

FACTORS AFFECTING THE ACHIEVEMENT OF SUSTAINABLE PUBLIC PROCUREMENT: THE CASE OF FIVE FEDERAL PUBLIC INSTITUTIONS

BY
TAREKEGN WONDIMAGEGN TESSEMA

March 2014
Addis Ababa

IJSER

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**A Thesis submitted to the School of Graduate Studies of Unity University in
partial fulfillment of the requirements for the Degree of Master of Arts in
Business Economics**

March 2014

Addis Ababa

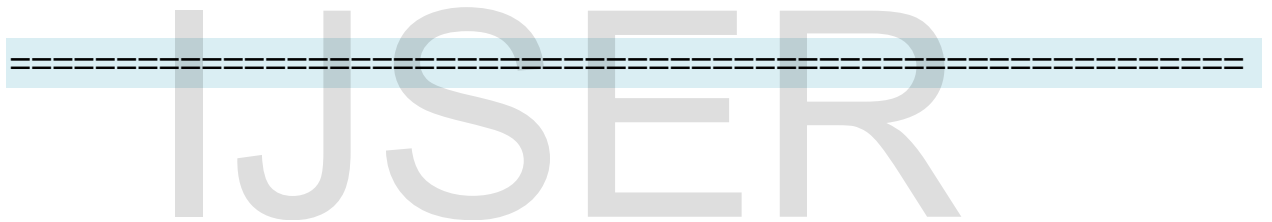
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This thesis has been submitted for examination under my approval as Research Advisor.

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ACRONYMS

APRM	African Peer Review Mechanism
ARAP	Abbreviated Resettlement Action Plan
CBDS	Capacity Building for Decentralized Service Delivery
CRMP	Cultural Resources Management Plan
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
EPA	Environmental Protection Authority
ESMF	Environmental and Social Management Framework
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
OECD	Organization for Economic Cooperation and Development
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
FPPA	Federal Public Procurement and Property Administration Agency
PPDS	Public Procurement and Property Disposal Service
PSCAP	Public Sector Capacity Building Support Program Project
RAP	Resettlement Action Plan
REPA	Regional Environmental Protection Authority
RPF	Resettlement Policy Framework
SBD	Standard Bidding Document
SDPRP	Sustainable Development and Poverty Reduction Program
ULGDP	Urban Local Government Development Project
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNOPS	United Nations Office for Project Services

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ABSTRACT

The study has been undertaken with the primary objective of identifying the “*factors affecting the achievement of sustainable public procurement*”. The research covers five major topics of introduction; literature review; methodology of the study; data presentation, analysis and interpretation; and conclusions and recommendations. Concerning sampling procedure, purposive sampling has been applied due to data availability from selected five government institutions. This is an applied research aimed at identifying factors to achieve sustainable goals in government procurement practices. Primary data is obtained using questionnaire completed by responsible personnel in procurement decision making capacities in the selected five government institutions. Multiple Regression Econometrics Model of the five Scale Point Measurement Instrument used for data presentation, analysis and interpretation. The study shows “*effective procurement leadership and good governance*” is a key “*factor affecting the achievement of sustainable public procurement*”. The recommendations of the study include strengthening procurement capacity and management system with a view of improving government oversight in the public procurement leadership and good governance, which is the outcome of the research.

CHAPTER ONE

INTRODUCTION

1. 1 Background of the Study

Procurement is a fundamental and central part of the governance and public financial management as procurement of goods, services, and works by government account for the largest percentage of Gross Domestic Product (GDP) and constitutes a major share of budget expenditures of government. Government and Public Bodies procure a wide variety of goods, services, and works especially from private sector, from basic consumable items to infrastructure needs (construction of roads and the like). Due to this public procurement is becoming a key economic activity of the government that represents a significant percentage of the Gross Domestic Products of the country generating huge financial flows to the economy. Procurement is not simply purchasing of good, services, and works; it combines social and environmental factors with financial consideration as the close interaction between the public and private sectors make public procurement a major risk area. Thus, public procurement moves to shape the economy, social and environment in promoting sustainable production and consumption patterns.

For Least Developed Countries economic development is sustained through aid coordinated by the United Nations and implementation of the Millennium Development Goals (MDGs), which is an outcome of the 2000 United Nations Millennium Declaration, covering 2000 – 2015. Ethiopia is one of the beneficiaries of the program where Development Aid is flowing for the procurement of Goods, Works and Services (Consultancy and Non-Consultancy). Two types of aid are provided under the Millennium Development Goals (MDGs): Food Aid or Humanitarian Aid to the poor countries based on needs which are unconditional; and Development Aid (*aid above to food aid threshold - that tends to push transaction costs toward infinity*) given only to countries that have established or seek to establish a system of Good Governance Government that will solve the fundamental problems of economics. For a poor country like Ethiopia dependent on food aid, the primary source of economic growth is the “*Development Aid*” mainly utilized for procurement. An important consideration for these countries (LDCs) is not just how large the development aid is, but how effectively, transparently and efficiently the development aid is utilized. That is why government procurement is a key consideration and determinant of economic development in the Least Developed Countries (LDCs) like Ethiopia.

Public Procurement in Ethiopia has been done in a centralized and decentralized manner since 1943 according to the Amharic document obtained from the “Federal Public Procurement and Property Administration Agency”; and summarized as follows by the Author.

Starting from 1943 up to 1958 all procurement of Government Organizations has been done through the then “*Ministry of Finance*”. However, the implementation had been so disorganized, slow and at times the Ministry of Finance was unable to deliver the procurement service. Eventually the Ministry of Finance terminated the procurement process.

In 1958 a new Organization was established under the name of “*Ministry of Stores and Supplies*”. Since then all public procurement has been done through this Ministry. However, the establishment of this Ministry was not based on the actual need and the objective reality of the country. It has been set up in haste to solve the public procurement problems temporarily. As the result it started to create several problems instead of solving the existed ones.

In 1964 the Ministry of Stores and Supplies was dissolved and a “*Procurement Committee*” under the auspices of “Ministry of Finance and the General Auditor Office” was set up to prepare a document that regulates the procurement of all Government Organizations. This Procurement Committee was expected to supervise all procurement activities that exceed ETB 150,000.00 threshold. However, this process exacerbated the public procurement problems and Government Organizations avoided accountability by placing purchase orders in installments below the threshold. As a result, most public procurements did not follow proper tendering process that led to kickback, small hand-shares and shoplifting of government funds outside the preview of the Procurement Committee.

In 1978 a new “*Public Procurement Implementation and Supervision Directive*” issued by the then “Ministry of Finance”; and *Public Procurement Implementation and Supervision Office* established for the function that went operational until 1981. This Directive allowed Government Organizations to procure goods and services that cost up to ETB 150,000.00 threshold by their own jurisdiction. Any procurement that exceeded this threshold has been done by a “*Committee*” comprising of members of Ministry of Finance and the concerned Government Organizations. This process solved some of the procurement management and administration problems.

In 1981 the Ministry of Finance formed a team of experts to study the Public Procurement Implementation and Supervision Directive in order to further remedy the dilemma; where the team came up with new "*Finance Directive*" that increased the public procurement mandates of Government Organizations from ETB 150,000.00 to ETB 250,000.00 threshold. After the 1981 Public Procurement Implementation and Supervision Directive, a new Central Committee under the name of "*Central Tender Decisions Supervision Committee*" was established. Any procurement above the threshold of ETB 250,000.00 has been investigated and approved by this Committee that was comprised of delegates from the Ministry of Finance and Government Organizations that undertook the procurement of goods, works and services.

In 1994 the Ministry of Finance has been re-structured and "*Procurement Implementation and Supervision Office*" was re-established as a unit under the State Minister of the Ministry of Finance. This Office had three personnel and continued to implement the 1981 Finance Directive to undertake the public procurement and implementation.

In 1999 a new Public Procurement Proclamation No 1/1999 went operational and the mandate of implementing Government Organizations was divided into National and International procurement. This proclamation increased the thresholds amount to ETB 500,000.00 and ETB 2,000,000.00 for National and International procurement respectively.

In 2001 the "*Public Procurement and Property Administration Office*" structured comprising of three groups [*Tender Evaluation and Investigation Group, Procurement Information, Scrutiny and Organization Group, and Public Property Administration Group*] under its supervision with clear duties and responsibilities to implement the 1999 Public Procurement Proclamation.

In 2005 the "*Federal Public Procurement Agency*" established by Proclamation No 430/2005, which came into existence under the public procurement reform program undertaken by the Government of Federal Democratic Republic of Ethiopia that paved the way for the establishment of an autonomous Public Procurement Organization.

In 2009 the "*Federal Public Procurement and Property Administration Agency*" established by Proclamation No. 649/2009 proclaimed *determining* the procedures of public procurement, which solved many of the existed problems surrounding public procurement and gave a distinct direction for all public procurement activities in the country.

1.2 Problem Statement

Economics is a concentration of business activities covering the agriculture, industry, and service sectors. It represents performance that produces valuable outputs with a given combinations of scarce resources (inputs) for consumption by different groups. Procurement is a core function of public financial management and service delivery driven by demand for control over public spending and more efficient acquisition process.

Government and Public Bodies procure a wide variety of *goods, works and services* from the basic computer equipment to the construction of roads, etc. Public procurement is a key *business-economic* activity of the government that represents a significant percentage of the Gross Domestic Products of the country that generates large financial flows.

Public Procurement crosses both business and economics which has raised the interest of the actors directly involved in the management of procurement. Weak governance in public procurement hinders competition and raises the price paid for the goods, services, and works procured directly impacting public expenditures and taxpayers' resources which will make public procurement a *major risk area*.

Government is the major public spending for procurement of goods, works and services that will go through the public procurement system. Effective procurement system plays a strategic role for avoiding mismanagement and waste of public funds; where good procurement on the effectiveness of public spending shall be reflected on sustainable public procurement.

The procurement function is a managerial activity that goes beyond the simple act of buying, which includes policy and planning activities that cover a wide range of related functions. Procurement should enhance to secure value for money in order to achieve greater benefits, and ensure savings for development.

Improvements in the performance of public procurement systems will produce benefits towards efficient use of public resources that will contribute to the achievement of sustainable public procurement; and facilitate development assistance by Development Partners such as the World Bank as it enables greater reliance on a well performing public procurement system.

Public Procurement concerns the acquisition of goods, works, and services which is one of the core economic activities of the government due to huge volume of public spending; whereas *Sustainable Public Procurement* involves integrating a concern for broader social and environmental impacts that will help to achieve sustainable public procurement by savings and improve quality of procurement of goods, works and services.

Strengthening procurement capacity of the public sector in Ethiopia is a vital component to improve social and economic well being as effective and efficient public procurement system is a strategic instrument for sustainable public procurement. Procurement reform is a fundamental and central part of the governance and public financial management as it makes the level of performance more transparent; and it makes easier to estimate the volume of public money that flows through the procurement process in the public sector.

Procurement of goods, works, and services by government represent the largest percentage of the country's economy where indicators of public procurement manipulation shall be assessed especially from economic, social and environmental aspects. The public procurement reform undertaken believed to adhere to the procurement principles, which are focused on promotion of competitive tendering for selection of suppliers, contractors, consultants and service providers that can be manifested by improving the public sector procurement performance.

Sustainable Public Procurement is becoming complex and dynamic, the success or failure of a particular public procurement procedure and process cannot be measured with simple test. The major problems (1) *large financial flows to the economy*, (2) *close interaction between public and private sectors* and (3) *weak governance* in the procurement of goods, works and services (consultancy and non-consulting) make public procurement a *major risk area*. According to Transparency International, damage from corruption in developing countries like Ethiopia is estimated about 15 percent on the contract value especially in the public sector particularly on procurement of works. These problems signified that the Public Procurement must be guided by clear and enforceable policies, rules, regulations and procedures as it is a major area of public scrutiny often used as a yardstick to assess the extent of corruption in Government.

Thus, the purpose of the research is to identify the "***factors affecting the achievement of sustainable public procurement***" in the framework of the Federal Proclamation No. 649/2009.

1.3 Research Questions

- What are the principles, ethics, guidelines and directives for the achievement of Sustainable Public Procurement?
- What are the main elements or pillars that contribute to the achievement of Sustainable Public Procurement?
- Which are the main factors that are highly contributing for the achievement of Sustainable Public Procurement?

1.4 Objective of the Study

Achieving sustainable public procurement requires economy, efficiency, effectiveness, fairness, transparency and high level of accountability. The significant amount of public money that is invested and utilized in the economy will enable the government get maximum benefit for efficient and effective acquisition process of public procurement. Thus, the General and Specific Objectives of the research are stipulated as follows.

1.4.1 General Objective:

The general objective of the research is to identify the "*factors affecting the achievement of sustainable public procurement*" in line with the Federal Government Public Procurement and Property Administration Proclamation No. 649/2009 of September 2009 Legislation that considers the Public Bodies, which are wholly or partly financed by the Federal Government budget vis-à-vis the World Bank's Procurement Guidelines of January 2011 Edition.

1.4.2 Specific Objectives:

- to assess important factors for the achievement of sustainable public procurement,
- to identify significant factors that have key roles for sustainable public procurement,
- to evaluate economic, efficiency, and effectiveness for transparency and accountability,
- to forward possible recommendations for sustainable public procurement achievement.

1.5 Significance of the Study

The links between sustainable public procurement and factors have important policy implications so that relevant strategies could be adopted by government in making public procurement to be sustainable. Accordingly, the study will provide some valuable inputs to achieve sustainable public procurement. Besides, the study will be useful to be used as reference for researchers and to others who want to develop procedures and benchmarks in the implementation of Sustainable Public Procurement.

1.6 Scope and Limitations of the Study

1.6.1 Scope of the Study: An interview used for *preliminary data* to develop the main components of independent variables for survey questionnaire and the questionnaire survey used for *primary data* collection. The study considered the time period ranging 2007/08 – 2012/13 for *secondary data* to estimate the Public Procurement Composition in the Total National Budget. The research carried out in five Federal Public Institutions that participated in the Public Sector Capacity Building Program Support Project (PSCAP) financed by IDA-The World Bank Group.

1.6.2 Limitations of the Study: The non-availability of sufficient reference materials and studies make the study difficult to identify common success factors to the research for a successful outcome. The study is limited to Public Procurement in five Federal Public Institutions, which inter alia limits the predictive ability of the model. The non-availability of structured data on procurement and on public procurement has been identified as problem of the study; because from search experience the procurement part has been a neglected area of research until recently.

1.7 Organization of the Study

The research is organized in five chapters that covers (Chapter-1) introduction; (Chapter-2) literature review; (Chapter-3) methodology of the study; (Chapter-4) data presentation, analysis and interpretation; and (Chapter-5) conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Procurement Concepts and Principles

(i) **Concepts:** Dobler and Burt (1996) mentioned that “*purchasing*” and “*procurement*” are often used interchangeably, and Van Weele (2000) added sometimes the term “*supply management*”, or “*logistics management*”, is also used. The definitions of purchasing are different, but they have something in common (Schewng, 1989; Fearon et. al., 1992; Lysons, 1996). For example, “obtaining external products or services” are something that they all have in common, as is the fact that “procurement should help the organizations to reach their objectives” (Knudsen, 1999).

Van Weele (2000), attempts to sort out the confusion of “*purchasing*” and “*procurement*” by drawing the differences in diagram which is not stipulated here because the originator requires permission to use. *Procurement* includes all activities required in order to get the product from the supplier to its final destination, whereas *Purchasing* covers all activities for which the companies receive an invoice from outside parties (Knudsen, 1999). Such being stated, however, procurement covers *goods, works, and services* (consultancy and non-consultancy), whereas purchasing covers only goods and non-consultancy service (transport, insurance, etc).

Procurement in general is the process of acquiring goods, services, and works covering both the acquisition from third parties and from in-house providers. From *economic* perception procurement refers to the acquisition of consumption or investment of goods, services, and works. However, from *management* perspective procurement can be defined as planning, preparation, invitation, evaluation; awarding negotiation, contracting, implementation and administration of contracts.

Thus, Public Procurement System can help government optimize resources to *obtain best value for money* and *improves goods, works and services delivery*; and thereby creating an enabling environment for sustainable public procurement when efficient and effective public procurement system is strengthened.

(ii) Principles: Procurement is an Art and a Science. As a Science it has principles and procedures and as an art there should be skill and experience. According to the World Bank and OECD (2003) Procurement Roundtable the following principles identified to be incorporated in the public procurement system.

- 1) *Transparency of public procurement through procedures set out in the Procurement Decree on Government procurement of goods, works, and services,*
- 2) *Regulatory and Uniformity of procurement procedures of Government Entities and State Enterprises,*
- 3) *Efficiency and Economy in the Government procurement of goods, works, and services,*
- 4) *To guarantee all economic sectors fair and equal treatment in competitive bidding for the supply of goods, works, and services to Government Entities and State Enterprises.*

Based on the above four identified Public Procurement Principles the following five major Performance Indicators suggested for Government Entities or Public Institutions. (1) *Strategy,* (2) *Organizational structure,* (3) *Professionalized Staff,* (4) *Accountability,* (5) *Procurement Process,* and (6) *Effectiveness Procurement.*

In line with the stated Performance Indicators the following four Pillars (1) *Legislative and Regulatory Framework,* (2) *Institutional Framework and Management capacity,* (3) *Procurement Operations and Market Practices,* and (4) *Integrity of the Public Procurement System* have been developed as a way of organizing the National Procurement System.

Procurement is not as simple as to just convey a need from an internal customer to a supplier and then deliver the item to the customer, where the process consists of activities that are continuously changing in intensity, duration, and quality. The procurement process consumes the available resources in the procurement department (inputs) to produce products or services (outputs) that aims to satisfy the customers' needs (Davenport, 1999), implies that a process can be described at different levels with different magnitude of deals.

The *key elements* that should be investigated in the *procurement performance measurement system* are resources, procedures, and outputs, (Knudsen, 1999). By studying the three components in the supply chain or link the outcome of the procurement can be measured.

Thus, the stated basic principles are becoming common to all and be explained by the following diagram to better understand the public procurement process at every turn in the national system.



Figure 2.1: Public Procurement Picture in the National Procurement Management System

Source: Procurement Manual obtained from Procurement Team The World Bank Country Office

The Figure shows the full interactions and ensures that a minimum level of sustainable development will be achieved in the different areas if the six components are in order. Public Procurement system is at the center of the strategic management of public funds to promote overall value for money and the effectiveness of the public procurement explains how well sustainable development shall be achieved.

For control over public spending, more efficient and effective acquisition process of public procurement becomes a key function for government to achieve sustainable public procurement and thereby creating an enabling environment for sustainable development.

2.1.2 Good Governance and Ethics

(i) **Good Governance:** International Training Center of the ILO (2009) strategically put that, over the past decades sound public procurement management has become a key milestone of “good governance” and sustainable development. Public procurement management significance for environmental, social and economic development is reflected in the fact that it constitutes a sizeable proportion of the national economy (about 65 per cent of national GDP of the country). Public procurement management is a valuable instrument of “pro-social equity” policies and has historically been used by governments to encourage a more equitable economic growth. More recently, with the advent of globalization and the increased role of private sector in governance, public procurement features as an important market-based incentive for promoting Corporate Social Responsibility (CSR). Through public procurement governmental standards by all market operators, thereby improving the “quality of jobs” and facilitating the achievements of national sustainable development that mainly focuses on environmental, social, and economical issues which imply “*sustainable procurement*”.

Public Procurement is therefore, no longer a simple routine clerical function conducted within isolated departments of Government Entities in the Public Sector as management of public procurement processes focuses on around key issues of legal, technical, economical, and administrative competences. Today’s procurement professionals have to deal with increasingly dynamic markets and rapidly evolving technologies, procurement tools, and techniques. In addition to traditional obligations, procurement line and staff practitioners also have to demonstrate their governments’ adherence to *international agreements in human rights, labor, and the environment as well as mitigation of corruption*. Reconciling the tension between sustainability objectives and the framework of international trade agreements, while respecting the broader obligations of “*best value for money*”, “*transparency*”, and “*accountability*”, requires an array of new competences in procurement.

Public Procurement is thus, said to be sustainable when it integrates requirement, specifications, and criteria that are compatible and in favor of the protection of the environment and social issues for economic growth to sustainable development under Good-Governance-Government or reforming government towards Good-Governance-Government a government under rule of law or constitutional order patterned on Global- Good-Governance-Government (United Nations).

(ii) Ethics in Public Procurement: According to APRM report (2010) one of the critical causes of public corruption is said to be lack of *code of conduct*. Code of Conduct should clearly specify core obligations of Civil Servants including, but not limited to *transparency* and *accountability* in public service; and the need for *consistency*, *neutrality* and *professionalism* in the management of public affairs as core values are the center of code of conduct.

The Human Resource Management Sub-Program of the Civil Service Reform Program has put in place two legislations (1) the Federal Civil Servants Proclamation No. 515/2006; and (2) the Federal Civil Servants Disciplinary and Grievance Procedures Regulation No. 77/2002 in line with the ILO convention. The two legislations mostly deal with conditions of work pertaining to employee leaves, equal pay for equal work, merit selection and recruitment, occupational safety and health, and training of Civil Servants.

The legislations fall short of underscoring the significance of core principles of ethical conduct of Public Servants as a requirement to discourage corruption and malpractice in Public Procurement that simply put *basic rights and obligations* of Public Servants, which require revision to strengthen accountability and integrity in the public services – *building blocks* for public trust in the legitimacy of government institutions.

However, the Federal Government Procurement and Property Administration Proclamation No. 649/2009 Article 32/1 clearly specified *to observe the following procurement fundament rules of ethics to any personnel engaged in public procurement in the discharge of their duties.*

- a) *the obligation to notify any actual or possible conflict of interest and isolate oneself from any processes involving such conflict,*
- b) *to give candidates and suppliers equal opportunity of competition and performance,*
- c) *keep in secret any confidential information concerning the public body, candidate or supplier which he/she came to know on account of his/her,*
- d) *to reject any gift or offer of an employment opportunity or anything of monetary value or service;*
- e) *to report to the law enforcement agencies any intended or completed action of corruption and contribute to the effort to fight corruption and malpractice;*
- f) *demonstrate concern to public resource and property.*

2.1.3 Legislative and Regulatory Framework

(i) National Legal Framework: The *Reforming Feudal Government (1942-1975)* towards *Good Governance Government*: in 1942 established *Negarit Gazeta* and in 1945 orders for the establishment of Public Institutions proclaimed to implement the laws. The Ministries and Institutions by given mandates established regulations through Council of Ministries, and each Institute produced procedures and professionalized the bureaucracy to enforce the laws. In view of these major actions the public procurement has been implemented by an autonomous and/or supervisory authority or institution at different times during the *Reforming Feudal Government*.

The *Communist Government - WPE (1975-1991)* that abolished private property rights followed the established legislation of the *Ethiopian Reforming Government towards Good Governance Government (1942- 1975)* as the legislations patterned on the United Nations conventions.

The current *Government - EPRDF (1991- to date)* aware of the need to conduct public procurement in a transparent and accountable manner to make the process free from corruption and to prevent its misuse as a source of unlawful advantage; a comprehensive subsequent legislations have been put in place to streamline the public procurement system and framework.

Accordingly, Proclamation No. 430/2005 proclaimed in January 2005 where an independent Supervising Agency for Public Procurement has been established that is accountable to the Ministry of Finance and Economic Development; and equally important procedures for public procurement have been determined to be strictly followed in Government Procurement.

Proclamation No. 430/2005 of January 2005 has clearly laid out responsibility and accountability as well issuance of directive for public procurement, including open and competitive bidding and procedures for the submission of complaints. The proclamation has stipulated a number of stiff penalties on any one engaged in violating or subverting the procurement activities is least tolerated, which was a step ahead for the implementation of the public procurement.

The proclamation detailed steps to make the procurement process transparent, efficient, and fair. Accordingly, procuring entities and persons employed or appointed to manage public procurement are responsible and accountable for action taken in accordance with the proclamation and any further conditions that may be laid down in the procurement activities.

According to the proclamation it is mandatory for procuring entities to maintain records and documents regarding their public procurement, for a period of *ten years* from the date of concluding any procurement proceeding where each proceeding should contain the following:

- a) a brief description of the goods, works, and services to be procured;*
- b) the invitation to bids and proposals;*
- c) the name and addresses of suppliers, contractors or consultants that submitted the respective bids, quotations or proposals, and the name and address of the winners;*
- d) the evaluation criteria stipulated and applied, and a summary of the evaluation and comparison of bids, proposals or quotation received;*
- e) information on any decision to suspend or cancel proceedings after having been initiated; and*
- f) the ground for using a procurement procedure other than open bidding.*

Pursuant to Article 55 (2) of the Determining Procedures of Public Procurement and Establishing Agency (*Public Procurement Agency*) Proclamation No. 430/2005 and Article 19 of the definition of Powers and Duties of the Executive Organs of the Federal Democratic Republic of Ethiopia Proclamation No. 4/95 (as amended) *Federal Public Procurement Directive* issued on July 2005 by the Minister of Ministry of Finance and Economic Development. The Directive clearly laid out the Responsibilities and Authorities of the Procuring Entities, Appointments of Bid Committee, as well as Responsibilities of Chairperson and Secretary of the Bid Committee; where Directive No. 1/1991 and amendments thereof repealed and replaced by the said Directive issued on July 2005.

The influence of good procurement on the effectiveness of public spending can be mirrored by its impacts on development as the government is the largest investor in the purchase of goods works and services in the country at the *Macro-Level*. To this end public procurement transformation undertaken by the Ministry of Finance and Economic Development in the alignment of policies, process, people, and technology with the previous Ministry of Capacity Building. Following the transformation the Federal Government Procurement and Property Administration Proclamation No. 649/2009 of September 2009 proclaimed determining the procedures of public procurement and establishing the Supervisory Agency with the following salient objectives.

- a) *To insure better transparency, efficiency, fairness and impartiality in public procurement and to enable the utilization of the large sum of public money spent on procurement in a manner that ensures greater economy and efficiency by addressing problems encountered in the course of implementation of the proclamation determining the procedures,*
- b) *To ensure that an organization enabling the realization of the economic benefits and efficiency flowing from bulk purchase is in place ,*
- c) *To ensure that public property in which a significant amount of public money is invested, is utilized in such a manner as to enable the government derive maximum benefit there from and modernize the administration thereof, it is necessary to introduce public property administration.*

Proclamation No. 649/2009 established the following in line with the public procurement reform.

- a) *“Public Procurement and Property Administration Agency”* established as an *autonomous* Federal Government organ having its own juridical personality with core objectives, powers and duties that is *accountable* to the Ministry of Finance and Economic Development.
- b) *“Board for Review and Resolution of Complaints”* in Public Procurement and Property Administration established with clear terms of services, powers and duties accountable to the Ministry of Finance and Economic Development.
- c) Clear responsibilities and authorities to the *Heads of Public Bodies*, of which “cause to be established an adequately staffed unit for Procurement and Property Administration; *“Procurement Endorsing Committee”* which approves procurements of higher value; it may also setup *Ad-hoc Evaluation Committee* for complex procurements”, etc.

The *Federal Public Procurement Directive* issued in June 2010 by the Ministry of Finance and Economic Development based on the Federal Government Procurement and Property Administration Proclamation No. 649/2009 which is conventional in harmony with the World Bank Procurement Guideline and Provisions but with *eight exceptions*.

The *Public Procurement and Property Disposal Service* established in July 2010 by Council of Ministries under Regulation No. 184/2010 based on the context of the Federal Public Procurement and Property Administration Proclamation No. 649/2009 with core objectives, powers and duties accountable to the Ministry of Finance and Economic Development.

(ii) Procedures and Application: The procurement function is a managerial activity that goes beyond the simple act of purchasing as it requires economy, efficiency, competition, fairness, transparency and accountability. It includes the planning and policy activities that cover a wide range of functions of which the primary ones are identified as follows.

- a) Proper identification of the need to procure goods, works and services,*
- b) Follow-up and making sure that there is proper delivery or transport,*
- c) Inspection of goods, works and services to ensure quantity and quality compliance,*
- d) Development and implementation of proper procedure, methods and forms, and*
- e) Monitoring of procurement operation and review of planned activities performance.*

1) General View - As the historical records show, procurement has not been given due attention until recently, although it is one of the managerial activities that consume about 65% of the national budget including grant/loan funded projects. In general top priority given to this activity by developed and some developing nations that the different activities of procurement are being performed by specialized departments. In particular procurement of goods, works and services by government entities is being performed by specialized departments or units. The supervision is being carried by FPPA based on the procurement directive produced by the Ministry of Finance and Economic Development in line with the framework of *Proclamation No. 649/2009*.

2) Government Principles - The objective of government procurement principle focuses on the economic and social needs of the country and thereby to promote the development of an efficient, effective, transparent, accountable, ethical, and performance oriented service delivery. Furthermore, the objective of government procurement principle centers on the economic and efficient use of public funds as procurement of goods, works and services constitute a major share of public expenditure. In view of the government procurement principles a well-functioning procurement system may be instrumental to sustainable public procurement.

3) Necessary Conditions- In order to participate in the government tender any domestic eligible bidders should furnish the following documentary evidences to the public procuring bodies.

- a) *Supplier registration certificate issued by the Ministry of Finance and Economic Development.*
- b) *Renewed trade license issued by the appropriate Ministry or Authorized Government Bureaus.*
- c) *Recommendation from Ethiopian Revenue and Customs Authority or Authorized Government Bureaus.*
- d) *VAT registration certificate and other relevant documents as appropriate and necessary.*

4) Procurement Directive- Procurement of goods, works and services is undertaken based on the procurement directive produced by the Ministry of Finance and Economic Development. The directive provides guidance and advice to public bodies, mainly on how to organize and undertake procurement of goods and services. This manual has been structured to follow the procurement cycle; that the procurement must be carried out in a manner which is not only economic and efficient but also *fair, transparent and non-discriminatory*.

5) Value of Money - Value of money refers to buying the right quality and quantity of goods, works and services with the right price/cost, at the right time from the right sources that encompasses the following five fundamental components for sustainable public procurement.

- a) **Right Quality** -This refers to the performance qualities of the goods, works and/or services that comply with the production methods, workmanship, dimension--- etc for an intended purpose.
- b) **Right Quantity** -This is related to the physical handling of stores in the system of inventory control. The main focus is the preservation of an adequate and balanced inventory of materials and supplies to reduce storage, handling cost, and - - - etc.
- c) **Right Price** - This is associated with the undertaking of procurement of all items by open tendering, unless there is a specific and good reason to use another method of procurement in order to get fair or right price
- d) **Right Place** - The right place principle focuses on the qualification of suppliers in order to participate in government procurement. To this end the suppliers should have a legal capacity, suppliers' registration certificate, fulfilled their obligations, paying taxes etc.
- e) **Right Time** -This refers to the need or demand for goods, works and services. They should be available at the time they are needed for the primary purpose of the stake holders. This is related mainly to administration procedures, procurement methods, contract agreement, transport, inspection, - - - etc and should be planned before hand to achieve the objectives.

6) Procurement Planning- Management depends on well-planned and carefully executed procurement program in order to produce tangible results. A project plan is a general program in which procurement is an important component to fulfill the project objectives, based on the available budget. There are two general types of budget used for procurement activities.

a) Procurement Budget: The procurement budget is an estimate of planned procurement of goods works and services to be procured during the budget period for each program that are going to be executed. The estimated budget with the budget code should be clearly indicated for the identified goods, works and services to be procured. This assures the funding for the contract is available before it initiates any approach for the procurement process under Government Budget or Development Partners/Bank financed projects. Thus, any government entity should plan its procurement needs in advance in order to achieve the benefits of bulk purchasing.

b) Operations Budget: The operations budget deals with the estimated cost for running or performing the planned procurement activities by the procurement unit or department. Thus, successful procurement plan results in establishment and achievement of management approved objectives and programs which in turn:

- *improves procurement operation within budget limits,*
- *coordinates procurement activities within the procurement unit and with the programs or departments activities being effectively carried out,*
- *results in smooth integration of functions and consolidation of related items for uniformity of interpretation etc.*

7) Preconditions of Procurement: The following are the major preconditions to be well noted.

a) Need Identification: The first step in the procurement cycle is the identification of the need to procure. This should be carried out by the user or stakeholder and should result in clear identification of specific functional and service requirements for goods and works, which are referred to as "technical specifications". The descriptions of consultants' service are usually explained through "Terms of Reference" (TOR).

b) Technical Specification: The Technical Specifications should be generic (universal) and comply with the relevant International Standards and/ or National Standards and/or any relevant design code or policy by the appropriate international or national legal body.

- *The Technical Specifications for vehicles and equipment are normally “performance oriented” and should refer specifically to the required functional attributes, outputs and end users of the goods/services . . . etc*
 - *The Technical Specifications for goods, works and service should not prescribe a particular product, brand or service holder and should include a statement that the specifications are not limited to any particular brand or manufacturer or firm.*
- c) Terms of Reference:** Procurement of Consultancy Services requires Terms of Reference (TOR) that should explain mainly objectives, scope of work, methodology and outputs.

8) Methods of Procurement - The procurement directive produced by Ministry of Finance and Economic Development (2010) defines the following SIX approved types of procurement which are harmonized with the World Bank Procurement Guidelines (2011) with eight exceptions.

a) Open Tendering: It is the government’s policy that public bodies shall undertake procurement of goods, works and services by open tendering unless there is a specific and compelling reason or reasons to use another method of procurement.

b) Two-stage Tendering: This is an exceptional method used in rare cases where collaboration between the public body and the suppliers, contractors or consultants in formulating the technical specifications become necessary due to the advanced technology/services involved. This can be done in the following conditions in order to obtain the most satisfactory solution to the procurement needs.

- *Seek tenders, request for proposals or offers as alternatives to various possible means of meeting the procurement needs, or*
- *If the technical character of the goods or services require expertise, it is necessary to negotiate with suppliers, contractors or consultants.*

c) Restricted Tendering: Public bodies may engage in procurement of goods, works or services by means of restricted tendering in the following circumstances:

- *the goods, works or services, by reason of their highly complex or specialized nature, are available from only limited suppliers or firms, or*
- *the time and the cost required to examine and evaluate a large number of tenders would be disproportionate to the value of the goods, works or services to be procured.*

d) Request for Proposals (RFP): This is a method used in procurement of Consultancy Services. The procurement may take place primarily when the public bodies seek to enter

into a contract for the purpose of *Research, Experiment, Study* or *Development* except where the contract includes the production of goods or works insufficient to establish their commercial viability or to cover research and development cost.

e) Request for Quotation (RFQ): This method of procurement can be used where there is a pressing operational requirement for goods, works and non-consultancy services where the values of the contract are likely to be within the threshold set forth for works, goods, and non-consultancy services approved by the appropriate Head of the Public Procuring Bodies without having to obtain the approval of the *Procurement Endorsing Committee*.

f) Single Source Procurement: Public bodies may engage in direct contracting under special circumstances if the goods, works, or services are available from the only one firm.

9) Special Procurements – The Proclamation set the following new Procurement approaches.

a) Large Value Procurement: The Ministry of Finance and Economic Development may authorize the execution of special procurement by the *Public Procurement and Property Disposal Service*, and common use items shall be carried out in accordance with the provisions of the Proclamation No. 649/2009.

b) Framework Contract: Framework Agreement or Contract is a long-term agreement with suppliers, contractors and services providers which set out terms and conditions used to fulfill common use items, small value works, etc. procurement requirements of government bodies or recurrent procurement requirements of a public body or bodies.

10) Procurement Methods Selection - In accordance with the procurement directive the following conditions should be given due emphasis in identification of appropriate method of procurement and implementation by the public procuring entity.

a) It is the responsibility of the public body to select the most appropriate method of procurement to procure goods, works and services.

b) Public bodies shall not decide their procurement into separate contracts for the purpose of avoiding the need to refer the procurement to the *Procurement Endorsing Committee*.

(iii) Environmental Management Legal Framework: The Constitution adopted by Ethiopia in 1995 provides the guiding principles for environmental protection and management in Ethiopia. The *concept of sustainable public procurement* and environmental rights are enshrined in Article 43, 44 and 92 of the Constitution of GOE.

Article 43: The Rights to Development identifies Peoples' Rights to:

- a) Improved living standards and to sustainable development; and*
- b) Participate in national development and, in particular, to be consulted with respect to policies and projects affecting their community.*

Article 44: Environmental Rights, all Persons:

- a) Have the rights to a clean and healthy environment; and*
- b) Who have been displaced or whose livelihoods have been adversely affected as a result of State programs; have the right to commensurate monetary or alternative means of compensation, including relocation with adequate State assistance.*

Article 92: Environmental Objectives are identified as:

- a) Government shall endeavor to ensure that all Ethiopian s live in a clean and healthy environment;*
- b) The design and implementation of programs shall not damage or destroy the environment;*
- c) People have the rights to full consultation and to the expression of views in the planning and implementation of environmental policies and projects that affect them directly; and*
- d) Government and Citizens shall have the duty to protect the environment.*

The Environmental Policy of Ethiopia was approved by the Council of Ministers in April 1997. The policy document contains elements that emphasized the importance of mainstreaming socio-ecological dimensions in development programs and projects. To put into effect the policy for example the Environmental Impact Assessment Proclamation No. 299/2000 contains provisions designed to ensure *Sustainable Public Procurement*.

2.1.4 International Rules and Guidelines:

(i) World Bank: The established rules for the use of the World Bank's finance and supervising the execution of projects are set out in the *Guidelines for Procurement of Goods, Works and Non-Consultancy Services*; and the *Guidelines for Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers January 2011 editions*; the following "basic considerations" guide the rules.

- a) *ensuring economy and efficiency in project implementation including the procurement of goods, works and services (consultancy and non-consultancy) financed by the Bank;*
- b) *giving all eligible bidders and consultants an opportunity to compete in procurement and in providing the services respectively projects financed by the Bank ;*
- c) *encouraging the development of domestic contracting and manufacturing industries as well as national consultants in the Banks' developing member countries; and*
- d) *the importance for transparency in the procurement process of goods, works and services.*

Improving the capacity of the Borrowers is key objective of the World Bank by increasing Borrower's staff and providing training. Procurement reform may require a fundamental overhauling of procurement laws, organizations and procedures. The procurement reform undertaken brought Proclamation No. 649/2009 and the Federal Public Procurement Directive believed to be in harmony with the World Bank; and yet the following "eight exceptions" noted.

- a) *The Recipients' SBD for procurement of Goods and Works shall be used;*
- b) *If Pre-Qualification is used, the World Banks' Standard Pre-Qualification Document shall be used;*
- c) *Margin of Preference shall not be applicable;*
- d) *Bidders shall be given a minimum of thirty (30) days to submit bids from the date of availability of the Bidding Documents;*
- e) *Use of Merit Points for Evaluation of Bids shall not be allowed for SBD;*
- f) *Foreign Bidders shall not be excluded from participation;*
- g) *Results of Evaluation and Award of Contract shall be made Public;*
- h) *In accordance with paragraph 1.16 (e) of the World Bank Procurement Guidelines, each Bidding Document and Contract financed, etc.*

(ii) United Nations: The United Nations Sustainable Procurement Guide of May 2008 Edition; outlined that procurement can be called sustainable when an organization uses its buying power to signal preferences to the *markets by its choice of goods and services* which met sustainable development criteria. This power is widely recognized in a number of local and national authorities both in developed and developing countries where the application of sustainable procurement is becoming increasingly common to achieve sustainable economic development. The UN system is based on the objectives of the UN Agencies especially UNEP, UNDP and UNOPS. The UNDP explained sustainable procurement in other words as the balancing of the fulfillment of human needs with the protection of the natural environment so that these needs can be met not only in the present, but in the future where the policies encompass three general policy areas of *economic, environmental, and social* for sustainable procurement.

Sustainable procurement is about combining social and environmental factors with financial considerations when making procurement decisions. Sustainable procurement will help maximize the positive contribution of public, private, and the third party that can make the delivery of services to improve the quality of life for the citizens; that drives up performance improvement and build capacity that empowers transformation of services for development. Sustainable procurement is a process whereby organizations meet their needs for goods, services, and works in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organization, but also to *society* and the *economy*, whilst minimizing damages to the *environment*.

According to UNDP (2005) quality and environment are often closely linked as *quality means a longer product life* and thus *less consumption of resources* because of lower replacement rates. Moreover, an eco-efficient product usually uses less energy, meaning lower energy costs over the life-time of the product. An eco-efficient product is often cheaper to dispose of either because it is included in a recovery or re-use system or because it does not contain hazardous substances and thus not require special handling. Public procurement concerns the acquisition of goods, services, and works by government or public sector entities and is one of the key economic activities of government. Thus, *Sustainable Public Procurement* involves integrating a concern for broader social and environmental impact within procurement undertaken by government or public sector agencies, institutions, etc.

2.1.5 Procurement Composition in the National Budget

The Federal Government Major Revenue Sources according to MoFED source are customs duties and other charges on exports and imports, personal income taxes from employees of the federal government and international bodies, taxes on income, profit, sales and excise duties on enterprises owned by the federal government, income taxes on winnings of national lotteries and other games of chance, income taxes on air, rail and sea transport services, taxes on income from houses and properties owned by the federal government, fees and charges on license issued and services rendered by organs of the federal government, taxes on monopolies, and federal stamp duties. Accordingly the total five years budget of 2007/08 – 2012/13 appropriated as follows.

Table 2.1: Total National Budget Appropriated for the Five Years of 2007/08 – 2012/13

Budget Year	2000 E.C. (2007/08)	2001 E.C. (2008/09)	2002 E.C. (2009/10)	2003 E.C. (2010/11)	2004 E.C. (2011/12)	2005 E.C. (2012/13)
Total Budget in ETB	43,947,669,337	54,277,095,333	64,508,429,116	77,227,982,827	117,812,640,055	137,836,047,105

Source: Ministry of Finance and Economic Development, Addis Ababa, Ethiopia.

Constitutionally the Federal Government’s powers and functions are more clearly defined and mainly encompass all *national public goods* such as defense, foreign policy, fiscal and money policy, designing of economic and social policies, and building major infrastructures such as air, rail, shipping, postal, telecommunication and electric power. According to the total budget appropriated from the above specific budget years the government entities expenditures on public procurement estimated as follows at the rate of about 65% (assumed rate) in order to see the sizeable public procurements proportion in the national economy. It is expected that the details shall be done by the Federal Public Procurement and Property Administration Agency.

Table 2.2: Analysis of Procurement Composition in the Appropriated National Budget

Budget Year	2000 E.C. (2007/08)	2001 E.C. (2008/09)	2002 E.C. (2009/10)	2003 E.C. (2010/11)	2004 E.C. (2011/12)	2005 E.C. (2012/13)
Total Budget in ETB	43,947,669,337	54,277,095,333	64,508,429,116	77,227,982,827	117,812,640,055	137,836,047,105
Procurement Proportion	28,565,98,5069	35,280,111,966	41,930,478,925	50,198,188,838	76,578,216,036	89,593,430,618

Source: Own Computation based on Ministry of Finance and Economic Development Data

2.1.6 Sustainable Public Procurement

According to some literatures a growing economy is an indicator of the development of a Developing Country's physical infrastructure, such as heavy industries, residential units, roads, bridges, etc. Public projects like education, defense utilities, public health and so forth are important sustainable public procurement.

Public Sector projects involve public money and achieving public projects require *economy, efficiency, fairness, and transparency* that demands high level of *accountability*. The public procurement associated with these expenditures often represents a significant share of the country's GDP.

Sustainable Public Procurement one of the seven themes being prompted under the Marrakech Task Force with the following three pillars of *environment, social, and economic sustainable issues* should be integrated into public procurement process and system.

- a) **Environment** - Every product or services procured has environmental impacts throughout its life-cycle from the extraction of raw-materials, the manufacturing of the product through its use and disposal. The product must be environmental friendly.
- b) **Social** – Procurement actions have social implications and public procurement can be used to drive social improvements (working conditions for publicly contracted construction works, etc.).
- c) **Economic** – Economic means efficient procurement of the right cost (such as electricity and water consumptions, maintenance costs, disposal costs at the end of its life of usage costs). Economic sustainability ensures that there is an economic benefit both to the community from which the product was manufactured and to that in which it was sold.

Procurement of goods, works and services is an important form of the *economic exchange* that is often characterized by *competitive bidding*, negotiating and contracting rather than by exchange in a *competitive market*.

Thus, a better understanding of the link between the public procurement with environment, social and economic issues are essential for policy makers to undertake appropriate policy measures relevant to for *the achievement of Sustainable Public Procurement*.

2.2 Empirical Review

2.2.1 Urban Local Government Development Project:

The Urban Local Government Development Project (ULGDP) has been designed to implement the Government's PASDEP strategies of Urban Development Package (UDP) and Urban Good Governance Package (UGGP). The specific development objective of the project is to support improved performance in the planning, delivery and sustained provision of priority Municipal services and infrastructure by Urban Local Governments (ULGs).

The establishment of a decentralized form of Government has brought fundamental change of Governance in public participation and decentralized service delivery through institutional reform and capacity building. The Government of Federal Democratic Republic of Ethiopia has given due attention on the countries cities and towns recognizing their political contribution to the National Economic and Social Development. The growing trend towards urbanization in expansion of infrastructures initiated Urban Development and Urban Good Governance in developing the Urban Centers by restructuring and empowering. In view of these facts the Urban Local Government Development Project (ULGDP) designed and launched by the Ministry of Urban Development and Construction with the financial support of IDA.

The ULGDP became effective on November 2008 where the Ministry's Urban Good Governance and Capacity Building Bureau is entrusted with the role of monitoring and coordinating implementation of the projects focused on 19 Cities that have been supported through Capacity Building for Decentralized Service Delivery (CBDS) including Addis Ababa (about 25% of the urban population of the country) to improve performance in the delivery and operation of services with the higher level objectives to which ULGDP Project contributes; with a broader strategy to create jobs in the Urban Centers and reduce poverty.

The CBDS was followed by support from the Urban Management Sub-Program of the PSCAP that substantially scaled up the capacity building to enable regions and cities to establish the necessary institutional and organizational frameworks, and provide a range of training and other technical assistance activities to establish cities as viable entities that are able to fulfill their legal mandates.

The implementation of the Urban Local Government Development Project investment projects used the ESMF (Environmental and Social Management Framework) with RPF by all implementing agencies of ULGs of the project with the following foremost objectives and scope.

- a) Establish clear procedures and methodologies for the environmental and social assessment, review, approval and implementation of investments to be financed by the ULGDP;*
- b) Specify appropriate roles and responsibilities, and outline the necessary reporting procedures, for managing and monitoring environmental and social concerns related to ULGDP investments;*
- c) Determine the training, capacity building and technical assistance needed to successfully implement the provisions of the ESMF; and*
- d) Provide practical information resources for implementing the ESMF.*

The ESMF ensures compliance with the relevant requirement of the Environmental Policy, Legislation and Guidelines of Ethiopia including the following legal environmental documents.

- a) Proclamation No. 295/2002 Environmental Protection Organs Establishment;*
- b) Proclamation No. 299/2002 Environmental Impact Assessment;*
- c) Proclamation No. 300/2002 Environmental Pollution Control;*
- d) Proclamation No. 513/2007 Solid Waste Management Proclamation;*
- e) EPA Environmental Impact Assessment Guideline Document, May 2000;*
- f) EPA Environmental Impact Assessment Procedural Guideline, Series1, November 2003;*
- g) EPA Environmental Management Plan for the Identified Sectoral Developments in the Ethiopian SDPRP, May 2004.*

The World Banks' Environmental Assessment Operational Policy (OP), Bank Procedures (BP) and Good Practices (GP) No. 4.01 require that the ESMF and RPF prepared should publicly disclose prior to project appraisal. This allowed the public and other stakeholders to comment on the possible environmental and social impacts of the project, and for the World Banks' Appraisal Team to strengthen the frameworks, particularly measures and plans to prevent or mitigate any adverse environmental and social impacts. Likewise, subsequent EIAs, EMPs, CRMPs, RAPs and ARAPs would be disclosed in the manner prior to start of physical works.

The ESMF system applied to ULGs Investment Projects is depicted under the following diagram.

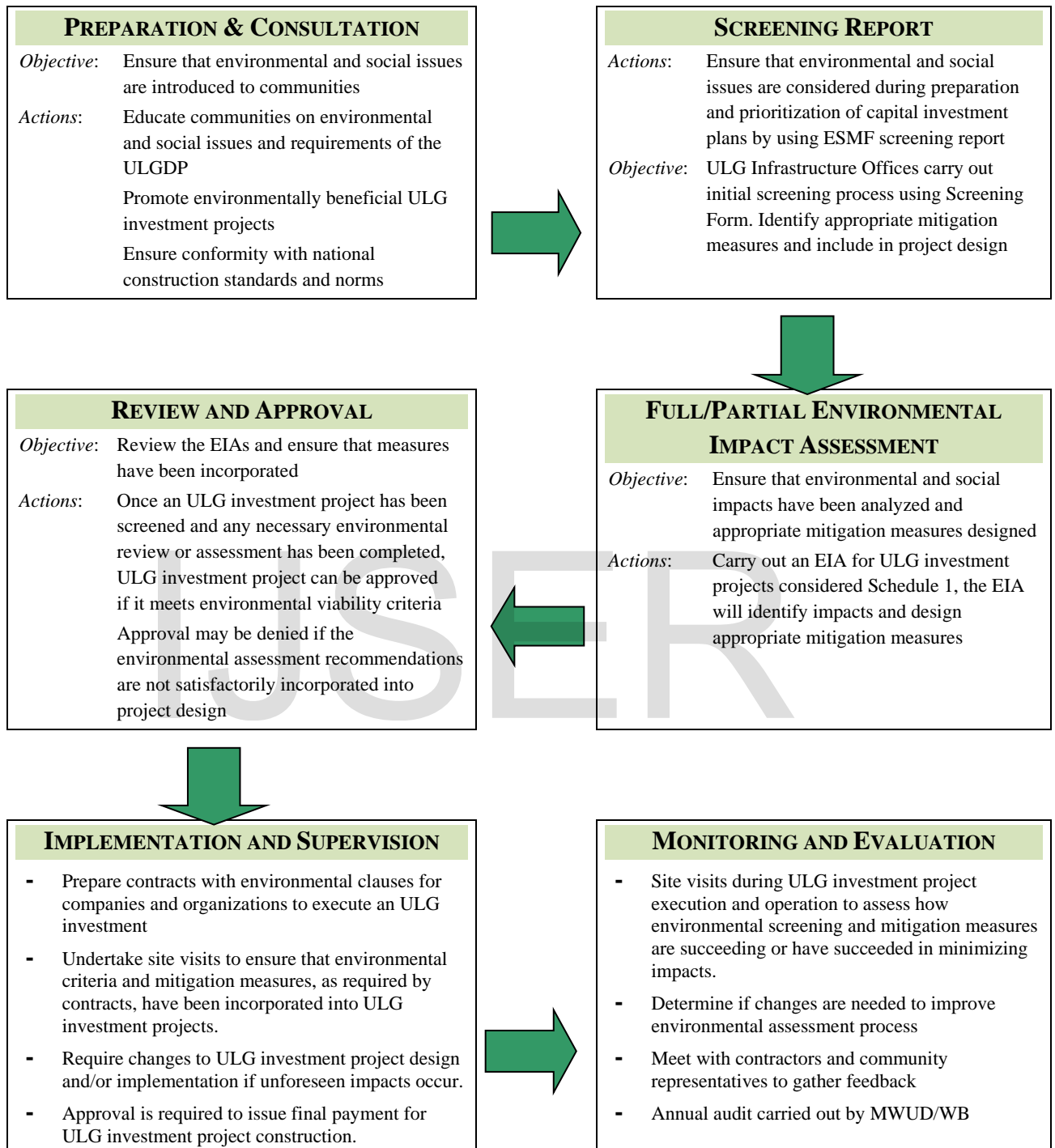


Figure 2.2: The ESMF System Applied to Urban Local Governments Investment Projects

Source: Urban Local Government Development Project (ESMF System Manual), Ministry of Urban Development and Construction, Federal Democratic Republic of Ethiopia, Addis Ababa.

2.2.2 Country Procurement Assessment

According to the World Bank *Country Procurement Assessment Report* (2010) the findings have been viewed and summarized. As noted from the country's procurement historical development, public procurement has been regulated with Financial Proclamation and Regulation, not recognizing public procurement as a separate legal area with exception of 1958 where a new office has been established under the name of "*Ministry of Stores and Supplies*" that has been handling public procurement under separate legal requirement. The harmonized Public procurement Proclamation with the World Bank introduced in 2009 and the Country Procurement Assessment Report presented taking into consideration the *eight exceptions*.

The FPPA is functioning but not yet adequately staffed, it is able to perform reasonably, and is starting to take its place as the key player in the formulation of public procurement policies and monitoring current practices. The picture at the Regional and Woreda levels is more mixed, with the procurement units in the Regional Bureau of Finance having been formally established, but not yet filling their role as regional regulatory units completely removed from the procurement process. At the Woreda level massive problems of getting qualified staff is hampering the ongoing attempt of local institutional building.

The oversight function handled by the FPPA at the Federal level and the procuring units in the Regional Bureaus of Finance and Economic Development (BoFEDs), evident that it is only a very general and overall level which is being monitored by these institutions. The reporting requirements for the procuring entities are limited to their overall procurement plans, the applied procurement method and the allocated budget. This information does not offer a clear insight as to how the procurement processes have been handled and how the contracts are managed.

The report further viewed challenges and constraints achieving a successful long-term procurement capacity development in Ethiopia. One of the main issues is the higher turnover of staff in the public sector in general and accordingly in procurement related functions. The high turnover of staff is a typical problem and the root cause seen to be the low salary level compared to international organizations and even the private sector. The lack of recognition of procurement as a profession and its limited options in terms of building a professional career is also considered to be part of the problem. The FPPA assessment report is expected to be accessible.

CHAPTER THREE

METHODOLOGY OF THE STUDY

3.1 Research Design

The research designed involved interview as preliminary sources and questionnaires survey as primary source to collect data in selected five Federal Public Institutions. Regression Model developed for analysis to identify the significance of dependent variables on independent variable. Secondary data used for literature review, country procurement assessment and procurement composition in the national budget. The research design steps are explained below.

Step 1: Preliminary Interview: The researcher prepared semi-structured interview guide and face-to-face interview and discussions conducted with the front line senior management staff and procurement professionals of the selected Government Entities to elicit their perceptions on the contribution of the factors and/or attributes to sustainable development in the public procurement system and process as preliminary data source that used to prepare structured questionnaires survey for primary data collection.

Step 2: Questionnaire Development: Questionnaires Survey developed on five-point scale to rate the attributes that will help the respondents to express their judgments in a better way. The increasing the number of scale points assumed to create opportunities for responses sets to arise and provides sufficient sensitivity to detect small significance differences. The respondents requested to respond to each question honestly and responsibly and to rate the overall performance on the scale of 1 to 5 in the context of their organizations. In this scale “5” represented “very low compliance” (that is norms followed assumed in a very limited manner) while “1” represented in a “very high compliance” (that is assumed all norms followed).

Step 3: Respondents Selection: Respondents from each Federal Public Institution purposefully selected on the basis of sufficient experience in public sector procurement to obtain professional result. This selection ensures greater *economy*, *efficiency* and *effectiveness* by addressing problems encountered in the course of implementation which served as “sample size” and “sampling procedure” where questionnaire survey distributed that enabled the realization of the *"factors affecting the achievement of sustainable public procurement"*.

3.2 Types and Sources of Data

3.2.1 Types of Data: The research has been undertaken using Primary Data on selected five Federal Public Institutions on the basis of sufficient experience in public procurement in utilization of finance in complex projects and that have been participated principally in the Public Sector Capacity Building Program Support Project (PSCAP) with the exception of PPDS.

Secondary Data used for Literature Review as well as for the Country Procurement Assessment (2010) and Procurement Composition Analysis in the National Budget (2007/08 – 2012/13).

Thus, the 3R's of Experimental Research [(Randomization - quantitative sampling techniques), (Replication – uniqueness on previous studies) and (Request – experts, colleagues, etc. on the subject)] have been given due attention and accordingly used for data management.

3.2.2 Sources of Data: The Primary Data that were collected using the Survey have been distributed wittingly to the recognized line staff and procurement professionals in the following selected Five Government Entities of the Federal Democratic Republic of Ethiopia (FDRE).

- *Ministry of Civil Service (MCS),*
- *Ministry of Finance and Economic Development (MoFED),*
- *Ministry of Urban Development and Construction (MUDC),*
- *Ethiopian Revenue and Customs Authority (ERCA), and*
- *Public Procurement and Property Disposal Service (PPDS).*

In view of this, all the respondents in the five Federal Public Institutions responded to each question of the two parts survey and returned same at their earliest convenience in line with the letter addressed to each respondent, which were used as primary sources of data.

The Secondary Data used for Literature Review are reference documents, studies, websites, academic books, journals, project implementation manuals, proclamations, and regulations that were collected from colleagues and government bodies.

The Secondary Data used for the country' procurement assessment and procurement composition analysis in the National Budget obtained from pertinent sources are Country Procurement Assessment Report (CPAR) and Total National Budget Appropriated (2007/08 – 2012/13).

3.3 Methods of Data Gathering

3.3.1 Sampling Procedures: The method used is “*judgment samples*” as the researcher assumed it plays a substantial role in the selection of the procurement professionals and participants in each public enterprise to be included in the sample and/or in making decisions; for which the biases/sampling errors not calculated from the sample but instead would be settled by judgment.

The self-administered structured questionnaire used for primary data gathering method that was distributed to the respondents covered in the research. The questionnaires consisted of *closed ended questions* (quantitative research), which included questions on demographics information and public procurement data that targeted the procurement professionals with sufficient experience in public sector procurement in order to systematically identify the “*factors affecting the achievement of sustainable public procurement*”.

Thus, the researcher was responsible for conducting preliminary interview for the developed structured questionnaires survey (that was used as data gathering instrument) as well as distributing and gathering the questionnaires to and from the respondents in each public body.

3.3.2 Sample Sizes: The sample sizes have been “*predetermined*” on the number of the procurement professionals in each Federal Public Institution due to professionalization in the procurement discipline and therefore, the sampling sizes were determined to be *thirty* ($30 = 20 + 10$) grouped in to two as follows.

- a) **Ministries and Authority Sample Sizes:** The number of total employees of each Government Entity not taken to determine the sample sizes. The sample sizes have been predetermined to be *five* for each Ministry and Ethiopian Revenue and Customs Authority due to few procurement professionals. Accordingly the total sample sizes calculated *twenty* ($4 \times 5 = 20$).
- b) **Public Procurement and Property Disposal Service:** The number of total employees not taken to determine the sample size. The sample size has been predetermined to be *ten* ($10 \times 1 = 10$) instead of unlike the Ministries and ERCA due to its objectives, powers, duties and large procurement professionals in the procurement as well as disposal of public assets.

Thus, the sampling technique was applied using the predetermined thought sample sizes by distributing the questioners accordingly, for which the researcher believed properly applied.

3.4 Instruments of Data Collection

The primary data collection instrument was questionnaires survey under the following main success factors and the secondary data were reference documents, studies, websites, academic books, journals, and related reference materials. Thus, the data gathering instruments correctly used to collect data from the participants of the Federal Public Institutions and pertinent sources.

Factor 1: Compliance with and Awareness of Rules and Regulations: Compliance with and Awareness of rules and regulations will help in the successful completion of projects; and a sound public procurement needs to have good procurement laws, regulations, and guidelines.

Factor 2: Effective Procurement Leadership and Governance: This Comprises valuable timely procurement decisions, communication and cooperation of all procurement participants, top management support, quick conflict resolution, trust shared, monitoring and feedback, availability of adequate resources and partnering.

Factor 3: Planned Monitoring, Control and Evaluation: Monitoring is done on regular basis by internal experts to check the outputs of the project against the objective of the project. Evaluation can be conducted by external body when there is a problem, at middle of the project, and during termination of the project. Control is the act of reducing the difference between plan and actual.

Factor 4: Adherence to Economy, Efficiency, and Effectiveness: For better transparency and accountability in public procurement in utilization of large sum of public money spent on procurement *economy, efficiency and effectiveness* (3Es) are fundamentals by addressing problems encountered in the course of implementation and enabling the realization of the benefits in *the achievement of sustainable public procurement*.

Factor 5: Integration of Tax, Finance, Procurement & Inventory: The importance of this factor is to enhance inter-governmental fiscal and revenue mobilization, to enhance predictability of financial resources flow for government expenditure; establishment of vertical and horizontal accountability mechanisms and greater inclusiveness and transparency of procurement planning, implementation, and prioritization of public requirements or needs for sustainable procurement.

3.5 Method of Data Analysis

The Ordinary Least Squares Multiple Regression Econometrics Model of the following transformed Logarithm Function on the five Scale Point Measurement Instrument (1) Strongly Agree, (2) Agree, (3) Undecided, (4) Disagree and (5) Strongly Disagree applied to the identified five independent variables as Method of Data Analysis where the data analysis would be conducted with the help of SPSS Software.

$$FPP = \beta_0 + \beta_1 \ln(X_1) + \beta_2 \ln(X_2) + \beta_3 \ln(X_3) + \beta_4 \ln(X_4) + \beta_5 \ln(X_5) + u_t$$

The data analysis method could provide quantitative estimates of the magnitude of the relationship among the defined and specified dependent variable (the economic phenomenon) and independent variables. The dependent variable is assumed to be statistical random (stochastic) that is to have a probability distribution, whereas the independent variables are assumed to have fixed values.

3.6 Variables Definition and Specification

The following dependent and independent variables were identified and included in the research.

a) Dependent Variable: The *dependent variable (endogenous factor)* designates the phenomenon of fundamental interest where the study defined the following dependent variable.

$$FPP = \text{“Factors Affecting the Achievement of Sustainable Public Procurement”}$$

b) Independent Variables: The *independent variables (exogenous factors)* are the inputs where the study defined the following independent variables designated X_i used to predict the outcome.

$X_1 = CARR = \text{Compliance with and Awareness of Rules and Regulation}$

$X_2 = EPLG = \text{Effective Procurement Leadership and Governance}$

$X_3 = PMCE = \text{Planned Monitoring, Controlling and Evaluation}$

$X_4 = AEEE = \text{Adherence to Economy, Efficiency, and Effectiveness}$

$X_5 = ITFPI = \text{Integration of Tax, Finance, Procurement, and Inventory}$

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Respondents Background and Information

According to the distributed survey to the respondents in the five government entities 30 employees of professionals and experts responded to the questioners appropriately where the demographics data accessible in Table 4.1 and the following analysis presented accordingly.

Gender: Among 30 respondents the gender status was 27 of them were male and 3 of them were female, which are accounted 90% and 10% respectively.

Age: The respondents age group showed that 12 of them were between 18 -30 age, 7 of them were between 31- 40 age, 9 of them were between 41- 50 age and 2 of them were between 51 -60 age, which are about 40%, 23%, 30% and 7% respectively.

Education Level: Among the respondents 5 of them have Masters' Degree, 22 of them have First Degree and 3 of them have Diploma, which are about 17%, 73% and 3% respectively.

Field of Study: As stipulated in the table the fields of studies of the respondents were 25 of them were from Social Science and 5 of them were from Natural Science, which are about 83% and 17% respectively.

Job Status: The job status of the respondents as seen from the table indicates that 5 of them were Managerial, 20 of them were Experts, 3 of them were Non-Managerial and 2 of them were Others posts, which are about 17% 66%, 10% and 7% respectively.

Procurement Position: The procurement position of the respondents were stipulated that 3 of them were Directors, 5 of them were Team Leaders, 15 of them were Senior Experts, 6 of them were Junior Experts and 1 of them was Others, which are about 10%, 17%, 50%, 20% and 3% respectively.

Service Year: The respondents service years showed that 7 of them were between 0 -5 years, 10 of them were between 6 – 10 years, 6 of them were between 11 -15 years, 3 of them were between 16–21 years and 4 of them were > 21 years, which are about 24%, 33%, 20%, 10% and 10% respectively. Thus, the demographic data showed that 90% were male, 40% were between 18 – 30 age group and 73% were having First Degree in Social Studies.

Table 4.1 Respondents Characteristics (Respondents Background Information)

No.	Demographics Information	Five Federal Public Institutions					TOTAL	
		MCS	MoFED	MUDC	ERCA	PPDS	Experts	%
1	Gender	5	5	5	5	10	30	100
	➤ Male	3	4	5	5	10	27	90
	➤ Female	2	1	-	-	-	3	10
2	Age	5	5	5	5	10	30	100
	➤ 18 – 30	1	-	-	3	8	12	40
	➤ 31 - 40	3	2	-	1	1	7	23
	➤ 41 – 50	1	2	4	1	1	9	30
	➤ 51 – 60	-	1	1	-	-	2	7
	➤ > 60	-	-	-	-	-	--	---
3	Education Level	5	5	5	5	10	30	100
	➤ Masters'	1	1	3	-	-	5	17
	➤ First Degree	4	4	1	4	9	22	73
	➤ Diploma'	-	-	1	1	1	3	10
	➤ Others	-	-	-	-	-	-	--
4	Field of Study	5	5	5	5	10	30	100
	➤ Social Science	2	4	5	5	9	23	83
	➤ Natural Science	3	1	-	-	1	4	17
	➤ Others	-	-	-	-	-	-	--
5	Job Status	5	5	5	5	10	30	100
	➤ Managerial	1	-	2	1	1	5	17
	➤ Professional	4	3	2	3	8	20	66
	➤ Non-Managerial	-	1	-	1	1	3	10
	➤ Others	-	1	1	-	-	2	7
6	Procurement Position	5	5	5	5	10	30	100
	➤ Director	-	1	1	1	-	3	10
	➤ Team Leader	3	-	-	1	1	5	17
	➤ Senior Expert	2	3	4	2	4	15	50
	➤ Junior Expert	-	-	-	1	5	6	20
	➤ Others	-	1	-	-	-	1	3
7	Service Year	5	5	5	5	10	30	100
	➤ 0 - 5	-	-	-	1	6	7	24
	➤ 6 - 10	3	1	3	1	2	10	33
	➤ 11 - 15	-	3	1	2	-	6	20
	➤ 16 - 21	1	-	-	-	2	3	10
	➤ > 21	1	1	1	1	-	4	13
TOTAL	Respondents	5	5	5	5	10	30	100
	Percentage	16.66	16.66	16.66	16.66	33.33	100	====

Source: Survey Result (2013)

4.2 Primary Data Analysis

4.2.1 Analysis on Compliance with and Awareness of Rules and Regulation [CARR]

Table 4.2 Respondents Result on Compliance with and Awareness of Rules and Regulation

No.	DESCRIPTION	Strongly Agree %	Agree %	Undecided %	Disagree %	Strongly Disagree %
1	Compliance with Anti-Corruption and Ethics Principles and Proclamation.	40	43	7	10	0
2	Compliance with Audit and Finance Rules and Regulation.	30	50	17	3	0
3	Compliance with Procurement and Property Administration Proclamation and Directives.	40	50	10	0	0
4	Compliance with World Bank Guidelines and Provisions.	23	43	20	7	7
5	Awareness of Environmental and Social Rules & Regulations.	20	50	17	7	6
6	Adherences to Environmental and Social Standards and Norms.	37	40	10	13	0
TOTAL		32	46	13	7	2

Source: Survey Result (2013)

Table 4.2 result showed that for the questions raised in the descriptive part about 32% and 46% of the respondents were responded strongly-agree and agree respectively whereas about 7% and 2% were responded disagree and strongly-disagree respectively. The remaining 13% of the respondents were undecided. The sum total of strongly-agree and agree result showed that about 78% of respondents believed that *Compliance with and Awareness of Rules and Regulation* has an important contribution for *the achievement of Sustainable Public Procurement* where the detail respondents results are presented as follows.

1. Compliance with Anti-Corruption and Ethics Principles and Proclamation: About 40% and 43% of the respondents were responded strongly-agree and agree respectively whereas about 10% and 0% were responded disagree and strongly-disagree respectively. The remaining 7% of the respondents were undecided. The respondents sum total of strongly-agree and agree is about 83% which is significant to the subject independent variable for *the achievement of Sustainable Public Procurement*.

2. Compliance with Audit and Finance Rules and Regulation: About 30% and 50% of the respondents were responded strongly-agree and agree respectively whereas about 3% and 0% were responded disagree and strongly-disagree respectively. The remaining 17% of the respondents were undecided. The respondents sum total of strongly-agree and agree looked about 80% which is significant factor for *the achievement of Sustainable Public Procurement*.

3. Compliance with Procurement and Property Administration Proclamation and Directives: About 40% and 50% of the respondents were responded strongly-agree and agree respectively whereas 0% of each was responded disagree and strongly-disagree respectively. The remaining 10% of the respondents were undecided. The respondents sum total of strongly-agree and agree is about 90% which is believed essential contributory factor for *the achievement of Sustainable Public Procurement*.

4. Compliance with World Bank Guidelines and Provisions: About 23% and 43% of the respondents were responded strongly-agree and agree respectively whereas each about 7% was responded disagree and strongly-disagree respectively. The remaining 20% of the respondents were undecided. The respondents sum total of strongly-agree and agree is about 66% which sound contributory factor for *the achievement of Sustainable Public Procurement*.

5. Awareness of Environmental and Social Rules & Regulations: About 20% and 50% of the respondents were responded strongly-agree and agree respectively whereas about 7% and 6% were responded disagree and strongly-disagree respectively. The remaining 17% of the respondents were undecided. The respondents sum total of strongly-agree and agree is about 70% which sound contributory factor for *the achievement of Sustainable Public Procurement*.

6. Adherences to Environmental and Social Standards and Norms: About 37% and 40% of the respondents were responded strongly-agree and agree respectively whereas about 13% and 0% were responded disagree and strongly-disagree respectively. The remaining 10% of the respondents were undecided. The respondents sum total of strongly-agree and agree is about **77%** which seemed sound and important contributory factor for *the achievement of Sustainable Public Procurement*.

4.2.2 Analysis on Effective Procurement Leadership and Governance [EPLG]

Table 4.3 Respondents Result on Effective Procurement Leadership and Governance

No.	DESCRIPTION	Strongly Agree %	Agree %	Undecided %	Disagree %	Strongly Disagree %
1	Management Clear Direction, Support and Timely Decision.	30	43	20	7	0
2	Adequate Communication and Cooperation among Procurement Participants.	27	53	13	7	0
3	Developed Participatory Procurement Planning and Site Investigation.	17	50	20	13	0
4	Transparent, Accountable, and Focused Leadership.	37	46	17	0	0
5	Efficient and Robust Staff, System, and Structure for Procurement Process.	30	40	17	13	0
6	Efficiently Manage Contracts, Suppliers, Contractors, and Consultants.	27	43	17	13	0
TOTAL		28	46	17	9	0

Source: Survey Result (2013)

Table 4.3 showed that for the questions raised in the descriptive part about 28% and 46% of the respondents were responded strongly-agree and agree respectively whereas about 9% and 0% were responded disagree and strongly-disagree respectively. The remaining 17% of the respondents were undecided. The sum total of strongly-agree and agree result shows that about 74% of respondents believed that *Effective Procurement Leadership and Governance* looked supreme contributory factor for *the achievement of Sustainable Public Procurement* where the detailed respondents results presented as follows.

1. Management Clear Direction, Support and Timely Decision: About 30% and 43% of the respondents were responded strongly-agree and agree respectively whereas about 7% and 0% were responded disagree and strongly-disagree respectively. The remaining 20% of the respondents were undecided which is believed that they were not sure for the issue. The respondent sum total of strongly-agree and agree is about 73%, which looked important contributory factor for *the achievement of Sustainable Public Procurement*.

2. Adequate Communication and Cooperation among Procurement Participants: About 27% and 53% of the respondents were responded strongly-agree and agree respectively whereas about 7% and 0% were responded disagree and strongly-disagree respectively. The remaining 13% of the respondents were undecided. The respondent sum total of strongly-agree and agree is about 80% which is believed to be an important factor for *the achievement of Sustainable Public Procurement*.

3. Developed Participatory Procurement Planning and Site Investigation: About 17% and 50% of the respondents were responded strongly-agree and agree respectively whereas about 13% and 0% were responded disagree and strongly-disagree respectively. The remaining 20% of the respondents were undecided. The respondent sum total of strongly-agree and agree is about 67% which appear sound factor for *the achievement of Sustainable Public Procurement*.

4. Transparent, Accountable, and Focused Leadership: About 37% and 46% of the respondents were responded strongly-agree and agree respectively whereas each 0% responded disagree and strongly-disagree. The remaining 17% of the respondents were undecided.. The respondent sum total of strongly-agree and agree is about 83% which is believed to be an important factor for *the achievement of Sustainable Public Procurement*.

5. Efficient and Robust Staff, System, and Structure for Procurement Process: About 30% and 40% of the respondents were responded strongly-agree and agree respectively whereas about 13% and 0% responded disagree and strongly-disagree respectively. The remaining 17% of the respondents were undecided. The respondent sum total of strongly-agree and agree is about 70% which come sound factor for *the achievement of Sustainable Public Procurement*.

6. Efficiently Manage Contracts, Suppliers, Contractors, and Consultants: About 27% and 43% of the respondents were responded strongly-agree and agree respectively whereas about 13% and 0% were responded disagree and strongly-disagree respectively. The remaining 17% of the respondents were undecided, which is believed that they were not sure for the issue. The respondent sum total of strongly-agree and agree is about 70% which come into view to be the sound factor for *the achievement of Sustainable Public Procurement*.

4.2.3 Analysis on Planned Monitoring, Controlling and Evaluation [PMCE]

Table 4.4 Respondents Result on Planned Monitoring, Controlling and Evaluation

No.	DESCRIPTION	Strongly Agree %	Agree %	Undecided %	Disagree %	Strongly Disagree %
1	Planned Monitoring and Feedback taken by Top Management.	20	57	13	10	0
2	Environmental and Social Problems Properly Addressed.	13	40	30	13	4
3	Understanding of Production and Processing Technology.	33	50	13	4	0
4	Regular Quality Control and Quality Assurance Activities.	17	43	27	10	3
5	Planned Project Evaluation and Appropriate Actions.	23	43	23	10	0
6	Promoting Safe and Equitable Work Environment.	27	33	27	3	10
TOTAL		22	44	22	8	3

Source: Survey Result (2013)

Table 4.4 result showed that for the questions raised in the descriptive part about 22% and 44% of the respondents were responded strongly-agree and agree respectively whereas about 8% and 3% were responded disagree and strongly-disagree respectively. The remaining 22% of the respondents were undecided which is believed that they were not sure for the issues raised in this part and seems challenging. The sum total of strongly-agree and agree result showed that about 66% of respondents believed that *Planned Monitoring, Controlling and Evaluation* become visible factor for *the achievement of Sustainable Public Procurement* where the detail respondents results presented as follows.

1. Planned Monitoring and Feedback taken by Top Management: About 20% and 57% of the respondents were responded strongly-agree and agree respectively whereas about 10% and 0% were responded disagree and strongly-disagree respectively. The remaining 13% of the respondents were undecided which is believed that they were not sure for the issue. The respondent sum total of strongly-agree and agree is about 77% which is believed to be sound for *the achievement of Sustainable Public Procurement*.

2. Environmental and Social Problems Properly Addressed: About 13% and 40% of the respondents were responded strongly-agree and agree respectively whereas about 13% and 4% were responded disagree and strongly-disagree respectively. The remaining 30% of the respondents were undecided which is believed that they were not sure for the issue and is disputed. The respondent sum total of strongly-agree and agree is about 53% which is believed to be unsound and debatable to the subject independent variable under Public Procurement.

3. Understanding of Production and Processing Technology: About 33% and 50% of the respondents were responded strongly-agree and agree respectively whereas 4% and 0% responded disagree and strongly-disagree respectively. The remaining 13% of the respondents were undecided. The respondent sum total of strongly-agree and agree is about 83% which is believed to be an important and essential contributory factor for *the achievement of Sustainable Public Procurement*.

4. Regular Quality Control and Quality Assurance Activities: About 17% and 43% of the respondents were responded strongly-agree and agree respectively whereas about 10% and 3% were responded disagree and strongly-disagree respectively. The remaining 27% of the respondents were undecided. The respondent sum total of strongly-agree and agree is about 60% which is believed to be unsound for *the achievement of Sustainable Public Procurement*.

5. Planned Project Evaluation and Appropriate Actions: About 23% and 43% of the respondents were responded strongly-agree and agree respectively whereas about 10% and 3% were responded disagree and strongly-disagree respectively. The remaining 23% of the respondents were undecided. The respondent sum total of strongly-agree and agree is about 66% which is believed to be unsound for *the achievement of Sustainable Public Procurement*.

6. Promoting Safe and Equitable Work Environment: About 27% and 33% of the respondents were responded strongly-agree and agree respectively whereas about 3% and 10% were responded disagree and strongly-disagree respectively. The remaining 27% of the respondents were undecided. The respondent sum total of strongly-agree and agree is about 60% which is believed to be unsound for *the achievement of Sustainable Public Procurement*.

4.2.4 Analysis on Adherence to Economy, Efficiency, and Effectiveness [AEEE]

Table 4.5 Respondents Result on Adherence to Economy, Efficiency, and Effectiveness

No.	DESCRIPTION	Strongly Agree %	Agree %	Undecided %	Disagree %	Strongly Disagree %
1	Technical Specifications and TOR properly being Prepared by Users or Professionals.	37	50	3	10	0
2	Technical Bids and Proposals Evaluations being Conducted by Evaluation Committee Experts.	37	57	7	0	0
3	Technical Inspection being Performed by appropriate Specialists considering Quality.	33	40	17	10	0
4	Knowledge of Performance and Functional Requirements.	17	50	13	20	0
5	Secure Best Value for Money (price, quality, availability, functionality and conditions).	40	40	10	10	0
6	Inventory Management is in Place for Proper Receiving and Distribution of Goods.	23	43	13	17	3
TOTAL		31	47	10	11	1

Source: Survey Result (2013)

Table 4.5 result showed that for the questions raised in the descriptive part about 31% and 47% of the respondents were responded strongly-agree and agree respectively whereas about 11% and 1% were responded disagree and strongly-disagree respectively. The remaining 10% of the respondents were undecided. The sum total of strongly-agree and agree result showed about 78%, which the respondents believed that *Adherence to Economy, Efficiency, and Effectiveness* has an important contribution where the detail results are presented as follows.

1. Technical Specifications and TOR properly being prepared by Users or Professionals:

About 37% and 50% of the respondents were responded strongly-agree and agree respectively whereas 10% and 0% responded disagree and strongly-disagree respectively. The remaining 3% of the respondents were undecided. The respondent sum total of strongly-agree and agree is about 87% which is believed to be an important and essential contributory factor for *the achievement of Sustainable Public Procurement*.

2. Technical Bids and Proposals Evaluations being conducted by Evaluation Committee Experts: About 33% and 57% of the respondents were responded strongly-agree and agree respectively whereas each 0% responded disagree and strongly-disagree. The remaining 17% of the respondents were undecided. The respondent sum total of strongly-agree and agree is about 94% which looked important for *the achievement of Sustainable Public Procurement*.

3. Technical Inspection being performed by appropriate Specialists considering Quality: About 33% and 40% of the respondents were responded strongly-agree and agree respectively whereas about 10% and 0% were responded disagree and strongly-disagree respectively. The remaining 17% of the respondents were undecided. The respondent sum total of strongly-agree and agree is about 73% which is believed to be an important factor for *the achievement of Sustainable Public Procurement*.

4. Knowledge of Performance and Functional Requirements: About 17% and 50% of the respondents were responded strongly-agree and agree respectively whereas about 20% and 0% were responded disagree and strongly-disagree respectively. The remaining 13% of the respondents were undecided. The respondent sum total of strongly-agree and agree is about 67% which is believed to be sound to the subject independent variable.

5. Secure Best Value for Money (price, quality, availability, functionality and conditions): Each about 40% of the respondents was responded strongly-agree and agree whereas 10% and 0% responded disagree and strongly-disagree respectively. The remaining 10% of the respondents were undecided.. The respondent sum total of strongly-agree and agree is about 80% which is believed to be important for *the achievement of Sustainable Public Procurement*.

6. Inventory Management is in Place for Proper Receiving and Distribution of Goods: About 23% and 43% of the respondents were responded strongly-agree and agree respectively whereas about 17% and 3% were responded disagree and strongly-disagree respectively. The remaining 13% of the respondents were undecided. The respondent sum total of strongly-agree and agree is about 66% which is believed to be sound to the subject independent variable for *the achievement of Sustainable Public Procurement* in Federal Public Institutions.

4.2.5 Analysis on Integration of Tax, Finance, Procurement, and Inventory [ITFPI]

Table 4.6 Respondents Result on Integration of Tax, Finance, Procurement, and Inventory

No.	DESCRIPTION	Strongly Agree %	Agree %	Undecided %	Disagree %	Strongly Disagree %
1	Finance/Budget Earmarked for Procurement from Tax (Revenue Collection).	27	43	20	10	0
2	Growing External Credit for Procurement from Development Partners (like World Bank).	7	60	23	7	3
3	Regular Project Procurement Scheduling and Budgeting.	27	47	17	10	0
4	Clarity in Scope of Projects and Value Chain Network.	27	50	17	7	0
5	Up-to-date Procurement and Property Audit Reporting.	30	37	20	10	3
6	Adopting “Life-Cycle Costing Approach instead Actual-Costing.	17	40	23	17	3
TOTAL		22	46	20	10	2

Source: Survey Result (2013)

Table 4.6 result showed that for the questions raised in the descriptive part about 22% and 46% of the respondents were responded strongly-agree and agree respectively whereas about 10% and 2% were responded disagree and strongly-disagree respectively. The remaining 20% of the respondents were undecided. The sum total of strongly-agree and agree result shows that about 68% of respondents believed that *Integration of Tax, Finance, Procurement and Inventory* has sound contribution for *the achievement of Sustainable Public Procurement* where the detailed respondents results are presented as follows.

1. Finance/Budget Earmarked for Procurement from Tax (Revenue Collection): About 27% and 43% of the respondents were responded strongly-agree and agree respectively whereas about 10% and 0% were responded disagree and strongly-disagree respectively. The remaining 20% of the respondents were undecided which is believed that they were not sure for the issue and debatable. The respondent sum total of strongly-agree and agree is about 70% which looked significance factor for *the achievement of Sustainable Public Procurement*.

2. Growing External Credit for Procurement from Development Partners (like World Bank):

About 7% and 60% of the respondents were responded strongly-agree and agree respectively whereas about 7% and 3% were responded disagree and strongly-disagree respectively. The remaining 23% of the respondents were undecided. The respondent sum total of strongly-agree and agree is about 67% which is believed to be sound contributory factor for *the achievement of Sustainable Public Procurement*.

3. Regular Project Procurement Scheduling and Budgeting:

About 27% and 47% of the respondents were responded strongly-agree and agree respectively whereas about 10% and 0% were responded disagree and strongly-disagree respectively. The remaining 17% of the respondents were undecided. The respondent sum total of strongly-agree and agree is about 74% which is believed to be sound for *the achievement of Sustainable Public Procurement*.

4. Clarity in Scope of Projects and Value Chain Network:

About 27% and 50% of the respondents were responded strongly-agree and agree respectively whereas about 7% and 0% were responded disagree and strongly-disagree respectively. The remaining 17% of the respondents were undecided. The respondent sum total of strongly-agree and agree is about 77% which is believed to be sound for *the achievement of Sustainable Public Procurement*.

5. Up-to-date Procurement and Property Audit Reporting:

About 30% and 37% of the respondents were responded strongly-agree and agree respectively whereas about 10% and 3% were responded disagree and strongly-disagree respectively. The remaining 20% of the respondents were undecided. The respondent sum total of strongly-agree and agree is about 67% which is believed to be sound for *the achievement of Sustainable Public Procurement*.

6. Adopting "Life-Cycle Costing Approach instead Actual-Costing:

About 17% and 40% of the respondents were responded strongly-agree and agree respectively whereas about 17% and 3% were responded disagree and strongly-disagree respectively. The remaining 23% of the respondents were undecided. The respondent sum total of strongly-agree and agree is about 57% which is believed to be sound contributory factor for *the achievement of Sustainable Public Procurement* in Federal Public Institutions procurement management system.

4.2.6 Analysis on Summary Respondents Result of Primary Sample Data

Table 4.7 Summary Respondents Result Analysis of Primary Sample Data Collected

Table	Main Public Procurement Success Factors in the Study	Strongly Agree %	Agree %	Undecided %	Disagree %	Strongly Disagree %
4.2	<i>Compliance with and Awareness of Rules and Regulation</i>	32	46	13	7	2
4.3	<i>Effective Procurement Leadership and Governance</i>	28	46	17	9	0
4.4	<i>Planned Monitoring, Controlling and Evaluation</i>	22	44	22	8	3
4.5	<i>Adherence to Economy, Efficiency, and Effectiveness</i>	31	47	10	11	1
4.6	<i>Integration of Tax, Finance, Procurement, and Inventory</i>	22	46	20	10	2
TOTAL RESULTS		27	46	17	9	1

Source: Survey Result (2013)

Table 4.7 Summary of Respondents' Data showed the result for the questions rose in each main component in the study under public procurement. According to the result; about 27% and 46% of the respondents *strongly-agree and agree* respectively. In contrast about 9% and 1% of the respective respondents *disagree and strongly-disagree*. The sum total of strongly-agree and agree showed that about 73% of the respondents believed or the study result implies that the factors raised in each main component of public procurement have an important contribution for the achievement of Sustainable Public Procurement.

Summary of Respondents' Data further showed that about 17% of the respondents were undecided, which is believed that they were not sure for the factors raised in each main component of public procurement. This has *positive result but insignificant effect* in the achievement of Sustainable Public Procurement.

The result showed a great link between the factors and sustainable public procurement, which signifies the importance of the success factors to undertake appropriate policy measures for the achievement of Sustainable Public Procurement.

4.3 Empirical Analysis

Equation of the Data Analysis:

$$FPP = \beta_0 + \beta_1 \ln(X_1) + \beta_2 \ln(X_2) + \beta_3 \ln(X_3) + \beta_4 \ln(X_4) + \beta_5 \ln(X_5) + u_t$$

Where:

FPP = “Factors Affecting the Achievement of Sustainable Public Procurement”

β_0 = Constant term at time t u_t = error term

$\beta_1, \beta_2, \beta_3, \beta_4$ and β_5 = Coefficient of the Independent Variables

X_1, X_2, X_3, X_4 and X_5 = Independent Variables

The Model was developed based on the relationship between the dependent and independent variables by checking the kind of relationships existed using the Scatter Diagrams. The regression has been conducted with the help of SPSS Software. The analysis of the research employed OLS (Ordinary Least Square) estimation used to find the estimates. The study used primary data collected from five Federal Public Institutions.

The Model Summary Statistics Result depicted in Table 4.8 showed that *about 89 percent of respondents believed on the “factors affecting the achievement of Sustainable Public Procurement”*. This result indicated that the dependent variable explained by the independent variables by about 89%, which are considered in the research. These independent variables are (X_1) Compliance with and Awareness of Rules and Regulation, (X_2) Effective Procurement Leadership and Governance, (X_3) Planned Monitoring, Controlling and Evaluation, (X_4) Adherence to Economy, Efficiency and Effectiveness, and (X_5) Integration of Tax, Finance, Procurement and Inventory.

The result of the Model Summary Statistics Result depicted in Table 4.8 indicated that the independent variables (*CARR*) Compliance with and Awareness of Rules and Regulation, (*EPLG*) Effective Procurement Leadership and Governance, (*PMCE*) Planned Monitoring, Controlling and Evaluation, (*AEEE*) Adherence to Economy, Efficiency, and Effectiveness, and (*ITFPI*) Integration of Tax, Finance, Procurement, and Inventory have *positive and statistically significant effects for the achievement of sustainable public procurement* in the case of five Federal Public Institutions under the research.

Table 4.8 Model Summary Statistics Result of the Sample Data Collected

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.889 ^a	.878	.888	.000

a. Predictors: (Constant), ITFPI, AEEE, PMCE, CARR, EPLG

Source: Own Computation (2013)

The Regression Summary Statistics Results showed that *Effective Procurement Leadership and Governance (EPLG)* is the major and critical “factor affecting the achievement of Sustainable Public Procurement”. The coefficient is 0.466. This means that as the Effective Procurement Leadership and Governance increases by 1%, the achievement of Sustainable Public Procurement increases by 0.466%. Hence, *Effective Procurement Leadership and Governance (EPLG)* is strongly and positively related to the achievement of Sustainable Public Procurement. This is attested by the t-value, which is large (67.107) specified in the following Regression Summary Statistics Result Table 4.9.

Table 4.9 Regression Summary Statistics Results of the Sample Data Collected

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	68.674	.140		491.315	.001
	CARR	1.456	.020	.287	72.964	.009
	EPLG	1.463	.022	.466	67.107	.009
	PMCE	1.460	.024	.147	59.792	.011
	AEEE	1.525	.040	.093	38.459	.017
	ITFPI	1.481	.064	.012	23.055	.028

a. Dependent Variable: IPP

Source: Own Computation (2013)

The *second essential “factor affecting the achievement of Sustainable Public Procurement”* is Compliance with and Awareness of Rules and Regulation (*CARR*). The coefficient is 0.287. According to the result of regression analysis, when Compliance with and Awareness of Rules and Regulation increases by 1%, *the achievement of Sustainable Public Procurement* increases by 0.287%. This is statistically significant at 1% significance level according to Summary Statistics of Table 4.9.

The *third important “factor affecting the achievement of Sustainable Public Procurement”* is Planned Monitoring, Controlling and Evaluation (*PMCE*). The coefficient is 0.147. If Planned Monitoring, Controlling and Evaluation increase by 1%, *the achievement of Sustainable Public Procurement* increases by 0.147%. All the t- values are statistically significant as per the Regression Summary Statistics Results of the Sample Data Table 4.9.

The *forth “factor affecting the achievement of Sustainable Public Procurement”* is Adherence to Economy, Efficiency and Effectiveness (*AEEE*). The coefficient is 0.093. This means that when Economy, Efficiency, and Effectiveness increases by 1%, the opportunity for *the achievement of Sustainable Public Procurement* increases by 0.093%. The significance level and the results are specified on Regression Summary Statistics Results Table 4.9.

The *fifth “factor affecting the achievement of Sustainable Public Procurement”* is Integration of Tax, Finance, Procurement, and Inventory (*ITFPI*). The coefficient is 0.012. This implies that if Tax, Finance, Procurement, and Inventory increases by 1%, the opportunity for *the achievement of Sustainable Public Procurement* increases by 0.012%, where the significance level and the details results are specified on Summary Table 4.9.

Thus, the interrelated or interconnected independent variables of *Strongly Agree* and *Agree* aggregate result for the “*factors affecting the achievement of Sustainable Public Procurement*” have *positive result* and *statistically significant effects* on the outcomes of Sustainable Public Procurement. In other words, the *Strongly Disagree* and *Disagree* aggregate results have *negative result* and *statistically significant effect* on the importance of the “*factors affecting the achievement of Sustainable Public Procurement*”.

CAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

According to the respondents demographics information; the gender status of the respondents in the five entities about 90% is male. Most of the respondents' age was between 18 - 30 years which is about 40%. Meanwhile, the respondents' education level was Bachelors' and Masters' Degree which is about 73% and 17% respectively; and accordingly about 73% and 3% are Social Science and Procurement Field of Studies. Moreover, the demographics information showed that about 66% respondents were Procurement Professionals and 50% were Senior Experts of which about 33% have 6-30 Service Years or work experience in procurement and related disciplines.

The respondent's results for the questions rose in each five main component of the "*factors affecting the achievement of Sustainable Public Procurement*" comprehended as follows.

1) *Compliance with and Awareness of Rules and Regulation* result showed that about 32% responded strongly-agree and about 46% responded agree; whereas about 7% responded disagree and about 2% responded strongly-disagree. The remaining about 13% of the respondents responded undecided. Conclusively the sum total of strongly-agree and agree result showed that about 78% of respondents believed the questions raised on *Compliance with and Awareness of Rules and Regulation* success factors have an important contribution for the achievement of Sustainable Public Procurement.

2) *Effective Procurement Leadership and Governance* result showed that about 28% responded strongly-agree and about 46% responded agree; whereas about 9% responded disagree and 0% responded strongly-disagree. The remaining about 17% of the respondents responded undecided. Convincingly the sum total of strongly-agree and agree result showed that about 74% of the respondents believed that the success factors raised on *Effective Procurement Leadership and Governance* have an important contribution for the achievement of Sustainable Public Procurement.

3) Planned Monitoring, Controlling and Evaluation result showed that about 22% responded strongly-agree and about 44% responded agree; whereas about 8% and 3% were responded disagree and strongly-disagree respectively. The remaining about 22% of the respondents responded undecided. Categorically the sum total of strongly-agree and agree result showed about 66% of the respondents believed the success factors raised on *Planned Monitoring, Controlling and Evaluation* have an important contribution for the achievement of Sustainable Public Procurement.

4) Adherence to Economy, Efficiency, and Effectiveness result showed that about 31% responded strongly-agree and about 47% responded agree; whereas about 11% responded disagree and about 1% responded strongly-disagree. The remaining about 10% of the respondents responded undecided. Convincingly the sum total of strongly-agree and agree result showed that about 78% of respondents believed the success factors raised on *Adherence to Economy, Efficiency, and Effectiveness* have an important contribution for the achievement of Sustainable Public Procurement.

5) Integration of Tax, Finance, Procurement, and Inventory result showed that about 22% responded strongly-agree and about 46% responded agree; whereas about 10% responded disagree and about 2% responded strongly-disagree. The remaining about 20% of the respondents responded undecided. The sum total of strongly-agree and agree result showed that about 68% of respondents believed the success factors raised on *Integration of Tax, Finance, Procurement, and Inventory* have an important contribution for the achievement of Sustainable Public Procurement.

To conclude the result Effective Procurement Leadership and Governance (*EPLG*) is the major factor for the achievement of Sustainable Public Procurement reflected in the summary regression result. In view of this when the respondents cumulative result of *strongly-agree* increases by 1% under Effective Procurement Leadership and Governance (*EPLG*) the outcome from the achievement of Sustainable Public Procurement increases by 0.466%.

5.2 Recommendations

- The research identified *five main factors* to the problem of study related to business-economics; viewed as very essential for the realization of Sustainable Public Procurement. Thus, the five main factors can be used as mechanism for the *achievement of Sustainable Public Procurement* in line with the Federal Public Procurement and Property Administration Proclamation No. 649/2009 and the World Banks' Procurement Guidelines of January 2011.
- Effective Procurement Leadership and Governance is the *major "factor affecting the achievement of Sustainable Public Procurement"* according to the research outcome. Thus, the Government should establish workable Transparent and Accountable System and Structure; and assign trained and ethical professionals and personnel in the public procurement systems for the *achievement of Sustainable Public Procurement* to the determination of economic development under Good Governance Government.
- Integration of Tax, Finance, Procurement, and Inventory ranked the *fifth" factor that affecting the achievement of Sustainable Public Procurement*. The study showed that the government financial management in procurement and inventory for sustainable public procurement appeared low vis-à-vis the integration of tax. Hence, policy strategies suitable for meeting sustainability should be put into action for the integration of environmental, social and economic issues in the public procurement systems.

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INTERNET SOURCES OF INFORMATION

The center for a new American Dream

<http://www.newdream.org/procure/index.html>

Environmentally Preferable Purchasing Guide

<http://www.swmcb.org/EPPG/default.asp>

European Commission -European Green Procurement

http://ec.europa.eu/environment/gpp/index_en.htm

Green Buyers Guide –UK Government, Sustainable Development

<http://www.sustainable-development.gov.uk/sdig/improving/partf/greenbuy>

The Green Purchasing Network (GPN)

<http://eco.goo.ne.jp/gpn/files/gpne>

ICLEI/ Sustainable Procurement

<http://www.iclei-europe.org/index.php?id=procurement>

The International Green Procurement Network (IGPN)

<http://www.igpn.org>

Swiss Federal Office of Environment: Integrated Product Policy: Green Public purchasing

<http://www.bafu.admin.ch/produkte/02076/index.html?lang=en>

US Environmental Protection Agency (EPA) Database

<http://yosemite.epa.gov/oppt/epstand2.nsf>

<http://www.emeraldinsight.com/research> register

<http://www.newdream.org/procure/index.html>

http://ec.europa.eu/environment/gpp/index_en.htm

<http://eco.goo.ne.jp/gpn/files/gpne>

<http://www.igpn.org>

<http://www.bafu.admin.ch/produkte/02076/index.html>

APPENDICE - A

Unity University
School of Graduate Studies
Business Economics Postgraduate Program – MAB R1/04

INTERVIEW QUESTIONS FOR KEY PROCUREMENT EXPERTS

- 1) *What is your understanding towards Sustainable Public Procurement? Do you know any Policy and Regulatory Framework for the achievement of Sustainable Public Procurement?*
- 2) *What is your evaluation towards the efficiency of the procurement planning process? Do you see any factors and attributes affecting the achievement of Sustainable Public Procurement?*
- 3) *What is your assessment towards the efficiency of the procurement initiation process? Do you see any factors/attributes affecting the achievement of Sustainable Public Procurement?*
- 4) *What is your judgment towards the efficiency of the procurement bidding process? Do you see any factors and attributes affecting the achievement of Sustainable Public Procurement?*
- 5) *What is your assessment towards the efficiency of the procurement evaluation process? Do you see any factors/attributes affecting the achievement of Sustainable Public Procurement?*
- 6) *What is your assessment towards the efficiency of the contract award process? Do you see any factors and attributes affecting the achievement of Sustainable Public Procurement?*
- 7) *What is your assessment towards the efficiency of contract negotiation process? Do you see any factors and attributes affecting the achievement of Sustainable Public Procurement?*
- 8) *What is your evaluation towards the efficiency of the contract administration process? Do you see any factors/attributes affecting the achievement of Sustainable Public Procurement?*
- 9) *What is your assessment towards the efficiency of the World Bank and the autonomous of the Federal Public Procurement and Property Administration Agency? Do you see any factors and attributes for improvement for the achievement of Sustainable Public Procurement?*
- 10) *What is your assessment to the Procurement Directive of the Government of Federal Democratic Republic of Ethiopia and the Procurement Guidelines of the World Bank? Do you see any factors for improvement for the achievement of Sustainable Public Procurement?*

Thanks and regards,

APPENDICE - B

Unity University School of Graduate Studies Business Economics Postgraduate Program – MAB R1/04

QUESTIONNAIRES DEVELOPED FROM INTERVIEW QUESTIONS

Dear Respondents,

SUBJECT: “Thesis for partial fulfillment of Masters’ Degree”

This is kindly to bring to your attention that I am working a research as partial fulfillment of a Masters’ Degree on “Sustainable Public Procurement”. The general objective of the research is to identify the “factors affecting the achievement of sustainable public procurement” and the research will be carried out in selected five Federal Public Institutions.

The validation of the research objectives depends on your genuine and timely response by completing the attached two parts Demographic and Procurement “Questionnaires”. Kindly therefore, request you to respond to each question honestly and responsibly; and return same at your earliest convenience. Please be assured that the information acquired shall be used purely for academic purpose only and will be kept strictly confidential.

Thank you for your valuable time and energy in completing the two parts questionnaires, and if you have any further information important to the research please fill free to contact me through E-mail: tamtye6@yahoo.com or Cellular: 0911-320 572.

With due respect,

Tarekegn Wondimagegn Tessema – UU53417R

NB: Please note the following: (1) No need to write your name. (2) You can attach information which you trust to be valuable to the research. (3) Name of your Organization: _____

PART I: DEMOGRAPHICS INFORMATION

NB: Please indicate your response by putting the right number in the appropriate answer boxes.

C.N.	Particulars and Choices	Answers
101	Institution	
	1. Ministry	
	2. Agency	
	3. Others (Please Specify)	
102	Gender	
	1. Male	
	2. Female	
103	Age	
	1. 18 – 30	
	2. 31 - 40	
	3. 41 – 50	
	4. 51 – 60	
	5. > 60	
104	Education Level	
	1. Masters' Degree	
	2. First Degree	
	3. Diploma	
	4. Others (Please Specify)	
105	Field of Study	
	1. Social Science	
	2. Natural Science	
	3. Others (Please Specify)	
106	Job Status	
	1. Managerial	
	2. Professional	
	3. Non-Managerial	
	4. Others (Please Specify)	
107	Procurement Position	
	1. Director	
	2. Team Leader	
	3. Senior Expert	
	4. Junior Expert	
	5. Others (Please Specify)	
108	Service Year	
	1. 0 - 5	
	2. 6 - 10	
	3. 11 - 15	
	4. 16 - 21	
	5. > 21	

PART II:

PROCUREMENT DATA

Please indicate your agreement in the context of your organization by ticking the appropriate box.

C.N	Factors and Attributes	Strongly Agree (1)	Agree (2)	Undecided (3)	Disagree (4)	Strongly Disagree (5)
201	<i>Compliance with and Awareness of Rules and Regulations</i>					
	1. <i>Compliance with Anti-Corruption and Ethics Principles and Proclamation.</i>					
	2. <i>Compliance with Audit and Finance Rules and Regulation.</i>					
	3. <i>Compliance with Procurement and Property Administration Proclamation and Directives.</i>					
	4. <i>Compliance with World Bank Guidelines and Provisions.</i>					
	5. <i>Awareness of Environmental and Social Rules & Regulations.</i>					
	6. <i>Adherences to Environmental and Social Standards and Norms.</i>					
202	<i>Effective Procurement Leadership and Governance</i>					
	7. <i>Management Clear Direction, Support and Timely Decision.</i>					
	8. <i>Adequate Communication and Cooperation among Procurement Participants.</i>					
	9. <i>Developed Participatory Procurement Planning and Site Investigation.</i>					
	10. <i>Transparent, Accountable, and Focused Leadership.</i>					
	11. <i>Efficient and Robust Staff, System, and Structure for Procurement Process.</i>					
	12. <i>Efficiently Manage Contracts, Suppliers, Contractors, and Consultants.</i>					
203	<i>Planned Monitoring, Controlling and Evaluation</i>					
	13. <i>Planned Monitoring and Feedback taken by Top Management.</i>					
	14. <i>Environmental and Social Problems Properly Addressed.</i>					

	15. Understanding of Production and Processing Technology.					
	16. Regular Quality Control and Quality Assurance Activities.					
	17. Planned Project Evaluation and Appropriate Actions.					
	18. Promoting Safe and Equitable Work Environment.					
204	Adherence to Economy, Efficiency, and Effectiveness					
	19. Technical Specifications and TOR properly being Prepared by Users or Professionals.					
	20. Technical Bids and Proposals Evaluations being Conducted by Evaluation Committee Experts.					
	21. Technical Inspection being Performed by appropriate Specialists considering Quality.					
	22. Knowledge of Performance and Functional Requirements.					
	23. Secure Best Value for Money (price, quality, availability, functionality and conditions).					
	24. Inventory Management is in Place for Proper Receiving and Distribution of Goods.					
205	Integration of Tax, Finance, Procurement & Inventory					
	25. Procurement Finance/Budget Earmarked from Tax (Revenue Collection).					
	26. Growing External Credit for Procurement from Development Partners (like World Bank).					
	27. Regular Project Procurement Scheduling and Budgeting.					
	28. Clarity in Scope of Projects and Value Chain Network.					
	29. Up-to-date Procurement and Property Audit Reporting.					
	30. Adopting "Life-Cycle Costing Approach instead Actual-Costing.					

THANK YOU!

APPENDICE - B: Respondents Result on the Survey / Questionnaires

<i>X</i> <i>s</i>	Factors and Attributes	Strongly Agree (1)	Agree (2)	Undecided (3)	Disagree (4)	Strongly Disagree (5)
1	<i>Compliance with and Awareness of Rules and Regulations (CARR)</i>					
	1.1 Compliance with Anti-Corruption and Ethics Principles and Proclamation.	12	13	2	3	0
	1.2 Compliance with Audit and Finance Rules and Regulation.	9	15	5	1	0
	1.3 Compliance with Procurement and Property Administration Proclamation and Directives.	12	15	3	0	0
	1.4 Compliance with World Bank Guidelines and Provisions.	7	13	6	2	2
	1.5 Awareness of Environmental and Social Rules & Regulations.	6	15	5	2	2
	1.6 Adherences to Environmental and Social Standards and Norms.	11	12	3	4	0
2	<i>Effective Procurement Leadership and Governance (EPLG)</i>					
	2.1 Management Clear Direction, Support and Timely Decision.	9	13	6	2	0
	2.2 Adequate Communication and Cooperation among Procurement Participants.	8	16	4	2	0
	2.3 Developed Participatory Procurement Planning and Site Investigation.	5	15	6	4	0
	2.4 Transparent, Accountable, and Focused Leadership.	11	14	5	0	0
	2.5 Efficient and Robust Staff, System, and Structure for Procurement Process.	9	12	5	4	0
	2.6 Efficiently Manage Contracts, Suppliers, Contractors, and Consultants.	8	13	5	4	0
3	<i>Planned Monitoring, Controlling and Evaluation (PMCE)</i>					
	3.1 Planned Monitoring and Feedback taken by Top Management.	6	17	4	3	0

	3.2 Environmental and Social Problems Properly Addressed.	4	12	9	4	1
	3.3 Understanding of Production and Processing Technology.	10	15	4	1	0
	3.4 Regular Quality Control and Quality Assurance Activities.	5	13	8	3	1
	3.5 Planned Project Evaluation and Appropriate Actions.	7	13	7	3	0
	3.6 Promoting Safe and Equitable Work Environment.	8	10	8	1	3
4	<i>Adherence to Economy, Efficiency, and Effectiveness (AEEE)</i>					
	4.1 Technical Specifications and TOR properly being Prepared by Users or Professionals.	11	15	1	3	0
	4.2 Technical Bids and Proposals Evaluations being Conducted by Evaluation Committee Experts.	11	17	2	0	0
	4.3 Technical Inspection being Performed by appropriate Specialists considering Quality.	10	12	5	3	0
	4.4 Knowledge of Performance and Functional Requirements.	5	15	4	6	0
	4.5 Secure Best Value for Money (price, quality, availability, functionality and conditions).	12	12	3	3	0
	4.6 Inventory Management is in Place for Proper Receiving and Distribution of Goods.	7	13	4	5	1
5	<i>Integration of Tax, Finance, Procurement & Inventory (ITFPI)</i>					
	5.1 Finance/Budget Earmarked for Procurement from Tax (Revenue Collection).	8	13	6	3	0
	5.2 Growing External Credit for Procurement from Development Partners (like World Bank).	2	18	7	2	1
	5.3 Regular Project Procurement Scheduling and Budgeting.	8	14	5	3	0
	5.4 Clarity in Scope of Projects and Value Chain Network.	8	15	5	2	0
	5.5 Up-to-date Procurement and Property Audit Reporting.	9	11	6	3	1
	5.6 Adopting “Life-Cycle Costing Approach instead Actual-Costing.	5	12	7	5	1