

*By Kofi Yeboah*

TRANSPARENCY in Ghana's oil and gas industry is not the best, a report measuring the level of transparency in the industry in 2011 has indicated. The overall score for transparency in the industry in the country was measured at 59.7 per cent, with transparency in oil and gas funds recording even a lower average score of 44 per cent, according to the Institute of Economic Affairs (IEA) Petroleum Transparency and Accountability Index (IEA P-TRACK INDEX).

The IEA P-TRACK INDEX is an initiative of the IEA to promote transparency and accountability in the management of the country's oil and gas resources, apart from enhancing the level of responsibility by policy makers. Data for constructing the IEA P-TRACK INDEX, which was launched in Accra on Wednesday, were collected with the aid of a detailed questionnaire on four key components of governance of the oil and gas resource.

These are revenue transparency, expenditure transparency, contract transparency and oil and gas funds transparency. The oil and gas funds transparency, according to the IEA P-TRACK INDEX, recorded the lowest score among all the four components, suggesting that a lot needs to be done to increase transparency in reporting on the management of oil and gas funds.

The average score for revenue transparency was 64.3 per cent, which suggests that there is considerable room for improvement in relation to achieving transparency and accountability in managing oil and gas revenue. The average score for expenditure transparency was 63.9 per cent, while the average score for contract transparency was 66.7 per cent. In order to ensure improvement in the identified shortfalls in transparency, the IEA P- TRACK INDEX recommends the frequent publication of information by all oil related institutions to enhance transparency and accountability.

This is notwithstanding the fact that there is no constitutional mandate for institutions such the Ministry of Energy, the Ghana National Petroleum Corporation (GNPC) and the Ghana Revenue Authority (GRA) to publish information on the industry, including prices, volumes, production costs and taxes, on their websites. The report also recommends the need to build the capacity of and provide adequate resources for key public institutions that have oversight responsibility for the oil industry, such as the Petroleum Commission, the Public Interest Accountability Committee (PIAC) and the Public Accounts Committee (PAC) of Parliament.

It further recommends the speedy passage of key legislation; including the Budget Act to promote a more comprehensive scrutiny of the budget, the Petroleum Exploration and Production Bill, the Local Content and Local Participation Policy Framework, the Right to Information Bill, the Marine Pollution Bill and the Ghana Extractive Industries Transparency Initiative (EITI) Framework.

The report calls for an improvement in public disclosure of information on oil and gas contracts and licensing process to avoid the abuse of discretionary powers by the licensing authority. The Bank of Ghana should also publish timely reports on the Ghana Heritage and Stabilisation funds, while the Auditor-General publishes the audited reports on the two funds.

The IEA P-TRACK INDEX urges the Minister of Finance and Economic Planning to publish timely reports on petroleum receipts and calls on the PIAC and civil society organisations (CSOs) to regularly use the index as a tool to assess transparency and accountability in the management of the country's oil and gas resources. A Senior Economist at the IEA, Prof John Asafu-Adjaye, who launched the index, said increased transparency was associated with lower corruption levels and improved levels of socio-economic and human development indicators.

A Deputy Minister of Finance and Economic Planning, Mr. Seth Tekper, said the IEA P-TRACK INDEX was very important because it contributed to the debate on the oil and gas industry. He expressed concern over the high expectations of Ghanaians from the benefits of the oil resource and pledged the government's commitment to manage them. The Chairman of the PAC of Parliament, Mr. Albert Kan-Dapaah, said a lot of effort had been made to ensure the proper management of petroleum revenue.

He urged the media, CSOs and non-governmental organisations (NGOs) to take a keen interest in petroleum revenue management.

Source: Daily Graphic