

**AN ASSESSMENT OF EFFECTIVENESS OF TENDERING PROCEDURES AND
REGULATIONS IN PUBLIC INSTITUTIONS**

**A CASE STUDY OF THE NATIONAL BOARD OF
MATERIALS MANAGEMENT (NBMM)**

BY

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**THIS RESEARCH REPORT SUBMITTED TO THE FACULTY OF BUSINESS
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DECLARATION

I hereby declare that this research project entitled "An Assessment of Effectiveness of Tendering Procedures and Regulations in Public Institutions"; a case of National Board of Materials Management (NBMM) –Dar-es-Salaam, Tanzania, is my original work carried out solely and has never been submitted in any academic institution for examination.

Signature.....*Maid* Date.....*26th APRIL 2007*

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This project report has been submitted for examination and marking with my approval as the research project supervisor.

Signature.....*[Signature]* Date.....*26.04.07*

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DEDICATION

Foremost, I sincerely dedicate this project to God the Almighty who despite my heavy working schedules and demands of academic environment provided me with strength, courage and endurance to overcome the many obstacles that came along the way.

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ACRONYMS

BSP	Bachelor of Supplies and Procurement
KIU	Kampala International University
CTB	Central Trader Board
ICB	International Competitive Bidding
CPAR	Country Procurement Assessment Review
LPO	Local Purchase Order
MMP	Member of Materials Management Profession
NCB	National Competitive Bidding
NBMM	National Board for Materials Management
PPA	Public Procurement Act
PRN	Purchase Requisition Note
PTB	Parastatals Tender Board
PFA	Public Finance Act
TB	Tender Board
VAT	Value Added Tax
CSP	Certified Supplies Professional
GS	Government Store
URT	United Republic of Tanzania
WB	World Bank

DEFINITION OF TERMS

Bids

In context of procurement it refers to an offer to buy or sell at a stated price in response to an inquiry, particularly an invitation to tender.

Bid document

It is a group of document used in tender that prescribe goods required bidding *procedure and contract terms*.

Vendor rating

This is an index of the actual performance of a supplier.

Code of conduct

It is laid down rule to be followed by all professionals for the benefits of the employer and provided by the board on behalf of the government.

Procurement Professionals

Are those staff trained in a recognized institution and registered by the board for *procurement activities and employed by the respective particular organization*.

ABSTRACT

The government has been using shopping procurement instead of tendering, however, it has insisted on tender purchase instead of shopping. Tendering has been recommended by the World Bank as the only way of controlling the government properties because it has been revealed that more than 70% of government fund has been used in purchasing. Perhaps there has been a great loss of this public fund hence forth tender is to be used instead, to prevent this problem.

The researcher assessed the effectiveness of tendering procedure and regulations in public institutions and examined the problems encountered in tendering evaluation, *case study as National Board of Material Management located along Nyerere road at the government store premises.* The study also observed the condition of selecting members of tender board and tender committee. More than one method of data collection has been used such as unstructured interview, participatory, and questionnaire provided to the sample of member of tender board selected, *simple random (unrestricted) sampling used.*

The result showed that 85% of the respondent experienced difficulty during evaluation process. While 95% of the sample responded that it is better to purchase through tendering. Among the problem is unfulfillment of bidding document, favouritism and lack of enough funds.

Several recommendations have been made to eliminate those problems such as:-

- Increase number of supplies officer in the tender board
- Amendment of professional code of conduct
- The NBMM to strengthen its procurement training workshops, short courses and so on.
- NBMM to be changed and replaced with PSB
- Amendment of method for collecting bid documents.

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CHAPTER ONE

1.0 INTRODUCTION

This chapter gives the brief description of the organization and an overview of the research study, which covers the background and statement of the problem, objective, research question, limitation, scope and significant of the study.

1.1 HISTORICAL BACKGROUND OF THE BOARD

The National Board for Material Management (NBMM) is a statutory Board established by Act of parliament No 9 of 1981. NBMM is a Government Institution under the Ministry of Works whose mandate is to promote, develop and regulate the Materials Management Profession in Tanzania. The Chief Officer of the Board is Registrar who according to section 5(1) of the Act is appointed by the Minister of Works. He is answerable to the Board of Directors in running day-to-day affairs of the Board. The board has four departments, which are coordinated by Heads of Departments. The departmental heads form the management team, which assist the Registrar in daily operations of the board which are;

1. Professional Affairs Department
2. Examination and Publication Department
3. Supplies and Administration Department
4. Finance Department

The Board also has Appeal mechanism for members and candidates who might feel that justice has not been to them. The appeals Board consists of a chairperson and four members appointed in accordance with section 19 of the act No. 9 of 1981.

1.2 NBMM'S VISIONS

The professional activities of materials Management started under "Material Management Caretaker Committee" which laid foundation for establishment of NBMM in 1981. The board however aspires to become a leading procurement and Supplies Management Professional service provider, by equipping its members and candidates with full professional knowledge using modern technology, ensuring maximum savings in inventory and procurement management.

1.3 NBMM MISSION

The mission of the board is to promote, develop and regulate the standard of Conduct of Material Management Professionals in Tanzania by providing high quality of service and products with the view to ensuring competitive return to the management and public at large. The Board endeavors to provide a workable environment for public awareness and enforcement of Act NO 9 of 1981.

1.4 NBMM AND PROFESSIONALISM

NBMM is a regulatory and professional Board is responsible for monitoring, control of conducts and maintains standard for professional conducts and ethics. It has a role to ensure that the practitioner in the procurement abides to ethics in procurement Commensurate with the PPA requirements. It maintains that every procuring entity abides to the law by ensuring that there is a high level of professional in their firms.

The empowering Act No 9 of 1981 which established – NBMM requires that all professional practicing procurement is legally recognized, as per section 20 to 23

of the Act. This is done through professional registration. There are four types of professional registration done; according to the Act section 9 and 10 there are *Authorized Suppliers officer, Approved Supplies Officer, provisional approved and temporary authorized Category*. Board does recognize training institutions both private and public offering procurement and supplies professional through registration.

NBMM and the Public Procurement Reforms in Tanzania. As alluded to earlier even before the new Public Procurement Act was promulgated in Tanzania in 2001 the country had started applying the International and World Bank (WB) guidelines for procurement especially funding our activities. That means the public procurement reforms in Tanzania were carried out on the basis of a study conducted in 1995 by an International consultant. The Crown agents major recommendation of the consultant was that there was a need to establish an independent and autonomous body to control public procurement in Tanzania.

There was also need to de-link the Central tender Bank from the ministries of Finance. Public Procurement reform therefore started in 1997 supported by (WB) and this culminated into the enactment of Public Procurement stakeholder, including NBMM that all major stakeholders were not involved in the reform process, nevertheless the NBMM is already taking the advantage of new procurement reforms in the World and in the country and is making use of its experience and available capacity to reform itself for instance, developing a curriculum that can accommodate and become a remedy to the shortcoming of lack of capacity; ideally no professional shall remain static forever.

1.5 BACKGROUND OF THE PROBLEM

The procurement procedure is based on a concept that underlies the basic fact that where purchasing authority is beyond authorized limit purchasing orders and

all supporting documents with the recommendation are sent to the appropriate authority for verification and selection. (Farmer 1981).

Jessop (1981) argues that as compulsory competitive arises usually in the public sector, tenders must be sought from more than one supplier to enhance quality performance.

The procurement system that was in use in public services prior the enactment of the PPA was inefficient and had a number of weaknesses such as loopholes that allowed ministries, independent organization and regions to perform procurement activities at individual will.

Inadequate complacency was rampant because of existence of a venue for corruption and lack of standard tender and contract documents with malpractice which manifested in a number of ways such as fake price quotations, bribery in tenders, conflict of interest undelivered goods, delays in the delivery of essential public services, lack of competition, increase in the cost of items and loss of financial resource with denomination. These weaknesses and many other features are manifested in the old public procurement system.

Numerous researchers were caused to investigate into these issues. Dr. Kassilo (2002) argues that from his experience there is need for effective and productive boards supported by skilled and intellectual committees to the tender board to offer the production environment companies and organizations to improve performance but in real sense grading up tendering procedure.

1.6 STATEMENT OF THE PROBLEM

As earlier mentioned currently we are operating in a revised tendering system which a simplified criteria [for Purchasing or Procurement] which is straight forward acquire the right items at the right price at the right time to procurement and selection.

Although the formula is simple a number of ways it has been complicate especially when it comes to public procurement, the situation has become more complex. Precisely, the process has inclined to an anti - transparency phenomena raising numerous questions on accountability and integrity issues yet according to A.S Ngwalo absence of transparency harbors improper and wasteful corrupt practices.

The Public sector procurement therefore requires a high degree of transparency to keep all interested parties knowledgeable to the actual means and processes by which public contracts are awarded and managed. Critical scrutiny of the Procurement process is the benchmark for this study bearing in mind the institutions of interest that is public sectors.

1.7 OBJECTIVES TO STUDY

For simplification and easier moderation of this study, the research will partition the study objective of the study into two groups [General and Specific where a universal combination of the former sums up the latter]

1.7.1 General Objective

The researcher quests to attain knowledge and awareness on tendering procedures especially within public institution by evaluating the tendering system and investigating into the conditions used in selecting member of tender committee.

1.7.2 Specific Objectives

- To critically evaluate of the procurement system [procedures] while Identifying of the loopholes, inefficiencies and strengths at the same time as assessing and identifying the causes.

- To establish the degree of participation of materials management professionals in the tendering process while finding out the reasons for *the degree of participation*.
- To evaluate the impact of the tendering procedure at the NBMM to procurement efficiency and finally suggest any improvements in the tendering procedure at the NBMM

1.8 RESEARCH QUESTIONS

1. What is the tendering procedure at the NBMM?
2. What is the degree of participation of materials management professionals in *bids evaluation*?
3. What is the impact of the tendering process at the NBMM to the efficiency of procurement?

1.9 RESEARCH HYPOTHESIS

The main research hypothesis is Quality tender boards and tender committees help to perform a good tendering procedure.

1.10 LIMITATION OF THE STUDY

The following are expected constraints to affect the study activities.

- (i) Lack of adequate data particularly documented data due to the lack of *proper documentation*. The *fully application* of available documents will be a proper way of overcoming g the constraint.
- (ii) Restricted respondents (inadequate across to respondents. Is a custom to many organization's staff to be reluctant particularly on the researcher's interviews or questionnaire. Application of all methods of data collection

will be employed to reduce the effect of the reluctant officials to interviews of questionnaires.

- (iii) Wideness of the study may affect the objectives of the study. The study will not consider other things such as technical evaluation, financial evaluation, dispute settlement and miscellaneous authority rather than Tender evaluation in order to tackle the problem.

1.11 SCOPE OF THE STUDY

The study will only assess the following

- (i) Assessing tender procedure on public institution specifically at NBMM and Government stores.
- (ii) The methods of evaluating bids.
- (iii) The composition of tender committee and their qualifications

1.12 SIGNIFICANCE OF THE STUDY

Anything that can be done have effect, if not significant, the study will have the following significances;

1. Will create awareness amongst tender participants pertaining tender procurement procedures to improve quality performance amongst participating competitors.
2. It will help the MMP to improve their confidence on procurement activities especially of tender evaluation after realizing that they are potential figures in the committee.
3. Will provide an opportunity for further studies due to changing business management.
4. The study report will be an important source of information for policy making at the Board.

5. The study will be a potential fulfillment for the academic award of Bachelor of Supplies and procurement of K I U.
6. *The research is of great benefit to the researcher herself since it will make her gain many skills in data collection; improve on research abilities that will be of great help in future.*

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter comprises of research studies held by other researchers and authors related to this research topic. Among the issues discussed are Definition of tendering, types of tenders, composition of the tender board and tender evaluation procedure.

2.1 TENDERING

According to Farmer [1987], tendering simply refers to a technique of systematically selecting the best supplier on the basis of competitive bidding. We have to choose among many bidders to whom one has low cost and providing better services as well as competitive capabilities, while only minor issue can be privately discussed i.e. terms of delivery.

Jonathan (2002) defined a tender as the method of procurement usually done where goods or service involved are of high value. Basically it is a procedure through which potential suppliers are invited to make a firm offer whose acceptance shall be contracted Duncan (1998) said.

Farmer (1987) propounded that where purchasing is in excess of a purchasing executive authority limit one should send the purchasing order and all supporting documents with appropriate recommendation for

Similarly, D. A. Jessop (1995) defines Tendering as a compulsory competitive approach to purchasing whereby organizations (usually public sector) are compelled to seek tenders from more than one supplier.

Indeed there are a number of definitions for tendering and in this study all are substantial and will be variably referred to.

2.2 TYPES OF TENDER

J.J Kivugo [1981], researched and in his study mentions various alternative methods of tendering that boards in public institutions used to select tender participants [organizations, individuals and companies or firms.

1. Selective Tendering

Herein few selected contractors who are capable of doing the work are invited and a list of contractors who are able and willing to do a particular class of job is compiled. In this category he argues that tenders need not always invited from the full list of contractors but a system of rotation could be adopted build competition that will lead high performance.

2. Serial Tendering

He defines this kind of selective tendering inversely applies to groups or series of contractor, where firms are invited to quote rates at which they would be willing to carry out a series of projects. The contractor with the lowest price for the typical job is then asked to negotiate for the whole series at rate quoted in his tender.

3. Open tendering or Competitive tendering

These concisely mean global tenders or rather invited to submit tender. Several critical have been proposed that;

- The nature and value of the commodities required enough to justify expense, to both buyer and seller.
- Specifications are clear to both buyer and seller
- There are an adequate number of suppliers capable of supplying the wanted commodities and are interested to do so.
- The time available is sufficient for using this method of purchasing.
- Terms and conditions, the provision of the purchase must be such that can normally be made on the basis of the lowest bidder.

In another presentation where Iddy Athuman quotes Azamah (2002) saying that there are two types of tenders as follows;

a. International Competitive tendering

As a type of tender that involves the bidders from local and international sources.

b. National Competitive tendering

That is a type of tender that involves bidder from local source only. Basically the authorities should revisit their standing orders on procurement and tendering to ensure that they are consistent with the statutory provision of Act 20001 and the requirements of this guidance that announces International Competitive Bidding (ICB) a procuring entity shall invite suppliers or contractor regardless of their nationality by means of tender notice that shall be advertised nationally and internationally.

National Competitive Tendering or otherwise known as National Competitive bidding (NCB), a procuring entities invites suppliers or contracts, regardless of their Nationality by means of tender notice advertised only in the URT to submit priced tender for goods or works. Therefore (Azamah Ibid) defined tender National Competitive on the ground favoring the local source only while PPA Act didn't regard the locality of the service, rather any sources found within the boundary of URT no matter their nationality to cope with the Globalization.

2.3 COMPOSITION AND APPOINTMENT TO TENDER BOARD

According to PPA No. 2 (2001) under sect. 11 (2)./ A ministry tender board shall consists of

- i. The Accounting officer who shall be the chairman
- ii. The Chief Accounting of that ministry
- iii. The heads of not more than four key departments
- iv. Director of procurement or a Procurement Specialist of that ministry.

- v. Government Officer who holds a post not lower than a Director or the equivalent, from another ministry who shall be appointed by the minister *responsible for finance and*

The Secretary shall be a government officer of that ministry who is a specialist in procurement and shall be appointed by the permanent secretary.

The Regional Tender Board under sec. 12 (2) 1 consists of;

- i. The Regional Administration Secretary, who shall be the chairman
- ii. The Regional Accounting officer of that region
- iii. The Educational officer in the regional secretariat
- iv. The Engineer whose specialty is under consideration in the tender board
- v. The Health specialist in the regional secretariat
- vi. The Trade officer in the regional secretariat.
- vii. A procurement specialist from the line ministry.
- viii. Agricultural officer in the regional secretariat.

The Secretary also shall be a government officer who is a specialist in procurement and shall be appointed by the Regional Administrative Secretary.

Therefore from the PPA, the member of tender board in any organization varies according to the composition and nature of the organization concern. The PPA however specified the importance of procurement specialist in the tender board because every tender board propounded never miss procurement / purchasing personnel of the particular organization.

2.4 REASONS FOR TENDERING

Purchasing through tendering strengthens law and regulation to close rooms for malpractices and corrupt behavior and consequently brought about confidence and respect to the purchasing professional. German government described

procurement as the process of obtaining services supplies and equipment in conformance with applicable laws and regulations.

According to the report of Country Procurement Assessment Review (CPAR) commissioned by the World Bank in November 2003. The objectives of the on going Public Procurement reforms can be summarized as;

1. To ensure that procurement is conducted in a fair transparent and accountable manner
2. To increase the participation to the Tanzania private sector.
3. To contribute towards the creation of a sound economic climate in Tanzania
4. To subject public procurement to a robust and effective legal and regulatory environment.
5. Enhancing the effective use of public finance resource.
6. Improving the availability, quality, reliability and cost of public services.
7. Encouraging accountability and responsibility in supply management process.
8. Improving participation by and growth of private sector.

(Iddy op. cit) said tendering is the method of procurement used to ensure;

1. The selected suppliers are really competitive one
2. To avoid nepotism.
3. Openness/Transparency by following the procedure of selection of suppliers will be open and any body has right to claim in case there is any thing hidden

2.5 IDENTICAL TENDERS

During tabulation of tenders, it is common to receive identical prices in response to competitive tenders. For assessing such a situation (Kivugo) commented to apply the following policy so as to shave the difference.

- i. A tender whose manufacturing plant is located in a designed or special area is to given preference over a tendered whose manufacturing plant is not located.
- ii. A tender with an overall satisfactory performance record is to be given preference over a tendered that is known to have an unsatisfactory performance record.
- iii. A tender who is in a position to provide adequate after sales services and has a good record in this regard is to be given preference over a tenderer who is not in a position to provide adequate services or who has a poor record.
- iv. The tender offering the best delivery data is to be preference.
- v. Where there are a number of items included in the tender and only identical prices or single prices on certain of the item were received the offer of the firm in bidding on the greatest value is to be given preference and vice is true.

2.6 PROCEDURES OF INVITING TENDERS

For a specific period as stipulated in the organization regulation the tender are invited and advertised on the media of communication such as news papers, internet, Radio and others for every interested entity to respond (Kivugo ibid) indicated several procedures to follow during invitation.

- i. Place and time for receipt of tenders.
- ii. The closing date and time for the receipt of tender.

- iii. Instruction as to how the application should be submitted.
- iv. The conditional and other terms e.g. delivery.
- v. The specifications of the works.
- vi. Form of tender from is to be used.

Farmer (1987) said there is a traditional procedure of securing contracts as shown:

- i. Communication of the needs
The client briefs a professional engineer or a team concern as to his requirement.
- ii. Tender document preparation
The term then prepares suitable design and details, and draws up tender documents based on of the services of conditional of contract previously refer to
- iii. Invitation to tender
The client or the teams prepare suitable list of prequalification contracts from which usually between six and ten companies will be invited to tender.
- iv. Receiving and evaluation of tenders and award of contract Tender are received by the client and the lowest price are accepted provided nothing has changed to after the credibility of the contractor.
- v. Supervision after award

The teams then supervise the construction process in accordance with specification and agree the contracts Accounts.

As far as the local authorities concerns the PPA (2001) addressed the procedure to follow which are practically active due to the good governance curricular of Tanzania;

1. Invitation of tender

A procuring entity wishing to commence competitive tendering proceeding shall *prepare tender notice inviting supplies or contractors to submit priced for the supply of goods or to undertake works required.*

2. Issue of Tender Document

The procuring entity shall provide tender document immediate after first publication of the tender notice to all supplies or contractor who respond to the *tender notice and pay the required fees, if required for which a receipt shall be given.*

3. Receipt tender

The secretary of the tender board shall on request give each bidder a receipt showing the time and the date that the tenders were received and any tender *received after the deadline shall be returned unopened to the tender.*

4. Tender Open

All tenders submitted before the deadline time and date for submitting proceeding and the tender opening shall take place at, or immediately after the deadline time and given in the tender document for the receipt of tenders and *the name of all those represent at the tender opening and the organization they represent shall be recorded by the secretary of tender board.*

5. Tender Evaluation

The procuring entity shall evaluate on common basis tender that have not been rejected in order to determine the cost to the procuring entity of each tender in a *manner that permits a comparison to be made between the tenders on the basis of the evaluated cost but the lowest submitted price, may not necessarily be the basis for selection for award contract.*

6. Award of Contract

After approve the recommendation and if the value is within its limit of authority, *authorized the procuring entity to accept the tender and award contract in the form specific in the tender document.*

From these facts its clear that much as the tenders are invited, it's the responsibility of these institutions to see to it that tenders are systematically and *without bias allotted to the efficient firms.*

During the selection, Transparency is due. A. S. Ngwalo defines Transparency as an effective means to identify correct, improper and wasteful corrupt practices. He argues that over 70% of government budget utilized on procurement of goods, works and services thus is an instrument of controlling the procurement *through tendering is necessary.*

Ngwalo however proposes three subsystems on public procurement system such namely procurement process, procurement structure, and procurement personnel. In his findings he reports that nevertheless favoritisms has been experienced and shown to bidders by influential and high authorities. He reports as well that the *Tendering personnel are responsible for any leakage of information* hitherto the procurement departments are to blame for inefficiencies of Tender Boards

2.7 TENDER EVALUATION TEAM

The entity is established under regulation 93 of GN No 49 of 2003. A procuring entity in this regard, a council is given mandate to form a tender evaluation team comprising of not less than three and not more than five officers one of who must be an expert on the subject matter for which evaluation is to be done. It is not clear as to whether it involved officers who requested for the goods because those are the one best placed to state whether what they requested is what has been offered on paper. The danger of involving different people at this stage may lead to accepting item not fit for the purpose intended.

2.8 PRE-REQUISITE OF TENDERING

Doubler and But (1996) on competitive bidding and negotiation observed comprehensively on sourcing potentials suppliers to be invited to submit bids (proposals). They identified five prerequisites for proper use of competitive bidding so as to comply with the national of obtaining fair price five criteria proposed as;

- a. The value of the specific purchase must be large enough to justify the expense, to both buyer and seller
- b. The specifications of item or services to be purchased must be explicitly clear to both buyer and seller.
- c. The market must consist of an adequate number of sellers.
- d. The seller that makes up market must be technically qualified and actively want the contract and therefore be willing to price competitive to get it.
- e. The time available must be sufficient for using this method of pricing. The time required for preparing mailing, opening and evaluating bids is usually considerably longer than those unfamiliar with the system would expect.

To satisfy the proceeding five prerequisites, four other conditions were remarked by Doubler when employing competitive Bidding as the means of source selection.

1. The situation in which it is impossible to estimate costs with a high degree of certainty.
2. Situation in which price is not the only important variable.
3. Situation in which the purchasing organization anticipates a need to make changes in the specifications or some other aspects of the purchase contracts.
4. Situation in which special tooling or set up costs are major factors.

2.9 SECTOR AND COMPETITIVE BIDDING

F.A.Mwakibinga from his published report identifies that there are differences on social, political and economical environments which have impact on transactions costs arising from the execution of purchasing contract. He continues exclaiming that however political decisions have impact on procurement processes in the government sector, where public buyer is required to favor certain suppliers such as Minority Group, Public Institution and Local Vendors etc.

In some of occasions, certain suppliers are based to participate in bidding for a public tender due to political reasons e.g. economic sanction imposed on political ground. Saying that normally, the ends serve political motives and suggest that only effective competitive is possible where there are many buyer and many sellers who are willing to take part in it.

2.10 TENDERING PROCEDURES AND REGULATIONS.

Tendering covers two spectrum; one is the request drawn by procuring entity for offers and the others is the offer quotation or technical proposal made by the supplier to the procuring entity. In order to come to both parties making a contract for the services, whereby basic steps must be taken by the procuring entity and the supplier.

- i. Methods of procurement and their condition for use – which may involve competitive tendering, both international and National or restricted tendering.
- ii. Tendering proceeding which involves solicitation of tenders and application of tenders.
- iii. *Submission of tenders*
- iv. Receipt of tenders and tender opening, evaluation and comparison and selection.

If these procedures have been applied properly, the result is the supply of goods and services per public expectations. And if not followed properly or rather poor tendering procedures the outcome is poor social services to the public.

The issue of effectiveness of tendering procedures and regulation in government circles have been discussed locally, abroad, and in Tanzania the government has issued regulations featuring the system to be followed.

Theoretical frame work of tendering system, the affective of the tendering system requires specific aspects for the board to follow.

There must be a tender board to handle all matters relating to procurement of goods, works and services through tenders for such a local council.

Its composition and its functions have been cited in the introductory part of this paper. The key reason for such board is to facilitate procurements in the proper manner for effective supply of the required goods services or works. To obtain good service the supplies must be selected unbiased or not under fraudulent practices. The board must decide whether the tender should be national or international restricted to a specific people and or area.

International means. After pre-qualify suppliers, invites suppliers or contractors regard less of their nationality by means of a tender notice advertised nationally and internationally. While national competitive tendering, the procurement entity invites suppliers regard less of their nationality by means of a tender notice advertise only in the united republic of Tanzania. The restricted tendering, the procurement entity may restrict the issue of tender documents to a limited under of specific suppliers or contractors. But the number of suppliers should be substantially adequately large. Not too larger or too few (By P. Gopalakrishnan 1997 purchasing and materials management page 186)

In all these aspects, the procedure or method used may be:-

- (i) Clear and understood by the public
- (ii) It must be economical to the procurement entity

- (iii) It must aim at obtaining the right suppliers not only associates and the type of goods expected by the society.

2.10.1 Submission to tenders

PPA of 2004 page 47 (78) has stated how tenders have to be submitted in accordance with the notice issued and the way of receiving those tenders by the board. One critical issue on this stage is whether all tenders are received and presented for opening ceremony. It is possible that if by posting some mails might be late. The best way which is commonly used is delivery by the tenders considered registration of the document.

Receipt of tenders and tender opening, marks the last but final stage of the procurement of goods or services through tendering. Tender opening should be accompanied by the opening ceremony. It is at this state where tenderers are given chance to give their views on whether the system is fair or not and other comments especially where the fees to be paid as application fees which if not paid the tender is informed on the error and for non-consideration of his/her application evaluation and comparison of tender bids.

The evaluation and comparisons and offer of a tender depends on the type if the system is based on lowest evaluated tender, means selecting a tender which is determined to be the most economic after consideration of all factors and their weights as per specifications in the tender documents. This is most applicable in the competitive bidding and open tender notices.

2.10.2 The effectiveness of the tendering system.

The above stated stages plus the effective implementation of the contract enable the public to receive the expected services from the council. That the tender system of the council is effective and will result in receiving the expected goods or services. This is because the procuring entity must maintain adequate written

records of all procurement proceedings in which they are involved including that of competitive tendering.

2.10.3 Limiting factors involves.

- (i) Disability of members of the Board
- (ii) Pecuniary interests nominating of a company or person associate or is a partner.
- (iii) Improper inducements.
- (iv) Fraud and corruption
- (v) Tempering with submitted tenders.
- (vi) Dealing with institution of criminal proceeding.

In selecting the qualification of suppliers or contractors the board taken into account.

- That they have the necessary profession or goods to be supplied.
- That they have legal capacity to enter into the procurement contract.
- That they are not insolvent.
- The obligations of paying tax has been complied with
- *Their directors are free from criminal offence.*

If the board feels that all tenders don't qualify or not to tender documents the principle of rejection of all tender, proposals or offers is applied. If not other principle of selection must be applied. If the contract can be divided into cost, the board should award only certain of the costs.

2.10.4 Price adjustments.

In the course of implementing the contract, the tenders may request for price adjustments. This comes up, due to inflation, where a price adjustment formula may be used, or Board can refuse the request if it was not specified

in the solicitation documents all the above aspects have received different comments, board and in Tanzania. It is the wish of this paper to go through comments of these writers on the issue.

2.11 EMPIRICAL STUDIES.

The research tried to justify the theoretical basic of studies and the reality under this subject. Prove such theories by carrying out investigation relating to the theories practically. The literatures written by other others/researchers were referred to and the gaps identified.

2.11.1 In General.

Tendering procedures and regulations must always be effective .Guidelines and regulations must be also followed and adhered to in order to ensure proper performance and execution of the project planned to be performed .All procedures and regulation must be met from advertising stage to the awarding of the tenders or contracts. PPA NO 2001 page 1263 states that there is a need for economy public funds in the implementation of projects including the provision of related goods and services. Such literature guides all public officers and members of the tender boards who are undertaking or approving procurements. There must be transparency, accountability and fairness in all steps. There are literatures, documents which are reviewed and referred to while undertaking and responding to such procedures and regulations. The procuring entity must be open to those who are involved in the tendering operation .All tenderers must be given equal chance to negotiate the tender .The research will be interested in relating the theories in the application in practice. PPA of 2004 and other good procedures must be applied when in the tender proceeding for effective achievement of the desired services and goods.

2.11.2 Abroad

Business organization and others abroad considers buying through tender is a good alternative in buying techniques.

The World Bank (1999) guideline, considers tendering as a need for economy and efficiency in buying. It considers that effective tendering ensures competition in tenders, confidentiality, openness and transparency in the process the World Bank suggests that procurement through tendering ensures competitive biddings it done properly by the board.

Sander, a (1994), considers that effective tendering is most achieved when purchasing goods or services of high value. In this suggestion, he encourages small value services can be effectively achieved through buying in organized networks or direct buying.

Alberta country, the local government has issued guidelines and procedures to be to be followed in tendering procurement .First the tender must 10% of the amount of the tender her offers. This is to limit some of the small organizations not to compete in the process.

In the European Union, the related authorities suggests the lowest value for inviting the tender or other wise direct shopping should be done.

The lowest amount is £ 30,000 health of goods. The process must involve selection or comparison of bids. The process can come through open tendering and not selective where applicants have to submit a completed form business questionnaire and from those submitted a short list of tenders is drawn up. Only those on the short list will be eligible to submit a tender. The procedure aims at having effective tendering procedures for effective outcome or supply of the right goods or services to the society.

The Nordic development fund, stresses that tendering methods is more suitable to public government purchases. This will help in checking graft tender which may heads to artificial pricing.

2.11.3 In Tanzania

Buying through tendering has received a lot of discussion by many authors.

Besides, the cost has issued procurement guidelines and procedures, covering the aspects of tendering system.

Mukassa D.B in his paper, discusses advantage of tendering method as

- (i) Elimination of artificiality of pricing and other purchase terms leading to uneconomical purchases action.
- (ii) Bring knowledge of new methods, technologies products or services.
- (iii) The buyers know the expected costs to be spent.
- (iv) Suppressor behaviors toward pursuing personal gains involved in the purchasing proceeds .In all he points out that objective of the purchasing technique are out that objective of the purchasing technique are need for economy and efficiency in procurement .

Kivugo, in his manual, materials management points that purchasing policies can involve purchase according to requirements or purchase according to market condition the most favored being the first. With elapse of time and environment dynamism, necessitate repetitive tendering proceeds for each transactions, Rutashobya, Lyallan , Mukassa and Jaenson , Tan –Erik (2001) , stresses the need for public organizations, and the government institutions to use tendering system as a safe system for controlling corrupt tendencies .The system suppresses behaviors towards pursuing personal grains by official involved in the procurement process Mr. Mukassa stresses that, the viability of tendering methods fits operations whose output do not necessitate quality consistency as a tool for all competitive advantages, but effective in the case procuring goods for a particular project /job which is most expected to have same quality with previous or subsequent jobs.

In all these discussions it is obvious that local governments are government institution. Secondly, the offer of tenders as discussed by Mukassa is based on different items, goods or jobs.

The public procurement Act of Tanzania, 2004, have stipulated the conditions to be followed by the tender board in procurement procedure through tenders

Also PPA NO .3 of 2001 page 1266 has emphasized that all public officers concerned with procurement and member of tender boards must be scrupulously honest in all their dealings with supplies, contractor's members of the public and with the public authority itself.

The acts also emphasizes that all tenders must be handled through competitive selection. The selection must be revalued either on the basis of *quality a lone or on the basis of a combination of quality and cost* (PPA 2004 page 15) secondly improved performance have to be stipulated by reports of action performance local cost authorities are to see to it that economic advantages should be given the selection criteria. This falls on selecting the lowest bidder in reference to quality of the first tendering the bid .This must be provided in the terms and conditions that the award will be made on the basing of the lowest bidder. Others factors to be considering are the solvency of the organization/ person, character of directors on criminal behaviors.

Under PPA 2004 page 42c 54(1) total rejection of all tenders if no tender is responsive to the tender documents, if no tender satisfies the criteria if the *economic or technical data of the project have been altered*; if exceptional circumstance renders normal performance of the contract impossible. If every tender received exceeds the budgetary resource available. If the tenders received contain serious regularizes resulting in interference with the normal play of market forces or if there has been no competition.

The rejection must be notified to the tenders who submitted tenders by the procuring unit. But the research failed to note the rejection of tender submitted.

The main basic stipulations by the government of Tanzania ministry of finance as to procurement of goods and services by tendering are clear and well detailed as proposed public procurement regulations of January 2005.

(i) There must be a procuring entity, which is required to be duty bound where any expenditure is to be incurred on any procurement of goods, works or services to adhere to public finance act, 2001 or local government (finance) act, 1982 (sect. 44)

(ii) Suppliers, contractor and consultants shell have to quality by meeting appropriable criteria set out by procuring entity.

(iii) A procuring entity may engage in pre-qualification proceedings, with a view to identifying suppliers, contractors of goods, works or services.

(iv) These must be description of procurement requirements- these relates to specification for procurement of goods; specification for procurement of works and specification for procurement of service other than consultants services.

For national board for materials management the invitation for tender refers to works which has to have the following specifications:

(a) The scope and propose of the work to be carried out.

(b) Description of work to be carried out.

(c) Works site and its physical nature.

(d) List of equipments and the components to be used or supplied

(e) Work to be performed which will be included in the contract.

(f) Environment requirements.

(g) Tests to the work performed and the conditions to be taken (damages etc) which includes inspection and performance tests before final acceptance of the work done.

The specifications need to be disclosed to be the board before the selection takes place. Clear specifications tries to reduce corruption Edward G.Hoseah, clears states the need for transparency. As he defines, firstly, means openers

in the laws, rules and procedures and the decision making process of government and its public institutions.

The government of Tanzania and its regulation pertaining to the procurement of goods and works regulations, 2005 part 11, general provisions item 11 – (i) states “procuring entities and tender boards shall maintain adequate written recording of all procurement proceedings in which they are involved, including any procurement conducted other than by competitive tendering .

It is on these aspects as noted on documents abroad, the Tanzania situation and the related operations of the board of NBMM which was lead to the findings below and dalais recommendations there on .

(ii) In approving of the award of contract the tender board shall review the evaluation and recommendations made by the procuring team or entity and *may either;*

(a) Approve the recommendations and authorize the procuring entity to accept the tender for contracting purposes.

(b) Refuse to authorize acceptance of any of the tenders and refer the evaluation back to the procuring entity for re-evaluating the tenders or a *recommendation for re-tendering or other action.*

2.12 CONCLUSION

The research has been based on literature review involving referring to previous documents and researches done by other researchers .The research reviewed various literatures about theories and suggestions and justification by others and Acts in the country applicability on how other documents/ literatures talking about the effectiveness of tendering procedures and regulations in other nations (Abroad). Applications of the theories have been studied.

This will targeted to improve the council's performance by encouraging the concern to conform to proper procedures and regulations, circulars and other

documentary guidance issued by relevant Authorities. The research has assessed all relevant literatures to ensure the down procedures and regulations are adhered to.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

This chapter solely describes the area where the study will be conducted, research design, data collection techniques and how the data will be analyzed.

3.1 AREA OF THE STUDY

The study will be conducted at National Board of Materials Management (NBMM) at the Government Shares premises along Nyerere Road in Dar-es-salaam City. The topic under the study will be suitable to the particular organization because the NBMM is the spring of procurement management in the country.

3.2 RESEARCH DESIGN

The design of research will be a case study as a strategic plan for observing and collecting data. Perhaps the case study is complete study in itself as it studies the section unit in details with its totality. It will help the researcher to obtain a drop view of a wide problem on limited resources.

3.3 POPULATION AND UNIT OF INQUIRY

The simple random sampling (unrestricted) technique will be used for each and every unit of a population had equal opportunity of being selected in the sample, for instance;

A sample size – n N = 15 members

A population – N n = 11 members

Means each element in "N" has equal chance in "n". The ten der committee member of the NBMM and Government Stores members of Tender Committee will be the research hers respondents thus will be provided with questionnaires and other departments will be considered to confirm the reality of the data.

3.4 DATA COLLECTION TECHNIQUES

The research will employ the three instruments of data collection, that is; the participatory, questionnaire, and interview plus direct observation method to gather both types of data namely primary and secondary data.

i) Participatory technique

The researcher will participate fully in day-to-day NBMM operations such as purchasing methods including, tendering, and issuing procedure and storage methods.

ii) Questionnaire

The questionnaire will be distributed to collect both qualitative and quantitative data.

Open and closed ended questions will be constructed and distributed to selected sample.

iii) Interview technique

Unstructured or non directive interview to stores personnel will be conducted in the course of daily operations

3.5 DATA ANALYSIS

The gathered data will be analyzed and interpreted qualitatively and quantitatively methods, where quantitative methods will be used, simple ratios and tables will be applied.

CHAPTER FOUR

RESEARCH FINDINGS

4.0. INTRODUCTION

This chapter is solely used to present and analyze the fact played during the fourth month of research study. Most of fact gathered targeted on the assessment of the tendering procedure on public institution that focused at National Board of Material Management (NBMM), perhaps the researcher went beyond NBMM scope to the government store; though both are of the same family under the Ministry of Works. NBMM is a parastatals Organization which have it own Tender Board. The existence of Tender board however does not forbid purchases without tendering, that means, those needs arises and not consume large value of fund are purchased without-tendering procedure. Therefore, basically we can say NBMM has two types of purchases/procurement.

4.1. PURCHASE METHODS

4.1.1. Direct purchase

These purchases involve procurement of lowest value item, whereby, when the need arises the information are sent to the purchase department. The purchase department prepares a Purchase Requisition Note (PRN). That specifies the price, and the item to be purchased. The PRN then sent to the account department for approval and provision of the fund and finally sent to the chief executive (Registrar) for authorization, and there purchasing take place by writing local purchasing order of the item procured.

4.1.2. Purchase through tender

Tender means an offer, proposal or quotation made by a supplier or contractor or consultant in response to a procuring entity. Generally tender is a technique

of selecting the best supplier in the basis of a competitive building. NBMM normally use tender to procure goods when the need are of high value and may be need technical specification and thorough verification before awarding the tender to the bidders.

There are several types of tender as prescribed in the previous chapter two. Perhaps the most useful tendering method is open competitive tendering method for both NBMM and government store. Open and competitive seems to be the best method, for it go beyond national boundary to international competitive tender, which is seldom used by the government store.

4.2. TRAINING AND MANAGEMENT OF NBMM-PTB

This parastatals tender board was formed since 28th January, 2002. It was composed seven members amongst were five member from NBMM management and two other from outside. The chief executive (chairman) was the Registrar and secretary were supplies officer of NBMM. The list of members was accepted meanwhile. Currently this PTB compose of only six members where one is outsider and the rest are the staff of NBMM, while management of the tender board remain the same. The genuinely of fact prove that both member of PTB from amongst the staff are the head of department from:

- 1 Professional affairs department
- 2 Administrative and purchasing department
- 3 Accounts department
- 4 Examination department

The outside is currently the Professional Procurement Agent from American Embassy who only entitled as member of tender board. Therefore these head of department chosen there because of their official position and not because of their professional competency in procurement. However the PPA No.3, 2001.

Directed the members of tender board if not four heads of department. From respective organization. Infact their experience concern the problem at hand, the financial power of the organization with their general knowledge makes them to make the right decision towards the particular procurement. Nevertheless the question of technical specification really is a problem to most of this kind of tender composition. The complexity of the item compel the tender board seek a technical support from the technical expert, for instance it happen NBMM-PTB seek the technical support when specifying what kind of air condition to procure, these technical expert are sometimes invited to participate in the tender meeting instead of assigned the responsibility to the evaluation committee.

4.2.1. Training

The curriculum procedure of tender are complicated, hence they need imaginative, creativity, and competent personnel to monitor. The secretary of tender board who normally is supply/procurement officer of that particular organization is vested with responsibility of over seeing the whole process of tendering. Among others the tendering meeting are too confidential, basically before opening it is too secret and many other reason require those members to know them before, whereby most of the tender board member didn't get any training concern. The central tender board (CTB) realized this and conducted a seminar on June 2004 to only secretaries of the tender border. The mater adopted were procurement planning, preparation of biding document, invitation of bidders, handling of queries from bidders, evaluation and preparation of evaluation reports, preparation of brief for deliberation by the tender board and handling complaints from bidders. However the NBMM under professional affaire department conducted several seminars concerning PPA in various part of the country and put it in its agenda where they decided to alter the syllabus and include PPA as one of its lesson.

4.2.2. Allowance of the meeting

The study found that the distribution of the allowance within the tender meeting is unequal. The minister of finance passed a notice of payment to the member of tender board in specification, and found that the secretary who vested with a lot of responsibility allocated just a quoter of payment from the chief executive (chairman).

These practices give a loophole and a chance of corruption and malpractices during evaluation process.

4.3. ELIGIBILITY OF NBMM TENDER BOARD

NBMM as other parastatal organization under the ministry of works have the right to have its own tender board as stipulated to section 15 of PPA No.3 2001 and public finance act 2001. As far as the NBMM activities concern, purchasing and sourcing is not static rather dynamic to its own extent. There has been however several confrontation regarding procurement; the store capacity, consumption of material in huge amount per period, financial musells, and systematic flow of material in the production process. The above factor has made NBMM-PTB engulf and fold down its operation, perhaps several procurement through tender have been conducted including purchasing and selling of several items to enlist transparent. Contrarily pursuant **the PPA – 2001 and PFA-2001** under section 15 (2) stipulate that "Where organization structure of a particular parastatals body is too small to be able to constitute a tender board in accordance with this section, the minister shall prescribe the procedure to be followed by such a parastatals organization" the study henceforth found that the NBMM activity is seasonal for instance huge consumption of stationary and other relevant material are consumed during period of examination, annual conference, marking of papers and sometimes purchase as well as selling huge asset that exceed authorized limit of purchase.

The tender board therefore must be therefore open and transparency during procurement of such things.

4.4. NBMM AND PROCUREMENT MISSION

The preliminary mission for country procurement assessment report (CPAR), met the registrar of NBMM which is responsible for developing the supplies cadre in the country and realized that, the training it has been provided is not adequate for procurement staff as it mainly consisted of the supply of good which is only part of the procurement. There are now more than 784 certified suppliers professional and if most of them could be converted to procurement specialist would alleviate the problem of procurement staff. However the board has already started the mission of training to its members since 2002 by conducting the seminar and special training contrary to that the board has decided to alter its curricular syllabus and induce new one that comprise the PPA and which is perpendicular to the economic changes.

4.5. THE INSTRUCTION TO BIDDERS

In order to understand the bids by the bidders it is most important to clarify the essentials to be furnished. Basically the source of fund that will finance the activity, the payment being in effect after delivery of goods completion of service accompanied with relevant documents. Eligibility criterion been specified in the procurement goods and works regulation section 10, apply in eligible bids. However the bidders shall bear all costs associated with the preparation and submission of bids the PTB may modify or amend the bidding document, and all changes be notified to all prospective bidders that collected bidding document. Nevertheless PTB may extend the deadline for bid submission by notification in the newspaper; the English language is however used as a media of communication for all bids.

4.6. BID DOCUMENTS AND SUBMISSION

The strength of bidders and his confidence is spearheaded by the documents to be attached with during the submission of the bidding documents such as copies of valid trading licenses, registration certificate, VAT registration certificate, copy of LPO's and contractors on previous works as will be declared by bidders on experience in accordance with draft provided. Prices should quoted in Tanzanian Shillings, perhaps NBMM is not exempted from VAT therefore prices should include VAT.

Two copies of bid shall be submitted with the original copy, both shall be submitted in a sealed envelope by sealing wax or special adhesive seals addressed and marked according to the instruction in the instruction to bids. All bids submitted contrary to instruction shall be rejected which are late submitted contrary to instruction shall be rejected which are late submitted bids, unsealed bids, telegraphic, telex and telefax bids is returned to the bidders unopened.

4.6.1. Opening of Bids

The opening process takes place after the success in the previous preceding steps above where all bids will be opened in the presence of bidders who choose to attend at the time, date, and place, as indicated in the invitation to bids. Bidders name, modification, withdrawals, bid prices, discount, be announced at the opening for every one to here and see, this however make transparency to come in action. Late bids returned unopened to bidders. The entire request for clarification and the response shall be in writing and no change in the prices or substance of the bid shall be sought, offered or permitted.

4.7. TENDER EVALUATION

From the time of official opening, until the employer has appointed the contractor and has notified the tendered expires, considered to be under evaluation. The form of tender must specify the period of validity from the due date of submission of tender. The award of tender should be completed within this period. After opening of the tender it appears that employer or consultancy may request the tenderer to extend the validity of their tender. The request must be addressed to all tenderer before the expiration of the date. Tenderers will have the right to grant such an extension without forfeiting their bond, and those who are willing to extend the validity of their tender cannot under any circumstances be required or permitted to modify their tenders.

4.8. THE EVALUATION PROCESS

Tender are varied according to their value and their complexities in technical cases. Those tenders which their value proved to be of goods/services, the tender board can evaluate and award the tender due to its simplicity, on the other hand when the nature of procurement are of works which normally need deep evaluation on technical, financial, pre qualification, registration and so forth. The chairmen of tender board appoint a tender committee that is responsible for monitoring evaluation processes. The evaluation committees consult the recognized technician and assist the process of evaluating in case of technical assistance. For if not; require technical, the prices or services consultation are examined and deliberate the bidders who is most competent and provide better quality and best lowest prices.

When talking about cost of procurement most of the people direct their mind on the bidder who have lowest cost in case of price. Cost of tendering comprising a lot of things; one member of tender board propounded that the cost of tender include quality of the product, prices, after sale services, durability, operation

cost, and others. He claimed that when evaluating a tender the above, are among key issue to be considered. Amongst the questionnaire provided question (3) asked whether

Attendants experienced difficulty when evaluating tender, about 85% of respondent appreciate difficulty. Many reason and problem aroused from respondent, are here under expressed in page 29.

The large organization, which is most extended such as government store appoint in writing experts in relevant field to evaluate the bids and give response to the tender board. The purchase committee of the organization scrutinizes the evaluation report before presenting to the tender board for decision. The process, which seems to be more volatile to the political issue. 95% of the tender board responded that it appear better to purchase by tendering due to the fact that transparency revealed when decision making are made to whom to award. Decision making becomes tougher due to unfullfilment of the tender document by the bidders. About 90% of the respondents to the questionnaire provided claimed unsatisfactory filling of the bidding document; the situation however made the decision to become rough if not difficulty to evaluation team.

4.9. BASIC CRITERIA OF EVALUATING BIDS

The evaluation committee agree themselves on which criteria to be used during evaluation process in such a way that procedure settled up should guide the whole process in logical manner such as

I. Preliminary Evaluation of Bids

Preliminary steps is nothing than the process of verifying whether the bidders meet the eligibility criteria such as responsiveness of bidders to the requirement of bidding document as to whether bid form submitted is complete or otherwise

and verifying whether they has been properly signed by the appropriate person concern. The committee also verify to whether bidders have important document such as business licence, VAT registration form and other document that confirm his/her eligibility. In addition the committee verify whether bidders have completed the bids for instance, the incomplete bid may have two problems of major deviation and minor deviation that may disqualify the bidders totally or partially. Therefore from this point of verification, the evaluation committees conclude the preliminary examination and determine whose bid is recommended for further analysis and whose bid is recommended non-substantially responsive and for what reason rejected.

II. Accepted Bid Examined in Prices

The successful bidder from the above evaluation are technically specified and evaluated as to whether comply with the original specification. The examination and comparison of prices in the schedule of rates are compared here, perhaps they are ranked accordingly; essentially in determination of award, the lowest evaluated bidders will be considered subject to application of post-qualification. This is the point where the award of contract determined not because of its lowest offered prices rather the one who have good post qualification, financial reports, technical capability i.e., the facilities that will enable the bidder to discharge services.

III. Award Recommendation

The award of the contract will be to the successful bidder whose tender has been determined to be substantially responsive and has been determined to be substantially responsive and has been determined to be the lowest evaluated tender, provided further the tender is determined to qualified to perform of identical tender arise although many factors considered to select the best bidder, which are experience, competent personnel, vendor rating, years in business,

location of the manufacturing plant, adequate after sale services and those who offer the best delivery date and other legal aspect.

4.10. HYPOTHESIS ANALYSIS

Hypothesis H1: Quality tender board, and tender evaluation committee help to perform good tendering procedure.

The researcher during his study passed and verifies many confidential documents concern the tender evaluation report and recommendation made. Not only the document but also the questionnaire provided gave back, enough if not satisfactory information facts. Amongst the document verified it found that in public institution there are tender board committees, which need help in case of evaluation process because the officer of NBMM reevaluated the same report and found many errors, which were major if not minor deviation and confirmed that these committee were not competent enough.

The questionnaire provided to the member of tender board, asked several question which touch the professional qualification, involvement in preparation of bid documents, consultation of purchasing department in tendering matter, the reason of having procurement specialist in tender board and criteria of selecting them as member of tender board are procurement specialist holding full professional such as CSP and the MBA which gave a chance to have a quality tender board though not well effective utilized but for consultation to other public institution.

About 75% of respondent from NBMM and GS accepted consultation of purchasing/supplies department by top management concern the professional advice with regard to tendering. Nevertheless most of the respondent accepted

the importance of having procurement/supplies professional in the tender board by suggesting that their presence lead to

- 1 Adherence to law
- 2 Cost effective
- 3 Acquire material effectively and economically
- 4 Avoidance of malpractice in procurement process
- 5 Facilitation of procurement planning for the future
- 6 Aware to market trend in regard to procurement and supply
- 7 Guidance of procurement process

The study however assessed the criteria of selecting them as member of tender board. They responded as shown; that they are selected due to their professional qualification, the responsibility have in the organization, the procurement course they attended, the reasons provided give enough evidence of being selected respectively in NBMM and government store, But the PPA No.3 of 2001 sect. 11 (2) provided the member of tender board. This however led to the incompetent tender board as revealed in the confidential document of tender report from other public institution. Therefore quality tender board and quality tender committee help to perform a good tendering procedure only if the supplier/procurement specialists have to be given a better chance and motivation in the tender board including better payment for their potentiality.

4.11. PROBLEM AROUSED IN PARASTATALS TENDER BOARDS

The questionnaire provided to the member of the tender board was generally having the duty of assessing the evaluation process and the tender board respectively. Among the targeted issue was the problem/difficulties encountered during evaluation process.

- I. The most contradicting problem that was claimed by 100% of the respondent was the problem of filling up the bidding document by the bidders that it becomes difficult to make decision due to the major issue not filled well.
- II. The NBMM traditionally focused on purchasing of goods and not include civil works and consultancy service. The problem that made to lack fact on that kind of procurement.
- III. The problem of lacking enough funds: This made the organization not using much tendering procurement and instead use shopping locally because the money to purchase in large quantity is not available. Also the organization has no enough big store to reserve material in large quantity.
- IV. The favoritisms problem: Tender basically need transparency, that means the award of contract and to those who failed to conquer the tender should provide with enough reason. During the study it found that the contract are awarded in favoritism, because it happen two bidders have slight difference in filling the documents. The one who has won the tender has higher prices but with no background relation with the organization and the second one with good background relation hasn't fulfilled the requirement but have low prices than the first one when the evaluation committee awarded, perhaps the award was given to the second bidder only because he/she have background relation with procuring entity.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.0. INTRODUCTION

The previous above chapter described the tendering evaluation procedure as far as NBMM concern; this chapter is solely showing the recommendations and remarks as well as the conclusion of the whole study. The mission of the board however is to recruit the tendering evaluation professionals. There is a need for the board as a public institution to use the challenge it face to familiarize these professional with such problem and suggest possible solution to over through such problem at hand. Below are the remarks and recommendation that suggested by the research as the output of the study conducted at NBMM.

5.1. CONCLUSION

This study was undertaken deliberately to assess the tendering procedure on public institution focusing at NBMM. The study result clearly indicated that most of the bidders are not energized and competent on tendering document. Probably because they never taught about tendering procedure. It make sense that the time bidders collecting tender document should instructed about filling process to reduce the problem of making decision and evaluation process at large. However it perturbing to note that favoritism has been experienced possibly because of pre qualification, the things which is supposed to be changed because the newly contractor could have been much advanced than the previous one.

The finding presented in the previous chapter four above revealed so many things due to the precise means of collecting data. As pertaining the problem

encountered, the study however executed the existing guideline of procurement in those organizations and surprised with their protocol schedule of work. Amongst other thing is their professional qualification; the procedure of appointment to the tender board that supposed to be in writing; apart from is the guideline showing the procedure of conducting the tender process.

5.2 RECOMMENDATIONS

Relying on the study finding several measures to the organization are recommended to ensure tendering procedure is properly conducted. The recommendation is as follow;

- I. Study proposed the tender board to comprise/give more chance to the professional and increase number of supplies officer in tender board instead of politician, and the evaluation committee to be composed of the supplies professional and give the opportunity of evaluation to them.
- II. The bidding document should state clearly on what is supposed to be done and if not well done what action should be taken on the unsatisfactory filling. Further enough the bidding document is understandable by the bidders, for instance for those Swahili bidders the document may be provided in Swahili language, in addition to that instruction should be provided when collecting the tender document.
- III. Materials professional code of ethic should be amended and encompass the procurement regulation on tender management, however this amended professional code of ethic should be provided to all the member of tender board no matter they are professional or not, to help them know the norms of procurement as bylaw provides.

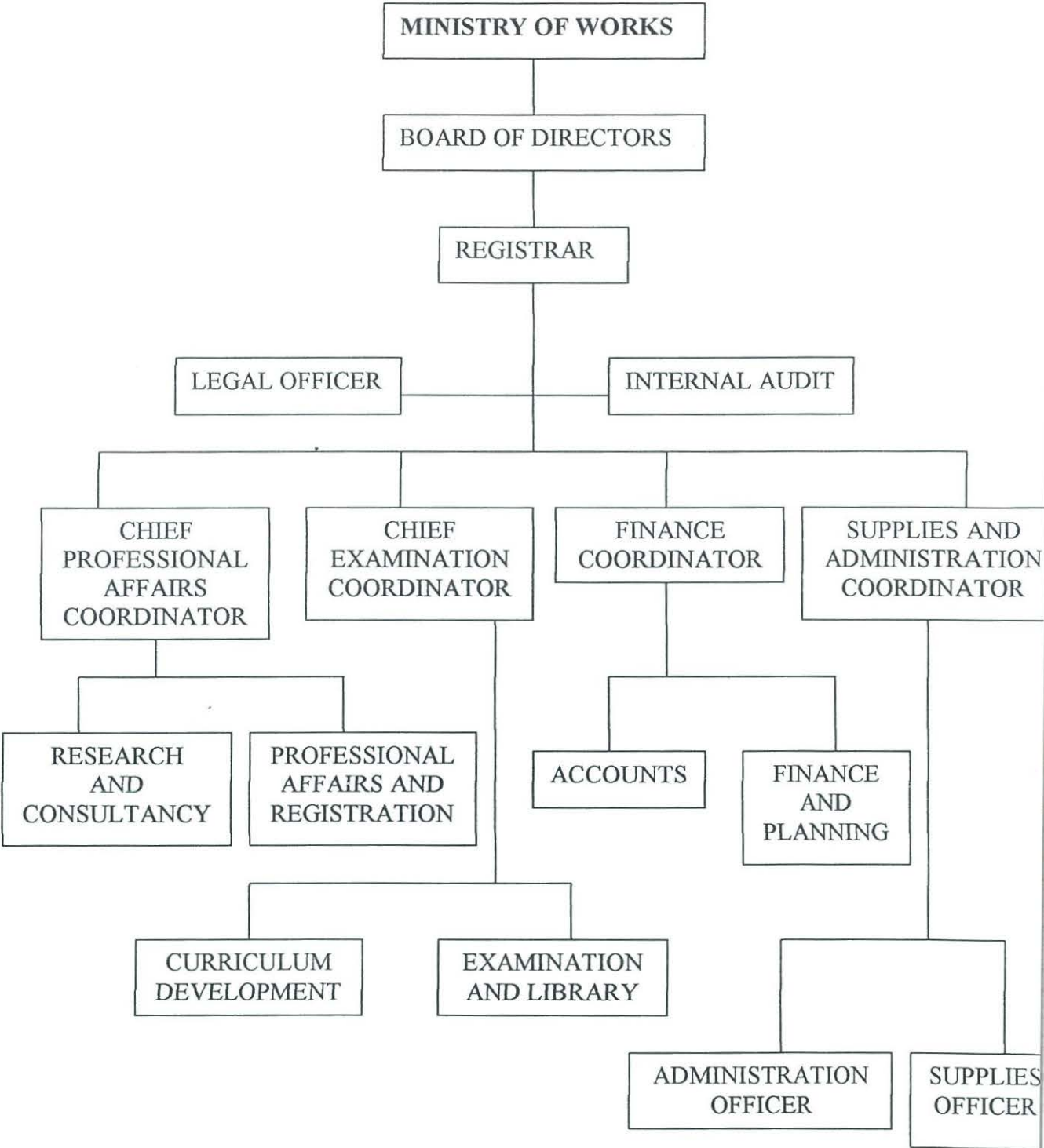
- IV. The bid opening process should be strengthened to monitor the proceeding procedure if not protecting eruption of queries.
- V. The NBMM should strength and implementing the procurement training, workshop, and short course, coordinate and ensure quality of procurement training. The NBMM should equip itself concerning procurement and make survey of potential procurement training institution, possibly work hand in hand with them to develop a curriculum, which addresses professional development issues. The task however should be treated wisely by connecting with central tender board (CTB) so as to avenge collision.
- VI. The national board for materials management (NBMM) should be changed and replaced with the procurement and supplies board (PSB). The NBMM was formed under the mandatory act No9 of 1981 with special and specific purpose by then, perhaps the economic situation of the country and world at large has changed. Infact the PPA which forfeited by the World Bank WB has made many things to change concerning procurement. The study also found that the ministry of finance has took all duty concerning procurement by associating with preparation of PPA without consulting NBMM which is responsible for all these matters. The matter had made PPA been viewed as a new professional academy. Therefore NBMM should also change and become a more professional board.

5.3. TRANSPARENCE

In the context of public procurement, transparency refers to the ability of all interested participants to know and understand the actual means and process by which contracts are awarded and managed, is a central characteristic of a sound

and efficient public procurement system which characterized by well defined regulations and procedures open to public scrutiny, clear, standardized tender documents, *bidding and tender document containing complete information and equal opportunity for all in the bidding process.* It however based on these recommendations the researcher advised NBMM to strengthen its effort on training the procurement professional and insistence of the transparency by themselves appreciating the necessity of transpire.

5.4 ORGANIZATION STRUCTURE



NAME OF THE FIRM.....

PARASTATAL TENDER BOARD

Tender No.for supply of.....

Public Bid opening Day:.....Date.....Month.....Year....From.....To.....hours.

S/No.	NAME AND ADRESS	LOCATION	BID PRICE	DISCOUNT	OTHER TERMS

NAME OF THE FIRM.....

PARASTATAL TENDER BOARD

TENDER OPENING MEETING OF THE PARASTATAL TENDER BOARD

SUB-COMMITTEE HELD ON IN THE

FROM HRS TO HOURS` LOCAL TIME.

LIST OF NAMES OF FIRM'S REPRESENTATIVES AND TENDER BOARD OFFICIALS
WHO ATTENDED THE MEETING.

TENDER NO. FOR THE SUPPLY OF

S/NO	NAME OF REPRESENTATIVE (CAPITAL LETTERS)	ORGANIZATION BEING REPRESENTED	SIGNATURE OF REPRESENTATIVE	TENDER NUMBER

BID OPENING RECORD

Invitation to Bid/Request for Proposal

For:.....

.....

Date of issue:		Opening date and time:	
Closing date:		Place:	
No. of Bidders invited:		No. of Bids received:	

No.	Bidders' name	Location/County of Origin	No. of Pages	Remarks/Corrections
1.				
2.				
3.				
4.				
5.				

The original bids with attachments were opened in our presence and all pages dully numbered and initiated by us.

Name	Title	Signature	Initial	Date

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APPENDICES

APPENDIX I

INTRODUCTION LETTER



**KAMPALA
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E-mail: admin@kiu.ac.ug * Website: <http://www.kiu.ac.ug>

**OFFICE OF THE DEAN
SCHOOL OF BUSINESS AND MANAGEMENT**

Date: 27th March, 2007

THE HUMAN RESOURCE MANAGER,
NATIONAL BOARD OF MATERIALS MANAGEMENT,
P.O.BOX 5993

Dear Sir/Madam,

RE: MISS. MAIMUNA SAID MASEBU REG.NO.BSP/4279/32/DF

This is to confirm and inform you that the above referenced, is a bonafide student of Kampala International University pursuing a Bachelor of Supplies and Procurement Management Degree programme in the School of Business and Management of the University.

Her title of the Research project is "AN ASSESSMENT AND EFFECTIVENESS OF TENDERING PROCEDURES AND REGULATIONS IN PUBLIC INSTITUTIONS" A CASE STUDY OF NATIONAL BOARD OF MATERIALS MGT.

As part of her studies (research work) she has to collect relevant information through questionnaires, interviews and reading materials from your place.

In this regard, I request that you kindly assist her by supplying/furnish her with the required information and data she might need for her research project and also by filling up the questionnaire.

Any assistance rendered to her in this regard will be highly appreciated.

Yours Sincerely,

**DR. Y.B. NYABOGA
ASSOCIATE DEAN - SCHOOL OF BUSINESS AND MANAGEMENT
TEL.NO.0752 843'919**

"Exploring the Heights"

APPENDIX II

QUESTIONNAIRE

AN ASSESSMENT OF EFFECTIVENESS OF TENDERING PROCEDURES AND REGULATIONS IN PUBLIC INSTITUTIONS

A CASE STUDY OF THE NATIONAL BOARD OF MATERIALS MANAGEMENT (NBMM)

Questionnaires for member of the Tender Board

1.
 - a) Name of institution
 - b) Position/Title
 - c) Age
 - d) Professional qualifications
 - e) Professional Registration Details/No
2. What is your core function in the Board
3. Are you experiencing difficulty when evaluating tender? Yes ☐ No ☐
4. If answer on question (3) above is yes, please indicate the most important reason why you experience difficulty
5. If you can, please write any difficulty you are experiencing
6.
 - a) Had you ever taught about the preparations of bid Documents?
Yes ☐ No ☐
 - b) Are you involved in key terms regarding the preparation of bid documents?
Yes ☐ No ☐
7. How frequently does top management use purchasing/supplies department in consulting professional advice with regard to tendering?

a. More frequently ☐

b. Less frequently ☐

c. Seldom ☐

8. Does your tender board use standard tender documents?

Yes ☐ No ☐

If yes list at least five tender evaluation standard forms

.....

.....

.....

.....

.....

On average how many members of the firm issued with tender documents for procurement of good and services this financial year.

a) 5 – 10 ☐ b) 10 – 20 ☐ c) above 20 ☐

9. How many tender committee do you have?

a) Three ☐ b) two ☐ c) one ☐

10. What kind of tender are you using?

i. Selective ☐

ii. Open/Competitive tendering ☐

11. What do you think is the best method of purchasing of either?

i. Tendering ☐

ii. Local purchasing ☐

12. Do you think tender procurement minimize cost?

Yes ☐ No ☐

13. What tendering procedure used in evaluating the bids?

.....

.....

.....

14. What measures taken when tenders become identical?

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

15. What criteria do you think used in selecting you as a member of tender board?.....

.....

16. Is there any malpractices/fond happen during tender evaluation process do you know?

Yes ☐ No ☐

a. If yes mention some of it

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

17. Mention three reasons of having procurement specialist in the tender board

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

APPENDIX III

QUESTIONNAIRE

AN ASSESSMENT OF EFFECTIVENESS OF TENDERING PROCEDURES AND REGULATIONS IN PUBLIC INSTITUTIONS

**Questionnaires to the tenders who had ever supplied or goods
delivered services or performed works to the board**

(1) Are you paid in time?

YES ☐

NO ☐

Tick please

(2) Are you aware of the PPA of 2001 and of 2004? And were they
followed in your case.

YES ☐

NO ☐

Tick please

(3) How many tenders have you competed and won during year 2004
within National Board of Materials Management?

.....

.....

.....

(4) Are you invited in the tenders at the National Board of Materials
Management opening ceremony?

YES ☐

NO ☐

Tick please

(5) Have you ever attended tendering procedures seminars?

.....

(6) Have you noticed any acts or signs of favoritism in the award of the tenders?

YES ☐

NO ☐

Tick please

(7) Kindly furnish any information on the weakness of the National Tender Board.

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

(8) Has ever been the contract agreed value not in line with actual services offered?

YES ☐

NO ☐

Tick please

If yes, have you ever applied for additional payment after reviewing the contract agreement?

9 What do you think could be necessary changed to the tendering procedures of the board?

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

THANK YOU FOR YOUR CONTRIBUTION

APPENDIX IV

IMPLEMENTATION SCHEDULE

WORK PLAN

<u>ACTIVITY</u>	<u>DURATION</u>	<u>DATES</u>
Literature review and development of proposal	4 weeks	December 2006
Submission of the proposal	3 weeks	January 2007
Study and correction of questionnaire	3 weeks	February 2007
Data collection	2 weeks	February 2007
Data processing	1 week	Feb & March 2007
Data analysis	2 week	March 2007
Report writing and submission	1 week	April 2007
Presentation of project	1 week	April 2007

APPENDIX V

IMPLEMENTATION BUDGET

ITEM	AMOUNT IN UGANDA SHILLINGS
Typing (type setting) and printing	100,000
Literature review collection in external libraries such as Uganda Management Institute (UMI), British Council library and Makerere University Business School (MUBS), inclusive of photocopies	40,000
Data collection over the internet and other sources	50,000
Stationery	60,000
Transport/travel costs	100,000
Questionnaire development	80,000
Rent	100,000
Hard cover binding of the dissertation 4 copies	100,000
Total	630,000
Miscellaneous costs 10% of total	<u>63,000</u>
Grand total	<u>693,000</u>

Note to the budget

- i. The rent is inclusive of other costs of water, electricity and garbage disposal.
- ii. The budget is subject to change.