



Oil producers eye modest output boost

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The 23 members of the OPEC+ oil cartel, who met yesterday, are expected to stick to their guns and increase output modestly as the price of crude surges.

As in January, analysts expect the taps to be opened slightly, to the tune of an additional 400 000 barrels per day, Tamas Varga, an analyst at PVM Energy, told AFP.

Representatives of the 13 members of the Organization of the Petroleum Exporting Countries (OPEC), and their 10 allies through the OPEC+ agreement, will first meet at ministerial level before a broader video conference scheduled for 1300 GMT.

The cartel's prudent approach dates back to the spring of 2021 as demand recovered from drastic cuts in the face of the Covid-19 pandemic.

Since then, OPEC+ has not deviated from its line despite calls in the autumn from the White House to further boost supplies to tamp down prices. Current prices of around US\$90 do not seem likely to change their position.

Since the last meeting of the organisation, the price of a barrel of West Texas Intermediate (WTI) has risen by more than 14 percent and Brent by more than 11 percent, with both crude references hitting highs in January not seen for more than seven years.

Victoria Scholar, an expert at Interactive Investor, said she expected "further gains", a product of solid demand and OPEC+'s "drip-feed production increases".

The market has been further boosted by soaring geopolitical tensions plaguing stalwarts of oil production Russia, Saudi Arabia and the United Arab Emirates.

The United Arab Emirates on Monday intercepted another ballistic missile launched by Yemen's Huthi rebels, the latest attack on the Gulf country, which is part of a Saudi-led military coalition.

In Europe, tensions between Moscow and Western allies are at their highest point since the Cold War after Russia massed troops on its border with Ukraine.

"OPEC+ has been failing for months to actually implement the agreed production hikes in full," noted Carsten Fritsch of Commerzbank. In December, the total volume of OPEC+ output increased by only 90 000 barrels per day, far from the target of 400 000 barrels per day, according to a survey by Bloomberg.

Louise Dickson, an analyst at Rystad Energy, said the 23-nation alliance held the key to preventing prices from overheating. "The only short-term solution for balancing the supply-short oil market will therefore need to come from OPEC+, and steered by Saudi Arabia," she said.

- AFP

Column Corruption – A social disease • Part 1 What's in it for me? Fraud and corruption in public procurement

Africa is the continent on which the Fourth Industrial Revolution depends for primary resources. It is critical that African countries transform their procurement systems to reap the benefits of this revolution, to fast-track the development of the continent.

Procurement is one of the most strategic public functions. It involves the buying and delivering of goods required for public services.

If provided in a transparent, indiscriminatory and goal-oriented manner, procurement enables large capital-intensive infrastructure to be realised such as the provision of airports and roads, essential for the private sector to conclude transactions and show a profit. Procurement is critical for delivering social services and increasing the comprehensive socio-economic security of citizens.

Procurement contracts often do not translate into implementation, are not transparent and do not make provision for failure. With several decision-makers involved in the procurement process, it is not uncommon that no one accepts accountability or liability. Politicians and public office bearers often abuse their powers for personal gain. Checks and balances are circumvented, and conflict of interest is not disclosed (Keyter).

PURPOSE

The purpose of this series of articles about fraud and corruption in public procurement is to identify the most common contributors to procurement corruption and to develop goal-oriented and innovative turnaround strategies for African countries. The research design is based on systems-thinking methodologies and specifically the soft systems approach. The meta-assumptions associated with this methodology are based on the following: within the context of a country as an open system, interactions in procurement and related system(s) follow a network structure of interdependent relations. For example, a change in procurement policy can contribute to several changes in anti-corruption strategies.

DEFINITIONS

'Procurement' in the public sector can be described as the acquisition of goods and services through transactions with the aim of delivering goods and services to citizens. Public procurement includes public administrative and financial activities which entail the purchasing of



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goods and services needed by government from the private sector. Examples include consumables, computer systems and arms (Lloyd &

McCue). Although this definition is dated, it remains comprehensive and relevant. 'Fraud' is a form of corruption, also known as 'white collar crime', meaning it is generally a sophisticated form of corruption conducted by highly-skilled individuals and/or professionals. Fraud can be conducted by one person and can include and overlap with several other forms of corruption, for example, embezzlement and graft. More than 100 variations or manifestations of fraud can be distinguished (AICPA & ACFP).

CONTRIBUTORS TO CORRUPTION IN PROCUREMENT

Due to the inherent weaknesses of colonialism (such as a complete disregard for human rights and dignity), traditional cultures (associated with autocratic leadership) and liberation movements (radicalism and terrorism), neither colonial nor traditional regimes or liberation struggles prepared Africa for sustainable governance. Political elites have centralised power and facilitate a plethora of manifestations of corruption, for example bid rigging, contract-splitting and the sale of contract papers. Kleptocrat-crafted project cost overruns that manifest in sub-standard specifications and contracts are planned to fail. A 'kleptocrat' is an autocratic ruler whose goal is personal wealth accumulation by exercising corruption (Rose-Ackerman). Tenderpreneurs facilitate bids with minimum value addition. To understand the ease with which procurement corruption is possible, it is crucial to understand the contributors to corruption.

ACCESS TO SCARCE RESOURCES AND OPPORTUNITIES

Corruption creates scarcity: scarcity of access to services, scarcity of service providers to provide goods, and scarcity of opportunities to compete in a market by limiting competition for tendering. Scarcity and general feelings of inequality in society affect the nature of competition for access to scarce

resources for profiteering, such as tenders, mineral and business rights. Access to scarce opportunities can become a motivator for gaining political and/or economic power. Benefiting from such opportunities occurs through the abuse of power and 'greasing the wheels' during tendering.

CENTRALISATION OF POWER

In developing countries, once a ruling party seizes power, it creates monopolies by gaining control of institutions, appointments and tenders. Centralisation of power, typical of African countries, creates opportunities for ruling parties to control and increase their hold on power and the benefits resulting from such abuse, evidenced in, for example, the allocation of tenders. In such a culture, where institutions and systems of the state are weakened, organised syndicates deliberately infiltrate strategic components, such as procurement, customs and excise, and the police service. Procurement, being one of the strategic institutions, is important, because the levels of organised crime and public sector corruption are determined by the quality of what can be called "central state institutions" (Buscaglia, Gonzalez-Ruiz & Ratliff). Centralisation of power over decades by African governments has contributed to extremely powerful governments.

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