



Public Interest and Accountability Committee

Press Release

21st April, 2021

STATEMENT BY THE PUBLIC INTEREST AND ACCOUNTABILITY COMMITTEE (PIAC) ON THE PUBLICATION OF THE 2020 ANNUAL REPORT

The Public Interest and Accountability Committee (PIAC) has published the Annual Report on the management and use of petroleum revenues for 2020 on its website www.piacghana.org. This is in fulfilment of Section 56 of the Petroleum Revenue Management Act (PRMA), 2011 (Act 815).

Since its establishment in September 2011, PIAC, has exercised its oversight responsibility of monitoring and evaluating the management of Ghana's petroleum resources by the government and stakeholder institutions.

In compliance with provisions of the Petroleum Revenue Management Act (PRMA), 2011, the Committee prepares statutory Annual and Semi-Annual Reports, which aim at keeping Ghanaians and other interested stakeholders regularly informed about how the country's petroleum revenues are managed and utilised. So far, the Committee has published a total of 19 Reports – 10 Annual and nine (9) Semi-Annual Reports - covering the period 2011 to 2020.

The Committee is releasing its 2020 Annual Report a month after the statutory date of 15th March, which is a clear departure from long delays, witnessed in previous years. This was achieved as a result of the continuous collaboration between PIAC and its stakeholders, especially on the timely exchange of information.

The 2020 Annual Report covers the period January to December. It encompasses a broad range of issues associated with petroleum revenue management such as information on production, liftings, total revenues accrued and allocation by Government, and the management of the Ghana Petroleum Funds (Ghana Stabilisation Fund (GSF) and the Ghana Heritage Fund (GHF)).

It also examines other issues pertinent to the performance of various institutions charged with responsibilities in the PRMA.

KEY FINDINGS

The following are some of the key findings from the Report:



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- The year 2020 marked a reduction in annual oil production volumes after three years of consecutive production increases. Production of crude oil declined by 6.3 percent from the 2019 volume.
- Total gas production increased by 40 percent. The Sankofa Gye Nyame (SGN) Field produced the highest volume of combined Associated Gas and Non Associated Gas among the three Fields, and increased its output by 60 percent during the period. This was mainly due to the fact that gas consumption from the SGN Field was domestic, and therefore less affected by global price fluctuations.
- There was a general decline in revenue, attributed to lower production volumes and unfavourable international crude oil prices, exacerbated by the COVID-19 pandemic.
- Surface Rental payments remain in arrears to the tune of US\$2,110,212.23 in 2020, representing a 34.71 percent increase over the 2019 arrears of US\$1,566,463.12. The non-payment of this stream of income denies the PHF the necessary funds for development projects.
- The 2020 – 2022 Priority Areas selected for the Annual Budget Funding Amount (ABFA) disbursement were not presented to Parliament for approval in the 2020 Budget Statement and Economic Policy, as required by the PRMA.
- In spite of the implementation of the Cash Waterfall Mechanism, cumulative indebtedness of US\$843,276,652.53 to the Ghana National Gas Company (GNGC) is still high.
- Contrary to the PRMA, an unutilised amount of GH¢827.60 million from 2017 – 2019 was spent to partially meet the shortfall in ABFA receipts caused by the impact of the COVID-19 pandemic and its associated effects on crude oil prices globally.

Recommendations

- The Annual Budget Funding Amount (ABFA) should not be used to serve the purpose of filling expenditure gaps in times of revenue shortfall in the Budget, as this is the purpose of the GSF under Section 9(2) of the PRMA.
- The Ghana Revenue Authority should, as a matter of urgency, initiate action to recover Surface Rental Arrears with the appropriate interest, as provided for in the PRMA.
- The Ministry of Finance should ensure that Priority Areas selected are approved by Parliament before implementation, as required by Section 21 (5) of the PRMA.



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- As detailed in the Committee’s 2019 Annual Report, the Committee reiterates that the ABFA should not be spread thinly, in accordance with Section 21 (1-3) of the PRMA.
- PIAC reiterates the need for a Long-term National Development Plan, as stipulated in Section 21(2)(d) of the PRMA to guide the spending of petroleum revenues instead of resorting to the fallback position of Ministerial discretion in selecting of the Priority Areas.

It is the expectation of the Committee that the public will find time to read the Report and provide feedback during public engagements following its launch and also reach out to the Secretariat via its various contacts, including social media channels.

The Committee also urges the media to obtain a copy of the 2020 Annual Report from its website for further analyses of the issues raised.

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Chairman, PIAC

Media Contacts

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|-------------------------------------|--------------------------|---------------------|
| 1. Prof. Kwame Adom-Frimpong | Chairman | 0244 324 113 |
| 2. Prof. Akosua K. Darkwah | Vice Chair | 0208 141 466 |
| 3. Mr. Isaac Dwamena | Coordinator | 0541 880 126 |
| 4. Mr. Mark O.A. Agyemang | Technical Manager | 0268 469 445 |