ASSESSMENT OF IMPLEMENTATION OF PUBLIC PROCUREMENT REFORM IN OYO STATE, NIGERIA

O.J. Ojo
Department of Project Management Technology, Federal University of Technology, Akure
and
B.A. Yusuf
Department of Building Technology, The Polytechnic, Ibadan
E-mail: ojojo@futa.edu.ng, babatundeadeniyi@yahoo.com +248033744960

Abstract
The study assessed the implementation of public procurement reform in Oyo State, Nigeria, based on OECD/DAC public procurement assessment format. A random survey of 70 registered construction professionals was conducted to deduce an inferential decision on implementation of public procurement reform. It was concluded at 95% level of confidence that the null hypothesis that public procurement reform was not adequately implemented could not be rejected. The study reveals the general dissatisfaction among the stakeholders in the implementation of the reform. A major modification was noticed to the adopted United Nations Commission for International Trade (UNCITRAL) Model law in the Oyo State Public Procurement Law (2010). Amendment to the existing law was recommended in order to shore up the public confidence in the public procurement process. A vibrant civil society through enlightenment was recommended as indispensable for public procurement vigilance to ensure successful reform agenda.

Keywords: Public, procurement, reform, implementation

Introduction
Public procurement legislative reforms have proved to be a veritable good governance mechanism. This reform seeks to streamline, legalise and institutionalize public procurement practices in order to achieve the objectives of transparency, accountability, probity and anti-corruption. While the Federal Government of Nigeria has adopted public procurement law regime to achieve the goal of good governance, most of the thirty-six states of the federation seems not interested (Adeyeye, 2015). Others who tried to adopt the agenda did so halfheartedly by whittling down the force of the law. This according to Adeyeye (2015), is that the status quo benefits the political class. This situation is responsible for under development crisis, it has stunted growth and engender poverty in African countries (Seember, 2012). Getting public procurement systems on the right footing, at both federal and state level is one of the highest priorities for a government seeking to control corruption and get value for money in public procurement (Country Procurement Assessment Report, 2000).

In most African countries, the adoption of good governance practices has been taking too long a time to take root. This seems to be the case in Nigeria and her federating states as regard the public procurement reform agenda. However, Oyo State through the Public Procurement Law 2010 adopted the public procurement reform. Adeyeye (2015), in reviewing the Oyo State public procurement legislative reform identified some benefits of the reform but conceded that there are lacunas inherent in the law, as some sections of the law did not capture ideal situation. The law does not measure up to expectations in terms of promoting good governance. There is over concentration of power and activities on the executive arm of the government rather than increased public engagement in public procurement so as to enhance probity and transparency.

Transparency in public procurement is critical. The manner in which government conducts itself in its business transaction immediately affects public opinion and public’s trust in good governance. In order to align with the present trend in public procurement, Nigeria has joined the league of nations that have carried out reform of their procurement regulation to make it more responsive, through the Public Procurement Acts 2007, with the objective of achieving economy and efficiency, competition, value for money, transparency and accountability in public procurement (Bureau of Public Procurement, 2007). With the size and scope of government spending activity, it is critical that all stakeholders have confidence in the public procurement process (National Institute of Governmental Purchasing, 2010).
Statement of the problem

Studies show that public procurement is most prone to corruption (Soreide, 2002; Kaufman, 2004). It was estimated that systemic corruption can add 20-25 percent to the cost of government procurement (Kaufman, 2004). In Nigeria, abuse of power through corruption of public official, including providers of basic services, is widely recognized as endemic at all levels. A Human Rights Watch Report (2012) as cited by Rawkins and Oladele, (2013) commented that graft “has turned public service for many civil servants and their cohorts, into a kind of criminal enterprise. The Nigeria Bureau of Public Procurement (BPP) in tracking the chain of corruption on public procurement in Nigeria, diagnosed corrupt practices from procurement inception to completion; indicting all categories of participants; from the contractor who influences project to suit himself or his product, to consultant who over designs or designs to suit a particular product or contract’s technology (BPP, 2007). This study therefore assessed the implementation of public procurement reform in Oyo, Nigeria.

The aim of the study was to assess the effects of implementation of public procurement reform in Oyo State, Nigeria; while the specific objectives were to:

i. assess the academic qualifications of the professionals involved in the implementation of the public procurement reform;

ii. examine the adequacy of the implementation of the state public procurement system;

iii. assess the implementation of the state public procurement reform.

Public procurement environment in Nigeria

Public procurement takes place in an environment surrounded by other systems namely economic, political, social and legal systems. In any attempt to reform the public procurement system, understanding each of the surrounding system is critical (Basheka, 2009). Nigeria has potential to become an economic giant in Africa by virtue of its size, human talent, rich resources endowment and economic capacity. Indeed it could become the “locomotive” that pulls other economics in West Africa forward. However, Nigeria is poor and poverty has been getting worse. The main reasons for the poor economic performance are economic mismanagement and corruption (CPAR, 2000). Obasanjo (2004) as cited by Ezekwesili (2005) observed that Nigeria has practically institutionalized corruption as the foundation of governance. Hence, institutions in society easily decayed to unprecedented proportions as opportunities were privatized by the powerful. The process was accomplished by the judiciary through the manipulation of existing laws and regulations, the suffocation of civil society and containment of democratic values and institutions. In Nigeria, abuse of power through corruption of public official including providers of basic services is widely recognized as endemic at all levels.

Public procurement reform agenda

Due to wide spread corruption as a result of dearth of public service rule, financial regulations and ethics and norms. The Federal Government noted the urgent need for transparency in government procedures so as to be able to move the system forward. Hence the Federal Government in 2000 commissioned the World Bank to collaborate with some private sector specialist to study financial systems and general procurement-related activities, the essence is to assist Nigerian government with the process of enthroning efficiency, accountability, integrity and transparency in government procurement and financial management system (Ekpenkhio, 2003). It was based on this, that the Country Procurement Assessment Report (CPAR) identified some major weaknesses in the procurement system in Nigeria as follows (Ekpenkhio, 2003).

i. Nigeria lacks a modern law on public procurement and permanent oversights and monitor purchasing entities.

ii. The Financial Control and Management Act 1958 together with the financial regulations which set basic rules for managing public expenditure have gaps, deficiencies and faulty implementation of existing regulations on procurement (e.g. lack of permanent arrangements for control and surveillance which create opportunities for bribery and corruption.

iii. That due to inflation and lack of regular adjustments in the thresholds of the approving limit of the Tender Boards, their authorization were constantly being eroded resulting in abuses, prominent among which is splitting of contracts.

iv. That there was proliferation of tender boards which were perceived by the private sector as sources of delays and non-transparency. These tender boards have limited mandates.
with powers to decide contracts de-facto resting with the permanent secretary and ministers or commissioners.

v. That procurement is often carried out by staff who substantially lack relevant training.

The Country Procurement Assessment Reports (CPAR) made the following recommendations (Ekpenkho, 2003)

i. The need for a procurement law, based on the United Nations Commission for International Trade Model (UNCITRALM)

ii. The need to establish a public procurement commission (PPC) to serve as the regulatory and oversights body on public sector procurements.

iii. The revision of key area of the financial regulations to make them more transparent.

iv. The streamlining of tender boards and the strengthening of their functional authority, including powers to award contracts.

v. A critical need to rebuild procurement and financial management capacity in the public sectors.

vi. A comprehensive review of business related to export, import and transit regulations procedures and practices.

Review of Oyo State Public Procurement Legislative Reform

The objective principle of Public Procurement Law (2010) of Oyo State is to pro-actively respond to reform public sector procurement system in order to ensure fairness, competition transparency and cost accuracy (Centre for Organizational and Professional Ethics, 2011). It also aimed at institutionalizing culture of effectiveness and efficiency in the implementation of budgetary expenditures. The Public Procurement Law (2010) also seeks to eliminate waste, reduce corruption and recurring incidences of abandoned projects.

Essentially, the law has some similarities with the Public Procurement Act (2007) of the Federal Government of Nigeria. The areas of difference are in the extent of domestications as well as on issues of taking ownership of the process (Adeyeaye, 2015). The Public Procurement Act 2007, given wider opportunities to take full charge of the process while the Oyo State Public Procurement Law (2010) gives too much of ownership and power to the executives in the public procurement process and management.

Some of the major clauses of the Oyo State Public Procurement Law (2010) are:

(i) Establishment of Oyo State council of Public procurement.

(ii) Establishment of Bureau of Public Procurement.

(iii) Scope of Application.

(iv) Fundamental Principles of procurement.

(v) Organisation of Procurement.

(vi) Procurement Methods

(vii) Special and restricted method of procurement.

(viii) Procurement of consultancy services.

(ix) Procurement surveillance and review

(x) Disposal of public property.

Comparison of Oyo State Public Procurement Law (2010) with the UNCITRAL Model Law (2014) shows a structural difference between the two as listed below:

(i) The general provision

(ii) Methods of procurement and their conditions for use.

(iii) Open tendering.

(iv) Procedures for restricted tendering

(v) Procedures for two-stage tendering

(vi) Electronic reverse auction.

(vii) Framework agreement procedures.

(viii) Challenge proceeding.

Strategies for successful public procurement reform

In Africa, the reform of public sector has followed a “bandwagon approach” where nearly all countries have followed the same stages in reforming their public procurement system albeit at different periods and with mixed results (Basheka, 2009). There have been some common challenges as well as those that are unique to individual countries depending on a host of political, economic, social, environmental and social cultural divergences.

The overall strategy of improving public procurement reform rotates around instilling the principles of good governance in the public sector. However, success of procurement reforms require strong leadership and strategic planning as well as involvement of various stakeholders. The experience of the conduct of public procurement has reflected tensions between public
expectations of high standards of governance. According to Robbins (2001) public procurement reform in Africa requires the right leadership, leaders to challenge the status quo, to create visions for the future and inspire organizational members to want to achieve the visions. Without the support of top leadership either at organizational or political level, the procurement reforms will not achieve the good governance objectives. The leadership needs to have a clear understanding of change managements and strategies of building partnership and consensus among all stakeholders.

Apart from leadership, mechanisms that encourages citizen voice have to be strengthened. Good governance thrives in a publicly accountable system. One that will not only allows citizens to demand accountability from their leaders and public servants but also for leaders and public servants to listen to their voice on critical aspects that affect them. The citizens should be given uninterrupted opportunity for the reform to be implemented successfully.

Ethics and integrity of public officials are critical components of successful procurement reform strategy. Public official should have a code of moral behaviour when conducting public affairs like public procurement. Equally important is the deliberate strategy of investing in human resources through training of all stakeholders who have a direct or indirect role in public procurement management (Basheka,2009). Human resources capacity can also be improved through modern management philosophies and technological approaches to solve public sector problems.

**Methodology**

Public procurement reform implementation was assessed in this study through a stakeholders survey based on Organization for Economic Cooperation and Development (OECD) / Development Assistance Committee (DAC),2006) format of public procurement assessment. A stratified random survey of seventy construction professionals was used to test the null hypothesis that; public procurement reform was not adequately implemented. $H_0: \mu < 3$ on an ordinal scale of 1 to 5 at 95% level of confidence. The data collected was analysed using both univariate as well as more powerful multivariate approach which analysed the twenty variable scale to take the statistical inferential decision on the implementation of public procurement reform in Oyo State. The assessment is based on a twenty independent variable measuring scale, which is in line with best practice in public procurement system, measured on a scale of 1-5 to generate a continuous scale ranging from 20 to 100. Section B assesses the achievement of public procurement objectives of transparency variable measuring scale of 1 to 5 to generate a continuous scale ranging from 22 to 110. The reliability of the research instrument (Questionnaire) was estimated using Cronbach's Alpha Coefficient for each of the three scales that were used to measure the study variables; implementation of public procurement system and adequacy of the implementation of public procurement system.

<table>
<thead>
<tr>
<th>Table 1: Cronbach’s Alpha Coefficient for Reliability Test</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>S/N</strong></td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2015

Based on the Cronbach’s Alpha Coefficients of the scales for the three study variables which are above 0.9. These shows that the scales have high internal consistencies and therefore the reliability of the instrument was very high. This implies that the research instrument was efficient at measuring the study variables.

**Results**

**Academic qualification of the respondents**
Table 2 shows the academic qualification of the respondents. From the table, 41.4% of the respondents had B.Sc, 31.4% had M.Sc, while 27.1 had HND, which is the minimum academic qualification for the registration as professional required by various professional bodies. Therefore, all the respondents are academically qualified and their opinion on public procurement in Oyo State was considered as a valid professional opinion.

Table 2: Academic qualification of the respondents

<table>
<thead>
<tr>
<th>Academic Qualification</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>M.Sc.</td>
<td>22</td>
<td>31.4</td>
</tr>
<tr>
<td>B.Sc.</td>
<td>29</td>
<td>41.4</td>
</tr>
<tr>
<td>HND</td>
<td>19</td>
<td>27.1</td>
</tr>
<tr>
<td>Total</td>
<td>70</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2016

Post-qualification work experience of respondents

Table 3 shows the post-qualification work experience of the respondents. From the table, 28.6% had between 5 and 10 years of post-qualification work experience, 21.4% had between 11 and 15 years, and 20 years above respectively. 18.6% had less than 5 years while 10% had between 16 and 20 years. The survey respondents were experience professionals in the construction industry. This is an indication that the survey gave representative perception of Nigeria Professional on public procurement in Oyo State.

Table 3: Post qualification work experience of respondents

<table>
<thead>
<tr>
<th>Year of Experience</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 years</td>
<td>13</td>
<td>18.6</td>
</tr>
<tr>
<td>5-10 years</td>
<td>20</td>
<td>28.6</td>
</tr>
<tr>
<td>11-15 years</td>
<td>15</td>
<td>21.4</td>
</tr>
<tr>
<td>16-20 years</td>
<td>7</td>
<td>10.0</td>
</tr>
<tr>
<td>Above 20 years</td>
<td>15</td>
<td>21.4</td>
</tr>
<tr>
<td>Total</td>
<td>70</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field survey, 2016

Adequacy of implementation of public procurement system

In order to conduct monitoring and evaluation of public procurement in Oyo State, one of the objectives is to assess the implementation of public procurement system as the system input. To take this decision, whether public procurement system is implemented in Oyo State or not, hypothesis is set against the objective with null hypothesis stating that public procurement system is not implemented in Oyo State. 

\[ H_0: \mu \leq 3 \text{ on an ordinal scale of 1 to 5} \]

Table 4: Adequacy of implementation of public procurement system

<table>
<thead>
<tr>
<th>Year of Experience</th>
<th>Mean score</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>High inadequate</td>
<td>1</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>Inadequate</td>
<td>2</td>
<td>11</td>
<td>15.7</td>
</tr>
<tr>
<td>Moderate</td>
<td>3</td>
<td>16</td>
<td>22.9</td>
</tr>
<tr>
<td>Adequate</td>
<td>4</td>
<td>9</td>
<td>12.9</td>
</tr>
<tr>
<td>Highly adequate</td>
<td>5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>70</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source: Field survey, 2016

Evaluation of implementation of public procurement system

Table 5 shows the implementation of public procurement reform in the state. The table highlights descriptive statistic, as well as univariate inferential
statistic and multivariate inferential statistical data outputs. From the table, the number of respondents in the survey was seventy (70). The cumulative mean of the survey is 2.0 which denotes inadequate implementation of Public procurement system. Skewness and kurtosis where estimated for normality test. The skewness is 0.579 while the kurtosis is -1.161. The ratio of skewness to standard error of skewness is 2.01 while the ratio of kurtosis to standard error of kurtosis is – 2.05. Since the values of the two ratios is within -2 and 2 to the nearest whole number, normality of the survey distribution is upheld. The implication of the normality of the survey distribution is pointing to an agreement among professionals on the implementation of the public procurement system. This condition is necessary, being one of the assumptions in the hypothesis theory.

In the univariate treatment of the data, the number of respondents surveyed is seventy (70). The mean score of the distribution is 2.0. With the test value of 3.0, this shows that there is a practical difference between the survey mean and the hypothesized mean with a mean difference of -1.0. For test of statistical significant at 0.05, t-statistic value of -7.494 is less than critical value of t-statistic of -0.73 at a 0.000 level of significance. Therefore null hypothesis that public procurement system was not adequately implemented could not be rejected at 0.05 level of significance.

In the multivariate treatment of the data, inferential test of hypothesis was conducted. 70 respondents were surveyed. The numbers of variable are 20 (p = 20). In multivariate analysis mean vector is influenced by both the variable variances which is equal to (0.0044) and co-variances estimated with alpha coefficient (r = 0.960). This shows that there is high correlation between the 20 variables in the scale that was used for measuring public procurement system implementation. This is reflected in the multivariate mean vector estimate (\( \bar{x} = 2.829 \)) as different from the univariate mean of (2.0). However, the result still shows that there is a practical difference between the mean of (2.829) and hypothesized mean of 3.0.

Using multivariate Hotelling’s T² – test of hypothesis at 0.05 level of significance, SPSS computes the test value as F-statistics, the result shows that with the degree of freedom within variable (df₁ = 19) and the degree of freedom between units (df₂ = 51), the F value of (4.050) is less than Hotelling’s T² value of (104.11) at 0.000 level of significance. Therefore both univariate as well as multivariate treatment of the data failed to reject the null hypothesis that public procurement system implementation is not adequate at 0.05 level of significance. This is in agreement with (Adeyeye,2015) who submitted that while the Federal Government of Nigeria has tried to adopt public procurement law regime to achieve the goal of good governance, most of the 36 federating states seems not interested. Some federating States have out rightly refused to adopt public procurement regime as good governance mechanism. Others who tried to adopt the agenda did it halfheartedly by whistling down the force of the law. A key reason for this is that the status quo benefits the political class. Seember, (2015) commenting on the same scenario concluded that this situation is responsible for aggravated under development crisis, it has stunted growth and engender poverty in concern African countries.

| Source: Survey, 2016 |

Table 5: Evaluation of implementation of public procurement system

<table>
<thead>
<tr>
<th>Descriptive statistics</th>
<th>Value</th>
<th>Univariate</th>
<th>Value</th>
<th>Multivariate</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of item</td>
<td>70</td>
<td>No of items</td>
<td>70</td>
<td>No of Variables</td>
<td>20</td>
</tr>
<tr>
<td>Mean</td>
<td>2.0</td>
<td>Mean</td>
<td>2.0</td>
<td>Alpha</td>
<td>0.960</td>
</tr>
<tr>
<td>Standard Error of Mean</td>
<td>0.133</td>
<td>t-statistics</td>
<td>-7.494</td>
<td>Mean</td>
<td>2.829</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>1.116</td>
<td>Test value</td>
<td>3.00</td>
<td>Variance</td>
<td>0.044</td>
</tr>
<tr>
<td>Skewness</td>
<td>0.579</td>
<td>Df</td>
<td>69</td>
<td>Df₂</td>
<td>19</td>
</tr>
<tr>
<td>Standard Error of Skewness</td>
<td>0.287</td>
<td>Mean difference</td>
<td>-1.000</td>
<td>Df₂</td>
<td>51</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>-1.161</td>
<td>Significance</td>
<td>0.000</td>
<td>Hotelling’s T²</td>
<td>104.11</td>
</tr>
<tr>
<td>Standard error of Kurtosis</td>
<td>0.566</td>
<td>Confidence interval</td>
<td>95%</td>
<td>Significance</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>t-critical</td>
<td>-0.73</td>
<td>F-value</td>
<td>4.050</td>
</tr>
</tbody>
</table>
Discussion of results
For successful reform of public procurement, the importance of the environment of the procuring entity has been firmly established. The environment must be properly appraised to understand the characteristics of the environment by identifying its strength and weaknesses. Through environmental scanning which Nigeria rightly conducted through the Country Procurement Assessment Report (2000). The report submitted on Nigeria procurement environment which is characterized by official abuse of power and high level of corruption. To achieve a successful public procurement reform under such scenario requires either a strong leadership that is committed to good governance or a vibrant civil society that is well enlightened in public procurement which will vehemently demand for transparency and accountability through adequate public engagement in public procurement. However, this was not the case in Oyo State. Neither of the two environmental requirements was available, with the resultant effect of an environment that was not ready for public procurement reform to usher in era of good governance. The attempt at public procurement reform could just be described as based on bandwagon effect or yield to some external pressure on the part of the political leadership without sincere commitment to positive socio-transformation.

The public procurement legislative reform came in the form of executive bill without an informed input from the civil society. The executive bill that was passed as Public Procurement Law, 2010 serves as the basis for the Oyo State public procurement reform agenda. Consequently, there has been a structural defect from the beginning. The recommendation is a legislative reform based on UNICITRAL Model Law. However, the Public Procurement Law of Oyo State through the executive power has expunged the inbuilt control mechanism for transparency and accountability that is crafted into the UNICITRAL Model Law in the form of “challenge proceeding”.

Challenge proceeding clause in the model Law offers the opportunities for right to challenge and appeal the procurement proceedings, it offers the right for application for reconsideration, and the right for application for review before an independent body. The removal of this important section of the Model law from the (Public Procurement Law of Oyo State, 2010) has removed the heart of the public procurement reform which guarantees stakeholders confidence in the procurement system. It is therefore not surprising that there is wide spread dissatisfaction in the implementation of the public procurement reform from across the stakeholders as revealed from this study.

Conclusion
There is general dissatisfaction among the stakeholders on the implementation of public procurement reform in Oyo State. None of the aspects of the public procurement system was considered to be adequately implemented; ranging from law and regulation to organization, public procurement process and method as well as public procurement workforce capability.

It could be deduced that the procurement environment is characterized by unwilling political leadership as well as an inactive civil society which was borne out of inadequate knowledge of public procurement process. With an informed civil society, through public enlightenment on the effect of sound public procurement system on public service delivery. Public interest could be stimulated in public procurement for the required vigilance.

Recommendations
i. The Oyo State Public Procurement Law 2010 should be amended to incorporate “challenge proceeding” as included in the UNICITRAL Model Law. For a public procurement reform that brings about all inclusive participation and inspire the stakeholders’ confidence. The legislative reform should be modeled after the UNICITRAL Model Law that was recommended in the Country Procurement Assessment Report (CPAR) for Nigeria. This will offer greater transparency and accountability by making provisions for; right to challenge and appeal public procurement proceedings, offer opportunity for reconsideration of decision taken by the procuring entity and providing for the right for review before an independent body.

ii. There is need for enlightenment campaign and intensive training for members of civil society, members of professional bodies and civil society organizations involve in good governance advocacy. This will enable them to be able to actively participate in public procurement processes such as public procurement process observation. Public procurement monitoring and evaluation and public procurement law compliance
assessment. With this, members of the civil society will be able to identify the loopholes in the process and be able to play the advocacy role effectively by actively participating in the cycle of public procurement reform for continuous improvement in the process.

iii. Strict sanction should be prescribed for public procurement offenders to score as deterrent for subversion of public procurement law and process. The sanction should be applicable across board to all stakeholders, be it public servants or stakeholders from the private sector. Infraction on the public procurement process should be made an impeachable offence for state governor to ensure commitment of political leadership to public procurement reform.

References


Ezekwesili, O. (2005). Due process mechanism and digital opportunities; paper presented to the University Community at University of Nigeria, Nsukka.


