

**PROCUREMENT MANAGEMENT PRACTICES AND THEIR EFFECTS ON
LOCAL GOVERNMENTS SERVICE DELIVERY IN UGANDA:
A CASE STUDY OF IGANGA TOWN COUNCIL**

By

MUWAYA RONALD DONALD ROSS

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DECLARATION

I, **Muwaya Ronald Donald Ross**, do declare that this is my original work and has not been presented to any other Institution or University for any award.

Signed -----

Date -----

APPROVAL

This dissertation has been submitted for examination with my approval as the Uganda
Management Institute (UMI) based Supervisor

Signed -----

(Dr.) BENON BASHEKA

Date -----

This dissertation has been submitted for examination with my approval as the work-based
supervisor

Signed -----

CYPRIAN OGWANG

Date -----

DEDICATION

This dissertation is dedicated to my wife Naomi, and our children Mary and Gladys who encouraged me in various ways to enable this piece of work to be completed. They will always remain a source of joy and inspiration.

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LIST OF ABBREVIATIONS

AO	Accounting Officer
CAs	Contract Agreements
CAO	Chief Administrative Officer
CC	Contracts Committee
CIPE	Committee for Inter-ministerial Economic Planning
CIPS	Chartered Institute of Purchasing and Supply
Dr	Doctor
DV	Dependent Variable
EC	Evaluation Committee
EU	European Union
FAs	Framework Agreements
IV	Independent Variable
LC 111	Local Council Three
LCV	Local Council Five
LG	Local Governments
MEAT	Most Economically Advantageous Tender
MV	Moderating Variable
NAFTA	North American Free Trade Agreement
NHS	National Health Services
OAG	Office of Auditor General
OCM	Organisational Change Management
ODPP	Office of the Director of Public Procurement
OECD	Organization for Economic Co-operation and Development
OGC	Office of Government Commerce
PDE	Procurement Disposal Entity

PDU	Procurement Disposal Unit
PhD	Doctor of Philosophy
PPDA	Public Procurement and Disposal Act
PPM	Process or Production Methods
SBD	Standard Bidding Document
SK	South Korea
SOW	Scope Of Work
SPSS	Statistical Package for Social Scientists
TBT	Technical Barriers to Trade
TOR	Terms Of Reference
USA	United States of America
UK	United Kingdom
WWW	World Wide Web
USAID	United States Agency for International Development
VFM	Value For Money
WB	World Bank
WTO	World Trade Organization

ABSTRACT

The study was aimed at investigating procurement management practices and how they affect service delivery in local governments in Uganda, with in Iganga Town Council as a case study. The study was guided by four objectives of establishing the relationship between transparency and effectiveness of local government service delivery in Iganga town council, investigating the relationship between non-discrimination and effectiveness of local government service delivery in Iganga town council, establishing the relationship between competitive bidding and effectiveness of local government service delivery in Iganga town council and finding out the moderator effect of procurement legal framework on the relationship between procurement management practices and effectiveness of local government service delivery in Iganga town council. The Principle-Agent theory was applied to explain the relationship between the service providers and the local government in Iganga town council. The most important variables were transparency, competitive bidding, non-discrimination, the legal framework as a moderator factor on service delivery. Data was collected by use of questionnaires, interview guide and observations. The researcher established that service delivery was affected by the procurement management practices in Iganga town council. Local governments should take on these procurement management practices to get value for tax payers' hard earned money. It can be concluded that non-discrimination as a procurement management practice is very important to Local governments as it creates a wide supplier base from which you can get the best suppliers, also, that competitive bidding as one of the management practices, be developed as from many bidders it becomes easy to pick the most economically advantageous tenderer. It is recommended that transparency in the procurement process be taken very seriously so that better services are got in various parts of this country, also, that non-discrimination as one of the procurement management practices is used in all districts in this country for better service delivery in local governments

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This study was an investigation into the relationship between Procurement Management Practices and Local Government service delivery in Uganda, a case study of Iganga Town Council. Procurement Management Practices were conceived as the Independent Variables in while effective Local Government service delivery was the Dependent Variable. This chapter presents the background to the study, the statement of the problem, the general objectives, the specific objectives of the study, the research questions, the hypotheses, the scope of the study, justification of the study and operational definitions of terms and concepts.

1.1 Background to the Study

1.1.1 Historical Background

In the past, many industrial organizations considered it unnecessary to give an independent status to stores and purchasing and these functions functioned as an inconsequential appendage to carry out routine tasks of purchasing, storing and issuing out goods as directed by other departments. More than that, it must be admitted that often times, stores and purchase sections in many industrial concerns have been a receptacle for second rate personnel unwanted by other sections (Nair, 2001). Purchasing and supply chain management is now recognized in major organizations as an area for reducing costs and value addition. Partnerships, reducing acquisition costs, strategic outsourcing, and e-commerce, however all are dependent on the appropriate level of development of the purchasing activity.

In general terms, purchasing has developed over years and the characteristics associated with these development phases can be summarized as follows: Thirty years ago, purchasing and supply was concerned with buying supplies at the lowest price. The activity was essentially clerical, there was little involvement with suppliers, and it was reactive. Today, purchasing and supply is becoming strategically involved as purchasing is seen as giving the organization a strategic advantage, closely involved with suppliers and other activities concerned more with true ownership cost than merely price. Devolution of straight forward buying closer to the point of use.

The future application of leading-edge concepts throughout the supply chain, Value addition displaces cost reduction as a primary role, potential of developing technology realized and total customer focus (Baily, Farmer, Jessop, Jones, 2005). Governments have contracted for public services as long as anyone can remember. Over the past decades, however, governments have expanded the concept and applied it to service areas not previously considered (Kettl, 1993) spawning what can be called a “service contracting revolution”. Today governments may refer to contracts for public services as privatization, contracting out; sourcing, outsourcing, and such contracting activities should strive to achieve the noteworthy goals such as increased efficiency and flexibility. The intellectual antecedents of the service contracting revolution date from the 1960s and 1970s with the writing of Peter Drucker, the famous theorist and consultant (Martin & Millers 2006).

Several years ago, the South Korean government (SK) faced a difficult choice concerning one of the biggest arms deals in its history –the \$4 billion FX jet-fighter program. The SK government had to choose between one of the 4 bidders; Boeing of the

USA, Russia's Rosvoorouzhnie, the European consortium Euro-fighter and France's D'assault Aviation (Larkin, 2001a). In battling to win this contract, each bidder played up its strings and used whatever leverage it could. In 2000, French President Jacques Chirac visited Seoul with Dassault, Chairman of Dassault Aviation. In early 2001, Boeing executives flew to Seoul to lobby. President George W. Bush pushed Boeing's bid to visiting President Kim in Washington in March 2001 and secretary of state Collin Powell did the same with then Foreign Minister Lee Joung Binn. According to Wayne A. Wittig & Habib Jeng, in their paper on Comparative views of public procurement reform in Gambia, stated that in 1998, the World Bank (WB) in collaboration with the Government of The Gambia conducted a country procurement Assessment Review and concluded, the Gambia lacked the 4 basic elements to have a sound procurement system (Thai, 2004). In many developing countries, where Uganda falls, 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 the buying organization. Gradually, however, there has been need to use funds most efficiently and economically so as to deliver best value for money. (Arrowsmith & Trybus 2003).

In Uganda, the early days of procurement were done by the Central Tender Board and because it could not keep pace with the expansion of government activities and the consequential backlog of tender submissions, the procurement process became protracted. Rules did not reflect the international rules and best practices, this made the International and foreign organizations to consider public procurement to be a key obstacle to effective service delivery and development. A need to decentralize the procurement function to respective government departments, to create an independent procurement regulator, a need to introduce transparency in the government procurement practices arose.

In the year (2003), the Public Procurement and Disposal of Public Assets (PPDA) Act was enacted in Uganda. This is an Act, which has laid down the basic Procurement and Disposal Principles; non discrimination and fairness, transparency, accountability, competition, confidentiality, ethical behaviors etc. to guide the proper procurement activity. For example effective competition shall be evidenced by use of open bidding, restricted or quotations and proposal procurement methods, described in these Regulations. All procurement shall be conducted to deliver best value for money, irrespective of the method of procurement used, the procuring and disposing entity or the nature of the works, services to be procured (Agaba, 2006).

Later, the Local Governments (Public Procurement and Disposal of Public Assets) Regulations 2006 was drafted. Basic public procurement and disposal principles are well laid down; all this was to put up guidelines for smooth and effective running of the procurement activity. For example, a tenderer shall not be excluded from participating in public procurement and disposal on the basis of nationality, race, religion, gender or any other criterion not related to qualification, except under guidelines made under these regulations or by any other competent authority.

1.1.2 Theoretical Background

The contract theory by Bolton, Patrick and Dewatripont (2005) has to do with understanding how the balance between competency and rewards is achieved. Essentially, contract theory involves the need for communication between an agent and principal, so that there is clear understanding of both the needs of the principal and the ability of the agent to meet in a competent manner. Once this state is established, contract theory is then employed to ensure that the agent receives adequate rewards for his effort. One of

the easiest ways to understand contract theory is to apply the principle to hiring persons to labor in the workplace.

Essentially, a prospective employee will provide information about his or her ability to meet the requirements of a given position. In turn the employer will need to be in a position to verify the accuracy of the information provided. When the employer is unable to do so, the condition is understood to be asymmetric. Asymmetric information is not necessarily incorrect or false. However, it does present a roadblock to the employer being able to adequately evaluate the prospective employee. Contract theory is also interwoven with the concept of moral hazard. Essentially, both the agent and principal are exhibiting a certain degree of trust.

The agent or prospective employee, is trusting that the working conditions, rate of pay, job responsibilities, and additional benefits are as presented by the employer. In turn, the employer or principal is trusting that the credentials presented by the agent are valid and sufficiently complete to merit the creation of a contract of employment. When all economic actors in the process function with a high level of competency, the resulting arrangement is likely to be mutually satisfying. Contractual arrangements within the process of contract theory may take the form of complete contracts. In this type of contractual agreement, every situation that is covered by local law is included in the terms of the agreement. The second format is referred to as an incomplete contract, and may be somewhat broader and less specific on certain points (Tatum, 2003). This theory explains the fact that if government has identified a need then it must clearly define it so that potential providers deliver what is expected of them not just anything near to what is required.

The principal/agent theory by Stiglitz (1987) is another framework most frequently employed to understand government contracting in particular, contracting for public sector services. Application is that government is the principal while the contractor is the agent. The major insights here are: agent opportunism which looks at contractors sometimes pursuing their own interests hence provide lower quality services and there their profits increase. The other insight is that there is information asymmetry, which looks at contractors as always knowing about their day-to-day service delivery operations than government. The two insights are; Ex ante (before the event) and Ex post (after the event) monitoring. Therefore government should attempt to constrain the actions of the contractors through contractual ex ante incentives and penalties tied to ex post monitoring (Martin & Miller, 2006).

In the Contract and the Principal/Agent theories, governments (local governments in this case) are the principal who should clearly state their requirements following the procurement management practices to the contractors (agents or service providers) who should provide services effectively. This theory helps explain the relationship between the procuring entity and the provider. While the procuring entity expects the service provider to deliver goods or services of right quality and quantity, the service provider expects that they are paid promptly and that in case of failure on any party, court can be called in to solve the problem.

1.1.3 Conceptual Background

International procurement regimes and systems seek in general terms to attain most of the following practices (Evenett & Hoekman, 1997). These practices include: non-discrimination, transparency, efficiency, competition, economy, accountability, confidentiality, ethical behavior, public accessibility, publication of opportunities and information and many others. Public resources should be applied for best possible public

benefit. Therefore it is expected that public entities are guided by certain procurement practices when managing public funds. These practices in turn form the public entity's rules, policies and procedures. So for public entities to demonstrate that they have entered into and managed funding arrangements they follow these practices.

A transparent system is one characterized by clear rules and the means to verify that those rules were followed. Means of verification are records open to inspection by public auditors and to interested parties, such as unsuccessful bidders who wish to know the reason for their failure to win the contract (Maza and Camblor, 1999). Transparent management throughout the funding arrangement will ensure that: all parties to funding arrangement understand and respect their own objectives; all parties continue to understand and observe their obligations and benefits and value gained early in the funding arrangement are sustained throughout its life. Transparency depends on high standard of reporting and disclosure which demonstrates that the public resource is being used properly, fairly and effectively to the optimal public benefit. Proper communication provides for present and future service delivery.

Non-discrimination means that no undue restrictions are placed on participation in the competition of a particular contract. This does not prevent the procuring entity from insisting that the participation be limited to qualified firms or form stringent standards with respect to the quality of the goods and services to be procured. Suppliers should be treated fairly without unfair discrimination, including protection of commercial confidentiality where required. Public bodies should not be unnecessary burdens or constraints on suppliers or potential suppliers. Where there are multiple providers who are capable of delivering on behalf of the government or local government, the public entity should give a fair opportunity to them to be selected. The public entity should also act

reasonably in dealings with providers throughout the life cycle of the funding arrangement. This manages the tension between accountability, transparency and high standards of reporting and disclosure on the one hand, and, on the other, managing the effects on the service provider of either compliance requirements or a failure of the policy to have the desired effect.

Procurement should be carried out by competition unless there are convincing reasons to the contrary. Bidders compete with one another under the same terms and conditions. The objective here is to maximize value for money (VFM). Public procurement and disposal opportunities are accessible to all interested providers; they use standard bidding documents (SBD), clear and non restrictive specification, (TOR) or (SOW), sufficient time for bidding, non use of brand or trade names, all bidders are evaluated under the same criteria and clarifications if any are given to all bidders. Effective local government service delivery is seen through reduced number of complaints, timely delivery of goods and services, usability and accessibility to those services there provided (PPDA, 2007).

1.1.4 Contextual Background

According to Hunja (2003), in most developed countries, public procurement takes place within a framework of international obligations, such as the World Trade Organizations'(WTO) Agreement on Government Procurement or the Procurement Directives made under regional agreements such as the European Union (EU) or the North America Free Trade Agreement(NAFTA). Public procurement in most developing countries does not have to meet these international requirements. Consequently, the pressure to reform may not have been as strong and some developing countries retained a procurement system that differed little from that which was in place during colonial times. However, in recent years, the impetus for reform has increased, partly in consequence of requirements set by the World Bank and other donor organizations as

conditions for providing development aid but principally because the inefficiencies of the unreformed systems have become self-evident. Most donors consider that a well-functioning procurement system is an essential requirement if their funds are to be used effectively to promote development.

Where such a system is not provided by the host country, donors may insist on using their own procedures. There has been a trend in recent years for using national systems where these are suitable, through multi-donor budget support programmes (Abeillé, 2003). Initiatives and policies such as market testing, contracting out, private finance initiatives, competing for quality, NHS internal market, facilities management and partnering all effect equipment, goods and services are procured within government and public sector. They help shape the approach to the market, the preparation of the specification and evaluation of the most economically advantageous tender (MEAT) followed by pertinent relationships in order to meet the requirement. However, to appreciate this contextual setting, it's useful to consider the background to the current public sector procurement environment (Baily, Farmer, Jessop, & Jones, 2005).

The institutional set up for procurement in Uganda is prescribed by the Public Procurement and Disposal of Assets Act, 2003. The Public Procurement and Disposal of Assets Authority (PPDA) is the sole national regulatory and monitoring body for procurement in all Procurement and Disposal Entities (PDE), the central government ministries, commissions, districts and municipal (urban) local governments. Article 24 of the PPDA Act, 2003, provides that each PDE shall be comprised of an Accounting Officer (AO), a Contracts Committee (CC), Procurement and Disposal Unit (PDU), a User Department and an Evaluation Committee (EC). Appendix 6 is the Uganda Local Government procurement and disposal entity, appendix 7 is the institutional/structural arrangement for procurement in Uganda and Article 91 and 93 of the local the local governments (Amendments) Act, 2006, provides for establishment of a C.C. and PDUs in

every district in Uganda. Despite all the necessary procurement and Local Government legal framework in place service delivery is still having many gaps.

Another area of contradiction lies in the fact that whereas the Local Governments (Amendment) Act, 2001, does not provide for corresponding decentralization of other enabling functions such as recruitment of staffs, consequently there is only one centralized public service commission. This was recently evidenced when the public service commission not by individual districts recruited all districts procurement heads. Management is the process of designing and maintaining an environment in which individuals, working together in groups, effectively accomplish selected aims. The concept, principle, theory and techniques of management are grouped into 5 functions- planning, organization, staffing, leading and controlling, around which can be organized the knowledge that underlies those functions. (Wehrich & Koontz, 2003). The supply management concept is a formal organizational concept that is involved with the flow of materials through manufacturing firm. The functional areas affected are purchasing, inventory control, traffic, production control and stores.

1.2 Statement of the Problem

In a move to address public outcry about lack of transparency, accountability, competition, non-discrimination and fairness in the procurement activity, many reforms were born. In Uganda, the Public Procurement and Disposal of Public Assets Regulations, (2003), was enacted. The roads were full of potholes which suggest that contractors were incompetent or they could have been sourced not according to procurement practices. In the New vision (2007, September 3) it was reported, “Look beyond cost in tenders to fix our roads in Jinja, Bugiri and Iganga. The issue of awarding tenders to ineffective bidders is political and not to cost”, implying that the practices of non-discrimination, transparency and competition were not applied when sourcing service providers. Garbage

heaps were seen all over the town council implying that either there were no garbage collecting service or the service providers were incompetent causing the whole place to stink.

Health services from Iganga hospital were inadequate as there were no drugs and in case of accidents, patients were rushed to Mulago Referral Hospital. The Local Governments (Public Procurement and Disposal of Public Assets) Regulations 2006 were drafted. Also, the Daily Monitor (2004, April 9) reported that New Procurement Laws for Local Governments were coming amidst public outcry about lack of transparency and conflict of interest in local government procurement. Therefore, the researcher wants to report why even with those procurement management practices in place, service delivery in Iganga Local Governments are still with a lot of gaps.

1.3 Purpose of the study.

The purpose of the study was to examine the effect of procurement management practices on local governments' service delivery in Uganda, using Iganga town council as a case study.

1.4 Specific objectives

The following objectives guided the study:

1. To establish the relationship between transparency and effectiveness of local governments service delivery in Iganga town council.
2. To investigate the relationship between non-discrimination and effectiveness of service local governments service delivery in Iganga town council.
3. To establish the relationship between competitive bidding and effectiveness of local governments service delivery in Iganga town council.
4. To find the moderator effect of procurement legal framework on the relationship between procurement management practices and service delivery in Iganga town council.

1.5 Research Questions

The following research questions were asked for the study:

1. What is the relationship between transparency and effectiveness of local governments' service delivery in Iganga town council?
2. What is the relationship between non-discrimination and fairness and effectiveness of local governments' service delivery in Iganga town council?
3. What is the relationship between competition and effectiveness of local governments' service delivery in Iganga town council?
4. What is the relationship between the moderator effect of procurement legal framework on procurement management practices and service delivery in Iganga town council?

1.6 Hypotheses of the study

The following hypotheses guided the study:

1. There is a relationship between transparency and effectiveness of local governments' service delivery in Iganga town council.
2. There is a relationship between non-discrimination and effectiveness of local governments' service delivery in Iganga town council.
3. There is a relationship between competitive bidding and effectiveness of local governments' service delivery in Iganga town council.
4. There is a relationship between the moderator effect of procurement legal framework on the procurement management practices and service delivery in Iganga town council.

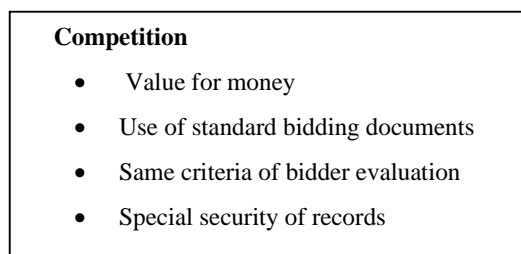
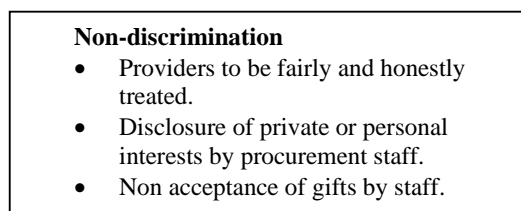
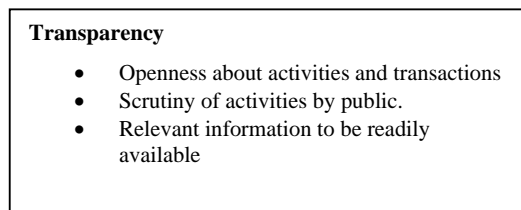
The relationship between these variable under study is as follows: the independent variables collectively referred to as Procurement Management Practices (transparency, non-discrimination and competition) will affect the dependent variable effectiveness of local government service delivery and in this case Iganga town council. Where transparency is being practiced; there will be openness about activities, scrutiny of

activities by public and relevant information will be readily available to whoever needs it, this will reduce the of complaints from the users. Where there is No-discrimination in the procurement process, providers are fairly and honestly treated, private or personal interests by procurement officers are disclosed and there is no acceptance of gifts, this reduces complaints from users. Where there is competition in the procurement process, use of standard bidding documents, same criteria of bidder evaluation, special security of records and all this will cause value for money to be hence timely service delivery. The legal frame work (PPDA Act and Regulations, 2003, Local Government Procurement Guidelines) the moderator variable regulates the whole procurement activity.

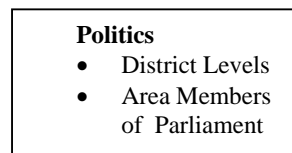
1.7 The Conceptual Framework showing the Procurement Management Practices and the effectiveness of Local Government service delivery.

Independent Variables (IV)

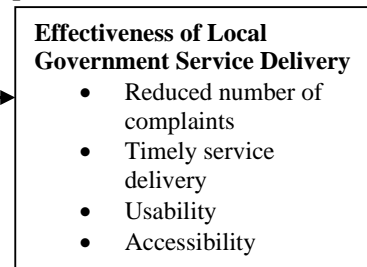
Procurement management practices



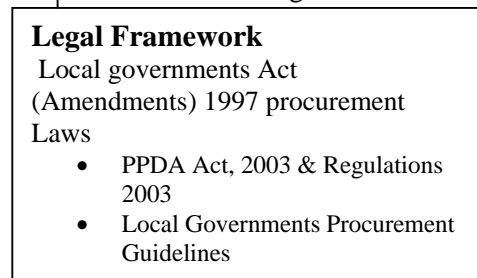
Intervening Variables



Dependent Variable (DV)



Moderating Variables



Source: PPDA

Figure 1: The conceptual framework showing the main variables. These are: Transparency, Non-discrimination, Competition, the legal framework and effectiveness of

local government service delivery. This figure 1 above shows the Independent variables to be studied as transparency, non-discrimination, competition, the legal framework as a moderating variable and effective service delivery as the dependent variable in local governments.

It was hypothetical that service delivery in local governments was explained by procurement management practices and that this was moderated by the legal framework for procurement and local governments. Also those political interventions explained the influences procurement management practices on service delivery.

1.8 Significance of the study

This study has added to the academic knowledge of the researcher yet it is hoped that it will be of practical use to all local governments in Uganda but particularly Iganga Local Government. It may bring about better understanding of the reasons for poor service delivery in local governments. It could be of great use to local government to better their performance and therefore offers value for money, which is the bottom line of the main stakeholders.

1.9 Justification of the study

In Iganga district there were poor roads which were filled with potholes, poor sanitation as heaps of garbage were seen all over the town, this indicated several gaps. The researcher thought that the poor service delivery in local governments in Uganda were associated with procurement management and therefore felt the need to do a thorough study to bring to surface the extent to which procurement management practices affected service delivery in local government in Uganda. This study was conducted in the following way; questionnaires were sent to the intended respondents, they were collected, checked for completion, coded and analyzed the data by a computer package commonly referred to as Statistical Package for Social Scientists (SPSS).

1.10 Scope the study

Due to the large area and population compared to the time period of only one year and considering the limited resources available, the study focused on selected categories of stakeholders, depending on their role and involvement in procurement activities and service delivery in Iganga town council. The study was an investigation into the effects of procurement management practices on service delivery in local governments in Uganda and Iganga town council as a case study. The variables of the primary interest were: procurement management practices (IV), legal framework (MV), politics (intervening variables) and effective service delivery (DV).

This study covered the period from 2000 up to 2007, this is a period before and the inception of the PPDA Act. The period before the inception, procurement activities were conducted under the Tender Boards and after the inception of the PPDA Act, the procurement process is being conducted under the Contracts Committee. The study was carried out in Uganda, Iganga District and in particular Iganga town council. Iganga town council is the headquarters of Iganga district. It is in the eastern part of Uganda, bordered by the following districts; Bugiri, Mayuge, Jinja, Kamuli, Kaliro, Pallisa and Butaleja, as shown in appendix 9.

1.11 Operational definitions

Procurement Management Practices-

Are the procedures, regulations and guidelines that are used to ensure that the procurement activity is run smoothly. This refers to Competitive Bidding, Non-discrimination, Transparency and the legal framework

Effective Local Government Service

Delivery-

Involves the different activities done for the betterment of the people of the local area. Effective Service Delivery is the acceptable levels of service. This reduces the number of complaints; there is timely service delivery, accessibility and usability.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The objective of this chapter was to critically review the existing literature related to procurement management practices and effectiveness of local governments service delivery. Sources of the literature that was used in this study include journals, research papers, conference papers, government publications and documents, previous research proposals and dissertations, text books, the World Wide Web (WWW), bibliographies etc.

2.1 Theoretical Framework

2.1.1 Change Management Theory

The practice of Organizational Change Management (OCM) focuses on ensuring that the people side of change is addressed appropriately. Change inevitably results in an initial performance and motivation decline, but effective OCM helps minimize this drop (Kimberling, 2002).

OCM is the process of aligning the organization's people and culture with changes in business strategy, organizational structure, technology and business processes. At the most rudimentary level, all change involves some degree of loss, whether it is loss of stability, expertise, relationships or understanding. People often try to avoid loss by resisting change. Resistance can come in different forms and be expressed with different emotions such as anger, frustration and fear. Change has a tendency to elicit an emotional response; therefore, any large-scale change initiative will likely transfer the employees' focus from the business to transition-related issues. This shift in focus will likely disrupt productivity. However, an organization that implements a technology/business process

transformation with integrated OCM will experience realization of the transformation objectives, higher returns on technology investments, retention of high performers, maintained and improved employee satisfaction and morale. So managers must learn to proactively manage employees through the many changes that are inherent in most organizations.

Given this link between reform (in this case procurement) and change, and the dearth of cases where procurement reforms have been carried out with complete success, it is worthwhile outlining some of the promising new ideas being developed associated with change and conflict management, drivers for change, open systems, capacity development and other theories. There are a number of similar directions being taken and conclusions being reached in these fields that may aid in the search for better ways to mainstream procurement strengthen procurement capacity and design the reform programmes to achieve both.

2.1.2 Open Systems Theory

Open systems theory was initially developed by Bertalanffy (1956), a biologist, but it was immediately applicable across all disciplines procurement being one of them. Systems are characterized by an assemblage or combination of parts whose relations make them interdependent. In social systems, parts in the system become more complex and variable. Here the connections are loosely compiled. Also important is the flow of information system boundaries separating the systems from the environment. Open systems like organizations are multi-cephalous: many heads are present to receive information, make decisions, direct actions (Scott p 92). System boundaries are amorphous, permeable and ever changing, but systems must exchange resources with the environment to survive. Each higher system incorporates the lower systems below it e.g. viewing organizations as cybernetic systems we can see the importance of policy setting

and control centres that develop the regulation programmes that guide organizational decision-making. In double-looping learning there are two loops- one that sets organizational goals and monitors progress towards them through internal feedback and another that changes organizational goals on external feedback/. This allows organizations to adapt to new environmental changes. Cybernetic systems result in behavior that is goal-directed, not merely goal-oriented.

Under this theory, organizations are viewed as open systems, which maintain their existence through the interaction of their parts and the outside environment in which they exist subject to the laws of the systems. Systems are not by their nature stable or unstable, but rather exhibit a fluid characteristic of continuously seeking a dynamic equilibrium. "Rule of thumb". Some interesting rules of thumb flow from this analysis. In addition to the above, the following which are directly relevant to the problem of effective design of procurement reform programmes: You can never do just one thing. There are no simple solutions. "Obvious solutions" do more harm than good. Every solution creates new problems. There are no final answers. Loose systems are often better than rigid ones. Don't over-design. If you can't make people self-sufficient, you do more harm than good.

2.2 Competition in Procurement and Service Delivery in Local Governments

Before you consider competitive tendering, you consider some question for example whether there is enough time and enough funds to guarantee the effort. Also to consider is the number of suppliers, their competency and expertise and whether they are interested in the contract. The buyer must have knowledge of the prices of the goods and services (CIPS, 2006). The bidders should compete with one another under same terms and conditions, the objective here is to maximize value for money (VFM) and all opportunities are accessible to all interested providers. There is a need to use standard bidding documents (SBD), clear and non restrictive specifications, TOR or SOW,

sufficient time for bidding, non use of brand or trade names. All bidders are evaluated under same criteria and clarification if any to all bidders.

Alder (2006) contends that competition in public procurement means providing fair opportunities to qualified vendors to compare for government contracts by vying against each other to offer the best prices or costs, quality and services. He further argues that competition is the central practice in public procurement. When competition is available but artificially restricted, a central principle is defeated. In Bosnia and Herzegovina, the qualification procedure is not clearly and exhaustively described, the minimum time limits for submission of bids are lacking and the procedure for reviewing complaints filed by unsuccessful candidates is ineffective. It is clear that the EU procurement rules were framed on the basis of neo-liberal intellectual ideas, which assume that public and utility supply efficiency is best achieved through competitive and open tendering processes. Cox and Furlong (1997) argued, however, that EU policy-makers were unaware of best practice contract-awarding techniques in the private sector.

Cave, (2003), contends that healthy competition is the lifeblood of commerce as it ensures efficiency, fairness and innovation. Where government views procurement as a market activity, it would be interested in increasing supply-side competition in order to drive quality ahead, timeliness and innovation and drive down price. It also means that competition may drive both standardization and coordination on the supply side and summarizes that for there to be successful tendering there must be genuine competition. Effective competition shall be evidenced by use of open bidding, restricted bidding or quotations and proposals procurement methods in the regulations. All procurement shall be conducted to deliver best value for money (PPDA, 2003)

According to OECD (2005), experience indicates that procurement strengthening should be pursued by joining steps to improve the procurement process with efforts by executing agencies to improve their performance in the delivery of services. This approach brings together the officials responsible for the procurement process with their clients – the officials responsible for the execution of programmes and delivery of services, making them both more accountable for their performance. The Philippines has achieved noteworthy success with this approach. In that country, efforts to modify procurement laws and change the procedures that are used to carry out procurement transactions have been coupled with programmes designed to improve procurement processing systems within individual key ministries, such as health and education. This approach has been further strengthened by closely associating efforts to improve procurement with the anti-corruption efforts that have been led by strong and impassioned civil society organizations with enormous support among the general public. This multi-track approach has resulted in significant outcome improvements.

Improving results by focusing on procurement outcomes has also been advanced by the formation of a strong non-government organization group that has taken over an active role in monitoring procurement and engaging in a constructive dialogue with a range of government leaders, members of parliament, leading representatives of the media and other civil society groups. Finally, the solid foundation of reform that has been created has served as a platform for the introduction of an e-procurement system that has significantly increased the level of transparency and competitiveness in the procurement process. Erridge & McIlroy (2002) suggests that the Public Procurement Directives provide the legal basis for procurement throughout the European Union, and relate mainly to transparency.

During the 1996-2004 periods, public sector demand for consulting services was estimated to amount to approximately 690 million euros per year, slightly less than 80 percent for project design services and the remaining 20 percent for feasibility studies, technical assistance and program evaluation Cervigni, Cuccu &Miniaci (2008). In order to gain a deeper understanding of the interaction between demand and supply, the study analyzed 313 published tenders for feasibility study contracts co-financed by the national government in the 2000-2002 period, for a total of 56 million euros. An estimated total of over 2,200 operators bid for the Committee for Interministerial Economic Planning (CIPE) contracts and 613 were awarded at least one (80% of the awardees obtained only one contract).

Based on the characteristics of the bidders (revenues, number of employees, activity sector), it was estimated that the broader set of operators potentially qualified to bid for FS tenders may consist of some 5,800 firms, 11,000 individual consultants, and 500 university research centers. Excluding firms that do not engage primarily in feasibility studies, there were approximately 1,900 potential bidders. Considering the actual bidders, the potential ones, and the structure of the contract awardees' groupings, the market for feasibility studies appears to be fairly competitive. First of all, the number of bidders was relatively high: for firms, the ratio of actual to potential bidders varied between 10 percent and 20 percent in terms of number of operators, but reached 70% in terms of revenues.

Secondly, little evidence of market concentration or dominant positions was found: the concentration of market shares appears limited, with a Herfindal – Hirschman index of 0,011, well below the value of 1 which indicates monopoly. Third, awardees of more than one contract were not necessarily the largest operators: a 1percent change in revenues

causes the value of the contracts awarded to vary by only 0.32 percent. On balance, the evidence suggests that larger firms tend to secure larger contracts, but that the relationship between tender value and revenues, although positive and statistically significant, is less than proportional. Fourth, more active operators do not have an advantage: the probability of success does not change with the number of bids submitted, even though as the number of bids increases, so does the number of contracts awarded. What really seems to make the difference is the ability to set-up temporary groupings: the probability of success of a bid by a grouping is 24 percent, versus 14 percent for a bid submitted by an individual operator.

Notwithstanding the overall competitive nature of the market, a subset of operators played a leading role: firms with revenues ranging from 1.5 million euros to 4.6 million euros had a “success” rate of 60 percent (award of at least one contract) compared to an overall average of 46 percent. The relative success of these firms may be explained with their high degree of specialization, low costs, and ability to team up effectively with other operators. According to Islam (2007), he states that since the adoption of privatization as an economic policy reform in 1976, public procurement by contractual means in Bangladesh has been increasing day by day. Public procurement in Bangladesh embraces government’s activities of purchasing, hiring or obtaining of goods, works or services by any contractual means (Government of Bangladesh, 2003).

Contracting out has been used as a key method or form of privatization for the past few decades (Ban, 1998; Blendermann, Ormsby, Sharp & Zimmerman, 2004; Farazmand, 2001; Mann, McMillin, Rienzi & Eviston, 1995; Sapat, 1999; Savas, 2000). Like in the United States and many developed countries (See Romzek & Johnston, 2005; Savas, 2000), governments at both local and central levels have expanded the range of service deliveries through procurement by contracts. Various government agencies or

procurement entities, especially the ministries, divisions, departments/directorates, and other autonomous/semi-autonomous bodies or corporations in Bangladesh often acquire/purchase goods, services or works by contractual means (Government of Bangladesh, 2003). Although restricted tendering method or direct procurement method can be used for some specific reasons, procurement and contracts in Bangladesh often take place through open competitive biddings (GOB, 2003). Supporters of contracting out argue that contracting out of the goods or services of public sector enhances efficiency, reduces service or production costs/expenditure (Steel & Long, 1998, p. 230; Brown & Potoski, 2003, p. 154; Boyne, 1998), improves service quality, enhances performance and production (Boyne, 1998; Brown & Potoski, 2003), and increases customer satisfaction (Sorber & Straight, 1995, p. 375). Opponents, however, contend that downsizing by contracting out creates loss of expertise in the public sector (Farazmand, 2001; Bliss & Di Tella, 1997).

Other problems of privatization by contracting out and outsourcing as identified by opponents include increase of corruption by business elites, decrease of accountability, and diminution of equity and fairness in service deliveries (Farazmand, 2001; Bliss and di Tella, 1997; Elliot, 1997; Donahue, 1989). Emphasizing the need for competition, Madu (1997) argues that developing economies have a purpose to satisfy the social utility function of their people. This cannot be achieved if their social welfare and quality of life cannot be maximised. Unemployment is high, productivity is low and technologies are antiquated. The lack of competitiveness has created so much misery. These economies need to develop. There is need to improve the quality of their products and services, improve productivity and generate more revenue to be able to provide social services. By placing tight controls as a way of developing local industries and protecting them from overseas competition developing countries tend to reduce local competition and customer

expectations. As a result, firms are either unable to achieve high levels of quality or else view quality improvements as unnecessary. In doing so, local industries have tended to develop devoid of a focus on quality (Gosen, Babbar & Prasad, 2004). This inevitably impacts negatively on the well-being of people as they pay more for less quality goods.

The Government of the Republic of South Africa made general Procurement Guidelines under the Public Finance Management Act, 1999, commonly referred to as the Five Pillars and among them is that of open and Effective Competition. It requires that: a framework of procurement laws, policies, practices and procedures that is transparent, openness in the procurement process, encouragement of affective competition through procurement methods suited to market circumstances and observance of the provisions of the Preferential Procurement Policy Framework Act. According to Advocate W H Heath SC, in the Arms deal in South Africa, negotiations of the terms and conditions of defense and the accompanying tendering process is often left in that hands of politicians who have little knowledge and/or experience of such contracts or just simply control the process.

To try and control procurement activities, the government of South Africa cope up with what they call Red Flags which means an advanced warning on possible irregularities that would be in the procurement process, for example contracts written to limit competition, procurement contracts which are unduly complex and thereby lacking in transparency. Public procurement offers the highest opportunity for improved service delivery in local governments given that over 70% of public expenditure is spent on this function. While procurement reforms have been conducted with a view of improving service delivery, limited empirical studies have been conducted to assess the extent to which this function contributes to service delivery in urban local government systems of Uganda (Basheka & Nantume, 2009).

In the Public Procurement Regulatory Authority (PPRA) of Tanzania, section 58(2) of the Act No. 21 of 2004, states that all procurement and disposal of public assets shall be conducted in a manner to maximize competition, and achieve economy efficiency, transparency and value for money.

Iiahuka (2009), contends that in public procurement, rivalry is in and cooperation is out. In fact, competition – cut throat competition - is everything. With these kinds of views, public procurement sounds like a profession to be avoided at all cost, because it seems to have a hostile attitude towards ‘friendly’ encounters between bidders! Of course, with or without the backing of public procurement, competition is part and parcel of life. In fact, it is the essence of life itself – if we can believe the naturalist Charles Darwin. But competition – whether cut-throat or otherwise, is also good for many other reasons, one of which is the opportunity it provides for self improvement among competitors, continuously preparing each to become a winner next time. There are, therefore, many reasons why any improvement-driven system would tend to oppose moves that run counter to the spirit of competition. In fact, even this explanation suffices to explain why public procurement would vigorously seek to eliminate any tendency towards collusion between bidders. To be sure, collusion involves people cooperating or working together when they should be competing.

The Public Procurement and Disposal of Public Assets Act passed into law in 2003. The Act requires all public procurement and disposal to be conducted in accordance with the principles of transparency, accountability and fairness and in a manner that maximizes competition and achieves value for money. The law provides for delineation of roles and separation of powers between

User departments, which initiate the procurement process and evaluate bids; Procurement and Disposal Units, comprising procurement professionals who manage the procurement

process; Contracts Committees, which approve each stage of the procurement or disposal process and decide on the best evaluated bidder and contract award; and The Accounting Officer, a senior official in the ministry or agency who is responsible for ensuring the proper functioning of the system. The law sets out detailed procedural rules, whose provisions include the advertising and public display of bid opportunities, notices of best evaluated bidder and contract award.

Tanzania and Kenya have recently enacted procurement and disposal laws that are on similar lines to the PPDA Act. The efficacy of the regulatory system in Uganda has been attested by the World Bank, whose Programme Document for the Fifth Poverty Reduction Support Credit notes that Uganda has become one of the most advanced countries in the region in terms of implementing procurement reforms so that, at the central government level, all the ingredients for making the procurement system more efficient, economic, transparent and accountable are now in place (International Development Association, 2005), (Agaba & Shipman, 1999). According to the investigation report on the procurement of Guava seedlings, (2008), carried out in Bundibugyo district local government, the District Education Officer (DEO) was at the centre of the procurement; he sourced the supplier and contracted them without any written document. This was confirmed by the CAO in an interview of 23rd July 2007 and the letter he wrote on the 16th June 2008, informing the CAO that head teachers had got received the fruit seedlings implying that deliveries had been made.

The DEO breached the independence of functions stipulated in LG/PPDA Regulations 13 when he sourced the supplier thereby usurping the function of the PDU. Further by procuring directly from the DISO, the DEO deprived the procurement of competition contrary to section 46 of the PPDA Act, 2003. Moreover the entity had four per-qualified providers who could be invited to compete and in the past the entity had similar seedlings

from Kawanda Research Centre. The DEO was the chairperson CC and at the same time he was the head of user department contravening the best practices of procurement. This would help local governments check the way they do their procurement activity so that competition, transparency and non discrimination are practiced and value for money is achieved.

2.3 Non-discrimination in Procurement and Service Delivery in Local

Governments

In the EU procurement laws, one the fundamental practices guiding modern European Union public procurement rules is that all bidders are granted equal opportunities; the procedure applied has to be objective; adherence to the non-discrimination principle, which guarantees that companies can take part in public tenders regardless of nationality and that contracts are awarded on fair and non restrictive basis (www.wto.org/organisation/English/tratop_e/gproc_e/thresh_e.htm).

The key area of concern is the possible trade effects of eco-labeling. Under the non-discriminatory principle, it is not allowed to distinguish between like products, and the main debate is whether products can be distinguished based on the way they are processed or produced if process or production methods (PPMs) do not leave any trace in the final products. Sofia, (2006) from USAID, states the changes in the EU public procurement legal framework the principles and guidelines: the principle of transparency, “in its case law, court has emphasized the connection between the principles of transparency and equality of treatment, whose useful effect it seeks to ensure in undistorted competitive conditions. In Bosnia and Herzegovina, there are no clear provisions on standards to guarantee the objective and non-discriminatory description of the subject of procurement (technical specification); therefore the use of brand names and other references to the producer or source of origin is not prohibited, the minimum content of contract notices and tender documents is not precisely set.

Another UNCITRAL modal law objective is that participation in the procurement process should be open to all bidders without discrimination on the basis of nationality. The rationale underlying this position is that wider competition will ultimately enable the procuring entities to get better value for money. Concern has been expressed that, while it ensures greater transparency, the emphasis of the Model law on openness and non-discrimination on the basis of nationality and the preference for over restricted tendering may impinge on the interest of economy and efficiency. However, while the model law leans heavily towards promoting transparency, there are also provisions that mitigate against excess pursuit of any one of its objectives. For example, while the principle of non discrimination on the basis of nationality as expressed in Article 8 may seem rather extreme, Article 23 (b) allows for domestic tendering in case where the procuring entity decides that, in view of the low value of goods, construction or services to be procured, only domestic suppliers or contractors are likely to be interested in submitting bids. With regard to the preference for open over restricted tendering Article 20(b) also provides that the procuring entity may resort to restricted tendering where the time and cost required to examine a large number of tenders would be disproportionate to the value of goods, construction or services to be procured.

The Office of Government Commerce (OGC) 2006 published community law applicable to contract awards which states that public procurement contracts especially referring to contracts for Part B services and below threshold contracts to include the free movement of goods, the right of establishment, the freedom to provide services, non-discrimination and equal treatment, transparency, proportionality and mutual recognition. It emphasizes the importance of transparency, meaning that a contracting authority must ensure a degree of advertising based on the individual circumstances of the case-sufficient to allow the services market to be opened up to competition and impartiality of procedures to be

reviewed. For providers to be handled fairly, honestly and evenly in the procurement process, there should be disclosure of private or personal interests and non acceptance of gifts and hospitality by the staffs. There should be confidentiality and accuracy of information and clear responsibility among the players (PPDA, 2007).

From the Office of the Auditor General (OAG), it is suggested that where there are multiple providers who are capable of delivering the required services on behalf of the government or local government, the public entity should give a fair opportunity to all potential providers to do so. There is need for the procuring entity to deal reasonably with the potential providers throughout the life cycle of the funding arrangements. The public entity should manage accountability, transparency and high standards of reporting and disclosure. There is also the need for the public entity to monitor the effect of its funding initiatives and consider how everything funded contributes to the outcomes intended. It is possible for a service to be delivered in every way but fail to make intended difference.

A strong and well functioning procurement system is one that is governed by a clear legal framework establishing the values of transparency, accountability, non-discrimination, efficiency and mechanisms of enforcement, coupled with an institutional arrangement that ensures consistency in overall policy formulation and implementation (Hunja, 2003). However, even when an appropriate set of laws and regulations are put in place, they might be ignored if there are no concrete enforcement measures in place (Jones, 2007). Erridge & McIlroy (2002) confirms that whilst competition remains the primary mechanism for supplier selection, the recent review and proposal amendments to the Directives featured a prolonged debate between the European Parliament and Commission on proposals to enhance the extent to which public procurement may be used to pursue socio-economic goals.

Ssennoga, (2006), states that developing countries face a problem of making a decision of opening up public procurement markets to all suppliers irrespective of their country of origin. The perceived benefit of opening up procurement markets (non-discriminatory practices) is that it enhances competitiveness, leading to efficient public resources utilizations. In all countries, governments are significant buyers of goods and services. Quoting an OECD report, Odhiambo and Kamau (2003) estimated the value of contestable government procurement the world over to have been \$2,000 billion in 1998. This is equivalent to 7% of the world GDP and 30% of the world merchandise (Odhiambo & Kamau, 2003). Such a wide market represents high opportunities for international trade. However, while recognizing the importance of a clear procurement process, guided by public tendering, publication of winning bidder and mechanism for appeal for aggrieved parties, various countries insert in their law provisions intended to protect their national “sovereignty.” Such provisions usually take into account the country’s industrial policy (e.g., protection of the country’s local industries), social policy (e.g., protecting the role of women or the physically disabled) or protection of a country’s strategic economic objectives such as regional integration.

These provisions although deemed desirable, especially for developing countries, have serious connotations in as far as promoting free trade is concerned. These discriminatory tendencies constitute a subtle protectionism to trade (Arrowsmith, Linarelli & Wallace, 2000). Discrimination refers to a government’s tendency to favour its own domestic industry’s supplies and disregard foreign firm supplies. There are two classical forms of discrimination against foreign bidders in public procurement; explicit and implicit. Explicit forms of discrimination can take various forms, two of which are the “preferential price margin” and “domestic content requirement.” Under “preferential price

margin”, purchasing entities accept bids of domestic suppliers over foreign suppliers as long as the difference in price does not exceed a specific margin of preference. The price preference margin can result from an explicit “buy local policy,” e.g., “Buy America Act.” The United States government offered a 6% preference for domestic suppliers. The preference can be raised to 12% in case of small business and firms in regions of high unemployment and 50% of military equipment. Explicit domestic preferences have also been applied in Canada, Australia, New Zealand and Turkey (Naegelen & Mougeot, 1998). Under the “domestic content requirement,” government purchases from foreign sources only if the latter commit to purchase some components from domestic firms.

Even without provisions in the domestic law, countries usually have biases that are not formal. This is the implicit form of discrimination. Outright exclusion is rarely explicit, but it is never the less one of the most widely used *de facto*. Formal respect of the tendering procedures is no guarantee of fair treatment to foreign firms, as the discrimination behaviour is usually tacit (Trionfetti, 2000). In the European Community, according to Vagstad (1995) less than 2% of government contracts were awarded to non-national bidders despite a law that does not allow favoritisms towards domestic suppliers. This figure does not compare well with a 22% import penetration at the economy level.

He further argues that even without discrimination, developing countries are at a disadvantage. While developed nations have the capacity to compete for and be awarded contracts in developing countries, the reverse may not be true. Potential suppliers in developing countries lack the capacity to compete favorably in international procurement markets due mainly to high costs of production arising out of poor production techniques and lack of expertise. This leads to products from developing countries to become uncompetitive in terms of quality and price compared to those from developed nations.

The fundamental questions that this paper wants to address are: would removal of discriminatory practices in public procurement markets benefit developing nations given their inadequate capacity to compete internationally? Secondly, how would developing countries cater for both their economic and social interests and at the same time open up their public procurement markets?

Alongside free trade initiatives taken in the context of multilateral trade negotiations, different global blocs developed regional integration Agreements. These agreements have generally prohibited discrimination based on local interests in public procurement. These include; North American Free Trade Agreement (NAFTA), Asian-Pacific Economic Cooperation Forum (APEC), European Union plus a number of bilateral agreements. The underlying issue in all these regional and bilateral agreements is the establishment of rules and discipline aimed at ensuring the principle of national treatment and non-discrimination. Procurement practices also evolved in the context of international financial institutions. The World Bank, the Inter-American Development Bank and other regional development banks have played an important role in shaping generally accepted principles for public procurement. These Banks have established detailed policies and procedures for procurement in connection with the projects funded by them, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations (Arrowsmith, Linarelli & Wallace, 2000).

In an essay entitled “Obstacles to Public Procurement Reform in Developing Countries”, Robert Hunja, a Senior Procurement Specialist at the World Bank, described the aim of the reform programme in many developing countries as being to establish a strong and well-functioning procurement system that is governed by a clear legal framework establishing rules for transparency, efficiency and mechanisms of enforcement, coupled

with an institutional arrangement that ensures consistency in overall policy formulation and implementation (Hunja, 2003). Other desired outcomes included the following: A professional cadre of staff that implements and manages the procurement function. A competitive and transparent procurement process with strong self-reinforcing mechanisms providing for ,Wide advertising of upcoming procurement opportunities, Public opening of bids, Pre-disclosure of all relevant information, Clear accountabilities for decision making, and an enforceable right of review for bidders. (Agaba & Shipmam, 1999). Many central government ministries and agencies are not following prescribed practices. The procurement audits carried out by the PPDA have revealed that out of 322 contracts audited as at end 2005, only 7 (2%) were assessed as being clean, i.e., carried out in accordance with the law and with internal structures observed. Among the key weaknesses identified were inadequate procurement planning, leading to an excessive use of direct procurements and failure to align procurement with the budgetary process; poor record-keeping, leading to many procurement documents being untraceable (or procurements having taken place without documentation); and abuse of process, for example, contracts having been awarded to a company other than the best evaluated bidder, retrospective approvals for contracts, inconsistencies in tender evaluation and interference in the contract award process by unauthorized parties.

2.4 Procurement Transparency and Service Delivery in Local Governments

Transparency is about being open about all activities and transactions pertaining to public procurement and disposal. The public should freely scrutinize these activities and any relevant information should be accessed at minimal cost under a clear policy (PPDA, 2003). Openness depends on high standards of reporting and disclosure. This has dual benefits: it demonstrates that the public resource is being used properly, fairly and effectively to optimal public benefit and the communication of risks to the providers for present and future service delivery (Source: Office of the Auditor General). Public

procurement in Bosnia and Herzegovina does not fully respect the principle of transparency. The decree in use does not impose objective and non-discriminatory technical specifications and an objective and transparent process of selecting the best bid. Also the evaluation criteria are poorly described; wide discretion is given to the evaluation committee, and the objectivity and accountability of the selection. Advocate W H Heath S C of South Africa was quoted saying that in his experience in South Africa and to the extent that he had into the practice other countries, it would be uphill battle to promote integrity. He concluded that the demand they ought to be making in view of bribery and corruption in arms deals, is total transparency in the procurement of arms.

Evenett & Hoekman (2003) contends that for a procurement process to be transparent; (i) The terms upon which the procurement process will be conducted and the criteria upon which any decisions are to be made are codified to the greatest extent possible and made widely available. (ii) The eventual procurement award decision and where possible, any intermediate decisions such as which firms are allowed to bid, or have met minimum requirements to have their bids considered in detail is made publicly available. (iii) It is possible to verify expeditiously that the codified procedures and criteria were indeed applied and that the claims made were in fact true. Osborne and Gaebler, (1992), contends that such development as Next Steps (efficiency unit 1988) compulsory competitive tendering and most recently, best value, all signify demands for a more accountable, efficient and effective public sector characterized by enhanced levels of performance. It is further stated that the internet technologies have the potential to facilitate the achievement of greater transparency within the public sector organizations. This transparency will not be limited to internal dimensions but will also impact on the way in which public sector organizations interact with their environments and, in particular, with consumers of their products and services(HMSO, 1999)

Hunja (2003) contends that a strong and well functioning procurement system is one that is governed by a clear legal framework establishing the values of transparency, accountability, efficiency and mechanisms of enforcement, coupled with an institutional arrangement that ensures consistency in overall policy formulation and implementation. He further stated that in many developing countries there is either no generic procurement laws or where it exists, the procurement procedures are non transparent or are vaguely defined. From the Office of the Director of Public Procurement (ODPP), transparency in the context of public procurement is considered one of the most effective deterrents to corruption.

It is a precondition for ensuring public officials' accountability and it aims at allowing the public widest possible access to information that would enable them participate in public procurement. Effective and efficient procurement activities require the setting up of instruments of transparency for building confidence and participation of both suppliers/contractors and the general public. Transparency involves: transparency in procurement opportunities and that of contract evaluation and award procedures, in case of clarifications, it should be made to all bidders who have been provided with bidding document, it also calls for an in-depth assessment of the received tenders, it stresses that all evaluation be done on criteria set to eliminate any manipulation in the selection exercise.

The Agreement on Technical Barriers to Trade (TBT), requires that government entities adhere to the principles of transparency in the development and implementation of regulations and standards. The TBT Agreement regards the protection of human health and safety, animal or plant life welfare, or environmental issues as well as the prevention

of deceptively restrictive practices, as legitimate objectives (www.wto.org/English/tratop_e/gproc_e/thresh_e.htm). Bardis (2003), states that the practice of transparency in e-procurement aims at ensuring undistorted community wide competitive conditions between the operator in the market and allows them to monitor compliance with the procurement rules. A non distorted system of competition can only be guaranteed if the various players have equal chances in transparent procurement procedures, although this practice is not preserved throughout the phases of the electronic tendering evaluation.

Mlinga, (2005), suggests that although transparency is an integral part of good governance in procurement, it is not a sufficient condition of integrity in procurement. Building professionalism among procurement officials with a common set of professional and ethical standards is equally important. This would of great help to Iganga Town Council (TC) to know that other factor that work together with the stated procurement practices to better service delivery.

Articles vii-xvi of the Agreement on Government Procurement, the procedural obligations aimed at ensuring that; tendering procedures (open, selective and limited) remain open and transparent and provide an opportunity to all interested foreign suppliers to participate, there is transparency in post-award information and challenge procedures providing remedies are available to unsuccessful domestic and foreign suppliers as well as foreign suppliers which consider that the contract has been awarded in violation of the Agreement. In 1997-1998, a working group identified the possible main elements of an agreement on transparency in government procurement. In addition to the relevant provisions of the Agreement on government procurement, the Group took into account the World Bank Guidelines on government procurement, the UNCITRAL Model law on

Procurement of goods, Construction and Services and national laws. Elements for ensuring transparency before a contract is awarded are; scope of coverage, procurement methods, decisions on qualifications of suppliers, publication and procedures, notice of invitation, information on tender opportunities, time limits etc.

Procurement is an internal service provide by a dedicated team of professions .Indeed Uganda public procurement and disposal of public assets authority (PPDA 2004) indicate that public procurement is most of the time the source of corruption, scandal and abuse of public resources in Uganda . that most of the public procuring and disposing entities tender notices, evaluation award notices are either not at all or not well published and not all records of the procurement process are kept .in order to fulfill its mission to serve the public, the government of Uganda has made considerable progress in developing its procurement process by decentralizing procurement and establishing PPDA under the public procurement and disposal of public asset act No 1of 2003 (act) [31].According to the Act (2003) the objectives of this development were; to simulate competition among potential providers; to ensure transparency based on clearly defined rules of the game; to foster accountability by the PDEs; to achieve optimum efficiency by improving the cost/benefit ratio or value of money.

Public procurement is at the centre of the way public money is spent. Budgets get translated into services in large part through the workings of the procurement system. In local governments, the construction of schools, clinics, and roads and the drilling of wells, as well as the acquisition of medicine and textbooks occur through the nation's public procurement system. The performance of a nation procurement system will therefore determine whether funds are sufficient to purchase one million or two million textbooks or complete 10,000 or 30,000 wells. From the presentation made at 1st Round

table meeting in Paris, 2003, Uganda for example has recently moved to link their internal and external auditing to their work on increasing transparency and competitiveness of procurement. This shifted has come about due to the limited impact separate parallel reform processes have achieved.

Developing and developed countries have need for a well functioning public procurement system. This is particularly true for developing countries, where procurement usually accounts for a high proportion of total expenditure, for example 40% in Malawi and 70% in Uganda, compared with global average of 12-20% (Developing Assistance Committee, 2005). In advocating the need for procurement reform, the Task Force considered the desired outcomes to be as follows: Transparency, characterized by Well-defined regulations and procedures open to public scrutiny; Clear, standardized tender documents containing complete information; and Equal opportunity for all in the bidding process; a more effective means for fighting waste and corruption and improving financial accountability; Integration of the public procurement system with national budgeting procedures; A more attractive investment climate by lowering risk; Greater competitive pressure to satisfy customer needs; and streamlined procurement process through greater use of electronic commerce.

2.5 Procurement Legal Framework moderator effect on Procurement

Management Practices and Service Delivery in Local Governments.

In the UK compulsory competition in procurement bidding in was introduced in the 1980s, all was to bring greater efficiency in service delivery to local governments. These include refuse removal, sanitation, health services, and power to mention a few. In 1992, the local government Act introduced the best value authorities like the police, fire service and these have to ensure continuous improvements of all their functions by taking notice of efficiency, effectiveness and economy. The aim was to ensure value for money under

public sector organization (CIPS, 2006). The local governments (public procurement and disposal of assets) regulations, 2006 were enacted. The regulations shall guide and regulate local government councils, Administrative units and other entities using public funds in functions and operations relating to procurement of goods, services, works and disposal of public assets under local government Act, Cap 243 and the public procurement and disposal of public assets Act, 2003 (PPDA, 2003) Where there is a conflict between these regulations and any earlier regulations, guidelines or circulars, relating to procurement and disposal for local governments, these regulations shall prevail.

A tenderer shall not be excluded from participating in public procurement and disposal on the basis of nationality, race, religion, gender or any other criterion not related to qualification, except under guidelines made under these regulations or by any other competent authority. Kadiresan, (2009), contends that implementation of the 2003 procurement Act remains a challenge and amendments will be required to make public procurement more efficient and transparent and to strengthen enforcement mechanisms. Also, he says that the PPDA law is designed to ensure that government achieves value for money in mainly through open competition, however, compliance with law still remains a major challenge A procuring and disposing entity that limits participation on the basis of nationality shall obtain prior written approval of authority and that all procurement to be conducted in a manner that promotes economy efficiency, value for money transparency, accountability and fairness. All procurements shall be conducted in a manner to maximize competition and achieve value for money irrespective of the method of procurement used or the nature of the works, services or supplies to be procured. The procuring entity shall not disclose any information unless by court order, so that fair competition is not inhibited. One of the main features of the model law in UNCITRAL model law on

Procurement of Goods, Construction and Services and its Impact on Procurement Reforms is that of objectives and scope. The objectives include maximizing competition and efficiency, promoting fair and equitable treatment of all suppliers and contractors and promoting integrity and fairness in the procurement process mainly by bringing about increased transparency in procurement procedures (Hunja, 1993).

In 2002, in Bosnia and Herzegovina, rules were introduced on procedures for purchasing goods and services for awarding public works but not procurement legislation which left a lot room for twisting by the contracting officers. This did not provide for sufficient guarantees for transparent and fair procurement practices. There are no manuals nor guidelines, no support and training by government, this reflects weaknesses e.g. no procurement notices' publications, and this causes low quality procurement operations and all doors to nepotism and corruption. The basic principles of transparency, accountability and equal treatment are not properly implemented. The common practice in awarding contracts is to avoid the open procedure. Potential contractors are not granted, open, access to government contracts.

Smith (2008) contends that public procurement law regulates the purchasing by public sector bodies and certain utility sector bodies of contracts for goods, works or services. The law is designed to open up the EU's public procurement market to competition, to prevent buy national policies and to promote the free movement of goods and services. Previously, there were three separate regulations in the UK which applied depending upon whether goods, works or services were being procured. Although, there is the practice of non-discrimination, Smith goes ahead to say that a contracting body may automatically exclude a supplier from the tender process, without any assessment of their qualifications having to take place, where certain grounds concerning the supplier's

personal position are met e.g. bankruptcy or professional misconduct, involving in organized crime, corruption, fraud and money laundering. Smith concludes that for the contracting authority to have a good start it must be having the principles below. Be open and transparent - allowing tenderers to understand what you are going to do and how you are going to do it, be objective and ensure equal treatment of tenderers - allow all tenderers a fair and equal chance of winning the contract, be consistent - do what you said you were going to do.

The European Public Procurement Policy states the following: creates competitive, non-discriminatory public procurement markets in the EU, ensures value for money for taxpayers and consumers of public services, fosters the competitiveness of European suppliers in domestic and world markets, covers goods, services and contracts, establishes specific procedures to guarantee a competitive, transparent and non-discriminatory award procedure for procurement contracts above a certain value. In the performance clauses of a contract may also include environmental considerations. Acceptable environmental clauses must be non-discriminatory, objectively verifiable and must not be disguised technical specifications or selection criteria.

The environmental clauses are green public procurements which mean that public purchasers take account of environmental factors when buying products, services or works. They also have to be known to bidders from the beginning of the procurement procedure and all bidders should in principle, be able to comply with them after conclusion of the contract (SIMAP Website of DG Internet Market). In 1999, the Agreement on Internal Trade past a law requiring that all Canadian municipalities to have their suppliers to access procurement opportunities and that public sector entities receive the benefit of the significant business advantages that flow from the competitive bidding

process. For all of this to happen, the procurement process must be open and transparent and the participants must have confidence in the integrity of the process and those who operate it (Goliath, 1999). From the Public Procurement Law of Sarbia, Article 5, a procuring entity may not limit competition among the tenderers; in particular, may not prevent any tenderer from participating by unjustified use of the restricted procedure or by using discriminatory criteria.

Persons who have been engaged in preparing tender documents or parts may not appear as tenderers or subcontractors, nor may they cooperate with the tenderers in the course of preparing their tenders. Article 7 states that public funds may be used only for the purpose determined by a contract concluded in the public procurement procedure. A contract notice for public procurement shall be published in the Official Gazette of the Republic of Sarbia and in one daily paper. A person who has participated in the contract award procedure shall have the right to access the data concerning the conducted public procedure according to this law. Wittig suggests that the primary purpose of the legal framework is to foster economy and efficiency in the use of public funds to give value for money.

The state and its subsidiary organs are normally obliged under domestic law and various international agreements to transact procurement in a fair, transparent and non-discriminatory manner. He further argues that public procurement legislation for this purpose normally: makes open tendering the preferred procedure, describes in details the steps involved in open tendering (preparation of invitations to tender and tender documents, advertisements, submission and opening of tenders, examination and evaluation of tenders, award and conclusion of contract, defines the circumstances under which methods other than open tendering may be used e.g. restricted tendering , request

for quotation, lays down rules concerning essential elements in the process e. g. qualification of tenderers, technical specifications, records of proceedings, evaluation of tender.(source internet).

Medupe, (2009), contends that services like refuse removal and good roads have a direct and immediate effect on the quality of lives of the people in local governments. For example; if the water that is provided is poor quality or refuse is not collected regularly, it will contribute to the creation of unhealthy and unsafe living environments. Poor services can also make it difficult to attract businesses or industries to an area and will limit job opportunities for residents. Local governments are very close to the people, so they are elected by citizens to represent them and are responsible to ensure that services are delivered to the community. One way in which local governments can provide the services themselves is through the use of their own resources – finances, equipment and employees. Local governments can choose to hire someone to deliver services but it remains its responsibility to choose the service provider and make sure that they deliver the service properly following the set practices. They go ahead to say that there are factors that should be considered when deciding who the service provider is going to be.

The most important factor to consider is the level at which the service is provided. This is influenced by affordability as well as community needs. In February 2004, the European Union adopted a set of new rules simplifying and modernizing the Directives that outline EU law on public procurement. Under the current legislation contracts for the supply of products, the provision of services and the realization of building projects should normally be the result of a competitive tendering procedure. The European directives on public procurement explicate that for all public purchasing and contracting above a certain monetary value, specific regulations apply and rules to be followed. The rules are

based on the principles of non-discrimination, free competition and transparency of award procedures (European Commission, 2004).

In search for a unified legal framework, the European Parliament and of the council of March 31st 2004 On the coordination of Procedures for the award of Public Works Contracts, Public Supply Contracts, and Public Service Contracts came up with the way of conduction of public purchases of goods and services in Europe (Albano & Sparro 2008). Beyond reorganizing public procurement through a uniformed and harmonized legislation, the Directive also aims at providing European governments, contracting authorities and central purchasing bodies with more flexible and dynamic procurement tools. Two main goals are admittedly pursued. First, by heavily relying on the use of information technologies they aim at reducing the length (and, plausibly, the cost) of procurement processes. Second, they aim at improving efficiency and flexibility in order to better fit the complex and continuously changing needs of government. In particular, the spirit of innovative institutes such as framework agreement, dynamic purchasing system, competitive dialogue and electronic auction is that of a dynamic (multi-stage in some cases) process in which either contract clauses (as in the case of framework agreements) or aspects of the economic offer (electronic auction) can be modified at different stages before each procedure is concluded.

The Directive defines a Framework Agreement (FA) as “an agreement between one or more contracting authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged.” One of the most innovative features of such an institute is that the Directive allows the contracting authorities/purchasing bodies to conclude FA’s even with more than one economic

operator.² Furthermore, it also allows all the terms of the contracts to be awarded to be not laid down in the FA. In what follow, we will refer to this case as to an “incomplete FA”. Where this is the case, and where the FA is concluded with several economic operators, the contracting authority going to award a specific contract based on the FA shall reopen the competition “on the basis of the same and, if necessary, more precisely formulated terms, and, where appropriate, other terms referred to in the specifications of the framework agreement.” Thus, the contracting authority shall invite the operators capable of performing the contract to submit tenders for a specific contract (call-off). Finally, the contract shall be awarded “to the tenderer who has submitted the best tender on the basis of the award criteria set out in the specifications of the framework agreement. Such a flexible procedure seems a suitable purchasing process for a set of contracting authorities whose preferences are somewhat heterogeneous at any specific point in time and/or are likely to change over time.

The features of the Ugandan public procurement system prior to the inception of the reform programme in the late 1990s were typical of many developing African countries that were at one time British colonies or protectorates. Procurement was centralized, with contracts above a threshold value of US\$1,000 being awarded by a Central Tender Board in the Ministry of Finance, on the basis of regulations that had been approved in 1977. There were separate tender boards for the Police and Military. Procurement of many items on behalf of ministries was undertaken by the Government Central Purchasing Corporation. The Corporation had been set up by statute in 1990, replacing a central purchasing organization within the civil service. While these arrangements offered the advantages of consolidated purchasing and central control, the Central Tender Board was unable to keep pace with the expansion of government activities and their attendant procurement requirements. There was a consequential backlog of tender submissions and

the procurement process became protracted. International and foreign aid organizations, which account for nearly half of all development expenditure in Uganda, considered public procurement to be a key obstacle to effective service delivery and development (Agaba and Shipman 1999).

In Uganda the Legal Framework of Procurement in Local Governments (LG) is as follows: The 1995 constitution of the Republic of Uganda is the supreme law of the Country. Article 176(2) empowers Local Government to plan, initiate and exercise policies affecting them among which is Public Procurement and Disposal. The procurement activity therefore has to be done within this supreme law of the country. The PPDA Act, 2003, is the principle law governing Procurement and Disposal in both Local governments and central government

Procurement. It prevails over all regulations and guidelines relating to Procurement at all levels of the public sector in Uganda. It was enacted by the Government of Uganda as 'The Public Procurement and Disposal of Public Assets Act' and it came into force on 21 February 2003. It replaced and repealed Statutory Instrument No. 64 of 2000. The Act is made up of 99 sections and 5 Schedules. The PPDA Act applies to: All public finances; All Resources such as: Counterpart transfers and co-financing; and Non-governmental entities which benefit from public funds. The Local Governments Act of 1997 (as amended). Local government Act, Cap 243 specifies sections that have been amended and relate to Public Procurement. These are captured in the Local governments (amendments) (No. 2) Act 2006. Local Governments (Public Procurement and Disposal of Public Assets) Regulations, 2006. Local Governments (Public Procurement and Disposal of Public Assets) Guidelines of 2008 (Basheka, 2008).

Conclusion

Before one considers competitive tendering, there is need to establish whether there is enough time, enough funds to guarantee the effort, the number of suppliers, their competency, expertise and whether they are interested in the contract. All bidders should be evaluated under the same criteria and procurement information should be easily accessible to all stakeholders. Due to reforms, transparency and competitiveness in procurement process have brought about e-procurement. One of the fundamental principles guiding modern public procurement is that all bidders are granted equal opportunity; the procedure applied has to be objective and adhering to non-discrimination principles.

There is need to disclose private or personal interests by procurement staffs. Transparency is about being open in all procurement activities and transactions pertaining to public procurement and disposal. The public should freely scrutinize activities of the procurement unit and relevant and relevant information to be readily available to the stakeholders. All procurement activities should be regulated by clear set rules and regulations if we are to realize effective service delivery. The current procurement management practices have brought about many positive changes in the procurement activity and this can easily be seen in the developed countries. However, in developing countries, there is still quite a lot that is needed as the laws therein have too many gaps to fill if local governments are to realize effective service delivery. To realize value for money, the procurement management practices should be taken seriously by local governments.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter explains the methodology that was used in the study. It presents the Research Design, study population, sample size and selection, sampling technique and procedure for data collection methods, procedure for data collection, data analysis and measurement of variables.

3.1 Research Design

The study was carried out using a case study design where only Iganga town council was studied. The case design was selected for it gives a detailed examination of one setting or a single subject or one particular event (Srassetal, 1990). The researcher investigated in depth the procurement management practices on service delivery in Iganga town council. Case studies are a one in-depth investigation. The researcher collected detailed data using a variety of data collection procedures (Amin, 2005). The researcher used questionnaires, interview guide and observation checklist to collect data. The study was both analytical and observational aiming at critically analyzing the procurement management practices and their effect on local government service delivery in Iganga town council. The study used quantitative and qualitative methods of data collection. The qualitative data was a narrative and descriptive information that explained and gave deeper understanding in a problem (Amin, 2005). The quantitative method was used because of its flexibility form of multiple scale and indices focused on the same construct allowed different responses from the many respondents to capture residents,' workers and service provider's

knowledge, attitudes and experiences about procurement practices (Ahunja, 2005). The qualitative method was used to help interpret quantitative data and to clarify it.

3.2 Study Population

Population is defined as the complete collection (universe) of all the elements that were of interest in a particular investigation. A population is the aggregate or totality of objects or individuals having one or more characteristics in common that were of interest to the researcher and where inferences were made. It involved: the local residents, the health workers, the service providers, contractors and the district officials living in the town council. Iganga town council as a sub county had a population of 49,100 of people (source: Uganda Bureau of Statistics). The target population was the population to which the researcher ultimately wanted to generalize the results. In many instances, target populations are not easily always available to the researcher, and for that matter therefore was the sampled/accessible population from which the samples were drawn (Amin, 2005).

Due to the large area of Iganga town council and its population and bearing in mind the limited time-frame for the study, the target population was obtained through purposive stratification whereby the population was deliberately divided into mutually exclusive groups that were relevant, appropriate and meaningful in the context of the study (Sakaran, 2003, Sarantakos, 2005). Sub-groups were selected: a) the active role of local councils in procurement management activities (Chief Administration Officer CAO, Chairperson LCV, Head PDU, chairperson C.C., LC 111, district planner). b) The extent of involvement of town council staff in procurement management activities (Iganga district staff, service providers and local residents).The accessible population for the study was subjects broken-down as in Table 1 below.

3.2.1 Sample size and selection

A sample is defined as a collection of some (subset) elements of a population. And it is that sample in most statistical investigations that is used to generalize the results of the data from the sample to the entire population from which the sample was drawn (Amin, 2005). The sample size for this study consisted of the following categories of subjects as shown in the Table 1 below. The population and the corresponding sample size were read off from the table generated by Krejcie & Morgan (1970). The town council officials were selected by simple random sampling.

Table 1: Accessible population and Sample size

No	Sub group	Accessible population	Sample size
1	Iganga town council officials e.g. Local councils, works and health	133	97
2	Service providers	20	19
3	Local residents	20	19
	Total	173	135

Source: Iganga Town Council Administration

The sample intervals were calculated by dividing sample by population as given in the table e.g. 135/173, this gives 0.6, which implied that every sixth local government officer will be selected. Krejcie, & Morgan (1970). The key informants, Local residents and the service providers were purposively selected because of their active role and knowledge in the procurement activity yet they were very few in number. This is explained in Table 2, which listed their numbers and titles. For the district officials, the researcher used intervals of 7, which implied that every 6th local government officer was selected.

Table 2: Key informants

	Key Informants	No. of informants	Reasons for selection
1	Chairpersons LC V	1	Influences policy in the district as chairperson
2	Chief Administration Officer (CAO)	1	Handles technical and administrative decisions
3	Head Procurement and Disposal Unit	1	Key procurement technical person
4	Chairperson Contracts Committee	1	Key procurement technical person

5	LC 111 (Mayor)	1	Influences policy and sub county decisions
6	District Planner	1	Plans for the district

3.2.2 Sampling techniques and procedure

The researcher used probability sampling where a systematic random sampling was applied. The intervals of 7, calculated by dividing sample by population as given in the table i.e. 161/230, an implication that every seventh or eighth local government will be selected Krejcie & Morgan (1970). For the service providers the researcher will visit their location centre, and district officials the researcher found them in their various offices and these were purposively selected. The list of key informants was given in table 2 above which were purposively selected as the researcher's assumption was that every subject here was assumed to have the data needed.

The subjects in the local government were given questionnaires to fill as the researcher knew that they could read and write. As for the key informants and the service providers, the researcher gave a face to face interview using the interview guide since they usually don't have time to fill questionnaires. As to the local residents, the researcher conducted a face to face interview, using the interview guide on the assumption that they could not read and write, all this time the responses were recorded. And for activities that were being done like refuse removal, road repair and construction that could be looked, the researcher observed and recorded down what I he saw using the observation check list for example researcher observed garbage collecting points and these had only small heaps as compared to what it was previously. Potholes on the roads in the town council were being filled with murrum and where necessary tar was being used.

3.3 Data Collection Methods

3.3.1 Primary data

Primary data is the direct descriptions of an occurrence by an individual who actually observed or witnessed something take place (Amin, 2005). It involved visiting Iganga town council and with use of questionnaires, interview guide and observation checklist, data was collected. Quantitative Data was collected using questionnaires. The questions in the questionnaire were coded with likert scale to assist in data analysis. Qualitative Data was collected using interviews and in this form, words, pictures and objects were used. The questionnaire method involved use of a set of pre- set questions in a clear order (Kothari 2004). The interview method included personal (face to face) interviews with some individuals believed to have the necessary information relevant to the objectives of the study. Structured interviews used where a set of predetermined questions and standardized recording was done.

An Observation checklist (Appendix 5) was a list of things the observer was going to look at e.g. road construction and repairs, refuse removal and drainage system in Iganga town council.

3.4. Data Collection Instruments

The researcher used three instruments: Questionnaires, Interview guide and observation checklist.

3.4.1 Questionnaires

A questionnaire (Appendix 3) consisted of a number of questions printed in a definite order on a form (Kothari, 1996). These were self-administered questions that contained two categories of questions: Structured (closed-ended) and unstructured (open-ended) questions. A standard questionnaire contains a list of possible alternatives from which respondents select the answer that best suits the situation (Mugenda and Mugenda, 1999). An unstructured questionnaire provides space for the respondents to freely express themselves. It encourages honest answers, questionnaires provide for anonymity of

respondents and confidentiality of the responses. This questionnaire was divided into sections; introduction, section A on the demographics of the subjects, section B is on the Competition in procurement, section C is on the Non-discrimination in procurement, section D is on the Legal framework in procurement, section E is on Transparency in procurement and section F is on Service delivery.

3.4.2 Interview guide

An interview guide/schedule (Appendix 4) was a set of questions that the researcher asked during interviews. An interview guide can have structured, semi structured and unstructured questions. Structured interviews require specific responses to a set of predetermined answers. Unstructured interview guide are more flexible in that the interview asks or guides the interviewee in such away that led the respondents towards giving data that was relevant to the objectives of the study, semi-structured interview guides contain both closed-ended and open-ended questions. They lie between structured and unstructured interview guides (Amin, 2005, Kothari, 2004)

3.4.3 Observation checklist.

An Observations checklist (Appendix 5) is a list of things an observer is going to look at when observing the general things that happen in a particular place usually prepared by the observer. It serves as a contract of understanding with the respondents so that the observer comfortably got the feedback on specific aspects. It was a good method of data collection as the researcher saw and heard for him/herself what he recorded. In this way the researcher got accurate data (Internet, Kate Pontin)

3.5 Pre-testing (validity and reliability)

3.5.1 Validity

The concept of Validity refers to the ability to produce findings that are in agreement with theoretical or conceptual values so as to produce accurate results and measure what is to be measured. Validity means that it is true that the instrument measures what it is

supposed to measure and that the data collected accurately represents the respondents' opinions. Validity is influenced by systematic errors in data. Errors that could have been made during the instrument drafting e.g. inaccurate coding, interview bias, fatigue etc. The researcher started with pre-testing the instruments. He gave to 13 staff of the Electoral Commission the questionnaire to have an initial check. When the questionnaires were collected, the researcher numbered them. After the researcher checked for completeness and any errors that could have been made during compilation of the questionnaires, and any omissions errors detected were corrected in the instruments. After making final collections, the final questionnaire was printed ready to be taken to Iganga town council.

3.5.2 Reliability

Reliability is dependability or trustworthiness or the degree to which the instrument consistently measures whatever it is measuring. An instrument is reliable if it produces the same results whenever it is repeatedly used to measure traits or concept from the same respondents even by other researchers. Internal consistency is a commonly used form of reliability that deals with one test at one time. Using Cronbach's coefficient alpha. This measures how well a set of variables (or items) measures a single one-dimensional latent construct. When data have a multidimensional structure, Cronbach's alpha will usually be low.

Technically speaking, Cronbach's alpha is not a statistical test - it is a coefficient of reliability (or consistency). Cronbach's alpha can be written as a function of the number of test items and the average inter-correlation among the items. Below, is the formula for the standardized Cronbach's alpha:

$$\alpha = \frac{N \cdot \bar{c}}{\bar{v} + (N - 1) \cdot \bar{c}}$$

Here N is equal to the number of items, c -bar is the average inter-item covariance among the items and v -bar equals the average variance. One can see from this formula that if you increase the number of items, you increase Cronbach's alpha. Additionally, if the average inter-item correlation is low, alpha will be low. As the average inter-item correlation increases, Cronbach's alpha increases as well. This makes sense intuitively - if the inter-item correlations are high, then there is evidence that the items are measuring the same underlying construct.

This is really what is meant when someone says they have "high" or "good" reliability. They are referring to how well their items measure a single one-dimensional latent construct. Thus, if you have multi-dimensional data, Cronbach's alpha will generally be low for all items. In this case, run a factor analysis to see which items load highest on which dimensions, and then take the alpha of each subset of items separately. A reliability coefficient of .70 or higher is considered "acceptable" in most social science research situations. Mugenda and Mugenda (1999) suggest a pre-test sample of between 1% and 10% of the sample size. An extreme percentage of 10% was used in this study, which yielded a pre-test sample of 13 people; the sample size is 135 respondents. The reliability results for each of the 4 variables are given below: Using SPSS, Cronbach's alpha which measures reliability of variables, gives the following results:

Table 3 Reliability coefficients of different Variables.

	Variable	Number of Cases	Number of Items	Alpha
1	Competition	73	32	0.8329
2	Non-Discrimination	73	14	0.8580
3	Transparency	73	22	0.8697
4	Legal Framework	73	15	0.8108

From the table above, the reliability coefficient of competition is 0.8329 (83%). The acceptance level is 0.70, therefore, with this coefficient; we can say that the reliability was high and acceptable.

From the table above, the reliability coefficient of non-discrimination is 0.8580 (86%). The acceptance level is 0.70, therefore, with this coefficient; we can say that the reliability was high and acceptable.

From the table above, the reliability coefficient of transparency is 0.8697 (87%). The acceptance level is 0.70, therefore, with this coefficient; we can say that the reliability was high and acceptable.

From the table above, the reliability coefficient of legal Framework is 0.8108 (81%). The acceptance level is 0.70, therefore, with this coefficient; we can say that the reliability was high and acceptable.

3.6 Procedure of Data Collection

Before proceeding to the field for data collection, the Department of Higher Degrees of Uganda Management Institute provided the researcher with a letter of introduction or request for permission to conduct the study addressed to the heads of institutions (Appendices 1 and 2). A letter of transmittal (covering letter) accompanied each questionnaire explaining the reason and importance of the study to remove any suspicion from the potential respondents. Some of the questionnaires were distributed directly to the subjects while others through the established structures such as local councils. Interviews were conducted by the researcher, i.e. face to face interviews, six key informants were interviewed. The researcher also carried out physical observations of how things were being done.

3.7 Data Analysis

3.7.1 Quantitative data analysis

Raw data obtained quantitatively and qualitatively was checked for completeness. In quantitative analysis, processing involved editing, coding, classification and presentation in form of frequency tables, graphs, pie charts, histograms so that the data was amenable to analysis. Analysis entailed computation of certain measures through which relationships supporting or conflicting with the original or new hypotheses were subjected to statistical tests to determine the extent to which the data could be said to indicate any conclusions (Kothari, 2004). Quantitative data was computed using software known as Statistical Package for the Social Sciences (SPSS). This is believed to be more widely available than other software. This software has undergone a number of upgrades and the most recent version 14, which is in windows format (Fisher, 2007).

The researcher used the descriptive analysis which basically offered general description of data through measures of central tendency, i.e. mean, mode, median and measures of dispersion i.e. standard deviation, range. Another technique that was used was relational analysis or correlation analysis, which examined analysis or absence of correlation, the direction of correlation i.e. positive or negative, the strength of correlation. Thirdly, analysis was on significance testing, which gave an indication of the extent to which the findings reflect the criteria of the target population and whether the study allowed generalization of findings (Sarantakos, 2005).

3.7.2 Qualitative data analysis

Qualitative analysis was used to bring order, structure and meaning to the mass of narrative and descriptive information which was collected. Concurrent analysis, as data was being collected was done as this is the most common practice in Qualitative research (Mugenda and Mugenda 1999). Data was coded, conceptualized, interrelated, analyzed, evaluated and then used as a basis for further sampling, data collection processing and

analysis, until saturation; however, there were times where analysis was done after data collection e.g. review of electronically collected data, photographs, audio recording, video, etc (Sarantakos 2005). Here analysis was done both during and after data collection which lead to conclusions.

3.8 Measurement of variables

The coding system was used whereby numbers were assigned to characteristics or events in order to operationally define the variables. The nominal and ordinal types of measurements were used. The nominal scale of measurement applied to cases which had some common set of characteristics such as sex, marital status, religion, employment status etc. In nominal measurement, numbers were assigned only for purposes of identification but did not allow for comparison of the variables being measured. Ordinal measurement not only categorized the elements being measured but also ranked them into some order. Therefore the numbers in ordinal scale represented relative position or order among the variables (Mugenda and Mugenda 1999, Amin 2005).

Both nominal and ordinal scales measured discrete variables and only the specified numbers such as 1, 2,3,4,5, etc can occur (Amin, 2005). There are 5 basic types of scales used to measure people's attitudes, perceptions or feelings i.e. likert scale, semantic, rating therstone and guttna scales (Amin, 2005). The researcher used the 5 point likert scale. A 1-5 category response continuum is used e.g. 5= strongly agree, 4=agree, 3=undecided, 2= disagree, 1= strongly disagree. The semantic scale uses bi-polar adjectives e.g. 1= good, 2= bad, 1=fair, 2= unfair, 0= neutral etc. The responses categories are weighted say from 1 to 2 or from 1 to 5 and then averaged for all the items (Amin, 2005)

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

The objective of this study was investigating the procurement management practices and how they affect the service delivery in local governments in Uganda, the case of Iganga Town Council. The study was guided by four objectives of establishing the relationship between transparency and effectiveness of local government service delivery in Iganga Town Council, investigating the relationship between non-discrimination and effectiveness of local government service delivery in Iganga Town Council, establishing the relationship between competitive bidding and effectiveness of local government service delivery in Iganga Town Council and finding out the moderator effect of procurement legal framework on the relationship between procurement management practices and effectiveness of local government service delivery in Iganga Town Council.

The researcher attempted to provide answers to the following questions: 1. What was the relationship between transparency and effectiveness of local government service delivery in Iganga Town Council? 2. What was the relationship between non-discrimination and fairness and effectiveness of local government service delivery in Iganga Town Council? 3. What was the relationship between competition and effectiveness of local government service delivery in Iganga Town Council? 4. What was the relationship between the moderator effect of procurement legal framework on procurement management practices and effectiveness of local government service delivery in Iganga Town Council?

4.1 Response rate

Data was collected from 73 out of 129 respondents using questionnaires, 6 key informants were given face to face interview using an interview guide and observations were made

by the researcher with the help of an observation checklist. Table 3 shows the summary of the various respondents by method of data collection.

Table 4: Respondents by Instrument

Respondents by data collection method	Sample size	Responses received	% Response rate
Questionnaires	129	73	54%
Interviews	6	6	100%
Observations	1	1	100%

The SPSS computer program was used to analyze the questionnaire data. Frequencies, correlations and analysis were done to determine the relationship between the two variables under each objective. The results show that there was a significant correlation between the dependent variable and the independent variables. The regression model results showed that that there was a strong relationship.

4.2 Distribution of demographic factors in this study

The researcher wished to examine the demographic characteristics of respondents: that is to say; job, level of education, age, gender and years of experience in service.

4.2.1 Category of respondents

Respondents by category were considered because it is assumed that they are more informed about the procurement management practices and their effect on service delivery.

Table 5: Respondents by Job category

Category of respondents	Frequency	Percent
Public Servants	27	37.0%
Contractors	14	19.2%
LC III Councilors	11	15.1%
LC V Councilors	6	8.2%
Service Providers	15	20.5%
Total	73	100%

Findings show that public servants, service providers and contractors are the majority in frequency (percentages), this is because these do participate more in the procurement

activity than the rest. From the above table, 27 (37.0%) of the respondents were Public Servants, 14(19.2%) of them were Contractors and only 6 (8.2%) respondents were LC V Councilors, 11 (15.1%) of the respondents were LC III Councilors and 15 (20.5%) were Service Providers which gave a sum total of 73 (100%).

4.2.2 Respondents' by academic qualification

The level of education for respondents was determined because it was assumed that it influences the procurement activity. In case unskilled staffs are taken on then procurement management practices will not be followed as they will have no meaning to them. Table 5 shows the findings.

Table 6: Respondents by Academic qualification

Category of respondents	Frequency	Percent
A-Level	23	31.5%
Diploma	24	32.9%
Degree	23	31.5%
Masters	1	1.4%
PhD	1	1.4%
Others(specify)	1	1.4%
Total	73	100%

Most of the respondents had their academic qualification ranging from A-level to Degree Level. This group of respondents contributed 95.9% of the total respondents. This is an implication that most of the respondents were informed and knew how procurement management practices affected service delivery. This was shown in the key informants as they were all degree holders.

4.2.3 Respondents by Age

The age distribution for this study was divided into three different intervals which were thought to have a bearing on the study variables. This age factor was considered, the results are as in table 6.

Table 7: Respondents by Age

Category of respondents	Frequency	Percent
Under 18 years	7	9.6%

18-39 years	46	63.0%
Above 40 years	20	27.4%
Total	73	100.0

Results show that the respondents were adults representing different age groups. From the questionnaires administered the findings are shown below. Of the 73 respondents, 46 (63.0%) were aged between 18 and 40 years, 20 (27.4%) had their age above 40 and only 7 (9.6%) had their years below 18 most probably these were support staffs. The age groups of 18-40 and above 40 make a 90% of the respondents, an implication that these are more experienced and have been in the town council for sometime. The highest percentage (frequency) response constituted members who gained some experience and were in position to provide the required information, this was confirmed by those interviewed by the researcher, and these were all above 40 years of age, therefore, they were able to make proper decisions.

4.2.4 Gender of respondents

Gender of respondent was considered in order to determine whether the sex of the respondents had influence on the procurement management practices and service delivery. Table 7 shows the findings.

Table 8: Gender distribution of respondents

Category of respondents	Frequency	Percent
Male	48	65.8%
Female	25	34.2%
Total	73	100.0

From table 7 above, 48 out of the 73 respondents were males and 25 of the 73 respondents were females. The key informants were all males making the total number of 54 males implying that there is gender imbalance at the town council. The number of males is twice as much as that of females an implication that ideas are not balanced and the females may feel left out.

4.2.5 Years of service.

Period of service respondents have taken in the town council was also considered as it would indicate the experience in the job.

Table 9: Years of service in the workplace

Category of respondents	Frequency	Percent
Less than 3 yrs	23	31.5%
3-10 yrs	33	45.2%
Over 11 yrs	17	23.3%
Total	73	100.0

The last demographic factor under this study was years of service in the workplace, table 8 gave the summary of the results. Thirty three respondents out of the total 73 had their years of service range between 3-10 years, 23 respondents had their experience of service less than 3 years and only 17 respondents had their years of service above 11 years. This implies that some of the respondents were serving in the local government even before the enactment of the PPDA, so these saw what the tender boards did and have seen the contracts committee.

4.2.6 Cross tabulation of age by transparency of respondents

Cross tabulation gives us a platform on which we can base to compare demographic factors with the main variables of the study. The table below shows how age distributed in respect to transparency in procurement.

Table 10: Shows age distribution by transparency in procurement

		Transparency in procurement				Total	
			Disagree	Undecided	Agree	Strongly Agree	
AGE	Under 18 years	Count		3	2	2	7
		% within TRANSPARENCY		11.5%	6.3%	40.0%	9.6%
	18-40	Count	8	16	21	1	46

	years						
		% within TRANSPARENCY	80.0%	61.5%	65.6%	20.0%	63.0%
	Above 40 years	Count	2	7	9	2	20
		% within TRANSPARENCY	20.0%	26.9%	28.1%	40.0%	27.4%
Total		Count	10	26	32	5	73
		% within TRANSPARENCY	100.0%	100.0%	100.0%	100.0%	100.0%

From the findings, of the 7 respondents under 18 years, 4 agreed there was transparency in procurement. Twenty two of the 46 respondents who were between 18-40 years, agreed that there was transparency in procurement, 16 were undecided and 8 disagreed that there was transparency in procurement. 11 of the 20 respondents who were above 40 agreed that there was transparency in procurement while 7 said that they were undecided and 2 disagreed that there was transparency in procurement. The 6 respondents interviewed all agreed there was transparency in procurement. In general terms, that 44 agreed, 26 were undecided and 10 disagreed that there was transparency in procurement. This implies that there is transparency in procurement.

4.2.7 Cross tabulation of academic qualification by legal framework of respondents

Cross tabulation of academic qualification by legal framework was done to find out how academics affected the law that regulates procurement.

Table 11: Academic qualification by legal framework of respondents

		Legal framework in procurement					Total
			Disagree	Undecided	Agree	Strongly Agree	
ACADEMIC	A-Level	Count	2	10	10	3	25
		% within Legal framework	40.0%	37.0%	27.0%	75.0%	34.2%
	Diploma	Count	2	6	14	1	23
		% within Legal framework	40.0%	22.2%	37.8%	25.0%	31.5%
	Degree	Count	1	10	12		23
		% within Legal framework	20.0%	37.0%	32.4%		31.5%

	Masters	Count		1			1
		% within Legal framework		3.7%			1.4%
	Others (specify)	Count			1		1
		% within Legal framework			2.7%		1.4%
Total		Count	5	27	37	4	73
		% within Legal framework	100.0%	100.0%	100.0%	100.0%	100.0%

From the table above, 13 of the 25 respondents who were A-level holders agreed, 10 were undecided and 2 disagreed that the legal framework affected procurement. Fifteen of the 23 respondents who were diploma holders agreed 6 were undecided 2 disagreed that the legal framework affected procurement. 12 of the 23 respondents who were degree holders agreed 10 were undecided and 1 disagreed that legal framework affected procurement. There was only 1 respondent with a masters and only 1 with qualifications. This implies that the more one is educated the better for him to understand what the requirements of the law are, this is seen from the results 64% had their academics qualifications above A-level.

4.2.7 Cross tabulation of gender by competition of respondents

Cross tabulation of gender by competition was done to find out what gender was more interested in competition than the other.

Table 12: Gender distribution by competition of respondents

		Competition in procurement					Total
			Disagree	Undecided	Agree	Strongly Agree	
GENDER	Male	Count	1	7	36	4	48
		% within Competition	100.0%	46.7%	69.2%	80.0%	65.8%
	Female	Count		8	16	1	25
		% within Competition		53.3%	30.8%	20.0%	34.2%
Total		Count	1	15	52	5	73
		% within	100.0%	100.0%	100.0%	100.0%	100.0%

		Competition					
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Fourty of the 48 respondents who were males agreed 7 were undecided and only one disagreed that there was competition in procurement. 17 of the 25 respondents who were females agreed and 8 were undecided that there was competition in procurement, implying that more men were interested in competition than women. In general terms there was competition in procurement.

4.3 Competitive bidding and effectiveness of local governments.

The study objective three was aimed at establishing the relationship between competitive bidding and effective local government service delivery in Iganga Town Council. Data was collected using questionnaires, face-to-face interviews were done and also observations conducted. Questionnaires were sent to 129 respondents and 6 key informants were given a face-to-face interview. This objective was conceptualized in the following way, whether the objective of competition was to obtain value for money, whether there was use of standard bidding documents, whether the same criteria of bidder evaluation was being practiced and whether there was special security for records. The table below shows the summary of the respondents.

4.3.1 Competition in procurement

The researcher used a likert scale of strongly agree (SA) = 5, agree (A) = 4, undecided (U) = 3, disagree (D) = 2, and strongly disagree (SD) = 1, questionnaires were administered to 129 respondents. The table below summarizes the descriptive analysis of this variable.

Table 13: Shows respondent rate under competition in procurement

Competition in Procurement	SA	A	U	D	SD
All procurement activities are done through competitive bidding	42 57.5%	23 31.5%	3 4.1%	4 5.5%	1 1.4%

The procurement unit indicates the dates for submission of bids.	43 58.9%	24 32.9%	3 4.1%	2 2.7%	1 1.4%
The procurement unit indicates the dates for evaluation of bids.	43 58.1%	23 31.5%	3 4.1%	3 4.1%	1 1.4%
The procurement unit indicates the dates for invitation of bid documents	38 52.1%	31 42.5%	4 5.5%	0 0%	0 0%
The procurement unit indicates the dates for contract commencement.	33 45.2%	31 42.5%	6 8.2%	2 2.7%	1 1.4%
Only big suppliers/service providers are included in the pre-qualified list	26 35.6%	23 31.5%	12 16.4%	5 6.8%	7 9.6%
Even small suppliers/service providers participate in the procurement activity	31 42.5%	28 38.4%	5 6.8%	5 6.8%	4 5.5%
The procurement unit prepares bids early enough.	27 37.0%	26 35.6%	11 15.1%	8 11.0%	1 1.4%
Prequalification of suppliers, service providers is always openly advertised	27 37.0%	31 42.5%	6 8.2%	7 9.6%	2 2.7%
Prequalification of suppliers, service providers is done as and when needed.	22 30.1%	35 47.9%	8 11.0%	6 8.2%	2 2.7%
Pre-qualified suppliers are prominently displayed on district notice boards.	25 34.2%	26 35.6%	6 8.2%	10 13.7%	6 8.2%
The method of procurement clearly stated in the bid documents.	26 35.6%	29 39.7%	6 8.2%	11 15.1%	1 1.4%
Selection of suppliers is based on capability consideration.	21 28.8%	25 34.2%	9 12.3%	12 16.4%	6 8.2%
Selection of suppliers is always based on price offered	25 34.2%	29 39.7%	10 13.7%	4 5.5%	5 6.8%
Contracts Committee approves bid documents prior to start of procurement.	26 35.6%	33 45.2%	6 8.2%	6 8.2%	2 2.7%
All procurement takes place according to the set guidelines	27 37.0%	28 38.4%	9 12.3%	6 8.2%	3 4.1%
The Contract Committee approves methods of procurement prior to bidding	18 24.7%	31 42.5%	12 16.4%	10 13.7%	2 2.7%
Standard procurement documents are used in all procurements	23 31.5%	32 43.8%	6 8.2%	8 11.0%	4 5.5%

Procurement methods are based on the value of the requirement/activity	17 23.3%	32 43.8%	15 20.5%	6 8.2%	3 4.1%
Procurement methods are set according to threshold set by regulations	16 21.9%	32 43.8%	14 19.2%	8 11.0%	3 4.1%
Open bidding is the most frequently used procurement method here.	20 27.4%	36 49.3%	6 8.2%	7 9.6%	4 5.5%
Opening bids is always witnessed by a member of the Contracts Committee.	20 27.4%	29 39.7%	14 19.2%	9 12.3%	1 1.4%
A technical evaluation committee is appointed prior to opening of bids.	17 23.3%	27 37.0%	20 27.4%	7 9.6%	2 2.7%
Local bidders are given preference in the open bidding method	8 11.0%	40 54.8%	12 16.4%	11 15.1%	2 2.7% ⁿ
The minimum bidding period is observed in all procurements	14 19.2%	34 46.6%	14 19.2%	7 9.6%	4 5.5%
Statements of requirements are prepared and submitted to the PDU in time	15 20.5%	27 37.0%	16 21.9%	14 19.2%	1 1.4%
The evaluation criteria is stated in the Solicitors documents	11 15.1%	29 39.7%	21 28.8%	9 12.3%	3 4.1%
Solicitation documents always include a draft format of contract	6 8.2%	35 47.9%	18 24.7%	9 12.3%	5 6.8%
Solicitation documents include taxes to be included in the bid prices	17 23.3%	29 39.7%	15 20.5%	10 13.7%	2 2.7%
Supplier Selection criteria are determined prior to tendering	14 19.2%	30 41.1%	20 27.4%	6 8.2%	3 4.1%
Bidders don't have any input in the preparation of tender documents	13 17.8%	23 31.5%	22 30.1%	5 6.8%	10 13.7%
The contract is always awarded to the lowest bidder.	16 21.9%	17 23.3%	17 23.3%	9 12.3%	14 19.2%
Overall Percentages	31.5%	39.7%	15.1%	9.6%	4.1%

Key: Strongly Agree (SA) =5, Agree (A) =4, Undecided (U) =3, Disagree (D) = 2, Strongly Disagree (SD) =1

From the findings, 6.9% (5) of the respondents disagreed while 89% (65) respondents agreed that all procurement activities were done through competitive bidding. This was confirmed by the key informants as they all said that it was through evaluation system

that they selected suppliers. Above 90% (65) of the respondents agreed, while about 4% (3) disagreed that the procurement unit indicated the dates for submission of bids, evaluation, invitation of bids and for contract commencement. It is a requirement of PPDA that lists of pre-qualified suppliers are kept by PDUs so that whenever there is any need, it is easy to communicate to them. According to the findings, more than 75% of the respondents agreed and 10% disagreed about pre-qualification matters.

This confirmed that pre-qualification was done as and when needed, lists of pre-qualified service providers/suppliers were always displayed on the district notice boards and pre-qualification of suppliers was openly advertised. Suppliers were selected basing on set guideline by the PPDA, that is capability, on lowest bidder, standard procurement documents, on thresholds set by regulations, opening bids in the presence of a CC member etc. This was confirmed by more than 55% of the respondents who agreed that those set guidelines were being followed. The key informants too confirmed it when they agreed that there was ethical trading in the town council. Procurement planning was done early enough and the PDU had Gantt chart displayed. It was confirmed by a more than 60% of the respondents who agreed that solicitation documents had the draft format of the contract and included taxes to be included in the bid prices. This is an implication that there was competitive bidding in Iganga town council. When we look at the overall percentages in table 12, those who agreed were 71.2% plus the 6 key informants compared to only 13.7% those who disagreed that there was competition bidding in procurement in Iganga town council. This is a confirmation that there is competition in the procurement activity in Iganga town council.

4.3.2 Correlations

A correlation is a single number that describes the degree of relationship between two variables. Correlations are done to find out the relationship between the dependent and

independent variables of the study. When correlation is between less than 0.5 (<0.5) this weak correlation and greater than 0.5 (> 0.5), then the correlation is strong.

4.3.3 Correlations between Competition and Service delivery in procurement

Correlation was done between competition and service delivery in procurement and the table below gives the results of the findings.

Table 14: Correlation Matrix Results- Competition and Service delivery in procurement

		SERVICE DELIVERY	COMPETITION
SERVICE DELIVERY	Pearson Correlation	1.000	.319**
	Sig. (2-tailed)	.	.006
	N	73	73
COMPETITION	Pearson Correlation	.319**	1.000
	Sig. (2-tailed)	.006	.
	N	73	73

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

The correlation results (R=0.319, P=0.006<0.05), showed that competition and service delivery had a significant positive relationship in procurement. This is an implication that competition assists in doing procurement in Iganga town council, this is because those who are directly involved in procurement have knowledge of the regulations that were set by PPDA Act. So where competition is practiced in procurement, we expect better service delivery.

4.3.4 Regression

Linear regression attempts to model the relationship between two variables by fitting a linear equation to observed data. One variable is considered to be an explanatory variable, and the other is considered to be a dependent variable.

4.3.5 Regression Coefficients- Competition and Service delivery in procurement

Regression analysis was used to find out which variable had most influence on Service delivery. The table below displays the results obtained.

Table 15: Regression Coefficients- Competition and Service delivery in procurement

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	f	Sig.
Model		B	Std. Error	Beta				
	(Constant)	1.393	.700		1.991	.050	8.038	0.006
	Competition	.512	.181	.319	2.835	.006		

a. Dependent Variable: SERVICE DELIVERY

The regression model results ($R=0.319$, $p<0.05$) shows that a unit increase in competition leads to an increase in service delivery by 0.512 (51.2%) on average and the results was statistically significant as the obtained p value is less than 0.05. The overall model was also statistically found to be significant with a p value $0.006 < 0.05$. For Iganga town council to do this, it follows the PPDA Act and the set guidelines when doing procurement to produce better services to their people.

4.4 Non-discrimination and effective service local service delivery in Iganga Town Council

The other objective of this study was aimed at investigating the relationship between non-discrimination and effective local government service delivery in Iganga Town Council. The factors to investigate were whether service providers were being fairly and honestly treated, whether disclosure of private or personal interests by procurement staffs and whether staffs were accepting gifts from service providers. Data was gathered using questionnaires, face-to-face interviews were conducted and observations were done by the researcher.

4.4.1 Non-discrimination in procurement

The researcher used a likert scale of strongly agree, agree, undecided, disagree and strongly disagree, questionnaires were administered to 129 respondents. The table below summarizes the descriptive analysis of this variable.

Table 16: Non Discrimination in Procurement

Non-discrimination in procurement	SA	A	U	D	S
I participate in identification in sourcing suppliers for the district	22 30.1%	11 15.1%	12 16.4%	9 12.3%	19 26.0%

All needs identified by users are procured by the end of the financial year.	18 24.7%	20 27.4%	12 16.4%	11 15.1%	12 16.4%
The advertisement of bids is always signed by the Accounting Officer.	21 28.8%	26 35.6%	12 16.4%	6 8.2%	8 11.0%
Pre-qualified suppliers are prominently displayed on district notice boards.	13 17.8%	30 41.1%	14 19.2%	7 9.6%	9 12.3%
Bid notices are published in newspapers with a nationwide coverage	22 30.1%	23 31.5%	14 19.2%	8 11.0%	6 8.2%
Bid opening is open to members of the public	19 26.0%	27 37.0%	13 17.8%	12 16.4%	2 2.7%
Some supplier Selections are based on complexity of the job.	18 24.7%	21 28.8%	14 19.2%	13 17.8%	7 9.6%
Some supplier Selections are based on size of the job	13 17.8%	29 39.7%	15 20.5%	13 17.8%	3 4.1%
Some supplier Selections are based on scope of the service/ works.	16 21.9%	30 41.1%	14 19.2%	9 12.3%	4 5.5%
Standard Specifications are included in all bid documents	22 30.1%	23 31.5%	14 19.2%	6 8.2%	8 11.0%
There is timely service delivery.	18 24.7%	28 38.4%	11 15.1%	11 15.1%	5 6.8%
All services offered are user friendly.	13 17.8%	22 30.1%	15 20.5%	12 16.4%	11 15.1%
All services offered are accessible to all.	12 16.4%	25 34.2%	12 16.4%	14 19.2%	10 13.7%
Suppliers supply as per the specifications.	18 24.7%	22 30.1%	9 12.3%	17 23.3%	7 9.6%
Overall Percentages	23.3%	32.9%	17.8%	15.1%	10.9%

Key: Strongly Agree (SA) =5, Agree (A) =4, Undecided (U) =3, Disagree (D) = 2, Strongly Disagree (SD) =1

From the findings, more than 50% (38) of the respondents agreed and 30% (33) disagreed that they participated in sourcing suppliers. This was confirmed by the key informants who in unison agreed that they too participated in solicitation of service providers in Iganga town council. The law requires that bids are signed by the Accounting Officer on

advertisement. This was confirmed when 64% (47) of the respondents agreed that the Accounting officer indeed signed the bids on advertisements. One of the requirements of non discrimination is that pre-qualified suppliers list be prominently displayed on district notice boards and bid notices be published in nationwide coverage newspapers. It was confirmed that was being practiced as 61% (45) of the respondents agreed compared to 18% (14) that disagreed that bid notices were being published.

Some suppliers' selections were based on the scope of service/works, complexity, and size and of the job, this was confirmed as 53% (39) and key informants agreed compared to only 26% (20) who disagreed that some supplier selection was based on job complexity. There were timely service delivery and services were user friendly, this was confirmed by a response rate of 60% (46) and the key informants who agreed when compared to 21% (16) of the respondents who disagreed. All services were accessible to the beneficiaries and suppliers supplied as per specifications. This was expressed by the response of 54% who agreed that this was being done.

There were service providers from beyond Iganga district and all sizes of service providers were equally treated as long as they had the requirements to do the job. The Chief Administrative Officer (CAO) said that all service providers were paid promptly, this in the end caused timely service delivery. The observed that the constructors of water drainage were one of the small size service providers who had won that job depending on the equipment they were using. There was no discrimination in procurement in Iganga town council. Considering its overall percentages, 56.2 plus 6 key informants agreed that there was no discrimination in procurement in Iganga Town Council as compared to 26 who disagreed. On simple average, those who agreed were more than twice those who disagreed, a confirmation that there was no discrimination in procurement.

4.4.2 Correlation between Non-discrimination and Service delivery in procurement

Correlation was done between non-discrimination and service delivery in procurement and the table below gives the results of the findings

Table 17: Correlation Matrix Results- Non-discrimination and Service delivery in procurement

		SERVICE DELIVERY	NON-DISCRIMINATION
SERVICE DELIVERY	Pearson Correlation	1.000	.373**
	Sig. (2-tailed)	.	.001
	N	73	73
NON DISCRIMINATION	Pearson Correlation	.373**	1.000
	Sig. (2-tailed)	.001	.
	N	73	73

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

The correlation results (R=0.373, P=0.001<0.05), showed that non-discrimination and service delivery had a significant positive relationship in procurement. This is an implication that non-discrimination should be practiced in procurement for better service delivery.

4.4.3 Regression

Regression analysis was used to find out what influence non-discrimination had on Service delivery. The table below displays the results obtained.

4.4.4 Non discrimination and service delivery in procurement

Table 18: Regression Coefficients-Non discrimination and service delivery in procurement

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	f	Sig.
Model		B	Std. Error	Beta				
	(Constant)	1.893	.442		4.282	.000	11.502	0.001
	Non	.414	.122	.373	3.39	.001		

	Discrimination				1			
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a. Dependent Variable: SERVICE DELIVERY

The regression model results, $R=0.373$; $P=0.001 < 0.05$, shows that an increase in non discrimination in procurement leads to an increase in service delivery and that the results are statistically significant. For Iganga town council to do this, it follows the PPDA Act and the set guidelines when doing procurement to produce better services to their people. Another procurement management practice which is of importance to procurement is that of non-discrimination if local governments are to realize effective service delivery which in turn will reduce complaints from the intended beneficiaries.

4.5 Transparency and effective local government service delivery in Iganga Town Council.

The study was to establish the relationship between transparency and effective local government service delivery in Uganda. Findings on this objective were obtained from questionnaires, interviews and observations and below are the presentations and interpretations of the results. Transparency was conceptualized to include openness about activities and transactions, scrutiny of activities by public and relevant information to be readily available. Data on those aspects was as presented below.

4.5.1 Transparency in procurement

The researcher used a likert scale of strongly agree = 5, agree = 4, undecided = 3, disagree =2 and strongly disagree =1, questionnaires were administered to 129 respondents which 57%. The table below summarizes the descriptive analysis of this variable.

Table 19: Transparency in procurement

Transparency in Procurement	SA	A	U	D	SD
Bids are evaluated by an evaluation committee appointed for that purpose	27 37.0%	25 34.2%	9 12.3%	5 6.8%	7 9.6%
The technical evaluation committee is appointed before bids are submitted	19 26.0%	23 31.5%	11 15.1%	15 20.5%	5 6.8%
The technical evaluation committee adheres	18	21	15	12	7

to evaluation criteria as set.	24.7%	28.8%	20.5%	16.4%	9.6%
The technical compliance selection method is used in evaluation of works	18 24.7%	21 28.8%	20 27.4%	8 11.0%	6 8.2%
The procurement activities are done on open.	19 26.0%	26 35.6%	12 16.4%	6 8.2%	10 13.7%
The public scrutinizes the procurement activities.	17 23.3%	17 23.3%	14 19.2%	15 20.5%	10 13.7%
Every transaction pertaining to public procurement is done in an open manner	20 27.4%	15 20.5%	17 23.3%	11 15.1%	10 13.7%
Timely procurement information is availed to interested parties	15 20.5%	21 28.8%	15 20.5%	17 23.3%	5 6.8%
Consistent procurement information is availed to interested parties at no cost	19 26.0%	26 35.6%	13 17.8%	10 13.7%	5 6.8%
Non-acceptance of gifts from service providers	15 20.5%	21 28.8%	23 31.5%	8 11.0%	6 8.2%
Non-supply of procurement information by procurement to bidders by staffs.	14 19.2%	21 28.8%	17 23.3%	16 21.9%	5 6.8%
The information given to providers/contractors is accurate	16 21.9%	24 32.9%	11 15.1%	16 21.9%	6 8.2%
There is a clear and open procurement policy	19 26.0%	23 31.5%	13 17.8%	14 19.2%	4 5.5%
Our staffs involved in the procurement process are given presents by supplier.	20 27.4%	20 27.4%	15 20.5%	12 16.4%	6 8.2%
There is non acceptance of gifts and hospitality by staff in the process.	16 21.9%	20 27.4%	13 17.8%	17 23.3%	7 9.6%
There is total assurance on confidentiality in the procurement process	18 24.7%	22 30.1%	11 15.1%	14 19.2%	8 11.0%
There is clear separation of responsibilities among the players.	14 19.2%	24 32.9%	14 19.2%	15 20.5%	6 8.2%
We do not use others authority for personal gains.	17 23.3%	16 21.9%	20 27.4%	14 19.2%	6 8.2%
There are no user complaints	14 19.2%	22 30.1%	10 13.7%	18 24.7%	9 12.3%
Transactions pertaining to public procurement are done transparently	15 20.5%	22 30.1%	9 12.3%	22 30.1%	5 6.8%
Timely and consistent information is	15	23	9	14	12

availed to interested parties at no cost.	20.5%	31.5%	12.3%	19.2%	16.4%
The information given to providers/contractors is accurate.	23 31.5%	17 23.3%	5 6.8%	15 20.5%	13 17.8%
Overall percentages	24.6%	28.8%	19.2%	17.8%	9.6%

Key: Strongly Agree (SA) =5, Agree (A) =4, Undecided (U) =3, Disagree (D) = 2, Strongly Disagree (SD) =1

From table 19, results indicate that evaluation committees and evaluation criteria are always put in place before bids are submitted for evaluation. This was confirmed by the over 60% (52) and all the 6 key informants who agreed and 15% (12) who disagreed that evaluation was done by an appointed committee. The technical compliance selection method was used in evaluation of works. This requirement by PPDA was being followed as 60% agreed and 21% disagreed that technical compliance was being done. Timely procurement information was available for scrutiny to interested parties, this was expressed by the 48% (36) who agreed and 29% (22) who disagreed that information was timely.

The interview conducted by the researcher was in agreement with what had been gathered from the questionnaires as all the key informants agreed that PPDA local government guidelines were followed during service provider solicitation. All were in agreement that the public was free to access the procurement notice board; the researcher observed that this notice board was strategically placed for easy access. The beneficiaries were allowed to monitor and evaluate the deliverables, this reduced the number of complaints and that the political interferences were insignificant. The overall percentage from the table shows that 53.4% plus the 6 key informants agreed and only 26.4 disagreed that there was transparency in procurement in Iganga town council. This again confirms that there was transparency in the procurement process in Iganga town council.

4.5.2 Correlations Transparency in procurement and Service delivery

Correlation was done between transparency and service delivery in procurement and the table below gives the results of the findings

Table 20: Correlations Matrix Results – Service delivery and Transparency in procurement

		SERVICE DELIVERY	TRANSPARENCY
SERVICE DELIVERY	Pearson Correlation	1.000	.299**
	Sig. (2-tailed)	.	.010
	N	73	73
TRANSPARENCY	Pearson Correlation	.299**	1.000
	Sig. (2-tailed)	.010	.
	N	73	73

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

The correlation results ($R=0.299$, $P=0.010 < 0.05$), showed that transparency and service delivery had a significant positive relationship in procurement. This is an implication that transparency is very important when doing procurement in Iganga town council. So this practice should be practiced in procurement if local government shall realize effective service delivery.

4.5.3 Regression

Regression analysis was used to find out how much influence transparency on Service delivery. The table below displays the results obtained.

Table 21: Regression Coefficients- Transparency and Service delivery in procurement

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	F	Sig.
Model		B	Std. Error	Beta				
	(Constant)	2.238	.435		5.144	.000	6.974	0.010
	Transparency	.325	.123	.299	2.641	.010		

a. Dependent Variable: SERVICE DELIVERY

The regression model results, $R=0.299$; $p=0.010 < 0.05$, shows that there is a positive significant relationship between transparency and service delivery in procurement. The

more the transparency in the procurement process the better the service delivery. This has brought about easy accessibility to those services offered to Iganga town council.

4.6 The moderator effect of the procurement legal framework on the relationship between procurement management practices and service delivery in Iganga Town Council.

The last study objective was aimed at finding the moderator effect of procurement legal framework relationship between procurement management practices and local government service delivery in Iganga Town Council. Data was collected using questionnaires, face-to-face interview were done and also observations made. Questionnaires were sent to 129 respondents and 6 key informants were given a face-to-face interview. This objective was conceptualized in the following way, the local government Act (Amendments) 1997 procurement laws and under this law was the PPDA Act, 2003 and Regulations and Local Government Procurement Guidelines. The PPDA Act and Guidelines were enacted to regulate the procurement activity in Iganga Town Council. The table below gives the summary of the legal framework as a moderator factor in procurement.

4.6.1 Legal framework on the relationship between procurement management practices and service delivery

The researcher used a likert scale of strongly agree = 5, agree = 4, undecided = 3, disagree =2 and strongly disagree =1, questionnaires were administered to 129 respondents which 57%. The table below summarizes the descriptive analysis of this variable.

Table 22: Legal frameworks in procurement

The legal framework in procurement.	SA	A	U	D	SD
The Accounting Officer supervises the job	27 37.0%	20 27.4%	10 13.7%	9 12.3%	7 9.6%
Users supervise implementation of the services.	25 34.2%	18 24.7%	9 12.3%	13 17.8%	8 11.0%

The district has sufficient personnel to monitor implementation	22 30.1%	21 28.8%	9 12.3%	14 19.2%	7 9.6%
The PDU monitors performance of contracts	19 26.0%	22 30.1%	14 19.2%	13 17.8%	5 6.8%
Members of the Committee in Local Councils are serving public officers	20 27.4%	21 28.8%	13 17.8%	14 19.2%	5 6.8%
The Authorizing Officer is also a member of the Contracts Committee	20 27.4%	23 31.5%	18 24.7%	8 11.0%	4 5.5%
Members of the PDU are also members of the Contracts Committee	16 21.9%	18 24.7%	27 37.0%	7 9.6%	5 6.8%
The contracts Committee observes a minimum meeting quorum of 3 members.	14 19.2%	23 31.5%	21 28.8%	9 12.3%	6 8.2%
Requirements are submitted to the A. O. before the Contracts Committee.	17 23.3%	24 32.9%	24 32.9%	4 5.5%	4 5.5%
The A. O. confirms availability of funding before commencement of procurement	16 21.9%	27 37.0%	16 21.9%	12 16.4%	2 2.7%
Procurement methods prior to the commencement of procurement	15 20.5%	26 35.6%	16 21.9%	9 12.3%	7 9.6%
The Accounting Officer communicates all contract awards to successful bidders	25 34.2%	25 34.2%	5 6.8%	9 12.3%	9 12.3%
The Accounting Officer signs Contracts/Local Purchase Orders	26 35.6%	24 32.9%	7 9.6%	9 12.3%	7 9.6%
The Accounting Officer is given gifts by service providers.	18 24.7%	16 21.9%	17 23.3%	13 17.8%	9 12.3%
The Accounting Officer knows the procurement law on competition.	25 34.2%	20 27.8%	12 16.4%	7 9.6%	9 12.3%
Overall Percentages	27.4%	30.1%	20.5%	13.7%	8.2%

Key: Strongly Agree (SA) =5, Agree (A) =4, Undecided (U) =3, Disagree (D) = 2, Strongly Disagree (SD) =1

Results in table 20 indicate that the Accounting Officer, the users and local residents do contract management. This was confirmed by the more than 60% (47) and the key informants who agreed and 21% (16) disagreed that it was being done. The law requires that a CC be comprised of at least 3 members to make quorum and this was being done. It

was confirmed by 50% (37) who agreed and 20% (15) who disagreed that the CC observed a minimum meeting quorum of three members. The replacement of tender boards with CC has changed the way the activity is done in Iganga Town Council. The amendments of the local government Act improved service delivery in Iganga district. From the findings, the researcher was informed that all opportunities were publicized in the national media, therefore there was easy accessibility to jobs by all potential service providers. Public service requires that there is human resources department in every district, there is one in Iganga district which deals with recruitment of district staffs. This was done through adverts both internal and external sourcing of personnel. Procurement officers were obtained through this same process. The procurement notice board was accessible to the public this reduced the number of complaints. From the table above, the overall is that 57.5% plus 6 key informants agreed yet only 21.9% disagreed that the legal framework was in place to regulate the procurement activity. This confirms that the Law was operational and was being applied to do procurement in Iganga town council.

4.6.2 Correlations Legal frame work and Service delivery in procurement

Table 23: Correlations Matrix Results – Legal frame work and Service delivery in procurement

		SERVICE DELIVERY	LEGAL FRAMEWORK
SERVICE DELIVERY	Pearson Correlation	1.000	.503**
	Sig. (2-tailed)	.	.000
	N	73	73
LEGAL FRAMEWORK	Pearson Correlation	.503**	1.000
	Sig. (2-tailed)	.000	.
	N	73	73

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

The correlation results ($R=0.503$, $P=0.000<0.05$), showed that transparency and service delivery had a significant positive relationship in procurement. This is an implication that transparency should be practiced in procurement for better service delivery. From the above, it shows that there is a linear relationship between the 4 variables and that some of

the relationship is significant at 0.01 levels e.g. Transparency is significantly correlated to Non Discrimination with a correlation Coefficient $r= 0.290$. Also it is shown that Legal framework and competition are significantly correlated with $r=0.261$.

4.6.3 Regression

Regression analysis was used to find out which variable had most influence on Service delivery. The table below displays the results obtained.

Table 24: Regression Coefficients- legal framework and service delivery in procurement

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	F	Sig.
Model		B	Std. Error	Beta				
	(Constant)	1.119	.465		2.405	.019	24.032	0.000
	Legal framework	.631	.129	.503	4.902	.000		

a. Dependent Variable: SERVICE DELIVERY

The regression model results, ($R=0.503$; $P=0.000<0.05$), show that there is a significant relationship between Legal framework in procurement and service delivery. This is because it is the law that regulates the procurement activity in Iganga town council. The greatest number of the respondents knew this law and were applying it. It shows that legal framework is a big factor and has a great positive impact on service delivery.

4.7 Hypotheses Testing

A hypothesis is a proposed explanation for an observable phenomenon. The data presented under this chapter was used to test four hypotheses formulated under chapter one and the results are tabulated in the table below.

Table 25: Summary of the Hypothesis testing results

Hypothesis	Supported/ Not supported
1. There is a significant relationship between Competition and service delivery in procurement	Supported
2. There is a significant relationship between non discrimination and service delivery in procurement	Supported
3. There is a significant relationship between transparency and service delivery in procurement	Supported
4. There is a significant relationship between Legal framework and service delivery in procurement	Supported

Source: Researcher

1. The hypothesis that there is a strong relationship between Competition and service delivery in procurement was supported by the evidence from the field and is accordingly adopted. There is a positive correlation between the two. Table14 shows a correlation of 0.319 confirming that the strength of the relationship is statistically significant at a 0.05 level of significance.
2. The hypothesis that there is a strong relationship between non-discrimination and service delivery in procurement was supported by the evidence from the field and is accordingly adopted. There is a positive correlation between the two. Table14, shows a correlation of 0.373 confirming that the strength of the relationship is statistically significant at a 0.05 level of significance.
3. The hypothesis that there is a strong relationship between transparency and service delivery in procurement was supported by the evidence from the field and is accordingly adopted. There is a positive correlation between the two. Table17, shows a correlation of 0.299 confirming that the strength of the relationship is statistically significant at a 0.05 level of significance
4. The hypothesis that there is a strong relationship between the legal framework and service delivery in procurement was supported by the evidence from the field and

is accordingly adopted. There is a positive correlation between the two. Table20, shows a correlation of 0.503 confirming that the strength of the relationship is statistically significant at a 0.05 level of significance

CHAPTER FIVE

SUMMARY, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summary, discussion, conclusions and recommendations on the study findings.

The purpose of this study was to examine the effect of procurement management practices on local government service delivery in Uganda, using Iganga town council as a case study. The researcher collected data using questionnaires from staff of Iganga town council, Key informants were interviewed and the researcher made personal observations.

5.1 Summary of the main findings of the study

5.1.1 Findings on the 'Effect of transparency on service delivery'

The purpose of the study was to examine the effect of procurement management practices on local government service delivery in Uganda, using Iganga Town Council as the case study. The main variables under this study were; transparency, nondiscrimination, competitive bidding and the moderator effect of procurement legal framework. The data collected was from 73 respondents and 6 key informants, analyzed by use of SPSS, a statistical package for social scientists, and by use of likely scale of strongly agree (SA) =5, agree (A) = 4, undecided (U) =3, disagree (D) =2 and strongly disagree (SD) =1. that data was entered into the SPSS package and descriptive analysis for each variable was done , below are the major findings

The findings from the study identified the factors that affected service delivery in Uganda. Of the variables studied, it was found that transparency had a critical effect on service delivery. The correlation results ($r = 0.299$; $p < 0.05$) showed that there was a significant positive relationship between transparency and service delivery. However, the regression model results ($r = 0.299$; $p < 0.05$) showed that the effect of transparency was a

critical factor in the service delivery in procurement. The more the transparency in the procurement process more the better the service delivery.

5.1.2 Findings on the ‘Effect of non-discrimination on service delivery’

The findings from the study brought to surface that non-discrimination affected service delivery in Uganda. It was found that non-discrimination had a critical effect on service delivery. The correlation results ($r = 0.373$; $p < 0.05$) showed that there was a significant positive relationship between non-discrimination and service delivery. However, the regression model results ($r = 0.373$; $p = 0.001 < 0.05$), shows that increase in non-discrimination in procurement leads to an increase in service delivery and that the results are statistically significant.

5.1.3 Findings on the ‘Effect of competitive bidding on service delivery’

From the findings, it was established that competitive bidding affected service delivery in Uganda. It was found that competitive bidding had a critical effect on service delivery. The correlation results ($r = 0.319$; $p = 0.006$) showed that there was a significant positive relationship between competitive bidding and service delivery. However, the regression model results ($r = 0.319$; $p = 0.006 < 0.05$), shows that increase in competitive bidding in procurement leads to an increase in service delivery and that the results are statistically significant.

5.1.4 Findings on the ‘Effect of legal framework on service delivery’

From the findings, it was established that legal framework affected service delivery in Uganda. It was found that competitive bidding had a critical effect on service delivery. The correlation results ($r = 0.503$; $p = 0.000$) showed that there was a significant positive relationship between legal framework and service delivery. However, the regression model results ($r = 0.503$; $p = 0.000 < 0.05$), shows that increase in legal frame work in procurement leads to an increase in service delivery and that the results are statistically significant.

5.2 Discussions

5.2.1 'Effect of transparency on service delivery'

From the findings it's indicated that evaluation communication and criteria are always put in place before bids are submitted for evaluation. Public procurement in Bosnia and Herzegovina does not fully respect this principle of transparency, evaluation criteria are poorly described, while discretion is given to the evaluation and the objectivity and accountability of the selection. The technical compliance selection method was used in evaluation of works. Evenett & Hoekman (2003) contends that for a procurement process to be transparent; (i) The terms upon which the procurement process will be conducted and the criteria upon which any decisions are to be made are codified to the greatest extent possible and made widely available. (ii) The eventual procurement award decision and where possible, any intermediate decisions such as which firms are allowed to bid, or have met minimum requirements to have their bids considered in detail is made publicly available. (iii) It is possible to verify expeditiously that the codified procedures and criteria were indeed applied and that the claims made were in fact true.

Local governments purchase services and goods and may outsource also some of their responsibilities. Local governments can be an important buyer of services and goods in rural areas thus contributing and influencing the type of economic growth and employment generation. It is estimated that for example in Uganda one third of all procurement by the state, is handled by local governments. In Ghana, for example, local governments have influenced the system for sourcing for school meals, emphasizing the importance of buying locally produced foods. The type of procurement system used may contribute to pro-poor development and job creation. But, the scope for a preferential policy may be restricted by existing regulations that set the minimum conditions to ensure quality and open competition. Lack of transparency and even corruption in procurement

systems may undermine the development of a healthy private sector (Wal & Hilhost 2007).

Timely procurement information was available for scrutiny to interested parties which is a requirement and the PPDA (2003) which states that transparency is about being open about all activities and transactions pertaining to public procurement and disposal. The public should freely scrutinize these activities and any relevant information should be accessed at minimal cost under a clear policy (PPDA, 2003). The law that regulates procurement activities was being followed during service provider selection. Hunja (2003) confirmed this by stating that a strong and well functioning procurement system is one that is governed by a clear legal framework establishing the value of transparency, accountability, efficiency and mechanisms of enforcement compiled on institutional arrangement that ensures consistency in overall policy formulation and implementation. There was a significant positive relationship between transparency and service delivery. The more the transparency in the procurement process more the better the service delivery. Local governments should on these findings so that tax payers get the best services possible.

5.2.2 ‘Effect of non-discrimination on service delivery’

From the results, the overall respondent’s rate of those who agreed that there was no-discrimination was 56% which is more than half the overall number of respondents. However, in Bosnia and Herzegovina, there are no clear provisions on standards to guarantee the objective at nondiscriminatory description of the subject of procurement, therefore the use of brand names and other references to the producer or source of origin is not prohibited, the minimum content of contract notices and tender documents is not

precisely set. The CAO said that all service providers were treated fairly, which motivated service providers to timely deliver and it reduced their complaints.

This was in agreement with the EU procurement laws, which states that one of the fundamental principles guiding modern EU public procurement rules is that all bidders are granted equal opportunities, the procedure applied has to be objective adherence to the nondiscrimination principles which guaranteed that companies can take part in public tenders regardless of nationality and that contracts are awarded on fair and non restrictive basis. One of the requirements of nondiscrimination is that pre-qualified suppliers list be prominently displayed on notice and bid boards and be published in nationwide coverage newspapers, this the researcher observed. This is a requirement of OGC (2006) and its in agreement with the findings. It goes a head to emphasize the importance of transparency meaning that acting authority must ensure a degree of advertising based on the individual circumstances of the case sufficient to allow the service market to be opened up to competition and impartiality of procedures to be reviewed. It was found that non-discrimination had a critical effect on service delivery. This shows that increase in non-discrimination in procurement leads to an increase in service delivery and that the results are statistically significant. So local governments ought to take on these findings and use them to do business.

5.2.3 'Effect of competitive bidding on service delivery

The researcher found that an increase in competitive bidding in procurement lead to an increase in service delivery. From the findings, 71.2% agreed that there was competitive bidding in procurement was being practiced in Iganga town council. This was supported by (CIPS 2006), which said that before you consider competitive bidding, you consider some questions as to whether there is enough time and funding to guarantee the effort,

whether the number of suppliers, their competence and expertise and whether they were interested in the contract.

Suppliers were selected basing on set guidelines ie capability, on lowest bidder, standard procurement documents, on thresholds set by regulations, opening bids in the presence of a cc members etc, this was supported by the (PPDA 2003) which stated that effective competition shall be evidenced by use of open bidding, restricted bidding or quotations and proposals procurement methods in the regulation. In Philippines, competitive bidding was used to to improve procurement with the anti corruption efforts that have led to strong and impassioned civil society organizations with enormous support among the general public.

Improving results by focusing on procurement outcomes has also been advanced by the formation of a strong non-government organization group that has taken over an active role in monitoring procurement and engaging in a constructive dialogue with a range of government leaders, members of parliament, leading representatives of the media and other civil society groups. Finally, the solid foundation of reform that has been created has served as a platform for the introduction of an e-procurement system that has significantly increased the level of transparency and competitiveness in the procurement process. However in Bosnia and Herzegovina, the qualification procedure is not clearly and exhaustively described, the minimum time limits for submission of bids are lacking and the procedure for reviewing complaints filed by unsuccessful candidates is ineffective. It is clear that the EU procurement rules were framed on the basis of neo-liberal intellectual ideas, which assume that public and utility supply efficiency is best achieved through competitive and open tendering processes.

It was established that competitive bidding affected service delivery in Uganda. It was found that competitive bidding had a critical effect on service delivery. That implies that increase in competitive bidding in procurement leads to an increase in service delivery and that the results are statistically significant. So there is need for local governments to increase in their transparency in the procurement activity.

5.2.4 'Effect of legal framework on service delivery'

From the findings, the overall indicated that over 50% agreed that the legal framework indeed moderated the procurement activities in Iganga Town Council. This was supported by the local governments (PPDA) regulations (2006). It states that the regulations shall guide and regulate local governments, councils, administration units and other entities using public funds in their functions and operations relating to procurement of goods, services, works and disposal of public assets under local government Act, Cap 243 and the public procurement and disposal of public assets Act, 2003 (PPDA, 2003) Where there is a conflict between these regulations and any earlier regulations, guidelines or circulars, relating to procurement and disposal for local governments, these regulations shall prevail. the amendments of the local governments act improved services delivery in Iganga district .

However in 2002, in Bosnia and Herzegovina, rules were introduced on procedures for purchasing goods and services for awarding public works but not procurement legislation which left a lot room for twisting by the contracting officers. This did not provide for sufficient guarantees for transparent and fair procurement practices. There are no manuals nor guidelines, no support and training by government, this reflects weaknesses e.g. no procurement notices' publications, and this causes low quality procurement operations and all doors to nepotism and corruption. The basic principles of transparency,

accountability and equal treatment are not properly implemented. The common practice in awarding contracts is to avoid the open procedure. Potential contractors are not granted, open, access to government contracts

From the findings, it was established that legal framework affected service delivery in Uganda. It was found that competitive bidding had a critical effect on service delivery. This shows that increase in legal frame work in procurement leads to an increase in service delivery and that the results are statistically significant. The tender boards were easily manipulated but when they were replaced with CC there is a commendable change in the way things done in procurement. The procurement law should be fully developed so that value for money is achieved.

5.3 Conclusions

5.3.1 'Effect of transparency on service delivery'

That all procurement activities were all done through competitive bidding. The PDU indicated dates for submission, evaluation, and invitation of bid documents and their commencement of contract dates. All potential suppliers were fairly treated and prequalification process was done openly, selection of suppliers was done basing on the lowest bidder and all procurement activities were according to set guidelines. Job opportunities were advertised in the nationwide media and bidders did not influence the procurement process.

Basing on the findings, it can be concluded that local governments take on these findings so that tax payers get the best services possible.

5.3.2 ‘Effect of non-discrimination on service delivery’

That all needs identified by users are procured by the end of the financial year. Bid advertisements are signed by the AO and that pre-qualified suppliers are prominently displayed on the district notice board. bids notices are published in newspapers with nationwide coverage, bid opening is done in open and some suppliers selection are based on size or complexity or scope of the services /works of the job. Standard specifications are included in all bid documents. There is timely, user-friendly and accessible to all services and suppliers as per specifications. Basing on these facts, I conclude that non-discrimination as a procurement management practice is very important to Local governments as it creates a wide supplier base from which you can get the best suppliers.

5.3.3 ‘Effect of competitive bidding on service delivery’

Bids are evaluated by an evaluation committee appointed for that purpose and the evaluation committee adheres to the set criteria and for work, the judicial compliance selection method is used. All procurement activities are done in open, timely procurement information is available to interested parties. Iganga Town Council staffs are involved in unethical trading as they accept gifts from suppliers. all transactions are done transparently and this has reduced on the number of complaints from users. Timely and accurate information is availed to all potential providers. Basing on the findings,. So there is need for local governments to increase competition in the procurement activity.

5.3.4 ‘Effect of legal framework on service delivery’

The AO, PDU, users and other district staff supervise the jobs done by suppliers. The AO confirms availability of funding before commencement of procurement. The AO communicates all contracts awards to successful bidders, he signs the contract and he follows the procurement law. The tender boards were easily manipulated but when they

were replaced with CC there is a commendable change in the way things done in procurement. The procurement law should be fully developed so that value for money is achieved.

5.4 Recommendations

5.4.1 'Effect of transparency on service delivery'

That all bids are always evaluated by an evaluated committee appointed for that purpose. The procurement activities always are done in open, evaluation criteria be clearly set and that the public should closely scrutinize them. Also I recommend that for information to be timely and consistent, there should be set public notice boards which are prominently placed. I recommend that there is total confidentiality in the procurement process. On the basis of the research findings I can recommend that transparency in the procurement process be taken very seriously so that better services are got in various parts of this country.

5.4.2 'Effect of non-discrimination on service delivery'

That all needs identified by users are procured by the end of the financial year as this would mean that the finances for that particular financial year will have been used. The AO Advertises all bids in the news papers with a nationwide coverage. Bid openings should always be done in the presence of members of the public. Some suppliers be selected basing on complexity, size and scope of service/works. That services offered should be timely, user friendly and accessible to all. On the basis of the research findings I recommend that non-discrimination as one of the procurement management practices is used in all districts in this country for better service delivery.

5.4.3 'Effect of competitive bidding on service delivery'

All public procurement activities be always done through competitive bidding. That the PDU indicates dates for submission, evaluation, invitation of bid documents. That all

sizes of potential suppliers be included in the prequalification list as this eases the work of PDUs. Prequalification of suppliers be based on price offered and capability, consideration, value of requirements or threshold set by regulations. A technical evaluation committee be appointed prior to opening of bids. Statements of requirements are prepared and submitted to the PDUs for the procurement process to be done according to the PPDA regulations. On the basis of the research findings I can recommend that competitive bidding be practiced in all parts of this country for better service delivery.

5.4.4 ‘Effect of legal framework on service delivery’

That all stakeholders in the Town Council supervise the job being done as this would motivate all the concerned to do their best in the procurement process. That AO and PDU are not a member of the evaluation committee and that CC observes a minimum meeting quorum of 3 members. That since the AO is the permanent secretary of the PDE, he should always communicate about procurement related issues to all concerned stakeholders as and when necessary. On the basis of the research findings I recommend that for successful implementation of service delivery, the legal framework should be fully developed so that fraudsters are limited from using any loopholes in the law.

5.5 Area for further research

The research findings identified critical factors affecting service delivery in local government service delivery taking Iganga town council as a case study. Future researchers could formulate hypotheses basing on the finding of this study for verification in the whole Uganda. The following topic could guide the study: Investigation of procurement management practices on service delivery in Uganda.

5.6 Contribution of this study

On the basis of the research findings we can conclude that the research was able to investigate procurement management practices that effected service delivery. All the four factors investigated were found to be critical and significant to service delivery. The four hypotheses were all significantly related to service delivery and supported by evidence from the field and accordingly adopted. We can say that the research was able to identify the contribution made by procurement management practices The study has brought to surface the effect of procurement management practices on service delivery. This study can serve as a reference for better service delivery in Iganga town council. This study can be used by other local governments in Uganda. This study identified possible areas of further research which can be taken up by the research world to be able to generate more information on the suggested areas.

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Appendix 1:

Letter of recommendation

Appendix 2:
Letter of introduction

Appendix 3:

Questionnaire

**ELECTORAL COMMISSION
P.O. BOX 22678
KAMPALA
DATE: 09/07/2009**

Dear respondent,

I am a student at Uganda Management Institute, on a Masters degree in Management Studies. The study title is Procurement Management Practices and their effect on Local Government service delivery in Uganda: A case study of Iganga District. The information gathered is purely for academic purposes only to enable me assess to what extent procurement management practices contribute to effective local government service delivery in Uganda.

Thanking you in advance for your time and effort in filling this questionnaire.

Yours truly,

Muwaya Ronald Donald Ross

Researcher/Student

Section A: Demographics

Please put a tick (✓) inside the box that corresponds to your choice.

1. Category of respondent:

Public servant Contractor LC III Councilor
LC V Councillor Service provider

2. Academic qualification:

A-level Diploma Degree
Masters PhD Others (specify)

3. Age:

Under 18 18-39 40 and above

4. Sex:

Male Female

5. Years of service in the workplace:

Less than 3 yr 3-10 yrs Over 11 yrs

Please put a tick (✓) inside the box that corresponds to your choice.

Key: Strongly Agree (SA) =5, Agree (A) =4, Undecided (U) =3, Disagree (D) = 2, Strongly Disagree (SD) =1

Section B: Competition in Procurement

1	All procurement activities are done through competitive bidding	5	4	3	2	1
2	The procurement unit indicates the dates for submission of bids.	5	4	3	2	1
3	The procurement unit indicates the dates for evaluation of bids.	5	4	3	2	1
4	The procurement unit indicates the dates for invitation of bid documents	5	4	3	2	1
5	The procurement unit indicates the dates for contract commencement.	5	4	3	2	1
6	Only big suppliers/service providers are included in the pre-qualified list	5	4	3	2	1
7	Even small suppliers/service providers participate in the procurement activity	5	4	3	2	1
8	The procurement unit prepares bids early enough.	5	4	3	2	1
9	Prequalification of suppliers, service providers is always openly advertised	5	4	3	2	1
10	Prequalification of suppliers, service providers is done as and when needed.	5	4	3	2	1
11	Pre-qualified suppliers are prominently displayed on district notice boards.	5	4	3	2	1
12	The method of procurement clearly stated in the bid documents.	5	4	3	2	1
13	Selection of suppliers is based on capability consideration.	5	4	3	2	1
14	Selection of suppliers is always based on price offered	5	4	3	2	1
15	Contracts Committee approves bid documents prior to start of procurement.	5	4	3	2	1
16	All procurement takes place according to the set guidelines	5	4	3	2	1
17	The Contract Committee approves methods of procurement prior to bidding	5	4	3	2	1
18	Standard procurement documents are used in all procurements	5	4	3	2	1
19	Procurement methods are based on the value of the requirement/activity	5	4	3	2	1
20	Procurement methods are set according to threshold set by regulations	5	4	3	2	1
21	Open bidding is the most frequently used procurement method here.	5	4	3	2	1
22	Opening bids is always witnessed by a member of the Contracts Committee.	5	4	3	2	1
23	A technical evaluation committee is appointed prior to opening of bids.	5	4	3	2	1
24	Local bidders are given preference in the open bidding method	5	4	3	2	1
25	The minimum bidding period is observed in all procurements	5	4	3	2	1

26	Statements of requirements are prepared and submitted to the PDU in time	5	4	3	2	1
27	The evaluation criteria is stated in the Solicitors documents	5	4	3	2	1
28	Solicitation documents always include a draft format of contract	5	4	3	2	1
29	Solicitation documents include taxes to be included in the bid prices	5	4	3	2	1
30	Supplier Selection criteria are determined prior to tendering	5	4	3	2	1
31	Bidders don't have any input in the preparation of tender documents	5	4	3	2	1
32	The contract is always awarded to the lowest bidder.	5	4	3	2	1

Section C. Non-discrimination in procurement

1	I participate in identification in sourcing suppliers for the district	5	4	3	2	1
2	All needs identified by users are procured by the end of the financial year.	5	4	3	2	1
3	The advertisement of bids is always signed by the Accounting Officer.	5	4	3	2	1
4	Pre-qualified suppliers are prominently displayed on district notice boards.	5	4	3	2	1
5	Bid notices are published in newspapers with a nationwide coverage	5	4	3	2	1
6	Bid opening is open to members of the public	5	4	3	2	1
7	Some supplier Selections are based on complexity of the job.	5	4	3	2	1
8	Some supplier Selections are based on size of the job	5	4	3	2	1
9	Some supplier Selections are based on scope of the service/ works.	5	4	3	2	1
10	Standard Specifications are included in all bid documents	5	4	3	2	1
11	There is timely service delivery.	5	4	3	2	1
12	All services offered are user friendly.	5	4	3	2	1
13	All services offered are accessible to all.	5	4	3	2	1
14	Suppliers supply as per the specifications.	5	4	3	2	1

Section D. The legal framework in procurement.

1	The Accounting Officer supervises the job	5	4	3	2	1
2	Users supervise implementation of the services.	5	4	3	2	1
3	The district has sufficient personnel to monitor implementation	5	4	3	2	1
4	The PDU monitors performance of contracts	5	4	3	2	1
5	Members of the Committee in Local Councils are serving public	5	4	3	2	1

	officers					
6	The Authorizing Officer is also a member of the Contracts Committee	5	4	3	2	1
7	Members of the PDU are also members of the Contracts Committee	5	4	3	2	1
8	The contracts Committee observes a minimum meeting quorum of 3 members.	5	4	3	2	1
9	Requirements are submitted to the A. O. before the Contracts Committee.	5	4	3	2	1
10	The A. O. confirms availability of funding before commencement of procurement	5	4	3	2	1
11	Procurement methods prior to the commencement of procurement	5	4	3	2	1
12	The Accounting Officer communicates all contract awards to successful bidders	5	4	3	2	1
13	The Accounting Officer signs Contracts/Local Purchase Orders	5	4	3	2	1
14	The Accounting Officer is given gifts by service providers.	5	4	3	2	1
15	The Accounting Officer knows the procurement law on competition.	5	4	3	2	1

Section E. Transparency in Procurement

1	Bids are evaluated by an evaluation committee appointed for that purpose	5	4	3	2	1
2	The technical evaluation committee is appointed before bids are submitted	5	4	3	2	1
3	The technical evaluation committee adheres to evaluation criteria as set.	5	4	3	2	1
4	The technical compliance selection method is used in evaluation of works	5	4	3	2	1
5	The procurement activities are done on open.	5	4	3	2	1
6	The public scrutinizes the procurement activities.	5	4	3	2	1
7	Every transaction pertaining to public procurement is done in an open manner	5	4	3	2	1
8	Timely procurement information is availed to interested parties	5	4	3	2	1
9	Consistent procurement information is availed to interested parties at no cost	5	4	3	2	1
10	Non-acceptance of gifts from service providers	5	4	3	2	1

11	Non-supply of procurement information by procurement to bidders by staffs.	5	4	3	2	1
12	The information given to providers/contractors is accurate	5	4	3	2	1
13	There is a clear and open procurement policy	5	4	3	2	1
14	Our staffs involved in the procurement process are given presents by supplier.	5	4	3	2	1
15	There is non acceptance of gifts and hospitality by staff in the process.	5	4	3	2	1
16	There is total assurance on confidentiality in the procurement process	5	4	3	2	1
17	There is clear separation of responsibilities among the players.	5	4	3	2	1
18	We do not use others authority for personal gains.	5	4	3	2	1
19	There are no user complaints	5	4	3	2	1
20	Transactions pertaining to public procurement are done transparently	5	4	3	2	1
21	Timely and consistent information is availed to interested parties at no cost.	5	4	3	2	1
22	The information given to providers/contractors is accurate.	5	4	3	2	1

Section F. Service delivery

1	Services are delivered at the right places	5	4	3	2	1
2	Services are delivered usually on time	5	4	3	2	1
3	Services delivered are usually of high quality	5	4	3	2	1
4	Services are usually of the market price	5	4	3	2	1
5	Services providers work as individuals	5	4	3	2	1
6	Service providers are competent in their job	5	4	3	2	1
7	Service providers are committed to their job	5	4	3	2	1
8	Contractors are very clear about the requirements	5	4	3	2	1
9	Contractors ask questions where they don't understand	5	4	3	2	1
10	Service providers are paid on time	5	4	3	2	1
11	Every service providers gets paid in the office of the CAO	5	4	3	2	1
12	Service providers are given ample time to deliver their job	5	4	3	2	1
13	Service providers are always complaining	5	4	3	2	1
14	Services provided are user friendly	5	4	3	2	1
15	The public easily accesses the provided services	5	4	3	2	1
16	Services providers offer the right quantity	5	4	3	2	1
17	Service providers bring back some money to the CAO	5	4	3	2	1

Appendix 4:

Interview schedule for key informants

Procurement management practices

1. What criteria are used to select the best bidder?
2. Are PPDA local government guidelines followed during service provider solicitation?
3. Is the public free to access procurement notice board?
4. Are small and big potential service providers equally treated?
5. Is ethical trading practiced in this district?
6. Do service providers deliver on time?
7. Are there any service providers that are not from Iganga town council?
8. Are beneficiaries allowed to monitor and evaluate the deliverables?
9. Are opportunities publicized in the national media?

Procurement planning

1. Who are the key players in needs identification to actual procurement?
2. Does council have an integrated procurement?
3. Does council fully finance the budget for its procurement activities?
4. How was council's performance against the annual work plan in percentages?
5. Does the district have a planner?

Procurement unit staffing

1. Is there a human resources department in Iganga town council?
2. How is the staffing exercise done in Iganga town council?
3. Are there advertisements seeking to employ procurement officer?
4. Are there internal adverts seeking to promote already existing officers?

Procurement activities

1. Do you have political interferences in the council activity?
2. Do you have complaints from service providers/contractor of unfair contract award?
3. Are service providers paid promptly?
4. How have the amendments of the Local Government Act affected procurement activity?
5. District Tender Boards were replaced with Contracts Committee how has this affected service delivery?

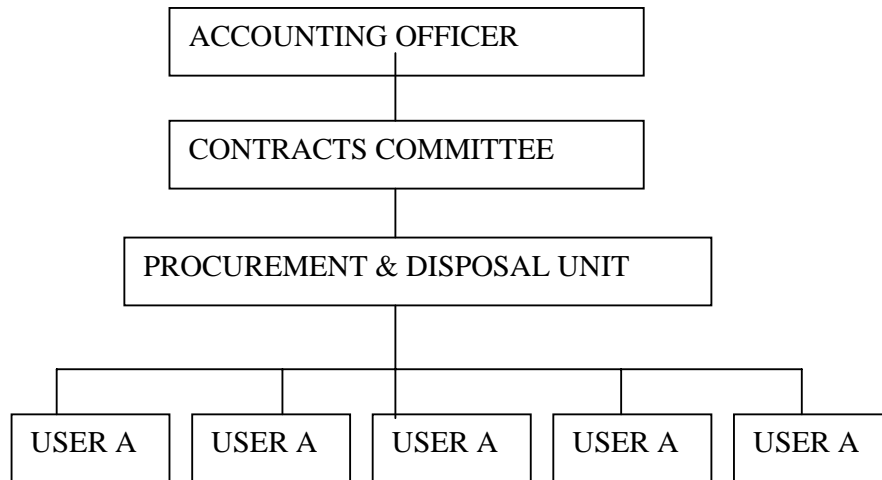
Appendix 5:

Observation checklist

No.	Details of service	Yes	No
1	Refuse removal is done		
2	Refuse bins are there		
3	Bins are large enough		
4	Bins are too small for the volumes of the refuse		
5	Communal refuse removal		
6	Bins are near the residences		
7	Are residents happy		
8	Are staffs happy		
9	Are service providers happy		
10	Refuse still a lot in the town council		
11	The stench from refuse is still there		
12	The roads are good today		
13	There are more pothole today		
14	The pre-qualified list is on the notice board		
15	The quality of the service is adequate		
16	There are refuse collectors from the town council		
17	Some people have been assigned to refuse collecting centers		
18	Health services are given to residents		
19	Every resident is free to access the health service		

Appendix : 6

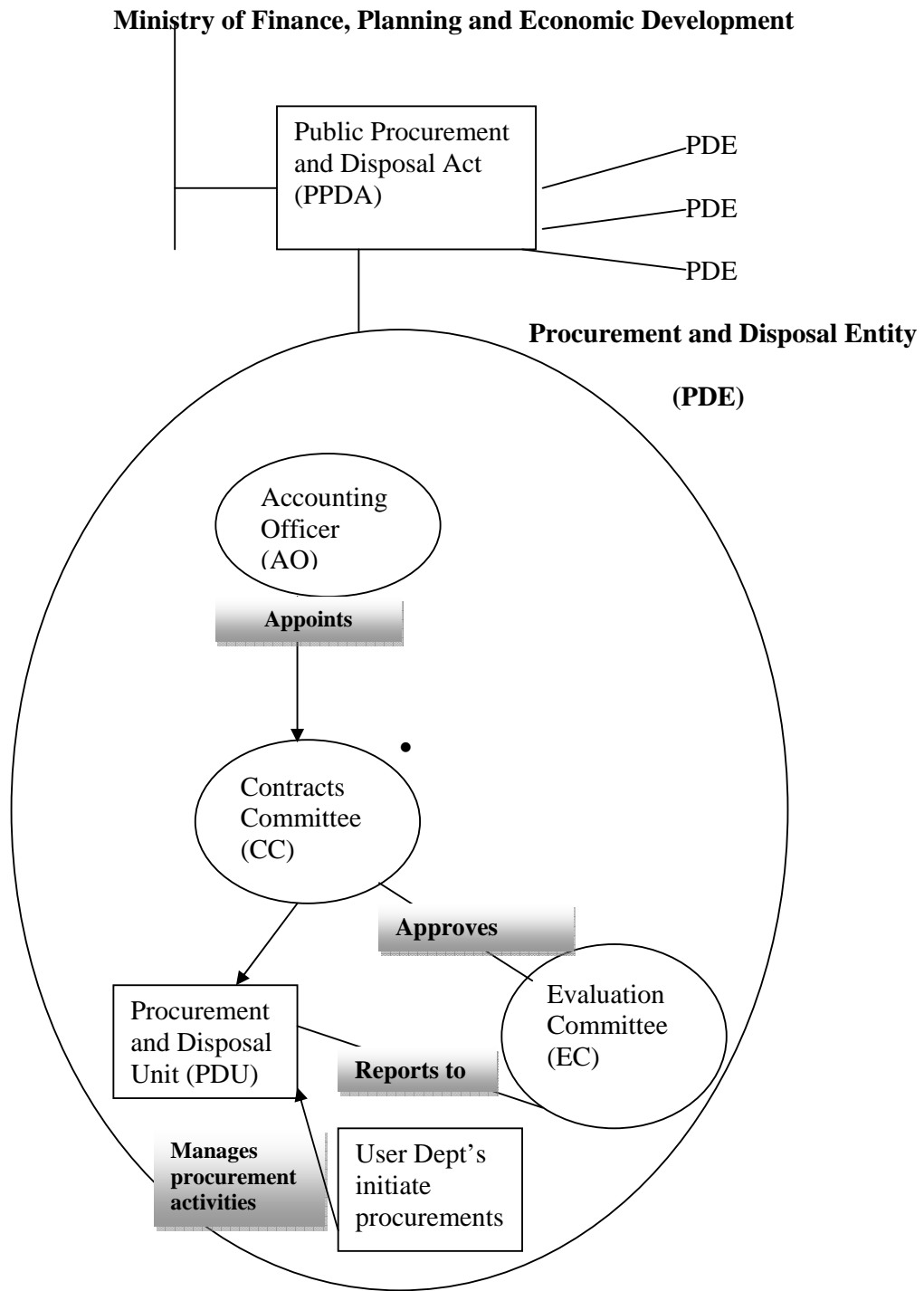
Uganda Local Government Procurement and Disposal Entity (PDE): Institutional Framework of Procurement Uganda



Source: Journal of Public Procurement, volume 8, issue 3, 379-406

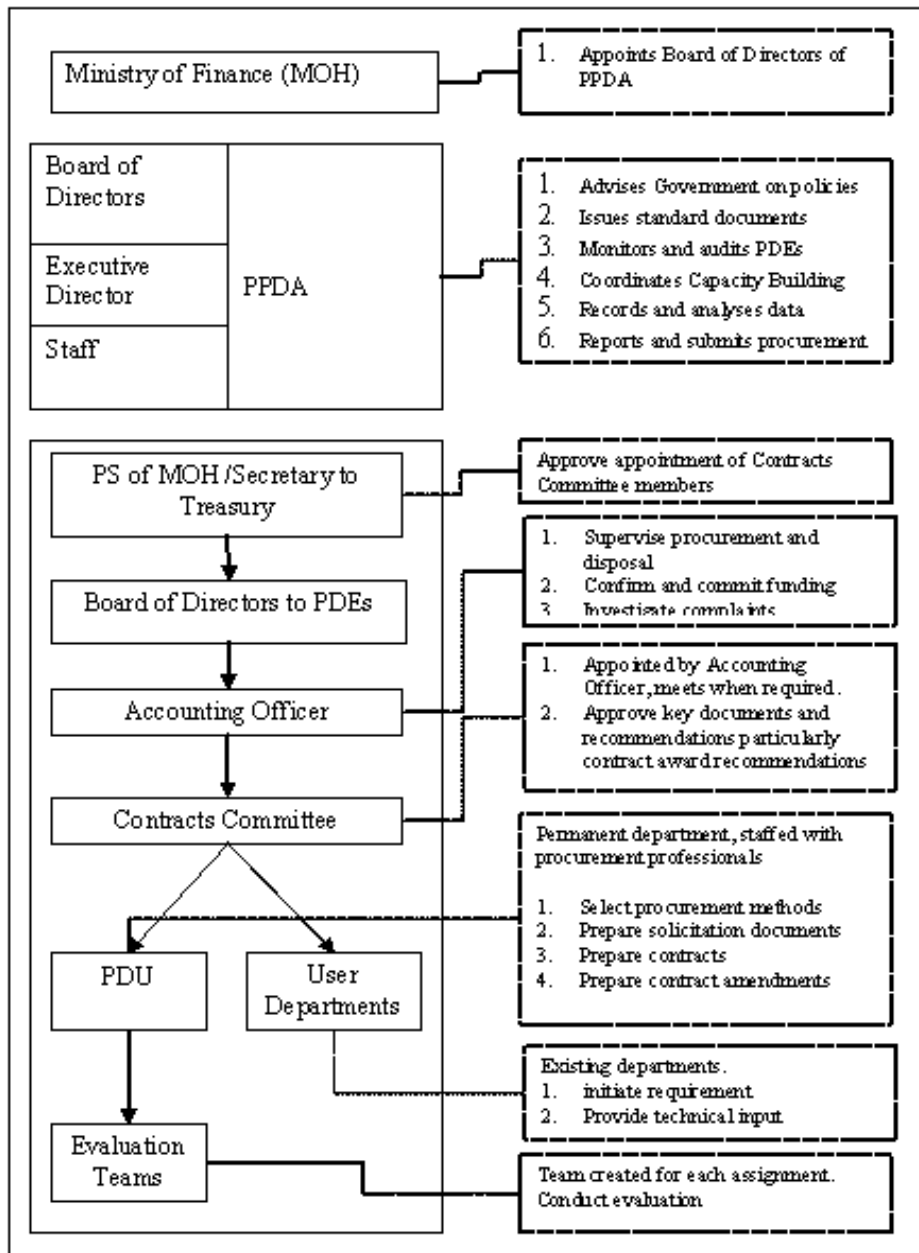
Appendix :7

Institutional arrangements for procurement in Uganda. (Source PPDA, 2006)



Appendix 8:

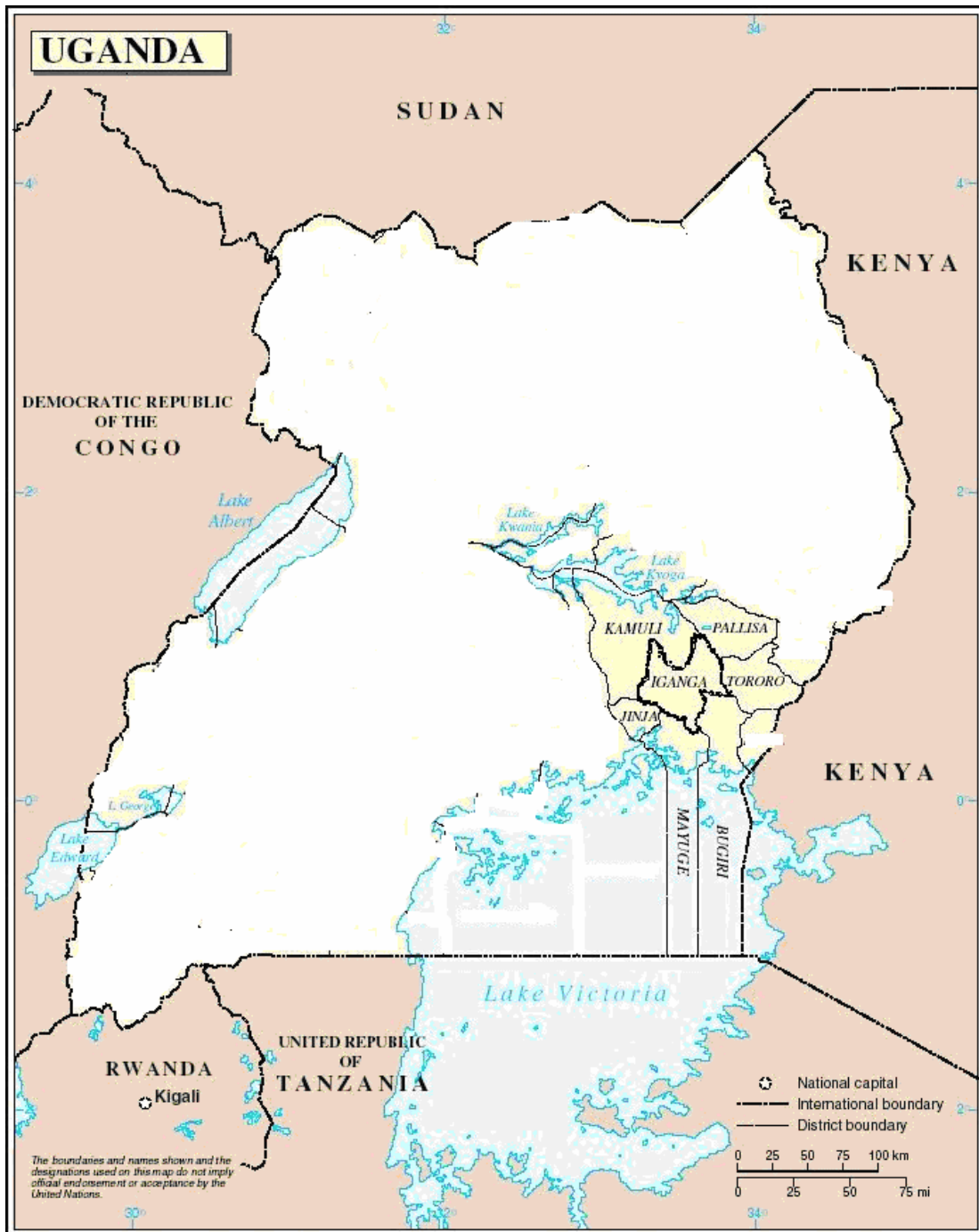
Roles in the current public procurement system (PPDA 2005)



SOURCE: PPDA (2005)

Appendix: 9

MAP OF UGANDA SHOWING IGANGA AND THE SURROUNDING DISTRICTS



Source: Department of public information, cartographic section