

## GHANA RESEARCH NOTE

### Old Habits Die Hard, Even in the Midst of a Sovereign Debt-Restructuring

Although the two events are entirely unconnected, it seems fitting that *the latest fiscal adventure orchestrated by the Finance ministry has come to light on the very day that consideration of Ghana's 2<sup>nd</sup> ECF Review was postponed until January.*

① It turns out that, just as the oft-cited pandemic was getting under way in March 2020, a Ghanaian company with neither capital nor track-record was awarded a **no-bid contract to provide “revenue-assurance services”**<sup>1</sup> to the Ghana Revenue Authority. Under the terms of the agreement, Strategic Mobilisation Ghana Limited (SML) has been collecting a fee of GHC 0.05 on every litre lifted from the country's fuel depots – i.e., **approximately GHC 25 million monthly.**

② Prominently displayed on the SML web-site as recently as last week was the claim, **“GRA, SML collaboration saves Ghana GHC 3 billion in three years.”** However, presented with evidence to the contrary by a team of investigative reporters from The Fourth Estate, CEO Christian Tetteh Sottie<sup>2</sup> acknowledged that the firm is **yet to identify a single instance of under-reporting**<sup>3</sup>.

③ This grossly unsatisfactory track-record, notwithstanding, it has now emerged that **the Finance minister has decided “to expand the Revenue Assurance work being performed by SML to include upstream oil drilling by the production companies and the gold mining companies.”**<sup>4</sup>

Under the **new, 10-year contract**, the firm is to receive USD 0.75 for every barrel of oil produced in Ghana<sup>5</sup>. With current daily output averaging 160,000-170,000, this would earn SML **approximately USD 44.5 million in annual fees.**

④ In the face of the latest fiscal outrage, Ghana's **civil society organizations and the parliamentary opposition have taken up the cudgels** with as much energy as they mustered to derail the Agyapa securitization scam three years ago.

- Manasseh Azure Awuni, the editor-in-chief of The Fourth Estate, has already, requested a formal investigation by the Office of the Special Prosecutor into the conduct of the Finance ministry, the Ghana Revenue Authority and SML in respect of these controversial contracts.

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<sup>1</sup> I.e., in respect of excise taxes payable on imported petroleum fuel products, specifically, **“to stem the tide of under-reporting, diversion and dilution of [imported] fuel products and general non-compliance in the downstream petroleum sector.”**

<sup>2</sup> Prior to setting up the firm in 2020 Sottie, an auditor by profession, had served as the Technical advisor to the Commissioner-General of the Ghana Revenue Authority. As it happens, he currently on the board of directors of the Internal Audit Agency.

<sup>3</sup> When quizzed about the purported *GHC 3 billion savings*, he **claimed to “know nothing about any web-site matter”**. See *“The GHC 3 Billion Lie”* [\[Video\]](#) by The Fourth Estate, Dec. 18, 2023.

<sup>4</sup> See *“Expansion of the Scope of Work by Messrs. Strategic Mobilization Limited”*, issued by Ministry of Finance on Jun. 22, 2023.

<sup>5</sup> An equally munificent provision mandates the state to pay SML an amount equal to 0.75% of Ghana's annual gold output. Applying the current spot price (\$2,073) to the Ghana's 2022 production figure (3.7 million oz.) implies an annual revenue stream of approximately USD 57 million.

- Denouncing the contracts as “thievery”. the executive director of the Institute of Energy Security, has pointed out that **government agencies are already providing the self-same services** that SML has now been engaged to deliver<sup>6</sup>.

- Meanwhile, the Ranking Member on the Mines and Energy Committee has called for the **immediate suspension of the dodgy contracts**<sup>7</sup>, pending a parliamentary investigation.

⑥ As Ghana struggles to secure “financing assurances” from her official creditors it is **hard to imagine that Minister Ken will be able to count on the continued indulgence of the Fund**, let alone his other counterparties. Mais on verra bien ...

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<sup>6</sup> Viz., “The NPA exists to carry out such a mandate, Custom & Excise and Preventive Service also exist to cross-check the quantity of product that comes into the system. And so this is a clear duplication of task.”

<sup>7</sup> Viz., “We cannot allow the taxpayer to be burdened with such unnecessary contracts that only go a long way to fill the pockets of individuals.”