

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY  
COLLEGE OF ARCHITECTURE AND PLANNING  
DEPARTMENT OF BUILDING TECHNOLOGY

**CHALLENGES ASSOCIATED WITH PROCUREMENT OF PUBLIC  
WORKS AT PRE- CONTRACT STAGE IN THE DORMAA EAST  
DISTRICT ASSEMBLY**

BY

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## CERTIFICATE OF ORIGINALITY

I hereby declare that this submission is my own work towards the MSc in Procurement Management and that to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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## ABSTRACT

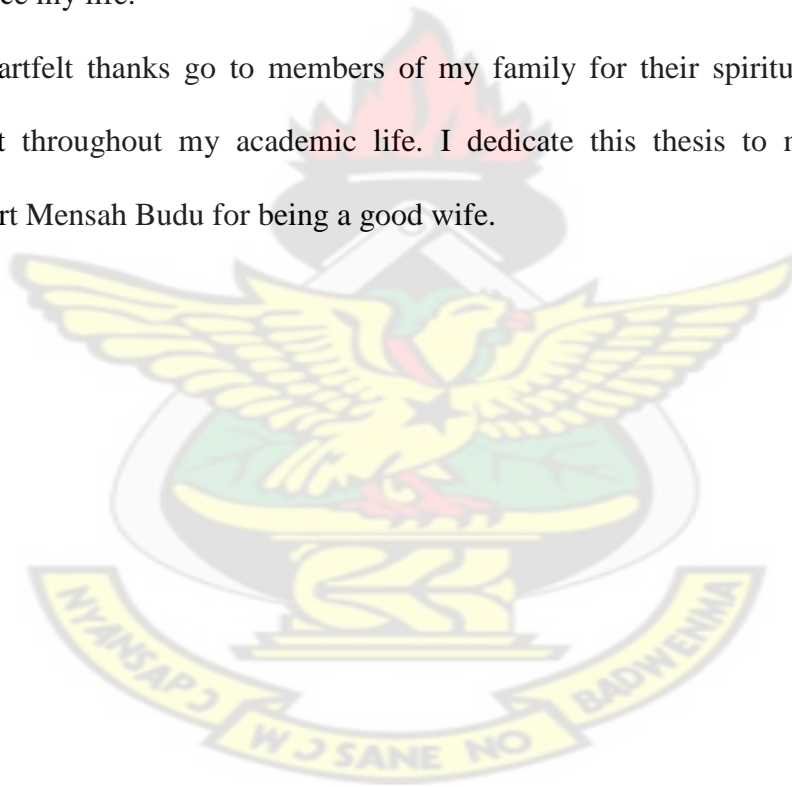
The purpose of this study was to identify various implementation bottlenecks to the Ghana Public Procurement Act. The study adopted multiple research approaches, including; review of relevant literature, and questionnaire survey of Dormaa East District Assembly in the Brong Ahafo Region of Ghana. The aim of this research is to identify challenges associated with procurement of works at the pre-contract stage under the Public Procurement Act. This can be achieved through critically examining the challenges at planning stage, tendering stage and the award stage of procurement process. The study identified low capacity of procurement professionals, low interaction between procurement entities and Public Procurement Authority (PPA), deliberate controlling of competition, non-compliance with provisions of the law, splitting of contracts into smaller lots, lack of funds and non-cooperativeness of suppliers, as the major challenges militating against the implementation of the Public Procurement Law. The study recommends among others; Decentralization of the PPA, Effective Monitoring of the procurement process, Review of procurement threshold and Timely release of funds.

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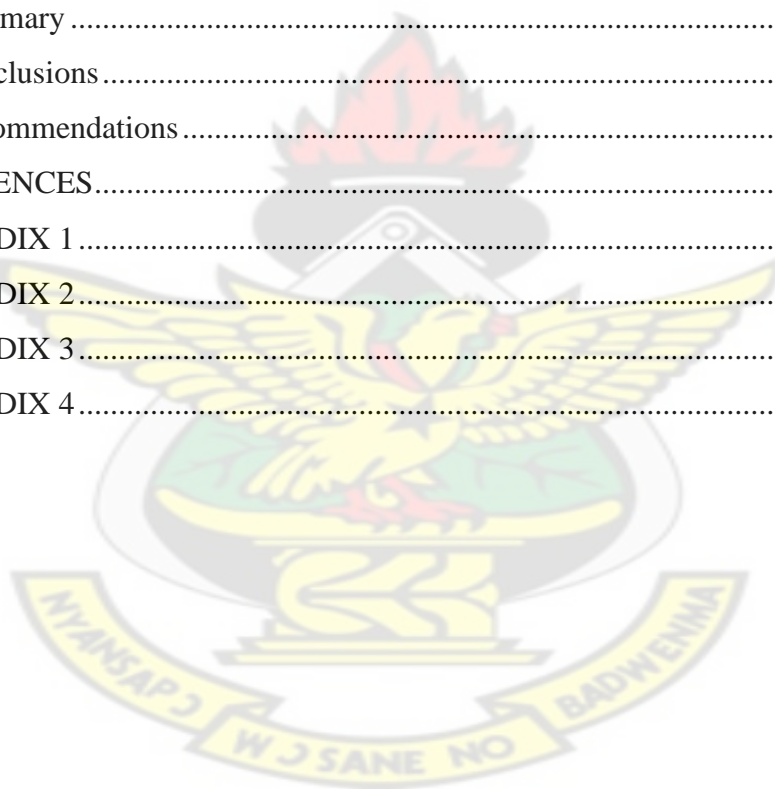
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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background to the Study**

Sound public procurement policies and practices are among the essential elements of good governance. Good practices reduce costs and produce timely results; poor practices lead to waste and delays and are often the cause for allegations of corruption and government inefficiency (The World Bank Group, 2013).

The goal of public procurement is to award timely and cost-effective contracts to qualified contractors, suppliers and service providers for the provision of goods, works and services to support national and local government, and public services operations, in accordance with principles and procedures established in the public procurement rules, (Lynch, 2012).

Traditionally, the legal framework for procurement activities in the public sector of Ghana was enormously minimal (Westing, 1997; World Bank, 1996). Initially it was Ghana Supply Commission which was responsible for the procurement of all public goods. Their services were characterized by improper planning for required goods, lack of adequate database and problems in the timely acquisition of funds which resulted in late delivery. As a result of these developments, most public sector institutions decided to conduct their own procurement activities. These activities were done in a way that will help achieve value for money.

The government of Ghana in view of these developments stated a massive public sector procurement and financial management in 1996. The objective of procurement reform proposal were to promote national development, enhance harmony with other local and internal laws, foster competition, efficiency, transparency and

accountability, facilitate ease of procurement administration and ensure value for money in both developed and developing countries (Ministry of Finance, 2001). They structured their procurement process such that, they will maximize procurement operational performance in order to achieve Value for Tax Payers Money. This brought about the Public Procurement Act, Act 663 of 2003 in a bid to streamline and harmonize procurement rules, regulations and practices in the public sector.

In Ghana, public procurement account for 50 – 70% of the national budget (after personal emoluments), 14 % of GDP, 24% of total imports, Country Procurement Assessment Report, world Bank (2003) has also contributed to this by arguing that Public procurement consumes a substantial amount of public money. In Malawi, it was estimated in 2005 that, public procurement constituted 40% of total expenditure, Uganda also had 70% (Development Procurement Committee, DPC 2005). The importance of public procurement calls for assessment of how these procurement processes are conducted in an effort to achieve the main objective of the reform. After the passage of the Act, Act 663, 2003, it was mandatory for public sector and all institutions to set up procurement department. This department will be responsible for implementing the Act (Act 663, 2003). This research is to find out the challenges affecting the smooth implementation of the procurement law under works in the Dormaa east district assembly.

## **1.2 Problem Statement**

Nearly a decade after the introduction of Public Procurement Act, there still exist some implementation challenges. These among many include delays in proving pro forma invoice in payment, low capacity of procurement professionals, low interaction between procurement entities and Public Procurement Authority (PPA), deliberate controlling of competition, non-compliance with provisions of the law, splitting of contracts into smaller lots, lack of funds etc (Ameyaw et al., 2012). These can result in long processes and affect the operational performance in terms of meeting internal customers (departments) need on time. This research is therefore assessing the challenges of procurement to find out what is causing these problems. These decisions have had costly consequences for any public entity, and the country at large.

## **1.3 Aim**

The aim of this research is to identify challenges associated with procurement of works at the pre-contract stage under public procurement Act at Dormaa East District Assembly

## **1.4 Objectives**

- To identify the critical challenges at the planning stage in the procurement of works at the Dormaa East District Assembly.
- To identify the critical challenges at the tendering stage in the procurement of works at the Dormaa East District Assembly.
- To identify the critical challenges at the awarding stage in the procurement of works at the Dormaa East District Assembly.

### **1.5 Research Questions**

At the end of this research, it is expected that these questions are answered by the researchers?

- What are the public sector procurement processes of the pre-contract stage in the Dormaa East District Assembly?
- What are the challenges faced by Dormaa east district assembly in the Planning, Tendering and the Award stages of procurement of works?

### **1.6 Significance of the Study**

The significance of the study is to address the challenges in implementation of the procurement Act at the pre-contract stage.

This research will also be useful as a source of reference for academic purpose for students,

Lecturers and other researchers who may conduct future research into procurement processes and its operational performance. To add to this, the internal and external customers of procurement will be familiar with procurement processes for effective collaboration in meeting material requirements of the institution.

In conclusion, it will serve as a guide for policy makers in any future decision making and contribute to the body of knowledge.

### **1.7 Research Method**

This research project is based on a combination of exploratory and descriptive study.

It is an exploratory study because the goal of this research project is to identify the underlying challenges associated with procurement of works at the pre-contract stage where there has been little research conducted in the area. Besides that, the researcher is uncertain of the perceptions of the respondents towards these problems.

Findings reported from these early explorations have provided new and valuable insights into the area of challenges of procurement in the construction industry. This research work will also look at more sophisticated and theoretically relevant studies in the future.

The study will also be descriptive as it will be used for the purpose of describing a group's behaviour to identify the underlying causes of delays in procurement of works from the perceptions of the contractors and the Government Agencies. A survey will be used in this study for the purpose to elicit the contractors' perception regarding challenges in procurement of works. The main theme of this research is to describe what is prevalent to a group of people; in this case the group is the procurement officials in the assembly.

### **1.8 Scope of Study**

Geographically, this research is to be conducted in Dormaa East District Assembly in the Brong-Ahafo. Brong-Ahafo Region has been chosen because it is situated in the middle belt of the country and has close similarities and relations with both the North and South sectors. A huge amount of budgetary resources are allocated to this region and it is important to assess how this money is used through procurement.

Again, the area is selected mainly due to its higher level of abandonment of projects as well as proximity and easy accessibility of data to the study. The research is limited to the pre-contract stage which includes: The Planning stage, Tendering stage and award stage. The time frame is from 2008 to 2013.

### **1.9 Structure of the Report**

The research has been grouped into five chapters. The first chapter provides background information of the study which includes introduction, problem

statement, research questions and objectives, justification and scope of the study. The literature on challenges in procurement of public works at the pre-contract stage is to be reviewed in chapter two. Research design, population, sample and sampling procedure, sources of data, data collection instruments and data analyzes which form the methodology of this study are captured in chapter three. Chapter four analysed the data while chapter five presents a summary of the findings, recommendations and the conclusion of the study.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter focuses on the literature review on the subject. The broad areas of this chapter include: the definition of some procurement terms as used in this research, some challenges associated with public procurement delivering.

Also, this chapter considers procurement in terms of its definition, procurement rules and procedure, importance of procurement, challenges and consequences of procurement, procurement cycle, and Ghana's Procurement system. The idea of this chapter is to unearth all the variables in the subject to enable analysis and discussion of the situation in the study area.

#### **2.2 Overview of Procurement**

An effective public procurement system is essential for the smooth running of an economy, thus its institutions. A poor procurement system results in higher costs to government and the public. It interrupts the implementations of projects, and increases costs. It also causes poor execution of projects, and delays in the delivery of purchases to the beneficiaries (World Bank, 2000). Poor procurement also increases the likelihood of corruption, spawns concerns about the effectiveness of the law and its process. It also dampens the possibility of competent firms either national or international from participating in bids; this goes a long way to rob an economy of receiving the best goods, works and services and the best price (World Bank, 2000). As this research looked at some challenges associated with procurement delivering as discussed below (World Bank, 2000).

## **2.3 The Definitions of Procurement**

### **2.3.1 The public procurement process**

Lysons and Farrington (2006) defined a process as a set of sub processes or stages focused on achieving an output. Procurement process is a cycle or chain that shows the activities that procurement goes through in obtaining a given need for operational and strategic purpose. Wan Lu (2007) argues that process consists of flow chart and blue print to describe a process in pictures using symbols with arrow lines connecting each operational step.

(Weele, 2010). has described and grouped the process of procurement into six different stages as specification, select suppliers, give contract or ordering, expediting and evaluation of the entire procurement process. (Monczka et al., 2003) argue in the same line as Weele, but presented the procurement process as cycle with five stages instead of six that Weele is talking about.

These stages will differ according to the nature of procurement and the individual organization in question. This means that, if the product is straight re-buy, modified re-buy and new task all together will determine the stages that will be involved or chosen in obtaining that particular need(s) from an identified and evaluated source. Emmett and Crocker (2008) suggested that procurement or procurement process has ten stages from need identification to payment of respective procurement. This is so because most organizations combine some stage as one in the process to reduce the lead time and other administrative cost. For instance, some organizations or corporate institutions join the expediting and evaluating as one stage. Based on these facts, there is no unique number of stages of the procurement process. Most writers in this discipline are all in agreement of the fact that, some of the stages will not

feature in every procurement activity some of these stages will be taken out if the order is a repeated order.

For example, source identification and selection will be omitted if these source have be prequalified initially to assess their capabilities as is been done in some public sector institutions.

Lyson and Gillingham (2003) and Weele (2010), introduced a modern way of conducting procurement activity by the use of electronic means (e - procurement). They suggested that, the long process can be shortened through the use of electronic procurement..

**2.3.2 Goods** – All items, supplies, materials, equipment and furniture, computer, IT and telecommunications equipment; software, office supplies; household appliances and furniture; goods and equipment needed in the project implementation (e.g., medical equipment and supplies, blankets, tents, and materials for construction, printed materials, and other similar equipment and materials. (International Organization for Migration, 2013).

**2.3.3 Works** –Infrastructure projects to construct, improve, rehabilitate, demolish, repair, restore, or maintain buildings, roads and bridges, etc., or civil works components of information technology projects (e.g. Building data canter), irrigation, flood control and drainage, water supply, sanitation, school buildings, health clinics, reception canter, etc. International Organization for Migration (2013).

**2.3.4 Consulting Services** – Activities requiring external technical and professional expertise beyond internal capacity, such as advisory and review services, pre-investment or feasibility studies, design, construction supervision, management and

related services, and technical or special studies provided by firms. International Organization for Migration (2013).

**Services** – Intellectual and non-intellectual services not covered under goods and works: International Organization for Migration (2013).

**2.3.5 Procurement Planning-** Procurement planning is the process of deciding what to buy, when and from what source. During the procurement planning process the procurement method is assigned and the expectations for fulfilment of procurement requirements determined. (Lynch, 2013).

**2.3.6 Procurement Plan -** The Procurement Plan is the product of the procurement planning process. It can be developed for a particular requirement, a specific project, or for a number of requirements for one or many entities in the public or private sectors (Lynch, 2013).

**2.3.7 Tender- Tender** means an invitation to offer for an item/items or work.

## **2.4 Brief Procurement Activities**

### **2.4.1 Procurement Plan**

#### **Section 21(1)**

- A procurement entity shall prepare a Procurement Plan to support its approved budget and the Plan shall indicate the Basic Data and the Processing Steps and Times.

#### **Section 21(2)**

- A procurement entity shall submit to its Tender Committee not later than one month to the end of the financial year the procurement plan for the following year for approval.

#### Section 21(3)

- After budget approval and at quarterly intervals after that, each procurement entity shall submit an update of the procurement plan to the Tender Committee for review and approval.

#### Section 21(4)

- Procurement Entity shall send to the Public Procurement Authority and Tender Review Board, Procurement Notices for Contracts and Procurement Plans above thresholds stipulated in schedule 3 for publication in the Public Bulletin. (PPA, 2003).

#### Section 21(5)

- A Procurement Entity shall not divide a procurement order into parts or lower the value of a procurement order to avoid the application of the procedures for public procurement in this ACT.

### 2.4.2 Qualification of Tenderers

#### Section 22

- Tenderers shall possess the following:
  - Professional and Technical Qualification and Competence.
  - Financial Resources - be solvent.
  - Equipment and other physical facilities.
  - Personnel to perform the contract.
  - Legal capacity to enter contract.
- RG, IRS, VAT, SSNIT, Not engaging Minors, etc. (PPA, 2003).

### **2.4.3 Prequalification**

#### **Section 23**

The Procurement Entity identifies the qualified tenderers prior to tender submission or invitation to tender. (PPA, 2003).

### **2.4.4 Decision on Prequalification**

#### **Section 24**

The decision to qualify a supplier or contractor who has submitted to prequalify would be based on only the criteria set out in the prequalification document. (PPA, 2003).

### **2.4.5 Participation in Procurement Proceedings**

#### **Section 25**

Participation shall be on competitive bases.

### **2.4.6 Form of Communication**

#### **Section 26**

- Shall be in written form.
- Verbal communication must be confirmed in writing.

### **2.4.7 Documentary evidence in Procurement Proceedings**

#### **Section 27**

- The documentary evidence are required in procurement proceedings.
- All documents must be properly filed.
  - Adverts, IFTs, Evaluation Reports, Approvals
  - Contracts Notifications, Contract Forms, Delivery and Inspection Documents etc. (PPA, 2003).

## **2.4.8 Records of Procurement Proceedings**

### **Section 28**

- A Procurement Entity shall maintain records of procurement proceedings:
    - Description of Goods, Works and Services.
    - Names and Addresses suppliers, contractors and consultants that submitted tenders, quotations and proposals.
    - Name and Address of the suppliers, contractors and consultants with whom the procurement contract is entered.
    - Qualification information on the suppliers or contractors.
    - The Prices of Tenders.
    - Evaluation and Comparison of tenders.
    - Statements of rejection of tenders and the grounds for the rejection.
- Etc. (PPA, 2003).

## **2.4.9 Rejection of Tenders, Proposals and Quotations**

### **Section 29**

- PE may reject tenders, proposals and quotation at any time prior to acceptance of bids.
- The grounds for the rejection must be specified in the tender documents.
  - E.g. Late submission of bids.
- Tenderers must be given the rejection notice.

## **2.4.10 Entry into Force of the Procurement Contract**

### **Section 30**

- Issuing a Notification of Contract Award letter and
- Signing the Contract Form. Public Procurement Act, Act 663, (2003).

#### **2.4.11 Public Notice of Contract Awards**

##### **Section 31**

- Contracts awards shall be promptly published.
- The manner of publication shall be provided by the regulation.

E.g. PPA monthly bulletin. PPA Website, etc. (PPA, 2003).

#### **2.4.12 Inducement from Supplier, Contractor and Consultant**

##### **Section 32**

- A PE shall reject a tender, quotation and proposal if the supplier or the contractor that submitted bid, gives or agreed to give directly or indirectly to any current or former officer employee of the PE:
  - A gratuity in any form;
  - Offer of employment; and
  - Any other thing of service or value as inducement. (PPA, 2003).

### **2.5 Procurement Planning**

Procurement Planning is one of the most important steps in the public procurement cycle. The procurement plan is expected to list all the requirements that are under the responsibility of a particular procurement entity and that are expected to be procured over a period of time (usually one year, but could be longer when dealing with project procurement).

There are instances where some items that are below a certain monetary threshold are not listed on the procurement plan; however, effort should be made to have everything that a particular procurement entity is responsible for procuring listed on the procurement plan of that procurement entity.

The procurement plan should also be update at least every six months (or more if required), but constant updating should be avoided. The fact that the procurement plan needs updating is an indication that it is not expected to be a static document. This, however, should not lessen the importance of procurement planning as the primary tool used for triggering procurement actions. This means that all procurement actions taken by a particular procurement entity should be guided by an approved procurement plan.

The procurement plan isn't only useful for determining what needs to be procured, and by when, but it's also for determining the need for additional manpower to support the preparation of specifications and bid documents, requesting, receiving and evaluating offers, contract negotiations and award, and contract administration, given the number of procurement requirements within a certain period of time.

Once the procurement plan is prepared and approved after allocation of funds and consolidation (bundling) of similar requirements to attract a broader pool of suppliers and for economies of scale, it should only be allowed to change through approved amendments; and all requirements procured by the responsible procurement entity should be found on the approved procurement plan. Only for exceptional reasons should a particular procurement be allowed to commence without being listed on the approved procurement plan or on an approved amendment of the procurement plan (Lynch, 2012).

## **2.6 Types of Tendering**

Tender can be classified based on the requirement category or Procurement Type. There are various types of Tenders. However, main Categories of the Tenders are listed below:

### **2.6.1 Open Tender**

Open tender is an arrangement where an advertisement in local newspapers or trade journals invites contractors to apply for tender documents. Open Tender is a transparent process which ensures that only the contractor with the best price and meeting all the technical requirements will win the tender, (Tendersinfo, 2012).

### **2.6.2 Limited or Closed Tender /Selective Tender**

In Limited Tenders, only pre-qualified or known bidders are allowed to participate. Limited Tenders are not advertised in newspapers, as a result other bidder generally do not come to know that such tender is floated. The Lowest Bidder or L1 generally wins the contract (Tendersinfo, 2012).

### **2.6.3 Single Tender**

Single Tendering means sending the Tender to one particular party. Normally, it is either for an item where there is only one supplier or for an item where the purchaser has developed confidence in one supplier only and would just like to verify the current price, delivery etc. Single Tenders are also sent for items of proprietary nature, (Tendersinfo, 2012).

### **2.6.4 International Competitive Bidding (ICB)**

A method for procuring goods and services that requires notification to the international community. Bidders from eligible countries, as defined by the contracting agency or country, are given an equal opportunity to bid.

### **2.6.5 National Competitive Bidding (NCB)**

In such tender type only Local or Ghanaian companies can participate. International companies are not allowed to participate, (Tendersinfo, 2012).

### **2.6.6 Request for Proposal (RFP)**

In RFP a company is required to submit only the Technical proposal.

### **2.6.7 Request for Quotation (RFQ)**

It is the same as RFP but more specific, and with more details in each part. An RFQ (Request for Quote) is used when an organization has already decided on a particular type of product or service, and wishes to see competitive pricing from multiple vendors of that service, (Tendersinfo, 2012).

### **2.6.8 Expression of Interest (EOI)**

Expression of Interest is similar to RFP. EOI stands a business expression indicating intent to bid, (Tendersinfo, 2012).

### **2.6.9 Single Envelope Bidding**

In such Tender both the Price Proposal and the Technical Proposal are submitted in a same envelope. The Contract is awarded to the Bidder who's Bid has been determined to be the lowest evaluated substantially responsive Bid, (Tendersinfo, 2012).

### **2.6.10 Two-Envelope Bidding**

Bidders submit two sealed envelopes simultaneously, one containing the Technical Proposal and the other the Price Proposal, enclosed together in an outer single envelope. Both Envelopes are then put in a Big Envelope, is sealed & submitted. First Technical bid is opened & price bid of only those bidder who are found technically qualified are opened subsequently at a later date.

### **2.6.11 Multiple Envelope Bidding**

In such Tender, EMD is submitted in 1st Envelope, Technical Bid is submitted in 2nd Envelope & Price Bid is submitted in 3rd envelope. On the basis of requirement bid can be submitted in separate envelope. First EMD envelope & pre-Qualification envelope is opened. Technical envelope of only those bidders who pre-qualify is opened and at last those who are found technically qualified, their price bid is opened, (Tendersinfo, 2012).

### **2.7 Awarding the Contract**

Once the final ranking has been established, the contractor with the highest total marks should be awarded the contract, (IPWG, 2012).

If, for exceptional reasons, a decision is made that does not award the contract to the lowest evaluated bidder, other bidders must be formally advised of the reasons why and given a period (10-14 days) in which to object but not change their bids.

All objections then have to be looked at and a final decision made. Because this can lead to delays and legal issues it is best not to make decisions that award contracts to bidders other than the lowest evaluated, (IPWG, 2012).

Lastly, once a decision has been made to award the contract, the potential contractor can be contacted and the contract awarded. It is recommended that the winning bidder should not be negotiated with to either reduce the price (i.e. if above the budget for the project or if all bids are considered unacceptably high in part or whole) or to improve on the bid to include items considered deficient. It is not unethical to do so as long as it is done for the interest of the cost effectiveness and in an open and transparent way.

If the award of contract fails, or is stopped for any reason, the second lowest bidder can be brought in. Do not however negotiate with two bidders at any one time in an attempt to play off one against the other. This is extremely unethical and unprofessional, (IPWG, 2012).

Once the contract has been awarded, the other, unsuccessful bidders should be formally advised of the award but not of the final price. The actual evaluation is confidential and information therein is only released if a losing bidder should complain and arbitration has to take place. The award decision should be published with a list of all the bidders, major elements of the evaluation process detailed and specific reasons why the award has been made to the winning contractor.

Award is the formal decision and approval to establish a contract, e.g. services contract or purchase order, or an LTA, with a successful supplier, based on independent review of the procurement process within the limits of awarding authority, (IPWG, 2006).

The award phase marks the:

- Successful conclusion of the procurement process
- Starting point for contract finalization and execution.

### **2.7.1 Purpose of Review Prior to Awards**

The purpose of conducting a review prior to recommending awards is to:

- Provide an independent and unbiased review of recommendations for contracts or purchase orders.
- Ensure that the procurement process was fairly conducted and followed the appropriate policies and procedures.
- Confirm the necessary budget for the contractual commitment is available.

- Confirm that the recommendation for award and terms of contract represent best value for money and that it is in the interests of the UN to select the chosen supplier.

Seek approval from the appropriate authority to contractually commit the UN to procure the goods, services or works, (IPWG, 2012).

### **2.7.2 Requirement of Review**

Thorough preparation of contract recommendation and approval documents is necessary to facilitate the award process; the explanations provided should be transparent, clear and precise justifications of the process leading to the award recommendation. Transparency and due diligence are key at this stage. Deliberate omission of relevant information is as unethical as deliberately submitting wrong information; short submission documents to cut corners are neither efficient in the long-term nor in line with the UN procurement principles. To avoid delays and omissions, standardized templates and check lists should be used for quality control. When delays arise they are usually a symptom of poorly executed planning or the result of attempted short cuts to speed up the process, (IPWG, 2012).

### **2.7.3 Responsibility**

Usually the highest ranking official in a UN organization is the executive source of all procurement authority, and as such provides approval of contract awards, and purchases. Through organization specific FRR this official re-delegates that authority to senior-level officials. Those officials may appoint individuals within their organizations as procurement officers with limited awarding authorities to approve awards. Only these procurement officers and other designated UN staff have authority to enter into contracts on behalf of the respective UN organization.

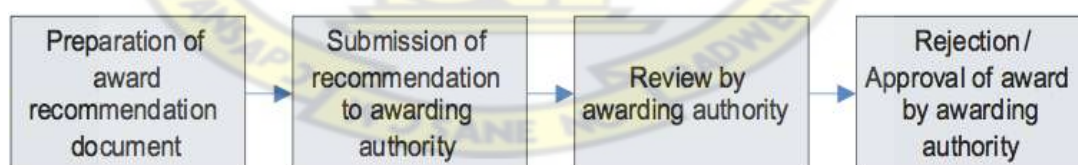
Therefore, only those staff members can actually make a purchase. Normally the extent of the delegation of authority is based on the level of the procurement officer. UN organizations have established different levels of delegation of authority to implement their procurement activities with regards to the responsibility of the procurement, review, recommendation and award process. Delegations are usually set using financial thresholds.

Recommendations for and approval of award above a pre-defined threshold are subject to independent review by a contracts committee and approval by the highest procurement authority within an organization. This results in the following two process scenarios:

- Review and award below threshold, i.e. no review by the contracts committee required
- Review and award above threshold for review by the contracts committee.

#### 2.7.4 Process

The flowcharts below show each of the stages in the ‘below’ and ‘above’ threshold procurement review and award processes, (IPWG, 2012).



**Figure 2.1: Below threshold for review by Contracts Committee**

**Source:** Interagency Procurement Working Group (IPWG) 2006



**Figure 2.2: Above threshold for review by Contracts Committee**

**Source:** Interagency Procurement Working Group (IPWG) 2006

### **2.7.5 Preparation of award recommendation document**

The procurement officer's main responsibility in this phase is to prepare an award recommendation document, based on an evaluation report, for submission to the appropriate person or committee for review and subsequent approval in accordance with established organization procedures and delegation of authority. by the (Interagency Procurement Working Group, 2006).

The procurement officer makes sure that the award recommendation documents are written in a clear, precise and honest manner and reflect all necessary information that lead to the recommendation of award. Proper procurement processes should be followed, for example:

- Minimum number of valid offers has been obtained, and if not, reasons are recorded as part of the award recommendation to confirm why this is considered acceptable under the circumstances.
- If there is no tendering, the lowest acceptable offer has been rejected, or there are other exceptions, the reasons must be recorded and explained as part of the award recommendation quoting the relevant financial rule.
- A supplier evaluation recommendation has been received, or due diligence has been completed ensuring that the supplier is acceptable and able to fulfil the purchase order or contract.
- The procurement process and evaluation have been carried out in a fair and proper manner.
- The procurement is in accordance with the relevant FRR.
- Other information considered important for the review has been factored in.
- There is a summary of recommendation for award.

(IPWG, 2012).

#### **2.7.6 Below Threshold: submission of recommendation to awarding authority**

For the remaining stages in the below threshold process, the award recommendation document is usually submitted to the officer with the appropriate awarding authority for review and approval of award. Before a commitment is entered into the awarding authority then reviews the submission in terms of:

- compliance with procurement regulations, rules, and procedures
- availability of funds
- Compliance with proper documentation processes.

The awarding authority then rejects or accepts the award recommendation. Acceptance constitutes the approval of award.

#### **2.7.7 Above Threshold: submission of request for award to contracts committee**

For the process above the threshold, a contracts committee independently reviews the procurement process to ensure that regulations, rules and procedures were followed and funds are available for the subsequent approval, (IPWG, 2012).

#### **2.7.8 Above Threshold: review by contracts committee**

The contracts committee should be independent from the officials involved in the procurement process to avoid conflict of interest when reviewing and recommending the award. A contracts committee is usually composed of the following voting members:

- chairman
- at least two senior staff members. (IPWG, 2012).

In addition and where required, other staff members (e.g. representative of the legal department, project managers, chief of procurement, etc.) are called to participate in the meeting as advisors. It is good practice that procurement officers are non-voting

members of a contracts committee in order to preserve the impartiality of the review and decision making process and to avoid conflict of interest.

The contracts committee should meet on a regular basis and follow established procedures for review, recommendation, and recording of minutes of the committee's meetings. It is the responsibility of the contracts committee to ensure that:

- appropriate authority has been obtained for the commitment of funds
- the interests of the UN organization are protected
- the procurement activities are carried out in conformity with FRR, instructions and directives and are in accordance with best business practices.

Some contracts committees may invite the procurement officers into the meeting of the committee to present their submission and to clarify questions.

After the completion of the meeting, minutes are prepared by the contracts committee secretary.

The minutes should record the deliberations of the committee and the recommendations in a brief but fully explanatory manner. All members, or their alternates, present at the meeting will accept/approve the minutes and this will serve as recommendation to the awarding authority that a contract should or should not be entered into, (IPWG, 2012).

#### **2.7.9 Recommendation of award to awarding authority**

Minutes should be submitted to the awarding authority in the organization who should review the contracts committee recommendations, (IPWG, 2012).

#### **2.7.10 Rejection/approval of award by awarding authority**

The awarding authority can reject or approve the recommendations. Where the awarding authority decides not to accept the advice of the contracts committee, the reasons should be recorded in writing and forwarded to the chairperson of the contracts committee, (PPA, 2003).

#### **2.7.11 No-objection from clients**

In some organizations, and without impairing the segregation of duties principle, the results of the award are forwarded to the client. Only once the client has confirmed its “no objection” to the result of the procurement process, contracts can be entered into with the supplier who received the award. The purpose of this no objection is to ensure that the procured products and services do indeed meet the requirements of the client. IPWG, 2006.

In some organizations “no-objection” is required before the award.

### **2.8 Brief History of the Procurement Law in Ghana**

Before the Public Financial Management Reform Programme commenced in 1996 in Ghana, procurement was guided by many different rules. Government officials struggled to identify which rules to follow, due to lack of existing policy framework for public procurement, lack of existing institutional arrangement, and the absence of a Central Body for Procurement (Suleiman, 2010). In 1999, the Public Procurement Oversight Group was formed to design and coordinate the reform. While the reform activity was on going, many shortcomings and organisational weaknesses were identified in the country’s procurement system (Osafo-Maafo, 2003). They include the absence of a comprehensive public procurement policy, and the lack of a comprehensive legal regime to safeguard the integrity of the public procurement

system. These were the main problems that government faced while conducting the reform. Others were the absence of a central body with the technological and managerial expertise and competence to develop a coherent public procurement policy.

In 2003, the Government of Ghana put together the main public procurement guidelines currently used in Ghana and enacted these guidelines to fight against and overcome the shortcomings. This act was implemented to replace the many different rules that guided procurement activities. The act “provided a comprehensive framework for developing and strengthening procurement institutions and operational processes in the context of poverty reduction, private sector development, good governance and anti-corruption” (Ghana Trust Law). This act is supported by standard tender documents. The act has also put in place appropriate administrative and institutional arrangements to look over the procurement system. But have these measures worked? Why are there so many problems with the process? The public procurement bill was intended to promote the use of public procurement for the development of the nation, and also synchronises the application of procurement rules with the international rules. The new structure was also intended to foster competition, efficiency, transparency, and accountability in the procurement process of public entities. It is also said that it gave equal access to any citizen to participate. Competition is definitely rising up, but to say that efficiency, transparency and accountability are improving, one would have to take a closer look at each institution. To what extent can we see the effect of the procurement law in this sense? Has it had a positive or negative effect on the nation as a whole? (Osafo-Mafo, 2003).

## **2.9 Structure of the Public Procurement Act of Ghana**

The PPA in its effort to make public procurement transparent, efficient, and fair, established five basic pillars of the public procurement (Kumaraswamy, 2006). One: is the comprehensive transparent legal and institutional framework, two: is the clear and standardised procurement procedures and standard tender documents, three: is the independent control system, four: is the proficient procurement staff and five: is the anti-corruption measures.

The legal and institutional framework stipulates that the PPA establishes the public procurement board as a legal corporate entity. This entity would comprise of ministries, departments agencies and all para-statal establishments that utilise public funds. In each entity, one would find a tender committee that is in charge of providing a one-stop shop for concurrent approvals, awards and management of contracts (Kumaraswamy, 2006).

The procurement procedures and documentation stipulates that procedures must be followed for the sizing of tender packages, soliciting and evaluation of tenders and for the award of contracts. This procedure states that all contracts must be tendered on an open competitive basis, meaning that all contracts must be out there for every business entity to take advantage of unless otherwise stated in the Act. (PPA, 2003).

“The Public Procurement Authority is a corporate body created under the Act 663, 2003 to make the processes of public procurement in the public service secures a judicious, economic and efficient use of state resources. It also guarantees that procurement activities are carried out fairly, and in a transparent and non-discriminatory manner” (Public Procurement Act, 2003). Thus, several methods of procurement exist in Ghana. There is the competitive tendering, the two-stage

tendering, the restricted tendering, the single-source procurement, quotations, low value and minor procurement (introduced recently). These methods are there to be used based on the situation and threshold.

## **2.10 Current Issues in Public Procurement for Developing Countries**

In most developing countries, the procurement function is transitioning from a clerical non strategic unit to an effective socio-economic unit that is able to influence decisions and add value (Knight et al., 2007; and Facolta di Economia, 2006).

Developing countries in one way or another have reformed their public procurement regulations. The reforms have not been limited to regulations only, included public procurement process, methods, procurement organisational structure, and the workforce. The reforms have been as a result of joint effort with various development partners like the World Bank, International Trade Centre, WTO, and UNCTAD varying from country to country. None the less, most developing countries are facing a problem of rapid changes in public procurement requirements. The changes are impacting pressure on how the procurement function performs its internal and external processes and procedures in order to achieve its objectives. The ability to realize procurement goals is influenced by internal force and external force. Interactions between various elements, professionalism, staffing levels and budget resources, procurement organizational structure whether centralized or decentralized, procurement regulations, rules, and guidance, and internal control policies, all need attention and influence the performance of the procurement function. In addition, public procurement is faced by the challenges imposed by a variety of environment factors (external factors) such as market, legal environment, political environment, organisational and socio-economic environmental factors.

### **2.11 Issues and Challenges: The Case of Uganda**

The reforms in Uganda, commenced in 1997, as a process and a key milestone, or the first key event was the National Public Procurement Forum held at the behest of the Ministry of Finance, Planning and Economic Development (MOFPED) in Entebbe. The co-chairmen of the Forum were the Heads of the Central Tender Board (CTB) and the Government Central Purchasing Corporation (GCPC) and representatives of ministries, parastatals and district tender boards participated. No industry representatives or the private sector were involved. Kakwezi P. And Nyako S. (2012).

UNCTAD/WTO International Trade Centre (ITC) backstopped the Entebbe Workshop with technical advice and financial assistance from the Swiss Government. The World Bank was also in attendance at the Forum, where it indicated its intention to conduct a Country Procurement Assessment Review (CPAR) in 1998, Kakwezi and Nyako (2012).

There were two sources of pressure on the Government to review the performance of the public procurement system and to generate a restructuring plan. One was the realisation by the Government itself that the old system could not deal satisfactorily with the emerging demands on the system in terms of transaction numbers expanding value of procurement budgets, scale and technical complexity of procurement activities. These demands were being made against a backdrop of a lack of bureaucratic accountability and transparency and the absence of a culture of value for money procurement. Against this weak background, donors began to exert pressure on the Government to put in place the appropriate remedies.

In response, the Government created in May 1998 a twelve-man Task Force on Public Procurement Reforms comprising the private sector represented by Procurement and Logistics Management Association (PALMA) and the donor community by the World Bank and headed by Mr. Kalanguka-Kayondho. The Task Force was given comprehensive Terms of Reference and was meant to report to the Ministry of Finance, Planning and Economic Development within six months i.e., February 1999. in a nutshell, the Terms of Reference required the Task Force to:

- i. take into account the Entebbe Forum findings on the constraints in the existing system and what changes may be needed to rectify these;
- ii. bring into consideration international best practices in formulating a reform programme to be implemented by the Government;
- iii. pay attention to the findings of the CPAR and take these into consideration in the programme design; and
- iv. Submit to the Government a comprehensive procurement policy reform plan for approval and implementation. Kakwezi and Nyako (2012).

The Task Force submitted its Report to the Government in March 1999, which identified widespread corruption and malpractice in the procurement system.

#### **2.11.1 Findings of the Taskforce**

Summarised in relation to the case in Ghana, the Task Force found that:

**Trade Practices.** Private sector participation in public procurement, particularly goods and services, is very minimal. The building industry just like Ghana has not built enough capacity to participate in tenders advertised internationally and locally particularly when the values are large. Local suppliers and contractors often do not

have the capacity to raise credit, bid bonds and securities from local banks and insurance companies, in part due to the high rates of interest charged and also cumbersome procedure. They are not well informed of how the procurement process functions, which renders the process, open to abuse (Kakwezi and Nyako 2012).

There are indications that over and under-invoicing in imports and local procurement are common practices. This is attributed to mainly inside dealings. However, long time lags and delays on the part of government to pay suppliers are some of the causes for over-invoicing. Under invoicing is due to uncertainties relating to a supplier's chances of winning a tender bid.

There is evidence of malpractice that affects public sector procurement; e.g. vehicle repair documents are often not used. Sometimes invoices, receipts and other documents are faked. In other instances of government procurement, documents are "chased" by suppliers pushing them through the process in person. The assumption is that "chasing" will not be successful without bribes.

**Weaknesses:** Despite its implicit strengths, the old system also had a number of weaknesses.

1. The Central Tender Board, which oversaw the procurement process in the country, had a set of disparate, (in the sense that the District Governments were not covered) and outdated procurement regulations and procedures.
2. The responsibility for procurement was inconsistent among various procuring entities within the system.
3. The government system operated through cash budgets that, because of a lack of coherent management attention to problems caused by this in the procurement area, made it an unreliable business partner. These problems were compounded

by impoverished management practices in the procurement sub-system both at the central and district administrations.

4. Bureaucratic delays and lack of institutional co-ordination characterised the current procurement system in the country.
5. Malpractice and unethical conduct also saddled the system. There was a high incidence of vested interests, interference and insider dealings. There were occasional cases of retroactive approvals of contract awards.
6. Procurement knowledge and expertise at policy and operational levels were inadequate. This implies that the personnel involved were severely handicapped concerning the requisite procurement skills. Analysis had also revealed that apart from World Bank documents, the procurement system in the country lacked standard documents for use in specific contract situations.

The lack of focus in the existing regulations and guidelines were giving rise to decisions, which were devoid of objectivity, accountability and transparency and resulted in a high incidence of corruption and high expenditure (Kakwezi and Nyako 2012).

#### **2.11.2 Observations on Needs**

The Task Force found the following needs:

- A comprehensive legal framework and a coherent set of regulation/guidelines - these regulations/guidelines should focus on the entire supply-chain management process.
- Effective monitoring and auditing to ensure compliance with regulations/guidelines and performance.
  - ◇ This calls for establishment of a management organisation to manage a restructured procurement system.

- Standard terms and contracts.
- Tenders should be open and advertised.
- Well co-ordinated procedures to make the system more transparent and streamlined.
  - ◊ Sanctions to enforce professionalism and to punish offenders causing losses.
- Procurement expertise in each procuring entity.
  - ◊ A deliberate effort is needed to develop capacity through organised staff training. Kakwezi and Nyako (2012).

### **2.11.3 Task Force Summary of Reorganisation Needed**

The Task Force proposed as follows:

1. The proposed organisation review of the public procurement system should be harmonised with the on-going restructuring exercise in the civil service especially as it affected the Central Tender Board.
2. The Task Force proposed that a National Procurement Policy Unit (NPPU) be established and that the CTB be restructured to perform all the functions of the NPPU set forth below. The restructured CTB would also take over the advisory function of GCPC after its privatisation. The tender awarding functions hitherto undertaken by CTB should be taken over by the new Ministry Contracts Committees. Thus the restructured CTB would be a policy body with specific functions of monitoring, the public procurement system through other entities.
3. The establishment of a restructured CTB as the NPPU would be effected through regulations under the Public Finance Act.

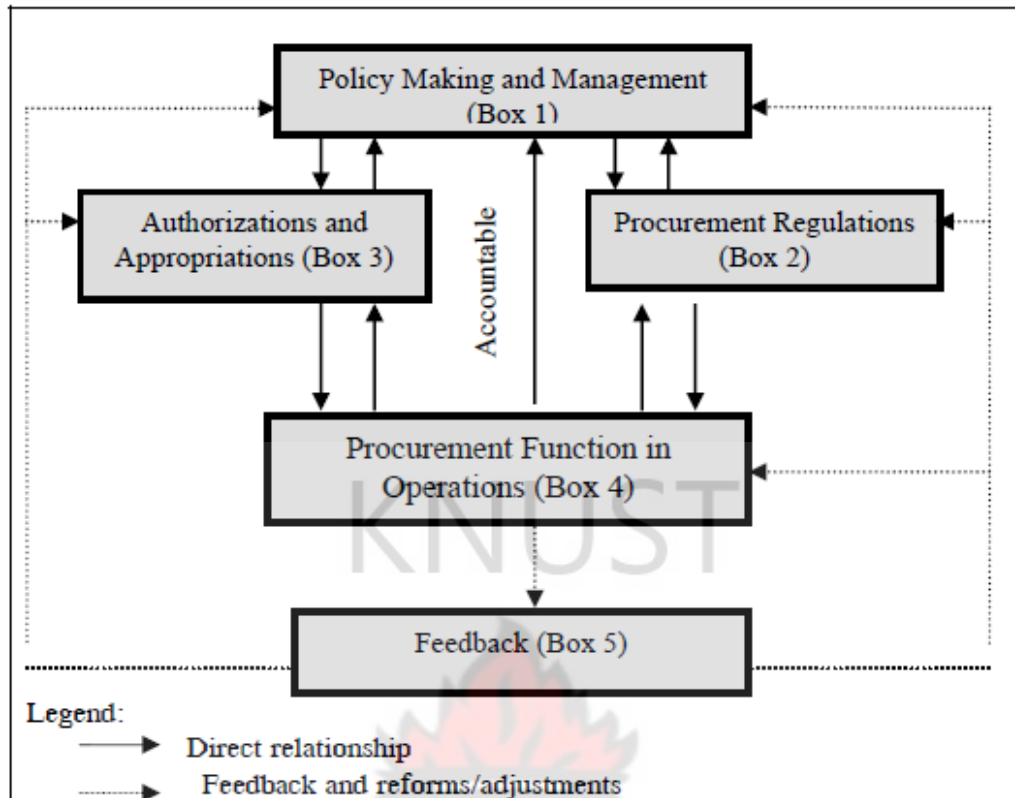
4. NPPU would thus take the budgetary allocations for the restructured CTB.
5. It was proposed that the restructured body should have the following features:-
  - (i) It should be free of political interference.
  - (ii) The relationship between this body and other procurement entities should be clear.
  - (iii) The body should also provide for the use on a value-added basis of third party agencies (internal or external to the Government) to offer expert advice to all entities.
  - (iv) The NPPU would be an autonomous unit deriving funding from both the consolidated fund and through levies and service charges.
  - (v) The proposed body would have an organisation structure that reflects the new functions and status.
  - (vi) The proposed body would also have a Consultative Committee composed of major stakeholders in the private and public sectors to advise the Director, NPPU on matters concerning the overall functioning of the public procurement system. The Committee would be composed of no more than 12 members from various disciplines and oriented towards the procurement profession.
6. The membership of contracts committees to be created should consist of civil servants principally drawn from within the Ministry or procuring entity.

7. Contracts committees are preferred to Tender Boards because in addition to Tender Board work, they will monitor progress of contracts approved (Kakwezi and Nyako 2012).

## **2.12 Public Procurement Challenges: Internal Factors**

Thai K. (2004), developed a model depicting the scope of public procurement that consists of five elements: policy making and management; authorizations and appropriations; procurement regulations; procurement function in operations (processes, methods, organizational structure, and procurement workforce; and feedback) (Figure 2.3). Public procurement practitioners have always walked on a tight rope. Their ability to accomplish procurement objectives and policies is influenced very much by internal forces including:

- Interactions between various elements (as depicted by the five boxes in Figure 1) of the public procurement systems, various officials and organizations in the three branches of government, and various actors and sub-agencies within a department or executive agency and actors and organizations external to sub-agencies;
- Types of goods, services and capital assets required for an agency's missions;
- Professionalism or quality of procurement workforce;
- Staffing levels (e.g., ratio of procurement practitioners to contract actions) and budget resources;



**Figure 2.3: Public Procurement System**

**Thai (2000)**

- Procurement organizational structure such as the issue of centralization vs. decentralization;
- Procurement regulations, rules and guidance; and
- Internal controls and legislative oversight.

### **2.13 Public Procurement Challenges: External Factors**

Public procurement practitioners have always faced challenges imposed upon by a variety of environment factors including market, legal environment, political environment, organizational environment, and socio-economic and other environmental factors. Thai (2004).

### **2.13.1 Market Environment**

Market conditions have a great influence on public procurement practitioners' effort to maximize competition. Moreover, the market determines whether or not socio-economic objectives of procurement are accomplished, whether or not a governmental entity can fulfil its needs; the timeliness of fulfilment; and the quality and costs of purchased goods, services and capital assets. As there are different levels of economic growth among countries in the world, market conditions are very favourable in industrialized countries, while they may be unfavourable in developing countries. Thai (2004).

Even under a perfectly competitive condition like that in the United States, some supplies and services are required only by the government (particularly for weapons systems) and are available in the market. This is a captive market, which is limited in scope and competition.

Also as markets become more and more globalized through regional and international trade agreements and treaties, public procurement practitioners face a greater challenge. In addition to compliance with their governments' procurement laws and policies and international trade requirements as mentioned above, they face additional challenges including communication, currency exchange rates and payment, customs regulations, lead-time, transportation, foreign government regulations, trade agreements, and transportation. Thus, "before embarking on a foreign purchasing program, public procurement practitioners must carefully assess the total cost implications and compare them to domestic costs" (National Institute of Governmental Purchasing, Inc., 1999, p. 34). Public procurement practitioners are torn between free trade agreements and their countries' economic

development/stabilization policies when they face a hard choice between selecting domestic or foreign firms. Thai (2004).

### **2.13.2 Legal Environment**

Apart from public procurement regulations and rules, the legal environment refers to a broad legal framework that governs all business activities including research and development (regulations dealing with safety and health of new products), manufacturing (safety and health regulations at workplace and pollution control), finance (regulations dealing with disclosure of information), marketing (regulations dealing with deceptive advertising, disclosure of product characteristics), personnel (regulations dealing with equal opportunity for women and minorities), and contracts. Indeed, most aspects of contracts--public or private-- such as contract requirements, disputes, and breach of contract are governed under the same contract law. In developing and particularly transitional countries, where legal systems are not comprehensive, government contracts may need detailed provisions. Thai (2004).

### **2.13.3 Political Environment**

In a democracy many individuals, groups, and organizations in the private sector including trade associations, professional associations, and business firms or companies (commonly known as interest groups) are actively involved in all aspects of the public procurement system, Thai (2004). Having various interests, objectives and beliefs, interest groups are involved in the public procurement system in several ways such as lobbying legislative bodies to pass or alter procurement statutes, influencing implementation of these statutes, and influencing budget authorization and appropriations processes. Normally, a government program that is eventually adopted is a compromise among different views of interest groups, policy makers

and management. In this democratic environment, there are cases of a strong coalition of policy makers, bureaucrats and interest groups in their effort to get their programs adopted. This coalition has led to the concept of the 'iron triangle,' which is very popular in the area of defence procurement.

However, the iron triangle shifts immediately after the procurement program authorization and appropriations stages to move to the procurement stage. As failure or success in winning large defence contracts has a great impact on a company, defence specialized companies compete against each other for these contracts. Public procurement practitioners have choices as they face various political pressures as well as sound economic decisions. For example, should they be concerned with maintaining future business competition by keeping some relatively weak companies in business or should they let these small weak firms go out of business and leave a few defence-specialized firms to compete for contracts? This issue is more common in developing countries where perfect competition hardly exists. Large firms are more willing to make a small profit margin or even to take business losses by offering best bids. After small and weak firms are out of business, they will enjoy an imperfect competitive market. Thai (2004).

#### **2.13.4 Other Environmental Forces.**

The public procurement system is also influenced by culture and technology. In a culture where giving gifts is a common public relation practice, it is difficult to distinguish between gifts and bribes. Moreover, rapidly advanced technology has forced public procurement to (a) adopt new procurement methods, such as the use of e-signature and purchase cards; and (b) be knowledgeable in many aspects and considerations of how to procure information technology.

## **2.14 Securities in Tendering**

### **2.14.1 Performance Bond**

A performance bond is a surety bond issued by an insurance company or a bank to guarantee satisfactory completion of a project by a contractor. Russell, Jeffrey Burton (2000).

A job requiring a payment & performance bond will usually require a bid bond, to bid the job. When the job is awarded to the winning bid, a payment and performance bond will then be required as a security to the job completion, (Burton 2000).

For example, a contractor may cause a performance bond to be issued in favour of a client for whom the contractor is constructing a building. If the contractor fails to construct the building according to the specifications lay out by the contract (most often due to the bankruptcy of the contractor), the client is guaranteed compensation for any monetary loss up to the amount of the performance bond.

Performance bonds are commonly used in the construction and development of real property, where an owner or investor may require the developer to assure that contractors or project managers procure such bonds in order to guarantee that the value of the work will not be lost in the case of an unfortunate event (such as insolvency of the contractor). In other cases, a performance bond may be requested to be issued in other large contracts besides civil construction projects. Russell, Jeffrey Burton (2000).

The term is also used to denote a collateral deposit of "good faith money", intended to secure a futures contract, commonly known as margin.

Performance bonds are generally issued as part of a 'Performance and Payment Bond', where a Payment Bond guarantees that the contractor will pay the labour and material costs they are obliged to, (Burton, 2000).

In the United States, under the Miller Act of 1932, all Construction Contracts issued by the Federal Government must be backed by Performance and Payment Bonds. States have enacted what is referred to as “Little Miller Act” statutes requiring Performance and Payment bonds on State Funded projects as well, (Burton, 2000).

#### **2.14.2 Insurers Treat Applications Much Like Loans**

Construction companies struggling through a difficult economy have another obstacle — the tightening market for surety bonds.

That’s according to contractors and the insurance brokers working on their behalf. Surety bonds protect public construction projects and some private ones in case a contractor fails to finish a job; a third-party insurer pays to finish the work of the defaulting contractor.

But with many contractors’ credit scores plummeting through a sustained real estate slump — especially among smaller companies — obtaining the required bonds has become increasingly difficult. Underwriters concerned about companies folding during jobs are making it tougher for the most at-risk firms. Surety bonds act like insurance, but obtaining coverage is much more like getting a loan

#### **2.14.3 How Can Contractors Improve Their Bonding Capacity?**

Construction contractors, even while project owners are requiring more bonds for more projects, continue to confront a surety industry made conservative by several straight unprofitable years, (Barnes, 2012).

The insurance industry endured unprecedented challenges in the opening years of this decade, with a sweeping effect on surety policies. (Although surety bonds aren't insurance, they're often issued by insurance companies, and 80 percent are reinsured.)

A sharp rise in construction failures, a \$40 billion bill for the 9/11 attacks, and the spectacular bankruptcies of Enron, K-mart, WorldCom and other companies all combined for a heavy toll on insurers and sureties. Bond underwriters overall lost money every year between 2000 and 2004, (Barnes, 2012).

One result of these costly events was a sharp consolidation in the reinsurance and surety markets.

Another was a new strictness in the way surety providers look at construction companies and classify bond requests. Essentially, the sureties' definition of acceptable risk narrowed.

But now surety losses are shrinking, and signs of a turnaround are mounting. The overall direct loss rate

— the total amount the sureties paid out in losses as a percentage of the premiums they collected — declined to 37 percent by early 2005 after soaring to 83 percent in 2000. If the trend continues, contractors can expect to see surety companies easing their requirements somewhat. One early sign of such leniency is the increase in the number of secondary surety companies offering more flexible terms and conditions than the larger players, (Barnes, 2012).

A softer surety market will affect construction companies differently. Some contractors who have found it hard to obtain sufficient bonding may see new flexibility on the part of sureties. If such firms can stabilize their businesses through better practices, smarter allocation of resources and more accurate measurements,

they should be able to obtain higher bonding limits and compete for more bonded work, (Barnes, 2012).

On the other hand, when bonding becomes more accessible, bonding capacity will provide less of a competitive edge than it presently does. A well-run firm that can obtain adequate bonding today should make full use of this temporary advantage.

#### **2.14.4 Grounds for challenge**

Challenging decisions of a public body in court is subject to judicial review principles. The proceedings are not a full appeal and the Courts have repeatedly stated that their role is not to 'second guess' the public body's actions. Instead, the focus is on how the decision was reached, (Barnes, 2012). Were there procedural errors or bias? Was the action so unreasonable it could not be objectively sustained?

Circumstances that might constitute grounds for challenge include:

- Failure to advertise a relevant contract
- Wrongly determining that a candidate does not meet the pre-qualification criteria
- Giving one bidder important information that is not provided to other bidders
- Bias in favour of one party (or against another)
- Incorrect application of the award criteria; or
- Changing the award criteria or their relative weightings after receipt of bids

## **CHAPTER THREE**

### **MATERIALS AND METHODS**

#### **3.1 Introduction**

The last two Chapters were devoted to defining the research objectives and review of earlier works. This chapter highlights the research methodology, research approach, data collection and processing approach, data presentation and analysis techniques adopted for the study.

#### **3.2 Research Design**

Explanatory research was used for this study. According to Gay, (1990) explanatory research involves collecting data in order to test hypothesis or to answer questions concerning the current status of the subject of the study. It is economical and convenient for the study of this nature. It aims at explaining causal correlation between variables.

Explanatory research emphasizes detailed background analysis of a limited number of events or conditions and their relationships. Researchers have used the explanatory research method for many years across a variety of disciplines. Social scientists, in particular, have made wide use of this explanatory research method to examine contemporary real-life situations and provide the basis for the application of ideas and extension of methods. Yin (1993) defines the explanatory research method as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used Yin, (1993). In order to assess the challenges in the Public Procurement process, explanatory research was used in the Dormaa East District Assembly.

### 3.3 Sample and Sampling Procedure

The target population for the study was made up of the decentralized departments of the Dormaa East District Assembly, with the following selected as the sample size: All District tender committee members, All District tender review board members, registered Contractors with the Assembly, registered Consultants with the Assembly, District works engineer, District budget analyst and the District procurement officer. The inclusion of the tender committee and the tender review board helped in bringing to bear the extent to which PPA has affected efficient and transparent use of public resources. The works engineer supervises and monitors the execution of the works to conform to plan. The budget analyst assesses the viability of the procurement plan in the economic year. Also, procurement officer helped in bringing out the challenges in the procurement process. The inclusion of contractors and consultants on the other hand facilitated the researcher to know the problems those contractors and consultants go through in the procurement process.

The Table 3.1 below shows the responds rate among the centralize departments of the Dormaa East District Assembly.

Respondents were selected from the Dormaa East Assembly. Respondents were made up of: 7 number tender committee members, 8 number tender review members, 15 contractors, 2 consultancies, the district budget analyse, the engineer and the procurement officer.

In all, 35 questionnaires were administered among the selected population and 30 was returned to the researcher.

**Table 3.1: Response Rate**

<b>Procurement Staffs</b>	<b>Response</b>		<b>Percentage of Respondent</b>
	<b>Sample Size</b>	<b>Number of Respondents</b>	
District Tender Committee	7	7	100%
District Tender Review Committee	8	7	87.5%
District Engineer	1	1	100%
District Budget Analyst	1	1	100%
District Procurement Officer	1	1	100%
District Registered Contractors	15	11	73.3%
District Registered Consultants	2	2	100%
<b>TOTAL</b>	<b>35</b>	<b>30</b>	<b>94.4%</b>

In this study, the purposive sampling technique which is a non-probability sampling technique was used in selecting the procurement officials as well as the contractors/consultancies. This is because it was believed that all the officials at the procurement outfits were in the best position to respond to the research questions and also the registered contractors/consultancies were fewer than to be selected.

### **3.4 Sources of Data**

Together primary and secondary sources of data were obtained for the study. The primary data was obtained directly from respondents through the administration of questionnaires. The primary data provided reliable and accurate first hand information relevant to this study about the challenges in Procurement of public works and other issues necessary for the research. The secondary information was obtained from the library, internet, journal articles, news papers and research reports. The idea of secondary data was to gather necessary information to guide the conduct of the research project in order to confirm or reject the primary data.

### **3.5 Data Collection Instrument**

Questionnaire was the main data collection instrument used for the study. The questionnaire was suitable because it was assumed that the procurement officials as well as the contractors and consultants were literate and for that matter they would be able to respond to the questions unaided. Questionnaire facilitated the collection of data which ensured the best matching of concepts with reality; it provided the same responses from a given set of respondents and helped reduce inconvenience caused by unfavourable interview times and busy schedules.

According to Saunders et al., (2007), questionnaire is used for explanatory research which will enable the study to examine and explain relationships between variables, in particular cause-and-effect relationships. In all, 35 questionnaires were sent out for this study. The researcher personally administered the questionnaire to the respondents. The questionnaire consisted of both open and closed ended questions, based on the objectives of the research and can be found in appendices 4.

### **3.6 Data Analysis and Presentation**

This segment deals with the methods of analysis of the data. Quantitative method was used to analyse the data. The results were computed into percentages and subsequently presented in the form of pie charts, bar charts and tables.

Computer data analyses software such as the use of descriptive statistics under Statistical Package for Social Sciences (SPSS) and other relevant software such as Microsoft Excel were the main tools employed to analyse the data in order to help interpret results. The justification for the choices of these programmes was that, these techniques facilitated word processing and data analysis very easy and accurate pictorial presentations (Safo, 2011).

The other questions that were open-ended were analysed by listing all the important responses given by the respondents. The responses were considered based on the relevance to the study. This gave the general idea of the study with respect to the impact of the public procurement Act on causes and effects of delays.

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## CHAPTER FOUR

### RESULTS AND DISCUSSIONS

#### 4.1 Introduction

This research sought to investigate the challenges in the procurement of public works at the pre-contract stage in the Dormaa East District Assembly. This chapter presents the data collected from thirty five respondents, who are procurement officials, registered Contractors and consultants in the District with its interpretation to the research question. The analysis will be performed around the objectives for this study; however, other relevant details will be added for better presentation of findings. Tables and graphs will be used with their appropriate figures and wordings. The analysis will be performed on the following key areas;

- To identify the critical challenges at the planning stage in the procurement of works at the Dormaa East District Assembly.
- To identify the critical challenges at the tendering stage in the procurement of works at the Dormaa East District Assembly.
- To identify the critical challenges at the awarding stage in the procurement of works at the Dormaa East District Assembly.

#### 4.2 Profile of the Study Areas

##### 4.2.1 Location

Dormaa East District lies between Latitude 7°.08′ North and 7°.25′ degrees and Longitude 2°.35′ West and 2°.48′ west. The District has a total land area of 456 Square Kilometres with **Wamfie** as District Capital, which is about 1.18 percent of the total land area of Brong Ahafo Region that is 38,557 Square Kilometres and about 0.19 percent of that of the country that is 238,537 Square Kilometres.

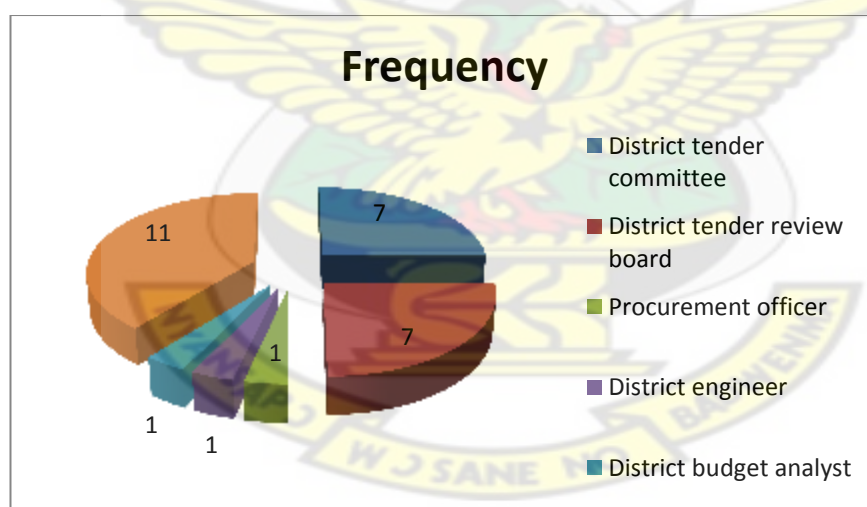
The District shares common boundaries with Dormaa Municipal to the West, Berekum to the North, Sunyani to the East and South by Asunafo North Municipal and Asutifi District. Ghana Statistical Service. (2011). 2010 Population and Housing Census Provisional Results access on the 20<sup>th</sup> of September.

### 4.3 Data Analysis

#### 4.3.1 Personal Data

- The first in this section determines the positions of the respondent. Their position determines their knowledge area in the process of the procurement, and it was satisfactory.

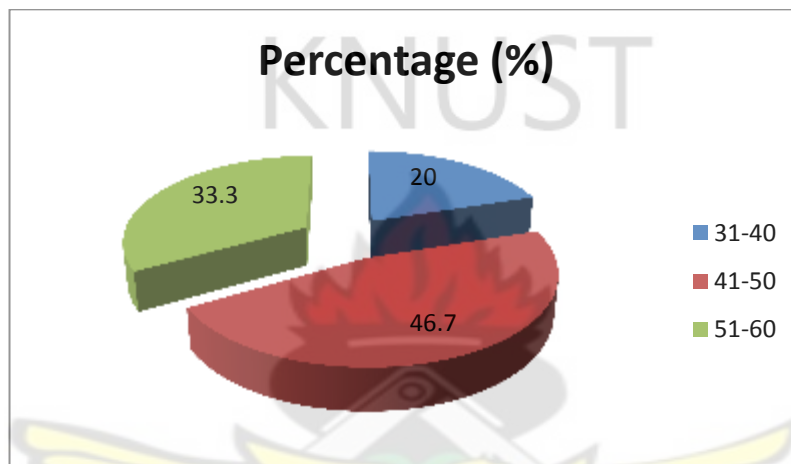
**Figure 4.1 Positions of respondent**



The finding from the study on respondent's age is confirmed by (Chartered Institute of Builders, 2010). The sector stands to lose valuable skills and experience with the retirement of the older generation in the next five to 10 years (Chartered Institute of Builders, 2010). Moreover, the Strategic Promotion of Ageing Research Capacity (SPARC) research programme (Leaviss, Gibb and Bust, 2008) noted not only the

void left behind from lost experience, but also how older workers reluctant to retire can still add value to the workforce. Older workers in the construction industry and the Assemblies were found to be committed, valued and appreciated for their skills, but as they age they slow down and become less productive and this affect performance of role.

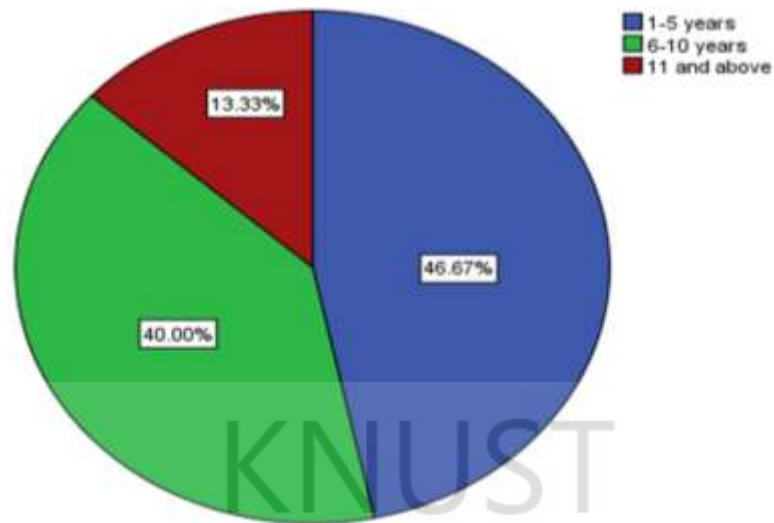
**Figure 4.2 Respondents age**



From the figure, the highest age group fell between the ranges of 41-50 years which indicates 46.7 percent of the respondent. The least also of the range: 31-40 years has 20 percent of the respondent. These indicate the level of maturity of the respondent.

The last in the personal data series was to determine the experience of the respondent in their positions as procurement officials. This was to determine how conversant they are with the procurement system. Though the results was encouraging, it was found out that government workers normally do not stay in post for more than 5 years in one district, which makes it difficult to obtain higher years of experience in one particular district. Nevertheless, we realised our respondents have cumulative experience from district to district on the same positions. Figure 4.3 below indicates the result.

**Figure 4.3 Respondent years of experience**



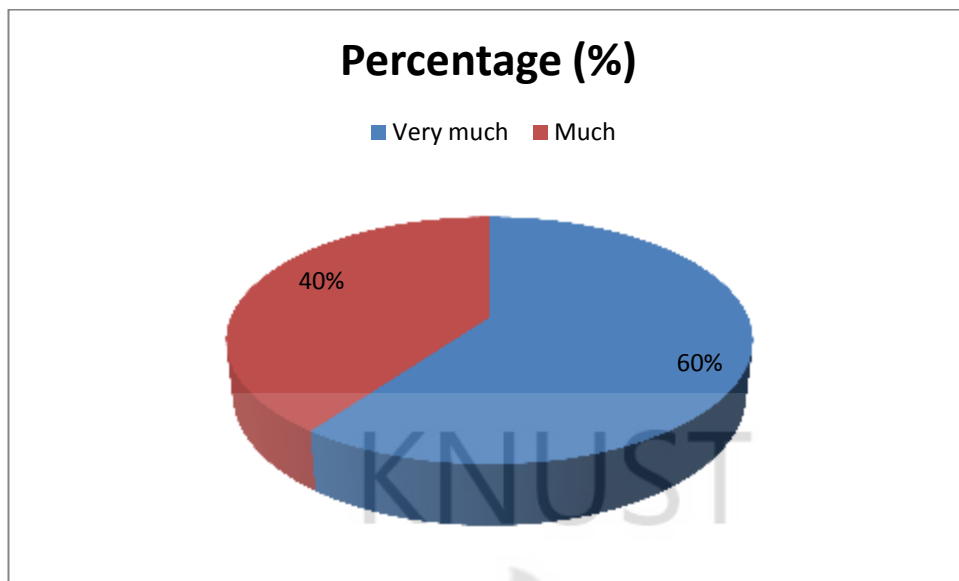
#### **4.3.2 Procurement Planning**

Respondent where asked how conversant they are with the public procurement Act. Important as it is, one may have to be conversant with the laws under which he operates since they say ‘ignorance of the law is no excuse’. From the Table 4.1 and Figure 4.4 below, all the respondent indicated their indebt knowledge as high with 60% choosing the highest in the ranked scale as ‘very much’ and 40% going for ‘much’. Their knowledge in the Act tells the value of their contribution in this research.

**Table 4.1 Respondent knowledge of the procurement Act**

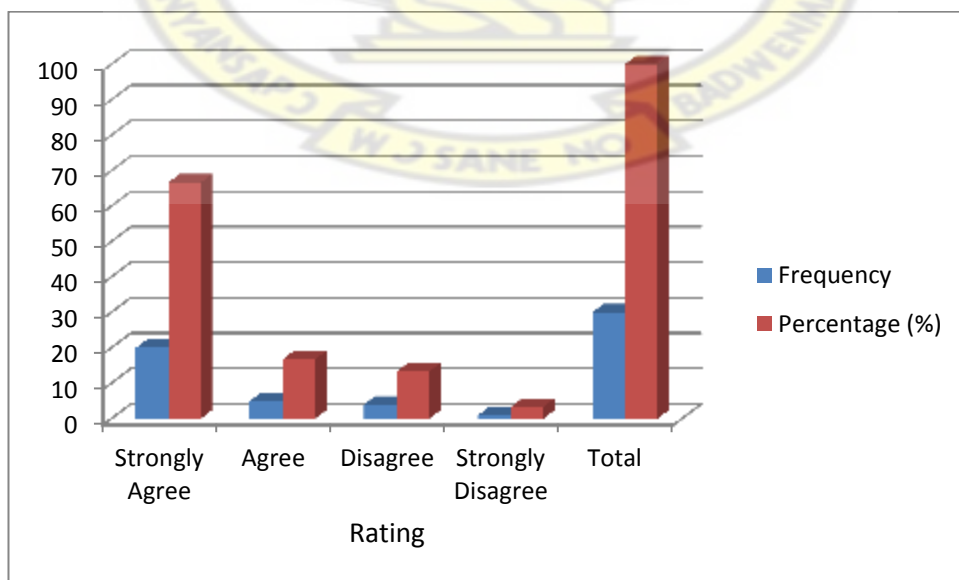
Rating	Frequency	Percentage (%)
Very much	18	60.0
Much	12	40.0
<b>Total</b>	<b>30</b>	<b>100.0</b>

**Figure 4.4 Respondent knowledge of the procurement Act**



The second question in the procurement planning series asked if respondents agree professionalism or quality of procurement workforce influence delivery performance, and from the answers below in Figure 4.5, 83.4% (66.7% + 16.7%) in all attested to professionalism influencing performance whiles 16.6% (13.3% + 3.3%) declined.

**Figure 4.5 Does professionalism and quality workforce influence performance**



The next question on the series also asked how often the procurement plan was followed by the management. This was to determine if there was distortions in the plan and if any, what were the causes. Divided views were realized from the Table 4.2 below, with 16.7% saying most often, 43.3 saying often and 26.7% said less often. 13.3% did not have any idea. This really tells that there was distortion or challenges, so the next question sought to know what the challenges were.

**Table 4.2 how often is procurement plan followed by management**

Rating	Frequency	Percentage (%)	Rank
Most often	5	16.7	3
Often	13	43.3	1
Less often	8	26.7	2
No responds	4	13.3	4
<b>Total</b>	<b>30</b>	<b>100.0</b>	

The next question was to find out what was the best causes of declined or change in the use of procurement plan by management. The Table 4.3 shows that, though all the listed reasons attributed to the declined but ‘delays in the release of central government fund was the most cause.

**Table 4.3 Most cause of change in the use of the procurement plan by mgt.**

Causes of Changes	Frequency	Percentage (%)	Rank
Delays in the release of central Government fund	15	50.0	1
Attendance of unplanned activities	8	26.7	2
Insufficient budget	7	23.3	3
<b>Total</b>	<b>30</b>	<b>100.0</b>	

The last question in the planning series was to find out from the respondent, the critical challenges associated with the stage. From the Table 4.4, ranking by mean with the criticality falling between 5 to 3, the respondents ranked ‘lack of fund’ as the most significant challenge with a mean of (3.30), followed by ‘adoption of applicable method of tendering (3.23), and lastly by ‘low capacity of procurement professionals’.

**Table 4.4 which of the following challenges associated with the planning stage of procurement of works is the most critical?**

Critical Challenges	Mean	Std. Deviation	Rank
Adoption of applicable method of tendering	3.23	0.858	2
Date of submission of plan for approvals in the action year	2.70	1.088	5
Splitting into lots of a contract by virtue of threshold	2.80	1.157	4
Low capacity of procurement professionals	3.00	1.083	3
Lack of fund	3.30	0.915	1

#### 4.2.3 Procurement Tendering

The first under this series was to find out from the respondents, the critical consequences of inappropriate selection of procurement methods. It was noted from Table 4.5, ranking by mean with the criticality falling between 5 to 3, that the appeared highest consequence was ‘poor execution of work’ which had a mean of (3.30) responds, followed by ‘needs to seek offers again’ with (3.00). And lastly by ‘failure to obtained value for money’ which also had a mean of (2.80) responds.

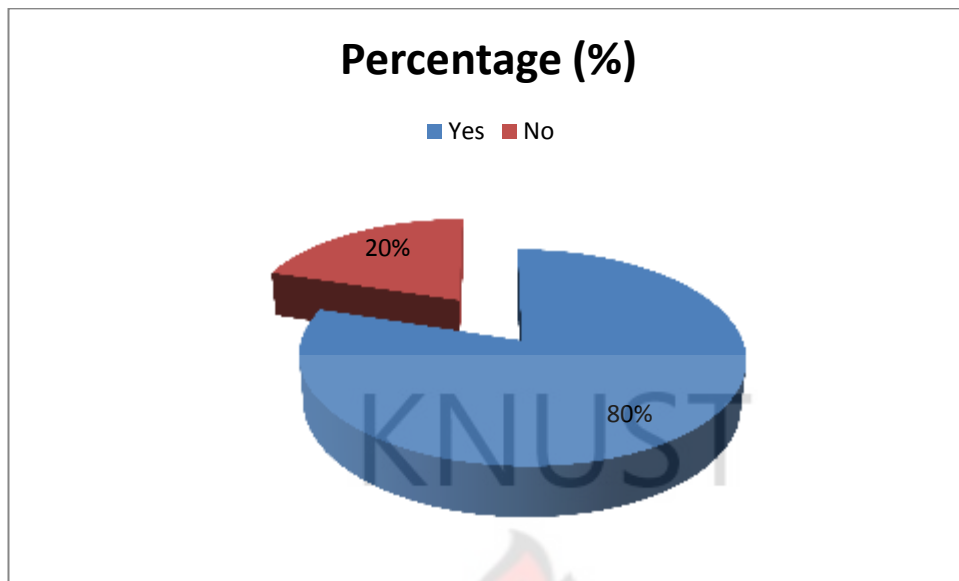
**Table 4.5 Which of the following is critical consequence if inappropriate procurement method is selected for an Activity?**

<b>Critical Consequence</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Rank</b>
Needs to seek offers again	3.00	1.083	2
Possible cost variation	2.70	1.088	4
Failure to obtained value for money	2.80	1.157	3
Poor execution of work	3.30	0.915	1

The next study sought to find out if the procedures involved in procurement were cumbersome and the figure below depicts the responses from the field. Out of 30 respondents, 24 representing 80% admitted the system is cumbersome and 6 representing 20% did not admit.

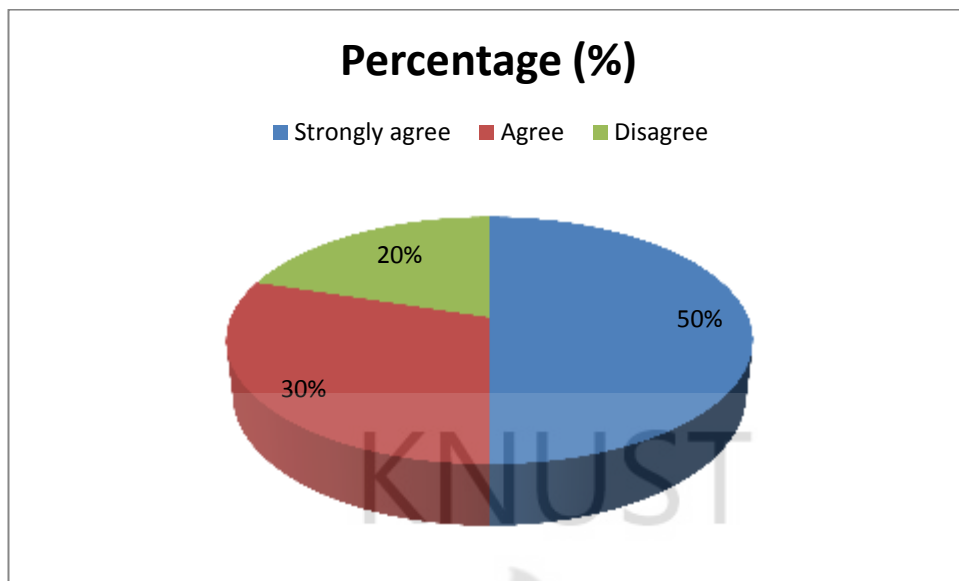
It is evident from the below table that there is some sort of bureaucracy in the procurement process which makes it cumbersome. This confirms what some authors have already said including Nketia-Ashanti (2009) and Weele (2000) that procurement procedures were embedded in a lot of bureaucracy and this delays the procurement process.

**Figure 4.6 Is procurement procedure cumbersome**



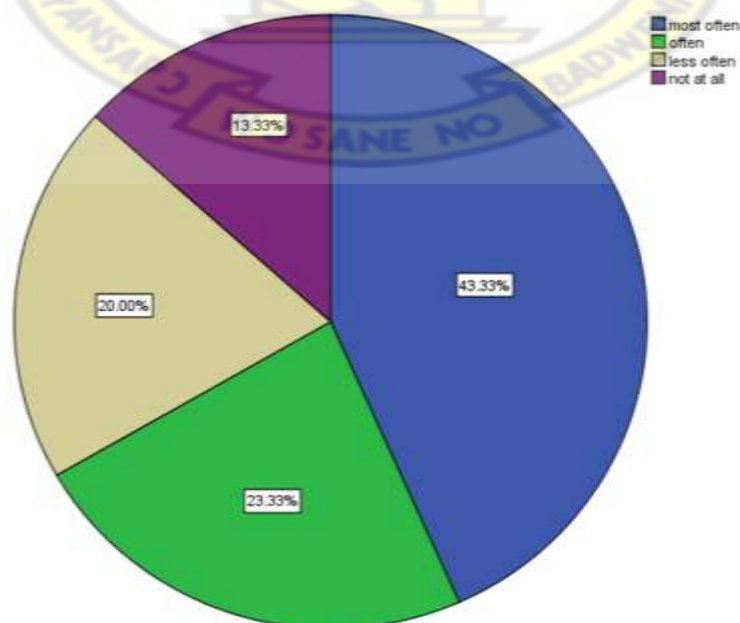
The next in this series sought to find out if the local contractor's incapability to raise credit, bid bonds and securities from the banks and insurance companies affects their participation to bid for large value projects. From the Figure 4.7, together 24 respondents represent 80% agreed, and 20% disagreed. Their reasons being the high interest rates on the surety market and also most of the contractors running down after award of contract.

**Figure 4.7 Contractor's incapability to raise credit facility**



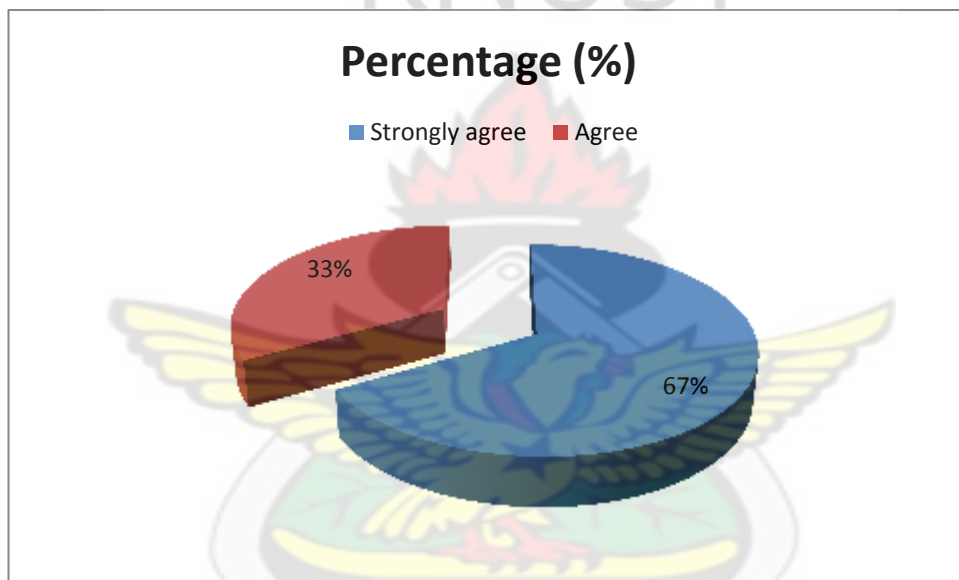
Another in this series was to find out from respondents how often the uncertainties relating to supplies chance of winning a tender or bid causes under invoicing in tendering. It was found out from the respondents in Figure 4.8. That most of the contractors will do anything to win a contract at the time of bidding without assessing how effective and profitable the contract is. 43.3% were of the high view and 23.3% also second it while 20% were of descended view, with 13.3% dismissing it.

**Figure 4.8 Uncertainty of a supplier winning cause under invoicing**



The last in this series was to find out if the submitted key personnel's of the company has influence on performance of the work. It was noticed that most key personnel's that are presented at tender do not exist in the company at all but are used to enhance their chances of winning the bid. From the Figure 4.9 there was 100% consensus agreement to the fact that, the absence of key personnel's can derail the performance of the work.

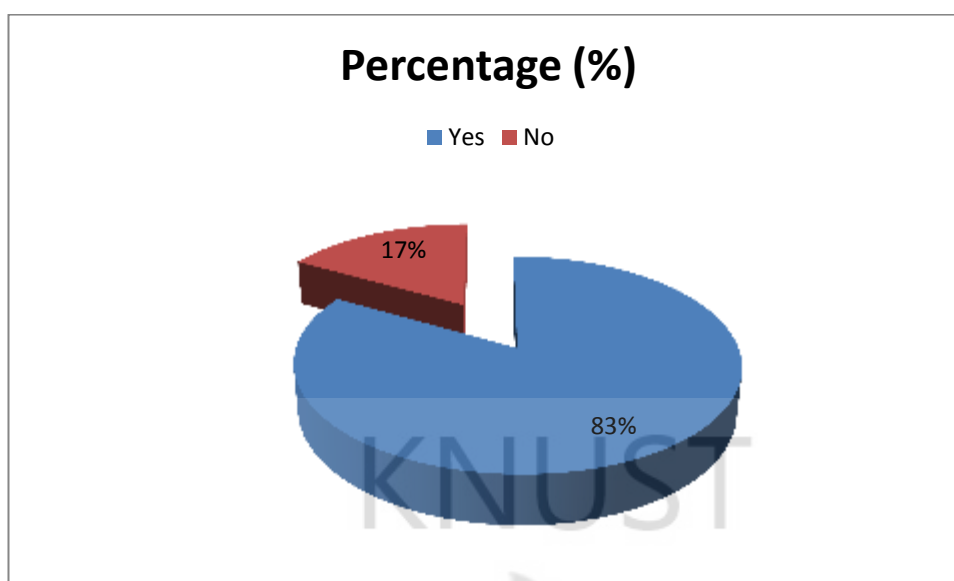
**Figure 4.9 Does submitted key personnel's influence performance?**



#### **4.2.4 Procurement Award**

Here the respondents were asked if they write back to unsuccessful tenderers indicating the reason for their tender not winning. The responds was 83.3% for affirmation and 16.7% for non compliance. This indicates their compliance with the Act 663, sec. 65 (9).

**Figure 4.10 Write back to unsuccessful tenderers**

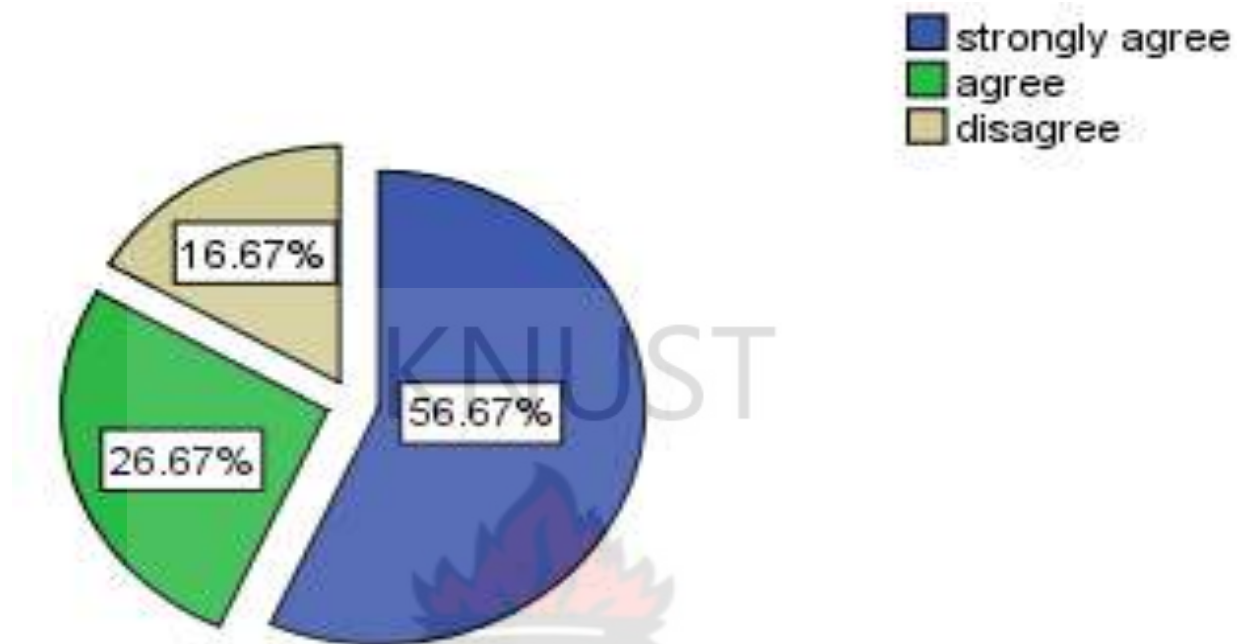


The next question under award, respondents were to state their level of agreement as to the occurrence of challenges like delays and higher cost of procurement when evaluated figure exceeds the budgeted. The responds from the Table 4.6 below indicate that, 56.7% strongly agreed with 26.7% seconding. Their reason being that the procedure will be prolonged for possible re-run or halt for enough budget to be available. 16.7% of the respondent disagreed.

**Table 4.6 would challenges like delays and higher cost of procurement occurred when evaluated figure exceeds the budgeted?**

Rating	Frequency	Percentage (%)
Strongly agree	17	56.7
Agree	8	26.7
Disagree	5	16.7
Total	30	100.0

**Figure 4.11: Would challenges like delays and higher cost of procurement occurred when evaluated figure exceeds the budgeted?**

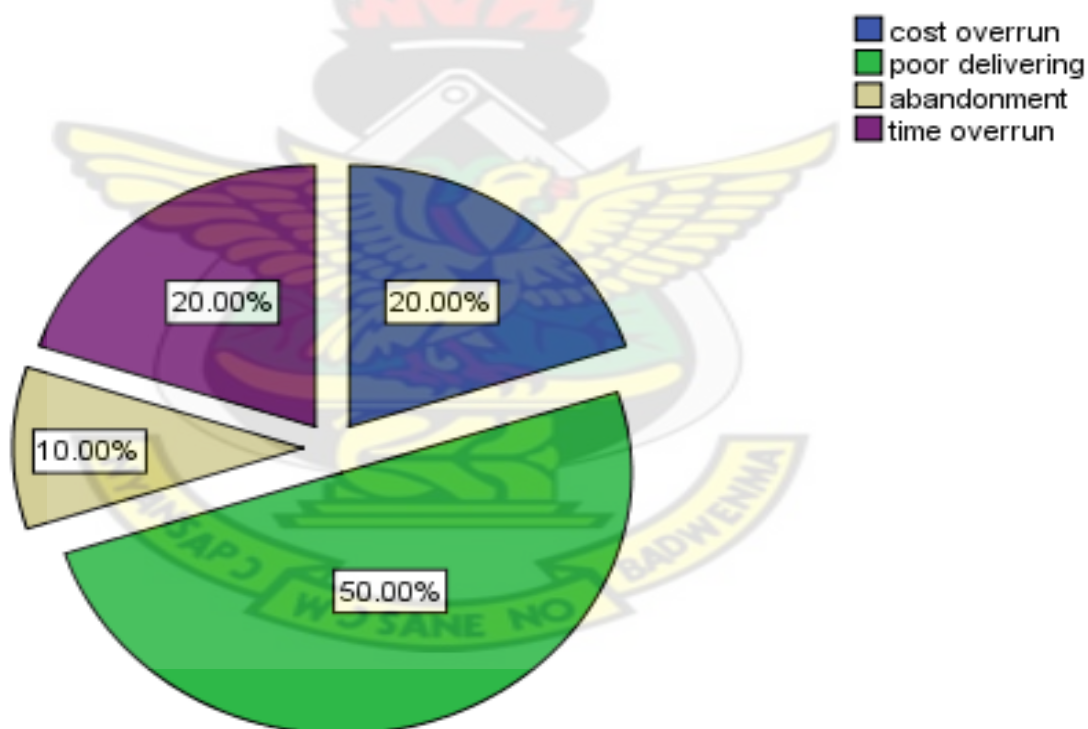


Another questing was to find out the consequences of contractors not reading the conditions of contract and instructions before tendering for the job. These in many times are the causes of dispute in contract. From the Table 4.7 and Figure 4.12 below, ranking by mean with the criticality falling between 5 to 3, the respondents ranked with a mean of (3.17), indicated poor delivery as the most consequence followed by cost overrun with a mean of (3.07). The rest fell outside the assessing limit of responds.

**Table 4.7 consequences of contractor's inability to read conditions of contract before tendering**

Consequence of contractors inability	Mean	Std. Deviation	Rank
Cost Overrun	3.07	1.015	2
Poor Delivery	3.17	1.085	1
Abandonment	2.67	1.124	4
Time Overrun	2.90	1.029	3

**Figure 4.12: Consequences of contractors inability to read conditions of contract before tendering**

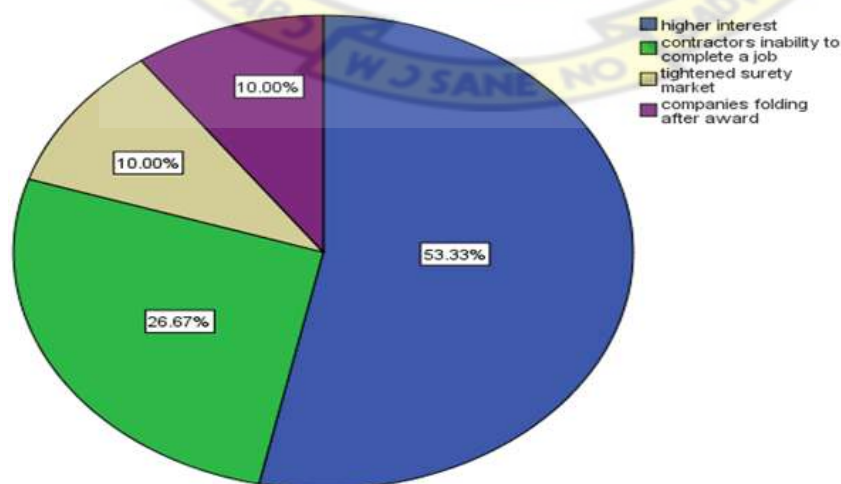


The last in the series, respondents were asked to rank the higher in the least leading to the difficulties in obtaining bonds or surety by contractors from the Banks or the insurance companies. These difficulties disable contractors in tendering for bigger projects and international once. From the Table 4.8 and Figure 4.13 below, “higher interest” was voted as the highest difficulty in obtaining surety from the insurance companies and the banks with 53.3%, followed by “contractors inability to complete a job” with 26.7%, then “tightened surety market” and “companies folding after award” each receiving 10% of the responds.

**Table 4.8 which is the highest difficulty in obtaining surety?**

Rating	Frequency	Percentage (%)
Higher interest	16	53.3
Contractors inability to complete a job	8	26.7
Tightened surety market	3	10.0
Companies folding after award	3	10.0
<b>Total</b>	<b>30</b>	<b>100.0</b>

**Figure 4.13: Which is the highest difficulty in obtaining surety?**



## **CHAPTER FIVE**

### **CONCLUSION AND RECOMMENDATIONS**

#### **5.0 Introduction**

The purpose of this chapter is to round off the research with summary of findings, conclusion and recommendations. The conclusions would be made from the analysis and the objectives of the research.

#### **5.1 Summary**

The research was to address the challenges in implementation of the procurement act, in the case of Dormaa East District assembly. The issues studied included evaluating public sector purchasing processes in helping to achieving high performance, the challenges faced by political interference, the capabilities of the procurement staff etc. The research was based on the use of questionnaires. Both primary and secondary data were used in conducting the research. The population of the study included all procurement officials, registered contractors and consultancy, detailed as follow: The district tender committee, the district review board, the procurement officer, budget analyst and the engineer were all selected. Fifteen (15) contractors and two (2) consultancies were selected from the registered list. A survey analysis method, distribution tables and figures were the statistical techniques used for the analysis of the data.

After a series of intensive review and analysis of materials relating to Public Procurement, the following findings were made

- i. Though in the analysis of how conversant the respondent were with the Act, the table indicated a satisfactory results but additional information gathered from the field proved that Procurement knowledge and expertise

at policy and operational levels were inadequate. This implies that the personnel involved were severely handicapped concerning the requisite procurement skills. Analysis had also revealed that apart from World Bank documents, the procurement system in the country lacked standard documents for use in specific contract situations.

- ii. There were mixed reactions from respondents as to how often the procurement plan drawn by the entity is executed accordingly. Further enquiries informed that most entities deviate from their procurement plans by virtue of unanticipated pressing activity that comes along the way of the plan year. Again, limited contingency budget and central government programmes interference all constitute to the deviation. Among all others, respondents attributed the most cause of decline to the release of central government fund, i.e. the District Assemblies Common Fund (DACF) with a vote of 50%.
- iii. A list of challenges was found to be associated with planning stage of procurement.

First, adoption of applicable method of tendering- At the time of drawing the plan, one need to be knowledgeable with the threshold for procurement methods, the cost of work and other conditions to enable you to select a suitable method, and these will take a professional to forecast this condition correctly.

Secondly, date of submission of procurement plan for approval in the action year. Submitting the plan two (2) months prior to the action year as required is a challenge because the pending year's plan might not have been fully executed and would not know which uncompleted or executed projects to be forwarded to the next year's plan.

Thirdly, splitting of contract into lots- It was observed from contract files that most of the contracts which could have been aggregated to attract competition were split into smaller lots that allowed for the use of RFQs.

This is incoherent with the provisions of the Public Procurement Law which prescribes procedures for the sizing of tender packages, soliciting and evaluating tenders for contract award. Section 21(5) states that: A procurement entity shall not divide a procurement order into parts or lower the value of a procurement order to avoid the application of the procedures for public procurement in this Act. Procurement staff and entities, in circumventing the law, have misapplied the section 21(5) under the pretence of lack of funds and therefore procure goods in smaller quantities. This splitting of the contracts allow for the use of RFQs which is believed to be relatively more susceptible to manipulation by procurement officers (Ameyaw et al., 2012).

Fourth, Low capacity of procurement professionals- The low capacity of procurement staff has long been identified as one of the dominant factors that restrain the successful implementation of procurement reforms. This finding therefore corroborates the ODPP Annual Report (2007) on the situation in Malawi. The ODPP Annual report had suggested that low capacity of procurement staff hampers procurement reforms in developing countries.

Fifth, Lack of fund- this makes it difficult to plan in the sense that you ought to know your finances or predictable to enable you to plan well. Unreliable releases of the funds give challenges in procurement planning.

- iv. As to the use of procurement method, works procurement showed an improved adherence to provisions within the Public Procurement Law with 46.7% approval from the respondents, but further enquiries indicated

that under procurement of goods and services, Request for Quotation (RFQ) and Sole Sourcing (SS) were preferred option due to lack of funds and the uncooperativeness of suppliers.

- v. Most banks in the country have international connections. They are able to issue letters of credit, bid bonds and other guarantees for compliance with tenders. The credit worthiness of the banks is guaranteed in that the Bank of Ghana supervises and ensures that only credit worthy and professionally managed banks are licensed to operate in the country. High interest rates appear to be a hindrance for national suppliers to access credit. Similarly, some national bidders find the 10% requirement for bid bond too high, and they end up not participating in tenders advertised locally.
- vi. Most of the local contractors bent on winning a contract will quote low leading to under invoicing and also would want to corrupt the procurement officials by promising anything that will lead to winning the bid. This challenge will eventually have effect on the quality of work when contractors realize they are running at a lost. Respondents attested affirmatively to the question ‘if uncertainties relating to a suppliers chance of winning a bid could cause under invoicing in tendering.
- vii. Another challenge was, contractors were fast enough to put in credible key personnel at the tendering to enhance their tender but on the ground you find no such persons which really have effect on the performance of the work.
- viii. Section 65(9) of the Public Procurement Law requires that procurement entities communicate the results of any procurement exercise to

unsuccessful bidders. The survey reveals that, this aspect of the Law was not implemented. This is a worrying trend. Shielding the results of tendering processes from unsuccessful tenderers affects the credibility of procurement entities which in turn affects the level of competition on future tenders. The survey found that 16.7% of the entities had no formal correspondence with the PPA, whilst 83.3% have had some communication with the PPA. If there was a good flow of information from the PPA to the entities and vice versa, there could have been better information on the lapses in the implementation process, which could have shaped/improved policy directions. Adequate communication could help the entities to build their capacity in the law and to seek assistance of any kind from the PPA, especially in the areas of capacity development and clarification of any section of the law.

## **5.2 Conclusions**

The District Assemblies are the implementation units of the government developmental policies in Ghana and thus receive funding such as; District Assemblies Common Fund (DACF), District Development Fund (DDF) and other donor funds for its projects. For fairness, transparency and value for money in the distribution of projects, called for the introduction of the public procurement Act (Act 663). This research was to assess the challenges associated with the procurement of public works as applied to Dormaa East District Assembly.

The study found out that the challenges in the implementation of the Public Procurement Law in Ghana are the result of low capacity of procurement professionals, low interaction between procurement entities and the PPA, deliberate controlling of competition, non compliance with provisions of the law, splitting of

contracts into smaller lots, lack of funds and contractors inability to secure credit from the Banks and the Insurance companies. The challenges as identified in this study have some dire consequences on the economy and the integrity of the procurement process in the country

### **5.3 Recommendations**

The following recommendations were made to improve procurement activities in order to achieve the objectives for its implementation.

#### **i. Procurement Capacity**

Additional information gathered during the study reveals that, the present post procurement officers into the various MMDA's are supply chain oriented and should be meant for Stores or goods procurement only because their background would have deficiencies in the performance of the procurement of works and services which is best executed by the Engineers. My recommendation to the Local Government Service is to provide in-service training for the Engineers or to recruit MSc. Procurement Management holders.

#### **ii. Decentralize the PPA**

The PPA must be decentralized to all the regions for easy accessibility and monitoring of the implementation of its rules. This will do well to prevent breaches of some of the provisions of the law which includes; splitting of contracts into smaller lots, using procurement methods which are inappropriate for some contracts, checking political interference, not communicating procurement results to unsuccessful bidders etc.

### **iii. Review of Thresholds**

The schedule three of the Act which indicates the thresholds for procurement method needs to be revised because inflation has devalue the amount that commensurate the quantum of work that it use to do, and this really undermine the cost effectiveness of the tendering methods.

### **iv. Release of Funds**

It is recommended that the Procurement entities comply with the contractual agreement with contractors/suppliers by honouring prompt payment upon completion of contracts/projects. This would enhance contractor's ability to become resourceful to improve upon their financial capabilities on subsequent execution of projects/contracts. Entities should identify sources of internally generated funds to meet their financial obligations and to decentralise contract payment system to reduce the time, cost and energy of chasing payment by contractors.

### **v. Effective Monitoring and Auditing.**

There must be a routine checks on procurement process to scare off unprofessionalism in the system. This can be done by involving Public Procurement Authority from the start to the end of the process.

### **vi. Surety Market.**

Difficulties in obtaining Bank guarantee as a requirement to tenderers is scaring most contractors from tendering for contracts, therefore there should be a collaborative effort by the government and Bank of Ghana to look at the interest rate and surety rates to convenient the contractors.

**vii. Fair and Transparent Process.**

The regularized front payment of 10% from contractors to political heard derails the fairness and transparency of the process, and this leads to poor workmanship. I therefore suggest that, all awards should be subjected to PPA's approval.

**Areas for Further Research**

Lastly, the following areas were identified for further research;

- Reality of contract sums.
- Public procurement and bureaucracy



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## APPENDIX 1

### List of Registered Contracting and Consulting Firms in Dormaa East Assembly

No	Name Of Contracting Firms	Address	Contact Nos.
1	M/S Joshlarbi Gh. Ltd	P. O. Box 451 Berekum	0248-996223
2	M/S Emmanuel Atoo const. Wks.	P. O. Box 1282 Sunyani	020-8114086
3	M/S Tender Crown	P. O. Box 2330 Sunyani	0248-482828
4	M/S Koboamps Co. Ltd	P. O. Box 46 Techiman	020-8134956
5	M/S Flodick Enterprise	P. O. Box 336 D/ Ahenkro	(03523)221280
6	M/S Ganamu Co. Ltd.	P. O. Box As 53 Kumasi	024-3152405
7	M/S Zudo's Limited	P. O. Box 822 Accra	0302-253503
8	M/S No. Problem Const. Wk	P. O. Box 63 Sunyani	027-5209287
9	M/S Suhulu Enterprise	P. O. Box 72 Kumasi	024-4959501
10	M/S Petmat Cont. Works	P. O. Box 142.D/ Ahenkro	024-5329895
11	M/S Matroses Limited	P. O. Box 1504 Sunyani	020-8114024
12	M/S Yententu Limited	P. O. Box 180 Nkoranza	020-8877301
13	M/S Akajoe Co. Limited	P. O. Box 12 Wamanafo	0272-516452
14	M/S Adujoe Const. Trad. Ent. Limited	P. O. Box 4 Dormaa Ahenkro	0242-177205
15	Sages Consult Gh. Limited	P. O. Box 1231 Sunyani	061-24893

No	Name Of Consulting Firms	Address	Contact Nos.
1	A.E.S. Limited	P. O. Box 366 Sunyani	035-2023620
2	Procurement & Project Management Consultancy (Getfund)	P. O. Box Af 1701 Adenta-Accra	0302-926409

## APPENDIX 2

### List of District Tender committee Members

No	Designation	Remarks
1.	District Chief Executive	Chairman
2.	District Co-Ord. Director	Secretary
3.	District Finance Officer	Member
4.	Director of Agric	Member
5.	Ghana Education Service Director	Member
6.	Health Director	Member
7.	Member of Parliament	Member

## APPENDIX 3

### List of District Tender Review Board

No.	Designation	Remarks
1.	Civil Engineer	Chairman
2.	Dept. of Feeder Roads	Member
3.	Works Chairman	Member
4.	F & A Chairman	Member
5.	Banker	Member
6.	Registrar	Member
7.	Dist. Planning Officer	Secretary

## **APPENDIX 4**

### **QUESTIONNAIRE KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI**

#### **COLLEGE OF ARCHITECTURE AND PLANNING**

#### **DEPARTMENT OF BUILDING TECHNOLOGY**

#### **MSc. PROCUREMENT MANAGEMENT**

**NAME: TERRY BUDU**

#### **Challenges Associated with Procurement of Public Works in the Dormaa East District Assembly**

This research is part of a Master's Thesis being conducted in the Department of Building technology, Kwame Nkrumah University of Science and Technology, Kumasi. The study is based on a selected sample in the Dormaa East district of Brong-Ahafo Region, so your participation is important. The outcome of this study will enhance knowledge on causes and effect on the delivering of works of Public Procurement Act.

Participation in this study is voluntary, and all who participate will remain anonymous. Your name is not needed. All information offered will be treated confidentially, and the results will be presented in such a way that no individuals may be recognized.

Thank you.

(tbudu@yahoo.com)

## PERSONAL DATA

Please provide the correct information or ranked by ticking in the appropriate box

[ ] and fill in the blank where necessary

1. Please which of the following title do you belong as a practitioner?

- i. District Tender Committee [ ]
- ii. District Tender Review Board [ ]
- iii. Procurement Officer [ ]
- iv. District Engineer [ ]
- v District. Budget Analyst [ ]
- vi. Contractor [ ]
- vii. Consultant [ ]

2. Which of the below age category do you fall?

- i. 20 – 30 [ ] ii. 31- 40 [ ] iii. 41 – 50 [ ] iv. 51 – 60 [ ]

3. What are your years of experience in the position?

- i. 1 – 5years [ ] ii. 6 – 10years [ ] iii. 11 and above [ ]

## PROCUREMENT PLANNING

4. How conversant are you with the public procurement Act?

- i. Very much [ ] ii. Much [ ] iii. Little [ ] iv. Not at all [ ]

5. Do you agree Professionalism or quality of procurement workforce influence delivery performance?;

- i. Strongly Agree [ ] ii. Agree [ ] iii. Disagree [ ]
- iv. Strongly disagree

6. How often is the procurement plan followed by management?

- i. Most often [    ]      ii. Often [    ]      iii. Less often [    ]      iv. Not at all [    ]

7. Which is the highest cause of decline or change in the use of procurement plan by management

- i. Delays in the release of central government funds [    ]  
 ii. Attendance of unplanned activities [    ]  
 iii. Insufficient budget [    ]

8. In your own opinion, how critical is the following challenges associated with the planning stage of procurement of works? Please indicate as 1= Not critical, 2= Less critical, 3= Quite critical, 4= Most critical.

Critical Challenges	Criticality			
	1	2	3	4
Adoption of applicable method of tendering				
Date of submission of plan for approvals in the action year				
Splitting into lots of a contract by virtue of threshold				
Low capacity of procurement professionals				
Lack of fund				

## PROCUREMENT TENDERING

9. Which of the following is critical consequence if inappropriate procurement method is selected for an Activity? Please indicate the criticality as 1= Not critical, 2= Less critical, 3= Quite critical, 4= Most critical.

Critical Challenges	Criticality			
	1	2	3	4
Need to seek offers again				
Possible cost variation				
Failure to obtain value for money				
Poor execution of work				

10. Is the procurement procedure irrational and cumbersome? Yes [ ] No [ ]

11. Local suppliers and contractors often do not have the capacity to raise credit, bid bonds and securities from the Banks and Insurance companies, and thus affect their participation to bid for large value projects.

i. Strongly agree [ ] ii. Agree [ ] iii. Disagree [ ]

iv. Strongly Disagree [ ] v. Uncertain [ ]

12. How often does the uncertainties relating to a suppliers chance of winning a tender or bid cause under invoicing in tendering?

i. Most often [ ] ii. Often [ ] iii. Less often [ ] iv. Not at all [ ]

13. Most of the key personnel submitted at the tendering stage of the process are not found with the team after award, and this has consequences on performance. What is your level of agreement?

i. Strongly agree [ ] ii. Agree [ ] iii. Disagree [ ]

iv. Strongly Disagree [ ] v. Uncertain [ ]

14. Procurement is known to stand on; Transparency, Fairness and Value for money, less short of this, Entities stands to suffer insufficient number of responds to Tender which will call for (a). the need to undertake process again, (b).increase cost, (c). delayed delivery to the client and (d). Poor value for money. What is your level of agreement?

i. Strongly agree [ ] ii. Agree [ ] iii. Disagree [ ]

iv. Strongly Disagree [ ] v. Uncertain [ ]

## PROCUREMENT AWARD STAGE

15. Do you write to unsuccessful tenderers indicating the reason for their tenders not winning? Yes [ ☐ ] No [ ☐ ]

16. Before the award of contract, the planning stage would have taken care of the Entities budget and source of funding. What is your level of agreement that there will be challenges like delays and increase in cost when the evaluated figure exceeds the budgeted?

- i. Strongly agree [ ☐ ] ii. Agree [ ☐ ] iii. Disagree [ ☐ ]  
iv. Strongly Disagree [ ☐ ] v. Uncertain [ ☐ ]

17. It is noted that most contractors do not read carefully the conditions of contract and instructions before they tender for a project and hence the consequences listed below. Indicate the criticality of each of the consequences by; 1= Not critical, 2= Less critical, 3= Quite critical, 4= Most critical.

Critical Challenges	Criticality			
	1	2	3	4
Cost overrun				
Poor delivery				
Abandonment				
Time overrun				

18. Which of the virtues will you rank as higher leading to the difficulties in obtaining bonds or surety by contractors from the Banks or the insurance companies?

- i. Higher interest [ ☐ ] ii. Contractors inability to complete a job. [ ☐ ]  
iii. Tightened surety market [ ☐ ] iv. Companies folding after awards [ ☐ ]

19. Please if you have any additional comment or suggestion please you can share with us.

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**Thanks for your contribution.**

KNUST

