

In the wake of increasing expectation of a positive impact of Ghana's oil revenues on the lives of the citizenry, it is becoming clear that such impacts will be difficult to tell if oil revenue expenditures in Ghana's budget are not disaggregated. "Once the oil revenues are not disaggregated in the budget, it will be difficult to tell how much has been allocated to the various sectors," argues Mohammed Amin Adam, Africa Against Poverty (AAP) Programme Coordinator at Ibis West Africa.

What exists currently is a superficial disaggregation involving the separation of consolidated fund amounts into oil revenue and non-oil revenue. The budget does not go beyond this to spell out how much of oil revenue is allocated to a particular sector. For instance, Dr. Kwabena Duffuor, Minister of Finance and Economic Planning reported in Paragraph 68 of the "Mid-Year Review of the Budget Statement and Economic Policy and Supplementary Estimates for 2011" which he presented to Parliament in July that total non-oil revenue and grants for the 2011 fiscal year had been revised upwards from GH¢ 10,017.8 million to GH¢ 10,716.6 million, equivalent to 18.9 percent of GDP [Gross Domestic Product]. "The revised non-oil revenue and grants for the year represents an increase of 21.6 percent over the outturn for 2010."

On the other hand, "...based on the new oil price assumption of US\$100 per barrel as well as the revised estimated average oil production of 84,737 barrels per day and the new exchange rate assumption, total revenue from oil, including the National Oil Company's carried and participation interest is estimated at GH¢ 1,250.8 million. Of this amount the Benchmark Revenue [the estimated revenue from petroleum operations expected by the Government for the corresponding financial year] is estimated at GH¢ 923.4 million. The remaining is the amount due the Ghana National Petroleum Corporation as its equity and cash ceded to it."

He also informed Parliament that total oil and non-oil revenue and grants for the 2011 budget had, therefore, been revised from GH¢ 10,601.1 million to GH¢ 11,967.4 million, equivalent to 21.1 percent of GDP. Therefore, "We are requesting approval for a total amount of GH¢ 1,463,123,559 as supplementary expenditures," he said and proceeded to mention some specific programmes that would be supported with part of the supplementary funds as indicated below:

ACTIVITY	AMOUNT (GH¢)
National Flood Control Programme	3,550,000.00
Sakumono Sea Defence Works	7,500,000.00
Completion of Nima drains	6,608,697.00
Construction of Ferry on Black Volta	6,000,000.00
School Feeding Programme	10,000,000.00
Sanitation	15,000,000.00
Schools under Trees	7,000,000.00
Education Infrastructure	40,000,000.00
Road construction and Rehabilitation	40,000,000.00
Purchase of Fire Fighting Equipment	11,361,000.00
National Youth Employment Programme	10,000,000.00
Youth in Agriculture and Mechanisation	6,000,000.00
National Forest Plantation Development	5,000,000.00
Rural Electrification	15,000,000.00
ECOBRI GAD E	20,000,000.00
MASLOC	5,000,000.00
LESDEP	12,000,000.00
Office of Parliament	16,339,346.00
Rehabilitation of Foreign Missions	3,000,000.00

That the Minister did not indicate how much of the specific allocations were from petroleum revenues is a source of worry for Mr. Ben Arthur, Executive Secretary of CONIWAS. "That is where the problem is going to come from...they are not going to tell us that X amount is from petroleum."

**Defining the revenues**

Within the context of the Petroleum Revenue Management Law, petroleum revenues include: gross revenue, royalties, additional oil entitlements, initial carried interest, revenues from government participation in petroleum operations, corporate income taxes from upstream and downstream petroleum companies, returns on investments of petroleum funds and capital gain tax from sale of ownership of any petroleum rights.

Recently,

Mr. Amin Adam wrote that "... the petroleum contracts between government and Exploration and Production companies make provisions for additional paid interest. The GNPC, the national oil company, is expected to make a financing arrangement for any additional paid interest in order to increase its stake. This could be done either through a contractor or joint ventureship. Therefore, receipts from such additional paid interests in all petroleum operations are to go to GNPC as operating revenue."

Prior to the start of oil production in December 2010, the International Monetary Fund and the World Bank both predicted that annual revenues from the petroleum sector could be in the region of US\$ 1 billion, particularly during peak production periods. Again, Amin Adam says "This will be a very significant inflow by Ghana's standards considering that all the loans and grants received by the country in 2007 stood at US\$ 1.3 billion." Current average oil production is 84,737 barrels per day and the immediate impact is being seen in a surge in national revenue figures. "Madam Speaker, total revenue and grants have been revised upwards by GH¢ 1,366.2 million to GH¢ 11,967.4 million, resulting mainly from revisions to both oil and non-oil revenue," Dr. Duffuor informed Parliament in Paragraph 67 of the Mid-Year Review of the Budget Statement.

**Disaggregation**

The only possible ways to effectively track petroleum revenue is to look at it in relation to GDP and total exports, suggests Amin Adam in an interview with the Resource Watch Agenda. "All these give indications of the impact of the petroleum sector but it is not as good as it would be if they were disaggregated for us to know what is going to agriculture and so forth...Presently, we have difficulty in measuring the actual impact and that is why it is important for government to begin to disaggregate the budget," he argued.

Mr. Arthur of CONIWAS holds a similar view: "What we need to do is to know how much comes into the coffers [consolidated fund] and how much is allocated to a specific sector." Concurring with the two, Kwabena Adu-Gyamfi Sarpong, a principal revenue officer at the Ghana Revenue Authority, argues that "It isn't easy to see the impact of these things" because "data collection is a problem." This in turn affects the ability to measure trends which can be used to analyse the impact of petroleum on various sectors overtime. Therefore, "We should find ways of improving the currency of the data" that is collected by the Ghana Statistical Service.