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African Center *for* Economic Transformation

**Public Participation in the Making of the  
Ghana Petroleum Revenue Management Law**

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*Monrovia, Liberia*

# OUTLINE

- 1: The Discovery, The Forum, The Roadmap**
- 2: Public Consultations as Constitutional Requirement**
- 3: Why Revenue Management Law?**
- 4: The Preparation, Framing the National Conversation**
- 5: The Ways and Means**
- 6: The Outcomes**
- 7: Some Lessons**

# 1. Discovery & Lessons from Oil Forum

- 2007 :The discovery of petroleum in commercial quantities .
- February 2008: The National Oil Forum.
- Goals: Seek advice on best practices in institutional design in petroleum sector governance, contracting approaches, regulation, and revenue management experiences.

## **Three key conclusions:**

- (a) Develop a holistic petroleum policy framework.
- (b) Need for consultations – governance of industry
- (c) Manage Public Expectations

## Consultations and Management of Expectations

## 2. Public Consultations in Ghana:

### The 1992 Constitution:

- Gave citizen's engagement a constitutional jurisdiction.
- Article 35 (Directive Principles of State Policy )
- Enjoined the state to make democracy a reality by taking appropriate measures to give
- “possible opportunities to the people to participate in decision-making at every level in national life and in government”.
- *Experience with Ghana Poverty Reduction Strategy*

### 3. Why Ghana's Petroleum Revenue Management Law?

#### *4 Reasons*

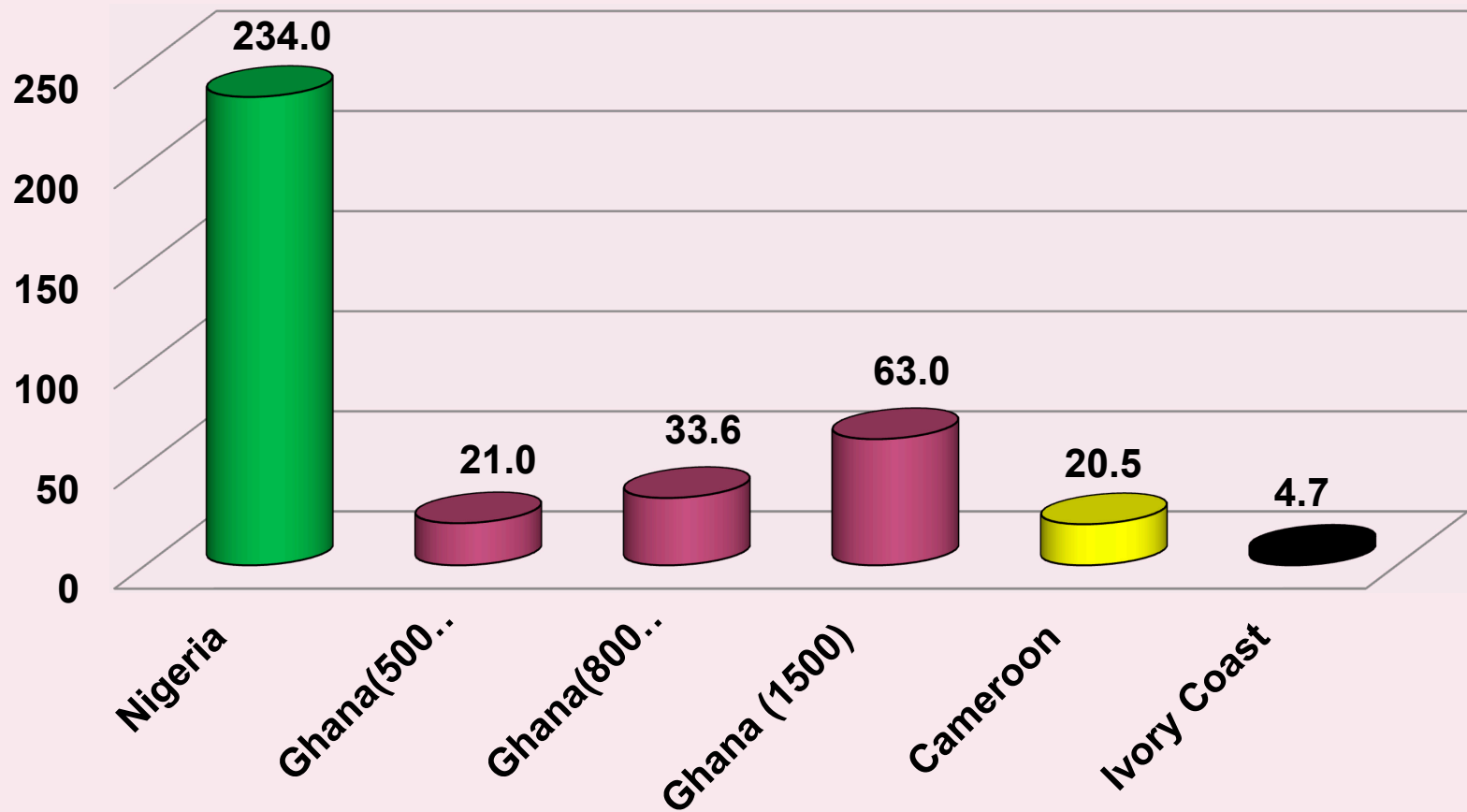
- Lessons from international practices
- Production profile and resource depletion: 2011-2025
- Lessons from history of natural resource revenue management
- Protect petroleum revenues from predatory expenditure earmarking.



# 4. Challenges: Managing Social Expectations

## a) How Much Revenues Should We Expect?

**Proven Oil Reserves in Barrels per Head (2009 Data)**



## b) The Landscape of Challenges

- 1) Assessment, Collection and Accounting Challenge
- 2) Spending-Saving Challenge
- 3) Budget Allocation Challenge**
- 4) Savings Management Challenge**
- 5) Accountability, Transparency Challenge
- 6) Social Expectations Challenge

## **c) Framing the National Conversation**

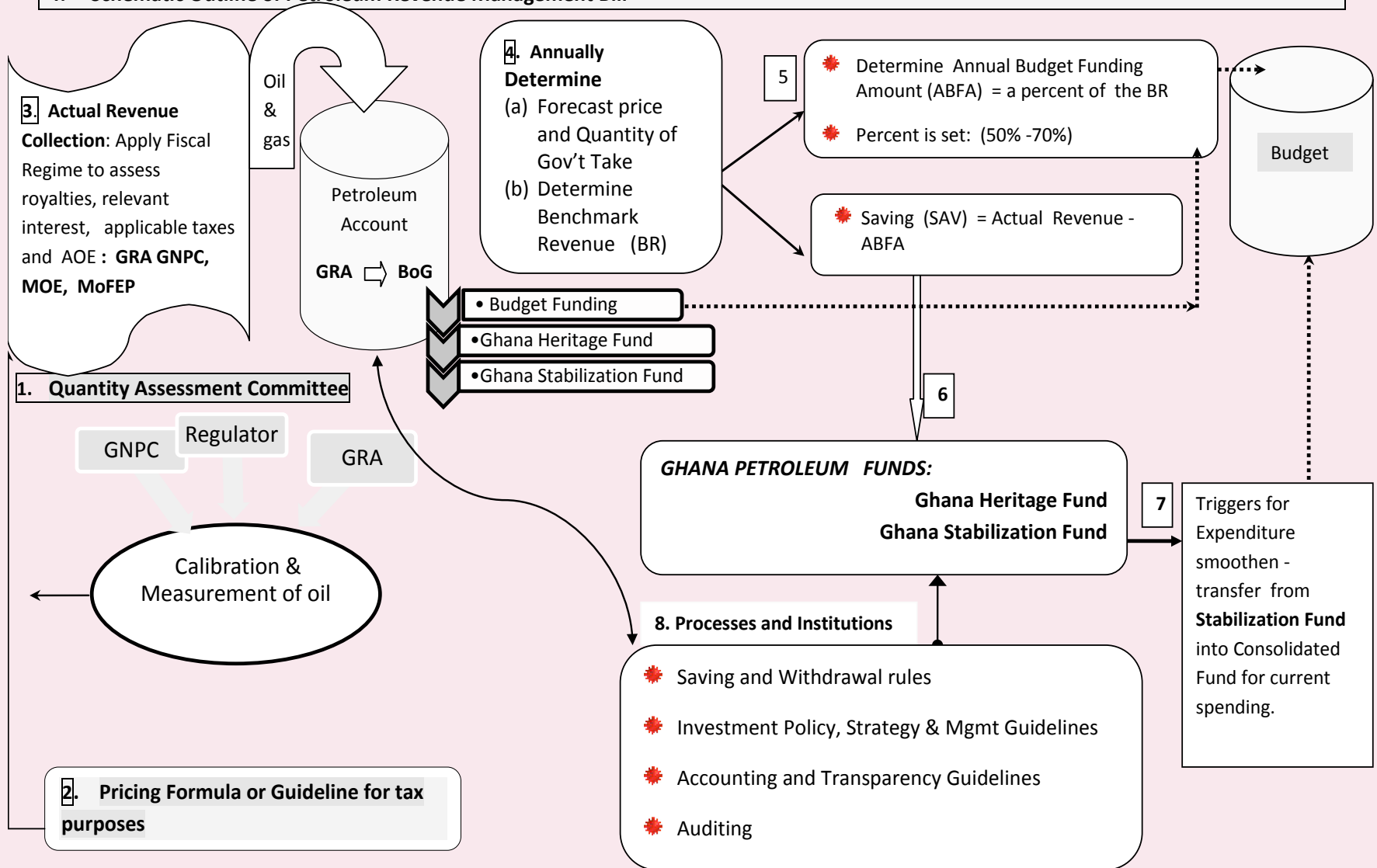
- 1. Who should assess and collect the revenues?**
- 2. Should petroleum revenues be treated as part of general revenues?**
- 3. How much of the revenues should be spent now?**
- 4. What should be the spending priorities?**
- 5. Should Ghana establish savings fund(s)?**
- 6. Who should manage the fund(s), and how?**
- 7. Who may authorize withdrawals from the fund(s)?**
- 8. How do we ensure transparency and accountability?**
- 9. How do we ensure adequate public oversight?**
- 10. What safeguards may be needed to protect the revenues from abuses?**



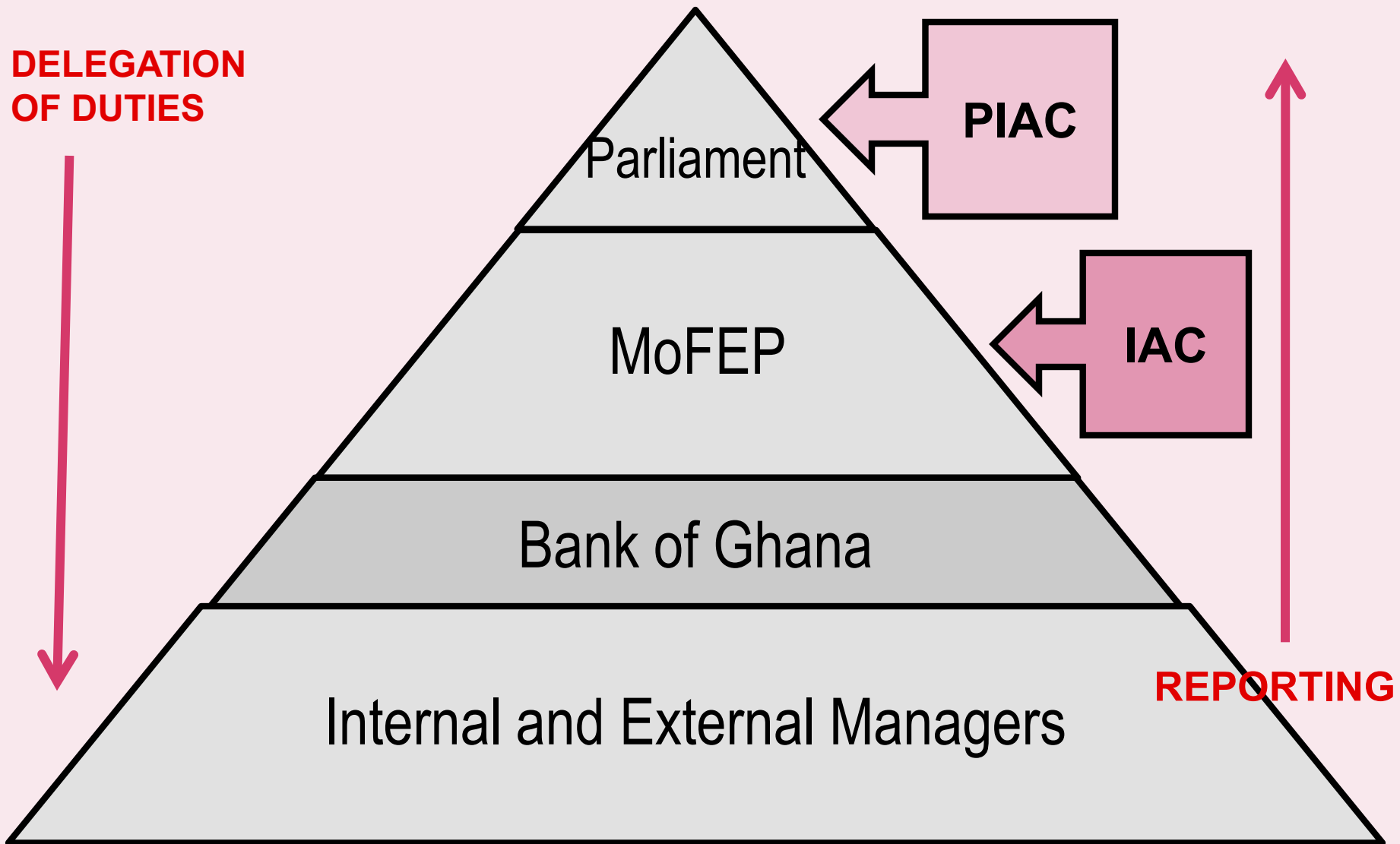
## ***5. Public Participation: Ways and Means***

- Instruments of Consultation.
  - Nation-wide call for inputs
  - Regional Town-Hall Consultations
  - Nation-wide Survey Questionnaire
- Role of the media – print and radio
- Zero draft posted online
- Colloquium of traditional leaders, academics, school children (UNICEF), Council of Churches, Universities
- High-Level Institutional Consultations – Council of State, Bank of Ghana, President's Economic Advisory Council, Individual Gov't Agencies, IMF, World Bank, Revenue Watch, NORAD, Commonwealth Secretariat, DFID, GIZ, DANIDA, & NGOs
- **Parliament -Validation**

#### 4. Schematic Outline of Petroleum Revenue Management Bill



# Structure of Delegation of Responsibility



# Reporting & Accountability

Subject of Reporting	Reporting Agency/institution	Date of Reporting	Institution/Individual report is to be submitted to
All records of Petroleum receipts and payments	Minister, MoFEP	Quarterly (+30 working days)	Gazetted & publication in 2 National Dailies, <i>Online publication</i>
Annual Reports of Petroleum (Reserve) Accounts	Minister, MoFEP	End of 1 <sup>st</sup> Qtr of following year	Parliament after Audit is complete (Gazetted and published no later than April 30 <sup>th</sup> )
Quarterly report on Petroleum Funds (internal report) Semi-Annual Report on Petroleum Funds (Internally Audited Report)	Bank of Ghana Bank of Ghana	Quarterly Semi-Annual	Minister, MoFEP & Investment Advisory Committee (IAC) Publication requirement <i>No publication required</i>
Quarterly management Info reports and performance analysis Reports and Annual performance of funds	IAC IAC	+30days after receipt of quarterly reports from the Central bank	Minister, MOFEP <i>No Publication required</i> Annual Budget/ Minister, MoFEP

Subject of Reporting	Reporting Agency/institution	Date of Reporting	Institution/Individual report is to be submitted to
Internal Audit on the Accounts, records and documents relating to the Ghana Petroleum Funds	Bank of Ghana Internal Audit	Every three (3) Months	IAC
Annual report on the Ghana Petroleum Reserve Account	Auditor General	April 30 <sup>th</sup> of following year	Parliament A.G. Publish Audited Annual Report within 30 days of its submission to Parliament
Annual Reporting as part of Annual Budget Presentation	MoFEP	Fiscal Year Budget Presentations	Parliament <i>Publication required</i>
Account of the use and management of petroleum revenues and compliance with provisions of the law.	Public Interest and Accountability Committee	15 <sup>th</sup> September and 15 <sup>th</sup> March	<i>Publish on Committee's website</i> <i>Public presentation of report</i> <i>Submit copies to President and Parliament</i>

# Institutions Involved in Revenue Management

- Ministry of Finance & Economic Planning
- Ghana Revenue Authority
- Ghana National Petroleum Cooperation
- Auditor-General
- Investment Advisory Committee
- Public Interest and Accountability Committee

## Parliament

**Public Consultations- What can go wrong?**

**Are there limits to Public Consultations?**

***THANK YOU***

