

**PROCUREMENT PLANNING AS A TOOL FOR IMPROVED  
ACCOUNTABILITY IN THE UNITED NATIONS DEVELOPMENT PROGRAM  
PROJECTS IN UGANDA**

**By**

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**DECLARATION**

I, **CAROLINE CHARITY LINDAH AGABA**, declare that the content of this report is my original work and has never been presented to or submitted to any University, College or any other Institution in the world for any award.

Date.....

Signed.....

## **APPROVAL**

This dissertation has been submitted for examination with our approval as supervisors.

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## **DEDICATION**

This piece of work is dedicated to my children;

Sankara, Sandra, Colin and Lindah

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## **LIST OF ABBREVIATIONS**

|         |  |
|---------|--|
| AMICALL | Alliance of Mayors' Initiative for Community Action on AIDS at the Local Level |
| CCA     | Common Country Assessment  |
| CCF     | Country Cooperation Framework  |
| CPAP    | Country Programme Action Plan  |
| CPAR    | Country Procurement Assessment Review  |
| CSO     | Civil Society Organisation   |
| DEI     | Department of Ethics and Integrity   |
| GDP     | Gross Domestic Product   |
| IGG     | The Inspectorate of Government   |
| MDGs    | Millennium Development Goals   |
| ODPP    | Office of the Director of Public Prosecutions                                  |
| OECD    | Organization for Economic Co-operation and Development                         |
| PDE     | Procuring and Disposing Entity   |
| PDM     | Participatory Development Management   |
| PEAP    | Poverty Eradication Action Plans   |
| PMBOK   | Project Management Body of Knowledge   |
| PPDA    | Public Procurement & Disposal of Public Assets Authority                       |
| SPSS    | Statistical Package for Social Scientists                                      |
| TCB     | Training and Capacity Building   |
| UMI     | Uganda Management Institute  |
| UNDAF   | United Nations Development Assistance Framework                                |

UNDP United Nations Development Programme  
V.C Validity Coefficient

## **ABSTRACT**

The objectives of the study were centred on the effect of procurement planning on accountability (financial, administrative and managerial) as well as the moderating effect of institutional factors on the relationship between procurement planning and accountability for donor funds. A cross-sectional research design was adopted for this study. The study was conducted in five selected UNDP funded organisations and used a sample of 114. Face-to-face interviews were also conducted with the expected people and adequate data was obtained. Data was collected using interviews for the staff of the UNDP country office while the rest of the respondents responded to a self-administered questionnaire. Quantitative data was analysed using SPSS while qualitative data was content analysed. It was found out that the poor state of planning threatened, and had negative effects on financial, administrative and managerial accountability. It was also discovered that institutional factors (internal organisational weaknesses, political influence and donor pressure) were in most cases negatively correlated to the level of accountability and funds utilisation in the projects. Conclusively, there existed a strong and statistically significant relationship between procurement planning and financial accountability as well as administrative accountability. Managerial accountability was weakly linked to procurement planning, and institutional factors threatened the level of accountability and funds utilisation. It is thus recommended that government and the UNDP need to ensure that procurement planning principles are adhered to so as to enhance financial, administrative and managerial accountability. It was also recommended that measures should be put in place to overcome the moderating effect of institutional factors so as to enhance the level of accountability and funds utilisation. Areas of further research are recommended.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 Introduction**

This chapter presents the background to the study, statement of the problem, the main study objectives, specific objectives, research questions, hypothesis, scope and justification, the conceptual framework and operationalisation of key concepts.

Public procurement has been recognised as a key economic activity of governments and organisations. Basheka (2008) observes that traditionally procurement was traditionally viewed as a clerical and reactive task but has since then positioned itself among core organisational functions, and its management is becoming increasingly critical for the well functioning of any organisation. Kemigisha (2003) also pointed out that public procurement is a powerful instrument for the transformation and realisation of specific socio-economic goals. Moreover, procurement which is estimated at around 15% of the Gross Domestic Product (GDP) in the developed countries has a major impact on how taxpayers' money is spent. In some developing countries like Uganda it is estimated at over 60% (Country Procurement Assessment Review (CPAR), 2004). Because most government programmes and project activities especially in developing countries are executed by way of public procurement, it is important that there is value for money to have adequate social service delivery and proper use of the limited public resources.

## **1.1 Background to the Study**

### **1.1.1 Historical Background**

Worldwide, the United Nations Development Programme (UNDP) is the leading United Nations (UN) advocate for the Millennium Development Goals (MDGs) and a provider of support to countries in accomplishing them through its knowledge networks. UNDP not only works in close contact with its own partners, but also actively brokers partnerships.

‘UNDP’s global knowledge network provides capacity development and policy support across every country in Africa in areas ranging from democratic governance and peace-building to private sector development and integration into world trade. As with all their work, the programmes reflect the African countries’ own priorities and are carried out through a wide range of partnerships with government leaders, civil society and the private sector’ (<http://www.undp.org/africa>). UNDP has country offices and supports 45 countries in Africa.

UNDP has had a relationship with the Uganda Government since 29<sup>th</sup> April 1977 when the Standard Basic Assistance Agreement was signed. This agreement defined ‘the basic conditions under which the UNDP and its executing agencies would provide assistance to government in carrying out its projects and under which the projects should be undertaken’. The basic agreement noted in particular that any assistance would be furnished and received in accordance with the relevant and applicable resolutions and decisions of UNDP organs and subject to availability of the necessary funds to UNDP.



UNDP headed by the Country Resident Representative takes full responsibility and ultimate authority on the country programmes which includes full accountability and compliance with existing audit requirements.

The UNDP has been structuring its assistance in five-year frameworks known as Country Programme Action Plan (CPAP) since 2000. This is based on development challenges identified in the UN Common Country Assessment (CCA) and the UN response is outlined in the United Nations Development Assistance Framework (UNDAF), which takes into account the Millennium Development Goals, Government commitments in Poverty Eradication Action Plans (PEAP) and lessons learnt from other co-operation frameworks. The current CPAP (2006-2010) is carrying on from an earlier one which run from 2000-2005. Government ownership and responsibility over Programme activities is an essential factor to UNDP.

UNDP in Uganda is operating in three main programme areas;

- Build capacity to reduce human poverty;
- Promote and consolidate democratic governance; and
- Support conflict/ crisis prevention resolution and recovery.

This research only focused on the democratic governance programme unit under which the Capacity Building Project at PPDA (Support to Improving Transparency and Accountability Project – PPDA) falls. Following the Country Cooperation Framework Phase 2 (CCF II), UNDP Country Programme Action Plan (CPAP) 2006-2010 through its democratic governance component set out to enhance the culture of national accountability and transparency, foster strict adherence to the rule of law, and fight

corruption in Central and Local Government institutions. The projects enhance the culture and practice of transparency and accountability in the use of public funds. The key beneficiaries of the projects are Government Ministries/departments/Institutions, central and local governments and Civil Society Organizations (CSO).

The Capacity Building Project is part of the transparency and accountability portfolio of UNDP, dealing specifically with improving the public procurement systems in the country. In Uganda, it is estimated that 60-70% of the national budget is spent through the procurement process (CPAR, 2004). Building the capacity of the procurement and disposal sector for efficient management and accountability of public resources is thus seen as a critical intervention of UNDP. This study assessed the factors that led to low funds utilisation by UNDP democratic governance projects and attempted to determine the extent to which these factors – poor procurement planning and poor funds disbursement policies affect donor funds utilisation.

### **1.1.2 Theoretical Background**

This study was guided by three theories; Resource-Based Theory, Principal-Agent theory and the Theory of Contracting.

#### **1.1.2.1 The Resource-Based Theory**

The resource-based theory is an economic tool used to determine the strategic resources available to a firm. The underlying principle resource-based view is that sustained competitive advantage is generated by the unique bundle of resources at the firm's disposal (Barney 1991, Dollinger, 1999). The theory describes businesses as built from the resources and capabilities the owners possess or can acquire. According to Wernerfelt

(1984) cited in Dollinger (1999), the term resources means anything that can be thought of as a strength or a weakness of the firm. In other words, the resource-based perspective argues that superior performance of a firm results from acquiring and exploiting unique resources.

Implicit in the resource-based perspective is the primacy of the firm's resources. Assets and resources owned by companies may explain the differences in performance. According to resource-based theorists, firms can achieve sustainable competitive advantage from such resources as strategic planning, management skills, capital and employment of skilled personnel among others (Michalisin *et al.*, 1997; Castanis and Helft, 1991). Given that the resource-based view addresses the strategic planning as an underlying factor of performance, it was found to be a suitable theory to use in this study.

#### **1.1.2.2 The Principal-Agent Theory**

The principal-agent theory has become part of the standard equipment of cultural economists (Ginsburgh & Throsby, 2006). It models the interaction between two sets of people, the principal on the one hand and the agent on the other hand (Ricketts, 2002). The principal is an individual or organisation who hires another individual or organisation called the agent to act on its behalf. The principal is the party doing the hiring and the agent is the party hired to act on behalf of its principal. In the context of this study, the principals are UNDP funded governance projects while the agents are members of staff of implementing partners and other parties involved in procurement.

The underlying assumption is that the agent's interests may differ from those of the principal. The agent because of his/her vested interest may hide some information from the principal leading to information asymmetry. According to Lynn (1996), agents hide information from principals and these agents may use the information to behave in ways inconsistent with what the principal wants. For example, parties involved in procurement may choose to avoid transparency so as to benefit from the process. By doing so, the quality of procurement and targets set by the donors may not be met calling for a remedy to mitigate such outcomes.

The principal agent theory focuses on mechanisms to mitigate problems through instituting forms of monitoring (Ricketts, 2002; Campbell & Brue, 2005). In the context of the proposed study, the role of the principal agent theory can not be underestimated. UNDP funded governance projects in Uganda have been characterised by poor performance with most of them failing to effectively utilise the funds allocated to them. This suggests that there could be loopholes in the procurement process caused by agents failing to fulfil the requirements of the principals. A mechanism to improve procurement is necessary if demands of the donors are to be met. One such mechanism is procurement planning since according to Basheka (2008); it sets the stage for subsequent procurement activities. It enlists the details of what is to be procured, from where, at what time, by who, and the order that is to be followed. With such strategies in place, individuals involved in the procurement process may find it difficult to keep some of the key information from being known which might lead to improved productivity.

### **1.1.2.3 The Contract Theory**

The contract-based view seeks to find a balance between competency and rewards or incentives. It involves two parties; the principal and the agent. The underpinning principle of contract theorists is that there should be clear understanding of the needs of the principal and the ability of the agent to meet those needs competently (Chiappori & Salanie, 2002, Bolton & Dewatripont, 2005).

One of the applications of the contract theory can be found in procurement of services. The principal needs to put forward the specifications of goods or services he intends to acquire. The prospective suppliers on the other hand will provide information on the ability to meet the specified needs of the principal. The principal should also be in position to verify the information provided by the agent to avoid information asymmetries.

The other aspect of contract theory is trust. Contract theorists contend that the principal and the agent have to exhibit a certain level of trust (Salaine, 1997). In this case, PPDA has to trust that the information provided by suppliers is credible and the agent should not doubt the specified incentives. In this case, the incentives are the perceived monetary benefits of the goods supplied or services performed. When the requirements of each party are in place, the results of the contract are likely to be mutually satisfying. This theory is applicable in the proposed study because it highlights the need for strategic planning in procurement. When a procurement contract is well planned, the principal (PPDA) and the agents (suppliers of goods and services) might find it easier to meet the needs of each and which can result into timeliness procurement processes. Moreover,

planning facilitates optimal resource allocation, decision making and saves time (Robert & Vijay, 2004).

### **1.1.3 Conceptual Background**

The procurement cycle is a highly complex process. There are a series of closely interrelated activities between the initial identification of needs and the final delivery of the products or services, which require careful management, coordination and quality control to achieve the best value (Kemigisha, 2003). It begins with and rotates around strategic planning. Telgen and Boer (2004) describe the procurement process to consist of a number of activities that are combined and laid out in six main steps which include planning, selection, contracting, ordering, monitoring and after care service generally classified as the operational purchasing function. Therefore, proper procurement planning is essential for timely delivery of project activities which subsequently lead to the attainment of the intended objectives and development. This study is intended to find out the relationship between procurement planning and donor funds utilisation.

One of the essential functions that govern management philosophy is planning. It is generally acknowledged that proper planning is a key ingredient of organisational development in the ever changing business and project environments. An important benefit of planning is to facilitate optimal resource allocation decisions (Robert & Vijay, 2004). When proper planning is in place, resources are utilised optimally yielding desirable outcomes in time. Planning is an essential part of the manager's role in that it is associated with the attainment of the organisation's goals. The closer the organisation moves to matching its goals the more likely it is to be effective (Harding, 1987).

Planning has been defined by various management scholars in different ways. In his compendium of management terms and concepts, Narian (1997) defines planning as the formal process of making decisions for the future of business organisations. On the other hand, Jain (1999) describes planning as deliberate and conscious research used to facilitate the design and orderly sequence of actions through which it is expected to help reach its objectives. He adds that planning chalks out a course of action for the organisation to follow and involves anticipation of the future circumstances. Massie (1987) also describes planning as a process by which a manager looks to the future and discovers the alternative course of action. He therefore defines a plan as a predetermined course of action. According to Wanjiku (2005), planning is a process which involves decisions or choices, about alternative ways of using resources, with the aim of achieving particular goals.

The term planning is generally used to describe activities that cut across diverse disciplines in which it is done (Levy cited in Asiu, 2005). In all disciplines, a plan serves as a predetermined course of action. Therefore, planning is a management function in which a conscious choice of patterns of influence is determined for decision makers so that the many decisions will be coordinated for some period of time and will be directed towards the chosen broad goals (Massie, 1987).

Watermeyer (2004) defines procurement as the process which creates, manages and fulfils contracts relating to the provision of supplies, services or engineering and construction works, the hiring of anything, disposals and acquisitions or granting of any rights and acquisitions. On the other hand, Gershon (1999) describes procurement as the

whole process of acquisition from third parties and covers goods, services and construction projects. The process spans the whole lifecycle from the initial concept and definition of business needs through to the useful end of the useful life of an asset or end of service contract.

Planning is a major focus in management and organizational success with particular reference to the UNDP Projects. It is now being recognised as an important tool in public procurement. Procurement planning is defined as the process of identifying which project needs can be best met by procuring products or services outside the project organisation and should be accomplished in the scope definition effort. According to Project Management Body of Knowledge (PMBOK) (2004), it involves consideration of whether to procure, how to procure, what to procure, how much to procure and where to procure. It is increasingly being looked at as the key success factor in procurement.

Basheka (2008) describes procurement planning as a process of determining the procurement needs of an entity and the timing of their acquisition and their funding such that the entities' operations are met as required in an efficient way. He adds that as a function, procurement planning endeavours to answer the following questions: (a) What do you want to procure?; (b) When do you want to procure it?; (c) When are you to use the procurement?; (d) Where will you procure them from?; (e) When will resources be available?; (f) Which methods of procurement will you use?; (g) How will timely procurement or failure affect the user of the item(s) and the Procuring and Disposing Entity?; (h) How can you be more efficient in the procurement process?; and (i) Who will be involved in the procurement?. It therefore goes without saying that without a well-laid



out procurement plan, the success of the procurement process becomes difficult to realise. A similar view has been advanced by OECD (2007), Shawkey and Hart (2003) & UN (2004).

The resultant effect of poor procurement planning is the late or poor accountability of donor funds which leads to late or no disbursements and therefore poor utilization of donor funding. Funds disbursement policies have an effect on the funds utilisation process in projects. A delay in the planning process affects how and when funds are disbursed, which also culminates in delays of such accountabilities. This study is going to analyze the effect of procurement planning on funds disbursements, effective funds accountability and utilization in the UNDP Good Governance Projects.

#### **1.1.4 Contextual Background**

Procurement management is increasingly being recognized both in the private and public sectors as a critical management function that helps organizations and individuals make optimum use of available resources in the acquisition of works, services and supplies. Because of this realization, procurement management has moved from a back office support function to a strategic function that aids the achievement of organisation goals and objectives. Project success is the lifeblood of every organization. Experts however estimate that a third of the cost of the average project goes to correcting errors that could have been prevented with more capable planning and management. Project planning demonstrates how you can manage projects of every size and content to maximize each team's productivity, eliminate financial and operational waste, and deliver outcomes that match management objectives. Project Planning involves detailing each phase of the

project from initial definition, strategic planning and implementation, scheduling up to post-project review and analysis (Lewis, 2005).

During the last two decades, a new public management philosophy in governments has become a major feature of public debate. Although there are several versions of this philosophy, so far as financial management is concerned, it comprises the following – creation of small task-oriented agencies, indication of firm advance ceilings for the budget and the results expected during the fiscal year, extensive delegation of financial and administrative powers to the managers of agencies, and a framework of direct accountability to the public and contract accountability to the supervising ministries, who remain accountable to the legislature (UN, 2001). The concept of accountability is consistently linked in citizens' minds with the concepts of trust, transparency and citizen engagement, all of which lie at the core of a healthy democracy (Abelson & Gauvin, 2004). Accountability in public policy requires specification of who will be accountable to who in a particular policy sector, how that accountability process will be accomplished, and to what extent (Jaafar, 2007). Accountability is the requirement to explain and accept responsibility for carrying out an assigned mandate in light of agreed upon expectations.

Premchand (2001) contends that the current genesis of financial accountability can be attributed to five factors, as follows: Two decades of fiscal turbulence have contributed to a growing distrust of governments, the gradual spread of globalization, the change in the nature of government and its gradual withdrawal from production activities has made it

take an active role in regulation, there has been a major change in the composition of expenditures of central and federal governments, and that, over the years, the scope of financial accountability has expanded rapidly and significantly, reflecting changing tasks and expectations and an emphasis on 'prudent macroeconomic management. This enhanced financial accountability requires governments to be accountable for ensuring that there are adequate systems to secure and improve results and to maintain the financial condition of the state (fiscal sustainability, flexibility in the use of resources, and reduced financial vulnerability). Furthermore, governments are expected to demonstrate that the selected programmes are part of the legitimate functions of a government and that the community can afford them.

Pradhan (1996) also give a compelling argument why accountability of public funds is an administrative imperative. According to him, governments are voted out of office when the electorate losses faith in the government's ability to deliver the services needed and when opposition promises gain sufficient credibility. In other words, governments are accountable for performance. In addition, most independent observers agree that public sector organizations in poor African countries perform badly, even considering the difficult circumstances they operate in. To varying degrees they suffer from a number of well-known bureaucratic inefficiency, centralization, fragmentation, poor leadership, lack of capacity, patrimonialism, rent seeking, corruption, and poor accountability and legitimacy. The need to improve accountability is therefore obvious (Kiggundu, 1998 and Olowu, 1999). Most reforms in developing countries actually focus on these two issues. The Public Procurement & Disposal of Assets Authority (PPDA) is part of various

organisations looking into ensuring accountability in government departments and institutions.

The first phase of the UNDP Capacity Building Project at PPDA (2003-2005) was funded by contributions from UNDP and the government of Uganda at an estimated cost of US dollars 750,000 of which US dollars 520,000 came from UNDP and the rest was from the Government of Uganda through PPDA respectively (Shipman, 2005 & Annual Project Progress report, 2005).

This project was started in a bid to create a continuous form of training and capacity building within the Procuring and Disposing Entities (PDEs) both in central and local governments as well as statutory bodies, the private sector providers, educational institutions, the media, Civil Society Organisations (CSOs) and PPDA staff to keep them informed of the requirements of the PPDA Act and Regulations 2003 and any applicable guidelines that raise standards of procurement and professionalism at all levels. UNDP supports the PPDA through targeted capacity building interventions at the central and local government levels. The broad aim of the project is to build capacity of PPDA to effectively establish public procurement systems in the country. UNDP supports the capacity building function of the Training and Capacity Building (TCB) department of PPDA, which entails developing procurement and disposal capacity. One of the objectives of the PPDA is to build procurement and disposal capacity in Uganda (PPDA Act, Section 6(e)). It is also one of the functions of the PPDA to ‘set training standards, competence levels, certification requirements and professional development paths in

consultation with competent bodies'. (PPDA Act, Section 7(c)). This is all supported by UNDP through the Support to Improving Transparency and Accountability Project and is aimed at ensuring improved accountability, integrity, transparency and increased value for money in application of public funds (UNDP, 2008). The study therefore attempted to assess procurement planning and its effect on financial, administrative and managerial accountability.

## **1.2 Problem Statement**

The success of the UNDP Support to Increasing Transparency and Accountability Project has entirely been dependent on the contribution of the stakeholders in the project; the donors – UNDP, the implementers – PPDA and the staff (both project and PPDA). In 2006, of the \$12m released from UNDP for the Uganda Country office, only \$7.2m was effectively utilized amounting to 60% of the UNDP donor funds (UNDP, 2006). Owing to poor financial performance (utilisation of funds), Uganda was ranked one of the worst ten performing countries and its subsequent budget – 2007 was cut by half - \$6m. The 2007 project work plans were approved in October 2007, three months to the end of the year which meant that ‘shadow’ work plans were used throughout the year. The poor performance was allegedly attributed to poor procurement planning of the projects and indeed at the ‘Support to Improving Transparency and Accountability Project of PPDA’; utilisation had been computed at 78%. However, no empirical study had been conducted to ascertain whether poor procurement planning was to blame for the poor performance of the UNDP funded projects. Consequently, many developmental activities on the work plans were left undone or incomplete, with resultant effects on the project goals and therefore the national goals as stipulated in the Poverty Eradication Action Plan (PEAP)

and MDGs were not met. This had bad implications on the future donor budgets for Uganda and needed to be checked. If the trend continues the country's effort to eradicate / minimize poverty by 2015 would be jeopardized. More so, the anti-corruption effort realized through donor funding would be frustrated if the donors cut funding in the anti-corruption / accountability sectors.

### **1.3 Purpose of the Study**

The study was aimed at analyzing the effects of procurement planning on financial, managerial and administrative accountability specifically for the UNDP funded projects in Uganda.

### **1.4 Specific Objectives of the Study**

The following objectives guided the study:

1. To establish the relationship between procurement planning and the financial accountability by the UNDP funded projects in Uganda.
2. To determine the extent to which procurement planning affects the managerial accountability by the UNDP funded projects in Uganda.
3. To determine the relationship between procurement planning and administrative accountability in the UNDP funded projects in Uganda.
4. To determine the moderating effect of institutional factors on the relationship between procurement planning and accountability of donor funds, their disbursement, and utilization by the UNDP funded projects in Uganda.

### **1.5 Research Questions**

The study sought to find answers to the following research questions:

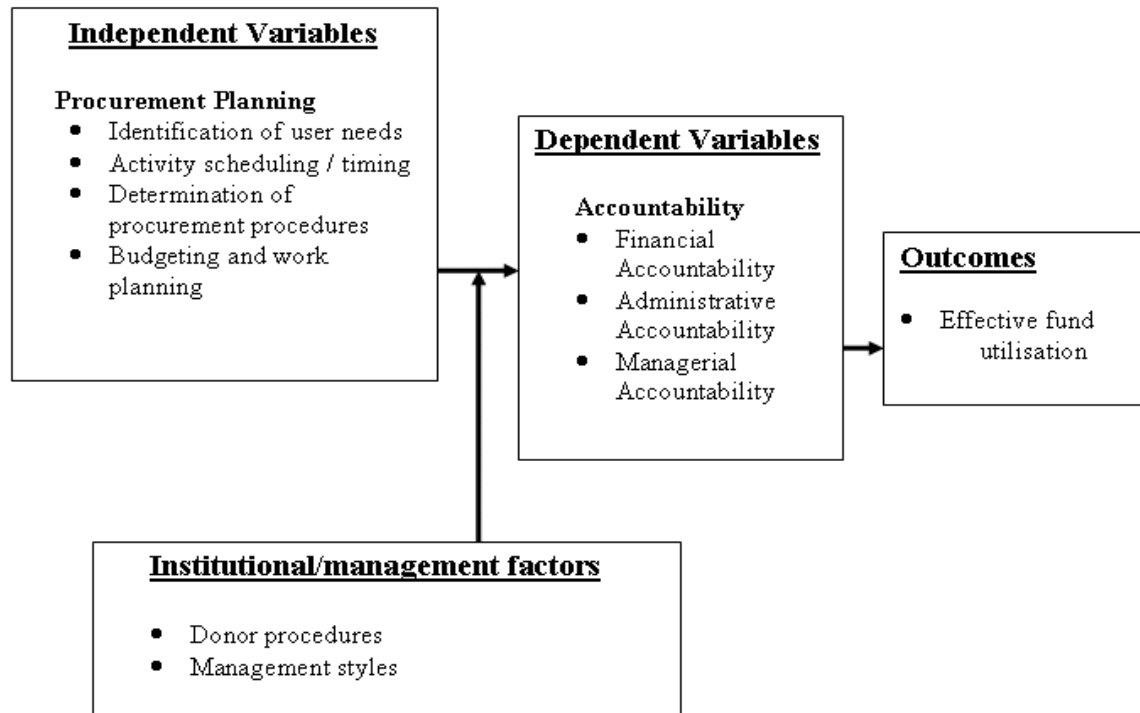
1. Is there a relationship between procurement planning and the financial accountability of the UNDP funded projects in Uganda?
2. To what extent does procurement planning influence the managerial accountability at the UNDP funded projects in Uganda?
3. Is there a relationship between procurement planning and administrative accountability in the UNDP funded projects in Uganda?
4. How do institutional factors affect the level of accountability and funds utilization in the UNDP funded projects in Uganda?

### **1.6 Hypotheses of the Study**

The study hypotheses were:

1. There is a strong relationship between procurement planning and financial accountability in the UNDP funded projects in Uganda.
2. Procurement planning has a big influence on managerial accountability in the UNDP funded projects in Uganda.
3. There is a strong relationship between procurement planning and administrative accountability in the UNDP funded projects in Uganda.
4. Institutional factors have a strong moderating effect on the level of accountability and funds utilization in the UNDP Projects in Uganda.

## 1.7 Conceptual Framework



*Source: Adopted from various literature sources.*

The conceptual framework as illustrated in the above diagram was aimed at bringing out the relationship between the independent variables, dependent variables and the intervening variables. The independent variables were procurement planning, donor funds disbursements and institutional / management factors, while the dependent variables are, accountability and donor funds utilization.

According to the conceptual diagram, the procurement planning involves a number of activities including; the identification of user needs, activity scheduling, determining of procurement procedures, budgeting and work planning. These activities were postulated to influence the dependent variables. When properly prepared, it proper financial,



administrative and managerial accountability leading to effective funds utilisation are expected to result. The intervening variables in the conceptual diagram (donor procedures and management styles) were also postulated to be linked to financial, administrative and managerial accountability leading to effective funds utilisation.

### **1.8 Significance of the Study**

The study provides important insights on the importance of procurement planning in as far as project success and attainment of goals is concerned - the life blood of every organisation. Thus, research findings are expected to benefit various categories of people particularly those involved in public procurement. PPDA and other UNDP funded governance projects will definitely benefit. The findings will also benefit most government departments since most of them are involved in procurement of goods, works and services.

The findings may also be appealing to the donor, UNDP in particular. By getting informed of the constraints in the procurement practice, UNDP technical staff will understand what is on the ground and where possible provide necessary remedies.

The study is also expected to add to the volume of literature in the area of procurement practice. Such knowledge will benefit scholars and academicians of the future.

### **1.9 Scope of the Study**

The study period was January 2006 to December 2009, part of the second CPAP period - 2006 -2010. The researcher limited the study to the six projects funded by UNDP in the

Good Governance unit and with particular interest to the UNDP Support to Increasing Transparency and Accountability Project at PPDA. The independent variables under study are procurement planning, timely project funds disbursements and institutional factors and how these affect projects funds utilization and performance as the dependent variable.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The chapter is a review of related literature. The following literature was reviewed in three areas; the relationship between procurement planning and the financial accountability, the extent to which procurement planning affects the managerial and administrative accountability and the moderating effect of institutional factors on the relationship between procurement planning and accountability of donor funds, their disbursement and utilization.

#### **2.2 The Relationship Between Procurement Planning and the Financial Accountability**

One of the areas that has been of great economic interest to governments and organisations is utilisation of public funds. A World Bank (2003) report contends that effective utilisation of public funds is a key ingredient of development and implementation of poverty eradication strategies. Pandey (2004) emphasises that public procurement is an important function of government as it is used as a tool for achieving economic, social and other objectives. In spite of its pervasive influence and usefulness, public procurement produces desirable outcomes only when the procurement process is well outlined in a procurement plan.

Procurement planning is the primary function that sets the stage for subsequent procurement activities (Basheka, 2008). It enlists the details of what is to be procured,

from where, at what time, by who, and the order that is to be followed. With such a tool in place, there is more likelihood that financial accountability will be ensured. Moreover, the available resources will be spent clearly with predetermined procedures.

Existing literature shows that procurement plans are key tools that predict financial accountability and success of projects. Basheka (2008) contends that procurement planning is a key stage of achieving accountability in the utilization of public funds. In his work on procurement planning and local governance in Uganda, it is argued that, procurement planning contributes to local governance measured at two levels of accountability and community participation.

Arrowsmith (2003) and Felister (2002) argue that observance of transparency through the procurement process assists conscientious officials to resist pressure from those who seek to depart from the policies. Schooner (2002) and Watermeyer (2004) contend that transparency should be observed and maintained throughout the procurement process for better results to be attained. Good project management methodologies such as procurement planning allow work to be accomplished in less time, at lower cost, with fewer resources and without any sacrifice in quality. Strategic planning makes it possible for projects to be rolled out successfully. Strategic planning for project management, combined with good project methodology, can compress the gaps on time, cost, and quality (Kertzner, 2001).

Sound procurement planning is therefore essential for project success (Bissell & Whitworth, 1996). Agencies are expected to use procurement planning as an opportunity to evaluate/review the entire procurement process so that sound judgments and decision making will facilitate the success of the overall project. Please note that most of the procurement efforts occur in the project planning and design phase, and in some cases decisions to procure works, supplies or services may be identified through the planning processes (Fleming, 2003).

Office of the Director of Public Prosecutions (ODPP) (undated) contends that before any procurement transaction is conducted, procuring entities should assess whether or not a particular procurement is necessary. The assessment should take into account the need to ensure that the procuring entity uses its resources effectively and efficiently. In agreement with this argument, it is argued in the United Nations (2004) report that, procurement planning is essential in facilitating effective and efficient procurement process, including the benefits of bulk purchasing and improved cash flow management. It is further argued that, a well-developed procurement plan would reduce the frequency of small purchases and result in cost-and time-saving.

Strengthening accountability for public expenditures has been an important part of reform efforts in the last decade. Strategic planning in procurement has been used as a key tool in strengthening accountability by governments and organizations. Some countries and organizations have put effort into reinforcing internal responsibility mechanisms, in particular through strategic planning in procurement to improve systems of internal

financial control. The Organization for Economic Co-operation and Development (OECD) describes a case in point as Canada where key reforms in public procurement have been put in place. Some of the reforms include; regular review of procurement practices across government, a faster and efficient system for handling of complaints from potential suppliers, a system for reviewing complaints regarding contract administration, a mechanism for managing and resolving contract disputes and submission of annual reports to Parliament. These were legislations of the 2006 Federal Accountability Act which sought to reinforce citizens' confidence in procurement an overarching statement of procurement principles that commits the government to promoting fairness, openness, and transparency in the bidding process. Planning and budgeting are considered key elements of this practice (OECD, 2007).

It has been found out in this study that there existed a strong link between procurement planning and financial accountability in the UNDP funded projects in Uganda. Most of the deficiencies in financial accountability were as a result of weaknesses in procurement planning.

### **2.3 Procurement Planning, Administrative and Managerial Accountability**

Planning has been an area of special interest in the management field. It is generally agreed that planning is a key step for successful managers. In any case, most competent managers spend considerable time thinking about the future. The result is usually a formal statement of specific plans about how to get there (Robert & Vinjay, 2004), without which the system may run into chaos.

Individual procurement processes differ depending on the value and type of procurement. Despite these differences, all procurements follow the same basic processes which begin by having a coherent procurement plan (ODPP, undated). An important benefit of planning is to facilitate optimal resource allocation decisions (Robert & Vijay, 2004). Robert and Vijay add that planning narrows the range of options so that the planners can make intelligent resource allocation decisions during the budgeting process.

It should be emphasized that at the centre of any procurement plan is the budget. Thus, procuring entities must always ensure that they have adequate funds to finance their planned procurements. When correct answers are given to these questions one is rest assured that the procurement transaction will be done in an acceptable and professional manner (ODPP, undated). Moreover, planning helps a financial manager to regulate the flow of funds which is his primary concern (Pandey, 2004).

The planning function has received increased attention as organisations have grown and management theory has developed. The need for planning becomes more obvious as persons and organisations develop precise objectives. Massie (1987) identifies three key roles of planning. Planning not only involves a course of action to be taken, but includes mental searching for possibilities of future problems. Secondly, a plan also helps a manager to anticipate changes in the project environment such as, change in technology, government policy, prices, employment of labour, raw materials as well as social norms and customs. Thirdly, it helps a manager to identify explicitly how future conditions will affect operations.

ODPP (undated) contend that before any procurement transaction is conducted, procuring entities must determine their procurement needs which must be consistent with their organisation's objectives. Shawkey and Hart (2003) sums it all by saying that procurement is a practical and hands-on reason why, policy makers must understand the importance of procurement planning. According to Pandey (2004), in developing countries, where legal systems are not well developed, many government contracts may need detailed provisions.

Within the public sector, procurement is seen as an increasingly important factor in delivering value to governments and ultimately to taxpayers and society. The cornerstone of a public procurement system operating with integrity is the availability of mechanisms and capacity for ensuring effective internal control and audit. Furthermore, mechanisms for lodging complaints and challenging administrative decisions contribute to the fairness of the process.

Accurate written records of different stages of the procedure are essential to maintain transparency, provide an audit trail of the procurement decisions for controls, serve as an official record in cases of administrative and judicial challenge and provide an opportunity for citizens to monitor the use of public funds (OECD, 2007). It is added that agencies need procedures in places to ensure that procurement decisions are well documented, justifiable and substantiated in accordance with relevant laws and policies in order to promote accountability.



In Norway, Brazil, Chile, Poland and the United States for instance, a recent reform introduced as an obligation the necessary steps of the procurement process in procurement plans and anybody who has interest can have access to such plans which enable the media, law-enforcement agencies and the public at large to uncover cases of mismanagement and potential corruption in public procurement. It is emphasised that planning should be completed before conducting specific procurement procedures and should be updated on time (OECD, 2007).

#### **2.4 The Moderating Effect of Institutional Factors on Procurement Planning**

In many developing countries, public procurement was not previously viewed as having a strategic impact on the management of public resources. It was treated largely as a process oriented, “back-office” support function, often implemented by non-professional staff of buying agencies (Hunja, 2003). Recently however, this has been changing. In the face of shrinking budgets and the need to fight corruption, many developing countries have tried to put proper procurement procedures in place. However, such strategies are being hampered by a number of bottlenecks.

Hunja (2003) identifies a number of obstacles that hinder procurement in developing countries. Listed were, deeply vested interest, lack of political good will, lack of strong legal framework as well as lack of technical knowledge and capacity. These and other interrelated bottlenecks characterise administrative frameworks in most developing countries and economies in transition.

The main problem with the present thinking about accountability in relation to public sector reform is that it is not realistic. First of all, there is plenty of empirical evidence to show that even in consolidated democratic states there are major deficits in accountability (Jann, 1997). The postulated basic accountability mechanism is that political representatives are responsible for selecting civil servants. By the virtue of powers vested in political representatives and the fact that civil servants have to submit to those political representatives, certain decisions make accountability difficult. The accountability problem is complicated by deficiencies in the political process itself. Civil servants may have legitimate reasons to respect and follow the decisions of their opportunistic, self-serving and irresponsible political masters.

Such problems of accountability are generally deeper in developing countries. They arise, for example, when governments ignore or transgress social ethics, constitutional and legal provisions in conducting public affairs, administrative systems are fragmented, tasks to be performed are so complex or unspecified that it is difficult to identify who is responsible for what, activities are under funded so that implementation is very difficult or impossible, knowledge about what works in relation to set objectives is far smaller than knowledge about what does not work, systems of checks and balances are weak, both internally and in relations between the state and civil society, activities are hidden and those involved are encouraged to be secretive or are prohibited from informing about them, corrupt practices are widespread, special interests and bureaucratic power often dominate; political and personal loyalty are rewarded more than merit, and public

participation in running public affairs is low and the opportunities for legal redress against wrongdoing are poor (Caiden cited Therkildsen, 2001).

The second unrealistic assumption about accountability concerns aid-dependent countries. The exercise of citizen's influence over state revenues and expenditures is an important component of effective democracy (Therkildsen, 2001). But in aid-dependent countries, of which there are several in the region, donors are de facto an integrated part of both the policy-making and the budgetary processes. Typically, donors require that recipient governments are accountable to them for the use of aid funds. This further weakens already the fragile institutional accountability mechanisms. Moore (1998) argues that the influence of aid on accountability is even more fundamental. State-society relations are less likely to be characterized by accountability and responsiveness when states do not earn much of their own income through domestic revenue from citizens, but depend on aid instead and when such aid covers a large proportion of the expenditures on services. The anti-democratic effects of high aid dependence are exacerbated by a multiplicity of donors who often compete for activities to fund. In aid-dependent countries the issue of accountability therefore includes the role of donors.

## **2.5 Summary**

The literature so far reviewed raises key issues in relation to this study. It for instance reiterates the importance of planning in management economics. It also looks at planning as a tool for ensuring financial and administrative accountability. However, the issues raised are based on general findings and most of them are not placed in the area of

procurement planning. There is therefore little so far known in the research about the aspects of procurement planning and its benefits.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter presents the research design, the population, sample size, sampling techniques, data collection methods, the data instruments used, the procedure, validity and reliability of instruments and how data was managed.

#### **3.1 Research Design**

The study adopted a cross-sectional research design. A cross sectional survey provides information collected from various categories of subjects within the same spell of time, hence saving time and research costs (Amin, 2005). Indeed, the design enabled the researcher to gather data from three categories of respondents in a short spell of time hence minimising costs of the study. Quantitative and qualitative methods of research were used in this study for purposes of obtaining adequate and detailed data (Nampijja, 2007).

#### **3.2 Study Population**

The targeted study population was made up of 181 people. These included 16 employees of six UNDP funded projects (IGG, DEI, PPDA, AMICALL and PDM) in Uganda, 150 staff members of implementing agencies and 15 staff members of the UNDP country office in Kampala. Triangulation methods of data collection through integrating information from the three categories of subjects generated vital and complimentary

information that enabled the researcher to answer the stated research questions effectively.

### 3.3 Sample Size and Selection

A common goal of a survey research is to collect data representative of the population. This is because it is not possible for everybody among the accessible population to participate (Enon, 1996). This study therefore took a sample representative of a population involved with UNDP funded projects. The study used a sample of 114 instead of the proposed respondents selected from a population of 181 people. The sample size was still consistent with sampling selection procedures recommended by Krejcie & Morgan (1970). It was also expected that some of these would provide the researcher with adequate data to facilitate the achievement of study objectives. The sample consisted of 12 employees of UNDP funded projects (2 employees of UNDP attached to each project), 92 staff members of implementing agencies 10 staff members of the UNDP country office. Shortage in sample size was therefore a result of failure to obtain the proposed number of the staff members of implementing agencies.

**Table 1. Study Population and Sample**

| <b>Category of respondents</b>         | <b>Population size</b> | <b>sample size</b> | <b>Percent</b> |
|--|------------------------|--------------------|----------------|
| Employees of UNDP funded projects      | 16                     | 12                 | 75.0%          |
| Staff members of implementing agencies | 150                    | 92                 | 61.3%          |
| Staff of UNDP country office           | 15                     | 10                 | 66.7%          |

|              |            |            |              |
|--------------|------------|------------|--------------|
| <b>Total</b> | <b>181</b> | <b>114</b> | <b>63.0%</b> |
|--------------|------------|------------|--------------|

Specifically, the projects to be selected are those with operations in Kampala to minimise costs of fieldwork. Secondly, this study is a work-based research with the researcher herself involved in one of the UNDP funded governance projects (PPDA). This made the choice of Kampala area inevitable.

The researcher expected to select 18 staff members of implementing agencies from six different UNDP funded good governance projects to make a total of 108. However, this was not practically possible because some of the targeted people were not accessed. It was therefore difficult to select a uniform number of respondents from each organisation. Therefore, the researcher became flexible and selected more numbers where she found it possible to obtain the numbers.

### **3.4 Sample Selection and Procedure**

The selection of UNDP governance projects followed a purposive sampling procedure. Specifically, all UNDP funded good governance projects were selected because they were easily accessible to the researcher. The projects were six in number including The Inspectorate of Government (IGG), the Department of Ethics and Integrity (DEI), the Public Procurement and Disposal of Public Assets Authority (PPDA), AMICALL, Project in Ministry of Local Government (PDM) and the Parliament of Uganda.

The selection of respondents followed a purposive sampling procedure. This was because, the researcher selected members who were available and willing to participate in the data collection exercise. This flexibility was the reason why equal numbers of respondents were not selected. From each project three UNDP project staff was attached. Two of these were selected. 10 staff members of the UNDP country office were also selected.

### **3.5 Data Collection Methods**

The study used primary data which was gathered using three methods, namely; a structured questionnaire, face-face-interviews and documentary review.

#### **3.5.1 Data Collection Instruments**

##### **(a) Questionnaires**

The reason for using the questionnaire is that it enabled the researcher to reach many respondents quickly. Secondly, the questionnaire enabled the researcher to collect data from which numerical facts (e.g. percentages &  $\chi^2$ -values) were obtained. Furthermore, the questionnaire enabled respondents to give their views freely. In terms of structure, the questionnaire contained close- ended questions in form of lickert scales and the provided options for each of the questions were; strongly agree, agree, not sure, disagree and strongly disagree. The questionnaire were administered to 114 respondents including 92 staff members of UNDP funded projects and 12 staff members of implementing partners.



### **(b) Interview Guide**

The interview guide was used because of the desire to get detailed information. It also helped the researcher get information from those respondents who were busy and illegible to participate in the questionnaire survey i.e. the staff of the UNDP Kampala country office. The interviews were conducted using a face-to-face approach and responses were recorded down by the researcher.

### **(c) Documentary Review**

Key documents on procurement were obtained from relevant offices of the UNDP funded projects, UNDP country office, UMI and websites. These were reviewed to obtain key issues concerning the proposed study. The issues were therefore incorporated in the literature.

### **3.5.2 Validity and Reliability**

Questionnaires were pre-tested in one of the UNDP funded good governance projects. Then, the Statistical Package for Social Scientists (SPSS) was used to calculate Cronbach alpha reliability coefficients and the validity coefficients. Results are shown in Table2 below.

**Table 2. Validity and reliability results**

| <b>Variable</b>                    | <b>Number of items</b> | <b>Alpha</b> | <b>V.C</b> |
|------------------------------------|------------------------|--------------|------------|
| Procurement planning               | 6                      | 0.852        | 0.74       |
| Financial accountability           | 7                      | 0.822        | 0.88       |
| Managerial accountability          | 7                      | 0.781        | 0.72       |
| Administrative accountability      | 8                      | 0.849        | 0.75       |
| Internal organisational weaknesses | 3                      | 0.870        | 0.77       |
| Donor influence                    | 3                      | 0.833        | 0.71       |
| Political influence                | 2                      | 0.926        | 0.70       |
| Funds utilisation                  | 5                      | 0.787        | 0.72       |

According to the table above, all items were valid for data collection because in all cases,  $\alpha > .70$ . The validity coefficients were; procurement planning ( $\alpha = .852$ ), financial accountability ( $\alpha > .822$ ), managerial accountability ( $\alpha = .781$ ), administrative accountability ( $\alpha = .849$ ), internal organisational weaknesses ( $\alpha = .870$ ), donor influence ( $\alpha = .833$ ), political influence ( $\alpha = .0.926$ ), and lastly, funds utilisation ( $\alpha = .787$ ). The instrument was therefore suitable for data collection because in all cases, the reliability was greater than the recommended value of 0.70. Similarly, the instrument was also valid because, looking at Table 2; the validity coefficients for all questions were greater than the minimum acceptable value of 0.7. In conclusion therefore, the researcher embarked on fieldwork when she was sure that sufficient data would be obtained since the instruments were already proved to be valid and reliable.

### **3.6 Procedure of Data Collection**

Permission to conduct the study was obtained from Uganda Management Institute. The researcher obtained an introductory letter which enabled him to be easily accepted in the selected organisations. The researcher then conducted reconnaissance visits in the different projects to make her motive known and sought for cooperation from the intended study subjects. A field plan and a budget were then drawn to guide the field work activities. Thereafter, the researcher distributed the questionnaires following the field plan and collected them after a couple of days to allow respondents ample time and freedom of expressing themselves in an appropriate manner. During the same exercise, the researcher also visited the UNDP country office, approached the staff of the office and interviewed them. The exercise took two months to complete.

### **3.7 Data Analysis**

#### **3.7.1 Quantitative Analysis**

Data collected using questionnaires was subjected to quantitative analysis. It was edited, coded and entered into the computer. It was then analysed using SPSS. SPSS was used because it is the most recommended data analysis package for descriptive social survey (Cramer, 1997; Seale, 2003; Punch, 2005; Amin, 2005 & Nampijja, 2007). Statistical inference was facilitated by percentage frequencies and the linear regression analysis. The study also utilised percentage distributions in frequency tables to create simpler understanding of data for some questionnaire items.

### **3.7.2 Qualitative Analysis**

Data from interviews was content analysed. For each item, responses were grouped into key themes upon which interpretations will be drawn. Verbatim quotations were also used where necessary.

## **CHAPTER FOUR**

### **PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS**

#### **4.0 Introduction**

In this chapter, results of the study were presented in the order of the study objectives, analysed and interpreted. It was organized into seven sections. The first three sections are the introduction, response rate and the bio-data. Data in the first three sections was presented using frequency tables. The other four sections covered the four research hypotheses. In the last four sections, information from quantitative data was inferred mainly using integrated frequency tables and linear regression analysis. Meanwhile, verbatim quotations were extracted from interviews. They were then incorporated in the presentation to supplement quantitative results and generate meaningful findings.

#### **4.1 Response Rate**

During the fieldwork exercise, the researcher distributed 120 questionnaires anticipating that some of people contacted would not comply. However, the response rate was good as 104 people filled and returned the questionnaires representing an 86.7% response rate. The respondents comprised of 12 employees of UNDP funded projects and 92 staff members of implementing agencies. Therefore, 4 extra questionnaires were obtained and the researcher decided to use the extra questionnaires in the analysis since it was difficult selecting which questionnaires to leave out to comply with the proposed sample size.

Questionnaires were adequately filled. Out of 44 questionnaire items, only two were filled by 101 respondents each and these were questions 8 & 15. The other questions were filled by all the respondents. Though face-to-face interviews were in some cases

conducted hurriedly on the request of some interviewees who had busy schedules, adequate data was still obtained. In conclusion, the respondents were very cooperative and provided the expected response rate to the researcher's satisfaction.

#### 4.2 Bio-data

The questionnaire captured four sets of bio-data; respondents' organisation, age, sex and highest academic attainment.

**Table 3. Sample distribution by organisation**

| <b>Organisation</b> | <b>Frequency</b> | <b>Percent</b> |
|---------------------|------------------|----------------|
| PPDA                | 26               | 22.81%         |
| DEI                 | 7                | 6.14%          |
| AMICALL             | 16               | 14.04%         |
| IGG                 | 24               | 21.05%         |
| PDM                 | 23               | 20.18%         |
| Parliament          | 8                | 7.02%          |
| UNDP country office | 10               | 8.77%          |
| <b>TOTAL</b>        | <b>114</b>       | <b>100.00</b>  |

According to Table 3, 22.81% of the respondents were from PPDA, 21.05% were from IGG, 20.18% were from PDM, 14.04% were from AMICALL, 7.02% were from Parliament, 8.77% were from the UNDP country office and lastly, 6.14% were from DEI. According to the data, most of the respondents were from the PPDA while the least number was from DEI.

In terms of age, respondents were aged between 20 and 60 years. The age of respondents was organized into four age groups as presented in the following table.

**Table 4. Age of the respondents**

| <b>Age</b>   | <b>Frequency</b> | <b>Percent</b> |
|--------------|------------------|----------------|
| 20-29 years  | 17               | 16.3%          |
| 30-39 years  | 60               | 57.7%          |
| 40-49years   | 15               | 14.4%          |
| 50-60years   | 12               | 11.5%          |
| <b>Total</b> | <b>104</b>       | <b>100.0%</b>  |

Results in Table 4 indicate that, majority (57.7%) of the respondents were aged between 30 and 39 years. Meanwhile, 16.3% were aged between 20 and 29 years, 14.4% were between 40 and 49 years and 11.5% were between 50 and 60 years. Therefore the participants of the study were experienced people since most of them were above 30 years of age. Note that, the age of staff members of the UNDP country office was not captured and is therefore not reflected in Table 4. That is why the total frequency is 104.

**Table 5. Gender of respondents**

| <b>Sex</b>   | <b>Frequency</b> | <b>Percent</b> |
|--------------|------------------|----------------|
| Male         | 59               | 56.7%          |
| Female       | 45               | 43.3%          |
| <b>Total</b> | <b>104</b>       | <b>100.0%</b>  |

When it came to sex, majority of the respondents were male. From the table, male respondents were 56.7% while females were 43.3%. This kind of sample distribution was expected because most staff members in the selected organisations were male. The sex of staff members of the UNDP country office was not captured and is therefore not reflected in Table 5. That is why the total frequency is 104.

**Table 6. Highest academic qualification**

| <b>Qualification</b> | <b>Frequency</b> | <b>Percent</b> |
|----------------------|------------------|----------------|
| Diploma              | 4                | 3.8%           |
| Degree               | 78               | 75.0%          |
| Post-graduate        | 10               | 9.6%           |
| Professional         | 12               | 11.5%          |
| <b>Total</b>         | <b>104</b>       | <b>100.0%</b>  |

Table 6 indicates that, 75% of the respondents were degree holders, 9.6% had attained post-graduate qualifications and 11.5% had professional qualifications while 3.8% were diploma holders. Thus, the participants provided adequate information to this study since most of them were highly educated. The highest academic qualification of staff members of the UNDP country office was not captured and is therefore not reflected in Table 6. That is why the total frequency is 104.



### 4.3 The Relationship Between Procurement Planning and the Financial Accountability

The first hypothesis of the study was: **“There is a strong relationship between procurement planning and financial accountability in the UNDP funded projects in Uganda.”**

The UNDP funded projects are expected to lead by example through practicing effective procurement planning. They are expected to practice what they preach through preparation and proper following of well laid out plans since they are facilitated to improve governance in Uganda. Before reviewing whether procurement planning (independent variable) was a predictor for financial accountability (dependent variable), it was considered prudent to first establish whether procurement planning was well practiced by staff and management of the UNDP funded projects.

Six items in the questionnaire probed procurement planning. The results of these questions were integrated in a frequency table to minimize the bulkiness in data presentation. Results are presented in Table 7. In the table, the abbreviations are; *SA=strongly agree, A=agree, D=disagree, SD=strongly disagree.*

**Table 7. Procurement planning in the UNDP funded projects**

| <b>Statement</b>   | <b>SA</b> | <b>A</b> | <b>NS</b> | <b>D</b> | <b>SD</b> | <b>Total</b> |
|--|-----------|----------|-----------|----------|-----------|--------------|
| 1. This organisation usually puts in place a well laid out plan before procuring works, goods & services | 25        | 71       | 3         | 1        | 4         | <b>104</b>   |

|   |       |       |      |       |       |               |
|---|-------|-------|------|-------|-------|---------------|
| 2. The procurement of works, goods and services of UNDP funded activities in this organisation follow clearly spelt out plans | 1     | 0     | 18   | 61    | 24    | <b>104</b>    |
| 3. All potential people in the running of UNDP activities are usually involved in the planning process                        | 7     | 26    | 4    | 51    | 16    | <b>104</b>    |
| 4. The procurement planning process is usually carried out in time  | 15    | 27    | 10   | 43    | 9     | <b>104</b>    |
| 5. Procurement plans for UNDP funded projects are kept transparent by the procurement unit                                    | 9     | 16    | 1    | 44    | 34    | <b>104</b>    |
| 6. Procurement plans for UNDP funded projects are strictly followed   | 15    | 2     | 11   | 42    | 34    | <b>104</b>    |
| Total   | 72    | 142   | 47   | 242   | 121   | <b>624</b>    |
| Percentage (%)  | 11.54 | 22.76 | 7.53 | 38.78 | 19.39 | <b>100.00</b> |

From the table above, 25 (24%) strongly agreed while 71(68.3%) agreed that the organisations usually put in place a well laid out plan before procuring works, goods & services. On the other hand, 1(0.96%) disagreed, 3 (2.9%) strongly disagreed while 4 (3.8%) were not sure. Data therefore provided ample evidence that preparation of procurement plans is well done before procuring works, good and services since the majority of the respondents either agreed or strongly agreed with the opinion.

From the table above, 61(58.7%) disagreed while 24(23.1%) strongly disagreed that the procurement of works, goods and services of UNDP funded activities follow clearly spelt out plans. On the contrary, only 1(0.96%) strongly agreed while 18 (17.3%) were not sure. The data therefore suggests that where as procurement plans are well laid, they are not strictly followed. It has been found out that this is a result of donor funds being released late. For example, a PPDA staff member said:

*“Procurement plans are not strictly followed since donors do not always release funds on time. When we receive funds late, we adopt procurement methods that suit the circumstances other than following the procedures documented in the procurement plans. Our organisations are also to blame. In the case of PPDA, the late release of donor funds is mainly because of late submission of accountabilities.”*

When donor funds are released late, procurement of goods works and services deviates from procedures detailed in the procurement plans and this is a result of late accountabilities.

According to Table 7, 51(49%) disagreed while 16(15.4%) strongly disagreed that all key people in the running of UNDP activities are usually involved in the planning process. Meanwhile, 7 (6.7%) strongly agreed, 26(25%) agreed and 4(3.8%) were not sure. It is therefore evident that some key people at the UNDP funded projects do not participate in the planning process. Yet, for public procurement to be effective, all key people in the organisations have to participate in planning phase. Usually, management does not want

to involve all key people for selfish reasons. For instance, a staff member at the UNDP country office said;

*“Depending on the procurement, some top managers would want to solicit suppliers, service providers and consultants with purposes of benefiting from the procurement. We are told they tend to involve other people at the implementation stage. We are aware of this and we have always warned them about it.”*

According to the data, top managers keep the planning stage to themselves as a way of organizing fraud from the preliminary stages. Therefore, the stealing of public funds is planned early during procurement planning. This jeopardises financial accountability in the UNDP funded projects.

From the table above, 42 (40.38%) disagreed while 34 (32.69%) strongly disagreed with the statement that, procurement plans for UNDP funded projects are strictly followed. On 15(14.42%) strongly agreed, 2 (1.92%) agreed and 11(10.58%) were not sure. As earlier stated, procurement plans are not strictly followed because donor funds come late, but, this is a result of late submission of accountabilities.

The overall picture shows that there are problems in the procurement planning in the UNDP funded projects. Overall, 38.78% disagreed and 19.39% strongly disagreed with items on procurement planning. On the other hand, 22.76% agreed while 11.54% strongly agreed. Since the items were positive, the trend of responses which was largely negative is indicative that the procurement planning process is problematic.

The financial accountability variable was treated the same way as procurement planning. Results are presented in the table below.

**Table 8. Showing financial accountability at the PPDA**

| <b>Statement</b>  | <b>SA</b>   | <b>A</b>    | <b>NS</b>  | <b>D</b>    | <b>SD</b>   | <b>Total</b> |
|---|-------------|-------------|------------|-------------|-------------|--------------|
| 1. The procurement process is usually aimed at obtaining value for money                                | 24          | 61          | 8          | 11          | 0           | 104          |
| 2. Payments are usually made after realising that the value for money has been achieved                 | 11          | 4           | 7          | 59          | 23          | 104          |
| 3. Usually the payments to the contractors are also made on a timely basis                              | 4           | 5           | 4          | 59          | 32          | 104          |
| 4. No extra funds are paid outside the value agreed upon with contractors                               | 42          | 44          | 0          | 7           | 11          | 104          |
| 5. The procurement process is usually expedited according to the time schedule to avoid excessive costs | 7           | 4           | 21         | 26          | 46          | 104          |
| 6. No one can compromise procurement procedures to benefit financially                                  | 12          | 3           | 4          | 65          | 17          | 101          |
| 7. The procurement costs are clear to every one   | 10          | 22          | 4          | 14          | 54          | 104          |
| <b>Total</b>  | <b>110</b>  | <b>143</b>  | <b>48</b>  | <b>241</b>  | <b>183</b>  | <b>725</b>   |
| <b>Percentage (%)</b>   | <b>15.2</b> | <b>19.7</b> | <b>6.6</b> | <b>33.2</b> | <b>25.2</b> | <b>100.0</b> |

First of all, 24(23.08%) strongly agreed while 61(58.65%) agreed that the procurement process is usually aimed at obtaining value for money. In total, 81.73% of the respondents support the view that the procurement process is usually aimed at obtaining value for money. On the contrary, those who disagreed with the view were only

11(10.58%) while 8(7.69%) said they were not sure. The data therefore suggests that the procurement process is well intentioned since the majority of the respondents showed that the procurement process is aimed at obtaining value for money.

Secondly, 59(56.7%) disagreed while 23(22.1%) strongly disagreed that payments to contractors are made after realising value for money. In contrast, 11(10.6%) strongly agreed, 4(3.8%) agreed and 7(6.7%) were not sure. Whereas the first component of financial accountability is positive because value for money takes precedence, when it comes to payments, the value for money principle may not always apply, as the data suggests. The people who want to benefit from the procurement do not wait to realize value for money. Instead, what concerns them most is to pay contractors in exchange for their own financial benefits.

Thirdly, 59(56.7%) disagreed while 32(30.8%) strongly disagreed that usually the payments to the contractors are made on a timely basis. 4(3.8%) strongly agreed, 3(2.9%) agreed 4(3.8%) were not sure. Payments to contractors are usually delayed and this is normally caused by bureaucracy in the accounting process. This is what one staff member at the UNDP country office said;

*“Payments are delayed because of bureaucracy in the accounting process. There is always a reason for example when signatories are absent. And people who do not directly benefit from the process or are expecting something do not process the payments accordingly.”*

Fourthly, 42(40.4%) strongly agreed while 44(42.3%) agreed that no extra funds are paid outside the value agreed upon with contractors. 7(6.7%) disagreed, 11(10.6%) strongly disagreed. This indicates, any benefits for corrupt officials are agreed upon with contractors in the preliminary stages of the contracting process.

Furthermore, 26(25%) disagreed while 46(44.2%) strongly disagreed that the procurement process is usually expedited according to the time schedule to avoid excessive costs. This was blamed on donor funds coming late as a result of beneficiary organisations submitting accountabilities late to donors.

Data shows that, 65 (64.4%) disagreed and 17 (16.8%) strongly disagreed with the view that no one can compromise procurement procedures to benefit financially. On the other hand, 12 (11.9%) strongly agreed, 3(3.0%) agreed and 4(4.0%) were not sure. Therefore, some people take advantage of the procurement process and benefit from the funds meant for procurement.

Lastly, 14(13.5%) disagreed and 54(51.9%) strongly disagreed with the view that the procurement costs are clear to every one. On the contrary, 10(9.6%) strongly agreed, 22(21.2%) agreed, 4(3.8%) were not sure. Since the majority either disagreed or strongly disagreed, it means that there is group of people who follow the procurement costs while others are not aware of what is going on. This is again caused by a clique of people who want to benefit from the procurement process financially.

Overall, 725 responses were recorded on all components of financial accountability with an average of 145 responses for each of the options provided for each question (SA, A, D & SD). Two responses scored high above average; Disagree with 33.2% and strongly disagree 25.2%. Therefore, the two covered between them a total of 58.4% of all the responses. On the other hand, 34.9% of the responses were distributed between agree and strongly agree while 6.6% were ‘*Not sure*’. Those who did not agree with the questionnaire items nearly doubled those who agreed. Considering the nature of items, most of the responses were negative suggesting that financial accountability is characterized by loopholes.

The relationship between procurement planning and financial accountability was tested using a linear regression model. Before running the model, the mean was first computed using the “*Transform-Compute*” procedure in the SPSS for all questions that measured procurement planning and those that measured financial accountability respectively. Results are presented below beginning with the model summary.

**Table 9. Regression model summary for procurement planning and financial accountability**

**Model Summary**

| Model | R                 | R Square | Std. Error of the Estimate |
|-------|-------------------|----------|----------------------------|
| 1     | .771 <sup>a</sup> | .595     | .81458                     |

a. Predictors: (Constant), procurement planning



The first column indicates the R value, followed by R-square and standard error of the estimate comes last. The R value is the correlation coefficient between the dependent variable and the predictor. The R-square is the percentage of the variability accounted for by the model. First, the correlation coefficient  $R = .771$  shows that the dependent and independent variables are strongly linked. The model therefore suggests that procurement planning has great impact on financial accountability since a strong link exists between the two variables. Secondly,  $Rsquare = 0.595$  suggesting that the model accounted for 59.5% of the variability in the dependent variable. The implication is 59.5% of the variability in financial accountability in the UNDP funded projects is predicted by procurement planning while 40.5% is explained by other factors.

**Table 10. Regression coefficients’ table for procurement planning and financial accountability**

| Coefficients <sup>a</sup> |                      |                             |            |                           |       |      |
|---------------------------|----------------------|-----------------------------|------------|---------------------------|-------|------|
| Model                     |                      | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|                           |                      | B                           | Std. Error | Beta                      |       |      |
| 1                         | (Constant)           | 1.798                       | .396       |                           | 4.543 | .000 |
|                           | procurement planning | .158                        | .222       | -.771                     | 2.577 | .013 |

a. Dependent Variable: financial accountability

The table above shows that  $b = -0.771$  meaning that there exists a strong relationship between procurement planning and financial accountability. The negative sign indicates that the relationship is negative. The relationship between the dependent and independent variables are also statistically significant ( $p = .013$ ). Hence, weaknesses in procurement planning negatively and significantly affect financial accountability. This is deeply rooted in the reason that procurement plans are not followed; and failure to account in time which results in late disbursements. Also, some people don't follow plans because of

corrupt tendencies. Convenient methods like direct procurement have at times been adopted by those who want to benefit from the process. In trying to explain the deficiencies in procurement planning and its usage, one UNDP official had this to say;

*“I highly doubt whether the procurement plans are followed. There are a number of key note points. When these organisations receive funds from us beyond the scheduled time, which is mostly the case because they account late, we also highly suspect that they deviate from the laid down plans. The other problem is multiple funding. Most of the projects are funded by different donors. Considering that most of them lack enough human resources in the procurement field, when they get lots of funds like in the same spell of time, they get overwhelmed and fail to implement the procurement as planned.”*

This was also as a result most key people in the running of UNDP activities being excluded from the procurement planning phase. This problem is masterminded by corruption at the management level. The UNDP is also aware of it. This is how a staff member at UNDP reacted when asked whether she was aware of corruption in the projects;

*“Very much so. Corruption is a problem in this country and even in the projects we support. Although the impression portrays them as clean, some are not and we are aware. However, it should not be assumed that everyone is corrupt.”*

From the above results, it can be concluded that procurement planning affects financial accountability in the UNDP funded projects and the effect is statistically significant.

#### **4.4 The Extent to Which Procurement Planning Affects the Managerial Accountability**

The second hypothesis of the study was: **“Procurement planning has a big influence on managerial accountability in the UNDP funded projects in Uganda.”**

Data on managerial accountability were obtained using six questionnaire items. The responses obtained were integrated in a frequency table as presented in Table 11.

**Table 11. Showing managerial accountability at the PPDA**

| <b>Item</b>   | <b>SA</b> | <b>A</b> | <b>NS</b> | <b>D</b> | <b>SD</b> | <b>Total</b> |
|---|-----------|----------|-----------|----------|-----------|--------------|
| 1. All relevant contract documents are approved by relevant authorities | 44        | 50       | 0         | 10       | 0         | 104          |
| 2. Management does not cause delays in the procurement process          | 2         | 11       | 0         | 37       | 54        | 104          |
| 3. Payments to contractors are not kept confidential by managers        | 18        | 79       | 1         | 3        | 0         | 104          |
| 4. Management updates staff on the progress made on a regular basis     | 35        | 23       | 0         | 40       | 6         | 104          |
| 5. Management usually takes blame of its mistakes                       | 26        | 61       | 6         | 7        | 4         | 104          |
| 6. No funds are mismanaged by management                                | 3         | 19       | 0         | 75       | 7         | 104          |

According to the table above, 54(51.9%) strongly agreed while 50(48.1%) agreed that all contract documents are approved by relevant authorities. The people who approve

documents in the UNDP, and the projects are very few. It is not difficult for them to sign the documents after their preparation.

54(51.9%) strongly disagreed while 37(35.6%) disagreed with the view that management does not cause delays in the procurement process. 2(1.9%) strongly agree and 11(10.6%) disagreed. The data therefore suggests that management causes delays in the procurement process since majority said so.

In addition, 18(17.3%) strongly agreed while 79(76%) agreed that payments to contractors are not kept confidential by managers. There is no reason for making them confidential. They are open to the people who use them.

In addition, 75(72.1%) disagreed while 7(6.7%) strongly disagreed with the view that no funds are mismanaged by management. These form the majority of the respondents that responded to this item. This evidence confirms what has already been established that some of the funds are diverted by selfish individuals for their own benefit. Similar results were also obtained in one interview with an official at the UNDP country office. He said;

*“We cannot underestimate the existence of corrupt individuals in the projects. That is part of the reason we emphasise that procurement should be planned to make it difficult for such people to divert and misuse the funds.”*

This account seems to pre-empt what was to be established as the effect of procurement planning on managerial accountability as tested in the following linear regression model. Before running the model, mean was first computed using the “*Transform-Compute*” procedure in the SPSS for all questions that measured managerial

accountability. The computation of mean for questions on procurement planning was previously done. Results of the regression analysis are presented in tables 12 & 13.

**Table 12. Regression model summary for procurement planning and managerial accountability**

**Model Summary**

| Model | R                 | R Square | Std. Error of the Estimate |
|-------|-------------------|----------|----------------------------|
| 1     | .184 <sup>a</sup> | .034     | .84502                     |

a. Predictors: (Constant), procurement planning

The model weakly linked the dependent and independent variable. It generated a very weak correlation between the two variable (R=0.184). This suggests that improvement in procurement planning causes slight improvement in managerial accountability. The reverse is true. Looking at the third column, R Square=0.034. This suggests that 3.4% of the variation in managerial accountability is predicted by procurement planning.

**Table 13. Regression coefficients' table for procurement planning and financial accountability**

**Coefficients<sup>a</sup>**

| Model |                      | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|-------|----------------------|-----------------------------|------------|---------------------------|--------|------|
|       |                      | B                           | Std. Error | Beta                      |        |      |
| 1     | (Constant)           | 1.459                       | .401       |                           | 3.642  | .000 |
|       | procurement planning | -.438                       | .226       | -.184                     | -1.939 | .049 |

a. Dependent Variable: manegerial accountability

Reviewing the coefficients table reveals that, the regression coefficient,  $b=-0.184$ . This means that managerial accountability is linked to procurement planning. The relationship is very weak. The negative sign suggests that deficiencies in procurement planning in the UNDP funded projects weakly influence managerial accountability.

In all, the model suggests that to a small extent, procurement planning affects managerial accountability. According to the data, there are several weaknesses in managerial accountability of UNDP funded projects. The model provides that 3.4% of these weaknesses are a result of factors related to procurement planning.

#### **4.5 The Relationship Between Procurement Planning and Administrative Accountability**

The third hypothesis was: **“There is a strong relationship between procurement and administrative accountability.”**

There is need to explain a few salient factors relating to administrative accountability before embarking on how it is predicted by procurement planning. This explanation is facilitated by data on the administrative accountability which was obtained using eight questionnaire items and the frequency counts are presented in Table 14.

**Table 14. Showing elements of administrative accountability**

| <b>Statement</b>  | <b>SA</b> | <b>A</b> | <b>NS</b> | <b>D</b> | <b>SD</b> | <b>Total</b> |
|---|-----------|----------|-----------|----------|-----------|--------------|
| 1. All contractor supplies are usually delivered in the agreed time | 0         | 7        | 13        | 63       | 24        | 104          |

|   |    |    |    |    |    |     |
|---|----|----|----|----|----|-----|
| 2. All contractor services are normally rendered in the agreed period   | 11 | 6  | 0  | 45 | 42 | 104 |
| 3. All contracted works are normally executed in the agreed period  | 4  | 4  | 17 | 54 | 25 | 104 |
| 4. This organisation has never been blamed for executing UNDP funded projects beyond the stipulated time schedule | 0  | 0  | 0  | 83 | 21 | 104 |
| 5. Administrative staff ensure they prepare all the necessary documents in time                                   | 3  | 74 | 1  | 14 | 12 | 104 |
| 6. Administrative staff make their work transparent to every one  | 14 | 19 | 6  | 37 | 34 | 104 |
| 7. No funds are mismanaged by administration  | 23 | 66 | 0  | 15 | 0  | 104 |
| 8. Administrative staff take responsibility of their mistakes   | 31 | 16 | 11 | 9  | 37 | 104 |

From Table 14, 63(60.6%) disagree while 24(23.1%) disagreed with the view that, all contractor supplies are usually delivered in the agreed time. Only 7(6.7%) agreed whereas 13(12.5%) indicated that they were not sure. Contractors have a problem especially those who are not competent enough but, are however selected, depending on their connection to management. This in turn leads us to a logical conclusion that the centrality of management in soliciting for contractors puts undue stress on administrators and, in turn, affects their ability to bring some contractors to book.

In addition, 45(43.3%) disagreed while 42 (40.3%) strongly disagreed with the view that all contractor services are normally rendered in the agreed period. In the same respect, 45 (43.3%) disagreed while 42 (40.4%) strongly disagreed with the view that all contracted works are normally executed in the agreed period. 54 (51.9%) disagreed while 25 (24%) strongly disagreed that all contracted works are normally executed in the agreed period.

Therefore, data shows that contractors have a problem in all cases because they don't deliver in time. This problem is also incumbent upon selecting contractors without merit as already mentioned.

Data also shows that, 83 (79.8%) disagreed while 21(20.2%) strongly disagreed with the view that their respective organisations had never been blamed for executing UNDP funded projects beyond the stipulated time schedule. This means that in all cases, projects are executed beyond the agreed time. The cause is the cycle of problems already raised; delayed accountability leading to delay in release of UNDP funds and this in turn leads to late implementation of projects.

3(2.8%) strongly agreed while 74(71.2%) agreed with the view that administrative staff ensure they prepare all the necessary documents in time. Despite the situation where most procedures are late, administrators try to do their work in a timely manner. As soon as they receive the funds, administrators start working and the pressure on them is so high. But because the implementation is late, administrators are in most cases blamed for problems that are not in their own making. The point has already been made that administrators make some mistakes, but in essence, they have no choice other than fulfilling the demands of their masters.

In addition, 23 (22.1%) strongly agreed while 66 (63.4%) agreed that no funds are mismanaged by administration. These are the majority. This means that most selfish tendencies to benefit financially are done beyond the administrative level. We must



appreciate the administrative influence factor and give it the due weight it deserves in masterminding the misuse of funds in the projects. Although it may seem that administrators are also involved in benefiting from project money, they are not.

When it came to administrators taking blame for their mistakes, the responses were not clear-cut. 47(45.2%) either agreed or strongly agreed while 46(44.2%) either disagreed or strongly disagreed. These results are even more interesting. In some cases, they take blame when the mistake is purely theirs. However, a point has already been made that some of the mistakes are due to designs from above (management). In such a case, it is illogical to expect administrators to take blame because they are not the cause of the problem, and even then, the bosses may not take the matter seriously because the facts are well known to them.

It is now clear that though administrators tend to play their roles, the structure in the projects masterminded by management does not allow for that, because if it were, top managers would not benefit financially. Yet, some of them seem to believe that part of the project money has to go to them. Because of the foregoing considerations, it has become evident that proper administrative accountability has not been possible in the organisations surveyed. Given below is the regression model to test whether these deficiencies are predicted by problems that have so far been identified in the procurement planning phase.

**15. Model summary for the relationship between procurement planning and administrative accountability**

**Model Summary**

| Model | R                 | R Square | Std. Error of the Estimate |
|-------|-------------------|----------|----------------------------|
| 1     | .652 <sup>a</sup> | .425     | .52633                     |

a. Predictors: (Constant), procurement planning

Table 15 shows the linear regression model summary statistics for administrative accountability (dependent) and procurement planning (independent). The model provides a high positive correlation coefficient (R=.652). Therefore, procurement planning strongly predicts administrative accountability. Moreover, R Square = .425 suggesting that 42.5% of the variation in administrative accountability is explained by the independent variable.

**Table 16. Regression coefficients' table for procurement planning and administrative accountability**

**Coefficients<sup>a</sup>**

| Model |                      | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|-------|----------------------|-----------------------------|------------|---------------------------|--------|------|
|       |                      | B                           | Std. Error | Beta                      |        |      |
| 1     | (Constant)           | 2.221                       | .337       |                           | 6.594  | .000 |
|       | procurement planning | -.903                       | .183       | -.652                     | -4.936 | .000 |

a. Dependent Variable: administrative accountability

Looking at the coefficients table, b=-0.652. This means that procurement planning has a strong negative effect on administrative accountability. The results are statistically

significant ( $p=.000$ ). The result is surprising as preparation of procurement plans is expected to reinforce administrative accountability at that.

#### **4.6 The Moderating Effect of Institutional Factors on the Relationship Between Procurement Planning and Accountability of Donor Funds, their Disbursement, and Utilization**

The forth hypothesis of the study was: **“Institutional factors have a strong moderating effect on the level of accountability and funds utilization in the UNDP Projects in Uganda.”**

Under this section, three institutional factors have been analysed vis-à-vis the level of accountability (financial, administrative and managerial accountability) and funds utilization. The institutional factors are; internal organizational weaknesses, political influence and donor influence. In each case, bi-variate tests were conducted using the Pearson correlation coefficient.

Data on internal organizational weaknesses was obtained using three items in the questionnaire; whether some of the activities were being undermined by corrupt officials, whether some people on the management team took advantage of UNDP funds for their selfish ends and, whether some administrators altered terms of contracts for their selfish ends. This data was analysed using frequency counts and percentages and the results are shown in table 17 below.

**Table 17. Internal organizational weaknesses**

| <i>Statement</i>  | <i>SA</i> | <i>A</i> | <i>NS</i> | <i>D</i> | <i>SD</i> | <i>TOTAL</i> |
|---|-----------|----------|-----------|----------|-----------|--------------|
| 1. Some activities of UNDP funded projects in this organisation are undermined by corrupt officials | 27        | 67       | 3         | 1        | 3         | 104          |
| 2. Some people on the management team take advantage of UNDP funds for their selfish ends           | 15        | 82       | 0         | 0        | 7         | 104          |
| 3. Some administrators alter terms of contracts for their selfish ends                              | 16        | 19       | 5         | 25       | 39        | 104          |

From Table 17, 27(26%) strongly agreed while 67(64.4%) agreed that some activities of UNDP funded projects are undermined by corrupt officials. Only 1(0.96%) and 3(2.9%) disagreed and strongly disagreed respectively. 3(2.9%) said they were not sure. It is therefore evident that some of the UNDP funds in the organisations surveyed are mismanaged by corrupt individuals.

In the third row of Table 17, 15(14.4%) strong agreed while 82(78.8%) agreed that some people on the management team take advantage of UNDP funds for their selfish ends. Only 7(6.7%) responded on the contrary by disagreeing strongly. This confirms what has just been found out that corruption is eating away into the funds in the UNDP supported projects. For example, one staff member at one of the projects claimed that members of management favour themselves in the area of capacity building funds. She said;

*“When funds for capacity building come, members of management give themselves first priority for international courses to the extent that somebody can train three times*

*before others are given any chance. This is common knowledge. I imagine it is the same situation in other projects.”*

The members of management are selfish. By the time the lower cadres are considered for international courses, most members on the management team would have benefited many times. This is one example through which corruption is manifested. It has also been revealed that consultancy jobs are not transparently given out in that, management of implementing partners give first priority to the people they are well known to or from who they can get kickbacks. Yet the same organisations are supposed to be fighting against such practice. This presents a wider picture of the corruption problem in this country since the so called ‘fighters of corruption’ are also perpetrators of the practice.

Lastly, 16(15.4%) strongly agreed, 19(18.3%) agreed, 25(24%) disagreed and 39(37.5%) strongly disagreed with the opinion that some administrators alter terms of contracts for their selfish ends. This actually confirms that corruption in the projects is at the higher level and that most administrators do not participate. Administrators have their hands tied because most of decisions are made by the implementing partners and at management level. Administrators can not influence or change any wrong practices even if they able to identify them. In a nutshell, the internal organisation in UNDP funded projects is weak mainly because of corruption perpetuated at management level of the implementing partners.

Data on internal organizational weaknesses was treated to *bi-variate analysis* using *Pearson correlation coefficient* tests. This was after computing a variable “*internal*

*organizational weaknesses*” by taking average of the responses for three component questions on it in the SPSS data editor. At this stage, three independent variables were considered; financial accountability, administrative accountability and managerial accountability which were also computed in the same manner as previously explained. Though each of the three variables was separately tested with internal organizational weaknesses, results are presented together in Table 18 below.

**Table 18. Pearson correlation results for internal organisation weaknesses**

|  |                     | Internal organisational weaknesses | financial accountability      |
|--|---------------------|------------------------------------|-------------------------------|
| Internal organisational weaknesses                           | Pearson Correlation | 1                                  | -.718**                       |
|  | Sig. (2-tailed)     |                                    | .000                          |
|  | N                   | 104                                | 101                           |
| financial accountability                                     | Pearson Correlation | -.718**                            | 1                             |
|  | Sig. (2-tailed)     | .000                               |                               |
|  | N                   | 101                                | 101                           |
| **. Correlation is significant at the 0.01 level (2-tailed). |                     |                                    |                               |
|  |                     | Internal organisational weaknesses | administrative accountability |
| Internal organisational weaknesses                           | Pearson Correlation | 1                                  | -.620**                       |
|  | Sig. (2-tailed)     |                                    | .000                          |
|  | N                   | 104                                | 91                            |
| administrative accountability                                | Pearson Correlation | -.620**                            | 1                             |
|  | Sig. (2-tailed)     | .000                               |                               |
|  | N                   | 91                                 | 91                            |
| **. Correlation is significant at the 0.01 level (2-tailed). |                     |                                    |                               |
|  |                     | Internal organisational weaknesses | managerial accountability     |
| Internal organisational weaknesses                           | Pearson Correlation | 1                                  | -.512**                       |
|  | Sig. (2-tailed)     |                                    | .000                          |
|  | N                   | 104                                | 104                           |
| managerial accountability                                    | Pearson Correlation | -.512**                            | 1                             |
|  | Sig. (2-tailed)     | .000                               |                               |
|  | N                   | 104                                | 104                           |

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

In the first section of Table 18, results on financial accountability are presented. There existed a high negative correlation between internal organizational weaknesses and financial accountability ( $r = -.718$ ). The relationship was statistically significant since

$p = .000$  at 0.01 level of significance. It is relatively easy to explain this. Top corrupt officials are the reasons organisations are internally weak. The role that these corrupt top official plays is fixing what they expect to benefit from the procurement during the planning stage, and eventually, they meet their expectations. At the end of the day, accountabilities are submitted to the donor showing how the funds were well spent. However, the accountabilities are not proper since some of the funds end up in pockets of selfish people.

The dependent variable in the second section of Table 18 is administrative accountability. There was a high negative correlation between internal organizational weaknesses and administrative accountability. The correlation coefficient,  $r = -.620$  ;  $P=.000$ . Therefore, internal organizational weaknesses have a negative effect on administrative accountability. As already mentioned, administrators' hand are tied. Their involvement in decision making is minimal. Whatever the administrators do is based on decisions from above which in most cases do not allow for proper administrative accountability to take place. Somehow, they are always trying to forge things around to meet the demand of both donors and implementing partners. They are in between pressures from the donors who need proper accountability and implementing partners who are fighting to show that they are doing a good job which is not always the case. They are left with few options of pleasing both parties.

The dependent variable in the third row is managerial accountability. The correlation between managerial accountability and internal organisational weaknesses is average, negative and statistically significant ( $r = -.512, p = .000$  ). One of the obstacles to

administrative accountability is corruption. Corrupt officials influence procurement at all stages and end up pocketing some of the projects' funds. This problem alone overshadows the other aspects of administrative accountability however good they are.

**Table 19. Showing the aspects of funds utilisation**

| <b>Statement</b>  | <b>SA</b> | <b>A</b> | <b>NS</b> | <b>D</b> | <b>SD</b> | <b>Total</b> |
|---|-----------|----------|-----------|----------|-----------|--------------|
| 1. Funds in this organisations are at times received late   | 73        | 20       | 2         | 2        | 7         | <b>104</b>   |
| 2. The utilisation of funds is usually beyond the agreed time schedule                            | 16        | 69       | 11        | 1        | 7         | <b>104</b>   |
| 3. Some funds in this organisations are used by individuals for their selfish interest            | 43        | 46       | 4         | 7        | 4         | <b>104</b>   |
| 4. Utilisation of funds in this organisation needs to be improved                                 | 23        | 78       | 0         | 0        | 3         | <b>104</b>   |
| 5. Some funds are reallocated for other activities other than the ones indicated on the work plan | 15        | 12       | 24        | 33       | 20        | 104          |

From the table above, 73 (70.2%) strongly agreed while 20 (19.2%) agreed that funds in the organisations are at times received late. In relation to this, 16 (15.4%) strongly agreed while 69 (66.3%) agreed that utilisation of funds was usually beyond the agreed time schedule. The reason for this is the late submission of accountabilities to the UNDP.

In addition, 43 (41.3%) strongly agreed while 46 (44.2%) agreed some funds are used by individuals for their selfish interest. Corruption in the organisation lingers and some members of management are usually involved in gaining unfairly from projects' money.



23 (22.1%) strongly agreed while 78 (75%) agreed that utilisation of funds in the organisation needs to be improved. This also shows that there is a problem in the utilisation of funds in the UNDP funded projects. In all, there were problems regarding funds' utilisation in the UNDP funded projects.

**Table 20. Correlation between internal organisational weaknesses and funds utilisation**

|                                    |                     | Correlations                       |                   |
|------------------------------------|---------------------|------------------------------------|-------------------|
|                                    |                     | Internal organisational weaknesses | Funds utilisation |
| Internal organisational weaknesses | Pearson Correlation | 1                                  | -.731**           |
|                                    | Sig. (2-tailed)     |                                    | .000              |
|                                    | N                   | 104                                | 104               |
| Funds utilisation                  | Pearson Correlation | -.731**                            | 1                 |
|                                    | Sig. (2-tailed)     | .000                               |                   |
|                                    | N                   | 104                                | 104               |

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

It has also been discovered that there exists a high negative correlation between internal organisational weaknesses and funds utilisation ( $r = -.731, \alpha = .000$ ). The explanation here is simple. Corrupt top officials are the reason organisations are internally weak. They are also the same reason funds are not being properly utilised. Thus, the only binding factors relating the dependent and independent variable in Table 19 is corruption which makes the results highly justified.

Conclusively, the results obtained for internal organisational weaknesses are not so surprising. It is necessary to note once again that corruption in the organisations funded by the UNDP is the primary cause of internal weaknesses. In the presence of corruption,

neither do you expect proper accountability of funds nor performance by staff and management. And now that corruption in these organisations is yet to be tackled, we do not expect funds to be properly utilised.

**Table 21. Pearson correlation results for donor influence**

|  |                     | Donor influence | financial accountability      |
|--|---------------------|-----------------|-------------------------------|
| Donor influence  | Pearson Correlation | 1               | -.595**                       |
|  | Sig. (2-tailed)     |                 | .000                          |
|  | N                   | 104             | 101                           |
| financial accountability                                     | Pearson Correlation | -.595**         | 1                             |
|  | Sig. (2-tailed)     | .000            |                               |
|  | N                   | 101             | 101                           |
| **. Correlation is significant at the 0.01 level (2-tailed). |                     |                 |                               |
|  |                     | Donor influence | administrative accountability |
| Donor influence  | Pearson Correlation | 1               | -.385**                       |
|  | Sig. (2-tailed)     |                 | .000                          |
|  | N                   | 104             | 91                            |
| administrative accountability                                | Pearson Correlation | -.385**         | 1                             |
|  | Sig. (2-tailed)     | .000            |                               |
|  | N                   | 91              | 91                            |
| **. Correlation is significant at the 0.01 level (2-tailed). |                     |                 |                               |
|  |                     | Donor influence | managerial accountability     |
| Donor influence  | Pearson Correlation | 1               | -.428**                       |
|  | Sig. (2-tailed)     |                 | .000                          |
|  | N                   | 104             | 104                           |
| managerial accountability                                    | Pearson Correlation | -.428**         | 1                             |
|  | Sig. (2-tailed)     | .000            |                               |
|  | N                   | 104             | 104                           |

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

Data indicates that there is an average negative correlation between donor influence and financial accountability ( $r = -.595$ ). The relationship is statistically significant ( $p = .000$ ).

It was found that the correlation between donor influence and administrative accountability weak, negative and statistically significant ( $r = -.385$ ,  $p = .000$ ).

Data also proved that a negative average correlation existed between donor influence and managerial accountability and the results were statistically significant ( $r = -.428$ ,  $p = .000$ ).

**Table 22. Correlation between donor influence and funds utilisation**

|                   |                     | Funds utilisation | Donor influence |
|-------------------|---------------------|-------------------|-----------------|
| Funds utilisation | Pearson Correlation | 1                 | .104            |
|                   | Sig. (2-tailed)     |                   | .292            |
|                   | N                   | 104               | 104             |
| Donor influence   | Pearson Correlation | .104              | 1               |
|                   | Sig. (2-tailed)     | .292              |                 |
|                   | N                   | 104               | 104             |

There exists a weak positive correlation between donor influence and funds utilisation and the results are not statistically significant ( $r = .104, p = .292$ ). This suggests that though donors tend to probe what is going in the projects they do not affect the ways in which the funds are spent. This also explains why corruption is eating away some of the project funds because the donors are not directly connected with the implementation of the activities.

Two items were used to analyse political influence and the results are shown in the table below.

**Table 23. Showing political influence**

| <i>Statement</i>  | <i>SA</i> | <i>A</i> | <i>NS</i> | <i>D</i> | <i>SA</i> | <i>Total</i> |
|---|-----------|----------|-----------|----------|-----------|--------------|
| Politicians tend to influence some of the procurement activities in UNDP funded activities in this organisation | 17        | 82       | 0         | 5        | 0         | 104          |

|  |             |             |            |            |            |              |
|--|-------------|-------------|------------|------------|------------|--------------|
| Procurements of works, goods and services are not always free from political influence | 37          | 53          | 9          | 2          | 3          | 104          |
| <b>Total</b>   | <b>54</b>   | <b>135</b>  | <b>9</b>   | <b>7</b>   | <b>3</b>   | <b>208</b>   |
| <b>Percent (%)</b>   | <b>30.0</b> | <b>64.9</b> | <b>4.3</b> | <b>3.4</b> | <b>1.4</b> | <b>100.0</b> |

From Table 23, 17(16.3%) strongly agreed, 82(78.8%) and 5(4.8%) disagreed that politicians tend to influence some of the procurement activities in UNDP funded activities in this organisation. In addition, 37(35.6%) strongly agreed, 53(51%) agreed, 2(1.9%) disagreed and 3(2.9%) strongly disagreed that procurements of works, goods and services are not always free from political influence. Overall, most of the respondents either agreed or strongly agreed that procurement processes were not free from political manoeuvres.

Political influence was subjected to Pearson correlation tests with three dependent variables in this section; financial accountability, administrative accountability and managerial accountability. Results are shown in Table 24.

**Table 24. Pearson correlation results for political influence**

|   |                     | Political influence | financial accountability      |
|---|---------------------|---------------------|-------------------------------|
| Political influence   | Pearson Correlation | 1                   | -.237*                        |
|   | Sig. (2-tailed)     |                     | .017                          |
|   | N                   | 104                 | 101                           |
| financial accountability                                    | Pearson Correlation | -.237*              | 1                             |
|   | Sig. (2-tailed)     | .017                |                               |
|   | N                   | 101                 | 101                           |
| *. Correlation is significant at the 0.05 level (2-tailed). |                     |                     |                               |
|   |                     | Political influence | administrative accountability |
| Political influence   | Pearson Correlation | 1                   | -.022                         |
|   | Sig. (2-tailed)     |                     | .838                          |
|   | N                   | 104                 | 91                            |
| administrative accountability                               | Pearson Correlation | -.022               | 1                             |
|   | Sig. (2-tailed)     | .838                |                               |
|   | N                   | 91                  | 91                            |
|   |                     | Political influence | manegerial accountability     |
| Political influence   | Pearson Correlation | 1                   | -.073                         |
|   | Sig. (2-tailed)     |                     | .465                          |
|   | N                   | 104                 | 104                           |
| manegerial accountability                                   | Pearson Correlation | -.073               | 1                             |
|   | Sig. (2-tailed)     | .465                |                               |
|   | N                   | 104                 | 104                           |

Data indicates that there was a weak negative correlation between political influence and financial accountability ( $r = -.237$ ). The result was statistically significant at 0.05 level ( $p = .017$ ). Therefore, political influence was linked to weaknesses in financial accountability. It is thus clear that some of the money was mismanaged by top managers with the help of their bosses, the politicians. However, the link was weak.

A very weak negative correlation was found between political influence and administrative accountability ( $r = -.022$ ). However, the correlation was not statistically

significant ( $p = .838$ ). Similar results were found between political influence and managerial accountability ( $r = -.073, p = .465$ ).

It was therefore found out that political influence affects financial accountability though the effect is weak. However, political influence has no significant effect on administrative and managerial accountability.

**Table 25. Correlation between internal organisational weaknesses and funds utilisation**

|                     |                     | Political influence | Funds utilisation |
|---------------------|---------------------|---------------------|-------------------|
| Political influence | Pearson Correlation | 1                   | -.199*            |
|                     | Sig. (2-tailed)     |                     | .073              |
|                     | N                   | 104                 | 104               |
| Funds utilisation   | Pearson Correlation | -.199*              | 1                 |
|                     | Sig. (2-tailed)     | .073                |                   |
|                     | N                   | 104                 | 104               |

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

The correlation between political influence and funds utilisation was weak and statistically insignificant ( $r = -.199, p = .073$ ). This suggests that politicians have nothing to do with the way funds are utilised in the UNDP funded projects.

## CHAPTER FIVE

### SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

#### 5.0 Introduction

Under this section, results of the study are discussed in order of the stated research hypotheses. The discussion is based on findings presented in the previous chapter and how they concur with the available scholarly literature.

#### 5.1 Summary

##### 5.1.1 The Relationship Between Procurement Planning and the Financial Accountability

The first hypothesis of this study was: **“There is a strong relationship between procurement planning and financial accountability in the UNDP funded projects in Uganda.”** Considering what was reported, procurement planning in the UNDP funded projects is very important. In any case, procurement planning is the primary function that sets the stage for subsequent procurement activities since it enlists the details of what is to be procured, from where, at what time, by who, and the order that is to be followed (Basheka, 2008). This explains why procurement plans are a precursor for organisations to get financial support from the UNDP.

Procurement planning in the UNDP funded organisation in this study was critically analysed using frequency distributions. It was found out that, UNDP funded organisations put in place well laid out plans before procuring works, goods and services. However, this does not mean that procurement planning is not characterized by certain

weaknesses. It was discovered that though the procurement plans are always in place, they are not prepared and implemented properly. For example, most key people working in the projects are not chanced to participate in the planning process. Since most decisions to procure are made in the planning stage (Flemming, 2003), it is imperative that all potential people in the projects participate at this stage. Usually, top managers do not want to involve all key people in procurement planning for selfish reasons. They want to solicit suppliers, service providers and consultants when other people are not aware for purposes of benefiting from the procurement. To achieve this, most key people are made to participate during the implementation stage when top managers are done with mechanisms of benefiting from the procurement. Yet, Watermeyer (2004) contends that transparency should be observed and maintained throughout the procurement process for better results to be attained. With this kind of procurement planning that is not transparent, undesirable results in procurement are expected.

Secondly, the procurement plans are not strictly followed. It was realized that, UNDP funded organisations submit accountabilities late. It was also found out that the UNDP could not release funds unless the accountabilities were submitted by the projects. Because of submitting accountabilities late, funds were released late and procurements also commence late. In the end, the procurement plans were put aside and alternative methods suiting the circumstances were adopted.

Analysis of the dependent variable (financial accountability) revealed a number of weaknesses. Whereas the procurement process is aimed at obtaining value for money,



organisations do not live up to this principle. First, payments are not usually made after value for money is realized. People mainly those on the management team of implementing partners that want to benefit from the procurement are at times impatient with properly implemented procurements. In such a case, such people using their positions put pressure on accounts departments to pay contractors without evidence that the requirements for the procurement have been met. It has also been realized that in some cases, contractors are not paid in time because of bureaucracy in the accounting process. One case in point is when one or some of the signatories are absent. It was also found out the people in accounts can delay payments to contractors so that the latter can give them a kickback in exchange for the service. It was also found out that there were some people in the UNDP funded projects that compromised the procurement process and benefited from it. Above all, procurement costs are not clear to every one. People who benefit or want to from the procurement keep most of the information to themselves. It is thus apparent that this study attempts to explain the difficulties in financial accountability from the view point of anomalies in procurement planning.

Corruption seems to part and partial of the UNDP funded projects though these organisations are being supported to fight against the same practice. There is no human behaviour in management more destructive than corruption. What this means in turn is that some of the anomalies discovered in financial accountability find explanation in the context of corrupt individuals who always undermine the principles of accountability to benefit themselves.

An attempt to test the first hypothesis was accomplished through multivariate analysis particularly using a linear regression model. The model was fitted with procurement planning as the sole model predictor and it was found to be significantly linked, statistically, with financial accountability. Against this background, results raise curiosity that what we have discovered as weaknesses of financial accountability are caused by some of the anomalies in procurement planning. Secondly and most importantly, the R-Square value in this model is 0.595 suggesting that procurement planning explains 59.5% of the variability in financial accountability. This leads to a logical conclusion that the centrality of procurement planning is of paramount importance in explaining the deficiencies found in financial accountability in the UNDP funded projects in Uganda.

It is also important to explain how each component of procurement planning was related to financial accountability bearing in mind that the latter is characterised by several loopholes. First, the point has already been made that procurement plans are well laid before the procurement of works, goods and services, a practice that seems to reinforce financial accountability. Preparation of procurement plans before procurement was found to have a positive effect on financial accountability. It is now apparent that procurement planning is a key stage of achieving accountability in the utilization of public funds, as Basheka (2008) contends. Secondly, the finding commends management for keeping procurement planning transparent. In connection with financial accountability, keeping procurement plans transparent has a positive effect. In different studies, it has already been indicated how observance of transparency through the procurement process assists

conscientious officials to resist pressure from those who seek to depart from the policies (Arrowsmith, 2003; Felister, 2002).

In the analysis so far, three areas of procurement emerge as obstacles to proper financial accountability. It has already been remarked that key people are not chanced to participate in procurement planning, reason being; top managers secretly fix their expected benefits in procurement plans in order to create the impression that they are not corrupt. Excluding some potential people from the planning phase has a negative effect on financial accountability. What this means is that the funds portrayed in the planned budgets are far more than what goes down into actual procurement. Top managers divert some of the UNDP funds into their own pockets, a reason why, UNDP funded organisations have been performing poorly over the years. It is also been found out that procuring works, goods and services without following procurement plans is one of the major problems of procurement planning. Blamed on funds being received late as a result of late submission of accountabilities, not following plans during procurement has been found to be a threat to proper financial accountability. Moreover, when funds are received late, organisations are forced to procure on a rapid programme, a situation, corrupt officials take advantage of. This is also the same reason why procurement not being carried out on time has negatively been linked to financial accountability.

In a real sense, it is reasonable to adopt the first hypothesis of the study. It is clear therefore that proper financial accountability in the UNDP funded projects in Uganda has not been possible because those concerned are not practicing effective procurement

planning. Whereas results suggest that plans are usually put in place, those concerned put plans in place to create an impression that there is transparent. However, corruption is still able to find its way into the organisations since the expected financial benefits for corrupt top managers are fixed right away from the procurement stage, a salient reason why, most key people are not invited to participate in procurement planning.

### **5.1.2 The Extent to Which Procurement Planning Affects the Managerial Accountability**

The second hypothesis was: **“Procurement planning has a big influence on managerial accountability in the UNDP funded projects in Uganda.”** Considering what was reported, the management function in the UNDP funded projects is both strong and weak. First, there are three areas of managerial accountability that were reported to be effective. For instance, it is very important that contract documents are approved by relevant authorities and management does this work perfectly well. It was also revealed that top managers ensure that contractors are paid in a transparent manner. And transparency is very important because once observed and maintained throughout the procurement process, better results can be attained (Schooner, 2002; Watermeyer, 2004). Besides, management in the organisation does not only update staff on the progress made on a regular basis but it is also in position to take blame for its mistakes.

The attention must now turn to other concerns where managerial accountability has been found to be wanting. Two weaknesses tend to overshadow the positives of managerial accountability. It was found out that management causes delays in the procurement process. This concern is mainly a result of bureaucratic tendencies that are synonymous

with management of all organisations involved in this study. An example given was the deficiencies caused by signatories. The operations of the projects depend on these signatories who at times take long to play their part and, in turn, end up delaying the procurement process. Another subject of concern is when one or some of the signatories are absent from office for reasons like; being on trips abroad, and leave and the like. Mechanisms to ensure that procurement goes ahead in the absence of a signatory are lacking, implying that, under such circumstances, the process is obviously delayed.

Notwithstanding these concerns, top managers have also been cited in engineering the mismanagement of donor funds. It has been discovered that top managers usually take advantage of the procurement process by soliciting suppliers, service providers and consultants so as to benefit financially. And in exchange, the solicited firms reward top managers financially. In practice, the top managers at times find it difficult to apprehend suppliers, service providers and consultants when procurement is not being properly executed because they constitute part of the problem. Some top managers are corrupt. This characteristic is just sufficient to overshadow the good attributes portrayed as far as managerial accountability is concerned.

In all, the dependent variable (managerial accountability) was treated to a multivariate analysis using procurement planning as an independent variable in a regression model. One of the obvious results is, procurement planning is a significant predictor for managerial accountability in the UNDP funded projects. However, the relationship is

very weak. With R-square value of 0.034, weaknesses in procurement planning explain only 3.4% of the deficiencies in managerial accountability.

As already mentioned, all organisations put in place well laid out plans before the procurement of works, goods and services. Being a good practice, preparation of procurement plans was found to have a positive effect on managerial accountability. Results also agree with Robert & Vijay (2004) who contend that an important benefit of planning is to facilitate optimal resource allocation decisions. Decision making is a primary management function.

However, a point has already been made that actual procurement activities do not follow the plans as a result of funds coming late, which in turn, is caused by late submission of accountabilities by implementing agencies. These deficiencies are also linked to corruption in top management. Leaving this aside, not following procurement plans is a threat to proper managerial accountability and the effect is statistically significant. This is true because when funds come late, top managers take advantage of the procurement to benefit financially since the methods being used are not those that were initially planned for. There is a kind of crash programme of work which corrupt top managers benefit from and mismanage donor funds. Pandey (2004) contends that planning helps a financial manager to regulate the flow of funds which is his primary concern. When the plan is not being followed and the manager wishes to benefit from the procurement, he/she can because the procedures to restrain him/her are not being followed. For example, he/she

may procure substandard goods in the pretext of lack of time to do proper procurement and will have reason to defend his/her position if at all he is required to.

The obvious anomaly already indicated is the exclusion of all key people in the process. It is now common knowledge that top managers keep the procurement planning phase to themselves to fix in their expected benefits and involve other people at the implementation stage. We cannot expect proper managerial accountability when the managers are walking away with project money. Indeed, a negative relationship has been found to exist between excluding some key people in the planning phase and managerial accountability. It is now evident that corruption tends to cripple all levels of accountability in the UNDP funded projects in Uganda. It is therefore convincing enough that the second hypothesis of the study should be rejected because the relationship between the dependent and independent variable is weak.

### **5.1.3 The Relationship Between Procurement Planning and Administrative Accountability**

The third hypothesis was: **“There is a strong relationship between procurement planning and administrative accountability in the UNDP funded projects in Uganda.”** It was found that proper administrative accountability was difficult in the UNDP funded projects in Uganda. Existing evidence suggests that administrators are in position to play their roles. For example, administrators ensure that they prepare all documents in time. They don’t mismanage funds and in most cases, they take blame for their mistakes. However, their work is undermined by deficiencies from management and

contractors and the administrators position makes it difficult for them to resist the deficiencies as is yet to be explained.

Suppliers have been found to have a problem. They usually deliver supplies beyond the agreed time. Consequently, organisations have seldom been blamed for executing the projects late. Although this looks like an administrative anomaly, management is to blame. Because of the corruption emanating from management, some of the contractors are not solicited on merit. In some cases, contractors are incompetent but they are selected depending on their connection with management. Selfish tendencies to benefit from the projects' funds are hatched at the management level. Therefore, administrators are unable to ensure or enforce timely delivery of supplies because their hands are tied.

Regression analysis suggests that weaknesses in procurement planning have a strong negative effect on administrative accountability. At 5% of error, procurement planning predicts 42.5% of the variation in administrative accountability. For example, procurement plans not following clearly spelt out plans have negative effect on administrative accountability. Equally not involving all key people in the planning phase affects administrative accountability. For example, administrators are always working under pressure to meet the needs of implementing partners and donors. In all, some poor procurement planning practices affect administrative accountability which is the reason the third hypothesis should be adopted.



#### **5.1.4 The Moderating Effect of Institutional Factors on the Relationship Between Procurement Planning and Accountability of Donor Funds, their Disbursement, and Utilization**

The forth hypothesis of this study was: “**Institutional factors have a strong moderating effect on the level of accountability and funds utilization in the UNDP Projects in Uganda.**”

Three institutional factors were analysed, **internal organisational weaknesses** being the first. It was discovered that the major internal organisational weakness is corruption. Some people mainly in the management team take advantage of the procurement for their own selfish ends. For example, members of the management team nominate themselves to go for training courses abroad many times before other members are considered. They also solicit bids from suppliers or firms where they expect to benefit financially. It was also found out that there were negative correlations between internal organisational weaknesses and financial accountability, administrative accountability and managerial accountability. Similar sentiments have been highlighted by Hunja (2003) that vested interests hinder procurement planning in developing countries.

Some problems were discovered with respect to funds utilisation in the UNDP funded projects. The utilisation of funds is usually beyond the agreed time schedule. Besides, some funds are used by individuals for their selfish interest. This indicates that funds’ utilisation has a problem which is why some of the respondents recommended that it

should be improved. It was discovered that these weaknesses are caused by internal organisational weaknesses notably, corruption.

It was also discovered that **political influence** exists in the UNDP funded projects. Politicians tend to influence management so that their firms or those of people they know get contracts. It was also found out that some of the loopholes in accountability are caused by political influence. Results concur with Jann (1977) who argues that there are major deficits in accountability as a result of political influence.

It was further discovered that **donors** put their demands on the fragile structures in the implementing agencies. Donor influence affected financial accountability, administrative accountability and managerial accountability. Moore (1998) argues that the influence of aid on accountability is even more fundamental. State-society relations are less likely to be characterized by accountability and responsiveness when states do not earn much of their own income through domestic revenue from citizens, but depend on aid instead and when such aid covers a large proportion of the expenditures on services. It was however discovered that donor influence did not affect funds utilisation in the UNDP funded projects.

## **5.2 Conclusions**

First, it can therefore be concluded that there existed a strong and statistically significant relationship between procurement planning and financial accountability. Indeed, most of the deficiencies in financial accountability were as a result of weaknesses in the procurement planning phase.

Secondly, managerial accountability was found to be linked to procurement planning in the sense that weaknesses in procurement planning were responsible for some of the deficiencies in managerial accountability. However, the relationship was weak. Thirdly, procurement planning strongly related to administrative accountability and the relationship was statistically significant. As such, the administrative function is compromised because of irregularities in procurement planning.

Lastly, it was discovered that institutional factors threaten the level of accountability and funds utilisation in the UNDP funded projects in Uganda.

### **5.3 Recommendations**

It is thus recommended that;

1. Government and the UNDP need to strengthen the structures in projects to enforce procurement planning so as to enhance financial accountability.
2. To improve managerial accountability, all key people in the UNDP funded projects should be involved in procurement planning and procurement plans should be implemented.
3. Government together with the UNDP should ensure procurement planning principles are adhered to for proper and desirable administrative accountability to be realised.
4. Measures should be put in place to overcome the moderating effect of institutional factors so as to enhance the level of accountability and funds utilisation in the UNDP funded projects in Uganda.

5. These recommendations should be implemented by involving or stakeholders in the procurement process so as to ensure that the new changes are easily accepted and adopted.

#### **5.4 Limitations of the Study**

The major limitation of the study was lack of sufficient funds for fieldwork and the entire exercise since the projects was not externally funded by any organisation or agency.

#### **5.5 Contributions of the study**

The study has expanded the body of knowledge in the area of public procurement. This knowledge is expected to improve public procurement in the future. It is also going to help procurement professionals by providing insights on key issues that affect their profession.

#### **5.6 Areas Recommended for Further Research**

Considering current issues concerning procurement in Uganda, the researcher considers the following areas suitable for further study.

1. Improving procurement practices in the social security sector.
2. How procurement planning can improve management of local governments.
3. The future of political influence on public procurement in Uganda.

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**APPENDIX A**  
**QUESTIONNAIRE FOR STAKEHOLDERS**

I hereby inform you that I am a postgraduate student at the Uganda Management Institute (UMI) perusing a Masters Degree in Management Studies. I am conducting a study on “Procurement planning as a tool for improved accountability and funds utilisation by United Nations Development Programme in Uganda”. This questionnaire is therefore meant to collect information for the study. Information collected will be kept confidential and will be used for academic purposes in the mentioned study. You are requested to spare your time and answer the questions.

**Background Information**

1. Please indicated your:
  - a. Age.....years
  - b. Sex: Male [ ]                      Female [ ]
  - c. Highest academic attainment .....
2. The organisation you work for is:
  - a. PPDA                                      [ ]
  - b. IGG    [ ]
  - c. DEI    [ ]
  - d. PDM    [ ]
  - e. AMICALL                                      [ ]
  - f. Parliament of Uganda                      [ ]
3. Your position in this organisation is .....

## Procurement Planning

Please respond to the following statements by indicating the extent to which you agree or disagree where;

5=Strongly agree, 4=Agree, 3=Not sure, 2=Disagree, 1=Strongly disagree

|    | Statement  | Strongly agree(5) | Agree(4) | Not sure(3) | Disagree (2) | Strongly disagree(1) |
|----|--|-------------------|----------|-------------|--------------|----------------------|
| 4. | This organisations usually puts in place a well laid out plan before procuring works, goods & services                     |                   |          |             |              |                      |
| 5. | The procurement of works, goods and services of UNDP funded activities in this organisation follow clearly spelt out plans |                   |          |             |              |                      |
| 6. | All potential people in the running of UNDP activities are usually involved in the planning process                        |                   |          |             |              |                      |
| 7. | The procurement planning process is usually carried out in time  |                   |          |             |              |                      |
| 8. | Procurement plans for UNDP funded projects are kept transparent by the procurement unit                                    |                   |          |             |              |                      |
| 9. | Procurement plans for UNDP funded projects are strictly followed   |                   |          |             |              |                      |

## Financial accountability

|     | Statement   | Strongly agree (5) | Agree (4) | Not sure (3) | Disagree (2) | Strongly disagree (1) |
|-----|---|--------------------|-----------|--------------|--------------|-----------------------|
| 10. | The procurement process is usually aimed at obtaining value for money |                    |           |              |              |                       |

|     |  |  |  |  |  |  |
|-----|--|--|--|--|--|--|
| 11. | Payments are usually made after realising that the value for money has been achieved                 |  |  |  |  |  |
| 12. | Usually the payments to the contractors are also made on a timely basis                              |  |  |  |  |  |
| 13. | No extra funds are paid outside the value agreed upon with contractors                               |  |  |  |  |  |
| 14. | The procurement process is usually expedited according to the time schedule to avoid excessive costs |  |  |  |  |  |
| 15. | No one can compromise procurement procedures to benefit financially                                  |  |  |  |  |  |
| 16. | The procurement costs are clear to every one   |  |  |  |  |  |

### **Administrative accountability**

|     | Statement  | Strongly agree (5) | Agree (4) | Not sure (3) | Disagree (2) | Strongly disagree (1) |
|-----|--|--------------------|-----------|--------------|--------------|-----------------------|
| 17. | All contractor supplies are usually delivered in the agreed time   |                    |           |              |              |                       |
| 18. | All contractor services are normally rendered in the agreed period   |                    |           |              |              |                       |
| 19. | All contracted works are normally executed in the agreed period  |                    |           |              |              |                       |
| 20. | This organisation has never been blamed for executing UNDP funded projects beyond the stipulated time schedule |                    |           |              |              |                       |
| 21. | Administrative staff ensure they prepare all the necessary documents in time                                   |                    |           |              |              |                       |
| 22. | Administrative staff make their work transparent to every one  |                    |           |              |              |                       |
| 23. | No funds are mismanaged by administration  |                    |           |              |              |                       |
| 24. | Administrative staff take responsibility of their mistakes   |                    |           |              |              |                       |

### Managerial accountability

|     | Statement  | Strongly agree (5) | Agree (4) | Not sure (3) | Disagree (2) | Strongly disagree (1) |
|-----|--|--------------------|-----------|--------------|--------------|-----------------------|
| 25. | All relevant contract documents are approved by relevant authorities |                    |           |              |              |                       |
| 26. | All contractor services are normally rendered in the agreed period   |                    |           |              |              |                       |
| 27. | Management does not cause delays in the procurement process          |                    |           |              |              |                       |
| 28. | Payments to contractors are not kept confidential by managers        |                    |           |              |              |                       |
| 29. | Management updates staff on the progress made on a regular basis     |                    |           |              |              |                       |
| 30. | Management usually takes blame of its mistakes                       |                    |           |              |              |                       |
| 31. | No funds are mismanaged by management                                |                    |           |              |              |                       |

### Institutional factors

#### (b) Internal organisational weaknesses

|     | Statement  | Strongly agree (5) | Agree (4) | Not sure (3) | Disagree (2) | Strongly disagree (1) |
|-----|--|--------------------|-----------|--------------|--------------|-----------------------|
| 32. | Some activities of UNDP funded projects in this organisation are undermined by corrupt officials |                    |           |              |              |                       |
| 33. | Some people on the management team take advantage of UNDP funds for their selfish ends           |                    |           |              |              |                       |
| 34. | Some administrators alter terms of contracts for their selfish ends                              |                    |           |              |              |                       |

**(b) Donor influence**

|     | Statement   | Strongly agree (5) | Agree (4) | Not sure (3) | Disagree (2) | Strongly disagree (1) |
|-----|---|--------------------|-----------|--------------|--------------|-----------------------|
| 35. | UNDP sets conditions to be followed in using their funds            |                    |           |              |              |                       |
| 36. | At times, conditions set by UNDP affect the procurement process     |                    |           |              |              |                       |
| 37. | Our organisation is penalised when UNDP conditions are not followed |                    |           |              |              |                       |

**(c) Political influence**

|     | Statement   | Strongly agree (5) | Agree (4) | Not sure (3) | Disagree (2) | Strongly disagree (1) |
|-----|---|--------------------|-----------|--------------|--------------|-----------------------|
| 38. | Politicians tend to influence some of the procurement activities in UNDP funded activities in this organisation |                    |           |              |              |                       |
| 39. | Procurements of works, goods and services are not always free from political influence                          |                    |           |              |              |                       |

**Funds utilisation**

|     | Statement  | Strongly agree (5) | Agree (4) | Not sure (3) | Disagree (2) | Strongly disagree (1) |
|-----|--|--------------------|-----------|--------------|--------------|-----------------------|
| 40. | Funds in this organisations are at times received late   |                    |           |              |              |                       |
| 41. | The utilisation of funds is usually beyond the agreed time schedule                            |                    |           |              |              |                       |
| 42. | Some funds in this organisations are used by individuals for their selfish interest            |                    |           |              |              |                       |
| 43. | Utilisation of funds in this organisation needs to be improved                                 |                    |           |              |              |                       |
| 44. | Some funds are reallocated for other activities other than the ones indicated on the work plan |                    |           |              |              |                       |

Thank you





## **APPENDIX B**

### **INTERVIEW GUIDE FOR UNDP COUNTRY OFFICE STAFF**

1. UNDP funds governance projects in Uganda at the IGG, DEI, PPDA, AMICALL and Project in Local Government. It has also been realised that some of the organisations fail to use the funds provided to them in the stipulated time. What could be the factors leading to this failure?
2. Do you think governance projects funded by UNDP put in place sound procurement plans before using the funds?
3. If the answer is yes, what evidence is there to show that governance projects prepare sound procurement plans?
4. If the answer is no, what deficiencies are there in procurement plans of the UNDP funded governance projects?
5. Do you find procurement planning an important item in achieving financial accountability of UNDP funded governance projects? Please explain your opinion in detail.
6. Can procurement planning enhance administrative and managerial accountability of the UNDP funded governance projects? Please explain your view in detail.
7. Could it be the case that some procurement contracts are influenced by political forces? If it is true, please explain how political manoeuvres affect the procurement of works, goods and services of UNDP funded governance projects.



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Your Ref:

Our Ref: G/35

22 July 2009

## TO WHOM IT MAY CONCERN

### MASTERS IN MANAGEMENT STUDIES DEGREE RESEARCH

Ms. Agaba Caroline Charity Lindah is student of the Masters Degree in Management Studies of Uganda Management Institute 15<sup>th</sup> Intake 2007/2008 specializing in Project Planning and Management, Registration Number: 07/MMSPPM/15/029

The purpose of this letter is to formally request you to allow this participant to access any information in your custody/ organization, which is relevant to his research.

Her research Topic is: **Procurement Planning as a Tool for Improved accountability and funds utilization in the United Nations Development Program Project in Uganda**

Yours sincerely,

Bevon Basheka  
HEAD, HIGHER DEGREES DEPARTMENT/  
PROGRAMME MANAGER MMS



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22 July 2009

**Ms. Agaba Caroline Charity Lindah**  
**07/MMSPPM/15/029**

Dear Ms. Agaba,

### **FIELD RESEARCH**

Following a successful defense of your proposal before a panel of Masters Defense Committee and the inclusion of suggested comments, I wish to recommend you to proceed for fieldwork.

Please note that the previous chapters 1, 2 and 3 will need to be continuously improved and updated as you progress in your research work.

Wishing you the best in the field.

Yours sincerely,

Benon Bashika

**HEAD, HIGHER DEGREES DEPARTMENT/  
PROGRAMME MANAGER MMS**