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HAROLD PUPKEWITZ GRADUATE SCHOOL OF BUSINESS

**An Assessment of the Impact of Ethical Practices in the Public Procurement Process
on Namibia's Socio-Economic Objectives**

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Leadership and Change Management in the Harold Pupkewitz Graduate School of
Business in the Polytechnic Of Namibia

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October 2014

DECLARATION

I hereby declare that this work is my own, that I have acknowledged all the sources I have consulted and that all wording unaccompanied by a reference is my own and no part of this work has been sourced without providing the necessary recognition. This work has not been submitted in part or full for any other qualification or to any other university.

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DEDICATION

I dedicate this work to all those who inspired me to work very hard to achieve my academic potential. To my children thank you for your understanding during the period of my study

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LIST OF ACRONYMS AND ABBREVIATIONS

BEE	Black Economic Empowerment
KRC	Kavango Regional Council
MDG	Millennium Development Goals
NTB	National Tender Board
OECD	Organization for Economic Cooperation and Development
UNCITRAL	United Nations Commission International Trade Law
VFM	Value for Money

ABSTRACT

Discussions around the public procurement system in the local media have been largely negative. Many articles have revealed mismanagement in the system. The emphasis of these articles has been on the need to uphold transparency and accountability in the way public procurement is conducted in Namibia. The Namibian experience is that the tendering process seems transparent on the surface, especially in connection with the sending out of tender invitations. However, the process becomes less transparent during the awarding process, which has in some instances necessitated recourse to the courts. As a result of these court cases, it could be said that the Namibian community has reached a point where the weaknesses in the current public procurement system can no longer be ignored. This study sought to address some of the flaws in the public procurement system, by interviewing people who have some knowledge of the system.

Findings of the study confirm that there are weaknesses in the current system which needs to be addressed. The results further show that the control mechanisms that have been put in place are seriously ineffective. After reviewing the control mechanisms in place, suggestions are made to strengthen them. In terms of socio-economic development, the findings indicate that the public procurement system could contribute to job creation and poverty reduction. The study also reveals that there is no comprehensive code of ethical conduct for Board Members and staff in the public procurement establishment.

The researcher suggests that further research be conducted on areas that were not touched on in this study, such as the practice of exemptions, to evaluate the impact of

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exemptions on the image of the Tender Board, on the Secretariat, and on the tender
process – in the context and spirit of anti-corruption

CHAPTER ONE

INTRODUCTION

1.1 Introduction

The public procurement system has been covered and largely reflected negatively in the media across Namibia. Many articles have reflected mismanagement in the system (“Business anti-corruption portal”, “Windhoek Observer”, 2013, “Namibian Sun”, 2012). The emphasis of these articles is put on the need to uphold transparency and accountability in the way public procurement is conducted in Namibia. The Namibian experience is that the tendering process seems transparent in the beginning, when tender invitations are sent out but the process becomes less transparent during the awarding process and in some instances court cases are filed. The Namibian community has reached a point where the weaknesses in the current public procurement system can no longer be ignored (Tjirera, 2011). At the moment the Public Procurement process is characterized by conflict of interest, delays, favoritism, abuse of office and corruption. The situation calls for adjustments aimed at strengthening and improving the public procurement system. Some of the weaknesses of the public procurement system are linked to an outdated Tender Board Act No. 16 of 1996 (Links and Daniels, 2011). There have been calls for a new piece of legislation to be drafted in order to amend the loopholes in the current system (Maamberua, 2005, Links and Daniels, 2011). The new Tender Board Bill has been drafted to replace the Tender Board Act of 1996. However, the draft Bill has been met with criticisms by parliamentarians as well as members of the public.

In an attempt to strengthen the procurement system, a training workshop on procurement was organized in 2012 for several public institutions to make them aware on procurement regulations and practices. Despite this effort, there are irregularities generally, in most tender processes. In view of its importance and the public's interest, the public procurement system needs to be adequately studied and guidelines should be established to aid its improvement. It is for this reason that the researcher assumed this study.

1.2 Problem Statement

Conflict of interest, abuse of office and favoritism are some of the unethical conducts occurring in the public procurement process (Links and Daniels 2011). This is despite the government's call for ethical and moral conduct within the public service. Ethics and conflict of interest greatly affect the Namibia public procurement system (Links and Daniels 2011). As a result the public has diminished trust in the Tender Board and its functions. This was confirmed by Minister of Finance in a statement during the Tender Board retreat held in 2013. According to Saara Kuugongelwa – Amadhila (2013) the public has lost trust in the board and that the current image a Namibian has of the Tender Board is that of corruption and inefficiency with almost all its decisions becoming a subject of the court, ending that the way things are done has to be changed.

According to Links and Daniels, (2011) a suggestion is made for a need to put in place a binding code of ethical conduct for procurement staff which must include issues of disclosure of assets and interests of procurement officials as one way to improve the public procurement process in Namibia. The second factor is that although the

tendering system aims at giving preferential treatment to companies owned by Namibians, most tenders are still being awarded to foreign owned companies many of them from China and South Africa.

These issues ultimately have an impact on the overall Namibian socio-economic objectives. Such impact may include sustained inequalities, unemployment, neocolonialism, resource wastage, increased national deficit, and etcetera. This study therefore sets out to establish, with evidence the impact the procurement system is having on the socio-economic objectives of Namibia.

1.3 Research Questions

The main research question for the study was:

What aspects of the tendering process have caused it to be described as corrupt and inefficient?

In order to adequately answer the above question, the following sub-questions were asked:

- i. To what degree is the public procurement process transparent?
- ii. How does the public procurement process impact on the socio-economic objectives of the country?
- iii. What challenges does the Namibia Tender Board face in performing its functions?
- iv. How could the Tender Board be made more effective in performing its functions?
- v. What recommendations can be made to ensure that the public procurement system is more effective, embraces ethical behavior and promotes leveled national development?

1.4 Aim and Objectives of the Study

The overall aim of the study was to identify available opportunities that enhance ethical standards in the procurement procedures in order to achieve even socio-economic development in Namibia. The following were key objectives:

- i. To establish the extent to which the public procurement system is transparent
- ii. To examine the extent to which public procurement policies contribute to the achievement of the socio-economic objectives of the country
- iii. To establish the challenges the Tender Board faces in performing its functions
- iv. To suggest workable recommendations for effective performance, ethical behavior and equity in the public procurement system

1.5 Justification and Contribution

Generally, the current public procurement system is characterized by inefficiency, corruption and diminished public trust (Links, Daniels 2011, [http: observer 24.com.na/national/1356](http://observer24.com.na/national/1356)). This state of affairs needs to be studied and documented to provide a basis for decisions that may support improvements and law reform where applicable.

This study therefore is to support approaches aimed at eliminating unethical practices in the public procurement system through the development of evidence-based ethical guidelines and procures emanating from this study. These improvements could help reduce wastage and help save costs and ultimately contribute to equity and overall

national development.

Findings and recommendations from this study can be used by decision makers to enforce reforms that embrace effective and efficient use public of resources and generally improve on the current state of public procurement in Namibia. Evidence generated by this study can be used to hold the Tender Board accountable on how the entire public procurement system is managed.

1.6 Theoretical Framework

Different theoretical models can be used to study challenges in the public procurement system. Examples may include: the institutional model, the principle model, the prescriptive model, contingency theory, public choice theory and principal agent theory. Various scholars who studied public procurement have applied various theories and models. Ayoti, (2012) used contingency theory, Odemba, (2011) applied the public choice theory, Government of Trinidad and Tobago opted for the principle model.

The majority of scholars have used the United Nations Commission International Trade Law (UNICITRAL) Model Law on procurement of goods, construction and services. This model was designed as a guide for developing a national legislative framework or when seeking to reform legislations for procurement. It provides a structured framework for procurement and seeks to meet the following objectives:

- Maximize economy and inefficiency in the procurement system;
- Foster and encourage participation in the procurement proceedings;
- Promote competition for supply of goods and services;

- Provide for fair and equitable treatment of suppliers;
- Promote integrity, fairness and public confidence;
- Achieve transparency in the procurement procedures.

Each country is expected to adapt the Model Law to ensure that its national legislative framework is effective and aligned with international practice.

For this study the principle model was used. The model supports a procurement system which facilitates the achievements of value for money with transparency and accountability (Ministry of finance, 2005). In this model the procurement law such as the Tender Board Act, of 1996, prescribes the operating principles underlying procurement that promote best procurement practices. According to Links and Daniels, (2011) many problems encountered in public procurement in Namibia relates to the implementation of the system than the system itself. Therefore, the principle model is relevant to this study as it examines the principles of ethics in the public procurement system with emphasis on transparency, accountability and value for money as characteristics of good governance. These are factors that are implementation based. The model can be used as a way to review the current weaknesses in the current public procurement process. It can be used as a spot check on control mechanisms that exists to monitor and regulate the process of awarding tenders. It can also be used as a mechanism of finding ways to enhance the public procurement code of ethics and to ensure that the public procurement process contributes fully to the socio economic objectives of the country. The Tender Board Act, of 1996 and the tender regulations show how the principles can be applied in all transactions involving public funds. The law and regulations requires that decision makers and the Tender Board comply with the

principles, policies and guidelines. The model may be used as a way to explore respondents' experience on the principles. It requires all accounting officials to account for value for money. Compliance can be monitored through a system of reviews by an external agency.

1.6.1 Conceptualization

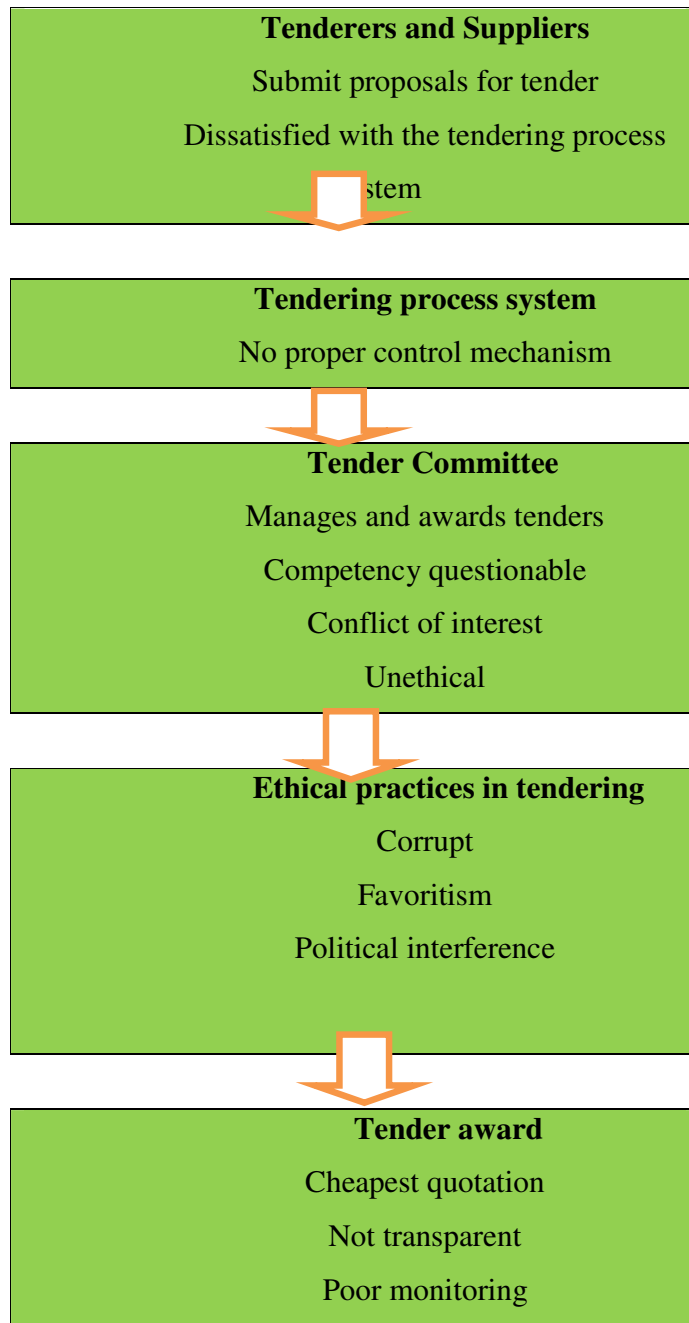


Fig 1: Aspects of the public procurement model: Author's own construct

1.7 Scope and Limitations

This study examines the impact of the public procurement system to Namibia's socio- economic objectives. The methodology involves the use of questionnaires and interviews with participants to get responses for some dissatisfaction expressed. The study is limited to the public sector and focuses on the KRC Tender Board, the RTC Tender Board, the NTB, tenderers and members of the community. Not all the relevant sectors in the country are covered. Therefore, peculiarities may arise from sectors and geographic areas excluded. It is therefore important that data from this study is applied with caution.

In addition, public procurement is well documented in other countries but Namibia has very limited literature. Thus the researcher applied literature from studies conducted in other countries. Transparency and accountability which were major subjects of the study are sensitive in nature and many respondents may have concealed some responses and therefore impacting on the truthfulness of the final result. And finally, this study was conducted for academic purposes only and remained within the allocated time frame of studies and available resources.

1.8 Ethical Considerations

Permission was sought from heads of relevant departments to conduct the study. Strict confidentiality with regard to data obtained was maintained by using the data for intended purpose only. Interviewee identities remained anonymous as no names were required to participate in the study. And finally, the selection of procurement officials to

be interviewed was done on an anonymous basis and without the involvement of their supervisors to avoid possible bias and intimidation.

1.9 Organization of the Thesis

This research report is organized in five chapters as explained below:

Chapter 1: This chapter provides the introduction to the study, problem statement, research questions, aim and objectives, justification and contribution, theoretical framework, conceptualization, scope and limitation and ethical considerations.

Chapter 2: This chapter provides a comprehensive summary of the literature sources that were consulted. It describes the actual literature review process. Various issues that are relevant to the study are discussed in detail. The aim and objectives of this study are linked with other studies to identify the gaps and justify the need for this study.

Chapter 3: The rationale for the research methodology is discussed in this chapter. Furthermore, the research design and strategies, target population, sampling, research instrument, pilot study, administration of the questionnaire, data analysis, reliability and validity, are discussed in this chapter.

Chapter 4: In this chapter the data analysis and interpretation is presented. Simple statistical methods were used to calculate the results which are depicted graphically. Analyses and summarizes of all the findings of the research study are presented.

Chapter 5: This chapter concludes the research with a summary of the research findings and makes recommendations and suggestions for further areas of research.

1.10 Conclusion

In this chapter the introduction to the study has been provided and the problem statement discussed. Further, the major research question was given together with the corresponding sub-questions. In addition, the aim and objectives of the study were discussed its justification and contributions including the theoretical framework, conceptualization, scope and limitations. The final section of the chapter pointed out the ethical considerations that the researcher was aware of and applied during the conduct of the study.

The next chapter presents the literature review on the study under investigation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Many studies have been conducted on public procurement practices internationally. However, in Namibia limited literature is available on public procurement systems and practices. This chapter provides literature sources that were consulted for this study. Various issues that are relevant to the study are discussed in detail including among others: fairness, accountability, equity, transparency, competitiveness and cost effectiveness.

2.2 Conceptualizing Public Procurement

Public tendering or Government procurement is also called public procurement which procures goods and services on behalf of Government organizations. Halaris, Kerridge & Bafout, (2003) citing by Mohemad, Hamdan, Othman, et el (2010), describes tendering as the list of processes to produce, display and manage tender documents by clients or consultants. Sarvanto- Hohtari, (2013) describes public procurement as purchasing of goods, services or works by public organizations such as the Municipality, Government and different State Authorities, Kotoka, (2012) citing , Lynson, (1996) defined organizational procurement as that function responsible for obtaining by purchase, lease or other legal means, equipment, materials, supplies and services required by an undertaking for use in satisfying wants. The key task in public procurement is the purchasing of goods, works and services through contract by an independent supplier. The contract is a legal bidding document which needs to be respected and adhered to at

all times. Tendering is thus a formal and legal procedure of soliciting tender offers in order to select the most suitable contractor.

According to Osarfo, (2010) public procurement consists of five core elements namely: policy making and management, procurement regulations, procurement legislations, procurement authorization, public procurement functions and feedback. The five core elements help direct the process of the procurement, define responsibilities of each role player, Set control mechanisms in place and helps with the monitoring of the procurement process. The tendering process begins with the analysis to ensure that the tender specification meets with end users' needs followed by contractor selection, tender invitation, and ending with contract awarding and contract monitoring.

2.3 Overview of Public procurement practice

The public procurement system is described to be generally weak in developing countries. According to Roos, (2012) the lack of adequate procurement legislation as well as insufficient transparency and accessibility of the public procurement market has led to poor performance and diminished trust in the system. Accessibility refers to admittance to information by stakeholders through publications and distributions via the media, collection of data and maintaining of records.

In some of the developing countries the public procurement system is characterized by non-adherence to processes and procedures which results in, poor performance, poor resource utilization, poor personell management and training, inadequate payment and benefits (Kakwezi & Nyeko, 2013). As a result many countries opt to review the situation and make recommendations to the Government for system

improvement. Namibia is one of the countries which needs urgent reform of its procurement system as it is currently described to be corrupt and inefficient. The ultimate goal of the review is to improve the general service delivery to the public, create efficiency and effectiveness based on transparency in the process and procedures, performance evaluation system and clear organizational objectives.

In Namibia various loopholes have been identified as contributing factors to the current irregularities in the public procurement system. Both Ellmers (2011), and Maamberua (2005), identified a number of gaps in the current system. They state that the current procurement Act being the Tender Board Act, of 1996 is not aligned with the policy development of the Government in which procurement is seen as a central policy tool to achieve socio-economic objectives. The public procurement process is expected to enhance the reduction of poverty and inequalities and improve the livelihood of formerly disadvantaged groups. As such, calls have been made for a new piece of legislation to be drafted to keep up with the current environmental changes. Another gap identified is lack of a proper monitoring system for approved tenders to determine as to what extent they are meeting the socio-economic objectives of the country. Auditing is only done on an annual basis and no systematic assessment is being done. Therefore, there is a need to install effective audit systems as a measure of control. Institutional controls such as effective supervision, audit functions and control, and internalization of the standards of ethical behaviors needs to be installed to ensure effectiveness in the procurement system. Conflict of interest is another issue in the public procurement system. An effective procurement system should be designed to minimize conflict and should ensure that the process obliges all decision makers to timeously declare conflict of interest.

Public procurement is a key administrative activity of public financial management as it aims at addressing socio-economic imperatives such as social justice, economic empowerment and industrialization (Ellmers, 2010). Public procurement therefore should be directly used as a tool to achieve socio-economic objectives such as economic development, poverty eradication, social and gender equality and environmental sustainability. Unethical practices are enemies to development. It may lead to poverty, unemployment or under development if not well managed.

2.4 Principles of the Public Procurement Process

According to a study by Osei – Tutu, Badu & Owusu- Manu (2010) conflict of interest, bribery, embezzlement, kickbacks, tender manipulation and fraud are some of the observed corruption practices in the Ghanaian infrastructure project service delivery system. In Namibia, conflict of interest, abuse of office and favoritism are some of the unethical conducts occurring in the procurement process (Links and Daniels, 2011). The call for openness and transparency in public procedures aims at addressing corruption, inefficiency and guard against theft of state resources. A recent study on Sub Sahara Africa by Odemba (2011) focuses on identifying and describing challenges of government leaders with regard to addressing corrupt practices. The aim of the study was to make recommendations that could assist leadership in Sub Sahara Africa to formulate policies that could prevent corrupt activities and institute legal and regulatory bodies that fight corrupt practices in political, social and economic activities. The study could be of significant importance as it may help establish and enhance the code of ethics and improve public procurement practices. The study recommended that to control corrupt

practices, it requires putting in place a sound procurement system and pro-social equity policies that would speed up good governance, transparency and accountability.

Better governance and accountability could enhance development. A general review of governance and institutional controls in Ministries should be given a priority. This section reviews accountability and transparency, Value for money and ethics and fair dealings as some characteristics for good governance that could enhance the public procurement system.

2.4.1 Transparency

Transparency is interlinked with accountability as an essential tool for good governance (United Nations Economic Commission for Africa, 2005). The two have been recognized as key conditions for promoting integrity and preventing corruption in public procurement (United Nations Economic Commission for Africa, 2005 citing Organization for Economic Cooperation and Development (OECD 2007). Lack of transparency in the rules, laws, and public procurement processes creates a favourable environment for corruption. According to Kotoka 2012, transparency or openness means that the same rules should apply to all suppliers of goods, works and services and that these rules are publicized as the basis of the procurement decisions prior to their use. Avotri citing Arrowsmith (2003) indicated that transparency can be used as a means to achieve the objectives of preventing corruption, deterring abuse of discretion, maintaining the confidence of contractors in the system and to prevent covert discrimination. To enhance transparency in the public procurement system requires the publication of the available information on tendering and bidding as well as monitoring

and evaluation of the tender contract (Maamberua 2005). This can lead to better informed public debate about the design and results and makes government more accountable for the implementation of policies thereby strengthening credibility and public understanding of the public procurement policies and choices.

The challenge for decision makers is to define an appropriate degree of transparency and accountability to reduce risks of integrity in public procurement (United Nations Economic Commission for Africa, 2005). The report further argued that for transparency to achieve its aims, it needs proper socio-political, legislation and economic setting. Transparency can only be promoted through market forces and pressure exerted by stakeholders and competitors rather than legislation (Khoza, Adam, 2005). Pressure from stakeholders, tenderers and suppliers can encourage better decision making and enable government to provide a check on the behavior of tender board members which should be accountable. It helps to strengthen government institutions involved in the public service delivery so they function better.

Transparency plays a very critical role in enhancing accountability and inclusiveness and it builds confidence and trust in organizations. Stakeholders can act timeously to remedy challenges and can call on management and the board to account for their actions. Disclosure of information and personal interest by board members provides assurance that the conduct of management supports the principles of good governance.

2.4.1.1 Transparency as a means to achieve socio economic objectives

Transparency is regarded as part of good economic governance pushed to achieve poverty reduction, and attain the Millennium Development Goals (MDGs). It also aims at

financial management and accountability. (United Nations Economic Commission for Africa, 2005). Transparency is said to be of considerable importance in achieving socio-economic stability and high quality growth. Socio-economic development objectives can only be achieved when transparency is enhanced in all stages of procurement. Transparent procedures can contribute to a more effective and efficient allocation of state resources, increase competition and budgetary savings for both state and the taxpayers (Kotoka 2012, Maamberua, 2005).

2.4.2 Value for Money

Organizations normally regard costs or savings as the only sole indicator or measure of good performance in public procurement processes. Other than financial measures non financial measures also contribute significantly to the procurement processes and performances (Kakwezi & Nyeko, 2013). Value for money is a term used to assess whether or not an organization has obtained the maximum benefit from the goods and services it acquires and / or provides, within the resources available to do it (Byanguye, 2011). Since public procurement is done using public resources, emphasis is put on obtaining value for money. It is required that goods obtained are of the right quality, right quantity and right price. Value for money focuses on the use of available resources for an organization to achieve its set objectives. The end result of value for money should be about meeting the end user's needs. The poor should not only benefit from improved infrastructure but should also directly profit from the project itself through jobs and income creation (Ellmers, 2010). Resource distribution or resource procurement must be done in a more efficient and effective manner.

Davies, (2007) cited by Byanguye, (2011) claimed that the public sector applies no consistency in defining value for money and as a result some exploit the definition of to justify their actions. Heads of departments need to establish sound arrangements for planning, appraising, authorizing and controlling operations in order to achieve value for money (LGFAR, 2007 cited by Byanguye, 2011). The most effective way to improve value for money is to reduce the level of irregularities and fraud through improvements in the Government system of internal financial control (Kaplan, 2009; LGFAR, 2009 cited by Byanguye, 2011). Public procurement services should be rendered in an economic and efficient way to give people the best possible value. The communities or taxpayers should be assured that their money is well spent and is used for the correct purposes.

2.4.3 The Ethics and Fair Dealings

The impact of ethical practices on the procurement process can equally be massive on the economy of any country. This is because corrupt activities affect economic growth and countries with high corruption rates tend to grow more slowly (Lambsdorff, 2007 cited by Odemba (2011). There is a need to effectively regulate and monitor the ethics and ethical conducts of officials involved in the procurement system to ensure transparency and accountability. According to Kotoka, (2010) ethics are concerned with moral principles and values which govern our belief, actions and decisions. Ambe and Badenhorst-Weiss (2013) regard ethics as the study of moral judgment of right and wrong. Glavee-Geo (2008) revealed that ethics have to do with upholding moral principles and values which influence our beliefs, actions, and decisions

and involves leading an unquestionable lifestyle especially within the professional domain. A study conducted by Vee & Skitmore, (2003) cited by Ayoti, 2012 on professional ethics found that all respondents had witnessed or experienced some degree of unethical conduct, negligence, conflict of interest, collusive tendering, fraud, confidentiality and propriety breach, bribery and violation of environmental ethics in Namibia.

Upon this background, there is a need to uphold ethical issues in Namibia to achieve socio-economic objectives. Links and Daniels, (2011) suggested that, there is a need to put in place a binding code of ethical conduct for procurement staff which should include dealings with the disclosure of assets and interest of procurement officials. They further argued that such codes can offer clear guidance to public officials on expected behaviors as well as delineate potentially complex issues like conflict of interest. This will help restore the damaged perception of the public on the Tender Board and increase trust and confidence in the Board. They further argued that Namibia as a country must draw lessons from the Island of Integrity concept as international best practices.

A number of discoveries were made by Ayoti, (2012) in her study on ethics in Ghana. The study findings indicated that there were practices of favouritism, tribalism and nepotism in the Ghanaian procurement system. It was discovered that a lack of a strong procurement profession and inadequate training of staff has led the failure in applying good practices in procurement, creating inefficiencies and high costs in the procurement process in that country. The study recommended that all employees involved in public procurement should advance their levels of educational especially those with diplomas to degree level. The study further recommended that all procurement

staff be trained in procurement functions to equip them with skills and knowledge on the procurement process.

Professionalism is the discipline whereby educated, experienced and responsible procurement officers make informed decisions regarding procurement operations. (UN Economic Commission for Africa 2005). It is in the recognition of this fact that the public procurement authority should focus its resources on the training, professional development, promotion and support for individuals who are engaged in public procurement to ensure adherence to professional and ethical standards. Procurement professionalism consist of values that guide public procurement functions to achieve non-discrimination, transparency, accountability and fairness, competition, confidentiality, economy and efficiency. Public officials needs to be equipped with instruments as well as a range of procurement project and risk management skills to properly plan and manage the procurement processess.

2.5 Procurement in the Public Sector

Government procurement plays a huge economic significance in terms of economic development. Ambe and Badenhorst-Weiss (2013) argue that procurement is central to the Government service delivery system and promotes aims which are, arguably secondary to the primary aim of procurement such as using procurement to promote social, industrial and environmental policies. Evenett and Hoekman, (2005) emphasise that; reducing poverty and attaining health, education and other objectives require getting the most out of limited funds available for state purchases of goods, services and infrastructure. Kanjuku, (2008) stated that Government procurement play a

major important role particularly in respect of projects involving infrastructure, telecommunication and promoting the development of previously disadvantaged groups. Government contracts are thus seen as a way of encouraging both entrepreneurship and employment creation.

Kanjuku, (2008) further argues that Government procurement has a significant political influence. Some Governments use their purchasing decisions to achieve domestic policy goals other than best value for money. This can be seen in the political interference in the administration of public procurement. In Namibia the composition of the Tender Board comprise of Permanent Secretaries as the majority. Permanent Secretaries are political appointees and this could compromise transparency in awarding contracts. This can be different where board members are appointed on the basis of their expertise as opposed to political connection.

In Namibia public procurement is seen to empower Namibian Women and the youth by creating economic opportunities for them and enhancing their participation in the mainstream economy. The empowerment has led to the creation of the Black Economic Empowerment (BEE) program aiming at uplifting the livelihoods of the previously disadvantaged Namibians.

2.6 Profile of Public Procurement in Namibia

Public procurement in Namibia is governed by the Tender Board of Namibia Act 16 of 1996. The Act came into effect on October 1St 1996 and no substantial changes have been made to it ever since. The purpose of the law is to regulate the procurement of goods and services by government and the letting and hiring anything or aquisition or

granting of rights and the disposal of properties on behalf of the Government. Exception is made to procurement of security related goods, services and properties for the Namibia Defence Force and the National Intelligence Service Agency . The Act also established the Tender Board of Namibia as the body to carry out tender functions which are clearly defined in the Act. The Tender Board is considered a critical conduit for distribution of wealth and economic opportunity and thus upliftment of Namibians economically disadvantaged population (Ellmers, 2010).

The Namibian Government engages in the tendering process to purchase goods and services at a price determined by the supplier and agreed to by the Government. Supply Chain Management (Procurement – purchases) forms the largest portion of the annual Government or Ministerial activities. Apart from the Tender Board of Namibia Act, the procurement process in Namibia is regulated by a series of legal frame works which include:

- The Tender Board Regulations no. 237 of 1996
- The Tender Board of Namibia Code of Procedure no. 191 of 1997
- The State Finance Act no. 31 of 1991 & Treasury Instructions
- The Regional Council Tender Regulations Gazette no. 2492, 2001
- The Local Authority Tender Regulations

Although the municipalities and town councils are governed by different legislations, they are required to follow the national guidelines. Namibia has a free market and an open tendering system. Open tendering is a preference for most countries including the UNCITRAL. It entails free submission of tenders by all interested contractors or suppliers. The Board is required to publish all tenders and prequalification

tenders in the Government Gazette and at least once in each news paper contracted by the Government and on the notice board of the secretariat. Currently there is no centrally located government source of tender advertisements.

Section 6 of the regulations stipulates that the minimum period from publication of the tender to the closing date should not be less than 21 days. Although the municipalities and government departments do adhere to this minimum requirement, the period becomes a bit tight for tenderers in cases of compulsory site inspection (Tender Board of Namibia Act 1996)

Namibia's Tender Board is comparatively a large. Over 20 members attend most board meetings. Eight members constitute a quorum. The Tender Board is composed of one representative from government offices, ministries and agencies, head of Institutions and two persons who are Namibian citizens nominated by the Minister of Finance. Representatives from ministries are mainly Permanent Secretaries who are political employees yet civil servants. This link in itself constitutes a degree of conflict of interest. The Permanent Secretary of the ministry of finance serves as the chairperson. The Regional Tender Boards consist of seven members of which no less than two members must be women. Chief Regional Officers are the chairpersons of regional Tender Boards. Out of the Seven members four staff members are from the Regional Council and two are residents within the Region concerned appointed by the Regional Council in writing. The Board serves for a period of three years but for the Government employees the term of office is to the discretion of the Minister.

It is standard practice for the Tender Board to meet once a week. However there is no requirement that the board must meet once a week. It is the prerogative of the

chairperson of the board to convene or postpone a meeting of the board. (Tender Board of Namibia Act 1996). Tender Boards are designed to ensure that tenders are awarded in a fair and accountable manner. If a member of the board has an interest in a tender, the member must excuse him/ herself from participating in the tender proceedings. The aim of the board is to ensure that tenders are awarded to the best bid in an open or competitive bidding (Tender Board of Namibia Act 1996). The Minister of Finance may in exceptional cases grant exemption from tender proceedings. In Namibia exemption is done in writing and offices or agencies need to apply well in advance for exemption to be granted.

The Tender Board is required to publish all tenders and prequalifications in the Government Gazette and at least once in each news paper contracted by the Government and on the notice board of the secretariat (Tender Board of Namibia Act 1996). The Board requires that companies must be registered with the Ministry of Trade and Industry and they must be in good standing with receiver of revenue and social security. The Board determines the manner, form and time period in which and application can be submitted.

Evaluation of tenders is the process used to assess tenders and comparing them to each other. It is a very critical phase as it involves activities such as receiving, opening, examination, comparison and classification of bids, reporting and recommendation of the most appropriate contractor. The tender evaluation process can be perceived as a measure of the system's ability to produce efficient and satisfactory results for both client and competitors. In Namibia, in 1997 the Board adopted a code of procedure that set out the tender process and evaluation of tenders in more detail. Once the tender has been

awarded the board must inform the tenderers concerned in writing of the acceptance of their tenders and also inform all other tenders. The Board then enters into a written agreement with the tender (Tender Board of Namibia Act 1996).

Douh (2009) revealed that in Chad, there was no established system of performance measure, the mechanism verification of documents' authenticity were not well structured and fully implemented. Recommendations were made that concerted efforts be made towards the quality of tender documents and the qualification of contractors, and the competence and experience of procurement officers. He further recommended a computer based system for performance measurement of tender evaluation processes. The Namibian public procurement system shares something in common with Chad. Currently there is a lack of proper monitoring systems for approved tenders and the system is not yet computerized. The proposed Tender Board Bill is aiming to address some of the short comings in the system as a way to structure and strengthen the procurement system.

2.7 Enhancing Public Procurement Process

It is expected that organizations put measures in place to guide management and all staff in the execution of their duty (Spector, 2005). In public procurement there is a need to have mechanisms and capacity for ensuring effective internal control, audit and accountability. Institutional controls such as effective supervision, audit functions and control, and internalization of the standards of ethical behaviors needs to be installed to ensure effectiveness in the procurement system. Byanguye (2011) describes internal control as a process, effected by an entity's board of directors, management and other

personnel, designed to provide reasonable assurance regarding the achievements of the procurement objectives in the effectiveness and efficiency of operations, reliability of financial reporting, compliance with the applicable laws and regulations and protect the organizations reputation. Mawanda, (2008) sees internal control as the plan of an organization and all the methods and procedures adopted by the management of an entity to assist in achieving management objectives of ensuring the orderly and efficient conduct of its business including adherence to management, policies, safeguarding of assets, prevention of fraud and detection error, the completeness of accounting records and timely preparation of reliable financial information.

Institutional controls consist of measures taken by an organization for the purpose of protecting its resources against waste, fraud and inefficiency, accuracy and reliability of accounting and operating data and ensuring compliance with the policies of the organization Byanguye (2011). Without adequate institutional control systems individuals are deterred to engage in dishonest, illegal and unethical acts. Thus it is very important to have functioning institutional controls in procurement (UN Economic commission for Africa, 2005). This may also include financial control, internal audits and management control. Anudo and Inanga, 2009 emphasizes that institutional controls serve to ensure that the organization's activities are carried out in accordance with established goals, policies and procedures and management.

According to Osarfo, (2010) it is extremely important to maintain all documentation and records in the tendering process. These physical controls provide security over both records and other assets and performance reviews. Documentary evidence both in print and electronic formats are essential for effective and efficient

management of procurement activities, provide evidence in support of decisions and actions taken, and provide an audit trail for verification of transparency, accountability and effectiveness. Accurate written records of different stages of procedures are essential to maintain transparency, provide an audit trail of procurement decisions for controls (UN Economic commission for Africa, 2005 citing OECD, 2007). This can serve as the official record in cases of administrative challenges, disputes and it provides an opportunity for citizens to monitor the use of public funds.

Further, Kotoka (2012) stated that electronic systems can be used to enhance transparency in the procurement process through effective audit and monitoring of transactions. Creation of an information system can also contribute to safe guarding of assets, including the prevention and detection of fraud. The records can also be made available to the public to provide bidders and other stakeholders with necessary information for challenging the fairness of the procedure. Currently Namibia does not have an electronic information system for managing the tendering process. This makes monitoring and tracing of documentation challenging.

The internal audit department of every organisation is entrusted to ensure compliance to the institutional controls put down by the management. Internal auditors play an important role in the public sector by determining if public monies are well spent and to ensure that the possibility of fraud and other irregularities are minimized (Osarfo, 2010). Internal audits involve investigating and appraising institutional controls and the efficiency with which the various units of the organizations are performing their assigned functions (Mawanda, 2011). Osarfo, (2010) emphasized that the internal audit must ensure that a significant amount of money spent on goods, services and works are

effectively controlled to minimize the risk of financial loss, fraud or damage to the organization' reputation. Internal audit helps in shaping the company to pursue integrity and clear ethical values.

It is the responsibility of authorities to set up effective institutional control systems that monitor the performance of procurement officials, assist with compliance with the laws and regulations and to help ensure reliability of internal and external reporting. No system of controls can provide an absolute guarantee against the occurrence of fraud, abuse, inefficiency and human error. However, a well-designed system of controls can give reasonable assurance that significant irregularities can be detected (Spector, 2005).

2.8 Managing Conflict of Interest

Conflict of interest involves clash between the public duty and private interests of a public official in which the public official has private – capacity interests which could improperly influence the performance of their official duties and responsibilities (OECD, 2007). An effective procurement system should be designed to minimize conflict of interest and should ensure that the process obliges all decision makers to timeously declare conflict of interest. The disclosure must be done in writing and the interest must be approved by an employee's committee. All meetings must have a declaration of interest as a standing agenda item. An effective conflict of interest policy should include the following features:

- Guidance on what conflict entails;
- Clear guidance and steps to follow in the event that a conflict may or does

exist;

- Regular disclosure of interest by board members and senior management in a register of interest (the register should be open for inspection);
- Special procedures for the disclosure for all procurement committees and staff employed in the procurement functions (Khoza, Adam, 2005).

2.9 Proposed Reform in the Namibian Public Procurement System

Several suggestions were made by members of the public as well as parliamentarians on transforming the current public procurement procedures. There is a need for Namibia to review its public procurement system because of the changing economic environment in order to accommodate technological changes. The public procurement process must be designed in such a way that its functions should support sustainable economic growth and promote socio-economic development, through job creation, equitable wealth distribution, empowerment and development of neglected sectors. Due to pre independence discrimination against some of the disadvantaged groups, emphasis in the public procurement is put on empowering Namibian women and the youth by creating economic opportunities for them and enhancing their participation in the mainstream economy.

There is a need to turn the tender board into an independent institution which can run its own affairs. Currently the Tender Board falls under the supervision of the Ministry of Finance. Under the current circumstances the Tender Board does not have to explain itself to anyone who compromises the issue of transparency and equity. It is a worrisome factor to note that the Tender Board at the moment comprises of various

Permanent Secretaries who are political appointees with the potential to politicize the procurement process.

Once the Tender Board is transformed into an independent body it would be able to employ qualified professionals in different fields to assist in the awarding process and to also slash the implementation period by at least three months. According to Links and Daniels (2011), Maamberua (2005), Namibia has a good procurement system in place and meets standards of international regulatory frameworks. Many problems encountered in public procurement in Namibia relate to the implementation of the system than the system itself. To maximize full benefits of this good system, the system needs to be constantly measured to adapt to the changing circumstances and be managed and implemented by professional staff. Procurement officials need to be trained in procurement legislations and procedures to make them efficient in carrying out their duties. They need to be appointed in positions based on their expertise and qualification and not political affiliation.

In order to make all the necessary changes there is a need to have a workable legal framework in place that serves as a guide in the public procurement. The Black Economic Empowerment (BEE) can never be a reality if the legal frameworks are not put in place to regulate activities of the public procurement. There is a need to speed up the formulation and the enactment of the new Tender Board bill to address shortcomings in the current Act.

Namibia also needs to put in place a bidding code of ethical conduct for procurement staff which must include how to deal with the disclosure of assets and

interest of procurement officials. There is also a need to identify areas that need reform on the system and work on them as a matter of urgency (Links and Daniels 2011).

2.10 Conclusion

From the literature reviewed it is clear that public procurement if not guarded is prone to mismanagement and corruption. On the other hand, public procurement malpractices can be mitigated, for instance through strengthening regulations and setting a bidding code of conduct to officials and other stakeholders. The impact of ethical practices in tendering process has multiplier effects including effects to the economy of the country. Good governance can create conditions for effective control systems to enhance transparency and accountability in the procurement system. Measures need to be put in place to promote and regulate competition and to make procurement more transparent.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter outlines the research design and methodology that was used in conducting this study. The rationale for the research methodology is discussed in this chapter. Furthermore, the research design and strategies, target population, sampling, research instruments, data collection and analysis, reliability and validity, are discussed in this chapter.

3.2 Research Design

According to Welman, Kruger & Mitchell (2011, p 188) research design consists of two methodological approaches, namely; Qualitative and Quantitative designs. For this particular study the qualitative design was applied. This design was preferred because it best describes what the researcher wants to achieve at the end of the study. In using the qualitative design, the researcher interpreted and described human actions in relation to the impact of ethical practices in the public procurement on Namibia's socio economic objectives. The qualitative design covers interpretive techniques which seek to describe, decode, translate and come to terms with the meaning of naturally occurring phenomena in the social world.

The researcher applied two qualitative design approaches namely the descriptive and interpretive approaches. These were helpful in discovering the real situation behind the Namibian public procurement system as well as challenges that existed within the public procurement system. Information on the experience of

participants was obtained through interviews with government officials, tenderers and suppliers, community members and tender board members.

3.3 Sampling and Sampling Strategy

Fox and Bayat , 2011 explains that before drawing a sample one should be clear about the population or units of analysis to which your hypothesis or questions apply. For this study, purposeful sampling was employed. The strategy was aimed at selecting participants based on the purpose of the study. The respondents were purposively selected to assist with the needed knowledge and information pertaining the public procurement system in Namibia . Government officials responsible for procurement, tenderers and suppliers, community members and tender board members formed the population.

3.3.1 Sample Size

Welman et el, (2005, p 57) argue that the choice of sample size depends on the confidence we want to have in our data. The sample size should be large enough to provide an adequate picture or represent the characteristics of the total population. Qualitative studies do not require a large number of participants unless in a complex situation. According to Schimickingend and Gallagher, (2010), Tresch, (1984) and Groenewald, 2004 (cited by Odemba, 2011) a sample size between 10- 15 participants in a qualitative study is enough to reach thematic saturation. Saturation is a means whereby all issues are covered in an interview and no more new responses can be gathered. The sample size for the study was 20 participants. Only participants with knowledge in the

procurement field were selected as respondents for the study. Participants were drawn from the Kavango Regional Council Tender Board, the National Tender Board, Rundu Town Council Tender Board, tenderers or suppliers and members of the public.

3.4 Data Collection Method

For this study, the researcher used an interview schedule with open ended question to investigate the practices in public procurement and their impact on the national socio-economic objectives. Open ended interview questions were useful for the study to allow respondents to give detailed responses based on their feelings and perceptions. Interview questions were developed based on the research objectives. The questionnaire was used in all twenty interviews for primary data collection. The interview schedule allowed the researcher to apply flexibility and follow-up questions for clarity and enhanced reliability of the responses obtained. According to Roos (2012) interviews can be used to probe deeply into respondents' beliefs, attitudes and inner experiences by following up with questions to obtain more information and clarity. Secondary data was sourced from literature sources through an extended literature review.

3.5 Validity and Reliability

Research is concerned with producing data that are accurate, consistent and reliable. Reliability is concerned with the consistency of the data and is used in quantitative designs. It relates to the credibility of the findings (Welman et al, 2011). If the findings can be repeated, then it is reliable. Validity is mostly used in quantitative research. It implies that the objectives of the study must be representative of what the

researcher is investigating. Validity is the extent to which the research findings accurately represent what is really happening in the situation (Welman et al, 2011, p 142). To ensure validity of data in this study, the same set of questions were presented to all participants.

3.6 Data Analysis

Since the qualitative study paradigm was chosen for this study, the data were analyzed using narrative methods particularly thematic analysis. Content analysis was applied on open ended responses in order to determine similarities between the sentence structures, ideas, opinions and themes. Each response was given an equal weight during analysis.

Responses were coded and categorized based on similarities of responses and according specific themes. Scientific analysis was done using the Qualitative Content Analysis (QCA) software. The software supported the identification of emerging themes. Theme identification involved summarising the characteristics associated with ethical practices in the procurement process that emerge from the responses.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents the findings of the study. Responses were collected by means of a semi-structured questionnaire which was administered by the researcher. The goal of the study was to determine the impact of ethical practices in public procurement process on Namibia's socio-economic development. Purposeful sampling was used to select suitable participants; mainly those with knowledge in the procurement field. Permission to collect primary data was sought and granted from the Kavango Regional Council Tender Board, Rundu Town Council Local Tender Board and the National Tender Board. Community members who were respondents came from various professions.

All 9 members of the 3 Tender Boards participated in the study. Other respondents included 4 community members and tenderers and another 3 community members from various professions. A pilot study was carried out with six respondents to improve, clarify and refine the research instrument. Some questions were rephrased in order to meet research objectives.

As outlined in chapter one, this study was guided by the following objectives:

- i. To establish the extent to which the public procurement system is transparent
- ii. To examine the extent to which public procurement policies contribute to the achievement of the socio-economic objectives of the country
- iii. To establish the challenges the Tender Board faces in performing its functions

- iv. To suggest workable recommendations for effective performance, ethical behavior and equity in the public procurement system

4.2 Characteristics of the Respondents

This section presents the demographic characteristics of the respondents. All participants had experience in the procurement field. While the target sample was 20, only 16 respondents took part in this study.

Table 4.1 number of respondents from each structure

Category	# Respondents	Percentage
National Tender Board	4	80%
Regional Council Tender Board	3	75%
Rundu Town Council Tender Board	2	67%
Tenderer / Supplier	2	67%
Community members	5	100%
Total	16	80%

The majority of the respondents in this study were drawn from the National Tender Board with 4 respondents while 3 were from the Regional Council Tender Board and two each from the Rundu Town Council Tender Board and the suppliers/tenderers. Five community members with experience in procurement were interviewed.

Table 4.2 Gender of Respondents

Gender	# Respondents	Percentage
Male	13	81.25%
Female	3	18.75
Total	16	100%

Table 4.2 above shows that 81% of respondents were male and 18% female. This finding has no specific bearing on the findings since no literature is available to prove that either gender influences the conduct of procurement in Namibia or any other country.

Table: 4.3 Age of Respondents

Age group	# Respondents	Percentage
15 – 25	0	0%
26 – 35	2	12.5%
35 above	14	87.5%
Total	16	100%

The information presented in Table 4.3 above shows that the majority of procurement officials are adults above 35 years. Only 12.5% were aged 26-35 and this was the youngest age bracket noticed.

Table 4.4 Level of Education of respondents

Qualification	# of Respondents	Percentage
Secondary level	1	6.25 %
Diploma	3	18.75 %
First degree	5	31.25%
Masters	6	37.5 %
Other	1	6.25%
Total	16	100%

Table 4.4 above shows that out of the 16 respondents, 6 had a masters degrees each, 5 with bachelors degrees, 3 with diplomas, 1 with a high school certificate and 1 have a PhD qualification. To perform public procurement functions a good education is important. Therefore this finding is good since the majority of the respondents had qualifications above high school certificates. The participants' job roles included Permanent Secretaries, Chief Regional Officers, Directors, Deputy Directors and accountants. These categories serve as Board members at the three Tender Boards. Other professions who participated in the study included lecturers, politicians, legal practitioners and contractors. These are independent categories interviewed for the study.

4.3 Findings from the Study

4.3.1 Attendance at Public Procurement Meetings

All respondents indicated that they had attended public procurement meetings at least than 3 times in a year. These meetings are avenues through which public awareness is created about the public procurement process. However, judging from the composition of the tenderers and community members interviewed it became plausible to hypothesize that public procurement information reached only a few members of the community particularly men. The youth and women are left behind because these groups organise separate meetings to discuss their issues of interest. Therefore, it would be equally important to including issues of tendering in the gatherings of women and youth.

4.3.2 Organizers of Meetings

Three respondents indicated that they had attended meetings organized by both Government and private institutions. Only one respondent indicated that she had attended a meeting organized by a private institution. The meetings were regionally organized by the Kavango Regional Council Tender Board as way to disseminate information on tendering and tendering procedures. This finding reveals that both Government and the private sector are engaged in awareness rising initiatives for the public on the public procurement process.

4.3.3 Sources of Tender Information

Under this item, the results revealed that only those with access to newspapers, notice boards and internet received information about tenders. However, the majority of Namibians especially those in remote areas do not have access to internet or newspapers and can hardly access public notice boards. The radio service which covers nearly 90% of the population was not mentioned as a source of tender information.

4.3.4 Duration with the Tender Board

The information collected from the study revealed that the Tender Board is made up of 50% very experienced members and 50% less experienced members. This is a good composition in terms of giving support, advice and guidance to one another. The responses of experienced members of the tender boards assisted in the discovery of common themes regarding ethical practices in the public procurement process and its impact on Namibia's socio economic development.

4.3.5 Trainings Attended and Organizers of the Training

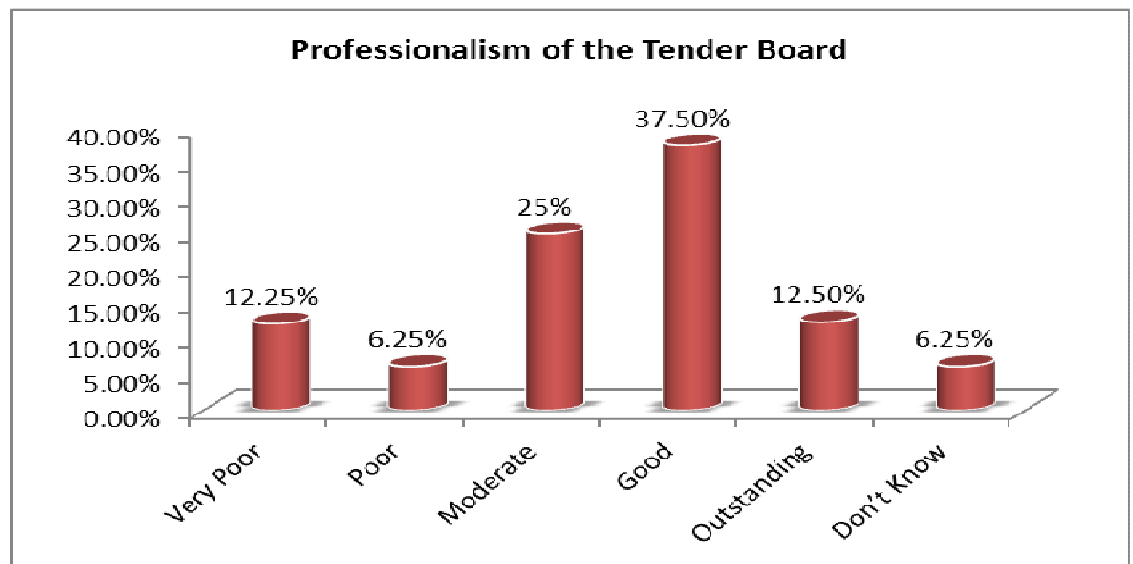
Each of the members serving on the Tender Board indicated to have attended training on public procurement. One such training is the Procurement and Supply Chain Management course organised by the Centre for Training and Projects Development. The Course was held under the theme: Enhancing Ethics and Performance in Public and Private Procurement and Tender Boards. The course was intended for all Tender Board members, procurement and supply chain practitioners, procurement directors and managers and all other professionals involved in procurement activities. One respondent

from the Kavango Regional Council cited that he attended a training which was conducted by the national Tender Board by invitation.

4.3.6 Professionalism and Effectiveness of the Tender Board

Respondents were requested to rate the performance of the Tender Board using a scale of 1-5, where 1 was poor and 5 outstanding.

Figure 4.1 Professionalism of the Tender Board



Professionalism is the discipline whereby educated, experienced and responsible procurement officers make informed decisions regarding procurement operations (UN Economic Commission for Africa 2005). Procurement professionalism consists of values that guide public procurement functions to achieve non-discrimination, transparency, accountability and fairness, competition, confidentiality, economy and efficiency. Figure 4.1 above indicates that 37.50% of the respondents believed that the Tender Board Members was good as far as professionalism is concerned. One quarter of

the respondents (25%) rated the Tender Board as moderate in terms of professionalism. A combined 18.5% rated the Tender Board as poor. This could be due to some irregularities in the procurement system. In a study done in Ghana by Ayoti, (2013) on the effectiveness in tendering process in public sector, it was discovered that a lack of strong procurement profession and inadequate training of staff has led to failure to employ good practices in procurement, creating inefficiencies and high costs in the procurement process in that country. A study conducted by Vee & Skitmore, (2003) cited by Ayoti, 2012 on professional ethics found out that all respondents had witnessed or experienced some degree of unethical conduct, negligence, conflict of interest, collusive tendering, fraud, confidentiality and propriety breach, bribery and violation of environmental ethics.

Some citing from respondents 9, 10, 12 and 16 includes the competency of the Tender Board members which are questionable as they are political appointees and do not have the necessary skills to serve on the tender board, the non-adherence to the policy guidelines, the delays in the tender award and lack of communication between Tender Board members and Tenderers. These irregularities have resulted in some court cases e.g the Neckertal dam tender. (See appendix). To be effective tender board members must have professional skills required to perform their duties. Board members should be extensively trained in all aspects of tendering. Given the limited capacity board members cannot perform their duties with diligence. The study thus recommends that all procurement staff be trained in procurement functions to equip them with skills and knowledge on the procurement process. The Regional and Local Council Tender Boards are said to be doing far better in terms of professionalism compared to the National Tender Board.

Figure 4.2 Perceived Transparency within the Tender Board

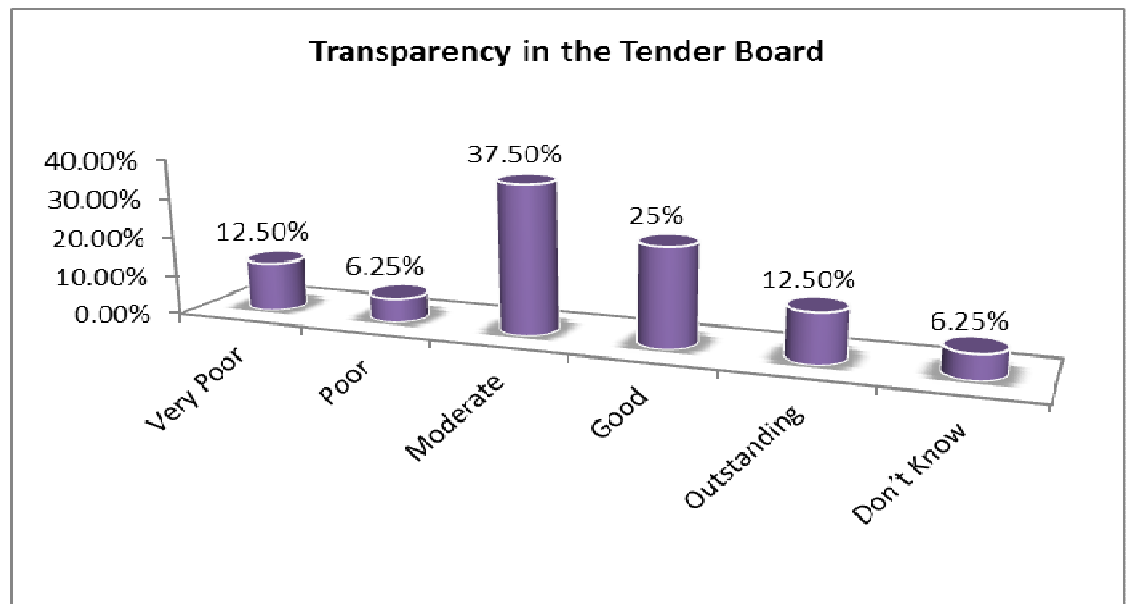
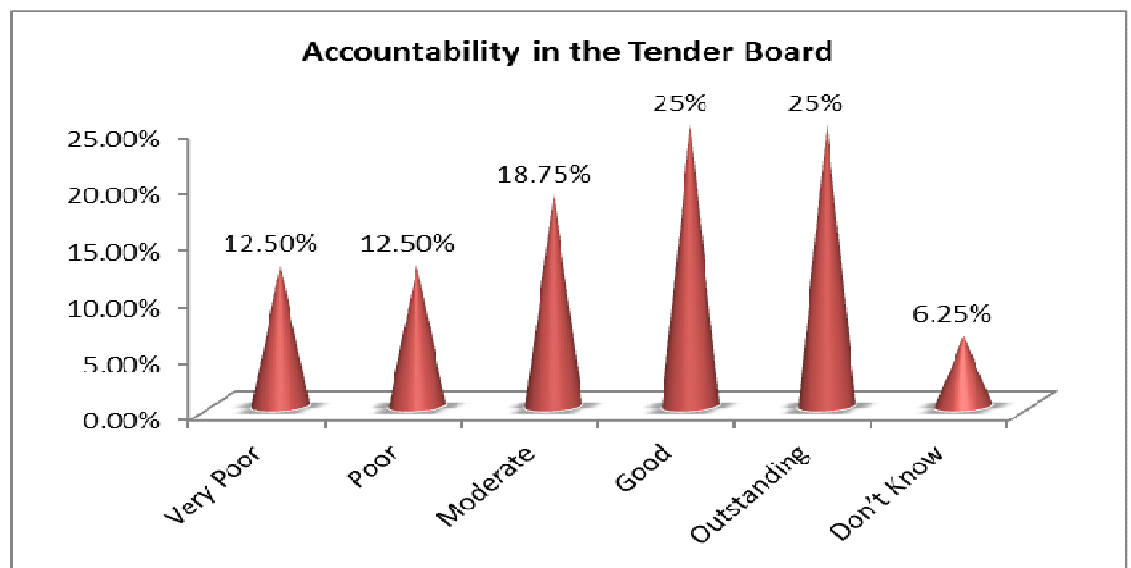


Figure 4.2 above examines access to information as a way to minimize corruption in the public procurement system. Transparency is a key condition for promoting integrity and preventing corruption in public procurement. It requires that the same rules should apply to all suppliers of goods, works and services. According to Ayoti, (2012), unethical practices in public procurement are facilitated by a lack of transparency in the system. Ayoti (2012) further argued that the participation of public officials in the private enterprise has been a key source of corruption in the public procurement since the rules established to guard against conflict of interest have been breached.

The results as displayed in figure 4.2 above indicate that the majority of the respondents (37.5%) perceived that the Tender Board was moderately transparent, while 25% indicated that transparency was good and only 12.5% rated transparency as outstanding. On the other hand however, 6.25% didn't know while 12.50% rated transparency as very poor and 6.25% poor. Corruption, inefficiency and theft of state

resource can only be guarded through transparency. Odemba, (2012) recommended that to assist the government leaders to combat corruption requires civic education of ethics, reform of the legal and political system, improvement of procurement procedure and engagement of civic organizations in the war against corrupt practices.

Figure 4.3 Accountability in the Tender Board

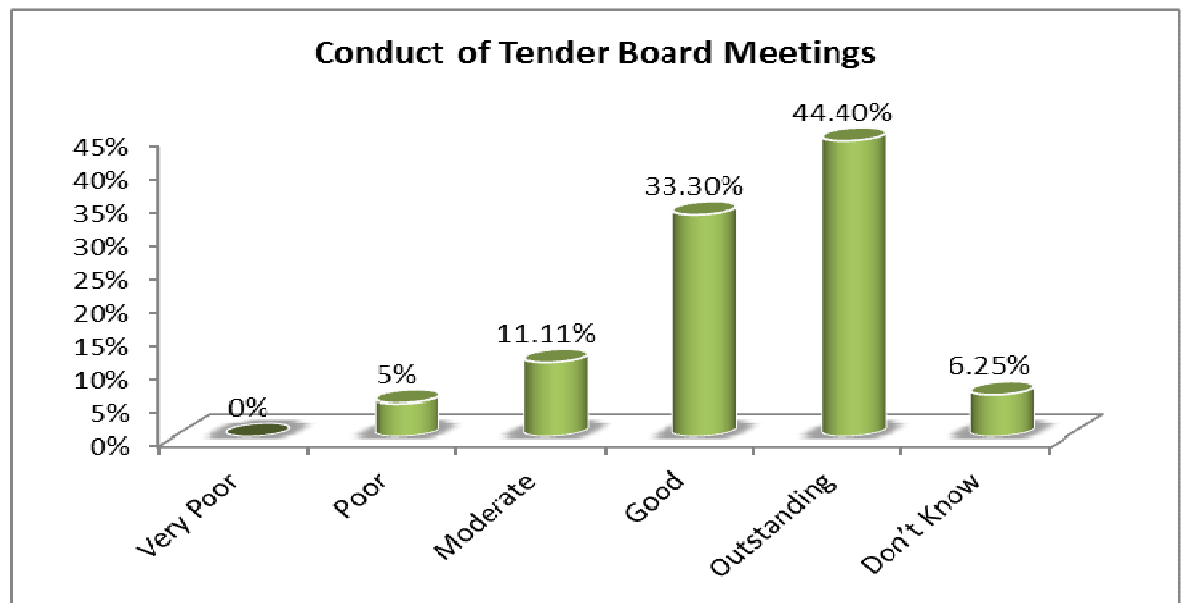


It was intended through this question to examine the extent to which the Tender Board was accountable for its actions in terms of decision making and execution of their duties. Accountability points to the conduct of management and the board members to account for their actions and support principles of good governance so as to provide assurance to members of the community. Figure 4.3 above illustrates that 25% of the respondents believed that the Tender Board was outstandingly accountable and another 25% indicated it to be good. However, a combined 25% indicated accountability to be poor.

In a statement delivered by Minister of Finance during the tender board retreat

held at the Daan Viljoen Dam (Windhoek Observer, 2013) Kuugongelwa – Amadhila argued that the public has lost trust in the tender board. “The current image Namibians have of the Board is that of corruption and inefficiency”. She added that almost all its decisions have become the subject of the court. “We have to change the way we do things” She further argued. According to the United Nations Economic Commission for Africa, (2005) transparency is interlinked to accountability. Odemba, (2011) recommended that to control corrupt practices, it requires putting in place a sound procurement system and pro-social equity policies that would speed up good governance, transparency and accountability.

Figure 4.4 Conduct of Tender Board Meetings

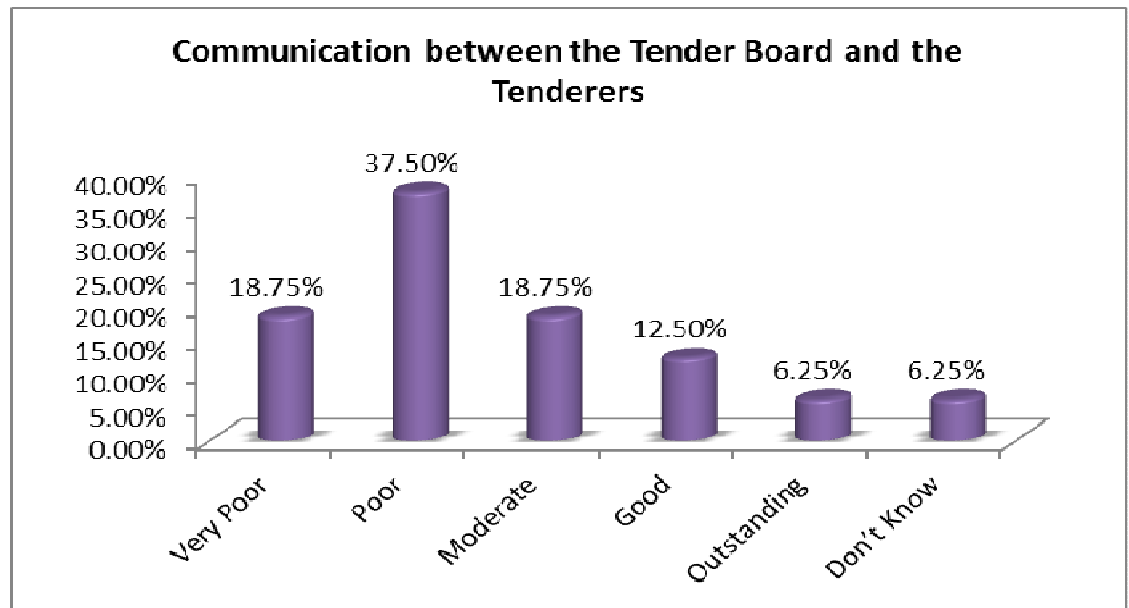


This section was used to examine how frequent the Tender Board held meetings and how these meeting were perceived by the respondents. According to the Tender Board Act of 1996 the chairperson has the mandate to convene meetings as may be

deemed fit and may adjourn or postpone the meetings. The information from this study indicates that meetings are held on a monthly basis. However not all members do attend meetings. Of the 20 members of the National Tender Board, only 8 constitute a quorum for a meeting to be held. This means that not all Offices /Ministries /Agencies (O/M/A) are represented in all meetings. This can be related to the delays in awarding of tenders. Respondent 10 indicated that the chairperson has limited power (as they are all on the same category) to compel members to attend meetings. Therefore there is a need for an independent body to be established to monitor the activities of Tender Board members.

In terms of ratings, figure 4.4 above indicates that the majority of the respondents 44.40% rated the conduct of the meetings as outstanding while 33.30% rated the meetings as good and 11.11% indicated meetings were moderate. Only 5% rated the conduct of meetings as poor, and there were no scores under "very poor" although 6.25% abstained from this rating saying they didn't know.

Figure 4.5 Communication between the Tender Board and the Tenderers

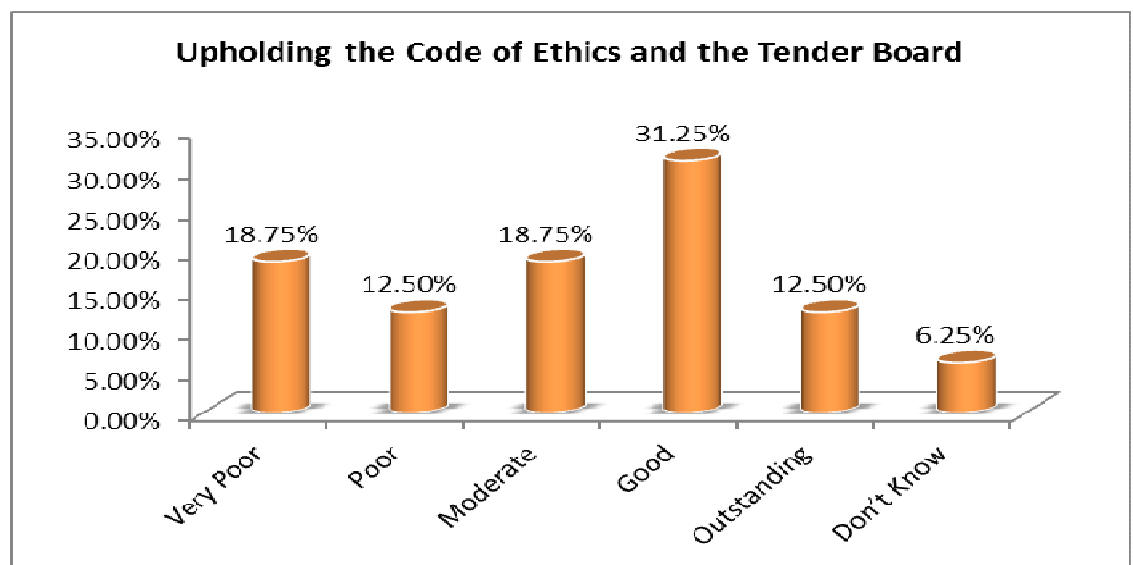


Tenderers would benefit from feedback that the Tender Board provides regarding a particular bid. Therefore the researcher through this section examined how frequent the Tender Board provided feedback to the tenderers especially those who were not selected. To enhance transparency in the public procurement procedures, available information should be published for tendering and bidding as well as monitoring and evaluation of the tender contract (Maamberua 2005). These can lead to better informed public debate about the design and results of the tendering process and makes government more accountable, thereby strengthening credibility and public understanding of public procurement policies and choices.

Figure 4.5 above shows that the majority 37.5% of the respondents rated feedback as poor while 18.75% rated it as very poor. According to respondent 13 and 16 no explanation is given on the choices of the Tender Board. Some tenderers submitted that it was important to give feedback after tenders have been evaluated as it helps them to understand the decisions of the Tender Board and for them to improve on their bidding

write up in the future.

Figure 4.6 Adherence to the Tender Board's Code of Ethics

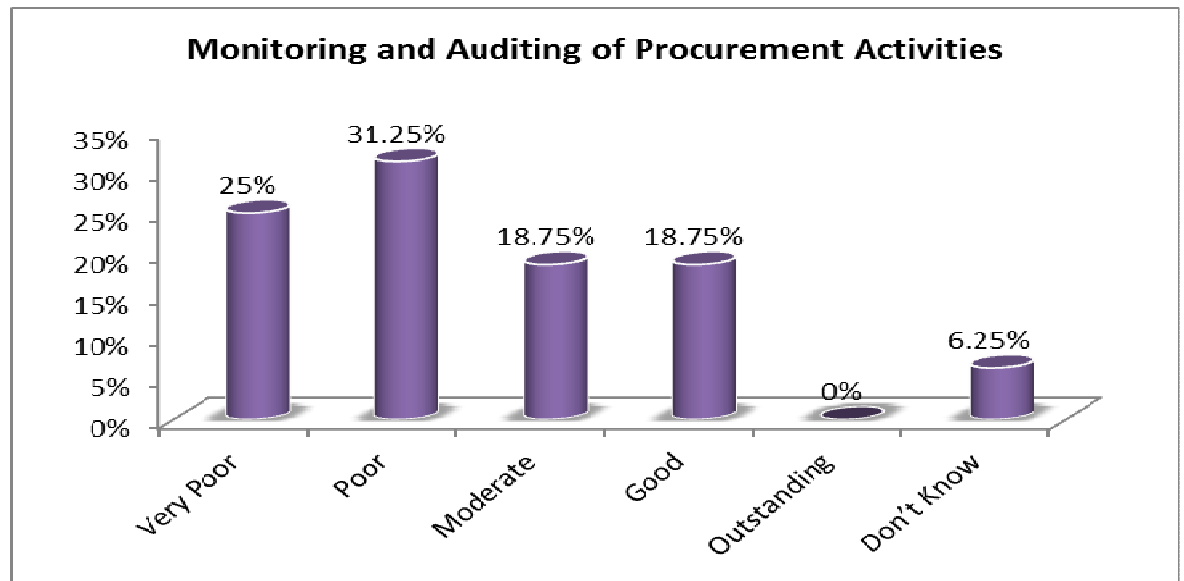


In this section, the researcher examined the extent to which Tender Board upheld the Code of Ethics. Glavee-Geo (2008) stated that ethics has to do with upholding moral principles and values which influence beliefs, actions, and decisions and involves leading an unquestionable lifestyle especially within the professional domain. A code of conduct clarifies and sets limits on accepting gifts in return for professional actions. According to

a study by Osei – Tutu, Badu & Owusu- Manu (2010) conflict of interest, bribery, embezzlement, kickbacks, tender manipulation and fraud are some of the observed corrupt practices in the Ghanaian service delivery system.

Figure 4.6 above reveals that the upholding of ethics by the Tender Board Members is good at 31.25%, and outstanding at 12.50%. However, some respondents believed that the Tender Board poorly upheld the Code of Ethics at 12.5% and very poorly at 18.75%. another 18.75% felt the Tender Board upheld the Code of Ethics moderately 6.25% didn't know. According to Links and Daniels, (2011) in Namibia, conflict of interest, abuse of office and favoritism are some of the unethical actions occurring in the public procurement process. They also cited that there is no comprehensive code of ethical conduct for members and staff in the procurement field. It can be concluded from literature that the conduct of some members of the Tender Board is questionable within the professional domain. Links and Daniels, (2011) suggested that, there is a need to put in place a binding code of ethical conduct for procurement staff which must include dealing with the disclosure of assets and interest of procurement officials. They further argued that such codes can offer clear guidance to public officials on expected behaviors as well as delineate potentially complex issues like conflict of interest. This will help restore the damaged perception of the public on the Tender Board and increase trust and confidence in the Board.

Figure 4.7 Monitoring and Auditing of Procurement Activities



As part of the internal control mechanisms procurement activities need to be monitored and audited. Byanguye,(2011) stated that internal control is a process, effected by an entity's Board of Directors, Management and other personnel, designed to provide reasonable assurance regarding the achievements of the procurement objectives in the effectiveness and efficiency of operations, reliability of financial reporting, compliance with the applicable laws and regulations and protect the organizations reputation.

Figure 4.7 above presents the results from an examination of institutional controls of the Tender Board as a way to enhance accountability. The majority of the respondents 31.25% indicated that the monitoring and auditing of procurement activities was poor while 25% believed it was very poor. Laxity in monitoring and auditing practices compromises the safeguarding of assets, prevention of fraud and detection of errors. Similar results were obtained in a study conducted by Stemele, (2009) at the Lejweleputswa District Municipality in South Africa. His Findings revealed that there

was none compliance with the law, absence of adequate monitoring and policy reviews, absence of an efficient internal control system, failure to uphold policies and procedure, non-compliance with regulation, incomplete tender register and unclearly defined roles of key players. Thus, institutional controls such as effective supervision, audit functions and control, and internalization of the standards of ethical behaviors needs to be installed to ensure effectiveness in the procurement system.

4.4 Challenges of the Public Procurement System

According to Roos, (2012) Lack of adequate procurement legislations as well as insufficient transparency and accessibility of the public procurement market has led to poor performance and diminished trust in the system. The researcher asked respondents to identify any challenges that the Tender Board faced. These were then grouped into themes that form the discussions below:

4.4.1 Efficiency and Transparency (Respondent 13, 15 and 16)

Respondents provided examples that rendered the Tender Board inefficient. There were examples too that related to a lack of transparency. For instance, respondents cited the Neckertal dam tender which was marred with inconsistencies and fraudulent acts in its award. There were reflections of conflict of interest, corruption, favoritism and abuse of office in the public procurement process. According to the case a Permanent Secretary allegedly accepted a bribe from an Italian construction company in return for securing the tender worth USD 2.8 billion. Under the current circumstances the Tender Board does not have to explain itself to anyone and that compromises the issue of transparency and

equity.

4.4.2 Over-Centralization and Bureaucracy (Respondents 2, 12 & 14)

According to respondent 14 most of the administration matters are handled at national level. The tender application goes through various channels before a final decision is made. The tender awards are made at national level and as a result the process of tender awards takes too long and funds earmarked for developmental projects returns to treasury at the end of the financial year. Benefits from the project, including the employment creation are missed as a result of the centralized and bureaucratic process.

4.4.3 The Size of National Tender Board

The national Tender Board is made up of all Permanent Secretaries who are firstly political appointees. The membership does not have a bearing on one's expertise or qualifications and indiscriminately engages political appointees. Over 20 members serve on the Board. According to Hendrikse and Hendrikse, (2012), the correct Board structure is imperative to ensure alignment of the interest of the shareholders tenders needs to be managed in the best interest of the shared holders who are usually tax payers (p 195). Thus it is in the interest of the tax payers that members are appointed based on their expertise. These will ensure good governance as roles will be clearly defined.

4.4.4 Lack of Monitoring and Supervision

Currently the Tender Board falls under the supervision of the Ministry of Finance. According to respondent 16 the Ministry of Finance has some oversight function but it

lacks the capacity and political will to be effective in this regard. This is seen in the number of awards resulting in court cases such as the Neckartal dam tender and the Teko Trading case involving charges of corruption, fraud and bribery. It is alleged that USD 12.8 million was received in kickbacks from the Nutech to help secure a contract on security scanning equipment with the Namibian Ministry of Finance is secured. Thus there is a need for an independent body which can monitor and control the Tender Board Activities or the empowerment of the Anti-Corruption Commission (ACC) to monitor the activities, incomes and spending habits of the Tender Board members. The South African Government has established a central tender board as an independent body to adjudicate tenders in all spheres of Government. The body works with the chief procurement officer whose main function is to check pricing and adherence to procedures and fairness. Namibia can draw from South Africa as best practice.

4.4.5 Inadequate Disclosure

It is required that members of the tender board declare their interests in terms of the Tender Board Act of 1996. However, this is not currently the case since many tenders are awarded yet result in cases of conflict of interest. In a recent article in the Namibian Sun, the roads authority was accused of conflict of interest after its industrial relations manager, Fredric Dausab, pocketed N\$16,3 million from two companies in which he allegedly holds shares. The investigations revealed that the tenders were awarded in accordance with the company's prescribed code of conduct and ethics policy. The ACC believes that granting permission to the roads authority employees to do business with their employer amounts to conflict of interest and creates suspicion of corruption and

favoritism. The management was therefore advised to ensure that the company adheres to good standards of practice to curb conflict of interest. Links and Daniels,(2011) suggested in their study that Namibia needs to put in place a bidding code of ethical conduct for procurement staff which must include dealing with the disclosure of assets and interest of procurement officials.

4.4.6 Non Adherence to Policy Guidelines and an Outdated Act

Though certain requirements or guidelines are set as a means to monitor tender board activities not all members adhere to the set guidelines. The Tender Board Act is blamed for the many irregularities in the current procurement system. In some of the developing countries such as Uganda the public procurement system is characterized by non-adherence to processes and procedures which results in poor performance, poor resource utilization, poor personnell management and training, inadequate payment and benefits (Kakwezi & Nyeko, 2013). According to Osarfo, (2010) public procurement consists of five core elements namely; policy making and management, procurement regulations, procurement legislations, procurement authorization, public procurement functions and feedback. The five core elements help direct the process of the procurement, define responsibilities of each role player, Set control mechanisms in place and help with the monitoring of the procurement process. As part of their recommendations Maamberua, (2005), Links and Daniels, (2011) have made calls for a new piece of legislation to be drafted.

4.5 Control Mechanisms used by the Tender Board in Awarding Tenders

In public procurement there is a need to have control mechanisms in place to ensure effective control (Spector, 2005). Ellmers (2011), and Maamberua (2005), have identified a number of gaps in the current public procurement system. They have identified a lack of proper monitoring systems for approved tenders to determine as to what extent they are meeting the socio economic objectives of the country. Audit is only done on an annual basis and no systematic assessment is being done.

Findings revealed that respondents 1, 8,9,11 & 12 agreed that control mechanisms existed in terms of the procurement database and monthly reports which Ministries submit to the Tender secretariat. Respondents 3, 6, & 7, believed that control mechanisms existed although the mechanisms are ineffective. Respondents believed that there is no adequate will to enforce policies and procedures. It is therefore not surprising that respondent 2, 15, 10, 13, 14 & 16 claimed that no control mechanisms existed.

It is believed that the current system has so many loopholes which make the system prone to abuse. To quote respondent 13 "I do not think there is any at all. It is a manipulated process from the beginning of putting out tender up to awarding of the tender itself. The tender specifications seem to be fine-tuned to fit certain interests and companies in most cases". From the findings above it is clear that there is a need to install effective audit system as a measure of control. No system of controls can provide an absolute guarantee against the occurrence of fraud, abuse, inefficiency and human error. However, a well-designed system of controls can give reasonable assurance that significant irregularities can be detected and corrected and perpetrators brought to book (Spector, 2005).

The effectiveness of the control mechanisms plays a vital role in ensuring that the public procurement process meets its set objectives. As such, it is very important to have functioning institutional controls in procurement (UN Economic commission for Africa, 2005). Byanguye, 2011 argued that without an adequate institutional control system individuals are deterred to engage in dishonest, illegal and unethical acts. Respondents 1, 4, 5, 9 & 11, 12 believed that the control mechanisms were effective however, adding that they needed to be strengthened to improve their effectiveness. The argument for the effectiveness was merely based on the fact that all tender processes are followed from application to awarding. Respondent 11 believed that the mechanisms can be strengthened with the enactment of the current bill. The Bill tries to identify and close the gaps which are in the current Act. Respondent 12 further argued that with the current system the declaration of shareholders interest is very difficult to verify. This has created a loophole in the system and has resulted in many cases of conflict of interest. Respondents 8, 16, 13, 7 confirmed that the control mechanisms are not effective enough. They suggested a need for these mechanisms to be reviewed to make them effective in addressing socio economic objectives.

4.6 Enhancing the Public Procurement Code of Ethics

A procurement process which is based on sound ethical practices can have tremendous impact on the economy of any country (Odemba 2011). There is a need to effectively regulate and monitor the ethics and ethical conduct of officials involved in the procurement system to ensure transparency and accountability (Kotoka, 2010). Respondents indicated that the public procurement system should be a fulltime job

comprising of officials from various professions whose selection is based their on expertise (Respondents, 13, 5, 7, 2, and 6). This means that procurement should be seen as a profession on its own, and members should be employed on a full time basis to specifically deal with procurement issues. Currently all Permanent Secretaries serve on the national Tender Board while the management from Regional and Local Council serve on the regional tender board as well as local authority tender board. Respondents felt that this should be abolished to pave way for the appointment of an official based on their expertise. This suggestion, if implemented could enhance the smooth operation of procurement activities and enhance professionalism in the public procurement process.

Secondly, the term conflict of interest needs to be well explained (respondents 8, 16, 6, and 12). Clear guidelines and steps need to be developed on how to deal with conflict of interest. There is also a need to develop a code of conduct manual for procurement officials and they must be made to sign and undertake that they understand the statements in the code. Links and Daniels, (2011) suggested that, there is a need to put in place a binding code of ethical conduct for procurement staff which must include dealing with the disclosure of assets and interest of procurement officials. They further argued that such codes can offer clear guidance to public officials on expected behaviors as well as delineate potentially complex issues like conflict of interest. This will help restore the damaged perception of the public on the Tender Board and increase trust and confidence in the Board.

Thirdly, training interventions should be introduced for all procurement officials with emphasis on legal frame works and the Anti-Corruption Commission needs to be strengthened to improve its effectiveness (Respondents, 16, 7, 15). Similar

sentiments are expressed by Ayoti, (2012) when a recommendation was made that all procurement staff be trained in procurement functions to equip them with skills and knowledge on the procurement process.

Finally, the enactment of the public procurement Bill needs to be followed up (Respondents, 5, 16). This Bill intends to close gaps which are in the current Tender Board Act. Ellmers (2011), Maamberua (2005), argued that the current Tender Board Act of 1996 does not keep pace with the policy development of the Government in which procurement is seen as a central policy tool to achieve socio-economic objectives. Thus, there have been calls for a new piece of legislation to be drafted to keep up with the current environmental changes. The current Tender Board Act was never amended nor changed since it was drafted in 1996 and it cannot adequately address newer developments in the procurement process.

4.7 Fairer Means for Managing Tenders

There is a need to enhance fairness at all stages of the public procurement process to ensure that people from all walks of life benefit from their entitlements (Ellmers, 2010). Respondents suggested a few ways in which the public procurement system can be managed fairly. Firstly, decentralizing the procurement budget will ensure fairness and that Tender Board members need to be appointed on the basis of their expertise. Decentralization of the procurement budgets to regions will ensure the smooth execution of tender projects and encourage local participation. It will help in eliminating delays in tender awards and the overall service delivery quality will improve

In addition, the Tender Board should explain the reasons for awarding tenders in public view. The reasons for awarding and/or not awarding must be given in writing. This will ensure and ascertain tenderers that the process was fair and just

Thirdly, the use of tender exemption should be limited to exceptional circumstances. Currently exemption is granted by the Ministry of Finance upon application from relevant Offices /Ministries /Agencies (O/M/A). However the process needs to be done in a more transparent manner.

Further, penalties, fines and imprisonment provisions should be toughened in order to convey a strong message and discourage fraudulent and corrupt activities within public procurement processes. Currently penalties for contravening the tender requirements includes a fine not exceeding N\$500 000, imprisonment for a period not exceeding 10 years or both (Tender Board Act). South Africa has set almost similar penalties and fines which the state may apply upon detecting that a tender was obtained on a fraudulent basis. Penalties include; recovery of all costs, losses or damages, cancellation of the contract including payments of damages suffered due to such cancellation, fines or imprisonment (Bolton, 2006).

4.8 Impact of Public Procurement on the Socio-economic Development of Namibia

Public procurement is a key administrative activity of the public financial management as it aims at addressing socio economic imperatives such as social justice, economic empowerment and industrialization (Ellmers, 2010). Public procurement therefore should be directly used as a tool to drive socio-economic development such as

economic development, poverty reduction, social and gender equality and environmental sustainability. The majority of the respondents believed that public procurement can play a major role in employment creation, empowerment of previously disadvantaged Namibians and the Namibianisation of products and services (Respondents, 1, 6, 7, 9, 11, 13, and 16). Effective public procurement bridges the gap between the rich and the poor by giving preferential treatment to the previously disadvantaged groups. However, respondent 16 & 10 cited the awarding of tenders to Chinese and North Korean contractors as proof that the tender award process is not addressing this need. Namibian companies do not have the capacity or the required resources to compete with bigger companies in various industries. These results in Namibian owned companies to close down as they are operating at a loss.

Some respondents believed that the current control mechanisms are insufficient. (Respondent 7, 11, 12, 13, 16,). Although there is provision made that Namibians get preference this is not being complied with. The control mechanisms also do not address the aspect of equitable distribution of resources as a result some regions lag behind in terms of development. According to respondent 12, even the National Development Plan (NDP 4) is silent on the contributions of public procurement to poverty reduction, job creation and growth. NDP 4 is an official document which outlines key strategic objectives Namibia wants to achieve. Therefore, the inclusion of a component on public procurement is very essential to ensure that Namibia meets its socio- economic objectives. Thus, it is imperative that Namibia needs to put in place legislation or policy that promotes the development of local industries and expertise and stimulate economic growth.

4.9 A Better way to contribute to the Socio-economic Development of

Namibia

The researcher asked respondents to examine ways through which the public procurement system can contribute more fully to the socio-economic development of the country. It then emerged that the introduction of comprehensive black economic empowerment (BEE) legislation and policies and the incorporation of preferential procurement provisions into the law would help. Due to pre-independence discrimination against some of the disadvantaged groups, emphasis in the public procurement is put on empowering Namibia women and the youth by creating economic opportunities for them and enhancing their participation in the mainstream economy. The emphasis of giving previously disadvantaged groups preference in tendering is not backed by any law. The Black Economic Empowerment cannot be fully realized if legal frame works are not put in place to regulate activities within the public procurement.

Further, the enactment of the public procurement Bill is seen to support the attainment of Namibia's socio-economic objectives. Many respondents believed that the only solution to the current loopholes in the tendering system can be addressed with the enactment of the proposed procurement Bill.

And finally, documentation of jobs created by respective tenderers has to be tracked. Such data serves as a guide to inform the Government that socio-economic objectives are being met. Namibia as a country needs to assess its own policy frameworks, its strengths and weaknesses to address the shortcomings in the current

system. Setting policies in place will ensure fair and equitable resource distribution as well as identify mechanisms that can be put in place to ensure that the public procurement process contributes fully to the socio-economic objectives of the country.

4.10 The Proposed Tender Board Bill and its Expected Impact

The proposed Tender Board Bill aims to replace the current Tender Board Act of 1996. The current Tender Board Act is said to be outdated and hasn't been reviewed since its inception (Respondent 11). Apart from members of the National Tender Board other respondents knew little about the proposed Bill. The bill attempts to relinquish accounting officers of O/M/A from the Tender Board and to establish an independent procurement agency.

Many respondents felt that in its current form the proposed Bill will not adequately address the gaps the current Act leaves. Respondents believed that the impact depended on the improvements there of because it does not have clear indicators and targets on promoting economic development. The proposed Bill has the potential to address economic development should it garner political will, alignment with anti-corruption legislation and conventions and more access to information on public procurement. Thus public involvement in the drafting of the Bill is crucial.

Therefore, the proposed public procurement legislation should be implemented soonest to avoid abuse of public funds and corruption, and training for board members in all aspects of tendering needs to be prioritized including a deliberate attempt to hold regional public hearings to gather more ordinary views on the Bill ahead of its enactment.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This study evaluated the impact of ethical practices in the public procurement process on Namibia's socio-economic objectives. This study was guided by the following objectives:

- i. To establish the extent to which the public procurement system is transparent
- ii. To examine the extent to which public procurement policies contribute to the achievement of the socio-economic objectives of the country
- iii. To establish the challenges the Tender Board faces in performing its functions
- iv. To suggest workable recommendations for effective performance, ethical behavior and equity in the public procurement system

The chapter presents a summary of the findings, conclusions and recommendations.

5.2 Summary of Findings

Findings show that there are weaknesses in the current public procurement system which needs to be addressed. These weaknesses include a lack of transparency, poor monitoring and the slow implementation of capital projects.

The study further revealed that there is no comprehensive code of ethical

conduct for members and staff in the public procurement. This has led to several non-compliance issues most of which reflect a degree of conflict of interest. However, the term conflict of interest in itself is not clearly defined and a clear definition of the term needs to be provided.

In addition, this study unearthed that public procurement plays a major role in the development of the country's economy as it facilitates among others job creation, and poverty reduction. However in its current state, the public procurement system is not fulfilling that role effectively. The control mechanisms in place are insufficient and although there is provision that Namibians especially those who were previously disadvantaged get preference this is not being complied with adequately.

Respondents believed that control mechanisms existed although the implementation of these mechanisms was found to be lacking. It was found that there was no adequate will to enforce policies and procedures. The Ministry of Finance has some oversight function in terms of supervision and monitoring, but it lacks the capacity and political will to be effective in this role. The chairperson of the national Tender Board has limited power to enforce the implementation of set regulations among O/M/As.

Very little is known about the proposed Tender Board Bill. Among respondents interviewed only members of the National Tender Board and some professionals had knowledge on the existence of the bill. Regional consultation meetings need to be held for members of the public to air their views that can be incorporated in the bill.

5.3 Review of the Significance of the Study

The findings from this study are important for the decision makers, tenderers and the public at large, as it provides guidelines for the improvement of the public procurement process. The findings from the study have confirmed suspected weaknesses in the current procurement system and suggestions have been made on how decision makers may deal with the challenges identified. These suggestions can help reduce wastage and thus help save costs. Such savings increase the coverage of programmes that contribute to attainment of socio-economic goals.

5.5 Conclusion

Based on the findings from the study it can be concluded that the majority of people in the procurement field are male above the age of 35. The level of education for procurement officers is adequate, as the majority of respondents have first degrees or better. However, there are loopholes in the current procurement system that needs to be closed; and the proposed Tender Board Bill does not adequately address some of these. The weaknesses include a lack of transparency in the practice of procurement, poor monitoring of the process, and the slow implementation of capital projects.

Setting policies in place will ensure fair and equitable resource distribution as well as identify mechanisms required to ensure that the public procurement process contributes fully to attainment of the socio-economic objectives of the country. A number of recommendations are made to deal with these weaknesses and thereby improve the public procurement system in Namibia.

5.6 Recommendations

Based on the findings of the study, the researcher makes the following recommendations:

- Urgent improvements in the public procurement procedures are required through, the development of a comprehensive code of ethical conduct which must include dealings with disclosure of interest for Tender Board members and Secretariat staff; and Introduction of proper monitoring system for procurement activities
- Speedy drafting and enactment of the new procurement law and consultations need to be made throughout the country to gain more views and inputs from various stakeholders
- The creation of an oversight body to supervise and monitor the tender board activities to ensure compliance to procurement procedures
- The use of the tender exemption be limited to exceptional circumstances and this be done in a more transparent manner;
- The introduction of alternative procurement practices be explored to minimize the use of exemptions within the public sector procurement dispensation.
- Penalties, fines and imprisonment provisions be strengthened and increased in order to convey a strong message and discourage fraudulent and corrupt activities within public procurement processes.
- The creation of a tender review panel / tribunal, to deal speedily with tender disputes instead of them being adjudicated by courts which takes a long time.
- A professional procurement agency consisting of government and private

sector individuals should be established.

- Introduction of comprehensive black economic empowerment (BEE) legislation and policies and incorporate preferential procurement provisions into the law.

5.7 Suggestions for Future Research

This study examined the impact of ethical standards in the public procurement on Namibia's socio-economic objectives and how the situation can be improved. The focus of the study was on ethical practices in the public procurement, the control mechanisms as well as the extent to which public service meets the socio economic objectives of the country. The methodology involved questionnaires and interviews with participants. Based on the findings the researcher suggests that future research on the practice of exemptions to be investigated, so as to evaluate the impact of exemptions on the image of the Tender Board and the Secretariat as well as general government contracting and economic activity, in the context of anti-corruption; Further study can also be carried out to determine the impact of non adherence to procurement procedures by public sectors on the image of the country

Appendix 1: Case examples from Namibia procurement

Business case : Teko Trading CC

Teckla Lamack, who is the owner of the company Teko Trading CC, has been indicted on charges of corruption, fraud and bribery together with her business partner, Kongo Mokaxwa, and their Chinese conspirator, after they allegedly received a USD 12.8 million kick back from the Chinese state-owned company, Nutech, to help secure a contract on security scanning equipment with the Namibian Ministry of Finance. The case came to light because of the anti-money laundering law that requires Namibian Banks to routinely investigate large money transfers. The suspects pleaded not guilty to 13 charges of corruption, money laundering and fraud. The ongoing case has been transferred to the High Court and the charges have been increased to 18. **Source:**

Business anti -corruption portal

Political case: Neckartal Dam Construction

A permanent Secretary of Namibia Government has allegedly accepted a bribe from an Italian construction company in return for securing the Neckartal Dam construction tender worth USD 2.8 billion. According to the news paper, the Permanent Secretary in question was offered the bribe in return for convincing a majority of the tender board to vote in favour of the company that offered the bribe. The tender board was forced by the Permanent Secretary of The Ministry of Agriculture, water and forestry to reverse their decision of awarding the contract to a Chinese construction firm. The contract has been re awarded to Italian construction company and all names of accused persons has been forwarded to the office of the prosecutor General for decision. **Source:**

Business anti-corruption portal

Conflict of interest case: Roads Authority

The roads authority (RA) was accused of conflict of interest after its industrial relations manager, Fredric Dausab, pocketed N\$16,3 million from two companies in which he allegedly hold shares. The companies were identified as L&D Trading Enterprises CC, in which he owns 50% and FLD Trading Enterprises CC, which have both been granted RA contracts since 2011. The Anti-Corruption Commission (ACC) concluded its investigations and could not find evidence against the management of RA that merits referral of the docket to the Prosecutor General as required in terms of the Anti – Corruption Act. The investigations revealed that the tenders were awarded in accordance with the company's prescribed code of conduct and ethics policy. However the ACC Director Mr. Paulus Noa has written a letter to the RA Chief Executive Officer Conrad Lutombi urging him to review the company's conflict of interest policy, which gives him the right to authorize his employees to do business deals with RA. Noa said the ACC believes that granting permission to RA employees to do business with their employer creates suspicion of corruption and favoritism. The practice brings the company in disrepute and must be stopped. The management is therefore advised to ensure that the company adheres to good standards of practice to curb conflict of interest. **Source: Namibian Sun**

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