

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

**PROCUREMENT PLANNING AND IMPLEMENTATION PRACTICES IN PUBLIC
ENTITIES IN GHANA; THE CASE OF METROPOLITAN, MUNICIPAL AND
DISTRICT ASSEMBLIES IN NORTHERN REGION**

KNUST

BY

KAMBASE, ROLAND WEMATU

BSc (BUILDING TECHNOLOGY), MGHIS

**A Thesis submitted to the Department of Building Technology, in partial fulfilment of the
requirements for the award of
Master of Science (MSc) in Procurement Management**

November, 2013

DECLARATION

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

Kambase, Roland Wematu (PG 6685311)

25/10/2013

(Student Name and ID)

Signature

Date

Certified by:

Prof. Joshua Ayarkwa

Signature

28/10/13

Supervisor

Signature

Date

Certified by:

Prof. Joshua Ayarkwa

Signature

28/10/13

Head of Department

Signature

Date

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KUMASI

ABSTRACT

The Public Procurement Act (Act 663) 2003 was introduced in Ghana to streamline the anomalies in public procurement. The objective of the law is to promote fairness, transparency and ensure that public procurement is non-discriminatory. The implementation of the Public Procurement Act 2003 (Act 663) has been quite challenging coupled with a number of inefficiencies. The Public Procurement Authority in its review in 2006 identified some weaknesses in the public entities that needed urgent attention which included poor procurement planning and lack of qualified procurement personnel among others.

Procurement planning is one of the primary functions of procurement with a potential to contribute to successful and improved service delivery. It is in the light of the above that, this study sought to comprehend the situation of procurement planning and implementation at the Metro/Municipal and District Assemblies in the Northern Region of Ghana. The study adopted the descriptive research design approach.

The findings of the survey revealed that, the institutional structures for procurement planning were not properly constituted as per the Public Procurement Act, 2003 (Act 663). For example all the 20 MMDAs surveyed did not have procurement departments/units to take charge of its procurement needs. It was further discovered that, the MMDAs face some challenges in preparing the procurement plans as well as implementing them. Some of these challenges include; inefficient procurement officers, inadequate training on procurement planning, political interference with the procurement processes and poor contract management among others.

ACKNOWLEDGEMENT

To God almighty, I give glory, honour, praise and thanks for guiding and protecting me through this course. I am most grateful to Prof. Joshua Ayarkwah (my Supervisor) who devoted his precious time to advice and correct this work.

My sincere gratitude and appreciation also goes to the College Accountant (Mr Effah George Asamaoh), all lectures of the Procurement Management class and Staff of the Building Technology Department for their continuous advice, ensuring that I complete this course successfully.

I am equally grateful to Mr. Ellis N. Ekekpi of the Northern Regional Planning and Coordinating Unit-Tamale for the immerse support and advice throughout my study, and my colleagues in the Procurement class especially Maurice Awuni, Philip Ayine and Rashid Tahiru for their support throughout my study.

Further thanks go to the personnel of the Metro/Municipal and District Assemblies in the Northern Region of Ghana, without you this work will have not been possible.

To my lovely wife and daughter, I say thank you very much for your time, encouragement and prayers throughout my study. I love you more than you can ever imagine.

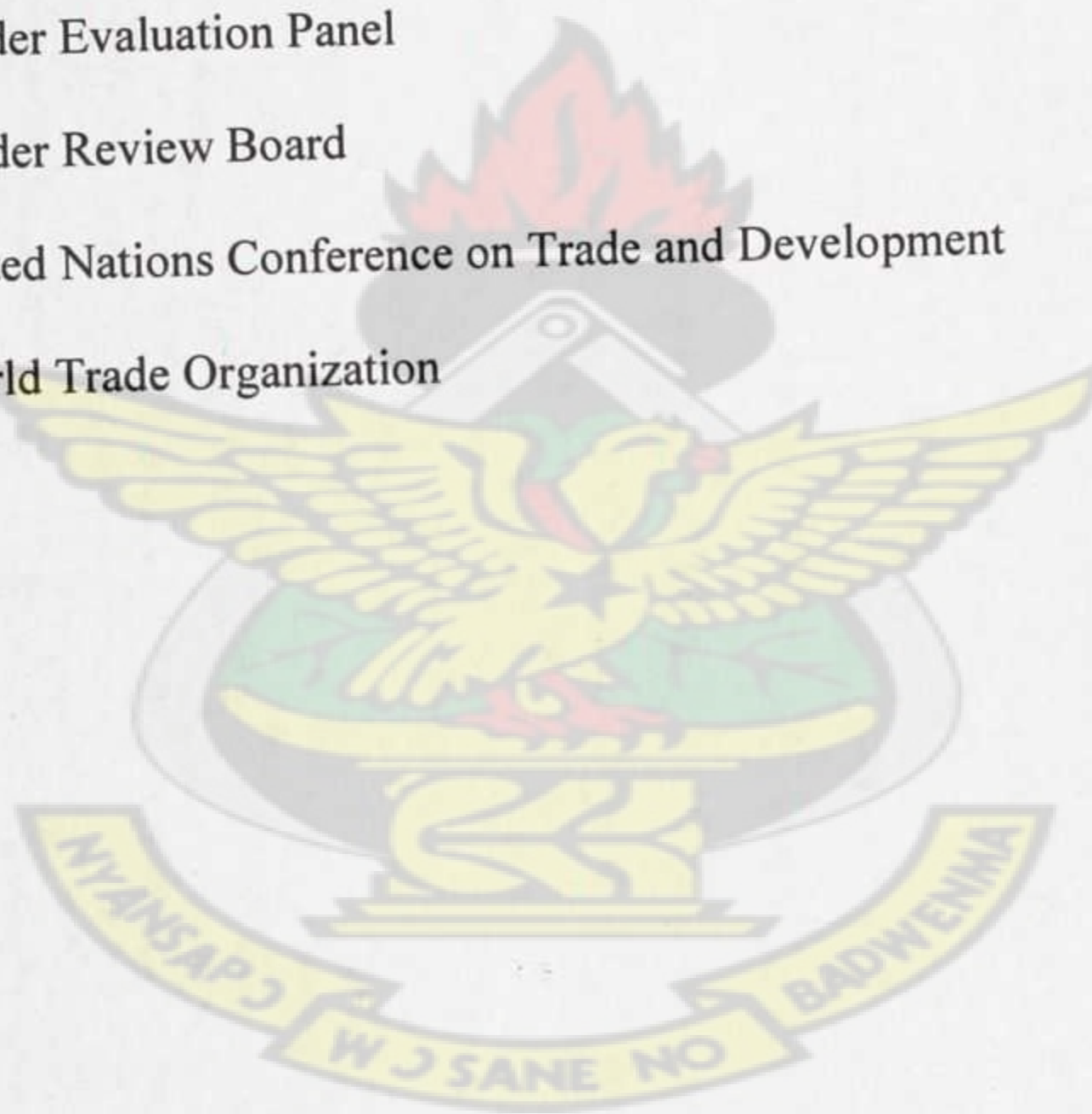
To my beloved Mother, for her love, encouragement and prayers that have enabled me undertake this course I say God richly bless you. To my Siblings, I love you all and am most grateful for your prayers and encouragement.

To all the above, I express my deep appreciation and God Bless you all.

LIST OF ABBREVIATIONS

AESL	Architectural and Engineering Services Limited
DA	District Assembly
DACF	District Assembly Common Fund
DCE	District Chief Executive
DDF	District Development Facility
ETC	Entity Tender Committee
GDP	Gross Domestic Product
GNA	Ghana News Agency
GNPA	Ghana National Procurement Agency
GSCL	Ghana Supply Company Limited
IGF	Internally Generated Fund
MCE	Metropolitan/Municipal Chief Executive
MDA	Ministry, Department and Agency
MMDA	Metropolitan, Municipal and District Assembly
MOF	Ministry Of Finance
MOH	Ministry Of Health
MP	Member of Parliament
MWRWH	Ministry of Water Resources Works and Housing
OHRP	Office of Human Research Protection
ODPP	Office of the Director of Public Procurement
PE	Public Entity
PPA	Public Procurement Act

PPA	Public Procurement Authority
PPB	Public Procurement Board
PPM	Public Procurement Manual
PPR	Public Procurement Regulation
PUFMARP	Public Financial Management Reform Program
RCC	Regional Coordinating Council
SPP	Sustainable Public Procurement
SPSS	Statistical Package for Social Sciences
STD	Standard Tender Document
TEP	Tender Evaluation Panel
TRB	Tender Review Board
UNCTAD	United Nations Conference on Trade and Development
WTO	World Trade Organization



DEDICATION

This work is dedicated to my beloved mother; Margaret Kambase and lovely wife and daughter; Eunice Akamba and Fedora Awelana Kambase respectively.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Over the past few years, developing countries including Ghana have been awakened on the importance of effective management of the public procurement process and its subsequent contribution to improved service delivery in the public sector.

Procurement, a function that was traditionally viewed as a clerical and reactive task has since positioned itself among core organizational functions and its management is becoming increasingly critical for the well-functioning of any organization. Procurement planning is one of the primary functions of procurement with a potential to contribute to successful and improved service delivery. It is a function that sets in motion the entire acquisition/procurement process of public entities (Basheka, 2008).

Poor governance has been one of the stumbling blocks to the economic development of Africa and it has been clear that a number of African countries have not paid adequate attention to the proper management of public resources. An efficient public procurement system is vital to the advancement of African countries and is a concrete expression of the national commitment to making the best possible use of public resources (Kabaj, 2003).

In Ghana, never before has there been a growing interest in the management (planning) of public procurement than it is today. Its management now appears on the agenda of government and its agencies and this could be a function of many factors (Osei-Tutu *et al.*, 2011).

Basheka (2008) asserted that the amounts of money spend on the acquisition processes of government/public entities is unquestionably high. He further added that procurement is now one of the top items that consume public money. Wittig (1999) asserted that it has been estimated that between US\$30 to US\$43 billion could be available in the procurement market place in Africa and by 2005, it was estimated that in developing countries, procurement was accounted for a total expenditure of 70% in Uganda (Development Assistance Committee, 2005).

In Ghana, public procurement accounts for 50%-70% of the national budgets (after personal emoluments), 14% of GDP and 24% of imports. Implicitly, public procurement therefore has both social and economic impact on the country (World Bank, 2003a).

Secondly, the perceived benefits of an effective procurement management regime given that public procurement contributes to the broader socio-economic goals of a country (Thai, 2004). The public is particularly sensitive to the fact that a good procurement system results in more goods and services that directly meet the needs of the end users and they are obtained for less money and with speedier delivery (Arrowsmith and Trybus, 2003).

Indeed, more frequently government departments are required to do more with less. They have been forced to operate under budget cuts and advised to look at cost cutting areas and procurement has emerged as a possible candidate. The expectations from the development partners and masses for accountability of public resources have generated interest in the field of procurement among various stakeholders (Basheka, 2008).

To add to the above is the influence of world-class management philosophies and the adoption of the information technology where the use of the internet and computers have increasingly made customers aware of the cheapest sources of product, necessitating organizations to rethink on how to satisfy their growing demands. In the attempt, many have looked at procurement as having a potential to meet this challenging task (Basheka, 2008).

Thai (2004) indicated that, there cannot be a good procurement budget without a plan, and there can be no procurement without a budget to fund it. He added that, Planning is a process that consists of many steps and the bottom line is that planning is not concerned with future decisions but rather with the future impact of decisions made today.

All around the world, public infrastructure services needs are fast outpacing the resources available for providing them. These socio-economic realities have intensified the search for more innovative means of delivering public services and the need to achieve value for money. The construction industry in Ghana, like many others worldwide, has had its fair share of damning independent reviews. Huge and unsustainable foreign debt, excessive budget deficits, huge contractual payment arrears, poor construction performance,

corruption and pressure from international financial institutions, forced the government to commit to a reform of public procurement, which culminated in the passing of the Public Procurement Act, 2003 (Act 663) (Anvuur *et al.*, 2006). An approximate annual value of public procurement for goods, works, and consultant services has been given as US\$600 million (World Bank, 2003) representing about 10% of the country's GDP. The bulk of the expenditure programmes of Ministries, Departments, Agencies (MDAs) and District Assemblies (DAs) involve capital construction procurement (Westring, 1997). Any improvement in the public procurement system will therefore have a direct and substantial impact on the overall economic situation of the country and result in budgetary savings and efficiency in government expenditures.

However, successive reviews have revealed substantial inefficiencies and concluded that value for money was not being achieved in both government- and donor-financed procurement. The Public Procurement Act (PPA) (Act 663) was enacted in 2003 to address these weaknesses in public procurement. By the late 1990s the failure of the existing procurement systems to cope with the expansion in government procurement requirements and to deliver value for money had become generally accepted among government and donor partners (Agaba and Shipman, 2007).

The Ghana public procurement reform programme is part of a wider reform agenda targeted at improving public financial management. The objectives of the procurement reform proposals are to promote national development; enhance harmony with other local and international laws; foster competition, efficiency, transparency and accountability;

facilitate ease of procurement administration; and, ensure value for money (Ministry of Finance, 2001). Annual savings of about US\$150 million are envisaged through better management of government-financed procurement alone (World Bank, 2003).

Direct measures also undertaken by Government to ensure better management of government-financed procurement include: the issuance and monitoring of expenditure ceilings for each MDA consistent with the annual budget and updated cash flow forecasts; and implementing new anti-corruption strategies including code of conduct for state officials. In addition, all public procuring entities must seek clearance from the Ministry of Finance, through certification as proof of the availability and adequacy of funding, before any works contract is awarded (Anvuur et al., 2006). This study seeks to assess procurement planning and implementation at the various MMDAs in the Northern Region of Ghana.

1.2 Problem Statement

The Public Procurement Act (Act 663), passed by the Government of Ghana aims at providing policy and legal framework to address the limitations and organizational weaknesses inherent in Ghana's public procurement system. The Public Procurement Authority in its review in 2006 identified some weaknesses in the public entities that needed urgent attention which include poor procurement planning and lack of qualified procurement personnel among others. These issues enumerated above can greatly undermine the country's development and make governments unpopular.

MMDAs like every other public entity still face these challenges enumerated above in the procurement of goods, works and services. This could be the result of the fact that, they may not have good procurement plans and may not be having the requisite knowledge in procurement planning.

Section 21 of the Public Procurement Act, 2003 (Act 663) mandates every procurement entity to prepare a procurement plan for approval and also submit quarterly updates of the plan to the entity tender committee. It further added that, the procurement plan shall indicate the following; Contract packages, estimated cost for each package, the procurement method to be used, and lastly the processing steps and times. However most procurement entities including MMDAs fail to comply with the procurement rules and regulations stipulated by the Act.

In addition, the former Minister of Finance and Economic Planning, Dr Kwabena Duffour further expressed regret that most government institutions lacked the requisite quality control and procurement plans and stressed the need for a more effective procurement system since it is essential for the achievement of socio-economic development (Ghana News Agency, 2009).

The purpose of this study is to examine the effectiveness of procurement planning and its implementation in MMDAs in the Northern Region of Ghana.

1.3 Specific Research Questions

The following questions are proposed;

- a. What institutional structures are in place at the MMDAs level for effective procurement planning and implementation?
- b. Are item in the procurement plans adequately budgeted for in the MMDAs?
- c. What are the challenges/constraints involved in procurement planning and implementation?
- d. Has procurement planning and implementation helped improve local governance at the MMDAs level? and
- e. What appropriate recommendations can be made to improve procurement planning and its implementation at the MMDAs level?

1.4 Study Objectives

The aim of the research is to examine the effectiveness of procurement planning and implementations practices and make recommendations for its improvement at the MMDAs level in Ghana.

The research has the following objectives;

- a. To identify the institutional structures in MMDAs for procurement planning and implementation;
- b. To assess how adequate items in the procurement plan are budgeted for in the MMDAs;

- c. To identify challenges in procurement planning and implementation at the MMDAs;
- d. To assess how procurement planning and implementation has helped improve local governance at the MMDAs; and
- e. To make appropriate recommendations for improving procurement planning and implementation at the MMDAs level.

1.5 Scope of the Study

The study covers the Metro/Municipal and District Assemblies in the Northern Region of Ghana. This is because the MMDAs in the Region are mostly rural and faced with a number of challenges such as inadequate staff and capacity, poor infrastructure among others. Hence MMDAs are therefore faced with challenges as far as procurement planning and implementation are concerned.

In terms of content, the study will focus on information from the MMDAs regarding institutional structures available for procurement planning and implementation. The study will further identify challenges at the MMDA level regarding procurement planning and implementation. Also the research will assess how adequate items in the procurement plan are budgeted for in the MMDAs.

1.6 Justification of the Study

The significant contribution of procurement in public entities is widely recognized. Procurement is a new emerging phenomenon and much studies have not been done in the area to fully acknowledge and understand the role of procurement planning and implementation in improving the execution of public works, goods and services. In the context of the need for transparency and accountability in the public procurement system, a better understanding of the institutional arrangement and challenges at MMDA level for procurement planning and implementation is relevant in improving public procurement especially at the MMDA level in the Country. The outcome of this study will therefore bring to bear the role of relevant institutional structures in Procurement planning and implementation.

Results of the study will also inform government on the challenges faced by MMDAs in their quest to ensuring value for money through public procurement planning.

1.7 Limitations

The major limitations faced by the researcher in the field were the unavailability of adequate means of transport, coupled with the sparse nature of the location of MMDAs and the poor nature of the road conditions in the Region. This resulted in some difficulties in movement to very distant Districts in the Region as in some cases there were no public vehicles and part of the roads were cut off due to heavy down pour of rains.

However contacts were made with the District Authorities prior to visits to conduct interviews.

1.8 Organization of the study

This study contains five chapters. Chapter one basically gives an introduction to the whole study. It contains the problem statement and the objectives of the study. It also contains the justification of the study as well as the scope and limitations of the study.

Chapter Two dealt with the review of literature on the concepts and other issues that were regarded as relevant to the research topic. This was to ensure that relevant materials were reviewed to guide the study.

Chapter Three is a presentation of the methodology used to carry out the study. It addresses the research design, sample determination, and the process by which data was collected and analysed.

Chapter Four is a presentation of results and discussions on the data collected.

Finally, chapter five outlines the summary of the findings, recommendations and conclusions from the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews works done on Public procurement theoretically. The review focuses on the overview of Public reforms in Ghana among others. A number of relevant literatures on public procurement in Ghana and other African countries are presented in order to provide answers to the research questions.

2.2 Basic Definitions

2.2.1 Public Procurement

According to the Public Procurement Act, 2003 (Act 663), Public Procurement is 'the acquisition of goods, works 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' (PPA Module, 2007). In other words, Public Procurement is said to be the rules, procedures and processes by which public organizations acquire goods, works and services using public funds (either wholly or partially). It is a complete process that involves proper procurement planning, adequate budget allocation, bids invitation, bids evaluation, award of contract, contract management/implementation, measurement of performance, monitoring, auditing and reporting (Ayitey, 2012).

According to Kenneth (2002), organizational procurement may be defined as that function responsible for obtaining by purchase, lease or other legal means, equipments, materials, supplies and services required by an undertaking for use in satisfying wants. The definition of the overall purchasing task is “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 at the right price, to achieve an organizational objective.

2.2.2 Procurement Planning

Procurement planning is defined as the process of identifying and consolidating requirements and determining the time frame for their procurement with the aim of having them as and when they are required. A good procurement plan will describe the process in the identification and selection of suppliers/contractors/consultants. Formulation and development of procurement plans is not just a good practice that must be embraced by procuring entities but it is also a legal requirement (Public Procurement User Guide, Rwanda, 2010).

Section 21 of the Public Procurement Act (Act 663) mandates each procuring entity to prepare a procurement plan for each fiscal year, and prepare quarterly updates for approval by the tender committee. The regulations require that the procurement planning process is fully integrated with applicable budget processes and circulars issued by the public procurement authority and the budget preparation instructions of the Ministry of Finance. Structured development of procurement plans is an essential part of the annual budget preparation process and provides a ready checklist for the approval of

procurements by tender committee and tender review boards, and monitoring of procurement activity by the public procurement authority. (PPA Manual, 2007). Lack of procurement planning is a major source of operational problems leading to a rush of procurement activities towards the end of the budget year driven by the desire of full budget utilization. (Public Procurement User Guide, Rwanda, 2010)

According to the Public Procurement Manual (2007), adequate procurement planning and prioritisation of needs by each procurement entities is an essential prerequisite to effective purchasing for the following reasons:

- Funding for procurement is unlikely to be sufficient to meet all the requirements, and scarce financial resources must be channelled to ensure that the priority aims of a procurement entity are adequately met before spending on less essential procurements.
- Effective planning allows requirements to be aggregated into larger purchase at lower unit costs, rather than frequent sourcing of quotations for identical items and issuing many individual local purchase orders.
- Procurement of common user items may also be aggregated for more than one procurement entities into framework (call-off) contracts for six months, or a year, to permit further economies of bulk purchasing, saving of time wasted by separate procurements, and a reduction of need to maintain high stock levels
- Publication of realistic annual procurement plans allows the private sector to respond more effectively to the requirements and specifications of Government,

through investment in staff and equipment, manufacture and importing of goods, and financial planning.

According to the Public Procurement Act (Act 663), public entities are required to prepare and submit annual procurement plans to PPA. These plans must also be posted at PPA website. However, in 2010, only 164 entities out of over 1000 entities across the country submitted their annual procurement plans. As at October, 2011 only 199 entities submitted their plan to Public Procurement Authority (PPA Procurement Bulletin 2010/2011). This has been collaborated by Ayitey (2012), who also established in his findings that as at October, 2011 only fifteen public entities prepared and submitted the hard copies of their procurement plans to PPA and only five posted such plans on PPA website.

2.3 Procurement in Public Entities

2.3.1 Nature of Public Procurement Systems before the Reforms

Before the enactment of the Public Procurement Act, 2003 (Act 663), Ghana National Procurement Agency (GNPA) and Ghana supply Company Limited (GSCL) were the main agents that procured all public goods for the government since there was no comprehensive procurement guidance (Verhage *et al.*, 2002 and Anvuur and Kumaraswamy, 2006). These bodies did not regulate procurement but purchase goods and services on behalf of public entities.

According to the Public Financial Management Reform Program, PUFMARP, (1996) certain weaknesses within Ghana's procurement system were identified to include;

- No comprehensive public procurement policy
- There was no central body with technical expertise to oversee/regulate sound procurement practice
- There was no comprehensive legal regime to safeguard public procurement
- Absence of clearly defined roles, responsibilities and authority for procurement entities
- No rules and regulations to guide, direct, train and monitor public procurement
- National Procurement Agency (NPA) and Supply Company Ltd procure on behalf of government for PEs
- No independent appeals process to address complaints from aggrieved tenderers
- No authority to dispose of public assets, and
- No independent procurement auditing and monitoring function.

As there was no comprehensive legal regime and a central body with the responsibility to harmonize procurement process in the country, more and more sector ministries such as the Ministry of Health (MOH) decided to implement their own procurement system (Ayitey, 2012).

World Bank Procurement Guidelines were also used for World Bank projects (World Bank, 1997). Traditional procurement methods were used for public works with provisions for compulsory registration and classification of suppliers and contractors administered by the Ministry of Water Resources, Works and Housing. Contractors

classified by the Ministry of Water Resources, Works and Housing were too general and outdated and their registration criterion - contractors lists and monetary thresholds - were not regularly rationalized as indicated by the World Bank (1996) and Eyiah and Cook, (2003).

The Ministry of Finance for a long time had been working on the development of a national Procurement Code using the achievements in procurement at the Ministry of Health as an example to largely regulate procurement through the issuance of circulars. This complements a set of procedures that evolves from conventions that are connected with procurement control by the Ministry (Ayitey, 2012).

According to the World Bank (1996), major or complex contracts that were financed by the government through architectural consultancy services and project supervision were assigned to the Architectural and Engineering Services Limited (AESL) on single basis without recourse to fair competition. These uncoordinated and unregulated systems of procurement were the consequences of poor procurement situation leading to the much acclaimed reform of public procurement practices to instil trust and confidence in the public and the donor community.

2.3.2 The Public Procurement Reforms in Ghana

The Public Financial Management Reform Program (PUFMARP) was launched in 1996 by the Government of Ghana with the aim of improving the overall public financial management in Ghana. In 1999, the Government of Ghana established the Public

Procurement Oversight Group to manage the development of a comprehensive public procurement reform program. The Public Procurement Act, 2003, (Act 663) has established the Public Procurement Authority (PPA) as a body corporate charged with the oversight responsibility for the effective implementation of the Act. The object for the PPA is to secure a judicious, economic, and efficient use of public funds in a fair, transparent and non-discriminatory manner while promoting a competitive Local industry (Public Procurement Manual, 2007).

2.3.2.1 The Legal and Regulatory Framework of Public Procurement

The Public Procurement Act, 2003 (Act 663) set out the legal, institutional and regulatory framework to secure fiscal transparent and public accountability in Ghana's procurement system. The Act establishes five basic principles upon which public procurement is based World Bank, (2003). These pillars are: the legal and institutional framework; standardized procurement procedures and tender documents; independent control system; proficient procurement staff; and anti-corruption measures (Public Procurement Act, 2003).

The objectives of the Public Procurement Act, 2003 (Act 663) are to harmonize public procurement processes in the public sector to ensure judicious, economic and efficient use of public resources and to ensure that public procurement functions undertaken within the public sector are fair, transparent and non discriminatory. The Act applies to procurement financed wholly or partly from public funds for the procurement of goods,

works, services and procurement financed by loans contracted by the government of Ghana, including foreign aid and donor funds (Public Procurement Manual, 2007).

The Public Procurement Act, 2003 (Act 663) establishes the Public Procurement Board (PPB) now Public Procurement Authority (PPA), Entity Tender Committees (ETCs) and Tender Review Boards (TRBs). It specifies in clear terms the laws for procurement methods and thresholds, procedures, appeals and complaints resolution procedures and disposal of stores. It authorizes the issuance of enforceable regulations, Guidelines, Standard Tender Documents (STDs) and Manual under the Act.

Table 2.1: Legal Framework of the Public Procurement Act, 2003 (Act 663)

Legal Framework	Details
Public Procurement Act, 2003 (Act 663)	Provide a comprehensive legal regime to harmonize and safeguard public procurement
Public Procurement Manual	Provides practical guidance and step-by-step procedures for undertaking procurement in accordance with the Act.
Standard Tender Documents (STD)	They comprise standard invitation and contract documents for procurement of all values. There are separate standard tender documents for goods, works and services.
Public Procurement Regulations	They contain detailed rules and procedures for all aspects of the procurement system, the operations of PPA and procurement entities and the conduct of procurement activities.
Guidelines	Issued by the Public Procurement Authority (PPA) which provides supplementary guidance on disposal, single source procurement, margins of preference, framework contract agreements, sustainable public procurement (SPP) etc.

Source: PPA Regulations (2003)

2.3.3 Institutional Structures

The Public Procurement Act, 2003 (Act 663) requires every procurement entity to establish certain structures that will ensure efficient and effective procurement. These structures include; a Procurement Unit, Entity Tender Committee and Tender Evaluation Panel. The procurement unit is responsible for all activities related to procurement within the entity. It shall be headed by a proficient procurement officer with the requisite qualifications, experience and skills to undertake the detailed activities of procurement on behalf of the procurement entity (Public Procurement Manual, 2007).

According to the Public Procurement Manual (2007), an entity tender committee is required to be established in each procurement entity with a structure as defined in schedule 1 of Act 663. The entity tender committee is responsible among other things for the review and approval of annual procurement plans/quarterly updates in accordance with schedule 1 of Act 633 (2003).

In addition, the entity Tender Committee may approve a submission or reject a submission with reasons made to it by the procurement unit or the tender evaluation panel. Schedule 1 of Act (663) clearly sets out the composition of the Metropolitan/Municipal/District tender committee which include the following; the chief executive as the chairperson, coordinating director as secretary, director of finance, a lawyer appointed by the assembly, one Member of Parliament, and three heads of departments one of whom represents the user department or agency. 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 works. The panel shall be an ad hoc body of not more than five members constituted for a specific procurement package and shall include members with skills, knowledge and experience relevant to the procurement requirements.

Ayitey (2012), asserted that these procurement structures, especially Entity Tender Committees and Procurement Units do not either exist in most entities or are not properly constituted and so do not perform their functions well. Consequently, this compel other departments such as Planning and or Works in MMDAs and Accounts and Administration in the Colleges and Hospitals to hold the forth for the non-existing procurement units. Though majority of staff in these departments went through some short training in procurement, they lack the technical expertise to execute procurement activities efficiently and effectively to attain value for money.

2.3.4 Implementation Practices; Challenges in perspective

In most developing countries, the procurement function is transitioning from a clerical non strategic unit to an effective socio-economic unit that is able to influence decisions and also value addition (Knight et al., 2007). Developing countries in one way or another have reformed their public procurement regulations. The reforms have not been limited to regulations only; they have included public procurement process, methods, procurement organizational structure, and the workforce. The reforms have been as a result of joint efforts with various development partners like the World Bank, International Trade Centre, WTO, and UNCTAD varying from country to country (Osei-Tutu et al., 2011).

The National Public Procurement Authority of Sierra Leone in its 2005 report outlined several challenges bedevilling the operations of the Authority. Some of them include: inadequate funding, deficient staff strength and organisational and logistical limitations. The report recommended among other things, that the law could achieve its objective if there is a concerted effort by all stakeholders, backed by very firm political will and adequate budgetary support, to streamline and improve public procurement procedures in Sierra Leone (NPPA Annual Report, 2005). Also, annual reports of Ghana Public Procurement Authority (PPA), since its establishment, have always cited inadequate funding as the leading barrier to smooth operations of the Authority (PPA Annual Report, 2007 and 2008).

In addition, public procurement is faced with the challenges imposed by a variety of environmental factors (external factors) such as market, legal environment, political environment, organizational and socio-economic environmental factors. Regardless of the effort by the central government and its related agencies and the acknowledgement that the procurement department is capable of adding value to the organization, still a large number of the internal customers act on their own and more frequently bypass the procuring department (Schiele and McCue, 2006). This problem requires establishment of clear procurement procedures and performance standards. These standards when adopted will provide the decision-makers in the procurement department with unbiased and objective information regarding the performance of the procurement function (Knudsen, 1999).

Several countries have instituted reforms in their public procurement processes (Hunja, 2003). This is aimed at purging the public procurement sectors, encouraging competition, transparency, efficiency and ensuring accountability. These reforms have not come without difficulties (Hunja, 2003). Some of the challenges identified include poor dissemination of the procurement law (Azeem, 2003), lack of proper training for the managers of the procurement process (Forgor, 2007).

The Country Procurement Assessment Report of Ghana in 2003 revealed that most Ministries, Departments and Agencies (MDAs) and District Assemblies (DAs) staff 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” programs and encouragement of officials in charge of procurement. In view of this, the PPA initiated a training programme in 2007 throughout the country with the aim to build the capacity of personnel responsible for the management of procurement in various institutions. This exercise unfortunately could not be sustained due to financial difficulties thereby leaving most Procurement Managers completely ignorant in the application of the law.

Building the capacity of service providers has been identified as one of the success factors of public procurement reforms. Many bidders are limited in various capacity issues including: lack of basic knowledge in the law, inadequate capacity to appreciate the standard tender documents, poor access to tender information and insufficient

technical and managerial skills to be competitive in the tendering process (ODPP Annual Report, 2007).

Political interference with the procurement process is also a big challenge to the implementation process and public procurement reforms. Majority of politicians believe that they have the right to intervene in the procurement procedures thereby leading to a capricious procurement decisions (World Bank, 2004b).

The lack of career development path and low salaries of procurement personnel also militates against procurement reforms implementation (World Bank, 2003a). Poor records keeping (World Bank, 2003a), (ODPP Annual Report, 2007) and delays in payment of contractors and suppliers have also been cited as some of the crucial factors that challenges the procurement reforms implementation (Azeem, 2007).

The main findings of the 2002 Country Portfolio Performance Review of World Bank projects also reviewed slow project implementation and disbursement among other factors due to, a large extent of inadequate procurement planning, non-transparent procurement procedures and poor contract management.

A review in 2002 of 132 works contracts which constitute an important part of public expenditure indicated that about 84% incurred cost-overruns of up to 30% of the initial amount (World Bank, 2003b).

2.4. The Local Government System in Ghana

Since 1988, Ghana has implemented comprehensive local government and decentralization reforms as an alternative development strategy. The programme operates on four main, interrelated pillars, namely political decentralization, administrative decentralization, decentralized planning and fiscal decentralization. The implementation have brought about some successes including the creation of District Assemblies, the transfer of authority, resources and responsibilities from the centre to the local level, awareness-raising amongst the citizenry, infrastructural development with support from the District Assemblies Common Fund and increased collaboration between localities and development partners (MLGRD, 2010).

However, Experiences from implementation have included incoherence or even contradictions in sectoral approaches to decentralization; the need to clarify the role of the region in the national governance architecture; the persisting slowness in integrating decentralized departments into the assembly administration and in implementing fiscal decentralization; the ineffectiveness of local government sub-structures; low capacities and motivation of assembly members; the need to stimulate popular participation in local governance; and streamlining relationships with traditional authorities (MLGRD, 2010).

2.4.1 The Structure of the Local Government System in Ghana

The New Local Government System is made of:

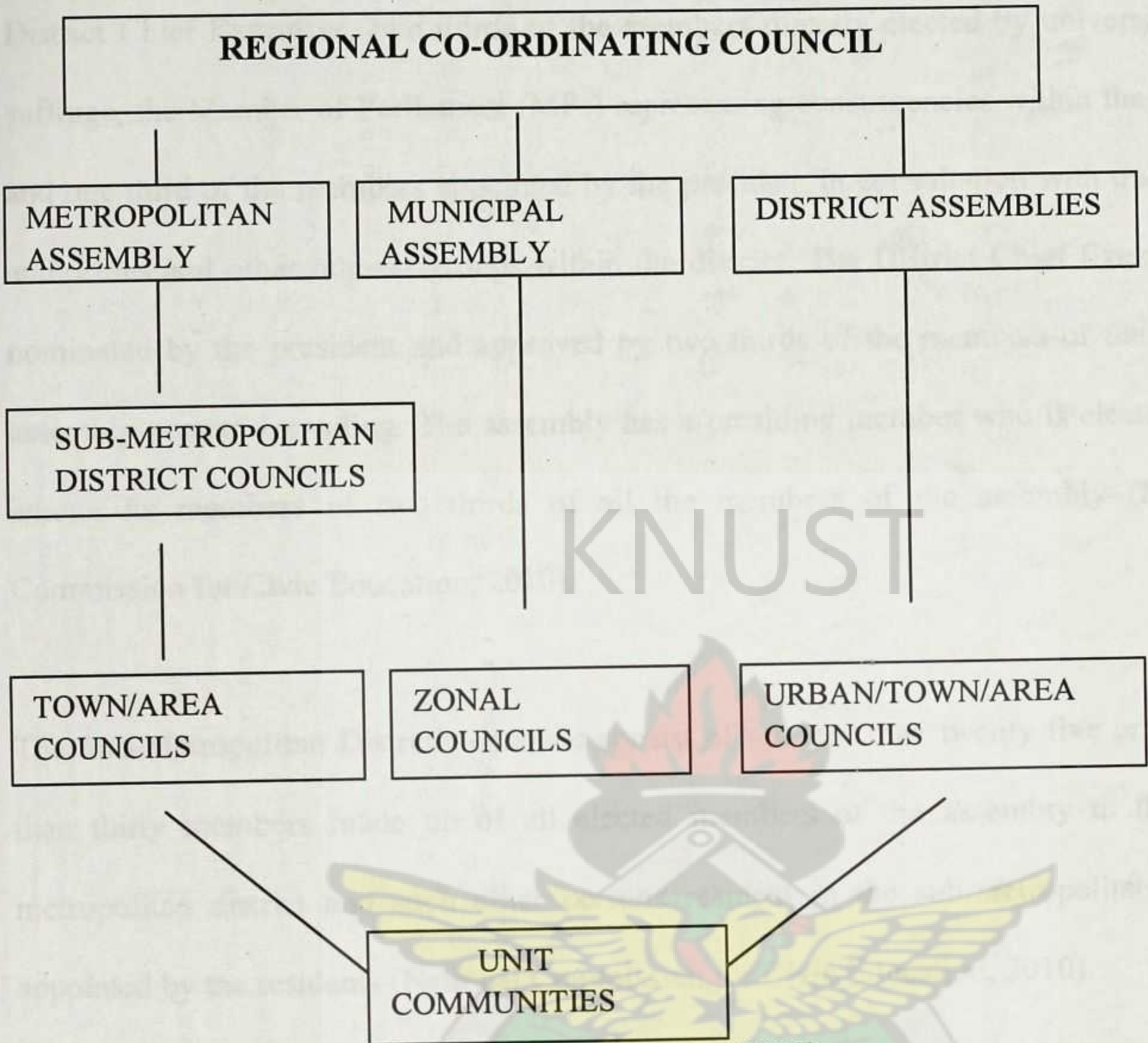
- Regional Co-ordinating Council (RCC)
- Four tier Metropolitan Assembly

- Three tier Municipal/District Assembly
- Urban/Town/Area /Zonal Councils
- Unit Committees

KNUST



Figure 2.1 The Local Government System Structure in Ghana



Source: National Commission for Civic Education (2010)

2.4.2 Composition of the New Local Government Structure in Ghana

At the top of the local government system is the Regional Co-ordinating Council (RCC), which are currently ten (10) in Ghana with the membership consisting of the Regional Minister as the chairman and deputies, the presiding member of each district assembly and the District Chief Executive (DCE) of each district in the region, two chiefs from the regional house of chiefs and the regional heads of the decentralised ministries who do not have voting rights (National Commission for Civic Education, 2010).

The District Assembly is the highest political authority in the district, it consist of the District Chief Executive, two thirds of the members directly elected by universal adult suffrage, the Member of Parliament (MPs) representing constituencies within the district and one third of the members appointed by the president in consultation with traditional authorities and other interest groups within the district. The District Chief Executive is nominated by the president and approved by two thirds of the members of the district assembly present by voting. The assembly has a presiding member who is elected from among its members of two thirds of all the members of the assembly (National Commission for Civic Education, 2010).

The Sub-Metropolitan Districts councils consist of not less than twenty five or not less than thirty members made up of all elected members of the assembly in that sub-metropolitan district and such other persons resident in the sub-metropolitan district appointed by the residents (National Commission for Civic Education, 2010).

The Urban/Town/Area Council consist of less than twenty five and not more than thirty members made up of not more than eight persons elected from among the members of the relevant district assembly and not more than twelve representatives from the unit committees and not less than ten persons ordinarily resident in the urban area (National Commission for Civic Education, 2010).

The Zonal Council consist of not less than fifteen and not more than twenty members made up of not more than five persons elected from among the members of the relevant

municipal assembly and not more than ten representatives from the unit committees and not more than five persons ordinarily resident in the zone (National Commission for Civic Education, 2010).

The Town/Area Councils consist of not less than fifteen and not more than twenty members made of more than five persons elected from among the members of the relevant assembly, not more than ten representatives from the unit committees and not less than five persons ordinarily resident in the town or area (National Commission for Civic Education, 2010).

The Unit Committee consist of not more than fifteen persons made up of ten elected persons ordinarily resident in the unit and not more than five other persons resident in the unit and nominated by the District Chief Executive acting on behalf of the president (National Commission for Civic Education, 2010).

2.4.3 Functions of District Assembly

The functions of the District Assembly are as follows:

- Exercise political and administrative authority in the district.
- Constitutes the planning authority for the district - Formulate and execute plans, programmes and strategies for the overall development of the district.
- Have deliberative, legislative and executive functions.
- Responsible for the overall development in the district.

- Maintenance of security and public safety in the district
- Provision of infrastructure (schools, clinics, etc).
- Provision of municipal services (sanitation, water, play grounds, etc.)
- Formulation and approval of budget of the district.
- Making of Bye-laws.
- Levy and collect taxes, rates, fees, etc to generate revenue.
- Promotion of justice by ensuring ready access to the courts in the district.

2.4.3.1 Functions of Urban/Town/Zonal/Area Councils

The major functions of the urban/town/zonal/area councils as enshrined in the Local Government Act (Act 462) are as follow:

- They assist persons authorised by the assembly to collect revenue.
- They recommend to the assembly the naming of all streets in their area of authority and let all the buildings in the area to be numbered.
- They are responsible for day to day administration of the urban, area or town councils.
- They prepare annual budgets of revenue and recurrent development budget of the urban or town councils for approval by the assemblies.
- They make proposals to the assembly for levying and collection of special rates for projects and programme within the area.

- They take steps as may be necessary to prevent disasters including floods and bush fires in the urban areas.
- They collect revenue for the District Assembly.
- They help in implementation of bye – laws.
- They organize the people to undertake communal labour.
- They also undertake area initiated projects.

Source: National Commission for Civic Education (2010)

2.4.3.2 Functions of Unit Committees

- Supervise the staff of district assembly performing duties in its area of authority
- Assist in revenue collection
- Organize communal and voluntary work
- Educate the people in their rights, privileges, obligations, and responsibilities
- Provide focal point for discussion of local matters and make recommendations to the assembly
- Monitor the implementation of self-help and development projects
- Assist in enumerating and keeping records of all ratable persons and properties
- Make proposals to assembly regarding levying and collection of rates for projects and programs

2.5 Transparency and Accountability in Public Entities in Ghana

In developing countries, public procurement is increasingly recognized as essential in service delivery (Basheka and Bisangabasaija, 2010), and it accounts for a high proportion of total expenditure. The Ghana News Agency report dated 5th April 2008, Mr Agyenim Boateng Adjei, Chief Executive Officer of Public Procurement Authority (PPA), indicated that, the Public procurement accounted for 50-70 percent of the national budget.

This situation seems not to be different in many developed and developing countries. Due to the colossal amount of money involved in government procurement and the fact that such money comes from the public, there is need for accountability and transparency, (Hui *et al.*, 2011).

None the less there have been increasing calls for the public sectors in many developing nations including Ghana to provide quality public services that meet the needs of its citizens, be more accountable for its decisions and actions and to manage resources more prudently (Odainkey *et al.*, 2003).

However, Mensah *et al.*, 2003 have reported that, corruption has been a nuisance for socio-economic and political growth and has been the cause and consequence of structural decay bequeathed by decades of rent-seeking politics of the post-colonial state in Ghana. It has defied years of economic and political reforms and has continued to

grow and undermine efforts to improve the living standards of Ghanaians and to foster democratic governance.

They added that, many agree that there are two sides to corruption: the giver (supply-side) and the taker (demand-side). While demand-side corruption is associated with government officials, supply-side corruption typically originates from the business sector. Supply-side corruption is driven by rent-seeking entrepreneurs seeking to exploit political and other influences to their benefit.

Despite the coming into being the Public Procurement Act which seeks to ensure competition, efficiency, effectiveness, accountability and transparency, value for money among others in public procurements in public entities, there are still many discussions and doubts on the transparency of public entities in carrying out public procurement. Osei-Tutu *et al.*, (2008) therefore stated that, increasing the effectiveness, efficiency and transparency of procurement systems is an on-going concern of governments and the international development community. They added that, regular and continuous assessment of procurement entities in countries of their national procurement systems with regard to their compliance with the procedures, rules and regulations setup in the Public Procurement Laws are essential and have been embraced worldwide.

Transparency means that the same rules apply to all suppliers of goods, works and services and that these rules are publicised as the basis of procurement decisions prior to their use. Transparent procurement procedures can contribute to a more efficient

allocation of resources through increased competition, higher quality procurement and budgetary savings for governments and thus for taxpayers (PPB Training Module 3, 2007).

To avoid corruption in the public procurement systems there is the need to publish calls for tenders, notifying contract awards in the media, including the successful bidder's name and final price, and making award criteria more transparent and accountable. These are some of the basic principles of transparency in government procurement which directly affect corrupt practices (Evenett and Hoekman, 2005).

In this regard, the Public Procurement Act, 2003 (Act 663) and the Public Procurement Regulations, 2003 endorse the use of competitive tendering which encourages maximum competition in the procurement system. It involves the use of STDs, advertising procurement opportunities, public opening, publication of contract awards, creating windows of addressing appeal and complains, etc. Public Procurements using other uncompetitive methods are vigorously monitored and evaluated by PPA and Audit Agency to ensure transparency, fairness, and value for money (Public Procurement Act, 2003, Act 663).

Barden (2006) collaborated this position when he indicated that, government agencies can achieve transparency by strategizing through effective and efficient advertising; publicly opening bid documents; effective evaluation of bid documents; the publication of award results; fair and speedy protest and dispute resolution handling processes and

the disclosure of signed contracts; and the use of independent evaluation methods, that are consistent with the terms of bid documents.

These processes are carried out properly if the public Entity has adequately prepared its procurement plan and submitted it to the Public Procurement Authority. This is surely the beginning of transparency in public procurements.

Accountability can be explained as the process of holding an individual or an organization fully responsible for all aspects of the procurement process over which they exert authority. The essence of accountability is to strengthen the perception of transparency and fairness. It reduces the incidence of corruption and enforces the Act 663 and regulatory framework which clearly defined responsibilities (PPB Training Module 3, 2007).

Achieving Transparency and Accountability in Public Procurements is not without challenges. According to Osei-Tutu *et al.*, (2008) the Public Procurement Authority in its review in 2006 identified the weakness in the public institutions that needed urgent attention. These are: Lack of qualified procurement personnel, incorrect interpretation and application of some provisions of the procurement Act, slow pace in regularizing the Draft Regulations, lack of clear procedures for Emergency Procurement, lack of Training Avenues or Institutions, poor Record Management (scattered files), poor handling of Suppliers' Complaints, poor Procurement Planning, Mobilization & Implementation, poor Contract Management and high cost of Advertisement.

These weaknesses had caused substantial inefficiency in public procurement and consequently the principle of “value for money” is not achieved.

2.6 Summary

The role of procurement planning and implementation in public procurements cannot be overemphasized. Achieving the objectives of the Public Procurement Act and improving the living standards of citizens in every country through public procurements cannot be realized if measures are not put in place to systematically carry out procurements and achieving value for money in public procurement.

The literature reviewed looked at basic definitions of Public procurement and procurement planning. The chapter highlights issues of public procurements before the reforms and a brief overview of the procurement reform with the legal framework. The implementation practices challenges were reviewed.

Considering the fact that, the study targets the various MMDAs in the Northern Region a review of the Local Government System with highlights on its functions was done. Finally the literature reviewed transparency and accountability in public entities.

The various literature discussed in this chapter highlighted the various issues regarding public procurements with procurement planning and implementation in perspective. These literature were regarded as relevant and supportive in the discussions of the ensuing chapters.

CHAPTER THREE

MATERIALS AND METHODS

3.1 Introduction

This chapter presents information on the research design, sample size determination and the process by which data was collected and analyzed.

3.2 Research Design

The study adopted the descriptive research design. The Office of Human Research Protections (OHRP) defines a descriptive study as “Any study that is not truly experimental.” In human research, a descriptive study can provide information about the naturally occurring health status, behaviour, attitudes or other characteristics of a particular group. Descriptive studies are also conducted to demonstrate associations or relationships between things in the world around you. Additionally Bickman and Rog (1998) suggest that descriptive studies can answer questions such as “what is” or “what was.”

The study seeks to comprehend the situation of procurement planning and implementation at the Metro/Municipal and District Assemblies in the Northern Region of Ghana. It further seeks to confirm whether Procurement Planning and Implementation at the MMDA level conforms to the stipulated guidelines of the Public Procurement Act of the Republic of Ghana. The study depended on both qualitative and quantitative data for analysis.

3.3 Selection of Study Area

The choice of the study area is based on the fact that, the districts are predominantly rural, with many of them not having the requisite capacity to handle procurement. It's further been

observed that, MMDAs do not have procurement officers and either the district engineer or the planning officers carry out activities relating to procurement.

3.4 Units of Analysis, and Study Variables

The unit of analysis is that unit about which information is collected and that provide the basis for analysis. The unit of analysis according to Kumeckpor (2002) is the actual empirical units, objects, occurrences, which must be observed or measured in order to study a particular phenomenon. Based on the purpose of this study, the units of analysis were the various MMDAs in the Northern Region.

The study variables that were considered during the study include; institutional structures available for procurement planning and implementation, staff capacity for procurement planning and implementation, budgeting for the items in the procurement plan, staff training needs for procurement planning and implementation. These variables were considered based on their relation to the study objectives and the research questions. The following variables represented in Table 3.1 were therefore deemed appropriate for the completion of the study.

Table 3.1 Study Variables and Data Source

Study Variables	Data Type	Source (s)
Knowledge of the Public Procurement Act	Availability of training report and a copy of the Public Procurement Act 2003	1. District Coordinating Director, 2. District Planning Officer 3. District Engineer 4. Procurement Officer
Institutional Structures	Available Entity Tender Committee	1. District Chief Executive 2. District Coordinating Director,
	Right Composition of Entity Tender Committee as per the Act	1. District Chief Executive 2. District Coordinating Director,
	Availability of Procurement Unit	1. District Chief Executive 2. District Coordinating Director,
	Availability of Procurement Officer/(s)	1. District Chief Executive 2. District Coordinating Director,
	Presence of Procurement Committee	1. District Chief Executive 2. District Coordinating Director,
Procurement Planning and Budgeting	Knowledge of Procurement Planning/Process	1. Procurement Officer 2. Procurement Committee 3. Planning Officer 4. District Engineer
	Presence of Procurement Plan	1. District Chief Executive 2. District Coordinating Director, 3. Procurement Officer
	Approval of Procurement Plan by Entity Tender Committee	1. Procurement Officer 2. Procurement Committee
	Quarterly Updates of Procurement Plan	1. Procurement Officer 2. Procurement Committee
	Source of Estimates for Budgeting	1. Procurement Officer 2. Procurement Committee
	Source of Funds for Budget	1. District Coordinating Director 2. Procurement Officer
Training Needs for Procurement Planning	Availability of capacity Building Plan.	1. District Coordinating Director 2. Procurement Officer 3. Planning Officer
	Presence of procurement Planning Training for Scheduled Officers	1. District Coordinating Director 2. Procurement Officer 3. Planning Officer
Improved Transparency and Accountability	Perception of impact of procurement Planning and implementation on Local Governance	1. Planning Officer 2. Other Stakeholders, etc

Source: Authors Construct, 2013.

3.5 Sampling Methods

The study adopted the census approach where all the twenty (20) old MMDAs in the region were considered. This is to ensure that, divergent views on the subject matter are collected from the various MMDAs and which are representative enough.

3.6 Data Sources and Collections Instruments

The study relied on data gathered and collected from secondary and primary sources. Secondary data was gathered from relevant literature and statistical data on the subject matter. Other secondary data were gathered from journals, policy documents, reports of the Public Procurement Authority, and from the web.

Primary data on the other hand was collected from the field by the use of questionnaire, and observations.

3.7 Data Processing and Analysis

Data was processed by initially translating the raw data into structured forms especially for the open ended questions of the questionnaire to make them more appropriate for the analysis. Other activities at the initial stage included data cleaning or editing, data coding and data entry. Data was analysed using the Statistical Package for Social Sciences (SPSS) and presented in graphical form using tables, bar chart and pie chart to point up the results. This was to ensure easy interpretation and inferences consistent with the research objectives.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents comprehensive analysis of the data obtained from the field. The analysis is categorized into a number of sections relevant to achieving the objectives for which the study was designed for. The chapter contains the institutional profile of the respective MMDAs, the institutional structures available to the MMDAs for procurement purposes, an assessment of the understanding and knowledge of the Public Procurement Act as was established in 2003, the procurement planning and budgeting process practice at the MMDAs, as well as some challenges MMDAs encounter in their procurement planning and implementation process.

The chapter also highlights the effects of public procurement on local governance and an assessment of training needs required at the MMDAs to better materialize the objectives for which the Public Procurement Act, 2003 (Act 663) was initiated. The chapter is concluded with a summary of the analysis and discussions done on the above themes.

4.2 Institutional Profile of MMDAs

The Northern Region of Ghana is made up of 26 Metro/Municipal/District Assemblies. The breakdown of the procurement entities surveyed includes one Metropolitan Assembly, two Municipal Assemblies and seventeen District Assemblies. The main respondents were the coordinating directors, planning officers, engineers and finance/budget officers who are responsible for the procurement of goods, works and services within the various MMDAs.

The remaining six (6) Assemblies were recently established in February, 2012 and therefore yet to be fully staffed.

Data from the survey showed that 10 percent of the MMDAs involved in the survey were less than 5 years old, 25 percent were between five (5) and ten (10) years old, 35 percent were between 11 and 25 years old whiles 30 percent were more than 25 years (refer to Figure 4.1).

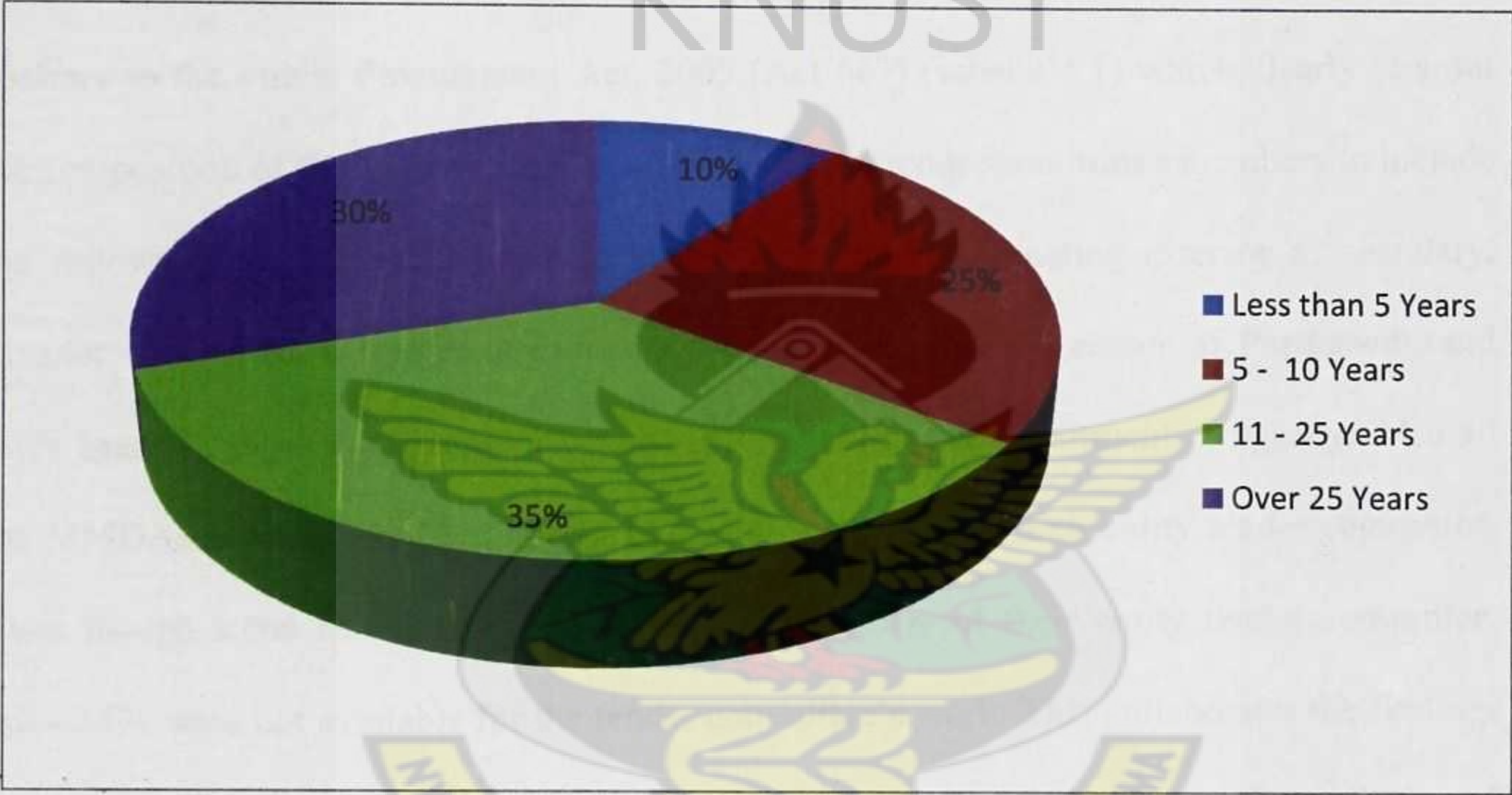


Figure 4.1: Years of Existence of MMDAs
Source: Field Survey February, 2013

4.2.1 Institutional Structures Available for Procurement

To ascertain the institutional structures available in the MMDAs to achieve their mandate, the existence of Entity Tender Committee was assessed and all twenty MMDAs asserted that entity tender committees existed in their respective MMDAs. On the constitution of the membership in the entity tender committee, there were varied response that ranges from very poorly constituted to very well constituted. From the survey, 65% (13 MMDAs) of the participating MMDAs referred to the entity tender committee in their MMDAs as well

constituted and a further 7 MMDAs representing 35% saw the entity tender committee in respective MMDAs as very well constituted.

In terms of the composition of the members that constituted the entity tender committee in the various MMDAs, the respondents identified the membership to include; the chief executive, the co-ordinating director, director of finance, a member of parliament, head of works department, budget officer and the planning officer. It was also observed that some Assemblies had as part of its entity tender committee members as, the district director of education, district director of health and district director of agriculture. This however is contrary to the Public Procurement Act, 2003 (Act 663) (schedule 1) which clearly sets out the composition of the Metropolitan/Municipal/District tender committee members to include the following; the chief executive as the chairperson, coordinating director as secretary, director of finance, a lawyer appointed by the assembly, one Member of Parliament, and three heads of departments one of whom represents the user department or agency. Also all the MMDAs surveyed, did not have a lawyer as a member of their entity tender committee. Even though some MMDAs had their MPs as members of their entity tender committee, these MPs were not available for the tender committee's work. This corroborates the findings of Ayitey, (2012) that the procurement structures, especially Entity Tender Committees and Procurement Units do not either exist in most entities or are not properly constituted and so do not perform their functions well.

The existence of procurement unit was quizzed and the responses realised were as presented in figure 4.2. Procurement at the MMDAs has been an additional responsibility for some other Units especially the Planning Unit and the Works Departments of the Assemblies. Considering the huge task involved in procurements there is therefore the need for MMDAs to have procurements units to be fully in charge of procurements.

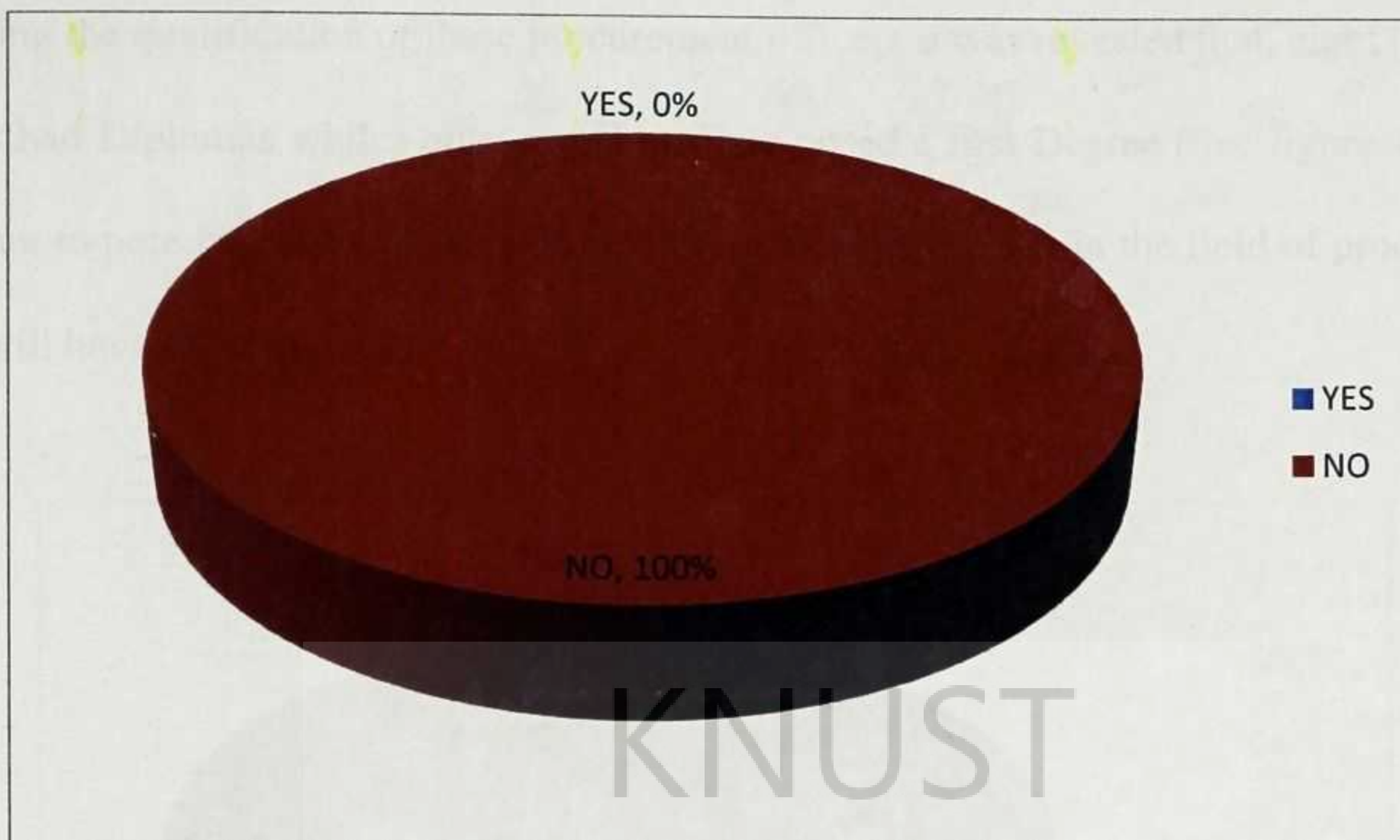


Figure 4.2: Presence of Procurement Units in MMDAs

Source: Field Survey February, 2013

With recent recruitments into the Local Government Service, some new Procurement Officers were also recruited. The survey indicated that, nine (9) MMDAs had procurement Officers at the time of the data collection. This is shown in figure 4.3.

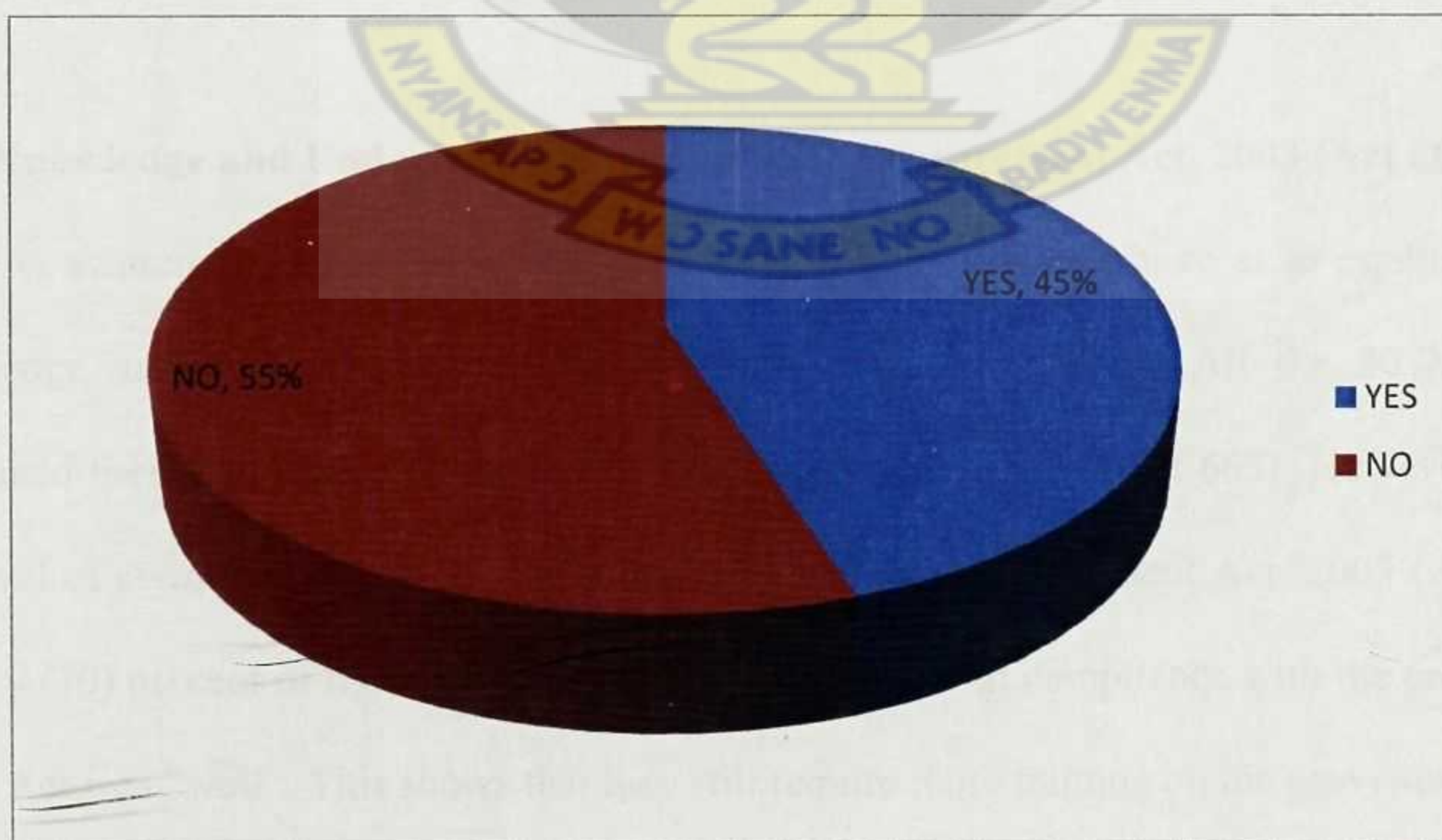


Figure 4.3: Presence of Procurement Officers in MMDAs

Source: Field Survey February, 2013

Regarding the qualification of these procurement officers it was revealed that, eight (8) of the officers had Diplomas while only one (1) officer posed a first Degree (See figure 4.4). It is important to note that these officers do not have much experience in the field of procurement hence will have to be trained.

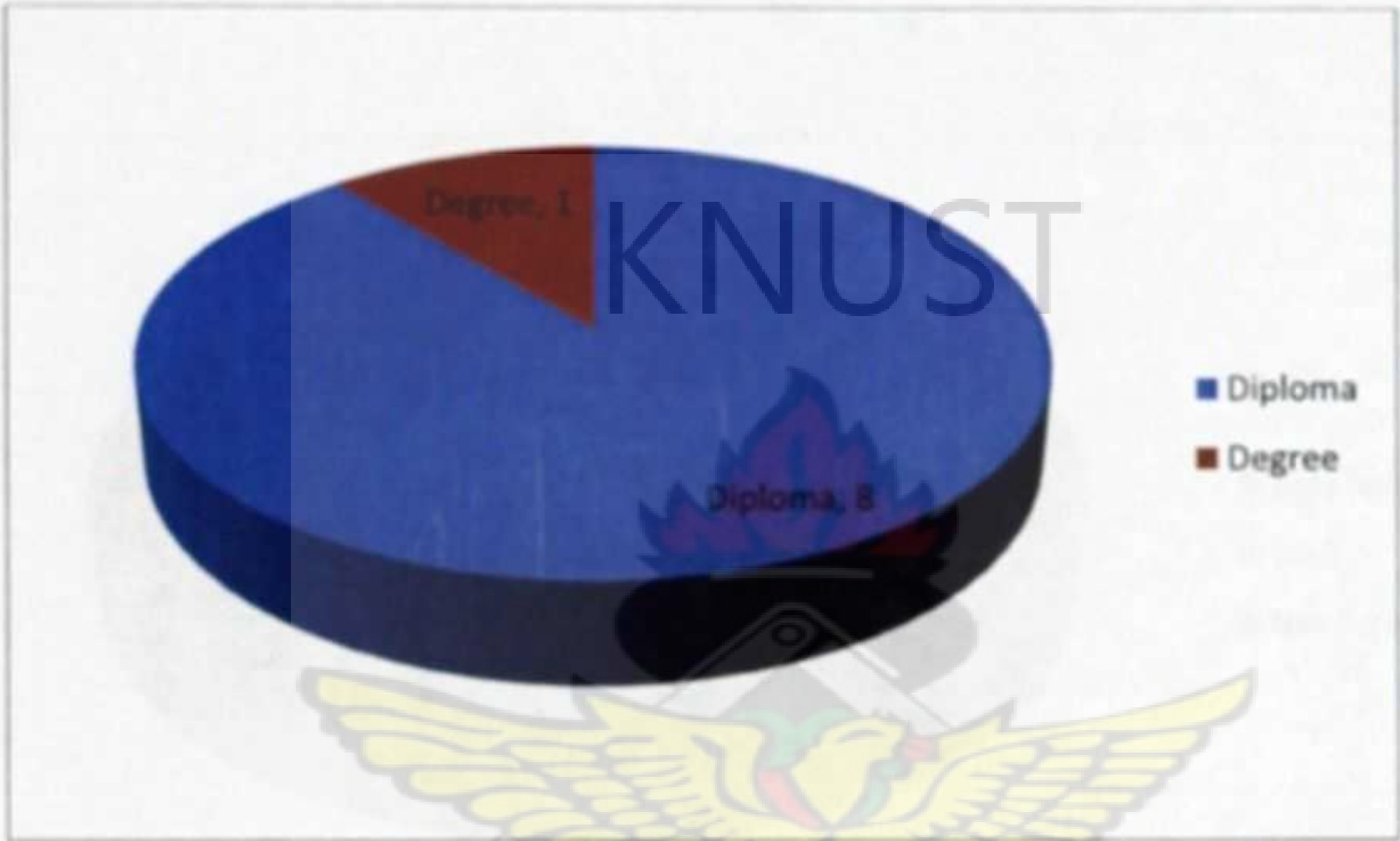


Figure 4.4: Qualification of Procurement Officers
Source: Field Survey February, 2013

4.2.2 Knowledge and Understanding of the Public Procurement Act, 2003 (Act 663)

MMDAs awareness of the Public Procurement Act, 2003 was sought so as to establish their knowledge and understanding of the operation of the Act (663). All the 20 MMDAs confirmed their knowledge of the Public Procurement Act, 2003 (Act 663). However, as to the level of compliance with the provisions of the Public Procurement Act, 2003 (Act 663) seventy (70) percent of the MMDAs agreed that their level of compliance with the provisions of the Act was “well”. This shows that they still require more training on the provisions of the Act (663). While twenty-five (25) percent of the respondents asserted that their level of

compliance with the provisions of Act was “very well”, five (5) percent were not sure of their level of compliance as displayed in figure 4.5.

This shows that all the MMDAs require more education and training on the provisions of the Public Procurement Act, 2003 (Act 663) to enable them perform better in order to achieve the goals for which the law was passed.

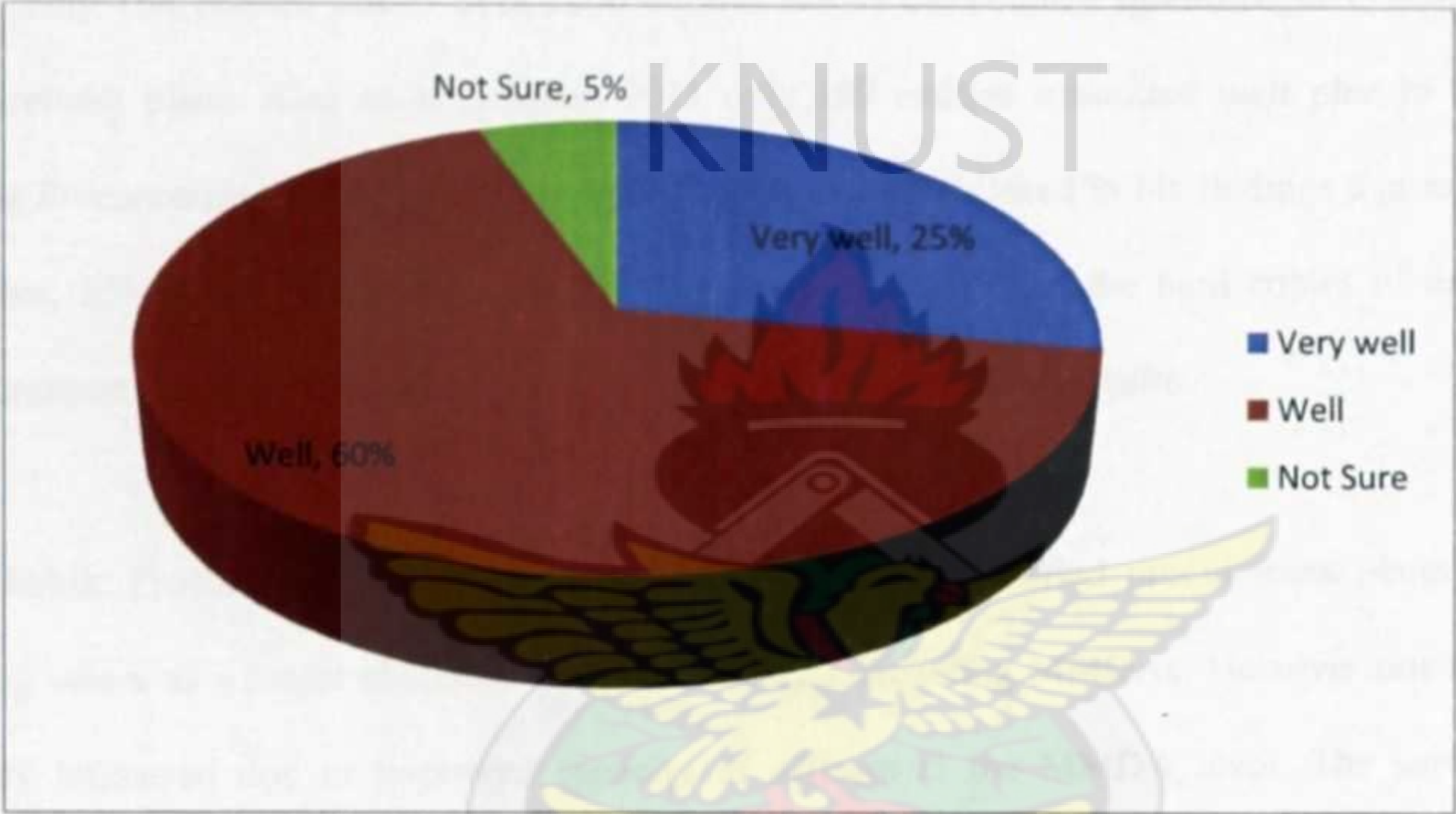


Figure 4.5: MMDAs level of compliance with provisions of the Public Procurement Act, 2003 (Act 663)
Source: Field Survey February, 2013

4.4 Procurement Planning and Budgeting Process

This section provides highlights on the procurement planning and budgeting processes at the Metropolitan/Municipal/District Assembly level.

4.4.1 Procurement Planning

All public procurement entities are required by the Public Procurement Act, 2003 (Act 663) to prepare a procurement plan for each fiscal year, and subsequently submit quarterly updates

for approval by the entity tender committee. These plans must also be placed on the website of the Public Procurement Authority (PPA). This is aimed at ensuring transparency and accountability during the procurement processes in the MMDAs. Data gathered from the field showed that, 100% of MMDAs have their Procurement plan prepared and approved. However all the MMDAs (100%) do not submit their procurement plans to the Public Procurement Authority (PPA) for publication on their website. This findings collaborates the report contained in the 2010/2011 PPA Procurement Bulletin in which it is reported that in 2010, only 164 entities out of over 1000 entities across the country submitted their annual procurement plans. Also as at October, 2011 only 199 entities submitted their plan to the Public Procurement Authority (PPA). Ayitey, 2012 also established in his findings that as at October, 2011 only fifteen public entities prepared and submitted the hard copies of their procurement plans to PPA and only five posted such plans on PPA website.

The Public Procurement Authority in its review in 2006 identified procurement planning among others as a major challenge for public entities including MMDAs. However this has greatly improved due to improved capacity of officers at the MMDA level. The survey revealed that, 65% of the MMDAs have their procurement plans prepared by the Planning Officers, 10% Budget Officers, 5% District Engineers, and 5% Procurement Officers. This finding agrees with the Country Procurement Assessment Report of Ghana in 2003 which revealed that most Ministries, Departments and Agencies (MDAs) and District Assemblies (DAs) staff responsible for procurement were not procurement-proficient, even though they have been trained (See Figure 4.6).

Additionally the study brought to light the fact that user departments and for that matter the entire departments of the Assembly do not only consent but also participate in the preparation

of the Procurement Plan. All (100%) the MMDAs indicated that their procurement plans are approved by the Entity Tender Committee.

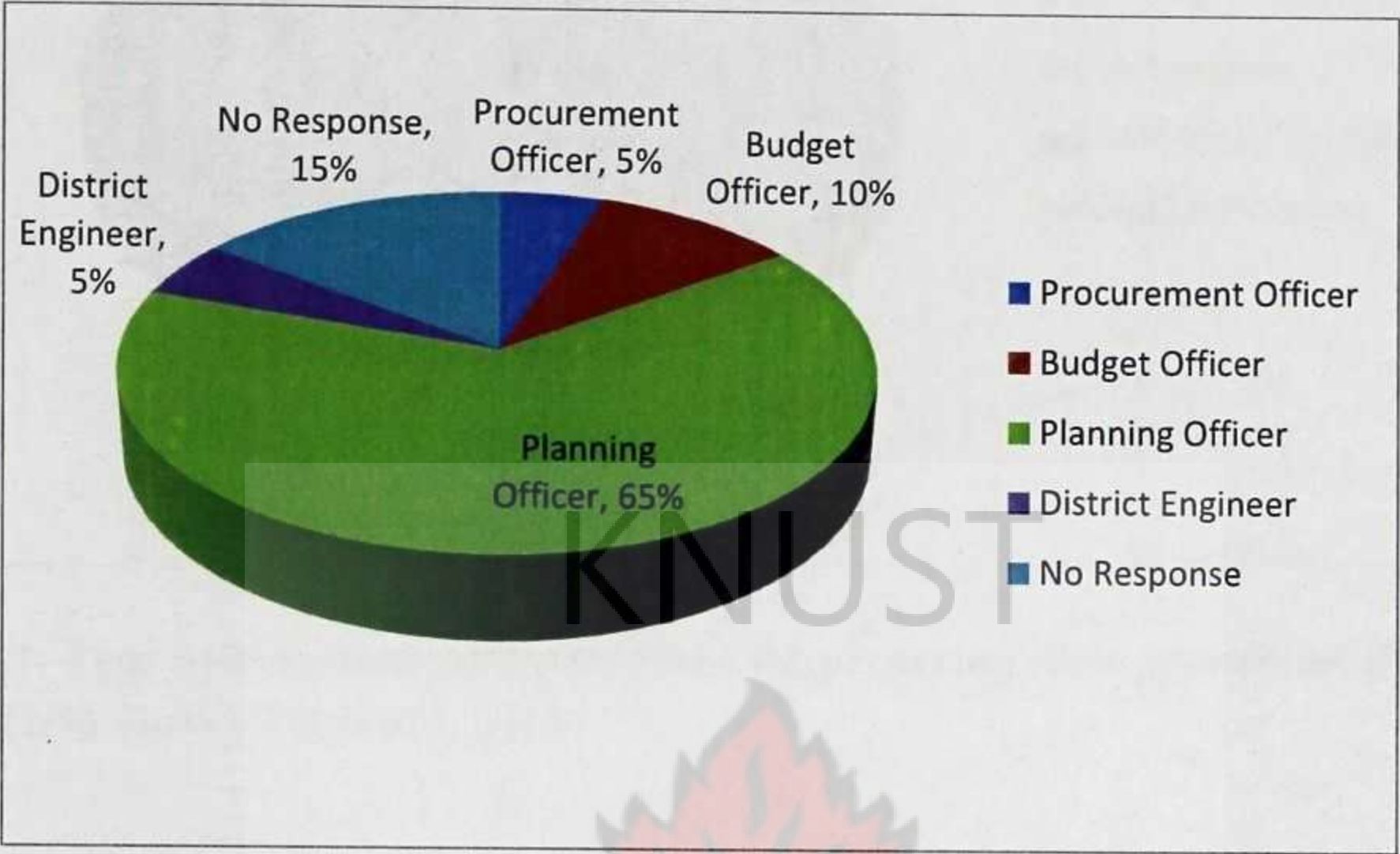


Figure 4.6: Officers responsible for procurement planning at the MMDAs
Source: Field Survey February, 2013

In the preparation of the procurement plans, ninety (90) percent of MMDAs did indicate that they use the Public Procurement Act template for the preparation of their plans with five (5) percent indicating that, they use their personal format in preparing their procurement plans. Five (5) percent also use the World Bank template. This is shown in Figure 4.7.

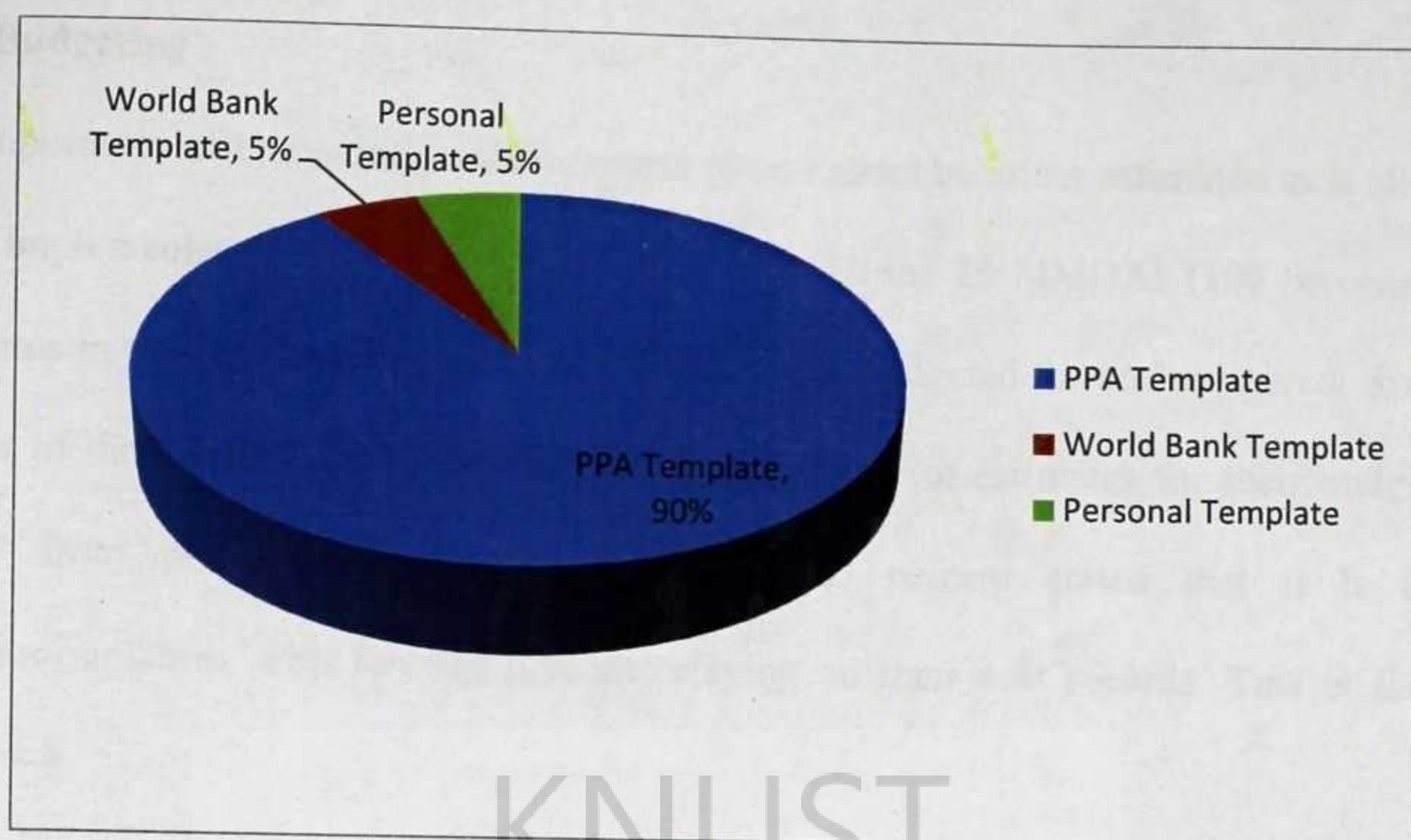


Figure 4.7: Type of Template use by MMDAs for preparing their procurement plans
Source: Field Survey February, 2013

Regarding the lead-time used in preparing the procurement plans, ninety (90) percent of the MMDAs indicated that they used the PPA lead-time while five (5) percent indicated that it was based on their experience and five (5) percent not responding to the question. The under-listed factors were regarded as responsible for the difference in “plan time” versus the “actual time” during the implementation of the procurement plan. They are;

- Inadequate funds
- Delay by some contractors or suppliers
- Unrealistic lead-times
- Delay in the release of funds
- Lack of interest in the project
- Political interference

4.4.2 Budgeting

The importance of budgeting in procurement plans cannot be underestimated as it allows for better implementation of projects. From the survey all the 20 MMDAs (100 percent) stated that items in their procurement plans were adequately budgeted for and approved. Sixty (60) percent of the MMDAs indicated that their main source of estimates for their budget were mainly from professionals, while thirty-five (35) percent stated that it is through enquiries/quotation, with five (5) percent relaying on their past records. This is shown in Figure 4.8.

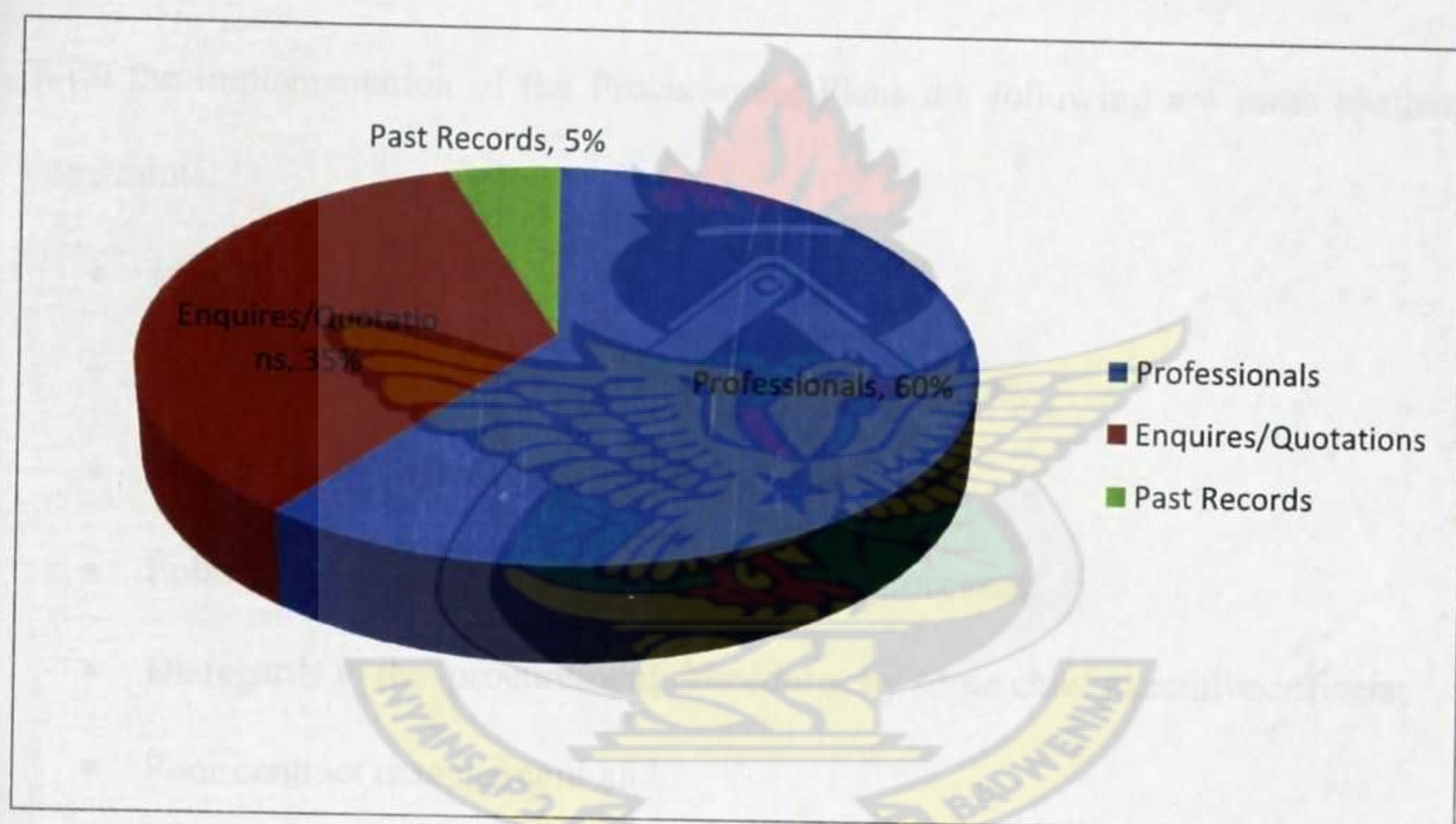


Figure 4.8: Source of Estimates for Budgeting in MMDAs

Source: Field Survey February, 2013

The following were identified as the main funding sources for MMDAs projects as captured in their procurement plans; District Assembly Common Fund, Internally Generated Funds, District Development Facility and Donor/Development Partners.

4.5 Challenges in Procurement Planning and Implementation

All the 20 MMDAs (100 percent) stated that they face challenges in the preparation and implementation of their procurement plans. Notably among some of the challenges and constraints are;

- Inadequate number of procurement officer, not until quite recently (October 2012) MMDAs did not have procurement officers.
- Inadequate training on procurement planning
- Poor understanding of the Public Procurement Act

With the implementation of the Procurement Plans the following are some challenges and constraints;

- Inadequate funds;
- Poor performance by some contractors and suppliers;
- Delays in payment of contractors and suppliers;
- Political interference with the procurement processes;
- Disregards to the procurement procedures by some chief executive officers;
- Poor contract management and
- Inadequate procurement planning
-

These among others are the challenges encountered by the MMDAs in preparing their procurement plans as well as implementing the said plans. These challenges collaborates the findings of Osei-Tutu *et al.*, 2011 and Ayitey, 2012 who also identified these as the challenges faced by most public procurement entities in Ghana.

4.5 Effects of Procurement Planning on Local Governance

This section examines the effect of procurement planning in improving on local governance in the MMDAs. It focuses on examining how procurement planning has improved the following areas; completion of projects on time, completion of projects within budget, achieving project quality, transparency in the procurement process, accountability of the procurement process, achieving value for money and instilling confidence among stakeholders in the procurement process.

The survey pointed out that, eighty (80) percent of the MMDAs stated that, procurement planning ensures completion of projects on time. Seventy (70) percent of the MMDAs indicated that, procurement planning ensure that projects are completed within budget limits. However forty-five (45) percent of MMDAs are not sure whether procurement planning contributes to improving the quality of the projects.

Nonetheless, sixty-five (65) percent of the MMDAs say procurement planning has improved transparency in the procurement process (See Figure 4.9) with ninety (90) percent of the MMDAs indicating that it facilitates accountability in the procurement process. Additionally, ninety (90) percent of the MMDAs indicated that, procurement planning ensures value for money with eighty (80) percent adding that, procurement planning instils trust and confidence among stakeholders in the procurement process.

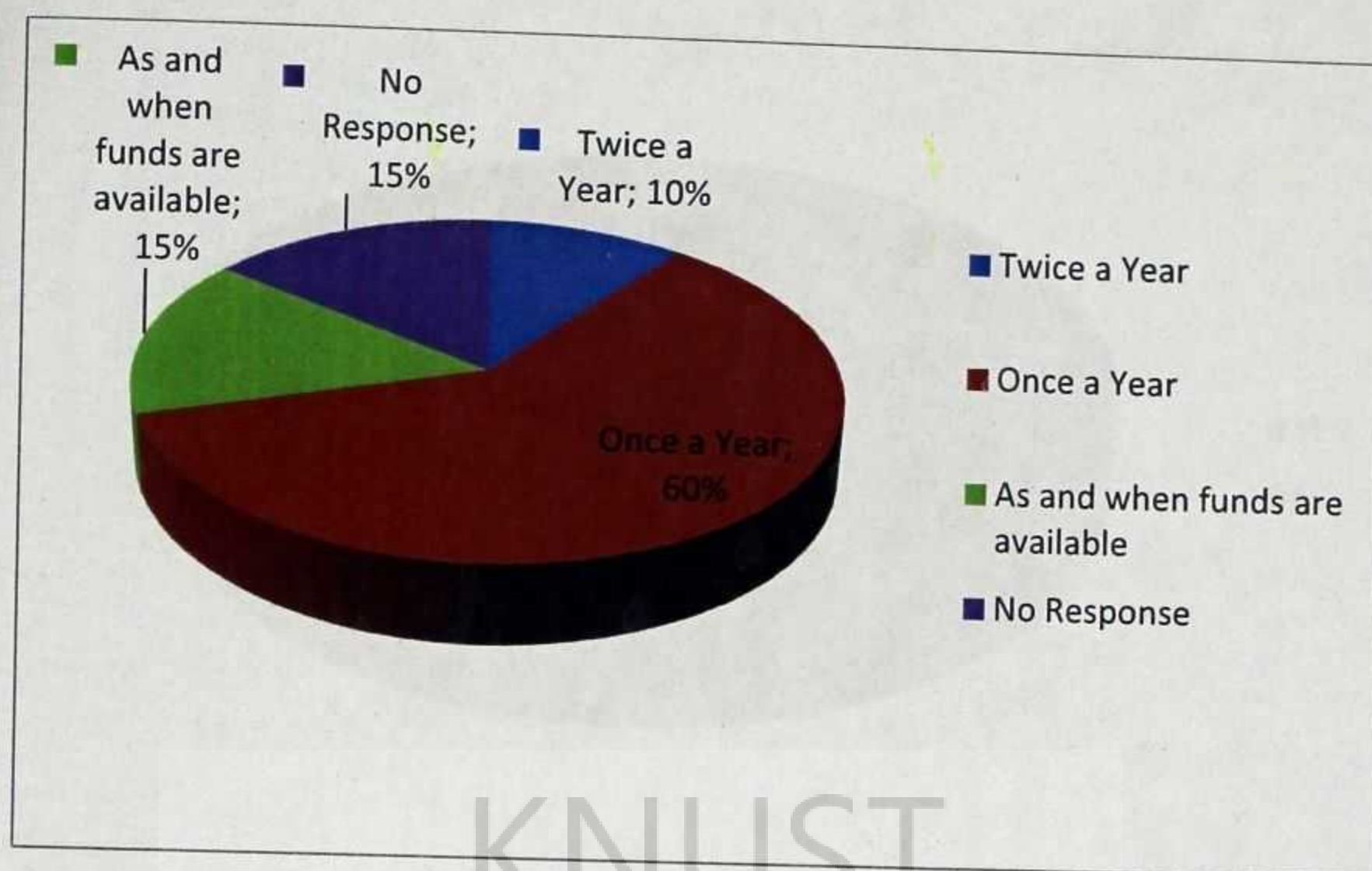


Figure 4.9: Transparency in the Procurement Process
Source: Field Survey February, 2013

5.6 Training Needs for Procurement Planning at MMDAs

The purposes of trainings in any organization is to ensure the transfer of information and knowledge to employers while equipping them to translate that information and knowledge into practice with the view of enhancing the organizations effectiveness, productivity, and the quality of the management of people.

The Survey revealed that, all the 20 MMDAs (100 percent) stated that, they have capacity building plans that they followed in training their staff. However, only 85 percent of the MMDAs had modules for training on procurement planning and implementation included in their capacity building plans. Fifteen (15) percent showed that they did not have modules for training on procurement planning and implementation as part of their capacity building plans at the time of the survey (Refer to Figure 4.10).

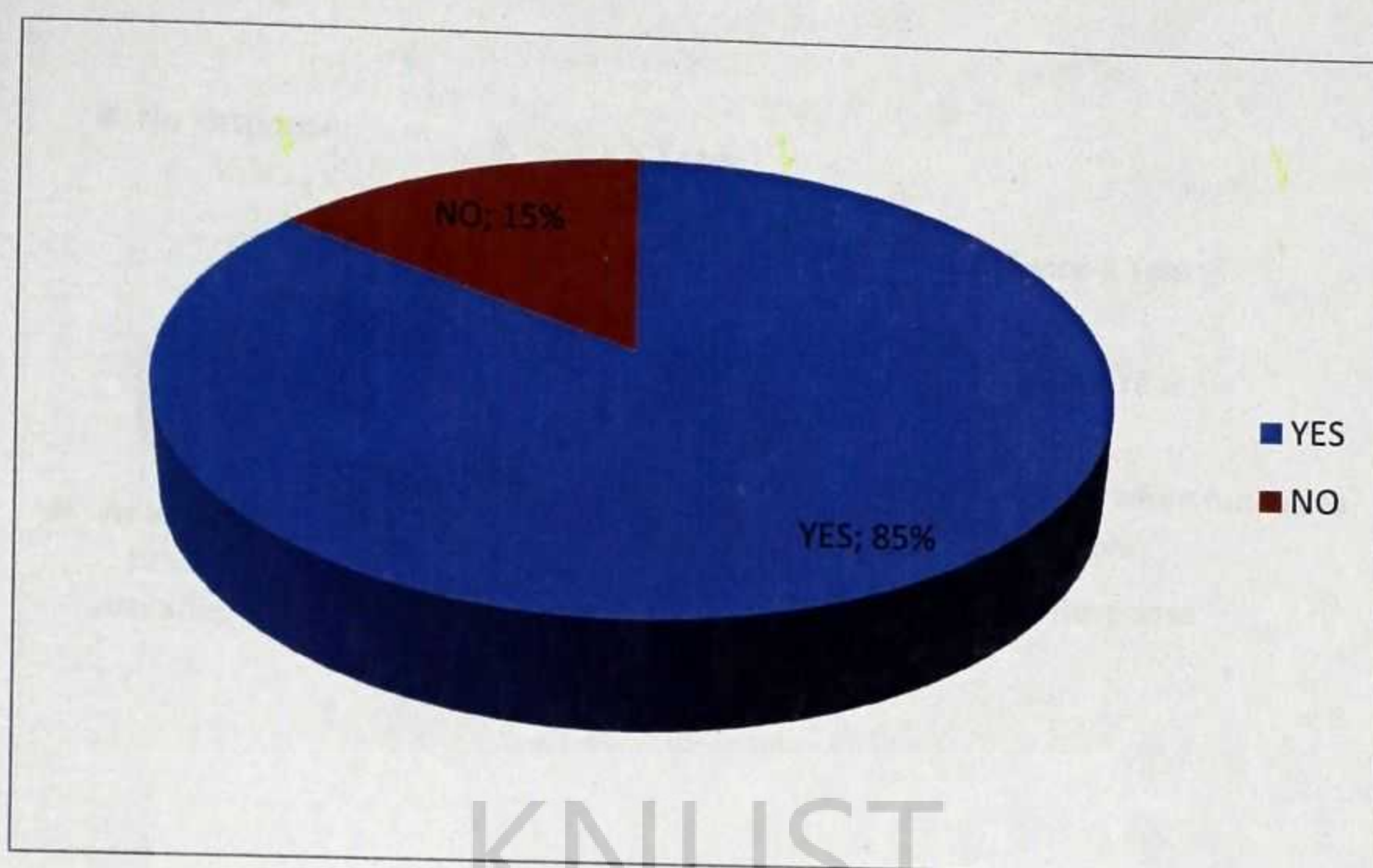


Figure 4.10: MMDAs with Training Modules on procurement planning and implementation

Source: Field Survey February, 2013

Regarding the number of times training workshops on procurement planning and implementation (PP&I) are organized for relevant staff, sixty (60) percent of the MMDAs indicated that such trainings are organized once in a year, ten (10) percent stated twice in a year while fifteen (15) percent had training workshops as and when funds are available (Refer to Figure 4.11).

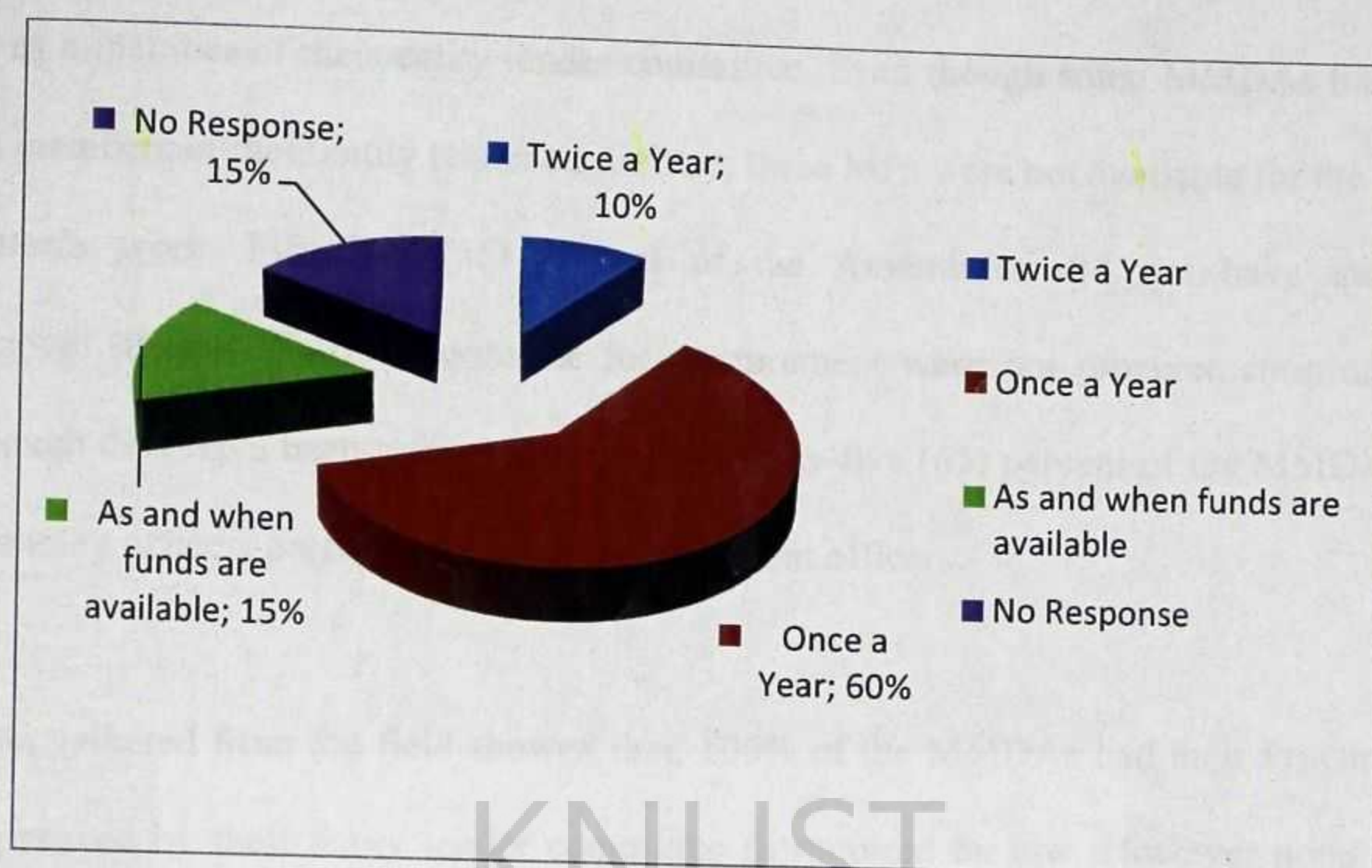


Figure 4.11: Frequency of Training workshops on Procurement Planning and Implementation by MMDAs

Source: Field Survey February, 2013

5.7 Summary

In summary, the survey covered twenty out of twenty-six MMDAs in the Northern Region. The remaining six MMDAs were among the newly created Assemblies which were less than a year old and also yet to be fully staff. The main respondents were the coordinating directors, planning officers, engineers and finance/budget officers who are responsible for procurement in the Assemblies.

In terms of institutional structures available for procurement at the various MMDAs, all twenty (20) Assemblies had entity tender committees as required by the Public Procurement Act, 2003 (Act 663). However all twenty MMDAs failed to setup a procurement unit to take charge of its procurement needs. It was also observed that the composition of the entity tender committee members in all the Assemblies clearly violates the provisions of the Public Procurement Act, 2003 (Act 663) as contained in schedule 1. For example, the Act (663) requires that one Member of Parliament from the Assembly and the Assembly's lawyer shall be members of the entity tender committee. All the MMDAs surveyed, failed to have a

lawyer as a member of their entity tender committee. Even though some MMDAs had their MPs as members of their entity tender committee, these MPs were not available for the tender committee's work. Fifty-five (55) percent of the Assemblies did not have qualified procurement officers. Staffs responsible for procurement were not procurement-proficient, even though they have been trained. For example sixty-five (65) percent of the MMDAs had their planning officers perform the role of procurement officers.

Also data gathered from the field showed that, 100% of the MMDAs had their Procurement plans approved by their entity tender committee as required by law. However none of the MMDAs had their procurement plans posted on PPA website. Ninety (90) percent of the MMDAs did indicate that they use the Public Procurement Authority template for the preparation of the procurement plans with five (5) percent indicating that, the use their personal format and five (5) percent uses the World Bank template. From the survey, sixty (60) percent of the MMDAs indicated that their main source of estimates for their budget were mainly from professionals, while thirty-five (35) percent stated that it was through enquiries/quotation, with five (5) percent relaying on past records. The following were identified as the main funding sources for the MMDAs as captured in their procurement plans; District Assembly Common Fund, Internally Generated Funds, District Development Facility and Donor/Development Partners.

In addition, all twenty MMDAs (100%) indicated that they had capacity building plans in place for the training of their staff. However, only eighty (85) percent of MMDAs have modules for training workshops on procurement planning and implementation included in their capacity building plans. It is not just enough to have such training modules included in their capacity building plans but ensure that they are carried out regularly. Regarding the

frequency with which such training workshops on procurement planning and implementation (PP&I) are organized for relevant staff, sixty (60) percent of MMDAs indicated that such trainings are organized once in a year, ten (10) percent have stated twice in a year while fifteen (15) percent have the trainings as and when funds are available.

The next chapter (chapter five) focuses on the presentation of findings, conclusion and recommendations to the study.

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CHAPTER FIVE

FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of key findings from the analytical discussions in chapter four. The main objective of this study was to examine the effectiveness of procurement planning and implementation at the MMDAs level in the Northern Region Ghana. This study has come at a time where MMDAs are urged to ensure value for money in their procurements, hence Procurement Planning and implementation is very crucial.

5.2 Study Findings

Objective: To identify the institutional structures in MMDAs for procurement planning and implementation.

The study identified the following institutional structures: all MMDAs did establish entity tender committees as required by law for the purpose of public procurement. However all twenty (20) MMDAs did not have procurement unit to take charge of its procurement needs at the Assembly.

It was also observed that the composition of the entity tender committee members in all the Assemblies clearly violates the provisions of the Public Procurement Act, 2003 (Act 663) as contained in schedule one (1). For example Metropolitan/Municipal/District directors of Education, Health and Food and Agriculture who are not directly under the Ministry of Local Government were found to be members of the MMDAs entity tender committees. Also the

Act (663) requires that one Member of Parliament from each Assembly and the Assembly's lawyer shall be members of the entity tender committee.

All the MMDAs surveyed however, did not have a lawyer as a member of their entity tender committee. Although some MMDAs had their MPs as members of their entity tender committee, these MPs were not available for the entity tender committee's work. Fifty-five (55) percent of the MMDAs were without qualified procurement officers while the remaining forty-five (45) percent had newly recruited procurement officers (less than six month at post).

Objective: To identify challenges in procurement planning and implementation at the MMDAs;

The study also identified some challenges faced by the MMDAs in the preparation and implementation of their procurement plans. Some of the challenges identified at the planning stage included the following: inadequate procurement officers, inadequate training on procurement planning and poor understanding of the Public Procurement Act.

These among others are some of the challenges identified in the implementation of the Procurement Plans by the MMDAs: inadequate funds, poor performance by some contractors and suppliers, delays in payment of contractors and suppliers, political interference with the procurement processes, disregards to the procurement procedures by some chief executives, poor contract management and inadequate procurement planning.

Objective: To assess how adequate items in the procurement plan are budgeted for in the MMDAs;

From the study, all the twenty (20) MMDAs (100 percent) stated that items in their procurement plan are adequately budgeted for and approved by the various entity tender committees.

Out of the twenty (20) MMDAs that took part in the survey, sixty (60) percent of MMDAs indicated that their main source of estimates for their budget is mainly from professionals, while thirty-five (35) percent stated that it is from enquiries/quotation, with five (5) percent relaying on their past records.

Objective: To assess how procurement planning and implementation has helped improve local governance at the MMDAs;

The focus is to examine how procurement planning and implementation has contributed to improving the following areas; completion of projects on time, completion of projects within budget, achieving project quality, transparency in the procurement process, accountability in the procurement process, achieving value for money and instilling confidence among stakeholders in the procurement process.

From the survey, eighty (80) percent of MMDAs acceded that, procurement planning and implementation ensures completion of projects on time. Seventy (70) percent of MMDAs have indicated that, procurement planning and implementation ensure that projects are completed within budget limits. ~~Eighty~~ (85) percent of the MMDAs say procurement planning and implementation had improved transparency in the procurement process with

ninety (90) percent of the MMDAs indicating that it facilitates accountability in the procurement process.

Additionally, ninety (90) percent of the MMDAs indicated that, procurement planning and implementation ensures value for money with eighty (80) percent adding that, procurement planning and implementation had instilled trust and confidence among stakeholders in the procurement process.

5.3 Conclusion

In Ghana like any other developing country, having an effective and efficient procurement planning and implementation system will continue to be a challenge to MMDAs. Procurement planning must become a priority for MMDAs and increased policy initiatives from central government; through the parent Ministry of Local Government and Rural Development and Ministry of Finance must support this priority.

The Public Procurement Authority (PPA) must play a central role in providing training, technical guidance and ensuring compliance to all set rules. This study has revealed the critical components of procurement planning and its implementation ranging from the establishment of institutional structures for procurement planning and implementation, adequate budgeting for all items in the procurement plan and meeting the challenges in procurement planning and implementation. All stakeholders must ensure they are accountable in whatever decision they make concerning the use of public resources. Procurement is one area that needs careful attention from all stakeholders in local governments because it has a huge budget and if this budget can be managed in an accountable manner, then there will be improved service delivery and this is one way of accounting to the tax payers.

Complete conformance to the recommendations of this study would guarantee maximum adherence to the law, enhance efficiency in public procurement, and increase public confidence in the procurement process. Additionally it will further enhance the protection of public resources and grant equal opportunity for all. Though, the research admits that its findings cannot be generalized due to the limited nature of the sample size, it also believes that the recommendations can be benchmarked to improve on procurement planning and implementation in the nation as a whole.

5.4 Study Recommendations

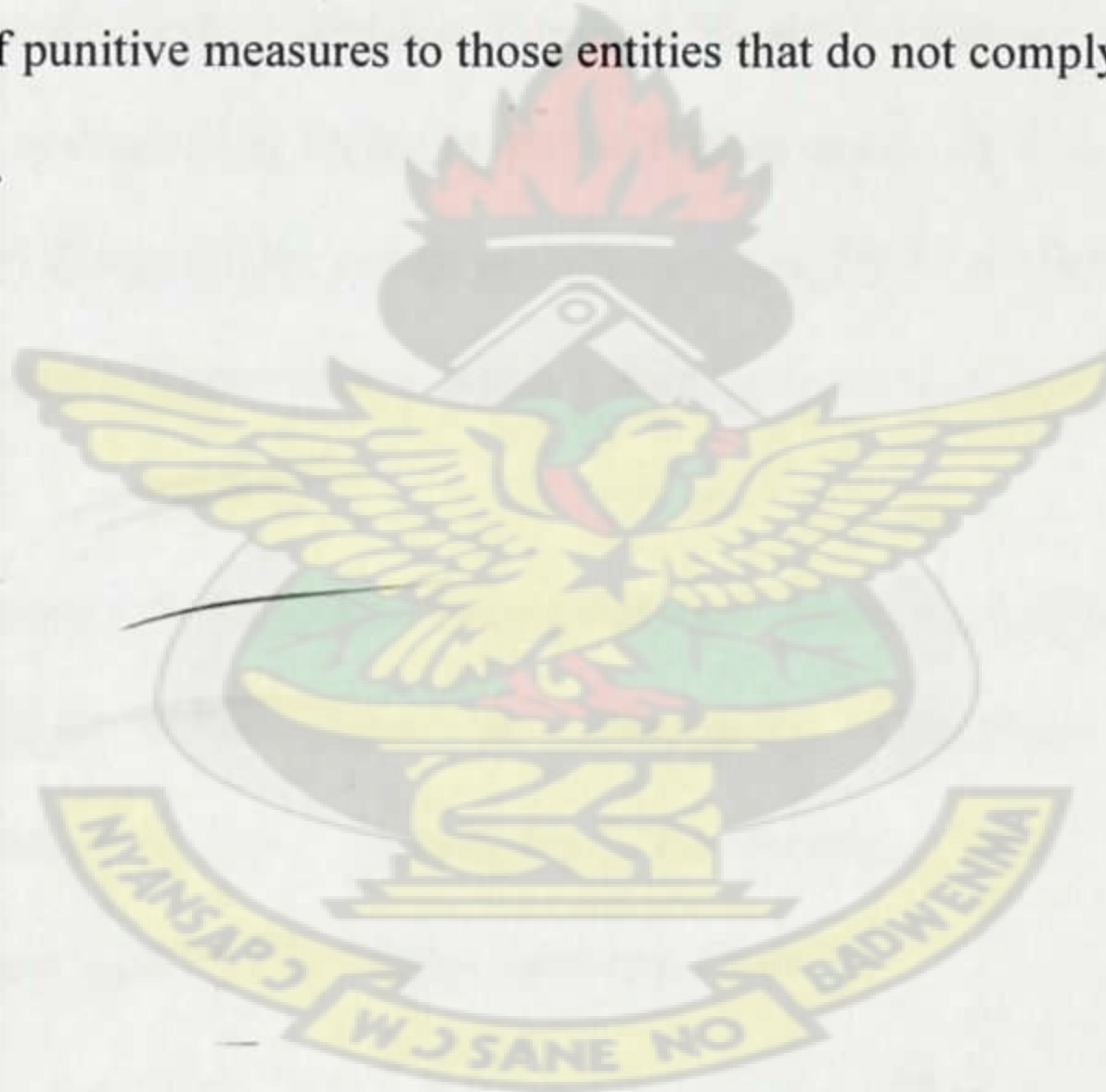
The following recommendations are therefore suggested with the believe that the will help improve procurement planning and implementation and to achieve the overall objectives of the Public Procurement Act, 2003 (Act 663).

- i) The composition of the entity tender committee at the MMDAs should be well constituted. The Attorney General department should recruit lawyers who should be assigned to the various MMDAs. These lawyers can then be made members of the entity tender committee to support in the committees work.
- ii) The composition of the entity tender committee for MMDAs which mandates MPs to be members should be reviewed since MPs seem not to have time for the works of the tender committee. This will give the MPs more time to do their Parliamentary duties and also afford the opportunity for other equally competent staff of the assemblies who will always be available for the tender committee work to be part.

- iii) MMDAs should be encouraged to establish procurement departments/units to take charge of all procurement activities in the assemblies. This should be facilitated with the recruitment of Proficient Procurement Officers by the Local Government Service Secretariat.
- iv) To ensure competitiveness, transparency and value for money in the procurement processes, all MMDAs should submit their procurement plans to PPA to be posted on the website. This will give all interested tenderers enough time to participate in the tender process.
- v) With regards to budgeting for items in the procurement plan, MMDAs are encouraged to seek advice from professionals in preparing their budget estimates. The use of PPA's Template and Lead-Times in preparing the procurement plans is also recommended.
- vi) There is the need for regular education and training for procurement officers in the MMDAs on best practices with regards to public procurement. Such trainings should include the preparation of procurement plan, its implementation and contract management.
- vii) There is the need for politicians to stay off the procurement process and allow the law to work to the benefit of all not a few.
- viii) To address the issues of delay payments to contractors and suppliers as well as inadequate funds, funding agencies should be more committed and release funds

regularly and timely to ensure projects are completed within time and budget. On the issue of poor performance by some contractors and suppliers, MMDAs should blacklist and bare all such contractors and suppliers from taking part in any procurement process in the assemblies.

- ix) The Public Procurement Authority in collaboration with Ministries of Local Governments must ensure compliance through rigorous monitoring and application of punitive measures to those entities that do not comply with the legal requirements.



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APPENDIX I: RESEARCH QUESTIONNAIRE

DEPARTMENT OF BUILDING TECHNOLOGY

College of Architecture and Planning

Kwame Nkrumah University of Science and Technology, Kumasi

NORTHERN REGION

**PROCUREMENT PLANNING AND IMPLEMENTATION PRACTICES IN PUBLIC
ENTITIES IN GHANA; THE CASE OF METRO/MUNICIPAL & DISTRICT
ASSEMBLIES IN NORTHERN REGION**

Interview Guide for Metro/Municipal/District Assemblies

INSTITUTIONAL IDENTIFICATION

Name of Institution:.....

Name of Respondent and Position:.....

Name of Interviewer:.....

Interview Date:.....

A. Institutional Profile

1. When was the District established?.....
2. Briefly describe your mandate.....
3. Does the district assembly have the full staff capacity to carry out its mandate?
a) Yes b) No
4. If no why and what are you doing about the situation?.....

B. Background (Knowledge of the Public Procurement Act)

1. Are you aware of the Public Procurement Act, 2003 (Act 663)?
a) Yes b) No
2. How well does your District comply with provisions to the Public Procurement Act?
[] Very Poorly [] Poorly [] Not sure [] Well [] Very Well
3. Have your assembly's performance been assessed by the Public Procurement Authority?
(a) Yes (b) No
4. If yes, how well was the performance?
[] Very Poorly [] Poorly [] Not sure [] Well [] Very Well

C. Institutional Structures

1. Do you have a Tender Entity Committee?
a) Yes b) No
2. How well constituted is the Tender Entity Committee?
[] Very Poorly [] Poorly [] Not sure [] Well [] Very Well

3. Which of these members constitute the Tender Entity Committee?

☐ The Chief Executive Officer ☐ Co-ordinating Director ☐ Director of Finance ☐
MMDAs Lawyer ☐ One Member of Parliament ☐ Head of Works Department ☐
District Budget Officer ☐ District Planning Officer ☐ Others (specify)

4. Does the assembly have a Procurement Unit?

a) Yes b) No

5. Does the assembly have a Procurement Officer?

a) Yes b) No

6. If No, Who is in charge of procurement in your assembly?.....

7. What is his/her level of training/qualification?

☐ Diploma in procurement related studies ☐ Degree in procurement related studies
☐ Master in procurement related studies ☐ Others (specify).....

D. Procurement Planning and Budgeting Process

1. Does the assembly have a procurement plan as required by Act 663?

[a] Yes [b] No

2. Who prepares the Procurement Plans for the assembly?

☐ Procurement Officer ☐ Budget Officer ☐ Planning Officer ☐ Others
(specify).....

3. When is the Procurement Plan prepared for each fiscal year?

☐ 1st quarter of the preceding year ☐ 2nd quarter of the preceding year ☐ 3rd quarter
of the preceding year ☐ 4th quarter of the preceding year ☐ Others (specify)

.....

4. How well involved are the user-departments in preparing the procurement plans?

☐ Very Poorly ☐ Poorly ☐ Not sure ☐ Well ☐ Very Well

5. Is the procurement plan approved by the Entity Tender Committee?
- a) Yes b) No
6. Do you post your procurement plans on PPAs' website?
- a) Yes b) No
7. How well are the procurement plans updated (quarterly updates) as required by Act 663?
- ☐ Very Poorly ☐ Poorly ☐ Not sure ☐ Well ☐ Very Well
8. Which type of template does the assembly use in preparing its procurement plan?
- [a] PPA Template [b] Personal template [c] World Bank [d] Others
(specify).....
9. What Lead-Times does the assembly use in preparing its procurement plan?
- [a] PPA [b] Personal experience [c] World Bank [d] Others (specify).....
10. Which of these factors is/are responsible for the changes in the plan time verses actual time in the procurement plan? (You may select more than one)
- [a] Inadequate funds [b] delays by some contractors/suppliers [c] Unrealistic lead-times [d] Political interference [e] Others specify).....
11. Are there any challenges/ constrains as far the Procurement Planning Process is concerned?
- a) Yes b) No
12. If yes, what are some of the Challenges/Constrains? (You may select more than one)
- [a] Inadequate procurement personnel
- [b] Inadequate training on procurement planning
- [c] Poor understanding of the Public Procurement Act (Act 663)
- [d] Others (specify).....

13. How well is your assembly able to implement its procurement Plan?

[1] Very Poorly [2] Poorly [3] Not sure [4] Well [5] Very Well

14. What are some of the constraints/challenges you face in implementing your procurement plan? (You may select more than one)

[a] Inadequate funds [b] Poor performance by some contractors/suppliers [c] Political Interference [d] Poor Contract Management [e] Disregards to procurement procedures

[f] Inadequate procurement planning [g] Others

(specify).....

Budgeting

1. Does your assembly budget for its procurement plans?

[a] Yes [b] No

2. What is the basis of the estimates/budget for each project on the procurement plan? It is done by

[a] Professionals

[b] Past records

[c] Enquires/quotations

[d] Others (specify).....

3. What are some of the funding sources for your projects?

[a] Common Fund

[b] Internal generated funds (IGF)

[c] Donor/Development Partners

[d] Others (specify).....

4. Are the budgets approved?

[a] Yes [b] No

5. If yes, is it?

[a] Fully approved [b] cut down?

6. If cut down, how does the assembly make up for the reduced budget?

[a] Seek funding from other sources

[b] Review the scope of the project

[c] Abandoned the project altogether

[d] Others (specify).....

Local Governance

In your opinion, how has Procurement Planning and Implementation in your assembly affected the following indicators. Kindly rank them on the scale of 1-5. Where 1=Strongly agree 2= Agree 3= Not Sure 4= Disagree and 5= Strongly disagree

S/n	Indicators	1	2	3	4	5
1	Completion of projects on time (time over runs)					
2	Completion of projects within budget (cost over runs)					
3	Achieving project quality					
4	Transparency in the procurement process					
5	Accountability in the procurement process					
6	Achieving value for money in the use of public funds					
7	Instill trust and confidence in public procurement among stakeholders					

E. Training Needs for Procurement Planning.

1. In which areas will you like to improve your skills in order to effectively undertake procurement planning?.....
2. Does the assembly have any capacity building policy?
a) Yes b) No
3. If yes, does the training include procurement planning and implementation modules?
a) Yes b) No
4. How many times in the year does your assembly undertake training on procurement Planning and implementation?
[a] Monthly [b] Quarterly [c] Twice a year [d] Once a Year [e] Others
(specify).....

