



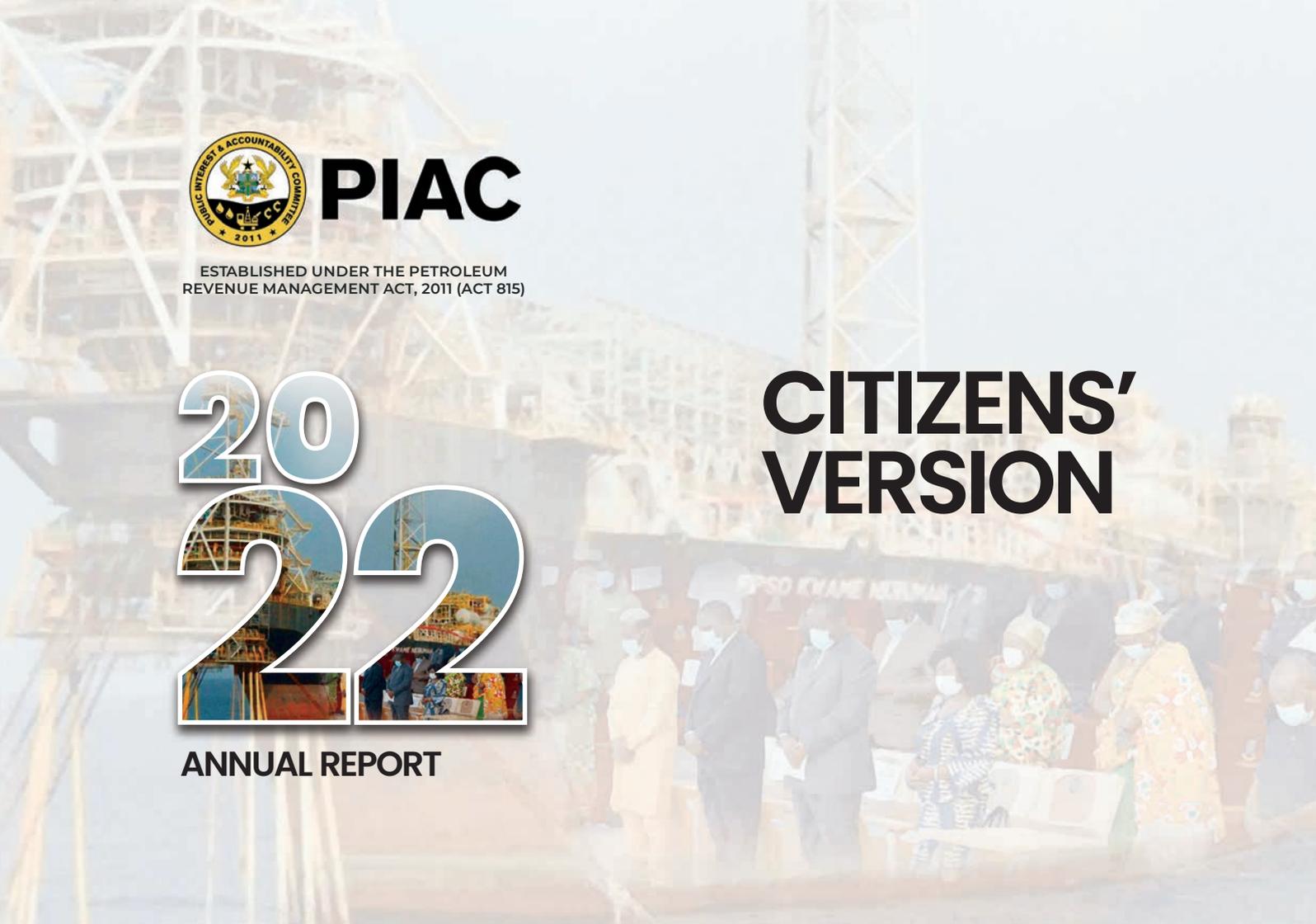
PIAC

ESTABLISHED UNDER THE PETROLEUM
REVENUE MANAGEMENT ACT, 2011 (ACT 815)

20 22

ANNUAL REPORT

CITIZENS' VERSION



Introduction

- The Public Interest and Accountability Committee (PIAC) is established under Section 51 of the Petroleum Revenue Management Act (PRMA), 2011, (Act 815) with a three-fold mandate:



Compliance Monitoring



Platform for Public Debate



Independent Assessment

Membership of PIAC

- The membership of PIAC is drawn from 13 constituent bodies, generally representing the Ghanaian society. This comprises professional institutions, pressure groups, religious bodies, and traditional groups.
- The PRMA defines the tenure of each constituent body, each of which nominates a member for a period which is either a fixed three (3)-year tenure, or a two (2)-year tenure renewable for another term.

Constituent Bodies



**Ghana National Chamber of
Commerce and Industry &
Association of Ghana Industries**



**Ghana Extractive Industries
Transparency Initiative**



Trades Union Congress



**Civil Society Organisations
& Community-Based Organisations**



**Ghana Journalists
Association**



**Ghana Bar
Association**



**Institute of Chartered
Accountants Ghana**



**Ghana Academy of
Arts & Sciences**



Think Tanks



**National House
of Chiefs**



**Association
of Queen Mothers**



Christian Groups



Muslim Groups

Tenure of Constituent Bodies

3-Year Non-Renewable

1. Association of Ghana Industries / Ghana National Chamber of Commerce and Industries on a rotational basis

2. Federation of Muslim Councils and Ahmadiyya Mission on a rotational basis

3. National Catholic Secretariat, The Christian Council and the Ghana Pentecostal Council on a rotational basis

4. Independent Policy Research Think Tanks

5. Civil Society and Community-based Organisations

2-Year Renewable

1. Institute of Chartered Accountants Ghana (ICAG)

2. Ghana Academy of Arts and Sciences

3. National House of Chiefs

4. Queen Mothers Association of Ghana

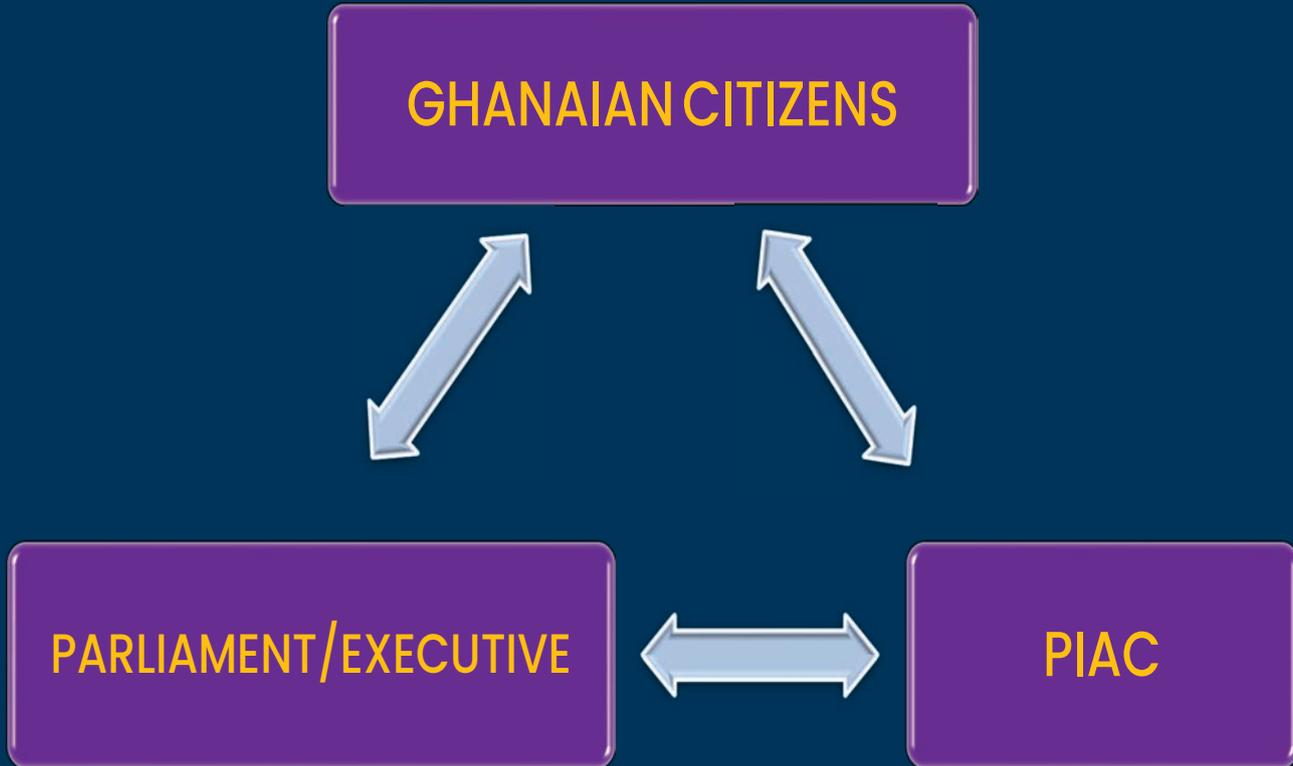
5. Trades Union Congress

6. Ghana Bar Association

7. Ghana Journalists Association

8. Ghana Extractive Industries Transparency Initiative (GHEITI)

PIAC Reporting Matrix



Reporting Obligations

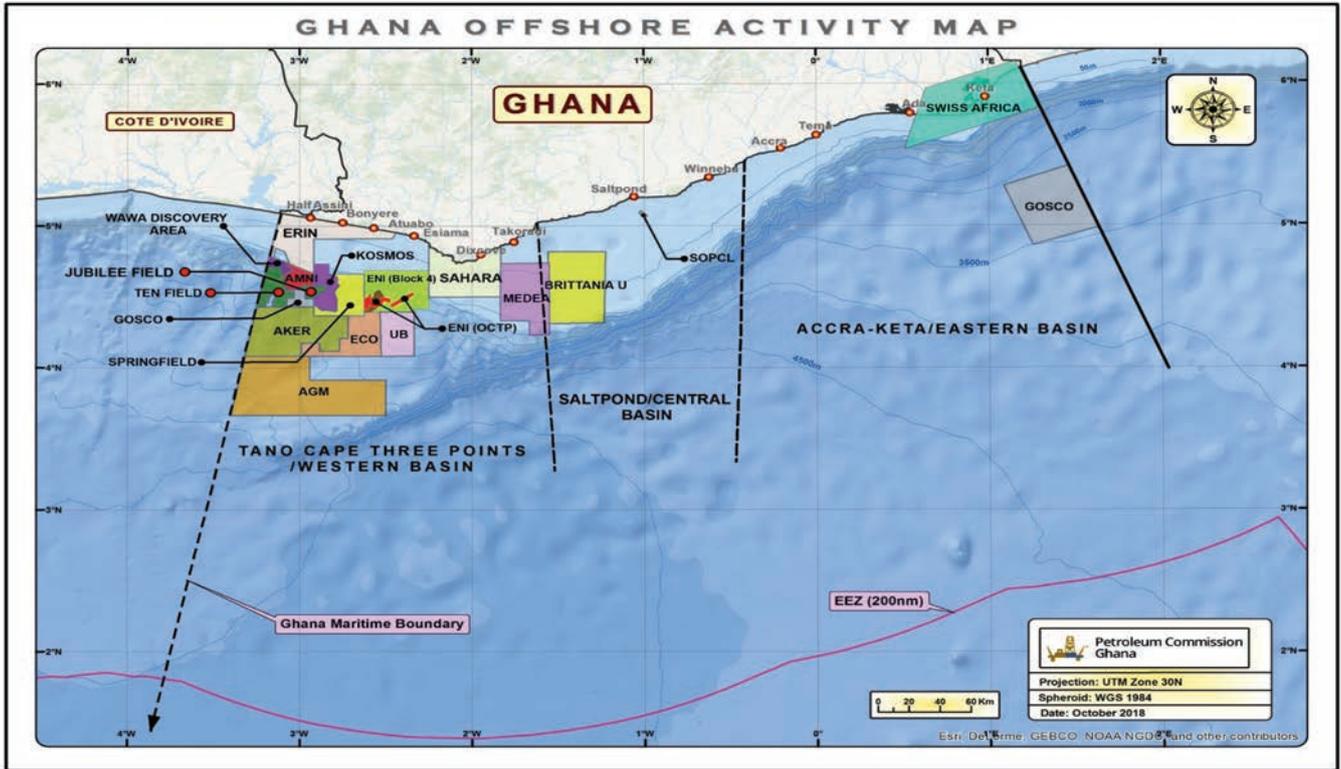
The PRMA mandates the Committee to:

- Publish two (2) statutory reports (Semi-Annual and Annual) on the management and use of petroleum revenues each year.
- Hold at least two public meetings with the citizenry each year.
- Submit a copy of its Reports to Parliament and the Presidency.

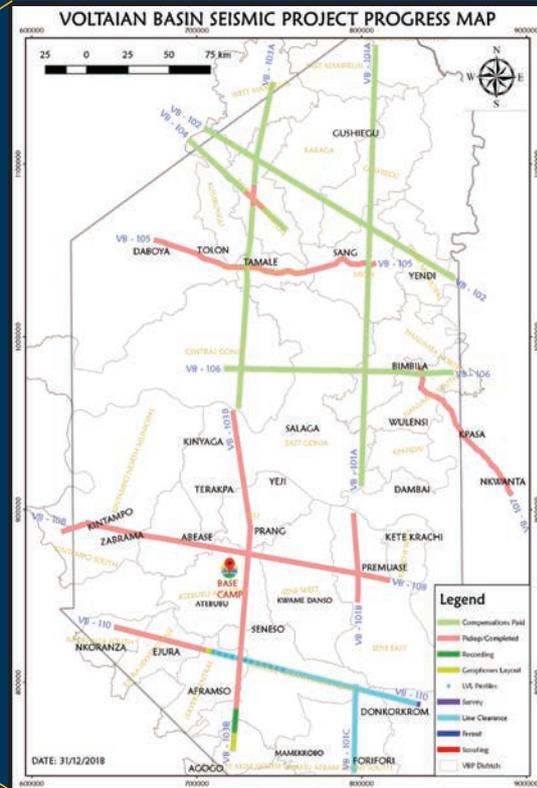
Upstream Petroleum Activities

- Ghana has four (4) sedimentary basins, where various petroleum activities are ongoing.
 1. Tano Cape Three Points/Western Basin - Offshore
 2. Saltpond/Central Basin- Offshore
 3. Accra-Keta/Eastern Basin- Offshore
 4. Voltaian Basin- Onshore
- The three (3) producing fields (Jubilee; Tweneboa, Enyenra, Ntomme [TEN]; and Sankofa Gye-Nyame [SGN]) are found in the Tano Cape Three Points Basin.

Upstream Activities: Offshore

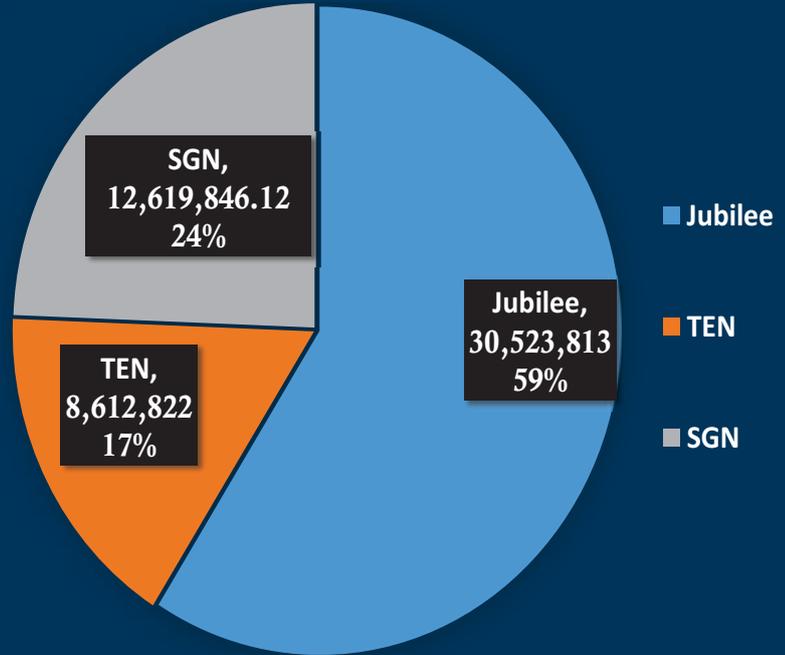


Upstream Activities: Onshore

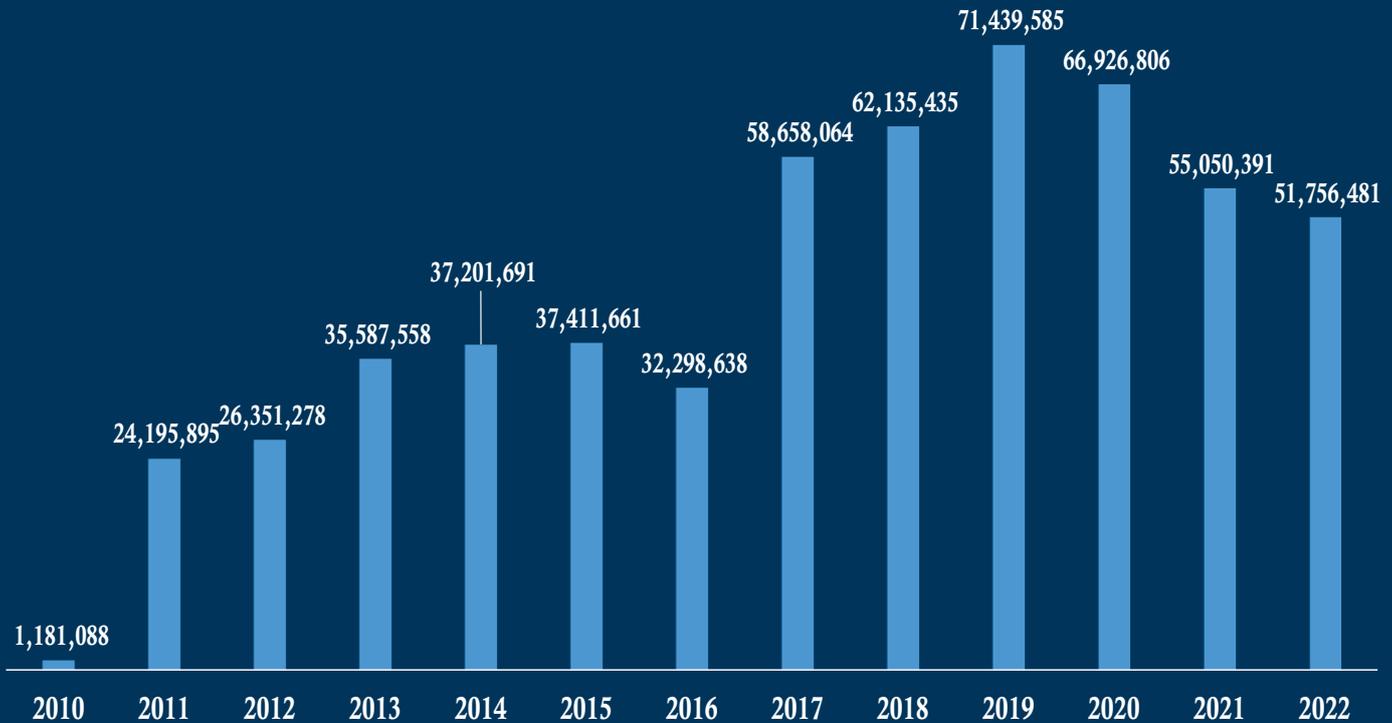


Crude Oil Production Statistics

Total oil production from the three fields from January to December 2022 was 51,756,481.12 barrels (bbls).



Cumulative Crude Oil Production (bbls)

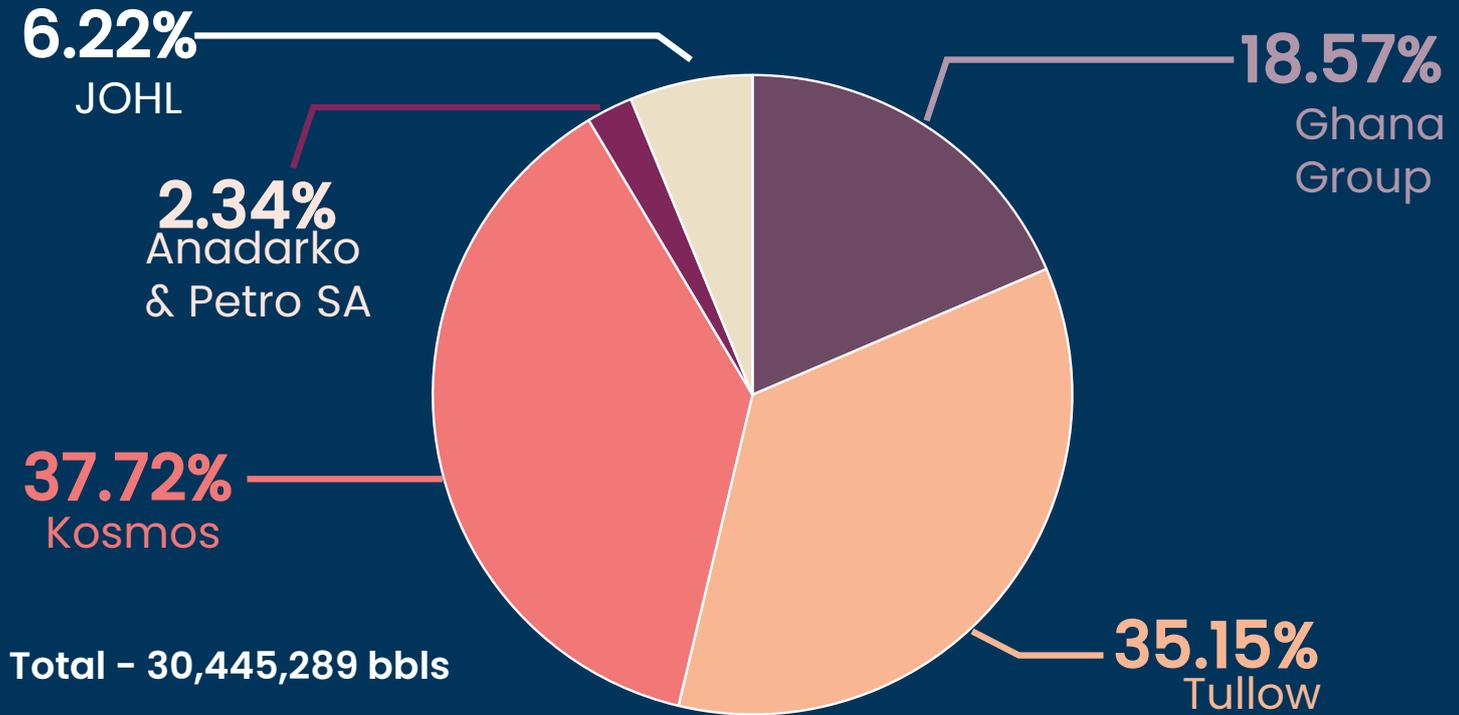


Total – 560.19 million barrels

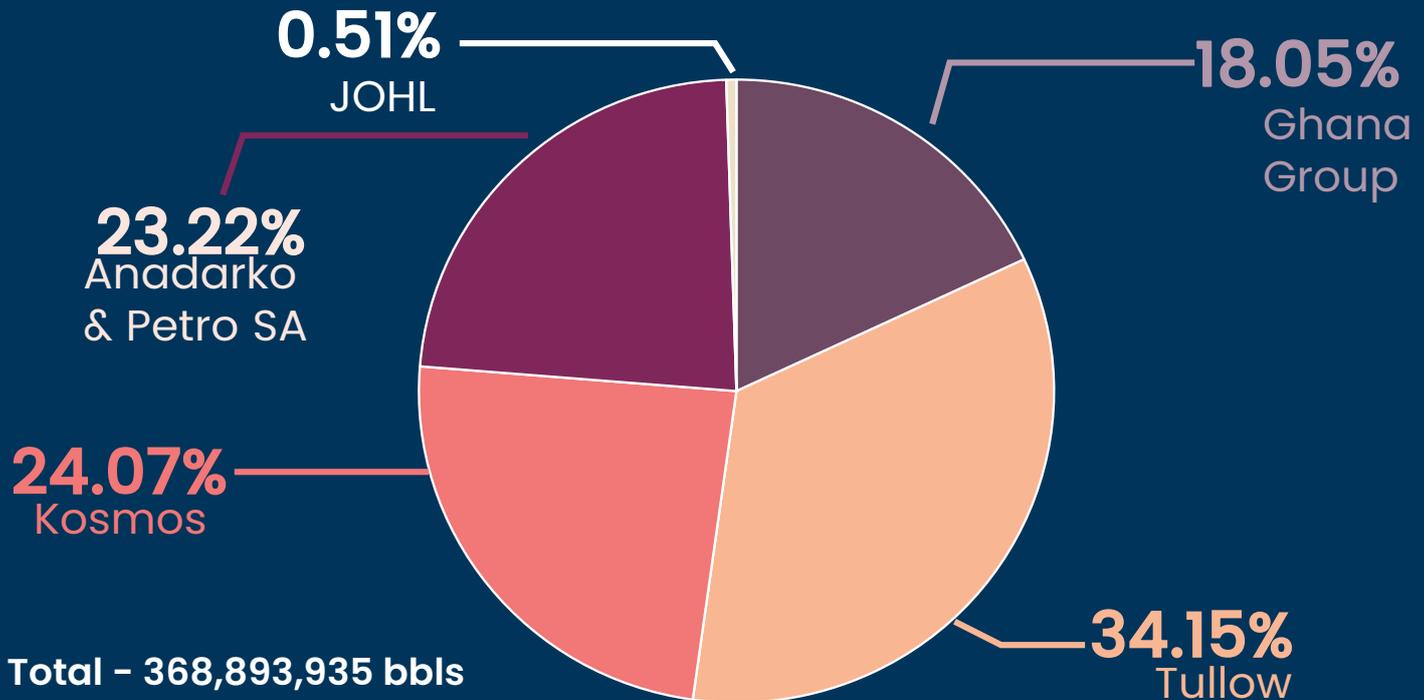
Share of Oil Liftings

- Each field is made up of different partners based on the Joint Venture Partnership agreements.
- Each partner's volume of lifting is based on its equity share in the Field.
- Partners in the various fields lifted their share of the produced crude in line with the Crude Oil Lifting Agreements (COLA).

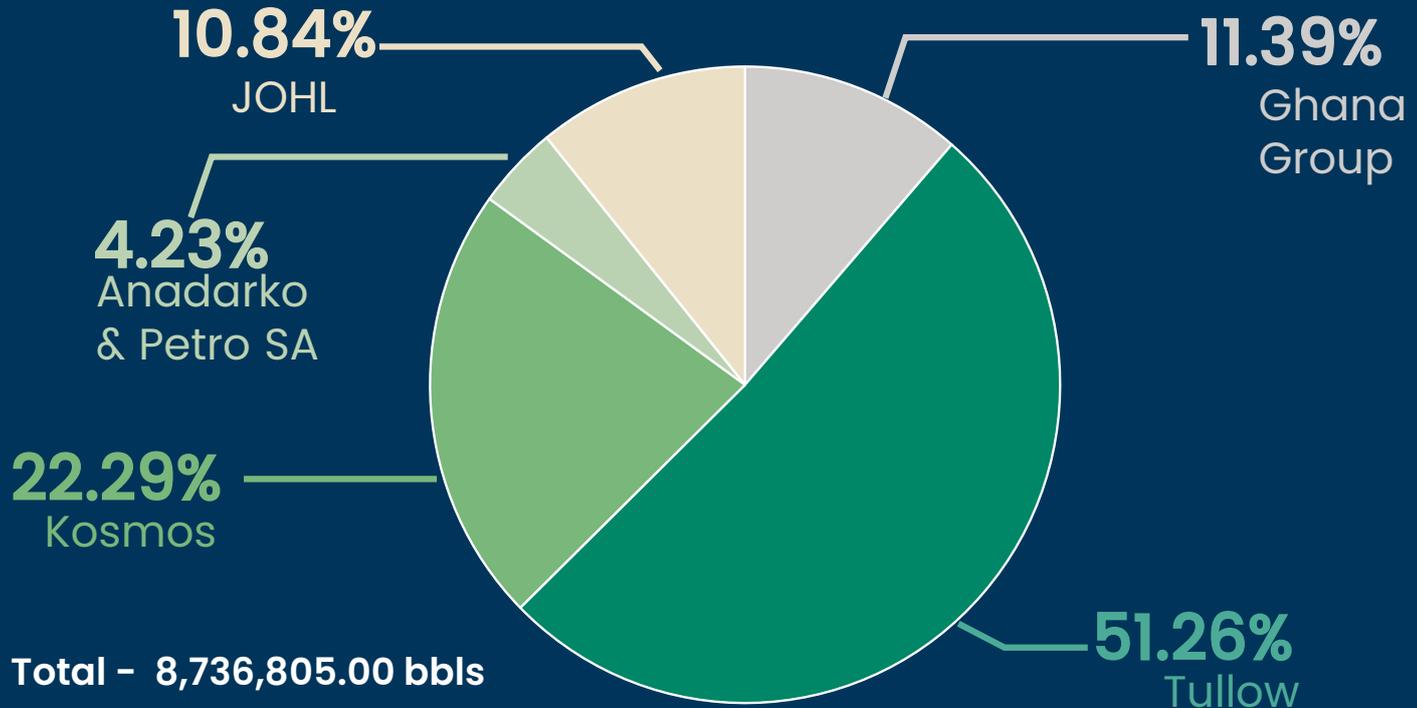
Share of Oil Liftings by Partners – Jubilee Field (2022)



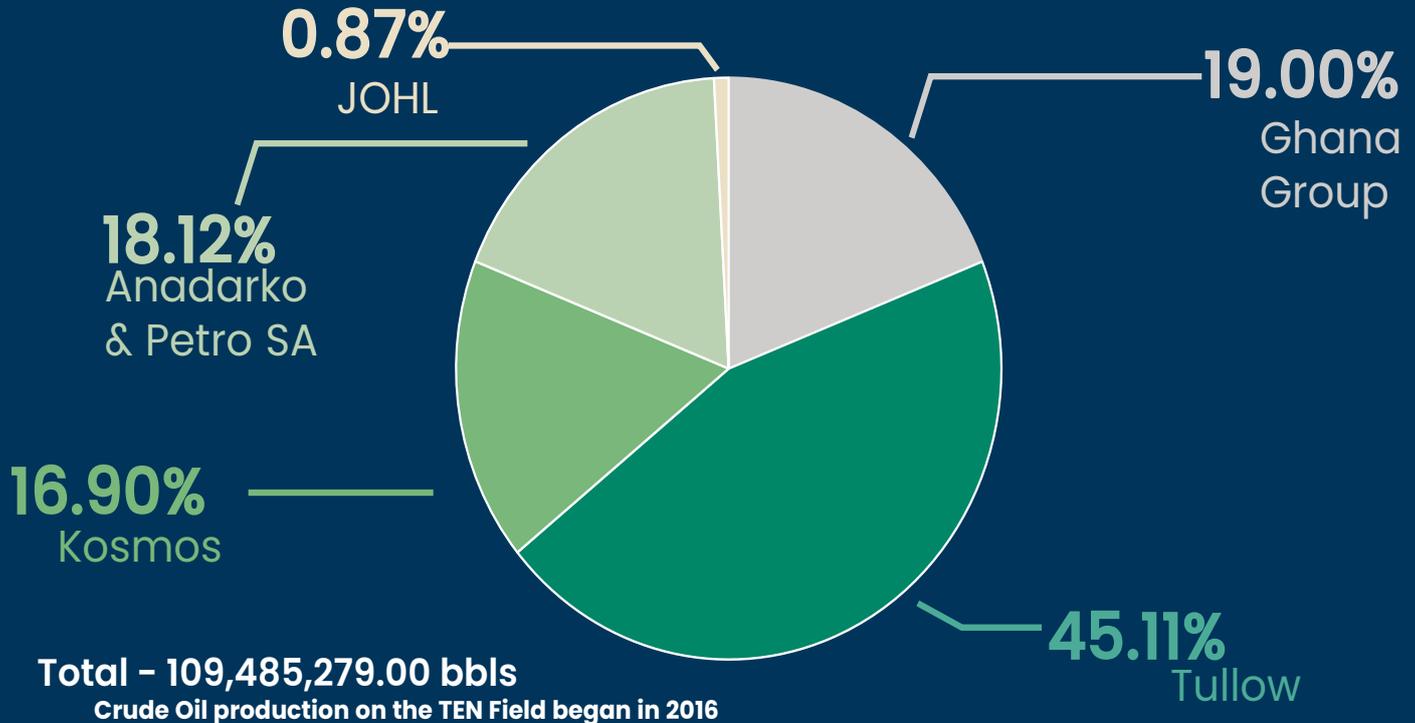
Share of Oil Liftings by Partners – Jubilee Field (2011 – 2022)



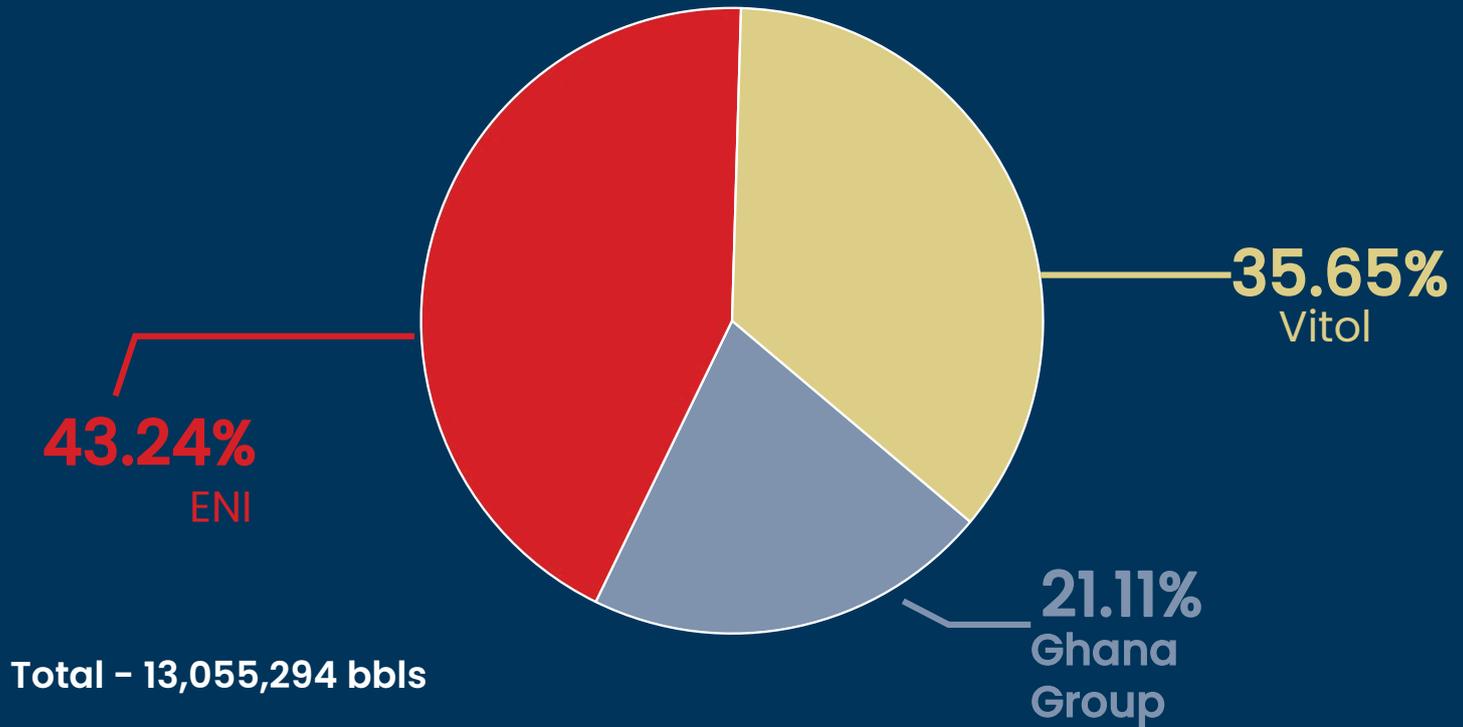
Share of Oil Liftings by Partners – TEN Field (2022)



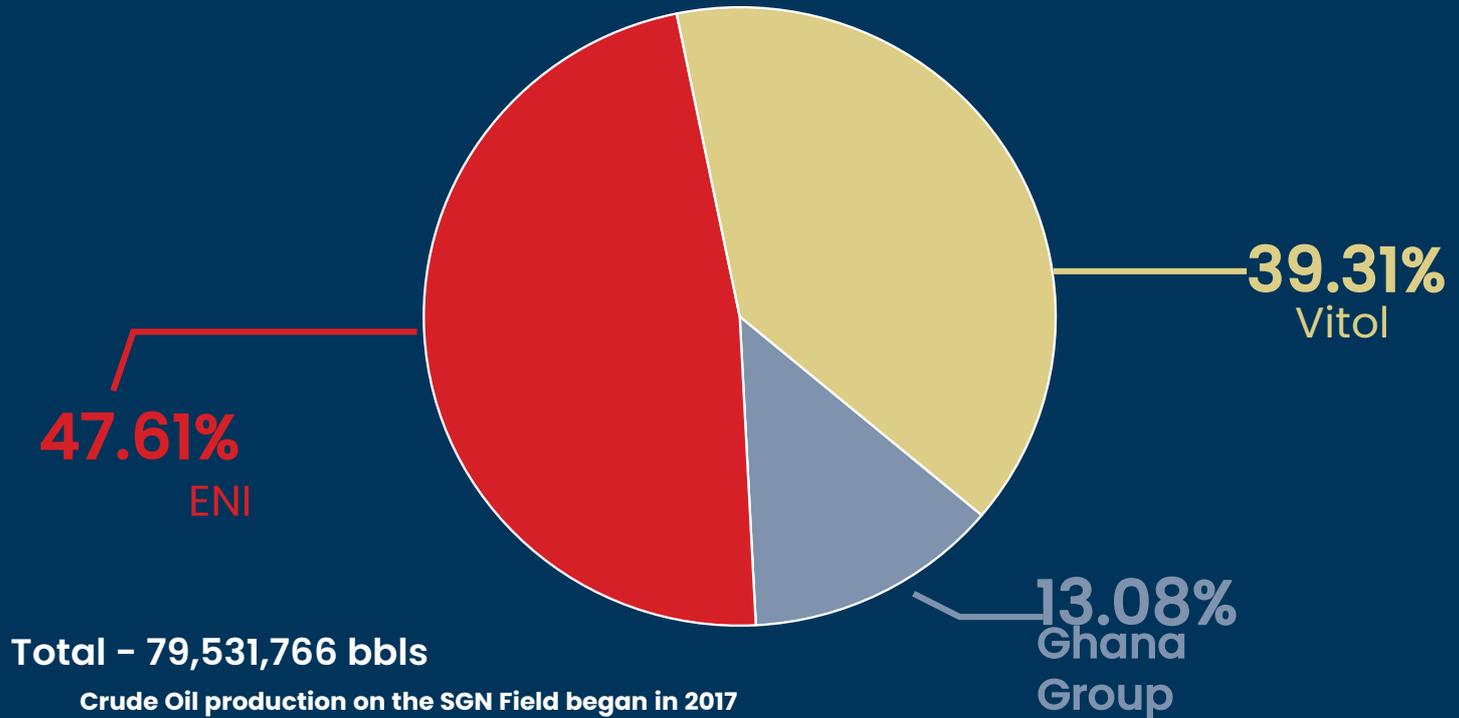
Share of Oil Liftings by Partners – TEN Field (2016 – 2022)



Share of Oil Liftings by Partners – SGN Field (2022)

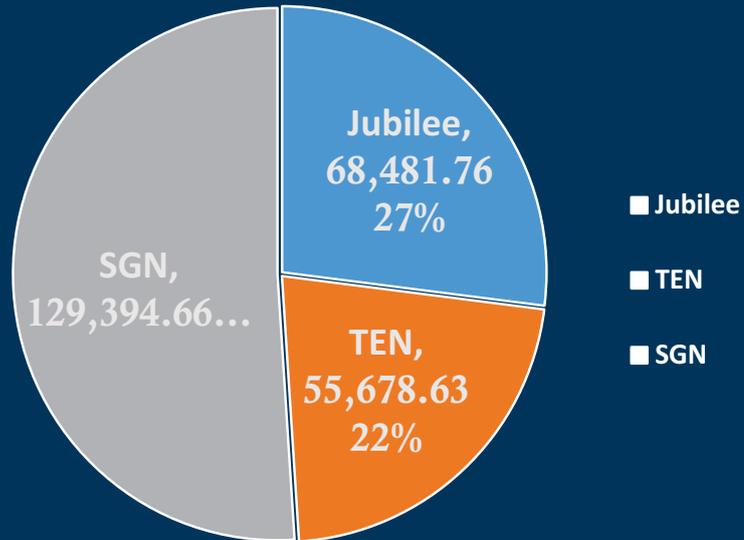


Share of Oil Liftings by Partners – SGN Field (2017 – 2022)

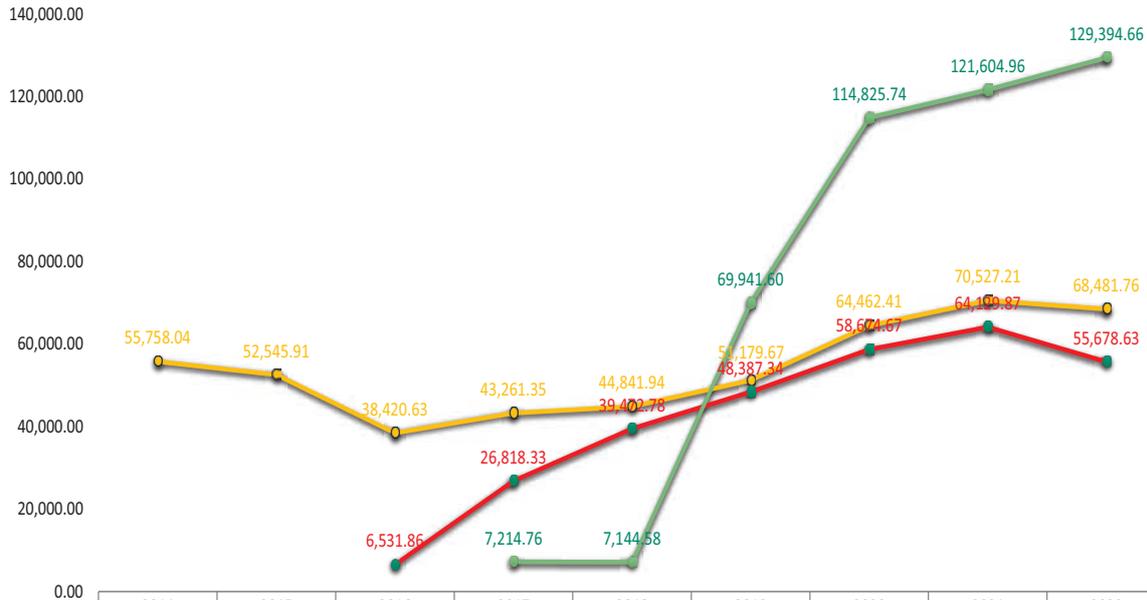


Gas Production Statistics

- Total gas production for 2022 was 253,555.05 million standard cubic feet (MMSCF).
- The highest volume was recorded on the SGN Field (51%), a predominantly gas field.



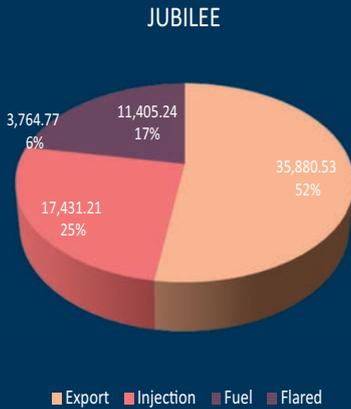
Annual Gas Production (MMSCF) 2014-2022



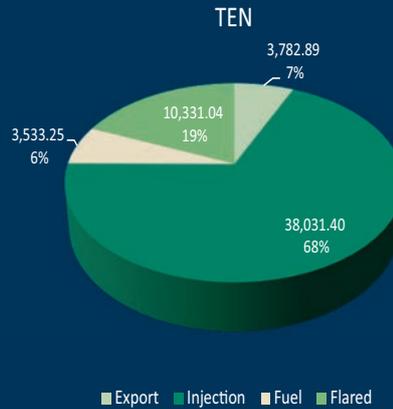
	2014	2015	2016	2017	2018	2019	2020	2021	2022
○ Jubilee	55,758.04	52,545.91	38,420.63	43,261.35	44,841.94	51,179.67	64,462.41	70,527.21	68,481.76
● TEN			6,531.86	26,818.33	39,472.78	48,387.34	58,674.67	64,129.87	55,678.63
● SGN				7,214.76	7,144.58	69,941.60	114,825.74	121,604.96	129,394.66

Total Gas Production = 1,239,298.70 MMSCF

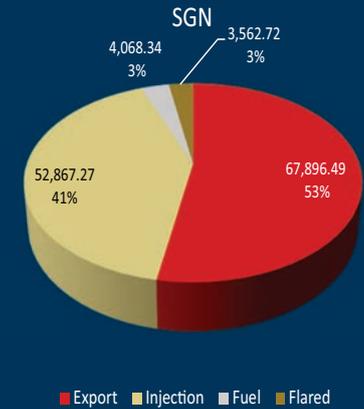
2022 Field-by-Field Gas Utilisation (MMSCF)



Gas Produced=68,481.76 MMSCF



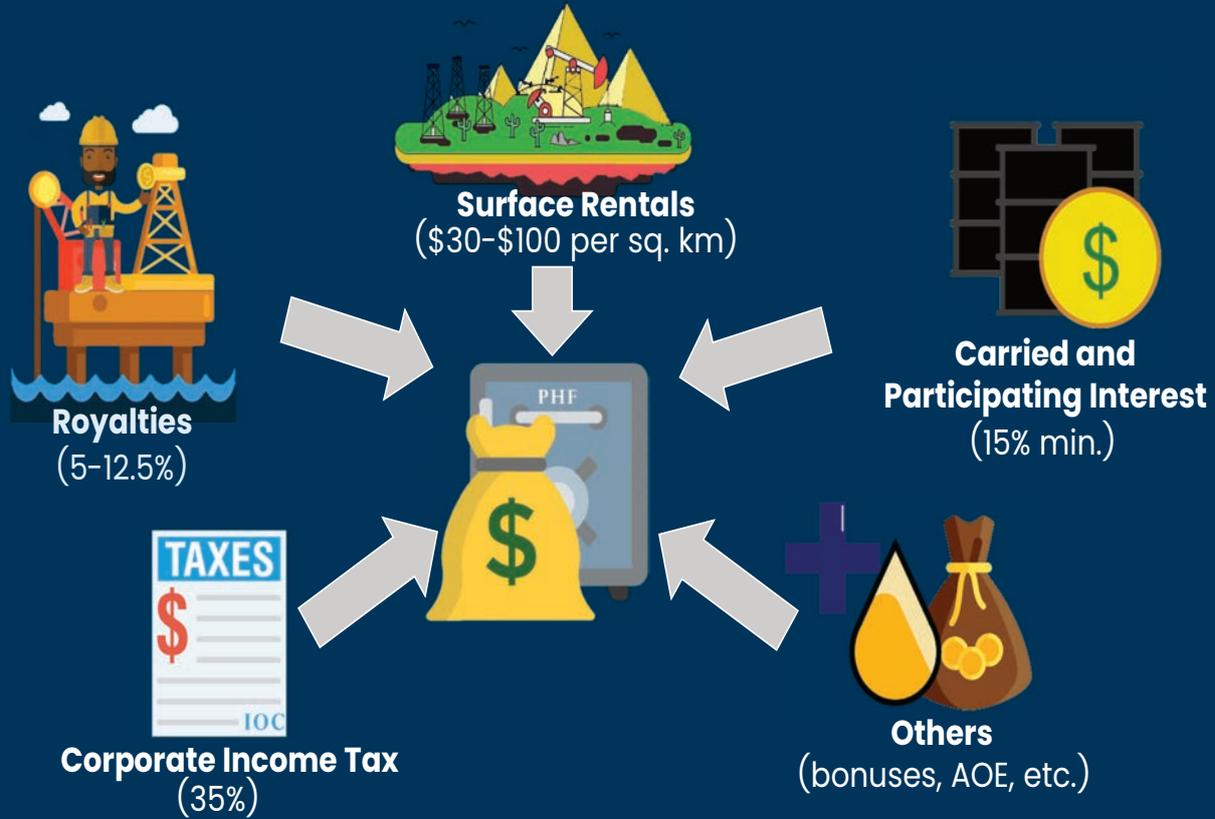
Gas Produced=55,678.63 MMSCF



Gas Produced=129,394.66 MMSCF

Total Gas Produced in 2022 = 253,555.05 MMSCF

Sources of Petroleum Revenue



Petroleum Revenue Statistics

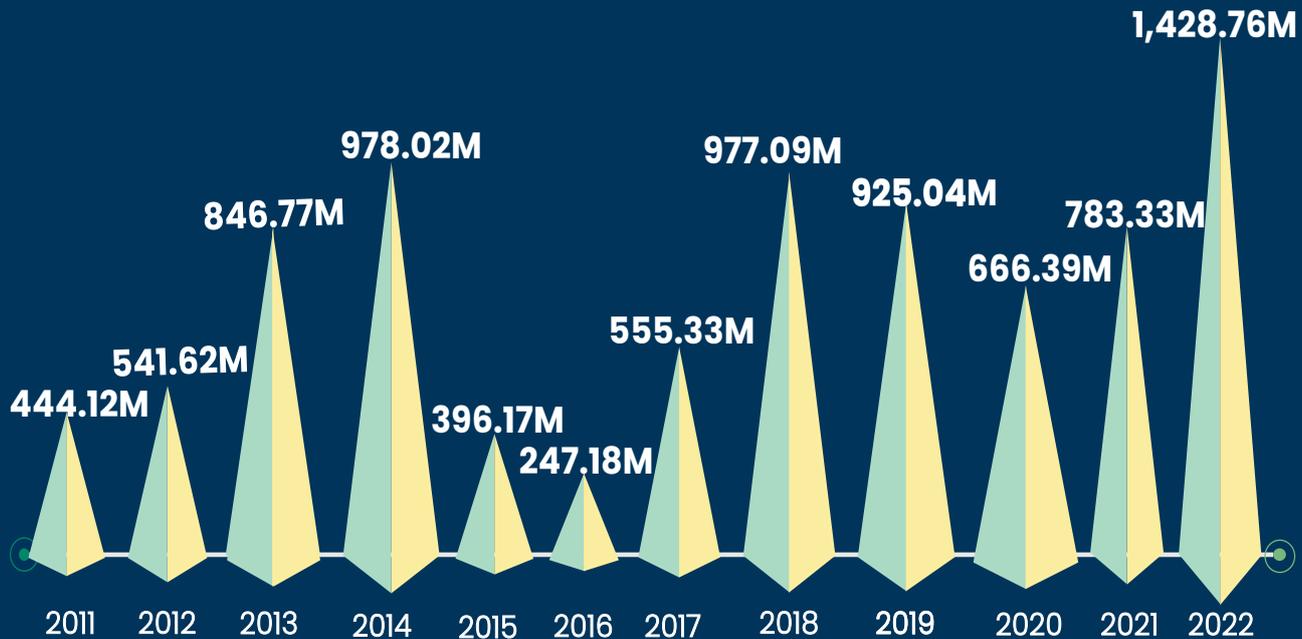
- Ghana derives revenue from its share of crude oil produced and sold at the prevailing market prices, as well as taxes.

Sources of Petroleum Revenue in 2022 (US\$)



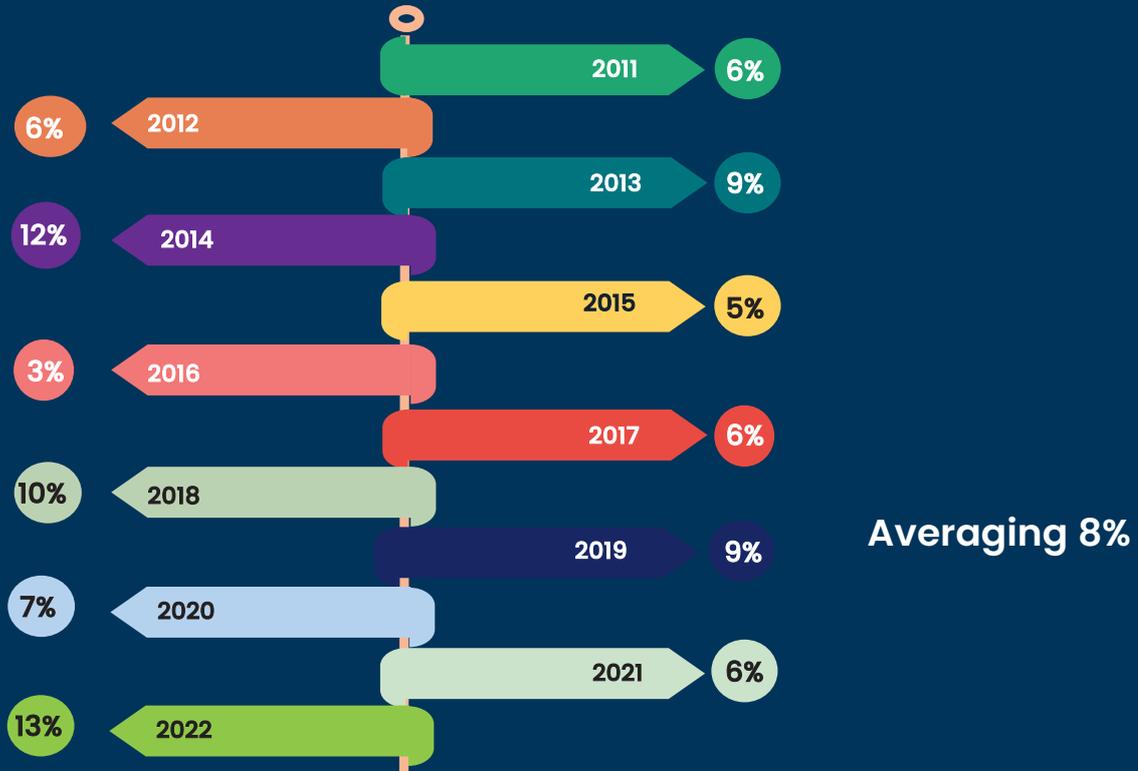
Total Revenue = US\$1,428,760,076.93

Annual Petroleum Revenue (US\$): 2011– 2022



Total Petroleum Revenue = US\$8.79 billion

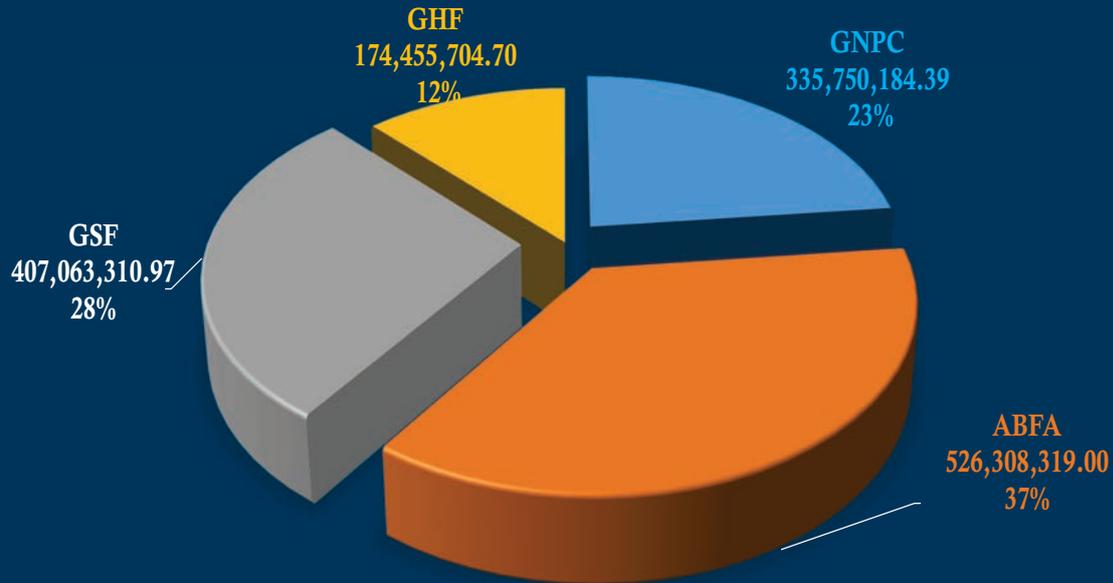
Petroleum Revenue as a Percentage of Total Government Revenue (US\$M)



Allocations of Petroleum Revenue

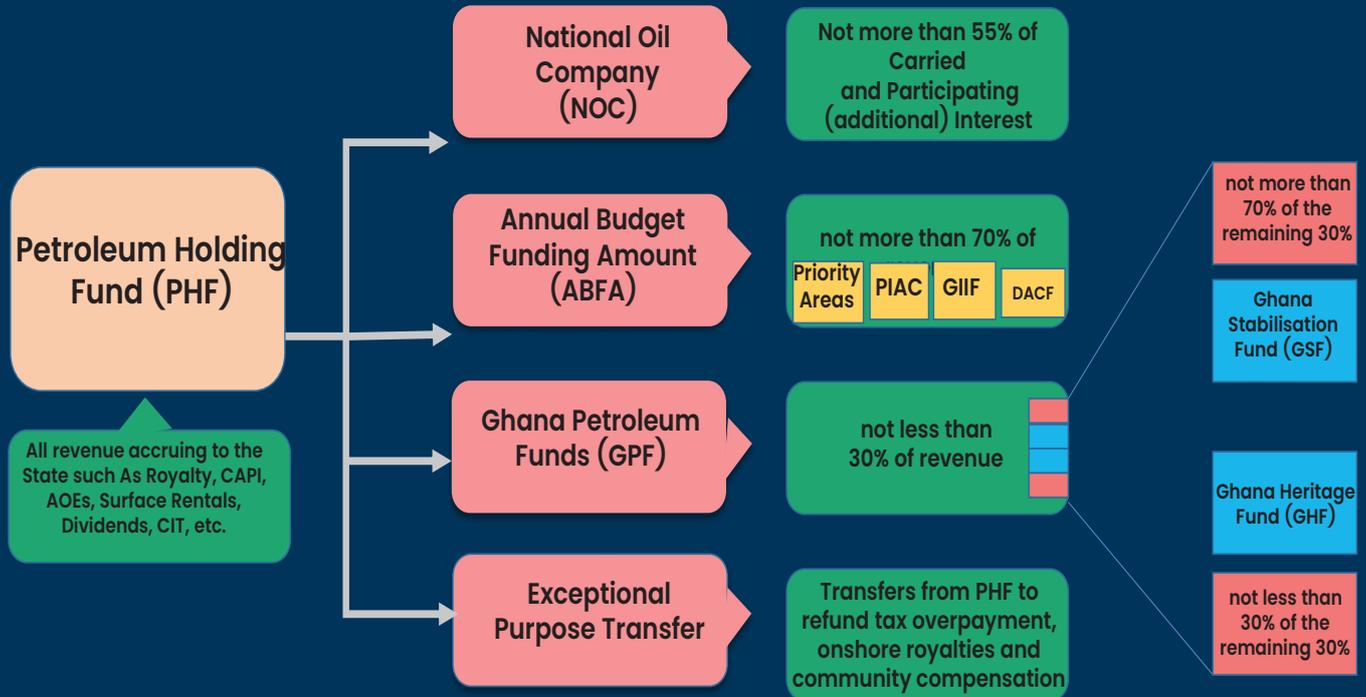
- According to the Petroleum Revenue Management Act (PRMA) 2011, Act 815, as amended, all petroleum revenues are to be deposited into the Petroleum Holding Fund (PHF).
- The allocation of petroleum revenue is determined by the PRMA. Petroleum revenues are distributed from the PHF to the:
 - a. National Oil Company (currently GNPC);
 - b. Annual Budget Funding Amount (ABFA); and,
 - c. Ghana Petroleum Funds (Ghana Stabilisation Fund – GSF, and the Ghana Heritage Fund – GHF).

Distribution of Revenue from PHF in 2022 (US\$)



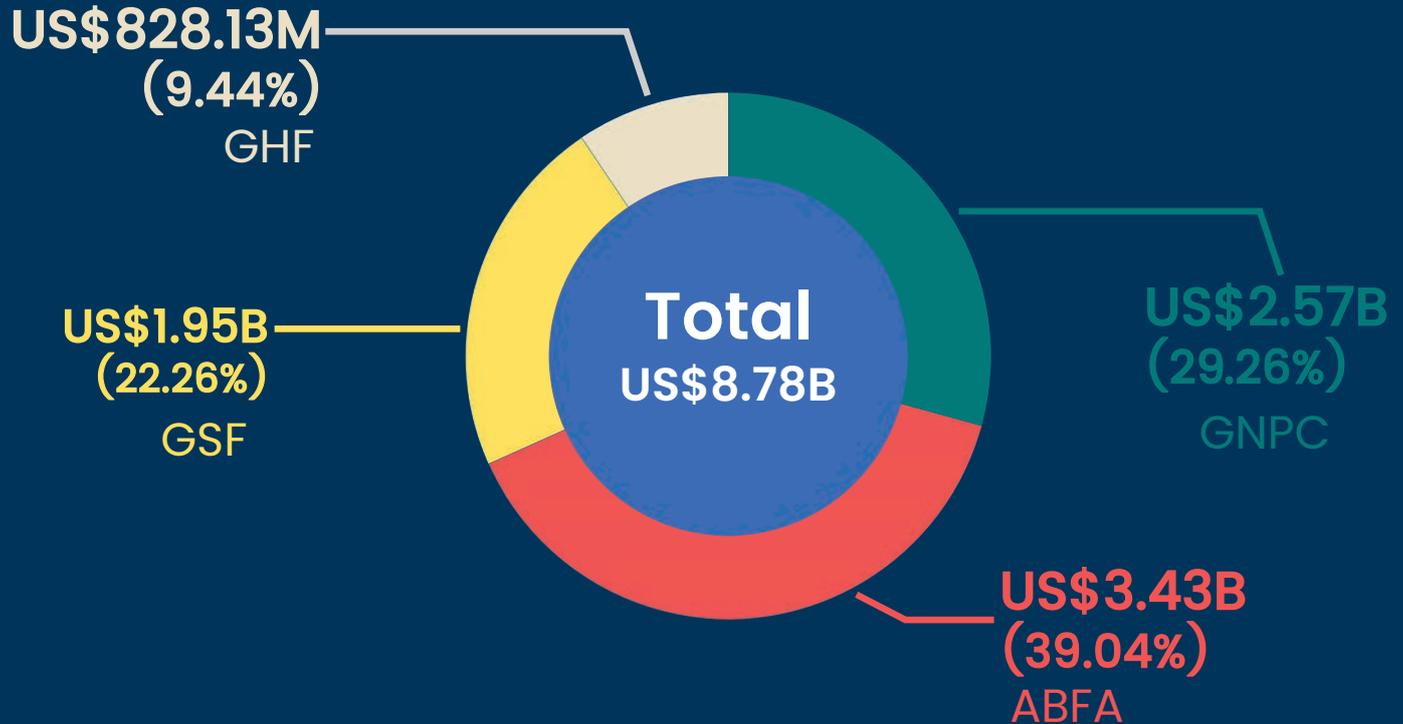
Total – US\$1,443,577,519.06

Allocation of Petroleum Revenue as Determined by the PRMA



CAPI – Carried & Participating Interest
 AOE – Additional Oil Entitlement

Cumulative Distribution of Petroleum Revenue: 2011 - 2022



Ghana Petroleum Funds

- The Ghana Petroleum Funds (GPFs) is made up of the Ghana Stabilisation Fund (GSF) and the Ghana Heritage Fund (GHF).
- The object of the GSF is to cushion the impact on or sustain public expenditure capacity during periods of unanticipated petroleum revenue shortfalls.
- The GHF was created to provide an endowment to support the development for future generations when Ghana's petroleum reserves are exhausted.
- These funds are invested outside Ghana in safe and qualifying instruments prescribed by the Finance Minister pursuant to law.

Balances of the Ghana Petroleum Funds as at the end of 2022



GHF

US\$918,223,453.56



GSF

US\$143,661,569.28

Total GPF Balance - US\$1,061,885,022.84

The Annual Budget Funding Amount

The Annual Budget Funding Amount (ABFA) is the portion of petroleum revenue allocated to support the national budget. Its use is subject to the same budgetary processes that are necessary to ensure efficient allocation, responsible use and effective monitoring of public expenditure.

The use of the annual allocation of the ABFA shall be to:

- a. maximise the rate of economic development;
- b. promote equality of economic opportunity with a view to ensure the well-being of citizens;
- c. undertake even and balanced development of the regions; and,
- d. Be guided by a medium-term expenditure framework aligned with a long-term national development plan, approved by Parliament.

The Annual Budget Funding Amount

Section 21(3) of the PRMA states that when a long-term national development plan approved by Parliament is not in place, the spending of petroleum revenue within the budget shall give priority to, but not be limited to programmes or activities relating to the following priority areas (the government can select a maximum of four priority areas for investment every three years, after which it can either maintain or review the priority areas):

Priority Areas for Selection



Health



Infrastructure Development



Alternative Energy Sources Development



Potable Water & Sanitation



Social Welfare



Rural Development



Housing Delivery



Strengthening of Institutions



Environmental Protection



Public Safety & Security



Agriculture & Industry



Education, Science and Technology

Priority Areas for 2020 – 2022



Agriculture



**Road, Rail & Other Critical
Infrastructure Development**

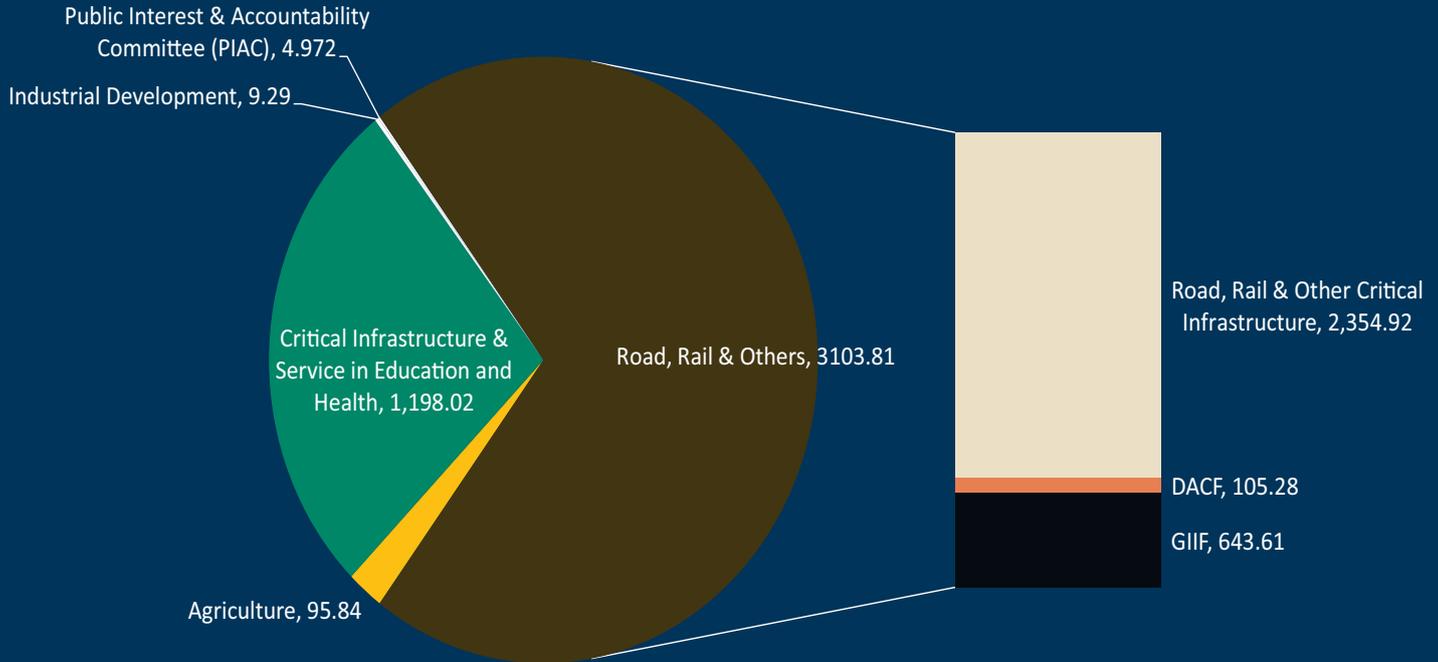


**Physical Infrastructure &
Service
Delivery in Education and
Health**



Industrialisation

2022 ABFA Disbursement (GH¢ M)



Total 2022 ABFA Distribution = GH ¢ 4,411,919,419.78

Distribution of ABFA: 2011 – 2016



Agriculture Modernisation
GH¢238.68M



Amortisation of Loans
GH¢874.55M



Road & Other Infrastructure
GH¢1.58B

Total
GH¢3.31 Billion



Capacity Building
GH¢358.00M



**Public Interest and
Accountability Committee**
GH¢0.97M



GIIF
GH¢257.08M

Distribution of ABFA: 2017 – 2019



Agriculture
GH¢246.83M



**Public Interest and
Accountability Committee**
GH¢7.78M



**Road, Rail & Other Critical
Infrastructure Development**
GH¢876.25M

Total
GH¢2.43 Billion



**Physical Infrastructure &
Service Delivery in Education**
GH¢1.19B



GIIF
GH¢29.22M



**Physical Infrastructure &
Service Delivery in Health**
GH¢77.70M

Distribution of ABFA: 2020 – 2022



Agriculture
GH¢184.21 M



**Public Interest and
Accountability Committee**
GH¢10.41M



**Road, Rail & Other Critical
Infrastructure Development**
GH¢5.37B



**Physical Infrastructure &
Service
Delivery in Education and
Health**

Total
GH¢9.04 Billion



Industrialisation
GH¢57.35M



DACF
GH¢137.66M



GIIF
GH¢933.98M

PIAC Activities

- In line with its mandate, the Committee undertakes programmes and activities throughout the year, and solicits feedback from citizens during its public engagements.
- During the period, the Committee held activities including:
 - 8 District Engagements;
 - 2 Regional Engagements;
 - 29 Project inspections;
 - 6 Tertiary engagements; and
 - 3 Media engagements

FINDINGS

Petroleum Production and Sales

1. Crude oil production has been declining for three consecutive years, at an average decline of 10 percent. The table below depicts the trend.

Year	Quantity	Percentage Decline (%)
2019	71,439,585	
2020	66,926,806	6.32
2021	55,050,391	17.75
2022	51,756,481	5.98

Revenue Collection and Management

2. The total petroleum revenue of US\$1.43 billion in 2022 is the highest for a single year since inception of petroleum production in Ghana.

3. Surface Rental Arrears continue to rise. It increased from US\$2.58 million in 2021 to US\$2.77 million in 2022, 65 percent (US\$1.80 million) of which is owed by four (4) contractors whose Petroleum Agreements were terminated in 2021.

Utilisation of ABFA

4. For two consecutive years (2021 – 1.74% and 2022 – 2.39%), the Ministry of Finance has not met the requirement to transfer five (5) percent of the ABFA to the District Assembly Common Fund, contrary to the decision of the Supreme Court of Ghana in the case of Kpodo and Another vs Attorney-General in 2019.
5. The Industrialisation Priority Area received an amount of GH¢9.29 million representing 0.20 percent of the total ABFA (GH¢4.41 billion). The disbursement which represents 4.29 percent of the amount budgeted (GH¢216.3 million) for the priority area for 2022 does not reflect giving priority to Industrialisation in the use of ABFA.

Utilisation of ABFA

6. In 2022, an amount of GH¢643.61 million (US\$73.68 million) was disbursed to GIIF which was entirely used to support the Agenda 111 Project of the Government. This is the second year that GIIF has received funds for the Agenda 111 Project.

Management and Performance of GPFs

7. Even though US\$508,656,349.80 was withdrawn from the GSF, the balance of the GPFs increased by 9.31 percent, from US\$971.43 million as at the end of 2021 to US\$1,061.89 million as at the end of 2022.
8. 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 L.I 2381. A proper application of the formula would have returned a cap of US\$638.87 million. The current cap does not help build the Fund to serve its purpose.

GNPC Allocation and Utilisation

9. In 2022, GNPC received an amount of US\$38,835,537.56 as gas commodity revenue from the Cash Waterfall Mechanism (CWM) which constitutes petroleum revenue. This amount was not paid into the PHF.
10. GNPC continues to fund the construction of roads in the Western Corridor Enclave. This constitutes quasi-fiscal expenditure, and should be the primary responsibility of central government and not the National Oil Company. The total expenditure by GNPC on these roads since 2014 is US\$124.66 million.

11. Total lifting proceeds received by JOHL (a subsidiary of GNPC) for 2022 amounted to US\$272,652,208.95. Despite calls by PIAC that revenues of JOHL constitute petroleum revenue and should be paid into the PHF, GNPC disagrees and continues to use lifting proceeds of JOHL for other expenditures.

12. GNPC is using JOHL to carry out operations not approved in GNPC's Workplan for 2022. Two notable examples are Explorco cash calls on Springfield & ENI Block 4, etc – US\$5,546,419.12, and SOPCL Decommissioning – US\$11,000,000.00.

GNPC Allocation and Utilisation

13. Total expenditure on the Saltpond Decommissioning amounted to US\$26.64 million in 2022. This is US\$3.23 million more than the US\$23.41 million approved in the 2022 Workplan of GNPC.

Operations of GNGC

14. Although GNGC generates some revenue from the sale of processed gas, it has been unable to settle its indebtedness to GNPC for raw gas supplied because of the zeroed policy introduced by government to subsidise its portion of the CAPI of the gas. Apart from the payment of gas revenue in 2015 by GNPC, there has been no further gas payments into the PHF.

PIAC Project Inspections

15. In 2022, the Committee inspected 29 ABFA-funded projects in seven (7) regions. The ABFA component for twenty-six (26) of the projects visited, constituted an average of 57.31 percent of the project contract sum. The contract sum of the remaining three (3) projects was not available to the Committee at the time of the inspection. The only project that was completed at the time of PIAC's visit was fully funded with the ABFA.

RECOMMENDATIONS

RECOMMENDATIONS

1. There is the need for Ghana to speed up the sustainable development of its petroleum resources to reverse the decline in petroleum production through the attraction of new investors as well as early completion of ongoing projects.
2. GRA needs to intensify its efforts in the collection of Surface Rental arrears, particularly the amount owed by the four (4) contractors whose Petroleum Agreements were terminated in 2021.
3. Crude oil receipts by JOHL should be paid into the PHF since it forms part of Ghana's petroleum revenue.

RECOMMENDATIONS

4. In the disbursement of funds to the DACF, the Minister for Finance should comply with the decision of the Supreme Court of Ghana in the case of Kpodo and Another vs Attorney-General in 2019.
5. Having rightly selected Industrialisation as a Priority Area, the government should show commitment by investing more in industrial development.
6. The Minister for Finance should comply with the relevant provisions of L.I 2381 in determining the cap on the GSF, in order that the Fund would be able to cushion the economy in times of unanticipated petroleum revenue shortfalls.

RECOMMENDATIONS

7. PIAC reiterates its call on GNPC to focus on its core mandate and desist from lending to government and its agencies. Similarly, the government should desist from borrowing or requesting GNPC to make advances and guarantees.
8. Given that petroleum revenues recorded a historic high in 2022, PIAC recommends that GNPC should manage its expenditure and build buffers against volatilities in petroleum revenue inflows in the future.

RECOMMENDATIONS

9. PIAC reiterates that Government should direct disbursements to GIF intended for the Agenda 111 project, to the Ministry of Health under the health component of the Education and Health Priority Area.

Commendable Projects



KIA Terminal 3



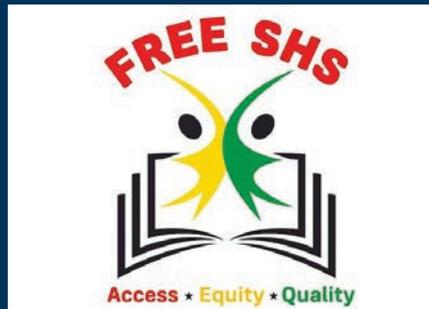
Kojokrom-Tarkwa Railway



Axim Coastal Protection Project



Enchi-Asankragua Road



Free SHS Programme



Gas Processing Plant

Contact PIAC



Location

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