

CURBING ILLICIT FINANCIAL FLOW RISKS IN GHANA'S CRUDE OIL SALES: LEGAL AND POLICY PROPOSALS

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PROBLEM STATEMENT AND RELEVANCE OF STUDY

- Risk of Illicit Financial Flows (IFFs) associated with crude oil sales in Ghana.**
- Legal and Regulatory gaps enabling IFFs in Ghana's crude oil sales.**
- Need for Ghana to maximize revenue from the discovery of oil in commercial quantities.**

RISKS OF IFFS IN CRUDE OIL SALES IN GHANA

- **Risk in Mingling Oil Sale Transactions with other Government Transactions – The case of UNIPEC Asia and Litasco**
- **Risk of Corruption and Rent-Seeking in Crude Oil Sales**
- **Risk in Negotiating Oil Prices and other Terms of Oil Sale Contracts**
- **Risk of Transfer Pricing by Private Oil Companies Operating in Ghana**

LEGAL AND REGULATORY GAPS

- **Inadequate hard requirements for oil sale transactions**
- **No specific legislation for the regulation and administration of resource-backed loans**
- **No mandatory rules for disclosure of contracts pertaining to oil sale transactions for GNPC and Private Oil Companies**
- **Inadequate Implementation of the Beneficial Ownership rules**
- **Insufficient provision in Ghana's Income Tax Laws on taxation of hedged income**
- **Lack of Independence of Institutions Enforcing Rules and Regulations**

RECOMMENDATIONS

- **Resource-backed loans should have strict transparency requirements.**
- **Reform oil-sale pricing options and establish an autonomous body to implement options.**
- **Impose Legal requirements for Transparency in oil-sale contracts.**
- **Amend the Petroleum Revenue Management Act to include provisions on tracking and disbursement of funds from oil-backed loans.**

RECOMMENDATIONS

- **Amend Ghana's Income Tax Laws to include provisions on taxation of Hedged income from crude oil sales**
- **Improve Implementation of Beneficial Ownership Requirements**
- **Formulate Specific Rules and Regulations on the Buyer Selection Process and Establish an Autonomous Buyer Selection team free from political influences.**

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