



E-Procurement Bulletin



P u b l i c P r o c u r e m e n t A u t h o r i t y

ENHANCING TRANSPARENCY IN PUBLIC PROCUREMENT

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T*ransparency International* defines the term "Transparency" as a principle that allows those affected by administrative decisions, business transactions or charitable work to know not only the basic facts and figures but also the mechanisms and processes. Its importance in governance is further echoed by Prof. Robert Klitgaard, "world's leading expert on corruption" who believes that corruption is a crime of calculation that flourishes in a system of governance where there is a high degree of monopoly and discretion with a

low demand for accountability and transparency. Hence his famous corruption formula:

**Corruption=Authority + Monopoly
- Transparency**

To stem the tides of rising public perception of corruption in public procurement, the principle of transparency is solidly laid as the bedrock of Ghana's Public Procurement Act, 2003 (Act 663). Its main object is to harmonize the process of public procurement in the country to achieve fairness and trans-

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Online Activities

List of entities that have submitted their 2011 Procurement Plans online As at end of June, 2011

- | | |
|--|--|
| 1. Accra Polytechnic | 44. Ghana Cocoa Board |
| 2. Achimota Hospital | 45. Ghana College of Physicians and Surgeons |
| 3. Adenta Municipal Assembly | 46. Ghana Grid Company Ltd. |
| 4. Ashaiman Municipal Assembly | 47. Ghana Highway Authority |
| 5. Atua Government Hospital | 48. Ghana Immigration Service |
| 6. Bank of Ghana | 49. Ghana Institute of languages |
| 7. Berekum Tr. College | 50. Ghana Institute of Management And Public Admini-
stration |
| 8. Bolgatanga Polytechnic | 51. Ghana Investment Fund For Electronic Communica-
tions |
| 9. Bulk Oil Storage and Transportation | 52. Ghana Library Board |
| 10. Bureau of National Investigations (BNI) | 53. Ghana National Fire Service |
| 11. Cape Coast Metropolitan Assembly | 54. Ghana National Petroleum Corporation |
| 12. Centre for Scientific Research Into Plant Medicine | 55. Ghana Police Service |
| 13. Commission on Human Rights and Administrative
Justice | 56. Ghana Ports And Harbours Authority |
| 14. Controller And Accountant General Dept | 57. Ghana Prisons Service |
| 15. Council for Law Reporting | 58. Ghana Railways Corporation |
| 16. Council for Scientific and Industrial Research | 59. Ghana Revenue Authority |
| 17. Council for Technical and Vocational Education and
Training | 60. Ghana Shippers Council |
| 18. Dangme West District Assembly | 61. Ghana Standards Board |
| 19. Dental School | 62. Ghana Statistical Service |
| 20. Department of Children | 63. Ghana Trade Fair Company Limited |
| 21. Department Of Urban Roads | 64. Ghana-India Kofi Annan Center of Excellence |
| 22. Driver and Vehicle Licensing Authority | 65. Grains And Legumes Development Board |
| 23. Dunkwa District Hospital | 66. Ho Polytechnic |
| 24. East Akim District Assembly | 67. Institute Of Professional Studies |
| 25. Economic and Organised Crime Office | 68. Internal Audit Agency |
| 26. Effa Nkwanta Regional Hospital | 69. Juaben District Hospital |
| 27. Effiduase District Hospital | 70. Judicial Service |
| 28. Effutu Municipal | 71. Kade Government Hospital |
| 29. Electoral Commission | 72. Koforidua General Hospital |
| 30. Enchi Tr. College | 73. Koforidua Polytechnic |
| 31. Energy Commission | 74. Komfo Anokye Teaching Hospital |
| 32. Environmental Protection Agency | 75. Korle bu Teaching Hospital |
| 33. Export Development and Investment Fund | 76. La Polyclinic |
| 34. Foods and Drugs Board | 77. Ledzokuku-Krowor |
| 35. Forestry Commission | 78. Maamobi Polyclinic |
| 36. Ga East | 79. Mamprobi Polyclinic |
| 37. Ga West (Ga) | 80. Medical School |
| 38. Ghana Academy of Arts And Sciences | 81. Minerals Commission |
| 39. Ghana Airports Company Limited | 82. MINISTRY OF COMMUNICATION |
| 40. Ghana Atomic Energy Commission | 83. MINISTRY OF CULTURE And CHIEFTAINCY |
| 41. Ghana Audit Service | 84. MINISTRY OF EDUCATION |
| 42. Ghana Broadcasting Corporation | 85. MINISTRY OF ENERGY |
| 43. Ghana Civil Aviation Authority | 86. Ministry of Environment Science and Technology |



- | | |
|--|--|
| 87. MINISTRY OF FINANCE AND ECONOMIC PLANNING | 125.Osu Klottey Submetro DHMT |
| 88. MINISTRY OF FOOD And AGRICULTURE | 126.Parliament |
| 89. MINISTRY OF FOREIGN AFFAIRS AND REGIONAL INTEGRATION | 127.Peki Training College |
| 90. MINISTRY OF HEALTH | 128.Pharmacy Council |
| 91. Ministry of Information | 129.Public Procurement Authority |
| 92. MINISTRY OF JUSTICE AND ATTORNEY GENERAL | 130.Public Utilities Regulatory Commission |
| 93. MINISTRY OF LANDS, FORESTRY And MINES | 131.Registrar Generals Department |
| 94. MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT | 132.School of Allied Health Sciences |
| 95. MINISTRY OF ROADS AND HIGHWAYS | 133.Shama |
| 96. MINISTRY OF THE INTERIOR | 134.Shama-Ahanta East Metropolitan Assembly |
| 97. MINISTRY OF TOURISM And DIASPOREAN RELATION | 135.SIC Life Company Limited |
| 98. Ministry of Transport | 136.Social Security and National Insurance Trust (SSNIT) |
| 99. Ministry of Women and Children Affairs | 137.South Dayi District Assembly |
| 100.Mount Mary College | 138.St. Joseph's Tr. College |
| 101.Mpohor Wassa East | 139.St. Mary's Secondary School |
| 102.Narcotics Control Board | 140.St. Monica Training College |
| 103.National Accreditation Board | 141.Students Loan Trust Fund |
| 104.National Board for Professional And Technical Examinations | 142.Suhum Government Hospital |
| 105.National Board for Small Scale Industries | 143.Sunyani General Hospital |
| 106.National Cardiothoracic Centre | 144.Sunyani Polytechnic |
| 107.National Commission on Culture | 145.Sunyani West |
| 108.National Development Planning Commission | 146.Takoradi Polytechnic |
| 109.National Film and Television Institute | 147.Tamale Polytechnic |
| 110.National Health Insurance Authority | 148.Tema Metropolitan Assembly |
| 111.National Identification Authority | 149.Tema Sec. School |
| 112.National Insurance Commission | 150.Tetteh Quarshie Memorial Hospital |
| 113.National Lottery Authority | 151.Twifo Praso Health Assistants Tr. Sch. |
| 114.National Petroleum Authority | 152.University Ghana School of Pharmacy |
| 115.National Road Safety Commission | 153.University Of Cape Coast (UCC) |
| 116.National Service Secretariat | 154.University Of Ghana (UG) |
| 117.National Theatre of Ghana | 155.University of Ghana Business School(UGBS) |
| 118.National Vocational Training Institute | 156.University Of Science And Technology (KNUST) |
| 119.Noguchi Memorial Institute | 157.Volta River Authority |
| 120.Non Formal Education Division | 158.Wa Polytechnic |
| 121.Nsawam Government Hospital | 159.Water Resources Commission |
| 122.Nyinahin District Hospital | 160.Wesley Girls High Sch. |
| 123.OFFICE OF THE PRESIDENT - MAIN | 161.West African Examination Council |
| 124.Office of the Regional Health Directorate – Eastern Region | 162.Western- Regional Co-ordinating Council |
| | 163.Wiawso Tr. College |

The Authority urges all other entities who have not submitted their plans as yet to emulate the example of the above listed entities and comply accordingly.



(Continued from page 1)

parency. Additionally, the Act prescribes a number of transparency measures in its bid to win public confidence in the process of public procurement. For instance, the strict adherence to competition (as a default) in the conduct of public procurement, the involvement of representatives of tenderers during tender openings, the disclosure of evaluation criteria prior to the start of tendering processes, as well as the publication of tender and disposal notices and contract awards are all evident of Ghana's commitment to entrenching the principles of transparency into its public procurement system.

The PPA which is also a creation of the Public Procurement Act, is mandated to conduct periodic assessments of procurement activities undertaken by entities to uncover probable lapses that could be addressed through policies and programmes. Another transparency drive embarked upon by the PPA is the development of the multi-purpose corporate website which serves as an official portal for information on contract awards, tender notices, pro-

curement manuals and other documents and a database of suppliers, contractors and consultants as well as record prices to assist the work of procurement entities. To further boost transparency in the practice of public procurement, the Authority publishes the E-Bulletin on a bi-monthly basis with the aim of disseminating public procurement information to stakeholders and the general public who so require for their monitoring and greater involvement.

Thus, as you flip through the pages of this issue of the E-Bulletin we present to you other articles that will expose you to the Role of Act 663 in Fighting Corruption, the Concept and Practice of Value for Money Analysis in Public procurement and the Benefits of E-procurement to Civil Society.

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Rhoda Appiah
Principal Public Affairs
PPA

Tendering and contract Information for periods indicated

[Tendering Opportunities for Jul - Aug 2011](#)

[Contracts Awarded for Jan-Aug 2011](#)

[Restricted Tender Awards Jan-Aug 2011](#)

[Expression of Interest Requests Jul -Aug 2011](#)

The links above will take you directly to the PPA Website Reports for the months of period indicated.



A BRIEF WRITE-UP ON GHANA VALUE FOR MONEY (VFM) CONTRACT ASSESSMENT

Introduction/Funding

The Ghana Value for Money (VFM) Contract Assessment Services Project is implemented under the auspices of the Ministry of Finance and Economic Planning (MOFEP) with Crown Agents (CA) as consultants. The principal objective of the project is to achieve improved efficiency, transparency, accountability and value for money in government financial resource utilisation.

Britain's Department for International Development (DFID) funded the Project to the tune of £500,000 for a two-year period commencing January 2000. The DFID-funded phase, subsequently termed the Phase 2, followed a two-year pilot phase (Phase 1), which was initiated and funded by MOFEP during which Crown Agents were contracted to review certain high value, single-sourced contracts prior to contract effectiveness to ensure that they would deliver "*value for money*" to the Government of Ghana (GOG).

As a result of the success of Phase 1, during which contract price savings of 14% were identified together with other non-financial VFM enhancements and contract risk minimisation, GOG undertook two important activities:

- Set out a policy statement requiring all single-sourced, buyer- or supplier-credit funded contracts to be subject to pre-contract VFM audit;
- Sought and secured donor (DFID) funding to continue the services for a further two-year period that is the Phase 2 of the project.
- At the end of Phase 2, DFID again provided funds for a continuation of the project for a further 1-year period up to the end of March 2003. Ministry of Finance and Economic Planning has funded the project from April 2003 to date.

Output of Audits

Specific Value for Money (VFM) reports are issued at

the end of each audit assignment to the Ministry of Finance and Economic Planning that addresses and recommends improvements on all aspects of the contract where risks exist thereby ensuring equity to both Buyer [in this case, Government of Ghana (GOG)] and Supplier or Contractor. The recommendations are effected through re-negotiations involving the parties (MOFEP/MDA/Contractor or Supplier). Savings realised during negotiations are ploughed back into the contract to achieve increased scope of works/supplies for the Government of Ghana.

Achievements

Through the (pre-contract-effectiveness) VFM audit work, the following were achieved during implementation of the project to date:

- Over 160 pre-contract effectiveness audit assignments undertaken with aggregate value in excess of US\$2 billion.
- A substantial number of contracts were identified as high risk and stopped, saving the Government the corresponding potential debt.
- Substantial price premium identified of up to 20% of the value of some individual contracts.
- Recommendations made to strengthen procuring entities' contractual position, reduce exposure to risk, and improve final procurement outcomes in their favour.
- Learning outcomes, guidelines and best practice recommendations produced for wider dissemination at VFM workshops organised in 2003 and 2010.

Key Findings

Adverse

- Weak contract terms and poor implementation



or delivery arrangements that adversely impact on VFM.

- Poor acceptance/taking-over procedures that adversely impact on VFM.
- Inadequate warranty provisions, or weak arrangements for post-contract maintenance support, etc.
- Lump-sum price packages that do not lend themselves for easy verification on the reasonableness or otherwise of the offered contract prices.
- Adverse payment terms, including often-high advance payments that are unfavourable to the Purchaser and often not tied to specific deliverables from the Supplier
- Imprecise definition of scope of supply and/or services leading to lack of clarity in substance of contracts.
- Poor functional specifications where mere material descriptions are provided instead of performance-based specifications.
- Non-use of standard or model forms of contract
- Payments not always related to progress of works completion (civil works contracts)
- Supplier credit financing featured as the main driver of single source contracting in Ghana, leading to supplier-drafted contracts, which in many cases tend to favour suppliers/contractors more than the Employer or Buyer.
- Absence of Advance payment guarantee has been identified as another problematic factors escalating the risk of the Employer
- Freedom of contractor to outsource some or all aspects of works to sub-contractor without approval of Employer also emerged a risk prone area for VFM attainment
- Where Model Forms of Contract (MFCs) are used, the case remains that substantial amendments are being introduced under the Special Conditions or Conditions of Particular Application, which expose the Employer or Buyer to significant financial and contractual risks.
- Suppliers' reluctance to provide additional information at a request;
- Lack of background information – including Employer's Requirements, needs analysis, sourcing strategy, procurement method or tendering process, evaluation criteria and contract award decision criteria, decision making process, financing arrangements (including conditionalities), and overall project objectives

Positive

- Some potential suppliers have made enquiries from the VFM office on the audit process with the view of making acceptable submissions. This is 'upstreaming' the process, as has always been recommended. It is expected that such efforts should result in improvements in the quality of contract documents to be submitted in future
- Increased awareness and acceptance of VFM project following the workshop in November 2001

Key Learning Outcomes

Adverse

- The conditionalities of some finance packages present major challenges to the attainment of value for money for procuring entities. For instance, one works contract reviewed included a quite unrelated component - for a separate consultancy study in a separate location in a different region, for 20 % of the contract price. A key factor appears to be to meet the (80%) content for donor country-sourced inputs.
- The absence of complete information for the VFM Consultant necessarily lengthens the time required for assessment, constrains the undertaking of more thorough assessments, and can weaken the attainment of VFM
- Even where a contract is VFM-optimised at the contract formation stage, the realisation of VFM gains during contract implementation may be affected by capacity constraints in implementation management, supervision or cost control.



Positive

- Need for early interventions (“upstreaming”) in order to build in best VFM outcomes right from the start.
- Need for use of standard model forms of contract (MFC), wherever appropriate, in order to provide a proper basis for attainment of VFM.
- Scope of supply and product specifications to be dictated by well defined needs assessment of the Employer
- Workshops are seen as an effective means of disseminating VFM key lessons, outcomes, and benefits to target audiences and stakeholder

group. The implementation of an overall dissemination strategy, incorporating further workshops, would be beneficial to long-term sustainability.

It is expected that the inquiries made by prospective Suppliers regarding VFM procedures (“Upstreaming”) would translate to improved documents to be presented to the line ministry as a basis for a contract agreement.

Bernard Moro
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Benefits of e-Procurement to Civil Societies



Civil societies play an important ‘watchdog’ role in any society. In Ghana activities of most Civil Society groups focus on monitoring government activities aimed at ensuring government’s deliverables are devoid of waste and corruption. With public procurement estimated at 50-70% of government’s expenditure, civil societies play an important role in public procurement by raising awareness aimed at exerting pressure on public officials to use of public resources judiciously.

The main objective of passing the procurement Act (Act. 663) in 2003 is eliminating corruption in the procurement process, regulating expenditure and also instilling discipline in public finances. Ghana Integrity Initiative, a leading Civil Society group in Ghana, in August, 2007 commenting on the Procurement Act, noted that ‘information dissemination is very vital for the success of any policy reform, adding that for Ghana to have a workable procurement system, the procurement law must be re-

viewed to include portions relating to information dissemination on public procurement'. It can therefore be inferred from this statement that access to information is very vital to the activities of these civil societies.

The Public Procurement Authority (PPA) since its inception has made information dissemination a core function to ensure as much information on procurement activities in the country are made available to the public. One medium which the PPA does so is through its website – www.ppaghana.org – where it publishes such information as;

- General Procurement Opportunities
- Tender Notices
- Expressions of Interest
- Open Tender Contract Awards
- Restrictive Tender Contract Awards
- Pre-Qualification Notices
- User Items Average Price List etc.
- Resolved cases from the Appeals and Complaints Committee

Introducing eProcurement (online procurement system) will further enhance this information dissemination process. Most developing countries are implementing eProcurement systems as it provides the medium to make public procurement more transparent. It is expected that introducing eProcurement in Ghana will serve additional benefits to civil societies, some of which are elaborated below;

Single Window for Public Procurement

Foremost, an eProcurement system will serve as a single platform from which all public procurement will be conducted. It will decrease chances of face-to-face contact between procurement officers and suppliers. This will greatly make the procurement proc-

ess more transparent. Access to this information by Civil Societies will enable them gather data on procurement processes from one platform for their review, eliminating the need to go round government entities or using newspaper adverts to gather such data.

Data Exchange

An eProcurement system will also enable data exchange between public entities through digitalization of procurement process.

Monitoring

With an eProcurement system, all information relating to a procurement process are available;

- Tender Notices
- Tender Documents
- Tender Submission
- Evaluation of Tenders
- Award details
- Contract management etc

This information will enable civil societies directly monitor the procurement process and make informed decision as to the outcome of the process.

Decrease Procurement Officer's discretion

Additional benefits that an eProcurement system will give to civil societies, is their ability to continuously monitor the procurement process, even on real-time basis, to ascertain process is devoid of any corrupt tendencies. An eProcurement system will contribute to this through;

Reduced possibility for corrupt and illegal activities involving abuse of classified information.

Clarify criteria for tender evaluation and disclose evaluation results.

Digitalization of successful tender selection reduces Procurement Officers' discretion at the tender



evaluation stage, therefore prevents corruption.

A country that has benefited from establishing eProcurement (www.chilecompra.cl) is Chile, where establishing such a system had made the public procurement “more transparent, reduced procurement entity’s transaction cost, increased opportunities for feedback and cooperation between procurement practitioners and public agencies, and sharply reduced opportunities for corruption” (Orrego et al 2000)

In conclusion, sound public procurement policies and practices are essential to good governance. With

a number of policies in place for public procurement already, establishing an eProcurement system will help enhance the practice of public procurement. Civil societies will therefore have an improved avenue for monitoring public procurement, whereby they can determine good governance as a reality, not a perception, as far as public procurement is concerned.

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