance in hospitals?

		1	2	3	4	5
1	The selection of procurement methods is one of the challenges of procurement performance in your hospitals.					
2	The evaluation procedure is the major challenge on the performance of procurement in your hospitals.					
3	The compliant procedure is a major source that affects performance of procurement in hospitals.					
4	Award and contract procedures influence the performance of procurement in hospitals.					
5	Inadequate monitoring/evaluation of the performance of the procurement process is one of the challenges in hospitals.					

If you want to add, please specify.....

PART V

Information Communication Technology Utilization

The objective of the study: To examine the influence of **Information Communication Technology utilization** on procurement performance in hospitals.

Each scale represents the following rating:

- 1. Strongly Disagree; 2. Disagree; 3. Neutral; 4. Agree; 5. Strongly Agree

Question:

To what extent **Information Communication Technology utilization** influence procurement performance in Hospitals?

		1	2	3	4	5
1	Information Communication Technology has increased transactions of efficiencies in hospitals.					
2	Information Communication Technology has accelerated the procurement process in hospitals.					
3	Information Communication Technology has support for reduced paperwork in hospitals.					
4	Information Communication Technology has play a role to increase delivery performance in hospitals.					
5	Information Communication Technology has increased the output of procurement officers in Hospitals					

If you want to add, please specify.....
.....
.....

PART VI Procurement Performance Evaluation Related Questions

Each scale represents the following rating:

1. Strongly Disagree; 2. Disagree; 3. Neutral; 4. Agree; 5. Strongly Agree

		1	2	3	4	5
1	Procurement performance is influenced by procurement-related administrative procedures					
2	Procurement planning highly affected procurement performance in hospitals					
3	Procurement procedures play major role for enhancement of procurement performance					
4	In your hospitals ICT utilization facilitate the achievement of procurement performance					
5	Procurement performance is influenced by transparency in procurement process					

PART VII To assess how Transparency influences procurement performance in hospitals

Indicators	1	2	3	4	5
A. The internal system is strong to ensure accountability					
1. After the contract is awarded, accountability becomes easy to monitor and control acquisitions					
2. The government ensures whether the supplier provides the required quality and quantity to ensure value for public money					
3. In procurement operations, discretionary power is delegated with a high level of accountability					
4. An internal auditing system is effective for identifying corruption and making the persons accountable					
5. In your organization, accountability is linked to the following and functions effectively with regard to these principle:					
• Compliance with standards set					
• Law is non-repressive and fair					
• There are clear sentencing guidelines					

B. Transparency is well-established with regard to the selection of bidders					
1. In your hospital, rule-based legislation provides more effective control over the bureaucracy in making effective competition					
2. The winning bidder on the basis of stated criteria is awarded without the need for additional personal communication					
3. Your hospital uses competitive biddings in almost all cases unless justifiable reasons force it to acquire through other methods					
4. In your hospital, there is clear hierarchical accountability in reporting and taking actions					
5. In your organization, with regard to decisions related to accountability, indicate your level of agreement:					

Annex II

አዲስ አበባ ዩኒቨርሲቲ

የፋርማሲ የት/ክፍል

በአዲስ አበባ ከተማ ውስጥ በሚገኙ የመንግስት ሆስፒታሎች ውስጥ ያለውን የመድሀኒት ግዥ አስተዳደር በተመለከተ ከሆስፒታል የበላይ ሀላፊዎች ጋር ለሚደረግ ቃለ-መጠይቅ የተዘጋጀ

(1) በቃለ-መጠይቁ ለመሳተፍ የፍቃደኝነት መጠየቅያ ቅፅ

በመድሀኒት ግዥ አስተዳደር ላይ ያሉ ጠንካራ ጎኖችና አበረታች ነገሮችን መለየት እንዲሁም የሚያጋጥሙ ውስንነቶችና መሰናክሎችን መለየት ለህብረተሰቡ የመድሀኒት ተደራሽነት ለማሻሻል ለሚደረጉ ጥረቶች ከፍተኛ አስተዋፅኦ እንደሚኖረው ይታወቃል። በመሆኑም በሆስፒታላችሁ ውስጥ ያለውን የመድሀኒት ግዥ አስተዳደር ሁኔታ በሚመለከት ያሎትን የግል አስተያየት እንዲነግሩን በአክብሮት እንጠይቃለን።

በቃለ-መጠይቁ ወቅት የሚያነሱዎቸውን ነጥቦች ሙሉ ለሙሉ ለማስቀረት ይረዳን ዘንድ የእርሶዎ ፈቃድ ከሆነ ይህ ቃለ መጠይቅ በመቅረፅ ድምፅ የሚቀዳ ይሆናል።ይህም በመሆኑ ድምፅዎን በሚሰማ መልኩ ጮክ ብለው እንዲናገሩ አሁንም በድጋሜ እጠይቃለሁ። ይህም ከአንድ ሰዓት ያነሰ ጊዜ ይወስዳል። በመቅረፅ ድምፅ መቀዳት የማይፈልጉ ከሆነ ኖት እይዛለሁ።በዚህ የቃለ-መጠይቅ ሂደት የሚገኙ ማናቸውም መረጃዎች በሚስጥር የሚጠበቁ ይሆናል። ይህም ማለት የሚሰጡንን መረጃ ከጥናት ቡድኑ አባላት ውጭ ለማንም ግልፅ የማይደርግ ሲሆን የሚዘጋጁ የቃለ-መጠይቆች ዘገባዎችም እርስዎን እንደመረጃ ሰጪ የማይጠቅሱ ይሆናል።እርስዎ መናገር የማይፈልጉትን ነገር ለመናገር እንደማይገደዱ እና ቃለ-መጠይቁን በማንኛውም ጊዜ ማቋረጥ እንደሚችሉ ላስታውሱዎት እወዳለው። በቅድሚያ ስለትብብርዎ አመሰግናለሁ።

በቃለ-መጠይቁ ለመሳተፍ ፍቃደኛንዎት

አዎ አይደለሁም

(2) በቃለ-መጠይቁ ወቅት የሚነሱ ነጥቦች ዝርዝር

1. በእርስዎ አስተያየት በሆስፒታላችሁ የመድሀኒት(የህክምና መገልገያዎች፣የህክምና መሳሪያዎች፣የላብራቶሪ ኬሚካልና ሪኬጀንቶች እና የራዲዮሎጂ መገልገያዎች) ግዥ አፈፃፀም፣የሚከተሉት ምን ዓይነት ተፅዕኖዎች ያመጣሉ)

- በሆስፒታል ግዥ ውስጥ ግልፅነትና ተጠያቂነትን በተመለከተ (የግዥ ዶክመንት ማጠናቀሪያ መዝገብ ማዘጋጀትና አያያዝ፣ግልፅ የሆነ አሰራር በጨረታ ሂደት ወቅት እንዲሁም ለኦዲተር ክፍት ማድረግና በሰርጭት ወቅት የባለሙያ ተሳትፎ አለ ወይ)
- የአይሲቲ (ኮምፒውተር እና የኢ-ግዥ) አጠቃቀም ምን ይመስላል)
- ሥነ-ምግባር (መመሳጠር፣የጥቅም ግጭት እና አለአግባብ ሰዓትን ለሌላ ነገር ማዋል)ጉድለቶች ይስተዋላሉ ወይ)
- የሰራተኛ ብቃት(የትምህርት ዝግጁነት፣የሙያ ላይ ስልጠና፣የስራ ልምድ ትኩረት ተደርጎ ይሰራበታል ወይ)
- የግዥ ህግን በተመለከተ በአፈጻጸም ላይ ያለ ተግዳሮቶች ምን ይመስላሉ
- አግባብነት እና ተቀባይነት ያለው የግዥ ዘዴ በመመረጥና በመጠቀም ያለው ሂደት ምን ይመስላል

2. በመድሀኒት (የህክምና መገልገያ እቃዎች፣መሳሪያዎች፣የላብራቶሪ እና የራዲዮሎጂ ሪኬጀንቶች) ግዥ ወቅት ገንዘብ ሊያስገኝ የሚችለውን ተመጣጣኝ ፋይዳ ለማስገኘት እንዲቻል እንዴት እንደሚያረጋገጡ በአጭሩ ቢገልፁልን)

3. በሆስፒታል መድሀኒት (የህክምና እቃዎች፣መሳሪያዎች፣የላብራቶሪ እና የራዲዮሎጂ ሪኬጀንቶችን) ግዥ አፈፃፀም ግምገማ ሂደት ላይ ያጋጠሞት ችግሮች አሉ) ካሉ ምን ምን እንደሆኑ ሊገልፁልን ይችላሉ)

4. በሆስፒታላችሁ ውስጥ በአሁኑ ጊዜ ያለው ከምርጫ ጀምሮ እስከ ግዥ ያለውን ሂደት ጥንካሬዎችንና ውስንነቶችን ትኩረት በመስጠት እንዴት ይገመግሙታል)

ሀ. መድሀኒቶችን(የህክምና መገልገያ እቃዎች፣መሳሪያዎች፣ የላብራቶሪ እና የራዲዮሎጂ ሪኬጀንቶችን)ከመምረጥ እስከመግዛት ባለው ሂደት ምን ምን ምቹ ሁኔታዎች አሉ? ምን ምን ሁኔታዎችስ መሰናክል ሆነውባቸዋል?

ለ. የመድኃኒት (የህክምና መገልገያ እቃዎች፣መሳሪያዎች፣የላብራቶሪ እና የራዲዮሎጂ ሪኬጀንቶችን) ግዥ አፈፃፀምን የተሻለ ለማድረፍ ምን መደረግ አለበት ይላሉ?

5. በራሳችሁ እና በመድሀኒት አቅርቦት ኤጀንሲ መድሀኒትና የህክምና መገልገያ እቃዎች፣ መሳሪያዎች፣ የላብራቶሪ እና የራዲዮሎጂ ሪከፊትዎችን እንደምትገዙ ይታወቃል። ግዥው በመድሀኒት አቅርቦት ኤጀንሲ በማዕከል በመገዛቱ በግዥ ሂደቱ ላይ ምን መሰናክል ሆነውባችኋል?

6. በግዥ ሂደት አፈፃፀም ላይ ተጫራቾች ቅሬታ ያቀረቡበት ሁኔታ ነበር ወይ(ለምሳሌ በመስፈርቱ፣ በአሸናፊው)?

በተጨማሪ ሊነግሩኝ የሚፈልጉት ነገር ካለ

ፍቃደኛ የሚሆኑ ከሆነ ከሁለት ወር በኋላ በአዲስ አበባ ዩኒቨርሲቲ በፋርማሲዮቲካልና ሶሻል ፋርማሲ የክልዝ ሰፕላይ ጅይን ማኔጅመንት ትምህርት ክፍል የማቀርበውን የዚህንና የሌሎችን ቃለ-መጠይቆች ረቂቅ ዘገባ ለእርስዎ ብልክልዎት ደስ ይለኛል።

ስለሰጡኝ ጊዜና ስላደረጉልኝ ትብብር ከልቤ አመሰግናለሁ።

INTERVIEW

If you agree to participate in my research, I will conduct an interview with you at the time and location of your choice. The interview will involve question about the title mentioned above. It will last about half an hour. With your permission. I will audiotape and take notes during the interview. The recording is to accurately record the information you provide and will be used for transcription purposes only. If you choose not to be audiotaped, I will take notes instead. If you agree to be audiotaped but feel uncomfortable at any time during the interview, I can turn off the recorder at your request. Or if you don't wish to continue, you can stop the interview at any time. Your participation is completely voluntary. You can refuse to answer any questions and/or withdraw from the study at any time without a problem for you.

1. In your opinion how do the following factors affect the procurement performance in this hospital?
 - Transparency (Is there a clear chain of responsibility in the tendering process) and Accountability (Filing and documentation, Audit Queries and Involvement of officers in the supply of Pharmaceutical products).
 - ICT Adoption (Computer literacy, Application and E-procurement).
 - Ethics (Collusion, Conflict of Interest and Abuse of office).
 - Employee competence (Academic qualification, In-service training, and work experience)
 - Procurement Law (Are there any challenges with the application of the law)
 - procurement method (did the hospital select an appropriate and admissible procurement method).
2. Please briefly explain how you ensure value for money in your procurement performance?
3. Do you face some challenges in the pharmaceutical procurement evaluation process in your hospital?

If yes, what are some of the challenges you face in the pharmaceutical procurement evaluation process?

4. How do you assess the current process from selection to procurement of pharmaceuticals in your hospital giving emphasis to the strengths and limitations?

Probing (1): What conditions have facilitated the processes of the procurement of pharmaceuticals and what barriers do you encounter?

Probing (2): What is your recommendation for improving the process procurement of pharmaceuticals further?

5. What do you think the most common challenges (if any) regarding the central procurement/EPISA hub in the procurement process?

6. Were complaints lodged by bidders/candidates against any act or omission by the hospital properly resolved?

I will analyze the information and others gave me and submit a draft to my Advisors at department of pharmaceuticals and social pharmacy health supply chain management stream, School of Pharmacy, Addis Ababa University in two months. I will be happy to send you a copy to review at that time if you are interested. Thank you for your time and cooperation.

Annex III

Pharmaceutical bidding document reviewed by principal investigator

Ser. No	Description	Yes	No	Comments
1	Is there a copy of legal framework (Regulation, Directives, and manual) concerning Public Pharmaceutical procurement in the hospital			
2	Our procurement processes well organized and documented?			
3	Our procurement processes organized and documented And include: needs to be addressed; contract Performance description, documentation and notification			
4	Are conducted procurement procedures sufficiently recorded and documented			
5	Has the procurement under review and the related funding been approved by head of the hospital			
6	Where funding is being arranged by grants or borrowings do these have the necessary approval and legal authority			
7	Did procurement unit prepare procurement plan of pharmaceuticals			
8	Did procurement endorsing committee review and endorse the procurement plan			
9	Did the head of the hospital examine and approve the procurement plan			
10	Procedures for verifying pharmaceuticals have been properly delivered /performed and are in accordance with contract terms			
11	Are the responsibilities for monitoring the execution and performance of the contract clearly assigned			
12	Did the hospital use the standard bidding document prepared by the agency			
13	Was standard bidding document approved by the procurement endorsing committee			
14	Has the hospital defined clearly the evaluation criteria			
15	Did the hospital select an appropriate and admissible procurement method			
16	If a method other than open bidding was used, did the public hospital give sufficient and reasonable reasons for its option, providing a detailed explanation as to why open bidding was not possible			

17	Was the selected method the most efficient and effective for the performance of the contract			
18	Did the selected method ensure competition and transparency			
When a restricted bidding method was used				
19	Did the hospital carry out pharmaceuticals procurement by means of restricted bidding in compliance with directives			
20	Were the required pharmaceuticals available only with limited supplier			
21	When the hospital decided to limit the number of the supplier to invite to bid, did the invitation to bid indicate			
22	Did the number of candidates invited to respect the minimum set (not less than 5) .ensuring a genuine competition			
23	Is it certain that the hospital did not permit the inclusion of a supplier who had not previously applied to participate			
24	Did the total contract value of procurement made by restricted bidding exceed the threshold established in directives			
means of request quotation used				
25	Did public hospital select not less than three candidates from the supplier list taking in to account rule stipulated in the directives			
26	Did public hospital split procurements merely to take advantage of a provision governing procurements by request for quotation			
27	Did the head of the hospital or his representative authorize procurement by means of request for quotation ?			
28	Did the public hospital advertise bids in compliance with the proclamation			
29	Was timely and equal access to bidding documents and information provided all candidates?			
30	Did time limits set to receive bids comply with the minimum requirements established for the identified type, complexity and mode of procurement?			
31	Was the time limit set for submission of bids sufficient to the potential bidders to prepare and submit their bids			

32	Were results of the award procedures published in accordance with Directive?			
33	Did procuring entity and bidders / suppliers communicated in written form?			
34	Is there a record maintained of the procedures followed in the opening of bids			
35	Was a formal bid opening procedure Under taken			
36	Did the public body utilize the standard Bid Opening Checklist?			
37	Did Procurement Endorsing Committee or other authorized body approve bid evaluation results, within the bid validity period offered by the bidders?			
38	Was interval between dates of notification and sign a contract in accordance with Directive to allow unsuccessful bidders to seek a review of an award decision?			
39	Were unsuccessful bidders notified in writing on the results of the technical evaluation and reason(s) for not being chosen as the successful bidder at the same time?			
40	Were complaints lodged by bidders /candidates against any act or omission by the public body properly resolved?			
41	Were complaints, in the first instance, addressed to and lodged with the public body?			
42	Did the public body issue a confirmation of receipt of a complaint?			
43	Did the public body suspend a bid proceeding after the presentation of complaint to the head of the public body?			
44	Did the public body resolve the dispute amicably by mutual agreement?			
45	Did the public body issue a written decision on the complaint within 10			

	working days from the date of submission of the complaint?			
46	Did the public body send to complainant a copy of the decision within 5 working days from the date in which the decision was made?			
47	Did the public body submit to the Secretariat of the Board a written Statement of Response and the documents in connection with the complaint within five (5) working days of the receipt of the notification?			
48	Did the public body act in accordance with board's decision concerning complaint?			

Annex Iv

Reliability Statistics

Cranach's Alpha	N of Items
.802	ADP
.845	PRP
.952	PRPR
.753	ICTU
.853	PRE
.907	TRA

Where ADP(procurement related administrated procedure),PRP(procurement planning),PRPR(procurement procedure),ICTU (information communication technology utilization),PRE(procurement performance evaluation) TRA(transparency)

Reliability Statistics

Cranach's Alpha	N of Items
.851	51