

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**COLLEGE OF ARCHITECTURE AND PLANNING**

**DEPARTMENT OF BUILDING TECHNOLOGY**

**KNUST**

**CHALLENGES TO THE PUBLIC PROCUREMENT ACT IMPLEMENTATION  
WITHIN THE MUNICIPAL AND DISTRICT ASSEMBLIES IN THE UPPER EAST  
REGION OF GHANA**

By

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Masters of Science

In

Procurement Management

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## DECLARATION

I hereby declare that this submission is my own work toward the attainment of Master of Science 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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## DEDICATION

This work is dedicated to my children Miss Favour Puswin Anabah and Mr. Delwin Anabah

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I thank the almighty God for making it possible for me to successfully complete this programme.

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## ABSTRACT

The Public Procurement Act was passed to regulate public procurement in Ghana; it is however faced with several challenges. The aim of the study is to identify the challenges and its effects of implementing the public procurement Act within the Municipal and District Assemblies in the Upper East Region of Ghana. Utilizing convenience and purposive sampling techniques, cast in the quantitative approach, a survey questionnaire was designed to gather data from respondents within the municipal and district assemblies in the region. The response data was analyzed using Relative Importance Index and descriptive statistics. The result revealed that market environment; Lack of qualified procurement personnel; Lack of training avenues for procurement practitioners; Inefficient and ineffective procurement policies, structures and procedures were the critical challenges to the implementation of the public procurement Act within the municipal and district assemblies in the region. The most significant effects of the identified challenges were also found to be deficit on government budget, public sector wastage and time overruns of government projects. The research findings will be useful to stakeholders and policy makers who are exploring strategic approaches to improve their procurement practices. Further research is recommended to consider measures to improve the effectiveness of public procurement in project delivery in Ghana.

**Keywords:** Procurement, Municipal Assemblies, District Assemblies, Ghana, Challenges, Effects.

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## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the Study

Procurement is the act of acquiring works, goods or services through a process for an entity whether in the Public or the Private Sector. Soreide (2002). The World Bank (1995) posited during the emerging for the need of Procurement structures described Procurement as the buying or purchasing by public entities using public funds. Adjei (2006) asserted that, a great chunk Ghana's Gross Domestic Product emanates from procurement activities both from the central and local government institutions. Procurement consumes averagely 55% of the national budgets because procurement activities are related to infrastructural works which are provided by the government. The World Bank (2003) revealed that, over half a billion dollars is spent on Public Procurement annually which represents 14% of the Ghana GDP. Odhiambo and Kamau (2003) deduced that, due to the crucial role of Public Procurement it is important and imperative to pay much attention because it can act as source of wastage in the Public Sector.

Weshah (2013) also argued that, every now and then, government in both developing and developed countries are expected to provide services like education, irrigation systems, portable water, good transportation system and other infrastructural systems which are all subjected to the Public Procurement Regulations if these countries.

Public procurement is different from private procurement because in public procurement the economic results must be measured against more complex and long term criteria. Furthermore, public procurement must be transacted with other considerations in mind, besides the economy. These considerations include accountability, value for money, nondiscrimination among potential suppliers and respect for international obligations. For

these reasons, public procurement is subjected in all countries to enact regulations in order to protect the public interests. It is worth noting that unlike private procurement, public procurement is a business process within a political system and has therefore significant consideration of integrity, accountability, national interest and effectiveness (Thai, 2005).

A Public Procurement System is said to be well functioning if it achieves the objectives of transparency, competition, economy, fairness and accountability (World Bank, 2006). In order to improve the management of public funds, many countries have come up with procurement reforms. According to Arrowsmith and Trybus (2003) the last decade of the twentieth century has witnessed the start of the global evolution in the public procurement. Nonetheless Thai (2005) asserts that challenges in public procurement go beyond procurement regulations to include procurement process, methods, organizational structure and work force.

In 1996, the Government of Ghana embarked upon an exercise to reform the public procurement system as an integral part of a Financial Management Reform Program - PUFMARP (Ministry of Finance, 2001). This exercise was to improve the overall public financial management in the country. In 1999, the Government of Ghana established the Public Procurement Oversight Group to steer the development of a comprehensive procurement reform program (World Bank, 2003). This led to the drafting of Public Procurement Bill in 2002 and was passed into law on 31<sup>st</sup> December, 2003 as the Public Procurement Act of 2003, Act 663 (Ministry of Finance, 2004).

The Public Procurement Act provides highlights on roles, regulations, procedures, and processes in the public sector procurement and gives parameters that govern procurement activities which involve the use of public funds. The Act established the Public Procurement Authority (section 1 of Act 663) which will seek to harmonizes the processes

of public procurement in the Public Service to secure a judicious, economic and efficient use of state resources in public procurement and ensure that public procurement in a fair, transparent and non-discriminatory manner (section 2).

Ever since the implementation of the Act, compliance has been an issue with difficulty of establishing the structures especially the procurement unit, inadequate capacity and limited availability of procurement professionals. When compliance is mentioned, focus is on the unethical behavior of the procurement officers and other aspects of public procurement. However, not much focus has been placed on challenges with public procurement in the country despite the fact that each year compliance reports produced by the Public accounts committee and other agencies report that there is non – compliance.

## **1.2 Statement of the Problem**

The Government of Ghana in consultation with its development partners had identified the public procurement system as an area that requires urgent attention in view of the widespread perception of corrupt practices and inefficiencies, and to build trust in the procurement system (Ameyaw et al., 2012). Ntayi (2009) pointed out that one of the challenges that beset Public Procurement is ineffective procurement system which usually cost the government a great chunk of money.

Berko et al (2014) declared that, the challenges encountered if Public Procurement is not attended to include inefficiency, corruption and the lack of transparency because Procurement Officials as well as Politicians can enrich themselves with grant apportioned to this process. The Public Procurement Authority in Ghana (PPA) in its review 2006 identified the weakness in the public institutions that needed urgent attention. These weaknesses include; Lack of qualified procurement personnel, incorrect interpretation of the procurement act and misapplication of some provisions of the procurement Act, slow pace in regularizing the draft regulation, Lack of clear procedure for emergency

procurement, lack of training avenue, poor record management, poor procurement planning, poor contract management and high cost of Advertisement (PPDA, 2007). Political interference with the procurement processes is also a big challenge to the implementation process and public procurement reforms (World Bank, 2004). These unfortunate realities continue to play down the importance of the public procurement Act (Act 663) as a key function in reducing corruption, inefficiency and public sector wastage. Gesuka and Namusonge (2013) also posited that, the issue of challenges has been a probing debate of late. The current study aims at investigating into the challenges associated with the implementation of the Public Procurement Act within the MMDAs in the Upper East region. It will also identify the effects of those challenges on the operations of the assemblies.

### **1.3 Aim and Objectives of Study**

#### *1.3.1 Aim of Study*

The aim of the study was to examine the challenges to public procurement practices within the MMDAs.

#### *1.3.2 Objectives of Study*

The study objectives are to:

1. Identify the challenges associated with the implementation of the Public Procurement Act (PPA) within the MMDAs in Upper East Region;
2. Identify the effects of the challenges on the MMDAs in the Region.

### **1.4 Research Questions**

1. What are the challenges in the implementation of the PPA within the municipal and district assemblies in the Upper East Region?

2. What are the effects associated with the challenges confronting the municipal and district assemblies in the Upper East Region?

### **1.5 Significance of the Study**

This research will provide essential information to policy makers about the impact of the procurement law for public institutions in the country. Prudent management of public procurement systems has been identified as very important to accelerated national development. For this reason, successive governments have realized the need to strengthen procurement laws in order to ensure judicious use of taxpayer's money. Thus procurement regimes are strongly regulated and implemented to ensure attainment of value for money through transparency, fairness, cost-effectiveness, efficiency and promotion of competitive local industry. It is therefore very important for a study of this kind to be undertaken to evaluate the performance of public procurement act on public entities and challenges confronting the reform.

The research is also expected to strengthen the framework of the country's procurement policies because of the level of importance that procurement has on national development. The outcomes of the study will also serve as an input for future studies on public procurement practices as well as procurement decision making and add up to existing knowledge on procurement. Finally, the findings and recommendations of the study will also serve as a guide not only to other district and municipal assemblies in the country, but to assemblies in other developing countries who seek to improve their procurement practices.

## **1.6 Scope of the Study**

Procurement is practiced in all government /public institutions because it is a framework that intends to regulate spending in the public sector. Several procurement entities exist in Ghana but this study is focused on the Municipal and District Assemblies (MDAs) in the Upper-East Region of Ghana. Procurement Officials and employees directly or indirectly involved in procurement within the MDAs will form part of the respondents for this study.

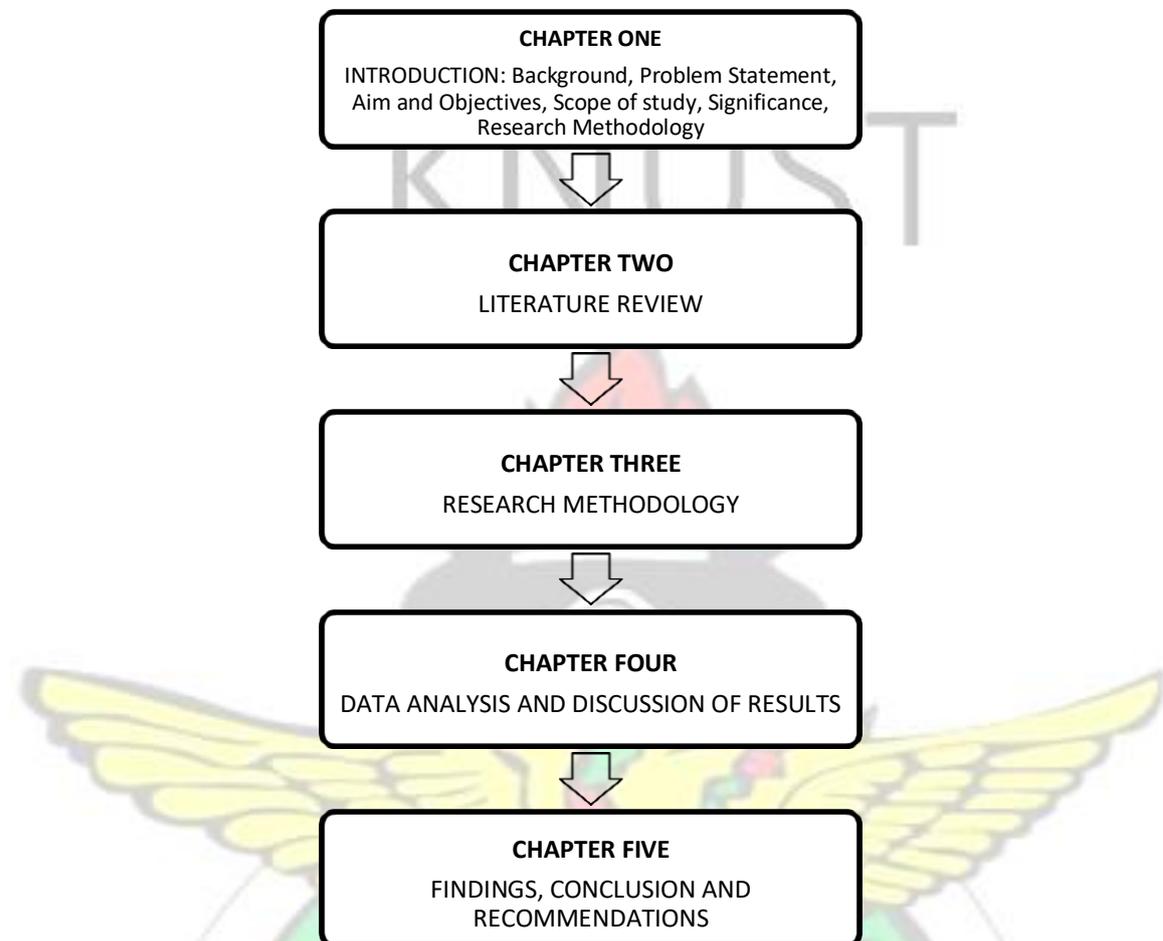
## **1.7 Research Methodology**

Primary and secondary source of data was used in this research. The Quantitative approach was adopted as used in a similar study by Gesuka and Namusonge (2013). Questionnaires were the means of data collection of the primary data. Secondary data was sourced through the use of books, articles, journals, and internet search. The collected data were analyzed using the descriptive analysis and the Relative Importance Index (RII) using the MS Excel.

## **1.8 Dissertation Organization**

This dissertation is organized to have five chapters. Chapter one of this dissertation is the introduction of the work stating clearly the research problem, objectives and significance of the study. Chapter two reviews the relevant literature. In this section, a brief background on the establishment of the Public Procurement Law in Ghana, what other nations have done with their procurement law and the perception of Ghanaians and the Public Procurement act. Chapter three discusses the methodology to be used to answer the research objectives. This would include method of collection and analysis. Chapter four would

analyze and critique the data found. Chapter five concludes the study and makes recommendations to the Public Procurement Authority.



**Figure1.1: Summary of workflow for the Study**

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Overview of Public Procurement**

According to Soreide (2002) Procurement is the process of either purchasing or acquiring goods, services or works for an entity whether in the Public Sector or the Private Sector. Soreide (2002) in-addition stated that, the many steps or the tediousity of the Procurement makes it very complicated. In his submission on the Procurement Kidd (2007) revealed that, procurement is a complex term because it invloves everything that can be purchased

or acquired. According to Ghana Integrity Initiative (2007), Public Procurement —is the acquisition of goods and services at the best possible total cost of ownership, in the right quantity and quality, at the right time, in the right place for the direct benefit or use of governments, corporations, or individuals, generally via a contract. Moreover, the rationale for the implementation of Procurement system is to get value for money, increase efficiency and improve quality. In addition, Benslimane *et al* (2005) contend that the overall aim and objective of procurement is to carry out activities related to procurement in such a way that the goods and services so procured are of the right quality, from the right source, are at the right cost and can be delivered in the right quantities, to the right place at the right time. There are ‘six rights’ in procurement and they can be achieved through following specific objectives of procurement (Benslimane et al., 2005). These specific objectives are;

- To buy quality materials, items and services economically from reliable sources;
- To ensure timely delivery through the selection of capable and efficient suppliers;
- To continuously locate, evaluate and develop economical and reliable supply sources;
- To identify the most reliable sources of supply through either open tender, multistage tendering (pre-qualifying suppliers and retaining only those that are capable of meeting the organization’s requirements; strategic sourcing) and limited tendering.
- To investigate the availability of new materials and monitor trends in market prices;
- To buy in accordance with organizations policies

Procurement is to purchase the right quality of material at the right time, in the right quantity, from the right source, at the right price. The main objectives of procurement include: supplying the organization with a steady flow of materials and services to meet its needs, to buy efficiently and wisely, obtaining by ethical means the best value for

every money spent, to manage inventory so as to give the best possible service to users at lowest cost and protect the government's cost structure (Barly, 1994).

Odhiambo and Kamau (2003) admitted that, procurement can be classified under two groups either public or private.

Procurement is to purchase the right quality of material at the right time, in the right quantity, from the right source, at the right price. The main objectives of procurement include: supplying the organization with a steady flow of materials and services to meet its needs, to buy efficiently and wisely, obtaining by ethical means the best value for every money spent, to manage inventory so as to give the best possible service to users at lowest cost and protect the government's cost structure (Barly, 1994).

Public procurement can be described as centrally negotiated legal processes which are guided by political decisions and practically implemented by various local purchasers. It should be acknowledged that public procurement has both economic and social benefits, but the social benefits of public procurement are primarily seen as indirect positive effects from economic savings and environmental improvements (Wickenberg, 2004).

Procurement is a potential instrument of integrating socially and economically sustainable benefits to stimulate employment programmes. It includes planning, inviting offers, awarding contracts and managing contracts. For procurement to achieve its goals, it should follow these two principles: Professionalism and Value for Money (Economy).

Professionalism is the discipline whereby educated, experienced and responsible procurement officers make informed decisions regarding purchase operations. The role of procurement professionals is critical to Ghana's economic development. It is in the recognition of this fact that the procurement Board's object includes; —the professional

development, promotion and support for individuals engaged in public procurement and ensure adherence by the trained persons to ethical standardl.

Value for Money (Economy): this is to secure a judicious, economic and efficient use of state resources at a reasonable cost. Value for money is not about achieving the lowest initial price: it is defined as the optimum combination of whole life costs and quality.

International experience suggests the following four basic principles upon which procurement system is based (World Bank, 2000).

- Maximizing economy and efficiency.
- Promoting competition and encouraging maximum participation by suppliers and contractors for the supply of goods, construction or services to be procured.
- Fair and equitable treatment of all suppliers and contractors.
- Transparency in procedures and minimizing opportunities for corruption and collusive activities.

### *2.1.1 Compliance with the Public Procurement Act*

The call for strict adherence to rules and regulations in public procurement cannot be over emphasized. Current trends have proven that, monitoring and evaluation (M&E) constitutes the two most fundamental elements required for the realization of any policy objectives and holds the power to preserve the sanctity and integrity of any system, therefore the need for compliance. The Public Procurement Act, 2003 (Act 663) is an act of parliament to provide for public procurement, establish the Public Procurement Board; make administrative and institutional arrangements for procurement; stipulate tendering procedures and provide for purposes connected with these (The Public Procurement Act 2003).

Compliance refers to —acting in accordance with an influence attempt from the source (Payan and McFarland, 2005). From the perspective of a formal concept of compliance, the conduct of the regulated actor is compared to a formal definition of the corresponding (legal) obligation (Gelderman *et al.*, 2006).

The former Minister of Finance and Economic Planning, Mr. Kwadwo Baah –Wiredu, stated that the government was committed at the highest level to ensuring compliance with procurement procedures. The minister said compliance with transparent procurement practices would enable the government to put into practice its concept of good governance and —zero tolerance for corrupt behaviour. He said the government therefore, attached great importance to the implementation of the Public Procurement Act, (Act 663) to ensure that the nation’s scarce resources were efficiently utilized (Daily Graphic Monday, May 22, 2006).

In a related development the chairman of the Public Procurement Board, Mr. Kwasi Abbey Sam, also stated that since the inauguration of the board in August 2004, it had worked assiduously to fulfill its objectives to —ensure that the acquisition of rights, works or services by the public sector were done at the best possible total cost in an open and sincere manner. He explained that the board did not do procurement to clear the erroneous impression, adding that its role was to steer procurement activities in the public sector in the right direction (Daily Graphic Saturday August 26, 2006). Compliance is an important composition for the public procurement act to properly achieve its goals and aims but that seems difficult as most public organizations in the country have been cited for corruption and other malfeasances. Despite these setbacks compliance is very important and cannot be over emphasized.

### *2.1.2 Public Procurement*

Akech (2006) revealed that Public Procurement entities operates on the levies deducted from the State budgets, grants, international generated funds are sources of funds available for the procurement of services, works and goods for the government (Odiambo and Kamau, 2003).

Public procurement thus means procurement by a procuring entity using public funds (World Bank, 2013). The items involved in public procurement range from simple goods or services such as clips or cleaning services to large commercial projects, such as the development of infrastructure, including road, power stations and airports. Public procurement is different from private procurement, because in public procurement the economic results must be measured against more complex and long term criteria. Furthermore, public procurement must be transacted with other considerations in mind, besides the economy. These considerations include accountability, non-discrimination among potential suppliers and respect for international obligations (Wittig, 1998). For these reasons, public procurement is subjected in all countries to enacted regulations, in order to protect the public interests.

Again, according to Ghana Integrity Initiative (2007), Public Procurement —is the acquisition of goods and services at the best possible total cost of ownership, in the right quantity and quality, at the right time, in the right place for the direct benefit or use of governments, corporations, or individuals, generally via a contract. It can be said to be the purchase of goods, services and public works by government and public institutions. It has both an important effect on the economy and a direct impact on the daily lives of people as it is a way in which public policies are implemented (Ghana Integrity Initiative, 2007).

Prier & McCue (2009) also define public procurement as the designated legal authority to advise, plan, obtain, deliver, and evaluate a government's expenditures on goods and services that are used to fulfill stated objectives, obligations, and activities in pursuit of desired policy outcomes. Unelected officials involved in public procurement, play a critical role in determining how governments across the world allocate resources that produce the goods and services demanded by citizens.

Traditionally, public procurement or purchasing has been perceived as the intermediate step between the determination of a need (service delivery managers) and the satisfaction of that need (suppliers). Accordingly, the National Institute of Governmental Purchasing (NIGP) defines public purchasing as the function of responsibility for the acquisition of equipment, materials, supplies, and services. Similarly, Gordon (1991) contends that public purchasing encompasses the total process of supplying goods and services to user agencies and disposing of surplus property. Given these definitions, the primary purpose of the purchasing function is to assist service delivery managers in the effective discharge of their responsibilities, where procurement must attest to the correctness of procurement transactions.

Public procurement can be described as centrally negotiated legal processes which are guided by political decisions and practically implemented by various local purchasers. It should be acknowledged that public procurement has both economic and social benefits, but the social benefits of public procurement are primarily seen as indirect positive effects from economic savings and environmental improvements (Wickenberg 2004).

Procurement is a potential instrument of integrating socially and economically sustainable benefits to stimulate employment programmes. It includes planning, inviting offers, awarding contracts and managing contracts. For procurement to achieve its goals, it should follow these two principles: Professionalism and Value for Money (Economy).

### *2.1.3 Private Procurement*

It is worth noting that unlike private procurement, public procurement is a business process within a political system and has therefore significant consideration of integrity, accountability, national interest and effectiveness (Wittig, 1998). Odhiambo and Kamau (2003) revealed that, Private Procurement are not subjected to a complicated and long criteria. This nature makes it very liberal as compared to the bureaucratic nature of Public Procurement. Moreover, Private Procurement are funded by an individual or a private organization.

## **2.2 Procurement Process**

Like most systems, the public procurement process begins in response to demands placed. In order to assist service delivery managers in the acquisition of goods, works and services the procurement process must be carried out to involve a number of different phases.

### *2.2.1 Procurement Planning*

Procurement Planning is a process of determining the procurement needs of an entity and the timing of their acquisition and their funding such that the entities operations are met as required in an efficient way.

The first phase, procurement planning, consists of identifying and specifying the functions to be accomplished within each service delivery system. A common misunderstanding about procurement planning is to equate planning to analysis. Planning is an attempt to institutionalize analysis into the public procurement process. Planning is not analysis or a form of encouraging the application of various analytical techniques, such as marginal utility analysis, cost-benefit analysis, cost effectiveness analysis, sensitivity analysis, forecasting, present value, and other techniques. Analysis examines alternatives, views them in terms of basic assumptions and objectives, and tests as well as compares

alternatives (the final phase of the procurement process). Planning, in contrast, identifies the activities (strategies) and direction (mission) of activities for those in the organization. More specifically, a procurement plan identifies where the organization is going, when it is going, and how it is going to get there.

Procurement plays an important role in the overall mission of the government by providing essential market and commodity information to the end users (or agencies) on specifications, alternative goods or services, pricing, procurement lead times and availability (NASPO, 1997).

Procurement planning is therefore responsible for the integrity of this process to ensure that the specifications are as open and conducive to effective competition as possible; that the sourcing and solicitation process is as fair and transparent as possible; that evaluations and negotiations are conducted equitably and consistently; and that any resulting contracts adequately protect the interests of the public agency. When planning is properly conceived and implemented, it can serve as an important mechanism for extracting, distributing and allocating resources (James, 2004). Planning generally enhances the gathering, evaluating and interpreting of essential data and information in order to produce knowledge relevant to good policy making. In many African countries, planning has not arrived at the level of achieving the aims described because of problems related to human and technical capacities and financial resources (Stoner, Freeman & Gilbert, 1995).

A mistake in procurement planning therefore has wide implications for local governance, measured from the two indicators of accountability and participation. Procurement Planning is a legal requirement in all local governments in Ghana. Part III Section 21 (1) of the Public Procurement Act, 2003 act 663 require the User Department to prepare a work plan for procurement based on the approved budget and submit it to the tender committee

not later than one month to the end of the financial year for approval. The internal regulatory mechanisms of government-accounting, procurement and personnel have long received sustained attention as the centerpiece of reforms to promote accountability (World Bank, 2000).

In fact, Thai, (2004), maintained that, forms and procedures may be convenient and useful tools, but the planning effort will succeed only with the complete commitment and involvement of top management, along with appropriate personnel that have a stake. This implies that, without thorough procurement planning, the subsequent procurement processes will not yield substantial benefits. The consequences of poor or lack of procurement planning can never therefore be amusing. The World Bank Country Procurement Assessment Report (2004) summarized these consequences as;

1. Procurement failing to timely met the actual needs of user departments;
2. Advantages of scale and bulk purchasing are not archived; and
3. Packaging and timing are not utilized to achieve value for money.

In a developing country like Ghana, having an effective procurement planning system will continue to be a challenge to local governments .Procurement planning is a function that takes place in complex political, economic, cultural, religious, environmental, technological and ethical environments (Public Procurement Board, 2007).

### *2.2.2 Procurement Formalization*

The second phase is where key personnel in the organization defend the acquisition of goods and services. This can take place prior to the formal adoption of the annual budget, or it can take place in the planning stage before the budget is adopted, normally through planning and strategy workshops. Typically, the stage is accomplished during the budget

process. Many items are identified that should be consumed by the organization to effectively deliver services during the planning process.

However, limited resources and competing demands force elected officials to make tradeoffs during budget deliberations. It is during this stage that many items originally planned for are challenged, changed or amended. Strong procurement planning provides decision makers with adequate information to make more informed decisions, although eventually politics may play a more important role in the decision making process. Formalization also takes place in the solicitation and evaluation phase. During this process, determination is made regarding a single sourcing or multiple-sourcing approach is to be adopted, what evaluation criteria are to be used for selecting one or more suppliers of the good(s) or service(s), which is to be involved in the selection process, and timelines that insure that solicitations are consistent with established policies. For some solicitations, legislative approval is needed, and procurement plays a central role in defending the supplier(s) selection process.

### *2.2.3 Procurement Implementation*

The includes all functions that pertain to the acquisition of goods and supplies, including description of requirements, selection and solicitation of sources, preparation and awarding of contracts, and all phases of contract administration. In some organizations the implementation phase may include inventory control, traffic and transportation (logistics), receiving and receiving inspection (warehousing), store keeping, and salvage and disposal operations. The basic components of implementation are: processing purchasing requests, contract administration, materials management, inventory management, inventory management, product servicing, and performance monitoring.

#### *2.2.4 Procurement Evaluation*

The fourth and final phase, evaluation, consists of three parts – audit, evaluation and feedback. Audit requirements often are established in legislation or policy. If not, the procurement manager needs to design a post audit strategy to ensure that the program is in compliance with established law.

The procurement evaluation plan is a tentative design for evaluating the success or failure of the procurement. This plan should include, at minimum, the research design, specification of measurable indicators of the goals and objectives stated in the procurement plan, provisions for data collection, and the assignment of responsibility for conducting the evaluation, and the performance criteria to be used in the evaluation phase. Feedback specifies the reports that will be required for the service delivery managers and decision makers (cited in Seidu, 2012).

### **2.3 Procurement Methods**

A procurement entity shall procure goods, services or works by competitive tendering. A number of procuring methods are specified in Ghana public procurement act, 2003 (663).

#### *2.3.1 Competitive Tendering (National and International)*

Competitive tendering is the most widely used and preferred tendering system in Ghana. The Act states that, other methods of procurement will be used only in exceptional circumstances. If the procurement entity uses the method of procurement other than competitive tendering, it shall include in the record required a statement of the grounds and circumstances on which it relied to justify the use of that method. We have International Competitive tendering and national competitive tendering. The choice of method depends basically on the threshold (PPA, Act 663 of 2003).

### *2.3.2 Restricted Tendering*

Restricted tendering is a procurement procedure where bids are obtained by direct invitation. A procurement entity may for reasons of economy and efficiency and subject to the approval of the Board engage in procurement by means of restricted tendering.

### *2.3.3 Request for Quotations and Proposals*

A procurement entity may engage in procurement by requesting quotations in accordance with section 43 of the public Procurement act. Quotations and proposals are simplified procurement procedures, which compare price quotations obtained from a number of providers. This method basically is used where the estimated value of the procurement contract is less than the amount in Schedule 3 of the public procurement act. (PPA, 2003)

### *2.3.4 Single Source Procurement*

Single source procurement is where a procurement entity engages contractors, suppliers, or consultants under section 41 of the public procurement act with the approval of the Board. This type of procurement is normally considered under the following condition;

- (a) where goods, works or services are only available from a particular supplier or contractor, or if a particular supplier or contractor has exclusive rights in respect of the goods, works or services, and no reasonable alternative or substitute exists;
- (b) where there is an urgent need for the goods, works or services and engaging in tender proceedings or any other method of procurement is impractical due to unforeseeable circumstances giving rise to the urgency which is not the result of dilatory conduct on the part of the procurement entity;

(c) where owing to a catastrophic event, there is an urgent need for the goods, works or technical services, making it impractical to use other methods of procurement because of the time involved in using those methods;

(d) where a procurement entity which has procured goods, equipment, technology or services from a supplier or contractor, determines the following:

i) additional supplies need to be procured from that supplier or contractor because of standardisation; ii) there is a need for compatibility with existing goods, equipment, technology or services, taking into account the effectiveness of the original procurement in meeting the needs of the procurement entity; iii) the limited size of the proposed procurement in relation to the original procurement provides justification;

(e) where the procurement entity seeks to enter into a contract with the supplier or contractor for research, experiment, study or development, except where the contract includes the production of goods in quantities to establish commercial viability or recover research and development costs; or

(f) where the procurement entity applies this Act for procurement that concerns national security, and determines that single-source procurement is the most appropriate method of procurement (PPA , 2003).

#### *2.3.5 Two -Stage Tendering*

Two stage tendering is a method where procurement entities in the first stage engage in negotiations with any supplier or contractor whose tender has not been rejected under condition of the public procurement act with respect to any aspect of its tender. In the second stage of the two stage tender proceedings, the procurement entity shall invite the suppliers or contractors whose tenders have not been rejected to submit final tenders with

prices on a single set of specifications. This method is feasible in the formulation of detail specification of goods, works or services or where the procurement entity seeks to enter into a contract for research, experiment, study or development (PPA, 2003)

## **2.4 Challenges to the Implementation of Public Procurement**

Basheka (2008) posited that developing countries have now realised and acknowledged the significant and peculiar task of the Public Procurement process within all levels in government in the central level or the local level. However, Public Procurement has muddled itself into vicious and difficult problems which are undermining its importance.

### *2.4.1 Procurement policies, structures and procedures*

Public Procurement suffer greatly due to the inefficiency and ineffectiveness of procurement structures (Akech, 2006). In the face of mounting economic uncertainty, huge expectations are placed on procurement practitioners to source the best business solutions from their supply network partners, and to achieve the innovation, value and services that their customers are looking for (Lau, 2010). It is also acknowledged that the success of an organization largely depends on its human capital, which refers to the collective knowledge, experience, skills and abilities of staff (Maister, 1986). As procurement moves towards being a tactical and strategic function, it has become imperative that staff development through training take centre stage in the developmental process (Humphreys *et al.*, 1998). The Country Procurement Assessment Report of Ghana produced in 2003, revealed that most staff members of Ministries, Departments and Agencies (MDAs) and District Assemblies (DAs) responsible for procurement were not procurement-proficient, even though they have been trained. The report contended that application of the PPA and the Standard Tender and Contract Documents will not be successful without broad training and ‘refresher’ programmes for officials in charge of procurement. Similarly Forgor (2007)

agrees that lack of proper training of managers on the procurement process is a challenge that confronts procurement reforms. This supports the assertion that poor dissemination of procurement law is one of the challenges facing the smooth implementation of public procurement laws (Azeem, 2007).

The poor dissemination include, incorrect interpretation and application of some provisions of the procurement law, slow pace in regularising draft regulations, lack of clear procedures for emergency procurement, lack of training avenues for practitioners, poor record management, poor handling of suppliers' complaints, poor procurement planning, poor contract management and high cost of advertisement. According to the report these challenges cut across most African countries (OECD/DAC, 2011).

Basheka (2008) enforced that, some of the setback associated with Public Procurement is how the procurement process is staged stressing that, planning as a management function also challenges the smooth implementation of the processes.

#### *2.4.2 Low capacity of Procurement personnel*

Professionalism is the discipline whereby educated, experienced and responsible procurement officers make informed decisions regarding purchase operations. The role of procurement professionals is critical to Ghana's economic development. It is in the recognition of this fact that the procurement Board's object includes; —the professional development, promotion and support for individuals engaged in public procurement and ensure adherence by the trained persons to ethical standard.

Research has shown that practitioners with high skills levels and knowledge have significant impact on financial performance and operational efficiency in terms of quality improvement, design and reduction of lead times (Cousin et al., 2006). According to the

ODPP Annual Report in 2007, the low capacity of procurement personnel is one of the topmost key implementation bottlenecks of procurement laws in developing countries.

#### *2.4.3 Political interference*

Akech (2006) earlier avowed that, politicians enriched themselves through the procurement processes because they have identified Public Procurement as a lucrative venture.

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, 2001). 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 (Thai, 2001).

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 defense-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 (Taylor, 2003).

Political interference with the procurement process is also a big challenge to the successful implementation of public procurement reforms. A good number of politicians think that they have the right to intervene in the procurement procedures leading to capricious procurement decisions. It is not uncommon in most African countries for politicians to influence the tender process, insisting that particular contracts are awarded to individuals or companies of their choosing (World Bank, 2004).

#### *2.4.4 Cultural perceptions*

In a culture where giving gifts is a common public relation practice, it is difficult to distinguish between gifts and bribes (McCue and Pitzer, 2000). Other environmental forces in public procurement system may also be influenced by culture

#### *2.4.5 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 fulfill its needs; the timeliness of fulfillment; 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 favorable in industrialized countries, while they may be unfavorable in developing countries (Arrowsmith, 2003).

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 (Arrowsmith, 2003).

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). 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.

#### *2.4.6 Bureaucratic nature of the procurement process*

The procurement process is complicated because of the size and bureaucratic nature of government. Even though public procurement has similarities with the private sector, such as its focus on value, competitiveness, and accountability, it also has some special characteristics that make it different. For example, the procurement process which includes selecting bidders, evaluating tenders, and selecting contracts should be transparent to the public. In addition, public organizations must follow certain rules and restrictions imposed by the government.

According to Weele (2000), purchasing procedures are usually embedded in lots of bureaucracy and require that every superior puts his signature under the intended order. The extensive authorization procedures make procurement a tedious, laborious and slow process. It explains why most procurement entities within the governments of developing countries are more procedure rather than result oriented.

#### *2.4.7 Absence of competitive bidding*

Lack of transparency brings about the absence of competitive bidding. A recent World Bank Enterprise Survey report revealed that more than 60% of companies in the private sector when interviewed reported being expected to give bribes. Suppliers, contractors and service providers seeking contracts have to make unofficial payments to entity heads and other employees whose work is directly or indirectly involved in procurement to secure contracts. (World Bank, 2003) This confirms the Global Corruption Report for 2009 authored by Transparency International, which reported grand procurement related corruption where contracts were awarded to companies affiliated with the ruling party (Transparency International, 2009).

#### *2.4.8 Late publishing of procurement notices*

The public procurement act stipulates that all procurement projects (works, goods or services) must be advertised in a widely circulated newspaper to enhance greater participation of bidders to achieve the purpose for which the act was enacted. Sufficient time should be allowed for bidders to submit their proposals. At least six weeks shall be allowed for submission of tenders for international competition and four weeks for notional competitive bidding (PPA , 2003)

#### *2.4.9 Lack of transparency*

Ghana remains one of the most corrupt nations in the world judging from the annual Corruption Perceptions Index (CPI) released by Transparency International in 2012 (Transparency International, 2012). Though corruption is said to be present in all societies (Sahr, 1998), Lengwiler and Wolfstetter (2006) revealed that the quantum of money changing hands through corruption in public procurement is estimated between \$390-400 billion per annum all over the world. However it is estimated that corruption in SubSaharan

Africa exist in about 70% of public contracts and results in about 20-30% rise in contracts sums. The cost of corruption in Africa is estimated at around \$148 billion a year (Mawenya, 2008). Corruption occurs throughout the procurement process and project cycle, through the actions and inactions of political officers, public servants, clients, consultants, contractors and suppliers (Osei-Tutu *et al.*, 2009).

#### 2.4.10 Legal environment

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 (Arrowsmith and Trybus, 2003). 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.

#### 2.4.11 Social and economic factors

While some countries impose social policies on their public procurement practices (such as a policy placing a fair proportion of government acquisitions with woman/minorityowned small business, or economically disadvantaged areas), most governmental entities be it a developed or developing country or federal, state, and local governments-- use their large procurement outlays for economic stabilization or development purposes by preferring national or local firms over firms from other countries or other geographic locations (McCue and Pitzer, 2000). Public procurement practitioners may be in a favorable

economic environment or market (with many competing tenderers in their country or local areas) or an unfavorable economic environment (where competition hardly exists). This environment would have a great impact on their practices as they may face an imperfect competitive market.

In addition to social and economic environment, public procurement practitioners are under other external pressures such as an environment protection movement, and foreign policy commitments.

#### *2.4.12 Environmental protection factor*

Environmental protection factor is the act of minimizing activities that would damage to the environment in the process of procurement. Environmental factors include the emissions to air, land and water, climate change, biodiversity, natural resource use and water scarcity over the whole product life cycle. UNDP (2012)

#### *2.4.13 Inadequate flow of information between procurement workforce*

The survey conducted by Ameyaw et al., (2012) found that procurement entities had no formal correspondence with the PPA. If the flow of information between procurement workforces existed, there could have been better informed decisions on the lapses in the implementation process which could have redirected policy makers. Adequate communication is very important because helps the entities to build their capacity in the law and seek assistance of any kind from the PPA, especially in the areas of capacity development and clarification of any section of the law.

In a developed or developing country, public procurement practitioners face many challenges. Each country has its own economic, social, cultural and political environment, and each country's public procurement practitioners face different types of challenges, or the same types of challenges but at different levels from their counterparts in other

countries. Challenges facing public procurement can be grouped in two thus internal and external factors (Thai, 2001).

## **2.5 Effects of Poor Procurement Practices**

Soreide (2002) asserted a crucial consequence of improper Public Procurement practices is corruption. The study indicated that, contractors who pay procurement officials through illegal means are always awarded contract. The bribe compel the procurement officials to sometimes compromise on the objectives of the project. Corruption occurs throughout the procurement process and project cycle, through the actions and inactions of political officers, public servants, clients, consultants, contractors and suppliers (OseiTutu et al 2009).

Soreide (2002) again stated that, the saddest effect of procurement to the nation is cost overruns on projects because the life span of the projects is always in jeopardy due to the compromise on the part of procurement officials.

When Goods, works and services are delivered or completed late, it affects the delivery of public services and completion of projects. Stores are not managed well, leading to stockouts becoming obsolete as a result of excessive stock-holding. Goods, works and services are of poor quality and quickly deteriorate or fail for example; a sub-standard road will quickly break up, requiring repair (PPB, 2007).

According to Public Procurement Authority (2007), Public Procurement has a direct impact on the following; the successful delivery of government projects and public services, sound public financial management by achieving value for money in government expenditure, reducing corruption, more competition, budgetary savings, reduce debt levels, and encouraging private sector. Social impacts of public procurement include enhanced respect for rule of law, improved social sector services, improved prospects of achieving other

government objectives, increased access by local market to government contracts, and enhanced reputation for government institutions. It is obvious from the above discussing that procurement has multi-dimensional importance which cuts across all spheres of lives. Governments of developing countries must ensure that they implement procurement laws fully and remove all bottlenecks so as to achieve this importance as stated by PPA (Adjei, 2006).

Procurement policies are important from a development perspective. Reducing poverty and attaining health, education, and other objectives requires getting the most out of the limited funds available for state purchases of goods, services, and infrastructure. Efficient public procurement practices also contribute towards the sound management of public expenditures more generally (Hunja, 2003).

Procurement planning enables the identification of major investment expenditures, which in turn facilitates budgetary decision-making. In addition, the effective provision of public services often requires the coordinated delivery of materials and the like, which the state purchasing apparatus must accomplish. It is difficult to imagine how a state can deliver substantial improvements in the well-being for its citizens without a public expenditure system that includes effective public procurement policies. This recognition accounts in part for the growing interest in public procurement laws and practices and in the feasibility and likely consequences of their reform (Adjei, 2006).

There is also a growing appreciation of the linkages between specific national objectives and public procurement practices. For example, state contracting is often a central focus of campaigns to tackle corruption and to ensure that appropriate distance is kept between government officials and the private sector. Procurement policies may be part of an industrial policy or an instrument to attain social objectives (e.g., support for small and

medium sized enterprises, minority-owned businesses, disadvantaged ethnic groups, or certain geographic regions) through set-asides and preference policies. The manner in which a state implements its public procurement policies has implications for the achievement of such objectives, and for the cost of doing so. Indeed, these policies may speak volumes about numerous other national priorities, practices, and concerns (McCrudden, 2004). Knowing what the various objectives are and how effective and efficient procurement policies are in attaining them should be an important dimension of assessing the performance of governments.

Lewis and Roehrich (2009) agitate that procurement is a key activity in the supply chain. Procurement can significantly influence the overall success of an emergency response depending on how it is managed. In most organizations, procurement represents a very large proportion of the total spend and should be managed effectively to achieve optimum value. Procurement works like a pivot in the internal supply chain process turning around requests into actual products/commodities or services to fulfill the needs (Caldwell, Roehrich and Davies, 2009). Caldwell et al, (2009) further argue that procurement serves three levels of users and these are the internal customer, programs in response to emergencies and ongoing programs, and prepositioning of stocks, for both internal customers and program needs.

Moreover, Caldwell et al (2009) say that there are three important principles of procurement. The first principle is transparency, which provides that all phases in the procurement process are fair and accurately documented. The second principle is that of accountability and it points out that there is need for accountability to financiers, who may require certain rules to be followed when using the money they have provided. Finally, there is the principle of efficiency and cost effectiveness and this principle is about meeting the 'six rights' of supply (price, right time, right quantity, quality services, and delivery to the required places and from the most cost effective source).

Procurement has an important role to play and according to Shaw (2010), every organization should put in place effective systems of procurement to protect shareholders funds. The procurement function forms a key part of any management strategy. The particular features of procurement are the budgets involved, the frequency of activities and technical complexity of the functions.

A poor procurement system results in higher costs to government and the public. It delays project implementation which further increases costs, leads to poor project execution performance and delays the delivery of benefits to the beneficiaries. Procurement problems also increase scope for corruption, generate more complaints and raise concerns about the integrity of the procurement process. Finally, poor procurement discourages good firms (both national and foreign) from participating in bidding, thus deprive the country of receiving better prices and goods, works and services (World Bank, 2000).

Ghana remains one of the most corrupt nations in the world judging from the annual Corruption Perceptions Index (CPI) released by Transparency International in 2012 (Transparency International, 2012).

## **2.6 Structure of the Local Government System**

The new local government system is made up of a regional coordinating council (RCC) and a four-tier metropolitan and three-tier municipal/DAs structure.

### *2.6.1 Metropolitan/Municipal/District Assemblies*

DAs in Ghana are either metropolitan (population over 250 000), municipal (one town assemblies with populations over 95 000) or district (population 75 000 and over.) There are three metropolitan assemblies, four municipal assemblies and 103 DAs. A metropolitan/municipal/DA is:

- Created as the pivot of administrative and developmental decision-making in the district and is the basic unit of government administration
- Assigned with deliberative, legislative as well as executive functions
- Established as a monolithic structure to which is assigned the responsibility of the totality of government to bring about integration of political, administrative and development support needed to achieve a more equitable allocation of power, wealth and geographically dispersed development in Ghana constituted as the planning authority for the district.

### *2.6.2 Functions of the Assemblies*

These are deliberative, legislative and executive. Section 10(3) of Act 462 lists them as follows:

1. Be responsible for the overall development of the district and shall ensure the preparation and submission through the regional coordinating council for approval of the development plan to the commission and budget to minister of finance for the district;
2. Formulate and execute plans, programmes and strategies for the effective mobilisation of the resources necessary for the overall development of the district;
3. Promote and support productive activity and social development in the district and remove any obstacles to initiative and development;
4. Initiate programmes for the development of basic infrastructure and provide municipal works and services in the district;
5. Be responsible for the development, improvement and management of human settlements and the environment in the district;
6. In cooperation with appropriate national and local security agencies, be responsible for the maintenance of security and public safety in the district;

7. Ensure ready access to the courts and public tribunals in the district for the promotion of justice; and
8. Initiate, sponsor or carry out such studies as may be necessary for the discharge of any of the functions conferred by this Law or any other enactment perform such other functions as may be provided under any other enactment (Ministry of Local Government and Rural Development website, 2013).

### *2.6.3 Local Government and Procurement Activities*

Fiscal decentralization requires assigning public services that have high local-public-good characteristics to local governments. Devolving expenditure responsibilities to local governments is an important step in increasing the participation of citizens in local decision-making. A genuine spirit of decentralization requires assigning a meaningful level of expenditure responsibilities to local governments with service autonomy so that they can respond to local needs. A clear assignment of service responsibilities requires a well-defined institutional framework that describes the roles and responsibilities of different levels of government. Clear assignment of expenditure responsibilities becomes even more important in sectors where ministries and other government agencies may also deliver services at the local level—often in the same geographic area. This situation often exists for education, health, and social services in many developing countries. In Ghana the Municipal and District Assemblies are mostly in charge of these services (Bahl and Martinez-Vazquez, 2006).

Decentralization reforms often lead to tensions among various stakeholders, not surprisingly because decentralization is about redistribution of power within and between levels of government, with different actors having opposing interests in the reforms. Four actors are typically relevant in local accountability systems: local residents, local

governments, producers of local government services, and higher levels of government (including central government) (Schroeder 2004). Each has particular relations of accountability with the others. These relations depend on the historical, social, and political constitution of the powers of each actor, which may be based on ideology, wealth, heredity, election, appointment, or other means (Agrawal and Ribot 1999).

Local government plays an important role in the municipal and district assemblies and their activities can restructure the local political setting, reshaping local actor and voter incentives in many ways such as changing the size of municipalities, reformulating local electoral legislation, development works and redefining formal relationships between the representative and the executive (Lankina, 2008). Expanded mandates and responsibilities for new services require that local governments be endowed with discretion over processes for procuring goods and services, including service or management contracts, leases, concessions, or joint ventures. This in turn requires flexibility in the procurement laws and regulations and high-quality employees well trained in public procurement, ethics, and contract management (Bovens, 2006).

Such flexibility and discretion imply that, under national standards and guidance, local governments can develop procurement strategies, identify associated processes, and issue contracts for goods and services. Discretion in procurement processes requires clearly stipulated rules set by national laws and regulations mandating that all local governments adopt an annual procurement policy defining how local governments manage purchases and contracts. Local governments can develop procurement strategies in line with the overall planning process, considering workforce implications. Procurement processes are also closely associated with the quality of service administration and the way contracts are awarded to partnerships in service delivery. These partnerships include firms of various

sizes, social enterprises, minority groups businesses, and voluntary and community organization suppliers. The procurement process also includes contract management. The contracting and implementation of public works and services suffer from a high risk of corruption and mismanagement. Citizen-based initiatives complement internal government accountability mechanisms that manage these risks supervising contracting and bidding process, monitoring construction, and auditing budget execution.

Even though the municipal and district assemblies play crucial roles in the country, their activities have come under scrutiny as some of the MMDAs are accused of misappropriation of funds, corruption and so forth as most of the offices are understaffed, other lack qualified personnel and more non-compliance with procurement policies tend to impact on their activities (Anvuur and Kumaraswamy, 2006).



## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Research Strategy

Research strategy can be taken to mean the way in which the research objectives are questioned (Bouma *et al*, 1995). According to Bouma *et al* (1995) there are two types of research strategies, namely, *'quantitative research'* and *'qualitative research'*. Deciding on which type of research to adopt depends on the purpose of the study and the type and availability of the information required.

The researcher used survey as the strategy for the research. The study was based on identifying the challenges to implantation of the Public Procurement Act within the municipal and district assemblies in the Upper East Region of Ghana. A mixed approach was used; thus qualitative and quantitative data were gathered and used as part of the research. Qualitative data was used to describe procurement activities of the Municipal and District Assemblies while quantitative data was used to collect and analyze performance.

##### 3.1.1 Qualitative and Quantitative Research Strategy

Denzin *et al* (1998) intimated that qualitative research emphasises the process of discovering how the social meaning is constructed and stresses the relationship between the investigator and the topic studied. Berg (2001) added that qualitative research refers to the meanings, concepts, definitions, characteristics, metaphors, symbols and descriptions of things.

Creswell (1994) noted that quantitative research is an inquiry into a social or human problem, based on testing a hypothesis or a theory composed of variables, measured with

numbers, and analysed with statistical procedures, in order to determine whether the hypothesis or the theory hold true (Creswell, 1994). Bouma *et al.*, (1995) indicated that quantitative data is, therefore, not abstract, they are hard and reliable; they are measurements of tangible, countable, sensible features of the world, it uses structured tools to generate numerical data and uses statistics to interpret, organize and represent the collected data (Burns *et al.*, 2001). Mark *et al.*, (2005) noted that qualitative and quantitative research approaches differ basically in some major areas, including: their analytical objectives; types of questions posed; types of data collection methods used; types of data produced; degree of flexibility in study design (Mack *et al.*, 2005).

In this study, the research strategy was quantitative and the main data collection techniques used in this research was questionnaires. This method allowed the researcher to ask all respondents the same question with predetermined responses, which allowed objective data to be collected throughout the study therefore being in tandem with the positivist tradition with survey as the main data collection approach.

The research approach was descriptive and explanatory study. The descriptive approach was used to describe the organizational structure of the study area and the background of the staff who participated in the study. Also the explanatory study was used to ascertain the relation between variables that were used for the study. Primary data was collected through structured questionnaire.

### **3.2 Sources of Data**

In coming out with this study both primary and secondary data were used in conducting the research.

### 3.2.1 Primary Sources

There are several approaches available in gathering primary data. The method used in collecting primary data was mainly questionnaire.

### 3.2.2 Secondary Sources

The sources of secondary data include periodicals or journals, government publications, books from library, the internet, reports, newspapers, magazines and so on. This helped the researcher to identify how others defined and measured key concepts in relation to procurement.

## 3.3 Population of the Study

A research population can be defined as the totality of a well-defined collection of individuals or objects that have a common, binding characteristics or traits (Polit *et al.*, 2006). Burns *et al.*, (1993) added that a population is defined as all elements (individuals, objects and events) that meet the sample criteria for inclusion in a study.

The population for this study comprised the procurement and administrative units of the Municipal and District Assemblies in the Upper East Region including the account departments. The main reason for using this category of people was that their activities directly or indirectly has a bearing on public procurement within the study area which is the scope for the study. In the Upper East region, there is a total of 13 MMDAs. In each MMDA, there are a total of 8 personnel responsible for procurement activities in the assembly. The research population is shown in Table 3.1

**Table 3.1: Distribution of research population**

<i>MMDAs</i>	<i>Total in the region</i>
<i>Municipals Assemblies</i>	<i>3</i>

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<i>Districts Assemblies</i>	<i>10</i>
<i>Total</i>	<i>13</i>

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*Source: Field survey, 2014*

### **3.4 Sample Size**

Saunders *et al* (2000) stated that sampling saves time and data collection is more manageable. Moreover, Lewis and Saunders (2007) reported that, where a sample size of 30% of the study population is used, the result of the study is scientifically significant. Consequently, the current study conveniently selected 7 out of the 13 MMDAs in the region representing 54% of the total. The seven were conveniently chosen because of proximity, reduction of transportation cost and the preparedness to give credible responses. In each of the assemblies, 8 staff members were identified to be involved and responsible for the procurement activities. All of them were included in the study. Thus, a total of 56 respondents were conveniently chosen from the 7 assemblies to constitute the sample size.

### **3.5 Sampling Techniques**

Sampling is a process of selecting a portion of the population to represent the total population and the findings from the sample represents the rest of the group (Burns *et al.*, 2001). The advantage of selecting a sample is that it is less costly and time saving than collecting information from a large group of respondents. The selected sample should therefore, have similar characteristics to the population under study to allow generalizability of the results to represent the population (Burns *et al.*, 2001, Polit *et al.*, 2006). There are two types of sampling, namely probability and non-probability sampling (Burns *et al.*, 2006). In this study, convenience sampling technique was used to select 7 assemblies out of the 13 MMDAs in the region. Purposive sampling technique was used to

select 8 staffs in each of the 7 Assembly. This sampling technique was used because of the staff direct involvement and experience in procurement activities within the MMDAs hence credible information required for this study will be achieved.

### **3.6 Data Collection Instruments**

The researcher used the primary data collection method that was structured questionnaire in soliciting data from the responding professionals. Basically questionnaire was the predominant tool for gathering data. Respondents included procurement officers, entity tender committee members, and tender review board members, accounts department staff, works department, administration staff and other employees directly or indirectly involved in procurement activities.

Data was also solicited from text books, internet search engines, newspapers and academic journals that are related to the research topic.

#### *3.6.1 Survey Questionnaire*

A questionnaire is a printed self-report form designed to elicit information that can be obtained through written responses of the subjects. The information obtained through a questionnaire is similar to that obtained by an interview, but the questions tend to have less depth (Burn *et al.*, 1993). Questionnaires were developed because of the following: They offered possibility of anonymity because subjects' names were not required on the completed questionnaires.

There was less opportunity for bias as they were presented in a consistent manner. Most of the items in the questionnaires were closed, which made it easier to compare the responses to each item. They required less time and energy to administer.

A questionnaire was developed by the researcher to obtain relevant information on the topic. The questions were divided into sections that covered the research objectives and research questions.

### 3.6.2 Questionnaire Administration

The research questions were developed by the researcher and were reviewed by some experts in academia. Subsequently, a pilot test of the questionnaire was conducted in order to identify and eliminate potential ambiguity in the questionnaire. Few questions were reviewed as a result of non-response from the respondents of the pilot study. This was done to improve the reliability and validity of the questionnaire. The questionnaires were self-administered on one-to-one basis and also through the internet to the respondents willing to fill or provide answers to the questionnaire. To improve the response rate, a number of follow-up procedures and strategies were considered, such as sending reminder surveys or notices to non-respondents. However, this was not considered to be viable as Schneider (1985) cited in Dunn and Huss (2004) observed that increasing the response rate may negatively affect the reliability of the information obtained. That study further states that increased pressure by a researcher on subjects to respond will result in more uninformed responses.

To overcome that, a range of measures to improve the response rate based on established principles of reciprocity, social proof, and legitimacy and authority as recommended by Bednar *et al* (2006) were incorporated within the survey. These included measures such as having a shorter questionnaire. The primary data collected was reviewed by the researcher to ensure maximum accuracy, legibility, completeness, consistency and to reduce ambiguity.

In all, 56 questionnaires were self-administered by the researcher to respondents who are staff of procurement entities in the Municipal and District Assemblies in the Upper East Region. After retrieving the completed questionnaires and subjected to data screening only 46 of the questionnaires representing 82.14% response rate were considered valid and formed the basis of the analysis presented in this chapter

### **3.7 Validity and Reliability Test of Survey Instrument**

Reliability is defined as the degree to which a comparable approach to the research would produce similar results (Leedy and Ormrod, 2001). Zikmund (2003), described reliability as the degree to which the measures are free from error and therefore yield consistent results. To ensure consistency the respondents were given the survey form to complete and send directly to the researcher but not their supervisors for confidentiality purposes.

Leedy and Ormrod (2001) describe internal validity as the degree to which the researcher is able to draw —accurate conclusions from the information obtained from the respondents. Validity is the ability of a measure to measure what is supposed to measure. Respondents were requested to complete the questionnaire and forward the completed questionnaire to the researcher, this helped to limit the influence of supervisor's distributing them. The questions were not personalized as a result, respondents were not rating themselves but how they perceive the current practices in the organization.

### **3.8 Data Analysis Techniques**

The data was organized into tables and figures based on the questionnaire given to respondents. The result were then analyzed and converted into percentages and other charts. Quantitative and qualitative methods were employed in the analysis of the data. The result was subsequently computed into percentages. Percentage (%) values, which were not round

figures, were approximated to the nearest whole numbers. Diagrammatic representations of the statistical summaries of the result were presented in the form of pie charts, graphs frequency tables.

Computer data analysis other relevant software such as Microsoft excel were the main tools employed to analyses the data in order to help interpreted results. The statistical program for social scientist (SPSS) was also used to analyze the pre-coded questions. The data analytical tools adopted in the study includes descriptive statistics in terms of mean scores and standard deviations. Relative Importance Index (RII) was also used to find the relative importance of various variables and ranking them. Also Microsoft Excel was used to draw the graphs for the computed data.

The Relative Importance Index (RII) is calculated using the formula (Fagbenle *et al.*, 2004).

$$RII = \frac{\sum PiUi}{Nn}$$

$N (n)$  Where RII = Relative importance index

$Pi$  = respondent rating of severity of the challenges

$Ui$  = respondent's placing identical weighting or rating

$N$ = sample size;  $n$  =the highest attainable score

### 3.9 Organizational Profile

The Ministry of Local Government and Rural Development exists to promote the establishment and development of a vibrant and well-resourced decentralized system of local government for the people of Ghana to ensure good governance and balanced rural based development.

This will be done by:

- Formulating, implementing, monitoring, evaluating and co-ordinating reform policies and programmes to democratize governance and decentralize the machinery of government.
- Reforming and energizing local governments to serve effectively as institutions for mobilizing and harnessing local resources for local national administration and development.
- Facilitating the development of all human settlements through community and popular participation. Facilitating the promotion of a clean and healthy environment. Facilitating horticultural development.
- Improving the demographic database for development planning and management.
- Promoting orderly human settlement development.

The Ministry believes in efficiency, effectiveness and transparency. Focus on the above will be based on two divisions:

- Local government - Strong Structures, Revenue Mobilization and Collection, and Sanitation.
- Rural Development - Rural roads, Information and Communications Technology, Tourism and Agric Processing.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

#### **4.1 Introduction**

This chapter presents the results of the questionnaire survey carried out amount 46 procurement personnel working within the Upper East region of Ghana. The chapter has been organized into three main sections. The first section describes the background details

of the respondents. The second and third sections deal with the challenges and effect of practicing procurement within the MMDAs in the study area.

## 4.2 Background of Respondents

The background information refers to the demographic characteristics of the respondents. The purpose for this section is to assess the credibility of the respondents in providing the required data. Tables 4.1 to 4.4 and figures 4.1 to 4.3 below summarize the demographics of the respondents in this section.

### 4.2.1 Composition of Respondents

Table 4.1 displays the names of assemblies within which respondents involved in the study work in the Upper East Region of Ghana.

**Table 4.1: Composition of respondents by assemblies**

<i>Assembly</i>	<i>Frequency</i>	<i>Percentage</i>	<i>Cumulative Percentage</i>
<i>Municipal Assembly</i>	14	30.4	30.4
<i>District Assembly</i>	32	69.6*	100.0
<b>Total</b>	46	100.0	

*\*indicates majority*

**Source: Field survey, 2014**

The data in the Table 4.1 shows that majority of the respondents work in district assemblies. The highest percentage of respondents (69.6%) indicated that they work in the district assemblies while 30.4% of the respondents indicated that they work in municipal assemblies.

### 4.2.2 Composition of Respondents by Position/Status in the Assembly

Table 4.2 shows the respondents in the study according to their position or status in the assembly they work.

**Table 4.2: Composition of respondents by position/status in the assembly**

<i>Position/status</i>	<i>Frequency</i>	<i>Percentage</i>	<i>Cumulative Percentage</i>
<i>Procurement officer</i>	6	13.0	13.0
<i>Accountant</i>	4	8.7	21.7
<i>Administrator</i>	8	17.4	39.1
<i>Engineer</i>	12	26.1*	65.2
<i>Budget Officer</i>	9	19.6	84.8
<i>Planning Officer</i>	7	15.2	100.0
<b>Total</b>	<b>46</b>	<b>100.0</b>	

*\*indicates majority*

**Source: Field survey, 2014**

It is normally believed that people with positions in an organization are more privy to information that other staff in the organization may not be privy to. The researcher therefore believed that with respondents having some form of position in the assembly, reliable and credible information will be provided. Respondents were asked to indicate their position or status in the assembly within which they work. Table 4.2 illustrates the data on respondents' position. It is generally observed from the table that all the respondents have remarkable positions in the assembly. However, data from the table reveals that a majority (26.1%) of the respondents were engineers while the lowest were accountants (8.7%). Respondents had other positions such as procurement officers, administrators, budget Officers and planning officers.

#### 4.2.3 Educational Qualification of Respondents

Respondents were asked to indicate their highest educational qualification. To this question, a 100% response rate was achieved. Table 4.3 show the educational qualification of respondents involved in the study.

**Table 4.3: Frequency distribution of highest educational qualification of respondents**

<b>Educational qualification</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
<i>MPhil / MSc / MBA</i>	4	8.7	8.7
<i>BSc/ BA</i>	33	71.7*	80.4
<i>HND</i>	8	17.4	97.8
<i>Others</i>	1	2.2	100.0
<b>Total</b>	<b>46</b>	<b>100.0</b>	

*\*indicates majority*

*Source: Field survey, 2014*

According to table 4.3, 33 (71.1%) of the respondents are BSc / BA holders, 8 (17.4%) are HND holders and 4 (8.7%) are MPhil / MSc / MBA holders. However, 1 (2.2%) of the respondents indicated that they have other qualifications which may include diploma, CTC, etc. The study has revealed that majority of the entrepreneurs involved in the study are educated up to the BSc level. 71.1% of the respondents are in this category. Therefore the majority can read and write, which means that they would be able to understand what information the researcher is demanding from them and provide the appropriate information that are credible and reliable.

#### 4.2.4 Distribution of Number of Years Respondents have Worked with the Assembly

In this section of the questionnaire, respondents were asked to indicate how long they have been working with their assembly. The results of are illustrated in table 4.4 below.

**Table 4.4: Number of Years respondents has worked with the assembly**

<i>Educational qualification</i>	<i>Frequency</i>	<i>Percentage</i>	<i>Cumulative Percentage</i>
<i>Less than 5 years</i>	<i>17</i>	<i>37.0</i>	<i>37.0</i>
<i>5- 10 years</i>	<i>19</i>	<i>41.3*</i>	<i>78.3</i>
<i>11 - 15 years</i>	<i>9</i>	<i>19.6</i>	<i>97.8</i>
<i>16 years and above</i>	<i>1</i>	<i>2.2</i>	<i>100.0</i>
<b><i>Total</i></b>	<b><i>46</i></b>	<b><i>100.0</i></b>	

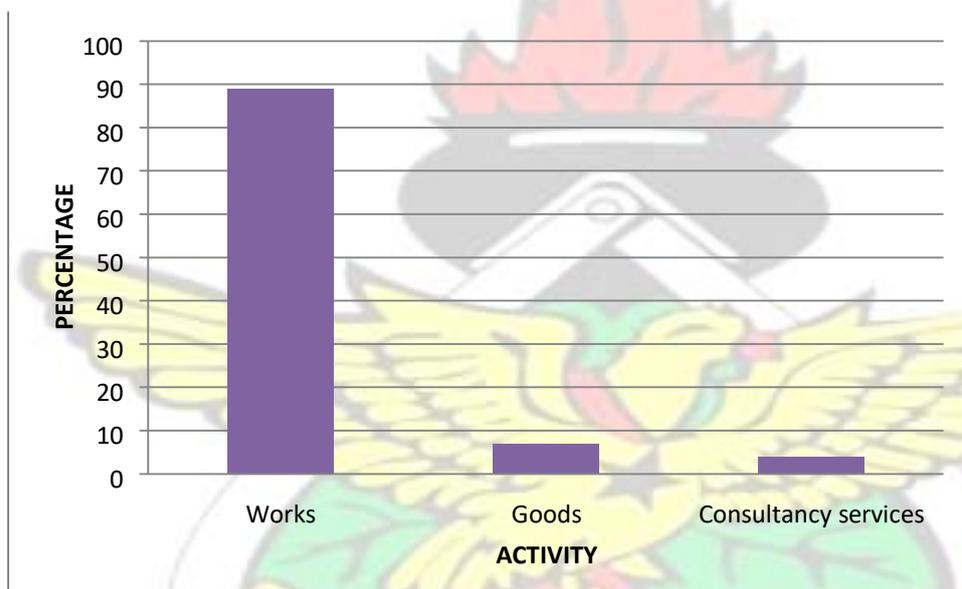
*\*indicates majority*

*Source: Field survey, 2014*

This question was asked to identify the number of years respondents have been working with their current assembly since how long respondents have been working within the assembly may affect the quality of responses that will be given. To this question a 100% response rate was achieved (46 responses). 19 (41.3%) of the 46 respondents indicating the majority reported 5 to 10 years working experience with their assembly, 17 (37.0%) reported less than 5 years working experience with their assembly, 9 (19.6%) reported 11 to 15 years and the remaining 1 (2.2%) reporting 16 years and above working experience with the assembly. This deduces that most of the respondents have been involved in procurement activities for a long time. Hence their rich experience will enable them provide credible information.

#### 4.2.5 Types of Procurement undertaken

Respondents were asked to indicate the type of activity their assembly procure most. Again, a 100% response rate was achieved with all the 46 respondents responding to this question. In the study, 89 % of the respondents indicated that their assemblies procure works. This constitutes the bulk of the respondents. Only 7% and 4% of the respondents indicated that their assemblies procure goods and consultancy services respectively (see figure 4.1). It is therefore deduced that majority of the assemblies involved in the study procure works more than goods and consultancy services.



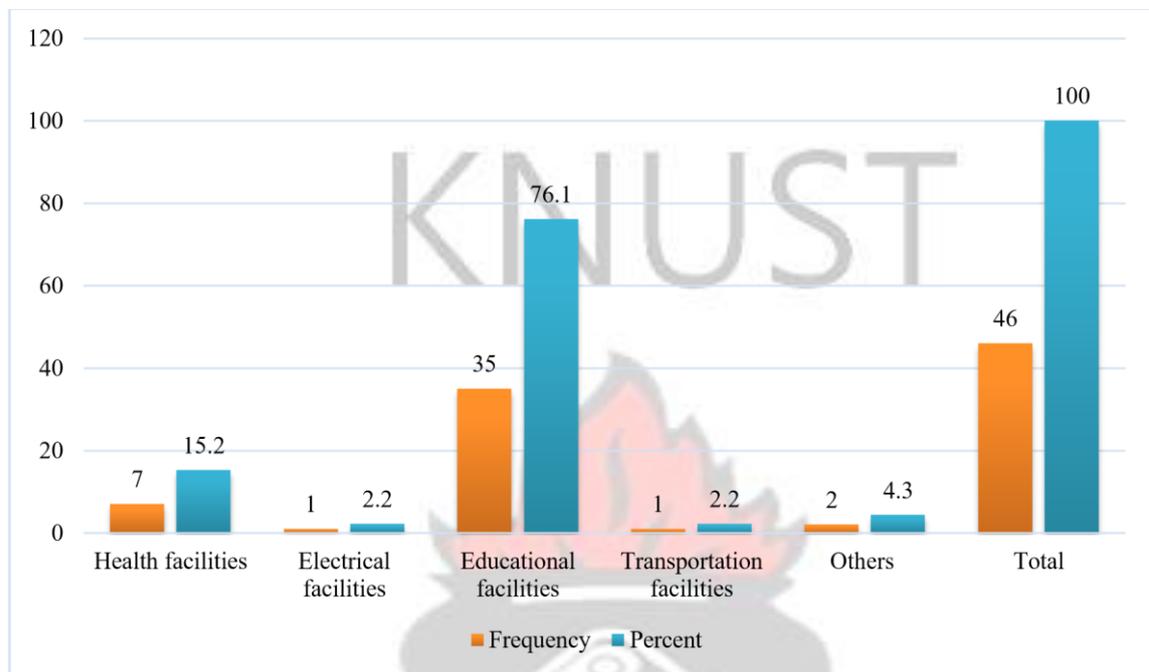
**Figure 4.1: Types of Procurement undertaken by the MMDAs**

*Source: Field survey, 2014*

#### 4.2.6 Type of Services procured in the assemblies

In terms of procuring services by the procurement entities in the assemblies involved in the study, the responding professional were asked to indicate the services that are procured most by their assemblies. From figure 4.2 below, it is clearly seen that educational facilities are the major services procured by the assemblies (76.1%). This is followed by health

facilities (15.2%) and electrical and transportation facilities (2.2%). 4.3% also indicated that they procure other services which were not listed on the questionnaire.

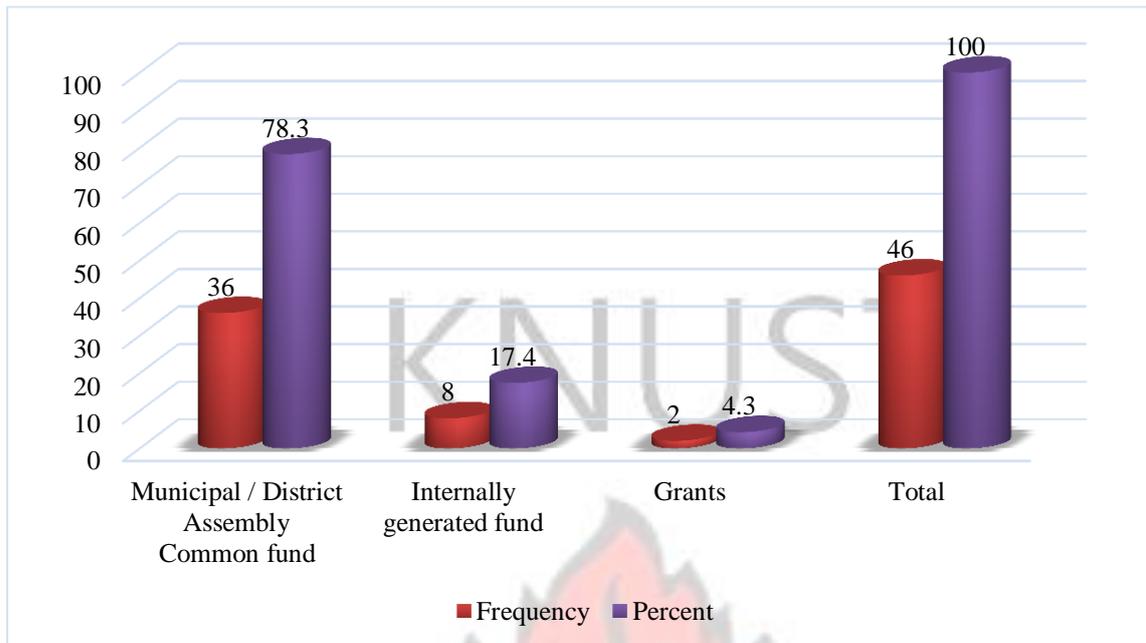


**Figure 4.2: What services do you procure most in your assembly?**

*Source: Field survey, 2014*

#### 4.2.7 Mode of Funding Projects in the Assembly

As far as this research is concerned, majority of projects in the district and municipal assemblies in the upper east region of Ghana are funded by municipal/district assembly common fund. 78.3% of the respondents agreed to this assertion (figure 4.3). Aside the municipal/district assembly common funds, products in the assemblies are funded by internally generated fund (17.4%) and grants (4.3%).



**Figure 4.3: Mode of funding projects in the assembly**

*Source: Field survey, 2014*

#### **4.3 Challenges to Public Procurement Practices within the Municipal and District Assemblies in the Upper East Region of Ghana**

This section of the questionnaire aimed at identifying significant challenges to public procurement practices within the Municipal and District Assemblies in the Upper East Region of Ghana

The various challenges to public procurement practices play a major role in the success or failure of any procurement activity. Challenges to public procurement practices as identified through literature review on the topic and a field survey have been summarized in Table 4.5 below together with all their mean scores of all forty-six (46) respondents as well as their RII scores and ranks. These challenges includes: inefficient and ineffective procurement policies, structures and procedures, incorrect interpretation of the procurement act, lack of qualified procurement personnel, political interference, market environment etc.

The results of the analysis are summarized in Table 4.5 below. Generally, almost the factors were admitted by the respondents as being a challenge toward the successful implementation of the procurement law in the region. This is revealed by the RII values of the variables (i.e. most of them had their RII values above 0.5). Ranking the factors, it was found that the top key challenges were *market environment, Lack of qualified procurement personnel; Lack of training avenue for practitioners; Political interference Incorrect interpretation of the procurement act leading to non-compliance , Inefficient and ineffective procurement policies, structures and procedures; lack of transparency etc.*

As reported earlier in the literature (Arrowsmith, 2003), 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, 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. This makes Public procurement practitioners torn between free trade agreements and their countries' economic development/stabilization policies when they face a hard choice between selecting domestic or foreign firms. This scenario has been found to present a key bottleneck to the successful implementation of the PPA in the Upper East region.

According to Cousin et al., (2006) practitioners with high skills levels and knowledge have significant impact on financial performance and operational efficiency in terms of quality improvement, design and reduction of lead times in any business environment. From the

study, Low capacity of procurement staff was also found as being another key implementation bottleneck to the successful implementation of procurement laws as reported earlier on by the ODPP Annual Report in 2007 as being a major challenge in developing countries. It was observed through interviews that most of the procurement personnel lacked academic qualifications in procurement. In worsening the case, workshop to update and train them in matters concerning procurement were hardly organized. These things results in non-compliance with the provisions of the act.

In addition to the above, the current study also found political interference as being another major challenge in practicing the public procurement laws in the study as. This finding confirms the earlier report by the World Bank report in 2004 where Political interference with the procurement process was found as a big challenge to the successful implementation of public procurement reforms. In explaining this, it was revealed that a good number of politicians think that they have the right to intervene in the procurement procedures leading to capricious procurement decisions. Interview with some of the respondents indicated that, they were several instances where politicians interfered in the tendering process. This took the form of either dictating whom the contract should be given to or how much the contract figure should be set. Thus the report that, it is not uncommon in most African countries for politicians to influence the tender process, insisting that particular contracts are awarded to individuals or companies of their choosing is confirmed by the current study. The findings are confirms the works by Thai

2001, Akech 2006, World Bank, 2004 and Taylor 2003.

In connection with the issue above is the problem of lack of transparency. As noted by

Osei-Tutu et al 2009, most procurement activities are manipulated to the benefit of others.

This then leads to the issue of corruption which is eating up the progress of many African countries (Mawenya, 2008)

Last but not least the nature of procurement policies, structures and procedures was also found to be a key challenge. As reported in literature by Akech, (2006), Public Procurement suffers greatly due to the inefficiency and ineffectiveness of procurement structures. In the face of mounting economic uncertainty, huge expectations are placed on procurement practitioners to source the best business solutions from their supply network partners, and to achieve the innovation, value and services that their customers are looking for (Lau, 2010). The Country Procurement Assessment Report of Ghana produced in 2003, revealed that most staff members of Ministries, Departments and Agencies (MDAs) and District Assemblies (DAs) responsible for procurement were not procurement-proficient, even though they have been trained. The report contended that application of the PPA and the Standard Tender and Contract Documents will not be successful without broad training and ‘refresher’ programmes for officials in charge of procurement. Similarly Forgor (2007) agrees that lack of proper training of managers on the procurement process is a challenge that confronts procurement reforms. This supports the assertion that poor dissemination of procurement law is one of the challenges facing the smooth implementation of public procurement laws (Azeem, 2007). Basheka (2008) also enforced that, some of the setback associated with Public Procurement is how the procurement process is staged stressing that, planning as a management function also challenges the smooth implementation of the processes. Thus the current study agrees with the findings reported in literature.

Finally, notwithstanding the above findings of the current study, other challenges reported in literature were found not to be significant. These included: cultural perceptions, poor handling of supplier's, contractor's and consultant's complaint, legal environment, social and economic factors, environmental protection factor, etc.

**Table 4.5: Challenges with the implementation of the Public Procurement Act within the MMDAs**

No	CHALLENGES	Rating					Mean	$\Sigma W$	RII	Ranks
		1	2	3	4	5				
1	<i>Inefficient and ineffective procurement policies, structures and procedures</i>	5	5	2	13	21	3.87	178	0.774	4 <sup>th</sup>
2	<i>Incorrect interpretation of the procurement act leading to non-compliance</i>	4	9	5	10	18	3.63	167	0.726	5 <sup>th</sup>
3	<i>Lack of clear procedure for emergency procurement</i>	1	10	9	24	2	3.35	154	0.670	8 <sup>th</sup>
4	<i>Poor record management</i>	10	12	12	9	3	2.63	121	0.526	14 <sup>th</sup>
5	<i>Lack of training avenue for practitioners</i>	2	3	5	23	13	3.91	180	0.783	2 <sup>nd</sup>
6	<i>Poor procurement planning</i>	4	15	8	14	5	3.02	139	0.604	11 <sup>th</sup>
7	<i>Lack of qualified procurement personnel (low capacity of procurement personnel)</i>	2	6	4	16	18	3.91	180	0.783	2 <sup>nd</sup>
8	<i>Political interference</i>	6	3	6	19	12	3.61	166	0.722	6 <sup>th</sup>
9	<i>Cultural perceptions</i>	29	5	7	4	1	1.76	81	0.352	18 <sup>th</sup>
10	<i>Poor handling of supplier's, contractor's and consultant's complaint</i>	13	16	8	8	1	2.13	98	0.426	16 <sup>th</sup>
11	<i>Market environment</i>	5	3	2	14	22	3.98	183	0.796	1 <sup>st</sup>
12	<i>Bureaucratic nature of the procurement process</i>	8	10	25	3	3	2.57	118	0.513	15 <sup>th</sup>
13	<i>Absence of open and competitive bidding</i>	4	20	9	12	1	2.70	124	0.539	13 <sup>th</sup>
14	<i>Late publishing of projects in dailies</i>	4	16	4	21	1	3.20	147	0.639	9 <sup>th</sup>
15	<i>Lack of transparency</i>	9	6	7	21	3	3.07	141	0.613	10 <sup>th</sup>

	<i>Legal environment</i>	29	6	7	4		1.70	78	0.339	19 <sup>th</sup>
16										
17	<i>Social and economic factors</i>	27	6	6	6	1	1.87	86	0.374	17 <sup>th</sup>
18	<i>Environmental protection factor</i>	29	3	8	5	1	1.50	69	0.300	20 <sup>th</sup>
19	<i>Bureaucratic nature of procurement function</i>	3	14	10	17	2	3.02	139	0.604	11 <sup>th</sup>
20	<i>Inability of bidders to provide procurement requirements</i>	1	8	7	26	4	3.52	162	0.704	7 <sup>th</sup>

*Source: Field survey, 2014*

#### **4.4 Effects of Challenges in Practicing Procurement within the Municipal and District Assemblies in the Upper East Region of Ghana**

Challenges to any practice come with its inherent effects. The last part of the study questionnaire sought to identify the inherent effects of the challenges identified in section 4.3 on procurement practice in the study area. Eleven (11) of such effects were gathered from literature and given to the respondents. They were asked to indicate on a five point Likert scale where, 1 = highly insignificant 2 = insignificant 3 = neutral 4 = significant 5 = highly significant, the level of significance of each of the effects on procurement practices in their assemblies. Data collected from the respondents were analyzed using descriptive statistic using means and standard deviations and each variable ranked as illustrated in Table 4.6 below.

The results revealed that the key effects were *Deficit on government budget, Public sector wastage, Time and cost overruns of government project, Abandonments of government contracts, Poor quality of works, goods and services* as shown on Table 4.6.

Deficit on government budget: This variable was ranked as the topmost significant effect of the challenges of procurement practices. The factor obtained the highest mean score of 4.370 and a standard deviation of 1.181. This effect results from lack of transparency, political interference and corruption in the procurement process. Most procurement processes and government projects are carried out at a cost much higher than the actual cost. Consequently the budget set for most projects are exceeded leading to huge government budget deficits. This finding contradicts the aim of the public procurement law as ensuring successful delivery of government projects and public services, sound public financial management by achieving value for money in government expenditure, reducing corruption, more competition, budgetary savings, reduce debt levels etc.

In addition to the above corruption leading to cost overrun was the next key effect. As reported earlier on by Soreide (2002), a crucial consequence of improper Public Procurement practices is corruption. It was found that, contractors who pay procurement officials through illegal means are always awarded contract which thereby lead procurement officials to compromise on the objectives of a project. The corruption occurs throughout the procurement process and project cycle, through the actions and inactions of political officers, public servants, clients, consultants, contractors and suppliers. The corruption leads to cost overruns on projects because the life span of the projects is always in jeopardy due to the compromise on the part of procurement officials. This results confirms the study by Osei-Tutu et al (2009) and McCrudden (2004).

Last but not least, when projects are awarded to contractors who are not capable of delivery the works the results is poor quality of works. Huge cost overruns may also lead to the abandonment of a project.

**Table 4.6: Descriptive Statistics and significance ranking of Effects of the implementation challenges of the PPA on the MMDAs**

<i>Effects</i>	<i>Mean Score</i>	<i>Std. Deviation</i>	<i>Rank</i>
<i>Deficit on government budget</i>	4.370	1.181	1 <sup>st</sup>
<i>Public sector wastage</i>	3.978	.8025	2 <sup>nd</sup>
<i>Time overruns of government projects</i>	3.978	1.202	3 <sup>rd</sup>
<i>Cost overruns of government projects</i>	3.935	.880	4 <sup>th</sup>
<i>Abandonments of government contracts</i>	3.760	1.139	5 <sup>th</sup>
<i>Poor quality of works, goods and services</i>	3.700	1.171	6 <sup>th</sup>
<i>Corruption</i>	3.413	1.147	7 <sup>th</sup>
<i>Lack of trust and credibility of Public Procurement entities</i>	3.370	1.123	8 <sup>th</sup>
<i>Lack of competition in bidding for contracts</i>	2.609	1.238	9 <sup>th</sup>
<i>Dispute</i>	2.457	1.206	10 <sup>th</sup>
<i>Negotiations</i>	2.196	1.344	11 <sup>th</sup>

*Source: Field survey, 2014*

#### **4.5 Correlations Analysis**

To understand the relationship between the identified challenges to the procurement practices of the municipal and district assemblies in the upper east region of Ghana, a correlation analysis between the challenges and the effects was also carried out. Correlation analysis is used to describe the strength and direction of the linear relationship between two variables.

**Table 4.7: Correlation Analysis between the challenges of public procurements practices and the effects of the challenges**

		<i>Effects</i>	<i>Challenges</i>
<i>Effects</i>	<i>Pearson</i>	<i>1</i>	<i>.664**</i>
	<i>Correlation</i>		
	<i>Sig. (2-tailed)</i>		<i>.000</i>
	<i>N</i>	<i>46</i>	<i>46</i>
<i>Challenges</i>	<i>Pearson</i>	<i>.664**</i>	<i>1</i>
	<i>Correlation</i>		
	<i>Sig. (2-tailed)</i>	<i>.000</i>	
	<i>N</i>	<i>46</i>	<i>46</i>

*\*\*.* Correlation is significant at the 0.01 level (2-tailed).

**Source: Field survey, 2014**

From Table 4.7 above, it is established that overall, challenges to the implementation of the public procurement Act has a positive correlation with its effects on public procurement, which is significant at 0.01 level of significance ( $r=.664^{**}$ ,  $n=46$ ). This means that when the challenges are minimized, its effects will also be minimized and vice versa. However, in terms of determining the strength of this relationship, it is revealed by the analysis that there is a large correlation between the two variables ( $r= .664$ ) Cohen (1988), suggesting quite a strong relationship between the challenges and its effects.

## CHAPTER FIVE

### CONCLUSION AND RECOMMENDATIONS

#### 5.1 Conclusion

This study was designed to address two (2) specific objectives which were (i) To identify the challenges with the implementation of the Public Procurement Act within the Municipal

and District Assemblies in the Upper East Region of Ghana and (ii) To identify the effect of the challenges on the activities of the MMDAs in the Upper East Region of Ghana. From the results of the questionnaire survey and subsequent data analysis, the following conclusions were drawn:

***Objective 1: Challenges to the implantation of the Public Procurement Act within MMDAs in the Region***

The findings revealed nineteen challenges from which six were significant. The six challenges are listed below in order of their level of significant as major challenges to public procurement implementation within the Municipal and District Assemblies in the Upper East Region of Ghana:

- (i) Market environment; it was observed that the prices of goods works and services frequently fluctuates thereby making it unfavourable for the MMDAs to maintain its budget on procurement.
- (ii) Lack of qualified procurement personnel: It was observed that most of the procurement personnel lacked academic qualifications in procurement.
- (iii) Lack of training avenues for procurement practitioners; Workshop to update and train procurement staffs were hardly organized. These things results in noncompliance with the provisions of the act
- (iv) Inefficient and ineffective procurement policies, structures and procedures;
- (v) Incorrect interpretation of the procurement act; Most of the procurement staffs misinterpreted some parts of the act.

- (vi) Political interference: It was revealed that most of the politicians in the region usually intervened in the procurement procedures leading to capricious procurement decisions.

These findings were found to agree with the earlier studies by Arrowsmith (2003), Maister (1986), Osei-Tutu (2009), World Bank (2004), Thai 2001, Akech (2006), Taylor (2003) and Mawenya 2008.

### **Objective 2: Effects of the Challenges Confronting the Practice of Procurement**

With regards to this objective, the study revealed eleven (11) effects, and the following were the most significant confronting the practices of procurement within the municipal and district assemblies in the Upper east region of Ghana as a result of the reported challenges:

- (i) Deficit on government budget;
- (ii) Public sector wastage;
- (iii) Time and cost overruns of government projects;
- (iv) Abandonments of government contracts and (v) Poor quality of works, goods and services.

These findings also confirm the works by Hunja (2003), Soreide (2002), Osei-Tutu 2009 and McCrudden (2004).

### **5.2 Recommendations**

In line with the findings of this study, the researcher will like to make the following recommendations to help promote the procurement practices of bodies concerned:

1. Governments of developing countries must ensure that they implement

procurement laws fully and remove all bottlenecks so as to achieve the importance of public procurement.

2. Every public organization should put in place effective systems of procurement to protect shareholders funds. The procurement function must form a key part of any management strategy.
3. To form a key part of the management strategy, adequate avenues must be provided to train and produce qualified and competent procurement personnel to handle the procurement function effectively.
4. Adequate measures must be put in place to deal with the inherent challenges of public procurement implementation in order to deal with its effects as well.

### **5.3 Directions for further Research**

This study proposes the following areas for further study;

1. Future research on the measures to improve the effectiveness of public procurement in project delivery.
2. Future research on the impact of qualified procurement practitioners on the success of procurement practices within the metropolitan, municipal and district assemblies in Ghana.
3. Future research on an investigation into the importance of procurement in Ghana.
4. Future research on the effects of public procurement practices on government budget.

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## **APPENDIX**

### **QUESTIONNAIRE**

**PLEASE TICK WHERE APPLICABLE**

#### **SECTION A: DEMOGRAPHIC INFORMATION**

1. What category of Assembly do you work with?

Municipal Assembly     District Assembly

2. What is your position in the Assembly?

Procurement officer     Accountant     Administrator

Engineer     Budget / Planning Officer     others, please specify .....

3. What is your professional qualification?

Procurement management     Accountant     Administrator

Engineer     others, please specify .....

4. What is your latest educational qualification?

PhD  MPhil/MSc/MBA  BSc / BA  HND

Others, please specify .....

5. How long have you been working with your assembly?

Less than 5 years  6 – 10 years  11 – 15 years  16 years and above

6. What type of procurement activity do you procure most in your assembly?

Works  Goods  Consultancy Services  Others specify .....

7. What services do you procure most in your assembly?

health facilities  electrical facilities  educational facilities

transportation facilities  irrigation  Others, please specify .....

8. How do you fund projects in your Assembly?

Municipal/District Assembly common fund  internally generated fund

partnership  grants  others, please specify .....

## SECTION B: CHALLENGES IN PRACTICING PROCUREMENT IN MMDAs

In your experience, rank on a likert scale of 1 – 5, the level of significance of challenges in practicing procurement within the MMDAs of Ghana

**1 = highly insignificant 2 = insignificant 3 = neutral 4 = significant 5 = highly significant**

	LEVEL OF SIGNIFICANCE

ITEM	CHALLENGES	1	2	3	4	5
1.	Inefficient and ineffective procurement					
2.	Incorrect interpretation of the procurement					
3.	Lack of clear procedure for emergency					
4.	Poor record management					
5.	Lack of training avenue for practioners					
6.	Poor procurement planning					
7.	Lack of qualified procurement personnel					
8.	Political interference					
9.	Cultural perceptions					
10.	Poor handling of supplier's, contractor's and					

11.	Market environment					
12.	Bureaucratic nature of the					
13.	Absence of competitive bidding					
14.	Late publishing of procurement activities					
15.	Lack of transparency					
16.	Legal environment					
17.	Social and economic factors					
18.	Environmental protection factor					
19.	Inadequate flow of information between					
20.	Bureaucratic nature of procurement function					
21.	Inability for bidders to provide procurement					
22.	requirementsOthers					

*If others, please specify*

### **SECTION C: EFFECTS OF CHALLENGES IN PRACTICING PROCUREMENT IN MMDAs**

In your experience, rank on a Likert scale of 1 – 5, the level of significance of challenges in practicing procurement in the MMDAs of Ghana

**1 = highly insignificant 2 = insignificant 3 = neutral 4 = significant 5 = highly significant**

ITEM	EFFECTS	LEVEL OF SIGNIFICANCE				
		1	2	3	4	5
1.	Deficit on government budget					
2.	Public sector wastage					
3.	Dispute					
4.	Cost overruns of government projects					
5.	Time overruns of government projects					
6.	Poor quality of works, goods and services					
7.	Abandonments of government contracts					
8.	Negotiations					
9.	Lack of competition in bidding for contracts					
10.	Corruption					
11.	Lack of trust and credibility of Public Procurement entities					
12.	Others					

**THANK YOU**