

VALUE FOR MONEY ANALYSIS OF OIL FUNDED AGRICULTURE PROJECTS: A CASE STUDY OF TONO IRRIGATION DAM AND FISHERIES COLLEGE ANOMABO.

Introduction

Transparency, accountability and equity are some of the principles that reduce corruption and enhance value for money in executing oil related projects. It is in this regard that several laws and regulations have been passed to enhance value for money and prevent Ghana's oil revenues from going down the drain. One of such legislation is the Petroleum Revenue Management Act 2011 (Act 815) which provides the framework for distributing petroleum revenues to the National oil Company, the annual Budget of the government known as Annual Budget Funding Amount (ABFA) and the Ghana Petroleum Funds. Section 21 (2) of the Act states that - The use of the annual allocation of the ABFA shall be:

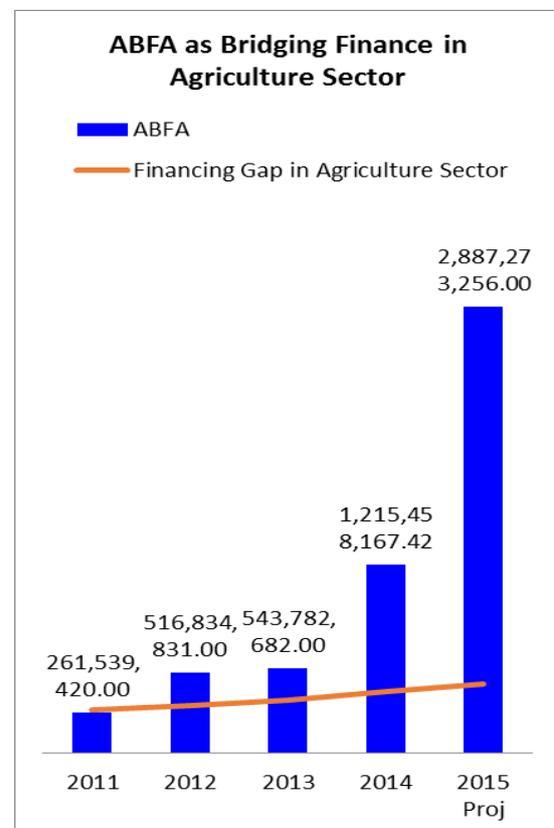
- a. to maximize the rate of economic development;
- b. to promote equality of economic opportunity with a view to ensure the well-being of citizens; and
- c. to undertake even and balanced development of the regions.

These objectives are unlikely to be met if revenues are not invested efficiently. ACEP's value for money project involves the monitoring of projects funded with ABFA to assess the appropriateness of project selection, transparency in procurement processes, value assessment and the benefit levels to communities where projects are located. In addition to

these, the project will also examine the extent of social and community rights protections such as human rights, environmental rights and community participation in decision-making and in monitoring the projects.

The Need for Irrigation Dams in Agricultural Mechanization

Agricultural productivity has over the years been subject to the vagaries of the weather because agriculture in Ghana is mainly rain-fed. This challenge can however be mitigated with the construction of irrigation dams at vantage farming areas in the country as well as improving the performance of already existing irrigation dams to ensure an accelerated growth in the agricultural sector and also improve the standard of living of all those benefiting from these projects. This requires some levels of financial commitment. However, Ghana's



Agriculture sector has relatively been donor-dependent. For instance, in 2011, 53.6% of the total budget allocation to food and agriculture came from donors coupled with declining Internally Generated Fund at the agriculture sector since 2011. According to ACEP (2015), although the annual financing gap in the agriculture sector has been increasing over the years, the ABFA could offset the gap in 2013 and 2014 if Government spent 63% and 33% of ABFA was spent on agriculture respectively. This implies that oil revenues, if well targeted at investment in agriculture can be the anchor of Ghana's development.

Methodology

This study evaluated two (2) projects in the agriculture sector funded with oil money in 2014. One project was selected from the Northern part of Ghana whilst the other project is located in the Southern part of Ghana. To this end, the largest irrigation project was selected to be evaluated in addition to the only Fisheries College in Ghana. The projects are: Extension works on the Tono Irrigation Dam and Construction of Fisheries College, Anomabo. Interviews were held with people involved directly or indirectly with the two (2) projects. Community members also were interviewed to ascertain the impact of the project construction on the community.

Main Findings

- ✚ Most of the oil funded projects, for example the fisheries college in Anomabo, have been unduly delayed. It is unlikely for the college to be completed by the end of the year as expected. This means that the benefits associated with this college to the community has been postponed to a further date which is yet to be affirmed.
- ✚ Whilst the project is rendering some socio economic benefits in

establishing a fisheries college for the community, the project may be breeding a negative impact on other infrastructure such as roads. This gives room for another burden which needs serious attention.

- ✚ The employment opportunities derived from these oil funded projects are not as stimulating as expected. Remunerations from these projects are not exciting enough to attract the local people. Furthermore, some contractors also bring workers, food and materials from non-project communities and towns, thereby limiting job opportunities for the project community.
- ✚ There is a general lack of confidence in the sustainability of these oil funded projects. The priority areas were targeted for sustainable development using oil revenues. However, the continual slacking attitude and culture of delaying projects have not promoted the necessary development of these priority areas as expected.

Policy Recommendations

- ✚ Priority areas for ABFA funding should be narrowed down to 2 or 1 and should include Agriculture. This will help to fund agriculture projects from the beginning to the end and will prevent time and cost-overruns.
- ✚ The selection of contractors should be transparent to allow for competition. Therefore, projects should be advertised in the national dailies for contractors to compete for. This will reduce rent seeking and allow for projects to be allocated to qualified contractors.

- ✚ The selection of projects should be need-based and its completion should contribute to poverty reduction and development. This means, there should be clear cut procedure in selecting projects to prevent duplication and waste.