

ACCOUNTABILITY AND INTEGRITY AS AGENTS FOR TRANSFORMING THE ECONOMY

A presentation by Prof. Stephen Adei, Guest Speaker at the Institutes of Chartered Accountants- (Ghana). Presidential Luncheon on Friday 6th September, 2013 at 11am at Banquet Hall, State House

INTRODUCTION

Ladies and Gentlemen, I deem it a great honour to be invited to address this august forum of distinguished professional accountants and guests. The topic given to me is “**Accountability and Integrity as Agents for Transforming the Economy**”.

Without in anyway trying to sound academic, let me comment on my understanding of the topic to ensure that we are on the same wave length. Accountability has to do with proper observance of rules and regulations especially by public officials and in administering these to be held responsible and accountable for their actions by their superiors and those who are served, i.e. the citizenry or their representatives.

Much more difficult concept is integrity which may be defined as strict adherence to moral values, principles and uprightness. Applied to the individual, a person of integrity is one who exhibits credibility and consistency of behaviour because the one steadfastly adheres to high moral principles or professional standards. Within an economy, accountability and integrity are positively associated with transparency. Negatively accountability and integrity stand in contrast to corruption. As Prof. Stampford puts it corruption is the opposite of integrity corruption is using power for official position and power for unofficial purposes and private gain. Many people in our part of the world are more familiar with corruption than accountability, integrity and transparency (AIT) which form the cornerstones of good governance. AIT lead to effective, timely and efficient use of positions for authorized ends and justified purposes.

A system based upon accountability is one whereby people answer for their actions and take responsibility for them; ready to answer questions on their stewardship, admitting faults advertently or inadvertently committed and rectifying them. Doing so consistently and steadfastly are the hallmarks of integrity.

Both accountability and integrity presume standards. These standards are derived from law, conventions, culture in the sense of beliefs, values and actions, official and corporate standards of performance and personal ethics. While good standards facilitates integrity and accountability the quality of the nation accountability, integrity and transparency system depends greatly on leadership modeling, quality of oversight agencies, the likelihood of being

caught for not following the standards, because of the level of transparency, enforcement of sanctions and awareness, sensitivity and demand for good governance by the citizenry and civil society organs especially the media. These are critical to sustaining a credible national accountability and integrity system.

The challenge of maintain a national accountability and integrity system has to do with the fact that there are many actors involve in assuring it. These consist of the Executive, Legislature, Judiciary, the Police, Audit machinery, watch dog agencies such as CHJRAJ and EOCO in Ghana, Public Service, Media, the Private Sector, Civil society and international partners. Where there is strong and credible political leadership, efficient and strong institutions, transparent and credible rules, effective rewards and sanctions systems, etc. we have a strong national AIT systems.

While these may sound utopian to Ghanaians and people from our part of the world I can assure you that they are true of systems in countries such as Singapore, Botswana, Norway, New Zealand and many more taking cognizance of the fact that there is no perfect or corruption free society.

Again we are all aware of the now well-known Transparency International Corruption Index and that at least 60 countries in the world are cleaner than we are, the biggest challenge to us for that many developing countries is how to ensure that most people in politics, civil and public services, businesses, professions and civil society support an accountable system of integrity through a combination of promotion of ethical norms, formal rules, transparent system which makes it difficult to be corrupt and get away with it. The risk of being detected and conviction for those who undertake unacceptable behaviors especially in such areas as election funding, abuse of public office for private gain and using media for negative tendencies must be high.

POSTIVE ROLES OF GOOD ACCOUNTABILITY, INTEGRIY AND TRANSPARENCY IN ECONOMIC DEVELOPMENT

As good health is taken for granted unless one loses it so is Accountability, Integrity and Transparency (AIT) in the economy. Yet there is no doubt that they underline national developments. AIT facilitates national development in assuring

- Faster economic growth
- Better income distribution
- Positive impact on investment by reducing transactional cost, delays etc.

- Higher government revenues through blocking leakages
- Value for money of public expenditures
- And as a result the provision of socio economic infrastructure and utilities
- Poverty reduction
- Effective democracy
- A system of meritocracy as against patrimony and nepotism.
- the building of strong institutions

It is quite interesting that one of the earliest seminal development literature by Max Weber (the *Protestant Ethics*) confirms that the high levels of ethical behaviour of the protestants combined with their self-discipline, frugality, high savings, investment culture and positive world view were the underlying factors that gave rise to the unprecedented creation of wealth and improvement in human welfare dubbed capitalism. Other writers without using the modern nomenclature of AIT but culture have demonstrated that the attitudes, values and resulting actions of a people matters greatly to economic progress (Landes, Harrison and Harrington, Adei).

THE IMPACT OF WEAK AIT: CORRUPPTION

The positive impact of accountability and integrity on economic fortunes of a country however is best appreciated by looking at corruption which is the opposite of integrity and thrives in an atmosphere of lack of transparency and accountability. A survey of dozens of studies on the impact on corruption by Selcuk Ackay on *Corruption and Human Development* shows that virtually every major socio-economic indicator is impacted negatively by corruption. These include GDP growth rate, savings and investment as a ratio of GDP, public expenditure on education and health, inequality, government revenues and expenditure and therefore by implication fiscal and monetary performance, child mortality rate, primary student dropout rates, poverty, percentage of paved roads, inflation, exchange rate and inflow of direct foreign investments. This is because among other things corruption increases transaction cost in the economy by reducing transparency of economic transactions; weakens the state's ability to promote development and social services; takes its toll on the poor and vulnerable as they pay high monopoly rents and bribes of essential services whiles being deprived of poverty reduction actions of government such as basic education, health and job creation; undermines the legitimacy of the state especially when bribery and corruption compromises the electoral process and who holds political office; and weakens financial institutions where financial fraud is rampant.

THE ROLE OF ACCOUNTABILITY AND INTEGRITY AS AGENT FOR TRANSFORMING THE GHANAIAN ECONOMY

Ladies and Gentlemen, since accountants are bombarded with figures day in and out I will spare you additional statistics so as to not to spoil you lunch except where it is absolutely necessary for illustration as follows:

- It is estimated that globally \$1 trillion are lost to countries through corruption
- In Ghana one estimates in 2007 puts it at \$3 billion dollars i.e. 25% to 50% of our potential GDP depending upon whether you are using NDC or NPP GDP Estimates (Ha! ha!)
- Over 90% of Ghanaians do think that corruption is not only rampant in the economy but increasing
- Most disturbing is that this is happening most in the critical institutions for national development in order of most corrupt; being the Police service, Customs, political parties, The Executive, The Judiciary, Parliament, Public and civil services and utility providers according to Ghana Integrity Initiative most recent survey). Even the level of corruption and lack of integrity in our educational system which I happen to be in the know are very disturbing.

Even more disturbing is the fact that the very institutions that can assure a system of accountability and integrity namely the Executive including the Presidency, the Judiciary and the Police are perceived to be most corrupt.

Irrespective of which side of the political divide that one stands the literature indicate that political corruption in terms of using money and power to distort the electoral processes and how power is gotten using state resources for party and private purpose (i.e. corruption by definition) undermines the national cohesiveness. When people secure power through corrupt means and ones in power abuse incumbency to use public funds to pursue personal and party agenda and national security agencies to maintain the privileges the very foundation of the country are undermines. These have been the bane of the undoing of many countries especially in Africa. For example in Ghana today, public contracts are likely to be awarded on the basis of party loyalty, bribes, ethnicity and kickbacks more than unmerit and adherence to official procurement procedures according to the 2012 report of GII. The assured way of rising in the public service career to the top is to align yourself with one of the two tribe namely NDC and NPP and hopes that the one you support wins power and not because of your hard work and professionalism. Officials are taking money without receipts, blatantly asking for

gifts before rendering services with one district coordinating officer putting a price tag of 500 cedis on his signature and having to part with a few cedis to secure licenses and permits. Under invoicing at the port, abuse of imprest system by office bearers, using official cars for private gains have now become part and parcel of our culture.

Corruption or lack of AIT constitutes the greatest hindrance to the economic growth of Ghana and her social stability with regard. With regard to the former I estimate that at least the state loses over 25 to 50% of its potential revenue sources through corruption. That can replace all donor assistance which has average about 1.6 billion dollars per annum. That can easily be gotten through managing corruption at Tema, Kotoka, Takoradi ports alone. Lack of AIT is the reason why roads are not only being built at slow pace but those which may be built by our local contractors last for a third of their lifespan.

I personally believe that the average Ghanaian and not so ordinary ones like me and you enjoying this luncheon do not care much who is the President of this country or Ministers or Parliamentarians, or MMDCE's or heads of public institutions and corporations provided their election and appointments are not tainted with corruption, fraud and extreme partisanship. Most Ghanaians will identify with the proverb that "it does not matter whom my mother gives birth to because in either case it will be my sibling". It is where merit and competence are sacrificed for parochial and patrimonial reasons that the country suffers.

Integrity is so low in our body politic and national life today that people are tagged and branded and sometimes their very livelihoods and businesses are targeted for destruction not to mention the total exclusion of a large segment of national from contributing to national development in accordance to their areas of expertise because they are tagged as NDC or NPP sympathizers which in 90% of the case means they are not sycophantic political ideologues, or corrupt. When we exclude such a large number of people of integrity national development suffers .

PROMOTING AIT AS AGENTS FOR TRANSFORMING THE ECONOMY

Ladies and Gentlemen it is easy to see what is wrong in society and not so easy to right it. If you doubt me go and ask Their Excellency's Rawlings, Kuffour and Mahama. But we have no choice as a nation if we do not want to destroy our future and that of posterity to promote a higher level of accountability, integrity and transparency in Ghana and to deal with corruption surgically. Limitation of time will not permit me to expound on the following issues am going to list as I have already spent much of my time in laying the foundation to this point

- “Leadership is cause, everything else is effect” (Adei 2004). We will not make any head way unless the leadership of this country by which I mean the President and the Executive shows good example of integrity, hard work and accountability beyond the formal demands of the constitution and law such as the current assets declaration mechanism. Wherever there has been high level of accountability and integrity, it has been the results of the good example, firmness, political will and commitment to carry out the required reforms by the leadership. I believe that His Excellency the President having been recently elected and affirmed by the Supreme Court, barring no review, ha!ha! has golden opportunity to lead the country unto a high plane of accountability and integrity irrespective of Ghana’s long history to the contrary.
- We need to tackle institutional corruption and we can. Georgia at one time sacked 16,000 police men and shot the country to one of the cleaner ones in the world
- Lula Da Silva in 8 years changed the economic fortunes of Brazil forever. Yes we can do here too.
- The police can be taken off the roads and be moved from barracks to live among the community and be replaced on the roads at much lesser cost and higher level of accountability and integrity.
- The Judiciary can be clean by such methods as sanctioning those whose misjudgments lead to appeals upon appeals, limiting the length of time to give judgments and greater use of jury to mention a few.
- The public services can be improved by greater use of E-government to reduce human contacts to the very minimum, setting time limits for providing services, reducing the steps one has to go through to get things cleared at the ports, register lands etc.
- We can increase transparency and raise the stakes for those who indulge in bribery and corruption.
- We can reform our electoral system so that it does not cost an average of GHS 200,000 plus to be elected as an MP and possibly the same to become an MMDCE because seeking for such offices are predicated upon receiving bribes. We can elect MMDCE’s without precondition.
- We need to have a strong campaign to involve more people in awareness of corruption and reporting it and assuring that whistle blowers are not victimized.
- We can have independent oversight institutions with prosecution powers and not lame ducks which our current CHRAJ and EOCO are by effectively de facto making them subservient to the Executive.

- We can have a truly independent Legislature which does not rubber stamp Executive action because of not assuring certain majority votes are needed to carry important decisions at parliament.
- We can make the appointment of certain public office holders not directly political done by independent Public Service Commission after identifying positions which holders come and go with the regime.
- We can have a constitutional amendment devoid of partisanship but one which aims at promoting accountability, integrity and transparency in our political economic life
- We can have an educational system without protocol admissions and without examination malpractices becoming the norm.
- We can have a system whereby the determination of public sector wages do not become so politicized and “single spined” that less than a million Ghanaians received over 70% of our national revenues as wages and salaries and still go on strike and expect significant salary increases while not delivering efficient services for which they are employed and even doing so at the cost of huge and systemic bribery.

CONCLUSION

Ladies and Gentlemen, In conclusion I hope that I have been able to establish that accountability, integrity and transparency are very important for economic development. In fact they are the agents for transformation; without them corruption becomes the order of the day. I have suggested some bold measures we can take to promote AIT and tackle corruption in the economy. Who will bear the cat?

I have suggested that the President has the golden opportunity to go down in history “as the young man” (even though I thought life begins at 40) who led Ghana out of the abyss of corruption to establish a system of accountability, integrity and transparency.

However, if history teaches us anything in Ghana, it is that while one must be hopeful one has also to be realistic in expectations. Ultimately the guarantors of a system of integrity are enlightened civil society and its selfless leaders and voices of which everyone here is a member as well as enlightened non-partisan media.

That said as a Christian, at the personal level I will not cease to pray for a better Ghana, for leaders of integrity, for high sense of accountability and integrity and personally to brighten the corner where I find myself. I thank you.