



**Public  
Procurement  
Authority**

*Improving efficiency and  
transparency in Public Procurement*

## E-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

# Creating Wealth through Health

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The health of citizens must always be a country's paramount consideration. It is an important dimension of quality of life. Thus, the popular belief, "A healthy nation is a wealthy nation".

Healthcare is important to the society because people get ill, accidents and emergencies do arise and the hospitals are needed to diagnose, treat and manage different types of ailments and diseases. "The World Health Organization (WHO) defines healthcare as all the organizations, institutions and resources that are devoted to producing health actions". According to the Organisation for Economic Co-operation and Development (OECD), govern-

ments worldwide spend about 29% of total general government expenditure on the health sector alone making it the second largest spending area with over 9% GDP of most governments. In Ghana, the government has allocated an amount GHS 4.42 billion of the 2018 budget on healthcare delivery alone; this translates to a 4.64% increment from 2017 to 2018. A study conducted by OECD reveals that about one-fifth of health sector spending could be channelled towards better use. Given the share of health in government's expenditure, most governments aim at generating savings and ensuring high-quality and efficient goods and services for competitive prices through procurement process. In view of this, our 3rd edition in 2018 is dedicated to Health Sector Procurement in Ghana. It also illumi-

*(Continued on page 4)*



# Online Activities—Procurement Plan

## List of entities that have submitted their 2018 Procurement Plans Online As At April 30, 2018

1. Abura/ Asebu/ Kwamankese District Assembly
2. Accra College Of Education
3. Accra Polytechnic
4. Achimota Hospital
5. Ada West District Assembly
6. Adidome District Hospital
7. Adiembra Senior High School
8. Aduman Senior High School
9. Afadzato south District Assembly
10. Agona West Manucipal Assembly
11. Agotime-Ziope District Assembly
12. Ahanta West District Assembly
13. Achantaman Senior High School
14. Ajumako/ Enyan/ Esiam District Assembly
15. Akatsi College of Education
16. Akatsi District Hospital
17. Akatsi South District Assembly
18. Akim Oda Government Hospital
19. Akuapim North District Assembly
20. Akuse Government Hospital
21. Akwapim South Municipal Assembly
22. Akyemansa District Assembly
23. Amansie West District Assembly
24. Ankaful Psychiatric Nursing Training College
25. Apam Senior High School
26. Asamankese Government Hospital
27. Asamda Nursing Training College
28. Asante Akim Central Municipal Assembly
29. Asante Akim North Municipal Assembly
30. Asanteman Senior High School.
31. Ashaiman Municipal Assembly
32. Asikuma Odoben Brakwa District Assembly
33. Asokore Mampong Municipal
34. Asonomaso district Hospital
35. Assin South District Assembly
36. Asuogyaman District Assembly
37. Atua Government Hospital
38. Awutu Senya District Assembly
39. Bank of Ghana
40. Begoro Hospital
41. Berekum Municipal Assembly
42. Bia East District Assembly
43. Bibiani/Anhwiaso/Bekwai District Assembly
44. Birim Central Municipal Assembly
45. Birim North District Assembly
46. Birim South District Assembly
47. Bolgatanga Polytechnic
48. Bompeh Day Senior High Technical School
49. Bosome-Freho District Assembly
50. Bui Power Authority
51. Bulk Oil Storage and Transportation
52. Cape Coast Metro
53. Central Gonja District Assembly
54. Civil Service Clinic
55. Cocoa Marketing Company (Ghana) Limited
56. Commission on Human Rights and Administrative Justice
57. Community Health Nurses Training School - Tamale
58. Community Health Nursing Training School - Akim Oda
59. Controller And Accountant General Dept
60. Copyright Administration
61. Council for Scientific and Industrial Research
62. Council for Technical and Vocational Education and Training
63. Council of State
64. Department Of Urban Roads
65. Driver and Vehicle Licensing Authority (DVLA)
66. East Akim Municipal Assembly
67. Economic and Organised Crime Office
68. Effa Nkwanta Regional Hospital
69. Effutu Municipal Assembly
70. Ekumfi District Assembly
71. Energy Commission
72. Environmental Protection Agency
73. European Dynamics
74. Fanteakwa District Assembly
75. Fiaseman Senior High School
76. Fijai Senior High School
77. Fisheries Commission
78. Forestry Commission
79. Ga South Municipal Assembly
80. Gaming Commission of Ghana
81. Ghana Aids Commission
82. Ghana Airports Company Limited
83. Ghana Atomic Energy Commission
84. Ghana Broadcasting Corporation
85. Ghana Civil Aviation Authority
86. Ghana Cocoa Board
87. Ghana Cocoa Board - Quality Control Division
88. Ghana College of Physicians and Surgeons
89. Ghana Education Service
90. Ghana Exim Bank
91. Ghana Export Promotion Authority
92. Ghana Export Promotion Council
93. Ghana Geological Survey Authority
94. Ghana Grid Co. Ltd. (GRIDCO)
95. Ghana Health Service
96. Ghana Investment Fund for Electronic Communication
97. Ghana Investment Promotion Centre
98. Ghana Law School
99. Ghana Library Board
100. Ghana Metrological Agency
101. Ghana National Petroleum Corporation
102. Ghana Police Service
103. Ghana Ports And Harbours Authority
104. Ghana Publishing Company Limited
105. Ghana Reinsurance Company Ltd
106. Ghana Revenue Authority
107. Ghana Secondary/Tech.
108. Ghana Statistical Service
109. Ghana Water Company Limited
110. Ghana-India Kofi Annan Center of Excellence
111. Gomoe East District Assembly
112. Gomoe West District Assembly
113. Grains And Legumes Development Board
114. Health Facilities Regulatory Agency (HeFRA)
115. Ho Municipal Assembly
116. Ho Municipal Assembly Dist. Hospital
117. Ho Polyclinic
118. Ho Technical University
119. Holy Child College Of Education
120. Internal Audit Agency
121. Jasikan District Hospital
122. Jirapa District Hospital
123. Jomoro District Assembly
124. Ketu South District Assembly
125. Ketu South Municipal Hospital
126. Kibi Government Hospital
127. Kintampo North Municipal Assembly
128. Kintampo South District Assembly
129. Koforidua General Hospital
130. Koforidua Technical University
131. Komenda Edina Eguafio Abirem Municipal Assembly
132. Komfo Anokye Teaching Hospital
133. Konongo District Hospital
134. Korle- Bu Teaching Hospital



135. Krachi East District Assembly  
 136. Krachi West District Assembly  
 137. Krachi West District Hospital  
 138. Kumasi south Hospital  
 139. Kumbungu District Assembly  
 140. Kwaebirem District Assembly  
 141. Kwahu Afram Plains North District Assembly  
 142. Kwahu Afram Plains South District Assembly  
 143. Lambusie-Karni District Assembly  
 144. Lawra District Hospital  
 145. Lower Manya Krobo District Assembly  
 146. Maamobi General Hospital  
 147. Madina Polyclinic  
 148. Management Development And Productivity Institute  
 149. Metro Mass Transport Ltd  
 150. Minerals Commission  
 151. Minerals Development Fund  
 152. Ministry for the Interior  
 153. MINISTRY OF AVIATION  
 154. Ministry of Chieftaincy and Traditional Affairs  
 155. Ministry of Communications  
 156. Ministry of Defence  
 157. Ministry of Employment and Labour Relations  
 158. Ministry of Finance  
 159. Ministry Of Fisheries And Aquaculture Development  
 160. Ministry Of Foreign Affairs And Regional Integration  
 161. Ministry of Gender, Children and Social protection  
 162. Ministry of Health  
 163. Ministry of Information  
 164. Ministry of Inner-City and Zongo Development  
 165. Ministry of Lands and Natural Resources  
 166. Ministry of Local Government and Rural Development  
 167. MINISTRY OF PUBLIC SECTOR REFORM  
 168. Ministry of Roads and Highways  
 169. Ministry of Sanitation and Water Resources  
 170. Ministry of Tourism Culture and Creative Arts  
 171. Ministry of Trade and Industry  
 172. Ministry of Transport  
 173. Ministry of Works and Housing  
 174. Ministry Of Youth And Sports  
 175. Mpasatia Senior High Tech. Sch.  
 176. Mpohor District Assembly  
 177. Mpohor Senior High School  
 178. Namong Senior High Technical School  
 179. Nanumba North (Nanumba)  
 180. Narcotics Control Board  
 181. National Accreditation Board  
 182. National Board for Professional And Technical Examinations  
 183. National Board for Small Scale Industries  
 184. National Commission for Civic Education  
 185. National Communication Authority  
 186. National Development Planning Commission  
 187. National Film and Television Institute  
 188. National Health Insurance Authority  
 189. National Identification Authority  
 190. National Information Technology Agency (NITA)  
 191. National Labour Commission  
 192. National Lotteries Authority  
 193. National Pensions Regulatory Authority  
 194. National Petroleum Authority  
 195. National Population Council  
 196. National Service Secretariat  
 197. National Theatre of Ghana  
 198. National Vocational Training Institute  
 199. National Youth Authority  
 200. New Abirem Government Hospital  
 201. New Edubiase District Hospital  
 202. New Tafo District Hospital  
 203. Non Formal Education Division  
 204. North Tongu District Assembly  
 205. Northern Electricity Distribution Company (NEDCo)  
 206. Nsawam Adoagyiri Municipal Assembly  
 207. Nsawam Government Hospital  
 208. Nurses and Midwifery Training College - Sekondi  
 209. Nursing and Midwifery Council of Ghana  
 210. Nursing and Midwifery Training College - Mampong  
 211. Nursing and Midwifery Training College - Twifo Praso  
 212. Obuasi Government Hospital  
 213. Obuasi Municipal Assembly  
 214. Office of Administrator of Stool Lands  
 215. Office of President  
 216. Office of the Head of Civil Service

217. Office of the Regional Health Directorate – Ashanti Region  
 218. Office of the Regional Health Directorate – Eastern Region  
 219. Office of the Regional Health Directorate – Greater Accra Region  
 220. Office of the Regional Health Directorate – Upper West Region  
 221. Office of the Regional Health Directorate – Western  
 222. Offinso College of Education  
 223. Offinso North District Assembly  
 224. Opoku Ware Sec.  
 225. Parliament  
 226. Peki Government Hospital  
 227. Pharmacy Council  
 228. Prestea Huni Valley District Assembly  
 229. Public Procurement Authority  
 230. PUBLIC SECTOR REFORM SECRETARIAT  
 231. Registrar Generals Department  
 232. Ridge Hospital  
 233. S.D.A.Senior High School.  
 234. Scholarships Secretariat  
 235. School of Anesthesia - Ridge Regional Hospital  
 236. SDA Nursing and Midwifery Training School  
 237. Securities and Exchange Commission  
 238. Sekyere Afram Plains District Assembly  
 239. Sekyere East District Assembly  
 240. Sekyere Kumawu District Assembly  
 241. Sene East District Assembly  
 242. Shai Osudoko District Assembly  
 243. Shama District Assembly  
 244. Shama Senior High School  
 245. Sogakope District Hospital  
 246. South Dayi District Assembly  
 247. St. Marys BoysSenior High School.  
 248. St. Patricks Nursing and Midwifery Training college  
 249. St. Theresas Hospital - Nandom  
 250. State Enterprise Commission  
 251. Suhum Municipal Assembly  
 252. Suntreso District Hospital  
 253. Sunyani General Hospital  
 254. Sunyani Polytechnic  
 255. Takoradi Polytechnic  
 256. Takoradi Senior High School  
 257. Takoradi Technical University  
 258. Tamale Teaching Hospital  
 259. Tamale Technical University  
 260. Tano South District Assembly  
 261. Tarkwa District Hospital  
 262. Tema Development Corporation  
 263. Tema Metropolitan Assembly  
 264. Tema Shipyard Ltd  
 265. Tepa District Hospital  
 266. Tetteh Quarshie Memorial Hospital  
 267. Trauma And Specialist Hospital - Winneba  
 268. Tumu District Hospital  
 269. Twifu/ Heman/ Lower Denyira  
 270. University For Development Studies  
 271. University Of Cape Coast (UCC)  
 272. University of Energy and Natural Resources  
 273. University of Health and Allied Sciences  
 274. University of Professional Studies, Accra  
 275. Upper Denkyira East Municipal Assembly  
 276. Upper Manya District Assembly  
 277. Upper West- Regional Co-ordinating Council  
 278. Volta- Regional Coordinating Council  
 279. Volta Regional Hospital  
 280. Volta River Authority  
 281. Wa General Hospital  
 282. Wassa Amenfi East District Assembly  
 283. Wassa East District Assembly  
 284. Weija Gbawe Municipal Assembly  
 285. Wenchi Methodist Hospital  
 286. Wesley College of Education  
 287. West Akim Municipal Assembly  
 288. West Mamprusi District Assembly  
 289. Winneba Municipal Hospital  
 290. Worawora District Hospital



## Creating Wealth through Health cont'd

nates the weaknesses/challenges and opportunities of health sector procurement and goes further to suggest some innovations for change in the



Health Sector Procurement in Ghana. Health facilities in Ghana procure and consume a wide variety of products, including all medicines and non-medicine items such as pharmaceuticals, medical, building, furniture among others. Procurement of medicines and other essential commodities by health facilities creates economic linkages between a country's health sector and local and international industrial development.

Health is not only a human right issue, but also a key driver of development, and ultimately of wealth creation. In view of this, health facilities are being encouraged by the World Health Organization to engage in procurement activities that promote the use of efficient materials, reduce waste, and prioritize products with low carbon footprints which results in cost savings, environmental and health benefits. Procuring pharmaceutical and chemical is a significant source of carbon emissions and waste to the environment therefore the need for a health sector policy will

guide Sustainable Public Procurement (SPP) and ensure appropriate and avoid storage and waste.

In conclusion, the essence of efficient health sector procurement no doubt is to create wealth. It is to reduce poverty, corruption and improve the entire public financial management system. Also there is an additional benefit of reducing environmental pollution through judicious procurement of products that are extracted, cultivated and produced in an energy-efficient manner.

Enjoy reading the third edition of the Public Procurement Authority e-Bulletin.

*Rhoda E. Appiah*  
*Head of Corporate Affairs & Admin*

*Marian Oteng*  
*Assistant Corporate Affairs & Admin*



## Health Sector Procurement in Ghana: Weaknesses and Opportunities

The ultimate goal of the Health Sector is to ensure a healthy and productive population that reproduces itself safely. It is said that Health is the greatest wealth.



The Health Sector is therefore, one of the critical Sectors that an economy cannot risk paying lip service to, since it contributes significantly to economic growth and development. According to Trading Economics, Ghana's Health Sector contributed about 3.57% of the Gross Domestic Product in 2014, indicating that a large volume of procurement is undertaken in this Sector.

Most of the health care in Ghana is provided by the government through the Ministry of Health and Ghana Health Services responsible for the overall administration of the Healthcare system. These bodies ensure that everyone has access to preventive, rehabilitative and curative health services when needed. Private health institutions also provide significant health services to the citizenry. The Health Sector is governed by Acts such as the Ghana Health Service and

Teaching Hospitals Act, 1996 Act 525, Health Professions Regulatory Bodies Act, 2013 Act 857, Mental Health Act 846 of 2012, National Health Insurance Act, 2012 Act 852, Pharmacy Act, 1994 Act 489 and Public Procurement Act 663 as amended.

### Health Sector Procurement

The Minister of Health has the overall responsibility for all activities in the Public Health Sector such as providing leadership, guidance and overall oversight of procurement management. The Sector has a well-defined supply chain domain, processes which have been developed over the past years to meet operational and administrative demands.

Procurement in the Health Sector follows the guidelines stipulated by the Public Procurement Act as amended. The Sector also has a Procurement Procedure Manual which is applied as an additional tool to the existing procurement laws and regulations. It procures medicines and non-medicines items including furniture, equipment and stationery as well as works and services.

At the national level the procurement function is exercised between the Procurement and Suppliers Directorate of the Ministry of Health and Stores Suppliers and Drug Management Division of the Ghana Health Service. The Procurement and Supplies Directorate manages the procurement of essential medicine and non-medicine consumables. It relies on the consumption data which are the issues data provided by the medical stores in the country as well as key assumptions derived from

## Health Sector Procurement in Ghana: Weaknesses and Opportunities cont'd

service utilization data specific for each item or group of items. Procurement is also done at the regional, district and sub district levels.

### Weaknesses and Opportunities

The Health Sector has made significant strides in its quest to ensure that appropriate products are available for service delivery at all levels. However, there are weaknesses inherent in the process of procuring goods, services and works in the Sector that need to be addressed. The Public Procurement Authority Assessment exercise in 2016 revealed a number of weaknesses in some health facilities visited. For each of the issue discussed below there are corresponding opportunities that can be adopted to ensure an efficient and effective procurement system.

#### Inadequate Procurement Planning :

One major weakness faced by many Procurement Entities is inadequate procurement planning leading to unplanned expenditures. There have been many instances where actual procurement transactions do



not correspond with what has been stated in the entity's approved Budget and Procurement Plan. This is as a result of inaccurate forecasting of consumption rates of items. These facilities in some cases procure less, break bulk or exceed their requirements. The User Departments are mostly blamed

for such inaccuracies.

To ensure prudent management of budgets as well as an effective and efficient procurement process in the Health Sector, adequate planning and prioritization of needs by each procurement entity is very important. Funding for procurement in the Health Sector is insufficient to meet all requirements; therefore the scarce financial resources must be channeled to ensure that, the prioritized needs are adequately met before spending on less essential procurement needs. It is understandable that emergency procurement resulting from disasters such as flood, fire, storm and epidemic do occur, however, such situations can be managed judiciously. The Procurement Unit is expected to play a facilitating role in the forecasting of requirements from various User Departments. There is the need for entities to properly package their medicine and non-medicine items including furniture and equipment to reap the benefits of economies of scale. The size of the package should be large enough to encourage competition among qualified tenderers and enable entities buy at the right price.

The use of the Framework Agreement with the establishment of predetermined minimum and maximum quantities, with the suppliers having prior knowledge of the maximum quantities that they are obligated to provide can help address the problem of shortages. There are also tools available on the PPA website to guide entities in the preparation of their Procurement Plans. For instance, there is a database on common user items pricelist as well as a Unit Cost Infrastructure Budget tool. These tools aim at

## Health Sector Procurement in Ghana: Weaknesses and Opportunities cont'd

ensuring that prices quoted in the Procurement Plans are realistic.

### Delayed Payments:

Another weakness that was identified in most health facilities is delayed payments due to inadequate funding for the operations of these facilities. Majority of the entities can testify that due to inadequate funding there are usually delays in the payment of suppliers/consultants/contractors after a successful execution of contracts. There is also delay in reimbursing facilities by the National Health Insurance Scheme which sometimes goes beyond six months. These delays affect the lead times and increase



costs of goods, works and services offered by service providers who factor in their costs of borrowing from Banks in subsequent tenders. Also, due to delayed payments most service providers are unwilling to respond to the tenders of entities owing them, subsequently hindering competition among tenders.

In addition, entities are unable to obtain logistics

(such as computers, photocopiers, office cabinets and printers) needed by persons involved in the procurement process due to inadequate funding. This impedes the smooth running of the procurement system. For Procurement Entities to overcome this weakness, efficient and effective measures need to be adopted in the execution of procurement transactions. Entities need to be well resourced to aid in smooth operations. Also, once entities are aware of their cash flow challenges, they could go into framework arrangements with service providers, especially suppliers of essential medicines. Call offs will then be made anytime items are needed and availability of funds determined. Again, entities in curbing this weakness could ensure accurate forecasting of requirements to reduce waste in the procurement system. Procurement Units should take up the challenge of realizing savings in their procurement systems.

### Delivery:

Several health facilities especially those in remote areas face delivery problems. These facilities lack the appropriate transportation resources to convey medicine and non- medicine items. Bad roads and location of these health facilities make it difficult to transport commodities in the right condition from the central level to the service delivery points. There are instances where suppliers also leave items at the lorry stations for entities to pick up. The staffs of such facilities end up commuting long distance to access these essential com-

## Health Sector Procurement in Ghana: Weaknesses and Opportunities

modities for their facilities. Given the nature of most roads in remote areas, an effective and efficient distribution system in the Health Sector will



aid in mitigating the challenge of accessing essential health care products by health facilities.

### Interferences:

Furthermore, there are interferences from other internal stakeholders which also cause delays in the execution of contracts. Such interferences occur mostly because these individuals are not well informed of how the procurement process should be carried out to ensure Best Value for Money. They undermine the roles of the Procurement and Supply Chain Practitioners/Professionals.

Again, evidence shows that some entities do not have Functional Procurement Units. The procurement staff are either not qualified or inadequately equipped with the knowledge on Public Procurement rules and procedures. This makes it easier for other staff to interfere with their roles. Entities in tackling this weakness could organize ca-

capacity building programmes for all stakeholders in order to enhance their participation in Public Procurement.

### Poor Inventory Management and Control:

Inventory management and control is an important function of the Supply Chain system of the Health Sector, however, over the years it has received less attention.

Efficient management of inventory in most healthcare facilities in Ghana is lacking. Most healthcare facilities lack adequate space in their store houses; poor lay out of some storehouses, lack of well-furnished facilities such as shelf, pallets, and refrigerators to store cold chain items among others. Apart from the facilities there is also lack of trained personnel who have the requisite knowledge in stores operations and inventory control managing the stores. It is important to note that, an optimal management of the inventory would allow important savings in the Sector. When best approaches are used, there will be efficiency leading to cost reduction without reducing



the level of the service offered to patients.

In conclusion, the Authority is aware of efforts by the Ministry of Health and Ghana Health Service



## Health Sector Procurement in Ghana: Weaknesses and Opportunities

to address the issues discussed above. The Service in 2017 revised its Procurement Procedure Manual and subsequently trained some officers on its usage. However, much emphasis must also be put on the stores function in the Health Sector. There is the need to get operational manual for the stores operations, introduce efficient techniques to improve inventory management and control, effective distribution systems and above all build the capacity of staff managing the stores in proper inventory control systems and techniques.

As part of efforts to make universal health care available to all Ghanaians, the Ministry of Health has signed a Letter of Intent to deploy drone technology for a secure, reliable and timely delivery of essential health care products to hospitals and other health facilities. The Authority is hopeful that such interventions will in the long run address if not all, most of the weaknesses in the procurement system.

***Edwina Saffee Boafo***

***Capacity Development Officer***

***PPA***



**Okonfo Anokye Teaching Hospital**

## C.E.O of PPA, Dr. A.B Adjei sweeps two prestigious awards at APSCA 2018



**Dr. A.B Adjei**

The Chief Executive of the Public Procurement Authority Dr. A.B Adjei on April 20, 2018 received two prestigious awards at the Africa Public Sector Conference and Awards (APSCA) 2018 held at the Radisson Blu Hotel & Convention Centre in Kigali, Rwanda.

The Authority was honoured for its Outstanding Contribution to Public Procurement in Africa and Dr. A.B Adjei received a special award which recognised him as one of the Top 50 Africa Public Sector Leaders among distinguished personalities like the President of Rwanda -HE Paul Kagame, the First Lady of the Republic of Ghana, the Hon. Minister for Gender, Children and Social Protection of Ghana and the C.E.O of Electricity Company of Ghana. Prior to the evening's Awards event, the C.E.O participated in a panel discussion with other African Public Sector lead-

ers on the theme “*Re-inventing the Public Sector for growth*” at a Conference held earlier in the day. Dr. A.B Adjei at the Conference reiterated the importance of infusing innovation in the management of the public sector. According to him, the Authority as a result of recent interventions introduced in the area of Due Diligence and Value for Money initiatives has been able to realize a whopping sum of over 200 Million Dollars as savings for the government of Ghana as part of its approval processes for Single Source and Restricted Tendering Applications submitted by Procurement Entities.

“It is not right for any leader in the Public Sector to just throw their hands in the air and express frustrations when it faces challenges, leadership must be able to show the way proffer solutions to



any institutional challenges” he said.

The Conference and Awards brought together the leaders in the Public and private sector with opportunities to build and share partnerships, share insights on strategies, policies and best practices that will drive efficient and smarter public sector delivery in Africa. The PPA Delegation made up of its Board Chairman, Prof. Douglas Boateng and other Board Members and Management also

took the opportunity to pay a courtesy call on its counterpart body -Rwandan Public Procurement Authority (RPPA) and shared experiences on e-Government Procurement and Procurement Audits that the two countries have been embarking on in recent times.

Commenting on the award Dr A.B Adjei said he is humbled with these awards of recognition and that the PPA is more poised to protect and safeguard the public purse which is in line with the President's vision for Ghana.

PPA remains resolute to position itself as a world class public procurement management institution



Board members , A.B Adjei and Corporate Affairs

and become a shining example for other procurement regulatory authorities in Africa and beyond.

**David Damoah**

*Senior Officer, Corporate Affairs*

## KUMASI TECHNICAL UNIVERSITY CROWNED CHAMPIONS OF 2018 NATIONAL PASSAG WEEK QUIZ

**K**umasi Technical University emerged victorious at this year's National PASSAG Quiz organized as part of the 2018 National PASSAG Week celebrations held on Friday 13<sup>th</sup> April, 2018 at the campuses of the Sunyani Technical University. The week's celebration was on the theme: "The Potency of Procurement in National Development".

The National Quiz which was sponsored by the Public Procurement Authority had Kumasi Technical University being the winners with Koforidua and Bolgatanga Technical Universities placing 2<sup>nd</sup> and 3<sup>rd</sup> respectively. The Public Procurement Authority represented by the Zonal Coordinator for the Ashanti Region, Mr. George Osei Poku took the students through a presentation of the provisions of the amended Act (914 as amended). The essence was to sensitize and equip these students who constitute a major and critical stockholder of the procurement fraternity in Ghana.

The well attended event had almost all the technical Universities in Ghana participation.

**David Damoah**

*Senior Officer, Corporate Affairs*

## HEALTH SECTOR PROCUREMENT: FROM A PRACTITIONER'S PERSPECTIVE

**T**he Shai-Osudoku District Hospital is one of the few hospitals in Ghana that can boast of a paperless system, even in procurement. This article focuses on Health Sector Procurement. In view of this, an interview was conducted with the Procurement Manager for the Shai-Osudoku District Hospi-



**Ms. Kate Ekumah**

tal, Ms. Kate Ekumah. Below are excerpts of the interview.

**Q. What do you do as a procurement department? What do you procure and who do you procure from?**

A. The hospital's procurement department is responsible for the purchase of everything the hospital uses; all medicines and non-medicine items, including furniture and stationary among others. The department is also responsible for the

procurement of works and services. I would like to say that all of our suppliers are local suppliers (Ghanaian registered companies). For instance, our biggest suppliers of drugs are Tobinco Pharmaceuticals, Pharmanova Limited, M&G Pharmaceuticals Ltd among others. The hospital's first point of call for the purchase of all medicines and non-medicine consumables is the Central Medical Stores (CMS) and the Regional Medical Stores (RMS) of the Ghana Health Service (GHS)

The hospital by GHS policy is allowed to purchase from private registered suppliers and the open market only if the commodities needed are not available at the CMS and RMS. The RMS issues out a non-availability certificate to the hospital, which authorizes it to purchase from other sources other than the RMS. Once the non-availability certificate is obtained, the hospital now starts the process of procuring the needed commodities.

**Q. How effectively is procurement carried out at the District Hospital?**

A. Procurement at Shai-Osudoku District Hospital is very effective. This is because the hospital has in place an Entity Tender Committee that oversees all procurement issues. All procurement decisions are taken according to a procurement plan. The procurement department is very proactive because we ensure that the procurement plan is prepared ahead of time, and submitted to the Entity Tender Committee (ETC) for approval. Before each year ends, all departments in the



## HEALTH SECTOR PROCUREMENT: FROM A PRACTITIONER'S PERSPECTIVE CONT'D

hospital submit their annual medicine and non-medicine requirements for the coming year to the procurement department. The procurement department then compiles the list of requirements and put them into the procurement plan. The hospital does four major procurements in the year and this is done on a quarterly basis. Aside the quarterly purchases, the hospital does other smaller purchases in between the quarters.

For instance, in case there is an outbreak of a disease we would have to procure logistics to satisfy the needs of the hospital to take care of the large number of people seeking treatment. In such situations, the logistics available at the time may not be enough to cater for the large number of people coming in hence the need for additional purchases. Another instance is a situation where there is an unexpected fault on an equipment or part of equipment that must be replaced immediately to avoid the loss of human lives. At the beginning of every year, the hospital puts out advertisements in the national dailies requesting private companies to register as suppliers, contractors and consultants of the hospital for the supply of all items that will be needed within the year.

### **Q. What are some of the major challenges you face in relation to health sector procurement?**

A. The major challenge we face currently is delay in payments to suppliers. These delays affects the overall supply chain in terms of price, on time delivery and reliability. All of

these affect the level of quality of service provided by the hospital. This is a result of late reimbursement of claims by the National Health Insurance Scheme (NHIS). It takes a long time



for the re-imbursement of the NHIS claims; sometimes for more than 6 months. This is a major setback because over 80% hospital's clients are all on the NHIS and we cannot deny them treatment simply because the Scheme owes us. It gets to a point where our suppliers decide they are not going to give us items unless we pay what we owe them. Some suppliers refuse to provide logistics because they want Payment on Delivery. "The question is, how does a hospital survive without logistics where as its treating people 24 hours a day?" she said.

Another Challenge in Health Sector Procurement is inaccurate specifications. Lack of accurate specification on the part of the user departments compromises quality.

This is to say that most of the users of items especially medical equipment are not able to give accurate specs of what they need and so that makes communication to the suppliers very difficult and this results in the supply of items that do not fit the exact purpose for which it was pur-

## HEALTH SECTOR PROCUREMENT: FROM A PRACTITIONER'S PERSPECTIVE CONT'D

chased. Where the facility has a clinical engineering department, specification for equipment is not too much of a problem. However, not every hospital in GHS is fortunate enough to have a clinical engineering department like my hospital. Sometimes it is difficult to get the right specs because the users do not seem to know exactly what they need. They provide little or no details about what they really need. For instance, a department requests “*2ml syringe with needle*” which is usually used on children. After the item has been purchased and supplied to them, you get complaints that the needle is too big to be used on a baby. It is at this point that you as the buyer will get to know that a 2ml syringe with needle comes in different needle sizes or gauges, which means that all these details must be taken into consideration before making a purchase. This also means that as a buyer in the health sector, you must make an extra effort to learn more about the medical items you purchase to avoid facing such challenges. Another challenge is that, some units request for items that are no longer in existence because of improvements in medical technology. Meanwhile, there are other, new or better equipment and medical consumables available but because some people are used to the old ones/or have no knowledge of the new ones, they always reject the new items or demand the old ones. In addition, because most of the users are unfamiliar with logistics, procurement or supply chain issues, they are unable to tell you their consumption rate of items or the quantity they need for a

particular period. There have been situations where we have experienced stock outs of certain commodities purchased to last for a quarter but lasted for two weeks. Because of this problem of inaccurate forecasting, we sometimes either buy too little or too much of a particular commodity. But in all of these challenges we try as much as possible to be in the middle and ensure all departments are provided with all the logistics they need to provide quality service to our that clients and ensure that they are satisfied with our service.

### **Q. What are some of the opportunities (for innovation) in Health Sector Procurement?**

The first thing I would like to mention is that we should practice value based Procurement; this is to contribute to a system that shift from price-driven procurement to a value based and holistic approach. This can be done by collecting and analyzing results and best practices across all health facilities, and use this to develop guidelines for value-based procurements. The focus on figures and numbers must be changed to the quality of service as the bottom line Another innovation that I think would work is Group purchasing by hospitals within a particular area. Most of the hospitals buy similar items and so group purchasing especially concerning items not available at RMS, for example stationary or office equipment. This can be done by; compiling the quantities needed by each facility and procure as one. This



## HEALTH SECTOR PROCUREMENT: FROM A PRACTITIONER'S PERSPECTIVE CONT'D

will go a long way to benefit us in terms of quality and price. I think it will be a cost effective approach in purchasing for entities that need similar items.

**Q. How has the amendments affected the practice of your job as a practitioner?**

**Positively/Negatively?**

A. As a procurement manager, it has affected my job positively especially with the increase of the procurement threshold. Prior to the amendment, any purchase of goods above Twenty Thousand Cedis (GH20, 000) for goods had to go through a National Competitive Tendering (NCT), which is relatively longer to complete thereby causing delays the acquisition of logistics for provision of service in the hospital

However the Amendment has brought speed to the procurement procedures and indeed, it has had an impact on my organization because we are able to get materials on time to meet critical



deadlines.

**Q. On a scale of 1-10 (with an average of how easy is health sector procurement? Where 1 means very difficult and 10 means**

**easy.**

A. Health Sector Procurement is not easy at all; therefore I would give it a score of 4.

**Q. What are some of the achievements in**

**Health Procurement in your hospital?**

In recent times, the procurement unit of Shai-Osudoku District Hospital through prudent procurement planning and efficient stores management has been able to avoid emergency procurement of commodities and reduce the level of stock outs of essential commodities. Our hospital can boast of being one of the few paperless public hospitals in Ghana. The hospital uses a very efficient and effective software called '*Medinous*' to manage stock. Every item in stock has a special code. When items are received, the quantities, prices, batch numbers and expiry dates are entered into the system and updated to reflect in the electronic stores of the various departments in the hospital. The Medinous has the ledger, adjustments and losses, maximum, minimum, re-order levels, etc. every document that is used in the management of stocks can be found on the Medinous. Unlike the manual system where you have write a Stores Receipt Advice (SRA) upon receipt of goods, the Medinous generates the SRA as soon as the details of the items are entered into the system. The Medinous also generates the Goods Received Notes for cash purchases and credit purchases so we know which items have been paid and unpaid for. All user departments make their requisitions of items they need to work with through the system. They are able to

## HEALTH SECTOR PROCUREMENT: FROM A PRACTITIONER'S PERSPECTIVE

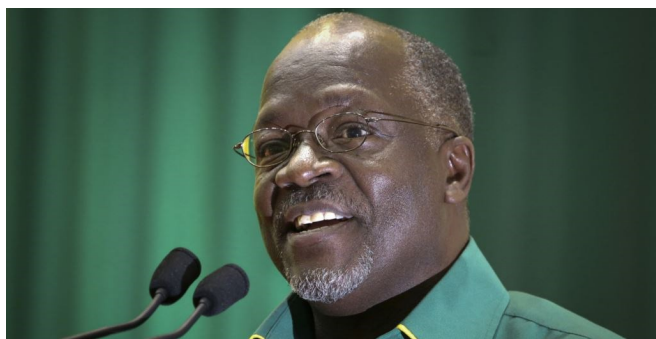


know which items are available in stock and their quantities. The Medinous has been beneficial to the procurement department because we are able to know our stock balance at any time, it also gives us the costing for each department, so we are able to know how much each unit has spent with regards to logistics, we are able to determine fast moving items and slow moving items which hitherto was difficult to know in the manual system.

***Marian Oteng***  
***Assistant Corporate Affairs & Admin.***



## PROCUREMENT NEWS AROUND THE WORLD



*(PPRA), Tanzania*

### **President Magufuli**

President of Tanzania, Dr. John Magufuli has challenged the Medical Stores Department (MSD) and the business community to find ways of boosting investment in the local pharmaceutical industry to help Tanzania meet the country's demand for medicines and medical supplies.

Speaking in *Dar es Salaam* recently after receiving a donation of 181 vehicles worth 20.75 billion/- to MSD from Global Fund, President Magufuli said it was imperative for the pharmaceutical industry to see to it that all the monies earmarked for procurement of drugs and medical supplies, in the Government budget as well as from the Global Fund, were spent locally.

“It is painful that 96 percent of 500 billion TZ shillings dished out by the Global Fund and 269 billion TZ shillings earmarked in our budget is spent on procurement of drugs and medical supplies from abroad, while only 4 percent of the funds is spent locally,” said President Magufuli.

He said the funds should be spent on local pharmaceutical plants to create employment and facilitate the production of affordable drugs and medical supplies.

**Source: Public Procurement Regulatory Authority**

## STAKEHOLDER MEETINGS HELD ON DRAFT REGULATION ON THE PUBLIC PROCUREMENT ACT, 2003(ACT 663) AS AMENDED

The Public Procurement Authority has organized workshops for its stakeholders on the draft regulation on the Public Procurement law on 13<sup>th</sup>, 20<sup>th</sup> and 27<sup>th</sup> march, 2018 in Accra, Takoradi and Kumasi respectively. The main aim was to solicit for their inputs and views for a possible inclusion in the technical policy draft that will be used to develop the draft regulation to the Public Procurement Act.

In a brief remark by Dr. AB. Adjei, Chief Executive of PPA, he noted that the Public Procurement Act, 2003 (act 663) as amended have been implemented over a decade and it was time to prepare regulations to support and enhance the operational effectiveness of the Act.

In this regard, the Authority has engaged a legal Consulting Firm, AB & David to prepare policy proposals that will form the basis for the draft regulations to the Public Procurement Act, 2003, Act 663 as amended.

The highly patronized stakeholder forum attracted participants from Ministries, Department and Agencies and also the Metropolitan, Municipal and District Assemblies as well as the Private sector. The programme was sponsored by the African Development Bank/Ministry of Finance under the Ghana Institutional Support Project (GISP).



**Workshop for Stakeholders**

*Senior Officer, Corporate Affairs*

**David Damoah**

## HEALTH SECTOR PROCUREMENT: EXPERIENCE FROM THE WESTERN AND CENTRAL ZONAL OFFICE IN TAKORADI

*The Public Procurement Authority (PPA) established the Western and Central Zone in Takoradi purposely for the monitoring, evaluation and capacity building of various stakeholders in these two regions. Over the years, the Zonal Office has interacted with several health facilities in the Western and Central regions and below are some experiences shared by the Zonal Coordinator of Western and Central Regions, Mr. Brandsford K. Gidigah.*

For the purpose of this article, the shared experi-



ences will highlight two (2) of the major weaknesses of health sector procurement and discuss their implication on the public procurement process, especially with regards to Section 2 of the Public Procurement Act; which entreat public procurement processes to be carried out to secure a judicious, economic and efficient use of state resources in public procurement. The weaknesses outlined are; (1) the need to procure original drugs, which are only available from specific suppliers or manufacturers, who have the requisite license to either import or manufacture, a process I call and (2) internal policy of Ghana

Health Service (GHS) which mandates regional and district health hospitals to first procure drugs from the Regional Medical Stores. I call these practices “sole/single sourcing in disguise”. The interest in these challenges stem from the fact that these practices lead to lack of competition, disregard for the provisions of the Act and lack of efficiency in the procurement process. The first challenge that has been observed with regards to health sector procurement is the frequent use of specific supplier and manufacturers of certain drugs. This practice result from several factors such as; (1) the critical need to procure original drugs from accredited suppliers or manufacturers due to their efficacy in curing certain kinds of diseases and avoid other degenerated health conditions such as liver disorders when sub-standard drugs are used by patients in the long-term. However, these drugs are available at suppliers or manufacturers who have the requisite license to either manufacture or import. In such cases, health facilities are compelled to procure from only the available sources. This is clearly the case of dealing with only a single source. It is interesting to note that, these health facilities do not resort to the provision of Section 40(1) of the Public Procurement Act, Act 663, as amended which enjoins the entities

*(Continued on page 20)*

to seek approval from the Board of the Authority. (2) Closely related to this point, is partial quotation frequently received by these entities when they invite quotations from suppliers. A partial quotation occurs when a supplier quotes for only

## HEALTH SECTOR PROCUREMENT: EXPERIENCE FROM THE WESTERN AND CENTRAL ZONAL OFFICE IN TAKORADI CONT'D

some items in a contract package. This situation occurs in health sector procurement due to the fact that, most of the suppliers are manufacturers as well and hold patent on the drugs they manufacture, and cannot therefore quote for other drugs on the list of requirement in the quotation document. For example, when drugs are package in the procurement plan by function as analgesic (paracetamol, diclophenac, and ibuprofen) and anti-malaria (artesunate IV, arthemeter lumefantrine tablets, artesunate amodiaquine), suppliers and manufactures are not to quote for all the drugs under the contract package, but only items, for example paracetamol and artesunate amodiaquine. Due to exigencies of the environment and the critical need to satisfy patients, these facilities are compelled to award contracts on item basis but not on contract package basis. Implication of such practices on the public procurement process is lack of competition, lack of effective and efficient evaluation as required under Section 59 of the Public Procurement Act as amended, breaking of bulk contrary to Section 21(6) of the Act, as amended, and lack of judicious, economic and efficient use of state resources in the procurement process, contrary to section 2 of the Act, as amended. The second challenge which has been observed over the years with regards to health sector procurement in the zone is an internal policy of the Ghana Health Service (GHS), which is clearly at variance with the provisions of the Public

Procurement Act, Act 663 as amended. Within the GHS, there has been an age old policy, backed by a regulation that requires regional and district health facilities to procure drugs from the regional medical stores. The policy mandates the various health facilities to of necessity submit their requirement to the medical stores to procure drugs at prices determined by the medical stores. Where particular drugs are not available at the medical stores, a certificate of “non-availability” will be issued to the particular health facility that submitted the request. In situations where the particular drug is not available at the medical stores, it is only the certificate of “non-availability” that serves as a passport to the open market. Where this certificate is not obtained before request for quotations are invited from the open market, the particular health facility is visited with queries and sanctions. It was noted during field visits that, where a particular health facility have not visited the medical stores in a quarter, they are called to assign reason for their lack of visit. It is interesting to note that, the Regional Health Directorate conduct procurement, using National Competitive Tendering method to buy drugs in large quantities from suppliers and manufacturers who are also clients of the various health facilities. Further, another interesting revelation during field visit is that, the medical stores act as a middleman, procures drugs in large quantities and adds a mark-up before reselling to the health facilities. As a result regional and health facilities cannot procure drugs in large quantities, thereby encouraging





## HEALTH SECTOR PROCUREMENT: EXPERIENCE FROM THE WESTERN AND CENTRAL ZONAL OFFICE IN TAKORADI CONT'D

continues breaking of bulk. The implication of this practice in the public procurement process is that; (1) there is lack of competition, (2) there is lack of scrutiny and evaluation of the medical stores as an entity doing business, (3) there is discrimination against other pharmaceutical companies, contrary to Section 2 of the Public Procurement Act, Act 663 as amended which enjoins procuring entities to conduct public procurement in a non-discriminatory manner, (4) creates delays in the supply chain of drugs in situations where the issuing of the certificate of “non-availability” delays, thereby creating shortage of essential drugs in the health facilities. Such situation compels the health facilities to make phone calls to approved suppliers on their database to deliver drugs urgently, in some cases before documentation are prepared to cover after delivery, (5) there could be the tendency where drugs that are not needed in a particular health facility may be pushed through the supply chain from the central medical stores in Accra. As an example, where the regional medical store receives drugs from the central medical stores, these drugs are sold out to the regional and district health facilities whether they are requested or not. In most cases, such drugs become expired, due to either low patronage or they are not needed at all. The consequence is that, scarce state resources are thrown down the drain.

From the above, there is no doubt that, these practices are an affront to the provisions of the Public Procurement Act, Act 663 as amended,

and therefore there is urgent need to nib these practices in the bud to achieve objectives set out in Section 2 of the law. It is therefore recommended that, the Public Procurement Act, Act 663 as amended should be recognized by all public procuring entities as the supreme law that regulates public sector procurement in Ghana, and any law and internal policy of any public institution that is inconsistent with the provisions of the law is null and void.

***Brandsford K. Gidigah (MCIPS)***  
***Zonal Coordinator,***  
***Western and Central Regions***



**Public  
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*Improving efficiency and  
transparency in Public Procurement*

## ADVERTISER'S NOTICE

### **ESTABLISHMENT OF PPA'S CENTRALIZED SUPPLIER'S DATABASE**

Pursuant to section 3(p) of the Public Procurement Act, 2003 (Act 663) as amended, the Public Procurement Authority (PPA) is required to maintain a comprehensive Supplier's Database. In view of that, the Authority with effect from **Tuesday, 5<sup>th</sup> June, 2018** wishes to invite all Suppliers, Contractors and Consultants who wish to tender for Government Contracts to register with valid documents as per supplier qualification requirements of Section 22 of Act 663 as amended on our newly developed Centralized Supplier Registration Portal available on [www.ppaghana.org](http://www.ppaghana.org) at an Initial Registration fee of **GH¢300.00 and \$200.00** for Local and Foreign Firms respectively. Providers shall be required to renew their Registration annually at a fee of **GH¢100.00 and \$100.00** respectively for Local and Foreign Firms.

This is intended to ensure effective management of Government Supplier Database with the introduction of the Electronic Government Procurement and also ease Suppliers of the inconvenience of having to pay and register on several Entity Databases across the country. All Procurement Entities are by this notice required to develop their individual Supplier Databases from PPA's Centralized Database.

Please note that, Companies that are not registered on PPA's Centralized Database will not be considered eligible in Ghana's Public Procurement Process.

For any further enquiries please contact the PPA via [Tel:0302738139-49](tel:0302738139-49), email: [info@ppaghana.org](mailto:info@ppaghana.org) or visit us at the Head Office-6<sup>th</sup> Floor SSNIT Emporium, Airport City-Accra or our Zonal Offices in Kumasi & Takoradi.

***Signed***

**CHIEF EXECUTIVE**



## Tendering and Contract Information for periods indicated

[Open Contracts Awarded for Jan - Dec 2018](#)

[Restricted Tender Awards Jan- Dec 2018](#)

[Expression of Interest Requests May - Jun 2018](#)

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



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