

# Mapping Public Procurement Reforms in Tanzania: Compliance, Challenges and Prospects

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## Abstract

This paper provides an overview of public procurement reforms in Tanzania. The main objective was to conduct a critical analysis on the public procurement reforms, compliance, challenges and prospects of Tanzania public sector procurement. The author used published data and documentary review in order to present findings, conclusion and recommendations. Based on the research findings, the Government of the United Republic of Tanzania has clearly made great steps in reforming the public procurement sector. The enactments of Public Procurement Acts and Regulations have been to some extent helpful in attaining transparency, economy, efficiency, accountability, fair and value for money procurement. The findings revealed that compliance has been reduced from -41% in financial year 2006/2007 (first procurement audit) to -7% in 2015/2016. The study recommended that: successful implementation of the public procurement reform will depend on the people involved, both elected and employees at all levels and the capacity of the oversight and regulatory bodies to lead, regulate, control and monitor the various procurement procedures. The need of public procurement reforms should be originated from the citizens, practitioners, suppliers, service providers, contractors, regulatory & professional bodies, and the like. Politician's views and comments should not be taken as a prime catalyst for review.

**Key words:** Public Procurement, Reform, Compliance, Challenges and Prospects

## 1. Introduction

### 1.1 Background of the study

Public procurement has become an issue of public attention and debate, and has been subjected to reforms, restructuring, rules and regulations. In recent years, many governments have embarked on reforms in their procurement systems to streamline and harmonize legal and institutional framework (Vitor, 2015). According to section 3 of the Public Procurement (Amendment) Act 2016, procurement is defined as buying, purchasing, renting, leasing or otherwise acquiring any goods, works or services by a procuring entity and includes all functions that pertain to the obtaining of any goods, works or services, including description of requirements, selection and invitation of tenderers, preparation, award and management of contracts.

Public procurement represents a huge amount of money; this is evidenced by Mahmood, (2010) who commented that public procurement represents 18.42% of the world GDP. In developing countries, public procurement is increasingly recognized as essential in service delivery (Basheka and Bisangabasaija, 2010), and it accounts for a high proportion of total expenditure. For instance, public procurement accounts for 60% in Kenya (Akech, 2005), 58% in Angola, 40% in Malawi and 70% of Uganda's public spending (Wittig, 1999; Government of Uganda, 2006) as cited in Basheka and Bisangabasaija (2010), and in Tanzania public procurement is the second largest expenditure after personnel emoluments (NPPP, 2012).

The history of procurement legislation in Tanzania of which procurement process is found it can be traced as far back to 1961, when the exchequer and Audit ordinance No 21 was enacted as a legal mechanism for controlling public procurement and supplies activities in the government sector. Five years later in 1965 the Financial order part three (store regulations) was enacted by the parliament as the guideline to the use of public fund by the Government (Changula, 2003). Between 1967 and 2000, the Tanzanian economy was characterized by a heavy dependency of state – owned enterprises, often referred to as parastatal enterprises/organizations. In 1994, estimates put the number of parastatal enterprises at about 450 – small and large. These enterprises spanned virtually all the major sectors of the economy such as agriculture, mining and industry/manufacturing. Holding corporations had the responsibility of undertaking new investments on behalf of the Government. While a number of operating companies were established under the Public Corporations Act of 1970, a number of them were set up under the Companies Ordinance CAP 212 (Nkinga, 2003).

The Government's effort to undertake public procurement reform in Tanzania Mainland started in 1992 when the Government commissioned a consultant to undertake the Public Procurement and Supply Management Study. At

the conclusion of the paper it was evident that the public procurement system in Tanzania had serious weaknesses and thus was in urgent need for reform (Nkinga, 2003). In February, 2001 new public procurement legislation was passed by the Parliament and was subsequently signed into law (The Public Procurement Act No 3 of 2001) by the President. The Act became effective on 1<sup>st</sup> July, 2001.

As a result of another procurement capability assessment by the Bank, the PPA 2001 was soon repealed and replaced by the Public Procurement Act 2004. While the new Act tried to incorporate most of the recommendations, its nine years under implementation proved several challenges leading to public outcry about inefficiencies in public procurement processes. In 2011, the 2004 Act was also repealed and replaced by the Public Procurement Act 2011. This law did not come into operation until 20th December 2013 but two years later, the outcry regarding challenges facing implementation of PPAs and their regulations was still the same which led to the emergence of Public Procurement (Amendment) Act 2016.

The main objective of the reforms was to improve government financial management, control of public funds, and promote accountability. According to the study conducted by Economic Commission for Africa (2003) public sector management reforms in Africa face a number of challenges that have limited the scope, speed and quality of services rendered. For example, corruption constitutes by far one of the biggest challenges in the public sector. Other challenges include multiple accountability, inadequate resource utilization and institutional capacity. African governments, therefore, need to increase their efforts to address these challenges through effective public sector reforms. This study presents compliance, challenges and prospects of public procurement reforms in Tanzania.

### **1.2 Statement of the Problem**

Worldwide public procurement has been an important function of governments. This is due to the fact that sheer magnitude of procurement outlays has a great impact on the economy and needs to be well managed (Thai, 2009). Arrowsmith (1998), and Thai (2001) agreed by indicating that, all countries in the world, estimates of the financial activities of government procurement managers are believed to be in the order of 10% – 30 % of GNP (Callender & Mathews, 2000). Efficiently handling this size of procurement outlays has been a policy and management concern as well as a challenge for public procurement practitioners. This is the reason why various countries both in developed and least developed countries have instituted procurement reforms involving laws and regulations. However, despite the tremendous efforts and resources that have been allocated to this endeavour, progress remains scant (Economic Commission for Africa, 2003). The major obstacle has been inadequate regulatory compliance. This position is further supported by Gelderman et al (2006) who contend that compliance in public procurement is still a major issue. Hui et al (2011) while analyzing procurement issues in Malaysia established that procurement officers were blamed for malpractice and non-compliance to the procurement policies and procedures. The compliance issue in Tanzania is evidenced through audit report conducted by Public Procurement Regulatory Authority (PPRA) in the financial year 2014/2015 and 2015/2016 which indicated that, compliance to public procurement act 2011 and its regulations 2013 by procuring entities stood at 69% and 71% instead of the expected 75% and 78% respectively (PPRA Annual Audit Report, 2015 and PPRA Annual Audit Report, 2016). While the Auditor and Controller General's Report for financial year 2010/11 reported a procurement compliance rate of about 60 per cent, the PPRA annual audit reports indicated that a combined average level of compliance for the same financial year was 68 per cent.

The performance of public procurement reforms in Tanzania as other reforms in Africa, as commented by Economic Commission for Africa (2003) remains hindered by a myriad of factors including lack of efficiency, lack of accountability, ineffective management practices, and corruption. Due to this hindrance several reforms within short period have been instituted in Tanzania public procurement, for examples since 2001 to 2016 (15 years) four procurement legislations have been enacted by the parliament. This implicates that each legislation was enacted and stay for short period before it is repealed, replaced or amended. It is not clear whether the procurement reforms in Tanzania are influenced by political factors or the needs of stakeholders. Against this background, the researcher felt the need of conducting comprehensive study on public procurement reforms in Tanzania and providing relevant information on best practices, compliance, challenges and prospects in order to improve procurement performance in public sector.

### **1.3 Objective of the Study**

This paper is intending to provide an overview of public procurement reforms in Tanzania. It is an in-depth research study on the compliance, challenges and prospects of Tanzania public sector procurement.

## **2. Literature Review**

### **2.1 The concept of Public Procurement**

The concept of public procurement has been defined differently by different authors and scholars as well as regulatory bodies. World Bank, (1995) defined public procurement as the acquisition of goods, services and works by a procuring entity using public funds. The United Nations viewed public procurement as an “overall process of acquiring goods, civil works and services which includes all functions from the identification of needs, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration through the end of a services' contract or the useful life of an asset” (United Nations Development Programme, UNDP, 2007). National Public procurement draft policy defined public procurement as an acquisition, whether under formal contract or otherwise, of works, supplies and services by public bodies using publicly sourced finances. It involves the purchasing, hiring or obtaining by any contractual means of publicly needed goods, construction works and services by the public sector. It also includes situations in which public funds are mobilized to procure works, goods and services even if the government does not get directly involved, (NPPP, 2012).

### **2.2 Theoretical Review**

Mentzer commented that good research should be grounded in theory (Mentzer et al., 2008). This study was guided by institutional theory. As cited by Onyinkwa (2003) the institutional theory is the traditional approach that is used to examine elements of public procurement (Obanda 2010). According to Scott (2004), institutions are composed of cultural-cognitive and regulative elements that, together with associated activities and resources give meaning to life. The author explains the three pillars of institutions as regulatory, normative and cultural cognitive. The regulatory pillar emphasizes the use of rules, laws and sanctions as enforcement mechanism, with expedience as basis for compliance. The normative pillar refers to norms (how things should be done) and values (the preferred or desirable), social obligation being the basis of compliance. The cultural-cognitive pillar rests on shared understanding (common beliefs, symbols, shared understanding). In Tanzania, public procurement has is guided by the PPA 2011 and PPA (Amendment) 2016, PPR 2013, PPR (Amendment) 2016, standard bidding documents and forms, guidelines, and circulars which are from time to time issued by the PPRA.

### **2.3 Procurement Reforms – International Experience**

#### **2.3.1 Reforms in Europe**

The European Union (EU) procurement directives reinforce the European Community treaty, which prohibits discrimination on ground of nationality, free movement of goods and services. The procurement directive requires that contracts of above certain value to be based on principles of equal treatment, transparency and competitive procurement. It provides procedures and rules which have to be followed in award of supplies, works and certain services contracts by public bodies and various utilities where the European court of justice has powers to grant interim remedies or to order that the contract is not to be performed. Community legislation was introduced to ensure that Government contracts were open to all nationalities on equal terms and make tendering procedures more transparent.

#### **2.3.2 Reforms in Africa: West Africa**

Drivers of procurement reforms in West African countries like Sierra Leone, Nigeria and Ghana have similar strategies that include: Democratization and accountability, in the national development agenda. International agenda in the three countries covered poverty reduction frameworks/commitment, harmonization processes. In Ghana reforms in 2003 led to creation of Public Procurement Board (PPB) In Sierra Leone in 1963 procurement was guided by Finance Act 1963, reforms started in 2003 by introducing the CTB circular. In 2004 WB review led to restructuring of the procurement system whereby the National Public Procurement Authority (NPPA) was established. Challenges facing reforms in West Africa were lack of capacity, change management inertia affecting economic development and causing political anxiety, reforms are considered to be complex, challenging, and funds are inadequate to drive the reforms, and weak working relationships between the donors in supporting the reform.

#### **2.3.3 Reforms in Africa: South Africa**

In 1998 the government of South Africa introduced a scheme known as Black Economic Empowerment (BEE) scheme under the BEE legislation of 2003. The objective of the BEE is the de-racialisation of capitalist class. The broad-based Black Economic Empowerment Act, 2004 laid down a slew/provision of obligation on companies that may do business with government. To be BEE-compliant, companies are obliged to have a designated share of blacks in upper and middle management, pay for skill development, and make a proportion of their purchases from other BEE companies.

### **2.3.4 Reforms in Africa: East Africa**

In the mid-1980s, the need to reform public procurement in the three East African countries became urgent, as there was growing scrutiny and pressure from within and outside to reform the procurement process. The domestic push for reform came mainly from domestic procurement stakeholders. These stakeholders generally expressed dissatisfaction with the public procurement system. The stakeholders complained of misallocation of resources, inadequate infrastructure, inefficient services, high taxes, growing indebtedness and high risks. These concerns were clearly related to the manner and effectiveness of the public procurement process. In reacting to these concerns, the government recognised the need for reviewing the public procurement process and for being more accountable to the various stakeholders. The objectives of the reforms was promoting economy efficiency and effectiveness in procurement and disposal resulting in value for money, ensuring that public procurement is conducted in a fair transparent and non discriminatory manner, enhancing decentralization policy, creating a sound business climate, and the like.

### **2.4 Empirical Review**

In Tanzania, a journey of procurement reforms began in 1992 where the result was enactment of Public Procurement Act 2001. Unfortunately, many government ministries and agencies have since then not properly followed prescribed practices. This is supported by various scholars, Tesha (2011) conducted exploration study on assessment of factors causing non-compliance to public procurement act number 21 of 2004. The study explained the reasons why procurement entities do not comply with the procurement Act No.21 of 2004 and its regulations, such reasons were ineffective institutional structure, quality of laws and deliveries, contract management, emergence purchase, ineffective communication, poor documentation, unclear specification, and poor purchasing procedures.

Kondela (2008) explained extent of compliance to PPA and regulations by pointing out how procurement guidelines have been established but failure to serve them has opened the door to corruption and wasted public resources, the major problems identified were inadequate advertising of tenders, lack of transparency and delays of bids evaluation, weak supervision during implementation, collision between consulting engineers and contractors in certifying costs escalations and approving sub-standards works, failure of over site mechanism to ensure compliance with procurement such as approval of contract variation and cost escalations.

In international context, a study on corporate governance in Africa revealed that countries such as Nigeria and Ghana suffer from weak law enforcement mechanisms (Okeahalam, 2004). Ameyaw *et al.*, (2012) conducted a study with the aim of identifying various implementations bottlenecks to the Ghana Public procurement Law 2003. The study adopted multiple research approaches, including, review of relevant literature, and interview and questionnaire whereby 49 districts were surveyed. The study found low capacity of procurement professionals, low interaction between procurement entities and public entities, deliberate controlling of competition, non compliance with provision of law, split of contract into small lots, lack of fund and non- cooperativeness of suppliers as the major challenges militating against the implementation of public procurement Law.

### **2.5 Research Gap**

The Government's effort to undertake public procurement reform in Tanzania Mainland started in 1992. The main objective of the reforms was to improve government financial management, control of public funds, and promote accountability. The performance of public procurement reforms in Tanzania as other reforms in Africa, as observed by Economic Commission for Africa (2003) remains hindered by a myriad of factors including lack of efficiency, lack of accountability, ineffective management practices, and corruption. In order to minimize this challenge the Economic Commission for Africa (2003) insisted that the reformers also need to keep an open mind as to what may work and what may not, and be guided by the needs of the situation. However, it is unknown whether the procurement reforms in Tanzania are influenced by political factors or the needs of stakeholders. As of today, four procurement legislations have been enacted by the parliament since 2001 to 2016. This implicates each legislation was enacted and stay for short period before it is repealed or amended. Therefore it is the intention of the author to fill this gap by analyzing procurement reforms noted compliance, challenges and prospects.

### **3. Methodology**

In order to achieve the objective of this study the author conducted an intensive review of documentary information relevant to the subject matter. These included procurement legislations: PPA 2001 and PPR 2001, PPA 2004 and PPR 2005, PPA 2011 and PPR 2013, PPA (Amendment) 2016 and PPR (Amendment) 2016, other relevant legislations which affect procurement practice such as anti-corruption, environmental and the like were also reviewed. In addition to that the author reviewed the following materials: text books on procurement and

reforms, Journals on Procurement and Public sector reforms, PPRA annual reports, PPRA and CAG audit reports for distinct years, Country Procurement Assessment reports, Multilateral Development Banks reports, standardized documents prepared by oversight bodies, news papers and articles. The gathered data was qualitatively and quantitatively analyzed based on the content analysis relevant to the study.

#### **4. Presentation of Findings and Analysis**

Over fifty years have passed since the old framework of public procurement in Mainland Tanzania was established, in very different circumstances to those of today. The Government's effort to undertake public procurement reform in Tanzania Mainland started in 1992 when the Government commissioned a consultant to undertake the Public Procurement and Supply Management Study. Nkinga (2003) noted that at the conclusion of the study it was evident that the public procurement system in Tanzania had serious weaknesses and thus was in urgent need for reform. The principal recommendation of the study was that the Government should: enact a new Procurement Law establishing the principles, policies and structure of public procurement, supported by detailed Procurement Regulations (Nkinga 2003). The objectives and aims of public procurement reform were to ensure that procurement is conducted in a fair, transparent and accountable manner; to contribute toward the creation of a sound economic climate in Tanzania; increase participation by the Tanzania Private Sector; public procurement to be subject to a robust and effective regulatory environment; and to institute a practical capacity building and training programme with a view to establishment cadre. As a result PPA 2001 was enacted followed by the other three legislations to date. The findings on compliance, challenges and prospects for each Act are detailed hereunder.

##### **4.1 Public Procurement Act 2001 and Public Procurement Regulations 2001**

In February, 2001 new public procurement legislation was passed by the Parliament and was subsequently signed into law (The Public Procurement Act No 3 of 2001) by the President. The Act became effective on 1<sup>st</sup> July, 2001. The Act provides a comprehensive coverage of all regulatory aspects critical to public procurement. Prospects of the new Act included: it applies to all procurement undertaken by public institutions except for financially independent parastatal organizations and for defense procurement; takes into account certain differences between the procurement of goods, works and selection and employment of consultants; establishes several tender boards with the responsibility for procurement, review of tender documents and contract awards in accordance with pre-determined thresholds; and provides for the establishment of the Public Procurement Appeals Authority to settle procurement disputes before judicial review process.

The act was supported by regulations for central Government, namely the Public Procurement (Selection and Employment of Consultants) Regulations, 2001 – Government Notice No 137 of 13<sup>th</sup> July, 2001 and the Procurement of Goods and Works Regulations, 2001 – Government Notice No 138 of 13<sup>th</sup> July, 2001 became effective on 2<sup>nd</sup> July, 2001. The Act allows the Local Government Authorities to carry out their procurement using regulations that are prescribed in the Local Authority Financial Memorandum of 1997. This Memorandum was established under the Local Government (Finances) Act No 9 of 1982. The Public Procurement Act No 3 of 2001 also allows establishment of local government tender boards in accordance with Act No 9 of 1982.

However the PPA 2001 and its regulations had the following weaknesses: the role of the Central Tender Board and the roles of the implementing agencies were not clear and need to be reviewed; lack of ownership and knowledge of the Public Procurement Act No. 3 of 2001; lack of standardized documents as a guidance on the application of the Regulations, this caused inappropriate and differing procedures being followed among entities; insufficient human resources and procurement training system; and lack of local private sector participation. These challenges led to the enactment of PPA 2004.

##### **4.2 Public Procurement Act 2004 and Public Procurement Regulations 2005**

In 2003 country procurement review was carried to assess the execution of PPA 2001. The CPAR 2003, updating the 1996 report, identified a number of further areas for improvement, some of which would require fundamental reform to address them. Many of the key recommendations of CPAR 2003 were given effect by the Public Procurement Act 2004, which entered into force in May 2005, replacing the 2001 Act. The Public Procurement Act 2004 was enacted to repeal the Public Procurement Act No. 3 of 2001, with a view of making better provisions for regulations of Public Procurement in the country. The policy is based on the need to make the best possible use of public funds whilst conducting all procurement with honesty and fairness. The basic principles of the public procurement act were to enhance economy and efficiency in the use of public funds, implementation on projects as well as giving all eligible suppliers, contractors and service providers equal opportunities. It also aims at enhancing integrity, accountability, fairness and transparency in the procurement process. The PPA 2004 applied to all public bodies, non public bodies but receiving or using public funds, and defense and national

security organs for non-restricted items.

The major strengths included abolition of the Central Tender Board, replacing it with a regulatory body; full devolution of procurement operations to procuring entities themselves; and establishment of an Appeal Authority. The challenges which were noted: it did not cover procurement of Public Private Partnership Projects (PPPs); no clear procedures to handle emergency procurement; long procurement complaint review process – three tier; confused role and reporting of the Procurement Management Unit; and LGAs Councilors not involved in the tender approval process. Eight years later the PPA 2011 replaced and repealed the PPA 2004.

#### **4.3 Public Procurement Act 2011 and Public Procurement Regulations 2013**

Due to the needs of stakeholders the Public Procurement Act of 2004 was amended and a new Public Procurement Act, 2011 was passed by the Parliament in November, 2011 and assented to by the President in December, 2011. The need for review was as a result of stakeholders concerns on various weaknesses identified for the period of eight years that the PPA 2004 has been in force. The publication of the Public Procurement Regulations 2013 G.N. 446 and commencement of operation of the Public Procurement Act 2011 in the Government Gazette on 20<sup>th</sup> December 2013. The main issues in the act and regulations that have been incorporated in the new Act include: establishment of a Procurement Policy Unit; strengthening of the Public Procurement Appeals Authority (PPAA) as an autonomous body capable of discharging its functions efficiently and effectively; procedures for carrying out e-procurement; introduction of a cool-off period of fourteen (14) days for participated bidders in a tender to submit complaints if not satisfied with an award decision; Procurement of common use items and seasonal goods whose prices change depending on season; introduction of severe punishment to any person found in breach of PPA and its Regulations, where for major offences, the fine was increased from 500,000 shillings to not less than 10 million shillings and the imprisonment term has been increased from three to seven years.

The PPA 2011 and its regulations achieved the following: reduced procurement transaction costs by using the system of framework agreements managed by GPSA; increased competition and transparency; increased accountability for actions, omissions or decisions; reduced cost through pooled procurement of vehicles by GPSA; improved procurement compliance and performance by procuring entities see item # 5.5; Use of ICT in procurement implementation and reporting including developing e-procurement system. On the other hand, implementation challenges were: high cost of procurement process; long duration of procurement process; high prices of procured goods, works and services compared to market prices; issues surrounding integrity and professionalism; differences between procurement procedures used by LGAs and those used by other procuring entities; and many interests and interference in public procurement proceedings.

#### **4.4 Public Procurement Act (Amendment) 2016 and Public Procurement Regulations (Amendment) 2016**

In 2016 government embarked review of PPA 2011 and its regulation where it resulted into enactment of PPA (amendment) 2016 and its regulations of 2016. The amendments took into account: prudent use of market prices; reducing procurement process/transaction costs; increasing opportunity for participation of special social groups, e.g. women, youth, elderly, people with disabilities; promotion of industrial development using locally produced raw materials, products and services; establishing and adopting Government approved standards for items and services for procuring entities; and making special procedures for commercial oriented entities to procure inputs of production, etc. The following sections were amended on PPA 2011: section 1, 2, 9, 10, 18, 23, 25, 35, 36, 50, 55, 59, 60, 64, 65, 88, 89, 91, 93, 95, 96, 97, 99, 101, 105, 107, 108, 2<sup>nd</sup> schedule, and 3<sup>rd</sup> schedule. And the following new sections were added: 4A, 46A, 55A-55D, and 63. Meanwhile the amendments or additions of the sections were also affected regulations. Therefore the following regulations were amended: 2-4, 4, 8-9, 13, 16-17, 22, 29, 31, 39, 43-44, 56, 59, 63-64, 67-69, 76, 83, 86, 93, 105-110, 112, 115, 122-123, 130-133, 135-138, 146-147, 150-153, 155-156, 158-160, 164, 166, 168, 170, 199, 202, 217, 222, 225, 231-233, 235, 252, 254-255, 296-297, 301, 346, 356, first schedule, second schedule, sixth schedule, seventh schedule, eighth schedule, twelfth schedule, fourteenth schedule, and sixteenth schedule. Eight regulations were revoked: 35, 36, 37, 61, 171, 270, 271, and 272. Nine regulations were added: 22A, 22B, 30A, 30B, 30C, 30D, 149A, 151A, and 354A.

#### **4.5 Overall Level of Compliance in Tanzania**

In view of its mandate under Section 9(1)(i) of the Public Procurement Act, 2011, (PPA 2011), the Public Procurement Regulatory Authority (PPRA) has been carried out compliance audits since financial year 2006/2007 (PPRA Annual performance and evaluation report for the financial year 2010/2011). The objective of the audits is to determine whether the procedures, processes and documentation for procurement and contracting were in accordance with the provisions of PPA, Procurement Regulations and the standard documents issued by PPRA. Despite of several reviews of the procurement legislations since 2001 to 2016 the findings indicated that

none of years, audited entities have ever reached the target level set by the PPRA, as indicated in the table 1.

Table 1. Overall level of compliance in Tanzania

Audit Financial Year	Compliance level	Target level for the year under review	Variance
2006/2007	39%	80%	<b>-41%</b>
2010/2011	68%	80%	<b>-12%</b>
2011/2012	74%	80%	<b>-6%</b>
2012/2013	64%	80%	<b>-16%</b>
2013/2014	65%	75%	<b>-10%</b>
2014/2015	69%	75%	<b>-6%</b>
2015/2016	71.0%	78%	<b>-7%</b>

Source: Various PPRA audit reports, 2011-2016

The table 1 indicated the performance level of compliance audit based on the indicators set by the PPRA during the respective year under review. Basing on the variance it implies that compliance to the public procurement by procuring entities legislations has been negative since financial year 2006/2007 to 2015/2016. The minimum variance was -6% achieved in 2011/2012 and 2014/2015 whereas the maximum variance was -41% achieved in 2006/2007. However during the financial year 2015/2016 the variance has been increased by -1% implies that more efforts are required by regulatory and professional bodies to reach the target level.

## 5. Conclusion and Recommendations

### 5.1 Conclusion

Public procurement is an important function of any Government. The importance of procurement as a function lies on the magnitude of funds used, a great impact on the economy and a need for it to be well managed. To explain the significance of the procurement function for goods, works and services, literature shows that it has been established for procurement to account for between 70% and 80% of the Government budget yearly in Tanzania. Based on the research findings, it is concluded that the Government of the United Republic of Tanzania has clearly made great steps in reforming the public procurement sector. The enactment of Public Procurement Act 2001, Public Procurement Act 2004, Public Procurement Act 2011 and Public Procurement Act (Amendment) 2016 and establishment of public procurement procedures as well as other guidelines is the best example. The Acts and Regulations have been to some extent helpful in acquisition of supplies of right quality, quantity, price, from right supplier, taking into account economy, accountability, non-discrimination among potential suppliers and respect for international obligations, in order to protect the public interests. However the approach and methodology employed during review is questionable.

### 5.2 Recommendations

This paper, is therefore makes the following recommendations for effective Tanzanian public procurement reforms implementation and compliance.

1. Successful implementation of the public procurement reform will depend on the people involved, both elected and employees at all levels and the capacity of the oversight and regulatory bodies to lead, regulate, control and monitor the various procurement procedures.
2. The need of public procurement reforms should be originated from the citizens, practitioners, suppliers, service providers, contractors, regulatory & professional bodies, and the like. Politician's views and comments should not be taken as a prime catalyst for review.
3. Enactment of any legislation and regulation must be supported by national policy. The current National Public Procurement Policy (draft 2012) which addresses vision, mission, goal and objectives of public procurement, public procurement models and principle, and areas of strategic national procurement concerns should be approved by relevant authority.
4. The current public procurement laws should be reviewed to reflect the National Public Procurement Policy.
5. In order to increase compliance and minimize challenges in execution of procurement functions, public procuring entities should promote the following core principles: open competition, transparency, integrity, equity & fairness, accountability, economy and efficiency.

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