

# **PUBLIC PROCUREMENT, GOVERNANCE AND ECONOMIC GROWTH: SOME POLICY RECOMMENDATIONS FOR AFRICA'S GROWTH AND DEVELOPMENT**

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## **Abstract**

The paper presents an analytical insight into the link between public procurement, governance and economic growth. It shows that sound public procurement practice and good governance are closely related and that they both have the common goal of development. Employing the Keynesian income-expenditure approach to measuring the Gross Domestic Product (GDP), it revealed that sound public procurement is a vital ingredient for economic growth. It argues that faulty or weak public procurement systems and practices characterized by corruption and lack of accountability, transparency, competition, and fairness, etc. is a symptom of bad governance and these have tended to "slow down" the pace of economic growth and development of African countries. The paper proffers sound public procurement practices as a panacea to the ailing economies of Africa's developing countries as this would help curb corruption, reduce wastage, enhance the effectiveness of government spending, ensure infrastructural development, enhance the welfare of the people, increase their attractiveness to foreign aid, official development assistance and loans and ultimately engender higher economic growth rate and development levels.

**Keywords:** Public procurement, Governance, Corruption, Economic growth, Africa.

## **Introduction**

Public procurement is the use of public funds by the government through its ministries, departments and agencies, on behalf of its citizens, for the acquisition of goods, services and works with the best quality, and/or right quantity, at the best possible price, from the right place or source (contractors, suppliers and service providers), and for the right purpose using the best method(s) and in line with laid down rules and regulations, following due process (World Bank, 1995). The essence of public procurement is to achieve value for money, which manifests in enhanced human welfare and improved economic growth. According to Nkinga (2003: 2), "strong procurement management in the public sector is a tool for achieving political, economic and social goals". Thus, productive or sustainable public procurement is one that is growth-promoting and welfare-enhancing. According to DEFRA (2006) cited in EURODAD (2012: 1),

Sustainable public procurement (SPP) is often defined as a process whereby organizations meet their needs for goods, works, services and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organization, but also to society and the economy, whilst minimizing damage to the environment. SPP takes developmental, social and environmental criteria into account and makes public procurement contribute to reaching internationally agreed development goals.

According to Mohan (n. d: 5), "sustainable procurement is about taking social and environmental factors, alongside financial factors, into consideration in making procurement decisions". This is expected to translate into sustainable human and economic development. If it does not translate into these, then it is unproductive and unsustainable. As a matter of fact, Angel Gurría, Secretary General of the Organization for Economic Cooperation and Development (OECD) sees public procurement "as a strategic policy lever to advance socio-economic and environmental objectives". The United Nations sees sustainable or Green Public Procurement (GPP) as a precursor for sustainable development (UNEP, 2013).

Good public procurement practices, according to the IEG World Bank (2014), are a major determinant of the effectiveness of public expenditure, and governments all over the world typically spend 5 – 20 percent of their gross domestic product (GDP) on procurement of goods and services. According to European Network on Debt and Development, EURODAD (2012), public procurement accounts for at least 15 percent of global GDP, and it is the largest share of government spending besides wages. Public procurement accounts for an average of 15% of GDP in OECD countries and 25-30% of GDP in developing and emerging market economies (Roos, 2012). In 2011 it accounted for 12% of GDP in the United States and 17% in the EU. (Moerenhout and Roe, 2012).

The African Development Bank (2009) has noted that public procurement accounts for as much as 70% of government budgets across Africa. Over the past decades, government spending in most countries in the continent (including Nigeria) has been rising, but the continent has remained the poorest in the world. This suggests that public procurement in the continent has been largely unproductive, as it has failed to facilitate economic growth and to enhance human development, due mainly to prevalence of corruption, as procurement has been identified to be the key channel through which public officials embezzle public funds by conniving with contractors and service providers to inflate contract costs in government establishments (ministries, department, agencies and parastatals) (Mahmood, 2010; Ameyaw and Mensah, 2013; Kalubanga, Kakwezi and Kayiise, 2013). According to the World Bank,

the greatest amount of financial corruption resides in national procurement systems, and generally, as much as 20-60 percent of public spending on procurement is lost due to leakages and malpractices in developing countries (<http://goprs.unodc.org/goprs/en/nigeriaprofile.html>).

Thus the Bank identified corruption as the single, greatest obstacle to economic and social development (Blackburn, Bose and Haque, 2004). Nigeria's Finance Minister lamented that over US\$400 billion is lost annually worldwide due to sharp practices in public procurement (Premium Times, 2014). Corruption undermines value for money in public procurement. The 2014 Transparency International Corruption Perception Index reveals that

most of the highly corrupt countries are underdeveloped and developing countries and majority of them are in Africa. Other consequences of failed procurement systems are abandoned projects, high cost of goods and services as in some public establishment where services have been commercialized. These have tended to impoverish the people, deny them access to public welfare services and infrastructure, and kept countries in the region poor.

The failure of public procurement system in Africa has been attributed to several factors including weak commitment to fighting corruption, ineffective implementation of the reformed procurement system, lack of transparency in the award of government contract, lack of accountability on the part of government (federal, state and local) in the use of public funds, etc. Though several countries are working assiduously to ensure effective procurement practices, the effort appears to be yielding minimal results.

The objective of this paper is two-fold: To examine the theoretical link between public procurement, governance and economic growth and, to shed some light on how public procurement can be used as a policy tool for rapid development of the African continent.

### **The World Bank and Public Procurement Practices in Clients' Countries**

The World Bank Group (reputed as the biggest donor worldwide), with the ambitious goals of *ending poverty within a generation and boosting shared prosperity*, is made up of 188 member countries and comprises five institutions namely the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID). The IBRD lends to middle-income and credit worthy low-income countries, with the aim of reducing poverty in the countries, the IDA focusing exclusively on the World's poorest countries provide interest free loans (credits) and grants to the government of those countries is a major institution which provides development finance to its clients for development of infrastructure and other projects for enhanced welfare, or poverty reduction in clients' countries, the IFC focuses exclusively on the private sector, and helps developing countries achieve sustainable growth through investment finance, capital mobilization in international financial markets and provision of advisory services to businesses and government. MIGA was established to promote the flow of foreign direct investment (FDI) into developing countries to support economic growth, reduce poverty and improve people's lives by offering political risks insurance (guarantees) to investors and lenders. The ICSID provides international facilities for conciliation and arbitration of investment disputes (World Bank, 2014). Of these five institutions, the IBRD and the IDA are the two institutions through which the World Bank directly provides funds to its clients' countries particularly the middle income and the poor countries to aid economic growth and improve the welfare of their people.

The Bank has a procurement sector which has the responsibility of helping borrower countries improve their procurement systems. This is to ensure that the funds are used for their intended purposes, and that they effectively and efficiently support development (IEG World Bank, 2014). Sound public procurement practice in client countries is a prerequisite for accessing funds from the Bank. Hence, the ability of countries to access funding by the World Bank is determined by the soundness of their public procurement systems. The Bank assists its member countries in analyzing their procurement policies, organization and procedures using the instrumentality of the country Procurement Assessment Report (CPAR). The Bank believes that sound public procurement policies and practices are essential to good governance, which it defines as proper and sound development management (World Bank, 1992). Thus sound development management (or good governance) is strongly linked to

sound public procurement policy and practices. This becomes clear when it is considered that the principles of good governance (transparency, accountability, strict adherence to the rule of law, efficiency, etc.) are also the driving and guiding principles of effective and efficient public procurement. Sound procurement policy and practices, and sustainable development are therefore, inseparable. In fact, the World Bank believes that procurement transcends just the purchase of goods, services and works, but that it also plays key role at effort to curtail corruption and improve good governance around the world (Stephens, 2013). According to the Simplified Version of Nigeria's Public Procurement Act 2007, Section A2, "good and accountable governance thrive when public procurement processes are governed by rules and effective institutions". Improved public procurement system is therefore envisaged to have beneficial effects on the economic conditions of any nation (Ezeh and Akanmu, 2013).

The Organization for Economic Cooperation and Development (OECD), the African Development Bank (AfDB) and the United Nations also have their rules on public procurement practice for their member countries. However, since the World Bank is the largest donor in the world, we shall not discuss these other institutions in this paper.

## **Public Procurement Regulations in Some African Countries**

### **Public Procurement Regulations in Nigeria**

Public procurement in Nigeria is regulated by the Public Procurement Act of 2007, the Public Procurement Regulations and other guidelines. Before the enactment of the PPA 2007, there was no adequate regulatory framework for public procurement in Nigeria and public procurement practices in the country were marred by much anomalies such as lack of procurement planning, absence of competitive bidding and lack of transparency in the award of government contract, lack of accountability, inflation of contract cost through connivance between procuring entities and suppliers, contractors and service providers, etc. These paved ways for corrupt practices so much so that the country was severally on top the list of the most corrupt countries in the World according to the Transparency International (T.I.)'s ranking (Aigheyisi and Obhiosa, 2013).

The regulatory authority of public procurement in Nigeria is the Bureau of Public Procurement established by the Section 3 of the Act. The BPP is the operating instrument of the National Council on Public Procurement also established by Section 1 of the PPA 2007. The functions of the Council as highlighted in Section 2 of the Act include to:

- (a) consider, approve and amend the monetary and prior review thresholds for the application of the provisions of this Act by procuring entities
- (b) consider and approve policies on public procurement;
- (c) approve the appointment of the Directors of the Bureau
- (d) receive and consider, for approval, the audited accounts of the Bureau of Public Procurement ; and
- (e) approve changes in the procurement process to adapt to improvements in modern technology;
- (f) Give such other directives and perform such other functions as may be necessary to achieve the objectives of this Act.

The objectives of the BPP include

- (a) the harmonization of existing government policies and practices on public procurement and ensuring probity, accountability and transparency in the procurement process ;
- (b)

- (c) the establishment of pricing standards and benchmarks;
- (d) ensuring the application of fair, competitive, transparent. value-for money standards and practices for the procurement and disposal of public assets and services ; and
- (e) the attainment of transparency, competitiveness, cost effectiveness and professionalism in the public sector procurement system (Section 4, PPA, 2007).

The functions and powers of the Bureau are contained in sections 5 and 6 respectively of the PPA 2007.

With the passage of the Act and establishment of the Bureau of Public Procurement (BPP) in 2009, corruption through public procurement has been reduced to some significant extent, though there is still much room for improvement, particularly at the state and local government levels as only 24 out of the 36 states' governments have enacted their own laws setting up their own regulatory authorities while a few of them actually take measures to implement them (Premium Times, 2014).

### **Public Procurement Regulations in Ghana**

Prior to the reforms of the public procurement system in Ghana, there was the absence of a comprehensive public procurement policy, lack of comprehensive legal framework or regime to safe guide the integrity of public procurement system, absence of a central body with the requisite capability, technical expertise and competence to develop a coherent public procurement policy. The reforms of the public procurement system in Ghana began in 1996 as an integral part of a wider Public Financial Management Reform Programme (PUFMAP). The objective of the exercise was to improve the overall management of public finance in the country (PPA, 2003).

The regulatory body of public procurement in Ghana is the Public Procurement Authority, also referred to as the Public Procurement Board established by the Public Procurement Act 2003, Act 663. The objective of the Board according to the Public Procurement Act (2003) is to “harmonize the processes of public procurement in the public service to secure a judicious, economic and efficient use of state resources in public procurement and ensure that public procurement is carried out in a fair, transparent and non-discriminatory manner”. Part 1, Section 3 of the Act highlights the functions of the Board to include:

- (a) make proposals for the formulation of policies on procurement;
- (b) ensure policy implementation and human resource development for the public procurement process;
- (c) develop draft rules, instructions, other regulatory documentation on public procurement and formats for public procurement documentation;
- (d) monitor and supervise public procurement and ensure compliance with statutory requirements;
- (e) have the right to obtain information concerning public procurement from contracting authorities;
- (f) establish and implement an information system relating to public procurement;
- (g) publish a monthly Public Procurement Bulletin which shall contain information germane to public procurement, including proposed procurement notices, notices of invitation to tender and contract award information;
- (h) assess the operations of the public procurement processes and submit proposals for improvement of the processes;

- (i) present annual reports to the Minister on the public procurement processes;
- (j) facilitate the training of public officials involved in public procurement at various levels;
- (k) develop, promote and support training and professional development of persons engaged in public procurement, and ensure adherence by the trained persons to ethical standards;
- (l) advise government on issues relating to public procurement;
- (m) organize and participate in the administrative review procedures in Part VII of this Act;
- (n) plan and coordinate technical assistance in the field of public procurement;
- (o) maintain a register of procurement entities and members of and secretaries to tender committees of public procurement entities; etc.

Sarfoh and Baah-Mintah (2013) have shown that the Act has brought about fairness, competition, efficiency, effectiveness in the award of government contracts. The researchers also show that there has been transparency in the award of contracts since the passing of the Act.

### **Public Procurement Regulations in the United Republic of Tanzania**

Prior to the reforms in the public procurement system in the United Republic of Tanzania, an estimated 20% of government expenditure on procurement in the country was lost through corruption. In consideration of this, and upon the realization of the importance of public procurement to the economic development of the country, the government embarked on a reform of the country's public procurement system (World Bank, 2003). Public procurement reforms in Tanzania started in 1992 with a review of the entire procurement system by an external procurement agent. As at the time, procurement was highly centralized, with the Central Tenders Board adjudicating almost every tender except those of four ministries – Defense, Education Health and Works – which had separate procurement regulations (OECD/DAC-World Bank, 2003). The reforms led to the enactment of the Public Procurement Act of 2001.

Public Procurement in Tanzania is regulated by the Public Procurement Act No. 7 of 2011, which repealed the erstwhile Public Procurement Act of 2001. The regulatory body of public procurement in the country is the Public Procurement Regulatory Authority (PPRA) set up under section 5 of the Act. In addition to the regulatory functions, The PPRA is charged with oversight powers and responsibilities on all public procurement activities carried out by all public bodies in mainland Tanzania. The objectives of the PPRA are

to ensure the application of fair, competitive, transparent, non-discriminatory and value for money procurement standards and practices; set standards for the public procurement systems in the United Republic of Tanzania; monitor compliance of procuring entities; and build, in collaboration with Public Procurement Policy Division and other relevant professional bodies, procurement capacity in the United Republic (PPRA, 2015).

The functions of the PPRA are highlighted under section 9 of the Public Procurement Act No. 7 of 2011. They include:

- a) Advise government, local government authorities and statutory bodies on procurement principles and practices;

- b) Monitor and report on the performance of the public procurement systems in the United Republic of Tanzania and advise on desirable changes;
- c) Prepare, update and issue authorized versions of the standardized tendering documents, procedural forms and any other attendant documents to procuring entities;
- d) Ensure, in collaboration with relevant professional bodies, that any deviation from the use of the standardized tendering documents, procedural forms and any other attendant documents is effected only after prior written approval of the Authority;
- e) Issue guidelines under this Act;
- f) Organize and maintain a system for the publication of data on public procurement opportunities, awards and any other information of public interest as may be determined by the Authority;
- g) Conduct periodic inspections of the records and proceedings of the procuring entities to ensure full and correct application of this Act, etc.

A study by Huka, Mchopa and Kimambo (2014) reveals that the reforms brought about improvement in procurement procedures through enhancing transparency, accountability and competitiveness, though procurement practitioners still face the challenges of limited accountability, unethical purchasing practices among some employees, failure to get specifications from user departments on time, etc.

### **Public Procurement Regulations in Kenya**

Kenya's public procurement system has undergone significant development. In the 1960s it was a system with no regulations. Then in the 1970s-1980s it was regulated by the Treasury Circulars. Reforms in the country's public procurement system began in 2003. The reforms were aimed at addressing inefficiencies in the use of public resources, weaknesses of government institutions and corruption. The reform measures included the enactment of Public Officers Ethics Act of 2003, Anti-corruption and Economic Crimes Act of 2003, the Financial Management Act of 2004, Public Procurement and Disposal Act of 2005 and the Procurement Regulations of 2006 (TETRA TECH, 2007). The regulatory body of public procurement in the country is the Public Procurement Oversight Authority (PPOA) established under Section 8 of the PPDA, 2005. The PPOA was set up on 1<sup>st</sup> January 2007. The functions of the PPOA include (PPOA, 2007):

1. Ensuring that procurement procedures established under the Act are complied with;
2. Monitoring the procurement system and reporting on its overall functioning
3. Initiating public procurement policy
4. Assisting in the implementation and operation of the public procurement system by preparing and distributing manuals and standard tender documents, providing advice and assistance to procuring entities, and develop, promote and support training and professional development of staff involved in procurement (PPOA, 2015).

Though the reforms brought about some improvement in the public procurement system, some challenges still remain as public procurement activities in parts of the country is still adversely affected by "lack of direction, poor coordination, lack of open competition and transparency, differing levels of corruption, and most importantly, not having a cadre of trained and qualified procurement specialists" (Kiama, 2014: 176).

### **Public Procurement Regulations in Uganda**

Public procurement reforms in Uganda began in 1997. The Task Force on Public Procurement Reforms was set up in May 1998, by the then Minister of Finance. The reforms

were embarked upon as a result of the failure of the existing procurement system to cope with expansion in government procurement and to deliver value for money. The objectives of the public procurement reforms in Uganda include (1) “to promote economy and efficiency in procurement (2) to ensure public procurement is conducted in a fair, transparent and non-discriminatory manner to obtain value for money (3) to contribute towards the creation of a sound business climate in Uganda” (Tumutegyeize, 2013). The report of the Task Force was published in January 1999. One of its principal recommendations was the replacement of the Public Finance (Tender Board) Regulations of 1997 with a legal framework that would “decentralize responsibility to each procuring entity”. This gained the support of the World Bank which undertook a comprehensive study of the development needs of the procurement system leading to the publication of the Country’s Procurement Assessment Report in 2001, later revised in 2004 (Agaba and Shipman, 2007). The Public Procurement and Disposal of Public Asset Act was passed into law in 2003.

Public procurement in Uganda is guided by the Regulations and the Public Procurement and Disposal of Public Asset Act 1 of 2003 (Amended March 3, 2014), The Act set up the Public Procurement and Disposal of Public Asset Authority (PPDA) to act as the regulator. According to Agaba and Shipman (2007:379), “The Act requires all public procurements and disposals to be conducted in accordance with the principles of transparency, accountability and fairness and in a manner that maximizes competition and achieves value for money”. The roles of the PPDA as spelt out in the Act are:

1. Ensure the application of fair, competitive, transparent non-discriminatory and value for money procurement and disposal standards and practices
2. Harmonize the procurement and disposal policy systems and practices of Central Government, Local Governments and Statutory bodies
3. Set standards for the public procurement and disposal systems in Uganda
4. Monitor compliance of procuring and disposing entities
5. Build procurement and disposal capacity in Uganda (PPDA, 2015)

The PPDA has made some achievements in enhancing professional procurement particularly in the areas of audit and investigation, capacity building, compliance checks, etc, though it is still faced with some challenges such as professionalism challenges (inappropriate procurement practices, malpractices and unethical standards, etc), capacity challenges (large number of procuring entities to oversee, inadequate funds to finance budgeted activities), institutional challenges, efficiency challenges, etc. (Tumutegyeize, 2013).

### **Public Procurement, Governance and Economic Growth and Development: The Link**

According to Keynesian economics, government spending (capital and recurrent) is an important ingredient of economic growth and development. The Ram’s (1986) growth accounting model also shows that government expenditure favourably affects economic growth. The Keynesian income-expenditure approach to measuring the Gross Domestic Product (GDP) shows that the GDP which is an indicator of the size of the economy is measured as:

$$Y = C + I + G + (X-M)$$

Where Y = Gross Domestic Product

C = Private Consumption

G = Government Expenditure

(X-M) = Net Export

X = Export

M = Import

This indicates *inter alia* that government expenditure (G) is a component of national income (though the major component is private consumption (C)), and invariably, a key determinant of economic growth. Its role in the growth and development of every economy cannot be overstated. Considering that public procurement constitutes a significant percentage of government spending particularly in Africa, it goes without doubt that public procurement favourably affects economic growth (at least in theory). In fact, public procurement has been defined as an untapped potential for sustainable economic development (Moerenhout and Roy, 2012). Economic development results if public procurement is productive. If it is not productive, the potential may not be realized.

The quality of public procurement practices in a country is determined by the quality of governance there in. Governance is a key determining factor of the productiveness or sustainability of public procurement. Governance has been defined as the manner in which power is exercised in the management of a country's resources for development (World Bank, 1992). This is to say the goal of governance is development, and actualizing this goal requires proper, judicious and rational management of the resources and affairs of a nation (Aigheyisi and Obhiosa, 2012). A key resource utilized by the government for the actualization of its goal is financial resource which is used to procure goods, works and services to enhance the welfare of the citizenry and accelerate the rate of growth and development of the economy. As a matter of fact, a whole lot other resources are acquired and/or maintained by financial resource.

Governance literature identifies two types of governance, namely good governance and bad governance. According to the World Bank (1992), good governance means proper and sound development management, and Kofi Anan, the former United Nations Secretary General sees good governance as the single most important factor in eradicating poverty and promoting development (UNDP, 1997). Thus good governance entails, amongst others, proper procurement practices characterized by accountability, transparency, efficiency, adherence to rule of law particularly in award of government contract, etc. The hallmarks of proficient public procurement, according to Nigeria's Bureau of Public Procurement (BPP) are economy, efficiency, transparency, reliability, fairness and accountability and ethical standard (BPP, 2011). The General Procurement Guidelines of South Africa identifies ethics and fair dealing, accountability and reporting and equity amongst others (such as value for money and open and effective competition) as the pillars of procurement. According to the guidelines, if any of these 'pillars' is broken, the entire procurement system is bound to fail (Government of South Africa, n.d.). Considering that hallmarks/pillars of public procurement are coincidentally, features/characteristics of good governance, it will therefore not be out of place to assert that good governance and sound procurement practices are closely related, and both have the common goal of economic development.

Bad governance, according to Ogundiya (2010), is the absence or opposite of good governance. Where bad governance prevails, poor procurement practice gives birth to corruption epitomized in inflation of contract cost (through connivance between procuring entities and contractors, suppliers and service providers), embezzlement, bribery, etc. is inevitable. Poor procurement practice paves way for high level corruption, which makes impoverishment inevitable. What becomes clear here is that poor procurement practice is a symptom of bad governance. The outcome of bad governance and poor public procurement practice is low level of development.

### **Brief Survey of the Literature**

The literature on the effect of public procurement on economic growth is quite lean, compared to the literature on the effect of government or public expenditure on economic growth. However, several works on the direct and indirect effect of public procurement on economic growth and development do exist, all with the consensus that effective and efficient public procurement is key to sustainable economic growth and development. Hence, economic development goals are a function of procurement (Nijaki and Worrel, 2012).

The role of public procurement in the promotion of innovation has attracted the attention of researchers, policy makers and other public procurement stakeholders in recent times (Uyarra and Flanagan, 2009; Stern, et al, 2011). Neves (*n.d.*) observes that the public sector has the potential to positively influence innovation and sustainable development through procurement, thus engendering enhancement of economic growth and increase in productivity and effectiveness of public services. One way to achieve this is substantial investment in Research and Development (R&D) which is often considered the bedrock of sustainable development.

Considering the crucial roles of small and medium scale enterprises (SMEs) particularly new and small firms in economic development of every nation (e.g. in the creation of employment, etc), and in consideration of the notion that public procurement is one of the critical areas of SMEs according to the United Nations Industrial Development Organization (UNIDO), Kaspar and Puddephatt (2012: 3) advocates that “one way the government can assist the SMEs in achieving their full potential is through their public procurement system”. They however observe that the entrance of SMEs into the public procurement market is hindered by factors such as corruption, red tape, lack of transparency in tendering, etc. In Nigeria, SMEs and other new firms wishing to do business with the government as contractors are advised to act as sub-contractors to the bigger well established firms which have been in long-standing business relationship with government to garner some experience so as to prepare themselves for larger projects.

EURODAD (2012) sees public procurement as a section of the economy directly under public control which can be employed as a policy tool for achieving development goals in both developed and developing countries if wisely used. Implied in this statement is that if it is not “wisely used”, it could engender development challenges in a country. Thus, public procurement could rightly be described as a double edged sword. The development challenges faced by many developing countries could be attributed to the misuse and abuse of public procurement as economic policy tool.

Ameyaw, Mensah and Osei-Tutu (2012) employ multiple research approaches (including review of literature, interviews and administration of questionnaires) to investigate the factors militating against the implementation of Ghana's Public Procurement Law 2003 (Act 663) in several of the country's regions. The study identifies low capacity of procurement professions, low interactions between procuring entities and the Public Procurement Authority, manipulated competition, non-compliance with the provisions of the law, contract splitting, and low financial capacity of the suppliers as some of the major factors adversely affecting the implementation of the Public Procurement Law.

Jibrin, Ejura and Augustine (2014) investigate the challenges to the compliance and implementation of Nigeria's Public Procurement law. The investigation identifies lack of open competition and transparency, inadequate competent procurement personnel and corruption, amongst others as factors impeding compliance and implementation of public procurement law and regulations in the country.

### **Towards Effective Public Procurement Practice in Africa: The Way Forward**

In the light of the foregoing discussions, it is hardly contentious that the slow pace of development of many developing countries particularly those in the continent of Africa, could be attributed partly to faulty public procurement practices. The continent remains the most corrupt and poorest in the world just as it also houses the largest number of poor people globally and characterized by wide income gaps. Faulty public procurement practices are used by corrupt political office holders as tools for embezzlement of public funds through collaborations with government contractors to inflate contract costs. The attendant consequences of this heinous act are widespread poverty, income inequality, infrastructure decay, high cost of living, etc., which have become the features of most countries in Africa. Thus faulty public procurement practices undermine Africa's growth prospect. It therefore will not be out of place to assert that one way African countries can get out of the rot in which they currently are, is to embrace sound public procurement practices. Sound public procurement practice is a potent panacea to the ailing economies of developing countries. It will help curb corruption, reduce wastage, enhance the effectiveness of government spending, ensure infrastructural development, enhance the welfare of the people, increase the attractiveness of a country to foreign aid and loans, and ultimately result in higher growth and development levels. In consideration of the benefits that sound public procurement practice holds for a nation's economy, what must African countries do to ensure sound or sustainable public procurement practices?

### **Conclusion**

The objective of this paper was to examine the link between public procurement, governance and economic growth and to shed some light on how public procurement can be used as a policy tool for rapid development of the African continent. Public procurement reforms and regulations in some African countries were discussed. The achievements of the reform efforts and challenges were also discussed. Using the Keynesian income-expenditure approach to measuring the Gross Domestic Product (GDP), the paper revealed that public procurement is a strong ingredient for economic growth. It argued that the slow pace of development of many African countries could be attributed partly to weak/faulty public procurement systems and practices and therefore recommended productive/sound public procurement system as a panacea to the ailing economies of Africa. Measures recommended to strengthen the public procurement systems in Africa include political will on the part of the government to ensure that budgeted sums are used for the intended purposes; strong commitment to fighting corruption; strict adherence to the legal framework regulating procurement practices; capacity building through training and retraining of procurement personnel of procuring entities, etc. The soundness or weakness of public procurement system therefore mirrors the quality of governance in the society. Sound public procurement system is a reflection of good governance, while weak public procurement system is a reflection of bad governance. Good governance, and sound public procurement system are therefore vital ingredient for sustainable growth and development of an economy.

### **Recommendations**

The following are the recommendations of this paper.

- i. Strong commitment and political will to ensure that budgeted sums for public procurement are used for their intended purposes;
- ii. Strong political will to fight corruption at all levels of government and at the Ministries Department and Agencies (MDAs);

- iii. Ensuring that anyone who indulges in embezzlement or diversion of public funds is made to bear the full weight of the law irrespective of their positions in the political sphere. This requires inter alia, that anti-corruption/anti-graft agencies are well funded and allowed to function independently;
- iv. Ensuring that everyone involved in public procurement expenditure accounts for every dime spent;
- v. Ensuring transparency, competitiveness and fairness in the award of government contracts, mainly through open competitive bidding process, and if any other method is to be used, they must be reasonably justified. This will ensure that the best and most qualified contractors, service providers and suppliers are engaged in the procurement process. It will also ensure that the value for money objective of public procurement is achieved.
- vi. Strict adherence to the legal framework for regulation of public procurement;
- vii. Ensuring that all government agencies or institutions saddled with the responsibility of ensuring sound public procurement practices (such as the Bureau of Public Procurement in Nigeria, Public Procurement and Disposal of Public Asset Authority of Uganda, Public Procurement Oversight Authority of Kenya, Public Procurement Regulatory Authority of Tanzania, Public Procurement Authority of Ghana, etc.) are well funded and equipped to carry on their responsibilities;
- viii. Capacity building by way of training and retraining of procurement officers or personnel of procuring entities.

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