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FOR IMMEDIATE RELEASE
BUDGIT GHANA LAUNCH OF POLICY BRIEF ON PUBLIC INTEREST
AND ACCOUNTABILITY COMMITTEE (PIAC)

BudgIT Ghana is a foremost civic organisation that applies technology to ensure transparency and accountability while intersecting citizen engagement with institutional improvement to facilitate societal change. In partnership with the Ford Foundation, BudgIT Ghana embarked on research into the extractive sector in Ghana and thus published the Public Interest and Accountability Committee (PIAC) policy brief.

The formulation of the Petroleum Revenue Management Act (PRMA) 2011 (Act 815), which seeks to guide the spending of petroleum revenues, birthed the Public Interest and Accountability Committee. The bill was passed in March 2011, but due to challenges with implementation, it underwent some amendments in June 2015 to provide a better framework for the management of petroleum revenues.

As amended within the Petroleum Revenue Management Act (PRMA), 2011 (Act 815), PIAC is mandated with three main objectives, which are:

- *to monitor and evaluate compliance with the Act by the government and relevant institutions in the management and use of petroleum revenues and investments;*
- *provide space and platform for the public to debate on whether spending prospects and management and use of revenues conform to development priorities as provided under Section 21(3);*
- *provide an independent assessment of the management and use of petroleum revenues to assist Parliament and the Executive in the oversight and performance of related functions.*

PIAC Allocation

The government of Ghana's allocation to PIAC is GHS 2,978,028, down from the 2018 allocation of GHS 5,000,000. This represents a 40.4% reduction in 2019. Since only \$1,000,000 of the 2018 allocation had been paid out by the end of the third quarter, more

information about the PIAC allocation should be made public to make allocation and payment to PIAC more clear.

Besides the inadequate allocation from GoG to health sector capital expenditure, funding from the Annual Budget Funding Amount (ABFA) is also not adequate compared to allocations from the ABFA to similar priorities like education. For some context, about GHC 2, 768,030,000 was utilised for four ABFA priority areas in 2020. Of this amount, 25% was reported in the 2021 national budget as spent on Education and Health Service Delivery, about 70% on Roads, Rail, and other Critical Infrastructure (sic), 3% on agriculture and 1% on Industrial Development (ARHR, 2021).

The merger of health and education makes it difficult to determine how much specifically went to the two sectors separately at first glance; however, it is well known that the government uses a portion of the funds for the Free SHS program. For instance, GHS 763,180,024 of ABFA funds were allocated to goods and services for education and GHS 13,000,000 for capital expenditure in 2021, making a total of GHS 776,180,024 from ABFA to education. Meanwhile, the total allocation from ABFA to health in the same year was GHS 32,425,000. This is unfair to the health sector and needs to be corrected as soon as possible, given the limited health infrastructure available in districts and communities and current and emerging public health risks (Alliance for Reproductive Health Rights [ARHR], 2021).

The Case for Broadening PIAC's Mandate

Many industry experts and civil society organizations have claimed that establishing a "policing" entity like PIAC will considerably increase accountability and improve its utilisation because of how the mining sector's revenue has been managed over the years. For example, the mining industry makes up between 5% and 10% of the GDP and 45% of all exports. 90% of all mineral exports come from gold alone.

Also, the Ghana Chamber of Mines says that the mining industry is one of the major contributors to the Ghana Revenue Authority (GRA). In 2016, 16% of domestic tax receipts came from the mining industry, and in 2012, the total direct tax receipts from the mining industry were GH1.46 billion. Others believe that creating a new organisation to look into

the income management of the mining sector will be a duplication of function, despite the lack of accountability in using these earnings for the country's growth.

The PIAC plays a pivotal role in tracking government spending on petroleum revenues and communicating that spending to the citizens of Ghana. Given that petroleum is a limited resource, PIAC should keep collaborating with the government and other relevant actors to guarantee effective management and use of the resource and revenue.

In light of the above, BudgIT Ghana strongly recommends that:

- *The mandate of the Public Interest and Accountability Committee (PIAC) should be reviewed to include the other natural resource revenues if the creation of a similar institution would be seen as a duplication of function.*
- *The government must focus on building PIAC's capacity to deliver on its mandate to the people of Ghana by providing the much-needed financial support to enable the committee to function smoothly. In addition to providing financial support, the government can also collaborate with PIAC to create more awareness of the plans for spending petroleum revenues and how these revenues are expected to impact the lives of Ghanaian citizens, especially those living in remote parts of the country.*
- *In checking the deliberate use of oil revenue for debt servicing at the expense of public investments, the regulations to the PRMA should be passed to define rules for capping the Ghana Stabilization Fund (GSF). This will bring clarity to the basis for capping and removing perceived discretionary powers of the Minister in the treatment of oil revenues and the GSF.*
- *In preventing the encumbrances of unutilised ABFA, the Ministry of Finance must ensure that existing infrastructure projects yet to be completed are adequately funded by the ABFA. Fully utilising ABFA will prevent time and cost overruns of existing uncompleted projects.*
- *Linked to the proposed solution to prevent encumbrances on the ABFA is the need for detailed annual expenditure planning with clear timelines for projects under the priority areas. This must be published together with the budget to enable CSOs to track*

ABFA investments (ACEP, 2019). Parliament and PIAC should demand a robust plan and timelines for the ABFA activities and expenditures.

- *There should be a joint Purpose-Oriented Special audit undertaken by the Auditor General and supported by PIAC to audit ABFA-funded projects (Cudjoe, 2018). Auditor General and PIAC must collaborate to develop appropriate guidelines on the utilisation and reporting of ABFA disbursements.*

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