

**CHALLENGES IN THE PROCUREMENT OF COMMON USE
ITEMS AND SERVICES IN THE GOVERNMENT
PROCUREMENT AGENCIES OF TANZANIA
A CASE STUDY OF GOVERNMENT PROCUREMENT
SERVICE AGENCY (GPSA)**

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PROCUREMENT AGENCIES OF TANZANIA
A CASE STUDY OF GOVERNMENT PROCUREMENT
SERVICE AGENCY (GPSA)**

**By
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**A Dissertation to the Mzumbe University Dar es Salaam Campus College in
Partial Fulfilment of the Requirements for the Award of the Degree of Master
of Science in Procurement and Supply Chain Management (MSc - PSCM) of
Mzumbe University**

2013

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled: **Challenges in the Procurement of Common Use Items and Services in the Government Procurement Agencies of Tanzania**, in partial fulfilment of the requirements for award of the degree of Master of Science in Procurement and Supply Chain Management of Mzumbe University.

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DEDICATION

I dedicate this work to my lovely Father, Late Mr. Thomas Isaya Ajabu and my Mother Mariam Clara Majaliwa, who sent me to school.

LIST OF ABBREVIATIONS

APEC	-	Asia-Pacific Economic Cooperation
BCG	-	Boston Consulting Group
CPRA	-	Country Procurement Review Assessment
CUIS	-	Common Use Items and Services
EC	-	European Community
GPSA	-	Government Procurement Service Agency
IRSPP	-	International Research Study of Public Procurement
IT	-	Information Technology
LA's	-	Local Authority
NAO	-	National Audit Office
NHS	-	Nation Health Service
OECD	-	Organization for Economic Co-operation and Development
OGC	-	Office of Government Commerce
PE's	-	Procuring Entities
PMSI	-	Procurement Management Information System
PMU	-	Procurement Management Unit
PPA	-	Public Procurement Act
PSPTB	-	Procurement and Supplies Professional Tanzania Board
R&D	-	Research and Development
SME's	-	Small and Medium Enterprises sector.
TCO	-	Total Cost Ownership
UK	-	United Kingdom
UN	-	United Nations
UNCITRAL	-	United Nation Commission on International Trade Law
USA	-	United states of America
VFM	-	Value for Money

ABSTRACT

This study attempts to investigate the challenges in the procurement of common use items and services in the government procurement agencies of Tanzania. The research was conducted specifically at government procurement service agency, headquarters in Dar es salaam. A study sample consisted of 40 GPSA employees.

If these challenges continue to be neglected, the extent to which these factors hinder's the implementation of the system of procurement of the common use items and services will remain unanswered. Hence addressing the level of awareness, importance and challenges are paramount for enhancing efficiency and effective framework agreement system of procurement of common use items and services.

Research data was collected through interviews, questionnaire and documentary reviews. Qualitative data was subjected to content analysis and quantitative data was summarised in tables and charts. The government procurement service agency (GPSA) employee's both top management and lower rank employees were contacted to provide research data.

Research findings showed that, procurement of common use items and services using framework agreement systems has faced many challenges in its implementation at government procurement service agency (GPSA), and has led into big constraints in achieving of value for money as it is expected by government.

The research therefore reaches conclusion that, if care will not be taken into consideration, these challenges will lead to the negative impacts in the implementation of the system. Hence to eliminate these problems players must change their attitude, training should be taken into account, resources and time should be dedicated as well as legal framework needs adequately support the system.

Implications of these are therefore; future reforms in procurement guidelines must be given maximum considerations by policy makers, decision makers and procurement practitioners to enable public procurement through GPSA to achieve value for money.

TABLE OF CONTENTS

	Page
CERTIFICATION	i
DECLARATION AND COPYRIGHT	ii
ACKNOWLEDGEMENT	iii
DEDICATION.....	iv
LIST OF ABBREVIATIONS	v
ABSTRACT	vi
LIST OF TABLES	xi
LIST OF FIGURES	xii
CHAPTER ONE	1
BACKGROUND INFORMATION.....	1
1.1 Introduction	1
1.2 Back ground to the Research Problem	1
1.3 Statement of Research Problem.....	3
1.4 Research Questions	5
1.4.1 General Research Question	5
1.4.2 Specific Research Questions	5
1.5 Research Objectives	6
1.5.1 General Research Objectives.....	6
1.5.2 Specific research Objectives.....	6
1.6 Significance of the Study.....	6
1.7 Delimitation of the Study (scope).....	7
1.8 Limitations of the Study	7
1.8.1 Limited resources	7
1.8.2 Accessibility of the data	7
1.8.3 Poor Response	7
1.8.4 Bureaucracy and Procedures	8
1.9 Organization of the Study.....	8
1.10 Chapter Summary	9
CHAPTER TWO	10
LITERATURE REVIEW.....	10
2.1 Introduction	10
2.2 Conceptual Definitions	10
2.2.1 Procurement.....	10
2.2.2 Framework Agreement.....	11
2.2.3 Public Procurement	12
2.3 Objectives of Public Procurement	13

2.4	Common use Items	14
2.5	Benefits of Collaborative Procurement Are as follows	15
2.6	Types of Common Procurement.....	16
2.7	Strategic Procurement.....	16
2.8	Choice of procurement strategy.....	18
2.9	Value for Money.....	20
2.9.1	Ways for Achieving Value for Money	21
2.9.2	Barrier to Value for Money Procurement.....	21
2.10	Reviewing of Supporting Theories/Approaches.....	22
2.10.1	A Strategic- Purchasing Approach	22
2.10.2	Centralized-Purchasing Approach.....	23
2.11	Empirical Review	24
2.12	Conceptual Framework.....	32
2.13	Summary of Chapter.....	34
CHAPTER THREE		35
RESEARCH METHODOLOGY		35
3.1	Introduction	35
3.2	Research Design	35
3.3	Study Area and Background Information of Case Study	36
3.4	Sample and Sampling Procedures	37
3.4.1	Population and Sample size.....	37
3.4.2	Sampling Procedures	38
3.5	Sources of Data.....	38
3.5.1	Primary Data.....	38
3.5.1.1	Questionnaires	39
3.5.1.2	Interview	39
3.5.2	Secondary Data.....	40
3.6	Data Analysis.....	41
3.7	Data Reliability.....	41
3.8	Chapter Summary	42
CHAPTER FOUR.....		43
PRESENTATION OF FINDINGS		43
4.1	Introduction	43
4.2	Characteristics of Respondents.....	43
4.2.1	Respondent's Age.....	43
4.2.2	Respondent's Gender.....	44
4.2.3	Respondent's Education Levels	45
4.2.4	Respondent's Working Experience	46
4.3	Data from GPSA Employees (both Administrator and Non-Administrator) 47	
4.3.1	Benefit's of Implementing Framework Agreement System of Procurement of The Commonly Used Items And Services.....	47
4.3.1.1	Applicability of Framework Agreement System for Procuring Common Use Items and Services In The Organization	47
4.3.1.2	Benefits Obtained in the Organization From Implementation of	

Framework Agreement System Of Procurement Of The Common Use Items And Service	48
4.3.2 Determination of Whether Procurement Practice Guidelines Are Understood Clearly By The Procuring Entities	49
4.3.2.1 Procurement Guidelines Practices in the Government Procurement Service Agency for Procuring Common Use Items and Services	49
4.3.2.2 The Level of Awareness among Procuring Entities on Procurement Practice Guideline.....	51
4.3.3 How Framework Agreement Enhances the Achievement of Value for Money.....	51
4.3.3.1 Framework Agreement System Enhances the Achievement of Value for Money in Government Procurement of the Common Use Items and Services.....	52
4.3.3.2 Ways of Achieving Value for Money in the Procurement of the Commonly Used Items and Service	53
4.3.4 Challenges in the Implementation of Procurement of Commonly Used Items and Services.....	54
4.3.4.1 Following is linked to the Challenges Facing Procurement of the Common Use Items and Services	54
4.3.4.2 Information about the Supplies Market	55
4.3.4.3 Distance between Suppliers, Procuring Entities and Central Purchasing Unit	56
4.3.4.4 Tendering Process which is Mostly Applicable in the Government Procurement Service Agency	57
4.3.4.5 Challenges Facing the Implementation of Procurement of the Common Use Items and Services	58
4.4 Chapter Summary	59
CHAPTER FIVE.....	60
DISCUSSION OF THE FINDINGS.....	60
5.1 Introduction	60
5.2 Summary of the Research Process	61
5.3 Respondent's Profile	61
5.4 Applicability of Framework Agreement System for Procuring Common Use Items and Services in the Organization	62
5.5 Benefits Obtained in Organization from Implementation of Framework Agreement System of Procurement of the Common Use Items and Service	63
5.6 Procurement Guidelines Practices in the Government Procurement Service Agency for Procuring Common Use Items and Services	66
5.7 The Level of Awareness among Procuring Entities on Procurement Practice Guideline.....	68
5.8 Framework Agreement System Enhances the Achievement of Value for Money in Government Procurement of the Common use Items and Services.....	69
5.9 Ways of Achieving Value for Money in the Procurement of Commonly Used Items and Services.....	70

5.10	Following is linked to the Challenges Facing Procurement of the Common Use Items and Services.....	72
5.11	Information about the Supplies Market.....	73
5.13	Tendering Process which is Mostly Applicable in the Government Procurement Service Agency	74
5.14	Challenges Facing the Implementation of Procurement of the Common Use Items and Services.....	75
5.15	Chapter Summary	78
CHAPTER SIX		79
SUMMARY, CONCLUSION AND POLICY IMPLICATIONS.....		79
6.1	Introduction	79
6.2	Summary of the Results.....	79
6.3	Conclusion of the Study	80
6.4	Practical and Policy Implication.....	82
6.5	Suggestion for Further Research (Research Implications).....	86
6.6	Limitation (shortcoming) of this Research Study	87
REFERENCES.....		88
APPENDICES		93
	Appendix I: Questionnaire for Employee’s.....	93
	Appendix II: Guided Interview for Top Managers.....	97

LIST OF TABLES

	Pages
Table 2.1: Scope of the Purchasing Function.....	17
Table 2.2: The Kraljic Portfolio Matrix (Adapted)	19
Table 3.1: Composition of the Sample	38
Table 4.1: Percentage Distribution of Respondent's Age	44
Table 4.2: Percentage Distribution of Respondent's Gender	45
Table 4.3: Percentage Distribution of Respondent Education Background	46
Table 4.4: Frequency and Percentage Distribution of Respondent's Working Experience.....	47
Table 4.5: The Benefits Obtained From Framework Agreement System.....	49
Table 4.6: Ways of achieving Value for Money in the Procurement of Commonly Used Items and Services	53
Table 4.7: Challenges Facing the Implementation of Procurement of Common Use Items.....	59

LIST OF FIGURES

	Pages
Figure 2.1: Conceptual Framework	34
Figure 4.1: How Framework Agreement System of Procuring Common Use Items And Service Is Applicable (in percentage)	48
Figure 4.2: Procurement Guidelines Practices In The Government Procurement Service Agency	50
Figure 4.3: The Level of Awareness among Procuring Entities on Procurement Practice Guidelines (In Percentage).	51
Figure 4.4: Framework Agreement System Enhances the Achievement of Value for Money	52
Figure 4.5: Factor Linked to the Challenges Facing Procurement (in Percentage)	55
Figure 4.6: Information about Supplies Market	56
Figure 4.7: Distance between Procuring Players to the Central Purchasing Unit	57
Figure 4.8: Tendering Process Mostly Applicable (in Percentage)	58
Figure 6.1: Procurement management Information System (Knowledge- Communication Gap Bridge)	85

CHAPTER ONE

BACKGROUND INFORMATION

1.1 Introduction

This chapter describes the grounds for conducting this study. It includes the background of the research study, statement of the problem, research questions and research objectives, significance of the study, delimitations as well as limitations of the study.

1.2 Back ground to the Research Problem

In today's organizations and control of financial resources is the organization's most valuable strategies in achieving of the value for money, the government of united republic of Tanzania in its effort to utilize the financial resources effectively and efficiently have taken various reforms in the areas of public procurement starting way back in 1990's. As it is the case for most developing countries, public procurement reforms in Tanzania have largely adopted the United Nation Commission on International Trade Law (UNCITRAL), model law framework template. Tanzania has made a remarkable progress in reforming its public procurement system.

The reforms led to enactment of public procurement Act No. 03 in March 2001(PPA 2001) and it became in operational in the July 2001. In 2002 a country procurement review assessment (CPRA) was carried out which suggest further reforms from centralized to decentralized procurement System (CPRA, 2003), in which later review led to abolish of the central tender board, and replacing it with fully decentralized procurement function to procuring entities (PE's).

Other reforms are like enactment and operational of the public procurement Act (PPA) No.21 of 2004 whereby the public procurement system was established followed by the establishment of one central purchasing body of government known as government procurement services agency (GPSA) in 2007 as the government's

procurement arm for procuring common use items and services (CUIS), provision for procurement of used machinery and equipment, more functional and administrative independency to the head of the procurement management unit (PMU) whereby manager now reports directly to the chief executive officer, establishment of the public procurement policy division at the ministry of finance and establishment in 2009 of an all inclusive procurement and supplies professional body (PSPTB) which had been mentioned in the (CPAR, 2003) and (CPAR, 2006) recommendations.

Good governance programmes require that public procurement reforms support essential concepts and values as follows: Accountability to establish clear lines of responsibility in decision-making structures, responsiveness to citizens of the country, professionalism to improve individual and system performance, transparency to ensure that procedures and policies are understood and acceptable by procuring entities, competition to attract high quality national and international partners investing in meeting government needs through contracts and appeal rights to redress meritorious grievances of suppliers (Thai, 2009; Wyne,1999).

Public procurement remains a big part of the economy of developing countries, accounting for an estimated 9%-13% of their gross domestic product. Nevertheless, it is an area in need of serious attention since resources are not being properly managed in many countries and governing administration's in developing countries to reap benefits from improved management of their public procurement systems. However it seems many procuring entities (PEs) spend large sums of money to procure similar items, differentiation of prices for the same items between procuring entities and suppliers is substantial, substandard items and services are procured, storage space and facilities are limited and further more procuring entities spend more time in handling procurement activities rather than concentrating on their core function.

Supplies with low importance, low risk and complexity like common use items such as stationery items and commercial grade industrial fasteners the number of suppliers should be reduced and the cost of procurement minimized in order to get them (Kraljic, 1983).

Section 45(b) and (c) of the PPA, 2004 provides that, a procurement entity shall plan its procurement in a rational manner and in particular shall aggregate its requirement wherever possible within the procurement entity and between procuring entities to obtain value for money and reduce procurement costs and 45 (c) make use of framework contracts wherever appropriate to provide an efficient, cost effective and flexible means to procure works, services or supplies that are required repeatedly over period of time.

The public procurement regulatory authority (PPRA) in collaboration with the government procurement service agency (GPSA) has designed the system for procurement of the common use item and services that anticipated in eliminating problems and providing efficient, cost effective and flexible means for procurement of services or supplies that are required continuously over period of time.

According to GPSA guidelines(2009) which affiliated with Section 7(1) (m) of the public Procurement act No.21 of 2004 stipulates that authority shall agree on a list which shall be reviewed annually of works, services and supplies in common use by more than one procuring entity which may be subject to common procurement. The routine items and services include goods and services used by more than one procuring entity which may be subjected to common procurement. These items are needed continuously or repeatedly among procuring entities.

Therefore to sum up, it is clear that the establishment of procurement of common use items and services using frame work agreements have been done in order to link the salient features of the system for procurement of common use items and services, effective application of call-off orders and mini competition, the relationship between parties to the framework agreements, pre-requisites for quality assurance in procurement of the common use items and challenges of the system.

1.3 Statement of Research Problem

The basic philosophy behind preparation and implementation of the system of framework agreement (contract) for procurement of common use items and services

is to develop the alignment which enhances effectiveness, efficiency, economy and achievement of value for money in public procurement proceedings.

Besides the gains expected from establishment of government procurement service agency for management of framework agreement for common use items and services, it is observed that most of the public institutions which have started using the system face many challenges during implementation. Furthermore some institutions delayed to use the new system for procurement of the common use items and services due to unclear understanding (awareness) on the system and GPSA's guidelines (GPSA, 2012).

Yet there are some observed associated problems following the establishment of framework agreement including the following: High and non negotiated prices, emergency procurement or rush orders and frequent tender board meetings which increase unnecessary operational costs and many procuring entities use a lot of time to deal with procurement rather than concentrating on core business. Also there are various challenges such as lack of system awareness, change of technology, unawareness of legal framework, price fluctuation and resistant to change (Mwambega, 2010).

Taken together, the different studies tend to explore the relevance, types (forms) and how common procurement can be formed, without reflecting much on impeding factors for the smooth implementation of common procurement system.

If these challenges continue to be neglected, the extent to which these factors hinder the implementation of the system of procurement of the common use items and services will remain unanswered. Hence, addressing the level of awareness, importance and challenges are paramount for enhancing efficiency and effective framework agreement system of procurement of common use items and services.

However the foregoing observation conveys one critical message that, introducing management of framework agreements for common use items and services in public institutions in Tanzania is not an easy task. Introducing new system for managing

procurement of common use items and services is one thing but implementing it effectively and efficiently has been very difficult in public organizations in the country. Framework agreements system of procuring the common use items and services is still new concept to most of public sector and procuring entities in Tanzania. There is a need therefore to put emphasis on how the framework agreement system for commonly use items and services enhancing effectiveness, efficiency, economy and achievement of value for money in public procurement proceedings in Tanzania. Hence this study intended to find out challenges facing implementation of procurement of common use items and services in the public sectors of Tanzania.

1.4 Research Questions

1.4.1 General Research Question

The main research question which this study attempts to answer is: what are the challenges experienced by the government procurement agencies of Tanzania in implementation of procurement of the common use items and services?

1.4.2 Specific Research Questions

The above general question has been answered through the following specific questions:

- (i) What are the benefits of implementing framework agreement system of procurement of the common use items and services?
- (ii) Is the procurement practice guidelines of government procurement service agency understood among procuring entities?
- (iii) How framework agreement system for common use items and services enhance the achievement of the value for money in government procurement agency?
- (iv) What are the challenges experienced by the government procurement agencies of Tanzania in the implementation of procurement of the common use items and services?

1.5 Research Objectives

1.5.1 General Research Objectives

The study generally aimed at finding out challenges facing the implementation of procurement of common use items and services in government procurement agency of Tanzania by examining how the framework agreement operates and where it fails.

1.5.2 Specific research Objectives

The general research question has been achieved through the following specific Objectives:

- (i) To examine the benefits of implementing of the framework agreement system of procurement of the commonly used items and services.
- (ii) To determine whether procurement practice guidelines are clearly understood by the procuring entities.
- (iii) To assess how framework agreement enhances the achievement of value for money in procurement of the commonly used items and service.
- (iv) To examine the challenges facing government procurement agency in implementation of procurement of commonly used items and services.

1.6 Significance of the Study

There have been many studies undertaken on common procurement of common use items and services (CUIS) in public sector as well as private sectors. However the study on its application in Tanzania has not yet been conducted by many researchers. This study is therefore very significant in the following grounds:

- (i) It increased the researcher's knowledge in the area of conducting research.
- (ii) It will be used by the public as well as private sectors in Tanzania and outside the country to help in improvement of common purchasing.
- (iii) The research will benefit academicians and researchers all over the world as it adds to research work related to procurement of common use items and services (CUIS).
- (iv) It adds knowledge and broadens the understanding of the policy makers and thus helps to make good decisions concerning procurement of common use items.

- (v) The nature of study is so unique that any findings would likely advance knowledge in the field of research.

1.7 Delimitation of the Study (scope)

This study was conducted at government procurement service agency headquarters in Dar es Salaam. It focused on the challenges in the procurement of common use items in the government procurement service agencies of Tanzania. Government procurement service agency employees including heads of departments, managers, supervisors and members of staff were involved in the whole process of collecting data. The intention of this study was broadly based on academic purpose, even though will be useful to other uses like utilization of material available in different projects and institution.

1.8 Limitations of the Study

In conducting this study the researcher experienced and faced the following difficulties:

1.8.1 Limited resources

The researcher faced a problem of funds for buying research materials and paying transport costs in which the available funds were not enough. Moreover the time for conducting research was limited due to fact that research is very complex process, expensive and time consuming activity.

1.8.2 Accessibility of the data

This is another problem which faced researcher. Most of the public sectors are characterised by what called “privacy of an organization”. Due to this, it was difficult and sometimes completely impossible to access some relevant information classified as confidential by the organization.

1.8.3 Poor Response

There was an expectation that, there could be a problem of getting enough respondents and whether the available respondents could give enough support to

researcher and it was proved in which some respondents failed to feel answers to some questions.

1.8.4 Bureaucracy and Procedures

Bureaucratic tendencies of the government organs led to long time procedures and process to be allowed to access and collect data into the institution.

1.9 Organization of the Study

This study is organized into six chapters which are arranged scholarly as per guidelines for writing dissertation. Chapter one presents the introduction of the study which consists of the background information to the problem; statement of the problem, research question(s), objective of the study; significance, scope, limitation, organization of the study as well as chapter summary.

Chapter two consists of literature review which presents conceptual definition, empirical reviews, theoretical part as well as conceptual framework and research model.

Chapter three covers research methodology which has taken into consideration of the following: Type of the study (research design), study area, sample and sampling procedures, source of data, data analysis, data reliability and chapter summary

Chapter four involves data presentation and analysis of the collected data basing on research objectives and research questions

Chapter five and six comprised with discussion of the findings, conclusions and policy implications which includes limitations of the study and the areas for further research.

1.10 Chapter Summary

This chapter explains the justification for the study by tracing the background of the problem and provides its clear statement. It has provided the questions that the study attempts to answer, benefits to be gained, scope and limitations of the study.

Therefore paved the way for second chapter in which it reviewing necessary issues related to the study as given out by different scholars as well as conceptual framework. It is also showing background information of GPSA.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section explains key issues in procurement of the common use items and services from the views of various scholars. It covers conceptual definitions, theoretical analysis, empirical analysis as well as conceptual framework.

2.2 Conceptual Definitions

2.2.1 Procurement

Procurement has been defined differently by different scholars:-

Overall process of acquiring goods, civil works and services which includes all functions from the identification of needs, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration through the end of a services' contract or useful life of an asset (Thai, 2009).

Procurement may be broadly defined as the function responsible for the purchase, lease or other legal means of acquisition of goods, construction works, and services required to satisfy certain needs, at the right time from the right supplier or service provider, in the right quantities and at the right price. The goods and services supplied must meet the client's needs at competitive price and from a capable supplier, contractor or service provider (Swai, 2008). As a process or system, procurement is involving with sub processes or stages directed to achieve an output (Lyson, 2006). The various tasks or stages can be depicted as a process chain, thus purchasing can be depicted as sequential chain of events leading to the acquisition of supplies. The link in the purchasing process chain is information, thus each sub process in the chain is responsible for capturing or otherwise processing information that enables to answer the question like what are required to purchase and where and how the required supplies be obtained.

Procurement is introduced as one of the supportive activities in the value chain proposed by porter (1985) cited by Vanweel (2010). As cited by Vanweel

differentiates between ‘primary activities’ as those which are directed at the physical transportation and handling final products while ‘supportive ‘ as those enable and support the primary activities. Therefore procurement includes all activities required in order to get the product from the supplier to final destination. It encompasses the purchasing function, store, traffic and transportation, incoming inspection and quality control and assurance, allowing companies to make supplier selection decisions based on total cost own-ship (TCO) rather than price. Procurement is used when relating to buy based on TCO in a project and environment (Vanweel, 2010 Pp.6)

2.2.2 Framework Agreement

Framework agreements (Basic Ordering Agreements), these are arrangements covering a given period during which a supplier will provide goods, services or works to an agreed specification at an agreed price with agreed service levels. Contracts are formed when individual orders are placed against the arrangement (Wittig, 1999).

Framework contract is defined under regulation No.3 of the public procurement (Goods, Works, Non Consultant Services and Disposal of Public Assets by Tender) regulations, G. N. notice No 97, of 2005 as a contractual arrangement which allows the procuring entity to procure goods, services or works that are needed continuously or repeatedly at an agreed price over an agreed period of time, through a placement of a number of orders. Section 45 (c) of public procurement Act (PPA), CAP 410 requires procuring entities’ to use such arrangement wherever appropriate to provide an efficient, cost effective and flexible means to procure works, services or supplies that are required continuously or repeatedly over a set period of time. Perhaps the more useful term could be framework agreement as adopted by the current European Community (EC) utilities directive and the consolidated public sector directive which means an agreement with suppliers, 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 quality.

In other words, a framework agreement is a general term for agreements with suppliers which sets out terms and conditions under which specific procurements (call-offs) can be made throughout the term of the agreement. It also implies that each call-off constitutes a contract in its own right.

2.2.3 Public Procurement

PPA, (2004) defines public procurement as: Buying, purchasing, renting, leasing, or otherwise acquiring any goods, works or services by a procuring entity spending public funds on behalf of a ministry, department or regional administration of the government or public body and includes all functions that pertain to the obtaining of any goods, works or services, including description of requirements, selection and invitation of bidders, preparation and award of contracts. Procurement of goods, services and works is a key function in every public institution. This is because every institution requires goods, services and works to run its operations. It is estimated that public procurement covers 70% of the recurrent budget and 100% of the development budget each year. Hence, the need for efficiency in managing the procurement functions, (CPAR Tanzania, 2003).

The significance of public procurement in the modern state is increasingly being appreciated by governments and development agencies globally, which are recognizing procurement as a key component of public administration that links the public financial system with social and economic outcomes. Managing up to 20% of gross domestic product (Organization for economic co-operation and development [OECD], 2002 and Thai, 2009), a public procurement system that optimizes value-for-money has wide-ranging national benefits. On the other hand, weaknesses in procurement management both under-deliver social services and increase sovereign risk for foreign investment (Jones, 2002). Greater middle class expectations have driven many reforms of this function that have occurred worldwide over the past few decades, and have led to the development of new methods of procurement such as framework agreements, e-procurement, and outsourcing and public-private partnerships.

It was evident that the public procurement system in Tanzania had serious weaknesses that were impeding the country's development (Nkinga, 2003).

Public procurement can broadly be defined as the purchasing, hiring or obtaining by any other contractual means of goods, construction works and services by the public sector (Swai, 2008). In public procurement acquisition of goods, services and works is affected with resources from government budgets or funding from local and foreign donors. Unlike private procurement where the concern may be to obtain needed goods, works and services in a timely and effective manner at prices that are competitive, a public procurement system should also be fair, open and transparent.

Public procurement system has evolved over the last decade in line with the country's economic development and government initiative to optimise the use of public resources. The introduction of the public procurement act (PPA) in 2004 was a major step in Government's reforms plan as it allowed Tanzania to harmonise its system with international norms and best practices. The existing legislation is based on the UNCITRAL model on procurement. Public procurement is suppose to be strictly in compliance to the laid down procurement rules and regulations. In Tanzania public procurement is conducted within the framework of the public procurement Act No. 21 of 2004 (PPA 2004) and its regulations.

2.3 Objectives of Public Procurement

The objectives of public procurement are broadly consistent amongst many countries (Thai, 2001; Arrowsmith, 2000). These objectives are commonly defined at two levels, namely in terms of 'ends' and 'means'. For example, the government procurement experts group of the twenty one Asia-Pacific Economic Cooperation (APEC) countries has developed a set of principles that includes value-for-money, transparency, open and effective competition, fair dealing, accountability and due process (APEC, 1999).

In terms of the 'ends', procurement objectives are often defined as achieving best value-for-money in advancing the goals and objectives of the entity. The 'means' by which value for money outcomes are achieved have two broad goals – those that help

sustain the value for money objective and other goals of the agency, and those that protect the management integrity surrounding the use of public funds.

Thus the 'ends' and 'means' objectives for public procurement are often articulated (APEC, 1999; IAEA, 2010) in terms of achieving best value for money outcomes through processes that are transparent and non-discriminatory, that offer equality of access and open competition, and promote innovation. Frequently an efficiency objective is also included.

Therefore, public procurement must be transacted with other considerations in mind, besides the economy. These include accountability, non-discrimination among potential suppliers and respect for international obligations, in order to protect the public interests. Public procurement is a business process within a political system and therefore, has significant consideration of integrity, accountability, national interest and effectiveness.

2.4 Common use Items

Common use items are supplies, services or works in common use by more than one procuring entity (PE), which may be subject to common procurement, also known as cooperative, collaborative, consortia, group or joint procurement (Shirima et al, 2008). According to Kivisto, T et al (2006) terminology included co-operative purchasing (US, Canada, Germany), consortia (Finland, Canada Higher Ed and UK NHS), confederations (UK NHS), shared services (UK NHS, South Africa Province, and UN), and common services (Canada PWGSC). A purchasing consortium consists of two or more independent organisations that join together, either formally or informally, or through an independent third party, for the purpose of combining their individual requirements for purchased materials, services, and capital goods to leverage more value-added pricing, service, and technology from their external suppliers than could be obtained if each firm purchased goods and services alone (Hendrick, 1997).

Co-operative purchasing is not new, both in scientific research and in practical application. Historically, forms of co-operation and consortia in purchasing were first discussed by (Gushée and Boffey, 1928; Mitchell, 1927)

Deriving from the definition of purchasing consortia by Hendrick (1997), the purpose of aggregating requirements for common procurement is to leverage more value-added pricing, service, and technology from suppliers or providers than could be obtained if each PE procured goods or services alone, a survey by Aylesworth (2007) revealed that purchase price savings and process efficiencies are the main motives for cooperative procurement. In Tanzanian context, cooperative procurement can be useful for PEs within a geographical proximity; belonging to a particular sector such as education, health or infrastructure; or PEs having a common interest on specific items. In the last decade co-operative purchasing has become more and more well-established in practice (Doucette, 1997; Major, 1997; Nollet, 2003; Sickinger, 1996; Tella, 2005).

Commodities that can be subject to the common procurement through framework agreements, includes: Catering products, furniture, IT consumables, IT equipment including PCs and printers, mobile telecommunications, stationery and office supplies, vehicle leasing and short-term hire (Kivisto et al, 2006) .

2.5 Benefits of Collaborative Procurement Are as follows

Better utilisation of scarce procurement resources and skills, aggregation of spend to create greater purchasing power which will in return result in improved cost savings, a more efficient and less complex interface to suppliers utilising the efficiency of systems and other refinements of e-trading, spread of best practice including sharing of market intelligence.

Benefits that can accrued from cooperative procurement are not limited to shared contract, but also sharing procurement officers and specification writers, evaluation committees, administrative review panels for procurement disputes, or delivering joint training programs (NASPO, 2006).

2.6 Types of Common Procurement

There are various types of cooperative procurement. The most common are (NASPO, 2006):

True Cooperatives: Two or more organizations combine their requirements and solicit bids or offers for goods or services.

Piggyback Options: One or more organizations represent their requirements and include an option for other organizations to “ride” or “bridge” the contract as awarded.

Third Party Aggregators: An organization brings together multiple organizations to represent their requirements and manage the resulting contract or contractor.

Considering the situation in Tanzania, where procurement has been fully decentralized, the third option seems to be more appropriate. The third party in this case would be the Government Procurement Services Agency (GPSA).

Therefore, it is concluded by Humphreys et al (1998) that future manufacturing strategies will place significant emphasis on the control of purchased inventory and increasing the value of a just in time (JIT) procurement system to the firm.

2.7 Strategic Procurement

Procurement strategy refers to the specific actions that procurement may take to achieve its objectives (Lyson, 2006). It is referred to as a functional strategy. According to Baily et al. (2005), the procurement function covers three levels, namely, operational, tactical or managerial and strategic.

Table 2.1: Scope of the Purchasing Function

STRATEGIC LEVEL	ACTICAL/MANAGERIAL LEVEL	OPERATIONAL LEVEL
Purchasing research	Buying methods	Expediting
Long-range planning	Negotiation	Records & systems maintenance
Predicting availability	Budgeting	Invoice clearance
Policy determination	Interface development	Requisition handling
Multi or single sourcing	Staff development	Enquiries/quotations
Reciprocal trading	Contracting	Price determination
Ethics	Cost reduction techniques	Returns
Post-tender negotiation	Etc.	Etc

Source: Lyson (2006)

Purchasing is focused on the examination and utilization of the supply markets, such as analyzing geographical supply regions and countries, looking for suppliers best suited for the needs of the own company, or contracting selected suppliers. A distinctive feature of purchasing is the fact that it is embedded in two primary relationship dimensions, since some purchasing-related tasks are obviously closely related to the company and other functional areas, while others are clearly focused on external entities. For example, employees of the purchasing department are often involved in product design in order to give input concerning the availability of certain capabilities on the supply markets, or work closely together with research and development (R&D), manufacturing, or quality assurance in the product development process (Hannon, 2006 and Nijssen et al, 2002).

The objectives of procurement must be aligned to the corporate objectives. In other words, the procurement objectives, like any other functional objectives, have to be derived from those of organization.

2.8 Choice of procurement strategy

A procurement strategy pursued by an organization will depend on, first the type of the supplier being dealt with and second the type of items required by the organization. Hence, an organization may have different strategies for different suppliers and different supplies.

Kraljic (1983) introduced the first portfolio approach for use in procurement and supply management which is based on the fact that these days there are a lot of surprises. Companies have learned that supply and demand patterns can be upset virtually overnight because of the following threats resource depletion, raw materials scarcity, political turbulence, government intervention, intensified competition, and accelerated technological changes.

The portfolio is aimed at guiding managers so that they can recognize the weaknesses of their firms and formulate strategies for guarding against failing to get supplies. Kraljic points out the profit impact of a supply item can be defined in terms of: volume purchased, percentage of the total cost, impact on product quality or business growth.

The supply risk for an item can be assessed in terms of availability looked under the following: Availability, number of suppliers, competitive demand, make or buy opportunities, storage risks, substitute opportunities.

These factors can be simplified into two main ones, namely: The importance of the purchase and the risk and complexity of the supply market. Hence, the four categories of purchasing supplies as shown in the table below of portfolio matrix:

Table 2.2: The Kraljic Portfolio Matrix (Adapted)

<p style="text-align: center;">Leverage items</p> <p>(Paper for printing firms and common chemicals)</p> <p>Relatively large share of product price.</p> <p>Small change in price has a large impact on profit.</p> <p>Risk is small because:</p> <p>There are many alternative suppliers.</p> <p>Substitution is possible.</p> <p>This is a buyer dominated segment.</p> <p>Use competitive bidding.</p>	<p style="text-align: center;">Strategic items</p> <p>(Assemblies, gear boxes and engines)</p> <p>Together with the leverage items, these can account for 80% of turnover.</p> <p>Small change in price will have significant impact on costs.</p> <p>Risk is significant because:</p> <p>High dependence on supplier.</p> <p>Balance of power may differ between buyers and suppliers.</p> <p>Use performance-based partnership.</p>
<p style="text-align: center;">Non-critical (routine) items</p> <p>(Standard office supplies, MRO items, fasteners and consumables)</p> <p>Can require up to 80% of purchasing activity for 20% of the purchasing turnover.</p> <p>Low product importance/high administrative cost.</p> <p>No risk because:</p> <p>There are many alternative suppliers.</p> <p>There is large product variety.</p> <p>Reduce the number of suppliers.</p> <p>Use systems contracting and e-procurement solutions.</p>	<p style="text-align: center;">Bottleneck items</p> <p>(Specialized consultancy, and proprietary spare parts)</p> <p>The items are relatively limited in value.</p> <p>High risk because:</p> <p>There are few, if any, alternative suppliers.</p> <p>Suppliers may be technology leaders.</p> <p>This is a supplier dominated segment.</p> <p>Secure long and short-term supply.</p>

Source: *Kraljic (1983)*

The horizontal axis represents supply risk measured against such criteria as short and long term availability, number of potential suppliers and structure of supply market. The left side represents the low risk (many suppliers) and the right side represents high risk (one or few suppliers).

The vertical axis represents purchasing importance and profit impact of a given supply item measured against criteria such as cost of materials, total costs and

volume purchased. The bottom and top represent low and high importance and profit impact of a given item, respectively.

Non-critical (routine supplies), these are supplies with low importance and low risk/complexity. Examples include common stationery items and commercial grade industrial fasteners. For getting these items, the number of suppliers should be reduced and the cost of procurement minimized.

Leverage supplies, these are supplies with high importance but low risk /complexity. Examples include paper supplies for a printing firm and common chemicals. For these supplies, competitive bidding should be encouraged.

Bottleneck supplies, these are supplies with low importance by high risk/complexity. Examples include proprietary spare parts or a specialized consultancy need. For these items, alternative suppliers should be identified and supply secured.

Strategic supplies, these are supplies with high importance and high risk or complexity. Examples, includes key sub-assemblies for a car maker and engines for an airlines. A performance based partnership is appropriate for these supplies.

The handout has tried to look into the strategies that can be used by procurement in buying goods from the market. In that regard, the handout looked into the Kraljic's are quite valuable in procurement. In other words, there are a number of factors that will make procurement choose a particular strategy for use in acquiring goods.

2.9 Value for Money

Value for money (VFM) is defined as the optimum combination of whole life costs and quality or fitness for purpose to meet the customers' requirement and it involves quantifiable and non quantifiable costs (Northern Ireland Act, 1998). It has three E's: Economy: - low cost, Efficiency: - doing things right, and Effectiveness: -doing the right things (Akhlaghi, 1996). VFM is therefore not about achieving the lowest initial price, but rather achieving the optimum balance between relatively low costs, high

productivity and successful outcomes. The real value for money is ‘how much will the item or service purchased cost to own and use’ (Behan, 2006).

As earlier stated; the need to acquire VFM is one of Tanzania’s basic procurement principles and therefore, all public procurement of goods and services, including works, must be based on VFM, having due regard to propriety and regularity. This creates a need for criteria which will ensure that they get value for the money they spend. It is widely believed that procurement decision-making in government and the public sector, as a whole, is based on ‘the lowest price’ offered.

However, procurement decisions should be based on the best ‘value for money’ criteria. This requires the consideration of many factors, including the following: Cost over the lifetime of the goods or services, status and standing of the suppliers, exact details of equipment, goods or services offered, financial aspects including payment terms, basis of contractual prices, transport, operational costs, extent of support through life and assistance with disposal.

2.9.1 Ways for Achieving Value for Money

One of the earliest methods devised as a means to promote value for money is the award of contracts based on fair competition between suppliers, contractors and consultants whether local, international or both (Awid, 2008). Aside from this, PPA 2004 has built mechanisms to ensure VFM. These include: Promoting the use of resources in an efficient, effective and ethical manner; making decisions in an accountable and transparent manner; mandatory Procurement Audits; the Monitoring Function of The PPRA; the Aggregating of requirements to reduce the cost of procurement; and the use of framework contracts.

2.9.2 Barrier to Value for Money Procurement

While VFM is evidently at the heart of Tanzania’s procurement framework, it is not always achieved. The following are some of the barriers to achieving VFM procurement in Tanzania and probably many other developing countries (Awid, 2008):-

Corruption, corruption is the top barrier to achieving VFM procurement in Tanzania. According to PPA 2004, corrupt practice means “offering, giving, receiving, or soliciting of anything of value to influence the action of a public official in the procurement process or contract execution.

Complexity of Some Procurements, the complexity of procurement needs can make it more difficult to measure whether VFM is being achieved. Services such as the development of IT related services and professional advice can be difficult to define precisely or may require considerable feasibility work before a reliable specification can be drawn up; the work may be specialized with only one or two potential suppliers making competition impracticable.

Lack of clearly defined criteria for getting VFM in the long as well as the short term, in the case of goods and services which have a working life over many years there is a need to ensure they are cost effective over their whole working life.

Interference from authorities, the influence of the involvement highly placed Government authorities in Public Procurement is often underestimated by the Public due to a false belief that the law is foolproof.

Unplanned for or emergency procurements, despite mandatory requirements to prepare procurement plans before the beginning of the financial year, very few PEs actually comply with this and when the plans are prepared, they are rarely adhered to strictly.

2.10 Reviewing of Supporting Theories/Approaches

2.10.1 A Strategic- Purchasing Approach

According to Kraljic (1983), the approach is based on the fact that the days of no surprises have ended and that companies have learned supply and demand patterns can be upset virtually overnight because of the following threats: Political turbulence, government intervention in supply markets, intensified competition and accelerated technological changes.

The portfolio is aimed at guiding managers so that they can recognise the weakness of their organisations and formulate strategies for guarding against failing to get supplies. Kraljic points out the profit impact that can be defined in the following terms: The volume purchased, the percentage of total cost, impact on product quality or business growth.

Supplies with low importance and low risk and complexity like common use items such as stationery items and commercial grade industrial fasteners the number of suppliers should be reduced and the cost of procurement minimized in order to get them. Various researches have suggested that those product and services which is non-core may be purchased by consortia, where as those which are strategically important and core to a business may be better purchased by individual member's organization. In this study I hope will find the same support that common use items and services should be purchased collaboratively.

However, whether goods and services is core on non-core is not only factor affect choice of collaboration but other reasons include geographical or time restricted or need for the item is small scale, or if dominant suppliers in a region or supplier market are locally oriented.

Boston Consulting Group (BCG) matrix portfolio approach strategy is to formulate analysis business opportunities according to market growth and market share (Lyson, 2006). These solutions may be appropriate to exploit collaborative purchasing power nationally, whereas routine items may be outsourced or bought collaboratively through third party. Bottleneck items may be suitable for lead buy and services and product that are strategically important to an organization may benefit from being purchased locally without collaboration.

2.10.2 Centralized-Purchasing Approach

This implies that purchases are made either from company's headquarters or some regional or divisional level. There are several advantages claimed for concentrating purchasing in a strong central purchasing department responsible for coordinating

purchasing across the organization relate to economies of scale and the coordination and control of procurement activities(Lyson, 2006).

The following are the benefits expected to be accrued by purchasing goods and services centrally:

Economies of scale centralised purchasing enables an organization to leverage its Purchasing power to the best effect as:

Suppliers may be able to reduce the prices by spreading overheads over long production runs; consolidation of quantities can form the basis for negotiating quantity discounts, rebates or learning curve reduction.

Supplier dealing with a centralised purchasing department has an incentive to compete for preferred supplier status or the whole or substantial proportion of the undertaking's requirements.

Co-ordination of the activities: centralised purchasing tends to have a greater strategic focus than divisional purchasing due to proximity to major organizational decision makers, uniform policies can be adopted such as single sourcing, competitive or maverick buying between functions is eliminated.

A purchasing department or team may become either a separate cost centre; budgetary control may be applied to both the purchasing function as an operating unit and the total expenditure on supplies

The performance of a centralised purchasing function can be monitored by setting objectives and comparing actual results within predetermined standards.

2.11 Empirical Review

Recent studies have identified trends in improvement of Procurement of common used items (common procurement) both in public and private sectors. They have determined the advantages and disadvantage as well as Constraints of common

procurement in organizations. Findings from these studies reveal that procurement of common use items under common procurement is an important tool in both sectors to achieve value for money, even though they have spoken little about the challenges in procurement of common use items and services. Here below is a review of some of these studies:

A study by the National Audit Office (NAO), which took place at summer and autumn (2009) on *The review of collaborative procurement across the public sector in United Kingdom (UK): The Case study of Central, local Government and National Health service (NHS)*

The National Audit Office and the Audit Commission have jointly produced this review. It describes the landscape of collaborative procurement across the public sector. The review draws on our research in central government, local government and the National Health Service (NHS) carried out during the summer and autumn of 2009.

The research focused on spending of eight standard commodities that are common throughout the whole public sector, though the findings have wider applicability. It builds on other recent work on public sector procurement, including the Operational Efficiency Programme (April 2009) and the Roots Review (February 2009).

Collaborative procurement has long been seen as a way to save money. Standardising specifications allows public bodies to aggregate demand and compare unit costs. Lower prices should result either from economies of scale, or from using pricing information to challenge suppliers. Collaboration should result in fewer tendering exercises, leading to lower administrative costs, and allow public bodies to concentrate on more specialised purchases that are unique to them.

Ninety three per cent of the public bodies they surveyed had used a framework agreement during 2008 to 2009. Most felt that this had always, or often, resulted in better value for money and that greater collaboration had the potential to further

improve value for money. However, there was wide variation in the volumes and proportions of spending that individual organisations were channelling through these existing arrangements. Over half of the bodies surveyed used it in only four of the eight standard commodity categories (energy, vehicle fleet, information and communications technology and office solutions). Finds shows implementing category management has been hindered by a lack of:

Good quality procurement management information, Poor flow of management information on meeting specified standard of procurement of goods and services.

Understanding of end-user requirements, most of collaborated organizations do not provide clearly their requirement.

Knowledge of the supply market, including collaborative options; and documented evaluations of the cost and benefits of different procurement options as a result, many public bodies do not make evidence-based decisions when choosing their supply option.

The public sector procurement landscape is fragmented, with no over all governance. There are nearly fifty professional buying organisations, as well as individual public bodies running commercial and procurement functions. Many of these organisations manage framework agreements for similar goods and services, for example, stationery.

The large number of framework agreements, twenty seven of the thirty three major suppliers surveyed stated that some of the framework agreements were currently a supplier on covered the same or very similar goods or services. Most of these claim that this was the case in 50 per cent or more instances.

A study by Elmer Bakker and Helen Walker(2008) ***Draft report on Collaborative Procurement in Local Government-Centre for Research in Strategic Purchasing and Supply.***

This case study was aiming to understand when the different forms of collaborative procurement are appropriate in local government. They identified variety of collaborative forms which were revealed in previous researches such as profession network, piggy backing, shared services, lead buying, third party advisory and third party purchasing.

Also they found collaborative procurement tends to focus on less strategic, more homogenous, standard products and services. Organizations are better off buying for themselves if the product or service is strategically important to local authority, geographically or time restricted or fulfils a need for the local authority such as finance system.

The study identified an array of enabler and barrier to collaborative procurement, along with advantages and disadvantages. They contrasted those findings from previous studies and existing literature. Research observed the following findings as Barriers to collaborative procurement.

Low procurement profile, procurement is often not high up on the agenda of Local Authority (LA's). Procurement can have a limited influence in LA's, due to lack of knowledge amongst non procurement staff of what procurement is and what a strategic approach can bring. This has in some instances hampered collaboration.

Lack of consideration of the supply market, suppliers can have difficulties in responding to increased demand from consortia. Some products or services are less suitable to procure collaboratively due to the nature of the supply market. For example, with care provision for the elderly, there are only a few national providers, with most being smaller local suppliers. Elderly user of these services is not mobile, so collaboration on such a service is of little benefit.

Regional differences, there are regional differences in geography and population demographics, which can make it difficult to effective and attain value for money. For example, Cornwall is more rural and has more logistical costs where are urban areas like Bristol having better access to markets. When considering national

framework contracts or regional consortia, it may be that regions with easier access to markets effectively subsidize more remote regions in terms of distribution costs.

Lack of standard procedures, the local government structure in the public sector is much devolved, with LA's being separate entities with responsibility for statutory duties and over how budgets are spent. This can make it difficult to identify potential areas for collaboration. One of the difficulties faced by collaborators was having decentralized purchasing systems, so some of the organizations were not sure what was being spent on different products and services.

Lack of resources, some collaborative initiatives was hindered by a lack of sufficient procurement resources within councils. A lack of resource can limit the time available to procurement professionals to research collaboration on current or potential buying in the region. In addition, post-award management of contracts can be resource intensive in consortia, particularly in the provision of complex services. Sometimes procurement does not have the authority to sign contracts above a certain financial threshold, which can slow down collaboration.

Lack of Commitment, sometimes collaborators wish to hold back from up-front commitment, in order to see what the bids from supplier look like, but this is not encouraged. In one collaboration arrangement, if authorities do not want to take part, the lead buyer from the consortium will approach a senior official from that authority and ask for the reasons, which are sometimes understandable but not in the interests of the consortium. Some collaborators believed that they would get a better deal locally and therefore were unwilling to collaborate.

Differing priorities, some authority has different priorities and hence do not always want to commit to contract and will not comply. For example, in CBC some authorities do not want to join specific contracts for special paper or want to use a local supplier. There are also different in purchasing approaches for example Wiltshire has outsourced maintenance services while others own in house maintenance.

Also study came out with the list of goods and services subjected to common procurement such as: Which tend to be high volume, low value, standard and routine items. Examples are IT hardware, telephone services, stationary, office furniture, agency staff, lease cars, protective clothing while services are like fresh food, maintenance, taxi services and provision of care for the elderly.

A study by Fredo Schotanus, Helen Walker, Michael Essig and Timo Kivisto,(2006) *on Co-operative Purchasing in the Public Sector: In Public Procurement International Cases and Commentary Policy Reform- A Global Survey*

The study aimed to gain insight into Co-operative Purchasing to co-operative current Procurement practice in different countries represented within the cases International Research Study of Public Procurement (IRSPP)

Nine of fifteen IRSPP cases referred to some form of Co-operative purchasing and several of the cases relate specifically to Co-operative purchasing between Organizations working within the same Jurisdiction for example Finland and United States of America.

The study revealed that Co-operative purchasing is important Strategy for Improving the efficiency and effectiveness of Public Procurement basically (UK NHS, Australia) and one common theme looking the IRSPP cases was that, the main motive behind the Consortium approach was achieving lower transaction costs rather than lower prices. Within this the main focus was on reducing the process costs associated with Supplier selection as well as achieving greater efficiency through introducing common processes and automatic whenever possible was therefore a key Objectives. The study came up with these Problems of consortia in some countries as follows.

Heavy work load for Kuopio city purchasing offices, there are although to be further gains to be made for most of the partners but not for purchasing office (Finnish case) No further resources are available at present devoted to consortium activities while in UK larger bodies provide most of the resources for purchasing activities when

smaller one derived most of the benefit which referred as Hitchhikers dilemma (Schotanus, 2005 a).

Inter rivalries and Turfs creating barrier to Consortium approaches (Australia and UN case's), this means most of common procurement group members are competing to each other in different areas such as items which should be taken into common purchasing as well as who should order them on behalf of others.

The research observed that, it appears to be varying National levels of affinity with the most of Co-operative purchasing, so co-operative purchasing is pursued to varying degrees in different countries from a few (Belgium) to be emerging models (UK NHS).

A book by Professor Arrowsmith S, et al (2010, July) On *Public Procurement Regulation: An Introduction. Collaborative Project in higher Education(EU-Asia Inter University Network), for Teaching and Research in the Public Procurement regulation 2009 to2011.*

The project aimed to promote and support of public procurement in Europe, Asia and Globally. The book came up with various reap benefits of Framework Agreement (Chapter six, Pp-121) such as enhances competition and transparent as well as it can lower costs to procuring entities (PE's) due to central purchasing agencies. But also the system is not free from pitfall, so the following are the problems facing by the system.

Limited expertise in both commercial judgements due to fact that there a multiplicity of users (Agencies) officials, this leads into poor performance and unnecessary delays of the procurement processes.

Maverick purchasing due to internal and external regulatory requirements which governing Call-Off orders, most of this purchasing involves embezzlements of the government resource.

Agencies earning fees from central purchasing Agency in conclusion of frame work agreement may lead problems to suppliers especially small and medium enterprises (SMEs) sectors due to low capital.

A paper presented by Mwambega, J (2010) *on Procurement of common use items and services: A Paper Presented at First Procurement and supplies professionals Annual Conference (Arusha)*

Development of the system for procurement of common use items and services in Tanzania is done by PPRA in collaboration with GPSA; this involves Identification of CUIS and Classification of CUIS on the nature and type. The system required suppliers and agreements to be awarded to a panel (multiple awards) for the provision of specific goods or services. The key players of the system are: Procuring Entities (PEs), government procurement services agency (GPSA), Supplier and Service Providers as well as Public Procurement Regulatory Authority (PPRA).

The paper noted that in October, 2009 twenty nine tender for supply of goods and non-consultant services were floated, sixteen for supply of goods and thirteen for provision of non consultancy services. Four thousand and sixty six tender applications were received and at least three thousand bidders awarded framework agreements. However the framework agreements commenced on first January and run for almost one year. The paper noted that, the introduction and implementation of the system is facing many challenges in the following areas:-

Legal framework: It is mandatory for GPSA to arrange procurement of CUIS using framework agreements while PEs is at liberty to use these agreements.

Institutional capacity: GPSA is not adequately structured and facilitated in terms of human resources, finance and Information Communication System (ICT) infrastructure to perform this function.

Inadequate awareness of key player's to the system, lack of information on the supply market potentiality to support functioning of the system, resistance to adopt the system by PEs and tendering process.

Also the system is limited to geographical Location of the buyer and supplier or provider as well as rapid changing technology which makes difficult to determine and incorporate future developments and specification in some items.

2.12 Conceptual Framework

The conceptual framework is used to capture main features and variables of the phenomena studied. In this study the conceptual framework shows relationship between dependant variable and independent variables. The variable of primary interest to this study was the dependant variable of CUIS procurement. Six independent variables were used to explain the challenges in the procurement of CUIS. These variables were shortage of resources, lack of information on supply market, lack of awareness by the key players of the system, difference geographical location, tendering process and lack of commitment and resistance to adopt the system.

If resources are not enough it can highly limit procurement specialist to reach current collaborative potential buying, particularly post-award contracts will be very difficult to manage. But enough resources in the other hand will lead to facilitate and accomplishment of planned tasks which in turn lead to efficiency and effectively purchasing process.

Similarly lack of information on supply market leads to low bargaining power which in turn high prices supplies will be bought contrary to economies of scale expected to bulk buying. Therefore a well informed buying organization is likely to buy goods and service with low cost and of high standards, hence to attain value for money.

Geographical differences make it more difficult to collaborate and supply goods and services as well as management to central purchasing agency too while that regional with easier access to market and central buying agency is likely to obtain goods and service quickly and monitoring is simple.

Lack of awareness by the key players of the system may strongly hamper the smooth sailing of the system due to fact that they will fail to understand a strategic approach

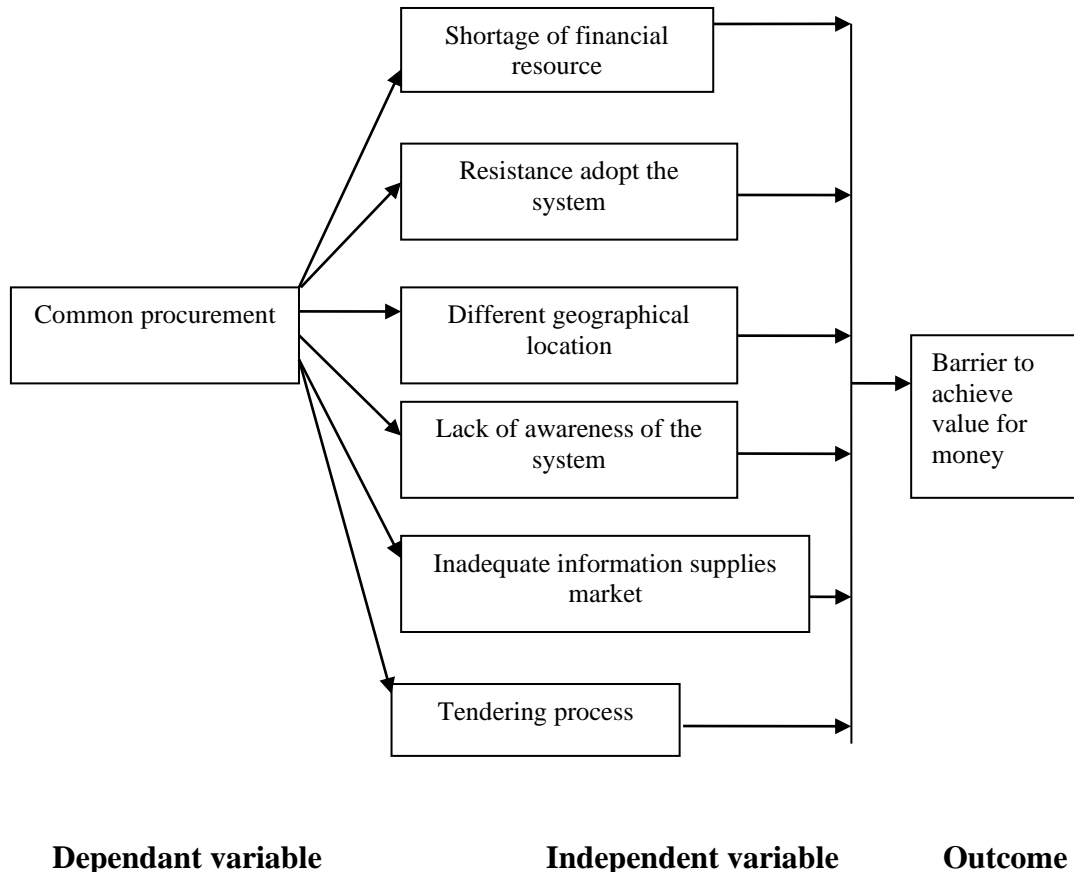
behind collaboration. In presence of awareness by the key players will lead the system and practices of the procurement easier. Hence lack of awareness hinders the procurement of the common use item and services.

Also lack of commitment and resistance to adopt the system highly hampers the procurement of the common use items, sometimes collaborators wish to hold back from up front in order to see what the bids from suppliers look like but this is not encouraged. But in the presence of commitment and acceptance of the system to the key players there is likely to boost up the procurement.

Manual tendering process tend to slowdown efficiency and effectiveness of procuring process which discouraging more suppliers and entities to join and support the system as well as fail to concentrate on their core activities, hence hinder the implementation in the procurement of CUIS. In the other hand automation of the tendering work and other purchasing activities such as paperless and electronic purchasing will add effectiveness and efficiency to the system and attract more players to the system which in turn value for money adherence.

On the basis of the above arguments, I theorize that there would be a positive correlations between the challenges in the procurement of common use item and services and each of the following variables: Shortage of resources, lack of information on supply market, difference geographical location, lack of awareness by the key players of the system, and lack of commitment and resistance to adopt the system while tendering process it can be positive correlated for manual tendering and negative correlated for electronic tendering.

Figure 2.1: Conceptual Framework



Source: *The researcher own construction (2013)*

2.13 Summary of Chapter

This chapter reviewed and explores the usage of procurement, public procurement, framework agreement and common use items as it has been defined by different scholars. It has provided theoretical analysis, empirical analysis as well as conceptual framework. It explains strategic procurement which has been act as point to evolvement of procurement system to common use items procurement.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents how the study was organized and conducted. It explains the methods and approaches that were used in gathering and analyzing the relevant data. It provided an overview of the study area and its characteristics, the design of the study, the sample studied and sampling technique that was employed, data collection procedures, data collection method, data collection instruments, as well as data analysis procedures. Research Methodology is the selection and justification of methods for use in solving research problem systematically (Kothari, 2004). Therefore, this section explains how exactly the research was undertaken so as to answer the research questions or hypotheses (Kimeme, 2012).

3.2 Research Design

In conducting this study the researcher employed the use of the case study method. The rationale for using case focused upon the need to establish whether the findings occurs in the case, and consequently the need to generalize from these findings, also it assisted the application of different research techniques and methods as well as the analysis and interpretation of the frequencies and relationship of data that existed in the case study, it enabled the researcher to collect a greater amount of data from specific samples to satisfy the study. Also the method costs little in terms of finance (money) compared to the other research methods (Ndunguru, 2007).

This study designed as a descriptive research, so that it provides description of the challenges in the procurement of common use items, framework agreements and the procurement practice guidelines of GPSA in public procurement qualitatively. In addition, the description includes the transparency and integrity of the procurement system. A descriptive study includes surveys and fact-findings enquiries of different kind (Kothari, 2003). Researcher has reported what was happening in the case chosen.

3.3 Study Area and Background Information of Case Study

The study was conducted at GPSA headquarters in Dar es Salaam. The organization had been chosen due to the following reasons: Case of GPSA because it is the main buying agency of the common use items and services in Tanzania and it has establishes framework agreements procuring system for the other players to use it and call-off order system for PEs and suppliers. So, most of procuring entities are chosen by GPSA to buy goods and services on behalf of the main agency through call-off order system.

The government procurement service agency (GPSA) was established by the executive agency act No. 30 of 1997 and came effective through government notice (GN) No.235 of 7th December 2007. GPSA took over all functions of the supplies and service department under the ministry of infrastructure development. Currently GPSA is under the ministry of finance, its headquarter located at Keko Mwanga industrial area off Nyerere road Dar es salaam city.

GPSA have the following function: Management of framework agreements for procurement of common use items, work and services, to maintain a register of suppliers for common use items and services, to provide consultancy services in procurement and supply management, to provide adequate quality goods, materials and supplies to ministries, department, agency e.t.c, to provide safe secured warehousing storage facilities and lastly provide clearing and forwarding services.

GPSA's vision statement: To be the most reputable and responsive procurement agency in Tanzania by 2020.

GPSA's mission statement: To provide effective and efficient procurement services to government and non government institutions.

3.4 Sample and Sampling Procedures

3.4.1 Population and Sample size

The population of this research under study therefore, embrace's all government procurement agency of Tanzania. The researcher used just a sample from the population upon which the study is conducted and generalization was made based on the assumption that sample is representative of the whole population.

Since a good sample must be as nearly as representative of the entire population as possible, care was been taken in this research work to make sample size relatively large in order to convey a measure of credibility to the outcome of the study. Hence sample size taken was about 50% of the overall employees from protectorates. The protectorate which consisted of Executive officer, Business Support Services department, operation department, procurement management unit, framework agreement, inventory control, warehouse management, clearing and forwarding department and petroleum deport department. Researcher used that percentage as sample size simply because it determined a general level of accuracy for a sample already chosen and the confidence interval for specific answers given by the sample chosen.

Some research questions required sample of respondent to provide data in order to generalize about the case from which the sample has been selected. The researcher used just sample of population in the studied areas. This had been chosen due to the following reasons: Sampling techniques provide a range of methods that enable researcher to reduce the amount of data we need to collect by considering only data from a sub-group rather than all possible cases, it saves time for a limited time researches, it is less resources consumer financially, hence less expensive as well as it enabled researcher to obtain information concerning some characteristics of the population.

3.4.2 Sampling Procedures

In studying the phenomena researcher used random sampling procedure which is based on probability and chance of items being included into the sample. The technique was preferred because it allowed researcher to select sample without bias, also best for accurate and accessible sampling frame and as respondents have varied specialities and perceptions over the issue under discussion, also we can measure the significance of the result obtained (Kothari, 2003), then, it's better to opt for random sampling. Researcher also used purpose or judgemental method on element chosen with strong consideration of age and sex; this is due to fact that the results obtained in this way are tolerably reliable.

Table 3.1: Composition of the Sample

SN	DEPARTMENT/SECTION	POPULATION	ACTUAL SAMPLE	PERCENTAGE
01	PROCUREMENT MANAGEMENT UNIT	10	05	6.25
02	FRAMEWORK AGREEMENT	10	05	6.25
03	CONSULTANCY AND ADVISORY SERVICE	04	02	2.50
04	INVENTORY CONTROL	12	06	7.50
05	WAREHOUSE MANAGEMENT	10	05	6.25
06	CLEARANCE AND FOWARDING	12	06	7.50
07	PETROLEUM DEPORT	22	11	12.75
	TOTAL	80	40	50%

Source: *Research findings 2013*

3.5 Sources of Data

3.5.1 Primary Data

Primary data are those information's which are collected a fresh and for the first time, and thus happen to be original in character (Kothari, 2007). The researcher

used questionnaires and interviews to collect primary data from the main groups chosen in the case.

3.5.1.1 Questionnaires

In this method a questionnaires was sent to the employee's of GPSA concerned especially lower rank employees with a request to answer the questions and return the questionnaire. It consisted with a number of questions printed or typed in definite order on a form or set of forms. The researcher chooses the use of a range of questions which he distributed to the workers of the case (GPSA) who were suppose to provide answers and they provided. The open-ended questions to make respondents feel free to provide relevant information in details were contained in questionnaire as well as Closed-ended questions because of keeping confidentiality as they were apply anonymously and collected within a short range of time also was taken into account. The method was useful due to the following: They simplified the whole process of coding and analyzing respondent's answer, also each respondent was asked to respond to the same set of questions, it provided an efficient way of collecting responses from large sample, respondents had adequate time to give well thought out answers as well as those respondents, who were not easily approachable was reached conveniently.

3.5.1.2 Interview

Researcher chooses the use of semi-structured interview in which the researcher had a list of themes and questions to be covered, although some questions were omitted in particular interviews, given a specific organizational context that encountered in relation to the research topic. In the other hand, additional questions were required to explore research objectives and questions. Researcher preferred semi-structured interview due to fact that, it is flexible, allowed new question to be brought up during interview as result of interviewee responses as well as providing of more elaboration to where it was not clearly understood by respondents, also extra information about the topic was obtained which in turn gave researcher maximum information. Ghauri and Gronhaug (2005) argue that the semi-structured interviews differ from both unstructured and structured in the sense that the topic and issues to be covered,

sample sizes, people to be interviewed and questions to be asked have been determined beforehand. Interview was face to face and lasted for about thirty up to forty five minutes.

Researcher interviewed the top management officials such as executive officers, Directors as well as the heads of department. He chooses these officials because they have well knowledge about the organization as they see it from top to the bottom of their responsibilities, also the pitfall of the organization are clearly known by them due to fact that are the main operator of the organizations responsibility.

In the other hand to get and approach them, researcher asked an arrangement of appointment with those officials' in tems of days and time to meet (see) and talk to them. The reason behind this arrangement was because top official have limited free time and their time table are full occupied with an organization responsibility.

Interviews was held within organization and sometimes inside the official's office due to fact that it was not possible and difficult take them out of offices because of their responsibilities as well as limited resources in researcher's side to take care of expenses such as transport and space for every interview.

3.5.2 Secondary Data

The researcher therefore, visited various documentaries which contented with collected information which often obtained in research projects that were also used primary data collection methods. It is simply referred as content analysis, in which professional journals such as Tanzania Procurement Journals, Conferences annual papers such as procurement professional annual conferences and publications like books as well as teaching and training materials by GPSA were used to get some useful information for the study. Also public procurement act (PPA) no.21 of 2004 with its regulation of 2005 was used as source too. Researcher used them simply because; they helped him in triangulated findings based on these documentary data and primary data. Also these data were analyzed both quantitatively and qualitatively.

3.6 Data Analysis

In order to make sense of the data gathered, the researcher used both qualitative and quantitative methods of data analysis to analyze data collected from the field. Findings were inspected, cleaned, transformed into percentages, modelled, and presented by using statistical models such as tables and figures which summarized the results in order to show relationship between variables and finally draw conclusion about the challenges in the procurement of common use items and services at GPSA. Analysis of data was done with the goal of highlighting useful information, suggesting conclusions, and supporting decision making (Wikipedia, 2008).

Also researcher used Statistical Package for Social Science (SPSS) in analyzing data. With the use of SPSS the researcher was able to analyze the information from the findings quickly with great accuracy.

3.7 Data Reliability

To obtain a reliable result from the study, the collected data were analyzed through the processes of data gathering and cross checking of data collected through different method of data collection. The transcripts were checked to find out the errors and missed points thoroughly referred to the theoretical framework. The specification of studied cases, sites and data sources was harmonized through all departments in order to test the credential issues. Moreover, the codification process was based on the confrontation of observation with theories that guarantees the meaningfulness of codes which was checked with key informants during analysis phase to meet the consistency of them with the research context. Minimization of errors and biasness in a study is the goal of reliability (Yin, 2009).

The following were taken into account to ensure reliable data in all sources used were attained:-

In collecting primary data, questionnaires and interview used were *triangulated with documentary data*. Triangulation helped to eliminate the weakness of relying on any one method and also resolve difficulties in interpretation of the data. Denzin and

Lincoln (1998), describe different forms of triangulation such data triangulation by using different sources of information and methodological triangulation by using questionnaire, interview and document analysis. On the other side of secondary data the researcher was relied on documentary reviews.

Triangulation enabled the study to obtain convergence among the data produced from one technique to the other. It helped in cross checking the authenticity of the data collected in the sense that no single technique or instruments was considered sufficient in gathered valid and reliable information. Hence, it enhanced researcher to obtain the reliable and internal validity of the study.

The appropriate operations of research concepts and variables were careful asking of questions to respondents. This was done through ensuring of been explicit, unambiguous and less complicated when formulating questionnaire. Sometimes a researcher repeated questions and randomizations of questions that were measured the same construct.

3.8 Chapter Summary

This chapter present how the study was be designed and conducted. It explains the methods and approaches that were used to gather and analyze the relevant data. This laid the foundation of next chapter which attempts to present and analyze the information collected from GPSA. Data collected from the field based on the research questions proposed in the first chapter.

CHAPTER FOUR

PRESENTATION OF FINDINGS

4.1 Introduction

This chapter attempts to present and analyse the information collected from the government procurement service agency (GPSA). Data collected from field based on research questions proposed in the first chapter. All of the research questions attempt to find answers on challenges in the procurement of common use items in the government procurement agencies of Tanzania.

The main research question aimed at exploring the challenges experienced by government procurement agencies in implementation of procurement of common use items and services in Tanzania.

The chapter is organized into two major sections. The first section is about the characteristics of respondents, and the second part presents the data gathered from GPSA employees.

4.2 Characteristics of Respondents

4.2.1 Respondent's Age

When data collection activity was conducted, 92.5% of respondent were in the age between 21 and 42 years. The remaining categories (percentage) were above 42 years, the research conducted by Basheka (2008) on economic and political determinant of public procurement corruption conducted in Uganda showed that 83.4% of consulted procurement employee's were in age bracket between 21 years to 40 years old and remaining percentage were above 40 years also research done by Pathan (2011) on evaluation of the effectiveness of receiving and inspection procedures in the public organization conducted in Tanzania showed that 75% consulted procurement employee's were in age of 25 years old to 40 years old, 05% below 25 years old and 17.5% were in age between 41 years old to 55 years old. See age distribution of this study in the Table below:

Table 4.1: Percentage Distribution of Respondent's Age

Age	Frequency	Percentage (%)
21-31	24	60
32-42	13	32.5
43-53	02	05
54-64	01	2.5
Total	40	100

Source: *Research findings (2013)*

4.2.2 Respondent's Gender

Percentage distribution of respondent's gender was, 62.5% male and 37.5% female. The gathered data confirms there is a gender imbalance in GPSA, research conducted by Tesfahun (2011) in the federal public procurement and property administration agency in Ethiopia showed there were 42 male equal to 60.9% and 27 female equals to 39.1% workers, while research done by Basheka (2008) on public procurement planning and accountability of local government procurement system in developing countries conducted in Uganda showed that 87.8% of procurement employees consulted were males while 12.1% were female, again in his study on economic and political determinant of public procurement corruption conducted in Uganda 2008 showed that 54.4% of procurement employees responded to his research questions were males while 45.8% were female, also the study by Mrema (2011) on analysis of the factors affecting the performance of procurement in public sector conducted in Tabora Region Tanzania showed 67% responded procurement employee's were male while 33% were female, these research noted that male are more employed than female and it looks the same as it is in this study. This information is clearly elaborated by the Table 4.2 below.

Table 4.2: Percentage Distribution of Respondent's Gender

Gender	Frequency	Percentage (%)
Male	25	62.5
Female	15	37.5
Total	40	100

Source: *Research findings (2013)*

4.2.3 Respondent's Education Levels

In terms of education, the percentage of respondent's was noted as follows, 25% were degree holders, 20% advanced diploma holders, 35% ordinary diploma holders, 7.5% certificate holders and 12.5% masters holders, also Tesfahun (2011) in his study showed that 72.5% of employees in Ethiopia federal public procurement there were diploma holders and above education levels, likewise research conducted by Migiro and Ambe (2008) on evaluation of the implementation of public sector supply chain management, a case study of Central district municipality, North west province in South Africa showed that 50% of employee's contacted were ordinary diploma owners, 40% first degree owners and 10% were masters degree owners, moreover research conducted by Basheka (2008) on economic and political determinant of public procurement corruption conducted in Uganda showed that the level of education of respondents who were procurement employees were as follows; ordinary diploma 5.1%, bachelor degree 54.4%, post graduate diploma 23.3%, masters degree 13.6% and other education's 3.3%, the study by Mrema (2011) on analysis of the factors affecting the performance of procurement in public sector conducted in Tabora Region Tanzania showed that 25% of responded employee's were diploma holders while 75% were university levels. Therefore, in GPSA purchasing is work done by professionals like it has been shown by studies thus why high percentages of employees are diploma holder's level of education and above as it is the other studies reviewed. The Table below specifies the data obtained.

Table 4.3: Percentage Distribution of Respondent Education Background

Education level	Frequency	Percentage (%)
First degree holders	10	25
Advanced diploma	08	20
Ordinary diploma	14	35
Certificate holders	03	7.5
Masters degree	05	12.5
Total	40	100

Source: *Research findings (2013)*

4.2.4 Respondent's Working Experience

The collected data showed there are variations of workers job experience which ranges in terms of working years in the organization, the percentage distribution of respondents working experience was, 35% from four to five years, 27.5% six years and above, 22.5% two to three years while zero to one year consisted of 15%.

Research conducted by Ambe and Migiro (2008) on evaluation of the implementation of public sector supply chain management, a case study of Central district municipality, North west province in South Africa showed that 60% of employees responded had working experience of 5 years and above while 4 years and below were 40%. Also research done by Kakwezi and Nyeko (2010) on procurement process and performance; efficiency and effectiveness of the procurement function, conducted in public entities in Uganda showed that, 95.7% of public procurement employees responded to the research questions had working experience of 3 years and above while only 4.3% had working experience below 3 years, also the study by Mrema (2011) on analysis of the factors affecting the performance of procurement in public sector conducted in Tabora Region Tanzania showed that 25% of responded employee's had working experience between 1 year to 3 year, 25% had experience between 4 to 6 years while 50% had working experience above 6 years. The following Table shows the data obtained clearly.

Table 4.4: Frequency and Percentage Distribution of Respondent’s Working Experience

Working years	Frequency	Percentage (%)
0-1	06	15
2-3	09	22.5
4-5	14	35
6 and above	11	27.5
Total	40	100

Source: *Research findings 2013*

4.3 Data from GPSA Employees (both Administrator and Non-Administrator)

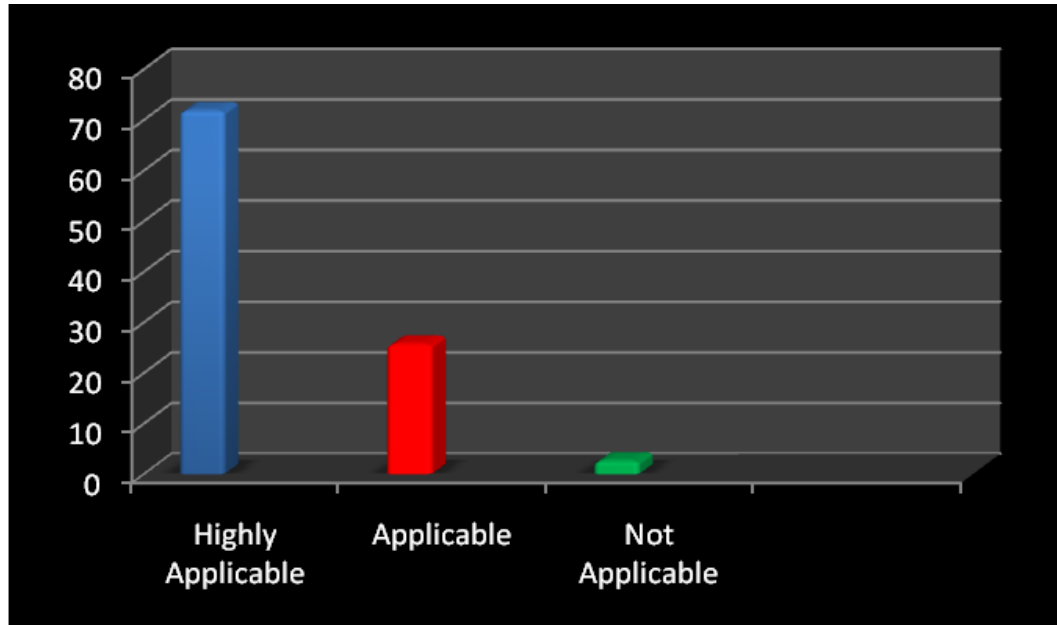
4.3.1 Benefit’s of Implementing Framework Agreement System of Procurement of The Commonly Used Items And Services

This area planned to find out if there is applicability and importance of using the basic agreement forms for getting suppliers of goods and services which are available online. Two questions were asked to find out the applicability and benefits obtained from the implementation of framework agreement system of the procurement of common use items and services.

4.3.1.1 Applicability of Framework Agreement System for Procuring Common Use Items and Services In The Organization

The question seeks to identify whether the basic agreement system for procuring common use items and services is implemented or not. Three alternatives identified as critical were offered as alternatives and respondents were asked to tick the appropriate indicator. Responses were received from 39 people. The first alternative considered more significant getting a score of 71.79% while the second alternative scores 25.64% and the last scores 2.58% of the sample as can be seen from the diagram below:

Figure 4.1: How Framework Agreement System of Procuring Common Use Items And Service Is Applicable (in percentage)



Source: *Research findings (2013)*

4.3.1.2 Benefits Obtained in the Organization From Implementation of Framework Agreement System Of Procurement Of The Common Use Items And Service

This question searched to get out the benefits obtained from the use of framework agreement system in an organization on behalf of the government, The research findings indicated that 38 respondents which equated to 95% of the sample said that, FAS implemented by government procurement service agency have its benefits, despite of many answers obtained almost all respondents recognises the removal of great price differentiation among one institution to the other and wide range to choose suppliers from list of suppliers who qualify as main benefits of using framework agreement system. They mentioned also it allows the procuring entities to concentrate on their core functions, it reduces the time of obtaining goods and services (lead time is reduced) immediately after recognise the needs goods are ordered and others added reduction of the procurement transaction costs as benefits too. The information is clearly elaborated in the Table that follow:

Table 4.5: The Benefits Obtained From Framework Agreement System

Benefits	Responses (frequency)	Percentage (%)
Wider range to obtain suppliers	15	37.5
Remove of price differences	12	30
PE's concentrate on core functions	06	15
Reduces lead time	02	05
Lower procurement costs	03	7.5
TOTAL	38	95

Source: *Research findings 2013*

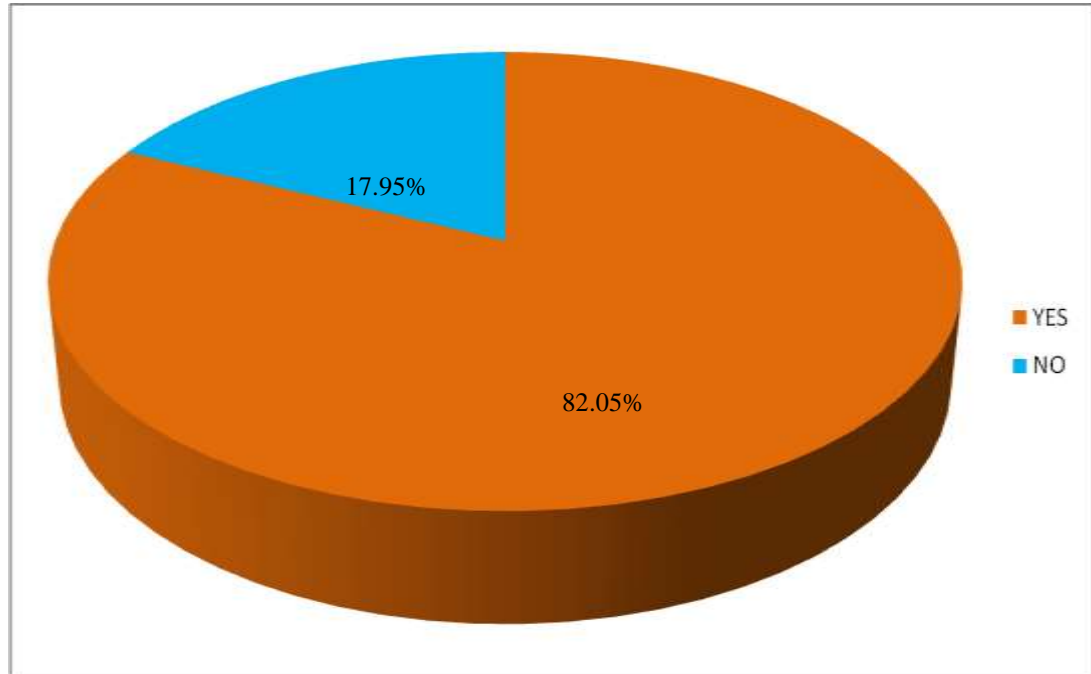
4.3.2 Determination of Whether Procurement Practice Guidelines Are Understood Clearly By The Procuring Entities

Two questions were asked to find responses on procurement practice guidelines practised by government procurement service agency and if they are clearly understood by procuring entities (PE's).

4.3.2.1 Procurement Guidelines Practices in the Government Procurement Service Agency for Procuring Common Use Items and Services

Specifically on this question, two alternatives were given. The findings show that 32 employees, which is equivalent to 82.05% of the sample, said that yes there are guideline practices. Seven (07) respondents, which equivalent to 17.95% of the respondents, said that there is no guideline practices in the government procurement service agency.

Figure 4.2: Procurement Guidelines Practices In The Government Procurement Service Agency



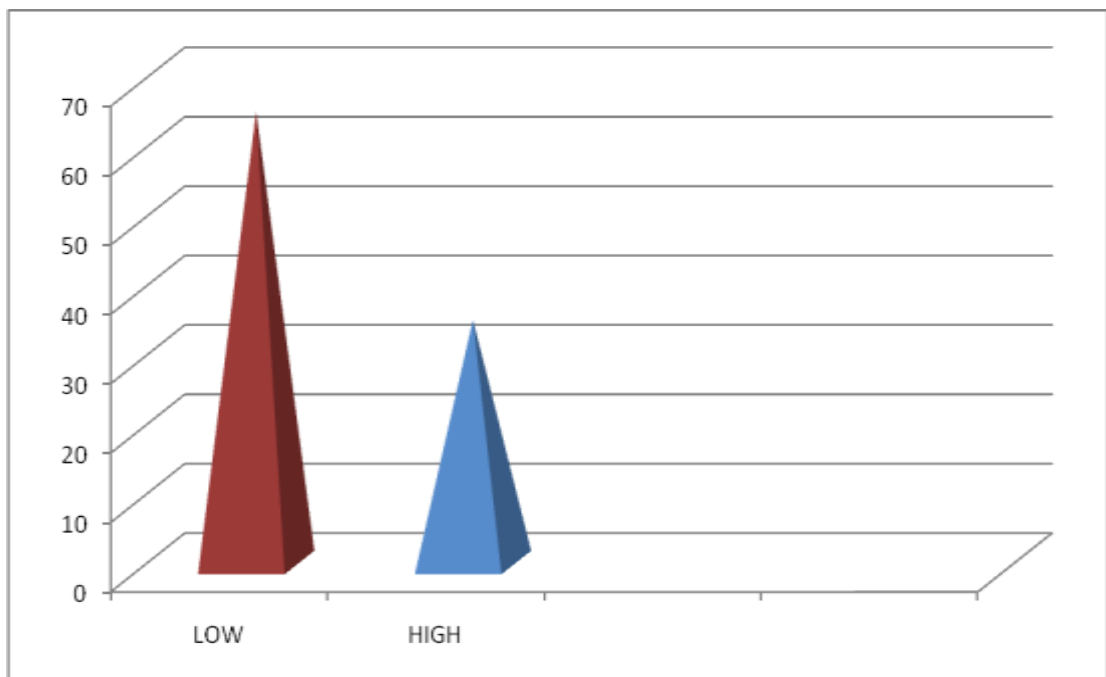
Source: *Research findings 2013*

Those who supported mentioned procurement guidelines used by the government procurement service agency as follows: The use of tendering documents(standard bid documents) which are available online at GPSA website such as call-off order forms, mini-competition which takes place among identified bidders if happens the previously chosen supplier failed to deliver right agreed goods and services or have not provided at all due to different reasons such as prices, also the use of public procurement act(PPA) number 21 of 2004 and its regulation 2005 as the key in advertisement and evaluation of tenders as guideline, the use of PPRA procurement guidelines, last but not least they mentioned brochures which revises different GPSA guidelines.

4.3.2.2 The Level of Awareness among Procuring Entities on Procurement Practice Guideline

The question asks to find out whether procuring entities are aware of the procurement practice guidelines which are applied in the government procurement service agency. Two alternatives were given to the respondents (High/Low). The responses were as follows: responses from five departments/sections showed that procuring entities are not aware of procurement guidelines and therefore 26 respondents which are equal to 65.00% indicated-Low level of awareness. Only 14 respondents which equal to 35.00% noted-High level of awareness.

Figure 4.3: The Level of Awareness among Procuring Entities on Procurement Practice Guidelines (In Percentage).



Source: *Research findings (2013)*

4.3.3 How Framework Agreement Enhances the Achievement of Value for Money

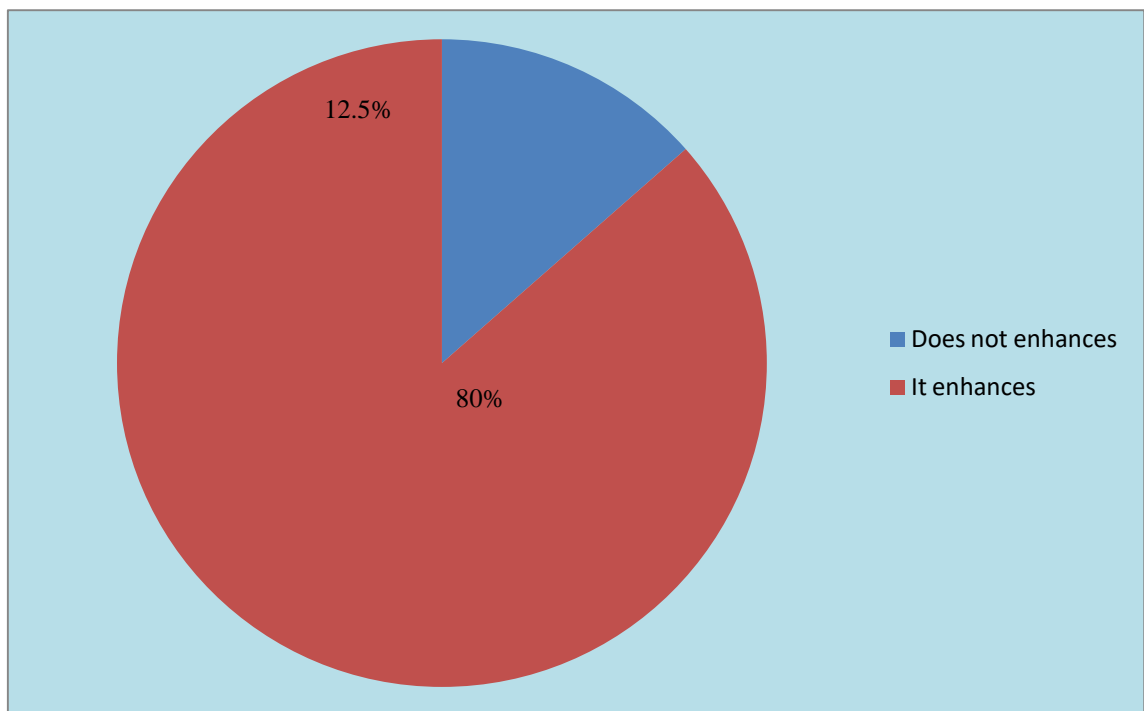
Basing on this objective, the focus of researcher was whether the practices of framework agreement system have assisted to achieve the value for money in

government procurement service agency. Two questions also were asked to fulfil the need of researcher to obtain the information on the matter.

4.3.3.1 Framework Agreement System Enhances the Achievement of Value for Money in Government Procurement of the Common Use Items and Services

Basically this question received responses through interview and questionnaire, 37 employees responded to it which equal to 92.5%. 32 respondents equivalent to 80% of responded sample said that the system has enhanced government in achieving value for money. 5 respondents which are equal to 12.5% of the sample did not agree the possibility of the system to assist in achieving of the value for money. See the findings in the graph below:

Figure 4.4: Framework Agreement System Enhances the Achievement of Value for Money



Source: *Research findings (2013)*

4.3.3.2 Ways of Achieving Value for Money in the Procurement of the Commonly Used Items and Service

The question itself directed to find out ways in which the value for money is achieved in government procurement especially in government procurement service agency. 80% of the responses showed that there are various ways of achieving value for money in an organization. It was observed that one of the ways is the award of contracts based on fair competition between suppliers and consultants which is the earliest method devised as a means of to attain value or money, in fact this leads into obtained of competent supplier of goods and service who meets the specification of ordered items and hence elimination of defects.

Promoting proper use of resources in the right way which are efficient, effective and ethical manner, it starts from the advertisement of tenders to its excursion and implementation of action plan which based from the available resources, also the aggregation of requirements to reduce the cost of procurement such as purchasing of same items with almost the same price throughout the purchasing organization, and lastly the use of specification which suppliers should meet before they have delivered goods in order to remove emergence procurement. Findings are presented clearly in the Table below:

Table 4.6: Ways of achieving Value for Money in the Procurement of Commonly Used Items and Services

Ways of achieving value for money	Responses	Percentage
Fair competition	07	17.5
Proper use of resources	08	20
Aggregation of requirement	13	32.5
Use of specification	04	10
Total	32	80

Source: *Research findings 2013*

4.3.4 Challenges in the Implementation of Procurement of Commonly Used Items and Services

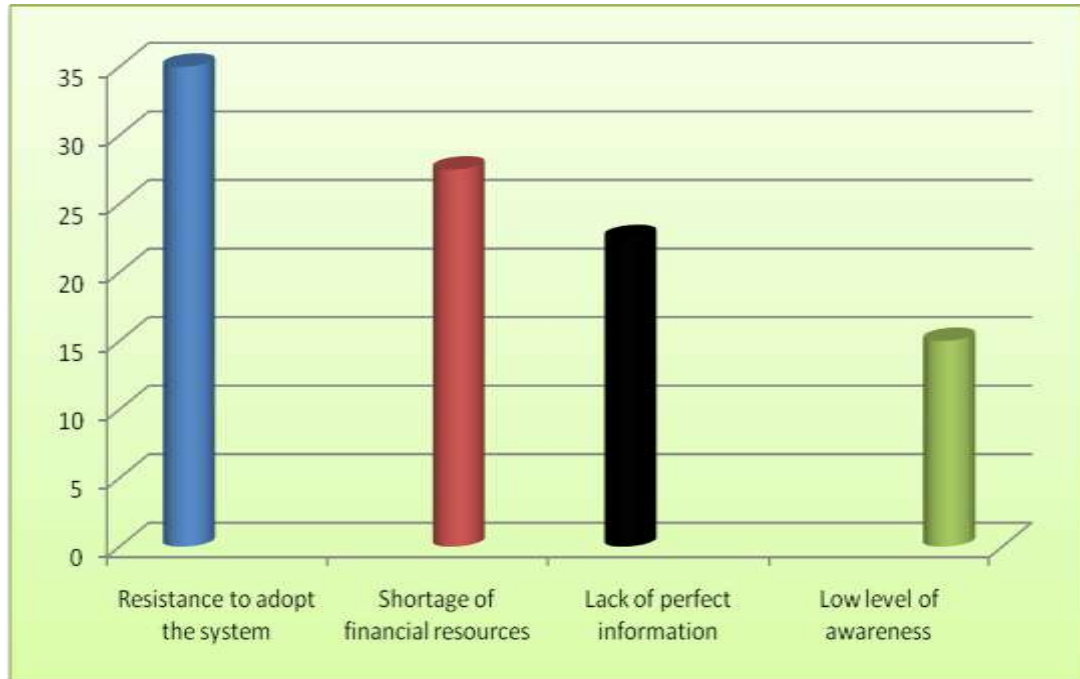
This area is answering the basic question of the research; all responded sample showed there are challenges in the implementation of procurement of common use items and services that means there is existence of the relationship between the two variables. For instance one of the respondents quoted saying “there are many questions about the system which led into resistance of procuring entities to join” Several questions were asked to find out responses on challenges in the procurement of commonly used items and services at GPSA.

4.3.4.1 Following is linked to the Challenges Facing Procurement of the Common Use Items and Services

This question seeks to identify the most common challenge in the procurement of commonly used items and services; question offered the opportunity to score the significance of each of the four basic challenges. Responses were relatively good with all selected sample responded to the question.

All the suggested factors were touched by respondents but resistance to adopt the system by procuring entities was reported to be the top factor with 35.00% equals to 14 responses. Shortage of financial resources got 27.50% equals to 11 responses, lack of perfect information on supplies market got 22.50% equals to 8 responses and low level of awareness of the system by the key players scored 15.00% equals to 6 responses. The graph below shows the information clearly:

Figure 4.5: Factor Linked to the Challenges Facing Procurement (in Percentage)

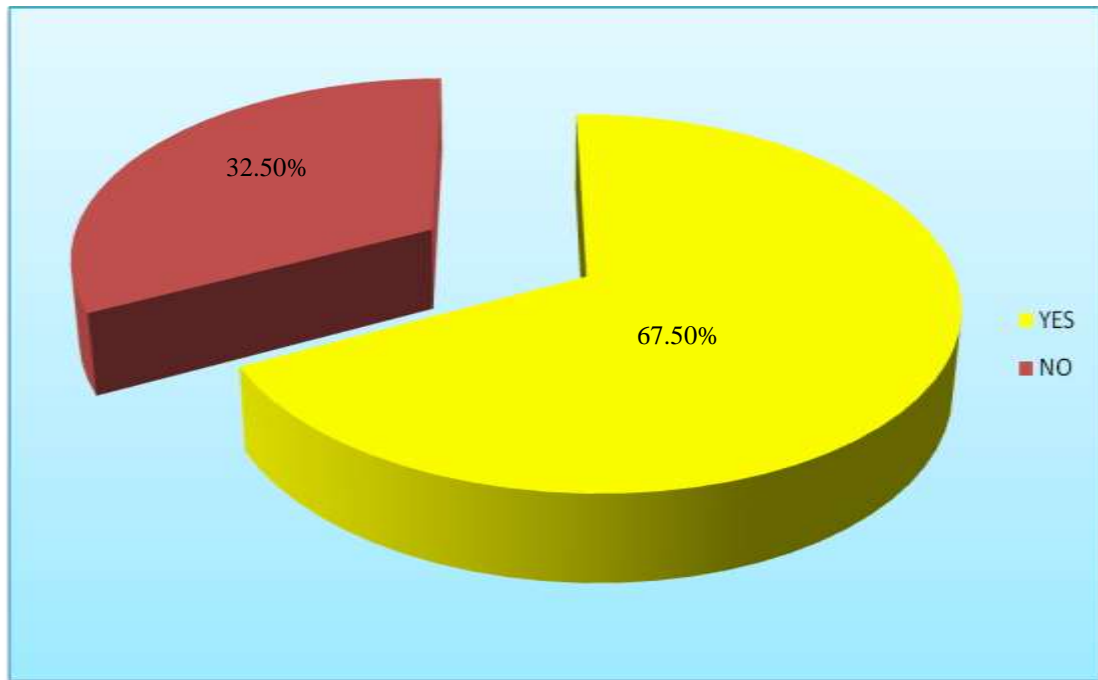


Source: *Research findings (2013)*

4.3.4.2 Information about the Supplies Market

On the critical issue of the information about the supplies market to the buying organization, the specific question offered two alternatives (Yes/No) to respondents. The responses were as follows; 27 respondents equivalent to 67.50% rejected by saying-No, that means organization is not well informed about supplies market while 13 respondents equivalent to 32.50% agreed by saying-Yes organization is well informed. See the charts below:

Figure 4.6: Information about Supplies Market



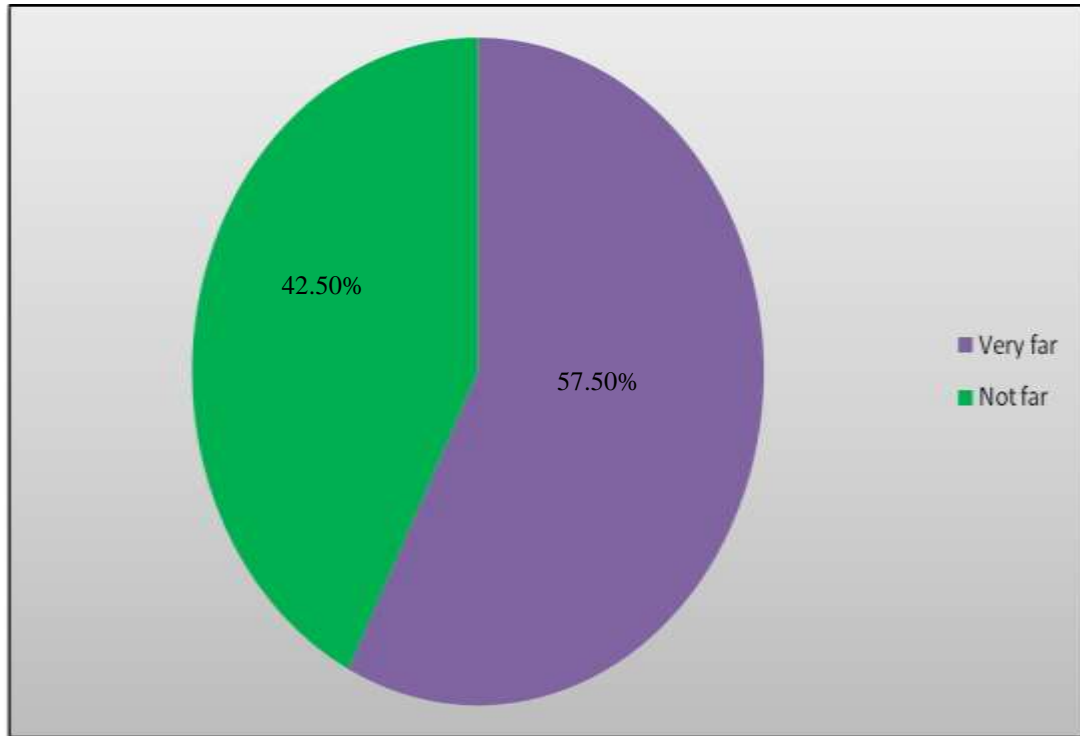
Source: *Research findings (2013)*

Those who said no noted that the reason behind of lacking well information about supplies market is due to fact that, there is no enough mechanism to trade-off prices of different items, that is to say the prices are likely to vary time to time.

4.3.4.3 Distance between Suppliers, Procuring Entities and Central Purchasing Unit

This question seeks to find out how far is the distance between suppliers, procuring entities and central purchasing. Respondents were asked to choose between the two alternative offered, that is very far or not far. Responses were obtained as follows, 23 consulted employees which is equivalent to 57.50%, said that the distance between the three parts is very far which in turn added the cost of distributing goods and services to the government. 17 respondent which is equal to 42.50%, noted that the distance between the three players is not far, to them apartness between them is manageable which can facilitate achievement of value for money. Observe the chart below:

Figure 4.7: Distance between Procuring Players to the Central Purchasing Unit

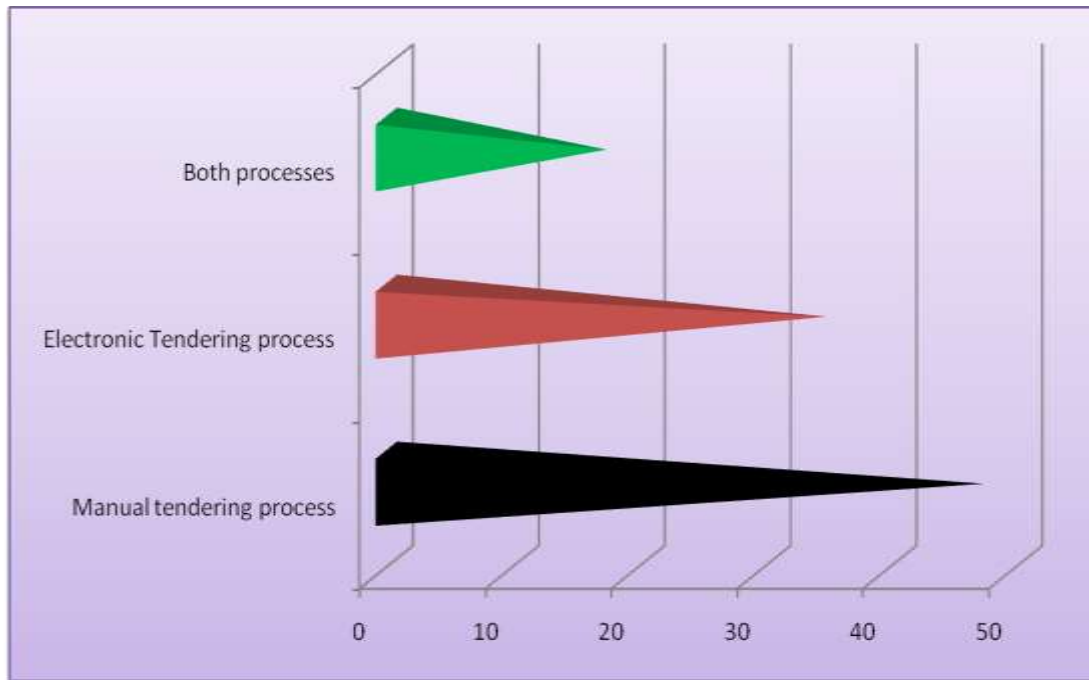


Source: *Research findings*

4.3.4.4 Tendering Process which is Mostly Applicable in the Government Procurement Service Agency

The question targeted to check out the mechanisms employed mostly in processing tenders submitted by bidders through the framework contracts. Three alternatives were offered to respondents in order to choose the appropriate tendering process mostly applied in the organization. 47.50% of the responded sample equals to 19 respondents pointed out manual tendering process is mostly applicable in an organization followed by electronic tendering process which scored 35.00% of the sample equals to 13 respondents while 17.50% of the respondent which equals to 07 people showed both electronic and manual tendering process are mostly applicable in an organization. This information can be seen clearly in the graph below:

Figure 4.8: Tendering Process Mostly Applicable (in Percentage)



Source: *Research findings (2013)*

4.3.4.5 Challenges Facing the Implementation of Procurement of the Common Use Items and Services

Researcher aimed to know if there are challenges which are facing GPSA in the implementation of procurement of the common use items and services. 97.5% of the responses showed that there are many challenges facing in the process of procurement of the common use items and service. It is noted that one of the challenge is shortage of financial resources and sometimes are not released by financial authorities timely to the extent that suppliers might have procured goods or services but not paid for a long time. Also unawareness of the system by key players especially procuring entities due to fact that it is a new system to many users, others pin pointed the resistance of procuring entities to adopt the system, most of top leaders are not willing and not taking the system into upper hand to the extent that they advertising tender along with GPSA.

Manual tendering process which is mostly applicable tend to slow down the procurement process and gives fatigue to workers, organization does not have perfect

information about supplies market, this leads into failure of forecasted prices into the system. Also respondents showed that the far distance between the central purchasing organization and suppliers as well as procuring entities add more costs of transportation and unnecessary delays of the procured goods and services. Institutional capacity is very low in terms of human resources; this means that there is a shortage of human power in an organization which in turn hindering smooth carrying out of the planned tasks. Percentage and frequency of respondents can be seen in the Table below:

Table 4.7: Challenges Facing the Implementation of Procurement of Common Use Items

Challenges facing the implementation of procurement of common use items and services	Frequency	Percentage
Shortage of financial resources	08	20
Unawareness of the system by players	07	17.5
Resistance to adopt the system	13	32.5
Manual tendering process	03	7.5
Lack of information on supplies market	05	12.5
Far distance between buyer and suppliers	02	05
Total	39	97.5

Source: *Research findings (2013)*

4.4 Chapter Summary

This chapter presented research findings obtained at GPSA. These findings were presented by reflecting research objectives and several questions asked to respondents. To make the easier understand of the findings; figures and tables which show percentage and frequencies were used. More discussion of the research findings shall be seen in chapter five.

CHAPTER FIVE

DISCUSSION OF THE FINDINGS

5.1 Introduction

This chapter discusses the data analysed in chapter four basing on the main research question and specific questions proposed in the first chapter. All research question attempt to find answers on challenges in procurement of common use items and services in the government procurement agency of Tanzania.

The main research question aimed at exploring the challenges experienced by government procurement agencies in implementation of procurement of common use items and services in Tanzania. To fulfil this objective, four specific research questions were addressed:

- (i) What are benefits of the implementing framework agreement system of procurement of the common use items and services?
- (ii) Is the procurement practice guidelines of government procurement services agency understood among procuring entities?
- (iii) How framework agreement system for common use items and services enhance the achievement of the value for money in government procurement agency?
- (iv) What are the challenges experienced by the government procurement agencies of the Tanzania in the implementation of procurement of the common use items and services?

If these challenges continue to be neglected, the extent to which these factors hinder the implementation of the system of procurement of the common use items and services will remain unanswered. Hence addressing the level of awareness, importance and challenges are paramount for enhancing efficiency and effective framework agreement system of procurement of common use items and services.

5.2 Summary of the Research Process

The study generally aimed at finding out challenges facing implementation of procurement of common use items and services in the government procurement agencies of Tanzania by examining how the framework agreement operates and where it fails. Recent studies have identified trends in the improvement of procurement of common use items and services both in public and private sectors, these studies determined forms, relevance and how common procurement can be formed but they have given little explanation about challenges.

Research data was collected through interviews, questionnaire and documentary reviews. Qualitative data was subjected to content analysis and quantitative data was summarised in tables and charts. The government procurement service agency (GPSA) employee's both top management and lower rank employees were contacted to provide research data. Data obtained were triangulated among the tools to ensure reliable results were obtained.

The research findings show that, procurement of common use items and services using framework agreement systems has faced many challenges in its implementation at government procurement service agency (GPSA), and has led big constraints in achieving of the value for money as it is expected by government.

5.3 Respondent's Profile

Respondents in this study have been characterised in terms of age, sex, education levels and working experience. From the study, most of employee's age wise ranged between 21 year old to 42 with 92.5%, this implies that young men are more employed and working in the GPSA as it is in other reviewed studies such as the one done by (Basheka, 2008; Pathan 2011). These data showed that when these employees reached to the retirement time, agency will lose the large group of skilled and experienced employees.

Also males are more employed than female in GPSA; data showed that 62.5% males and 33.5% female as it is noted in other studies which also showed males are more

employed than female, research by (Basheka,2008; Mrema,2011). Therefore these studies have confirmed that there are gender imbalances in government procurement departments, there is need of restructuring of employment system in order to allow female to contribute their labour force.

In education levels, most of employees were well educated since study shows 92.5% had diploma level of education and above, as it is in researches by (Basheka, 2008; Migiro et al, 2008; Mrema, 2011) . This implies that, the study population was elite one with adequate capacity to understand research instruments like questionnaire and interview, and their responses reflect considered opinion on the studied variables. In the world class purchasing, education and learning recognized as critical factor of purchasing as identified by USA centre for advanced purchasing studies (Lyson, 2006). Therefore the scope of work for procurement professionals is expanding, and providing new challenges to procurement officers who have traditionally focused primary on executing individual contracts.

This study also observed that 85% of employees had working experience of 2 years and above, while other reviewed studies such as the one done by (Kakwezi et al, 2010; Mrema, 2011) showed nearly the same percentages. Generally this implies that the majority of respondents had useful experience and knowledge on the dynamic issues on government procurement and were in a better position to gauge the questions asked and had give out what they have experienced in GPSA.

5.4 Applicability of Framework Agreement System for Procuring Common Use Items and Services in the Organization

There is a general agreement that framework agreement system for procuring common use items and services is highly applicable in the government procurement service agency. The framework agreement contains no commitment to purchase on either part but it commonly specify the terms and conditions of the eventual contract that will apply when goods and works or services are purchased along with the rates that will be charged for that service or pricing mechanism to be used in order to

define the price to be charged (PPRA, available at <http://ppra.forumotion.com/50-common-use-items-by-gpsa#247>).

Therefore, contracts formed only when call-offs are made under the framework agreements. The findings especially from the staff interviewed with 97.43% of responses confirm that there are two approaches of implementing framework agreements; firstly, supplies from a single provider: this is used when a framework agreement is required by the PE's and only one provider is selected to provide the service for the entire period agreement. The call-off orders (mini-contracts) are sent to this provider. Secondly, supplies from several providers: this is used when a framework agreement is required and number of providers are selected from the tendering process.

The users of the system go to the provider within framework whose offer is the most economically advantageous (definitely will be one with lowest price) based on call-off criteria, and where frameworks for the same goods, works or services are awarded to several provider, there are two possible options for awarding call-offs under the framework namely: First terms of the framework agreement based on providers offered lowest price and second applying the mini-competition to all providers in the system who are capable of meeting particular need.

The establishment of framework agreement system in procuring common use items and services can have a big impact on achieving the value for money in the government procurement of Tanzania.

5.5 Benefits Obtained in Organization from Implementation of Framework Agreement System of Procurement of the Common Use Items and Service

General observation of the research is that the implementation of framework agreement system provides benefits to the government organizations, with 95% of responded sample supporting this view. However administrators and staff members approached provided some of benefits of the system, like elimination of price

differential of common items and services purchased in ministry departments and local government departments, this is done by governing the purchasing contracts in terms of pre determined prices and qualities of supplies to be bought. The current situation to those institutions which has not joined the system is such that an item such as ream of photocopy paper of a particular quality specification obtainable from a particular supplier is sold to various PEs of a same geographical location at different prices, same applies to furniture, information technology (IT) items, vehicles, and some services; The system required suppliers and service providers to agree on the price for a given period of time and agreements to be awarded to a panel for the provisional of specific goods or services (Mwabega,2010)

The system, also allow government procurement service agency to have a wide range of suppliers and service providers who are qualified and readily available from the list in the system. Since its inception the operational of the system for procurement of common use items and services has recorded improvement in terms of the number of bidders participating in tenders for procurement of CUIS using framework agreement. For example, the number of bidders increased from 4,065 in the first year of operational of the system (2009/2010) to 8,700 in second year (2010/2011) of operational (GPSA, 2012). This lead into easiness of selecting and obtaining suppliers and service providers who are capable and competent in procuring right quantity and quality items and services as per specifications and at agreed price and place, hence proper scrutinize of the bidders.

Often from this observation what is easy to be measured is measured, rather than what should be measured, particularly when objectives are generally met or interpretive. Although the method of selecting suppliers and service providers from the system should be consistency in order to reward tenders to the right suppliers. The study discovered that the framework contract awarded to suppliers in the year 2009/2010 was done without reviewing post-qualification which in turn led into various problems such as inability to supply and provide the services as well as poor quality of items and services.

Procuring entities are allowed to concentrate more in their core functions other than procurement process; the study shows that the framework agreement between PE's and service providers or suppliers is entered by GPSA on behalf of the government whereas contract entered between PE's suppliers or services provider through call-off orders which is all managed by the system under government procurement service agent and notifies PE's on awarded framework agreements (GPSA, 2009).

This is to say that most of tasks are done by government procurement service agency rather than procuring entities. For example the list of eligible suppliers and service providers can be viewed into the system by PE's. Also sometimes if goods or services demanded are available from government stores PE's are ordered them from there. Hence the system offer reliefs to the procuring entities and gives enough time to deal with their core activities. Section 45 of PPA 2004 states that; a procuring entity shall plan its procurement plan in rational manner and particular shall: (c) make use of framework contracts wherever appropriate to provide an efficient, cost effective and flexible means to procure works , services or supplies that are required continuously or repeatedly over a set of time.

Shortening of lead time, the research findings indicates that since the system enables the buying organization to select supplier or service provider without the need to undertake another formal tendering process, they can order goods and services immediately after recognizes the needs, they can order their requirements from any supplier listed in the system or from the government store department if the needed goods are available in the department catalogue which enhances quick receive of the ordered goods.

Generally framework agreement system remains an important mechanism to enables buyers to determine which items should be procured and selects supplier for each items or family of items issue a blanket order to each supplier under the same umbrella of the system. Although one key question to be answered should be; are the opportunities for benefiting from synergies between PE's full exploited? Joint contracting of common materials, equipments or opportunity exist for collaboration

with suppliers regarding product development, quality improvement, lead time reduction as well as cost minimization are sufficiently be used? Responded sample also named other benefit of using framework agreement to the PE's as economies of scale due to facts that there is a possibility of aggregate its requirement and can be purchased in bulk with lead into great discount from suppliers and hence facilitating achievement of value for money as well as lowering procurement costs.

5.6 Procurement Guidelines Practices in the Government Procurement Service Agency for Procuring Common Use Items and Services

Findings showed that there are procurement guidelines involved in the procurement process of the common use items and services. 82.05% of responses agreed on availability of the procurement guideline in government procurement service agency. One respondent said that “there are guidelines which are very essential in every procuring stage from pre-tendering stage up to its excursion; some of them are found in online system such as tendering documents”. These guidelines are playing very important roles to make sure procurement process is carried out smoothly with fair and effective ways to all players as well as governing all process involved in procurement of common use items and services in order to achieve value for money.

Procurement guidelines which mostly usable in GPSA to facilitate procurement of the common use items and services are as follows:- The use of tendering documents which comprise with standard bid documents and evaluation guidelines together with brochures available online at GPSA website under framework agreement system such as call-off order forms in which helps procuring entities to enter into contract (agreement) with suppliers or service providers to supply goods or services on behalf of central purchasing organs when there is urgently demand or emergence, mini-competition which takes place among identified bidders if happens the previously chosen supplier failed to deliver right agreed goods and services or have not provided at all due to different reasons such as prices, both of them comes from framework agreement system.

Also the use of public procurement act (PPA) number 21 of 2004 and its regulations 2005 as the key in advertisement and evaluation of tenders as well as guidance for the all most all procurement processes, also it stipulate the functions and mandatory (rights) of each procurement key players like GPSA, PPRA, PEs as well as suppliers and government as well, currently there is new public procurement Act, 2011 and it was underscored that the new public Act, 2011 has elaborated more on the system for procurement of common use items and services as compared to the current public procurement Act, 2004. However the new Act, 2011 is not in operation, pending till completion of the regulations.

PPRA procurement guidelines are applicable in government procurement service agency; they said that, the regulator of the system will be PPRA with powers to issue guidelines for better implementation of the system. The key role of the PPRA is to monitor and evaluate the system. This is done by controlling the list of CUIs in the database, as its administrator, by ensuring that all CUIs are listed and stored in as appropriate and any other player wishing to access the database will only do so with the permission of PPRA.

Generally procurement guidelines are too many with many books and materials too. However it is not good, and will be not fair to neglect the response of the remaining 17.95% of the sample that said there is no guideline in an organization. They said guidelines are very subjective and very difficult to execute thus why they rely on the framework agreement system only. This is seems that the respondent did not understand if tendering documents are also prepared to follow the guidelines to be adhered in either parties.

Therefore, it's true that to the organization context where the work and processes lie's in orchestrating the right procurement system, good and workable procurement guidelines must be taken in consideration when framework agreement system is operating to improve efficiency and effectiveness of public procurement.

5.7 The Level of Awareness among Procuring Entities on Procurement

Practice Guideline

The answers from employees on whether procuring entities are aware and they understand the procurement guidelines or not showed that, procuring entities as among of the key system players are not aware of the procurement practice guidelines which give GPSA mandatory to implement procurement of the common use items and services under framework agreement system in conjunction with PPRA. 65% of the responded sample said the level of awareness among procuring entities is low.

This study find out that, there are many questions about the system which makes it difficult for PEs because it is very new system to them to the extent that top leaders especially in local government are advertising their own tenders along with GPSA even though they are required to follow the established system as act stipulated. In accordance with Section 51 of PPA No 21 of 2004; procuring entities may procure from GPSA where financial resources are exclusive available by a Tanzania public body. In this regard GPSA sells stock items including fuel, stationery, varieties of united republic of Tanzania flags, brass lapel pins, electrical equipment and sundries. Some PEs may opt to use other methods of procurement instead of the one proposed for CUIs.

To reach organizational and government goals however, PEs must understand the system well and its objectives. Getting them to buy into the system and follow a strategy means training and mass awareness campaigns are needed. Government procurement services agency under department of procurement advisory service in its effort to strengthen capacity of the stakeholders on operational of framework agreements is conducting training on the application of the system for procurement of common use items and services using agreements, call-off orders and mini-competition, the relationship between parties to pre-requisites for quality assurance in procurement of CUIS and challenges of the system, trainees includes public servants who are involved in procurement, suppliers and service providers. For example, training was conducted in Arusha (26-28/09/2012), Morogoro

(1-3/10/2012) and Mbeya (8-10/10/2012) where about two hundred seventy (270) participants attended from different regions countrywide(GPSA,2012 available at www.gpsa.go.tz).Organization has planned to train trainers programs which will be applied whereby formalized trainings to selected staffs from procuring entities through external consultancy and workshops, later on the trainees become the trainers for their organization at a reduced cost.

The remaining 35% of responses believed that PE's is aware of the procurement guidelines due to fact that training provided has made them understand of the guidelines. For example they quoted saying that "all of them are aware of the guideline" at least one of servant in each district has been trained

Despite of their argument, Researcher have leant and observed that the level of awareness of the procurement guidelines among procuring entities is very low to the extent that if seriously action will not be taken the system will fail to attain its objectives. However it is noticed that not only PE's who are not aware but also supplier's and services providers too. Hence as the system is being introduced, there is need to accommodate or manage changes and more training will be necessary.

5.8 Framework Agreement System Enhances the Achievement of Value for Money in Government Procurement of the Common use Items and Services

80% of the responses agreed with assistance of framework agreement on enhance of the achievement of value for money in government procurement. The system is useful as an approach which governing key players to rectify and monitoring efficiency, effective as well as proper use of public resources in a right ways, this is to say that goods and services purchased are related to the value of money spent. However 12.5% responses from the sample went against the notion of achieving value for money, they need rectification of the system by considering prices of goods and services which are not stable (fluctuate) over time as well as failure of the most suppliers to meet specification.

The main purpose of establishing the system is to ensure that public funds allocated for procurement of commonly used items and services by public bodies are properly controlled in a manner that will minimise waste and looking forward to improve efficiency and effectiveness in procuring supplies, services and works in common use by more than one procuring entity (PE), which may be subject to common procurement (Shirima, 2008). The study findings therefore, observed that value for money is very wide concept, not only about achieving the lowest initial price, but rather achieving the optimum balance between relatively low costs, high productivity and successful outcomes. This involves comparison of the cost of the available bid options, expressed in terms of discounted cash flows over the life of the goods, works and services. Under certain circumstances other quantifiable measures may be used as the basis for a financial comparator. It also involves comparison of all the factors that are difficult to quantify in monetary terms but their value to the Government and the wider public is significant.

Therefore, there is a need to balance procurement objectives with the need to create jobs, to harness the benefits of poverty alleviation and community empowerment against the need to deliver works, goods and services in the most cost effective manner

However the research is emphasizing that, value for money is an essential test against which procuring entities must justify a procurement outcome. Price alone is not a sound indicator and procuring entities cannot necessarily get the best value for money by accepting the lowest price or bid. Best value for money therefore means going beyond the price to get the best available outcome when all relevant costs and benefits over the procurement cycle are considered.

5.9 Ways of Achieving Value for Money in the Procurement of Commonly Used Items and Services

The findings showed that there is variety of answers from the staff on ways of achieving value for money. 17.5% of responded sample said fair competition, 20%

proper use of resources, 32.5% aggregation of requirement for all buying organization, 10% said the use of specification requirements.

Fair competition among suppliers and service providers: GPSA advertising the bids as widely as possible to ensure wider competition. In the receipt and opening of bids, the documents are not tampered in any way that will give a particular bidder or group of bidder unfair advantage over the others, this goes hand to hand with accountability of management as well as transparent; which means how procurement is achieved its anticipated outcomes together with openness of procurement activity to scrutiny by interested parties like providing documented reasons for decisions and the provision of appropriate information to relevant stakeholders. So when things are done properly, it reduces risks of unethical behaviours and instils confidence in stake holders regarding the integrity of decision.

Proper and efficiency use of resources, in this context refers to getting the most of the amount spent or not spending more than required for the purpose. This study discovered that GPSA is very fanatical in making sure that resources are optimally utilised without any kind of wastage, and to make this functioning PPRA has introduced the checking and monitoring system, a system that ensures the whole procurement process is screened by the PPRA itself, right from the preparation of the procurement plans through to the very end of the services contract; is one example of such efforts. The checking and monitoring system acts as a sieve for VFM and allows chaotic situations to be easily identified and dealt with when still in the bud stage. Another marked effort is the ongoing procurement audits which are conducted to check the compliance of PEs with the PPA 2004 at the end of which proposals are made on how to deal with non-compliance. This set a stage for future efficiency and effectiveness in the system which can then be translated to value for money.

Aggregation of requirement among procuring entities or in cases of large PEs where several similar items are needed in various departments, these needs are aggregated and purchased collectively in order to enjoy economies of scale by obtaining a large

discount from suppliers or service providers and other incentives which in turn saves public funds.

Formulation and the use of specification requirements, once the need for an item or a service has been confirmed, specifications are agreed on. At this stage, an initial VFM assessment is applied. This helps justify why one option should be selected over another. The specification is chosen with care to ensure that they suit the precise need for which they are required. Research findings show that evaluation criteria is enable the proper identification, assessment and comparison of the costs and benefits of all submissions on a fair and common basis over the whole procurement cycle.

Therefore basing on research findings the suggestion is: Value for money assessment should be taken into the upper hand and should not focus only on economy or cost like; reduction in expenditure and savings in resources. This is certainly the, easiest end at which to start while effectiveness, on the other hand, raises the most difficult problems, particularly in terms of defining objectives and measuring performance results. The assessment should therefore be holistic and cover all three E's. South Ribble Borough Council (2007) proposes the following factors for consideration: the maturity of the market for the property or service sought, the performance history of each prospective supplier or service provider, the relative risk of each proposal, the flexibility to adapt the possible change over life cycle of the property or service, financial considerations including relevant direct and indirect benefits and costs over whole procurement cycle, and the anticipated price that could be obtained, or cost that may be incurred at the point of disposal.

5.10 Following is linked to the Challenges Facing Procurement of the Common Use Items and Services

Research findings showed that all mentioned factors play significance role in hampering procurement process, even though the responses show that resistance of PE's to adopt the system is the mostly significant factor with the score of 35% of responses, followed by shortage of financial resource in which they said sometimes funds reach the buying organization lately to the extent that they fail to accomplish

their plans timely and taking long time to pay suppliers and service provider, this scored 27% of response, again they pointed on lack of supplies market information and lack of the awareness of the system by key procuring player scored 22.5% and 15% respectively.

Additionally it is found that there more factors than the mentioned like shortage of human resources in all most all section and department as well as ineffective information communication technology. The research has come to the conclusion that there are challenges in government procurement service agency and they must be discussed and evaluated their weights in order to find the appropriate remedy of each and every factor if really government wants achieve the planned objectives. Not all factors affect the system of procurement of the common use items and services equally in an organization; one size does not fit all. It is very important to consider the type of challenge and nature of relationship between them.

5.11 Information about the Supplies Market

The study has observed that, the government procurement service agency and procuring entities despite of their efforts to minimize costs basing on purchases, they are not well informed and aware about the supplies market. Findings revealed that, 67.5% of respondent said no, organization is not well informed while only 32.5% of respondent agreed and said organization is well informed.

The knowledge of the nature of the procurement market by procuring entities is fairly low which affects the way PE's define a product or service in relation to the needs analysis. Inappropriate definition of product or service, may lead to delivery that is not satisfactory, increased costs and loss of time (Shirima, 2008).

The respondents noted that, there is no mechanism to trade-off prices of different item in the system especially when there is variation of prices, this lead supplier rejecting to supply good or services when prices of agreed items goes down, also market research is not taken by buying organization before the budget preparation and sometimes PE's depends on information from suppliers and service providers.

Never the less, if GPSA and PEs wants to reap the benefits of the common procurement there is a need to improve market knowledge, as well as coordination and information sharing within the government institutions and suppliers.

5.12 Distance between Suppliers, Procuring Entities to the Central Purchasing Unit

Observation of the research is that the distance between some procuring entities, suppliers and the central buying organization is long which makes it difficult to minimize transportation costs and effective collaboration. 57.5% of response noted down that the distance between them is very far, they said that players are spread over large distance geographically, some areas are very far away from GPSA and once they order goods or services from central government store they incur more logistic costs, hence adding procurement cost. For example distance of Bukoba or Kigoma from Dar es salaam, now if happened goods have to be bought from central government store which is located in GPSA headquarter to those places, the transportation cost is obviously higher. On the hand 42.5% of respondents said the distance between them is not far especially to those suppliers and procuring entities that are close to central purchasing organs

The aspect of distance can be perceived and cuts differently at every root of one's sense but what matters is the cost which incurred when goods are distributed from central purchasing organ to procuring entities or from suppliers to procuring entities and central purchasing organization. Research finds out that, there is a need to subsidise more to the remote regions in terms of distribution costs and if possible GPSA should own their own enough means of transporting goods or services in order to achieve value for money.

5.13 Tendering Process which is Mostly Applicable in the Government Procurement Service Agency

To achieve high performance, shorten processes and paperless work, procurement must utilize good methods on tendering process which will operate its performance.

Research findings showed that GPSA highly uses manual handling tendering process with the support of 47.5% of the sample responded on the question asked that “which tendering process is mostly applicable in your organization”. Even though some of respondents shown that electronic tendering process is not playing too far from tendering process with 35% of respondents acknowledged its applicability in GPSA as well as mixing the use of both tendering process with 17.5% of responses, but still not to the extent that will boost up performance and revolutionize the system.

Findings from this research discovered that there are two problems which makes the system relies on manual tendering process at GPSA. Firstly, most of the employees are lacking enough knowledge on the use of technology (ICT) and the second organization hasn't had equipped with full ICT facilities to handle electronic tendering process.

Mostly important thing, employees must understand on how to apply and operate ICT facilities in order reduce relies on manual tendering process which always elongates the processes and extending procurement time too. So training on procurement management information system (PMIS) must be provided. Although PPRA have started to provide training but poor response from PE's in using the system after receiving the training is one of the challenges, Ntelya, B (PPRA training on PMIS, in Morogoro, December 1st and 3rd, 2010). Also organization together with government must provide sufficient ICT tools to PE's and GPSA in order to modernizing tendering processes.

5.14 Challenges Facing the Implementation of Procurement of the Common Use Items and Services

Research responses showed that there many challenges facing the implementation of procurement of the common use items and services at government procurement service agency (GPSA). This is shown by the support of 97.5% of a sample who responded on the instructional object given to them. It was observed one of the challenges is resistance of procuring entities (PE's) to adopt and join into the system

established by the government, individual PEs are needed to agree on having part of their respective procurement conducted collaboratively or using the system of CUIs.

The challenge is that some PE's are opt to use other methods of procurement instead of the one proposed for CUIs and sometimes top local government leaders are advertising their own tenders along with GPSA advertisement of goods and services which awarded under framework agreement, this leads central purchasing organ fail to reach their plans and responsibilities as well as government at large fail to achieve the expected value for money and smoothing the procurement processes, like failure to remove price differentiation. Although it is observed that a number of PE's using the system after expires of previously contract with suppliers, for example by 2010/2011 about 59 PE's indicated the use of framework system in their general procurement note (GNP) according to GPSA (2012). Therefore, research findings observed that to eliminate rigidity, sensitization is required at all levels for the PE's to adopt and the system to be implemented successfully.

Shortage of financial resources, lack of reliability of funding from government treasury often keeps the procuring entities on a difficult position to pay their suppliers and service providers timely and by the time approvals are obtained, delay in carrying out the procurement; expiry of the tender validity period may necessitate re-tendering. On the other hand, suppliers and service providers are discouraged to offer their supplies and bid in the next time. Sometimes, when the funding is made available towards the end of the fiscal year, procuring entities are tempted to use impractical time frames that may lead to inadequate responses from bidders, reduced competition or deliveries which are questionable (Shirima, 2008).

From these findings, it is clear that there is need for improving skills in relation to forecasting, planning and work processes; again the funding mechanisms should also be revisited in order to identify the reasons for delays in disbursement.

Lack of perfect information on supplies market, procuring entities and GPSA lacks or have a little knowledge about supplies market which lead them in the purchasing

of products with low qualities or high prices compared to actual, also failure in defining and set down right specification for their requirements, also due to lack of clause to re-negotiate prices suppliers use it as loophole to play with price. Hence find themselves obtain consignment with the increased costs. This study found that market knowledge is essential if PE's want competitive selection of sources of supply, and tendering will be of no advantage if the supply market is not competitive. Most advanced procurement systems encourage a dialogue with suppliers on government requirements and decisions on possible procurement methods at the very early stage (Office of government commerce [OGC], 2004).

Otherwise, PE's need to understand how a market works, the direction in which it is heading, its competitiveness, the key suppliers and value that suppliers place on the PEs as customers. Research work in this particular area is highly encouraged, and resources should be dedicated to enable better insight of the procurement market by key stakeholders.

Lack of awareness of the system players, as the system is being introduced in the recent years, it is difficult for them to understand the procurement guidelines, and their roles as well as the role of other players and benefit of the system have to them and government too. This brings out inefficiency and ineffective participation in the system by members and failure to accomplish their required tasks, for instance PE's fails to bring their requirement, expected budgets and their work plans to the GPSA on time in order to aggregate needs. It is noted that needs are not analysed accurately, therefore either understated or overstated. The findings shows that there are many doubts about the system by key players, hence for the better implementation and operation of the system, mass aware campaign must be given to the players.

Manual tendering handling process, it is well-known that most of tendering process in government procurement service agency is done manually especially in the evaluation and selection stage of supplier or service provider who will qualify for the award of tender. This slow down procurement process and elongate time for execution of tenders, also it gives hard time to workers to deal with paperwork which

leads into tiredness. Respondents believed that for accuracy and efficiency processes in GPSA, system should be conducted electronically; hence by doing this the targeted objectives will be met.

Apartness to geographical location of the key players especially between buyers and services providers to PE's or central government store, research observed that some members are spread over too large distance from central store department as well as to suppliers and service providers. This tend to add more logistics cost and leads into late deliveries of procured goods to users, and in turn procurement cost also going up to curb the achievement of value for money. So it is better for GPSA and government to see on how they will do, to reduce these additional costs by either extending their services near to players like opening offices to each district in spite of currently approach of opening branches to some regions or to offer subsidies remote areas. When considering national framework contract, it may be that regions with easier to access to markets effectively subsidise more remote regions in term of distribution costs (Bakker E, and Walker H, 2008).

The research has observed that these challenges hinders the implementation of the procurement of common use items and services, there is need therefore to put emphasis on how the framework agreement system enhance effectiveness, efficiency, economy and achievement of value for money in the public procurement through solving of the mentioned challenges, also there were other challenges observed in government procurement service agency such as inadequate human resources as well as insufficient ICT infrastructure to perform the function effectively.

5.15 Chapter Summary

This chapter presented discussion of the research findings obtained at GPSA. These discussions were presented by reflecting several research questions asked to respondents and objectives of the study in order to make clear understanding of the findings. Summary of the study, conclusion and policy implications shall be seen in the next chapter.

CHAPTER SIX

SUMMARY, CONCLUSION AND POLICY IMPLICATIONS

6.1 Introduction

This chapter summarises the information discussed in the previous chapter basing on the findings obtained from the case study. It also provides conclusions and policy implications and gives suggestions for further research on aspects related to the study.

6.2 Summary of the Results

The study examined the challenges in the procurement of common use items and services in the government procurement of Tanzania. GPSA was taken as the case study where by its staff and heads of department and sections were used to provide the information.

Findings indicated that procurement of common use items and services using framework agreement system has faced many challenges in its implementation at government procurement service agency (GPSA) and government as whole. Above all, procuring entities are rigid in adopting the system but also financial constraints threatening the smooth implementation of the system. Despite of the challenges it faces, the system has been very useful in achieving of the value for money which is based in economy, efficiency and effectiveness of procurement processes. It has brought together different procuring entities and aggregation of their requirement for departments across the organization and outside, which is playing a very vital role of unifying operation towards attainment of the common government goals for the establishment of the system. Additionally it has provided flexible means for procuring services or supplies that are required continuously over a period of time.

GPSA is now having a powerful means to control procurement transaction costs to PE's through reduced advertising costs, tender board meetings and evaluation committee and other related costs incurred by individual PE's.

6.3 Conclusion of the Study

On the grounds of the findings discussed in the foregoing chapters it can be concluded that procurement of common use items and services using framework agreement system has faced many challenges which can have negative impact in its implementation of the system and down fall of the specialized organization established for managing the system as well as failure of the key players to reach into the common agreement like suppliers and service providers will fail to deliver the required goods and services to the demanding institutions. Shirima (2008) is commenting that “The total cost of a consolidated procurement may possibly exceed those that would have been incurred by individual PE’s if the necessary information on quality of services and goods due to large and complex contracts are not considered”.

Therefore for any government which is seeking to establish the common procurement and thinking of eliminating challenges in the procurement of common use items and services must consider the following:

(a) Change is Inevitable and Should Be Continuous Process to All Key Players Involved

Any procuring entity and other involved players, who wants government to reach its goals, it must first know what they are, so everyone can pull in the same direction. But it is not always easily acceptable and because of this it needs careful management to change people’s mindset and perception. The system is perceived differently with mixed feelings both positive and negative.

(b) The System Needs Training and Mass Awareness Campaign to Its Stakeholders

Adequate emphasis should be taken on capacity building on procurement related issues of commonly used items and services to all key players especially to procuring entities and suppliers or service providers. Whereas, understand of procurement guidelines which are applicable in government procurement service agency such as

public procurement act (PPA) number 21 of 2004 with its regulation of 2005 as well as PPRA guidelines and tendering documents is very critical.

Moreover, GPSA and other buying institution should train and recruit professionals as well as staff members who will dedicate and capable to apply their knowledge so as to increase efficiency and effectiveness in implementation of the system of procuring common use items and services. This can be done through seminars, workshops as well as taking some of them to colleges for further acquiring of knowledge's.

(c) Dedicating Resources and Time

Framework agreement system will only have the desired impacts if government takes it seriously as an important aspect of achieving value for money in government, so it should devote time and resources to it.

The system need to be embedded into organization timely service provider's payment, information technology system to be maintained, people had to be trained; meetings and awareness campaign have to take place and the system to be kept fresh and updated. All of this requires time and financial resources, both of which tend to be in short term and long term supply.

(d) Legal Framework Needs to be Adequately Support the System

Various steps should be taken to develop a legal and administrative framework which will create greater coherence in the procurement process, clearly defines the processes and criteria that should be adopted, and the roles and responsibility of procurement officials and bodies (players), and like revising of the public procurement act (PPA) regulations to the extent that gives more explanation of the system of procurement of commonly used items as it have been done in the currently PPA of 2011 which is not in use waiting for its regulation to be amended. Furthermore legal framework should establish a more competitive and transparent system of public procurement with greater accountability and if possible GPSA must

learn how other countries especially developed one are implementing their legal system.

(e) Information Communication Technology Application is Critical

Improvement of ICT infrastructure and its applicability to both players of the system especially GPSA should be taken in forehands for the success and smooth implementations of the framework system in the procurement of common use items and services. This will improve the effectiveness and efficiency of the procurement process and reduction of circle time of obtaining the required goods and services, subsequently reduction of lead time.

Overall, the research is assuring that, a public procurement with all targets under which they must operate becomes lost in the sea if they are not going to find out the solutions for the challenges and solve them. If system installed and utilized properly, framework agreement system of procuring common use items and services has a big impact on improving effectiveness, efficiency, economy and achievement of value for money in public procurement.

6.4 Practical and Policy Implication

A number of the possible threat for successful implementation of framework agreement system in the procurement of common use items and services in the government procurement agency of Tanzania identified in the literature have become evident in GPSA. Some of key player such as procuring entities lack confidence to join into the system of framework agreement as stated in public procurement act number 21 of 2004, whereas the level of awareness and commitment about the system to them seems to be low. Strong measures which last long to these problems can have credibility to the system.

Therefore, inclusion of measures needs to be appropriately aligned to the organizational goals and strategy as well as public procurement objectives of controlling, managing and utilizing public financial resources efficiently and in effective ways. However support of essential concepts of accountability to clear lines

of responsibility in decision-making structure, professionalism to improve individual and system performance together with transparent of procedures and policies should be understood and accepted by procuring entities.

This research recommends some reference points for future reforms of which once given maximum considerations by policy maker, decision makers and practitioners will enable public procurement through GPSA to achieve its goals.

(a) Policy Makers

Public procurement act number 21 of 2004 should be reviewed in order to identify area with great weakness in implementation of framework agreement and amending those areas, and also allow the use of new public procurement act of 2011 and speed up the process of making its regulation, the body should also ask itself if really this act will suit the current existing situation in public procurement as far GPSA as concern.

The legal framework should be structured to allow greater consistency in the procurement of common use items and services, processes and criteria should clearly be adopted, roles and responsibilities of procurement bodies and officials also must be competitive, accountable as well as transparent to all stages and all key players involved. Evenett and Hoekman (2003) described a transparent procurement regime as the one with the procurement process document and readily available terms guiding and clear criteria upon which decisions and the award decision is made publicly available.

The policy makers at all levels should collaborate with other stakeholders and learn from inside the country as well as outside well succeeded countries in structuring workable legal framework with focus on best practices and arrangement standard acceptable framework contracts.

(b) Procurement Practitioners

Procurement specialists and players must ensure that the procedures laid down in the procurement guidelines and reforms are translated into actual practices and they are neither ignored nor side stepped, and the institutions whose tasks are to monitor and enforce compliance make full use of their authorities. This should begins with the change of mind set amongst leaders and officials in which procurement rules violation at all levels must not be tolerated.

The emphasis on quality inspection and testing of goods and services should be reviewed from one time to another in order to ensure that organization goes with the prevailing market condition to obtain quality goods and services all the time in procuring.

(c) Decision Makers

Decision makers should make sure that development of supplier base and delegation of powers to the authorities at the function levels are considered in the procurement of common use items and services. Moreover bidding documents for this kind of procurement must be simplified to allow procurement entities, suppliers and service providers understanding it clearly so as its implementation can be easier and more effective.

Preparation of specification and evaluation of tendering process should also be monitored; post qualification and auditing in implementation of procurement process must be instituted to PE's as indicative criteria. Capacity building and training to employees on procurement related issues should be taken seriously because will allow awareness on current matters on procurement guidelines, policies as well as procedures.

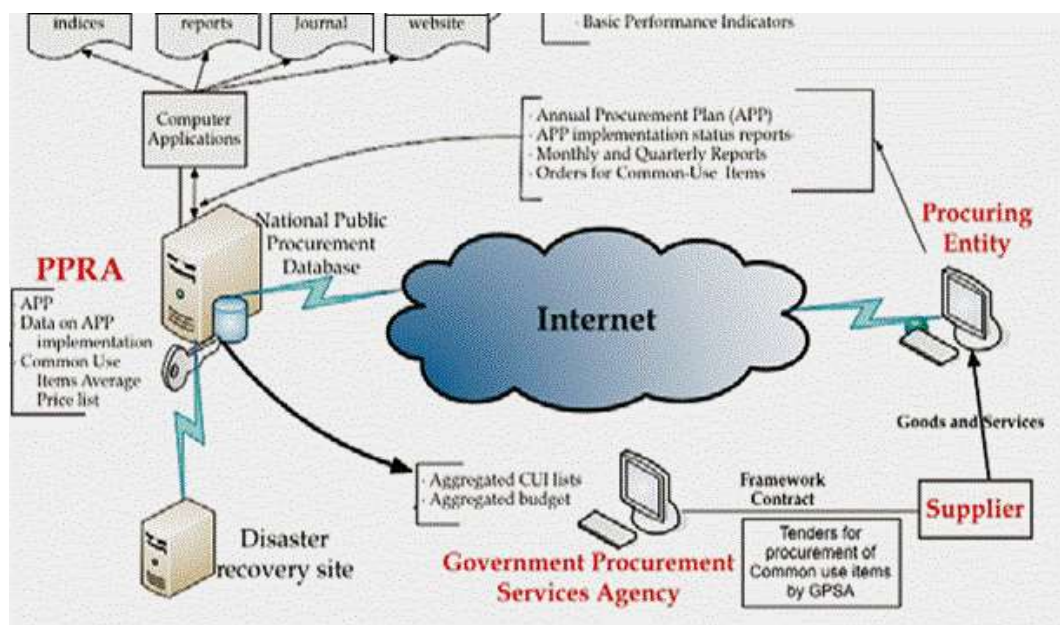
All of them needs strategies of paramount importance's and is all about choices and focus. At GPSA there has been shortage of resources, executive must get the most from these limited resources by investing their effort to best choices and clear focus. Senior managers must make defining strategy of their primary job with everything

they do being second. To achieve the value for money in public procurement can be difficult if players and its employee’s behaviours are not aligned with procurement strategies.

Most of procurement players and employee’s if asked to describe public procurement strategies in achieving inserted goals cannot articulate it. They sometimes operate like helpless reactor to problems of their organizations and public procurement too; there is knowledge-communication gap between players and public procurement system in their daily actions through framework agreement system.

Effective cooperation and integration of their actions in public procurement system immediately and keep update are likely to close knowledge-communication gap noted through procurement management information system (PMIS) to bring good and workable framework agreement system in the procurement of common use items and services.

Figure 6.1: Procurement management Information System (Knowledge-Communication Gap Bridge)



Source: Tanzania procurement journal (June 30, 2009)

To achieve the desired end results, public procurement players (GPSA inclusive) need to stay focused on the ultimate goals, and take into account essential enablers such as members commitment, standardise procurement procedures, suppliers involvement, knowledge of the system, appropriate resources, cooperation of group members and communication as well as demonstrate framework contract advantages. Yet, getting bogged down and lost in the theory is all too easy, especially when higher powers are breathing down manager's neck, looking for documentary evidence and statistics to show that targets are being met.

The best environment for framework agreement system in the procurement of common use items and services at GPSA should be learning. A positive learning culture is supposed to enhance open and honest mind and used by every key player to make better-informed decisions, and to take actions that positively affect future best performance of system.

Information technology can substantially aid players in managing the system and being more decisive. However, when the information technology is used by people, who understand the system and the organization goal, they will collectively aid public procurement to optimize their services levels with their finite resources. Therefore information technology is very important in public procurement but, to make it work properly there must be a link between information technology and understanding of the public procurement goals, framework agreement structure and processes by players.

6.5 Suggestion for Further Research (Research Implications)

Research has covered and directed itself only in one aspect of challenges in the procurement of common use items and services in the government procurement agency of Tanzania. But other aspects which have not been covered such as assessment of the enablers of effective common procurement in government institutions, and assessment of effectiveness of training programmes to key players of common procurement in smooth implementation of framework agreement should be researched in order to improve public procurement in Tanzania.

The understanding of enablers and roles of training of the common procurement would have helped procuring entities and other players see their roles in the procurement of common use items and services as vital in achieving value for money in public procurement of Tanzania. What are the enablers of effective procurement of common use items and services? This question would have been asked as the main question learned from study and would then extent the study.

6.6 Limitation (shortcoming) of this Research Study

This research study was about challenges in the procurement of common use items and services in the government procurement agencies of Tanzania as main objective. However the targeted case study was GPSA with aims to represent government procurement agencies, but the data was only collected from GPSA headquarter Keko Dar es salaam. The results obtained from this case should not be taken and used to make generalization to all government procurement agencies. This might have some weakness than if the data could have been collected from all other government procurement agency, the results would have been more realistic and suitable for generalization purpose, therefore more relevant conclusions could have been drawn.

Also researcher had taken and studied the sample of respondents from the selected case to represent all GPSA employees, this might have caused the sampling error and gives poor results than if we could have studied the all population, and also promised to collect data from all sections but he failed to do so because it was noted that some of employees were hadn't procurement background and then, knew little or none about procurement of common used items and services. Therefore the result obtained should not be taken as they came from all GPSA employees.

Therefore, researcher considers findings as preliminary and restricted by some conditions prevailing in the GPSA environment and limits the breath of findings of this study.

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APPENDICES

Appendix I: Questionnaire for Employee's

Dear respondents, assist this work by answering the following questions as honestly as possible. The information provided by you will be treated confidential and used solely for the purpose of this study. There is no need for you to disclose your name unless otherwise you specifically wish to do so.

SECTION A: Respondent Profile

1. Name of the Organization.....

2. Age
 - (i) Between 21 – 31 ()
 - (ii) Between 32 – 42. ()
 - (iii) Between 43 – 53. ()
 - (iv) Between 54 – 64. ()

3. Sex
 - (i) Male ()
 - (ii) Female. ()

4. Employee position in the organization (**tick the appropriate position you belong**)
 - (i) Chief Executive ()
 - (ii) Manager ()
 - (iii) Non Managerial ()

5. Department.
.....
.....

6. Education level.

7. Experience in the Job (**tick in appropriate space**)
- (i) Year ()
 - (ii) 2-3 year ()
 - (iii) 4-5 years ()
 - (iv) 6 and above years ()

SECTION B: Questions to respondent

8. Framework agreement system for procuring common use items and services is applicable in your organization? (**tick the correct answer**)
- (i) Highly applicable ()
 - (ii) Applicable ()
 - (iii) Not applicable ()
9. What benefits does your organization obtain from the implementation of framework agreement system of procurement of the common use items and service? (**List 4**)
- (i)
 - (ii)
 - (iii)
 - (iv)
10. Is there any procurement guidelines practices in the government procurement service agency for procuring common use items and service? (**tick the correct answer**).
- (i) Yes ()
 - (ii) No ()

If yes, mention them.

.....
.....

11. What is the level of awareness among procuring entities on procurement practise guideline. **(tick correct answer)**

- (i) High ()
- (ii) Low ()

12. Does framework agreement system enhance the achievement of value for money in government procurement of the common use items?

- (i) It enhances ()
- (ii) It does not ()

13. If it enhances, in (Qn 6 above),how value for money is achieved in the procurement of the commonly used items and service. **(give short explanation)**

.....
.....
.....

14. The following is closely linked to the challenges facing procurement of the common use items and services: **(Circle correct answer)**

- (i) Shortage of resources
- (ii) Lack of perfect information on supplies market
- (iii) Resistance to adopt the system by procuring entities
- (iv) Lack of awareness of the system by key procuring players

Others.....,

15. Are your organization well informed about the supplies market?

- (i) Yes ()
- (ii) No ()

If Not why

.....
.....

16. How far is the distance between supplies, procuring entities and central purchasing unit? **(tick the correct answer)**

- (i) Very far
- (ii) Not far

17. Which tendering process is mostly applicable in your organization? **(tick the correct answer)**

- (i) Manual tendering process
- (ii) Electronic tendering process
- (iii) Both process

18. What are the challenges facing the implementation of procurement of the common use items and services. **(List six challenges)**

- (i)
- (ii)
- (iii)
- (iv)
- (v)
- (vi)

Thank you for your cooperation.

Appendix II: Guided Interview for Top Managers

1. Framework agreement system for procuring common use items and services is applicable in your organization?
2. What benefit does your organization obtain from the implementation of framework agreement system of procurement of the common use items and services?
3. What are the procurement guidelines practiced in your organization?
4. Are the procuring entities understood government procurement service agency procurement guidelines? If not why.
5. Is there any room for framework agreement system to enhances archievement of value for money in the procurement of the common use items and services? How.
6. What are the challenges facing the implementation of the procurement of the common use items and services in your organization?

Thank you for your cooperation.