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EFFECTS OF COVID 19 ON PETROLEUM AND MINING SECTORS IN GHANA



Leading Member of the Consortium



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## **Final Report**

### **Effects of COVID 19 on Petroleum and Mining Sector in Ghana**

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## List of Acronyms and Abbreviations

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<b>BMZ</b>	German Federal Ministry for Economic Cooperation and Development
<b>CEDA</b>	Centre for Extractives and Development, Africa
<b>EITI</b>	Extractives Industries Transparency Initiative
<b>GHEITI</b>	Ghana Extractives Industries Transparency Initiative
<b>GIZ</b>	Deutsche Gesellschaft für International Zusammenarbeit GmbH German Agency for International Cooperation
<b>GoG</b>	Government of Ghana
<b>GovID</b>	Governance for Inclusive Development Programme
<b>MOE</b>	Ministry of Energy
<b>MLNR</b>	Ministry of Lands and Natural Resources
<b>MoF</b>	Ministry of Finance
<b>MSG</b>	Multistakeholder Group
<b>SECO</b>	Swiss State Secretariat for Economic Affairs
<b>STE</b>	Short Term Expert
<b>STEP</b>	Short-Term Expert Pool
<b>TC</b>	Technical Cooperation
<b>ToR</b>	Terms of Reference

## Executive Summary

The study assessed the effect of COVID-19 on Ghana's oil and gas and mining sectors. The study also focused on documenting the adaptation and resilient strategies of extractive companies, royalty receiving MMDAs, regulators and civil society organizations operating in the extractive sector, by focusing on relevant lessons, experiences and failures. The study findings are intended to be used by stakeholders, both to support their recovery from the pandemic and prepare for future uncertainties. The study adopted a qualitative approach through interviews and document analysis to understand the extent and magnitude of the pandemic on the extractive sector.

## Key findings

1. **Extractive sector governance and statutory obligations (companies):** Governance mechanisms including routine engagement with community members, local authorities and stakeholder NGOs were suspended to reduce the risk of contracting the virus. The study however revealed minimal effect of the pandemic on statutory obligations of companies including taxes and SSNIT contributions because of the existence of online payment platforms.
2. **Extractive sector governance and statutory obligations (government)** Regulators of the sector were constrained in effectively discharging their duties by the numerous government COVID-19 containment measures. For instance, application for permits and follow-up verification visits were hindered as a result of COVID-19 measures including movement restrictions and closure of regulatory agencies offices. At the sub-national level, local-level engagement between MMDAs and communities, which provided the platform for addressing mining communities' grievances, were irregular.
3. **Civic space:** The pandemic aggravated the multiple challenges and vulnerabilities that inhibit civil society activism in Ghana's extractive sector. Delays in the implementation of planned program activities, to inform critical extractive sector governance issues, reduced civil society activism, while unplanned expenditure increased the operational cost of CSOs in the sector.
4. **Sub-national revenues:** The slowdown of economic activities by the pandemic affected revenue mobilization efforts (IGF) of sub-national governments and hindered the delivery of public goods. District Assembly Common Fund (DACF) releases to MMDAs was also severely constrained by the impact of the pandemic on central government revenue mobilization and expenditure. The study however revealed that mineral royalties was the most consistent government revenue stream for MMDAs during the pandemic.

5. **Community level impact:** Economic activities in resource-rich communities slowed resulting in job losses, local content contracts termination and decreased revenues. The pandemic's impact on the environment has also been dire, reflecting in increased turbidity of water bodies in mining communities, even as Corporate Social Responsibility projects of companies stalled.
6. **Gender:** While no company/stakeholder reported COVID-19 induced female-related retrenchment, the slowdown of economic activities in resource-rich communities disproportionately affected female-owned businesses, with respect to wages and salaries.
7. **Core operations of companies:** Prolong closure of the country's borders disrupted supply-chain network, and gravely impacted the core activities of companies. Delays in application and processing of permits affected production timelines. Operational cost of companies also increased significantly during the pandemic due to unplanned COVID-19 expenditure.

### **Recommendations**

1. Develop a Disaster and Epidemic Preparedness and Response Plan for extractive companies and MMDAs to guide future response strategies.
2. Increase the number of health facilities across the country to adequately manage future pandemics.
3. Intensify ongoing local content capacity building initiatives, particularly in highly technical and sophisticated fields, to equip Ghanaians with the requisite skills to perform these critical roles.
4. Introduce a digital platform for the application and processing of permits by all regulatory agencies.
5. Royalty-receiving MMDAs should aggressively diversify their economies and introduce alternative economic activities to reduce their dependency on the extractive sector
6. Royalty-receiving MMDAs must pursue digitization in the collection of property rates and other locally-sourced revenues to enhance efficiency in revenue mobilization.
7. Government should pursue policies and programmes that will increase the production and export of gold and crude.

## 1. Introduction

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Two years since the outbreak of SARS-CoV-2 in Wuhan China, global COVID-19 cases and deaths have surpassed 250 million and 5 million respectively<sup>1</sup>. Long and sustained global lockdown and movement restrictions slowed economic activities, affected livelihoods and eroded decades of gains in the fight against poverty. The World Bank reports that extreme poverty has risen in nearly 3 decades, while 150 million more people, mostly in middle income countries, are estimated to fall into extreme poverty by 2021<sup>2</sup>. Its effect on the livelihoods of informal workers, women, youth, and other marginalized groups has been overwhelming, reflecting in job losses and reduced earnings. Global school closures also resulted in learning losses in low-income countries with little access to e-learning facilities. While global concerted efforts have resulted in increased testing and vaccination campaigns, the secondary effects of the pandemic continue to be experienced around the world.

Extractive companies are capital-intensive enterprises, deeply connected to the global supply chain, and vulnerable to the worst effects of global economic downturn. The effect of the pandemic on the sector has been dire and further poses an uncertain future due to its depth and uncertain duration. These challenges have forced extractive companies to adjust to a “new normal” while resource dependent countries have taken an economic blow due to the sudden slumps in revenues. Several of the world’s biggest mining multinationals and oil and gas majors announced major cuts (of about 25%) to their exploration and development investments, while other projects in the Africa region have been postponed or risk total cancellation<sup>3</sup>. At the same time, companies experienced reduction in production due to restrictions on labour movements. Although the introduction of COVID 19 vaccines have led to a gradual recovery in the sector due to lifting of restrictions, and a slight increase in commodity prices, global exploration and regulatory developments in the sector continue to face a downward trend.

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<sup>1</sup> John Hopkins University and Medicine Coronavirus Dashboard <https://coronavirus.jhu.edu/map.html>

1. <sup>2</sup> World Bank (2020). COVID-19 to Add as Many as 150 Million Extreme Poor by 2021.

<https://www.worldbank.org/en/news/press-release/2020/10/07/covid-19-to-add-as-many-as-150-million-extreme-poor-by-2021>

<sup>3</sup> ExxonMobil has announced an indefinite postponement of its final investment decision on a mega Gas project in Mozambique; Total has suspended its marginal fields in Angola indefinitely; the Greater Tortue Ahmeyim gas megaproject in Senegal and Mauritania risk cancellation, etc.



Ghana remains one of the pandemic's hardest hit countries in Sub-Saharan Africa, with COVID-19 case count and deaths having surpassed 130,000 and 1,200 respectively as of December 1 2021<sup>4</sup>. Upstream exploration, development, and production activities as well as local service contracts and jobs are already experiencing major difficulties. The effect of the pandemic on Ghana's economy has also resulted in significant revenue losses. Government's revenue expectations from the oil and gas sector have significantly reduced by more than 50 percent (according to government's 2021 mid-year budget). The government estimates about 9.5 billion GHS shortfall in total revenue because of COVID 19, out of which oil and gas revenues constitute about 5.6 billion GHS. Even though oil and gas revenues remain less than 20 percent of domestic government revenues, the 2020 budget focused major infrastructure projects on petroleum revenues with the aim to satisfy electorates demands in the 2020 elections.

Despite companies having announced delays, and suspension of new exploration and development programs as well as cancellation of some contracts with upstream services companies, coupled with the tumble in crude oil prices, production has been insignificantly affected.

The government has demonstrated its initial understanding of the effects of COVID 19 on the extractive industry, however, the extent and magnitude of the pandemic's effect on Ghana's oil and gas and mining industries has not been sufficiently assessed. To gain an in-depth understanding and insight of the effects of the pandemic on Ghana's extractive sector, GIZ Ghana in collaboration with Ghana Extractive Industries Transparency International (GHEITI) has engaged the Centre for Extractive Development Africa (CEDA) to conduct this sectorial analysis of the effects of COVID-19 on Ghana's extractive sector.

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<sup>4</sup> John Hopkins University and Medicine Coronavirus Dashboard <https://coronavirus.jhu.edu/map.html>

## 2. Objective and Description of the Assignment

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This study primarily assessed the extent and magnitude of the effect of COVID-19 on Ghana's oil and gas and mining sector. The study heavily emphasized on learning from the adaptation measures of extractive companies, royalty receiving MMDAs, regulators and civil society organizations operating in the extractive sector, by focusing on relevant lessons, experiences, and failures from the 'field of strategy'. The findings of this study are intended to be used by stakeholders, both to support their recovery from the pandemic and prepare for future uncertainties.

### 2.1. Specific Objective of the Assignment

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The overriding objective of the study is to investigate and document the effects of the pandemic on the sector and identify adaptive pathways to inform actions of sector players. Specifically, the study will seek to:

- Document the effects of the COVID-19 pandemic on the sector
- Evaluate governments support to the sector during the pandemic, and
- Identify key resilient pathways for sector players in the form of recommendations

### 2.2. Link to the GovID Indicators

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This activity contributes significantly to the achievement of the overall objective of GovID by increasing transparency as well as documenting evidence of covid-19 impact on the extractive in terms of macro level and at the micro level (livelihoods, stakeholders' responses, host community impact as well as other important indicators influencing decisions making among the business community and government actors).

The partner seeks to document evidence of effect of COVID-19 on the sector as a means of evaluating government responses specifically targeted at the sector and also establishing foundation for effectively engaging the government, based on findings of the report. Given the enormous contribution of the extractive sector to the GDP of Ghana and the economy in general, this consultancy would establish evidence for which accountability actors can effectively engage government on responses, initiatives, policies of government targeting the sector. The report would also be a reference document moving forward documenting lessons learnt with regards to failed policies, successes, loopholes, and areas for improvement in future situations.

This consultancy specifically aligns with SECO ARG Indicator 3.4.1 which supports monitoring direct and indirect contribution of extractive sector to the economy of Ghana and supports effective mechanism to build public awareness on core processes and reports by GHEITI, PIAC and GAS. While PIAC and EITI annual reports captures reports on relevant content on oil/gas/mining sector, much focus would not be placed on COVID-19 and related thematic areas of interest to accountability actors. This report therefore fills in information gaps to aid in further research, provide data for civil society and other accountability actors in Ghana.

**3. Table 1: Component, Partner and Indicator Number**

Component	Partner	BMZ Indicator	SECO Indicator
ARG	MOF- GHEITI	Indicator 4: 15 partner MMDAs, one ministry at the national level and one subordinate government agency have implemented an average of 70% of the recommendations resulting from audits each year	3.4.1: Effective mechanisms to build public awareness on core processes and reports by GHEITI, Public Interest and Accountability (PIAC) and Ghana Audit Service (GAS) are documented.

## 4. Scope of Assignment

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The CEDA STEs had submitted a methodology and approach for delivery of the assignment which formed the basis for STE's presentation at the Inception Meeting held on 3<sup>rd</sup> September 2021.

This Inception Report includes an updated Assignment Plan and Time Schedule covering an updated Methodology for Implementation of the assignment following the inception meeting. It also includes list of potential stakeholders to interview following initial discussions with industry players. In addition, GIZ/Particip suggested a clear plan for any face-to-face interview that will require travel and associated cost. Hence, the consultant has included potential travel with location and estimated cost.

### 4.1.Method of Implementation

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The study adopted a qualitative approach through interviews and document analysis to understand the extent and magnitude of the pandemic on the extractive sector. The in-depth interview technique was adopted to elicit vivid response from participants. The study matrix provided a broad framework in answering the key study questions and the methods of data collection. The study also relied heavily on the use of secondary data to understand the global and national impacts of COVID-19 on the sector. The study utilized case studies to deepen understanding and insight and explore how the extractive sector adapted and responded to the pandemic.

To reduce the exposure of the researchers and study participants to the virus, WHO and Ghana Health Service COVID-19 protocols were strictly observed.

#### **Industry players:**

- Companies selected in both the mining and oil and gas sectors should be part of GHEITI's process, and an upstream company with operational experience.
- Mining Companies have been selected based on the following categorization, mainly production capacities –
  - Companies with production capacity above 400,000 ounces per year – Newmont Ahafo and Goldfields Ghana
  - Companies with production capacity between 200,000 to 400,000 ounces per year - Anglogold Ashanti, Asanko Gold

- Companies with production capacity below 200,000 ounces or below per year – Persues Mining, Chirano Gold Mines
- Oil and Gas companies have been selected based companies with operatorship status – Tullow Plc, ENI.
- **Government Stakeholders:**
  - Government stakeholders include policy makers, regulators, and state-owned enterprises who are part of the core GHEITI stakeholders
  - Policy makers include Ministry of Lands and Natural Resources (mining) and Ministry of Energy (Oil and Gas), Ministry of Finance, GHEITI
  - Regulators include Petroleum Commission and Minerals Commission
  - State owned enterprises include GNPC and Ghana Gas Company Limited
- **Other Stakeholders:**
  - GHEITI
  - CSOs representatives

## 4.2. Deliverables

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**The overall scope of the assignment as detailed in the Terms of Reference include:**

1. The Inception Meeting shall result in the submission of an **Inception Report** (Deliverable 1) and is expected to include the agreed and updated Assignment Plan and Time Schedule covering Methodology for Implementation of the assignment.

Specifically, the Inception Meeting will cover the following:

- a. Discussion of the requirements of the assignment;
  - b. Overview of key implementation issues;
  - c. Communication and co-ordination with GovID STEP Project, responsible GIZ GovID ARG team as well as other stakeholders.
2. The Consultant shall within the Study (Deliverable 2): review relevant budget documents, reports, relevant websites and produce an analysis of the:
    - i. **The importance of natural resources:** Highlight the dominant extractive resources in the country and assess their significance for the national economy, society and the environment. Economic significance will include share of national revenue, size of direct and indirect employment and contribution to livelihoods.

- ii. **effects on the macro economy:** Assess channels of impacts on the sector including current and projected prices, public debt, production, exploration, investment profit and revenues including tax settlements.
  - iii. **Effects on the governance of the sector:** Highlight the current and projected impacts on the governance of the sector-contract terms, contract renegotiations and whether contracts are suspended, active and inactive, impact on oversight bodies and space for civil society activism.
  - iv. **Effects on resource-rich communities and the environment:** Especially in relation to community voice and rights, CSR and share of royalties.
  - v. Impact on women and children in mine affected communities.
  - vi. **Impact on the core business of the extractive sector entity in the scope of the project.** For instance, how were cost, revenue and investment decisions impacted by the viral disease? Effects of COVID on the core operations in the extractive sector. It is expected that this will include assessment of effects on cost, revenue, investment decisions, health and safety, employment, new risks arising from implementation of COVID mitigation
3. Establish a conclusion, including recommendations (Part 3), containing all deliverables, table of findings, indicative workplan, listing all of the documents reviewed and other relevant bibliographical reference should be annexed to the Study. The Consultant will also facilitate a **Validation Meeting** (Deliverable 3) with the following stakeholders: GIZ-ARG Team, MoF-EITI team. The validation will enable the consultant to realign feedback into to the Study.
  4. The Consultant shall produce a Final Report (Deliverable 4), in soft copy, and a Briefing Report/an executive summary.

### 4.3. Key Areas of Enquiry

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## 5. Key Questions to be Addressed by our Report

The study focused on addressing and identifying:

1. The extent of effect on operations/day-to-day activities of companies, MMDAs, CSOs and regulators
2. What new risks/challenges have emerged for stakeholders due to COVID-19
3. How stakeholders are adapting/mitigating new risks/challenges

4. What policy measures should be adopted by Government to alleviate COVID-19 effects on the sector, facilitate recovery and position the sector to cope with future uncertainties

### **5.1. Study limitation**

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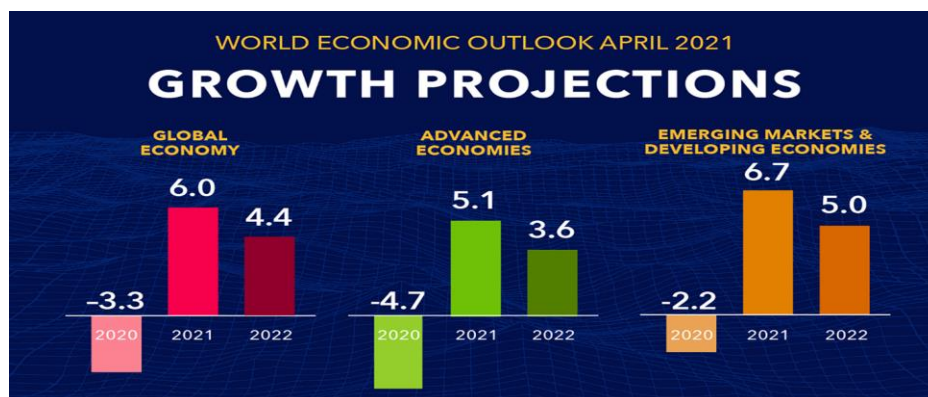
Institutional arrangements of companies mandating them to seek higher-level approval before information disclosures delayed data collection.

## 6. GLOBAL CONTEXT: EFFECT OF COVID-19 ON OIL AND GAS AND MINING

### 6.1. Effect of COVID-19 on the global economy

The pandemic-induced recession has reversed decades of economic gains and declined global growth. The -3.3% contraction of the global economy is considered unprecedented at its speed and multi-sectorial impact. In Africa, real GDP contracted by -2.1%, while 25 million jobs are estimated to have been lost in 2020. Global lockdowns caused several shocks across the international and domestic stock markets, while Foreign Direct Investment (FDI) plunged by about 35% in 2020, from \$1.5 trillion in 2019<sup>5</sup>. The pandemic's impact has however varied across countries and sectors. The tourism and hospitality industry were disproportionately affected. Compared to 2019, international tourists' arrival declined steeply by 84% in 2020 due to global lockdowns, movement restrictions and quarantine measures. The United Nations estimate that the global economy lost \$4trillion in 2020 and 2021 because of the effects of the pandemic on the sector. Small island states, where tourism can account for about 50% of total exports, have been at the fore of its impact<sup>6</sup>.

Fig 1: Global Economic Outlook (April 2021)



Source: IMF World Economic Outlook, April 2021

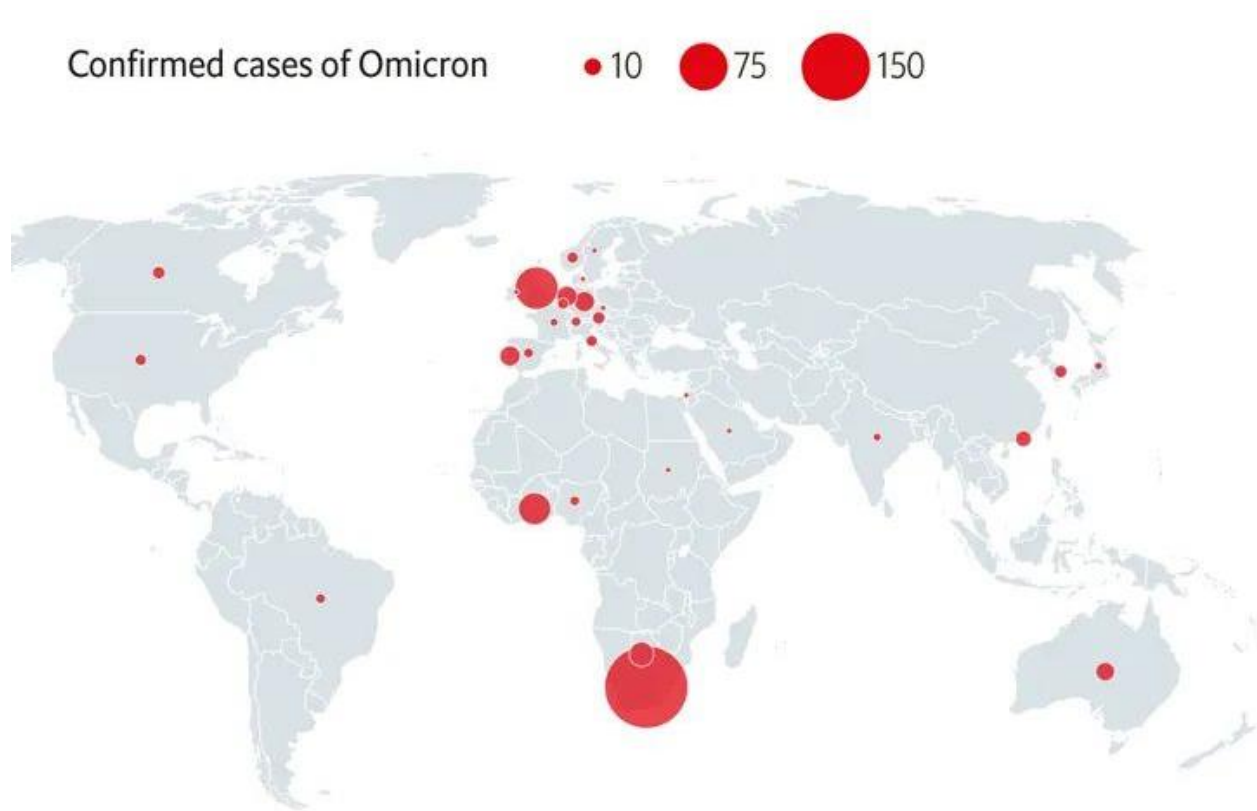
2. <sup>5</sup> UNCTAD (2021A). Global foreign direct investment set to partially recover in 2021 but uncertainty remains. <https://unctad.org/news/global-foreign-direct-investment-set-partially-recover-2021-uncertainty-remains>

<sup>6</sup> UNCTAD (2021B). COVID-19 and Tourism – An Update. [https://unctad.org/system/files/official-document/ditcinf2021d3\\_en\\_0.pdf](https://unctad.org/system/files/official-document/ditcinf2021d3_en_0.pdf)



Low and middle-income countries and emerging markets have also been unduly affected by the pandemic, and are expected to suffer significant medium-term economic losses, compared to advanced economies. The variations in effect and economic recoveries across countries and regions reflects the varied pandemic-induced economic disruptions, and the adequacy of response strategies, including vaccine uptake. Notwithstanding, the devastating effect of the pandemic on the global economy, not every sector was adversely affected. The Information Technology (IT) industry thrived, even as global lockdowns and movement restrictions significantly increased the world's overreliance on virtual platforms for everyday activities.

**Fig 2: Omicron variant spreads across the globe days after being discovered in South Africa**



Source: Economist (December 3<sup>rd</sup> 2021)

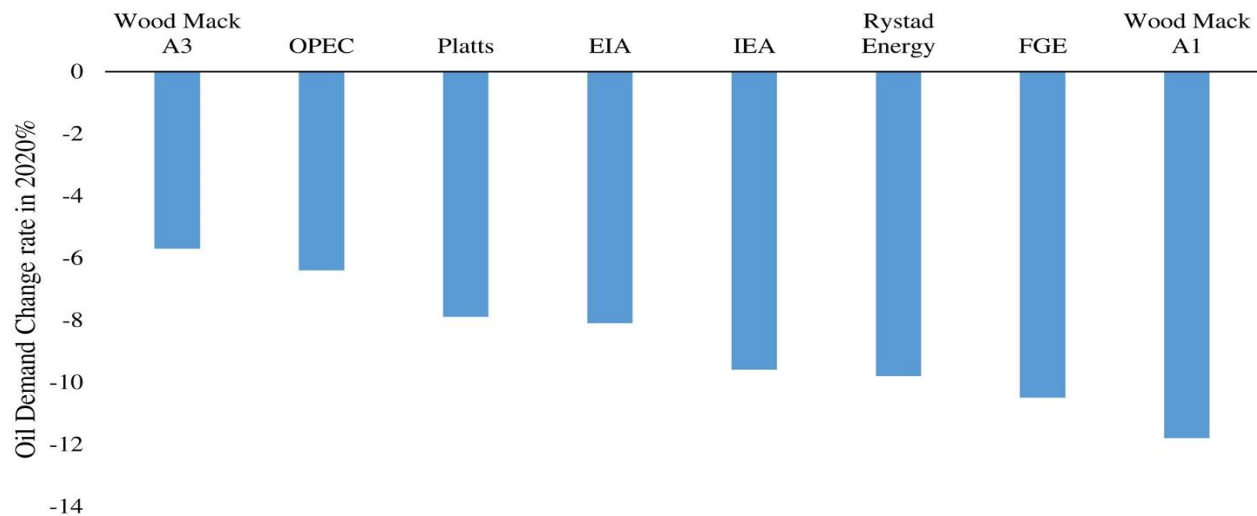
The global economy, in 2021, is expected to grow at 6% and moderate at 4.4% in 2022. The expected positive performance of the global economy is attributed to the unprecedented global socio-economic response, which is expected to minimize the effects of the COVID-19 recession on the global economy, compared to the aftermaths of the 2008 financial crisis. While this offers

a glimmer of hope, growth in the medium-to-long term remains uncertain. Economic recovery will delay as countries re-impose lockdowns and restrict movement to contain new and contagious variants – such as Delta and Omicron<sup>7</sup>.

## 6.2. Effect of COVID-19 on the global energy market (oil & gas and gold)

The transportation sector accounts for the second largest share of global oil demand. As countries instituted lockdowns and restricted movement, the global transportation sector was at a standstill, resulting in a sharp decline in oil demand globally. This was exacerbated by an oil oversupply caused by a price war between Saudi Arabia and Russia, even as other major oil producers failed to reduce production.<sup>8</sup>

**Figure 3: Major institutions’ estimation of oil demand decreases in 2020**



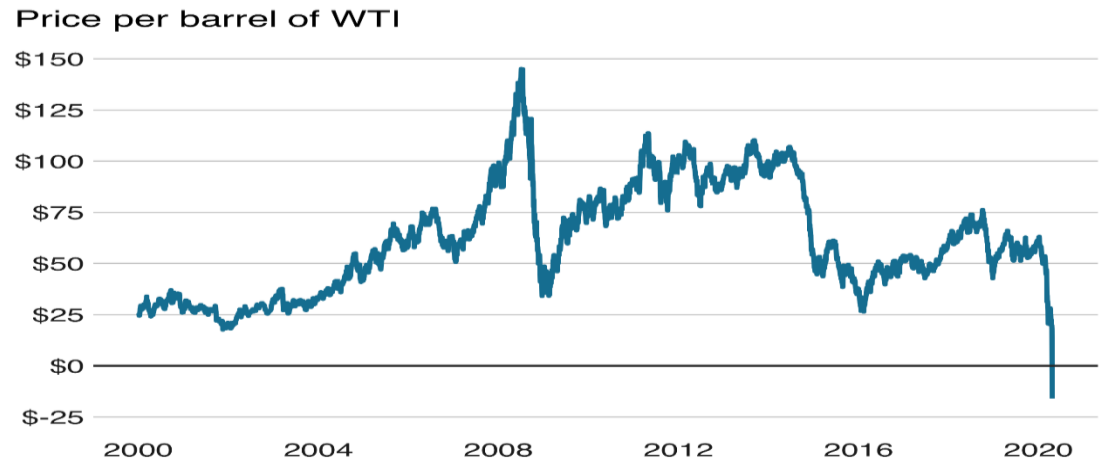
Source: Norouzi, (2021)

With global oil demand at an all-time low, increased in oil production led to plummeting of global oil prices. For instance, the price of US crude oil turned negative for the first time in history in April 2020.

<sup>7</sup> IMF (2021). Managing divergent recoveries. World Economic Outlook. April 2021. <https://www.imf.org/en/Publications/WEO/Issues/2021/03/23/world-economic-outlook-april-2021>

<sup>8</sup> Norouzi, N. (2021). "Post-COVID -19 And Globalization of Oil and Natural Gas Trade: Challenges, Opportunities, Lessons, Regulations, And Strategies". *International Journal of Energy Research* 45 (10): 14338-14356. doi:10.1002/er.6762.

**Fig 4: US oil prices turn negative**



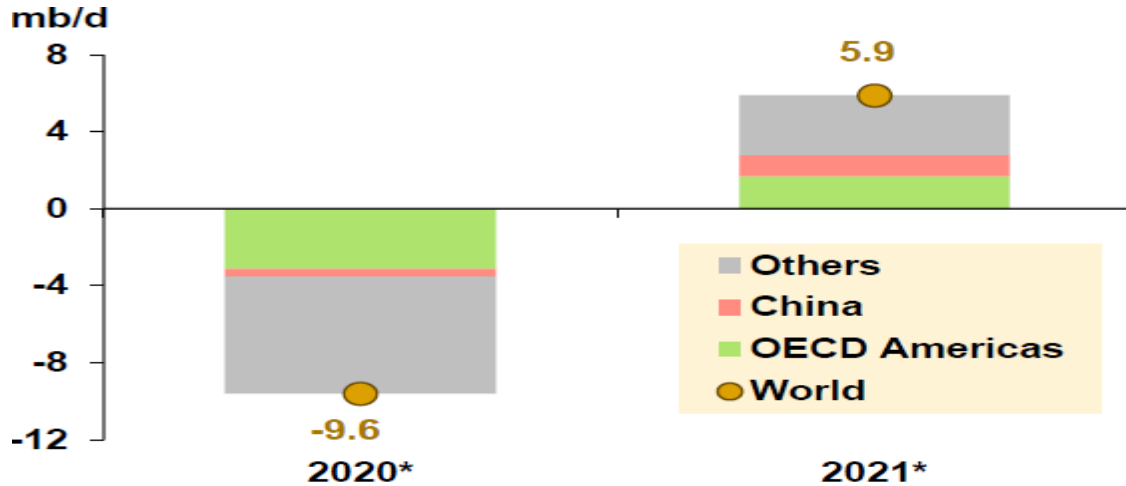
Source: Bloomberg

Overall, COVID-19 resulted in a -9.6 mb/d decline in oil demand globally in 2020 compared to 2019 levels. As demand dried and prices tumbled, oil-exporting countries faced huge revenues shortfall amid worsening unemployment and widespread poverty. Prices of Brent crude averaged \$13 a barrel and \$18 a barrel in March and April 2020 respectively. The price of Brent oil in 2020 averaged around \$ 34 per barrel, a sharp contrast to \$ 64 per barrel in 2019.<sup>9</sup> Oil demand and prices have recovered in 2021, largely due to relaxed COVID-19 movement-restriction measures. By the end of 2021, the prices of crude oil – an average of WTI, Brent and Dubai – will average \$70, an increase of 70% compared to 2019. As the demand of oil increases and reaches pre-pandemic levels in 2022, crude oil prices are projected to average around \$74 a barrel. In all, OPEC expects global oil demand to increase by 5.9 mb/d by the end of 2021<sup>10</sup>. **With respect to natural gas**, the International Energy Agency estimates that global demand similarly fell by 4% in 2020 due to lockdown measures, particularly in Europe, China, and India. Similar to crude oil, the decline in demand in 2020 drove the global prices of natural gas to its lowest level in years.

<sup>9</sup> Norouzi, N. (2021). "Post-COVID -19 And Globalization of Oil and Natural Gas Trade: Challenges, Opportunities, Lessons, Regulations, And Strategies". *International Journal of Energy Research* 45 (10): 14338-14356. doi:10.1002/er.6762.

<sup>10</sup> US Energy Information Administration (2021). Short Term Energy Outlook. July 2021

Fig 5: Global oil demand growth for 2020 (estimate) and 2021 (forecast)



Source: OPEC

Demand for natural gas has nearly recovered to pre-pandemic levels in 2021 as China and other emerging markets recover economically, and gain from attractive prices.

Figure 6: Natural gas prices in Asia and Europe rebound after the pandemic



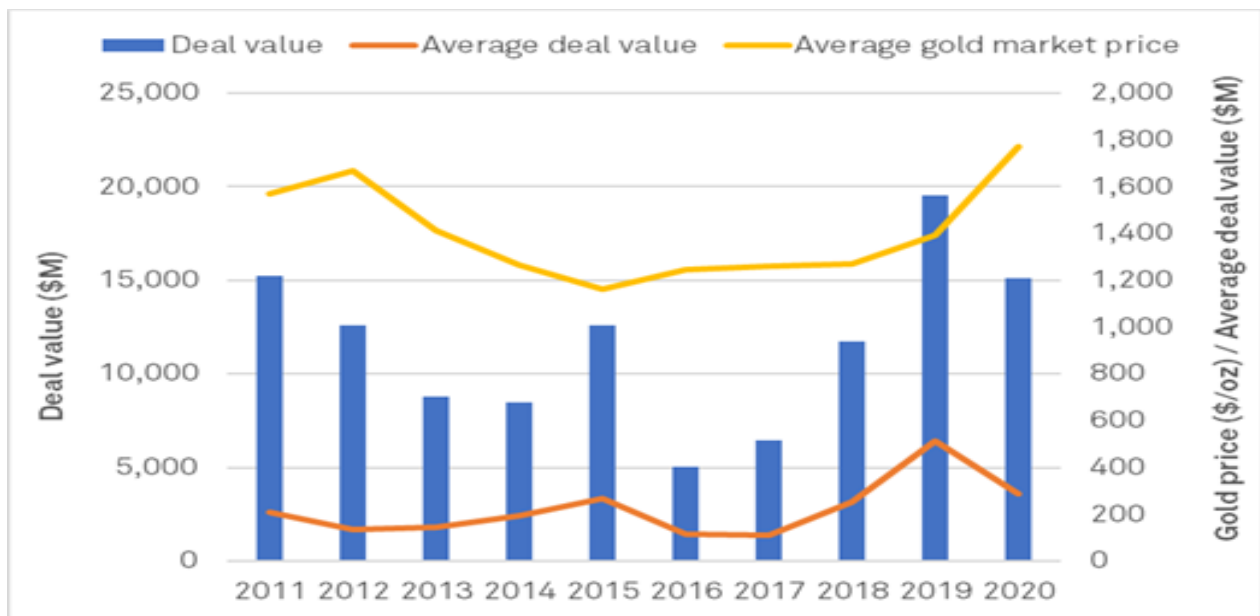
Source: S&P Global; ICE

The effects of the pandemic will negatively impact medium term gas growth. The IEA expects - 75bcm of lost growth between 2019 and 2025, while an annual growth rate of 1.5% is anticipated in the natural gas sector within the same period. With uptake in natural gas demand in 2021,

global LNG trade from January to August has increased by 6% year-on-year, a sharp contrast of the 1% growth rate in 2020, but still below the average 10% growth rate pre-pandemic period<sup>11</sup>.

**The decline in industrial activities reduced the demand for minerals**, even as mine closures and temporarily shift systems hampered its supply, resulting in a fall in commodity prices. Gold was an exception. In the commodity market, gold is known to be a safe commodity in times of global crisis. As mine closures and other containment measures hampered production globally and reduced supply, demand for the precious metal rose to about 80% by the end of first quarter 2020. With demand outstripping supply, the global price of gold soared. Between January and May 2020, gold prices increased by about 10% on the global market due to increased demand and global supply shortfalls<sup>12</sup>.

**Fig 7: Average gold market prices soared in 2020 due to increased demand and reduced supply**



Source: S&P Global Market Intelligence

The prices of gold, in the medium term, is expected to continue its rally largely due to lower bond yields on the financial market and higher inflation expectations. In all, the near-term global

<sup>11</sup> IEA (2020), Gas 2020, IEA, Paris <https://www.iea.org/reports/gas-2020>

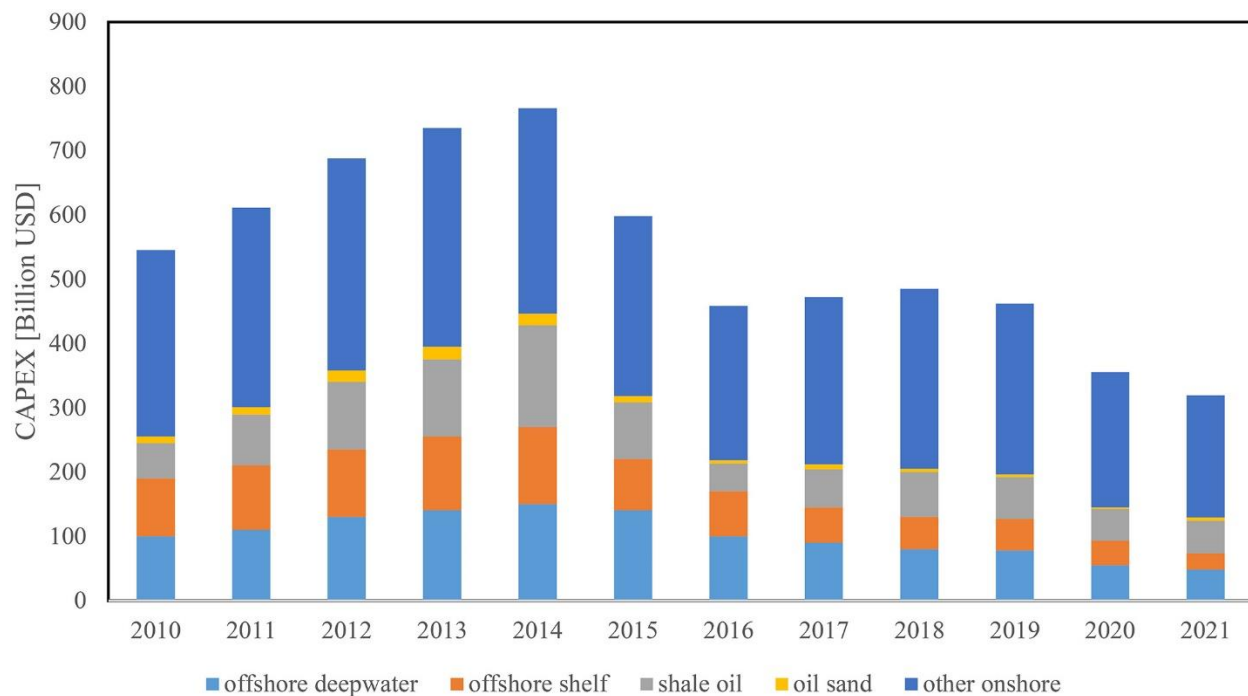
<sup>12</sup> AfDB (2021). Impact of COVID-19 on Mining: Case studies of four African countries. Working Paper Series. No. 357.

demand, and prices of gold, remains strong as increase demand is expected to continue post-pandemic, even as gold prices remain high<sup>13</sup>.

### 6.3. Effect of COVID-19 on oil and gas & mining global investments

As the oil and gas sector experienced a drop in crude oil prices globally and the associated reduction in capital costs for major oil companies, a reduction in upstream petroleum investment was inevitable. Final Investment Decisions (FID) amongst major projects – expected to increase global oil production by 1.8 million barrels a day and 20 billion cubic feet per day to global gas production by mid-2020 – were delayed or cancelled. The IEA estimates that investment in the oil and gas sector globally declined by almost a third in 2020 because of COVID-19 induced capital cuts, while the Energy Restructuring Institute estimates that upstream investment declined by about 20% in 2020 – equivalent to \$100 billion – compared to 2019<sup>14</sup>.

**Fig 8: Investment in each of the oil production sources declines in 2020 and 2021 (projected)**



Source: Norouzi (2021)

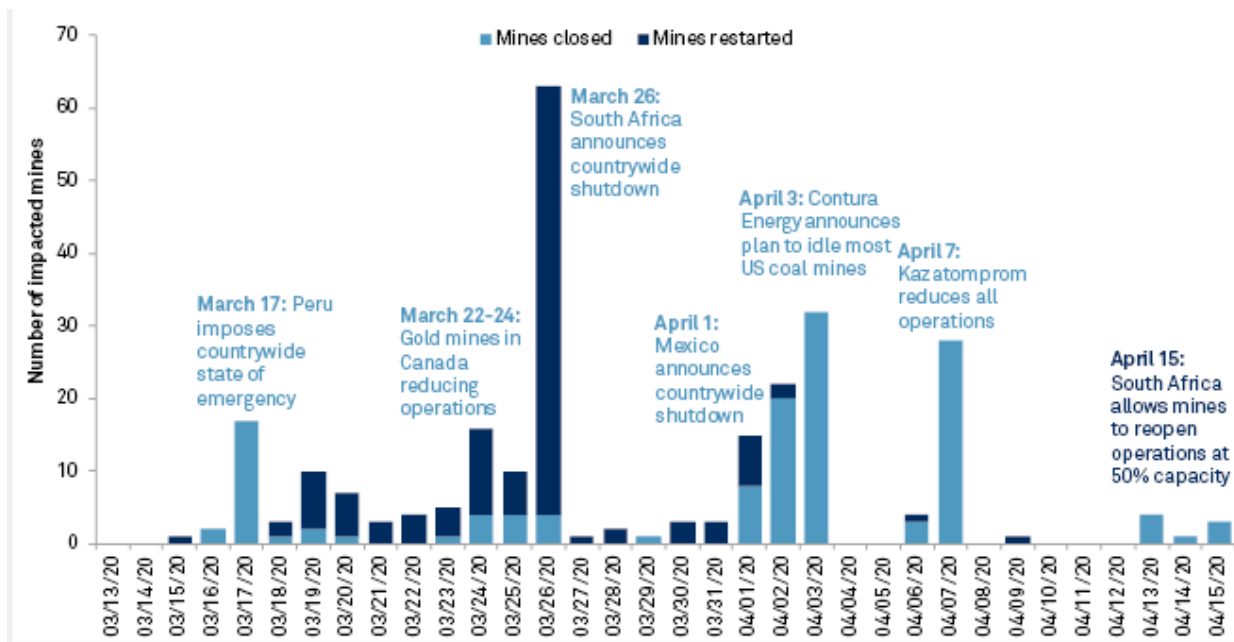
<sup>13</sup>AfDB (2021). Impact of COVID-19 on Mining: Case studies of four African countries. Working Paper Series. No. 357.

<sup>14</sup>Norouzi, N. (2021). "Post-COVID -19 And Globalization of Oil and Natural Gas Trade: Challenges, Opportunities, Lessons, Regulations, And Strategies". *International Journal of Energy Research* 45 (10): 14338-14356. doi:10.1002/er.6762.

In the medium term, the reduction in upstream investment in 2020 will reduce supply of crude oil and natural gas by about 2.1 mbl/d and 60 billion cubic meters respectively by 2025. As the global economy recovers, investments have gradually returned, particularly in contracting. In the medium-to-long term, oil and gas investment will be hampered by the quest to transition from fossil fuel to renewables.

**The mining sector** faced volatile commodity prices, uncertain production timelines and restrained production outputs as government-mandated lockdowns restricted labour movement, disrupted global supply chain, and delayed production and development work. By the end of 2020 Q1, cross border mining deals had declined by -11% – compared with the same quarter in 2019 – as leading players slashed capital expenditure and put mega projects on hold<sup>15</sup>.

**Fig 9: COVID-19 impacts on mining projects**



Source: S&P Global Market Intelligence (May 2020)

<sup>15</sup> Investment Monitor (2021). COVID-19 pandemic hits global mining investment. <https://www.investmentmonitor.ai/business-activities/extractive-industries/covid-19-pandemic-hits-global-mining-investment>

**In the mining sector, the correlation between commodity prices and investment is 73%.** As the pandemic affected short-to-medium term price outlooks for various metals, planned investments were affected – albeit in the short term<sup>16</sup>. The significant effect, however, was on new mine projects and projects conducting feasibility studies, as a strong demand in China balanced the decreased global demand<sup>17</sup>. Buoyed by the soaring price of gold, investment in intermediate and junior companies has been strong since the middle of 2020. M&A activities in the sector also rebounded strongly in the second half of 2020 and 2021, as the sector gradually recovers from COVID-19 induced capital cuts<sup>18</sup>.

#### **6.4. Effect of COVID-19 on global supply chains**

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The global supply chain network has always been susceptible to global shocks, particularly ones experienced by major exporting countries. This vulnerability is occasioned by factors that impede the free flow of goods and services from exporting nations to their import trading economies. Production halts, people and goods movement restrictions, border closures and slowdown of global economic activities were major fall-outs of the various lockdown measures instituted globally. As a result, global trade has been affected, and the robustness of global supply chains stretched. The World Trade Organization estimated that global trade decreased by about 20% in 2020, in terms of volumes because of disruptions to the global supply chain network<sup>19</sup>.

A lot of this happened, because of the initial shock the virus had, specific to the Chinese economy. China remains one of the major manufacturing and distribution hubs of finished and semi-finished goods globally and accounts for 16% of total global exports, and 20% of global intermediate products. The closure of production plants within the country had a sweeping effect on manufacturers and retailers across the world. The effect of the lockdown on the transportation sector, which drives supply chain activities, also hampered the smooth functioning of the global supply network. For instance, the pandemic's impact on the shipping industry, which accounts for

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<sup>16</sup> McKinsey (2020). Through-cycle investment in mining. <https://www.mckinsey.com/industries/metals-and-mining/our-insights/through-cycle-investment-in-mining>.

<sup>17</sup> Gałaś, A. et. Al. (2021). Impact of Covid-19 on the Mining Sector and Raw Materials Security in Selected European Countries. Resources 2021, 10, 39. <https://doi.org/10.3390/resources10050039>

<sup>18</sup> Investment Monitor (2021). COVID-19 pandemic hits global mining investment. <https://www.investmentmonitor.ai/business-activities/extractive-industries/covid-19-pandemic-hits-global-mining-investment>

<sup>19</sup> N. Ivanova, "Rethinking globalized supply chains as one of the COVID-19 pandemic impact on the global market," *Transport Business of Russia* 12, no. 2 (2021): 11–12, [https://doi.org/10.52375/20728689\\_2021\\_2\\_11](https://doi.org/10.52375/20728689_2021_2_11).



about 90% of global trade at an estimated \$12 trillion, increased supply period and delivery costs<sup>20</sup>.

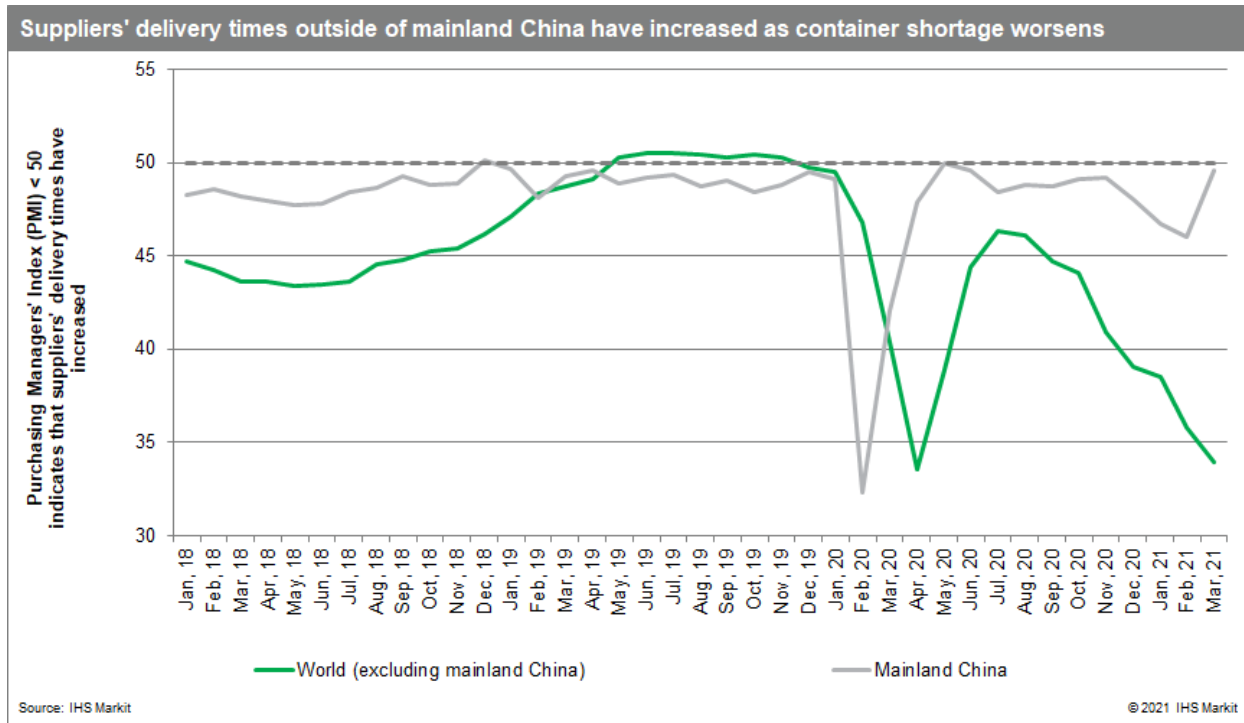
**Fig 10: The effects of COVID-19 on the supply chain activities of selected sectors**

Manufacturing	Export and import	Retail trade	Food services	Logistics and transport
<ul style="list-style-type: none"> <li>Manufacturers have found it difficult to distribute their products.</li> <li>There has been inventory buildup, increasing the cost of storage.</li> <li>Producers of perishable finished goods have experienced wastages and output losses.</li> <li>Due to restrictions, the cost of distribution has been high, affecting the profitability of manufacturers</li> </ul>	<ul style="list-style-type: none"> <li>With border restrictions and limitations due to COVID-19, the volume of exports and imports have reduced.</li> <li>Ports have been overwhelmed by imports and exports yet to be cleared due to staff restrictions</li> <li>Warehouses close to the ports have remained mostly at full capacity due to delay in shipping activities</li> </ul>	<ul style="list-style-type: none"> <li>Due to internal and external border restrictions, retailers have found it challenging to sell their products, especially, online retailers</li> <li>Retailers have built up inventories and incurred additional costs of storage</li> <li>There is also the risk that retailers may be forced to sell their inventories at, or below the cost price, thus reducing profits, due to difficulties in sales and distribution.</li> </ul>	<ul style="list-style-type: none"> <li>Distribution cost has become a critical line item on the financial statements of food service providers like restaurants</li> <li>In situations where most companies have deployed work from home strategies, restaurants have had to reduce the volume of products and shift to online delivery strategies</li> </ul>	<ul style="list-style-type: none"> <li>Distribution companies have increased their delivery charges to cover for the drop in the volume of activities</li> <li>There has been some partnerships between traders, manufacturers and logistics/transport companies to facilitate distribution</li> <li>Airlines and shipping companies have had to lay off workforce due to high operating costs and low turnover</li> <li>Increased lobbying by international airlines for government to reopen the airspace and allow them to operate amidst the lockdown</li> </ul>

Source: PWC

<sup>20</sup> PWC (2020). Impact of COVID-19 on the supply chain industry. <https://www.pwc.com/ng/en/assets/pdf/impact-of-covid19-the-supply-chain-industry.pdf>

**Fig 11: Suppliers’ delivery time increases because of the pandemic**



Source: IHS Markit

### 6.5. Effect of COVID-19 on global energy transitioning

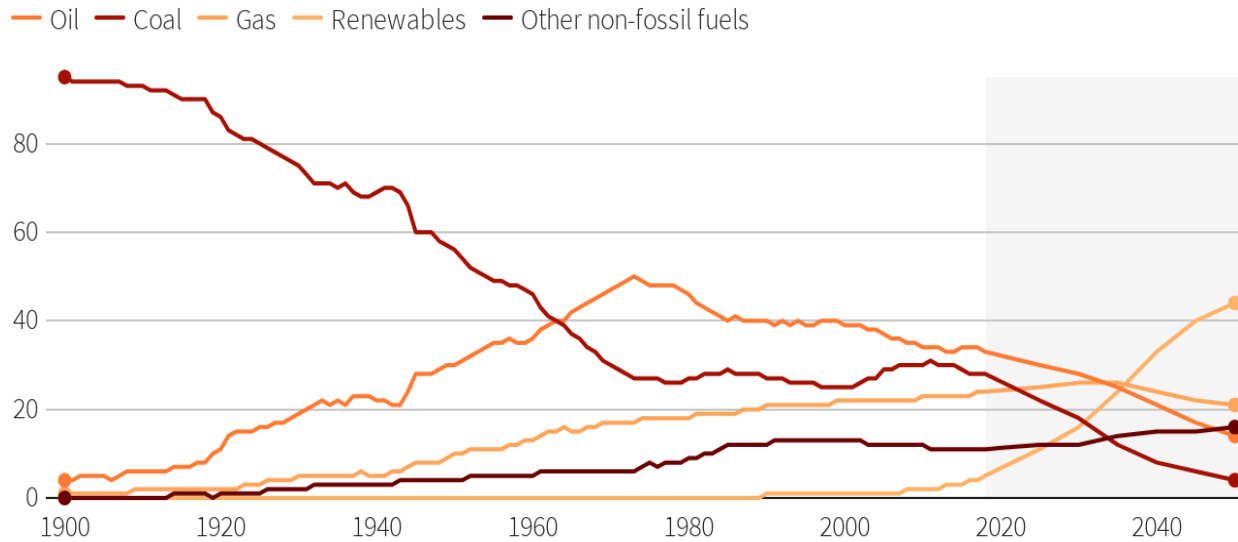
Conscious efforts have been made to promote clean and sustainable energy use as part of the global energy transitioning to mitigate the impact of climate change. Corporations worldwide, including oil and gas and mining companies, have undergone dramatic energy reforms aimed at reducing their carbon footprints and achieving low-carbon sectors. The onset of the COVID-19 pandemic seeks to offset the gains made in promoting clean energy globally. The IEA estimated that global investment in energy reduced by about 20%, or \$ 400 billion in 2020 even as the COVID-19 pandemic slowed the transition to sustainable and clean energy systems.<sup>21</sup> Low demand and falling prices in the energy sector led to government and industrial revenue shortfall of about \$1 trillion in 2020, impacting clean energy financing. These are exacerbated by high prices of natural gas, solar, wind and other renewable energy, which can drive fuel substitution in favour of coal and oil<sup>22</sup>.

<sup>21</sup> Norouzi, N. (2021). "Post-COVID -19 And Globalization of Oil and Natural Gas Trade: Challenges, Opportunities, Lessons, Regulations, And Strategies". *International Journal of Energy Research* 45 (10): 14338-14356. doi:10.1002/er.6762.

<sup>22</sup> Sverre Alvik and Mark Irvine, "Impact of COVID on Energy Transition - DNV," DNV, 2020, <https://www.dnv.com/energy-transition/impact-of-covid19-on-the-energy-transition.html>.

In the long-term however, the effect of the pandemic is expected to shrink global fossil fuel consumption as COVID-19 affect the global energy demand, even as climate change mitigation policies enhance the adoption of renewable energy.

**Fig 12: Share of renewables to soar in the coming decades as a result of the pandemic**



Note: Figure in BP's Rapid scenario, in percentage

Source: Reuters/British Petroleum

British Petroleum forecasts the medium-to-long term effects of the pandemic, including home-working, will reduce energy consumption by 3 million and 2 million bpd by 2025 and 2050. <sup>23</sup>

<sup>23</sup> British Petroleum 2020 Energy Outlook

## 7. GHANAIAN CONTEXT: EFFECT OF COVID-19 ON THE GHANAIAN ECONOMY

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### 7.1. Contributions of the Extractive Sector to the Ghanaian Economy

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Ghana is traditionally a mining economy, with gold constituting about 95% of the country's mineral resources. In 2019, Ghana surpassed South Africa as the leading producer of gold on the continent, as the country churned 4.8 million ounces of gold – 600,000 ounces more than South Africa's output in the same period<sup>24</sup>. Government policy over the years have incentivized firms to invest in production plants and facilities, critical to a vibrant sector. The competitive advantage that Ghana has over countries like South Africa is that its mines are not as maturing and attract low exploration costs. This has resulted in transfer of heavy production into Ghana from South Africa by companies like AngloGold Ashanti and Gold Fields – previously heavily centered in South Africa<sup>25</sup>. The discovery and subsequent production of oil in commercial quantities in 2010 strengthened Ghana's status as a major extractive sector player.

With an abundant oil and gas and mineral resources, the extractive sector is a significant contributor to Ghana's economy, and constitutes about 14% of the country's GDP. More than 67% of the Ghanaian economy's incomes from export emerges from the sector. Additionally, about 50% of externally sourced investments into the Ghanaian economy come from this sector. With regards to tax revenue, the sector contributes the most to the country. By measure of percentages, it accounts for about 18% of government revenues, while contributing to about 2% to the country's employment<sup>26</sup>.

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<sup>24</sup> “Ghana,” Extractive Industries Transparency Initiative, 2021., <https://eiti.org/ghana>.

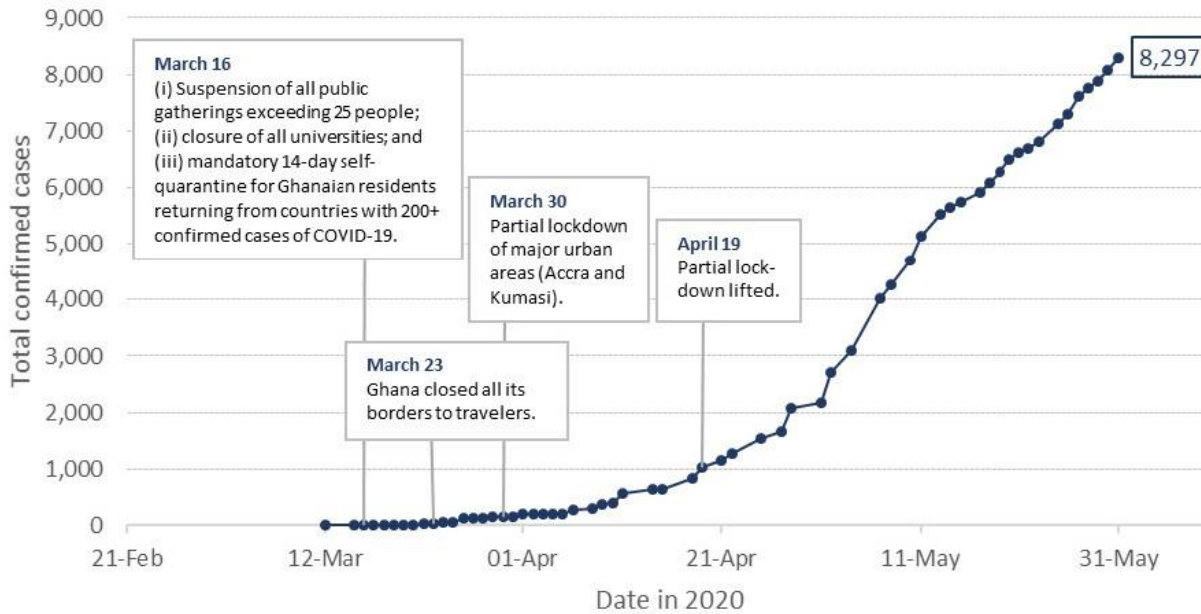
<sup>25</sup> “Ghana's Mining Output Benefits from Increased Investment and Improved Regulation,” Oxford Business Group, March 1, 2019, <https://oxfordbusinessgroup.com/overview/gold-standards-greater-investment-has-increased-production-across-sector-improved-regulation-set>.

<sup>26</sup> GHEITI (2021). Ghana Extractive Industries Transparency Initiative: Overview. <https://eiti.org/ghana>

## 7.2. Effect of COVID-19 on the Ghanaian Economy

Since its outbreak in March 2020, government’s response to the coronavirus pandemic has hinged on saving lives and safeguarding livelihoods.

**Fig 13: Government of Ghana COVID-19 Response Timelines**



Source: United Nations University

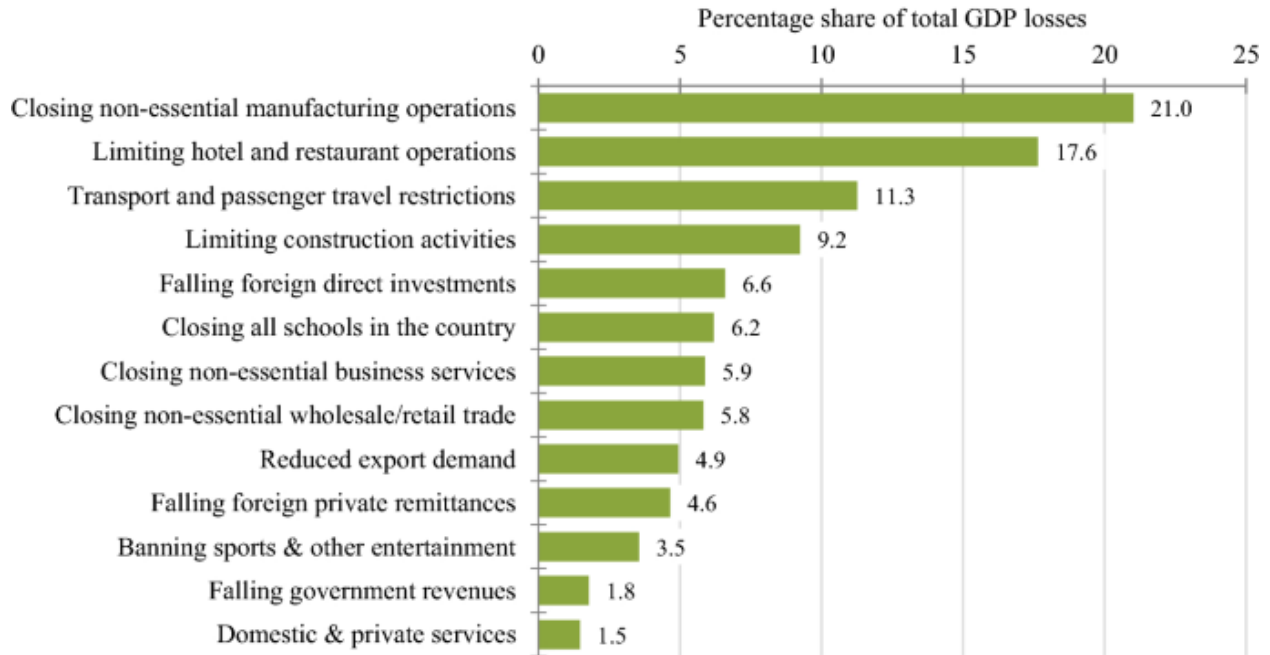
Prior to the pandemic, Ghana had a favourable economic outlook, with the economy expected to grow at 5.8 percent in 2020. The successful completion of IMF’s Extended Credit Facility in 2019 had maintained macroeconomic stability and provided a strong basis for sustained economic growth, in addition to the comprehensive banking sector clean-up.<sup>27</sup> **On the overall economy**, provisional GDP estimates for 2020 showed a growth rate of 0.4%, a sharp contrast to the 6.5% growth recorded in 2019. With the pandemic affecting industry and services at a disproportionate scale, agriculture was the major growth driver, recording a 7.4% growth rate. Industry declined by -3.6% and was largely driven by a -11% contraction of the mining and quarrying sub-sector. The service sector had a growth rate of 1.5%. Non-oil GDP growth similarly declined from 5.8% in 2019 to 0.9% in 2020, also largely attributed to the -11% growth in mining and quarrying as well as contractions in other sub-sectors including Hotels, Restaurant and Trade<sup>28</sup>.

<sup>27</sup> IMF Staff Country Reports 2021, 165; [10.5089/9781513590066.002.A001](https://doi.org/10.5089/9781513590066.002.A001)

<sup>28</sup> Ghana Statistical Service (2021). Rebased 2013-2020 Annual Gross Domestic Product. April 2021 Edition. Accra.

The Ghana Statistical Service estimates that a comparison between the second quarter of 2020 and the same period in 2019 indicates that the economy shrunk by -3.2%<sup>29</sup>.

**Fig 14: Contribution of restrictions and shocks to GDP losses during lockdown**



Source: Ghana SAM Multiplier Results

With oil revenues constituting a significant portion of total revenue, the fall of the prices of crude oil globally affected petroleum revenue mobilization and reduced government fiscal space. With regards to expenditure in the 2020 fiscal year, overall government spending exceeded target because of unanticipated COVID-19 mitigation expenses. Actual government expenditure for 2020 was GH 97.8 billion, which was slightly higher than the mid-year budget revised figure of GH 97.7 billion, and significantly higher than the projected GH 85.9 billion contained in the 2020 budget. It is projected that the country's budget held a 12% deficit in 2020, nearly three times the initially projected 4.7% budget deficit.

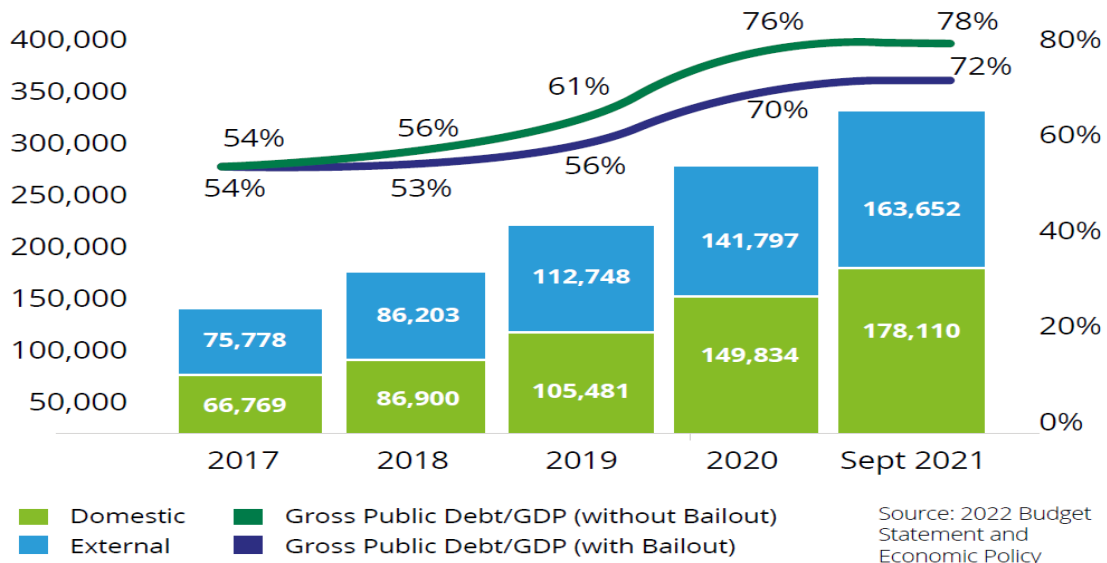
The International Monetary Fund's Debt Sustainability Analysis (DSA) indicates that the country is at a high risk of external and overall debt distress, relative to the baseline<sup>30</sup>. Data released by the Ministry of Finance in the 2022 budget and economic statement indicate that Ghana's debts

<sup>29</sup> James Ntiamoah Doku, Ellen Dzokoto, and Aisha Kudolo, "The Impact of COVID-19 on Emerging Insurance Industry: The Ghanaian Evidence," *SSRN Electronic Journal* 11, no. 12 (2021), <https://doi.org/10.2139/ssrn.3908216>.

<sup>30</sup> IMF Staff Country Reports 2021, 165; [10.5089/9781513590066.002.A001](https://doi.org/10.5089/9781513590066.002.A001)

as against GDP has hit 78%. S&P Global, Fitch and Moody’s have also rated Ghana B- (stable), B (negative) and B3 (negative) respectively.

**Fig. 15: Ghana Public Debt Accumulation (2017 – September 2021)**



Source: 2022 Budget and Economic Policy

### 7.3. Effect of COVID-19 on oil and gas and gold production and revenues

**Crude oil production** in Ghana is sourced from the Jubilee, TEN and Sankofa Gye Nyame fields. In 2020, a total of 66,926,806 bbls were obtained from the 3 producing fields representing about 6% decline of the 2019 production figure of 71,439,585 bbls as a result of production decline on the Jubilee and TEN fields. **As price of crude oil** tumbled on the global market, petroleum revenue shortfall was inevitable. Crude oil benchmark price was reset to \$39 instead of its projected \$62.90 at the start of 2020. Overall petroleum receipts (i.e. proceeds from Liftings and other Petroleum Receipts) declined to US\$666.4 million (GH¢3,838 million) in 2020, compared to the receipts of US\$937.6 million (GH¢4,899.91 million) in the same period in 2019<sup>31</sup>. Declining petroleum revenues also affected transfers to the Heritage Fund and the Stabilization Fund. The Stabilization Fund lost about \$1.9m of possible revenue, while the Heritage Fund and GNPC lost

<sup>31</sup> MOFEP (2021). Highlights of the 2021 budget statement. [https://mofep.gov.gh/sites/default/files/budget-statements/2021-Budget-Highlights\\_v1.pdf](https://mofep.gov.gh/sites/default/files/budget-statements/2021-Budget-Highlights_v1.pdf)

between \$78m and \$110m respectively in transfers<sup>32</sup>. Further, due to COVID, the government was given the approval by the Parliament of Ghana to reduce the cap on Stabilization from US\$ 300 million to US\$ 100 million in order to cream off 1.2 billion cedis as excess over the Cap to fund the government's Coronavirus Alleviation Programme. **Gas production in 2020** rose sharply because of the commercialization of natural gas in Ghana. Compared to the 2019 production volume of 169,508.61 MMSCF, Ghana produced 237,962.82 MMSCF in 2020 representing a 40% increase.

**Gold production** declined by 12.1% from 4.577 million ounces in 2019 to 4.023 million ounces in 2020. While Ghana remains the largest gold producer on the continent, the 12.1% decline is the highest year-on-year decline since 2004. Mineral revenues in Ghana, unlike petroleum sector revenues, was not negatively affected by the pandemic, as gold remained the largest component of Ghana's mineral exports both in volume and value. Defying the pandemic, the price of gold increased in the face of high demand. Data from the Ghana Revenue Authority indicates that the mining and quarrying sector was the largest source of domestic tax revenue. In all, fiscal revenue from the sector increased by 3.9% from GH 4.013 billion in 2019 to GH 4.172 billion in 2020, benefiting from the soaring gold prices on the world market – despite slight production decline.<sup>33</sup>

#### **7.4. Effects of COVID-19 on employment in the extractive sector**

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The Ghana EITI estimates that the extractive sector accounts for a 2% share of total employment in Ghana, even as successive governments introduce policies and programmes to increase local content participation in the sector. The devastating effects of the COVID-19 pandemic seeks to erode the gains made in employment promotion in the sector. For instance, in the upstream petroleum sector, the steady increase in local, indirect and induced employment from 2017 slowed in 2020 as a result of the numerous effects of the pandemic on the operations of upstream petroleum companies

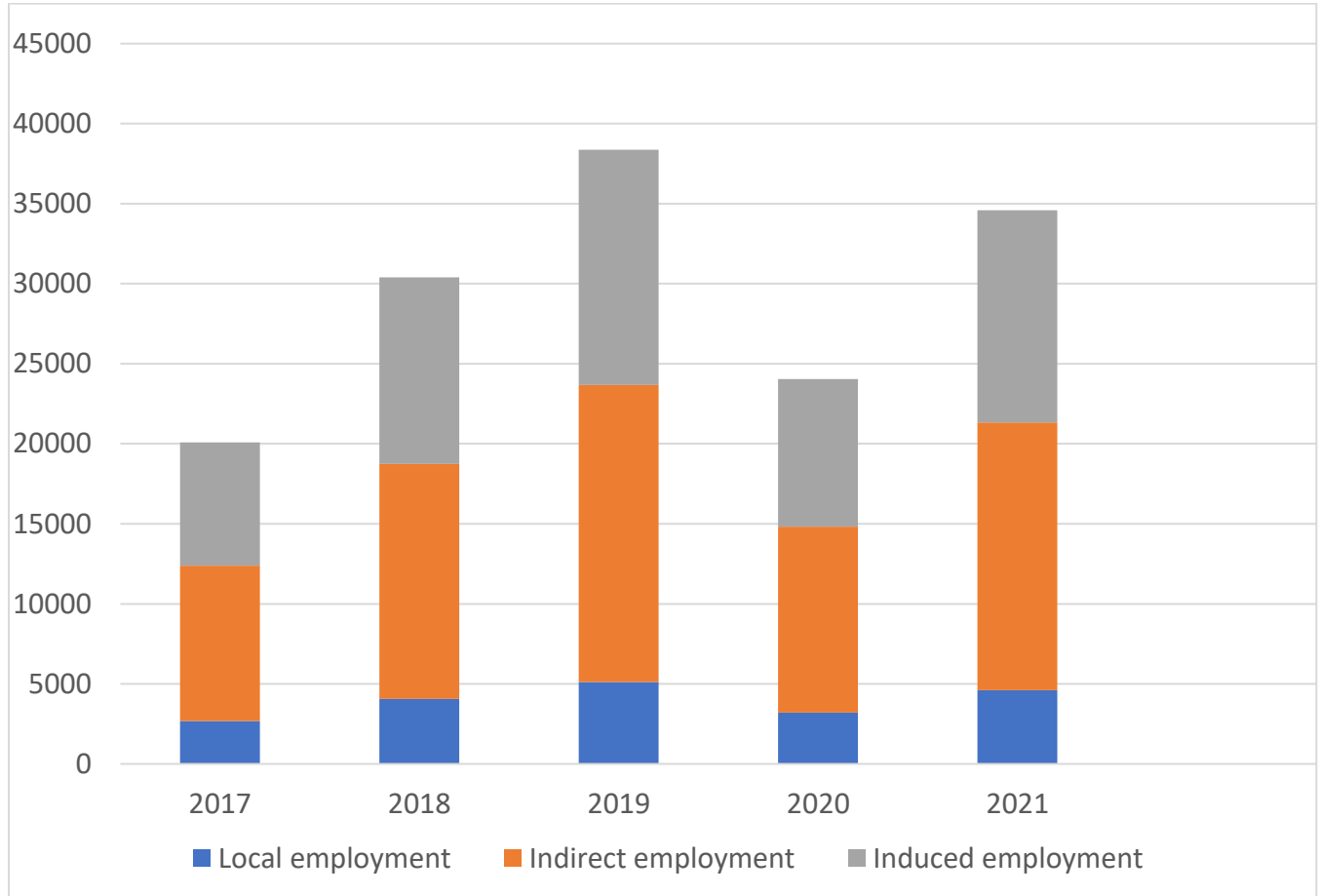
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<sup>32</sup> Doris Sasu, "Ghana: Impact of COVID-19 on Petroleum Receipts 2020," Statista, 2021, <https://www.statista.com/statistics/1198607/impact-of-covid-19-on-petroleum-receipts-in-ghana/>

<sup>33</sup> Ghana Chamber of Mines (2021). 2020 Annual Report.



**Fig 16: Direct, Indirect and Induced employment in Petroleum Sector declined in 2020 because of COVID-19**



Source: Petroleum Commission

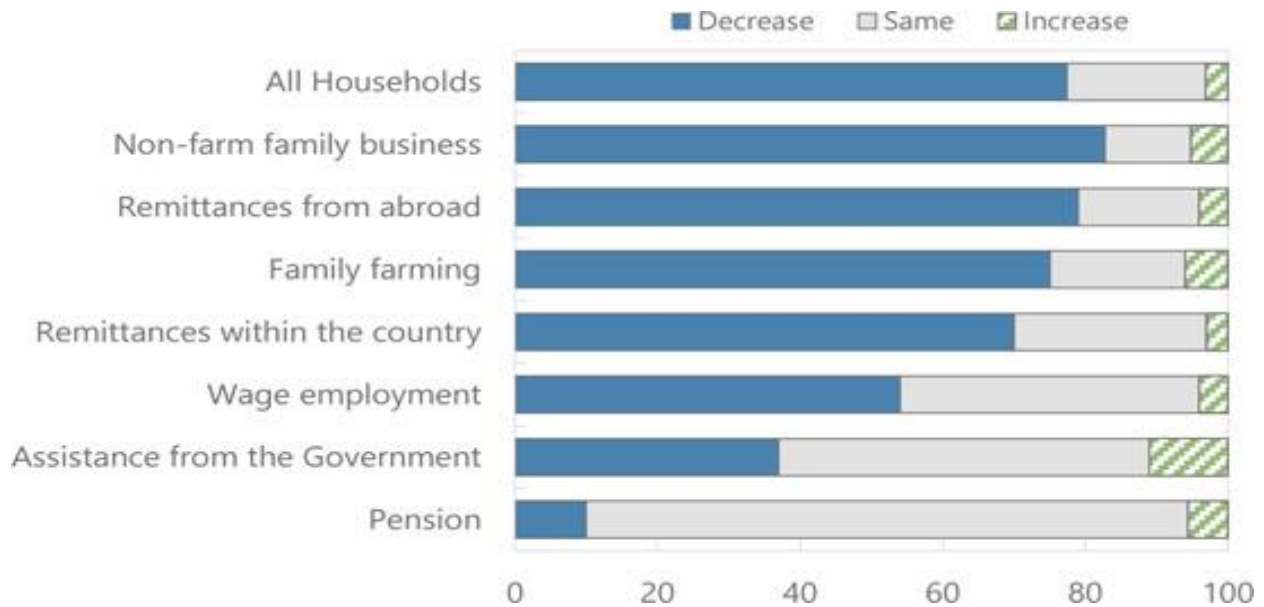
### 7.5. Effect of COVID-19 on other sectors of the economy

**The lockdown and other containment measures significantly affected business activities, livelihoods, and labour across the various sectors of the Ghanaian economy.** The Ghana Statistical Service estimated that about 77% of households, across all 16 regions, had decreased income between March and June 2020 because of the government-instituted lockdown to curb the spread of COVID-19.

The Ghana Statistical Service Business Tracker Survey noted that about a third of businesses experienced temporary or permanent closures during the lockdown period, with over 90%

reporting lower sales during the period. In adjusting to the shock, firms reduced working hours and wages. Even though only 4% of surveyed firms retrenched workers, 46% of firms reported reduced wages which affected a quarter of employed workers. With respect to the lockdown’s direct effects on workers, the study revealed that about a quarter of Ghana’s total workforce – 770,000 workers – experienced reduced wages, while an estimated 42,000 employees were retrenched during the partial lockdown in 2020.<sup>34</sup>

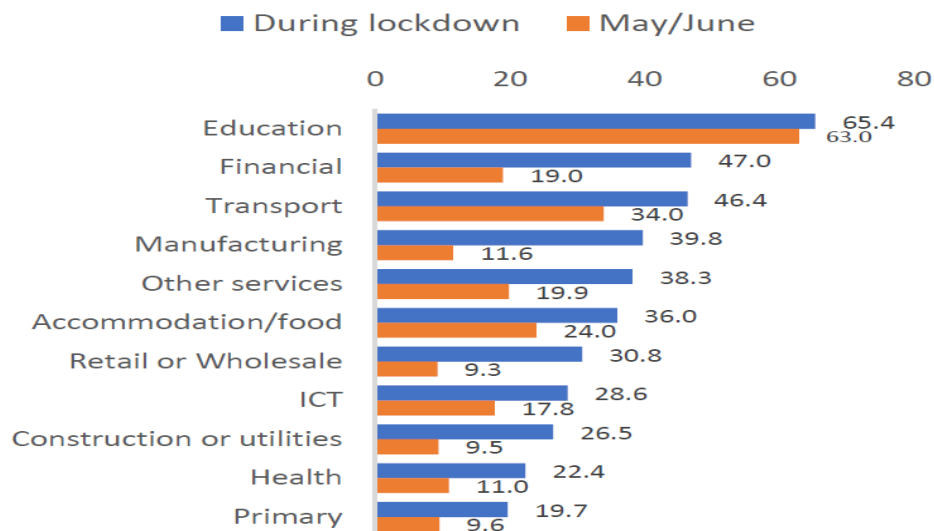
**Fig. 16: Lockdown effect on household income (in percent of households)**



Source: Ghana Statistical Service (Household Survey)

<sup>34</sup> Ghana Statistical Service (2020). COVID-19 Business Tracker Main Report.

**Fig 17: COVID-19 effect on sector closures (Temporary or permanent closures, percent of firms)**



Source: Ghana Statistical Service (Business Tracker Survey)

Similar to global happenings, the extent of the effects of COVID-19 on the Ghanaian economy varied across sectors in Ghana. The education, retail, hotel and hospitality, oil and gas, manufacturing, and real estate were amongst the hardest hit sectors. Buoyed by a successful Year of the Return campaign which resulted in an 18% increase in international arrivals, the tourism industry was expected to be a key driver of economic growth in 2020. However, estimates from the Ghana Tourism Authority indicates that total revenue from the sector dropped by 40% in 2020 compared with 2019. \$130 million and \$41 million losses from the formal and informal sectors respectively meant total revenue losses in 2020 was in the region of \$171 million, coupled with significant job losses in the sector. This loss was largely driven by a sharp decline in international tourists, as estimates indicate that around 11,500 expected tourists cancelled their bookings because of the pandemic<sup>35</sup>. Even as other sub-sectors gradually recovered from the pandemic and experienced growth in Q4 2020, the hotels and restaurant sub-sector contracted by about -35% within the same period – emphasizing the disproportionate impact of the pandemic on the tourism and hospitality sector<sup>36</sup>.

<sup>35</sup> Ghana Tourism Authority (2020). The Impact of COVID -19 on the Tourism and Creative Industries in Ghana; Recommendations for Government Action.

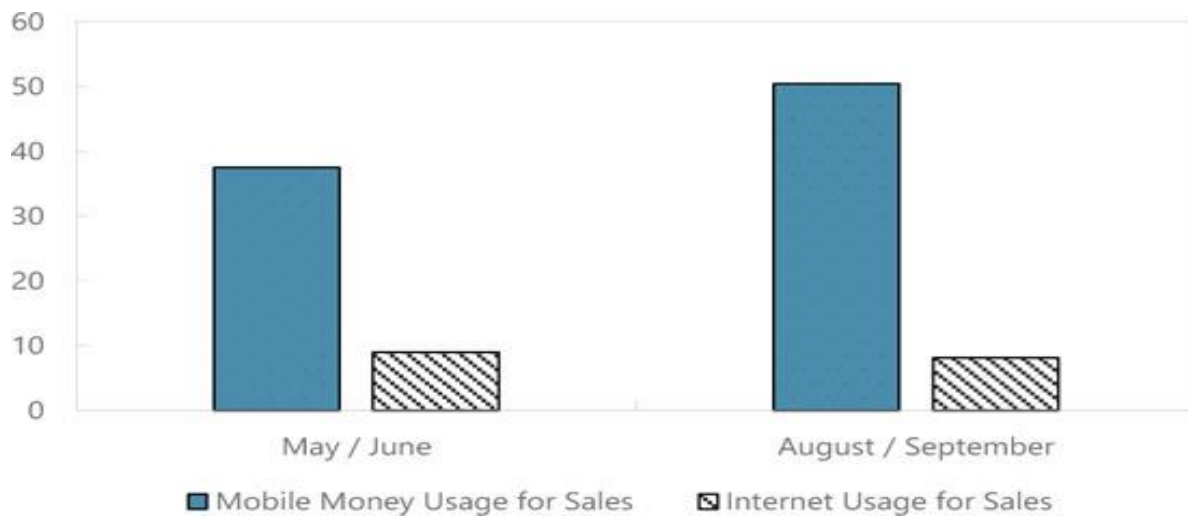
<sup>36</sup> Ghana Statistical Service (2021). Newsletter Quarterly Gross Domestic Product (QGDP) Fourth Quarter 2020. Accra.

The banking sector, on the other hand, is well-capitalized and has withstood the economic and financial shock of the pandemic. Data from the Bank of Ghana indicates that capital adequacy is above the minimum threshold of 11.5% and compares favourably with countries in the sub-region<sup>37</sup>. Similarly, the IT industry has not been adversely impacted by the pandemic in Ghana, in line with global occurrence. Mobile money usage for sales in 2020 increased exponentially in the months after the lockdown, as the pandemic restricted people to using online payment platforms.

Data from the Ghana Statistical Service indicates that the information communication sub-sector was the main driver of growth in 2020 for the services sector, as it recorded an impressive 22.5% growth rate in Q4<sup>38</sup>.

Economic recovery has, and is expected to be uneven across the various sectors of the Ghanaian economy. The retail and tourism sectors face a slower recovery from the pandemic as a result of a multi-year demand reduction.<sup>39</sup>

**Fig 18: New or Increased use of Technology in 2020**



Source: Ghana Statistical Service Business Tracker Survey

<sup>37</sup> IMF Staff Country Reports 2021, 165; [10.5089/9781513590066.002.A001](https://doi.org/10.5089/9781513590066.002.A001)

<sup>38</sup> Ghana Statistical Service (2021). Newsletter Quarterly Gross Domestic Product (QGDP) Fourth Quarter 2020. Accra.

<sup>39</sup> IMF Staff Country Reports 2021, 165; [10.5089/9781513590066.002.A001](https://doi.org/10.5089/9781513590066.002.A001)

## 8. EFFECT OF COVID-19 ON OIL AND GAS AND MINING SECTORS IN GHANA

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### 8.1. Effect of COVID-19 on the extractive sector governance and statutory obligations (companies)

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The study showed that application for permits by extractive companies was delayed as a result of full or partial closure of offices of agencies responsible for granting these permits. Follow-up site verification visits was also severely impeded by the numerous government movement restrictions instituted. These COVID-19 induced delays affected the timelines of mining operations and negatively impacted on operational cost.

*“During the height of the pandemic, particularly the lockdown period, majority of the offices of the Environmental Protection Agency were either closed or operated at half-capacity, which delayed permits application” – Company*

The effect of the pandemic on mine/rig closures was devastating globally, and hence Ghanaian companies put in place stringent measures to reduce their risk of exposure to the virus – negatively affecting sector governance. For instance, majority of the routine engagement with community members, local authorities and stakeholder NGOs were suspended to reduce the risk of contracting the virus.

**Statutory payments, including taxes and SSNIT**, are core commitments of extractive sector companies. The study revealed that COVID-19 had minimal impact on companies’ adherence to these statutory payments with respect to adherence to stipulated timelines and administration of penalties. This is significant, considering the financial effect of the pandemic on companies. Unlike permits application which were done manually, the existence of online platforms for payment of these statutory obligations facilitated its timely payment. Adherence to timelines for the filling of statutory reports was also aided by the existence of online submission portals.

### 8.2. Effect of COVID-19 on extractive sector governance (government)

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**At the national level**, governance mechanisms and best practices instituted to enhance the effective management of the extractive sector was adversely impacted by the pandemic. Regulators of the sector were constrained in effectively discharging their duties by the numerous

government COVID-19 containment measures, eroding decades of efforts in achieving an open and transparent extractive sector. For illustration, concerted efforts in achieving competitive and transparent bid licensing rounds in the upstream petroleum sector has been derailed by the pandemic. The first competitive oil block licensing process has stalled, while the planned 2020 oil block licensing process is yet to commence. Numerous reports have suggested that the ministry will eventually revert to direct negotiations with companies, eroding efforts towards achieving contract transparency in Ghana’s upstream petroleum sector.

**The onset of COVID-19 also affected extractive sector governance at the sub-national level.**

Routine engagement between sub-national authorities and mining-affected communities has either been postponed or cancelled, while site visits to mining sites have been irregular. A worrying phenomenon was the restriction of access to the mining sites by companies. A number of MMDAs interviewed reported some mining companies in their jurisdiction barred them from their operation areas during the height of the pandemic, which hindered the performance of their oversight functions.

*‘Some companies in our area prevented us from entering their operation areas because of the virus. Therefore, we were not able to adequately monitor their operations, and assess and collect our property rates’– Royalty-receiving MMDA*

Also, COVID-19 constrained data collection at the local level and resulted in the delays in the submission of statutory reports.

*‘We have still not submitted our quarterly progress report to the Regional Coordinating Council and other national institutions. The various units and departments under the assembly are rotating their staff in order to adhere to the social distancing measures. COVID-19 has really affected us’  
– Royalty-receiving MMDA*

### **8.3. Effect of COVID-19 on civil society space in Ghana**

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The study showed that the coexistence of multiple challenges and vulnerabilities that inhibit civil society activism in the extractive sector has worsened over the pandemic period. Civil society activities in the extractive sector, which had declined due to dwindling donor support, was deteriorated by the pandemic. **Unplanned expenditure increased the operational cost** in the implementation of core program activities of CSOs. The provision of PPEs and the production of COVID-19 education and sensitization materials, as well as the organization of meetings in

smaller groups, in conformity with government mass gathering protocols, increased the cost of implementing routine activities of extractive sector CSOs. The increased operational expenses served as a test on the financial sustainability of extractive sector CSOs.

**The study also showed that there were widespread delays in the implementation of planned program activities** by CSOs to inform critical extractive sector governance issues. For instance, at WACAM, a research project scheduled to be completed in March 2020 was completed in 2021. Additionally, planned stakeholder engagements by the Ghana EITI was delayed by the pandemic.

**While CSOs that deals directly with nearby community stakeholder adapted by using virtual engagement platforms during the peak of the pandemic**, it was largely ineffective, due to data and connectivity issues in the mining communities – hampering CSOs aggressive and sustained advocacy and oversight functions in the extractive sector. For instance, an incidence in Newmont Ahafo environmental dam in Kenyasi didn't receive the needed civil society advocacy and activism due to the pandemic. The likely outcome, without civil society involvement, will be a inappropriate compensation paid to the families involved. The study revealed that, not only did the pandemic create new challenges on civil society activism in the extractive sector, it additionally amplified existing weaknesses and vulnerabilities of community members, underscoring their vulnerability to extractive companies.

#### **8.4. Effects of COVID-19 on Sub-national revenues**

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**The slowdown of economic activities had devastating effect on local resource mobilization** as most local businesses experienced downturns. **All eight (8) royalty-receiving MMDAs interviewed reported reduction Internally Generated Funds (IGF) in 2020 and 2021 as a result of the slowdown of economic activities.** To support businesses cope with the pandemic, none of the interviewed MMDAs increased its fees rate in 2020, even as flexible payment schedule was granted to mining companies, service providers and other businesses – further constraining local revenue mobilization.

*'My brother, what can you do? If the businesses tell you that they can't afford to pay taxes because they are at the verge of collapsing, you can't force them to pay taxes' – Revenue Officer of a royalty-receiving MMDA*

Property rate assessment and collection in mining companies was also challenged as some mining companies implemented strict ‘No-Staff, No-Entry’ policy as part of their pandemic response measures.

With IGF declining with the slowdown of economic activities in mining communities, majority of MMDAs adopted aggressive approaches to enhance local revenue mobilization.

**Box 1: Property rates assessment for sub-national development: Lessons from Asutifi North District Assembly**

Property rate administration – assessment and collection – has remained a serious challenge for successive governments in Ghana. In the recently-read Government Budget and Economic Policy for the 2022 fiscal year, the sector minister announced Government’s intention of implementing a Unified Common Platform (UCP) for property rates administration effective January 2022. In resource-rich Metropolitan, Municipal and District Assemblies (MMDAs), property rates constitute a significant portion of locally-sourced revenues. Inefficiencies in the current property rate administration has constrained its assessment, collection and accountability, and denied resource-rich MMDAs of much-needed revenues. To improve the administration of property rates and maximize revenue generation, the Asutifi North District Assembly contracted a chartered valuer to assess the properties of Newmont Corporation in their jurisdiction, with the active involvement of the company. Property rates estimation of Newmont properties now stands at **GHS 1.8 million**, from the previously estimated **GHS 350,000**, representing about 500% increase.

Source: Asutifi North District Assembly

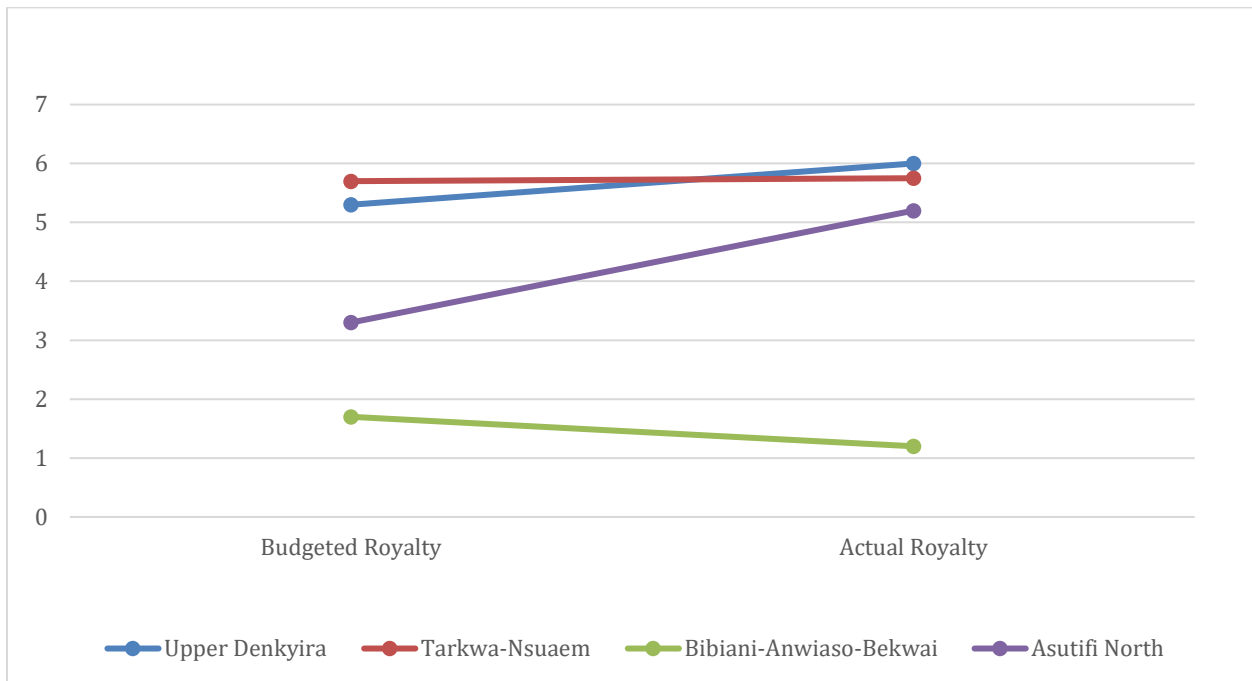
**The decline in IGF in the MMDAs was exacerbated by the non-release of the District Assembly Common Fund (DACF).** The study revealed that DACF releases to the MMDAs has been severely constrained by the impact of the pandemic on central government revenue mobilization and expenditure. As at the conduct of the interviews in October 2021, all MMDAs interviewed reported of not receiving DACF allocation in 2021, with majority of interviewed MMDAs not receiving after Q3 of 2020.

**With inconsistencies in the disbursement of DACF and dwindling local IGF revenues, mineral royalties** became the lifeline, and remained the most consistent government revenue stream for MMDAs during the pandemic. Royalties therefore was critical in funding developmental projects, particularly in the areas of WASH, during the pandemic. While not all MMDAs reported receiving their exact projected MDF revenues in 2020, a number of them reported MDF revenues had exceeded planned figures in 2020, thereby constituting significant portions of their total



revenues in the 2020 fiscal year. For instance, in the Upper Denkyira West District Assembly, projected MDF in 2020 was GHC 5,318,014 (representing 26.3% of budgeted revenue of GHC 20,202,828) while actual MDF received was GH 6,025,928.35 (representing 37.5% of actual revenue of GHC 16,069,085). Similarly, in the Tarkwa-Nsuaem Municipal Assembly projected MDF in 2020 was GHC 5,735,000 (representing 28% of budgeted revenue of GH 20,434,159) while actual MDF received was GHC 5,754,603 (representing 34.5% of actual revenue of GH 16,709,700).

**Fig: 19 Performance of MDF/Royalties (Budgeted vrs Actuals) in selected MMDAs in 2020 (all figures in GH millions)**



Source: Author’s construct from data from MMDAs

The prompt disbursement of mineral royalties to MMDAs to fund critical projects was largely as a result of the efficiency in royalties’ disbursement by the Office of Administrator of Stool Lands (OASL). The office pointed out that though there exist no legislative instrument stipulating disbursement timelines to MMDAs, as a best practice, the office transfers royalties to their regional offices one week after receipt from MDF secretariat, for onward disbursement to MMDAs.

Notwithstanding the timely disbursement of mineral royalties, the study observed that MDF-funded projects had stalled in majority of the MMDAs with a potential knock-on effect on project

cost due to cost overruns. The study revealed that the phenomena had arose because MMDAs had diverted MDF to fund other critical projects, originally expected to be financed from other revenue sources.

**Box 2: Delays in the implementation of MDF projects: A case study of the Dompim Overhead Water Tank Project in the Tarkwa-Nsuaem Municipal Assembly**

Awarded in August 2019, with an expected completion date of June 2020, the MDF Dompim Overhead Water Tank Project was initiated to serve as a water storage facility to remedy the acute water shortage in the Dompim community. The onset of the pandemic has affected the effective and timely implementation of the project as a result of delays in the release of funds to the contractor. While MDF releases in 2020 was timely and exceeded projected MDF revenues, the Tarkwa-Nsuaem Municipal Assembly was experiencing revenue shortfalls as a result of dwindling IGF and DACF, while facing unplanned COVID-19 related expenditure. In the face of these difficulties, the assembly, during the pandemic, used the ‘timely’ MDF to fund other critical projects initially expected to be funded by other revenue streams (IGF & DACF), thereby delaying the completion of the Dompim Overhead Water Tank Project.

Source: Tarkwa-Nsuaem Municipal Assembly

**The delays in the completion projects were widespread across the interviewed MMDAs, and cut across multiple funding sources – MDF, DACF and IGF – largely as a result of financial constraints and unavailability of labour because of movement restrictions. Some MMDAs extended the completion period of affected projects.**

**Box 3: Projects completion period extended in the Asutifi-North District Assembly as a result of the pandemic**

- Construction of 1 No. 8-unit Teachers quarters at Goatifi
- CHPS compound at Kramokrom
- 1 No. 6-unit classroom block with office/store, staff common room/store, library, 6-unit KVIP toilet/2 urinals and changeroom at Bogyampa
- 1 No. 2-unit kindergarten classroom block with office and store at Wamanhinso
- CHPS compound at Kensere
- 1 No. 3-unit classroom block with office/store, staff common room/store, computer laboratory, 6-unit KVIP toilet/2 urinals and changeroom at St. Lawrence Junior High School at Ntotroso

Source: Asutifi North District Assembly

## 8.5. Effects of COVID-19 on Nearby Communities and their Environment (Community Level Effects)

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The effect of the pandemic on nearby communities has been multi-faceted. Resource-rich communities depend on mining activities to create employment, boost trade, mobilize resources and stimulate overall economic activities. With borders closed and movement restricted, and mining companies partially closed or implementing stringent COVID-19 measures, the local economy suffered. The local hospitality industry, which largely relies on the mining industry, was one of the hardest hit sectors of the local economy within the interviewed MMDAs – similar to the national and global trends. This was largely attributed to mining companies operating a shift system, with several of them working from home and not patronizing the services of hoteliers and caterers. The study revealed that this phenomenon was worsened by a sharp reduction of expat miners – a key contributor to the local hospitality industry in resource-rich communities.

With regards to COVID-19 induced retrenchment in the extractive sector, some MMDAs reported knowledge of retrenched local staff, mostly casual staff, within some mining companies and mining services providers, even as companies downsized to withstand the economic and financial impact of the pandemic. Tarkwa-Nsuaem Municipal Assembly reported that some mining service providers have retrenched company staff as a result of the pandemic. The study also observed that local supply chain contracts have declined over the period, with some local suppliers' contracts being terminated outright. For example, Asanko Mines has terminated the contracts of some local service providers in the Manso Edubia community as a result of the economic downturn the company experienced during the pandemic.

**The study revealed that the pandemic's effect on the environment has been dire as it has on the economy and livelihoods.** With economic activities slowed, and livelihoods impacted, there has been an uptake in galamsey activities within the mining communities, worsening the already destroyed waterbodies, especially in 2021. The retrenchment of mine services staff could have exacerbated the situation. For instance, the Tarkwa-Nsuaem Municipal Assembly reported that the turbidity of river Bonsra has increased over the pandemic period, as a result of heightened galamsey activities.

**Corporate Social Responsibility (CSR) projects under mining companies are somewhat critical interventions for nearby communities as they mostly provide needed social services and further expand economic activities at the local economy level.** However, CSR projects have also been adversely impacted by the pandemic. The Construction of Chirano water

treatment system in the Bibiani-Anhwiaso-Bekwai Municipality by Mensin Gold Bibiani Ltd., has delayed. Perseus Mining Ltd also indicated that a health centre in Gyaman, under their CSR projects delayed for 6 months, while a newly constructed community centre in Abenabena had not being commissioned for use as a result of the pandemic. Whilst such delays may have affected accessibility to these social interventions especially hospital facilities, their effects were even much felt due to the urgent need for access to health facilities due to the pandemic.

In addition, the regular and structured stakeholder engagement between companies and communities, which provided the platform for addressing communities' concerns, has been affected because of the pandemic. As a result, it is understood that overall engagements at both the company level and community level has significantly reduced, and coupled with the economic hardship post the peak of COVID in 2020, it could lead to potential community uprising.

### **8.6. Effects of COVID-19 on Gender in the Extractive Sector**

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The effect of the pandemic on gender in the sector can be assessed by the consequence on the females in the formal extractive sector, i.e., women employed in extractive companies, and the effect on females involved in the informal sectors which are dependent on the extractive sector. None of the companies interviewed had retrenched a female staff as a result of the pandemic, while no MMDA reported knowledge of COVID-19 induced female-related retrenchment in the extractive sector. That notwithstanding, the slowdown of economic activities in resource-rich communities disproportionately affected female-owned businesses, with respect to wages and salaries. This contrasts with men whose work are more formalized and continued to receive salaries during the lockdown period while at home.

*'Women-dominated activities, including food vending, was disproportionately impacted by the pandemic as economic activities in the mining companies and mining communities slowed. A man will be paid while at home – because he is in the formal sector, but the woman has to go out there and work, else she won't be paid. That is the gender disparity confronting women' – Mrs. Hannah Owusu-Koranteng, Executive Director, Wassa Association of Communities Affected by Mining (WACAM)*

### **8.7. Effects on Operational Development of Extractives**

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Exploration and development in the oil and gas sector was promising in pre COVID times due to the following outlined programmes by the Petroleum Commission.

- The Pecan field project (estimated US\$ 4.4 billion total cost) earmarked about US\$ 400-450 million for drilling rig services to be awarded to Ghanaian service companies and joint venture partnerships.
- GNPC's phase 2 acquisition of 2D seismic in the Voltaian Basin estimated to cost US\$ 11.6 million engaged over 45 subcontractors and suppliers and was scheduled for completion in March 2020. Other activities on its 2020 work programme estimated to cost US\$ 50 million include the acquisition, processing and interpretation of 200 sq.km of 3D seismic data over a lead in the Voltaian basin between September –December 2020 and commence the planning of one exploration well between August –December 2020.
- Tullow, the operator of both the Jubilee and TEN fields was expected to drill over 20 additional wells and 24 wells between 2018 -2022 as part of the Greater Jubilee Full Field Development project and the TEN projects respectively. Most wells were scheduled for drilling over the 2020-2022 period. Associated service contracts awarded during the period included casings, oil country tubular goods, cementing, fishing and whipstock, fabric maintenance, tank cleaning, support vessels, inspections services, fabrication of suction piles, subsea hot tap, jumper kits, flexible flowlines etc
- Many of the contracts for the ENI operated OCTP project, which commenced in 2017, have a three-year life span with options to renew. Several of these contracts including aviation, well engineering services, waste management, logistics etc are expected to be renewed between 2020 and 2022. The Onshore Receiving Facility, a major component of the OCTP project is scheduled for maintenance works between 2020 and 2021 and the anticipated required services include non-destructive testing, welding/fabrication, civil works, catering site support services etc.
- Over 98 contracts worth over US\$ 389 million were awarded by Aker Energy, AGM, Eni, GOSCO and Springfield from Q4 2019-Q1 2020 for drilling campaigns, acquisition and interpretation of seismic, geological and geophysics data.

As a result of COVID, companies have announced delays, and suspension of new exploration and development programs as well as cancellation of some contracts with service companies. The Ministry of Energy also announced indefinites suspension of timelines required for these developments because of COVID. While production schedules were not significantly affected, the reduction in exploration and development activity have delayed the production profile of Ghana's oil and gas sector. It can be said that COVID 19 induced delays have increased the risk of Ghana's oil and gas production decline. In fact, without any new development and

exploration in the next five years, Ghana's production profile will start to decline based on the current production profile.

### **8.8. Effects of COVID-19 on Core Operations of Companies**

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**The impact of the COVID-19 pandemic on day-to-day business operations and outlooks of extractive sector companies in Ghana was severe due to the interconnectedness of extractive sectors and the global commodity market and supply-chain.** Extractive companies in Ghana source essential production materials externally and were adversely affected by the prolong closure of the country's borders. The disruption of their supply-chain network gravely impacted the core activities of companies, even as production timelines were missed. With global supply chain disrupted, contractual obligations between companies and suppliers were also amended or annulled. For instance, in Perseus Mines, some key maintenance activities with service providers in 2020 were not undertaken, which could have a dire consequence in the long term. In the long term, delayed maintenance may mean higher cost which could emanate from equipment failure and thereby lower profits and tax revenue for Ghana.

**The full and partial closure of offices of regulatory agencies delayed application and processing of permits for companies to commence production, delaying production timelines.** For instance, the study revealed that some offices of the Environmental Protection Agency operated a shift system during the height of the pandemic, and as a result delayed in the processing of permits and the conduct of site verification visits. While timelines of companies were affected due to delays in securing permit during the early days, the process significantly improved with the introduction of an online application platform. Payment of statutory commitments, including SSNIT and taxes, was not adversely impacted due to the existence of online payment platforms.

**The effect of the pandemic on the cost of extractive companies was significant,** even as companies (particularly oil and gas companies) grappled with declining commodity prices on the global market. The study revealed that the operation cost of extractive companies increased significantly during the pandemic. For example, in 2020, the cost of contracting an expatriate maintenance engineer to conduct routine maintenance on companies' facilities now included additional;

- 14-days hotel expenses for quarantine on arrival
- 14-days consultancy fees for no work done
- 14-days hotel expenses for quarantine upon return

Additionally, extractive companies increased the buses in their operating areas to ensure social-distancing protocols were strictly adhered to, while the procurement of PPEs continues with no end in sight. The short-term effects of cost increments is a direct effects on potential tax revenues and indirect longer term effects on further investments to sustain the mine.

**Investors’ confidence and investment decisions in the sector decreased considerably** because of the pandemic, particularly with the significant increase in operational cost. Final Investment Decisions (FID) on prospective projects delayed as global supply-chain challenges compounded the lack of engagements with regulators, communities and other stakeholders. In 2020, GNPC exploration activities in the Voltain Basin was disrupted because of the company’s inability to engage stakeholders on the socio-economic and environmental impacts of the exploration activities on communities. The study revealed that the company’s inability to conduct this key regulatory commitment has delayed its operational activities in the Voltain Basin.

**Companies innovated and implemented various mitigation strategies to minimize the impact of the pandemic on core company operations**, including the regulation of workforce mobility. As a containment measure, Perseus Mines camped and separated the production team from the administrative team, while non-essential staff operated remotely. Additionally, employees with outstanding leaves were obliged to take them to reduce the risk of spread and enhance compliance with social distancing measures. **The study showed that companies’ response to the coronavirus pandemic, was swift, aligned with the government’s plan, and well-coordinated – and largely successful.** It hinged on two overriding priorities. Firstly, protecting the health, safety and wellbeing of staff, service providers (contractors) and local communities; and secondly, instituting measures to facilitate and expedite long term socio-economic recovery, including safeguarding economic livelihoods, protecting disrupted supply chains, and building resilience to future pandemics and shocks.

### **8.9. Government Response to COVID-19 in the Extractive Sector**

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Policy interventions in response to COVID-19 in Ghana hinged on protecting vulnerable households and facilitating private sector recovery post-pandemic under the Coronavirus Alleviation Programme. Households’ measures included electricity and water bills subsidy from April to December 2020, while 1 million lifeline electricity consumers were fully covered. Support to the private sector focused on 270,000 Micro, Small and Medium scale Enterprises (MSMEs) to avoid closures, saving about 677,000 jobs in the process. Government of Ghana estimates that

about two-thirds of the beneficiary MSMEs were female-owned business. In 2021, government adopted the COVID-19 Alleviation and Revitalization Enterprise Support (CARES) initiative to provide additional economic support to households and firms to recover from the pandemic and stimulate growth.

Specifically, in the extractive sector, national level government response varied and aimed at supporting companies cope with the pandemic. For instance, in the upstream petroleum sector, the Ministry of Energy suspended all time bound exploration and appraisal projects, extended exploration period and restored in full the time that the companies because of the pandemic. Government exemption of the mining and oil and gas companies from the partial lock-down in April 2020 is a notable initiative which insulated the sector from the worst impact of the pandemic. Additionally, the Ministry of Energy facilitated the granting of special dispensation to Tullow Ghana and Eni to bring expatriate staff into the country to ensure oil and gas production activities were not disrupted. While extractive companies were appreciative of the 2 quarters electricity and free water reprieve by government, as part of the national response measures, companies bemoaned the 1% COVID-19 levy imposed subsequently – which in terms of cost is higher compared to the reprieve provided.

MMDAs support to extractive sector companies was significant during the height of the pandemic, particularly to service providers' companies. Majority of the 8 MMDAs interviewed reduced or maintained fees for companies in 2020 and 2021. As part of their support to extractive companies, some MMDAs also granted flexible payment schedules for companies reeling from the economic effects of the pandemic. For instance, the Upper Denkyira West Assembly provided rebates and flexible payment plan to service providers, while fees have been maintained for the past three years for Perseus Mining company. In the Bibiani-Anhwiaso-Bekwai Municipal Assembly, fees for property rates have been maintained for the past two years to support mining companies cope with the pandemic. MMDAs were also pivotal in leading the local response through the education and sensitization, provision of PPEs, setting up isolation centres and the provision of hand-washing stations across public places.

As the pandemic contributed to a mild decline in mineral production and affected expected petroleum revenues at a devastating level, the adequacy and impact of government support to the sector can only be objectively assessed in the medium-to-long term due to the evolving nature of the pandemic. However, with the recovery of the sector hinged on government overall response



to the pandemic, in the short-term, specific policy response from national and local government institutions has largely contributed to the swift recovery of the sector, and the Ghanaian economy.

### **8.10. Contributions of extractive companies in the fight against COVID-19**

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The study showed that companies were pivotal in the fight against the pandemic, with majority of them donating PPEs to residents, MMDAs, schools and other institutions within their operating jurisdiction.

The following are some of the contributions of extractive companies towards the fight against COVID-19 in Ghana that were explicitly captured by the study.

#### **Ghana Chamber of Mines**

- Donation of USD 2 million to support Government response to the pandemic

#### **Perseus Mining**

- Provision of PPEs to the district assembly, lorry drivers and community members in their operating areas
- Contributed \$ 40,000 towards the chamber's donation to government
- Supported the fumigation of public spaces and health centres in their operating areas
- Trained health professionals in managing COVID-19 at the mine's health centre

#### **Newmont Corporation (Ahafo Kenyasi Mines)**

- Donated \$30,000 to the Asutifi-North District Assembly for the procurement of PPEs and production of sensitization campaigns
- Established an isolation centre for the treatment of COVID-19 patients in the district
- Donated a pick-up truck to the Asutifi-North District Assembly to facilitate COVID-19 sensitization

#### **Asanko Mines**

- Donated PPEs to community members in their operating areas

#### **Goldfields Tarkwa**

- Donated an ambulance to the Tarkwa-Nsuaem health directorate

#### **AngloGold Tarkwa**

- Rehabilitated the Apinto COVID-19 treatment centre

#### **AngloGold Ashanti (Obuasi)**

- Donation of PPEs to the Obuasi East District Assembly and community members

- Facilitated the construction of hand washing facilities within the district
- Supported the fumigation of markets and other public places
- Supported public education and sensitization on COVID-19

**Adamus Mines**

- Supported the fumigation of public places in the Ellebelle district

**Ghana Gas Company Limited**

- Supported the fumigation of markets and other public places in the Ellebelle district

## 9.

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### 9.1. CONCLUSIONS AND RECOMMENDATIONS

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The global economy, devastated by the pandemic, is in a recovery mode even as countries introduce strategies, formulate policies, and implement plans to revitalize their economies. Like many others, Ghana's economy, particularly the extractive sector, is at the recovery stage, which calls for the implementation of robust and considerate policies to hasten the recovery process. The following recommendations from the study are intended to expedite the sectors recovery to boost economic growth and position extractive sector players to withstand future shocks;

- Based on global best standards, develop a Disaster and Epidemic Preparedness and Response Plan for extractive companies and MMDAs to guide future response strategies. The plan should include amongst others a designated isolation centre for the treatment of patients
- Increase the number of health facilities across the country to adequately manage future pandemics
- The restrictions in movement and the global supply-chain disruptions significantly affected the onboarding of expat miners and engineers to perform critical functions, including maintenance works. To this end, government and extractive companies should intensify ongoing local content capacity building initiatives, particularly in highly technical and sophisticated fields, to equip Ghanaians with the requisite skills to perform these critical roles
- Introduce a digital platform for the application and processing of permits by all regulatory agencies. The system should be coordinated and linked to enable extractive companies track, in real time, the status of their permit applications across the regulatory agencies
- Royalty-receiving MMDAs should aggressively diversify their economies and introduce alternative economic activities to reduce their dependency on the extractive sector
- Royalty-receiving MMDAs must pursue digitization in the collection of property rates and other locally-sourced revenues to enhance efficiency in revenue mobilization. The case study of the Asutifi-North District Assembly in the administration of property rates, presented in this study, is a best practice worthy of emulation.

- Train the relevant officers of royalty-receiving MMDAs on how to compute expected mineral royalty in a given fiscal year, while cognisance of central government capping powers.
- To hasten overall economic growth in the country, government should pursue policies and programmes that will increase the production and export of gold and crude. With demand still high in advanced countries, including China, government will benefit from the favourable prices on the global market to shore-up much needed revenue.

### **9.2. Adaptation and resilient strategies of extractive companies, MMDAs, regulators and CSOs**

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- Some extractive companies and state regulatory institutions rotated their staff and operated a shift system to be able to strictly adhere to the social distancing guidelines
- Some extractive companies quarantined their production team, and introduced a ‘no staff no-entry’ policy to minimize the risk of exposure
- Application of permits and other statutory authorization was done electronically by regulators
- Some MMDAs pursued alternative economic activities to reduce their dependency on the extractive sector. For instance, the Upper Denkyira West District Assembly is pursuing the development of a palm oil processing plant to process palm oil in the district
- MMDAs aggressively pursued non-mining related revenues as they faced revenue shortfalls, including the erection of revenue checkpoints at lorry stations and the use of sub-zonal structures as revenue collection points
- Community-based CSOs adopted an outdoor meeting strategy – use of uncompleted building or having meetings under trees – and reduced meeting time
- CSOs and MMDAs trained community members in the use of Information Technology, including smart phone devices, to facilitate the conduct of meetings

### **9.3. Unintended opportunities (positive outcomes of COVID-19)**

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- A notable unintended consequence of the unavailability of expatriate expertise over the period has been the opportunity for qualified local Ghanaian personnel to perform some critical roles previously reserved for specialised expatriate staff. For instance, Perseus Mining reported that the consultancy on the Telles dam, which hitherto will have been done by a foreign consultant, was done by a local consultant with technical oversight by a

foreign consultant, leading to transfer of knowledge and skills and building of local expertise

- Regular hand washing inculcated during the peak of the pandemic has improved hygiene in mining communities and greatly reduced cholera cases within the communities
- The development of a district resilience plan by some MMDAs will hasten economic recovery and support local economic development
- Donor relationship skills of MMDAs has greatly enhanced as partners were instrumental in MMDAs pandemic response efforts
- Regular public education and sensitization have improved relationship with community
- MMDAs have adopted innovative approaches in enhancing revenue generation and collection, including;
  - Sensitization and public education on revenue collection and utilization
  - Revenue checkpoint erected in the lorry station to enhance revenue collection
  - Revenue taskforce and sub-zonal structures revamped to increase revenue mobilization
  - Intensifying the collection of non-mineral related revenues that hitherto were not being pursued

## 10.ANNEXES

### 10.1. ANNEX 1

#### THE EFFECTS OF COVID-19 ON THE PETROLEUM AND MINING SECTORS OF GHANA

#### INTERVIEW QUESTIONNAIRE GUIDE

FOCUS AREA	KEY QUESTION	SUB-QUESTIONS	INTERVIEWEES (STAKEHOLDERS)			
			Companies	Regulators	MMDAs	CSOs
Extractive Sector Governance	How has COVID-19 impacted/affected extractive sector governance in Ghana?	What was the regulatory frameworks with regards to application of permits, licenses, authorizations by companies etc. prior to the onset of COVID-19?	✓	✓		
		What are the <b>current and existing</b> regulatory frameworks with regards to application of permits, licenses, authorizations by companies etc. during this COVID-19 period?	✓	✓		
		What are the significant and notable changes in extractive governance after the outbreak of COVID-19?	✓	✓		✓

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		How effective has extractive companies been at payments of taxes, SSNIT and other mandatory/statutory payments, including adherence to timelines, administration of penalties etc.?	✓	✓		
		If ineffective, can the delays be <b>solely</b> attributed to the impact of COVID-19 or other factors?	✓			
		How has COVID-19 negatively or positively affected civil society efforts in achieving transparency and accountability in Ghana's extractive sector?				✓
Community Level Impact and Environment	Has COVID-19 directly or indirectly affected community level impact investment, and the environment?	What was the percentage share of revenue from mining companies to sub-national governments prior COVID-19?	✓	✓	✓	✓
		What was frequency and timeliness of disbursement to sub-national governments?	✓	✓	✓	

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		How has COVID-19 affected sub-national revenue with respect to amount allocated vs. actual disbursement, and timely release of revenue?	✓	✓	✓	
		How has COVID-19 affected companies' Corporate Social Responsibility (CSR) in local communities, with respect to plan implementation and impact on community wellbeing?	✓	✓	✓	
		What have been some of the impact of the pandemic on local local content, specifically in the areas of supply chain contracts, recruitment of local staffs, retrenchment etc.?	✓	✓	✓	
		How has COVID-19 positively or negatively affected the environment in the context of the extractive sector?	✓	✓	✓	✓
Gender	How has COVID-19 disproportionately impacted female	Has COVID-19 resulted in the retrenchment of female staff, at a disproportionate scale, in the extractive sector?	✓	✓	✓	✓



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	participation in the extractive sector?	How has COVID-19 hindered the recruitment of females in the extractive sector?	✓	✓	✓	✓
		How has COVID-19 disproportionately affected female-owned businesses, involved in supply chain contracts, in the extractive sector?	✓	✓	✓	✓
Core Operations of Companies	What have been the overall effects of COVID-19 on the core operations of companies?	<p>What has been the impact of COVID-19 on the core operations of companies, with respect to the underlisted functional areas?</p> <ul style="list-style-type: none"> <li>○ Business operations and outlooks</li> <li>○ Workforce availability and mobility</li> <li>○ Financial liquidity – Sales (revenue) and cash flow</li> <li>○ Commodity prices</li> <li>○ Health and Safety</li> <li>○ Regulatory compliance</li> <li>○ Investors’ confidence and investment decisions</li> <li>○ Cost structure (opex and capex)</li> <li>○ Understanding of new and emerging COVID related risks</li> </ul>	✓			
Counterfactual/Contribution Tracing	Were there any external factors, other than COVID-19, that directly or indirectly affected the extractive sector?	Can you think of any government policies, donor interventions or externalities that affected the extractive sector in the past two or three years, and led to similar outcomes like COVID-19?	✓	✓	✓	✓

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			If any, and using a scale of 1-10 (1= low probability, 10 = very high probability), rate how these other factors affected the extractive sector, and presented similar outcomes like COVID-19?				
Government Response	Policy	How has government interventions, if any, aimed at supporting companies to cope with the pandemic achieved its desired outcomes?	What are the specific government interventions (policy or programs) aimed at supporting the extractive sector to cope with the pandemic?	✓	✓	✓	✓
			Were the interventions responsive to your needs as an extractive industry company?	✓			
			Have the government interventions, if any, been effective at achieving the desired outcomes?	✓			
			Were the interventions implemented in a timely and cost-effective manner?	✓			
			Will the benefits/results of the interventions, if any, last over a longer period?	✓			
			What were your unmet expectations with regards to policy interventions?	✓			

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Adaptation and resilient strategies	What are the key adaptation and resilient pathways to support the extractive sector?	What specific adaptation and resilient strategies will hasten the extractive sector recovery from the COVID-19 pandemic?	✓	✓	✓	✓
		What measures must be instituted to ensure the extractive sector is well-prepared for future pandemics and shocks?	✓	✓	✓	✓

### 10.2. ANNEX 2 - WORKPLAN

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Item	Activity	Month	Month 1 (Sep)					Month 2 (Oct)				Month (Nov)				
			Week	1	2	3	4	5	6	7	8	9	10	11	12	13
Management of Assignment and Delivery  Deliverable – Inception Report	<ul style="list-style-type: none"> <li>Inception meeting</li> <li>Inception report</li> <li>Day to day communication with GIZ/Particip</li> <li>Informal communication with stakeholders (GHEITI)</li> <li>Integration of all aspects of the agreed scope using a more coordinated approach through inception and initial stakeholder engagements</li> <li>Effective team communication and reporting mechanism including a collaborative approach to implementation with GHEITI and other stakeholders</li> </ul>	4 days			IR											

Ghana EITI – Effects of COVID 19 on Mining and Petroleum Sector in Ghana

Item	Activity	Month	Month 1 (Sep)					Month 2 (Oct)				Month (Nov)				
			Week	1	2	3	4	5	6	7	8	9	10	11	12	13
Comprehensive desk review and Literature reviews	<ul style="list-style-type: none"> <li>Comprehensive literature review of the contribution of extractives (oil and gas and mining) to Ghana's economy: this will include review of existing literature on the contribution of extractives to the overall economy of Ghana in terms of economic growth and development, direct and indirect employment, overall government revenues, share of taxes, and indirect benefits based on existing literature</li> <li>The comprehensive review of literature will be situated in a pre-pandemic era to enable the study to adequately capture the contributions of extractives to Ghana's economy prior to the pandemic. This will additionally serve as a useful baseline to facilitate a comparative analysis of the extractive sector's contribution to the economy pre and post COVID-19.</li> <li>Consultant will review existing GHEITI reports, particularly the contextual information sections, budgets reports, Bank of Ghana annual reports, PIAC reports, and other relevant academic literature on the relevance of extractives to the economy of Ghana</li> <li>Comprehensive literature review and analysis of the effects of COVID on the following:               <ul style="list-style-type: none"> <li>Economic growth, specifically GDP growth</li> <li>Macro-fiscal - Overall government revenues</li> <li>Macro-fiscals - Overall government spending</li> <li>Debt</li> <li>Petroleum prices and revenues</li> <li>Mineral prices and revenues</li> <li>Employment</li> </ul> </li> <li>Consultant will document key government policies and initiatives of donors, particularly in the area of energy transitioning, that also have a potential negative impact on the extractive sector. Consultant will follow a rigorous</li> </ul>	16 days														

Ghana EITI – Effects of COVID 19 on Mining and Petroleum Sector in Ghan

Item	Activity	Month	Month 1 (Sep)					Month 2 (Oct)				Month (Nov)				
			Week	1	2	3	4	5	6	7	8	9	10	11	12	13
	<p>methodological approach in attributing sector outcomes to COVID-19.</p> <ul style="list-style-type: none"> <li>Review of the effects of COVID on the global trends in extractives including demand and supply, investments, prices, revenues, etc.</li> </ul>															

Ghana EITI – Effects of COVID 19 on Mining and Petroleum Sector in Ghan

Item	Activity	Month	Month 1 (Sep)					Month 2 (Oct)				Month (Nov)					
			Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Stakeholder mapping and formulation of questionnaire	<ul style="list-style-type: none"> <li>• Map stakeholders based on appropriate sampling techniques</li> <li>• Formulate interview questionnaires for stakeholders</li> <li>•</li> </ul>	5 days															

Ghana EITI – Effects of COVID 19 on Mining and Petroleum Sector in Ghana

Item	Activity	Month	Month 1 (Sep)					Month 2 (Oct)				Month (Nov)					
			Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Stakeholder Interviews and Analysis	<ul style="list-style-type: none"> <li>Conduct interviews to assess the effects of COVID on the governance of the extractive sector in Ghana in terms of contracting, negotiations, regulation of the sector, transparency and accountability, civil society space, etc.</li> <li></li> </ul>	15															
Writing of report	<ul style="list-style-type: none"> <li>Drafting of report after interviews and data analysis</li> </ul>	13 days															
Validation meeting	<ul style="list-style-type: none"> <li>Facilitation of Validation Meetings and Conclusion of final report</li> <li></li> </ul>	4															
Submission of final report with conclusion, recommendations and relevant annexes	<ul style="list-style-type: none"> <li>Submission of final report after the incorporation of stakeholder comments</li> </ul>	3															

Ghana EITI – Effects of COVID 19 on Mining and Petroleum Sector in Ghan

Item	Activity	Month	Month 1 (Sep)					Month 2 (Oct)				Month (Nov)				
		Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14
executive summary																
Total: 60 calendar days																



