

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**COLLEGE OF ARCHITECTURE AND PLANNING**

**DEPARTMENT OF BUILDING TECHNOLOGY**

**EFFECTS OF PROCUREMENT METHODS ON PROJECT EXECUTION**

**BY**

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degree of

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.

# KNUST

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## DEDICATION

To the glory of Almighty God, I dedicate this research to the memory of my late mother, Juliana Ama Peprah and my wonderful siblings.

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## ACKNOWLEDGEMENT

I wish to express my sincere gratitude to the Almighty God for His mercies and grace which has brought me this far. I owe a lot to Dr. Bernard K. Baiden whose excellent supervision has brought this work to a successful end. I am also indebted to the staff members of the Department of Building Technology, KNUST for their guidance, encouragement and thought which have provided the necessary intellectual premise for coming out with this work. I am also grateful to all the institutions and persons I collected data from especially the Sekyere Central District Assembly who provided the case study setting and participated in the data collection.

Finally, I will like to extend my sincere appreciation to all and sundry, which in diverse ways have made this work possible, especially my Father, Nana Ampaabeng Kyeremeh and my uncle John Kofi Yeboah.



## ABSTRACT

Public procurement is a key for ensuring a desired process for acquiring goods, works and services at the right cost, quality and appropriate time. Public procurement in Ghana has evolved overtime with the Government of Ghana coming up with the procurement Act 663 to guard the public procurement process and minimize the challenges of the system. A country assessment report by the World Bank in 2003 revealed wrong use of the procurement methods as some conditions and requirements put in place for using the methods were not adhered to and thus disrupting the process. Indeed single sourcing was identified to be the most often used method ahead of Competitive tendering which was considered as an ideal method. The study was thus required to further investigate into the methods of public procurement in Ghana to elucidate the most often used procurement method in Sekyere Central District in the Ashanti Region, the compliance of rules and regulations regarding the use of the methods and the effects the procurement methods had on project execution in the District. Five (5) main procurement methods are identified by the Procurement Act 663 for use at the District Assembly level. These include; National Competitive Bidding, Request for Quotations, Single Sourcing, Restricted Tendering and Two-Stage Tendering. These methods are all eligible for use at the District Assembly level and are managed by the Procurement Entity, Tender Review Board and Tender Evaluation Panel. These methods are to ensure the principles of value for money, competition amongst others.

Data for the study were obtained from primary and secondary sources. Purposive sampling procedure was used to select the major people involved in using a particular method in the District. Data collected from the survey were collated, synthesized and analyzed to provide the reference point for analysis. The study adopted qualitative and quantitative analysis.

The study came up with numerous findings. Key amongst them includes:

- National Competitive Tendering was the most used method in the District.
- Request for quotations was the second used method in the District contradicting World Bank's study.
- Corruption was identified as a major impediment to the entire procurement process and thus causing side stepping of some process hence the use of wrong methods.

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**Based on the findings, recommendations were given which included:**

- Provision of resources for procurement entities to go through the right procurement processes.
- Continuous monitoring and evaluation of procurement methods and procedures in the procurement process.
- Enforcement of punishment on defaulters who side step the processes and procedure for their selfish gains.
- The study recommends further research into the relationship between procurement methods and the quality of projects executed. A further study into this will help deepen knowledge on procurement methods and project execution.

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## CHAPTER ONE

### INTRODUCTION

#### 1.0 Background of Study

Governments and institutions worldwide purchase products and services to enhance their activities. In the spate of corruption and scarce resources, the public sector has often developed a procurement system to guard the entire process (Sarfo and Baah-Mintah, 2013). The World Bank and donor agencies for instance have made the development of a procurement system a requirement for developmental aid with some having a procurement system of their own that accompany their aids (Agaba and Shipman, 2012).

In Ghana, the public procurement Act 663 (2003) is the legal regulatory instrument that guards' procurement processes in the public sector. It is the main regulatory framework for all procurements made in the name of public institutions. The Act is in place to avoid some of the damning consequences associated with bad public procurement which includes; low productivity, inefficiencies, loss of state revenue, payment of judgement debts and negative effects on national budget chief amongst them being huge budget deficits (Osei-Owusu and Gyapong, 2013).

Furthermore, the importance of public procurement to Ghana as a nation cannot be overemphasised. This is as a result of the quantum of state funds that are used in procurement. According to Adjei (2005), statistically, public procurement forms about 24% of total imports as well as represent about 50 -70% of the national budget and 14% of Gross Domestic Product (GDP) of Ghana. These figures show that a lot of attention needs to be paid to public procurement in the country to avoid wastage of the scarce financial resources available.

Though the procurement Act 663 (2003) plays a major role in guarding government procurement processes, it is not without challenges. For instance, although Section 35 of the procurement Act explicitly advocates for competitive bidding of contracts except in special cases, a study by (Ameyaw et al 2012) revealed that sole sourcing and request for quotations are predominantly used in organisations. A situation they argue to be a direct contravention of Section 35 of the Procurement Act. This contravention could breed grounds for corruption as a result of lack of competitiveness. The quality of work or services needed by the government could also be compromised if a study is not done to ascertain why a law that gives fair opportunities for bidding to ensure effectiveness of products is taken for granted.

In the light of the above discussions, this thesis explores the major methods for procurement in Ghana. Focus is on the often used procurement methods that are used in the Sekyere Central district in the Ashanti region of Ghana; the methods will be assessed in relation to project execution to find out whether the use of a particular method affects project execution in relation to time, cost and quality.

## **1.2 Problem Statement**

Efforts by government to develop the economy would yield good results if there is an effective system in place to manage the scarce resources. The procurement Act 663 as earlier mentioned has been one of the major steps that have been taken to regulate government spending to ensure that there is a self-regulatory system to check the budgets at all levels of government particularly at the local level of governance. This is to ensure an efficient use of their financial resources as they are highly dependent on the District Assembly Common Fund (DACF) and the Internally Generated Funds (IGF) which is barely enough.

One critical area of the procurement Act that ensures this, is Section 35 of the Procurement Act which advocates for the use of Competitive Bidding (CB) to ensure there is fair and competitive bidding to ensure that effective and efficient means are used to procure goods and services unless in special cases. A country procurement assessment report by the World Bank (2003) revealed that the most commonly used methods by most organizations were selective bidding (52%) and sole sourcing (20%).

The study further revealed that a critical look at the contracts revealed that most of the contracts that had gone through selective bidding and sole sourcing also qualified for Competitive Bidding. Furthermore, the same report mentions that ‘same contractors were used frequently over the years. This posed the inherent danger of collusion and of not taking action on poorly performing but “friendly” contractors’. This situation will have a direct effect on the project execution in relation to the time used to complete, cost and quality. However, not much has been done to look into this thus leading to the focus of this study.

### **1.3 Research Aim and Objectives**

The aim of this study was to have an overview of procurement methods in relation to project execution in the Sekyere Central District. To achieve this, the following specific objectives will be accomplished.

- To identify the major procurement methods and their modes of operation in the Sekyere Central Assembly?
- To determine the extent of compliance of laws governing use of the procurement methods?
- To find the extent to which procurement methods affect project execution?

## **1.4 Research Questions**

Upon reflection of the key concepts of the study and literature on the topic of study, the researcher seeks to answer the following questions which stems from the problem statement discussed:

- What are the major procurement methods and their modes of operation in the Sekyere Central District
- What is the extent of compliance of laws governing the use of procurement methods
- To what extent does procurement methods affects project execution

## **1.5 Scope**

The study was done in the Sekyere Central District which is one of the districts in the Ashanti Region. Focus was on the District Assembly to identify the key procurement methods and how it links to project execution. This district was chosen for the research because it has all the structures of the public procurement where data could readily be available. The proposed target population from whom data was sourced include; Procurement Unit, Entity Tender Committee, Review Board and Evaluation Panel Members.

## **1.6 Justification**

Public procurement is government's laid down process to acquire goods and services of the best quality, at the right time and at minimum cost. Any gap in the procurement process which compromise on these objectives need to be studied, to find ways of resolving them.

The procurement Act 663 is also a legal framework for promoting competitiveness and jobs through the competitive bidding method. An attempt by the tender board to use mostly selective bidding without going by the Act could lead to collusion and corruption amongst tenders and people who bid for work as well as contracting unqualified people for works in the spirit of friendship. This situation hampers development and therefore a need for a study into the matter to come out with appropriate recommendations.

Again, District Assemblies are burdened with carrying out their activities with a limited budget. A situation whereby the wrong methods of procurement are used could lead to wasting of the limited resources and thus hampering development. There is thus a need for doing the right thing at least in procurement to save some cost.

Finally, the need to undertake this study is justified considering that there are numerous works on public procurement in Ghana but almost none focusing on specifically on procurement methods used in the country and their effects on project execution and service delivery. This study was an attempt to fill the gap in the literature as findings and recommendations could be also moved forward to ensure policy making/procurement reforms and also serve as the basis for further studies on public procurement methods.

### **1.7 Limitation of Study**

One of the problems faced during the research was the issue of honesty and truly detailed answers to the questions from the participants. Most of the participants since they work in the public sector did not want anybody to know of their identity and thought that the answers they provided might be used against them. We overcame this problem by not mentioning their names or trying to know their identities. Another problem encountered was difficulty in gaining access to participants because most of them would not want to talk publicly. We used an alternative method of interviewing the participants by the

researcher at their convenience. Time and lack of financial resources were also problems encountered in the research.

### **1.8 Organisation of Study**

The study is organised into five chapters. Chapter one is a brief introduction to the study, It consists of the background to the study, problem statement, research questions and objectives of the study, scope of the study, justification of the study, how the study report will be organised

Chapter two is focused on the relevant literature on local government funding as well as theoretical perspectives underpinning the concepts. Information was searched on procurement methods and its effects on project completion with cases of other countries been compared with that of Ghana.

Chapter three presents the research approach and methodology as well as the profile of the study district. It describes the research design, data requirements and sources, population and sampling technique and data collection technique that is employed in carrying out the study. The contextual profile of the Sekyere Central District will be shown in this chapter.

Chapter four also looks at the analysis of the data collected from the field. It will present the data from the field and rationalise it. Finally, Chapter five establishes the major findings of study. Based on the findings, appropriate recommendations will be made to improve problems identified. A conclusion on the entire study will then be made.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The chapter mainly focused on public procurement in Ghana. More specifically, the Public procurement Act (663) of Ghana was examined to identify the procurement methods available for use in Ghana. Literature was on the often used procurement methods by local governments and the peculiar reason for their use. The effect of procurement methods on project quality was reviewed both in Ghana context. Lessons learnt from literature are also outlined to serve as secondary data for the study.

#### **2.2 Public Procurement**

The concept of procurement is defined by many scholars. All of these definitions describe how the public sector acquires goods and services. One key definition identified by Lyson, (1996) is the process for obtaining by purchase, lease or other legal means, equipment, materials, supplies and services required by a public entity for use in satisfying wants. The public sector in developed and developing countries all have a process to go through in ensuring that they obtain goods and services for their activities as well as development. The Public Procurement Authority of Ghana (2013) identifies the 6Rs of procurement and indicates that public procurement should be done to obtain materials, goods and services at the right quality, in the right quantity from the right source delivered to the right place at the right time and at the right price. These Rs clearly show the main objective of public procurement which is acquiring quality products and services at low value and thus ensuring value for money.

McDonald (2008) recognizes the need for accountability and transparency in government purchasing and contracting to reduce corruption while enhancing the confidence of citizens in government use of public resources. In most countries government expenditure on public goods and contracts as well as other services are very high and thus demand an accountability system to avoid abuse of these resources. The high expenditures of countries is affirmed by the Fan and Saurkar (2008) who identify government spending as a percentage of GDP in Africa to be roughly 27–34 percent over the last two decades. Countries like Botswana, Nigeria and Malawi amongst others were noted to be spending 35 - 67 percent of their GDP. This huge government expenditure necessitates strategies to effectively guide public procurement to ensure value for money.

### **2.2.1 Key Principles of Public Procurement**

Public procurement as practised in many countries has some basic underlying principles. These are considered by all governments in the procurement process. These principles which can be obtained from the plethora of works on public procurement includes: value for money; accountability; transparency; competition and the ethics of acquiring goods and services.

#### **2.2.1.2 Value for money**

As the rationale for procurement was indicated earlier, Public Procurement is meant to manage and ensure an effective public spending. This underscores Raymond's recognition of this principle as the most important as all other principles aims at ensuring this. Government is saddled with a lot of expenditure and thus needs to have the right value for any money spent to ensure that taxes and other revenue of the state are in a good use. Butt and Palmer (1985) identified barriers such as weak governing bodies, politics,

tradition and lack of education and training programmes which need to be conquered so as to achieve VFM.

### ***2.2.1.3 Accountability***

Procurement is a legal transaction between two people and thus the need for accountability. The seller is much accountable to the buyer as the buyer is to the seller. Again accountability is viewed from the perspective of the ordinary citizen who gives money to government everyday through taxes and expects that these monies are put into the best of use (Gunasekaran 2005).

### ***2.2.1.4 Transparency***

Transparency is another important principle in public procurement. Transparency in procurement means openness in the tendering process. This involves ensuring access to competitive opportunities. Making sure all information is made available to bidders without bias in the process. Transparency therefore is an essential aspect of ensuring accountability and minimizing corruption, and has gained prominence in Organization for Economic Cooperation and Development (OECD) countries, and is particularly associated with the rise of the governance agenda as transparency is a core governance value (Smith-Deighton, 2004).

### ***2.2.1.5 Competition***

It is a means by which buyers make the best use of competitive market forces to obtain the best offer that can be obtained from the market at that particular point in time. Competition occurs in the tendering process as bids are submitted by various tenders for consideration. Also competition occurs in issues such as suppliers' credibility in carrying out previous contracts of the same nature, the price and the most competitive bidder would be awarded the contract (Raymond, 2008). Erridge (1999) believes that

competitive tendering would avoid accusations of favouritism and fraud and that the openness of the system would encourage more suppliers to participate and that increased competition would help reduce prices, improve quality and lead to greater competitiveness among suppliers.

#### ***2.2.1.6 Ethic***

Another important principle of public procurement is ethics. The Chartered Institute of Purchasing and Supply (2012) state that honesty and high integrity from procurements officials is highly necessary. The need to maintain consistency in all documents and in the process is very essential to ensure an effective procurement of goods and services.

### **2.3 Public Procurement in Ghana**

Procurement in Ghana has been in existence over a period of time. Various financial policies and strategies have been put in place by past governments to ensure effective procurement and management of public expenditure. The Public Financial Management Reform Programme (PUFMARP) in 1996 was one of such key programs that aimed to manage procurement. These programs identified flaws such as lack of a central body; lack of policy and supervision of Public Procurement in Ghana (Ministry of Finance, 2001).

The gaps identified under PUFMARP led to new strategies to reform public procurement in Ghana. This led the government of Ghana to establish the public procurement Oversight group in 1999. The group was responsible for developing a comprehensive public procurement reform programme to correct anomalies in the Procurement process of Ghana (World Bank, 2003). This is because adherence to public procurement procedures is important if public funds are to be used in the best way possible. Crucial in this respect is a sound enforcement mechanism that ensures that procurement entities comply with the regulations and that those who fail to comply are duly punished.

The group together with some stakeholders drafted The Public Procurement Bill in 2002 and was subsequently passed into Law on 31 December 2003 as the Public Procurement Act of 2003, Act 663 (Ministry of Finance, 2004).

The law amongst other things seeks to develop Public Procurement in Ghana. As Nketia-Asante (2013) assert procurement laws are very essential for achieving the objectives of procurement. Thus Act 663 is the legal regulatory framework for the operation of Public Procurement to achieve its objectives. However, Etse (2014) argue that non-compliance with procurement regulations and the perpetuation of procurement malfeasance has become a norm and in many instances the problems of low productivity, inefficiency, loss of revenue to the state and its detrimental effect on government budget keep occurring, often within the same government agency.

### **2.3.1 Institutional Framework**

The Public Procurement Authority (PPA) is established by Act 663 as the statutory advisory and co-ordinating body on procurement in Ghana. Other bodies such as Procurement Entity, Tender Committee and Tender Review Board are required to abide by the technical guidelines and regulatory instructions issued by the PPA. A manual by the Public Procurement Authority (2007) gives details of the institutions involved with procurement at all levels. However, this review focuses on the structure for the district level.

#### ***2.3.1.1 Procurement Entity***

A procurement entity as identified in the manual is an organisation or person that has legal/administrative mandate for procurement purposes. Such entities include; central management agencies, Ministries Departments and Agencies (MDAs), Sub vented

agencies and SOEs. These institutions have an entity head and also a procurement unit which engages in procurement activities as clearly indicated in the Act 663.

#### ***2.3.1.2 Procurement Unit***

A procurement unit is an outfit in a procurement Entity with the responsibility of superintending procurement. The head of the Procurement Unit and his/her team are responsible for undertaking and co-ordinating all detailed procurement activities within the procurement entity. The unit is the anchor for procurement in the district as all activities are revolved around them.

#### ***2.3.1.3 Entity Tender Committee***

A procurement entity has an Entity Tender Committee that is required to be established in each procurement entity. The committee is responsible for reviewing and approving annual procurement plans and also reviewing and approving updated quarterly plans. Decisions of the Entity Tender committee are unanimous and might vote in cases of a tie. Reasons for approving or rejecting plans are noted in a report given to the procurement unit. If a procurement threshold is beyond that of an Entity Tender Committee, it is referred to the District Tender Review Board for concurrent approval.

#### ***2.3.1.4 Tender Evaluation Panel***

Each Procurement Entity is required to appoint a Tender Evaluation Panel with the required expertise to evaluate tenders and assist the Tender Committee in its work. A Tender Evaluation Panel shall be an ad hoc body of not more than five members constituted for a specific procurement package. The panel shall include members with skills, knowledge and experience relevant to procurement requirements.

### **2.3.1.5 Tender Review Boards**

A tender review Board is a body established in accordance with Schedule 2 of the Act to review procurement decisions within the thresholds set out in schedule 3 of the Procurement Act. The Review Board is to review the activities at each step of the procurement cycle which will lead to the selection of the lowest evaluated tender by the Procurement entity.

## **2.4 Procurement Methods in Ghana**

The public procurement Act of Ghana (Act 663) outlines 5 procurement methods to be used by institutions in their operations. These methods include;

- Competitive Tendering
- Two-Staged Tendering
- Restricted Tendering
- Single Source Tendering
- Request for Proposals

### **2.4.1 Competitive Bidding (Section 35 & Part V of Act 663)**

This is one of the most favoured methods of procurement in many countries. It is platform for all potential service providers to compete and earn the right to give out a product or service to the tender. The method helps the procurement entity to find the right person from amongst the host of organisations who bid for the contract. The procurement entity shall use a quality and cost based method to select the right person to acquire the goods and services from. The two types of competitive tendering methods include (1) International Competitive Tendering (ICT) which is used when effective competition cannot be achieved without the inclusion of foreign firms (s.45). (2) National Competitive

Tendering (NCT) is used when the procurement entity so decides (s.44) and subject to contract value thresholds specified in Schedule 3.

#### **2.4.2 Request for Quotations (Sections 42-43 of Act 663)**

A procurement entity can request for quotations from suppliers of readily available goods or technical services that are not specially produced or provided to the particular specifications of the procurement entity; and for goods where there is an established market if the estimated value of the procurement contract is less than the amount in stated.

This request is not given to one contractor. The procurement entity shall request quotations from as many suppliers or contractors as practicable, but from at least three different sources. Each supplier or contractor from whom a quotation is requested shall be informed whether any elements, apart from the charges for the goods or services themselves, such as transportation and insurance charges, customs duties and taxes, are to be included in the price. Each supplier or contractor shall only give one price quotation and shall not change its quotation. The main idea is to allow procuring entities to use a simplified procedure in those instances where the contract value is so small that the administrative effort related to a full-fledged tendering procedure appears out of proportion (Acts 663, 2003).

#### **2.4.3 Single Source Tendering (Sections 40-41 of Act 663)**

This method allows procuring entities to procure goods, works or technical services by inviting a proposal or price quotation from a single supplier or contractor.

The act specifies some conditions for using this method. These include first seeking approval from the board to procure from a single source clearly stating reasons. The method can be used 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; 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; 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; where a procurement entity which has procured goods, equipment, technology or services from a supplier or contractor, determines that:

- (i) Additional supplies are needed 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;

Also 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.

#### **2.4.4 Two- Staged Tendering (Sections 36-37 of Act 663)**

The two-staged tendering is synonymous to request for quotations. However, this involves a two stage process of submitting proposals. In the first stage, the tenders may involve tendering proceedings, initial tenders which contain their proposals without a

tender price. Tenders may solicit proposals that relate to technical, quality or other characteristics of the goods, works or services as well as contractual terms and conditions of supply and may stipulate the professional and technical competence and qualifications of the suppliers or contractors. Proposals received and evaluated with the best selected non-partially.

In the second stage of the two tender proceedings the procurement entity, shall invite suppliers or contractors whose tenders have not been rejected to submit final tenders with prices on a single set of specifications; may in formulating the specifications, delete or modify any aspect of the technical or quality characteristics of the goods, works or services to be procured together with any criterion originally set out in those documents, evaluate and compare tenders and ascertain the successful tender; may add new characteristics or criteria that conform with this Act; shall communicate to suppliers or contractors in the invitation to submit final tenders, any deletion, modification or addition; may permit a supplier or contractor who does not wish to submit a final tender to withdraw from the tendering proceedings without the supplier or contractor forfeiting any tender security that the supplier or contractor may have been required to provide. The final tenders shall be evaluated and compared in order to ascertain the successful tender.

#### **2.4.5 Restricted Tendering (Sections 38-39 of Act 663)**

Restricted tendering is also another specific tendering which is opened to invite tenders suppliers and contractors who can provide the goods, works or services. Though it is a competitive process, the tendering entity selects a number of suppliers or contractors in a non-discriminatory manner to effectively compete for the project. The procurement entity is however mandated by law to serve a notice of selective- tendering through publication in the procurement bulletin. The method again like others is not applied in isolation but

must meet certain conditions as stated in the Act 663. These conditions include: if goods, works or services are available only from a limited number of suppliers or contractors; or if the time and cost required examining and evaluating a large number of tenders is disproportionate to the value of the goods, works or services to be procured. To apply this method, a procurement entity requires specific approval from the Public Procurement Authority (PPA).

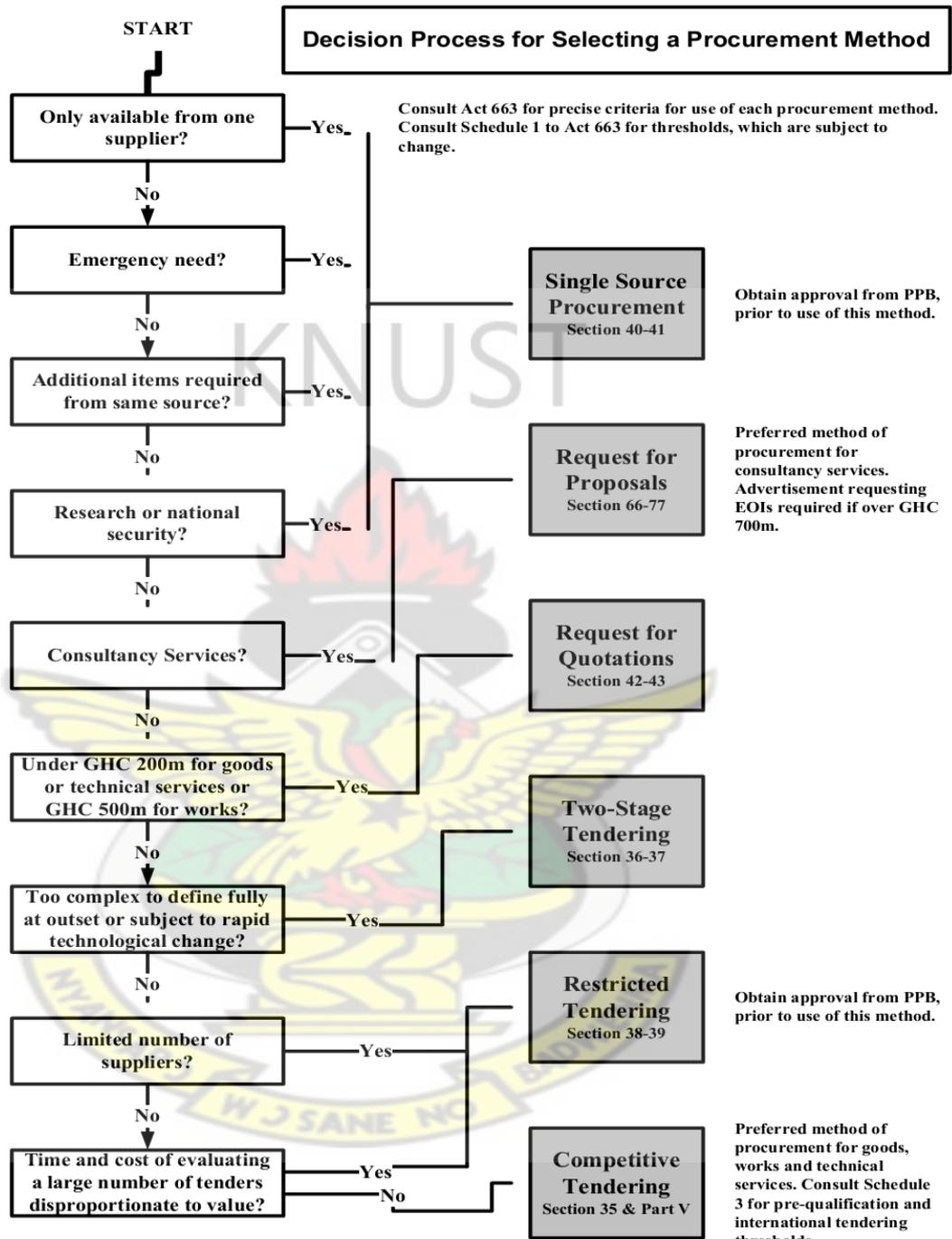
**Table 2.1 Thresholds for Procurement Entities**

<b>Authority</b>	<b>Goods</b>	<b>Works</b>	<b>Consulting Services</b>
Entity Head	Up to 50m	Up to 100m	Up to 50m
Entity Tender committee	> 50m- 1.0b	>100m-2.0b	>50m-500m
Ministerial and Regional tender review Board	>1.0b-8.0b	>2.0b-15.0b	>500m-3.5b
Central Tender Review Board	Above 8.0b	Above 15.0b	Above 3.5b

Source: Public Procurement Act

The various procurement entities have thresholds to guard the procurements that can be approved, this is shown in Table 2.1. The study was concerned with thresholds at the at the Entity Head level where the District Assembly belongs to. The entity head had has authority to approve goods and consulting services up to 50 million and 100 million for works. Any threshold beyond this has to be reviewed by the regional review boards since it is above the District assembly level.

The process for using the methods are also diagrammatically shown in fig 2.1



Source: PPA Module 1

**Fig 2.1: Decision Process for Selecting A Procurement Method**

## **2.5 Challenges of Public Procurement in Ghana**

Numerous challenges confront the implementation of public procurement in Ghana. Though there have been fewer works on challenges of PP in Ghana, the situation here is not too different from what pertains in most developing countries.

For instance, clear understanding of procurement methods, processes and even the law governing the process both on the path of some implementers and bidders is identified to be a huge setback to procurement. According to the Office of the Director of Public Procurement in ODDP report (2007), lack of knowledge in the procurement process, bidding and skill to be competitive in the process has become a challenge to the project. This is because selection in this case would not be based on true capacity of bidders but who has the skill to present the best documents as a result of good skill to use the process.

Similarly, as mentioned earlier, not only bidders are handicapped on the procurement law and processes, but professionals who are in charge of tendering and involved in the process are also found wanting in certain cases. This is clearly seen in the country World Bank Country assessment report of Ghana 2003 which clearly reveals that most staff members of Ministries, Departments and Agencies (MDAs) and District Assemblies (DAs) responsible for procurement were not effective in their roles as procurement officers and experts. Their application of PPA and the Standard Tender and Contract Documents left much to be desired and thus was considered as a setback to implementation unless the challenge is addressed.

Coupled with the above is also political interference in public procurement in Ghana. Though there is a law which outlines the steps to go through in procurement, The World Bank (2004) notes that some politicians are of the view that their power yields them the right to interfere in procurement procedures especially when they do not feel decisions

favour their political vision. This has led to recent judgement debts and abuse of public pocket as a result of abusing public procurement processes.

The most disturbing of these challenges is possibly corruption which has militated against the procurement system in Ghana. It is quite obvious that, public procurement seeks to drive out corruption, but finds it difficult to thrive in a very corrupt environment. Ghana is rated amongst the corrupt countries in Africa, with most governments losing the battle against corruption. Transparency International (2012) affirms this by judging the rise in Corruption Perception Index for Ghana. This corrupt environment has resulted in shady deals such as by passing correct procurement processes. Not using the often preferred competitive bidding and sometimes issues of bribery and political interest amongst tenders and bidders and thus leading to favouritism. Corruption is indeed the bane of PP and would restrict achievement of objectives such as transparency and value for money.

## **2.6. Procurement Methods and Project Execution**

A wealth of literature and works can be identified on procurement in many countries. However, literature on the effects of methods used is limited. According to Muriro and Wood (2010), there is a correlation between a procurement method used and quality in the good or service procured. Though there is not enough literature to back this assertion, the challenges and strengths of the various methods as discussed in literature provides enough basis to link a procurement method to project execution. For instance, competitive bidding is regarded as the ideal method in ensuring competition among bidders and has the tendency to reduce corruption and ensure that the right service provider or contractor is contracted to produce a good or service in the right quantity and quality and at the right time.

Whittington (2007) also discusses the advantages of Single/Sole Sourcing to include; consistency in quality, lower cost and efficiency. However, they are also a platform for complacency, high risk, and inability to bare burdens of the contract alone. An emphasis of the challenge is found in the Executive Secretary of Ghana Integrity Initiative's (2007) criticism of 'sole sourcing'. He mentioned that it was an opportunity for abuse by heads of government institution who have predetermined who to award a contract to long before the act. He cited the case of the Ministry of Education, Science and Sports (MOESS) which requested for a single source procurement in August 2005 to procure textbooks for the 2005/2006 academic year and used "unforeseen circumstances giving rise to urgency" as a reason.

A consideration of the above strengths and weaknesses of the procurement methods discussed reveal that complying with the conditions of each method and a critical analysis of what is to be procured and application of the right method goes a long way to enhance project execution. Wrong method leaves room for corruption, wrong application of funds amongst other challenges that hamper project execution. These strengths and weaknesses in the procurement methods is synonymous to earlier discussions on general challenges of procurement in Ghana. Thus using the right procurement method is likely to help in reducing challenges of procurement in Ghana.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the research methodology used in this study. The various techniques that were adapted have been discussed in the chapter. This includes the research design or approach, the sampling techniques used as well as the means and instrument of data collection used. The population to be studied and profile of the study area is also discussed in the chapter. This is very important because a wrong method used will yield a wrong result. Cresswell (2007) has asserted the importance of illustrating the research approach as an effective strategy to increase the validity of social research. It is therefore essential to identify and discuss the method used and how appropriate they are for the study.

#### **3.2 Research Approach and Design**

The study adopted both the explanatory and descriptive research designs. Although some people dismiss descriptive research as 'mere description', good description is fundamental to the research enterprise and it has added immeasurably to our knowledge of the shape and nature of our society. In this study, descriptive research design is used to describe the various methods of Public Procurement and their effects on project execution.

Both qualitative and quantitative data is used in the study. It is used to validate findings from the study. The case study method of research was adopted by the study. The case study method is an approach to studying a social phenomenon through a thorough analysis of an individual case (Kumar, 2005). The case may be a person, group, community, society or any other unit of social life.

The use of the case study method provides an opportunity for an intensive analysis of many specific details often overlooked by other methods. This approach was particularly used considering the time frame of the study as case studies are normally used when the period for the research is short and therefore the whole context becomes too large to be studied. In the face of the above, the case study method of research was adopted to investigate into the Effects of Procurement Methods on Project Execution in Sekyere Central District Assembly.

### **3.3 Research Process**

The process used for a research is very important. In carrying out the study, some methods were employed and these include the formulation of research questions, the review of literature, conceptualization of research design, design of data collection instrument, sample selection, data collection and analysis and reporting. These have further been elaborated on.

### **3.4 Data Collection Procedure/Method**

The research strategy that was employed for the study was case study. This means both qualitative and quantitative data was explored on the procurement methods in the Sekyere Central District.

#### **3.4.1 Mode of Data Collection and Source**

The data collection methods or techniques formed an important part of this research. According to Patton (2002) using more than one data collection instrument strengthens and gives credibility to the study. The use of more than one data collection instrument portrays a true picture of the case under study. In this regard, the researcher gathered the

required data from two (2) different sources. These were through primary and secondary sources.

Primary data was sourced from individuals from; Procurement Unit, Entity Tender Committee, Review Board and Tender Evaluation Panel Members, Procurement Practitioners and Public Procurement Authority. The main research instruments used were questionnaires, interviews, and field observations. This was done with the focus on the objectives set in the study. The primary data were collected from the selected respondents within the sample frame in the research population. The analysis of the study was substantially based on this data.

The secondary sources included published documents, reports, journals, the Internet, newspapers and national documents. Documents by the Public Procurement Authority were very essential source used.

### **3.5 Questionnaire Design and Administration**

The research questions were developed by the researcher and were reviewed by some experts in academia and in procurement practice. Subsequently, a pilot test of the questionnaire and interview was conducted for ten (10) participants in order to identify and eliminate potential ambiguity in the questionnaire. Generally, the questionnaire is designed to collect general data from the public entity. These questions were based on the objectives of the study. The questionnaire developed were pilot tested with three respondents each at the three sectors of the public entities to ensure that the questions were clear and not ambiguous, such that responses would be consistent with the purpose of the study. 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 to the

respondents willing to fill or provide answers to the questionnaire at the entities premises. The completed questionnaire was taken by the researcher on the same day. The primary data collected was reviewed by the researcher to ensure maximum accuracy, legibility, completeness, consistency and to reduce ambiguity.

### **3.6 Sampling Procedure**

Purposive sampling was used in this study. This is because purposive sampling technique is used when one wants to access a particular subset of people. Since specific information was needed from people who are involved in the procurement process, the main sectors of the procurement entity were targeted. A sample population of Nineteen (19) was used on the basis that, the study was an institutional survey where a specific group of people who were engaged in procurement activities were targeted for data for the research hence the purposive sampling, these included in the Tender committee member, the review committee members, the evaluation panel members and the personnel in the procurement unit.

### **3.7 Data Collation and Analysis**

The Data Collected were integrated and synchronized meticulously to allow for a clear and a much transparent pattern of analysis and for ease of understanding as well. Both quantitative and qualitative instruments were used for the analysis. Quantitative data was coded, categorized in tables and processed into information for the benefit of the research study using computer software such as Statistical Package for Social Scientist (SPSS) to facilitate the analysis process. The qualitative data was inferred.

### **3.8 Ethics**

Ethics here concerns the relationship between the researcher and the moral principles underpinning research actions. The Researcher will strictly adhere to the ethical principles most especially autonomy (respect for individuals rights and seeking of informed consents). By following the above approaches and methodologies in executing the field work and related activities, the Researcher was able to acquire the right data for analysis.

### **3.9 Physical Characteristics of the Study District**

Sekyere Central District, which is one of the Thirty (30) Administrative Districts in the Ashanti Region of Ghana, is located on the northern part of the region, and shares boundary with Mampong Municipal, Atebubu District, Sekyere East, Sekyere South, and Ejura-Sekyere Dumasi to the west, east, south, and north-west respectively. The nearness of the District to other Districts, especially Ejura and Atebubu deprives the District from revenue generation. This is because communities in the Afram Plains portion of the District find it convenient in accessing markets in these Districts more than to the market centres in the District.

The District is located within longitudes 0.05 degrees and 1.30 degrees west and latitudes 6.55 degrees and 7.30 degrees north, covering a total land area of about 1,564km<sup>2</sup>. It has about 150 settlements with about 70 percent being rural. The rural areas are mostly found in the Afram Plains portion of the District where Communities with less than fifty (50) people are largely scattered.

## CHAPTER FOUR

### DATA ANALYSIS AND DISCUSSION

#### 4.1 Introduction

This chapter is a validation of literature reviewed in chapter two as well as a discussion of data from the field based on the objectives of the study. There is a brief presentation of data on the characteristics of the respondents with major focus on the procurement methods used in the Sekyere Central District. Compliance with the law in using the appropriate procurement methods is also discussed to ascertain the challenge in using the right methods at the right time. A key focus of this chapter is showing data on the relationship between procurement methods and project execution in the Sekyere Central District and the effects the often used methods are having on the execution of projects in the District.

#### 4.2 Characteristics of Respondents

The study is an institutional survey and thus focuses on key staff of the District Assembly involved in the procurement process. A total of 19 questionnaires were administered to people from Procurement Unit, Entity Tender Committee, Review Board and Tender Evaluation Panel. The number of respondents from each of these units is shown in Table 4.2. Out of the 19 respondents involved in the study, 13 (68%) of them were males with 6 (32%) females showing a very low representation of women in procurement in the Sekyere Central District.

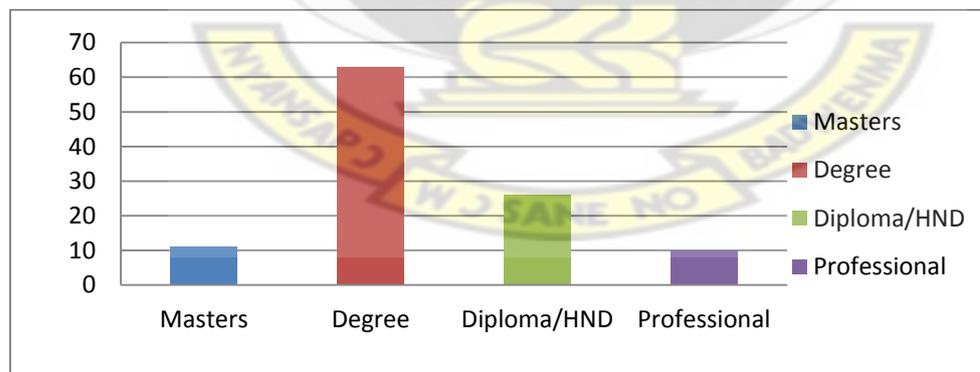
**Table 4.1 Position of Respondents**

	<b>Number</b>
Procurement Unit	5
Entity Tender Committee	6
Review Board	5
Evaluation Panel Members.	3
<b>Total</b>	<b>19</b>

Source: Sekyere Central

In terms of age, respondents were generally found to be matured and capable of acting responsibly as data showed a mean age of 35 years. 10 percent of respondents were also above 50 years and were mainly senior officials particularly from the evaluation panel.

Data was also gathered on the educational levels of respondents to ascertain their capacity in complying with the Procurement Act 663. The survey revealed that 74 percent of respondents had a degree out of which 11 percent had a masters' level certificate as shown in Figure 4.1



**Fig 4.1 Educational Level of Respondents**

With only 10 percent of respondents having professional certificates, it denotes the high level of education of respondents and therefore the capacity to interpret and apply the technical processes of public procurement.

#### **4.2 Public Procurement Methods in Sekyere Central**

As a District Assembly and government institution, respondents identified the procurement methods as found in the Public Procurement Act 663. All respondents were familiar with the Act and identified the 5 procurement methods in the Act as what was available to be used for procurement in the District. These they indicated include;

- National Competitive Tendering
- Request for Quotations
- Single Sourcing
- Two-Stage Tendering
- Restricted Tendering

International Competitive Tendering (ICT) was also mentioned as method of procurement but was not eligible for use by a procurement entity such as a District Assembly. ICT is appropriate for high value or complex procurements, or where the supply of goods by their nature or scope is unlikely to attract adequate local competition.

A review of 20 projects undertaken in 2012 and 2013 revealed the various procurement methods that were often used in the District as shown in Table 4.3. The procurement methods and their reasons for use are further elaborated.

**Table 4.2 Contracts and Procurement Methods Adopted (2012-2013)**

<b>Procurement Method</b>	<b>Works</b>	<b>Percentage</b>
National Competitive Tendering	11	55
Request for Quotation	6	30
Single Source Procurement	3	15
Restricted Tendering	0	0
Two-Staged Tendering	0	0
<b>Total</b>	<b>20</b>	<b>100</b>

Source: Sekyere Central Contract File

#### **4.2.1 National Competitive Tendering (NCT)**

The survey revealed that 55 percent of projects were procured with NCT. Respondents indicated that, its usage was as a result of the fact that it was the most preferred choice of procurement to achieve most of the principles of procurement. It ensured competition and was favorable for procuring the bigger projects which some methods were not eligible for due to conditions of Act 663.

A member of the Tender Committee stated that “National Competitive Tendering is the bedrock of public procurement if works, goods and services are to be procured on time, at the right cost and of good quality. This is because it promotes high competition amongst bidders to do the right thing and maintain a good will with the procurement entity”.

#### **4.2.2 Request for Quotations (RFQ)**

The next often used method of procurement at Sekyere Central is RFQ. 30 percent of projects contracted in 2012 and 2013 were awarded through this method as shown in

Table 4.3. This data contradicts World Bank's (2003) survey but supports a study by Ameyaw et al (2012). That, entities comply in all procurement they sought to have done. This therefore is good for the country as foreign investors would be unwilling to invest in any economy where its procurement entities ensure that procurement processes are inconsistent with norms, standards and practices. Respondents opined that RFQ was often used because it was mostly used in procuring stationery and other readily available off-the-shelf goods or standard specification items of low value. For works the method is also applicable for widely available works activities such as redecoration, repairs and minor alterations that do not require detailed specification and that maybe readily estimated by a contractor from a site visit. The nature of the goods that the method is eligible for procuring and the flexibility of the method is identified as a major reason for mostly using RFQ at the District level. Respondents identified a major shortfall in the method indicating that prices were the main determinants for choosing a supplier. Some suppliers or service providers intentionally over quote or under quote just to get the contracts and provide low quality goods or services.

**Table 4.3: Ranks of Most Used Procurement Methods**

<b>Procurement Method</b>	<b>Rank</b>	<b>Percentage</b>
Competitive Bidding	1	55
Request for quotations	2	28
Single Sourcing	3	14
Restricted tendering	4	2
Two-Stage Tendering	5	1

### 4.2.3 Single Sourcing

An aggregation of data revealed single source procurement as the third ranked procurement method in Sekyere Central as shown in Table 4.4. This ranking was corroborated by data on projects procured through the method which revealed that 15 percent of the goods and works reviewed were procured through single sourcing. This data again contradicts World Bank's data in 2003 which indicated Single Source as the second popular method of procurement after competitive bidding.

This data was quite intriguing as literature made it clear that single sourcing was supposed to be used sparingly. Respondents opined that though the method has strict conditions of use, it has sometimes been used without adhering to the conditions attached to it. Further probing of the reasons revealed that single sourcing was an easier method to use since the procurement entity just needed to deal with an individual or organization. A statement by an official from the procurement unit that stood out was "Single sourcing is sometimes used for convenience and not based on the conditions outlined in Act 663 because the PPA had little power to punish defaulting procurement entities when their applications to use single source was rejected and only recommended defaulters to the courts for punishment". These recommendations are sometimes not followed up because of weak collaboration between PPA and the courts. Again political interference was confirmed to be a major determinant for using this method.

Another interesting data that was gathered was on the thresholds and the procurement methods that are used. Table 4.4 shows the procurement methods and their thresholds. From the table it can be realized that single source procurement had no threshold but only needs approval from the procurement board. This is also a possible cause for it been used often in the district as it was eligible for any form of procurement.

**Table 4.4: Procurement methods and Thresholds**

<b>Procurement Method/Advertisement</b>	<b>Contract Value Threshold</b>
National Competitive Tendering a. Goods b. Works	More than GHC 200 million up to GHC 2.0 billion  Works More than GHC 500 million up to GHC 15 billion
Request for Quotations Goods Works	Up to GHC 200million  Up to GHC 500million
Single Source Procurement and Selection	Subject to Approval by PB
Restricted Tendering	Subject to Approval by PB

Source: Public procurement Act, 663

#### **4.2.4 Two-staged Tendering and Restricted Tendering**

Two-staged Tendering and restricted tendering were identified as the least used methods in the district. Indeed all respondents ranked one of the two as last and a last but one. A review of projects procured indicated that only these methods were not used for any projects. When respondents were quizzed on the reasons for not using the two methods often, they indicated the two methods were quite cumbersome and take a longer time. Also two-staged tendering was often used for engaging consultants to supervise projects at the district level which was not captured by the scope of the study.

### 4.3 Understanding of Laws governing use of procurement methods

Data from the survey revealed that public procurement has improved in terms of the understanding of people in charge of procurement. 32 percent of the respondents as shown in Table 4.5 indicated that they had been working with the district for two years. This is because they had been drafted from the Polytechnics and Universities which are now offering courses in procurement. Prior to this, most officials involved with procurement worked from experience and not academic professionals in the field. The new recruits who have the requisite skills and knowledge in the procurement system is set to improve the Public Procurement process.

**Table 4.5 Respondents number of years in Procurement**

Years	Frequency	Percentage
1-3	6	32
4-6	4	21
7-9	4	21
10+	5	26

Source: Field Survey, 2014

Table 4.6 also shows 26 percent of respondents having worked in procurement over 10 years and amassing a lot of experience in undertaking the process. Again the procurement officer of the assembly indicated that indeed there are quarterly and annual refresher trainings on procurement procedures which encompass using the right procurement methods for the right procurement. He was thus quick to add that “If there is any deviation using the right procurement methods for the right procurement, it would not be as a result of a lack of understanding but sheer disregard for the law and political influence”. This statement also contradicts information from the literature which

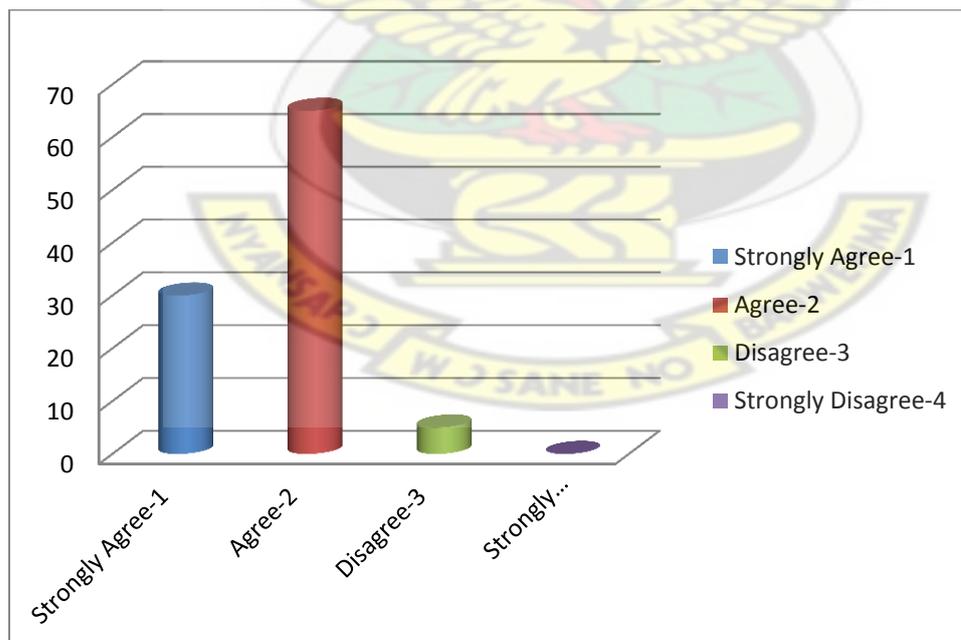
mentions the lack of understanding of the procurement system as a challenge to the process. However, the statement could be said to be true consider the high level of educated people that were available to engage in the procurement process.

#### 4.4 Principles of Procurement in Sekyere Central

The literature reviewed indicated that there are some key principles of procurement. Data was thus gathered on these principles from the perspective of the respondents. The survey revealed that a correct usage of the procurement methods ensured some benefits that are the principles of Public Procurement.

##### 4.4.1 Value for Money

A key principle of Public Procurement is ensuring value for money. Respondents rated how the procurement methods used in the district helps to achieve value for the limited money available.



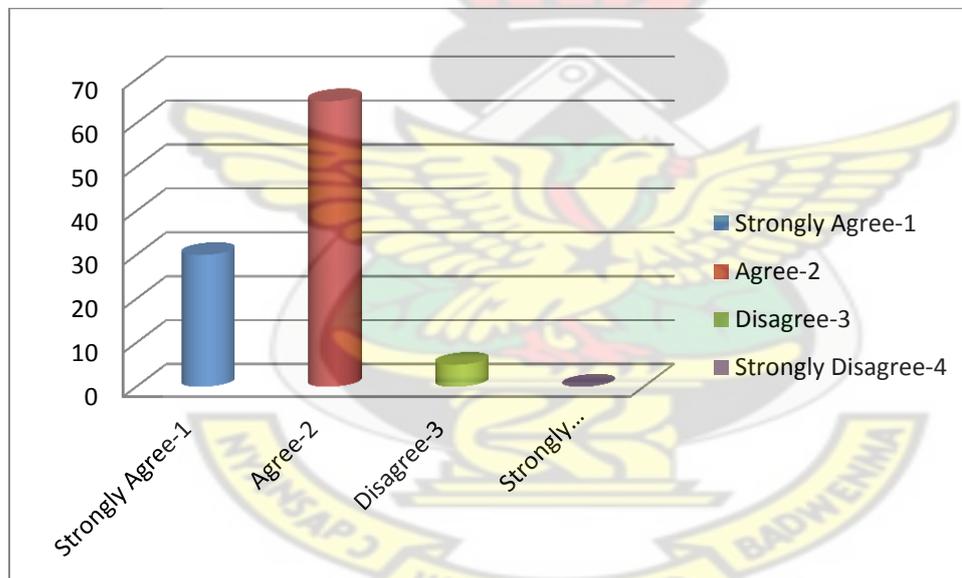
**Fig 4.2 Value for Money**

Some interesting data was gathered on the methods ensuring value for money in the district. 62 percent of respondents agreed that the use of the right methods ensured value

for money with 25 percent of respondents strongly agreeing as shown in Figure 4.2. However, the twist in the data is 13 percent of the respondents who opined that the methods cannot ensure value for money unless the core problem of corruption in the procurement process is dealt with. To them the huge political interference that has come to be associated with the process will continue to interfere with the use of the methods as the rules and regulations accompanying the methods are never followed to the latter because of political affiliations.

#### 4.4.2 Transparency

Respondents rated the use of the procurement methods on the achievement of transparency in Sekyere Central.



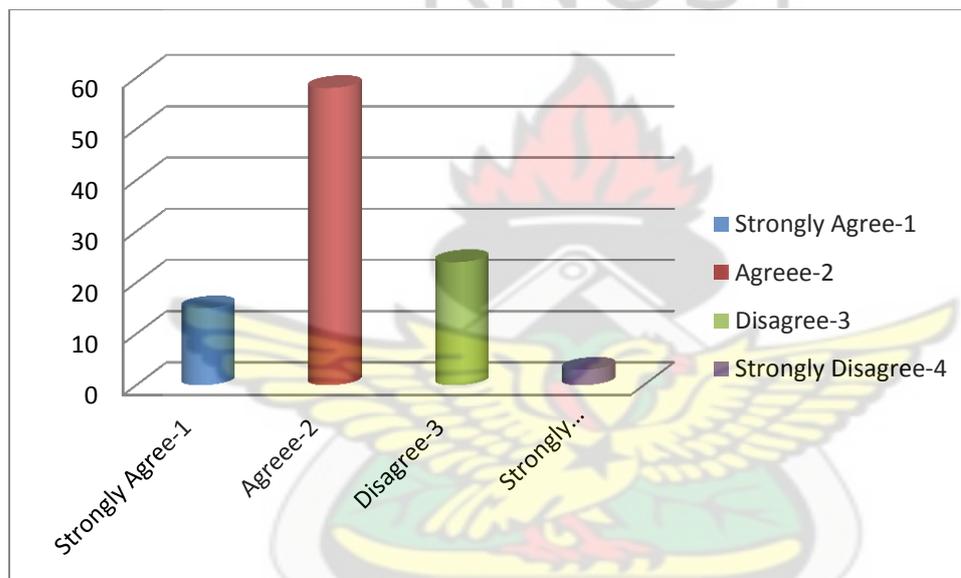
**Fig 4.3 Transparency**

65 and 30 percent of respondents as shown in Figure 4.3 agreed and strongly agreed respectively that the procurement methods ensured transparency in the procurement process. They were of the view that most procurement methods particularly the top 3 mostly used in the district ensured transparency. They asserted that Act 663 endorse the use of Standard Tender Documents (STDs), advertising procurement opportunities, public

opening, publication of contract awards, resolving disputes and complains, and effective monitoring especially when using NCT and Request for quotations. The PPA and the Audit agency also audited, monitored and evaluated other methods such as single source restricted tendering and the rest to ensure transparency.

#### 4.4.3 Competition

Data on respondent’s rating on competition was not as encouraging as the other principles.

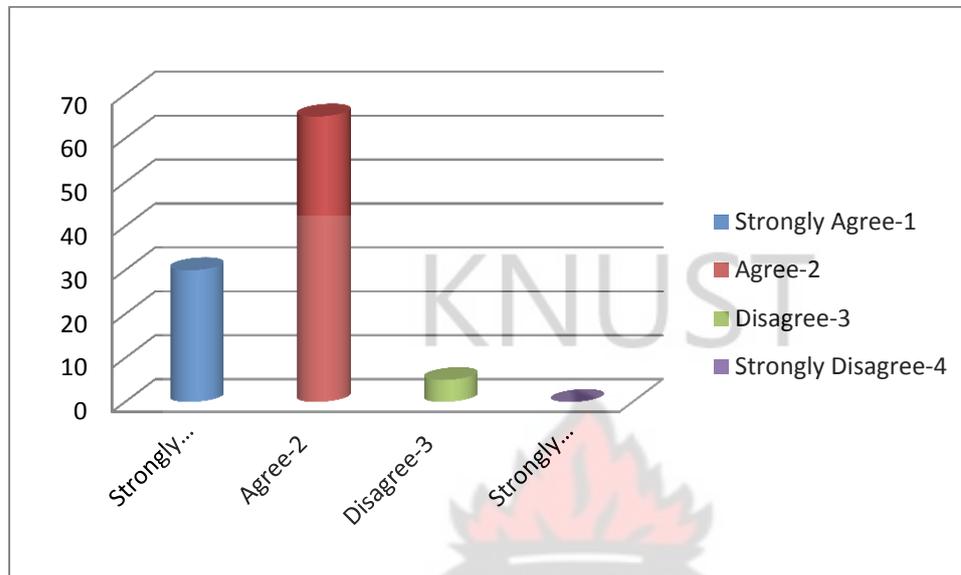


**Fig 4.4 Competition**

Though 15 and 58 percent agreed and strongly agreed with the procurement methods ensuring competition amongst bidders which is appropriate from procurement. 24 and 3 percent disagreed and strongly disagreed with competition in the procurement methods as shown in Figure 4.4. The 27 percent who disagreed that the methods ensured completion asserted that besides NCT which was sometimes even interfered with, the rest of the methods particularly sole sourcing which is significantly used did not offer much room for competition

#### 4.4.4 Risk Allocation

Perception of respondents was also sort on how risk was allocated in the procurement system. Perception on this was not different from the perception on the value for money.



**Fig 4.5 Risk Allocation**

62 percent and 25 percent of respondents agreed and strongly agreed with risk allocation in using the methods of procurement. Though no respondent strongly disagreed with the methods ensuring even allocation of risk 13 percent disagreed with the allocation of resources.

#### 4.5 Challenges in Complying with Procurement Methods

The survey revealed numerous challenges in complying with the conditions of using the procurement methods in the right way. These challenges are as follows.

The structure of the district assembly is a major impediment for the procurement system. The District Chief Executive (DCE) has a high power over resources available in the district and thus the power to interrupt the procurement process. This political power has become a major challenge in doing simple things such as using the right procurement

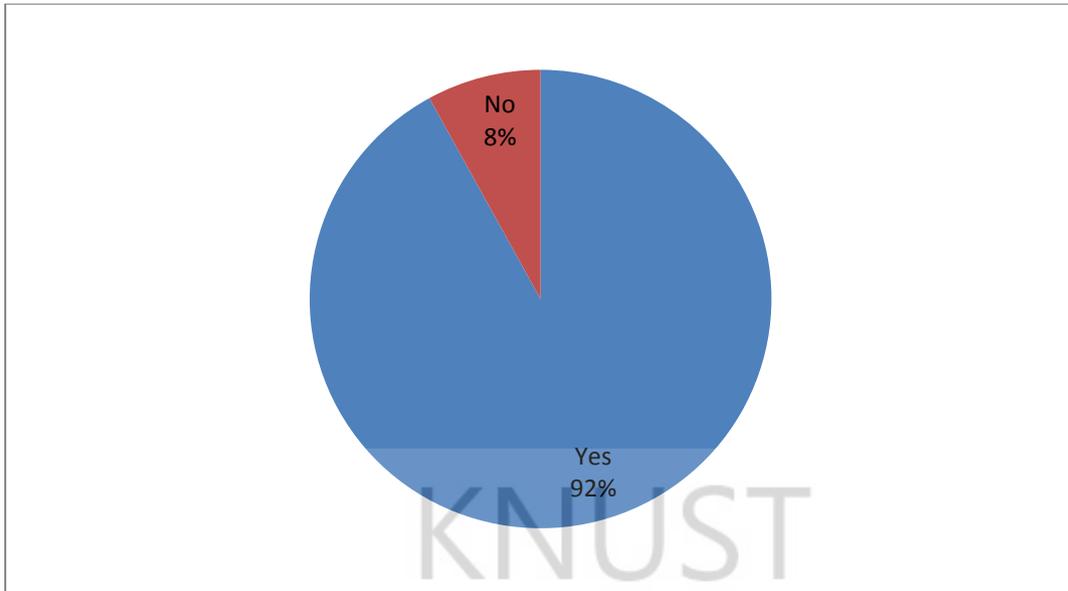
methods for procuring the right things. Methods such as single sourcing are being abused to just to give favour to political sympathizers and other close people.

Besides the crosscutting challenge of political interference that run through the responses, 76 percent of respondents identified procurement to be an expensive process particularly the advertisement of tenders. The cost of newspaper advertisement and process of procurement are all borne by the Assembly. This put pressure on the already limited financial resources in the District and creates the platform to use other methods to procure.

Time is also a challenge that confronts the procurement process. Procurement plans are made with a time frame to it. Thus the bureaucracies in using steps like competitive bidding coupled with cost become a stress to officers sometimes. Respondents admitted to using sole sourcing on some procurement just to save the time for advertisement and selection. This is because some people have worked with the Assembly overtime and are thus trusted to provide these goods and services though it is against the requirements for using such a method.

#### **4.6 Effects of Procurement Methods on Project Execution**

An overwhelmingly 92 percent of respondents shown in Figure 4.6 indicated that the type of method used in procurement has a direct effect on project execution. They indicated that procurement methods have an effect on procuring projects on time, at the right cost and of good quality.



**Fig 4.6 Effect of Procurement Methods on Project Execution**

Source: Field Survey, 2014

It was however interesting 8 percent of respondents also felt that procurement methods did not have any influence on the execution of projects. The cursory look at their reasons attached to this included; procurement methods are used for convenience and based on the money available. If the district does not have enough money to go through a long process of for instance competitive tendering it would opt for a more convenient method that suits the money available.

This finding was cross-checked with the 20 projects reviewed in the district as shown in Table 4.5 to ascertain the procurement method used the scheduled dates of completion and status and the cost of procurement.

**Table 4.6 Project Execution and Procurement methods**

<b>Project</b>	<b>Procurement Method</b>	<b>Schedule</b>	<b>Status</b>	<b>Contract Sum</b>	<b>Revised Contract Sum</b>
Construction of 14 Seater Aqua Privy	NCT	4 months	Completed	65,000	80,203
Renovation of 4 unit classroom	RFQ	3 months	Completed	30,000	30,045
Construction of KG block	NCT	3 months	Completed	30,000	30,000
Renovation of Public Toilet	RFQ	2 months	Completed	20,000	20,000
Reshaping of feeder roads	RFQ	6 months	Completed	100,000	120,344
Construction of semi-detached staff quarters	NCT	6 months	Delayed	96,000	-
Construction of nurses quarters	NCT	6 months	Completed	78,000	78,000
Evacuation of Refuse	RFQ	1 month	Completed	42,000	42,000
Clearing and spot improvement of Roads	RFQ	4 months	Delayed	120,000	-
14 unit lockable stores	NCT	6 months	Delayed	224,000	-
Construction of 1 number 3 unit boys dormitory	NCT	6 months	Delayed	500,000	-
Construction of 1 number 3 unit girls dormitory	Single Source	6 months	Completed	500,000	501,209
Construction of 1.8km feeder roads	Single Source	6 months	Completed	80,000	100,893
Construction of police station	Single Source	6 months	Delayed	150,000	-
Construction of Health Director's Bungalow	NCT	4 months	Delayed	70,000	-
Renovation of GES office	RFQ	3 months	Completed	25,000	25,000
Renovation of District Assembly Office	NCT	3 months	Completed	45,000	45,000
Construction of Agric Director's bungalow	NCT	6 months	Completed	60,000	60,000
Construction of 2 number boreholes	NCT	6 months	Completed	24,000	24,000

A review of the completion status of the 20 projects reviewed showed that, 4 out of the 11 projects contracted through National Competitive Tendering had not been completed. 1 out of the 6 projects contracted through RFQ had also not been completed and also 1 project had not been completed out of the three contracted through single source. Though this data makes it difficult to tell whether single source as identified in literature actually delayed project completion, it is very evident that no matter the type of procurement method used, other factors delayed the completion of project. However, the high delay in projects procured with NCT could also be linked to comments by respondents that the NCT does not always ensure competition because the NCT process is compromised and thus causes some of these delays even when NCT is used.

In terms of percentage 33 percent of goods procured by single source had not been completed. This also raises concerns on the use of single source as continuation of this rate and increase in the use of this method will be hazardous to the procurement system and detrimental to the limited resources of Sekyere Central. A striking statistic of the completed projects was that 5 out of the 6 projects procured through Request for Quotations had been completed. Though respondents indicated that it was because it was used for huge projects, it was realized from the data that the projects procured by this method were quite significant.

In terms of contract sums and revised contract sums pegged against the procurement methods used between 2012 and 2013, some interesting statistics were found. 2 out of the 3 projects procured with single sourcing had exceeded the contract sums with the third delayed and thus likely to also exceed the agreed contract sum. This is not good as it some credence to accusations of corruption in using this method. Furthermore, it was realized that 5 out of the 11 projects procured with NCT had been completed with the

stipulated contract sum with only one completed project exceeding the budget. However, the five that are not completed are also likely to exceed the contract sums as delay in projects often incurs extra cost. Request for Quotations also had 4 of the 6 projects procured falling within budget, 1 exceeding with another likely to as a result of delay in completion.

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## **CHAPTER FIVE**

### **FINDINGS, CONCLUSION AND RECOMMENDATION**

#### **5.0 Introduction**

The previous chapter discussed the data collected and collated by analyzing the data. Thus this chapter presents some of the major findings emanating from the study. In relation to these major findings and the challenges identified the chapter provides some recommendations for complying with conditions to the use of procurement methods in Sekyere Central District to achieve the principles of procurement. It also presents the conclusion for the whole study.

#### **5.1 Summary of Findings**

- The Sekyere Central District as a procurement entity is eligible to use all methods in the procurement Act 663. However, International Competitive Tendering is beyond the jurisdiction of Districts for procuring works due to the thresholds as specified in the Act.
- Some staffs have Degree, Higher National Diploma and Professional qualification who are involved in procurement in the Sekyere Central District which is commendable since it helps in understanding the technical and complex nature of the procurement process.
- The great experience of most respondents in the field of procurement is also a plus to the understanding of the technicalities of procurement in the District.
- The often used method of procurement in Sekyere Central is National Competitive Tendering which is favoured by Act 663 as the ideal method in most cases and

thus the District can be said to be adhering to the Act governing Procurement in Ghana.

- Though the data on single sourcing did not correspond to the World Bank's Country Assessment of Single sourcing as the most used method, the wrongful use of the single sourcing was also identified in the District.
- The inconvenience of using some methods is the stimulator for abusing the guidelines provided by Act 663 for the use of the procurement methods. The evidence is seen by the use of Two-Staged and Restricted tendering only ones from out of 20 works and goods procured.
- The drafting of fresh procurement minds into the District procurement team is affirming the notion that, abuse of the methods is not as a result of lack of understanding of the procurement Act but sheer disregard for procurement methods.
- The disregard for the law in using the right procurement method is as a result of lack of an established body to readily punish defaulters and also a lack of effective collaboration between PPA and the legislative bodies.
- The methods were agreed to be achieving the principles of procurement. However, interestingly a significant percentage of respondents strongly disagreed that the methods ensured competition attributing it to corruption and side stepping of procurement procedures.
- Majority of respondents were aware of the effects of procurement methods on the execution of their projects.

- NCT did not lead to the completion of projects as perceived by some scholars in literature. The completion rate of projects is likely to be down to a lot more factors than procurement methods though it has an influence.
- Surprisingly, RFQ had more projects completed and also better cost and thus could be a more potent method for procuring works at the Assembly level.
- Single source procurement methods all exceeded the proposed contract sums which corroborates the corruption claims both by respondents and literature.

## **5.2 Conclusion**

In conclusion the study did not confirm World Bank's study that sole sourcing was the most popular method of procurement in Ghana. However, the study revealed gaps even in the use of NCT as the most often used method of procurement. Corruption was identified as the main rout of the entire procurement system. The findings made in the research with regards to experience of personnel, compliance of the use of the methods and the effects of those methods which were used for the execution of project in the District proved that Sekyere Central District could achieve value for money when effective monitoring and supervision is conducted. Measures had been put in place to improve understanding of the procurement system but corruption is killing these efforts and the entire procurement process. It is believed that if anti-corruption measures are put in place in the District, the people in the District will get enough benefit from their resources.

The Procurement Act, 663 faces challenges with compliance. Procurement Methods at Sekyere Central are sometimes used at the entities convenience and not per the requirements of the Act. Inefficiency in the punishment system of defaulters is also encouraging side stepping of procedures and non-adherence to rules and regulations.

Procurement methods undoubtedly have effects on project execution. The completion of more projects and at better cost when RFQ was used is proof of this assertion. The gaps in using all the methods need a more comprehensive research in order to develop the use of these methods and achieve the principles set for it.

### **5.3. Recommendation**

In light of the discussions and findings the following recommendations are hereby coined on findings arising and areas for future research.

#### **5.3.1 Recommendation arising from the Study**

- Procurement method is an expensive process that involves cost. The findings show some sense of frustration amongst respondents on the lack of resources to undertake some activities of procurement and thus causing disregard for the system to do things at their own convenience. Resources must therefore be made available to make procurement effective
- The use of restricted and two-staged tendering should be encouraged to complement the other methods used. Procurement methods are not used at an entities' convenience but in line with the Act 663 to achieve the principles of procurement.
- Corruptions and bribes are perceived as widespread in District Assemblies. In public procurement, any violation of standard procurement principles and procedures is considered willful and, therefore, construed as fraudulent and causing financial loss to the state. To prevent corruption in the use of the right procurement methods, Public Procurement Authority (PPA) should enforce disciplinary action against public officials who engage in irregularities and also be given powers to punish offenders or peoples/Institution who abuse the

procurement law. Bidders who connive with public officials to win contracts through wrong means should also be blacklisted. The legal powers should also collaborate with PPA and punish offenders who are recommended to them

- The regular and continuous monitoring and assessment of procurement systems in public entities with regard to their compliance with the procedures, rules and regulations setup in the Public Procurement Act must be strictly enforced. For such performance/compliance assessment to be taken seriously it must be tied to some reward package or non-performance to some penalty. The case of Functional Organizational Assessment Tool (FOAT) tied down to the District Development Fund (DDF) is a typical example. As a matter of policy the public procurement assessment can be made as part of the FOAT to qualify an entity for a DDF.

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### **5.3.2 Recommendations for Future Research**

The study due to time constraints could not exploit all revelations found in the study and thus make some recommendations for other findings to be made on a later date. These include;

- Data was not readily available to measure the relationship between procurement methods and the quality of projects executed. A further study into this will help deepen knowledge on procurement methods and project execution.
- Again data showed that RFQ had better results in project execution in terms of cost and project completion time. However, a further study on the method in other entities would help ascertain the real causes of these effects of the method on project execution.
- Lastly the approach to the study did not get enough data on methods such as restricted tendering and two staged tendering thus further research into

procurement of goods and services is recommended to deepen the knowledge on the study.

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**APPENDIX**

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**COLLEGE OF ARCHITETURE AND PLANIG**

**DEPARTMENT OF BUILDING TECHNOLOGY**

**EFFECTS OF PUBLIC PROCUREMENT METHODS ON PROJECT**

**EXECUTION**

**(Questionnaire to the Procurement Officers)**

These set of questions are intended for a research work on Effects of Public Procurement Methods on Project Execution .The work would be submitted to the College of Architecture and Planning, Kwame Nkrumah University of Science and Technology, Kumasi, in partial fulfillment for the award of Masters in Business Administration (Procurement Option) degree. This research is purely for academic purpose and any information provided would be treated in absolute confidence.

Thank you.

The researcher would be grateful if you could please attend to the following questions.

Tick (✓) where appropriate and provide brief answers where necessary.

1. Gender: Male ( )      Female ( )

2. Age Group: 16-30yrs ( ), 31-45yrs ( ) 46-60yrs ( ) 61yrs and above ( )

3. Position

Held:.....

4. Level of Education and your area of specialization:.....

5. Number of years in procurement a. 1-3 b. 4-6 c. 7-9 d.10+

6. What are the procurement methods used at the District Assembly level
- a. Competitive Tendering b. Two-Staged Tendering c. Restricted Tendering d. Single Source Tendering e. Request for quotations f. All g. Others (specify)

7. What are the conditions for applying a particular method

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8. What are the steps for procurement in the Assembly

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9. In order of ranks, what are the procurement methods mostly used

Method	Rank
	1 <sup>st</sup>
	2 <sup>nd</sup>
	3 <sup>rd</sup>
	4 <sup>th</sup>
	5 <sup>th</sup>
	6 <sup>th</sup>

10. What are the key factors considered in the use of a particular method

- a. Procurement law b. Comfort c. Time d. Availability of Money e. Others

11. Is there any influence on the procurement decisions made in the district?

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12. On a scale of four rate how the most often used procurement method ensure the following principles.

Principle	Rating
Value for Money	(1) (2) (3) (4)
Transparency	(1) (2) (3) (4)
Competition	(1) (2) (3) (4)
Risk Allocation	(1) (2) (3) (4)
Accountability	(1) (2) (3) (4)
Ethics	(1) (2) (3) (4)
Scale: 1= Strongly Agree, 2= Agree, 3=Disagree, 4= Strongly Disagree	

13. Does procurement methods used in the DA have any effect on project completion?

- a. Yes b. No

14. If yes how?

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15. List the challenges in complying conditions of using the procurement methods

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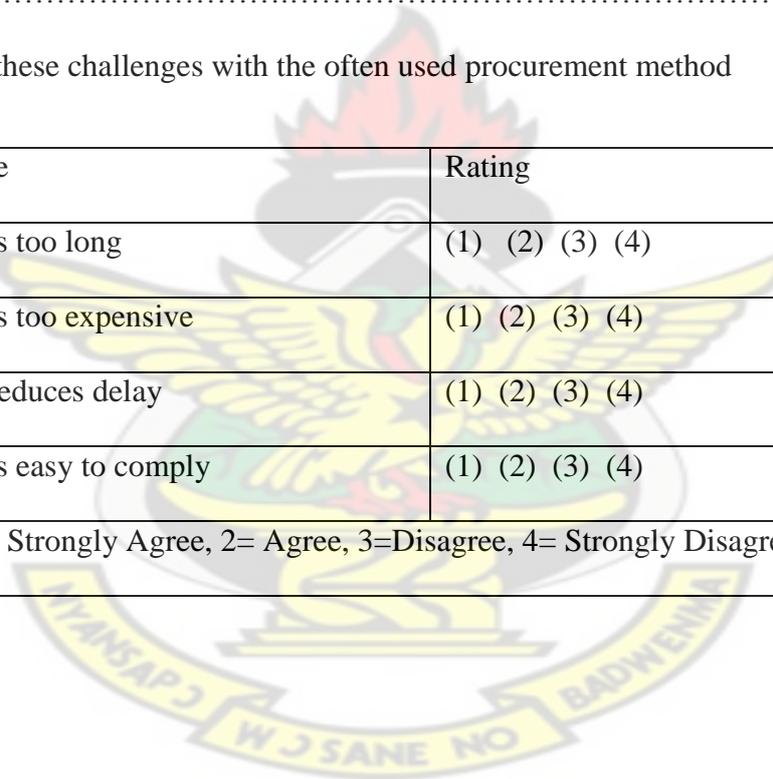
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16. Rate these challenges with the often used procurement method

Challenge	Rating
Method is too long	(1) (2) (3) (4)
Method is too expensive	(1) (2) (3) (4)
Method reduces delay	(1) (2) (3) (4)
Method is easy to comply	(1) (2) (3) (4)
Scale: 1= Strongly Agree, 2= Agree, 3=Disagree, 4= Strongly Disagree	



## Supplementary Data

List last 20 projects of the assembly and the procurement method used in contracting

Project	Procurement Method	Schedule	Status	Contract Cost	Revised Contract Cost
			Completed/Non Completed		
			Completed/Non Completed		
			Completed/Non Completed		
			Completed/Non Completed		
			Completed/Non Completed		
			Completed/Non Completed		
			Completed/Non Completed		
			Completed/Non Completed		
			Completed/Non Completed		
			Completed/Non Completed		
			Completed/Non Completed		

Table 4.2 Contracts and Procurement Methods Adopted (2012-2013)

Procurement Method	Works
National Competitive Bidding	
Request for Quotation	
Single Source Procurement	
Restricted Tendering	
Two-Stage Tendering	