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IMANI-GIZ Reform Dialogue on Corruption and the Business Climate

Accra, 25 November 2021 — The IMANI Centre for Policy and Education ("IMANI CPE") and the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH ("GIZ") on 23 November 2021 held this year's final IMANI-GIZ Reform Dialogue Series (RDS) on the theme **"The Risk of Corruption to Entrepreneurial and Business Growth in Ghana".** The dialogue sought to engage relevant stakeholders in Ghana's business ecosystem to discuss the issue of corruption and the nexus with the business climate. The event was moderated by **Kofi Bentil**, Senior Vice President at IMANI CPE.

The welcome remark was delivered by **Franziska Jebens**, the Deputy Head of the German Cooperation, German Embassy, Accra. She noted that Transparency International estimated that Ghana losses about US$3 billion (4.2% of 2020 GDP) to corruption alone annually. She quizzed among others, "Where does corruption start? Where does corruption end? How can we fight corruption? As such, reform dialogues to explore solutions are more than necessary.

The second remark was delivered by **Dr Theo Acheampong**, a consultant on the project and Senior Fellow at IMANI CPE. He noted that the RDS has been running since November 2020, with the aim of engaging in a series of policy dialogues to enhance the business climate. He notes that the aim of the sixth and final dialogue was not just to examine corruption as a single concept but to explore the impact on the business context and the strategies to address the canker. He further noted that the recommendations from the reform dialogues are being relayed to the policymakers and duty bearers.

The reform dialogue was underpinned by research conducted by IMANI CPE and presented by **King Carl Tornam Duho**, a consultant on the project. The **study** found that corruption continues to permeate business engagements and is a major obstacle to the business ecosystem and entrepreneurial capabilities. Corruption affects human capital development, ease of getting electricity and construction permits, trade, and engagements with the government.

The study also found that corruption impedes the performance of firms while procurement, taxation, licensing, and bidding/sales, are areas with the highest risk of corruption. There is limited knowledge and low levels of effectiveness of industry-led anti-corruption programmes such as Extractive Industries Transparency Initiative (EITI), ISO 37001 — *Anti-bribery management systems*, GRI 205: *Anti-Corruption* and the United Nations's Principle 10. Only a few firms have specific anti-corruption programmes that are clearly communicated and enforced and only 2 out of 10 executives are very confident about their anti-corruption programmes. The study revealed that 50% of executives in organisations are aware of their own training guides on how to deal with corruption but rarely make use of them.

During the panel discussion, there were comments from **Mrs Mary Awelana Addah**, Programmes Manager for the Ghana Integrity Initiative (GII); **Mrs Lucia Quachey,** President of the Ghana Association of Women Entrepreneurs; **Mr Edem Senanu,** Co-Chair of Citizen Movement against corruption; and **Mr Mark Badu-Aboagye**, Chief Executive Officer of the Ghana National Chamber of Commerce.

The discussions commenced with the question as to whether corruption can be eradicated or not. The consensus among the panellists was that **corruption cannot be entirely eliminated but can be minimised**. When asked further to indicate the extent to which they can reduce corruption, Mr Edem Senanu indicated that 90% of corruption can be eradicated while a 10%, which are not easily identifiable or punishable, could be accommodated. Mrs Mary Awelana Addah noted that as a country, **Ghana's 1992 constitution in Article 35(8) aims to eradicate corruption but the reality is different**. Thus, from the data and information across the world, for even Transparency International's rating, no country gets a perfect score meaning some level of corruption remains. She noted that 80% of corruption can be reduced while about 20% can be tolerated. Affirming the 80% score, Mr Mark Badu-Aboagye noted that for the business sector, there are ways that government officials create inefficiencies that force the private sector to engage in corruption. He noted that **the private sector is not necessarily driving corruption but they cope as a means to ensure that business activity does not come to a halt**. Mrs Lucia Quachey noted that bureaucracy undermines the fight against corruption and clear communication of government policies is paramount.

Speaking about the high prevalence of corruption within procurement, **Mr Collins Agyemang Sarpong**, President of Ghana Institute of Procurement indicated that procurement is a critical issue just as the research indicated. He bemoaned that although ethics is essential for the procurement profession there are students who have an erroneous basis on which they aim to pursue the profession. There is a high perception of corruption linked to the profession which may not necessarily be the case. He notes that a national reorientation is needed to mitigate corruption. He argues that corruption can be reduced by 50% of its current level if appropriate checks and balances are put in place. Mr Kofi Bentil noted that the procurement law has been well-intentioned but has been a failure which was affirmed by Mr Sarpong. Mr Sarpong noted further that procurement professionals have become victims where many of them have been transferred from their duty posts to other places because they want to apply the professional codes and regulations rightly.

Godfred A. Bokpin, Professor of Finance at the University of Ghana Business School and Senior Fellow at IMANI CPE, indicated a need to enforce anti-corruption programmes and punitive measures. He reiterated the need for a cultural change to mitigate the risk of corruption, citing cases of misbehaviours across the levels of education in Ghana. He further underscored the need to examine the international dimension to corruption involving also multinational corporations in fueling corruption on the continent including Ghana

About the IMANI-GIZ Reform Dialogue Series (RDS)

The partnership between the two entities aims to carry out six (6) policy dialogues to improve Ghana's business climate. The **first dialogue** in November 2020 explored the *"challenges and opportunities created by the COVID-19 pandemic for Ghanaian businesses"*. The **second dialogue** took place in March 2021 under the theme of *"what the African Continental Free Trade Area (AfCFTA) means for Ghanaian businesses"*. The **third dialogue** in May 2021 focussed on *"business taxation and the road to Ghana's post-covid economic recovery"*. The third dialogue was also accompanied by a **briefing paper.** The **fourth dialogue** held in July 2021 focussed on *"access to affordable energy to support economic growth and job creation in Ghana"*. The **fifth dialogue** was held in September 2021 on the theme *"business registration, regulation, property rights and their impact on Ghana's business climate".* The current **study** is part of the sixth dialogue which is on corruption and the business climate.

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