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IMPLEMENTATION CHALLENGES OF THE PUBLIC PROCUREMENT

ACT 663 (ACT 2003) IN PUBLIC HOSPITALS IN KUMASI

BY

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**A THESIS SUBMITTED TO THE DEPARTMENT OF BUILDING
TECHNOLOGY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE AWARD OF MASTER OF SCIENCE (MSC) IN PROCUREMENT
MANAGEMENT**

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DECLARATION

I hereby declare that this submission is my own work towards the Master of Science Degree (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 award of any degree of the university except where due acknowledgement has been made in the text.

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...../...../.....

STUDENT

SIGNATURE

DATE

I declare that I have supervised this student in undertaking the dissertation submitted herein and I confirm that the study has my permission for assessment.

PROF. JOSHUA AYARKWA.....

...../...../.....

SUPERVISOR

SIGNATURE

DATE

DEDICATION

This dissertation is dedicated to my wife Adwoa, my children Kofi, Nana, Mummy and Mr. Moses Abaka of National Disaster Management Organisation, Accra.

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ABSTRACT

The Public Procurement Act 663 (2003) has many objectives such as ensuring transparency, creating competition and ensuring effective and efficient delivery of health care in public hospitals in the country. However, ten years down the line, the objectives of the Act are yet to be realized for effective health care due to some challenges with its implementation. Therefore, a cross sectional survey was conducted on a non-probabilistic sample of 60 respondents using structured questionnaire to elicit the implementation challenges of the Act and to suggest measures that can mitigate such challenges. The data were analyzed using descriptive statistics involving frequencies, percentages and mean score rankings. The analysis revealed that the major implementation challenge of the Act was delay in payment of contractors and suppliers of drug and non-drug consumables leading to inefficiencies in health care delivery. Apart from this, several other challenges were identified which include high advertisement cost, lack of qualified staff, inadequate monitoring and evaluation and political interference. Among the measures which were identified to mitigate these challenges the major one was the employment of qualified trained procurement professionals. Other supporting measures also included the establishment of a national procurement fund, refresher courses for procurement practitioners, internal auditing and donor support funding among others. Based on the results of the study the researcher recommends regular and periodic in-service training for members of the procurement committees, the use of the mass media to sensitize the public to contribute towards the establishment of a national procurement fund and political non-interference in the procurement process.

TABLE OF CONTENT

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENT.....	iv
ABSTRACT	v
TABLE OF CONTENT	vi
LIST OF TABLES.....	viii
LIST OF FIGURES	ix
CHAPTER ONE.....	1
INTRODUCTION	1
1.1 Background to the study.....	1
1.2 Statement of the Problem	3
1.3 Aims and Objectives	5
1.3.1 Specific Objectives.....	5
1.4 Research Questions	5
1.5 Significance of the Study.....	6
1.6 Scope and Delimitation	6
1.7 Definition of Terms	7
1.8 Structure of the Research Report	7
1.9 Limitations.....	7
CHAPTER TWO.....	9
REVIEW OF LITERATURE.....	9
2.0 Introduction	9
2.1 Procurement Defined.....	9
2.2 Public Procurement in the Public Health Sector	10
2.3 Strengthening Procurement in the Public Health sector	11
2.4 Implementation Challenges of the Public Procurement Act 663	13
2.4.2 Internal Factors	20
2.5 Measures to mitigate implementation challenges.	22
2.7 Summary of Literature and Research Gaps	27
CHAPTER THREE	28
RESEARCH METHODOLOGY	28
3.0 Introduction	28
3.1 Study Area	28

3.2 Study Design.....	29
3.3. Study Population	29
3.4 Sample Size and Sampling Technique	30
3.5 Types of Data and Data Source	31
3.6 Data Collection Instruments	31
3.7 Variables of the study.....	32
3.7.1 Measurement of variables.....	32
3.10 Data Analysis	33
3.11 Ethical Issues	33
CHAPTER FOUR.....	35
RESULTS AND DISCUSSION.....	35
4.1 Background Characteristics of Respondents	35
4.1.1 Sex Distribution of Respondents.....	35
4.1.2 Distribution of Respondents According to Age Groups	36
4.1.3 Profession of Respondents.....	37
4.1.4 Role played in Procurement.....	38
4.1.5 Length of Service in Procurement.....	40
4.2 Challenges Faced by Public Hospitals in Kumasi in the Implementation of the Procurement Act 633(2003).	41
4.3 Other implementation challenges.....	46
4.4 Measures to Mitigate the Challenges	48
CHAPTER FIVE	53
SUMMARY, CONCLUSION AND RECOMMENDATIONS	53
5.0 Introduction	53
5.1 Summary of the study	53
5.1.1 Summary of Findings	53
5.2 Conclusions	54
5.3 Recommendations	55
Bibliography.....	57
APPENDIX	61
SURVEY QUESTIONNAIRE.....	61

LIST OF TABLES

Table 3.1 KMO and Bartlett's Test.....	31
Table 4.2: Mean scores ranking of implementation challenges	42
Table 4.3: Mean scores ranking of measures to mitigate the challenges.....	48

KNUST



LIST OF FIGURES

Figure 4.1: A pie chart showing sex distribution of respondents.....	36
Figure 4.1.2: A bar chart showing distribution of respondents according to age groups ..	37
Figure 4.1.3: A bar chart showing profession of respondents	38
Figure 4.1.4: A bar chart showing Roles played in procurement by respondents.....	40
Figure 4.5: A histogram showing the length of service of respondents in procurement ...	41

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CHAPTER ONE

INTRODUCTION

1.1 Background to the study

Since independence, Ghana has attempted to address weaknesses in its public procurement process by the passage of several financial and legal instruments. These have come in the form of constitutional, legislative instruments, administrative instructions and financial circulars (Forkuo, 2012). For instance, in 1960, the Government of Ghana enacted the Ghana Supply Commission law. This was followed by the National Procurement Agency Decree (SMCD 55) which was passed by the Supreme Military Council (SMC) in 1976. In 1979, another law, the Financial Administration Decree (SMCD 221) was also passed. All these laws, decrees and instruments were meant to provide a comprehensive framework of administrative powers to regulate the activities of procurement within the public sector (Forkuo, 2012).

The above reviews came out with a lot of findings which indicated major weaknesses in the financial management of the country. Some of these were weak budget formulation and preparation, lack of ownership and accountability of budgets by sector ministries, weak expenditure monitoring and control, lack of proper accounting and auditing systems, lack of quality and timely data on government resources, obsolete and weak compliance with financial management procedures and lack of conducive framework for the management of public funds (Forkuo, 2012).

In order to eliminate the various shortcomings and organizational weaknesses in the public procurement process, it was considered desirable to enact a comprehensive procurement law. This was to be supported with standard tender documents. Appropriate administrative and institutional arrangements were to be made with an

oversight body to supervise or regulate the public procurement system (Verhage et al., 2002).

The above developments led to the promulgation of the Public Procurement Act (Act 663) in 2003. The Act was to promote the use of public procurement as a tool for national development. It was expected to harmonize the application of procurement related rules with International conventions and treaties and foster competition, efficiency, transparency and accountability in the public procurement process. There will be equal access for any citizen to participate in the public procurement process. Improving financial management of the public sector can have a wide impact on the quality of citizen's lives, and the long-term growth of the private sector and the overall development of a nation (Verhage et al., 2002).

There has been increase in finance by the various governments for procurement of health sector goods, pharmaceuticals, vaccines, contraceptives and nutritional supplements under various health population and nutritional projects supports. For example, contraceptives for family planning programmes, pharmaceuticals, vaccines and other health sector goods (Woodle, 2000). Government budgets make significant contributions to public drug financing often allocating 20-50% of government health budget to procure drugs (Falkenberg and Thomson, 2000).

Over a period of time, Public Procurement in Ghana has been characterized by unclear legal framework, lack of harmonized procedures and weak institutions for managing the procurement process.

The Ministry of Health as part of issues outlined in the five year Medium Term Health Sector Strategy from 1997 to 2001 for Ghana, identified procurement as one of the key areas for capacity building. The Ministry's procedures were acceptable to

most donors and were regularly used and accepted by most of the major founding institutions (Ministry of Health, 1999)

With the enactment of Act 663, Public Hospitals which also depend on public funds for their operations are to follow all the rules and regulations spelt out in the Act. The difficulty that these Public Hospitals encounter with the implementation of Public Procurement Act 663 in procuring drug and non-drug consumables is yet to be examined empirically. This study therefore seeks to identify the implementation challenges with the Acts and suggest measure to mitigate them.

1.2 Statement of the Problem

The Ministry of Health since 1997 has been one of the Ministries to change its procurement practices within the general framework of health reforms. With decentralization, one of the key strategies under the health reform, responsibility for procurement shifted partly from national to regional, district and sub-district levels (Verhage et al., 2002). The Ministry of Health put some basic procurement procedures, such as the initiation of Procurement Committees, in place. These committees formed part of the financial package for the Budget Management Centers that are the health facility units (which changed from Health Centers to Hospitals) in the decentralized system of the Ghana public health s

. Health facilities rely on drugs, non-drug consumables, stationary, laboratory regents, and others to provide health care services to clients and patients. Therefore at every point in time, there is the need to get the right quantity and quality of drugs to save life. Shortage of essentials inputs may create situations where laid down procedure outlined in the Act will not be followed and purchases done on adhoc basis.

A report by the Ministry of Finance and Economic Planning (2003) showed that Public Procurement accounts for 50 percent of the national budget and represent 14 percent of the country's Gross Domestic Product (GDP). Furthermore, 24 percent imports are as a result of public procurement implicitly of public stores and equipment financed by funds or loans taken by the Government of Ghana. Consequently, the Act essentially came to reduce the corruption in the procurement and award of contracts. Besides, the Act has also helped to streamline Ghana's public administration system (Ministry of Finance, 2008).

The above advantages notwithstanding, the Act has been criticized as being bureaucratic, time consuming, over-demanding and amounts to duplication of the financial administration procedure which possess certain challenges to its implementation in institutions such as Public Hospitals in Kumasi affecting the level of compliance which have not being empirically verified (Ministry of Finance, 2008). Since the coming into effect of the Procurement Act 663 little empirical studies have been conducted to identify the challenges in the implementation of the Act in Public Hospitals. This situation creates a huge gap in the literature.

In the light of the above expositions, this study seeks to identify the implementation challenges of the Public Hospitals in Kumasi and suggest measures to mitigate them.

1.3 Aims and Objectives

The aim of the study was to identify the challenges associated with the implementation of the Public Procurement Act 2003 (Act663) in Public Hospitals in Kumasi Metropolis.

1.3.1 Specific Objectives

The specific objectives of the study were to:

1. Identify the challenges faced by Public Hospitals in the Kumasi Metropolis with the implementation of the Public Procurement Act 663
2. Identify measures that could be put in place to mitigate these challenges in Public Hospitals in Kumasi.

1.4 Research Questions

The following questions will guide the study:

1. What are the challenges faced by Public Hospitals in the Kumasi Metropolis in the implementation of the Public Procurement Act 663?
2. What measures could be put in place to mitigate challenges associated with the implementation of the Public Procurement Acts 663?

1.5 Significance of the Study

Notwithstanding the regulations put in place, frequent shortages of drugs, non-drug consumables and adhoc purchases in our hospitals still prevails. This is seriously affecting service delivery.

Given the problem identified, the study sought to identify the challenges with implementation of the Procurement Act 663 in Public Hospitals in procuring drugs and non-drug consumables in the Kumasi Metropolis. Identifying the challenges would help policy makers design and implement appropriate strategies to help address the challenges for better health care delivery.

In addition, findings of the study might be of great use to academia and would further contribute to the body of knowledge that would be used by other researchers.

1.6 Scope and Delimitation

This study is about identifying the implementation challenges associated with Public Procurement Acts 663 (Act 2003) in Public Hospitals in procuring drugs and non-drug consumables. The scope was therefore delimited to the challenges faced by five randomly selected public hospitals in Kumasi (these are: Komfo Anokye Teaching Hospital, Agogo Government Hospital, Tafo Hospital, Manhyia Hospital and Suntreso Hospital) in implementing the Public Procurement Acts 663 to procure drugs and non-drugs consumables and the measures that can be put in place to mitigate these challenges.

The study is further delimited to public hospitals in Kumasi which use partly or wholly public funds to procure drugs and non-drugs consumables in Kumasi.

1.7 Definition of Terms

Procurement: in this study refers to the purchase of goods of drugs and nondrug consumables by Public Hospitals in the Kumasi Metropolis who use partly or wholly public funds.

Implementation Challenges: refers to the difficulties associated with the implementation of the Act by Public Hospitals in the Kumasi Metropolis in procuring drugs and non-drug consumables.

1.8 Structure of the Research Report

The report of the study is structured into five (5) chapters. Chapter one involve the background to the study, statement of the problem, research questions, aim, significance and scope and delimitation of the study, while chapter two also involve review of literature of other works which relates to the study. Chapter three looks at the methodological approach to the study. The issues included the research design, population, sample size and sampling technique, data collection procedure and data analysis. Chapter four involves the data analysis, discussion and interpretations and finally Chapter five is the summary of findings, conclusion and recommendations.

1.9 Limitations

Like any other research, the study was not without constraints and these are:

- 1) The research covers Public Hospitals in Kumasi Metropolis which use partly or wholly public funds to procure drugs and non-drug consumables. However, the analysis and findings relate to five selected Public Hospitals in Kumasi. Selecting only five Public Hospitals in Kumasi may not be a fair reflection or representation of public hospitals in Kumasi.

- 2) The study used close-ended questionnaire for data collection with a likert scale and this has a weakness of limiting the amount of data collected. There is the likely hood that relevant data may not have been captured because of the use of close-ended questionnaire.
- 3) Limited time period and resources such as funds were limiting factors to the research. In spite of these constraints, the results of the research are thought provoking and can be regarded as a basis for more detailed and analytical work on the topic in future.



CHAPTER TWO

REVIEW OF LITERATURE

2.0 Introduction

The study described here was designed to explore the implementation challenges of the Public Procurement Act 663 (Act 2003) in selected Public Hospitals in the Kumasi Metropolis. This chapter presents a review of the extant literature on the following themes: Definition of Procurement, Overview of the Public Procurement Act 663, Public Procurement in Public Health Sector, Strengthening Procurement in Public Health, and Implementation challenges of the Act and Measures to mitigate the implementation challenges of the Public Procurement Act 663.

2.1 Procurement Defined

Procurement has been defined differently by many scholars in the field and institutions as well. This subsection of the chapter presents some of these definitions. The Aqua Group (1999) defines procurement as the process of obtaining or acquiring goods and services from another for some consideration.

According to Lyson (1996) procurement may be defined as that function responsible for obtaining by purchase, lease or other legal means, Equipments, materials, supplies and services required by an undertaking for use in satisfying wants.

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’ (PPA, 2007). 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, bids invitation, bids evaluation, award of contract, contract management, performance measurement, monitoring, auditing and reporting.

The International Bank for Reconstruction and Development Guidelines for Procurement (IBRDGP) also define procurement as the acquisition of goods, buying or purchase of works, hiring contractors and consultants services (IBRDGP, 2004).

From the definitions above it can be deduced that procurement in sum, refers to the process by which an organization obtains materials, services and equipment needed to carry out its activities in order to achieve its objectives or goals. It is also the process, which creates, manages and terminates contract. Procurement is therefore concerned with activities that both precede and follow the signing of a contract within a legal framework.

2.2 Public Procurement in the Public Health Sector

Since 1997, the Ministry of Health is the first ministry to change its procurement management system as part of the general framework of health reform. Decentralization was adapted as a measure to reform our health sector, Responsibility for procurement shifted from national to regional and district and sub district levels. The Ministry of Health came out with procurement procedures such as initiations of Procurement Committees in place. These committees form part of the financial package for the Budget Management Centers which are the health facility Unit (which change from health centers to hospitals) in the decentralized system of the Ghana Public Health Sector.

Despite these reforms, weaknesses in the Ministry of Health procurement practices were not addressed. They were identified by an external consultancy (International Procurement Agency, 1988) and were confirmed in the base line survey of the (Ghana National Drug Programme, 1999). The study outlined weaknesses in the following areas;

- Unclear Statutory Bases and the absent of Procurement Code.
- Inadequate procurement policy, strategy, planning and management probability.
- Lack of qualified procurement staff.
- Poor procurement organization and procedures.
- Poor stock management.
- Lack of available funds and high prices (Ministry of Health, 2003)

2.3 Strengthening Procurement in the Public Health sector

The Ministry of Health in a bid to develop procurement units for its agencies standardized procurement documents, common regulations and guidelines as part of its Medium Term Health Sector Strategy, hired the services of a consultant in collaboration with the World Bank in 1998 to 1999. This was followed up with backstopping services in 2000 (Ministry of Health, 2003).

The procurement consultancy services took place against the background of a rapidly changing public health sector environment closely link to the Health Sector Reforms. The new structure, guild lines and procedures subsequently introduce were carefully molded to the procurement practitioner. The new procurement guild lines and procedures addressed mostly the challenges that were peculiar to the Ghanaian situation. (World Bank 1997). Much attention were paid to making them easily

adoptable to changing circumstances such as the possible realization of a (central) Ghana Health Service or relocation of the procurement unit, now residing in the ministry of health, at the central medical stores.

Procurement guidelines and procedures for all levels were laid down in a procurement procedure manual (Ministry of Health, 1999) for the procurement of goods, civil works and services. The manual covers the organizational structures, planning, selection and quantification of procurement methods, monitoring and evaluation in ethics. To complement these guidelines and procedures, standard bidding documents, were prepared for procuring;

- Essential drugs
- Non-drug consumables such as medical supply reagents.
- Health care equipments, including spare-parts, installation, maintenance, training and other related services.
- Services and
- Civil works

After consultation with stakeholders at all levels, the Procurement Procedure Manual was accepted in November 1999 by all partners as the agreed upon procedures for procurement in the Public Health Sector in Ghana. Training manuals were prepared by the ministry of health's human resource division. A training-of-trainers program was launched, enabling more than 25 professionals to effectively impart their knowledge and skills in their respective districts and regions nationwide. The implementation of the new procurement procedures at all levels of the Public sector is now well under way. This program targets at least one trained procurement officer in each health facility by the end of 2000 (World Bank, 2003).

Since 1998, the annual procurement audits have been done part of the procurement reform process by external auditors in the Ministry of Health. (World Bank, 2001). The audit report have been important I in monitoring and implementation of new procurement activities and in strengthening trust among partners of the health sector. The debate on the advantages and disadvantages of procurement centralization and decentralization can be overcome by allowing the advantages of both approaches to exist side by side in one organization. (Hinson & McCue, 2004)

In Ghana the health sector strong centralized guidelines on policies and procedures safe guide the quality of procurement process throughout the health sector. At the same time, decentralized budget holders are empowered to make their own purchases whenever appropriate – especially when the economics of scale make a difference. (Taylor, 2003)

2.4 Implementation Challenges of the Public Procurement Act 663

Public procurement is an important function of government which is also an integral part of the public finance system in Ghana. The size of public procurement has a great effect on the economy and needs to be well managed. Indeed, All over the world, the size of public procurement is estimated to be around 10-30% of GNP (Caldwell et al, 2009) Efficiently handling this size of procurement has been a policy and management concern as well as a challenge for procurement practitioners.

These challenges are grouped under external and internal factors

2.4.1 External Factors

Shaw (2010) suggest that despite the enactment of the Public Procurement Acts 663, as a legal framework to harmonize Public Procurement in Ghana, Ghana still faces enormous challenges with its implementations. These includes among others;

- Lack of procurement knowledge, skills and capacity.
- Non adherence to policy and regulations.
- Inadequate planning and linking of demand to the budget.
- Lack of accountability, fraud and corruption.
- Inadequate monitoring and evaluation.
- Unethical behavior.
- Poor record keeping.
- Decentralization of procurement system.

Furthermore, the challenges of procurement management cut across in developing nations, Ghana not being an exception. For example the National Public Procurement Authority of Sierra Leone (NPPA) in its 2005 report outlined several problems confronting the management of procurement. Some of them include: insufficient funding, lack of qualified staff strength and organizational and logistical difficulties (NPPA, 2005). The report recommended among other things, that the law could achieve its objective if there is a concerted effort by all stakeholders, backed by very firm political will and adequate budgetary support, to streamline and improve public procurement system in Sierra Leone (NPPA Annual Report, 2005).

Furthermore, almost all annual reports of the Public Procurement Authority in Ghana (PPA), since its establishment, have always alluded to insufficient funding as the leading challenge to smooth operationalization of procurement system by the

Authority. Lack of adequate office accommodation was clearly reported in the 2008 and 2007 annual reports (PPA Annual Report, 2007 & 2008)

However, Schiele and McCue (2006) asserted that, the public procurement implementation challenges are caused by environmental factors. These include market conditions, legal and political environment, organizational and socio-economic environmental factors. It was further asserted that that, despite the effort by central government and all other institutions to mitigate these implementation challenges, and creates value adding potential of procurement departments, a large number of internal customers act on their own and frequently bypass the procurement procedure. (World Bank, 2010).

The Country Procurement Assessment Report of Ghana in 2003 revealed that most staff members of Ministries, Departments and Agencies (MDAs) and District Assemblies responsible for procurement lack knowledge and skill in procurement management, though most of them they have been trained. The report contended that application of the Act and the Standard Tender and Contract Documents will not be successful without broad training and 'refresher' programmes for officials involved in procurement. Similarly Forgor (2007) agrees that, lack of proper training of managers on the procurement process is one of the problems a facing procurement operationalization in Africa. This supports the assertion that legal framework of procurement law is one of the challenges facing the smooth implementation of public procurement laws (Azeem, 2007). This is also supported by Jeppeson R. (2010) that, the overall lack of procurement knowledge is still a major challenge to the operationalisation of procurement system in Kenya and in-service training was also found to be lacking.

Hommen and Rolfstam (2010), also assesses that many corporate board members in Africa, especially of state own companies, have no knowledge of their of their roles, and are often directed by politicians, managements, chairmen, or principal state holders, of which most of them are incompetent.

Research has shown that corruption cut across developing countries because of weak institutions and lack of effective monitoring and evaluation. (Lengwiler & Wolfstetter, 2006). Public procurement has been seen as an area of waste and corruption (Thai, 2004). Jones, (2007) asserts that, if procurement laws and regulations are not properly enforced, corruption will continue to be a challenge in developing countries procurement management .

Wilson (2004), supported the idea that a situation where there is huge system loopholes coupled with laxity in legal and administrative systems, compounded by non-transparency and extensive discretionary power at the hands of politicians, there is the needs for

Wilson (2004) further concerted that effort must be made to ensure strict compliance of laws to achieve the purpose for which those laws were enacted. Studies in Uganda, Tanzania and Kenya reveal that corruption in public procurement is mostly through noncompliance of laid down procurement rules (Transparency International, 2009). Low detection of breaches of the law, and weak enforcement of rules (Larmour, 2006) and regulations strengthen the hands of wrongdoers to misapply the law with impunity. Similarly, an assessment of Ghana's procurement system in 2007 by the OECD/DAC though confirmed that significant progress have been made in public procurement since 2003, reported that that some provisions in the public procurement

Act have proven to be ineffectual and require adjustment or modifications. These include, incorrect interpretations and application of some provisions of the procurement law, slow pace in regularizing draft regulation, lack of clear procedures for emergency procurement, lack of training avenues for practitioners, poor record management, poor handling of suppliers' complaints, poor procurement planning, poor contract management and high cost of advertisement. According to the report these challenges cut across most African countries (OECD/DAC, 2011). The report further indicates that no sustainable procurement training programs are put in place for practitioners to access. Key stakeholders such as the private sector and audit institutions also lack procurement expertise (OECD/DAC, 2011).

The lack of career development path and low salaries of procurement personnel also militate against procurement implementation. (World Bank, 2003). Poor record keeping, delays in payments of contractors are also cited as some of the crucial factors that challenge procurement implementation (Azeem, 2007).

Political interference with the procurement process has also been identified to pose a challenge to the implementation process and public procurement reforms. A good number of politicians are often of the view that they have the right to intervene in the procurement procedures leading to unfairness and, lack of transparency, competition and efficiency in the procurement process (World Bank, 2004).

According to Public Procurement Authority (2009), national decentralization strategy is also a challenge to the development and well function country procurement management since it stresses the availability of capacity to the extreme and require enormous effort to develop capacity and monitor performance at all levels of government.

Research has shown that, there is the need to find measures to mitigate and manage procurement systems. Procurement practitioners The professionals must have the knowledge and skill to efficient and effective in managing procurement The need to educate procurement practitioners with skills and knowledge has become imperative (Sauber et al., 2008) .However, Lan, Riley and Cayer, (2005) report that finding, hiring, retaining dedicated, energetic, and ethical employees with special skills is always high.

According a study by Public Procurement Authority Kenya (PPA) in (2007), procurement regulations in Kenya was to ensure that efficient training had been offered to procurement practitioners involved in procurement. It was also reviewed by a study by PPA that available procurement professionals at the various procurement entities did not meet the need for specialized procurement knowledge. The study further suggests that, the overall lack of procurement knowledge remains a major weakness to the efficiency of procurement operations. Short time procurement training was also found to be in short supply although it was noted that, the PPA is currently offering series of sensitization sections targeting both the public and private sector.

A study conducted by Shaw (2007) suggest that those in the private sector and their collaborators in the public institutions benefits from procurement system which have loopholes and also have personal interest in such systems. . The report further suggest that these interest can manifest themselves in various other ways such as local business cartels who may have interest in maintaining a legal frame work that dose not promote competition from suppliers. Further the report suggest that in many developing countries, access to public contracts, also serves as a means to reward and finance political parties.

Another major challenge of current procurement laws implementation in Africa is the programs' opposition towards relational exchanges with key suppliers. The lack of these exchanges increases procurement costs through multiple contracts administration, monitoring suppliers' performance, continuous education of suppliers on an institution's processes and requirements. (Nakamura, 2004).

Similarly, low level or lack of in-service training to build the capacity of service providers has been identified as one of the factors affecting successful public procurement in Malawi. Many of its bidders are limited in various capacity issues including lack of basic knowledge of 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 Office of the Director of Public Procurement (ODPP) Annual Report, 2007). The Office of the Director of Public Procurement (ODPP) of Malawi in its 2006/2007 Annual report outlined the following factors, among others, affecting the operation of the procurement law in Malawi: shortage of qualified personnel, lack of adequate financial resources, lack of adequate office space, non-compliance with some provisions of the law, poor records management by entities and overpricing of goods, works and services by bidders.

These and other challenges appear to be common in the country's procurement environment as in many other developing countries and therefore this study as one of its objectives sets out to identify the challenges that exist in relation with the Public Procurement Act 663 by Public Hospitals in the Kumasi Metropolis in procuring drugs and non-drugs consumables.

2.4.2 Internal Factors

The Country Procurement Assessment Report of Ghana in 2003 revealed that most staff members of Ministries, Departments and Agencies (MDAs) and District Assemblies responsible for procurement lack knowledge and skill in procurement management, though most of them they have been trained. The report contended that application of the Act and the Standard Tender and Contract Documents will not be successful without broad training and ‘refresher’ programmes for officials involved in procurement. Similarly Forgor (2007) agrees that, lack of proper training of managers on the procurement process is one of the problems a facing procurement operationalization in Africa. This supports the assertion that legal framework of procurement law is one of the challenges facing the smooth implementation of public procurement laws (Azeem, 2007). This is also supported by Jeppeson R. (2010) that, the overall lack of procurement knowledge is still a major challenge to the operationalisation of procurement system in Kenya and in-service training was also found to be lacking .

Research has shown that corruption cut across developing countries because of weak institutions and lack of effective monitoring and evaluation. (Lengwiler & Wolfstetter, 2006). Public procurement has been seen as an area of waste and corruption (Thai, 2004). Jones, (2007) asserts that, if procurement laws and regulations are not properly enforced, corruption will continue to be a challenge in developing countries procurement management .

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The lack of career development path and low salaries of procurement personnel also militate against procurement implementation. (World Bank, 2003). Poor record keeping, delays in payments of contractors are also cited as some of the crucial factors that challenge procurement implementation (Azeem, 2007).

Political interference with the procurement process has also been identified to pose a challenge to the implementation process and public procurement reforms. A good number of politicians are often of the view that they have the right to intervene in the procurement procedures leading to unfairness and, lack of transparency, competition and efficiency in the procurement process (World Bank, 2004).

According a study by Public Procurement Authority Kenya (PPA) in (2007), procurement regulations in Kenya was to ensure that efficient training had been offered to procurement practitioners involved in procurement. It was also reviewed by a study by PPA that available procurement professionals at the various procurement entities did not meet the need for specialized procurement knowledge. The study further suggests that, the overall lack of procurement knowledge remains a major weakness to the efficiency of procurement operations. Short time procurement training was also found to be in short supply although it was noted that, the PPA is

currently offering series of sensitization sections targeting both the public and private sector.

2.5 Measures to mitigate implementation challenges.

These measures have also being grouped under internal and external factors.

2.5.1 External Factors

Hommen & Rolfstam (2009) point out that in order to improve procurement, practitioners should guard and mitigate against risk, understand the market, build relationships with suppliers, meet needs in a timely manner and constantly monitor performance to improve service provision. It is also vital for organizations to have clearly defined procurement policies that are well understood and without much loopholes. Organizations should always ensure efficient management of contracts to ensure satisfactorily supplies, efficient and effective work done before payment is made. (Shaw, 2010).

Shaw (2010) also argue that procurement policies vary from organization to organization but are the principle are the same in all institutions. The policies determine how different aspects of procurement will be carried out in the organization and how people working in procurement should behave.

Gul, (2019) essentially suggest that in order to achieve good procurement practices and ensure continuous improvement in the procurement system, organizations are to use their competitors as yard stick to measure whether they are achieving value for money or not as part of their procurement process.

Furthermore, procurement must be seen as part of other aspects of logistics and functions within the organization's supply chain function such as: Warehousing, distribution, finance, and human resources. An integrated approach to service delivery will no doubt contribute to timely, efficient and effective delivery of drugs and non-drug consumables (Jones, 2007).

Shaw (2010) also accepts that clear communication and timely flow of information can also ensure successful implementation of procurement systems (Shaw, 2010). The involvement of logistics functions in procurement as part of the supply chain of organizations will ensure timely delivery of services, but for logistics to succeed, the procurement plan must be made part of the overall response plans so that emergency situation can be easily responded to (Shaw, 2010).

According to Jones (2007), institutions of higher learning and other service providers must play an important role to train and equip practitioners with the necessary knowledge and skill. He further asserts that, the capacity for qualified practitioners would be enhanced if educational institutions come out with curriculums to meet the needs of the country's procurement management to mitigate the challenges of procurement management. Such programs, he examines should provide for an understanding of the knowledge of the Ghanaian public sector and its regulations.

The involvement of stakeholders as suggested by Larmour, (2006) in public procurement could improve the successful implementation of procurement systems. According to him, the involvement of these stakeholders in evaluation and tendering process can reduce unethical and corrupt practices and promote accountability and open government in public procurement.

Jeppesen (2010), also suggest that another improvement strategy for public procurement is the use of centralized and decentralized procurement strategies for different categories of goods and services. Thai (2004), examines that, public procurement requirements at all government levels should be done for different categories of goods and services, while differentiating between low and high risk cost items. He further suggested that, high risk items must be procured on centralized basis while low risk items procured on decentralized basis with high level of contract and supplier management.

A closer look at most African countries' procurement system indicates lack of information technology for contract award and monitoring of performance, rather their procurement systems are bedeviled with bureaucracy. Larson therefore suggest that African countries must keep pace with information technology as a strategy to mitigate the challenges of their paper based procurement system in order to be competitive. The report further recommends that institutions must invest in information technology such as; electronic data interchange (EDI), enterprise resource planning and e-procurement among others to mitigate the challenges of their procurement systems. Again the report recommends that, managerial and academic attention should be given to the application of information technology to enhance procurement systems. (Hommen & Rolftam, 2009).Among the information systems is the applications of e-procurement functions are particularly important due to the fact that procurement is one of the most critical functions of supply chain management (Hommen & Rolftam, 2009).To this effect, the adoption of e-procurement systems would assist governments to improve transparency and efficiency, reduce cost, enhance better decision-making, improve supply performance monitoring, and quality of services to customers (Gul, 2010).The application of

procurement technologies means much of the paper-based routine task would be automated.EDI is significant because it eliminates many of the time consuming steps involved in traditional information flow (Gul, 2010).

2.5.2 Internal Factors

Guarding against 'conflict of Interest' is also one measure to mitigate procurement challenges. Thus (Nakamura, 2004), Caldwell et al, (2009) , and Shaw (2010) all contend that organization should have clear written guidelines that define when board members or officers must declare personal interest that may be deemed to be in conflict with their office.

Furthermore, internal controls in the form of internal auditing, monitoring and evaluation have been suggested to offer independent and objective assurance that procurement rules and regulations are being complied with. (Shaw, 2010).

In addition, companies have always received value for money. In the past organizations have usually determined that the value for money was achieved by accepting the lowest price tendered by suppliers of goods and services. Lately there is an emphasis on the basis of the overall value for money offered, including the consideration for non-monetary factors and not on the basis of lowest price alone (Shaw, 2010)

A study conducted by Bolton, (2006), suggest that, the successful implementation of procurement practice require practitioners to enhance their expertise in fields such as, business process re-engineering. He further suggests that practitioners with high skills

levels and knowledge have significant impact on financial performance and operational efficiency in terms of quality improvement, design and reduction of lead times.

Many independent research findings, example; Odhiambo & Kamau, 2003; Araujo, 2004; Doyle, 2006) have argued that formalizing the professionalism of the procurement capability is inextricably linked to raising the profile and the credibility of the procurement practice and promoting the development of a common transferable body of knowledge.

A closer look at most African countries' procurement system indicates lack of information technology for contract award and monitoring of performance, rather their procurement systems are bedeviled with bureaucracy. Larson therefore suggests that African countries must keep pace with information technology as a strategy to mitigate the challenges of their paper based procurement system in order to be competitive. The report further recommends that institutions must invest in information technology such as; electronic data interchange (EDI), enterprise resource planning and e-procurement among others to mitigate the challenges of their procurement systems. Again the report recommends that, managerial and academic attention should be given to the application of information technology to enhance procurement systems. (Hommen & Rolftam, 2009).Among the information systems is the applications of e-procurement functions are particularly important due to the fact that procurement is one of the most critical functions of supply chain management (Hommen & Rolftam, 2009).To this effect, the adoption of e-procurement systems would assist governments to improve transparency and efficiency, reduce cost, enhance better decision-making, improve supply performance monitoring, and quality of services to customers (Gul, 2010).The application of

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2.7 Summary of Literature and Research Gaps

Whereas previous studies have always looked at challenges associated with Public Procurement implementation Procedures, not all factors have been dealt with within the institutions of health care within Public Hospitals in Ghana. The aim of the Public Procurement Acts 663 (Acts 2003) is to promote fairness, transparency, accountability, non-discrimination among others in procurement in Public Institutions with the main aim of ensuring the efficient use of public funds. However, studies review that even after the enactment of Act 663; there are losses of public funds, shortage of drugs and adhoc purchases by public hospitals which can be attributed to public procurement. Further, studies indicates dissatisfaction among stakeholders brought about by difficulties with the implementation and lope holes left by the Public Procurement Acts which may be used by dishonest people to make the process inefficient.

The study therefore aims at filling the gap created by the literature ++

to add to knowledge by looking at the implementation challenges of the Public Procurement Act 663 (Act 2003) in public hospitals in Kumasi in and the measures that could be put in place to mitigate these challenges.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter is dedicated to describing the methodology which was used to achieve the research objectives of this study. This section discusses the study area, the selection of the sample, the collection of data, and data analysis procedures.

3.1 Study Area

Kumasi Metropolis is one of Ghana's political and administrative districts and the capital city of the Ashanti Region, located in the south-central part of the country. Kumasi is located in the transitional forest zone and is about 270 kilometers north of the national capital, Accra. The metropolis has an area of about 254 square kilometers. With a 5.4% annual growth rate, Kumasi Metropolis is the most populous district in the Ashanti region, representing 42.6% of the total population of the region. Kumasi has a population of 2,035,064 of which 52.2% constitutes females (GSS, 2012; MOH/GHS, 2008).

Being the capital and nodal city, its vibrant economy, centrality, the growth of industries and commercial activities and educational centre with 2 Public Universities, 6 Private Universities, a Polytechnic, 2 Colleges of Education, Secondary Schools and a host of Nursing and Midwifery institutions, Kumasi receives migrants with diverse socio-economic and cultural spectra from all corners of the country and elsewhere. This has resulted in high rate of disease burden. Common diseases in the Metropolis include malaria, diarrhea, tuberculosis, hypertension and diabetes mellitus.

Health Services in the metropolis are organized around 5 Sub-Metro Health teams, Bantama, Asokwa, Manhyia North, Manhyia South and Subin (MOH/GHS,

2008). The Metropolis has a number of health facilities in both the public and private sectors. The Komfo Anokye Teaching Hospital (KATH), 1 of the 3 national autonomous hospitals, is situated in the Metropolis. There are other 4 quasi health institutions, 5 health centres, over 200 private health institutions and 13 industrial clinics in the metropolis (MOH/GHS, 2008). Examples of these hospitals and clinics include Kumasi South Hospital, Suntreso Hospital, Tafo Hospital, Manhyia Hospital, BomsoClinic, Aninwaa Medical Centre, KNUST Hospital, Kwadaso Seventh Day Adventist Hospital (MOH/GHS, 2008).

3.2 Study Design

The study was a cross-sectional survey which utilizes sixty (60) purposively selected employees involved in procurement activities in five (5) Public Hospitals randomly sampled to produce quantitative data through the administration of structured questionnaires. The quantitative approach was used to quantify incidences in order to identify the challenges and the measures to mitigate the challenges using information gained from the questionnaires. The data were analyzed using descriptive statistics involving frequencies, percentages and mean scores ranking which are all tools in the Statistical Package for Service Solutions (SPSS v20).

3.3. Study Population

All employees of Public Hospitals in Kumasi Metropolis in the five selected hospitals, namely; Suntrso Hospital, Tafo Hospital, Komfo Anokye Teaching Hospital Agogo Hospital and Manhyia Hospital who are involved in public procurement activities. These are entity heads, procurement officers, tender committee members, evaluation committee members, storekeepers, and heads of departments, internal auditors and finance officers constituted the population of the study. According to the Kumasi

Health Directorate, a total of one hundred and fifty seven (157) employees of the five selected hospitals are involved in procurement activities. The choice of these categories of people was based on the fact that their activities directly or indirectly have bearing on public procurement in public hospitals in the metropolis.

3.4 Sample Size and Sampling Technique

Sixty (60) employees who are involved in procurement activities, that is, entity heads, procurement officers, heads of departments, store keepers, entity tender committee members, internal auditors and finance officers were purposively sampled from the 5 Public Hospitals in the Kumasi Metropolis for the study. these five hospitals were selected because they are biggest public hospitals in the metropolis. Sixty (60) out of 157 is 38.2 percent of the population and according to Lewis and Saunders (2007), 30 percent of the population in a study is considered large enough for statistical test of significance. Therefore, the sample was large enough for drawing inferences about the population of procurement practitioners in the study area. The purposive sampling technique was used to select twelve (12) respondents each from the 5 hospitals. the twelve respondents who were selected from each of the five hospitals were those who are directly involved in procurement. This helped in selecting respondents who have worked or are still working with the Public Procurement Act 663.

Kaiser Meyer Oilskin (KMO) test was conducted to test the adequacy of the sample size. The KMO measures the sampling adequacy which should be greater than 0.5 for a satisfactory analysis to proceed. From Table 3.1 the KMO measure is 0.623.

Table 3.1 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.623
Bartlett's Test of Sphericity	Approx. Chi-Square	636.309
	Df	253
	Sig.	.000

Author's fieldwork, July 2014

From the same table, we can see that the Bartlett's test of sphericity is significant. That is, its associated probability is less than 0.05. In fact, it is actually 0.000. This means that the correlation matrix is not an identity matrix.

3.5 Types of Data and Data Source

Data for the study was collected from both primary and secondary sources. The administration of questionnaires formed the basis of primary data. Data collected from these sources centered on the background characteristics of respondents, challenges facing public hospitals in implementing the Act to procure drug non-drug consumables and measures to mitigate the challenges.

In the case of secondary source, information from published and unpublished sources including journals, textbooks, periodicals, the internet as well as reports were used.

3.6 Data Collection Instruments

Questionnaires were used to collect primary data for the study. Prior to designing the instrument, a thorough literature search was conducted to determine and categorize variables used in similar past studies. These were then modified to suit the objectives of the study. Information extracted from the literature review on issues related to public procurement, the challenges facing public hospitals in the application of the

Act and the measures to mitigate these challenges served as a guide in designing the instrument. The instrument comprised of close-ended questions and Likert scale statement.

The questionnaires were categorized into sections with each section focusing on one objective. Thus the questions centered on the background characteristics of the respondents, the challenges facing public hospitals in implementing the Act as well as measures to mitigate the challenges.

3.7 Variables of the study

The study analyzed the implementation challenges faced by Public Hospitals in the Kumasi Metropolis with the Public Procurement Act 663 (2003) and the measures to mitigate the challenges. The variables measured in this study constituted implementation challenges and measures to mitigate them.

3.7.1 Measurement of variables

This section reports on how the two key variables of the study, that is, implementation challenges and measures to mitigate them were operationalized to afford their measurement.

Implementation Challenges

Key implementation challenges were broken down into forty questionnaire items to measure implementation challenges as a variable for the study. Research items were measured on a scale of 1= strongly disagree to 5= strongly agree which indicated the degree to which the respondents disagreed or agreed to the statements which were posed to them.

Measures to mitigate the challenges

Like the implementation challenges, key measures to mitigate the challenges were broken down into twenty-three questionnaire items as variables for the study. The research items were measured on a scale of 1= strongly disagree to 5= strongly agree which indicated the degree to which the respondents disagreed or agreed to the statements which were posed to them.

3.10 Data Analysis

This section discusses the analytical techniques that were used to analyze and organize the quantitative data collected from the field. The analytic strategies that were used in this study were primarily informed by what best fit the data rather than a technique chosen beforehand. The data were analyzed univariately using frequencies, percentages and means score ranking (descriptive statistical tools in the Statistical Package for Service Solutions (SPSS v20) software. The analysis of the background characteristics of respondents were done using percentages, frequencies and bar charts whereas the challenges and the measures to mitigate the challenges were analyzed using mean score rankings.

3.11 Ethical Issues

Having access to respondents and ethics are the critical aspects of conducting a research and for the researcher to collect data needed, depend on gaining access to the respondents. In order to have access to the respondents, the researcher introduced himself with an introductory letter from the Department as a postgraduate student from KNUST, Building Technology Department who is using their institution as an

academic study for a research titled; The implementation of the Public Procurement Act 663 in procuring drugs and non-drug consumables in Public Hospitals in the Kumasi Metropolis”.

The researcher explained to the respondents and Heads of the institutions that the study is purely academic, to be used as a requirement for the award of a degree in Master of Science in Procurement Management.

The respondents were informed of their role in providing value information and the purpose for which the information would be used.

In order to enforce confidentiality, anonymity and privacy, the questionnaire did not request for personal identification.



CHAPTER FOUR

RESULTS AND DISCUSSION

This chapter presents statistical summaries of the information gathered from respondents to the research items on the challenges of the implementation of the Procurement Act 663 (Act 2003). There is also analysis of measures that can be used to mitigate the identified challenges. The analyses are, therefore, presented in three sections. Section one examines the background characteristics of respondents whereas section two presents the challenges. The third section, presents the measures that were suggested by the research participants to mitigate the challenges in the selected hospitals.

4.1 Background Characteristics of Respondents

The background characteristics of respondents that were examined in the study comprised their sex, age groups, profession, the role played in the procurement process and the number of years of work experience under procurement activities. These variables were examined because of their capacity to influence the responses given. For instance, one's length of service within the procurement committee can influence what activity is a challenge or not. Secondly, people who play different roles may experience and suggest different challenges and measures respectively.

4.1.1 Sex Distribution of Respondents

With regard to male-female dichotomy of the respondents, males outnumbered females with 76.7 percent and 23.3 percent respectively (Figure 4.1). This implies that the majority of opinions expressed in the analysis are male biased. This is also a reflection of the male-female voice representation in most decision making endeavors in Ghana where the females are mostly seen but not heard. Finally, this imbalance

shows that there is unequal representation of women in procurement activities of public hospitals in Kumasi.

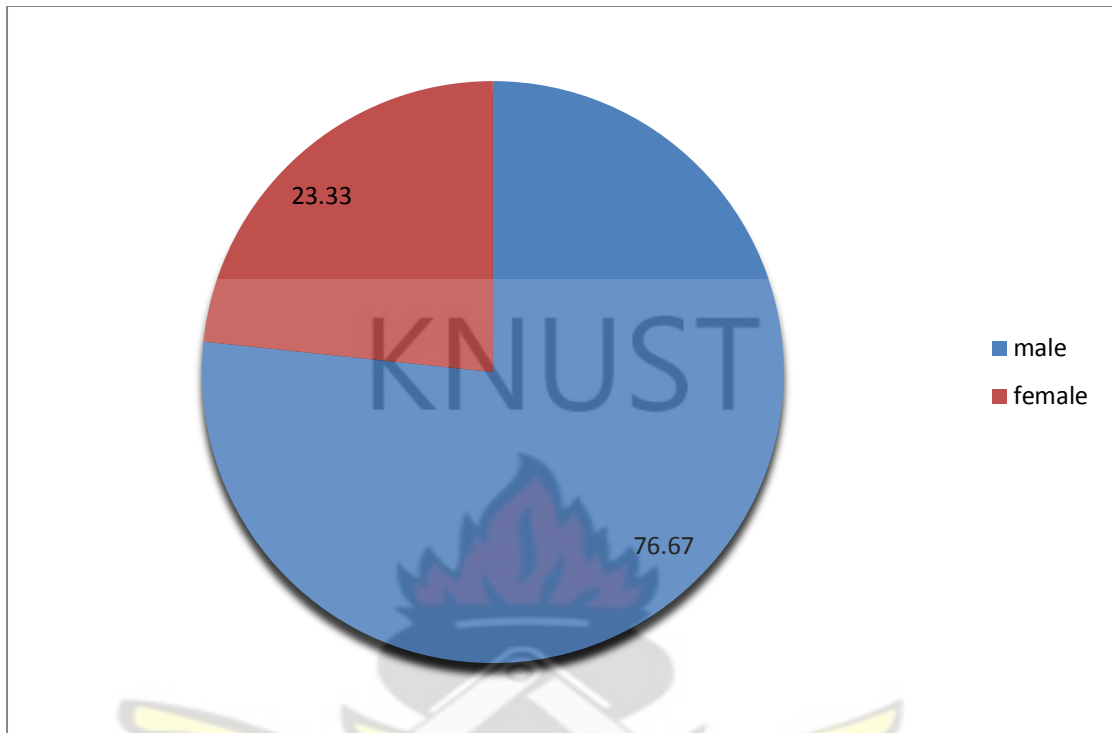


Figure 4.1: A pie chart showing sex distribution of respondents

Author's fieldwork, July 2014

4.1.2 Distribution of Respondents According to Age Groups

Figure 4.2 shows that there was no clear majority representation in terms of age groupings of the respondents. The modal age group, however, was 31-35 years with 30 percent compared to the least age group (50 years plus) with just 1.7 percent. Closely following the modal age group was those aged 36-40 years with 30 percent. These two age groups are people in their middle ages in terms of job life and would, therefore, be desirous of developing their career for comfortable retirement in the future. The remaining age groups were 26-30 years (6.7%), 41-45 years (16.7%) and 46-50 years (10%).

From the above statistics, one can say the different age groups mostly found at most work places were represented in the procurement committees even through there were unequal representations.

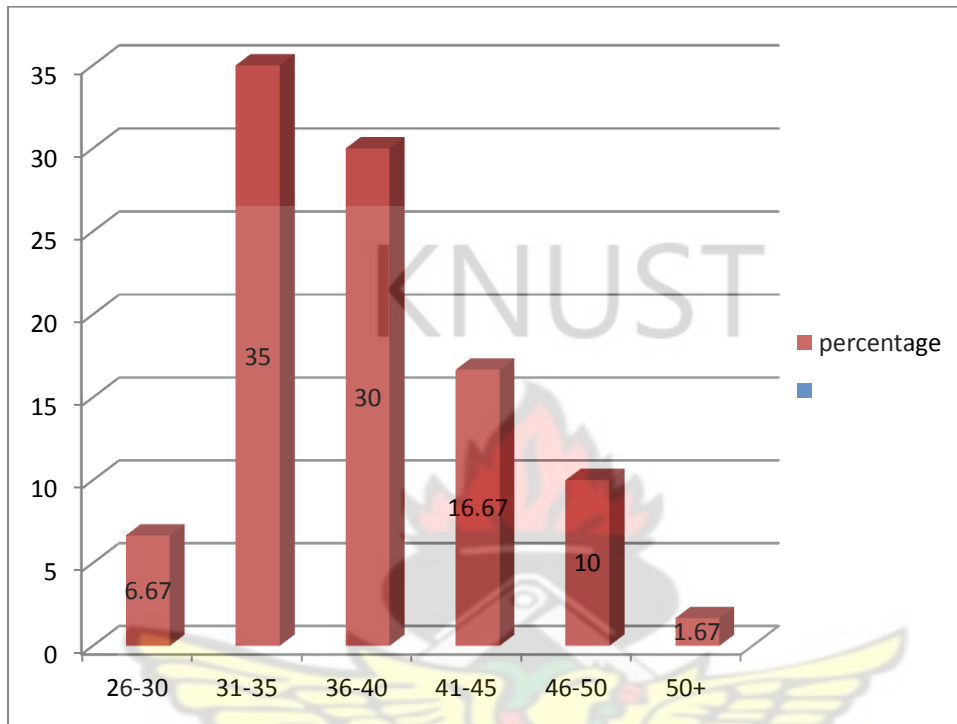


Figure 4.1.2: A bar chart showing distribution of respondents according to age groups

Author's fieldwork, July 2014

4.1.3 Profession of Respondents

About nine different professionals participated in the procurement of drugs and non-drug consumables for the selected hospitals (Figure 4.3). With the exception of 9 of them representing 15 percent of the respondents, the rest of the 51 respondents doubled as procurement committee members since they have their areas of expertise. For instance, 23.3 percent of the respondents were pharmacists while 11.7 percent

were medical doctors. There was also 11.7 percent representation of laboratory technicians and 1.7 percent of administrators and engineers each. Finally, 8.3 percent of the respondents were nurses and 26.7 percent were either accountants or storekeepers together grouped as others.

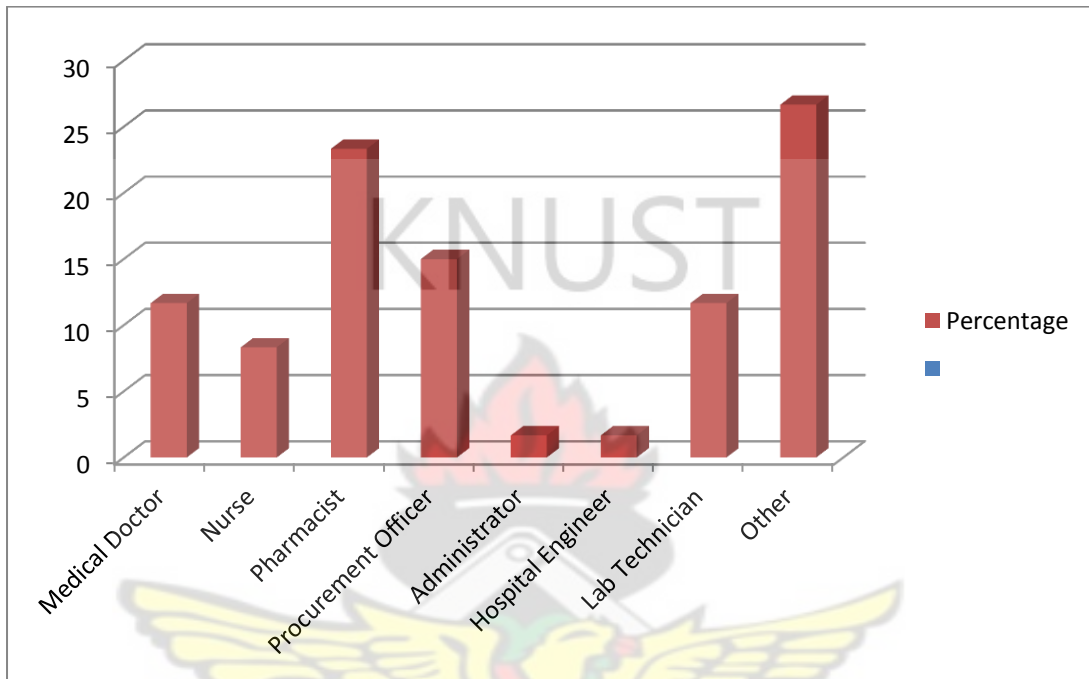


Figure 4.1.3: A bar chart showing profession of respondents

Author's fieldwork, July 2014

There is a broad spectrum of professionals involved in procurement activities in public hospitals in Kumasi. It means the majority of the people working on the procurement process of the hospitals are not proficient in procurement. This was also an implication of the need for regular training and capacity building since these professionals may not have qualifications or relevant background in procurement.

4.1.4 Role played in Procurement

Most of the respondents in this study were members of the tender committee (36.7%) compared to 5 percent who were in charge of preparation of specifications, planning and advertisement. Members of the evaluation committee were also many (28.3%)

and 23.3 percent played store keeper roles. Those in charge of payment of contractors and suppliers were 6.7 percent (Figure 4.4).

KNUST



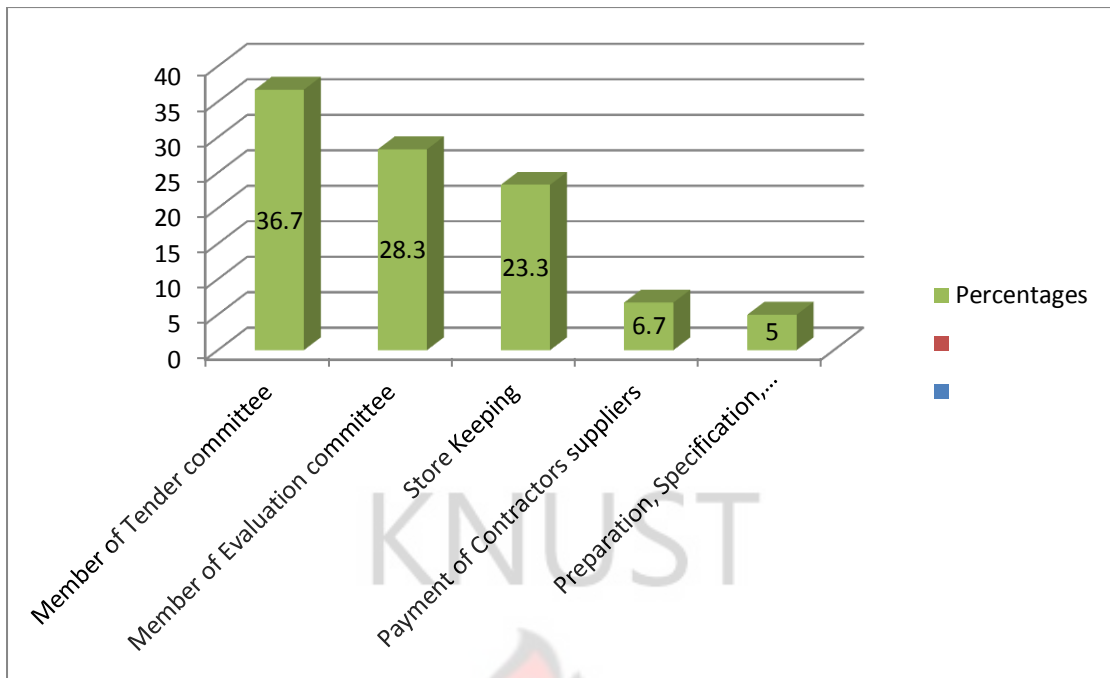


Figure 4.1.4: A bar chart showing Roles played in procurement by respondents

Author's fieldwork, July 2014

This analysis also shows that all the people who play vital roles in the procurement process were represented in the sample and as such the opinions expressed captured the generality of the challenges of implementation of the procurement Act 663 (Act 2003).

4.1.5 Length of Service in Procurement

Figure 4.5 demonstrates that the majority of the respondents have worked in procurement for 2 - 4 years (55%) whereas 8.3 percent of them have one year or less of work experience. Some 36.7 percent of them have 5-7 years' experience in working with the Procurement Act 663 (Act 2003) to procure drugs and non-drug consumables. This is enough demonstration of a fact that there were enough

experienced people to share their knowledge and experience in procurement with the few inexperienced ones.

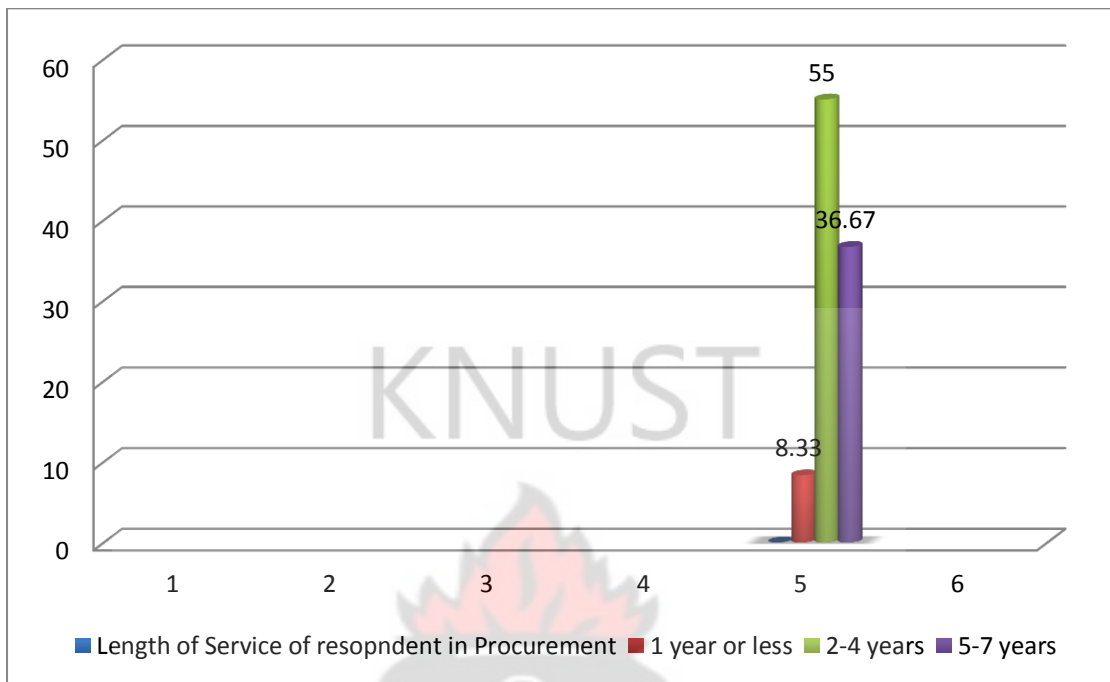


Figure 4.5: A histogram showing the length of service of respondents in procurement

Author's fieldwork, July 2014

4.2 Challenges Faced by Public Hospitals in Kumasi in the Implementation of the Procurement Act 633(2003).

The challenges faced by hospitals in the implementation of the Procurement Act 663 (Act 2003) have been graded and presented in order of magnitude from the most important to the least important. This was done during the pre-test phase of the research where the mean values of the various challenges were computed using mean score ranking. In this section, the percentage scores of the challenges on the five point Likert type of scale are analyzed and presented.

The scale suggests that responses 1-3 are not recognized challenges to the implementation of the Act 633 (2003) and as such the respondents strongly disagree, disagree or are uncertain about it.

Table 4.1 presents analysis of challenges which scored mean values of 3.5 or more representing agreed or strongly agreed upon challenges to the successful implementation of the Procurement Act 663(Act 2003).

Table 4.2: Mean scores ranking of implementation challenges

Implementation challenges of the Act 633 (2003)	Mean	Std. Dev.	Ranking Position
Delay in payment of contractors and suppliers leading to inefficiencies.	4.3167	.50394	1
High advertisement cost.	4.2667	.88042	2
Lack of qualified staff.	4.2500	.96770	3
Lack of supplier confidence.	4.2333	.94540	4
Lack of funding for procurement plans.	4.2000	.93519	5
Inadequate in-service training.	4.2000	.87914	6
Inadequate monitoring and evaluation.	4.1667	.88618	7
Influence of politicians in the award of contracts.	4.1167	1.15115	8
Delay in payment of suppliers and contractors.	4.1000	.57342	9
Lack of supplier knowledge of procurement procedures.	3.9333	.63424	10
Lack of office accommodation.	3.8000	.68396	11
Lack of career profession.	3.7833	.90370	12
Corruption and waste.	3.7667	.99774	13
Lack of contract management.	3.5667	.96316	14
Lack of consensus from stakeholders hindering the establishment of procurement fund.	3.5167	.81286	15
Lack of clear procedures for emergency procurement.	3.4833	.89237	16
Cumbersome bureaucratic procedures.	3.4167	.76561	17
Low salaries of procurement officers.	3.3833	.73857	18

Continuation of Mean scores ranking of implementation challenges

Absence of in-house capacity to test and confirm standards for essential drugs and non-drug consumables.	3.3667	.97366	19
Loopholes in the Act.	3.3500	.95358	21
Lack of knowledge, skills and capacity.	3.2833	1.04300	22
Lack of career development path in procurement.	3.0833	.99646	23
Lack of accountability.	3.0167	.79173	24
High prices.	2.9500	1.33309	25
Weak enforcement of rules and regulations.	2.9500	1.14129	26
Inadequate planning and linking demand to budget.	2.9500	1.09583	27
Absence of procurement code.	2.9167	.61868	28
Lack of knowledge of market.	2.6333	1.16396	29
Late submission of procurement plans by various units.	2.6000	1.12295	30
Too much decentralization of procurement system resulting in overstretched capacity.	2.5167	1.25538	31
Poor planning.	2.4833	1.15702	32
Poor record keeping.	2.4500	.94645	33
Poor procurement organization and procedures.	2.4000	1.45206	34
Untimely submission of request for planning.	2.3333	.85701	35
Overpayment resulting in overstocking of stocks.	2.2500	1.09892	36
Users' inability to describe their needs.	2.1500	1.21885	37
Too much decentralization of procurement planning/system.	2.0667	1.30015	38
Poor stock management.	2.0000	1.04151	39
Non-compliance with policy and regulations.	1.6333	.86292	40
Valid N (listwise)			

Author's fieldwork, July 2014

Out of the initial 40 items, 15 of them were found to have mean values of 3.5 or more on the 5 point scale. These scores were obtained from responses given by procurement practitioners who quantified the selected variable of the challenges faced

in the implementation of the Act. A cutoff mean of 3.5 was used because it's close to agree on the 5 point scale.

From Table 4.1, the greatest challenge facing hospitals in the Kumasi metropolis is delay in the payment of contractors and suppliers leading to inefficiencies in the process. About 65 percent of the respondents agreed to this fact compared to 1.7 percent of them who remained uncertain. Another 33 percent of the respondents strongly testified that delay in paying contractors and suppliers constitutes a major hindrance to the successful implementation of the Act 663 (Act 2003).

Here, it is implied that the government does not release funds on time for the settlement of contract agreement between the hospitals and their transaction partners. Consequently, subsequent demands by the hospitals for drugs and non-drug consumables do not come until the previous ones are paid thus, affecting efficient delivery of health care. This equally makes suppliers and contractors reluctant in signing and honoring future contracts.

Second on the list of major challenges militating against the implementation of the Procurement Act 663 (Act 2003) were high cost of advertisement. A total of 90 percent of the respondents confirmed this as a challenge (45% agree, 45% strongly agree). Advertisement is required by section 47 of the Act 663 for invitations to tender if there is no pre-qualification. The aim, according to Ayitey (2012), is to afford equal opportunities to all qualified tenderers without discrimination. However, this very requirement of the Act has been identified to be costly and thus, reduces the financial fortunes of the Act.

Qualified staffs are needed in every organization for success in its undertakings. However, there is general consensus that public hospitals in Kumasi lack procurement proficient staff to carry out their activities. This challenge of lack of qualified staff

confirms the statistics in Figure 4.3 where only 15 percent of the respondents reported that they were procurement officers against 85 percent who are certificated in other disciplines. This finding again validates the 2003 country Procurement Assessment Report of Ghana that most staff – members in the Ministries, Departments, Agencies (MDAs) and District Assemblies were not knowledgeable in procurement and yet they played key roles in the process.

Lack of supplier confidence in the procurement system is yet another major challenge to the smooth implementation of the Procurement Act (Act 663). Whereas 5 percent of the respondents strongly disagreed to this fact, there was 46.7 percent who strongly agreed to it. The drop in supplier confidence in the system is as result of the first major problem, i.e. delays in the payment for supplies and contracts.

The delay talked about can be linked to the next major challenge to the implementation of the Act (663) – lack of funding for procurement plans. Once again, even though 5 percent and 1.7 percent of the respondents respectively disagreed and strongly disagreed with this problem, compared to the 46.7 percent and 41.7 percent who also respectively agreed and strongly agreed, one realizes that the problem is real.

In addition to the above, there was also majority agreement of the fact that the implementation of the Act in hospitals has been bedeviled with inadequate monitoring and evaluation. This finding corroborates the work of Shaw (2010) which reported that inadequate monitoring and evaluation is an enormous challenge faced by public procurement in Ghana. This is why public procurement has been perceived by some people as an area of waste and corruption. Thai (2004), Lenguiler and Wolfstetter (2006) early on discovered this problem of lack of monitoring mechanism as the

major cause of corruption in the procurement process in developing countries; Ghana is no exception.

Finally, the last of the major challenges faced with implementation of the Act as identified based on their relative mean scores was the influence of politicians in procurement activities. Because of political face saving and election/campaign promises, some tenderers who do not qualify are given procurement contracts. In the end, they fail to deliver adequately and this negates the achievement of the objectives of the Act. 40 percent of the respondents identified political influence as a challenge followed by 45 percent of other respondents. Even though this challenge occupied the bottom position of the implementation challenges, it is very serious in the sense that political influence will not permit due diligence in any stage of the procurement process. As such the act would not even serve as a scare-crow and its objectives of transparency, fairness, competition and value for money would not be achieved.

4.3 Other implementation challenges

Other implementation challenges of the Procurement act 633 (2003) are worthy of discussion in this study. In other words, these variables scored a mean value of 3.5 or more which could be interpreted as close to “agree” in the mean score rankings.

In order of importance, the first of these other challenges was lack of supplier knowledge in procurement procedures. Therefore, the problem of inadequate knowledge in public procurement is not only limited to the procurement committees but extends to even suppliers who are a major stakeholders in the successful implementation of the Act 663. This is, therefore an environmental challenge which must be tackled probably through some public education. The World Bank Report (2010) and Schiele and McCue (2006) recognized environmental factors such as lack

of supplier knowledge of procurement a significant challenge in Africa. The majority (73.3%) of the respondents agreed that lack of supplier knowledge hampered their activities as procurement practitioners thus confirming the above discussion.

Furthermore, 55 percent and 13.3 percent of the research participants respectively agreed and strongly agreed that they lack enough office accommodation for their activities. This finding corroborates the report of the 2007.2008 PPA Annual Report which specifically identified inadequate office accommodation as a major challenge to the implementation of the Procurement Act.

Everyone goes into a profession or an employment with the aim of advancing or progressing with time. However, it has been found out that there is no career progression for procurement officers. This is demoralizing and demotivating. Even though 38.3 percent of the participants was uncertain about this fact, some 58.3 percent of them (33.3% agree, 25% strongly agree) testified to it. This is also an environmental challenge. Procurement practitioners in other setups where there is promotion to higher ranks and feel inequitably treated. Thus, they would not want to remain at the same place for ever. No wonder the longest serving procurement officers had served seven years (Figure 4.5) on their job even though the act came into force in 2003 i.e. 11 years now.

Corruption and waste were also identified by the majority of the respondents as a challenge to the procurement process. Corruption triumphs where there is fear and ignorance. Since some people do not have adequate knowledge in the process, the few who are well versed take advantage of the situation to cheat the process.

4.4 Measures to Mitigate the Challenges

Numerous were the challenges faced by members of the procurement committees in hospitals in implementing the Act to procure drugs and non-drug consumables in Kumasi. Consequently, there were numerous measures identified by this study to mitigate the challenges. Just as the challenges were arranged and discussed in descending order, the measures were treated same.

Table 4.3: Mean scores ranking of measures to mitigate the challenges

Measures to mitigate the challenges	N	Std. Dev	Ranking position
Employ qualified and trained procurement professionals.	15	.40338	1
Establishment of procurement fund.	15	.63313	2
Organize refresher training for procurement practitioners.	15	.56348	3
Advocate for the establishment of a procurement fund to reduce delay payment.	15	.84956	4
Establishment of internal procurement auditing.	15	.81286	5
Constant monitoring and evaluation.	15	.66042	6
Intensify monitoring and supervision visits to the hospitals.	15	.70890	7
Sensitize politicians to refrain from interference in procurement activities.	15	1.19734	8
Procurement curriculum in educational institutions.	15	.89947	9
Sensitize donors to support funding of procurement activities.	15	.83209	10
Build in-house capacity for testing and confirming standards for specialised drugs and non-drug consumables.	15	.65073	11
Build relationship with suppliers.	15	.64899	12

Continuation of Mean scores ranking of measures to mitigate the challenges

Involvement of civil society and other stakeholders in evaluation.	15	.85304	13
Capacity building on quantification and forecasting as well as data collection.	15	.63313	14
Ensure good record keeping and strengthen monitoring and evaluation.	15	.97076	15
Use of information management to increase efficiency and transparency.	15	1.16250	16
Integration of procurement with other logistic functions such as warehousing, distribution and finance.	15	.80447	17
Work towards strengthening procurement and logistics systems.	15	1.01347	18
Clear and timely flow of information.	15	.74485	19
Build capacity for data reporting and collaborations from the hospitals.	15	1.12634	20
Code of conduct for procurement practitioners.	15	.80447	21
Good store management to avoid overstocking of drugs.	15	1.01347	22
Knowledge of markets.	15	.96492	23

Author's fieldwork, July 2014

Table 3.4 shows that out of the 23 variables serving as measures that can be adopted to mitigate the challenges operating against the effective implementation of the Act, 19 of them were valid as they scored mean values 3.5 or better on the five point scale.

Again 3.5 mean cut off was used because it's close to agree on the 5 point scale. Thus, 19 variables were maintained for the data analysis in Chapter Four of the dissertation.

Therefore, the most important remedy to the challenges is to employ qualified and trained procurement professionals with adequate knowledge in the procurement process. All 100 percent of the respondents agreed or strongly agreed to this fact (Table 4.4) thus confirming studies by Odhiambo and Kamau (2003), Araujo (2004) and Doyle (2006) that professionalism is required for the success of procurement in public organizations.

The respondents again agreed that there was the need for the establishment of a procurement fund. This will make money readily available and thus reduces the delay in payment of contractors and suppliers.

Also, there should be in service training for staffs involved in procurement activities of the hospitals. This will shape their procurement acumen and thus, prevent errors due to lack of knowledge. The majority of the respondents expressed the need for this. This validates a study by Bolton (2006) that successful implementation of procurement practices require practitioners to enhance their expertise.

In order to minimize the corruption and waste in the system, there should be some form of internal audit of the procurement process at each stage of the process and this should be done on regular bases. About 88.3 percent of the respondents advocates for the establishment of internal audit as a measure against the implementation challenges (Table 4.4). This also support studies by Shaw (2010) that internal control auditing can offer independent and objective assurance that internal control and procedures are being complied with.

Again, constant monitoring and evaluation were suggested by the majority of the respondents as a good measure to guard against waste and inefficiencies in the system. This will correct problems stage by stage and the evaluation aspect will call for better or alternative approaches to future procurement activities thereby improving the overall system. This agrees with Shaw (2010) suggestion that monitoring and evaluation can ensure that guidelines and internal controls are being complied with.

About 10 percent of the respondents kicked against political non-interference. However, matched against the 38.3 percent and 45 percent of other respondents who agreed and strongly agreed respectively, one concludes that the implementation of the Procurement Act in the procurement of drugs and non-drug consumables would be successful if politicians stay away from influencing the process. Political influence does not often consider merit in the award of contracts thereby preventing the achievement of the objective of the Act. But if politicians do not meddle with the process, due diligence could be done and as such the best possible choices will be made in the process.

The introduction of procurement curriculum in education was recommended by the majority of the respondents. This will equip people with knowledge and skill in procurement and thus, prevent inefficiencies in the implementation of the Act. It implies that it is incumbent on our educational institutions to factor environmental needs into the curriculum so that graduates coming out will be adequately equipped to provide direction for the procurement process. This validates Jones (2007) suggestion that institutions of higher learning and service providers have a critical role to equip

procurement learners and practitioners with appropriate skills by developing curriculum that meet the needs of the country

The last of the most important measures identified by this study was donor support funding for procurement in public hospitals. This means that philanthropists, companies and international bodies have a role to play in our health care delivery by bringing in funds for procurement of drugs and non-drug consumables. This is all because of the fact that central government alone cannot provide all the money needed for public procurement.

The current problems of shortages of drugs and equipment, delay in payment of contractors and suppliers especially with the National Health Insurance Scheme is a clear demonstration of the fact that the government alone cannot provide all the funds we need to meet the health needs of the people especially in the procurement of drugs and non-drug consumables. Therefore, donors need to be sensitized to provide financial and or material support for the procurement of drugs and non-drug consumables in our hospitals deliver the needed health care.

The other measures that this study identified included the building of in-house capacity for testing and confirming standards for specialized drugs and non-drug consumables, establishing good relationship with suppliers based on trust, involvement of civil society and other stakeholders in procurement evaluation and good record keeping. Yet others are the use of management information systems, integration of procurement with other logistics functions such as warehousing, distribution and finance, and ensuring effective communication.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter summarizes the study and draws conclusions based upon the findings. Some recommendations are also made for policy formulation and implementation based upon the results of the study. The aim of this chapter is to enable readers know at a glance what the problem was, how it was investigated and what was found.

5.1 Summary of the study

The study sought to investigate the implementation challenges of the Public Procurement Act 663 (Act 2003) in public hospitals within the Kumasi Metropolis. A cross – sectional survey was thus, conducted using a structured questionnaire on a non-probabilistic sample of 60 respondents.

The data gathered were analyzed using descriptive statistics with the help of the statistical package for service solutions (SPSS v20). Frequencies percentages and control tendencies were used to summarize the data for discussion.

5.1.1 Summary of Findings

There were two categories of results sought for by the researcher in this study. These included the challenges to the implementation of the Procurement Act 663(Act 2003) and the measures that can be brought to mitigate such challenges.

With regard to the challenges the study identified the following as the major ones:

- Delay in payment of suppliers and contractors teaching to gross inefficiencies
- High cost of advertisement

- Lack of qualified staff
- Lack of supplier confidence
- Inadequate funding for procurement plans
- Inadequate in-service training
- Poor monitoring and evaluation
- Political influence in awarding contracts.

Apart from the above there were also some minor challenges of which corruption and waste are worthy of note.

Some major suggestions were also made by the respondents in view of measures to mitigate in the procurement challenges in the hospitals. These were:

- Employment of qualified trained professionals
- Establishment of procurement fund
- Refresher training for procurement officers
- Internal audit for procurement committees
- Constant monitoring and evaluation
- Political non-interference
- Introduction of procurement curriculum in educational institutions
- Donor support funding for procurement of drugs and non-drug consumables

5.2 Conclusions

From the findings of the study, three major conclusions can be drawn. First of all, the Procurement Act 633 is saddled with myriad of implementation challenges affecting the realization of its objectives. Secondly, there is the need for strong political will in support of the act if public hospitals in Kumasi are to successfully implement the Act to meet its objectives.

Finally, the procurement of drugs and non-drug consumables for effective health care delivery in hospitals is not handled by trained professionals and this leads the inefficiencies in the process thereby affecting health care delivery in Kumasi Metropolis.

5.3 Recommendations

The following recommendations were made for policy formulation and implementation.

There should be regular or periodic in service training for members of the procurement committees in the hospitals in Kumasi. The content of this training should be specific to the needs of the procurement of drug and non-drug consumables in the various hospitals.

The media in the country should be used to educate and encourage members of the public and corporate bodies to contribute towards a National Procurement fund. This should take the form of the education on the voluntary blood donation exercise which is carried out annually by some media houses in the metropolis.

The composition of the procurement process should include internal audit component at all stages. Auditing of the procurement process should be done on regular basis. The Ghana Public Procurement Authority, should, as one of its responsibilities, ensure that auditing of the procurement process is done on regular basis.

To boost the confidence and trust of the public, suppliers and contractors in the Procurement Act 633, the government should not interfere in the procurement process. The hospitals should be allowed to function as real decentralized

procurement entities which have authority to implement the act without political interference.

KNUST



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APPENDIX

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

DEPARTMENT OF BUILDING TECHNOLOGY

SURVEY QUESTIONNAIRE

This questionnaire is administered to collect data for a Masters Thesis on the Level of Compliance and Implementation Challenges of the Procurement Act 663 (2003) in Public Hospitals in the Kumasi Metropolis in the Ashanti Region of Ghana. I will be grateful if you could answer the following questions.

INSTRUCTIONS

This is not a test: there are no right or wrong answers, but please answer carefully.

For each question pick the answer that fits you the best and put an “x” in the box opposite that question. Pick only one answer for each question except where you are to indicate otherwise.

SECTION A: BACKGROUND CHARACTERISTICS

1. Gender: 1. Male [] 2. Female []
2. What is your age? (yrs) range is: 1. 20-25 [] 2. 26-30 [] 3. 31-35 []
4. 36-40 []
5. 41-45 [] 6. 46-50 [] 7. 50+ []
3. What is your profession? : 1. Medical Doctor [] 2. Nurse [] 3. Midwife []
4. Healthcare Assistant []
5. Pharmacist [] 6. Procurement Officer [] 7. Administrator []

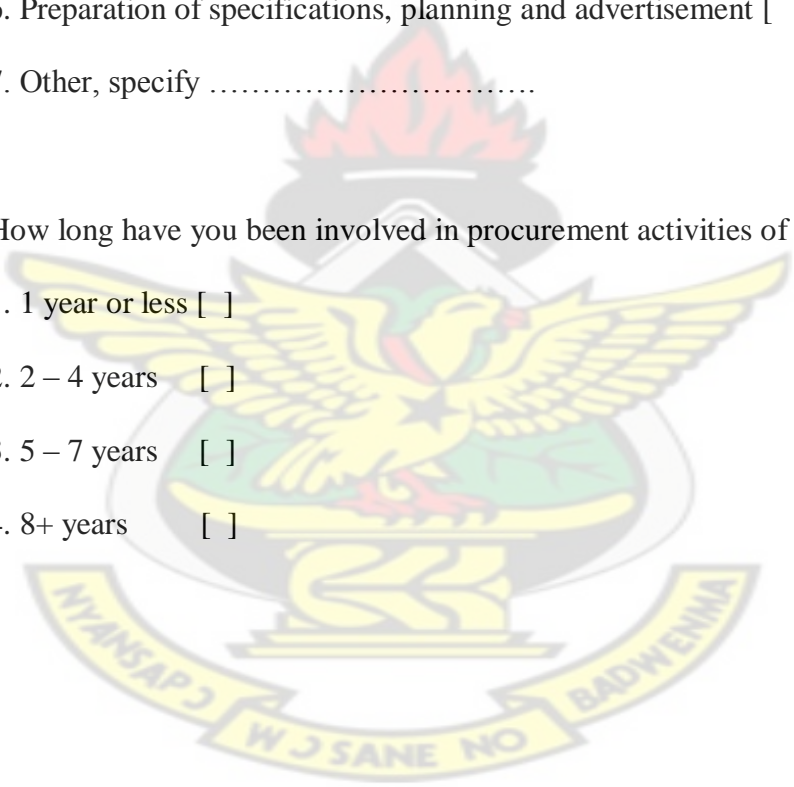
8. Hospital Engineer [] 9. Lab Technician [] Other, specify.....

4. What role do you play in the procurement activities of the Hospital?

- 1. Member of Tender Committee []
- 2. Member of Evaluation Committee []
- 3. Store Keeping []
- 4. Contract Manager []
- 5. Payment of contractors and suppliers []
- 6. Preparation of specifications, planning and advertisement []
- 7. Other, specify

5. How long have you been involved in procurement activities of this hospital?

- 1. 1 year or less []
- 2. 2 – 4 years []
- 3. 5 – 7 years []
- 4. 8+ years []



SECTION B: CHALLENGES OF IMPLEMENTATION

Instruction:

These set of questions or statements are to identify the challenges associated with the implementation of the Public Procurement Act 663 (2003) in your Hospital. Please, read every statement carefully and circle the number that corresponds to your answer.

Use the following Ranking Scale. There is no right or wrong answer.

Ranking Scale

1 = Strongly disagree

2 = Disagree

3 = Neither agree nor disagree

4 = Agree

5 = Strongly agree

Statement		Please Circle				
1.	Lack of knowledge, skills and capacity	1	2	3	4	5
2.	Lack of career development path in procurement	1	2	3	4	5
3.	Inadequate in-service training	1	2	3	4	5
4.	Lack of funding for procurement plans	1	2	3	4	5
5.	Delay payment of contractors and supplies leading to inefficiencies	1	2	3	4	5
6.	Inadequate planning and linking demand to budget	1	2	3	4	5
7.	Untimely submission of request for planning	1	2	3	4	5
8.	Too much decentralization of procurement planning/system	1	2	3	4	5
9.	Influence of politicians in the award of contract	1	2	3	4	5
10.	Lack of accountability	1	2	3	4	5

11.	Corruption and Waste	1	2	3	4	5
12.	Inadequate monitoring and evaluation	1	2	3	4	5
13.	Poor records keeping	1	2	3	4	5
14.	Noncompliance with policy and regulations	1	2	3	4	5
15.	Too much decentralization of procurement system resulting in overstretched capacity	1	2	3	4	5
16.	Inadequate funding	1	2	3	4	5
17.	Delay payment of suppliers and contractors	1	2	3	4	5
18.	Loopholes in the Act	1	2	3	4	5
19.	Political interference	1	2	3	4	5
20.	Weak enforcement of rules and regulations	1	2	3	4	5
21.	Slow pace in regularizing draft regulations	1	2	3	4	5
22.	Lack of clear procedures for emergency procurement	1	2	3	4	5
23.	Cumbersome bureaucratic procedure	1	2	3	4	5
24.	Lack of supplier confidence	1	2	3	4	5
25.	Lack of knowledge of market	1	2	3	4	5
26.	Lack of supplier knowledge of procurement procedures	1	2	3	4	5
27.	Lack of office accommodation	1	2	3	4	5
28.	Lack of carrier profession	1	2	3	4	5
29.	Lack of qualified staff	1	2	3	4	5
30.	Absence of procurement code	1	2	3	4	5
31.	Poor procurement organization and procedures	1	2	3	4	5

32.	Poor stock management	1	2	3	4	5
33.	High prices	1	2	3	4	5
34.	High advertisement cost	1	2	3	4	5
35.	Poor planning	1	2	3	4	5
36.	Lack of contract management	1	2	3	4	5
37.	Low salaries of procurement officers	1	2	3	4	5
38.	Absence of In-house capacity to test and confirm standards for essential drafts and non-draft consumable	1	2	3	4	5
39.	Overpayment resulting in overstocking of stocks	1	2	3	4	5
40.	Lack of consensus from stakeholders hindering the establishment of procurement fund	1	2	3	4	5
41.	Lack In-service training	1	2	3	4	5
42.	Late submission of procurement plans by various units	1	2	3	4	5
43.	Users inability to describe their needs	1	2	3	4	5

SECTION C: MEASURES TO MITIGATE IMPLEMENTATION CHALLENGES

Instruction:

These set of questions or statements are to identify measures that could be used to mitigate implementations challenges of the Public Procurement Act 663 in your Hospital. Please, read every statement carefully and circle the number that corresponds to your answer. Use the following Ranking Scale. There is no right or wrong answer.

Ranking Scale

1 = Strongly disagree

2 = Disagree

3 = Neither agree nor disagree

4 = Agree

5 = Strongly agree

Statement		Please Circle				
Measures to improve procurement activities						
1.	Work towards strengthening procurement and logistics systems	1	2	3	4	5
2.	Organise refresher training for procurement practitioners	1	2	3	4	5
3.	Employ qualified and trained procurement professionals	1	2	3	4	5
4.	Sensitize donors to support funding of procurement activities	1	2	3	4	5
5.	Advocate for the establishment of a procurement fund to reduce delay payment	1	2	3	4	5
6.	Ensure good record keeping and strengthen monitoring and evaluation	1	2	3	4	5
7.	Build in-house capacity for testing and confirming standards for specialised drugs and non drug consumables.	1	2	3	4	5
8.	Intensify monitoring and supervision visits to the hospitals	1	2	3	4	5
9.	Good store management to avoid overstocking of drugs	1	2	3	4	5
10.	Build capacity for data reporting and collaboration from the hospitals	1	2	3	4	5
11.	Sensitize politicians to refrain interference in procurement activities	1	2	3	4	5
12.	Knowledge of market	1	2	3	4	5
13.	Use of information management to increase	1	2	3	4	5

	efficiency and transparency					
14.	Build relationship with suppliers	1	2	3	4	5
15.	Constant monitoring and evaluation	1	2	3	4	5
16.	Establishment of internal procurement auditing	1	2	3	4	5
17.	Code of conduct for procurement practitioners	1	2	3	4	5
18.	Integration of procurement with other logistic functions such as warehousing, distribution and finance	1	2	3	4	5
19.	Clear and timely flow of information	1	2	3	4	5
20.	Procurement curriculum in educational institutions	1	2	3	4	5
21.	Involvement of civil society and other stakeholders in evaluation	1	2	3	4	5
22.	Establishment of procurement fund	1	2	3	4	5
23.	Capacity building on quantification and forecasting as well as data collection	1	2	3	4	5

END OF EXERCISE