



FOR IMMEDIATE RELEASE

RESPONSE TO ALLEGATIONS MADE BY THE RANKING MEMBER OF THE MINES AND ENERGY COMMITTEE OF PARLIAMENT, HON. JOHN JINAPOR ON THE BOST HEAD OFFICE PROJECT

July 29th 2022, Accra: The Ranking Member of the Mines and Energy Committee of Parliament, Hon. John Jinapor led the minority in a press engagement in which allegations were made regarding the BOST Head Office Project. We wish to respond to the litany of allegations as follows:

- BOST entered a contract to construct a twin-tower head office building in 2015 and paid a commitment fee of \$8 million in 2016 for the work to begin.
- The project was to cost a total of \$39 million (VAT Exclusive).
- The Procurement process was not followed through by the then management of the company at the time.
- Allegations of inflated cost resulted in the project being halted in 2017.
- A value for money (VFM) audit was carried after halting of the project.
- Forensic audit by EOCO also confirmed that there was no malfeasance in the process.
- The current management of BOST in correcting the procurement anomaly applied to the Public Procurement Authority (PPA) for a ratification of the contract and to vary the terms to procure one of the two-tower building since the current cashflow position of the company would not permit the purchase of the twin-tower.
- The \$39 million submitted to the PPA for approval is the original contract sum as signed in 2015 in contravention of the procurement law. To request for a variation of the terms, the normal procedure required that the original contract gets approved before the variation.
- In the year 2020, an independent valuer appointed by both parties valued the project at \$49.6 million.
- The Board and Management of BOST decided to purchase one block out of the two. The contractor valued the single block to be procured at \$23.5 million (VAT Exclusive).
- A no objection was secured from the Ministry of Finance and Economic Planning to proceed with sourcing funds to carry through the procurement of the single block.
- The ratification of the initial contract was secured on the 19th May, 2022.
- BOST is currently occupying a rented premises and in our view, securing the single block at the \$23.5 million will help to do away with the burden of rising cost of rent in the current premises.
- The blocks are not the same in terms of the facilities they harbor. The one BOST is acquiring is customized to accommodate the staff of the company based on the corporate structure which existed at the time of the contract. The other block was intended to be rented out to raise further income for BOST.

- The two blocks per the valuer's report in 2020 cost \$49.6 million and the simplistic arithmetic of multiplying the original contract cost submitted to the PPA for ratification by 2 to claim the blocks cost \$78 million is simply erroneous.

These are the facts as pertaining to the BOST Head Office building which started in 2016 and is yet to be occupied by the company.

We at this point will urge the minority to at least seek better understanding and clarification of issues before engaging the press because at some points in time, failure to do due diligence could result in embarrassment. It is the contract signed without resort to due process which by law was submitted for ratification by the PPA before any variation of the terms could be attempted by the current management. Money has time value and what costs \$39 million in 2015 would most likely cost something higher six years later. These are fundamental principles of finance which cannot be overlooked.

The current management of BOST has used the Procurement Law to correct the anomalies of the processes and through a transparent process decided to acquire half of the twin-tower to house their operations.

With an independent valuer involved, the figures arrived at were a true and fair reflection of the current pricing of the project and we are confident that the decision is in the best interest of the taxpayer.

We therefore urge the public to ignore the ill-informed allegations of the minority and be assured that BOST is safe and secure in the hands of the current management. The ever-loss-making BOST is set to announce a huge turnaround in the next couple of weeks due to the diligence and hard work of the current management. Our collective interest is secured, and we are working hard to ensure better days of fuel security in the country.

God bless our homeland Ghana.

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