

**IN THE THIRD SESSION OF THE
FOURTH PARLIAMENT OF THE
FOURTH REPUBLIC OF GHANA**

**REPORT OF THE
PUBLIC ACCOUNTS COMMITTEE**

**ON THE
PERFORMANCE AUDIT REPORT OF
THE AUDITOR-GENERAL ON THE
MANAGEMENT OF FOREIGN
SCHOLARSHIPS**

July, 2007

INTRODUCTION

1. The Performance Audit Report of the Auditor-General on the Management of Foreign Scholarships was laid before Parliament on 22nd February 2007 and referred to the Public Accounts Committee for consideration and report, pursuant to Order 165(2) of the Standing Orders of the Parliament of Ghana.

2. The Auditor-General is enjoined by Article 187(2) of the 1992 Constitution to audit the public accounts of Ghana and all public offices and institutions of like nature. Section 13(e) of the Audit Service Act, 2000 (Act 84) also empowers him to examine the public and other government accounts in such a manner as he deems fit and to determine whether in his opinion, programmes and activities have been undertaken with due regard to economy, efficiency and effectiveness.

3. In line with the above provisions of the Constitution and Act 584, the Auditor-General conducted a performance audit on the management of foreign scholarships and submitted his Report to Parliament.

SITTINGS OF THE COMMITTEE

4. The Committee held one sitting outside the precincts of Parliament and one within Parliament to deliberate on the Report. The Committee was briefed on the content of the Report by the team that conducted the audit led by Mr. Yaw A. Sifah. The Committee also heard evidence from the Registrar and officials of the Scholarships Secretariat and the Ministry of Finance and Economic Planning (MoFEP)

REFERENCE

5. The documents listed below were used as reference during the deliberations:

- i. the 1992 Constitutions of Ghana
- ii. the Standing Orders of the Parliament of Ghana
- iii. the Audit Service Act, 2000 (Act 584)

PURPOSE AND SCOPE OF THE AUDIT

6. Following concerns raised by the general public about the effectiveness and mode of awarding foreign scholarships, the performance audit was conducted to determine the extent of the problem and offer suggestions for improvement.

7. The purpose of the audit was to determine the effectiveness of awarding foreign scholarships to Ghanaians. The audit examined the procedures for awarding, processing and monitoring of the awards. Views were obtained from five major awarding institutions of foreign scholarships, namely, Scholarships Secretariat, MoFEP, Ministry of Health (MoH), Ministry of Foreign Affairs and the Japanese International Cooperation Agencies (JICA).

8. The audit covered three financial years – 2001, 2002 and 2003, and three Regions were visited by the audit team – Greater Accra, Ashanti and Northern.

BACKGROUND

9. The need to develop the human resource base to facilitate economic growth and development became imperative after independence. The Government therefore decided to institute an award system which will make it possible for Ghanaians to train abroad, especially in areas for which such skills were lacking. The aim was to alleviate qualitative and quantitative shortages of skilled labour and to do so within the framework of sustainable capacity building and development. In a bid to complement Ghana's efforts at developing her manpower requirements, foreign countries also offered help by assisting Ghanaians in various areas.

10. The administration of foreign scholarships is done by five main awarding institutions for undergraduate, post graduate and short courses. The Institutions are:

- (i) The Scholarship Secretariat (Administers Ghana Government awards tenable overseas, scholarships by Foreign and International Organizations and GETFund postgraduate scholarships awards)
- (ii) MoFEP (Administers awards received from Ministry of Foreign Affairs and Foreign Missions in Ghana and the Netherlands)
- (iii) MOH (Administers fellowships award covering both external and local training)
- (iv) Ministry of Foreign Affairs (administers awards given by embassies in Ghana)
- (v) JICA (Offers both individual and group training programmes for beneficiaries in Japan)

11. Foreign scholarships are granted to Ghanaian citizens not more than 45 years of age and sponsored by any of the government universities, medical schools, polytechnics, Ghana Health Service or any of the government tertiary institutions. The goal is to send qualified beneficiaries overseas to acquire knowledge and skills in areas of health, agriculture and agro-based studies, and the social sciences, especially where these are lacking. The beneficiaries are expected upon their return, to put to use the knowledge and skills they have acquired towards strengthening the performance of their respective institutions.

FINDINGS OF THE AUDIT

12. The audit revealed that the overall purpose for awarding foreign scholarships was not fully met for the following reasons:

- i. Awards elapse;
- ii. Beneficiaries of awards do not return;
- iii. Inadequate and delayed funding;

- iv. Ineffective monitoring of beneficiaries;
- v. Ineffective bonding; and
- vi. Weak incentives for beneficiaries.

Awards elapse

13. The audit disclosed that unlike Scholarship Secretariat, MoFEP fails to advertise foreign scholarships in the newspapers. The result is that the country is unable to utilize about two thirds of the awards it receives from foreign sources. Again, the brochures that MoFEP sends to the various MDAs are not widely circulated so only a few staff get the opportunity to apply for the available scholarships.

14. The audit further noted that some successful applicants of the awards are notified late. As a result some awards elapse because applicants were unable to meet deadlines for submission of documents. Others go through pre-departure formalities with difficulty and some lose their jobs because they can not wait for the approval of their study leave. The audit also noted that some beneficiaries arrive at their foreign institutions when lectures had already commenced.

15. According to the audit, the late notices of awards may, among others, be attributed to distance and use of obsolete technology as evidenced by the memo of 16 January 2006 addressed to the Hon. Minister of MoFEP.

Beneficiaries do not return

16. The audit revealed that notwithstanding the purpose for which the awards were instituted, the country loses part of its important human resource because some beneficiaries fail to return to the country after their studies abroad.

17. Evidence before the audit team shows that 500 beneficiaries remained in the USA having completed their programmes in 2002 and 2003 while 6 out of 12 beneficiaries who graduated in Cuba in 2002 also failed to return.

18. According to the audit, a survey involving 11 institutions revealed that between 1999 and 2003, only 33 out of 57 beneficiaries supposed to have returned were at post and 5 resigned shortly afterwards. In another study at KNUST covering a period of 10 years, it was observed that 4.3% of 437 lecturers who went on study leave also absconded. Interviews conducted by the audit in three Regions also revealed that as a result of unsatisfactory salaries and working conditions some staff left to join NGOs and other international organizations.

Inadequate and delayed funding

19. The audit noted that some awarding institutions such as JICA, Scholarships Secretariat among others provide full funding for awards whilst other donors provide partial funding. Government is required to provide "top ups" in cases of partial funding. According to the audit, funding by GoG is insufficient and sometimes unduly delayed.

20. The audit noted that GoG per diem rates for award beneficiaries were still the paltry sum based on 1983 rates and these are very low. The audit further noted that these amounts are unduly delayed, sometimes spanning four to eight months before beneficiaries receive their monies abroad. The result is that while some beneficiaries face financial and educational crisis because of their ignorance of the existence of these "top ups", others are compelled to work to pay for school fees, rent and other expenses.

21. The audit again noted that even though shipment allowance of beneficiaries were to be given them two months prior to their return home, it takes a minimum of four months (some take three years) after beneficiaries return before the allowances are paid. Additionally, the amount is converted into cedis and paid at the exchange rate prevailing at the time of application.

The audit noticed that as a result, beneficiaries get disillusioned and do not bother to apply for their shipment allowance for fear of not getting it.

Ineffective Monitoring of Beneficiaries

22. The audit noticed that contrary to Section 3 of the rules governing the award of foreign scholarships, which requires beneficiaries to be under the charge, direction and control of Ghana Missions abroad, only a few beneficiaries register with their respective Missions on arrival. In addition, the Scholarships Secretariat has only one official outside Ghana – the Minister Councilor of Education in UK, taking care of the welfare of beneficiaries.

23. The audit found out that as a consequence the Ghana Missions abroad are unable to monitor the activities of beneficiaries and are unaware of the problems they encounter. The audit spelt out a number of possible effects of this notably:

- (i) Beneficiaries fail to reside in approved colleges or hostels.
- (ii) Failure to report progress of academic performance to the Missions.
- (iii) Beneficiaries engage in activities detrimental to their progress in their prescribed course of study.
- (iv) Beneficiaries change their courses without the prior approval of the scholarship awarding authorities.

24. The audit further noted that some beneficiaries fail to comply with the requirement of submitting reports to the awarding institutions on their return to the country. According to the audit, the Scholarships Secretariat is unaware of the whereabouts of almost 72% of beneficiaries and between 1999 and 2003 only 19 beneficiaries who returned presented their reports.

Ineffective Bonding

25. The audit noticed that in order to get the beneficiaries to work for their mother institutions or the Government of Ghana, the Scholarships Secretariat, MOH and the other awarding authorities require beneficiaries to sign a bond of between 1 year and 5 years. Defaulters of the terms of the bond are required to refund the cost of their studies abroad plus a five percent penalty on the said amount.

26. The audit however revealed that the bonding system was "weak" and unrealistic. The audit noticed that bonds were guaranteed by only one parent. There were also situations where bond forms were not signed by beneficiaries whilst in others, beneficiaries failed to submit signed bonds.

27. According to the audit, the ineffective bonding has contributed to beneficiaries' failure to return home after completion of their course of study.

Weak Incentives for Beneficiaries

28. The audit noted that unfavourable working conditions and inadequate incentives within the public sector cause beneficiaries to leave their parent Institution upon return. Remuneration in the public sector is low and the resources and equipment to enable beneficiaries utilize the knowledge acquired are unavailable.

29. Additionally, beneficiaries are not promptly given incentives due them upon their return such as job upgrading and accommodation whilst others are unable to find employment.

OBSERVATIONS BY THE COMMITTEE

Low Rate of Return of Beneficiaries

30. The audit found that a number of beneficiaries failed to return after completing their course of study and thereby defeating the objective of the award.

31. Your Committee was informed that the rate of return was high with respect to scholarships to Eastern European countries. The reason was that the Eastern countries have a much stringent monitoring mechanism of beneficiaries.

32. The Committee was also informed that the U.K. government has introduced a new system whereby certificates are handed to beneficiaries in Ghana by the British High Commission. This, according to officials of the Scholarship Secretariat, has significantly improved the rate of return with respect to U.K. Scholarships.

33. The Committee further noted that with faculty level scholarships which are primarily for academic institutions, the faculty is penalized should a faculty staff who benefits from an award fails to return. The number of awards available to the said faculty is reduced in future scholarships.

34. According to the Report, a survey conducted by Prof. S. Y. Mensah of the University of Cape Coast, out of 166 beneficiaries who left Ghana between 1999 and 2003, only 19 returned. A total of 32 beneficiaries were assumed to have completed their programmes.

35. The Committee observed that the data which was sourced from the Scholarships Secretariat was based on beneficiaries who have submitted reports to the Secretariat upon their return, in accordance with the guidelines of the award. It was observed that some beneficiaries might have returned but failed

to submit reports to the Secretariat. The return rate might therefore be higher than the statistics indicate.

36. It was also noted that the statistics as quoted by Prof. S.Y. Mensah was based on the proposed duration of the course of study at the time of the award. The Committee was informed that with faculty level scholarships, particularly for PhD programmes, the award is normally for three years but this has often been extended to cater for dissertations and winding up. With U.K. scholarships this is normally extended to a period not exceeding four years whereas that of the U.S. is five years.

Ineffective Bonding

37. The audit noted that bonding of beneficiaries was ineffective hence the high rate of failure of beneficiaries to return.

38. Your Committee was informed that the Secretariat has a stereotype form which was introduced in the 1960s. The form requires only one guarantor and the beneficiary would be bonded for five years.

39. The Committee was further informed that the rate of return of JICA scholarship beneficiaries was 100%.

Inadequate Funding

40. The audit noted that GoG funding of scholarships was very low. This, according to the audit, was because GoG's per diem rates were based on 1983 computations which have not been reviewed to date.

41. The Committee noted that the rates ranged from US\$300 to US\$600 per month for postgraduate programmes and US\$207 per month for undergraduate programmes. The rates for U.K. programmes have however been reviewed by the GETFund to UK£700 for programmes within London and UK£600 for

programmes outside London. These rates are in respect of postgraduate programmes. The Committee was informed that GETFund was in the process of reviewing its rates.

42. The Committee was further informed that GoG's scholarships are currently financed by the GETFund. The delays associated with the release of funds to beneficiaries have since been mitigated.

RECOMMENDATION

43. Your Committee has serious concerns in the areas of:

- (i) Low rate of return of beneficiaries
- (ii) Ineffective bonding; and
- (iii) Inadequate funding

44. The Committee therefore wishes to reiterate the Auditor-General's recommendations in the three areas as follows:

Low rate of return by beneficiaries

45. The Scholarships Secretariat, MoFEP, MoH, and Ministry of Foreign Affairs should liaise with the countries that offer the scholarships to adopt a similar strategy as pertains in Eastern Europe to ensure that the beneficiaries return home after their courses.

46. The awarding institutions should also advise Ghana Missions abroad to closely monitor the activities of the beneficiaries.

47. Additionally, the awarding institutions should arrange with the foreign institutions so that upon completion of their studies, certificates of beneficiaries are forwarded to the awarding authorities to be released to them after satisfying all conditions.

Ineffective bonding

48. Since the flouting of the bond leads to loss of government fund, the awarding authorities and MDA's should use the security Agencies to enforce the bond.

Inadequate funding

49. The Committee was informed that rates for postgraduate programmes have been reviewed upwards by GETFund and that it was in the process of reviewing its rates for undergraduate programmes. In this respect, the Committee advised that to reduce the hardships suffered by other categories of beneficiaries, the GETFund should as a matter of urgency speed up its review process.

50. Respectfully submitted.

S *7/11/2:*

**HON. SAMUEL SALLAS-MENSAH
CHAIRMAN, PUBLIC ACCOUNTS COMMITTEE**

PARLIAMENT OF GHANA LIBRARY
PARLIAMENT HOUSE
OSU - ACCRA

[Handwritten Signature]
CAMILLO PWAMANG

CLERK, PUBLIC ACCOUNTS COMMITTEE

12/07/2007