



PIAC

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



20 23

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), as amended, 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 Industry 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

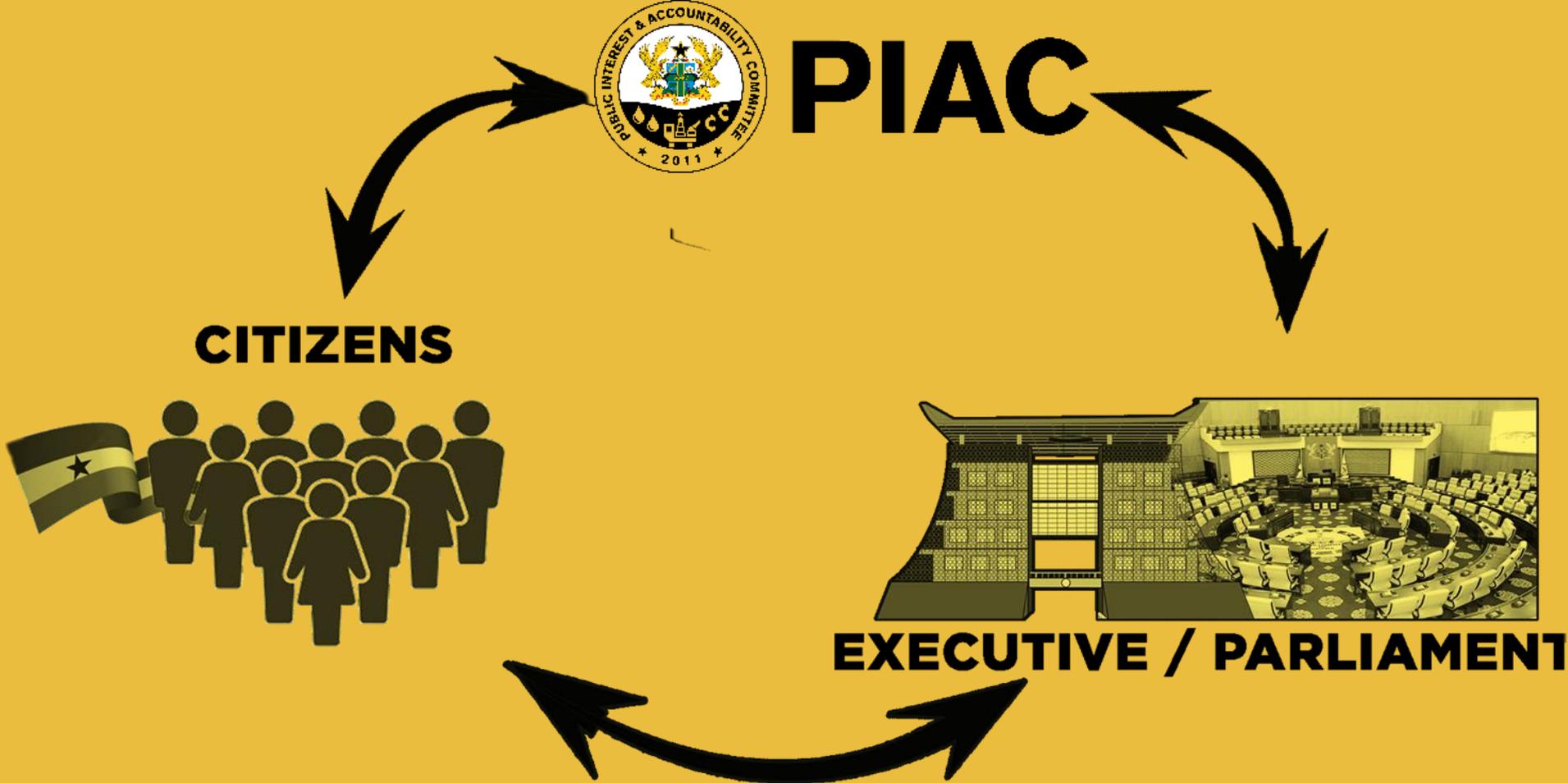
3-Year Non-Renewable

- 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

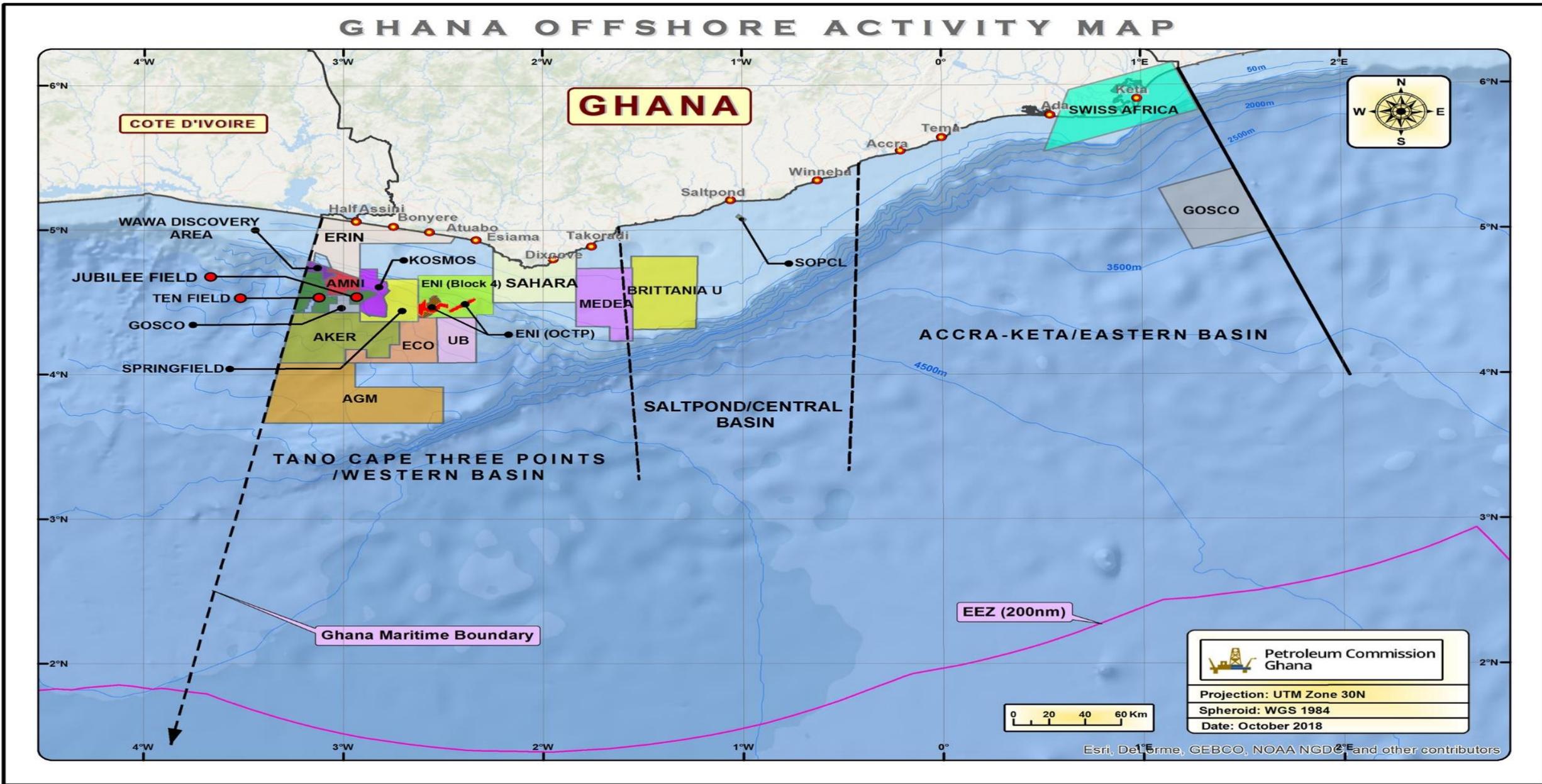
The PRMA, as amended, mandates the Committee to:

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

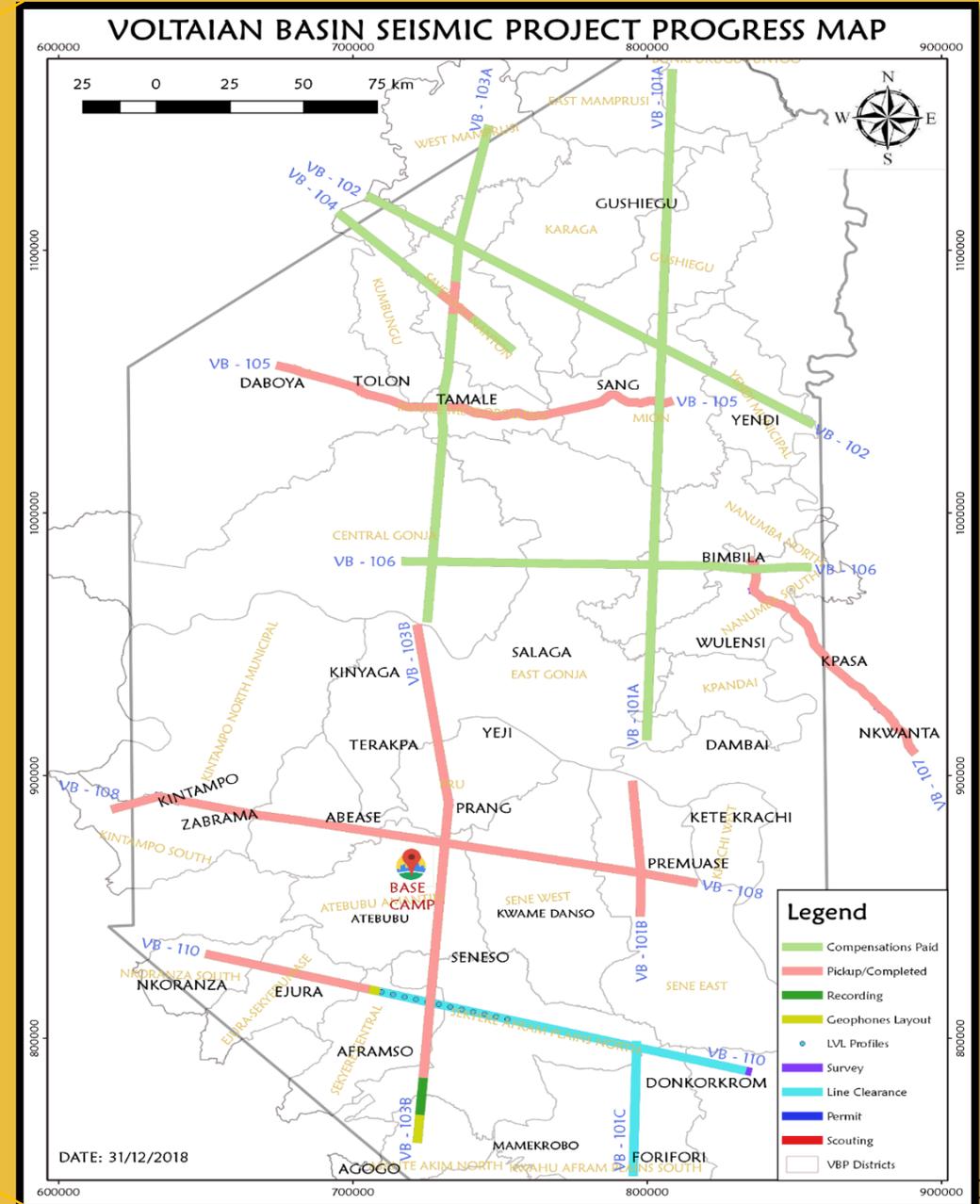
Upstream Petroleum Activities

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

Upstream Activities: Offshore



Upstream Activities: Onshore

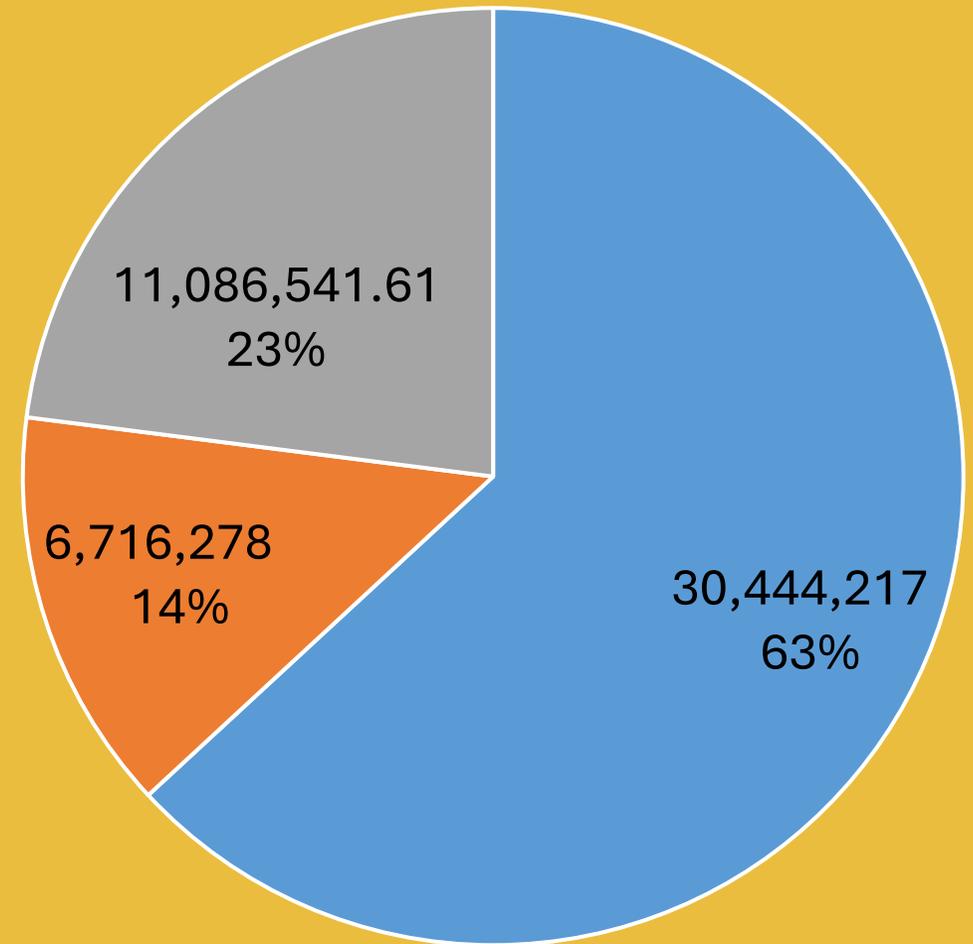


Share of Oil Liftings

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

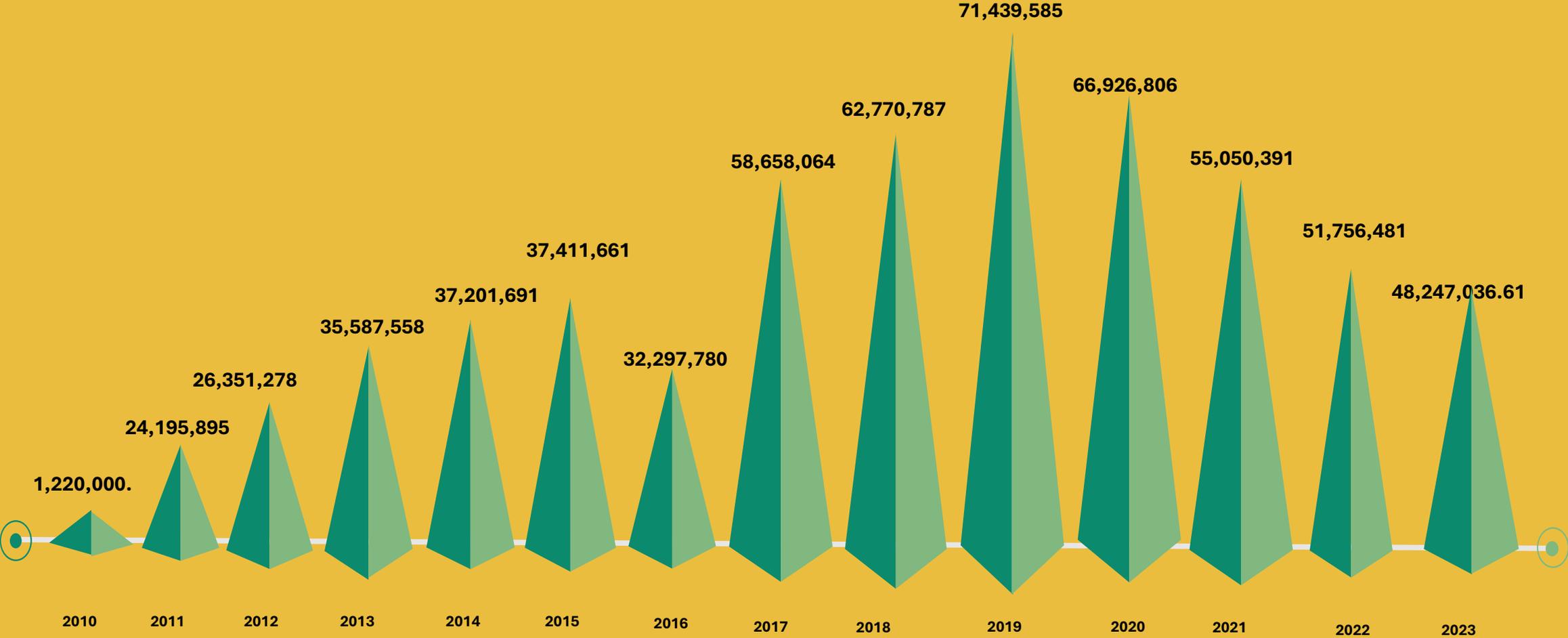
Crude Oil Production Statistics

Total oil production from the three fields from January to December 2023 was 48.25 million barrels (bbls).



■ Jubilee ■ TEN ■ SGN

Annual Crude Oil Production (bbls): 2010 – 2023



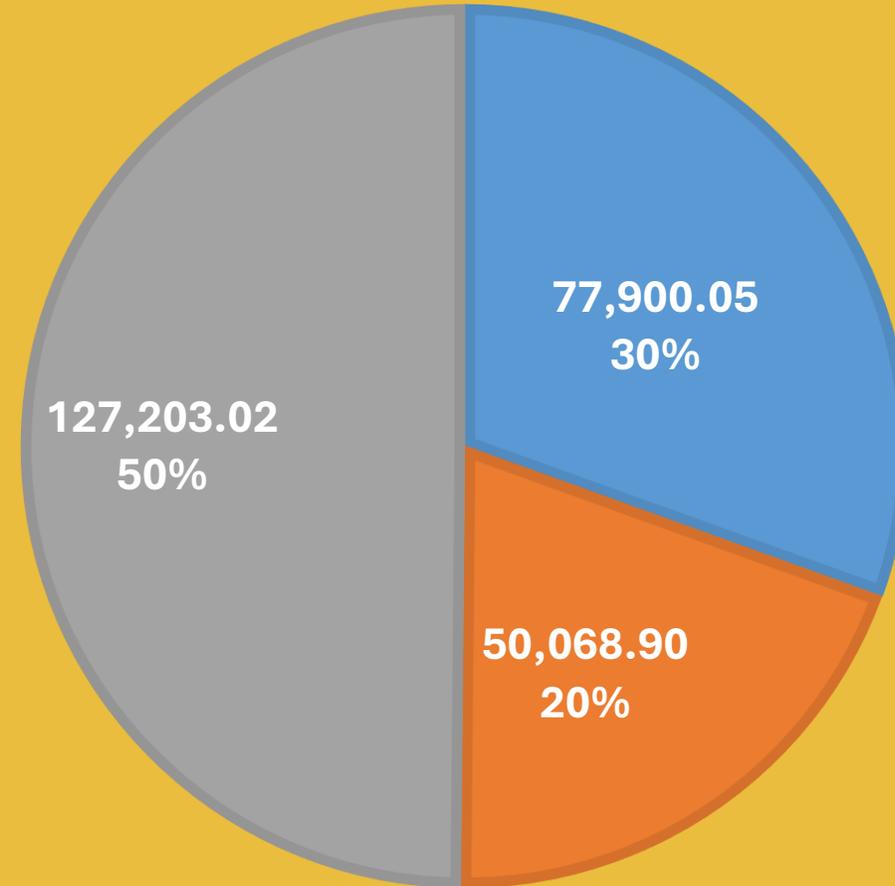
Total Crude Oil Produced = 608.44 million bbls

Gas Production

- Gas is produced on all three (3) producing fields (Jubilee, TEN and SGN). On the Jubilee and TEN fields, Gas production occurs as a by-product of crude oil extraction, where associated gas is captured during the oil production process.
- On the SGN Field, which is a predominant gas field, the majority of the gas is not produced as a result of oil production. However, there is associated gas produced on the Field.

Gas Production Statistics

- Total gas production for 2023 was 255,171.9 million standard cubic feet (MMSCF).
- The highest volume was recorded on the SGN Field (50%), a predominantly gas field.

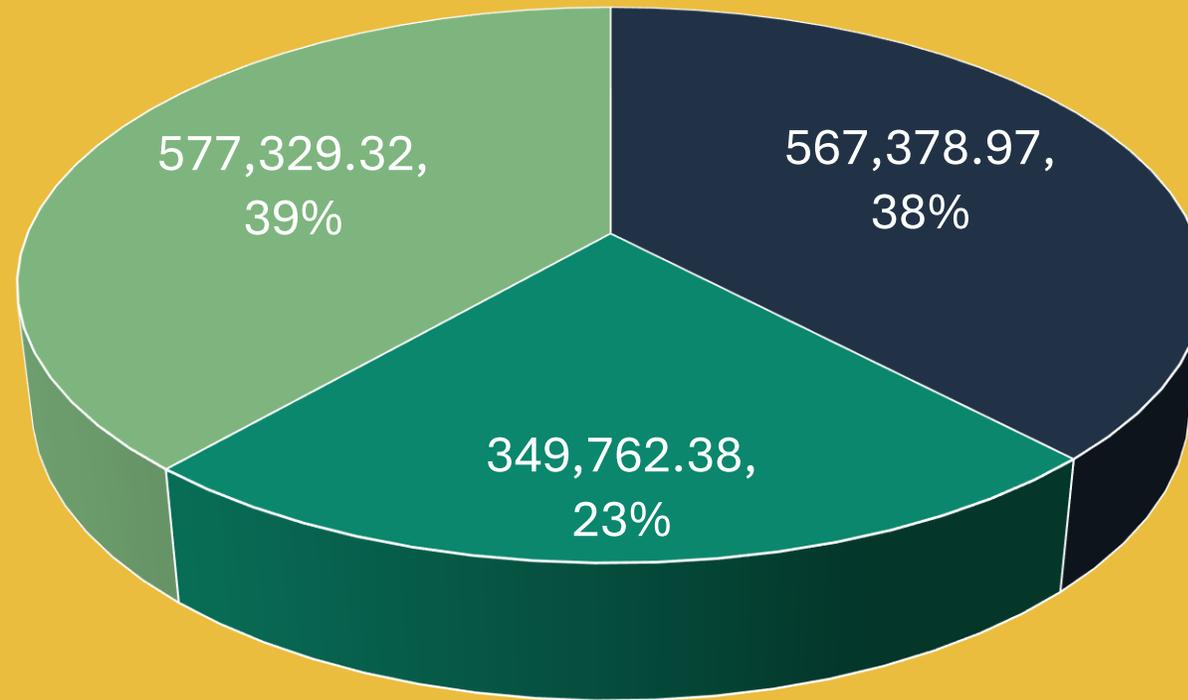


■ Jubilee ■ TEN ■ SGN

Annual Gas Production (MMSCF) 2014-2023

	Jubilee	TEN	SGN		TOTAL	
Year	AG	AG	AG	NAG	TOTAL (AG)	TOTAL (AG/NAG)
2014	55,758.04	-	-	-	55,758.04	55,758.04
2015	52,545.91	-	-	-	52,545.91	52,545.91
2016	38,420.63	6,531.86	-	-	44,952.49	44,952.49
2017	43,261.35	26,818.33	7,214.76	-	77,294.44	77,294.44
2018	44,841.94	39,472.78	7,144.58	-	91,459.30	91,459.30
2019	51,179.67	48,387.34	28,757.80	41,183.80	128,324.81	169,508.61
2020	64,462.41	58,674.67	44,470.04	70,355.70	167,607.12	237,962.82
2021	70,527.21	64,129.87	51,659.30	69,945.66	186,316.38	256,262.04
2022	68,481.76	55,678.63	58,246.78	71,147.88	182,407.17	253,555.05
2023	77,900.05	50,068.90	56,544.28	70,658.74	184,513.23	255,171.97
TOTAL	567,378.97	349,762.38	254,037.54	323,291.78	1,171,178.89	1,494,470.67

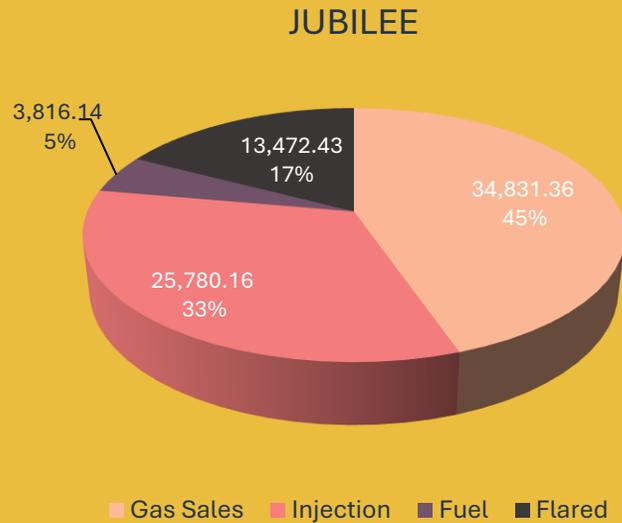
Gas Production (MMSCF) 2014-2023



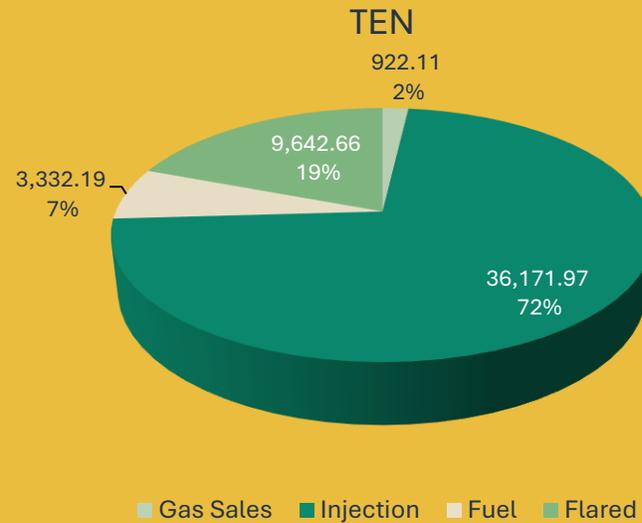
■ Jubilee ■ TEN ■ SGN

Total Gas Production = 1.49 million MMSCF

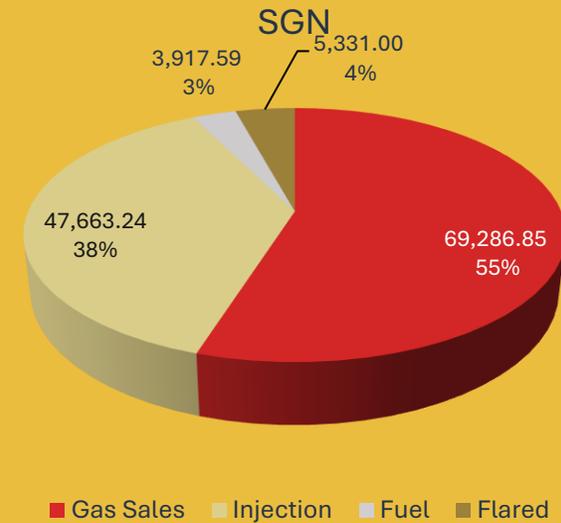
2023 Field-by-Field Raw Gas Utilisation (MMSCF)



Gas Utilised = 77,900.09 MMSCF



Gas Utilised = 50,068.93 MMSCF



Gas Utilised = 126,198.68 MMSCF

Total Gas Utilised in 2023 = 254,167.70 MMSCF

Gas Sales – This is the invoiced volume of gas that is sent directly to the Gas Processing Plant for processing in the case of Jubilee and TEN, and to the Onshore Receiving Facility in the case of SGN.

Injection – This is when produced gas is pumped back into the producing formation, primarily to support formation pressure and increase production.

Fuel – The gas is used to power on-site equipment on the FPSO.

Flared - This is the volume of raw gas brought to the surface that cannot readily be used, which is burned for disposal.

Sources of Petroleum Revenue



Royalties
(5-12.5%)



Surface Rentals
(\$30-\$100 per sq. km)



Carried and Participating Interest
(15% min.)



Corporate Income Tax
(35%)

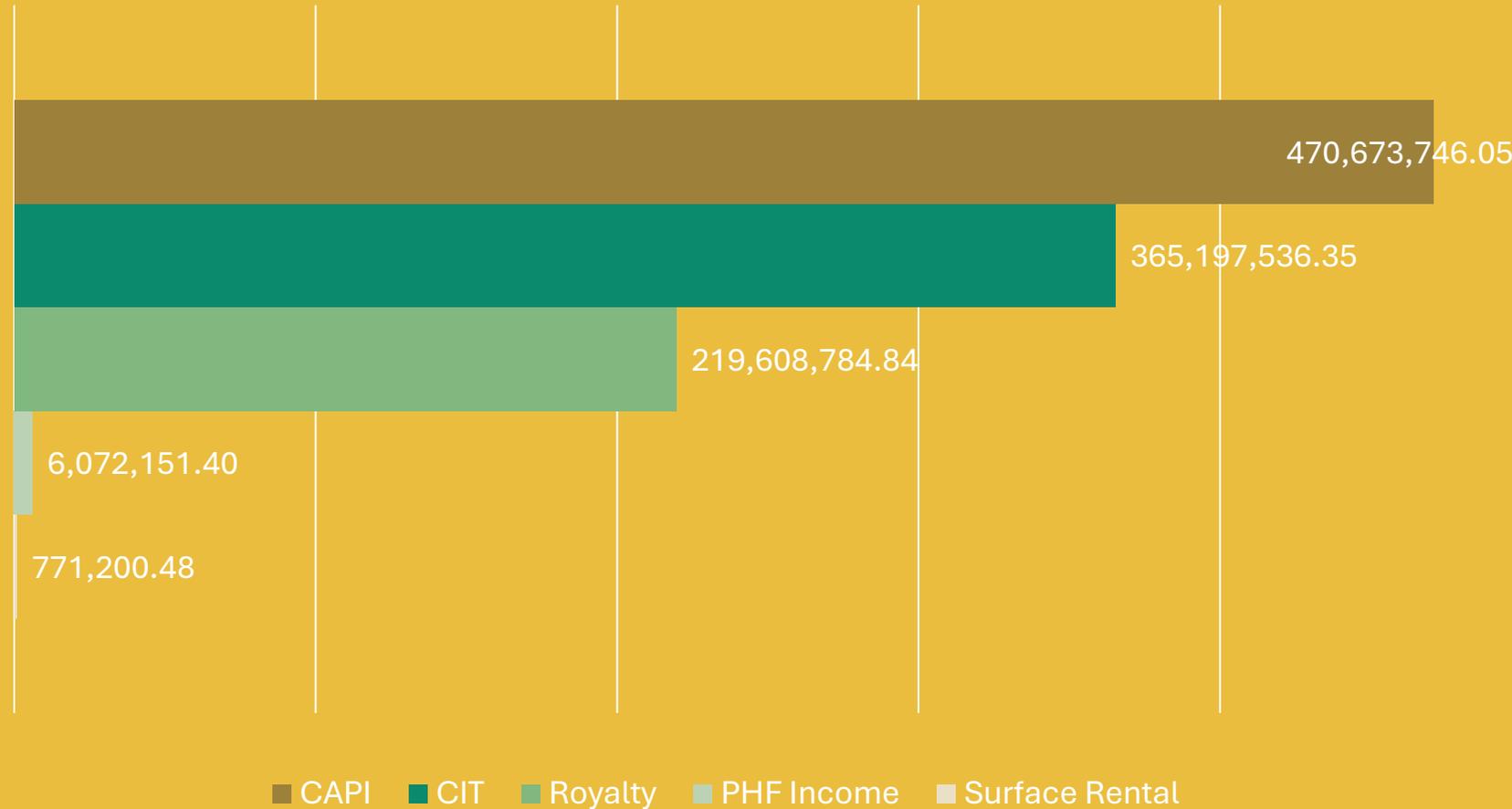


Others
(bonuses, Additional Oil Entitlements, etc.)

Petroleum Revenue Statistics

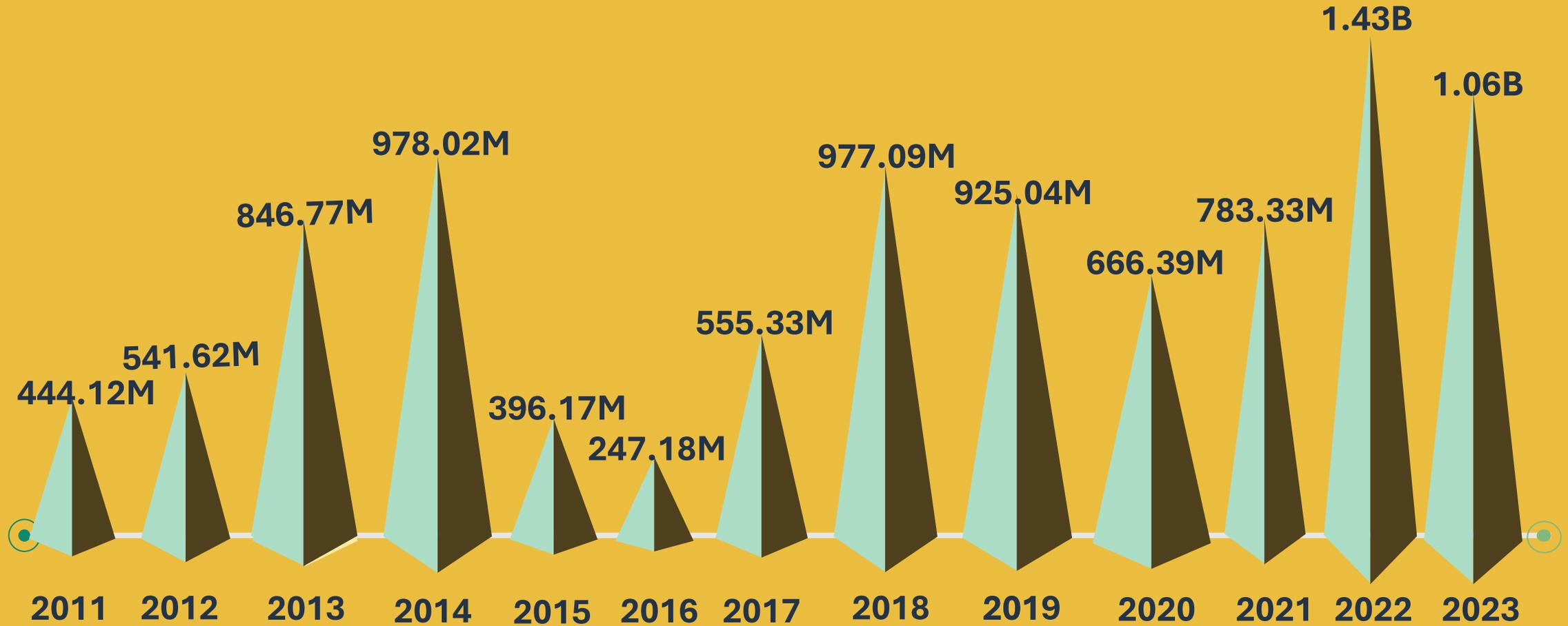
- Ghana derives revenue from its share of crude oil produced and sold at the prevailing market prices, as well as from taxes.

Sources of Petroleum Revenue in 2023 (US\$)



Total Revenue = US\$1.06 billion

Annual Petroleum Revenue (US\$): 2011 – 2023

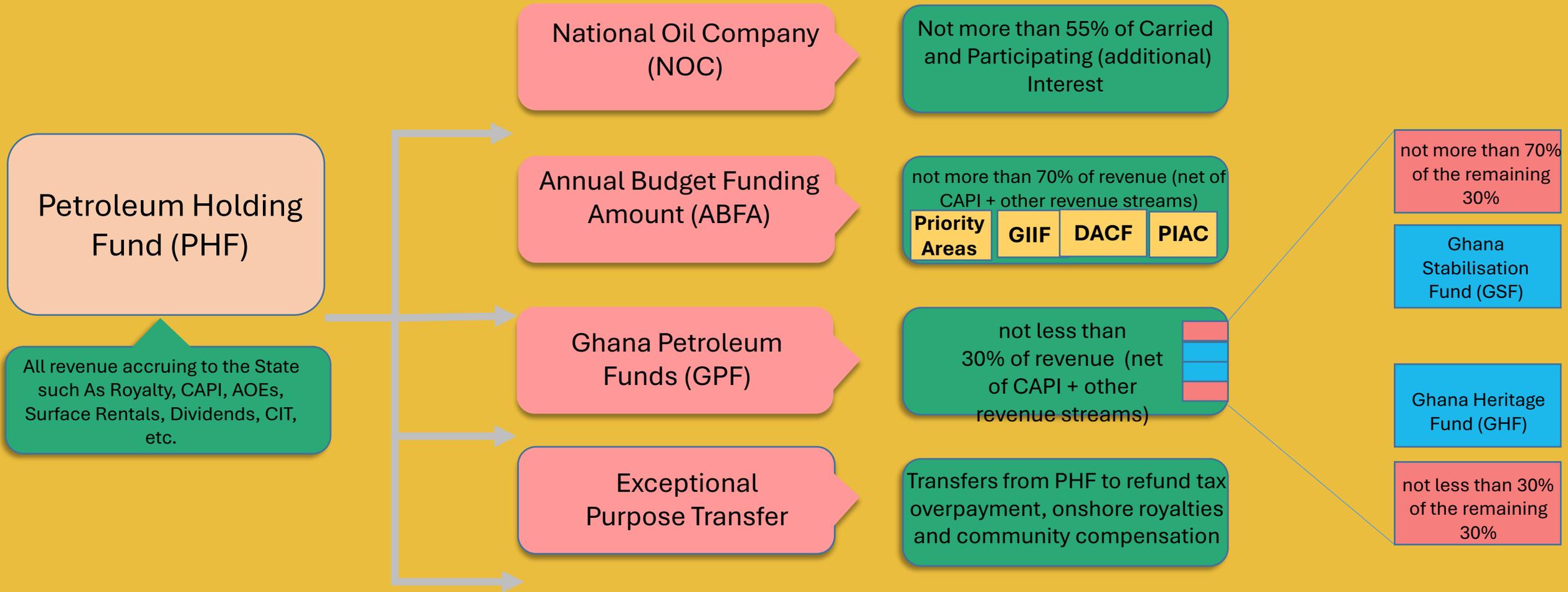


Total Petroleum Revenue = US\$9.85 Billion

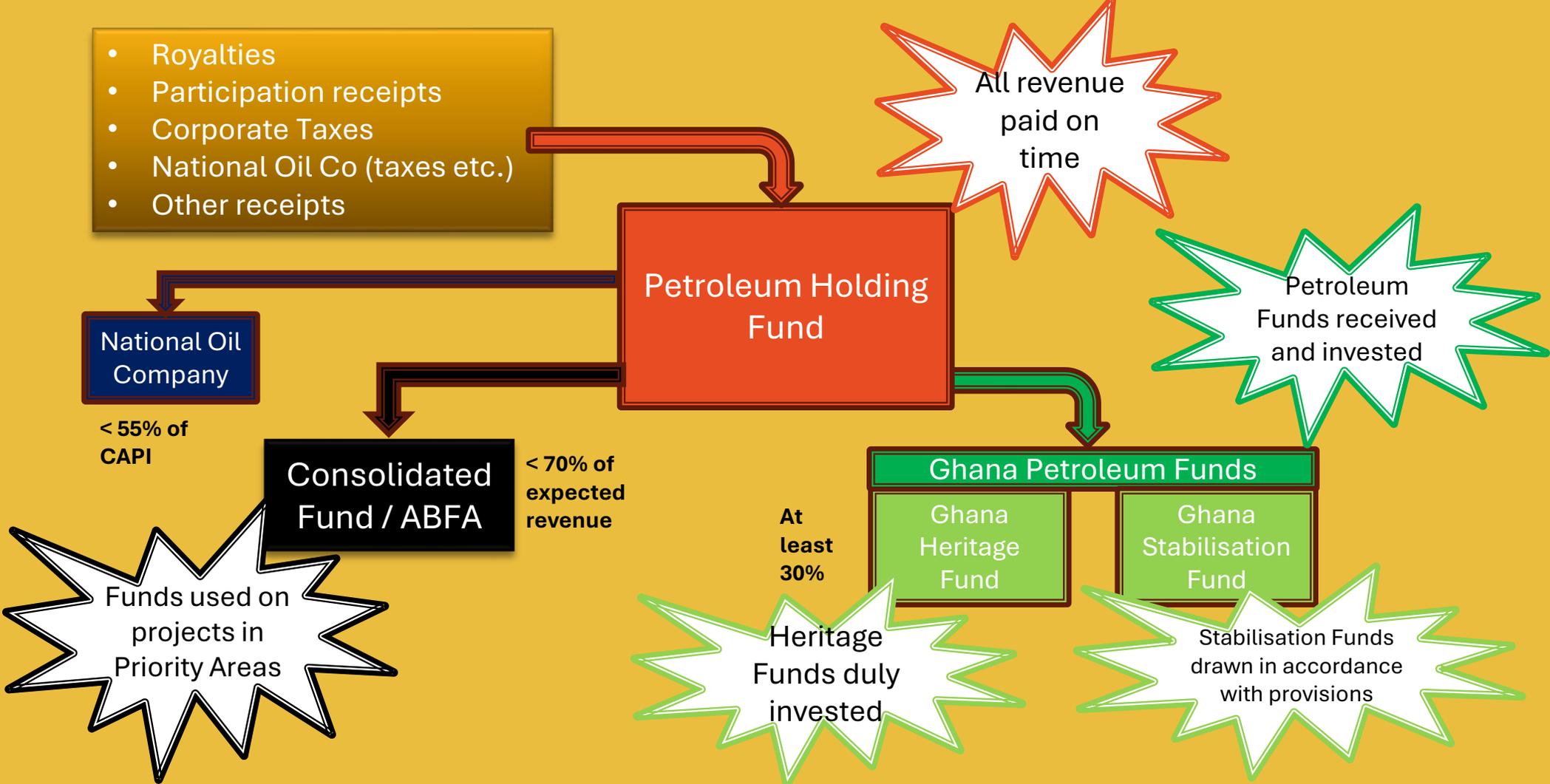
Allocations of Petroleum Revenue

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

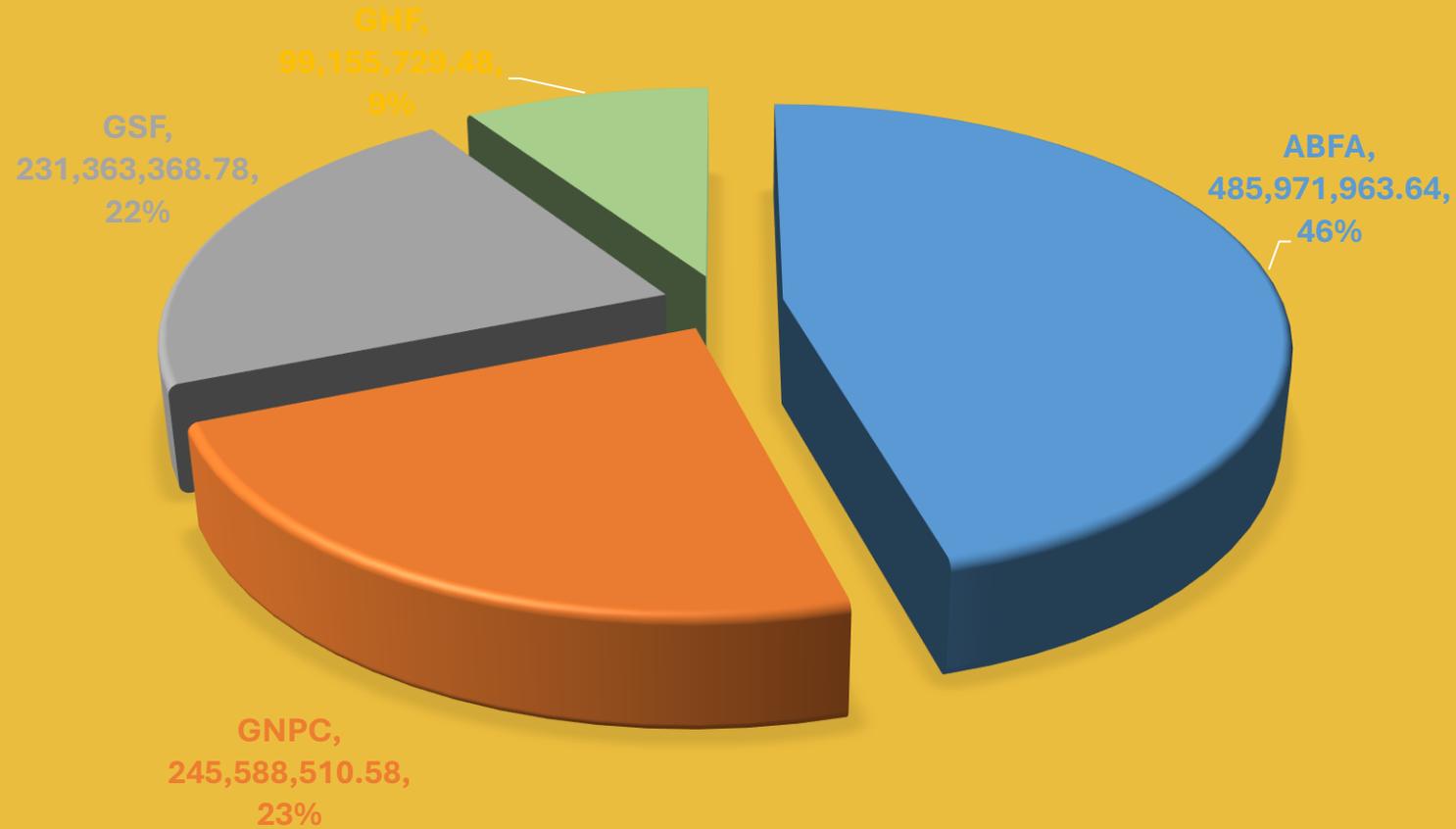
Allocation of Petroleum Revenue as Determined by the PRMA



Allocation of Petroleum Revenue as Determined by the PRMA

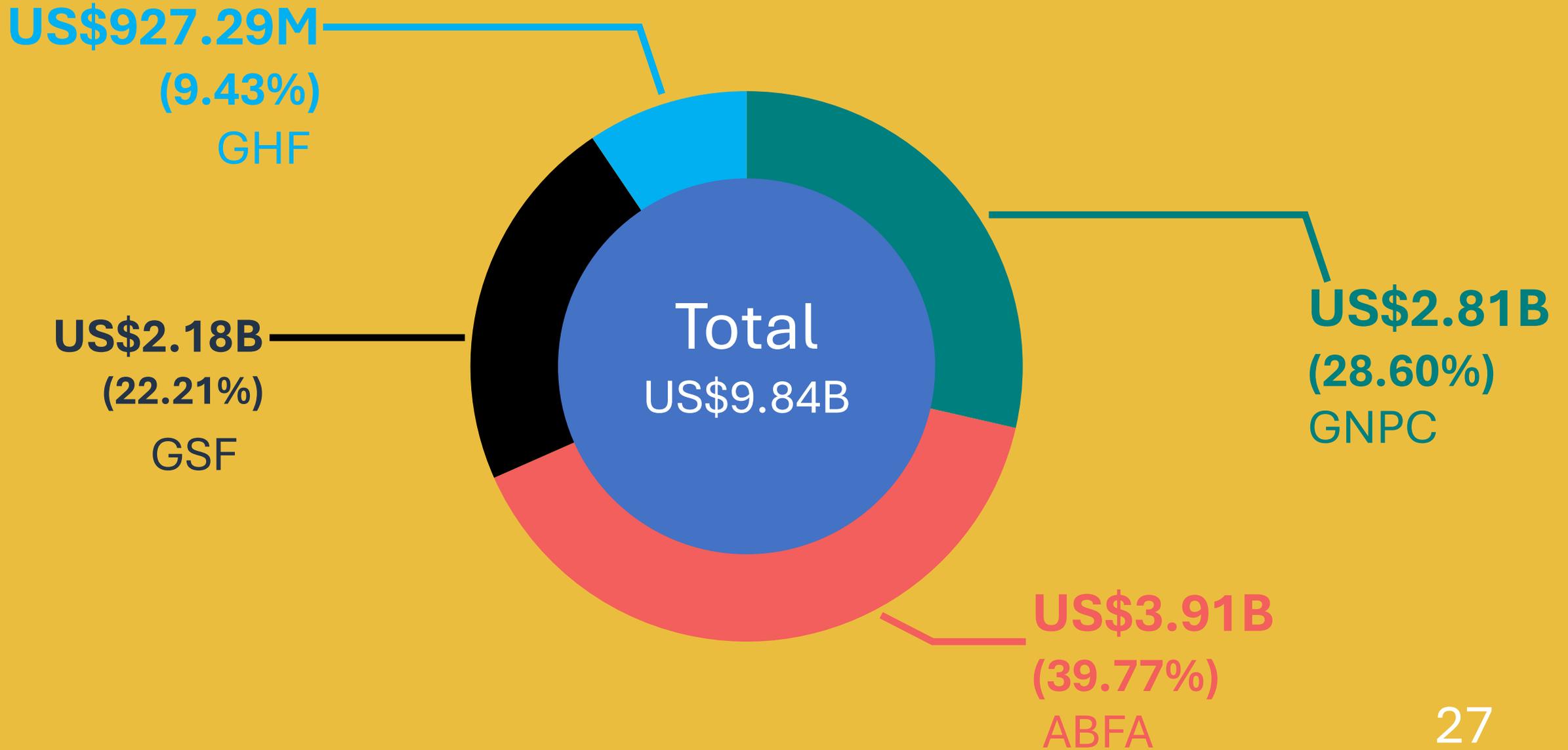


Distribution of Revenue from PHF in 2023 (US\$)



Total – US\$1.06 billion

Distribution of Petroleum Revenue: 2011 - 2023



Ghana Petroleum Funds (GPFs)

- The GPFs is made up of the GSF and the 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 2023



GHF

US\$1.05 billion



GSF

US\$190.38 million

Total GPFs Balance - US\$1.24 billion

Ghana Petroleum Wealth Fund (GPWF)

- Within a year after petroleum resources are depleted, the amounts held in both the GSF and GHF must be consolidated into a single Fund to be known as the GPWF.
- Upon the consolidation, the GSF and the GHF shall cease to exist.
- The sum of the dividends from the GNPC and the earnings on the GPWF is what will be used to support the budget through the ABFA after petroleum reserves are depleted.

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 ensuring the well-being of citizens
- c. undertake even and balanced development of the regions

The Annual Budget Funding Amount

- Section 21 (2)(d) of the PRMA states that the utilisation of the ABFA shall be guided by a medium-term expenditure framework aligned with a long-term national development plan, approved by Parliament.
- Section 21(3) further provides that where such national development plan 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 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

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 2023 – 2025



Agriculture, including Fisheries



Road, Rail & Other Critical Infrastructure Development



Physical Infrastructure & Service Delivery in Education and Health



Industrialisation

2023 ABFA Distribution



Agriculture, including Fisheries
GH¢431.59M



PIAC

Public Interest and Accountability
Committee
GH¢4.64M



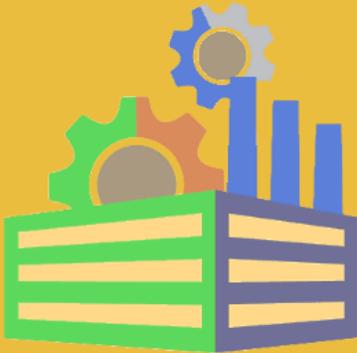
Road, Rail & Other Critical
Infrastructure Development
GH¢3.78B

Total

GH¢5.12 Billion



Physical Infrastructure & Service
Delivery in Education and Health
GH¢894.26M



Industrialisation
GH¢5.82M

ASSUMING THE 2023 ABFA WERE SHARED AMONG ALL 35 MILLION CITIZENS,
EACH GHANAIAN WOULD HAVE RECEIVED GH¢146.12.

ASSUMING THE 2023 ABFA WERE EQUALLY DISTRIBUTED ACROSS THE 261 DISTRICTS OF GHANA, THESE PROJECTS UNDER THE PRIORITY AREAS COULD HAVE BEEN UNDERTAKEN AND COMPLETED IN EACH DISTRICT.



Two (2) Warehouses with Ancillary Facilities at an estimated cost of GH¢ GH¢2,650,000.00 each



Two (2) Market Sheds with 24-Stall and Mechanised Boreholes at cost of GH¢900,000 each



1,045 Bags of Fertiliser at an estimated cost of GH¢500 each



20 Mini Combined Harvesters at an estimated cost of GH¢280,000 each



A 1.5km Road at a cost of GH¢4,000,000.



Two (2) Clinics with Doctor's Residence at a cost of GH¢1.1 million each



Four (4) Mechanised Solar-Powered Water Systems at a cost of GH¢43,000 each.

THE 2023 ABFA COULD
HAVE..



Build 20,456
6-Unit Classroom Blocks with
Ancillary Facilities (at a cost of
GH ₵ 250,000 each) to
resolve the over 5,400 Schools under
Trees and build over 15,000 more
classroom blocks



OR



Cover the cost of feeding
1,257,000
students (at a rate of ₵ 5/
student) under the Free SHS
and TVET Programme for an
academic year

THE 2023 ABFA COULD
HAVE..



Purchased 464,924
motorised wheelchairs (at a
cost of GH¢11,000 each) for
Persons living with
Disabilities (PwDs)



OR



Covered the cost of tuition
and feeding (GH¢30,000) for
170,472 students for a 4-year
Bachelor's Degree
programme

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:
 - 2 Regional Engagements;
 - 12 Project inspections;
 - 2 Tertiary engagements; and
 - 3 Media engagements

OBSERVATIONS AND FINDINGS

Observations

1. There was no Petroleum Agreement signed in 2023. The last Petroleum Agreement was signed in 2018.
2. The reserves of the GHF increased by 13.96% whilst the GSF reserves went up by 32.52%, despite withdrawals. The combined effect on the GPFs was a 16.47% increase from US\$1,061.89 million in 2022 to US\$1,236.76 million in 2023.

Observations

3. GNPC's recovery of an amount of US\$68,153,216.63 from BOST indebtedness, which dates as far back as 2015, is commendable.
4. Ghana National Ghana Limited Company (GNGLC)'s indebtedness to GNPC continues to rise despite the use of the Cash Waterfall Mechanism to address the legacy debts. This trend, if not mitigated, could impair the operational viability of GNGLC.

Findings

Key findings from the Report:

1. Crude oil production declined for the fourth consecutive year in 2023. Production dropped from a high of 71.44 million barrels in 2019 to 48.25 million barrels in 2023 representing an annual average decline of 9.2%.
2. The total proceeds from JOHL liftings received in 2023, amounting to US\$70,456,718.93, were not paid into the PHF for the second consecutive year. This brings the cumulative proceeds of unpaid revenue into the PHF by JOHL to US\$343,108,927.88 as of the end of 2023.

Findings

3. Surface Rental owed by IOCs remain high at US\$2,738,365.29 as at the end of 2023.
4. The retention of the current cap of US\$100 million on the GSF for the year 2023 did not follow the formula stipulated in the Petroleum Revenue Management Regulations, 2019, (L.I. 2381). A proper application of the formula would have returned a cap of US\$581.05 million. The current cap does not help build the Fund to serve its purpose.
5. Development and Production costs continue to be significantly high in the TEN Field, while production remains low by more than three (3) million barrels, as compared to SGN even though there is no drilling in both Fields.

Findings

6. The Annual Budget Funding Amount disbursed to support the Government's Agenda 111 project was GH¢758,975,487.29 in 2023. The ABFA component (GH¢1,708,287,215.59) of the total expenditure (GH¢2,618,287,215.59) on the Project since its inception is 65.24%.
7. Allocation and disbursements of annual ABFA to the Industrialisation Priority Area has reduced from 1.15% in 2020 to 0.11% in 2023, thereby undermining the essence of prioritisation.

Findings

8. An amount of US\$24,298,598.18 (GH¢270,907,662.28), representing 5% of the 2023 ABFA, was disbursed to the DACF in compliance with the decision of the Supreme Court of Ghana in the case of Kpodo and Another vrs Attorney General in 2019, to transfer at least 5% of the ABFA to the Fund.
9. About 54% of the ABFA disbursed to the District Assemblies Common Fund was used for Goods and Services (recurrent expenditure), contrary to Section 21(4)(a) of the PRMA, as amended, which provides that not more than 30% of the ABFA shall be used for Goods and Services.

Findings

10. An ABFA amount of US\$108,750,000 was disbursed to the GIIF-SPV Viability Fund for the Accra-Tema Motorway Extensions Project in 2023, instead of GIIF. The Committee finds the transfer of funds to be contrary to Section 21(4)(b) of the PRMA, as amended.
11. An amount of GH¢297,035,604.60, representing 5.48% of the ABFA for 2023, was not utilised during the period under review.

RECOMMENDATIONS

Recommendations

1. Government and the relevant regulatory bodies should take the appropriate steps to reverse production decline on existing oil fields and ensure investments in unexploited fields.
2. PIAC reiterates its position that proceeds from liftings of JOHL and other subsidiaries of GNPC constitute petroleum revenues within the meaning of Section 6(e) of the Petroleum Revenue Management Act, 2011 (Act 815) and Section 2 of the Petroleum Revenue Management (Amendment), 2015 (Act 893), and therefore must be paid into the PHF.
3. The Ghana Revenue Authority (GRA) needs to intensify its efforts to recover the Surface Rental arrears with the usual default penalties applied.

Recommendations

4. The Committee reiterates that, in approving Appropriation, Parliament should take into consideration Regulation 8 of L.I 2381, with regards to the cap on the GSF.
5. GRA and the Petroleum Commission should intensify audit of Development and Production costs in the TEN and other producing fields.
6. PIAC restates its recommendation that the selection of the ABFA Priority Areas must be guided by a long-term national development plan approved by Parliament in conformity with the Act.

Recommendations

7. The Committee urges the Ministry of Finance to demonstrate the essence of prioritization of the Industrialisation Priority Area by the amount of ABFA disbursed.

Recommendations

8. While it is commendable that the Ministry of Finance disbursed 5% of the ABFA to the DACF, the Committee urges the Ministry to ensure that subsequent disbursements to the DACF meet the minimum requirements of 5% of the ABFA.
9. The Committee urges the Ministry of Finance to ensure that the ABFA disbursed to DACF is utilised per the provisions of the PRMA.

Recommendations

10. The Committee recommends that the ABFA of US\$108,750,000 that was transferred into the Viability Gap Facility Account should be transferred to GIIF. The Committee further recommends that future disbursements towards the Accra-Tema Motorway Extensions Project be made to GIIF in accordance with the provisions of the PRMA.
11. The Committee urges the Ministry of Finance to fully use the unutilised funds in accordance with the PRMA, and subsequently account for these funds in 2024.

Key ABFA Projects



KIA Terminal 3



Kojokrom-Tarkwa Railway



Axim Coastal Protection Project



Enchi-Asankragua Road



Free SHS Programme



Gas Processing Plant

Glossary

- **Additional Oil Entitlement** - the portion of a contractor's share of petroleum produced to which the Republic is entitled to a share computed based on the after-tax inflation-adjusted rate of return that the contractor achieved with respect to each field.
- **Annual Budget Funding Amount** - the amount of petroleum revenue allocated for spending in the current financial year's national budget.
- **Lifting** – This refers to the act of loading crude oil from the point of production to a tanker for sale on the global oil market.
- **National Oil Company** – a national oil or gas Company that may be established by the government to participate directly in petroleum activities on behalf of the State. It is usually 100% owned by the State

Glossary

- **Petroleum Agreement** – This is an agreement between the State (or through the national oil company acting on behalf of the State) and one or more private investors, listing the rights and obligations of the private investor within a contract area.
- **Petroleum Holding Fund** – This is a general account located at the Bank of Ghana, which holds all petroleum payments due to the State before disbursements are made.
- **Royalties** - Royalties are paid by the oil companies to the State as the owner of the mineral rights. The State, which is the owner of the resource, is entitled to part of the total production before any deductions are made.
- **Surface Rentals** - Surface rentals are annual rents paid by IOCs to the State for renting the surface of the sea or land to explore for oil and gas resources.

Contact PIAC



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