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**COLLEGE OF ARCHITECTURE AND PLANNING**

**DEPARTMENT OF BUILDING TECHNOLOGY**

**PROCUREMENT PLANNING PRACTICES AT GHANA COCOA BOARD**

**BY**

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**A DISSERTATION SUBMITTED TO THE DEPARTMENT OF BUILDING  
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**IN**

**PROCUREMENT MANAGEMENT**

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## 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.

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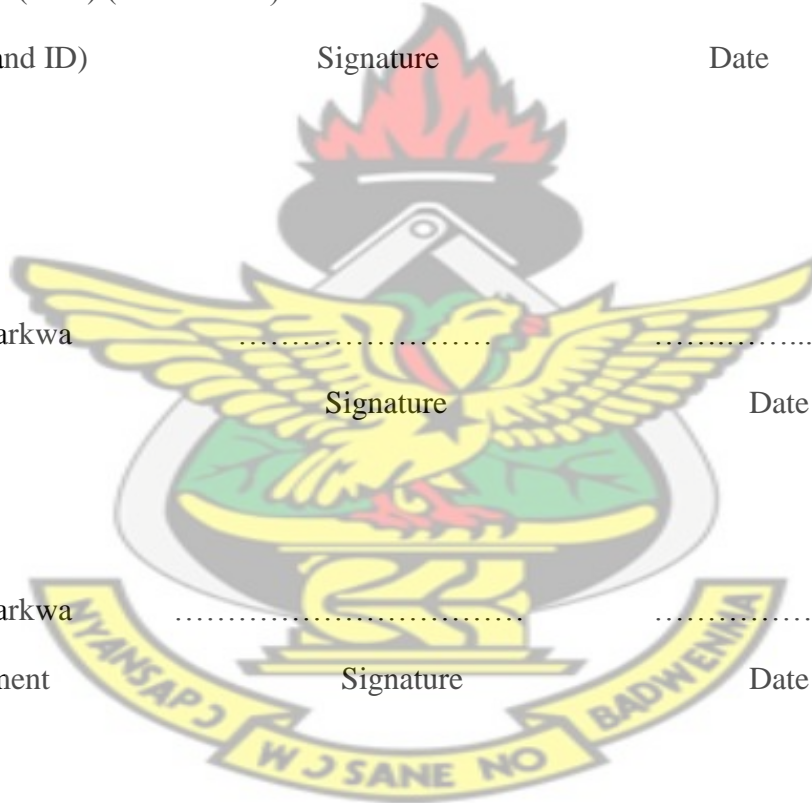
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## ABSTRACT

Multiple arguments against corruption backed by arguments for increased efficiency in the procurement systems in Ghana led to the legislation of the Public Procurement Act 663 in 2003 which became fully operational in 2004. Its main objective was the harmonization of the public procurement in the public service to secure a judicious, economic and efficient use of state resources in public procurement and ensure that public procurement is carried out in a fair, transparent and non-discriminatory manner.

This study set out purposely to outline the institutional structures that exist at the Ghana Cocoa Board and to identify challenges confronting procurement planning.

The findings of the study revealed that, the institutional structures for procurement planning at Ghana Cocoa Board were quite good. The entity has two departments responsible for procurement. The Procurement department is responsible for the procurement of goods while the General Services department is responsible for procuring works and services. It came to light that Ghana Cocoa Board has a Tender Committee and each of these two procuring departments forms a Tender Evaluation Panel when the need arises for tender evaluations to be done. It was further revealed that the makeup of these committees is in order. Further analysis showed that the persons at the helm of procurement planning have the requisite education to handle their jobs and therefore an appreciable level of competence to accompany their levels of education is expected. Some factors that emerged in the study as challenges to effective procurement planning include inadequate procurement officers, little education and training on procurement planning, poor understanding of the Public Procurement Act on the parts of both procurement personnel as well as staff of other departments partly contributing to yet another challenge – lack of cooperation from user departments. Political interferences with the procurement processes, insufficient funds

and delays in the release of these funds, poor performance by some contractors and suppliers and poor contract management added to the challenges facing the entity.

The study recommends that management of the entity should ensure that the procuring departments fully abide by all the stipulations of the Public Procurement Act 2003, (Act 663) to make the entity fully compliant. In addition, training programs and refresher courses should be organized on regular basis not only for procurement staff but also for staff of other departments as well to increase their knowledge and understanding of procurement procedures and to enhance cooperation from user departments.



## DEDICATION

This work is dedicated to my late lovely mother; Esther Korkor Kwapong.

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## CHAPTER ONE

### INTRODUCTION

#### 1.1 Introduction to the study

This dissertation documents procurement planning practices at Ghana Cocoa Board. This chapter covers the background to the study, statement of the problem, purpose of the study, aim/objectives of the study, research questions and finally the significance of the study.

#### 1.2 Background to the study

Public procurement refers to the acquisition of goods, services and works by a procuring entity using public funds (World Bank, 1995). Søreide (2002) explains public procurement as the public acquisition or public purchase of goods and services. Public procurement makes a lot of public funds available, probably more funds than is made available to any other state agency, to procurement officials who are entrusted with the responsibility of utilizing those funds in the best interest of the public (Wogube, 2011).

Indeed, research has shown that public procurement takes up more than half of public spending in most countries. In Kenya for instance, public procurement accounts for 60% of public spending (Akech, 2005) while in Uganda, it accounts for 70% of public spending (Government of Uganda, 2006 both cited in Basheka and Bisangabasaija, 2010). In Ghana, public procurement accounts for 50% - 70% of the national budgets (after personal emoluments), 14% of the Gross Domestic Product and 14% imports. Implicitly public procurement has both social and economic impacts on the country (World Bank 2003a).

Considering the huge amounts of funds devoted to public procurement, some measures are necessary to ensure that these funds are well utilized. Among these necessary measures is planning. Adequate planning is required to ensure maximum efficiency in the use of funds (Thai, 2004). Again, public procurement is one of the major links between the public sector and the private sector. It is therefore imperative that the procurement process is well planned and carried out to forestall waste in the acquisition of goods, works and services for public use. Procurement planning is one of the primary functions of procurement with a potential to contribute to successful and improved service delivery (Basheka, 2009).

As already pointed out, public procurement uses a significant share of a country's resources. For instance, public procurement accounts for about fifteen per cent of Gross Domestic Product among Organization for Economic Cooperation and Development member countries. In Ghana, it takes up 14% of Gross Domestic Product (World Bank, 2003a). This suggests a huge volume of transactions and high financial interests at stake in dealing with public procurement and in the absence of proper planning, dissipation of state funds will be inevitable.

Considering the huge amount of public funds involved in public procurement and the fact that public procurement should be handled in the most efficient manner, countries have undergone reforms in their public procurement laws (Søreide, 2002). This is because the state owes duty to the people to safeguard their interests and ensure optimum use of state funds which primarily comes from the taxes of citizens. Thai (2004) has argued that public procurement contributes to the broader socio-economic goals of a country. The general public is therefore particular about goods, works, and services that are procured to meet their needs and the amount of funds that are committed to procuring those goods. In other words, the public expects value for money.

Wogube (2011) asserted that value for money can only be possible in public procurement when the processes involved are well planned and implemented according to plan.

One important fact in most developing countries is that state institutions are usually given less money than they ask for and yet are expected to operate to full capacity. Budgets are often cut down and cost cutting measures are encouraged among these institutions (Basheka, 2008). Procurement therefore needs to be carried out under cost cutting arrangements amidst budget cuts and this makes adequate and proper planning in public procurement all the more necessary.

Procurement planning is defined as the process of determining the procurement needs and the timing of their acquisition and funding such that the entire operations are met as required in an efficient way. It generates power that propels the engine of the procurement process. Thus a mistake in procurement planning may culminate into diverse implications in the organization that may deter its progress (Wogube, 2011).

In Ghana, procurement planning is part and parcel of the traditional planning already familiar in local governments notably, development planning and budgeting. The mandate for planning in public sectors is derived from Section 21 of the Public Procurement Act 663 of 2003: which demands each entity to prepare an annual procurement plan based on the approved budget, which shall be submitted to the Public Procurement Authority to facilitate orderly execution of annual procurement activities. Wogube (2011) also stated that a procurement plan should be integrated into the annual sector expenditure program to enhance financial predictability, accounting and control over procurement budgets. Wogube further explained that procurement plan for a procuring entity includes contract packages, estimated cost of each package, procurement method; and the processing steps and times.



### 1.3 Problem statement

An allegedly effective means of ensuring proper procurement planning is procurement reforms (Agaba and Shipman, 2006). When the implementations of procurement reforms are argued, there are multiple arguments in favour of increased efficiency (Lennerfos, 2007). Perhaps such arguments in favour of reforms are what have made procurement reforms quite common in many countries. By the late 1990s the failure of the existing procurement systems to cope with the expansion in government procurement requirements and inability to deliver value for money had almost become a norm (Agaba and Shipman, 2006) and this partly contributed to the need for procurement reforms.

In 1999, similar reforms in Ghana led to the legislation of the Public Procurement Act 2003, (Act 663) which became fully operational in 2004. The Act was enacted to harmonize public procurement processes in public service, secure judicious, economic and efficient use of state resources in order to ensure that public procurement is fair, transparent and non-discriminatory (Ministry of Finance, 2001). One of the stipulations of the Public Procurement Act 2003 (Act 663) is the procurement plan. The implementation of these interventions would be incomplete without proper procurement planning. The establishment of the Public Procurement Act 663 of 2003 is to ensure sanity in the procedures and processes of public procurement to make it more efficient and effective in the service delivery. Thai (2004) has argued that procurement needs a budget to fund it and a procurement budget needs a plan to support it. Thai (2004) further posits that planning has implications for the future impact of today's decisions and is therefore very important in the procurement process.



Most countries as part of the efforts to adopt a long term and strategic view of their procurement needs and management have resorted to turning to their annual procurement plans as a possible 'problem-solver'. However, procurement plans are hindered by corruption which diverts decision-making and the provision of services from those who need them to those who can afford them (Langseth et al., 1997). The Public Procurement Authority's Annual Procurement Assessments of Entities 2011 however, revealed that most procurement entities do not always comply with the laws governing public procurement in Ghana as stipulated in the Public Procurement Act, Act 2003 (Act 663). This practice has the tendency to result in public purchases that do not satisfy the needs of the general public or that delivers less value for money.

In the Auditor General's Report (2011), the department indicated its dissatisfaction about the way public institutions and sub-vented organizations had handled the finances entrusted to their care especially during procurement of goods, works and services suggesting non-compliance with the laid down procedures governing public procurement. The Public Accounts Committee of the Parliament of Ghana has also had to caution procurement officers of the various procurement entities time and again to be careful to adhere to the demands of the Public Procurement Act 2003 (Act 663) or face the full rigour of the law. These issues together with others have propelled this study to be conducted.

#### **1.4 Aim**

The aim of this study is to investigate procurement planning procedures at the Ghana Cocoa Board.

#### **1.5 Objectives**

The following are the specific objectives of the study:

- i. To outline the structures and frameworks that exists at Ghana Cocoa Board responsible for procurement planning and the makeup of the structures.
- ii. To identify factors that pose challenges to effective procurement planning.

### **1.6 Research questions**

Research questions which arise in the light of the discussions above include:

- i. What structures exist at Ghana Cocoa Board responsible for procurement planning and what are the compositions of these structures?
- ii. What are the factors affecting effective procurement planning procedures in Ghana Cocoa Board?

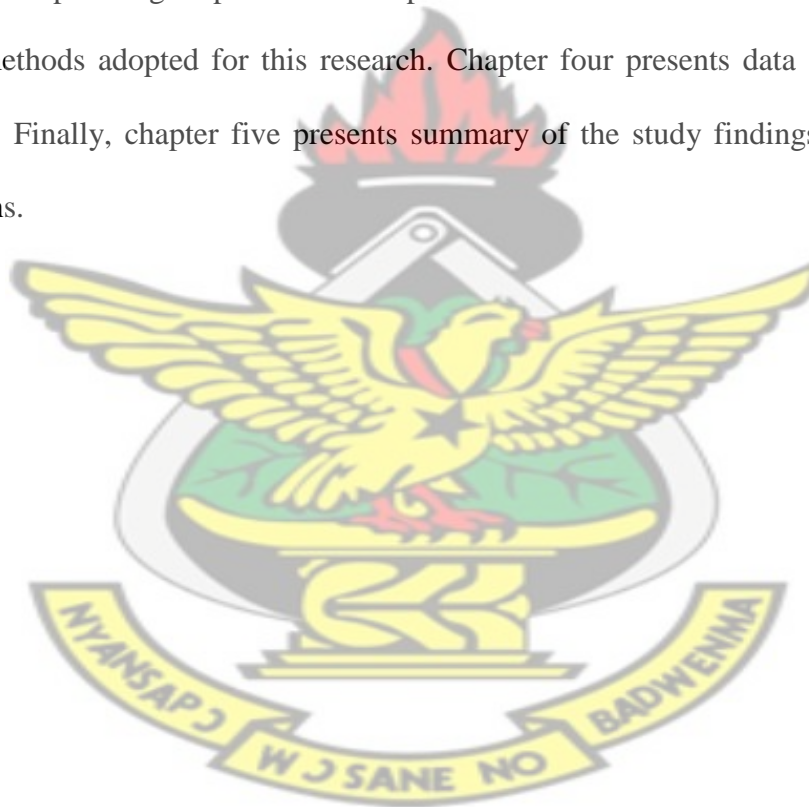
### **1.7 Significance of the study**

- i. Factors that constrain smooth planning and implementation would also be laid bare in this study so that appropriate steps may be taken to confront these challenges
- ii. The findings of the study will specifically help Ghana Cocoa Board to revisit its procurement planning if they are to improve on service delivery.
- iii. This study is further significant because it will add to literature on the subject matter and serve as a basis upon which further empirical studies may be carried out in the field of procurement planning practices in Ghana.

iv. A study such as this will bring to the fore procurement planning issues that will promote efficiency in procurement.

### **1.8 Organization of the study**

This study is organized into five chapters. Chapter one of the thesis discusses the overview of the study, problem statement, research aim/objectives, research questions and significance of the study. Chapter two presents the relevant literature review on public procurement in general, public procurement planning in particular. Chapter three focuses on the most suitable research materials and methods adopted for this research. Chapter four presents data analysis, findings and discussions. Finally, chapter five presents summary of the study findings, conclusion and recommendations.



## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter discusses the opinions, findings from different authors, publications, magazines, websites, and all possible sources as basis of foundation for this research study. This chapter also focuses on explaining various terms and procedures familiar to public procurement especially regarding the planning stage. Much attention is paid to the issue of planning since that is the main focus of this study having identified planning prior to undertaking public procurement as being essential if efficiency is to be enhanced. Various processes involved in the procurement system of Ghana will also be discussed in this work. Later sections in the chapter will review empirical works previously carried out by various authors on the subject.

#### 2.2 Overview of public procurement

Public procurement has a long history as reported by Thai (2001). Thai traced this history where the earliest procurement order dates from between 2400 and 2800 B.C with a procurement order written in red clay tablet found in Syria. The order was for '50 jars of fragrant smooth oil for 600 small weights in grain' Hunja, (2003), while other evidence of historical procurement includes

the development of the silk trade between China and a Greek colony in 800B.C. The importance of public procurement cannot be overstated in view of the huge financial outlays that are usually involved: Pegnato (2003) estimated United States federal procurement figure at around US\$200 billion per annum while Coggburn (2003) put the combined level of state and local government's at more than US\$1trillion. Thai (2000) estimated government's collective purchasing at round 20% of Gross Domestic Product while for developing countries, Nicol (2003) put the figure at 15% of Gross Domestic Product. Public procurement is therefore an important function of government as the huge outlays has a great impact on the economy and needs to be well managed Thai, (2001) and secondly, as an important tool for achieving economic, social and other objectives Arrowsmith and Trybsu, (2003).

### **2.3 Conceptual definition of procurement**

Procurement is the process of acquiring goods, works and services, covering both acquisitions from third parties. Public Procurement, according to Public Procurement Authority, (2003), procurement involves option appraisal and the critical "make or buy" decision which may result in the provision of goods and services in appropriate circumstances. Again, Ghana Integrity Initiative (2009) defines, public procurement as the acquisition of goods and services at the best possible total cost of ownership, in the right quantity and quality, at the right time, in the right place for the direct benefit or use of governments, corporations, or individuals, generally via a contract. It can be said to be the purchase of goods, services and public works by government and public institutions. It has both an important effect on the economy and a direct impact on the daily lives of people as it is a way in which public policies are implemented Ghana Integrity Initiative, (2009). Procurement is to purchase the right quality of material at the right time, in the right quantity, from the right source, at the right price. The main objectives of procurement



include: supplying the organization with a steady flow of materials and services to meet its needs, to buy efficiently and wisely, obtaining by ethical means the best value for every money spent, to manage inventory so as to give the best possible service to users at lowest cost and protect the government's cost structure. Public Procurement is a potential instrument of integrating socially and economically sustainable benefits to stimulate employment programmes. According to Sarpong (2007), procurement is the management of sustainable acquisition of goods, works and services to optimize value for money through a professional, auditable and transparent framework. Sarpong believes that any good procurement should have the following principles;

- Efficiency and Effectiveness: all procurement functions should aim at achieving the right quantity and quality at the minimum cost.
- Competitiveness: the procurement process should ensure some competition among the competing parties.
- Ethical approach: procurement process should avoid all practices that could lead to possible conflict of interest.
- Fairness: all procurement should aim at achieving fairness and ensuring that all participating bidders are given equal opportunity to tender.
- Transparency: the procurement process should be open enough to avoid giving competitive bidders advantage over other bidders. These are in line with the World Bank's principles of procurement and it is therefore imperative to see these principles in all procurement. Any procurement without these principles and objectives should not be



considered as a good procurement and it is not in the interest of the nation since all forms of procurements have these principles.

Public Procurement Authority –Ghana, (2003) is of the view that for procurement to achieve its goals, it should follow these two principles: Professionalism and Value for Money (Economy). Professionalism is the discipline whereby educated, experienced and responsible procurement officers make informed decisions regarding purchase operations. Value for Money (Economy): this is to secure a judicious, economic and efficient use of state resources at a reasonable cost. Value for money is not about achieving the lowest initial price: it is defined as the optimum combination of whole life costs and quality.

#### **2.4 Definition of public procurement**

Public procurement is the process by which large amounts of public funds are utilized by public entities to purchase goods and services from the private sector Hunja, (2003). It therefore involves the acquisition of goods and/or services at the best possible total cost of ownership, in the right quantity, quality, time and place for use by government and public organizations via contracts. According to Lyson and Gillingham, (2005) public procurement may be defined as that function responsible for obtaining by purchase, lease or other legal means, equipment, 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.

Public procurement, according to the Public Procurement Act, 2003 (Act 663), 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’. In other words, public procurement is the process by which organizations acquire goods, works and services using public funds. It is a comprehensive process that runs from proper procurement planning, budget allocation, tender invitation, tender evaluation, award of contract, contract management, performance measurement, monitoring, auditing and reporting.

Public procurement can be described as centrally negotiated legal processes which are guided by political decisions and practically implemented by various local purchasers. It should be acknowledged that public procurement has both economic and social benefits, but the social benefits of public procurement are primarily seen as indirect positive effects from economic savings and environmental improvements Björn (2004). According to Waara (2007), Public procurement is any purchasing performed by any public authority within the classical sector or within the utilities sector. Public procurement is the process by which organizations acquire goods and services using public funds. It includes planning, inviting offers, awarding contracts and managing contracts.

## **2.5 Definition of procurement planning**

Procurement planning is a process of determining the procurement needs of an entity and the timing of their acquisition and their funding such that the entities operations are met as required in an efficient way Agaba and Shipman, (2006).

According to the *Zambian Public Procurement Authority Guideline*, procurement planning is the process of identifying and consolidating requirements and determining the timeframes for their procurement with the aim of having them as and when they are required. Hence a good procurement plan describes the process in the identification and selection of suppliers/contractors/consultants.

Arrowsmith, et al., (2000) have also posited that procurement planning involves deciding whether there is a need for the particular goods or services and ensuring that the purchaser has the legal powers to undertake the transaction, obtaining any relevant approvals within the government hierarchy and arranging the necessary funding. In effect, procurement planning involves identifying requirements and determining the time within which the required goods or services are needed in order to procure them on time to meet the need for their uses (Government of Rwanda, 2010).

According to Agaba and Shipman (2006), procurement planning is the process used by companies or public institutions to plan purchasing activity for a specific period of time. This is commonly completed during the budgeting process. Each year, departments are required to budget for staff, expenses, and purchases. Procurement planning is the first step in the procurement planning process. Procurement planning is the purchasing function through which organizations obtain products and services from external suppliers. A good procurement plan will go one step further by describing the process one goes through to appoint those suppliers contractually (Wogube, 2011). Whether one is embarking on a project procurement or organizational procurement planning exercise, the steps are the same. First, is to define the items needed to procure. Next, is to define the process for acquiring those items and finally, the schedule of the timeframes for delivery. Procurement is thus one part of the commissioning

process. It refers to a specific method of purchasing services which involves tendering for a contract.

## **2.6 Nature of public procurement systems before the reforms in Ghana**

Prior to the enactment of the Public Procurement Act, 2003 (Act 663), the Ghana Supply Commission and the Ghana National Procurement Agency were the main governmental procurement agencies that were engaged in the procurement of all public goods on behalf of government since there was no comprehensive procurement guidance on the scope and procedures for the procurement of goods, works and services in Ghana (Anvuur and Kumaraswamy, 2006; Verhage et al., 2002). These bodies do not regulate procurement but purchase goods and services on behalf of public entities. As there was no comprehensive legal regime and a central body with the responsibility to harmonize procurement process in the country and due to some inefficiencies as a result of the lack of qualified personnel, lack of planning for the required goods and long delivery times in the country, more and more sector ministries such as the Ministry of Health decided to conduct their own procurement functions which led to some individual procurement development programs in these ministries with some input from the Ministry of Finance and some donor agencies (Verhage et al., 2002). For instance the procurement of construction works and services have been regulated mainly through circulars from the Ministry of Finance. This complemented a set of procedures evolved by convention in connection with the control of procurement exercised by the Ministry. Central, Regional and District Tender Boards supervised the tendering processes and award of contracts within thresholds defined by the Ministry of Finance as reported by (Anvuur and Kumaraswamy, 2006). World Bank projects used the World Bank Procurement Guidelines for the Selection of Consultants (World Bank, 1997). These arrangements notwithstanding, the Ministries,



Departments and Agencies (MDAs) and District Assemblies (DAs) maintained separate lists for the pre-qualification of contractors and use different standard conditions of contract for works procurement (Adjei, 2006). World Bank administered projects used the Fédération Internationale des Ingénieurs Conseils (FIDIC) conditions of contract for works contracts and shortlists for the selection of consultants. The classification of Contractors by the Ministry of Water Resources, Works and Housing were observed to be too general and obsolete and the registration criteria, lists of contractors and monetary thresholds were not regularly updated according to the (Eyiah and Cook, 2003; World Bank, 1999). 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. Except for major or complex assignments, most government-financed architectural consultancy services and project supervision had been assigned to the Architectural and Engineering Services Limited on sole source basis (World Bank, 1997). The shortlists used on World Bank-administered projects for the selection of consultants were observed to be repetitive, with the same firms selected for civil engineering and building works supervision. Many instances of a single contract or buying and pricing all the tender documents, and of the award of a number of contracts (or lots) to the same contractor/supplier, under different contracting names were also observed (Crown Agents, 1998 and Westring, 1997). Studies have shown that public procurement represents about 24% of total imports of this country and apart from personnel emoluments, it represents between 50-70% of the national budget procurement planning and thereby contributing about 14% to Ghana's Gross Domestic Product (GDP). This no doubt explains why planning of public procurement has assumed a significant role in national development.

## **2.7 The legal framework of public procurement reforms in Ghana**

The Government of Ghana launched the Public Financial Management Reform Programme (PUFMARP) in 1996 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. According to Public Financial Management Reform Program PURFMAR (1996), procurement system in Ghana had some weaknesses: Some short comings that the Public Financial Management reform identified were as follows:

- 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 Limited procure on behalf of government for Public Entities
- 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

Based on the above findings, 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 Bill was drafted in 2002 and this was passed into law on 31st December 2003 as the Public Procurement Act of 2003, Act 663 (Adjei,



2006). The Act established Public Procurement Authority (PPA) as a body corporate charged with the oversight responsibility for the effective implementation of the Act. The object for Public Procurement Act 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 (Government of Ghana, 2003)

## **2.8 Procurement planning**

The Public Procurement Act 663 of 2003 provides for the activity of planning under Part3 section 21 which stipulates as follows:

(1) A procurement entity shall prepare a procurement plan to support its approved programme and the plan shall indicate:

- (a) contract packages,
- (b) estimated cost of each package,
- (c) the procurement method
- (d) processing steps and time

(2) A procurement entity shall submit to its tender committee not later than one month to the end of the financial year the procurement plan for the following year for approval.

(3)After budget approval and at quarterly intervals after that, each procurement entity shall submit an update of the procurement plan to the tender committee.

(4)The procurement entity shall send to the Tender Review Board, procurement notices for contracts and procurement plans above the threshold stipulated in Schedule 3 for publication in the Public Procurement Bulletin.

(5)A procurement entity shall not divide a procurement order into parts or lower the value of a procurement order to avoid the application of the procedures for public procurement in this Act.

It is therefore very important to note that procurement entities need to plan their procurement for the coming year by 30th of November of the preceding year, reviewed and approved by their entity tender committees and updated every quarter (Public Procurement Authority - Ghana, 2007). It is equally important to note that the procurement planning opportunities are to be published in the Public Procurement Bulletin and there should be no room for splitting of contracts so as to avoid the application of the procedures stipulated in the Act (Public Procurement Act 2003, Act 663). Hence, during the first phase of the procurement cycle, procurement requirements are specified by the user; the strategy to be used is decided including ‘make or buy’ decisions; funding decisions are taken; the applicable rules and methods to use are considered and then a time table for procurement process prepared.

## **2.9 The procurement plan framework**

According to Basheka (2008), the terminology surrounding procurement process signifies the stages or steps or phases that organizations or government departments follow in the acquisition of goods, services and works necessary for the performance of the various functions for which they are established. Basheka further stated that the process can be simple or complex depending

on what is being procured. In simple processes such as the case of micro procurement all the stages may not have to be followed to the latter as is the case in complex procurements unless special waivers have been granted by regulatory authorities Public Procurement Act 2003(Act 663). Public Procurement Authority - Ghana (2007) stated that it is necessary to understand the procurement cycle as it is the basis for proper execution of roles and responsibilities by the various key stakeholders in an entity. Basheka (2008) reasoned that procurement cycle summarizes the process through which a procurement entity procures (works, services and goods). Arrowsmith et al., (2000) emphasis that procurement plan contains useful information including the method of procurement for each or group of requirements, total time the procurement process will take (lead time), realistic time (date) when each requirement will required by the user, latest date when each procurement will be initiated by the user, financial year of initiation and financial year of payment of the procurement.

## **2.10 Sanctions for non-compliance and enforcement of rules in public procurement reforms**

The adherence to the provisions of the Act and Regulations by public officials is obligatory and therefore failure to do so is considered an offence which is subject to sanctions. Officials suspected of non-adherence to the rules and regulations and found guilty following investigations would be suspended and his or her benefits including salary withheld while officials found misappropriating government funds regardless of the value were to be summarily dismissed. Hence section 92 of the Public Procurement Act 2003, establishes that contravention of any provision of the Act is an offence and stipulates the penalties to be applied. The non-compliance

to procurement rules and regulations do not help in the achievement of the objectives by which procurement reform programmes were implemented and this is therefore considered a major hindrance to the effective implementation of such programmes.

## **2.11 Significance of procurement planning**

In management literature generally, the concept and function of planning serves as the bedrock upon which most if not all management decisions are built. Managers are expected to consider their overall management goals and future actions and based on these, make decisions for the present (Wogube, 2011). In other words, deciding what to do and how to do it (Litman, 2013), planning prevents managers from making rushed decisions or taking major decisions in the spur of the moment or without recourse to well-grounded logic. James (2004) has opined that when planning is appropriately done and implemented, it can serve as an important tool for distributing and allocating resources efficiently. Conveying this feature of management planning into public procurement, procurement planning also has the potential to make sure that resources are well allocated to maximum benefits (United Nations Development Programme, 2010). 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 (Thai, 2004). Generally, planning enables organizations to, among other things, determine performance standards, establish overall direction, anticipate and avoid future problems and reduce the risks of uncertainty, identify and commit resources towards the achievement of goals, determine and develop performance standards, and effectively coordinate various activities in the organization (Public Procurement Authority - Ghana, 2007). The Public Procurement Act 2003 (Act 663) provides for the activity of planning under Part 3 section 21. What the foregoing means is that it is imperative that procurement entities need to plan their procurement for the coming year by the

30th of November of the preceding year. The plan is reviewed and approved by their Entity Tender Committees (ETCs), after which the plans are updated every quarter. The list of entities who submitted their procurement plans are published in the Public Procurement Bulletin. In 2010, only 164 entities out of over 1000 entities across the country submitted their annual procurement plan. As at October, 2011 only 199 entities submitted their plan to Public Procurement Authority (Public Procurement Authority, 2010).

Mullins, 2003 argued that procurement planning is a process of determining the procurement needs of an entity and the timing of their acquisition and their funding such that the entities operations are met as required in an efficient way. As a function, procurement planning endeavors to answer the following questions: (a) what do you want to procure? (b) When do you want to procure it? (c) When are you to procure and when will you use the procured goods, services and works? (d) Where will you procure them? (e) When will resources be available? (f) Which methods of procurement will you use? (g) How will timely procurement or failure affect the user of the item(s) and the public procuring and assets disposal entity? (h) How can you be more efficient in the procurement process? and (i) Who will be involved in the procurement? (Basheka, 2008). It has been argued that planning is not concerned with future decisions but rather with the future impact of decisions made today and thorough planning is critical as agencies are always facing budget constraints that cannot satisfy all capital acquisition needs (Drabkin and Thai, 2003).

Therkildsen (2001) stated that whenever; there is accurate forecasting of what goods, services and works entities procure through procurement planning, the benefits of efficient application of resources are noticeable. The officials who are involved in the acquisition process will be aware of the items that are required, the time when they are required, the methods that will be used, the



people who are to be involved, the approval levels, etc (World Bank, 2003a). This will make all the processes transparent. It cannot create serious room for corrupt tendencies as it would have been the case where planning was lacking. Thai (2001) indicated that procurement planning is undertaken in the sense that the requirements of the Government are determined in advance by the entities for purpose of justifying budget requests. A study conducted by Public Procurement Authority revealed that the Government of Ghana could save about 25 percent of its domestic revenue from prudent public procurement practices and it reduces government expenditure.

According to Public Procurement Authority - Ghana (2007), public procurement has a direct impact on the following; the successful delivery of government projects and public services, sound public financial management by achieving value for money in government expenditure, reducing corruption, more competition, budgetary savings, reduce debt levels, and encouraging private sector. Social impacts of public procurement include enhanced respect for rule of law, improved social sector services, improved prospects of achieving other government objectives, increased access by local market to government contracts, and enhanced reputation for government institutions. It is obvious from the above discussing that procurement has multi-dimensional importance which cuts across all spheres of lives. Governments of developing countries must ensure that they implement procurement laws fully and remove all bottlenecks so as to achieve this benefit.

## **2.12 Implementation practices; challenges in perspective**

According to Arrowsmith and Trybus (2003), “the last decade of the twentieth century had witnessed the start of a ‘global revolution’ in the regulation of public procurement.” Actually,



challenges in procurement reforms are beyond procurement regulations to include procurement process, methods, procurement organizational structure, and workforce.

The 1996 Country Procurement Assessment Report identified the main deficiencies in the public procurement system as loose legal framework, lack of codified procedures and regulations, weak capacity of procurement staff, and unclear institutional and organizational arrangements for processing procurement and decision-making in award of contracts. According to Thai (2001), advertising under Government financed contracts for goods, works and services are rarely done because there is no specific rule requiring it. Except for Development Partner-funded projects, there is no evidence that any of the public procurement institutions assessed use General Notice of Procurement as a first step to advise the private sector of bidding opportunities.

Annual procurement plans are a requirement under World Bank financed projects, but the plans are often finalized late, prepared inadequately, not updated and often not adhered to (Thai, 2001). The National Public Procurement Authority of Sierra Leone in its 2005 report outlined several challenges confronting the operations of the Authority. Some of them include: inadequate funding, deficient staff strength and organizational and logistical limitations. Also, annual reports of Ghana Public Procurement Authority since its establishment have always cited inadequate funding as the leading barrier to smooth operations of the Authority (Public Procurement Authority, 2007)

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 (Thai, 2001). 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. This problem requires establishment of clear procurement procedures and performance standards. Performance 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, 2007), 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 Public Procurement Act, 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 Public Procurement Authority initiated a training program 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 practitioners 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.

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, 2003b). Poor records keeping (World Bank, 2003a), 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).

### **2.13 Empirical review**

Basheka (2009) conducted a study to examine the effects of procurement planning on local governance in Uganda. Employing a factor analysis approach with a sample size of 99 respondents drawn from key political and administrative stakeholders from eleven local governments in Uganda, Basheka noted a significant positive relationship between procurement planning and local governance. He noted that the critical stages of procurement planning essential for ensuring accountability and community participation help to improve governance and should thus not be taken lightly. The study further observed that if managed efficiently and effectively, procurement planning results into compliance to set processes which eventually leads to saving tax payers money.

The study by Basheka (2009) underscores the need for planning prior to any procurement activity. In fact, from the study, procurement planning is not only essential to achieve procurement goals including efficiency but also it helps in good governance especially at local government level.

The planning process helps local governments and persons in authority to encourage community participation and reduce the incidence of inefficient use of public funds which are critical components of good governance.

Kambase (2013) also conducted a study to investigate procurement planning in Metropolitan, Municipal and District Assemblies (MMDAs) in Ghana sampling 20 MMDAs in Northern Ghana for the study. His results showed that the institutional structures for public procurement prescribed by the Public Procurement Authority Act 663 of Ghana were not properly constituted in the MMDAs. This resulted in poor planning since the persons tasked to plan procurement activities did not have the right technical know how to do it.

The study of Kambase (2013) agrees with Ayittey (2012) that where institutional structures are non-existent or improperly constituted, it affects good planning which subsequently causes the procuring entity to lose out on the benefits procurement planning including efficiency in the scarce resource allocation.

Aliza et al., (2011) in their work on project governance framework in procurement planning indicated that public procurement need to be governed especially the procurement planning stage. According to the authors, this ensures accountability and transparency of the decision to award the right contract to the best contractor. The ensuing result is that goods or services supplied will meet high standards. They noted in their work that in the year 2006 alone, 17.3% of Malaysian government's contract projects were considered not done well due to poor contractors being awarded contracts, a situation that can be traced to poor planning.

The studies discussed above have all stated in no uncertain terms the vital role of procurement planning in the activity of procurement. The studies all confirm that planning is necessary to achieve all other goals related to procurement and most especially to obtain value for money which is one of the primary goals of public procurement.



# KNUST

## **CHAPTER THREE** **MATERIALS AND METHODS**

### **3.1 Introduction**

This chapter discusses information on how the study was conducted. It shows data needs, research approach, study population and research design, data collection approach, study variables, measurement of variables, data processing and analysis tool adopted for the study and limitations of the survey.

### **3.2 Data needs**

This study sought to establish what institutional structures exist within the Ghana Cocoa Board responsible for procurement and for that matter assess whether there is full compliance with the stipulations of the Public Procurement Act 2003 (Act 663) of Ghana. In line with this, data is needed on the various committees within Ghana Cocoa Board responsible for procurement planning and indeed all procurement activities generally as well as the compositions of the memberships of these committees. This will be assessed against the Public Procurement

Authority 2003 (Act 663) benchmark to ascertain compliance by Ghana Cocoa Board or otherwise. The procurement departments will be the source for this data.

Secondly, this study seeks to uncover the factors that inhibit effective procurement planning at the Ghana Cocoa Board. Structured questionnaire was used to seek data from personnel of the Procurement Departments to provide first-hand information on the challenges they face in their line of duty and how they affect effectiveness and efficiency in public procurement.

### **3.3 Sources of data and research approach**

Primary source of data was obtained for the study. The primary data was obtained directly from respondents through the administration of questionnaires. The primary data provided reliable and accurate first-hand information relevant to this study about the procurement planning practices at Ghana Cocoa Board and other issues necessary for the research. This study took the form of cross-sectional survey which involved seeking opinions from a lot of people for short time period through the use of questionnaire. The study employed the quantitative techniques.

### **3.4 Study population and research design**

The study population included all those involved in procurement Departments at Ghana Cocoa Board consisting of all 11 staff of the Procurement Unit in charge of procurement of goods and all 15 staff of the General Services Department in charge of works and services. The reason for choosing these categories of people is that their activities directly or indirectly have bearing on procurement planning practices at Ghana Cocoa Board which is the scope for the study. The study adopted the census approach and the main reason for adopting this approach was due to the relatively small number of the targeted respondents. The researcher found the entire population

to be sufficiently small to conduct the study on all the study population. In addition, the approach provides data on all individuals in the population. It helped eliminate sampling errors, allow virtually the entire population to be covered, in small population to achieve a desirable level of precision.

### **3.5 Instrumentation and method**

A self-developed questionnaire was used to elicit relevant data required from the field for analysis due to the number of respondents involved. Questionnaire was chosen because it was a technique that best helped gather relevant data. It was appropriate because it was assumed that the procurement officials were literate and for that matter they could be able to respond to the questions unaided. The questionnaire provided the same responses from a given set of respondents and helped reduce the inconvenience caused by busy schedules.

### **3.6 Study variables**

The questionnaire administered consisted of twenty-one questions. Likert-type items on a 1 to 5 scale with endpoints “strongly disagree to strongly disagree” and “very bad to very good” were used as some responses in this study. The first series of questions related to the respondent’s profile: this was intended to find out the background and experience of respondents. The second group of questions sought to find out the knowledge of the procurement laws and level of compliance. The third section, sought to find out the institutional structures. The fourth section, sought to find out the procurement planning practices. The fifth and sixth sections, sought to find out the staff training needs and challenges to effective procurement planning respectively. In designing the questionnaire, the researcher utilized some of the questions in the works previously

reviewed. The full detail of the questionnaire is attached as an appendix to this document. (See Appendix 1).

### 3.7 Data analysis

Statistical Package for Social Sciences (SPSS) was used for data entry and analysis of the data collected. Data preparation was the initial step to convert raw data into structured format that was more appropriate for the analysis. Tasks in this stage included data editing, data coding and data entry, frequency distributions, percentages, and descriptive analysis of assessing the procurement planning practices at Ghana Cocoa Board.

Responses from the multiple choice was analyzed by employing the mean score approach. The formula for the Mean Score (MS) is given by:

$$MS = \frac{\sum (f \times s)}{N}$$

Where:

MS = mean score

S = the score given to each factor by respondents

f = frequency of responses for each rating

N = Total number of respondents.

## CHAPTER FOUR

### RESULTS AND DISCUSSIONS

#### 4.1 Introduction

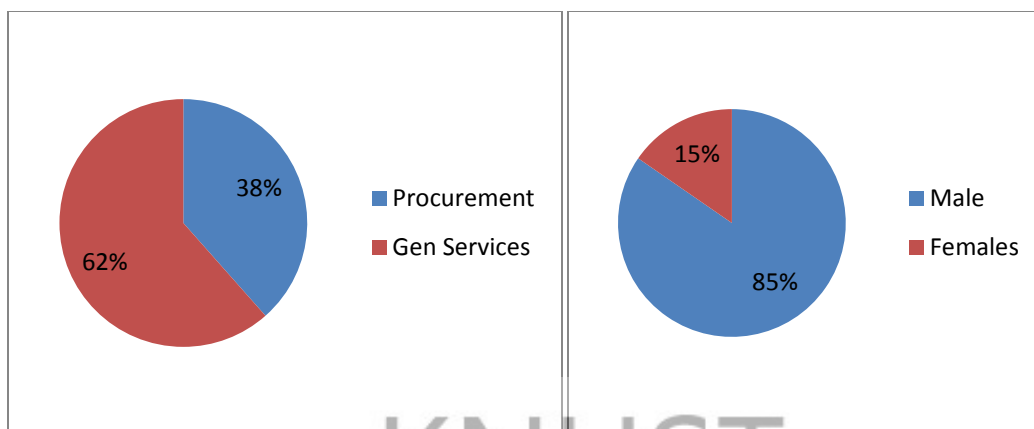
This chapter presents the results as obtained from the study and discusses them. As discussed in the preceding chapter, questionnaires were administered to all the members of the population due to the number of staff in the relevant departments that is, Procurement Department and General Services Department. Responses from the questionnaires are analyzed and discussed here.

#### 4.2.0 DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

##### 4.2.1 Gender and departmental distribution

The total respondents were made up of 22 males and 4 females representing 85% and 15% respectively. This reflects the dominance of males in such departments as Procurement and General Services at the Ghana Cocoa Board. Eleven respondents making up 38% of the respondents work with the Procurement Department while the remaining 15 respondents representing 62% work with the General Services department. These two departments are primarily responsible for procurement at Ghana Cocoa Board. This is represented in Figure 4.1.

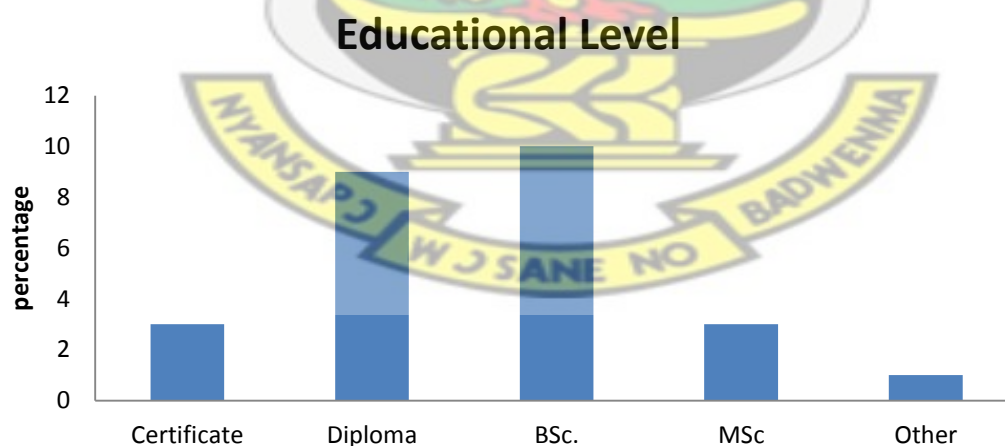




**Fig. 4.1:** Gender and departmental distribution of respondents

#### 4.2.2 Educational level of respondents

On the educational background of respondents, it was found that the modal educational level was bachelor's degree. About 39% of the respondents had attained up to a bachelor's degree while 35% had attained diplomas. This was followed by certificate holders as well as master degree holders; either of them accounted for 12% of the respondents. Figure 4.2 graphically depicts this.



**Fig. 4.2:**

Educational Level of Respondents.

It can be deduced that since the staff of the departments in charge of procurement are generally well educated with about 35% of them having a minimum of a diploma, they were in a good position to read and understand the Public Procurement Act (PPA) 2003 (Act 663) of Ghana and understand to be able to apply it in their work. As such, ignorance of the stipulations of the Public Procurement Authority Act 663 of 2003 may well be said to be non-excusable so far as members of staff of the Procurement and General Services departments of Ghana Cocoa Board are concerned.

#### **4.2.3 Professional association of respondents**

The study sought to further investigate if respondents belong to any professional associations besides the level of education they had attained. About 46% of the respondents did not belong to any professional association. The remaining 54% belonged to mainly the Ghana Institution of Surveyors (GhIS) with 12% of them belonging to the Chartered Institute of Purchasing and Supply (CIPS) and Accounting associations. The involvement of over half of the staff with professional associations further corroborate the earlier assertion made that staff members were educated well enough to know, understand and apply best practices related with their lines of duty. This will certainly go a long way to ensure that the right procurement practices are employed at Ghana Cocoa Board.

#### **4.2.4 Years of experience at respondents' departments**

According to Bond and Galinsky (2005) workers with significant years of experience are usually expected to know better, having learnt from the job over the years, and therefore perform better at a job as opposed to persons with little or no experience at all. It is in view of this that the study quizzed respondents about the years of experience they had gained working in their respective departments. It came to light that 8 respondents representing 31% of the population had worked at their departments for between 1 and 3 years inclusive. About 39% had worked at their departments for between 4 and 6 years. Five persons constituting about 19% had worked at their departments for between 7 and 9 years with 3 persons making 11% having over 10 years experience at their departments. This is represented in Figure 4.3.

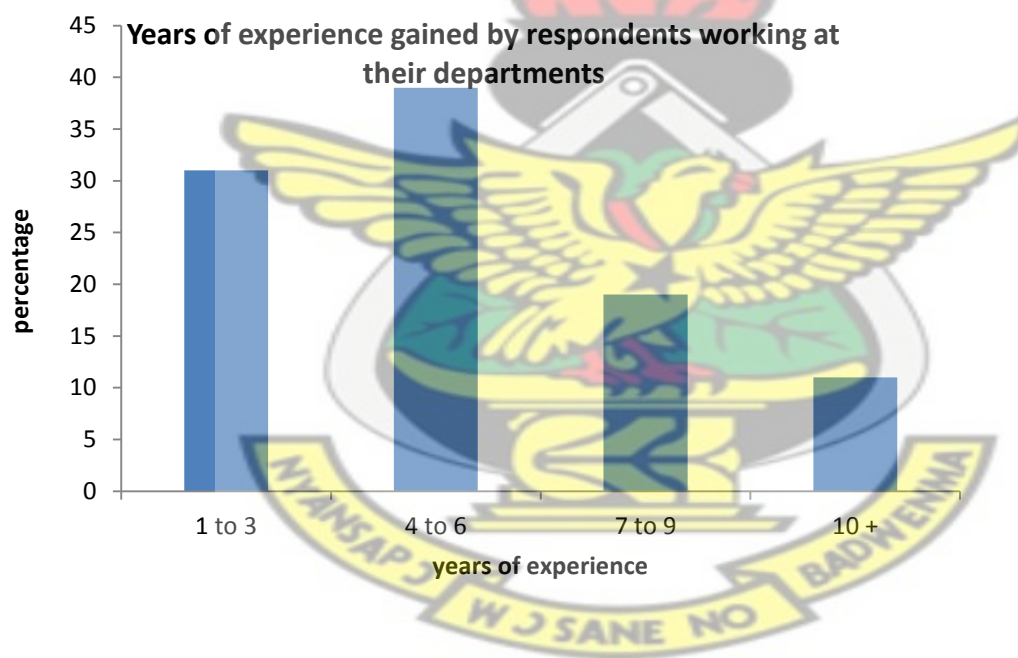


Figure 4.3: Years of experience gained by respondents working at their departments

With about 70% of the respondents having worked at their departments for at least 4 years, it is reasonable to conclude that they have gained the requisite job knowledge and experience to enable them perform creditably. Since no respondent has been at his department for less than a year, ignorance of best practices on the part of staff could be said to be inexcusable.

#### 4.2.5 Respondents' position

Out of the total number of respondents, none was in management position. However, 16 of them representing 61% were senior officers. Operational staff numbered 8 constituting 31% while the remaining 2 respondents representing 8% belonged to neither of the afore mentioned positions.

Figure 4.4 shows the number of years respondents have occupied their present positions.

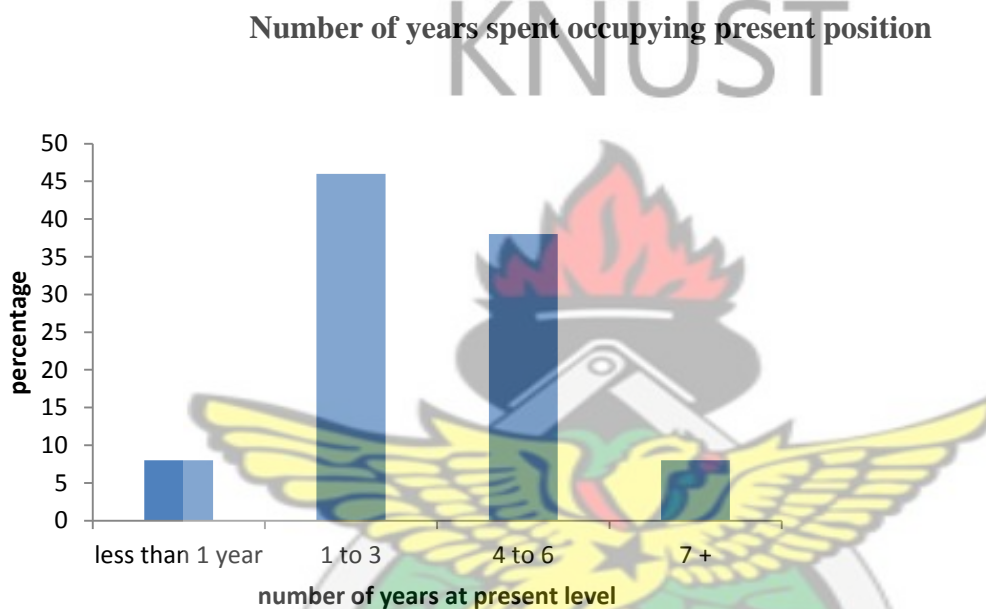


Figure 4.4: Number of years spent occupying present position

Table 4.2 shows that over 46% of respondents have been in their present positions for a minimum of 4 years; the same percentage applying to those who have been at their present positions between a year and 3 years. This means that an overwhelming 92% of the respondents have been at their present positions for a long time to carry out their functions well. It means therefore, that staff of the Ghana Cocoa Board Procurement and General Services Departments were very well experienced in their jobs and positions and hence it is appropriate to expect much from them as far as their delivery is concerned.

### 4.3 KNOWLEDGE AND LEVEL OF COMPLIANCE WITH PROCUREMENT REGULATIONS

#### 4.3.1 Awareness of the Public Procurement Act 2003 (Act 663) and knowledge of Authority's assessment of the entity

Respondents were asked about their awareness or otherwise of the existence of the Public Procurement Act, 2003 (Act 663). Impressively, it turned out that all respondents responded in the affirmative when asked if they were aware of the existence Public Procurement Act 2003 (Act 663). Thus, a 100% awareness level was recorded. On whether the procuring entity (i.e. Ghana Cocoa Board) has ever been assessed by the Public Procurement Authority on its performance regarding the entity's level of compliance, 92% responded affirmatively while 2 respondents representing 8% were not sure about the entity's assessment by the Public Procurement Authority. This is represented in Figure 4.5 below:

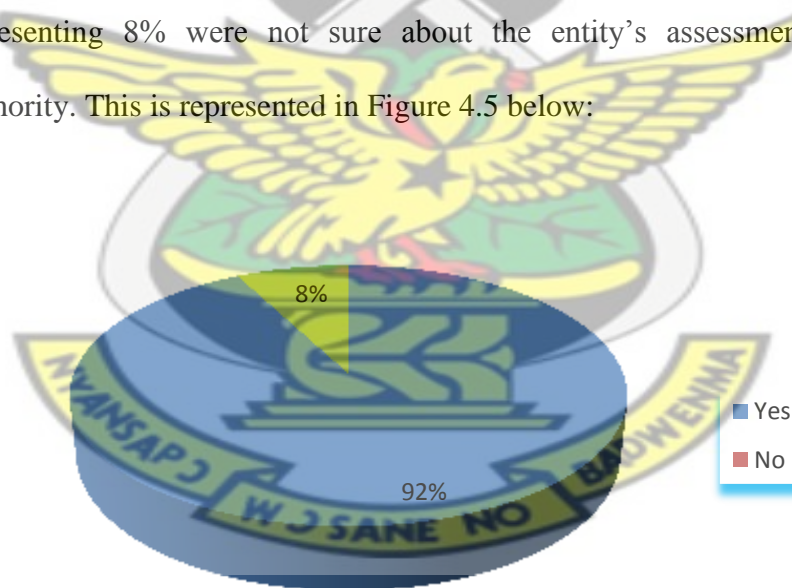


Fig. 4.5: Entity's performance assessment by the Public Procurement Authority

#### 4.3.2 Respondents' levels of acquaintance with the Public Procurement Act 2003 (Act 663) as related to their work



This question was posed to the respondents in order to assess their level of acquaintance with the Public Procurement Act 2003 (Act 663) as related to their work as professionals. From Table 4.1 with the highest mean score of 2.3077 and a rank of 1.5 on a scale of 1 (very poor) to 5 (very good), the respondents revealed that the knowledge they have acquired about the Public Procurement Act 2003 (Act 663) fully relates to and applies to their lines of work. This means the knowledge they have acquired has made them more efficient in handling procurement issues. Also with a mean score of 2.3077 and a rank of 1.5, the respondents also assert that having been assessed by the Public Procurement Authority, the performance of the procurement department in terms of procurement procedures has been highly improved. Finally, with a mean score of 2.2692 and a rank of 3, the respondents assert that Ghana Cocoa Board complies fully with all the stipulations of the Public Procurement Act 2003 (Act 663). This reveals the true state of affairs in Ghana Cocoa Board as it is an internally acclaimed body and fully complies with all procurement procedures as specified in Public Procurement Act 2003 (Act 663).

**Table 4.1: Knowledge of and compliance with the Public Procurement Act 2003 (Act 663)**

Statement	No.	Very bad	bad	Unsure	Good	Very good	Mean score	Rkg.
Your level of acquaintance with the stipulations of the Act as relates to your work.	26	2	14	10			2.3077	1.5
Percentage (%)								

		7.7%	53.8 %	38.5%				
The organization's level of compliance with the full stipulations of the PPA, Act 663.	26	7	7	10	2		2.2692	3
Percentage (%)		26.9%	26.9 %	38.5%	7.7%			
If yes, to statement 12, please indicate the level of performance as given by the Authority.	26	4	10	12			2.3077	1.5
Percentage (%)		15.4%	38.5 %	46.2%				

#### 4.4.0 INSTITUTIONAL STRUCTURES

##### 4.4.1 Presence of Entity Tender Committee and Tender Evaluation Panel

The Public Procurement Act 2003 (Act 663) in section 17 stipulates that each entity shall establish a Tender Committee. Section 19 of the Act requires a procurement entity to appoint a Tender Evaluation Panel to evaluate tenders and to assist the Tender Committee in its work. In keeping with this, all respondents affirmed that the entity under review has a Tender Committee and always forms Tender Evaluation Panel (an adhoc committee) for evaluation of tenders any time there is the need. This is contrary to the findings of Ayitey (2012) and Kambase (2013) who both observed that most entities do not have Tender Committees. This perhaps, may be one of the reasons for their good performance regarding compliance as rated by the Public Procurement Authority. The Tender Committees are composed of the following: the Chief Executive and his deputies, heads of respective divisions, the director of finance and head of procurement department. The Tender Evaluation Panel for the Procurement department is composed of the procurement officer, an accounts officer, an audit officer, legal officer and representatives from user departments. On the part of the General Services department, the following is the make-up of the Tender Evaluation Panel: the Procurement officer, the accounts officer, the quantity surveyor, representative/s from user department and in some cases experts from external sources depending on the nature of the work or service to be procured.

#### **4.4.2 Preparation of Procurement Plans at the Unit Level**

The study sought to know the persons in charge of the preparation of procurement plan at the unit level. It came to light that 46% attributed this responsibility to the Head of Department while 39% attributed it to the Principal Officer. The remaining 15% had different persons to attribute this responsibility.

Regarding the highest level of education of the head in charge of procurement in respondents' departments, over 92% claimed the head in charge of procurement in their department is a master degree holder while 8% claimed the head in charge is a bachelor degree holder. Given the foregoing, it can be inferred that preparation of procurement plans as stipulated by the Public Procurement Act 2003 (Act 663) should be easily adhered to especially considering the officers who draw up the procurement plan and the level of education attained by the heads in charge of procurement in the two departments.

#### **4.5 PROCUREMENT PLANNING PRACTICES**

Planning enables organizations to establish overall direction, determine performance standards, anticipate and avoid future problems and reduce the risks of uncertainty. Procurement planning helps to identify and commit resources towards the achievement of goals. It is in this respect that the researcher decided to find out whether Ghana Cocoa Board complies with the section 21 of the Act 663. The Public Procurement Act 2003 (Act 663) clearly outlines the “do’s” and “don’ts” expected from procuring entities regarding procurement planning. Members of staff of Ghana Cocoa Board’s Procurement and General Services departments were asked about these regulations as enshrined in the Act 663 to know what practices exist at the Ghana Cocoa Board in this regard. Respondents were asked to rank the procurement planning activities that go on at Ghana Cocoa Board on a scale of 1 to 5 where 1 represents ‘strongly disagree’, 5 represents ‘strongly agree’ and 3 was used to represent respondents who are unsure about a particular claim.

The results from Table 4.2a and Table 4.2b reveals that the procurement planning practice that is usually carried out at Ghana Cocoa Board is that the procurement entity does not divide a procurement order into parts or lower the value of a procurement order to avoid the application

of the procedures for public procurement in the Act. This has a mean score of 2.5385 and has a rank of 1. This is followed by the practice of the procurement entity submitting an update of the procurement plan after budget approval and at quarterly interval to the tender committee for review and approval. In terms of frequency, it can be argued that the most frequent procurement planning practice carried out by Ghana Cocoa Board are that firstly, the procurement Entity does not divide a procurement order into parts or lower the value of a procurement order to avoid the application of the procedures for public procurement in the Act and it submits an update of the Procurement Plan after budget approval and at quarterly interval to the Tender Committee for review and approval.

With mean scores of 2.2692, 1.4231 and 1.1538 and ranks of 4, 5 and 6 respectively, the respondents revealed that the procurement planning practices which are adhered to by the procurement departments of Ghana Cocoa Board are as follows:

Firstly, the procurement entity sheds its responsibility in preparing procurement plans for each fiscal year to support its approved budget. The procurement plan is supposed to indicate the contract packages, estimated cost for each package, the procurement method, processing steps and times. This very important practice as revealed by the respondents is rarely adhered to by the procurement departments of Ghana Cocoa Board.

Secondly, the results reveal that the procurement entity, being Ghana Cocoa Board is failing in its duty to create awareness of its staff about the procurement plan as stipulated by the Public Procurement Act 2003 (Act 663).

For good procurement planning practices, the procurement entity is required to send to the Public Procurement Authority and Tender Review Board, procurement notices for Contracts and



Procurement Plans above thresholds stipulated in schedule 3 of the Act for publication in the Public Bulletin. The respondents revealed that this is the procurement planning practice which is least carried by Ghana Cocoa Board.

**Table 4.2a: Procurement Planning Practices at the Ghana Cocoa Board**

Statements	Number	Strongly disagree	Agree	Unsure	Disagree	Strongly Disagree	Mean score	Ranking
The Procurement officers are aware of the Procurement Plan as stipulated by the PPA Act 663 of 2003.	26	17	7	2			1.4231	5
Percentage (%)		65.4%	26.9%	7.7%				
The Procurement officers prepares procurement plan for each fiscal year to support its approved budget and the Plan shall indicate the contract packages, estimated cost for each package, the procurement method, processing steps and times.	26	8	15	5	3		2.2692	4

Percentage (%)								
		30.8%						
			57.7%	19.2%	11.5%			
The Procurement officers submit to its Tender Committee the procurement plan not later than one month to the end of the financial year for the following year for approval.	26	3	15	5	3		2.3077	3
		11.5%	57.7%	19.2%	11.5%			
Percentage (%)								

**Table 4.2b: .Procurement Planning Practices at the Ghana Cocoa Board**

Statements	Number	Strongly disagree	Agree	Unsure	Disagree	Strongly Disagree	Mean score	Ranking
The Procurement officers submit an update of the Procurement Plan after budget approval and at	26	3	11	8	4		2.5	2

quarterly interval to the Tender Committee for review and approval,								
		11.5 %	57.7%	19.2%	11.5 %			
Percentage (%)								
The Procurement Entity sends to the Public Procurement Authority and Tender Review Board, procurement notices for Contracts and Procurement Plans above thresholds stipulated in schedule 3 of the Act for publication in the Public Bulletin	26	7	4	5		1.1538		6
		26.9 %	53.8%	19.2%				
Percentage (%)								
The Procurement Entity does not divide a procurement order into parts or lower the value of a procurement order to avoid the application of the procedures for public procurement in the Act.	26	1	12	7	5	2.5385		1
		3.8%	46.2%	26.9%	19.2 %			
Percentage (%)								

#### 4.6 STAFF TRAINING NEEDS

Training is a very important aspect of work. Many people view it as an activity that produces the result of new knowledge, skills and abilities. Training could be used to transfer knowledge and/or information on a wide variety of issues to staff members and to make them well equipped to apply the knowledge gained in their work to improve overall organizational performance. The need for staff training especially in procurement planning modules is very important. The question posed to the respondents was ranked on a scale of 1 (strongly disagree) to 5 (strongly agree). With a mean score of 1.847 and a rank of 1, the respondents asserted that Procurement staffs are formally trained on the job before they are tasked to handle procurement activities. This is very important as the staff need to be abreast with the procurement Act before they are assigned to handle procurement activities. As an entity, Ghana Cocoa Board needs to make it a consistent practice to train new staff before they are given procurement related roles to perform.

With a mean score of 1.731 and a rank of 2, the respondents revealed that refresher courses are organized to improve upon the knowledge of procurement staff with procurement related trends. One of the medium that can be employed to train staff is refresher courses. Refresher programs are needed periodically to improve upon staff members' knowledge and keep them abreast with latest trends in their fields of work.

Lastly, with a mean score of 1.154 and a rank of 3, the respondents revealed that there is a very urgent need for procurement staff to undergo training in procurement planning modules. The results are summarized in Table 4.3 below.

**Table 4.3: Staff training at Ghana Cocoa Board**

Statements	Number	Strongly disagree	Disagree	Unsure	Agree	Strongly agree	Mean score	Ranking
Procurement staff need training in procurement planning modules	26	22	4				1.15 4	3
Percentage (%)		84.6 %	15.4 %					
Refresher courses are organized to improve upon the knowledge of procurement staff with procurement related trends	26	8	11	5			1.73 1	2
Percentage (%)		30.8 %	42.3 %	19.2 %				
Procurement staff are formally trained on the job before they are tasked to handle procurement activities	26	11	6	7	2		1.84 7	1



Percentage (%)								
		42.3 %	23.1 %	26.9 %	7.7%			

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#### 4.7 CHALLENGES TO EFFECTIVE PROCUREMENT PLANNING

Every procurement planning faces some sort of challenges and these affect the operation of entities. The study intends to identify factors that pose as challenges to effective procurement planning at Ghana Cocoa Board.

In delivering their mandate, procurement officials especially those responsible for procurement planning face certain challenges which inhibit their ability to effectively and efficiently deliver. Some factors serve as challenges to good procurement planning while others challenge the smooth implementation of procurement plans. Table 4.4 details responses from the population when asked about challenges they face in the discharge of their duties as procurement staff with regard to procurement planning. Kambase (2013) and Ayitey (2012) in their works noted that several procurement entities face myriad challenges at all levels of public procurement practices in general and procurement planning in particular. The Ghana Cocoa Board proved no different in this regard. The question posed to the respondents employed a likert scale defined on a scale of 1(strongly disagree) to 5(strongly agree). With mean scores of 2.2692, and ranks of 2, the respondents revealed that the most serious challenges to procurement planning are delays in fund

release, poor contract management and misplaced priorities. This stands to reason that delays in fund release, poor contract management and misplaced priorities were revealed to be the top three challenges posing serious threats to procurement planning in Ghana Cocoa Board.

With mean scores 1.7308, 1.6154 and 1.5709 and ranks of 9, 10 and 11 respectively, the least three challenges affecting procurement planning are inadequate procurement personnel, inadequate training and education on procurement planning and poor performance by contractors and suppliers. For effective planning, adequate procurement staff will be needed such that inadequate personnel make procurement planning very challenging. Also, it is common knowledge that training and education improves efficiency. This goes to show the relevance of education and training on procurement related issues to procurement planning. The implication is that inadequate training and education thereby hinders the success of effective procurement planning. Adequate procurement personnel with the requisite procurement knowledge and skills are needed if procurement planning is to be enhanced. Yet another challenge that was of major concern to respondents is the poor performance by some contractors and/or suppliers. Since contractors and suppliers are the people who deliver the goods and services which are procured, how well they perform will have impact on future procurement related issues. Though these affect procurement planning, they are not as serious as the top three challenges.

**Table 4.4: Challenges to procurement planning**

Statement	N	Strongly disagree	Disagree	Unsure	Agree	Strongly agree	Mean score	Ranking
Inadequate procurement personnel	26	17	6	1	1	1	1.576	1
Percentage (%)		65.4%	23.1%	3.8%	3.8%	3.8%	9	1
Inadequate training and education on procurement planning	26	12	12	2			1.615	1
Percentage (%)		46.2%	46.2%	7.7%			4	0
Poor understanding of the Public Procurement Act 2003 (Act663)	26	12	4	4	5	1	2.192	4
Percentage (%)		46.2%	15.4%	15.4%	19.2%	3.8%	3	
Inadequate funding	26	10	7	6	1	2	2.153	5
Percentage (%)		38.5%	26.9%	23.1%	3.8%	7.7%	8	
Delay in fund release	26	11	7	1	4	3	2.269	2
Percentage (%)		42.3%	26.9%	3.8%	15.4%	11.5%	2	
Poor performance by some contractors/suppliers	26	12	10	3	1		1.730	9
Percentage (%)		46.2%	38.5%	11.5%	3.8%		8	
Poor contract management	26	12	4	2	7	1	2.269	2
Percentage (%)		46.2%	15.4%	7.7%	26.9%	3.8%	2	
Inadequate procurement planning	26	14	5	3	4		1.884	8
Percentage (%)		53.8%	19.2%	11.5%	15.4%		6	

Political interference	26	12	7	3	3	1	2	7
Percentage (%)		46.2 %	26.9 %	11.5 %	11.5 %	3.8%		
Lack of corporation from user departments	26	11	8	3	3	1	2.038 5	6
Percentage (%)		42.3 %	30.8 %	11.5 %	11.5 %	3.8%		
Misplaced priorities	26	10	7	4	2	3	2.269	2
Percentage (%)		38.5 %	26.9 %	15.4 %	7.7%	11.5 %	2	

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter is the concluding part of this study consisting of the summary the findings of the study and making appropriate recommendations for policy consideration based on the findings. This study sets out generally to investigate procurement planning procedures at the Ghana Cocoa Board. Specifically, the study sought to ascertain the structures that exist at the Ghana Cocoa Board responsible for procurement planning and the makeup of the structures. Secondly, the study sought to identify the challenges to effective procurement planning at Ghana Cocoa Board.

#### 5.2 Summary of study findings

Ghana Cocoa Board has two departments responsible for procurement. The Procurement department deals mainly with the procuring of goods while the General Services department deals essentially with the procurement of works/services. On the institutional structures that exist for procurement planning at the procurement entity, it was revealed that the entity has a Tender Committee and forms Tender Evaluation Panel (an ad hoc committee) when the need arises for evaluation of tenders. The compositions of the Tender Committee at Ghana Cocoa Board and the tender evaluation panels of the two procuring departments of the entity could be said to be well constituted.

It was also found out that the heads of departments and the principal officers of the various units within the procuring departments were the main officers in charge of drawing up the procurement plans of the Units. The persons in charge of procurement were also found out to possess the requisite education and qualification to handle their duties. This is crucial to the successful operation of the procurement departments in relation to the stipulations of the Public Procurement Act 2003 (Act 663). The study showed that the procurement entity does not divide a procurement order into parts or lower the value of a procurement order to avoid the application of the procedures in the Act and that the procurement entity submits an update of the Procurement Plan after budget approval and at quarterly interval to the Tender Committee for review and approval.

The first objective of the study was to outline the structure and framework that exists at Ghana Cocoa Board and the make-up of the structures. Public Procurement Act 2003 (Act 663) in section 17 stipulates that each procurement entity is required to establish a Tender Committee. Section 19 of the Act also requires the procurement entity to appoint a Tender Evaluation Panel



to evaluate tenders and to assist the Tender Committee in its work. The study showed that Ghana Cocoa Board has a Tender Committee and forms Tender Evaluation Panel when the need arises.

Whereas the Tender Committees are composed of the Chief Executive and his deputies, heads of respective divisions, the director of finance and head of procurement department, the Tender Evaluation Panel for the Procurement department is composed of the accounts officer, an audit officer, legal officer and representatives from user departments. On the part of the General Services department, the following make up the Tender Evaluation Panel: the procurement officer, the accounts officer, the quantity surveyor, representatives from user departments and in some cases experts from external sources depending on the nature of the work or service to be procured.

The final objective was to identify factors that pose as challenges to effective procurement planning at the entity. It was observed that inadequate procurement personnel, inadequate education and training on procurement planning, poor performance by some contractors/suppliers, a poor understanding of the Public Procurement Act 2003 (Act 663) on the part of procurement personnel as well as staff of other departments partly leading to lack of coordination from user departments were all revealed to be some of the major challenges facing the entity. Other challenges were political interferences in the procurement process, insufficient funds available for procurement and sometimes delays in the release of the already inadequate funds. Poor contract management and misplaced priorities complemented the challenges faced by the entity.

### **5.3 Conclusion**

It can be concluded on the basis of the above discussion that the Ghana Cocoa Board has attained an appreciable measure of success concerning her institutional structures in place for procurement planning. The company's performance so far as compliance with the Public Procurement Act 2003 (Act 663) is concerned was rated as 'good'. However, there is more room for improvement and more areas of the Act need to be adhered to by the entity to make them fully compliant with the Act.

Furthermore, like many other procuring entities, Ghana Cocoa Board faces some challenges in their procurement planning and implementation which need to be addressed to reduce or eliminate altogether if possible, the negative effects of these challenges on public procurement at the entity.

#### **5.4 Study recommendations**

Based on the findings of this study, the study makes the following recommendations for the policy consideration.

1. The entity should encourage the procurement departments to fully abide by the stipulations of the Public Procurement Act 2003 (Act 663) especially the portions of the Act not being fully adhered to by the entity. Specifically, management of Ghana Cocoa Board should ensure as a matter of importance that procurement departments do not divide procurement orders into parts or lower the value of procurement orders to avoid the application of the procedures in the Public Procurement Act 2003 (Act 663). Management can do this by vetting all procurement orders before they are executed.
2. Ghana Cocoa Board should ensure that all procurement staff members are made to undergo compulsory training on the job in procurement related issues before they are tasked to handle

procurement activities. Staff from other departments should also be given some basic training in the Public Procurement Act 2003 (Act 663). This will ensure that the challenge of poor understanding of the Act and the stipulations of the Act will be adequately addressed to reduce the negative effect of this challenge if not eliminate it altogether. In addition, this will improve coordination among user departments and the procurement department and to encourage cooperation from user departments.

3. Ghana Cocoa Board should organize refresher courses on regular basis for procurement staff to bring them up to speed on latest trends in public procurement. This will help eliminate the challenge of inadequate education and training on procurement.

4. Political authorities should avoid meddling in the procurement affairs of sub-vented boards such as the Ghana Cocoa Board and allow the entity to follow through the stipulations of the Act thoroughly without the fear of being in the bad books of political leaders.

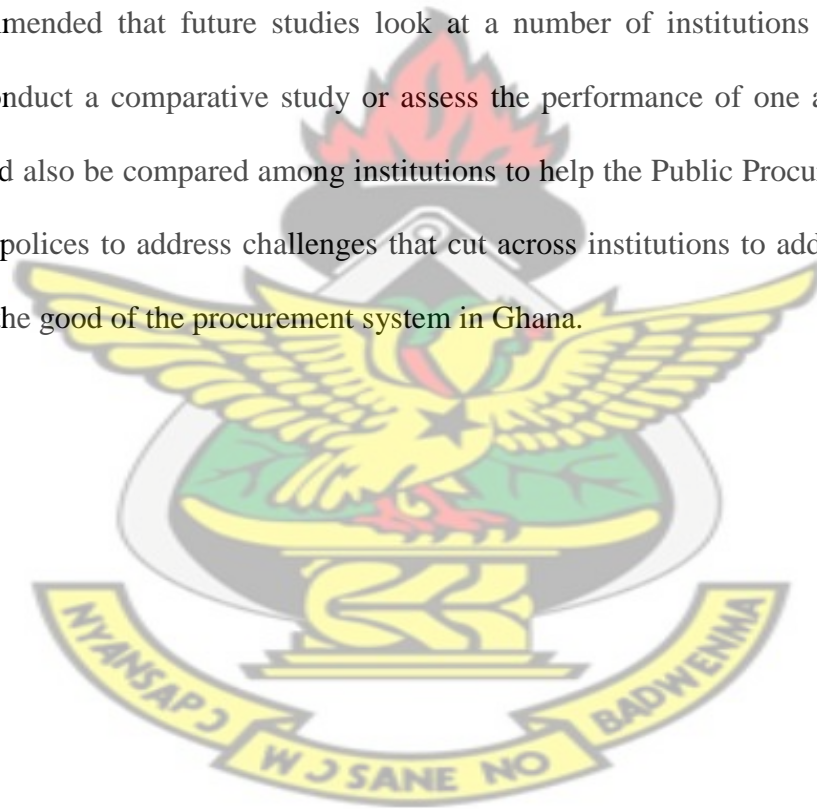
5. Experts should be consulted by the entity to draw up appropriate contract packages and the entity should enforce quality delivery by suppliers and contractors. The entity can do this by including caveats in contract packages that warns of punitive measures against contractors who fail to deliver appropriately.

6. The government should ensure that funds for procurement are released timely. Management should also ensure that funds that are supposed to come from internal sources are released on time to facilitate the smooth operations of the procurement departments.

7. It is recommended that the entity should draw up a scale of preference yearly. This will help them prioritize and to address or procure more important goods and services first before procuring less important ones. This way, value for money will be enhanced.

### **5.5 Limitations of the study and recommendation for future research**

This study is limited by the fact that it focuses only on one entity, which is the Ghana Cocoa Board. As such, the study did not have the opportunity and the data to assess procurement planning practices at Ghana Cocoa Board against those of other institutions of like nature. It is therefore recommended that future studies look at a number of institutions within the same category and conduct a comparative study or assess the performance of one against the other. Challenges could also be compared among institutions to help the Public Procurement Authority to take broader policies to address challenges that cut across institutions to address them on the larger scale for the good of the procurement system in Ghana.



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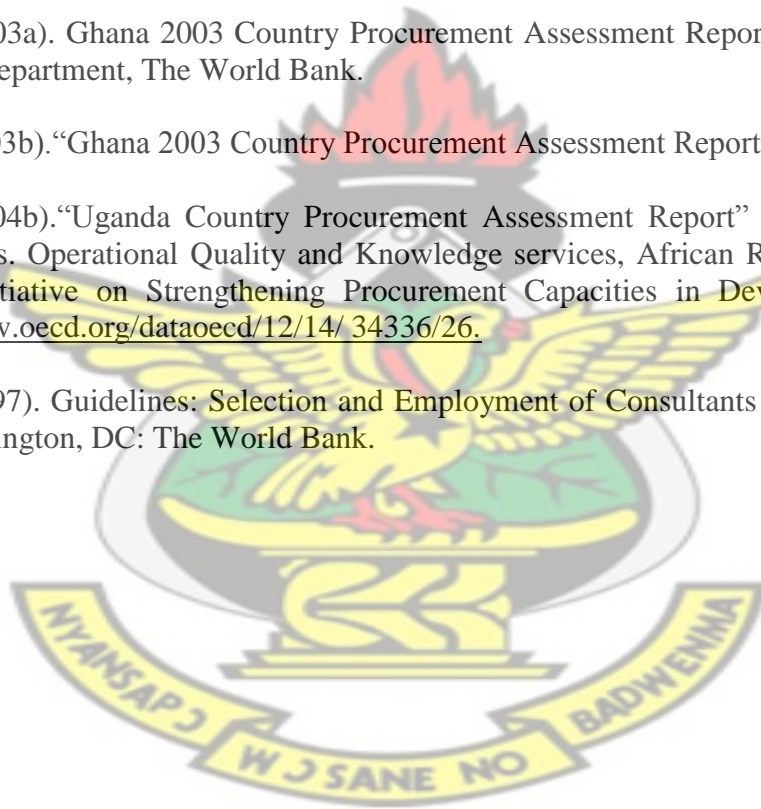
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## APPENDIX 1

### TOPIC: PROCUREMENT PLANNING PRACTICES AT GHANA COCOA BOARD

#### Introduction

This questionnaire has been designed to elicit information for a research on procurement planning practices in Ghana using the Ghana Cocoa Board as a case study organization. The study seeks to establish how the business of procurement is carried out in this organization and its related issues. This study is being conducted in partial fulfillment of the requirements for the award of an MSc degree in Procurement Management. Please be assured that this is purely an academic exercise and thus the information you provide will be treated with the utmost confidentiality and will not be linked to you in any way. It would therefore be most appreciated if your answers to the following questions are as candid as possible. Thank you for your participation.

#### Section A: Demographic information

Please tick in the boxes provided

1. Gender of respondent

☐ Male ☐ Female

2. Please indicate your age range.

☐ 21 – 30years ☐ 31 – 40yrs ☐ 41 – 50yrs ☐ 51 – 60yrs ☐ 61yrs and above

3. What is your current educational level?

☐ certificate ☐ diploma ☐ degree ☐ masters ☐ Other

(Please State).....

4. Please indicate your professional background. Please tick as many as possible

5. ☐ CIPS ☐ GhIS ☐ ACCA ☐ CIMA ☐ Other

(Please state).....

6. How long have you worked in this organization?

☐ 1-3 yrs ☐ 4-6 yrs ☐ 7-9 yrs ☐ 10yrs and above

7. Please indicate which department work in .....

8. How long have you worked in this department?

☐ 1-3 years ☐ 4-6 yrs ☐ 7-9 yrs ☐ 10yrs and above



9. Please indicate your present level of position

☐ Management ☐ Senior officer ☐ Operational staff ☐ Other

(Please specify).....

10. How long have you held this position?

☐ less than 1 year ☐ 1 – 3 yrs ☐ 4 – 6yrs ☐ 7 years and above

### Section B: Knowledge of the Procurement laws and level of compliance

11. Are you aware of the existence of the Public Procurement Act, 2003 (Act 663)?

☐ Yes ☐ No

12. Has this organization ever been assessed by the Public Procurement Authority on its performance as far as her level of compliance is concerned?

☐ Yes ☐ No

13. Please used: 5=Very good, 4=good, 3=Unsure, 2=Bad and 1= Very Poor to rate the following statements:

Statements	Very good	Good	Unsure	Bad	Very bad
Your level of acquaintance with the stipulations of the Act as relates to your work.					
The organization's level of compliance with the full stipulations of the Public Procurement Act 2003					

(Act663).					
If yes, to statement 12, please indicate the level of performance as given by the Authority.					

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## Section C: Institutional structures

14. Does your organization have an Entity Tender Committee?

☐ Yes ☐ No

15. If yes to question 14, please indicate the make-up or composition of the Entity Tender Committee.

1. Board Chairman ☐ 6. Director of Finance ☐
2. Board Members ☐ 7. Heads of Procurement Department ☐
3. Chief Executive ☐ 8. Others, (Please specify).....
4. Deputy Chief Executive ☐
5. Heads of Divisions ☐

16. Please indicate the officers who make up the tender evaluation panel

1. Procurement Officer ☐ 5. Quantity Surveyor ☐

2. Audit Officer [ ] 6. User Department's representative [ ]  
3. Accounts Officer [ ] 7. Other, (Please specify).....

4. Legal Officer [ ]

17. Who prepares the procurement plan in your Unit?

[ ] The Head of Department [ ] Principal Officer [ ] User Department

[ ] Senior Officer [ ] Other, (Please specify).....

18. What is the highest level of education of the head in charge of procurement in Your department?

[ ] certificate [ ] diploma [ ] degree [ ] masters

[ ] Other, (Please specify).....

#### Section D: Procurement planning practices

19. The following will be used: 5-Strongly agree, 4-Agree, 3-Unsure, 2-Disagree, and 1-Strongly Disagree

Statements	Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree
1. The Procurement Entity is aware of the Procurement Plan as stipulated by the Public Procurement Act 2003 (Act 663)					
2. The Procurement Entity prepares procurement plan					

<p>for</p> <p>each fiscal year to support its approved budget and the Plan</p> <p>shall indicate the contract packages, estimated cost for each</p> <p>package, the procurement method, processing steps and</p> <p>times</p>					
<p>3. The Procurement Entity submits to its Tender Committee</p> <p>the procurement plan not later than one month to the end</p> <p>of the financial year for the following year for approval,</p>					
<p>4. The Procurement Entity submit an update of the Procurement Plan after budget approval and at quarterly interval to the Tender Committee for review and approval,</p>					
<p>5. The Procurement Entity sends to the Public Procurement Authority and Tender Review Board, procurement notices for Contracts and Procurement Plans above thresholds stipulated in schedule 3 of the Act for publication in the Public Bulletin</p>					
<p>6. The Procurement Entity does not divide a procurement order into parts or lower the value of a procurement order to avoid the application of the procedures in the Act.</p>					

### Section E: Staff training needs

20. The following will be used: 5-Strongly agree, 4-Agree, 3-Unsure, 2-Disagree, and 1-Strongly Disagree

Statements	Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree
1. Procurement staff need training in procurement planning modules					
2. Refresher courses are organized to improve upon the knowledge of procurement staff with procurement related trends?					
3. Refresher courses are often organized?					
4. Procurement staff is formally trained on the job before they are tasked to handle procurement activities?					

Others, (Please specify).....

### Section F: Challenges to Effective Procurement Planning

21. The following will be used: 5-Strongly agree, 4-Agree, 3-Unsure, 2-Disagree, and 1-Strongly Disagree



Statements	Strongly agree				Disagree	Strongly Disagree
1. Inadequate procurement personnel						
2. Inadequate training and education on procurement planning						
3. Poor understanding of the Public Procurement Act (Act663)						
4. Inadequate funding						
5. Delay in funds release						
6. Poor performance by some contractors/suppliers						
7. Poor Contract Management						
8. Inadequate procurement planning						
9. Political interference						
10.Lack of cooperation of user departments						
11.Misplaced priority						

**THANK YOU VERY MUCH FOR YOUR CONTRIBUTION.**