

Greetings from Ghana #46

There's Power in Corruption and Vice-Versa

When trying to describe life here, there are some days when it is hard to know where to start.

People seem to be getting serious about reducing corruption. One member of the opposition went so far to remind everyone that, "This happens every eight years when political parties change and thank goodness or the crimes would disappear if they were re-elected." Serious charges are coming in seemingly every day about officials in all areas. One minister was discovered to have added two houses and three large SUV's since he was elected three years ago. They said he was accidentally poisoned. Later revealed that he committed suicide.

The government here owns many of the service corporations. One corporation had the mission of granting small business loans. The CEO was found to have committed "76 losses of government funds." One of her "defenders" from her party said her actions were from excessive greed and that that was the problem. He went on that when you see so many contracts coming through and you know you could award some to friends. . . well, that's the way it is. But if you take too much. . . "So, the Attorney General filed suit and started proceedings. Only problem, she is nowhere to be found. So, they held her in the trial "in absentia." She was found guilty. Now they say that she is serving jail time, also in absentia. Not sure how that works.

The government gave a multi-million-dollar contract to a company for a service no one deemed necessary without calling for competitive bids. This company has since provided falsified reports of their activities and production levels and cannot prove they have done anything. The public and the media were outraged at the discovery. The president has acted swiftly by ordering an investigation and canceling some parts of the contract.

The government is back in negotiations with the International Monetary Fund to shore up their loan process. They say that since they cut the tax on electricity, they do not have enough money to meet IMF benchmarks for additional funds. So, they are restructuring debt (once again) and adding in more value added taxes (VAT) at their favorite 15% rate. With the additional VAT added to 34 new goods and services you end up, for example, paying about 22% more for groceries and an additional 21% for car repairs. The finance minister is promising

(once again) the economy and the cedis will stabilize and start gaining value by the end of the year, just in time for the election.

Back in 2012 the Ghanaian government set up the Saglemi Housing Project for affordable housing. It was touted as being able to set up 5000 units for a cost of \$200,000,000. They got to 1506 units (unfinished) for \$198,000,000 and stopped. The finance minister wants to sell off the project to a developer, saying it will take \$100,000,000 to finish it. The public is asking why the government cannot finish the job they started. But that would make it an expense rather than an income.

The Department of Interior is warning gold miners not to dig under the new gas pipeline for safety reasons.

Perhaps the most intriguing of all the convoluted stories is what is called “Dumsor,” which means “on again, off again.” That is what they are calling the frequent power outages. The fuel supply needed by the electrical generation stations owned by the government is in the Upper East of the country. The refineries ship the fuel to the south and west where the electrical generators are. The areas that are not well served by the government have independent power companies that are under contract with the Ghanaian government.

The Electric Company of Ghana has two types of meters. One of the most frequent used is a prepaid meter. You take your EGC card to a kiosk and have a certain amount of credit added to the card. When you get home you hold it up to the meter and it transfers the credit to the meter. When the power goes out you check to see if it is your meter or the neighborhood. When you go to put money on your card, the utility charges you to put the credit on the card. You pay a fee to pay your bill. It works out to about 5% of whatever you pay. You pay 300 and get 284 in credit.

There are the “regular” style meters, like what we have in the U.S. that are supposed to log the amount of kilowatt hours you use. Stories abound of people with a standard meter getting charged thousands of cedis for a power bill on an empty house with no appliances.

It was recently reported in corruption coverage that some government workers have been selling off altered pre-paid meters to the black market so electricians can set up residences with free electricity.

But that (energy theft), while heralded as a major problem by the utility is not the big concern of the utility. The ECG has said they lack the funds to operate at full capacity. They cite unpaid electrical bills for ministries and government backed institutions. The finance minister does not pay the utility bills and has not for years, resulting in billions of unpaid cedis. The ECG has

taken to rolling blackouts and threatened (or actual) disconnection to schools and hospitals to highlight the problem and spur action. In response, the government had the current head of the utility arrested for causing, “unrest in the citizenry” by the power cutting procedures.

The Public Utility Regulatory Commission issued a 5.86 million cedis fine against the Board of Governors for the ECG for their Dumsor actions. The board said the commission did not have that authority and refused to accept the fine. It also came out that the commission thought the ECG had 36 separate accounts. Turns out the ECG had another 25 not previously reported.

The Finance Ministry, that is overseen by the Vice-President, has recently made the news again when it was revealed that it has not paid the fuel suppliers around 1.2 billion cedis and the fuel suppliers have cut off deliveries. The ECG lacks the fuel to ramp up production.

The contracts set up with the independent suppliers guarantee payment levels whether power is actually generated or not, so the government is billed for electricity they never get. But the independents are also complaining the government is not paying them.

Public outrage is growing as small and medium businesses are suffering when there is no power. One of the reasons for the delay in this newsletter has been a lack of power. The power outage has happened 3-4x a week the past couple weeks, sometimes going for more than a day. People are demanding – not that the problem be fixed, they are smarter than that – they want something possible. They want advance notice to know what areas are going to be blacked out so they can be prepared.

The ECG has said they cannot do that and offered no explanation as to why not. Parliament is demanding an investigation. Ministers are demanding the president get involved. The president has said he understands this is a strong concern and his government is looking into the matter.

And yet, no one has figured out that maybe, just maybe, the Ministry of Finance should pay their bills and see what happens.