



Press Release

19th October, 2023

PUBLICATION OF 2023 PIAC SEMI-ANNUAL REPORT

The Public Interest and Accountability Committee (PIAC) has published its 2023 Semi-annual Report on the management and use of petroleum revenues on its website, www.piacghana.org. This is in fulfilment of Section 56 of the Petroleum Revenue Management Act (PRMA), 2011 (Act 815).

The Committee, with an oversight responsibility of the management and use of the country's petroleum revenues, prepares and publishes statutory reports to inform Ghanaians and other stakeholders about the management and utilisation of the country's petroleum revenues. Since its establishment, the Committee has published a total of 24 Reports – 12 Semi-annual and 12 Annual.

The 2023 Semi-annual Report covers the period January to June 2023 and encompasses a broad range of issues relating to petroleum revenue management such as information on production, liftings, total revenues due the State and subsequent allocations 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).

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

KEY FINDINGS/OBSERVATIONS

The following are the findings/observations of the Report:

1. The total number of existing Petroleum Agreements (PAs) has reduced from fourteen (14) to thirteen (13) as at June 2023 due to the relinquishment of AGM Petroleum's entire interest in the South Deep Water Tano Contract Area.
2. The Jubilee Oil Holding Limited (JOHL) failed to pay proceeds from liftings in H1 2023 amounting to US\$70,456,718.93 into the PHF. This is the fourth consecutive time the Company has failed to pay the proceeds of liftings from the Jubilee and TEN Fields, amounting to US\$343,108,927.88.
3. PIAC observed that Kosmos Energy Ghana Limited wrongfully paid withholding tax into the Petroleum Holding Fund (PHF) in 2020 and 2021, totalling US\$3,999,325.65.



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4. An amount of GH¢131,005,360.91 representing 6.47 percent of the Annual Budget Funding Amount (ABFA) was transferred to the District Assembly Common Fund in the first half of the year 2023.
5. The Ghana Infrastructure Investment Fund (GIIF) plans to invest US\$380 million in the Tema Motorway and the Pwalugu multi-purpose dam over the period, 2023 to 2025. Out of this, an amount of US\$41.25 million was disbursed to GIIF for the SPV Viability Gap/Tema Motorway Extension Project in H1 2023.
6. The retention of the current cap of US\$100 million on the GSF for the year 2023 is not in accordance with the formula stipulated in L.I 2381 and does not help build the Fund to serve its purpose. A proper application of the capping formula would have returned an amount of US\$765.76 million.
7. The Ghana Petroleum Funds, are made up of the Ghana Heritage Fund (GHF) established to serve as endowment for investment, and the Ghana Stabilisation Fund (GSF) for the stabilisation of government expenditure. The GHF increased by 13.26 percent whilst the GSF decreased by 64.06 percent mainly due to withdrawals. The combined effect on the GPFs was a decrease of 10.36 percent from US\$1,223.70 million in H1 2022 to US\$1,096.92 million in H1 2023.
8. For the period under review, GNPC spent an amount of US\$6.40 million on production and development costs on the TEN Field and made a lifting of one parcel of crude oil from the Field in May 2023. However, no revenue was received by the Corporation from the Field either in respect of its equity interest or as its share of net CAPI, even though the revenues were received in the PHF in H1 2023.

This is in violation of Section 16(4) of the PRMA, as amended, which states that the Minister for Finance shall ensure that the Bank of Ghana transfers to a national oil company, the relevant portion of the revenue due to that national oil company under sub-section (2), not later than 3 working days after the receipt of petroleum revenue into the Petroleum Holding Fund.

RECOMMENDATIONS

1. PIAC reiterates its position that proceeds from liftings of JOHL and any other subsidiary of GNPC constitute petroleum revenues and therefore must be paid into the PHF.



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2. To ensure effective monitoring and evaluation of petroleum revenues, International Oil Companies (IOCs) should be mindful not to pay monies other than petroleum revenues into the PHF.
3. The Ministry of Finance should comply with the provision in Section 16(4) of the PRMA as amended to release funds to the National Oil Company not later than three working days after the receipt of petroleum revenue into the PHF.
4. In approving Appropriation, Parliament should take into consideration Regulation 8 of LI 2381, with regards to the cap on the GSF.

The Committee urges the public to obtain a copy of the Report from its website and provide feedback via; secretariat@piacghana.org, +233 (0) 302 547 765, 0554416544 (WhatsApp), or any of our social media handles. It also urges the media to obtain a copy of the 2023 PIAC Semi- annual Report for further analyses of the issues raised.

Signed

Prof Kwame Adom-Frimpong

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.

Media Contacts

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| 1. Emerita Professor Elizabeth Ardayfio-Schandorf | Member, PIAC | 0244361615 |
| 2. Mrs Clara Kasser-Tee | Member, PIAC | 0204641098 |
| 3. Mr Isaac Dwamena | Coordinator, PIAC | 0541880126 |
| 4. Mr Mark O.A. Agyeman | Technical Manager, PIAC | 0268469445 |