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.
THANK YOU