

## IEA PROGRAMME BRIEF

### *A POLICY DISCUSSION AT THE INSTITUTE OF ECONOMIC AFFAIRS (IEA)*

**Topic:** “Reviewing Petroleum Agreements for the Good of Ghana”

**Speaker:** Mr Victor Anku-Tsedé (Barrister and Solicitor)

**Date:** 25th June 2025

**Venue:** IEA Dialogue Centre, Accra

#### **Context and Objective of the Policy Discussion**

The Government of Ghana has signed a Memorandum of Understanding (MoU) to extend the petroleum licenses of Tullow Oil and its partners until 2040 without changing the 2006 agreement for the period of extension. The IEA considers this to be starkly at odds with Government's own commitment to reset the extractive sector governance of Ghana.

As part of IEA’s advocacy to overhaul Ghana’s natural resource contracts for maximum gains, the Institute on 16th June 2025 issued a Press Release advising the government to review the petroleum agreement processes for maximum benefit to Ghana.

This policy discussion brings together key stakeholders in Ghana’s oil sector, including individual experts, relevant institutions and the media, to deepen the advocacy for a review of petroleum agreements for the good of the country.

#### **Programme Outline**

<b>Time</b>	<b>Activity</b>	<b>Facilitator/Speaker</b>
10:00 AM – 10:30 AM	Arrival & Registration	-
10:30 AM – 10:35 AM	Welcome Remarks	<b>Prof. Alexander Bilson Darku</b> (Senior Fellow, IEA)
10:35 AM – 10:40 AM	Introduction of Speaker	<b>Dr. E. O. Osae</b>
10:40 AM – 11:20 AM	Presentation	<b>Mr. Victor Anku-Tsedé</b>
11:20 AM – 12:20 AM	Discussion by Participants	<b>IEA</b>
12:20 AM – 12:25 AM	Closing Remarks	<b>Justice Sophia Akuffo</b> (Distinguished Fellow, IEA)
12:25 AM – 12:30 PM	Photographs	<b>IEA</b>

## **Summary of Presentation**

Ghana's trajectory in natural resource exploitation, particularly gold, offers a sobering precedent for what can happen when extraction outpaces governance. Despite decades of large-scale gold mining, the national returns have been modest, weakened by investor-favoured agreements, insufficiently robust physical regimes, and weak enforcement capacity. The oil and gas sector now stands at a similar crossroads.

The generous fiscal terms offered under early petroleum agreements, including low royalties, high cost recovery allowances, stabilisation clauses, and modest state participation, reflected Ghana's then-fragile institutional landscape and frontier status. While these succeeded in attracting investment, they left the country with a government take far below the global average, estimated in some cases at just 42% against a typical 50-65% range for maturing producers.

The recent Memorandum of Understanding (MoU) signed between the government of Ghana and Tullow Oil, seeking to extend existing licenses through to 2024, has sparked fresh debate. While the MoU is described as non-binding, its effects may be to lock Ghana into legacy terms that no longer serve the public interest. Ghana's constitution and laws, particularly article 181(5) and 268(1) require parliamentary approval for such significant resource transactions. The Supreme Court's jurisprudence confirms that substance must prevail over form in determining whether agreements qualify for ratification.

Reforming these agreements is not a radical proposition. It is a practical, globally consistent approach to maximising public benefit. Other nations like Senegal, Namibia, Tanzania, Angola and Mexico have all undertaken petroleum contract reform in response to evolving national goals. These examples offer Ghana useful lessons in balancing investor certainty with fiscal justice and democratic accountability.

The paper also highlights the professionalism of Ghana's petroleum negotiators and the strategic foresights behind GNPC's gas infrastructure development and energy transit goals. Yet no amount of technical excellence can replace the constitutional imperative of public oversight. Parliament must play its full role in ratifying any extensions, reviewing fiscal terms, and ensuring that resource wealth translates into lasting national value.

## **Conclusion: For the good of Ghana**

Ghana has made commendable progress in establishing a legal and regulatory framework for its petroleum sector. Yet the legacy of early agreements and the opacity surrounding current negotiations, such as the Tullow Oil MoU, poses a real risk of repeating the extractive missteps of the past.

The constitution demands that any agreement involving the exploitation of natural resources be subjected to parliamentary scrutiny. This requirement goes beyond legal formality; it is a cornerstone of democratic accountability. If Ghana's petroleum future is to avoid the pitfall scene in the mining sector, there must be a commitment to renegotiation, rebalancing fiscal terms, and transparent engagement.

Policy options recommended include the establishment of a Petroleum Agreement Review Committee, introduction of re-opener clauses in future contracts, expansion of public access to

contract information via a dedicated portal, and reform of the Petroleum Revenue Management Act to support clean energy transitions.

It is no longer enough to rely on goodwill or technical expertise alone. The stakes are too high. MoUs that set the course for decades of production and billions in revenue must be ratified by parliament. If Ghana is to truly benefit from its petroleum wealth, we must move from informal understandings to enforceable mandates, and from opaque negotiations to full democratic oversight.

The time has come to ask, if not now, when? If not us, who? A full review of petroleum agreements is not just desirable. It is constitutionally required, economically wise, and morally need. Let us therefore rise together to ensure that our oil wealth does not become another missed opportunity, but a lasting legacy for future generations.

It is time to Review Petroleum Agreements for the Good of Ghana