



Public Interest and Accountability Committee

Press Release

27th September, 2022

STATEMENT BY THE PUBLIC INTEREST AND ACCOUNTABILITY COMMITTEE (PIAC) ON THE PUBLICATION OF THE 2022 SEMI-ANNUAL REPORT

The Public Interest and Accountability Committee (PIAC) has published the Semi-Annual Report on the management and use of petroleum revenues for the first half of 2022 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 continued to fulfill its mandate of monitoring and evaluating the management and use of Ghana's petroleum revenues by the government and stakeholder institutions.

In compliance with provisions of Act 815, the Committee prepares Semi-Annual and Annual Reports, which aim at keeping Ghanaians and other interested stakeholders regularly informed about the management and utilisation of the country's petroleum revenues. Since its establishment in 2011, the Committee has published a total of 22 Reports – 11 Semi-Annual and 11 Annual.

The 2022 Semi- Annual Report covers the period January to June 2022 and encompasses a broad range of issues relating to petroleum revenue management such as information on production, liftings, total revenues accruing and allocation by Government, ABFA utilisation, and the management of the funds set aside in the Ghana Petroleum Funds (Ghana Stabilisation Fund and the Ghana Heritage Fund).

The Report also examines other issues pertinent to the performance of various institutions charged with responsibilities in the PRMA, including PIAC.

The Committee is publishing this report after the statutory date of 15th September due to the delay in receiving data from some of the reporting institutions. While commending stakeholders who continue to present their data on time, the Committee urges the others to emulate same to enable PIAC meet the statutory timeline in the future.



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KEY FINDINGS/OBSERVATIONS

The following are some of the key findings/observations of the Report:

- Following the acquisition of 7 percent interest in the Jubilee and TEN Fields by GNPC in 2021 (later ceded to its subsidiary - JOHL), JOHL made its first lifting (944,164bbls) on the Jubilee Field in H1 2022, amounting to US\$100,748,907.95. This amount was not paid into the Petroleum Holding Fund (PHF).
- Contrary to Section 6(e) of the Petroleum Revenue Management Act, 2011 (Act 815), Capital Gains Tax was not assessed and collected by the Ghana Revenue Authority in the sale of the 7% interest by Anadarko in the Jubilee and TEN Fields in 2021.
In its written response to PIAC on the matter, the Ghana Revenue Authority referred the Committee to the Ministry of Finance indicating that the Ministry was exclusively in charge of the transaction. The Ministry of Finance in turn referred the Committee to the Ghana Revenue Authority for answers.
- The Surface Rentals outstanding continue to increase. As at the end of H1 2022, the balance outstanding was US\$2,774,702.29 constituting an increase of 7.58 percent on the surface rentals of US\$2,579,170.21 at the end of 2021.
- The Ghana Petroleum Funds received an amount of US\$390,029,916.55 for the H1 2022, which is 91.43 percent higher than the budgeted allocation of US\$203.75 million for the GPFs for the full year in compliance with Section 4(a)(iii) of the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).
- The retention of the current cap of US\$100 million on the GSF for the year 2022 is not in accordance with the formula stipulated in the Petroleum Revenue Management Regulations, 2019 (L.I. 2381). A proper application of the formula would have returned a figure of US\$460,633,074.02.
- An amount of US\$25.62 million was transferred to GIIF in H1 2022. According to the Fund, the entire disbursement was used to support the Agenda 111 Project of the Government. This is the second time, since 2011, that GIIF has received funds for Government's Agenda 111 Project. In 2021 an amount of \$49.39 (GHC290,377,059.18) was allocated to the fund. PIAC is yet to receive specific details of all disbursements.



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- Total outstanding payments and guarantees by GNPC on behalf of other State-owned enterprises amounted to US\$636.46 million (excluding payments expected from gas sales) as at the end of H1 2022. GNPC continues to budget for recoveries from receivables (US\$183.47 million in 2022 and US\$126.68 million in 2021), but no recoveries were made as at the end of H1 2022.
- There was unutilised ABFA of GH¢201,996,032.27 as at the end of 2021, representing 9.80% of 2021 utilisation. This figure was not brought forward in H1 2022. According to the MoF, details of this amount will be forwarded to PIAC by the end of the year.
- No transfer of ABFA was made into the District Assembly Common Fund (DACF) during H1 2022, even though an amount of GH¢157.77 million had been budgeted for 2022.
- During the period under review, the Committee inspected 17 ABFA-funded projects in four (4) regions. Sixteen out of these projects had received an average ABFA funding of 56 percent relative to the original contract sum. Out of the projects inspected, eight (8) were completed at the time of the visit.

RECOMMENDATIONS

- PIAC recommends that the proceeds of liftings by JOHL should be paid into the Petroleum Holding Fund (PHF), as the Committee is convinced that the proceeds form part of Ghana's petroleum revenues.
- The Ghana Revenue Authority (GRA) needs to intensify its efforts at collecting surface rental arrears in addition to any new assessment before the end of the year. To enable GRA assess and collect revenues from IOCs before they exit Ghana, the Minister for Energy is encouraged to inform GRA and other relevant institutions before the termination of PAs.
- Parliament should give more attention to GNPC's budget and ensure that the Corporation's budget is based on realistic estimates of expected revenue.



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- The Ghana Revenue Authority and the Ministry of Finance should collaborate to ensure that Capital Gains Tax and other taxes arising from transactions in the sector are assessed and paid to the PHF.
- PIAC recommends that Government should direct subsequent disbursements to GIIF intended for Agenda 111, to the Ministry of Health to support the Agenda 111 Project. Additionally, GIIF should focus the utilisation of its share of ABFA on its core mandate of investing funds in commercial infrastructural projects, in accordance with the GIIF Act, 2014 (Act 877) and policy guidelines of the Fund.
- The Ministry of Finance should ensure that the transfers to the DACF are done quarterly in order for the District Assemblies to efficiently carry out their functions.

It is the expectation of the Committee that the general public will read the Report, and provide feedback via; secretariat@piacghana.org, +233 (0) 302 547 765, 0554416544 (WhatsApp), or any of our social media handles.

The Committee also urges the media to obtain a copy of the 2022 PIAC Semi-Annual Report from its website for further analyses of the issues raised.

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Chairman, PIAC

About PIAC

The Public Interest and Accountability Committee (PIAC) was established under Section 51 of the Petroleum Revenue Management Act (PRMA), to among others, monitor and evaluate compliance with the Act. The Committee was inaugurated and commenced work on 15th September, 2011.

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