
How Ghana scrutinizes the use of public funds

*Adjeinim Boateng Adjei, Chief Executive Officer of the Public Procurement Authority in Ghana is talking to Richard Gerster**

R.G.: You are Chief Executive of the Public Procurement Authority in Ghana. What are the objectives of your agency?

A.B.A.: People need schools, bridges or water. The construction of such infrastructure is generally financed with public money. If a region plans to build 200 water points, the population should receive these 200 and not only 100, because negligence or abuse have consumed half of the resources. In order to prevent the abuse of tax money, government and parliament have set up rules governing public procurement. These have to be considered when dealing with public contracts. It is not in our interest to put people who violate the rules to prison. Our concern and duty is to respect the rules in order to prevent abuse.

As you know, Switzerland considers the development of this authority a priority and SECO has consistently supported it with technical assistance. What is the outreach of public procurement in Ghana?



Adjeinim Boateng Adjei has been the Chief Executive Officer of the Public Procurement Authority since August 2005. Prior to his appointment, Mr. Adjei was the Executive Director of Logic Consult Ghana Limited, a procurement Logistics & Distribution Management Consultancy firm. Mr. Adjei holds a Master of Science Degree in Logistics and Transportation from Cranfield University, UK. He also holds a Post Graduate Diploma in Purchasing and Supply from West Bromwich College of Commerce and Technology, UK. See also: <http://www.ppbghana.org/about/ppbboard.asp>.

The volume of public procurement in Ghana is estimated to amount to some 2,3 billion US dollars for 2007. This corresponds to 17 percent of our national income (GDP), respectively 80 percent of all tax income. Its significance can not be overestimated. Also in a specific case a lot of money can be involved. For one tender two offers were made, one for 170 million dollars, the other for 80 million dollars. The bidder who lost, in spite of having made the cheaper offer, appealed to our authority who stopped the tender. At the other end we have countless mini transactions, for example public schools which buy fish, charcoal or fire wood in order to prepare school meals. In the case of such purchases which are below 500 dollars it may well be suitable to do without several offers.

Where does Ghana's public procurement stand today? What is its preliminary assessment? Is it a panacea against corruption?

There is no panacea against corruption, also our rules can not prevent abuse of any kind. A clear political will is decisive for success. In 2003 parliament decided upon the legal basis. 2004 the Public Procurement Board was created. 2005 our authority started its work and today we have 48 staff members. In 2007 the independent Appeals and Complaints Panel was established. Our rules enjoy international recognition due to their high standard. The challenge lies now in making them known everywhere, in educating and training people and in implementing their application – not only in the capital Accra, but all over Ghana.

Your work is not only appreciated by Ghana's tax payers. It also increases the efficiency of development cooperation, as Ghana's budget is co-financed by Switzerland and ten other countries and organisations. For each year, the government and

donors agree on the conditions upon which budget support is provided. In this basket of conditions the development of the Public Procurement Authority repeatedly held a prominent place. How do you see budget support from your professional perspective?

I would like to add that while many certainly appreciate the work we do, we also have made us some enemies. There is no doubt about that! Now to budget support. It is a good mechanism to support reforms. But let's not forget on thing: we do not meet the required criteria for the donors' sake. They are rather reforms which we have to undertake anyway, in the interest of good governance. It is true that several times public procurement has been one of the performance criteria. The beauty now consists in the fact that I can directly name the benefits of my work for the country. If we do not meet the performance criteria, the amount provided by budget support will be cut and Ghana will be lacking badly needed development money.

If a donor funds a project, the law allows the guidelines provided by the donor to be used in that procurement. The spirit of budget support, however, suggests alignment to the partner countries' rules and regulations. What are the practices in Ghana?

Donor guidelines are mostly applied in donor funded projects, especially World Bank projects. It is only in recent times that indications are coming from the World Bank that Ghana's procurement regulations will be applied soon, because of our performance as shown by the Procurement Assessment results. There are however some donor funded projects which apply our procurement regulations. The harmonisation in

the area of donor projects has not yet been achieved.

Every now and then, non-governmental organisations criticise the World Bank and donor countries that public procurement is primarily about opening national markets to the international competition. What are your experiences in this respect?

Ghana is operating a free trade regime, so our markets are already open to foreign products. International tenders are only required for large scale projects. With public procurement, there is a threshold beyond which competition is open to international markets; currently it stands at about 1,5 million dollars for goods and 2 million for works. A national competitive bidding is foreseen, if the amount of a contract lies below that threshold. All companies which are registered in Ghana can make a bidding, independent of their nationality.

Considering their task, would it not be more suitable to have a Procurement Authority which is independent from the government?

Our institution's independence has been critically observed. Particularly the development of the Independent Appeals and Complaints Panel is considered to be a real achievement. So far, the government has not tried to interfere in the Procurement Authority's current affairs. From a financial perspective the independence could be enlarged. Our authority is financed by general tax money. Cameroon, for example, adds a hardly noticeable tax of 0.05 percent to all public procurements which the state puts aside with the dedicated purpose to cover costs of the public procurement agency.

* The author, Dr. Richard Gerster, is an economist and works as independent consultant and publicist (www.gersterconsulting.ch). This interview is part of a series commissioned by the State Secretariat for Economic Affairs (SECO) to take a closer look at budget support from various points of view. They reflect the author's personal opinion.