

**A STUDY OF ADVANCE PAYMENT (MOBILIZATION FUND) IN THE
CONSTRUCTION INDUSTRY IN GHANA: A CASE STUDY OF THE GHANA
EDUCATION TRUST FUND (GETFUND) PROJECTS**

By

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for the award degree of**

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DECLARATION

I hereby declare that this submission is my own work towards the MSc. Project Management and that to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the university or any other university, except where due acknowledgement has been made in the text.

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ABSTRACT

The study aimed at assessing the effects of advance mobilization loan to contractors on construction product delivery in Ghana. With this aim, three (3) objectives were set which were to identify the available source of capital for construction firms, to identify the effects of mobilization advance payment on the contractor and to identify the problems associated with advance mobilization. Establishing the objectives led to the extensive review of literature and subsequently, developing a structured interview guide to aid in the collection of data from the respondents. Ten (10) construction firms were interviewed which comprised of five (5) contractors who have worked or are working on a GETFund project with advance mobilization and five (5) contractors have worked or are working on a GETFund project without advance mobilization. Their responses were analyzed using the content analysis. With the first objective, the respondents were asked to discuss the sources of finance available for a contractor if not given mobilization. The findings of the first objective was that, the source of working capital for contractors is bank borrowing while a few indicated trade credits. However, most of the respondents spoke of trade credits as another major source of finance to proceed with the work delivery after bank loans. With the second objective, the respondents were asked to discuss the effects of mobilization advance payment to the contractor and the effect of no mobilization to a contractor on GETFund projects. The findings of the second objective was that, advance mobilization quickens the work delivery process, free interest loan and the flexible repayment schedules and how it affects their cashflow. With the third objective, the respondents were asked to discuss some of the problems associated with advance mobilization on GetFund projects. The findings of the third objective was that, the problems of given mobilization are the tendency of misuse of the funds and the cost to client for giving the mobilization. However, the first category of respondents added to the list by stating that, it is very difficult for them to obtain a guarantee for the advance mobilization loan. With these findings, it was recommended that, clients should strive to make mobilization advance payment available and easily accessible to contractors to enhance their project delivery performance and save them the burden of relying on banks for working capital with high charges which may affect the overall cost of the project and the clients should implement proper contract administration techniques to prevent misuse of mobilization advance payments given to the contractor.

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DEDICATION

I humbly dedicate this thesis to my mother Hajia Iddrisu Ayi, My father, Alhaji Abukari Abdul-Rahaman my wife, Salifu Kubura and my children; Nihad and Muyasir. I love you all.

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

As the call on Ghanaians to live up to their civic responsibilities take center stage, the expectation of the people on the state to also discharge its mandate of providing basic amenities in the society gathers momentum on a daily basis. Also, the growing consciousness of the Ghanaian in demanding what is rightfully due him or her, as well as the demand for the efficient and effective utilization of the tax payers' money by the state in implementing projects and programs to better the lot of the citizenry call for serious attention to how projects are implemented in the country.

The significance of the construction industry relative to Ghana's effort at industrialization cannot be overemphasized. Infrastructure is key to nation building and it is the construction industry that can provide the infrastructure for a take-off. According to Navon, (2005), the construction industry is one of the largest industries and contributes about 10% to the gross national product (GNP) in industrialized countries. For the Oxford Business Group, the construction sector in Ghana has demonstrated consistent growth over the past few years, with little sign of slowing, as opportunities in infrastructure and low-cost housing projects are likely to be available in the coming years, and that Ghana's growing oil and gas sector, investments in infrastructure, rapid urbanization and a growing housing deficit continue to place demand on the country's construction sector. (oxfordbusinessgroup.com).

There are numerous challenges facing the construction sector in Ghana which amongst others include; delayed payments to contractors for works completed, lack of managerial and technical capability to make profit on projects, inability to obtain contracts, persistent delayed payments by

major clients, refusal to repay loans contracted, poor contractors, contractor inability to service equipment loans; lack of spare parts to maintain equipment; poor managerial capacity of contractors, unstable Ghanaian currency in relation to foreign currency in which cost of equipment was to be repaid and seizure of equipment from contractors (Laryea, 2010). Indeed, much of the challenges indicated herein are deeply rooted from lack of financial muscle by contractors to meet their obligation. As part of measure to finance contractors in Ghana, the government of Ghana initiated the concept of advance payments to contractors to enable them move to project sites. However, not much attention has been given to the advance payments referred to as mobilization fund in the construction industry since its inception, which is why this research seeks to discuss the mobilization fund with a focus on Ghana Education Trust Fund (GETFund). The GETFund is a public trust set up by an Act of Parliament in the year 2000. Its core mandate is to provide funding to supplement government effort for the provision of educational infrastructure and facilities within the public sector from the pre-tertiary to the tertiary level (www.getfund.gov.gh) The sources for the money of the Fund are as follows: (a) An amount of money, equivalent to two and one half percent out of the prevailing rate of the Value Added Tax to be paid by the Value Added Tax Service to the Fund or such percentage not being less than two and one half percent of the Value Added Tax rate, as Parliament may determine; (b) Such other money as may be allocated by Parliament for the Fund; (c) Money that accrues to the Fund from investment made by the Board of Trustees of the Fund (d) Grants, donations, gifts and other voluntary contributions of the Fund and (e) Other monies or property that may in the manner become lawfully payable and vested in the Board of Trustees for the Fund (GETFund Act 2000, Act 581). In spite of all these sources of funding, one would have least expected a GETFund funded project to delay or abandoned along the line. However, the infrastructural challenges bedeviling the educational sector in Ghana largely

due to abandoned or delayed projects in is constantly reported by the Ghanaian media. For instance, citinewsroom.com, July 14, 2018 (Abandoned, unused MMDA projects cost Ghana over GH¢30m in 2017), Ghana News Agency, January 15,2017, (Gov't urged to complete abandoned GETFund projects) and so on.

1.2 STATEMENT OF THE PROBLEM.

One of the main challenges the construction industry is confronted with in Ghana is access to finance. Contractors in Ghana lacks the capacity in terms of finance and equipment compared to multinational companies in the construction industry in Ghana and have to battle with resource mobilization from the inception of a construction project to its end. In the light of this, the government of Ghana, through its Ministries, Departments and Agencies embrace the idea of paying a certain percentage of the contract sum in advance, usually twenty percent (20%) to the contractors to enable them start the project with ease and be able to finish within time. This advance payment is often referred to as mobilization fund in the Ghanaian construction industry, whiles in other jurisdiction it is known as Mobilization advance. Mobilization Advance is a monetary payment made by the client to the contractor for initial expenditure in respect of site mobilization, and a fair proportion of job overheads or preliminaries (Palliyaguru, e tal, 2006).

In spite of the advance payment to contractors, projects under construction in Ghana in most cases are reported either abandoned or delayed in completion. According to the 2017 Auditor General on the Public Accounts of Ghana, abandoned/ delayed projects cost the country GH¢19,042,365.94 in forty districts, whiles payments for contracted not executed costs the Ghanaian tax payer GH¢1,044,686.45. This indeed calls for concern since the amount involved could impact positively on the lives of Ghanaians if those monies were put into other social intervention projects such the National Health Insurance Scheme or Free Maternal Health

programme. Against this backdrop, this study seeks to discuss the mobilization fund, given to Ghanaian contractors in relation to its impact and relevance in modern day construction in Ghana, whilst also answering the following lingering questions;

1.3 RESEARCH QUESTIONS

1. What is the available source of capital for construction firms?
2. What are the effects of advance payment (mobilization) on the contractor?
3. What are the problems associated with working without an advance payment (mobilization)?

1.4 RESEARCH OBJECTIVE

The main objective of this study is to assess the effect of advance mobilization loan to contractors on construction product delivery in Ghana.

1.5 SPECIFIC OBJECTIVES OF THE STUDY

The specific objectives of the study include;

1. To identify the available source of capital for construction firms;
2. To identify the effects of advance payment on the contractor; and
3. To identify the problems associated with advance payments

1.6 SIGNIFICANCE OF STUDY OF THE RESEARCH

The study was significant to the extent that it would examine the history of the mobilization fund, its relevance and how to ensure value for money in giving out mobilization fund to contractors in Ghana. It will also add to existing knowledge in the area of advance payment to contractors.

1.7 METHODOLOGY OF STUDY.

The study reviewed existing literature such as academic publications, reports, journals and so on, on the construction industry. A theoretical framework was employed in the study. The study employed both primary and secondary sources of data collection. The primary data was collected purposively gathered through questionnaire administration and interviews with members of the Association of GETFund Contractors and officials of the GETFund, as well as experts such as Quantity Surveyors, engineers among others. Data gather would be analyzed and interpreted using excel and other statistical tools.

1.8 SCOPE OF THE STUDY

The study was limited to only construction firms who have worked or are working on GETFund projects. Further studies can expand the scope by including other contractors to give more in-depth on the responses.

1.9 LIMITATION OF THE STUDY

This work was not done without challenges. The number one constraint in conducting this work was time. It was a difficult task combining work as a private contractor and conducting this research work, especially when there were deadlines set for completion and submission.

Also, there was a lot of frustration in locating GETFund contractors to be able to solicit the relevant information for the purpose of this work.

Against the above constraints, future research works would be needed with enough time, resources and expanded scope to look into the whole idea of advance payments to contractors in Ghana.

1.10 ORGANIZATION OF THE WORK

The study was presented in five main chapters.

Chapter one is introduction which will discuss the background to the study, the problem statement, the objectives of the study, the significance of the study, operational definitions the scope and limitations of the study and the organization of the study.

Chapter two will look at the literature review and the theoretical framework.

Chapter three will explain the research methodology and the process adopted for data gathering.

The fourth chapter will focus on the analysis of the data while the last chapter will contain the summary, findings, conclusion and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

This chapter's literature review incorporates a review of works from scholars. It is further divided into three component parts: advance payment (mobilization) projects; non-advance payment (non-mobilization) projects and theoretical framework.

2.2 FINANCING EDUCATION INFRASTRUCTURE IN THE DEVELOPED WORLD.

The developed world long appreciated that the wealth of the world depends on the knowledge capital of the world making them to pay serious attention to education. The notion that education is an investment is well demonstrated by the developed world in relation to how the funding of education is done. Funding formulas in the developed world are based on the input, which refers to the amount of institutional activities. Institutional activities can be estimated according to the amount of resources (number of staff, staff salaries, number of enrolled students, buildings, etc.) that higher education institutions use for their educational activities. In many cases, funding formulas include performance criteria, which correlate the results obtained by an institution during a specific period (Maria Lung et al. 2012).

In Europe, the Public expenditure on education (% of GDP) from 2004 to 2008, in the 27 EU member countries and Turkey shows range from a minimum of 2.82 of GDP and 8.43% of GDP and private expenditure on education (% of GDP) from 2004 to 2008, in the 27 EU member states and Turkey had seen range from a minimum of 0.08 % of GDP and 1.75 % of GDP. The European Commission has a headline target that Europe should spend 3% of GDP on research, and has

proposed an objective that 2% of GDP should be spent on higher education (Maria Lung et al. 2012).

The scholar's modules of norms for building gives post-analysis of past modules and workshops on accommodation and space for schools. The accommodation space module approach estimated the accommodation needs and was subsequently developed. It incorporates data inputs-curriculum, teaching groups and per space area for each space. The per place area employed envisaged the aggregate area of the school calculated. The final cost, and the aggregate area of the school were contingent on the choice of area per place also revolving around the functions; the constructional possibilities, which also rotates around men and materials; the financial resources for school building was dependent of informed choices made by educational planners. The choices of area per space, construction method and cost per place is termed as norm for space, and cost and construction for school of any type. The various similarities of choices set up the norms for other component of a school building, diversity of illumination levels, the number of toilets, fire control measure, and floor loads are considered in the school building construction. Any choice made, a norm is established. Opinions of requirement differs. There is no absolute norm of agreement in such cases. This is well exemplified in Europe where similar economies and similar efficient education system exists, the norms for a per place area in classroom in primary schools range from 2.2 to 7.2 square meters per place. In the decision of norms, the planners never endeavor at accomplishing a state of perfection, but rather decides on what is the best condition in each nation. The most vital criteria in construction are: user requirement per space and equipment are met economically; buildings are structurally sound; occupants meet suitable and acceptable conditions of comfort and well-being; provision of respects for the local level environment and, the cost

represents the optimum balance between capital cost and cost in use in the given economy (UNESCO, 1985).

The conditions for best requirement in school building facilities are: safety, sanitation, and construction on one hand, and amenity on the other hand. Amenity norms and standards involves crowding of pupil into a classroom to avoid a possibility of effective education, time, structural norms ensure that the classroom floor should not be liable to collapse (UNESCO, 1985). The unsatisfactory school facility or building is directly due to the difference between the rules affecting construction and those affecting amenity which commonly and by contrast quite limited in scope. The key consideration of school building construction should be on building as a place as opposed to building as a material system, a process or a science (UNESCO, 1985).

Regarding School Facilities, school classroom size reduction puts pressure on local school districts and state government to examine different ways of funding construction of enough classroom to satisfactorily accommodate students in the teacher/student ratio. This required building several classroom blocks to accommodate students. The physical environment determines the quality of school facilities as a factor to results. Better academic performance is associatively determined by schools with better physical environment in Washington. In Virginia, school physical condition is in line with both achievement and students' behavior. The basic health of both students and teachers are interconnected to the school's physical environment. Teachers turnover are due poor educational facilities and physical environment in which teaching and learning occurs. Parents prefer their wards to attend schools with physical appearance of the school and the quantity of modern technology adopted (Stevenson, 2006).

In 1993, the aggregate school district across the US completed was \$10.79 billion in total construction, with 4.6. billion (42.5%) been newly construction school facilities. Nevertheless,

there was a deficit and deterioration of urban school. Based on educational quality of American Schools, resources were rechanneled to the educational reforms measures at the detriment of the physical infrastructure of school systems. This deteriorating state of urban school facilities was neglected by the public and educational policymakers (Lackney, 1994).

These scholars emphasized and advanced their argument thus, irrespective of the political nature and debates, financial efficiency improves students' performance as a significant reality of juxtaposing school facility, student density in a classroom, student/teachers' ratio were considerable factors in improving academic performance in schools. Again, the school design structure of new schools' facility in America's Public Schools facilities were held as some minimum standards, or a linkage was made between educational programs and the physical environmental settings which suggest a more comprehensive approach by the MPS Plans. In Fuller's MPS Facilities Master Plan, commitment of millions of dollars in the construction of new schools' classrooms premised on more vital performance is necessary vis-a-vis school and class size. Other factors under this Plan consideration were the location of the school, advocacy for school physical place in the neighborhood of the children of which the project was designed to serve. Far from the economic school concerns of busing, MPS neighborhood schools fulfills the obligation of supporting community functions, it further contributes to increase students' achievement outcomes in the school district facilities planning, basic health and standards to accomplish educational objectives at a cost efficient on facilities construction (Undated, unnamed).

The authority emphasized the need of three disciplinary investigation of key nexus in comprehending school environment. Educational Psychologist interest rest on the organizational dimension which inevitably affects students' achievements and performance. There is an interplay

between children and teachers in the context of physical environment. This has to deal with the interaction between the physical and the educational environment, which is pinned on the personal/physical dimension interaction of child behavior, but their focus was on the physical dimension rather than the child behavior in facilities construction in the U S (Weinstein, 1979).

According (Wolfe, 1986) historical open education and the open classroom unearthed several debates to define the multidimensional models of educational environment, provide framework to suggest conceptual analysis of three disciplines of educational psychology, environmental psychology, and environmental design of educational facilities construction. Both internal factors and external factors underpins education environment constructions on educational philosophy. The outcome open classroom/alternative school raise fundamental questions of educational philosophy on public discourses. Community participation in facility construction was foremost and a benign consideration in the success or failure of open education in the construction of facilities of a school.

The scholar outlined that, the new approach in educational planning in the U S statewide facility plan, 31 states had inventory of buildings. Many states had one staff member assigned to schools' facilities planning. Also, seventeen (17) states provided training for school district staff facilities planning. Most of the planning of facilities went into repairs and maintenance in the 1980s, leaving construction of new building. The current trend emphasizes on facilities and the school infrastructure. The growing educational system, the prospect of continued financial constraints to modernize school infrastructure requires reconceptualization of the recent models of facilities planning in the planning efforts. The absolute outcome must revolve around, creative, reform-minded solutions to the problems of district growth, support of school boards, the community and

the taxpaying public interest in the provision educational facilities during project construction (Harold, 1990).

In this authority's espousal on school facilities' construction, their impact, role on educational processes, the environment of the facilities commands a standing significance in performance. To the authority, the multi-dimensional perspective model of Educational Environment is a key consideration in the construction industries of facilities vis-à-vis performance and planning. His model incorporates domains: environmental psychology, sociology, architecture, education administration, educational psychology, and practitioners' approach in the facilities construction. He noted that, there is a direct relationship between school class and school size; physical settings characteristics of seating positions; windowless classrooms; thermal and acoustic conditions, classroom configuration and design, and open and conventional classrooms all affects achievement scores. The mediation effects of these variable on achievement need assessment (Harold, 1990).

He employed the thematic analysis from education, educational administration, architecture, and organizational sociology and the systems model of public educational facilities planning in the discourse. He noted this theoretical construct from which professional and educationist better organizes, understands, analysis, communicates, and evaluates the complexities of the cause-effects relationships occurring when educational facilities are designed and constructed. First, The System Model for Educational Facilities identifies the social, cultural, political, and economic mechanisms operating when public school are designed and constructed in a pluralistic democratic society. Secondly, there is a comprehensive nexus between mechanisms and educational facilities planning. Finally, formalize causal inferences between social, cultural, political, and economic mechanisms, educational facility planning, and educational facilities requires a visitation.

2.3 ADVANCE PAYMENT PROJECTS OF GETFUND IN THE CONSTRUCTION INDUSTRY OF GHANA.

The constructions industries in Ghana are met with delays. These delays in projects are shortage of construction materials; poor site management practices and poor supervisions. To reduce the effects of delays, contractors' managerial skills and technical knowledge requires improvement through periodic seminars, workshops training programs to update their technical know-how on projects management techniques; contract administration and processes on scheduled. The author noted that delays in construction projects leads to: extension of time; non-completion of projects; termination of contract; or a combination of two or more factors outlined above. The delays are caused by the client, the contractor, the consultant, acts nature, or third parties to the contract (Addo, 2015).

According to the Minister of Finance of the Republic of Ghana's Fiscal Budget statement in 2018, the New Patriotic Party's government "prudently used" Ghana's limited resources to stabilize the economy; invested in Ghanaians to reduce their heavy burdens which inevitably translated into funds in their pockets. The author buttressed by noting that the beneficiaries were rewarded through interventions which have altered their lives. Among beneficiaries are indigenous contractors. Measures are put in place to pay all arears "validated claims on Government". Nevertheless, the country encounters fiscal difficulties such as: "Low domestic revenue mobilization; illicit financial flows; impact of recent oil price increases; high and increasing wage to tax revenue ratio; currency volatility; relatively high debt burden and the related interest expense; and sticky bank lending rates. The Ghana Educational Trust Fund will be boosted by converting Value Added Tax (VAT) rate of 2.5% to a straight levy of 2.5% to cater for major construction of school facilities in Ghana (Ofori-Atta, 2018).

In the agenda setting of adopting of programs that permits public participation in the financing of education in Ghana in policy making and implementation, the Asante traditional Council has played a tradition role in chalking contraction and education in Ghana a success through traditional authorities and institutions in Ghana especially in addressing challenges of funding education by suggesting bills in 2000 to assist in financing education (Asare, 2011).

The Ghana Education Trust Fund, otherwise termed as GETFund is bedeviled with political interferences over the years since its establishment by an Act of Parliament in the year 2000, Act 581. It was set up to foster educational development in the nation. The best intended aim of the noble institutions and its nature of the GETFund policy is shrouded by political interventions. Its implementation is stymied by conflicts among competing stakeholders with dissentients, suspicion, and efforts to relegate the institutions and individuals charged with responsibilities to administer the fund. Political interferences have greatly undermined the accomplishment of its goals. The proposed measure to bridge the gap is a depoliticization of the process of GETFund application from freedom of manipulation by politicians and their administrators' collaborations (Oppong, 2013).

The author espoused that education in the Volta Region's College of education faces taunting challenges such as inadequate number of personnel. Inadequate physical and academic facilities, and inadequate funding from GETFund. Its effects are problems in organizing practical lessons, and strike actions by academic staff. The recommended remedies included recruitment of more qualified staff, an appeal to GETFund and donor agencies to assist in infrastructural development in colleges, and colleges involvement in internal income generating activities to address the challenges, the colleges' development of comprehensive staff development policies and strategic plans on cooperative education, and an implementation of a dual-track tuition policy (Wusi, 2013).

The President of the Association of Building and Civil Engineering Contractors of Ghana (ABCEG) has requested government to proactively settle all debts owed by the government to its members for completed construction projects. He noted there is an undue delay in the payment of funds by the Finance Ministry and GETFund, this has put untold hardship on members of the association. Unpaid contractors from GETFund and the Ministry of Finance faces severe difficulties, stresses, sick and ineptitude in executing further contractual responsibilities. Mr. Nnuro lamented of the capture of the contraction industry by Chinese contractors, this industrial fragmentation of the contraction industry had made regulation impossible, and, asked for the Chinese joining the association during a capacity-building workshop to brainstorm issues affecting them. The essence was to establish a harmonization of their works executed. He further noted that the industry provided 11 percent of Gross Domestic Product (GDP) in the past. Contractors were also given mobilization funds to execute contracts, currently, contractors pre-finance government contracts. He emphasized that pre-finance of contracts and delay payment of projects completed coupled with high cost, contractors suffer with an inevitable negative effect on the economy. The Northern Regional Minister Bede Zedong noted that their concerns will be forwarded and addressed to further enhance their activities in building national agenda is promoted. Alhaj Yakubu Ziblim expressed concern of the procurement of foreign products by indigenous contractors which does not foster well for the domestic industry and advised on the purchase of internal building material for their work. Ultimately, projects executed by domestic contractors are costly compared to similar projects executed by Non-Governmental Organization. He indicated the Ministry will standardize projects with specification and cost to eschew high expenditure (Nnuro, 2018).

According to the (Ghana New Agency, 2018), The Parliament of Ghana approved the formula for the disbursement of GHC 924 million of the GETFund for the 2018 fiscal year. GHC 328,136,603,

was allocated to tertiary institutions, GHC 246, 323, 360 went to secondary schools, GHC 253, 11,580 to Basic Schools, and the remaining amount equivalent to GHC 66, 604, 000.00 for GETFund expenses and Members of Parliament Emergency projects and monitoring allocation was GHC 20, 625,000.00. An amount of GHC 20,000,000.00 was proposed for Members of Parliament to undertake projects and the monitoring of projects in their constituencies (Ghana New Agency, 2018).

According to the Member of Parliament for Akatsi North, Peter Norstu Kotoe, he expressed worries over the 25% reduction of funds allocated to the Ghana Education Trust Fund (GETFund) by the New Patriotic Party government. He noted this reduction will stymie the progress of activities achieved through GETFund. Its implication to the construction industry in 2016 will create educational infrastructural deficit. The construction of 50 school block through GETFund was unattainable. This reduction has an untold negative effect on projects executed through GETFund. Their expectation was an annual increase in Funding to GETFund. Previously, at least GHC 1, 000,000.00 rise in GETFund finances, currently under the New Patriotic Party (NPP), their expectations were a GHC 1.1 billion channeled to GETFund, however, it is reduced by 25%. To the author, a ranking Member On the Education Committee, the formula ignored sub-sectors of funds allocation for the 2017 fiscal year. To him, non-allocation of funds to the sub-sectors was a recipe for funds allocated to GETFund to be mismanaged, and the formula for allocation as “a blanket formula” demanding parliamentary approval by the NPP government (Peter, 2018).

In November, 1999, the Ghana Education Service Trust Fund (GETFUND) envisaged an increment of VAT by 2.5% to finance the education sector and to extend aid to needy students of the tertiary sector. They further instituted a cost sharing paradigm in education at the tertiary level

contingent on a system of fees and charges to be covered by a deferred cost-recovery scheme known as student loans. In this scheme, students paid for residential facility user fees, and academic fees.

This authority noted that GETFund transformed the education sector by providing resources for building of classroom block, studios and lecture halls, and transportation for educational sector. The Department of Planning as an integral sector of the College of Architecture and Planning augmented the tertiary education at the Kwame Nkrumah University of Science and Technology block of the Post-Graduate studies building to create space for education. Nevertheless, the sector faces structural challenges (Inkoom, 2009).

GETFund projects encounters several challenges of non-completion of its construction projects in Ghana. The contributing factors to this non-completion of projects were work related factors; accidents, materials and labour factors and competency factors. The overall effects are loss of value for money; destruction of contractors' capital affected GETFund project completion; aggregation of common objectives and goals; transparency in decision making and documentation; experience and past performance of the contractor and capacity building to perform the work (Banaman, 2015).

The performances of building projects encounter several factors with respect to GETFund, Common Fund and the SIF organization. Three basic criteria underpin this assessment: time, cost, and quality criteria. These criteria of measuring project performance identified were meant to test performance indices. This test performance between performance of projects of each organization outlines the differences in projects of each organization. In conclusion therefore, a significant cost performance difference of categories of projects amongst the organization. Significant difference existed between the performance of any given pair of categories of projects from organization to another, and, project management practices differs from organization to another (Mensah, 2007).

Traditional funding of educational infrastructures is limited. The aim of funding educational infrastructure is to address infrastructural deficits on a worldly scale. Contextually, Ghana needs innovative financing methods to accelerate effective and efficient infrastructure growth to meet the high demand from students' enrolment. The five main financing mechanism that need to be adopted includes among other challenges of funding education infrastructure as basic measure for developmental agenda with other sectors of the economy. The main financing mechanism are: tax revenue, community funding, grants from donors, infrastructure Investment by government trading enterprises, private donations, equity financing, revenue bonds, debt financing, and venture flow capital investment. The challenges are: loopholes in revenue collection, political influences, corruption, inadequacy of funds mobilization, bureaucracy involvement in decision-making, weak institutional capacity, absence of enabling framework for private investment in infrastructure, unattractiveness of project financing profiles, and inadequate protection for investors against risks. The best mechanisms to address these challenges are: Communication between the Public and Private Stakeholders; Creation of Asset Classes to Attract Profit-oriented Managers and Investors; Application of elements in Promising and Proven Mechanisms during design of Newer Mechanisms; and the coordination between the Various Stakeholders (Badu et al., 2018).

2.4 NON-ADVANCE PAYMENT PROJECTS OF GETFUND IN GHANA'S CONSTRUCTION INDUSTRY.

The major identifiable causes of swarming of time and cost on schools' projects on the perspectives of practitioners must be complemented with the extent and events which triggers these overruns. This authority study assessed the antecedents of 321 completed school projects to comprehend the root causes of excessiveness of cost in school facilities construction in Ghana. Most of the projects exceeded the initial budget and duration of projects. Attempts to reduce the effects of change orders

through proper contract planning on external laborers reduces change order. Inside factors within in the public services system are the major causal factors such as: poor project planning; payments delays; lack of enforcement of contract provisions and political interference. In a similar domain, excessive payment of prices fluctuation deriving from projects delays and uncertainties in materials and labour prices, and variations are mainly responsible for cost excessiveness

In his espousals, the author noted that fifty-seven factors lead to delays on construction projects. The top ten causes of delays are shortage of construction materials; poor site management and supervision; monthly payment; high interest rates; improper project planning and scheduling; importation of construction materials; incompetent project team; inaccurate time estimates; contractor's financial difficulties and escalation of material prices. The six effects of project delays in the construction industries are time overrun, cost overrun, dispute, arbitration, total abandonment; and litigation were analyzed from the point of view of both contractors and consultants. The conclusion was that the top three effects of the causes of delays of projects in the construction industries were high cost, time span and litigation (Addo, 2015).

In accordance with the education sector reforms, the government has decided to implement a tax break to assist position higher education in the country. The ascertainment of this novel goal is through the provision of grant reliefs from corporate income tax paid by privately owned and managed universities for profits to be ploughed-back to expand and maintain facilities. Same will be granted to privately owned Senior High Schools (SHS) in the nearest possible future. Again, government received voluntary funding to support the Free SHS. The GETFUND law equally permits the establishment of other education related fund for infrastructural development. In 2018, the worked with GETFUND to create an education fund to enable Ghanaians voluntarily contribute to help education in Ghana (Ofori-Attah, 2017).

According to the National Democratic Congress Party's Manifesto, the party in governance from 2009 to 2016, they have increased the infrastructural base of the basic schools by eliminating schools under trees nationwide. The Party built forty percent (40%) of all schools under tree in less than four years. The construction of over 1,700 new Basic Schools buildings out of an aggregate of about 4,300. In Greater Accra Region, the government completed the construction of 48 storey 18 units' classroom blocks to end the shift system of education in the region. Again, three hundred (300) emergency classroom blocks have been constructed to man the unplanned infrastructure and logistics for 4th year SHS students. The University for Development Studies benefited from a housing facility for House Officers at the Tamale Teaching Hospital, a four storey Lecture Theater was completed for lectures at the Wa Campus. GETFund resources have also been employed to provide residential facilities, classrooms, laboratories, libraries and administrative blocks in every region at all level of education aimed at improving education delivery (Mahama, 2012).

The performance of construction projects in Ghana's education sector faces nuance problems. Examining the relationship between project Management Practices executed by Project Management organizations and project performance is an eye sore. The main bodies charged with project management organizations are GETFund Organization, Common Fund Organization and SIF Organization. The three identified project measuring performance tools were ubiquitous application in project management, definitions and comprehension among practitioners. They include: time, cost and quality mechanisms. There was significant cost performance difference of categories of projects executed, quality performance and time factors were compromised (Mensah, 2007).

The author noted that classroom rather than schools should be the priority in terms of infrastructure needs, and the urgent need in the provision of facilities must target deprived districts to catch up with urban areas. National child friendly schools' standards were developed and made available to all district's offices in June 2012. The provision of library, latrines and rain water harvesting must be added whenever new classrooms were built (Ghana Education Service and Ministry of Education, 2012).

The School Construction project progress Report espoused an improvement of access to Basic Education in deprived Areas in the Republic of Ghana. The project is in two phases: construction of 37 school facilities and supplying school furniture in Central region. In northern region, the construction of 21 school, supply of school furniture was completed in August, 2010. The construction sites were selected and approved by the Ministry of Education (MoE) in early 2009. The design is similar to the domestic standard provided by the Fund Procurement and Management Unit (FPMU) of MoE upon the request of the Ministry. The design was reformed to improve and reveal difference from earlier projects. In December 2009, the National Tender Board open a tender by an advertisement on Daily Graphic and Ghanaian Times, as a result 90 tenderers participated, after critical evaluation four contractors were selected. In February 2010, building lines were set up with wooden pegs at each site for the communities to know the site and grant their approval to the selected contractors for construction at the site. All projects were completed without pre-financing of the Contracts (JICA, 2010).

From the year 2001, the Ministry of Education formed an alliance with the Ministry of Youth and Sport to tackle the structure and role, and the budgeting and coordination of Ghana's education challenges. The Ministry was charged with the responsibility of the education sector policy formulation planning, monitoring and evaluation. Education delivery and implementation was

devolved to institutions, districts and regions through diverse agencies of the Ministry of Youth and Sports (MOEYS), of these, the Ghana Education Service (GES) was the sole implementing agency at the Basic and Senior Secondary School Education component cum Technical and Vocational Institutions. GES was solo charged with pre-tertiary education nationwide. On the remaining education sector, the National Council for Tertiary Education (NCTE) and the Non-Formal Education Division (NFED) handled the all vital sub-sector responsibility with regards to education delivery (THE DEVELOPMENT OF EDUCATION NATIONAL REPORT OF GHANA., 2004). The authority noted that, access to education revolved around infrastructure provision for all school, the provision of Basic Education Sector Improvement Program (BESIP) under the funding of the World Bank in May 2000 by the provision of facilities in 44 districts: 172 No 4-Unit Teacher Accommodation Blocks; 50No. BS1-6 Classroom Blocks; 19No.BS7-9 Classroom Blocks; and 69 No.4 Seater KVIP Blocks. With a Cooperation Treaty with the International Development Agencies (IDA) Extension program, in December 2002, additional 44 more No.4 Unit Teacher Accommodation Block were added to the existing number of accommodation to accommodate teachers as an extrinsic motivation for them to deliver their best. The sector adhered to the maintenance culture formulated in tandem with IDA conditionalities. In view of the above, management collaborated with District Assemblies and District Directorate of Education to provide a maintenance policy geared at maintenance units; special accounts for maintenance of school structures; laisse with the Controller and Accountant General to deduct 2% of basic salaries of occupants of the bungalows; solicit from communities' members, institutions into the special accounts for general maintenance of school infrastructure (GENEVA, 2004).

2.5 THEORETICAL FRAMEWORK

All research investigations the world-over premises their analysis, interpretations, and conclusion on a formidable theoretical framework or conceptual frameworks or both theoretical framework and conceptual framework.

The chapter re-examines the theoretical framework on which the study will be anchored on. In this domain, the various theories underpinning this research work are: the concept of implementation, this theory of implementation added nuance models such as the deployment of work. In a similar vein, the theory of policy implementation, educational financing involves complexities of joint action.

2.5.1. Theoretical framework

The implementation theory is a mixture of different models on policy implementation. The model in the opinion of (Oppong, 2013), is a simplified representation of the real-world aspects in some dimensions. It combines simplicity and clarity to our daily reflection on politics and public policy; identification of important aspects and the relationship of policy challenges, recommend explanations for public policy and anticipates its consequences (Oppong, 2013). The theory of implementation models are individual mental constructs which guarantees and grants us better comprehension of the formulation and implementation of policies (Lester and Stewart, 2000). These categories of implementation have for the previous and current generated models of implementation. The models add up the complexity of joint action, the top-down model, the bottom-up and interactive model (Lester and Stewart, 2000).

2.5.2. The complexity of joint action concept.

Theories are used in analysis (Oppong, 2013) and assist in reflecting through researches (Oppong, 2013). These theoretical frameworks are the fulcrum of a conceptual guide for selecting the

concept of investigation, thinking of alternative questions and crafting research finding (Oppong, 2013).

2.5.3. The theory of implementation.

The theory of implementation comprises of different models on policy implementation. Models in the opinion of Oppong (2013), is a simplified representation of some part of the realism. They aggregate simplicity and clarity to thought about politics and public policy, identification of critical parts and relationship on policy challenges, and recommends detailed explanation of policy and estimates its consequences (Scibd, 2012 cited in Oppong, 2013). This implementation models are mental constructs which grants better comprehension of the formulation and implementation of policies (Lester and Stewart, 2000 cited in Oppong, 2013). The nuance studies of policy implementation have brought about different models of implementation. These models encapsulate the complexity of joint action, the top-down model, the bottom-up and the interactive model.

2.5.4. Complexity of joint action theory.

The proponent of this theory of complexity of joint action referred to the number of actors, the principal, whose consents explicitly or implicitly must ensure security beforehand on a policy's successful implementation (Wildavsky, 1984; Ayee, 1992 cited in Oppong, 2013). The intersection between the actors is termed as the veto (Mazmanian and Sabatier, 1992 cited in Oppong, 2013). In this regards, multiple actors and perspective presence is a sine-quo-non. The actors have distinctive perspective (Pressmand and Wildavsky, 1984, cited in Oppong, 2013). If projects or programs are contingent on several actors and participant, dimensional opposition in policy process and clearing of opinions leads to delay and most likely failure of the policy. The resultant setback of different actors with varied perceptions engineer proliferation of veto or

decisions/clearance points, “muddling” of project or policy objective based on diversity of perspectives, breeds conflict and intergroup rivalry emerges, loyalty is divided, lack of coordination, and diversion of energy in executing number of “loosely interrelated games (Ayee, 1992 cited in Oppong, 2013).

To come to a decision is congruent on verdicts, a program will require numerous clearance actions by a broader range of participants (Pressman and Wildavsky, 1984 cited in Oppong, 2013). Consequently, a probable agreement by participants at each decision point must attain a higher chance of all program before a project’s completion. The research objective or purpose is that the theory will assist us comprehend the role of actors, actions and interconnectivity in the implementation of GETFund. It will further support us identify the source of conflict and interference during the implementation of GETFund and its projects in the construction industry in Ghana.

Paradoxically, this theoretical model has failed to distinguish in a moderate abstract and systematic mundane interactions and its nexus to the different kind of institutions or role normally encapsulated in the process of program assembly (Ayee, 1992, cited in Oppong, 2013).

2.5.5. Deployment of theory.

This research chapter has outlined four models of policy implementation which are the top-down, bottom-up, complexity of joint action and the interactive model. Focusing on this topic, the research heavily relied on the complexity of joint action model. It seeks to evaluate the politics of policy formulation and its implementation processes of the GETFund, and, its overall effects on the outcome of policies implemented and its successes or failures. This theory will support us comprehend the role of actors, actions, and relationship or power leverage and their implications for the policies formulated and implemented on GETFund. It will further assist identify the sources

of disagreement and interferences and the lack of coordination during policy formulation and implementation of GETFund school facilities construction in Ghana, juxtaposing between pre-financed projects and none pre-financed projects.

2.6 WORKING CAPITAL FINANCE

From the inception of the construction project, the project manager is required to make numerous decisions that will determine the success or failure of the project both in accomplishment of physical and in monetary terms. One such decisions is the working capital needed for the successful completion of the project (Kumar, 2000). In the construction industry, working capital accounts for about 60% of total investment (Kumar, 2000). Every project needs adequate liquid resources to maintain day-to-day cash flow. Working capital finance is required to bridge the time between expenditures and revenues (Hendrickson, 1998). It needs enough to pay wages and salaries as they fall due and enough to pay creditors if it is to keep its workforce and ensure its supplies. Maintaining adequate working capital is not just important in the short term. Most common sources of financing for working capital in a typical construction project are discussed below.

2.6.1 Trade Credit

Trade credit refers to the credit that a contractor gets from suppliers of goods in the normal course of business. In practice, the contractor does not have to pay cash immediately for the purchases made. Particularly, small contractors are heavily dependent on trade credit as a source of finance since they find it difficult to raise funds from banks or other sources in the capital market. Trade credit is mostly an informal arrangement, and is granted on an open account basis. A supplier sends goods to the contractor on credit, which the contractor accepts, and thus, in effect, agrees to pay

the amount due on a future date. Trade credit appears to be cost free since it does not involve explicit interest charges.

2.6.2 Accrued Expenses

Accrued expenses are another spontaneous source of short-term financing. Accrued expenses are more automatic source since, by definition they permit the contractor to receive services before paying for them. Thus, they represent spontaneous, interest-free sources of financing. The most important components of accruals are wages and salaries, sub-contractor payments, taxes and interest (Kumar, 2000).

2.6.3 Differed Income

Deferred income represents funds received by the contractor for the services he has agreed to supply in the future. These receipts increase the contractor's liquidity in the form of cash. Therefore, this constitutes an important source of financing. Advance payment made by the client constitutes the main item of deferred income (Hendrickson, 1998).

2.6.4 Bank Borrowing

Banks are the main institutional sources of working capital finance. After trade credit, bank credit is the most important source of financing working capital requirements. Credit limit is the maximum funds, which a contractor can obtain from the banking system. In practice banks do not lend 100 per cent of the credit limit; they deduct margin money. Margin requirement is based on the principle of conservatism and is meant to ensure security. A contractor can draw funds in the form of: (a) overdraft, (b) cash credit, (c) purchase or discounting of bills, (d) letter of credit, and (e) working capital loans.

2.7 EFFECTS OF ADVANCE PAYMENT TO CONTRACTORS

This section discusses the various benefits of advance payments to contractors.

2.7.1 Financial assistance

Most of the medium and small-scale contractors and even large-scale contractors do not have sufficient working capital to finance construction projects. The paid-up capital of such companies is invariably very low. Financing a construction project is a major undertaking for a construction firm. If it has to work parallelly on several projects, it would be an impossible task. On the other hand, the options for borrowing capital by contractors are relatively limited. Access to financial facilities from banks is costly due to very high interest rates and unreasonable collateral. For small or medium scale projects, over draft facilities are the most common form of financing. Therefore, through advance payment, the overall cost of financing gets reduced (Palliyaguru et al., 2006).

2.7.2 Interest free loan

Advance payment is an interest free loan given by the client to enhance contractors' working capital. Case studies have shown that it has a high impact on the contractors' working capital (Palliyaguru et al., 2006).

2.7.3 Repayment relates to the value of work executed

If a contractor borrows money from a bank he has to pay it irrespective of the value of work completed. However, the repayment of advance payment is proportionate to the amount of work completed (Palliyaguru et al., 2006).

2.7.4 Motivator

Advance payment motivates the contractor at different stages of the project life cycle. Initially, it motivates the contractor to bid for projects. Then at inception, the contractor is motivated to

commence work at the earliest possible date. It also motivates the contractor to complete a project on time and with good quality (Palliyaguru et al., 2006).

2.8 PROBLEMS ASSOCAITED WITH ADVANCE PAYMENT TO CONTRACTORS

This section discusses the various problems of Mobilization advance payment

2.8.1 Misuse of advance payment

Case studies have revealed that misuse of mobilization advance payment is a serious issue. Contractors use the excess money on other projects and even on non-construction activities.

2.8.2 Difficulties in obtaining guarantee

In order to procure advance payment, the contractor has to provide an unconditional on-demand guarantee from a bank. This is purely a financial guarantee as it is in lieu of the funds provided by the client. Small and medium scale contractors do not have enough funds to bestow a guarantee like that.

2.8.3 Cost to the client

Even though the MAP is an interest free loan, there is an opportunity cost for the client. This aspect is very often overlooked by the practitioners.

2.8.4 Additional work for the client

In order to prevent the misuse of advance payment, the client has to set up a monitoring system. Once the contractor submits the records it is to be verified by the clients' representative. It is an additional burden for the clients' representative.

2.9 THE CURRENT POSITION OF GETFUND ON ADVANCE PAYMENT

The GETFund as an institution in principle and in policy is in support of advance payment (mobilization fund) to contractors as a result of the benefits involve in it, however, the inability of the institution to raise the needed resource to effectively play its role, coupled with the huge debts owed contractors for works done by the GETFund has made it impossible to give out advance payments to contractors, except in emergency situations.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter discusses the research methodology adopted for the study. The research methodology provides the researcher the directions and approaches that can be adopted in order to successfully achieve the research aim and objectives. This chapter discussed the research strategy, research design, research approach, research method, data collection, questionnaire development, questionnaire administration and data analysis.

3.2 RESEARCH STRATEGY

Research strategy indicates how the data was collected. In social research, there are three (3) basic research strategies. These are quantitative, qualitative and the mixed research strategies. The type of research strategy adopted depends on the type of data utilized for the study (Carrie, 2007). There are basically, two (2) types of data. These are the numerical data and textual data. The numerical data was utilized for this study.

The quantitative research method utilizes numerical data whiles the qualitative research method utilizes the textual data. The mixed method combines the strengths of both the quantitative and qualitative research method. Therefore, the qualitative research method was the most suitable for this study.

Qualitative research on the other hand involves discovery (Carrie, 2007). Creswell (1994), asserted that, qualitative research strategy normally occurs in the natural environment which allows the researcher to undertake a detailed investigation from the viewpoint of the participants. In qualitative research method, the data collected are normally described and interpreted. Qualitative

research method can also be described as an effective model of researching that enables the researcher to develop a level of detail by being highly involved in the actual experiences (Creswell, 2003).

The quantitative research method collects information to describe a concept involving a larger number of participants (Fellows and Liu, 2008). This data is normally used to study relationships between facts and how they align to theories and findings of past researches. Also, the quantitative research method aids researchers to translate data to numbers and analyze using mathematical tools.

3.3 RESEARCH DESIGN

Creswell (2009), described research design as the logical procedures adopted in order to accomplish the aim and objectives by answering the research questions. Also, Creswell (2009) indicated that, the type of research design adopted is affected by the philosophical views, strategy or procedures adopted by the study to arrive at a valid conclusion. There are basically two (2) forms of research design. These are the explanatory research design and the descriptive research design. The explanatory research design provides the causal relationship between one concept and the other while the descriptive research design gives a vivid description of a phenomenon. The aim of this study is to assess the effect of advance mobilization loan to contractors on construction product delivery in Ghana. With the aim of this study, the descriptive research design was deemed more appropriate as an accurate description of mobilization and its effect.

3.4 RESEARCH APPROACH

Creswell (2013), defined a research approach as the procedures adopted for a research from the stage of general assumption to the stage of data interpretation. There are basically two forms of research approach. These are the deductive research approach and the inductive research approach.

The deductive research approach concentrates on what is known already. They include existing theories or ideas about a concept through identification and testing of a theory through observation to confirm the theory (Ofori-Kuragu, 2013). The deductive research approach involves a top-down approach in the formulation of the theory and testing of hypothesis with no influence from the researcher.

On the other hand, the inductive research approach is basically adopted in theory building. Theory building begins with the study of specific instances of issues through the identification and development of patterns from the analysis of data gathered (Ofori-Kuragu, 2013). The inductive research approach adopted the down-up approach where the study concentrates on specific issues to the broad generalization of specific situation. In most situations, the qualitative research strategy is employed for such studies. The deductive research approach was deemed most suitable for this study as the study involved examining an already known concept of advance mobilization funds.

3.5 DATA COLLETION

Data collection is a very important aspect of a social research. It aids the researcher to make inferences by comparing the opinion of the respondents to that of literature. This section discusses the data collection process by introducing the population of the study, the sample size and the sampling technique. This section also discusses the nature of the questionnaire and how it was distributed.

3.5.1 Population, sample size and sampling technique

The population for this study was construction firms who have worked on GetFund projects in Ghana. Across, the country, ten (10) projects were purposively selected for the study. Five (5) projects which had mobilization advance payments were selected and five (5) projects which had no mobilization advance payments were also selected. This sample aided in getting the diverse

views of the construction firms in terms of advance mobilization. The projects were selected on the basics of mobilization given or no mobilization given.

3.5.2 Interview guide development

The interview guide was designed to aid in the collection of information from the respondents. The section A concentrated on the background of the respondents while the section B focused on the various objectives of the study. Each objective took one section. The respondents were asked to discuss sources of finance available for a contractor if not given mobilization, to discuss the effects of mobilization advance payment to the contractor and the effect of no mobilization to a contractor are to identify some of the problems associated with advance mobilization. The researchers noted the significant information given by the respondents to be analyzed. In all then (10) different construction firms were interviewed

3.7 DATA ANALYSIS

The data was analyzed using the content analysis and percentages. The background of the respondents was analyzed using percentages while the section B was analyzed using the content analysis. The analysis gave the opportunity to make inferences on their responses. After the interview, the responses from each respondent was manually scanned to gather salient point from their responses. These points were later cross-checked among the other respondents for similarities and differences. This aided in coming up with inferences from their responses.

CHAPTER FOUR

ANALYSIS AND DISUCSSION OF DATA

4.1 INTRODUCTION

This section analyzes and discuss the data collected from ten (10) construction firms. The study aimed at assessing the effects of advance mobilization loan to contractors on construction product delivery in Ghana. With this aim, tree (3) objectives were set which were to identify the available source of capital for construction firms, to identify the effects of mobilization advance payment on the contractor and to identify the problems associated with advance mobilization. The section A of the questionnaire was analyzed with the aid of percentages whiles the section B was analyzed with the aid of content analysis.

4.2 BACKGROUD OF THE RESPONDENTS

The section covers the background of the respondents. The respondent's background is very crucial in any social research as it indicates the reliability of the responses given by the participants. It normally forms the first section of a questionnaire. For this study, the respondents were required to show their, number of years of experience and highest level of education. Their responses are summarized in table 4.1 and discussed in the subsequent sub-sections.

4.2.1 Years of experience

As part of the background information of the participants, the respondents were asked to indicate their professional experience. This question was posed because, the professional experience of a person can give an indication of his knowledge level in the processes of the firm. Also, it gives an indication of how familiar the respondent is with the systems in the construction industry. High level of experience level is good for any study as it improves on the reliability of responses given

by respondents. With this question, majority of the respondents indicated 11-15 years. This was followed by 6-10 years which was ticked by 40% of the respondents. None of the respondents indicated below 5 years and finally 10% indicated above 15 years. (see table 4,1).

4.2.2: Educational level

The second question wanted to ascertain the respondent's educational level. The options include HND, BSc and postgraduate. Just like experience level, educational level can give an indication of his knowledge level in the processes of the firm. Inferring from table 4.1, majority of the respondents had a Bsc degree while the lowest was HND. 30% of the respondents indicated having post graduate qualification.

Table 4.1: Background of the respondents

DESCRIPTION	PERCENTAGES
Experience	
Below 5 years	0
6-10 years	40.00
11-15 years	50.00
Above 15 years	10.00
Educational level	
HND	10.00
BSc	60.00
Postgraduate	30.00

Source: Field survey, (2018).

4.3 THE CONTENT ANALYSIS

This section analyzes the section B of the questionnaire. This section was based on the objectives of the study. The responses were given by five (5) contractors have worked or are working on a GETFund project with advance payment and five (5) contractors have worked or are working on a GETFund project without advance payment. However, there are some slight differences in the responses of the two (2) categories of contractors. These are discussed below.

The first question of the section B wanted to ascertain other source of finance available for a contractor if not given mobilization. From the inception of the construction project, the project manager is required to make numerous decisions that will determine the success or failure of the project both in accomplishment of physical and in monetary terms. One such decision is the working capital requirement for the successful completion of the project (Kumar, 2000). With this question, most of the contractors indicated their source of working capital as bank borrowing while a few indicated trade credits. However, most of the respondents spoke of trade credits as another major source finance to proceed with the work delivery. Banks are the main institutional sources of working capital finance. With banks, a contractor can draw funds in the form of overdraft, cash credits, purchase or discounting bills, letter of credit and working capital loan. Therefore, the respondents were further probed on the form that they used. All of the respondents indicated working capital loans. However, they had options of falling on overdraft. Banks generally do not provide working capital finance with adequate security. There was no major difference between the responses of the two (2) categories of respondents.

The second question wanted to ascertain the effects of advance payment to the contractor and the effects with no advance payment given. With the first aspect of the question, the respondents basically talked about how advance payment quickens the work delivery process, free interest loan

and the flexible repayment schedules. With advance payment, construction works can begin early as the contractor does not spend any time looking for funds to pre-finance a project. Furthermore, advance payment is an interest free loan given by the client to enhance the contractor's working capital. If a contractor borrows money from a bank he has to pay it irrespective of the value of work completed. However, the repayment of advance payment is proportionate to the amount of work completed which makes the repayment flexible. With the second aspect of the section question, their responses were the direct opposite of their first responses as expected. They indicated the slow progress of work, payment of interest which normally affects the contract price and an unfavorable cashflow of the contractor. For this question, the first category of contractors mostly talked about how it quickens the pace of work while the second category of contractors talked about how it affects their cashflow.

The last question wanted to ascertain if there are some problems on being given advance payment. The second category of respondents could not give any form of negative aspects to the contractor. But they indicated negative aspects to the client like misuse of the funds and the cost to client for giving the mobilization. However, the first category of respondents added to the list by stating that, it is very difficult for them to obtain a guarantee for the advance payment. In order to procure advance payment, the contractor has to provide an unconditional on-demand guarantee from a bank. This is purely a financial guarantee as it is in lieu of the funds provided by the client. Small and medium scale contractors do not have enough funds to bestow a guarantee like that.

4.4 SUMMARY OF CHAPTER

This chapter analyzed the data collected from the respondents using the content analysis. The findings of the first objective was that, the source of working capital for contractors is bank borrowing while a few indicated trade credits. However, most of the respondents spoke of trade

credits as another major source finance to proceed with the work delivery after bank loans. The findings of the second objective was that, advance payment quickens the work delivery process, free interest loan and the flexible repayment schedules and how it affects their cashflow. The findings of the third objective was that, the problems of given advance payment are the tendency of misuse of the funds and the cost to client for giving the advance payment. However, the first category of respondents added to the list by stating that, it is very difficult for them to obtain a guarantee for the advance payment loan.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter is the last chapter on the study and it concentrates on discussing the summary of findings, conclusions and making recommendations.

5.2 SUMMARY OF FINDINGS

This section summarizes the findings of this research. The findings are discussed as follows.

5.2.1 Source of capital for construction firms

From the data collected, it was realized that, the source of working capital for contractors is bank borrowing while a few indicated trade credits. However, most of the respondents spoke of trade credits as another major source of finance to proceed with the work delivery after bank loans. From the inception of the construction project, the project manager is required to make numerous decisions that will determine the success or failure of the project both in accomplishment of physical and in monetary terms. One such decision is the working capital requirement for the successful completion of the project. Therefore, obtaining the right source of capital is very crucial in the successful completion of the project.

5.2.2 Effects of advance payment on the contractors

From the data collected from the respondents, it was realized that, advance mobilization quickens work delivery process. Also, advance mobilization is a form of a free interest loan and has flexible repayment schedules. Furthermore, advance payment has a positive effect on the cashflow of the contractor. This gives an indication of the positive aspects of receiving advance payment or mobilization from clients.

5.2.3 Problems associated with advance payment or mobilization on GETFund projects.

From the data collected, the problems of given mobilization is the tendency of misuse of the funds and the cost to client for giving the mobilization. However, the first category of respondents added to the list by stating that, it is very difficult for them to obtain a guarantee for the advance mobilization loan. In order to procure MAP, the contractor has to provide an unconditional on-demand guarantee from a bank. This is purely a financial guarantee as it is in lieu of the funds provided by the client. Small and medium scale contractors do not have enough funds to bestow a guarantee like that.

5.4 CONCLUSION

It is clear that advance payment to contractors plays an important role in the Ghanaian construction industry especially on GETFund projects. If contractors are not given advance payments. It can affect the delivery of work items and also affect their cashflow. This can consequently affect the overall cost of the project. This is as a result of working with capital deficiencies until the completion of a substantial amount of work. One of the major problems associated with given advance payment is the difficulty in obtaining a security for the advance loan. There is also a tendency for funds misuse by the contractor. It can therefore be concluded that, advance payment by itself is good for the industry. Its use and misuse have to be regulated by the client through proper contract administration. Therefore, clients should endeavor to make funds for mobilization accessible while ensuring that, they implement proper contract administration processes to improve on its usage. Advance payment or mobilization funds positively affects the delivery of a construction project, therefore, it is very significant to project execution.

5.5 RECOMMENDATIONS

In regards to the findings of the study, the following recommendations were generated;

1. Clients should strive to make advance payment or mobilization available and easily accessible to contractors to enhance on their project delivery performance and save them the burden of relying on banks for working capital with high charges which may affect the overall cost of the project.
2. The clients should implement proper contract administration techniques to prevent misuse of advance payments given to the contractor. For instance, clients must cross-check on the authenticity of advance payment mobilization bond given by the contractor.
3. A legislation should be put in place by relevant authorities including the GETFund administration to check the misuse of advance payment by contractors.

5.6 LIMITATIONS AND FURTHER STUDIES

This section discusses the limitations of the study and proposes further studies

1. This study was limited to GETFUND projects only. Therefore, further studies can be expanded to other projects like District Assembly Common Fund.
2. This study was also limited to only qualitative data therefore, it limited the depth of analysis that could be conducted. Further studies can be conducted with quantitative data to expand the variations of analysis that can be conducted.

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APPENDIX

INTERVIEW GUIDE

A STUDY OF MOBILIZATION FUND IN THE CONSTRUCTION INDUSTRY IN GHANA: A CASE STUDY OF THE GETFUND

SECTION A

RESPONDENT'S PROFILE

1. Please indicate your years of experience in your profession?

☐ Below 5 years

☐ 6-10 years

☐ 11-15 years

☐ Above 15 years

2. What is your highest level of education?

☐ HND

☐ BSc

☐ Post Graduate

Other; Please specify.....

SECTION B

1. Discuss sources of finance available for a contractor if not given advance payment (mobilization).
2. Discuss the effects of advance payment (mobilization) to the contractor and the effect of no mobilization to a contractor on GETFund projects
3. What are some of the problems associated with advance payment/ mobilization on GETFund projects