

GOLD FOR OIL IS SUCCESSFUL AND TRANSPARENT - REJOINDER TO DR. RIVERSON

OPPONG

It has come to my notice that the CEO of the AOMCs and LPG Marketing Companies, Dr. Riverson Oppong, a key stakeholder of the downstream sector is leading the crusade against the bastardization of the novel G4O program put in place by the NPP government so salvage the suffering of our people. He made these remarks on a Joy News' PM Express program on Tuesday, 4 February following the release of a COMAC article he authored titled Gold for Oil: A Golden Opportunity or a Costly Gamble?

He further concludes that the G4O program failed to stabilize energy prices and even contributed to fuel shortages towards the end of 2024.

As a critical stakeholder – Former Managing Director of BOST, who played a critical role in the conception and implementation of the G4O program, I deem it my responsibility to clear the air of any misconceptions and misinformation arising due to the lack of information or otherwise.

Recently, Joe Jackson, a former fierce critic of G4O, on July 2, 2024 stated that “the *Cedi* depreciation would have been worse if not for the ‘Gold for Oil’ policy” and that ***“The Gold for oil concept brings significant benefits to Ghana because of the challenges facing the country and if implemented properly will deliver stability in the pricing of the cedi and growth of foreign reserves, and these are two major macroeconomic factors that are important to the growth of Ghana”***.

He further stated on Jan 2, 2025, on his X account that ***“I have extensively researched the gold-for-oil program, and I consider it the most significant policy initiative of this NPP government since 2022”***.

This debate on G4O has been going on for over 2 years with various stakeholders including the current Minister of Energy, the former Parliamentary Select Committee for Energy, Mines and Natural resources during the last administration, the BIDECS, CSOs, academics, Dr. Kwame Ampofo (Former MP, South Dayi), amongst others. Some of these stakeholders were very initially very sceptical about the G4O program and others have converted over time when they saw the immense benefits this program has brought to the people of Ghana.

I want to take this opportunity to VEHEMENTLY disagree with Dr. Riverson Oppong on his SIMPLISTIC analysis of the G4O program and his conclusions thereof and my reasons are as follows:

On stabilization of fuel prices:

1. We are aware that management of the forex rate, a key factor of the petroleum price build up is a very complex matter depending on various variables such as *Demand & Supply of forex, Forex Reserves, Trade Balance, Interest rates, Expectations, GDP Growth, FDI, GoG Debt, Deficit Financing, amongst others*. A lot of these factors are outside our control so we decided to focus on what we could control – Demand for dollars to import petroleum products.
2. The G4O program was a **temporal measure** to stabilize fuel prices by reducing the demand for dollars on the forex market. The records show that:
 - a. premiums on petroleum products dropped from \$135/MT to \$65/MT currently.
 - b. diesel prices have fallen from Ghs23 per litre in November 2022 to current price of Ghs15.45
 - c. inflation has fallen from 54% in November 2022 to 23.5% in January 2025.

These were achieved because the G4O program, amongst others, anchored and stabilized the forex rate over a prolonged period. The situation would have been very DIRE without the intervention.

3. The recent increase in fuel prices is because of the recent increases in the forex rates due to speculation in the market driven by uncertainties associated with the transition period post-elections.

On Fuel Shortages towards the end of 2024

Dr. Riverson Oppong claims that there were fuel shortages in the country because the BDCs could not plan along with the G4O supply, and therefore reluctant in importing.

This is a BLATANT UNTRUTH directed to bastardize the G4O program, and I shall attempt to explain below:

1. There was no shortage of FUEL in the country at any time and this was verified and confirmed by NPA at a meeting held at the Ministry of Energy on Sunday 12 January chaired by Honourable John Jinapor. There was a distribution challenge in some parts of the country and measures were put in place to resolve them subsequently.

2. Additionally, NPA issues LAYCANS to all suppliers and is aware and monitors STOCKS across all depots in the country. If for one reason or another, a particular supplier or suppliers fail to honour their laycan, how can that be blamed on the failure of G4O, especially when the program supplies only 30% of national consumption?
3. We were aware that most of the international oil suppliers adopted a wait and see attitude during the election period and thereafter, so they diverted supplies away from Ghana but that did not cause a shortage even though stocks reduced.

On Transparency of the G4O Program

Stakeholders involved and engaged included Cabinet, the Economic Management Team, Ministry of Finance, Ministry of Energy, Ministry of Lands & Natural Resources, Bank of Ghana, PMMC, BIDECs, GOIL and BOST and NPA.

It is **totally untrue** that the program was opaque because any stakeholder that needed information then and now can source it from any of these institutions leveraging on the RIGHT TO INFORMATION law that was passed by the previous NPP administration if the requested information was not forthcoming.

Conclusion

Several owners of BDCs have told me personally that but for the G4O, their companies would have collapsed. The Bank of Ghana has come out on several occasions to talk about the immense role G4O played in the restoring the economy to its present state. Due to the success of this initiative, other countries have approached Ghana to assist them implement similar initiatives in their jurisdictions.

In summary the G4O policy has delivered on its core objective by ensuring a stable forex rate which reduced the impact of petroleum supply-side inflation. Other positive externalities include:

- i. provision of Petroleum Security for the nation
- ii. affordable pump prices
- iii. reduction in forex loss burden from the 25 BDCs who patronized the G4O products
- iv. guaranteed business for 6 private terminal operators and over 200 transport owners

It is clear from the above that the G4O policy has served Ghana faithfully and like any creation of a human institution, it can be enhanced to extract more value for the good people of Ghana.

God Bless OUR Homeland Ghana.

By Dr. Edwin Alfred Nii Obodai Provencal

Former Managing Director of Bulk Energy Storage & Transportation Limited Company (BEST)