

Assessment of the Effectiveness of Procurement Planning and
Implementation, *the Case of Selected Bureaus in the Gambella Regional
State*



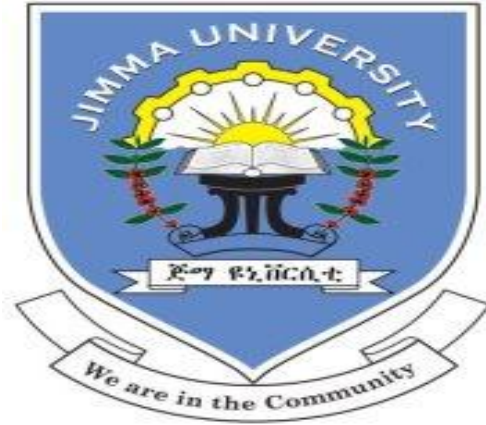
A Thesis submitted to college of Business and Economics in Partial Fulfillment of
the Requirements for the Award of Masters of Degree in Business
Administration (MBA)

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Jimma University
College of Business and Economics
Department of Management
MBA Program

June, 2017
Jimma, Ethiopia

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June, 2017
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Declaration

This Thesis entitled “Assessment of the Effectiveness of Procurement Planning and Implementation, the Case of Selected Bureaus in the Gambella Regional State, Ethiopia, is my original work and has not been presented for the award of any diploma or degree in any university and that all sources of materials used for this research have been duly acknowledged.

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Acknowledgements

My first and foremost thanks go to the Almighty God, the fountain of all knowledge; indeed he has been gracious to me throughout my life and I am very grateful to him.

My sincere and deepest gratitude goes to Wondwossen Siyum (Asst. Professor), my thesis main advisor, and Wendmu Abule (MBA), Co-adviser for their continued and unreserved support and guidance. My success in this thesis was merely because of the important support they gave me through all the possible means.

My special thanks also extended to Ochan Dorgi, Peter Obang and Kidanemariam Leake, for their constructive and valuable comments and encouragement has helped me a lot and made this a much better work, they have been providing me with fruitful recommendations starting from the development of proposal to the last day of my thesis work,

I am also grateful to my wife, Maro Obang and to my son, Yiamet Jedi, who gave me psychological and moral support during the entire work of my thesis; their presence had been very significant for my success in this research.

I extend my thanks to the respondents of this research for providing me with necessary data, without which this research would have been not feasible.

I would also like to extend my genuine appreciation to Bureau of Finance and Economic Development (BoFED) for providing me with financial support.

Thank you all!

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Acronyms

GDP=	Gross Domestic Product
PDOs=	Project Development Objectives
PPPA=	Public Procurement and Property Administration Agency
SNNPR=	Southern Nations Nationalities and People Region
GR-GTP=	Gambella Region Growth and Transformation Plan
NGO=	None Government Organization
MDG=	Millennium Development Goal
SDG=	Sustainable Development Goal
FDRE=	Federal Democratic Republic of Ethiopia
ETB=	Ethiopian Birr
EOI=	Expression of Interest
SPSS=	Statistical Package for Social Science
BoFED=	Bureau of Finance and Economic Development
RFQ=	Request for quotation
VFM=	Value for money
OECD=	Organization for Economic Cooperation and Development
PPP =	Procurement – Planning Practice
SC =	Specification Completeness
RPA =	Realistic Price Assessment

Abstract

The purpose of the study was to assess the effectiveness of procurement plan and its implementation practice in Gambella, taking the case of five selected bureaus. The major assessment areas were on the internal factors which are continuously affecting the implementation of procurement. Subsequently the following three basic questions were forwarded: such as, 1) the process and content of procurement plan and its implementation, 2) specification completeness, and 3) present market price assessment. The study focused on, assessing the plan versus the performance. The study deploys descriptive statistical method and the selection of the respondents was done by using the whole population of targeted departments (Census techniques). In addition, closed-ended questionnaires were distributed to all target population. The target population was 100 employees and all the questionnaires were filled successfully. Based on the analysis, it was detected that organizations have a trend of preparing annual procurement plan which lack clarity. However, having a plan by itself does not ensure success; it basically, depends on the extent of implementation. In the case of selected organizations, the annual procurement planning, specification and market price assessments were found to be very poor and incomplete. Eventually, the study recommends that, organization should prepare clear procurement plan and follow it in the acquisition of goods, qualified procurement specialist should be employed in the procurement departments. And make sure that they are getting procurement trainings timely.

Key words: Procurement Planning, Specification Completeness and Market Price assessment.

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Public procurement is a key tool used to promote objectives of an economic, environmental and social nature gaining much attention globally over the past decades. In developing countries, it is one of the main instruments for the achievement of development goals such as reducing poverty, providing health, infrastructure, education and other services and enormously contributes to best utilization of public resources. Procurement budgets in developing countries account for about 20 percent of government expenditure globally, and many governments have embarked on reforms in their procurement systems to streamline and harmonize legal and institutional framework. (Getnet et al, 2014, pp. 153)

Public procurement is continuing to evolve both conceptually and organizationally. That evolution accelerated during the 1990s as governments at all levels came under increasing pressures to ‘do more with less. 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. In addition policy makers have increasingly used public procurement as a tool to achieve socioeconomic goals.

According to Getachew (2014), procurement is the overall process of acquiring goods and services which includes all functions from identification of needs, selection and solicitation of sources, preparation and award of contract and contract administration up to the end of delivery and acceptance of the goods and services. Many public procurement activities suffer from poor co-ordination, lack of open competition and transparency, differing levels of corruption and most importantly not having a well-trained and qualified procurement specialists, who are competent to conduct and manage such procurements, in a professional, timely and cost effective manner. Strengthening procurement efficiency and increasing transparency equally increase the

confidence and trust of the civil society in its government, in particular in government's credibility, honesty and commitment to the goal of development of the country.

Anteneh (2015) acknowledged that in the past decades, even if it required maximum possible consideration, it was not getting due attention it deserves. In many developing countries, public procurement has not been viewed as having a strategic impact on the management of public resources. It was largely treated, as a process-oriented, "back-office" support function and often implemented by non-professional staff of the buying agencies.

However, recently many developing countries have started to understand its importance in ensuring good governance. Meanwhile, developing countries had realized that an efficient procurement system contributes to good governance by increasing confidence that public funds are well spent.

Dobler and Burt (1998) Cited by Yirga, (2011) describe procurement as the acquisition, whether under formal contract or otherwise, of goods, services and works from third parties by contracting authorities." In addition, Adotévi (2009) defined procurement as: "the activity of assessing, buying and receiving goods, works and services." (According to the Ethiopian Public Procurement Proclamation (No 649/2009), procurement means "obtaining goods, works, consultancy or other services through purchasing, hiring or obtaining by any other contractual means." From the above definitions, the overall tasks of procurement is to obtain goods, works, consultancy services and other services at the right quality, in the right quantity, from the right sources, at the right time, place and price to achieve an organizational objectives.

Procurement has a major impact on Development as, resources are mostly used to procure goods, works or services critical to the achievement of the project development objectives (PDOs), Public procurement represents 10 to 20% of the GDP of a country and Opportunities for fraud and corruption affect the achievement of the PDOs. Thus, proper management of public procurement means utilizing significant amount of resources appropriately and achieves the organization goal easily. (Yonas, 2014)

According to Abebe Cited by Getnet et al, (2014) in Sub Saharan African Countries, studies have shown that out of the total public resources, procurement of goods, works and services account for about 70 percent of the total public expenditures. In addition, in Ethiopia from the total public

expenditure more than 60 percent is used for procurement of goods and services (Tesfahun, 2011). Improving the public procurement system will obviously impact substantially on the growing economy of Ethiopia which will result in budgetary savings and efficiency in government expenditures, thereby creating wealth and reducing poverty, but still it has been a neglected area for long. In recent years Ethiopia had launched a civil service reform, one of the reform areas which appear were preparation of new Public Procurement Rules and Regulation, and then the establishment of Public Procurement and Property Administration Agency under the Minister of Finance and Economic, for strengthening of control and oversight of the federal government's procurement activities.

According to the Public Procurement and Property Administration Agency manual, since public organization entirely depends on the government budget and the organization's success comes mainly from appropriately spending the procurement budget, the public organizations should manage the public procurement systems by ensuring value for money (PPPA Manual, 2010).

The World Bank (2002) also stated that even if the rules and regulations have been enacted, successive review of the public procurement regimes in Ethiopia reveal a lot of short comings such as procurement laws and regulations are not based on recognized international models, absence of clearly defined central oversight and public bodies at all level, shortage of experienced management and procurement staffs, lack of transparency in the procurement processes, absence of procedures for modern form of procurement activities and unclear institutional and organizational arrangement required in the management of the public procurement process and most of all lack of proper procurement planning.

In the citation of Gikonyo Peter Kiama (2014), the strategic plan is a key performance management tool; a corporate vision provides the general direction for the entire organization (Coopey and Burgoyne 2011). Since the global financial crisis, the change imperative has come to the fore for many organizations and has been the focus of many boardroom, senior management, and strategists' meetings and discussions key to setting the strategic plan. No industry sector, public sector organization, or government department has escaped the change. Strategic changes entail transformation in the form, quality, or state overtime in an organization's alignment with its vision and hence suit its external environment (Bartley, 2011).

According to Agaba & Shipman, (2007), procurement planning is the process used by companies or public institutions to plan purchasing activity for a specific period of time. This is commonly completed during the budgeting process. Each year, departments are required to budget for staff, expenses, and purchases. This is the first step in the procurement planning process. Economic commission of Africa (2003) defines procurement planning as the purchasing function through which organization obtain products and services from external suppliers. A good procurement plan will go one step further by describing the process you will go through to appoint those suppliers contractually. Whether you are embarking on a project procurement or organizational procurement planning exercise, the steps will be the same. First, define the items you need to procure, next, define the process for acquiring those items. And finally, schedule the timeframes for delivery.

Procurement is thus one part of the commissioning process. It refers to a specific method of purchasing services which involves tendering for a contract. Sometimes it is more appropriate for a public body to fund a service through the provision of a grant, but then it will have less control over the precise outcomes to be delivered.

Procurement plan is an essential component of public finance that has impacted many other components and thus affects overall efficiency and effectiveness of organizational performance. A procurement plan is very important to execute the work program in due time. Well-synchronized plan can prevent the delay in the process, it definitely reduces corruption and avoids rush procurement to meet the deadlines; and correspondingly, the plan enables the organization to gain economies of scale due to bulk procurement. It is the base to create transparency in the supplier, service providers and stakeholders' relations. Furthermore, it allows undertaking the best method of procurement. (PPPA procurement manual, 2010)

Therefore, based on the assumption that whenever we do things we need to have plan and act accordingly, otherwise we are doing things to fail not to prosper, and according to what I read from similar researches done by different people in different areas and what I am seeing and hearing in my locality I feel like there could be an existing problem in the preparation of procurement plan and its implementation, therefore, it is justifiable and very important to carry out a research in this process. This research paper focused on the assessment of the effectiveness

of procurement planning and implementation in Gambella regional state by selecting five bureaus such as Health Bureau, Water and Energy Bureau, Road and rural development bureau, Education bureau and Agriculture and natural resource bureau. There was no research on the same topic been conducted in Gambella. The mismatch between procurement plan and implementation definitely open ways for corruption and encourages unlawful activities in the overall procurement process, hence this research is much more important in filling the existing vacuum between procurement plan and implementation.

1.2. Background of the study area

Gambella region is one of the federal states in Ethiopia, which is located in the south western part of Ethiopia. Having a distance of 777 km from Addis Ababa and its total land area is estimated to 34,063 kilo meter square. It shares boarder in the north with Benishangul Gumuze, in the east with SNNPR and Oromia, in the west again with SNNPR and South Sudan. Gambella region has three ethnic zones namely: Anywa, Nuer and Majang, with a total population of 358,511(48% female and 52% male). In the region there are five native peoples such as Agnua, Nuer, Majang, Opo and Komo, and other highlanders namely Oromo, Tigray, Amhara, Guraghe, Kambatha, welayta and others. The region has also twelve woredas, one special woreda and one city Administration. It is one of the warmness areas in the country.

Its annual average room temperature is estimated to 27 °c to 33 °c and high temperature season is from the end of January to April. By these times the room temperature is estimated from 40 °c to 45 ° c, which is very hard especially in the night time. The region has a good potential in arable land (with 480, 000 hectare irrigable potential), vegetation cover, rainfall and water potential. There are four high potential rivers (Baro, Gilo, Alwero and Akobo) and its rainfall distribution is good - 900mm to 1500mm for lowland areas whereas 1900mm to 2100mm for highland areas. The rainy season in the region is expected from April to November. In addition, Gambella town is the capital city of the region having the population size 54, 580(53% male and 47% female) with five kebeles (GR-GTP, 2011/12).

1.3 Statement of the problem

According to the research carried out by Frida et al (2014) on the Implementation of Procurement Planning in Parastatal Organizations in Tanzania, the findings showed poor cooperation between Procurement Management unit and user departments in preparation and implementation of the annual Procurement plan. The findings also indicated that user departments never know procurement planning and considered it as the responsibility of the Procurement Management Unit.

In the study conducted by Kiama (2014) on factors Affecting Implementation of Public Procurement Act in SACCO Societies in Kenya, stated that many public procurement activities suffer from neglect, lack of direction, poor co-ordination, lack of open competition and transparency, differing levels of corruption and most importantly not having a cadre of trained and qualified procurement specialists, who are competent to conduct and manage such procurements, in a professional, timely and cost effective manner. Inflexible and bureaucratic systems of procurement contribute to unacceptable contract delays, increased costs, the potential for manipulation of contract awards and lack of fair competition, all of which create the perception in the population at large, that public expenditure is slow, ineffective, expensive and often corrupt.

In improving public procurement in Kenya as well as reform initiatives have centered on making the acquisition process more efficient, essentially by blocking legal and procedural loopholes believed to be avenues for waste and corruption in the system. Consequently, much effort has been devoted in bringing together existing procurement regulations, including directives, into a single document the Public Procurement and Disposal of Assets Act, 2005 and to making this document clearly understood, easily accessible by and properly enforceable. These efforts remain valid and justified especially considering the general legislative and regulatory weakness that has characterized procurement in Kenya's public sector over the last four or so decades. Kiama (2014).

Anteneh (2015) in his study on Assessment of Procurement Planning and Implementation Effectiveness in Ethiopia with reference to the Ministry of Urban Development, Housing and Construction, his findings revealed that Ministry has been affected by the poor performance of

procurement planning and implementation practice. The work programs of the company had faced challenges by extra delay in the process of procurement. His findings also stated that the plan was not transparent and there was a gap to make corruption and malpractice due to piecemeal purchasing without market price assessment trend and weak practices on the ground to follow up the plan versus performance, which is vital to make an early corrective action.

Results of the study conducted by Tewodros (2007) on the evaluation of purchasing practice at Addis Ababa university, College of Commerce revealed that management did not give weight for the purchasing function due to failure to assign qualified staff for the unit, ineffective way of communicating the principles of purchasing, unsystematic ways of expediting and follow up of the purchasing process, poor relationship with reliable suppliers to establish long term mutual benefits, failure to monitoring the performance of different committees involved in the purchasing process, prompt decision making, lack of skill and experience to meet the purchasing requirements that resulted in wrong items purchase, poorly designed purchase requisition forms, incomprehensive record for purchasing activities, poorly organized receiving process, inefficient purchases made according to the manual, giving high emphasis only for least price and long purchasing process.

When the public institutions fail to prepare good plan and inappropriately implement it, they will undertake several purchases and encounter difficulties to ensure the value for money in those organizations. Consequently, extra delay became a reason to extend the work program for consecutive years, and hence the organization failed to achieve its objective in due time. To prepare a workable good procurement plan, at the beginning of the fiscal year, each user department should forward their goods and service request to the procurement unit. The requisition should carry: type of the procurement, the quantity of goods, service, works, and source of funding, specifications, and estimated cost/price and date when the goods/services/works are required. Receiving the requisition, the procurement unit consolidates and details out the procurement plan to determine the method of procurement for further process. The consolidated procurement plan should reflect the internal and external lead-time. Planning, regularly monitoring, updating and thoroughly implementing it benefit the organization to track the performance and also enables to identify blockage variables beforehand. (FDRE, Public Procurement Guideline, 2011).

Yirga (2011) stated the practical drawback in preparing and properly deploying a procurement plan in public institutions and most of them have been undertaking too much unjustified and unplanned purchase in each budget year in Ethiopia and Gambella Regional State in particular. He also pointed out a pragmatic trend of under-utilization of the budget; and the major cause of ineffective management of the procurement function and lack of emphasis by the top management. For the last few years's reports of the Public Procurement and Property Administration Agency, many development activities were delayed because of the procurement processing failures.

Even though many researchers conducted studies on procurement in various public institutions, there were no adequate empirical studies conducted and published on the effectiveness of procurement planning and implementation practice in the public institutions found in Gambella Regional State, Ethiopia due to unknown reasons.

According to the findings of different studies conducted by different scholars and my own observation make me doubt that there might be a gap in the preparation of procurement plan and its implementation in Gambella region. And due to this reasons, the researcher was motivated to do investigation on this topic, and the findings of this research are believed to positively add value to the existing experience.

Therefore, this research is designed as an endeavor to study the effectiveness of procurement planning and implementation in the selected bureaus in Gambella Regional State of Ethiopia, based on the following basic research questions.

- 1, What does the current procurement planning and implementation practice look like?
- 2, To what extent does specifications in the procurement plan complete from view point of selected bureaus?
- 3, How is the trend of market assessment from view of the selected bureaus?
- 4, How effective is the overall current procurement Practice from the view of the selected bureaus?

1.4. Objective of the study

1.4.1 General Objective

The general objective of this study is to assess the effectiveness of procurement planning and implementation in Gambella Regional state with particular reference to five selected government institutions.

1.4.2 Specific Objectives

The specific objectives of this study were:

1. To assess the current procurement-planning and implementation practice in the selected bureaus of Gambella regional state.
2. To examine the completeness of specifications in the procurement plan.
3. To assess the trend of market prices assessment for the items purchased by the selected bureaus.
- 4, To assess the effectiveness of the overall current procurement practice in the selected public institutions.

1.5. Significance of the study

The study will enable the procuring entities to have adequate knowledge on how to prepare annual procurement plan. The findings and the proposed recommendations will help the regional administration to implement corrective measures to address the identified problems. Furthermore, this research was expected to give reliable information to the regulatory body, and other concerned authorities to revise the policies and reconsider some of the things to improve in public procurement practices as part of its strategic plan for the achievement of best value for public money.

Finally, the study will serve as a secondary data or reference for other researchers who are fascinated to carry out further researches in this area.

1.6. Scope of the study

The study was conducted in the capital city of Gambella region, because as a common problem of all regions of the country, Gambella region has also a problem in implementation of public procurement according to the plan due to many reasons. The researcher conducted the study in this area because Gambella city is a capital of Gambella region where government sector bureaus

are found with huge amount of regional budget. Moreover, the highest portion of these sector bureaus annual budgets is spent on public procurement with many transactions. In addition to that they are receiving donation from many international NGOs and development partners, to fulfill MDG/SDG objectives.

Public procurement is a broader concept but, for the purpose of this research, the scope of work was limited to public organizations involved in the procurement of goods and works only on some selected public sector bureaus, namely Health Bureau, Water and Energy Bureau, Road and rural development bureau, Education bureau and Agriculture and natural resource bureau. The researcher believes that the selected sector bureaus would represent the whole governmental sectors of the region since these are the main public bodies with huge budget allocated for procurement.

1.7. Limitations of the Study

Public procurement is a vast area. Thus, conducting research on the whole system was impossible in terms of adequate time and shortage of budget. Hence, the assessment of this study focuses on the planning and implementation stage, this enables to see clearly what the implementation of procurement plan looks like.

Moreover, the researcher faced a problem in getting some of the respondents early due to meetings and training outside the study area for a long period of time, which made it difficult to collect the questionnaires that were already distributed.

Even though, procurement planning and implementation practice is also affected by external factors, however time and resource limitation did not make this feasible and for this motive the study focuses on only the internal factor.

Regardless of the above restrictions, the validity of the findings emanating from this study is very significant, to improve the procurement planning & implementation practice in the regional level.

1.8. Organization of the study

This thesis is structured in to five chapters. Chapter one include the introductory part consisting of back ground of the study, statement of the problem, research questions, and objectives of the study (general and specific), significance of the study, scope of the study, limitation of the paper. Second chapter provides a review of related literatures. The third chapter comprises the research design and methodology. The fourth chapter consists of the data analysis and discussions, while the fifth chapter includes the findings, conclusions and the recommendation part. Finally references and appendix is also attached at the end of this paper.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2. Introduction

This chapter explores literature, written by different authors, on the benefits of implementing the procurement plan, and it reviews PPPA public procurement manual in order to establish and provide answers to the research questions.

According to (Yusser EL-Gayed,2013) A literature review is the process of exploring the existing literature to ascertain what has been written or otherwise published on a research topic (Collis & Hussey, 2003). In order to carry out a literature review, one would initially need to search for the relevant literature, the aim of which is to identify as many items of relevant secondary data as possible such as books, journal articles, conference papers, reports, archives and published statistics (Collis & Hussey, 2003). Hart (1998) defines the literature review as the selection of available documents, both published and unpublished, on the topic (in this case, public procurement policy) which contains information, ideas, data and evidence written from a particular standpoint to fulfill certain aims or express certain views on the nature of the topic and how it is to be investigated, and then the effective evaluation of these documents in relation to the research proposed.

In addition to this Creswell (2012), define literature review as a written summary of journal articles, books, and other documents that describes the past and current state of information on the topic of your research study. It also organizes the literature into subtopics, and documents the need for a proposed study. In the most rigorous form of research, educators base this review mainly on research reported in journal articles. A good review, however, might also contain other information drawn from conference papers, books, and government documents. In composing a literature review, you may cite articles that are both quantitative and qualitative studies. Regardless of the sources of information, all researchers conduct a literature review as a step in the research process.

Why is this review necessary? Many reasons exist. You conduct a literature review to document how your study adds to the existing literature. A study will not add to the literature if it duplicates research already available. Like Maria, you conduct a literature review to convince

your graduate committee that you know the literature on your topic and that you can summarize it. You also complete a literature review to provide evidence that educators need your study. You may base this need on learning new ideas, sharing the latest findings with others (like Maria and her school committee), or identifying practices that might improve learning in your classroom. Conducting a literature review also builds your research skills of using the library and being an investigator who follows leads in the literature, all useful experiences to have as a researcher. Reading the literature also helps you learn how other educators compose their research studies and helps you find useful examples and models in the literature for your own research. By conducting a literature search using computer databases, you develop skills in locating needed materials in a timely manner.

2.1. Meaning and nature of Public Procurement

2.1.1 Definition of Public Procurement

As it is earlier mentioned in the background of this study that public procurement mainly suffers from the lack of uniform terminology; different terms in different countries or contexts, are used to describe identical or very similar situations, and these differences can sometimes generate confusion and misunderstandings. Never-the-less, given such diversity of terminology, it has become compelling at present to harmonize the cases, and talk about the only basic principles Globally (Dimitri et al. 2006).

Hence, on the basis of the above Arrow Smith (1998) has defined it, that Government procurement, generally refers to purchasing by the government bodies from external providers of the products and services these bodies need in order to carry out their public service mission. Given the variety of functions of a modern state, the procurement function embraces a broad and diverse range of transactions. Furthermore, for the purposes of both National regulation and International treaties, it is common to divide into three categories, such as construction services (works), supplies, and (non construction) services (Arrow smith, 1998).cited by Getachew (2014).

According to the Federal Democratic Republic of Ethiopia Public Procurement and Property Administration Proclamation No.649/2009, Public procurement is defined as Procurement by a public body and obtaining of goods, works, consultancy or other services through purchasing, hiring or obtaining by any other contractual means using public funds.

Public procurement is the purchase of goods, works and services by governments and state owned enterprises. It related to the activities starting with the assessment of needs through award of contract to contract management and final payment (OECD, 2010).

Procurement is the overall process of acquiring goods, civil works and services which includes all functions from the identification of needs, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration through the end of services' contract (UNDP, 2006).

2.1.2 Meaning of Goods, Works, and Services:

The federal government of Ethiopia's Public Procurement and Property Administration proclamation No 649/2009 defines goods and works as follows:

2.1.2.1 Goods

Goods are related to raw material, products and equipment and commodities in solid, liquid or gaseous form, marketable software and live animals as well as installation, transport, maintenance or similar obligations related to the supply of the goods if their value does not exceed that of the goods themselves.

These includes all items, supplies, materials, equipment and furniture, computer, IT and Telecommunications equipment; software, office supplies; household appliances and furniture; goods and equipment needed in the project implementation.

2.1.2.2 Works

Are associated with the construction, reconstruction, upgrading, demolition, repair or renovation of a building, road, or structure, as well as services incidental to works, if the value of those services does not exceed that of the works themselves and includes build- own- operate, build- own- operate- transfer and build- operate- transfer contracts.

Are related to infrastructure projects to construct, improve, rehabilitate, demolish, Repair, restore, or maintain buildings, roads and bridges, etc., or civil works Components of information technology projects (e.g. building data centers), irrigation, flood control and drainage, water supply, sanitation, school buildings, health clinics, reception centers, etc.

2.1.2.3 Service

Non-Consultancy service: - It is related to any object of procurement other than works, goods and consultancy services; such as maintenance, security, janitorial, electricity, telecommunication and water supply services etc.

Consultancy service:- Mean service of an intellectual and advisory nature provided by consultants using their professional skills to study, design and organize specific projects, advice clients, conduct training, and transfer knowledge, etc.

2.1.3 The Procurement Cycle

Procurement cycle is the cyclical process of key steps when procuring goods or services, from identification of a need and conducting market analysis through to the process of selecting the supplier, managing their performance and reviewing lessons learnt.

The steps in the procurement cycle:

2.1.3.1 Requisition and need identification

The first step in the procurement cycle is to identify what is needed / required. This is something, which the User-entities have to do. Later, the Procurement Unit should be critical to what is identified.

Important considerations are here:

Does the Public Body already have the required goods on stock? Does the type of goods, works or service exist? Can the goods be procured in the size required, or will it give better value buying an other size? What is known about the market? Issues such as national/international suppliers and the risk for long transport time shall be noted for later use.

2.1.3.2 Prepare an Annual Procurement Plan

1, A template for the Annual Procurement Plan shall be used. The template is either provided by the Authority, or by a relevant donor.

- 2, The input for the plan comes from the User Entities. They shall list all their requirements, when they need it to be delivered and where and how flexible they are in regard to delivery time and place.
- 3, The Procurement Unit shall in a dialog with the involved User Entities combine and compile all the items, works and services required in as big ‘packages’ as possible.
- 4, When the Annual Procurement Plan is drafted, a meeting will be held between all involved to discuss the plan.
- 5, The Authority shall approve the plan.
- 6, During the year, the plan shall be adjusted, when new needs occur, or existing planned procurement are changed or deleted. When larger changes are made, the Authority shall be informed,
- 7, The plan shall be published, but not including the estimated prices.

2.1.3.3 Prepare technical specifications or terms of reference

Technical specifications and terms of reference are prepared by the User Entity.

The Procurement Unit should read them critically and ask questions, if:

they are difficult to understand;

they involve a brand name; and

they are made to limit the competition.

The Procurement Unit can check on the internet or by search on the market, if in doubt if the product or service exists.

2.1.3.4 Prepare bidding documents or a request for proposal or a purchase order

For all procurement methods, there are specific standard documents/templates to use. It is mandatory to use these.

In most cases, the standard documents/templates are used so that:

Goods, Services and Works use same standard document

Consulting service use a different version of the standard documents

When procuring based on a framework contract, a purchase order is used.

Note! Data for all mandatory fields shall be entered in the standard document before it is issued. Remember to state the language(s), which the bidders are allowed to use, when bidding.

2.1.3.5 Advertise the bidding possibility or invite selected suppliers/consultants

Normally and preferred: Open bidding through advertising the bid possibility in media, where it is expected that a wide range of potential bidder will look.

There is a template to use for such advertising and guidelines on how to do it.

Inviting a limited number of suppliers/consultants by a letter. Only for low value procurement (using the Request for Quotation method) or in special situations.

2.1.3.6 Receiving and opening bids, proposals and quotations

- The bidding document and quotation will specify how, where and when the bid proposal and quotation shall be submitted.
- Special procedures shall be followed for receiving and registering the bids, proposals and quotations received in the Public Body. The Public Bodies should have internal guidelines about this.
- Provide the bidder with a receipt for the submission containing name of bidder, place and time of submission.
- Keep the submitted documents in a safety or a safe place until they can be opened.

2.1.3.7 Evaluation of submitted bids, proposals and quotations

Those, who evaluate the bids, proposals and quotations, should sign a declaration stating that they have no conflict of interest in regard to the bidders. If they have a conflict of interest, they need to re-draw from the evaluation.

When opening the envelopes, make sure that the envelopes are still sealed.

For the evaluation itself, the invitation to bidding document will provide details on what the evaluation shall be based on.

For the structure of the evaluation report, follow the recommendations in the Procurement Regulations, Guidelines and reporting templates for evaluation. This gives a good structure.

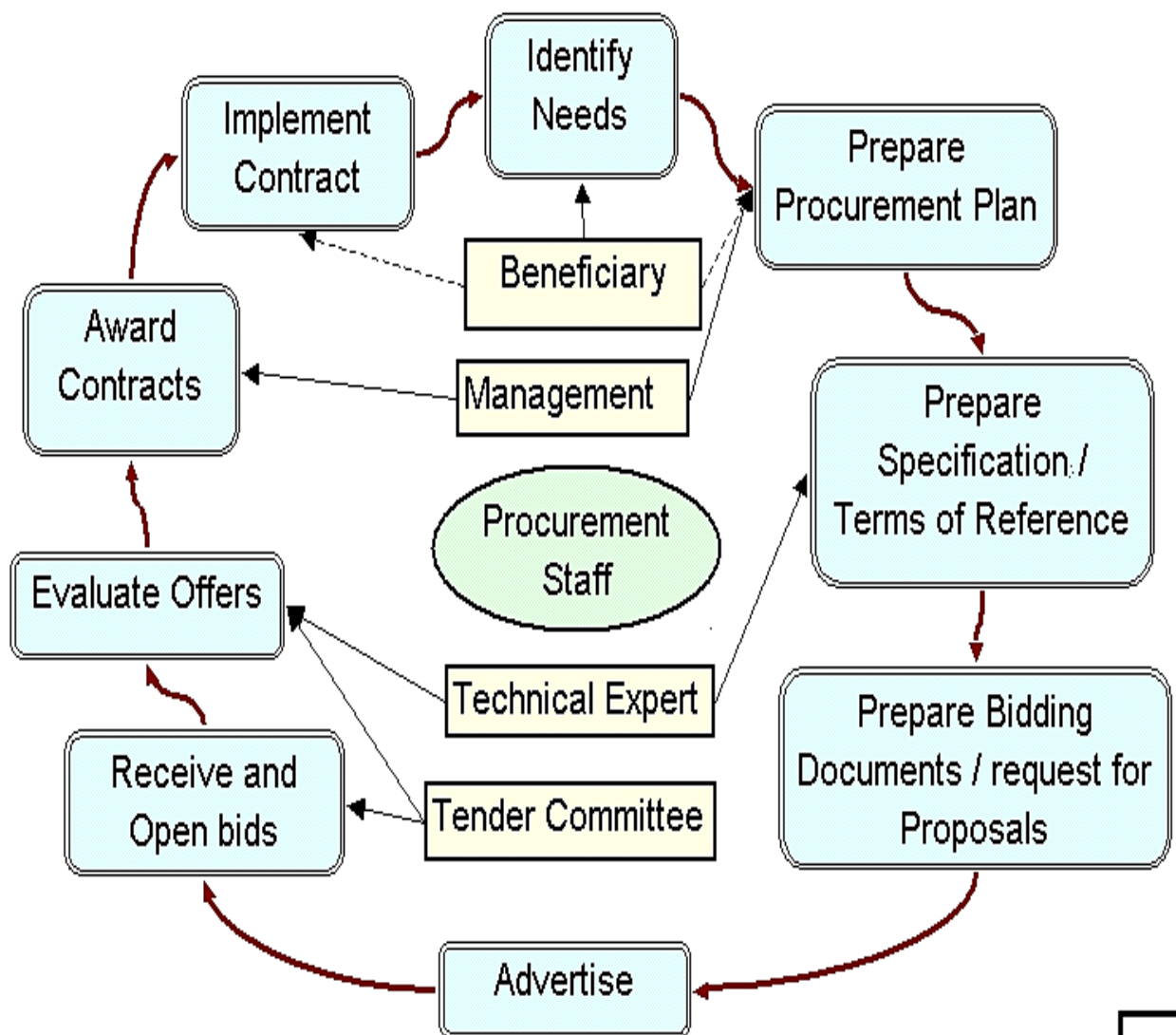
2.1.3.8 Implement the contract and contract management

In some of the Public Bodies, the contract handling is not done by the Procurement Unit, while in some it is.

It is important to remember to keep all the internal parties in the Public Body up to date on the delivery on the contract, including the budget staff.

Quality Assurance of what is delivered has to be taken seriously and a resigned report about the quality of the delivered goods, services and works should be required.

Figure 2.1.3 Procurement Cycle



Source: Procurement training module

2.1.4 Principles/Pillars of Public Procurement

In order to procure goods and works in an economic and effective manner and also achieve the best value for money spent, procurement personnel of public entities need to follow modern procurement principles. The principles of public Procurement, according to the FDRE public procurement Directive (2010) are:

- ❖ Achieve maximum value for money in procurement. I.e. insure economy, efficiency and effectiveness.
- ❖ No Candidate shall be discriminated or excluded from participating in public procurement on the ground of nationality or other reasons which are not related to the evaluation criteria except in accordance with the rule of preference provided in the proclamation.
- ❖ Support the country's economic development by ensuring economy, efficiency and effectiveness in the execution of public procurement.
- ❖ Any criteria applied in making procurement decisions and decisions taken on each procurement, must be made transparent to all concerned parties.
- ❖ Ensure accountability for decisions made and measures taken in the execution of public procurement.

2.1.4.1 Best Value for Money

Best value for money means selecting offers which present the optimum combination of factors such as appropriate quality, life-cycle costs and other parameters which can include social, environmental or other strategic objectives which meet the end-user needs. Best value does not necessarily mean the lowest initial price option, but rather represents the best return on the investment, taking into consideration the evaluation criteria in the specified solicitation documents (UN, 2006).

This is an essential test against which governments justify procurement outcome. Price alone is not a reliable indicator and organizations will not necessarily obtain the best value for money by

accepting the lowest price offer that meets mandatory requirements. Best value for money means the best available outcome when all relevant costs and benefits over the product's life cycle are considered.

The procurement function itself must also provide value for money and must be carried out in a cost-effective way. Procurement organizations, whether centrally located or devolved to individual departments, should:

Avoid any unnecessary costs and delays by themselves or suppliers;

Monitor the supply arrangements and reconsider them if they cease to provide the expected benefits; and

Ensure continuous improvement in the efficiency of internal processes and systems.

Given the limited resources available to government, ensuring value for money in procurement is a key to ensuring the optimum utilization of scarce budgetary resources. Value for money is the primary driver for procurement. It usually means buying the product or service with the lowest whole-life costs that is 'fit for the purpose' and meets the specification. Where an item is chosen that does not have the lowest whole-life costs, then the additional 'value added' benefit must be clear and justifiable.

The whole-life costs of a product comprise:

- ✓ The original cost,
- ✓ Transportation cost to the premises of the buyer,
- ✓ Installation cost of the item,
- ✓ Operating cost,
- ✓ Maintenance and repair cost,
- ✓ Disposal cost, if any

The assessment of suppliers bids should be conducted only in relation to a published set of evaluation criteria, which must be relevant to the subject of the contract, and any 'added value' that justifies a higher price, must flow from these defined criteria.

All procurement officials are responsible for ensuring that best VFM is achieved throughout the procurement process. In the case of construction projects, VFM relates both to the functionality and building quality of the finished building/structure, and to the quality of service provided by the various consultants and contractors engaged by the end user. The former may include several

factors such as: design aesthetics; appropriateness and sensitivity to surroundings; ease of maintenance; adaptation to suit future client requirements; and impact on the wider environment. Goods should be acquired by competition unless there are convincing reasons to the contrary. Competition avoids any suggestion of favoritism and the encouragement of monopoly; it also helps promote efficiency and economy. The form of competition should be appropriate to the value and complexity of the goods acquired. It is a policy principle that procurement should be undertaken through open competition (USAID, 2007).

According to United Nations Development Program (2006), best value for money” means selection of the offer, which presents the optimum combination of life-cycle costs and benefits, which meet the Business Unit’s needs. Best value for money should not be equated with the lowest initial price option rather requiring an integrated assessment of technical, organizational and pricing factors in light of their relative importance. To ensure that best value for money is obtained, the process of soliciting offers and selecting a Supplier and Contractor should:

- Maximize competition;
- Minimize the complexity of the solicitation, evaluation, and the selection process;
- Ensure impartial and comprehensive evaluation of solicited offers.

2.1.4.2 Effective Competition

The principle of competition in procurement is a core feature of the procurement process, in particular with regard to the methods of procurement. It is believed that competition, as an economic principle, will ensure that suppliers will offer the best product at the best price. It overlaps with the other principles mentioned, for instance that of effectiveness in that it is generally accepted that effective competition will enhance the process. As public procurement takes place in the open market the principle of competition entails that an opportunity is given to a sufficient number of suppliers in the open market to offer their goods or services to the procuring entity on a competitive basis. The purpose of such competition is to obtain the best product at the best price through the most cost-effective process. The principle of competition in procurement is a core feature of the procurement process, in particular with regard to the methods of procurement. It is believed that competition, as an economic principle, will ensure that suppliers will offer the best product at the best price. It overlaps with the other principles mentioned, for instance that of effectiveness in that it is generally accepted that effective

competition will enhance the process. As public procurement takes place in the open market the principle of competition entails that an opportunity is given to a sufficient number of suppliers in the open market to offer their goods or services to the procuring entity on a competitive basis. The purpose of such competition is to obtain the best product at the best price through the most cost-effective process (Harpe, Public procurement law: A Comparative Analysis, 2009).

2.1.4.3 Transparency

Transparency in procurement activity is essential. Transparency refers to the openness of a procurement activity to scrutiny by interested parties. It involves guarding against collusion and the provision of appropriate information to all potential bidders. A transparent procurement system has clear rules and mechanisms to ensure compliance with those rules. It therefore, has unbiased specifications, objective, evaluation criteria, and standard solicitation documents. In addition, equal information is given to all parties and offers received are treated with confidentiality. One other characteristics of a transparent procurement system is that procurement records are open and can be inspected by auditors. Transparency also underpins the principle of open competition. The awarding of a contract should not be decided from a pre-registered list or from expressions of interest, unless this is part of a rigorous process of prequalification based on full information, predetermined specifications, market research and prior assessment on less demanding than competitive tendering (Richard Allen and Daniel Tommasi, 2001).

Attracting a sufficient number of Economic Operators to public procurement through processes that are open and fair is a key concern in the Public organizations. In order to ensure a fair system for Economic Operators, there is common recognition of the need for providing:

- ✚ Clear and readily accessible information on general laws, regulations, administrative rulings, procedures and policies on public procurement;
- ✚ Consistent information to all tenderers on procurement opportunities, methods for tendering, specifications, as well as selection and award criteria.

Therefore, transparency in the context of public procurement refers to the ability of all interested parties to know and understand the actual methods and processes by which contracts are awarded

and managed. It represents a key pre-condition to promote wide participation in procurement (USAID, 2007).

2.1.4.4 Accountability

Accountability in procurement is the process of holding an individual or an organization fully responsible for all aspects of the procurement process over which they exert authority. The spending of the taxpayer's money needs to be accounted for to ensure that contracts are awarded in the most cost efficient manner, open to fair competition and that tender documents are open to public scrutiny. Persons who are involved in public procurement activities both in the government organizations and the contractors, are responsible and accountable for the decisions and actions they take. The proclamation creates financial and legal responsibilities of the participants in the procurement activities including the staff of the procuring entities and the commercial enterprises. The duties and responsibilities of all persons involved in the procurement process must be clearly defined in order that they can be held responsible for wrong decisions or actions that make the public body to incur financial losses. Effective mechanisms must, therefore, be in place to enable all the staff in the public body involved in procurement (e.g. procurement officers, accounting officers and members of the procurement endorsing committee) to discharge their responsibilities responsibly and ethically (OECD, 2010).

2.1.4.5 Non-discrimination

The principle of “non-discrimination” is a cornerstone of Public Procurement. This principle prohibits any discrimination on grounds of nationality, meaning that all participants shall be treated in the same manner, unless the difference is objectively justified. Both direct and indirect discrimination is prohibited, and no national preferences are allowed. Contracting Authorities must remain non-biased and impartial toward all participants (USAID, 2007).

All bidders and potential bidders must be given the same opportunity, based on the same information and criteria, and be evaluated in a non discriminatory manner. Bidders often invest considerable time, effort and resources in preparing and submitting offers (especially for large contracts). In return, they are entitled to expect fair treatment at every stage of the procurement process. If bidders consider that the process is not impartial and honest, they may withhold valuable ideas or be deterred from tendering for future Government contracts.

Any form of bias could jeopardize the integrity of the procurement. There is a further risk that bidders who believe the process to be prejudiced or the outcomes tainted by bias will take legal or other action to redress the situation. Regardless of the results, this can cause delays and result in financial costs not anticipated in the budget (OECD, 2010).

2.1.4.6 Fairness

The evaluation criteria and the information required from bidders must be actually and demonstrably related to the subject matter of the contract and applied proportionately to the stated objectives.

In order to ensure fairness, the Organization for Economic Cooperation and Development (2009) public bodies must observe the following rules;

Information should be made available to all interested bidders within the same time frame, and all bidders should have access to same information;

Each offer must be given due consideration and be treated objectively with no conflicts of interest or bias towards certain suppliers;

All material communication with stakeholders should be carried out at the same time frame and in the same substantive manner. The most appropriate mechanism should be selected according to what is being communicated, to whom, and the urgency of the communication;

Additional information or clarification arising from individual bidder requests should be provided to all potential bidders so that they have the same information on which to base their offers;

Where feasible, information should always be provided in writing, whether in hard copy or electronic form to all potential suppliers;

Notifications to bidders should be provided in a timely fashion. For example, once the successful bidder has been appointed, all unsuccessful bidders should know the results as soon as possible. Agencies need to consider the most effective way of notifying bidders, particularly if there are international bidders.

Bid documents should clearly detail the conditions of the offer, conditions of supply and evaluation criteria, which should be made available to all interested parties. Well defined

conditions of offer give suppliers a clear indication of the requirements and prevent the unproductive use of resources through the lodgment of unsuitable or misdirected offers.

Request for offer documentation must clearly identify and separate the mandatory conditions from those evaluation criteria that are ‘desirable’ or ‘optional’. The mandatory conditions should be well specified, clearly measurable, and not excessive in number.

Request for Offer documents or bidding documents should list any ‘desirable’ criteria in order of relative importance to assist suppliers in structuring their offers.

An extension notice to an offer closing date must be provided to all potential bidders in sufficient time to reach them before the originally published closing date and time.

The adoption of selection criteria that do not selectively advantage or disadvantage a particular party and which are based on objective measures that meet the primary procurement needs.

The weightings for the evaluation criteria must be documented during the planning/preparation stage, prior to offers being invited.

The selection criteria and performance specifications must not be changed midstream unless all bidders are given an equal opportunity to revise their offers and approval for any changes is obtained at an appropriate level. If the changes are substantial then a recall of offers may be warranted.

Decisions on the selection of suppliers must be made by independent and objective evaluation by a competent committee.

Officers involved in the various procurement stages and processes should not be those who approve the spending of public money.

2.1.4.7 Ethics and Fair Dealing

Ethics can be defined as a set of moral principles or values governing the conduct of individuals or a group. For example, many organizations have printed documents (Employee Code of Conduct) which specify how their employees should behave when performing their duties. Generally, ethics is about what is right or wrong, good or bad. Procurement practitioners are expected to demonstrate professional ethics when performing their duties.

2.2. Definition and Nature of Public Procurement Planning

2.2.1 Definition of Public Procurement Planning

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.

Chapter 3, Article 22 of the Public Procurement Law (Proclamation No 649/2009) stipulates that public bodies and other entities accountable to such public bodies must prepare an annual procurement plan showing their procurement for the concerned budget year.

According to (Agaba et al 2007), Cited by Juliana (2013), procurement planning is the process used by companies or public institutions to plan purchasing activities for a specific period of time. This is commonly completed during the budgeting process. Each year, departments are required to budget for staff expenses and purchases. This is the basic step in the procurement planning process. Economic commission of Africa (2003) defines procurement planning as the purchasing function through which organizations obtain products and services from external suppliers. A good procurement plan will go one step further by describing the process the organization management will go through to appoint the suppliers contractually. Whether you are embarking on a project procurement or organizational procurement planning exercise, the steps will be the same. Firstly, define the items you need to procure. Secondly, define the process of acquiring required items and finally, schedule the timeframes for delivery.

To accomplish the organization's objectives, the most important tool is effective procurement plan. Procurement plan that aligns to the objective of the organization programs and budgetary process can expedite the accomplishment of the goals. It is one of the pre-requisites for the effectiveness and efficiency of the procurement function, thus leading to the ultimate success of the organization. According to (Namusonge et al., 2013) Cited by Anteneh (2015)

In addition to that, the strategic plan is a key performance management tool; a corporate vision provides the general direction for the entire organization (Coopey and Burgoyne 2011). Since the global financial crisis, the change imperative has come to the fore for many organizations and has been the focus of many boardroom, senior management, and strategists' meetings and discussions key to setting the strategic plan. No industry sector, public sector organization, or

government department has escaped the change. Strategic changes entail transformation in the form, quality, or state overtime in an organization's alignment with its vision and hence suit its external environment (Bartley, 2011).

According to Agaba& Shipman, (2007), procurement planning is the process used by companies or public institutions to plan purchasing activity for a specific period of time. This is commonly completed during the budgeting process. Each year, departments are required to budget for staff, expenses, and purchases. This is the first step in the procurement planning process. Economic commission of Africa (2003) defines procurement planning as the purchasing function through which organization obtain products and services from external suppliers. A good procurement plan will go one step further by describing the process you will go through to appoint those suppliers contractually. Whether you are embarking on a project procurement or organizational procurement planning exercise, the steps will be the same. First, define the items you need to procure. Next, define the process for acquiring those items. And finally, schedule the timeframes for delivery.

Procurement is thus one part of the commissioning process. It refers to a specific method of purchasing services which involves tendering for a contract. Sometimes it is more appropriate for a public body to fund a service through the provision of a grant, but then it will have less control over the precise outcomes to be delivered.

2.2.2 Nature of Public Procurement Planning

The Public Procurement and Property Administration Office (PPPO) guideline proposes that effective planning allows requirements to be aggregated into larger purchases at lower unit costs, rather than frequent sourcing of quotations for identical items and issuing many individual local purchase orders. It allows the private sector to respond more effectively to the requirements and specifications of the Government.

As per Basheka (2008), Cited Anteneh(2015) procurement plan adds value and, above all, it resulted into compliance with the set processes, he also states that if managed efficiently and effectively, results into compliance with set processes, which eventually leads to saving taxpayers' money. Moreover, as per Namusonge et al. (2013), procurement planning will make sure that the employees can effectively and efficiently mitigate the challenges affecting procurement process, and it significantly reduces the delay in the process.

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 Procuring entities’ need is identified, preferably well in advance of the fiscal year in which contract award is necessary”

One of the major challenges in public procurement is ineffective planning. According to World Bank Country Procurement Assessment Report, the reasons for the lack of procurement planning are the absence of understanding of the value of the procurement and proper enforcement of rules relating to planning. Also highlights a general lack of procurement knowledge, technical capacity and expertise observed at the procuring entity level, is conveyed by a lack procurement planning. However, “without thorough procurement planning, the subsequent procurement processes will not yield substantial benefits” (Behsaka, 2008).

In the study undertaken by Edgar et al (2009) on Public Procurement Reform in Developing Countries; the Uganda experience delineates ‘inadequate procurement planning, leading to an excessive use of direct procurements and failure to align procurement with the budgetary process, poor record keeping, leading to much procurement documents being untraceable’. The preparation of the procurement plan has eliminated the need for emergency purchases, which are sometimes expensive or buying for the sake of buying, or buying just because there is money.

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).

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 per the study of Thai (2008) the planning effort will succeed only with the complete commitment and involvement of top

management, along with appropriate personnel that have a stake. James, U.V. (2004) revealed the participation of the prominent actors, both procurements unit and user departments, in the whole process of preparations and implementations of the annual procurement plan are 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 (Namusonge et al., 2013). However, the tendency shows that they are not aware in developing precise requisition for the procuring department; they also frequently fail in submitting timely. The divisions take long as there lack of teamwork and close co-ordination on budgeting for the annual procurement plan. This generates heat and disagreement among user departments and leads to failure of presenting their needs in time (OGINDA, 2013). Cited by (Anteneh 2015)

The end user, who is usually the department or sections in public institutions, should use a similar format, when they raise their annual needs, which is vital on consolidation phase. The consolidated procurement plan must be detail look at (Appendix V) Uganda example.

2.3 Benefits and Objectives of Procurement Planning

2.3.1 Benefits

Procurement plans must be supported by action plans to enable the public bodies to execute in due time, the procurement necessary to implement their work program.

A Procurement Plan usually defines the products and services that the public organization will obtain from external suppliers during the fiscal year to achieve the organization’s goals. Procurement planning usually results in the production of a procurement plan which ensures that there are always materials to be used by the public organization to provide public programs. In addition to these it also becomes a guide to the public body in the procurement of goods, services and works in the fiscal year.

In general, Procurement planning gives the following benefits for a public organization:

- Materials are always available for the conduct of public programs,
- Optimization of material and resources prices,
- Costs and procurement time are minimized,
- Reduction in risks,
- Balanced execution of the planned public programs,
- Effective partnership between the organization and its suppliers.
- It helps the organization to know the things to buy in order to achieve its objectives.
- It enables the organization to buy in bulk and enjoy trade discounts from the suppliers.
- It helps to reduce administration overhead at the purchasing department as the plan expedites the procurement process.
- It sometimes allows just in time purchasing and delivery of goods instead of buying the goods in advance and storing them until they are needed.

2.3.2 Objectives of the annual procurement plan

According to the Regional Procurement Directive, Part 3 the Annual Procurement Plan shall enable the achievement of the following objectives:-

- a) Ensure compliance with the principles of public procurement stated in article 5 of the Proclamation.
- b) Achieve the work program of the Public Body.
- c) Ensure economy and efficiency in the operation of the Public Body by discouraging piecemeal purchases.
- d) Exercise prudence and make the necessary preparations to avoid problems that might be encountered in the execution of procurement

Hence, Objectives of the annual procurement planning effort is related:

- 1, To ensure that the budget and cash flow are available
- 2, To gain economies of scale by compiling into larger lots

- 3, To create the least work effort for the public body and bidders by allowing for spread of the work load
- 4, To ensure that the procurement process is started in time for timely delivery and is efficient
- 5, To be transparent about the procurement activities through publication of the annual plan, hereby promoting competition and increasing integrity and fairness
- 6, To provide a framework for monitoring and review.

2.4. Public procurement plan and end users departments

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). 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 per the study of Thai (2008) the planning effort will succeed only with the complete commitment and involvement of top management, along with appropriate personnel that have a stake. James, U.V. (2004) revealed the participation of the prominent actors, both procurements unit and user departments, 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 (Namusonge et al., 2013). However, the tendency shows that they are not aware in developing precise requisition for the procuring department; they also frequently fail in submitting timely. The divisions take long as there lack of teamwork and close co-ordination on budgeting for the annual procurement plan. This generates heat and disagreement among user departments and leads to failure of presenting their needs in time (OGINDA, 2013).

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 look at.

2.5. Procurement Plan and Market Price Assessment

According to (Anteneh 2015 pp, 9) In procurement planning, since our plan is for the future, our cost estimation should be much more realistic by assessing the required market condition, the previous trend and any source of price. In surveying the goods or service, the cost and the availability must be considered. Public bodies have to organize their procurement needs in package's base. Needs collected from end users. The market price survey should be undertaken, and they should consider ensuring that if there are adequate suppliers or not, and classifying the procurement into lots based on the category of supplies (FDRE, Public Procurement Manual, 2010)

Public procurement performance is measured whether it assures value for money or not. Due to non-adherence to proper process and procedures, it is vulnerable to corruption and male practice. Public procurement is a major tool to bring good governance and transparency. In developing countries government's capability is measured by its well managed and performing the public funds to alleviate poverty, enhancing government credibility (Word Bank, 2012)

Public procurement faces numerous challenges caused by different forces as per (Thai, 2001) it faces internal and external challenges as per Thai 2001, internal challenges of procurement is consist of five elements; I) policy- making and management; ii) authorizations and appropriations; iii) procurement regulations; iv) procurement function in operations (processes, methods, organizational structure, and procurement workforce; v) feedback. External forces and challenges are; I) Market Environment; ii) Legal Environment; iii) Political Environment; iv) Social, Economic, and Other Environment Forces; and v) Interactions of Environment Forces.

Frequently, the challenge of public procurement changes in relation to economic dynamism, technology and environmental factor. To manage the challenges organization should always improve the system to mitigate accordingly. Public procurement practitioners will never get

bored to face myriad challenges. They should apply increase efforts in research, knowledge advancement, and experience. (Hunja n.d)

Many scholars agreed that even if procurement planning is mandatory and crucial to the organization's ultimate success, it is so far underemphasized. Inadequate procurement or lack of a plan will lead the organizations to ineffective and inefficient use of scarce public resources. Although, key procurement principles value money, transparency, ethics, and accountability, is too far to attain.

In addition, improper procurement plan is a cause of malpractice and inappropriate use of public funds; it is also a cause of delay in executing the organization physical plan; inappropriate procurement plan leads the organization to inconsistency in procedures; correspondingly, it creates internal and external complaints.

Since public procurement has a major role in making life better; broadly speaking, the consequence of not achieving the organization's objective has a significant negative impact upon the society as a whole According to (Choi, 2012). Cited by Anteneh (2015)

2.6 Contents of a Procurement Plan

The contents of a Procurement Plan, according to the Regional Public Procurement Directive, include the following:

- a) The Procurement Number,
- b) Description of the Procurement,
- c) Quantity of the procurement,
- d) Procedures to be followed in the execution of the procurement,
- e) The schedule of main activities to be carried out to complete the procurement,
- f) The budget and source of financing the procurement,
- g) The type of contract appropriate to the procurement,
- h) The roles of the main parties involved in the procurement,
- i) Other relevant matters depending upon the nature of the Public organization.

2.7 Approval of the Procurement Plan by the Head of the Public Organization

The law further states that the procurement plan to be prepared by public bodies in accordance with sub-article (1) of Article 22 of Chapter 3, must be approved by the head of the public body concerned after consultation with the Procurement Endorsing Committee of the public body and communicated to the relevant departments of the public body and the Public Procurement and Property Administration Agency until July 30 of the Ethiopian Calendar.

2.8 Submission of a copy of the Procurement Plan to the Office

Every public body is required by the Procurement Law to submit a copy of the Procurement Plan for the fiscal year to the Public Procurement and Property Administration Office until July 30 of the Ethiopian Calendar.

2.9 Amendment of Procurement Plans

A public body may at any time modify its procurement plan if the need arises. In addition to this, Copies of the modified procurement plan must, however, be sent to all the departments in the organization which received the initial procurement plan. A copy of the modified procurement plan must also be sent to the Public Procurement and Property Administration Office.

2.10 Conceptual Framework

A conceptual framework is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation (Biklen 2003). In conducting the study, a conceptual framework was developed to show the relationship between the independent variables and dependent variable. In this study, the dependent variable is effective procurement practices and the independent variables are; procurement policies, supplier management, inventory management and sourcing strategies. The constructs and relationships between research variables are illustrated in the following figure 2.10.

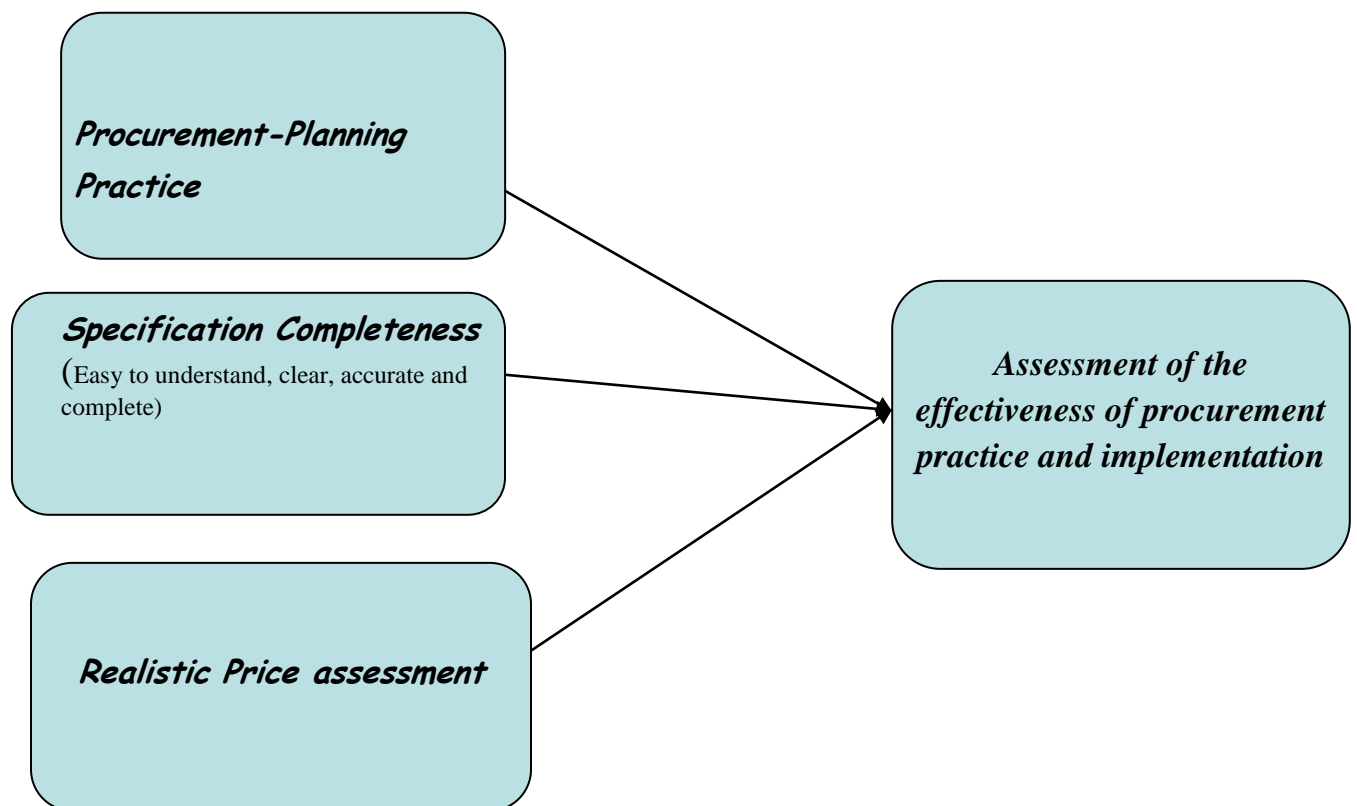
The researcher has tried to adopt the conceptual framework in Figure 2.1, after going through many literatures. The framework comprehensively puts the basic factors to be assessed and their interrelation; namely:

2.10.1 Procurement planning and implementation practice: which deals with timely completion of procurement needs, staff competency, extended process, urgency work programs, prioritization, evaluation plan versus performance practice, updating/revising the procurement plan, and reporting the performance whether it is according to the plan or not.

2.10.2 Completeness of specification: this includes preparation of specifications by user departments, clarity and completeness of specifications (Objective, scope, deliverables...) and use of standard specifications.

2.10.3 Realistic cost/price estimation: the practice of assessing market Price/cost/budget data.

Figure 2.10 Conceptual Framework



(Source: Adapted from Celestine Joan Onyango, 2012)

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY.

3. Introduction

This chapter presents the methodology that has been used in the study: it comprises of the Research Approach, Research Design, Source of Data, Data Gathering tools, Procedures of the Study, Sampling Techniques and Sample Size and Method of Data Analysis and Presentation.

3.1. Research Approach

The researcher used the quantitative approach which relates to positivists view that positive level of knowledge is reached as people begin to depend on reasoning, empirical data and the development of laws to explain phenomena. This was because the nature of the problem itself is relationship that needs description in terms of numbers. Positivists believe that scientific method is the clearest way to build an effective knowledge. This world view is based on the assumption that reality exists “out there” and this knowledge is waiting to be discovered (Cohen, Manion and Morrison, 2000; Fraenkel and Wallen, 2009). This knowledge can be discovered by using the scientific methods and the best approach to do this is quantitative approach.

Furthermore, Quantitative research generates statistics through the use of large-scale survey research, using methods such as questionnaires or structured interviews. If a market researcher has stopped you on the streets, or you have filled in a questionnaire which has arrived through the post, this falls under the umbrella of quantitative research. This type of research reaches many more people, but the contact with those people is much quicker than it is in qualitative research. C.R Cothari (2004).

3.2. Research Design

According to Green and Tull (2009), a research design is the specification of methods and procedures for acquiring the information needed. It is the over-all operational pattern or framework of the project that stipulates what information is to be collected from which source by what procedures. Research design is important as it prepares proper framework within which the research work/activity will be actually carried out. The study adopted a survey research design.

This research design viewed as the way of collecting information or administering questionnaires to a sample of individuals.(Orodho, 2003)

In line with this, Cresswell (2012) stated that Survey research designs are procedures in quantitative research in which investigators administer a survey to a sample or to the entire population of people to describe the attitudes, opinions, behaviors, or characteristics of the population. In this procedure, survey researchers collect quantitative, numbered data using questionnaires (e.g., mailed questionnaires) or interviews (e.g., one-on-one interviews) and statistically analyze the data to describe trends about responses to questions and to test research questions or hypotheses. They also interpret the meaning of the data by relating results of the statistical test back to past research studies. Survey designs differ from experimental research in that they do not involve a treatment given to participants by the researcher. Because survey researchers do not experimentally manipulate the conditions, they cannot explain cause and effect as well as experimental researchers can. Instead, survey studies describe trends in the data rather than offer rigorous explanations. Survey research has much in common with correlation designs. Survey researchers often correlate variables, but their focus is directed more toward learning about a population and less on relating variables or predicting outcomes, as is the focus in correlation research. Hence, it is particularly useful in gathering information related to the effectiveness of procurement planning and implementation in Gambella. That was why the researcher decided to use survey design because his interest was to examine the effectiveness of procurement planning and its implementation.

3.3. Source of Data

The researcher gathered data from primary sources. The primary source was the employees who are directly involved in the overall process of procurement from planning up to implementation, were taken to be the main sources of data. Thus, total number of Finance and procurement specialist are directly responsible in executing procurement according to the plan (23), whereas the number of management committee (39), Endorsement committee who are responsible to approve the procurement process (20) and planning officers (18). Totally, one hundred (100) were taken as target population from the selected public institutions. In other words all the available population was included because it was very small and manageable. This study excluded staff members with in the target departments who were not on work. For

comprehensive coverage of the subject matter related researches were examined and books, different journals and Internet resources were reviewed.

3.4. Data Gathering Tools

The main tool used to collect data from targeted departments in the selected institutions is questionnaires containing close ended questions. This type of questionnaire is used to generate statistics in quantitative research. As these questionnaires follow a set format, and as most can be scanned straight into a computer for simplicity of analysis, greater numbers can be produced. C.R Cothari (2004),

According to Best and Kahn (2006) questionnaire is used when factual information is desired. It is also used when the researcher is interested to collect large amount of information at the same time within a short period of time (Fraenkel and Wallen, 2009).

In addition to the above Chandran (2003), stated that questionnaires provide a high degree of data standardization and adoption of generalized information amongst any population. They are useful in a descriptive study where there is need to quickly and easily get information from people in a non-threatening way.

Therefore, the researcher is convinced that collecting data from 100 respondents within the available time was possible through questionnaires. And as all the respondents were believed to be well educated, the questionnaire was prepared in English.

3.5. Sampling Techniques and Sample Size

According to (Mugenda & Mugenda, 2003), sampling procedure refers to a systematic process of selecting individuals to represent the larger group from which they were selected. The purpose of sampling was to gain an understanding about some features or attributes of the whole population based on the characteristics of the sample. Hence, Census method was used by the researcher because the population was small and manageable. Census is an attempt to list all elements in a measure of one or more characteristics of this element.” It can give a researcher in-depth information on all elements in the population. Census is a research in which information is obtained through the responses that all available members of an entire population give to questions. For some, the technique in all the available population is taken are regarded as availability or comprehensive sampling technique. Lavraka (2008).That means all the Finance

and procurement specialist, management committee, Tender committee and planning officers, were taken from the population of selected institutions as a sample of the study.

The sample size of the regional sectors comprises of five selected bureaus of Gambella region. These institutions are selected by the researcher because of their high proportion of procurement budget allocation and many procurement transactions.

3.6. Method of Data Analysis

According to Mugenda & Mugenda (2003), data analysis is the process of bringing order, structure and meaning to the mass of information collected.

The collected quantitative data was processed adjusted through coding, categorizing and recording in a convenient manner and processed using the statistical package for social science (SPSS Version 20). Descriptive statistics type of analysis was used. Descriptive research includes surveys and fact-finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present.

CHAPTER FOUR:

RESULTS AND DISCUSSIONS

4. Introduction

The fourth chapter of the study specifically deals with the presentation, analysis and interpretation of the data collected through questionnaires. The major purpose of the study was to assess the effectiveness of procurement planning and implementation with particular reference to five selected government institutions in Gambella.

Based on the nature of the data obtained and objective of the study such as procurement planning practice, completeness of the specification and the trend of market assessment were broadly dealt in this chapter. 100 questionnaires were distributed and all of them were filled effectively and returned to the researcher. The collected primary and secondary data have been analyzed using SPSS version 20 and presented in the form of tables, charts and graphs. Procurement legal frameworks such as proclamations, directives and manuals were also used to support the findings. These studies include all Finance and procurement, Management committee, Endorsement or tender committee and planning department of the five selected government institutions.

4.1. Public Sectors Selected for this Study

Public Sectors Selected for this Study were Health bureau whose vision is to have a healthy and prosperous society that can contribute to the development. Regional health bureau is involved in the acquisition of social infrastructure projects like: building of hospitals, health centers and health posts while. The bureau of education whose vision is to see all school age children get access to primary education by the year 2015, as well as ensure an efficient and cost effective education system producing skilled and qualified human power that could play a leading role in development and building a democratic system. The bureau is engaged in the expansion of primary and secondary schools with good quality in the Region.

Water and Irrigation bureau having the vision of becoming model of excellence in water resources development utilization and renewable energy in Ethiopia by 2015, conducted an activity related to expansion rural and town water supply and sanitation works.

Road and transport bureau have the mandate of construction of roads where as, Agriculture and natural resource bureau have the vision of creating market-led modern agriculture and society free from poverty. These sectors have got great emphases from the government, for the reason that they are the only means of success in millennium development goals (MDGs). These sectors were selected by the researcher because of their high proportion of procurement budget allocation by government and development partners.

4.2. Procurement-Planning and Implementation Practice

Effectiveness and Efficiency in Procurement mean achieving the procurement objective by using public funds judiciously and economically to achieve value for money. A procurement system which buys goods, and works of the right quality, in the right quantity, from the right supplier, delivered to the right place, at the right time and at the right price can be said to be effective and efficient if the procurement achieves best value for money. To be effective and efficient in procurement, the organizations should have well designed annual procurement plan. Having appropriate annual procurement plan doesn't make organization effective. But it needs an organization to have a perfect implementation.

4.2.1 Preparation of Annual Procurement Plan

Preparation of procurement plan is mandatory as defined in procurement proclamation article 21. However, as it is observed each of the regional procuring entities was not involved in the preparation of Procurement Plan in compliance with the law. Procurement planning is a critical element in the procurement process. A procurement plan shows what the public body intends to buy during the fiscal year; when it wants to buy the items, their estimated prices, and the methods of procurement and the sources of budget. The advantages of procurement planning include ensuring that materials are available to carry out public programs, reduction of risk and effective partnership between the organization and its suppliers.

To appropriately get result on these variable fifteen (15) questions were forwarded to be answered by all respondents. And the analyses of all the questions were presented in the following approach.

Table 4.1. Preparation of annual procurement plan

Preparation of procurement plan	Frequency	Percent
Strongly Disagree	15	15
Disagree	8	8
Undecided	6	6
Agree	44	44
Strongly Agree	27	27
Total	100	100%

Source: Survey Result, 2017

As indicated in the table 4.1 above, respondents were asked about whether the organizations prepares annual procurement plan and the result illustrated that the majority of 44 percents of the respondents agree that the organization prepare annual procurement plan followed by 27 percents of the respondents who strongly agree with the preparation of procurement plan by the organization. On the other hand, 15 percents of the respondents strongly disagree with the preparation of procurement plan by the organization followed by 8 percents and 6 percents of the respondents who were disagreed and undecided respectively. It is therefore, 71 percents of all the respondents which is the majority agree that their respective organizations prepare annual procurement plans. It is likely to conclude that, most public institutions prepare annual procurement plan, but there is a setback in the implementation phase. And the communication between user departments and procurement units found to be poor.

4.2.2 Provision of Clear Information

Table 4.2 Provision of Clear Information

Provision of clear information	Frequency	Percent
Strongly Disagree	18	18
Disagree	33	33
Undecided	3	3
Agree	34	34
Strongly Agree	12	12
Total	100	100%

Source: Survey Result, 2017

As illustrated in the table 4.2 above, the results depict that majority of 51 percents of the respondents replied that user departments of the selected organizations do not provide

appropriate information to procurement units regarding their procurement need that include 33 percents who strongly disagree and 18 percents of the respondents who disagree. On the other hand, 46 percents of the respondents agree with the provision of appropriate information to procurement units regarding procurement needs. Only 3 percents of the respondents were undecided. This implies that user departments do not let the procurement units know what clearly they want to have and they do not remind user department to provide comprehensible procurement need. This may lead to conclusion that there is no clear information provided by user departments to the procurement units, hence, the procurement plan is most of the time prepared only by the effort of the procurement units.

4.2.3 Approval of Annual Procurement Plan

Table 4.3 Approval of Annual Procurement Plan

Approval of annual procurement plan	Frequency	Percent
Strongly Disagree	31	31
Disagree	5	5
Undecided	7	7
Agree	52	52
Strongly Agree	5	5
Total	100	100%

Source: Survey Result, 2017

The procurement plan to be prepared by public bodies in accordance with proclamation Article 22 sub-article (1) shall have to be approved by the head of the public body concerned and communicate to the relevant departments of the organization. Finally the plan should be submitted to Regional PPPA by the end of July or Hamle of the Ethiopian Calendar. As it indicated in the table 4.6 above, the results reveal that 52 percents which is the majority revealed that the procurement plans of their organizations were approved by heads of the organization followed by 31 percents of the respondents strongly disagree with the approval of procurement plan by the concerned body. Therefore, it can be concluded that head of the public body approves the plan; but the reports of the Agency reveals that follow up by the head of the public body is found to be poor.

4.2.4 Circulation of Approved Procurement Plan

Table 4.4 Circulation of the approved procurement plan to the user departments

Circulation of the approved annual plan	Frequency	Percent
Strongly Disagree	37	37
Disagree	48	48
Undecided	12	12
Agree	1	1
Strongly Agree	2	2
Total	100	100%

Source: Survey Result, 2017

The approved procurement plan should be circulated to the user departments to make sure that things are being done transparently. Hence, the finding of the table 4.4 above shows that majority of 48 percents of the respondents disagree with the circulation of the approved procurement plan to the user departments followed by 37 percents of the respondents who strongly disagree. 12 percents of the respondents were undecided whether the approved procurement plans were circulated by the committee or not. Only 3 percents of the respondents agree with the circulation of the approved procurement plans by the concerned bodies to the user departments. As it is opposed by the majority of the respondents, the finding implies that the approved procurement plan cannot be circulated to user departments. This may show that there is lack of transparency between employees. On the other hand, this indicates that procurement unit's does procurement in a secret manner for their personal interests.

4.2.5 Submission of Approved Procurement Plan to PPPA

Table 4.5 Submission of Approved Procurement Plan to PPPA by the organization

Submission of the approved plan to PPPA	Frequency	Percent
Strongly Disagree	41	41
Disagree	36	36
Undecided	11	11
Agree	8	8
Strongly Agree	4	4
Total	100	100%

Source: Survey Result, 2017

It is indicated in the proclamation that procurement plan should be prepared by public bodies in accordance with sub-article (1) of Article 22 and shall have to be approved by the head of the public body concerned and communicated to the relevant departments of the public body and the Agency until the end of July (Hamle 30) of the Ethiopian Calendar. As we can observe from the table 4.8 above, the results show that 41 percents of the respondents strongly disagree with the submission of the approved procurement plan to PPPA followed by 36 percents of the respondents who disagree with the submission of the approved procurement plan to PPPA and 11 percents who undecided. The remaining 8 percents and 4 percents are respondents who agree and strongly agree with the submission of the approved procurement plan to PPPA respectively. Therefore, it can be concluded that, the organizations do not submit the approved plan to PPPA. This makes it difficult for PPPA to monitor procurement activities of each organization.

4.2.6 Procurement plan updated/revised when necessary

Table 4.6 Revision of Procurement Plan when Necessary

Revision of Procurement Plan	Frequency	Percent
Strongly Disagree	22	22
Disagree	40	40
Undecided	21	21
Agree	14	14
Strongly Agree	3	3
Total	100	100%

Source: Survey Result, 2017

It can be seen from the table 4.6 above that majority of 40 percents of the respondents disagree with the revision of procurement plan when necessary followed by 22 percents and 21 percents of the respondents who strongly disagree and undecided respectively. The remaining 14 percents and 3 percents of the respondents of agree and strongly agree that the procurement plan can be updated and revised when necessary. Therefore, it could be understood that procurement plans can be updated or revised most of the time when needed to be updated or revised by the organizations. But the finding concludes that there is no trend of plan revision, unplanned requisition is encouraged by the organizations.

4.2.7 Procurement unit follows the procurement plan in the acquisition of goods

Table 4.7 Following the Procurement Plan in Acquisition of Goods

Following the Procurement Plan	Frequency	Percent
Strongly Disagree	36	36
Disagree	43	43
Undecided	14	14
Agree	5	5
Strongly Agree	2	2
Total	100	100%

Source: Survey Result, 2017

From the table 4.7 above, the results depict that out of 100 sample respondents, 43 percents of them disagree with following the procurement plan in the acquisition of goods by the organizations followed by 36 percents of the respondents who strongly disagree and 14 percents who undecided on following the procurement plan in the acquisition of goods. The remaining 5 percents and 2 percents were respondents who agree and strongly agree that the procurement unit follow procurement plans in the acquisition of the goods. The finding implies even though the procuring entities prepare procurement plans, the organizations do not follow the annual procurement plans. The plan and implementation do not go side by side. It can be understood that the prepared procurement plans lack the requisite details because of lack of qualified, experienced and committed procurement personnel.

4.2.8 Appropriate information on procurement disseminated to the user departments

Table 4.8 Dissemination of appropriate information

Information dissemination	Frequency	Percent
Strongly Disagree	30	30
Disagree	55	55
Undecided	9	9
Agree	3	3
Strongly Agree	3	3
Total	100	100%

Source: Survey Result, 2017

The above table shows that very large number of respondents as of 55 percent disagree and 30 percent strongly disagree that appropriate information is not been disseminated to the user departments while only 3 percent of all respondents strongly agreed. As large number of respondents disagrees on the dissemination of information, the finding of this question can be concluded as no flow of information distributed to user departments.

4.2.9 The Availability of Procurement Legal Framework in the organization

Table 4.9 Availability of Procurement Legal Framework

Availability of legal framework	Frequency	Percent
Strongly Disagree	11	11
Disagree	17	17
Undecided	15	15
Agree	34	34
Strongly Agree	23	23
Total	100	100%

Source: Survey Result, 2017

As indicated in the table 4.9 above, the results show that 34 percents of the respondents agree that there are procurement legal framework such as regulations, directives and manuals available in public organizations followed by 23 percents of the respondents who strongly agree with the availability of procurement legal frameworks. 17 percents of the respondents disagree with the availability of procurement legal frameworks in the public organization. The remaining 15 and 11 percents are respondents who undecided and strongly disagree with the availability of procurement legal frameworks. The above results imply that procurement legal frameworks are available in public organization but there is poor concentration given by the employees to read, understand and implement them.

4.2.10 Purchase of the Right Quantity goods

Table 4.10 Purchase of the Right Quantity as per the Procurement Plan

Goods are purchased in the right quantity	Frequency	Percent
Strongly Disagree	17	17
Disagree	29	29
Undecided	49	49
Agree	3	3

Strongly Agree	2	2
Total	100	100%

Source: Survey Result, 2017

The most important thing in procurement process is that the supplier should always deliver the goods as per the agreed quantity. As we can see from the table 4.10 above, the results reveal that 49 percents of the respondents were undecided when asked about the purchase of goods in the right quantity followed by 29 and 17 percents of the respondents who disagree and strongly disagree with the purchase of the goods in the right quantity for their public organizations. The remaining 3 and 2 percents of the respondents were these who agree and strongly agree that the goods are purchased in the right quantity in the public organizations respectively. This implies that the purchased goods are not always delivered in the right quantity. This can be concluded that, there might be strong link between the procurement units and suppliers, which is based on the benefit of both.

4.2.11 Lack of qualified procurement unit a problem to prepare annual procurement plan

Table 4.11 Qualification Problem in Preparing Procurement Plan

Qualification Problem in preparation of the plan	Frequency	Percent
Strongly Disagree	8	8
Disagree	23	23
Undecided	26	26
Agree	29	29
Strongly Agree	14	14
Total	100	100%

Source: Survey Result, 2017

In every organization a sound procurement system has to have a competent professional workforce equipped with defined skills and knowledge for specified Procurement jobs. The procurement workforce needs to perform effectively and efficiently to ensure that goods and works are acquired economically and contract management is handled efficiently.

Therefore the question intended to find the ability and qualification of personnel in the Procurement Unit to find out if they have the capacity to discharge their duties effectively and efficiently. The above question on whether lack of qualified procurement unit be a problem to

prepare annual procurement plan table 4.11 revealed that majority number of respondents revealed that lack of skilled and qualified workforce in the finance and procurement department can be the cause failure in the preparation of procurement plan. As the cumulative of respondent who agree and strongly agree takes the highest proportion, it implies that the organizations are suffering with lack of skilled and qualified procurement unit. That result in inability to prepare annual procurement plan. Therefore, it can be concluded that, even though the employees of the organizations are educated with desirable field of studies, they are not well trained; they are not committed to serve the organization.

4.2.12 Unplanned requisition as a major challenge to go with actual procurement plan

Table 4.12: The Challenge of Unplanned Requisition

The Challenge of Unplanned Requisition	Frequency	Percent
Strongly Disagree	3	3
Disagree	8	8
Undecided	19	19
Agree	40	40
Strongly Agree	30	30
Total	100	100%

Source: Survey Result, 2017

It is stated in the procurement proclamation, manuals and directives that every demand should be based on the annual procurement plan. Unplanned requisition should not be encouraged by the organizations, whenever there is a need to buy things that were not included in the plan. The first thing that organization should do is to revise the plan. As it has been illustrated in the table 4.12 above, majority of 40 percents of the respondents agree that unplanned requisition can be the greatest challenge to go with actual procurement plan followed by 30 percents who strongly agree and 19 percents of the undecided respondents. The remaining 8 and 3 percents of the respondents were those who disagree and strongly disagree with the unplanned requisition as a problem to go with actual procurement plan. The analysis of this question shows that most of the times organizations do not follow annual procurement plan in the requisition of goods and services but make the purchase order based on personal interest.

4.2.13 Procurement Process

Table 4.13 The effect of procurement process

The procurement Process	Frequency	Percent
Strongly Disagree	10	10
Disagree	9	9
Undecided	13	13
Agree	50	50
Strongly Agree	18	18
Total	100	100%

Source: Survey Result, 2017

From the table 4.13 above, the results show that 50 percents of the respondents agree that procurement process affects the accomplishment of their department programs in due time followed by 18 percents who strongly agree and 13 percents who undecided. The remaining 10 and 9 percents of the respondents were these who were strongly disagree and disagree respectively. It can be concluded that more than 65 percents of the respondents agree that the procurement process of their organizations affect the accomplishment of departments in due time.

4.2.14 Consolidation of procurement need

Table 4.14 Consolidating procurement needs based on category

Consolidation of procurement needs	Frequency	Percent
Strongly Disagree	19	19
Disagree	31	31
Undecided	34	34
Agree	14	14
Strongly Agree	2	2
Total	100	100%

Source: Survey Result, 2017

As it indicated in the table 4.14 above, the results reveal that 50 percents of the respondents were disagree with the consolidation of the procurement plan by the user departments followed by 34 percents of respondents who undecided. The remaining 16 percents of the respondents were these who agree and strongly agree that the user departments consolidate the procurement needs based on their category during the preparation of the procurement plan.

4.2.15: The availability of internal control mechanisms

Table 4.15 Procurement Plan Internal Control Mechanisms

Internal Control Mechanisms	Frequency	Percent
Strongly Disagree	9	9
Disagree	20	20
Undecided	25	25
Agree	34	34
Strongly Agree	12	12
Total	100	100%

Source: Survey Result, 2017

Public bodies need to introduce effective internal controls to ensure that public funds are used in a careful, economical and efficient manner to achieve best value for money. There should be internal controls in all stages of the procurement process to prevent misconduct or unethical behavior and in order to avoid waste, fraud and corruption. The internal controls include Procurement audits, internal auditors, the Auditor-General and the Public Procurement and Property administration Agency. When the respondents were asked about the availability of internal control mechanisms in their organizations, 46 percents of them were agree and strongly agree followed by 29 percents that disagree and strongly disagree. The remaining 25 percents were respondents who undecided. This implies that even though internal control mechanisms are available in the organizations they are not implemented and resulted in waste of public funds in the those public institutions.

4.3 Specification Completeness

One of the basic things in the preparation of annual procurement plan and implementation consecutively is raising need specifications. A specification, therefore, defines what the purchaser wishes to procure or acquire and, as a result, what the supplier is expected to provide. Apart from being a means of identifying the goods or services required, a specification will form part of any future contract that might result from the offers received. Once the item is delivered, the specification provided can be used to compare the delivered item to what was ordered. In the event of a dispute or other commercial issues, the specification can provide a formal method of identifying what the purchaser wanted against what was delivered by the supplier. Regarding the

issue of specification, the researcher raised twelve questions to all the respondents. And the analyses of these questions to be presented as follow.

4.3.1 User departments do raise specification for their request

Table 4.16 Raising Specification by the User Department Request

Raising Specification	Frequency	Percent
Strongly Disagree	13	13
Disagree	24	24
Undecided	15	15
Agree	39	39
Strongly Agree	9	9
Total	100	100%

Source: Survey Result, 2017

In procurement planning, user departments should raise their specification by the support of procurement unit. This specification may be clarified and have a better picture when it reaches to the procurement unit according to rules and regulations. Furthermore, for some items, there is a standard specification approved by the PPPA that helps the user departments and procurement unit to prepare standardized specifications. Based on the result of the table 4.16 above, 48 percents of the respondents were agree and strongly agree that user departments raise specification for their request. On the other hand, 37 percents of the respondents disagree and strongly disagree with raising specification by the users department. The remaining 15 percents were these who undecided. The results imply that user departments do raise specification for their request.

4.3.2 Clarity problem

Table 4.17 The requisition have a clarity problem

The clarity of requisition	Frequency	Percent
Strongly Disagree	5	5
Disagree	17	17
Undecided	28	28
Agree	29	29
Strongly Agree	21	21
Total	100	100

Source: Survey Result, 2017

The user departments are supposed to clearly state their need in the requisition. A specification has been defined in several ways. For specification to be completed, it needs to fulfill the following components.

- a) A statement of the attributes of a product,
- b) A statement of requirements,
- c) A statement of needs to be satisfied by the procurement of external resources.

A specification, therefore, communicates the requirements of a user or purchaser to the supplier. User departments need to give clear specifications to the procurement unit in order to enable the purchase of the right goods for the public body.

Regarding the clarity of specification, the table 4.17 above shows that 50 percents of the respondents' stresses that the requisition has a clarity problem. Followed by 22 percent of respondents who disagrees. In this regard the result shows clearly that user departments raise specification for their needs but do not clearly specify their procurement needs.

4.3.3. The use of specified source of information

Table 4.18: The use of specified source of information by user departments

Using standard/specified source	Frequency	Percent
Strongly Disagree	19	19
Disagree	38	38
Undecided	27	27
Agree	13	13
Strongly Agree	3	3
Total	100	100%

Source: Survey Result, 2017

Based on the results of the table 4.18 above, we can easily understand that the majority of (38) and (19) percents of the respondents disagree and strongly disagree with the user departments on the use of specified source of information to prepare specification. Only 13 and 3 percents of the respondents agree and strongly agree with the departments use specified source of information. The remaining 27 percents were respondents who were undecided. Therefore, the finding of this question implies that the departments do not use specified source of information to prepare specification.

4.3.4. Clear indication of need specification by user departments

Table 4.19 clear indication of need specification

Indication of clear needs specification	Frequency	Percent
Strongly Disagree	24	24
Disagree	53	53
Undecided	17	17
Agree	5	5
Strongly Agree	1	1
Total	100	100%

Source: Survey Result, 2017

A Procurement Plan is usually prepared from the procurement requirements submitted by the various departments in the organization. Therefore, the user departments are required to clearly state their need specification in raising annual procurement need.

According to table 4.19 the highest percentage of the respondents revealed that user departments do not clearly and completely indicate their need specification while raising their procurement need. But very less number of respondents stresses that user departments do clearly and completely indicate their need specification

4.3.5 Procurement is implemented according to the specification

Table 4.20 Implementation of Procurement Plan according to Specification

Implementation of plan as per specification	Frequency	Percent
Strongly Disagree	22	22
Disagree	37	37
Undecided	31	31
Agree	9	9
Strongly Agree	1	1
Total	100	100%

Source: Survey Result, 2017

According to the procurement legal frameworks, there should not be a mismatch between the procurement process and specification prepared by the organization. As it was presented in table 4.20 above, the results show that 37 percents of the respondents disagree with the implementation of procurement according to the specification followed by 31 and 22 percents

that were undecided and strongly disagree respectively. Only 10 percents agree and strongly agree that the procurement is implemented according to the specification. The finding implies that procurement is not implemented according to the specification.

4.3.6 Problems due to incomplete specification

Table 4.21 Problems due to incomplete specification face by procurement units

Problems faced by procurement units	Frequency	Percent
Strongly Disagree	11	11
Disagree	24	24
Undecided	19	19
Agree	38	38
Strongly Agree	8	8
Total	100	100%

Source: Survey Result, 2017

From the table 4.21 above, the results show that 46 percents of the respondents agree and strongly agree that the procurement units encountered problems due to incomplete specification because of unfinished specification presented by user departments. 35 percents of them disagree and strongly disagree with the problems encountered due to incomplete specification respectively. The remaining 19 percents were respondents who were undecided. This shows that user departments are not presenting complete arrangement to procurement units.

4.3.7 The comparison of goods delivered with procurement order

Table 4.22 Comparison of goods delivered with procurement order by procurement units

Goods delivered versus procurement order	Frequency	Percent
Strongly Disagree	15	15
Disagree	16	16
Undecided	32	32
Agree	32	32
Strongly Agree	5	5
Total	100	100%

Source: Survey Result, 2017

The above finding indicated that 32 percents of respondents agree and undecided on comparing goods delivered with what is stated in the procurement order followed by 16 and 15 percents of

the respondents who disagree and strongly disagree with comparing goods delivered with what is stated in the procurement order by the procurement units respectively. Only 5 percents of the respondents strongly agree that the procurement units compare goods delivered with what is stated in procurement order. This implies that delivered items match with procurement order.

4.3.8 Orientation on how to set specification

Table 4.23 The provision of orientation by user departments

Orientation on how to set specification	Frequency	Percent
Strongly Disagree	34	34.0
Disagree	49	49.0
Undecided	7	7.0
Agree	10	10.0
Total	100	100.0

Source: Survey Result, 2017

It is the mandate of procurement units to orient the user department on how to prepare the initial procurement plan and setting specification for their needs. From the table 4.23 above, the results depict that 83 percents of the respondents disagree and strongly disagree with getting orientation from procurements unit on how to set specifications. The remaining 10 and 7 percents were respondents who agree and undecided that the department users get orientation from procurement units respectively. The implication of this question is that user departments are not getting orientation from procurement units on how to set specification.

4.3.9 Difficulties in setting specification

Table 4.24 Difficulties in setting specification faced by user departments

Difficulties in setting specification	Frequency	Percent
Strongly Disagree	6	6
Disagree	12	12
Undecided	21	21
Agree	51	51
Strongly Agree	10	10
Total	100	100%

Source: Survey Result, 2017

The finding of this question indicated that majority of respondents (51) percent stated that user departments suffer in setting specification. As the majority respondents agrees with the question it implies that user departments are suffering in setting specification, because they are not getting orientation on how to get it done.

4.3.10 Matching quality and quantity of goods

Table 4.25: Quantity and quality versus specification

Quality and quantity versus specification	Frequency	Percent
Strongly Disagree	16	16
Disagree	21	21
Undecided	44	44
Agree	15	15
Strongly Agree	4	4
Total	100	100%

Source: Survey Result, 2017

When the organization prepares procurement plan the quality and quantity of goods need to be clearly specified in the plan. The supplier is therefore required to deliver goods based on what is stated in the plan. The result in table 4.25 states that majority of respondents clearly indicates that there is always a mismatch between goods delivered and specification in terms of both quality and quantity, while 4 percent of respondents strongly agree that goods purchased match with what is stated in the specification. The implication of this question is that procurement units do not care about the quality and quantity of purchased good.

4.3.11 Acceptance of goods even if it does not match with specification

Table 4.26 Procurement units accepts goods even if it does not match with specification

Acceptance of items in case of mismatch	Frequency	Percent
Strongly Disagree	20	20
Disagree	38	38
Undecided	27	27
Agree	9	9
Strongly Agree	6	6
Total	100	100%

Source: Survey Result, 2017

According to the finding of the table 4.26 above, 38 percent of respondents disagree and 20 percent strongly disagree on whether procurement units accept goods if it does not match to specification. On the other hand, 15 percents agree and strongly agree that the procurement units accept goods even if it does not match with the specification respectively. 27 percents of them were undecided. This finding positively imply that procurement units do not accept goods if it does not match with specification.

4.3.12 Taking Action

Table 4.27: Action to be taken by the organization

Action to be taken by the organization	Frequency	Percent
Strongly Disagree	14	14
Disagree	15	15
Undecided	35	35
Agree	28	28
Strongly Agree	8	8
Total	100	100%

Source: Survey Result, 2017

As it is illustrated in the above table 4.27 above, 28 percent of respondents agrees and 8 percent strongly agree that the organization take action when the purchase order does not match the specification, while 14 percent strongly disagree on the action of the organization. The conclusion of this question is that, public bodies take action in light of mismatch between specification and purchase order.

4.4 Realistic Price assessment

On the annual procurement planning phase, assessing the current market price is fundamental to ensure value for money. To achieve value for money, the study sought to extract from procurement entities whether they conduct market surveys on current market prices of goods and works to update themselves with current prices. For this reason, to reveal the organizations procurement planning and its implementation trend, the researcher raised ten (10) questions to be answered by all the respondents, and the analysis was presented in the following way.

4.4.1 Assessment of current market price

Table 4.28 Assessment of current market price for the preparation of procurement plan

Assessment of current market price	Frequency	Percent
Strongly Disagree	30	30
Disagree	42	42
Undecided	15	15
Agree	10	10
Strongly Agree	3	3
Total	100	100%

Source: Survey Result, 2017

In procurement planning, since our plan is for the future, our cost estimation should be much more realistic by assessing the required market condition, the previous trend and any source of price. In surveying the goods or service, the cost and the availability must be considered. Public bodies have to organize their procurement needs in package's base. Needs collected from end users. The market price survey should be undertaken, and they should consider ensuring that if there are adequate suppliers or not, and classifying the procurement into lots based on the category of supplies. The procurement plan cost should state on the market basis, which is conducted by public body or price, which has obtained from other sources (FDRE, Public Procurement Manual, 2010).

Based on the finding of the above question the majority of respondents stated that procurement units do not assess the current or updated market when developing procurement plan. This finding implies that procurement plan is being developed by the organization without having adequate knowledge about the current market price.

4.4.2 Gathering information with regard to current price

Table 4.29 Gathering information with regard to the current price of goods.

Gathering information with regard to current price	Frequency	Percent
Strongly Disagree	27	27
Disagree	40	40
Undecided	19	19
Agree	12	12
Strongly Agree	2	2

Total	100	100%
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Source: Survey Result, 2017

From the table 4.29 above, large number of respondents (40 percents) disclosed that user departments do not gather information regarding the current price of goods allocate budget for each procurement type. Contrary to this only very little number of respondents (2 percent) said the departments gather information about the current market price and allocate budget accordingly. This implies that user department allocate budget based on the previous records. But do not study what the current price of goods does look like.

4.4.3 The comparing market price with that of PPPA

Table 4.30 Comparison of the price assessed by the organization with that assessed by the PPPA

Comparing market price with that of PPPA	Frequency	Percent
Strongly Disagree	37	37
Disagree	53	53
Undecided	9	9
Agree	1	1
Total	100	100%

Source: Survey Result, 2017

Regional PPPA have the trend of assessing current market price and distribute it to all public institutions. On the other hand, each public institution is intended to make its own assessment at the time it is ready to make procurement too. In the end the price assessed by the organization has to be compared with that of PPPA. Regarding the table 4.30 above, the results indicated that the majority number of respondents (53 percents) percent display that procurement unit do not compare the price assessed by the organization to that of PPPA, and the very least number of respondents agree that procurement unit compare the price assessed by the organization the price of goods assessed by PPPA. Therefore, as the majority respondents represent the whole population, this question is concluded that organizations do not compare the price with PPPA price assessment.

4.4.4 Sharing the assessed price of goods with user departments

Table 4.31 Sharing the assessed price with user departments

Sharing the assessed price with users	Frequency	Percent
Strongly Disagree	31	31
Disagree	51	51
Undecided	13	13
Agree	5	5
Total	100	100%

Source: Survey Result, 2017

On whether procurement units share the assessed price with user departments, it is already stated in the previous question that the organization do not conduct any price assessment. In this regard 51 percent of respondents disagree and 31 percent strongly disagree that procurement unit do not share information with user departments, while the smallest amount number of respondents (5 percents) agree that procurement units share information of assessed market price. The finding of this question shows that procurement units do not share information about assessed price with user departments.

4.4.5 Market as a source of cost/price estimation for department procurement needs

Table 4.32 Market as a source of cost/price estimation

Market as a source of cost/price estimation	Frequency	Percent
Strongly Disagree	24	24
Disagree	56	56
Undecided	5	5
Agree	14	14
Strongly Agree	1	1
Total	100	100%

Source: Survey Result, 2017

As indicated in the table 4.32 above, the results reveal that 56 percent of the respondents disagree and 24 percent strongly disagree on the question whether user departments use market or other sources of data to estimate cost for their department's procurement need. Only 14 percent of respondents strongly agree. This finding shows that user departments do not update the price of goods but they keep on relying on records of the previous years.

4.4.6 Realistic of the planned budget to raise needs

Table 4.33 Realistic of the planned budget to raise needs

Realistic of the planned budget to raise needs	Frequency	Percent
Strongly Disagree	14	14
Disagree	31	31
Undecided	29	29
Agree	25	25
Strongly Agree	1	1
Total	100	100%

Source: Survey Result, 2017

If the budget for a public organization is approved, the procurement manager has to prepare the Procurement Plan in line with the approved budget. For example, if the initial budgeted expenditure has been cut down, the budgets which were initially submitted by the various departments for consolidation must equally be adjusted to reflect the approved expenditure. The Procurement Plan must, however, conform to the approved amounts in the public body's budget.

On whether the planned budget is realistic the above table shows that 31 percent of respondents disagree and 14 percent strongly disagree, the planned budget not achievable whereas only 25 percent of respondents agree that the planned budget is realistic and achievable

4.4.7 The impact of price on procurement performance

Table 4.34 The impact of price on procurement performance if not well assessed

The impact of price on procurement performance	Frequency	Percent
Strongly Disagree	21	21
Disagree	22	22
Undecided	5	5
Agree	19	19
Strongly Agree	33	33
Total	100	100%

Source: Survey Result, 2017

As shown in the table 4.34 above, 33 percent of respondents strongly agree and 19 percent of them agree that the price has impact on procurement performance if not well assessed. On the other hand, only 21 percent of them strongly disagree that the price does not have impact on

procurement performance if not well assessed. The finding indicated that price assessment have impact on procurement performance if not well assessed

4.4.8 Goods procured as per the market price

Table 4.35 Procure goods as per currently updated market price

Goods procured as per the market price	Frequency	Percent
Strongly Disagree	14	14
Disagree	30	30
Undecided	41	41
Agree	12	12
Strongly Agree	3	3
Total	100	100%

Source: Survey Result, 2017

According to the table 4.35 above, most of the respondents 30 and 14 percent of the respondents replied that procurement is not performed according to the assessed market price. Only few respondents 12 and 3 percent demonstrate that goods are purchased based on the assessed market price. This can be concluded that goods are not procured based on the currently assessed market price.

4.4.9 The trend of selecting the least cost bidder

Table 4.36 the selection of bidder

Trend of selecting the least cost bidder	Frequency	Percent
Strongly Disagree	5	5
Disagree	11	11
Undecided	16	16
Agree	54	54
Strongly Agree	14	14
Total	100	100%

Source: Survey Result, 2017

Regarding the selection of the least cost bidder, it is stated in the procurement legal frameworks that the least cost bidder should always be selected as a winner. As shown in the above table 4.36 majority of respondents revealed that the least cost bidder is always selected as a winner. The

finding can possibly be concluded as; there is no problem in the selection of the appropriate winner. There is a trend of picking the least bidder as the winner

4.4.10 Taking corrective measure on price disputes over price of goods

Table 4.37 Taking corrective measure on price disputes

Taking corrective measure on price disputes	Frequency	Percent
Strongly Disagree	4	4
Disagree	21	21
Undecided	33	33
Agree	36	36
Strongly Agree	6	6
Total	100	100%

Source: Survey Result, 2017

As shown in the above Table 4.37 indicates that 36 percent of respondents agree and very few number of respondents strongly disagree that organizations do not take action in case of irregularities. Thus, it can be concluded that, organizations take corrective actions at the time when procurement units clash with the suppliers.

4.5 The Relationship between independent and dependent variables

Table 4.38 Relation of Effectiveness of Procurement plan assessment

Independent variables	Average Effective Procurement Practice implementation
Procurement-Planning Practice	0.361**
Specification Completeness	0.382**
Realistic Price assessment	0.417**

** - Correlation is significant at the 0.01 level (2-tailed).

* - Correlation is significant at the 0.05 level (2-tailed).

Source: own survey, 2017

The relationship between the independent variables Procurement-Planning Practice, Specification Completeness and Realistic Price assessment, with the dependent variable Average Effective Procurement Practice was explored using Pearson correlation coefficient. The results of correlation analysis in table 4.38 above shows that, all the independent variables (Procurement-Planning Practice, Specification Completeness and Realistic Price assessment) are positively and significantly correlated with the dependent variable (Average Effective Procurement Practice) at 99% confidence level ($P < 0.01$). The highest correlation is signified by Realistic Price assessment ($r = 0.417$), followed by Specification Completeness ($r = 0.382$) and Procurement-Planning Practice ($r = 0.361$).

This indicates that if the level of Procurement-Planning Practice, Specification Completeness and Realistic Price assessment of the service of the offices is high then the level of Effective Procurement Practice implementation will also high and the reverse is true.

Table 4.39 Descriptive statistics of Effective Procurement Practice and implementation

NO	Variables of Effective Procurement Practice	N	Mean	Std. Deviation
1	Procurement unit assess the current market price when developing procurement plan	100	3.58	0.741
2	User departments gather information with regard to the current price of goods in the market when they set the budget for each procurement type	100	3.89	0.799
3	Procurement units compares the price assessed by the organization with that assessed by the PPPA	100	3.98	0.835

Source: own survey, 2017

As it is indicated in the table 4.39 the respondents of those office employees towards Effective Procurement Practice mean and standard deviation are indicated above for each variable. The results are ranged from 3.58 to 3.98 almost all the variables are agreed with the selected variables. The linkage of dependent variables and independent variables is tested by using Pearson correlation coefficient.

4.6. Analysis of inferential statistics

In this section the association of variables were used by Pearson correlation to check the relationship between independent variable and dependent variables and also multiple linear regression indicated to identify the best predictable variables which can able to affect the dependent variable Effective Procurement Practice and implementation this is performed for the purpose of identifying the Assessment of the Effectiveness of Procurement Planning and Implementation. With the help of statistical techniques, conclusion and decision were made. According to Duncan C. and Dennis H. (2004:38-41), correlation coefficient can range from -1 to +1. The value of -1 represents a perfect negative correlation while a value of +1 represents a perfect positive correlation and a value of 0 correlations represents no relationship.

In this parts of analysis multiple linear regression model were taken as to test the effect of procurement planning and implementation.

4.6.1 Assumption for statistical techniques

1. Normality Test.

The normality of variables was checked by skew ness. As indicated by; Nancy L. leech, Karen C. barrett and George A. Morgan (2005:28), a simple guideline to decide the normality of the variable, if the skew ness is between -1 and +1, it is approximately normal. In this regard all variables of this research was normally skewed the expected value ranging -0.321 to 0.672. This implies all variables were normal.

Table 4.40 Skew ness of effective procurement practice

	N	Mean	Std. Deviation	Skew ness	
	Statistic	Statistic	Statistic	Statistic	Std. Error
Procurement- Planning Practice	100	3.13	.734	-.321	.120
Specification Completeness	100	3.73	.742	.459	.120

Realistic Price assessment	100	3.92	.795	.672	.120
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Source: own survey

2. Linearity Test.

As a general rule of thumb, predictor variables can be correlated with each other as much as 0.8 and less, unless there is a cause for concern about multi collinearity (Perry R. et al., 2004: 323).

Multi Collinearity among Independent Variable, the relationship between each independent variable with each other is positively correlated and the Pearson correlation coefficient range from 0.379 ** to 0.689** with 99% confidence level. It shows that the multi collinearity of the variables are acceptable, hence, the value is less than 0.8 as indicated in (Perry R. et al., 2004: 323) with strongly significant $p < 0.01$.

Procurement planning, practice specification and Completeness realistic price assessment

Table 4.41 Independent variable of effective procurement practice

		Procurement- Planning practice	Specification Completeness	Realistic Price assessment
Procurement- Planning practice	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	100		
Specification Completeness	Pearson Correlation	0.379**	1	
	Sig. (2-tailed)	.000		
	N	100	100	
Realistic Price assessment	Pearson Correlation	0.359**	0.689**	1
	Sig. (2-tailed)	.000	.000	
	N	100	100	100

**.) Correlation is significant at the 0.01 level (2-tailed)

4.7. The impact of Effectiveness of Procurement planning assessment on Implementation

Table 4.42: Model Summary of Multiple linear Regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.502	.262	.253	.130

Source: own survey, 2017

From the above Table 4.42 R value is 0.502. It indicates that 50.2% of independent variable which has a strong effect on the dependent variable of procurement effective implementation. Likewise, the coefficient of determination R-square value is 26.2% variation of dependent variable due to the factors of the independent variable and 50.2% of independent variable influences dependent variables for those of three parameters (Montgomery, 1982).

Table 4.43 ANOVA (Analysis of variation)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	49.796	3	16.598	29.317	.000
	Residual	65.217	97	.672		
	Total	115.013	100			

a. Dependent Variable: Average effective procurement implementation

b. Predictors: (Constant), Procurement planning practice, Specification Completeness and Realistic price assessment

Source : own survey, 2017

The Table 4.43 above shows that F- Test which is helps to test to judge the significance and it helps accepting and rejecting these hypothesis. Therefore, the significance of the hypothesis is less than 5% and the F-test is 29.317 this implies the overall model is fit which are accepting. It

has significance association to have impact on effective procurement implementation. Hence, the model should be:-

$$\text{Average Effective Procurement practice} = \alpha + \beta_1 (PPP) + \beta_2 (SC) + \beta_3 (RPA) + e$$

Table 4. 44 T value of service quality dimensions and average customer retention

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.575	.148		1.043	.000
PPP	.144	.038	.252	2.714	.000
SC	.133	.039	.194	1.459	.001
RPA	.136	.034	.166	1.023	.000

- Dependent Variable: Average effective procurement implementation
- Predictors: (Constant), Procurement planning practice, Specification Completeness and Realistic price assessment

From the Table 4.44 above unstandardized coefficients shows for what extent dependent and independent variables' make variation with other independent variable make constant. Moreover, the beta coefficient shows independent variable influence that of the dependent variable Average effective procurement implementation of the selected offices

Procurement – Planning Practice (beta=0.252, t=2.714, p < 0.001) which has the highest significant impact on average effective procurement implementation

Specification Completeness (beta = 0.194, t = 1.459, p < 0.001) which has moderate impact on the dependent variable

Realistic Price Assessment (beta = 0.166. t = 1.023, p < 0.001) has less affect the dependent variable effective procurement implementation

In general, PPP has high **strong** impact on effect of procurement implementation. Office Manager and stakeholders should be considered, day to day follow up, regularly monitoring, evaluating each activity, supervising each department of the office mostly in this dimension. But do not forget RPA dimension even if it has weak impact on effect of procurement implementation.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5. Introduction

Public procurement is not a onetime activity rather a series of activities ranging from need assessment to contract administration. An efficient public procurement therefore requires sound institutional policies and internal controls, above all it needs to have completely specified annual procurement plan to ensure that public funds are to procure goods, works and services prudently, economically and efficiently to achieve best value for money spent. These chapters will therefore presents summery, conclusions and recommendations to improve the existing gap between annual procurement plan and it is implementation.

5.1. Summary

The main purpose of this research was to study was to assess the effectiveness of procurement planning and implementation. The research was guided by the following three basic questions:

1. What does the current procurement planning and implementation practice look like?
2. To what extent does specifications in the procurement plan complete from view point of selected bureaus?
3. How is the trend of market price assessment from view of the selected bureaus?

In this study positivists view that knowledge is already waiting to be discovered through scientific method was followed. The source of data was primary. The participants of study were 100 employees from selected public institutions .Since the number of the whole population was small and easy to manage, census method was used. This means all employees of targeted departments who were on work were included in the study. 100% of all distributed questionnaire were correctly filled and returned. The analysis was done using SPSS version 20 and EXCEL to compute percentage.

Based on the data analyzed the following major findings were drawn

The finding of the study indicated that public organizations prepares annual procurement plan. But it also revealed that each of the concerned departments which are the main sources of clear specification is not involved in the preparation. Meanwhile the preparation of annual procurement plan is misunderstood by many as the function of procurement units alone. With regard to implementation, it is clearly stated in the study that procuring entities do not act in accordance with the procurement plan, in the requisition of goods and services but make the purchase order based on what they just need at the time. Appropriate information not been disseminated to the user departments regarding the preparation of annual procurement plan. Due to this reason, user departments of each organization do not present reliable information to procurement units concerning their procurement need.

The annual procurement plan is supposed to be approved by the head of public body of each organization. The finding confirmed that the rule which was firmly stated in the legal frameworks is completely violated. On the other hand circulation of the approved annual procurement plan is the mandate of procurement units. But letting the user departments know about the final draft of procurement plan is not been practiced by any public institution. As procurement legal frameworks declared, every public organization should submit its approved procurement plan to the regional PPPA. In this regard the study again revealed the imminence of violation of procurement rules and regulation. There is no trend of revising annual procurement plan. Procurement legal frameworks that were distributed by the regional PPPA are available in all the organizations. But the application of procurement is not in accordance with the rules and regulations. Even if some knows it very well, they do not conform accordingly due to some personal interests. User departments are dissatisfied with quality, and the occurrence of

mismatch of quantity ordered and delivered is another cause of dissatisfaction for user departments. The study observed that organizations are suffering with lack of skilled and qualified procurement units, which result in the failure to prepare proper annual procurement plan. Furthermore, procurement process affects the accomplishment of user department programs in due time. Regardless of the availability of internal control mechanisms in the organizations, they are not performing their duties accordingly. There is still a lot of misuse in the usage of public funds in the presence of internal controls.

Although user departments raise specification for their need they do not clearly specify their procurement needs. They also do not use specified source of information to prepare specification. Practically, user departments are suffering in setting specification because they are not getting orientation from procurement units on how to get it done. This condition forces departments not to present complete and specified specification to procurement units. The mandate of verification is left for procurement units only, user departments are not concerned whether there is a mismatch between purchased goods and specification, Procurement units compares goods delivered with what is stated in the procurement order the quality of goods should be the primary concern of procurement units. The study shows that procurement units accept goods even if the items are defected. In the other hand the finding stated positively that procurement units do not accept goods if it does not match with specification. When the purchase order does not match with specification the organization steps in to take a corrective action

The trend of market price assessment is poor as detected from the selected public institutions. Consequently, procurement plan is being developed by the organization without having adequate knowledge about the current market price. Budgeting process does not have a negative impact on the preparation of procurement plan. And procurement units do not compare the price assessed by the organization to that of PPPA; on the other hand procurement units do not share information about assessed price with user departments. The finding also show that user departments do not update the price of goods but they keep on relying on records of the previous years, it also indicated that price assessment have impact on procurement performance.

5.2. Conclusion

Based on the findings of the study, the following conclusion was drawn by the researcher.

The organizations prepare annual procurement plan. But these plans lack clarity; on the other hand procuring entities do not follow the plan at the time of implementation. Lack of transparency is also revealed.

The organizations do not use specified source of information to prepare specification, and even though, assessing current market price is must be done by the organizations, the study concluded that Procurement plan is being developed by the organization without having adequate knowledge about the current market price. Moreover, the independent variables Procurement-Planning Practice, Specification Completeness and Realistic Price assessment and also the dependent variable effective procurement practice have positively correlated. Therefore, Procurement – Planning Practice has the highest significant impact on average effective procurement implementation, Specification Completeness has moderate impact on the dependent variable and Realistic Price Assessment has less affect the dependent variable effective procurement practice implementation.

5.3. Recommendations

Based on the above conclusions, the researcher suggests the following recommendations: It is mandatory for public institutions to prepare clearly specified annual procurement plan, to avoid unplanned requisition. All the departments in the organizations should be involved in the preparation and also share information with each other regarding procurement activities. The final draft of annual procurement plan should be approved not only by the head of each public body, but the management members of the organization. Only approval is not enough, but the head of public body should monitor and evaluate the procurement activities of the organization. Finally, the approved annual procurement plan should be submitted to the regional PPPA.

The organization should follow annual procurement plan in the acquisition of goods, and also should revise the plan when found necessary.

Qualified procurement specialist should be employed in the procurement departments. And make sure that they are getting procurement trainings timely, follow up is essential to ensure that the right quality and quantity of items was supplied. The internal control mechanisms should be available and execute their duty effectively, to avoid mismanagement of the overall procurement activities.

By the collaborating with the regional PPPA, procurement legal frameworks should be made available in the hands of all concerned employees, by using specified sources of information; user departments must raise well defined specification in their procurement request. Above all, the procurement should be implemented according to the specification. Moreover, undertaking the procurement without proper market price assessment is the major cause for not achieving value for money. The organization should establish a system to gather market data, which can be used as the source of comparison of the price when the actual procurement is undertaken, it is also very useful to know potential supplier, procurement specialist should procure goods based on currently assessed market price.

Finally, tough set of laws should be lay down by the government, to make the agency (PPPA) more authorized toward suing those who continually violate the rules.

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Appendix 1

Annual Public Procurement Plan Submission Format, from the Ethiopian procurement directive

No	Goods, Services and Works to be procured	Source of Budget for Procurement				Procurement Category	Estimated budget for procurement		Estimated Time to Procure		Remarks
		Treasury	Internal Revenue	Loan	Aid		Recurrent	Capital	Estimated time of Tender Announcement/ Invitation to bid	Estimated time of Receiving of goods, services and works	

Source, procurement directive

* Specify as Goods, Consultancy Service, Other Services or Works.

NB.

**** Specify the types of currency as Eth. Birr or Other convertible currency..**

***** Specify as Open Bidding, Two-stage Bidding, Request for Proposal, Restricted Bidding, Request for Quotations or Direct Procurement.**

****** Specify as National and International Competitive Bidding.**

Appendix-2

Jimma University
College of Business and Economics
Department of Management
MBA Program

Questionnaire to be filled by all respondents

My name is Jedi Haile a graduate student at Jimma University, Department of Management. I am currently conducting a Master's thesis entitled to the assessment of the effectiveness of procurement planning and implementation the case of selected government institutions in Gambella Regional State. The purpose of the study is to obtain adequate and reliable information on the above issue & intended to serve for the partial fulfillment of the award of a masters Degree in Business Administration (MBA).

You are selected to participate in this survey, due to your important role in the procurement process from planning to its implementation. Hoping your frank and straightforward responses will absolutely contribute a lot as input to the intended further researches in the field of improving the existing gaps between procurement planning and implementation practices of the region, as well as towards the move of nation-wide harmonization. Participation in this study is voluntary, and you are not required to disclose your name and responses will remain confidential and be analyzed together with the responses of others, solely for this study. I expect you to answer all questions truthfully. All information offered will be treated confidentially.

N.B: you are only required to tick“√” in one of the appropriate boxes among the choices and you are again expected to write if you have valuable Comments or suggestions in the space provided.

Jedi Haile, Phone +251-913-247-493

E-mail:- jd_4all@yahoo.com/jd20haile@gmail.com

SECTION A: Demographic Information of Respondent

Please circle or tick the most appropriate option.

1; Name of the public Body 1, Health 2, Education 3, Water 4, Road & Transport 5, Agriculture

2: Gender of respondent? 1. Male 2. Female

3: Age of Respondent? 1. 22-30 2. 31-40 3. 41-50 4. Above 51

4: What is your role in the procurement process? 1, Finance and Procurement 2, Management Committee 3, Tender Committee 4, Planning Department 5, Other

5: How long have you worked in this department/committee? 1, 1-5 2, 6-10 3, 11-15 4, Above 16

6: Number of employee currently in the department 1, 1-5 2, 6-10 3, 11-15 4, Above 16

7: Your educational level 1. Masters and above 2. Degree 3. Diploma 4. Certificate 5, 12th grade complete and below

8: What is your profession or field of study? 1. Accountant 2. Economist. 3. Engineer 4. Management 5. Procurement 6. Others (specify) _____

SECTION B; Effectiveness of Procurement plan assessment question

<i>Procurement-Planning Practice</i>		Strongly agree	Agree	Undecided	Disagree	Strongly disagree
		5	4	3	2	1
1	Organization prepare annual procurement plan					
2	User departments provide procurement unit with clear information regarding their procurement needs					
3	Head of the public body approves the annual procurement plan					
4	Procurement unit circulates the approved procurement plan to the user departments					
5	Organization submit the approved procurement plan to PPPA					
6	Procurement plan updated/revised when necessary					
7	Procurement unit follows the procurement plan in the acquisition of goods					
8	Appropriate information on procurement disseminated to the user departments					
9	Procurement legal frameworks such as regulations, directives and manuals are available in the organization					
10	Goods are purchased in the right quantity as stated in the procurement plan					
11	Lack of qualified procurement unit a problem to prepare annual procurement plan					
12	Unplanned requisition Could be a major challenge to go with actual procurement plan					
13	Procurement process affects the accomplishment of your department programs in due time					
14	User departments consolidate the procurement needs based on their category during the preparation of the procurement plan					
15	Procurement plan have internal control mechanisms					
<i>Specification Completeness</i>						
1	User departments do raise specification for their request					
2	The requisition have a clarity problem					
3	User departments use specified and standard source of					

	information to prepare specification					
4	User departments do clearly and completely indicate their needs specification in raising annual procurement plan					
5	Procurement is implemented according to the specification					
6	Procurement units encountered problems due to incomplete specification presented by user departments					
7	Procurement units compare goods delivered with what is stated in the procurement order					
8	User departments get orientation from procurement units on how to set specifications					
9	User Departments encounter difficulties in setting specification					
10	The quality and quantity of goods purchased match with what is stated in the specification					
11	The procurement unit accepts goods even if it does not match with specification					
12	The organization takes action when the purchase order does not match with specification					
<i>Realistic Price assessment</i>						
1	Procurement unit assess the current market price when developing procurement plan					
2	User departments gather information with regard to the current price of goods in the market when they set the budget for each procurement type					
3	Procurement units compares the price assessed by the organization with that assessed by the PPPA					
4	Procurement unit share the information of assessed price with the user departments					
5	User departments use market or other source of data to estimate cost/price for their department procurement needs					
6	Planned budget is realistic and achievable to raise the needs of your department					
7	The price have impact on procurement performance if not well assessed					
8	Procurement units procure goods as per the assessed market price					
9	The procurement unit have the trend of selecting the least cost bidder as stated in the procurement directives					
10	The organization take a corrective measure in the case of dispute over price of goods					

<i>Effective Procurement Practice</i>						
1	The organizations has high level of compliance in regard to procurement regulations					
2	The organization has high level of minimization of procurement expenditure					
3	The organization has high level of Transparency and accountability in procurement funds					