

**AN ASSESSMENT OF THE IMPLEMENTATION OF PUBLIC PROCUREMENT
POLICY IN NIGERIA**

BY

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**BEING A Ph.D THESIS SUBMITTED TO THE
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CERTIFICATION

I certify that this thesis was prepared by AKINSEYE RisikatAbimbola in the Department of Public Administration, Faculty of Administration, ObafemiAwolowo University, Ile-Ife, Nigeria under my supervision.

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ABSTRACT

The study examined the key contents of the public procurement policy in Nigeria. It also investigated the implementation strategies of the institutions established for the purpose of the procurement policy. It further assessed the effect of the public procurement policy on the promotion of transparency, accountability and infrastructural development in Nigeria; and analysed the challenges affecting the implementation of public procurement policy in Nigeria. These were with a view to providing information on the implementation of the public procurement reform policy in the country.

Primary and secondary sources of data were utilized for the study. The primary data were generated through questionnaire administration and conduct of in-depth interviews. The study population (178) consisted of senior staff members on grade level 07 and above in the Bureau of Public Procurement (138), members of Ministerial Tender's Board (16) and members the Procurement Committees (24). The respondents were purposively selected from Ministries of Works, Health, Housing and Urban Development and Finance, being the Ministries most involved in procurement activities. A total of 178 copies of questionnaire, covering 100% of study population were administered to the entire members of the population due to the small size of the population, and 146 copies of questionnaire (representing 82.02%) were retrieved. In-depth interviews were conducted with 4 Permanent Secretaries of the four selected Ministries. Also Directors of Planning, Research and Statistics (PRS) of the four selected Ministries, who constituted the Chairpersons of the Procurement Committees of the Ministries; and four Directors of Bureau of Public Procurement, namely Director of Finance and Management, Director of Audit, Director of Special Procurement and Director of Media, making a total of 22 respondents interviewed. Secondary data were collected from official documents of the selected Ministries, Bureau of Public Procurement Manual, BPP Act 2007, journal articles, books and internet sources. Data collected were analysed using frequency distribution and *t*-test.

The results showed that sealed bid submission/transparent bid opening, contract award/execution, bid evaluation - Technical and Financial, and project implementation are the key contents of public procurement policy in Nigeria. The results also identified drawing up of

an efficient procurement plan driven by a needs assessment(64.5%), adequate appropriation for the procurement (83.9%); open and appropriate level of advertisement based on tender threshold (93.6%); transparent pre-qualification/tender (89.2%), sealed bid submission/transparent bid opening (93.6%), and contract award/execution and project implementation (87.1%) as the implementation strategies of the institutions. The study further revealed that despite the adequacy of the policy, there was no substantial compliance with the standard procurement strategies in the award of contracts by the ministries ($t = -6.856$; $p < 0.05$), there is no positive significant effect of the public procurement policy implementation on transparency and accountability ($t = -9.624$; $p < 0.05$) thereby having little effect on the promotion of transparency, accountability, and infrastructural development. The study finally revealed that political patronage (80.9%), corruption (78.9%), poor technical knowledge of procurement (72.4%), inability to prosecute procurement offenders (68.8%) and lack of political will on the part of government (67.4%) are the challenges affecting the implementation of public procurement policy in Nigeria.

The study concluded that the implementation of public procurement reform policy in Nigeria only recorded partial success.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The introduction of Public Procurement Reforms in Nigeria was part of the outcome of World Bank Country Procurement Assessment survey revealed by the (World Bank, 1999). The Assessment Report revealed that 60 kobo was being lost to underhand practices out of every one Naira (N1.00) spent by Government and that an average of ten Billion US Dollars (\$10b) was being lost annually due to fraudulent practices in the award and execution of public contracts through inflation of contract cost, lack of procurement plan, poor project prioritization, poor budgeting process, lack of competition and value for money and other kinds of manipulations of the procurement and contract award processes (World Bank, 1999). The introduction of Public Procurement Reforms in Nigeria was part of the outcome of World Bank Country Procurement Assessment survey conducted in 1999, which established a link between enhancing public procurement policy, anticorruption measures as well as stimulating national development especially in the area of infrastructural development in Nigeria.

In order to address the shortcomings and anomalies, Nigerian government adopted the Public Procurement Reform as part of its Economic Reform agenda designed to restore due process in the award and execution of Federal Government contracts. This led to the setting up of the Budget Monitoring and Price Intelligent Unit (BMPIU), known as Due Process in 2001 to implement the Federal Government's Public Procurement Policy aimed at minimizing open

abuses to known rules, processes and standards in the award and execution of public sector contracts in Nigeria (BPP, 2007).

Following the growing public demand that the reforms should be sustained and institutionalized with legal backing, a Public Procurement Bill was articulated in 2003/2004 by the Leadership of BMPIU and presented to the National Assembly. The Public Procurement Bill was thereafter passed by the National Assembly on the 30th of May, 2007 and subsequently signed into Law by the President on the 4th of June, 2007(BPP Act, 2007).

Governments all over the world use public procurement policy and implementation mechanisms to address a number of issues including budget implementation, service delivery, socio-economic, environmental, human rights and general developmental concerns. Thus, public procurement policy in Nigeria was meant to address a number of developmental and governance challenges that faced the nation. The Public Procurement Act 2007 (PPA) established the National Council on Public Procurement and Bureau of Public Procurement as the regulatory authorities responsible for the monitoring and oversight of public procurement, harmonizing the existing government policies and practices by regulating, setting standards and developing the legal framework and professional capacity for public procurement in Nigeria and for related matters (Ekpenkio, 2003).

Due process implies that governmental activities and business can be carried out openly, economically and with emphasis on transparency without favouritism and corruptible tendencies (Ezekwesili, 2002). The essence of this is to ensure that rules and procedures for procurement are made in such a way as to be implementable and enforceable. It was hoped that due process would put an end to the corrupt transaction of business as usual syndrome. According to Obasanjo (2003), due process is a mechanism for ensuring strict compliance with openness,

which certifies that public funding are only meant for those projects that have passed the test of proper implementation package and which adheres strictly to the international competitive bid approach in the award process. Therefore, due process, in line with the Nigerian government procurement process, starts from advertisement in at least two national dailies, submission of bids, opening of tenders, analysis of tenders, award of contracts, supply and installation and final payment.

Section 25(2)(i) of the Public Procurement Act, 2007 mandates procuring entities to, in case of goods and works under international competitive bidding, advertise invitation for bids in at least two national newspapers that are relevant and internationally recognized publication, and any official websites of the procuring entity and the Bureau as well as the procurement journal. In fulfilment of this mandate, the bureau is mandated to advertise as forwarded by the procuring entities (BPP, 2011). Similarly, all bids, in response to an invitation to open competitive bidding, shall be submitted in writing and, or any other format stipulated in the tender documents, signed by an official authorized to bind the bidder to a contract and placed in a sealed envelope (BPP, 2011).

However, opening of tenders and analysis of tenders are good as they ensure that a developing nation like Nigeria is striving towards a fair, open and transparent tendering process by doing this procurement entity. The bid price read out at bid opening shall be adjusted for any arithmetic errors, and adjustment shall be made for any quantifiable non material deviations or reservations (BPP, 2007). Hence, analysis of tenders and award of contracts always come after the procuring entity has examined and evaluated the bids submitted by the contractors and select the lowest evaluated responsive bidder. The award of all contracts should be notified to Bureau of Public Procurement and should be published in two national dailies with description of the

contract, name of contractor/supplier and the contract price clearly stated. Furthermore, ‘standard documents for the supply and installation of plant and equipment’ are to be

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