



REPUBLIC OF GHANA

# MINISTRY OF FINANCE

GHANA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (GHEITI)



## FINAL REPORT FOR 2017 & 2018

## OIL AND GAS SECTOR

DECEMBER, 2019

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## List of Abbreviations

ABFA	Annual Budget Funding Amount
CAGD	Controller and Accountant's General Department
CAPI	Carried and Participating Interest
CDB	China Development Bank
EITI	Extractive Industries Transparency Initiative
GHAPET	Ghana Petroleum
GHEITI	Ghana Extractive Industries Transparency Initiative
GIIF	Ghana Infrastructure Investment Fund
GRA	Ghana Revenue Authority
PITL	Petroleum Income Tax Law
PRMA	Petroleum Revenue Management Act
GNGC	Ghana National Gas Company
GNPC	Ghana National Petroleum Corporation
MoF	Ministry of Finance

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## Executive Summary

Messrs Boas & Associates was engaged by the Ministry of Finance and GHEITI to produce EITI report for 2017 and 2018. This report covers the payments made by Oil and Gas companies and receipts by government for the period 1<sup>st</sup> January 2017 to 31<sup>st</sup> December 2018.

The Exploration and Production Law, 2016 (Act 919) is the primary legislation regulating the country's upstream petroleum sector.

Acquisition of exploration rights has until 2018 been without the benefit of a tendering process. The country's first Oil and Gas Licensing Round for Offshore Oil Blocks in the Cape Three Points was held in August 2018 which evaluated sixteen (16) bid submissions.

The International Tribunal for the Law of the Sea (ITLOS) delivered a ruling in 2017 in favor of Ghana in its Maritime boundary dispute with Cote D'Ivoire forestalling the loss of potential revenue from the disputed oil fields

Total crude oil production from the three producing fields (Jubilee, TEN and Sankofa-Gye Nyame) in 2018 was 62,770,787 barrels, representing an average daily oil production of 170,233 barrels, compared to 58,659,625 barrels (160,711 bopd) for the same period in 2017. This was an increase of 6.55 percent and it is attributable to increased production from the TEN and SGN Fields.

Ghana received US\$977.12 million (GH¢4,529.68 million) as petroleum proceeds in 2018, compared with US\$540.41 million (GH¢2,334.12 million) in 2017. This significant increase was mainly due to an increase in price from an annual average of US\$53.49 per barrel in 2017 to US\$70.34 per barrel in 2018 coupled with increased lifting volumes from 5,856,921 barrels in 2017 to 9,783,239 barrels in 2018.

The Ghana Heritage Fund received US\$131.02 million in 2018 compared with US\$61.15 million in 2017, while the Ghana Stabilisation Fund received US\$305.72 million, against US\$142.68 million in 2017. The total amount transferred in 2018 to the ABFA was US\$235.10 million

The Independent Administrator produced a scoping report on GHEITI's 2017/2018 Oil/Gas sector EITI report.

A number of options for materiality thresholds based on revenue streams indicated in the Terms of reference were provided to the MSG. The report also made recommendations on the way to assure data credibility and the cut-off point at which discrepancies are not to be investigated further.

The MSG approved the scoping report on the 15<sup>th</sup> of November 2019. The (MSG) relevant scoping decisions have been summarized below:

*Scoping Decisions for GHEITI 2017/2018 report*

Parameter	Decision	
	2017	2018
Materiality threshold for Oil/Gas sector	US\$370,000	US\$350,000
Coverage of selected Companies payments using preliminary receipts used in determining materiality	99.78%	99.81%
Coverage of selected Companies using total preliminary receipts	53.51%	56.80%
<b>Number of In Scope Companies</b>	10	9
<b>Reporting Government Entities</b>	GRA; GNPC; Petroleum Commission; Ministry of Energy; Ministry of Finance; EPA	GRA;GNPC; Petroleum Commission; Ministry of Energy; Ministry of Finance; EPA

**Materiality Statement:** Any oil/gas upstream company that paid at least US\$370,000 in 2017 or US\$ 350,000 in 2018 was required to participate in the reconciliation exercise for the 2017 and 2018 EITI reports respectively.

**Company Reporting Entities:** The companies required to complete



templates (with their preliminary payments) and report for the 2017/2018 report are shown in tables 1.2 and 1.3 respectively.

*List of Material Oil/Gas Entities Required to Report in 2017/2018*

Company	US\$	Weight(%)	Cumulative weight(%)
GNPC	383,596,007.55	69.84	69.84
Kosmos Energy Ghana Ltd	66,424,864.05	12.09	81.93
Tullow Ghana Ltd	58,115,997.91	10.58	92.51
Anadarko	29,202,563.41	5.32	97.83
PetroSA Ghana Limited	4,299,828.33	0.78	98.61
ENI Ghana Exploration & Production Limited	2,875,673.74	0.52	99.13
Eco Atlantic Oil & Gas Ghana Limited	1,466,681.73	0.27	99.40
UB Resources Limited	1,018,190.27	0.19	99.59
Medea Development Limited	674,225.20	0.12	99.71
Hess Ghana Exploration Ltd	372,485.93	0.07	99.78

*List of Material Oil/Gas Entities Required to Report for the 2018 Report.*

Company	US\$	Weight(%)	Cumulative Weight(%)
GNPC	587,835,788.69	60.51	60.51
Tullow Ghana Ltd	135,195,130.84	13.92	74.43
Anadarko	92,589,348.32	9.53	83.96
Kosmos Energy Ghana UK Limited	78,923,373.87	8.12	92.08
ENI Ghana Exploration & Production Limited	32,593,724.73	3.36	95.44
VITOL	23,825,567.59	2.45	97.89
PetroSA Ghana Limited	16,947,308.33	1.74	99.64
AGM Petroleum Ghana Ltd	1,297,403.60	0.13	99.77
Hess Ghana Exploration Ltd	354,418.33	0.04	99.81

**Out of Scope Companies**

The out of scope companies represented 0.22% and 0.19% of the revenue streams used in determining materiality thresholds in 2017 and 2018 respectively.

**Revenue Streams:** *The following revenue streams were reconciled*

The following revenue streams were approved by the MSG for the 2017/2018 GHEITI Oil/Gas sector reconciliation exercise.

- Royalty;
- Carried Interest;
- Additional Paid Interest:
- Surface Rentals;
- Corporate Tax;
- Training Fees and Technology Allowance
- Gas revenue from Jubilee;
- EPA Permit and processing fees

2017	Company			Government			Final Amounts		Unresolved	
Company	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
<b>OIL &amp; GAS</b>										
KOSMOS	15,008,877	22,141,542	37,150,419	37,150,419	-	37,150,419	37,150,419	37,150,419	-	-
TULLOW	59,261	431,439	490,700	490,700	-	490,700	490,700	490,700	-	(0)
GNPC	551,612,065	(51,129,376)	500,482,689	501,300,433	-	501,300,433	500,482,689	501,300,433	-	(817,745)
ANADARKO	-	-	-	-	-	-	-	-	-	-
PETRO SA	-	-	-	-	-	-	-	-	-	-
ENI GHANA E&P LTD	2,800,685	-	2,800,685	2,786,503	-	2,786,503	2,800,685	2,786,503	14,182	(0)
HESS EXPLORATION	450,750	-	450,750	300,000	-	300,000	450,750	300,000	150,750	
MEDEA DEV;T LTD	-	-	-	-	-	-	-	-	-	-
ECO ATLANTIS	-	-	-	-	-	-	-	-	-	-
UB RESOURCES LTD	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	569,931,638	(28,556,395)	541,375,243	542,028,056	-	542,028,056	541,375,243	542,028,056	164,932	(817,746)

2018

KOSMOS	33,117,104	3,010,649	36,127,753	36,127,753	-	36,127,753	36,127,753	36,127,753	-	-
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TULLOW	52,059,261	250,000	52,738,771	52,738,669	-	52,738,669	52,738,771	52,738,669	103	-
GNPC	958,343,292	(144,402,171)	813,941,122	813,941,122	-	813,941,122	813,941,122	813,941,122	-	-
ANADARKO	-	-	-	-	-	-	-	-	-	-
PETRO SA	10,321,284	105,546	10,426,830	10,426,830	-	10,426,830	10,426,830	10,426,830	-	-
ENI GHANA E&P LTD	2,764,878	-	2,764,878	2,557,620	-	2,557,620	2,764,878	2,557,620	207,258	-
HESS EXPLORATION	450,750	133,379	584,129	418,379	-	418,379	584,129	418,379	165,750	-
VITOL	-	-	-	-	-	-	-	-	-	-
AGM PETROLEUM	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	1,057,056,569	(140,902,597)	916,583,482	916,210,372	-	916,210,372	916,583,482	916,210,372	373,111	-

Revenue Stream	Company			Government			Final Amounts		Unresolved	
	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
<b>OIL &amp; GAS</b>										
Carried Interest	283,298,144	(23,562,072)	259,736,072	259,736,072	-	259,736,072	259,736,072	259,736,072	-	-
Participating Interest	132,428,470	(27,567,304)	104,861,166	104,861,166	-	104,861,166	104,861,166	104,861,166	-	-
Royalty	135,885,451	-	135,885,451	136,703,196	-	136,703,196	135,885,451	136,703,196	-	(817,745)

Surface Rental	352,009	17,797	369,806	219,057	-	219,057	369,806	219,057	150,750	
Corporate Tax	14,833,877	22,123,745	36,957,622	36,957,622	-	36,957,622	36,957,622	36,957,622	-	-
Dividends	-	-	-	-	-	-	-	-	-	-
Training/Technology	2,675,000	250,000	2,925,000	2,925,000	-	2,925,000	2,925,000	2,925,000	-	-
Gas Revenue	-	-	-	-	-	-	-	-	-	-
Environmental Processing/Permit Fees	458,687	181,439	640,126	625,944	-	625,944	640,126	625,944	14,182	-
<b>TOTAL</b>	569,931,638	(28,556,395)	541,375,243	542,028,056	-	542,028,056	541,375,243	542,028,056	164,932	(817,745)

2018 Revenue Stream	Company			Government			Final Amounts		Unresolved	
	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
<b>OIL &amp; GAS</b>										
Carried Interest	449,715,276	(64,821,620)	384,893,657	384,893,657	-	384,893,657	384,893,657	384,893,657	-	-
Participating Interest	228,236,603	(64,795,349)	163,441,254	163,441,254	-	163,441,254	163,441,254	163,441,254	-	-
Royalty	268,686,485	(3,080,274)	265,606,211	265,606,211	-	265,606,211	265,606,211	265,606,211	-	-
Surface Rental	11,993,889	18,464	307,425	155,906	-	156,573	307,425	156,573	150,853	-
Corporate Tax	95,263,388	3,097,731	98,361,119	99,384,452	-	98,361,119	98,361,119	98,361,119	-	-
Dividends	-	-	-	-	-	-	-	-	-	-
Training/Technology	2,675,000	250,000	2,925,000	2,910,000	-	2,910,000	2,925,000	2,910,000	15,000	-
Gas Revenue	11,704,928	(11,704,928)	-	-	-	-	-	-	-	-

Environmental Processing/Permit Fees	485,928	133,379	1,048,817	841,559	-	841,559	1,048,817	841,559	207,258	-
<b>TOTAL</b>	1,068,761,497	(140,902,597)	916,583,482	917,233,038	-	916,210,372	916,583,482	916,210,372	373,111	-

**The 2017 reconciliation recorded a net discrepancy of US\$(652,814) and an absolute discrepancy of US\$982,678. The reconciliation of 2018 had a net discrepancy of US\$311,000 and absolute discrepancy of the same amount.**

The net and absolute discrepancies in 2017 represent 0.063% and 0.096% respectively of the total government receipts in 2017. The net discrepancy is 0.11% of the aggregated revenues used in determining materiality.

The 2018 discrepancy represents 0.018% of total government revenues. It is 0.03% of the sum of the revenues used in determining materiality.

## 1.0 Background

The Extractive Industries Transparency Initiative (EITI) is a global initiative that has gained global recognition since its introduction at the World summit on Sustainable development in Johannesburg, South Africa in 2002.

Its main objective is to enhance transparency around the generation and spending of revenues from the extractive sector with the stated purpose of improving development outcomes, reduce the potential for corruption or large-scale embezzlement of funds and stimulate debate on the utilization of revenues generated from the extractive sector in member countries.

Ghana committed herself to join the EITI when she signed up for membership status in London in 2003. Ghana initiated the production of EITI reports in 2006 on mining sector activities only. In September 2010, Ghana extended the production of EITI reporting to the oil and gas sector.

The initiative requires companies to declare what they have paid to government as extractive related payments, whilst the government through its agencies also indicate the receipts from the extractive companies. The payments and receipts are then reconciled by an Independent Administrator (IA).

Messrs Boas & Associates was engaged by the Ministry of Finance and GHEITI to produce EITI report for 2017 and 2018. This report covers the payments made by Oil and Gas companies and receipts by government for the period 1<sup>st</sup> January 2017 to 31<sup>st</sup> December 2018.

The report also provides contextual information on the oil and gas sector including the overview of the sector, licencing regime, contracts, state participation, beneficial ownership, exploration production and exports, revenues collection and allocation, quasi fiscal expenditures, transactions by state owned enterprises(SOE'S), outcomes and impacts and revenue management.

The Multi-Stakeholder Group (MSG) provides the terms of reference on which the report was based.



## 1.1 EITI Implementation in Ghana

Ghana has been implementing the Extractive Industries Transparency Initiative since 2003. The implementation of the EITI started with the mining sector in 2004 and extended to the oil and gas sector in September, 2010.

The Ghana version of the initiative is called the Ghana Extractive Industries Transparency Initiative (GHEITI). A twenty (21) member Multi Stakeholder Group (MSG) made up of representatives from government, mining, oil and gas companies, and civil society organisations have oversight responsibility over the activities of the initiative.

The specific objectives of the GHEITI are to:

- enhance the demand-side of social accountability by providing public insights into revenues derived from the exploitation of the country's extractive resources;
- create the platform for public debate on the spending efficiency of extractive sector revenues;
- identify gaps and weaknesses in resource revenue management and make recommendations to prevent revenue leakage and abuse;
- ensure that extractive revenue and expenditure information are provided in a timely manner, and in an accessible and comprehensible format; and
- guarantee the sustainability of transparency and accountability in extractives through legislation and mainstreaming.

More information on GHEITI, work plans and status of reporting can be found on: [www.gheiti.gov.gh](http://www.gheiti.gov.gh).

The members of the MSG comprise of representatives from the under listed agencies or bodies:

- Ministry of Finance
- Ministry of Land and Natural Resources
- Minerals Commission
- Ghana National Petroleum Company
- Ghana Chamber of Mines (representing the mining companies)
- Office of the Administrator of Stool Lands

- Ghana Revenue Authority
- Civil Society Organizations
- Ministry of Energy
- Petroleum Commission
- Eni Ghana Exploration and Production Ltd (ENI)
- Kosmos Energy HC
- Ellembelle District Assembly
- Tarkwa Nsuaem Municipal Assembly
- Tullow (Ghana) Ltd
- The EITI implementation Secretariat at the Ministry of Finance

## **1.2 Objectives and Contents of Report**

The objectives of the report include the following:

- a) To collect and analyze payments made by Oil and Gas companies to the Government of Ghana.
- b) Reconcile extractive companies' submissions of Oil and Gas payments to those received by Government.
- c) To produce a report covering 2017 & 2018 in accordance with the 2016 EITI Standard.

The report includes the overview of the oil and gas sector in Ghana including the licensing of petroleum rights; exploration, production and exports; beneficial ownership; contract transparency; state participation in the extractive sector; revenue collection and allocation; social and economic spending; and the outcomes and impact of the EITI in Ghana.

The concluding section of the report provides recommendations which will assist in the effective management of the oil and gas sector, as well as improving the EITI reporting process in Ghana.

## **1.3: Approach and Methodology**

The assignment's methodology has two main phases comprising of;

- Preliminary information gathering (inception phase which included the production of scoping and inception reports);

- Reconciliation phase.

The preliminary information gathering stage involved interactions with the major stakeholders in order to put the assignment into the correct perspective.

The reconciliation phase was made up of (i) Data Collection and Analysis; (ii) Initial Reconciliation; (iii) Draft Reporting phase and (iv) Final Reporting.

There was interaction with the Steering committee in order to

- Elaborate on the details of the terms of reference
- Determine fully the responsibility of the Independent Administrator regarding provision of contextual information, i.e. to confirm that the Administrator has to provide all the contextual information
- Agree on the reporting template and the reporting parameters.

Preliminary meetings were also held with the representatives of the participants<sup>1</sup> of the reconciliation exercise. Focal persons for the provision of data were determined.

## Document Review

Available documentation was reviewed to gain a deeper understanding of the assignment. Document review also provided the necessary resources for the provision of contextual information.

Documents identified and studied included the following:

- Model Petroleum Agreement
- Reports of seminars and workshops held on the EITI.
- Public Interest and Accountability Committee (PIAC) reports.
- 2017 and 2018 Annual reports on the Petroleum Holding Fund
- The Income Tax Act, Act 896
- Audit reports on the Ghana Petroleum Funds
- Audit report on the Petroleum Holding Fund.
- Relevant web sites

Document review was undertaken at all stages of the assignment.

Scoping and inception reports were presented to the MSG at the end of the preliminary studies.

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<sup>1</sup> Representatives of companies and government agencies GRA, Ministry of Finance, GNPC, ENI, Kosmos Energy and Tullow (Ghana) Ltd.

The activities at the reconciliation stage are detailed in section 4.

## **2.0 Overview of the Oil and Gas Industry**

Ghana's first offshore well was drilled in the Saltpond basin in the 1960's. Production of oil in the Jubilee Fields started in 2010. Subsequently other fields such as TEN, Sankofa Gye Nyame (SGN) have produced oil and gas in commercial quantities.

The Exploration and Production Law, 2016 (Act 919) is the primary legislation regulating the country's upstream petroleum sector.

Three regulations were recently enacted to strengthen the regulatory aspect of the sector management. These are the

(a) Petroleum (Exploration and Production) (General) Regulations, 2018 (LI 2359) LI 2359 to provide for the procedures and conditions for the grant of a petroleum agreement;

(b) Petroleum Exploration and Production-Data Management Regulation, 2017 (LI 2257) to strengthen the management of petroleum data; and

(c) Petroleum (Exploration and Production) (Health, Safety and Environment) Regulations, 2017 (LI 2258) LI 2258 which seek to prevent the adverse effects of petroleum activities on health, safety and the environment.

Acquisition of exploration rights has until 2018 been without the benefit of a tendering process. The country's first Oil and Gas Licensing Round for Offshore Oil Blocks in the Cape Three Points was held in August 2018 which evaluated sixteen (16) bid submissions.

The International Tribunal for the Law of the Sea (ITLOS) delivered a ruling in 2017 in favor of Ghana in its Maritime boundary dispute with Cote D'Ivoire forestalling the loss of potential revenue from the disputed oil fields.

Sixteen oil and gas firms submitted applications for one or more of five Ghanaian offshore blocks in the West African country's first exploration licensing round. The companies that applied were Tullow, Total, ENI, Cairn, Harmony Oil and Gas Corporation, ExxonMobil, CNOOC, Qatar Petroleum, BP, Vitol, Global Petroleum Group, Aker Energy, First E&P, Kosmos, Sasol and Equinor.

Three of the oil blocks (Block 2, Block 3 and Block 4) were to go through competitive bidding process, while two blocks (Block 5 and Block 6) were to

be awarded through direct negotiations. Block 1 was reserved for the Ghana National Petroleum Corporation (GNPC). Twelve of these major international oil companies which submitted applications, later pulled out of the bidding process.

ENI and Vitol, as well as Tullow Ghana Limited, were the only companies that submitted bids for block 3, with First E&P submitting bid for block 2. <https://www.petrocom.gov.gh/licensing-round>

Government of Ghana (GoG) signed a Petroleum Agreement (PA) with ExxonMobil for the Deep Water Cape Three Points (DWCTP) Block with Ghana Oil Company Limited (GOIL) as its indigenous partner consistent with local content regulations.

Aker Energy AS, completed the acquisition of Hess Corporation's Ghana unit in a \$100 million deal, gaining access to a 50 percent stake in the Deepwater Tano Cape Three Points (DWCTP) block. The block holds an estimated 550 million barrels of oil equivalent in contingent resources and potential for a further 400 million barrels.

Aker Energy Ghana received an extended date for POD (Plan of Development) submission to enable it undertake further appraisal work on the block.

Total crude oil production from the three producing fields (Jubilee, TEN and Sankofa-Gye Nyame) in 2018 was 62,770,787 barrels, representing an average daily oil production of 170,233 barrels, compared to 58,659,625 barrels (160,711 bopd) for the same period in 2017. This was an increase of 6.55 percent and it is attributable to increased production from the TEN and SGN Fields. <http://www.piacghana.org/portal/5/25/piac-reports>

A total of 30, 836 MMScf of raw gas was supplied in 2017 from Jubilee and TEN (MOF, 2017).

GNPC together with ENI and Vitol, partners at the Offshore Cape Three Points (OCTP), achieved technical first gas from the Sankofa Gye-Nyame (SGN) Field on 5th July, 2018 and export of Non-Associated Gas (NAG) from the SGN Field on 4th August, 2018. The SGN exported a total of 6,105MMScf of lean gas in 2018 to the thermal plants at the Takoradi and Aboadze Power enclave.

Ghana received US\$977.12 million (GH¢4,529.68 million) as petroleum proceeds in 2018, compared with US\$540.41 million (GH¢2,334.12 million) in 2017. This significant increase was mainly due to an increase in price from an annual average of US\$53.49 per barrel in 2017 to US\$70.34 per barrel in

2018 coupled with increased lifting volumes from 5,856,921 barrels in 2017 to 9,783,239 barrels in 2018.

GNPC received US\$201.10 million for Equity Financing Cost (US\$201.10 million) and US\$104.14million for its share of the net Carried and Participating Interest totaling US\$305.27 million in 2018. In 2017 GNPC was allocated US\$182.04million, out of which US\$103.44 million was for equity financing and the remainder as its share of carried and participating interest.

A total of US\$436.75 million was transferred into the Ghana Petroleum Funds in 2018, compared with US\$203.83 million in 2017. <https://www.mofep.gov.gh/publications/petroleum-reports>

The Ghana Heritage Fund received US\$131.02 million in 2018 compared with US\$61.15 million in 2017, while the Ghana Stabilisation Fund received US\$305.72 million, against US\$142.68 million in 2017. The total amount transferred in 2018 to the ABFA was US\$235.10 million.

## **2.1 Legal and Institutional Framework**

### **2.1.1 Legal Framework and Fiscal Regime**

Ghana's oil sector until recently was governed by the PNDC Law 84 and the GNPC Law 64. Following the discovery of oil, there has been a number of legal reforms paving the way for the introduction of new laws and the replacement of some old ones. Currently the main laws regulating the country's oil/gas sector are:

1. Petroleum Commission Act, 2011 (Act 821)
2. Petroleum Revenue Management Act, 2011 (Act 815) as amended by Petroleum Revenue Management (Amendment) Act, 2015 (Act 893)
3. Petroleum (Exploration and Production) Act, 2016 (Act 919) (the E&P Act), replacing PNDCL 84
4. Income Tax Act 2015 (Act 896) as amended

### **2.1.2 A number of regulations have been enacted for the sector. The recent ones being:**

1. Local Content and Local Participation Regulations, 2013 (LI 2204);

2. Petroleum Commission (Fees and Charges) Regulations, 2015 (LI 2221);
3. Petroleum (Exploration and Production) (Measurement) Regulations, 2016 (LI 2246);
4. Petroleum Exploration and Production-Data Management Regulation, 2017 (LI 2257);
5. the Petroleum (Exploration and Production) (Health, Safety and Environment) Regulations, 2017 (LI 2258);
6. Petroleum (Exploration and Production) (General) Regulations, 2018 (LI 2359);

### **2.1.3 Guidelines for the management of the petroleum upstream sector are:**

1. Energy Sector Strategy and Development Plan;
2. Gas Master Plan;
3. Gas Pricing Policy Guidelines to the Petroleum (Exploration and Production) (Measurement) Regulations;
4. Guidelines for the formation of joint venture companies in the upstream petroleum industry of Ghana (March 2016); and
5. Oil and Gas Insurance Placement for the Upstream Sector

### **2.1.4 Description of the main Laws and Regulations**

1. Ghana National Petroleum Corporation Law, 1983: (PNDC Law 64) gives GNPC the mandate to undertake sustainable exploration, development, production and disposal of the petroleum resources of Ghana.
2. The Model Petroleum Agreement: This emanates from the Petroleum (Exploration and Production) Law and is intended to guide the negotiation process (including terms and conditions) in a Petroleum Agreement between GNPC, Government of Ghana and the Oil Company<sup>2</sup>.
3. Income Tax Act, 2015 (Act 896): The Income Tax Act, (Act 896) is an act which provides the general law relating to income tax,

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<sup>2</sup>

[http://www.petrocom.gov.gh/assets/ghana\\_model\\_petroleum\\_agreement\(1\).pdf](http://www.petrocom.gov.gh/assets/ghana_model_petroleum_agreement(1).pdf)

capital gains tax and gift tax. It contains a section on the taxation of upstream petroleum activities.

4. The Petroleum Commission Act, 2011 (Act 821): This law establishes the Petroleum commission as a body corporate with the objective to regulate, and manage the utilization of petroleum resources and to coordinate policies in relation to them.
5. The Petroleum Revenue Management Act, 2011 (Act 815). This Act and its amendments provide the framework for the collection, allocation and management of petroleum revenue derived from upstream and mid-stream petroleum operations.
6. Petroleum (Exploration and Production) Act, 2016 (Act 919). The Act provides for and ensures safe, secure, sustainable and efficient petroleum activities in order to achieve optimal long-term petroleum resource exploitation and utilization.
7. Petroleum (Local Content and Local Participation) Regulations: 2013 (LI 2204). This law outlines the local content requirements of all upstream petroleum companies and contractors.

Under L.I 2204 an indigenous Ghanaian company shall be afforded first preference in the grant of petroleum agreement or a licence. An indigenous Ghanaian company is a company incorporated under the 1963 Companies Act, 1963 (Act 179) that has at least 51percent of its equity owned by a citizen of Ghana and also has Ghanaian citizens holding at least 80 percent executive and senior management positions and 100 percent of non-managerial and other positions.

Under L.I 2204, Regulation 4 (2), a foreign company seeking to participate in a petroleum activity in Ghana must afford an indigenous Ghanaian company other than the Corporation (GNPC) an equity participation of at least five percent to be qualified to enter into a petroleum agreement and or a licence with the government of the Republic of Ghana.

Section 4(6) of L.I 2204 grants an indigenous Ghanaian company an equity holding of at least ten percent in a Joint Venture.



### 2.1.5 Other recent regulations in the petroleum subsector are:

1. Petroleum (Exploration and Production) (General) Regulations, 2018 (LI 2359).

LI 2359 came into force in June 2018. The Regulations provide for the procedures and conditions for the grant of a petroleum agreement including qualification requirements, terms and conditions for open and competitive tendering procedures and direct negotiations.

2. Petroleum Exploration and Production-Data Management Regulation, 2017 (LI 2257)

The Regulations apply to the reporting and management of petroleum data obtained from the conduct of petroleum activities within Ghana. This includes the receipt, interpretation and analysis of petroleum data, provision of a safe environment for storage of petroleum data submitted, efficient management of the data and the documentation and reporting for information related to acquisition and submission of petroleum data.

3. Petroleum (Exploration and Production) (Health, Safety and Environment) Regulations, 2017 (LI 2258).

LI 2258 applies to all petroleum operations. Among others, it aims to prevent the adverse effects of petroleum activities on health, safety and the environment and promotes high standards of health and safety. It provides the minimum health and safety requirements applicable to contractors, subcontractors and other players within the industry.

4. Earmarked Funds Capping and Realignment Act, 2017 (Act 947).

This Act applies to any Earmarked Fund and Internally Generated Fund provided for in an enactment. Where a provision in an enactment relating to an Earmarked Fund or an Internally Generated Fund is inconsistent or conflicts with a provision of this Act, the Act shall, with specific exceptions prevail.

The Act is intended to:

- a) free up public resources by placing a cap on the Earmarked Funds specified in the Schedule to ensure that tax revenue encumbered by those Funds as a result of allocations is twenty-five percent of tax revenue;
- b) empower the Minister, in consultation with the relevant sector Minister, to review the enactments under which the Earmarked Funds specified in the Schedule are established, and to make a determination as to whether or not a particular Earmarked Fund has outlived its usefulness and should cease to exist.

### **2.1.6 Policy Formulation**

1. Energy Sector Strategy and Development Plan;
2. Gas Master Plan;
3. Gas Pricing Policy Guidelines to the Petroleum (Exploration and Production) (Measurement) Regulations;
4. Guidelines for the formation of joint venture companies in the upstream petroleum industry of Ghana (March 2016); and
5. Oil and Gas Insurance Placement for the Upstream Sector.

### **2.1.7 Natural Gas Regulations**

The Energy Commission has developed the following Legislative Instruments (L.I.) with adopted Ghanaian Standards and which have been approved by Parliament.

- i. Natural Gas Pipeline Safety (Construction, Operation and Maintenance) Regulation (L.I. 2189)
- ii. Natural Gas Distribution and Sale (Technical and Operational) Rules, 2007(LI 1911)
- iii. Natural Gas Distribution and Sale (Standard of Performance) Regulations, 2007(LI 1912)
- iv. Natural Gas Transmission Utility (Technical and Operational) Rules, 2007(LI 1913)
- v. Natural Gas Transmission Utility (Standards of Performance) Regulations, 2008(LI 1936)

### **2.1.8 Local Content**

The period also saw progress on establishing and operationalising the Ghana Local Content Fund, a requirement under Section 64 of the Petroleum (Exploration and Production) Act, 2016 (Act 919).

A Local Content Fund Secretariat has been established and resourced at the Petroleum Commission. A Coordinator has been appointed to manage the Secretariat, and two (2) bank accounts opened at the Bank of Ghana (BoG).

The Petroleum Commission has since commenced the implementation of the one percent (1%) contract sum deduction into the Fund, in accordance with section 66(1)(b) of Act 919, with receivables amounting to US\$155,551.69 as at 31st December 2018.

The operational guidelines for the administration of the Fund was under review as at end of December 2018 (Petroleum Commission).

### **2.1.9 Energy Commission**

The Energy Commission issued a temporary construction permit to the Ghana National Gas Company (GNGC) Limited for commencement of construction activities for a 10km pipeline from GNGC's Takoradi Regulating Metering Station to Karpowership at Sekondi.

Secondly, the Commission issued citing and construction permits to Tema LNG Terminal Company Limited to develop a 230MMSCF/D LNG facility to be located at the Port of Tema.

### **2.1.10 Gas Master Plan**

Ghana finalized its Gas Master Plan (GMP) in 2016 with the primary objective to develop a strategy for infrastructure development priorities that will contribute to the development of Ghana's natural gas resources and security of energy supply. The plan focuses on the medium to long term requirements for Ghana's gas sector.

To operationalize the Gas Master Plan (GMP), the following reports and activities were undertaken:

1. Gas Master Plan Implementation Committee Report
2. Gas Sector Institutional Alignment Report
3. Gas Act - Bill being drafted.

### **2.1.11 Description of the Fiscal Regime**

All licenses are governed by a concession-based fiscal regime with a minimum of 15 percent Participating Carried Interest.

The main components of the fiscal regime as detailed in the Model Petroleum Agreement and L.I 2359 are as follows:

- Royalty- 5.0 -12.5%
- GNPC Initial Interest (Carried) -15%
- GNPC Additional Interest (Paying) - Negotiable
- Petroleum Income Tax -35%
- Surface rental (offshore) -US\$150-600/sq.km/year depending on stage of operation
- Surface rental (onshore) -US\$225-900/sq.km/year depending on stage of operation

However, individual contracts may contain specific provisions that are different from the Model Agreement.

The fiscal regime for the Jubilee, TEN and SGN Fields which were in production in 2018 are shown below.

**Table 2.1: Fiscal Regime governing Jubilee and TEN operation in 2018**

<b>Fiscal Item</b>	<b>Jubilee</b>	<b>TEN</b>	<b>SGN</b>
<b>Royalty on Gross Production-oil</b>	5%	5%	7.5%
<b>Royalty on Gas production Carried and Participating Interest</b>	5%	3%	5%
<b>Corporate Tax</b>	13.64%	15%	20%
	35%	35%	35%

Source: Author’s Construct

Section 88 of Act 919 provides for bonus payments <sup>3</sup>as may be prescribed by a regulation or in accordance with the terms of a petroleum agreement.

Gains on the realization of assets are taxable at 35 percent.

### **2.1.12 Carried Interest**

GNPC, on behalf of the State has a 15 percent participating carried interest in each contract area. GNPC is “carried” during the exploration and development phases. All the risks of exploration and development is borne by the oil Companies.

<sup>3</sup> L.I. 2359 provides for signature bonus and production bonus

### 2.1.13 Additional Participating Interest

The State is entitled to acquire additional interest in each contract area, for which it is responsible for full costs during development and production phases. The allowable percentage of this interest varies for each contract. Furthermore, section 18 of Act 919 grants Ghana preemptive rights (right of first refusal) in case a contractor decides to dispose all or part of its interest in a PA.

### 2.1.14 Additional Oil Entitlement (AOE)

AOE is the additional payment to be made to the government if the post-tax rate of return (ROR) for a project exceeds a targeted level. The trigger points (thresholds) for RORs in L.I 2359 are 15%, 20%, 25%, and 30%. However, for existing producing fields, the rates are indicated in the table 2.2 below.

**Table 2.2: Trigger Points for Additional Oil Entitlement**

<b>Contract</b>	<b>WCTP</b>	<b>DWT</b>	<b>OCTP</b>
Project Fields	Jubilee  Greater Jubilee	TEN	Sankofa Gye Nyame (SGN)
<b>Royalty Rates</b>			
Crude Oil	5	5	7.5
Associated Gas	5	3	5
<b>Other Interest</b>			
Carried Interest	10	10	15
Participating Interest	3.64	2.5	5
<b>Additional Oil Entitlement(AOE)</b>			
AOE Trigger 1	7.5	5	10
AOE Trigger 2	15	10	12.5
AOE Trigger 3	25	15	16
AOE Trigger 4		20	20
AOE Trigger 5		25	
<b>ROR Thresholds (%)</b>			
ROR Trigger 1	25	19	12.5
ROR Trigger 2	30	20	17.5
ROR Trigger 3	40	25	22.5

ROR Trigger 4		30	27.5
ROR Trigger 5		40	

Source: [www.ghanapetroleumregister.com](http://www.ghanapetroleumregister.com) & Commodity Trading Pilot Report, 2017

### 2.1.15 Cost recovery, Deduction and Cost Containment

Five years carry-forward of losses

5-year straight-line depreciation of exploration and development costs and other capital expenditures, including buildings, transportation and communication facilities.

Thin capitalization provisions currently apply at three debt to one equity (3:1)

### 2.1.16 Transfer Pricing

All related party arrangements involving at least an entity registered/incorporated in Ghana are required to be at arm's length. Contemporaneous Transfer Pricing (TP) documentation is required, and should be prepared in accordance with Ghana TP regulations 2012, (L.I.2188).

Companies are required to file annual TP return with the GRA, four months following the end of the financial year

The Commissioner-General is empowered under Act 896 to adjust non-arms-length transfers between related parties in computing the net income for tax purposes.

### 2.1.17 Stability Clauses

Stability clauses relate to protection from fiscal regime changes and other contractual terms that may have adverse effects on contractor's economic situation as provided in petroleum agreements. |

### 2.1.18 Fiscal Decentralization

The Local Government Act 1993 empowers Metropolitan, Municipal, District Assemblies (MMDAs) to administer and collect property rates in respect of extractive companies operating in their jurisdictional areas. There is also a business operating permit (BOP) chargeable on all enterprises and it is usually a fixed rate depending on the business category

## **Oversight Institutions in the Upstream Oil and Gas Sector**

### **Ghana Revenue Authority (Domestic Tax Revenue Division)**

The Domestic Tax Revenue Division of the Ghana Revenue Authority is responsible for the collection of taxes including: income tax, royalties, capital gains tax on sale/realization of assets, corporate tax and gift tax. According to the Petroleum Revenue Management Act (PRMA), Act 815, the GRA is mandated to assess, collect and account for all petroleum revenues. Act 815 defines petroleum revenues to include:

Data on payments of benefit streams paid in 2017 & 2018 were provided by the Domestic Tax Revenue Division of the GRA.

### **Ghana Revenue Authority (Customs Division)**

The customs division of the GRA is responsible for monitoring oil production, supervise oil export and conduct preventive duties on the facility. At the Oil production Fields its duties include:

- Daily check of the status of revenue locks both electronically and physically to ensure that they are intact

- Participate in daily physical survey of tanks to determine daily oil production

- Perform Preventive duties to prevent the use of the facility for activities other than oil production.

- During export of oil.

Participate in physical survey of nominated tanks with other interested parties to determine the quantity of oil delivered from the FPSO tanks.

Disarm the electronic seal on the main export valve and open it to allow export; close and arm seal after export.

The GRA (Customs Division) maintains one Customs officer on the FPSO to perform its duties, however during liftings/exports, one more Officer is added.

### **Bank of Ghana**

Bank of Ghana is the central bank of the republic and it is responsible for the day-to-day operational management of the Petroleum Holding fund, the Ghana Petroleum Funds and subsequently the Ghana Petroleum Wealth Fund under the terms of the Operations Management Agreement (Section 26, PRMA, 2011).

### **Ministry of Finance**

The primary function of the Ministry of Finance is to ensure macroeconomic stability for the promotion of sustainable economic growth and development of Ghana. The Minister is required by section 48 of the PRMA to submit an annual report on the petroleum funds, as part of the presentation of the Annual Budget Statement and Economic Policy to parliament.

### **Ministry of Energy**

The ministry is responsible for energy policy formulation, and oversight responsibility in the implementation of sector policies by the sector agencies.

### **Petroleum Commission**

Petroleum Commission is a body corporate with perpetual succession established by the Petroleum Commission Act, 2011, (Act 821) with the objective to regulate, monitor and manage the activities and utilization of petroleum resources and to coordinate policies in relation to them.

## **2.2 Licence Allocations**

The Petroleum Exploration and Production Act of 2016 (Act 919) provides for open competitive tendering as the default arrangement for the allocation of oil blocks in Ghana.

However, section 10 (9) of the Act also empowers the Minister of Energy to enter into direct negotiations where direct negotiations represent the most efficient manner to achieve optimal exploration, development and production of petroleum resources in a defined area.



### 2.2.1 Competitive Tendering

The competitive bidding process is an introduction by Petroleum (Exploration and Production) (General) Regulations, 2018 (LI 2359)

L.I 2359. Regulation 9 of L.I 2359 specifies the general procedural requirements for the bidding processes leading to the grant of an oil block.

It provides that the tender processes shall include:

- Expression of interest further to subsections (6) and (7) of section 10 of Act 919
- Invitation to tender
- Submission of bids & Evaluation of bids
- Decision on bids
- Entry into petroleum agreement

### 2.2.2 Pre-Qualification

The Minister, at his discretion can direct that a pre-qualification process on the applicant be undertaken before the tender process. The pre-qualification requirement is provided for under Regulation 11 of L.I 2359. The Minister is empowered to come out with specific pre-qualification requirements for prospective operators and for indigenous Ghanaian companies.

The deadline for the submission of bids shall be determined by the Minister taking into consideration the conditions and circumstances of the tender process.

However, the deadline shall not be less than 120 days from the publication of the invitation to tender or the invitation for direct negotiations.

The decision to enter into petroleum agreement shall be made by the Minister on the basis of objective criteria.

Regulation 16 of L.I 2359 list the objective criteria to include:

- Responsiveness of the applicant to the policy objective of the bid

Proposed work programme based on any minimum requirements set out in the invitation to tender;  
Geological understanding and assessment of the prospectivity of the area;  
Proposal of the initial participating carried interest and additional participating interest.  
Proposed level of local content compliance in accordance with L.I 2204  
Royalty rate exceeding the minimum rate;  
Bonus if any;  
Methodology and plan for the transfer of knowledge and skills;  
Training and technology support; and  
Other criterion to be determined by the Minister.

The decision to enter into petroleum agreement shall be based on highest numerical score.

Both unsuccessful and successful or preferred bidders shall be issued with a written notice from the Minister after the evaluation of bids and the decision to enter into one or more petroleum agreements. Notice to the preferred bidders shall be accompanied by an invitation to negotiate the detailed terms of the petroleum agreement.

### **2.2.3 Ghana's First Competitive Bidding Round**

The launch of the bidding round was in October, 2018. This was followed by a call for expressions of interest and pre-qualification to which sixteen companies responded. However, only three companies submitted bids for blocks.

Eni and Vitol was awarded WB 3 and First E&P was awarded WB 2. WB 1 was reserved for the GNPC.

A major flaw was that the open competitive bidding was done together with the direct negotiations, which discouraged some companies from submitting bids for the open competitive bidding round.

#### **2.2.4 Direct Negotiation of Petroleum Block**

The Minister may decide to initiate direct negotiations with a prospective entity in the petroleum industry. However, a body corporate that the Minister intends to engage in direct negotiation must meet the pre-qualification requirements under section 10 of Act 919, and additional requirements under Regulation 16 of L.I 2359.

Direct negotiation by the Minister shall be resorted to, if and only if, a public tender process does not represent the most expedient way to enter into a petroleum agreement. The Minister is required to publish the reasons for the decision, the area concerned and the potential contractor in the following media:

Gazette

At least two state-owned daily newspapers

Website of the Ministry; and

Any medium of public communication.

Direct negotiation is expected to commence 30days after the publication is done.

#### **2.2.5 Assignment of Petroleum Rights to the NOC**

The Minister has discretion to assign a block to the NOC.

#### **2.2.6 Ratification**

All petroleum agreements have to be ratified by Parliament to become effective, operational and binding on the parties.

The process of acquiring oil block can be found at the following websites:

Ministry of Energy:

<http://www.energymin.gov.gh/sites/default/files/PROCESS%20FOR%20ACQUIRING%20A%20BLOCK%20FOR%20EXPLORATION%20AND%20%20%20PRODUCTION.pdf>

Petroleum Commission: <http://www.petrocom.gov.gh/block-acquisition.html>

#### **2.2.7 Legal Basis for Licencing**

Licencing has evolved from a period where it was based exclusively on direct negotiation under PNDC Law 84 to its current

status where the default arrangement is Open Competitive Bidding as provided for in Act 919.

### **2.2.8 Deviations from the Applicable Legal and Regulatory Framework**

There were no deviations from the established framework for the allocation of contracts during the period under review.

### **2.3 License Register**

Section 56 of Act 919 mandates the establishment of a register of Petroleum Agreements, Licences, Permits and Authorisations.

Pursuant to this, the Petroleum Commission launched its Online Petroleum Register in 2018. It maintains contract agreements for all the 18 blocks, namely:

- i. Deepwater Tano*
- ii. West Cape Three Points*
- iii. Offshore Cape Three Points*
- iv. Offshore Keta*
- v. Deepwater Tano-Cape Three Points*
- vi. Saltpond Field*
- vii. Expanded Shallow Water Tano*
- viii. Central Tano*
- ix. Shallow Water Cape Three Points*
- x. South West Saltpond*
- xi. Deepwater Cape Three Points West*
- xii. East Keta*
- xiii. Offshore South West Tano*
- xiv. Offshore Cape Three Points South*
- xv. East Cape Three Points*
- xvi. South Deepwater Tano*
- xvii. Offshore Saltpond*
- xviii. Deepwater Cape Three Point*

For each of the petroleum blocks, it displays agreement, registration, exploration, drilling development permits and production permits where applicable.

The Register highlights the operator of the licence, and the equity holdings of the contracting parties.

It shows the block sizes of the contract area and the effective dates of the agreement as well as the current phase of the operations with a little update on the status of the work at the block. It highlights its fiscal terms.

### Accessibility to the Register

The Register is online and no entry registration is required to access information. Link to the register is <https://www.ghanapetroleumregister.com/>

There is no cost attached to accessing data on the register. The coordinates are not separately collated.

### Gaps in the Register:

Consistent with the EITI Requirement 2.3(b), the following information have been disclosed in the register:

- Licence Holder name
- Coordinates of the Area (These are found in the individual contracts)
- Date of application
- Date of award
- Date of expiry
- Commodity

The only gap identified is the absence of a map showing the coordinates of the petroleum operations.

## 2.4 Contracts

**Disclosure policy:** There is no government's policy on contract disclosure. However, in compliance with EITI requirements and section 56 of Act 919, the government has publicly displayed all the 18 agreements on petroleum contract areas in the Petroleum Register.

Currently, the Government through the Petroleum Commission has published its register of contracts for all 18 petroleum contract areas. This can be accessed via <https://www.ghanapetroleumregister.com/>

The Agreements stipulate parties' interests, contract area, exploration period and spells out contractor rights and obligations in relation to the National Oil Company, GNPC among others.

There is also publicly displayed model Petroleum Agreement which is available at the website of the Ministry of Energy<sup>4</sup>

Two Oil and Gas companies have independently displayed some agreements on their website. These are Tullow Ghana Ltd and Kosmos Energy.

Tullow Ghana has published two petroleum agreements. Deep Water Tano Contract Area and the West Cape Three Points Contract Area; Copy of the relevant Deeds of Assignment on these Agreements has been published.

It has the underlisted deed of Assignment also on display on its website.

West Cape Three Points Doa March 2008  
West Cape Three Points Doa December 2008  
Deepwater Tano Doa September 2006  
Deepwater Tano Doa March 2008  
West Cape Three Points Doa September 2006

**Access link :** <https://www.tulloil.com/operations/west-africa/ghana/petroleum-agreements>

Kosmos Energy Ghana has the following agreements publicly displayed.

Petroleum Agreement, West Cape Three Points  
Joint Operating Agreement, West Cape Three Points  
Joint Operating Agreement, Deepwater Tano  
Deed of Assignment - Deepwater Tano  
Unitization and Unit Operating Agreement - Jubilee Field Unit

The above agreements can be accessed through the official website of Kosmos Energy Ltd.

<http://www.kosmosenergy.com/responsibility/transparency.php>

Other Agreements which are publicly available by third party entities are

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4

[http://www.energymin.gov.gh/sites/default/files/ghana\\_model\\_petroleum\\_agreement%281%29.pdf](http://www.energymin.gov.gh/sites/default/files/ghana_model_petroleum_agreement%281%29.pdf)

Kosmos Petroleum Agreement-West Cape Three Point -22<sup>nd</sup>  
July 2004

Tullow Petroleum Agreement -Deepwater Tano- 10<sup>th</sup> March  
2006

Deed of Assignment -Kosmos/Anadarko

Kosmos Energy Initial Public Offering (IPO)Prospectus

*(Source: [ghanaoilwatch.org](http://ghanaoilwatch.org))*





## Overview of Contracts

All Ghana's eighteen blocks have been displayed

In the table 2.3 below is an overview of three producing fields and two non-producing

**Table 2.3: Overview of Three Producing Fields and Two Non-Producing**

Contract Area	Carried Interest	Paid Interest	Royalty	CIT	Surface Rental (US\$/per sq Km)	Capital Allowances	Import Duty / Export Duty	Withholding Tax on Dividend
Jubilee fields	10%	3.64%	5%	35%	30, 50, 75, 100	100% 5-year straight-line deduction	0	8%
TEN Fields	10%	5%	5%	35%	30, 50, 75, 100	100% 5-year straight-line deduction	0	8%

Contract Area	Carried Interest	Paid Interest	Royalty	CIT	Surface Rental (US\$/per sq Km)	Capital Allowances	Import Duty / Export Duty	Withholding Tax on Dividend
SGN field	15%	5%	10% @ 1,312 ft; 7.5% @ depth > 1,312 ft	35%	30, 50, 75, 100	100% 5-year straight-line deduction	0	0%
Springfield	New - 11% Existing - 8%	New - 17% Existing - 5%	12.5%	35%	50, 100, 100, 200	100% 5-year straight line deduction	0	8%

Contract Area	Carried Interest	Paid Interest	Royalty	CIT	Surface Rental (US\$/per sq Km)	Capital Allowances	Import Duty / Export Duty	Withholding Tax on Dividend
Deepwater Cape Three	15%	3%	10%	35%	50, 100, 100, 200	100% 10-year straight line deduction	0	0

## 2.5 Beneficial Ownership

The Companies Act, 2019 (Act 992) has a requirement for the maintenance of a beneficial ownership register. The Act requires the identification of members and beneficial owners of companies who are politically exposed persons and the registration of these relationship in the central register kept by the Registrar of Companies.

Data capturing template have been developed and deployed. The electronic portal has also been developed and being finalized.

The MSG attached a beneficial ownership template to the request for data submission for the 2017/2018 reports production, which were sent to companies for completion.

Few companies complied and returned the requested information.

Below is the preliminary BO information collected:

**Table 2.4: Beneficial Ownership Information**

Licence	Owner	% Stake	Stock Exch.	Stock Exchange code
Jubilee Fields	Tullow Oil	35.48	Yes	1.London Stock Exchange: TLW:GBX 2.Irish Stock Exchange: TQW:EUR 3.Ghana Stock Exchange: TLW:GHS
Jubilee Fields	Kosmos Energy	24.08	Yes	New York Stock Exchange:NYSE:KOS
Jubilee Fields	Anadarko Petroleum Corp.	24.08	Yes	New York Stock Exchange (NYSE:APC)
Jubilee Fields	Petro SA	2.73	No	Subsidiary of Central Energy Fund (CEF). Owned by Government of SA
Jubilee Fields	GNPC	13.64	No	National Oil Company

*Source: GHEITI MSG*

## 2.6 State Participation

Act 919 mandates that Ghana shall have a minimum of 15 percent participating and carried interest. This interest is held in trust of the people of Ghana by the President. The President then delegates through his elected representative. The state participates in the upstream oil/gas sector through the National Oil Company, the Ghana National Petroleum Corporation.

### EQUITY HOLDINGS

GNPC has equity holdings in all producing fields with percentages as indicated in Table 2.5 below

**Table 2.5: Equity holdings in producing fields - 2017/18**

<b>PARTNER</b>	<b>JUBILEE EQUITY HOLDINGS</b>	<b>TEN EQUITY HOLDING</b>	<b>SGN EQUITY HOLDING</b>
<b>Tullow Ghana Ltd</b>	<b>35.48%</b>	<b>47.175%</b>	
<b>Kosmos Energy</b>	<b>24.08%</b>	<b>17.0%</b>	
<b>Anadarko</b>	<b>24.08%</b>	<b>17.0%</b>	
<b>Petro SA</b>	<b>2.73%</b>	<b>3.82%</b>	
<b>GNPC</b>	<b>13.64%</b>	<b>15.0%</b>	<b>20%</b>
<b>ENI</b>			<b>44.44%</b>
<b>VITOL</b>			<b>35.56%</b>

### Ghana National Petroleum Corporation (GNPC)

GNPC's mandate under PNDC Law 64 of 1983, (now PNDC Act 64) is to undertake the exploration, development, production and disposal of petroleum.

Among the objectives of the Corporation are to:

- promote the exploration and the orderly and planned development of the petroleum resources of Ghana;
- ensure that Ghana obtains the greatest possible benefits from the development of its petroleum resources;

obtain effective transfer to Ghana appropriate technology relating to petroleum operations;  
ensure the training of citizens of Ghana and the development of national capabilities in all aspects of petroleum operations; and  
ensure that petroleum operations are conducted in such a manner as to prevent adverse effects.

Its responsibilities include the role of gas aggregator from the upstream petroleum operators. GNPC is also mandated in gas sales negotiations for competitive gas pricing at the domestic market.

### **GNPC Governance:**

GNPC is governed by a seven (7) member Board of Directors that is appointed by the President.

### ***GNPC Subsidiaries & Joint Ventures***

**Level of Ownership:** GNPC is 100 percent owned by the Republic of Ghana and under the oversight of the State Interest & Governance Authority (SIGA). Its subsidiaries and joint ventures have varying shareholding.

Explorco has acquired 33.3 percent of GNPC Operating Services Company Limited (GOSCO). GOSCO is Operator in two Petroleum Agreements: Offshore South West Tano and East Keta.

Details of the financial statements of its subsidiaries can be found at [http://www.gnpcghana.com/speeches/2017\\_financial.pdf](http://www.gnpcghana.com/speeches/2017_financial.pdf)

### **GNPC Subsidiaries, Joint Ventures and Other Investments**

#### **GNPC Exploration and Production Company Limited (Explorco)**

Explorco is a wholly owned subsidiary of GNPC established to undertake exploration and production activities. Explorco holds equity in several oil and gas contracts.

#### **GNPC Operating Services Company Ltd (GOSCO)**

It was formed to play a pivotal role in driving the country's local content objective in the upstream sector. GOSCO was appointed as the operator of

the Offshore South-West Tano (OSWT) and East Keta (EK) petroleum blocks.

### **Prestea Sankofa**

The company was incorporated in 1994 and is 90 percent owned GNPC with the Government of Ghana holding the remaining ten percent shares.

### **Financial Relationship (GNPC and Government)**

GNPC is funded through budgetary allocation approved by the Parliament of Ghana. According to the PRMA (Act 815), as amended (Act 893), GNPC is entitled to a maximum of fifty-five percent (55%) of the net cash flow from the Carried and Participating Interest, after deducting the equity financing cost (including advances and interest on the Carried and Participating Interests of the Republic). According to the PRMA, this arrangement would be in place for fifteen (15) years from the date of the promulgation of the Act in 2011. Thus, it is expected that the funding arrangement will cease in 2026. Beyond 2026, it is expected that GNPC would be self-sufficient enough and begin to pay dividends to government.

The Parliament of Ghana approved an allocation of 40 percent of the Carried and Participating Interest (CAPI), net of Equity Financing Costs (EFC), for GNPC in 2011 when the PRMA came into force. This remained in place till 2014 when it was reduced to 30 percent following the onset of revenue from the TEN Field.

### **Ghana National Gas Company Limited (GNGC)**

*Governance:* Ghana National Gas Company Limited (GNGC) was incorporated as a limited liability company in July 2011 with the responsibility to build, own and operate infrastructure required for the gathering, processing, transporting and marketing of natural gas resources. GNGC has a nine-member board of directors.

A summary of Ghana's ownership interest in GNPC, GNGC and Prestea Sankofa is indicated in the table below.

**Table 2.6: SOE ownership**

<b>No.</b>	<b>Name of Company</b>	<b>GOG Equity</b>	<b>Sector Ministry</b>	<b>Remark</b>
<b>1</b>	Ghana National Petroleum Corporation	100	Ministry of Petroleum	Statutory Corporations
<b>2</b>	Ghana National Gas Company	100	Ministry of Petroleum	Limited by Liability/Guarantee
<b>3.</b>	Prestea Sankofa Gold Ltd	100	Ministry of Lands & Mineral Resources	Carried Interest

*SOURCE: Ministry of Finance, 2016 SOE Aggregate report.*

## **3.0 Exploration/ Developments, Production and Exports**

### **3.1 Exploration/Developments**

#### **JUBILEE FIELD**

Two scheduled operational shut downs in the months of February and May 2018 were made to enable engineering works to install a functional mooring system, as part of the Turret Remediation Project (TRP).

Tullow Ghana Limited (TGL) and its Partners continued their drilling and completion campaign on Jubilee at the beginning of the year. The Maersk Venturer Drillship was contracted to undertake the completion activities on J52WI, and this was completed on 25th May 2019. By the end of June, the drillship had moved on to J23-P to undertake completion works.

#### **TEN Field**

Drilling and Completion activities on TEN Field continued from January 2019, with EN14-P and EN16-WI wells drilled using the Stena Forth Drillship. The Completion campaign followed afterwards using the Maersk Venturer Drillship to complete EN 10-P and EN09-WI. The completion activities on EN14-P and EN16 were however suspended.



## **Cape Three Points (CTP) Block 4**

The Cape Three Points Block 4 (CTP Block 4) licence was awarded, and the relevant Petroleum Agreement (PA) already ratified by the Parliament in 2016.

Exploratory drilling activities commenced with the drilling of Akoma-1X well from 29th March 2019 to 2nd May 2019 by the Maersk Voyager drillship. Eni discovered gas and condensate on the Akoma-1X prospect in CTP-Block 4. The well, drilled on the Akoma exploration prospect, proved an estimated volume between 550 and 650 bcf of gas and 18-20 mmbbl of condensate. The discovery has further additional upside for gas and oil that will require further drilling to be confirmed.

## **Offshore Cape Three Points (OCTP)**

The OCTP integrated oil & gas development is made up of the Sankofa Main, Sankofa East and Gye-Nyame fields, which are located about 60 kilometers off Ghana's Western Region coast. The fields have about 770 million barrel of oil equivalent (mboe) in place, of which 500 million barrels of oil and 270 mboe of non-associated gas (about 40 billion cubic meters). The project includes the development of gas fields whose production will be utilized entirely by Ghana's domestic market.

First oil production was achieved in May 2017 and first gas achieved on 5th July, 2018.

## **Deep Water Tano Cape Three Points (DWT/CTP)**

Hess Ghana Exploration Limited completed the transfer of its fifty percent stake in the DWT/CTP Project to Aker Energy in 2018. Ahead of the transfer, the Petroleum Commission undertook a cost audit of the Hess Project, from inception to date.

Aker Energy Ghana Limited (Aker), the Operator of the DWT/CTP Block, undertook appraisal drilling activities during the first half of 2018. The Pecan 4A, Pecan South 1A and Pecan South East 1A were drilled.

The primary objective of the Pecan-4 was to test the position of the Oil Water Contact (OWC) in the Pecan TU-1 reservoir. Pecan-4A well was drilled on 19th November 2018 by the Maersk Viking Drillship and operations ended on 20th January 2019.

Pecan South East-1A is an appraisal well in the Deepwater Tano Cape Three Points Block. The primary objective of the well is to further appraise

the Pecan Turonian reservoir and explore the potential for hydrocarbons within the Cenomanian sands.

Aker Energy Ghana Limited (Aker) on 28th March 2019 submitted its Plan of Development (PoD) in respect of the Deep Water Tano Cape Three Points (DWT/CTP) for the development and production of the petroleum resources in the Pecan Field.

**Table 3.1: Oil and Gas Discoveries after Jubilee**

<b>Block/Operator</b>	<b>Discoveries</b>	<b>Hydrocarbon Type</b>	<b>Status</b>	<b>Remark</b>
<b>SHALLOW WATER/TULLOW OIL</b>	Ebony	Condensate/Gas	Relinquished Block	
<b>DWT/TULLOW OIL</b>	Tweneboa-1	Gas Condensate	Development	
	Tweneboa-2	Oil	Development	
	Enyenra-1	Oil	Production	
	Ntomme	Oil & Gas	Production	
	Wawa	Oil & Gas	Appraisal	
			Oil & Gas	
<b>WCTP/KOSMOS ENERGY</b>	Odum-1	Heavy Oil	Relinquished	
	Teak-1	Oil & Gas	Pre-Development	
	Teak-2	Gas	Pre-Development	
	Banda-1	Oil	Pre-Development	
	Mahogany	Deep Light Oil	Relinquished	
	Akasa-1	Light Oil & Gas	Pre-Production	
<b>OCTP/ENI</b>	Sankofa-1	Gas	Development	
	Gye Nyame-1	Gas	Development	
	Sankofa East	Oil & Gas	Production	
<b>DWTCTP/HESSES</b>	Paradise-1	Oil & Condensate	Appraisal	
	Hickory North	Oil &	Appraisal	

Block/Operator	Discoveries	Hydrocarbon Type	Status	Remark
	Almond	Condensate	Pre-Development	
	Beech	Oil & Condensate	Appraisal	
	Pecan	Oil	Pre-Development	
	PN-1	Oil	Appraisal	
	Cob	Oil	Appraisal	
<b>DWCTP/LUKOIL</b>	Dzata-1	Oil & Gas	Relinquished	
<b>EXPANDED SHALLOW WATER TANO</b>	North and South Tano	Oil & Gas	Re-evaluation	
	West Tano	Heavy Oil		
<b>Akoma-IX</b>	Cape Three Point(CTP)		Appraisal Program yet to be submitted	Made in 2019
<b>Nyankom-IX</b>	South Deep Water Tano(SDWT)		Appraisal Program yet to be submitted	Made in 2019

Source:

<https://www.mofep.gov.gh/sites/default/files/reports/petroleum/2018-Petroleum-Annual-Report.pdf>

### **Decommissioning of Saltpond Field**

The Petroleum Commission has engaged GNPC on the overall implementation strategy as well as preliminary budget estimates for the decommissioning of the Saltpond Field.

The execution phase of the project has been categorised into three (3) stages as follows:

- Well Plugging & Abandonment (P&A),
- Topside removal of the production platform (Mr. Louie), and
- Dismantling and waste management, installation of surveillance and marine lights.

## **Voltaian Basin Project**

The Voltaian Basin covers over 104,000 sq. km (approximately 40 percent of the land area of Ghana). It comprises the following regions: the Northern, North East, Savanna, (formerly part of Northern Region), Bono, Bono-East, Ahafo, (formerly part of Brong Ahafo), Ashanti, Eastern, Volta and Oti (formerly part of the Volta) Regions.

As at June 2019, data acquisition on the 13 regional seismic lines, summing up to 1,871.2 km had been completed.

Following the award of the licence for the Onshore/Offshore Keta Delta Block to GNPC, Swiss African Oil Company and PET Volta Investments in 2016, the operator of the block, Swiss African Oil Company (a subsidiary of Swiss African Petroleum Ag) has commenced activities on Environmental Impact Assessment for the project. The Keta Basin covers an area of approximately 33,900km<sup>2</sup> of which 1,900km<sup>2</sup> is onshore.

### **3.2 Production and Exports**

#### **3.2.1 Overview of Crude Oil Production in 2017/18**

Ghana's oil production in 2018 was 62.7 million barrels coming from the three main commercial fields, Jubilee, TEN and Sankofa-Gye Nyame compared to about 58.6 million barrels in 2017, representing an increase of about 6.9percent over the previous year.

##### **Saltpond field**

There was no production from the Saltpond Field, it has been closed since 2016. In 2018, the GNPC announced that the Saltpond Field is to be decommissioned.

##### **Jubilee field**

Total oil production from the Jubilee field in 2018 was 28,461,755 million barrels compared with 32,749,975million barrels in 2017.

##### **TEN fields**

First oil from the TEN field was in August 2016 with production for the year totaling over 5 million barrels in 2016. Total production has risen to 20.4 million barrels in 2017 and 23,557,361 million barrels in 2018. Total production from inception (i.e. 17<sup>th</sup> August, 2016) to 31<sup>st</sup> December 2018, stood at 49,336,705 barrels.

## Sankofa-Gye Nyame Field

First oil from the Sankofa-Gye Nyame field occurred in May, 2017. Total production for the year was about 5.5 million barrels. Starting with average daily production of about 12,000 barrels ended the year with production of around 36,000 barrels per day. In 2018 production was 10.7 million barrels.

Fig 3.1: Crude Oil Production in Ghana

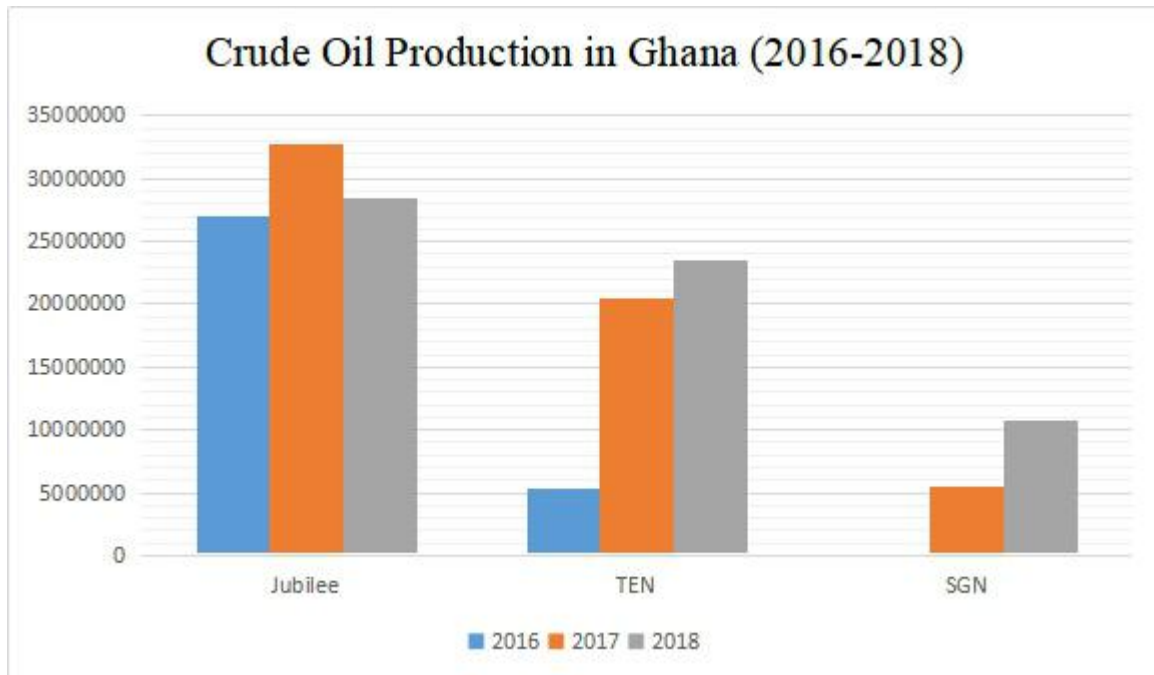
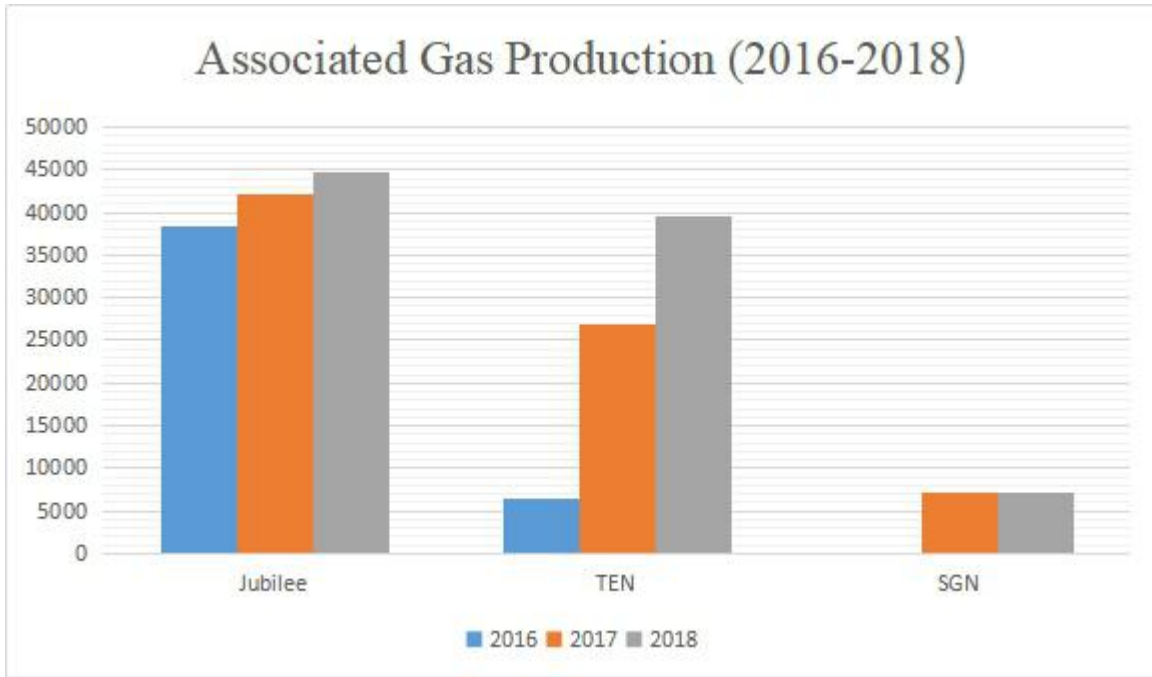


Fig 3.2: Associated Gas Production

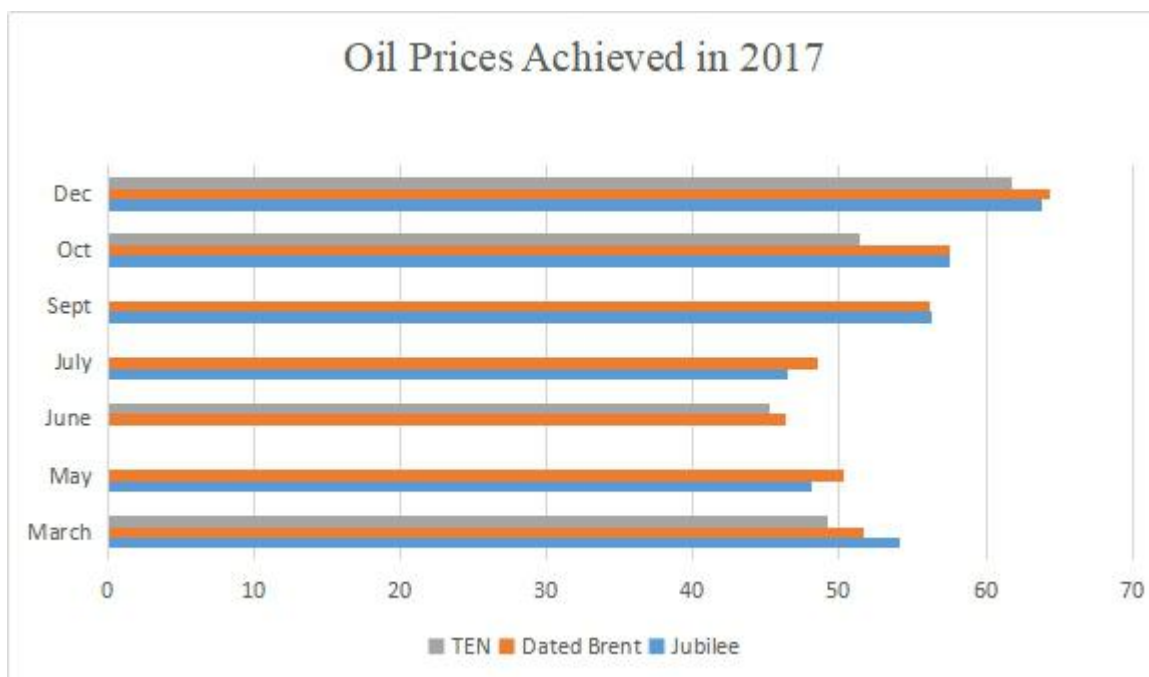


***Crude Oil Prices***

**2017**

The average Jubilee crude oil price achieved by GNPC for the Ghana Group in 2017 was US\$54.43/bbl while the achieved price for TEN Field was US\$1.92/bbl. The achieved price for Jubilee compares favourably with the average Dated BRENT price of US\$54.25/bbl while TEN Field had significantly lower achieved price.

Fig 3.3: Oil Prices Achieved in 2017



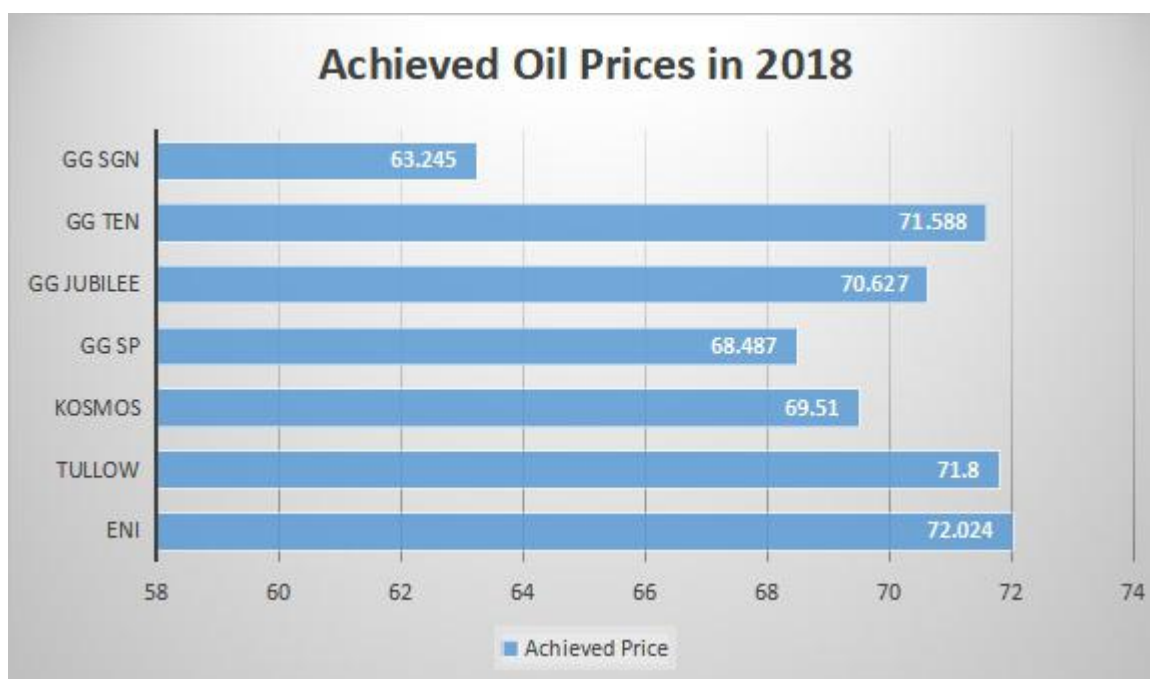
In 2018, the average achieved price by GNPC on behalf of the Ghana Group of US\$68.487/bbl for all producing fields (Jubilee, TEN and SGN) compared with US\$54.43/bbl in 2017.

The Jubilee average achieved price was US\$70.627/bbl whilst that of TEN was US\$ 71.58. SGN also achieved US\$63.245/bbl in 2018. Unlike 2017, TEN Field achieved price for 2018 was higher than the dated Brent price of US\$ 70.06/bbl.

Comparing Ghana Group's (GG) achieved prices to that of the Jubilee, TEN, and SGN partners, the Ghana Group achieved an overall average of US\$68.487/bbl for all three Fields compared to Tullow's Jubilee and TEN average of US\$71.8/bbl, Kosmos' Jubilee and TEN average of US\$69.51/bbl, and ENI's average of US\$72.024/bbl.

A total of 91,459.30 MMSCF of raw gas was produced from the Jubilee, TEN and SGN Fields in 2018, compared to 77,294.44 MMSCF in 2017.

Fig 3.4: Achieved Oil Prices in 2018



## JUBILEE CRUDE OIL LIFTINGS AND VALUES IN 2018

There were six liftings (41st-46th) were made from the Jubilee Field in 2018, yielding US\$339,654,651.76 in revenues. Revenue from the 41st parcel lifted in December, worth US\$45.74 million, was carried over from 2017 and paid into the Petroleum Holding Fund in January 2018.

Realised revenues exclude pricing option fees (paid to GNPC by the buyer for exercising one of four pricing options other than the default pricing option).

**Table 3.2: Jubilee Crude Oil Liftings and Values in 2018**

Date	Parcel	Quantity	Unit Price	Brent Price	Amount
20/03/18	0042	973,730	64.659	64.173	63,038,306.47
02/05/18	0043	996,161	76.892	76.970	76,676,504.49
24/07/18	0044	945,681	73.458	73.639	69,543,489.38
27/09/18	0045	944,609	79.276	78.853	74,960,391.80
25/11/18	0046	947,251	58.849	58.638	55,820,554.18
		4,807,432			340,039,246.32
Average		961,486	70.527	70.447	



## GNPC/GRA,2019

### TEN CRUDE OIL LIFTINGS AND VALUES IN 2018

Five liftings (5th - 9th) were made in 2018. However, the proceeds of the 5th lifting made in December 2017 were paid in January, 2018. The 2018 TEN Field liftings totalled US\$284,958,162.23.

**Table 3.3: Ten Crude Oil Liftings and Values in 2018**

Date	Parcel	Quantity	Unit Price	Brent Price	Amount
02/03/18	0006	994,723	61.833	62.483	61,556,443.41
31/03/18	0007	995,085	73.322	73.972	73,011,376.62
06/08/18	0008	995,477	71.790	72.440	71,515,067.68
19/10/18	0009	995.171	74.408	80.008	79,074,297.32
		3,980,456			285,157,175.03
Average		995,114	71.588	72.226	

## GNPC/GRA, 2019

### SGN CRUDE OIL LIFTINGS AND VALUES IN 2018

Only one lifting in March 2018 from the SGN Field, which was sold at a unit price of US\$63.245/bbl, yielding US\$63,030,602.08 in revenue.

**Table 3.4: SGN Crude Oil Liftings and Values in 2018**

Date	Parcel	Quantity	Unit Price	Amount
16/03/18	Royalty Lifting for GOG	995,351	63.245	63,030.602.08

### ANALYSIS OF PARTNER LIFTINGS IN 2017 AND 2018

There was an overall reduction in the volume of liftings from the Jubilee Field from 32,311,961 barrels in 2017 to 29,792,199 barrels in 2018.

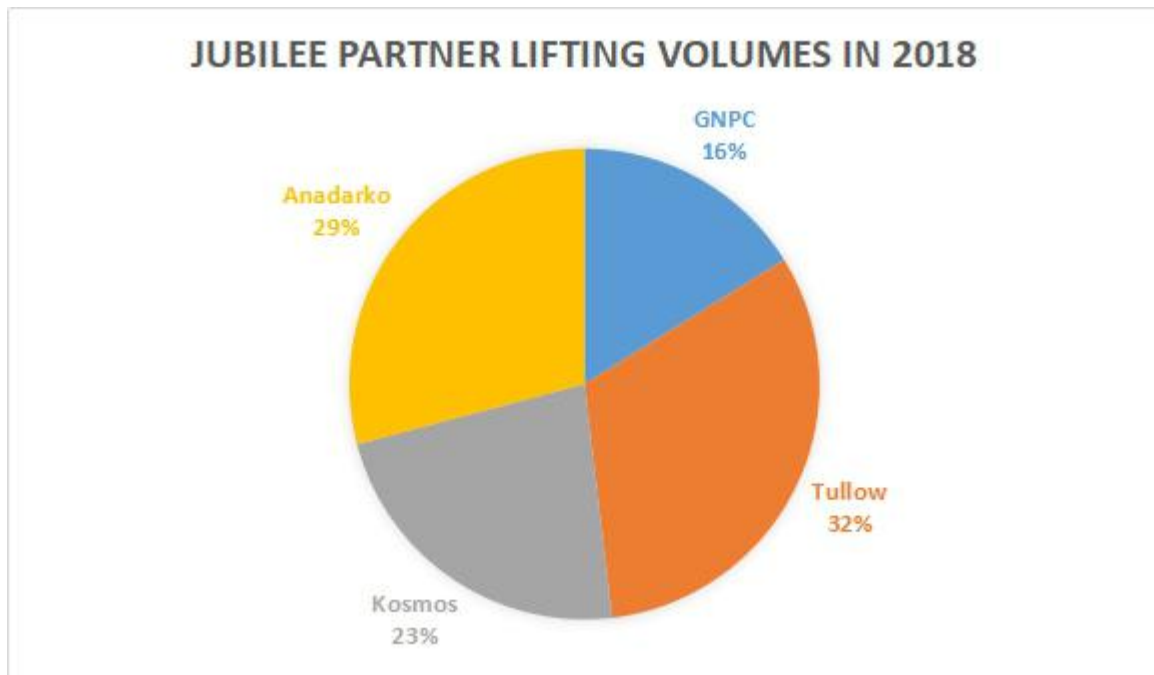
The TEN Partners lifted a total of 23,394,085.00 barrels in 2018, compared to 20,039,703 barrels from 21 liftings in 2017.

**Table 3.5: Analysis of Partner Liftings in 2017 and 2018**

Partner	2017		2018	
	Volume (bbl)	% Lifted	Volume (bbl)	% Lifted
<b>JUBILEE</b>				
<b>GNPC</b>	<b>5,742,876</b>	<b>17.77</b>	<b>4,807,432</b>	<b>16.14</b>
<b>Tullow Ghana Ltd</b>	<b>11,059,194</b>	<b>34.23</b>	<b>9,530,750</b>	<b>31.99</b>
<b>Kosmos Energy</b>	<b>7,781,252</b>	<b>24.08</b>	<b>6,779,558</b>	<b>22.76</b>
<b>Anadarko &amp; Petro SA</b>	<b>7,728,639</b>	<b>23.92</b>	<b>8,674,459</b>	<b>29.12</b>
<b>Total</b>	<b>32,311,961</b>	<b>100</b>	<b>29,792,199</b>	<b>100</b>
<b>TEN</b>				
<b>GNPC</b>	<b>4,038,375</b>	<b>22.38</b>	<b>3,980,456</b>	<b>17.01</b>
<b>Tullow Ghana Ltd</b>	<b>9,143,662</b>	<b>39.62</b>	<b>10,795,847</b>	<b>46.15</b>
<b>Kosmos Energy</b>	<b>2,978,446</b>	<b>16.50</b>	<b>3,825,947</b>	<b>16.35</b>
<b>Anadarko &amp; Petro SA</b>	<b>3,879,220</b>	<b>21.50</b>	<b>4,791,835</b>	<b>20.48</b>
<b>Total</b>	<b>20,039,703</b>	<b>100</b>	<b>23,394,085</b>	<b>100</b>
<b>SGN</b>				
<b>GNPC</b>	<b>0</b>	<b>0</b>	<b>995,351</b>	<b>9.32</b>
<b>ENI Ghana (E&amp; P)Ltd</b>	<b>1,948,053</b>	<b>41.72</b>	<b>4,889,004</b>	<b>45.76</b>
<b>Vitol</b>	<b>1,815,651</b>	<b>38.89</b>	<b>4,799,225.76</b>	<b>44.92</b>
<b>Contractors</b>	<b>905,106</b>	<b>19.39</b>		
<b>Total</b>			<b>10,683,580.7</b>	<b>100</b>
			<b>6</b>	

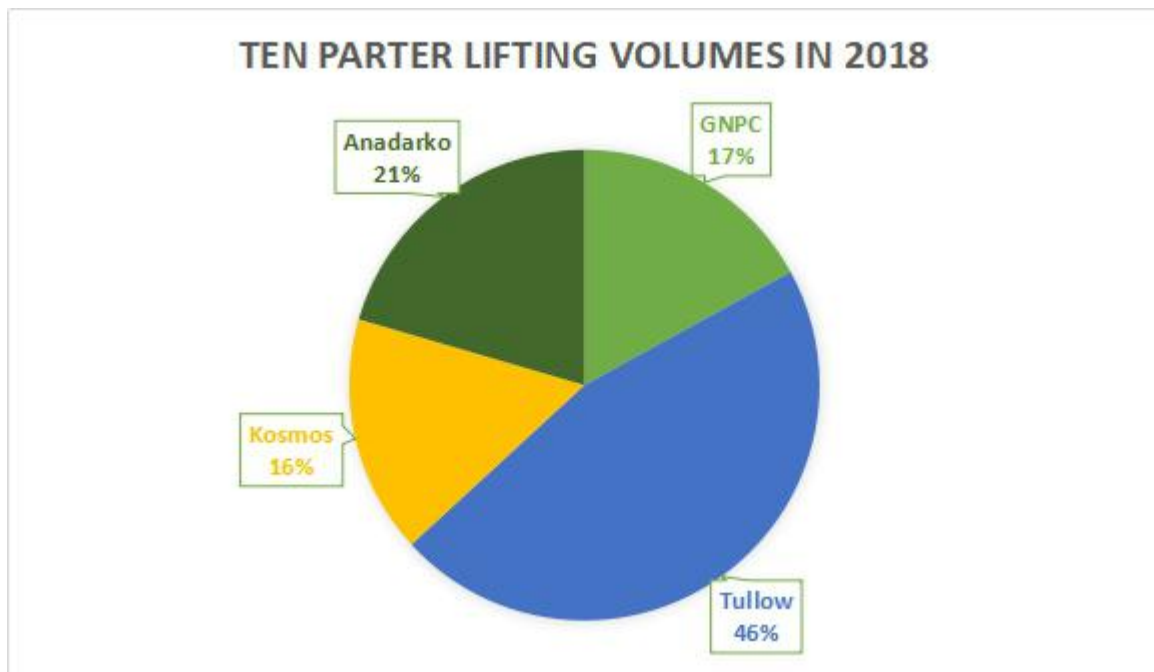
GNPC/GRA 2019

Fig 3.5: Jubilee Partner Lifting Volumes in 2018



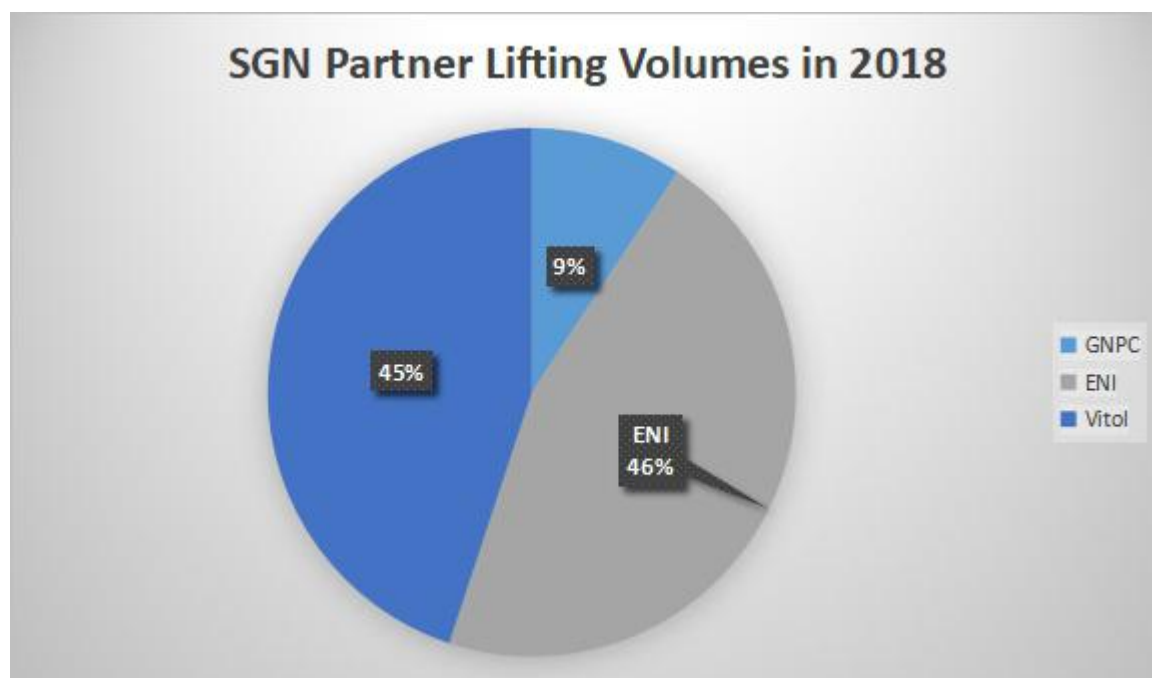
In 2018 GNPC lifted four parcels on behalf of the Ghana Group. This represents 17.01 percent of total liftings from the TEN Field.

Fig 3.6: TEN Jubilee Partner Lifting Volumes in 2018



Crude oil lifted from the SGN Field was 10,683,580.76 barrels. GNPC lifted one parcel of crude representing 9.2 per cent of lifting on the Field.

Fig 3.7: SGN Partner Lifting Volumes in 2018



## TOTAL PETROLEUM PRODUCTION AND SALES

Export proceeds from oil was US\$ 4,372,339,279 for a total export volume of 63,869,864 barrels in 2018 compared with US\$3,103,624,399 of a volume of 57,020,474 barrels in 2017.

Gas proceeds are treated as internal sales and though termed as exports have been excluded from national petroleum export totals.

Table 3.6: Total Gas and Oil Production and Sales

Production	2016	2017	2018	Remark
<b>Oil Vol (bbl)</b>	32,298,638	58,658,063	62,135,435	
<b>Average Price \$/bbl</b>	44.01	54.43	68.457	
<b>Oil Value (\$)</b>	1,421,463,058	3,192,758,369	4,255,469,536	
<b>Gas Vol (MMScf)</b>	44,952.49	77,294.44	91,459.30	
<b>Average Price</b>	3,074	3,073	2,518	

<b>\$/MMScf</b>				
<b>Gas Value (\$)</b>	138,183,95 4.26	237,525,81 4.12	230,294,51 7	
<b>Exports</b>	2016	2017	2018	Remark
<b>Oil Vol (bbl)</b>	30,762,507	57,020,474	63,869,864	
<b>Average Price \$/bbl</b>	44.01	54.43	68.457	
<b>Oil Value (\$)</b>	1,353,857,9 33	3,103,624,3 99	4,372,339, 279	
<b>Gas Sales Vol (MMScf)</b>	21,579.60	30,831.72	33,831.15	
<b>Price \$/Unit</b>	3,074	3,073	2,518	
<b>Gas Sales Value (\$)</b>	66,336,678. 15	94,776,691. 97	85,214,825 .34	

**Table 3.7: Monthly Production of Oil in 2017 and 2018.**

MONTH	MONTHLY PRODUCTION (BBLs) 2017			TOTAL AMOUNT
	JUBILEE	TEN	TOTAL	
Jan-2017	1,851,668	1302460	3,154,128	168,525,059
Feb-2017	2,434,849	1472768	3,907,617	208,783,976
Mar-2017	3,134,460	1713193	4,847,653	259,010,100
Apr-2017	2,893,021	1268394	4,161,415	222,344,403
May-2017	2,109,557	1928789	4,038,346	215,768,827
Jun-2017	2,809,470	931776	3,741,246	199,894,774
Jul-2017	3,097,560	1933666	5,031,226	268,818,405
Aug-2017	3,143,344	1939095	5,082,439	271,554,716
Sep-2017	2,828,256	1763337	4,591,593	245,328,814
Oct-2017	2,862,944	1789917	4,652,861	248,602,363
Nov-2017	2,735,552	2127681	4,863,233	259,842,539
Dec-2017	2,849,294	2281501	5,130,795	274,138,377
<b>TOTAL</b>			<b>53,202,552</b>	

**Table 3.8: Daily Average Production (BBLs) 2018**

	<b>DAILY AVERAGE PRODUCTION (BBLs) 2018</b>			
<b>MONTH</b>	<b>JUBILEE</b>	<b>TEN</b>	<b>TOTAL</b>	<b>TOTAL AMT.</b>
Jan-2017	2699858	2181529	4,881,387	345,211,689
Feb-2017	408585	1947711	2,356,296	166,637,253
Mar-2017	2634581	2044780	4,679,361	330,924,410
Apr-2017	2642480	1915683	4,558,163	322,353,287
May-2017	2718480	1913518	4,631,998	327,574,899
Jun-2017	819302	1769046	2,588,348	183,047,971
Jul-2017	2900807	1691547	4,592,354	324,771,275
Aug-2017	2955505	1998377	4,953,882	350,338,535
Sep-2017	2820247	2068042	4,888,289	345,699,798
Oct-2017	2987420	2054590	5,042,010	356,570,947
Nov-2017	2364779	1990983	4,355,762	308,039,489
Dec-2017	2509711	1981555	4,491,266	317,622,332
<b>TOTAL</b>			<b>52,019,116</b>	<b>3,678,791,884</b>

## Overview of Natural Gas Production in 2017/18

### Jubilee field

Total associated gas from the Jubilee field operations in 2017 was 44,231 MMscf compared to 44,842 MM scf in 2018.

### TEN field

Gas production was 29,818.33MMscf and 39,472.80 MMScf in 2017 and 2018 respectively.

### Sankofa-Gye Nyame field

2017 equally witnessed the first gas from the Sankofa-Gye Nyame field in May but at non-commercial levels, i.e. for operator's own production use. Total yield by end of the year was 6,868 mmscf.

Technical first gas was achieved on 5<sup>th</sup> July, 2018. Total Non-Associated Gas (NAG), produced was 6105.29 MMscf from August 2018 to December 2018.

### 3.2.2 Petroleum Exports in 2017 & 2018

Export proceeds from oil was US\$ 4,372,339,279 for a total export volume of 63,869,864 barrels in 2018 compared with US\$3,103,624,399 of a volume of 57,020,474 barrels in 2017.

**Table 3.9: Crude Oil exports in 2017 and 2018.**

		2017		2018		
JUBILEE						
Lifting Date	Quantity	Price	Net Amount	Quantity	Price	Amount
13/03/17	947,806	54.151	51,400,467.19			
13/05/17	948,931	48.102	45,721,393.44			
03/07/17	952,938	46.445	44,335,440.45			
08/09/17	953,094	56.532	53,956,557.53			
25/10/17	947,648	57.494	54,559,885.95			
16/12/17	992,459					
	5,742,876					
20/03/18				973,730	64.659	63,038,306.47
02/05/18				996,161	76.892	76,676,504.49
24/07/18				945,681	73.458	69,543,489.38
27/09/18				944,609	79.276	74,960,391.80
25/11/18				947,251	58.849	55,820,554.18
				<b>4,807,432</b>	<b>70.627</b>	<b>340,039,246.32</b>
TEN						
20/03/17	996,588					
18/06/17	995,657					
06/10/17	1,038,748					
20/12/17	1,007,382					
	<b>4,038,375</b>					
02/03/18				994,723	61.833	61,556,443.41
31/05/18				995,085	73.322	73,011,376.62
06/08/18				995,477	71.790	71,515,067.68
19/10/18				995,171	79.408	79,074,297.32
				<b>3,980,456</b>	<b>71.588</b>	<b>285,157,185.03</b>
SGN						
	0	0	0			
16/03/18				995,351	63.245	63,030,602.08
				<b>995,351</b>	<b>63.245</b>	<b>63,030,602.08</b>

Source: GHEITI Construct from MoF and GNPC Data

## GAS PRODUCTION

### ASSOCIATED GAS

A total of 77,294.44 million standard cubic feet (MMScf) of associated gas was produced from the Jubilee, TEN and SGN fields in 2017. Jubilee produced 42,261.35 MMScf, while TEN produced 26,818.33 MMScf. Gas production from the SGN Field commenced in May 2017, and totalled 7,214.76 MMScf for 2017. A total of 30,831.72 MMScf representing 40% of the raw gas annual production was delivered to the Atuabo Gas Processing Plant (AGPP) for processing in 2017.

A total of 91,459.30 MMSCF of raw gas was produced from the Jubilee, TEN, and SGN Fields in 2018 compared to 77,294.44 MMSCF in 2017.

The Jubilee Field produced the highest volume of 44,841.94 MMSCF while the TEN and SGN Fields produced 39,472.78 MMSCF and 7,144.58 MMSCF respectively in 2018.

#### NON-ASSOCIATED GAS

Non-Associated Gas (NAG) production from Offshore Cape Three Points (OCTP) commenced in June 2018, ramping up significantly in November 2018 to yearly total of 7,144.58 MMSCF. Associated Gas is produced from the Jubilee and TEN Fields and Non-Associated Gas from Sankofa Gye-Nyame (SGN) Field.

The Jubilee Field exported 19,330.18 MMSCF while the TEN Field produced 39,472.78 MMSCF and exported 8,390.98 MMSCF.

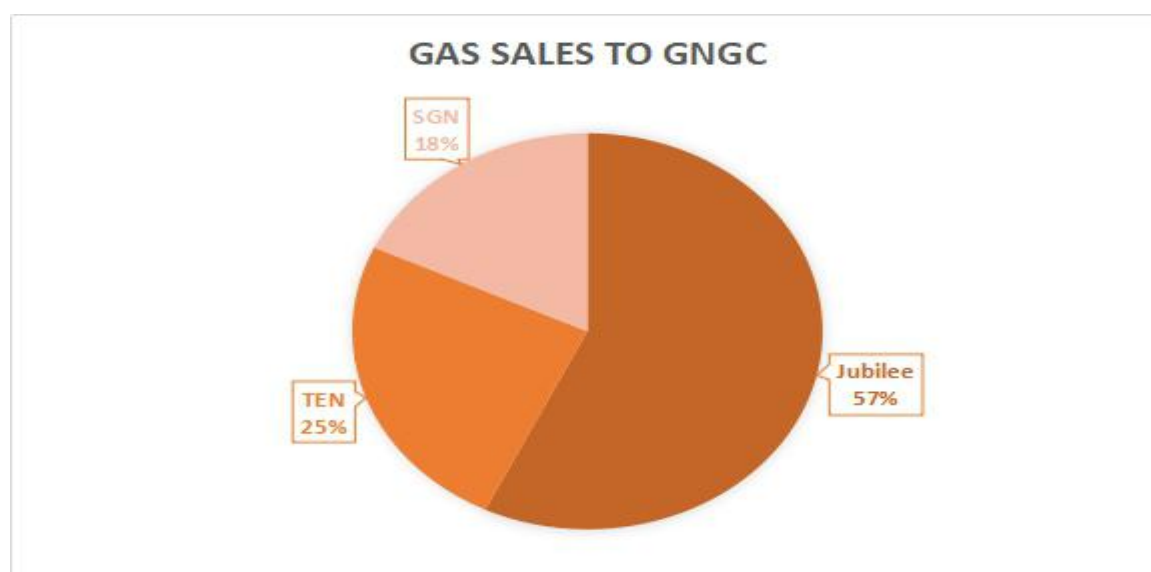
With a produced raw gas volume of 7,144.58 MMSCF on the SGN Field, the ORF exported 6,109.99 MMSCF to the Ghana National Gas Company (GNGC) pipeline.

**Table 3.10: Production & Sales(Export)**

Field	2017		2018		Remark
	Production (MMSCF)	Sales (MMSCF)	Production (MMSCF)	Sales (MMSCF)	
Jubilee	42,261.35	30,540.00	44,841.94	19,330.18	
TEN	26,818.33	296.0	39,472.78	8,390.98	
SGN	7,214.76	0	7,144.58	6,104.58	SGN Non Associated Gas sales commenced in 2018
Total	77,294.44		91,459.30		



Fig 3.8: Gas Sales to GNGC



#### COST OF PRODUCTION (JUBILEE, TEN AND SGN FIELDS)

The total cost associated with Jubilee Field in 2017 was US\$499,677,634. The Jubilee Field produced 32,749,975 barrels of crude, which translates to an average of US\$15.26 to produce a barrel of oil. Cost of production at the TEN field was \$ 396,339,862 in 2017

Total development and production costs for Jubilee was US\$352,139,150 and TEN was \$ 513,071,907 in 2018. SGN Costs made up of development and production costs amounted to US\$1,375,951,000. This includes cost of producing crude oil and Non-Associated Gas as reported by ENI.

**Table 3.11: Development & Production Cost for 2017 & 2018**

Field Operator	2017		2018	
	Cost Type	Amount(US\$)	Cost Type	Amount (US\$)
<b>JUBILEE</b>				
<b>Tullow Ghana Ltd</b>	Production	499,677,634	Development	147,243,405
			Production	204,895,745
<b>Total</b>				352,139,150
<b>TEN</b>				

<b>Tullow Ghana Ltd</b>	Production	396,339,862	Development	373,431,458
<b>Tullow Ghana Ltd</b>			Production	139,640,449
<b>Total</b>				513,071,907
<b>SGN</b>				
			Development	1,122,556
			Production	253,395
<b>Total</b>				1,375,951

## 4.0 Revenue Collection

### 4.1 Revenue flow within the Oil/Gas Sector

According to the PRMA, receipts from the sale of petroleum are lodged into the Petroleum Holding Fund (PHF) at the Bank of Ghana.

Section 2(2) of Act 815, states that “Petroleum revenue shall be deposited in the Petroleum Holding Fund for subsequent transfers in accordance with the provisions of this Act.

Sections 6 and 7 of the PRMA define petroleum revenues or receipts as:

Royalties from oil and gas, additional oil entitlements, surface rentals, other receipts from any petroleum operations and from the sale or export of petroleum;

Any amount received from direct or indirect participation of the government in petroleum operations;

Corporate income taxes in cash from upstream and midstream petroleum companies;

Any amount payable by the national oil company as corporate income tax, royalty, dividends, or any other amount due in accordance with the laws of Ghana;

Any amount received by government directly or indirectly from **petroleum resources** not covered by paragraphs (a) to (d) including where applicable, capital gains tax derived from the sale of ownership of exploration, development and production rights; and

Carried and participating interest after deducting equity financing and cash or the equivalent of barrels that shall be ceded to the national oil company out of carried and participating interests recommended by the Minister and approved by parliament.

Thus, revenues received as carried and participating interests and royalty are all lodged into the PHF. In addition, surface rentals and corporate taxes are also deposited into the PHF.

The other collections by the GRA are lodged into the consolidated fund.

Collections by the EPA, GNPC and Petroleum Commission are utilised as internally generated funds.

## 4.2 Revenue Flows within the Oil/Gas Sector during the scoping period

**Table 4.1: Revenue Flows within the oil/gas Sector during Scoping**

Revenue Flows within the Oil/Gas Sector during the scoping period.	
Revenue Streams	Receiving Agency
Corporate Tax; Withholding Tax; Pay-As-You-Earn; Value Added Tax; Excise Duty; Import Duty; Capital Gain tax; surface rental; royalty; carried Interest; Additional participating interest	Ghana Revenue Authority
EPA Permit fees	EPA
Data Licence fees; Training obligations; Technology and technical support, Licence Application, Production Permit, Installation fees, extension fees, <b>application for security clearance for vessels, drilling &amp; Well Designation Permit (Per Well)</b>	<b>Petroleum Commission/GNPC</b>
<b>Port/Shorebase costs</b>	<b>GPHA</b>

Detailed explanation of revenue streams are shown in Table 4.2

**Table 4.2: Revenue Streams at the Time of Report**

No.	Revenue Stream	Purpose
1	<b>Royalty</b>	It is a production levy which is based on the gross value of oil and gas won irrespective of profitability
2	<p><b>Corporate Tax (PIT)</b></p> <p><b>Loss carried Forward</b></p>	<p>This is the tax payable on income derived from oil and gas production. The Capital allowance regime is 20% on a straight line basis. Expenses ranging from exploration, capital expenditure, development and operational costs prior to the year of commencement of production is accumulated, and amortized over a 5year period.</p> <p>Recoverable preproduction expenses relates to exploration, plant and equipment, Fields development comprising of building facilities for oil and gas exploitation such as drilling wells, laying of supporting infrastructure, interest expenses and general and administrative expenses. Petroleum income tax is computed at 35% of the taxable income derived as follows:</p> <p>Gross Income less Allowable expenses, Capital allowances and Losses carried forward</p> <p>Allowable expenses include Petroleum royalties, contributions to a decommissioning fund, Rentals, interest expense and charges on sums borrowed for petroleum operations.</p> <p>Under the income tax Act,2015(Act 896), losses are carried forward for five years</p>
3	<b>Surface Rental</b>	<p>According to the Model Petroleum Agreement (MPA), contractors with exploration rights are required to pay surface rental for blocks assigned to them for petroleum operations at a rate charged per square kilometre. However, these rates may vary for different agreements with contractors.</p> <p>Phase of Operation                      Surface Rental per Annum</p>

		Initial Exploration Period km	US \$ 30 per sq.
		1 <sup>st</sup> Extension Period km	US \$ 50 per sq.
		2 <sup>nd</sup> Extension Period sq. km	US \$ 75 per
		Development and Production sq. km	US \$ 100 per
<b>4</b>	<b>Dividend</b>	Dividends paid by National Oil Company for Government's equity interest.	
<b>5</b>	<b>Initial (carried) Interest</b>	The Carried Interest means an interest held by the Republic in respect of which the contractor pays for the exploration and development costs without any entitlement to reimbursement from the Republic. However, the republic contributes towards production cost. For the Jubilee Fields the carried interest is 10%. <i>(See Table 6.7)</i>	
<b>6</b>	<b>Additional Participating Interest</b>	This is the interest acquired by the GNPC on behalf of the state after the discovery of oil and gas in commercial quantities. Under this arrangement, the GNPC/ Government of Ghana pay its share of development and production costs. The state or government of Ghana however does not contribute towards exploration expenditure. (See Table 5.7)	
<b>7</b>	<b>Training Allowance</b>	Amount paid by Oil/Gas companies to assist in building the capacity of the Regulator of the sector.	
<b>8</b>	<b>Gas revenue</b>	Gas revenue from the jubilee Fields paid into the Petroleum Holding Fund	
<b>9</b>	<b>Environmental Permitting Fees</b>	Amounts paid to EPA for engaging in activities that impact the environment negatively.	

## **RECEIPTS INTO PHF IN 2017 AND 2018.**

### **RECEIPTS INTO PHF IN 2017**

The total petroleum revenue paid into the Petroleum Holding Fund in 2017 was US\$539.83 million, 36 percent higher than the US\$396.17 paid in 2016. Table 4.4 illustrates the sources of funds into the PHF in 2017.

In 2017, free carried interest of 10% in the Jubilee Field yielded an amount of US\$160,090,124.86. Similarly, the nation's 10% free carried interest in TEN yielded US\$99,645,947.16, bringing total receipts in this category in 2017 to US\$259,738,089.02. This amount represents 48 percent of all petroleum receipts during the period.

Additional participating interest of 3.64 percent in Jubilee yielded US\$ 58,286,253.02. Ghana has a slightly higher additional participating interest of 5 percent in TEN. An amount of US\$46,574,912.63 accrued to the nation from TEN in this category in 2017. Total receipts from additional participating interests from Jubilee and TEN were therefore US\$104,861,165.65, representing 19 percent of revenue paid into the PHF for 2017.

Ghana has 5% royalty each in the Jubilee and TEN operations, and received US\$84,257,960.47 and US\$52,449,509.39 respectively. The total amount of US\$136,707,469.86 represents 25% of accruals into the PHF in 2017.

No gas revenue was paid to GNPC by GNGC in 2017.

The total receipt into the PHF in respect of surface rentals for 2017 was US\$1,569,827.91. This comprised arrears of US\$ 824,949.74 and 2017 assessments of US\$775,762.42.

An amount of US\$579,278.46 as interest was earned on undistributed funds held in the PHF during the year. Additionally, GNPC paid US\$4,274.04 into the PHF as interest on late payment on the 3rd TEN lifting. Thus, the total interest payments into the PHF for 2017 was US\$976,985.43.

**Table 4.3: Payments into PHF in 2017 & 2018 by Fields**

	2017	2018	
	Amount	Amount	Remark
<b>JUBILEE</b>			
<b>Royalty</b>	84,257,960.47	112,320,077.57	
<b>Surface Rental</b>	1,569,827.91.	539,246.75	
<b>Corporate Tax</b>	36,957,622	103,691,584.76	
<b>Carried Interest</b>	160,090,124		
<b>Additional Participating Interest</b>	58,286,253.02		
<b>CAPI</b>	218,376,377	291,106,532.62	
<b>Gas Revenues</b>	0		Gas from producing fields
<b>TEN</b>			
<b>Royalty</b>	52,449,509.39	90,255,560.87	
<b>Surface Rental</b>		385,675.22	
<b>Corporate Tax</b>		46,915,220.50	
<b>Carried</b>	99,645,947		
<b>Additional Participating Interest</b>	46,574,912.		
<b>CAPI</b>	146,220,859	257,228,348.49	
<b>Gas Revenues</b>			
<b>Amount Lodged into PHF</b>			
<b>SGN</b>			
<b>Royalty</b>		63,080,602.08	
<b>Surface Rental</b>		13,974.00	
<b>Corporate Tax</b>		10,000,000.00	
<b>Carried</b>			
<b>Additional Participating Interest</b>			
<b>Gas Revenues</b>			
<b>PHF Interest</b>	976,985.43	1,606,462.37	
<b>Amount Lodged into PHF</b>	539,832,157.44	977,093,285	

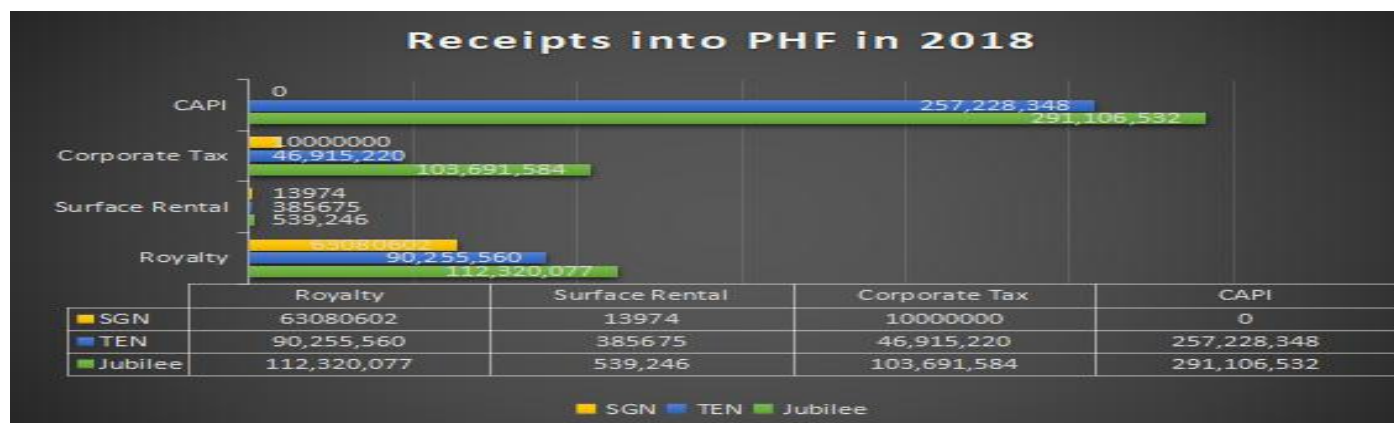
## RECEIPTS INTO PHF IN 2018

Revenues from Carried and Additional Participating Interest (CAPI) represented more than half (US\$548,334,881.11) of total revenues accruing from all three Fields. There was no revenue in respect of CAPI for the Sankofa Gye Nyame (SGN) Field.

Total revenues from royalties for the three Fields was US\$265,606,240.52 with Jubilee royalty contributing the most.

Surface rentals totaled US\$938,895.97 for 2018. This includes arrears of US\$34,993.22 initially paid to GRA in 2017.

Fig 4.1: Receipts into PHF in 2018



### 4.3 Reconciliation

#### Scope of the 2017/2018 GHEITI Oil and Gas Report

The scope of the 2017/18 GHEITI Oil and Gas report is determined in this section. Amongst others, it shows the alternatives for materiality thresholds provided to the MSG at the inception phase. It also states the means of assuring credibility for data provided by the reporting entities.

**The decisions of the MSG regarding the scope of the assignment are also indicated.**

#### Determination of Materiality

Materiality thresholds were determined using the total payments made by Oil/Gas companies.

The proportion of the various revenue streams to total revenues received were determined.

- a) There were no payments for the following revenue streams, capital gains tax, data licence fees and licence application at the time of scoping.



- b) Indirect revenue streams or payments have been excluded as these were made by the oil and Gas companies on behalf of supplies and other entities. These were withholding taxes, VAT and PAYE.
- c) The MSG indicated and as reflected in the terms of reference payments that were not extractive industry related were excluded in Thus, excise duty, import duty and Port/Shorebase costs were therefore excluded in the determination of materiality thresholds. Their aggregate figures were available are however provided as part of total revenues
- d) Total revenues collected in the sector, and those revenue streams used in establishing the materiality thresholds and payments made into the Petroleum Holding Fund (PHF).

**Total Revenues: The total revenues received by the sector and used at time of scoping are shown in Table<sup>5</sup> 4.4**

**Table 4.4: Total preliminary receipts**

	2017	2018	2017	2018
<b>Corporate Tax</b>	36,957,622.00	148,563,611.26	0.04	8.70
<b>PAYE</b>	89,105,197.29	110,556,814.26	0.09	6.48
<b>Withholding Tax</b>	385,687,212.13	622,453,893.88	0.38	36.46
<b>VAT</b>	0	0	-	-
<b>Excise Duty</b>	0	0	-	-
<b>Import Duty</b>	0	0	-	-
<b>Capital Gains Tax</b>	0	0	-	-
<b>Ports/Shorebase Costs</b>	0	0	-	-
Royalty	136,703,195.82	265,606,210.82	0.13	15.56
Carried	259,736,072.02	384,893,656.60	0.25	22.55
Participating Interest	104,861,165.65	163,441,254	0.10	9.57
Surface rentals	219,056.91	156,572.50	0.00	0.01
<b>Application For Security Clearance For Vessels</b>	79,314.42	55,858.51	0.00	0.00
<b>Drilling &amp; Well Designation Permit (Per Well)</b>	-	4,669.44	-	0.00

<sup>5</sup> This total does not include PHF interest or income.

<b>Exploration and Development Permit fees</b>	182,520.12		0.00	-
<b>Exploration and Development Renewable Permit fees(Foreign Operator)</b>	181,419.39	592,815.69	0.00	0.03
<b>Exploration and Development Renewable Permit fees(local operator)</b>		155,911.14	-	0.01
Facility Installation Charges-Storage: Foreign	99,902.59		0.00	-
<b>Extension of Exploration Working Periods</b>	101,136.44		0.00	-
<b>Data Licence Fees</b>	4,778,013.84	5,007,907.32	0.00	0.29
Production Permit-Over 100,000 Boe	539,473.99		0.00	-
Registration Fee-Initial	28,190.18		0.00	-
Registration Fee-Renewal	96,474.38	173,039.47	0.00	0.01
Technology Support Allowance	199,573.25		0.00	-
Training Allowance	3,834,405.45	3,862,655.31	0.00	0.23
			-	-
			-	-
<b>Gas revenue</b>	0	0	-	-
<b>EPA Processing Fees</b>	186,537.50	377,428.20	0.00	0.02
<b>EPA Permit Fees</b>	483,677.69	1,088,620.66	0.00	0.06
<b>Differential-Jubilee Fields</b>	4,274.04		0.00	-
<b>PHF income</b>			-	-
<b>Total</b>	1,024,064,435.12	1,706,990,919.27	1.00	100.00

Source: Author's Own Construct Using Data from Relevant Government Agencies.

**Table 4.5: Preliminary Receipts Used to Establish Materiality Thresholds**

	2017	2018	2017	
Corporate Tax	36,957,622.00	148,563,611.26	6.73	15.25
PAYE	0	0	0.00	-
Withholding Tax	0	0	0.00	-
VAT	0	0	0.00	-
Excise Duty	0	0	0.00	-
Import Duty	0	0	0.00	-
Capital Gains Tax	0	0	0.00	-
Ports/Shorebase Costs	0	0	0.00	-
			0.00	-
			0.00	-
Royalty	136,703,195.82	265,606,210.82	24.89	27.27
Carried	259,736,072.02	384,893,656.60	47.29	39.52
Participating Interest	104,861,165.65	163,441,254	19.09	16.78
Surface rentals	219,056.91	156,572.50	0.04	0.02
<b>Application for Security Clearance For Vessels</b>	79,314.42	55,858.51	0.01	0.01
<b>Drilling &amp; Well Designation Permit (Per Well)</b>	-	4,669.44	0.00	0.00
<b>Exploration and Development Permit fees</b>	182,520.12		0.03	-
<b>Exploration and Development Renewable Permit fees(Foreign Operator)</b>	181,419.39	592,815.69	0.03	0.06
<b>Exploration and Development Renewable Permit fees(local operator)</b>		155,911.14	0.00	0.02
Facility Installation Charges-Storage: Foreign	99,902.59		0.02	-
<b>Extension of Exploration Working Periods</b>	101,136.44		0.02	-
<b>Data Licence Fees</b>	4,778,013.84	5,007,907.32	0.87	0.51
Production Permit-Over 100,000 Boe	539,473.99		0.10	-

Registration Fee-Initial	28,190.18		0.01	-
Registration Fee-Renewal	96,474.38	173,039.47	0.02	0.02
Technology Support Allowance	199,573.25		0.04	-
Training Allowance	3,834,405.45	3,862,655.31	0.70	0.40
			0.00	-
<b>Gas revenue from Jubilee</b>	0	0	0.00	-
			0.00	-
<b>EPA Processing Fees</b>	186,537.50	377,428.20	0.03	0.04
<b>EPA Permit Fees</b>	483,677.69	1,088,620.66	0.09	0.11
<b>Differential-Jubilee Fields</b>			0.00	-
<b>PHF income</b>			0.00	-
Total	<b>549,267,751.66</b>	<b>973,980,211.13</b>	100.00	100.00

Source: Author's Construct using data from GRA, PETCOMM, GNPC, EPA.

**Table 4.6 2017 Materiality Threshold Determination**

Threshold	No. of companies	Weight/Total Revenue Collected (%)	Cumulative % coverage	Comments
Amount ≥ US\$300m	1	69.84	69.84	
US\$300m ≥ Amount ≥ US\$50m	2	22.67	92.51	
US\$50m ≥ Amount ≥ US\$20m	1	5.32	97.83	
US\$20m ≥ Amount ≥ US\$4m	1	0.78	98.61	5 companies
US\$4m ≥ Amount ≥ US\$1m	3	0.98	99.59	8 companies
US\$1m ≥ Amount ≥ US\$0.2m	5	0.33	99.92	13 companies
US\$0.2m ≥ Amount ≥ US\$0.1m	1	0.03	99.95	14 companies

**Table 4.7: 2018 Threshold Analysis used for companies selection**

Threshold	No. of companies	Weight/Total Revenue Collected (%)	Cumulative % coverage	Comments
Amount ≥ US\$500m	1	60.51	60.51	
US\$500m ≥ Amount ≥ US\$100m	1	13.92	74.43	
US\$100m ≥ Amount ≥ US\$50m	2	17.66	92.09	4 companies
US\$50m ≥ Amount ≥ US\$10m	3	7.55	99.64	7 companies
US\$10m ≥ Amount ≥ US\$1m	1	0.13	99.77	8 companies
US\$1m ≥ Amount ≥ US\$0.25m	3	0.09	99.86	11 companies
US\$0.25 ≥ Amount ≥ US\$0.10m	4	0.09	99.95	15 companies
US\$0.10 ≥ Amount ≥ US\$0.07m	4	0.03	99.98	19 companies

Source: Author's Construct

The Independent Administrator produced a scoping report on GHEITI's 2017/2018 Oil/Gas sector EITI report.

A number of options for materiality thresholds based on revenue streams indicated in the Terms of reference were provided to the MSG. ([See section 8.0](#)). The report also made recommendations on the way to assure data credibility and the cut-off point at which discrepancies are not to be investigated further.

The MSG approved the scoping report on the 15<sup>th</sup> of November 2019.

The (MSG) relevant scoping decisions have been summarized in Table 4.8.

**Table 4.8: Scoping decisions for GHEITI 2017/2018 Report**

Parameter	Decision	
	2017	2018
Materiality threshold for Oil/Gas sector	US\$370,000	US\$350,000
Coverage of selected Companies payments using preliminary receipts used in determining materiality	99.78%	99.81%
Coverage of selected Companies using total preliminary receipts	53.51%	56.80%
<b>Number of In Scope Companies</b>	10	9
<b>Reporting Government Entities</b>	GRA; GNPC; Petroleum Commission; Ministry of Energy; Ministry of Finance; EPA	GRA;GNPC; Petroleum Commission; Ministry of Energy; Ministry of Finance; EPA

**Materiality Statement:** Any oil/gas upstream company that paid at least US\$370,000 in 2017 or US\$ 350,000 in 2018 was required to participate in the reconciliation exercise for the 2017 and 2018 EITI reports respectively.

**Company Reporting Entities:** The companies required to complete templates (with their preliminary payments) and report for the 2017/2018 report are shown in tables 1.2 and 1.3 respectively.

**Table 4.9: List of Material Oil/Gas Entities Required to Report in 2017/2018**

Company			US\$	Weight(%)	Cumulative weight(%)
GNPC			383,596,007.55	69.84	69.84
Kosmos Energy Ghana Ltd			66,424,864.05	12.09	81.93
Tullow Ghana Ltd			58,115,997.91	10.58	92.51
Anadarko			29,202,563.41	5.32	97.83
PetroSA Ghana Limited			4,299,828.33	0.78	98.61
ENI Ghana Exploration & Production Limited			2,875,673.74	0.52	99.13
Eco Atlantic Oil & Gas Ghana Limited			1,466,681.73	0.27	99.40
UB Resources Limited			1,018,190.27	0.19	99.59
Medea Development Limited			674,225.20	0.12	99.71
Hess Ghana Exploration Ltd			372,485.93	0.07	99.78

**Table 4.10: List of Material Oil/Gas Entities required to Report for the 2018 Report.**

Company			US\$	Weight(%)	Cumulative Weight(%)
GNPC			587,835,788.69	60.51	605.1
Tullow Ghana Ltd			135,195,130.84	13.92	74.43
Anadarko			92,589,348.32	9.53	83.96
Kosmos Energy Ghana UK Limited			78,923,373.87	8.12	92.08
ENI Ghana Exploration & Production Limited			32,593,724.73	3.36	95.44
VITOL			23,825,567.59	2.45	97.89
PetroSA Ghana Limited			16,947,308.33	1.74	99.64
AGM Petroleum Ghana Ltd			1,297,403.60	0.13	99.77
Hess Ghana Exploration Ltd			354,418.33	0.04	99.81

### Out of Scope Companies

The out of scope companies represented 0.22% and 0.19% of the revenue streams used in determining materiality thresholds in 2017 and 2018 respectively. *See Appendices 1 and 2.*

**Revenue Streams:** *The following revenue streams were reconciled*

The following revenue streams were approved by the MSG for the 2017/2018 GHEITI Oil/Gas sector reconciliation exercise.

- Royalty;
- Carried Interest;
- Additional Paid Interest:
- Surface Rentals;
- Corporate Tax;
- Training Fees and Technology Allowance
- Gas revenue from Jubilee; and
- EPA Permit and processing fees.

Any revenue stream that recorded an amount of at least US\$5,492,677 in 2017 and a minimum of US\$9,739,802 in 2018 was to be reconciled.

The above notwithstanding, although environmental permitting and processing fees were together less than 1% of preliminary revenues (reconciliation ceases when discrepancy is less than 1% of total government receipts), the MSG included environmental permit fees to the revenues to be reconciled.

Amount received as surface rent was lower than 1% of the preliminary receipts, it was however reconciled because it is one of the extractive revenues that requirement 4.1(b) of the 2016 EITI standards suggests should be reconciled. Again surface rental payments are made into the Petroleum Holding Fund and considered as petroleum revenue.

**BASIS OF RECONCILIATION:** The reconciliation was done on actual basis. Thus activities that occurred (both Financial and physical) between 1<sup>st</sup> January 2017 and 31<sup>st</sup> December 2018 were considered.

**Currency:** The reporting currency is the United States Dollar(US\$). The exchange rate used were as follow:US\$1:4.3117 in 2017 and US\$1: 4.6184 in 2018.



## Data Quality

### **Auditing**

#### Government entities

#### Public Financial Management System.

The Public Financial Management (PFM) system: The flow is that revenues are raised in the form of taxes, grants, loans and other finances and these are deposited in the consolidated Fund.

Expenditures to be made from the revenue paid into the Consolidated Fund are to be approved by Parliament in an Appropriation Act; and without this authority any expenditure made from the fund is considered irregular and illegal.

Article 187(2) of the 1992 constitution of Ghana empowers the Auditor General of Ghana to carry out the audit of public accounts of Ghana and to report thereon to parliament.

The Auditor General of Ghana and the Audit Service had completed the audit of all participating government Agencies for 2017 and 2018 <https://ghaudit.org/web/reports/>

The Audit Service of Ghana is a member of the International Organization of Supreme Audit Institutions (INTOSAI) and AFROSAI and applies the International Standards of Supreme Audit Institutions (ISSAI) issued by (INTOSAI) in its auditing work.

The Audit Service monitors the use and management of all public funds and report to Parliament annually.

The 2017 and 2018 Auditor General's reports did not qualify any accounts of the government entities that are required to provide data for the 2017/18 GHEITI report.

#### Reporting Companies

The companies Act, section124(1c)<sup>6</sup> requires directors of a company to cause to be prepared and circulated to members, auditors report in accordance with section 133 of this Code:

According to Section 133<sup>7</sup> of the companies Act 1963(Act 179) audited financial statements (including profit and Loss accounts and Balance sheets) should be sent to members and debenture holders of any company.

The financial statements of companies are audited by the independent auditors, employing international auditing standards. The IA will examine the financial statements of companies to be selected for reconciliation.

The International Oil companies that provided data for the report were Kosmos Energy HC and Tullow (Ghana)Ltd. These companies are subsidiaries of companies that are listed on the London and New York stock Exchanges.

For the audited financial statements of the GNPC please click on this link

[http://www.gnpcghana.com/speeches/2017\\_financial.pdf](http://www.gnpcghana.com/speeches/2017_financial.pdf)

### **Credibility of Data**

Following from the above, and in order to ensure data quality, the MSG requested extractive companies and Government Agencies to provide the following assurances:

- A senior manager, preferably the Chief Executive Officer, the Managing Director or the Chief Financial Officer, signs the completed reporting templates and emboss with company's stamp;
  - o The submission of supporting documents for amounts stated on the templates. Detailed payment by payment data or supporting document so that each transaction is reconciled separately.

For government agencies and state-owned enterprises, the completed reporting templates must be signed by a senior manager and embossed with entity's stamp. The agencies should also provide supporting documents for amounts or figures stated on the templates.

### **Templates**

The MSG designed a template based on benefit streams of previous reports with room for the addition of other streams. The IA reviewed the

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<sup>6</sup> Sections 128 of Companies Act, 2019; Act 992

<sup>7</sup> Sections 136,139 and 140 of Companies Act, 2019, Act 992.

templates (both for companies and government reporting entities) and found them satisfactory.

### **Data Reliability check**

All templates collected were scrutinized to ensure that they fully meet the requirements set out for the completion of templates. Data reliability was checked against the following

**Completeness:** Templates submitted by participating entities were checked to ensure that all requisite responses have been thoroughly completed.

**Relevance:** Attached documentations such as receipts and schedules were checked for their relevance to figures and periods provided on the templates.

**Correctness/Accuracy:** Figures provided on the templates were checked for correctness against receipts or other documentations provided. Also figures on receipts were summed up to ensure they tally with the figures provided in the templates.

**Certification:** Templates were checked to ensure that they have been properly endorsed by completing officers with appropriate signatories and official stamps.

Senior officials signing templates, do so on behalf of the board of directors. It was the position of the MSG that these officials ensure the authenticity of the data provided, as the board of directors are likely to sanction any senior official who provide false data.

### **Discrepancy**

The MSG agreed that the cut-off point at which resolution of discrepancies will cease is 1% of total government receipts (submissions by Government Agencies of revenues reconciled).

### **Level of Disaggregation**

#### **Project Level reporting:**

Section 64 of the Income Tax Act, 2015 (Act 896) limits reporting of income for tax purpose to each development and production plan approved by the Minister of Energy.

### **Reconciliation of Oil and Gas Benefits in 2017/2018**

In this section payments and receipts that were reconciled have been presented.

The reconciliations shown below relate to activities that occurred at the Jubilee, TEN and SGN in 2017 and 2018.

Reconciliation of payments/entitlements made in Kind by IOCS' and receipts by GNPC

Reconciliation of payments made by oil companies including GNPC and receipts by the Bank of Ghana/Ministry of Finance. The payments by GNPC covered Carried Interest, Additional paid interest and royalty<sup>8</sup>. The Oil companies (IOC) payments on surface rental and corporate tax *(See Tables)*

Reconciliation of liftings (exports) by Oil companies and GNPC to lifting records from the Ghana Revenue Authority (Customs Division).

The lifting/export details at the Jubilee Fields for 2017/18 are shown in Appendix 4

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<sup>8</sup> Note that all the royalty oil was not contributed by GNPC. The IOCs' contributed 86% of royalty oil

## Results of Reconciliation

### The Reconciliation Process and Reporting Entities

#### Government Agencies

The Ministry of Petroleum; Ghana Revenue Authority, Petroleum Commission and the GNPC<sup>9</sup> submitted the required data and templates.

**International Oil companies: Anadarko, Medea Exploration, Eco Atlantis, UB resources, Vitol and AG Petroleum did not submit reporting templates.**

The companies that submitted templates for the 2017/2018 EITI report are Kosmos Energy HC, Tullow Ghana Ltd, PetroSA, ENI (Exploration and Production) Ltd, Hess, Anadarko, Medea Exploration, Eco Atlantis, UB resources and Vitol failed to submit templates.

**Unilateral declarations: The declarations by government Agencies on payments made by companies that failed to report are shown in Table 4.11.**

**Table 4.11: Unilateral declarations for 2017/2018 Report.**

	Corporate Tax(US\$)		Environmental Permitting Fees(US\$)		Training Fees		Total
	2017	2018	2017	2018	2017	2018	
Company							0
<b>Anadarko</b>		50,202,493					50,202,493
<b>Medea Exploration</b>					500,000		500,000
<b>Eco Atlantis Co Ltd</b>							0
<b>UB Resources</b>							0
<b>Vitol</b>							0
<b>AGM Petroleum</b>		1,000,000		220325			1,220,325
<b>Total</b>	<b>0</b>	<b>51,202,493</b>	<b>0</b>	<b>220,325</b>	<b>500,000</b>	<b>0</b>	<b>51,922,818</b>

### Payment of Royalty by International Oil Companies

Reconciliation of amounts contributed by IOCS' in 2017 and 2018: In 2017 total production at the Jubilee Fields was 32749975 barrels in 2017 and 28,461,755 barrels of oil 2018. Per the fiscal regime at Jubilee Fields, the state is entitled to 5% royalty. In addition to this

the GNPC holds 13.64084% of carried and participating interest. At TEN the production recorded was 20,400,000 barrels in 2017 and 23,557,361 barrels in 2018.

Royalty oil is deducted from the total production. The partners then share the remainder i.e. total entitlement) in proportion to their participating interest. GNPC lifts the royalty oil as well as 13.64084% of the total entitlement and sell on behalf of the state of Ghana.

The tables below show the royalty in barrels contributed by the IOC'S at Jubilee and TEN Fields

**Table 4.12: Reconciliation of IOCs' in-kind contribution and state entitlement in 2017 /18 at Jubilee**

Year		2017/2018									
		Participating interest in Total Production		Contribution to Royalty		Entitlement		State Entitlement(bbls)			
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	
<b>Total Production at Jubilee(bbls)</b>	32,749,975	28,461,755									
<b>Royalty @ 5%</b>	1,637,499	1,423,088									
<b>Total Entitlement</b>	31,112,476	27,038,667									
<b>Tullow's Participating interest (35.47952%)</b>	<b>35.48%</b>		11,619,534	10,098,094	580,977	<b>504,904.70</b>	<b>11,038,557</b>	<b>9,593,189</b>	580,977	504,904.70	
<b>Kosmos's participating Interest (24.07710%)</b>	<b>24.08%</b>		7,885,244	6,852,765	394,262	<b>342,638.26</b>	<b>7,490,982</b>	<b>6,510,127</b>	394,262	342,638.26	
<b>Anadarko's participating</b>	<b>24.08%</b>		7,885,244	6,852,765	394,262	<b>342,638.26</b>	<b>7,490,982</b>	<b>6,510,127</b>	394,262	342,638.26	

<b>interest (24.07710 %)</b>										
<b>Petro SA's Participating interest (2.72544%)</b>	<b>2.73%</b>		892,581	775,708	44,629	<b>38,785.40</b>	<b>847,952</b>	<b>736,923</b>	44,629	38,785.40
<b>GNPC's participating interest (13.64084 %)</b>	<b>13.64%</b>		4,467,360	3,882,412	223,368	<b>194,120.61</b>	<b>4,243,992</b>	<b>3,688,292</b>	223,368	194,120.61
<b>Total</b>			32,749,963	28,461,745	1,637,498	1,423,087	31,112,465	##### ###	1,637,498	1,423,087

Table below shows the production of oil, royalty oil and the entitlements of the partners at TEN Field.

**Table 4.13: Reconciliation of IOCs' in-kind contribution and state entitlement in 2017/18 at TEN**

Year 2017/18										
			Participating interest in Total Production		Contribution to Royalty		Entitlement		State Entitlement	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
<b>Total Production at TEN(bbls)</b>	20,400,000	23,557,361								



<b>Royalty @ 5%</b>	<b>1,020,000</b>	<b>1,177,868</b>								
<b>Total Entitlement</b>	<b>19,380,000</b>	<b>22,379,493</b>								
<b>Tullow's Participating interest (47.18%)</b>	<b>47.18%</b>	9,624,720	11,114,363	481,236	<b>555,718</b>	<b>9,143,484</b>	<b>10,558,645</b>	481236	555,718	
<b>Kosmos's participating Interest(17.00%)</b>	<b>17.00%</b>	3,468,000	4,004,751	173400	<b>200,238</b>	<b>3,294,600</b>	<b>3,804,514</b>	173400	200,238	
<b>Anadarko's participating interest(17.00%)</b>	<b>17.00%</b>	3,468,000	4,004,751	173400	<b>200,238</b>	<b>3,294,600</b>	<b>3,804,514</b>	173400	200,238	
<b>Petro SA's Participating interest(3.82%)</b>	<b>3.82%</b>	779,280	899,891	38964	<b>44,995</b>	<b>740,316</b>	<b>854,897</b>	38964	44,995	
<b>GNPC's participating interest(15.00%)</b>	<b>15.00%</b>	3,060,000	3,533,604	153000	<b>176,680</b>	<b>2,907,000</b>	<b>3,356,924</b>	153000	176,680	
<b>Total</b>		20,400,000	23,557,361	1,020,000	1,177,868	19,380,000	22,379,493	1,020,000	1,177,868.05	

**Table 4.14: Reconciliation of liftings between GNPC and GRA**

	GNPC		GRA		Discrepancy	
	2017	2018	2017	2018	2017	2018
<b>JUBILEE</b>						
<b>Lifting Date</b>	Quantity	Quantity	Quantity	Quantity		
13/03/17	947,806		947,806		-	-
13/05/17	948,931		948,931		-	-
03/07/17	952,938		952,938		-	-
08/09/17	953,094		953,094		-	-
25/10/17	947,648		947,648		-	-
16/12/17	992,459		992,459		-	-
	<b>5,742,876</b>		<b>5,742,876</b>		-	-
20/03/18		973,730		973,730	-	-
02/05/18		996,161		996,161	-	-
24/07/18		945,681		945,681	-	-
27/09/18		944,609		944,609	-	-
25/11/18		947,251		947,251	-	-
		<b>4,807,432</b>		<b>4,807,432</b>	-	-
<b>TEN</b>					-	-
20/03/17	996,588		996,588		-	-
18/06/17	995,657		995,657		-	-
06/10/17	1,038,748		1,038,748		-	-
20/12/17	1,007,382		1,007,382		-	-
	<b>4,038,375</b>		<b>4,038,375</b>		-	-
02/03/18		994,723		994,723	-	-
31/05/18		995,085		995,085	-	-
06/08/18		995,477		995,477	-	-
19/10/18		995,171		995,171	-	-
		<b>3,980,456</b>		<b>3,980,456</b>	-	-
<b>SGN</b>						
	0		0			
16/03/18		995,351		995,351		

**Table 4.15 Reconciliation of liftings by GRA and IOCS'10**

2017 Partner	2017	2018		Volume (bbl)
	Volume (bbl)	Volume (bbl)	Volume (bbl)	
<b>JUBILEE</b>				
<b>GNPC</b>	<b>5,742,876</b>	<b>4,807,432</b>	<b>5,742,876</b>	<b>4,807,432</b>
<b>Tullow Ghana Ltd</b>	<b>11,059,194</b>	<b>9,530,750</b>	<b>11,059,194</b>	<b>9,530,750</b>
<b>Kosmos Energy</b>	<b>7,781,252</b>	<b>6,779,558</b>	<b>7,781,252</b>	<b>6,779,558</b>
<b>Anadarko &amp; Petro SA</b>	<b>7,728,639</b>	<b>8,674,459</b>	<b>7,728,639</b>	<b>8,674,459</b>
<b>Total</b>	<b>32,311,961</b>	<b>29,792,199</b>	<b>32,311,961</b>	<b>29,792,199</b>
<b>TEN</b>				
<b>GNPC</b>	<b>4,038,375</b>	<b>3,980,456</b>	<b>4,038,375</b>	<b>3,980,456</b>

<b>Tullow Ghana Ltd</b>	<b>9,143,662</b>	<b>10,795,847</b>	<b>9,143,662</b>	<b>10,795,847</b>
<b>Kosmos Energy</b>	<b>2,978,446</b>	<b>3,825,947</b>	<b>2,978,446</b>	<b>3,825,947</b>
<b>Anadarko &amp; Petro SA</b>	<b>3,879,220</b>	<b>4,791,835</b>	<b>3,879,220</b>	<b>4,791,835</b>
<b>Total</b>	<b>20,039,703</b>	<b>23,394,085</b>	<b>20,039,703</b>	<b>23,394,085</b>
<b>SGN</b>				
<b>GNPC</b>	<b>0</b>	<b>995,351</b>	<b>0</b>	<b>995,351</b>
<b>ENI Ghana (E&amp;P)Ltd</b>	<b>1,948,053</b>	<b>4,889,004</b>	<b>1,948,053</b>	<b>4,889,004</b>
<b>Vitol</b>	<b>1,815,651</b>	<b>4,799,225.76</b>	<b>1,815,651</b>	<b>4,799,225.76</b>

**Table 4.16 Reconciliation of Surface Rental payments between IOCs and GRA<sup>11</sup>.**

<b>COMPANY</b>	<b>CONTRACT AREA</b>	<b>AMOUNT PAID</b>		<b>AMOUNT RECEIVED BY GRA</b>			
		2017	2018	2017	2018	2017	2018
<b>TULLOW</b>	Deepwater Tano	59,261	59,261	59,261	59,159	-	102
<b>KOSMOS</b>	West Cape Three Points	17,797	18,464	17,797	18,464	-	-
<b>ENI</b>	Offshore Cape Three Points	96,798	22,600	96,798	22,600	0	-
<b>ENI</b>	Cape Three Points Block 4	45,200	56,350	45,200	56,350	-	-

<sup>11</sup> Reconciliation was done at Project or contract level.

**Table 4.17: Shows Reconciliation by Companies.**

2017	Company			Government			Final Amounts		Unresolved	
	Company	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company		
<b>OIL &amp; GAS</b>										
KOSMOS	15,008,877	22,141,542	37,150,419	37,150,419	-	37,150,419	37,150,419	37,150,419	-	-
TULLOW	59,261	431,439	490,700	490,700	-	490,700	490,700	490,700	-	(0)
GNPC	551,612,065	(51,129,376)	500,482,689	501,300,433	-	501,300,433	500,482,689	501,300,433	-	(817,745)
ANADARKO	-	-	-	-	-	-	-	-	-	-
PETRO SA	-	-	-	-	-	-	-	-	-	-
ENI GHANA E&P LTD	2,800,685	-	2,800,685	2,786,503	-	2,786,503	2,800,685	2,786,503	14,182	(0)
HESS EXPLORATION	450,750	-	450,750	300,000	-	300,000	450,750	300,000	150,750	
MEDEA DEV;T LTD	-	-	-	-	-	-	-	-	-	-
ECO ATLANTIS	-	-	-	-	-	-	-	-	-	-
UB RESOURCES LTD	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>										

	569,931,638	(28,556,395)	541,375,243	542,028,056	-	542,028,056	541,375,243	542,028,056	164,932	(817,746)
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2018

KOSMOS	33,117,104	3,010,649	36,127,753	36,127,753	-	36,127,753	36,127,753	36,127,753	-	-
TULLOW	52,059,261	250,000	52,738,771	52,738,669	-	52,738,669	52,738,771	52,738,669	103	-
GNPC	958,343,292	(144,402,171)	813,941,122	813,941,122	-	813,941,122	813,941,122	813,941,122	-	-
ANADARKO	-	-	-	-	-	-	-	-	-	-
PETRO SA	10,321,284	105,546	10,426,830	10,426,830	-	10,426,830	10,426,830	10,426,830	-	-
ENI GHANA E&P LTD	2,764,878	-	2,764,878	2,557,620	-	2,557,620	2,764,878	2,557,620	207,258	-
HESS EXPLORATION	450,750	133,379	584,129	418,379	-	418,379	584,129	418,379	165,750	-
VITOL	-	-	-	-	-	-	-	-	-	-
AGM PETROLEUM	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	1,057,056,569	(140,902,597)	916,583,482	916,210,372	-	916,210,372	916,583,482	916,210,372	373,111	-

Revenue Stream	Company			Government			Final Amounts		Unresolved	Under
	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	
<b>OIL &amp; GAS</b>										
Carried Interest	283,298,144	(23,562,072)	259,736,072	259,736,072	-	259,736,072	259,736,072	259,736,072	-	-
Participating Interest	132,428,470	(27,567,304)	104,861,166	104,861,166	-	104,861,166	104,861,166	104,861,166	-	-
Royalty	135,885,451	-	135,885,451	136,703,196	-	136,703,196	135,885,451	136,703,196	-	(817,745)
Surface Rental	352,009	17,797	369,806	219,057	-	219,057	369,806	219,057	150,750	
Corporate Tax	14,833,877	22,123,745	36,957,622	36,957,622	-	36,957,622	36,957,622	36,957,622	-	-
Dividends	-	-	-	-	-	-	-	-	-	-
Training/Technology	2,675,000	250,000	2,925,000	2,925,000	-	2,925,000	2,925,000	2,925,000	-	-
Gas Revenue	-	-	-	-	-	-	-	-	-	-
Environmental Processing/Permit Fees	458,687	181,439	640,126	625,944	-	625,944	640,126	625,944	14,182	-
<b>TOTAL</b>	569,931,638	(28,556,395)	541,375,243	542,028,056	-	542,028,056	541,375,243	542,028,056	164,932	(817,745)

2018 Revenue Stream	Company			Government			Final Amounts		Unresol ved Over	Under
	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resol ved	Final	Compan y	Governm ent		
<b>OIL &amp; GAS</b>										
Carried Interest	449,715,276	(64,821,620)	384,893,657	384,893,657	-	384,893,657	384,893,657	384,893,657	-	-
Participating Interest	228,236,603	(64,795,349)	163,441,254	163,441,254	-	163,441,254	163,441,254	163,441,254	-	-
Royalty	268,686,485	(3,080,274)	265,606,211	265,606,211	-	265,606,211	265,606,211	265,606,211	-	-
Surface Rental	11,993,889	18,464	307,425	155,906	-	156,573	307,425	156,573	150,853	-
Corporate Tax	95,263,388	3,097,731	98,361,119	99,384,452	-	98,361,119	98,361,119	98,361,119	-	-
Dividends	-	-	-	-	-	-	-	-	-	-
Training/Technology	2,675,000	250,000	2,925,000	2,910,000	-	2,910,000	2,925,000	2,910,000	15,000	-
Gas Revenue	11,704,928	(11,704,928)	-	-	-	-	-	-	-	-
Environmental Proceesing/Permi t Fees	485,928	133,379	1,048,817	841,559	-	841,559	1,048,817	841,559	207,258	-
<b>TOTAL</b>	1,068,761,497	(140,902,5)	916,583,482	917,233,038	-	916,210,	916,583,	916,210,3	373,111	-

| | | 97) | | |

| 372 |

| 482 |

| 72 | | |



## Discrepancies:

Discrepancies are differences between government receipts and company payments. Discrepancies are positive (over) if for the same revenue stream, the amounts reported by a company exceed that reported by the government agencies as receipts. If the amount received by the government agencies exceeds payment by a company, the resulting discrepancy is negative (under).

**The 2017 reconciliation recorded a net discrepancy of US\$(652,814) and an absolute discrepancy of US\$982,678. The reconciliation of 2018 had a net discrepancy of US\$311,000 and absolute discrepancy of the same amount.**

The net and absolute discrepancies in 2017 represent 0.063% and 0.096% respectively of the total government receipts in 2017. The net discrepancy is 0.11% of the aggregated revenues used in determining materiality,

The 2018 discrepancy represents 0.018% of total government revenues. It is 0.03% of the sum of the revenues used in determining materiality.

## Resolution of discrepancies

- i) In 2017 and 2018 the discrepancies resolved involved the same companies and revenue streams.
- ii) The resolution of corporate tax involved Kosmos Energy HC and PetroSA. Kosmos surface rent payment was also resolved.
- iii) For GNPC, the resolutions were on Carried, Participating interest and Royalty, the resolution regarding Carried and participating interest was to exclude royalties and CAPI from the SGN, which have been included in GNPC'S figures, although not paid in the period. The resolution with regards to royalty was about the quantum of payment and receipt.
- iv) Resolutions involving Tullow Ghana Ltd was in connection with training fees.
- v) With the exception of training fees involving Tullow Ghana Ltd, all the resolutions involved GRA as the Government Agency. GNPC receives training fees from Tullow Ghana Ltd (see Table)

## Unresolved Discrepancies

The tables below show unresolved discrepancies by revenue streams and by company.

**Table 4.18: Unresolved discrepancies by Companies**

<b>2017</b>	<b>Unresolved</b>	
<b>Company</b>	<b>Over</b>	<b>Under</b>
<b>OIL &amp; GAS</b>		
KOSMOS	-	-
TULLOW	-	(0)
GNPC	-	(817,745)
ANADARKO	-	-
PETRO SA	-	-
ENI GHANA E&P LTD	14,182	(0)
HESS EXPLORATION	150,750	-
MEDEA DEVELOPMENT LTD	-	-
ECO ATLANTIS	-	-
UB RESOURCES LTD	-	-
<b>TOTAL</b>	<b>164,932</b>	<b>(817,746)</b>

### 2018

KOSMOS	-	-
TULLOW	102	-
GNPC	-	-
ANADARKO	-	-
PETRO SA	-	-
ENI GHANA E&P LTD	207,258	-
HESS EXPLORATION	165,750	-
VITOL	-	-

AGM PETROLEUM	-	-
<b>TOTAL</b>	373,111	-
	Unresolv ed	
<b>Revenue Stream</b>	Over	Under
<b>OIL &amp; GAS</b>		
<b>Carried Interest</b>	-	-
<b>Participating Interest</b>	-	-
<b>Royalty</b>	-	(817,745)
<b>Surface Rental</b>	150,750	
<b>Corporate Tax</b>	-	-
<b>Dividends</b>	-	-
<b>Training/Technology</b>	-	-
<b>Gas Revenue</b>	-	-
<b>Environmental Proceesing/Permit Fees</b>	14,182	-
<b>TOTAL</b>	164,932	(666,996)
<b>2018</b>	Unresolv ed	
<b>Revenue Stream</b>	Over	Under
<b>OIL &amp; GAS</b>		
<b>Carried Interest</b>	-	-
<b>Participating Interest</b>	-	-
<b>Royalty</b>	-	-
<b>Surface Rental</b>	150,853	-
<b>Corporate Tax</b>	-	-
<b>Dividends</b>		

	-	-
<b>Training/Technology</b>	15,000	-
<b>Gas Revenue</b>	-	-
<b>Environmental Processing/Permit Fees</b>	207,258	-
<b>TOTAL</b>	373,111	-

### Contribution by Revenue Streams.

Table shows the contribution by revenue streams.

**Coverage:** Table 4.19 Shows that the coverage (with regards to revenues used for the determination of materiality thresholds) is 100% for 2017 and 94.65% for 2018. Compared to the total government receipts the coverage reduces to 53% and 54% for 2017 and 2018 respectively. This is because not all the revenue streams were reconciled.

**Table 4.19: Coverage of the 2017/2018 Reconciliation.**

Revenue Stream	Total Collected by Government in 2017 A-US\$	Total Collected by Government in 2018 A-US\$2	Total reported by Government agencies at Reconciliation B-US\$ 2017	Total reported by Government agencies at Reconciliation B-US\$2 2018	% Coverage(B/A) 2017	% Coverage(B/A) 2018
Carried Interest	259,736,072	384,893,657	259,736,072	384,893,657	100	100.00
Participating Interest	104,861,166	163,441,254	104,861,166	163,441,254	100	100.00
Royalty	136,703,196	265,606,211	136,703,196	265,606,211	100	100.00
Surface Rental	219,057	156,573	219,057	156,573	100	100.00
Corporate Tax	36,957,622	148,563,611	36,957,622	98,361,119	100	66.21
Training/Technology	4,033,979	3,862,655	2,925,000	2,910,000	138	75.34
Gas Revenue	-	-	-	-	0	-
Environmental Processing/Permit Fees	670,215	1,466,049	625,944	841,559	107	57.40
<b>Total</b>	<b>543,181,306</b>	<b>967,990,010</b>	<b>542,028,056</b>	<b>916,210,372</b>	<b>100</b>	<b>94.65</b>

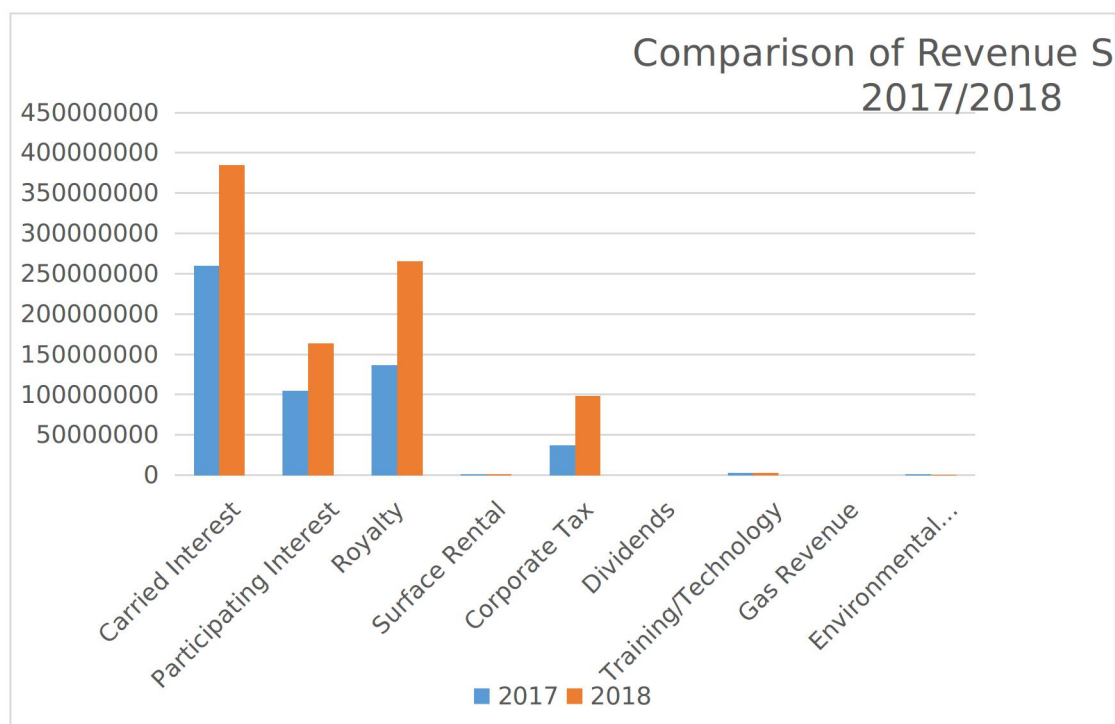
**EFFECT OF NON REPORTING;** The table below shows the effects on the reconciliation of companies that failed to submit reporting templates. Several efforts by the MSG and the IA to obtain the templates failed. As indicated in the table it shows that amount excluded from the reconciliation as a result of non- reporting in 2017 represented 0.09% of Government receipts at reconciliation, and 0.05% of total government receipts. In 2018 the value of payments that were not included in the reconciliation is 3% of total government receipts in 2018. If the companies especially Tullow had reported the coverage of the reconciliation would have improved to about 59% instead of 54%.

**Table 4.19 : Effect of Non-reporting in 2017/2018**

2017

<b>EITI Reported Collections by Government in 2017</b>	<b>Total unreported amount for 2017</b>	<b>Effect of non-reporting %</b>
543,181,306	500,000	0.09
<b>Total Collected by Government in 2017</b>	<b>Total unreported amount for 2017</b>	<b>Effect of non-reporting %</b>
1,024,064,435	500,000	0.05
<b>2018</b>		
<b>EITI Reported Collections by Government in 2018</b>	<b>Total unreported amount for 2018</b>	<b>Effect of non-reporting %</b>
967,990,010	51,422,818	5.31
<b>Total Collected by Government in 2018</b>	<b>Total unreported amount for 2018</b>	<b>Effect of non-reporting %</b>
1,706,990,919	51,422,818	3.01

Fig 4.2: Analysis.



The highest contributor to government receipts in the Oil and Gas sector is carried interest. It is followed by royalty and participating interest in that order. Obviously this is determined by the fiscal regime in the various operating Fields.

**There were increases in carried interest, participating interest and royalty between 2017 and 2018. This was mainly due to 2 reasons, increase in price and quantities lifted. There was an increase in price from an annual average of US\$53.49 per barrel in 2017 to US\$70.34 in 2018. There was also an increase in volumes from 5856921 barrels to 9781251 barrels as result of increase in production from Jubilee and TEN Fields.**

**Corporate Tax payments also increased as all the Jubilee Partners made payments.**

### Sale of State's Share of Production

GNPC (the national oil company) is responsible for lifting and marketing of oil on behalf of the state. Proceeds from the carried and additional participating interests as well as royalty oil are all paid into the Petroleum Holding Fund at the Bank of Ghana. Ghana engages in both spot contracts and term contracts. Spots sales are one-time open market transactions,

the delivery of crude oil is usually between 10 and 60 days after entering into such contract.

Term contracts allow buyers and sellers to negotiate for an agreed quantity of crude to be delivered within a specified period of time, usually for more than a year.

The arrangements indicate the quantity, quality of crude, point of lifting, the formula for determining the price which is typically linked to an international benchmark and a differential,

lifting schedule, and payment terms among others.

GNPC has two term contracts with UNIPEC Asia and Litasco to lift from Jubilee and TEN accordingly<sup>12</sup>.

A similar agreement has been reached between Litasco and GNPC for the lifting of 4 cargoes of TEN crude oil per calendar year for 6 years.

The average liftings by the GNPC from Jubilee Field is between 5 to 8 liftings per calendar year, therefore GNPC has adopted spot sales for any excess crude after the agreed quantity is lifted by UNIPEC.

#### ❖ **Sale of Ghana's Oil to UNIPEC Asia**

The GNPC (seller) and UNIPEC Asia Company Ltd (Buyer) entered into an agreement for a Seller to supply to Buyer on commercial terms, agreed volumes of crude oil<sup>13</sup>.

This agreement is pursuant to a Master Facility Agreement between China Development Bank Corporation, the Republic of Ghana represented by the Ministry of Finance, Bank of Ghana, GNPC, and UNIPEC Asia.

In the GNPC/UNIPEC agreement dated on the 1<sup>st</sup> of February 2012, GNPC shall deliver to Unipeac Asia Company Ltd, 5 cargoes per calendar year (**@13,000 barrels per day** of Jubilee Crude Oil).

The standard cargo size shall be **950,000 net US barrels**. Deviations from the standard cargo sizes may be mutually agreed between seller and buyer on a cargo by cargo basis.

#### ❖ **Price**

The U.S. Dollar FOB price per (net bill of lading) barrel shall, unless the Parties agree otherwise, have the following components:

- a) a Dated Brent Component; and
- b) a Differential.

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<sup>12</sup> Source: Ghana EITI commodity trading pilot report,2018

<sup>13</sup> Source: GNPC

The **price** shall be calculated in accordance with the following formula; the US dollar FOB Price = **Dated Brent + Differential**.

For the Dated Brent Price, the buyer shall have the option to choose from four (4) Dated Brent component pricing options as the applicable pricing method for the sale of the jubilee crude oil.

The buyer shall pay a margin of US cents eight (8) per barrel for exercising any price option.

**Differential:** The differential shall be:

The average of the differentials realized for all the Jubilee crude oil liftings in the month of lifting (i.e. B/L month). This will be reviewed at the end of the year.

❖ **Taxes**

All taxes, duties, imposts, fees, charges (including, without limitations, pilotage, mooring and towage expenses) and dues including, without limitation, quay dues) in respect of the vessel incurred at the loading terminal shall be for the Buyer’s account.

The Amount of any taxes, duties, imposts, fees, charges and dues of every description imposed or levied by any governmental, local or port authority on the Jubilee crude oil supplied hereunder, or on its export, delivery, transportation, ownership, sale or use, in respect of any stage prior to the risk in such jubilee crude oil passing to the Buyer shall be for the seller’s account.

❖ **Payment**

Payment for all crude oil sales under this Agreement shall be made into the Petroleum Holding Fund in US dollars by telegraphic transfer, in full without discount, withholding setoff or counterclaim (but subject always to and pursuant to the terms of the Master Agreement and the Five party Agreement).

[http://www.gheti.gov.gh/site/index.php?option=com\\_phocadownload&view=category&id=35: mining-oil-a-gas-reports&Itemid=54&Itemid=54](http://www.gheti.gov.gh/site/index.php?option=com_phocadownload&view=category&id=35: mining-oil-a-gas-reports&Itemid=54&Itemid=54)

The sales of Ghana’s oil by GNPC in 2017 and 2018 are shown in the Tables.

**Table 4.20: Sales of Ghana’s Oil by GNPC in 2017 and 2018**

<b>2017</b>					
<b>DATE OF SALE</b>	<b>FIELD</b>	<b>BUYER</b>	<b>VOLUME (bbl)</b>	<b>REVENUE(US\$)</b>	<b>UNIT PRICE</b>
9-Mar-17	JUBILE E	UNIPEC	947,806	51,400,467	54.151
13-May-17	JUBILE	UNIPEC	948,931	45,721,393	48.102



	E				
3-Jul-17	JUBILEE	UNIPEC	952,938	44,335,440	46.445
8-Sep-17	JUBILEE	UNIPEC	953,094	53,956,558	56.532
25-Oct-17	JUBILEE	UNIPEC	947,648	54,559,886	57.494
16-Dec-17	JUBILEE	GLENCORE	992,459	63,387,364	63.869
<b>TOTAL</b>					
20-Mar-17	TEN	SPRINGFIELD	996,588	49,119,829	49.188
18-Jun-17	TEN	GLENCORE	995,657	45,175,945	45.273
6-Oct-17	TEN	LITASCO SA	1,038,748	53,461,243	51.417
20-Dec-17	TEN	LITASCO SA	1,007,382	62,276,355	61.82
<b>TOTAL</b>			<b>4,038,375</b>	<b>210,033,373</b>	

## 2018

DATE OF SALE	FIELD	BUYER	VOLUME(bbl)	REVENUE (US\$)	UNIT PRICE
20-Mar-18	JUBILEE	UNIPEC ASIA	973,730	63,038,306	\$64.66
02-May-2018	JUBILEE	UNIPEC ASIA	996,161	76,676,504	\$76.89
24-Jul-18	JUBILEE	UNIPEC ASIA	945,681	69,543,489	\$73.46
27-Sep-18	JUBILEE	UNIPEC ASIA	944,609	74,960,392	\$79.28
25-Nov-18	JUBILEE	UNIPEC ASIA	947,251	55,820,554	\$58.85
<b>TOTAL</b>			<b>4,807,432</b>	<b>340,039,246</b>	
2-Mar-18	TEN	LITASCO SA	994,723	61,556,443	\$61.83
31-May-18	TEN	LITASCO SA	995,085	73,011,377	\$73.32
6-Aug-18	TEN	LITASCO SA	995,477	71,515,068	\$71.79
19-Oct-18	TEN	LITASCO SA	995,171	79,074,297	\$79.41
<b>TOTAL</b>			<b>3,980,456</b>	<b>285,157,185</b>	
16-Mar-18	SGN	VITOL SA	995,351	63,030,602	\$63.25
<b>TOTAL</b>			<b>995,351</b>	<b>63,030,602</b>	

#### **4.4 Infrastructural & in-kind agreements**

There were no infrastructural provisions and barter agreements between the government, government agencies and oil and gas companies in 2017 and 2018.

#### **4.5 Transportation Revenues**

There were no transportation revenues from the oil and gas sector in the reporting period.

#### **4.6 Transactions related to State-Owned Enterprises**

GNPC'S transactions with other state-owned enterprises, as well as transactions between GNPC and any ministry department or government Agency have been covered under State Participation in this report. covered in detail in the 2017 and 2018 reports.

#### **4.7 Sub National Payments**

In 2017 and 2018 there were no material payments from Oil and Gas companies to sub national entities including MMDA's

#### **4.8 Data Timeliness**

The report covers data generated in 2017 and 2018. That is the period spanning 1<sup>ST</sup> January 2017 and 31<sup>st</sup> December 2018.

## 5.0 Revenue Allocations

### 5.1 Distribution of Petroleum Receipts in 2018

Sections 6(a-e) and 7(1) of the PRMA stipulate the revenue streams in the oil and gas industry to be paid to government. These are recorded in the national budget.

- (a) Royalties from and additional oil entitlements, surface rentals, other receipts from any petroleum operations and the sale or export of petroleum;
- (b) Any amount from direct or indirect participation of government in petroleum operations;
- (c) Corporate income taxes in cash from upstream and midstream petroleum companies;
- (d) Any amount payable by the national oil company as corporate income tax, royalty, dividends, or any other amount due in accordance with the laws of Ghana; and
- (e) Any amount received by government directly or indirectly from petroleum resources not covered by paragraphs (a) to (d) and where applicable, capital gains tax derived from the sale of ownership of exploration, development and production rights.

7(1) Revenue due from the direct or indirect participation of the Republic in petroleum operations, including the carried and additional participating interests shall be paid into the Petroleum Holding Fund

Section 85-89 of the Exploration and Production Law 2016, Act 919 stipulates the benefits that extractive companies pay to the state.

#### DISBURSEMENTS FROM PHF IN 2017 AND 2018

Total disbursement from the Petroleum Holding Fund for the year 2018 was US\$977,124,929.67 according to the Bank of Ghana.

The distribution of funds in the Petroleum Holding Fund was in accordance with Petroleum Revenue Management Act (PRMA) to GNPC, the Annual Budget Funding Amount (ABFA), the Ghana Stabilisation Fund (GSF), and the Ghana Heritage Fund (GHF).

GNPC received a total of US\$305.27 million; the ABFA received a total of US\$235.10 million meeting the target for the year, while the Ghana Stabilisation Fund and the Ghana Heritage Fund received US\$305.72 million and US\$131.02 million respectively.

**Table 5.1: Disbursements from PHF IN 2017 AND 2018**

Recipient Agency/Fund	2017	2018	% Change
GNPC	182,040,000	305,270,000	34.12
o/w Equity Financing		201,100,000	
o/w CAPI		104,170,000	
ABFA	169,460,000	235,103,316.19	38.73
Ghana Stabilisation Fund	142,640,000	305,720,000	114.7
Ghana Heritage Fund	61,150,000	131,020,000	114.26
Total	555,290,000	977,110,000	76.0

### **GNPC**

The Ghana National Petroleum Corporation (GNPC) received a total of US\$305.27 million in the year 2018 representing an increase of 67.70 percent over the disbursement in the year 2017 (US\$182.04 million).

The 2018 disbursement comprised US\$201.10 million for Equity Financing and US\$104.17 million from net Carried and Participating Interest (CAPI). The CAPI represents 34.12 percent of the total disbursement to GNPC, which is in excess of the 30 percent approved by Parliament.

### **ABFA**

Consistent with Section 19 (2) of the Petroleum Revenue Management Act, 2011 (Act 815), the Bank of Ghana made disbursements from the Petroleum Holding Fund to the Ministry of Finance in respect of ABFA in 2018 totaling US\$235,103,316.19 (GH¢827,653,566.25)

## **GIIF**

No allocation was made to the GIIF in 2018 in breach of Section 8(4)(b) of Act 893 which stipulates that a maximum of 25 percent of the amount allocated for Public Investment Expenditure under the ABFA shall be allocated to the Fund.

## **DISBURSEMENT OF ABFA**

There was no allocation to the Ghana Infrastructure Investment Fund (GIIF), another statutory fund required to receive not more than 25 percent of the ABFA funds earmarked for infrastructure development.

An amount of GH¢827,653,566.25 (US\$235,103,316.19) transferred to the MOF ¢824,123,615.25 was the four priority areas selected by Government.

PIAC received an amount of GH¢3,529,951.00 for its activities.

Agriculture received an amount of GH¢126,185,356.21 in 2018, representing 15.3 percent of the total ABFA distribution. This represents 157.16 percent increase over the distribution to Agriculture in the year 2017. Out of the total amount distributed to Agriculture in 2018, 97.7 percent was spent on capital expenditure with 2.3 percent on goods and services.

The Road, Rail and other Critical Infrastructure Development received GH¢255,365,118.69 representing 31.0 percent of the total ABFA distribution in 2018. This was spent wholly on Public Investment Expenditure, and represents a 513.59 percent increase over the 2017 distribution of GH¢41,617,767.70.

The Physical Infrastructure and Service Delivery in Health received GH¢22,702,127.91 constituting 2.75 percent of the total ABFA distribution and was spent on capital investment. This amount represents 162.14 percent increase over the 2017 disbursement of GH¢8,660,362.73.

Education received GH¢419,871,012.44, representing 51 percent of the total ABFA. This accounts for 107.5 percent increase over the disbursement for the year 2017.

**Table 5.2: Disbursement of ABFA**

Priority Area/Institution	2017	2018	% Change	Remark
Agriculture	49,070,181.20	126,185,356.21	157.16	All agricultural programs
o/w Capital Expenditure		123,328,819.22		
o/w Goods & Services		2,856,536.99		
Road, Rail & Other Critical Infrastructural Dev.	41,617,767.00	255,365,118.69	513.59	
o/w Road Infrastructure		197,041,142.63		
o/w Poverty Eradication		22,770,830.91		
o/w Rails Infrastructure		35,553,145.15		
Physical Infrastructure and Service delivery in Health	8,660,362.73	22,702,127.91	162.12	
Physical Infrastructure and Service delivery in Education	202,379,893.20	419,871,012.44	107.47	
o/w Infrastructure		5,227,662.79		
o/w Free SHS Prog.		414,643,349.55		
GIIF	29,220,365.22	0		
PIAC	1,345,078.00	3,529,951.00	262.37	

## DISTRIBUTION OF GHANA PETROLEUM FUNDS (GSF & GHF)

The GSF received a total of US\$305.72 million while GHF received US\$131.03 million in 2018. This distribution to the GPFs represents 114.27 percent increase over the distribution to the GPFs in 2017.

**Table 5.3: Distribution of Ghana Petroleum Funds (GSF & GHF)**

Type of Fund	2017	2018	% Change	Remark
Ghana Stabilisation Fund	142.68	305.72	114.81	
Ghana Heritage Fund	61.15	131.03	114.27	
Total	203.83	436.75	114.27	

## CAPPING THE GHANA STABILISATION FUND

Section 23(4) of the Petroleum Revenue Management Act, 2011 (Act 815) and Section 9 of the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893), the Ghana Stabilisation Fund (GSF) was capped at US\$300 million as stipulated in the 2018 Budget Statement.

In 2018, an amount of US\$ 283,972,853.21, which was the excess over the cap, was transferred to the Sinking Fund (for debt repayments) in accordance with Section 23(3) of Act 815. The excess over the cap as at 31st December 2018 (yet to be transferred to the Sinking and/or Contingency Fund) stood at US\$81,203,231.15.

No withdrawal was made to shore up the budget as the ABFA projection of US\$235.10 million was fully met.

The closing amount in the Ghana Stabilisation Fund as at the end of 2018 was US\$381.20 million.

## RESERVE POSITION OF GHANA PETROLEUM FUNDS

Net profit on investments of the GPFs during the period under review was US\$15.75 million compared to US\$9.30 million realised in 2017.

In 2018, GSF contributed 40.63 percent (US\$6.40 million) while the GHF contributed 59.37 percent (US\$9.35 million).

In 2017, GSF realized \$2,625,276.24 whilst that of GHF earned \$6,690,504.89.

**Table 5.4: Reserve Position of Ghana Petroleum Funds**

FUND	2017	2018
<b>STABILISATION FUND</b>		
Opening Book Value	207,748,663.49	353,052,037.36
Receipt During The Period	142,683,919.82	305,723,402.02
Bank Charges	(5,822.19)	(9,048.10)
Realised Income	2,625,276.24	6,409,693.09
Withdrawal	0	(283,972,903.21)
Closing Book Value	353,052,037.36	381,203,181.15
Net Income for the Period Comprised:		
Income		
Investment Income	2,625,276.24	6,409,693.09
Less:		
Bank Charges	(5,822.19)	(10,249.18)
Net Return for the Period	2,619,454.05	6,400,644.99
<b>HERITAGE FUND</b>	<b>2017</b>	<b>2018</b>
Opening Book Value	276,962,291.34	344,792,661.86
Receipt During The Period	61,150,251.34	131,024,315.15
Bank Charges	(21,625.2)	(25,306.25)
Realised Income	6,690,504.87	9,380,765.28
Withdrawal		
Closing Book Value	344,781,422.32	485,172,436.04

Net Income for the Period Comprised:		
Income		
Investment Income	6,690,504.87	9,380 ,765.28
Less:		
Bank Charges	(21,625.23)	(25, 306.25)
Net Return for the Period	6,668,879.64	9,355 ,459.03

## 5.2. Subnational transfers

No subnational transfers existed in the Oil/gas sector at the time of scoping.

## 5.3 Revenue management and expenditures

### Revenue Management

The management of oil and gas revenues in Ghana is guided by the Petroleum Revenue and Management Act ,2011(Act 815) as amended (Act 893) hereafter PRMA

Section 2(2) of Act 815, states that “Petroleum revenue shall be deposited in the Petroleum Holding Fund for subsequent transfers in accordance with the provisions of this Act’

Sections 6 and 7 of the PRMA, define petroleum revenues or receipts as Royalties from oil and gas, additional oil entitlements, surface rentals, other receipts from any petroleum operations and from the sale or export of petroleum.

Any amount received from direct or indirect participation of the government in petroleum operations Corporate income taxes in cash from upstream and midstream petroleum companies;

Any amount payable by the national oil company as corporate income tax, royalty, dividends, or any other amount due in accordance with the laws of Ghana,

Any amount received by government directly or indirectly from petroleum resources not covered by paragraphs (a) to (d) including where applicable, capital gains tax derived from the sale of ownership of exploration, development and production rights.

Carried and participating interest after deducting equity financing and cash or the equivalent of barrels that shall be ceded to the national oil company out of carried and participating interests recommended by the Minister and approved by parliament.

Taxes levied on consumption such as value added taxes, personal income tax (PAYE) or sales taxes were excluded as they were considered as indirect taxes.



## Description of Budgets and Audit Process

The Constitution indicates that - Estimates of the revenues and expenditure of the Government of Ghana are to be laid before Parliament.

Appropriations Bill/Act -Passes every fiscal year.

Financial Administration Act (FAA) - 2003, Act 654

Financial Administration Regulations-2004, (LI 1820)

In Ghana, the Ministry of Finance provides a vigilant supervision of all the MDAs through the provision of quarterly and monthly expenditure ceilings and the institutions of sanctions to departments that exceed their ceilings. Expenditure returns from the various MDAs are submitted to the Expenditure Monitoring Unit of the Ministry of Finance, which then advises on what actions to take.

There are four main phases of the budgetary cycle in Ghana. These are:

Planning and Preparation (Budget Formulation)

Analysis and approval (Authorization and Approval)

Implementation and monitoring

Auditing and evaluation

At any point in time, more than one of these processes take place simultaneously.

### Planning and Preparation (Budget Formulation) Stage

This consists initially of the determination of the macro-economic framework for the country after which budget circular on the guidelines for the preparation of sector budgets are formulated and distributed. MDAs are made to submit their draft estimates at budget hearings, after which the conclusions are sent to Cabinet.

### Analysis and Approval (Authorization and Approval)

After Cabinet has discussed the draft estimates, it is forwarded to parliamentary select committee for examination and concluded with an approval by Parliament of the Appropriation Bill.

### The Implementation and Monitoring

This phase proceeds with the issue of a General warrant/Specific warrants to the Controller and Accountant General's Department (CAGD) by the Minister of Finance, followed by the CAGs issuance of instruction to the Treasuries.

At the macro level, the Minister of Finance has to authorize releases. There are limits to which releases can be effected by the Minister, Deputy Minister, The Chief Director, Director of Budget.

At the Micro/MDA level, the Vote Controller is responsible for releases. Treasury officers from CAGD are posted to various MDAs.

## **5.4 Audit and Evaluation**

This phase involves the assessment of performance and determination of the variances between programmed and what was actually achieved. Evaluation of policy and the year's performance provides basis for appropriate corrective measures in the ensuing year.

The Role of Internal and External Audits

MDAs have their internal auditors who certify the appropriateness of expenditures before they are incurred.

External auditing is carried out by the Auditor-General who is independent of the CAGD. All appropriations are copied to the Auditor-General.

Information on the national budget including [MDA's Budget Estimates](#), [MMDA's Composite Budget](#), [Programme Based Budgeting](#)

- ❖ [Budget Guidelines and Other Budget Documents](#) can be found at <http://www.mofep.gov.gh/publications/budget-statements>. The link also provides information on expenditure management including cash, payroll and debt initiatives.

Audit information on the management of the petroleum funds can be found at <https://www.ghaudit.org/gas/site/reports>

In accordance with Section 187(2) of the 1992 Constitution, Section 13 of the Audit Service Act 2000, section 45 of Petroleum Revenue Management Act, the Auditor General's Office undertakes specific audits on the management of the Petroleum Funds.

## 6.0 Social Expenditures

There were no mandatory social expenditures in 2017 and 2018

### 6.1 Quasi-fiscal expenditures

According to the EITI Standard, “quasi-fiscal expenditures include payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc. outside of the national budgetary process.”

This report did not find any quasi-fiscal expenditure in the reporting period.

### 6.2 Contribution of the Extractive Sector to the Economy

#### Employment

There are no employment figures for 2017/18 as the last census was completed by the Labour Force Survey (LFS) in 2015. By that guidance, the total employed above 15 years in the mining and quarrying sub-sector which includes oil and gas was 74,663.

The survey (LFS) estimates 257,606 people are engaged in household enterprises in the mining and quarrying sub-sector. Mining specific data is however unavailable

The table 6.1 indicates the total estimates compared with the national total.

**Table 6.1 Category of Employment to National Economy**

Category	Both Sexes	Male	Female	Remark
<b>Total Employment</b>	9,263,346	4,281,393	4,981,953	
<b>(15yrs &amp; Above)</b>				
<b>Mining &amp; Quarrying (incl. Oil and Gas)</b>	74,663	63,236	11,427	For the entire Extractive sector
<b>INFORMAL SECTOR</b>				
<b>Mining &amp; Quarrying (incl. Oil and Gas)</b>	64,534	53,107	11,000	

### Gross Domestic Product (GDP)

Ghana’s GDP grew at 6.3% in 2018 compared with 8.1% in 2017. The Oil and Gas subsector GDP was GHS 11,278.5 million in 2017 representing 6.0% of the national GDP and GHS 11,680.4 million in 2018.

**Table 6.2: Contribution of Mining Activities to National GDP**

Economic Activity	2015	2016	2017	2018
<b>GDP Growth (2013)</b>	2.2	3.4	8.1	6.3
<b>GDP at Constant 2013 Prices (Million Cedis)</b>	<b>130,004</b>	<b>134486</b>	<b>145438</b>	<b>154,548</b>
<b>Mining &amp; Quarrying incl. Oil at 2013 Prices (Million Cedis)</b>	<b>15,403</b>	<b>15,366</b>	<b>20,092</b>	<b>24,774</b>
<b>o/w Mining GDP</b>	7991	9111	8813.5	13093.6
<b>o/w Oil GDP</b>	7,412	6,255	11,278.5	11,680.4

*Source: Ghana Statistical Service, 2019*

## GDP Growth

Mining and Quarrying inclusive of oil and gas subsector registered a growth rate of 30.8% in 2017 and 23.3% in 2018.

Table 6.3 shows the growth rates of the various sectors in Ghana from 2010-2018.

**Table 6.3: GDP Growth by Sector (2015-2018)**

Sector	2015	2016	2017	2018
<b>Agriculture</b>	2.3	2.9	6.1	4.8
<b>Industry</b>	1.1	4.3	15.7	10.6
<b>o/w Mining and Quarrying</b>	-8.3	-0.2	30.8	23.3
<b>o/w Oil and Gas</b>	2.0	-15.6	80.3	3.6

### 6.2.1 Informal Sector

The informal economy is estimated to account for 39% of Gross Domestic Product (GDP) in Ghana (Becker, 2004; and Economic and Social Research Foundation (ESRF), 2011). It is estimated that the informal economy of the Extractive sector contributed 1.63% of 2016 GDP

### 6.2.2 Contribution to Total Merchandise Exports

Crude Oil exports accounted for 22.5% and 30.6% of the total Merchandise Export in 2017 and 2018 respectively.

**Table 6.4: Total Merchandise Exports in 2016-2018**

	2016	2017	% Share	2018	% Share
<b>Commodity</b>					
<b>Total Minerals</b>	4919.46	5786.16	41.8	5435.71	36.3
<b>Cocoa &amp; Cocoa Products</b>	2572.17	2661.37	19.2	2179.99	14.5
<b>Timber &amp; Timber Products (Cubic Meters)</b>	255.72	214.97	1.5	221.47	1.4
<b>Crude Oil (Barrels)</b>	<b>1345.21</b>	<b>3115.10</b>	<b>22.5</b>	<b>4573.41</b>	<b>30.6</b>
<b>Other Exports</b>	2045.78	2057.41	14.8	2532.14	16.9
<b>Total</b>	<b>11138.34</b>	<b>13835.01</b>	<b>100</b>	<b>14942.72</b>	<b>100</b>

*Source: Bank of Ghana*

### 6.2.3 Key Areas of Production

**Key regions/areas where production is concentrated:** The Jubilee Fields is located in the Gulf of Guinea, 60 km off the Ghanaian coast, near the Côte d'Ivoire border. It straddles the Deepwater Tano and West Cape Three Points blocks. The wells are at a water depth between 1,100 and 1,300 meters and at a total depth between 3,400 and 4,200 meters. The Fields covers 110 km<sup>2</sup>.

The Tweneboa Fields is about 6 km east of Jubilee Fields. About 25 new oil discoveries within its off-shore maritime boundary. The 25 new discoveries are located around the region where jubilee oil and gas production is ongoing. The blocks that led to the discovery are Shallow Tano operated by InterOil, Deep Water Tano which is operated by Tullow Oil, West Cape Three Points of Kosmos Energy, the Offshore Cape Three Points of ENI, Deepwater Tano Cape Three Points operated by Hess and the Deepwater Cape Three Points by Lukoil

## **7.0 Local Content Activities in 2018**

Section 65 (1) of the Petroleum (Exploration and Production) Act, 2016 mandates the establishment a Local Content Fund to provide financial support for citizens and indigenous Ghanaian companies engaged in petroleum activities. Its objectives are:

To provide financial resources for citizens and indigenous Ghanaian companies engaged in petroleum activities.

Application of moneys from the Fund for education, training, research and development in petroleum activities for Ghanaian citizens, indigenous Ghanaian companies and Ghanaian institutions of learning; and

Provision of loans on a competitive basis to small and medium scale enterprises to support their participation in petroleum activities.

Section 66 of the Petroleum (Exploration and Production) Act, Act 919, provides the sources of money for the Fund. These include:

- (a) Contributions from a contractor as agreed in a petroleum agreement;
- (b) Contributions from a sub-contractor of the sum of one per cent of the total consideration payable by the contractor or licensee for every contract;
- (c) Moneys approved by Parliament; and
- (d) Grants.

### **Management of the Fund**

Section 67 of new Act 919, provides the following details for the management of the funds:

The Fund shall be administered by the Minister and the Local Content Committee set up under section 8 of the Petroleum Commission Act, 2011 (Act 821). The Minister and a Local Content Committee shall for the purpose of administering the fund

- (a) Formulate policies to generate money for the Fund;
- (b) Determine the allocations to be made towards the objectives of the Fund; and
- (c) Determine the annual targets of the Fund.

### **Current Status of the Fund**

The Commission has notified all Contractors and Sub- Contractors of their obligations relating to their contribution to the fund as stipulated in Section 66 of Act 919.

Various workshops were held with stakeholders in 2016. There was also a joint monitoring of upstream insurance activities with the National Insurance Commission.

Furthermore, Petroleum Commission drafted guidelines for research, development and operationalization of the Local Content Fund.

The TEN Internship Programme which started in November 2015 ended in December 2016. It involved 10 graduate trainees, trained at Tullow in the TEN Installation Hook Up and Commissioning (IHUC) programme. The trainees have been gainfully employed after the programme, except 3, who are currently on a waiting list for employment.

The Ghana Upstream Internship Project initiated by the Petroleum Commission in 2015, as a result of the success of the TEN IHUC programme. Examination and selection of 150 applicants for placement into various institutions was held in 2016.

### **Update on the reimbursement of the Fifty Million Dollar loan to the Ministry of Finance**

GNPC as at the end of June, has not received payment in respect of the US\$50 million advance to the Ministry of Finance. On 7th September, 2018, the Ministry wrote to inform the EITI Independent Administrator that, provision had been made in the 2019 Budget for the settlement of the loan to GNPC.

On 15th December 2018, GNPC indicated that it received another letter from the Ministry directing that the amount be expunged from its books, on the ground that per the Earmarked Funds Capping and Realignment Act, 2017 (Act 947), the Minister for Finance is empowered to cap all earmarked funds at twenty-five percent of tax revenues. The Ministry indicated that the Government had not retained GNPC's flows thus far with the view to offsetting the US\$50 million loan.

## **GNPC Foundation 2017**

In 2017, the GNPC Foundation was incorporate as a company limited by guarantee and wholly owned subsidiary of GNPC. The Foundation is governed by Board of Trustees and an Executive Director. The GNPC Foundation has absorbed the GNPC Oil and Gas Learning Foundation that was established in 2012. Specifically, the Foundation’s mandate on delivering CSR of GNPC through community intervention program is driven by three thematic area of focus:

- Environment and Social Amenities
- Education and Training
- Economic Empowerment

In 2017, GNPC spent US\$18.33 million of oil revenues through GNPC to cover its projects. A total of 174 projects were executed under education and training and social amenities (infrastructure) in line with the corporation’s CSR strategy. Specifically, projects under Education and training included support to educational quiz; STEM programmes; scholarships; institutional capacity through training and development of personnel; provision of educational infrastructure such as classroom blocks, sanitary facilities, dormitories and laboratories. The Foundation commenced operations in the last quarter of 2017.

In 2018, the GNPC Foundation led the implementation of the Corporation’s CSR strategy. The Foundation received **GH¢45,702,285** in the 2018 fiscal year<sup>14</sup> but expended GHS **62,644,093.44 (US\$ 13,050,852)**<sup>15</sup> to support projects in education and training, sports, other social amenities and agriculture. Out of this amount, **GH¢57,161,935** representing over 90 percent of the total expenditure was spent in the education sector compared to other sectors.

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<sup>14</sup> Based on PIAC’s 2018 Annual Report.

[https://www.piacghana.org/portal/files/downloads/piac\\_reports/piac\\_2018\\_annual\\_report.pdf](https://www.piacghana.org/portal/files/downloads/piac_reports/piac_2018_annual_report.pdf)

<sup>15</sup> Converted from GHS to US\$ based on Bank of Ghana’s annual average exchange rate for 2017



Fig 7.1: GNPC Foundation Expenditure (2018)



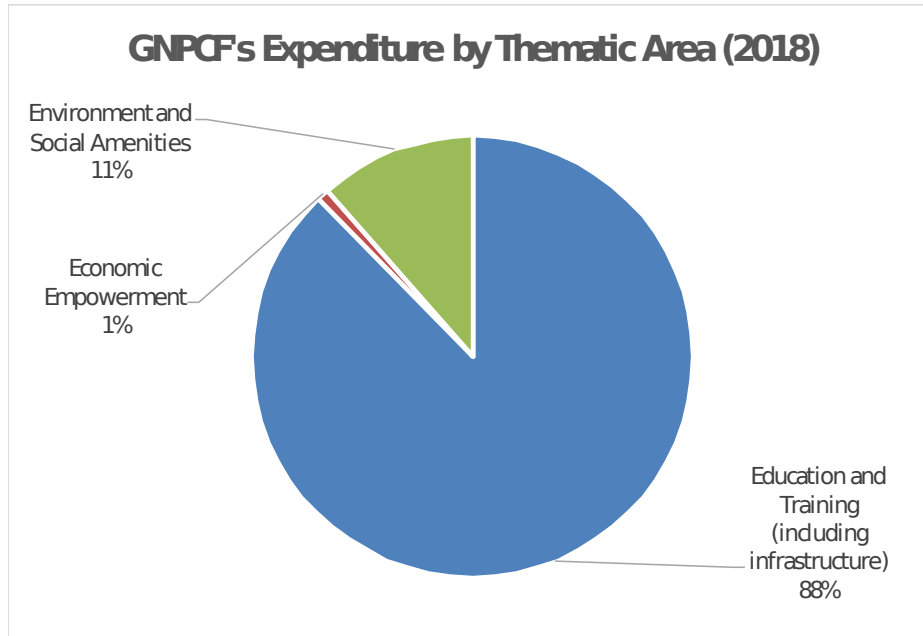
**Table 7.1: GNPC Foundation’s Expenditure - 2018**

Thematic Area of Spending	Project Description	Expenditure (GHC)	Beneficiaries
Education and Training	Construction of Six (6) Unit classroom block	15,771,618.2	45 Senior High Schools
	Construction of science Laboratory Facility	1,265,669.87	Bibiani Sec. Technical & Beposo Muslim Mission Senior High School
	Construction of 3 Unit Classroom block	183,080.88	Salakpang community
	Construction of 1 no. 3 story 6 for Bibiani College of Health	2,392,718.61	Bibiani community
	Construction of 80 Bed Capacity Hostel for St. John of God College of Health	445,668.78	Duayaw Nkwanta Community
	Construction of 160 bed 1 Story Dormitory- Takoradi school for the Deaf	690,976.5	Sekondi Takoradi
	Supply of 2000 Mono- Desk	383,800	Tolon and Zougu communities
	Award of local scholarship to Ghanaian students to study at various Universities and institutions	20,138,000	2145 beneficiaries

Thematic Area of Spending	Project Description	Expenditure (GHC)	Beneficiaries
	in Ghana		
	Award of foreign scholarship to Ghanaian students to study aboard at various Universities mostly in UK	8,907,903.15	64 beneficiaries
	Support for Professorial Chairs for 4 public Universities	4,800,000	University of Mines and Technology University of Ghana University of Cape Coast Kwame Nkrumah University of Science and Technology
Environment and Social Amenities	Artificial Soccer Turf with Flood Lighting and Wire Fencing	4,978,158.04	5 communities
	Construction of Unit Sanitary Facility at Markets and Schools	2,182,499.41	11 communities
Economic Empowerment	Support for 100 rice farmers in Western Region	504,000	Western Region - 100 farmers
<b>Grand Total - CSR Expenditure</b>		<b>62,644,093.44</b>	

Fig 7.2: GNPC Foundation Expenditure by Thematic Spending -2018

GNPC Foundation Expenditure by Thematic Spending -2018



Source: Author's Construct based on GNPC Data

### Western Corridor Roads

An amount of US\$4.14 million representing (1%) one percent of total receipts was expended on western corridor roads. In line with the Corporation's role as the gas aggregator, GNPC was requested by the government of Ghana to financially support the construction of key roads within the western corridor to facilitate the evacuation of gas from the Ghana Gas Company at Atuabo.

## 8.0 Outcomes and Impact

The Ghana EITI produced a number of outcomes and impacts through the dissemination and implementation of the key findings and recommendations in the GHEITI report. These outcomes and impacts in 2017 and 2018 are indicated below:

<b>NO.</b>	<b>ACTIVITY</b>	<b>OUTCOME/IMPACT</b>
1.	Organized reports' analysis programme for the media (Editors & Journalists in the extractives sector on the 2015/2016 GHEITI	Ensures Ghana's EITI visibility and improved extractive sector reportage by the media
2.	Organized stakeholders engagement/community fora on the 2015/2016 GHEITI Reports in New Abriem in the Eastern Region, Tarkwa in the Western Region, Kenyasi in the Brong Ahafo Region	Provided public debate and feedback on how to strengthen extractive governance in the country
3.	Organized nation-wide stakeholders' engagements to discuss Ghana's implementation of the beneficial ownership	Created awareness among various stakeholders on implementation of Beneficial Ownership Disclosure regime in Ghana.  Enhanced collaboration among various institutions and stakeholders working on Beneficial Ownership in Ghana.
4.	Produced and disseminated the Ghana commodity Trading pilot report on GNPC's first trade of crude oil	Increased public knowledge and understanding on key issues of GNPC's first trade of crude oil.

## MATRIX OF KEY FINDINGS AND RECOMMENDATIONS OF THE 2016 EITI REPORTS FOR THE OIL/GAS SECTORS

### 2016 Oil/Gas Sector Report

S/N	Issue	Findings	Recommendations	Implementation Status	Responsible Agencies
1.	Quasi-fiscal expenditures	GNPC has engaged in several quasi-fiscal expenditures. These include: US\$31.34 million spent by the National Oil Company in 2013 to liquidate debt owed BNP Paribas in respect of 10 parcels of crude oil imported for refining and sale by Tema Oil Refinery (TOR); US\$50 million advanced to the Ministry of Finance in 2014 for the construction of the Western Corridor Roads; US\$18.75 million to Trafigura in respect of the replenishment of national crude oil strategic reserves maintained by the Bulk Oil Storage and Transportation (BOST), for which GNPC provided guarantees; and US\$100 million guarantee	GNPC should be reimbursed with all its quasi-fiscal advances as soon as possible. Where such reimbursement cannot happen in the short term, government should enter into repayment agreement to ensure that within a reasonable time frame, GNPC is able to access the money and to apply it to the purpose for which it was allocated in the first place. Government should forthwith cease pushing GNPC to engage in quasi-fiscal spending any time it	US\$100 million guarantee has been paid.  GoG through the Ministry of Finance has paid the US\$ 50.0m as per its letter to GNPC dated 15 <sup>th</sup> December, 2018. The payment was effected in line with the Earmarked Funds Capping and	Ministry of Finance (MoF), GNPC

S/ N	Issue	Findings	Recommendations	Implementa tion Status	Responsi ble Agencies
		<p>provided by the National Oil Company at the peak of the power crisis in 2016 for the Karpower emergency power ship. GNPC later took responsibility for the supply of fuel for the emergency plants.</p> <p>If not checked, the country's vision of having a national Oil company that is competitive and resourceful may never be realised.</p>	<p>needs to meet a contingency. Expenditures, such as meeting the national crude oil strategic reserve obligation should rather be charged on the national Contingency Fund established by the 1992 Constitution and operationalized in 2015 to receive a portion of the excess revenue over the cap on the Ghana Stabilization Fund.</p>	<p>Realignment Act, 2017 (Act 947).</p>	
2.	<p>Participation of companies in the reconciliation exercise</p>	<p>Four IOCs did not submit templates for the 2016 GHEITI Report. These were Tullow Ghana Ltd, Anadarko, Petro SA and Heritage E&amp;P Ltd. The absence of Tullow Ghana Ltd and Heritage Ltd which made cash payments reduced the coverage for the 2016 report by 11%.</p>	<p>The MSG should investigate why some oil companies are refusing to participate in the reconciliation process. This should be done quickly to avoid a situation in which no company submits data for reconciliation in</p>	<p>Hon. Dep. Minister of Energy (Petroleum) who doubles as the Ghana EITI Champion convened a meeting involving</p>	<p>Ministry of Energy (MoEn)</p>

S/ N	Issue	Findings	Recommendations	Implementa tion Status	Responsi ble Agencies
			subsequent reports.	stakeholders from the Ghana Upstream Petroleum Chamber and Ghana Chamber of Mines on the need to impress upon their members to participate in the reconciliation exercise.	
3.	Submission of Data by Government Agencies	The GNPC did not provide information on data licence fees during preliminary information gathering (scoping/inception) phase. Thus, data licence fees was not included in the materiality determination. Data licence fees was however included in the Corporation's 2016 financial statements as income.	All Government Agencies are required to submit details of all receipts during the scoping phase of the assignment. The determination of material revenue streams shall be made thereafter.	There has been a significant improvement in the submission of data for scoping report by Government agencies including	GNPC

<b>S/ N</b>	<b>Issue</b>	<b>Findings</b>	<b>Recommendations</b>	<b>Implementa tion Status</b>	<b>Responsi ble Agencies</b>
				GNPC for 2017/18 GHEITI reports	
4.	Self-Assessment on surface rental payments	Oil and gas companies pay surface rentals based on self-assessments. This delays the payments unduly.	Since surface rents are based on block sizes and determined annually by the Petroleum Commission, self-assessment is unwarranted. There is the need for GRA to review the self-assessment policy on surface rental payment.	According to GRA, self-assessment is not reason for delayed payment but it was possibly due to the Ghana-Ivory Coast maritime dispute;	GRA
5.	Outstanding Surface Rentals and Training/Technology allowance	As at the end of 2016, ten (10) companies were in default of surface rental payments amounting to GHS181,152,708 or US\$1,548,592.	GRA should pursue the defaulters for settlement.	All outstanding surface rental owed has been paid.	GRA



## MATRIX OF KEY FINDINGS AND RECOMMENDATIONS OF THE 2015 EITI REPORTS FOR THE OIL/GAS SECTORS

### 2015 Oil/Gas Sector Report

S/N	Issue	Findings	Recommendations	Implementation Status	Responsible Agencies
1	Amounts assessed as due, unpaid into Petroleum Holding Fund	At 31 December 2015, a total amount of US\$69.61 million was outstanding to be paid into the Petroleum Holding Fund. Of the total amount, US\$68.96 million represents amounts due from the Ghana Gas Company Limited for gas sold to them by the Ghana National Petroleum Corporation (GNPC) and US\$650,127 surface rental fees unpaid by various entities.	It is thus recommended that monies assessed as due to the Petroleum Funds be promptly collected. Any late payments should attract interest as stipulated by section 3(4) of the PRMA.	Action pending	MOF / BOG / GNPC
2	Distributions to Ghana National Petroleum Corporation (GNPC)	Distributions of the relevant portions of petroleum revenue to Ghana National Petroleum Corporation (GNPC) for the 28th and 29th liftings were made more than three working days after receipt of the petroleum revenue into the Petroleum Holding Fund in contravention of the requirements of Act 893.	It is thus recommended that the distribution of petroleum revenue be made in accordance with the provisions contained in Act 893	Parties (MoF, BoG CAGD, GNPC etc) are looking at options to make distribution more efficient. For instance, discussions	MOF / CAGD / BOG

S/ N	Issue	Findings	Recommendations	Implementation Status	Responsible Agencies
				are on-going to possibly automate the distribution of the petroleum revenues to ensure compliance of the law and improve efficiency.	
3	Utilization of the annual budget funding amount	Non-reporting on stage of implementation of ABFA funded projects. The Minister has only reported on the programmed activities funded by the ABFA and the expenditure incurred on those activities; but failed to report on the stage of implementation of the activities as required by Section 48(b) of the Act 815.	The reporting on the activities funded by the ABFA should meet the requirements of section 48 of Act 815, i.e. the stage of implementation must be stated as well. The Minister needs to comply with this provision.	Reporting on implementation of ABFA funded projects by MoF has commenced.	MOF
4	Long outstanding bill to Oranto / Stone	An amount of US\$115,316 was due from Oranto/Stone Energy in respect of invoices for surface rental fees for the period February 2012 to April	It is recommended that GRA follows through on this payment and provide details on when this amount was settled,	Not able to implement this recommendation because	GRA

<b>S/ N</b>	<b>Issue</b>	<b>Findings</b>	<b>Recommendations</b>	<b>Implementa tion Status</b>	<b>Responsib le Agencies</b>
	Energy for surface rental not settled	2014. However as at 31st December 2015, this amount was not reported as an outstanding due the petroleum fund account	and if settled whether it was paid together with accumulated interest.	the where about of the said company is not known despite several efforts to trace them.	

## **9.0 Observations and Recommendations**

1. Under the Earmarked Funds, Capping and Realignment Act, 2017 (Act 947), should there be any realignment of funds by the Minister under the Act, the budget statement would stipulate weightings under the realignment. However, there was no provision for GIIF in 2018 but such weightings were absent in the 2018 and 2019 budget statements. It is recommended that future shortfalls be explained thoroughly for the benefit of the entire public and for transparency sake.

2. GNPC has been capped at 25 percent of total tax revenue which further reduces its allocations to meet operational expenditure. This has the potential to deny the NOC of the available resources to finance critical exploration activities. This has the effect of undermining the ability of the corporation to wean itself from allocation of petroleum revenue by 2026. It is recommended that this issue is critically looked into.

3. There is lack of clarity on the relationship between GNPC and GNGC. Currently, GNPC claims responsibility for GNGC as a subsidiary and indicates this on its website. However, GNGC does not recognize GNPC as a parent company on its website. Secondly, GNPC's financial statements do not reflect debts owed by GNGC. The Minister for Energy is entreated to address this issue for the benefit of transparency and corporate governance.

4. On 15th December 2018, GNPC indicated that it received a letter from the Ministry directing that the \$50m loan to Ministry of Finance be expunged from its books, on the ground that per the Earmarked Funds Capping and Realignment Act, 2017 (Act 947), the Minister for Finance is empowered to cap all earmarked funds at twenty-five percent of tax revenues.

This is viewed by some industry stakeholders as capricious on the part of MOF. It is therefore recommended that GNPC and MOF resolve this impasse for purposes of transparency.

## APPENDICES

### Appendix 1: List of Extractive Entities and Payments Made in 2017

Company	US\$	Weight(%)	cumulative weight(%)
<b>GNPC</b>	383,596,007.55	69.84	69.84
<b>KOSMOS ENERGY GHANA LTD</b>	66,424,864.05	12.09	81.93
<b>TULLOW GHANA LTD</b>	58,115,997.91	10.58	92.51
<b>Anadarko</b>	29,202,563.41	5.32	97.83
<b>PetroSA Ghana Limited</b>	4,299,828.33	0.78	98.61
<b>ENI Ghana Exploration &amp; Production Limited</b>	2,875,673.74	0.52	99.13
<b>Eco Atlantic Oil &amp; Gas Ghana Limited</b>	1,466,681.73	0.27	99.40
<b>UB Resources Limited</b>	1,018,190.27	0.19	99.59
<b>MEDEA DEVELOPMENT LIMITED</b>	674,225.20	0.12	99.71
<b>HESS GHANA EXPLORATION LTD</b>	372,485.93	0.07	99.78
<b>Springfield Exploration and Production Ltd</b>	314,727.59	0.06	99.83
<b>Heritage Exploration &amp; Production Ltd</b>	261,677.99	0.05	99.88
<b>GHANA NATIONAL GAS COMPANY</b>	215,176.61	0.04	99.92
<b>AGM Petroleum Ghana Limited</b>	147,142.70	0.03	99.95
<b>Hunt Oil Company</b>	67,950.61	0.01	99.96
<b>AI ENERGY AND PETROLEUM OFFSHORE BUNKERING OPERATIONS FUEL TRADE LIMITED</b>	52,456.02	0.01	99.97
<b>Denys Engineers</b>	20,209.22	0.00	99.97
<b>WEST AFRICAN GAS PIPELINE COMPANY</b>	20,113.92	0.00	99.98
<b>EXPRO GULF LIMITED-GHANA</b>	13,853.56	0.00	99.98
<b>VIKING OFFSHORE SUPPORT SERVICES GH LIMITED</b>	13,151.01	0.00	99.98
<b>Volta River Authority</b>	11,596.35	0.00	99.98
<b>Y AND P LIMITED</b>	9,277.08	0.00	99.99
<b>Woodfields Upstream Limited</b>	8,870.05	0.00	99.99
<b>Bulk Oil Storage and Transportation Company Limited</b>	8,076.26	0.00	99.99
<b>GHANA POWER GENERATION COMPANY LIMITED</b>	7,243.08	0.00	99.99
	5,393.06	0.00	99.99

<b>Triple M Oil Agency Ltd</b>		5,032.82	0.00	99.99
<b>SEAWELD TANK SERVICES</b>		4,058.72	0.00	99.99
<b>DOMINION OILFIELDS SERVICES LTD</b>		3,478.91	0.00	99.99
<b>OMNI ENERGY LIMITED</b>		3,478.91	0.00	99.99
<b>BAYFIED OIL SERVICES</b>		3,418.61	0.00	100.00
<b>SRI EMAS LIMITED</b>		3,360.86	0.00	100.00
<b>Geoex International Limited</b>		3,073.03	0.00	100.00
<b>Amaja Tubular Services</b>		2,029.36	0.00	100.00
<b>BELMET 7, TAKORADI PORT</b>		2,029.36	0.00	100.00
<b>DRILL-QUIP GHANA LTD</b>		2,029.36	0.00	100.00
<b>National Oilwell Ghana Limited</b>		2,029.36	0.00	100.00
<b>Subsea 7 Volta Contractors Ltd</b>		2,029.36	0.00	100.00
<b>SKARM CONTRUCTION &amp; ENGINEERING</b>		1,969.06	0.00	100.00
<b>HARLEQUIN INT. GHANA LIMITED....P.O.BOX CE 12160, TEMA GHANA</b>		1,449.54	0.00	100.00
<b>G.O.G.S Logistics Ltd</b>		1,391.56	0.00	100.00
<b>Zeal Environmental Technologies</b>		1,389.24	0.00	100.00
<b>Swire Adonai Services Limited</b>		1,048.87	0.00	100.00
<b>Oil &amp; Marine Agencies (Ghana) Ltd</b>		1,021.48	0.00	100
		<b>549,267,751.66</b>		

## Appendix 2: List of Extractive Entities and Payments Made in 2018

Company					Amount (US\$)	Weight %	Cumulative Weight (%)
<b>GNPC</b>					587,835,788.69	60.51	60.51
<b>TULLOW GHANA LTD</b>					135,195,130.84	13.92	74.43
<b>Anadarko</b>					92,589,348.32	9.53	83.96
<b>Kosmos Energy Ghana UK Limited</b>					78,923,373.87	8.12	92.08
<b>ENI Ghana Exploration &amp; Production Limited</b>					32,593,724.73	3.36	95.44
<b>VITOL</b>					23,825,567.59	2.45	97.89
<b>PetroSA Ghana Limited</b>					16,947,308.33	1.74	99.64
<b>AGM PETROLEUM GHANA LTD</b>					1,297,403.60	0.13	99.77
<b>HESS GHANA EXPLORATION LTD</b>					354,418.33	0.04	99.81
<b>BP Exploration Operating Company Limited</b>					260,728.82	0.03	99.83
<b>Sasol Africa (Pty) Limited</b>					260,718.00	0.03	99.86
<b>UB Resources Limited</b>					245,915.73	0.03	99.88
<b>GENSER ENERGY GHANA LTD</b>					230,810.24	0.02	99.91
<b>Amni International Petroleum Dev Company Ltd</b>					222,992.03	0.02	99.93
<b>AKER ENERGY GHANA LIMITED</b>					139,083.57	0.01	99.95
<b>Springfield Exploration and Production Ltd</b>					92,284.53	0.01	99.95
<b>Eco Atlantic Oil &amp; Gas Ghana Limited</b>					88,588.43	0.01	99.96
<b>Brittania-U Ghana Limited</b>					75,660.94	0.01	99.97
<b>Medea Development Limited</b>					70,601.59	0.01	99.98
<b>AI ENERGY GROUP</b>					28,934.39	0.00	99.98
<b>GHANA PETROLEUM MOORING SYSTEM</b>					28,580.85	0.00	99.98

<b>HERITAGE EXPLORATION &amp; PRODUCTION GHANA LIMITED</b>				19,960.00	0.00	99.99
<b>BLUEPHONE MARINE (GH) LIMITED</b>				13,370.43	0.00	99.99
<b>GHANA NATIONAL GAS COMPANY</b>				11,533.51	0.00	99.99
<b>ZEAL ENVIRONMENTAL TECHNOLOGIES</b>				10,826.26	0.00	99.99
<b>SRI EMAS LIMITED</b>				10,284.95	0.00	99.99
<b>G24 GHANA LIMITED</b>				9,743.63	0.00	99.99
<b>O &amp; G ADONAI LIMITED</b>				9,743.63	0.00	99.99
<b>GE OIL AND GAS GHANA LIMITED</b>				7,578.38	0.00	99.99
<b>ZOIL SERVICES LIMITED</b>				7,578.38	0.00	100.00
<b>Woodfields Upstream Limited</b>				6,122.25	0.00	100.00
<b>ALLIED OIL COMPANY LIMITED</b>				5,185.78	0.00	100.00
<b>BAKER HUGHES GHANA LIMITED</b>				4,910.79	0.00	100.00
<b>FUEL TRADE</b>				4,785.10	0.00	100.00
<b>GOS - A SCHLUMBERGER JOINT VENTURE COMPANY</b>				4,330.50	0.00	100.00
<b>GOS LIMITED</b>				4,330.50	0.00	100.00
<b>AOS ORWELL GHANA LIMITED</b>				3,247.88	0.00	100.00
<b>HALLIBURTON GHANA LIMITED</b>				3,247.88	0.00	100.00
<b>QUANTUM TERMINALS LIMITED</b>				3,247.88	0.00	100.00
<b>The Ghana Geophysical Company Limited</b>				2,386.11	0.00	100.00
<b>Scanship Ghana Limited</b>				1,915.17	0.00	100.00
<b>OCEANEERING INTERNATIONAL SERVICES LIMITED</b>				1,894.60	0.00	100.00
<b>Total</b>				<b>971,453,187.02</b>		



### Appendix 3: Non-revenue information to be provided in the EITI Report

Non-revenue information to be provided in the EITI Report	Work to be undertaken by the Independent Administrator	Work to be undertaken by the MSG/others
<p><b>Legal framework and fiscal regime in accordance with EITI Requirement 2.1.</b></p>	<p>For the mining sector and oil and gas sector, the IA should provide: An overview of the relevant laws, regulations and policies (legal framework, fiscal regimes and policy developments), and information on roles and responsibilities of relevant government agencies.</p>	<p>Facilitation- access to the relevant MDAs/official documentations</p>
<p><b>An overview of the extractive industries, including any significant exploration activities in accordance with EITI Requirement 3.1.</b></p>	<p>For the mining sector, the IA should provide: An overview of the mining industry, including exploration activities, analysis of how mining has developed over time, levels of investments, confirmed reserves, level of employment, price developments and average cost developments.</p> <p>For the oil and gas sector, the IA should provide: An overview of the oil and gas industry, including exploration activities, analysis of oil and gas production liftings (under lift/over lift) and levels of investments, reserves, level of employment, price developments and average cost developments.</p>	<p>Facilitation- access to the relevant MDAs/official documentations</p>
<p><b>Information about the contribution of the extractive industries to the economy in accordance with EITI Requirement</b></p>	<p>For the mining sector, the IA should provide information on the contribution of the mining industry to the economy for the 2015/16 fiscal years, including:</p>	<p>Facilitation- access to the relevant MDAs/official documentations</p>

**6.3.**

- Contribution of the industry to GDP (including the informal sector);

- Production and export data including volumes and values by commodity for 2015/16;

-Total government revenues generated by the mining industry (including sales/export receipts, taxes, royalties, bonuses, fees and other payments for all exploration and production companies) in absolute terms and as a percentage of total government revenues;

- Report on government spending patterns of mineral revenues through the national budget.

The IA should also compare the mining sector contribution with the oil sector and the rest of the other sectors within the economy. The data used in the reports must be properly referenced.

Compare the contribution of the oil and gas sector to the mining sector and the rest of the sectors in the economy. Use pie chart(s) and tables to show the comparison of the contributions and all the data must be properly referenced.

For the oil sector, the IA should provide information on the contribution of the oil and gas industry to the economy for the 2015/16 fiscal years, including:

- Contribution of the industry to GDP (including the informal sector) Production and export data including

	<p>volumes and values by commodity for 2015/16</p> <ul style="list-style-type: none"> <li>- Total government revenues generated by the oil and gas industry ( including sales/export receipts, taxes, royalties, National Oil Company's (NOC) equity share, bonuses, fees and other payments) in absolute terms and as a percentage of total government revenues.</li> </ul>	
<p><b>Production and export data in accordance with EITI Requirement 3.2 and 3.3</b></p>	<p>For the mining sector, the IA should:</p> <ul style="list-style-type: none"> <li>-Analyse documentation on production, exports, payments and receipts from solid minerals in the country.</li> <li>- Review feasibility reports of Mining Companies in order to compare projected production with the actual production.</li> <li>- Where applicable, check if quantities of solid minerals declared are in conformity with the declarations made to the regulatory institutions and refinery certificates.</li> </ul>	<p>Facilitation- access to the relevant MDAs/official documentations</p>
<p><b>Information regarding state participation in the extractive industries in accordance with EITI Requirement 2.6 and 6.2.</b></p>	<p>For the mining sector the IA should: explain state participation in the mining industry. Disclosures from state owned companies of their revenues, costs and expenditures such as payments for social services, public infrastructure, fuel subsidies and national debt servicing. I. Where such benefits are provided in-kind, report on the nature and the deemed value of the in-kind transaction. Where the beneficiary of the mandated social expenditure is a third party, i.e. not a government agency, provide/disclose the</p>	<p>Facilitation- access to the relevant MDAs/official documentations</p>

	<p>name and function of the beneficiary.</p> <p>For the oil and gas sector, the IA should collect information on disclosures from state owned companies on their revenues costs and expenditures including quasi fiscal expenditures such as payments for social services, public infrastructure, fuel subsidies and national debt servicing.</p>	
<p><b>Information about the distribution of revenues from the extractive industries in accordance with EITI Requirement 5.1.</b></p>	<p>For the mining sector, the IA should document revenue and expenditure budget management and outcomes, i.e., revenues earmarked for specific programmes or districts.</p> <p>For the oil sector, the IA should; report on government spending patterns of oil revenues through the national budget; report on the distribution of revenues from the oil and gas sector; sovereign wealth (Ghana Petroleum Funds) and other development funds, subnational governments, state-owned companies, and other extra-budgetary entities.</p>	<p>Facilitation- access to the relevant MDAs/official documentations</p>
<p><b>Any further information further information requested by the MSG on revenue management and expenditures in accordance with EITI Requirement 5.3.</b></p>	<p>For the mining sector, the IA should report on amounts accruing to the Minerals Development Fund, how the funds have been utilized, and whether or not the utilization is in accordance with provisions of its statute.</p>	<p>Facilitation- access to the relevant MDAs/official documentations</p>
<p><b>Information about license holders in accordance with EITI Requirement 2.3 , and the</b></p>	<p>For the mining sector, the IA should document the state of completion of the Mining cadastre. The IA should also document technical and</p>	<p>Facilitation- access to the relevant MDAs/official documentations</p>

<p><b>allocation of licenses in accordance with EITI Requirement 2.2.</b></p>	<p>financial criteria for grant of mineral rights. The IA should also provide information on the licensing processes, register and the allocation of licenses (license holders, coordinates of the license area, date of application, award, duration and commodity being produced).</p> <p>For oil and gas, the IA should provide information on the licensing processes, register and the allocation of licenses (license holders, coordinates of the license area, date of application, award, duration and commodity being produced) for all exploration and production companies. The IA is also expected to document the state of completion of the oil and gas cadaster</p>	
<p><b>Any information requested by the MSG on beneficial ownership in accordance with EITI Requirement 2.5</b></p>	<p>The Independent Administrator should:</p> <ul style="list-style-type: none"> <li>Review the existing definitions of BO in Ghana and make any recommendations</li> <li>Propose the details to be disclosed about the identity of the beneficial owners.</li> <li>Propose an approach for assuring the BO data assurance for adoption by the MSG.</li> <li>Reflect the MSG's decisions on the definition of BO, the details to be disclosed</li> </ul>	<p>Facilitation- access to the relevant MDAs/official documentations</p>

	<p>about the identity of the beneficial owners, and the data assurance process in the EITI's model BO template.</p> <p>Distribute the BO template to the companies included in the scope of the EITI Report, collect data and follow up on any missing or incomplete submissions.</p> <p>Compile the data in an open data format (xlsx or cvs).</p> <p>Present the findings in the EITI Report, noting for each of the companies in the scope of the report: the name of the BOs of each company, details about their identity, and information about how ownership is exerted. Where legal owners have been disclosed, this should be clearly distinguished from beneficial ownership.</p> <p>Provide comments on the comprehensive ness and</p>	
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	<p>reliability of the BO information, and present recommendations for improving beneficial ownership reporting in the future.</p>	
<p><b>Any information requested by the MSG on contracts in accordance with EITI Requirement 2.4</b></p>	<p>For the mining sector, the IA should provide information on mining contract and disclosure practices and policy of companies and government.</p> <p>For oil and gas, the IA should provide information on oil and gas contracts and disclosure practices and policies of companies and government.</p>	<p>Facilitation- access to the relevant MDAs/official documentations</p>
<p><b>Any information requested by the MSG on social expenditures in accordance with requirement 6.1 on social expenditures</b></p>	<p>For the mining sector, the IA should document the distribution of revenues from the extractive industries; sovereign wealth and development funds, subnational governments, state-owned companies, and other extra-budgetary entities. The IA should also report on social expenditures: Where material social expenditures by companies are mandated by law or the contract with the government that governs the extractive investment, report on it, where possible, reconcile these transactions. The IA should also provide a brief description on how each company does its CSR.</p> <p>For oil and gas, the IA report on Social expenditures: Where material social expenditures by companies are mandated by law or the</p>	<p>Facilitation- access to the relevant MDAs/official documentations</p>

	<p>contract with the government that governs the extractive investment, report on it, where possible, reconcile these transactions.</p> <p>i. Where such benefits are provided in-kind, report on the nature and the deemed value of the in-kind transaction. Where the beneficiary of the mandated social expenditure is a third party, i.e. not a government agency, provide/disclose the name and function of the beneficiary.</p>	
<p><b>Add any other contextual information that the MSG has agreed to include in the EITI Report</b></p>	<p>The Administrator is expected to report on the Trust Funds from the established Foundations, how much is accrued, how much has been used and on what projects. Where reconciliation is not feasible, include unilateral company and/or government disclosures of these transactions.</p> <p>The IA should also provide information regarding disclosures on environmental impact assessment and environmental management plans.</p> <p>The IA will also be expected to review the entire gas project with respect to investments, revenues, cost and tax payments</p>	



#### Appendix 4: Mainstreaming (Oil and Gas)

Ref No.			Description	Agency	Online	Current	Remark
2.1			Petroleum Laws & Regulations	PC	YES	YES	Adequate
2.1(a)			Fiscal Regime	GRA/PC	YES	YES	
2.1(a)			Description of Institutions	PC	YES	YES	Adequate
2.1(b)			Reforms	Parliament	YES	YES	Available in MOFEP Reports
2.1			Additional Information on Legal Framework	PC	YES	YES	
2.2(a)(i)			Award Process	PC	YES	YES	
2.2(a)(i)			Transfer Process	PC	YES	YES	MOFEP & PIAC Reports
2.2(a)(ii)			Technical & Financial Criteria	PC	NO	NO	Available offline
2.2(a)(iii)			Award Recipients	PC	YES	YES	Adequate

<b>2.2(a)(iii)</b>		Transfer Recipients	PC	NO	NO	Not Available
<b>2.2(b)</b>		Date of Award	PC	YES	YES	
<b>2.2(c)</b>		Bid Applicants	PC	NO	NO	Available Offline
<b>2.2(c)</b>		Bid Criteria	PC	NO	NO	
<b>2.2(d)</b>		Reference OR Link	PC	YES	YES	
<b>2.3(b)(i)</b>		Licence Holders	PC	YES	YES	Adequate
<b>2.3(b)(i)</b>		Coordinates	PC	YES	YES	Adequate
<b>2.3(b)(ii)</b>		Access Guidance & Cost	PC	NO	NO	Available Offline
<b>2.3(b)(iii)</b>		Award Dates & Duration	PC	YES	YES	Adequate
<b>2.3(b)(iii)</b>		Commodity	PC	YES	YES	Available
<b>2.3</b>		Reference OR Link	MC	YES	YES	
<b>2.4(a)</b>		Licence & Contracts	PC	YES	YES	
<b>2.4(b)</b>		Government Policy	PC	NO	NO	

2.4(c)(i)		Full Text & Contract Terms	PC	YES	YES	
2.4(c)(ii)		Addendum, Annexures	PC	YES	YES	
2.4(c)(iii)		Amendment Alterations	PC	YES	YES	
2.4		Reference OR Link	MC	YES	YES	
2.5		Legal Owners	RGD	NO	NO	Not Available
2.5		BO Policy	RGD	NO	NO	Presidential Commitment
3.1		Exploration Information	MOFEP	YES	YES	Available in MOFEP Reports
3.2		Production Data	MOFEP	YES	YES	Available at MOFEP Site
3.3		Export Data	MOFEP	YES	YES	Adequate

## Details of Reconciliation

### Kosmos

No.	Revenue Stream	Compa	Resolved	Final	Governme	Resolve	Final	Final	Governme	Unresol	Under
		ny			nt			Amount		ved	
		Initial			Initial			S		Over	
		Amount			Amount			Company			
		US\$			US\$						
1	Carried Interest			0			0	0	0	0	0
2	Participating Interest			0			0	0	0	0	-
3	Royalty			0			0	0	0	0	-
4	Surface Rental		17,797	17,797	17,797		17797	17,797	17,797	-	-
5	Corporate Tax	14,833,877	22,123,745	36,957,622	36,957,622		36957622	36,957,622	36,957,622	-	-
6	Dividends			0			0	0	0	-	-
7	Training/Tech fees	175,000		175,000	175,000		175,000	175,000	175,000	-	-
8	Gas revenue			-			-			-	-
9	Environmental Processing/Permit fees			-			-			-	-
	<b>TOTAL</b>	15,008,877	22,141,542	37,150,419	37,150,419	-	37,150,419	37,150,419	37,150,419	-	-

	2018	Compan y			Governme nt			Final Amount s		Unresol ved	
No.	Revenue Stream	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resol ved	Final	Company	Governmen t	Over	Under
	<b>OIL &amp; GAS</b>										
1	Carried Interest			0			0	0	0	0	0
2	Participating Interest			0			0	0	0	0	-
3	Royalty			0			0	0	0	0	-
4	Surface Rental		18,464	18464	18,464		18464	18,464	18,464	-	-
5	Corporate Tax	32,942,104	2,992,185	35934289	35,934,289		35934289	35,934,289	35,934,289		-
6	Dividends			0			0	-	0	-	-
7	Training/Tech fees	175,000		175,000	175,000		175000	175,000	175,000	-	-
8	Gas revenue			-			0	-	-	-	-
9	Environmental Processing/Permit fees			-						-	-
	<b>TOTAL</b>	33,117,104	3,010,649	36,127,753	36,127,753	-	36,127,753	36,127,753	36,127,753	-	-

## Tullow Gh. Ltd

No.	2017 Revenue Stream	Company			Government			Final Amount S Compan y	Government	Unresolv ed	
		Initial Amount US\$	Resolv ed	Final	Initial Amount US\$	Resolv ed	Final			Over	Under
1	Carried Interest			0			0	0	0	0	0
2	Participating Interest			0			0	0	0	0	0
3	Royalty			0			0	0	0	0	0
4	Surface Rental	59,261		59,261	59,261		59261.22	59261	59261.22		-0.22
5	Corporate Tax			0			0	0	0	0	0
6	Dividends			0			0	0	0	0	0
7	Training /Tech fees		250,000	250,000	250,000		250000	250000	250000	0	0
8	Gas Revenue			0			0	0	0	0	0
9	Environmental Processing/Permit fees		181,439	181,439	181,439		181439	181439	181439	0	0
	<b>TOTAL</b>	59,261	431,439	490,700	490,700	-	490,700	490,700	490,700	-	(0)

Source:  
Author'

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## GNPC

N o.	2017	Company			Governm ent			Final Amounts		Unresolv ed	
	Revenue Stream	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolve d	Final	Company	Governme nt	Over	Under
1											
2	Carried Interest	283,298,144	(23,562,072)	259,736,072	259,736,072		259,736,072	259,736,072	259,736,072	-	-
3	Participating Interest	132,428,469.83	(27,567,304)	104,861,166	104,861,166		104,861,166	104,861,166	104,861,166	-	-
4	Royalty	135,885,451		135,885,451	136,703,196		136,703,196	135,885,451	136,703,196		(817,745)
5	Surface Rental			-			-	-	-	-	-
6	Corporate Tax			-			-	-	-	-	-
7	Dividends			-			-	-	-	-	-
8	Training/tech fees			-			-	-	-	-	-
9	Gas Revenue			-			-	-	-	-	-
	Environmental Proceesing/Permit Fees			-			-	-	-	-	-
	<b>TOTAL</b>	551,612,065	(51,129,376)	500,482,689	501,300,433	-	501,300,433	500,482,689	501,300,433	-	(817,745)

2018	Company			Government			Final Amounts		Unresolved	
Revenue Stream	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
Carried Interest	449,715,276	(64,821,620)	384,893,657	384,893,657		384,893,657	384,893,657	384,893,657	-	
Participating Interest	228,236,603	(64,795,349)	163,441,254	163,441,254		163,441,254	163,441,254	163,441,254	-	
Royalty	268,686,485	(3,080,274)	265,606,211	265,606,211		265,606,211	265,606,211	265,606,211	-	
Surface Rental						-	-	-	-	-
Corporate Tax			-			-	-	-	-	-
Dividends			-			-	-	-	-	-
Training/tech fees			-			-	-	-	-	-
Gas Revenue	11704928	(11,704,928)	-			-	-	-	-	
Environmental Processing/Permit Fees			-			-	-	-	-	
<b>TOTAL</b>	958,343,292	(144,402,171)	813,941,122	813,941,122	-	813,941,122	813,941,122	813,941,122	-	-

## Petro SA

2017	Company		Government		Final	Unresolved
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No.	Revenue Stream	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Amounts		ed	
								Company	Government	Over	Under
1	Carried Interest			0			0	0	0	0	0
2	Participating Interest			0			0	0	0	0	0
3	Royalty									-	0
4	Surface Rental			0			0	0	0	0	0
5	Corporate Tax			0			0	0	0	0	0
6	Dividends			0			0	0	0	0	0
7	Training/Tech			0			0	0	0	0	0
8	Gas Revenue										0
9	Environmental Proceesing/Permit Fees										
	<b>TOTAL</b>										

		-	-	-	-	-	-	-	-	-	-
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No.	2018 Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	under
1	Carried Interest			0			0	0	0	0	0
2	Participating Interest			0			0	0	0	0	0
3	Royalty									0	0
4	Surface Rental			0			0	0	0	0	0
5	Corporate Tax	10,321,284	105,545.53	10,426,830	10,426,830		10,426,830	10,426,830	10,426,830	0	0
6	Dividends			0			0	0	0	0	0
7	Training/Tech			0			0	0	0	0	0
8	Gas Revenue									0	0
9	Environmental Processing/Permit Fees									0	0
	<b>TOTAL</b>	10,321,284.00	105,545.53	10,426,829.53	10,426,829.53	-	10,426,829.53	10,426,829.53	10,426,829.53	-	-

## ENI Ghana

2017		Company			Government			Final Amounts		Unresolved	
No.	Revenue Stream	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	under
1	Carried Interest			0			0	0	0	0	0
2	Participating Interest			0			0	0	0	0.0	0
3	Royalty			0						0.0	0
4	Surface Rental	141,998		141,998	141,998		141,998	141,998	141,998	(0)	-0.49
5	Corporate Tax			0			0	0	0	0.0	0
6	Dividends			0			0	0	0	0.0	0
7	Training/Tech	2,200,000		2,200,000	2,200,000		2,200,000	2,200,000	2,200,000	0.0	0
8	Gas Revenue			0			-	0	-	0.0	0
9	Environmental Processing/Permit Fees	458,687		458,687	444,505		444,505	458,687	444,505	14182.0	
	<b>TOTAL</b>	2,800,685	-	2,800,685	2,786,503	-	2,786,503	2,800,685	2,786,503	14,181.51	(0.49)

2018		Company			Government			Final Amounts		Unresolved	
No.	Revenue Stream	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	under
1	Carried Interest			0			0	0	0	0	0
2	Participating Interest			0			0	0	0	0.0	0
3	Royalty			0						0.0	0
4	Surface Rental	78,950		78,950	78,950		78,950	78,950	78,950	0.0	0
5	Corporate Tax			0			0	0	0	0.0	0

6	Dividends			0			0	0	0	0.0	0
7	Training/Tech	2,200,000		2,200,000	2,200,000		2,200,000	2,200,000	2,200,000	0.0	0
8	Gas Revenue			0			-	0	-	0.0	0
9	Environmental Proceesing/Permit Fees	485,928		485,928	278,670		278,670	485,928	278,670	207258.0	
	<b>TOTAL</b>	2,764,878	-	2,764,878	2,557,620	-	2,557,620	2,764,878	2,557,620	207,258.00	-

## Hess Exploration

No.	2017	Company			Government			Final Amounts Company	Governme nt	Unresolv ed Over	
	Revenue Stream	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final				under
1	<b>OIL &amp; GAS</b>										
2	Carried Interest			0			0	0	0	0	-
3	Participating Interest			0			0	0	0	0	-
4	Royalty			0						-	-
5	Surface Rental	150,750		150,750			-	150,750	-	150,750	0aasz
6	Corporate Tax			0			0	0	0	0	-
7	Dividends			0			0	0	0	0	-
8	Training/Tech	300,000		300,000	300,000		300,000	300,000	300,000		-
9	Gas Revenue										0
	Environmental Proceesing/Permit Fees										
	<b>TOTAL</b>	450,750.00	-	450,750.00	300,000.00	-	300,000.00	450,750.00	300,000.00	150,750.00	-

	2018	Company			Governme nt			Final Amounts		Unresol ved	
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No.	Revenue Stream	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	under
1	Carried Interest			0			0	0	0	0	-
2	Participating Interest			0			0	0	0	-	-
3	Royalty			0			0			-	-
4	Surface Rental	150,750		150,750.00			0	150,750	-	150,750	
5	Corporate Tax			0			0	0	0	-	-
6	Dividends			0			0	0	0	-	-
7	Training/Tech	300,000		300,000	285,000		285,000	300,000	285,000	15,000	
8	Gas Revenue						0	-	-	-	-
9	Environmental Proceesing/Permit Fees		133379	133379	133379		133379	133,379	133,379	-	-
	<b>TOTAL</b>	450,750	133,379	584,129	418,379	-	418,379	584,129	418,379	165,750	-

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