

PIAC ACTIVITY REPORT

12.0 Background

The Public Interest and Accountability Committee (PIAC) consists of 13 Committee Members and a supporting Secretariat. The Committee is mandated to monitor and evaluate compliance with the Act by Government and other relevant institutions, provide space and a platform for the public to debate on the relevant issues, and independently assess the management and use of petroleum revenues.

In line with its mandate, this chapter gives an overview of the activities of the Committee, including feedback from the public.

12.1 Activities

12.1.1 Launch of PIAC 2020 Annual Report

PIAC is required by Section 56 of the PRMA to publish an annual report by the 15th day of March every year. In fulfilment of this, PIAC released its 2020 Annual Report; the 19th in the series of statutory reports. The first Chairman of the Committee, Major Daniel Ablorh-Quarcoo (Rtd) launched the Report after the highlights were presented by the Chairman of the Committee, Professor Kwame Adom-Frimpong.



12.1.2 Regional Engagements

As part of its mandate to provide a platform for public debate on spending prospects of petroleum revenues in line with development priorities, the Committee held two (2) regional engagements in the Oti and Northern Regions. These engagements involved public fora



attended by Regional Coordinating Councils, traditional and religious leaders, civil society organisations, political party representatives, leadership of government departments and agencies, among others.

Additionally, the engagements included in-studio radio discussions.



12.2 Engagement with Stakeholders

12.2.1 Editors' Forum

The Forum, held in Koforidua, was attended by senior editors, some Committee members and Secretariat staff of PIAC. This was to share PIAC's 2020 Annual Report with stakeholders, as well as address all concerns and questions arising from it and leverage the capacities of senior editors and news editors to publicise the report.



12.2.2 Engagement with Morning Show Hosts and Producers

As part of PIAC' s media engagement, this activity was held to have journalists and presenters, who are primarily Morning Show Hosts or Producers on different media platforms, to effectively interrogate and communicate the findings and recommendations of PIAC Reports.



12.2.3 Engagement with Institute of Financial and Economic Journalists (IFEJ)

As part of engagements with journalists, two meetings of PIAC and members of the IFEJ took place in Accra and Aburi.

The meetings discussed PIAC' s 2020 Annual and 2021 Semi-annual Report to improve advocacy, responsiveness, and coverage of the Report.



12.2.4 Engagement with Parliament

Each year, the Finance Committee of Parliament interacts with PIAC and other stakeholders to discuss issues arising out of the Committee' s statutory reports on Ghana' s petroleum revenue, and its management and use. PIAC presented highlights of the 2020 Annual Report.

Present at the engagement were stakeholder institutions including the Ministry of Finance (MoF), Petroleum Commission (PC), Ministry of Energy (MoE), Ghana National Gas Company (GNGC), Bank of Ghana (BoG), Ghana Revenue Authority (GRA), Ghana National Petroleum Corporation (GNPC), and Tullow Ghana Ltd.

The meeting also raised other questions, comments and issues of concern which have been summarised as follows:

- Does PIAC engage with its stakeholders before and after putting together its Reports?
- Is PIAC able to point out actions that suggest misappropriation of petroleum funds?

- The US\$50million loan to the Ministry of Finance has found expression in the 2021 Income Budget of GNPC, meaning the issue has not been resolved.
- The PRMA is silent on the treatment of the unspent ABFA, and PIAC must therefore review its findings and recommendations regarding that.
- The ABFA moves from a dollar account into a cedi account and then to the Treasury main account if unspent.
- PIAC needs to take time and understand government' s accounting procedures.
- It is important for PIAC to help the public understand issues of petroleum revenue management well.
- ABFA funding of projects is multi-year thus the same projects receive funding each year.
- The MoF relies on the submission of inputs from MMDAs to help prepare the ABFA utilisation data hence its delay.
- The Ministry also makes sure that PIAC gets the relevant information (ABFA Utilisation data), no matter how late it is. It also expressed the need for review of reporting timelines of PIAC in the amendments to the PRMA.
- The transfer of excess funds from the Ghana Stabilisation Fund (GSF) at the end of the year is done in the first quarter of the following year, and does not breach the PRMA. PIAC should properly capture it in their Reports.

12.3 Engagement with PIAC Constituent Institutions

12.3.1 Engagement with Independent Policy Research Think Tanks

PIAC, apart from engaging with stakeholder institutions, meets with some of its constituent bodies in the course of each year. The meeting with the Think Tanks, which had hybrid engagement (consisting of virtual and in-person), sought to discuss the PIAC 2020 Annual Report, take a look at the successes and lessons for the future in Ghana' s 10 years of petroleum revenue management, and solicit feedback on ways to ensure the advancement of the workings of the Committee.

Feedback from Engagement

- It is time to rethink the investment options of the Ghana Heritage Fund (GHF).
- It appears all the discussions on the use of petroleum revenue shies away from admitting the difficulty in measuring the impact of the usage.
- The piecemeal approach in using petroleum revenues is not the best.
- The issue of the need for a Long-term National Development Plan remains critical, hence the need to prioritise it.
- In the absence of the Long-term National Development Plan, what is the alternative being followed?
- Is there a provision that allows citizens to make an input into what the petroleum revenues are used for?
- We should be pushing for effective monitoring and accountability in the use of petroleum revenues in the absence of the Long-term National Development Plan.

- How effective has Parliament been in its oversight responsibility of the management and use of petroleum revenue?
- There is the need to treat petroleum revenues differently from other revenues.



12.3.2 PIAC Annual General Meeting

The Annual General Meeting (AGM), which assembled all 13 of the Committee' s constituent bodies, offered members of the constituent bodies further insight on many aspects of the Committee' s work, and sought to leverage the capacities of these institutions in support of its activities. Presentations highlighting programmes and activities earmarked for PIAC@10 as well as the 2021 Semi-Annual Report were made at the meeting.



12.4 PIAC@10 Activities

PIAC, as established by the PRMA in 2011, marked 10 years of its existence in 2021 (PIAC@10). The Anniversary theme was dubbed "Strengthening Citizens' Ownership and Understanding of PIAC and its Oversight of Petroleum Revenue Management" .

12.4.1 Launch of PIAC@10

"PIAC @ 10" , was launched on Wednesday, 24th March, 2021, by the President of Ghana, Nana Addo Dankwa Akufo-Addo. In his remarks, He reiterated Government' s commitment to supporting PIAC, and acknowledged the Committee' s success story which has led to the attainment of the objectives for which it was established. The event

touched on the background of PIAC, its journey 10 years on, and the way forward for the Committee.



12.4.2 Northern Belt Engagement

As part of the PIAC@10 activities, the Committee held a forum in Tamale to engage citizens, in the Northern Belt of Ghana. The event was attended by participants from five (5) regions (Northern, North East, Savannah, Upper East and Upper West). A documentary by PIAC on 10 years of petroleum production was shown to participants after which the PIAC Chair made a presentation that focused on oil and gas production, the revenue accrued, and its management and utilisation over the past decade.



Feedback from Participants

At the forum, the participants presented various feedback as follows:

- Is there an opportunity for tertiary institutions and Oil Marketing Companies (OMCs) to be represented on PIAC?
- How is the selection of the Priority Areas that receive petroleum revenue done?
- Petroleum revenues should be used to support the Municipal and District Assemblies to provide projects that are beyond their financial capabilities.
- Are there laws to ensure that petroleum revenues are used prudently?
- What targeted policies or strategies from petroleum revenues, are there to benefit women, especially those in the agriculture sector?
- Has PIAC got the power to prosecute?
- In the absence of a long-term national development plan, petroleum revenue spending tends to be aligned to party manifestoes.
- Projects that have received funding from petroleum revenues, either completed or ongoing, should be labelled.
- Petroleum revenues have been a key source of funding for the government' s flagship Free Senior High School (SHS) Programme.
- How does PIAC select the projects it visits and what due diligence is done on the implementation of these projects?

12.4.3 Middle Belt Engagement

The Committee held the Middle Belt engagement in the Ashanti Region. Participants were drawn from the Ashanti, Bono, Bono East, Ahafo and Western North Regions. A documentary by PIAC on 10 years of petroleum production was broadcast, highlighting the revenues accrued from petroleum production, the fiscal regime, and issues arising from the management of the resource. Also a presentation on 10 years of the management and use of petroleum revenues was made by the PIAC Chair.



Feedback from Participants

At the engagement, the participants presented various feedback as follows:

- Why does Ghana produce oil but does not refine?
- After 10 years, is there a policy on the use of petroleum revenues to help set up factories to benefit communities, so as not to repeat the mistakes the country made with gold production?
- How can local artisans benefit from petroleum production?

- There should be a system that allows people to monitor and track oil-funded projects.
- There is the need to involve beneficiary communities in the selection of projects to be funded with petroleum revenues.
- What is the status of the Heritage Fund and its investments?
- Can petroleum revenues be used to provide support for affordable housing for public sector workers?
- Petroleum revenues should be used to provide electricity and cameras in rural areas to help check crime.
- The statistics show that a lot of petroleum revenues have been spent on education but teachers have been neglected. Some of the revenues should be used to build the capacity of teachers.
- Why is the Heritage Fund invested outside of the country?
- Petroleum revenues should be used to build the capacity of Ghanaians to man the sector.
- What is the capacity of PIAC to validate the production figures provided by the oil producing companies?

12.4.4 Coastal Belt Engagements

The Committee held engagements with citizens in the Coastal Belt (that is, Volta, Oti, Eastern, Central, Western, Eastern and Greater Accra Regions).

12.4.4.1 Volta and Oti Regions

The Committee held a forum to educate citizens on the successes and challenges of ten years of petroleum revenue management in Ho as part of the Coastal Belt Engagement. It also sought to take views from the citizens on their expectations relating to the management and use of petroleum revenues.

Feedback from Participants

- Why is there flaring and re-injecting of gas in the industry?
- Why does Ghana import crude oil if the country is able to produce same?
- What prevents the establishment and implementation of Ghana' s national long-term development plan?
- What other factors accounted for the decline in oil revenue aside Brent crude prices?
- What are the plans for the Ghana Heritage Fund?
- Why is the PRMA' s directive to spend at least 70 percent of the ABFA on public investment expenditures not being adhered to?
- How much has been spent on the Free SHS programme so far?
- Are there sanctions for defaults in the payment of Surface Rentals? If yes, who is responsible for the collection?
- Is there any structure for citizens to monitor and communicate outcome of project inspections?

- Does PIAC have offices in the regions where citizens can report?
- Is there a criteria for the capping of the GSF?
- How is the Committee resourced to perform its functions?

12.4.4.2 Western and Central Regions

This forum was held at the SSNIT Conference Hall, in Takoradi in the Western Region. Over 150 participants attended the forum.

PIAC' s presentation started with a video documentary on the 10 years of petroleum production in Ghana, followed by a presentation by the Chairman of PIAC, Professor Kwame Adom-Frimpong, on highlights of the 10 years of petroleum revenue management and use in Ghana.

Feedback from Participants

Participants were granted the opportunity to provide feedback on ways that the country' s petroleum revenues could be managed. These are captured below:

- What is the criteria for the selection of PIAC Members and their tenure?
- Which year did savings into the Ghana Heritage Fund (GHF) start?
- Government should prioritize investment in agriculture, with more emphasis on fishing.
- Why is there a reduction in petroleum revenue, every election year?
- Is there any plan to help frontline communities after depletion of the oil resource?

- There is the need to make sustainable ABFA investments in the Central Region.
- There is lack of coordination between ministries and sub-national government in the award of ABFA contracts.
- How can the ABFA be used to address chronic health issues such as childhood cancer?
- If non-compliance occurs, what actions are taken by PIAC?
- There is the need to have a PIAC-like Committee set up for the Minerals sector.
- What is the status of the Saltpond Oil Field?
- Despite production of oil, why is the price of fuel at the pump expensive?
- The ABFA should be used to fund projects to completion, and same branded as well.
- PIAC' s website should be multi-lingual to include local languages.
- To serve the public interest, PIAC should collate the development needs of the public, and present them to government for development planning.
- What has been the impact of PIAC over the decade?
- The pursuit of legacy projects should be rigorous.



12.4.4.3 Eastern Region

The forum was held at the St Bakhita Parish Hall, in Koforidua, with over 200 participants. PIAC presented a video documentary on the 10 years of petroleum production in Ghana, followed by a presentation on how the country has fared in the management of petroleum revenues over the last 10 years.

Feedback from Participants

Below are some questions and suggestions that arose from the open forum:

- Has PIAC advised government on potential funding sources for the Free SHS programme?
- What is the current state of the New Tafo- Nobi- Samlesi road?
- Is there a local content policy that addresses unemployment, and do the International Oil Companies (IOCs) comply with it?
- After the country has exhausted its oil resources, what will be the returns to show for it?
- Citizens should be provided with pictorial evidence of projects in the Eastern Region.
- Can't the Tema Oil Refinery (TOR) be operationalised to refine a portion of the country's crude oil to create employment?
- Petroleum revenues should be used for legacy projects.
- The country should consider increasing its fiscal terms with respect to petroleum revenues.
- Why are we not able to use the oil we produce, and instead, we import?
- It is time to start reflecting on the dynamics of energy transition and the status of our National Oil Company (GNPC).



12.4.4.4 Greater Accra

The forum was held at the GNAT Hall, in Accra with over 200 participants. As in the previous regions, a documentary on 10 years of petroleum production in Ghana was shown to the participants, complimented by a presentation on 10 years of petroleum revenue management and use. Participants had the opportunity to ask questions and also give their suggestions on best ways to manage the country' s petroleum revenues.

Feedback from Participants

Below are some questions and suggestions that arose from the open forum:

- Is there any alternate plan to shore up funding for the Free Senior High School policy considering the volatile nature of petroleum revenues?
- What is the country' s readiness to protect the host communities producing oil?
- Why is the country still recording high petroleum prices when it is producing oil in commercial quantities?
- Is there a long-term national development plan?

- Are oil revenues being used to support old projects started prior to oil production?
- When was the allocation to the District Assemblies Common Fund (DACF) released?
- What is PIAC' s position on the GNPC-Aker deal?
- Does PIAC think it needs prosecutorial powers to deal with infractions regarding the use of petroleum revenue?



12.5 Engagement with Tertiary institutions

PIAC in 2021 deliberately institutionalised engagements with tertiary institutions to expand the scope of engagements. In that regard, the Committee engaged the University of Ghana and the University of Professional Studies, Accra, Accra Training College, and All Nations University in 2021. The details of the engagements are as follows:

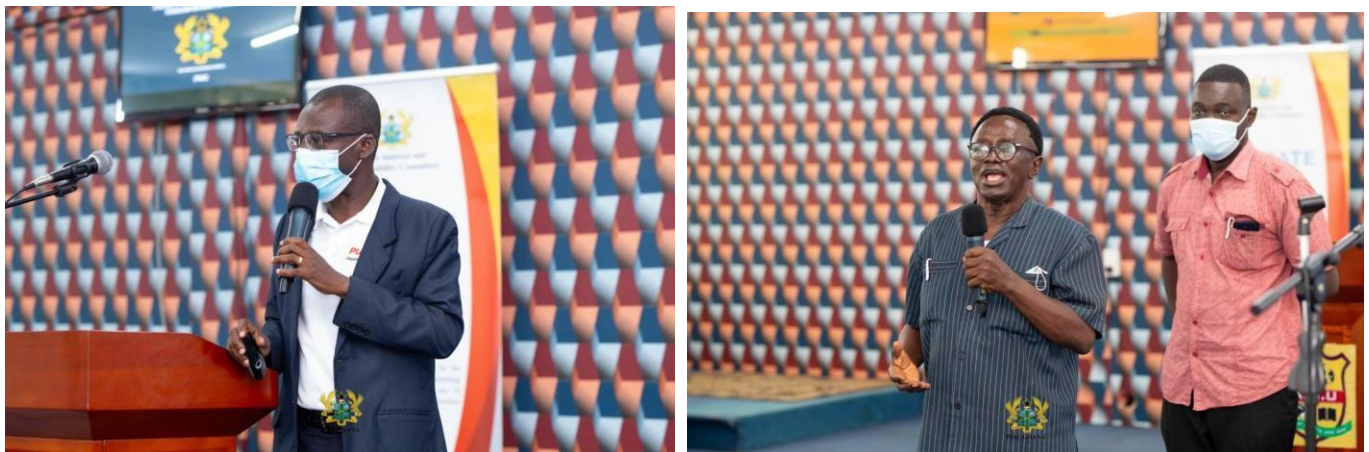
12.5.1 University of Ghana and the University of Professional Studies, Accra

PIAC engaged the University of Professional Studies, Accra (UPSA) and the University of Ghana, Legon (UG) on the management and use of petroleum revenues over the past decade.



12.5.2 Engagement with Students of the All Nations University (ANU)

The forum, held at the All Nations University, Koforidua, provided the platform for the students to know more and kindled their interest in issues of petroleum revenue management. A documentary on 10 years of petroleum production in Ghana was shown, followed by a presentation on a decade of petroleum revenue management and use.



2.0 Project Inspections

The Committee embarked on 249 project inspections in seven (7) regions; the Volta, Oti, Eastern, Central, Western, Eastern and Greater Accra, for the period. Out of these, four (4) projects were under Education; Health - 6; Roads and Rail - 7; Sea Defense and Security - 2; Administration - 4; and Energy - 1.

This exercise was to ascertain whether these projects, funded with petroleum revenue through the ABFA, are in existence, are functional and warrant the funds expended.



12.6 Key Concerns arising from Project Inspections

12.6.1 Delay in the Release of Funds

Contractors reported delay in the release of funds by the government, resulting in delays in project completion. Such delays lead to cost overruns and a reduced impact of the ABFA.

12.6.2 Stalled Projects

Some projects were behind schedule, with contractors operating at a slow pace or works coming to a complete halt. Contractors stated that these were primarily due to payment delays. As most of the projects visited by the Committee were short-term fixed-price contracts, there was no room for fluctuation. Due to payment delays, this absence of fluctuation leads to cost overruns, for which contractors abandon projects.

12.6.3 Paltry Allocations

Allocations to some ABFA-funded projects have been meagre compared to the total cost of the projects. This makes it difficult to complete the projects within the contract duration, and raises the issue of thin-spread of the ABFA on multiple projects.

12.6.4 Co-mingling of ABFA with other funds

Most projects that receive funding from the ABFA, also receive counterpart funds from other sources. This makes it difficult to monitor and assess the impact of the ABFA in project delivery to the beneficiary communities. Citizens could hardly point to any monumental project that has been fully funded with ABFA (legacy projects).

12.6.5 Project Identification

None of the projects signage indicated that the projects are being funded with the ABFA. The contract indicates that the funding source for all the projects is the Government of Ghana (GoG). Also, some of the project titles on site do not correspond with the project titles submitted by the Ministry of Finance, making it difficult to identify the project locations. One of such projects is a police station in Bantama, Kumasi that was captured by the Ministry as “Police Station at Bantama in the Bantama Constituency” but referenced on the project site as “Proposed Bantama Police Post” .

12.6.6 Non-involvement of MMDAs

Local government authorities/Assemblies in the communities, where projects are sited, either do not know about the projects or have not been involved in the project implementation. The Implementation of ABFA projects is overly centralised, limiting the involvement and additional supervision of MMDAs.