

Managing Natural Resources of Sub-Saharan Africa

New Fiscal Rules of Ghana's Oil and Gas Revenue Management Act & Mitigating the Dutch Disease

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Kinshasa



Outline of Presentation

- Introduction of Petroleum Revenue Management Act
- Petroleum Holding Fund
- Ghana Stabilisation Fund
- Ghana Heritage Fund
- Annual Budget Funding Amount
- Rules of the Act
- Mechanisms to Mitigate Dutch Disease

Introduction - Petroleum Revenue Management Act, 2011

Act 815

Framework for collection, allocation, management
Petroleum Rev.,
transparently, responsibly in
an accountable & sustainable
manner to benefit Ghanaians

Basis

Article 36 of the Constitution

Prez Assent

11 April 2011

Operational Areas

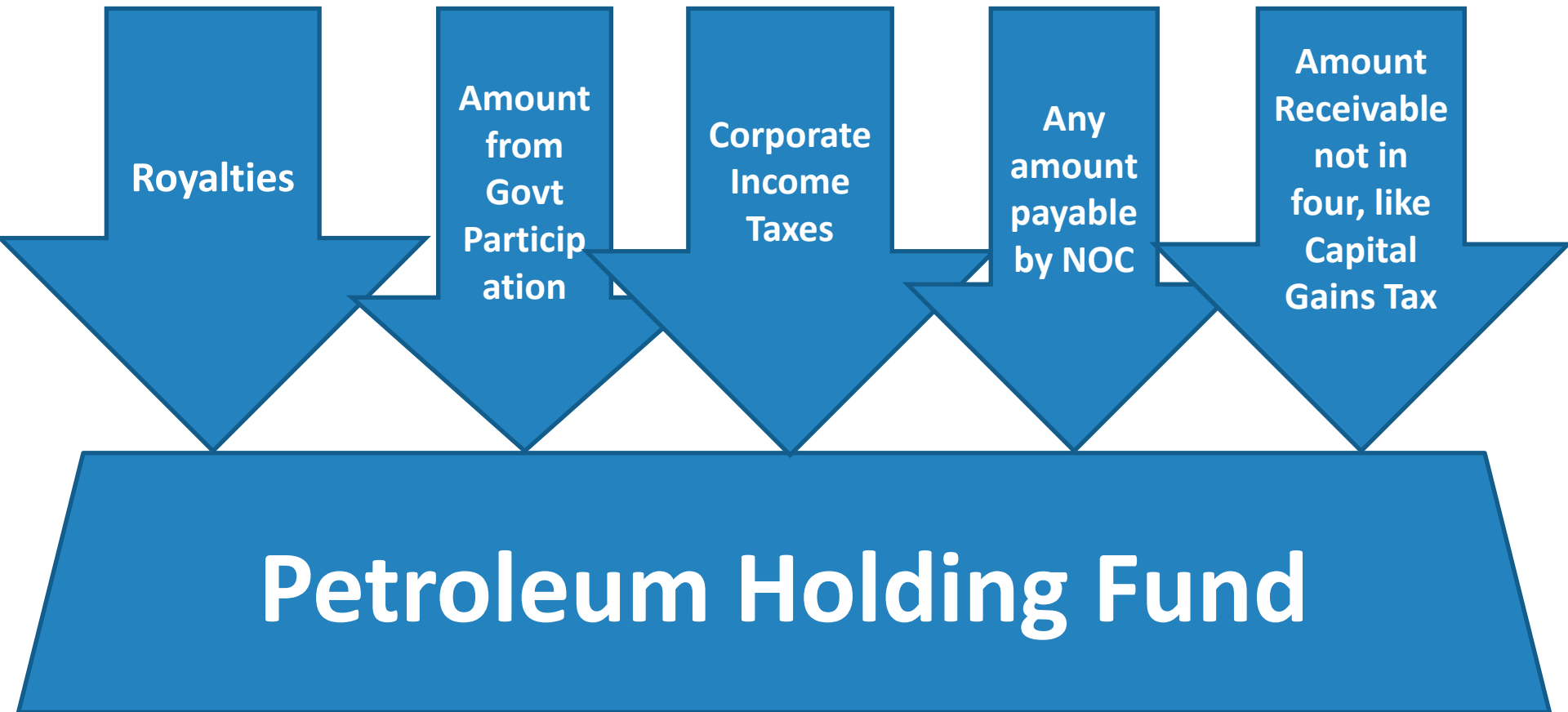


**Upstream
&
Midstream**

Petroleum Holding Fund

- Public Fund
- Bank of Ghana to Receive and Disburse Rev.
- Agent – Ghana Rev.
Authority –assessment, collection and accounting
- Payment due 15th of ensuing month

Gross Receipts into the Petroleum Holding Fund



Modalities of Payment

- Cash or
- Petroleum based on Government desire
- Concession (Payment from Pet. sale) – 60 days after receipt of Petroleum

Transparency & Accountability

Publish in Gazette

- **&**

Two State Owned Newspapers

- **Within 30 days of applicable Quarter**

Annual Budget Funding Amount



**Not more than
70% of
Benchmark
Revenue**



**Approval by
Parliament**



**3-yearly
Review**

Ghana Stabilisation Fund

- Cushion the Impact of
or
- Sustain Public
Expenditure Capacity
during unanticipated
Petro. Rev. Shortfalls

Ghana Heritage Funds

Endowment for Future Generations
when Petroleum Res are Exhausted

• &

Receive Excess Petroleum Revenue

Benchmark Revenue (BR)

- Yearly Expected Revenue from Petroleum Operations
- Annual Budget Funding Amount NOT MORE than 70% BR
- Ghana Stabilisation Fund – 21% BR
- Ghana Heritage Fund – 9% BR

Annual Budget Funding Amount 1

- Exact % - Guided by Med-Term Dev. Strategy
- Med-Term Dev. Strategy – Aligned to L/T National Dev. Plan
- % - Parliament Approval in Budget

Annual Budget Funding Amount 2

- Spending Allocation – 3-yearly Review
- May be used as Collateral for Debt or Liab. of Govt. for less than 10yrs
- Not more than ABFA may be withdrawn p.a.

Mitigating Dutch Disease in Ghana 1

- Model & evaluate potential impacts of cash inflows on other sectors
- Undertake Integrated Resources Planning

Mitigating Dutch Disease in Ghana 2

- Form Think Tank
- Study South Africa & Other Models
- Integrate non-petroleum sectors to improve Governance & Performance



Conclusion

- ❑ **The Petroleum Revenue Management Act Received Presidential Assent on 11 April 2012**
- ❑ **It has three main Funds – Petroleum Holding, Ghana Heritage and Ghana Stabilisation**
- ❑ **Annual Budget Funding Amount takes 70% BR**
- ❑ **Think Tank to model non-petroleum sectors of economy to improve Governance & Performance**

THE END

