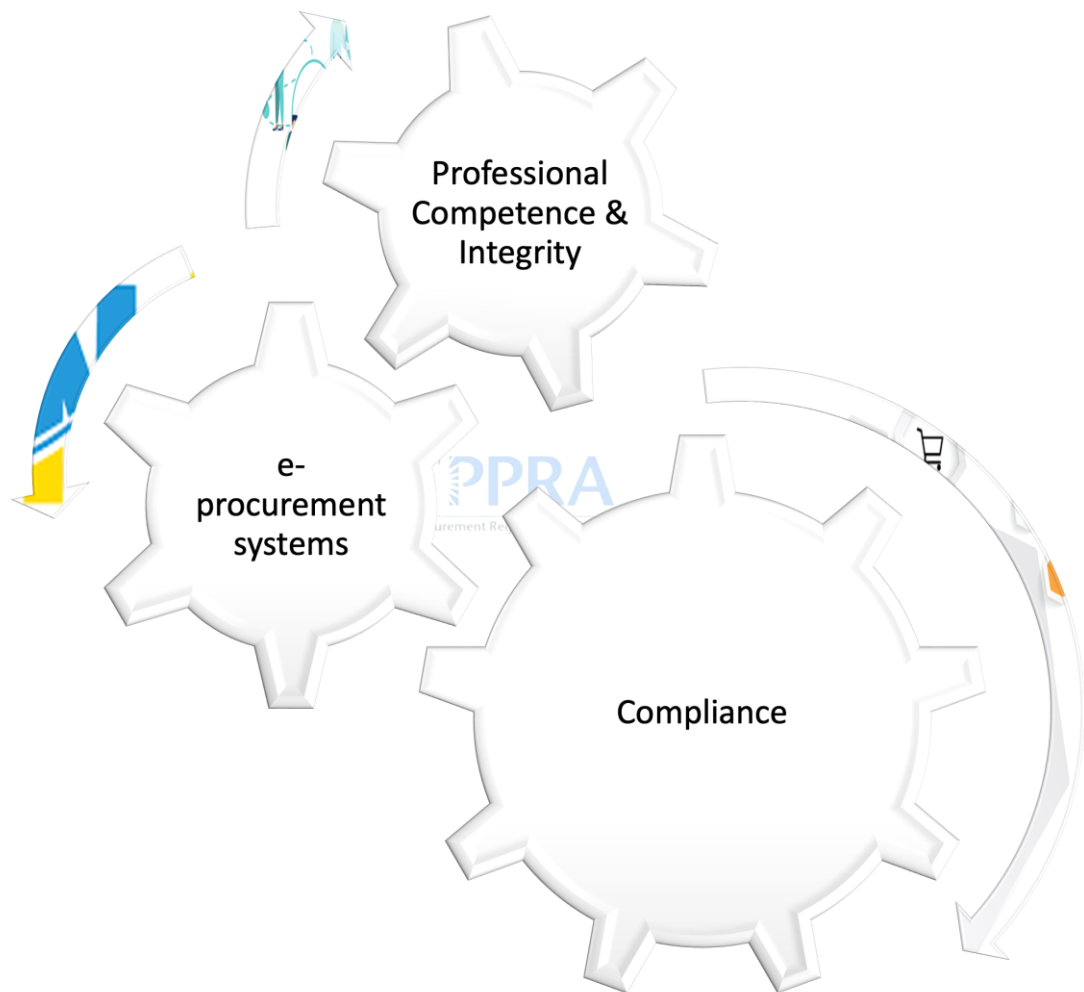


# Public Procurement for better value in Tanzania

Empirical Evidence of Challenges and Opportunities



---

Tanzania PPRA Research  
December, 2023

## **List of Abbreviations**

AO	Accounting Officer
EC	Evaluation Committee
EN	Engineer
ES	Economists
FN	Finance Officer
IA	Internal Auditor
ICT	Information, Communication and Technology
LGAs	Local Government Authorities
LO	Legal Officer
MDAs	Ministerial, Independent Departments and Agencies
MO	Marketing Officer
MO	Medical Officer
PAs	Parastatals
PEs	Procuring entities
PMU	Procurement Management Unit
PO	Procurement Officer
TB	Tender Board
TO	Transport Officer

## RESEARCH NOTE

This paper is published under the responsibility of the Authority. The opinions expressed and the arguments employed herein do not necessarily reflect the official views of the Public Procurement Regulatory Authority (PPRA).

This paper was financed by PPRA and authorized for publication by the Board of Directors of the Public Procurement Regulatory Authority.

---

On November 23, 2023, **Mr. Eliakim C. Maswi**, the Director General of PPRA, during a conversation with the Accounting Officers of Local Government Authorities (LGAs), conveyed that only 6 out of 184 LGAs, which accounts for 3.3%, had effectively employed the newly implemented national e-procurement system (NeST). Correspondingly, the compliance audit report for the financial year 2022/2023, presented by Dr. Leonada R. Mwangike, the Chairperson of the Board of Directors of PPRA to the Minister of Finance on 29 September 2023, revealed that 48 audited procuring entities exhibited poor performance. This signifies a notable lack of acceptance of the adoption of the electronic procurement system and adherence to the regulatory framework in public procurement within Tanzania.

---

The use of this work, whether digital or print, is governed by the terms and conditions stipulated in the PPRA Research Ethics and Code of Conduct Guidelines.

© PPRA (2023)

## TABLE OF CONTENTS

LIST OF ABBREVIATIONS .....	I
RESEARCH NOTE .....	II
TABLE OF CONTENTS .....	III
EXECUTIVE SUMMARY .....	V
KEY FINDINGS AND POLICY RECOMMENDATIONS.....	VI
INTRODUCTION .....	1
CHAPTER TWO .....	4
LITERATURE REVIEW .....	4
2.1 COMPLIANCE WITH PROCUREMENT LAW AND REGULATIONS .....	4
2.2 IMPLEMENTATION OF E-PROCUREMENT SYSTEM .....	6
2.3 IMPLEMENTATION OF PREVIOUS AUDIT FINDING RECOMMENDATIONS.....	8
CHAPTER THREE .....	10
METHODOLOGY .....	10
3.1 RESEARCH METHODS DESIGN .....	10
3.2 OPERATIONALIZATION OF VARIABLES INCLUDED IN QUESTIONNAIRES .....	11
3.3 DATA COLLECTION .....	11
3.4 DATA ANALYSIS .....	13
3.5 DEMOGRAPHIC PROFILE OF RESPONDENTS .....	14
3.6 MEASUREMENT MODEL ASSESSMENT .....	15
CHAPTER FOUR .....	21
FINDINGS AND DISCUSSION .....	21
4.1 FACTORS AFFECTING LOW LEVELS OF REGULATORY FRAMEWORK COMPLIANCE .....	21
4.2 EFFECTIVE USE AND ACCEPTANCE OF NATIONAL E-PROCUREMENT SYSTEM .....	45
4.3 FACTORS AFFECTING THE IMPLEMENTATION OF PREVIOUS AUDIT RECOMMENDATIONS .....	59
CHAPTER FIVE .....	69
RECOMMENDATIONS.....	69
5.1 POLICY RECOMMENDATIONS .....	69
5.2 ACTIONABLE RECOMMENDATIONS .....	76
REFERENCE .....	85

## FIGURES

Figure 3. 1: Mean for independent focal variables for compliance model .....	17
Figure 3. 2: Mean for independent variables in e-procurement use model .....	18
Figure 4. 1: Professional competence of public procurement workforce.....	23
Figure 4. 2: Public Procurement workforce education distribution .....	24
Figure 4. 3: Awareness of sanctions imposed to non-compliers .....	29
Figure 4. 4: Perceived benefits of e-procurement system in Tanzania .....	49
Figure 4. 5: Organizational willingness and readiness to Use e-procurement systems .....	50
Figure 4. 6: pressure exerted on procurement entities to use e-procurement .....	52
Figure 5. 1: Building competency and ethics in public procurement .....	72
Figure 5. 2: Incentives mechanisms for procurement workforce .....	75
Figure 5. 3: Distribution of actionable recommendation .....	77

## TABLES

Table 3. 1: Data collection process .....	12
Table 3. 2: Demographic profile of the respondents .....	14
Table 3. 3: Descriptive Statistics: mean, standard deviation, variance, skewness, and kurtosis .....	16
Table 3. 4 Loadings, reliability and validity for focal variables in compliance model .....	19
Table 3. 5: Loadings, reliability and validity for focal variables in e-procurement usage model .....	20
Table 5- 1: Actionable Recommendations.....	78

## EXECUTIVE SUMMARY

Public procurement is increasingly acknowledged as a strategic avenue for the accomplishment of government policy objectives that are in line with the long-term strategic plan. This includes the implementation of strategic projects, support for small and medium-sized enterprises (SMEs), the promotion of innovation among local suppliers, and the provision of services to society as a whole. It is worth noting that public procurement can be linked to more than 75% of strategic goals and projects. Consequently, public procurement remains the primary channel through which the government allocates funds for the acquisition of goods, services, and works. Moreover, it serves as the principal mechanism through which public funds are converted into public services. As a result, it is an area of great public interest to ensure that every penny invested by the government is utilized efficiently and effectively.

Therefore, enhancing compliance with established regulatory frameworks is a central objective for the majority of governments, including Tanzania. Consequently, the Tanzania government continues to revise its public procurement legislation and regulations, conduct periodic audits, and implement automated procurement systems to ensure that funds allocated for public procurement are spent as intended and to reduce instances of malpractice.

Despite these efforts, regulatory framework compliance and acceptance of the usage of the e-procurement system in public procurement remains a significant obstacle. To provide an example, on November 23, 2023, Mr. Eliakim C. Maswi, the Director General of PPRA, during a conversation with the Accounting Officers of Local Government Authorities (LGA), conveyed that only 6 out of 184 LGAs, which accounts for 3.3%, had effectively employed the newly implemented national e-procurement system (NeST). This indicates a low level of acceptance regarding the usage of the e-procurement system. Similarly, the compliance audit report for the financial year 2022/2023, presented by Dr. Leonada R. Mwangike the Chairperson of the Board of Directors of PPRA to the Deputy Minister of Finance on the 29th of September 2023, revealed that 48 audited procuring entities exhibited poor performance. Consequently, the Director General of PPRA initiated an empirical investigation to ascertain the underlying causes of these challenges and develop solutions that can

be employed by all procurement entities to enhance compliance, usage, and acceptance of the recently adopted e-procurement system.

This working paper/policy paper seeks to help all stakeholders involved in public procurement including policy and decision makers improve compliance levels and accept the usage of NeST to safeguard public funds. This study focused on three main areas: (i) compliance with the regulatory legal framework, (ii) usage and acceptance of the e-procurement system, and (iii) implementation of previous audit recommendations. This study employed mixed research methods to collect data. This study started by conducting interviews with 252 key stakeholders. 20 out of 252 interviewees were Accounting Officers. Moreover, 427 usable responses were collected through survey questionnaires across MDAs, LGAs, and PAs. 8 out of 427 usable responses were completed by the Accounting Officers.

### **Key findings and policy recommendations**

#### **Key finding 1: Increased number of procurement policy problems due to lack of national procurement policy and strategy**

The findings reveal sufficient evidence of the persistent and escalating issues surrounding procurement policies. This can be attributed to the absence of a comprehensive national procurement policy and strategy that provides a well-founded framework for addressing these issues. To illustrate, the attainment of sustainability in procurement poses a challenge, as most of the procurement workforce relies solely on theoretical interpretations established within the realm of public procurement. Additionally, it has been observed that procurement entities (PEs) fail to allocate 30% of their budget for special groups due to the absence of technical guidance. Moreover, the frequent modifications to public procurement law and its accompanying regulations have resulted in ongoing errors in the procurement of strategic projects, leading to either excessive costs or the inability to achieve the anticipated outcomes.

#### **Key finding 2: Lack of professional competence of the procurement workforce**

The findings reveal that some procurement workforce lack essential competence and skills. They face difficulties in interpreting and applying the law and its regulations, as well as preparing the appropriate tender documents according to the procurement

requirements. Likewise, statistical analysis indicated that Internal Auditors, legal Officers and ICT experts were neutral on the ability of the procurement workforce to interpret the law.

**Key finding 3: Directives that violate public procurement law and its regulations**

Findings indicate that decision-makers frequently issue directives that contravene the requirements of PPA, CAP 410 (R.E 2022) and its regulations. These directives are accompanied by pressure, time constraints, and most importantly political will. Likewise, these decision-makers have the authority to discipline the procurement workforce and potentially terminate their contracts, particularly in LGAs. As a result, procurement workforces are compelled to adhere to these directives leading to non-compliance with the regulatory framework.

**Key finding 4: Low level of imposing sanctions on non-compliants**

This study reveals that despite the presence of regulations regarding the code of conduct for individuals involved in public procurement, awareness of sanctions imposed on non-compliants remains uncertain. The statistical analysis shows that on average, respondents were uncertain about the implementation of these sanctions.

**Key finding 5: Low level of integrity and public trust in public procurement**

The findings reveal that in public procurement, a low level of integrity is more prevalent because it involves large amounts of public money that can be diverted to private interests. Likewise, it is influenced by the coercion exerted by potential tenderers who lack the necessary qualifications to secure tenders or the capability to fulfil the required work, yet still aspire to obtain the contract awards.

**Key finding 6: Insufficient incentive and motivation mechanisms for procurement staff**

The findings indicate that procurement staff are less motivated and incentivized than other professionals in terms of financial and non-financial rewards. Financially, the results show that a certified procurement professional (CPSP) has a lower salary scale than a certified accountant (CPA), engineer or lawyer at the entry-level in the public sector. Non-financially, in LGAs, PAs and MDAs, the Heads of Procurement Management Unit are principal officers who do not have a similar position status as



other professionals. This not only discourages procurement staff but also encourages unethical behaviour in public procurement

**Policy recommendation 1:** Better value in public procurement requires the development of a robust procurement policy and comprehensive procurement strategy

Public procurement policy, like any other policy, is an essential tool used to delineate the allocation of responsibilities for specific strategic procurement matters. It also outlines the rights and obligations that must be taken into consideration. Moreover, it provides technical guidance for the procurement workforce to effectively and efficiently carry out their duties. Therefore, this study recommends that relevant oversight bodies, including the Public Procurement Regulatory Authority (PPRA) and the Ministry of Finance, should dedicate their efforts to ensure the development of a comprehensive procurement policy and strategy.

**Policy recommendation 2:** Improved compliance in public procurement requires competent and ethical procurement workforces

Public procurement serves as a strategic mechanism that aids governments in delivering public services more efficiently to society. To utilize public procurement as a strategic approach, the procurement workforce must possess the necessary competence and specific skills. Therefore, it is essential that procurement oversight bodies, especially PPRA, continue to build capacity in collaboration with other relevant bodies and higher learning institutions.

**Policy recommendation 3:** Increasing the level of imposing sanctions to non-compliant

Regulating human behaviour and prohibiting bribery, corruption, and other malpractices in public procurement should remain a primary strategy to safeguard public funds. Therefore, increasing the severity of sanctions for non-compliance will not only enhance the level of integrity but also promote a performance-driven mindset, thereby improving compliance. Thus, competent authorities including PPRA should revisit their approach to sanctions. Firstly, this study proposes there should be publicly acknowledging the best performers during professional conferences or when presenting the PPRA compliance report. Secondly, PPRA must publish the names

of the least compliant performers in the public sphere. Lastly, it is crucial to disclose the names of officers who have been found guilty of failing to comply with public procurement regulations.

**Policy recommendation 4:** The Government should solicit funds to support continual capacity development for stakeholders involved in public procurement

Procuring entities (PEs), particularly in Local Government Authorities (LGAs), encounter financial constraints that hinder their ability to cover the expenses of in-house or group-organized training for their personnel. It is imperative to offer training at reduced costs or free of charge as the Government through PPRA should seek funds from either the government or strategic partners ( e.g., World Bank, UNDP, IMF, AfDB).

**Policy recommendation 5:** Improving access to networks at lower-level local Government Authorities by collaborating with relevant institutions

The government should ensure that all procuring entities in our country have improved network connectivity by connecting all organizations that are not connected to the national fibre network, particularly those procuring entities which are close to the border so that there is always reliable internet access. Not only that, but all government electronic systems must communicate with one another.

## INTRODUCTION

Public procurement plays a vital role in organizations as it involves the acquisition of works, goods, and services using public funds. There is overwhelming evidence that countries, including the United Republic of Tanzania (URT), allocate over 70% of their total government expenditure to public procurement. Given its significance, governments are increasingly interested and committed to ensuring that public funds are well managed and that most inefficiencies are eliminated (Alvarez-Rodríguez et al. 2014). Consequently, the automation of public procurement has become one of the government's priorities in ensuring responsible use of public funds and reducing unnecessary transaction costs (Walker & Brammer, 2012). Likewise, governments continue to revise governing legislations, establish oversight organs and bodies to supervise the procurement function, and conduct regular compliance audits (Shatta, 2021; Torvatn & de Boer, 2021; Masoud et al., 2021).

Despite the government's efforts to implement these reforms, there are still numerous challenges facing public procurement that hinder compliance and the achievement of value for money (Mrope, 2018, CAG, 2022, PPRA, 2022). Previous empirical studies (e.g., Mrope, 2018) provide evidence of the ongoing misuse of public funds in public procurement. Similarly, compliance audit reports for FY 2019/2020 from the Public Procurement Regulatory Authority (PPRA) show that the National Social Security Funds (NSSF) made an overpayment of TZS 2.49 billion to the consultant for the construction of the Satellite Village at Dungu Farm and the Toangoma Housing Project in Kigamboni, due to services that were not rendered. Additionally, the Controller Auditor General report of 2021/2022 shows the Ministry of Home Affairs procured three (3) fire engine trucks from an unauthorized dealer for TZS 2.98 billion, who was paid an advance payment of 75% of the total payment. However, the supplier failed to deliver the equipment at the agreed time, and liquidated damage was not imposed on the supplier. Also, TZS 1.23 billion was used without using competitive procurement methods (PPRA, 2022; CAG, 2023). The question of why non-compliance remains a significant hurdle in public procurement despite the government's diligent efforts remains unanswered. This study aims to unravel unexplored causal mechanisms by assessing the past, present, and future public procurement systems.

It is evident from these few examples that the issue of non-compliance with the legal framework has resulted in significant losses to the limited public funds, which undoubtedly hinders the government's ability to provide social services to its citizens.

Additionally, the Tanzania government has implemented the electronic procurement system (e-procurement) as part of its ongoing efforts to promote compliance, efficiency, and transparency in public procurement. Despite the government's effort and huge investment in the application of e-procurement in the procurement process, the evidence shows that the extent of its adoption is underwhelming (Shatta, 2021; Mushi & Msimbila, 2022). For instance, the Public Procurement Regulatory Authority Annual Performance Evaluation Report (APER) for FY 2021-2022 shows that out of 2,137 procured tenders, only 146 tenders, or 6.83 per cent, were processed through e-procurement. Furthermore, the report revealed that contract awards with an estimated value of TZS 432.06 billion from 22 entities were not published in e-procurement. This implied that the objective of the government's adoption of e-procurement was not attained. The reasons for the hesitation in using e-procurement by the procuring entities are still unclear and have not been resolved by both practitioners and academicians. Therefore, the purpose of this study is to reveal the unexplored causal mechanism that contributes to the low adoption rate of e-procurement systems in public procurement.

Nevertheless, despite the efforts made by the Tanzania government to conduct regular audits, there continues to be a low level of implementation of the previous audit recommendations (PPRA, 2022). The PPRA report of FY 2021/2022 shows that out of 565 audit recommendations issued to the 19 audited entities, 125 recommendations equivalent to 22.12 percent were partially implemented and 41 recommendations equivalent to 7.26 percent were not implemented at all. Also, the PPRA audit report 2019/2020 revealed that out of 1,051 given audit recommendations, 497 recommendations equivalent to 47 per cent were fully implemented, 275 recommendations equivalent to 26 per cent were partially implemented and 279 recommendations equivalent to 27 per cent were not implemented at all. Consequently, failure to implement the audit recommendations means loss of public funds will continue to exist.

Furthermore, procuring entities employ a variety of practices and strategies when carrying out their procurement functions to meet their obligations. However, studies show that most of the strategies and practices do not conform with the requirements of procurement law, regulations and guidelines issued by PPRA. Nonetheless, there is increasing use of unsustainable practices hindering the achievement of environmental, social, and economic performance in public procurement. Procuring entities, for example, use single-source methods rather than competitive methods without reasonable justification, outsource rather than make it in-house without conducting feasibility studies, and split tenders rather than bulk purchases (APER, 2022). Conducting procurement while using improper procurement strategies hinders the attainment of the strategic goals of the government.

Therefore, this study aimed to assess the past and present procurement systems and come up with ways forward that governments can leverage to safeguard misuse of public funds in future. To achieve this overarching objective this study addressed the following specific research objectives. -

- a) To examine the extent to which procuring entities comply with the legal framework when executing the procurement entities in Tanzania;
- b) To examine the extent to which procuring entities use e-procurement systems;
- c) To assess the extent to which procuring entities implement previous audit recommendations; and
- d) To explore best procurement practices and strategies that procuring entities can leverage for better utilisation of public funds.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

This section provides a comprehensive analysis of the previous studies, highlighting the areas that have been addressed and those that have not. This helps us identify the research gaps that need to be addressed.

#### **2.1 Compliance with Procurement Law and Regulations**

Adherence to the legal framework is one of the paramount aspects that ensure compliance and value for money in the procurement process. According to Awino and Marende (2014), a legal framework encompasses the laws, regulations, and guidelines that are put in place to govern an organization and covers the whole scope of procurement, which includes all stages of the procurement process, methods of procurement, ethics, and transparency. Compliance is crucial for achieving the objectives of the procurement law and its accompanying regulations, which include transparency, competition, value for money, accountability, and efficient use of public resources (Agbesi, 2009). Noncompliance, on the other hand, will undermine the achievement of those public procurement objectives (Mrope, 2017)

By realizing the importance of compliance with procurement laws and regulations, the PPRA has undertaken a lot of effort to have updated rules, regulations, and guidelines, which are normally amended from time to time, to bring efficiency and fill those loopholes that, in either way or another, cause inefficiency in the procurement process. Not only that, but also, the PPRA has also undertaken massive capacity-building training for public procurement professionals and other stakeholders involved in the day-to-day operation of the procurement function in organizations, aiming to become familiar with procurement law and regulations. In addition, the authority periodically conducts compliance audits of public organizations to measure the extent of their adherence to the PPA and its regulations.

However, besides those initiatives that have been undertaken by the PPRA and other institutions, the level of compliance with public procurement law and regulation as well as guidelines is insignificant, as the various audit reports of both the PPRA and

CAG show that there are lot of noncompliance issues in public procurement that cause a lot of loss to public funds. For instance, the APER report of 2022 revealed that for the Ministry of Education Science and Technology, two members of the Tender Board approved awarding contract M/S Shenzhen Benton Technology Company as the recipient of a tender for 150,000 tables valued at USD 20.28 million (equivalent to TZS 46.86 billion). Also, the contract for this tender was not submitted to the Attorney General for vetting as required. In addition, the tenderer also failed to submit the necessary performance security as stipulated. The report also indicates that the Ministry conducted acquisitions totalling TZS 6.01 billion through single-source procurement without justification. Also, FY 2019/2020 APER revealed TZS 188.37 million was paid to M/s Nandhra Engineering and Construction Company through certificate No. 13 for an unknown item known as "Amount of Contract Amount" on Contract No. NSSF/W/07/2013-2014 Lot 2 (URT, 2023).

There are a lot of scholars who have studied factors that influence compliance with procurement law and regulation (Chikwere, 2019, Sarawa, and Masu'd, 2019).Tukamuhabwa (2012) studied in Uganda and revealed that political interference, level of familiarity among the professionals, the imposition of sanctions, organizational incentives, management support, and monitoring mechanisms have a positive influence on compliance with procurement laws and regulations. However, other studies, like those by Mwelu et al. (2018), which were conducted in Nigeria, argued that familiarity with the regulatory framework, monitoring activities, and the professionalism of staff have an insignificant effect on compliance. In the same vein, Sarawa and Masoud (2019) argued that there is an insignificant effect of enforcement on compliance with the legal framework. Also, Eyaa and Oluka (2011) revealed the insignificant effects of professionalism on compliance with public procurement. In addition, Mwakibinga and Buvick (2013) show that the sanction, if accompanied by monitoring among the procurement officers, has a negative influence on compliance levels.

From the above observation, it shows that the scholars have different views on the impact of various factors on compliance with the legal framework. thus providing room for the researcher to conduct a study to determine their effect in the Tanzanian context. Bearing in mind that most of the previous studies on this particular topic

were conducted outside of Tanzania and used quantitative techniques (Sarawa and Masoud 2019; Mwelu et al. 2018; Chikwere et al. 2019), this study has used a mixed method to explore the factors that influence the compliance level in the public sector in the Tanzanian context. Furthermore, this study aims to fill the gap in previous literature by identifying the stage in the procurement process that is most susceptible to non-compliance among all stages. The study also aims to identify the root causes of non-compliance and propose appropriate improvement solutions.

## **2.2 Implementation of e-procurement system**

URT has established an electronic procurement system with the objectives of enhancing the efficiency of the procurement function and ensuring transparency in public procurement (PPR, 2013). While Nawi et al. (2016) claim that effective implementation of e-procurement brings savings on management costs, cost reduction, improved contract fulfilment, increased spending under management, and many other benefits, Meanwhile, Thai (2001) revealed that practising e-procurement will provide quality bidding, efficient timeliness, cost savings, minimizing effort in doing business, reducing financial and technical risks, and finally increasing supplier competition, which would lead to a lower cost of buying goods or services.

Because of the potential benefits that procuring organizations and countries as a whole could reap from the use of the e-procurement system, the United Republic of Tanzania has undertaken several initiatives to ensure that the system is used properly. For instance, the PPRA started to develop the Procurement Management Information System (PMIS) in 2012 and 2018, it introduced TANePS, which expired in September 2023. A new e-procurement system (NeST) has been in place since October 2023, and all procuring entities in Tanzania are required to use it while completing procurement activities. To ensure that the e-procurement system is fully implemented and that the desired benefits are obtained. The Authority (PPRA) has addressed several initiatives, including a huge capacity-building program for all procurement players and public awareness campaigns through various media to ensure that the public is aware of the new e-procurement system application.



However, despite these efforts, the implementation level of the e-procurement system is unsatisfactory (CAG, 2021; PPRA, 2021). The audit reports indicate that many procuring entities did not implement their procurement function in the system, and those that frequently used it decided to quit before completing the procurement process. In about 80% of procurements, procuring entities did not conduct the award of contracts through the system (PPRA, 2022). This tendency jeopardized the objectives of the government in the establishment of the system to minimize transaction costs, bring transparency to the procurement process, and get value for money from the procured goods, works, or services. This implied that the government lost a lot of public funds for useless activity.

Different scholars have undertaken numerous studies on the application of the e-procurement system (Suleiman, 2015; Makoba, et al.,2017). The scholars have tried to find out the challenges that hinder the effective implementation of e-procurement adoption in URT, which include a lack of perceived benefits of the e-procurement system, a lack of top management support, a lack of awareness of the e-procurement performance expectancy among key users, a lack of internet infrastructure, and unreliable electricity and alike.

However, since these studies were conducted about seven years have passed, and in a real sense, the actual situation in Tanzania at this time has seen a lot of development in the field of ICT development. For instance, most of the procurement officers and suppliers received training on the NeST and became proficient in its use (PPRA,2023). Also, the problem of Internet facilities and ICT infrastructure, as well as electricity facilities, did not persist at all in many parts of our country (Siwandeti, et al 2023). Surprisingly, there are procuring entities in Dodoma, Dar es Salaam, Mwanza City, and Arusha Town that do not experience the said challenges; however, the records show that there are procuring entities with low application of the system (APER, 2022). Thus, this study aimed to find out the extent of e-procurement system implementation in the public sector, find out the reasons for the low or high application of e-procurement systems in most of the procuring entities in Tanzania and propose the appropriate solution to overcome them

### **2.3 Implementation of previous audit finding recommendations**

Every year, the URT, through its institutions such as CAG and PPRA, conducts compliance and value-for-money audits of public institutions. The objective of these audits is to identify weaknesses and provide recommendations for their elimination, with the ultimate goal of ensuring the realization of value for money. However, the previous report shows that the level of audit findings and recommendation implementation is not satisfactory. The reports show that some of the recommendations were not implemented at all or were partially implemented (PPRA, 2022; PPRA, 2021). For instance, the APER report for FY 2021-2022, shows that a total of 565 audit recommendations were issued to the 19 audited entities, a total of 125 recommendations (equivalent to 22.12 per cent) were partially implemented, and 41 recommendations (equivalent to 7.26 per cent) were not implemented at all. Also, according to the audit finding, 47 per cent (497 out of 1,051) of the given audit recommendations were fully implemented, 26 per cent (275 recommendations) were partially implemented, and 27 per cent (279 recommendations) were not implemented at all (PPRA, 2023). These observations indicate that the failure to implement recommendations with financial implications will result in the continued loss of scarce public funds from year to year.

Different scholars have studied the reasons for the low implementation of previous audit finding recommendations. For instance, Ibrahim et al. (2014) depicted that lack of resources in terms of both budget and staff competence are among the prominent factors. Also, Matlala and Uwizeyimana (2020) observed that management support and a lack of vibrant audit committees within the organization have a great influence on the implementation of the audit findings. According to Ibrahim et al. (2014), the committees are responsible for ensuring that the audit findings and recommendations have been implemented as recommended. Therefore, the audit committees are required to undertake a continuous review of audit recommendation implementation (Nest, 2006). Surprisingly, according to Matlala and Uwizeyimana (2020) in South Africa, most of the municipalities have audit committees; however, their performance in implementing the previous audit findings is not satisfactory.

Furthermore, scholars have revealed that the organization's failure to establish regular progress checks, follow-up, and monitoring to determine the implementation

of the auditor's recommendations is another impediment that must be considered for effective implementation. Surprisingly, Dain and Rahmat (2017) came up with the opposite view on the follow-up audit finding recommendation by revealing that it has an insignificant influence on its implementation. Moreover, according to Aikins (2012), the lack of consequences for not implementing the audit recommendations influences the implementation of the audit recommendations. The author further argued that 'when there is no or insignificant consequence for not implementing the audit recommendations, the auditees will not take the effort to implement the audit finding recommendation as a result of the finding remaining as they are.

Moreover, Aikins (2012) argued that the quality of audit recommendations influenced its implementation to a high extent. The author further proclaimed that poor-quality recommendations are not feasible; that is, they do not take into account legal and practical constraints that would make their implementation possible or likely. In addition, the imprecise audit recommendations are another factor that affects the implementation of the audit findings. The Australian National Audit Office (2015) defines imprecise audit recommendations as recommendations that are not clearly labelled, hidden, or obscured by text; that is, they are not readily identifiable, nor do they stand out in the report. Aikins (2012) states that these recommendations make use of vague and soft language such as "consideration should be given to," therefore it does not suggest significance or conviction that action is required.

The reviewed literature reveals inconsistencies in some of its findings. Furthermore, there are a limited number of studies that have examined the factors influencing the implementation of audit finding recommendations in UTR. Therefore, the Authority decided to conduct this study in Tanzania in order to fill the identified contextual and empirical gaps.

## CHAPTER THREE

### METHODOLOGY

#### 3.1 Research Methods Design

It is widely debated in existing scholarly literature that qualitative and quantitative research methods each have their limitations. As a result, the combination of these two methods serves to mitigate some of the disadvantages of either method (Teddlie and Tashakkori, 2011). For instance, qualitative data provides insights that are not attainable through general quantitative surveys. Consequently, the present study employed a mixed research approach, incorporating both qualitative and quantitative methodologies. The rationale behind utilizing mixed methods lies in the fact that the research questions encompass both "how" and "what" inquiries, necessitating a combination of qualitative and quantitative methodological choices (Yin, 2018).

Previous research (for example, Dana and Dana 2005; Mwesiumo et al. 2023) indicates that for scholars to conduct quantitative studies effectively, they must possess a comprehensive understanding of the research context. This understanding enables them to generate valuable insights with practical implications. With this in mind, the present study commenced with qualitative methods. Specifically, the authority conducted semi-structured interviews with key stakeholders involved in public procurement. These stakeholders were drawn from 38 procuring entities across various government bodies, including MDAs, PAs, and LGAs. These procuring entities were purposively sampled based on the following criteria and based on the following criteria: (a) inclusion of procuring entities from MDAs, LGAs, and PAs, (b) inclusion of procuring entities with a consistently poor performance in previous audits conducted by the PPRA, and (c) inclusion of procuring entities with a consistently excellent performance in previous audits conducted by the PPRA. Furthermore, this study employed a case study protocol that was developed by experienced researchers for data collection. To ensure the quality of the interview guide included in the case study protocol (see Annex 3.1), a pilot study was conducted to assess its clarity. Following this, an initial analysis was carried out to review the interview guide before proceeding with the data collection process.

Moreover, after analyzing the pilot study using qualitative methods, we proceeded to develop a survey questionnaire. The purpose of this questionnaire was to gather data that would allow us to statistically explain the qualitative findings for theoretical verification. In line with previous recommendations from Podsakoff et al. (2012) and Harun et al. (2023), the questionnaire underwent a pre-screening process involving 16 practitioners. This pre-screening aimed to determine whether the questions included in the questionnaire were clear and relevant to practitioners. The valuable input and feedback provided by these practitioners were then incorporated into the final version of the questionnaire before data collection. To ensure a comprehensive understanding of the topic, we adopted a multiple-informant approach rather than relying solely on a single key informant. The informants selected for this study were key stakeholders in public procurement, as stipulated in the Public Procurement Act (PPA), CAP 410 (R.E 2022). This included individuals such as Accounting Officers, Tender Board Members, Legal Officers, Procurement Professionals, Internal Auditors, and Heads of user departments who are frequently involved in procurement processes.

### **3.2 Operationalization of variables included in questionnaires**

Despite the inclusion of variables captured in the pilot qualitative analysis, the questionnaire utilized in this study incorporated measurement items that were derived from prior research and subsequently modified based on insights gained from in-depth interviews with stakeholders involved in public procurement. This study employed a 7-point Likert scale, ranging from "strongly disagree" (1) to "strongly agree" (7), to assess the measurement items for the focal variables. The questionnaire utilized for this study can be found in Annex 3.2.

### **3.3 Data collection**

This study employed two distinct methodologies for data collection. By employing an interview guide, semi-structured interviews were conducted with key stakeholders involved in public procurement in each selected Procuring entity to obtain qualitative data. A total of 252 interviews were carried out, all of which were duly recorded and transcribed per the personal data protection legislation of Tanzania. The interviews themselves had an approximate duration of 10,502 minutes. In the quantitative

phase, a final version of a survey questionnaire was utilized to collect data. The questionnaire was distributed to stakeholders involved in public procurement, utilizing the drop-off and pick-up methods to potentially increase the response rate. Data collection took place between October 9 and November 30, 2023. Ultimately, a total of 427 usable responses were collected. Table 3.1 provides additional information regarding the data collection process.

Table 3. 1: Data collection process

Sr/no	Code	Procuring entity	No. Of Interviews	Interview duration (Minutes)	Usable responses (Questionnaires)
1	AE/006	TEMESA	8	470	7
2	PA/017	Tanzania Institute of Accountancy Arusha	8	389	10
3	LGA/003	Arusha City Council	9	448	8
4	LGA/128	Tanga City Council	7	332	9
5	PA/012	Sokoine University of Agriculture	10	447	9
6	LGA/016	Temeke Municipal Council	7	324	15
7	AE/023	Tanzania Revenue Authority	8	437	14
8	AE/016	Tanzania Ports Authority	8	368	6
9	IE/009	Medical Store Department (MSD)	6	259	0
10	LGA/018	Dar Es Salaam City Council	8	323	8
11	PA/032	TTCL	7	278	6
12	PA/011	University of Dar Es Salaam	7	349	10
13	PA/014	Ardhi University	6	168	7
14	PA/001	TANESCO	7	270	20
15	PA/028	National Institute of Transport (NIT)	5	210	9
16	AE/001	TANROADS	7	320	18
17	LGA/088	Nanyumbu DC	6	290	6
18	LGA/106	Tunduru District Council	7	240	8
19	ME/022	TAMISEMI	6	313	7
20	ME/007	Ministry of Health	4	201	6
21	LGA/O35	Bukoba District Council	5	292	8
22	LGA/159	Ilemela Municipal Council	8	307	5
23	LGA/155	Kahama Municipal Council	8	372	9
24	LGA/069	Mbeya City Council	8	386	10
25	LGA/087	Muleba District Council	9	315	6
26	LGA/089	Mwanza City Council	10	325	8
27	LGA/094	Sengerema District Council	9	290	4
28	LGA/124	Tabora Municipal Council	5	211	8
29	LGA/122	Urambo District Council	7	265	7
30	PA/024	VETA	8	305	7
31	LGA/165	Tarime Town Council	8	290	8
32	AE/092	Tanzania Rural Road Agency (TARURA)	4	64	6
33	IE/007	Judiciary-Tanzania	2	103	3
34	ME/004	Ministry Of Finance	4	47	5

Sr/no	Code	Procuring entity	No. Of Interviews	Interview duration (Minutes)	Usable responses (Questionnaires)
35	ME/012	Ministry Of Agriculture	4	34	4
36	ME/015	Ministry of Works and Transport	4	169	5
37	AE/008	Rural Energy Agency	4	131	7
38	AE/092	Tanzania Rural Road Agency-HQ	4	160	6
39	AE/0064	Kahama Urban Water Supply and Sanitation Authority	0	0	7
40	LGA/070	Mbeya District Council	0	0	6
41	RAS/016	Regional Administrative Secretary-Tabora	0	0	6
42	LGA/111	Bariadi District Council	0	0	4
43	LGA/066	Musoma District Council	0	0	9
44	LGA/090	Magu District Council	0	0	11
45	ME/007	Mbeya Zonal Referral Hospital	0	0	6
46	AE/050	Tanzania Public Service College	0	0	4
47	AE/102	Rural Water Supply and Sanitation Agency-Mwanza	0	0	11
48	AE/042	Mwanza Urban Water Supply and Sanitation	0	0	6
49	AE/047	Tabora Water Supply and Sanitation Authority	0	0	6
50	AE/037	Mbeya Water Supply and Sanitation Authority	0	0	9
51	AE/O12	Tanzania Building Agency	0	0	3
52	PA/094	Tanzania Institute of Accountancy	0	0	5
53	LGA/034	Bukoba Municipal Council	0	0	6
54	AE/029	Arusha Urban Water Supply and Sanitation Authority	0	0	8
55	LGA/046	Moshi District Council	0	0	8
56	LGA/093	Misungwi District Council	0	0	8
57	AE/102	Rural Water Supply and Sanitation Agency-Tabora	0	0	5
<b>Total</b>			<b>252</b>	<b>10502</b>	<b>427</b>

### 3.4 Data Analysis

Both qualitative and quantitative methods were employed to analyze the data of this study. Content analysis was conducted to generate meaningful themes. This process was iterative, as the data and the existing literature were constantly compared to examine how the data might challenge existing concepts. Each author coded independently, and adjustments were made when disagreements occurred. This process continued until themes that explained the underlying mechanism in each research objective were aggregated. The findings section includes a chain of evidence through quotes.

In addition, the analysis of the data collected through the survey questionnaire was carried out using IBM SPSS Vers 29. This included data cleaning and descriptive statistics, which also covered the demographic profile of the data. Similarly, to evaluate the reliability of the constructs in the model pertaining to compliance and e-procurement adoption, we utilized partial least square structural equation modelling (PL-SEM) for model assessment using SmartPLS version 3.7 software. The reason for using PLS-SEM is because this study is explorative.

### 3.5 Demographic profile of respondents

Table 3.2 presents the demographic profile of the participants in this study. A look at the demographic profile reveals that 91.4% of the respondents had a bachelor's degree or higher, suggesting that they possessed sufficient educational background to comprehend the questions stipulated in the questionnaire. Similarly, 79.2% of the participants were those classified as individuals within the working age range (i.e., 25-49 years old). In addition, 59.3% of the respondents were procurement officers, indicating that the questionnaire was predominantly completed by individuals actively involved in the execution of procurement decisions daily. Correspondingly, 14.3% of the participants were internal auditors, who were entrusted with the responsibility of ensuring adherence to public procurement law and its regulations at the organizational level.

Table 3. 2: Demographic profile of the respondents

Age distribution	Frequency	Per cent	Cumulative Percent
65 and above years	2	0.5	0.5
Between 18 and 24 years	6	1.4	1.9
Between 25 and 35 years	114	26.7	28.6
Between 36 and 49 years	224	52.5	81.0
Between 50 and 64 years	81	19.0	100.0
Total	427	100.0	
Education distribution	Frequency	Per cent	Cumulative Percent
Degree	227	53.2	53.2
Master's Degree or above	163	38.2	91.3
Post-secondary Certificate/Diploma	37	8.7	100.0
Total	427	100.0	
Position distribution	Frequency	Per cent	Cumulative Percent
Accounting Officers	8	1.9	1.9



Age distribution	Frequency	Per cent	Cumulative Percent
Administration	32	7.5	9.4
Engineer	33	7.7	17.1
IAU	61	14.3	31.4
IT	19	4.4	35.8
Legal Officers	21	4.9	40.7
Procurement	253	59.3	100.0
Total	427	100.0	
Working experience distribution	Frequency	Per cent	Cumulative Percent
11-14 years	75	17.6	17.6
3-6 years	75	17.6	35.1
7-10 years	105	24.6	59.7
Above 14 years	122	28.6	88.3
Less than 3 years	50	11.7	100.0
Total	427	100.0	

### 3.6 Measurement Model Assessment

In the introduction, this study presented three research objectives. However, research objective three, which focused on the implementation of previous recommendations, was more exploratory and concerned with contemporary phenomena that lack empirical studies. Thus, it was a case study-based research. On the other hand, there are numerous empirical studies related to compliance (i.e., objective 1) and e-procurement (i.e., objective 2). However, we took a different approach compared to the existing literature (e.g., Matto et al. 2022; Mwakibinga and Buvik 2013; Almajali et al. 2023), as this study utilized mixed research methods to generate practical recommendations. In the quantitative phase, we employed previous studies' constructs that were modified with qualitative findings. In terms of improving the compliance model, we utilized six independent variables (i.e., Professionalism, monitoring, Familiarity, Political influence, sanctions, and management support). Additionally, to enhance the user acceptance and use of the e-procurement, we used five independent variables (i.e., perceived benefits, organizational readiness, organizational willingness, perceived satisfaction, and isomorphic pressure). The next subsection provides descriptive, normality and reliability of these focal variables.

### 3.6.1 Descriptive statistics and normality assessment

This research utilized IBM SPSS Vers. 29 to execute descriptive statistics. In accordance with previous research (e.g., Hair et al. 2010; Kline 2011), an evaluation of the normality of the focal variable was conducted by examining the skewness and kurtosis values. The purpose of this assessment was to determine the degree to which the skewness and kurtosis values deviate from the recommended conservative threshold for normality. Hair et al. (2010) suggest that the acceptable range for skewness values is between -1 and +1, while Kline (2011) indicates that the acceptable range for kurtosis is between -3 and +3. Consequently, an examination of Table 3.3 reveals that all focal variables fell within the acceptable range for the normality test.

Table 3. 3: Descriptive Statistics: mean, standard deviation, variance, skewness, and kurtosis

Focal variables	Model	Mean	Std. Deviation	Variance	Skewness	Kurtosis
Perceived Benefits	Model II	6.072	0.982	0.964	-1.441	3.554
Organizational Readiness	Model II	5.513	1.035	1.071	-0.968	1.983
e-procurement implementation	Model II	5.769	1.165	1.357	-1.313	2.941
Perceived Satisfaction	Model II	5.555	1.102	1.214	-0.836	1.182
Organizational Willingness	Model II	6.051	1.133	1.284	-1.485	3.297
Isomorphic pressure	Model II	5.125	1.206	1.455	-0.531	0.315
Professionalism	Model I	5.781	1.001	1.002	-1.457	3.702
Monitoring	Model I	5.644	0.956	0.914	-1.143	2.815
Familiarity	Model I	5.396	1.061	1.126	-1.028	2.226
Sanctions	Model I	4.166	1.152	1.328	-0.083	0.702
Political Influence	Model I	3.704	1.711	2.929	0.003	-0.797
Management support	Model I	5.458	1.065	1.134	-0.829	1.733
Compliance	Model I	5.653	1.030	1.061	-0.947	1.801

In addition, all focal variables were assessed using a 7-point Likert scale, with a range of 1 to 7 and a midpoint of 4 representing neutrality. Concerning the compliance model (Model I), the mean scores of five independent variables—namely, professionalism (5.781), monitoring (5.644), familiarity (5.396), and management support (5.458)—exceeded 5. This suggests the presence of professionalism, monitoring, management support, and knowledge of procurement law and regulations in the context of public procurement. However, the mean score for

sanctions (4.166) indicates that respondents held a neutral stance, suggesting uncertainty regarding the imposition of sanctions on non-compliant individuals. Surprisingly, respondents, on average, disagreed with the notion of political influence in public procurement. Detailed information is presented in Figure 3.1.

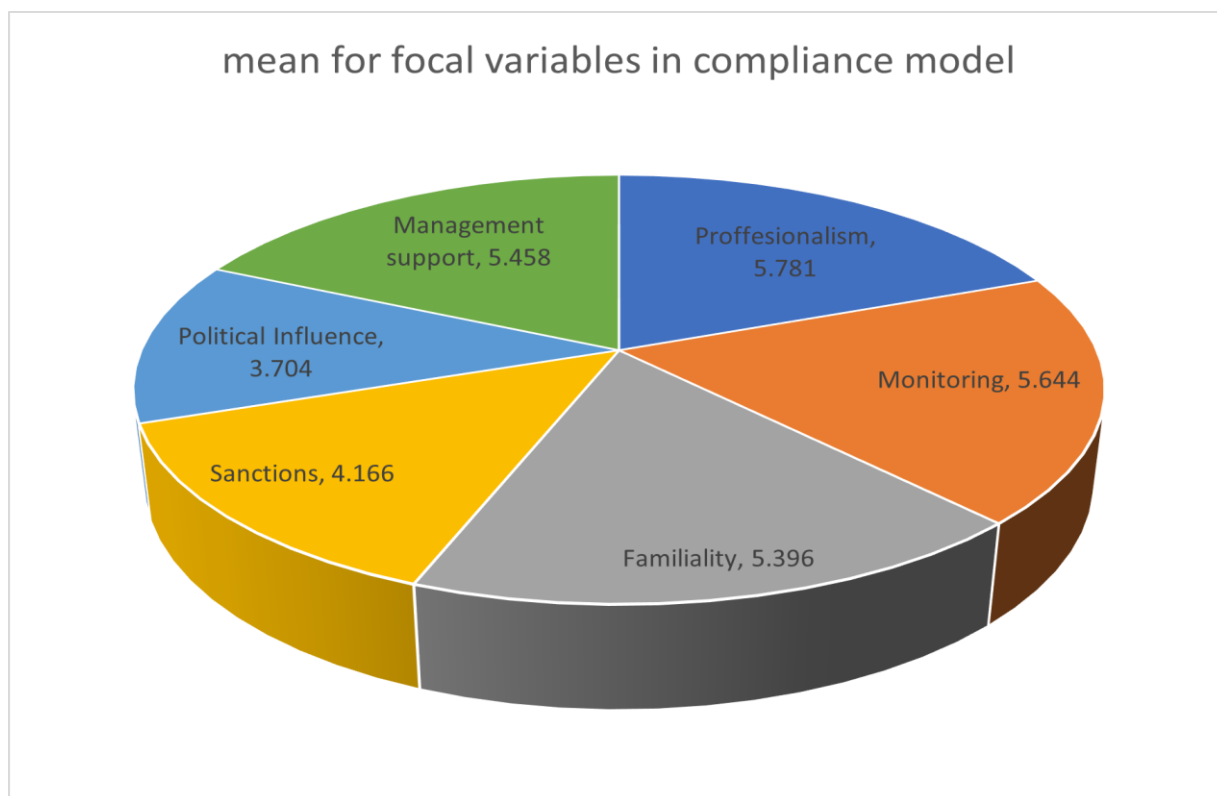


Figure 3. 1: Mean for independent focal variables for compliance model

Moreover, the average value of the four independent variables, namely Perceived benefits (6.072), Organizational willingness (6.051), Perceived Satisfaction (5.555), Organizational Readiness (5.458), and isomorphic pressure (5.125), surpasses 5. This suggests that the respondents have a positive perception of the benefits, and are satisfied, prepared, and willing to use the e-procurement system. Furthermore, the results show that isomorphic pressure exists in public procurement, specifically pressure from the government, the public, and other public entities, to adopt the e-procurement system. These details are elaborated upon in Figure 3.2.

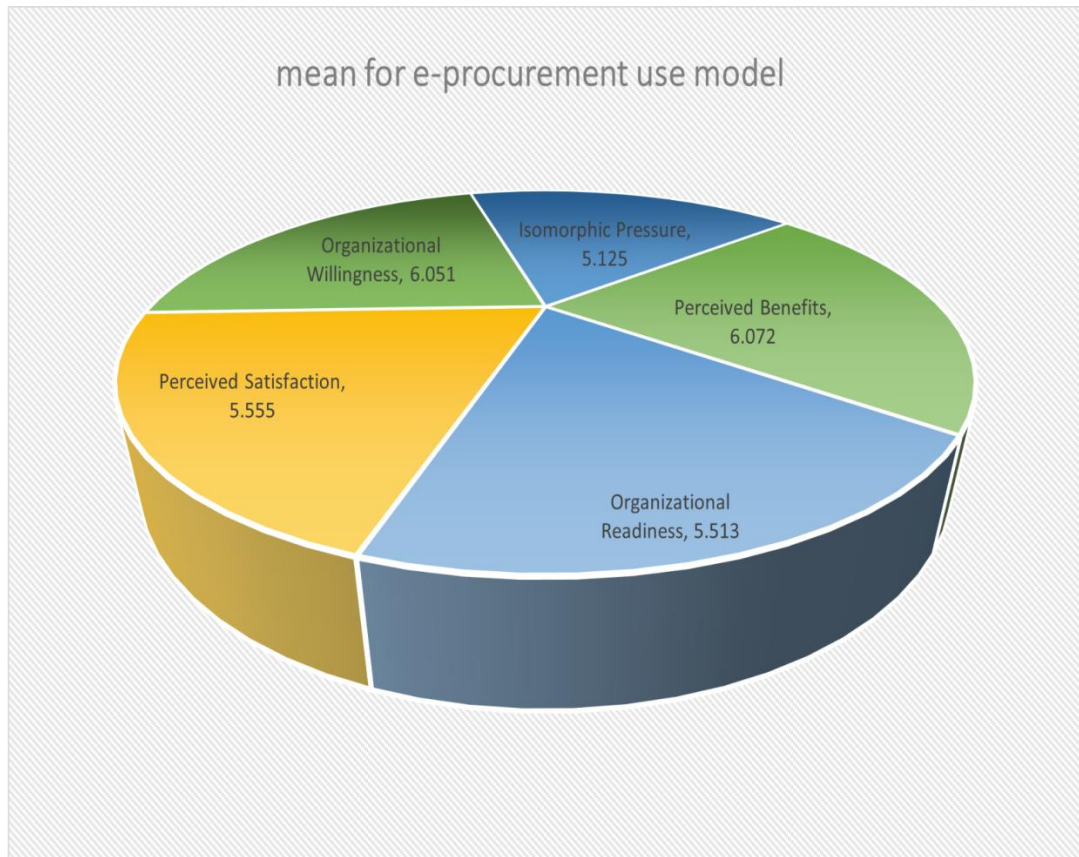


Figure 3. 2: Mean for independent variables in e-procurement use model

### 3.6.2 Reliability and convergent validity assessment

This research employed SmartPLS 3, a prominent PLS-SEM measurement model evaluation (Ringle et al., 2015). The reliability of focal variables in both models (i.e., compliance and e-procurement usage) were assessed using a new and more efficient measure ( $\rho_A$ ), as well as Cronbach's alpha and indicator loadings (Henseler et al., 2014). To ascertain the reliability and convergent validity, it is recommended that  $\rho_A$  values and Cronbach's alpha values surpass 0.7, and the average variance extracted (AVE) should be above 0.5 (Hair Jr et al., 2022). Additionally, the indicator loadings ought to be no less than 0.7. The results of reliability and convergent validity for all variables are presented in Table 3.4 (a) and (b), alongside the factor loadings of the items. We find support for all variables in both models, as all values of  $\rho_A$ , Cronbach's alpha, and AVE fall within the suggested thresholds, except for the familiarity variable (Sarstedt et al., 2019).

Table 3.4

Table 3. 4 Loadings, reliability and validity for focal variables in compliance model

Construct	Indicator	Loadings	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
<b>Compliance</b>	COMP1	0.784	0.920	0.923	0.941	0.761
	COMP2	0.849				
	COMP3	0.925				
	COMP4	0.924				
	COMP5	0.874				
<b>Familiarity</b>	FAM1	0.811	0.670	0.688	0.817	0.599
	FAM2	0.706				
	FAM3	0.800				
<b>Management Support</b>	MAN1	0.816	0.796	0.796	0.868	0.624
	MAN2	0.822				
	MAN3	0.818				
	MAN4	0.695				
<b>Monitoring</b>	MON1	0.834	0.902	0.905	0.928	0.720
	MON2	0.873				
	MON3	0.796				
	MON4	0.877				
	MON5	0.861				
<b>Political Interference</b>	POL1	0.850	0.951	1.014	0.961	0.831
	POL2	0.925				
	POL3	0.949				
	POL4	0.912				
	POL5	0.920				
<b>Professionalism</b>	PROF1	0.853	0.883	0.886	0.914	0.681
	PROF2	0.854				
	PROF3	0.824				
	PROF4	0.807				
	PROF5	0.785				
<b>Sanctions</b>	SAN2	0.814	0.785	0.788	0.874	0.699
	SAN3	0.884				
	SAN4	0.808				

However, familiarity's Cronbach's Alpha (0.670) and rho\_A (0.688) were marginally below the recommended threshold of 0.7. Regarding the indicator loadings, all of them meet the recommended thresholds except for MON-1 (0.695). Hair Jr et al. (2022) propose that researchers may retain indicators with lower loadings to ensure the construct's content validity, as long as they fall between 0.4 and 0.7, and their inclusion does not undermine the internal consistency reliability and convergent validity below the recommended thresholds. Hence, we have retained these indicators.

**Table 3. 5: Loadings, reliability and validity for focal variables in the e-procurement usage model**

Construct	Indicator	Loadings	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
<b>e-procurement system usage</b>	ADOP1	0.929	0.959	0.960	0.970	0.891
	ADOP2	0.961				
	ADOP3	0.967				
	ADOP4	0.918				
<b>Compliance</b>	COMP1	0.792	0.920	0.923	0.941	0.761
	COMP2	0.843				
	COMP3	0.924				
	COMP4	0.922				
	COMP5	0.873				
<b>Isomorphic pressure</b>	ISOP1	0.796	0.809	0.856	0.870	0.627
	ISOP2	0.744				
	ISOP3	0.828				
	ISOP4	0.797				
<b>Organizational readiness</b>	ORGR1	0.768	0.863	0.875	0.907	0.709
	ORGR2	0.830				
	ORGR3	0.897				
	ORGR4	0.869				
<b>Organization willingness</b>	ORGW1	1.000	1.000	1.000	1.000	1.000
<b>Perceived Benefits</b>	PEB1	0.872	0.943	0.945	0.954	0.746
	PEB2	0.835				
	PEB3	0.890				
	PEB4	0.815				
	PEB5	0.903				
	PEB6	0.882				
	PEB7	0.846				
<b>Perceived satisfaction</b>	PERS1	0.912	0.938	0.939	0.955	0.843
	PERS2	0.935				
	PERS3	0.893				
	PERS4	0.931				

## CHAPTER FOUR

### FINDINGS AND DISCUSSION

This section presents the results of both qualitative analysis and quantitative analysis. The findings obtained from the qualitative analysis are substantiated by a chain of evidence, specifically quotes, contained within boxes. Similarly, each finding obtained from the qualitative analysis is supported by statistical evidence discovered during the quantitative analysis. The analytical framework delineating coding procedures is represented in Annex 4.1

#### 4.1 Factors affecting low levels of regulatory framework compliance

##### 4.1.1 lack of professional competence of procurement workforce

The findings reveal that some procurement workforces lack essential competence and skills. They face difficulties in interpreting and applying the law and its regulations, as well as preparing the appropriate tender documents according to the procurement requirements. The accounting officers from various PEs, who participated in the study and who have the ultimate authority for procurement decisions, expressed their concerns about the level of competence of the procurement workforce (see Box 4.1). As one accounting officer noted, “they often have difficulties in understanding the law and giving proper advice”. Their challenges in interpreting and applying the law and the system may affect their compliance performance. In other words, if they are not confident or competent in their understanding of the legal and procedural requirements, they may make mistakes or violate the rules unintentionally. This could lead to negative consequences such as delays, disputes, penalties, or corruption. Therefore, it is important to ensure that the procurement workforce has adequate knowledge and skills to comply with the law and the system and to advise the accounting officer effectively. This highlights the need for capacity building among procurement professionals.

#### Box 4.1 Quotes for the professional competence of procurement workforce

“ To some extent, it is possible that their ability is low. The problem itself sometimes is to interpret the law, it is possible that in some areas they face a little challenge to interpret the law and advise me as the accounting officer” AO-PA-1

“The issue that came up is that procurement officers fail to know maybe what documents to use in procurement maybe when it comes to procurement, a guard for example, sometimes it may happen that procurement officer starts wondering whether to use non-consultancy services documents or use framework contract documents ” LO-PA-1

“..It is possible that some procurement officers have little understanding of the law, and that is why this happens. When you go to audit them, you ask them why they put 0.01 to 0.015 per cent, especially in construction projects. They will tell you that it is how it is done in practice. So the little understanding of the law makes them rely on more routines than the law...” IA-PA-1

‘Now what I think is that we should first go back to the ability of our unit. It is that we lack that ability, that’s why even if you go three years back, you will find that things have not improved. So I believe that if we find someone with enough ability, we can “improve”.’ PO-PA-1

Additionally, in this study, we used a survey questionnaire to ask the respondents from different disciplines across PEs to ascertain whether the procurement workforce is familiar with PPA CAP 410 (R.E 2022) and GN No 446 of public procurement regulations of 2013 (as amended). The findings, as indicated in Figure 4.1, show that all respondents agreed that the procuring entities use a procurement workforce that is to procurement procedures and have appropriate academic qualifications. However, the findings also indicate that Internal Auditors and IT experts were neutral on the ability of the procurement workforce to interpret the law. This corroborates the findings indicated in Box 4.1 that were obtained during the interview, where the procurement workforce struggled in interpreting the law.



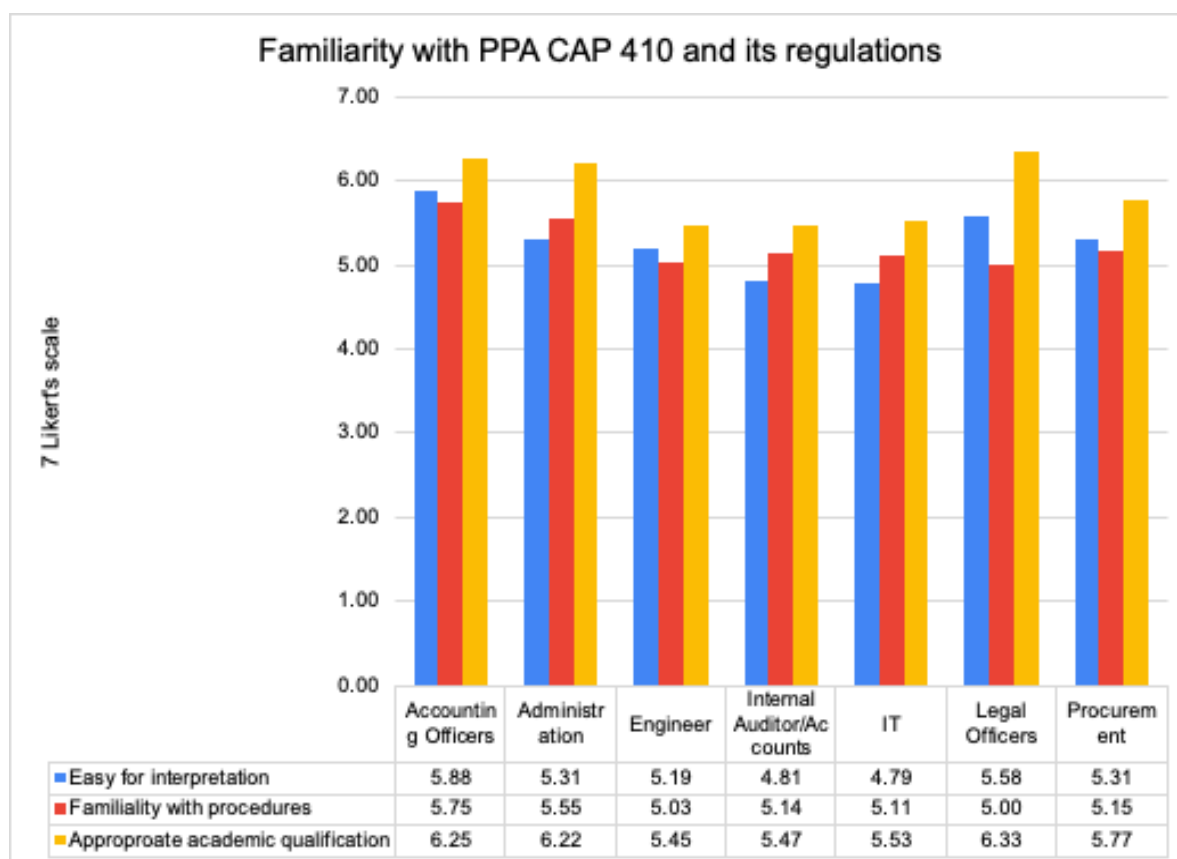


Figure 4. 1: Professional competence of public procurement workforce

Moreover, using a survey questionnaire, the Authority collected the educational qualifications of the procurement workforce. The findings, as shown in Figure 1.11b, reveal that among the surveyed procurement workforce, 30% have a Master's Degree or higher, 56% have an advanced diploma or a bachelor's degree, and 14% have a post-secondary certificate or diploma in procurement and related fields. This indicates that 86% of the procurement workforce have a bachelor's degree or higher, which suggests that they have appropriate academic qualifications, as shown in Figure 4.2. However, it remains a matter of concern whether this education fits well in practice. A plausible cause for this finding is that there is a mismatch between the competence assessment model and the professional certification issued by the relevant authority body.

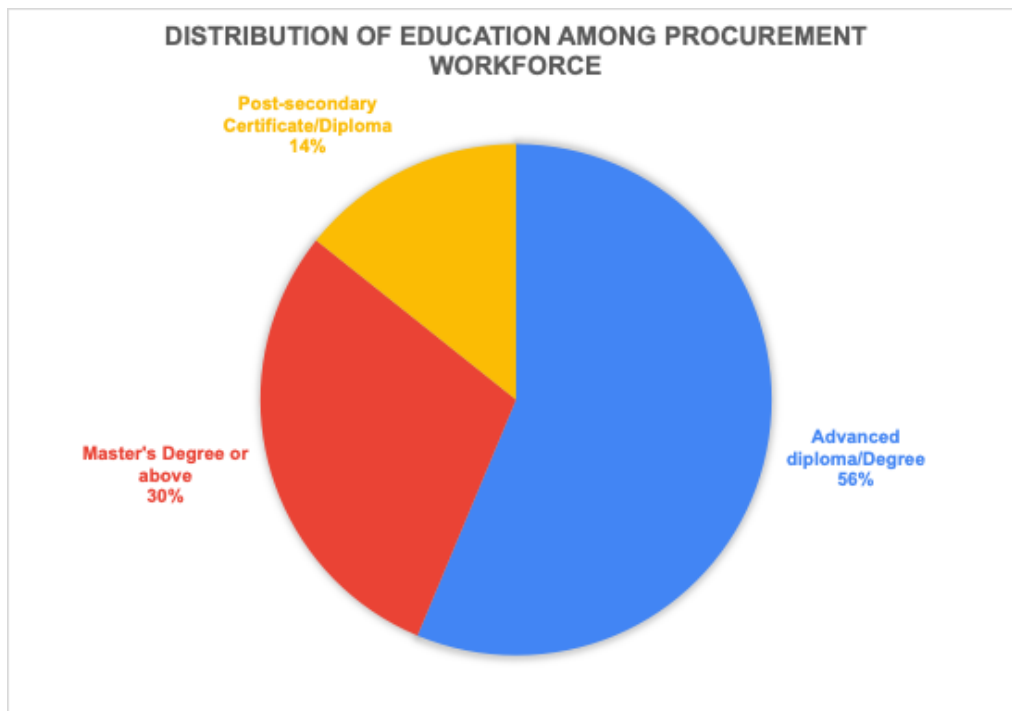


Figure 4. 2: Public Procurement workforce education distribution

#### 4.1.2 Adherence to directives that violate public procurement law

Regulation 5 (d) of GN No. 804 of the code of ethics and conduct for public officials and bidders involved in public procurement necessitates that public officials must adhere to government circulars and directives. This regulation is consistent with the statement made by an Accounting Officer from the Ministry, which asserts that "the law is a comprehensive document that outlines general rules, and exceptions exist for every general rule. Thus, when activities deviate from the general rules, it implies that the institution in question is adhering to those exceptions, which does not indicate non-compliance". In line with previous research (e.g., de Boer and Telgren), it is inevitable that public procurement directives are followed, although they must comply with the general law. However, findings indicate that decision-makers frequently issue directives that contravene the requirements of PPA, CAP 410 (R.E 2022) and its regulations. These directives are accompanied by pressure, time constraints, and, most importantly, political will that contradicts the requirements of the CAP 410 (R.E 2022). Likewise, these decision-makers have the authority to discipline the procurement workforce and potentially terminate their contracts, particularly in LGAs. As a result, the procurement workforce is compelled to adhere to these directives, leading to non-compliance with the regulatory framework. Box

4.2 validates findings obtained through input from various stakeholders who participated in the interview.

Box 4.2 Quotes for directives that violate public procurement law

” We in the Local Government receive many directives, regardless of whether they are in the budget or not. But when they are issued, we are expected to implement them. How can we comply then? FN- LGA-1

“....An institution is implementing a project, but it faces political pressure. For example, when government and political leaders visit the site, they issue orders, such as ‘Bring cement here’ or ‘Get something else’. The next day, those things are delivered, but how did they procure them? Did they procure them in accordance with the procedures required by the law?, the answer will be NO” IA-MDA-1

“...Sometimes, a leader comes and issues directives, such as the Regional Commissioner who says ‘I want stalls to be built here by tomorrow, and I want to see craftsmen when I come here’. You can’t use the system to announce the project, you just have to give a manual quotation, and tell the workers to come, check the drawings, fill in the forms, and start working” PO -LGA-12

“Councils also have many directives that are issued by people who either forget that they should follow the legal procedure of procurement, or do it deliberately because they know they are not responsible for the consequences. They just order that something be done within two days, while the normal procurement process is not like that...” TB-LGA-2

“Sometimes, the authority forces us to follow the procurement procedures, but other times, we face pressure from other sources. The government also exerts pressure on us by calling it political willingness and telling us to hurry up and build a laboratory. They expect us to buy cement and anything else by whatever means to finish the project in a few days. How can we comply with the law??....” ICT-LGA-1.

“They give us 400 million shillings and tell us to build classrooms in 90 days. However, the legal procurement process takes almost 28 days. If we follow it legally, it takes almost 28 days. So, if you are told to complete the classrooms within 90 days, can you comply with each procedural step in the law and finish on time?” AO-LGA-1

“.....you find that 20% to 30% of the tenders that have been executed by government institutions (PEs) are not part of the procurement plan. But when we investigated how they were approved, we found that they did not follow the normal procedure. They were either influenced by directives or pressure.”....” PO-MDA-1

“...The challenge that arises is that we receive instructions from outside our institution that make us implement things that are not in the procurement plan under great pressure and with directions from our senior leaders...” AO-LGA-2

#### 4.1.3 Low level of capacity and knowledge of suppliers

The findings suggest that a significant number of suppliers lack the capacity to fulfil the requirements of public entities (PEs), as evidenced in Box 4.3. The analysis of the conducted interviews indicates that, despite being registered with the Public Procurement Regulatory Authority (PPRA) and the Government Procurement Services Agency (GPSA), some suppliers lack comprehension of the PEs' needs and expectations. Additionally, the analysis reveals that an inadequate understanding of the procurement law and its regulations poses a substantial impediment for suppliers, hindering the PEs' ability to achieve satisfactory compliance performance. Consequently, this leads to delays and challenges in the timely delivery of goods or services, particularly when they are sourced from foreign countries.

The findings also reveal that most of the bidders do not conduct proper market research on the items they quote, as most of these bidders are small-scale operators. Therefore, subsequent to securing the contract, they are unable to fulfil their obligations as they come to realize that they are incapable of locating or transporting the items at the price initially quoted, nor can they generate any profit. As a result, most of the procuring entities have to re-advertise the tendering process, which increases the procurement transaction costs, delays the delivery of services, and affects the completion of the contract. This, in turn, affects the procurement compliance of most of the procuring entities.

#### Box 4.3 Capacity and knowledge of suppliers

“ Many suppliers do not have the capacity, meaning that some do not even know what you want, but they are registered with PPRA and GPSA. They are registered, especially since some do not know what they are doing. This is business so he tries to get business now he knows this is available in England it becomes a problem he will say I will supply within this time, he asks for a little time, and he delays delivery.....” AO-PA-2

“.....The education level of the people we work with and do business with, especially our suppliers, is low. Most of the suppliers we have do not go to school and are not willing to follow the procedures step by step. They only know that I have to do something and then give them their share.” FN-LGA-2

“....But also, these tenderers who the system identifies as capable based on those criteria, but are not. I have experienced this in these procurement procedures. They meet the criteria for registration in the system, but you can see they are not capable. They seem to have the qualifications, but when you assess them from the

outside, that is, their actual performance, they cannot deliver the service or do the work....”AO-LGA-3

“..We might encounter the problem of the bidders we notify not delivering their responses on time. The competition becomes low because many of them cannot access the system....” TB-LGA-12

#### 4.1.4 low level of imposing sanctions on non-compliants

The findings suggest that there existed different perspectives with regard to the penalties imposed on government officials or entities involved in the acquisition of goods and services who fail to comply with the laws and regulations of public procurement. A particular group of interviewees, including those from the procurement workforce, particularly from LGAs, agreed that the sanctions outlined in Section 104 of PPA, CAP 410 (R.E 2022) were indeed imposed. On the other hand, another group (e.g., Internal Auditors and ICT experts) expressed uncertainty regarding the enforcement of sanctions. Additionally, other interviewees such as Accounting Officers disclosed that no sanctions were imposed at all. Our analysis revealed that, on average, the severity of the sanctions enforced was relatively low, thereby exacerbating the issue of adherence to the laws and regulations pertaining to public procurement.

#### 4.4 sanction quotes

“The laws do have sanctions for non-compliance, without a doubt. Specifically, the public procurement law includes sanctions. However, do individuals face the sanctions to the extent required by the law when they fail to comply with it? To me I would say sanctions are imposed but not enough yet....” AO-MDA-1

“Often, sanctions are not taken directly, maybe the non-compliant can give explanations now until it comes to implementation it takes time, and the challenge becomes that prolonged decision for imposing sanctions, not one specific person only it’s many people are involved you cannot say it is somehow imposed....”IA-LGA-1

‘When a case is at PCCB and the ruling is completed and someone is given a punishment. If he/she is not from your institution, sometimes we do not even know what punishment he has been given. So we, as ordinary citizens, often do not know the punishments” TB-PA-01

“There is no punishment, they just pressure each other here informally and then life goes on. I have never seen people being punished seriously, I have never heard of it unless maybe they are in the relevant department. But as for me, I have never seen it and I do not think it exists because we expect someone who misbehaves to

be warned and discussed in the meeting with the internal CMT. We end up resolving things internally, saying “sir, you be careful about this” ICT-LGA-2.

“...Before I came, some people were suspended from work because of that building I was telling you about. It means that it was not done fairly. There are still people who have cases in court for violating the procedures and laws of Procurement”. PO-LGA-13

“.....We have delays in taking steps in public institutions. The event has already happened with clear evidence, but the next step is still a matter of discussion. People debate whether we should take action or not...” IA-LGA-2

“.....there are some staff who do procurement improperly, especially when they were audited and were found to have done some incomprehensible things. Then the disciplinary authority of the local council gave them a punishment like that at some point, and some others are still under investigation by PCCB....” TB-LGA-13

Moreover, this study used a questionnaire to find out how respondents from LGAs, PAs and MDAs felt about the sanctions imposed on those who did not comply with the public procurement law and its regulations. The participants expressed a neutral standpoint (i.e., they assigned a rating of 4 out of 7 on the Likert scale) towards the sanctions. This implies that they were uncertain about the penalties imposed on either public officials or procurement entities for their failure to adhere to the regulatory legal frameworks. Figure 4.3 illustrates that in both LGAs and PAs, the respondents concurred (with a score of 4.5, which is in close proximity to 5 on the Likert scale) that the sanctions were indeed enforced, albeit not at a significant level. However, Figure 4.2 shows that respondents from various Ministries, Departments, and Agencies (MDAs) exhibited a neutral stance with a mean score of 4 on the 7-point Likert scale regarding the imposition of sanctions on non-compliant parties. In other words, these respondents expressed uncertainty about the existence of imposed sanctions. As a result, we can reasonably deduce that while sanctions are indeed implemented, they do not possess the required level of efficacy to effectively enhance compliance performance in public procurement hence better value.

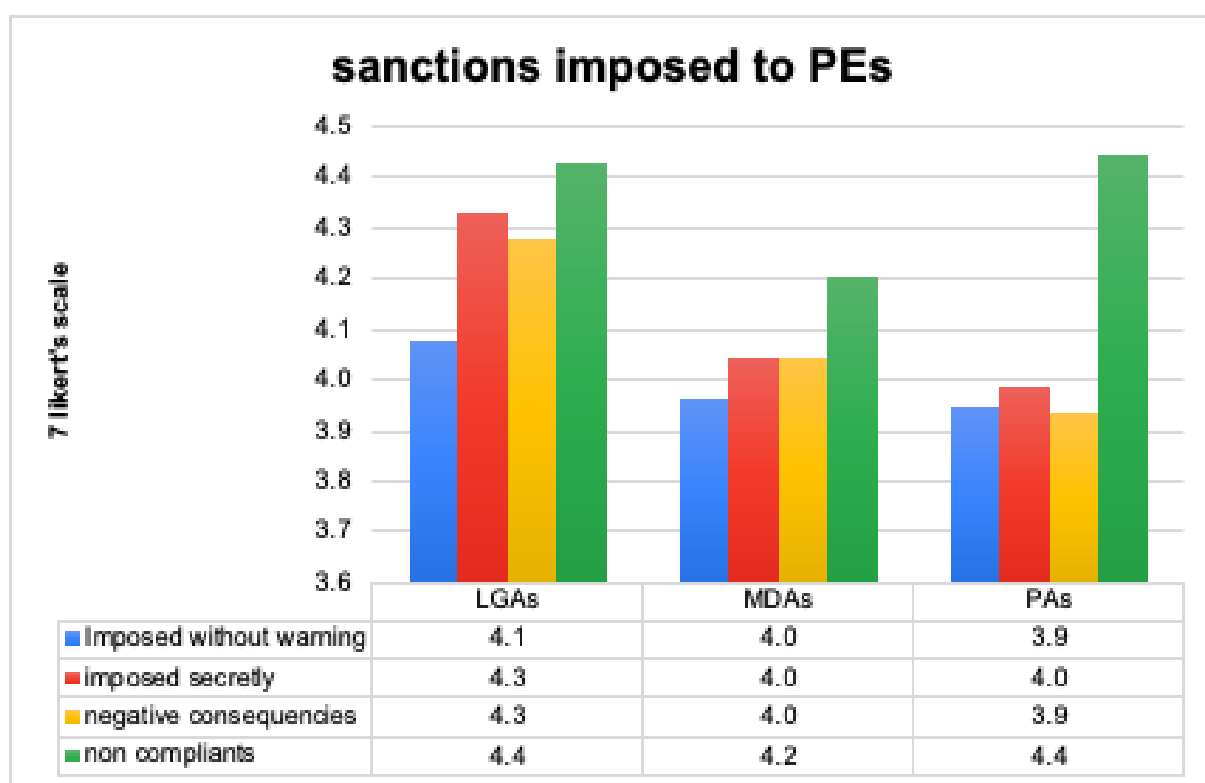


Figure 4. 3: Awareness of sanctions imposed on non-compliance

#### 4.1.5 Low level of integrity and public trust in public procurement

Public procurement accounts for 75% of government spending and it is the area that attracts the most corruption. Corruption in general is a source of crime and it undermines the public trust and the rule of law. The findings reveal that in public procurement, lack of integrity is more prevalent because it involves large amounts of public money that can be diverted to private interests. This can tempt people to engage in unethical or illegal practices, such as bribery, fraud, collusion, or favouritism.

Likewise, this study also found that the public has a notion that people who are involved in procurement achieve success faster than other careers. This notion is the result of a loss of public trust in the procurement workforce based on the attitudes, lifestyle and most importantly actions to perform the procurement effectively and efficiently. As one interviewee noted, “the society itself perceives that there are opportunities in procurement, because it knows that almost 70% of the country’s budget is allocated to procurement. Therefore, the society is aware that there are many chances for corruption in procurement”.

Furthermore, the findings also show that lack of integrity is influenced by the coercion exerted by potential contractors who lack the necessary qualifications to secure tenders or the capability to fulfil the required work, yet still aspire to obtain the contract awards. These individuals resort to unethical and illegal tactics, such as bribing the procurement personnel, to secure the contracts. In an interview with one accounting officer, he confirmed that “the pressure from outside comes from contractors. A contractor may come and lack qualifications for the work but still want the job. Thus, compliance becomes challenging for most of the procurement workforce when pressured to hand in some offers that they can’t afford to reject.

Additionally, the findings show that the integrity of the public procurement workforce is compromised by the conflicting interests of the stakeholders. The analysis indicated that there is an ongoing internal conflict among the procurement staff, the accounting officers, and the HPMUs, which poses a challenge in complying with the requirements of the law and its regulations. Therefore, these conflicts have resulted in non-compliance with the public procurement system.

#### Box 4.5 Integrity and corruption quotes

“It would be difficult to deny that there is corruption in public procurement because there is evidence and some of it is available and some people have been prosecuted for corruption. Therefore, there is corruption in procurement, and it is more prevalent in procurement than in other areas.” AO-MDA-2

“.... we still face a challenge from those outside who are applying, as many of them lack qualifications and are struggling. A person who does not have qualifications then lobbies to get them, and lobbies so that you do not comply” AO-MDA-3

“Procurement officer bought the computers and brought them here, but the accounting officer at that time did not want those items from that supplier, so he told everyone who was given to collect the computers and return them” IA-PA-2

‘I think many people often make mistakes. Integrity is not only about the people who are in the procurement cadre. We should also talk about the integrity of those who are outside the institution. The bribe givers are outside, not inside. There is no one from the institution who bribes himself. The institution does not give bribes to its people. So, many bribes in procurement come from suppliers..” LO-MDA-1

“Other reasons may make me not comply because I have my interests. The reason for not complying is that I will get A, B, C, D, E, etc. So it is like I am looking for a way to get anything” ICT-LGA-3



“....He who is looking for a job persuades with his means, and the other one who wants to get a job does the same. He has his own conditions, so they meet in the middle. The issue of integrity is there.....” AO-LGA-4

“....One of the causes is conflict of interest, which means that people know each other between suppliers and buyers. By knowing each other, I mean that someone becomes favoured for some reason, or the buyers have gone to seek out people they know who are doing some activity, and then they invite them..” LO-PA-2

#### 4.1.6 Insufficient training for leaders on procurement issues

The analysis shows that many LGA directors lack knowledge of public procurement issues. Their lack of knowledge makes them very reluctant to comply with public procurement laws and regulations. In addition, they have also become highly unwilling to support the directives issued by the authorities regarding procurement issues. Also, they think that public procurement laws and regulations are a source of delay and long bureaucratic procedures. As a result, many LGAs are violating Public Procurement law and its regulations and are left behind on the implementation of many procurement issues/ matters.

#### Box 4.6 Insufficient training for leaders on procurement law and its regulations

“....These trainings are given to us a lot, but not to our leaders. That’s why, when our leaders hear something called PPRA, they feel like they are coming to discourage us. For example, I was called by the Director. I think someone called him and told him that you are here. He called me and asked, “What have they come to do... ?” PO - LGA -1

“....The most important people are the Directors because you call me a procurement Officer and you train me, but you don’t train them. After being trained, when you go to explain your arguments, they don’t understand. However, if they are trained we will speak the same language.” PO - LGA - 2

“....But even for us user departments, not all of the Heads of Departments are aware of these procurement laws. You find that this one is a Doctor, and he focuses a lot on his profession, or this one is an Agricultural Officer, and he focuses a lot on his profession. However, the user is the one who is supposed to initiate procurement. So he sees that as the work of the procurement people! Therefore, being conversant with these procurement laws is not something that everyone likes to follow up and know....” TB - LGA - 14

“...Knowledge of public procurement is also a challenge for the accounting officers. I think now PPRA should, instead of just issuing training invitation adverts, send those letters directly to the institution. Accounting officers should be told

that they have not attended training for some time. You should instruct them to attend training. Attending training should not be optional. We want them to attend training on public procurement law and its regulation.....” PO-PA-2

“...The biggest problem I think is also a lack of knowledge. If a person knows the consequences of something, he cannot pressure you. I took the initiative for myself and persuaded my boss a lot to let the accounting officer go for training. He went for training three times and you can see that his pressure levels are down a lot. He cannot take any action without you, the procurement officer..” PO-PA-3

#### 4.1.7 Price disparities in remote procuring entities

The study's findings revealed that there is a huge difference in the price of goods from one location to another. The study observed that commodities in regions distant from Dar es Salaam or those on the border have significantly higher prices. The high prices of goods in remote regions, border regions or mine areas compared to Dar es Salaam and its nearby regions significantly increase the cost of the project. This scenario can lead to incomplete remote projects when they are funded in the same amount as those in Dar es Salaam or their nearby regions.

For instance, TAMISEMI funded the construction of classes in almost all schools throughout the country for the cost of TZS 20,000,000.00. However, the actual cost of constructing the class in remote areas, borders and mining areas is higher compared to other regions. The price of one bag of cement of 50kg sold at TZS 26,000.00 in Tarime district, in Mwanza city the price, one bag of cement of 50kg sold for TZS 23,500.00, in Dar Es salaam sold for TZS 19,500.00 and in Bukoba the price is almost twice of that in Dar Es Salaam. Implementation of these projects to its completeness, district councils to up on the deficit.

#### Box 4.7 Price differences in remote procurement entities

“The prices of goods in our council are higher than in the whole country; you can't imagine. Let me just give you one small example: we wanted to buy cement, and from the town to here, I was told it was 26,000 shillings per bag. Then, from Mwanza to here, I was told it was 23,500 taxes inclusive, and all those invoices said 23,500 prices on delivery to site...” FN-LGA-3

“....The whole issue is the standards set by TAMISEMI or other institutions. For example, a classroom is built for this amount that does not match the environment. A classroom is built for TZS13,000,000 or TZS 20,000,000 in Kibaha or Dar es Salaam where there is Dangote cement, but when you come here, the cement is Braid. When the cement arrives here, you buy it for TZS 23,000 per bag, but the cement

from Kenya is TZS 16,000. So, when you tell the village to buy it for TZS 23,000, the citizens fail to understand how he does it. Therefore, sometimes a person decides to do that and then they prepare documents, they sign them, but they buy cement from Kenya.....” TB-LGA-15

“....But another thing is that when the cost is decided... for example, you said that every classroom is twenty million across the country. In Dar es Salaam, I don't know how much they pay for cement... but in our council, it is twice as much as that price. So, if we decide that the classroom is twenty million, then there is already a problem. Therefore, now I have to buy cement twice, but the scope of work is the same, and the cost is different.....” PO-LGA-14

#### **4.1.8 Uniformity of public procurement law and its regulations across diverse procuring entities**

The analysis shows that procurement law is enacted on the principle of universal uniformity, meaning that it applies equally to all procuring entities regardless of their business environment, strategic objectives, desires and aspirations. This implies that the law adopts a one-size-fits-all approach, which ignores the specific nature of the business, the complexity of the environment, and the ambitions of the top decision-makers. As a result, many procuring entities face difficulties in complying with the existing regulatory frameworks. Some of them choose to prioritize the targets and goals set by the top decision-makers over regulatory compliance. For example, this study found that local government authorities (LGAs) are vulnerable to directives, especially at lower levels where the current legislation does not allow for such directives. Likewise, some parastatals and higher learning institutions that operate as business entities struggle to compete in the market with larger or international competitors due to the legal procedures required by the law and its regulations, which act as barriers. Therefore, many procurement entities decide to violate the procurement law to keep up with the private companies they compete with in the same market. Box 4.8 provides a chain of evidence obtained from the conducted interviews.

#### **Box 4.8 uniformity of law and its regulations**

“..I think that this is the nature of the work that is done by those PEs. The law groups them all or the regulations bind them all together, that is, local authorities are considered similar procurement entities to MSD or GPSA. So if you compare

that scenario, you must find that there are PEs that cannot adhere to those legislations...” TB-MDA-1

“The main issue with the procurement law lies in its enactment based on a principle of one size fits all...” LO-MDA-2

“...It happened at some point that these organizations like TPA, TCCL are in great competition and then they start with the tender board and they cannot be competitive with their peers, due to this procurement law. We buy samples so that we can do collaborative work. Our procurement procedures have been too bureaucratic, too long on collaborative projects...” AO-PA-3

“There are some activities carried out by our institution that require you to show profitable results. Now, if you want to follow the procurement law and its regulations as they are, then it’s impossible..” IA-MDA-2

‘`Now, you can’t have one type of procurement law and then make them apply to “all industries”. That has never happened before, even though they have said that we have prepared the same for business entities. Also, businesses are different.’ MO-PA-01

“.....These laws should be considered by the Local Government and other institutions. Therefore, the implementation in the Local Government requires you to find those laws that are somewhat easier, but still emphasize them. Also, on the law, when we violate the procedures, the punishment should be clear and direct, so that the person knows it and is deterred from doing it...”IA-LGA-3

“You find that in some places, the application of the law for one institution in a certain area or section is very easy to implement, but in other institutions, it is obvious that before the law itself is even used, you can already see for yourself that its implementation is difficult..” IA-MDA-3

“...But I would say that there should be a slight difference between the local government, the central government, and other places. That is, these laws have some areas that need to converge, like on the set where there is something common to all government institutions, but there are others that happen in the council and do not happen anywhere else..” FN-LGA-4

#### **4.1.9 Insufficient incentive for procurement workforce and structuring harmonization of procurement management units**

Findings of this study, indicate that procurement staff are less motivated and incentivized than other professionals in terms of financial and non-financial rewards. Financially, the results show that a certified procurement professional (i.e., CPSP) has a lower salary scale than a certified accountant (CPA), engineer or lawyer at the entry-level in the public sector. Non-financially, in LGAs, PAs and MDAs, the Heads of Procurement Management Unit are principal officers who do not have a similar position status as other professionals. This not only discourages procurement staff

but also encourages unethical behaviour in public procurement. For instance, the analysis shows that in LGAs the Procurement Sector is set as a unit or department with no power on managerial decisions. The unit or department reports directly to the District director but does not attend managerial meetings. They do not receive incentives or allowances for that position. It was revealed also that by the District council, the officers were termed as the Supplied Officers contrary to procurement law which requires these staff to be categorized as procurement and supply officers. On being as supply officers fail to deliver their responsibilities effectively on strategic procurement plans and processes as evidenced in Box 4.9

Box 4.9 Incentives and motivation mechanisms for procurement staff

“We have a head of the procurement unit here, but he has no power to issue orders in the zonal offices or at the stations. If he wants anything to direct there, he has to go back to the Director General.” IA-MDA-4

“Often, heads of procurement management unit are not seen in the organization structure as having power or voice as a member of management” IA-MDA-5

“...It is a small thing, but it is big: these fees we pay to our board. You will find that institutions pay for other professionals, but for us procurement staff, they don’t pay. And if you ask to be paid, you will be told “no fund”. Then you have to pay for yourself. There was a time when our board gave a deadline for people who had not paid their dues. That they would revoke their membership if they did not pay. Unfortunately, even in that situation, institutions did not pay for their procurement staff and we had to pay for ourselves..” PO-LGA-15

“..there is this issue of promotion that requires us to have CPSP. I think it is not fair because when we are employed with a degree, we are hired at grade “D”. But to move from “D” to “E”, they say we must have CPSP. I think it is too soon. We are not saying that we do not want to study. We do want to study and we have started. But it takes at least two or three years to get it. And when our time to be promoted comes, we are told that we cannot be promoted until we have a certificate. Now, my friends, we have just started working and our salary is seven hundred and ten thousand, but we receive only six hundred thousand. And today, we are told that we will not be promoted until we have a CPSP certificate. It is very discouraging and it demotivates us to work. We feel like you do not care about us....” PO-LGA-16

“Structuring of procurement management unit in the sense of how should be organized within an organization is a problem. You may find that some are a directorate, others are a unit, and some are completely hidden they can not even report directly to the CEO.” TB-MDA-3

#### 4.1.10 Initiating procurement with uncertain fund availability

The procurement law and regulations require Procuring Entities to purchase services, goods or works when there are funds for respective activities. Entities have to verify available funds for the activity through form No. 2 and the finance unit. However, the finding shows that procuring entities failed to pay suppliers after the delivery of goods or services as agreed on LPO or contract. The procurement conducted without confirmation of funds shows that procurement entities purchase without funds. The findings show with limited funds release, procurement entities accumulate supplier's payments for up to six months. Late payments disturb SMEs' cash flow and result in SMEs hesitating to do business with public institutions to avoid the problem of late payment and loss of their capital.

However, the late payments have also increased costs to procurement entities. The annual general report for the public Authorities for the financial year ended 30 June 2022, found that 12 entities of the audited entities incurred nugatory expenditure amounting to TZS 63.77 billion comprising interests and penalties on delayed payments. Additionally, late payments of suppliers' behavior reduce competition on tendering and hike commodities prices which in general increase cost to government expenditure.

#### Box 4.10 Initiating procurement with an uncertainty of fund availability

“It is challenging to manage the budget, as one does not know what they will receive, apart from the institutions that generate their revenue. But the budget poses a difficulty for us to comply with planned annual procurement ..” PO-MDA-10

“.....The government is like a trawler. You can work with it, but when it comes to payment, you start arguing. Some claim they have not been paid for three months, four months, or even five months, and that will come back to haunt them. FN-LGA-5

“.....but there are also big businessmen who can deliver goods on time and for a good price. However, they have already lost hope in the government. There are no big businessmen who will bring you anything without getting paid first. And they say the government is a nuisance and they have reduced their capital because of sending goods before getting paid....” FN-LGA-6

“....In the contract that we signed, it was written that you should be paid after delivering the goods within one month. Six months have passed, a year has passed, and we are still giving orders. We have to give the same supplier call-off orders for

the first, second, and third time, and you find that the supplier has many call-off orders.....” PO-MDA-2

“.....“If you look at other jobs, it depends on the institution having money. Let me tell you the truth. If a government institution does not have money, this issue of procurement compliance will never work. But if you have money, you know you dare to demand compliance and the ability to return. However, if you don’t have money, the supplier can give you the price he wants because value for money is for him. It doesn’t exist because that money won’t be given to him today or tomorrow.”.....” TB - PA - 2

“....The bidder suffers because the payments come too late after the jobs are done. Some of them have small capital and we ask them to bring us stationary worth twenty million. Their capital is small and we want to receive the goods first and pay them later. This becomes a very big challenge for those who provide us with services....”EN-LGA-1

#### 4.1.11 Use of nonprofessionals in public procurement

This study indicates that at the lower level, projects carried out under the Force Account were typically supervised by teachers and doctors. These professionals lacked training in public procurement laws and regulations. In addition, they rarely get the opportunity to interact with procurement officials who possess a thorough understanding of procurement law and regulations mostly due to their limited numbers and the considerable geographical distances separating them. As a result of this deficiency, ensuring compliance with procurement laws and regulations for these executed projects appears to be a daunting challenge. This necessitates a strong demand for the relevant authorities to recruit suitable professionals for the procurement of these projects, taking into consideration the significant utilization of public funds in these endeavours.

#### Box 4.11 using nonprofessionals in public procurement

“....Because procurement is not only done at the council level, there are people at the lower levels who procure things, such as health workers and teachers. Everyone is a Procurement Officer these days. When issues arise, we answer them, but if you give advice, you seem to have your interests...” PO-LGA-17

““Perhaps the first thing that is currently troubling us a lot is that many projects have been delegated to lower levels. There has been very little understanding, especially of these procurement laws. It also brings us great obstacles during inspection because we find that people do not follow these guidelines due to a lack of education. The government has now allocated a lot of money to schools, clinics, and health centres, and many of those who oversee them do not understand procurement laws...”IA-LGA-4



“....I can start here and it will work out well, but what about the lower level? If things are not going well there and a lot of resources are spent there, won't we lose too?.....” ES-LGA-1

#### **4.1.12 Inefficient and impracticable methods of procurement**

The study's findings show that force account procurement is ineffective for many constructed projects as it is associated with poor quality, delayed completion, unethical practices, and the high involvement of unprofessional personnel during their execution. For instance, it was observed that for many projects, teachers and doctors supervise the projects instead of professional engineers. This finding is in line with the finding of Mwalukasa and Sallwa (2023) who revealed that the force account projects at Local Government Authorities in Tanzania were associated with a lack of qualified personnel, difficulty in achieving intended quality, delay in delivery, inexperienced human resources to run and manage huge construction projects, poor supervision, and top management interference.

Additionally, the findings show that implementing projects under this framework has a lot of hidden costs that many stakeholders did not consider during their implication, for instance, supervising costs, VAT exemption for local fundis, and alike, which sometimes make the force account projects seem cheap compared to contractor-implemented projects. This raises a big concern for organizations about making a cost-benefit analysis before embarking on the use of this method.

Moreover, most force account projects are characterized by political influence, strict deadlines, and local pressure, which contradict the requirements stipulated by public procurement law and its regulations. Despite the existence of guidelines provided by the Public Procurement Regulatory Authority (PPRA) and the President's Office, Regional Administration and Local Government (TAMISEMI), the implementation of these guidelines still poses a significant challenge for the majority of HPMUs and procurement officers. For instance, these projects do not come with a supervision budget, causing procurement officials to incur personal expenses to ensure timely project implementation.



#### Box 4.12 Inefficient and impracticable methods of procurement

“.....If you go to the force account, people have memorized, they just say create a committee, etc., so you will find that the powerful person in the village becomes a committee member. You will find that the whole committee can listen to one powerful person in the village, so even the inspection issues can go and advise your things, but when you leave, they do differently. And many of us Supply Officers are told that this person is coming to advise us to still the money, they change the perspectives there for people, so even when you arrive to explain your matter, they see you as a joke.....” PO - LGA - 18

“...Now, you will recall that we have a construction process that uses a labour force, which is carried out by the Local Fundi. Now, according to the process, those local workers need to be closely supervised. However, when there are few construction experts, they cannot rotate everywhere at the same time.” LO - LGA - 1

“We think that local fundis are cheap in construction, but that is not true. It is like this: when we hire a contractor, he pays VAT 18%. But when we get a local fundi who charges 26 million, he does not pay VAT. Then we think we have saved costs by building classrooms for 26 million. But we have not included the monitoring costs, which we use our internal revenue to cover, such as fuel, allowance, and other things. Meanwhile, the contractor is the one who charges more than 18%. That is, if you have 26 million, you have to add another 18%. Now the contractor claims that he builds one classroom for 35 or 36 million, and he has 18% there. In my mind, there is nothing we have avoided.” AO-LGA-5

“That a building like this comes with instructions to use the force account method and you have been brought three billion to build perhaps this administration block” PO-LGA-3

“...These fundis of ours have little ability. They need engineers to be there full time because if you just direct them and leave, they do it differently and poor work, hence you have to demolish it.....” EN-LGA-2

“Force account refers to the institution’s capacity to perform its work. We consider the capacity of human resources and the existing skills. However, the instructions require execution... now you are executing without capacity... so the final product cannot be the best” TB-LGA-16

“Force account has no preliminary or supervision cost. Therefore, the Director here will have to arrange for fuel, and other related costs...” TB-LGA-17

#### 4.1.13 Complexity of the public procurement law and its Regulations

The analysis reveals that the law itself is intricate because of its bulkiness, excessive procedural nature, and drawn without taking into account the local context. Consequently, the procurement workforce and other stakeholders involved encounter difficulties in making connections in adhering to all procedural and

substantive legal matters. Additionally, it necessitates approvals from non-professional personnel (e.g., the Tender Board), who not only pose challenges in obtaining timely approvals but also struggle to exercise the substantive legal matters stipulated in the laws, thus resulting in non-compliance. Similarly, it was found that due to the excessive procedural requirements of the law, even the procurement of small items through national shopping necessitates a protracted process and approvals. For example, it takes four days to advertise and seven days as a cooling-off period. The intricacy of the law and its regulations presents a formidable obstacle for a significant number of procurement personnel in adhering to them, as they consistently neglect to conform to the law.

#### Box 4.13 complexity of the law and its regulations

“The problem starts with the law itself and its regulations. In terms of the law, it has become too complex for someone who is not a lawyer, and there are references to back and forth inside that are starting to cause problems ....” LO-PA-3

“....ou know, every leader has his vision. When you have someone who leads you, he thinks that these laws and regulations are slowing things down, and they are bureaucratic. He decides to take a shortcut. ....” PO - LGA - 19

“.....It is too procedural. You find that there are so many procedures to follow that you can hardly say that you have complied..” PO-MDA-3

‘I think that the procurement procedures, which have been there, are “so much complicated”. They need to be “straight”, but they should not have many obstacles that increase “bureaucracy” and many queues, like the one that was on the “paper work”, PO-PA-4

“.....When you start the procurement process, it takes at least 90 days to get those requirements. That makes people try to find shortcuts to shorten the time..”TB-MDA-2

#### 4.1.14 Failure in properly planning, conducting needs assessment, evaluation of tenders and poor contract management affects compliance

The study aimed to determine which phases of the procurement procedure are most susceptible to noncompliance. The stages that have the greatest impact, according to this study's findings, are planning, need assessment, and contract implementation. The results indicate that the planning phase is significantly impacted when political and government leaders direct LGAs to undertake unplanned projects. For instance,

the construction of health centres, classrooms, and alike. Likewise, during the initiation phase, the user departments communicated their requirements to the PMU while the materials were required soon. Also, the market survey or feasibility study was not conducted which resulted in under or over budget. Furthermore, during the evaluation phase, which is a very critical stage whereby the right supplier is available. The findings show that political intervention by local Councilors, who were extremely concerned with ensuring that the contracts were awarded to their local suppliers (voters), were ultimately awarded to incompetent (contractors and suppliers). Furthermore, an area existed where procurement professionals lacking integrity manipulated the contract awarding process to favour unqualified suppliers to advance their gain. Finally, with regard to contract implementation, the results indicate that unqualified staff (e.g., teachers or doctors) frequently supervised force account projects at the lowest levels. As a consequence, the contracts ultimately lacked adherence to the contractual terms and conditions.

**Box 4.14 Failure in properly planning and conducting needs assessment**

Stage	Quotes
Planning	<p>“The challenge is in planning at the very end because if the end user makes a mistake, the whole process is wrong.” AO-PA-4</p> <p>“For example, when making the specifications of what you need, especially for complicated things, it can cause problems. You did not need it or intend to get it, but also at that same stage, let’s say, like a market survey or research to know the prices of things, if the user has not done well, it means that in the plan, he can plan something that he thinks this money is enough, but it is not enough or it is more than what could do other activities.” LO-PA-4</p> <p>“Because, first of all, you often find that the things that come up, those ad hoc ones, are not in the plan. You understand those that are in the plan do not have problems or queries. Those that come like rain are the ones with problems, so there, at the initiation, people say, ‘Do this and this and this ... put out the fire ...’” PO-MDA-4</p> <p>“If the institution or the department can arrange its procedures well and how to initiate procurement until it gets the equipment it needs, being careful in arranging their ‘plans’, nothing is impossible.” TB-PA-3</p> <p>“Sometimes, the ‘user’ gives you the ‘planner’ (plan), that he will buy A, B, C, but I don’t know, the ‘planning’ is in a hurry,</p>

Stage	Quotes
	<p>maybe. Especially when it comes to using, you may find that he gave you a ‘planning’ with 5 shillings, when using 7 shillings. ‘I don’t know the value for money’, that is how our shilling plays.” FN-MDA-01</p> <p>“A person plans something not by doing a ‘feasibility study’. That is, he just says, ‘Okay, now we will renovate the infrastructure buildings of the college. We allocate 200 million.’ When implementing, he makes a ‘statement of requirement’ contrary to the reality.” PO-PA-5</p> <p>“...I still struggle with the evaluation for example today you would ask me that ‘what does the law say about evaluation in terms of compliance and non-compliance?’. The one who makes specifications is the Procuring entity that sends them to the market but there in the market, there is a variety of products. The issue of saying that specifications should be neutral and so on it’s a requirement but it has remained to be a theory. In this world, there are no neutral specifications. So to say that the specifications that are provided by PE when they go to the market and that market complies as it is they create two risky things..” PO-MDA-5</p>
Evaluation	<p>“...there is a big challenge in the evaluation. Some of the criteria that have been specified may not be considered. But now, some may be skipped when doing the evaluation. And then, you must get something that is not right. There must be favouring.....” IA-LGA-5</p> <p>“.....The problem I see in the procurement sector is in the price comparison. That is the problem. You can be given a note of the price of tiles that you have inspected and find it is 40,000 shillings, but someone brings you 60,000 shillings. However, there are three quotations: 60,000 shillings, 63,000 shillings, and 64,000 shillings. So when he brings you that 60,000, it looks like he is low. I say this is not right because I see it. So the problem with the price comparison is big..... ” TB-PA-4</p> <p>“The evaluators have little knowledge....” IA-MDA-6</p> <p>“..... Sometimes you have difficulty selecting these evaluation teams, and you will often end up with the same ones just because there are not many who have knowledge and awareness, and if they are the same ones who are accustomed to it they know how to make this pass, so it can be a very easy way to collude....TB - LGA - 1</p> <p>“... Evaluation is also a challenging part that has many delays because you find that we do not have specific experts who are</p>

Stage	Quotes
	<p>specialized for evaluation maybe they should be trained well or something there is none....” PO-MDA-6</p> <p>“....in that composition you find that one person can go who is of the profession of the thing that is going to be done or the service he can be there alone but the other team from the other side who are not knowledgeable on the issue they outnumber him, I think that can be a challenge....” AO-LGA-10</p> <p>“...Evaluation is also a challenge especially the one we did on TANEPS. For example, you do evaluations and it seems maybe someone has passed and then complaints come meaning we have to do them again to evaluate so there are “re-evaluations”. Honestly evaluation I think is a problem and sometimes the evaluators who are assigned “I don’t think they are competent enough to do evaluation”. And often this results in you seeing maybe there are frequent repetitions.....” TB-PA-5</p>
Contract implementation	<p>“..If the institution does not fulfil its duties but expects the contractor to do so, that is where the problem arises” IA-MDA-7</p> <p>“Poor management can lead to challenges” TB-LGA-25</p> <p>“...especially on project management. The thing that I often notice is that the user departments sometimes fail to manage the projects, perhaps because of the many tasks they have. So they leave many things to the Engineer, who depends on the procuring entity. For the procuring entity that has many projects, it is very difficult to cover every aspect....” LO - LGA - 5</p> <p>“.....Now, on contract management, I see a very big problem here. There is a need for the institution to have a specific procedure for contract management in its law, but it is not clear....” LO -MDA-3</p> <p>“...for example, this quarter we have done the inspection that does not happen at all... evaluation. They do not do it at all for these low projects.” IA-LGA-6</p>
Needs assessment	<p>“Anything usually gets spoiled at the beginning, that is, if the initiator of the needs does not know what the final consumers need, that is where the problem starts..” TO-LGA-5</p> <p>“..... if you prepared, all the steps have been clarified, you know your requirement is the fifth month, where were you to start early so that you can meet these settled deadlines of this stage, this stage, you see I do not want to understand this prolonged procurement thing because if you initiate early there is no chance of encountering that prolonged procurement, it will go as planned nothing has increased ...” IA - MDA-14</p>

Stage	Quotes
	<p>“Almost all of them face obstacles but initiation of needs especially for force account is the big problem ...” TB-LGA-26</p> <p>“.....the law has stipulated that the procurement person is supposed to help, but to me once the user department starts making mistakes in the specification of what they want to buy or what they need, my friend you are done ....” TB-PA-6</p>

#### **4.1.15 Increased number of procurement policy problems due to lack of national procurement policy and strategy**

The results reveal sufficient evidence of the persistent and escalating issues surrounding procurement policies. These issues can be ascribed to the absence of a comprehensive national procurement policy and strategy that establishes a solid framework for addressing these concerns. To put it in a case, achieving sustainability in procurement presents a challenge, as the majority of the procurement workforce relies solely on theoretical interpretations outlined in public procurement law, which is insufficient in offering technical guidance. Furthermore, it was discovered that procurement entities (PEs) neglect to allocate 30% of their budget for special groups due to the lack of technical guidance. The findings also indicate that the frequent amendments made to public procurement law and its regulations have failed to resolve procurement policy problems, as all amendments fall short of providing technical guidance for implementers. As a result, many decisions heavily rely on subjective interpretation and judgment.

Additionally, the findings demonstrate a continuous increase in inconsistencies in procurement methods, ongoing errors leading to excessive costs or the inability to achieve the desired outcomes, and delays in completing strategic construction projects and collaborative projects. These setbacks are a consequence of the absence of a practical policy guide and strategy. Furthermore, the complexities associated with using developed sustainability criteria during supplier evaluation can be attributed to the absence of a national procurement policy and strategy.

#### Box 4.15 Lack of procurement policy and strategy

“The biggest problem with compliance is the lack of a procurement policy that would help to deal with these daily changes in the law, and guidance from leaders as it would help to provide direction in public procurement. The law itself cannot meet the needs and goals of the country.” AO-LGA-10

“There are many changes every day in this procurement law and its regulations to the extent that perhaps even laws are beginning to relate with other laws... now they are confusing people on what to use on what and perhaps the laws have undergone through these changes because of lack of policy...” TB-PA-7”

Even at the Policy Ministry of Finance, they need to get people who go to the field and then return there to sit. I think the policy can come out very well. Because he has lived with it and knows what he is doing.” PO-MDA-11

“..our project donors have slightly different instructions and procurement procedures state that if a donor has their procurement instructions, then their procedures will be followed. For example, many of our project donors want to have their APP in each project. When a CAG or PPRA inspector comes, they tell you to “aggregate” in your APP, so which one should you follow?” PO-PA-7

## 4.2 Factors affecting effective use and acceptance of national e-procurement system

The automation of public procurement involves the use of e-procurement systems throughout the whole supply chain of the procurement process (Presutti 2003). On average, public procurement accounts for 50% of government budgets in developing countries (World Bank 2017). For example, the Tanzania government allocated about 9.15 billion dollars for the fiscal year 2022/23 to procure goods, services, and works, which is equivalent to about 56% of its budget (PPRA report 2022/2023). Therefore, most governments are motivated to optimize their budgets by increasing transparency in their public procurement systems (Chen et al. 2021). As a result, there are growing initiatives and investments for public procurement automation (World Bank, 2017).

Tanzania is not lagging in these initiatives, as it started to automate public procurement in 2021 when it introduced TANEPS. The system was both partially manual and electronic. The efforts did not end there, as the new e-procurement system was rolled out to all procuring entities in early October 2023. It is widely documented in the existing literature that, for effective adoption and user



acceptance of the system, users first need to be aware of its benefits (e.g., Adjei-Bamfor et al. 2020;Almajali et al. 2023). Thus, in this study, we aimed to find out whether stakeholders in public procurement understand the important role that the implemented e-procurement system plays in public procurement.

#### 4.2.1 Procurement entities perceive that it's beneficial to use e-procurement systems in public procurement

The analysis of the interviews from the participants of this study reveals the perceived benefits of both TANEPS and NeST in the procurement system, as shown in Box 4.16. The most frequently mentioned perceived benefits are: safeguarding public funds from potential unethical procurement workforce /staff, enhancing transparency, reducing bureaucracy, reducing human intervention, improving compliance, reducing tendering cycle time, and enhancing timely delivery of services or goods.

Box 4.16 Perceived benefits of e-procurement systems

Perceived benefits	Quotes from interviews
Safeguard public funds	“But by using the system I believe we save, for example, a lot of government money that can be lost...”FN-LGA-7
Reduce bureaucracy	“We introduced NeST recently if it is strong enough it will yield results, ... the main goal is to reduce the bureaucracy” FN-LGA-8
Reduce human intervention	“And also, the e-procurement system prevents face-to-face contact where you can do things easily ” AO-MDA-4  “.....it eliminates those meetings between a person and service providers, also work performance can be more efficient because everything can be linked to the system....”TB - LGA - 18
Improve compliance performance	“...this NeST can be a partial solution to comply with the law. Because if we say that all purchases now go through the system, I think it can be a solution” IA-LGA-7  “The electronic procurement system will help to comply with the law” IA-MDA-8  “But also to avoid flaws, the system will follow all steps” TO-LGA-2
Timely delivery of goods /services	“I know the system will help the equipment to arrive on time” IA-MDA-9



Perceived benefits	Quotes from interviews
Reduce tendering cycle time	<p>“his system, when it comes, gives you a certain time to do this and that. If the system closes, it helps people to manage their time. So, things will be done on time.” ICT - PA -4</p> <p>“But also even that speed of processing procurement process will increase now which is also a benefit for the institution” TO-LGA-3</p> <p>“...it will bring benefits by reducing bureaucracy, that delay in getting services and so on. For someone, for example, it takes a long time to go out and take him a quotation somewhere and rush it and so on....” TB-LGA-19</p>
Timely availability of funds	<p>“Money will be available on time. The current accounting systems do not allow you to buy if you do not have money, but the old ones let us buy only... ....” IA-MDA-10</p>
Enhanced competition	<p>“.....to allow scope now, because of the advantage of that, today I can get a cement supplier from Mbeya. On the system, he saw that we wanted 5000 bags of cement, and he will put his offer there. Because he saw that I am (on the edge), he will charge the price of buying that cement and transporting it to us.” FN-LGA-9</p> <p>“.....you give your requirements in the air and everyone competes. So, he competes without knowing what the other has offered, rather than dealing with one person “ PO-LGA-20</p> <p>“....but this becomes global, so someone can enter and register and bring you a profile. You see, even if you do not know him, you look at the quality of what he brought, his prices, and maybe some other things. You can also get his profile, which is true because he is on the network, rather than hiding false things like that..... TB-LGA-20</p>
Enhanced efficiency	<p>“The benefits will be very big because what we are concerned about in procurement is control. It will reduce many errors, whether human or intentional..” IA-LGA-8</p> <p>“....if the systems are linked, then it will help us more easily....” TB-LGA-21</p>
Enhanced data-driven procurement	<p>“.....to have a record (record keeping) so that even if we search for the issue of March, we can find the information from February ”FN-LGA-10</p> <p>“.....because it is a system, everything will be stored in the data warehouse, ... record keeping will be greatly improved “ TB-LGA-22</p>

Perceived benefits	Quotes from interviews
	“.....paper work is not very reliable. Even during the inspection, we have a very hard time going through the document..” ICT-LGA- 7
Improve transparency	<p>“...and one way to create transparency in work performance is to use ICT systems, because they are easily accessible, and we can measure results easily. ...” AO-MDA-5</p> <p>“..you know the e-procurement system increases transparency, now if transparency increases it means everyone is satisfied they see what is going on .....” AO-PA-5</p> <p>“...I think there will be transparency because you have a big opportunity to have many participants in the procurement process, unlike how it was done before ....” IA-LGA-9</p>
Cost saving	“ ..... Paper work decreases. For example, to prepare tender documents, everyone who wants to bid has to come and take the tender and produce those papers, which is a big cost. But with this style, all those costs are cut short .....”IA-LGA-10
NeST reduces complaints from bidders suppliers/contractors	<p>“.....so, even in procurement, complaints will decrease. A person will apply and be evaluated. He will follow the criteria. If he does not meet the criteria, he will know that he cannot succeed, rather than trying” ICT-LGA-8</p> <p>“..the major benefits of the system are to reduce interference, fairness increases because a person who does not meet the criteria cannot get. There are no those things of bring this, bring this if you like him, but if you do not like him then you use the criterion of suppressing him. Now since everything will be done on the system, there will be no unfairness..” PO - LGA-21</p>
Reducing Corruption in public procurement	“ I expect that corruption will have not only decreased but also been eliminated. ....” AO-PA-6

Furthermore, we distributed a survey questionnaire to ask the respondents from different PEs to rank the perceived benefits on a 7-point Likert scale. The findings, as shown in Figure 2.2, indicate that all respondents moderately agreed (i.e., 6 out of 7) that automation of public procurement would improve compliance performance, reduce tendering cycle time, prevent corruption, enhance cost saving of public funds, improve transparency, increase competition, and increase accountability. These findings are consistent with the qualitative findings presented in Box 4.16

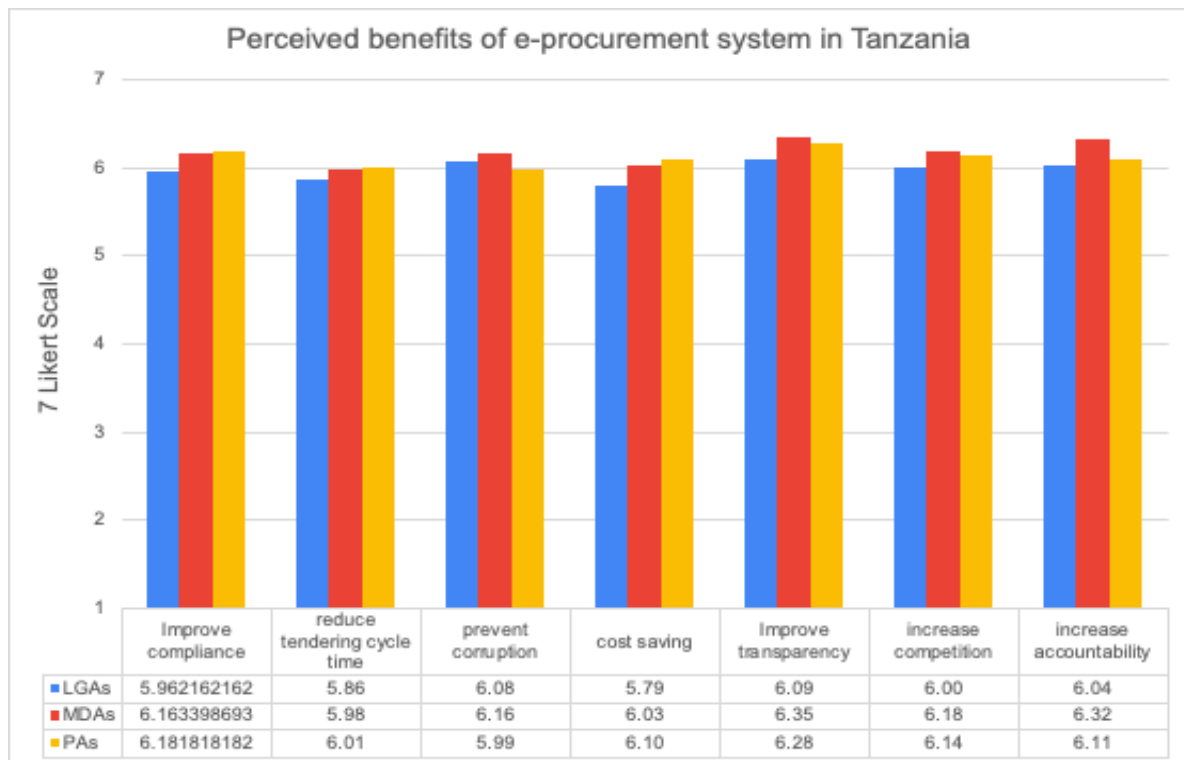


Figure 4. 4: Perceived benefits of e-procurement system in Tanzania

#### 4.2.2 Procurement entities are willing and ready to use e-procurement system

The analysis of 427 usable responses collected through survey questionnaires indicates that the overall willingness of organizations to use e-procurement is moderate (i.e. 5 to 6). Additionally, all respondents moderately agreed that learning from collaborating with other PEs, staff training, management support and enhancing the culture that recognizes the value of automation procurement systems. This indicates that both procurement entities and staff members are prepared and eager to employ electronic procurement throughout LGA, MDAs and PAs.

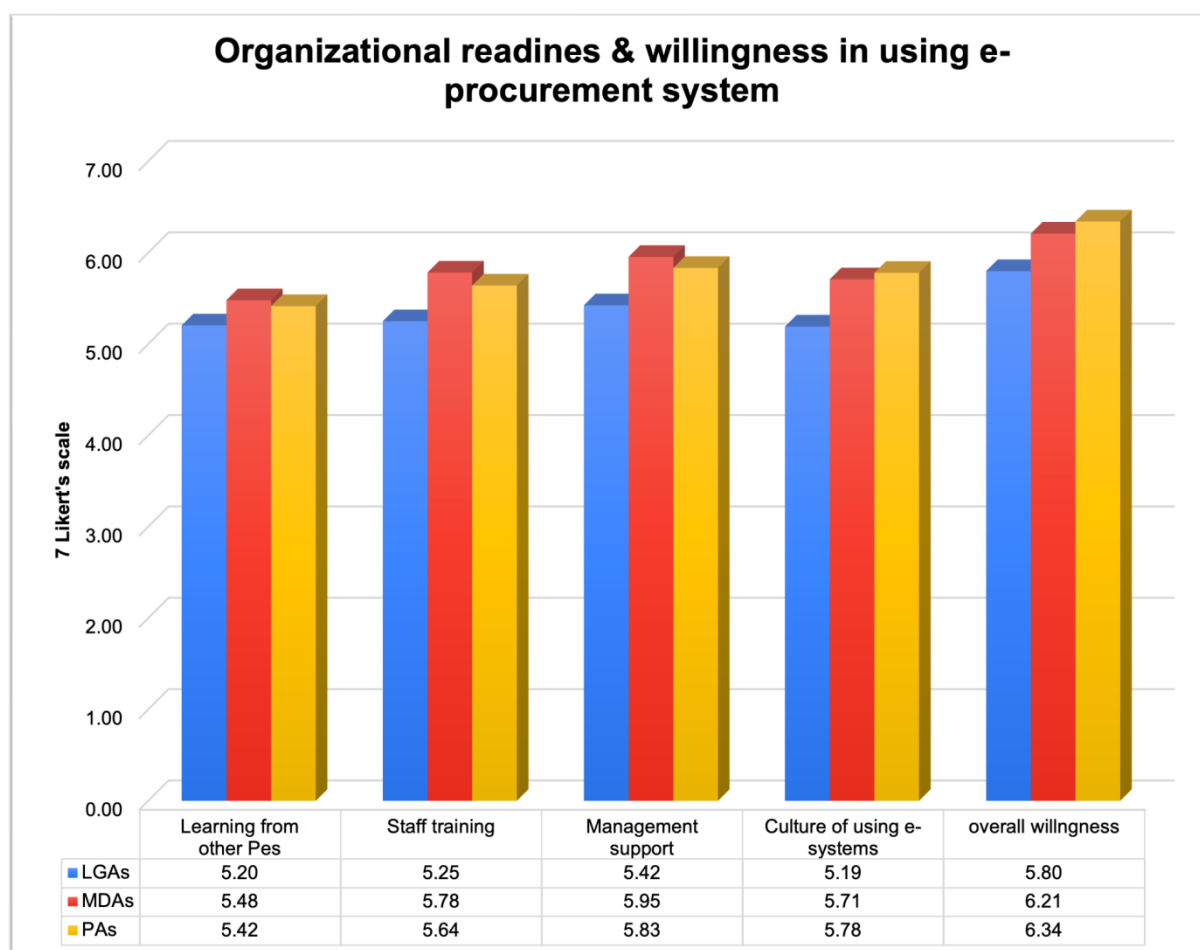


Figure 4. 5: Organizational willingness and readiness to use e-procurement systems

#### 4.2.3 Imposing sanctions and pressure increases effective use of e-procurement systems

Experience has shown that individuals often exhibit resistance to change. If there is a deficiency in appropriate provisions within the procurement law and its accompanying regulations pertaining to the non-utilization of e-procurement systems, a significant amount of time may be required to achieve acceptance. The study's findings revealed that the inclusion of penalties in the procurement law, such as a fine of ten million or both a fine of ten million and a jail sentence of three years, played a role in motivating procurement entities to adopt and implement e-procurement systems.

##### Box 4.17 Imposing pressure on PEs for effective e-procurement usage

The changes are legal and not just system changes like the usual system so you have no option to be ready or not ready. Because if you don't use it, it's compliant.

Compliance with the law is a must, whether you are ready or not, you must use it because now the system is built based on the law.” AO-MDA-6

“The electronic system has been developed in compliance with that law, so in any case when you start using the system you ensure you do not violate the procedures that have been established, ....” TB-LGA-3

“.....the law is what constrains me, but if it were up to me I would have already done it outside the system’ PO - LGA - 4

“It is compulsory not because of liking” LO-PA-6

“There is a penalty, that’s why does it compel me to use the system ... there is a penalty. If there were no penalty essentially we would not do those things FN-LGA-8

“.....if you do not use the system you will face a penalty, ... Because right now you see people are scared, ... there is a fine of ten million, there is imprisonment, so at least it will enforce discipline, ... by design, those systems will be applied now..” IA-LGA-11

“No one likes to be punished in the first place, ... whoever does not use the NeST system the penalty I do not know is either ten million or ten years, therefore, that alone no one wants their life to be impacted.” TB-LGA-23

Moreover, results for data collected through the survey questionnaire as shown in Figure 4.6, shows that the average score for the enforcement of the law in relation to the utilization of e-procurement systems exceeded 5, suggesting that all respondents agreed that sanctions for not using e-procurement compel them to do so. Moreover, the findings indicate that the pressure exerted by other procurement entities, the general public, and governing oversight bodies compels procurement entities to effectively embrace and implement e-procurement systems.

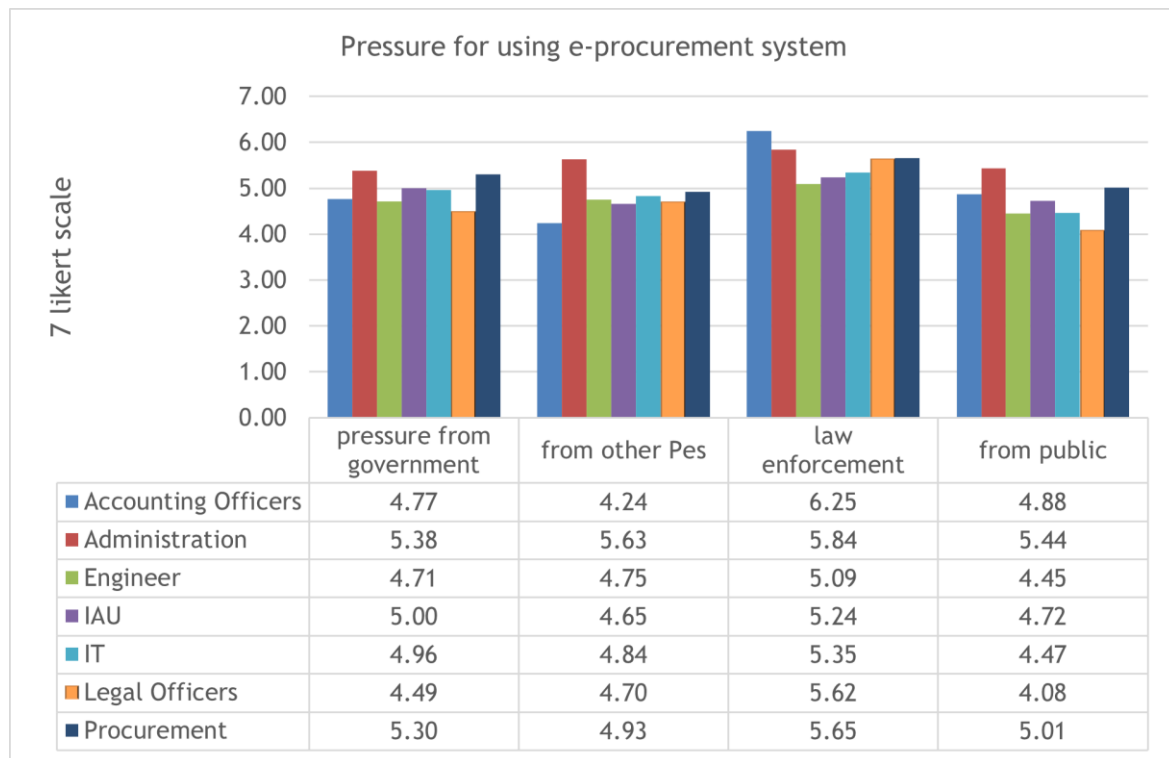


Figure 4. 6: pressure exerted on procurement entities to use e-procurement

#### 4.2.4 Insufficient ICT Infrastructure and training among the challenges leading to ineffective use of e-procurement systems

Tanzania, like other governments around the world, has put in place several steps to ensure that public procurement is done through an e-procurement system. The government, through PPRA, has established the new e-procurement system and is implementing a huge capability-building program for all public procurement players to become acquainted with the technology and be able to utilize it successfully. Aside from those initiatives and the perceived benefits that procuring entities may derive from the effective application of the e-procurement system (NeST), the study's findings show that most procuring entities in Tanzania, particularly local government authorities, have faced several challenges that have hampered their effective implementation. As a result, they undermine the procuring organizations' and the nation's ability to achieve the desired outcomes from the e-procurement system.

The study also finds that, while there has been remarkable progress on the subject of e-procurement application in our country, there is still a lot of work to be done to ensure that the e-procurement system is fully implemented, particularly in LGAs, where the findings show that its implementation is low compared to other

government institutions. The following are challenges found by the researchers that procuring entities faced when conducting the e-procurement system: To begin, the findings demonstrate that many small and medium-sized firms (SMEs) face the difficulty of a lack of ICT competence. As a result, their inability to register in the system and participate in the procurement process prevented them from obtaining procurement opportunities; instead, knowledgeable large companies from cities like Dar es Salaam, Dodoma, Mwanza, and others took advantage of these opportunities. This finding is in line with the finding of Siwandeti et al . (2021) who studied the Technological factors influencing vendors' participation in the public electronic procurement system in Ilala, Tanzania and found that many suppliers lack competence in using e-procurement systems as a result many of failed to participate in public procurement.

Also, the findings show that there is a low level of training in e-procurement systems among the procurement officers and user departments in many LGAs, and as a result, many of them were not able to apply the e-procurement system. The importance of training for the one who uses the system is well overemphasized by many scholars, like Altayyar and Beaumont-Kerridge (2016), who emphasized the need for training on e-procurement for the users of the system to ensure the effectiveness of e-procurement implementation.

Also, there is inadequate ICT infrastructure among the procuring entities, especially in LGAs. The findings show that many LGAs have unreliable Internet facilities and have a limited number of computers required by staff. Concerns have been raised about NeST's incompatibility with other government electronic systems. This finding concurred with the finding of Nawi et al. (2016), who revealed that e-procurement implementation faced challenges of technology infrastructure, resource constraints, and organizational and management characteristics.

Also, the study findings show the discrepancy between the law and the NeST regulations. As some contradictions have emerged between procurement rules and regulations and the NeST requirement, the unfriendly structure of payment on e-procurement (NeST) issue of delegating a large number of tasks to accounting officers on the procurement system has been raised. This finding is consistent with

the findings of Nani and Ali (2020), who revealed that there is a need for compatibility in e-procurement.

Furthermore, findings reveal concerns about NeST's incompatibility with other government electronic systems. This finding supported the finding of Suleiman (2015), who found that the lack of e-procurement compatibility of the existing technology hindered its effective implementation. Lastly, the delay in users receiving technical support while experiencing difficulties when using the system is another weakness of e-procurement system implementation that needs an urgent solution.

Box 4.18 challenges hindering effective implementation of e-procurement system

Challenges	Quotes from interviews
Incompatibility of NeST and PE organization structure	<p>"The file must go to person "X" for evaluation. After saving, it will move to person "Y". You have set up the stages for four or six people, but the council does not have those people. That means you need to dedicate a pair to fulfil the whole system on the system per person ". FN-LGA-12</p> <p>"...NeST has become another challenge for us. We deal a lot with these open frameworks that last for three or four years, but NeST only accepts lump-sum contracts that are one-time. We have not succeeded with our frameworks of two or three years. Until now, I have struggled every day. Here, I have been fighting for almost three weeks. I have a tender that is politically influenced. I have it in my hands, but every time I want to announce it, it gives me a lump-sum amount...." PO-MDA-9</p> <p>"...We use force to account for many projects, which does not use our system. We only use our system when we implement the projects ourselves at the headquarters. But all the money is sent to the lower level with the old systems. When we use a force account, we do not announce the tender on the system. We announce it on the notice boards or the trees...." TB-LGA-7</p> <p>"...When you talk about all the ICT equipment, we buy them from abroad. When you talk about all the software systems, we buy them from abroad. Now, when they created that system, they said that the supplier or bidder must register to deal with the government of Tanzania. But when you go to Microsoft, they laugh at you. They cannot register with the system for two main reasons.</p>



Challenges	Quotes from interviews
	Many international companies assess the risk of subscribing to government systems with fear of taxes and compliance issues..." PO-MDA-8
Lack of ICT knowledge among SMEs	<p>'Many people who are office workers in Tanzania are afraid of these systems. Nowadays, they are also forced by the "government" of systems to use them, but you find that they want to have someone to do the "access" of those things for them..' FN-PA-01</p> <p>"..Now many bidders are reluctant to use the online platforms so you find that they want everything to be done in the stationary offices...you find that they tell you "these things are for you and also ask for everything for them as are used to manual.." PO-LGA-9</p> <p>".....Because people do not like systems very much. Those who go into the system to see how many jobs have been posted find it a bit difficult. And you find that many of our businessmen have only a grade seven education and they are the ones with money. Secondly, when he hires you as a scholar, he thinks you will cheat him....." TB-LGA-8</p>
Lack of training in e-procurement systems	<p>"We auditors have not participated in NeST at all... We have not received any training on NeST until now. But we have some information from...because it was announced in the media. Our colleagues have participated and we have started to understand that we are supposed to use the system for procurement from the very beginning." IA-LGA-15</p> <p>"I cannot access the system... I have planned for the second quarter to find someone from PPRA to come and teach us here. We will ask each other questions and learn properly. But going and sitting in the big hall where we teach each other is not helpful.".... IA-MDA-12</p> <p>"I have not participated in any training on any system, neither TAnEPS nor NeST...." TB-LGA-9</p> <p>"I do not understand it because we directors have not received any training. We only get some information by questioning and asking, like A, B, C, D,... First of all, I congratulate you on the good system, but it has some issues that are not right, like 7 or 8 of them....." AO-LGA-9</p>

Challenges	Quotes from interviews
	<p>“...Honestly, we attend but with difficulty “by force” like this NeST. The first time, we were supposed to go all together, but we were given only two slots. Later, you experts came to the region and then we got the chance for others to go. But training for us councils is rare. If you see us coming there for training, know that we have made a personal effort. You can send a letter, but you are told “no fund”...” PO-LGA-10</p> <p>“..We have not gone to the training, they selected very few people to go to the training,... So when they went to the training and came back, then we got the instructions that they are supposed to teach us.....” TB-LGA-10</p> <p>“...For us here in the council, getting training is a very rare thing... You will find that we do not know many things, that is, the things we have had since a long time ago are the same” because we do not go to any training, we do not face the challenges of our colleagues like that NeST. You just ask your colleague here, but there is a difference when you meet many people and share, it broadens your perspective..” PO-LGA-11</p>
Insufficient of ICT and Internet infrastructure	<p>“The system is not stable. The stability of the system is an issue. You find that today the system has problems, but the institution wants to continue with the procedures...”IA-MDA-13</p> <p>“We have not received the direct internet connection from the national internet connection that can widely spread...but we mostly use our private ones..” TB-LGA-27</p> <p>“...We are in the remote areas, where you can find no network for a whole month. That is why the Accountants have not moved either. They are in town, where the network is better.....” PO - LGA-22</p> <p>“Sometimes, the system is down when you try to upload something. Or sometimes, you have an emergency and the system is not available. That is a big problem. But if the system works well, things go smoothly”. AO-LGA-8</p> <p>“But the computer is a challenge for us. We have already submitted our requests to the director because we have a new system now and he must use it.....” PO-LGA-23</p>

Challenges	Quotes from interviews
	<p>“Network is the main issue for us. Even when we use TANePS, we have network problems. Sometimes, we cannot access the network for four or five hours. The network is the biggest thing for us..” PO-LGA-24</p>
Incompatibility of NeST with other Government electronic systems.	<p>There are too many systems in Tanzania right now, I do not know why because that is an issue for ICT experts or eGA people. Maybe it would be better if they were integrated and you could access everything from one place with different modules. For example, we have just come from the training of NeST, and last week we had the training of e-board because we deal with the issues of the Board of our institution. We have learned about e-board, but there are also other systems that I do not know, like itergamis, gemis..” LO-PA-5</p>
Delay in technical support	<p>“....when we face a system challenge and we request assistance, it takes three to four to seven days to get it. It must cause chaos..” FN-LGA-13</p> <p>“...the challenges that occur frequently on the system are due to the lack of support. We do not get support because we are the users who use it a lot, maybe more than you do. So we need support when we face challenges, your response should be quick. It is the only way we can improve this system...”FN-MDA-2</p> <p>‘...Technical support from the higher level, when we go for training, we take the phone numbers of those who train us for communication. When we come to implement NeST here, we encounter challenges that are beyond our level. When we communicate with the support team, it is very poor..”ICT-LGA-6</p>
Unfriendly structure of payment on e-Procurement ( NeST)	<p>“ It is a system that has been built on good study but sometimes we do it like a business and hinder procurement. To buy you do not accept without payment, payment of what? I think the system itself can be done just as a procurement system if it is a payment maybe it is a subscription for many days to enable it” AO-MDA-9</p>
Mislink between the law and NeST requirements	<p>“The law required us to involve our local suppliers to establish good relationships, but the system did not have that provision and we were considered non-compliant. However, the problem was with the system, not us. The law also permitted us to purchase equipment from manufacturers, but the system did not allow that ....” AO-PA-8</p>

Challenges	Quotes from interviews
Unfriendly report Structure	“The reports that are in the system are not user-friendly. The format requires me to write a structure every time I submit a report. So, I have to write a structure every day .” IA-MDA-14
NeST Accounting with procurement approvals burdens Officers trivial	<p>“ There is a foreseeable problem with putting all the responsibility on the accounting officer. This is not fair, as he has no authority to delegate or act on his own. This means that I have to do all the procurement work myself, and I am the sole buyer. What if I make a mistake? How can I be accountable for it? I think you should reconsider this situation” AO-PA-9</p> <p>“...the directors are the top ones, they have many places to go they are always in demand. You assign them in NeST to approve everything at the end of the day those systems exhaust them.. ..” FN-PA-2</p>

#### 4.2.5 Partial automation of public procurement reduces user acceptance of e-procurement system

The finding shows that the automation of the procurement process through NeST is still under development, as the experts are still in the field to develop the system. The automation should facilitate openness in the procurement cycle through transparency from planning to contract management. Technology is just a tool and meaningful automation of procurement processes starts and sustains with the users. In the end, the Authority expects an e-procurement that is dependent on the will of the users to effectively usage of funds through quality goods and services. The users of the system still face the same minor challenges when using it. Also, some of the stages are not yet completed but are planned to be completed in the near future. The issue of the system being slow at some pickup hours has been reported. However, the researchers expect that those challenges will be settled in the near future.

#### Box 4.19 Partial automation of public procurement

“ ...for me, I expected to see issues of contract compliance management in the system and they are indeed there but so far and that is why I was expecting to go there and learn a lot because I am dealing with contract compliance issues. But on the side of NeST, that aspect still has not been (implemented). So okay we have learned requisition, how to make APP, what things to do until issues of evaluation,

negotiation but my interest was specifically to see on my side which we are also involved in then contract management..” PH-MDA-1

“The challenges of the system are very big, so even here in the system I can only say that the systems have not yet been properly set up, they have not been able to deliver work at a hundred per cent” FN-LGA-9

“NeST maybe because it is still new in terms of infrastructure, its speed is low. That is, you turn it on you go you come back, I think there are challenges somehow somewhere with the Network I have seen it has been a problem, and sometimes it cuts off even for a week, three days or a whole day you do not have a network. Now I have seen that it has been a big reason that sometimes we fail to buy using the system and we have to make purchases outside the system, on the saver” ICT-PA -2

### **4.3 Factors affecting the implementation of previous audit recommendations**

The phenomenon of this study was contemporary and explorative, therefore the findings were based solely on qualitative analysis. The following factors were derived from qualitative data using content analysis. Thus, each factor is only supported by a chain of evidence from quotes from the interviewees.

#### **4.3.1 Lack of consistency in conducting periodic procurement audit**

Implementing previous audit findings recommendations necessitates the systematic pursuit of conducting periodic procurement audits in accordance with the legal requirements. Section 9 of PPA, CAP 410 (R.E 2022) stipulates the obligation to conduct periodic audits by PPRA. However, upon conducting interviews with the procurement workforce and other stakeholders, it was revealed that the majority of procurement entities had not undergone audit assessments for several years. Notably, some Local Government Authorities (LGAs) have never undergone any audit assessments at all. Furthermore, this research study found a significant disparity in the number of years between consecutive audits for the audited procurement entities. For example, if an entity is audited for one financial year, it may take three to five years for it to undergo another audit. Hence, this inconsistency in the audit process has led to the inadequate implementation of previous audit recommendations.

Box 4.19 lack of consistency

“ I think it would be better to do it every two years because we would have time to examine the implementation. For example, you audited us this year. Next year, you will check how they have implemented these things. The year after that, you will tell us which ones are compliant and which ones are not. We are doing this for the sake of improvement only. So I would prefer to do this every other year rather than every year....” AO-PA-7

“....Since I moved here, the PPRA report has not been issued, they have not been audited for a long time. So I have never witnessed that here....” IA-LGA-12

#### **4.3.2 Low level of monitoring implementation of corrective action plan submitted by PEs**

Normally the audit report requested procurement entities to submit the action plan within fourteen days after receiving the audit report. It aims for PPRA to make a close follow-up on the implementation of audit findings. Close monitoring helps in the improvement of Procuring entity compliances (Mwakibinga and Buvik, 2015)

However, findings revealed that there is a minimal level of monitoring implementation of corrective action plans submitted by PEs. Procurement entities submitted corrective action plans to PPRA but there was no evidence on followup conducted whether all audited procurement entities submitted action plans or the submitted action plans were tangible. This is contrary to CAG monitoring, through monitoring procurement entities develop an audit committee which contains a CAG staff to follow up on the status of implemented audit findings as well as to advise the management on the challenges of implementing the audit findings

#### Box 4.20 Low level of monitoring the implementation of the corrective action plan

“The main issue is how do you follow up, let’s look at those reports as they are because the reports are beneficial to the government and ourselves for our future security. Therefore, we must give importance to the reports closely and highly and implement them as other audit reports “AO-MDA-7

“.....on the side of the contract management unit, there were a lot of challenges on supplier’s performance. Therefore we are trying to make a follow-up but “ I don’t know what to say” may be the supplier’s usual way, there have been challenges in adherence with existing contracts may be what I wanted to say to close a wider gap between PPRA and PEs so as be easily accessible so that they can easily get the informations on any misconduct and another and other things which continued on the procurement side in general.....PH-MDA-2

“.....PPRA should have time to do verification before we submit the final draft. Because if you interrogate me and then you leave me alone and you go away. You tell me sir you said a certain project maybe something was not done the doors that were installed are of this type. Within fourteen days we possibly changed them. Now I have sent you the responses we have changed the doors. You do not come to verify you can say these people are deceiving me. This could be another building or something else. So coming to verify is why I say it requires time.....” PO-LGA-5

#### 4.3.3 Non-submission of PPRA audit report and policy recommendations to competent authorities.

The analysis shows that in most cases, PPRA audit reports are not reported to the competent authorities. In many instances across different PEs, the PPRA compliance audit report only reaches the management level of the organization. In some cases, it ends up in the hands of the accounting officer and HPMUs. However, very rarely do the key findings of the PPRA audit reports reach the audit committee of the board of directors for discussion and deliberation. One plausible reason for this is that the Law does not mandate the report to be submitted to the audit committee of the board of directors

Moreover, the analysis shows that certain audit findings hold policy implications for the Government and its Institutions. This poses a challenge for the Procuring Entity as some of these findings are caused by other institutions. For instance, shortage of staff, uncompleted projects due to lack of funds, delay of purchasing of goods by GPSA and crossing with the fund of the entire fiscal due to untimely release of funds. Thus, failure to submit these recommendations to competent authorities (e.g.,

Paymaster General, Recruiting Authority) impedes most of the Procuring entities from implementing these recommendations.

.Box 4.21 Non-submission of recommendations to competent authorities

“The issue of staff shortage will not be resolved in one day. The Government will pretend that it has enough staff, but that is not possible.....”FN-LGA-10

“.....there are some issues that you are blamed for when they should be addressed by the Secretary General of TAMISEMI. But the Council comes and fills the book with them. Now to respond to them is like you are beating around the bush .....” FN-LGA-8

“.....or example: recently there are motorcycles like two we paid for GPSA month of six between date 16 I think ..., Auditor when he came he questions motorcycles I do not see but we have already paid for GPSA you tell them even GPSA to give you evidence it becomes challenge.....” TB-LGA-4

“....But there are audit issues that result from the interdependence of two or three institutions.” TB-LGA-5

#### 4.3.4 Inability to understand audit finding’s recommendations

Being able to understand the findings of an audit is a strength, but being able to deliver results that an organization can act on is even better. These actionable solutions can help organizations improve their rules and practices, which can improve the organization’s performance. Effective communication of audit findings helps foster a constructive relationship between auditor and auditee, increases the rate of resolution of recommendations, serves as a window into daily operations and improves efficiency. For management, reports serve as a window into daily controls and operations, and as a facilitator for gaining the support of upper management for issues requiring attention.

The study findings indicated that certain professionals had difficulty comprehending the audit findings and the corresponding recommendations presented by the auditors. Nevertheless, the findings indicated that auditors are generally willing to provide clarification to the auditee if they are unfamiliar with the audit findings and recommendations. In addition, the finding depicted that the internal auditors within



the organizations play a crucial role in ensuring that the audit findings are comprehended and executed as necessary within the organization.

#### Box 4.22 inability to understand audit finding recommendations

“The ability to understand the issue is the problem ... you may find that the auditor has questioned ... whether the institution has made purchases or hired a technician without following the procedures, to prove to the auditor that the procedures have been followed, a summary of meetings is needed. But when you find the person who is responding now, if you let him do it individually without going through the Management, he tells you this “The Auditor’s comments have been taken into account and the Council will ensure that this does not happen again”. But to clear the issue you tell him sir the documents are here for verification, clear it because the issue was about compliance...” AO-LGA-6

“The challenges are about understanding how to respond to the issue, how to interpret it and how to read it, how to translate it and how to answer it” TO-LGA-4

“.....it depends on the languages of the auditors you must read them and also understand them because you can read a certain issue like this because they auditors have the language that they use for that meaning you must also understand it and you often must target what they have questioned is what those other things are law. Okay, there is another one first they must explain the losses that will arise according to what the law says, so it is understandable. Because they give up on what the law says and the mistake was like this its effects are like this and this and this so it is understandable.” PO-LGA-6

#### 4.3.5 Inability of the Internal Auditor to Audit the e-procurement system

The findings reveal a significant concern among internal auditors regarding the lack of a platform within the procurement system for them to carry out their daily responsibilities. Internal auditors are responsible for conducting audits within their organizations daily. Additionally, they are required to prepare quarterly audit reports that include procurement matters. Nevertheless, the system failed to provide them with an opportunity to fulfil their duties. The system developer must promptly address this matter.

#### Box 4.23 Inability to understand audit findings recommendations

“I am an auditor and I need to be trained not only on how to use the system but also on how to audit it. We have raised this issue many times in the office of the auditor general of the government. They have established systems for government revenue, government accounts, training, and procurement, but none of them have

an audit component.” IA-MDA-11

“....there were internal auditors who faced the challenge of being marginalized. It was not very friendly, because an auditor cannot audit something they do not know. But being trained by the one they are supposed to audit is also a challenge. It is different from our colleagues at National Audit who have been more supportive on the matter of capacity building. When they come, they can use a short time and produce many observations, while we have been there all year and we are surprised and they are surprised that we were not equipped enough to help the institution.” IA-LGA-13

#### 4.3.6 Untimely release of funds

The analysis of this study shows that most of the PEs, particularly LGAs’ audit findings are due to the proclivity of the government releasing funds as approved or in deficit of the budget plan close to the end of the fiscal year. In addition, these funds are accompanied by explicit directives that require the lump sum to be allocated and wholly spent within a limited time frame, such as months or weeks before the end of the fiscal year. If the lump sum is in excess this inclination influences most PEs to initiate several needs which prior may have not been in the annual budget plan that must be procured within a short time but if the lump sum is in shortage, the projects planned to be undertaken during the fiscal year will remain incomplete. By adhering to the directives that come hand-in-hand with the funds PEs are compelled not to comply with the procurement law and its regulations when procuring their recent needs due to the limited time-frame. Furthermore, some or most of the recently initiated needs end up with an incomplete status as well, hence subjected to an observation made by the auditors to express a query. This finding was supported by Rashel (2016), who confirmed that the allocated funds were not sent to the procuring entities on time by the responsible ministry as a result the projects were not completed on time.

#### Box 4.24 Untimely release of funds

“..For example, the issue of not completing projects or not using all the money cannot be resolved by the government in a whole year. You gave me one billion on June 25th, but I cannot procure materials worth one billion in seven days. So obviously, 600 or 700 million will be carried over to the next year. When the auditor comes, he will say that I failed to implement the project because the money crossed the year. But how can I complete it in the first three months? I will struggle to finish it and the buildings will be done. Then the issue will be closed. But when

he comes back next year, he will find the same problem...”FN-LGA-9

“...money can come in late and at the same time the systems are problematic, they are slow. Now they coincide, the Council or the institutions have many procurements, and everyone is fighting because that money should not be refunded, it will be taken away, that obstructs. So you see that the projects are not finished, the money therefore causes a problem...”LO-LGA-3

“.....money comes to implement projects on June 29, 2023, one day before closing the system. But it also comes with instructions that projects should be completed on time” PO-LGA-8

#### **4.3.7 Organization operating environment**

The finding revealed that public organizations are operating in different environments, which, due to the nature of the environment, compels the procuring entities to execute the procurement functions without complying with procurement laws and regulations in order to rectify the situation. Furthermore, the study revealed that some suppliers refuse to supply unless they receive full payment for the supplies. Not only that but in some locations, there are no competent suppliers who can supply the required materials.

##### **Box 4.25 organizational operating environment**

“....We in the Local Government have challenges because we are not the same. The grounds that I have here, you can see, are not available in some Councils. For example, you tell someone who is in Ushetu to get fuel from GPSA and use TEMESA, but I have a breakdown here 80 kilometres away. How long will it take for TEMESA to come and help me, or to write to me and tell me to go to another garage?..”TB-LGA-28

“...When you come, you see that the payment was made before the delivery of cement. Even though you gave all those conditions, when you approve the cargo, it is there and you do the work. You can close that issue, but it does not end. Because maybe after next month, I will need another activity that I cannot get without paying. So this may be an issue that is closed and reopened, depending on the existing conditions.”FN-LGA-14

#### **4.3.8 Understaffing and Unequal Distribution of PMUs and Insufficient Resources**

The analysis indicates that the PMUs in various PEs, particularly LGA, are not adequately staffed in accordance with the requirements stated in Section 37 of PPA, CAP 410 (R.E 2022). The analysis reveals that in most LGAs, the PMUs consist of

merely two or three personnel. As a result, these individuals are burdened with an excessive workload, which poses a challenge for them to comply with the law. Furthermore, even when the PMUs have a sufficient number of staff, they still lack the essential resources, and competent staff, to effectively carry out their duties.

Moreover, the finding shows that there is insufficient budget for implementing numerous audit recommendations. It was also observed that several organizations failed to follow the audit recommendations because the procurement body did not have the necessary cash to fulfil the advice. This observation was made particularly in construction projects that were not completed on time due to a lack of funding, and if the funds were not available for the following year, the audit findings would remain. Furthermore, in certain organizations, particularly in LGAs, professional competence and abilities are other factors that impede the successful implementation of audit findings and recommendations. According to the findings, several professionals were unable to adequately understand the audit findings and recommendations, and in most cases, they relied on the support of internal auditing. This finding was consistent with the findings of Matlala and Uwizeyimana (2020), who found that among the factors influencing audit recommendation implementation in South African municipalities are the availability of resources and the quality of staffing within the audited organizations. Contrary to Matlala and Uwizeyimana (2020) findings, this study employs a mixed research method to provide more insights across ministries, parastatals and local governments rather than focusing on municipalities only.

#### Box 4.26 Understaffing of PMUs and Insufficient fund and Resources

“.....First, we have a staff shortage, the government has not hired for a long time, and those who are some are old, so I can say we have two different speeds there, that is, the government is running at 200 while the workers are running at 120. So somewhere we are not doing well” FN-LGA-10

“.....here are councils that have a problem with sending even one employee to travel, there is one council where even the Director has travelled by bus, you see now that one you say take him to the system training it becomes more difficult, So it also depends on the ability of the institution itself but also the willingness of the head of the institution and how he views that.” TB-LGA-24

“Money is not enough, revenue collection for expenses specifically here is a challenge, one example is that when we leave here we will enter the second room

there, which is a Server room it has its specifications, but it needs to have a red carpet, an AC, a fire extinguisher and a grill on this door. You are told you have no money, all are those problems, all systems end here, there is sabotage here all systems are down, so if we had an adequate budget we would implement quickly” ICT- LGA-5.

“On average, we still need assistance, many computers are worn out” TO-LGA-6

“Money is a resource, resources have never been enough even for one day they are always few needs are many, and when you see issues sometimes it is not because of corruption it is because of scarcity of resources and many needs.” TB-LGA-6

#### **4.3.9 Perceived audit threats leading to lack of cooperation**

The findings revealed the existence of fear of staff during auditing. When the auditor requests information on something, staff of the PE question themselves why it is requested, maybe there is an issue. Cooperation is required to ensure auditors identify all weaknesses of Procurement entities so as to improve compliance in procurement, financing or human resourcing. However, some auditors were arrogant and feared staff

##### **Box 4.27 Perceived audit threats leading to lack of cooperation**

“.....Now, our people still get confused when they hear about the auditor. So you can ask him a clear question, like why is this voucher here, why is he asking for this voucher, why is he asking for these answers? There is something he is looking for here..” FN-LGA-11

‘Many people still believe that auditing is about finding faults in each other. When you are audited, you can face consequences, such as being fired’ IA-PA-3

“...Even when the PPRA auditors called us, we used to feel like they were police or soldiers. We were scared, but now we are all free because we know we are all building the institution together..” PO-MDA-7

#### **4.3.10 Negligence in the implementation of the previous audit**

Moreover, the findings show that there was negligence in the implementation of the audit findings and recommendations. It is further observed that in some situations, the officers are aware of the presence of auditing finding recommendations and there are enough funds to implement them as well as time, but due to their negligence, they failed to implement the previous auditing finding recommendations as required.

#### Box 4.28 Negligence on implementation of the previous audit

“ ..... Failing to implement audit previous audit recommendation on time is often just negligence..” AO-LGA-8

“...We have many experts, but we are not serious or committed. This leads to the issues being answered incorrectly” LO-LGA-4

## CHAPTER FIVE

### RECOMMENDATIONS

#### 5.1 Policy Recommendations

This subsection offers policy recommendations that cut across the findings presented in this study. These recommendations serve as a guidepost for the Authority and other relevant oversight bodies in addressing ongoing challenges and policy procurement problems in public procurement that hinder the attainment of better value.

##### **5.1.1 Better value in public procurement requires the development of a robust procurement policy and comprehensive procurement strategy**

Public procurement policy, like any other policy, is an essential tool used to delineate the allocation of responsibilities pertaining to specific strategic procurement matters. It also outlines the rights and obligations that must be taken into consideration. Moreover, it provides technical guidance for the procurement workforce to effectively and efficiently carry out their duties. Therefore, this study recommends that relevant oversight bodies, including the Public Procurement Regulatory Authority (PPRA) and the Ministry of Finance, should dedicate their efforts to ensure the development of a comprehensive procurement policy and strategy. The procurement policy will not solely address the persistent rise in procurement problems but also guide the implementation of sustainable procurement within the public sector. For instance, it will shed light on the application of developed environmental and social sustainability criteria in practical scenarios. Moreover, it is crucial to establish mechanisms for monitoring and evaluating the implementation of the procurement policy to effectively monitor its progress.

##### **5.1.2 Increased compliance in public procurement requires competent and ethical procurement workforces**

Public procurement serves as a strategic mechanism that aids governments in delivering public services more efficiently to society. To utilize public procurement as a strategic approach, the procurement workforce must possess the necessary competence and specific skills. However, numerous countries lack a National Procurement Competency Model Assessment that can guide the formal education and

professional certification of procurement professionals. Each Higher Learning Institution has its own curriculum and competency model, which may not fully equip procurement professionals with the necessary expertise for the intricate working environment of public procurement. For instance, our analysis has demonstrated that public procurement in Tanzania encounters obstacles such as conflicting directives with the public procurement law and its regulations, absence of consistency in laws across various procuring entities, and pressures exerted by suppliers who seek to obtain contract awards despite their inadequate capabilities. Therefore, it is essential that procurement oversight bodies, especially PPRA, continue to build capacity in collaboration with other relevant bodies and higher learning institutions.

To build continual competency for the procurement workforce and other stakeholders, this study recommends the following initiatives. First, conduct relevant training in the form of short courses and practical training. Second, facilitate staff attachments between different institutions to gain experience. Third, develop a national procurement competency model assessment that aligns with the professional certification. Fourth, develop an integrity curriculum that fosters ethical behaviour. Fifth, enhance awareness through collaborative research and publications. Lastly, professionalize procurement lawyers who can handle complex contracts. Figure 5.1 summarizes this recommendation and the next section briefly explains what each recommended strategy entails.

#### **5.1.2.1 Continued short course and practical training**

In many cases, the training offered is short courses that do not reach a large number of procurement staff. The latest procurement compliance report for FY 2022/2023 revealed that most of the procurement staff and other stakeholders in public procurement had not received any training on PPA CAP 410 (R.E 2022) and its Regulations of 2013 (as amended). Despite the efforts of PPRA and other oversight bodies to provide short courses, the training has not been satisfactory. However, it should be noted that public procurement is a practical task that requires not only technical skills and knowledge but also experience. We suggest that the training should be supplemented with practical systems such as temporary staff rotation, guest lectures from the industry to the learning institutions and most importantly expert training.



### **5.1.2.2 Change of current training model**

Procuring entities are located in different geographical regions, and therefore, PPRA needs to arrange the training on a zonal basis to reach as many procurement workforce and other stakeholders as possible. Moreover, we recommend that the training should not be a general session, but rather, tailored to the specific professionals and functions of the procurement organs as stipulated in PPA and PPR. For example, internal auditors should have their training and be taught their relevant areas, including techniques for conducting procurement audits and investigations. Similarly, accounting officers should have their training instead of being grouped with others. This will help to impart relevant knowledge and increase the participation rate of the accounting officers in the training.

### **5.1.2.3 Developing Competency Model Assessment**

A competency model maps critical skills and competency levels of procurement staff and their levels of proficiency. According to section 37 of PPA, CAP 410 (R.E 2022), the head of the Procurement Management Unit should have certain academic and professional qualifications. Section 38 of PPA, CAP 410 (R.E 2022) also specifies the functions of the procurement workforce, which involve both technical skills (such as market analysis, preparation of tender documents, tender evaluation and contract management) and soft skills (such as communication, negotiation, project management), covering cognitive, behavioural and social aspects. Therefore, these skills and abilities need to be identified to ensure proper recruitment, promotion and training for procurement professionals. The current recruitment process and promotion are based on academic and professional certification, which results in having HPMUs who lack the skills and abilities required to perform their functions efficiently. Academic education provides theoretical knowledge of the procurement process, while the professional certification framework certifies procurement professionals based on their professional education, training and experience. However, these systems are not sufficient to measure the level of skills and competency of the procurement workforce. Having a national procurement competency model will enable the procurement workforce to recognize their skills gap and can be used by human resource management and other training institutions to design relevant training. Therefore, PPRA and other oversight bodies should take

the lead in developing a procurement competency assessment model, which will enhance the skills and expertise of procurement professionals and thus increase the levels of compliance in procurement.



Figure 5. 1:Building competency and ethics in public procurement

#### 5.1.2.4 Professionalize Procurement Lawyers

This study found that the public procurement workforce has difficulties in understanding and applying the law and its regulations. A possible reason for this is the complexity and length of the law, which demands a lot of cross-referencing, especially for complying with substantive and procedural legal matters. Public procurement uses public funds, so it requires very formal and intricate legal frameworks and tendering procedures. Moreover, the government often issues directives in public procurement, which complicate the interpretation of the legal frameworks for procurement professionals. Consequently, many legal cases arise every year. Therefore, there is a need to professionalize procurement lawyers as part of the procurement management unit.

#### **5.1.2.5 Develop a national integrity curriculum that fosters ethical behaviour in public procurement**

The procurement workforce, as public servants, is a crucial target audience for integrity training, as they are highly vulnerable to the heightened risk of corruption. Therefore, it is imperative that integrity training be made mandatory for all members of the procurement workforce. However, despite the existence of regulations regarding the code of conduct for those involved in public procurement, there is a necessity to establish a national integrity curriculum that can be implemented across all educational institutions. By having a national integrity curriculum, we can ensure a unified approach to integrity and provide a comprehensive body of knowledge to address the growing challenges in regulating human behaviour, particularly in this era of artificial intelligence. It's recommended that integrity training be conducted by designated oversight bodies, including the PPRA and PCCB.

#### **5.1.3 Improved compliance and user acceptance of the e-procurement system require an Increased level of imposing sanctions**

Regulating human behaviour and prohibiting bribery, corruption, and other malpractices in public procurement should remain a primary strategy to safeguard public funds. Despite the presence of regulations regarding the code of conduct for individuals involved in public procurement, awareness of these regulations remains a challenge. Therefore, increasing the severity of sanctions for non-compliance will not only enhance the level of integrity but also promote a performance-driven mindset, thereby improving compliance. Given the public's loss of trust in public procurement, it is imperative for them to witness the sanctioning of non-compliant individuals. The findings reveal that, on average, respondents were uncertain about the implementation of these sanctions. Based on this finding, we recommend that competent authorities, including the Public Procurement Regulatory Authority (PPRA), modify their approach to sanctions. Firstly, we propose publicly acknowledging the best performers during professional conferences or when presenting the PPRA compliance report. Secondly, we suggest publishing the names of the lowest performers in the public sphere. Lastly, it is crucial to disclose the names of officers who have been found guilty of failing to comply with public procurement regulations.

#### **5.1.4 The Government is required to solicit funds to support continual capacity development**

The research findings have revealed that certain Procuring entities (PEs), particularly in Local Government Authorities (LGAs), encounter financial constraints that hinder their ability to cover the expenses of in-house or group-organized training for their personnel. As suggested in this study, the continual capacity building for the procurement workforce and other stakeholders involved in public procurement is unavoidable. This is because it allows them to acquire the necessary knowledge to enhance their performance in the complex working environment of public procurement. Consequently, it is imperative to offer training at reduced costs or free of charge. We acknowledge that conducting these trainings on a countrywide basis is expensive and burdensome for the PPRA and other training institutions. However, one approach to ensuring continuous capacity building for the procurement workforce and other stakeholders is for the Government through PPRA to seek funding from either the government or strategic partners ( e.g., World Bank, UNDP, IMF, AfDB).

Moreover, PPRA makes use of its regional technical personnel to carry out training free of charge. Nevertheless, this decision will necessitate an expansion in the quantity of personnel in PPRA's regional offices, thus demanding a greater endeavour in recruiting highly skilled individuals to conduct instructional sessions from these regional offices, specifically in areas where local government authorities are situated on the periphery. Ultimately, these measures will result in improved transparency, integrity, good governance, and accountability in the realm of public procurement.

#### **5.1.5 Establishing incentive mechanisms for motivating procurement workforce**

An effective incentive mechanism is regarded as one of the tactics utilized by the organization to stimulate and improve the performance of its employees. The premise is that when employees feel motivated, it will inevitably enhance their productivity and have a positive impact on the organization's operations, and vice versa. The organization may utilize several incentive schemes, as proposed by Locke (2011), to boost staff motivation. Therefore, it is imperative for any organization to implement a suitable strategy based on the specific conditions and context it faces at any given moment. However, the lack of a procurement Management Unit (PMU)

as a separate department within the organization. Furthermore, another recognized concern is the absence of comprehensive authorization for procurement specialists to autonomously make decisions about procurement affairs. Moreover, it is crucial to publicly recognize the most outstanding individuals to motivate their colleagues to replicate their accomplishments. Lastly, financial incentives should not be forgotten and should be implemented as a strategy to minimize the possibility of being tempted by unethical practices.

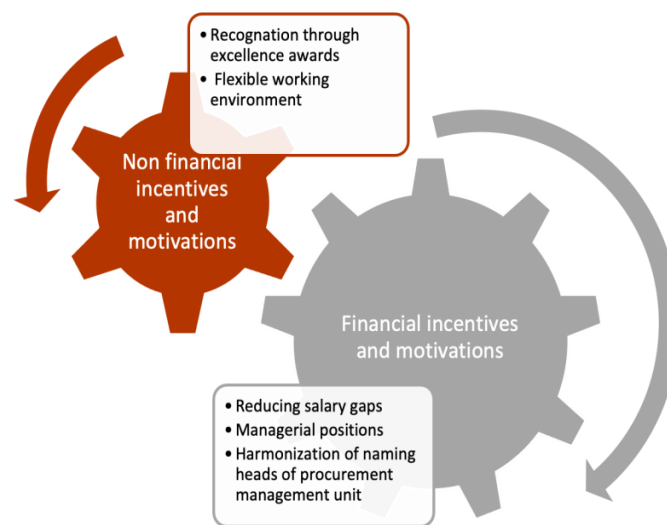


Figure 5. 2: Incentives mechanisms for the procurement workforce

#### 5.1.6 Improved contract implementation requires experts in contract monitoring and evaluation

The procuring entities must efficiently oversee the procurement contracts to guarantee that they receive the best value for money from the executed projects. The contract implementation phase is a critical component of the procurement process, as it ensures that the contractor/suppliers fulfil their obligations and responsibilities as agreed upon. Only contract managers who possess the necessary qualifications should be selected to oversee procurement contracts. The practice of utilizing unqualified individuals such as teachers and contractors to oversee Force Account projects should be promptly discontinued as they are unable to clearly understand the terms and conditions outlined in the contract documents.

#### **5.1.7 Effective implementation of the e-procurement system requires integration of all complementary systems**

The e-procurement system should work with other systems used by the government. The government uses a variety of operating systems daily. Some of these systems deal with procurement issues, like registering a business, getting a business license, and collecting revenue and government payments; however, they are not yet linked to the e-procurement system (NeST). This requires the system user to invest a substantial amount of time in locating alternative operating systems to verify the legitimacy of the company or potential suppliers for contract awards.

#### **5.1.8 PPRA audit reports and policy recommendations should be communicated to the competent authorities.**

The board of directors across PEs must be responsible for implementing audit recommendations. This can only be achieved by clearly stating in the Public Procurement Law that the report must be submitted to the audit committee of the board of directors by the PPRA staff in the first audit committee meeting after completing the audit task. It should not be left as a matter of best practices depending on who holds the office of the accounting officer. In other words, PPRA audit report submission and implementation of audit recommendations must be standardized and consistent across all PEs.

Moreover, the implementation of previous audit recommendations requires necessary resources including personnel, time, availability of funds and documents for verification (evidence). It is recommended that for the policy audit recommendations, PE should communicate with relevant competent Authorities for immediate response and all the auditing Authority should take in summary all the crosscutting issues and communicate directly to competent high-level Authorities for effective improvement to the identified areas for good PE's achievements and Nation at large.

### **5.2 Actionable Recommendations**

This subsection offers actionable recommendations for each finding presented in this study. These recommendations serve as a roadmap for the Authority and other relevant oversight bodies in addressing ongoing challenges in public procurement that hinder the attainment of better value. Furthermore, each actionable

recommendation is evaluated based on the consequences of not implementing it. The Red recommendation signifies that failure to implement it will fail to achieve better value in public procurement. In simpler terms, compliance with regulatory frameworks in public procurement will always pose a challenge, despite the government's efforts, including the automation of the public procurement process. Additionally, the colour orange denotes a moderate risk, while yellow represents a low risk. This is intended to provide guidance on which actionable recommendations should be given priority by the Authority.

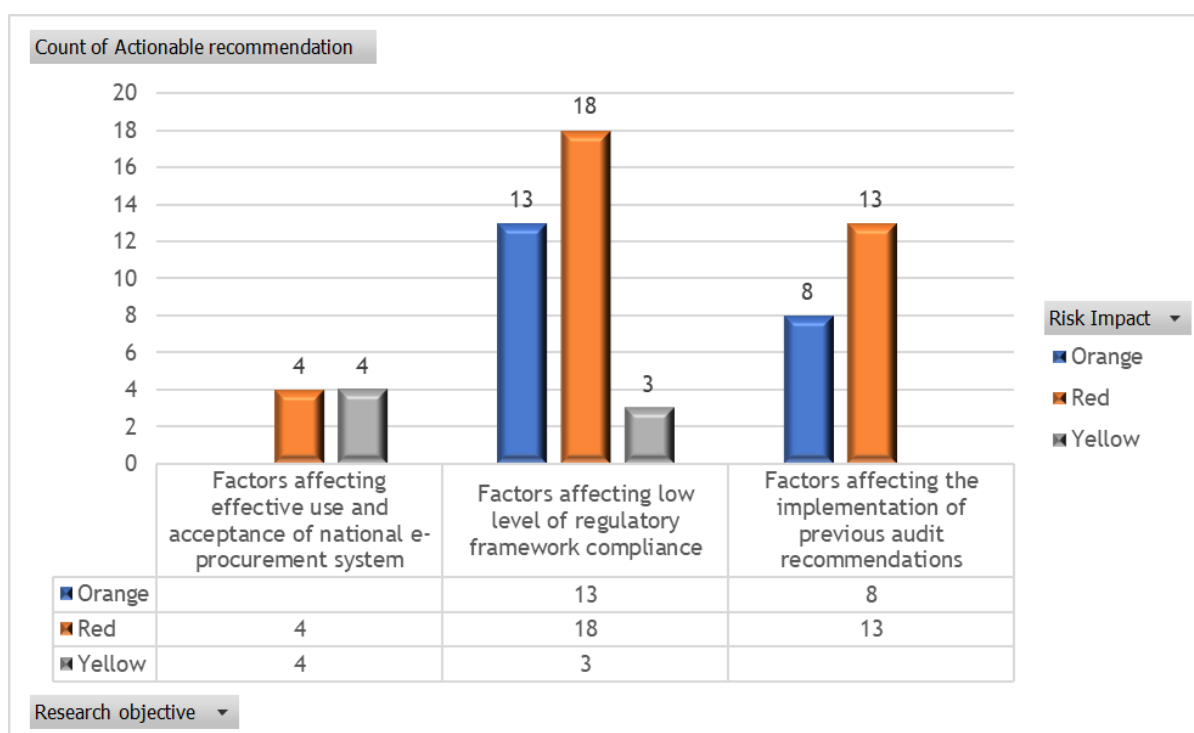


Figure 5. 3: Distribution of actionable recommendation

In summary, this study presents a total of 63 actionable recommendations. Among these, 35 actionable recommendations, which represent 55.56% of all actionable recommendations, are classified as red-risk recommendations. This classification indicates that they require immediate attention to achieve better value in public procurement, as shown in Figure 5.1. Furthermore, this study offers 8 actionable recommendations to ensure the effective use and acceptance of the e-procurement system. Additionally, 34 actionable recommendations are provided to enhance regulatory compliance, and 21 actionable recommendations are suggested to improve the implementation of previous audit recommendations. For detailed information on each actionable recommendation, please refer to Table 5-1.

Table 5- 1: Actionable Recommendations

Research objective	Findings	Actionable recommendation	Risk Impact
Factors affecting low level of regulatory framework compliance	Lack of national public procurement Policy and Strategy	<ul style="list-style-type: none"> <li>Relevant authority to speed up in formulating a robust public procurement policy and strategy to resolve procurement policy issues</li> </ul>	Red
	Low level of professional competence	<ul style="list-style-type: none"> <li>Enhance practical training to the procurement workforce by establishing staff attachment or temporary staff switching</li> <li>Temporary placing of PPRA staff in PEs with continued poor performance,</li> <li>Establish a national competency assessment model in public procurement</li> <li>The government through PPRA must solicit funds to offer training at lower fees or free of charge</li> </ul>	Red
	Directives that are contrary to the requirement of public procurement law and its regulations	<ul style="list-style-type: none"> <li>Review Regulation 5 (d) of GN No. 804 of the code of ethics and conduct for public officials and bidders involved in public procurement to underscore what directives should be followed and who is supposed to provide directives</li> <li>Introduce the Contingency Clause in the Regulations that specify methods, procedures, and approaches to the implementation of political directives. This clause should also specify the powers of political leaders who are supposed to issue directives in public procurement</li> <li>Introduce a utility clause that facilitates the procurement of utilities</li> </ul>	Red



Research objective	Findings	Actionable recommendation	Risk Impact
		during the ceremonials of political leaders' gatherings.	
	Low level of capacity and Knowledge of Suppliers	<ul style="list-style-type: none"> <li>• Raise awareness for competent suppliers to be registered in the e-procurement system</li> <li>• Enhance training on public procurement law and its regulations to suppliers at a reduced fee</li> <li>• Enhance due diligence before registration of suppliers, especially SMEs</li> </ul>	Orange
	Low level of imposing sanctions	<ul style="list-style-type: none"> <li>• Publish the names of PEs with poor compliance performance</li> <li>• Publish and award PEs with above 90% compliance performance</li> <li>• Public names public officers and PEs sanctioned for failure to comply with public procurement law and its regulations</li> </ul>	Red
	Low integrity and public trust in public procurement	<ul style="list-style-type: none"> <li>• Publish names of PEs with a high number of red flags and those tenders with red flags</li> <li>• Publish all tenders awarded to non-responsive bidders including suppliers and names of PEs</li> <li>• Publish all tenders with unfair disqualifications during evaluation and names of PEs and awarded tenderers</li> <li>• Include integrity criteria in compliance audit</li> <li>• Enhance integrity and ethical behaviour in universities</li> <li>• Establish a national integrity curriculum</li> <li>• Establish a national procurement risk assessment framework</li> </ul>	Red

Research objective	Findings	Actionable recommendation	Risk Impact
	Insufficient training for leaders	<ul style="list-style-type: none"> <li>Enhance training of accounting officers and political leaders on public procurement law and its regulations. The training should focus on specific areas rather than providing a general overview of public procurement law and its regulations.</li> <li>The government through PPRA must solicit funds to offer training at lower fees or free of charge</li> </ul>	Yellow
	Price disparities in remote procuring entities	<ul style="list-style-type: none"> <li>PPRA must conduct a price market analysis for standardized goods, materials and services to establish a price baseline in each region</li> </ul>	Orange
	Uniformity of public procurement law and its regulations across diverse procuring entities	<ul style="list-style-type: none"> <li>The public procurement regulations must be separated into regulations for Local Government Authorities, business parastatals, and services PEs</li> </ul>	Orange
	Insufficient incentive for procurement workforce and structuring harmonization of procurement management units	<ul style="list-style-type: none"> <li>Harmonize entry salary scale for the CPSP Holders and other certified professionals ( e.g., CPAs and Lawyers)</li> <li>Harmonize naming of procurement workforce across procuring entities</li> <li>Recognize best procurement workforce performers</li> <li>Purnish the least procurement workforce performers</li> <li>Recognize individuals leading procurement management units as individuals holding comparable positions to those leading other departments instead of</li> </ul>	Orange

Research objective	Findings	Actionable recommendation	Risk Impact
		recognizing them as principal officers.	
	Use of nonprofessionals in public procurement	<ul style="list-style-type: none"> <li>Government through PPRA must raise public awareness functions and powers of people involved in public procurement</li> </ul>	Yellow
	Inefficient and impracticable methods of procurement	<ul style="list-style-type: none"> <li>PPRA must research the effectiveness of force account</li> <li>PPRA must research the sustainability of projects implemented through force account using the life cycle assessment method</li> <li>PPRA in collaboration with other stakeholders must assess the use of single source and restricted tendering procurement methods across PEs to assess its justification</li> </ul>	Orange
<b>Factors affecting the effective use and acceptance of the national e-procurement system</b>	Imposing sanctions and pressure increases the effective use of e-procurement systems	<ul style="list-style-type: none"> <li>PPRA must impose appropriate sanctions on those procuring entities that do not use the e-procurement system or have low implementation of it.</li> <li>PPRA must recognize those procuring entities that are very effective in using the e-procurement system.</li> <li>PPRA should publicize the names of those procuring entities that are very efficient in using the system and those that have low implementation of the system.</li> </ul>	Yellow
	Insufficient ICT Infrastructure and training	<ul style="list-style-type: none"> <li>The government should connect all procuring entities to the national optical fibre.</li> </ul>	Red

Research objective	Findings	Actionable recommendation	Risk Impact
		<ul style="list-style-type: none"> <li>Procuring entities must ensure sufficient ICT infrastructure to implement the e-procurement system as required.</li> <li>PPRA ensures that all stakeholders in the e-procurement system are conversant with the e-procurement system.</li> <li>The procuring entities should provide opportunities for their employees to get training on the e-procurement system</li> </ul>	
	Partial automation of e-procurement system	<ul style="list-style-type: none"> <li>PPRA must ensure that the e-procurement system is fully automated by making sure that missed components are plugged in as soon as possible.</li> </ul>	Yellow
<b>Factors affecting the implementation of previous audit recommendations</b>	Lack of consistency in conducting periodic procurement audit	<ul style="list-style-type: none"> <li>PPRA must ensure that the procuring entities are audited as frequently as possible.</li> <li>PPRA should increase its labour force to ensure that many procuring entities are audited each year.</li> </ul>	Red
	Low level of monitoring implementation of corrective action plan submitted by PEs	<ul style="list-style-type: none"> <li>PPRA must conduct a real-time audit.</li> <li>PPRA must assign a team to conduct a quarterly follow-up of the implementation of corrective action plans submitted by PEs.</li> <li>PPRA must ensure Internal Auditor reports submitted are reviewed quarterly</li> </ul>	Red

Research objective	Findings	Actionable recommendation	Risk Impact
	Non-submission of PPRA audit report and policy recommendations to competent authorities	<ul style="list-style-type: none"> <li>• PPRA to ensure the procurement law includes a section that specifies that the PPRA audit report should be presented to the Audit Committee of PEs soon after the completion of the audit task.</li> <li>• PE should ensure that all audit recommendations with policy issues are submitted to the Audit Committee of the Board of Directors.</li> <li>• PPRA should ensure that the appropriate authorities for policy issues are informed and the audit recommendations are implemented accordingly.</li> </ul>	Red
	Inability to understand audit finding's recommendations	<ul style="list-style-type: none"> <li>• The PPRA must ensure that the audit recommendations are clear and straightforward.</li> <li>• The procuring entities should ensure that their employees are conversant with the findings and recommendations.</li> <li>• The auditors should take action to ensure that the auditee understands the audit findings and recommendations.</li> </ul>	Orange
	The inability of the Internal Auditor to Audit the e-procurement system	<ul style="list-style-type: none"> <li>• The PPRA should ensure that internal auditors can audit the procurement process in the e-procurement system at any time when they want to do so.</li> <li>• PPRA should ensure that the internal auditors are well-trained on how to</li> </ul>	Red

Research objective	Findings	Actionable recommendation	Risk Impact
		carry out the auditing in the e-procurement system.	
	Untimely release of funds	<ul style="list-style-type: none"> <li>The government should ensure the funds are released to the procuring entities at a reasonable time.</li> </ul>	Red
	Organization operating environment	<ul style="list-style-type: none"> <li>PPRA should ensure that there are some flexibilities for the procuring entities to operate in different environments.</li> </ul>	Orange
	Understaffing and Unequal Distribution of PMUs and Insufficient Resources	<ul style="list-style-type: none"> <li>The government should ensure there is an adequate number of procurement officers within the organization.</li> <li>The number of procurement officers should be equal to the extent of the procurement transactions that are performed within the procuring entities.</li> </ul>	Red
	Perceived audit threats leading to a lack of cooperation	<ul style="list-style-type: none"> <li>PPRA ensures its auditors are intensively trained in auditing ethics and procedures.</li> <li>The auditors should observe friendliness and cooperation when executing the audit exercise</li> </ul>	Orange
	Negligence in the implementation of the previous audit	<ul style="list-style-type: none"> <li>The procuring should implement the previous audit recommendations accordingly.</li> <li>The PPRA should ensure that the previous audit recommendations are implemented accordingly.</li> </ul>	Orange

## APPENDIX

### Appendix 3.1 Interview guide

#### INTERVIEW GUIDE

**Research Objective 1: To examine the extent to which procuring entities comply with the legal framework when executing the procurement entities in Tanzania**

1. In your opinion, what are the possible causes of the non-compliance with the legal framework in the procurement process?
2. In your opinion, what areas or stages are more affected by non-compliance in the procurement process?
3. In your opinion, what measures might be undertaken to ensure that there is compliance in the procurement process in Tanzania?
4. Do you know any penalties that employees or procuring entities may face for not adhering to procurement law and its regulations? If Yes, Please mention it.

**Research Objective 2: To examine the extent to which procuring entities use e-procurement systems**

A: Knowledge of e-procurement system

- What does the e-procurement system (NeST) mean to you?
- How long has been your organization using an e-procurement system?
- Do you see any changes in e-procurement systems implemented by the government? ( Refer to TANEps and NeST)

A: Personel knowledge

- How often have you attended e-procurement systems training conducted by PPRA?
- How do you consider yourself conversant in using IT facilities?
- How frequently do you use your account in the e-procurement system?

C: ICT Infrastructure

- How do you describe your organization's ICT infrastructure? ( for elaboration ask about IT personnel and the Internet )
- To what extent do your organization rely on its current ICT infrastructure to facilitate the efficient use of the e-procurement system?

B: Perceived Benefits (performance improvement)

- In your opinion, can you describe how the use of e-procurement will have benefits in public procurement?

D: Challenges/Drivers

- How does procurement law and regulation influence your decision to use e-procurement system?
- How does your organization's management provide support for the implementation of the e-procurement system?
- What difficulties do you face when using an e-procurement system?
- How user-friendly is the current e-procurement system?

E: Willingness /Readiness

- Can you describe the willingness of your organization to use an e-procurement system?

### **Research objective 3: Implementation of previous audit findings**

#### **a) Budgetary constraints**

- 1) In your opinion do you believe your organization has sufficient funds required to implement the audit recommendations? If Yes/No Explain

#### **b) A factor of staffing issues**

- 1) Do you have the capacity, education and experience to implement audit recommendations? If Yes/No Explain

#### **c) Factors of management support**

- 1) Does the management pay attention to audit recommendations? If yes/no, Explain
- 2) Is there enough support and dedication from management to implement audit recommendations? If Yes/No Explain

#### **d) Factor of monitoring and follow-up**

- 1) Does the management do follow-ups on the previous year's audit to make sure recommendations are implemented? If Yes/No Explain
- 2) Does the management communicate actions to be taken on audit recommendations on time? If Yes/No Explain

### **SECTION B: Practices adopted by the management in your organization to implement audit recommendations**

- 1) Do the Internal Auditors get involved in the audit recommendations implementation process? If Yes/No Explain
- 2) Does your organization have an audit committee to assist, encourage, enforce and oversight the audit findings and recommendations? If Yes/No Explain

### **SECTION C: Difficulties encountered by the management in implementing audit recommendations in the organization**

- 1) In your opinion, are audit recommendations clear, objective and comprehensible to implement? If Yes/No Explain
- 2) Kindly mention difficulties you encounter in the implementation of audit Recommendations

#### **General question**

In your opinion, what measures or actions need to be undertaken to ensure that there is improvement in compliance, the e-procurement system, and the implementation of previous audit findings in Tanzania?



## **Apendix 3.2 Questionnaire**

### **QUESTIONNAIRES**

**Question 1: Please specify the category that fits your organization: -**

- a) Ministerial, Independent Departments and Agencies (MDAs)
- b) Parastatal Authorities (PA)
- c) Local Government Authorities (LGAs)

**Question 2: Please, select the category that fits your age: -**

- a) Between 18 and 24 years
- b) between 25 and 35 years
- c) between 36 and 49 years
- d) between 50 and 64 years
- e) 65 and above years

**Question 3: Please select the category that fits your education level:-**

- a) Post-secondary Certificate/Diploma
- b) Advanced diploma/Degree
- c) Master's Degree or above

**Question 4: Please select the category that fits your job position in your organization: -**

- a) DPMU/HPMU/Procurement Managers/Officers
- b) Engineer/ Quantity Surveyor/ Architecture
- c) Accounting officers
- d) Internal Auditor/Accountants/ Finance Manager or Director /Chief Accountant/Economist
- e) Legal Officers
- f) IT Director/Manager/Officer
- g) Administrative officers/ HR Officers/Managers

**Question 4: Please select the category that fits your working experience:-**

- a) Less than 3 years
- b) 3-6 years

- c) 7-10 years
- d) 11-14 years
- e) Above 14 years

Construct	Below we have entered several statements, please tick the answer that you think best suits your organization:	Strongly disagree	Moderate disagree	disagree	Neutral	agree	moderate agree	strongly agree
		1	2	3	4	5	6	7
	<b>I believe, (Anchors: 1=strongly disagree to 7=strongly agree)</b>							
<b>Professionalism</b>	Staff have high professional integrity							
	Staff make professional judgments during decision making							
	Staff have practical experience in the procurement process							
	Staff have required expertise in the procurement process							
	Procurement staff have a high level of confidentiality							
	<b>(Anchors: 1=strongly disagree to 7=strongly agree)</b>							
<b>Monitoring</b>	There is frequent inspection of project progress							
	Frequent inspections ensure timely project completion							
	Frequent inspections to prevent damage							
	Frequent inspections to prevent fraud							
	<b>Our organization, (Anchors: 1=strongly disagree to 7=strongly agree)</b>							
<b>Familiarity</b>	The regulatory framework governing public procurement is precisely written for easy interpretation							
	Only staff who are familiar with public procurement procedures are used.							
	Staff with appropriate academic qualifications are employed for the procurement function							
<b>Sanction</b>	Penalties imposed on those found guilty without any warning							
	Sanctions are implemented in secret							
	Sanctions with negative consequences are imposed							
	Sanctions are imposed on the non-compliant							
<b>Political interference</b>	There is political interference in the selection of procurement of the project							
	There is political interference in the selection of supplier							
	There is political interference awarding of contract							

Construct	Below we have entered several statements, please tick the answer that you think best suits your organization:	Strongly disagree	Moderate disagree	disagree	Neutral	agree	moderate agree	strongly agree
	There is political interference in the implementation of the procurement project.							
	There is political interference in the selection of procurement of the project							
<b>Management Support</b>	Putting internal auditors in place and giving them procurement training							
	Appropriate use of procurement plans and contract documents							
	Carrying out internal procurement auditing							
	Frequent training programs in place							
	<b>Please evaluate your organization's compliance performance (Anchors: 1= strongly disagree to 7= strongly agree)</b>							
<b>Compliance performance</b>	Proper authorization of procurement transaction							
	Timely delivery of procurement projects							
	Achievable quality projects							
	Achievable procurement objective							
	Achievable of reasonable price.							

## Objective 2: Adoption of e-procurement systems

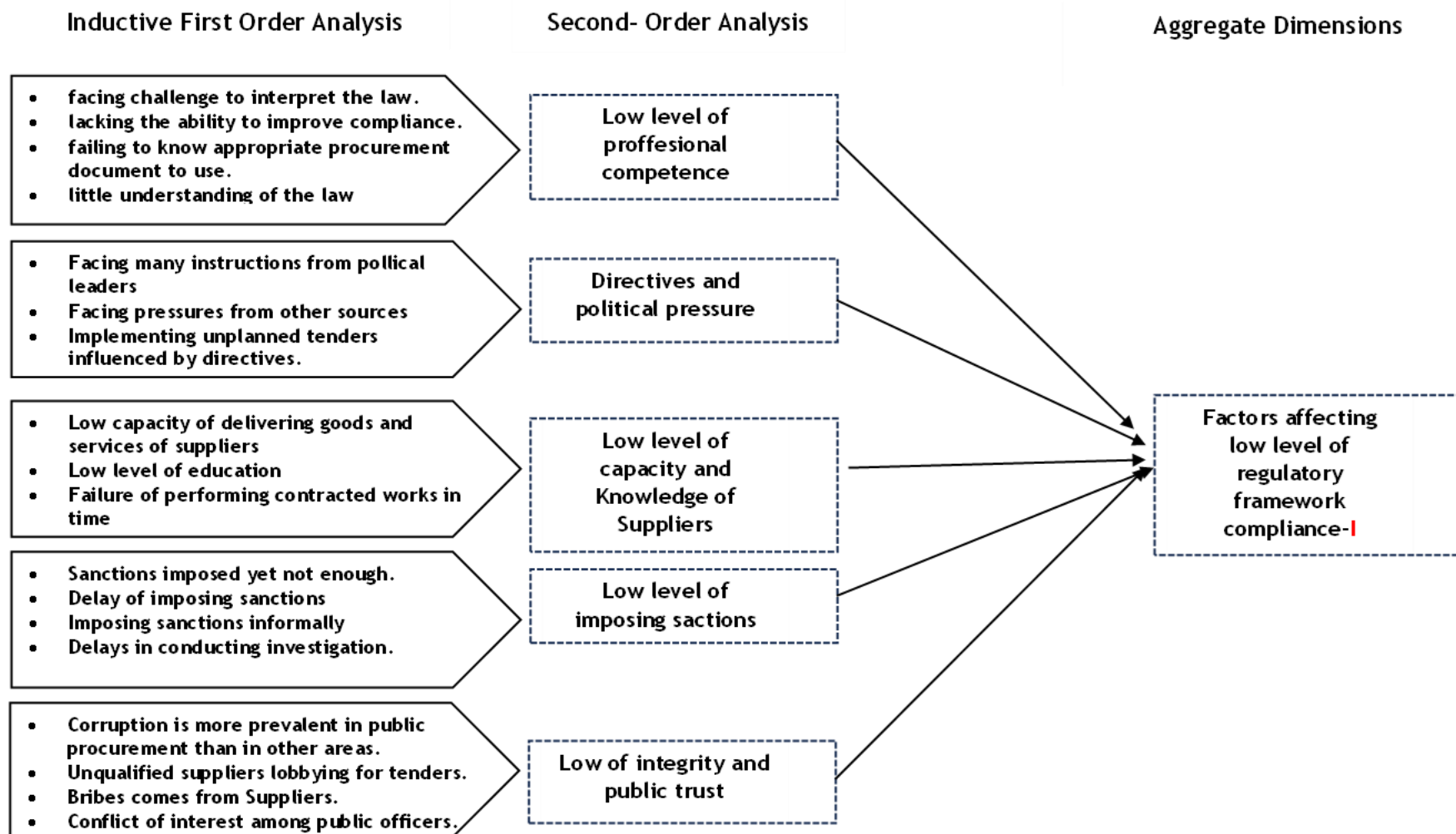
Question	Below we have entered several statements, please tick the answer that you think best suits your organization:	Strongly disagree	Moderate disagree	disagree	Neutral	agree	moderate agree	strongly agree
		1	2	3	4	5	6	7
	<b>I believe, (Anchors: 1=strongly disagree to 7=strongly agree)</b>							
<b>Perceived benefits</b>	Using an e-procurement system would improve compliance performance							
	Using an e-procurement system helps to reduce tendering cycle time							
	Using e-procurement helps to prevent corruption in public procurement							
	Using e-procurement enhances cost saving of public funds							

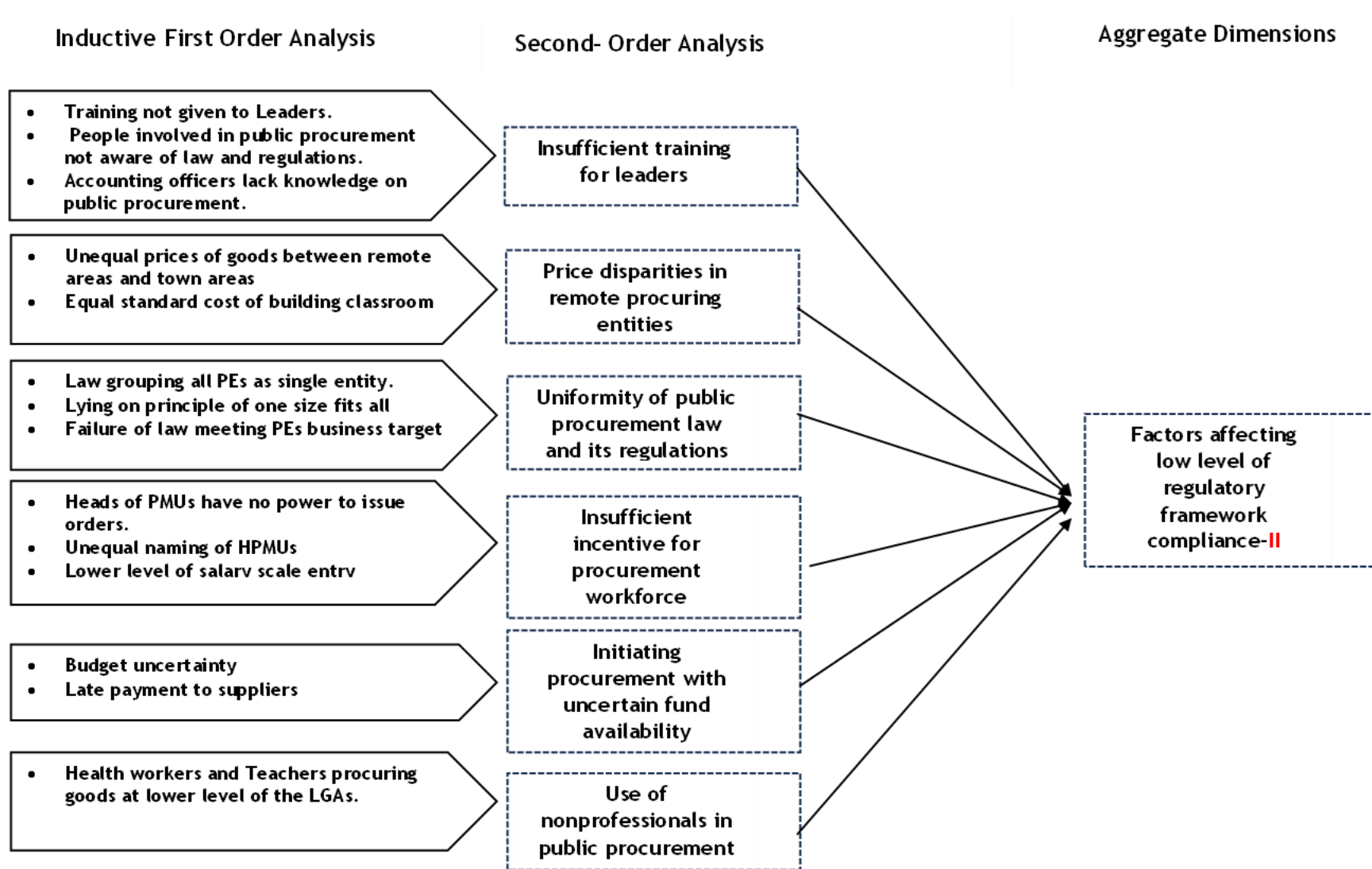
Question	Below we have entered several statements, please tick the answer that you think best suits your organization:	Strongly disagree	Moderately disagree	Neutral	Agree	Moderately agree	Strongly agree
	Using an e-procurement system helps to improve transparency in the procurement process						
	Using an e-procurement system enhances increased competition in public procurement						
	Using an e-procurement system increases accountability in public procurement						
<b>Perceived Complementarity</b>	<b>(Anchors: 1=strongly disagree to 7=strongly agree)</b>						
	A wide range of services is available on e-procurement systems						
	Using an e-procurement system enables me to finish various procurement activities on time						
	A timely e-procurement system support is available						
	My interaction with the e-procurement system is easy						
	Using an e-procurement system makes it easier to carry out my procurement tasks						
	<b>Our organization, (Anchors: 1=strongly disagree to 7=strongly agree)</b>						
<b>Organizational readiness</b>	Learns from collaborating with other procurement entities on using an e-procurement system						
	Invests in training of its officers on e-procurement system						
	Management supports the use of e-procurement system						
	Has a culture that recognizes the value of automation of the procurement process						
<b>Organizational willingness</b>	In general, our organization is willing to use an e-procurement system						
	<b>Please evaluate your organization's performance relative to the use of the e-</b>						

Question	Below we have entered several statements, please tick the answer that you think best suits your organization:	Strongly disagree	Moderately disagree	disagree	Neutral	agree	moderate agree	strongly agree
	<b>procurement system (Anchors: 1=strongly disagree to 7=strongly agree)</b>							
<b>Adoption of e-procurement system</b>	We use e-procurement systems to initiate the procurement process							
	We use e-procurement systems to invite tenders							
	We use e-procurement systems to evaluate tenders							
	We use e-procurement systems to communicate awards to suppliers							
	We use e-procurement systems to sign contracts							
	<b>In our organization, (Anchors: 1=strongly disagree to 7=strongly agree)</b>							
<b>Performance orientation</b>	I spend a lot of time thinking about how my performance is in comparison to other PEs							
	I generally perform tasks for which I get rewarded soon							
	I feel very good when I know I have outperformed other PEs							
	I always try to communicate my achievements to other employees							
	I prefer to see tangible output as a reward for my effort.							
<b>Perceived Satisfaction</b>	<b>How do you feel about the overall experience of e-procurement use, (Anchors: 1=strongly disagree to 7=strongly agree)</b>							
	I am very satisfied with the e-procurement system							
	I am very pleased with the e-procurement systems							
	I am very content with the e-procurement system							
	I am delighted with the e-procurement system							
	<b>(Anchors: 1=strongly disagree to 7=strongly agree)</b>							

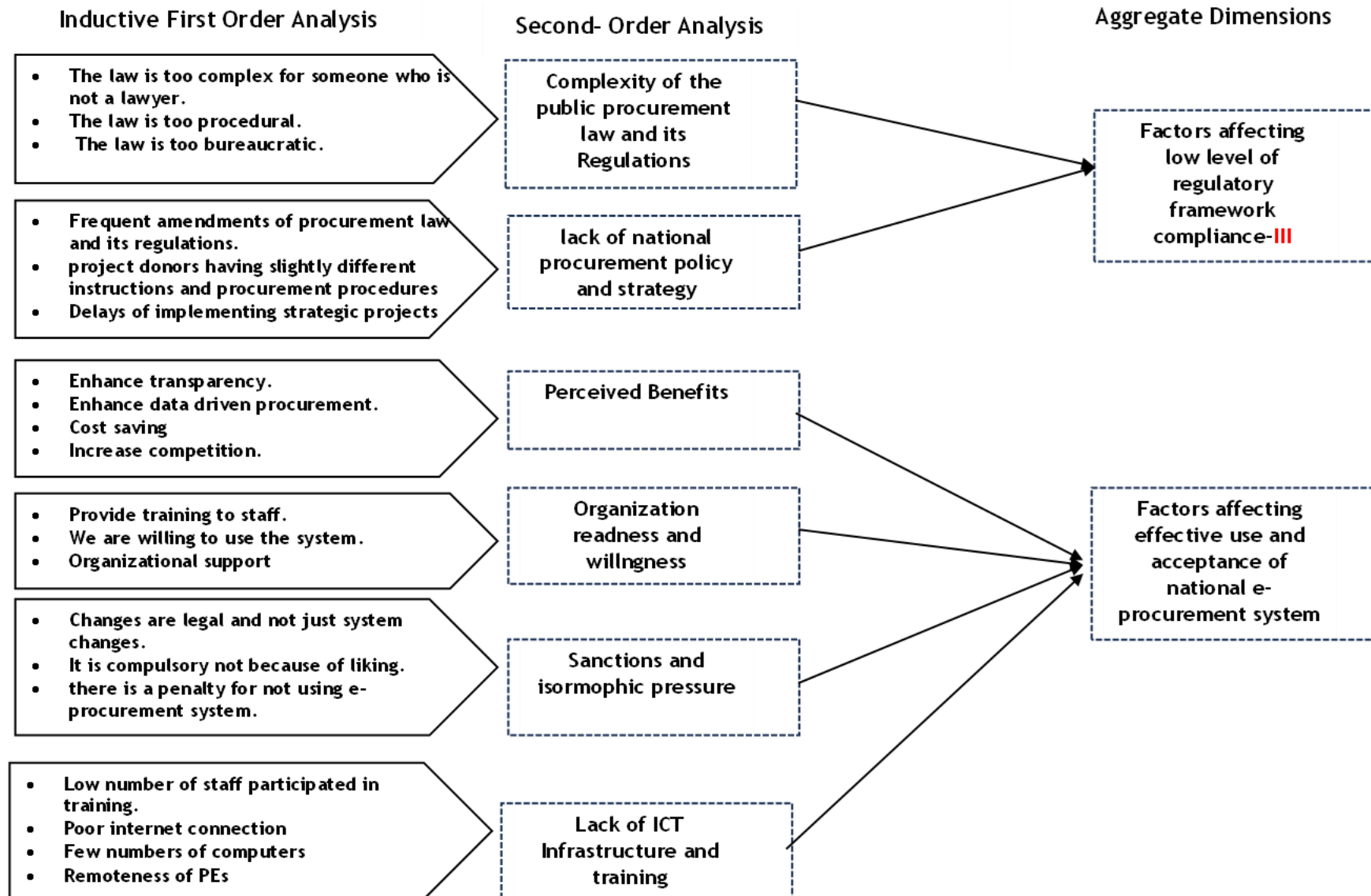
Question	Below we have entered several statements, please tick the answer that you think best suits your organization:	Strongly disagree	Moderately disagree	Neutral	Agree	Moderately agree	Strongly agree
<b>Isomorphic pressure</b>	We receive government pressure on the use of e-procurement system						
	Other procuring entities motivate or induce us to use e-procurement systems						
	Public procurement law and its regulations force us to use e-procurement systems						
	Pressure from the public at large forces us to use an e-procurement system						

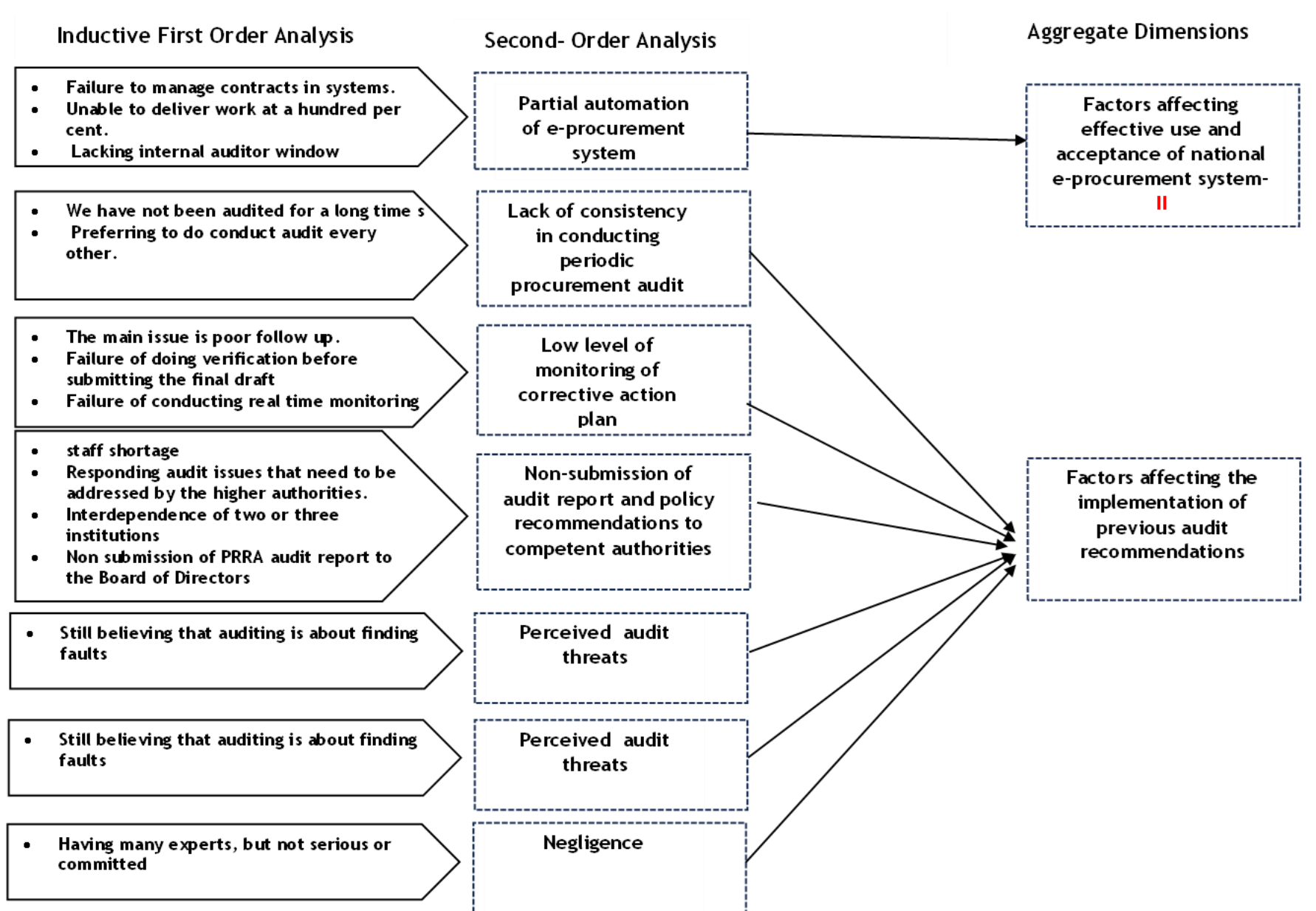
## Appendix 4.1 Qualitative coding procedure











## REFERENCE

- Abdullah, K.O., 2014, 'The audit profession\_ensuring quality service delivery', In Auditing Journal 1(1), 1-7.
- Adeyemi,S.B and Uadiale, O. M. (2011). An empirical investigation of the audit expectation gap in Nigeria. African Journal of Business Management, 15 (19), 7964-7971
- Adjei-Bamfo, Peter, Kwame Ameyaw Domfeh, Justice Nyigmah Bawole, Albert Ahenkan, Theophilus Maloreh-Nyamekye, Stephanie Adjei-Bamfo, and Samuel Antwi Darkwah. (2020). "An e-government framework for assessing readiness for public sector e-procurement in a lower-middle income country." Information Technology for Development 26 (4):742-761. doi: 10.1080/02681102.2020.1769542.
- Agbesi, K. (2009). Compliance Assessment of the Public Procurement Act 2003: A case study of selected government intuitions in Ghana,(unpublished). Retrieved from <http://dispace.knust.edu.gh/>
- Aikins, S.K., 2012, 'Determinants of Auditee adoption of audit recommendations: Local government Auditor's perspectives', Journal of Public Budgeting, Accounting & Financial Management 24(2), 195-220. <https://doi.org/10.1108/JPBAFM-24-02-2012-B002>
- Akinradewo, O. F., Bamidele, O. A., & Ogunsemi, D. R. (2022). Assessment Level of Compliance with Public Procurement Act. Journal of Engineering, Project, and Production Management, 12(2), 126-136.
- Almajali, Dmaithan Abdelkarim, Tha'er Majali, Ra'ed Masa'deh, Mohmood Ghaleb Al-Bashayreh, and Ahmad Mousa Altamimi. (2023). "Antecedents of acceptance model for e-procurement in Jordanian public shareholding firms." Journal of Consumer Marketing 40 (6):663-684. doi: 10.1108/jcm-12-2021-5075.
- Awino, Z. B., & Marendi-Getuno, P. N. (2014). Public procurement legal framework implementation challenges and organizational performance. *DBA Africa Management Review*, 4(2).
- Chen, Yifan, Stuart Bretschneider, Justin M. Stritch, Nicole Darnall, and Lily Hsueh. (2021). "E-procurement system adoption in local governments: the role of procurement complexity and organizational structure." Public Management Review 24 (6):903-925. doi: 10.1080/14719037.2021.1874497.
- Chikwere, G.U., Simon, S.K., Dzandu, S.S.K., Dza, M., 2019. Compliance issues with public procurement regulations in Ghana. Int. J. Bus. Manag. 14 (5), 1-8.
- Changalima, I. A. (2023). Are the Covid-19 Pandemic and Public Procurement Strange Bedfellows'? An African Perspective. Africa Development/Afrique et Development, 48(2), 175-196.
- Dain, N., & Rahmat, M. M. (2017). Factors influencing public sector auditees on implementing audit recommendations. *Jurnal Pengurusan*, 51, 195-207.

Dana, Leo Paul, and Teresa E. Dana. (2005). "Expanding the scope of methodologies used in entrepreneurship research." *Int. J. Entrepreneurship and Small Business* 2 (1):79-88.

de Boer, Luitzen, and Jan Telgen. (2006). "Purchasing Practice in Dutch Municipalities." *International Journal of Purchasing and Materials Management* 34 (1):31-36. doi: 10.1111/j.1745-493X.1998.tb00046.x.

Eyaa, S., Oluka, P.N., 2011. Explaining non-compliance in public procurement in Uganda. *Int. J. Bus. Soc. Sci.* 2 (11), 35-44.

Gioia, Dennis A., Kevin G. Corley, and Aimee L. Hamilton. (2013). "Seeking Qualitative Rigor in Inductive Research." *Organizational Research Methods* 16 (1):15-31. doi: 10.1177/1094428112452151

hai ,K V. (2009). *International Handbook of Public Procurement*. CRC Press: Taylor and Francis Group. Florida.

Hair, Joseph F, William C Black, Barry J Babin, and Rolph E Anderson. 2010. *Multivariate Data Analysis 7ed*. Upper Saddle River: Pearson Prentice Hall.

Harun, Magoti Daniel, Heidi Hogset, and Deodat Mwesiumo. (2023). "Dynamic capabilities and sustainability performance: Exploring the moderating role of environmental dynamism in the Norwegian fishing industry." *Sustainable Development* 31 (4):2636-2655. doi: 10.1002/sd.2536.

Ibrahim, M.O, Baker, T. & Doyle, S., 2014, 'Grappling with Section 404, Internal Auditor', *Institute of Internal Auditors Journal* 5(2), 57-61.

Jiménez, Alfredo, Julien Hanoteau, and Ralf Barkemeyer. (2022). "E-procurement and firm corruption to secure public contracts: The moderating role of governance institutions and supranational support." *Journal of Business Research* 149:640-650. doi: 10.1016/j.jbusres.2022.05.070.

Kline, Rex B. 2011. *Principles and Practice of Structural Equation Modeling*. 3 ed. New York: The Guilford Press.

K Kumar, A., Nair, A. and Piecha, J. (2015) 'Measuring efficiency in international public procurement', *Journal of Public Procurement*, 15 (3), 365-389, DOI:10.1108/JOPP-15-03-2015-B005.

Makoba, N., Nyamagere, G., & Eliufoo, H. (2017). E-Procurement risks and mitigation: the case for tanzania construction companies. *International Journal of Construction Engineering and Management*, 6(4), 180-186.

Matlala, L. S., & Uwizeyimana, D. E. (2020). Factors influencing the implementation of the auditor general's recommendations in South African municipalities. *African Evaluation Journal*, 8(1), 1-11.

Matto, Mordecai C., Paul M. Nsimbila, and Ahmed M. Ame. (2022). "Measuring compliance in public procurement: the case of Tanzania." *International Journal of Procurement Management* 1 (1). doi: 10.1504/ijpm.2022.10047502.

Masoud, Y., Tonya, E., & Mohamed, S. (2021). The Effects of Internal Auditing on Procurement Performance in Parastatal Organizations of Tanzania. *Business Education Journal*, 10(3), 1-15.

Mwakibinga, Frederick A., and Arnt Buvik. (2013). "AN EMPIRICAL ANALYSIS OF COERCIVE MEANS OF ENFORCING COMPLIANCE IN PUBLIC PROCUREMENT." *Journal of Public Procurement* 13 (2):243-273.

Mwelu, N., Davis, P., Ke, Y., & Watundu, S. (2018). Compliance within a regulatory framework in implementing public road construction projects. *Construction Economics and Building*, 18(4), 1-23.

Mwesiumo, Deodat, Magoti Harun, and Heidi Hogset. (2023). "Unravelling the black box between coopetition and firms' sustainability performance." *Industrial Marketing Management* 114:110-124. doi: 10.1016/j.indmarman.2023.08.008.

Mrope, N. P. (2018). Determinants of performance of procurement departments in public entities in Tanzania, Doctoral dissertation. Jomo Kenyatta University of Agriculture and Technology. 234 pp.

Mrope, N. P., Namusonge, G. S., & Iravo, M. A. (2017). Does compliance with rules ensure better performance? An assessment of the effect of compliance with procurement legal and regulatory framework on performance of public procurement in Tanzania. *European Journal of Logistics, Purchasing and Supply Chain Management*, 5(1), 40-50.

Mushi, G. O., & Nsimbila, P. M. (2022). Determinants of Electronic Procurement System Adoption in Tanzania. *African Journal of Applied Research*, 8(1), 309-323.

Nawi, M. N. M., Roslan, S., Salleh, N. A., Zulhumadi, F., & Harun, A. N. (2016). The benefits and challenges of E-procurement implementation: a case study of Malaysian company. *International Journal of Economics and Financial Issues*, 6(7), 329-332. No. 2, pp. 287-309

Podsakoff, P. M., S. B. MacKenzie, and N. P. Podsakoff. (2012). "Sources of method bias in social science research and recommendations on how to control it." *Annu Rev Psychol* 63:539-69. doi: 10.1146/annurev-psych-120710-100452.

Presutti, William D. (2003). "Supply management and e-procurement: creating value added in the supply chain." *Industrial Marketing Management* 32 (3):219-226. doi: 10.1016/s0019-8501(02)00265-1.

Public Procurement Act, CAP 410 (R.E 2022) of Tanzania

Public Procurement Regulation (2023) of Tanzania

Ringle, Christian M., S Wende, and Jan-Michael Becker. (2015). ""SmartPLS 3." Boenningstedt: SmartPLS GmbH." <http://www.smartpls.com>.

Sarstedt, Marko, Joseph F. Hair, Jun-Hwa Cheah, Jan-Michael Becker, and Christian M. Ringle. (2019). "How to Specify, Estimate, and Validate Higher-Order Constructs

in PLS-SEM." *Australasian Marketing Journal* 27 (3):197-211. doi: 10.1016/j.ausmj.2019.05.003.

Siwandeti, M., Sanga, C., & Panga, F. (2023). Perceived benefits of participation in public electronic procurement: a comparative analysis of vendors in Ilala district, Tanzania. *Journal Of Co-operative and Business Studies (JCBS)*, 6(1).

Suleiman, M. (2015). Adoption of e-procurement and value addition: Tanzanian context. *European Journal of Business and Management*, 7, (14).

Torvatn, T. and de Boer, L. (2017). Public procurement reform in the EU: start of a new era? *IMP Journal*, 11(3). 431-451. <https://doi.org/10.1108/IMP-09-2015-0056>

Teddlie, Charles, and Abbas Tashakkori. (2011). "Mixed methods research." *The Sage handbook of qualitative research* 4:285-300.

Tukamuhabwa, B.R., 2012. Antecedents and consequences of public procurement noncompliance behavior. *Journal. Economics Behavior Studies* 4 (1), 34-46.

United Republic of Tanzania (2022). Controller and Auditor General Audit Report 2021/2022, National Audit Office: Dar es Salaam, Tanzania.

United Republic of Tanzania (2022). Public Procurement Regulatory Authority Annual Performance Evaluation Report for 2021/22 financial year

WorldBank. (2017). " Benchmarking Public Procurement 2017: Assessing Public Procurement Regulatory Systems in 180 Economies." World Bank, accessed 04 October 2023. <https://openknowledge.worldbank.org/entities/publication/2673f7f9-cd3b-5cae-a0c6-f473cb3ce61f>.

Yin, Robert K. 2018. Case study research and applications: design and methods. Sixth Edition. ed. Los Angeles: SAGE.