COMPETITIVENESS IN PROCUREMENT CYCLE AND VALUE FOR MONEY IN LOCAL GOVERNMENT PROJECTS IN TANZANIA: THE QUEST FOR GOOD GOVERNANCE

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ABSTRACT

Public procurement is regarded as a strategic area to create value for money in public sector projects; however high profile corruption cases continuously hit the news, raising a range of procurement-related governance concerns from the general public resulting from lack of competition and bid rigging.The objective of the study was to determine the influence of competitiveness on value for money in LGA procurement cycle in Tanzania. The study adopted cross-sectional research design with the sample size of 280 respondents from Local Government Authorities (LGA) in Tanzania. The data were analysed using structural equation modelling (SEM). The results revealed that the stakeholders perceived moderately the level of competition in LGA procurement cycle in Tanzania. The descriptive analysis of the competition variables were also rated as good by stakeholders where all competition indicators included in the study have shown the perception above average score. The hypothesis was tested by using the structural equation model by measuring the influence of competition in LGA procurement cycles on value for money adherence in LGA using confirmatory factor analysis (CFA). It was revealed that competition had a significance and positive influence with a higher cut-off Goodness-of-Fit Index (GFI) >.90 and RMSEA (spec. < 0.08). Thus, the results rejects the null hypothesis (H_0) that, the competition in LGAs procurement cycle has no positive and significant influence on value for money adherence and accept the alternative hypothesis (H_a) that, the competition in LGAs procurement cycle has positive and significant influence on value for money adherence. The study concludes that competition in LGA procurement cycle has significant and positive influence on value for money adherence. The paper recommends the LGA to opt for more competitive procurement methods and automate the procurement process to reduce face to face contacts with suppliers to reduce potentials for corruptions for procurement projects to get better value for money and hence achieve good governance in public procurement.

Key words: Value for Money, Competition, Governance, Public Procurement.

1.0 INTRODUCTION

Public Procurement continues to account for a significant portion of Gross Domestic Product (GDP)(World Bank, 2013). The public procurement market is considered to be the largest business sector in the world and represents 16% of the Gross Domestic Product (GDP) of the European Union (Grandia, 2014). It accounts for 13% to 20% of worldwide GDP (Testa, Annunziata, Iraldo, & Frey, 2016). Every year an estimated average of US$9.5 trillion of public money is spent by governments through public procurement (OECD, 2013).It is estimated that in Ghana, public procurement accounts from 70 to 80% of the total government expenditure (Senzu & Ndebugri, 2017). Csáki and Gelléri (2005), opine that public procurement practice requires the selection of the "best value" bid, taking into account a number of considerations including quality, life cycle cost and risk as well as past performance of the vendor on the basis of a Value for Money (VFM) evaluation in supplier selection process in local governments. Successful tendering requires high quality bids that not only meet formal and legal requirements but are able to meet the expectations of the local governments with manageable cost to the bidder.

Public procurement involves the expenditure of large sums of public money, and given its magnitude, can impact on the structure and functioning of competition in a market more generally (Baldi, Buttasso, Conti & Ricardo, 2016). Due to the magnitude of the spending involved, public procurement can have a market impact beyond the mere quantities of goods and services purchased through its procurement policies. As observed by some authorities on this matter, the public sector can affect the structure of the market and the incentives of firms to compete more or less fiercely in the long run(World Bank 2014). The competition concerns arising from public procurement are largely the same concerns that can arise in an ordinary market context (Gisselquist, 2012, Caldwell *et al.,* 2005). Public procurement is one of the sectors that require attention in terms of good governance as it is directly related to the expenditure of public funds (Shakya, 2015).

In public procurement, the goals of fairness, competition and economic value are paramount and to achieve these goals, effective and efficient procurement processes must be established and adhered to(Hanák andMuchová2015). This includes incorporating adequate controls to promote competition and minimise the risk of fraud, corruption, waste, and the mismanagement of public funds (Anderson, Kovacic & Müller, 2011). Corruption flourishes when competition is un-regulated, under regulated, or ill-regulated with managerial officials continuing to enjoy a high level of discretionary power (Gong & Zhou, 2015).A sound public procurement system needs to have good procurement laws and regulations (Senzu & Nndebugri, 2017). Public procurement is not only about formalized procedures but also fostering relationships and building social capital (Flynn, Davis, McKevitt& McEvoy, 2013).

Procurement of government services occurs in an artificial market, even if the market is competitive. With a liberalisation of the markets, potential contractors should be allowed to compete in a transparent and fairly managed environment that allows each eligible contractor an opportunity to participate in public procurement contract offerings (Hanák and Muchová, 2015). Competition allows for access to fair pricing, quality and efficient service delivery. Competition in public procurement suggests that the procurement rules are designed in such a way as to encourage the maximum participation of the widest possible 'pool' of suppliers. By maximising competition in public procurement regulation, the government obtains the best value in terms of price, quality, contract terms and conditions (Williams-Elegbe, 2015).

Ensuring a level playing field for potential suppliers to gain access to government contracts remains a major hurdle, especially at the international level (OECD, 2013). Collusion in public procurement may diminish public confidence in the competitive process, and undermine the benefits of a competitive marketplace (OECD, 2011). The selection criteria for the evaluation and awarding of the tender affect the intensity and effectiveness of competition in the tender process, impacting not merely on the project at hand but also on the maintaining of a pool of potential credible bidders with a continuing interest in bidding on future projects (OECD, 2009).Transparent procurement procedures can contribute to a more efficient allocation of resources through increased competition and budgetary savings for governments; conversely as companies (domestic and foreign) develop more confidence in participating in procurement practices, the number of bidders expands, yielding stringer competition. Such increase in competition can bring costs down, improve quality and delivery terms, facilitate innovative approaches to production and improve after sales services (Obanda, 2010).

Value for Money is a core principle underlying public sector procurement. Value for Money in a procurement function is a good measure of an economy and efficiency with which public financial resources are converted into procured quality goods, services and works (URT, 2012). The achievement of value for money is at the heart public procurement, value does not necessarily suggest the cheapest price, value for money means securing the best mix of quality and effectiveness for the least outlay over the period of use of the goods or services bought. To ensure value for money as defined, procurement requires life cycle assessments of costs, quality and performance of goods and services purchased (Erridge, 2007). Public procurement systems are at the centre of the strategic management of public funds to promote overall value for money (OECD, 2011).

It is generally known that procurement is an area with fraud and corruption and exhibits the weaknesses of public sector management in developed and developing countries (Gutman, 2014). High profile cases continuously hit the news, raising a range of procurement-related governance concerns from the general public (EU, 2014). The problem of governance and corruption in public procurement is a real world wide problem, as it is a major concern of most of the developing societies (Gisselquist, 2012, Noor, 2009). It has been opined that the reason behind Africa's development problem is the crisis of governance characterised by poor quality institutions, weak rule of law, absence of accountability, tight controls over information, and high levels of corruption (Bräutigam & Knack, 2016).

Despite of the efforts by Tanzania government to establish the public procurement oversight institutions like public procurement regulatory authority and national audit office under controller and auditor general, the procurement scandals have been continuously reported in the country and some are under investigation by prevention and combating corruption bureau (PPCB). In spite of the efforts by the government of Tanzania and development partners through reforms in public procurement there are still governance challenges in public procurement and the yearly Controller and Auditor General (CAG) reports high profile cases of corruption in the public sector expenditure of which public procurement takes a larger share (CAG, 2019).

This paper examines stakeholders' perceptions of competition in public procurement on value for money (VfM) in procurement cycles of local government authorities in Tanzania. The study focused on procurement of works because of the nature, complexity and the volume of funds spent by government on such projects. The Local Government Authorities were selected to represent public procurement because of the huge volume of procurement projects. The study hypothesises that competition in LGA procurement cycle has no significant influence to value for money adherence.

2.0 THEORETICAL FRAMEWORK

This study is anchored on two theories that explain the study, namely: The public value theory which shows the importance of procurement in creating value to the society through efficiency and stakeholder's involvement and the theory of governance which discusses various perspectives of governance and how they evolve.

2.1 Public Value Theory

Public value theory was formulated by Moore, (1995) to provide public sector managers with a greater understanding of the constraints and opportunities within which they work, and the challenge to create publically valuable outcomes. Benington and Moore (2010) argue that public value theory envisages a manager's purpose as going beyond implementation of policy and adherence to institutional norms. This is also reflected in public procurement whereby procurement managers are expected to adhere to value for money rather than compliance to laws and regulations especially in project procurement where the outcome should be reflected through the usefulness of the project to the community rather than compliance with the laws and regulations. Procurement activity is driven by the overall strategy, values, objectives and priorities of the organisation for the benefit of the local population and this includes applying selection and award criteria that take into account the compatibility of values, together with the general promotion of a public service ethos by providers. Providers are encouraged to deliver broader public value to the local community, such as economic, social and environment benefits whilst providing quality and value for money services and are expected to report progress through the publication of annual Public Value Accounts.

The role of public managers specified by Moore (1995) as one of "explorers" and "moral leaders" whose "ethical responsibility is to undertake the search for public value conscientiously" radically changes the perspective of public procurement professionals. Public Value presents a more modern view of the public sector executive, embracing accountability and viewing public managers as explorers commissioned by society to search for public value, and in doing so are expected to use their initiative and imagination (Moore 1995). Kelly *et al.* (2002) believe that public value provides a broader perspective from which to assess public sector performance incorporating outcomes and the means used to deliver those outcomes, as well as issues of trust and legitimacy. In exploring and defining public value, the emphasis given to consultation and participation has increased which, in turn, has raised expectations and placed bureaucrats under greater pressure (Smith 2004). O'Flynn (2007) describes public value as moving away from the ideological position of market versus state provision. Stoker (2006) views public value as a framework for post competitive collaborative network forms of governance.

This theory was important in explaining how the implementation of the value for money adherence in LGA procurement projects has made significant improvement to the lives of the citizens through creating value for public procurement projects. The public value theory can provide valuable additional perspectives on how to approach public procurement in ensuring that procurement is a core instrument in achieving the objectives and promoting the values for money in LGA procurement cycles in Tanzania.

2.2. Governance Theory

Governance theories have to do with the various perspectives of governance and how they evolve. The governance theory is also relevant in public procurement contracts and its principles can equally be adapted to assess the governance in the public procurement cycle. The theory develops from a set of principles or policies first introduced

by the World Bank in relating with and in assisting developing or third world countries (Bjork & Johansson, 2001). Governance theory sets some basic principles according to which a good government, whatever its form, must be run. Such principles include accountability, control, responsiveness, transparency, public participation, economy, efficiency etc. The theory of good governance is created to reflect all the principles enunciated above and many more (Minogue, Polidano & Hulme, 1998). In line with the World Bank principles good governance involves an efficient public service, an independent judicial system and legal framework to enforce contracts and responsible administration of public funds.

In addition, the IMF (2012) holds that good governance, in all its aspects insists in ensuring the rule of law, improving efficiency and accountability of the public sector, and tackling corruption as essential elements of a framework within which economies can prosper. Adding to the essential elements of the good governance perspective, UNDP (2007) also espouses eight attributes: political participation, rule of law, transparency, responsiveness, consensus, equity and inclusiveness, efficiency and effectiveness, and accountability. From the various principles, ideas and conditions enunciated by the above-mentioned international organisations, the theory of good governance originated.

Today, the theory is very relevant in that the normative question of how to create or ensure good governance remains a central concern in considering governance. This is based on the assumption that the quality of governance can be enhanced by adopting the principles of good governance as enunciated above and by reducing the role of the state in governing. It is also important to note here that several of the strands of thinking in governance have been deliberately introduced in order to achieve enhanced good governance (Khan, 2008; Peters, 2010). The good governance theory is aimed at achieving efficiency in public service delivery, encouraging competition, privatisation, civil service reforms, decentralisation, out-sourcing of services to key private suppliers among others (Williams & Young, 1994). Furthermore, it is be duly stressed that good governance theory is geared towards enhancing ways and means by which state bureaucracies carry-out state activities and utilise state resources so as to protect individual and personal liberties (Sheng, 2008).

The theory is relevant as its principles aided the understanding of this study and was used as guide to measure or assess governance in public procurement in local government procurement cycle as the same principles of governance also applies in public procurement. The study adopts the governance principles of transparency, accountability, competition and public procurement legal framework which were used to measure to achievement of value for money in public procurement projects.

3.0 METHODOLOGY

This study adopted a cross-sectional survey design which aims at data collection for two or more variables to be examined at a single point in time in order to detect variables patterns of association (Bryman, 2008). The design was preferred because of the robustness nature of objectives aiming to reveal relationships among variables and allows inferences to be made on the effects of explanatory variables on an outcome variable (Burns and Burns, 2012). The study also applied a mixed approach to include both qualitative and quantitative approaches. Qualitative approach is believed to be useful in providing in-depth understanding of research issues that embrace participants' perspectives and the context in which they live (Hennink, Hutter, & Bailey, 2011).

The study area is Local Government Authorities in Northern Zone of Tanzania. The justification for selecting LGAs is due to volume of procurement and number of procurement works they conduct annually and their spreading all over the country. The CAG and PPRA annual audit reports also have highlighted difference governance challenges where the country witnessed shoddy works and corruption allegation in the procurement process. For the purpose of this study, the target population was the stakeholders in the public procurement governance process in LGAs in Tanzania and the bidders of the public procurement offers in the country. However the study was limited to individuals who are directly involved such as procurement professionals directly linked to the day to day activities of procurement (Members of the procurement management unit (PMU), Heads of Departments, and the contract managers of the LGAs and the bidders of procurement opportunities in local government authorities. The justification for choosing the local government procurement stakeholders was based on the volume, number and nature of projects procured.By selecting the research sample, non-random methods or non-probability sampling techniques were utilised. In this regard, a total number of 280 respondents were identified for data collection.The distribution of this sample is from fourteen (14) LGAs where in each LGA the sample of twenty (20) respondents were purposively selected from those individuals who are directly involved in the LGAs procurement cycle.

The study used structured survey questionnaire, key informant interviews and documentary review as data collection instruments. Structured questionnaire was used to capture the perception of procurement stakeholders in LGAs while key informant interviews were held with procurement experts, contactors company owners/ managers, staff of the procurement oversight authorities (PPRA) and procurement professional bodies (PSPTB). The information obtained through interviews was used to supplement and validate the data collected from survey questionnaire. The data collection procedures are narrated as follows.

In this study, data analysis was guided by the objectives of the study, followed by data coding, editing and cleaning and initial presentation in general table to facilitate the process of an in depth data exploration. Structural Equation Modelling was used to analyse the relationship between competition and value for money in public procurement cycles in LGAs. The model was used because it allows examination of the set of relations between one or more independent variables with one or more dependent variables, be discrete or continuous. Exploratory factor analysis for competition and value for money was conducted. The goodness of fit was tested to assess the correspondence between the theoretical specification (all parameters) and empirical data. The tests include Chi-square likelihood ratio, Comparative fit index, Trucker-Lewis index and Root Mean Square Error of approximation. The criteria for fit indices was adopted from (Schumacker & Lomax, 2010).

4.0 FINDINGS AND DISCUSSION
4.1Factor Loadings for Competition in LGAs Procurement cycle
Competition is one of the variables used in this study to measure the perception of governance in local government procurement cycle. This study has developed ten (10) sub variables for competition in LGAs procurement cycle. These sub variables are then subjected to factors analysis (PCA) to validate their suitability for the current study. Table 1 shows that there are six (6) sub variables for measuring competition in LGAs procurement cycle in Tanzania with factor loading greater than 0.7 and therefore were accepted for further analysis. Four (4) factors were dropped because they have factor loading below 0.7. The sub factors dropped are Access to tender notice by bidders, Fair evaluation criteria's, bid rigging and excessive focus on short run price competition.   The KMO index in table 2 was 0.864 which is significantly higher than 0.5 (Field, 2013; Kaiser, 1970 and1974). Bartlett's test of sphericity is also highly significant (Chi-Square = 1015.507 with 45 degree of freedom, at $p < 0.05$). Based on these recommendations, only six (6) statements under competition in LGA procurement cycle are concluded to have internal consistency and thus reliable for further statistical analysis.

Table 1: Factor Loading for Competition in LGA Procurement Cycle.

|	Sub Variables	Factor Loadings
C1	The level bidders participation in public procurement opportunities	0.802
C2	The choice of the competitive methods of procurement	0.803
C3	Open bidding procedures to stakeholders	0.811
C4	Access to tender notice by bidders	0.494
C5	Fair tendering procedures and transparency in selection of winning bidders	0.764
C6	Fair evaluation criteria set in the bidding documents	0.363
C7	Bid rigging among public staff and bidders	0.548
C8	Excessive focus on short-run price competition at the expense of long-run, non-price competition	0.647
C9	Collusive or corrupt conduct during any procurement procedure	0.826
C10	Non Compliance of the bids at the preliminary stage of evaluation	0.867

Table 2: KMO and Bartlett's Test for Competition in LGA Procurement Cycle

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.864
	Approx. Chi-Square	1015.507
Bartlett's Test of Sphericity	Df	45
	Sig.	.000

4.2 The Level Competition of bidders in the LGAs Procurement cycle
The implementation of good governance is measured through the principles of good governance, thus the researcher asked the perception of stakeholders on the Levels of perception of competition in the procurement cycle in local government. The finding presented in Figure 1 indicates the mean level of perception on competition in LGA procurement cycle was 7.5 this reflects a good level of competition in the procurement process of LGAs. However,

findings are supported by U.KOffice of Fair Trade, (2004) reported that, any feature of public procurement processes that limits participation has a detrimental impact on competition.
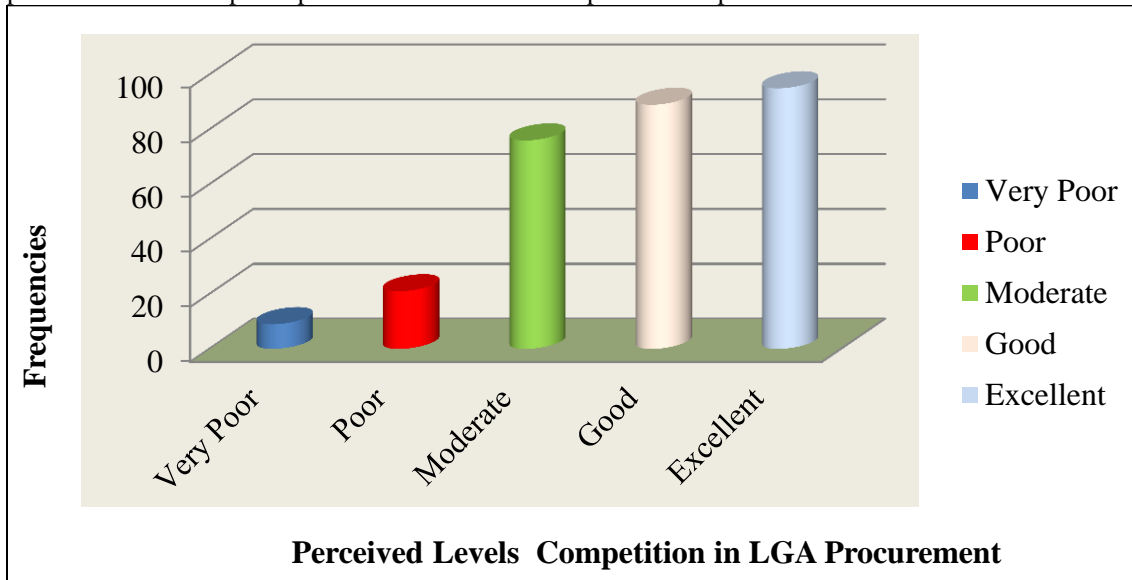
Figure 1: The level Competition in LGA Procurement Cycle

4.3 Perception on Competition in LGAs Procurement Cycle

The study assessed the perception of stakeholders on competition in LGAs procurement cycle issues. Therefore the study established the competition index based on Likert mean between 1 and 10. In this study a mean ranging from 1 to 2 means very poor competition in LGA procurement cycle, a mean ranging from 2 to 3 means poor competition in LGAs procurement cycle, from 4 to 6 means fair or moderate competition in LGA procurement cycle, from 6-8 means good competition in LGA procurement cycle and from 8 to 10 means excellent competition in LGA procurement cycle.

The results in Table 3 reveal that the average mean and standard deviation for competition variables in LGAs are 7.09 and 2.8 respectively and this represents a good competition level in LGAs procurement cycle based on our established index. It was noted that access to tender notice by bidders has a better mean of 7.8. This is a good indicator that shows bidders can compete in public procurement opportunities in LGA. Other indicators that had shown better performance above the mean of 7.0 are the level bidders participation in public procurement opportunities, the choice of the competitive methods of procurement, open bidding procedures to stakeholders, fair tendering procedures and transparency in selection of winning bidders and fair evaluation criteria set in the bidding documents are presented in Table 2.

Findings support the report by UNCTAD (2012), which stressed that the starting point for achieving best value for money in government procurement is a regulatory framework that is based on the principle of competition and that submits public spending to the adherence to competitive procurement methods. In order to attain value for money and to work as a proper tool for the public sector, public procurement activities need to take place in competitive markets. Hence, in order to promote the efficiency of the procurement activities and value for money, public procurement rules need to be pro-competitive and guarantee that they do not distort competition in the market.

**Table3: Perception on Competition in LGA Procurement Cycle**

	Competition in LGA procurement cycle	Mean	Standard Deviation
C1	The level bidders participation in public procurement opportunities	7.2825	2.07556
C2	The choice of the competitive methods of procurement	7.4387	1.97015
C3	Open bidding procedures to stakeholders	7.6134	1.96023
C4	Access to tender notice by bidders	7.8364	5.89232
C5	Fair tendering procedures and transparency in selection of winning bidders	7.1450	2.03087
C6	Fair evaluation criteria set in the bidding documents	7.5279	5.95225
C7	Bid rigging among public staff and bidders	6.8810	1.94725
C8	Excessive focus on short-run price competition at the expense of long-run, non-price competition	6.5948	2.09729
C9	Collusive or corrupt conduct during any procurement procedure	6.1933	2.17169
C10	Non Compliance of the bids at the preliminary stage of evaluation	6.3383	2.10562
	Average	**7.08513**	**2.820323**

4.4 The Statistical Relationship for Competition and Value for Money in LGAs Procurement Cycle
The study used structural equation modelling to establish the relationship between competition in LGA procurement cycle and value for money. Structural equation modelling provides a very general and convenient framework for statistical analysis that includes several traditional multivariate procedures. The statistical model is usually represented in a set of matrix equations (Hox & Bechger, 2000). Factor analysis assumes that the covariance between a set of observed variables can be explained by a smaller number of underlying latent factors. In figure 3, the observable variable transparency is explained by ten latent factors (C1 –C10) and value for Money is also explained by latent factors (V1 –V10). However during the factor analysis only six constructs met the minimum factor loading for competitions which are C1, C2, C3, C5, C9 and C10. The purpose of structural equation modelling is twofold. First, it aims to obtain estimates of the parameters of the model, i.e. the factor loadings, the variances and covariance of the factor, and the residual error variances of the observed variables. The second purpose is to assess the fit of the model, i.e. to assess whether the model itself provides a good fit to the data (Hox & Bechger, 2000).

The analysis for the Maximum likelihood estimation shows that 58% of value for money performance can be explained by competition in LGA procurement cycle and its' specific parameter estimate shows statistically significant relationship (Coef=0.58, Std err=0.061, z=9.36 and p>z=0.000). This indicates competition construct is a better predictor of value for money adherence in LGA procurement cycle. Since value for money adherence has been contributed by competition in the procurement cycle. Therefore the improvement in governance has significant influence on value for money performance in public procurement projects.

These findings are supported by the theory of governance that good governance is aimed at achieving efficiency in public service delivery, encouraging competition, transparency and accountability. The theory duly emphasises that good governance should be geared towards enhancing ways and means by which state bureaucracies carry-out state activities and utilise state resources so as to protect individual and personal liberties (Sheng, 2008, Williams & Young, 1994). The findings also support the public value theory as highlighted by Staples, (2010) and which points to the fact that, the strength of public value is that it embraces distinctive and unique complexities of the public sector and does not attempt to merely apply business logic to the public sector. O'Flynn (2007) argues that a more pragmatic approach in selecting providers to deliver public services creates more opportunities for the maximisation of public value and hence value for money.
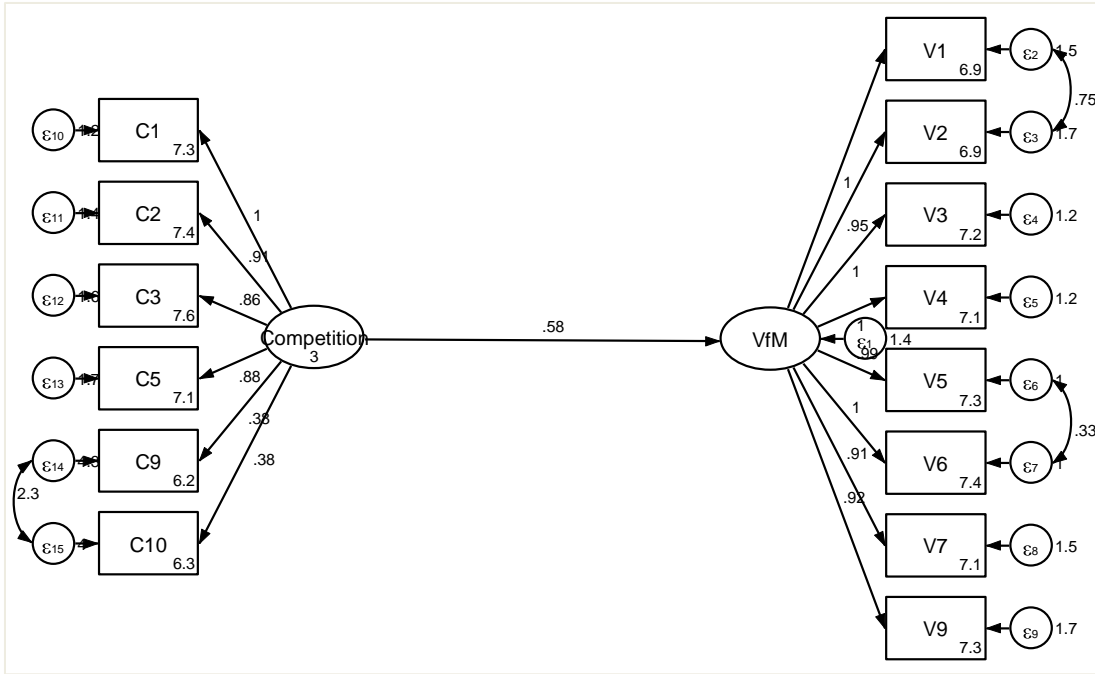
Figure 2: The relationship between accountability and value for money in LGA procurement

The statistical test for goodness of fit indicates that the model is consistent and over-identified or fit well with the data. This implies that attainment of required goodness of fit adequately explains the hypothesised relationship competition in LGAs procurement cycle and value for money. The goodness of fit is shown in Table 4 and it fits because the recommended cut-off points have been attained. Specifically, it is recommended that X^2 value (131.625) of sample moments must be greater than estimated parameters while its p-values have to be less than 0.05. The recommended cut-off points for Comparative Fit Index (CFI) is the value close to 1, Trucker and Lewis Index (TLI) is the value close to 1 and Root Mean Square Error of Approximation is 0.08 (Schumacker & Lomax, 2010). Thus the model meets all the index fit criteria thus predicts well the relationship between competition in LGA procurement cycles and value for money adherence.

Table 4: Goodness of fit for competition LGA procurement cycle against value for money

Type of test	Amount of coefficient
Likelihood ratio measured by Chi-square	131.625
P-value	0.000
Root mean squared error of approximation	0.055
Comparative fit index	0.975
Trucker-Lewis index	0.969
Akaike's information criterion	13542.328
Bayesian information criterion	13707.684

4.5 Hypothesis Testing
The study objective was to determine the influence of competitiveness on enhancing value for money in LGA procurement cycle in Tanzania. The following hypothesis was formulated for the testing.

H_0: *Competition in LGA procurement cycle has no positive and significant influence to value for money adherence*

H_a: *Competition in LGA procurement cycle has positive and significant influence to value for money adherence*
The hypothesis was tested by using structural equation model by measuring the influence of competition in LGA procurement cycles on value for money adherence in LGA using Confirmatory Factor Analysis (CFA). It was revealed that competition have a significance influence with a higher cut-off Goodness-of-Fit Index (GFI) >.90 and RMSEA (spec. < 0.08). Thus, the results rejects the null hypothesis (H_0) that, the competition in LGAs procurement cycle has no positive and significant influences value for money adherence and accept the alternative hypothesis (H_a) that, the competition in LGAs procurement cycle has positive and significant influence the value for money

adherence. The study concludes that competition in LGA procurement cycle variables has significant positive influence value for money adherence.

The study is coherent with Roman (2017), who argued that, the role of competition in public procurement has often been empirically tested by examining the number of bidders participating in the procurement and the finding has shown a significant relationship between competition and price of a tender which can also be related to value for money. Another study by Soudek & Skuhrovec (2016) also demonstrated that competition significantly affect the final price of public procurement contracts. Procurers can obtain lower prices for their procurement by bringing a more competitive environment into the procedure. This can be achieved by using an open procedure, which enables anyone to bid for the procurement.

The study by Hanák and Muchová, (2015) was concurred with the findings when they found that competitive practices in procurement ensure the best value for money as it encourages more bidders to participate in procurement process compared to non-competitive procurement. By maximising competition in public procurement regulation, the government obtains the best value in terms of price, quality and diminishing bid rigging. Their study also revealed a positive moderate correlation between the number of bids and the amount of relative price decrement measured between award and expected prices.

CAG report for FY 2016/2017 on review of procurement records for the year ended 30th June, 2017 noted a sum of TZS 1,413,388,622 paid by 32 LGAs for procurement of works, goods and services without following a competitive bidding process (single source without proper justifications) contrary to Regulations 159 & 164 of the PPR of 2013 as amended in 2016. The situation casts doubt on whether value for money was attained by the respective LGAs by using the direct shopping that lacks competition to enable them to obtain the most competitive supplier in terms of best delivery, price and quality. LGAs that procured goods, non-consultancy services, and works without competitive bidding together with the amount involved. The interview with one of the contactors in Kilimanjaro region also noted that the competition in LGAs works projects is limited by lack of integrity by some staff that are involved in the procurement cycle. He explained that:

> "…*Most of the time those people in LGAs give the estimates to their favoured bidder prior to submission of tender documents and some are favoured during evaluation of tenders by correcting their documents that would have made them non responsive. I have my personal experience when my bid was disqualified because of documents that were claimed by evaluation team not submitted while during the opening the document was there...*" (Interview-Moshi).

Findings support the study by Mchopa, *et al.* (2014) whose findings indicated that there was effective competition throughout the procurement cycle because specifications were adequately and competitively prepared by user departments, competitive methods such as competitive tendering and competitive quotation were used and bidders were given fair and equal chances to compete. Moreover, Darabad (2017) also asserted that competition is the key to ensuring that the governments and citizens get the maximum value of money in the process of public procurement. He added that in order to optimize value for money and increase efficiency; public procurement requires a regulatory framework based on the principle of competition and that is compatible with procurement regulations and policies. Efficient public procurement practices contribute towards the sound management of public expenditure.

5.0 CONCLUSION AND RECOMMENDATIONS
The study concludes that there was moderate competition in LGA procurement cycle in terms of the level bidders participation in public procurement opportunities, compliance of the bids at the preliminary stage of evaluation, access to tender notice by bidders , fair evaluation criteria set in the bidding documents, the choice of the competitive methods of procurement , excessive focus on short-run price competition at the expense of long-run, non-price competition, collusive or corrupt conduct during any procurement procedure, fair tendering procedures and transparency in selection of winning bidders, bid rigging among public staff and bidders and open bidding procedures to stakeholders. Therefore the study concludes that there is a significant degree of competition in LGA procurement cycle and statically moderate significant positive relationship between competition and value for money.

The paper recommends the LGA procurement cycle to improve competition in procurement of projects .The LGAs should opt for more competitive procurement methods for procurement projects to get better value for money. In order to achieve the best value for money in public procurement, a wider scope of competitive procurement procedures is important, as opposed to reliance on the traditional competitive tendering. The study further recommends that the procurement competition process should be automated to reduce face to face contact between the public officers and potential bidders. This system would enhance access of information by bidders, the general public as well as oversight bodies lets alone reducing transaction costs.

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