INTERNATIONAL UNIVERSITY OF EAST AFRICA
'Learning to Succeed'

FACULTY OF BUSINESS MANAGEMENT

END OF SEMESTER EXAMINATIONS - APRIL 2025

PROGRAMME: MBA
YEAR/SEM: YEAR 2/SEMESTER 1
COURSE CODE: MBA 850
NAME: PUBLIC PROCUREMENT MANAGEMENT

DATE:
TIME:

INSTRUCTIONS TO CANDIDATES:

SECTION A

Section. A is Compulsory

Question 1:

Read through this brief case extract and answer the questions that follow.

Procurement is one of the areas of any country's economy that warrants careful management. It is estimated that public procurement often makes up 10 – 20 % of the gross domestic product (GDP) of the developing countries and accounts for up to 30-36% of most developing nation's GDP in Sub-Saharan Africa (Commonwealth Secretariat, 2013). Uganda's 2017-2018 budget reveals that 55% of the central government's recurrent non-wage is expended on public procurement related spending. Given this magnitude of government spending, procurement has the potential to be a useful policy tool for economic growth and the socioeconomic transformation of a country (WTO, 2013). Many public sector entities in Uganda like ministries, districts, commissions, and parastatals have adopted outsourced contracts to reduce costs, increase flexibility, access better expertise, improve quality of services, reduce capital investment, and improve internal user satisfaction (PPDA Report, 2011). These entities outsource non-core functions like information technology, car repairs, consultancy, cleaning services, waste management. However, supplier/ service provider delivery performance has not improved in Uganda's public sector to date (National Integrity Survey, 2008, PPDA Report, 2017). Evidence from Uganda reveals that these government entities are suffering from long lead times (NIS Report, 2008), poor quality of services delivered (PPDA Report, 2016) and high levels of

contract violations (IGG Report, 2010). Simply, outsourced services are not delivered on time, specifications are not being met as required and internal users complain of late deliveries (Parliamentary Public Accounts Committee, 2010). The accounting officers, contracts committees, and procurement officers often sign contracts on behalf of government with suppliers or service providers which are drafted by government legal department to safeguard the procurement contracting process. Despite the existence of formal contracts, most suppliers have persistently failed to fulfill contract terms that they signed (PPDA Report, 2012). PPDA Report (2012) estimates that more than $200 million is lost every year in procurement corruption alone. These figures only represent the amount that is reported to police. Consistently the East African Bribery Index (2012) conducted by Transparency International, reveals that Uganda is the most corrupt country in East Africa. Annual Audit report from Uganda reveal that since the introduction of the PPDA Act in 2003, public sector still lacks proper contract governance mechanisms to reduce supplier opportunism and the related transaction costs (PPDA Report, 2011). This practice undermines the preparation of contract implementation plans for monitoring purposes (Ntayi, Namugenyi & Eyaa, 2010). Similarly, PPDA (2013) has identified lack of contract monitoring plans as a major cause of failure for contractual partners to detect and rectify deviations from the initial specifications on time. Additionally, Uganda’s public sector lacks complete information about the progress of the procurement process, status of implementation of the procurement contracts, the number of procurement contracts awarded to service providers, and the performance levels of service providers who have been awarded contracts in the past (Ntayi,

Namugenyi & Eyaa, 2010). The PPDA (2012) Audit report further reveals that some of the contracts under implementation in the public sector are not on file. Most of Uganda's public sector suppliers and service providers tend to think less about client satisfaction and more about how to win the next contracts, make more money, and survive in the market using kickbacks (Ntayi, Rooks, Eyaa & Qian, 2010).

Source: *Extracted from a research article: Ahimbisibwe, A (2014). The Influence of Contractual Governance Mechanisms, Buyer-Supplier Trust and Supplier Opportunistic Behaviour on Supplier Performance. Journal of African Business, 15(2), 85-99.*

Required:

Answer the following questions about the above case

a) a) Based on the above case, what are the key indicators of poor supplier/service provider delivery performance in Ugandan public sector procurement? (08 marks)

b) b) To what extent is the implementation of contracts in Uganda difficult due to wide spread supplier opportunistic behavior? (12 marks)

c) c) PPDA (2012) identified lack of contract monitoring plans as a major cause of failure for contractual partners to detect and rectify deviations from the initial specifications on. d) d) d) Discuss the possible consequences of contract monitoring failure in PDEs. (12 marks)

e) Discuss the functions of user department in a PDE (08 marks)

Question 2:

Case Study 1: Ethical Dilemmas in Public Procurement (40 marks)

A government agency is in the process of awarding a contract for the supply of medical equipment to a hospital. The procurement officer has received pressure from a senior government official to favor a specific supplier, despite the fact that this supplier did not submit the lowest bid. The officer is aware that selecting this supplier may violate procurement regulations but is afraid of the consequences of non-compliance with the official’s request.

Questions:
(a) Identify the ethical issues in this case. (10 marks)
(b) Discuss the possible consequences of awarding the contract to the preferred supplier. (15 marks)
(c) What steps should the procurement officer take to ensure an ethical procurement process? (15 marks)

SECTION B

Answer any THREE Questions

Question 1:

The procurement cycle has been faulted by officials in the PDEs and service providers due to unnecessary delays, failure to adhere to the set evaluation criteria and the law, for example on eligibility pass or fail basis, poor preparation of bids by bidders to mention but a few. Using your knowledge of Ugandan public procurement, assess the validity of the statement (20 marks)

Question 2:

Using any country procurement system you are familiar with; discuss the World Bank baseline indicators and challenges of procurement under donor funded projects (20 marks)

Question 3:

a) a) Discuss the trends and major reforms in Uganda's public procurement (12 marks)

b) b) Assess the impact of procurement audit on procurement performance and efficiency in Uganda (08 marks)

Question 4:

a) a) Discuss the public procurement planning process. Why do PDEs continue to use unplanned procurement? (12 marks)

b) Discuss the powers and functions of an Accounting Officer in PDEs (08 marks)

Question 5:

The PPDA Act (2003) gave accounting officers in public procuring and disposing entities a lot of powers. This rim of powers has made most accounting officers to benefit from almost every procurement spend conducted by the procurement and disposing unit. Justify the validity

of the statement. (20 marks)

Question 6:

a) a) Discuss the trends and major reforms in Uganda's public procurement (12 marks)

b) b) Assess the impact of procurement audit on procurement performance and efficiency in Uganda (08 marks)

Question 7:

a) a) Under what circumstances may direct procurement be justified (12 marks)

b) b) Discuss the causes of bid peddling in public procurement in Uganda (08 marks)

Question 8:

a) Explain the key principles of public procurement and discuss how they contribute to efficiency and transparency. (10 marks)
b) Identify and analyze three key risks in public procurement, providing strategies to mitigate each risk. (10 marks)

Question 9:

a) Compare and contrast open tendering, restricted tendering, and direct procurement. (10 marks)
b) Under what circumstances should a government entity use a single-source procurement method? Support your answer with examples. (10 marks)

Question 10:

a) Discuss the role of procurement laws and regulations in ensuring compliance in public procurement. Provide examples of international and national procurement frameworks. (10 marks)
b) Explain how international trade agreements influence public procurement policies. (10 marks)

Question 11:

a) Define sustainable procurement and discuss its importance in public sector purchasing. (10 marks)

b) Provide three examples of how public procurement can promote social, economic, and environmental sustainability. (10 marks)

Question 12:

a) Define Public-Private Partnerships (PPPs) and explain their significance in infrastructure development. (10 marks)

(b) Identify and discuss three key differences between traditional public procurement and PPPs. (10 marks)