

Monetization of politics and public procurement in Ghana.

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Abstract

Purpose: This paper investigates the prevalence of corruption in Ghana to understand how and why it has turned public procurement into a mere money-making scheme instead of a means to provide needed public goods and services.

Design/methodology/approach: The study focuses on Ghana as a case study and mobilizes the monetization of politics lenses. Data are collected via interviews with key officials across the procurement sector (including the government, donors, and civil society), documents, documentaries, and news articles.

Findings: The findings suggest that the increasing costs of elections and political financing coupled with the costs of vote-buying, which has become informally institutionalized, intensify corruption practices and, consequently, turns public procurement into a mere source of cash for political ends. Political appointments and legalized loopholes facilitate this by helping to nullify the safeguard accounting and other control institutions are designed to provide. Likewise, enduring poverty and rising inequality ‘force’ citizens into a vote-buying culture which distorts democratic premises that may drive out unscrupulous politicians; thus, perpetuating capture schemes. Civil society’s efforts to remedy these have had little success, and corruption and inequality remain rife.

Originality: While extant literature has examined the issue of endemic corruption in developing countries using state capture, few have attempted to explain why it remains enduring, particularly in public procurement. Our study, therefore, contributes to the literature on corruption and state capture theoretically and empirically by drawing on monetization of politics from political science to explain why corruption and state capture endure in certain contexts (with Ghana as an illustrative example) which reduce public procurement to a cash-milking scheme.

Practical implications: The main practical implication of the study lies in the need for a gradual demonetization of elections, and the consideration of the fundamental function of public procurement as a policy instrument embedded in economic, social, cultural, and environmental plans. Additionally, given the connectedness of the various corruption issues raised, a comprehensive system-based approach in dealing with them would be more effective than a piecemeal approach targeting each issue/problem in isolation.

Key words: Monetization of politics, corruption, public procurement, accounting, Ghana

1. Introduction

Public procurement is a major public finance function, highly regulated, infused with various controls including internal control and auditing (Courtois and Gendron, 2017). Yet, in most African countries, public procurement lacks the structure and mechanisms required to function adequately (Sanchez, 2013). When considering the Public Expenditure and Financial Framework (PEFA) evaluations over 2005-2019, these countries are often rated 'weak' with a mean score of 'C', just above 'D' the lowest score on the framework (Lassou et al., 2021b). Chronic corruption as a result of enduring capture has been identified as the root cause of the reported weaknesses (Phiri, 2022; African Development Bank, 2014). Ensuing reforms seek to roll back the state from directly granting contracts by providing a framework for competitive public procurement (Hopper et al., 2017; Williams-Elegbe, 2013). However, capture and widespread corruption are still rife within public procurement, which is often turned into a money-making scheme (Bakre and Lauwo, 2016; Lassou et al., 2019, 2021a).

In this research, we question why state capture and associated corruption persists after the adoption and implementation of such reforms including embedded monitoring mechanisms (e.g., procurement regulatory authority, tender evaluation committees, audit institutions), and how state capture is organized. More specifically, we explore why public procurement is turned into a mere money-making scheme instead of a means to provide needed public goods and services.

Extant literature positions procurement at the core of public sector corruption due to the resources that it embodies (Courtois and Gendron, 2017; Neu et al., 2013; Phiri, 2022) and state capture is often seen as a key factor contributing to this state of affairs (Cammack, 2007; Lassou and Hopper, 2016). The framing of state capture in these studies often emphasizes its processes in terms of nepotism, patronage and clientelism (Bakre et al., 2017; Uddin and Tsamenyi, 2005), often termed neopatrimonialism (Hopper, 2017; Phiri, 2022), neocolonial mechanisms (Lassou et al., 2019), and networks of actors (Abdul-Baki et al., 2021; Iyoha and Oyerinde, 2010). More recently, researchers have turned to emerging developments in social networks (Phiri and Guven-Uslu, 2019), as well as polycentricity (Kan et al., 2021). The former, i.e. social networks, are concerned with the interrelationships among social actors (or groups of actors), identifying the most important and powerful ones, and how these influence members' behaviour and actions in the context of procurement corruption. Relatedly, the notion of polycentricity is similarly concerned with networks of actors, but its emphasis is on the complexity of such networks with different layers of actors pursuing conflicting and overlapping interests.

Common to all of these framings is the notion of the control of the state to access its resources (Kan et al., 2021; Lassou and Hopper, 2016). However, little is offered by existing studies on why the prevailing hunger for resources as reflected in capture practices. In other words, existing research is more concerned with how capture operates and its organizing processes, but is virtually silent on what brings about capture and maintains/expands it beyond wealth accumulation at the expense of the public interest (e.g. Bakre, 2007; Phiri, 2022).

Our study addresses this gap by examining why state capture endures, the role of public procurement as a resource extraction device therein, and its connection to politics. In so doing, we

contribute analytically and theoretically to research on corruption and its interplay with state capture by offering insights from a new theoretical analysis that allows us to ‘think otherwise’ (Haggerty and Ericson, 2000). In effect, we draw on a monetization of politics framing from political science. Monetization of politics is premised on the negotiation of political activities such as political support and voting between parties/actors in financial terms (Onah and Nwali, 2018). In this regard, procurement serves as a means to either raise needed funds or payback those who provided upfront funding or support (Lassou et al., 2021a). As Phiri (2022) notes, the award of procurement contracts often goes to those who “provide material, financial and moral support to senior government and political party leaders particularly during election campaigns” (p.112). Therefore, as the monetization of politics prevails as the dominant organizing principle in public and political policy-making, then state capture and associated corruption in procurement are likely to endure. Hence, political monetization offers a new understanding of the way politicians and related actors’ control over public procurement is shaped with a view to extract money, and why this control is required to ground their practices (with some apparent legitimacy) and protect their political life. We examine this by drawing on the case of Ghana.

Ghana is often cited as a model state in Africa for its successful adoption of neoliberal reforms translated into its ‘quality’ of governance, its democratic credentials, and its adoption of modern and international anticorruption standards (Lassou et al., 2019). It is one of the few African countries to have adopted a modern procurement regulatory framework (updated in 2016) which the World Bank branded as a ‘comprehensive’ effort to reduce *bottlenecks* and combat *corruption*¹. The country is also one of the very few to adopt international accounting standards for both the public and the private sectors (Ibid). Consequently, it “holds relatively good positions on various indices of corruption and governance when compared to other countries in Africa” (Kukutschka, 2014, p.2).

Nevertheless, despite its high standing on governance metrics, particularly the adoption of modern standards of procurement, its procurement scores from PEFA evaluations dropped from ‘B’ to ‘C’ between 2009 and 2013 (PEFA, 2013), and its procurement monitoring was rated ‘D’, the bottom rating, in 2017 (PEFA, 2018). The deterioration in the rating in 2013 was explained thus: despite the requirement of the regulatory framework, “there is no reliable data (except for the irregularities identified in the use of uncompetitive procurement and contract awards in the Report of the Auditor General on MDAs [Ministries, Departments and Agencies]) to document the value of contracts where tenders which should have been subject to open competition have been sole sourced and not referred to the PPA [Public Procurement Authority]” (PEFA, 2013, p.106). And when such data was made available in 2018, it had not been “independently verified by PPA or the Auditor General” (PEFA, 2018, p.129) indicating that the procurement process was not adequately monitored as expected. Consequently, corruption in procurement remains and regularly makes news headlines.

¹ See, <https://www.worldbank.org/en/news/feature/2013/02/04/Ghana-8217-s-Comprehensive-Approach-to-Public-Procurement-Reform> [Last accessed 04/12/2022]

The remainder of the paper is structured as follows. In Section 2, we review the existing corruption literature to elaborate the gap and our contribution. In Section 3, we articulate the theoretical framework of the monetization of politics from five perspectives on its mobilization within a socio-political reality. Section 4 discusses how we developed this case study into Ghana's public procurement. The findings of the study are reported in two interlinked Sections (5 and 6). Section 5 details how state capture is organized and manifests in public procurement, and the various ways in which the collective interests of citizens are subverted within a procedural façade that diverts public resources toward individuals' and political financial interests. Then, Section 6 provides key explanations from the monetization of politics perspective as to why state capture and corruption prevail in the public procurement sector. Section 7 discusses insights surfaced across this case study and considers the broader implications for citizens lives and the premise of democracy. Finally, Section 8 provides some concluding comments.

2. Literature review

Corruption has been studied across many different fields and disciplinary perspectives. Everett et al. (2006) argue that how corruption is conceived depends on the actors involved, which makes both its definition and prescribed solutions problematic. Ultimately, they suggest important questions to be considered "... is corruption a problem... because [it] impedes efficiency? ...Or is it a problem because it is essentially a social phenomenon, which doesn't accord well with the strictly economic models developed by those in charge of the system of global governance?" (p.9). The efficiency issue is widely reflected in the ongoing public procurement reforms to address the growing concerns of corruption (World Bank, 2014). With respect to corruption as a social or cultural phenomenon, this is rarely acknowledged in the proposed reforms as solutions (Hopper et al., 2017; Andrews, 2013). Instead, emphasis is often on public, rather than private, office as the realm of corruption (Everett et al., 2006), thus creating an image of the private sector agent as 'clean' or an 'angel' forced into unethical act by the 'devil' public official. Painting the public sector as unethical is consistent with a neoliberal framing of procurement reform, leading some scholars to label it a 'market-based framework' (Nyeck, 2016, p.3). Such framing, however, overlooks the supply side of corruption that emanates from business actors coercing public officeholders to obtain undue advantages (Sikka and Lehman, 2015). The point here is that neither of the public agent nor the private agent should be considered the only actor who is prone to corruption activities. Indeed, most notable corruption schemes involve actors from both the public and private sectors working in intimate tandem for mutual benefits (Bakre, 2007).

From this perspective, corruption has been examined as a group or a network phenomenon. Phiri and Guven-Uslu (2019) employ social network theory and the concept of capital to understand how social networks facilitate corruption. They find that government officials' power has been leveraged to colonize 'institutions and processes of accountability...' (p.524) to enable the extraction and sharing of resources between members; thus nullifying the role of accountability institutions (Iyoha and Oyerinde, 2010). Neu et al.'s (2013) study also focuses on social networks to report how accounting is implicated in forming corruption networks and collaboration, and illustrates "the centrality of accounting within organized criminal networks" (p.506). Such networks evolve and change as the dynamics of power change leading to different sub-systems of

corruption characterized as parasitic (Nielsen, 2003). Kan et al. (2021) theorize social networks as polycentricity with different layers of actors, and see patronage as the nest of corruption activities. This often leads to ‘crony capitalism’ (Bakre and Lauwo, 2016) whereby preferential government contracts are awarded to businesses connected to government officials. Such conflicts of interest in procurement can be found in both developed and developing countries (Neu et al., 2013; Phiri, 2022). Our study is similarly interested in corruption networks, but going beyond their processes, we consider why these networks and their ‘colonization’ (Phiri and Guven-Uslu, 2019) or capture of state institutions are sustained.

Some corruption studies have examined the inability of accounting to prevent or detect corruption. For example, Courtois and Gendron (2017) find that despite the establishment of over twenty accounting, regulations and monitoring institutions, corruption became normalized in Quebec. Hence, the numerous accounting controls have little impact on the escalating corruption in the award of public contracts. This is in part because the current approach with organizational control “downplays collective action, which, inevitably, is a central feature of collusion and corruption cases” (P.16). In this way, members of corruption networks could simply be seen as opportunistic criminals taking advantage of lapses in the prevailing accounting framework.

Actors involved in corruption can make skillful use of accounting in achieving their criminal deeds (Neu et al., 2013). In Nigeria, rather than serving the public interest, Bakre (2007) finds that professional accounting associations and accountants were used as part of corruption scheme networks to help perpetrate fraud. Similarly, Abdul-Baki et al. (2021) conclude that corruption has become institutionalized in Nigeria across social, economic and political levels. Further accounting reforms including the adoption of IPSAS have not resulted in material improvements (Bakre and Lauwo, 2016; Bakre et al., 2017). In Tanzania, Goddard et al. (2016) examine accounting practices across the public sector and find that accounting practices in local and central governments lack the moral imperatives found in the primordial realm. Uddin and Tsamenyi (2005) report similar findings in Ghana regarding an accounting reform to improve efficiency and reporting. Phiri (2022) enlists neopatrimonialism to investigate corruption and lack of accountability in Zambia and finds that the use of ‘selective accounting practices’ was instrumental in diverting public resources to the benefit of members of corruption networks. Drawing from neopatrimonialism and neocolonialism, Lassou and Hopper (2016) study a government accounting procurement in a Francophone African country and find that the process used lacked due diligence and marked by a collusion between domestic and foreign actors (Alawatage and Azure, 2021) seeking personal and political gains. The use of accounting in the process helps mask inconsistencies behind formal institutional façade to give corruption activities some legitimacy which Cho et al. (2015) and Lassou (2017) terms organizational hypocrisy.

While these studies provide interesting insights into corruption from different theoretical and analytical perspectives, they often do not offer a comprehensive view of the political dimensions of corruption and why it persists. For example, Everett et al.’s (2006) use of a Foucauldian framing emphasizes the actors involved and their conception of corruption and how it can be fought. However, they do not consider the political tactics or the self-centered politicking (Katsaura, 2015) underpinning of corruption, however conceived, at the macro level of the state and why it remains

prevalent in certain settings. Neu et al. (2013) use Bourdieu to conceptualise political influence by considering the corruption context and the underpinning governance institutions and influence of politics, but this framing too does not capture why corruption persists. Moreover, it is worth noting that while Neu et al. (2013) and Abdul-Baki et al. (2021)'s studies address the issue of politics in their analysis, it is confined to tranches of the political establishment and one scheme – the oil subsidy for Abdul-Baki et al., and the national unification scheme for Neu et al. (2013). Nielsen (2003)'s network analytical framework remedies an important political factor – financing – and the prevalence of corruption in developing countries. However, his conception of the issue as 'extortion', akin to 'hard' or coercive practices under authoritarian regimes, overlooks the subtlety (Phiri, 2022) of the mechanisms or structures established in many settings to enable it (Bakre, 2007; Lassou and Hopper, 2016). In this study, we address both the political and the financing dimensions of corruption and why they persist.

Across these studies, there is a recurring theme that relates to the control of the state apparatus (involving the political establishment) for the sake of the resources that it symbolizes, which has been theorized as state capture (Phiri and Guven-Uslu, 2019; Fazekas and Tóth, 2016). The process and the structural organization of state capture is often emphasized, and seen as an end in itself, mainly for the access to resources that it enables. Our research views state capture as a consequence of the structural conditions prevailing in certain settings; meaning the way self-centeredness of party/politician's politicking is engaged in is critical to understanding why state capture occurs and endures.

Politics has increasingly been conceived in monetary terms (Lassou et al., 2021a) reinforcing the constant need for capture for political financing. Hence, our analysis goes beyond capture processes (i.e. how capture is organized) (Phiri, 2022) and establishes that the increasing political costs due to a monetization phenomenon makes capture a necessary instrument for a continuing access to public resources to meet the consequent financing needs (i.e. why capture is needed), thereby turning public procurement into a resource extracting device. Our case study, therefore, provides a more comprehensive understanding as to not only how corruption is embedded in the overarching political logic which results in state capture becoming a major tool for political power consolidation, but also why it endures. In so doing, we posit that state capture operates within a broader political structure, the monetization of politics, that requires further theoretical elaboration. In the next Section, we develop the monetization of politics framing which is used to analyse the empirical data.

3. Monetization of politics

In a political context, monetization occurs when citizens exchange their voting rights for financial and related resources and politicians pay voters and intermediaries to access political office under the guise of electoral competition. This involves those who canvass support/votes for a party, and political financiers who provide needed financial resources (Bob-Milliar, 2012; Onah and Nwali, 2018). For either party (the citizen or the politician), money acts as a shared objective, and the private financier fulfills their shared needs. Here, votes have monetary value (Onah and Nwali, 2018) and as Pulzer (2001) notes, "the art of turning money into votes is as old as representative institutions" (p.2); that is, in democratic settings.

The private financing of political parties and electoral campaigns has been a longstanding practice in all democracies and has equally been a major concern for democracy consolidation (Lösche, 1993; Onah and Nwali, 2018) owing to corruption and, in advanced democracies, a sort of legalized “influence peddling” (Gunlicks, 1993, p.vii). The particularity of developed democracies, especially so-called liberal democracies, lies in their complex, legalized and policed system of rules around party, campaign and candidate financing (Lösche, 1993) to avoid direct instances (or at least a perception) of party/candidate bribing. In effect, a dramatic increase in the cost of running parties and election campaigns in most advanced democracies has caused political parties and candidates to “increasingly [turn] to wealthy individuals and powerful interest groups for contributions” (Gunlicks, 1993, p.5).

Legislation is often enacted to render political contributions legitimate. However, as Pulzer (2002) reports, there are “many disappointments” (p.22) with the expectation, as projected in the laws, regarding party/candidate bribing and vote buying (Vuković, 2019). Pulzer (2001) and Verschave and Beccaria (2001), for example, provide evidence of party and candidate bribing in Germany and France respectively, and Vuković (2019) that of vote buying in Croatia. At the same time, vast sums of money from private donors’ contributions continue to be spent by political parties under campaign financing law to sway voters with an expectation that these donors will be able to lobby or benefit once their politicians are in power (Briffault, 2008). This was so prevalent in the United States that most Americans thought “the government was controlled by special interests” (Gunlicks, 1993, p.3). In the United Kingdom, the recent COVID-19 procurement scandal in which over £3.7 billion worth of contracts awarded appeared “partisan and systemically biased in favour of those with political access”² testifies to the continuing control of the government by special interests. This longstanding system thus effectively excludes the vast majority of voters from any meaningful influence and institutionalizes a form of corruption/influence peddling that is allowed to persist as long as the monetary flows/spending are seen to be within the rules.

Political contribution rules and regulations are generally absent, lax and/or not enforced in many developing countries (Babeiya, 2011; Neu et al., 2013; Onah and Nwali, 2018). This means that private financing of politics, especially campaign and election expenses, goes virtually uncontrolled, and the tracking of the flow of money pouring into the system can be difficult to realize; especially in a weak institutional environment (Iyoha and Oyerinde, 2010). For example, despite the Beninese Chamber of Accounts’ mandate to monitor campaign financing, it lacked the relevant and enforcement capacity. When pressured, it was, in the word of a former President of the institution, rendered ‘meaningless’ (Lassou et al., 2021a, p.11). Combined with a difficult economic context such as poverty and chronic capitalism (Bakre and Lauwo, 2016), vote buying happens more explicitly in a developing country context, where there is a greater reliance on diverted public funds and kickbacks (Osei-Tutu et al., 2010; Phiri, 2022).

Where vote buying is more open (as opposed to the legalized forms in developed economies), citizens use the money received in exchange for his/her vote to buy food, pay for health care, etc.

² See, <https://www.transparency.org.uk/track-and-trace-uk-PPE-procurement-corruption-risk-VIP-lane> [Accessed 29/04/2022]

In essence, they exchange their vote for money so as to address their most pressing needs, which is why difficult economic conditions are a major contributing factor to the monetization of politics. For politicians, their public/political office becomes monetized, and money paid to voters adds to the political costs to access the office, creating a need for increasing financial resources. This distorts the political selection process, and renders the electoral competition a democratic façade (Onah and Nwali, 2018).

The centrality of money to political participation (Ibid) means it influences nearly every relationship, contest, and position within the political process. In line with Onah and Nwali (2018), McCaffrey, (2020) notes the major influence of money in the political process of developed countries. Furthermore, the central role attributed to money in the political process goes beyond voters' inducement and extends to costs required to cater for the entire electoral process. What is useful about this definition is the influential role that money plays.

In the proceeding subsections, we develop the dimensions of monetization of politics with the view to analyze the mis(use) of public procurement (and more generally public resources³) in the developing world. We begin by expanding on the role of impoverished citizens and how they are often controlled in the political system. Then, we discuss traditional culture and how it has been eroded by the increasing costs of political life. Finally, we discuss the broader impact of these costs on the control of state institutions by political elites, and reasons for the lack of fruitful debate and critique that might hold these forces to account.

3.1. *Leveraging citizens' poverty*

High poverty and lack of education places citizens in a state of need and makes it easy for politicians to offer financial and material incentives in exchange of their voting rights (Babeiya, 2011; Ogundya, 2009). As these exchanges become normalised, an expectation of monetary exchange on the part of voters is developed. Okunloye (2017) notes, "a significant proportion of voters desired immediate gratification or upfront payment for voting... [or] exhibit 'cash-and-carry voting' or monetised voting behaviour" (p.81). A citizen with pressing needs of food, basic clothing, or treatment for enduring sickness of a loved one (be it a child, spouse, sibling) is not likely to pass on a chance to alleviate some of the issues, let alone be in a position to run for political office. Grzymala-Busse (2008) argues, poverty and inequality not only make vote-buying easy and cheap for politicians, but also makes poor citizens less likely to challenge them at the polls. In this way, citizens' poverty can facilitate the business of politics, meaning politicians have incentive to sustain what Bakre (2007, p.282) calls *artificial poverty*. Thus, official discourse and initiatives to break the poverty trap may be seen as mere discursive exercise with little appetite to achieve the desired outcomes.

3.2. *Corruption of traditional culture*

³ Diversion of public resources for personal and/or political end can go beyond public procurement, e.g. fictitious enrolment on government payroll (Lassou et al., 2021) and capture of state-owned-enterprises (Madonsela, 2019).

Citizens' belief in traditional authority can also facilitate vote-buying and weak accountability. For example, across Africa, traditional authority was exercised to promote the communal wellbeing of society as opposed to an individual chief's self-enrichment (Lassou et al. 2021a). These beliefs are often applied to contemporary leaders, many of whom exploit them for their political self-interests (Ibid). Politicians tend to present themselves to the electorates in order to secure votes in return for intermittent school fees, medical expenses, funeral donations, basic food (Babeiya, 2011; Onah and Nwali, 2018). In this way, increasing individual financial incentives erode the collective spirit underpinning traditional authority. Collective goods such as roads, utilities, village or community wells and school buildings still matter, but not enough to gain citizens' vote. Instead, they must address their individual needs (Babeiya, 2011).

As reported in accounting research, corruption is highly condemned in many developing countries including the African traditional settings, which are intolerant of amoral behaviour (Goddard et al., 2016; Lassou et al., 2021a). How have, therefore, citizens and public officials become so corrupt as reflected in electoral bribery? Some answers to this question have been offered outside of accounting, particularly by political scientists. Ekeh (1975) finds that the colonial experience and the importation of Western institutions and systems of governance not only fail to align with but also distort the traditional way of life and governance. The colonial experience has left a governance system identified with popular politics, with the myth among the ordinary African that the state cannot be impoverished, and so a lucky citizen of the civic public gains from it illicitly (ibid). Likewise, many leaders in political office treat their office as a private property, leading to various unethical behaviours, such as misappropriation of state assets, embezzlement, patronage (Cammack, 2007), that are extended to, and accepted by, individuals (Lassou et al., 2021a). In development and accounting studies, this phenomenon is often theorized as neopatrimonialism; whereby in spite of the existence of formal rules, public offices tend to be embedded within informal decision-making (Hopper, 2017) that facilitate citizens' expectation of illicit benefits from their politicians (Lassou et al., 2021a). Vote-buying, and political corruption become 'normal' for most constituencies of society; particularly in localities such as villages and towns where traditional values are entrenched.

3.3. Growing need for political financing

Essentially, citizens voters 'sell' their voting rights for money and other monetary or material 'favours', and politicians 'buy' their access to political office with their support, and the support of individuals from the business realm known as *political investors* (Onah and Nwali, 2018). This phenomenon empties the electoral competition of its substance; and requires significant financial resources that continue to increase (Bob-Milliar, 2012). For instance, the involvement of needed intermediaries from party/campaign activists to political financiers who "make *substantiate financial contributions* and also provide other logistics for the sustenance of party work" (Bob-Milliar, 2012, p.670 [*Italics added*]) is costly and increases the financial needs of politicians (Westminster Foundation for Democracy and CDD-Ghana, 2018).

On one hand, this creates an avenue of political exclusion for elites over those with political ambitions who cannot mobilize political financiers, and their resources (Onah and Nwali, 2018, p.7). On the other hand, the very nature of political financiers' involvement in the latter presents

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3 them as political investors (Onah and Nwali, 2018) because their financial contributions represent
4 an investment, for all parties, that is expected to yield substantive return once the supported
5 candidate is elected (Okunloye, 2017). This puts politicians under recurrent pressure, upon
6 winning elections, to look for avenues to pay back party financiers and other political supporters.
7 The case of the Guptas, a wealthy and powerful family, in South Africa provides an illustrative
8 example. Allegedly, as a key financier of the African National Congress (the ruling party), the
9 Guptas effectively “run South Africa’s state machinery in a manner that benefits not only
10 themselves, but also their alliances” (Martin and Solomon, 2016, p.24).
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14 Given the significant size of public procurement in government budget (Agaba and Shipman,
15 2007; Odhiambo and Kamau, 2003), public contracts become an easy avenue (relatively to payroll
16 fraud and direct stealing of state assets for example) to extract financial resources from the state.
17 This is often done through ‘tagged’ contracts whereby a certain prearranged contractor or supplier
18 is organized “in order to pay back old political favours, or kickbacks” (African Development Bank,
19 2014, p.12). Here, *political favours* are the financial and in-kind contributions made to
20 politicians/parties during the electoral process, resulting in considerable corruption across public
21 procurement. It is estimated to cost Africa, for example, more than six times the overseas
22 development aid that comes into the continent (Ibid). The quality of public goods and services,
23 thus procured, is at best compromised, and at worst exacerbates poverty. For instance, the World
24 Bank recently draws attention to ‘the effect of counterfeit drugs or vaccinations [procured] on the
25 health outcomes of children and the life-long impacts that [they] may have on them’⁴.
26 Nevertheless, the question that transpires is how the procurement process is thus controlled to such
27 ends. The answer lies in state capture.
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32 3.4. State capture

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34 State capture is a group phenomenon whereby some members of the political elite and business
35 connect to appropriate parts or functions of the state and use its resources to the benefit of the
36 group while harming the public goods (Gryzmala-Busse, 2008). It shares some attributes with
37 regulatory capture (Jaffee, 2010) in that vested interests of actors often provide incentive to take
38 charge of targeted regulatory institutions to avoid being controlled. However, while regulatory
39 capture refers to control between internal and external actors/organizations (e.g. firms in a
40 particular industry), state capture operates beyond a single process and often involves the political
41 elite, i.e. the state actors (a macro level phenomenon).
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44 The essence of state capture lies in the shaping of the rules of the game and manipulating public
45 policy to the advantage of the businesspeople, political elite and members of their networks.
46 Fazekas and Tóth (2016) distinguish between two forms of state capture: the localized and the
47 systemic. While the localized form creates ‘islands’ of autonomy, the systemic form is commonly
48 observed in many African countries where the government is often at the core of capture initiatives
49 through agencies and departments across the state (Babeiya, 2011; Onah and Nwali, 2018;
50 Verschave and Beccaria, 2001).
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55 ⁴ See, <https://www.worldbank.org/en/topic/governance/brief/anti-corruption> [last accessed 04/12/2022]
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Control is often exercised through the appointment of key officials at positions where they can influence the outcomes of contract award decisions (in the case of public procurement). This can result in situations where open tenders, when required, are symbolically organized to ensure that certain contractors win public contracts. Alternatively, institutions established to control or monitor contract award decisions and execution (e.g. tender review/evaluation committee, external and internal audit) may be taken over or deprived from access to appropriate resources (e.g. financial, human, and material) or relevant logistics to carry out these functions (Iyoha and Oyerinde, 2010; Lassou et al., 2019). Such maneuver helps conceal dysfunctional behaviour and fraudulent practices at different phases of the procurement process and makes it difficult to trace illicitly extracted resources. At times, legislation can be formally developed and properly passed by the legislature or parliament and grants benefits to politicians in a corrupt manner (Graycar, 2015; Nielsen, 2003). This can take many forms, such as creating ‘intentional’ loopholes to justify certain dysfunctional practices, which constitute *legalised corruption*.

3.5. Civil society

It is often claimed that the degree of state capture is high in contexts where civil society is underdeveloped, thus the increasing prescriptions of active civil society activism to counter greater political discretion (Lassou et al., 2019; Odhiambo and Kamau, 2003). But the extent of their effectiveness in setting where monetization of politics prevails is little explored in accounting research.

Civil society is presumed to constitute an arena for free debates and criticism necessary to hold state actors accountable, and increase the voice of the citizens in the policy formulation process for greater benefits to society (Williams and Young, 2012). Thus, the promotion of civil society organizations (e.g. NGOs, the media, unions, community groups) in the current good governance agenda as a countervailing power to the state in order to reduce undemocratic practices and corruption (Abrahamsen, 2012: 36). In public procurement these organizations undertake an advocacy role, a monitoring of procurement practices, and expose violation of expected conducts and breaches of governing rules (Odhiambo and Kamau, 2003).

While civil society activism is growing in many developing countries within various fields, its work faces many challenges. One important challenge is the conceptualization of the civil society as a homogeneous or monolithic group representing a singular voice; while in actuality, it comprises a wide variety of groups pursuing different ends (Abrahamsen, 2012, Williams and Young, 2012). Some accounting studies reveal that civil society organizations can be infiltrated and captured or harassed by the political establishment, thus compromise the effectiveness of their advocacy and monitoring role (Lassou et al., 2019, 2021a). Additionally, it is observed that civil society organizations often lack resources, technical skills and knowledge of important policy issues which affect how they organize/conceive their activities and implications, and hence may fall under political manipulation (Ibid).

To sum up, the monetization of politics places money at the centre of politics inclusive of electoral campaign and citizens’ vote. Monetized political support coupled with monetized vote as a result of the difficult economic context of developing countries often lead to dramatic increases in the

cost of running parties and election campaigns; thus, the constant and increasing need of political financing. This need often necessitates the involvement of political investors, typically business actors and political supporters, who can become influential actors in the state machinery that culminates into state capture. Given the size of public procurement, it tends to be effectively conceived and used in the process as a source of cash to the interests of the capture network under the façade of procurement regulation and monitoring. Civil society's attempt, as a countervailing power, to curb this can be challenging due to their inability to carry a singular voice, the lack of technical skills, and political infiltration.

4. Research methods

This study employed a case study method using Ghana as the research site. The unit of analysis is the public procurement system to understand how it is reformed/organized and why it fails to contain corruption within. The lead author conducted fieldwork from June to July 2019 in Ghana but documentary data (including online news articles) continued until October 2019. Formal letters were sent to key institutions involved in procurement reform/system prior to the commencement of the fieldwork. These institutions include: the Public Procurement Authority (PPA), the Ghana Audit Service, the Internal Audit Agency, the Ministry of Finance, the Controller and Accountant-General Department, donors (European Union, World Bank), civil society organizations. Nevertheless, despite several attempts and follow-ups, it was impossible to access some of these institutions. This is typical in Africa "given the subject matter's political sensitivity" (Lassou et al., 2021a, p.6). Those accessed during the fieldwork are provided in appendix 1.

Eighteen semi-structured interviews were conducted with officials from these institutions (except for the World Bank, Joy News and Daily Graphic) including a former government official to gain insight into the procurement process and the endurance of procurement corruption. Access to some institutions proved very challenging. For example, after several attempts, the lead author was finally granted access to the Public Procurement Authority, but after only thirty minutes into the interview the respondent (who is a senior official) requested to reschedule the meeting and from then no further access was possible. As commented by the African political researcher, Jean-François Médard, access to sources – individuals, institutions and documents – is challenging in Africa when it comes to the state and public governance "...because we come across hidden and opaque phenomena and it is extremely difficult to have access to the sources" (in Verschave and Beccaria, 2001, pp. 295–296). Prior research experience by the lead author in Ghana proved critical in overcoming some of such challenges; for example, at times we had to call on some local contacts to help facilitate our access to some target institutions. Following Lassou and Hopper (2016), efforts were made to reach respondents of different profiles to help increase the trustworthiness of the accounts and evidence obtained. In essence, claims made by some interviewees were corroborated by accounts from other interviewees and/or from other sources, especially, documents, documentaries and news articles.

Interviews were recorded when permitted by respondents. Details of the interviews with their duration are provided in appendix 1. Documents and newspaper articles⁵ were also collected to corroborate and/or augment evidence from interviews. These documents included auditor's reports, investigative reports into public procurement, civil society organizations' reports on procurement issues in various sectors (e.g. education, energy, health and construction), and legislative documents. These documents cover the period from 2014 to 2019. Access to board minutes, tender evaluation reports and complaints resolution reports was also sought but was denied on the ground of confidentiality. These documents would have been useful in providing some firsthand details regarding how procurement issues were handled, discussed and deliberated on by procurement committees and the PPA. Nonetheless, attempts to engage with actors (e.g. investigative journalist, CSOs, and government officials) involved in procurement monitoring helped mitigate this to some extent. In addition, investigative documentaries (e.g. 'Contracts for sale'⁶, 'Robbing the Assemblies'⁷) were also collected to mitigate the lack of access to some sources, and to add credibility to issues raised by interviewees or identified in documents.

After transcribing and familiarizing with the interview data, the lead author carried out an initial coding manually drawing on the monetization of politics theoretical framework. The coding was developed both top-down (from the theoretical framework to the data) and bottom-up to take account of emerging themes from the data (Lassou et al., 2021a). The themes that resulted from this exercise concern: 'strengthening the procurement system', 'subtle use of accounting', 'accounting pressure and political response', 'prevalence of corruption', 'opportunistic campaign', 'manipulation of procurement law and process', 'kickback and contract inflation', 'opinion manipulation', 'political appointment', 'CSO pressures', 'campaign/political financing', 'cultural values', cultural corruption', 'collusion', 'vote-buying', 'political financing regulation', 'poverty and inequality', 'façade investigation', 'electoral projects', or 'quality of procurement outputs'. Non-interview data (e.g. documents and newspaper articles) were coded similarly and served essentially to corroborate/augment evidence from interview data. The themes were subsequently merged into five categories, namely: cost of politics and political financing; mechanisms/schemes of political financing; capture of public procurement processes; poverty and corruption of cultural values; and civil society and media. Relevant parts of documentaries were used to further support evidence from interview and documentary sources.

The following interlinked Sections (5 and 6) present the empirical findings. In Section 5, we present some of main structural ways in which state capture tends to manifest in public procurement in Ghana noting particularly the role of legalized loopholes, political control, and simulating compliance. In Section 6, we focus on why capture occurs in public procurement, and how the monetization of politics helps provide such an understanding.

5. State capture and public procurement

⁵ The list of documents, newspaper articles, documentaries and legislative texts accessed is provided in appendix 2.
⁶ See, <https://www.youtube.com/watch?v=TFhYPuRdg8s> [Last accessed 04/12/2022]
⁷ See, https://www.youtube.com/watch?v=ekAn6pf9R_g [Last accessed 04/12/2022]

“Check all the corruption related cases; from BOST [Bulk Oil Storage and Transportation] to whatever, check, it is linked to campaign financing; there is always a financier there. Why, you think we are foolish people? Why is it that sometimes you ask yourself that ‘which sensible person will sign this contract, or will agree to this deal?’ Haven’t you asked yourself that question? It is because our hands are tied,”

Elvis Afriyie Ankrah, former Youth and Sports Minister⁸

The quotation is a rare unbiased public confession by a top-level government official regarding the enduring corruption in public procurement and its connection with political financing. Rather than blaming one particular administration/government as the sole responsible for corruption, the Minister’s use of the pronouns ‘We’ and ‘Our’ indicates he was implicating both himself and his political party. Procurement contracts are major issues in Ghana affecting public goods and services, e.g. infrastructures, utilities, health facilities and health care provision, education, and ultimately poverty and overall development. In the ‘Contracts for Sale’ documentary, the Auditor-General states that: “If you have gone through or peruse our audit reports, you would see that all the reports have gotten issues to do with procurement: different forms and shapes of procurement related offenses.” The link with campaign and party financing is reflective of the extent of political costs of elections funded by *political investors* (Onah and Nwali, 2018); whose vested interest in government contracts ultimately compromises the integrity of elected officials entrusted with the country’s development prospects.

Our findings suggest that public procurement in Ghana is structurally captured through a number of arrangements: loopholes in the legal framework, political appointments, control of institutions, and façade compliance. In a way, these arrangements made public procurement lose, in the process, their main attributes as development policy instruments and to provide needed public goods and services. Consequently, procurement became conceived of as a mere financial resource-generating scheme to the benefit of the members of the capture network. A key question that follows is why such capture comes into being in a setting like Ghana, and why it endures? Evidence points to the increasing commodification of electoral politics whereby voting right and related activities are monetized, a phenomenon facilitated by persistent poverty and inequalities. However, before developing why capture prevails, we first present how it manifests in public procurement in the Ghanaian context.

5.1. *Legalized loopholes and constraining institutional arrangements*

Control of public procurement can take various forms depending on the legal framework used. Here, ‘*intentional*’ [CSOG05] loopholes and constraining institutional arrangements can be created to nullify the intended aims/purposes of the law and established control institutions.

For example, the revised Act 919 that governs the exploration and production of oil in Ghana prescribes open and competitive bidding for petroleum contracts. Article 10(3) reads: “A petroleum agreement shall only be entered into after an open, transparent and competitive public

⁸ See, <https://www.myjoyonline.com/politics/2018/October-3rd/afriyie-ankrahs-confession-our-hands-are-tied-we-cant-punish-our-funders.php> [Accessed 12/11/2019]

tender process.” Although Article 10(3) of Act 919 aims to uphold an “open, transparent and competitive public tender process” in a lucrative oil sector that is prone to high profile corruption (Amundsen, 2013), Article 10(9) of Act 919 subsequently gives the sector Minister the discretion to bypass the competitive bidding requirements via direct negotiations to determine ‘*the most efficient*’ method; which is not articulated in the Act. The Minister, therefore, may use any ground to justify their decision. The prevalence of such discretions was the reason why the amendment to the law was initially sought, but: “*You see, the laws are drafted by politicians, and they often create loopholes in [them] ... It’s a conflict. So, you give with the left hand and you take with the right hand*” [WATC01]. In order to accede to public demand, politicians attended to the law as requested; but they also devised a strategy that makes the provision redundant.

Another example is provided by the Office of the Attorney General embedded in the Constitution (Article 88) but s/he is appointed by the President, which compromises his/her independence regarding matters that concern the President and his appointees. This was seen as an impediment to the fight against corruption in procurement. Demands from civil society brought the establishment of a separate Special Prosecutor branded by the incumbent President as being “the first in Africa and meets international standards and best practices” (a November 2020 letter by Office of the President). Ghana tends to be praised as an African model for the adoption of international standards and best practices (Lassou et al., 2019), which is reflected in the President’s claim, but this only reinforces the formal façade of government that is decoupled from actual practices (Lassou, 2017). Thus, “...now ...[the Prosecutor] is crying that there is a frustration” [CSOG05], as the Office has little impact and demonstrates the politicians’ lack of genuine desire: ‘*They are using it [i.e. the Office of the Special Prosecutor] more for political change of power than for fighting corruption*’ [GOVP01]. Eventually, the Special Prosecutor resigned in November 2020 stating that the “totality of the ...interventions by ...[the President] in my functions make my position as Special Prosecutor untenable” (November 2020 resignation letter).

The Prosecutor’s resignation came when he eventually conducted, despite the challenging conditions, a procurement corruption risk assessment into a gold royalties transaction agreement deal. His report raised “suspicion of bid rigging ... and the potential for illicit financial flows and money laundering” (Aminu, 2020, p. 56), and caused high political pressure on him which culminated into his resignation. As commented by a senior civil society actor, this testifies ‘...to politicians’ grip on [public] procurement... and the fragility of institutions created to reduce [such a] grip’ [CSOG05]. Yet, ‘*the Special Prosecutor is the person everybody is looking up to now to make sure that procurement falls in line... [but to no avail]*’ [GOV003]. Nevertheless, the Prosecutor’s report was picked up by Transparency International which “urged the UK Financial Conduct Authority ...to make detailed inquiries into the Government of Ghana’s application to list Agyapa Royalties Limited [the company involved in the deal] on the London Stock Exchange, and to reject the listing if corruption concerns are not satisfactorily addressed”⁹. We were told the

⁹ See <https://www.transparency.org/en/press/financial-institutions-in-uk-urged-to-review-and-withdraw-from-ghana-gold-royalties-deal> [Accessed 05/12/2022].

political interference by interviewees, which was also reported in the news¹⁰; the response from the presidency was seen by some as comforting the very claim that it aims to challenge¹¹. In this way, making the prosecutor office work effectively to fight corruption would undermine the procurement ability to service as a source of political financing.

The Ghana Internal Audit Agency was established to ensure compliance with laws, standards and procedures, and that public resources are adequately safeguarded and used in an economic, effective and efficient manner (article 3(2) of Act 658). Nevertheless, this mandate is subsequently weakened with respect to the independence of internal auditors. According to article 16(1) of the Act, internal auditors are part of the MDAs and MMDAs [Metropolitan, Municipal and District Assemblies], and not personnel of the Internal Audit Agency. As a result, internal auditors, as preventive civil servants, have little protection from the Agency in discharging their duties. The internal audit work and reports, thus, become meaningless, and this accounts to a large extent to the general perception of the internal audit function as “weak” (Audit Service, 2018, p.2) and unable to “facilitate the prevention and detection of fraud” as intended by article 3(c) of Act 658. As a result, *‘even when an internal auditor has seen something in a procurement contract and written and said this one is bad, take measures to correct it; they [would] sidestep him and go ahead and still do things that they wanted to do. Or they [would] threaten him and he shuts up...’* [CSOC01].

Improvements are unlikely without addressing the *legalized* loopholes to control the rules of the game (Fazekas and Tóth, 2016). In that respect, the Audit Service formulated an amendment to the Act to make internal auditors personnel of the Internal Audit Agency to protect their independence for quality audit work (Audit Service, 2018). Legislative control, the highest in the hierarchy, is also compromised by constitutional provisions, making addressing the loopholes challenging. According to article 78(1) of the Constitution, the majority of Ministers are appointed from among MPs. This means MPs who are supposed to act as *check* on the Executive are also part of the latter: political patronage has become so ‘*rife*’ thereby MPs ‘*are not prepared to say something against their party... [some being] in the Parliament and in the Executive*’ [MED001]. As a result, not much comes out of Parliament’s debates on the Audit Service’s reports on procurement corruption and abuses. A former government official explained the consequence of this on procurement thus: *‘Usually what comes out of the Public Accounts Committee [of Parliament], most of the issues are procurement issues, flouting of procurement rules and all that. But they [i.e. Parliamentarians] don’t press hard. As the apex [procurement] watchdog, it shows why transgressors are not worried’* [GOV003]. In other words, parliamentarian’s gaming acts as a sort of legitimacy exercise while largely allowing the perpetuation of procurement transgressions to go unchallenged.

5.2. Politicized appointments

¹⁰ See for e.g. <https://www.ubuntutimes.com/opinion-when-corruption-fought-back-the-ballad-of-ghanas-auditor-general/> [Accessed 08/04/2021]

¹¹ See, <https://ghanasummary.com/ghanaweb/339497/presidencys-letter-to-amidu-rather-confirms-political-interference-srem-sai> [Accessed 28/04/2021]

Besides legalized loopholes, political appointments are an essential means to control the procurement process. Political appointment involves the placement of public servants in key positions following political lines/affiliations rather than on the basis of skills and/or expertise. It engages with the overarching level of public procurement oversight with the appointment of the Board and Head of the procurement authority by the President (Article 4(2) of Act 663). Consequently, each ruling government has appointees to lead the PPA: *‘Under the NDC, we had a head of procurement who was somebody appointed by the NDC... Now the new [President] who comes also appoints his person...’* [CSOG05]. This facilitates the *hidden* political agenda entrusted to senior public officials thus appointed.

The race to a position of authority over the person in charge of procurement has become a critical battle. Recent tension between the Board Chairman and the CEO of the Ghana National Petroleum Corporation (GNPC), an “important national”¹² state-owned enterprise in the *‘very lucrative oil sector’* [WATC01] is illustrative. The two officials were battling over the appointment of the Procurement Manager reflecting efforts to retain control over the resources that the position embodies. Indeed, there have been “negative observations on the performance of the Corporation's procurement function by the Central Tender Review Committee, PPA, and internal and external auditors”¹³. Here, it has been alleged that “directives to ...subordinates pertaining to award of contracts ...have been a source of concern ...to the extent that laid down procedures are circumvented” (CEO’s letter). A government official conceded: *‘That speaks to the heart of the problem: competition for money by Board members and even executive officers’* [GOVP01]. In this way, the Ministry of Public Procurement is seen as a lure, leading some to claim that: *“The [Public] Procurement Authority serves as a cover up for the government”* [MED001]. To make the façade work, the effectiveness of control institutions – including accounting – is often hindered by starving such institutions of essential resources (Lassou et al., 2019).

5.3. Control of control institutions: the resource arm

Starving accounting and control institutions of resources tends to be a weapon to prevent them from functioning as intended. It serves to capture/control the procurement system. For instance, *‘Why is it that when it’s election years they [i.e. the PPA] don’t do their monitoring?’ By the law, they are supposed to do field monitoring, but in election years they don’t get money to do the monitoring. You see, politicians know how to manage you...’* [COSG05]. For example, “the Special Prosecutor, Martin Amidu, has complained about the constraints preventing him from executing his mandate,”¹⁴ the essence of which is about the “lack of resources”¹⁵ to work.

Similarly, the Internal Audit Agency has been denied basic resources. The Agency does not have an office and is currently hosted in a set of shabby buildings that lack some basic facilities. The

¹² Mr F.W.A. Blay, Chairman of the Board of GNPC, in his letter dated: February 8, 2019.

¹³ Dr K.K. Sarpong, CEO of GNPC, in his letter dated: February 5, 2019.

¹⁴ See, <https://www.ghanaweb.com/GhanaHomePage/NewsArchive/We-re-hopeful-Special-Prosecutor-office-will-be-resourced-soon-Board-Chair-690331> [Accessed 25/11/2019]

¹⁵ See, <https://www.ubuntutimes.com/opinion-when-corruption-fought-back-the-ballad-of-ghanas-auditor-general/> [Accessed 08/04/2021]

offices visited during the fieldwork were the least resourced of all offices visited: there was no air-conditioning equipment despite the hot weather, and in some the windows were out of place. When asked why, responses were often: *'politicians do not want internal audit'* [CSOM04]; *'the government have no interest in the agency'* [GIA002]; *'the agency is not seen as an important one'* [CSOC01]. Moreover, the agency is understaffed, and funding allocation has been cut and the little that should be released, *'sometimes the release is delayed, sometimes you don't get'* [GIA001]. Until recently, the Audit Service also endures similar experience like "other anti-corruption institutions already struggling for resources" (a 2019 civil society coalition note). Nevertheless, there are exceptions. Budget allocations to the Audit Service has substantially increased, which is claimed to be due to the strong personality of the Auditor-General and his background as a senior *'World Bank'* [CSOC01] official; thus *'the government is afraid to touch him... He has [also] won public support'* [CSOG05]. But confounding the office with the person of the office holder has now proved fragile, and the Auditor-General whole position is protected by the Constitution was "forced" to retire by the President in March 2021; prompting reactions from the Coalition of Civil Society Organisations Against Corruption: this "is not only constitutionally perverse, but it sends the wrong signals about the ...government's commitment to fighting corruption and upholding the rule of law"¹⁶.

5.4. *Simulating compliance*

To signal adherence to procurement process, actors often engage in symbolic compliance (Lassou, 2017). A senior government auditor commented: *'People can comply with the procurement process and the method but...it's just about making money'* [AS0001] by ensuring that *'...a certain person is the one getting the contract'* [CSOC01]. For example, *'under the previous government, the Minister for Transports did a ...sole source [for] the branding of ...public buses, putting images of former Presidents on ...the buses. And... they claimed it was because of national security [that] they needed to do sole sourcing'* [CSOI06]. To do so, the Minister wrote to the PPA for approval in accordance with Public Procurement Act 663. However, news reports indicate that the buses had already been branded two months earlier and the approval of the PPA was only to ensure the company got paid; meaning everything had been pre-arranged.¹⁷ Compliance with the Act was, therefore, only a simulacrum.

A well-documented case accessed concerns the KELNI-GVG contract, a telecommunication activities and revenue monitoring platform contract for which restricted tendering method was used. According to article 38 of Act 663, an entity may "engage in procurement by means of restricted tendering... if goods, works or services are available only from a limited number of suppliers or contractors... subject to the approval of the [PPA] Board". The National Communications Authority argued in favour of this method stating that the platform is 'highly specialized' and only a few Ghanaian companies were able to build it. However, "checks at the

¹⁶ See, <https://cddgh.org/auditor-generals-forced-retirement-is-an-affront-to-good-governance-and-the-fight-against-corruption/> [Accessed: 07/03/2021]

¹⁷ See, <https://www.myjoyonline.com/news/2016/May-9th/explosive-expos-on-smarttys-bus-branding-deal-by-occupyghana.php> [Accessed 17/07/2019]

Registrar General ...[regarding] the documentation available on the Kelni case [revealed that] [n]one of the four companies [including KELNI] deliberately invited to the tender had any track record in the field of telecom revenue and traffic monitoring” (a 2018 IMANI memo (a)). Notwithstanding this core capability requirement, the PPA Board granted its approval to use the selected companies for this method. This signals the lack of due diligence that the Authority is purported to carry out before granting approval, and illustrates its symbolic status to disguise politicians’ amoral practices within public procurement: ‘...every government say we are doing this to save money, but if you look at the day-to-day happenings, you’ll realize that it is a smoke screen. There’s really no commitment’ [MED001]. An explanation of the prevalence of capture across public procurement in Ghana is offered by the monetization of politics.

6. Monetization of politics and public procurement in Ghana

6.1. Monetized elections and cost of politics

Following the 1992 Constitution, Ghana embarked on a liberal democracy anchored in a multiparty political regime where political parties compete through elections for public offices. Political parties’ activities, therefore, symbolize the degree of vitality of the political system and the extent to which the system translates into improved living conditions of citizens and the broader development.

To compete and eventually win elections, political parties must be able to sustain their existence, participate in policy ideas and debates, mobilize and organize members for the various electoral campaigns, and secure related funding. At the grassroots level, political parties tend to rely on activists, commonly known in Ghana as foot-soldiers, “to garner support for their party and candidates” (Armah-Atttoh, 2017, p.1) and carry out informal inducement of voters. In return, they expect a ‘monetary’ [MED001] reward when the party win elections (Ibid). The agreement between them and politicians is often informal and “negotiated on terms *favourable* to them [*Italic added*]” (Bob-Milliar, 2012, p.670) to be honoured upon ‘*winning the elections*’ [CSOC02]. So, all supports are thought of in money equivalent and exchanged on that basis. This is in contrast to the traditional democratic premise whereby people offer their support to a party or campaign based on policy or ideological lines. What transpires is that money remains the primary focus of exchange (Onah and Nwali, 2018), even for the so-called ‘platform activists’ (Bob-Milliar, 2012) enlisted to defend the party’s views and positions in the media and social fora (Awuni, 2016).

Voters also play a critical role within the electoral scheme, but when their voting right is negotiated in monetary terms, it takes more than the policy ideas and development plans of conventional campaign manifestos to obtain. Citizens in Ghana like in many other African countries (Lassou et al., 2021a; Onah and Nwali, 2018), largely expect to be paid to cast their vote for a candidate, which is becoming increasingly ‘*expensive*’ [CSOC02]. ‘*The citizens put pressure on the politicians because they demand money before they vote*’ [WATC01]. As Ekeh (1975) and Lassou et al. (2021a) discuss, public office holders in many African countries (including Ghana) tend to use their office to gain illicit wealth, and, as a result, project a certain image of the public office in the mind of the citizens. Public resources tend to be seen as free or self-generated, to use Ekeh (1975)’s term, with no obligation on the office holder to account for how they are used. An interviewee illustrated with the example of an MP from a local village who started driving ‘*a V8*

Landcruiser and all that suddenly. [So]... [the citizens from the village] think that this person is benefiting from the state. So, if it's election time, 'that's the time we [citizens] can also get our benefits...' [WATC01]. Such an expectation may be viewed as legitimate from the citizens' perspective in the sense that it might be argued that it is fair for them to have a share in the proceeds thus accessed after winning the office with their vote. So, the voters convert their voting right into money to the 'highest bidder' [CSOG05]. Consequently, voting has become *monetized*, i.e., has a monetary value and is exercised thus. In this way, a vote is turned into a normal commodity, negotiated in money value, and exchanged.

As votes are commodified, an increase in vote-buying increases electoral costs (e.g. logistics, rallies, meetings, advertisement, campaign gadgets and donations): It makes '*cost of politics in Ghana, cost of running an elective office ...very expensive.*' [CSOC02]. Hence, it becomes a critical deterrent for many ethical and willing potential individuals to engage in politics. For example, between the 2012 and 2016 elections, the cost to secure party primary nomination to compete for parliamentary elections alone in Ghana increased by 59% to circa US\$85,000 (Westminster Foundation for Democracy and CDD-Ghana, 2018) while the average income in 2016 was about US\$1,972 according to World Bank statistics.¹⁸

To finance these increasing political costs, political parties/candidates often turn to private financiers (Onah and Nwali, 2018). Hence, '*in the run-up to elections most political parties..., they spend so much resources that they get into power and they have all these debts hanging on their necks...*' [CSOM04]. The former Minister of Sport and Youth explained that it was *almost unconscionable* for politicians to overlook party financiers when the political party they funded assumes power. This is what Bob-Milliar (2012) refer to as political investment. As many interviewees claimed, the reward is lucrative and incomparable, in terms of magnitude, to the downside of the political risk assumed, which makes such an investment attractive to business actors and political supporters alike. Furthermore, because each of the major political parties is involved in such arrangements, actors and supporters can adopt a diversification strategy for their investment portfolio in order to lower the overall portfolio risk; meaning some of them never lack 'business' (i.e., government contracts) no matter what political party assumes power.

Consequently, public contracts become the major avenue to repay the political debts, thus, incurred, which turns public procurement into a '*cash cow*' or an '*avenue for sponsoring elections*' [CSOG05] or '*milking*'¹⁹ the state as reflected in the 2019 'Contracts for Sale'²⁰ documentary by the investigative journalist Manasseh Awuni. Public procurement in Ghana is substantial. It "accounts for around 24 percent of total imports into the country... [and] makes up between 50 and 70 percent of the national budget."²¹ Given such significance, procurement comes to be the

¹⁸ <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=GH>

¹⁹ See, <https://www.ghanaweb.com/GhanaHomePage/NewsArchive/Presidency-agency-for-looting-and-milking-Ghana-dry-Sammy-Gyamfi-776342> [Last accessed 04/12/2022]

²⁰ See, <https://www.youtube.com/watch?v=TFhYPuRdg8s> [Last accessed 04/12/2022]

²¹ See, <https://www.europeanceo.com/world-view/ghanaian-government-seeks-to-restore-public-faith-in-procurement/> [Last accessed 04/12/2022]

source of ‘money that is easy to come by’ [CSOC02] to settle their political financing costs/debts as a result of vote-buying and related electoral activities. A former businessman elaborated:

the public procurement process is clearly influenced so that particular groups of people get that contract and so you are left wondering okay, how can this have benefitted the people? So, that’s really the challenge, the political interest ...; I mean hiding at the back of facilitating whatever it is to make sure that the coffers of the political party are stable for the next election and everyone that has been lost can be regained and the businessmen who invested heavily must get their money back. So obviously somebody must have a list there and say look ‘A’ gave so much we have to make sure he gets [it] back [CSOM04].

Hence, monetized elections with increasing electoral costs coupled with a lax financing and regulatory framework opened up avenue for political investment by party financiers and other supporters. Consequently, public procurement has become a source of cash or rent extraction (in the form of contracts and licences, etc.) directed to repay such investment.

6.2. Poverty and vote-buying

Sustained widespread poverty appears to facilitate the monetization of politics making vote-buying and the use of public procurement to raise needed financial resources less challenging. Interviewees commented on the prevalent inequality and the consequent poverty in Ghana: ‘It is... inequality. There’s so much that people now have to depend on others. Inequality has created a dependency syndrome. Somebody whose child is going to school, university or even basic school and they don’t have the money to pay for anything’ [MED001]. This is substantiated by an Oxfam assessment which underscores that: “...inequality is on the rise [in Ghana], undermining poverty reduction, holding back economic growth and threatening social stability.”²² When someone is dying of hunger and is offered a meal by a benefactor, the latter becomes their saviour irrespective of what they do. Moreover, a parent with a hungry or dying child is likely to do whatever it takes to feed or treat them, and this may underpin how they conceive moral and ethics, particularly when it comes to exchanging their voting rights with needed money to afford basic sustenance.

Thus, it may be understandable that poor citizens accept money, which is effectively bribery, and even request it in order to vote for politicians, and in return tolerate (Lassou et al., 2021a) the latter’s looting of public resources. Some interviewees explained: ‘...if a Member of Parliament comes to the village and gives them a little money, they will be more prepared to hail that person than to question where the money is coming from’ [CSOM04]. So, ‘politics has been monetized [and] if you go on campaign and share money, you’ll get the votes...’ [MED001]. They elaborated:

I don’t think somebody like you [i.e. the lead researcher], you go to your village and a politician comes and you take money to vote; because you can take care of yourself. If they are doing certain things which are wrong, you can question them because they don’t feed you. Here’s somebody [i.e. a poor] who may have that thought or someone who holds those values, but they cannot express them for the fear of losing their source of bread [i.e. monetized vote]. [MED001].

²² See, <https://www.oxfam.org/en/even-it/ghana-extreme-inequality-numbers> [Last accessed 04/12/2022]

Poverty, therefore, provides a fertile ground for voters' inducement or *cash-and-carry voting* behaviour (Okunloye, 2017), and thus promotes a culture of vote-buying as a 'normal practice'²³ commonly observed during elections.

Nevertheless, there have been efforts by civil society groups to educate citizens in order to redress this: *'there is a lot of public education ...telling people 'look, when a politician brings you money, take it but vote against them because these are the people who are causing you all the hardship'* [WATC01]. But politicians counteract: *"...when they give you money, they ask you to swear by a god that you'll vote for them..."* [WATC01]. Some politicians use for example "oath of thunder" to strike you... if you defect" to compel voters to vote as promised (Gadjanova, 2017, p.605). In African settings, people fear these superstitions and, thus, feel obliged to do as expected.

One might argue why politicians who do not hold their own words do not fear similar superstitions in that some god would punish them too. While some politicians such as the President and MPs take an oath before assuming office, they do not swear for a retribution if they don't uphold their promises. Therefore, they do not face the same pressure as the citizens-voters (who make such swearing) when it comes to upholding promises. However, given the bearing of vote-buying phenomenon on society, particularly the most vulnerable tranches, and the place of public procurement within, mounting pressures from civil society groups turned to addressing procurement shortcomings but to limited results due to divides within these groups. For example, the media is divided depending on whose interest members promote. A journalist explained: *'I am doing a story [and politicians offered me money], and I said I'm not taking anything. Then another journalist would be called, these are influential journalists; they give them, and they go and make rubbish on you.... When that happened the people [the media] who should be united and hold whoever accountable, now get affront, divided...'* [MED001].

The weak party/election financing framework and the lack of effective enforcement of existing laws through proper accounting and disclosure mean that tracking amoral practices in procurement and bringing politicians to account have become problematic: *'unfortunately, we don't have our politicians declaring the source of the campaign proceeds'* [CSOG05] making efforts to bring about positive changes *'fruitless'* [SCOC02]. How do political actors actually go about extracting needed financial recourses from the procurement system? Our findings suggest that they devise a number of mechanisms or schemes that allow them to obtain the resources needed to meet their political financial needs and debts.

6.3. Mechanisms/schemes of political financing

With the increasing political financial needs as a result of the commodification and monetization of vote and related support activities, the necessity for political financing one way or another has become obvious. Political or party financing in Ghana is governed by Article 55 of the 1992 Constitution and the 2000 Political Parties Act 574. According to the Constitution, Article 55(15) "only a citizen of Ghana may make a contribution or donation to a political party"; and according

²³ See, <https://citifmonline.com/2016/11/ghanaians-dont-know-vote-buying-is-punishable-cdd/> [Last accessed 04/12/2022]

to the Political Party Act, a firm owned fully or by 75% or more by a citizen is considered a citizen. This suggests that besides contributions from its founding members, a political party has two direct sources of funding: the individual citizen and businesses owned by the citizen. Additionally, neither the Constitution nor the Act puts a limit on the extent to which citizens and businesses may donate to political parties. Consequently, given the increasing political financing needs, this creates opportunity for *political investments* disguised as party donations. As many interviewees commented, most of these donations are *unofficial* and *not disclosed*, and when required (e.g. under Article 13(2) of Act 574), the amounts disclosed often bear no resemblance to the actual donations and spending. Three sets of mechanisms/schemes are reported in this Section.

6.3.1. *Ghost procurement projects and unwarranted procurement liabilities*

One of such mechanisms or schemes is known as ‘missing projects’²⁴, fake procurement projects or *ghost projects* (e.g., school buildings, roads, hospital buildings, provision of public services). In short, funds allocated to projects designed to address social and economic needs/problems are appropriated, but the projects are not executed/implemented.

For the politician to make money and share out, where is he going to get the money from? ... Sometimes the contract has not been executed and the whole money is stolen. My committee has been around a Northern part of the country and we found evidence of projects to which monies were allocated but the projects were not executed, and we don’t know where the monies have gone... [A recent example concerns] infrastructure projects: two irrigation dams and one school building which we could not locate... [WATC01].

Instances like this are widely reported in the news, in auditors and governance watchdog reports. *Ghost project* means a missing project, literally *a project that is implemented but one cannot find*. When one looks at official records, the project is shown to have been implemented but, on the ground, nothing has happened.²⁵ This means citizens from villages and communities are deprived of needed schools, health and other social and economic projects. To make matters worse, these citizens may not have the means to school their children elsewhere or seek treatment from health facilities located afar, and may turn to perilous survival activities like the growing *galamsey*²⁶ practice that can have drastic health and environment consequences. Consequently, “ordinary people become more impoverished, livelihoods are lost, [and] environment degraded” (a 2019 Public Interest and Accountability Committee note).

Unwarranted procurement liabilities are fake procurement contracts created to claim unwarranted dues from the government coffers. They can include claims for goods not supplied or services not provided, and the amounts involved can be considerable: GH¢11.8 billion [US\$1.1 billion] according to a 2018 special Audit-General report (Audit Service, 2018, p.2). Timing is key, as is

²⁴ See, <http://www.reportingoilandgas.org/four-oil-funded-projects-missing-kite/> [Last accessed 04/12/2022]

²⁵ See, <http://www.piacghana.org/portal/12/13/361/piac-to-refer-five-%E2%80%98ghost-and-substandard-projects%E2%80%99-to-eoco> [Last accessed 04/12/2022]

²⁶ It is “is the process of harvesting gold utilizing small, shallow open-air pits... with the use of liquid mercury, a known toxic mineral with substantial negative health effects.” Global Health Institute, 2019, see:

<https://globalhealth.duke.edu/projects/health-effects-galamsey-mining-households-amansie-west-ghana>

[Accessed 03/11/2019]

illustrated in the rationale for the 2016 change of government as the need ‘...to finance the next elections campaign’ [CSOC02] and party ‘survival... [while] in opposition’ [WATC01]. The surge in such liabilities reveals the structural connivance between bureaucrats, politicians and businesses in the design and operation of the scheme. Bureaucrats provide the needed advice (e.g. nature of documentation required) and monitor the internal processes involved, while business actors (party financiers or activists) supply the required representations and documents: e.g. place of procurement advertisement, procurement method used, bid documents supplied, evaluation reports completed. However, once subjected to due diligence, ‘You’ll realize that it is fake contracts’ [AS0001] as reported in a 2019 Auditor-General report: “most MDAs could not confirm the existence of their liabilities reported against their institutions” (Audit Service, 2019, p.9). Given the considerable political costs, unwarranted procurement liabilities and ghost procurement projects simply extract cash from the state’s coffers (Korboe, 2014), a function that is also facilitated by judgment debts and contract inflation schemes.

6.3.2. *Judgement debts and contract inflation*

Judgement debts refers to a scheme that indirectly repays political financiers via court ordered payments from the government, to an individual, family or company, for a breach of contract terms. The scheme is often used to ensure a party financier gets paid whether the contract is executed or not when there is a change in government. An illustrative example is the famous reference as politics as an act of ‘gymnastics’ used by a Ghanaian politician by which he “pretended to be fighting the public course but behind the scene was demanding for one million Cedis so he will just go and do legal gymnastics in court and the case will be dismissed”²⁷. In a July 2019 address to the Parliament, the Minister of Finance disclosed that the ‘...government continues to pay millions of Cedis in judgement [debts] to individuals and companies due to court orders for breaches of contracts.’²⁸ Such legal ‘gymnastics’ can be seen in the ongoing WOYOME case²⁹, where the cancelation of sport infrastructure contracts by the government led to a payment of GH¢51.2 million or US\$10.2 million as judgement debt. WOYOME is alleged to be a financier of the previous government’s party³⁰, and at the time he was still paid despite not doing the contracted work. Ultimately, these schemes drain public finances of money that would otherwise be spent on public goods/services provision for the betterment of the Ghanaian citizens, but is instead used to enrich individual political investors.

Contract inflation has similar effects, but assumes that part or all of the contracted work has been completed; although there are often concerns about the quality of the work. Technically, *contract inflation* involves unduly increasing the contract price either before or after the contract has been awarded. For example, a recent power procurement in the critical power sector referred to as

²⁷ See, <https://www.ghanaweb.com/GhanaHomePage/features/Corruption-in-Ghana-Our-culture-is-the-problem-780063> [Last accessed 04/12/2022]

²⁸ See, <https://www.ghanaweb.com/GhanaHomePage/NewsArchive/Government-saddled-with-GHC679-5m-Judgement-Debt-Finance-Minister-762935> [Last accessed 04/12/2022]

²⁹ See, <https://www.businessghana.com/site/news/politics/190403/African-Court-to-rule-in-Ghana-Woyome-case-on-Friday> [Last accessed 04/12/2022]

³⁰ See, <http://ghananewslink.com/?id=18989> [Accessed 10/09/2012]

‘Ameri deal’³¹ to address ‘*the challenges of blackout*’ (or ‘*dumsor*’ [GOVP01] in local dialect) was put in jeopardy due to contract inflation practices. The contract was significantly inflated from US\$250 million (best-case scenario) to US\$510 million (IMANI, 2017).

For instance, operating and maintenance cost was billed US\$84 million against a ‘[US]\$25 million’³² normal cost; and “an effective dollar rate of 21% per annum... or [a] cedi interest rate is 50%” was used for financing cost compared with an equivalent concessional gross interest rate of 2% (IMANI, 2017). Hence, the power problem lies more in the nature of procurement contracts used to drain public coffers than to solve the real power challenges. This, despite the recurrent power cut, continues to increase the cost to the state, the citizens and businesses as exemplified here: ‘...*there are two reasons why power is expensive in Ghana: inefficiency and corruption. So, when the cost of producing the power goes up because of deals such as this [i.e. the AMERI deal], that cost is transferred to how much we [i.e. citizens and businesses] buy power*’ [MED001].

6.3.3. Opportunistic procurements

At times, public goods and services are procured without a need for them, which is known as ‘*opportunistic*’ procurement [CSOC02]. With increasing enlightened citizens (e.g. through increasing literacy and civic education, proliferation of media) and the rise of pressure groups such as civil society organizations and some donors, it has become increasingly difficult to siphon funds off directly from public coffers. Opportunistic contracts are therefore used as a means to extract needed monies from the public purse or to give favour to cronies without appearing to do so. A senior government auditor commented:

...let me zoom on the Ministry of Education [for example] ... The Ministry of Education went through the right procurement process to buy, for instance, furniture for schools. Fantastic idea. The question you’ll like to ask is, do the schools even exist? At times you’ll find out that the schools they’re talking about; you can’t even find the schools [but they have bought the furniture] [AS0001]

In this case, the furniture cannot be used for its intended purposes, but the initial intention was not about redressing a defined problem or need. A recent example is reported in a local newspaper, Whatsup News, on June 22, 2019: “the National Communication Authority (NCA) was exposed for splashing ... GHC120,000 [US\$24,000] on gym equipment for its officers without using them... It is unclear why the NCA which is solely responsible for regulating telecoms and spectrum in Ghana would set up such a high-end exercise infrastructure” (p.2). In instances such as these, the procurement rules and processes are followed, including the necessary formal controls, and the procurement contracts are properly executed. Thus, the façade representing the formal process was upheld as postulated by neopatrimonialism theory, but the ground realities of corruption and diversion of public monies remain fundamentally unchanged (Lassou, 2017). Given

³¹ See, <https://www.ghanaweb.com/GhanaHomePage/NewsArchive/IMANI-alert-The-AMERI-Power-deal-just-got-murkier-532177> [Last accessed 04/12/2022]

³² <https://www.ghanaweb.com/GhanaHomePage/NewsArchive/IMANI-alert-The-AMERI-Power-deal-just-got-murkier-532177> [Last accessed 04/12/2022]

the capture of the state apparatus by political monetization, detection of the underlying transgression is unlikely within an ordinary review of the procurement process.

7. Discussion

Prior work on corruption in public procurement in Ghana and the African context has generally relied on neopatrimonialism (and its variants) and organizational hypocrisy to explain why accounting and procurement prescriptions failed to produce expected outcomes (Lassou, 2017; Lassou et al., 2019; Phiri, 2022). Evidence of both neopatrimonialism, organizational hypocrisy and consequent decoupling was present in this study with the establishment of formal procurement procedures, regulating bodies (e.g. PPA and Ministry of Public Procurement), and accounting controls; but the award of public contracts still follows informal political logics (Lassou and Hooper, 2016). As reported elsewhere (Bakre, 2007; Courtois and Gendron, 2017; Lassou et al., 2019), social networks involving private business, political supporters and cronies led by influential bureaucrats and political actors are central to procurement corruption. These theories – neopatrimonialism and organizational hypocrisy – therefore help comprehend why observed practices deviate from expectations inconsistent with adopted reforms and systems (including regulatory and monitoring mechanisms). Nevertheless, these theories do not fully explain the structural organization of state actors and cronies to control the state machinery to systematically and persistently extract its resources.

State capture helps draw attention to connection between elites, bureaucrats, businesspeople and supporters that shape the rules of the game and manipulate policy to their personal and political advantage (Lassou et al., 2019; Jaffee, 2010). In so doing, the distributive power and regulation of the state to promote accountability of bureaucrats and political actors is subverted (Bakre, 2007; Phiri and Guven-Uslu, 2019). For example, loopholes were alleged to be ‘intentionally’ created in the laws that regulate the award of petroleum contracts to nullify the safeguard they were purported to provide. Consequently, provisions became redundant with little impact, if any, on the various corruption concerns that depict public procurement in our case. Manipulations of the rules (Lassou, 2017) were also present where businessmen and bureaucrats simulate compliance with procurement regulations including symbolic bidding where competition is required, while contracts were granted to political supporters and friends; often at inflated prices.

Consistent with state capture (Abdul-Baki et al., 2021; Lassou et al., 2019; Phiri, 2022), this study found the appointment of important officials from within the capture network at various positions across the procurement sector, from the highest level to the individual organizational level, tightly controlled contract award decisions in the interest of the network. Like Phiri (2022) notes, many of these appointees “never really serve the country but the party in power and the person who appointed them” (p.113). This allows the exercise of neopatrimonialism such as clientelism and patronage (Kan et al., 2021; Hopper, 2017) disguised under the formal regulatory structures. Hence, capture represents the overarching state control architecture within which neopatrimonialism operates. Therefore, the ultimate objective is not the provision of needed social and economic goods and services or development broadly as formally professed by state elites, but the accumulation of resources for the personal and political needs of the actors within the capture network.

Prior work on state capture tend to see it as a means to keep hold of public resources (Abdul-Baki et al., 2021; Lassou et al., 2019; 2012b). These studies offer little explanation regarding why actors engage in capture strategies relentlessly particularly. It is here where a monetization of politics lens provides important insights. In settings like Ghana where electoral politics such as voting and ground political support become monetized, they increase political costs of running for political offices (Onah and Nwali, 2018), and create the need for political financing. Given these increased financing needs, the involvement of private financiers (essentially business actors) appeared necessary (Ibid) and was facilitated by a weak regulatory environment (Westminster Foundation for Democracy and CDD-Ghana, 2018). As a result, state resources (or *rents* in economics terms (Lassou and Hopper, 2016) were pursued to meet the electoral financing needs and payback private financiers. Due to the significant share of public procurement in government budget (about 70% in Ghana), it becomes the most obvious source whose control ensures both regular and sizeable flows of resources to the party and campaign financing. This helps rationalize the capture of public procurement across the government. As discussed earlier, the prevalence of monetization of politics and the involvement of private financiers are noted in developed countries, with the difference that the practices are more legalized, at least formally (Lösche, 1993; Pulzer, 2002).

Grzymala-Busse (2008) assimilates the rational for state capture to the private benefits of public officeholders. However, the distinction between the political and private benefits is hard to determine, particularly in a democratic context, since the officeholder's continued extraction of private wealth is contingent upon them remaining in their position whether through elections or political appointments (Madonsela, 2019). Likewise, even though Grzymala-Busse argues that in some cases, the officeholder may choose to share extracted rents with supporters (Lassou et al., 2021a) to maintain power, our case illustrates that rent sharing goes beyond political supporters and often involves voters; particularly during electoral period where vote-buying and support have become informally institutionalized. In this way, voting has been monetized, and the relative value of a vote in different locations, and for different voter profiles, is determined in transactional logics.

Instances of vote buying are also reported in other contexts, especially in advanced democracies (e.g., Vuković, 2019). However, the particularities of a developing country like Ghana lie in the difficult economic conditions reflected in persistent poverty and rising inequality which put citizens in hardship in a weak position to resist vote-buying. This means vote-buying takes place more openly, and worse, citizens might actively engage in the money incentive it provides to meet their basic needs. Therefore, politicians have an interest in sustaining 'artificial poverty' (Bakre, 2007) as a means of facilitating their political business. In either context – developed or developing – the relations between voters and candidates to elections, and between the latter and supporters, are negotiated in transaction terms with money playing the central role. An officeholder faces additional pressure to extract more and more rents, resulting in the procurement practices discussed above (e.g. fake procurement projects and liabilities). Consequently, social and economic issues that public procurement aims to remedy remain unaddressed, and in some cases, especially in rural areas, worsen.

Civil society's attempts to curb state capture have had some success with the cancellation of some procurement contracts, and enactment of legislation. However, consistent with Abrahamsen

(2012)'s thesis, civil society is also found in some cases to be divided following corporate and political interests whose voice is promoted rather than that of the public. Thus, although civil society has been successful in exposing procurement and corruption scandals, it has also been unable to address such issues with a singular voice.

8. Conclusion

----- Insert Figure 1 here -----

The study has addressed (1) how state capture is organized at the political level in Ghana and the central place of public procurement therein, and (2) why this endures turning public procurement in a mere money-making scheme. As summarized in Figure 1, state capture around public procurement is organized at a number of levels, with the four most common areas presented. At one level, loopholes in the legal framework (e.g. Act 919) and constraining institutional arrangements by the political establishment nullify the control and safeguard that they purport to provide for an orderly public procurement operation. At another level, the placement of connected public officials/politicians in key positions across the public procurement sector from the highest oversight level to the procurement manager one makes it relatively easy to control the resources that procurement embodies. Yet another level is concerned with denying key control institutions needed resources to function adequately. This prevents them from assuming their monitoring role. Here, major procurement transgressions went largely undetected/unchallenged. The last level involves simulating compliance with the procurement process.

Importantly, these levels should not be thought of in a hierarchical sense. For example, capture targeting a particular field/sector may start with the legal text which could be seen as the first level. It may also happen that the need to (re)shape the legal framework occurs at a later stage. The new petroleum Act 919 granting significant discretion to the Minister in charge of finance over procurement methods provides an illustrative example. In here, the need for the Act 919 came after the exploration and production of oil and gas had started alongside reported allegations of corruption and diversion of public resources.

Our second research question sought to understand why state capture and related corruption prevail in public procurement and persist. The high and growing costs of elections particularly as a consequence of monetized voting right (largely due to rising poverty/indigence) intensified the need for financing. This need is addressed by political investors made of businesspeople and political supporters/lobbyists, expecting to be paid back in the form of public contracts; thus turning procurement into a resource extracting scheme. Various mechanisms were employed to sustain this scheme (Figure 1), one of which concerns ghost projects; projects formally reported as completed, but actually have never been implemented. While this is similar to judgement debt, the latter's particularity lies in the way the procurement contract is arranged. The contract is designed to be breached so that the contract holder, typically a party financier/supporter, gets paid following a court order. In other cases, fake procurement contracts were created with the sole purpose to claim the corresponding amount from the government coffers. The last two mechanisms identified in our study involved contract inflation and opportunistic procurements. In the first case (contract inflation), the amount claimed is artificially increased, and in the second case

(opportunistic procurements), the procurement process has been followed but only as a façade in order to give contracts to followers or party financiers.

Extant accounting research has attributed state capture and associated corruption in Africa to state actors (Everett et al., 2006), and conceived it as a social network phenomenon (Kan et al. 2021; Phiri and Guven-Uslu, 2019) leading to the colonization of the state apparatus manifested in crony capitalism (Bakre and Lauwo, 2016) and the neutralization of accountability institutions (Iyoha and Oyerinde, 2010). These studies identify state capture (and corruption) with its systemic form whereby the political elites remain at the heart of capture schemes across the state apparatus (Bakre, 2007; Bakre and Lauwo, 2016) involving at times skillful use of accounting (Neu et al., 2013). However, little is known about the way state capture is structurally organized and persists, the implications of electoral politics (Lassou et al., 2019) to its existence, and its connection to public procurement (Courtois and Gendron, 2017) that enables it to cross political parties and systems.

In this regard, our study documented a similar form of capture in Ghana, but one that contributes an understanding of the endemic and persistent corruption at play in certain settings (Bakre, 2007; Lassou et al., 2021a; Neu et al., 2013). In so doing, we first documented, as discussed at the beginning of this Section, the structural ways in which state capture is organized through for example, legalized loopholes, placement of connected officials in key procurement positions, starving of control/monitoring institutions of needed resources to function effectively, and simulating compliance with rules and regulation. With respect to why state capture persists, we mobilized the monetization of politics to illustrate the financial burden embedded within voting and political support (including the lack of an effective political financing regulatory framework) that leads politicians towards ‘rent’ seeking behaviour and maneuvering (Lassou and Hopper, 2016); whereby public procurement helps *grease*, and thereby sustain, the system (Cammack, 2007). This way, monetized political support and vote increase political financing needs and consequently turn public procurement into a mere cash-providing scheme.

The implications of the study are twofold. First, as in some prior work (Phiri, 2016; Williams-Elegbe, 2013), public procurement was found to be confined to a ‘buying’ function. This was illustrated in our case by overemphasis of value-for-money in deliberations across government institutions and civil society organizations. However, such a conception equates public procurement with purchases of public goods and services, which are a downstream function; thus, it misses its fundamental function as a policy instrument embedded in economic, social, cultural, and environmental plans. This conception needs to be reconsidered, even though capture actors may hide behind procurement policy instruments to divert resources to private and political uses; evidence of which is currently emerging in the oil and gas sector with the ‘local content’ policy³³. Nevertheless, the recognition of such a vital policy function by development actors is warranted in order to see public procurement as an integral part of development policy.

³³ See, <https://www.ghanabusinessnews.com/2019/11/28/fronting-in-oil-and-gas-industry-stifles-local-experiences-ceo/> [Last accessed 04/12/2022]

Second, addressing corruption in procurement as shown in our study requires the strengthening of institutions within a system approach to be effective. Here, we look to the submission of a former Minister: “We have created a system where out of curiosity we have to spend millions, billions of money every four years to run an election...that is the system we [politicians] have created. [So] the solution is... to deal with the system. When you deal with the system, then you will no longer have to deal with this awkward situation where [for example] you will go and collect money from the person and when you come to power you have to investigate the person or pretend to investigate the person...”³⁴ Given the connectedness of the various issues (e.g. loopholes, institutional arrangements, placement of connected officials, symbolic compliance, poverty, etc.), a comprehensive system-based approach in dealing with the issues would be more effective than a piecemeal approach targeting each issue/problem in isolation.

We recognize that this study is not without limitations. For instance, we were unable to access documents such as board minutes, tender evaluation reports and complaints resolution reports. These are needed to examine the handling, discussion and deliberation of procurement issues at the level of specific procurement institutional arrangements. Additionally, such documents can be used to investigate how these procurement institutional arrangements might be implicated in concealing, or otherwise perpetrating, the very issues they were established to prevent. In the recent ‘Contracts for Sale’ documentary in which the Chief Executive Officer of the PPA was seen gaming the procurement process and procedures to award procurement contracts to a company that he controls supports the need for such study. Future research can consider how these insights can help understand the micro details/processes of capture practices that are disguised under procurement control and monitoring within the closed circle of procurement committees and the procurement authority.

To conclude, the monetization of politics in Ghana has turned public procurement into a mere source of cash to meet rising election and political financing costs. Enduring poverty and inequality ‘force’ citizens into vote-buying schemes that distort democratic premises and perpetuate capture practices. Civil society’s efforts to remedy these distortions have had little success, and corruption and poverty remain rife, leading the Netherlands Ambassador to the country recently commenting that: ‘Your official policy is Ghana Beyond Aid; why not Ghana Beyond Corruption?’³⁵

³⁴ See, <https://ghanasummary.com/myjoyonline/39850/afriyie-ankrahs-confession-our-hands-are-tied-we-cant-punish-our-funders> [Last accessed 04/12/2022]

³⁵ See, <https://www.ghanaweb.com/GhanaHomePage/NewsArchive/Netherlands-Ambassador-s-Ghana-beyond-corruption-call-tragic-Oquaye-779717> [Last accessed 04/12/2022]

Appendix 1: Profile of Interviewees

Code	Institutions/Respondents	Duration (minutes)
AS0001	Senior Official at Audit Service	70
GIA001	Senior Official at Internal Audit Agency	38
GIA002	Senior Official at Internal Audit Agency	62
CSOC01	Official at CDD-Ghana (AA)	81
CSOC02	Official at CDD-Ghana (BB)	
CSOP03	Senior Official at Chamber of Pharmacy	82
CSOM04	Senior Official at CMAC	119
DONE01	EU Consultant	65
CSOG05	Senior Official at Ghana Anti-Corruption Coalition	106
GOVF01	Government Official	38
GOVP01	Government Official	45
GOVP02	Government Official	53
GOV003	Former Government Official	38
LOCG01	Official at GSAM	51
CSOI06	Senior Official at IMANI Ghana	57
MED001	Investigative Journalist	71
PRIM01	Senior Official from a bidding company	30
WATC01	Senior Official at Public Interest & Accountability Committee	56

Appendix 2: List of main documents, news articles, legal texts, and documentaries accessed

1. Documents

African Centre for Energy Policy (2019). *Petroleum contracts monitor: A public interest report*. ACEP, Accra.

African Centre for Energy Policy (2018). *Petroleum revenue management manual*. ACEP, Accra.

Audit Service (2018), *Report of the Auditor-General on the Liabilities of Ministries, Departments and Agencies*, Audit Service, Accra.

Audit Service (2019), *Report of the Auditor-General on the Public Accounts (Central Government) for the Financial Year ended 31 December 2018*, Audit Service, Accra.

Awuni, M.A. (2016), *Voice of Conscience*, Manasseh Azure Awuni, Accra.

CDD-Ghana's 2019 Note on 'An assessment of the Office of the Special Prosecutor, one year on'

Edjekumhene, I., Voors, M., Lujala, P., Brunnschweiler, C., Owusu, C.K. & Nyamekye, A. (2018). *Examining transparency and accountability within the Oil and gas sector: impact evaluation of key provisions in Ghana's Petroleum Revenue Management Act*. International Initiative for Impact Evaluation, New Delhi.

Ghana Anti-Corruption Coalition (2019). *Assessment of Ghana's open contracting commitments*. GACC, Accra.

Ghana Integrity Initiative (2017). *Beneficial owner disclosure: Assessment of Ghana's legal framework*. GII, Accra. Ghana Integrity Initiative Consortium (2018). *Cost and impact of corruption on education and health sectors in Ghana*. GII Consortium, Accra.

IMANI (2017), *The AMERI Power Deal was Over Priced and Over Paid*, IMANI, Accra.

IMANI (2018). *Is Ghana ready for more local content? Lessons from eight comparator countries in five economic sectors*. IMANI, Accra.

5 February 2019 Ghana National Petroleum Corporation's Chief Executive Officer, Mr Sarpong's letter to the company's Chairman regarding 'Recruitment of procurement manager at GNPC'

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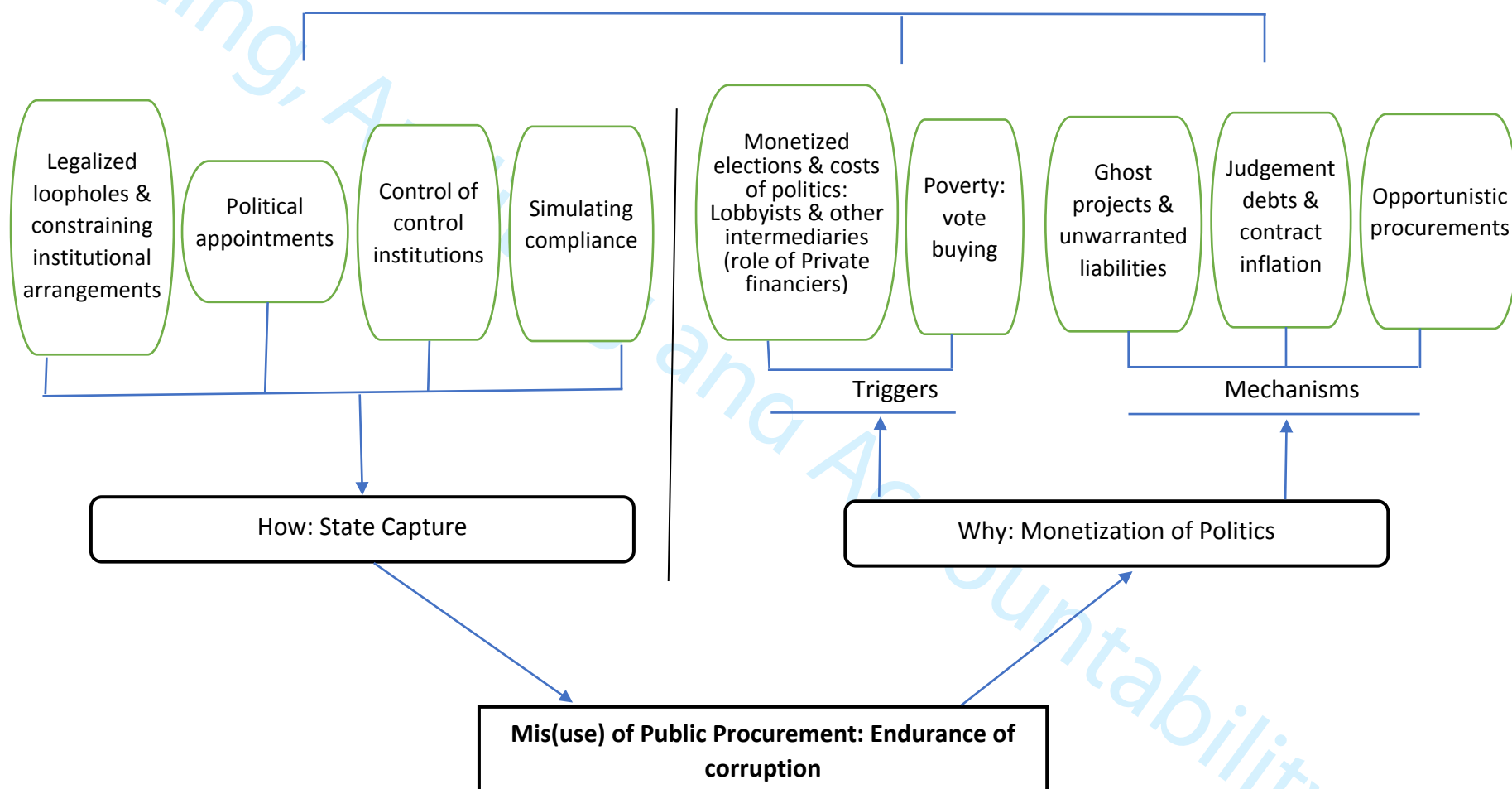
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Figure 1: Summary of processes & actors of state capture and triggers & mechanisms enabling monetization



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