

PPA e-Bulletin

In this edition

Application of Framework Agreement (FWA): An Outlook of its implementation in the second decade of the Public Procurement Act 663 as Amended

Training Calendar

f Public Procurement Authority, Ghana

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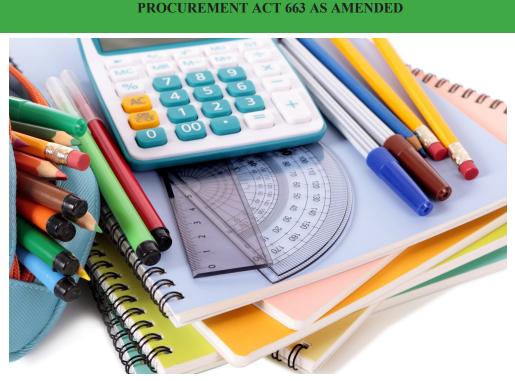
e-Bulletin

APPLICATION OF FRAMEWORK AGREEMENT (FWA) – AN OUTLOOK ON ITS IMPLEMENTATION IN THE SECOND DECADE OF THE PUBLIC

Theme: Framework Agreement

In this Edition

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Can we conveniently say that we have found the remedy to bulk breaking? Or will this menace continue to partly hinder the attainment of value for money in Ghana's public procurement system?

The introduction of Guidelines on Framework Agreement (FWA) in Ghana's public procurement system in 2012, was somewhat heralded as an answer to the long-standing problem of bulk breaking, with its attendant effects of high transaction costs and price distortions. Clearly, the Public Procurement Act, Act 663 as amended in section 21(6) prohibits bulk breaking. For two decades of its existence, the Public Procurement Authority (PPA) has continuously harmonized the processes of public procurement in Ghana and promoted fairness, transparency, and accountability in the country's public procurement system. It has consistently sensitized public entities on the use of appropriate procurement

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ONLINE PROCUREMENT PLAN SUBMISSIONS AS AT 26TH APRIL, 2023

1	Accra Psychiatric Hospital	60	Ghana Communication Technology University
2	Ada East District Hospital	61	Ghana Cylinder Manufacturing Company
3	Agona West Municipal Assembly	62	Ghana Education Service (Hq)
4	Agortime-Ziope District Assembly	63	Ghana Enterprise Agency
5	Aircraft Accident And Incident Investigation And	64	Ghana Exim Bank
	Prevention Bureau	65	Ghana Grid Company Limited
6	Akuapem South Municipal Assembly	66	Ghana Health Service - Hq
7	Akuse Government Hospital	67	Ghana Institute Of Journalism
8	Al-Faruq College Of Education-Wenchi	68	Ghana Institute Of Languages
9	Amansie Central District Assembly	69	Ghana Integrated Aluminium Development Corporatio
10	Anyaa Polyclinic	70	Ghana Investment Fund For Electronic Communication
11	Asante Akim South Municipal Assembly	71	Ghana Library Authority
12	Asokwa Municipal Asembly	72	Ghana Meteorological Agency
13	Asonomanso Government Hospital	73	Ghana National Gas Company Limited
14	Asunafo North Municipal Assembly	74	Ghana National Petroleum Corporation
15	Atiwa East District Assembly	75	Ghana National Service Scheme
16	Atiwa West District Assembly	76	Ghana Reinsurance Plc
17	Atua Government Hospital	77	Ghana Revenue Authority
18	Audit Service	78	Ghana Shippers' Authority
19	Bank Of Ghana	79	Ghana Standards Authority
20	Bekwai Municipal Hospital	80	Ghana Tourism Authority
21	Berekum East Municipal Assembly	81	Ghana TVET Service
22	Bia East District Assembly	82	Ghana Water Company Limited
23	Bibiani Anhwiaso Bekwai Municipal Assembly	83	Greater Accra Regional Hospital
24	Birim Central Municipal Assembly	84	Guan District Assembly
25	Birim South District Assembly	85	Gushegu Municipal Assembly
26	Bole District Hospital	86	Hohoe Municipal Assembly
27	Bosome Freho District Assembly	87	Internal Audit Agency
28	Bui Power Authority	88	Jaman North District Assembly
29	Bureau Of Ghana Languages	89	Kade Government Hospital
30	Central Regional Health Directorate	90	Kadjebi District Assembly
31	Central Tongu District Assembly	91	Karaga District Assembly
32	Centre For Plant Medicine Research	92	Kasoa Polyclinic
33	Coastal Development Authority	93	Keta Municipal Assembly
34	College Of Nursing And Midwifery Nalerigu	94	Keta Municipal Hospital
35	Commission On Human Right And Administrative Justice	95	Ketu North Municipal Assembly
36	Controller And Accountant General Department	96	Ketu South Municipal Assembly
37	Council For Scientific And Industrial Research	97	Ketu South Municipal Hospital
38	Department Of Social Welfare	98	Kibi Government Hospital
39	Dormaa Central Municipal Assembly	99	Koforidua Technical University
40	East Gonja Municipal Assembly	100	Kpando Municipal Assembly
41	Eastern Regional Hospital	101	Krowor Municipal Assembly
42	Ejura Government Hospital	102	Kumbungu District Assembly
43	Electoral Commission Of Ghana	103	Kwabre East Municipal Assembly
44	Enchi College Of Education	104	Kwadaso Municipal Assembly
45	Enchi Government Hospital	105	Kwahu Afram Plains North District Assembly
46	Environmental Protection Agency	106	Kwahu East District Assembly
47 48	Essam Government Hospital	107 108	Lands Commission Law Reform Commission
	Fair Wages And Salaries Commission	108	Lower Manya Krobo Municipal Assembly
49 50	Financial Intelligence Centre Fisheries Commission	110	Mampong Government Hospital
	Food And Drugs Authority	110	
51 52	Forestry Commission	111	Maternal And Child Health Hospital Minerals Commission
52 53	Ga West Municipal Hospital	112	Minerals Commission Minerals Income Investment Fund
53 54	Gambaga College Of Education	113	Ministry Of Chieftaincy And Religious Affairs
55	Ghana Airports Company Limited	114	Ministry Of Communications
55	Ghana Book Development Council	115	Ministry Of Energy
57	Ghana Colleg Of Pharmacists	117	Ministry Of Environment Science Technology And Innovation
58	Ghana College Of Physicians And Surgeons	117	Ministry Of Food And Agriculture
59	Ghana Commodity Exchange	119	Ministry Of Parliamentary Affairs
		115	

ONLINE PROCUREMENT PLAN SUBMISSIONS AS AT 26TH APRIL, 2023

112107	Ministry Offerinitation ApidnaealeghRebources	165	Petroleum Commission
121	Ministrio Ofionurism Arts And Culture	166	Pharmacy Council
122 118 123	Ministry Of Food And Agriculture Ministry Of Food Agriculture Ministry Of Youth And Sports	167	Presby Women College Of Education- Aburi
123 119 124	Ministry Of Parliamentary Affairs Mother And Child Hospital Kasoa	168	Presbyterian College Of Education- Akropong
11229	Moniter Mana contege of Matea to spources	169	Pru East District Assembly
112261	National Grownissian Fan Civic Education	170	Psychiatric Nurses Training College Ankaful
1,2,7	Nating Generation Rushilture	171	Public Procurement Authority
128 123 129	National Communications Authority Ministry Of Youth and Sports National Film And Television Institute	172	Quality Control Company Limited
130	Nationa And Child Ce evital Kassion	173	Regional Health Directorate Ghana Health Service
1825	National/habcollegeofraissiation	174	Rent Control Department
1326	National Coards Signification	175	Savelugu Municipal Hospital
133 127 134	National Pensions Regulatory Authority National Commission On Culture National Petroleum Authority	176	Sda College Of Education-Asokore Koforidua
135	National Road Safety ALthority	177	SDA Nursing And Midwifery Training College
1328	National Sportscharter Institute	178	Sic Life Company Limited
113870	National Treaching Commission	179	Social Security And National Insurance Trust
138	New Abirem Government Hospita	180	Sogakope Hospital
132	National Peace Council	181	South Dayi District Assembly
133	National Pensions Regulatory Authority	182	St Annes Hospital Damongo
134	National Petroleum Authority	183	St. Teresa's College Of Education
135	National Road Safety Authority	184	Suhum Municipal Assembly
136	National Sports Authority	185	Takoradi Technical University
137	National Teaching Council	186	Tamale Central Hospital
138	New Abirem Government Hospital	187	Tamale College Of Education
139	New Juaben South Municipal Assembly	188	Tamale Technical University
140	Nkwanta South Municipal Hospital	189	TDC Development Company Limited
141	North Tongu District Assembly	190	Tema General Hospital
142	Northern Electricity Distribution Company Limited	191	Tetteh Quarshie Memorial Hospital
143	Nsawam Adoagyiri Municipal Assembly	192	University For Development Studies
144	Nsawam Government Hospital	193	University Of Health And Allied Sciences
145	Nuclear Regulatory Authority	194	University Of Mines And Technology
146	Nurses And Midwives Training College - Tamale	195	Upper Denkyira West District Assembly
147	Nurses Training College - Ho	196	Upper West Akim District Assembly
148	Nurses Training College Damongo	197	Volta Regional Hospital
149	Nursing And Midwifery Council Of Ghana	198	Volta River Authority
150	Nursing And Midwifery Training College Asankrangwa	199	Wassa Akropong Government Hospital
151	Nursing And Midwifery Training College Koforidua	200	Wassa Amenfi Central District Assembly
152	Nursing And Midwifery Training College Kpembe	201	Wassa Amenfi East Municipal Assembly
153	Nursing And Midwifery Training College- Tarkwa	202	West Akim Municipal Assembly
154	Nursing And Midwifery Training College Teshie	203	West Gonja District Assembly
155	Nursing And Midwifery Training College Twifo Praso	204	Yilo Krobo Municipal Assembly
156	Obuasi Government Hospital		
157	Oda Government Hospital		
158	Office Of The Attorney-General And Ministry Of Justice		
159	Office Of The Head Of Civil Service		
160	Office Of The Head Of The Local Government Services		
161	Office Of The Registrar Of Companies		
162	Old Tafo Municipal Assembly		
163	Oti Regional Health Directorate		

164 Peki Government Hospital



Hello Readers, welcome to the March-April 2023 Edition. This year marks two decades since the enactment of the Public Procurement (2003) Act 663. Because of its enactment, Ghana's public procurement process has been streamlined and is now fair, transparent, and non-discriminatory.

In this edition, we will look extensively at Framework Agreement (FWA) in Ghana.

Also known as "Blanket Purchase Agreement", Framework Agreement is an agreement put in place with a provider or a range of providers that enables the buyer to purchase without running repetitive tendering processes. Under Section 98 of Act 663 as amended, Framework Agreement "means a long-term, agreement with suppliers, contractors and providers of non-consulting services which sets out terms and conditions under which specific procurements (call-offs) can be made throughout the term of the agreement".

It is ideal to use Framework Agreements when similar items are needed by multiple sections or units within a Procurement Entity. Additionally, it can be used to procure common and recurring items for users.

The benefits of Framework Agreements include (to mention a few):

- Framework Agreements have proved over time to deliver Value for Money as a result of economies of scale obtained from procurement.
- It also saves time in the procurement of Goods, Works and Services since there is no need to issue repeated tenders.

EDITORIAL

• Storage cost is also minimized because FWA makes the supplier the stockholder of the goods until call-offs are made by the purchaser or buyer.

In 2021, the Authority with support from the European Union engaged Ernst and Young (EY) to develop a Standard Tender Document (STD) on the Framework Agreement to be used by all public entities. Ernst and Young successfully developed STDs for FWAs Goods, Works and Technical Services. Since then, nationwide training programs have been conducted on its application, and some entities already applying it in their procurement processes.

This edition aims to inform our readers about the concept, implementation, and benefits of Framework Agreements in Ghana. Keep Reading!

Written by:

Sheila Darkey Marian Abena Oteng



Starts from Pg. 2

According to the United Nations Commission on International Trade Law (UNCITRAL), Framework Agreement (FWA) means "an agreement between the procuring entity and the selected supplier (suppliers) or contractor (or contractors) concluded upon completion of the first stage of the framework agreement procedure". A framework agreement is therefore an offer from a potential supplier to deliver goods, works, and/services at pre-negotiated prices, under predetermined terms and conditions, when and if necessary. A framework agreement is not a contract but rather it is a document outlining the contract terms (clauses) that apply to contracts (call-offs) (purchase orders) made available by the FWA.

It is important to consider that even before Ghana decided to adopt the idea of framework agreements in its procurement process, the UNCITRAL identified few nations, such as Botswana and Ethiopia in 2006, that already had some experience using framework agreements in public procurement. In Botswana for instance, the use of framework agreement is outlined in the Public Procurement and Asset Disposal Regulation (PPADR), which like Ghana's Guidelines on Framework Agreements in public procurement, posit that entities must use Framework Agreements for the procurement of goods, works, and services that they need continuously or repeatedly and on a regular basis.

A significant outcome of using a FWA is the fact that this procedure has a faster processing time and minimal paperwork due to the advance settlement of prices and terms, eliminating further negotiation. Without a doubt, the adoption of Framework Agreements has aided nations such as Botswana and Ethiopia in reducing the time and effort required for public procurement while achieving value for money at a lower cost to the government.

THE GHANA SITUATION

During the first decade of administration, the Public Procurement Authority through its monitoring and evaluation activities, discovered that several entities bought similar common-use commodities in small, uneconomic quantities from various sources, leading to high transaction costs.

To solve this problem, the PPA developed Framework Agreement Guidelines that required public entities to

procure continuously or frequently used goods using FWAs. This was done to ensure that entities were not engaging in bulk breaking and thus contravening Act 663's requirements.

Defined in section 98 of Act 663 as amended, as "a long-term agreement with suppliers, contractors and providers of non-consulting services which sets out terms and conditions under which specific procurements (Call-offs) can be made throughout the term of the agreement", the concept of Framework Agreement (FWA) has increasingly become topical in the public procurement space of Ghana. As part of the amendments to the Public Procurement Act 2003 (Act 663) in 2016, this concept was introduced as a means of conducting procurement in section 34A (1) (d). FWA is therefore not a method, but a procedure used in carrying out the various methods of procurement as stipulated in the Fifth Schedule of Act 663 as amended.

FWA in Ghana spans a period of three (3) years and is in two forms: Single Supplier Framework and Multiple Supplier Framework Agreement. No contract exists until a call-off against a FWA is issued by an entity. Framework Agreement occurs in two stages in order to establish an agreement and Call-off contracts:

- Stage 1 is the conclusion of a FWA between a Procurement Entity/Lead Entity/ Procurement Agent and a Single/ Multiple Supplier(s).
- Stage 2 is the conclusion of a Call-off contract between a Procurement Entity /Lead Entity/ Procurement Agent and a Single/ Multiple Supplier(s).

The FWA procedure needs to fulfil certain conditions in order to be effective, such as: Goods procured should be off-the-shelf or common use with standard specifications. It is also used where there is frequent reordering based on the same or similar requirements as well as when it is possible that the initial demand is unknown. Additionally, it is used for technical services that are simple and non-complex in nature and may be required from time to time by the same entity or multiple entities.

LEVEL OF PROGRESS OF FWA IN THE SECOND DECADE OF ITS IMPLEMENTATION

The European Union through the Technical Assistant to Ministry of Finance for the implementation of the Ghana Public Financial Management Support Program, contracted Messrs Ernst & Young (EY) to develop training

modules to conduct training of all procurement professionals involved in the public procurement process. From 2019 to 2021, Messrs EY worked with PPA and all other relevant agencies to address their concerns regarding the application of FWA. Messrs EY reviewed the already existing PPA Guidelines on FWA and subsequently, developed two (2) out of six (6) modules identified, and rolled out training to selected public entities. The 2 modules are Principles and Guidelines for Framework Agreement (FWA) and Preparation of Tender Documents for FWA-Primary Procurement.

The Authority also received assistance from Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ) GmbH in 2022, and through the consortium of Participle and GOBA Worldwide Consultants under the GovID – STEP arrangements engaged Messrs EY to support PPA to develop the remaining 4 modules on Tendering Processes, Evaluation of Tenders, Call-off Contract Process and Administration of Call-off Contract as well as the STD's for FWA using PQ. The team also developed Standard Tender Documents (STDs) for Price Quotation methods for all the procurement categories.

In March 2022, staff of PPA benefitted from a Training of Trainers (ToT) programme organized to equip them with the required knowledge and skills to use the developed modules to carry out training on FWA. The Authority has plans of rolling out the FWA training nationwide for the benefit of all Procurement Entities. However, it is currently constrained with funding of the programme. In the interim, the Authority has been conducting training on FWA for entities that have made special requests for the training.

CHALLENGES

Some major challenges of FWA include the following:

- Fear of abuse of FWAs in terms of limiting competition. The 3-year duration allowable for FWA may in some instances hinder competition due to the prolonged engagement of a few service providers by Procurement Entities. However, with extensive public sensitization on the use of FWAs, this challenge will be mitigated.
- Difficulty in adjusting prices in instances where price instability prevails due to fluctuations in some economic

indicators such as exchange rates and inflation rates.

• Difficulty of estimating the value of FWAs. There is a difficulty in monitoring the Framework Agreement process in its entirety and precisely measuring its impacts.

BENEFITS

Significant benefits associated with the use of Framework agreements in the procurement process include the following:

Using FWAs first and foremost ensures faster processing time and delivery in the procurement process. By entering the FWA, Service Providers and Entities will reduce the time and delivery of service that would otherwise occur by starting a new procurement process whenever an Entity needs to procure goods, works or services. For agreements that will span the three years, both the Service Provider and the Entity will benefit from the convenience of faster processing time and delivery of service in procurement.

Secondly, implementing FWAs also guarantees that acquisition expenses associated with procurement processes are minimized. In the absence of the FWA, expenses such as the ones associated with requests for tenders each time an Entity deems it fit, as well as the costs of contacting suppliers and stationery used in other procurement processes, are reduced to the barest minimum.

Additionally, by adopting FWAs, Procuring Entities enjoy economies of scale which contributes to the attainment of value for money. Moreover, all other Entities that use the FWA are assured of competitive pricing of goods and services procured throughout the procurement process.

Finally, the risk and cost of maintaining inventory for the entities is minimized because the FWA requires the Service Providers to hold goods until a call-off is made by the Entity.

WAY FORWARD

Ghana's Public Procurement system stands to gain immensely from the full implementation of Framework Agreement. FWAs will contribute to the achievement of value for money through efficient procurement practices such as reduced transaction costs and shorter delivery times.

Evidently, the Public Procurement Authority continues to make significant progress in its implementation of Framework Agreement in the second decade of Act 663 as amended despite its challenges. With adequate funding of the training of all public sector institutions across the country on the principles and guidelines as well as the use of the FWA tender documents, it is expected that this intervention will augment and ensure effectiveness of the public procurement process. Additionally, when FWA is deeply embedded in our procurement system, we would have enough data available to precisely measure its impact towards attainment of value for money.

Written by

Edwina Judith Safee-Boafo

Ambrose Gyasi

References

https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/2011-model-law-on-public-procurement-e.pdf .https://www.researchgate.net/ publication/342530209_Framework_agreements_in_public_procurement_in_Africa_Progress_and_limitations PPA Guidelines on Framework Agreement documents

TRAINING CALENDER

The Public Procurement Act, 2003, Act 663 as amended requires the **Public Procurement Authority (PPA)** to provide training and build capacity of public officers involved in public procurement at all levels in the public entities. In furtherance to this objective the Authority has outlined training programmes for 2023.

SECOND QUARTER (APRIL - JUNE)

NO	COURSE TITLE	DAYS	DATE	DEADLINE	LOCATION
1	Public Procurement & Submitting a winning Tender	2	4 th – 5 th April,2023	29 th March,2023	Accra
2	Public Procurement & Submitting a winning Tender	2	12 th – 13 th April,2023	6 TH April,2023	Kumasi
3	Understanding the Procurement Best Practices on Preparation and Evaluation of Framework Agreement to efficiently manage Entity's resources and time.	4	9 th – 12 th May, 2023	2 nd May, 2023	Koforidua
4	Understanding the Procurement Best Practices on Preparation and Evaluation of Framework Agreement to efficiently manage Entity's resources and time.		23 rd – 26 th May,2023	16 th May, 2023	Kumasi
5	Effective Tender Preparation and Evaluation for Goods and Technical Services	4	6 th – 9 th June,2023	30 th May,2023	Koforidua

THIRD QUARTER (JULY - SEPTEMBER)

NO	COURSE TITLE	DAYS	DATE	DEADLINE	LOCATION
1	Sustainable Public Procurement		4 th -6 th July,2023	28 th June,2023	Accra
2	Newly Developed Standardized Procurement Audit Frame- work (SPAF) To Conduct/Carry Out/ Execute/ All Procure- ment Related Audit in Ghana		11 th -14 th July,2023	5 th July,2023	Koforidua
3	Newly Developed Standardized Procurement Audit Frame- work (SPAF) To Conduct/Carry Out/ Execute/ All Procure- ment Related Audit in Ghana		25 th – 28 th July,2023	19 th July,2023	Kumasi
4	4 Contract Administration for Goods Technical Services		8 th -10 th August,2023	2 nd August,2023	Koforidua
5	Contract Administration for Works and Consultancy Services		15 th -17 th August,2023	9 th August,2023	Koforidua

TRAINING CALENDER

FOURTH QUARTER (OCTOBER – DECEMBER)

NO	COURSE TITLE	DAYS	DATE	DEADLINE	LOCATION
1	Effective Tender Preparation and Evaluation for Goods and Technical Services		3 rd - 6 th October,2023	27 th September,2023	Koforidua
2	2 Effective Tender Preparation and Evaluation for Works and Consultancy Services		10 th - 13 th October,2023	4 th October,2023	Koforidua
3	Public Procurement & Submitting a winning Tender	2	24 th - 25 th October,2023	18 th October,2023	Accra
4	Understanding the Procurement Best Practices on Preparation and Evaluation of framework Agreement to efficiently manage Entity's resources and time		7 th - 10 th November,2023	1 st November,2023	Koforidua
5	Newly developed Standardized Procurement Audit Framework (SPAF) to conduct/carry out/ execute/ All Procurement Related Audit in Ghana		14 th - 17 th November,2023	8 th November,2023	Koforidua
6	Understanding the Procurement Best Practices on 6 Preparation and Evaluation of framework Agreement to efficiently manage Entity's resources and time		21 st -24 th November,2023	15 th November,2023	Kumasi
7	Newly developed Standardized Procurement Audit 7 Framework (SPAF) to conduct/carry out/ execute /All Procurement related Audit in Ghana		5th - 8th December , 2023	29th November, 2023	Kumasi

This training workshops will provide opportunities for procurement practitioners to acquire further insights in the spublic procurement profession. Participants will also have opportunity to go through **SIMULATION** and **CASE STUDIES** on each of the workshops. *We offer customized training solutions. Training can be delivered in-house.*

Course Fees:

NO OF DAYS	NON-RESIDENTIAL	RESIDENTIAL
2	GHC 1,800.00	GHC 3,900.00
3	GHC 2,700.00	GHC 5,400.00
4	GHC 3,600.00	GHC 6,900.00

Note: Residential package includes accommodation and feeding a night before the workshop. Charges are subject to change in effect due to market conditions

Further information can be obtained through the following:

PPA Website	:	www.ppa.gov.gh/trainings
Contact	:	+233 302 296 4607
Email	:	training@ppa.gov.gh

PPA TRAINING – EMPOWERING PROCUREMENT PROFESSIONALS



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