An Appraisal of Single-Source Procurement in Ghana

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Abstract

The engine that drives Ghana’s Public Procurement Policy is the Public Procurement Act, 2003 (Act 663), as amended by the Public Procurement (Amendment) Act, 2016 (Act 914). The use of single-source procurement method by public procurement entities is permitted under Act 663 (as amended). The avowed purpose for the method is captured eloquently in section 40 of the Act and includes, inter alia, a situation where goods, works or services are only available from a particular supplier or contractor, or procurement that has to do with catastrophic events or one that concerns national security.

(a) The article throws a critical searchlight on the Ghanaian single-source procurement law (b) The methodology employed is a comparative one whereby the following models; United Nations Commission on International Trade Law’s (UNCITRAL) Model law (2011), Botswana and Uganda, are appraised with the Ghanaian version. The comparison reveals that the hub of the matter of the challenge facing Ghana’s public procurement is the elusiveness in determining the practical parameters for application of the single-source method. Having identified the weaknesses in the Ghanaian single-source procurement law and practice, palliatives are suggested resorting to single-source innovations in other jurisdictions.

Keywords: Appraisal, Botswana, Comparative analysis, Ghana, Innovation, Procurement, Single-Source, South Africa, Tanzania, Uganda, UNCITRAL

Subject: Procurement Law and Policy

1. Introduction

The Chief Executive Officer (CEO) of Ghana’s Public Procurement Authority (PPA) recently said that the criticisms of single-source procurement, also referred to variously as direct procurement or direct negotiations, by a section of the public were ill-informed and iconoclastic. He further stated that in spite of the arguments which had been raised against the use of the method, at no point during the amendment process of Act 663 did a Member of Parliament make a proposal for the introduction of a stiffer measure or to have the method expunged from the law (Daily Graphic 2016). Furthermore, the Auditor-General had stated that some government institutions have caused financial loss to the country by using single-source procurement method, instead of competitive methods (Auditor-General’s report 2012). These indictments and criticism of the single-source procurement in Ghana, are the catalyst and motivation for writing this article.

Telgen, J., et al said the use of single-source procurement when open tendering would have been the right procedure to follow, is an example of a corrupt practice (Telgen, et al 2016). It is important to monitor the use of single-source method in order to prevent its abuse (Arrowsmith 2010). When single-source method is employed, there must be clearly defined measures such as multiple levels of approval. Also there must be rigorous internal and external audits focused on influence, which should be introduced to reduce the risk of corruption (Pyman et al 2009). Non-competitive procurement contracts have been identified as a source of concern for reasons of transparency, democratic oversight, value for money and corruption risks (OECD 2007).

Strict adherence to public procurement procedures is important if public funds are to be used in the best way possible (Odhiambo and Kamau 2003). Williams-Elegbe (2013) said as the public official holds more information about the procurement process and the procurement market, the official could use this knowledge to his/her advantage by manipulating the procurement process. She suggested that government could use administrative, regulatory and social tools to fight corruption in public procurement. Proper safeguards should be in place for use of the single-source method (Bolton 2006). Ameyaw et al identified the high rate of usage of
non-competitive methods such as single-source procurement as one of the challenges militating against the implementation of Ghana’s procurement law. They recommended the need for the PPA to sanitise the procurement process by training procurement officers, contractors and consultants to understand the procurement process. They also suggested that punitive measures be put in place to deter officers, who deliberately abuse the procurement process (Ameyaw et al 2012). The justification for single-source selection must be examined carefully to ensure economy and efficiency (Gatsi et al 2011). Dagbanja, opined that competition, transparency as well as restrictions on the application of single-sourcing can promote and encourage the participation of Ghanaian firms in public procurement. He further said this can enhance their capacity and competitiveness in economic activities in the country and also help attain value for money (Dagbanja 2014).

The origin of Ghana’s current procurement system can be traced to the financial reforms she carried out in the mid-1990s (Public Financial Reform Program 1996). At this stage of her political life, Ghana, like many other post-independence African states, grappled with the intractable challenge of fighting corruption and adopting sound management practices of national resources. UNCITRAL Model law (ML) 1994 on Procurement of Goods, Construction and Services was largely the legislative text for Ghana’s public procurement legislation. The country’s Parliament, on 31st December 2003, passed the Public Procurement Act, 2003 (Act 663). Sections of Act 663 have since been amended by the Public Procurement (Amendment) Act, 2016 (Act 914). It is currently the instrument of primary legislation governing public procurement contracting in Ghana. The Public Procurement Act established, *inter alia*, the Public Procurement Authority (PPA). The objective of Act 663 (amended) is to, *inter alia*, secure the judicious, economic and efficient use of state resources and ensure that public procurement is carried out in a fair, transparent, non-discriminatory, environmentally and socially sustainable manner. Dagbanja, (2011) opined that the fact that judicious, economic and efficient use of state resources ranks at the top of the list of objectives in the Act suggests the paramount importance attached to best value for money in the procurement system of Ghana. It requires that the government’s money should not be wasted when procuring goods, works or services. In other words, government must not spend more money than necessary in procuring what is needed. Emphasis is placed on best value for money because public funds are derived from public contribution, which is partly through the payment of taxes. Strictly speaking, the Ghanaian government holds this money as well as foreign aid funds in trust for the people. It therefore calls for transparent and efficient ways, such as use of competitive tender, to utilize the funds (Dagbanja, 2011). In this regard, it is expected that the output provided by the other contracting party must meet the needs for which the public procurement was initiated; be it in terms of quality, quantity, or other values.

The Act prescribes the use of various procurement methods in the procurement of goods, services and works. The methods are: Competitive tendering, Two-stage tendering, Restricted tendering, Request for quotation and Single-source procurement. All these methods very closely mimic those provided for under the ML 1994.

Single-source method is appropriate if there is a clear advantage over competitive selection, such as using it for tasks that are a natural continuation of a previous work (Gatsi et al 2011). It may be used by reasons of expediency in emergencies, or when national security interests are at stake (OECD 2007). Its use obviates disproportionate cost and the delay of competitive procurement.

One of the glaring weaknesses in the use of the single-source procurement method in Ghana is that there are no clear guidelines regulating its use. Because there are no clear rules for the selection of the supplier in the single-source procurement process, many prospective suppliers are discouraged from participating in the single-source procurement process. Such a situation is a veritable invitation for corrupt procurement practice. For example, Act 663 (as amended) is eerily silent on how the single-source procurement supplier may be selected. However, the Act requires the PPA to maintain a data base of suppliers, contractors and consultants as well as a record of prices to assist in the work of procurement entities. The PPA has stated its intention to update the prices of “common user items” periodically, at least twice in a year. It must be pointed that the position of the PPA violates the Act which requires the Authority to publish by the end of each month, a Public Procurement Bulletin containing information germane to public procurement. The present author shares the view of Uromi (2014) that routine dissemination of information relevant to the operations, procedures and specific procurement activities provides the environment for access to information on public expenditure by citizens. This is fundamental to individual and institutional integrity and probity, as well as a deterrence to collusive procurement, conflict of interest and corruption.

This article directs a critical searchlight on Ghana’s procurement law and practice in order to analyse, elucidate and evaluate Ghana’s procurement laws particularly as they relate to single-source procurement and then proceeds to assess the strengths and weaknesses of these laws. The author begins with a look at the grounds for
using single-source procurement under Ghana’s procurement law as well as those of Botswana, South Africa, Tanzania, Uganda and the ML. The choice of Botswana, South Africa, Tanzania and Uganda is premised on two considerations. They are said to boast of vigorous, effective and progressive public procurement regulations. Secondly they are all, like Ghana, English speaking African countries and therefore it would not be difficult to borrow from them where possible. The ML is also looked at since the 1994 version’s legislative text largely influenced Ghana’s procurement law as well as those of Tanzania, Uganda and to an extent that of Botswana (Caborn and Arrowsmith 2013). The article then proceeds to assess the efficacy of the country’s procurement law by comparing and contrasting the provisions for single-source procurement method under Act 663 (as amended) with those of the four countries as well as the ML 2011.

The author also looks at the leading decided case on single-source procurement in Ghana, The Republic v Ministry of Education and Sports and others, (Suit No AP6/2006) as well as secondary sources such as academic publications on public procurement. These sources provide useful innovative ideas for the use of single-source procurement in Ghana. Data on single-source procurement in the country’s public sector from 2012 to 2015 was also analysed to determine the value as well as the trend of usage of the method in the country within the stated period.

The final part of the article is devoted to conclusions arrived at and recommendations made as a palliative, which it is believed would address the gaps identified by the article. This it is hoped, could stimulate a debate for the introduction of reform in regulating the use of single-source procurement in Ghana.

The article now sets out the legal framework relating to single-source procurement under the ML, Ghana, Botswana, South Africa, Tanzania, and Uganda.

2. Grounds for the use of single-source procurement method under the ML, Ghana, Botswana, South Africa, Tanzania, Uganda rules

2.1 Grounds for using single-source under UNCITRAL Model Law 2011

(a) The subject matter of the procurement is available only from a particular supplier or contractor, or a particular supplier or contractor has exclusive rights in respect of the subject matter of the procurement, such that no reasonable alternative or substitute exists, and the use of any other procurement method would therefore not be possible;

(b) Owing to a catastrophic event, there is an extremely urgent need for the subject matter of the procurement, and engaging in any other method of procurement would be impractical because of the time involved in using those methods;

(c) The procuring entity, having procured goods, equipment, technology or services from a supplier or contractor, determines that additional supplies must be procured from that supplier or contractor for reasons of standardization or because of the need for compatibility with existing goods, equipment, technology or services, taking into account the effectiveness of the original procurement in meeting the needs of the procuring entity, the limited size of the proposed procurement in relation to the original procurement, the reasonableness of the price and the unsuitability of alternatives to the goods or services in question;

(d) The procuring entity determines that the use of any other method of procurement is not appropriate for the protection of essential security interests of the state; or

(e) [Subject to approval by the [name of the organ designated by the enacting State to issue the approval] and, following public notice and adequate opportunity to comment, procurement from a particular supplier or contractor is necessary in order to implement a socio-economic policy of this State, provided that procurement from no other supplier or contractor is capable of promoting that policy.”

2.2 Preconditions for use of single-source procurement method in Ghana

Act 663 (as amended) details exceptional circumstances under which a procurement entity may engage in single-source procurement with the approval of the PPA, viz,
a. Where goods, works or services are only available from a particular supplier or contractor, or if a particular supplier or contractor has exclusive right in respect of the goods, works or services, and no reasonable alternative or substitute exists. This ground for the use of single-source is, however, silent on whether the procurement entity shall show proof that no alternative source of supply could meet the request.

b. Where there is an urgent need for the goods, works or services and engaging in tender proceedings or any other method of procurement is impractical due to unforeseeable circumstances giving rise to the urgency, which is not the result of dilatory conduct on the part of the procurement entity. The author argues that a request for quotation method could rather be used in an urgent situation in Ghana. This is because the process for the use of this method could be completed within the same time the PPA would have received and granted approval for single-source procurement, which is averagely a period of four weeks. The use of Request for quotation method in this instance would enable the entity to benefit from a level of competition by vendors, while at the same time meet the urgent request because of the short lead time required for conducting procurement through this method.

c. Where owing to a catastrophic event, there is an urgent need for the goods, works or technical services, making it impractical to use other methods of procurement because of the time involved in using those methods. The procurement law currently does not require that the emergency situation arising out of the catastrophic event be evaluated in order to determine the most appropriate procurement method to be used for the required goods, works or technical services. The author opines that it is the result of the evaluation of the emergency situation due to a national disaster that should determine the most efficient and economical procurement method that needs to be used for the procurement and not necessarily a resort to single-source method because of the urgent need arising thereof.

d. Where the procurement entity having procured goods, equipment, technology or services from a supplier, contractor or consultant, determines that additional supplies must be procured from the supplier, contractor or consultant because of standardisation or compatibility with existing goods, equipment, technology or services, taking into account
   i. the effectiveness of the original procurement in meeting the needs of the procurement entity.
   ii. the limited size of the proposed procurement in relation to the original procurement;
   iii. the reasonableness of the price.
   iv. the unsuitability of alternatives to the goods or services in question.

This ground for granting single-source procurement approval does not specify whether a competitive method should have been used in undertaking the original procurement. It does not also state the percentage threshold limit of the additional value of the original contract, which can be procured using the single-source method. Lesniak, A. et al (2013) said unfortunately, such a condition for use of single-source often causes numerous abuses involving significant overcharging for additional works. They argued that befriended companies can win a tender by placing a bid below the market price, knowing that they will be able to make up for the losses with a surplus when they are awarded a single-source contract for additional or supplementary works.

e. Where the procurement entity seeks to enter into a contract with the supplier or contractor for research, experiment, study or development, except where the contract includes the production of goods in quantities to establish commercial viability or recover research and development costs. This ground does not require the entity to show proof that no other consultant can undertake the assignment before permission for single-source shall be granted.

f. Where the procurement entity applies this Act for procurement that concerns national security, and determines that single-source procurement is the most appropriate method of procurement. This precondition does not distinguish between procurement for security purposes which involves classified information and those that do not. It is also silent on procurement conducted by the Ministry of Defence; this should require the need to distinguish between procuring a piece of ‘hard’ or ‘war-like’ defence materiel (Trybus, M. 2004) intended for use as an arm, munitions or war materiel and those more mundane items such as uniforms and food (Heuninckx 2010). The author suggests that the reason behind the need for the various distinctions is for the purposes of ascertaining procurement that is “essential” for the security and defence interests of the state and those that are
not. Transparency International reported that single sourcing defence contracts can lead to greater risk of corruption (Transparency International 2014.) Pyman, M., et al (2009) quoted an IMF report (Gupta et al., 2000) to emphasise the point that procurement is a channel through which corruption might affect military expenditures.

A procurement entity may engage in single-source procurement with the approval of the PPA after public notice and time for comment where procurement from a particular supplier or contractor is necessary in order to promote a policy specified in section 59(4)(c),(d) or 69(2)(c)(i) or socio-economic policy and procurement from another supplier or contractor cannot promote that policy. This precondition is commendable since it allows for a level of transparency in the conduct of single-source procurement. The negotiated procedure without prior publication of a contract notice may lead to a high level of corruption risk (Transparency International 2013).

The author notes that there is no requirement for a corresponding standard document to be used for single-source procurement in Ghana. Many countries have improved their public procurement function by, inter alia, issuing national procurement standards and standardised bidding documents (Telgen et al.2016)

2.3 Direct procurement under Botswana’s Public Procurement and Asset Disposal (PPAD) Regulations

(1) The direct procurement method may be used where the selection of supplier is conducted on a sole supplier basis without competition, such as where-

(a) there is insufficient time for other methods due to an emergency situation;

(b) the supplies, works or services are available from only one provider;

(c) an existing contract could be extended for additional supplies, works or services of a similar nature and no advantage could be obtained by further competition, provided the prices on the extended contract are reasonable;

(d) additional supplies, works or services are required to be compatible with existing supplies, works or services and it is advantageous or necessary to purchase the additional supplies, works or services from the original supplier, if the prices of additional contract are reasonable;

(e) it is essential or preferable to purchase additional supplies, works or services from the original supplier to ensure continuity for downstream work, including continuity in technical approach, use of experience acquired or continued professional liability, if the prices on the additional contract are reasonable; or

(f) it is justified in the circumstances.

(2) When direct procurement is used under paragraphs (c),(d) or (e) of sub-regulation (1), the value of the new supplies, works or services shall generally be less than the value of the original or existing contract and the original contract shall have been awarded through a competitive process.

(3) A procuring entity shall use the appropriate documents, from the documentation issued by the BOARD, modified as necessary for the requirements of the procurement.

(4) A direct procurement contract shall be in writing in a contract form as provided in the documentation referred to under sub-regulation (3).

(5) The procuring entity shall not commence any procurement process under the direct procurement method prior to the BOARD signifying its-

(a) acceptance of the full justification given by the Contracts Committee for necessity for the use of the method; and

(b) approval for use of the method.

(6) The procurement process, under direct procurement, shall be subject to the procurement requirements, as far as practicable, provided in Part III.
(7) The BOARD may award a bid for procurement under this regulation if it is satisfied that the procurement has been sufficiently demonstrated to be of value for money.

2.4 Direct negotiations under South Africa’s Municipal Finance Management Act, 2003: Municipal Supply Chain Management Regulations.

(1) A supply chain management policy may allow the accounting officer-

(a) to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only-

(i) in an emergency;
(ii) if such goods or services are produced or available from a single provider only;
(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
(iv) acquisition of animals for zoos; or
(v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and

(b) to ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

(2) The accounting officer must record the reasons for any deviations in terms of subregulation (1)(a) and (b) and report them to the next meeting of the council, or board of directors in the case of a municipal entity, and include as a note to the annual financial statements.

(3) Subregulation (2) does not apply to the procurement of goods and services contemplated in regulation 11(2).

2.5 Single-source Procurement under Tanzania’s Public Procurement Regulation for goods and services

(1) Subject to approval by the tender board, a procuring entity may engage in a single-source procurement in accordance with sub-regulation (3) under the following circumstances:

(a) the goods or services are available only from a particular tenderer who has exclusive rights in respect of the goods or services, and no reasonable alternative or substitute exists (sole-sourcing); or

(b) there is an urgent need for the goods or services, and engaging in tendering proceedings or any other method of procurement would therefore, be impractical, provided that the circumstances giving rise to the urgency were neither foreseeable by the procuring entity nor the result of dilatory conduct on its part; or

(c) a procuring entity, having procured goods, equipment, technology, services or spare parts from a supplier, following national or international competitive tendering satisfactory to these Regulations, determines that additional supplies of the same type as those purchased under an existing contract are required; or

(d) a procuring entity seeks to enter into a contract with a tenderer for the purpose of research, experiment, study or development, except where the contract includes the product of goods in quantities to establish their commercial viability or to recover research and development costs; or

(e) procurement involving national defence or national security and where it is determined that a single-source procurement is the most appropriate method of procurement; or

(f) where critical items need to be purchased from a specified supplier to ensure that the output of a process plant shall be guaranteed by the contractor responsible for the process design; or

(g) where standardisation of equipment is essential for economic and technical reasons and it has been proved to the tender board’s satisfaction that compatibility of the existing equipment with another make of equipment cannot be established and that there is no advantage in having an alternative supplier; or

(h) where standardisation of spare parts is required so that they may be compatible with existing equipment or spare parts or stock items related to specific and specialised equipment or machinery; or
(i) where there is an on-going project, additional items need to be purchased for the completion of implementation.

(2) For purposes of these Regulations, standardization is considered to be appropriate if the original equipment is suitable for the purposes of the project being financed and have been acquired at reasonable prices through national or international competitive tendering satisfactory to the tender board and that the number of the new items to be added is less than the existing value and cannot be obtained from other sources.

(3) In the circumstances prescribed under sub-regulation (1), a procuring entity may procure the goods or services by soliciting proposal or price quotation from a single supplier.

2.5.1 Single-source procurement under Tanzania’s Public Procurement Regulation for works

(1) A procuring entity may obtain a priced quotation from a single contractor, negotiate and enter into a direct contract if-

(a) there is an urgent need for the works such that there would be insufficient time for a procuring entity to engage in tendering or any other method of procurement, provided that the circumstances giving rise to the urgency could not have been foreseen by the procuring entity and have not been caused by dilatory conduct on its part; or

(b) there is only one particular contractor which a procuring entity can reasonably expect to undertake the required works; or

(c) there are advantages to a procuring entity in using a particular contractor who has undertaken or is undertaking similar works or who may have already been mobilized with plant, equipment and staff in the vicinity or any other resources as may be appropriate; or

(d) works which are under execution are to be extended, and the corresponding contract is awarded following national or international competitive tendering.

2.6 The use of Direct Procurement under Uganda’s Public Procurement and Disposal of Public Assets Act.

(1) Direct procurement or disposal may be used-

(a) where

(i) there is insufficient time for any other procedure such as in an emergency situation; or

(ii) the works, services or supplies are available from only one provider; or

(iii) an existing contract could be extended if the additional works, services or supplies is of a similar nature and no advantage could be obtained by further competition, if the prices on the extended contract are reasonable; or

(iv) additional works, services or supplies are required to be compatible with existing supplies, works or services and it is advantageous or necessary to purchase same additional works, services or supplies from the original supplies; provided the prices on the additional contract are reasonable; or

(v) it is essential or preferable to purchase additional works, services or supplies from the original supplier to ensure continuity for downstream work, including continuity in technical approach, use of experience acquired or continued professional liability, if the prices on the additional contract are reasonable; or

(b) in the circumstances set out in paragraph (a) where the value of the new works, services or supplies does not exceed 15% of the value of the original or existing contract and the original or existing contract has been awarded through a competitive process.
Comparing and contrasting the grounds for single-source method in Botswana, Ghana, South Africa, Tanzania, Uganda as well as the ML

a) Botswana, Ghana, South Africa, Tanzania, and Uganda require approval to be granted to the procurement entity by an approving authority before the single-source method can be used by that entity. The requirement for Ghana’s PPA to consider all matters under section 40 of Act 663 as a precondition to granting approval to procurement entities to use the single-source procurement method, was emphasized by the Fast Track High Court in Accra in the case of The Republic v Ministry of Education and Sports and others. The case concerned approval given to the Ministry of Education and Sports (MOES) by the PPA to single source the procurement of Supplementary Readers, Textbooks and Dictionaries for Basic/Senior Secondary Schools and Teacher Training Colleges throughout Ghana with a total tender value of US$27,999,999.00 from Macmillan Education Limited (MEL), from the United Kingdom. The applicant, Ghana Book Publishers Association, contended that the decision by the 1st respondent to single-source the procurement of the Supplementary Readers violated sections 40(1) and 40(2) of Act 663. This is because the preconditions set out in section 40(2) in adopting single-source procurement had not been followed and that disabled MOES from promoting the policy objectives set out in section 59(4)(c).

Additionally, the applicant contended that the approval granted to the MOES dated 31/08/05 by the PPA to single-source the procurement of the Supplementary Reader violated the object of the PPA as contained in section 2 of Act 663.

The basis of the contention is that the PPA failed to properly perform its function as set out in section 3 of Act 663. The 1st respondent relied on the ground of urgency, section 40(1)(b) of Act 663, for the application to the 2nd respondent for approval to single-source. His Lordship E. K. Ayebi, said he had his doubt that MEL can deliver the books for distribution when schools re-open in September. He was also of the opinion that the issue of urgency was not the bother of the applicant but rather how the 1st respondent settled on MEL books as the most suitable in the “cultural and environmental context of the Ghanaian child” as well as competitiveness of MEL’s prices. He said the conclusions could only be arrived at by MOES if it had requested any other supplier, such as members of the applicant association, to submit their books for assessment as well as their quotations for price comparison with that of MEL. He went on to consider the relevance of section 40(2) of Act 663 in the decision to single-source and the approval given. That section required that before approval is given for single-source procurement, there should have been a public notice and time given for comments, where the procurement from a particular supplier is necessary to achieve the policy specified in section 59(4)(c). This policy includes the effect of the tender on the balance of payment position and foreign exchange reserves of the country as well as the extent of local content in labour and materials in the goods to be supplied. The PPA submitted that section 59(4)(c) was not a factor to be considered in this single-source procurement but the judge thought otherwise. It was held by the Court that the MOES had not complied with section 40 of Act 663 in deciding to embark on single-source procurement, and the PPA failed to consider all matters under section 40 upon which 1st respondents application for approval is based. The Court quashed the approval granted by the PPA dated 31/08/05 and restrained the respondents whether by themselves, assigns and privies from proceeding with the said single-source procurement awarded to MEL on 20/08/05.

The ruling by the Fast Track High Court is clearly authority for the view that the provisions of section 40(as amended) must be satisfied before the PPA may grant approval for a public entity to engage in single-source procurement.

The following similarities also exist among the various models with respect to single-source procurement; b) Botswana, Ghana, South Africa, Tanzania, Uganda and the ML require the use of single-source procurement method if the subject matter of the procurement is available from only a particular supplier or contractor, such that no reasonable alternative or substitute exists. c) Ghana and Tanzania allow for the use of single-source procurement on the grounds of urgency. Botswana. d) Ghana, Tanzania, Uganda as well as the ML permit the use of the method, where additional supplies must be procured from the same supplier for compatibility with the existing goods, technology or services. e) Ghana and ML require the use of single-source when there is catastrophic event and as a result there is an extremely urgent need for the subject matter of the procurement. f) Ghana and Tanzania require the use of single-source method for research and development and for national security procurement.
2.8 Differences between the ML, Ghana, Botswana, South Africa, Tanzania and Uganda for the use of single-source method.

2.8.1. The differences between the ML and Ghana’s rules for single-source procurement are as follows:

i) The ML permits the use of single-source procurement method if any other method of procurement is not appropriate for protection of “essential security” interests of the State. Ghana, however, allows the use of the method on general security grounds. This could create the condition for the security agencies to use single-source procurement indiscriminately. For example, though an agency may determine the need to procure stationery item by single-source as the most appropriate method, the author argues that this request may not require classified information and therefore may not be for the protection of “essential security” interests of the state.

ii) In addition to above, the ML does not require the use of single-source procurement on grounds of urgency, but Ghana’s procurement rules allow it. The ML only requires the use of single-source procurement in cases of urgency, where there is a ‘catastrophe’, a situation in which it is expected that any form of negotiations may cause unreasonable delay.

iii) Coupled with the above, the ML requires the use of a competitive method for procurement of contract packages for research, experiment, study or development, while Ghana’s procurement law permits the use of single-source method for such contracts.

2.8.2. The salient differences in the Botswana single-source procurement rules, vis-a-vis the Ghanaian version may be highlighted as follows: (i) Standard procurement rules for tendering must be followed as far as is practicable. The author believes the requirement by Botswana to follow standard procurement rules for tendering as far as is practicable by using standard documents for single-source procurement will allow for efficiency in the procurement process (Telgen et al 2016). (ii) When there is need for additional procurement for existing supplies, single-source method is permitted if the original or existing contract was awarded through a competitive process and the value of the new supplies is generally less than that of the original contract. The author argues that this precondition in Botswana’s single-source procurement rule will ensure that lowest evaluated responsive tenderer’s prices obtained through competitive procurement could be used for single-source procurement. (iii) Botswana’s Defence Force, Police Service and other security organs of the State may conduct their procurement through an open tender but that is not the case in Ghana. This author agrees with the point made by Pyman et al (2009) that defence has tended to be treated as a special entity within government, often exempt from the usual rules of scrutiny, oversight and procedures to ensure competition in its procurement processes, and this is often justified with reference to national security concerns. This lack of competition may entail substantial corruption risks.

2.8.3. The differences between South Africa and Ghana’s rules for single–source procurement are as follows: (i) Use of single-source for the acquisition of special works of art or historical objects and also procurement of animals for zoos is permitted under South Africa’s law. The author argues that this could enhance the government’s preservation and conservation drive of endangered animals, heritage sites and works of art. (ii) Ratification of minor breaches of the procurement processes by an official or a committee acting in terms of delegated powers or duties which are purely of a technical nature. The accounting officer must record the reasons for the deviation from using a competitive method and report them to the next council meeting, or board of directors in the case of a municipal entity, and include it as a note to the annual financial statements. Ghana does not currently have a provision for ex post facto approval of single-source procurement. However, between 2012 and 2015 the country’s PPA ratified ten (10) single–source procurements that had already been undertaken by various institutions. The country’s Ministry of Food and Agriculture (2017) had also requested the PPA to grant it retrospective approval for the procurement of chemicals to control the spread of fall army worms in the country. This raises interesting and intriguing issues for the practice of single-source procurement in the country. Some of these are:

- Is it permissible for a public entity which wishes to utilize single-source procurement to ignore the approval requirements laid down in the Act and proceed to utilize single-source procurement and thereafter apply to the PPA for ex post facto approval?
- What are the powers of the PPA under section 50(3)(c) of the Act?
- Does the PPA possess legal competence under section 50(3)(b) to set aside a single-source procured contract?
• Under what circumstances, if any, may an entity use single-source method and thereafter proceed to the PPA for its ratification?

The author is not conversant of the peculiar circumstances under which entities have applied to the PPA for ex post facto approval. It is, however, a fact that, circumstances under which entities may use single-source method before applying to the PPA for its ratification are not clearly stated in the Act. The PPA said it is considering the future submission of such practices by institutions and government departments to the Auditor-General for report to Parliament (PPA’s 2012/2013 annual report).

2.8.4 The following are the salient differences between Tanzania and Ghana’s rules for use of the single-source procurement method: (i) Emergency procurement may be made where the accounting officer determines that it is in the public interest that goods, works or services be procured as a matter of emergency. The officer shall evaluate the need for the emergency procurement and decide the preferred procurement method in order to guarantee economy and efficiency. He/she shall seek approval from the Government Procurement Services Agency before proceeding with the procurement. In effect the emergency situation does not automatically require the use of single-source procurement under Tanzania’s regulatory framework. The author argues that the reasoning behind this provision is; a) to reduce bureaucratic delays as there is an identified officer, who is to make a determination in the public interest that goods, works or services shall be procured as a matter of emergency, b) to ensure that there is value for money consideration in taking a decision to conduct public sector procurement even during the time of a national disaster. Ghana does not currently have such a provision in its procurement law. (ii) Before single-source method is used for the additional procurement of an item, the original procurement should have been conducted through national or international competitive tender. The intended procurement shall be less than the existing value of the original contract, and cannot be obtained from other sources. Though Ghana also has a similar ground for permitting single-source procurement, it, however, does not expressly require that the original procurement should have been conducted through competitive tender before the use of the single-source method for the additional procurement was made.

2.8.5 Similarly Uganda allows for the use of direct procurement where there is need for additional procurement of an item. The additional procurement shall not exceed 15% of the original or existing contract value. Where this method is used more than once in the said circumstance, the cumulative value of the new procurement shall not exceed 25% of the value of the original or existing contract. In Ghana the same precondition permits the use of single-source for additional procurement. However, our law does not specify a limit for the value of the additional procurement. The author argues that this could lead to a possible situation where procurement entities will use single-source procurement as a default method for additional procurements without a value limit.

This article will now proceed to analyse data on single-source procurement in Ghana from 2012 to 2015 in order to ascertain the trend of usage of the method for the period.

3. Data on procurement methods used by public entities in Ghana Between 2012 and 2014 as per the PPA’s public procurement assessment exercise.

3.1 Procurement Methods Based on the Total Number of Tenders (Table A)

<table>
<thead>
<tr>
<th>Procurement method</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>International Competitive Tender</td>
<td>0.15%</td>
</tr>
<tr>
<td>Restricted Tender</td>
<td>4.16%</td>
</tr>
<tr>
<td>Single-Source</td>
<td>1.01%</td>
</tr>
<tr>
<td>National Competitive Tender</td>
<td>25.68%</td>
</tr>
<tr>
<td>Price Quotation</td>
<td>66.45%</td>
</tr>
<tr>
<td>Low/Minor Value Procurement</td>
<td>2.55%</td>
</tr>
</tbody>
</table>
3.2 Procurement Methods Based on Tender Values (Table B)

<table>
<thead>
<tr>
<th>Procurement method</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>International Competitive Tender</td>
<td>10.30%</td>
</tr>
<tr>
<td>Restricted Tender</td>
<td>47.55%</td>
</tr>
<tr>
<td>Single-Source</td>
<td>4.44%</td>
</tr>
<tr>
<td>National Competitive Tender</td>
<td>30.07%</td>
</tr>
<tr>
<td>Price Quotation</td>
<td>7.51%</td>
</tr>
<tr>
<td>Low/Minor Value Procurement</td>
<td>0.12%</td>
</tr>
</tbody>
</table>

It is worthy of note that a 0.70% increase in the use of single-source method from 2012 to 2013 in Table A resulted in a tender value increase of 35.46% for use of the method within the same period as seen in Table B. According to Ameyaw et al (2012) the high adoption of such a less competitive procurement method has dire consequences on the economy and the integrity of the procurement process in the country. It means a possible high cost of procurement to the state. Single-source method must therefore be tightly and effectively regulated.

3.3 Single-Source Applications Submitted to the PPA by Public Procurement Entities from 2012 -2015

<table>
<thead>
<tr>
<th>YEAR</th>
<th>NUMBER OF APPLICATIONS RECEIVED</th>
<th>NUMBER APPROVED</th>
<th>% OF APPROVAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>715</td>
<td>656</td>
<td>92</td>
</tr>
<tr>
<td>2013</td>
<td>578</td>
<td>538</td>
<td>93</td>
</tr>
<tr>
<td>2014</td>
<td>468</td>
<td>330</td>
<td>70</td>
</tr>
<tr>
<td>2015</td>
<td>696</td>
<td>620</td>
<td>89</td>
</tr>
</tbody>
</table>

As can be seen from Table C above, there was a 19% reduction in the applications submitted in 2013 by entities to the PPA for single-source procurement approval as compared to those of 2012. There was a further 19% reduction of single-source applications submitted by entities from 2013 to 2014. It could be inferred from this trend that entities appeared to increasingly use other competitive procurement methods rather than single-source procurement method in Ghana between 2012 and 2014. The PPA said the reductions were as a result of policy measures instituted by it to streamline the spate of single-source applications, and thereby, encourage the use of other methods of procurement provided under the Act. There was, however, a 49% increase in the use of the method by entities in 2015 from that of 2014. The increase in the use of the method in 2015 suggests that measures put in place by the PPA to streamline the use of the method by entities between 2012 and 2014 did not seem to have had the desired impact in 2015. It is noteworthy that 2012 was an election year in Ghana and that 2015 precedes another election year (2016). Obicci (2015) said Procurement Officers (the agents) are pressured to compromise in favour of entities affiliated with politicians (principals). Eyaa and Oluka(2011) quoted Soudry (2007) to make the point that the agents can opportunistically take advantage of situations which are sometime detrimental to the principal. Pyman et al (2009) said the excessive use of single-source contracts, particularly where this becomes the normal way of working for officials, makes the procurement process more vulnerable to corruption, although their presence is not itself proof of corruption. The requirements for competition and transparency in the procurement system will be defeated if the PPA allows single-source to be used as a normal procurement method by giving approvals without consideration of the requirements for the use of the method by...
the entities (Dagbanja 2011). The author recommends the PPA should be guided by the ruling of the high court in the case of *The Republic v Ministry of Education and Sports and others*, when considering the granting of approval for the use of single-source method by entities.

![Graph of single-source applications received and considered for approval by the PPA between the years 2012-2015.](image)

**Fig 1.** Graph of single-source applications received and considered for approval by the PPA between the years 2012-2015.

The author shall now proceed to critically examine and summarise some shortfalls of the single-source method.

4. **A critical examination of Ghana’s single-source procurement rules**

Pellucidly, the reason behind the provision for the use of single-source procurement method in Ghana’s public procurement law is to provide flexibility for the procurement of goods, works or services under exceptional circumstances.

The ruling by the Fast Track High Court, in the in the case of *the Republic v Ministry of Education and Sports* is clearly authority for the view that the provisions of section 40, Act 663(as amended) must be satisfied before the PPA may grant approval for a procurement entity to engage in single-source procurement. Procurement entities are also to comply strictly with procurement procedures in public sector procurement

Additionally, the comparison of the rules for single –source procurement in Ghana with those of the MEL, Botswana, South Africa, Tanzania and Uganda in this article reveals that the hub of the matter of the challenge facing Ghana’s use of the single-source procurement method is the absence of and hence the elusiveness of the practical parameters for its application.

Osei-Afoakwa (2013) had opined that despite the conditions provided by the law for the use of single-source procurement, including prior approval by the PPA, the method is perceived to be a source for corrupt practices. He proceeded to recommend the need for legislative boosters and changes aimed at improving the capacity of the
A critical examination of Ghana’s single-source procurement law in this article revealed the following challenges facing the use of the method:

(i) The fact that the PPA does not sometimes adhere to the clear provisions of section 40 under Act 663 (as amended) before granting single–source approval to procurement entities as interpreted in the case of The Republic v Ministry of Education and Sports and others.

(ii) Failure of some procurement entities to comply with the requirements of section 40 before proceeding to use single-source procurement method as stated in the PPA’s annual reports from 2012 to 2015.

(iii) The non-existence of a corresponding standard procurement document for use for single-source procurement unlike the practice in other jurisdictions such as Botswana.

(iv) No provision for the Defence Force, Police Service and other security organs of the state to conduct procurement for mundane items such as food and stationery items through open tender as obtains in other jurisdictions such as Botswana.

(v) No requirement that single-source procurement be used for procurement of security and defence concerns bothering on classified security information or defence needs, which are ‘essential’ for the security and defence interest of the state rather than for general security requirement. The Model law 2011 provides the inspiration for Ghana to provide such a precondition for the use of single-source procurement.

(vi) There is no provision under Ghana’s procurement law that additional procurement by single-source source method be permitted to be undertaken by entities provided the original or existing contract was awarded through a competitive process. Secondly, unlike the situation in other countries such as Uganda, there is no threshold limit for such additional procurement.

(vii) There is no precondition that an evaluation needs to be undertaken by a designated officer in an entity to determine the most appropriate method to be used to meet a requirement after the occurrence of a catastrophic event rather than an automatic resort to single-source procurement. Ghana could borrow such a practice from Tanzania’s procurement law.

(viii) The conditions that must be satisfied before the PPA could grant ex post facto approval for single-source procurement are not stated. Ghana could borrow such a practice from South Africa.

(ix) The eerie silence on the need for procurement entities to show proof that no alternative source of supply could meet a particular procurement.

(x) The provision in Ghana’s procurement law to permit the use of single–source procurement method for urgent situations. The ML 2011 requires the use of competitive negotiations for urgent situations and Ghana could borrow from this practice by using request for quotation method for urgent situations.

(xi) The frequent abuse of single-source procurement method when open competition would have been more appropriate. This concern had been expressed by Ghana’s Auditor–General(2012). Eyaa and Oluka (2011) pointed out that the use of wrong procurement methods lead to high procurement costs, poor quality purchases, late deliveries or no deliveries at all.

(xii) The use of single-source procurement for the purpose of research, experiment, study or development. The ML 2011 requires the use of a competitive method for such a contract package and Ghana could do same.

5. Conclusions

The article revealed the following strengths and weaknesses of the regulatory framework for single-source method in Ghana.
5.1 Strength

Ghana’s regulatory framework allows for a level of flexibility in the procurement system by enabling procurement entities to invite proposal or price quotation from a single consultant, supplier or contractor without competition under exceptional circumstances.

Also, the procurement law of Ghana, as interpreted in the MOES case, requires that approval be sought from the PPA as a precondition before using the single-source procurement method.

The requirement by the country’s procurement regulation allowing for a seven day-period for comment by the public following the publication of the intended single-source procurement by an entity is endorsed in this paper.

5.1.2 Weakness

Ghana’s procurement law permit’s single-source procurement where goods, works or services are only available from a particular source or exclusive to that source. The law is, however, silent on the need for the procurement entity to show proof that no alternative source of supply could meet the request.

Secondly, the PPA’s approval process for single-source procurement in respect of an urgent requirement by an entity is completed averagely within a four-week period. The process for request for quotation method by an entity could also be completed within the same period.

In case of a catastrophic event, there is no requirement in the procurement regulation to evaluate the emergency situation arising thereof in order to determine the most economical and efficient method of procurement, instead of a resort to single-source procurement.

Coupled with the above, the law permits the use of single-source where there is need for additional procurement for existing supplies. However, the law does not require that the original existing contract should have been awarded through a competitive process. Also there is no stated value limit for use of single-source for the additional procurement.

The procurement regulation does not also require an entity to show proof that no alternative source can undertake the assignment of research, experiment, study or development before single-source approval can be granted to procure such a contract package.

The procurement law allows for use of single-source procurement method on grounds of national security instead of that for the protection of only “essential security” interests of the country. Also the law does not require the Ministry of Defence to use competitive tender for procurement of mundane items such as food. Ghana may see a benefit in steering her security and defence requirements through non-competitive procurement. However, any possibility of benefits cannot be separated from the likely impact of corruption (Pyman et al 2009).

In addition to the above, there is currently no provision for corresponding standard documents to be used by procurement entities for the single-source method, unlike in the situation with the competitive tender methods.

There is also no provision in the law for granting ex post facto approval to procurement entities for the use of single-source method.

To add to the above, the indication by the PPA to update its data for prices of “common user items” periodically, at least twice in a year may create practical challenges for procurement entities. This is especially so, where the entities need indicative prices, to assist in determining whether the proposed price quoted by a vendor under the single-source method, could be considered to be economical or not.

6. Recommendations

The author recommends that the law makes it mandatory for a procurement entity to show proof that the supply of an item, works or service is exclusive to a selected vendor, contractor or consultant before the use of a single-source method may be permitted.
Secondly, the request for quotation method must be made mandatory for procurement in an urgent situation where possible. This will allow for a level of competition and at the same time ensure that the urgent request is met by the procurement entity.

Ghana also needs to introduce a provision that requires the need for a designated officer to evaluate an emergency situation arising from the occurrence of a catastrophic event so as to determine the most suitable method required for the needed procurement. This will ensure that the most economic and efficient method is chosen for the procurement.

There must also be a provision that requires that, where there is need for additional procurement for existing supplies, the original existing contract should have been awarded through a competitive process. Secondly a value limit must be set for the additional procurement for the use of single-source method in such a situation.

Procurement entities must be required to show proof that no alternative source of supply can undertake the assignment of research, experiment, study or development before single-source approval may be granted to procure such a contract package.

The law must also require the use of single-source procurement method for protection of “essential security” interests of Ghana and not for general security concerns. The Ministry of Defence must also be required to conduct procurement for ‘non-hard’ defence requirement such as uniforms through open tender. This will ensure that the advantage of open tendering is lost only when there is the need for the protection of “essential security or defence” interest of the nation, which cannot be addressed by a less restrictive measure than single-source procurement.

In addition to the above, there is the need to introduce a provision in Ghana’s procurement law for a corresponding standard document to be used for single-source procurement as is currently the situation with competitive methods.

Also, Ghana’s procurement law must empower the PPA to grant ex post facto approval for single-source procurement to an entity under clearly stated conditions.

The PPA should ensure to update its supplier database with information germane to public procurement by the end of each month as required by the Act. This could help procurement entities have access to accurate and reliable data on suppliers, such as indicative prices regularly so as to aid the conduct of single-source procurement.

According to Thai, K.V., (2001) most people immediately think of bribes paid or received for procurement when the subject of corruption in government is mentioned. Public procurement systems could either add value to the economy or siphon it away into corrupt, wasteful or unethical purposes (Witting 1999). Single-source procurement method is no exception to this assertion. Ghana therefore needs to improve her use of the method by the introduction of stiffer measures. The innovation suggested in this article is to develop specific guidelines for; procurement entities to show proof that no alternative source of supply could meet a request before single-source approval is granted, use of request for quotation method instead of single-source method for urgent situations, requirement for a designated officer to evaluate an emergency situation after a catastrophic event in order to determine the most efficient and economic procurement method to be employed, to ensure that where there is need for additional procurement for existing supplies through single-source the original existing contract should have been awarded through a competitive process and that there is an established value limit for the additional procurement. need to show proof that no other consultant or contractor can undertake an assignment for research, experiment or study before permission is granted for single-source procurement, use of single-source for “essential” security and defence interest of Ghana, requirement to introduce corresponding standard documents for the use of single-source procurement and clearly spell out conditions under which PPA is to grant ex post facto approval for use of the single-source method. The PPA must also provide monthly indicative prices for “common user” items. These, the author believes, will reduce the element of corruption risk in the use of the single-source method in Ghana. Subsequently, this will not only aid in developing a level playing field, but also a well-illuminated one for the country’s public sector procurement.
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