



## BOOK REVIEW

### INTERNATIONAL HANDBOOK OF PUBLIC PROCUREMENT, EDITED BY KHI V. THAI. TAYLOR & FRANCIS GROUP, BOCA RATON -FLORIDA, 2009. ISBN: 978-1-4200-5457-6 (HARDCOVER), 802 PP.

#### Reviewer

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#### ABSTRACT

*Public procurement is an important sub-sector in the economy with a substantial contribution towards national development at macro and micro level. As a result, the sub-sector has experienced rigorous reforms worldwide to accommodate better practices and harmonise the legal framework to deliver the best outputs. However, apart from the aforementioned, there has been an absence of specific literature to guide practitioners and researchers on practical public procurement undertakings and the perspectives arising. The legislation and guidelines are neither self-sufficing nor a panacea to all challenges and flaws arising in public procurement. Hence, having literatures profiling public procurement practices is paramount and this book came timely to document discussions on public procurement with experiences from different countries and international institutions. A number of scholarly articles have been incorporated with different themes and/or orientations including public procurement systems, electronic procurement as well as public procurement methods and practices. Despite the observed contributions, still some debates are missing in the book which (if included) could have added more rigorous discussions and perspectives. Also, discussion paper(s) on the diffusion of electronic procurement in the developing countries particularly in Africa would have been contributory since there are a number of challenges inhibiting the proposed system reforms in public procurement. Likewise, public procurement is not immune to conventional risks, hence, inclusion of paper(s) with a meticulous discussion on the respective risks and their mitigation strategies is still wanting. Even so, the book is very useful and instrumental towards guiding researchers, trainers, consultants and practitioners with interest in public procurement initiatives and undertakings.*

**Key words:** *Public Procurement, Electronic Procurement, Reforms, Policy and Systems.*

**Paper type:** *Book Review*

**Type of Review:** *Peer Review*

#### 1. CONTEXT AND SYNOPSIS

The importance of public procurement is undisputable due to the volume of transactions and financial resources attached to the respective undertakings. Approximately governments worldwide spend USD 9.5 trillion each year procuring goods, works and services which in turn has increased the public demand for greater transparency and efficiency (World Bank, 2018). Addressing the demand for public goods and services such as construction of health facilities and schools; purchasing of medical supplies; renewing city bus fleets and construction of airports; building roads and bridges are all examples public procurements exerting pressure to governments. Undeniably, public procurement is a powerful lever for achieving economic, environmental, technological, and social goals (World Bank, 2016). Therefore, having literatures that provide guidance and empirical reflections on the best professional practices is very instrumental. Based on that, the book provides a rigorous reflections and empirical discussions of public procurement undertakings in different developed countries and few developing countries. The book is divided into four major parts whereby, the first section covers public procurement (a conceptual

framework) followed by the second section on procurement systems, thereafter a section on electronic procurement while the last section covers public procurement methods and practices. The book is an output of the contributions made by several authors through their empirical papers on public procurement ranging from procurement laws and regulations, processes, methods and techniques as well as procurement professionalism and workforces.

The first section provides a critical and thorough analysis of public procurement frameworks through conceptualisation and reflection of numerous systems applicable in different countries. The span of the discussion spreads from public procurement system reforms, competitive procurement proceedings, service outsourcing, organisational roles and responsibilities in public versus private sector as well as simulation approach to in-house versus contracted-out cost comparison. Authors of the respective papers point out clearly that public procurement reforms are paramount only if government agencies and authorities mandated with public procurements want to cope with the best professional and technological practices. Reforms have been cemented by the call for accountability, transparency, ethical practices and corruption free procurement undertakings in public procurement particularly in developing countries. Though the reforms made seem to be successful and with permanent positive changes, it has been argued that political forces inherent with the political systems will continue to undermine the permanence of the aforesaid reforms.

Political systems have always been oscillated between two extremes consisting of either a very tight and burdensome control or a relaxed regulatory condition. Either of them can have significant implications on the modus operandi of the public procurement system or the drive for reforms (legal and institutional) to achieve the expected outcome(s). Authors emphasise the importance of competitive proceedings, transparency and accountability concepts. The pillars are nowhere more significant in public administration other than in procurement which may account for more than a third of a government's annual outlays (pg. 87). Also, public procurement is inherently a politically sensitive activity, not least because it involves significant amounts of public money even within the context of a national economy. Further, authors provide highlighting as to why addressing corruption in public procurement is an important component of any effective anticorruption strategy. Of all the government activities, public procurement is the one most vulnerable to corruption, which is evident from the recurrent scandals related to the award of public contracts particularly of major development projects (pg. 107).

Section two provides a synopsis of procurement systems used by united nation systems and governments. The chapter gives an analysis of the public procurement systems in developed and developing countries in order to get reflections and lessons for learning. Authors profiled the systems used in United Nations, US Federal Government, European Union, Germany, China, Uganda, Estonia, South Africa and Cambodia. The analysis gives a cross section of the systems used and the challenges experienced. Though the United Nations is not a country, it is the largest group of international organizations and surely a group of public entities composed of member states, whose functions are essential for the international society. Hence, the overview of their system was essential and the chapter gives a summary of the significances, basic structure, difficulties confronted, efforts to tackle them and future challenges of the system. The chapter also previewed the European Union procurement practices guided by the rules created to implement the internal market policy in procurement. The rules were derived mainly from two sources namely; the European Community Treaty which applies in principle to all contracts, and the procurement directives which regulate procedures for awarding certain larger contracts. Experience shows that many governments have traditionally followed protectionist practices in public procurement—such as reserving contracts for national suppliers—that can have a significant impact on trade. As opposed to that, the aim of the European Community procurement regime was to eliminate such practices and open up public procurement to trade between member states. The overview of the respective country's procurement systems gave a critical analysis of the historical reflections and reforms; legal framework and operations; organisational structures; processes and procedures as well as policy and institutional framework.

Third section is about electronic procurement (e-procurement) which basically unveils its adoption and practices in public procurement with reflections from a number of countries. Authors addressed the need for experience-based research into the operational issues of e-procurement by examining not just the implementation process, but also diffusion of practices and experiences from public sector e-procurement operation in both local authorities and national government departments. Authors argue that the adoption and implementation of e-procurement is mostly gauged into five key themes namely cost-efficiency benefits; impact of e-procurement systems on the form and nature of supplier governance; system implementation; information technology infrastructure issues; organizational and relational issues. Also, the section covers the analysis of the factors influencing e-procurement usage in public procurement as well as facilitators of e-procurement with experiences from the UK, US and Australia. The challenges and lessons learned were also profiled with reflections from the World Bank procurements particularly in the selection and employment of consultants.

The fourth section covers public procurement methods and practices. Authors gave discussions on the best public procurement practices, public-private partnerships, contract negotiations, disposal of public fixed assets, past performance and supplier selection and contract awards. Among the many practices, authors have given more emphasis on the most critical and subjective to unprofessional conducts. The chapter stresses the importance of sticking to value for money principles in public procurement practices from pre-contractual, contractual to post-contractual arrangements. The contract negotiation process is critical particularly for more complex contract whereby there is a greater necessity to spend time, expertise, resources, and efforts on details in negotiations. With regard to disposal of assets, authors profiled a number of methods such as bids and sales, donations, equipment trade-ins, recycling refurbishment, and re-disposition. However, organizations should always measure performance in order to assist in assessing the effectiveness of a disposition program. Similarly, there is a call for all applicable laws and regulations, procurement professionals to realise the importance of properly closing the books during the disposition process.

## **2. CONTRIBUTIONS AND APPRAISAL**

The book has made remarkable contributions in the empirical literature as well as providing critical guidance to researchers, consultants and practitioners in public procurement. The fact that there is an absence of literatures in public procurement, the editor has made a valuable contribution through inputs from the respective authors who consented to share their scholarly articles. The discussions provided particularly on procurement systems, procurement methods and practices as well as e-procurement enable the reader(s) to grasp the key technical and methodological perspectives coupled with practical examples from developed and developing countries. More interestingly is the debate on the adoption of e-procurement which is picking up in the developing countries whereby the book has provided guidance on the key aspects to be looked upon prior to adoption and integration in public procurement system. Unlike general procurement perspectives, public procurement orientation is different and complicated in terms of service delivery, governance, legal and regulatory frameworks, magnitude, accountability and financial implications. Therefore, the experiences and reflections on e-procurement from different countries exposed in the book are more informative particularly to practitioners, researchers and consultants.

Nonetheless, more write ups on the contemporary procurement practices in public procurement should have been included in the book in order to provide overviews from different countries. Perfection of public procurement practices is ongoing and mainly driven by the technological developments as well as the quest for achieving value for money. Thus, the discussions on the best practices should have covered the contemporary methods used in public procurement apart from conventional ones which seem to be a little bit bureaucratic. There is an increased use of the contemporary methods and approaches in public procurement such as shopping, back-sourcing, force account and public private procurement partnership unlike the conventional methods such as open tendering. Despite delivering best outputs based on competitive proceedings, tendering has been criticised for its weaknesses such as limited participation of competent bidders due to excessive formalism, time and cost consuming, restricts

bidders' participating in determining technical specifications (early supplier involvement) and overemphasis on the lowest price which mostly does not represent the best long-term value (Waruguru, 2015)

Likewise, public procurement is not immune to conventional risks. Hence, a meticulous discussion on the respective risks and their mitigation strategies in public procurement is still wanting. Public procuring entities are exposed to risks such as frauds and corruptions, cybercrimes, piracy, collusions and conflict of interest which have an impact on public procurements undertakings aiming at achieving value for money. Therefore, cautiously the entities should not allow the lurking risks which may destroy procurement and supply initiatives in the supply chains mostly due to external dependencies. Russill (2010) highlights the potential risk situations as a result of external dependencies which include poor supplier performance, damages and losses in the supply chain, supplier pre-occupation with major projects, supplier bankruptcy and over-dependence on too few sources of supply. Hence, as part of hedging, procuring entities should consider insurance covers as a potential remedy against poor performance and subsequent losses in transit. The risks associated with fraud can be dealt through application of consistent and firm procurement procedures which provide audit trails, ensure transparency and even-handedness.

Similarly, discussions on sustainable procurement practices currently prevailing in public procurement should have been considered in the book as they have a strategic contribution towards effective and efficient public procurement systems. Practices such as green procurement, supplier development, early supplier involvement and strategic procurement as highlighted by Lysons and Farrington (2016) and McCarthy (2014). The quest for green practices in public procurement is undeniable as concerns for protecting the natural environment have taken an upper hand. A thorough discussion of the same would have been tremendous in the book since there has been a great move towards harmonising the procurement laws and regulations to accommodate green practices public procurement. For example, the European Union recognises that green procurement practices are important tool towards achieving environmental policy goals relating to climate change, resource use, sustainable consumption and production. Not surprisingly, the city of Regensburg used green practices for the procurement of utilities which helped to save EUR 10 million on energy and water costs over a 15-year period (European Union, 2016). Taking the case of Tanzania, the practices have been reflected in Regulations 241 and 327 of the Public Procurement Regulations 2013. Though the country is yet to perfect the application of the green procurement practices, the initiatives and some undertakings have been done in collaboration with the National Environment Management Council.

Though much of the procurement principles, methods and practices have been availed basing on the context of different countries, the book vividly hasn't provided more reflections and examples from Africa and/or other developing countries. Their context would have been more helpful towards providing learning points to practitioners and researchers. Some reflections have been accommodated from papers based in Cambodia, Uganda, South Africa and Tanzania to mention a few, but they are not reflective or sufficing enough. There are a number of challenges inhibiting the public procurement reforms particularly in Africa which need to be exposed since they are affecting the initiatives towards effective execution of major development projects. Some of the recurring challenges include inadequate planning, unprofessional and unethical behaviours, limited accountability, frauds and corruption (Ambe and Badenhorst-Weiss, 2012), unfair announcement of public tenders and delays in payment processing which reduce the appeal of public procurement opportunities for international firms (Mandelbaum, 2017). Also, inclusion of a paper providing a rigorous discussion on the frequency and unpredictability of legal framework reforms in developing countries would have been valuable. The aforementioned (frequency and unpredictability) have implications towards enforcing compliance and attracting eminent firms to participate and compete for public procurement opportunities in Africa.

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