



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES MBA PROGRAM**

**PROCUREMENT PRACTICES AND CHALLENGES IN
ETHIOPIA:
EVIDENCE FROM THE ETHIOPIAN AGRICULTURAL
TRANSFORMATION AGENCY**

**BY
BELACHEW DAMTE**

**DECEMBER, 2018
ADDIS ABABA, ETHIOPIA**

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**THESIS SUBMITTED FOR PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF
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APPROVED BY BOARD OF EXAMINERS

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DECLARATION

I, the undersigned, declare that this thesis is my original work and has not been presented for a degree in any other university, and that all sources of materials used for the thesis have been duly acknowledged.

Declared By:

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Date: Dec 2018

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Abstract

Public procurement is ultimately built upon four basic pillars: procurement laws and regulations, procurement workforce, procurement process and methods, and procurement organizational structure. Ideally, procurement laws and regulations should be clear, consistent, comprehensive, and flexible. The objective of this study is to assess the regulatory framework, practices and challenges of public procurement by considering the Ethiopian Agricultural Transformation Agency as a case. The study used mixed research approaches. Data were collected through questionnaire and in-depth interview and were analyzed using both qualitative and quantitative tools. According to the findings of the study, some procurement practices of the Agency were found and observed to be non-compliance with the public procurement rules and regulations. As the study revealed, the reasons for non-compliance were inefficiency, non-transparent procurement processes, and lack of knowledge of rules and regulations. Therefore, it needs commitment from ATA senior management authorities to improve those specific areas of deficiencies in the procurement practice of the Agency by focusing on the challenges hindering for sound public procurement practice.

Keywords: Public procurement, procurement procedures, procurement performance, procurement specifications, ATA, Ethiopia.

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Acronyms

ATA	Agricultural Transformation Agency of Ethiopia
BMGF	Bill and Melinda Gates Foundation
CEO	Chief Executive Officer
DANIDA	Danish International Development Agency
ERP	Enterprise Resource Planning
FPPA	Federal Public Procurement and Property Administration Agency
FDRE	Federal Democratic Republic of Ethiopia
RQ	Research Question
CIPS	Chartered Institute of Purchasing and Supply
OFAG	Office of Federal Auditor General
PPA	Public Procurement Agency
MoFEC-	Ministry of Finance and Economic Cooperation
RNE	The Royall Netherlands Embassy
USAID	United States Agency for International Development,
WB	World Bank

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Procurement processes necessitate various functions far beyond traditional perception that the main role of procurement is acquiring goods, works and services from outside sources for replenishing organization needs. According to Waters (2004), it begins when an agency 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. It is amongst the important functions of any government and plays a significant role in organization performance. Thus, efficiency in procurement procedures has become one of the crucial factors for determining organization efficiency; in this aspect procurement is considered to be of major strategic importance for organization successfulness (Paulraj et al., 2006).

Public procurement is continuing to evolve both conceptually and organizationally. The evolution accelerated during the 1990s as governments at all levels came under increasing pressures to “do more with less.” Indeed, all governmental entities of rich and poor countries are struggling in the face of unrelenting budget constraints, government downsizing, public demand for increased transparency in public procurement; and greater concerns about efficiency, fairness, and equity (Thai, 2009). The report further indicated that irrespective of variations in the existing political, economic and legal environment peculiar to a specific country, an efficient and effective system of public procurement is ultimately built upon four basic pillars: procurement laws and regulations, procurement workforce, procurement process and methods, and procurement organizational structure. Ideally, procurement laws and regulations should be clear, consistent, comprehensive, and flexible (Thai, 2009).

Purchasing plays a key role for the execution of organizational objectives by providing right quality of inputs for users at the right time and cost. That is why huge amount of budget is allocated for purchasing and this budget must be properly utilized within the budget year and ensure it is supporting program objectives. The Agricultural Transformation Agency (ATA) is established by the Council of Ministers Regulation No. 198 /120/ 10 as an autonomous federal organ having its own legal personality to identify systemic constraints of agricultural development, through conducting studies and recommend solutions in order to ensure sustainability and structural transformation of agriculture and support the application of same. Yet, the agency has dual complications right now. In one hand, as a government agency, the ATA has to make sure the procurement practice aligns with the strictest and long process procurement guidelines of the FDRE Procurement and Property Administration Agency (PPA). On the other hand, the ATA is highly budgeted by different international donor organizations such as the World Bank (WB), Bill and Melinda Gates Foundation (BMGF), Danish International Development Agency (DANIDA), United States Agency for International Development (USAID), The Royall Netherlands Embassy (RNE) and the Ethiopian government. Each respective donor carries out planned procurement performance assessment and audit to make sure the allocated budget is efficiently and effectively utilized for the intended objective. As such the ATA is required to utilize the different sources of donor funds and deliver what is expected from its mandate- catalyzing agricultural transformation agenda through various studies and recommendation. Officials must ensure that public procurement is managed in accordance with the objectives, principles and procedures defined and are conducted to the public interest and is open to public inspection. According to Federal Democratic Republic of Ethiopia ((FDRE),2009), compliance is the key to the attainment of the objectives of the procurement such as transparency, competition, value for money, accountability and the efficient use of state resources. On the other hand, non- compliance to procurement laws is considered as a major hindrance to the effectiveness of the laws (Gelderman et al., 2006).

The World Bank (2002) report indicated that successive review of the public procurement regimes in Ethiopia reveal a lot of shortcomings such as procurement laws and regulations are not based on recognized international models, absence of clearly defined central oversight and public bodies at all levels, shortage of experienced management and procurement staff, lack of transparency in the procurement processes, absence of procedures for modern form of procurement activities and unclear institutional and organizational arrangements required in the management of the public procurement process. Based on the abovementioned comments, Ethiopia has already begun implementing major reform programs since 2009. The Federal Government of Ethiopia Procurement and Property Administration Proclamation No 649/2009 was enacted by parliament replacing the previous law. The law led to the establishment and operation of the Federal Public Procurement and Property Administration Agency (FPPA) and the independent Complaints Board. The law also emphasizes best practices including value for money, non-discrimination, transparency and accountability as the major principles of public procurement in Ethiopia. However, still many sources such as the World Bank procurement assessment reports and newsletters; (World Bank. 2002-06-28, Volume 2) indicate that there are different challenges to ensure sound procurement practice in Ethiopia. Some of these challenges include lack of evident assessment of the actual practices and the level of compliance with international best practices regarding procurement, lack of alignment of the practices of procurement processes with the procurement manual of the country (Office of Federal Auditor General (OFAG), 2016).

1.2 Review of Ethiopian Procurement System

This section gives an overview about legal framework of the Ethiopian public procurement system. Having the objective to achieve better transparency, efficiency, fairness and impartiality in public procurement and to enable the utilization of the large sum of public money spent on procurement in a manner that ensures greater economy and efficiency, the Federal Democratic Republic of Ethiopia (FDRE) government established a public procurement proclamation. The proclamation describes the basic procedures and methods of public procurement and has established an independent public procurement control and

oversight Entity i.e. the Ethiopian Public Procurement and Property Administration Agency (PPA). As mandated in the Proclamation PPA issued Public Procurement Manual. The manual explains that in the public procurement plan, the user department must raise the procurement needs; this need has to acquire specification/Terms of Reference of Requirements; it should be clear, precise, complete and well understood. The specification may further be refined and clarified, by the procuring department, as per the pertinent rules and regulation. Technical specification is prepared or will be prepared by end users (PPA, 2011).

The procurement also states that except otherwise provided in this proclamation, the procuring entity shall use open bidding as the preferred procedure of procurement. The selection of any procurement method other than Open Bidding should be recorded in the Records of procurement, stating the reasons and justification for the method selected (FDRE, 2003). The manual further conditions about contract administration as Effective management of contracts is essential to ensure that the objectives of the procurement process are achieved and that all contractual obligations and activities are completed efficiently by both parties to the contract. The Procurement Unit must ensure that routine monitoring of all current contracts is maintained so that swift remedial measures can be taken when problems arise, or preventative action taken when problems are foreseen (PPA,2011)

1.3 Statement of the Problem

Evidence of annual reports show that 50–60% of the annual budget of ATA is allocated for purchasing of different inputs and equipment necessary to run its operational duties. However, the statement below, which is taken from the nine months performance report of the ATA (Hamle2010) presented to the parliament discloses the long procurement process and the strict government regulatory as one of the reasons that contributed for limited budget utilization and little support to planned program activities. As such, the statement draws my attention to carry out thorough reviewing of processes; regulatory guidelines and wanted to investigate the real practice and challenges of the ATA and comprehensive government procurement regulations in regards to the influences against the mandate of the ATA.

<p>The long procurement process that is presented as a reason for the Agency's low budget performance should be solved in collaboration with stakeholders and efforts should be made to properly utilize the budget for its intended purpose. The regular budget performance should be included in the report.</p>	<p>የኤጀንሲው የዘጠኝ ወር የበጀት አፈጻጸም ዝቅተኛ በመሆኑና በአጠቃላይ በሪፖርት ለአፈጻጸሙ ዝቅተኛ መሆን በምክንያትነት የቀረበውን የግዥ ሂደት መራዘም ችግር ከሚመለከታቸው አካላት ጋር በመቀናጀት ተፈቶ ተግባራትን በጊዜው በመፍጸም በጀት ያለብክነት መጠቀም ይገባል። ሪፖርትም የመደመኛ በጀት አፈጻጸም የሪፖርት አካል ሊደረግ (ሊካተት) ይገባል</p>
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Additionally, there are various circumstances of items and services purchased that don't match with items requested (wrong quality& delayed delivery), poor contract administration and inefficiency that puts the ATA in to financial &program implementation risk. These are some of the challenges that the ATA faces in terms of procurement practice and becoming a great impediment for the Agency's goal attainment. The Agency's annual staff meeting also highlighted that procurement inefficiency caused by stringent and long procurement process, quality and contract administration issues has been the contributing factors for budget utilization and program inefficiency. In this study, therefore, effort is made to assess the practices and challenges of public procurement in the Ethiopian Agricultural Transformation Agency and the support of procurement policies, manuals and procedures in light of its mandate to identify systemic problems and recommend solutions by ATA(2013).

Different researchers have also tried to address some of the problems of public procurement in some public organizations in the country. These include public procurement reform in Ethiopia: policy and institutional challenges and prospects by Yirga(2011); procurement planning and implementation effectiveness in Ethiopia by Anteneh (2015); procurement reform in Ethiopia: factors leading to effective public procurement implementation by Getnet and Tilahun (2014); accountability, responsibility, transparency and corruption by Gizachew (n.d), and evaluation of procurement process at Addis Ababa Water and Sewerage Authority by Yonas (2014). However, none of the above studies have adequately identified the challenges faced in the field of procurement in the public sectors; the implementation/practices of the legal frameworks (law, proclamation, manual) of public procurement were not adequately addressed; and the Ethiopian public procurement legal framework in light of the Ethiopian Agricultural Transformation Agency (ATA) has not been

assessed. Therefore, this research intends to identify the major challenges faced during the process and assess the consequences of thereof.

1.4 Research Questions

In trying to achieve the research objectives stated below, the researcher developed the following research questions (RQ).

1. What are the influences of the FDRE Procurement and Property Administration Agency policy and directives on the efficient purchasing practice of ATA?
2. What major purchasing processes/ steps are followed in ATA and what are their effect on efficient acquiring practice?
3. How does ATA do to identify its procurement needs and communicates the developed procurement plans to the regulatory body?
4. How is the quality of the specifications and requirement set for goods to be procured in terms of clarity, and accuracy?
5. How do contract administration is performed and what are the project owners' and /or technical team opinions within the ATA towards the purchasing practice of ATA?

1.5 Research Objectives

The general objective of this study aims at reviewing the procurement practice and challenges in the Ethiopian Transformational Agency and through examining the implication of the prevalent purchasing practice and regulatory framework of the agency in light of its establishment and endeavor to attain intended program objectives. More specifically, the research tried to address the following objectives.

1. To evaluate FDRE's Procurement and Property Administration Agency policy and directives influence on ATA's procurement practices while trying to implement program achievements.
2. To identify the issues that contribute to the ATA Procurement challenges that added to the delay, inefficiency and poor donor budget utilization
3. To examine those challenges related to procurement inefficiency and delay through identifying the steps involved in the purchasing process and recommend the way forward

1.6 Significance of the Study

The motivation of this study is to contribute to the existing body of knowledge about the procurement regulatory and practices of the agency and is expected to shed-light on challenges of procurement implementation practices which this can have an immense advantage for different stakeholders:

- For the Council of Ministers to reconsider the establishment of the agency as a self-governing agency to study and recommend a solution to the systematic problems of Ethiopian agriculture. It will inform policy makers to revise the policy and review the directives to ensure best practices of procurement.
- For the agency leaders and managers to make corrective actions on the purchasing practices. If the management admits the problems and take corrective measures, the findings of the study is expected to contribute to enhance organizational performance.

1.7 Scope and Limitations of the Study

Procurement covers the whole process of acquiring property and/or services, and also extends to the ultimate disposal of property at the end of its useful life. Though it will be important to include all these areas because of infeasibility from resource and time perspectives, the focus of this study was only assessment of the practices and challenges of procurement procedures in one of the public organizations, the ATA. It means that due to time and cost constraint, the study of this paper has been geographically limited to the challenges and practices of procurement of the head quarter and four regional offices of the ATA. Yet, the research has also reviewed the study papers of other country experiences which the findings of the studies has helped to apply and suggest areas of improvements by mitigating the existing procurement challenges and practices of the entire ATA and other similar organizations in Ethiopia having large volume of purchase.

The restrictions to this study is that due to limited time, sample size, sampling procedure and being focused on one organization, the study might not be easily accessible to relevant and sufficient data so that the researcher might be confined to fully address all related procurements challenges and practices and the study might be affected by some degree of generalization in the process. Besides since no similar research has been done in ATA, some of the respondents may have felt that it was aimed at exposing their technical shortcomings and other inadequacies. Problems in the ATAprocurement process were identified through secondary data and the interviews with participants. The implication is that not all problems may have been identified. As a way forward, it is suggested that future research be undertaken among the clear awareness of the requirement by the ATA senior management at HQ and regional branch offices to determine whether they are facing similar problems and how these challenges detract from service delivery in their respective areas.

1.8. Organization of the thesis

The thesis is organized in five chapters. The first chapter presents the introduction of the study, the second chapter talks about review of literature, the third chapter outlines methodology of the study and chapter four presents the results, analysis and interpretation. The last chapter contains conclusions, major finding and recommendation.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Procurement is the business management function that ensures identification, sourcing, access and management of the external resources that an organization needs or may need to fulfill its strategic objectives. Procurement exists to explore supply market opportunities and to implement resourcing strategies that deliver the best possible supply outcome to the organization, its stakeholders and customers. Procurement applies the science and art of external resource and supply management through a body of knowledge interpreted by competent practitioners and professionals (Chartered Institute of Purchasing and Supply (CIPS), 2013). The literature review part presents the review of both theoretical and empirical literature as evidenced by different scholars and studies of institutions on public procurement principles, cycles and process, practices, challenges and related theoretical concepts. The knowledge gaps are also be discussed in this chapter.

2.2 Concept of Procurement

Procurement is the business management function that ensures identification, sourcing, access and management of the external resources that an organization needs or may need to fulfill its strategic objectives. Procurement exists to explore supply market opportunities and to implement resourcing strategies that deliver the best possible supply outcome to the organization, its stakeholders and customers. Procurement applies the science and art of external resource and supply management through a body of knowledge interpreted by competent practitioners and professionals (Chartered Institute of Purchasing and Supply (CIPS), 2013). There are different types of theories. Flynn and Davis (2014) examined the types of theories to be used and found that theory of auctions and competitive bidding is the most singularly used theory in public procurement. The next most used theory is principal-agency theory followed by transaction cost economic theory. Each of these theories are described in brief as follows.

2.2.1 Theories in Public Procurement

1. Theory of auctions and competitive bidding

Philip et. al. (2011) indicated that auction throughout the community is the generic name that is assigned to the procurement procedures, represented by direct purchase, direct negotiation, request for bids and the actual auctions through which goods are procured in the public sector. For the science of public finance, auction is the key element through which is formed the value of public assets to be acquired. This value is the result of competition between suppliers of goods and services, which intends to provide public assets at the lowest price and best quality. According to Philip et. al. (2011), auction rules are established by public authorities, which set the values of public assets that are expected to be purchased. These estimated values of public assets are seen as the market values or fair values that values that will be allowed by the public authority. Over any of these estimated values, the bidders cannot deliver the goods and services in the auction organized. Hence, the first rule of auctions, namely that the values of goods and services provided for the needs of public authorities cannot exceed their estimated value. Therefore, auctions are those that generate competition among bidders of public assets. Auction rules are established by public authority, which sets the estimated value, eligibility criteria and the criteria for awarding tenders. Estimated value is often market value, which the public authority considers it can pay for goods and services that are expected to be delivered. No bidder may bid values over the estimated value. Estimated value in turn cannot be higher than the approved budget appropriations. This rules of the game created competition among bidders, are leading eventually to the purchase of public assets whose value is between the estimated and the specific cost of each bidder (Philip et. al., 2011).

2. Principal- agency theory

Hezheng-Qing (2008) stated that the related parties in the government procurement mainly are: the taxpayer, the government, financial department, state institutions and supplier. Under centralized purchasing operating mechanism, these parties have formed a principal-agent chain in the process of government procurement management: (1) Taxpayer is the supplier of government procurement fund, commits the public funds to the government through the legal

process. So, the first agent relation of the taxpayer and government formed. (2) Since the public administrative field of the government is very broad, it is impossible that government will do everything. Under the authority of the functions, financial functions will be further delegated to the financial department. So, the second agent relation of government and financial department formed.(3) Financial departments work out law and regulation, supervise the implementation, work out standard of supplier's qualification and so on. It is impossible that financial department takes on everything. So, financial department sets up a special organization (purchasing center) in its internal. Such the third agent relation of financial department and purchasing center formed. (4) The concrete government procurement activity is expertise by official, such the fourth agent relation of purchasing center and purchasing official has formed.

According to Hezheng-Qing (2008), the agency chain like “the taxpayer-the government-the financial department-the special purchasing organization-the purchasing official” is formed in the process of government procurement. The taxpayer is the initial consignor, and the purchasing official is the ultimate agent. However, in fact the taxpayer who is the initial consignor do not manage authority in the process, cannot make purchasing decision and gain profit in the progress. So, the purchasing official who has professional knowledge is responsible for purchasing activity, and plays the decisive role in the chain. But the purchasing official is a rational economic man, he runs after the maximization of self-interest. It is difficult to execute government procurement law and realize the target of government procurement while conflicts are occurred between his benefit and the consignor's benefit. The principal-agency problem is happened in the agency chain because of the inconformity of interests between the consignor and the agent. In government procurement activities, asymmetric information, incomplete contracts and opportunism, led to the dysfunction of principal-agent theory (Hezheng-Qing, 2008).

3. Transaction cost theory

According to Jurcik (2011), effectiveness is the main objective of the institute of public procurement and should be managed by providing better services to the public at a lower price than it is possible to achieve by the public sector. Comparably, Williamson (1981)indicated that the amount of transaction costs which is relevant when deciding on ways how to ensure

certain activities is influenced by three factors: specific activities, measurability of output and input frequencies. The above described assumptions have serious implications for the analysis of the relationship between government and market actors in the implementation of public procurement. The key assumption for the “rational” decision making of public entities is the ability to realize the contracted goods and further quantify or at least estimate the size of the transaction costs associated with the implementation of the contract (Jurcik, 2011).

2.2.2 Procurement Procedures and its Cycle

Shaw (2010) pointed out that the procurement process can be wrapped into three steps. These are need identification, planning and specification of goods or services required, and sourcing, awarding, and supplier management to facilitate timely delivery.

1) **Need identification:** Procurement is done to desire to accomplish a specific task. Given that resources are always scarce, the task to be accomplished should be important to an organization (Nakamura, 2004).

2) Planning and specification of goods or services required:

Once the needs have been identified, the procurement department should develop or communicate a plan on how to deliver the service or goods required. The plan must be developed in collaboration with the other functions within the organization, so that it is integrated into the organization's strategy and therefore provided for adequately (Shaw, 2010). In order to be able to purchase the right goods or services, the specifications of what the organization needs must be clear. These specifications are used to communicate to the supplier what is needed and what should be supplied. It is therefore important to have clear, precise and accurate specifications. Most organizations have standard specifications for the most regularly procured items and services such as medical and construction (Shaw, 2010).

3) Sourcing, awarding, and supplier management:

Hinson and McCue (2004) stated that sourcing is the process of identifying sources of supply that can meet the organization's immediate and future requirements for goods and services. The sourcing process adopted will depend on the situation and on the time available to carry out sourcing. For instance, in a sudden on-set emergency the need to respond quickly to the

emergency will mean there will be limited time to gather sourcing information and approve suppliers; therefore, an organization may make use of existing suppliers.

2.2.1.3. Public Procurement Principles and Challenges

Public procurement principles(Public Procurement Manual, December 2011)set the framework for managing public procurement requirements, and also within which procurement practitioners' must work. So, as practitioners it is important not only to have a clear understanding of public procurement principles, but to interiorize them so that they serve as guiding principles in our decision-making process. By integrating these principles into our work ethics, the outcome of our decisions will always be in line with public procurement principles. Public procurement principles are the foundation of public procurement and should be addressed in the public procurement rules. They govern the management of public procurement, and also set the framework for a code of conduct for public procurement practitioners and all other officials directly or indirectly associated with the public procurement process.

Transparency:Transparency in public procurement is important. Information on the public procurement process must be made available to all public procurement stakeholders: contractors, suppliers, service providers, and the public at large, unless there are valid and legal reasons for keeping certain information confidential.

Integrity:In public procurement integrity is twofold. There is the integrity of the procurement process, and that of public procurement practitioners. Integrity of the public procurement process is essentially reliability. Bidders and all other stakeholders must be able to rely on any information disseminated by the procuring entity, formally or informally. The integrity of the procurement process assures confidence in the public procurement system. Practitioners working within procuring entities, and other government officials involved in the public procurement process, must display personal and professional integrity. Ideally there shouldn't be any inconsistency between the two.

Economy: Synonymous with efficiency, value for money, and commercially reasonable price, the principle of economy emphasizes the need to manage public funds with care and due diligence so that prices paid for goods, services and works are acceptable and represent good value for the public funds expended on them.

Openness: Public procurement requirements should be open to all qualified organizations and individuals. The public should also have access to information pertaining to public procurement requirements. Access to public procurement information is not absolute. Confidential and proprietary information belonging to organizations and individuals participating in process should not be available publicly, and the extent of their disclosure should be detailed in the procurement rules or other relevant regulation.

Fairness: There are different interpretations of fairness in public procurement, so rather than define fairness as treating all bidders equally, better to mention how fairness is achieved in public procurement. To achieve fairness in the public procurement process:

- Decision making and actions must be unbiased, and no preferential treatment should be extended to individuals or organizations given that public procurement activities are undertaken with public funds.
- All offers must be considered on the basis of their compliance with the stipulations of the solicitation documents, and offers should not be rejected for reasons other than those specifically stated in the solicitation documents and the procurement rules.
- A contract should only be signed with the supplier, contractor or service provider whose offer is compliant and best responds to the objectives of the requirement in terms of technical capability and price.
- Suppliers, contractors or service providers should have the right to challenge the procurement process whenever they feel they were unfairly treated or that the procuring entity failed to carry out the procurement process in accordance with the public procurement rules. Such challenges must be based on the solicitation documents and/or the public procurement rules.

Competition: The public procurement process should not be manipulated for the benefit of any organization or individual. Given that public procurement is funded primarily with tax payers' money, all eligible organizations and individuals should be allowed to participate by submitting offers in response to a specific requirement for which they are qualified.

Accountability: Accountability in public procurement means that anyone involved in the procurement process is responsible for their actions and decisions with respect to the public procurement process. As public servants, procurement practitioners, and others involved in the public procurement process, are accountable and exposed to sanctions as a remedy for any behavior that contravenes the public procurement rules.

Krol (2012) indicated that the current economic crisis puts pressure on governments to cut spending and reduce deficits. With public procurement often accounting for 10-15 percent of a country's GDP and for up to 65 percent of public sector budgets, governments are faced with the challenge to keep adding maximum value while at the same time rigorously reduce their spending. This implies that many government organizations need to shift from a budget driven to a value driven way of thinking and acting, but this also means that there is an important role for the procurement function to fulfill. The public procurement function, however, is faced with a number of challenges such as:

- The fear for negative publicity has led to a growing emphasis on the legal aspects of the tendering process. Few organization would like to procure through expedited way by ignoring some of the public procurement process and procedures such as through direct and restricted purchase method. As indicated above this however, leads to a question of Transparency. Transparency in public procurement is important as information must be made available to all public procurement stakeholders: contractors, suppliers, service providers, and the public at large, unless there are valid and legal reasons for keeping certain information confidential. Institutions prefer public image and as such organizations would stick to legal requirements on the expense of expedited delivery.
- Procurement acts in a reactive way and is often not involved until the specifications have been defined. Any procurement regardless of estimated amount should be well described and specified. Without complete specification, we may buy the poor quality item or choose poor supplier. Having clear specification of what we need helps us to ensure

transparency in the process so that biasedness and favoring suppliers would be reduced. Value for money will also be guaranteed. So, in order to ascertain this, procurement responsible team of the organization, would not start the process until specifications are clear. One can imagine how this would lead to delayed delivery and impacting targeted program objectives and budget utilization.

- Procurement is seen as an operational department and not perceived as an advisor or partner of the business. This problem is caused by the poor understanding of role of Procurement by the internal client (Requestors). They think the role of Procurement is only to facilitate operational purchase. But it goes beyond that. The Procurement unit is responsible and also accountable to ensure the right policy and procedure is adhered and principles maintained. Reviewing specifications and technical evaluation criteria require experience and integrity for ensuring transparency and fairness in the competition.
- Procurement is organized around contracts rather than commodities. There are peak moments when contracts are about to expire, but there is no continuous process to manage internal and supply market developments and opportunities. In many public organizations, contracts are managed by many stakeholders. The requestor is one wing where the technical follow up falls on to them. Whereas procurement unit is accountable for ensuring agreements are adhered at each phase of the contract implementation. Because this has many implications when it comes to quality, timely delivery and payment issues. So, there must be coordinated role and responsibility if we want contracts to be executed as desired and agreed which otherwise it will be a litigation risk for the institution.
- Procurement does not feel it is responsible for the operational procurement processes; there is no focus on managing the end-to-end process and closing the procurement loop. Procurement unit is handling many transactions. Many are challenged by market constraint and some of the requests submitted for processing purchase might be forgotten. Yet, lack of clear specifications would lead to rebidding. So, unless otherwise a support is provided by the requestor in its endeavor to follow up purchase, the issue of quality, process delay, and accountability will be a real problem.

According to Thai (2001), there are also external factors public procurement practitioners have always faced challenges imposed upon by a variety of environment factors including market, legal environment, organizational environment, and socio-economic and other environmental factors.

Market factor:Market conditions have a great influence on public procurement practitioners' effort to maximize competition. Moreover, the market determines whether or not socio-economic objectives of procurement are accomplished, whether or not a governmental entity can fulfill its needs; the timeliness of fulfillment; and the quality and costs of purchased goods, services and capital assets. As there are different levels of economic growth among countries in the world, market conditions are very favorable in industrialized countries, while they may be unfavorable in developing countries

Organizational structure:Organizational structure may be very simple or very complicated, depending on the size of government organization. Most large organizations have procurement divisions either within their finance or administrative services departments; and very few departments, except perhaps transportation or public works departments, have a procurement function or officer. In the federal government, there are different procurement sub agencies within each executive agency, depending on each agency's missions.

2.3 Empirical Literature

2.3.1 Country Experiences in Procurement Laws and regulations

2.3.2. Studies on Procurement in Ethiopia

Yonas (2014) conducted a study on procurement process of Addis Ababa Water and Sewerage Authority. The study used descriptive research design and quantitative and qualitative data analysis. The findings of the study showed that the authority has no any procurement strategy and policy. As a result, the researcher recommended that senior managers should protect the department staff from the misperceptions of the procurement department and assist the department to avoid the corruption process with little adverse effect. He also noted the need to revise the unnecessary stage & bureaucratic steps and the internal controlling system to make the organization material flow effective.

Likewise, Yirga (2011) conducted a study on public procurement reforms in Ethiopia. The objectives of the study were giving a better insight about the challenges and prospects of the public procurement system and assess the nature and system of public procurement practices and the underlying factors that hinder public procurement activities in Ethiopia. The study was designed as descriptive interviews with different stakeholders and used different secondary data. Consequently, the results of this study showed that a significant achievement has been made in reforming the Federal Government's procurement system.

2.3.3. Similar studies in other countries

The researcher is going to review similar studies of other countries particularly African countries. So, far the studies of similar other countries has been put below and this discussion and finding will be part of the researcher's recommendation to this study.

Musnzikwa (2013) conducted a study on public procurement system challenges in developing countries: the case of Zimbabwe with the objectives to provide an overview of the public procurement system challenges in developing countries identified a number of challenges in public procurement that included delays in decision making, corruption, political interference, incompetence, and a high level of corruption activities in the public procurement.

Amemba et.al (2015) on identifying the challenges facing public procurement performance in the Kenyan public sector study found that the most prevalent challenges in the public procurement process are the selection of the most suitable procurement methods, with appropriate justifications and record keeping. The paper recommend that public procurement performance in Kenya can only be improved through review of existing legislations to encourage extensive use of technology in the management of the procurement process, fostering of long term buyer supplier relations and stakeholder involvement through trainings and sensitization on practicing ethical behavior when conducting procurements.

Shaw (2010) assessed the City of Gahan's procurement process and programs based on a practical ideal type framework developed through a literature review methodology for this study includes document analysis and structured interviews. The results of the case study revealed that quality ideal type model. He recommended that the department should establish

a comprehensive process and performance measure to gauge the quality of their individual procurement products.

The analysis of government procurement in the frame of principal agent theory Zheng-Qiang (2008) this paper uses the model of the principal-agent to analyze government procurement activity, and proposes some countermeasures to improve principal-agent in government procurement. The researcher found out the principal-agent dysfunction problem in the government procurement has three causes - asymmetric information, incomplete contracts, and opportunism in the supervision of consignors. The researcher recommended that according to the analysis of principal-agency model, problems can be resolved by the following three countermeasures: executing the government procurement laws strictly, building effective accountability mechanism, building perfect supervision mechanism.

CHAPTER THREE: RESEARCH METHODOLOGY

This chapter presents the methodology used to determine the practices and challenges of procurement in ATA. Accordingly, it is organized in different sections as shown below.

3.1. Research Design and Approach

As this research is intended to explicitly describe and analyze the procurement practices in Ethiopia with a case of the Agricultural Transformation agency with its major challenges that impaired its efficiency and performance, the study design is both descriptive and causal where data are generated in a cross – sectional type.

As known research design constitutes the blue print for the collection, measurement and analysis of data, (Kothari, 2005). So a cross-sectional survey research design was used in this study. Cross-sectional survey is a method that involves the analysis of data collected from a population, or a representative subset, at one specific point in time Orodho (2003). The choice of this design is appropriate for this study since it utilizes a questionnaire as a tool of data collection and helps to establish the behavior of employees towards embracing e-procurement in state corporations. This design also enables one to obtain information with sufficient precision so that hypothesis can be tested properly. A descriptive research design is also used in the study as the data is collected is meant to describe persons, organizational settings or phenomenon.

There are three types of research approaches, qualitative, quantitative and mixed approach. Quantitative method is a means for testing objective theories by examining the relationship among variables. Data collected is number and statistics. The data is based on precise measurements and the final report will be statistical report with correlations, comparisons of means and statistical significance of the findings. On the other hand, qualitative method is a means for exploring and understanding the meaning individuals or groups ascribe to a social or human problem

The approach followed for this research is a mixed research approach where both qualitative and quantitative methods to minimize limitations attached to each of the approaches. According to Creswell (2003) each approach has limitations which are possible to be minimized using the combined research approach. For example quantitative approach may cause bias in reliability of findings because of the nature of research problem, non-representativeness of sample or the nature of questionnaires that predicts clue. In addition, it is difficult to minimize the impact of human behavior using quantitative approach. Joseph (2006) justified that qualitative techniques can increase a research's depth of understanding of the phenomenon under investigation.

Qualitative approach is exploratory and flexible in nature to identify problems that are affected by human behavior. Regardless of the above advantage, qualitative research design has its own demerits: lack of standardized rules reduces the objectivity of the findings, the personal view and stand of the researcher may induce bias in the interpretation of the data, and the findings cannot be statistically generalized for a broader population under investigation (Creswell, 2003).

The mixed method focuses on collecting, analyzing and mixing both quantitative and qualitative data in a single study or series of studies. Its central premise is that the use of quantitative and qualitative approach in combination provides a better understanding of research problems than either approach alone. It involves philosophical assumptions, the use of qualitative, quantitative approaches, and the mixing of both approaches in a study. A strong mixed methods study should start with a mixed method research question to shape the methods and the overall design of a study, because a mixed method study relies on neither quantitative nor qualitative method alone (Kothari, 2004).

Qualitative approach is employed for data collected through interview with procurement staff and selected technical staffs and quantitative data is collected using questionnaires for the ATA head office and branch office staffs. The processes of the research involve emerging questions and procedures. The data typically collected in the participants setting and the researcher making interpretations of the meaning of the data.

A quantitative research design is the most suitable method and is also considered and used for this study which helped the researcher to assess variables such as right quantity, right place, right time and right supplier for the process of procurement.

3.2 Population, Sample Size and Sampling Technique

Population refers to an entire group of persons or elements that have at least one thing in common. Population also refers to the larger group from which a sample is taken (Orodho, 2003). A population can also be defined as including all people or items with the characteristic one wish to understand.

According to research scholars, sample shouldn't be too large to be economical and shouldn't be too small to keep validity of findings. So, the study population of this study comprised of 138 HQ and regional offices staffs with 90 respondents. Accordingly, this study used two sampling stages. The first one is to sample out the Head quartet ATA staffs and secondly the number of respondents within the selected four regional branch offices. The target populations selected were from different departments within the ATA which were 138. Of these 138 staffs 90 which are directly involving with procurement were sampled. The target population and the samples taken for this study are depicted in Table 3.2; the data were obtained from the Human Resource Department of the ATA.

Samples are collected and statistics are calculated from the samples so that one can make inferences or extrapolations from the sample to the population. The samples size of this study was 90 respondents. Since the population is highly heterogeneous, a cluster sampling was used to select 90 respondents from 138 staffs. Cluster sampling is a sampling technique used when "natural" but relatively homogeneous groupings are evident in a statistical population. In this technique, the total population is divided into groups (or clusters) and a simple random sample of the groups is selected. Then the required information is collected from a simple random sample of the elements within each selected group. This may be done for every element in these groups or a subsample of elements may be selected within each of these groups. A common motivation for cluster sampling is to reduce the total number of interviews and costs given the desired accuracy. Assuming a fixed sample size, the technique gives more accurate results when most of the variation in the population is within the groups, not between

them (Orodho, 2003). A simple random sampling plan where every respondent, or object or subject has chance of representation will be used in this study.

Questionnaires and the interview schedules were administered personally by the researcher to the respondents. Adequate instruction and assurance of confidentiality was provided to all participants. Thereafter, the questionnaires were collected by the researcher after being filled.

Sample size formula; $n = \frac{N}{1 + (Ne)^2}$ Where n =sample size N = sample population e =precision. Therefore the sample size will be 90

Table 3.2. Target Population of the study

No	Name of ATA offices to determine target	No. of Target Population	No. of Samples Taken (Purposive)
1	ATA Head Quarter Office AA	63	36
2	ATA Amhara Branch Office	15	14
3	ATA Oromia Branch Office	15	14
4	ATA SNNPR Branch Office	15	14
5	ATA Tigray Branch Office	15	12
	Total	138	90

3.3 Source of Data and Data Collection Tools

The research concentrates on assessing and analyzing the procurement practices and challenge that the ATA is facing while executing to attain its objectives. As the scope is limited to the ATA, the data used in the study covers primary and secondary.

Primary data is important to people conducting this research because it is crucial to have fresh, unused data to help determine how or what they should make their product. Secondary research is used to check that your primary research is correct and is used to save time. Secondary data is available from other sources and may already have been used in previous research, making it easier to carry out further research. It is time-saving and cost-efficient: the data was collected by someone other than the researcher. However, secondary data can present problems, too. Thus, in order to have a proper understanding of the procurement practices of the ATA, the various sources such as the PPA procurement manual, ATA official websites and existing procurement document were also reviewed.

The data collection instruments are designed in such a way that it captures both quantitative and qualitative data. To this end, two types of instruments were employed in this research,

1. Self-administered Questionnaires

About six categories of Self-administered survey questions which included both open ended and close ended are asked to all sampled HQ and branch office staffs. The questions assess the user's opinions towards the purchasing practice of public procurement and ATA in different factors that affect the procurement activities and challenges within the ATA.

2. Semi structured Interview

A semi structured interview guide was also applied and used to frame the in-depth interview with procurement director who is directly responsible to oversee the purchasing activities) and eight randomly selected procurement employees who are involved in the procurement process from the total of ten procurement department employees. Besides, the interview was conducted with technical evaluating team and procurement Endorsing Committee who are mainly and frequently involving in the procurement transaction processes.

3.3.1 Survey Instrument

The survey instrument contains closed ended questions. The study used self-administered survey to collect the primary data. The questionnaire was designed according to the objectives of the study with mostly close-ended questions the respondents on their degree of agreement or disagreement with each of the questions on a five-point Likert response scale that ranged from 5 "strongly agree (scored as 5) to "strongly disagree" (scored as 1). The expected mean for a sound public procurement component is 5 or close to 5. However, the analysis is based on how the mean response of the respondents is close to this expected value. A large amount of researchers use this methodology, because it is relatively easy for respondents. For all questions a positive mean response more than 3 statistically suggests agreement with the statement/question, a positive mean response less than 3 implies disagreement and a mean response close to 3 indicates indifferent or offsetting differences. All of the questions are coded in such a way that a positive mean response of 4 and greater display that strongly agree with the statement or question. This method of data collection was considered appropriate

because the information sought is not publicly available.

Qualitative research approach is also used as the study intends to have deep understanding about the legal framework, practices and challenges of public procurement in Ethiopia in light of the experience in other similar institutions like Industrial Parks Development. The study used both in-depth interviews and documentary analysis.

3.4 Data Collection Procedure

Data collection is the process of gathering and measuring information on variables of interest, in an established systematic fashion that enables one to answer stated research questions, test hypotheses, and evaluate outcomes.

Having enough information helps to make an informed decision about how to proceed. How data is gathered and analyzed depends on many factors, including the context, the issue that needs to be monitored, the purpose of the data collection, and the nature and size of the organization. So, in this study the information collected is done in a way and for a purpose that is consistent with the Code and complies with freedom of information and privacy protection legislation. In the interest of effectiveness and efficiency and to protect the credibility and reliability of data, information is gathered using accepted data collection techniques.

3.5 Document Analysis Method

The collected data was entered into a computer, and the data analysis was done using SPSS software version 20. The qualitative information collected using the in-depth interview was described and further analyzed being categorized and organized to thematic areas. The results are displayed with Tables, figures and narrations in the next chapter.

Document analysis is one of the two research methods selected for this study. According to Yin (2009), the most important use of documents is to corroborate and augment evidence from other sources. Document analysis brings certain strengths to research. First, it is non-volatile information can be reviewed repeatedly (Yin, 2009). Documents are also broad and cover extended period of time. The documents analyzed for this study include procurement manuals, law, procedures and contributory enablers in implementing procurement practices in the selected public organizations. Hence, descriptive research approach was used for this

study. This is because the researcher could not control the variables but to describe the phenomenon that exist at the time of the study. Analyzing documents incorporates coding content into themes similar to how focus group or interview transcripts are analyzed.

According to Marczy, et. al., (2005), descriptive research studies are designed to obtain information which concerns the present status of phenomenon. The use of descriptive research enabled the researcher to bring to light the factors that contribute to the effectiveness of sound procurement practices. It also describes the extent to which these elements stated above can affect the procurement processes in the selected public sectors.

3.6 Reliability and Validity of Instruments

Validity refers to how well a test measures what it is purported to measure. While reliability is necessary, it alone is not sufficient. For a test to be reliable, it also needs to be valid. Validity and reliability are important concepts in research. The use of these terms provides a sense of what they mean (for example, respondents' opinion is valid; and are reliable). In research, however, their use is more complex.

In Validating a Questionnaire, the researcher has checked all through: Pilot test, Clean Dataset, Principal Components Analysis. The pilot was undertaken to pretest data collection instrument for validity and reliability. A pilot study is necessary for testing the reliability of data collection instruments. The reliability of research as determining whether the research truly measures that which it was intended to measure or how truthful the research results are. Pilot study is thus conducted to detect weakness in design and instrumentation and to provide accurate data for selection of a sample. The validity of the questionnaire was determined using construct validity method. Using a panel of experts familiar with the construct is a way in which this type of validity can be assessed; the experts can examine the items and decide what that specific item is intended to measure. The study used different groups of experts in the field of procurement and issued them with the questionnaires

3.7 Ethical Consideration

Ethical considerations in research are critical. Ethics are the norms or standards for conduct that distinguish between right and wrong. First, ethical standards prevent against the fabrication or falsifying of data and therefore, promote the pursuit of knowledge and truth which is the primary goal of research.

Therefore, in this study the researcher discussed and gave attention to the below ethical issues:

- ✚ The researcher has been conscious to have the required information with informed consent.
- ✚ The discussion with selected targets was based on voluntary participation.
- ✚ The discussion is concluded with respect, confidentiality and privacy.
- ✚ The interviewed and opened question were designed in order that it didn't harm anyone.

CHAPTER FOUR: RESULTS AND DISCUSSION

4.1 Introduction

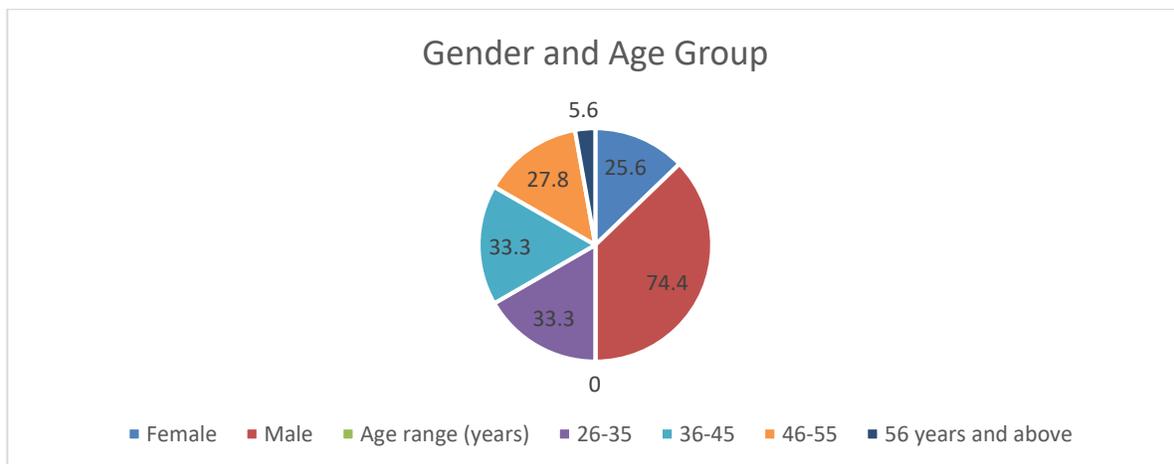
The previous chapter discussed appropriate methodologies of evaluating public procurement practices and challenges. This chapter explains and discusses the results and findings based on the analysis done on the data collected. The results of the study are discussed by triangulating the different source results: questionnaire results, interview and document review results. The discussion attempts to accomplish the objectives of the study, and answer the research questions.

4.2. Respondent's Profile

The survey was conducted with 90 respondents representing 65% of the population. The purpose of this section is to present respondents' profile and responses of participants on aspects of public procurement.

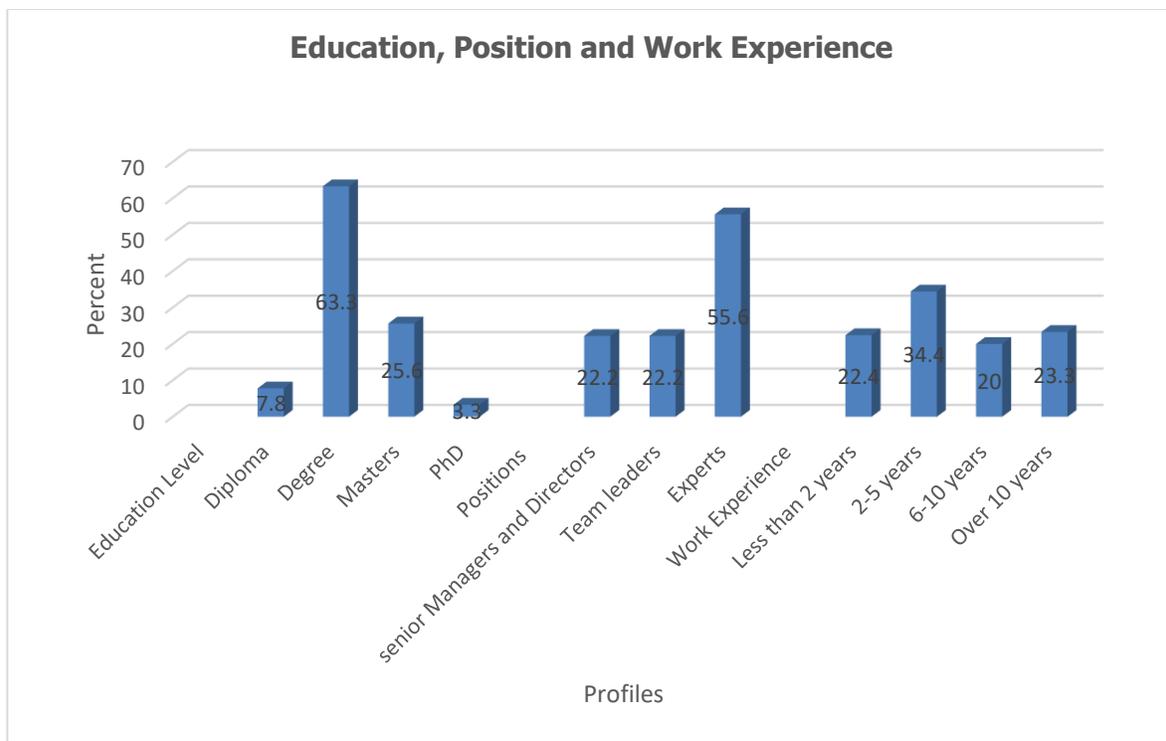
Analyzing the demographic profile of the respondents to validate reliability of data collected. And accordingly, the respondents were asked to respond to their gender category, year of experience, level of education and field of qualification. The table and figure summarizes as below.

Figure 4.2.1 Gender and Age



As indicated in the above figure, the gender proportion of female respondents is 25.6%, while the male respondents is 74.4%. Though the ratio of the respondents is not proportional and varied, both category of gender participated in the survey. The age distribution of the respondent who participated in the study is provided in Figure 4.2.1. Accordingly, the results showed that 33.3% were aged between 26 and 35 years old and 33.3% were between 36 and 45 years of age while 27.8% were between 46 and 55 years. Respondents in the group of above 56 years old were 5.6% (Figure 4.2.1).

Figure 4.2.2. Education, Position and Work Experience of Respondents



The educational level of the different respondents is shown in Figure 4.2.2. As summarized in the table, the respondents' educational levels were diploma, degree, Masters and PhD with the respective proportion of 7.8, 63.3, 25.6 and 3.3% (Figure 4.2.2). This is an indication that the respondents are also at adequate education level to understand the concept of public procurement.

Public procurement is primarily the responsibility of management. The broader category of procurement is operational and accounting controlled. Obviously the respondents were with required knowledge of management and accounting to understand the concept of procurement system than others. Thus, the survey made to assess the positions of the respondents indicated that 22.2% of the respondents were Sr. Managers & Directors, 22.2% were team leaders and 55.6% were experts (Figure4.2.2).

The other parameter considered was work experience. Experience is one of the competences to understand the procurement system in an organization. In this survey it was found that 22.2% of the respondents were with less than two years' experience, 34.4% of the respondents were 2-5 years of experience, 20.0 % of the respondents were between 6-10 year and 23.3% were with over 10 years of experience (Figure4.2.2).

4.3 Practices of Procurement in the ATA

The ATA is a government agency which is fully guided by The Procurement Manual, revised by MOFEC in December 2010. Like any other government organizations, the ATA strictly follows all steps and procedures in all kinds of acquisition as asset by the PPA policies and procedures. It starts from the bidding stage and ends with contact signature and implementation follow up being guided by the PPA manual and directive

The PPA procurement practices such as determining procurement methods including on the basis of threshold, preparing bid documents based on the standard format, the advertisement days, the use of a merit point system and required registration of suppliers, the bid proposal receiving and opening process, evaluation process, result notification of evaluations, complaint handling, award and contract negotiation and signature are mandatory requirements as set by the PPA.

The only difference practiced and observed in ATA are the following.

1. Each translocation right from procurement planning up to approval of individual requisitions passes through the ERP. Management would like to ensure requisitions are linked with approved activity and budget as well as source of funding.
2. Once bid is opened, the technical proposal document will not directly submitted for

technical evaluation without the prior approval of the ad hoc technical evaluating committee by the senior director for operations. This senior management body reviews and approves after ensuring the skill, experience and integrity of the composition of the committee.

3. The ATA has some flexibility to change the method of sourcing procurements from open bidding to through restrict bidding or even through request for quotation. This is because though few, there sources of funds by donors where they are somewhat what flexible in threshold limit increase unlike the threshold limit indicated in the PPA directive. This flexibility is set during the grant/funding agreement. World Bank funding is a case in point support this fact.

4.3.1 Process of Procurement Need Identification

The first step in the public procurement process is to identify requirements. All procurement requirements begin with the perception of a need. The user department must raise the procurement needs.

The ATA accounting period of the following budget year starts in July 7 and hence end users are communicated by April of the current budget year and required to submit their need by end of June of the current budget year. The procurement department is responsible to communicate end users based on these time plan. The ATA uses ERP (Enterprise Resource Planning) software to submit their need on line. The ERP integrates purchase needs with approved activity and budget

The need has to acquire specification/Terms of Reference of Requirements and the ToR should be clear, precise, complete and well understood. The specification may further be refined and clarified, by the procuring department, as per the pertinent rules and regulation. Technical specification is prepared or will be prepared by end users. (FDRE, Public Procurement Guideline, 2011, 3.1.4.f). The survey made is based on those components of need identification and the result is scaled as shown in Table 4.3.1 below.

Table 4.3.1. Need identification.

Items	N	Minimum	Maximum	Mean	S. deviation
Before you prepare your procurement need you consider your need can not be met by using unused resources or property available in your organization store	90	1.0	5.0	3.48	.90
Goods and services be procured within approved budgets except in case of emergencies, which has to be approved by the Executive Director or his/her delegate	90	1.0	5.0	3.77	1.03
Your department procurement needs are raised on time	90	1.0	5.0	3.56	.97
Lack of qualified staff and the right number is liable for procurement need assessment	90	1.0	5.0	3.71	1.07
You should identify goods, works and or services to which the public body gives priority and special attention	90	1.0	5.0	3.71	1.07
It can be assumed that annual procurement needs are achievable (standard items which are widely available	90	1.0	5.0	3.34	1.02
You are sure that your department need does not involve items which shall be of no use to you	90	1.0	5.0	3.51	1.05
The procurement unit properly prioritizes the departments procurement need	90	1.0	5.0	3.28	1.16

SD = standard deviation, Source: survey results and own computations

As indicated in Table 4.3.1 above, the mean value of the response computed based on Likert scale indicated the average agreement of respondents on existence and practice of each element of need identification. The overall mean of the need identification can be approximated to 3.5 which indicates an agreement within elements of the need assessment. The highest mean of 3.85 indicates that the majority of respondents agreed that goods and services be procured within approved budget. Lack of qualified staff and the right number is problem for proper need assessment. The result of the current survey is in line with this fact

which is indicated by the mean value of 3.76. This means the majority of the respondents agreed that the clear line of responsibility enables achievement of objectives. The above table also indicated where the need identification is not effective. The least mean of 3.2 indicates that the majority of the respondents disagreed that the procurement unit properly prioritizes the departments' procurement needs. As the result spend the budget for purchase of items which are not of priority.

4.3.2 Procurement Planning and Communication

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

.As explained on the need indentation part above, need is identified first and the next stage will be starting the procurement planning process. As a government agency, the ATA procurement planning process is consolidated at the head quarter level by the procurement department. The consolidated plan will be reviewed by the organization Procurement Endorsing Committee and final approval will be provided by the head of the public organization. The approved document will be shared to Government regulatory office and major donors.

ATA might change certain activities and there are new additional source of funds in between. So, once the master plan consolidated is consolidated and approved, there are however, needs that come after master procurement plan is submitted and approved. And for this purpose the ERP system allows end users for submission of supplementary needs which otherwise procurement process will not be moving.

Though Procurement planning must be prepared by the “right” personnel and accorded the importance it deserves, the tendency shows that end users or different departments at head quarter and regional offices are not aware in developing precise requisition for the procuring department; they also frequently fail in submitting timely. The different units take long as there lack of teamwork and close co-ordination on budgeting for the annual procurement plan. The problem is well understood by the respondents and discussed below.

As mentioned above, procurement planning is a process of determining the procurement needs of an entity and the timing of their acquisition and their funding such that the entities operations are met as required in an efficient way. The result of the current survey indicated that the degree of agreement ranged from 1 to 5 by respondents in all criteria of procurement planning (Table 4.3.2). The overall mean of the planning activities for the six questions can be estimated at 3.6 which is good. The highest standard deviation of the responses was shown in question number one which is about in procurement planning. The highest mean of 4.4 obtained confirmed that the majority of respondents agree that procurement planning is important for the organizations. Moreover, the mean of 4.0 also indicated that majority of the respondents agree that the urgency of work programs is a challenge to procurement planning.

Table 4.3.2. Procurement planning and communication

Items	N	Minimum	Maximum	Mean	S. deviation
You have been involved in procurement planning activities	90	1	5	3.54	1.15
Procurement planning is vitally important for your organization	90	1	5	4.43	.88
Urgency work program is a challenge to procurement planning	90	1	5	4.07	.91
A standard format to prepare procurement plan is used	90	1	5	3.53	1.05
Senior managers in all departments are involved in procurement planning in the organization	90	1	5	3.55	.86
Market or other source of data are used to estimate cost/price in the procurement plan	90	1	5	3.52	1.09

SD = standard deviation,

Source; Survey Results and Own Computation

4.3.2.1 Specification

Specification'' means document describing the quality, type and standard with which the required goods, services, works or consultancy services should comply. A technical specification shall be prepared in accordance with the need of end users and in such a manner that it allows wider competition on the basis of performance, function, technical or design characteristics depending on the type of the procurement.

The technical specification of goods, consultancy service, works or services shall be drawn up by the department which has identified the need or by the staff of the Public Body who have adequate knowledge of the procurement in question. For the procurement of high cost and/or complex goods or services, public bodies may seek the advice and assistance of experts outside the Public Body or higher consultants.

However, the main change here is that since specification prescribe a particular product, brand or service provider, it is difficult to draw up a specification giving an accurate description of the requirement, where the procurement is process is put in question for reasons of non-transparency, not achieving value for money. Even sometimes since bidders complain on the bid results, there are back and forth communications to clarify and provide satisfactory response to their grievances. Such process is leading to high delay on the procurement and sometimes the bid is cancelled.

In the current study it was found that most of the respondents agreed on all items of questions with a mean of above 3 and standard deviations of about 1 (Table 4.3.3) which showed that the perception of respondents with regard to the elements of specification completeness are similar. It was found that mean 3.6 with 1.1 standard deviation shows the respondents, agreed and strongly agreed that preparation of clear and precise specification for goods to procure.

Table 4.3.3. Specification Completeness

Items	N	Minimum	Maximum	Mean	S. deviation
Specifications are prepared for goods to be procured	90	1	5	3.68	1.10
Specifications are prepared unambiguously (clarity, precision and accuracy)	90	1	5	3.42	0.99
Specified source of information is used to prepare specifications	90	1	5	3.54	1.00

SD = standard deviation, Source; Survey Results and Own Computation

4.3.3 Procurement Method and Contract Administration

As one of the public organizations in Ethiopia, the ATA is guided by the EFDRE PPA Procurement manual. As such it uses the following procurement methods as approved as per article 33 of the Proclamation.

1. Open Bidding (National Competitive and International Competitive)
2. Restricted Bidding
3. Request for Quotation (RFQ) Single source/ direct procurement
4. Request for Proposal (RFP)
5. Two Stage Bidding

The purpose of identifying and selecting an appropriate procurement method is to find the best way to obtain the result to satisfy the needs of the end user for goods, works and services by obtaining the most advantageous pricing and contractual conditions. Each method has also a precondition to determine which one is appropriate and legal.

The result of the survey indicated in the table below the degree of agreement ranged from 1 to 5 by respondents in all criteria's of selection of procurement method. The overall mean of the control activities for the three questions can be estimated to 3.6 which is good. The highest standard deviation of the response was showed in two questions about selects and indicates the appropriate procurement methods to be used and use open bidding as the preferred procedure of procurement.

The highest mean (3.67) indicated in Table 4.3.4 confirms that majority of respondents agree that public bodies shall use open bidding as the preferred procedure of procurement.

Table 4.3.4. Procurement Method

Items	N	Minimum	Maximum	Mean	S. deviation
Appropriate procurement methods to be used in respect to each type of procurement methods	90	1	5	3.63	0.90
Preferred procedure of procurement	90	1	5	3.67	0.90
Your organization record a statement of the grounds and circumstances on which it relied to justify the use of other procurement methods	90	1	5	3.57	0.89

SD = standard deviation, Source; Survey Results and Own Computation

According to the survey results, there is some gap to justify when using procurement methods other than the preferred methods permitted by the government. As stated in literature review under theory of auction, for the science of public finance, auction is the key element through which is formed the value of public assets to be acquired. This value is the result of competition between suppliers of goods and services, which intends to provide public assets at the lowest price and best quality. Further the procurement manual, approved methods of procurement are open bid, restricted bidding, request for quotation and single source (direct procurement). Direct procurement as stated in the manual except provided in the proclamation and directives public bodies shall use open bidding as preferred method of procurement, if they use other than open bidding, they shall record statement of the grounds and circumstances on which it relied to justify the use of that method.

Contract administration involves all activities related to the monitoring of suppliers, contractors and service providers' performance in the fulfillment of their contractual obligations. Contract administration phase is very important because it is where the results of the procurement process are obtained and the requesting entity is in a position to finally receive the expected benefits of their procurement request. The procurement department in collaboration with the project owner unit within an ATA is responsible for monitoring performance of procurement contracts has to make sure that the supplier delivers the principle tasks under the contract in accordance with the agreed work schedule. It carries out the following activities of contract administration as per the contract agreement.

- a) Effect payment or payments due in installment to the supplier on time.
- b) Give certificates of performance to the supplier
- c) Provide legitimate support to the supplier to enable him performs his obligation under the contract.

For this survey questions were distributed to assess the contract administration exercise in their organization (Table 4.3.5). All questions had a mean response of more than 3.00. The standard deviations of some questions were less than 1.00. This indicates that the respondents' perceptions were more or less similar indicating that all of the respondents agreed on the criteria of contract administration.

Table 4.3.5. Contract administration

Items	N	Minimum	Maximum	Mean	S. deviation
Tender opportunities are advertised adequately	90	1	5	3.67	0.84
Your organization implements any procurement contract signed with supplies	90	1	5	3.54	1.00
Your organization identifies the duties of a supplier under a contract and insures for the performance	90	1	5	3.40	0.88
Tenders are awarded within the tender validity period	90	1	5		
Your organization identifies the party responsible for following up the performance of the contract	90	1	5	3.82	0.77
Proper follow up is maintained and appropriate decision is taken in regard to securities and warranties.	90	1	5	3.36	0.94
Price fluctuation adjustment provisions are provided in the contract	90	1	5	3.24	0.97
Sufficient provision on delayed works or goods delivery is provided in the contract and implemented	90	1	5	3.36	0.87
There is monitoring mechanism that works are completed on schedule agreed in the contract, goods are supplied or services are rendered within the time	90	1	5	3.31	0.93
Adequate control provisions are provided for effecting payments to suppliers or contractors	90	1	5	3.52	0.83

4.4 Challenges of Procurement in the ATA

The ATA procurement is challenged by many internal and external problems. There are so many internal and external factors that contribute to the delays and inefficiencies to the extent it affects the project operations and poor budget utilization where it also implied on donor relations as well.

The internal challenges of procurement consist mainly the following elements

1. Authorizations and appropriations by management

The authorization levels are too canalized in ATA. Only the head of the AYTA and delegated senior management authorizes and gives decision in the review and approval of procurement transactions. For instance, regional offices are mandated to approve procurements up to fifty thousand birr estimated value purchase only. Any contract value beyond this amount should get the review and approval of the head of the ATA. Of course the head of the ATA has provided some level of delegation to the senior director for operations who is in charge of finance, procurement and administration but this is not enough. This centralization has greatly contributed to the highest delay and inefficiency of the procurement process.

2. **Procurement Regulations.** The ATA is guided by the government manual and the procedures and processes are strict and too long. In an endeavor the procurement team is trying to ensure compliance, they fail to deliver required goods and services in such a way that they can be efficient and support project operations.
3. **Procurement function in operations** (organizational structure, and procurement workforce)

In ATA, the volume of procurement request is not balanced with the procurement professionals. Besides, due to the salary issues and less motivational factors, skill and experienced professional don't join the ATA procurement team. Such limitation has affected for efficient and organized delivery of procurement needs. The pressure on few staffs has also created some level of breach of strict procedure set by government and risks of accountability are likely. Unless otherwise the organizational structure is revised and considers the problem and increase the workforce, the same challenge will continue to persist long.

4. Frequent cancellation of requests

Cancellation of request is common in ATA. Cancellation request is made in all phases of the process. Before the start the procurement process, during evaluation or it could be at the award stage. For instance in 2010 budget year there are about 15% cancellation requests. The cause are many about among others include planning problem associated with lack of linkage of demand to the budget, specification problems and change of activities.

5. Delayed Report of Technical Evaluations Results

In ATA, technical proposal documents of bidders are submitted to the ad hoc technical evaluating committee. The committee is temporary established based on the recommendation by the procurement budget holder depending on the nature of the procurement, the skill and, knowledge and experience required to execute the evaluation. But, since the committee is handling this evaluation besides to their daily planned assignments, they don't provide much time and emphasis to carry out the timely technical evaluation report. The procurement team has to await until the report of final technically qualified bidders are known to move to the financial valuation process. This really is one of the factors that contributes to the delay and procurement performance. As the interview of few respondents of procurement staffs indicated, there are cases where technical evaluation results are delayed by up to one month time.

The main external forces of procurement challenge are discussed on below

1. Legal Environment

The ATA follows PPA procurement manual. The process and procedure of the PPA are very strict and long procurement process. The directives are fully controlled by the PPA and ATA is expected to ensure compliance against these set of rules. The method to be followed in the procurement process should only be under the conditions set by this manuals.

2. **Market Environment-** This is related to suppliers and contractors default. Suppliers and contractors are not in a position to deliver and discharge their obligation after a long process procurement is completed.

3. Donor's Requirement.

The biggest sources of fund for ATA are donors. Few donors would like to allow the ATA to follow the set country procurement manual. Still few would like to impose some other requirements such as requesting for prior approval and waiver. Such process adds to the waste of time and discourages the procurement staffs as they will not be flexible execute as per the planning. Even some donors do require to upload all the planning and transactions through the system developed online. The system is fine to capture all data and from visibility point of view but as the telecom infrastructure is poor in Ethiopia internet is slow and there cases where internet is totally interrupted. This highly influences procurement team not to meet procurement lead time and inefficiency is observed.

4.5. Interview results and review of documents

This research includes results of interviews made with senior managers, Ad hoc technical evaluating committee, procurement department heads and procurement staffs internal auditors in selected governmental offices concerning the performance problems associated with procurement process. Senior managements are responsible to have knowledge of public procurement manual and procedures in order to apply the directive. When asked if they have sufficient knowledge of the directive or if they ever had took part in procurement training, their responses were similar underlined that they understood the need for the knowledge of procurement but admitted that they never had sufficient training in the field. The reason they have cited for missing the trainings, is the fact that they are usually assigned on a particular assignment during the training sessions and they tend to be busy. They have further noted that before decision is made on procurement, the concerned heads review whether a particular procurement is in line with the procurement manual by assigning employees which have better understanding of the manual and as such procurement decisions fall mainly on such employees.

On the other hand, some other managers stated that the procurement process of their office is a bit different from that of other public organization so for better performance they have requested permission to revise the procurement manual based on the official procurement manual of the government and applied the revised manual.

The other question asked to the managers was whether the procurement department is staffed with the required number and skill of staff. The response was unanimous among the respondents. They expressed there is a problem to retain skilled employees at a government office since the salary rate is low. Some of them indicated that failure to organize procurement department with skilled staff resulted in risk of exposure of corruption, here off the efforts were made to upgrade the employee's skill with short term trainings. Responses of some other offices stated that a committee, Nominated to the CEO or head of of the organization, is formed in order to fulfill the skill gap of the department and increase performance efficiency. About the procurement approval committee, the response of the supervisors is also unanimous. All of the respondents stated that all the offices have procurement approval committee consisting of employees that are believed to possess better skill and knowledge and they further noted that the committee has term of three years.

For the questions raised regarding the kind of problems they have encountered during the application of the manual, the respondents said that since the procurement manual of the country was designed based on practices of other countries with excellent track record it does not have any drawbacks in this regard. However, the main problem related to the application of the manual, accordingly to the respondents, is that most of the government's procurements are undertaken through the agency. However, concerning the local bulk purchase, which worth more Ethiopia's annual budget and involving participation of all juridical suppliers, it is only one agency that handles the process. As it is known the government procurement tasks should be completed within the budget year. Thus there are problems being observed in the agency overload work since it was quite recently that agency become operational. Moreover, when the supplier notifies that they could not supply requested items, the agency take more time to inform the public body to take other opportunity to use their budget timely. The agency also deals with such complaints arising between public organizations and suppliers as such there is delaines of response. As the respondents state because of these problems our work is affected by not procuring the required items and services within the budget time.

The responses of department heads to the question related to procurement need identification and specification completeness were as follows, regarding the need identification for

procurement the problem associated with is requesting purchase for goods without checking in warehouse or other departments and delay to submit goods requisition form on time.

When it comes to the preparation of specifications, they responded that most of purchase requests are not describe the specification clearly or they have not attach perfect sample of goods to procure this has created a problem in obtaining the required goods. In order to resolve this problem they are trying to create coordination between the procurement committee personnel and the requesting department. Nevertheless, they provided that such kind of procedure entails wastage of resources.

Regarding the responses of auditors to the question on the problems they frequently encounter, they have indicated that lack of procurement plan and purchase requests for items already available in stores are the major problems. This was stated to be due to the reason that only the government procurement agency is mandated to purchase goods.

Concerning the responses of suppliers to the question of problems associated with performance of procurement, they indicated that there is lack of transparency in the specifications submitted from the government organizations, and the procurement process is tedious and frustrating. They noted that they face with difficult scenarios in order to deliver the items that they have won the tender for and this has and is still creating misunderstanding and dispute between the parties. The suppliers further cited that such process of procurement is causing them wastage of resources. The other response of suppliers was that there is a problem in contract administration and it takes some time to complete a certain procurement process. Although suppliers participate in the bid process for government purchase requests, the goods may ran out of store until the final delivery order is issued due to the lengthy process. Furthermore, they noted that the tenders are floated after a long time and this poses a problem for a company that imports materials with foreign exchange. They quoted that the government procurement manual does not consider this scenario.

In addition to interviews with key informants, the results showed that most procedures are similar. ATA gives more attention for multiyear of about two years procurement planning on major strategic needs which is not found in the other similar organizations

4.6. Discussion Summary

As it has already been indicated above, the broad objective of this study was to examining public procurement practices and challenges in public organizations in Ethiopian mainly focusing on the ATA. The detail discussion is presented above based on the through data analysis of respondents and interview carried out on each of the factors affecting procurement delay and inefficiency with in ATA. This section presents the summary discussion of procurement practices and challenges of the ATA based on data gathered from different sources.

4.6.1 The Regulatory, Methods, practices and related issues

There are 3 categories of purchasing which are supplies, service and works processed in ATA. The range of methods practiced in ATA extends from open bid to direct procurement. The PPA manual states the criteria to be used while classifying different types of purchases and the purchasing department shall abide to the manual and should follow the procedures and instructions while categorizing a particular procurement methods. According to the purchasing head and the purchasing documents, open purchase is the critical both in terms of budget consumption and in meeting the operational needs. However, there are some exceptions which may deviate from the standard purchasing procedures and methods depending on donor type that allow purchases to go ahead.

Through analysis of the purchasing process reveals a number of problems. The major problems include

1. Lots of decision makers: Besides the lengthy purchasing process, involvement of large number of decision makers delays the process. Because everyone has to make sure process is legally compliance
2. Communication gaps: There exists communication gap among parties involved in the purchasing process; this can be explained since The requesting unit might not clearly state the item required on the purchase requisition form since the form doesn't have enough room to write specification or sometimes the requesting persons have limited knowledge on the requested item or service.

3. For purchases that experts and technique committee will not be involved (non- bid and non-- technical purchase) suppliers might deliver different items that users didn't request.
4. Purchaser might purchase different items because they don't have clear understanding of the items requested or they simply assume the item they purchased can substitute the requested one.
5. Absence of Follow up: There is no systematic way for the user department to follow up the purchasing process except the ERP generation where the ERP requires regular update of on time the information on the purchase progress.
6. Absence of Accountability: There is no practice that intentional or negligent delay in purchasing would result accountability. If a particular purchase is taking too long no consequences will follow. As a matter of fact, there are no positive or negative reinforcements to make purchasers more committed to their work.

4.6.2 Procurement planning, Specifications and related issues

In the public procurement plan, the user department must raise the procurement needs; this need has to acquire specification/Terms of Reference of Requirements; it should be clear, precise, complete and well understood. The specification may further be refined and clarified, by the procuring department, as per the pertinent rules and regulation. Technical specification is prepared or will be prepared by end users. (FDRE, Public Procurement Guideline, 2011, 3.1.4.f). To achieve success in procuring function the end users should be involved in high caliber, in addition, it entails the participation of higher officials. As such respondents explained that both procurements unit and user departments play a great role in sense of collaboration in the whole process of preparations and implementations of the annual procurement plan is very important.

The other vital issue in planning is the level of understanding and capability of the end users; the end users should well understand the use of the procurement plan, and the appropriately capable person must fill the requisition. Procurement planning must be prepared by the "right" personnel and accorded the importance it deserves. 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 units take long as there lack of teamwork and close co-ordination on budgeting for the annual procurement plan. The delayed submission of needs with required specification, generates heat and disagreement among user departments and leads to failure of presenting their needs in time. The end user, who is usually said department or section in public institutions should use a similar format, when they raise their annual needs, this format can be vital on consolidation phase. The consolidated procurement plan must be detail and should set to ensure it will be managed with in the budget year.

4.6.3 Issues related to Procurement staff and performance

In addition to the interview conducted with senior management staff, data was gathered through interview with purchasing staff. It was found out that the procurement staffs are responsible for a number of duties including: Summarizing and preparation of enquiry forms, Collection of Performa Invoice, Evaluation and Verification of Suppliers, Preparation of Purchase orders, purchasing the items, Processing and effecting the payment, The long process for the approval coupled with ERP system bottlenecks caused by internet interruption, a purchase makes it averagely a two weeks more to finalize the acquisition.

The discretion given for the purchasers is important because as a result of their day to day work they would have information about reliable suppliers. But the chance that purchasers might establish unethical relationship with suppliers remains a threat. Having well established relationship with suppliers is important because one of the problems practiced in the institution is lack of long term relationship with suppliers. However the interview with both the purchasers and the senior management revealed that there is always emphasis on low price items the simple rule to select among suppliers is the least price and because of that user's requirements are not well met and they all agree that quality shouldn't be compromised.

According to the purchasers the main reason for delay in purchasing is that the purchasing unit has to follow strictly the purchasing process which involves verification and approval at different levels and this will take some time and sometimes the requested items might not be

available in the market so the requisition shall be reprocessed.

There are also instances users complaining about quality claiming the items are either wrong quality or poor quality. Which means some different type of the same product is purchased which might not meet users requirement or the item might be the same but it's below standard and it doesn't effectively serve the intended purpose. Whereas users do not have many complaints on source, price and quantity of purchases as much as they are complaining on the quality since the rule is least price and sufficient quantity is often purchased besides users would not be concerned about how much a particular purchase costs.

Their concern is to get the right quality items at the right time in sufficient. According to the senior management the ATA program allocates more budget to the development program. Looking from the interview it can be seen that the procurement department is not playing a satisfactory role mainly in establishing long lasting relationships with reliable suppliers. This is principally important for regular purchases, which will not require bidding; and also nothing has been done to accelerate the process and encourage efficient and promote purchases. The other thing is users are not exactly specifying the items they request for purchase. The reason might be they lack the knowledge of specification and the purchase requisition form doesn't have space for this.

CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

5.1. Summary of Findings

As shown in the earlier chapter, the study used primary data using interviews, questionnaires and observation and secondary data reviewing including purchasing documents, PPA manuals and ATA annual reports. The finding from both sources revealed that the purchasing practice and process of the ATA has gaps and inefficiency.

Thorough analysis of the purchasing practice summarized and revealed the major challenges encountered. The major findings are summarized as:

- The purchasing process involves nineteen steps, passing through different desks for verification, review and approval which are procedural making the activity unnecessarily lengthy. For instance the ATA can avoid the establishment and approval of the ad hoc evaluation committee for very transaction. Instead, technical requests can be grouped based on similarity of categories and three to four ad hoc evaluating committee can be once approved to work for at least a year life time.
- The process of procurement starts from need identification where users submit their input for the procurement plan. The procurement unit source through advertisement or request for quotation based on the threshold. The results show during need identification there is problem of request for particular item even though the material is already in the war house and that the purchase need does not reach to purchasing department on time.
- Procurement planning is one of the most important steps in the public procurement cycle. The procurement plan is expected to list all the requirements that are under the responsibility of a particular procurement entity and that are expected to be procured over a period of time (usually one year, but could be longer when dealing with project procurement). Like in most public organization, where the study was conducted

procurement plan is not fully prepared in ATA and the plan is failed short to be presented based on the standard and on appropriate time.

- Though Procurement planning is important, both head office and branch office fail to plan their need exhaustively, timely and properly. This unplanned urgent requests brings extra burden and pressure both on the procurement department and the concerned approving bodies. Urgent requests set from all requestors aggravate the delay in the procurement process and leads to the wrong method use of the procurement process
- A precise specification of the physical characteristics, quality, or desired outcomes of a commodity to be procured should be formulated as accurately and precisely, which a supplier must be able to produce or deliver to be considered for award of a contract the study revealed that there is a problem in preparing clarified and complete specifications.
- Procurement methods are the procedures used by the procuring department to acquire goods, services and works. These methods can be competitive and noncompetitive. There's a preference for using competitive methods of procurement given that they tend to promote transparency, economy and efficiency, and limit favoritism. For reasons of shortening the delay and delivery requirements, however, the findings showed that the procurement performance is by other methods than the preferred method by the government. This approach and practice is one of the sources for abuse and may take the ATA in to risk.
- Systematically managing contracts can lead to significant cost savings and efficiency of the public procurement process, and reduce the risk of poor contract performance. This study showed that there is deficient contract management due to contract administration procedure, which are non-transparent and not in line with current situation.

- The public procurement workforce so important to the work of government. The survey result manifested that there the number of skilled manpower in the purchasing departments of the ATA is not proportional to the number of incoming request raised by technical team or project owners. Besides, the low government salary scale and the less attention given to the role, staffs of procurement turnover is high which these gaps contributed to the poor service delivery and procurement performance.
- The procurement agency is the only agency mandated to process procurement of all public organizations of the government including compliant resolution from both party, procuring entity and suppliers.
- The regulation and manual of public procurement systems in the all public organizations similar and same. It doesn't take in to considerations based on the nature of the public organizations are established and mandated for. Due to bureaucracy of the tendering process in the procedures and guidelines of PPA, it poses many challenge to get requests delivered. Even many suppliers are not aware of the policy and procedures of tendering process, procedures and laws. This creates the challenge to the procurement process since many suppliers fail to execute commitments.
- Other issues related with the purchasing process are suppliers practice. Some suppliers entered into or even won the tender without having the items available on hand both in kind or quantity wise. Some suppliers tried to supply items with different specification from the bid document. Moreover, there are few or limited number of suppliers for some items and reliability of suppliers both in terms of availability & quantity of purchase goods and the continuous inflation of goods or service are the major factors that influence the procurement performance.

5.2 Conclusion

This study has provided a number of insights and made some recommendations, which, if adopted, can lead to the improvement of service delivery within ATA. The study found that the most significant problems that delays the procurement processes are regulatory caused by long and strictest government rules and process that detracts the efficient service delivery. The majority of respondents remarked that the public procurement legal framework gives excess control and authority to the PPA. As discussed in the findings, this is a problem for public entities staff who find it difficult to execute their duties because of the long bureaucracy and inefficiency experienced at the PPA. This is at the expense of service delivery.

Besides, failing to go with the plan or working with the unsound plan is a major problem to accomplish the organization's mission and objectives in due time. Unorganized and split procurement, lack of clear specifications and ToR by the user, delayed reporting of technical evaluations, poor contract management are also contributing to the poor procurement performance. Correspondingly, spending money without a plan and all these challenges is an indication that the ATA has been going on the contrary to achieve value for money, efficiency, transparency.

Based on the findings of the study, currently, the ATA work programs is facing challenges by extra delay in the process of procurement. All those feedbacks and concerns are vital to make an early corrective action.

5.2. Recommendations

Based on the findings the following, recommendations are forwarded in order to improve public procurement practices and reduce some of the challenges:

- ✓ Procurement plan is important because it lists all requirements expected to be procured over a period of time and, it enhances the transparency and predictability of the procurement process. The procuring entity must: Plan, manage and fully document the process to acquire goods, works and services, and submit the plan to procurement department consolidation and PPA's review party.
- ✓ Specifications are one of the most important elements of the purchasing process. Poorly written specifications may result in less competition, potential offerors may choose not to submit offers, a commodity that does not meet expectations, additional costs due to subsequent changes made to the specification, poor relationships with the supplier and end user, and others involved, inappropriate contract awards and potential unfair competitive advantages, and protests.
- ✓ Consider poorly written specification public organization gives caution when developing their specifications. Besides, ATA procurement team should have standard specifications for the most regularly procured items and services such as construction equipment, vehicle related items and identify frequently requested items and handle separately. Establishing effective stocking of supplies and accessories which are frequently requested by users like stationary item will reduce the delays and subsequent work interruptions and also unnecessary rush order expenses
- ✓ The purpose of identifying and selecting an appropriate procurement method is to find the best way to obtain the result to satisfy the needs of the end user. A procuring entity should select an appropriate alternative method of procurement as provided in the regulation. In the case when open tendering would not be the most economic and efficient method of procurement, justification shall be given in sufficient time to enable the agency to make decision.
- ✓ Redesign the procurement process in order to minimize the quantity approval period and establish tracking system to expedite and follow the purchasing process

- ✓ Creating a procurement workforce with the right number, skills and capabilities leads to sound public procurement. The ATA need to review the purchasing department restructuring to ensure right number and mix of professionals are available. The ATA should also retain skilled personnel by revising their salary scale, employment of qualified procurement practitioners, and provision of short and long term trainings, development of an effective monitoring and evaluation tool, and the creation of incentive programs to motivate good performance.
- ✓ The operating decisions in a decentralized setting tend to be of higher quality. Decisions should be more appropriate, timely and quick because they are made nearest to the points of the problem, information and actions. Decisions should also be democratic and acceptable as these are made by the people who are responsible for implementing them. So the public procurement agency is advised to decentralize their decision making authority to reduce the burden and facilitate public procurement processes for effective and efficient use of scarce public resources.
- ✓ Many programmatic activities are made at the branch or regional office levels. These will require the need to transact many procurements to support project performances. Currently, many purchases are processed and decided at the head quarter, this definitely is affecting the regional office operations. The level of limit of procurement threshold provided to regional offices is not adequate and the ATA has to revise and increase the level of delegation and approval limit to regional office. Whilst doing such process, the ATA has to, however, ensure the required skill, and number of procurement operation staffs are available which otherwise, it will have implications of breach of procedures and process where it might lead the ATA in to risks of procurement auditing findings.
- ✓ The ATA is uniquely established by a regulation to support the Ethiopian agricultural sector transform and ensure small holder farmers are supported. The ATA spends huge amount of budget for procurement of agricultural related equipment and IT solitons to ensure projects are performed as planned. Besides, the agency is founded in the form of a project with defined deliverables and time line. Provided that the agency is being similarly considered in the long and strictest PPA procurement process and methods, delays and inefficiency will remain unsolved. Therefore, the researcher recommends that the ATA management has to properly document those challenges with evidence and submit an

addendum for approval to the relevant Ministry and PPA to have some strict and long process cut and allow to exercise and focus on efficient and effective procurement service delivery to entire agency.

- ✓ The lack of contract monitoring mechanisms have resulted in contractors taking longer to deliver service contracts. Contract monitoring can be better done by the entities that sign the contracts and have resources to carry out the function properly, and it is therefore recommended that the function be carried out entirely by the entities without the involvement of the PPA guidance. Although the PPA is the body empowered, when suppliers fail to perform is a challenge that detracts from service delivery. It is recommended that the Procurement Regulations be revised to delegate authority to the procuring entities to monitor contracts and to deal with non-performing contractors. These entities are better resourced in both human and material requirements to carry out such activities. The PPA role will then be to monitor and supervise the entities in terms of the execution of the mandate. Failure by entities to take action when suppliers do not meet performance standards because it is the PPA that has the authority to deal with delinquent suppliers, and the procuring entities are not empowered to deal with them but rather only to refer them to the PPA. As recommended previously, the solution lies in the delegation of authority to the entity to reprimand non-performing suppliers.
- ✓ The PPA tendering process should be improved to the unnecessary bureaucracies that don't add value be taken out and PPA should post major policies and procedures to the accessible public website and media. Besides, the PPA should conduct an annual orientation to majority of the business community to provide awareness on major challenges, procedures, accountability level and way out

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APPENDIX A: QUESTIONNAIRE FOR PARTICIPANTS OF THE SURVEY

St. Mary's University
School of Graduate Studies MBA program

Dear respondents:

My Name is Belachew Damte. I am a post graduate student at St. Mary University doing my dissertation, research conducting in partial fulfillment of MBA degree. This questionnaire is designed to gather information on procurement practices and challenges in HQ and Regional Offices of the ATA. Here, I assure you that the information obtained from this questionnaire will be used only for recommendation purpose and your response will be kept confidential and anonymous in the report.

Consent: this questionnaire is a self- administered interview. Filling the questionnaire is voluntary and you are kindly asked to provide the right answer and provide your genuine opinion; your cooperation is a valuable input for the research findings.

1. Gender of the respondent 1. Male (x) _____ 2. Female (y) _____
2. What is your age? _____ Years
3. What is your job title (position)? (Please put X to the your response)
 1. Senior Management Level _____
 2. Middle Level Management _____
 3. Lower Level _____
4. In your understanding, why procurement planning is vitally important for ATA/organizations?
5. How many planned purchase requests do you send to procurement team/department in a year?
6. What are the reasons that forces you to send urgent purchase requisition to procurement team?
7. Why the need for raising procurement requisitions on time?
8. What do you tell us on the purpose of clear specification of goods and standardized ToR for services?
9. Please tell us your understanding on public procurement compliance and significance while handling procurements
10. Please tell us your observation on the causes of procurement delay and inefficiency

ANNEX 1: Self-administered survey questions based on the below table

Items	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Need Assessment					
Before you prepare your procurement need you consider your need can not be met by using unused resources or property available in your organization store					
Goods and services be procured within approved budgets except in case of emergencies, which has to be approved by the Executive Director or his/her delegate					
Your department procurement needs are raised on time					
Lack of qualified staff and the right number is liable for procurement need assessment					
You should identify goods, works and or services to which the public body gives priority and special attention					
It can be assumed that annual procurement needs are achievable (standard items which are widely available					
You are sure that your department need does not involve items which shall be of no use to you					
The procurement unit properly prioritizes the departments procurement need					
Before you prepare your procurement need you consider your need can not be met by using unused resources or property available in your organization store					
Goods and services be procured within approved budgets except in case of emergencies, which has to be approved by the Executive Director or his/her delegate					
Your department procurement needs are raised on time					
Lack of qualified staff and the right number is liable for procurement need					

assessment					
You should identify goods, works and or services to which the public body gives priority and special attention					
It can be assumed that annual procurement needs are achievable (standard items which are widely available)					
Procurement Planning					
You have been involved in procurement planning activities					
Procurement planning is vitally important for your organization					
Urgency work program is a challenge to procurement planning					
A standard format to prepare procurement plan is used					
Senior managers in all departments are involved in procurement planning in the organization					
Market or other source of data are used to estimate cost/price in the procurement plan					
You have been involved in procurement planning activities					
Specifications					
Specifications are prepared for goods to be procured					
Specifications are prepared unambiguously(clarity, precision and accuracy)					
Specified source of information is used to prepare specifications					
Specifications are prepared for goods to be procured					
Procurement Methods					
Appropriate procurement methods to be used in respect to each type of procurement methods					
Preferred procedure of procurement					
Your organization record a statement of the grounds and circumstances on which it relied to justify the use of other procurement methods					
Contract Administration					

Tender opportunities are advertised adequately					
Your organization implements any procurement contract signed with supplies					
Your organization identifies the duties of a supplier under a contract and insures for the performance					
Tenders are awarded within the tender validity period					
Your organization identifies the party responsible for following up the performance of the contract					
Proper follow up is maintained and appropriate decision is taken in regard to securities and warranties.					
Price fluctuation adjustment provisions are provided in the contract					
Sufficient provision on delayed works or goods delivery is provided in the contract and implemented					
There is monitoring mechanism that works are completed on schedule agreed in the contract, goods are supplied or services are rendered within the time					
Adequate control provisions are provided for effecting payments to suppliers or contractors					

Annex 2: Unstructured Interview guide for Procurement staff

1. Position _____
2. Qualification _____
3. Training you take related to the task (procurement) _____
4. Briefly describe the nature of your job
5. What are different types of purchases do you have? (Open Int. Competitive bidding, restricted or short listing bidding, direct bidding/wavier competitive bidding, other)
6. Do you know the purchasing process? What are the steps involved in?
7. Do you think any of the steps in the process are pointless at least some times?
8. Have you practiced problems in implementing a purchase process due to any of the steps involved?
9. What do you recommend us to expedite the purchasing process and ensure efficiency?
10. What are the major challenges in procurement process?