

RESEARCH WORK

1.1 Overview

In developing a proposal on procurement processes and performance in Tanzania, Mr. Kaijage described the status of procurement function as being not given the recognition it deserves in most public entities, and more particularly in the developing countries. He argued that, even though there are different partners such as the World Bank, International Trade Organization, The United Nations Conference on Development and Trade, inter alia who assist in strengthening the status of the procurement function in developing countries, yet their efforts have not brought a remarkable change. This could be deliberate or complete ignorance on the value the procurement function could contribute to any organization as also argued by Telgen, Zomer and de Boer in 1997. While functions like Human Resource and Finance can have their performance measured, it is not the case with procurement function. The failure to establish performance of the procurement function has led to irregular and biased decisions that have costly consequences to every procurement entity.

In line with what Kaijage thought, there is an argument that the need to have coherent methods of performance of the procurement function in public entities, particularly in developing countries has never been as sound as it is now. As a result, delaying the methods is going to worsen the already deteriorating performance, loss of professionals, and organizations will continue incurring unnecessary costs.

1.2 Current Issues in Public Procurement for Developing Countries

Numerous scholars have argued that the procurement function is transitioning from a clerical non- strategic unit to an effective socio- economic unit that is able to influence decisions and add value (see for example Knight, Harland, Telgen, Thai, Callender and McKen, 2007; Facolta and Economia, 2006). Developing countries in one way or another have reformed their public procurement regulation. The reform have not been strict to regulations only , they included public procurement process, methods, procurement organizational structure and the work force. The reforms have been the result of joint efforts with various development partners like the World Bank and International Trade Centre varying from country to country.

The fact remains that most developing countries are facing a problem of rapid changes in public procurement requirements. The changes are affecting pressures on how the procurement functions performs its internal and external processes and procedures in order to achieve its objectives. It should be understood that the ability to realize procurement goals is influenced by both internal and external forces. These are interactions between various elements, professionalism, staffing levels, budget resources, and the procurement organizational structure. Other influences may include but are not limited to procurement regulations, rules and guidance and internal control policies. All these needs attention and influence the performance of the procurement function. In addition, public procurement is faced by the challenges imposed by variety of environment factors such as market, legal environment, political environment, organizational and social- economic environmental factors.

1.3 FACED ISSUES IN PUBLIC PROCUREMENT IN TANZANIA

In his proposal, Kaijage reviewed the public procurement in Tanzania in order to familiarize with it and thereby strengthening his problem statement to justify doing the investigation on the subject matter. He could establish that the Public Procurement Act in Tanzania was enacted for the first time in 2001. Prior to this, there was no legal framework and institutional arrangements guiding the procurement activities in the public sector. In order to control Government funds utilized through the procurement function, various legal frameworks, regulations, rules and procedures were applied in the procurement process. In the Central Government, The Exchequer and Audit Ordinance CAP 439 of 1961 provided for the control and management of Government funds. The procurement process for acquiring goods and works was articulated in the Financial Orders Part III (Stores Regulations), 5th Edition, 1965. These Stores Regulations were used in accordance with Section 7 of the Exchequer and Audit Ordinance, CAP 439 of 1961. These applied to Central Government.

Public Procurement in the Local Government Authorities on the other hand, was regulated by the Local Government (District Authorities) Act No 7 of 1982, the Local Government (Urban Authorities) Act No 8 of 1982 and the Local Government (Finances) Act No 9 of 1982. Pursuant to Section 42 of the Local Government (Finances) Act No. 9 of 1982, the Urban Councils' Financial Memorandum was issued in 1983.

Between 1967 and 2000, the Tanzanian economy was characterized by a heavy dependency of state-owned enterprises, often referred to as parastatal enterprises/organizations. Public procurement in parastatal enterprises / organizations was therefore regulated by the specific laws which established the specific parastatal organizations. In addition, each parastatal organization promulgated its own financial and procurement regulations.

The old procurement system as highlighted above indicated major weaknesses in that the procurement procedures were scattered in various statutes that had loopholes with no enforceable penalties. As part of the Government's efforts to improve the public procurement system in the country, public procurement reform in Tanzania Mainland started in 1992 when the Government commissioned a consultant to undertake the Public Procurement and Supply Management Study .The study conclude that the public procurement system in Tanzania had serious weaknesses and thus was in urgent need for reform.

After a thorough review on the procurement processes and performance in Tanzania, Kaijage had a feeling that the real problem in managing and controlling the procurement function is how to realize procurement goals influenced by both internal and external forces in the public sector. In view of the importance of the procurement function and the need to have coherent methods of the performance of the procurement function, it is thus necessary to investigate the measures that would enhance procurement efficiency and effectiveness.