PERFORMANCE AUDIT REPORT OF THE AUDITOR-GENERAL ON THE IMPLEMENTATION OF LOCAL CONTENT IN THE OIL AND GAS SECTOR OF GHANA
Dear Rt. Hon. Speaker

PERFORMANCE AUDIT REPORT OF THE AUDITOR-GENERAL ON THE IMPLEMENTATION OF LOCAL CONTENT IN THE OIL AND GAS SECTOR OF GHANA

I have the honour to submit to you a performance audit report on the Implementation of Local Content in the Oil and Gas Sector of Ghana in accordance with my mandate under Section 187(2) of the 1992 Constitution of Ghana and Section 13(e) of the Audit Service Act which requires me to carry out performance audits.

2. The purpose of the audit was to determine the extent to which Petroleum Commission has implemented the Local Content and Local Participation requirements in the upstream oil and gas sector. It focused on the legal framework in place for the development of local content, responsibilities of bodies charged with the implementation of local content, and monitoring and evaluation of local content. The audit was carried out in June 2014 and covered the period January 2013 to September 2014.
3. We found out that the implementation of local content through the legal and institutional framework is on course though it started less than a year ago (February 2014 to June 2014). The law has provision for education, procurement of goods and services, technology transfer, training and social responsibility. The Commission is part of various working groups with industry players established to foster co-operation in the oil and gas sector. It has developed guidelines to enable Ghanaians participate in the sector. The Commission has set up a local content monitoring unit for field inspections. The Local Content Committee has laid the foundation for the enforcement of LI 2204 through development of reporting templates, guidelines and implementation of strategies.

4. In this report I have made recommendations to guide the Petroleum Commission in the implementation of the Local Content in the upstream oil and gas sector.

5. I trust that this report will meet the approval of Parliament.

Yours faithfully,

Richard Q. Quarley
Auditor-General

THE RIGHT HON. SPEAKER
OFFICE OF PARLIAMENT
PARLIAMENT HOUSE
ACCRA

Performance audit report of the Auditor-General on the Implementation of Local Content in the Oil and Gas Sector of Ghana
Dear Rt. Hon. Speaker,

PERFORMANCE AUDIT REPORT OF THE AUDITOR-GENERAL
ON THE IMPLEMENTATION OF LOCAL CONTENT IN THE
OIL AND GAS SECTOR OF GHANA

I have the honour to submit to you a performance audit report on the
Implementation of Local Content in the Oil and Gas Sector of Ghana in
accordance with my mandate under Section 187(2) of the 1992 Constitution of
Ghana and Section 13(e) of the Audit Service Act which requires me to carry out
performance audits.

2.

The purpose of the audit was to determine the extent to which Petroleum
Commission has implemented the Local Content and Local Participation
requirements in the upstream oil and gas sector. It foc
used on the legal
framework in place for the development of local content, responsibilities of
bodies charged with the implementation of local content, and monitoring and
evaluation of local content. The audit was carried out in June 2014 and covered
the period January 2013 to September 2014.
Dear Rt. Hon. Speaker,

I have the honour to submit to you a performance audit report on the Implementation of Local Content in the Oil and Gas Sector of Ghana in accordance with my mandate under Section 187(2) of the 1992 Constitution of Ghana and Section 13(e) of the Audit Service Act which requires me to carry out performance audits.

The purpose of the audit was to determine the extent to which Petroleum Commission has implemented the Local Content and Local Participation requirements in the upstream oil and gas sector. It focused on the legal framework in place for the development of local content, responsibilities of bodies charged with the implementation of local content, and monitoring and evaluation of local content. The audit was carried out in June 2014 and covered the period January 2013 to September 2014.

Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFROSAI-E</td>
<td>English-speaking African Organisation of Supreme Audit Institutions</td>
</tr>
<tr>
<td>CD-ROM</td>
<td>Compact Disc Read Only Memory</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>EDC</td>
<td>Enterprise Development Centre</td>
</tr>
<tr>
<td>FPSO</td>
<td>Floating Production Storage Offloading</td>
</tr>
<tr>
<td>GH¢</td>
<td>Ghana Cedis</td>
</tr>
<tr>
<td>GNPC</td>
<td>Ghana National Petroleum Corporation</td>
</tr>
<tr>
<td>HRC</td>
<td>Human Resource Committee</td>
</tr>
<tr>
<td>HSE</td>
<td>Health Safety Environment</td>
</tr>
<tr>
<td>ISO</td>
<td>International Standards Organization</td>
</tr>
<tr>
<td>IOC</td>
<td>International Oil Company</td>
</tr>
<tr>
<td>LC</td>
<td>Local Content</td>
</tr>
<tr>
<td>LCC</td>
<td>Local Content Committee</td>
</tr>
<tr>
<td>LCD</td>
<td>Local Content Department</td>
</tr>
<tr>
<td>LI</td>
<td>Legislative Instrument</td>
</tr>
<tr>
<td>MODEC</td>
<td>Mitsui Ocean Development &amp; Engineering Company Limited</td>
</tr>
<tr>
<td>OCPT</td>
<td>Offshore Cape Three Points</td>
</tr>
<tr>
<td>PC</td>
<td>Petroleum Commission</td>
</tr>
<tr>
<td>PNDCL</td>
<td>Provisional National Defense Council Law</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>SME</td>
<td>Small Medium Enterprise</td>
</tr>
<tr>
<td>TEN</td>
<td>Tweneboa-Enyenra-Ntomme</td>
</tr>
<tr>
<td>US$</td>
<td>United States Dollars</td>
</tr>
<tr>
<td>VCC</td>
<td>Value Chain Committee</td>
</tr>
</tbody>
</table>
EXECUTIVE SUMMARY

In July 2007 the International Oil Companies (IOCs), Tullow and Kosmos Energy discovered oil in commercial quantities in the deep sea Tano Basin 60 km off the Ghanaian coast, near the Côte d’Ivoire maritime border which is known today as the Jubilee field. The development of the field for production of oil started in December 2010 by five partners including GNPC (the National Oil Company). The Jubilee field has an estimated oil of 800 million barrels and an estimated recoverable oil of 686 million barrels1.

2. The advent of oil production in Ghana produced mixed reactions among the citizenry. Obviously, it is a blessing for Ghana, and the country is making efforts to gain as much as possible from the oil find. Ghana’s share of the produced oil is 13.75% with the rest shared among the other four partners in proportion to their contributions.

3. The Government of Ghana has expressed the desire of providing citizens with greater control in the oil and gas industry. Consequently, Ghana has developed a Local Content and Local Participation policy to ensure Ghana maximises the benefits from its petroleum resources.2

4. Parliament passed the Petroleum (Local Content and Local Participation) Regulations (LI 2204) in 2013 to drive the sustainable development of upstream oil and gas through capacity building and training, technology transfer and its

1 The total estimated amount of oil in the oil reservoir (Jubilee Field) including both producible and non-producible oil according to 2012 Petroleum Commission Annual Report.
Performance audit report of the Auditor-General on the Implementation of Local Content in the Oil and Gas Sector of Ghana

indigenization and employment of Ghanaians as stated in LI 2204. The LI became operational on 19 February 2014.

5. The Auditor-General in pursuant of Section 13e of the Audit Service Act, 2000 Act 584 and in collaboration with other SAIs within the AFROSAI-E carried out a performance audit to find out the status of the implementation of the local content regulations and establish if there were identified challenges.

6. The purpose of the audit was to determine the extent to which Petroleum Commission has implemented the Local Content and Local Participation requirements in the upstream oil and gas sector. The audit focused on the legal framework in place for the development of local content, responsibilities of bodies charged with the implementation of local content, and monitoring and evaluation of local content.

The institutional framework for local content exists

7. We found that the Local Content Committee had been established with the Chief Executive of Petroleum Commission as its chairman. It oversees local content issues in the upstream petroleum industry. The Commission also has a Local Content Department under its Special Services Directorate which engages in enforcement of local content programmes.

8. Our review of the strategic plan (2013 to 2017), work plans (2014), minutes of meetings and committee reports of Petroleum Commission showed that the Commission had engaged IOCs on local content issues. The Commission


Kenya, Nigeria, South Africa, South Sudan, Tanzania and Uganda
engaged Tullow Ghana Limited on the TEN Project and ENI on the Offshore Cape Three Points Project about their local content components in order to ensure participation of Ghanaians in aspects where skills and expertise were locally available.

9. We also found that the Commission had met and discussed the implications of the LI with the Jubilee Partners who had contracts prior to the enactment of the LI. New contracts awarded after 19 February 2014 had to comply strictly with the regulations.

**Petroleum Commission ensures Companies in the upstream sector register and have licenses and permits**

10. We found that the Commission registered local and international companies which wanted to work in the upstream oil and gas value chain. At the time of our audit in August 2014 there were 79 foreign companies and 128 local companies registered. The compliance unit was in charge of reviewing the applications of companies with the assistance of the Health, Safety and Environment (HSE) Department and the Local Content (LC) Department. The team found that prospective companies first purchased application forms and a CD-ROM with the instructions on how to fill the form and the documents to be attached (for verification). The completed forms with the necessary attachments are then submitted to the Petroleum Commission.

11. As a result of the controls in the registration process, the Commission was able to register and keep records on 128 local and 79 foreign companies engaged in upstream activities (as at June 2014).
Petroleum Commission has established a close working relationship with state agencies in order to facilitate local content

12. The Commission has established a close working relationship with state agencies in order to facilitate local content. The relationship with National Security Secretariat, Ghana Immigration Service, Environmental Protection Agency, Ghana Maritime Authority and Ghana Atomic Energy Commission among others ensures that permits that IOCs require for upstream activities are granted expeditiously. The Commission issues supporting letters to IOCs, Contractors and Sub-contractors who require permits for clearance of ships, importation and use of explosives, radioactive materials, expatriate workers and environmental compliance. By so doing the Commission ensures that the companies complied with the local content requirement before any clearance is given.

13. We also found that the Commission has formed working groups with industry players to strengthen co-operation in the oil and gas sector. Membership of the working groups are drawn from the IOCs, contractors, sub-contractors, financial, insurance and legal services providers. They meet periodically to discuss local content matters. These meetings are aimed at clearing doubts or confusions about the Local Content Regulations. Appendix D shows the stakeholders of Petroleum Commission and their responsibilities.

Petroleum Commission is implementing local content

14. Regulation 11 of LI 2204 requires contractors, subcontractors, licensee or other allied entities to give preference to indigenous Ghanaian companies in the acquisition of goods and services. The commission postulated that indigenous Ghanaian companies may find it an uphill task in competing for some of the
goods and services available in the petroleum sector. We found that the Commission is using the following strategies to enhance the capacity and increase the level of participation of locals in the oil and gas value chain:

i. Unbundling large contracts to promote accessibility by locals

ii. Developing guidelines for joint ventures, insurance placement and research and development

iii. Identifying areas in the value chains of maximum benefit for locals

iv. Ensuring Ghanaians acquire skills in demand in the oil and gas industry.

**Unbundling large contracts to promote accessibility by locals**

15. We found that the Commission reviewed the procurement and contracting processes for IOCs and Contractors. The Commission worked with IOCs and Contractors to unbundle contracts that a purely local contractor was incapable of executing (in its original form) and breaks it down into smaller chunks that a local contractor would have the capacity to execute.

16. The Commission together with three major contractors, FMC, MODEC and Subsea 7- Technic under the TEN Project unbundled three contracts. Through unbundling of contracts, local Ghanaian companies have the opportunity to be part of the fabrication of components of the Ghana’s second Floating Production Storage and Offloading (FPSO) infrastructure. Additionally 88 nationals have the opportunity of being trained in the technical aspects of the oil production by the three IOCs.
The Commission had developed guidelines for joint ventures, insurance and research and development

17. We found that the Commission has developed three draft guidelines for local content. They are guidelines for ‘Joint Ventures’, ‘Insurance Placement’ and ‘Research and Development (R&D)’. At the time of this audit these guidelines were awaiting approval by the Commission’s Board of Directors.

18. The basis of the draft guidelines on joint ventures were from Regulation 25(1) of LI 2204. It sets out the form and manner joint-ventures are to be formed, duties of joint venture and the shareholder agreement. It promotes foreign companies to set up local subsidiaries in partnership with local companies to provide goods and services. This will in turn help local companies to boost their capital base.

Identifying areas in the value chains of maximum benefit for locals

19. The Commission has divided goods and services in the petroleum upstream sector into three categories to ensure local content requirements are met. The categories are goods and services that can be provided by Ghanaian companies now, short to medium term (1 to 5 years) and long term (5 years and beyond). Table 4 shows details of the said categories of upstream services. A total of US $422,660,390 worth of contracts were awarded to Ghanaian companies in the upstream petroleum sector between 2012 and first quarter of 2014 for services under category 1. The skills and certification are intended to leverage local companies to bid for more complex and technical contracts and increase local content and local participation.
20. As a result of the low skills and capacity of local companies to supply goods and services required in the upstream petroleum industry, the companies lose out to foreign companies who are more skilled, better equipped and financially resourced to deliver goods and services. For instance according to the Petroleum Commission, due to the lack of skills by a state agency to undertake calibration and measurement services for flow meters and gauges in the upstream sector, the agency was deprived of potential earnings of about US$6.40 million\(^5\) in revenue annually.

**Ensuring Ghanaians acquire skills in demand in the oil and gas industry**

21. We found that there is shortage of skills in the face of high unemployment of graduate engineers and technicians with little or no practical experience, and a high turnout of graduates with academic qualifications in ‘oil and gas management’ which are of little relevance to the oil and gas industry.

22. There was acute shortage of ‘skills in demand’ in the industry (Engineers and Technicians), but at the same time there was a large number of graduates seeking employment in the oil and gas industry with qualifications like MA or MSc in Oil and Gas Management, which has limited demand in the industry. The study estimated human resource shortages in skills in demand for Geologists, Geophysicists, Loggers, Toolpushers, Drillers, Petro physicists and Production engineers.

23. The Commission estimated that skills in demand currently for the petroleum sector would be about 2000 employees and about the same number

\(^{5}\)Petroleum Commission– Evaluation of the Upstream Value Chain, VC Committee Interim Report 2nd Draft 28 April 2014
will be needed in order to deliver the three upcoming oil and gas projects Jubilee Phase 2, TEN and Offshore Cape Three Points. Going by the data obtained by the Committee, about 1,300 out of 2,000 potential engineering jobs\(^6\) for Ghanaians from the three projects would go to foreigners because of lack of skills in construction, production, operations and drilling oil wells in Ghana.

24. We recommend that the Petroleum Commission should review the drafts guidelines for approval to enhance the institutional framework for local content. It should also make proposals from its findings of studies of the petroleum sector to the various levels of educational institutions in Ghana on which areas of knowledge and skill to concentrate in developing oil and gas curriculum, and in collaboration with IOCs and other industry players develop an internship programme to provide on-the-job training to augment skills in the petroleum industry.

**Monitoring, evaluating and reporting on local content**

25. We found the Commission had not received its full funding requests from Government for 2013 and 2014. Documents reviewed showed the state of affairs as shown in Table 1 with the Commission receiving no funding in 2012 and 56.8% of its 2013 funding. For 2014, no funds had been received for its operations at the time of the audit in June 2014. From 2012 to 2014, PC has received 41% of its budget for the period. This situation affected the Commission in providing logistics to carry out monitoring of petroleum activities. Also despite not being able to visit companies to collect the necessary data for monitoring, the Commission collected information on permit renewals,

---

\(^6\) Petroleum Commission: Skill shortages in the oil and gas industry in Ghana- Closing the gap through Ghana National Internship Programme
visa and work permit applications and contract prequalification processes for analysis to provide it with information to assess compliance with local content regulations.

26. We recommend that the Commission should set up its monitoring unit to undertake its monitoring function. It should adopt a monitoring system that will allow the companies to submit the needed information on a regular basis to the Commission for analysis of local content requirements. To test the quality of information received from the companies, the commission could make ad-hoc visits to the companies to cross-check the information. This will reduce the number of visits planned per year to the companies. Also a performance audit be carried out midstream (in 2018) to determine the status of implementation of the LI.

**Reporting on Local content activities**

27. We found out that the Petroleum Commission has created reporting templates for IOCs, Contractors and Service Providers to be used for submission of performance reports in 2015. The reporting format asks for details of company information, employment statistics, supplier development programmes, contracts awarded to Ghanaians, local content spend, company training and local employee development plans and achievements.

28. We noted that the Local Content regulations had been in effect for less than a year (February 2014 to June 2014) thus, this requirement has not been met.
I have the honour to submit to you a performance audit report on the Implementation of Local Content in the Oil and Gas Sector of Ghana in accordance with my mandate under Section 187(2) of the 1992 Constitution of Ghana and Section 13(e) of the Audit Service Act which requires me to carry out performance audits.

The purpose of the audit was to determine the extent to which Petroleum Commission has implemented the Local Content and Local Participation requirements in the upstream oil and gas sector. It foc used on the legal framework in place for the development of local content, responsibilities of bodies charged with the implementation of local content, and monitoring and evaluation of local content. The audit was carried out in June 2014 and covered the period January 2013 to September 2014.
CHAPTER ONE

1.0 INTRODUCTION

29. In 2004 the Ministry of Energy approved licenses for offshore oil exploration (called blocks) to, interested International Oil Companies (IOCs) to explore for oil and gas deposits along the coast of Ghana. Ghana’s offshore oil blocks are shown in Figure 1.

Figure 1: Ghana Map showing oil blocks being explored for hydrocarbons

30. In July 2007 the IOCs, Tullow and Kosmos Energy discovered oil in commercial quantities in the deep sea Tano Basin 60 km off the Ghanaian coast, near the Côte d’Ivoire maritime border which is known today as the Jubilee field. The development of the field for production of oil started in December 2010 by five partners including GNPC (the National Oil Company). The Jubilee
field has an estimated oil of 800 million barrels and an estimated recoverable oil of 686 million barrels\(^1\).

31. The advent of oil production in Ghana produced mixed reactions among the citizenry. Obviously, it is a blessing for Ghana, and the country is making efforts to gain as much as possible from the oil find. Ghana’s share of the produced oil is 13.75% with the rest shared among the other four partners in proportion to their contributions.

32. The commencement of oil production in Ghana increased the expectations and the opportunities of many citizens getting employment in the oil and gas industry. Thus, many people enrolled in institutions to pursue courses in oil and gas with the hope of getting highly paid jobs in the industry. However, most of these “oil and gas graduates” are not finding jobs because they did not acquire the required technical knowledge and skills in demand for the upstream petroleum industry in Ghana. Citizens are concerned about what Government is putting in place to ensure Ghanaians benefit from the supply of goods and services along the oil and gas value chain. According to a study conducted in 2014 by the Human Resource Development Committee of the Petroleum Commission, graduates in oil and gas are not getting employment due to few job opportunities for the courses they are trained in, and lack of experience in jobs that are in high demand.

33. The Government of Ghana has expressed the desire of providing citizens with greater control in the oil and gas industry. Consequently, Ghana has

\(^1\) Skill shortages in the oil and gas industry in Ghana-closing the gap through Ghana National Internship Programme (GNIP)-2014.
developed a Local Content and Local Participation policy to ensure Ghana maximises the benefits from its petroleum resources.2

34. Parliament passed the Petroleum (Local Content and Local Participation) Regulations (LI 2204) in 2013 to drive the sustainable development of upstream oil and gas through capacity building and training, technology transfer and its indigenization and employment of Ghanaians3 as stated in LI 2204. The LI became operational on 19 February 2014.

35. The Auditor-General in pursuant of Section 13e of the Audit Service Act, 2000 Act 584 and in collaboration with 6 other SAIs within the AFROSAI-E carried out a performance audit to find out the status of the implementation of the local content regulations and establish if there were identified challenges.

1.2 Purpose and Scope

36. The purpose of the audit was to determine the extent to which Petroleum Commission has implemented the Local Content and Local Participation requirements in the upstream oil and gas sector.

37. The audit focused on the following:
   a. legal framework in place for the development of local content
   b. responsibilities of bodies charged with the implementation of local content, and
   c. monitoring and evaluation of local content.

---


4 Kenya, Nigeria, South Africa, South Sudan, Tanzania and Uganda
38. The audit was carried out in June 2014 and covered the period January 2013 to September 2014.

1.3 Objectives of the Audit

39. The objectives of the audit was to determine whether:
   a. the legal and Institutional framework in place to implement local content is adequate
   b. Petroleum Commission coordinates the activities between state agencies and IOCs in the upstream industry to promote local content
   c. Petroleum Commission is implementing local content in the oil and gas value chain
   d. Petroleum Commission is carrying out monitoring and evaluation of local content as required by LI 2204.

1.4 Methodology

40. We reviewed relevant documents and interviewed officials of the Petroleum Commission. This was to gain an understanding of the laws governing local content, roles and responsibilities of the PC and programmes and activities carried out. The officials of PC were also interviewed to find out their involvement in the implementation of Local Content and their challenges. See Appendix A for the list of Documents reviewed and officials interviewed.

1.5 Limitation

41. The LI for local content came into force on 19 February 2014, whiles the Local Content Committee was inaugurated on 17 July 2014. The Local content regulation has been in force for seven months at the time of the audit (June 2014).
CHAPTER TWO

DESCRIPTION OF THE AUDIT AREA

2.1 Background of Local Content in Ghana

42. Exploration of Ghana’s petroleum resources dates back to 1896 which led to the discovery of the Saltpond Oil Field in 1970. The Government in 1983 enacted PNDC Law 64, setting up the National Oil Company, GNPC which is also the regulator to regulate petroleum exploration and Law 84 in 1984 to regulate the conduct of exploration activities in Ghana. These laws were not explicit on what should be done regarding local content and local participation.

43. The Petroleum Agreements between Jubilee Partners and the Government had elements of local content, (acquisition of plants, equipment, services and supply for petroleum operations, and employment of qualified Ghanaians in petroleum operations). However, there was no specific requirement for engaging Ghanaians in the business of exploring and producing oil. GNPC’s regulatory functions was decoupled and assigned to the Petroleum Commission in July 2011 through the Petroleum Commission Act, Act 821. Petroleum Commission’s mandate is to regulate, manage and co-ordinate all activities in the upstream sector for the overall benefit and welfare of Ghanaians.

44. The Minister of Energy by the power conferred on him by Section 22 of the Petroleum Commission Act, Act 821 developed the Local Content Regulations LI 2204 in 2013. LI 2204 prescribes schedules towards local content and local participation as well as the eventual takeover of the upstream oil and
gas activities by Ghanaians. The Petroleum Agreements which were entered into with the Jubilee Partners before the regulations were made are not bound by the LI 2204.

45. The production partners of Tweneboa-Enyenra-Ntomme (TEN) Projects and the ENI Projects are bound by the Petroleum (Local Content and Local Participation) Regulations, LI 2204.

2.2 Laws and Regulations

2.2.1 Petroleum Exploration and Production Law 1984, PNDCL 84

46. Section 23 (10, 12 and 13) of PNDCL 84 seeks to promote employment of Ghanaians, goods and services produced in Ghana and training of Ghanaians in Petroleum related activities.

2.2.2 Petroleum Commission Act 2011, Act 821

47. Section 3(f) of the Petroleum Commission Act, Act 821 empowers the Petroleum Commission to promote local content and local participation in petroleum activities. In Section 8 (2) of the Act, the Commission is to set up the Local Content Committee to deal with local content and local participation programmes.

2.2.3 Petroleum Local Content and Local Participation Regulations 2013, LI 2204

48. Parliament on 19 November 2013 passed the Local Content and Local Participation Regulation, LI 2204. The LI sets out in detail the policy of local content outlining the purpose and targets to be achieved. It also spells out the
functions of the Local Content Committee in overseeing the implementation of local content regulations.

2.2.4 Ghana National Petroleum Corporation Law 1983, PNDCL 64

49. The objective of GNPC is to ensure that the republic obtains the greatest possible benefits from the development of its petroleum resources, obtain the effective transfer of appropriate technology relating to petroleum operations to the republic and ensure the training of citizens and the development of national capabilities in all aspects of petroleum operations.

2.3 Funding for Petroleum Commission

50. The sources of funding for the Petroleum Commission according to Act 821, Section 14 (1) (a-d) are moneys provided by Parliament, moneys accrued in the performance of their functions i.e. Internally Generated Funds, donations and grants to the Commission for its activities and any other moneys approved by the Minister of Finance. The Budget and releases to the Commission from the Ministry of Finance is shown in Table 1. The Commission also received assistance from the Oil and Gas Capacity Building Programme of World Bank and the Norwegian Petroleum Department.

Table 1: Budget and Releases for Petroleum Commission from 2012 to 2014

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget (GH¢)</th>
<th>Release (GH¢)</th>
<th>IGF(GH¢)</th>
<th>Actual Receipts(GH¢)</th>
<th>Variance(GH¢)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>8,183,369</td>
<td>8,183,369</td>
<td>1,730,484</td>
<td>9,913,853</td>
<td>1,730,484</td>
</tr>
<tr>
<td>2013</td>
<td>24,122,019</td>
<td>5,000,000</td>
<td>8,705,639</td>
<td>13,705,639</td>
<td>(10,416,380)</td>
</tr>
<tr>
<td>2014</td>
<td>25,191,650</td>
<td>Nil</td>
<td>-</td>
<td>-</td>
<td>(25,191,650)</td>
</tr>
<tr>
<td>Total</td>
<td>57,497,038</td>
<td>13,183,369</td>
<td>10,436,123</td>
<td>23,619,492</td>
<td>(33,877,546)</td>
</tr>
</tbody>
</table>

Source: Petroleum Commission, Ghana
51. The Commission received assistance from the Oil and Gas Capacity Building Programme of World Bank and the Norwegian Oil Department to carry out some of their activities in the absence of Government funds. They also relied on internally generated income from permits and licences granted to companies in the upstream petroleum sector. Although an amount of GH₵25,191,650 was budgeted for and approved by Parliament for PC in 2014, there had been no releases as at the time of this audit (June 2014).

2.4 Key Players and their responsibilities

52. The Key players for Local Content are the Petroleum Commission, Local Content Committee, GNPC, International Oil Companies (IOCs), Contractors, Subcontractors and local companies (refer to Appendix B).

2.5 Process description

53. The processes for local content implementation being followed by PC aimed at fulfilling the regulations are as follows and detailed in Appendix C:

i. developing strategies for implementing local content

ii. registration of companies, contractors and service providers and renewal of permits

iii. review of local content plans

iv. collaboration with agencies and stakeholders

v. inspection, monitoring and evaluation of companies engaged in upstream activities, and

vi. reporting on local content activities annually.
CHAPTER THREE

FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

3.1 Introduction

54. The Government of Ghana’s goal on local content in petroleum is to progressively increase the participation of locals in the petroleum value chain. It set up Petroleum Commission to regulate the upstream petroleum sector and to ensure more Ghanaians than foreigners are involved in the petroleum extraction business. Parliament passed the Local Content Regulations 2204 in 2013 to guide the Commission to ensure that Ghanaians eventually are at the forefront of petroleum resource extraction.

55. We carried out the audit in collaboration with six other SAIs within the AFROSAI-E to find out the status of the implementation of the local content regulations and challenges therein. We made observations in respect of the following areas of implementation of the Local Content Regulation by Petroleum Commission:

   a. Legal and institutional framework
   b. Coordination with stakeholders
   c. Measures undertaken to implement local content
   d. Monitoring, evaluating and reporting on local content

3.2 Legal and Institutional Framework for Local Content Implementation

56. The Petroleum Commission is mandated by the Petroleum Commission Act 2011, Act 821 (Section 3f) to promote local content in petroleum activities as

---

5 Kenya, Nigeria, South Africa, South Sudan, Tanzania and Uganda
contained in the Petroleum Exploration Act, Act 1984. The Petroleum Commission Act further allows the Petroleum Commission to set up the Local Content Committee to deal with local content and local participation programme. We found that:

i. The legal framework covers Local Content and set targets
ii. The institutional framework for local content exists
iii. Petroleum Commission ensures Companies in the Upstream Sector register and have licences and permits, and
iv. Petroleum Commission has established a close working relationship with state agencies in order to facilitate local content.

3.2.1 The legal framework covers Local Content and set targets

57. The Local Content Regulation, LI 204 clearly defines Local Content under Section 49, “Interpretations” as the quantum or percentage of locally produced materials, personnel, financing, goods and services rendered in the petroleum industry value chain which can be measured in monetary terms. Petroleum Commission views Local Content as a commitment to build on the capacity and capability of Ghanaians and local businesses to support the long-term development of the petroleum sector. The areas of concern are the participation of the National Oil Company, procurement of goods and services, recruitment and training of Ghanaians, transfer of technology and corporate social responsibility.

58. The local content targets are outlined in the First Schedule of LI 204 of 2013. The overall targets are set on goods and services rising from an initial
baseline of 10% local participation and rising to 90% by 2023. The targets for recruitment and training are shown in Table 2.

Table 2: Ghana’s targets for local content from 2013 to 2023

<table>
<thead>
<tr>
<th>Item</th>
<th>2013</th>
<th>2018</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Goods and services</td>
<td>10%</td>
<td>50%</td>
<td>60% - 90%</td>
</tr>
<tr>
<td>2. Recruitment and training:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Management staff</td>
<td>50% - 60%</td>
<td>70% - 80%</td>
<td></td>
</tr>
<tr>
<td>(b) Technical core staff</td>
<td>20%</td>
<td>50% - 60%</td>
<td>70% - 80%</td>
</tr>
<tr>
<td>(c) Other staff</td>
<td>80%</td>
<td>90%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Local content and local participation regulation 2013, LI 2204 first schedule

3.2.2 The institutional framework for local content exists

59. There are a set of formal laws and regulation for local content. These include the PC Act, the LI 204 and employments laws regulating employment. According to Section 8 Subsection 2 of Act 821, “the Petroleum Commission shall establish a Local Content Committee to deal with local content and local participation programmes”. Also Section 3 of the Local Content legislation instrument, LI 204, requires all entities carrying out petroleum activities to ensure that local content was a component of the activities they were engaged in or with other parties. Informal conventions exist in the form of discussions between the PC and other industry players on engagements in local content. Since the industry is new norms and customs are expected to develop over time.

60. The Commission has developed draft guidelines for use in joint ventures, insurance placement and research and development. These guidelines are awaiting approval from the Commission’s Board of Directors.
61. We found that the Local Content Committee had been established with the Chief Executive of Petroleum Commission as its chairman. It oversees local content issues in the upstream petroleum industry. The Commission also has a Local Content Department under its Special Services Directorate which engages in enforcement of local content programmes.

62. Our review of the strategic plan (2013 to 2017), work plans (2014), minutes of meetings and committee reports of Petroleum Commission showed that the Commission had engaged IOCs on local content issues. The Commission engaged Tullow Ghana Limited on the TEN Project and ENI on the Offshore Cape Three Points Project about their local content components in order to ensure participation of Ghanaians in aspects where skills and expertise were locally available.

63. We also found that the Commission had met and discussed the implications of the LI with the Jubilee Partners who had contracts prior to the enactment of the LI. New contracts awarded after 19 February 2014 had to comply strictly with the regulations.

3.2.3 Petroleum Commission ensures Companies in the upstream sector register and have licenses and permits

64. According to Section 3(h) of the Petroleum Commission Act 2011, Act 821 and Regulations 37 and 38 of LI 2204, the Commission is empowered to receive applications and issue permits for specific petroleum activities as required under petroleum laws and regulations. LI 2204 requires the
Commission to set up a common qualification system as the criteria for the
registration and pre-qualification of local content in the petroleum industry

65. The Commission had a Qualification System for grouping upstream
Contractors and Subcontractors. The system grouped contractors into two,
namely: Specialised Oil and Gas Services and Support Services. Specialised
services required applicants to possess highly specialised technical skills such
as exploration, development and production, pipeline services, drilling etc. The
Support services on the other hand did not require highly specialised technical
skills and this included automobile services, hospitality, banking and financial
services etc.

66. We found that the Commission registered local and international
companies which wanted to work in the upstream oil and gas value chain. At
the time of our audit in August 2014 there were 79 foreign companies and 128
local companies registered. The compliance unit was in charge of reviewing the
applications of companies with the assistance of the Health, Safety and
Environment (HSE) Department and the Local Content (LC) Department. The
team found that prospective companies first purchased application forms and a
CD-ROM with the instructions on how to fill the form and the documents to be
attached (for verification). The completed forms with the necessary attachments
are then submitted to the Petroleum Commission.

67. As a result of the controls in the registration process, the Commission was
able to register and keep records on 128 local and 79 foreign companies engaged
in upstream activities (as at June 2014).
3.2.4 Petroleum Commission has established a close working relationship with state agencies in order to facilitate local content

68. Section 21(1) of the Petroleum Commission Act enjoins Government departments and public agencies to cooperate fully with the Petroleum Commission in the performance of its operations.

69. The Commission has established a close working relationship with state agencies in order to facilitate local content. The relationship with National Security Secretariat, Ghana Immigration Service, Environmental Protection Agency, Ghana Maritime Authority and Ghana Atomic Energy Commission among others ensures that permits that IOCs require for upstream activities are granted expeditiously. The Commission issues supporting letters to IOCs, Contractors and Sub-contractors who require permits for clearance of ships, importation and use of explosives, radioactive materials, expatriate workers and environmental compliance. By so doing the Commission ensures that the companies complied with the local content requirement before any clearance is given.

70. We also found that the Commission has formed working groups with industry players to strengthen co-operation in the oil and gas sector. Membership of the working groups are drawn from the IOCs, contractors, sub-contractors, financial, insurance and legal services providers. They meet periodically to discuss local content matters. These meetings are aimed at clearing doubts or confusions about the Local Content Regulations. Appendix D shows the stakeholders of Petroleum Commission and their responsibilities.
3.3 Petroleum Commission is implementing local content

71. Regulation 11 of LI 2204 requires contractors, subcontractors, licensee or other allied entities to give preference to indigenous Ghanaian companies in the acquisition of goods and services. The commission postulated that indigenous Ghanaian companies may find it an uphill task in competing for some of the goods and services available in the petroleum sector. We found that the Commission is using the following strategies to enhance the capacity and increase the level of participation of locals in the oil and gas value chain:
   i. Unbundling large contracts to promote accessibility by locals
   ii. Developing guidelines for joint ventures, insurance placement and research and development
   iii. Identifying areas in the value chains of maximum benefit for locals
   iv. Ensuring Ghanaians acquire skills in demand in the oil and gas industry.

3.3.1 Unbundling large contracts to promote accessibility by locals

72. According to Regulation 5(3)(a) of the LI 2204, the Local Content Committee is to oversee, coordinate, and manage the development of local content. The Commission is therefore developing medium-term strategies for maximizing in-country spend, ensuring local Small Medium Enterprise (SME) participation in oil and gas activities, and also transfer of knowledge to locals.

73. We found that the Commission reviewed the procurement and contracting processes for IOCs and Contractors. The Commission worked with IOCs and Contractors to unbundle contracts that a purely local contractor was incapable of executing (in its original form) and breaks it down into smaller
chucks that a local contractor would have the capacity to execute. For example, the Commission together with three major contractors, FMC, MODEC and Subsea 7- Technic under the TEN Project unbundled three contracts as shown in Table 3:

Table 3: Three petroleum contracts unbundled showing local content components.

<table>
<thead>
<tr>
<th>Company</th>
<th>Original Contract</th>
<th>Local Content commitments</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Nationals to be trained</td>
</tr>
<tr>
<td>FMC</td>
<td>Subsea Production systems</td>
<td>In-country fabrication of 23 mud mats</td>
<td>62</td>
</tr>
<tr>
<td>MODEC</td>
<td>Floating Production Storage and Offloading (FPSO)</td>
<td>Suction piles, modules stools pressures vessels</td>
<td>12</td>
</tr>
<tr>
<td>Subsea7-Technic</td>
<td>Fabrication of Umbilicals, Risers and Flow lines⁶</td>
<td>In-country prefabrication of 16 Jumpers and assembling of 10 Jumpers</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: Local Content Strategy Committee Report of March 2014

74. Through unbundling of contracts, local Ghanaian companies have the opportunity to be part of the fabrication of components of the Ghana’s second Floating Production Storage and Offloading (FPSO) infrastructure. Additionally from Table 3, 88 nationals have the opportunity of being trained in the technical aspects of the oil production by the three IOCs.

⁶Risers: a pipeline through which liquid travels upward
Umbilical: a control line attached to a remote piece of equipment, usually a subsea well head, to provide hydraulic or electrical control or inject small amounts of chemicals
Flowline: pipes that connect a single wellhead to a manifold of process equipment
3.3.2 The Commission had developed guidelines for joint ventures, insurance and research and development

75. According to Regulation 5(3) (b) of the LI 2204, the Local Content Committee is to prepare guidelines, to include targets and formats for local content plans and reporting.

76. We found that the Commission has developed three draft guidelines for local content. They are guidelines for ‘Joint Ventures’, ‘Insurance Placement’ and ‘Research and Development (R&D)’. At the time of this audit these guidelines were awaiting approval by the Commission’s Board of Directors.

77. The basis of the draft guidelines on joint ventures were from Regulation 25(1) of LI 2204. It sets out the form and manner joint-ventures are to be formed, duties of joint venture and the shareholder agreement. It promotes foreign companies to set up local subsidiaries in partnership with local companies to provide goods and services. This will in turn help local companies to boost their capital base.

78. The Commission in consultation with the National Insurance Commission has prepared draft guidelines for oil and gas insurance placement which follows the Insurance Act 2006 Act 724 and LI 2204. The Ghana Oil and Gas Insurance Pool (GOGIP) made up of all members of the Ghana Insurers Association have pooled together resources to underwrite non-life oil and gas risks.
79. Under the draft Research and Development guidelines, the research and development plans of a contractor is to outline a three to five year programme for petroleum related R&D activities to be undertaken in Ghana. The plans are to show detailed expenditures to be made and also to provide for public calls for proposals for R&D initiatives.

3.3.3 Identifying areas in the value chains of maximum benefit for locals

80. According to Regulation1(c) of LI 2204, the Petroleum Commission is to ensure Ghana achieves the minimum targets of local employment levels and in-country spend for the provision of the goods and services in the petroleum industry value chain as specified in the First Schedule (See appendix E). Regulations11 and 12 (1 to 3) of LI 2204 require a contractor, subcontractor, licensee or other allied entity to establish and implement a bidding process for acquisition of goods and services to give preference to indigenous Ghanaian companies. The regulation allows Ghanaian companies to be awarded contracts with bids up to 10% higher than the bid of the lowest foreign bidder.

81. The Commission has divided goods and services in the petroleum upstream sector into three categories to ensure local content requirements are met. The categories are goods and services that can be provided by Ghanaian companies now, short to medium term (1 to 5 years) and long term (5 years and beyond). Table 4 shows details of the said categories of upstream services.

Table 4: Categories of upstream services

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Examples</th>
<th>Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Those which can be provided by Ghanaian companies now without any assistance</td>
<td>Catering, supply of insurance and reinsurance, financial services, petroleum products,</td>
<td></td>
</tr>
</tbody>
</table>
2 Local companies with assistance from foreign experts

| 2 | Local companies with assistance from foreign experts | Fabrication and construction integrity and inspection services, I.T. services, machine shop services, calibration and measurement related services, well drilling and production services | Training |

3 Those that cannot be executed by Ghanaian companies within the next 10 years

| 3 | Those that cannot be executed by Ghanaian companies within the next 10 years | Front end engineering design, complex fabrication and construction, well drilling and production services, well head services, and well testing services. | Low skills base in local labour force and monopoly in these specialised and highly technical sectors backed by patents Absence of requisite expertise, infrastructure (power, transport links, shipyard facilities) and low financial capability |

82. A total of US $422,660,390 worth of contracts were awarded to Ghanaian companies in the upstream petroleum sector between 2012 and first quarter of 2014 for services under category 1. The skills and certification are intended to leverage local companies to bid for more complex and technical contracts and increase local content and local participation.

83. As a result of the low skills and capacity of local companies to supply goods and services required in the upstream petroleum industry, the companies lose out to foreign companies who are more skilled, better equipped and financially resourced to deliver goods and services. For instance according to the Petroleum Commission, due to the lack of skills by a state agency to undertake calibration and measurement services for flow meters and gauges in

Source: Petroleum Commission- Evaluation of the Upstream Value Chain, VC Committee Interim Report 2nd Draft 28 April 2014
the upstream sector, the agency was deprived of potential earnings of about US$6.40 million in revenue annually.

3.3.4 Ensuring Ghanaians acquire skills in demand in the oil and gas industry
84. Ghanaians who want employment in the petroleum industry must possess the requisite knowledge, skills, expertise and experience. Regulation1(b) of LI 2204 states that the Commission is to “develop local capacities in the petroleum industry value chain through education, skills transfer and expertise development, transfer of technology and know-how and active research and development programmes”.

85. In line with Regulation 1(b), the Commission assesses human resource requirements in the petroleum industry and makes annual projections. The commission reviews the human resource situation, analyse the programmes and activities of IOCs and Sub Contractors with respect to human resource requirements, identifies the human resource gap and make recommendations to bridge the gap.

86. We found that there is:
   a) shortage of skills in the face of high unemployment of graduate engineers and technicians with little or no practical experience, and
   b) a high turnout of graduates with academic qualifications in ‘oil and gas management’ which are of little relevance to the oil and gas industry.

---

7Petroleum Commission- Evaluation of the Upstream Value Chain, VC Committee Interim Report 2nd Draft 28 April 2014
The Petroleum Commission collated data from IOCs, service providers in the petroleum industry, agencies in both the private and government sectors, universities and colleges in Ghana (both private and public) in respect of their knowledge in oil and gas, courses that are being run in the schools, any plans in place to teach courses in oil and gas. The Commission also carried out a baseline study on demand for skilled labour and the availability of local expertise. This was done by analysing work permit applications submitted by oil companies for expatriate workers in Ghana from 2012 to 2014. The report indicated that skills in Ghana were mismatched with skills required for opportunities available. The skills in demand based on work permits issued by Immigration Service were for Engineers and Technicians as detailed in Table 5.

We found that there was acute shortage of ‘skills in demand’ in the industry (Engineers and Technicians), but at the same time there was a large number of graduates seeking employment in the oil and gas industry with qualifications like MA or MSc in Oil and Gas Management, which has limited demand in the industry. The study estimated human resource shortages in skills in demand for Geologists, Geophysicists, Loggers, Tool pushers, Drillers, Petro physicists and Production engineers.

Table 4: Skills in demand in Ghana’s oil and gas industry

<table>
<thead>
<tr>
<th>Skills set Area</th>
<th>Number of visas issued</th>
<th>Percentages (%)</th>
<th>Specific skill in demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geoscience/Science</td>
<td>17</td>
<td>2.2</td>
<td>Geology, Geophysics, Chemistry</td>
</tr>
<tr>
<td>HSE</td>
<td>27</td>
<td>3.6</td>
<td>Environmental, Science, Safety, Health</td>
</tr>
<tr>
<td>Business</td>
<td>29</td>
<td>3.8</td>
<td>Accounting, Administration, Finance, Management, Taxation</td>
</tr>
<tr>
<td>Logistics</td>
<td>43</td>
<td>5.7</td>
<td>Logistics, Materials, Assets, Contract, Procurement</td>
</tr>
</tbody>
</table>
89. The Commission estimated that skills in demand currently for the petroleum sector would be about 2000 employees and about the same number will be needed in order to deliver the three upcoming oil and gas projects Jubilee Phase 2, TEN and Offshore Cape Three Points. Going by the data obtained by the Committee, about 1300 out of 2000 potential engineering jobs for Ghanaians from the three projects would go to foreigners because of lack of skills in construction, production, operations and drilling oil wells in Ghana.

**Recommendation**

90. We recommend that the Petroleum Commission should:

- review the drafts guidelines for approval to enhance the institutional framework for local content.
- from its findings of studies of the petroleum sector, make proposals to the various levels of educational institutions in Ghana on which areas of knowledge and skill to concentrate in developing oil and gas curriculum, and
- in collaboration with IOCs and other industry players develop an internship programme to provide on-the-job training to augment skills in the petroleum industry.

---

8 Petroleum Commission: Skill shortages in the oil and gas industry in Ghana- Closing the gap through Ghana National Internship Programme
3.4 Monitoring, evaluating and reporting on local content

3.4.1 Monitoring and evaluating Local Content

91. According to Section 3(e) of Act 821, 2011, The Petroleum Commission is to monitor petroleum activities and carry out the necessary inspections and audit related to the activities. Regulation 44 of LI 2204 requires the Petroleum Commission to monitor and investigate the activities of each contractor, subcontractor, licensee and other allied entities to ensure the achievement of the purpose of the Regulations within the framework of the national policy on local content.

92. The Commission as part of its annual plans has to carry out inspections and monitoring of local content. However, at the time of the audit, there had not been any visit to inspect companies engaged in petroleum activities for the year 2014. The Commission has no monitoring unit for local content and mentioned lack of logistics for its inability to make the planned visits for 2014.

93. We found the Commission had not received its full funding requests from Government for 2013 and 2014. Documents reviewed showed the state of affairs shown in Table 1 with the Commission receiving no funding in 2012 and 56.8% of its 2013. For 2014, no funds had been received for its operations at the time of the audit in June 2014. From 2012 to 2014 PC has received 41% of its budget for the period. This situation affected the Commission in providing logistics to carry out monitoring of petroleum activities.

94. We found that despite not being able to visit companies to collect the necessary data for monitoring, the Commission collected information on permit
renewals, visa and work permit applications and contract prequalification processes for analysis to provide it with information to assess compliance with local content regulations.

**Recommendations**

95. We recommend that:

   a. the Commission should set up its monitoring unit to undertake its monitoring function. It should adopt a monitoring system that will allow the companies to submit the needed information on a regular basis to the Commission for analysis of local content requirements. To test the quality of information received from the companies, the commission could make ad-hoc visits to the companies to cross-check the information. This will reduce the number of visits planned per year to the companies.
   
   b. a performance audit be carried out midstream (in 2018) to determine the status of implementation of the LI.

**3.4.2 Reporting on Local content activities**

96. According to Regulation34(1) and (2 (a and b)) of LI 2204, A contractor, subcontractor, licensee or other allied entity shall within forty-five days of the beginning of each year after commencement of petroleum activities submit to the Commission an annual Local Content Performance Report covering all its projects and activities for the year under review. The report shall be in a format prescribed by the Commission and shall specify by category of expenditure the local content on both current and cumulative cost basis and show the employment achievement in terms of hours worked byGhanaiansand foreigners as well as their job positions and remuneration.
97. The Petroleum Commission has created reporting templates for IOCs, Contractors and Service Providers to be used for submission of performance reports in 2015. The reporting format asks for details of company information, employment statistics, supplier development programmes, contracts awarded to Ghanaians, local content spend, company training and local employee development plans and achievements.

98. We noted that the Local Content regulations had been in effect for less than a year (February 2014 to June 2014) thus, this requirement has not been met.

**Overall Conclusion**

99. In our opinion, the implementation of local content through the legal and institutional framework is on course though it started less than a year ago. The law has provision for education, procurement of goods and services, technology transfer, training and social responsibility. The Commission is part of various working groups with industry players established to foster co-operation in the oil and gas sector. It has developed guidelines to enable Ghanaians participate in the sector. The Commission has set up a local content monitoring unit for field inspections. The Local Content Committee has laid the foundation for the enforcement of LI 2204 through development of reporting templates, guidelines and implementation of strategies.
APPENDICES

Appendix A

List of Documents reviewed and Officials interviewed

a) Documents reviewed
   i. Petroleum Commission Act 2011, Act 821
   ii. Petroleum (Local Content and Local Participation) Regulations (LI 2204) 2013
   iii. GNPC Law 1983 PNDCL 64
   iv. Petroleum (Exploration and Production) Law 1984 PNDCL 84
   v. Corporate and Strategic Plan (2013 to 2017)
   vi. Annual Work plan 2014
   viii. Permit Applications Submitted (Ghana National Gas Company Limited)
   ix. Minutes of Meetings (EDC -19/02/2014, 22/05/2014, Strategy Committee -31/01/2014, 27/02/2014, 25/03/2014)
   x. Draft guidelines (Joint Venture, Procurement, Research and Development, Insurance Placement
   xi. PC-TGL Working group report 23/06/2014
   xii. 2012 Annual Report
   xiii. Nigeria Content Development

b) Officials Interviewed
   i. Head of Local Content
   ii. Director Finance, Human Capital and Administration
   iii. Compliance Officer
   iv. Local Content Officer
Key Players and their responsibilities

Petroleum Commission, Ghana

The Petroleum Commission was established in July 2011 by an Act of Parliament, Act 821. The Commission is the regulator of Ghana's upstream petroleum sector and is mandated to regulate, manage and co-ordinate all activities in this sector for the overall benefit and welfare of Ghanaians. They are in charge of ensuring that there is Local Content and local participation in the upstream petroleum sector.

The Commission is headed by a Chief Executive Officer (CEO) who discharges his duties through an Executive Assistant, Policy Coordinator, Internal Auditor, manager for Legal, and three Directorates namely; Resource Management and Operations, Special Services and Finance, Human Capital and Administration. The organogram is shown in appendix B. The Commission has a governing board of which the CEO is a member.

The role of the Petroleum Commission in the implementation of Local Content

LI 2204 defines Local Content as quantum/percentage of locally produced materials, personnel, financing, goods and services rendered to the oil industry and which can be measured in monetary terms.

The role of the Commission is to develop local capacity in all aspects of the oil and gas value chain through education, skills and expertise development, transfer of technology and know-how and an active research and development portfolio. The Commission seeks to implement Local Content and Local Participation through the following:
a) promoting local content and local participation programmes as stipulated in the Local Content Regulation
b) liaising with external stakeholders on local content development
c) ensuring as much as practicable, Ghanaian human resources, materials, services and businesses are used for the systematic development of national capacity
d) Coordinating the flow of information amongst all relevant agencies with regard to local content and local capacity administration
e) ensuring compliance with local content targets set in the Local Content Regulations, and
f) promoting effective coordination, management and supervision of corporate, governmental and community interactions to support positive social development outcomes and enhance revenue generation in the sector.

Local Content Committee
The Local Content Committee is to oversee the implementation of the Regulations in LI 2204. The Committee is made up of seven members with the CEO of Petroleum Commission as chairman, two Board members, Director Special Services, representative from NDPC, representative from GOGSPA and an MP. The purpose and functions of the Committee (refer to Appendix E) among others include maximising value addition and job creation through the use of local expertise, goods and services, business and financing in the petroleum industry value chain and their retention in the country.
The Committee in collaboration with other Stakeholders⁹ is involved in developing local capacities in the petroleum industry value chain through education, skills transfer, expertise development, and active research and development programmes. The Committee is also to provide a monitoring and reporting system to ensure local content policy objectives are delivered.

**Ghana National Petroleum Corporation (GNPC)**

Ghana National Petroleum Corporation is the National Oil Company of Ghana. Under the Model Petroleum Agreement, GNPC holds Ghana’s stake in Petroleum Agreements. They supervise the sale of Ghana’s share of oil produced.

**International Oil Companies, Contractors, Sub-contractors and Service Providers**

100. The IOCs are companies engaged in exploration, development and production of petroleum in Ghana’s offshore oil blocks. Contractors, Sub-contractors and Service Providers provide goods and service to support the IOCs. All are required by law to obtain permits and licences from the Petroleum Commission before they can begin operation in the petroleum industry in Ghana.

---

⁹ GNPC, Enterprise Development Centre (EDC) and Pyxera
Appendix C

Process description

Developing strategies for implementing local content
The Commission has established five committees, the Strategy, Human Resource Development, Procurement, Value Chain and Cluster Identification and Mapping Committees. The committee’s works are as follows:

a) **Strategy Committee**
   The committee develops medium-term strategies for maximizing in-country spend, Ghanaian SME’s and local equity participation in Oil and Gas activities, employment of Ghanaians, and technology and skills transfer and action plans needed to implement local content.

b) **Human Resource Development Committee**
   Its role is to determine the skills needed in the industry, take census of the skill capacity of Ghanaians, determines gaps and to recommend solutions to the Commission.

c) **Procurement Committee**
   The procurement Committee monitors the procurement by the IOCs from inception to completion for contracts for goods and services. This process involves review of selection processes used by IOCs to select contractors or service provider’s whiles keeping in line with the local content requirements.

d) **Value Chain Committee**
   The committee is tasked to earmark local companies with the expertise needed in producing local goods and services.
e) Cluster Identification and Mapping Committee

The committee is tasked to identify strategies for creating sustainable allied industry linkage to the oil and gas sector.

Registration of Companies, Contractors and Service providers and renewal of permits

Applicants complete and submit a registration form with required attachments in three copies to the Commission. The Commission reviews the application to ensure requirements for ownership structure and financial capacity, fulfilment of obtaining relevant certificates, health safety and environment compliance, as well as plans to achieve local content requirement. Applicants are also required to demonstrate technical competencies in areas in which they propose to undertake petroleum activities. When the Commission is satisfied with the application, the Chief Executive Officer approves it.

The permit renewal process is similar to the registration process as the documents to be submitted are the same. In this case, the evaluation is done based on the performance or achievement of the IOC/Service provider/Contractor over the past year.

Review of Local Content Plans (Employment, Procurement, Training, Technology transfer and Corporate Social Responsibility)

The Commission has 40 working days to review the local content plans of companies. After the Local Content Department is satisfied that the plans meet the requirements of the Local Content Regulations, the plans are sent to the Chief Executive Officer through the Director for Special Services for approval.
2.5.4 Collaboration with agencies and key players

The Petroleum Commission acts as a reference point in the process of granting permits to Contractors, subcontractors and licensees in collaboration with other state agencies. The permits and licences cannot be obtained directly from the state agencies without the Contractors, subcontractors and licensees routing their requests through the Commission. Some of these permits are:

- clearance of vessels into territorial waters issued by Ghana Maritime Authority,
- work permits to expatriate workers by Ghana Immigration Service,
- oil exploration data at the GNPC data room,
- environmental permits by EPA,
- explosive import and use permit by National Security Agency, and
- radioactive chemical import and use permit by Ghana Atomic Energy Commission

The Commission collaborates with:

- Registrar General’s Department in verifying the registration of companies applying for licences,
- Ghana Revenue Authority in monitoring of the oil produced and calculating taxes to be paid and
- SME Development Centres (such as EDC and Pyxera) in developing entrepreneurial and technical skill by training of local companies.

Inspection, monitoring and evaluation of companies engaged in upstream activities

Personnel of the Petroleum Commission are to undertake working visits to operational sites or offices of IOCs and service companies in the petroleum
upstream sector to ascertain whether their activities and processes comply with international best practice and regulations on local content. The information to be collected from the IOCs on such visits is to include, the number of personnel employed, training and capacity building programmes undertaken. The inspection team is to review the procurement of goods and services to determine those obtained locally and those imported as well as the value of contracts awarded to indigenous companies and foreign companies. The types of inspections to be undertaken by the Petroleum Commission are:

- Granting of new/renewal of registration permit which involves a visit to companies before issuing the permit,
- Prequalification for contractors where the procurement sub-committee inspects premises of companies that have been prequalified to ascertain whether they have the capacity to execute the contract,
- Verification of percentage of expatriate to local staff, where once a year staff of the Commission go to review succession plans and training programmes, and confirm accuracy by head counts.
- Biannual visits (twice in a year) to validate local content information submitted in the local content plans.

**Reporting on local content activities annually**
The Commission by Regulations 34 and 35 of LI 2204 is required to receive and review an annual local content performance report from contractors, subcontractors or licensees. The reports are to be submitted within 45 days of the ensuing year for activities of the previous year and the Commission has 50 working days to review and ensure compliance with the local content regulations.
Appendix D

Organogram of Petroleum Commission

The Special Services Directorate

Chief Executive

Policy Coordinator

Manager Legal

Director Finance, Human Capital and

Director Resource Management and Operations

Director Special Services

Executive Assistant

Director Special Services

Executive Assistant

Safety, Health and Environment

Permitting and Licensing

Local Content

Community Relations

Procurement

Communications
Appendix E

List of IOCS, NOCS and Service providers engaged in oil and gas activities in on the TEN Project in Ghana

<table>
<thead>
<tr>
<th>No.</th>
<th>IOCS</th>
<th>NOCS</th>
<th>International Service Companies</th>
<th>Local Service Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tullow Ghana</td>
<td>Ghana National Petroleum Corporation with subsidiary companies Ghana National Gas Company and Exploration Company (Exploco)</td>
<td>MODEC</td>
<td>Orsam</td>
</tr>
<tr>
<td>2</td>
<td>ENI Ghana</td>
<td></td>
<td>Aker Qserv</td>
<td>Seaweld</td>
</tr>
<tr>
<td>3</td>
<td>Lukoil Overseas</td>
<td></td>
<td>Technip</td>
<td>Nexans</td>
</tr>
<tr>
<td>4</td>
<td>Kosmos Energy</td>
<td></td>
<td>Subsea 7</td>
<td>CONSHIP</td>
</tr>
<tr>
<td>5</td>
<td>AGM</td>
<td></td>
<td>FMC</td>
<td>Macro Group</td>
</tr>
<tr>
<td>6</td>
<td>AMNI</td>
<td></td>
<td>Schlumberger</td>
<td>BBS Engineering</td>
</tr>
<tr>
<td>7</td>
<td>CAMAC</td>
<td></td>
<td>Baker Hughes</td>
<td>West Atlantic Engineering</td>
</tr>
<tr>
<td>8</td>
<td>MEDEA Development Ltd.</td>
<td></td>
<td></td>
<td>Zeal Environmental</td>
</tr>
<tr>
<td>9</td>
<td>HESS</td>
<td></td>
<td></td>
<td>Mobicrane</td>
</tr>
</tbody>
</table>
Appendix F

Stakeholders of Petroleum Commission

<table>
<thead>
<tr>
<th>No.</th>
<th>Institution</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ministry of Energy and Petroleum</td>
<td>Oversight responsibility of the Commission</td>
</tr>
<tr>
<td>2</td>
<td>Ministry of Finance</td>
<td>Budgetary allocation and control, management and disbursement of petroleum revenues</td>
</tr>
<tr>
<td>3</td>
<td>Ministry of Environment Science and Technology</td>
<td>Formulate policies and develop laws, regulations for the environmental sector, promoting research and</td>
</tr>
<tr>
<td>4</td>
<td>Ministry of Employment and Labour Relations</td>
<td>Formulate policies on employment and labour issues and arbitration</td>
</tr>
<tr>
<td>5</td>
<td>Ministry of Interior/National Security</td>
<td>Issue security clearance and entry permit to vessels, approve importation of explosives, protection of petroleum installations</td>
</tr>
<tr>
<td>6</td>
<td>Ghana Revenue Authority</td>
<td>Tax identification, efficient collection of petroleum revenues for the state</td>
</tr>
<tr>
<td>7</td>
<td>Environmental Protection Agency</td>
<td>Issue environmental permits, monitor exploration and production activities regulate and ensure environmental compliance</td>
</tr>
<tr>
<td>8</td>
<td>Ghana Maritime Authority</td>
<td>Issue permits for vessels to enter Ghana’s territorial waters, ensure compliance with maritime laws and</td>
</tr>
<tr>
<td>9</td>
<td>Town and Country Planning Department</td>
<td>Issue permits for building and construction of oil and gas installations on land and shore base</td>
</tr>
<tr>
<td>10</td>
<td>Fisheries Commission</td>
<td>Education and orientation of fishermen</td>
</tr>
<tr>
<td>11</td>
<td>Ghana Standards Authority</td>
<td>Development of industry standards, calibration of measuring instruments and enforcement of approved</td>
</tr>
</tbody>
</table>

Performance audit report of the Auditor-General on the Implementation of Local Content in the Oil and Gas Sector of Ghana

36
Stakeholders of Petroleum Commission

<table>
<thead>
<tr>
<th>No.</th>
<th>Institution</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Atomic Energy Commission</td>
<td>Issue permits on importation and usage of radioactive materials in petroleum activities, safe handling of radioactive materials.</td>
</tr>
<tr>
<td>14</td>
<td>Ghana Immigration Service</td>
<td>Issue work permits for expatriate staff.</td>
</tr>
<tr>
<td>15</td>
<td>Ghana Navy</td>
<td>Secured territorial waters and exclusive economic zone.</td>
</tr>
<tr>
<td>16</td>
<td>Civil Aviation Authority</td>
<td>Issues permit to aircrafts operating in the oil and gas.</td>
</tr>
<tr>
<td>17</td>
<td>Communities/ Local Government</td>
<td>Local content and local participation, political</td>
</tr>
<tr>
<td>18</td>
<td>Parliament</td>
<td>Budget approval, oversight responsibility, ratification of petroleum agreements, laws and regulations.</td>
</tr>
<tr>
<td>19</td>
<td>GNPC</td>
<td>Represent the State interest in upstream petroleum activities, Knowledge, expertise and data management.</td>
</tr>
<tr>
<td>20</td>
<td>IOCs, Contractors, Subcontractors</td>
<td>Oil and gas activities, Compliance with laws and regulations.</td>
</tr>
<tr>
<td>21</td>
<td>Financial/Insurance Institutions</td>
<td>Control financial resources, underwrite risks for personal and property cover.</td>
</tr>
<tr>
<td>22</td>
<td>Civil Society Organisations(CSOs)/ Non-Governmental Organisations (NGOs)</td>
<td>Informal influence through links with other stakeholders, political advocacy, Corporate social responsibility, gender fairness.</td>
</tr>
<tr>
<td>23</td>
<td>Registrar-Generals Department</td>
<td>Company registration</td>
</tr>
<tr>
<td>24</td>
<td>International Development Partners</td>
<td>Capacity building, financial assistance, Political</td>
</tr>
</tbody>
</table>
Criteriad

1. The purpose of these Regulations is to:
   (a) promote the maximisation of value-addition and job creation through the use of local expertise, goods and services, businesses and financing in the petroleum industry value chain and their retention in the country
   (b) develop local capacities in the petroleum industry value chain through education, skills transfer and expertise development, transfer of technology and know-how and active research and development programmes
   (c) achieve the minimum local employment level and in-country spend for the provision of the goods and services in the petroleum industry value chain as specified in the First Schedule
   (d) increase the capability and international competitiveness of domestic businesses;
   (e) create petroleum and related supportive industries that will sustain economic development
   (f) achieve and maintain a degree of control for Ghanaians over development initiatives for local stakeholders, and
   (g) provide for a robust and transparent monitoring and reporting system to ensure delivery of local content policy objectives

5. Functions of Local Content Committee
   (1) The Local Content Committee established by the Commission under subsection (2) of section 8 of the Act shall oversee the implementation of these Regulations.
2. The Committee shall in implementing the provisions of these Regulations, ensure measurable and continuous growth in local content in all petroleum activities.

3. Without limiting sub regulations (1) and (2), the Committee shall
   (a) Oversee, coordinate, and manage the development of local content
   (b) Prepare guidelines, to include targets and formats for local content plans and reporting
   (c) Make appropriate recommendations to the Commission for the smooth implementation of these Regulations
   (d) Set minimum standard requirements for local content in local content plans where applicable
   (e) Undertake public education
   (f) Undertake local content monitoring and audit and

10 Minimum local content levels
   (1) The minimum local content for any petroleum activity in Ghana shall be of the levels specified in the First Schedule.
   (2) A contractor, subcontractor, licensee, the Corporation or other allied entity shall achieve the minimum local content levels specified in the First Schedule.
   (3) Without limiting sub regulation (2), the Commission shall take into account the work programme of a contractor, subcontractor, licensee, the Corporation and other entity specified in the respective petroleum agreement or petroleum license in determining the minimum local content levels to be achieved;
(4) Despite sub regulation (3), the Minister in consultation with the Commission, may vary the minimum low content level specified in the First Schedule.

FIRST SCHEDULE

MINIMUM LOCAL CONTENT IN GOODS AND SERVICES
(Regulations 1(c), 10 and 18)

PART 1 – Local content levels to be attained from date of effectiveness of licence or petroleum agreement

<table>
<thead>
<tr>
<th>Item</th>
<th>Start</th>
<th>5 Years</th>
<th>10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Goods and services</td>
<td>10%</td>
<td>50%</td>
<td>60% - 90%</td>
</tr>
<tr>
<td>4. Recruitment and training</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(d) Management staff</td>
<td></td>
<td>50% - 60%</td>
<td>70% - 80%</td>
</tr>
<tr>
<td>(e) Technical core staff</td>
<td>20%</td>
<td>50% - 60%</td>
<td>70% - 80%</td>
</tr>
<tr>
<td>(f) Other staff</td>
<td>80%</td>
<td>90%</td>
<td>100%</td>
</tr>
</tbody>
</table>

34. Requirement for submitting local content performance report

(1) A contractor, subcontractor, licensee or other allied entity shall within forty-five days of the beginning of each year after commencement of petroleum activities submit to the Commission an annual Local Content Performance Report covering all its projects and activities for the year under review.

(2) The report shall be in a format prescribed by the Commission and shall

(a) specify by category of expenditure the local content on both current and cumulative cost basis; and
(b) show the employment achievement in terms of hours worked by Ghanaians and foreigners as well as their job positions and remuneration.

35. **Assessment of performance report**

(1) The Commission shall, within fifty working days after receipt of the Local Content Performance Report, assess and review the Local Content Performance Report to ensure compliance with these Regulations.

(2) For the purposes of assessment and verification of the report, a contractor, subcontractor, licensee or an allied entity shall allow an employee or a designated agent of the Commission access to their facilities, documents and information as the Commission may require.

36. **Requirement of third party reporting**

(1) A contractor, subcontractor, licensee or other allied entity shall ensure that its partners, contractors, subcontractors and allied entity are contractually bound to report local content information to the contractor, subcontractor, licensee or other allied entity and, if requested, to the Commission.

(2) A contractor, subcontractor, licensee or other allied entity shall allow an agent or official designated by the Commission access to the records of the contractor, subcontractor, licensee or an allied entity for purposes of assessment and verification of the local content information reported to the contractor, subcontractor, licensee or other allied entity or the Commission.

44. **Local content monitoring**

The Commission shall monitor and investigate the activities of each contractor, subcontractor, licensee and other allied entity to ensure the achievement of the purpose of these Regulations within the framework of the national policy on local content.
45. **Investigations**

(1) The Commission may for the purposes of enforcing these Regulations initiate an investigation into an activity of a contractor, subcontractor, licensee or other allied entity.

(2) Without limiting sub-regulation (1), the Commission may launch investigations to ensure that

(a) the Ghanaian company principle is not diluted by the operation of a front; or

(b) bid rigging and cartelization are avoided in the procurement process

46. **Offences and penalties**

(1) A person who submits a plan, returns, report or other document and knowingly makes a false statement, commits an offence and is liable on summary conviction to a fine of not less than one hundred thousand penalty units and not more than two hundred and fifty thousand penalty units or to a term of imprisonment of not less than two years and not more than five years or to both.

(2) A citizen who acts as a front or connives with a foreign citizen or company to deceive the Commission as representing an indigenous Ghanaian company to achieve the local content requirement under these Regulations, commits an offence and is liable on summary conviction to a fine of not less than one hundred thousand penalty units and not more than two hundred and fifty thousand penalty units or to a term of imprisonment of not, less than one year and not more than two years or to both.

(3) A person who connives with a citizen or an indigenous Ghanaian company to deceive the Commission as representing an indigenous Ghanaian company to achieve the local content requirement under these
Regulations commits an offence and is liable on summary conviction to a fine of not less than one hundred thousand penalty units and not more than two hundred and fifty thousand penalty units or to a term of imprisonment of not less than one year and not more than two years or to both.

(4) A person who fails to:
   (a) support and carry out a programme in accordance with the National Plan on technology transfer in contravention of regulation 23
   (b) support and facilitate technology transfer as regards the formation of joint ventures, partnering of licensing agreements between indigenous Ghanaian companies or citizens and foreign contractors and service companies or supply companies in contravention of regulation 25
   (c) ensure that its partners, contractors, subcontractors and allied entities report local content information to the contractor in contravention of regulation 36; or
   (d) communicate local content policies, procedures and obligations to any person engaged by that contractor, subcontractor, licensee or other allied entity to perform an aspect of petroleum activity in contravention of regulation 41; is liable to pay to the Commission an administrative penalty of one hundred thousand penalty units in the first instance and a further penalty of five percent of the penalty for each day that the contravention of the regulation continues.

(5) A person who fails to:
   (a) establish a project office in contravention of regulation 6
   (b) comply with the minimum local content levels for any petroleum activity in contravention of regulation 10
(c) establish and implement a bidding process in contravention of regulation 11
(d) comply with regulations 12(1) and 12(5)
(e) employ only Ghanaians in junior or middle level positions in contravention of regulation 19;
(f) insure the insurable risks relating to petroleum activities in the country through an indigenous brokerage firm or reinsurance broker in contravention of regulation 27(2);
(g) obtain the written approval of the National Insurance Commission when seeking to obtain an insurance offshore service relating to a petroleum activity in contravention of regulation 28;
(h) retain only the services of a Ghanaian legal practitioner or a firm of Ghanaian legal practitioners in contravention of regulation 29; or
(i) operate a bank account in Ghana with an indigenous Ghanaian Bank in contravention of regulation 33; is liable
(j) to pay to the Commission an administrative penalty of two hundred thousand penalty units;
(k) in the case of a contractor, where the contravention continues after the time specified for remedying the contravention, the Commission shall withhold the approvals and permits required by the contractor for the conduct of petroleum activities until the time that the contravention is remedied; and

(l) in the case of a subcontractor, licensee or other allied entity, where the contravention continues after one time specified for remedying the contravention, the Commission shall expunge the name of the subcontractor, licensee or other allied entity from the Register or persons registered to undertake petroleum activities.
2. The purpose of the audit was to determine the extent to which Petroleum Commission has implemented the Local Content and Local Participation requirements in the upstream oil and gas sector. It foc used on the legal framework in place for the development of local content, responsibilities of bodies charged with the implementation of local content, and monitoring and evaluation of local content. The audit was carried out in June 2014 and covered the period January 2013 to September 2014.

4. A person who fails to comply with a request to furnish information or a document under these Regulations within the period specified in the request is liable to pay to the Commission an administrative penalty of two hundred thousand penalty units in the first instance and a further penalty of ten percent of the penalty for each day that the document remains undelivered.

7. A contractor, subcontractor, licensee or other allied entity that
(a) carries out petroleum activities without the required local content requirement in contravention of regulation 3;
(b) fails to submit a local content plan in contravention of regulation 7;
(c) fails to satisfy the content requirement of a local content plan in contravention of regulation 9; or
(d) fails to inform the Commission of each proposed contract or purchase order in contravention of regulation 13, is liable to pay to the Commission a penalty of five percent of the value of the proceeds obtained from the petroleum activity in respect of which the breach is committed but that penalty shall not exceed the cedi equivalent of five million United States Dollars or to the cancellation of a contract in respect of the petroleum activity.

8. A penalty required to be paid under sub-regulation (4), (5),(6) or (7) and which is not paid within the period specified in the notice shall be a debt owed to the Republic and recoverable by the Commission from the holder in Court.

49. Interpretations

"Local content" means the quantum or percentage of locally produced materials, personnel, financing, goods and services rendered in the petroleum industry value chain and which can be measured in monetary terms.
TRANSMITTAL LETTER

AG/01/109/Vol.2/90

Office of the Auditor-General
Ministries Block “O”
P. O. Box MB 96
Accra
Tel. (0302) 662493
Fax (0302) 662493
22 March 2016

Dear Rt. Hon. Speaker

PERFORMANCE AUDIT REPORT OF THE AUDITOR-GENERAL
ON THE IMPLEMENTATION OF LOCAL CONTENT IN THE
OIL AND GAS SECTOR OF GHANA

I have the honour to submit to you a performance audit report on the
Implementation of Local Content in the Oil and Gas Sector of Ghana in
accordance with my mandate under Section 187(2) of the 1992 Constitution of
Ghana and Section 13(e) of the Audit Service Act which requires me to carry out
performance audits.

The purpose of the audit was to determine the extent to which Petroleum
Commission has implemented the Local Content and Local Participation
requirements in the upstream oil and gas sector. It foc used on the legal
framework in place for the development of local content, responsibilities of
bodies charged with the implementation of local content, and monitoring and
evaluation of local content. The audit was carried out in June 2014 and covered
the period January 2013 to September 2014.

Petroleum Commission Act 2011 (Act 821)

3. Functions of the Commission

(f) Promote local content and local participation in petroleum activities as
prescribed in the Petroleum Exploration and Production Act 1984 (P.N.D.C.L.
84) and other applicable laws and regulations to strengthen national
development.

8. Establishment of Committee

(2) Without limiting subsection (1), the Commission shall establish a Local
Content Committee to deal with the local content participation programme.

Petroleum (Exploration and Production) Act, 1984 (P.N.D.C.L. 84)

23. Obligations of contractors

(10) A contractor or subcontractor shall, in accordance with the Regulations
and with the terms of a petroleum agreement or petroleum subcontract,
ensure that opportunities are given as far as is possible for the
employment of citizens having the requisite expertise or qualifications in
the various levels of the operations.

(12) A contractor or subcontractor shall, as far as practicable, in accordance
with the Regulations and the petroleum agreement or subcontract use
goods and services produced or provided in the Republic for the
operations in preference to foreign goods and services.

(13) A contractor or subcontractor shall, in consultation with the Corporation,
prepare and implement, in accordance with the Regulations and in
accordance with the terms of the petroleum agreement or petroleum
subcontract, plans and programmes for training citizens in the job
classifications and in any other aspect of petroleum operations.
A contractor or subcontractor shall, while carrying out petroleum operations, prepare and implement plans for the transfer to the Corporation of advanced technological know-how and skills relating to petroleum operations, but this provision shall not be interpreted to disable the contractor or subcontractor from protecting their competitive position in the petroleum industry or requiring the Corporation also to take steps to protect that competitive position.

Ghana National Petroleum Corporation Act, 1983 (P.N.D.C.L.64)

2. **Objects and functions of the Corporation**

(2) Without limiting the generality of subsection (1), the Corporation shall

(a) promote the exploration and the orderly and planned development of the petroleum resources of the Republic;

(b) ensure that the Republic obtains the greatest possible benefits from the development of its petroleum resources;

(c) obtain the effective transfer to the Republic of appropriate technology relating to petroleum operations;

(d) ensure the training of citizens and the development of national capabilities in all aspects of petroleum operations; and

(e) ensure that petroleum operations are conducted in such manner as to pre-vent adverse effects on the environment, resources and people of Ghana.
Mission Statement

The Ghana Audit Service exists

To promote

- good governance in the areas of transparency, accountability and probity in the public financial management system of Ghana

By auditing

- to recognized international auditing standards, the management of public resources

And

- reporting to Parliament