

# Corruption in Public Procurement: In the Case of Borana and Guji Zone's of Oromia Regional State, Ethiopia

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**Abstract:** Many researchers witnessed that there high incidence of corruption in developing countries public procurement. The same evidence shown/revealed in Ethiopia that corruption in public procurement is second land marking next to land. In Ethiopia, largest regional state Oromia has gave high emphasis for public procurement with this corruption challenges. This study appears to identify cause for the prevalence corruption in public procurement of Borana and Guji Zone's of Oromia regional state. In undertaking this study the researchers employed mixed research approaches. Both non-probability and probability techniques are used in determining total population and sample size respectively. And, C.R.Cothari (2004) formula employed for sample selection. Data was obtained both from primary and secondary sources from. The primary data was collected using different techniques from 112 respondents. And secondary data was extracted from different public procurement records. The data collected analyzed using SPSS, Excel, table and bar-graphs. The finding revealed that artificial claims, power concentration in the hand of few government officials, public official private interest, absence of fiducially and balance, abuse of the regulatory diversities and unjustified variations and an unlawfully extension contract are major cause.

**Keywords:** Corruption, corruption in public procurement, public procurement

## 1. Introduction

Corruption in public procurement is the most prevailing issues that lead to economic losses of the public for the benefits of few. Public procurement is mentioned as priority and critical domain in which corruption should be (Stevu Muk, 2012) defined and measured. For the reason that in public procurement government entity contacts with private sector enterprise to furnish good or provide particular service for fee subject to legal term and contained in a contract. Public procurement is therefore, one of the key areas where the public sector and private sector interact financially, and this result in being a prime candidate for corrupt activity, cronyism, and favoritism as well as outright bribery (Chulasingh, 2008).

Along with the noticeably mentioned source of corruption, in public procurement abuse of power is major one (Vet et al, 2013). In addition ineffective or inadequate public procurement rules and procedures is a source and can even create a multitude of opportunities for bribery. Effective and efficient controls of the procurement agent or procurement authority may be lacking (OECD, 1999; 2007). Furthermore disregarding of the rules, the ordinary procedure may be neglected, basing the procurement on negotiation alone. Alternatively, one or several steps may be ignored, leaving uncertainty about how competition and transparency have been protected (Soreide, 2002).

African union estimates that corruption accounts for 25% of Africa's annual GDP and limiting the continent's of chances of taking off economically (RD pathak, 2008). The public loss that can be attributed to corruption is as consequence of sub-optimal performance due to sub-optimal decisions (e.g. procurement choice) or project implementation (e.g. over spending) (Vet W. W., 2013). In addition, it is estimated that

African countries lose about USD 148 billion per annum in corruption as a result of misallocation of scarce resources, reduction in the quality of services, increased cost of doing business, discouraging foreign investments as well as shrinking governments' tax revenues as effects of corruption in Africa (ECA, 2015).

Having the above possibility of corruption, among the phases of public procurement, corruption can arise in different stages. For example; (Chulasingh, 2008) has been identified the corruption vulnerable phases of public procurement as planning and budgeting, solicitation, and contract award and performance. In addition (Jasin, 2008) has been also indentified fifteen phase of public procurement in which corruption activities obviously practiced which is similar with the one mentioned by (Chulasingh, 2008) except the break-down of points.

In relation to vulnerability, OECD (2007) has indentified sectors in which corruption is customary; energy sectors, mining exploitation, major construction or infrastructure projects, telecommunications, and the army sectors. Health and education sectors are less publicized sectors in corruption. In addition see (Soreide, 2002) ranks sectors vulnerability to corruption as public works contracts and construction, arms and defense, power including petroleum and energy, industry including mining, health care, Guilianero space, Banking and finance and Agriculture respectively.

In addition, unraveling the story of corruption in Ethiopia is complex and presents a different picture at every turn. Corruption is widely seen as one of the biggest impediments to economic growth, investment, and poverty reduction in developing context (Janelle, 2012). Among the corruption index public procurement is the leading sector both in petty and grand corruption in Ethiopia as well.

Therefore, as rationale for this study given that no organization operating on its own resource without going to the market or without purchasing and also in order to purchase from the market there is a need to deal with different suppliers. In contrast to private purchase public procurement needs to deal based on public procurement principles. But, due to unknown reason there is corruption and it needs to be reduced and eliminated if possible from all sector of public procurement even though the degree of occurrence depends on the size of the projects, goods and service the government authority is engaging in procuring to increase needs of public service. In order to do so, it needs to know the cause of corruption and vulnerability of public sectors which are essential sectors in their return to public service delivery.

## 2. Review of Related Literature

### 2.1 Public Procurement

Public procurement is defined by the World Bank as the purchasing, hiring or obtaining by any other contractual means of goods, construction works and services by the public sector. It is alternatively defined as the purchase of commodities and contracting of construction works and services if such acquisition is effected by resources from state budgets, local authority budgets, state foundation funds, domestic loans or foreign loans guaranteed by the state, and foreign aid as well as revenue received from the economic activity of the state. Public procurement thus means procurement by a procuring entity using public funds (WorldBank, 1995).

In addition the scope of public procurement in one way or the other, can be understood to be a process by which governments and organizations acquire goods, works and services using public funds. It includes planning, inviting offers, awarding contracts and managing contracts. This may also include acquiring consumables, capital equipment, real properties, infrastructure and services under consultancies, professional services, facility management and construction (procurement, 2005).

No country is immune to corruption. This is because corrupt behaviour is a pervasive human failing. However, those who suffer the most from this phenomenon are poor people in developing countries. In general, corruption in poor countries is perpetrated by, and maintained through, a culture of silence, while more often than not, being extended by secretive cults, as well as political and/or criminal repression. This cultural opacity [or, lack of transparency], is upheld through ignorance, and by national "secret acts" that protect official corruption (Development Bank, 2014).

Everyone would surely agree that corruption deeply affects African society and it could be among the key factors that would explain the blockage of its economic development.

### 2.2 Corruption in Public Procurement

Corruption entering and influencing the public procurement process diverts funds away from social needs, engenders bad decisions, distorts markets and competition, raises prices and

costs, and increases the likelihood that services and goods will be poor quality, potentially putting sustainability, the environment and human life at risk (Transparency International, 2014).

The corruption in public procurement undertaken in different forms, and mechanisms that generally categorize under abuse of resources for on self-interest. Some of the practices of corruption in public procurement from different source are presented as follows: Corruption is such a pervasive and enduring fact in some societies that it has become an important aspect of the cultural norms and practices (Guhan S. Paul S, 1997). On the other hand corruption comes from a Latin word "*corrumpere*" which means to break something and during the action of corruption, the law, legal rule, a moral norm and in the worst situations communities and human personalities, are broken (Farida M. - Ahmadi-Esfahani F., 2006).

Many researches were done on public procurement and forwarded their own findings. According to African source researchers (Andrea Appolloni, 2013) mentioned corruption in public procurement as global phenomenon and it is affecting countries at all stages of development, has tremendously negative effects, it pose a danger to the health and safety of users. Public procurement is particularly susceptible to corruption because of the vast sums of money governments spend on projects, the relatively high degree of discretion public officials and politicians typically have in such matters in comparison with other areas of public expenditure, and the difficulty in detecting and investigating cases of corruption.

A survey in 2002 indicated procurement accounted for over 18% of the World's GDP representing USD 5.8 trillion (Auriol, 2005) and an estimated USD 400 billion perceived to be exchanging hands through corruption in public sector procurement (Mawenya, 2008). Other reports also indicate that corruption in Sub-Saharan Africa is estimated around 70 per cent of public procurement contracts and thereby inflates contracts cost by about 20-30 per cent (Mawenya, 2008). Another survey reports that cost of corruption is estimated at about USD 148 billion per annum in Africa (Bank W., 2003).

By its nature corruption in public procurement may involve complicated procedures and detailed planning; technical complexities; numerous persons; and at times an international dimension. Public procurement has been identified as the government activity most vulnerable to corruption. As a major interface between the public and private sectors, public procurement provides multiple opportunities for both public and private actors to divert public funds for private gain. (Andrea Appolloni, 2013).

There are two major arguments on the public procurement corruption categories: the 1<sup>st</sup> is that categorize corruption into three forms. The 2<sup>nd</sup> category is categorizing corruption into two forms. These are: according to (Heidenheimer, 1989) corruption categorized into three forms: Firstly, public office-centered corruption is behavior that deviates from the formal duties of a public role due to private regard for pecuniary or status gains. The second is market-centered

corruption where a corrupt civil servant regards his/her public office as a separate business and seeks to maximize his/her income. Third is the public centered corruption where its patterns can be said to exist whenever a power holder who is charged with doing certain things is, by monetary or other rewards not legally provided for, induced to take actions, which favor whoever provides the rewards and thereby does damage to the public interests.

The 2<sup>nd</sup> category is which categorize corruption into two: 1st “abuse of entrusted power for personal gain” contrasts with the popular definition endorsed and used by the World Bank {i.e. corruption is “the abuse of public office for private gain”}. This appears to limit corruption to public officers. 2<sup>nd</sup> it is known that in many cases the (Osei-Afoakwa, 2012) public sector officials may require the active collaboration of private sector officials or individuals to implement public procurement corruption schemes. For example, a typical public procurement corruption scheme, bid-rigging by cartels, may occur among private sector officials to the exclusion of public sector officials. In supporting this argument says corruption is not an exclusive preserve for the officials from the public sector entities, as it can and does take place in the private sector with full participation of private sector officials (Coenen, 2009).

The other argument in favor above presented literature evidence: in public procurement, the perpetrators of corruption, normally participants in the system either as contractors or employees of the procurement entity, exploit their position, role, influence, power or authority in the organization or in a particular situation to wrongfully and unlawfully obtain benefits for themselves or other persons, as opposed to their duty to their employer and/or their responsibility to others (Wells, 2004). According to Kolstad et al. (2008) cited in (Osei-Afoakwa, 2012) tendered that conspires with an official of another company to fix the outcome of a tendering process should be counted as equally corrupt.

Kolstad et al. (2008) and (Søreide T., 2005) distinguish between two forms of corruption, using the level of authority from which the practice is being perpetrated. One is termed political corruption (grand corruption), perpetrated at the top governmental levels by people who take decisions that lead to changes in policies, laws, rules and regulations. The class of people in reference here consists of “politicians, government ministers, senior civil servants and other elected, nominated or appointed senior public office holders” (Kolstad et al., 2008). This is the class responsible for the promulgation of the public procurement law, and the creation of the related policies, rules and regulations. On the other hand bureaucratic corruption (petty corruption) is perpetrated by the bureaucratic class and public administration employees whose responsibilities are the implementation of policies, laws, rules and regulations made by the politicians and top officials (Kolstad et al., 2008). For example, the bureaucrat who implements the laws and policies could skew the implementation process for personal gains. In some cases, rules, regulations and control procedures may be perverted, ignored or even broken allowing the person who pays bribe to defraud the public whilst he looks the other way. But this two type of public

procurement corruption cannot be seen separately since one succeed in a scheme without the active connivance of the other party.

For the purpose of this study corruption in public procurement includes the scope of practices engaged in by the participants in the procurement process through which means they can wrongfully and illegally exploit their positions of trust for private and selfish gains. Corruption in procurement therefore may include and indeed may transcend such corrupt practices as conflict of interest, bribery, embezzlement, kickbacks, tender rigging, contract splitting, illegal gratuity, extortion and the like. The detail of this practiced is seen in detail under types of public procurement corruption practice with their incidence.

### 2.3 Cause of Corruption in Public Procurement

In a study on the control of bureaucratic corruption in Hong Kong, India and Indonesia, Palmier identified three interdependent factors as being important causes of corruption, namely: opportunities (which depend on the extent of involvement of civil servants in the administration or control of lucrative activities), salaries and policing (the probability of detection and punishment) (Palmier, 1985).

The environment in which public servants and private actors operate is another cause of corruption (Farida M. - Ahmadi-Esfahani F. , 2006) particularly the bureaucratic and inefficient public administration systems in developing countries.

Developing countries are characterized by a number of complex, restrictive regulations coupled with inadequate controls – circumstances that offer a fertile ground for corruption Gurgur and Shah and Brunetti and Weder (2003) cited in (Andrea Appolloni, 2013) concluded that the higher the quality of bureaucracy, the lower the probability for corruption to occur.

According to Andrea Appolloni et al, 2013 cause of corruption in public procurement in africa categorized into *Economic factors, organizational, social factors and Political commitment*. As confirmed by this study major economic determinants of public procurement corruption in many African countries are related to: low salaries of public servants, supplier induced bribes, self-interest, levels of income of public officials were found to be major economic determinant of public procurement corruption in Africa.

In relation with organizational factors, the causes of corruption are rooted in the particular political and economic conditions of each country the complexity of which makes remedial efforts difficult. The most important organizational determinants of procurement corruption in Africa are: first, a lack of transparency and accountability systems in the conduct of organizational functions which is a breeding ground for procurement corruption; second, a lack of capacity among technical staff of the different public organizations. It was mainly in regard to procurement planning, writing of specifications, evaluation of bids and contract management; third, a lack of effective supervision within the organizations; fourth, lack of adequate facilities

for the procurement staff in organizations had created a conducive environment for procurement corruption.

Regarding political commitment the biggest cause of corruption is undoubtedly the political leadership at the helm of affairs in a country (Shleifer, 2008). According to Uganda source finding politicians who rise to elective positions through offering bribes to voters have increased the occurrence of procurement corruption. Second lack of the freedom of the press in reporting procurement corruption for sensitive procurements involving "classified" expenditures has increased corruption. Third, the opening up of political space in some countries has contributed to increased levels of procurement corruption as most officials hide under the protection of their political parties to evade justice.

Concerning social factors the lower percentage of female population in work is another determinant of corruption, as indicated by (Swamy A. et al, 2001) whose study found that a higher female labor participation led to less corruption. Arguments supporting this finding is due to women may be brought up to be more honest or more risk averse than men. Second, who are typically more involved in raising children, may find they have to practice honesty in order to teach their children the appropriate value. Third, women may feel more than men the physically stronger sex that laws exist to protect them and therefore be more willing to follow rules. Last, girls may be brought up to have higher levels of self-control than boys which affect their propensity to indulge in criminal behavior.

In similar fashion one study on corruption EU state confirmed that, public procurement is one of the most vulnerable to corruption (Pope, 2000) which is evident from the recurrent scandals related to the award of public contracts. One of the causes of the spread of these practices is found in the turnover of procurement contracts in the public sector: procurement of goods, works and other services by public bodies alone amounts on average to between 15% and 30% of Gross Domestic Product (GDP) (International, 2006a) and, in the case of the EU, it represents 16.3% of community GDP. The result of corruption is a loss of competitiveness in the procurement process. In the absence of any real competition, the execution of public works, the procurement of goods, or the delivery of services become more costly for the public purse and bring to light a significant derailment of resources.

#### **2.4 Corruption in Public Procurement and its implications**

Economically, corruption contributes to the unjust distribution of income, discourages investment and distorts economic growth and development. Particularly in the long run, this will affect efficiency in the supply chain activities of many procured goods and services, and at a national level it undermines both free and fair trade.

Public procurement processes are fairly complex and can be implemented differently in various jurisdictions. Many of the public procurement are divided into three main phases: these are (1) Procurement planning and budgeting; (2) Procurement solicitation; and (3) Contract award and

performance. Corruption can arise in various forms in each of these separate phases of the procurement process (Andrea Appolloni, 2013).

In the first phase, the government entity needs to determine what good or service it would like to buy (the requirement) and how much it would like to spend (the budget). In both of these cases, there are opportunities for corruption. In determining the requirement, reports could be prepared that falsely report damaged equipment in order to create an excess supply that could be used for corrupt purposes.

The procurement requirements could also be written to favor a particular supplier or contractor. Budgets could be set artificially high so that excess allocations can be stolen or diverted. In addition, programmatic budgets could be devised in such a way that there are overlapping budgetary allocations among separate organizations or departments that could likewise be applied in a corrupt manner Brousseau and Glachant, 2005; Lamming, 1993 cited in (Andrea Appolloni et al, 2013).

In the second phase, the main tasks are compiling the request for proposals or tender documents and conducting an evaluation. The evaluation criteria in the request for proposals or tender documents could be drafted to favor a particular supplier or service provider, or likewise could be drafted to emphasize the weaknesses of a particular competitor. The criteria could also be drafted in a subjective way or even not clearly stated in the tender documents, leaving room for manipulation and biased assessments and having no grounds for justifying the decision.

Later, during the evaluation of the proposals or tenders, these criteria could be misapplied or otherwise further defined or amended after the proposal or tender receipt. During this phase it is also possible that advance information could be provided to a particular, favored supplier or contractor. Other techniques such as failing to solicit proposals or tenders from the competitors of a favored supplier, wrongfully restricting the tender pool, soliciting offerors known to be inferior to a favored supplier, simply miss-addressing tender documents, accepting late proposals or rejecting legitimate proposals can all be utilized to corrupt the procurement process Cadwell and Bakker *et al.*, 2005 cited in (Andrea Appolloni et al, 2013).

Corruption opportunities also abound at the third phase of the procurement process. For example, an offeror could propose an unrealistically low offer in the hope that after the contract is awarded procurement officials will allow amendments to increase costs. Likewise, a firm could offer exceptionally high caliber products or less qualified personnel to meet a particular requirement and then, upon contract award, substitute inferior products or personnel. It is also possible to corruptly require sub-contractual relationships with favored suppliers. Furthermore, after the evaluation is complete, it is possible to award a contract that materially differs from the terms of the original solicitation in terms of specifications, quantity, or delivery schedule. Oversight and reporting requirements may also be minimized and in some cases cost overruns can be corruptly explained away or falsely justified. Finally, supporting

documentation could be intentionally lost or destroyed making detection and prosecution of corruption offenses difficult.

In many African countries civil servants saw corruption as an opportunity for self-enrichment. Today, corruption is still viewed by many of them in the same manner including Ethiopia. The argument that corruption can improve the relationship between the private sector and government regulators and thereby produce more growth-enhancing public policies is not informed by the evidence from the continent. For example in Cameroon civil servants in the state is generally referred to as the “warehouse” from which they can requisition resources for themselves, their families, and friends. The managers of this warehouse politicians and civil servants – continue to exhibit an insatiable appetite to defraud the warehouse’s owners, *i.e.* the Cameroon people. Adebayo, 2010 cited in (Andrea Appolloni et al, 2013).

All over the world countries have suffered from the negative effects of corrupt practices in public procurement (Wittig, 2005). As indicated by Anon (2009b) even countries with long history of abundant laws on public procurement are not exempted from the risk of corruption in procurement as it can take place even in the European Union services. The other contrary argument said that non-conformists end up spending more and getting delayed but a bribe given at the “right” place to the “right” person may facilitate things (Johnson, N.D., LaFountain, C.L. and Yamarik, S., 2009).

Indeed, some studies have shown that corruption could promote growth (Johnson et al., 2009). In addition Sindzingre and Milelli (2010) have argued that the conventional wisdom of development economics literature that corruption is usually detrimental to economic growth may be challenged by the fact that some of these so called Asian Tigers experienced growth in the midst of corruption.

But as researchers we leave to investigate more about the positive side of corruption in public procurement for other researchers hence we have no evidence to argue on this idea. Hence problems linking corruption to economic retardation when the sub-Saharan negative experience where Ethiopia located is contrasted with the positive experience of the East Asia. For example, according to (Ahlin, C. and Pang, J., 2008) demonstrated from a sample of 71 countries that corruption control measures could help in the promotion of economic growth in the countries sampled. The corollary of this finding is that where corruption control measures are unavailable, growth could be retarded. When they studied the impact of corruption on economic growth in Nigeria from 1986 to 2007, they found corruption to have a direct negative effect on economic growth and indirectly through rent induced capital expenditure projects.

Series reform have been undergoing in Africa public procurement. But, impact of corruption in public procurement still continue despite series of reforms, corruption still affects Africa’s procurement systems owing mainly to bad governance. For example: Petty corruption is prevalent, but grand corruption is more important in terms of scale and impact, misallocation of resources to projects that are unnecessary and not economical, poor & low quality

infrastructure, increased public spending and lost public revenue and income and reduced competitiveness of countries.

In general as researcher on this topic we agree with the idea that in public procurement, corruption is not acceptable (not only for its negative consequences) but because it is a clear violation of the principle of equal treatment to the extent that it may lead to the award of contract on the basis of a subjective factor or even bribe, kickback or cronyism (Arrowsmith, 2011).

### 3. Statement of the problem

It is obvious that the primary goal of public procurement is to purchase goods, works and service in the most effective manner from sufficient number of suppliers whose are actively and genuinely competing to supply what is required by public organizations. In contrast to this principle, there is one usual argument which supports the argument that public procurement and corruption is inseparable issues that everyone within the sphere misuses the public resource. However, there is difference in understanding the cause of corruption in public procurement, and why one sector is more vulnerable to corruption than others? And why public organizations are unable to control/reduce corruption is the main focus of this study.

Scholars have reached at common understanding that there is high prevalence of corruption in public procurement which is happening everywhere. However, the underlying causes, severities, and vulnerabilities are different from one public sector to other, from countries to country. Specifically, in public procurement it occurs at different stages of public procurement which has been categorized as pre-contract which prevails at planning and budgeting, supplier selection and supplier evaluation and post-contract which occurs during contract awarding and implementation stages (see Sussane et al, 2008; OECD, 1999, 2007; Vet, 2013; OECD, 2014; Chulasingsh, 2008; Morais, 2008; Jasin, 2008; USAID, 2006).

In relation to the cause of corruption one among the study identified that procurement agency may purposively use and abuse the regulatory diversity, lack of rule of law, power concentration in the hand of few government officials, absence of fiduciary and balance, and isolated environment (OECD, 2007). This lacks relevance to the study area/place, because this paper was done at European country level before long period of time and it is different from the context of developing country like Ethiopia.

The other study undertaken in Ethiopia identified that favoritism and controls on the market entry appears to be fueled by the perceived hidden influence of the ruling party on construction and other sectors, tendency toward top-down development planning and the government dominant role as the clients, regulator and upholder of professional standards as basic cause of corruption in Ethiopia (Janelle, 2012). In addition, the study identified highly corruption vulnerable sectors like construction, health, education, water supply, land management, justice, telecommunication, and mining sectors. But, this study is not only concerned public

procurement but also it includes other private sectors, this lacks replicability relevance to public procurement and the study area as well. Though the study will check whether this is true or not for both cause and vulnerability of sectors to corruption specifically in public procurement.

Other study which was done in Ambo town on cause and consequence of corruption identified low salaries, poverty, natural resource endowments and unemployment as basic cause of corruption in Ambo town which was totally emphasized on the land management, loans grants, licensing and issuance of permits, collection of taxes (Zelalem M. etl., 2015). However, they didn't discuss about public procurement corruption and also the case cannot be imitated to our study area.

Research gaps; in Ethiopia in least there is no evidences of previous research conducted on corruption in public procurement topic rather they in general focused corruption and most of them were done at country level as stated above. Especially, no paper has been done previously except the one on diagnosing corruption which does not directly emphasized on corruption in public procurement as mentioned above. In addition, those study that have been done previously different from this study in geographical area, year(time), topic and methodological significance and this motivated us to do this research and we think this help up us to identify the gap observed in the study.

However, corruption manifests in similar ways across countries and overtime, but the underlying causes, the areas that corruption attacks in public procurement can vary from one sector to other, across geographical areas and overtime. In addition, all countries do not possess the same proclivity toward corruption, rather based on different patterns of developments and political economic dynamics; countries manifest differing corruption tendencies, cause and vulnerability. Due to this, this study aimed at assessing the cause of corruption, sector vulnerability to corruption and types of procurement, and reason for organizational failure to reduce/control corruption in public procurement.

### 3.1 Research questions

The study basically focused on the following research questions.

- 1) What is the cause of corruption in public procurement of Borana and Guji public organization?
- 2) Which sector of public procurement is highly vulnerable to corruption?
- 3) Which type of procurement is particularly prone to corruption among work, good or service procurement? Why?
- 4) Why public organizations are unable to reduce/control corruption in public procurement?

### 3.2 Objectives of the study

#### 3.2.1 General objective

The main objective of this study is examining the corruption in public procurement of Borana and Guji Zone public organizations.

#### 3.2.2 Specific objectives

The specific objectives of the study are:-

- 1) To assess the cause of corruption in public procurement of Borana and Guji zone public organization.
- 2) To examine public procurement sector highly vulnerable to corruption.
- 3) To identify types of public procurement vulnerable to corruption among work, goods and service procurement.
- 4) To assess reason behind organizations failure to control/reduce corruption in public procurement

## 4. Research Methodology

### 4.1 Research Approach and Design

Mixed research approaches is used; because it involves both qualitative and quantitative data which often relies on data in the form of descriptions that the study takes out sample(s) and then needs to make statement about the population on the basis of the sample analysis or analyses. Qualitative approach is used for primary analyzing data from perception/public opinion survey, focus group discussion, interviews and observations (i.e. without formal measurement). Concurrently, quantitative approach is used in analyzing data from questionnaire and secondary source by applying statistical tools.

Concerning research design, since the study aim to assess specific situation of corruption in public procurement (the cause of corruption, sector and procurement type is vulnerable to corruption and why? So that, descriptive research design is appropriate to be used for such study. It sets out to describe, interpret and necessitate having a clear picture of the phenomena on which we wish to collect data as well as used to examine the state of affairs as it exists at present, since the objective of the study was examining aspects of corruption in public procurement. In addition, descriptive researches design advice the study to make enough provision to protect against bias and maximize reliability.

### 4.2 Sample design and Sampling Procedures

To carry out, this study employed both probability and non-probability sampling techniques. Non-probability sampling is used for the purpose of determining total population and probability sampling is used for determining sample size from total population. Under non-probability sampling as the organizers of the inquiry we purposively choose the particular units of the universe for constituting a sample on the basis that the small mass that we will select out of a huge one will be typical or representative of the whole. In case of probability, stratified sampling is employed; because there is cross reference of both the sample and population, and every individual of the population have equal chance/probability to be taken into the sample, and all choice are independent of another. And, we can measure the error of estimation or the significance of results obtained from the random sample. Stratified sampling is used in order to decide the number of sample to be included in the study. Because, the population this study going to include is not homogeneous since corruption in goods, and works and service procurement is the main different types of procurement targeted to study.

Based on this, the target study area is 12 woredas from Borana Zone i.e. Yabello, Moyale, Bule Hora, Dugda Dawa, Abaya and Dire woreda and Gujji Zone i.e. Liban, Adola, Bore, Gorodola, Odo-shakiso and Wadera woreda's are purposively selected and used by assumption that the preferred woreda's represents the rest woreda's. Specifically, Public and projects office including Woreda finance, Woreda administration, stakeholder society, education office, city administration, and Anti-corruption office, suppliers, contractors, justice and court office have been contacted.

The sampling selection drawing from the total population is calculated based on (C.R.Cothari, 2004) formula as following using stratified sampling techniques: Let  $P_i$  represents the proportion of the population included in stratum  $i$  and  $n$  represents the total sample size, the number of elements selected from stratum  $i$  and  $n.P_i$ . Suppose the study want a sample size  $n=100$  to be drawn from a population of  $N=120$  by taking into consideration 12 woredas' involved 10 persons from each participant woredas'. This has been divided into two strata (goods, and works and services) of size  $N_1=100$  and  $N_2= 20$ , respectively adopting proportional allocation;  
From strata with  $N_1=100$ ,  $P_1=100/120$  and hence  $n_1=n.P_1=100[100/120] =83.33\%$   
 $N_2=20$ ,  $P_2=20/120$  and hence  $n_2=n.P_2=100[20/120] =16.66\%$

From 10 people to be contacted from each woreda's 83.33% or around eight informants have been used/contacted for purpose of data on public procurement in case of goods corruption and 16.66% or two informants have been used/contacted proportionally for the purpose of data collection on public procurement corruption in case of works and services procurement. And totally, data collected from 112 informants on corruption in goods, and work and service procurement from 75, 25 and 15 informants respectively. This has been modified based on the availability of the data from the two categories of informants.

#### 4.3 Data Sources and Collection Instruments

For purpose of this study, data has been obtained both from primary and secondary sources. The primary data has been collected in the form of questionnaire, perception/public opinion survey, focus group discussion and interviews. The secondary data has been collected in the form of a reviewing key public procurement document on the subject, including public procurement articles, official documents and organizational reports, newspapers, case and decision at court and books are used.

#### 4.4 Data Analysis Techniques

Due to its' nature, the study used mixed approach research design. For both data that have presented in form of numeric and no-numeric the researcher made use of both qualitative and quantitative data analysis techniques. SPSS, Percentage, Excel, table and bar-graphs are used as the means of analyzing quantitative data and also help to quantify the available data.

## 5. Results and Discussion

### 5.1 Respondents Background

This part of the analysis tries to figure out the background of the respondents which includes educational, work experience, sex, age, professional background and office position of the primary data source respondents in general. And specifically it only represents the questionnaire respondents' background.

**Table 5.1:** Educational Background of the respondents

Educational Level	Frequency	Valid Percent
Certificate	8	11.1
Diploma	15	20.8
BA/BSc degree	38	52.8
MA/MSc degree or Abc	11	15.3
Educational Level	72	100.0

Source: Own survey, 2016

In the above table certificate indicates level IV and less educational levels. As mentioned in above table 5.1 the categories of educational background of respondents is divided in to five major categories. Based on this, majority of the respondents are BA/BSc and Diploma degree graduate, in which total of 52.8% and 20.8% percent respectively. The rest 26.4 percent of the respondents have certificate and MA/MSc which is indicated by 11.1% and 15.3% respectively.

**Table 5.2:** Respondents work experience

Work Experience	Frequency	Valid Percent
1 year	7	9.7
2-4 years	14	19.4
5-6 years	16	22.2
Above 6 years	35	48.6
Total	67.3	100.0

Source: Own survey, 2016

As mentioned in table 5.2, 9.7%, 19.4%, 22.2% and 48.6% of the respondents are 1 year, 2-4 years, 5-6 years and above 6 years experience respectively. So that, we can understand that majority of the workers in procurement department and other categories of respondents are senior experts and most of them have above 6 years service in their position.

**Table 5.3:** Gender Distribution

Sex	Frequency	Valid Percent
Male	44	61.1
Female	28	38.9
Total	72	100.0

Source: Own survey, 2016

In relation with sex composition of respondents as elaborated in table 5.3 above majority of them are male which is 61.1% and the left 38.9% are female respondents. In addition to this during our data collection we have witnessed that there were no female respondents we found on position as managers and head of procurement department. This shows as there is shortage educated female experts on procurement department.

**Table 5.4:** Age Distribution

Age category	Frequency	Valid Percent
20-30 Years	25	34.7
31-40 Years	28	38.9
41-50 Years	15	20.8
51 and Above years	4	5.6
Total	72	100.0

Source: Own survey, 2016

Concerning the age of the respondents the information mentioned in above table 5.4 is gathered from the respondents. So that, 34.7%, 38.9%, 20.8% and 5.6% of the respondents are in between 20-30 years, 31-40 years, 41-50 years and above 51 years in their age category. Therefore, the majority of the respondents' ages categorize under 20-40 years and majority of them are young professions which is about 73.6 % of the total respondents. The left respondents are above the categories of 41 years.

**Table 5.5:** Professional Background of the respondents

Professional background	Frequency	Valid Percent
Procurement or LSCM	6	8.3
Economics	5	6.9
Accounting	26	36.1
Marketing	7	9.7
Management	20	27.8
Others	8	11.1
Total	72	100.0

As mentioned above in table 5.5 majority of the respondents' professional degree/background is Accounting (36.1%) followed by Management (27.8%), others (11.1%), Marketing (9.7%), Procurement or Supply Chain Management (8.3%) and Economics (6.9%) respectively. Here hence our study emphasis on the corruption in public procurement the professional contribution of Procurement or Supply Chain Management to combat corruption is high. But there is small share of professional composition

**Table 5.6:** Cause of corruption in Public Procurement

Items	Yes		No	
	Frequency	Percent	Frequency	Percent
A. Low salary	45	62.5	27	37.5
B. Weak political will	42	58.3	30	41.67
C. Abuse of regulatory diversity	50	69.44	22	30.56
D. Lack of rule of law	35	48.61	37	51.39
E. Power concentration in the hand of few government officials	64	88.89	8	11.11
F. Absence of fiduciary and balance	58	80.55	14	19.44
G. Isolated environment /low attention	35	48.61	37	51.39
H. Government dominant role as client and regulatory	41	56.94	31	43.0
I. Conflict of interest	48	66.67	24	33.33
J. Poverty	50	69.44	22	30.56
K. Official private interest	60	83.33	12	16.67
L. Future commitment with supplier at individual level	42	58.33	30	41.67
M. Breaking the law	48	66.67	24	33.33
N. There is fraudulent payment/ artificial claims/	65	90.28	7	9.72
O. Inflating project cost (increase)	38	52.78	34	47.22
P. Unjustified variations and extension of contract time	50	69.44	22	30.56

Source: Own survey, 2016

As indicated in above table 5.6 the data revealed from respondents shown that low salary 62.5% replies "Yes" it is the cause and 37.5% replies "No" it is not the cause in their perception. In relation with weak political will 58.3% replies "Yes" and 41.67% replies "No", on abuse of regulatory diversity 69.44% have responded "Yes" and

represented by 8.3% percent of the total respondents or experts working on public procurement. And we can image to what extent the gap of doing professional activities is exist in public procurement areas. But by background majority of the respondents are Accounting and Management background but none of them took major course learned by procurement or supply chain management fields. In addition interview source respondents also voiced that as the region Oromia faces the challenges their Woreda faced in relation to public procurement experts. Under professional background item named "others" includes professions which are mentioned in the table 5.5 i.e Business administration and information system, information science, human resource management, cooperative accounting etc.

According to Søreide T., (2002) in organization strong procurement unit are recommended for fighting corruption; this implies well-functioning tender procedure is dependent on a high degree of professionalism among the responsible public officials. Professionalism is, however, difficult to obtain when the general level of education is low and when jobs are better paid outside the state administration. A procurement unit of few but well trained officials could therefore be established. Independence is important for protection against corrupted politicians and high-level officials.

**5.2 Analysis on basic research questionnaire feedback**

This part of analysis contains four sub-parts developed from the research questions. Each of these sub-parts presented below in detail based on information collected from the respondents:

**5.2.1 Cause of Corruption in Public Procurement**

30.56% replies "No", lack of rule of law 48.61% responded "Yes" and 51.39% "No". In relation with power concentration at the hand of few government officials 88.89% of respondents responded "Yes" and 11.11% replies "No" respectively, in relation with Absence of fiduciary and balance 80.55% replies "Yes" and 19.44% responded "No"



respectively. Regarding the isolated environment/low attention 48.61% replies “Yes” and 51.39% “No” respectively, the other variable is government dominant role as client and regulatory and respondents response shown that 56.94% “Yes” and 43.0% “No” respectively. Regarding conflict of interest 66.67% replies “Yes” and 33.33% “No” and poverty is another variable while 69.44% replies “Yes” and 30.56% “No”. Regarding official private interest 83.33% replies “Yes” and 16.67% replies “No” whereas in relation to root cause of procuring entity future commitment with supplier at individual level 58.33%replies “Yes” and 41.67% “No”. The other variable is breaking the law in which 66.67% replies “Yes” and 33.33% replies “No”. On the existence of fraudulent payment/ artificial claims/false evidence for defect goods, works and service response shown that 90.28% “Yes” and 9.72% “No” respectively. The other is inflating project cost (increase price) in which 52.78% responded “Yes” and 47.22% responded “No” and finally regarding unjustified variations and extension of contract time 69.44% replies “Yes” and 30.56% replies “No” respectively.

Based on the above result finding the researchers identified major causes of corruption in public procurement of these zones’ as follows:

**a) Fraudulent payment for defective goods, works and service or payment for not supplied or served procurement**

This finding was also supported by the interview and FGD respondents saying that this haven been seen in many public project under construction in their zone. And goods not recorded on received stock registration models but recorded as paid to the contractor/supplier.

**b) Power concentration in the hand of few government officials**

As principle government procurement is not only business, *i.e.* the acquisition of goods and services on the best possible terms, but also has broader social, political and economic implications. Throughout history where there is no check and balance in power, governments have used their procurement power to promote social, industrial and environmental policies.

**c) Officials private interest another cause of corruption as indicated by respondents**

As our understanding from the interview and FGD source respondents this tendency have been highly seen on most procurement officials/experts and managers as well as project control and evaluation committees personal. In addition to this there is internal secret cooperation among the political leader to fulfill their personal interest through hiding the information on high value procurement. And also worker fear of political leaders; due to the fact their influence on the other officials and they have high acceptance that the other officials in enforcing decision whether it is right or wrong.

**d) The absence of fiduciary and balance there exist prevalence of corruption in public procurement**

As per FGD and interview respondents this is does happened due to low attention from government body and officials ignorance on the corruption issue on hand. For instance in

procurement of cars for office service no one check what service the organization will receive from the cars to be purchase and cost to be incurred for operating/using the car. This does happened due to the absence of fiduciary, check and balance among the public procurement stakeholders.

**e) The abuse of the regulatory diversities**

This implies miss use/implementation of the public procurement working directives and other regulatory like auditing that have been enforced by federal and regional government bodies. Specially, as the respondents interpreted the purpose of auditing; “rent seeking tendency rather than making corrupted officials to be responsible and proposing remedial direction for wrongly implemented regulatory diversities”.

**f) Unjustified variations and extension of contract time**

This is also elaborated by the FGD and interview respondents how this could be cause of corruption as particularly with in public procurement of works (construction) of road, school, bridge and other similar medium scale projects undertaken at zonal and woreda levels. The corrupted officials used flexibility allowed in public procurement directives as the legal background to engage in corruption practice. The basic cause for compliant from the user society both on goods and project procurement activity is directly related with extension of contract time without clearly justified reason.

**g) Poverty**

The low level of income and leaving standard of the officials also one of the causes for corruption, that they saw equivalently with abuse of the regulatory diversities and unjustified variations and extension of contract time. According early perception among the government officials and societies is taken as culture that, when new officials are employed to public procurement position they took as the “officials transformed from poor living standard to good source of income” and they believe that using public fund for the private purpose have nothing taken as corruption but rather not doing considered as foolishness. This perception by itself could enforce the corrupted officials to engage in corruption action.

The rest other variable are taken as secondary contributors’ low salary, weak political will and conflict of interest are also contribute to corruption practice in public procurement. The role of government is vital in reducing corruption in public procurement.

**5.2.2 Result obtained on symptoms of mischief in public procurement**

**Table 5.8: Symptoms of mischief in public procurements**

Symptoms of mischief in public procurement	Yes		No	
	Frequency	Percent	Frequency	Percent
False report of damaged equipment to create excess supply	39	54.17	33	45.83
Falsely justify current and future needs	48	66.67	24	33.33
Procurement requirements or tender document drafting to favor or disfavor	55	76.39	17	23.61

particular suppliers				
Artificial budget setting	57	79.17	15	20.83
Tender document draft in favor of particular supplier or service provider/contractor.	47	65.28	25	34.72
Accepting late proposals or rejecting legitimate proposals.	50	69.44	22	30.56
Proposing lower offer in the hopes that procurement officials will allow amendments.	60	83.33	12	16.67
Sub contracting relationship with other suppliers	65	90.28	7	9.72
Limiting information on competition	45	62.5	27	37.5
Destroying supportive document intentionally	40	55.56	32	44.44

Source: Own survey, 2016

As stated in table 5.8 above eleven variables were identified from the literature and different research findings were used to check whether they are symptoms of corruption in public procurement of these zones or not. The information collected from the respondents identified that false report of damaged equipment to create excess supply show that 54.17%, 45.83% replies “Yes” and “No” respectively. Regarding falsely justify current and future needs the response shown that 66.67%, 33.33% “Yes” and “No” respectively. Concerning the procurement requirements or tender document drafting to favor or disfavor particular suppliers 76.39% replies “Yes” and 23.61% replies “No”. In relation with artificial budget setting 79.17% replies “Yes” and 20.83% replies “No”. Pertaining to accepting late proposals or rejecting legitimate proposals 69.44% replies “Yes” and 30.56% replies “No”. Regarding proposing lower offer in the hopes that procurement officials will allow amendments 83.33% replies “Yes” and 16.67% replies “No”, whereas as regard to subcontracting relationship with other suppliers 90.28% replies “Yes” and 9.72% replies “No”. In relation with limiting information on competition 62.5% replies “Yes” and 37.5% replies “No”,

while regarding destroying supportive document intentionally 55.56% replies “Yes” and 44.44% replies “No”. Based on these result the researchers identified the following four variables as major symptoms of corruption in public procurement of this zones. These are:

**a) Sub-contracting relationship among suppliers**

According to FGD and interview informants sub-contracting relationship is practiced through hidden and indirect communication among the suppliers/contractors and procurement officials in tender document preparation and submissions like escalating price of procurement in hoping that one supplier will leave for other after winning the contract. In addition it’s a more common result that the bribing companies share the contract among themselves like in a cartel, increasing prices and profits for all.

**b) Proposing lower offer in the hopes that procurement officials will allow amendments to increase contract price**

This is practiced in similar situation with sub-contracting relationship among suppliers through indirect communication among suppliers and or contractors and procurement officials.

**c) Artificial budget**

This is done in name of undertaking market research to forecast goods, service and work procurement price that will be used for setting approximate budget.

**d) Writing the procurement requirements and tender to favor or disfavor particular suppliers**

The others secondary symptoms of corruption on corruption mentioned by respondents are; accepting late proposals or rejecting legitimate proposal, falsely justify current and future needs and limiting information on competition.

**5.2.3 Results obtained on sector vulnerability to corruption in public procurement**

**Table 5.9:** Results obtained on sector vulnerability to corruption in public procurement

Public procurement sectors	Very high		High		Medium		Low	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Constructions sector	32	44.44	40	55.56	0	0	0	0
Health sector	0	0	0	0	20	27.8	52	72.2
Education sector	0	0	9	12.5	25	34.72	38	52.78
Water supply sector	30	41.66	42	59.08	0	0	0	0
Consultancy and maintenance procurement	35	48.61	25	34.72	10	13.89	2	2.78
Training and meeting facilitation material and service procurement	0	0	0	0	30	41.67	42	58.33
Office equipment and stationary material procurement	0	0	0	0	45	62.5	27	37.5

Source: Own survey, 2016

As mentioned in above table 5.9 Linkert scales of four levels are used to measure the response of the participants. Based on this data 44.44%, 55.56%, 0% and 0% of the respondents replies corruption in construction sector (road, cobble stone, drainage, public toilet, bono/ water station etc.) public procurement is rated as very high, high, medium and low respectively. According to FGD and interview respondents’ feedback from Guji Zone Negelle city administration, due to the high prevalence of corruption in construction and design

there exist the mischief of public funds. Regarding health sector procurement practice, (i.e. procuring drug, machine, and office utilities and so on). So that, the respondent replies 0%, 0%, 27.8% and 72.2% as very high, high, medium and low respectively. Whereas in relation with education sector procurement (i.e. procuring teaching aid materials; like board, paper, printer, photocopy and LCD projector etc) the informants response rated as 0%, 12.5%, 34.72%, and 52.78% for very high, high, medium and low respectively.

As we could understand from the response rate majority of the respondents were believed procurement in education sector is categorized under low and medium in its vulnerability to corruption. This supported by FGD and interview respondents. But still the problem of quality in procuring teaching aid materials including chalk is very high in this sector. Regarding water supply/infrastructure (e.g. procuring water supply materials like pipe, tankers, and generators, fuel and etc) corruption practice, the respondents replies 41.66% very high, 59.08% high, 0% medium and % low respectively. As we could understand from the respondents' feedback corruption practice in this sector procurement is categorized under very high and high rate of vulnerability. The other is service type procurement and the respondents' response rated as 48.61% very high, 34.72% high, 13.89% medium and 2.78% low respectively. Regarding training and meeting facilitation material and service procurement (transport service, hotel accommodation, brochures printing etc.) corruption practice. Respondents' replies 0% very high, 0% high, 41.67%

medium and 58.33% low. Whereas, procurement of office equipment and stationary material (chair, table, computer, printer, photo copy, pen, pencil etc.). Respondents' replies 62.5% very high, 37.5% high, 0% medium and 0% low.

From this analysis we established two major categories of findings. These sectors are; the 1<sup>st</sup> sector is under very high and high corruption prevalence (i.e. Construction, Water supply, service procurement and office equipments procurement). The 2<sup>nd</sup> sector is under the category of medium and low prevalence of corruption (i.e. Health sector procurement, Education sector procurement and Training and Meeting facilitation procurement).

#### 5.2.4 Results obtained on types of public procurement and corruption practice

Under this section of result finding we addressed three parts i.e. goods, work and service procurement separately. The data result finding from each of them are presented below.

**Table 5.10:** Result obtained on the corruption practice in public procurement of goods

Items	Yes		No	
	Frequency	Percent	Frequency	Percent
A. Is there low in quality and late delivery of goods?	48	66.67	24	33.33
B. Is there proper procurement plan?	52	72.22	20	27.78
C. There are dealers in purchase of goods?	42	58.33	30	41.67
D. Is there mechanism to cross check good ordered with the original specification?	65	90.28	7	9.72
E. The bidding process is challenging	42	58.33	30	41.67
F. Institutional frame work has impact on directive or proclamation	30	41.67	42	58.33
G. Exclusion of experienced bidder on minor technicalities	54	80.56	8	19.44
H. Suppliers are withdraw due to delay in evaluation and selection during bidding process	45	62.5	27	37.5

Source: Own survey, 2016

As mentioned in above table 5.10 eight variables are identified by researchers to check the existence those symptoms of corruption in public procurement of Borana and Guji Zones. Based on this, response collected from the respondents shown that 66.67% replies "Yes" and 33.33% replies "No" on the low quality and late delivery of goods as symptoms of corruption. Regarding procurement plan 72.22% of respondent replies "Yes" and 27.78% replies "No" respectively. In relation with dealers involvement purchase of goods 58.33% replies "Yes" and 41.67% replies "No". The other is to check the existence of mechanism to check good ordered with the original specification during reception, so that 90.28% replies "Yes" and 9.72% replies "No". In relation with the bidding process challenges the information from the respondent shown that 58.33% respondent replies "Yes" and 41.67% replies "No". Regarding Institutional frame work impact on directive or proclamation 41.67% replies "Yes" and 58.33% replies "No", whereas in relation with the exclusion of experienced bidder on minor technicalities 80.56% replies "Yes" and 19.44% replies "No" respectively. Concerning suppliers' dropout due to delays in evaluation and selection during bidding process 62.5% replies "Yes" and 37.5% replies "No".

Base on the above result we have summarized the major finding in relation with corruption practice in public procurement of goods in Borana and Guji Zone. These are:

- a) The exclusion/rejection of experienced bidder on minor technicalities from the bidding process

- b) Low quality of goods and late delivery of goods. This is also supported by FGD and interview respondents that, most of the compliant from the suppliers come to procuring entity due to impartiality in evaluating and selecting lowest qualified bidder.

- c) Suppliers' withdraw from the bidding process due to delays and less trustee on the fairness in evaluation and selection. Most of the time, the bidders withdraw from the bidding process due late award and distrust on the fairness of procuring entity.

The other are also identified to have minor impact of goods procurements. These are: intermediate dealers (especially most small shop holders) are involved in contract or purchase of goods which are not important for pure competition and fairness practice implementation of public procurement, the bidding process is challenging and directive or proclamation is also problem on the implementation and lack of understanding. Most of intermediate dealers have legal trade certificate but they have no stock/materials they want to supply at their shop and after winning the competition they prefer to take materials from other shops and or they promise to supply materials after short period of time.

**Table 5.11:** Corruption practice in Work or Construction procurement

Items	Yes		No	
	Qty	%	Qty	%
Is there means to publish or announce an annual construction project budget break down or expenditure?				
Exclusion of experienced bidder/contractors/consultant on minor technicalities.	32	44.44	40	55.56
Contractor are dropout due to delays in evaluating the bids and selection process	36	50	36	50
. Scope of work can be changed after contract awarded.	54	75	18	25
Project is completed late or after completion project is not functional.	56	77.78	16	22.22
Failure to pay progress payments and invoice on timely basis	52	72.22	20	27.78
Construction project/infrastructure planned near the house of government official or politician	50	69.44	22	30.56

Source: Own survey, 2016

Based on the information mentioned above in table 5.11 Nine variables are used for testing the existence of corruption in work or construction or not. So that, response is collected from respondents shown that 66.67% and 33.33% replies “Yes” and “No” respectively on the question is there means to publish or announce an annual construction project budget break down or expenditure? On the exclusion of experienced bidder/contractors/consultant on minor technicalities 44.44% replies “Yes” and 55.56% replies “No”. Regarding contractors’ dropout due to delays in evaluating the bids and selection process 50% replies “Yes” and 50% replies “No” respectively. In relation with the scope of work change after contract award 75% replies “Yes” and 25% replies “No”, project is completed late or after completion project is not functional 77.78% replies “Yes” and 22.22% replies “No”, failure to pay progress payments and invoice on timely basis 72.22% replies “Yes” and 27.78% replies “No”, construction project/infrastructure planned near the house of government official or politician 69.44% replies “Yes” and 30.56% replies “No” and do you think the way service procurement practiced is transparent? 25% replies “Yes” and 75% replies “No” respectively.

Based on the above presented data except item number 2 and 3, majority of the respondents agree that there is corruption in work procurement. These are due lack of transparency, late completion and implementations of project, the existence of different remedy in work procurement process, the practice of constructing infrastructure near the house of government officials also voiced by FGD and interview participates e.g. cobble stone, water supply facilities etc., government office failure to pay progress payments and invoice on timely basis to the contractors in search of rent, the shift in scope of work after contract awarded and limiting information access to the annual construction project budget break down or expenditure.

The other case mentioned by the FGD respondent is the asphalt road constructions under ways for a long period of time which will connect Adole Rede woreda with Shakiso woreda. According to these woreda officials this road is started before 6 year but still under construction. The basic reason that created the delay of this road construction is weak evaluation and control mechanism created by the corrupted officials from the woreda to the federal level, but not due to the budget shortage. Furthermore, as mentioned by FGD and interview informants the corruption tendency in work procurement is highly seen in the construction of local roads, schools, health centers, water shade, bridges and cobble stone. This could understand from the projects quality, price escalation and many of them left without accomplishment and budget is reported as utilized on each organization officials report This corruption practice happened due the opportunity created such as; the internal secret cooperation among politicians in implementation, check and balance system is dislocated among the corrupted officials hand, ignorance of experts, no sense of ownership on public projects among many government officials rather looking as opportunity for mischief, lack of transparency.

In addition the complexity and magnitude of projects combined with difficult cost assessments provide for opportunities to hide bribes through inflated prices which can be blamed on other factors.

**Table 5.12:** Result obtained on the indicators of public sectors incapability to reduce corruption procurement

Items	Strongly Agree		Agree		Neutral		Disagree		Strongly disagree	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Weak culture of impunity/ punishment	72	100	0	0	0	0	0	0	0	0
Absence of commitment on the part of government to fight corruption	72	100	0	0	0	0	0	0	0	0
Failure to investigate and prosecute evident cases of corruption	0	0	72	100	0	0	0	0	0	0
Weak anti-corruption and watching agencies and other enforcement mechanism.	55	76.39	17	23.61	0	0	0	0	0	0
Absence of freedom of information and whistleblowers	0	0	72	100	0	0	0	0	0	0

Source: Own survey, 2016

As indicated in the above table 5.12 five level linkert scale questionnaire is used to identify corruption indicators. So that, we have collected data from the respondents as they are strongly agree by 100% that the weak culture of impunity (exemption from punishment) and absence of commitment on the part of government. In addition, 100% replies as there

is failure to investigate and prosecute evident on cases of corruption. On the other hand 75.39% strongly agree and 23.61% agree with weak anti-corruption and watching agencies and other enforcement mechanism for fighting/reduce corruption in public procurement. Regarding this FGD respondents’ also mentioned what they saw as gap to fight corruption i.e. workers disciplinary is weak in their

concerned organization. In addition the issue of accountability and responsibility is also another key concern that shows weak anti-corruption enforcement mechanism. This is observed through absence of detail means to combat corruption and extent of taking action against the corrupted official is very weak. As voiced by the interview respondents the obvious ways of fighting corruption in EPDRF regime through shifting corrupted officials from on office to the other.

In relation with absence of freedom of information and whistleblower 100% respondents agree that is also contribute to the weak corruption reduction action in public procurements. So that we can understand from these by its nature as the corruption related with different complicated working procedures that failed to address these issues as a gaps.

**5.2.5 Public procurement and effectiveness action taken by procuring entities to fight corruption**

**Table 5.13:** Public sectors capability to reduce/control corruption in public procurement

Items	Yes		No	
Lack of transparency and accountability	72	100%	0	0%
lack of effect system of punishment	54	75%	18	25%
organizational inefficiencies in fighting corruption	72	100%	0	0%
Lack of capacity among technical	64	88.89%	8	11.11%
Weakness in procurement procedures	37	51.38%	35	48.61%
Lack of effective supervision	72	100%	0	0%
Lack of independent dep't	55	76.39%	17	23.61%

Source: Own survey, 2016

As indicated in above table 5.13 information is collected from the respondents on the capability of the Guji and Borana Zone public organizations to reduce or control corruption in public procurement. Based on this we have identified eight variables to measure the action taken and failure that the organization faced. So the, participant response is presented as follows; lack of transparency and Accountability 100% replies "Yes" and 0% replies "No", lack of effect system of punishment 75% replies "Yes" there is and 25% replies "No" there is no or the existing system of punishment is weak. In relation with organizational inefficiencies in fighting corruption in public procurement 100% replies "Yes" they are inefficient in fighting corruption by their legal structure and practice. On this issue many of the organization we have seen in the above three parts analyzed the basic gap in fighting corruption is organizations capacity which constitute of individuals' personal and weak institutional framework to create clear check and balance mechanism.

Lack of capacity among technical staff 88.89% respondents replies "Yes" and 11.11% replies "No". On one hand we can understand from the respondents' background analysis as there is lack of capacity among professionals. On the other hand lack of capacity to execute the given professional responsibility in emanate from individuals low understanding on the severity of corruption and rent seeking mind set up. This affects the organizations execution ability to reduce corruption in public procurement. The other is lack of capacity among politicians 88.89% replies "Yes" and

11.11% replies "No". In similar circumstances with technical staff Borana and Guji Zone most of cadres/politicians lacks capacity to control, evaluate and execute public procurement activities. This matter was also major concern of the FGD and interview respondents by saying if this will continue with the same situation in the future the problem of corruption can affect more the execution activities of the government and organizations as well. Weakness in procurement procedures 51.38% replies "Yes" and 48.61% replies "No". What makes other source (FGD and Interview) respondents different from this is the again related with the institutional and personal weakness rather than the weakness of legal procurement procedures.

Lack of effective supervision 100% of the respondent replies "Yes" and 0% replies "No" and on lack of independent procurement dep't 76.39% respondents replies "Yes" and 23.61% replies "No" respectively. So that lack of effective supervision on the public procurement (Goods , service and works) activity is other issue which makes public organization procurement incapable of reducing or control corruption.

From the above presented response analysis we can identify seven top reason that makes public organization Borana and Guji Zone incapable to reduce/control corruption in public procurement. These are; Lack of transparency and Accountability in public procurement execution process, lack of effective supervision, over all organizational inefficiencies, lack of effective system of punishment against wrong doer, lack of execution capacity among technical staff, lack of capacity among politicians and lack of independent of procurement department are major contributors to the Borana and Guji zone incapability to reduce corruption in public procurement.

**6. Conclusion and Recommendation**

**6.1 Conclusion**

The existence/practice of fraudulent payment, power concentration in the hand of few government officials, public official private interest, absence of fiduciary and balance, abuse of the regulatory diversities and unjustified variations and extension of contract are major cause for the corruption in public procurement of Borana and Guji Zones.

On the other hand as symptom/syndrome of mischief in public procurement the existence of subcontracting relationship among suppliers, the practice of understating bid or procurement price by supplier, artificial budget setting during procurement planning and writing the procurement requirements to favor or disfavor particular suppliers are major symptoms of corruptions.

In relation with sector vulnerability to corruption in public procurement we identified two kinds of findings. These are; the 1st sector is under very high and high corruption prevalence (i.e. construction, water supply, service procurement and office equipments procurement). The 2<sup>nd</sup> sector is under the category of medium and low prevalence of corruption (i.e. health sector procurement, education

sector procurement and training and meeting facilitation procurement).

The other is in relation with types of public procurement and corruption practice. These are corruption in goods procurement which is practiced through the exclusion/rejection of experienced bidder on minor technicalities in favor other bribery interested suppliers, accepting low quality and late delivered of goods and the withdraw of the suppliers from the bidding/competition process due to delays and less trustee on the fairness in evaluation and selection process. In works procurement lack of transparency, late completion and implementations of project, practice of different due to remedy in work procurement process, the practice of constructing infrastructure/facilities near the house of government officials, failure to pay progress payments and invoice on timely basis to the contractor in seek of rent and the shift in scope of work after contract awarded and limiting information access to the annual construction project budget break down or expenditure.

The ineffectiveness of the organization in fighting corruption emanates from weak culture of impunity/punishment, absence of commitment on the part of government to fight corruption, failure to investigate and prosecute evident cases of corruption, weak anti-corruption and watching agencies and other enforcement mechanism and absence of freedom of information and whistleblowers

## 6.2 Recommendation

- To minimize corruption crimes in public procurement of these zones'; the government should create independent investigator and other mechanism to cross check the work done on goods procured against and/or the receipt for the work done or goods procured. Which is means; there must be independent public procurement persecutors free from the politicians influence.
- Additionally each and every concerned body or stakeholders must be responsible at each level starting from the control engineers to finance officials for their involvement in corruption.
- The Oromia regional state and federal public procurement regulators diversities should emphasized on these administrative gaps in fighting corruption in this sector.
- The politics based public verdict and representation must be replaced with clear and reasonable working procedure that support to avoid mischief in public procurement.
- In order to strengthen weak anti-corruption measurement agencies and other enforcement mechanism attention should be given through creating reform in public procurement.

## 6.3 Future Scope

For the next career of research we recommend researchers in this area to emphasize on root causes of corruption in public procurement with better emphasis of extracting challenges from the government side to investigate and prosecute corruption incidence. Because research cannot provide solution once it is well known anti-corruption institutions are

malfunctioning. It is almost something common on the cause of corruption in public procurement in developing countries.

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