

# Procurement Act and Project Delivery in Nigeria: Relative Importance Index Perspective

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**Abstract:** The purpose of the public procurement Act is to ensure free and fair competitiveness among the contractors, transparency of the procurement process, effective utilization of public funds. Public procurement Act was design to mitigate the occurrence irregularities in public procurement. This research study the impacts of PPA implementation on construction project delivery. Quantitative study approach was adopted and Questionnaire was design for data collection from the all professionals in the construction industry. Seventy (70) Questionnaires were distributed to the respondents through simple random Samling, fifty-two were filled and returned while 18 were either not returned or unfit for analysis given the study 74% returned rate. Average mean and Relative importance index were employed for the data analysis. The result of the analysis reveals High project performance, less uncompleted projects, Adequate Public infrastructures, Meeting stakeholders' expectations and Low corruption in projects procurement as the Top five impacts of PPA implementation on project delivery. The study recommends that, Procurement process monitoring units should be establish by all procuring entities to ensure adherence to the Act, more awareness should be created among the stakeholders in the Nigerian construction industry.

**Keywords:** Procurement act. Project delivery.

## 1. Introduction

Nigeria been among the oil producing countries in the world, saw economic stagnation, an increase in hardship, lack and deficient public infrastructures and failure of public institutions due to unstable and prolong military dictatorship, corrupt politicians and financial mismanagement [4]. Human development metrics in Nigeria were comparable to those of other developing nations, but pervasive corruption made it challenging for many funding initiatives to be successful. According [11], Nigeria's the building industry contributes 1.4% of GDP and around 70% of the country's fixed capital formation [4]. Many procurement processes have undergone significant change in Nigerian construction industry, most likely as a result of the apparent shortcomings in the conventional procurement technique. The Public Procurement Act of 2007 has had a significant impact on the Nigerian construction sector today since it has significantly reduced the prevalence of misconduct and associated difficulties in the procurement process [1]. Construction industry professionals in

Nigeria have welcomed the PPA, 2007 as the appropriate approach to promote transparency, probity, and best practices in the procurement process [12]. The government's efforts to establish new legislation on procurement have been at least successful with all the countering forces, as evidenced. The Nigerian construction industry has experienced successful procurement systems that had been employed to procure multiple construction projects, and these have largely influenced project performance [15].

The purpose of the procurement law is to safeguard free and equal competitiveness of contractors, transparency of the procurement process, effective utilization of public funds, and to minimized the risk taken by both parties to lowest level possible. According to [9], Nigeria can be characterized as an ironic nation because its socioeconomic performance has remained lackluster and superficial over the years. This was mostly ascribed to widespread corruption or poor resource management that was directly related to public sector procurement procedures [9]. The major problems in Nigeria is associated with inadequate infrastructures which stems mostly from procurement, clients, consultants, and contractors, and so on [5]. The introduction of public procurement law becomes necessary to curve down the incidences of corruption in the procurement process in Nigeria. A governing body that regulates and control the public procurement procedures for transparency and public accountability. Eight years after the Act's ongoing implementation, the problems found in the World Bank's Country Procurement Assessment Report (CAPR), which was prepared in cooperation with local consultants, are regrettably still prevalent. A significant multi-stakeholder public framework, the Procurement Act covers a wide range of topics for efficient capital project execution, service delivery, and social and economic growth [19]. In light of this, this study examines how the performance of building projects in Nigeria has been affected by the adoption of PPA 2007. Notwithstanding the expected advantages of capital projects and its execution through various government program efforts, Nigeria has a number of abandoned projects that leave its inhabitants without proper infrastructure. Many Nigerians currently live in poverty as a result of this. Procurement entities as evidenced in some government institutions still employ

lengthy administrative procurement processes in procuring products and services, and they have led in the failures of some construction projects [2]. [12] examined PPA 2007's difficulties in putting government regulations pertaining to the building sector into practice. They come to the conclusion that consideration should be given to the varying degrees of effects of the implementation of PPA 2007. By doing this, the federal government will be able to conduct the yearly capital appropriation and other procurement activities in a way that is both successful and efficient for economic development [12]. That is thought to be one of the main reasons the Act was passed. The background information above makes it clear that earlier research has concentrated on the difficulties and procedures of the Public Procurement Act of 2007, among other things. This study examines how the performance of building projects in Nigeria is affected by the implementation of the PPA 2007. The document starts here. Copy and paste the content in the paragraphs.

## 2. Literature review

The guiding principles for capital projects procurement by all levels of government should be through competitive tendering methods, where the details of the proposed project be included in the advertisement via appropriate channels to the intended contractors. The interested contractors will submit all the required documents indicating levels of registration, experience and previous similar projects handled for the purpose of comparison or competition with other contractors. Public procurement refers to the purchase of goods or services, by public entities through funds that are obtained from the general public, whether or not a formal contract is in place. It entails the public sector's procurement, employment, or contractual acquisition of commodities, construction projects, and services that are required by the public. Even when the authorities do not actively participate, it encompasses circumstances where public resources are raised to purchase commodities, services, and works [12]. According to [15] Public Procurement is a multifaceted process extending from procurement strategy, resource allocations, bidders / contractors advertisement and invitations, bidders' assessment, recommendation and contract award, project and site management, performance evaluation, monitoring and documentation. Nigeria's public procurement system has been egregiously misused over the years, resulting in significant resource losses. Like most of the developing Nations, World Bank has been linked with Nigeria's public procurement reform [16]. World Bank, in conjunction with private sector specialists, study the composition, legal structure, organizational capabilities, current regulations, and practices of Nigeria's public sector procurement system. The report advocated for an alternate legal basis that would remove that uniqueness in the awarding of public contracts, and it recommended that the Bureau of Public Procurement (BPP) and National Council on Public Procurement (NCPP) to be established as procurement regulatory organizations their duties include

overseeing and managing all public procurement procedures and systems [4].

The Nigerian government established a Units to carry out the reform in an effort to purify the system [6]. Public procurement Act (PPA) The Act establishes the National Council on Public Procurement with Bureau of public procurement (BPP). A system for guaranteeing rigorous adherence to the norms and processes governing competition, openness, and financial integrity that ought to direct contract award. By targeting the heavily exploited procedures from the past, Due Process aims to restore public faith in governance by introducing the necessary fiscal restraint and solid economic principles [17]. The Due Process was designed to restore integrity to the nation's procurement by achieving performance goals: guaranteeing continued involvement by respectable, capable, and trustworthy contractors; settling contract prices at close to minimal price; fostering tenderers' confidence in the process; and providing value throughout project implementation and completion [6]. Among its other statutory duties, the mechanism is intended to regulate and establish criteria to implement uniform bidding and tender documents, formulate overall procedures and principles on public sector procurement, maintain professional ethics, and report negligent employees. [8]. The above section says how to prepare a subsection. Just copy and paste the subsection, whenever you need it. The numbers will be automatically changes when you add new subsection. Once you paste it, change the subsection heading as per your requirement.

### A. Compliance with Public Procurement

The status of operating in conformity with established rules, regulations, or laws, or the manner of becoming so, is known as compliance. Generally speaking, it is adherence to a clearly defined rule, policy, norm, or regulation. that usually entails observing rules and guidelines, which, if broken, can result in legal consequences [17]. Additionally, it makes it simpler for an entity to identify systemic problems or enhance current standards that fall short of the company's objectives. In the corporate world, an increasing number of businesses have been tracking data that can be used to gauge progress toward their objectives for years using "key performance indicators." Every conformance metric relates to the objectives of the firm. In essence, firms must comply with procurement laws within them and publicly. Internally, using software programs to guarantee compliance with sourcing, purchasing, contracting, and supplier processes is best practice for businesses. strategy adherence is a highly valued best practice in terms of its advantages. Public procurement is a crucial government function. The financial system is greatly impacted by the size of procurement expenditures, which must be carefully controlled. Government procurement expenditures are thought to account for between 10 and 30 percent of global gross national product (GNP) in all countries [3]. To make sure that procedures and guidelines are effective, clear, exchanged and subsequently followed, the public sector invests a lot of time

and resources. As a result, many nations, particularly developing nations with numerous incomplete projects, constantly struggle to manage procurement expenses effectively.

### *B. Prospects and Challenges in Nigeria*

According to [20], the Act (PPA) has achieved many of its stated goals and purposes. Many states in Nigeria, have implemented the PPA (2007) in their procurement procedures, Nigerian procurement procedures are currently receiving careful attention from both domestic and foreign organizations [10]. [9] lists eight or nine opportunities that the Procurement Act of 2007 brought about, including: a new focus on government-related operations; openness; good management of public funds; a decrease in the effect of fraudulent activities: non awards to incompetent contractors; and an improvement in the rate of agreements to competency standards. even though such reforms have the positive potential, from a variety of national perspectives, they must overcome various difficulties and barriers. These issues are evident from public government agencies, contractors, consultants, and service providers, as well as from legislators and some regular individuals in the areas where these projects sit. [3] state roughly 6 to 8 difficulties affecting the PPA (2007) in Nigeria. These difficulties include political meddling, the national council on public procurement (NCP) not being inaugurated, the refusal from different to embrace modifications in the recent procurement act, the division of contracts into smaller units for simple approval, the inept and inefficient framework for the public procurement in the civil service regulations, postponed annual budgets, inadequate prequalification assessment of contractors' and service providers' technical and financial capabilities, a long time frame for the legal unit of MDAs to prepare and sign agreements, which leads to late site possession, and the anti-corruption agencies' incapacity to attempt and resolve public procurement cases quickly are just a few of the issues. In line with [13].

### *C. Impacts of PPA in Construction Industry*

Getting the most favorable deal for the Nigerians is the aim of procurement process, which is carried out while strictly adhering to the commitments and organizational values of the procuring entity, that are required by the policy to contract out services which are outside of their primary business activities, for which there is a varying need for specialized skills or equipment, or for which the open market offers a more cost-effective and commercial alternative [18]. The core objective of the Bureau's guidelines is for acquiring Organizations to purchase the needed services, supplies, and equipment at the best possible regards that meet the minimum quality and delivery standards, while accounting for the entire life cycle costs and protecting the procuring entity's credibility. Supporting the growth of a local supplier, especially in the regions where multiple Procuring Organizations function [18]. Due to its importance in the development process, the number

of resources it uses, and its vulnerability to improper influences, public procurement is significant. According to a Transparency International report from 2006, public procurement accounts for at least 15–30% of GDP in several nations [14]. In Nigeria, PPA is the most comprehensive and admirable institutional improvements agendas that the country initiated in recent years, which inhibits price hikes through due process system [14]. In essence, the law is an anticipatory remedy to Nigerian institutional weakness that seek to foster transparency and accountability in the public procurement [2]. It projected procurement-related misconduct at typically 10% to 25% and in certain instances as much as 40 to 50% of the total cost of the contract. This is precisely Nigeria cannot be considered an exception to the widespread issue of corruption in many African nations, that has contributed to compromised and paralyzed institutions that have impeded the country's ability to expand and develop sustainably. The governing body was created as a result of the public procurement law [7], which is primarily broken down into thirteen sections. Every section addresses a distinct historical structural flaw that has afflicted the Nigerian public procurement system over time. Getting the best deal for the Federal Government of Nigeria is the aim of procurement, which is carried out while strictly adhering to the contracts and corporate values of the procuring entity. According to [2], the procurement act's is a limit or meant to reduce fraud in the awarding of public contracts. Further advantages that could help the industry include civil society procurement evaluating, conformity networks, authenticity pacts, principle-based campaigns, cooperative action, leaking information, and the current e-procurement process.

### **3. Methodology**

The study adopts survey research strategy with the application of well-structured questionnaire

The research was conducted in Abuja the capital of Nigeria. The city was considered due to its high level of construction activities and the concentration of construction professionals, clients and building contractors of different categories. The study population includes all the stakeholders in the construction industry. The questionnaire designed consists two sections, A and B. Section A for the respondents' personal data collection and Section B for data collection on the research variables. The respondents were asked to answer based on the level of their agreement with each statement about the impact of PPA 2007 on questionnaire using five (5) point Likert scale (5 – 1) from 'very high', 'high', 'moderate', 'low' and 'very low'. Eighty (80) questionnaires were hand administered to the study respondents through random sampling. Fifty-seven (62) were filled and returned. 18 were either not returned or damaged which render it inadequate for Analysis. The research used the software program Statistical Software for Social Science (SPSS) for data processing and analysis, the results were presented through tables and charts.

#### 4. Data analysis

##### A. Response Rate

In this study, the respondents were all the Practitioners in the Nigerian Construction industry. A total of 70 questionnaires were hand administered to the respondents, 52 questionnaires were completed and returned back where 18 questionnaires were not returned.

Table.1 shows that the analysis of the study respondents profile, the survey cut across the professional in the Nigerian construction industry especially those that are usually directly or indirectly involved in the procurement procedures. In terms years of working experience 32% of the study respondents have more than 30years working experience in the construction industry, followed by 6-10years constituting 37%. 11-15 years constitutes 21% and 1-5years account for 10% of the respondents. Academically, 94% the respondents hold adequate academic qualification ranging from HND to PhD. This implies highly knowledgeable and qualified respondents registered by their respective National professional bodies.

Table 1  
Respondents' profiles

Professional Background	Frequency	Percentage
Architect	10	16
Builder	11	18
Civil Engineer	17	27
Quantity Surveyor	24	39
Years of Working Experience	Frequency	Percentage
1-5 years	06	10
6-10 years	23	37
11-15 years	13	21
Over 15 years	20	32
Educational Qualifications	Frequency	Percentage
ND	8	6
HND	13	21
B.Sc/B.Tech	28	39
MSc/MBA	10	16
PhD	11	18
Professional Membership	Frequency	Percentage
Probationer	3	9
Associate Member	11	18
Corporate Member	25	40
Fellow	23	37

Table 2 show the data analysis on the impacts of public procurement act on construction delivery in the Nigerian construction industry. According to the respondents' opinion, the Highest impact of PPA was "High projects performance" with mean value (M) of 4.03 and relative importance (RII) of 0.81 followed 2nd in the ranking by "Less uncompleted projects" with mean value (M = 3.85) and (RII = 0.77). Adequate Public infrastructures was ranked 3rd by the respondents with mean value of (M = 3.69) and (RII = 0.74). "Meeting stakeholders' expectations" and "Low corruption in projects procurement" were ranked 4th and 5th with mean value of (M = 3.63, 3.60) and (RII = 0.73, 0.72} Respectively. The findings of this study is consistent with Abdullahi and Usuga (2023) were twenty impacts of due process in Nigerian construction industry were assess. The result reveals that, High Project success, Adequate Public infrastructures and Meeting stakeholders' expectations were the top three impacts of due process in the construction industry.

The least impacts of PPA implementation according to this study were "Improved familiarity with the rules was ranked 14th with average mean value (M = 2.87) and (RII = 0.57) "Formulation of regulatory authority" ranked 15th with average means value (M = 2.85) and (RII = 0.57) "Improved professionalism" Perceived moral obligation and social responsibility by all and Integrity of public officials and bidder employees were ranked 16th, 17th and 18th.

#### 5. Conclusion

Infrastructural development increases the rate of economic development of any nation, especially African countries where the existing infrastructures are decaying and not adequate due to economic problems and rapid population increase. Nigerian governments are making efforts towards developmental projects. However, many reports indicate gross misuse and irregularities in all levels of public procurement processes leading to resource losses connected the issues of official influence, padding complicity resulting to the high cost of procurement, project failure and the lack of intrinsic value for

Table 2

Impacts of PPA Implementation on construction project delivery

S/N	Impacts of PPA Implementation	N	X	M	RII	Rank
1	High project performance	62	250	4.03	0.81	1 <sup>st</sup>
2	Less uncompleted projects	62	239	3.85	0.77	2 <sup>nd</sup>
3	Adequate Public infrastructures	62	229	3.69	0.74	3 <sup>rd</sup>
4	Meeting stakeholders' expectations	62	225	3.63	0.73	4 <sup>th</sup>
5	Low corruption in projects procurement	62	223	3.60	0.72	5 <sup>th</sup>
6	Reduction of political interference	62	218	3.52	0.70	6 <sup>th</sup>
7	No contractors ring formation	62	212	3.42	0.68	7 <sup>th</sup>
8	Encourage investment	62	209	3.37	0.67	8 <sup>th</sup>
9	Media publicity/ transparency	62	208	3.35	0.67	9 <sup>th</sup>
10	Improved law Enforcement	62	201	3.24	0.68	10 <sup>th</sup>
11	Project records management	62	191	3.08	0.62	11 <sup>th</sup>
12	Professional Integrity	62	190	3.06	0.61	12 <sup>th</sup>
13	Public accountability	62	185	2.95	0.60	13 <sup>th</sup>
14	Improved familiarity with the rules	62	178	2.87	0.57	14 <sup>th</sup>
15	Formulation of regulatory authority	62	177	2.85	0.57	15 <sup>th</sup>
16	Improved professionalism	62	172	2.77	0.55	16 <sup>th</sup>
17	Perceived moral obligation and social responsibility by all.	62	165	2.66	0.53	17 <sup>th</sup>
18	Integrity of public officials and bidder employees	62	162	2.61	0.52	18 <sup>th</sup>



the public fund. To checkmate the situation, majors have been taken at different time to regulate and monitor all public procurement processes. The passing of public procurement act by the legislators was the most recent government effort to save public procurement. This research, study the impact of public procurement act implementation on the Nigerian construction industry. Impacts of PPA have been identified through the review of literature. The result of the study shows that, High project performance, less uncompleted projects, Adequate Public infrastructures, Meeting stakeholders' expectations and Low corruption in projects procurement were the Five top impacts of PPA implementation on project delivery in Nigeria. This is consistent with many studies, the essence of procurement procedures in contractors' selection is to award a contract to the most competent contractor that based on the outlined criteria and the evaluation will be able to deliver the project that can perform its intended functions for, within the agreed budget and schedule. By that, the project will be available to use by the public.

## 6. Recommendation

Based on the study findings, the following recommendations are made.

1. Procurement Units and Procurement process monitoring units should be established independently by all procuring entities at all levels of government to ensure adherence to the Act.
2. More awareness on the impacts and benefits of the Act should be created among the stakeholders in the Nigerian construction industry.
3. Transparency should be encouraged and be the focal point of all procurement processes.

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