

Public Procurement in Local Government: A Tool for Good Governance, Value Creation, and Sustainable Development

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ABSTRACT

Worldwide, government adopts various methods and strategies for Good Governance (GG), Value Creation (VC) and Sustainable Development (SD) in public sector. One of such methods is Public Procurement (PP), a strategic instrument for public policy initiatives and a tool to stimulate GG, VC, SD, economic growth, and competitive markets. However, in Local Government (LG), PP process is often exposed to fraudulent activities, mistrust, non-competitive, non-transparent and non-accountable or politicized, these hampered GG, VC, and SD. It is against this background, that the study examined PP fundamental principles, mechanism for effective operation, essentials steps for LG PP process, and using fundamental principles as moderating variables in PP process to achieve GG, VC and SD. The study employed exploratory research design. Consequently, the study concluded that PP is a strategic tool to achieve GG, VC and SD in LG. Besides, the moderating variables of PP process in LG is not only prerequisite for GG, VC and SD but a means to guarantee integrity, fair pricing standard, trust, widening SMEs participation, and also to solve societal and climatic problems prevailing at the LG areas. Therefore, the study recommends that LG should have financial, administrative, and political autonomy to drive procurement policy for GG, VC, SD, and societal sustainability. Additionally, professionalizing and adoption of E-procurement in LG will ensure efficient service delivery and seamless procurement process. Furthermore, procurement officials should exhibit efficiency, transparency, accountability and probity in procurement process to avoid bureaucracy and corrupt practices pertinent to award of contract and payment.

KEYWORDS: Efficiency, Good governance, Local government, Public procurement, Sustainable development, Value creation.

1.0 INTRODUCTION

Worldwide, government adopts various methods and strategies for good governance, value creation, and sustainable development at the grassroots. Government at the grassroots or local community is called local government and it is created through the process of democratization. Local government is the closest government to the citizens to provide goods, services and works for community development, citizens wellbeing, and as opportunity for citizens to participate in decision making at community-based governance (Adekoya, 2020). In either rural or urban setting, local government plays important roles in political, administrative, infrastructures development, and socio-economic at the grassroots. It provides range of services which have direct impact on citizens' life and community's sustainable development in the areas of health, waste

management, poverty alleviation, security, environment, education, agriculture, technology and infrastructure. In a nation, sustainable development, value creation and good governance becomes real and meaningful when it emanates from the grassroots. However, a nation cannot be regarded as developed when its villages, districts, or communities remain as rural and its cities going advanced. Therefore, local government stand to balance the gap between the cities and the villages by focussing on grassroots developmental agenda. Globally, government pursued various form of Public Financial Management (PFM) reforms for good governance, value creation, and sustainable development in public sector. Hence, one area of PFM reform that is so germane is public procurement. It is a strategic instrument for public policy initiatives and a tool to stimulate innovation, development, economic growth, and competitive bidding or markets.

“Public Procurement in Local Government: A Tool for Good Governance, Value Creation, and Sustainable Development”

Public procurement is the purchase of goods, services, and works by public institutions such as central, state, and local government and their agencies as an act of service delivery. It is the acquisition of goods, services and works by governments and their agencies (Uyarra *et al.*, 2014). It is a sustainable acquisition and disposal of goods, services, and works by government and its agencies with public funds in an efficient, effective, auditable, sustainable, strategic, and transparent manner for wellbeing of the citizens. According to OECD (2019) public procurement accounts for 12% of Gross Domestic Product (GDP) and one third of government expenditures in OECD countries. Also, it accounts for 14% of European Union GDP and 17% of GDP of African countries (Arisoy, Leipold & Messan, 2023). In a developing or emerging economy, public procurement ranges between 15-22% of GDP while in Nigeria, it accounts for average of 25-30% of GDP. Globally, public procurement is the second largest expenditures of government after salaries and wages. Consequently, it has become an important issue for debate, study and research considering the colossal amount of public funds expended annually on public procurement, which required efficient monitoring, transparency, accountability and financial probity. Then, public procurement is not just a process to acquire goods and services but a means: to encourage and strengthen public policies (Romadiyanti, 2022), to implement and drive government strategic policies, activities, and solve various societal problems (Allen, 2021; Uyarra *et al.*, 2020), to provide social value for local community and its citizen (Gidigah, Agyekum & Baiden, 2021), to solve problems like inequality, climate change, ageing and biodiversity loss (Kundu, James & Rigby, 2020; Selviaridis, Iuzzini & Mena, 2023), to aids the promotion of social and environmental sustainability and economic development (Harland *et al.*, 2019), while the procurement law also assist to achieve efficiency and value in the acquisition of goods, services and works (Asamoah *et al.*, 2019). Additionally, public procurement drives green economy through fairness, equity, efficiency, product quality, competitive bidding, cost effectiveness and transparency in the procurement process to achieve value creation, good governance, sustainable development, economic growth, and societal wellbeing.

Despite various reforms of PFM, public procurement process still exposed to number of challenges and difficulties in the public sector, these imposed by variety of environmental/external factors like market, legal, political, organizational, and socio-economical. Besides, Mrak, Vretanar and Antonic (2016) reported that with huge sum of money expended annually through public procurement on government activities, at time, the procurement process is often exposed to fraudulent activities likes corruption, nepotism and favouritism. Moreover, in Local government of some developing countries, public procurement process has

been non-competitive and non-transparent, it is either politicized or lack openness and fairness. In addition, personal management hinders achievement of procurement objectives (Manu *et al.*, 2021). Furthermore, in some instances, procurement process seems to be unproductive, inefficient, and failed to curb corrupt practices but used as conduit pipe to siphon or embezzled public funds through the collaboration of contractors or service providers and officials of the procuring entity. This fraudulent act is achieved by supplied of inferior products or non-delivery of goods and services, inflated prices, and abandonment of projects. To avert or reduce these problems, public procurement laws or Act had been enacted in various countries across the world. Hence, in Nigeria, it was enacted in 2007 as part of government reform to: improved PFM and good governance, minimize corrupt and fraudulent practices in procurement process, change citizens' mistrust and misbelief on government procurement policies and ensure transparency, accountability and probity in procurement process.

Many studies have reported the importance and roles of public procurement in public sector in developed and developing countries (Allen, 2021; Chiappinelli, 2020; Kundu *et al.*, 2020; Mwangi and Arani, 2021; Romadiyanti, 2022; Selviaridis *et al.*, 2023; Uyarra *et al.*, 2020) but with less significant record or focus on local governments level, especially in a developing economy. Therefore, these made local governments to lagged behind on procurement process in the areas of policies, administration and professional personnel (Shonia, Mushkudiani & Makhatadze, 2021). Furthermore, public procurement still at parochial stage in local governments with problems of insufficient technical or professional personnel, limited number of qualified suppliers or contractors within the local community, nepotism, and absence of E-procurement. In addition, Ifejika (2019) reported that procurement Act has been partially implemented or not being effective to ensure good governance while Omagbon (2016) viewed that procurement compliance rate in local governments had been low due to political interference in the procurement process.

These problems hampered local governments sustainable development, value creation, and good governance. Similarly, these problems open doors to corrupt practices, resources wastages, financial mismanagement, budget deficit, poverty and economic deterioration. Considering the high rates of corrupt practices; citizens mistrust and misbelief in procurement process; lack of accountability, transparency, probity and competitive bidding probably pertinent in local government procurement process, this calls for attention of policy makers, government, practitioners, researchers, and academicians with a view to proffer solution for transparent, accountable, efficient, effective, and probity approach in local government procurement process to enhance good

governance, value creation and sustainable development. Therefore, the objective of the study is to show how public procurement can promote good governance, value creation, and sustainable development using the moderating variables of transparency, accountability, probity, competitive bidding, and VFM in procurement process. The theoretical implication of the study is the basic contribution to the emerging issues, body of knowledge and literatures on public procurement, and how public procurement can be used to achieved good governance, value creation, sustainable development, and societal wellbeing of the citizens in local government. The rest of the paper is divided into sections, section two is review of extant literatures, methodology in section three, while section four dealt with summary, conclusion and recommendations.

2.0 REVIEW OF EXTANT LITERATURE

2.1 Conceptual Review

2.1.1 Local government: Local government is the lowest tier of government in a federalism concept. It is the closest government to the citizens that deals with matters at the grassroots. It is the government of local community of rural, suburban and urban area within a geographical location, where citizens practices self-government, manage their affairs and resources with derived powers, responsibilities, functions and roles as entrenched in the constitution or regulatory laws (Adekoya, 2020). In Nigeria, local government has been acknowledged as third-tier of government as entrenched in 1999 and 2011(amended) constitutions. Local government as a third-tier institution is guaranteed with democratically elected representatives to manage the local community resources, involves in grassroots development and value creation. The word local government emanates from two word “Local” and “Government”. Local means interaction of common people of the same culture, tribes, values, customs and language confined in the same geographic area of villages, district, community or municipality. The Government is the legal entity for self-taxation, self-government and administration of the local community (Mbieli, 2018).

2.1.2 Public procurement: Public procurement is the use of public funds for the acquisition of goods, services, and works at economic prices, best quality, right quantity from the right vendor, contractor or supplier and for the right purpose by following due process and instant compliance with laid down rules and regulations (World Bank, 1995). Public procurement enables public sector to fund and execute government activities in area like security, education, health,

work and housing, agriculture, power and renewable energy, waste and environment, and others. It involves renting, buying, works, leasing or acquiring supplies (Bawole & Adjei-Bamfo, 2020). Public procurement accounts for huge sum of government expenditures or activities and remain significant portion of nation’s economy. Procurement as a branch of PFM influences financial process, institutions, and systems for the acquisition of goods, services and works in a timely and cost effectives manner. Additionally, efficiency, accountability, transparency, competitive bidding, and probity in public procurement policies and practices are basic element of good governance, value creation, and sustainable development. Public procurement process involves three steps, these are assessment of public needs, contract management, and final payment. Alternatively, Hui *et al.*, (2011) reported six procurement steps, these are risk assessment, evaluation, award, delivery, payment, and final disposal of assets at the end of its useful life. Besides, in public procurement process, the relevant stakeholders are: (1) public buyers (they coordinate the procurement process), (2) suppliers or contractors (they supply or provide the product, goods, services or works), and (3) the users or consumers (citizens whose needs or demands are fulfilled). Hence, procurement is divided into three: (1) Goods- all manufactures items like consumable, equipment and furniture. (2) Services – this can be advisory, intellectual, consultancy services or technical services which are labour or equipment intensive like mapping or surveying. (3) Works – related construction or repair of infrastructures like building, highways, dams, roads and powers.

Furthermore, public procurement is backed up with executive, legislative, and judiciary constructs. The executive is the heart of implementing and interpreting procurement policies at each tier of government. The legislative issued laws on procurement process and practices, and also determine the parameters for public procurement implementation. The judiciary interprets procurement laws where there are areas of disputes between the government or procuring entity and the contractor or service provider. Above all, pillars of procurement are economic, legal, management, technical and human resources. These pillars assist to ensure that procurement process follows due process, ethical standard, effectiveness, fair pricing and acquiring the best product. Hence, there is need to understand customer needs, to acquire the right goods, to price correctly, to meet contractual obligation and to delivered goods on time.

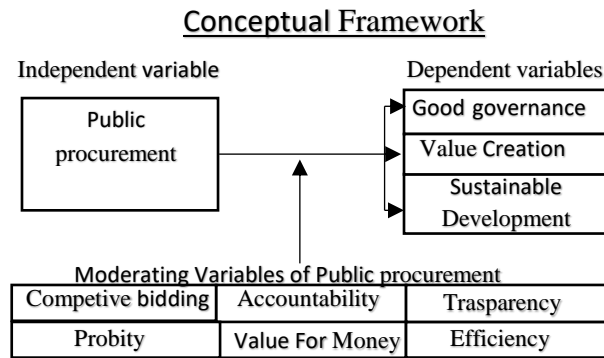


Figure 1. Conceptual framework
Source: Researcher’s work (2024)

2.1.3 Fundamental principles of public procurement

Public procurement is governed by unique principles which are the same globally. Hence, in Nigeria, section 16(1) (a-g) of public procurement Act (2007) and Section 26 of Lagos State procurement law (2021), governed all forms of procurement by the procuring entity based on the following principles or rules:

1. Procurement plans must be supported by prior budgetary appropriation. Additionally, a certificate of no objections to contract awards must be obtained from the procurement bureau or agency.
2. Procurement must be by open competitive bidding using clearly defined criteria which gives equal opportunities, fairness and openness to all participating bidders.
3. Procurement must be transparent to ensure probity, accountability and conformity to the prevailing Act and other relevant regulations.
4. Procurement must have the aim to achieve value for money and fitness of purpose using cost-benefit analysis, risk assessment, and life cycle cost appraisal.
5. Procurement must promote competition, economy, effectiveness and efficiency to all parties in the procurement process.
6. Procurement process must be efficient and conducted within a stipulated time frame as laid down in the Act. This is to avoid unnecessary delay but ensure VFM and timely delivery of goods, services, and works.
7. Procurement must ensure proper accountability where procurement officers can be called upon to give accounts of their stewardship, being investigated and liable for their actions.
8. Procurement must ensure that quality goods, services, and works are acquired at minimum cost.
9. Procurement must ensure public trust and confidence on procurement process.
10. Procurement process must be efficient and effective in order to eliminate corrupt practices and limit project abandonment or supply of inferior products.
11. Procurement process must ensure integrity of purpose where public funds, assets, resources are utilized in line with budgetary provision, intended purpose, and rules of laws.

2.1.4 Lagos State Public Procurement Law (2021)

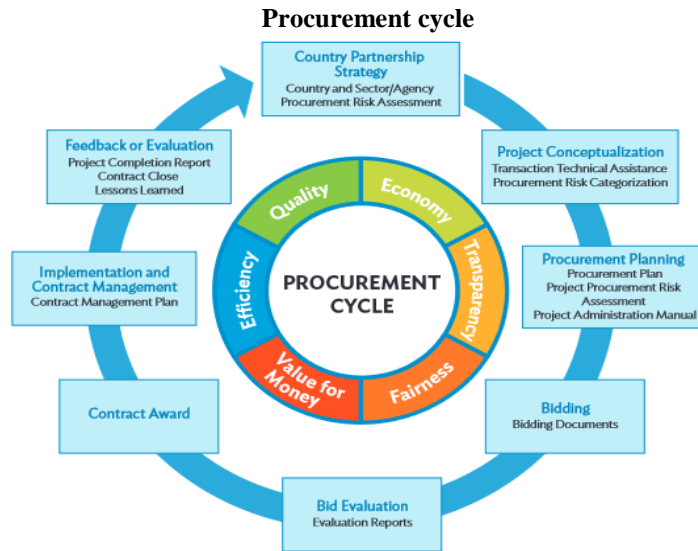
The law governed procurement process in Lagos State, Nigeria, with special focus on local government. Section 3(1) of the law established Lagos State Public Procurement Agency (PPA). PPA is saddled with responsibilities to consider and approve policies on public procurement, and make recommendations on any procurement guidelines and regulations to be pursued. The law is to ensure: probity; accountability and transparency; fair pricing standard and benchmark; SMEs participation in the economic benefits of public procurement; fairness and competitive value for money on procurement and disposal of public assets; competitive bidding; professionalism, integrity, and public trust on public procurement procedures. Section 37 and 38 of the law established local government tender’s committee. The committee is saddled with the responsibility to consider and approve all contracts forwarded to it from the executive committee of local government. The tender committee is the clearing house for the award of contracts after due evaluation of professional and financial competency of the contractors. Membership of this committee are:

- | | |
|---|----------|
| 1. Vice-Chairman of the local government | Chairman |
| 2. Secretary to Local government | Member |
| 3. Supervisor for Works | Member |
| 4. Council Manager/Head of Administration | Member |

“Public Procurement in Local Government: A Tool for Good Governance, Value Creation, and Sustainable Development”

- | | |
|------------------------|-----------|
| 5. Legal officer | Member |
| 6. Council Engineer | Member |
| 7. Procurement Officer | Secretary |

In addition, the quorum of the committee shall be five (5) members including the Vice-Chairman. The activities of the committee shall be guided by the provision of the laws, financial memoranda, and other state circulars or regulations.



Source: Asian Development Bank.

Figure 2. Procurement cycle.
Source: Asian Development Bank (2021)

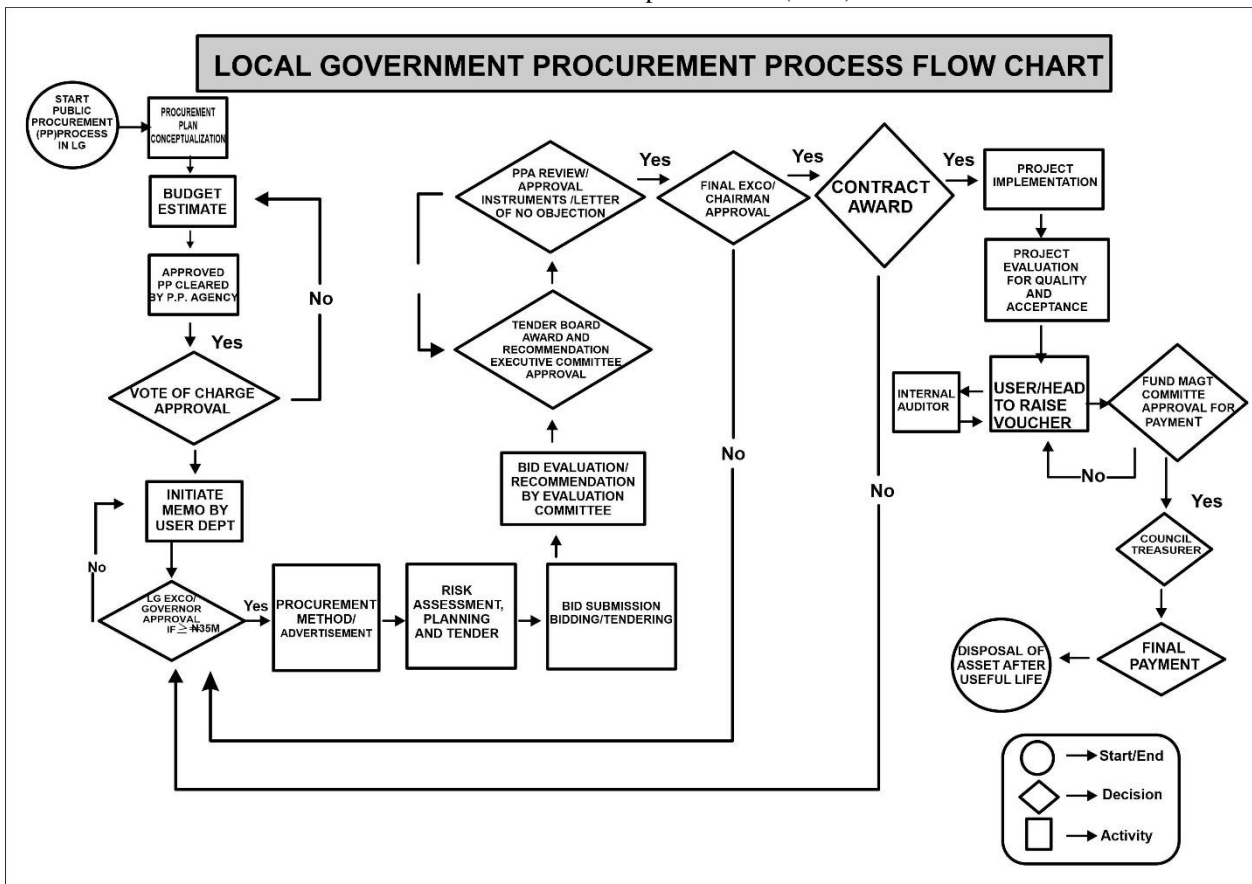


Figure 3. Local government procurement process flow chart
Source: Researcher’s work (2024)

2.1.5 Essential steps for Local government procurement process

These steps align with Asian Development bank (2021) procurement cycle in figure 2 and the procurement process flow chart in figure 3

1. Efficient procurement plan of conceptualization driven by needs assessment.
2. Annual appropriation through the annual approved budget.
3. Advertisement.
4. Transparent prequalification risk assessment, planning and tendering.
5. Bid submission and opening.
6. Bid evaluation by technical and financial personnel.
7. Tender board and Executive committee approval.
8. Contract award for instant execution.
9. Project implementation.
10. Feedback mechanism and project evaluation technique for quality and acceptance.
11. Disposal where necessary after useful life of the goods or project.

2.1.6 Mechanism for effective operation of procurement system in local government

1. Legal framework and regulations – rule of laws is essentials for perfect and meaningful procurement process to minimized corrupt practices. The legal framework should cover bidding process, opening of tenders, announcement of the bid winners, guidelines on contract advertisements, and full scope of public funds utilization.
2. Institutional structures – public procurement should align with institutional structures such as PFM, approved budget, audit act, financial memoranda, and other guidelines or regulatory circulars on public funds.
3. Access to information – Local government should ensure that all parties to procurement process have access to procurement data or information for informed decision. Besides, all aspect of technical information should be simplified for bidders’ comprehension.
4. Capacity development – procurement officers should be well trained and equipped with modern procurement strategies and ICT tools to enhance their performance and duties.
5. Control and Auditing mechanism – appropriate internal control and auditing process should be established for effective check and balances to deterred or minimized corrupt practices in the procurement process.
6. Appeals process – appeals channels should be established for fair hearing from aggrieved

participants on any complain or appeal for non-transparent or fraudulent procurement process.

2.1.7 Good governance- public procurement is a critical pillar for strategic good governance and service delivery. It fosters public sector efficiency, propel citizens trust, creates job opportunity, protect the environment, and advance development of SMEs. The concept of good governance was developed in 1990 by World Bank. Thereafter, other donor agencies followed, which had resulted into series of reforms by countries to promote good governance, efficient procurement process and prudent management of public resources. Good governance is defined by different agencies with either four, six or eight dimensions of governance. Good governance is the process where public sector conducts public activities and manage public resources in a more prudent, transparent and accountable manner. It is an efficient and effective utilization of public resources for societal wellbeing. According to World Bank (1997), good governance is defined as method by which government exercises power in the management of economic, political and social resources of a nation. Sitardja and Dwimulyani (2016) also defined good governance as efficient and effective process of using public resources for the general wellbeing of the society. Besides, the principles of public procurement which also governed the principles of good governance are transparency, accountability, rule of law, equity, competition, trust, probity, efficiency, effectiveness, openness and fairness. Consequently, to achieve good governance through public procurement required the adoption of the principles of public procurement on acquisition of public goods, services and works. In Nigeria, public procurement Act (2007) was enacted as institutionalised statutory tools, and administrative mechanism for the promotion of good governance, efficient utilization of resources and procurement process in public sector.

Conversely, public procurement is particularly susceptible to corruption due to huge sum of money involved, this varied according to individuals or procuring entities. Corruption and fraudulent practices in public procurement is pertinent and a global phenomenon, this has negative impact on citizens welfare, service delivery, and good governance. It also leads to misallocation of resources, distorts public policy, and hinder sustainable development. Corruption in public procurement is derived from fraudulent activities likes fraud, bribery and extortion, inflated prices, project abandonment, and delivery of inferior products. Besides, corruption is all forms of dishonesty, unfairness, fraudulent conduct by person or organization entrusted with powers or responsibilities for private gain (Adekoya & Enyi, 2020). Hence, corruption is common to public procurement and perceived by certain people as channel for siphoning public funds for private gain

through inflated prices, supplied of inferior products, distortion of competition, limited market access, and conflict of interest in decision making. Therefore, strict compliance to the principles of public procurement or moderating variables of efficiency, competitive bidding, transparency, accountability, probity and VFM will eliminate corrupt practices and enhance good governance.

2.1.8 Value creation

The aim of government is to create public value (Moore, 1995). Walter *et al.*, (2001) defined value as trade-off between sacrifices and benefits. However, public procurement serves as basic drivers of value creation in public sector. Also, it enables significant sums of public funds invested to shape the markets (Mazzucato & Ryan-collins, 2022). Value creation from public procurement is a dynamic process which involve the agreement of different stakeholders and their aggregate resources, activities and capabilities. Public value is created by achieving public objectives likes enhanced trust, improved goods and services, quality products at minimum cost, and solution to societal problems (Horner & Hazel, 2015). Hence, social value increased social, economic, political and environmental well-being of the citizens at the grassroots and strategic development of the community. Besides, Troje and Andersson (2020) viewed social value as social inclusion, employment opportunity, openness and fairness in supply chain, access to contract by small and medium sized enterprises, and environmental protection which can be enhanced by efficient public procurement procedures. Conversely, Vluggen *et al.*, (2020) viewed that strategic public procurement as an influencer of grassroots community's benefits and social outcomes. Therefore, value creation can be created in local government with an efficient, transparent, accountable, probity, competitive bidding, and VFM in procurement process.

2.1.9 Sustainable development

Development will enhance positive community change and improve citizens wellbeing at the grassroots and the nation at large. Sustainable development is the ability to meet the present needs of the citizens without their futures needs being compromised (WCED, 1987). Similarly, Knight and Rosa (2011) opined that sustainability is the ability of government to sustain citizens' better life on long term basis. Sustainable development can be classified into economic, social and environmental objectives and also, it makes citizens to experienced three core values of better life likes sustenance, self-esteem and freedom. Additionally, sustainable development involves the use of public resources to enhance social-economic development of governments. Besides, sustainable development is achieved by efficient, transparent, accountable, VFM, and competitive bidding in procurement process in areas likes health, education, environment,

agriculture, poverty alleviation, job creation, and infrastructure development. Hence, sustainable procurement is a process of achieving citizen's needs for goods, services, utilities and works and minimizing any form of damage to the environment. Here, procurement creates synergy between innovation, market growth and environmental protection. In addition, sustainable public procurement means acquisition of goods, services and works or investment process which consider economic, environmental, social and institutional impacts of the precuring entities' expenditures. It goes beyond the present needs but focus on future effects of each project and procurement process. Consequently, Hyacinth, Babura and Animashaun (2017) opined that sustainable public procurement is a panacea for good governance. Therefore, sustainable public procurement with moderating variables of efficiency, transparency, accountability, probity, competitive bidding and VFM will promote the pillars of sustainable development in area of economic and social development, environmental protection and institutional governance quality.

2.1.10 Moderating variables of public procurement

Accountability and transparency are vital concept and moderating variables for public procurement to enhance good governance, value creation, sustainable development and general well-being of the society. Accountability is paramount to maintain openness and fairness in the procurement process. Accountability means procurement officers' obligation to give account of their activities. According to Schweiker (1993), accountability is to give account by individual of his/her activities, it is avenue to show one's characters and conducts. Furthermore, Adekoya, Enyi and Akintoye (2019) defined accountability as answering to one's behaviour or action at any time. Therefore, procurement officers must be seen accountable or give account of their stewardship, actions or responsibilities. Hence, to achieve good governance, value creation or sustainable development in local government, accountability in the procurement process is germane. Similarly, transparency as proxies for good governance, value creation or sustainable development in local government is the ability to obtain valid and timely information about government procurement activities by prospective bidders or citizens. Transparency means openness, disclosure and clarity of government information for decision making (Adekoya & Akintoye, 2019). Transparency is characterized by a disclosure system, access to information, openness to public participations, absence of undue secrecy, and readiness to face and accommodate legitimate scrutiny. Besides, fiscal transparency is an aspect of accountability which requires the procuring agencies to follow due process, openness, ethical standards and basic values in the award of contracts. Transparency can be classified into three: (1) Information transparency- provision of accurate, timely, unequivocal, and

balanced information required by all prospective bidders to make an informed decision. (2) participatory transparency-competitiveness, fairness and equality to all bidders to participate in all aspects of procurement cycle. (3) accountability transparency- where those saddled with procurement responsibilities give accounts of their stewardship.

Efficiency is the ability of the procuring entity to procure goods, services and works in a moderate and cost-effective manner in order to drive good governance, value creation, and sustainable development. Efficiency ensures cost savings, avoid unnecessary wastages and delay, and makes procuring entity purchase product at the best possible prices. This can be assessed based on supplier performance, delivery time, risk, return on investment and customers' satisfaction. However, the fundamental principles of efficiency in procurement are accountability, fairness and transparency. In addition, competitive bidding in procurement process enables the procuring entity to procure goods, services, and works from contractors or service providers with the best quality of product at the best value of money. Competitive bidding will assist public procurement process to avoid resources wastages, favouritism, collusion, corrupt practices, and nepotism. Furthermore, it will enhance or improve good governance, equity, fairness, transparency, value, product quality, innovation, sustainable development, and cost effectiveness in procurement process. Probity principle in procurement process is synonymous to honesty, uprightness and good ethical conduct in procurement process. It enables the procuring entity to safeguard procurement activities with robust process which can withstand scrutiny of honesty, openness, and prudence to enhance good governance, value creation and sustainable development. VFM also known as quality price ratio means getting the best payback or quality on the amount of money expended on the acquisition of goods, services and works. This involves cost effectiveness, product quality, personnel technical skills and performance. It is an effective, efficient, and economic use of public resources with costs/benefits analysis, risks assessment, and other costs associated to ownership evaluation. The essence of VFM in procurement is to improve value, product quality, good governance, and optimal developmental objectives. VFM in procurement process revolve round three pillars of efficiency, quality and flexibility while transparency and fairness revolve round the procurement structure and pillars (Asian Development Bank, 2021). VFM principle as moderating variable in Local government procurement process will:

1. Reduce procurement risk and improve the quality of goods, services and works to achieve good governance.

2. Improve fairness and transparency in procurement cycle for sustainable development and value creation.
3. Improve governance performance where suppliers rendered quality product that is cost effective for societal wellbeing of the citizens and sustainable development of the grassroots.

Hence, for VFM to enhance good governance, value creation and sustainable development, there must be:

1. Appropriate procurement plan.
2. Identification of quality goods, services and works to be delivered by supplier or contractor at minimum cost within the delivery time.
3. Good evaluation mechanism
4. Efficient contract management technique.

2.2 Theoretical Review

The study adopts three theories. These are efficiency theory, governance theory and agency theory.

2.2.1 Efficiency Theory: The theory focusses on the ability of the procuring entity to procure goods, services and works in a modest and cost-effective manner. Efficiency theory of public procurement is based on principles of competition, transparency, accountability, fairness, honesty, and probity to achieve good governance, value creation and sustainable development in local government. The theory posits that acquisition of goods, services and works in local government should be done in an efficient and effective manner. An efficient and effective public procurement process in local governments will minimize corrupt practices, favouritism, nepotism, and rivalry but increase fairness, competition, cost-effectiveness, and product quality. In Nigeria, fiscal efficiency in public procurement is backed by 1999 Constitution, Fiscal Responsibility Act (2007), and Public Procurement Act (2007). Therefore, efficient public procurement process is paramount to the development of local community, while efficient use of local government resources will promote good governance, create value, enhance sustainable development, and societal wellbeing.

2.2.2 Governance theory: The theory was established by World Bank with a basic principle of transparency, accountability, efficiency, responsiveness, VFM, economy, and inclusiveness. Besides, International Monetary Fund (IMF) (2022) added integrity, ethical conduct and rule of law to the principle of good governance which also guide public procurement process. However, Williams and Young (1994), opined that basic principle of government is to improve performance, create value and ensure efficiency in service delivery. Therefore, this theory focusses on efficient and effective utilization of public resources, and promotion of good practices on the management of public resources.

2.2.3 Agency theory: Agency theory originated from Max Weber (German Sociologist) studies in 1947. His studies focused on individual rationality bureaucracy, where rules

and regulations on delegated matters are clearly stated and respected. Agency theory was further pronounced by Stephen Ross in 1973 with economic theory of agency and Barry Mitnick in 1975 with institutional theory of agency. Thereafter, the theory was popularised in 1976 by Jensen and Meckling for institutional and business setting. Jensen and Meckling (1976) defined agency theory as a contract between two parties, where one or more individual(s) called the principal engaged other individual(s) called the agent to carry out some functions based on delegated power. Agency theory is an economic theory of good governance, value creation and sustainable development. Trust is very important in agency relationship and it is synonymous to transparency and accountability. Trust in Latin means “Fiducia” translated as assurance, hope, reliance, confidence, belief, faith and security. According to Adekoya, Agbetunde and Lawal (2022), trust is the currency of exchange between the government and the citizens, the resources providers and resources managers, the leaders and the led, or the shareholders and management. It is the most expensive things in the world. It takes time to build but can be lost within a second. Therefore, agency theory in procurement process is a contractual or trust relationship between the citizens (principal) and officials of local governments or procuring entity (agent). The citizens (principal) delegates the power to manage local government resources in trust to officials of local government for the acquisition of goods, services and works. Therefore, it is expected that the agent must act in the best interest of the principal and ensure that procurement process is done in a transparent, honest, efficient, effective and accountable manner to drives good governance, value creation and sustainable development.

2.3 Empirical review

Matto (2022) examined procurement performance of local government authorities in Tanzania. The study revealed that legal and political environment attributes significantly affect procurements performance of local governments. The study recommends that policymakers, management and local government practitioners should be aware of various environmental factors that influence local government performance. Similarly, Shonia *et al.*, (2021) studied local government specific procurement management in Georgia. The study revealed that violation of procurement laws or Act on resources allocation, inefficiency, and discretionary procurement process persist in local government, this hinders the efficient and effectiveness of local governments system. In addition, Chiappinelli (2020) looked at decentralisation and public procurement performance in Italy. The study revealed that reorganisation of the procurement system with partial centralisation and professionalization of procurement officials enhances the performance of procurement process. Besides, Jachi, Makumbe and Mandongwe (2019) looked at public procurement and public service delivery of local

governments in Zimbabwe. Then, study revealed positive relationship between efficient public procurement and effective service delivery. Furthermore, Kanu, Anuolam and Nwadiuba (2021) examined the need to develop public procurement practice in Nigeria. The study revealed that professional knowledge and comprehensive guidelines on public procurement practice lacked in Nigeria. Hence, the study recommends that the procurement officers should be trained and abreast themselves with new guideline on procurement process. Moreover, Kanu, Benedict and Akuwudike (2020) looked at the effectiveness of public procurement Act in curbing corruption in public sector. Therefore, the study revealed that implementation of public procurement Act would minimize corrupt practices pertinent to award of contract in public sector.

Mwangi and Arani (2021) also looked at the influence of E-procurement on the performance of state corporation in Kenya. Consequently, the study revealed that E-procurement has transformed the purchasing process and performance of state corporation. Besides, Aliu, Olatubosun and Ajayi (2020) examined the public procurement reforms in Nigeria. The study revealed that non-compliance with due process policy and public procurement Act (2007) affects procurement efficiency in Nigeria. Hence, this had resulted into weak procurement process such non-transparency and accountability, inefficiency and huge corrupt practices. Similarly, Adeniyi *et al.*, (2020) examined procurement compliance rate with procurement Act in local governments of developing nations. Thereafter, the study revealed that a significant relationship exists between knowledge of procurement Act and regular compliance with the Act. Therefore, the study recommends multifaceted action for strengthening public procurement compliance. Moreover, Ifejika (2019) looked at how to strengthen statutory measures for good governance in Nigeria using public procurement. The study revealed that public procurement Act 2007 in Nigeria had been partially implemented or lacked effectiveness to ensure good governance in public sector. Therefore, the study recommends full implementation of the Act in public sector. Additionally, Bamidele, Mosaku and Fagbenle (2019) investigated the causes of non-compliance with public procurement Act 2007 by public higher education institutions in South-west, Nigeria. Therefore, the study revealed that non-compliance with the Act occurred due to shortage of professional and experienced procurement personnel; poor record keeping and procurement process; poor public enlightenment; and poor approach for the enforcement of the Act.

3.0 METHODOLOGY

The study adopted conceptual and explanatory research design. This involves review of scientific books, articles, journals, guidelines, laws and Acts in the field of public

finance, accounting, and procurement. Conclusion are drawn, while recommendations are made to increase the frontier of knowledge.

4.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

4.1 Summary and Conclusion

Public procurement has been regarded as a vital instrument for achieving socio-economic, political and developmental objectives in public sector of developed economy. But, at the local government level in developing economy, public procurement has been treated with inefficiency; poor planning; mistrust; lack of competition, transparency and accountability. Hence, it had been argued that unethical public procurement process in local government is costly, dangerous and fraudulent as this impairs good infrastructural development, propel the supplied of inferior products, erodes economic growth, deterred investment, limit citizens' standard of living, and also lead to corrupt practices, inflated prices, conflict of interest, and project abandonment. Moreover, efficiency, competitive bidding, accountability, transparency, probity and VFM in public procurement system in local government are not only prerequisite for good governance, value creation, and sustainable development but are means to guarantee integrity, fair pricing standard, and public trust in public procurement process. Besides, good governance and integrity of public procurement will be enhanced where procuring entity is seen by suppliers or contractors to be transparent, accountable, fair, responsive, trustworthy and efficient in the procurement process.

Therefore, public procurement in local government should be conducted in a more efficient, accountable, transparent, competitive, VFM, probity, and trustworthy manner to negate unethical public procurement process. Accountability is crucial to maintain openness and probity in procurement process while transparency ensure due process, ethical standards and basic value in the award of contract. Similarly, efficiency is to ensure cost savings, timely delivery of goods, services and works, and minimize wastages. Competitive bidding is to drive best quality of product and eliminate nepotism, favouritism, collusion, and corrupt practices in procurement process. Also, probity drives good ethical behaviour, honesty, and uprightness in public procurement policy while the essence of VFM is to improve value, product quality, good governance and developed objectives.

In addition, the principle of public procurement or moderating variables are vital to procurement process to enhance local government growth, infrastructures development, widening of SMEs participation in local procurement, strengthen local government public policy, solving societal problems and changes to climatic conditions prevailing at the grassroots. Additionally, public procurement

for value creation is to achieved public objectives of improved goods and services, enhanced public trust, and provide better economic growth and development. This makes the citizens at the grassroots to experienced sustenance, self-esteem and freedom for better standard of life. Then, public procurement would create synergy between innovation, market growth and environmental protection. Furthermore, public procurement is seen as influencer of grassroots community benefits and social outcomes where social value would increase social, economic, political and environmental wellbeing of the citizens at the grassroots and the community development.

Moreover, in line with the theoretical perspective of the study, local government should be more prudent, efficient, and effectives in procuring process to achieve good governance, value creation and sustainable development at the grassroots. This will minimize corrupt practices, nepotism, mistrust, rivalry, supply of inferior product, and uncompetitive process but increase value, quality and citizens' trust. Consequently, a trust relationship will enable procuring officers to act professionally and ensure that procurement process is done in a transparent, honest and accountable manner in the course of their duties. Finally, strict adherence to procurement Act or laws is vital as this will ensure efficient and ethical management of the economy, social, and political resources of the local government; provide efficient service; ensure economic growth and sustainable development for societal wellbeing.

4.2 Recommendations

1. Local government should have financial, administrative and political autonomy to drive procurement policy.
2. Government should have political will to institute efficient and effective procurement process in local government according to the prevailing laws and regulations.
3. Public procurement in local government should be designed to achieved the economic, environmental, and societal sustainability.
4. Professionalizing public procurement in local government will drives efficient service delivery, avert misbelief, and mistrust in the procurement process and governance.
5. Adoption E-procurement in local government will streamline and simplified procurement process.
6. Local government should create more avenue for SMEs to access procurement process.
7. Local government should exhibit integrity and transparency for stakeholders' participation and accessibility to bidding process.
8. Government should reduce procurement bureaucracy pertinent to award of contract and

“Public Procurement in Local Government: A Tool for Good Governance, Value Creation, and Sustainable Development”

approval for payment to avert wastages, supply of inferior product, and incidence of project abandonment.

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