



Public Interest and Accountability Committee

Press Release

13th April, 2022

STATEMENT BY THE PUBLIC INTEREST AND ACCOUNTABILITY COMMITTEE (PIAC) ON THE PUBLICATION OF THE 2021 ANNUAL REPORT

The Public Interest and Accountability Committee (PIAC) has launched the Annual Report on the management and use of petroleum revenues for 2021. 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 exercised its oversight responsibility of monitoring and evaluating the management and use of Ghana's petroleum revenues by the government and stakeholder institutions.

In compliance with provisions of the Petroleum Revenue Management Act (PRMA), 2011, the Committee prepares statutory 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 21 Reports – 10 Semi-Annual and 11 Annual.

The 2021 Annual Report is being published a month after the statutory date of 15th March, due to the delay in the receipt of data from some of its stakeholders. PIAC continues to urge its stakeholders to ensure the timely submission of information to enable the Committee meet its statutory timeline.

The Report covers the period January to December and encompasses a broad range of issues associated with petroleum revenue management such as information on production, liftings, total revenues accrued and allocated by Government, ABFA distribution and utilisation, and the management of the Ghana Petroleum Funds (Ghana Stabilisation Fund (GSF) and Ghana Heritage Fund (GHF)). It also examines other issues related to the performance of various institutions charged with responsibilities in the PRMA. For this Report, PIAC has introduced a Chapter which provides a detailed narrative on PIAC's activities, project inspections and feedback from citizens during its year-long activities.

KEY FINDINGS/OBSERVATIONS

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



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- Four of the eighteen subsisting Petroleum Agreements (see Chapter 3) have been terminated by the Petroleum Commission in 2021 for non-performance in their minimum work obligations.
- Annual crude oil production declined by 17.7 percent from 66,926,806 bbls in 2020 to 55,050,391 bbls in 2021, despite the rebound of economic activities in 2021, after the easing of COVID-19 restrictions.
- Total petroleum revenues increased by 17.5 percent from US\$666,390,751.22 in 2020 to US\$783,325,849.87 in 2021 due to higher crude oil prices. This is in spite of the decline in crude oil production in 2021.
- Surface Rental Arrears increased by 22.22 percent from US\$2,110,212.23 in 2020 to US\$2,579,170.21 in 2021.
- For the first time since Ghana started receiving petroleum revenue in 2011, the DACF received an amount of GH¢32,380,403.91, following the 2019 decision of the Supreme Court in the case of Kpodo vs The Attorney-General. However, the disbursement made was 1.74 percent of the ABFA, instead of the 5 percent specified in the Supreme Court judgement.
- Although the Ministry of Finance made a disbursement of the ABFA to the DACF, there was no report on the utilisation of the amount.
- After a 3-year break, allocations to the Ghana Infrastructure Investment Fund resumed in 2021, with an amount of US\$49,390,491.08, following the passage of the Ghana Infrastructure Investment Fund (Amendment) Act, 2021 (Act 1063).
- For the first time since 2011, the ABFA was used to pay a judgement debt of GH¢12,475,426.01. This was under the Roads, Rail and Other Infrastructure Priority Area during the period under review.
- In 2021, the Corporation spent US\$640,292.89 on the Maritime Boundary Special Project (MBSP). Cumulatively, GNPC has spent a total of US\$11.85 million on Maritime Boundary related activities, even though the Ghana Boundary Commission is responsible for such activities.
- In 2021, GNPC could not realise its budgeted revenue from loans and guarantees amounting to US\$126.68 million out of an accumulated total of US\$318.09 million owed the Corporation by Government and its agencies since 2011.



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KEY RECOMMENDATIONS

- While the Committee commends the Petroleum Commission for terminating the agreement of four Contractors for non-performance, PIAC urges the Commission to ensure strict compliance with minimum work obligations by IOCs.
- PIAC recommends strict compliance with the 2019 judgement of the Supreme Court in the case of Kpodo vs The Attorney-General, which stipulates that 5 percent of the ABFA shall be allocated and disbursed to the DACF.
- The Ministry of Finance should provide a breakdown of the disbursements to the DACF and report same to PIAC.
- The Ministry of Finance in collaboration with relevant institutions should develop appropriate guidelines on the utilisation and reporting of ABFA disbursed to the DACF.
- PIAC calls on GNPC to double up efforts at recovering loans to Government and its agencies to ensure that the Corporation's work programme does not suffer from non-implementation. For now, GNPC should discontinue granting loans and guarantees until significant recoveries are made with respect to outstanding loans and guarantees owed the Corporation.

It is the expectation of the Committee that the public will find time to read the Report and provide feedback during PIAC public engagements and also reach out to the Secretariat via its various contacts, including social media channels.

The Committee also urges the media to obtain a copy of the 2021 PIAC Annual Report from its website (www.piacghana.org) for further analyses of the issues raised.

Signed

Chairman, PIAC

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