ACEP Africa Centre for Energy Policy

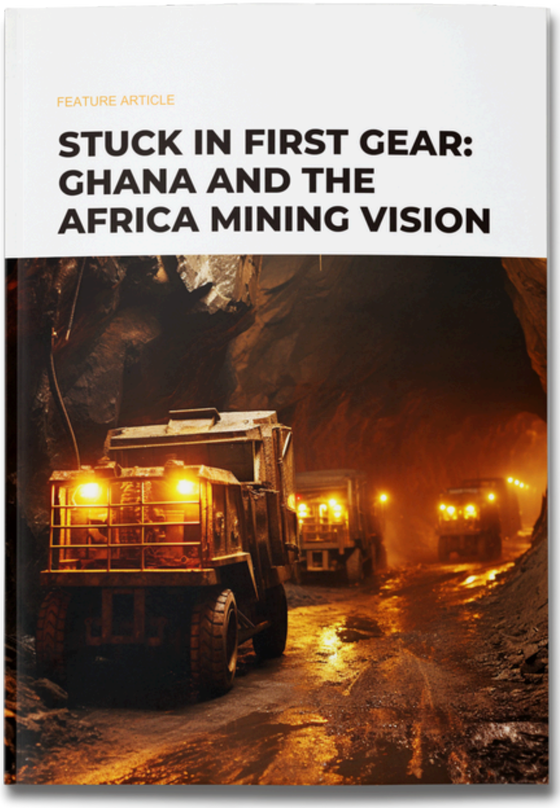
MONTHLY NEWSLETTER

ACEP RADAR

JANUARY 2025

ACEP Radar is back! Our monthly newsletter brings you key updates on Africa's evolving energy and extractive governance landscape. We share insights on oil and gas, power, mining, climate change, energy transition, and fiscal governance.

We look forward to reconnecting monthly as we track trends, analyze policies, and advocate for sustainable resource governance. Happy reading!



Ghana is often referred to as the Gateway to Africa. Besides the geographic premise of this tag, the country's penchant for playing a hand-holding role on anything Pan-African makes for a plausible raison d'être. Whether it is breaking the chains of colonial rule, constituting a Union of African States, or creating a common African market, you can trust Ghana to strike the first ink that sets the pan-African treaty rolling. One could easily spare pages detailing how these first strokes have largely been fanfare without fireworks, but that would make this piece a longer read than it is intended to be.

In this feature, Eliasu Ali, ACEP's Policy Lead for Mining and Minerals Policy, attempts to unpack how Ghana is stuck in first gear in yet another pan-African Agenda – the Africa Mining Vision (AMV).

Full article on page 2

Feature Article

Stuck in First Gear: Ghana and the Africa Mining Vision

Written By: Eliasu Ali

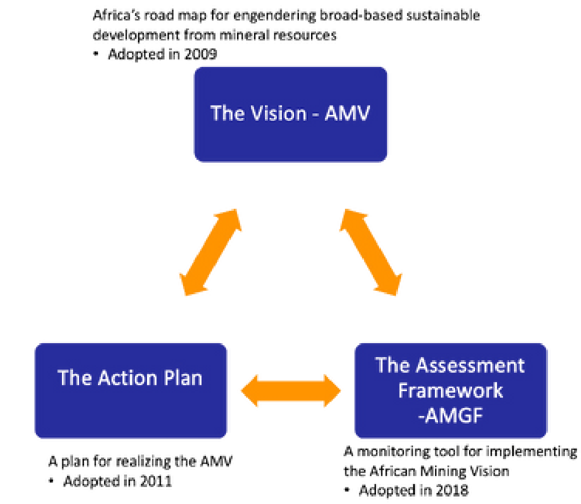
The Africa Mining Vision: A Primer

In 2008, African Ministers responsible for mining convened in Accra with a simple but noble mission: To trigger a wave of conversations towards undoing or at least pulling the breaks on centuries of the dig-and-ship deal in Africa's mineral trade. A year later, in 2009, the African Union (AU) formally adopted the AMV as a blueprint towards “Transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development.”

Member countries, uncoerced, pledged to adopt this vision and its tenets into their respective mining policy frameworks with the African Minerals Development Centre (AMDC) established to provide institutional support to member countries in this regard.

The AMV is underpinned by seven tenets
Author’s construct based on a simplified adaptation of the AMV core tenets

Having set the vision, the framers of the AMV took a two-year break until 2011, when the AMV Action Plan was drawn to guide the implementation of the vision. In the ensuing years, the grass probably grew tall under the feet of the AU, given the sweet time of seven years it took to develop an assessment framework to track progress on the AMV implementation. Alas! The vision is set, the action plan is drawn, and an assessment mechanism is established. How is Ghana faring with the AMV implementation?



The AMV Agenda

Ghana’s Progress with the AMV?

This chapter is a cliff note, or if you may, a curated stance rather than a comprehensive review of Ghana’s journey with the AMV. When the UNDP supported the first comprehensive review of Ghana’s alignment with the AMV in 2017, the findings bothered, inter alia, on the absence of a post-collection policy on spending/savings, limited audit and mapping of the country’s mineral endowment, and unsatisfactory compensation principles and modalities.

These gaps are as relevant today as they were eight years ago, albeit some attempts have been made in some cases to address these gaps.

A. Absence of a post-collection policy on mineral revenue spending

Ghana lacks a legal framework dictating how mineral revenues are spent and allocated, unlike the petroleum sector where the Petroleum Revenue Management Act provides a robust and transparent governance framework for oil revenues. The Minerals Development Fund Act, 2016 (Act 912) regulates only 20% of mineral royalties, allocated to support mining host communities, traditional leaders, and other local government agencies.

In response to civil society calls for a revenue management framework akin to the petroleum sector, government in 2018 introduced the Mineral Income Investment Fund (MIIF) through the MIIF ACT 2018 (ACT 978). The Fund currently received 80% of Ghana's mineral royalties, which is subjected to risky, opaque and misplaced investment priorities at the expense of essential social development needs. An infamous example of MIIF's risky bets is the now botched Agyapa Royalties Deal, a royalty trading company incorporated in Jersey, a tax haven. Through this MIIF Special Purpose Vehicle, the government intended to list 49% of its shares on the London Stock Exchange to raise between USD 500 million and 750 million, capitalized from the country's large scale producing and prospecting leases. Assessments by CSOs and Ghana's Office of the Special Prosecutor identified various corruption risks with the Agyapa model, leading to suspension of the deal. As long as the MIIF Act prevails in its current form, Ghana's mineral royalties are not insulated from these kinds of low-to-no value investments and corruption risks.

B. Inadequate Geological Data

The Ghana Geological Survey Authority (GGSA) remains financially crippled, and largely depends on the Mineral Development Fund, which is further constrained by the capping and realignment of funds at the discretion of the finance minister. As a result of this limited funding, only about 60% of Ghana's geological landscape is mapped, leaving vast areas of the country's potential mineral wealth hidden from both the government and potential investors.

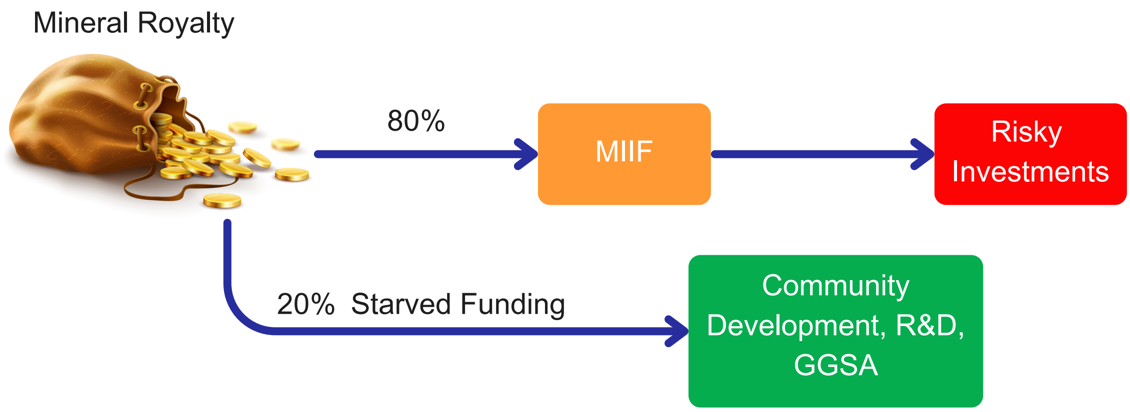
C. Weak ASM Regulation and Rising Community Agitations

Mining host communities continue to express frustration over benefit-sharing. While stakeholder engagement and consultation with affected communities are required under Ghana's mining laws, Free, Prior, and Informed Consent (FPIC) is still not a legal requirement before issuing mining leases. Many host communities feel shortchanged.

A part of Obuasi, a gold mine town in Ghana, showing the stark reality of poverty despite its rich gold deposits.
Photo Credit: Amankwah Photography / Obuasi Today

Over 40% of residents in mining areas find corporate social responsibility (CSR) efforts by mining companies either insufficient or completely misaligned with their actual needs. Recent escalation of tensions between communities and large-scale mining firms over mining rights and benefits and the existential threat posed by the indiscriminate pollution of water bodies and intrusion in protected forest regions are indicative of weak ASM regulation and dwindling mining social license.

The AMV Roadblock: Why the MIIF Must Go



The forementioned gaps are antithetical to the tenets of the AMV. But I do not intend spreading myself too thin in recommendations. I believe that to move the needle of reform towards addressing these challenges and unlocking the potential of Ghana's mining sector, the Mineral Income Investment Fund (MIIF) Act, 2018 (Act 978) must be repealed and replaced with a comprehensive, transparent and equitable mineral revenue management framework.

Getting MIIF out of the way would allow for adequate allocation of mineral revenues to the GGSA, enabling the Authority to conduct extensive geological mapping to improve mineral resource estimation and enhance investment attraction. It would also avail resources for increased investment in institutional capacity building, and research and development to optimize mining benefits.

Furthermore, the repeal of the MIIF Act would increase allocations to the Mineral Development Fund for the delivery of education, healthcare infrastructure and livelihood projects in host communities. This would ensure that mining communities receive a fair share of mineral rents, thereby limiting community frustrations that often lead to social unrest in mining catchment communities.

The Swedish put it right: *"If you buy what you do not need, you steal from the future."* MIIF's current investments seem sporadic, knee-jerky and insensitive to the felt needs of Ghana's mining sector's stakeholders. The repeal of the MIIF Act, and the enactment of a robust mineral revenue management framework, is essential for mobilizing and prudently managing mineral revenues for *Transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development.*

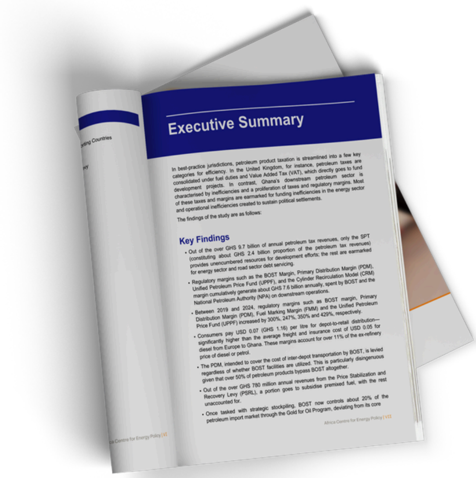
Latest Publication

Downstream Petroleum Products Taxation: A Call to Action

The downstream petroleum sector in Ghana has become a symbol of entrenched crony capitalism and evidence of black tax on citizens. Whilst the taxes and levies on petroleum products may appear insignificant (about 13% of the cost of the product), the state imposes about 10% of the cost of petroleum products as additional charges in the form of regulatory margins, a consequence of government's failure to completely liberalise the petroleum market.

Since the partial liberalization of the market in 2015, consumers have been forced to bear the weight of the government's failure to properly regulate the sector. Instead of using petroleum consumption as a tool for generating revenue for development, it has become an avenue for financing government inefficiencies and off-budget expenditures through levies imposed by parliament and margins imposed by the NPA. Stakeholders in the sector have raised concerns regarding the opacity in how regulatory margins are spent, pointing to a disconnection between revenue collection and the intended public welfare maximisation. Oil and LPG Marketing Companies (OMCs/LPGMCs) have also persistently bemoaned the duplicitous nature of margins in the downstream sector.

In this brief, the various taxes and margins are unpacked to show how inefficiently Ghana manages the downstream sector to the disadvantage of the tax-paying masses.



[Read full paper here]

Press Statement

REBUTTAL: The Endless Struggles of Ghanaian Businesses (Part 1)

January 21, 2025


Vol. 1

DISINFORMATION

20th January, 2025

BUSINESS REVIEW

LIES, DAMN LIES, AND THE HEADLINES

THE ENDLESS STRUGGLES OF GHANAIAN BUSINESSES (PART 1)

SPRINGFIELD V. ENI & VITOL

By the year 2017, Eni (along with its partners Vitol and GNPC) had started production in the nation's Sankofa field. Springfield, on the other hand, acquired interest to prospect and operate the Afina field. By 2018, Springfield had completed a 3D seismic data valuation of the field and had found oil in commercial quantities. It was also found that the Afina field was connected to Eni's Sankofa field. Hence, following an assessment by the GNPC, the Ministry in 2020 issued a directive under requiring a unitisation of Eni's Sankofa field with

ACEP has noted the publication of an article by one Dr. Paul Herzuah, widely published online on January 20, 2025, titled “The Endless Struggles of Ghanaian Businesses (Part 1).” In the article, the author attempts to argue that Ghanaian businesses fail to receive adequate local support due to deliberate efforts by their fellow citizens to undermine them. To support this claim, he references the operations of Springfield E&P, alleging what he describes as “strategic targeting by ACEP Ghana in recent years over the ENI case.”

It is important to state that ACEP is not above criticism and remains open to receiving constructive feedback on its work. However, we believe the criticism presented in this article blatantly displays the author’s ignorance of how the industry works and appears to be engineered primarily to discredit the organization and cast unwarranted aspersions on ACEP, a job many professors and private individuals declined on the subject matter.

Regarding the Springfield E&P and Eni unitization case, the author argues that Eni refused to comply with a 2020 directive from the Ministry of Energy (MoE) to unitize their OCTP field with Springfield’s Afina-1x field, citing no connection between the two fields and questioning the commercial viability of Afina-1x. The author further states that the Ghanaian courts dismissed Eni’s arguments, compelling the company to comply with the directive.

It is important to highlight that these statements betray the author’s lack of understanding of how the case have evolved in the Ghanaian courts. Bizarre as some of the preliminary rulings were, the courts never finalized the substantive case of unitization. The preliminary rulings were to preserve the rights of Springfield, pending the outcome of the substantive case.

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What the author also neglects to inform readers is that the case eventually escalated to the International Court of Arbitration, where the arbitral tribunal ruled in July 2024 in favour of Eni. The tribunal determined that the Republic of Ghana breached the Petroleum Agreement by issuing the unitization directives under the circumstances in which they were issued, thereby affirming the validity of Eni’s opposition to the Ministry’s directive.

Read the full statement here

Insights & Perspectives

An Open Letter to the President-Elect, H.E. John Mahama

Written By: Benjamin Boakye

Energy for sustainable development Forum addressed by John Mahama
Photo Credit: John Mahama

I extend my heartfelt congratulations to you on your victory and the unprecedented confidence shown in you by the people of Ghana over the weekend. I wish you all the best and pray that Ghanaians will never regret this overwhelming endorsement.

You are likely aware of the many challenges ahead, especially in the energy sector, which could undermine the expectations of the people. Over the past eight years, I have advocated for sound policies to ensure the energy sector plays a pivotal role in economic development, i.e., providing industries and the public with affordable and stable power without the public funding waste, and an oil sector that optimizes the last phase of the global transition to sustainable energy. Unfortunately, like many others alarmed by the misgovernance of the sector, I was unable to influence meaningful change – I failed.

The energy sector has been systematically decimated, enriching a few while the public bears the burden through the budget, levies, and high margins. Just to give you a sense of the gravity, the annual revenue from the oil sector is insufficient to cover the annual under-recoveries in the power sector. This is despite the public paying approximately GHS 3 billion annually in levies and margins. In essence, the people are paying to plug holes that are leaking into the pockets of the revenue collectors.

When you take office on January 7, you will inherit an energy sector burdened by an overall waste of over GHS 50 billion a year. Here's how this manifests:

Bloated Agencies

The energy sector is riddled with agencies and companies that are 4-5 times larger than what was needed to perform the same work eight years ago. Numerous unnecessary management-level positions have been created, all to accommodate political appointees at the people's expense. For example, there are redundant directorates like one for finance and another for accounting, or a directorate for engineering and one for technical and maintenance—bureaucratic layers that yield zero results. Some new institutions have even been created for tasks that could be handled by a desk officer in another agency.

ECG Losses

In 2014, when you attempted to introduce private sector participation in ECG, the company was in much better shape than it is today. Politicians have mismanaged it to the point where it has become the single largest dependant of the national budget, posing significant risk to the entire economy and the upstream oil and gas sector. Gas payments are not guaranteed, and investors are increasingly concerned about the future of gas discoveries in Ghana. The country can no longer afford to tolerate this level of misgovernance in the power sector, particularly the two hotspots in ECG: procurement abuse and exchange rate manipulation.

Downstream Waste

My office will soon release a report detailing the waste in the downstream petroleum sector, which burdens the people with inflated margins to sustain political interests. You have an opportunity to convert over GHS6 billion “black tax” on the people to critical resources needed to fix development challenges. You have to fix TOR, NPA, and BOST. Also, the Revenue assurance gigs by GRA serve no purpose and provide an additional source of revenue loss to the state.

Upstream Sector: The situation in the upstream sector may sound dramatic, but we are witnessing its decline unfold before our eyes. Fortunately, this decline can be reversed with swift, decisive action to restore investor confidence by rolling back politically motivated impositions. By taking the right steps, we can attract a minimum of $2 billion in investments by 2025, out of a potential $6 billion over the medium term.

This message is not meant to be lengthy but to emphasize that you would not have the luxury of a “honeymoon” in this situation. We will continue to generate policy ideas in the public domain, and I hope they are received in good faith to support your success. The energy situation demands a careful surgical examination to ensure you hit the ground running on January 7. At the very least, before the transition team concludes its work, the Ghanaian people should know exactly how much debt is outstanding in the energy sector.

Best wishes as you take on this critical challenge.

Insights & Perspectives

Why President Mahama Should Not Disappoint on MIIF

Written By: Benjamin Boakye

The Mineral Income Investment Fund (MIIF) was created to facilitate the Agyapa Royalty Investments—a concept masterminded by Ken Ofori-Atta and Adu Boahen to sell Ghana's gold royalties on the London Stock Exchange.

At the time the MIIF Act was passed, Parliament was unaware of the true intentions behind it—the Agyapa transaction. However, the sponsors and their numerous allies, including lawyers and financial engineers, knew exactly what they were doing: valuing Ghana's royalties from the 48 most promising mining concessions at $1 billion and offloading 51% of that value on the stock market for around $500 million.

We wrote a paper to highlight the distinctiveness of state royalties, arguing that it was unconscionable to treat them like any royalty streaming business. We also pointed out the flaws in assuming definite numbers for mineral deposits, including those still under exploration—the fact that the investor position and the state position are different in natural resource valuation; Investors have time limits to mineral deposits and states maintain perpetual ownership.

Mr. Ofori-Atta reduced any disagreement to ideological opposition, showing his determination to push the plan forward regardless of the objections.

Thankfully, Ghanaians united to resist the implementation of the Agyapa transaction—perhaps saved by the election bells in 2020.

Since the programme was aborted, Ghana has received $1.08 billion in royalties, of which 80% ($865.5 million) would have been tied up in the Agyapa deal in just four years and the rest of Ghana's gold royalties in perpetuity. This starkly illustrates the poor judgment that went into the decision to sell Ghana's gold royalties.

> *While the government decimated the investments of citizens and external creditors through haircuts, MIIF remains a wealthy entity with billions of cedis in cash reserves. It funds school reunions, political events, the construction of astroturfs, politically connected small-scale mining operations, and various other investments, besides the huge administrative overheads.*

With Agyapa aborted, MIIF, the father of Agyapa, maintained control over the resources for its investment rather than direct development expenditure of that critical share of Ghana's gold resources.

The royalties paid by gold-producing companies are now declared as revenue for MIIF—no effort required. MIIF's executives are free to hold press conferences to tout their "stellar" performance when the direct efforts of gold producers generate the royalties.

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Civil society organizations (CSOs) that fought against the Agyapa deal expect that the John Dramani Mahama (JDM)
government will reverse this unfortunate situation and free up cash for development.

Prior to recent appointments at MIIF, some compromises were suggested by leading figures in the ruling government: one, a merger of MIIF and the Ghana Infrastructure Investment Fund (GIIF) to streamline the funds and create a more purposeful development fund; and two, capping the total allocation to MIIF/GIIF at a maximum amount (e.g., $5 billion), after which all royalties would revert to the national budget. In essence, to treat allocation to the funds as equity of the state.

The current situation—where ineffective funds divert resources from the national budget for discretionary abuse by agencies—entrenches inequality and ignores the fundamental challenges facing the country: poor water supply, inadequate schools, a struggling healthcare system, while MIIF remains rich and reckless.
As we examine the books of MIIF, the nation would be left wondering if this was/is a sovereign wealth fund or financial banditry with zero risk appetite hitherto possible in sci-fi movies.
The blessings of natural resources must be spent to improve lives — love your people.

Programs & Events

ACEP at Investing in African Mining Indaba 2025

As the world gathers to explore Future-Proofing African Mining, ACEP is excited to bring its expertise, innovation, and vision to the global conversation on transforming Africa's mining and energy landscapes.

Our team will be featured as key speakers in high-profile engagements and host collaborative events with our partners, addressing the most pressing issues and opportunities in Africa's energy and extractive sectors. Through these discussions, we aim to drive sustainable development, responsible governance, and equitable policies shaping Africa's future resource management.

Be part of the conversation shaping Africa's extractive future. Attend our sessions, engage our team, and explore collaboration opportunities on sustainable resource governance.

NextGen Resource Governance Leaders Program


Members of the 7th Cohort of the NextGen Program

The Next Generation Resource Governance Leaders Program is an internship that intends to balance a dose of theory with real-world application and equip participants with the requisite multi-disciplinary intellectual development, practical skills, and research abilities to think in more innovative ways to solve complex governance challenges. The Program is also a strategy to build a pipeline of young pan-African leaders to provide a sustainable path for good governance.

The core of our ambition is to train and nurture young people in an enabling working environment through a structured capacity development process. These will include training on transformational leadership development, professional and career development, and digital communication and technology skills. Essentially, beyond the technical training in resource governance, interns will be exposed to the tools and guidance needed to set and achieve realistic personal and professional goals, coupled with well-rounded and ethical leadership training.

More here

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ACEP is a thought leader in Africa's energy and extractives governance space, working towards improving economic transformation and inclusive sustainable development. We contribute to developing alternative and innovative policy interventions through high-quality research, analysis, and advocacy in Africa's energy and extractives sector.