



**AN EVALUATION OF THE MANDATE, PERFORMANCE,  
AND ACCOUNTABILITY PRACTICES OF THE PUBLIC INTEREST  
AND ACCOUNTABILITY COMMITTEE (PIAC) IN PETROLEUM  
REVENUE MANAGEMENT IN GHANA.**

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## EXECUTIVE SUMMARY

The goal of this research is to provide meaningful feedback to the Public Interest and Accountability Committee (PIAC) as a means of strengthening the Accountability Committee in the important public oversight roles it plays in petroleum revenue management and utilization in Ghana. The research therefore attempted to, first, document stakeholders' understanding of PIAC's identity, PIAC's mandate/objectives, and what PIAC should be doing to achieve its objectives as stated in section 52 of the PRMA. Secondly, it sought to evaluate PIAC's performance of its mandate since its establishment and whether ABFA financing since 2016 has made any difference. It also sought to review the Accountability Committee's transparency and accountability practices and how that affects its goodwill, public trust, and public support.

Primary data was collected from 43 respondents from 22 stakeholder institutions comprising of Think Tanks and CSOs, Print and electronic media; Donor agencies; Oil and Gas Companies including GNPC; Ministries, Departments and Agencies (collectively referenced as Government); PIAC (including old members) and its Secretariat; the Ghana Audit Service; and Parliament.

## HIGHLIGHTS OF KEY FINDINGS

The study findings suggest the following:

### 1. PIAC'S NATURE AND IDENTITY

PIAC's nature and identity have direct implications for its effectiveness in delivering on its mandate. PIAC's efforts can be undermined by partisan politics due to the nature of appointment of PIAC members, sources of financing for PIAC's annual programmes, and the Minister of Finance's discretion to determine the allowance paid to members of the Accountability Committee.

### 2. PIAC'S MANDATE

To achieve the first objective of monitoring and evaluating compliance with the PRMA, PIAC must do the following:

- a. Design best practice indicators as the benchmark against which actions of state agencies would be monitored and evaluated.
- b. Identify both primary and secondary implementers of the PRMA who would be monitored and evaluated for compliance.
- c. Broaden the scope of compliance monitoring and evaluation to include assessing the formula for allocation of petroleum revenue, the

workings of the GIIF, and the work of the Investment Advisory Board.

- d. Efficiently monitor ABFA-funded projects by establishing the link between such projects and national development agenda; delegate monitoring functions to local actors while using information technology; adopt the right methodology in determining value-for-money of ABFA projects to generate credible evidence for further action; and do project inspections with representatives from key institutions of State.
- e. Make policy recommendations to improve compliance; not seek prosecutorial powers.

To achieve the second objective of engaging the public on the use of revenues for development priorities, PIAC must do the following:

- a. provide the public (all stakeholders at all levels in society) access to its reports;
- b. conduct extensive countrywide stakeholder engagements to educate the average Ghanaian on issues bothering on petroleum revenue management and utilization.
- c. manage the expectations of the public on oil revenue inflows and utilization.

- d. Optimize avenues for public engagement including the PIAC website, partnership with the media, and community visits.

To achieve its third objective of conducting independent analysis of petroleum revenue management for the benefit of the Executive and Parliament, PIAC must do the following:

- a. Directly collect all relevant petroleum revenue data from the operators
- b. use existing data to generate new knowledge and fill critical knowledge gaps to enhance the achievement of government's revenue management objectives.
- c. Consult extensively to boost the rigor of its analysis
- d. In addition to its semi-annual and annual reports, produce reports of its monitoring activities, and policy briefs on key issues emanating from the management of petroleum revenues that make value-judgments on, and practical recommendations for, the management and use of petroleum
- e. revenues devoid of partisan and sectional influences.

3. PIAC'S FUNDING STATUS AND THE EFFECTS ON ITS PERFORMANCE

a. **Adequacy and timeliness of GoG fund disbursements to PIAC.**

- i. Although GoG budgetary allocation and actual disbursements to PIAC generally increased each year (2011-2018), PIAC's budgetary requirements were never met except in 2016. Disbursement shortfalls to PIAC however improved during the ABFA disbursement implementation period (2016-2018) compared to the years prior.
- ii. Late disbursement of funds to PIAC did not improve following implementation of ABFA disbursement to PIAC in 2016. The earliest PIAC received funds was in the second quarter. On average, about 59% of total ABFA was disbursed in the last quarter of 2016, 2017 and 2018.
- iii. The effect of late disbursement is that PIAC is unable to completely execute planned programmes for the year, which

iv. is a major threat to the Committee's effectiveness.

v. Delays in disbursement also means PIAC risks losing unutilized ABFA by the end of January of the ensuing year under section 26(2) of the Public Financial Management Act, 2016 (Act 921).

b. **Donor support to PIAC**

- i. Available data for 2017 and 2018 showed that donor financing to PIAC filled the funding gap between GoG budgetary allocation to PIAC and GoG actual disbursements.
- ii. Disbursed donor support has not necessarily declined following ABFA disbursement to PIAC because donor funding which existed even before ABFA disbursement to PIAC were programmed to run over a period of time.
- iii. With some donor funding to PIAC phasing out, the GoG must bear the financing gap filled by those donors. PIAC must also explore innovative ways of achieving financial sustainability independent of the ABFA.

**c. PIAC's delivery on its mandate before and after ABFA disbursement in 2016**

**i. Timeliness in the release of semi-annual and annual reports**

PIAC has never released its semi-annual and annual reports on time, although there were improvements from 2016 to 2018. For the period before 2016, semi-annual and annual reports delayed on average by about 9 months and 5 months respectively. Through technical support from staff of PIAC Secretariat, the reporting time lag improved, on average, to 5 months and 2 months respectively between 2016 and 2018. **PIAC's access to timely data from relevant institutions is the fundamental cause of the late publication of reports.** However, to the extent that technical staff of the Secretariat are critical human resources whose recruitment and retention were made possible through ABFA disbursement to PIAC, it can be said that ABFA disbursement to PIAC has impacted positively on reporting, albeit unsatisfactory.

**ii. Scope and comprehensiveness of report**

PIAC's reports have become more detailed over time. There, however, remain some analytical gaps in critical areas including analysis of the developmental effects of ABFA utilization, alternative areas for ABFA investments, the operationalization

of the GIIF, the status of the Investment Advisory Board, among others.

**iii. Accessibility of reports**

PIAC's reports are highly accessible to industry players but not to the ordinary citizen due to PIAC's report distribution arrangements. This impacts on PIAC's ability to achieve its second objective of providing "space and platform for the public to debate whether spending prospects, management and use of revenues conform to development priorities." PIAC has made efforts to bridge the knowledge gap by condensing complex information into simple infographics. However, PIAC should be proactive in making its reports available to the people of Ghana. Comprehensibility of the reports

PIAC's reports are quite straight forward, especially for industry players. However, the relatively technical nature of the reports excludes those who do not have formal education and/or knowledge of the oil and gas industry in Ghana.

**iv. Usefulness of reports**

PIAC's reports have proven helpful to stakeholders as an important source of information for their work. They are also a great resource for public engagement.

**v. Knowledge and technical competence of PIAC**

PIAC's technical competence has improved over time, but this is not strongly

attributable to the Committee's financing from the ABFA. Available information shows that PIAC budgeted for capacity building throughout the period under review (2012-2018), but its annual reports did not reflect capacity building as an actual expenditure component of ABFA utilization. PIAC took advantage of capacity building opportunities funded by donors. Good administration procedures (setting criteria for selecting PIAC members) and personal work ethics of members of PIAC and the Secretariat to acquire new knowledge and skills also contributed to improved technical competence of PIAC. The greatest threat to sustenance of the Committee's technical competence is the short-lived tenure of its members whose exit coincides with having full grasp of the industry and PIAC's roles.

Overall, PIAC's existence has contributed to improved transparency in petroleum revenue management. Successes chalked are a joint effort of PIAC and other key players, particularly civil society groups. However, petroleum revenue accountability remains a challenge due to political economy issues which lay outside PIAC's reach.

#### **4. WATCHING THE WATCHMAN: AN ASSESSMENT OF PIAC'S GOVERNANCE STRUCTURE AND SYSTEMS**

Findings on PIAC's financial transparency and accountability, accountability to constituent groups, and internal and external oversight structures of PIAC are as follows:

##### **a. Financial transparency and accountability**

- i. The Ghana Audit Service finds that PIAC has committed financial and procurement infractions. In June 2016, PIAC paid an excess of GHC35,375 to Committee Members in allowances without approval. PIAC sole-sourced the procurement of goods and services beyond GHC5000 limit without approval. Also, PIAC paid bonuses of GH19,720 in 2017 to PIAC's Secretariat staff without Ministerial approval. These infractions, which were attributed to weak internal audit processes, have since been rectified. All but one Committee Member have refunded the unearned allowances. PIAC has, since 2017, advertised invitation to tenders in traditional media and on its website. Winners of the bids are

also publicly announced and published on the Committee's website. The Committee has also complied with the Audit Service's recommendation to seek and receive the Minister's written approval for bonuses to be paid to staff of the Secretariat. It is also putting together the conditions of service for staff of the Secretariat.

- ii. PIAC is in a conflict of interest position where it plays oversight of the very funds it benefits from. The risk that PIAC might not perform this function with equal yardstick as it does with other institutions is high.
- iii. PIAC has, since 2017, fulfilled the quarterly reporting requirements under section 30(3) of the Public Financial Management Act, 2016 (Act 921).
- iv. PIAC is not very proactive in engaging the public with the full details of its finances.

**b. PIAC's accountability to constituent groups**

Although there are few exceptions, PIAC members do not engage and update their constituent groups about PIAC's work as

often as they should. This is because the PRMA does not categorically require PIAC members to do so. Another reason is that constituent groups are not well organized to demand accountability from PIAC. PIAC must be intentional about engaging its constituent groups to increase knowledge about its work and garner support for its recommendations for effective implementation.

**c. Oversight of PIAC**

**i. Internal oversight of PIAC**

PIAC has put in place systems, procedures, and processes for executing its functions. These, coupled with change in membership, has improved the relationship between the Committee and the Secretariat. Notwithstanding, there remain room for improvement. Also, some roles and responsibilities of the Secretariat and PIAC remain blurry.

It is important that the roles and responsibilities of the Secretariat are explicitly clarified in the PRMA and PIAC's rules of procedure to prevent usurpation of responsibilities.

**ii. External oversight of PIAC**

PIAC's belief that it is accountable to the President and Parliament has impacted on its ability to optimally engage constituent groups and the general citizenry, and vice versa. PIAC laments that Parliament is unable to effectively ensure that relevant



state entities adhere to PIAC's recommendations. If only PIAC would be open and strongly engage constituent groups and the larger citizenry on its operations, finances, findings, and recommendations, PIAC can leverage on the support and pressure from these groups to have its recommendations enforced and, thus become a more effective oversight body.

## **5. RECOMMENDATIONS**

At various points throughout this paper, recommendations were proffered to address specific issues. However, attention must be paid to the following four key recommendations to address fundamental issues that affect PIAC's work.

### **a. Financing PIAC's activities**

To improve on the adequacy and timeliness in the release of funds to PIAC, the following short to medium-term measures should be considered by PIAC, the Ministry of Finance, and the Attorney General.

#### **i. Short-term measures**

As long as the Ministry of Finance disburses funds to PIAC late in any particular year, the Minister of Finance should exempt PIAC from the effects of the claw back provision in section 26(2) of the Public Financial Management (PFM) Act, 2016 (Act 921) which provides that any public funds that remain unutilized by the end of January in the ensuing year shall

elapse. The Minister of Finance has responsibility under section 4 (2) (f) of the PFM Act to supervise the financial operations of PIAC as a covered entity. The Minister of Finance also has the responsibility under section 28 (1) (e) ii to provide to Parliament an overview of the implementation of the annual budget and of the budgets of covered entities during the mid-year fiscal policy review.

This means that the Minister of Finance is deemed to be fully aware of late disbursement to PIAC and the combined effects of such delays and section 26(2) of the PFM Act on PIAC's ability to implement approved budgets. Suspension of application of section 26(2) to PIAC should, however, not be without limitations. PIAC must be required to utilize the unspent amount by the end of the first quarter of the ensuing year, after which period any unutilized amount must elapse. PIAC should strategize properly and prioritize its activities to make its needs suit its limited resources. Since the trend of evidence shows that the Ministry of Finance releases a chunk of the funds to PIAC during the third and last quarter of each year, PIAC should prioritize and execute high-cost and high impact activities during that period. This will address the risk of losing unutilized funds in the ensuing year as required under section 26(2) of the PFM Act.



PIAC may fall on section 25 (1), (3), (4) and (6) of the PFM Act to execute quarterly activities ahead of ABFA releases. At the approval of the Principal Spending Officer at PIAC, and subject to limitations imposed by the PFM Act, PIAC may commit the government to make payments for costs incurred in relation to the committee's activities within the approved quarter budgetary ceilings issued by the Minister of Finance.

### **iii. Medium-term measures**

Timelines for the release of funds to PIAC must be specified in law. The PRMA must be amended to provide that the Minister of Finance ensures that the Bank of Ghana pays PIAC's share of the ABFA in time, no later than three (3) working days after receipt of petroleum revenues into the Petroleum Holding Fund (PHF).<sup>1</sup>

#### **b. Improving PIAC's performance**

PIAC's performance must be improved in two main areas: timeliness in the publication of reports, and the Committee's technical competence.

##### **i. Timeliness in the publication of reports**

Stakeholders are of the view that the deadline for semi-annual reports should be

extended by 3 months to December each year and annual report in June of each ensuing year. This requires that the Ministry of Finance, the Attorney General's Department and PIAC work together to have the PRMA amended. This proposition by stakeholders glorifies existing delays and may not achieve the intended purpose of semi-annual and annual reports of PIAC in shaping government's decisions on petroleum utilization in any given year. ACEP therefore recommends that PIAC should consider restructuring its reporting by utilizing every data available to it to produce succinct but comprehensive analysis for the benefit of government and the public within the specified timeframe in the PRMA. This requires a lot of creativity on the side of PIAC to remove inefficiencies in its reporting.

##### **ii. PIAC's technical competence**

Stakeholders have proposed that government should extend the 2-year tenure of PIAC members to a non-renewable 4-year term and the 3-year tenure to a non-renewable 6-year term. While this option has the advantage of giving PIAC members time to learn the ropes, create stability, and improve the

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<sup>1</sup> There is a similar provision for GNPC in section 16(4) of the amended PRMA. This is because of the strategic role GNPC has to play within the petroleum industry in Ghana. PIAC's roles are

equally important to the oil and gas industry and must be given all the resources necessary to execute its roles on time.

independence of PIAC as members experience a change in the cycle of government, this approach is not very sustainable because the very challenge it seeks to address will emerge when the tenure of existing members ends.

To address this problem, PIAC can attract, retain and benefit from the competence of its members by strengthening the criteria for selecting members and clearly communicating same to constituent groups through mini workshops. It must also be a compulsory requirement that at least two persons are nominated by the constituent groups to be objectively vetted by the Secretariat, who then forwards the most competent nominee(s) to the Minister for appointment. That way, the tenure of members can be maintained, and members can exit the Committee without leaving gaps in PIAC's technical competences. Finally, performance review of members' contribution at PIAC's functions must be done by an independent consultant to inform renewal of tenure of members.

**c. Improving PIAC's transparency and accountability practices.**

PIAC must have an internal auditor to control and mitigate the risk of financial infractions. The Accountability Committee must also be intentional about communicating its financial resources management practices with the general public through publication on its website

and in the dailies, of its financial reports annually. This will boost public trust in, and support for, PIAC.

PIAC should recognize that it is not only accountable to the President and Parliament but also to their constituents and, by extension, the people of Ghana. Accountability of PIAC members to constituent groups must therefore be provided for in the regulation to bridge existing communication gap between PIAC and its constituent groups. Constituent level engagements must be done at least once each year. PIAC must also prioritize citizens engagement in its planned programme and activities for every year and must leverage on technology and the media to have wider outreach coverage.

To address the issue of conflicting roles between PIAC and the PIAC secretariat on technical and administrative matters, the regulations to the PRMA should clearly detail out the functions of the Secretariat and areas of shared responsibility with PIAC. Internal rules of procedure should align with the provisions in the regulations to avoid ambiguities.

**d. Enforcing PIAC's findings and recommendations**

An option available to PIAC is that the Committee may, for public interest reasons, appear before court under Article 2(1) (a) and (b) of the 1992 Constitution to enforce

its recommendations on petroleum revenue management and compliance with the PRMA. Article 2(1)(a) and (b) of the Constitution of Ghana, 1992 provides that “A person who alleges that (a) an enactment or anything contained in or done under the authority of that or any other enactment; or (b) any act or omission of any person, is inconsistent with, or is in contravention of a provision of this Constitution, may bring an action in the Supreme Court for a declaration to that effect.” Using constitutional provisions such as Articles 257(6), 36, 175, and other relevant provisions, as well as provisions of the PRMA, the PFMA, and other Acts of Parliament as the basis for its suit, PIAC may seek court orders to ensure compliance with the PRMA and enforce implementation of its recommendations without seeking prosecutorial powers. This option comes with administrative and legal costs which PIAC must be prepared to bear and cater for through its annual budget.

Furthermore, PIAC must take advantage of existing state institutions to enforce its

recommendations. PIAC must monitor and produce comprehensive reports on ABFA-funded projects that is based on sound audit practices to ensure that robust evidence is generated for further action by the Ghana Audit Service and other units like the Office of Special Prosecutor and Economic and Organized Crime Office (EOCO). The Ghana Audit Service in particular can support PIAC’s auditing work by training PIAC on acceptable auditing standards and standards of evidence. PIAC must also share its annual monitoring activities with the Audit Service in order to involve Audit Service staff at the regional level in executing same.



## ACKNOWLEDEMENTS

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Indeed, this paper is ACEP-led but multi-stakeholder owned.

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## LIST OF ABBREVIATIONS

ABFA	Annual Budget Funding Amount
ACEP	Africa Centre for Energy Policy
CAGD	Controller and Accountant General Department
CBOs	Community Based Organisations
CHRAJ	Commission on Human Rights and Administrative Justice
EOCO	Economic and Organised Crime Office
GHF	Ghana Heritage Fund
GIIF	Ghana Infrastructure Investment Fund
GRA	Ghana Revenue Authority
GSF	Ghana Stabilization Fund
MoE	Ministry of Energy
MoF	Ministry of Finance
PC	Petroleum Commission
PFMA	Public Financial Management Act
PIAC	Public Interest and Accountability Committee
PRMA	Petroleum Revenue Management Act

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Audit Service Act, 2011 (Act 584)

Petroleum Revenue Management (Amendment) Act, 2015 (Act 915)

Petroleum Revenue Management Act, 2011 (Act 815)

Public Financial Management Act, 2016 (Act 921)

Public Procurement Act, 2003 (Act 663)

The 1992 Constitution of the Republic of Ghana

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## PART ONE

### INTRODUCTION

#### 1.1 BACKGROUND

Between 2010 and 2017, the mining and petroleum sectors in Ghana each contributed about GHC10 billion to the nation's kitty.<sup>2</sup> While it is impossible to determine how revenues from the century-old mining sector have been utilized, it is generally possible to track revenue receipts, disbursements, and investments in the petroleum sector. The distinguishing factor in the petroleum sector is the existence of a special revenue management legal framework (the Petroleum Revenue Management (amendment) Act, 2011 (Act 815), hereafter referred to as the PRMA) which, to a large extent, espouses basic principles of public financial management through rules-based and discretionary-based approaches (figure 1).

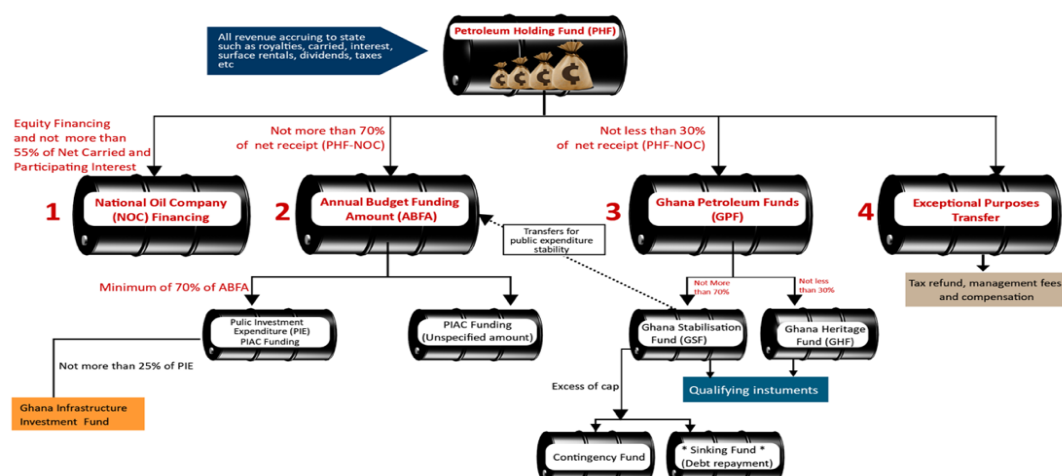


FIGURE 1: THE PRMA'S FRAMEWORK FOR PETROLEUM REVENUE COLLECTION AND DISTRIBUTION

SOURCE: ACEP, 2018 IN SACEY, 2018<sup>3</sup>

<sup>2</sup> Anaman, P., & Darko, J. (2018). Is Ghana's Petroleum Revenue Management Act (PRMA), 2011 (Act 815) an Effective Public Financial Management Tool for Public Investment and Consumption Smoothing? Available at <https://www.bsg.ox.ac.uk/events/public-finance-and-public-management-africa>

<sup>3</sup> Sackey, J.A (2018). Petroleum Revenue Management Manual. Africa Centre for Energy Policy, p 30. Available at [https://s3.amazonaws.com/new-acep-static1/reports/PRMA\\_MANUAL\\_cmyk.pdf](https://s3.amazonaws.com/new-acep-static1/reports/PRMA_MANUAL_cmyk.pdf). The illustration is based on sections 11, 12, 16 of the PRMA

Rules-based and discretion-based decisions around petroleum revenue allocation, disbursement, utilization, and monitoring have social, economic and political implications. This is because citizens, being the beneficial owners of the natural resources, experience and pass value judgements on the impact of the resource on their overall wellbeing. It is therefore important that strong oversight bodies are established to safeguard public interest. Public oversight is necessary to regulate government behaviour in managing petroleum revenues. It ensures compliance with established fiscal rules and checks arbitrariness by exposing and correcting irregularities that could lead to corruption and mismanagement.<sup>4</sup>

Ghana's PRMA provides layers of accountability mechanisms in petroleum revenue management and utilization. This is represented by a combination of internal State agencies such as Parliament and the Ghana Audit Service, as well as a separate independent oversight body called the Public Interest and Accountability Committee (PIAC). The role of PIAC is to provide independent oversight of the management of Ghana's petroleum resources and to ensure that these resources are used in the public interest. According to Bauer (2004), although internal government agencies can play oversight roles on petroleum funds, the existence of an independent public oversight body provides assurances of integrity that internal controls cannot provide.

The establishment of PIAC was a strong signal to the rest of the world that Ghana was passionate about institutionalizing good governance practices to ensure the prudent, transparent, and accountable management of Ghana's petroleum resources. In reality, however, the Accountability Committee was poorly resourced to perform its functions. PIAC received discretionary funding from the Government of Ghana and relied heavily on the financial benevolence of donor agencies to execute its functions. Thus, PIAC's ability to independently play its oversight role became severely threatened.

After a series of dialogues and advocacy by Civil Society groups and think tanks, the PRMA was amended in 2015 to allow for consistent, predictable financing to PIAC through the Annual Budget Funding Amount (ABFA). Consequently, for the first time, the government of Ghana through the National Budget allocated GHC 967,774 from ABFA for PIAC's financing for the

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<sup>4</sup> Bauer, A. (2014). *Independent Oversight of Natural Resource Funds. Policy Brief, Natural Resource Governance Institute*

2016 financial year. In its 2015 baseline report dubbed "Funding PIAC: from Discretion to Obligation", ACEP noted that although the ABFA allocated in the budget for PIAC in 2016 was only 35% of the total budget which the Accountability Committee presented for 2016, a full disbursement of that amount would be the highest funding the Accountability Committee would have ever received from the Government since its establishment. To ensure that the Minister disbursed the full amount to PIAC in 2016 and subsequent years, ACEP recommended in the baseline report, among other things, that "CSOs should continue to monitor the disbursement of funds to PIAC while tracking the delivery of the committee on its mandate." Also, "PIAC should be transparent about disbursements... [and] be efficient and judicious in the use of the funds to give the Ministry confidence in future disbursement..."

The 2015 baseline study thus set the tone for periodic evaluation of the adequacy and timeliness of PIAC's financing from the ABFA, the impacts of this on PIAC's performance of its mandate, and PIAC's accountability practices. But, PIAC's ability to effectively and independently deliver on its mandate goes beyond financing. Literature suggests that the independence of oversight bodies such as PIAC could be better guaranteed if they are staffed with experienced experts and professionals of different fields of expertise. Also, oversight bodies should have information and capacity for independent judgement, and constantly look for exchange of experiences with other institutions and countries. Furthermore, a permanent mandate of oversight bodies contributes to maintain more independence, since limited mandates could make them more vulnerable to political cycles.<sup>5</sup>

This research is a follow-up on ACEP's 2015 baseline report as it seeks to implement the recommendation that CSOs should monitor ABFA disbursement to PIAC and the extent to which it impacts on the delivery of PIAC's mandate. However, it goes beyond this, as the research objectives suggest.

## ***1.2 OBJECTIVES OF THIS PAPER***

Specific objectives of the research are

1. To understand the nature of PIAC and its mandate from a multi-stakeholder perspective;

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<sup>5</sup> Delia Rodrigo and Pedro Andres Amo (n.d). Background document on oversight bodies for regulatory reforms. OECD and OCDE. Available at <http://www.oecd.org/mena/governance/36785272.pdf>

2. To evaluate PIAC's performance and the extent to which the trend in fund disbursement to PIAC affects the delivery of its mandate.
3. To assess PIAC's internal and external transparency and accountability structures, and
4. To propose solutions that address loopholes to strengthen the Accountability Committee for the optimal performance of its oversight responsibility regarding petroleum revenue management in Ghana.

### ***1.3 THE RELEVANCE OF THE RESEARCH***

Oppong (2016) reports that locating PIAC's role within the broader formal governance structures in the oil and gas industry is complicated. His review of existing literature reveals that, while policymakers understood PIAC's mandate as complementing the oversight role of Parliament, others viewed PIAC as an entity that performs audit functions similar to the Auditor-General's Department, the Commission for Human Rights and Administrative Justice (CHRAJ), and the Economic and Organised Crime Office (EOCO). However, Oppong, like other authors, failed to resolve the dilemma. This research is, therefore, the first of its kind in Ghana to attempt to document a detailed understanding of PIAC's nature and objectives stated in section 52 of the PRMA from a multi-stakeholder perspective. With such clarity comes optimization of PIAC's activities towards the achievement of its objectives while streamlining the same with stakeholder expectations.

Furthermore, this research formally evaluates and documents PIAC's performance from a multi-stakeholder perspective. It also openly interrogates the Accountability Committee's financial and governance accountability practices. This research, therefore, provides a vital feedback mechanism through which PIAC can learn, unlearn, and relearn various approaches to executing its mandate to achieve more significant outcomes and strong public support.

Finally, the findings from this research would inform detailed provisions on PIAC's roles, internal governance, and accountability procedures in the PRMA regulations whose development is still in progress.

### ***1.4 RESEARCH METHODOLOGY***

The approach to the research was primary and predominantly qualitative. Primary data was collected from forty (43) respondents across twenty-two (22) stakeholder institutions within the oil and gas industry in Ghana. These institutions were purposively sampled and categorized into eight (8): Think Tanks and CSOs (6); Print and electronic media (4); Donor agencies (3);

International Oil and Gas Companies (2); the National Oil Company (GNPC); Ministries, Departments and Agencies (4) namely Ministry of Finance (MoF), Ministry of Energy (MoE), Ghana Revenue Authority (GRA), and Petroleum Commission (PC) (altogether referenced as Government); PIAC (both past and current members) and PIAC Secretariat; the Ghana Audit Service; and Parliament (particularly, Parliamentary Select Committee on Finance, and Parliamentary Select Committee on Energy).

Specific respondents from these institutions were sampled using mixed methods: purposive, random, and by snowballing, depending on institutional bureaucratic structures and the depth of knowledge of respondents.

The data collection tools employed were structured interview guides comprising of open-ended questions for qualitative data and a few close-ended questions for quantitative data. Stakeholders' views were manually recorded, cleaned, and coded for analysis. Quantitative data was also analysed using Microsoft Excel Sheets.

### ***1.5 ORGANIZATION OF THE PAPER***

This paper has five parts. The first part provides the background, objectives, rationale, approach, and structure to this research. The second part discusses the nature and identity of PIAC in terms of its creation, composition, appointment, and financing, as well as how these impact PIAC's independence. It also teases out stakeholder perspectives on what PIAC should be doing to achieve each of its stated objectives against the reality of PIAC's successes and challenges. Recommendations have been proffered to improve PIAC's performance of its mandate. In part three of this paper, the trend of ABFA disbursement to PIAC has been tracked to check whether adequacy and timeliness in the release of funds has improved following guaranteed ABFA disbursement to PIAC. The question of whether or not donor funding to PIAC has declined following ABFA disbursement to PIAC and the effect of this on its financial sustainability has been addressed. This part also assesses the extent to which funding from ABFA has had any positive effects on PIAC's delivery on its mandate following the PRMA amendments. The fourth part of the paper reviews PIAC's financial accountability, accountability to its constituent groups, and internal and external oversight. The final part of the paper summarizes the key findings and provides recommendations to improve PIAC's financing, performance, accountability, and enforcement of its recommendations.

## PART TWO

### AN INSIGHT INTO PIAC'S NATURE AND MANDATE FROM A MULTI-STAKEHOLDER PERSPECTIVE

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#### ***2.1 THE NATURE AND IDENTITY OF THE PUBLIC INTEREST AND ACCOUNTABILITY COMMITTEE (PIAC)***

The Public Interest and Accountability Committee (PIAC) is a quasi-state institution mandated to promote transparency and accountability in the management and use of petroleum revenues in Ghana. It has both state and non-state characteristics due to its creation, composition, the appointment of members, and financing. PIAC, together with its secretariat, identifies PIAC as an independent quasi-state agency accountable to parliament and the President of Ghana.

##### **2.1.1 Creation**

PIAC was established in 2011 by section 51 of the Petroleum Revenue Management (Amendment) Act, 2011 (Act 815) which also defines its objectives, function, membership composition, the tenure of its members, financing, and reporting in sections 52 to 57. PIAC's establishment was the government's response to Civil Society demand for a citizen-driven oversight body because citizens had grown dissatisfied with traditional state institutional oversight of revenues from the extractives. The expectation, therefore, is that PIAC is directly accountable to the citizens of Ghana.

##### **2.1.2 Composition**

According to stakeholders, PIAC's thirteen-member composition from the thirteen non-governmental constituent groups listed in section 57 of the Petroleum Revenue Management (Amendment) Act, 2011 (Act 815) suggests that it is independent of governmental influences and control. Therefore, the expectation is that, PIAC should have a mind of its own, in terms of being independent in delivering on its objectives.

##### **2.1.3 Appointment of members**

The Minister of Finance appoints the members of the Accountability Committee notwithstanding that members of PIAC emanate from non-governmental constituent groups. Each constituent group nominates one representative, based on criteria set by the Secretariat of PIAC, for the Minister of Finance's appointment. The Minister then swears appointed members into office in the same manner as government appointees to public offices.



#### **2.1.4 Financing**

PIAC has explicit financing support from State resources. The budget on the annual program of the Committee is part of the national budget prepared by the Ministry of Finance (section 57(1) of the PRMA as amended). The Annual Budget Funding Amount (ABFA) is the specific source of finance to the budget on the Committee's annual program (section 57(3) of the PRMA as amended). It follows therefore that the Committee's budgetary allocations, approval, disbursement, implementation, and reporting procedures follow the modus operandi of state institutions like government Ministries, Departments, and Agencies. For example, the Ghana Audit Service audits public accounts (section 11 of the Audit Service Act, 2011 (Act 584). That the Ghana Audit Service audits the accounts of PIAC confirms PIAC's identity as a state entity. PIAC must also provide quarterly reports of its programs/activities and budget implementation to the Minister of Finance under section 30(3) of the Public Financial Management Act, 2016 (Act 921). The expectation is that PIAC's planned annual activities be funded wholly from petroleum revenues and that PIAC proactively and openly accounts for how it uses these funds for its operations.

#### **2.1.5 Conclusion**

The general conclusion of stakeholder's views of PIAC's nature is that PIAC's effectiveness is determined by its independence. PIAC, set up by a specific section in the rather general petroleum revenue management statute, is not a government institution to the extent that it has non-governmental constituents. However, the effectiveness of PIAC's mandate as an independent representative of citizens in the oversight of petroleum revenue management can be undermined by politics, precisely due to the nature of appointment of PIAC members, financing of PIAC's annual programme, and the Minister of Finance's discretion to determine the allowance paid to members of the Accountability Committee. PIAC's nature and identity, therefore, have direct implications for its effectiveness in delivering on its mandate.

### ***2.2 THE MANDATE OF PIAC***

PIAC could be described as the "policeman in Ghana's upstream petroleum industry" as far as revenue from that sector is concerned. It serves as the citizen's eye to the appropriate use and management of oil money in ways that avoid repetition of mistakes made by other countries with oil in terms of revenue management. This section presents multi-stakeholder perspectives about PIAC's three-prong objectives as provided for in section 52 of Act 815, and how the Accountability Committee has fared so far.

## **2.2.1 Stakeholders' understanding of PIAC's first objective under section 52 of the PRMA**

**Objective 1:** To monitor and evaluate compliance with the PRMA by the government and other relevant institutions in the management and use of the petroleum revenues and investment as provided in this act.

Under this objective, the collective view of stakeholders is that PIAC must check that all actions of state agencies and other institutions in respect of the management and use of petroleum revenues and investment conform to the provisions of the Petroleum Revenue Management Act (PRMA), 2011 (Act 815).

### ***2.2.1.1 What PIAC must do to achieve its first objective***

To achieve this objective, PIAC should be doing the following:

#### **1. Set benchmarks**

PIAC must design best practice indicators as the benchmark against which actions of state agencies would be monitored and evaluated. The provisions of the PRMA that speak to compliance, as well as international best practices, must inform the indicators. Thus, PIAC should have a framework, based on the law, for assessing institutional compliance. This will simplify PIAC's reporting processes to meet citizens' expectations. So far, PIAC's Semi-Annual and Annual reports do not conform to a consistent format to help citizens identify which information are relevant for their use.

#### **2. Properly identify target institutions**

PIAC must identify both primary and secondary implementers of the PRMA who would be monitored and evaluated for compliance. Primary implementers are those institutions who have direct roles to play under the PRMA. These institutions include the Bank of Ghana, Ministry of Finance, Parliament, the Investment Advisory Board, and the Controller and Accountant's General Department (CAGD). On the other hand, secondary agencies to implementing the PRMA are those line Ministries, Departments, and Agencies benefitting from the ABFA and whose operations directly impact the compliance of primary institutions. So far, PIAC has focused on compliance by the Ministry of Finance as a primary implementer of the PRMA.

PIAC, as a beneficiary of petroleum revenues, must also self-assess its compliance with the law.

### 3. Broaden the scope of compliance monitoring and evaluation

PIAC should be monitoring compliance by various institutions in petroleum revenue assessment; collection from various sources; lodgement of collections to the Petroleum Holding Fund (PHF); transfers to GNPC and various funds from the PHF; allocations to, and actual expenditure of, GNPC's funds and ABFA in priority areas including the Ghana Infrastructure Investment Fund (GIIF). PIAC should also monitor and evaluate interest accrued from the Ghana Stabilization Fund (GSF) and the Ghana Heritage Fund (GHF), as well as transfers from the GSF to Contingency Funds and their applications.

### 4. Efficiently monitor ABFA-funded projects

a. In monitoring projects funded from the ABFA, PIAC must assess how the prioritized areas for petroleum revenue expenditure align with the development agenda in the short to medium term, in the absence of a long-term national development plan. This will help to assess the adequacy or otherwise of petroleum revenue investment in specific sectors emphasized in the short-to-medium term plan.

b. In addition to using information technology, PIAC must revise its strategy by providing local actors such as district assembly members and community-based organizations (CBOs) with adequate information to empower them to monitor and report on progress and impacts of ABFA-funded projects. Doing this can cut cost and expand impacts. Recounting experiences of collaborating with PIAC on monitoring ABFA-funded projects against their own experiences a think tank institution indicated that "face-to-face engagements cost 20 times more than the cost of ICT to monitor projects and engage stakeholders. Monies could be used to fund a lot of more local actors".

c. PIAC must also do project inspections with representatives from key institutions of State. The rationale is for these representatives to have a first-hand appreciation of the findings of PIAC and feed those findings into decision-making processes on ABFA utilization.

d. PIAC must adopt the right asset auditing methodology in determining value-for-money of ABFA projects to generate credible evidence for further action by State institutions such as the Ghana Audit Service.

## 5. Make policy recommendations to improve compliance

The spirit of the law is for PIAC to be a watchdog over how the institutions are compliant with the Act. PIAC can, therefore, not enforce compliance; it can only make policy recommendations to the government on ways to improve compliance based on its evidence-based findings. It came out strongly that PIAC should use its findings to effectively engage non-compliant institutions to influence disbursement of revenues to specific projects. To achieve results with its findings, PIAC must produce credible evidence using the appropriate auditing methodology.

### *2.2.1.2 Threats to PIAC's ability to achieve objective 1 and counter strategies*

#### 1. Access to information

Access to critical information is challenging to PIAC, and this stems from issues of cooperation by relevant government institutions, particularly the Ministry of Finance. The hurdle of cooperation is not because institutions question PIAC's authority to obtain information, but rather due to delays along the data processing chain. For example, the IOCs have different data reporting and approval timelines, and until that is completed the Ministry of Finance cannot receive full data in time to share with PIAC. Consequently, PIAC's timelines to produce semi-annual and annual reports elapse by the time PIAC receives data for analysis.

To counter this challenge, stakeholders have opined that PIAC needs not rely on data from the MoF for analysis. PIAC should engage directly with IOCs for the data it requires. However, PIAC risks experiencing the same challenge the MoF faces with IOCs (i.e. delay in data acquisition) due to the differences in data reporting timelines of the IOCs. PIAC should also collaborate with State agencies such as GRA, GNPC, Bank of Ghana and the Petroleum Commission to receive the needed data.

An alternative is to extend PIAC's deadline to produce semi-annual reports from September to December each year, and the annual report to June in the ensuing year.

#### 2. Gaps in PIAC's technical expertise

In monitoring priority areas, PIAC lacks the necessary technical expertise such as project auditing and compliance measures to evaluate standards. PIAC must hire technical competence to ensure quality delivery.

PIAC needs to embark on sound and objective validation/assessment of oil investments collaboratively by involving institutions like the Ghana Audit Service while building its own technical competences.

### 3. Enforcement loopholes

While PIAC may make essential recommendations to the government to rectify adverse findings on compliance with the PRMA, it appears that PIAC's recommendations are not binding on the government.

*"Government is too powerful in this country. It is so difficult to pin government down to things because we have been used to how things are run in this country: some level of dictatorship by the government and subservient habits acquired by the population to think that government does no wrong"*(Think Tank/CSO)

*"Unless government re-tools its operations, PIAC cannot ensure that the right thing is enforced"* (Think Tank/CSO).

Weak institutional responses to PIAC's recommendations are linked to the challenges of technical expertise in compliance checks and auditing ABFA-funded projects in particular to produce compelling evidence that the Audit Service can adopt and pursue PIAC's recommendations. Thus, PIAC must continue to build on its competence and collaborate strongly with other state institutions who can take up its findings.

#### **2.2.2 Stakeholders' understanding of PIAC's second objective under section 52 of the PRMA**

**Objective 2:** To provide space and platform for the public to debate whether spending prospects, management, and use of revenues conform to development priorities.

The bottom line of this objective is for PIAC to allow the public to make an input to priority areas by airing their views, grievances, and suggestions on the use of petroleum revenues, in terms of whether the spending of petroleum revenues reflects their development aspirations. Public, as used here, should mean "...all stakeholders at all levels, capturing an adequate representation of citizens and the media, including the full print and electronic media" (Media). To achieve this, PIAC must first provide public access to its reports and conduct extensive countrywide stakeholder engagements to educate the average Ghanaian on issues bothering on petroleum revenue management and utilization. PIAC can also team up with a research

institution to conduct periodic research papers based on the needs assessment and other relevant topics to form the basis for public discourse.

*"PIAC should incite debate on the best options on the utilization of petroleum revenues by providing thought-provoking findings and recommendations and creating the platform for Parliament and the citizenry to raise issues that would result in the best management and use of the oil revenues."* (PIAC). PIAC must also be able to manage the expectations of the public on oil revenue inflows and utilization.

### ***2.2.2.1 Avenues for public engagement***

1. PIAC's website is a great avenue to publish information on petroleum revenue management and utilization. However, the website must have a feature that receives responses from the public on the information PIAC shares.

2. PIAC needs to work more with the media than it currently does to help communicate its findings to citizens.

3. PIAC must continue to visit communities that benefit from ABFA and disclose ABFA disbursement to projects to ascertain whether it is true or not.

### ***2.2.2.2 PIAC's progress on achieving objective 2:***

During the first three years of PIAC's existence, the Committee missed the opportunity to provide the needed platform for citizenry engagement. Non-engagement of citizens was because the Committee was *"...still trying to find [its] feet"* (PIAC).

PIAC has, afterward, done quite well on its engagements. The Committee organizes workshops and district/regional public fora to explain its reports. Also, it publishes monitoring works in newspapers for public knowledge. Public reactions/feedback form part of PIAC's report that goes to Parliament for the people's representatives to pick them up and act. One of the Committee's most significant accomplishments on achieving objective 2 was in 2016, when PIAC got citizens' views on the priority areas for oil revenue investments, and when such views reflected in the manifestos of the two major political parties ahead of the 2016 elections.

The Committee also uses radio programs, during district engagements, to reach a more extensive section of society than it can do with district engagements. One of the successful outcomes of radio engagements has been the call-ins from the public to ask questions and

contribute to the discussions. The Committee is also developing a documentary on petroleum revenue utilization to enable people to understand the subject matter better.

### **2.2.2.3 Challenges to effective public engagement**

PIAC's engagement with citizenry is not as rigorous and as frequent as it should be. Three factors account for this:

1. PIAC's members are full-time workers in their various fields and have little time to do consistent nationwide engagement. PIAC members must be committed to this aspect of their mandate.

*"It is either they step aside or step up" (Government).*

2. Another fundamental reason for infrequent engagement is PIAC's budgetary constraints. According to PIAC, the Ministry of Finance does not disburse monies on time. PIAC disclosed in its 2013 annual report that it received funding for 2013 activities in December 2013. Consequently, it had to shut down operations for six (6) months and not undertake public engagements in 2013. As discussed later in this paper, monies disbursed to PIAC are not only late but also very inadequate. The financial adequacy trend began to change positively from 2016 when PIAC began receiving mandatory funding from the ABFA.

3. PIAC's target audience during district engagements is not very representative of the various social groupings at the grassroots. According to a respondent,

*"PIAC collaborates with the District Assembly who invites participants to PIAC's fora, but many of the participants are Assemblymen. The message doesn't get to the ordinary people.*

*There is also low publicity. Media people even miss, how much more the ordinary Ghanaian?" (Media).*

PIAC attributes the limited reach to budgetary constraints. That notwithstanding, it should be possible for PIAC to have a more representative audience than it has reached so far.

### **2.2.3 Stakeholders' understanding of PIAC's third objective under of section 52 of the PRMA**

**Objective 3:** To provide an independent assessment on the management and use of petroleum revenues to assist Parliament and the executive in the oversight and performance of related functions, respectively.

Stakeholders interpret "independent assessment" on the management and use of petroleum revenues in two ways: access to data and analysis of data.



### ***2.2.3.1 Access to data***

Ideally, PIAC should directly collect all relevant petroleum revenue data from the operators. However, this can be unrealistic considering the inefficiencies operators may experience in tending to the data needs of each state institution. PIAC, therefore, has had to rely principally on the Ministry of Finance for much of the petroleum data for its analysis and thus, cannot be completely independent due to the risk of tampered and delayed data. To ensure data credibility, PIAC must triangulate data from various sources and must be able to do so without the government's influences. PIAC nonetheless generates primary evidence on petroleum revenue utilization through field visits to inspect ABFA-funded projects.

*"PIAC relies on secondary data. No primary data. But when it comes to utilization on the ground, PIAC goes to verify. But this is on physical projects" (Media).*

### ***2.2.3.2 Analysis of data***

PIAC's ability to conduct an independent assessment of petroleum revenue utilization that benefits Parliament and other government machinery should include filling critical knowledge gaps that enhance government's petroleum management objectives. Filling knowledge gap is particularly important because the Act 815 does not restrict PIAC's semi-annual and annual reports to any particular analytical scope within the sphere of petroleum revenue management. PIAC is free to use existing data to generate new knowledge.

### ***2.2.3.3 Progress with PIAC's independent assessment***

So far, PIAC's semi-annual and annual reports do not show any rigorous, independent analysis. Respondents opined that there is little independent assessment of data. According to them, PIAC's reports substantially regurgitate what the MoF produces because they make the same conclusions from the same data; there is nothing new. The lack of new knowledge has negative implications for limited resources. It also appears that project monitoring is PIAC's primary focus. PIAC must do detailed analysis of the developmental impacts of investments from the petroleum fund.

*"The Ministry of Finance does not articulate clearly what the outputs are, as expected. What intentional investments did we make [with petroleum revenues] and what progress can we see from that?" The PIAC should be speaking about the returns on investment. We need special reports to show how the revenues have impacted on development priorities" (Think Tank/CSO).*

PIAC's analyses are also not rigorous because of the lack of extensive consultations.

*"PIAC is expected to maintain a professional relationship with stakeholders in upstream oil and gas industry if it is to submit accurate reports to parliament. The current situation where PIAC rushes to publish without due regard to the insights of upstream operators is unfortunate and must be discouraged."* (Oil and Gas company)

Ideally, in addition to its semi-annual and annual reports, PIAC must produce reports of its monitoring activities, and policy briefs on key issues emanating from the management of petroleum revenues that make value-judgments on, and practical recommendations for, the management and use of petroleum revenues devoid of partisan and sectional influences.

## PART THREE

### PIAC'S FUNDING STATUS AND ITS EFFECTS ON THE DELIVERY OF PIAC'S MANDATE

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#### ***3.1 INTRODUCTION***

The funding status of PIAC before the amendment of the PRMA in 2015 to allow for ABFA allocation to the committee is widely known and well-documented. Key findings from ACEP's 2015 analysis of the government's discretionary financing to PIAC include massive shortfall in actual disbursements to PIAC against amounts budgeted. On average, about 66.4 percent of PIAC's budget was not disbursed from 2012 to 2015. In that report, ACEP asserted that "PIAC has struggled to deliver on its mandate because of financial constraints... ". ACEP further recommended that the Ministry of Finance must ensure timely and full disbursement of ABFA to PIAC amidst risks of decline in donor funding to PIAC following the amendment of PRMA to improve the certainty of PIAC's financing from the State.

In this part of the paper, we track the government's disbursement of ABFA to PIAC to ascertain its adequacy and timeliness compared to the preceding years when ABFA was not disbursed. We also discuss whether or not donor funding to PIAC has declined following certainty in financing to PIAC from the ABFA and what that means for the sustainability of PIAC's operations. The last section of this part assesses the extent to which guaranteed funding from ABFA has had any positive effects on PIAC's delivery on its mandate following the PRMA amendments.

#### ***3.2 AN ASSESSMENT OF THE ADEQUACY AND TIMELINESS OF FINANCIAL DISBURSEMENT TO PIAC FROM 2011 TO 2018.***

##### **3.2.1 Analysis of Government of Ghana's (GoG) support to PIAC (2011-2018)**

Until 2016, GoG allocation to PIAC formed part of the budget of the Real Sector Division at the Ministry of Finance. PIAC's annual allocations, beginning 2016, were directly featured in the budget following the PRMA amendment and implementation for direct ABFA disbursements to PIAC.

The data in the table below shows that with the exception of 2014 and 2015 when petroleum prices declined globally, GoG budgetary allocation and actual disbursements to PIAC generally increased each year, since 2011. However, PIAC never received full allocation as well as

disbursement of its budgetary requirements, except in 2015 and 2016. In 2015, the GoG fully disbursed the amount allocated in the National Budget to PIAC although this was a paltry 16.7% of the budget PIAC submitted to the MoF for that year. Again, in 2016, more money was disbursed to PIAC than PIAC budgeted for, as well as the amount GoG allocated to PIAC in the National Budget.

**TABLE 1: A COMPARISON OF PIAC'S BUDGET, NATIONAL BUDGETARY ALLOCATION TO PIAC, AND ACTUAL DISBURSEMENT TO PIAC**

	<b>PIAC's Budget</b>	<b>GoG Budgetary allocation to PIAC</b>	<b>GoG Actual disbursement to PIAC</b>
<b>2011<sup>6</sup></b>	0	0	0
<b>2012</b>	932,910	N/A <sup>7</sup>	150,000
<b>2013</b>	1,133,721	N/A <sup>8</sup>	684,243.68
<b>2014<sup>9</sup></b>	978,126	500,000	250,000
<b>2015<sup>10</sup></b>	1, 671,287	280000	280,000
<b>2016</b>	1,050,451 <sup>11</sup>	967,774.00 <sup>12</sup>	1,346,051
<b>2017</b>	3,468,554 <sup>13</sup>	1,900,000 <sup>14</sup>	1,345,078
<b>2018</b>	6,777,501 <sup>15</sup>	5,000,000 <sup>16</sup>	3,529,951

Source: Ghana National Budgets, PIAC's annual reports, and PIAC's annual budgets.

<sup>6</sup> Disbursement to PIAC began in 2012

<sup>7</sup> Awaiting data from PIAC

<sup>8</sup> Awaiting data from PIAC

<sup>9</sup> PIAC's budget and GoG allocation were taken from PIAC Annual Report on Management of Petroleum Revenues for Year 2015. Page 72. Available at

[http://www.piacghana.org/portal/files/downloads/piac\\_reports/piac\\_2014\\_annual\\_report.pdf](http://www.piacghana.org/portal/files/downloads/piac_reports/piac_2014_annual_report.pdf)

<sup>10</sup> PIAC's budget and GoG allocation were taken from PIAC Annual Report on Management of Petroleum Revenues for Year 2015. Page 88. Available at

[http://www.piacghana.org/portal/files/downloads/piac\\_reports/piac\\_2015\\_annual\\_report.pdf](http://www.piacghana.org/portal/files/downloads/piac_reports/piac_2015_annual_report.pdf)

<sup>11</sup> PIAC's 2016 budget statement submitted to the Minister of Finance for inclusion in the National Budget

<sup>12</sup> Appendix 7: Breakdown of 2016 Projected ABFA Spending Available at

<https://www.mofep.gov.gh/sites/default/files/budget-statements/2016-Budget-Appendix.pdf>

<sup>13</sup> PIAC's 2017 budget statement submitted to the Minister of Finance for inclusion in the National Budget

<sup>14</sup> APPENDIX 5: BREAKDOWN OF PROJECTED ABFA SPENDING - 2017 In budget statement and economic policy of the GoG, 2017. Available at

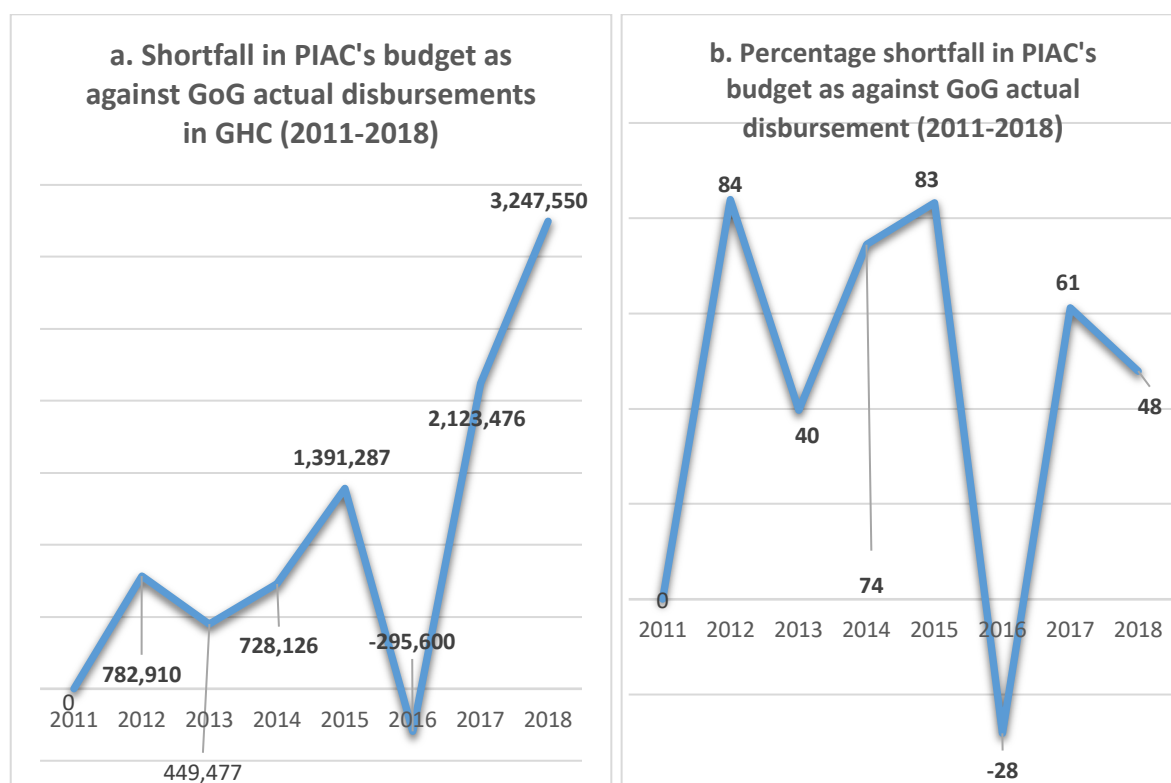
<https://www.mofep.gov.gh/sites/default/files/budget-statements/2017-Budget-Statement.pdf>

<sup>15</sup> PIAC's 2018 budget statement submitted to the Minister of Finance for inclusion in the National Budget

<sup>16</sup> APPENDIX 5: BREAKDOWN OF PROJECTED ABFA SPENDING - 2018, In budget statement and economic policy of the GoG, 2018 available at <https://www.mofep.gov.gh/sites/default/files/budget-statements/2018-Budget-Statement-and-Economic-Policy.pdf>

In 2017 for instance, PIAC expected GoG to provide GHC1,811,441 (representing 52.2%) of the Committee’s total budget,<sup>17</sup> but GoG disbursed only 74% of that amount. GoG’s actual disbursement in 2017 was also 28% and 61% short of the provision in the national budget and PIAC’s original budget respectively. Similarly, in 2018 PIAC expected the GoG to contribute GHC5,388,122 to its total budget. Not only was this amount revised downwards in the national budget; but actual disbursement also fell short of the allocation in the national budget by 29%, and of PIAC’s original budget by 48%.

In nominal terms, disbursement shortfalls were much higher in 2017 and 2018 - the period when ABFA was disbursed to PIAC, compared to the period prior to 2016 (Figure 2a). However, when compared with PIAC’s original budget, disbursement shortfalls to PIAC has improved during the ABFA disbursement implementation period (2016-2018) as opposed to the years prior (Figure 2b).



**FIGURE 2: VARIANCE IN PIAC'S BUDGET VERSUS ACTUAL GOG DISBURSEMENTS (2011-2018) IN GHC AND IN PERCENTAGE TERMS**

Source: ACEP (2019) based on Ghana National Budgets, PIAC’s annual reports, and PIAC’s annual budgets.

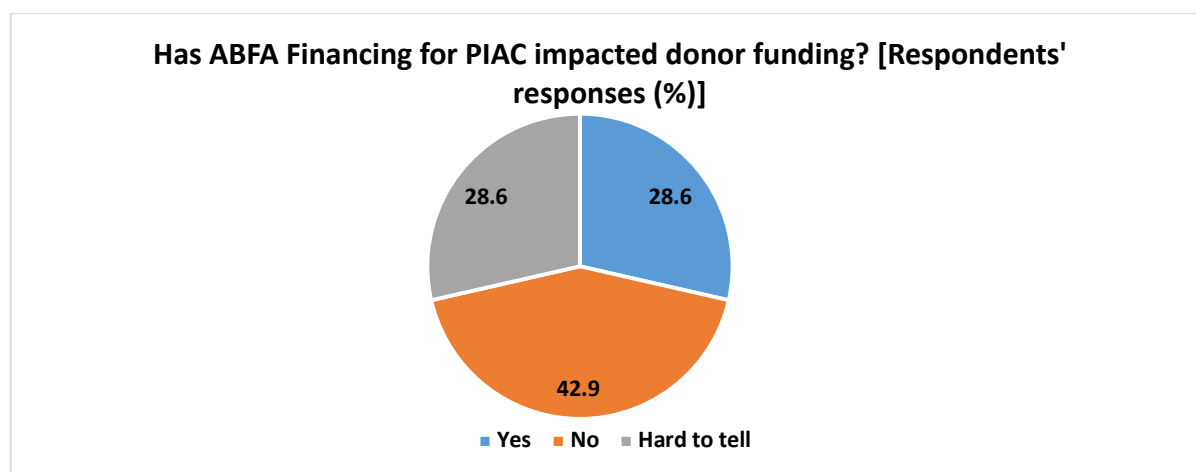
<sup>17</sup> PIAC’s 2017 budget to the Minister of Finance

### 3.2.2 Analysis of donor support to PIAC (2011-2018)

The implications of PIAC's budgetary shortfalls is that PIAC has had to look to non-GoG sources - mainly donors – to meet the financing gap.

*"ABFA financing has impacted positively on PIAC's mandate. However, its allocation seemed inadequate relative to their scale of work planned. Given that the funds allocated for 2016 and 2017 was inadequate and could even not be released in full to the Committee by the Ministry of Finance, Ghana Oil and Gas for Inclusive Growth (GOGIG) programme's complimentary support has salvaged challenges and ensured timely delivery on their mandates" (Think Tank/CSO).*

Available data shows that in 2017 and 2018, donors could meet only 20% and 40% respectively of the shortfall in PIAC's budget. The data also shows that donor financing to PIAC in both 2017 and 2018 filled the funding gap between GoG budgetary allocation and GoG actual disbursements. Thus, in 2017 the government funded 70% of budgetary allocation to PIAC while donors advanced 3% more than the remaining 30%. But in 2018 when the GoG again disbursed 70% of its budgetary allocation to PIAC, PIAC's donors provided 28% of the outstanding balance. On this score, 28% of stakeholders opined that donor funding is dwindling due to ABFA disbursement to PIAC. Many other stakeholders (including donors) rebutted this assertion.<sup>18</sup>



**FIGURE 3: IMPACT OF ABFA FINANCING TO PIAC ON DONOR FUNDS TO PIAC.**

Source: ACEP field visit, 2018

<sup>18</sup> PIAC is yet to provide adequate data to enable us do proper comparative analysis between pre and post ABFA disbursement periods.

According to donors, donor support existed even before ABFA and were programmed to run over a period of time. For example, GOGIG's funding arrangement with PIAC would end in 2019. The implication is that, when GOGIG exits, the GoG must take full responsibility for PIAC's financing gap which would otherwise have been shouldered by the donor. Disbursed donor support has therefore not necessarily declined following ABFA disbursement to PIAC. However, what has changed for some donors in their relationship with PIAC is the nature of activities funded over the years. PIAC does not only face challenges with disbursement shortfalls, but also disbursement delays.

### **3.2.3 Timeliness in the release of GoG funding to PIAC**

The budget year of state institutions and quasi-state entities like PIAC takes effect from 1<sup>st</sup> January each year.<sup>19</sup> This means that GoG disbursements to PIAC must begin the same date that budgets take effect – 1<sup>st</sup> January each year. The table below shows, however, that the GoG has never disbursed monies to PIAC on time to execute its annual programmes and activities. During the period under review (2012-2018), disbursements were done in tranches, and the earliest tranche was in the second quarter of 2015 and 2018.

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<sup>19</sup> Section 22(2) of the Public Financial Management Act, 2016 (Act 921).



**TABLE 2: TIMESHEET OF GOG FUND RELEASES TO PIAC (2012-2018)**

Year	GoG Disbursement date	Amount (GHC)	disbursed	Total (GHC)
2012	6/6/12	150,000.00		150,000.00
2013	17/09/2013	175,005.00		684,243.68
	5/12/13	500,000.00		
	20/12/2013	9,238.68		
2015	15/04/2015	50,000.00		280,000
	27/05/2015	20,000.00		
	2/7/15	70,000.00		
	22/10/2015	70,000.00		
	6/11/15	70,000.00		
2016	31/05/2016	600,000.00		1,346,000
	11/11/16	367,000.00		
	21/11/2016	379,051.00		
2017	20/07/2017	950,000.00		1,345,078
	3/11/17	395,078.00		
2018	5/4/18	1,000,000.00		3,529,951
	12/10/18	1,250,000.00		
	4/11/18	1,279,951.00		

Source: PIAC's finance database<sup>20</sup>

Timely disbursement of funds is not dependent on certainty and quantum of funding from ABFA. The trend in late disbursement did not improve notwithstanding that the certainty and quantum of funding to PIAC improved following the PRMA amendment to allow for ABFA disbursement to the Accountability Committee. For instance, although PIAC received excess ABFA in 2016, about 55% of ABFA financing to PIAC was disbursed in November that year. Again, on average, about 59% of ABFA was disbursed in the last quarter of 2016, 2017 and 2018.

<sup>20</sup> 2014 data was not available

From the government's perspective, ABFA is still a volatile revenue source to PIAC because of external market shocks and in-country production challenges that affect petroleum revenue receipt. An equally important cause of delayed disbursement is the fact that petroleum revenues are received in tranches as and when crude oil is lifted.

### **3.2.4 Effects of late disbursement of funds to PIAC**

A review of PIAC's budgets indicates that PIAC has high absorption capacity in optimizing resources to achieve its objectives. Although funds are eventually released by the end of the year, the effect of late disbursement is that;

1. PIAC is unable to completely execute planned programmes for the year, which is a major threat to its effectiveness.
2. PIAC risks losing unutilized ABFA by the end of January of the ensuing year, even if ABFA was disbursed in the last quarter of the fiscal year. This is provided in section 26(2) of the Public Financial Management Act, 2016 (Act 921) which states that

*“Any balance of moneys unexpended from the Consolidated Fund or any other public fund for a financial year by Government by the close of the year, shall elapse by the 31st of January of the ensuing year. “*

The Ghana Audit Service reports that apart from not utilizing donor funds to the tune of GHC10,518.66 in 2016 PIAC could not spend GHC218,488.41 of ABFA in 2016, and GHC35,234.92 of ABFA in 2017. This is not because PIAC did not have the capacity to spend, but because ABFA funding was disbursed very late to be spent on PIAC's planned activities. Since the PFM Act became effective in 2016, PIAC was expected to return the unutilized ABFA to the government by the end of January in the following years.

The effect of late disbursement and section 26(2) of the PFM Act is that PIAC is trapped in a situation where the ABFA it receives by law are taken away by law, leaving the Accountability Committee cash trapped and frustrated to perform its functions and achieve its objectives.

### **3.2.5 Recommendations**

1. Specify timelines for ABFA disbursement in the PRMA regulations.

The only way to solve the challenge of late disbursements is for the Ministry of Finance to comply with the budget allocations and release funds on time to the Committee. This can be

achieved by specifying timelines for the release of funds to PIAC in the PRMA regulations (which is still in progress). The regulations must provide that the Minister of Finance should ensure that the Bank of Ghana pays amounts due PIAC from the ABFA no later than three (3) working days after receipt of petroleum revenues into the Petroleum Holding Fund (PHF).<sup>21</sup> The regulations should also provide for penalty for late disbursement (such as payment of interest on undisbursed ABFA, deductible from funds disbursed to the MoF) to compel the government, through the MoF, to disburse monies to PIAC on time.

## 2. Minimize the effect on PIAC of the claw back clause in the PFM Act

In the short term, while the challenge of late disbursement remains, PIAC must be shielded from the claw back provisions of the PFM Act to enable the Accountability Committee to retain its unutilized funds beyond January of the ensuing year. However, this should be done with some restraints. Since the data shows that the earliest disbursements were made in the second quarter of each year, PIAC should be required to utilize the unutilized ABFA by the end of the first quarter, after which unutilized sums will be relinquished to the GoG.

## 3. PIAC should strategize properly and prioritize its activities to make its needs suit its resources.

Notwithstanding that funds to PIAC are disbursed late (usually during the second half of the year), PIAC could plan and execute in the second half of the year those high-impact activities that require huge expenditures in order to fully and effectively utilize funds.

Also, the PFM Act of 2016 provides a way out in section 25 (1), (3), (4) and (6) for PIAC to execute its functions even if ABFA is yet to be disbursed. When the Minister of Finance issues the quarterly ceiling of PIAC's budget by 10<sup>th</sup> January of each year, the Chairman of PIAC or the Coordinator of PIAC Secretariat (depending on whom PIAC's governance structure deems as the Principal Spending Officer<sup>22</sup>) has the power to commit PIAC's budget based on such ceilings and can approve for PIAC to enter into contracts in relation to the activities of PIAC.

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<sup>21</sup> There is a similar provision for GNPC in section 16(4) of the amended PRMA. This is because of the strategic role GNPC has to play within the petroleum industry in Ghana. PIAC's roles are equally important to the oil and gas industry and must be given all the resources necessary to execute its roles on time.

<sup>22</sup> Principal Spending Officer is defined in section 102 of the PFM Act as "... the Chief Director, Chief Executive or the most senior administrative head responsible for producing outputs".

That way, PIAC's Principal Spending Officer commits or purports to commit the Government to make payment. What this means is that, it is possible for PIAC to execute its functions each quarter within the quarterly budget ceilings without necessarily having cash in hand. However, this power of the Principal Spending Officer at PIAC is not without checks as such a person must be authorised to exercise such powers under the PFM Act. PIAC should therefore explore the various opportunities the PFM Act presents to navigate the challenges of late ABFA disbursement while delivering on its mandate.

### ***3.3 BENEFITS TO PIAC FROM ABFA FINANCING OF ITS ACTIVITIES***

Notwithstanding the challenge partial and late disbursement of ABFA to PIAC, Stakeholders identified three important benefits to PIAC following ABFA disbursement to the Committee's annual activities:

#### ***1. PIAC has an improved sense of independence***

The certainty of funding from ABFA, and non-reliance on the Ministry of Finance for budgetary approval has emboldened PIAC to achieve its objectives.

*"PIAC has become more confident and more aggressive about what they look out for"*  
(Donor).

#### ***2. PIAC has expanded the scope of its reach***

ABFA has created room for PIAC to do other things on their own compared to work plans determined by donor funds. PIAC can now plan more activities, monitoring, and public engagement.

*"The Committee has managed to ensure that at least, a cross-section of the Ghanaian citizens is well aware of the management of petroleum revenues. PIAC has improved stakeholder engagement and the verification of oil and gas infrastructure projects by visiting projects sites and communities"* (Government).

PIAC has been able to develop infographics and brochures, as well as distribute reports.

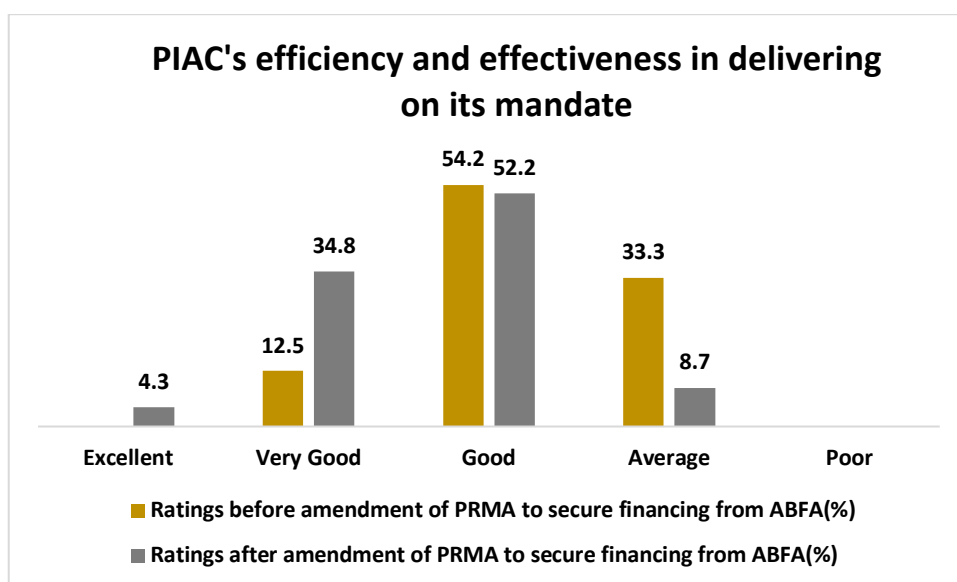
#### ***3. PIAC's necessities have been substantially met***

Critical human resources and logistical inputs necessary for PIAC's operations have been provided through ABFA disbursement to PIAC. PIAC can pay salaries on time, renew rent on time, and execute all its activities.

"Now they don't have accommodation problems. They no longer depend on voluntary grants. They have vehicles. They have staff who can help them to collate information" (Government).

### 3.4 PIAC'S DELIVERY ON ITS MANDATE BEFORE AND AFTER ABFA DISBURSEMENT

Critical interpretation of the data analysed reveals that PIAC's performance of its functions have improved over time, especially following the amendment of the PRMA to secure funding from the ABFA for its operations.



**FIGURE 4: STAKEHOLDERS' ASSESSMENT OF PIAC'S ABILITY TO EFFECTIVELY DELIVER ON ITS MANDATE**

Source: ACEP field visit, 2018

Although a little over half the number of respondents rated PIAC's performance before and after the PRMA amendment as good, the rest of the respondents gravitated towards better ratings (above "good") for the post-amendment era (34.8% rated very good and 4.3% rated excellent) compared to similar ratings for the pre-amendment era (12.5% rated very good and none rated excellent).

In this section, we evaluate PIAC's delivery on its mandate based on 6 indicators: timeliness in the release of PIAC's semi-annual and annual reports; scope and comprehensiveness of the reports; accessibility of the reports; comprehensibility of the reports; usefulness of the reports; and knowledge and technical competence of PIAC. These indicators are fundamental proxies to ascertaining PIAC's ability to achieve all three objectives stated in section 52 of the PRMA.

### 3.4.1 Timeliness in the release of semi-annual and annual reports

PIAC's compliance monitoring and evaluation, citizenry engagement, and independent analysis of petroleum revenue management and utilization must culminate in semi-annual and annual reports as required under section 56 of Act 815, within the specified timelines of 15th September of the preceding year and 15th March of the ensuing year respectively. Timely release of reports is essential for public education and timely governmental action to strengthen transparency and accountability in petroleum revenue management and utilization. Unfortunately, PIAC has never released its semi-annual and annual reports on time. On the average, semi-annual reports have delayed by about 9 months while annual reports have delayed by 5 months for the period before 2016.

**TABLE 3: TIME OVERRUN IN PIAC'S RELEASE OF SEMI-ANNUAL AND ANNUAL REPORTS**

Name of report	Required publishing date	Actual publishing date	Length of delay
2011 Semi-annual report	15 Sept. 2011	There was no report. PIAC was established in September 2011	N/A
2011 annual report	15 March 2012	17 May 2012	2 months, 2 days
2012 Semi-annual report	15 Sept. 2012	N/A	N/A
2012 annual report	15 March 2013	21 Nov 2013	8 months, 6 days
2013 Semi-annual report	15 Sept. 2013	29 April 2014	7 months, 2 weeks
2013 annual report	15 March 2014	N/A	N/A
2014 Semi-annual report	15 Sept. 2014	5 August 2015	11 months, 3 weeks
2014 annual report	15 March 2015	22 September 2015	6 months, 1 week

<b>2015</b>	<b>Semi-annual report</b>	<b>15 Sept. 2015</b>	<b>30 March 2016</b>	<b>6 months, 2 weeks, and 1 day</b>
<b>2015</b>	<b>annual report</b>	15 March 2016	22 June 2016 <sup>23</sup>	3 months, 1 week
<b>2016</b>	<b>Semi-annual report</b>	15 Sept. 2016	16 Jan 2017	4 months, 1 day
<b>2016</b>	<b>annual report<sup>24</sup></b>	15 March 2017	15 June 2017	3 months
<b>2017</b>	<b>Semi-annual report</b>	15 Sept. 2017	11 Dec 2017	2 months, 3 weeks and 5 days
<b>2017</b>	<b>annual report</b>	15 March 2018	25 June 2018	3 months, 5 days
<b>2018</b>	<b>Semi-annual report</b>	15 Sept. 2018	08 Jan 2019	3 months, 3 weeks and 3 days
<b>2018</b>	<b>Supplementary Semi-annual report</b>	15 Sept. 2018	02 May 2019	7 months, 2 weeks and 3 days
<b>2018</b>	<b>annual report</b>	15 March 2019	24 <sup>h</sup> June 2019	3 months, 1 week and 2 days

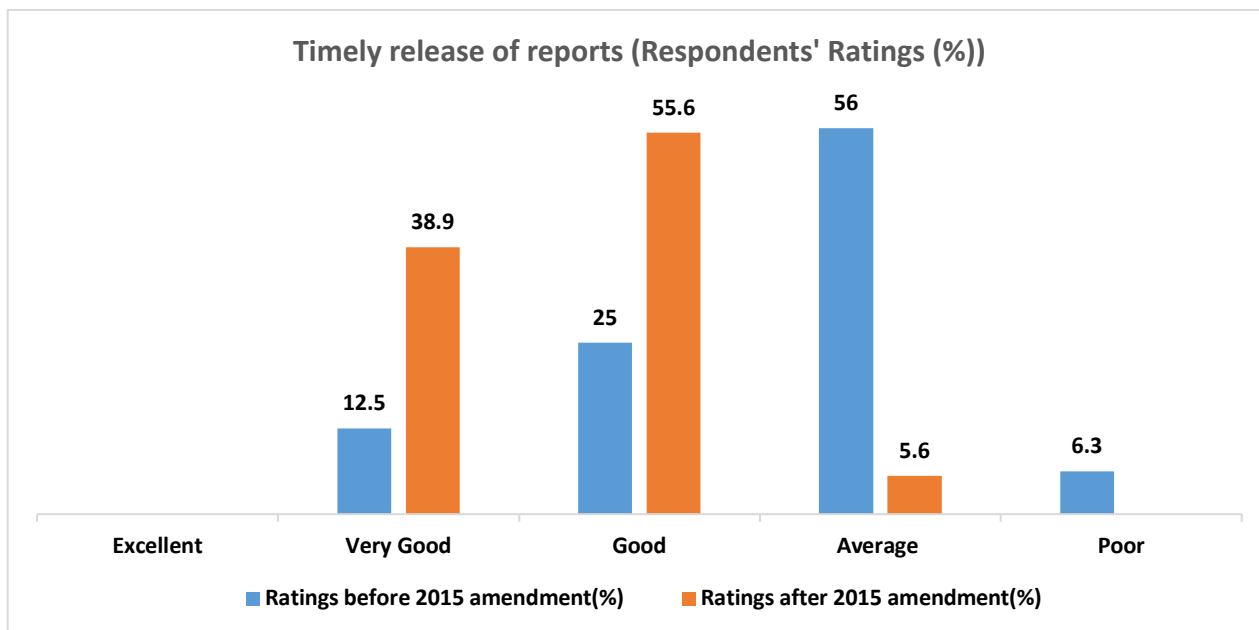
Source: PIAC, Audit Service management letter to PIAC, media reports, ACEP's observations.

Through technical and administrative support from staff of the Secretariat particularly in accessing and using data, the Committee has been able to minimize the delay in semi-annual reporting from an average of 9 months for the period before 2016 to 5 months from 2016 to date. Similarly, the time overrun for the release of annual reports have shortened to 2 months

<sup>23</sup> The 2015 annual report was launched on this date and thus serves as good proxy for when report was completed and published. See <http://www.reportingoilandgas.org/upcoming-events/launch-of-2015-piac-annual-report/> and <http://www.ghananewsagency.org/economics/2015-piac-report-on-petroleum-revenue-management-launched--105143>

<sup>24</sup> This report was launched on 16 June 2017. See <https://www.facebook.com/PIACGhana/photos/gm.1854721541411745/654969868030740/?type=3&theater>

since 2016, compared to 5 months during the period before 2016. This is corroborated by stakeholders who are of the view that although reports are released late, there has been an improvement following the PRMA amendment in 2015 to provide ABFA financing for PIAC. An aggregate of 93.6% of respondents rated PIAC above average on its timeliness in release of its reports after the PRMA amendments compared to an aggregate of 37.5% of stakeholders' rating for the period before the amendment.



**FIGURE 5: STAKEHOLDERS' PERCEPTION OF PIAC'S TIMELINESS IN RELEASING ITS SEMI-ANNUAL AND ANNUAL REPORTS**

Source: ACEP field visit, 2018

**To the extent that technical staff of the Secretariat are** critical human resources whose recruitment and retention were made possible through ABFA disbursement to PIAC, it can be said that ABFA disbursement to PIAC has impacted positively on reporting, albeit unsatisfactory.

**The fundamental reason for the delay of reports is not financial.** According to donor agencies, monies from the government do not go to reporting. Donor agencies like GIZ have consistently funded PIAC to produce semi-annual and annual reports, and to organize stakeholder forums, ever since PIAC's establishment in 2011. PIAC suggested that financial support from the ABFA helped when GIZ pulled out from printing PIAC's reports because it was not a priority.



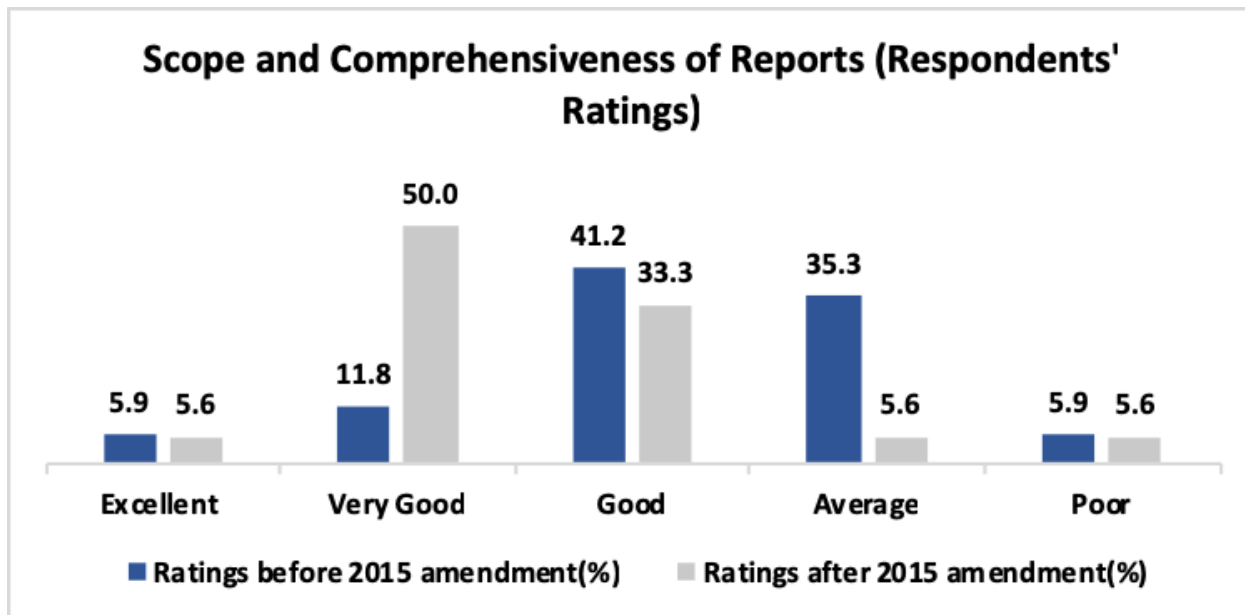
**PIAC's access to timely data from relevant institutions is the fundamental cause of the late publication of reports.**

Oil and gas companies and government agencies have distinct data reporting timelines, due to differences in internal processes, that affect the timely delivery of data for PIAC's purposes. Consequently, although PIAC relies on data from the Ministry of Finance, the Ministry of Finance usually completes data collation and analysis in March each year (the real deadline for PIAC's publication of its annual report). The data MoF provides to PIAC are in PDFs, and thus data manipulation is quite a herculean task. PIAC, upon receipt of these data, needs extra time to conduct its analysis using a consultant, have the technical committee review the output of the consultant, undertake validation meeting on the analysis done, and receive approval from the entire membership of PIAC for publication of the final document.

In conclusion, the 15th September and 15th March specified in the PRMA for the publication of the semi-annual and annual reports are not feasible for PIAC to do so. **The Committee and stakeholders suggest that Parliament should revise timelines so PIAC can publish the semi-annual report in December each year and annual report in June of each ensuing year.**

### **3.4.2 Scope and comprehensiveness of the reports**

PIAC's semi-annual and annual reports must reflect its three-prong objectives of monitoring and evaluating compliance with the PRMA by the government and other institutions; engaging citizens for their views about whether priority areas and petroleum revenue utilization conform to development priorities and; conducting an independent analysis of oil revenue utilization for the perusal of Parliament and the Executive.



**FIGURE 6: STAKEHOLDERS' ASSESSMENT OF THE SCOPE AND COMPREHENSIVENESS OF PIAC'S SEMI-ANNUAL AND ANNUAL REPORTS**

Source: ACEP field visit, 2018

About 89% of stakeholders rated PIAC above average on the scope and comprehensiveness of the Committee’s reports for the post PRMA amendment period compared to same rating by about 59% of respondents for the pre PRMA amendment period.

Respondents were of the view that PIAC's reports have become a bit more detailed over time. For example, the reports feature contract analysis, how the companies trade their oil (whether or not they hedge), and updates on implementation of PIAC's recommendations to government. Also, citizens' responses from public engagement and anecdotal information are included. For example, PIAC included people's displeasure about the omnibus expenditure under the capacity building component of ABFA utilization. **Notwithstanding the expanding scope, PIAC must do more.**

*"Analysis of [petroleum revenue] linkages to development is lacking. PIAC should be speaking to the catalytic effect of the revenue on development priorities. The analysis should be evidence-driven, based on the developmental effects of oil revenue utilization*

*so far. This can go a long way to inform public debates about whether the utilization of oil revenues conform to Ghana's development priorities" (Think Tank/CSO).*

*"PIAC must be able to come up with critical observations about investments e.g., alternative areas where the ABFA can be invested" (Government).*

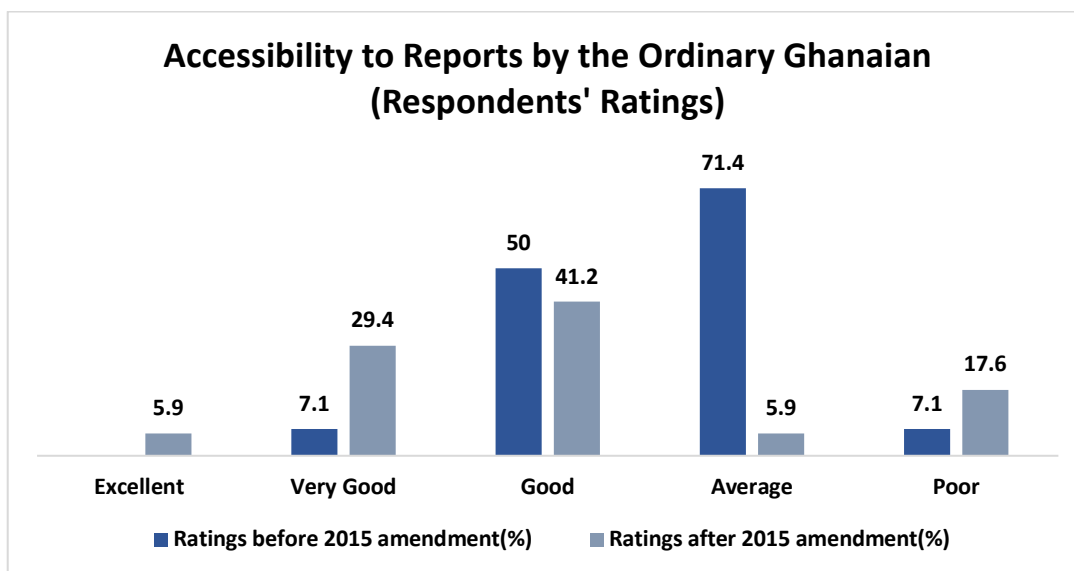
Also, PIAC needs to consult stakeholders and do better on monitoring and evaluating compliance.

### **3.4.3 Accessibility of reports**

PIAC's reports are available to the public both in print and soft versions but are highly accessible to people who have demand for them. The reports are available online through the Committee's website which was improved upon in 2016/17 to meet the information needs of citizens.

According to the Secretariat, online reports go out immediately to the presidency, universities, and polytechnics. Multimedia Group, the largest media house in Ghana, has also been an important channel for sharing report findings with a wider spectrum of Ghanaians. The Committee also distributes hard copies to public institutions. It partnered with Ghana Post to make such distribution in 2017. Prior to that, reports were distributed through FedEx and regional administrative officers for onward delivery to the districts.

PIAC's current arrangement for distributing its reports imply that the average Ghanaian whose daily affairs do not bother on petroleum revenue management and utilization, and therefore not in active demand for PIAC's reports, is not likely to access same. This contradicts stakeholders' view (85% on aggregate) that PIAC's semi-annual and annual reports are currently more accessible to the ordinary Ghanaian than the period before the PRMA was amended.



**FIGURE 7: ACCESSIBILITY TO PIAC'S REPORTS BY THE ORDINARY GHANAIAN**

Source: ACEP Field Visit, 2018

The contradiction could be explained by stakeholders' unintended projection on other citizens of their improved experiences in accessing PIAC's reports on revenue management issues in a sector (petroleum sector) they have strong relationship with.

Access to petroleum revenue information is a fundamental pre-requisite to achieving PIAC's second objective of providing "*space and platform for the public to debate whether spending prospects, management and use of revenues conform to development priorities.*" The "public" as used implies, as much as possible, every Ghanaian; not only persons who have need of PIAC's reports. PIAC's reports must, therefore, be supply-driven to include persons and institutions unfamiliar with the petroleum industry but who are directly and indirectly affected by management decisions on revenues from petroleum.

### **3.4.4 Comprehensibility of reports**

Linked to accessibility is the ability of readers of PIAC's reports to appreciate and use its content. Stakeholders were of the view that PIAC's reports are pretty much straight forward, especially for industry players. However, the relatively technical nature of the reports excludes those who do not have formal education in Ghana and/or knowledge of the oil and gas industry.

PIAC has made efforts to bridge the knowledge gap by condensing complex information into simple infographics. **However, PIAC can do more.**

The Committee may consider producing a citizen's version of its reports - one that is less technical but conveys intended messages. It may also be necessary to translate citizen's version of the reports into local dialects and distribute to local communities by collaborating with language experts. PIAC may also produce simple infographics that communicate vital petroleum revenue management issues and distribute short videos of its work on social media, among others. Although public outreach is now at the district level, PIAC should increase its communications in the various constituencies by forming community committees and organizing monthly programmes to explain their reports and work to the general public. PIAC must also continue to engage the media to discuss the reports in-depth. PIAC's reporting needs to be comprehensive, i.e. it should contain an analysis of trends, debates, and discussions, and not just reproducing figures from government and other organizations. Doing these would require additional resources and time.

#### **3.4.5 Usefulness of the report**

Many stakeholders and industry players patronize PIAC's reports and have attested to its usefulness.

*"PIAC's reports have helped provide information on the industry thereby enabling oil companies to benchmark and improve competitiveness" (Oil and Gas Company).*

PIAC's reports also provide avenues for learning new things happening in the oil and gas industry in Ghana to support advocacy work by Civil Society Organizations (Think Tank/CSO).

*"PIAC's work provides other institutions and actors within the CSO, research, and advocacy space sufficient information that we typically would not have to drive our advocacy." (Think Tank/CSO).*

The publications bring evidence closer to citizens and these are leveraged on to improve debates in the governance space. PIAC's reports have also increased transparency and thus managed citizenry expectations as people no longer berate oil and gas companies as they used to.

PIAC has helped the Executive arm of government to effectively monitor the implementation of guidelines in the PRMA to deliver ultimate results. For example, the monitoring team of the

Real Sector Division at the Ministry of Finance has, through PIAC's reports, followed up on and confirmed PIAC's findings on the status of ABFA-funded projects for governmental action. Also, through PIAC's reporting and analysis, the Ghana Revenue Authority (GRA) was supported with information to retrieve surface rentals from defaulting companies. PIAC's work has positively impacted on information flow among state agencies such as the Petroleum Commission and the GRA.

PIAC has also brought parliament up to speed with industry events with regards to the utilization of petroleum revenue for Parliament's scrutiny.

*"Parliament has been able to interrogate issues, thanks to PIAC. Parliament calls the Ministry of Finance twice every year to engage on PIAC's reports."* (Parliament).

While some stakeholders believe that PIAC cannot get the MoF to do things right and that they can only make recommendations, other stakeholders thought otherwise.

*"The Ministry of Finance has had to look over its shoulders because of PIAC"* (Government).

Notwithstanding the gains, others have criticized PIAC's approach in communicating the findings from its analysis and monitoring as sensationalism.

*"The best has been to excite the public and not provide evidence for action"* (Think Tank/CSO).

### **3.4.6 Knowledge and Technical Competence of PIAC**

In the early years of PIAC, the Committee had a very passionate membership. However, not all members had the requisite experience and in-depth industry knowledge to fully contribute to the achievement of PIAC's mandate. A former PIAC member disclosed this:

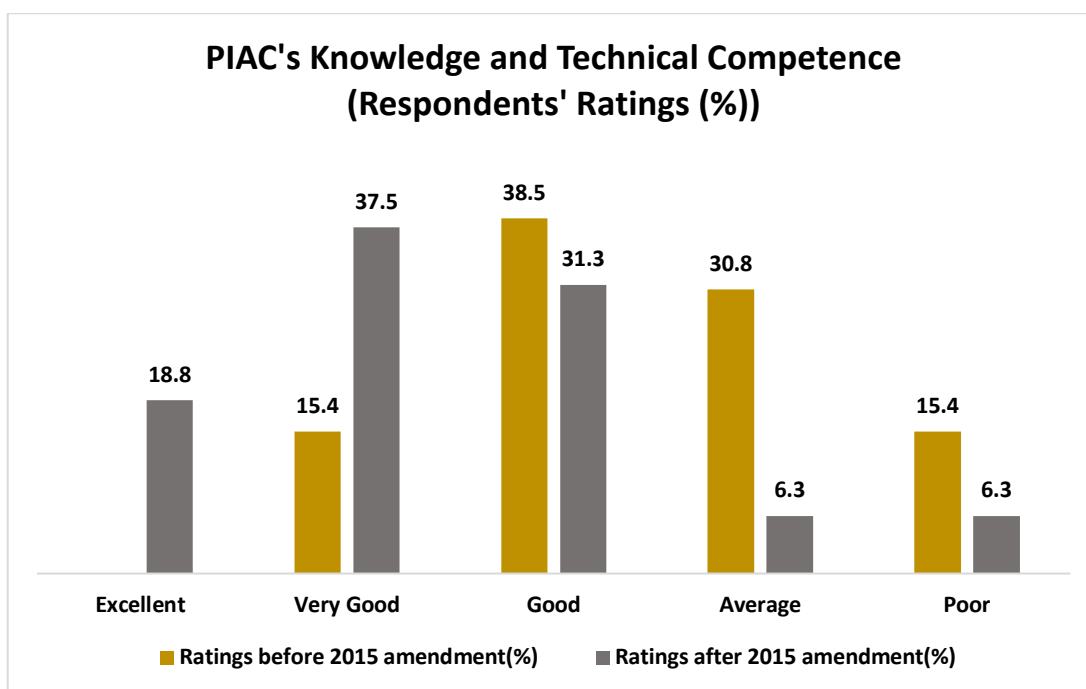
*"Oil and gas was new and not many were familiar with the issues. For instance, representatives from the Queen Mothers Association, Association of Ghana Industries (AGI), Labour Union and Muslim Mission initially struggled to catch up. So, we had to acquire some training. Few came in with some background"* (Former PIAC Member).

According to another former PIAC member,

*"PIAC's focus in its early years was on getting its reports out and there were people to support with technical skills. By the time of the first report, every member knew the issues. About eighty percent (80%) knew the issues by the first 6 months. Meetings were not dull."*  
(Former PIAC Member)

This shows that the members of PIAC were hungry for knowledge, and those with industry knowledge supported their team members to strengthen the Committee's work.

PIAC believes that the knowledge and technical competence of its members, as well as staff of the Secretariat, has improved over time. This assertion is corroborated by stakeholders. About 88% of respondents (on aggregate) rated PIAC's knowledge and technical competence above average for the period post-2015. This is 34 percentage points up the ratings for the period pre-2015 (54%).



**FIGURE 8: PIAC'S KNOWLEDGE AND TECHNICAL COMPETENCE**

Source: ACEP field visit, 2018

The improvement in PIAC's knowledge and competence, according to PIAC's Secretariat, is due to a series of trainings undertaken to build competence. PIAC's budget from 2012 to 2018 show four types of capacity building: training for new Committee members, Secretariat-specific trainings, combined training for PIAC and Secretariat, and training for all staff. The scope of capacity building included orientation for new members, short training courses in specific training needs, residential workshop on oil revenue management, tax, royalties, contract terms and monitoring, training on administrative and technical areas, study tour, among others.

**TABLE 4: PIAC'S BUDGET FOR CAPACITY BUILDING (2012-2018)**

<i>Year</i>	<i>Total budget for capacity building (GHC)</i>	<i>GoG allotted share (GHC)</i>	<i>Donor allotted share (GHC)</i>
2012	36,000	16,000	20,000
2013	225,450 <sup>25</sup>	N/A	N/A
2014	30,450	N/A	N/A
2015	42,630	N/A	N/A
2016 <sup>26</sup>	N/A	N/A	N/A
2017	148,800	52,640	96,160
2018	91,651.76	61,683.11	29,968.65

Source: PIAC

In 2012, PIAC had already secured about 56% of total capacity building cost from GIZ and hoped for GoG to fund the outstanding amount. For the subsequent years, PIAC's budget did not show the extent of GoG's obligations towards PIAC's capacity building until post 2015 when the certainty of PIAC's financing was improved through ABFA allocation,

In the absence of data on actual GoG disbursement to PIAC for capacity building and detailed account of how PIAC utilized funds it received since 2012 for capacity building purposes, we resorted to the Audit Service's audited report on PIAC's account from January 2016 to June 2018, albeit inadequate.<sup>27</sup> The management letter to PIAC by the Audit Service regarding PIAC's 2016 annual report indicates that GIZ funded the trip to Malaysia where they learned about revenue management practices in Malaysia, including "tracking the sources of petroleum revenues, beneficial ownership disclosures, contract and bidding processes, budget funding from oil wealth, savings and investment of petroleum revenues, issues of governance, as well as transparency and accountability."<sup>28</sup> The Technical Officer of the Secretariat and the representative from the National House of Chiefs both participated in the NRGi Summer School in 2016.

<sup>25</sup> Frequency of training increased. Also, there was a study tour budget for all 13 members of PIAC at a cost of GH15,000 per person.

<sup>26</sup> To be supplied by PIAC

<sup>27</sup> The Ghana Audit Service did not audit PIAC's account from 2012 to 2015. Also, the audited account for the period June 2017 to June 2018 does not show details of PIAC's expenditure areas.

<sup>28</sup> PIAC (2017). Report on Management of Petroleum Revenue for year 2016, page 73.



A review of PIAC's semi-annual and annual reports, as well as management letters raised by the Ghana Audit Service, shows that with the exception of 2016, PIAC's activities did not feature capacity building and this reflected in its expenditure items. This could be an indication that, although PIAC budgets for capacity building, it has not invested well in building technical competence of its members in its actual expenditure due to lack of adequate funds. It could also mean that PIAC takes advantage of free training opportunities organized by other partners which therefore do not reflect on the Committee's books.

Improvement in PIAC's technical competence can, therefore, not be strongly attributed to the Committee's financing from the ABFA. In addition to donor support, other factors such as good administration procedures and personal work ethics of members of PIAC and the Secretariat to acquire new knowledge and skills have impacted on PIAC's improved competence. In 2017, the Secretariat developed and implemented criteria to guide the selection of PIAC members. Also, the staff of the Secretariat and the members of PIAC have positive enthusiasm towards their work, and this reflects in their ability to fully avail themselves for capacity building opportunities.

Notwithstanding the positive trend in the technical competence of PIAC over the years, stakeholders believe there still remain technical gaps PIAC needs to fill through collaborations with external experts and industry players.

*" PIAC has had oil and gas persons but not much on audit expertise." (Oil and Gas Company).*

Stakeholders suggested that the PIAC should reach out to people within the oil and gas ecosystem who possessed the capacity to help PIAC achieve its strategic objectives. There was a consensus amongst respondents that people who had just left management positions in the oil and gas industry could be of use to PIAC, as well as those from other sectors such as economists, tax experts, among other areas.

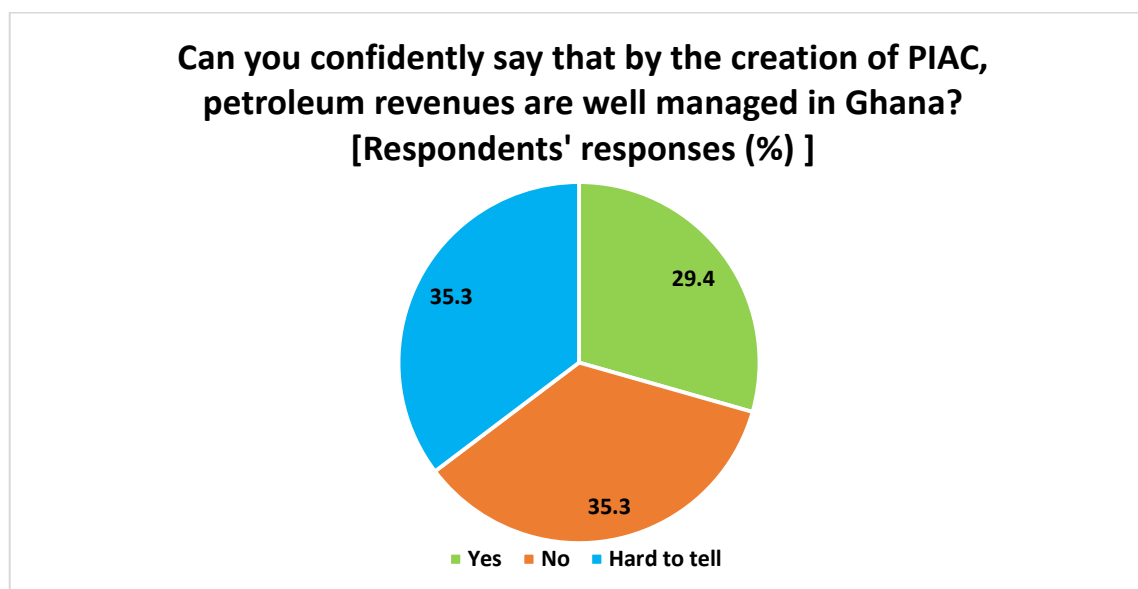
*"PIAC may also take advantage of the knowledge bank available at GNPC through its Committee responsible for all things relating to PIAC" (Oil and Gas Company).*

There is however a key challenge: The 2-year and 3-year term limits of PIAC members as provided for in section 55 of the PRMA is a challenge to PIAC's ability to benefit from the competence of people it has trained during that period. The tenure of the PIAC members are

so short that by the time members have full grasp of the industry, they have to exit. Also, Section 55 does not specify which category of PIAC members should enjoy the 2-year term and the 3-year term. Stakeholders argued that elongation of tenure to 4 and 6 years respectively would give members time to learn the ropes, create stability and make members experience a change in the cycle of government, thus improving their independence.

### ***3.5 AN EVALUATION OF WHETHER OR NOT PETROLEUM REVENUE MANAGEMENT HAS IMPROVED FOLLOWING THE ESTABLISHMENT AND OPERATIONS OF PIAC.***

Stakeholders had a mixed reaction to the correlation between PIAC's existence and an improved petroleum revenue management in Ghana. While about 29% of respondents were confident that the creation and operations of PIAC have led to proper management of petroleum revenues, the remaining majority (71%) were torn equally between total disagreement with, or uncertainty about that assertion.



**FIGURE 9: STAKEHOLDER PERCEPTION ABOUT WHETHER PIAC'S EXISTENCE HAS LED TO EFFECTIVE PETROLEUM REVENUE MANAGEMENT IN GHANA**

Source: ACEP field work, 2018

All stakeholders recognized and commended PIAC's role in petroleum revenue management in Ghana. Some testimonials include the following:

*"PIAC's publicity of non-payment of surface rentals provided valuable grounds for further checks and recovery by the Auditor General. PIAC's work contributed to additional oil and gas revenue capture or averted revenue loses in payments of surface rentals by IOCs"* (Audit Service).

*"PIAC is a blessing for Ghana – it has prevented and forestalled calamities in the sector. Some projects don't get done, and the MoF doesn't [always] go to the ground, but PIAC does. Government meets to oversee what PIAC does, looks at PIAC's recommendations ... and acts accordingly ... "* (Government).

*"The creation of PIAC has greatly improved petroleum revenue management. PIAC has coordinated and validated activities and data from all the petroleum reporting institutions, generated debate on the management of revenues, served as a platform for advocacy by CSOs and reached out to the citizenry with information on the management of revenues"* (PIAC).

*"There have been some marginal improvements in the transparency and accountability of oil and gas revenues which is largely contributing to improvements in the effective management of petroleum revenues and investment in Ghana. Relative disclosure has been brought to bear on the projects to which resources have been applied. To this end, PIAC has contributed significantly. However, there is more to do"* (Oil and Gas Company).

Notwithstanding the feats PIAC has chalked, there are two significant points of departure for the majority (70%) of stakeholders:

First, the pursuit of effective and efficient management of petroleum revenues in Ghana is not within the ambit of PIAC only. Any improvements seen has been due to the joint efforts of PIAC and other Civil Society Organizations.

*"... A lot of awareness and interest have been created as a result of the work done by PIAC and other CSOs, and over time we expect these petroleum revenues to be judiciously managed and spent per the provisions of law"* (CSO).

*"The reportage on ABFA projects has enabled CSOs to partake in the monitoring of ABFA funds. It also helps donors to shape their support to yield better results. It is therefore difficult to attribute any improvements in petroleum revenue management to PIAC only"* (Donor).

Secondly, political economy issues surrounding the utilization of petroleum revenues lie outside of the jurisdiction of PIAC. Consequently, Ghana still has a long way to go in managing revenues from petroleum resources.

*"PIAC, over the years, has reported on petroleum revenue misappropriation, non-existence of petroleum-funded projects, etc. However, the issues keep recurring and nothing seems to be done" (Government).*

PIAC raised concerns that it faces difficulties in having Parliament and the government act on most of its recommendations. The Audit Service was, however, of the view that

*"It is possible for PIAC's findings and recommendations to be acted upon. The approach is the difference because it impacts on the validity of the data" (Audit Service).*

This is in particular relation to PIAC's findings from field monitoring of ABFA-funded projects. According to the Auditor General, PIAC's processes and procedures in generating evidence to support its claims on projects funded with ABFA do not meet audit standards to warrant follow-ups by the Audit Service. To leverage on PIAC's outputs, the Auditor General emphasized the need for strong collaboration between PIAC and the Audit Service. For instance, if PIAC would inform the Audit Service ahead of time about ABFA-funded projects to be inspected, the Auditor General can arrange for staff at the regional levels to work directly with PIAC on projects evaluation. The Audit Service can also train PIAC members and staff of the PIAC Secretariat on audit standards to aid the Accountability Committee's work. The Auditor General however, questioned the extent to which such collaborations would be viewed as blurring the lines of PIAC's independence.

Other stakeholders were of the view that even in the instances where it appears that the PRMA is being complied with, the intentions of the PRMA, particularly ABFA objectives, are not being achieved.

*"Oil revenues are well managed according to the letter of the Act, but not in accordance with the spirit of the law. If ABFA utilization is measured against the [section] 21(2) objectives, they haven't served a lot of good purposes." (Think Tank/CSO).*

Ghana still has a long way to go, and the joint effort of PIAC, politicians, government agencies, and CSOs is necessary to achieve the expected outcomes in petroleum revenue management and utilization. Summarily, PIAC's presence in Ghana's petroleum revenue management scene has contributed to improved transparency in petroleum revenue utilization. However, accountability and real impacts of revenue utilization remain stunted due to the absence of strong political will and gaps in PIAC's own technical competences. Greater collaboration among PIAC, state actors (particularly Parliament and Audit Service) and non-state actors (particularly other CSOs) are required to realize expected outcomes.

## PART FOUR

### WATCHING THE WATCHMAN: AN ASSESSMENT OF PIAC'S TRANSPARENCY AND ACCOUNTABILITY PRACTICES.

This part of the paper discusses PIAC's transparency and accountability in three areas: Finance, accountability to constituent groups, and internal and external oversight of PIAC. The overall impression of stakeholders is that PIAC is not very accountable to citizens as would be expected from an accountability institution. PIAC must boost its governance structures to ensure that it strengthens its goodwill with the people of Ghana.

#### 4.1 PIAC'S FINANCIAL TRANSPARENCY AND ACCOUNTABILITY

PIAC and its Secretariat believe that the Committee is open and transparent in its finances on the grounds that the Committee accounts to Parliament on the utilization of its budgetary allocations, and also because it is audited by the Ghana Audit Service. Stakeholders outside PIAC, on the other hand, had mixed views about PIAC's financial transparency and accountability. Majority of stakeholders (33.3%) thought PIAC's financial accountability practices were poor. However, on aggregate terms, 50% of stakeholders rated PIAC's financial transparency and accountability above average while the remaining 50% rated the Accountability Committee averagely and below.

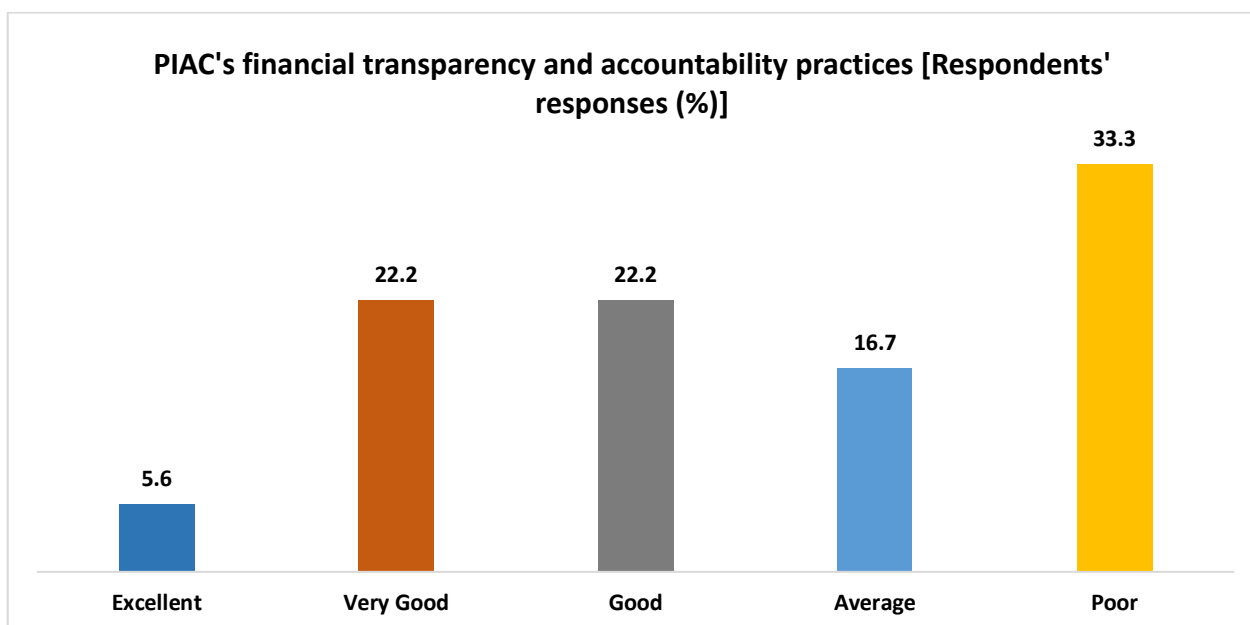


FIGURE 10: STAKEHOLDERS' PERCEPTION OF PIAC'S FINANCIAL TRANSPARENCY AND ACCOUNTABILITY

Source: ACEP field visit, 2018

**PIAC's limitation in its financial transparency is based on 5 main arguments discussed below:**

#### **4.1.1 Absence of audited Government of Ghana accounts of PIAC from 2011 to 2015.**

Until 2016 when PIAC started receiving support from the ABFA, PIAC's Government of Ghana (GoG) account was never audited by the Ghana Audit Service. There is, however, evidence that PIAC wrote letters to the Auditor General on 24<sup>th</sup> June 2014 (with reference number 2014/063), 5<sup>th</sup> September 2015 (with reference number 2015/311), and 10<sup>th</sup> April 2017 requesting for audit of PIAC's accounts. The 2014 letter requested an audit for the period covering PIAC's inception in 2011 to December 2013. The 2015 letter also requested for audit for 2012, 2013, and 2014, and the 2017 letter requested for audits for the period 1<sup>st</sup> January 2014 to 31<sup>st</sup> December 2016.

During the period before 2016, the Real Sector Division at the Ministry of Finance subsumed PIAC's budget in its budget. It follows, therefore, that an audit of the Ministry of Finance's account was sufficient. On the other hand, PIAC's donor accounts have consistently been audited annually since 2011 by the auditors appointed by the donors.

Stakeholders were of the view that although PIAC received inconsistent and inadequate funding from the government for the years preceding 2016, PIAC's GoG accounts ought to have been audited because monies paid were public resources that must be accounted for, and that doing so only boosts the credibility of the Accountability Committee.

#### **4.1.2 Inadequate financial reporting in PIAC's Annual Reports**

PIAC has clarified that it has put together a consolidated report of its financing from the government for the initial four years. This consolidated report does not seem to be in the public domain. There are, however, bits and pieces of financial reporting in some annual reports the Committee has produced in the past. For instance, in 2013, the Committee provided a two-page update of its financial challenges in the 2012 Annual report where it explained that in the preceding two years, the Government of Ghana had paid only GHC 345,000 of its GHC1.3 million budget. The Committee explained that part of the money was used to pay the salaries of its staff, and rent an office space which it could not occupy until October 2013 due to lack of money to furnish the office.<sup>29</sup> The report does not show how much was spent on each expenditure item. The Committee also stated that allowances for PIAC members from the

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<sup>29</sup> Annual report on the management of petroleum revenues for year 2012, p. 35.

preceding two years were paid in 2013. It is not clear how much allowances were paid and whether the allowances were included in the GHC 345,000 released by the government.

The Committee also reported in its 2013 Annual report that the government released funds for its 2013 operations in December that year.<sup>30</sup> As a result, PIAC halted operations for 6 months, undertook only one public forum, and could not undertake any activity to meet its objective of getting citizens' inputs on the utilization of petroleum revenues in accordance with development priorities.<sup>31</sup>

In its 2014 annual report, the committee indicated that it received only about a quarter (GHC 250,000) of its budget for the year (GHC 978,126). There were no details about how monies disbursed were utilized.<sup>32</sup>

PIAC's annual reports for both 2015 and 2016 list activities the committee undertook in those years but do not provide details of expenditure on the listed activities.<sup>33</sup> The Committee did not provide details of all the donor funding until 2017.

For the first time, the annual report for 2017 featured some details on financing by GoG and Donors.<sup>34</sup> Also, for the first time, the Committee did not raise concerns about financial constraints.<sup>35</sup>

#### **4.1.3 Ghana Audit Service' adverse findings of PIAC's financial and procurement practices**

In its audit of PIAC's finances between 1st January 2016 and 31st May 2017, as well as between June 2017 and June 2018, the Audit Service uncovered that PIAC committed the following infractions:

- i. PIAC paid an excess of GHC35,375 to Committee Members in allowances without approval.

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<sup>30</sup> Annual report on the management of petroleum revenues for the year 2013, p. 64, par 3

<sup>31</sup> Supra p. 65

<sup>32</sup> Annual report on the management of petroleum revenues for the year 2014, p. 72.

<sup>33</sup> Annual report on the management of petroleum revenues for the year 2015, pp. 81-88, and Annual report on the management of petroleum revenues for the year 2016, pp 72-81.

<sup>34</sup> Annual report on the management of petroleum revenues for the year 2019, p. 93, table 12.6.

<sup>35</sup> Supra

In August 2015, PIAC sought clearance from the Minister of Finance to implement new rates of allowances for its Committee Members, for the period beginning July 2015 to May 2016. In June 2016, PIAC paid allowances to its Committee Members at the new rate beginning January 2015 to May 2016, instead of July 2015 to May 2016. In November 2016, the Ministry of Finance disbursed GHC35,375 to PIAC as payment for the difference in the old and new rates of allowances for the period of January 2015 to May 2015. Although PIAC argued that the new rate was applied from January 2015 because it was included in the approved budget for the financial year under review, the Audit Service disallowed such excess payments on grounds that they were paid contrary to the August 2015 request and therefore unearned. The Audit Service recommended that the PIAC members to whom such amounts were disbursed should refund the amount.

There is evidence that PIAC has acted on the recommendation of the Audit Service. All the former members of PIAC that received the unearned allowance have refunded the money. There still remains an outstanding amount of GHC3,267 to be refunded by one person.

ii. PIAC sole-sourced the procurement of goods and services beyond GHC5000 limit without approval

Contrary to the limitation imposed by the Public Procurement Act for procurements above GHC 5000 to be made through the invitation of tenders, PIAC, in June and September 2016, sole-sourced the printing of its annual report and semi-annual report in three batches to the tune of GHC 19,387 on 10th June 2016; GHC 29,257 on 21st June 2016; and GHC 51,187 on 22nd September 2016. The Finance department of PIAC explained that PIAC sole-sourced printing of its annual reports in 2016 because the Committee decided to maintain the printing agency which had been printing quality PIAC reports since inception and, hitherto, paid by GIZ. The Committee, however, acknowledged the infractions and has, since 2017, published invitation to tenders in traditional media and on their website for the procurement of goods and services such as generator, décor, I.T services, security, cleaning, curtains and partitioning, telephony, networking and CCTV, and development of infographics. PIAC has also published the winners of the bids on its website.

iii. PIAC paid bonuses of GH19,720 in 2017 to PIAC's Secretariat staff without Ministerial approval.



On 19th January 2019, the Ghana Audit Service issued a management letter on PIAC's audited account from June 2017 to June 2018 which indicated that at the end of 2017, the staff of PIAC Secretariat were paid a total amount of GH19,720 as bonuses without approval from the Minister of Finance. Ideally, such expenditure should have been included in PIAC's 2017 budget and submitted to the Minister for inclusion in the national budget and subjected to parliamentary approval in accordance with section 57(1) of the PRMA.

There is evidence that in 2018, PIAC wrote to the Minister of Finance for approval for bonuses to be paid to the Secretariat in compliance with recommendations of the Ghana Audit Service.

The Audit Service ascribes PIAC's financial infractions to the absence of an Internal Audit Unit at the time to forestall such infractions, as well as the absence of conditions of service for staff of the secretariat.

#### **4.1.4 Conflict of interest provision in the PRMA**

Section 52 of the PRMA assigns to PIAC the objective to ensure that government and other relevant institutions comply with the provisions of the Act in the management and use of petroleum revenues. Meanwhile, section 57(3) of the PRMA makes PIAC a beneficiary of the petroleum revenues whose management the Accountability Committee watches. According to that section, the Committee's budget and annual program which must be submitted to the Minister of Finance for inclusion in the budget shall be charged each financial year on the Annual Budget Funding Amount (ABFA); a critical component of petroleum revenue disbursements which the Committee must oversee.

The combination of sections 52 and 57(3) of the PRMA appears harmless prima facie; but, when considered critically, it puts PIAC in a slippery position of having to monitor itself as well as the government or other state institutions dealing with PIAC on its budget and spending, and to make those findings public. The risk that PIAC will not perform this function with equal yardstick as it does with other institutions is high. A case in point is the year 2016, when PIAC raised no objection to excess ABFA amounts it received from the Ministry of Finance contrary to the amount in the national budget which Parliament approved and appropriated. By the end of 2016, the MoF had advanced GHC 1,346,051 to PIAC instead of the GHC 967,774 approved in Parliament for that year. Thus, PIAC received an excess ABFA of GHC378,277.

The Committee and the Ministry of Finance explained that the excess funds paid to PIAC was not done without proper procedure because the transfer did not cause PIAC's total ABFA receipts in 2016 to exceed PIAC's original budget; neither did it cause the Ministry of Finance

to spend beyond the national budgeted expenditure for that year in exercising its power to virement to support PIAC's work. PIAC fully accounted for all monies it received in 2016.

#### **4.1.5 Issues of compliance with section 30(3) of the Public Financial Management Act, 2016 (Act 921)**

Following the passage of the Public Financial Management Act, 2016 (Act 921), some stakeholders expressed concern whether the Chairman of PIAC and/or the Coordinator of the PIAC Secretariat has complied with section 30(3) of Act 921. Section 30(3) which provides that

"A Principal Spending Officer shall, not later than the 1st day of the months of April, July, September, and December of each year, in the format determined by the Chief Director, submit a report to the Minister on the activities or programmes of the respective covered entity and the implementation of the budget of the covered entity for the preceding quarter, including the actual and forecast commitments and cash positions of the covered entity."

Having been set up by an Act of Parliament to play oversight role of petroleum revenue management, PIAC fits the description of a statutory body within the meaning of "covered entities" as provided in section 102 of Act 921. Also, according to section 102 of Act 921 "Principal Spending Officer" in relation to a covered entity, means the Chief Director, Chief Executive or the most senior administrative head responsible for producing outputs.'

The most senior administrative head responsible for producing outputs at PIAC should reasonably be either the Chairman of PIAC or the Coordinator of the PIAC Secretariat, depending on PIAC's governance and administrative arrangements. Consequently, in keeping with principles of public financial management and good financial governance, either the Chairman of PIAC or the Coordinator of PIAC Secretariat has the responsibility to

1. provide quarterly updates to the Minister of Finance on PIAC's programmes or activities, as well as progress on PIAC's budget implementation.
2. submit in any particular year the first, second, third, and fourth quarter reports on 1st April, 1st July, 1st September, and 1st December respectively of each year.
3. meet the reporting requirements in accordance with the format determined by the Chief Director at the Ministry of Finance.

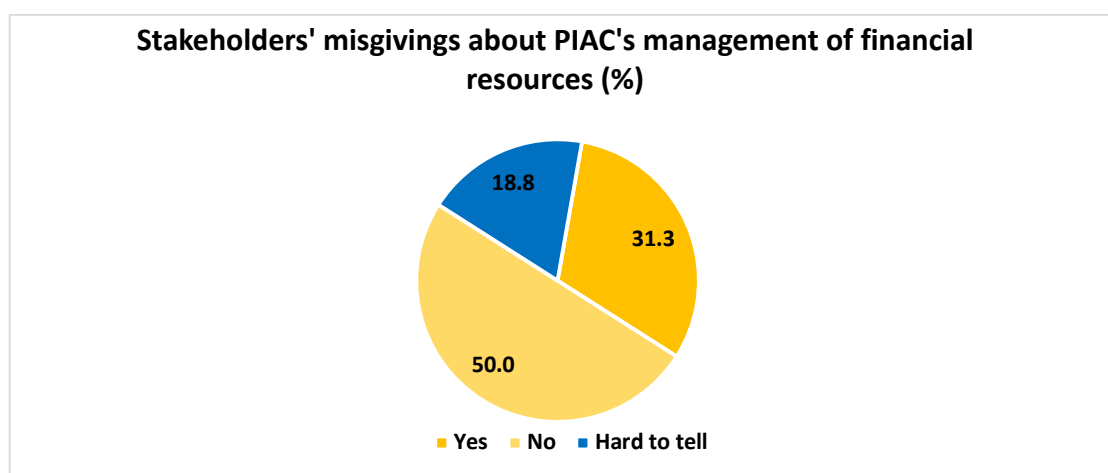
Some stakeholders were of the view that PIAC does not comply with section 30(3) of the Public Financial Management Act.

*"To the extent that PIAC has not complied with the provisions of the PFM Act... it has not been transparent at all" (Donor).*

Contrary to this opinion, there is evidence that PIAC has fulfilled its responsibilities under section 30(3) of Act 921. Indeed, PIAC reports its activities and budgetary implementation to the Finance Committee of Parliament. As indicated earlier, the Ghana Audit Service also audits the GoG accounts of the Accountability Committee. Beyond these oversight activities on PIAC's financial management, PIAC has since 2017 submitted quarterly updates to the Minister of Finance. The most recent statement of PIAC's financial position submitted to the Minister covered the second quarter of 2019 (as at 31<sup>st</sup> June 2019). Except in 2017 when PIAC submitted the documents in its own format, PIAC has subsequently met its reporting requirements in accordance with the format determined by the Chief Director at the Ministry of Finance.

#### **4.1.6 Stakeholder misgivings about PIAC's financial resource management**

Exactly half the number of stakeholders engaged in this research had no concerns about how PIAC manages its finances. This corresponds with the number who rated PIAC above average on its financial transparency and accountability. Thirty-one percent of the remaining half (almost commensurate with the percentage of stakeholders (33.3%) who rated PIAC "poor" on its financial transparency and accountability) had worries about PIAC's financial management practices while the rest of the respondents were in a fix.



**FIGURE 11: STAKEHOLDERS' MISGIVINGS ABOUT PIAC'S FINANCIAL ACCOUNTABILITY**

Source: ACEP field visit, 2018

The "pessimistic" half of all stakeholders opined that in the absence of detailed financial reports in ready online formats, it is difficult to ascertain how finances are governed in PIAC. They were concerned that as an accountability institution, PIAC is not very proactive in engaging the public with the full details of its finances.

#### ***4.2 PIAC'S ACCOUNTABILITY TO CONSTITUENT GROUPS***

Institutions nominate the thirteen members of PIAC whom the Minister appoints and swears into office. As representatives of their constituent groups, PIAC members ideally have a responsibility to report on the Committee's internal governance and general operations to their constituent groups. Unfortunately, not all PIAC members report back to their constituents because there are no formalized processes.

A contributory factor is that the PRMA does not categorically state the accountability function of PIAC members; it implicitly assumes that the representatives will convey the interest of their groups to PIAC and vice versa.

Another reason is that constituent groups are not well organized to demand accountability from PIAC. The lack of adequate knowledge of PIAC's work, coupled with opacity in the way people are selected onto the Accountability Committee, could account for the failure of members of constituent groups to demand accountability from PIAC. For specialized constituents, members cannot be convened if there is no platform to do so. To increase knowledge about PIAC's work as well as the criteria, processes, and procedures in selecting PIAC members, PIAC must be intentional in engaging constantly with constituent groups as part of its annual plans. Engaging constituent groups can also be PIAC's approach to garner support for its recommendations for effective implementation.

#### **There are, however, a few exceptions:**

1. During the early years of PIAC, the Civil Society Platform on Oil and Gas and GHEITI invited the CSO representative on PIAC to present a progress report on PIAC's activities.
2. Before his retirement from PIAC in 2016, the Institute of Chartered Accountant (ICA) representative prepared and presented a report to the Council of the ICA at its Annual General Meeting (AGM). Unfortunately, there was no room for discussion.
3. In a bid to report back to a large constituency of PIAC and build the capacity of the Faith Groups (Christians and Muslims Groups) in recognition of their outreach potential, PIAC

organized a two-day engagement with the Faith Groups. The engagement was aimed at sharing insights from the Committee's 2016 Annual Report, findings from the ABFA project inspections and district engagements, as well as discussing pertinent governance issues in the industry with a team of experts at a roundtable.

### **4.3 OVERSIGHT OF PIAC**

#### **4.3.1 PIAC's internal oversight measures**

PIAC has made significant progress in strengthening its internal governance structures for its effective operation. The Committee has developed and begun implementation of its Five-Year Strategic Plan, Communication Strategy and, Finance and Human Resources Manuals to streamline its internal activities. Pending the development of a technical operations manual, the Secretariat continues to offer technical and administrative support for the activities of the Accountability Committee.

Also, PIAC recognizes the need to boost internal auditing of its finances and activities. The Committee also raises the challenge that it is too small an organization to employ a full-time staff as the internal auditor. To ensure that there is effective internal auditing notwithstanding, PIAC, in a letter to the Head of Internal Audit at the Ministry of Finance dated 12<sup>th</sup> November 2018, requested that a staff of the Internal Audit Unit of the Ministry of Finance be assigned to undertake a quarterly review of the Accountability Committee's internal audit controls.

PIAC's Secretariat reports an improved relationship with membership of the Committee. The change in PIAC's membership has helped to calm the erstwhile turbulent relationship between PIAC and the Secretariat. There is better cooperation. The Secretariat's assertion is corroborated by PIAC:

*"Rules of procedure were reviewed and adopted in December 2017. PIAC is seen as the Board of the Secretariat. Decisions taken by Secretariat without recourse to Board have been corrected. At least, in the past two years, the Chairman has been working hand-in-hand with the Secretariat. Now the Chairman and Coordinator are both signatories" (PIAC).*

These notwithstanding, PIAC's governance and internal processes and procedures leave a lot of room for improvement. Some stakeholders outside PIAC believe that the relationship between PIAC and the Secretariat seems not so strong, as some PIAC members appear to usurp the responsibilities of the Secretariat.

*"Members of PIAC see themselves as project managers. But they are supposed to be the technical people. It's important to de-duplicate functions of some members and the seeming connection with the Secretariat" (Think Tank/CSO).*

Also, there still remains the issue that some initiatives and media communications by the Secretariat are suppressed. Stakeholders are of the view that as long as the Secretariat provides technical support to PIAC, the staff of the secretariat should be able to communicate to the media about PIAC's position on issues if PIAC members are unavailable to do so. PIAC confirmed that the rules of procedure assign media engagement functions to the Chairman of PIAC. However, the Chairman delegates media engagement responsibilities to other members and technical staff of the Secretariat where need be. Thus, there are opportunities for the staff of the Secretariat to engage the media as and when necessary.

It is important that the roles and responsibilities of the Secretariat as distinct from PIAC's roles are explicitly clarified in the PRMA as well as PIAC's rules of procedure to prevent clash of responsibilities.

#### **4.3.2 External oversight measures on PIAC**

PIAC and its Secretariat believe that the Committee is accountable to Parliament and the President. PIAC's position is based on the reporting provision in section 56(d) of the PRMA which provides that "The Accountability Committee shall submit a copy of its semi-annual and annual report to the President and to Parliament". Parliamentary Committees on Finance and Mines and Energy also confirmed that Parliament seeks and receives explanations from PIAC on work done. PIAC's constant concern, however, is that as an entity to whom it is accountable, Parliament is unable to effectively ensure that PIAC's findings and recommendations are adopted and complied with by some relevant state institutions and agencies.

Contrarily, the collective view of all other respondents is that, due to the near absence of close connection and open communication between Parliament and the people of Ghana regarding PIAC's work, the Committee's reporting to Parliament is a mere requirement under Ghana's democratic and governance structures which does not necessarily translate into real accountability to the people of Ghana.

*"They [PIAC] are accountable to Parliament who represents the people, but the danger is that the ordinary people are left out" (Donor)*

It is the position of stakeholders that PIAC's accountability revolves around a two-way relationship: PIAC ought to be actively and primarily accountable to its constituent groups and the larger citizenry, and the latter groups ought to demand full accountability from PIAC of its operations. However, this is unfortunately not the case in reality.

*"... Their [PIAC's] constituencies should be the ones demanding a lot from them, but the constituents don't appreciate that PIAC exists for them."* (CSO/Think Tank leader)

*"The ultimate whip should be the citizenry, but citizenry has not taken that up beyond the one week of the launch of the report, and media takes it up for few days and it dies out."* (Donor)

Stakeholders were of the view that if only PIAC would be open and strongly engage constituent groups and the larger citizenry on its operations, finances, findings, and recommendations, PIAC can leverage on the support and pressure from these groups to have its recommendations enforced and, thus become a more effective oversight body.

## CONCLUSION

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It has been eight years since the Public Interest and Accountability Committee (PIAC) was established by the Petroleum Revenue Management Act, 2011 (Act 815) to serve as the public oversight body on petroleum revenue management and utilization in Ghana. From its inception on paper, the institution of PIAC received opposition in and outside Parliament. Upon its establishment, PIAC had a very rough beginning as it was throttled of resources - financial, human and physical - to effectively perform its work. But with the firm belief that PIAC's place in petroleum revenue management can yield positive outcomes for the wellbeing of the people of Ghana, civil society organisations rallied behind PIAC and advocated for PIAC's sustainable funding from petroleum revenues. In 2015, Parliament amended section 57 of the PRMA to charge PIAC's annual budget on the Annual Budget Funding Amount (ABFA); that component of petroleum revenues devoted to Ghana's national budget.

Over the years of its existence, PIAC has made some achievements. The accountability Committee has also faced some challenges which continue to hamper its full potentials. What is missing, however, is an independent evaluation of PIAC's performance in executing its mandate, and PIAC's governance practices from a multi-stakeholder perspective. This research therefore fills this gap and even more, as it documents stakeholders' understanding of PIAC's identity, PIAC's mandate/objectives, and what PIAC should be doing to achieve its objectives as stated in section 52 of the PRMA. It also evaluates PIAC's performance of its mandate since its establishment and whether ABFA financing of PIAC since 2016 has made any difference. The Accountability Committee's transparency and accountability practices and the impacts on its goodwill, public trust, and public support have also been discussed in this paper. This research thus provides genuine feedback to help PIAC deliver on its objectives. It also informs stakeholders on how they can support PIAC to achieve its objectives.

The four main parts of this paper detail out the findings and specific recommendations, where necessary, on each of the areas assessed. We hope that recommendations on financing PIAC's activities, improving PIAC's performance, improving PIAC's accountability and governance practices, and enforcing PIAC's findings and recommendations would be seriously considered and explored to achieve an effective PIAC.



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