Public Interest and Accountability Committee

PRESS STATEMENT

DATE: 10TH APRIL, 2018

REPORT OF 2017 PROJECT INSPECTIONS

Good morning Ladies and Gentlemen of the Press.

We have called you here today to share with you findings and observations from the inspection of oil funded projects from the Annual Budget Funding Amount (ABFA). The exercise which was undertaken last year by the Public Interest and Accountability Committee (PIAC) was in line with its mandate of monitoring and evaluating compliance with the PRMA in the management of petroleum revenues, and conducting independent assessments of the management and use of these revenues. To effectively execute this mandate, the Committee for the first time in 2016 undertook a limited number of inspections of projects funded with the ABFA as part of its mandatory regional engagements. In all, six projects were inspected in the Upper East, Upper West and Northern Regions.

The findings and observations were overwhelming, with fifty per cent (50%) of the projects being non-existent. In the Committee's interactions with citizens during our district engagements in over 60 districts later in 2016, concerns were raised as to whether PIAC verifies projects which have been reported by the Ministry of Finance (MoF) to have been undertaken with petroleum revenue. This reinforced the conviction of the Committee about the need for an expanded scale of these inspections. Consequently, in 2017, forty (40) ABFA funded projects were inspected in four regions, namely; Ashanti, Eastern, Greater Accra and Volta.

This exercise was aimed at gathering and obtaining first-hand information on the quality and impact of projects funded with petroleum revenues at the sub-national levels.

Findings and Observations

Key among the findings were:

Non-involvement /Lack of Consultation of Beneficiaries and MMDAs

In almost all cases, interactions with beneficiaries and local authorities revealed that there was no involvement of communities and beneficiary institutions in the project selection and/or implementation, making tracking and demand for accountability difficult. For example, at Apedwa SDA Primary School in the East Akim Municipality of the Eastern Region, the Assembly was unaware of the existence of an ABFA funded project until the PIAC team arrived. Same can be said about the Agogo Saviour D/A Primary School in the Asante Akim North Municipality of the Ashanti Region where both the Municipal Education Directorate and the Assembly denied knowledge of the award processes of this project. Several other cases exist across the districts visited.

Insufficient Allocations to Projects

The Committee is deeply concerned about the paltry sums allocated to some key projects which did not contribute significantly to the total cost of these projects. For instance GHȻ15,323.00 was allocated for the surfacing of Fomena town roads. Similarly, an amount of GHȻ15,970.00 was allocated for the rehabilitation of the Nakori Dam in the Wa Municipality of the Upper West Region visited in 2016. It was not surprising that work had not been done at the Nakori Dam site. An interview with the Assemblyman revealed that indeed no Contractor had been to the dam site since 2007. PIAC is however not oblivious of the fact that most of these meagre amounts were intended to be counterpart funds, but this does not in any way minimize the Committee’s concerns that impact evaluation becomes difficult with such allocations.

Delayed Execution and Resultant Cost Overruns

Delays in the execution of some projects, particularly roads, have resulted in substantial cost variations running into millions of Ghana Cedis with associated effects on value for money. A cost impact analysis of a sample of eleven projects shows the varying cost impact of delays and timely execution of projects. It would be noted, for instance, that Bitumen Surfacing of New Tafo-Nobi-Samlesi-Anwiabeng Feeder Road which was executed on schedule (2012-2014) resulted in cost savings of GHȻ360,969.29 from the analysis of contract details obtained from the Department of Feeder Roads. On the contrary, contract documents from the Ghana Highway Authority revealed for instance that the Anyinasu-Sekyeredumasi Road in the Ashanti Region which delayed for three years (started in 2011, with initial completion in 2013 & revised completion in 2016) attracted a cost overrun of GHȻ28,856,866.71 in fluctuations and variations.

Shoddy Works

Over 50% of school projects inspected showed signs of serious deterioration in less than three (3) years after completion. A 6-unit Classroom Block at Apedwa SDA Primary School in the East Akim District of the Eastern Region had begun to sink due to poor siting and shoddy work according to authorities of the school and Municipal Assembly. Several attempts by PIAC to obtain further details of these projects from the Ministry of Education have proved futile.

General Observations

It is worthy of note that the construction or rehabilitation of projects without the provision of complementary facilities does not result in the maximisation of intended benefits. For instance, a newly constructed 6-unit Classroom Block at Bishop Herman College in the Kpando Municipality of the Volta Region had no louvres, ceiling, locks and furniture; albeit being used. This was a rampant occurrence in a number of newly constructed and rehabilitated facilities inspected across the districts visited.

There was little coordination between the implementing Ministries/Agencies and beneficiary MMDAs in the selection, award, execution and monitoring of projects. Consequently, the implemented projects in the beneficiary communities were usually not aligned with the priority projects in their medium term development plans.

The Committee has observed that, the Ministers of Finance over the years have not complied with the provision of updates on the status of implementation of ABFA funded projects as required by Section 48 (2b) which states "a report from the Minister describing the stage of implementation of the programmed activities funded by and the expenditures incurred on the activities covered by the Annual Budget Funding Amount in the financial year of the report". PIAC is of the view that the thin spread of ABFA funds over hundreds of projects spread across the length and breadth of the country makes compliance with this provision difficult.

Recommendations

As a result of these findings and observations, the Committee would like to proffer the following recommendations:

1. Payment to contractors for certified work done should be made promptly to forestall cost overruns and ensure value for money. This said, contracts for the execution of projects and any associated Variation Orders (VOs) should be awarded only after it is certain that the funds needed to complete the projects will be available.
2. The selection of projects to be executed in the districts should be aligned with the Assemblies' medium term development plan which incorporates the development needs of the communities. This will ensure the selection of priority projects.
3. Relevant MMDAs, stakeholders and beneficiary communities should be actively involved in the selection, award, execution and monitoring of projects in their jurisdictions to promote inclusiveness and ownership.
4. Project selection should be based on the sufficiency and availability of ABFA funds. Selected projects should be fully funded with petroleum revenue to completion to ensure easy tracking of funds and reporting.

5. Where the Ministry is unable to fully fund a project with petroleum revenues, the percentage allocation to the project should be indicated. This will enhance monitoring and impact analysis. The relevant MMDAs, stakeholders and beneficiaries should be duly informed of the different sources of funds for the project.
6. The implementing Ministries and Agencies of ABFA funded projects should comply with the practice of mounting sign posts at project sites to enable concerned citizens to demand accountability.

In 2016, following the initial inspection of projects in the three regions of the north, PIAC wrote to the Ministry of Finance for explanation on the non-existent projects. The letter was dated 4th August, 2016. As we speak, the letter is yet to be acknowledged, let alone acted upon. We are therefore compelled to compile a list of these ghost projects and refer them to the Auditor General for further investigation. Should any wrongdoing be established, PIAC will ensure the trigger of the necessary prosecutorial processes to forestall their reoccurrence.

PIAC acknowledges government's efforts through the Ministry of Planning to engage District Planning Officers in the monitoring and evaluation of ABFA funded projects and programmes. It is the expectation of the Committee that the exercise would help the Ministry of Finance to provide updates on oil funded projects in keeping with Section 48 (2b) of the PRMA.

The Committee is grateful to the MMDAs, officials of the Ghana Highways Authority, Departments of Urban and Feeder Roads, the Media, GIZ and DFID/GOGIG.

Thank you for your audience.