

## **REDIRECTING PETROLEUM REVENUES: AN ANALYSIS OF FISCAL TRADE-OFFS IN THE GOVERNMENT'S "BIG PUSH" PROGRAM**

### **IPS-Ghana Highlight**

- Section 9 of the Petroleum Revenue Management ACT 815 established the Ghana Stabilisation Fund (GSF) whilst the Ghana Heritage Fund (GHF) is established under Section 10. These two funds are collectively referred to as the Ghana Petroleum Funds (GPFs).
- The purpose of the GSF is to cushion the impact on or sustain public expenditure capacity during periods of unanticipated petroleum revenue shortfalls. The Ghana Heritage Fund is to support development for future generations when the petroleum reserves have been depleted.
- On July 30th 2025, Parliament approved the Government's request to dedicate all oil revenues and mineral royalties to the implementation of the Big Push Program through 2028.

### **IPS-Ghana's Policy Insight;**

- Government's decision to dedicate all oil revenues and mineral royalties to the implementation of the Big Push Program through 2028 is limiting proceeds and revenue retention into the Ghana Heritage Fund (GHF) and Ghana Stabilisation Fund (GSF) as seen in the stark decline in the growth rate of the Heritage and Stabilization funds from 7.8 percent (January to August 2024) to 2.78 percent (January to August 2025)
- Secondly, GNPC relies on its share of petroleum receipts to fund its critical operational and investment capacity. The policy shift in petroleum revenue management will stifle exploration, discoveries and development of new wells at a time the nation is experiencing declining oil production.

- The Annual Budget Funding Amount (ABFA), a key source of discretionary funding to support the national budget also stand to see major funding constraints; as the ABFA share of petroleum receipts that would have gone into the annual budget is now pre-committed to a specific, multi-year program.

#### Conclusion:

- The stark decline in the growth rate of the Heritage and Stabilization funds from 7.8 percent to 2.78 percent between January to August 2024 and January to August 2025 respectively is the direct result of this policy shift to dedicate all oil revenues and mineral royalties to the implementation of the Big Push Program through 2028.
- This policy shifts further reflects a complete halt in **new revenue retention** into the **Ghana Stabilisation Fund and Ghana Heritage Fund**, leaving them to grow only from existing investment returns rather than fresh revenue retention from oil receipts.
- In redirecting all petroleum revenues to the "Big Push Program," the Government is weakening all four pillars of the petroleum revenue framework. This policy directly impairs **GNPC's** capacity to fund future exploration, eliminates the **ABFA's** role as a discretionary budgetary tool, and halts contributions to the **Stabilisation Fund's** safety net and the **Heritage Fund's** intergenerational savings.

#### Recommendation:

- The Government can **Implement a Balanced Funding Model for the "Big Push"** rather than diverting all petroleum revenues. A defined percentage of revenues should still be allocated to the **Ghana Petroleum Funds (Ghana Stabilisation Fund & Ghana Heritage Fund)** to maintain fiscal buffers, and to GNPC to ensure its operational and investment capacity.
- The "Big Push" should be funded through a combination of the balanced Funding Model and other public-private partnerships financing mechanisms. This balanced approach would allow for transformative development while preserving the critical long-term functions of Ghana's petroleum revenue framework.

**Signed**