

MINISTRY OF FINANCE

Ghana Extractive Industries Transparency Initiative (GHEITI)

2015 GHEITI OIL & GAS REPORT

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PREPARED BY

BOAS AND ASSOCIATES

Table of Contents

Executive Summary.....	ii
1.0 Background of EITI.....	7
1.1 GHEITI.....	1
1.2 content and objective of the report.....	2
2. 0: Approach and Methodology.....	4
2.1 Overview of the Oil/Gas Industry in Ghana.....	5
3.0 Legal and Institutional Framework.....	6
3.1 Description of the main Laws and regulation.....	6
3.2 Fiscal Regime.....	7
3.3 Regulatory Institutions for the oil/gas sector.....	8
3.4 License Allocations.....	10
3.4.1: Acquisition of Oil Block.....	10
3.4.2 License Registry.....	16
3.5 Contract.....	18
3.6 Beneficial ownership.....	19
3.7 State Participation.....	20
3.7.1 Ghana National Petroleum Company (GNPC).....	20
3.7.2 Ghana National Gas Co. (SOE).....	24
4.0 Exploration & Development.....	27
4.1 Jubilee Unit Area.....	27
4.2 The status of the key projects as at December 2015 are as follows:.....	27
4.3 Production.....	33
4.4 Export.....	35
5.0 Revenue Collection.....	37
6.0 Reconciliation.....	38
6.1 Scope of the 2015 GHEITI Oil/Gas Report.....	38
6.2 Materiality.....	38
6.3 Materiality thresholds.....	38
6.6 Reconciliation of Oil and Gas Benefits in 2015.....	45
6.10 Discrepancies.....	49
6.13 Sale of State's Share of Production.....	52

7.0 Allocation of Petroleum Receipts to GNPC, ABFA and GPF.....	58
7.1 GNPC.....	58
7.2 DISBURSEMENT OF ABFA IN 2015.....	59
7.3 Ghana Infrastructure Investment Fund (GIIF).....	61
7.4 Expenditure of Ghana National Petroleum Corporation (GNPC).....	61
7.5 Ghana Petroleum Funds.....	63
7.6 Sovereign Wealth Funds.....	64
7.7 Subnational transfers.....	65
7.8 Description of Budgets and Audit Process.....	66
8.0 Contribution to National Economy.....	69
9.0 Observation and Recommendation.....	72
10.0 Conclusion.....	74
Appendices.....	75
Appendix 1: Expenditure of Petroleum receipt on other Petroleum projects.....	76
Appendix 2: Performance of the Ghana Petroleum funds, 2011-2015.....	80
Appendix 3: Petroleum account of Federal Reserve Bank of New York.....	82
Appendix 4 Petroleum agreement currently in operation and the phase of operation.....	85
Appendix 5: Training allowance paid by exploration companies.....	86
Appendix 6: Details of Reconciliation.....	88

List of Tables

Table 3.1 Details of Active Petroleum Agreements.....	Error! Bookmark not defined.
Table 3.2 Status of Upstream Activity.....	177
Table 3.3 Third party financing arrangement.....	21
Table 3.4 GNPC Operation Subsidiaries	22
Table 3.5 Disbursement the Western Corridor gas Infrastructure project	26
Table 4.1 Jubilee Area Equity.....	288
Table 4.2 TEN Development Area Equity.....	29
Table 4.3 Development in Exploration Activities.....	32
Table 4.4 Breakdown of Annual Production Volume from Jubilee Field (201-2015).....	33
Table 4.5 Crude & Gas Oil Production in Months.....	33
Table 4.6 Gas production in 2015.....	334
Table 4.7 Utilisation of Jubilee Associated Gas in 2015.....	354
Table 4.8 Gas & Oil exported in 2015	35
Table 4.9 2015 Crude Oil Export.....	355
Table 5.1 Revenue flow within the Oil/Gas Sector.....	376
Table 6.1 Petroleum Revenues received in 2015.....	8
Table 6.2 Revenue streams used in the disbursement of.....	39
Table 6.3 Companies that made payment to PHF	40
Table 6.4 Materiality threshold Analysis and Companies.....	40
Table 6.5 Revenue Streams used in 2015 report.....	41
Table 6.6 Reporting Companies for 2015 Gheiti Report	603
Table 6.7 Unilateral declaration.....	626
Table 6.8 Reconciliation of Oil liftings by GNPC/GRA records in 2015-2018.....	626
Table 6.9 Reconciliation by Companies.....	47
Table 6.10 Reconciliation by Revenue Streams.....	48
Table 6.11 Details of Unresolved discrepancies.....	49
Table 6.12 Contribution of revenue streams to government receipts.....	50
Table 6.13 Reconciliation coverage.....	50
Table 6.14 Marketing Analysis	54
Table 6.15 Source of 2015 Petroleum receipts.....	55
Table 6.16 2015 disbursement to GNPC, ABFA & GPF.....	56
Table 7.1 Transfer to ABFA, GNPC AND GPFS in 2015.....	59
Table 7.2 ABFA Disbursement on Priority Areas in 2015.....	60
Table 7.3 Expenditure on GNPC Exploration and development projects in 2015.....	62
Table 7.4 Other Expenditure outside GNPC's main exploration and development in 2015.....	62
Table 7.5 Performance of the Ghana Petroleum funds, 2014-2015.....	65
Table 7.6 Oil Production Capacity.....	68
Table 8.1 Category Of Employment Activities.....	69
Table 8.2 Number of Expatriates and Locals (2015-2017).....	69
Table 8.3 Contribution of Economic Activities to National GDP.....	69
Table 8.4 Total Merchandise Exports in 2015.....	70

LIST OF FIGURES

Figure 1 Fig 4.1 Export Value.....	36
Figure 2 Fig 6.1 Categorisation of GNPC/GOG Interest.....	42
Figure 3 Fig 6.2 Petroleum holdings funds receipts in 2015.....	51
Figure 4 Fig 6.3 PHF receipts in 2014 and 2015.....	52
Figure 5 Fig 6.4 Crude Oil Price Comparison.....	55

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

Executive Summary

The Ghana Extractive Industries' Transparency Initiative (GHEITI) engaged Messrs Boas & Associates to produce EITI report on Oil and Gas payments for the period covering Jan-Dec 2015.

The Petroleum sector makes a significant contribution to Ghana's economy. In 2015, crude oil exports contributed 18.7% of the total merchandise export, 4.1% of Ghana's GDP, and generated US\$396million in revenues to the state.

In 2015, PNDC Law 84¹ was the primary legislation regulating Ghana's upstream petroleum sector.

There are currently 15 active offshore licenses in Ghana. Established in 1983 by PNDC Law 64, the Ghana National Petroleum Corporation (GNPC) is the national Oil Company and the commercial vehicle for state participation in the oil and gas industry. In practice, GNPC's participating interest ranges between 13% and 28%².

Ghana started commercial production of oil from its maiden Jubilee field in 2010 and has since been producing consistently.

The TEN fields hold recoverable Oil Reserves of about 240 Million barrels and Gas Reserves (Associated and Non-Associated Gas) of about 360 Billion Cubic Feet (BCF).³

Sankofa-Gye-Nyame field, also known as the Offshore Cape Three Points (OCTP), an integrated oil and gas field, is expected to produce 45,000 barrels of oil per day at its peak while the production of 171 million standard cubic feet of gas per day will commence in 2018.

The Government of Ghana received US\$396.17million from petroleum revenues in 2015. It includes US\$20.41 million in Corporate Income Tax (CIT), US\$465,920 in Surface Rentals (SR), US\$553,815.32 from gas sales, US\$419,387 as price differential from 2014 and US\$30,468 as returns on investment.

An amount of US\$53.69 million was withdrawn from the GSF and deposited in the ABFA account to compensate for a shortfall in the projected quarterly ABFA for the first quarter of 2015, bringing total allocation to ABFA in 2015 to US\$292.98 million.

In 2015, US\$41.88 million representing approximately 16% of 2015 ABFA allocation was lodged into the GIIF account.

¹ PNDC Law 84 was repealed and replaced in 2016 with Petroleum (Exploration and Production) Law, 2016 (Act 919)

² Based on existing Petroleum agreements to date.

³ In August 2016, Ghana brought on stream, her second major oil producing field, the TEN Fields with output expected to reach 80,000 barrels per day

GNPC received a total sum of US\$126.86 million in 2015 as equity financing costs and its share of net proceeds compared to US\$180.71 million in 2014. An amount of US\$93.84 million, (representing 73.7% of the 2015 allocation to GNPC) was used to fund the Jubilee Equity Financing Cost while US\$ 17.32 million (representing 13.7%) was spent on other exploration and field development projects.

The Ghana Stabilization Fund and the Ghana Heritage Fund received US\$ 15,171,062 and US\$6,501,884 respectively.

Approach and Methodology

The assignment was categorized broadly into two parts,

- i)** Preliminary information gathering stage which involved document review, scoping study/ determination of scoping parameters for reporting including the provision of contextual information.

- ii)** The reconciliation phase, which involved data collection, initial reconciliation and the production of the report.

Reconciliation

Materiality: Any company that paid an amount of US\$150,000 or more was required to submit templates and to participate in the reconciliation exercise.

Revenue Streams

Revenue streams that were reconciled included the following, Corporate tax, royalty, carried interest, additional participating interest, training fees, technology obligations, gas revenue and dividends.

Participating companies

The following companies participated in the reconciliation process.

Tullow (Ghana) Ltd

Kosmos Energy Ghana HC

Anadarko WCTP Ltd

GNPC

Petro SA

Ghana Gas Ltd

Hess Ghana Exploration Ltd

Results of Reconciliation

Tables A and B show reconciliations by companies and revenue streams respectively. An amount of US\$ 387,219,927 was obtained as total government receipt at reconciliation. The total receipt into the Petroleum Holding Fund as declared by the GRA amounted to US\$396,142,411.72.

A net negative discrepancy of US\$ 289,381 i.e. (US\$289,381) was obtained between company payments and government receipts. The main causes of the discrepancy were: (i) Hess Exploration did not report any amount as Training and Technology fees, whereas GNPC reported an amount of US\$ 300,000 as Training and Technology fees received from Hess Exploration Ltd; and (ii) Kosmos Energy HC reported an amount of US\$10,589 higher than that reported as corporate tax receipt by GRA.

Table A: Reconciliation by Companies

GHEITI 2015 Reconciliation	Company			Government			Final Amounts		Unresolved		
	Company	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	(Over)	Under
OIL & GAS											
KOSMOS	192,797	11,740,696	11,933,493	11,747,904	175,000	11,922,904	11,933,493	11,922,904	10,589	-	
TULLOW	-	-	-	-	-	-	-	-	-	-	-
GNPC	448,717,255	(73,870,952)	374,846,303	374,846,273	-	374,846,273	374,846,303	374,846,273	36	(6)	
ANADARKO	-	-	-	-	-	-	-	-	-	-	-
PETRO SA	-	-	-	-	-	-	-	-	-	-	-
GHANA GAS	-	-	-	-	-	-	-	-	-	-	-
HESS	150,750	-	150,750	450,750	-	450,750	150,750	450,750	-	(300,000)	
TOTAL	449,060,802	(62,130,256)	386,930,546	387,044,927	175,000	387,219,927	386,930,546	387,219,927	10,625	(300,006)	

Table B: Reconciliation by Revenue Streams

Revenue Stream	Company			Government			Final Amounts		Unresolved	Under
	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	
OIL & GAS										
Carried Interest	197,996,451	-	197,996,451	197,996,455	0	197,996,455	197,996,451	197,996,455	0	(5)
Participating Interest	72,087,340	-	72,087,340	72,087,341	0	72,087,341	72,087,340	72,087,341	0	(1)
Royalty	104,208,697	-	104,208,697	104,208,661	0	104,208,661	104,208,697	104,208,661	36	-
Surface Rental	168,547	-	168,547	168,547	0	168,547	168,547	168,547	0	-
Corporate Tax	-	11,740,696	11,740,696	11,730,107	0	11,730,107	11,740,696	11,730,107	10,589	-
Dividends	-	-	-	-	0	-	-	-	0	-
Training/Technology	175,000	-	175,000	300,000	175,000	475,000	175,000	475,000	-	(300,000)
Gas Revenue	74,424,767	(73,870,952)	553,815	553,815	0	553,815	553,815	553,815	0	-
TOTAL	449,060,802	(62,130,256)	386,930,546	387,044,927	175,000	387,219,927	386,930,546	387,219,927	10,625	(300,006)

Observations and Recommendations

1. Amounts assessed as due, unpaid into Petroleum Holding Fund

As 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.

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 Funding contrary to the requirements of the Petroleum Revenue Management Act, 2015 (Amendment) Act 893.

It is thus recommended that the distribution of petroleum revenue be made in accordance with the provisions contained in Act 893.

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.

Recommendation

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

4. Long outstanding bill to Oranto/Stone Energy for surface rental not settled.

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 2014. However as at 31st December 2015, this amount was not reported as an outstanding due the petroleum fund account.

It is recommended that GRA follows through on this payment and provide details on when this amount was settled, and if settled whether it was paid together with accumulated interest.

1.0 Background of EITI

The Extractive Industries Transparency Initiative (EITI) which was launched at the World Summit on Development in Johannesburg, September 2002 sets a global standard for transparency in the extractive industries.

EITI aims to enhance transparency around the generation and spending of revenues from the extractive sector, believing that the prudent use of natural resource wealth should be an important engine for sustainable economic growth that contributes to sustainable development and poverty reduction, but if not managed properly, can create negative economic and social impacts.

The Initiative encourages governments, extractive companies, International Agencies and NGOs to work together to develop a framework to promote transparency in payments in the extractive industries.

Among others, the EITI requires implementing countries to prepare and publish an annual report disclosing company payments and government revenues from the extractive sector.

The Ghana Extractive Industries' Transparency Initiative (GHEITI) engaged Messrs Boas & Associates to produce EITI report for 2015. Thus payments by extractive companies and revenues received by government Agencies for the period 1st January 2015 to 31st December 2015 were considered. This report covers the payments made by Oil/Gas companies and receipts by government for the period 1st January 2015 to 31st December 2015.

1.1 GHEITI

The Government of Ghana formally committed itself to implementing EITI in 2003, when it signed on to the initiative in London.

The EITI Steering Committee, also known as the Ghana Extractive Industries Transparency Initiative (GHEITI) is the governing body of the EITI in Ghana. Various stakeholders in the Extractive industry are represented on the committee.

The members of the committee 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)

Jomoro District Assembly

Office of the Administrator of Stool Lands

Ghana Revenue Authority

Civil Society Organizations (led by ISODEC)

Ministry of Energy

Petroleum Commission

Kosmos Energy HC

Tullow (Ghana) Ltd

The EITI also has an implementation Secretariat at the Ministry of Finance

As part of its commitment, Ghana commenced publication of extractive industries' payments and government receipts with reports on the mining sector in 2006. The initiative was extended to the oil and gas sector in September 2010.

So far GHEITI has issued three reports in the Oil and Gas sector covering 2010 to 2014.⁴

In November 2010, the EITI International Board announced that Ghana has attained EITI Compliant country status.

In 2016 Ghana underwent another validation and was declared by the EITI International Board as having made meaningful progress.

1.2 CONTENT AND OBJECTIVE OF THE REPORT

The objectives of the report include the following:

- a) To collect and analyze payments made by Oil/ Gas companies to the Government of Ghana.
- b) Reconcile extractive companies' submissions of Oil and Gas payments to those received by Government.

⁴ Three reports as follows: 2010-2011; 2012-2013 and 2014.

c) To produce a report covering 2015 in accordance with the 2016 EITI Standard.

The report includes the overview of the oil/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.

2. 0: Approach and Methodology

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

- ❖ Preliminary information gathering (inception phase including a scoping/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 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

- i) Elaborate on the details of the terms of reference
- ii) 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
- iii) Agree on the reporting template and the reporting parameters.

Preliminary meetings were also held with the representatives of the participants⁵ 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.
- ❖ The Income Tax Act, Act 896
- ❖ Audit reports on the Ghana Petroleum Funds
- ❖ Relevant web sites.

⁵ Representatives of companies and government agencies including GRA, Ministry of Finance, GNPC, Kosmos Energy and Tullow (Ghana) Ltd.

Document review was undertaken at all stages of the assignment.

A scoping and inception reports were presented to the Steering Committee at the end of the preliminary studies.

❖ The activities at the reconciliation stage are detailed in section 6.

2.1 Overview of the Oil/Gas Industry in Ghana

Exploration for oil and gas in Ghana started in 1886 in Onshore Tano Basin in the Western Region. The first offshore well was drilled in the Saltpond basin between 1966 and 1972.

Commercial production started from the Jubilee field in the last quarter of 2010. The daily production from the Jubilee oil field is expected to be 120,000 barrels of oil and about 120 million cubic feet of gas.

The GNPC holds a 10% carried interest⁶ at the exploration and development stage of petroleum operations and a percentage of paying (paid) interest at the production stage. The State may opt for additional paid interest at the development and the production stages.

GNPC, by law, holds interest in all Petroleum Agreements in Ghana. There are currently 15 active offshore licenses in Ghana.

It has been eight (8) years since commercial quantities of oil was discovered in the Tano basin, (Jubilee Field). It was the field that put Ghana on the map of oil producing countries⁷.

The TEN fields holds an estimated recoverable Oil Reserves of about 245 Million barrels and Gas Reserves (Associated and Non-Associated Gas) of about 363 Billion Cubic Feet (BCF)⁸. At peak production, TEN is expected to produce about 80,000 barrels of oil per day.

Gas export will be achieved through a subsea pipeline and manifold structure interconnection to the existing Jubilee pipeline⁹.

⁶ According to the model Petroleum Agreement, the GNPC shall have a 10% initial interest in all petroleum operations.

⁷ As at 2016, the Jubilee recoverable reserves was estimated at 630 million barrels of oil

⁸ As at the time of writing this report, TEN fields had been in operation for nearly 3 years

⁹ The Sankofa Gye Nyame project commenced operations in 2017 is expected to deliver an additional 45,000 barrels per day of oil and 180 million cubic feet of gas per day to Ghana's existing production level

3.0 Legal and Institutional Framework

The following lists the laws and regulations which govern the oil and gas operations (Upstream) in Ghana.

- ❖ Ghana National Petroleum Corporation Law, 1983 (PNDC Law 64)
- ❖ Petroleum Exploration and Production Law, 1984 (PNDC Law 84¹⁰)
- ❖ Petroleum Income Tax Law, 1987 (PNDC Law 188)
- ❖ The Petroleum Revenue Management Act, 2011 (Act 815)
- ❖ The Petroleum Revenue Management (Amendments) Act, 2015 (Act 893).
- ❖ The Petroleum Commission Act, 2011 (Act 821)
- ❖ Local Content and Local Participation Regulations, 2013 (LI2204)
- ❖ The Income Tax Act, 2015 Act 896
- ❖ The Model Petroleum Agreement of Ghana
- ❖ The Petroleum Agreements

3.1 Description of the main Laws and regulation

- ❖ **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.
- ❖ **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.
[http://www.petrocom.gov.gh/assets/ghana_model_petroleum_agreement\(1\).pdf](http://www.petrocom.gov.gh/assets/ghana_model_petroleum_agreement(1).pdf)
- ❖ **Income Tax Act, 2015 (Act 896):** The Income Tax Act, (Act 896) is an act which provides the general law relating to income tax, capital gains tax and gift tax.

It replaces the distorted tax base of the Internal Revenue Act, 2000 (Act 592). It is intended to rationalize, streamline and restricts tax concessions, tackles erosion of the tax base and aligns domestic tax rules with current international tax rules. It contains a section on the taxation of upstream petroleum activities.
- ❖ **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.
- ❖ **The Petroleum Revenue Management Act, 2011 (Act 815)**

¹⁰ This law was repealed in 2016 and replaced with Petroleum Law, 2016 (Act 919)

This Act and its amendments¹¹ provide the framework for the collection, allocation and management of petroleum revenue derived from upstream and mid-stream petroleum operations.

- ❖ **Petroleum (Local Content and Local Participation) Regulations:** 2013 (LI 2204). This law outlines the local content requirements of all Petroleum companies and contractors.

The following laws are available online on <http://www.petrocom.gov.gh/laws---regulations.html>

- ❖ Ghana National Petroleum Corporation Law 1983
- ❖ Petroleum (Local Content and Local Participation) Regulations, 2013 L.I 2204
- ❖ Petroleum Commission Act 2011 [Act 821]
- ❖ Petroleum Commission Fees and Charges Regulations L.I 2221
- ❖ Petroleum Income Tax PNDC law 188
- ❖ Petroleum Revenue Management, 2011 (Act 815)

3.2 Fiscal Regime

3.2.1 Description of the Fiscal Regime

The fiscal regime as detailed in the Model Petroleum Agreement is as follows:

- ❖ Royalty 10%
- ❖ GNPC Initial Interest (Carried) 10%
- ❖ GNPC Additional Interest (Paying) up to 15%
- ❖ Petroleum Income Tax 35%
- ❖ Surface rental - US\$30/sq. km/year (Initial exploration phase)

However individual contracts may contain specific provisions that are different from the model agreement.

- ❖ Signature bonuses are currently not part of the fiscal regime of the petroleum industry in Ghana.
- ❖ Gains on the realization of assets are taxable at 35%.

i) Surface Rentals

(Article 12.2(e) of Model Petroleum Agreement sets the following rates;

¹¹ (Petroleum Revenue Management(Amendment) Act,2015) Act 893

1. Initial Exploration Period: US\$30/sq. km/year
2. First Extension Period: US\$50/sq. km/year¹²
3. Second Extension Period: US\$75/sq. km/year
4. Development and Production Area: US\$100/sq. km/year

ii) Initial or Carried Interest

GNPC, on behalf of the State has a 10% interest in each contract area. GNPC is “carried” during the exploration and development phases. All the risk of exploration and development is borne by oil Company’s equity since the latter finances both the exploration and development costs.

iii) Additional 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.

iv) Additional Oil Entitlement (AOE)

An additional payment to be made to the government if the post- tax rate of return (ROR) for a project exceeds a targeted level. Trigger points at RORs of 12.5%, 17.5%, 22.5%, and 27.5%.

v) 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.

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

vii) **Transfer Pricing:** The Commissioner-General is allowed to adjust non-arms-length transfers between related parties.

viii) Stability clauses relate to protection from tax regime changes as provided in petroleum agreements.

All gas is the property of the State.

3.3 Regulatory Institutions for the oil/gas sector

- ❖ Ghana Revenue Authority (Domestic Tax Revenue Division)

¹² The maximum exploration period is 7 years

The Domestic Tax Revenue Division of the Ghana Revenue Authority is responsible for the collection of taxes including: income tax, royalties, capital gains tax/sale on 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:

- a) Royalty in cash or in equivalent barrels of oil or units of gas, payable by the holder of a licence to produce which includes the national oil company.
- b) Surface rentals.
- c) Additional Oil Entitlement
- d) Corporate income taxes from upstream and midstream petroleum companies including the national oil company.
- e) Dividends payable by the National Oil Company.
- f) Carried and Participating Interests.
- g) Investment income derived from accumulated petroleum funds.
- h) Any amount received by government directly or indirectly from petroleum resources including where applicable, capital gains tax derived from the sale of ownership of exploration, development and production rights.

Data on payments of benefit streams paid in 2015 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.

Confirm export quantities and endorse export documents particularly the following;

- ❖ Cargo Manifest
- ❖ Certificate of origin
- ❖ Metering custody transfer system-sealed Valve Verification

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

❖ *Ministry of Finance (Bank of Ghana)*

Bank of Ghana 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). The supervising Ministry of the Central Bank is the Ministry of Finance. The Administrator requested for information from the Bank of Ghana through the Ministry of Finance.

❖ *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.

❖ *Ghana National Petroleum Corporation (GNPC)*

Ghana National Petroleum Corporation (GNPC) is Ghana's national oil company, established by PNDC Law 64 to undertake the sustainable exploration, development, production and disposal of hydrocarbon resources in Ghana. (See section 3.7 on State Participation)

3.4 License Allocations

No changes were recorded in the licensing regime during the year under review. Ghana continued to apply the first-come-first-served, negotiated deal type, which though has in-built safe-guards to protect its integrity, cannot be said to be an open process.

3.4.1: Acquisition of Oil Block

To acquire an oil exploration license in Ghana

1. *Ministry of Petroleum (submission of receipt)*

- (a) Receipt of letter of interest (addressed to Hon. Minister) to acquire exploration block notifies Petroleum Commission (PC) of the receipt of letter.

Applicant may then be invited to make a presentation of the company to PC.

Applicant is advised (by letter) to formally request the PC for an appointment to visit the Data Room

2. Petroleum Commission

- a) Applicant receives appointment and inspects data on available blocks/contract area at Data Room (minimum 2 weeks' notice). A non-refundable fee of \$1000/GHC equivalent is paid when booking appointment for Data Room visit

3. Application and submission

- a) Applicant identifies available block of interest and picks up application form at the Ministry of Petroleum.
- b) Applicant then submits 4 hard copies and 4 soft/digital copies (pdf format) of Application Package including maps, spreadsheets etc.

4. Ministry of Petroleum (submission of application)

- a) Receives application with a non-refundable application fee of US\$ 10,000 by Bankers' Draft, and screens application using basic checklist.
- b) Acknowledges receipt of application
- c) Sends copies of the Application Packages immediately to GNPC and PC

5. Evaluation Committee

- a) Reviews and evaluates application
- b) Sends evaluation report with outcome and recommendations to Hon. Minister for his consideration.

6. Minister of Petroleum (Decision)

- a) Take decision on application (s) and advises applicant(s) accordingly

7. Government negotiation team

- a) If application is considered successful, Hon. Minister sets up a negotiation team to negotiate a Petroleum Agreement with the applicant. If the application is unsuccessful, applicant is advised accordingly
- b) Draft Petroleum Agreement is prepared following successful negotiation.

8. Ministerial Consultation

- a) Ministers from Ministry of Petroleum, Finance, Environment and Justice consult on draft Petroleum Agreement.

9. Cabinet

- a) Minister of Petroleum sends draft Petroleum Agreement to Cabinet for approval
- b) Cabinet approved draft petroleum Agreement is sent for Parliamentary ratification

10. Parliament

- a) Petroleum Agreement becomes effective on date of ratification

The process of acquiring oil block can be found at the website of the Ministry of Petroleum.

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

and also at the website of Petroleum Commission. <http://www.petrocom.gov.gh/block-acquisition.html>

Technical and financial criteria: The following technical and financial criteria are considered by the Petroleum Commission in awarding blocks.

1. Technical Capabilities

The technical criteria seek to evaluate the competence of the applicant to establish if it possesses the requisite technical capability to execute on the work program for pertinent to area applied for. In order to make the right informed decisions, the factors listed below are taken into consideration during the evaluation process:

- i. Establish what the needs of the AOI are (data available, well density, etc)
- ii. Applicant's operations worldwide (operator or partner)
It is essential to establish if the applicant or the intended operator of the block (partner) has previous experience of operations similar to the one it is applying for or the profile of its staff to be assigned to the project demonstrates similar capabilities as it's an important ingredient to the operational success or failure of the project.
- iii. Applicant's area of specialization (onshore, shallow or deepwater player) and compare to the area under consideration.
- iv. What stage are applicant's operations elsewhere (exploration/appraisal/developments or production? Indicate reserves or any production.

- v. Applicants work commitments elsewhere.
- vi. Key technical Personnel for the Ghana Project and evaluate CVs submitted.

2. Financial Capabilities

Establishing financial capability can be considered as one of the most salient assignments to be undertaken under the due diligence process. Financial stagnation during a project's life can doom it and render worthless for life. For this fact the financial due diligence is as important as the technical evaluation.

The financial criteria establish if the partner/s has/have the financial resources to commit to the activities of the risky exploration business especially during the exploration and the appraisal phase. An informed decision is made, taken into consideration these factors listed below:

i. Ownership Information.

It must be established beyond doubt the owners of the company applying for the acreage. All shareholders of interest above five (5) percent need to be disclosed and supported by legal documentations from the appropriate government institutions/agencies. Due diligence must ensure that the applicant has included certified copies of certificates of incorporation and to commerce business. This is to check against fictitious entities and to authenticate the existence of the applicant. This should to be done for both the applicant and its parent company where the parent company has indicated to guarantee the activities of its subsidiary. The company background checks could be accomplished through checks from the registrar of companies in Ghana as well as liaising with the Ghana's Mission abroad for the exercise.

ii. Cross-check financial statement with auditors

The financial statements to support the application have to be audited by a credible auditing firm to lead credence to information contain therein. Unaudited financial statements should not be considered and provides enough justification for the rejection of the application. The diligence process requires that we check credentials of the auditor and establish that it is in good standing and a member of an accredited association in the country of operation. In situations where the accounts presented raise issues of doubt, the auditor is contacted to establish the authenticity of the financial statements.

- iii. Analyze last three years of audited financial statements
- iv. Cross-check financial statement with auditors where necessary
- v. Public or listed company?

- vi. Pay attention to cash flows from operations
- vii. Applicants main financiers
- viii. Assets and overall financial commitments of applicant to other projects
- ix. Overall financial state of applicant (growing profits or making losses) and compare with minimum expenditure required for Initial Exploration Period (data acquisition and one well).

Recipients Information: There was no award of license in 2015. The year 2014 saw the granting of eight licenses. All current licenses were held before 2015.

There is an Offshore Activity Map which is a constantly updated record of offshore activities including awarded and relinquished acreages, contractors etc. There are currently fifteen (15) active Petroleum Agreements (PAs). All the agreements to date are for offshore concessions mostly in the Western Basin.

The Table below provides details of all the PAs signed by 2015 and the phase of operations.

Table 3.1 Petroleum Agreements in Operation as at the end of 2015

NO	FIELD	OPERATOR	OWNERSHIP STRUCTURE		STATUS	OIL ROYALTY	GAS ROYALTY
1	Saltpond Field	SOPCL	Ownership Interest (JV)		Production (ended in 2015)	3.00%	
			Lushann	55.00%			
			GNPC	45.00%			
			Tullow Ghana Limited	47.20%			
2	Deep Water Tano Block (Tweneboa, Enyenra & Ntomme (TEN))	SOPCL	Anadarko WCTP Company		Development		
			Kosmos Energy Ghana HC				
			PetroSA		(Ratified on 10/06/2006)	5.00%	
			GNPC Interest (carried & additional)				
			GNPC Interest (carried & additional)				
3	Offshore Cape Three Points (Sankofa & Gye Nyame Field)	ENI	ENI Ghana E & P Ltd		Development	10.00%	5.00%
			Vitol Upstream Ghana Ltd				
			GNPC Carried Interest		(Ratified on 15/03/2008)		
			GNPC additional Interest				
4	Deep Water Tano/ Cape Three Points	Hess	Hess Ghana Exploration Limited		Pre-Development	4.00%	3.00%
			Lukoil				
			Fuel Trade				
			Explorco				
			GNPC Interest (additional 3.00% not yet exercised)				

5		Kosmos	Kosmos Energy	30.88%	Incorporated in Greater Jubilee Full Field Development (GJFFD)	7.50%	5.00%
	West Cape Three Points		Tullow Ghana Limited	26.40%			
	(Mahogany, Teak, Akassa)		Petro SA (Sabre Oil & Gas)	1.85%			
			Anadarko Corporation	30.88%			
			GNPC Interest (additional 2.5% not yet exercised)	10.00%			
7	Offshore Cape Three Points South	UB Resources	ENI Ghana E & P Ltd	47.22%	Exploration phase	12.50%	5.00%
			Vitol Upstream Ghana Ltd	37.78%	(Ratified on 18/07/2014)		
			GNPC Interest	15.00%			
			(additional 5.00% not yet exercised)				
8	Expanded Shallow Water Tano Block Offshore	Erin Energy	Erin Energy Ghana Limited	54.00%	Exploration phase	12.50%	7.50%
			GNPC-Explorco	22.50%	(Ratified on 22/01/2015)		
			Base Energy	13.50%			
			GNPC Carried Interest	10.00%			
			(additional 10.00% not yet exercised)				
9	Central Tano Block, Offshore Ghana	AMNI	AMNI International Petroleum Development Co. Ltd	90.00%	Exploration phase	12.50%	5.00%
			GNPC Interest	10.00%	(Ratified on 22/03/2014)		
			(additional 20.00% not yet exercised)				
10	South Deep Water Tano	AGM Petroleum	AGM Consortium	66.00%	Exploration phase		
			GNPC Interest	10.00%	(Ratified on 4/12/2013)		
			GNPC-Explorco	24.00%			
			(additional 15.00% not yet exercised)				
11	South-West Cape Three Points Block	Eco Atlantic	A-Z Petroleum	27.88%	Exploration phase	12.50%	10.00%
			Explorco	5.00%	(Ratified on 22/02/2014)		
			ECO Atlantic Oil and Gas	0.5042			
			GNPC carried	13.00%			
12	South-West Tano Block	Heritage	Heritage	39.60%	Exploration phase	12.50%	10.00%
			Blue Star	39.60%	(Ratified on 17/07/2014)		
			Explorco	8.80%			
			GNPC	12.00%			
13	Ultra Deepwater East Keta Block	Heritage	Heritage	38.70%	Exploration phase	10.00%	10.00%
			Blue Star	38.70%	(Ratified on 17/07/2014)		
			Explorco	0.116			
			GNPC	11.00%			
14	South West Saltpond Block	Brittania U	Brittania U	90.00%	Exploration phase	10.00%	5.00%
			GNPC	10.00%	(Not yet effective)		
15	East Cape Three Point	Medea Development Ltd & Cola	Medea Development Ltd	36.00%	Exploration phase	10.00%	5.00%
			Cola Natural Resources	54.00%	(Ratified on 12/04/2013)		

			GNPC	10.00%			
16	Shallow Water Cape Three Points Block	Sahara	Sahara	90.00%	Exploration phase (Ratified on 14/07/2014)	12.50%	5.00%
			GNPC	10.00%			

Source: GNPC, 2018

- **Companies covered in the EITI Report:** No new licenses were awarded in 2015. The Oil and Gas companies covered in the 2015 Report obtained their licenses prior to the period under review. All these companies had licenses granted to them on first come first served basis. Licenses relinquishments and transferred licenses were effected before 2015.
- **Legal and institutional framework for Licensing:** Petroleum (Exploration and Production) Law, 1984 provides licensing regulations on exploration, development and production of petroleum in Ghana.

The Petroleum Commission issues production permits which are renewed annually. The legal and institutional framework has been outlined by the Ghana Investment Promotion Authority on their website <http://www.gipcghana.com/invest-in-ghana/sectors/oil-and-gas/investing-in-this-sector.html>

- **Deviations from the applicable legal and regulatory framework:** There were no known significant deviations from the Petroleum (Exploration and Production) Law, 1984 in 2015 as well as any regulation which seeks to prevent some companies from making full disclosures of their activities.
- **Efficiency:** The block acquisition and licensing system is quite transparent and efficient. This could be improved with an online cadastral system which displays all relevant information for investment decisions.

3.4.2 License Registry

The Petroleum Commission maintains a Petroleum Registry of petroleum agreements, licenses, permits, authorizations and any change in interests of an existing petroleum agreements/
<https://www.ghanapetroleumregister.com/>

- i) **Status of Upstream Activity:** The status of upstream petroleum activities in Ghana are shown in table 3.2 below.

Table 3.2 Status of Upstream Activity

Operator	Block	Concession size (sq. km)	Year awarded	Effective Date	Location	Commodity Produced
Tullow Ghana	Deepwater Tano	Jubilee Field = 61 TEN = 450 Wawa = 106	2006	July 19, 2006	Offshore Tano Cape Three Points Basin	Oil and Associated gas from Jubilee Field
Kosmos Ghana HC	West Cape Three Points	Jubilee = 48 MTA = 416	2004	July 13, 2004	Offshore Tano Cape Three Points Basin	Oil from Jubilee Field
Eni Ghana	Offshore Cape Three Points	693	2008	March 15, 2008	Offshore Tano Cape Three Points Basin	Oil and Associated gas
	Offshore Keta	493	2009	2009	Offshore Accra-Keta Basin	Exploration Phase
Hess	Deepwater Tano-Cape Three Points	2010	2006	July 19, 2006	Offshore Tano Cape Three Points Basin	In Appraisal Phase
Saltpond Offshore Producing Company Ltd	Saltpond Field	12	2004	July 30, 2004	Offshore Saltpond Basin	Production of oil from Saltpond Field/Production halted
Camac Energy	Expanded Shallow Water Tano	1508	2014	January 22, 2015	Offshore Tano Cape Three Points Basin	Exploration Phase
Amni International	Central Tano	278	2014	March 27, 2014	Offshore Tano Cape Three Points Basin	Exploration Phase
Sahara Energy	Shallow Water Cape Three Points	1500	2014	July 14, 2014	Offshore Tano Cape Three Points Basin	
Brittania-U	South West Saltpond	2050	2014	Not Effective	Offshore Tano Cape Three Points Basin	In Exploration Phase and yet to commence operations
Eco Atlantic	Deepwater Cape Three Points West	944	2014	February 22, 2014	Offshore Tano Cape Three Points Basin	In Exploration Phase
Heritage Oil	East Keta	2239	2014	July 17, 2014	Offshore Keta Basin	In Exploration Phase
	Offshore South West Tano	175	2014	July 17, 2014	Offshore Tano Cape Three Points Basin	In Exploration Phase
UB Resources	Offshore Cape Three Points South	755	2014	July 18, 2014	Offshore Tano Cape Three Points Basin	In Exploration Phase
Medea Development	East Cape Three Points	1565	2013	April 12, 2013	Straddles Offshore Tano Cape Three Points and Saltpond Basins	In Exploration Phase
AGM Petroleum	South Deepwater Tano	3482	2013	December 4, 2013	Offshore Tano Cape Three Points Basin	In Exploration Phase

Oranto Petroleum Int. Ltd	Offshore Saltpond	1500	2008	2008	Offshore Basin	Saltpond	In Phase	Exploration
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Source: *Petroleum Commission*

ii) **Accessibility Guidance:** The Register is available at the Petroleum Commission. The information at the Data Rooms is provided on request¹³.

<https://www.ghanapetroleumregister.com/licensing-rounds>

- iii) **Plans & Timeliness for Online Register:** Online Register was being worked on at end of 2015.
- iv) **Legal or practical barriers:** There are no legal barriers to the comprehensive disclosure of information on the register. The GHEITI Bill has provisions on the promotion of information transparency by all extractive companies.
- v) **Gaps in the Register:** The Petroleum register available at the Petroleum Commission was to be made public by a full online cadastral system. This undoubtedly would promote efficiency and transparency in the sector.

3.5 Contracts

i) **Overview of disclosed contracts:** 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.

ii) Petroleum Agreements

- ❖ **Deepwater Tano Contract Area Pa**
- ❖ **West Cape Three Points Contract Area Pa**

iii) Deeds of Assignment

- ❖ **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**

¹³ In 2018, the Petroleum Commission launched its Online Petroleum Register.
<https://www.ghanapetroleumregister.com/licensing-rounds>

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

The Model Petroleum Agreement is available at the website of the Ministry of Energy.

http://www.energymin.gov.gh/sites/default/files/ghana_model_petroleum_agreement%281%29.pdf

Kosmos Energy Ghana has the following agreements publicly displayed.

iv) **Kosmos Agreements (Pas)**

Full text of Kosmos agreements can be found following the links below.

- ❖ 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

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

v) **Others such as the following are available at the link indicated below**

1. Kosmos Petroleum Agreement-West Cape Three Point -22nd July 2004
2. Tullow Petroleum Agreement –Deepwater Tano- 10th March 2006
3. Deed of Assignment –Kosmos/Anadarko
4. Kosmos Energy Initial Public Offering (IPO)Prospectus

(Source: ghanaoilwatch.org)

vi) **Legal Provisions:** The Petroleum (Exploration and Production) Law, 1984 has provisions and objectives which are intended to promote contract disclosure.

vii) **Disclosure practice:** There is no government’s policy on disclosure.

3.6 Beneficial ownership

As at 2015, there was no publicly accessible beneficial ownership information on oil and gas companies. However, GHEITI MSG had taken initial steps to hold its first MSG technical meeting to enhance their understanding on BO disclosure¹⁴.

¹⁴ In 2016, GHEITI, in collaboration with the Registrar General Departments, held its first national stakeholder meeting on BO. Further engagements led to the passage of Companies Amendments Act, 2016 which sets out the legal basis for BO data collection in Ghana. GHEITI developed its BO roadmap in 2016.

- i) **Disclosure Practice:** Companies disclose their preliminary ownership structure in their Annual Reports but usually fall short significantly on actual beneficial ownership.
- ii) **Plans & GHEITI Roadmap on Beneficial Ownership:** The Registrar General's Department (RGD) will update the existing company's registration forms to include a section on Beneficial Ownership and keep a register of beneficial owners.

GHEITI will also continue to collect beneficial ownership information from companies and other government stakeholders, if available until the above-mentioned mechanism becomes fully operational. Although the EITI Standard's deadline for reporting on Beneficial Ownership Disclosure is 2020, GHEITI expects the RGD Beneficial Ownership Disclosure mechanism to be fully operational before 2020.

GHEITI will ensure all data provided by companies in the interim are endorsed by company's senior official or a senior legal counsel.

Details of the roadmap for the implementation of full beneficial ownership of extractive companies can be found at the EITI International Secretariat website.

https://eiti.org/sites/default/files/documents/ghanas_eiti_beneficial_ownership_road_map.pdf

3.7 State Participation

Ghana National Petroleum Corporation is the only state owned enterprises in the Upstream Oil and Gas sub-sector.

3.7.1 Ghana National Petroleum Company (GNPC)

GNPC Governance: Established in 1983 by PNDC Law 64, GNPC is the national oil company and the commercial vehicle for state participation in the oil and gas industry. It is responsible for exploration, development, production, and disposal of oil and gas on behalf of the state.

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

3.7.2 Financial Relationship (GNPC and Government).

GNPC is funded through budgetary allocation approved by the Parliament of Ghana. According to the Petroleum Revenue Management Act, *Act 815 section 7(3)*, 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 of the carried and participating interests of the Republic).

This mode of funding according to the PRMA Act, Act 815, is expected to last for 15 years commencing from 2011. Thus this funding method will cease in 2026.

However there is no law barring GNPC from recycling some of its resources to fund government activities.

Parliament of Ghana approved an allocation of 40% of the Carried and Participating Interest (CAPI), net of Equity Financing Costs (EFC), for GNPC in 2011 at the inception of the PRMA.

GNPC's share (CAPI, net of EFC) was reduced to 30% for the period 2014-2016 in November 2013 following a proposal made by the Minister for Finance to Parliament as part of the 2014 Budget Statement in line with section 7(3b) of the PRMA.

As per the PRMA, GNPC is required to pay dividends to government.

Section 16(4) stipulates that the Bank of Ghana would transfer to GNPC the relevant portion of the petroleum revenue its portions not later than three (3) working days after receipts of petroleum revenue in the Petroleum Holding Fund.

An amount of US\$ 126,858,754 was allocated to the GNPC in 2015. (See section on disbursement and Utilization of Petroleum revenues for the details of GNPC'S expenditures).

Retained Earnings: GNPC is mandated to transfer dividends to the government when it is declared. GNPC invests in its subsidiary companies.

3.7.3 Transactions related to State-owned enterprises

GNPC has third party financing arrangements resulting in the following amounts due from government agencies

Table 3.3 Third party financing arrangement

Government Agency	Amount	Remarks
Tema Oil Refinery Ltd	221,757,469	
Ghana Gas Company	216,215,045	
Ghana Broadcasting Corporation	3,599,461	

Source: GNPC's Consolidated Financial Statement (2015)

3.7.4 GNPC Subsidiaries & Joint Ventures

Level of Ownership: GNPC is 100% owned by the Republic. Its subsidiaries and joint ventures have varying shareholding as in table 3.4.

Subsidiaries of GNPC are:

- b) Mole Motel Ltd
- c) Prestea Sankofa Gold Ltd
- d) GNPC Exploration and Production Ltd. (Exploroco)
- e) Airtel Ltd
- f) Saltpond Offshore Production Ltd¹⁵)
- g) GNPC Technip Engineering Ltd

Details of the financial statements of its subsidiaries can be found at http://www.gnpcghana.com/speeches/2015_financial.pdf

3.7.5 Cash Calls

GNPC has elected to have the Contractor fund its additional interest of 5% in the Jubilee field at an interest rate of Libor plus 1.5%pa in accordance with the terms of the petroleum agreement between the government of Ghana and GNPC on one hand and Tullow Ghana Limited, Sabre Oil and Gas Limited (PetroSA now owns the Sabre Oil & Gas interest) and Kosmos Energy Limited.

In 2015 a medium term loan of GHS 629,753,166 was secured from the contractor

Table 3.4: GNPC operation and subsidiaries

Company	Background
Prestea / Sankofa Gold Limited (PSGL) GNPC :90% GoG :10% SUBSIDIARY	Nature of Business: Gold Processing (Carbon in Leach (CIL)) <ul style="list-style-type: none"> • The company was incorporated in 1994 as a joint venture between Samax Gold Resources and GNPC • In 1998 Ashanti Goldfields acquired the shares of Samax but shortly ceded its shares to GNPC, bringing GNPC’s total shares to 90%; with the government of Ghana holding the remaining 10% shares • The facility is a Carbon in Leach (CIL) tailing processing Plant with a capacity of 300,000 tonnes per year.
SOPCL Lushann: 55% GNPC: 45% JOINT VENTURE	Nature of Business: Exploration & Production <ul style="list-style-type: none"> • SOPCL was a Joint venture between GNPC and Lushann Eternit Energy Ghana Ltd. • Commercial production from the Saltpond basin began in October 1978 until it was shut in, due to operational and technical challenges, in December 2015. • GNPC was directed by the Ministry to execute and finance the decommissioning of the project, roughly estimated at \$10 million, over three years. • The Petroleum Agreement (PA) covering the block was terminated by the Ministry of Energy in August 2016 and the assets reverted to GNPC
Airtel JOINT VENTURE	Nature of Business: Telecommunications <ul style="list-style-type: none"> • Originally GNPC owned 25% stake in Airtel Ghana, whilst Bharti Airtel held 75% • In September 2016, Airtel undertook a rights issue to raise additional equity

¹⁵ The board gave a directive to decommission the Saltpond oil fields operated by Saltpond Offshore Producing Company Limited (SOPCL). The cost of the decommissioning is to be borne by GNPC. GNPC would also be paying the salaries and end of service benefits of the staff.

	<p>capital which required GNPC to pay US\$122million. However, GNPC declined the offer, leading to a dilution of GNPC shareholding to only 0.11%</p> <ul style="list-style-type: none"> • Airtel and Tigo initiated processes to merge at the country level early in 2017 • The merger is to be structured on a 50:50 shareholding between Airtel and Tigo with a negotiated transfer of US\$40 million from Airtel to Tigo; if this merger is completed, GNPC's shareholding in the combined entity will further reduce to 0.055%
<p>Ghana National Gas Company SUBSIDIARY</p>	<p>Nature of Business: Gas Processing</p> <ul style="list-style-type: none"> • GNPC was directed to take over GNGC in 2014 following appointment of the Corporation as the national gas aggregator • GNPC has completed the takeover (owns 100% stake), and the share certificate to this effect has been issued by the company

GNPC invested GHS 3,521,350 in its three subsidiaries in 2015.

Outstanding balances due GNPC as at December 2015 were GHS 2.4m and GHS 7.4m for Prestea Sankofa Gold Ltd and GNPC Exploration and Production Ltd respectively. There have been no guarantees provided or received for any related party receivables or payables.

3.7.6 Changes in ownership during 2015: There was no change in the ownership structure of GNPC or any of its subsidiaries and joint ventures.

3.7.7 Loans & Loan Guarantees: GNPC entered into a Strategic Petroleum Reserve Supply and Sales agreement to collaborate with BOST by financing and supplying gasoline and diesel to Bulk Oil Storage Transport (BOST). In consideration of the financing, profits were to be shared in the proportion of 55% to GNPC and 45% to BOST respectively. The transaction however, turned out to be loss making. In 2015 GNPC carried a loss of GH¢ 34,561,044 on its books. These figures are management's estimate based on available records

An amount of GHS 6,480,923 which relate to a long term loan granted to a subsidiary, Prestea Sankofa Gold Ltd, by its bankers repayable over a sixty month period secured by the subsidiary's landed property, plant and machinery, vehicles, gold.

GNPC guaranteed \$100m for the KAR Power project in the year under review.

➤ **GNPC TECHNIP:** Field of activities involve conceptual/feasibility study, Front End Engineering Design (FEED) and Detailed Design services in the Oil & Gas Industry. And activities involves:

- ❖ Design of subsea structure and installation aids
- ❖ Design of rigid jumpers
- ❖ Analysis and Engineering for installation of subsea structures
- ❖ Design / maintenance of topside structures for FPSO and other vessels

- ❖ With the fabrication yard in Sekondi and working relationship with fabrication sub-contractors, we are capable of handling fabrication of various structures, mainly:
- ❖ Rigid Jumpers
- ❖ Transportation supports and sea fastenings
- ❖ Installation aids e.g. spreader bar, tripod, wet parking frame
- ❖ The Technip Ghana office serve as a representative of the group worldwide and offers the following services in our projects.
- ❖ Administrative support
- ❖ Logistics sourcing
- ❖ Business development
- ❖ Project support services

3.7.8 Ghana National Gas Co. (SOE)

- *Governance:* Ghana Gas 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. GNCC has a nine-member board of directors.
- *The CDB Transaction:* Under the multi-year CBD loan, CDB would make two \$1.5 billion payments for a total of \$3 billion. The payments are intended to support infrastructure components of flagship industrial projects, mostly related to oil production in Ghana's Western Region.

The first tranche of \$1.5 billion has a 15-year repayment term with a further five-year grace period. The interest rate for the first tranche is based on the six-month variable LIBOR rate added to a set margin of 2.95 percent.

The second tranche, also consisting of \$1.5 billion, has a 10-year repayment term, a three-year grace period, and an interest rate of LIBOR plus a margin of 2.85 percent. This tranche has a shorter term (10 year versus 15 year) and a lower interest rate (2.85 percent versus 2.95 percent).

For the loan repayment, Ghana and the CDB entered into an off take agreement between their two State resource companies, the Ghana National Petroleum Corporation (GNPC) and the China International United Petroleum and Chemicals Co. (UNIPEC Asia).

This off take agreement serves Ghana by guaranteeing a market for these new Western Region petroleum products while also benefiting CDB by guaranteeing a steady supply of oil for the next 15 plus years.

The upfront fee, often called an origination fee, of 0.25 percent of the loan total would be charged to the Government of Ghana. Half of this upfront fee (0.125 percent) would be due within 20 days of signing the Master Facility Agreement and the other half would be due when the first subsidiary agreement is signed.

The first subsidiary agreement is the development of the Western Corridor Gas Infrastructure Development Project, one of twelve projects earmarked to receive CDB loan funds.

The loan requires an additional financial commitment from the Government of Ghana to co-pay 15% of each subsidiary agreement.

The loan also has a commitment fee of 1 percent annually to be charged to the Government of Ghana on the Fee undrawn and un-cancelled balance of the loan.

Subsidiary agreements (planned infrastructure projects) have specific terms and conditions. There are 12 planned infrastructure projects, and therefore 12 anticipated independent subsidiary agreements.

Each of these agreements, for instance the Takoradi Port Retrofit, requires the CDB and the Ministry of Finance to sign a separate agreement.

The loan guarantees the buyer (CDB) a set supply of oil at certain prices. The price of oil is set based on the monthly weighted-average oil prices in the international market.

https://fsi.stanford.edu/sites/default/files/ghana_loan.pdf

The Ghana National Gas Company Limited (GNGC) completed the commissioning phase of the Western Corridor Gas Infrastructure Project (WCGIP) in April 2015 when it entered Commercial Operations.

During 2015, 15,789.81 MMscf of raw gas supplied by the Jubilee Partners was processed at the Atuabo Gas Processing Plant (GPP) and transported to the Volta River Authority for power generation.

The total disbursement to the WCGIP project since inception to 2015 was US\$857.63 million, 15 percent (i.e. US\$128.64 million) of which has been disbursed by GOG, in line with the loan agreement. This amount includes two disbursements, totaling US\$68.51 million, to the ICT project in July 2013 and July 2015. Source: Ministry of Finance

GNGC and the Ministry of Finance have finalized negotiations for the on-lending and escrow agreement for the CDB.

The Western Corridor Gas Infrastructure Project (WCGIP) was completed in November 2014. The commissioning of the gas processing infrastructure was completed in April 2015.

Total of US\$ 99,931,651.83 was disbursed in 2015 to pay for works performed by the EPCC Contractor (SINOPEC) and China National Aero-Technology Import and Export Corporation (CATIC). *Table 3.5* itemizes projects and procurement covered from inception to December 2015.

Table 3.5: Disbursements to the western corridor gas infrastructure project

PROJECT	DESCRIPTION	AMOUNT(US\$)
Ghana Gas Company Limited	FEED works by GNPC Technip Ltd	1,700,000.00
Sinopec International Petroleum Service Corporation	Payment to the EPCC Contractor	737,552,339.10
China National Aero-Technology Import and Export Corp.	Payment for Supply of 4 Helicopters	79,959,410.21
AECOM Inc.	Project Consultancy Services	10,712,869.50
Total		829,924,618.81

Source: GNGC

Eighty-five percent (85%) of the total disbursement (US\$705.44 million) has been financed through the CDB loan facility while the remaining 15% (US\$124.49 million) has been borne by GoG.

4.0 Exploration & Development

Key Petroleum projects

4.1 Jubilee Unit Area

- ❖ Recoverable reserves of 466 million barrels and 465 billion cubic feet (bcf) of gas as at December, 2015
- ❖ The adjoining oil and gas discoveries of Teak and Mahogany will be developed together with the main Jubilee Field currently under production to form the Greater Jubilee Field.

Ghana's total proven oil reserve base as at the end of 2015 was assessed at 1,247.5 million barrels of oil (MMBOE), comprising 898 million barrels of oil and 2,024 billion cubic feet of proven gas reserves compared to proven oil reserve base of 1,300 MMBOE (comprising 867 million barrels of oil and 2.3 trillion cubic feet (TCF) of natural gas) as at the end of 2014 (GNPC, 2016).

According to GNPC, the revised estimates of proven reserves were arrived at after a reclassification of national reserves it undertook in the course of 2015 using the Petroleum Resource and Management System (PRMS) guidelines.

4.2 The status of the key projects as at December 2015 are as follows;

The Jubilee Phase 1A Development Project was designed to increase production and recover additional reserves from the Jubilee field. It consisted of eight additional wells comprising five producers and three water injectors.

During 2015, Jubilee Phase 1A drilling and completions continued with two oil producer wells coming on stream in September and December and a water injector close of completion. The Phase 1A project has helped increase well production capacity and enhanced the recoverable reserves potential from Jubilee. With the Phase 1A investment programme nearing completion, Tullow and its partners submitted the Greater Jubilee Full Field Development (GJFFD) Plan, which includes the Mahogany and Teak Fields, to Government of Ghana in December 2015 with approval targeted at first half of 2016.

The GJFFD, which is further intended to extend field production and increase commercial reserves, has been redesigned given the current environment to reduce the overall capital requirement and allow flexibility in the timing of the capital investment.

The next phase of the project will involve stabilization of the turret bearing and a shut-down of 4-6 weeks is planned for the first quarter of 2018. The following phase to rotate the FPSO to its permanent heading and to carry out the final spread-mooring will take place around the end of

2018 and is expected to require a shut-down of approximately three weeks. Work is also continuing on the plan for the installation of a deep-water offloading system which would take place in 2019 and result in minimal interruption to production.

In December 2015, Tullow submitted the Greater Jubilee Full Field Development Plan to the Government of Ghana. This project, to extend field production and increase commercial reserves, was redesigned given the current oil price environment, to reduce the overall capital requirement and allow flexibility on the timing of capital investment. Approval of the Greater Jubilee Full Field Development Plan by the Government of Ghana was given in October 2017, permitting infill drilling to commence on the Jubilee field and subsequent development of the Mahogany and Teak fields.

Source: Tullow Ghana

Table 4.1 Jubilee Area Equity

JUBILEE PARTNERS	EQUITY SHAREHOLDINGS
TULLOW GHANA	35.48%
KOSMOS	24.08%
ANARDARKO	24.08%
GNPC	13.64%
PETRO SA	2.73%

Tweneboa, Enyenra, Ntomme (TEN)

4.2.1 KEY FACTS

FPSO facility capacity 80,000 bopd

Gas processing Compression capacity 170 MMscf/d

Water injection 132,000 bwpd

Oil reserves being developed 240 mmboe

Gas reserves being developed 60 mmboe

Water depth 1,000 – 2,000 metres *(See below... for first oil wells)*

Wells 10 wells at First Oil; Up to 24 wells for full field development

Flowlines 70 km

Umbilicals 60 km

Risers 40 km

- ❖ Four (4) declared hydrocarbon discoveries (2009-2011)
- ❖ Total of 12 wells drilled: 2 exploratory and 10 appraisal wells
- ❖ Ten (10) separate hydrocarbon pools: five (5) oil and five (5) gas condensate
- ❖ Total oil reserves: 239 million barrels (MMBO) and 360 billion cubic feet (BCF) of gas
- ❖ The first associated and non-associated gas exports are scheduled for 12 and 24 months respectively, from first oil.

In April 2015, the Special Chamber of the International Tribunal of the Law of the Sea (ITLOS) ordered a number of provisional measures which both Ghana and Côte d'Ivoire were required to comply with; including 'no new drilling' until ITLOS gave its decision on the maritime boundary dispute. The TEN field therefore started up with 11 of the planned 24 wells and no new wells could be drilled until after the ITLOS ruling¹⁶

4.2.2. TEN Development Area Equity

Table 4.2 TEN Development Area Equity

TEN PARTNERS	EQUITY SHARE
TULLOW GHANA	47.18%
KOSMOS	17.0%
ANARDARKO	17.0%
GNPC	15.0%
PETRO SA	3.82%

Source: www.tullow.com

FIRST OIL WELLS

1. En03-WI
2. En01-WI
3. En06-WI
4. En08-P
5. En02-P
6. En05-P
7. Nt04-WI
8. Nt01-P
9. Nt03-P
10. Nt02-GI

The Tweneboa-Enyenra-Ntomme (TEN) project has estimated recoverable reserves of 239 MMboe and 360 bcf of gas (GNPC, 2016). During the period under review, field development activities progressed steadily in the TEN Field with the project well on course to delivering

¹⁶ The Special Chamber of ITLOS in Hamburg delivered its judgement in Sep 2017.

first oil in the third quarter of 2016 with first gas exports expected some twelve months after first oil in the third quarter of 2017.

The overall project progress as at December 2015 was 82.9% as against planned completion of 87.5% (GNPC, 2016). The GNPC's share of total development costs of the TEN project as at the end of December 2015 was US\$161.8 million comprising development cost of US\$138.5 million and Gas Export Tie-in cost of US\$23.3 million. Repayment of the development cost component would commence at first oil using 40% of proceeds from the Carried and Participating Interest in the project (GNPC, 2016).

4.2.3 OCTP - Sankofa-Gye-Nyame (SGN) Project

The Offshore Cape Three Points (OCTP) Integrated Oil and Gas Project includes the combined development of the Sankofa Main, Sankofa East, Gye Nyame, Sankofa East Cenomanian and Sankofa East Campanian fields. The former three are non-associated gas fields while the latter two are oil fields. The development of the fields started in January 2015.

The fields are located within the OCTP block in the Tano Basin, at water depths ranging from 600m to 1,000m, and approximately 60km off the coast of Ghana. The area covered by the fields is approximately 694km².

Table 4.2a: Sankofa Gye Nyame Development Area Equity

SGN PARTNERS	EQUITY SHAREHOLDINGS
ENI GHANA(OPERATOR)	47.22%
VITOL UPSTREAM GHANA	37.78%
GNPC¹⁷	15.0%

Sankofa-Gye Nyame (SGN) Field consists of a number of discoveries with combined oil and gas reserves of 162 MMboe and 1,071 bcf of gas (GNPC, 2016). First oil from the SGN Field is expected in the third quarter of 2017 with the production of first gas expected six (6) months later in the first quarter of 2018. Crude oil production is expected to plateau at 43,800 bopd in 2021, with daily gas production estimated at 171 MMscf/d (GNPC, 2016).

- ❖ The integrated Plan of Development (PoD) for the Sankofa-Gye Nyame (SGN) Field of the Offshore Cape Three Points (OCTP) Block was approved in December 2014 paving the way for field development to commence in 2015
- ❖ Phase-1 Oil: 8 oil producers; 3 water injectors; 3 gas injectors; spread-moored FPSO; Subsea tie-back in a daisy chain
- ❖ Phase-2 development of NAG with oil
- ❖ 5 gas producers (4 Sankofa main + 1 Gye-Nyame)
- ❖ 63km - 22" OD Gas export pipeline

¹⁷ Ghana National Petroleum Corporation holds a 15% interest, with an option to further increase its share by an additional 5%.

- ❖ Reserves: 162 MMBO of oil with 1,071bcf of gas
- ❖ The field is estimated to hold *173 million barrels of oil and 1,071 bcf of gas*

4.2.4 Progress made during the period under review includes the following

Various contracts for the FPSO, Subsea Production System (SPS) and drilling rig awarded to Yinson Production, General Electric and A. P. Moller Maersk respectively; while Ghana Oil Company Limited (GOIL) and National Oilwell Varco (NOV) won the contracts for supply of Marine Gas Oil and Risers/Flowlines respectively;

The Front End Engineering Design (FEED) work on the gas export sealine and the Onshore Receiving Facilities (ORF) completed while tender and technical evaluation of early earth work on ORF undertaken;

Detailed Engineering work for FPSO and SPS continued at designated project sites while activities towards the construction of FPSO commenced;

Three development wells (GI-1 & SNK-D & Camp-1) were drilled and completed;

On the commercial side, Gas Sales Agreement (GSA) was signed between GNPC (representing the State) and its Partners;

Multi-Party Agreement and Deed of Sovereign Guarantee Agreement were approved by Parliament in July 2015;

At the end of 2015, physical completion of the SGN FPSO was estimated at 55.1% compared to a target of 56.6%; work on the SPS at 33.1% against target completion of 36.7%; and overall project progress assessed at 27.7%, against a target of 28.5%. The timelines for first oil and gas remain unchanged (GNPC, 2016)

4.2.5 Voltaian Basin Project

The Voltaian Basin is a huge inland sedimentary basin constituting almost 40% of Ghana's land mass. The Project is the first onshore oil exploration project in Ghana being managed by GNPC.

GNPC is pioneering exploration activities in the inland Voltaian basin under its 5-year initial exploration programme from 2015 – 2019. Work to be done over the five year period would include geological and geophysical studies, acquisition of 2,000 km of 2D seismic data, comprehensive Environmental Impact Assessment and drilling of two conventional wells. The following activities were undertaken during the period under review:

Geological review and reconnaissance survey of the basin conducted to determine the bases for the placement of seismic lines;

A Project Management Contractor – EPI SONATUSK – engaged to help manage the project implementation process;¹⁸

4.2.6 Developments in Exploration and other Petroleum Activities

Since the Jubilee discovery in 2007, additional discoveries have been made. Discoveries at various stages of appraisal, development are as follows:

Table 4.3: Development in Exploration Activities

Block/Operator	Discovery	Hydrocarbon	Activity Status	Remark
GNPC	Ebony	Condensate/Gas	Relinquished	
Tullow (DWT)	Wawa	Oil & Gas	Exploration	
Kosmos Energy (WCTP)	Odum-1	Heavy Oil	Re-Evaluation	
	Teak-1	Oil & Gas	PoD	
	Teak-2	Gas	PoD	
	Banda	Oil	Re-Evaluation	
	Mahogany Deep	Light Oil	PoD	
	Akasa -1	Light Oil & Gas	Relinquished	
ENI(OCTP)	Sankofa-1	Gas	Development	
	Gye-Nyame-1	Gas	Development	
	Sankofa-East	Oil & Gas	Development	
Hess(DWTCTP)	Paradise-1	Oil & Condensate	Appraisal	
	Hickory-North	Oil & Condensate	Appraisal	
	Almond	Oil & Condensate	Appraisal	
	Beech	Oil	Appraisal	
	Pecan	Oil	Appraisal	
	PN-1	Oil	Appraisal	
	Cob	Oil	Appraisal	
Luk Oil (DWCTP)	Dzata-1	Oil & Gas	Relinquished	
Expanded Shallow Water Tano	North & South Tano, West Tano	Oil & Gas, Heavy Oil	Re-Evaluation	

Source: www.GNPCghana.com

¹⁸ A major stakeholder forum and other public education campaigns organized to sensitize all stakeholders; and Baseline data collected as part of the EIA process in a bid to obtaining environmental permit in 2016.

Saltpond Decommissioning Project: Saltpond Field Petroleum Agreement was terminated in 2016 and GNPC is in the process of decommissioning the field.

4.3 Production

Table 4.4 below gives a breakdown of annual production volumes from the Jubilee field.

Table 4.4: The annual production from the Jubilee Field from 2010 to 2015

Table 4.4 Breakdown of Annual Production Volume from Jubilee Field (2010-2015)

	Jubilee		
Year	Oil Production (bbls)	Gas Production (MMscf)	Average
2010	1181088	1484000	35790.55
2011	24195895	30537420	67398.04
2012	26351278	32970000	71998.03
2013	35587558	47431650	100246.64
2014	37201691	55758140	101922.44
2015	37411661	52545910	102497.70
Total	161,929,171	220,727,120	87,861.73

Table 4.5: Crude Oil Production Volumes and Values in Months-2015

MONTH	JUBILEE (BBLs)	SOPCL	UNIT PRICE	VALUE(\$)[1] ¹⁹
January	3,131,962.00			172,978,261.26
February	2,736,341.00			151,128,113.43
March	3,427,416.00			189,296,185.68
April	3,225,578.00			178,148,672.94
May	3,401,495.00			187,864,568.85
June	3,166,051.00			174,860,996.73
July	2,161,085.00			119,356,724.55
August	3,298,379.00			182,169,472.17
September	3,120,368.00			172,337,924.64
October	3,325,222.00			183,652,011.06
November	3,228,405.00			178,304,808.15
December	3,189,359.00			176,148,297.57
TOTAL PRODUCTION	37,411,661.00			2,066,246,037.03
				0.00
Saltpond Offshore		25,453		1,405,769.19
GRAND TOTAL	37,437,114.00		<u>55.23</u>	2,067,651,806.22

Source: GNPC, 2018/Boas

¹⁹ Production values were obtained by multiplying production volumes by US\$55.23 (Average price obtained by the Ghana group in 2015)

Month	FIELDS			PRODUCTION DAYS	TOTAL (MMScf)	Value ²⁰
	JUBILEE (MMscf)	TEN (MMscf)	SGN (MMscf)			
January	4,827	-	-	31	4,827	14,838,198.00
February	3,917	-	-	28	3,917	12,037,784.00
March	4,761	-	-	31	4,761	14,635,314.00
April	4,631	-	-	30	4,631	14,234,833.28
May	4,817	-	-	31	4,817	14,806,996.90
June	4,427	-	-	30	4,427	13,562,334.30
July	2,685	-	-	31	2,685	8,248,679.38
August	4,339	-	-	31	4,339	13,334,182.02
September	4,384	-	-	30	4,384	13,486,529.46
October	4,763	-	-	31	4,763	14,595,352.00
November	4,475	-	-	30	4,475	13,750,002.00
December	4,543	-	-	31	4,543	13,995,922.00
TOTAL	52,568				52,568	161,526,127.34

Table 4.7 Utilization of Jubilee Associated Gas in 2015

Use of Product	Volume (MMscf)	% Utilization
Export to Ghana Gas Company	24,227	46.1
Re-injection	20,553	39.1
Fuel for FPSO	2,972	5.7
Discarded (Flared)	4,784	9.1
TOTAL	52,536	100

SOURCE; GNPCghana.com

²⁰ Gas Values obtained by multiplying volumes by average price of \$3,072/MMscf

4.4 Export

Gas and oil exported in 2015 have been indicated in Tables 4.8 and 4.9

Table 4.8 Gas and Oil Exported in 2015

Gas Export to Atuabo Plant		
Volume(MMscuft)	Cost(\$)/ Vol Unit	Value (\$m)
24,227	3,074	74.47

Table 4.9 2015 Crude Oil Export

Lifting No.	Date	Ghana (barrels)	Other Jubilee Partners (barrels)
25th	05-Feb-15	986,276	6,738,302
26th	25-Mar-15	988,069	
27th	26-May-15	948,230	8,678,145
28th	30-Jun-15	911,343	
29th	09-Sep-15	948,054	7,484,644
30th	08-Dec-15	948,118	8,536,044
		5,730,090	31,437,135

Source: MOF

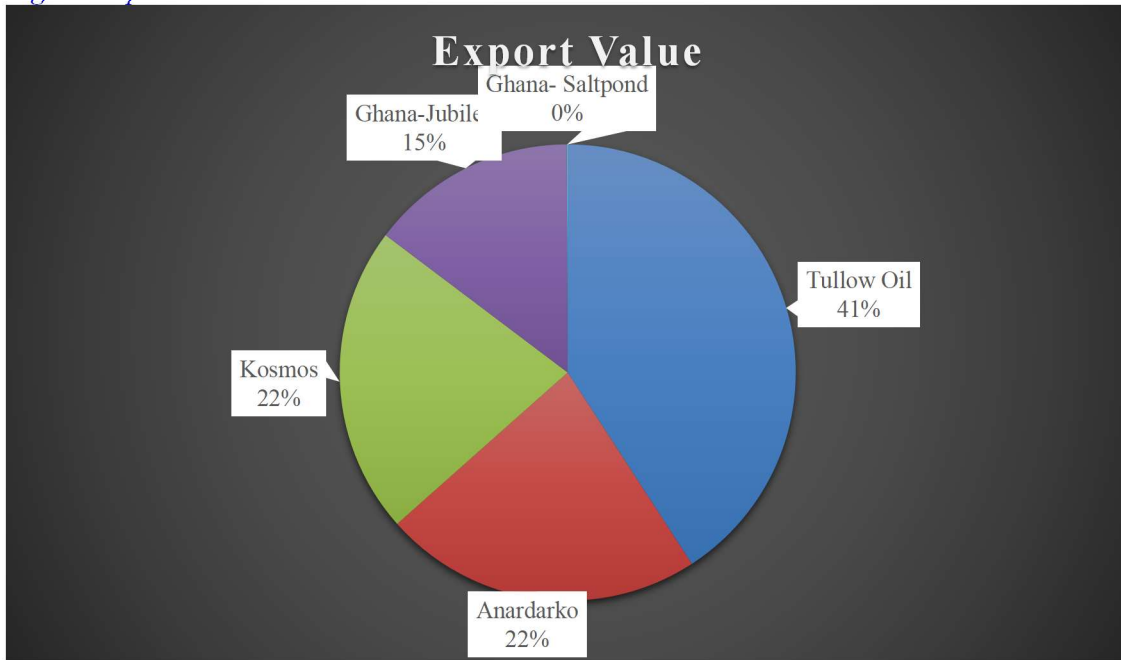
Table 4.10 Crude Oil Liftings in 2015

Name of Company	Number of Liftings	Total Liftings (barrels of oil)	Average Price	Total Value
Tullow Ghana Limited	13	12,475,619	67.0	835,866,473
Anadarko &Petro SA	11	10,422,652	44.42	462,974,201.84
Kosmos	9	8,538,863	52.32	446,753,312.16
Ghana Group	6	5,730,090	52.36	300,027,512.40
Saltpond Offshore		25,453	50.87	1,294,794.11
TOTAL	39	37,192,677	55.035²¹	2,046,916,293.51

²¹ Average Price computed from Export Values

Source: MOF

Fig 4.1 Export Value



5.0 Revenue Collection

Revenues collected into the Petroleum holding Fund and also that received by the Petroleum Commission/GNPC in 2015 are summarised below.

Table 5.1 Revenue flow within the Oil Sector

Revenue Flows within the Oil/Gas Sector during the reconciliation period.		
Extractive Entity	Type of Tax	Collecting Agency
Oil/Gas companies	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.	Petroleum Commission/GNPC
	Port/Shore base costs	GPHA

6.0 Reconciliation

The 2016 EITI standards enjoins implementing countries to undertake comprehensive reconciliation of government revenues and company payments. Reconciliation of company payments and government receipts are undertaken in this section. Results of the scoping study undertaken to inform the reporting parameters are also detailed here.

6.1 Scope of the 2015 GHEITI Oil/Gas Report

The IA conducted a scoping study that outlined the scope of Ghana's 2015 Oil/Gas EITI Report. Among other things, it provided alternatives for the MSG to select the materiality threshold for participating in the reconciliation exercise, the revenue streams that were used to establish the materiality thresholds, the government Agencies that received the revenues, as well as the processes involved in ensuring the credibility of the data to be used for reconciliation.

6.2 Materiality

The participating companies included all producing Oil/Gas companies that paid US\$150,000 or more into the Petroleum Holding Fund in 2015.

Withholding taxes, PAYE and VAT were excluded in the determination of materiality, as they were considered as payments made by extractive companies on behalf of others.

The IA provided alternatives of the materiality thresholds (*See Table 6.2*) for the MSG. to make its selection.

The alternatives for the determination of materiality were established from preliminary government receipts of ~~US\$~~395,962,994.75 (*SEE TABLE 6.1*)

6.3 Materiality thresholds

The direct payments made by oil and gas companies in 2015 are shown below. Indirect revenue streams or payments made by the oil and gas companies on behalf of supplies and other entities have been excluded. These include withholding taxes, VAT and PAYE

Table 6.1 Petroleum Revenues received in 2015

Revenue Stream	Amount(US\$)	% of Total receipts
Corporate Tax	20,410,832.00	5.15
Royalty	104,208,660.76	26.29
Carried Interest	197,996,455.45	49.95
Additional Participating Interest	72,087,341.49	18.19
Surface rentals	465,919.73	0.12
Production permit	239,970.00	0.06

Training Obligations ²²	0.00	0.00
Technology and Technical Support ²³	0.00	0.00
Data Licence Fees ²⁴	0.00	0.00
Gas from Jubilee	553,815.32	0.14
Differential-Jubilee Fields	419,386.97	0.11
Total	396,382,381.72	100.00

Payments and companies used in establishing the materiality thresholds have been shown in *Tables 6.1 and 6.2*

The following revenue streams were used in the determination of materiality thresholds. The total number of companies used in the determination of materiality are shown in table 5.3

Table 6.2: Revenue streams used in the determination of materiality thresholds

Revenue Stream	Amount(US\$)	% of Total receipts
Corporate Tax	20,410,832.00	5.15
Royalty	104,208,660.76	26.32
Carried Interest	197,996,455.45	50.00
Additional Participating Interest	72,087,341.49	18.21
Surface rentals	465,919.73	0.12
Production permit	239,970.00	0.06
Training Obligations ²⁵		0.00
Technology and Technical Support		0.00
Data Licence Fees		0.00
Gas from Jubilee	553,815.32	0.14
Differential-Jubilee Fields		0.00
Total	395,962,994.75	100.00

²² The IA did not obtain any data at the time of scoping study

²³ The IA did not obtain any data at the time of scoping study

²⁴ The IA did not obtain any data at the time of scoping study

²⁵

Table 6.3: Companies that made payments into the PHF and considered for materiality.

Company	Total revenue (US\$)	% of total revenue	CUMULATIVE %
Tullow Ghana	132,881,504.75	33.56	33.56
Kosmos Energy Plc	101,997,528.01	25.76	59.32
Anadarko	98,810,348.81	24.95	84.27
GNPC	51,053,491.23	12.89	97.17
Petro SA	10,218,184.10	2.58	99.75
Ghana Gas	553,815.32	0.14	99.89
Hess Ghana Exploration Ltd	150,750.00	0.04	99.92
Gosco	109,126.03	0.03	99.95
Medea Development International	78,250.00	0.02	99.97
Camac Energy Ghana Ltd	73,422.50	0.02	99.99
Eni Ghana Exploration & Production Ltd	22,600.00	0.01	100.00
Amni Int. Petroleum Dev. Company Ltd/ Gnpc Exploco	13,974.00	0.00	100.00
Total	395,962,994.75	100.00	

* The IA could not obtain the entitlements surrendered by the Jubilee Partners towards royalty, carried interest and additional participating interests at the time of scoping. These amounts were distributed using the shareholdings of the companies. ie Tullow Ghana Ltd-35.47%; Kosmos Energy -24.08%; Anadarko -24.08%; GNPC-13.64% and Petro.SA-2.73%

Table 6.4 Materiality threshold Analysis and Companies Selection for 2015

Threshold	Number of Companies	Coverage - Cumulative wt (%)	Comments
Amount >= US\$100m	2	59.32%	
Amount >= US\$50m	4	97.17%	
Amount >= US\$0.5m	6	99.89%	
Amount >= US\$0.10m	8	99.95%	
Amount >= US\$0.07m	10	99.99%	
Amount >= US\$0.014m	12	100.00%	

6.4 Revenue Streams

The following revenue streams were approved by the MSG for the reconciliation exercise in 2015. (See Table 6.5)

Royalty: Carried Interest; Additional Paid Interest: Surface Rentals: Dividends: Corporate Tax; Training Fees; Technology Allowance; Gas revenue from Jubilee. Detailed explanation of revenue streams are shown in Table 5.6

Table 6.5: Revenue Streams used in 2015 report.

No.	Revenue Stream	Purpose										
1	Royalty	It is a production levy which is based on the gross value of oil and gas won irrespective of profitability										
2	Corporate Tax (PIT)	<p>Corporate tax payment is based on Petroleum Income Tax Law 1987²⁷. 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 5 year period.</p> <p>Recoverable preproduction expenses relates to exploration, plant and equipment, field 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 Allowable expenses include Petroleum royalties, contributions to a decommissioning fund, Rentals, interest expense and charges on sums borrowed for petroleum operations.</p> <p>Loss carried Forward Under the income tax Act,2015(Act 896), losses are carried forward for five years</p>										
3	Surface Rental	<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> <table border="0"> <tr> <td>Phase of Operation</td> <td>Surface Rental per Annum</td> </tr> <tr> <td>Initial Exploration Period</td> <td>US \$ 30 per sq. km</td> </tr> <tr> <td>1st Extension Period</td> <td>US \$ 50 per sq. km</td> </tr> <tr> <td>2nd Extension Period</td> <td>US \$ 75 per sq. km</td> </tr> <tr> <td>Development and Production</td> <td>US \$ 100 per sq. km</td> </tr> </table>	Phase of Operation	Surface Rental per Annum	Initial Exploration Period	US \$ 30 per sq. km	1 st Extension Period	US \$ 50 per sq. km	2 nd Extension Period	US \$ 75 per sq. km	Development and Production	US \$ 100 per sq. km
Phase of Operation	Surface Rental per Annum											
Initial Exploration Period	US \$ 30 per sq. km											
1 st Extension Period	US \$ 50 per sq. km											
2 nd Extension Period	US \$ 75 per sq. km											
Development and Production	US \$ 100 per sq. km											
4	Dividend	Dividends paid by National Oil Company for Government's equity interest.										
5	Initial (carried) Interest	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.										

²⁷ The Petroleum Income Tax Law (PITL 1987) was repealed in September 2015. The Income Tax Act, Act 896, has provisions for taxation of petroleum activities in the upstream sector.

		However the republic contributes towards production cost. For the Jubilee field the carried interest is 10%. <i>(See Table 6.7)</i>
6	Additional Participating Interest	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)
7	Training Allowance	Amount paid by Oil/Gas companies to assist in building the capacity of the Regulator of the sector ²⁸ .
8	Gas revenue	Gas revenue from the jubilee field paid into the Petroleum Holding Fund

The Government of Ghana’s interest in the Jubilee Field and its categorization is shown in the table below

Fig 6.1 Categorisation of GNPC/GOG Interest

		Project Stage		
		Exploration	Development	Production
Interest	Initial (GNPC)	Carried	Carried	Paying
	Additional (GNPC)	No Interest	Paying	Paying
	Commercial (GNPC)	Paying	Paying	Paying

²⁸ Technology allowance had been paid to GNPC up until 2016, with a policy directive that changed the arrangement to be paid to the Petroleum Commission

6.5.1 Reporting Companies

The following companies met the materiality thresholds and were therefore required to report.

Table 6.6: Reporting companies for 2015 GHEITI Report

Company	Total revenue(US\$)	% of total revenue	CUMULATIVE %
Tullow Ghana	132,881,504.75	33.56	33.56
Kosmos Energy plc.	101,997,528.01	25.76	59.32
Anadarko	98,810,348.81	24.95	84.27
GNPC	51,053,491.23	12.89	97.17
Petro SA	10,218,184.10	2.58	99.75
Ghana Gas Ltd	553,815.32	0.14	99.89
Hess Ghana exploration Ltd	150,750.00	0.04	99.92

Source: GRA 2018

6.5.2 Government Reporting Entities

The government agencies that contributed to the reconciliation exercise included the following (See section 3.3 on regulatory institutions).

- ❖ Ghana Revenue Authority(Domestic Revenue Tax Unit and the Customs Excise Division)
- ❖ Ministry of Finance
- ❖ Ministry of Energy and Petroleum
- ❖ GNPC.
- ❖ Petroleum Commission.

6.5.3 Reporting

➤ Basis of Reporting/ Currency

The basis of reporting is cash or actual. Thus only payments/revenues actually made and received in the period under consideration shall be reconciled. The reporting currency is the United States dollars. Most of the transactions in the sector including the payment of the relevant revenue streams are all denominated in the US\$.

Exchange rate used US\$: Cedi (GHS); 1:3.72

➤ Auditing

All the participating companies had their financial statements audited by Independent Auditors for 2015. The IA examined the financial statements and tax returns of reporting companies.

The independent auditors of the companies employed auditing standards issued by the International Auditing and Assurance Standards board.

None of the Auditors' statements was qualified. The Auditor General of Ghana and the Audit Service had completed the audit of all participating government Agencies for 2015.

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. (See Allocation of revenues)

➤ *Data Quality and Assurance*

In order to ensure data quality, the extractive companies were required 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; the submission supporting documents for amounts stated on the templates.
- ❖ For government agencies and state-owned enterprises, the completed reporting templates must be signed by a senior manager and emboss with the agency's stamp. The agencies should also provide supporting documents for amounts or figures stated on the templates.

➤ *Data Reliability check*

All templates collected will be 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 candidates would be checked to ensure that all requisite responses have been thoroughly completed.

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

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

Certification: Templates would be 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 is believed by the Steering committee that these officials will ensure the authenticity of the data provided, as the board of directors is likely to sanction any senior official who provide false data.

6.5.4 Level of disaggregation

The 2015 Report data has been presented by individual oil and gas companies, government and government agencies for all revenues streams material in the year. Secondly the data is presented by revenue streams to facilitate understanding of the individual contributions to the industry.

The Jubilee Field straddles between two oil blocks owned by five companies. Data from the field is segregated and presented by company to facilitate reconciliation and also for ease of understanding. No field or oil block singly owned is under development or production.

Project level presentation was not applied in 2015 as no petroleum company owned and produced from multiple oil blocks. However, some basic data from Jubilee Field as a project involving total production, cost of production was presented at that project level in the report.

6.6 Reconciliation of Oil and Gas Benefits in 2015

The reconciliations shown below relate to activities that occurred at the Jubilee Fields.

The following were reconciled,

- ❖ 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. The Oil companies (IOC) reported on surface rental and corporate tax *(See Tables 6.10 and 6.11)*
- ❖ Reconciliation of liftings (exports) by Oil companies and GNPC to lifting records from the Ghana Revenue Authority (Customs Division) .(See Table)
- ❖ The lifting/export details at the Jubilee Field for 2015 are shown in [Table 6.9](#)

6.7 Results of Reconciliation

The Reconciliation Process and Reporting Entities

➤ Government Agencies

The Ministry of Petroleum; Ghana Revenue Authority, Petroleum Commission and the GNPC²⁹ submitted the required data and templates. Ghana Gas did not submit any template.

➤ International Oil companies

²⁹ At the time of the scoping study, data from GNPC was not available

Two international oil companies Kosmos Energy HC and Hess Exploration submitted templates. Tullow (Ghana) PetroSA Ltd and Anadarko did not submit any template. Tullow GH Ltd, however submitted some data.

All the templates/data submitted met the completeness, integrity and reliability tests and with supporting documents, the data provided was reliable.

6.8 Unilateral Declaration

Anadarko and Tullow (Gh) Ltd did not submit any template, however according to the GRA, Anadarko paid corporate tax in 2015. The GNPC also indicated that Tullow paid Training Allowance of US\$250,000 Please find below the unilateral declaration by the GRA and GNPC

Table .6.7: Unilateral declaration

Company	Amount(US\$)
Anadarko Ltd	8,680,725.00
Tullow(Gh) Ltd	250,000,00
Total	8,930,725

Table 6.8: Reconciliation of Oil liftings by GNPC/GRA records in 2015

Date of Lifting	GNPC LIFTINGS (BBL)	GRA(LIFTINGS)BBLs	DISCREPANCY
2015			
1 05-Feb-15	986,276	986,276	-
2 25-Mar-15	988,069	988,069	-
3 26-May-15	948,230	948,230	-
4 30-Jun-15	911,343	911,343	-
5 09-Sep-15	948,054	948,054	-
6 08-Dec-15	948,118	948,118	-
Total	5,730,090	5,730,090	-

Source: GNPC/GRA

6.9: Reconciliation by Revenue Streams and Extractive Companies

In this section the reconciliation of oil and gas company payments and reported receipts by the Government Agencies are presented. Reconciliation by companies is shown in Table 6.10 and that for revenue streams shown in Table 6.11

Table 6.9 Reconciliation by Companies

GHEITI 2015 Reconciliation	Company			Government			Final Amounts		Unresolved		
	Company	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	(Over)	Under
OIL & GAS											
KOSMOS	192,797	11,740,696	11,933,493	11,747,904	175,000	11,922,904	11,933,493	11,922,904	10,589	-	
TULLOW	-	-	-	-	-	-	-	-	-	-	-
GNPC	448,717,255	(73,870,952)	374,846,303	374,846,273	-	374,846,273	374,846,303	374,846,273	36	(6)	
ANADARKO	-	-	-	-	-	-	-	-	-	-	-
PETRO SA	-	-	-	-	-	-	-	-	-	-	-
GHANA GAS	-	-	-	-	-	-	-	-	-	-	-
HESS EXPLORATION	150,750	-	150,750	450,750	-	450,750	150,750	450,750	-	(300,000)	
TOTAL	449,060,802	(62,130,256)	386,930,546	387,044,927	175,000	387,219,927	386,930,546	387,219,927	10,625	(300,006)	

Table 6.10: Reconciliation by Revenue streams

Revenue Stream	Company			Government			Final Amounts		Unresolved	
	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
OIL & GAS										
Carried Interest	197,996,451	-	197,996,451	197,996,455	0	197,996,455	197,996,451	197,996,455	0	(5)
Participating Interest	72,087,340	-	72,087,340	72,087,341	0	72,087,341	72,087,340	72,087,341	0	(1)
Royalty	104,208,697	-	104,208,697	104,208,661	0	104,208,661	104,208,697	104,208,661	36	-
Surface Rental	168,547	-	168,547	168,547	0	168,547	168,547	168,547	0	-
Corporate Tax	-	11,740,696	11,740,696	11,730,107	0	11,730,107	11,740,696	11,730,107	10,589	-
Dividends	-	-	-	-	0	-	-	-	0	-
Training/Technology	175,000	-	175,000	300,000	175,000	475,000	175,000	475,000	-	(300,000)
Gas Revenue	74,424,767	(73,870,952)	553,815	553,815	0	553,815	553,815	553,815	0	-
TOTAL	449,060,802	(62,130,256)	386,930,546	387,044,927	175,000	387,219,927	386,930,546	387,219,927	10,625	(300,006)

6.10 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).

After the reconciliation a net discrepancy of US\$(289,381) and an absolute discrepancy of US\$ 310,631 were produced. These figures represent 0.07% and 0.08% of government receipts (at reconciliation) respectively.

6.10.1: Unresolved discrepancies:

Unresolved discrepancies at the end of the reconciliation were US\$10,625 (over discrepancy.) and US\$ -300,006 (under discrepancy).

- The over discrepancy of US\$10,625 was caused mainly by the difference in the corporate tax payment reported by Kosmos Energy HC Ltd. Kosmos Energy HC Ltd reported an amount of US\$10,589, more than the amount reported by Ghana Revenue Authority. The difference according to Kosmos Energy was tax credit, which was not reported by the Ghana Revenue Authority. (see table 6.12)
- The discrepancy of US\$ -300,006 (under discrepancy) was caused mainly by differences in amount reported as payment of Training and Technology fees paid by Hess Exploration Ltd. Hess exploration did not report of any payment of Training and technology fees, however GNPC reported receiving US\$300,000 from Hess Exploration Ltd as training fees.(See table 6.12)

Table 6.11: Details of unresolved discrepancies

No.	2015 Company	Over Amount reported by company and not corroborated by gov't agency	Under Amount reported by government agency and not confirmed by company
1	KOSMOS	10,589	-
2	TULLOW	-	-
3	GNPC	36	(6)
4	ANADARKO	-	-
5	PETRO SA	-	-
6	GHANA GAS	-	-
7	HESS EXPLORATION	-	(300,000)
	TOTAL	10,625	(300,006)

6.11 Contribution of revenue Streams to government receipts.

Table 6.13 shows that carried interest accounts over 50% of the government receipts and remains the highest contributor to government revenues. It is followed by royalty and additional participating interest in the second and third places respectively.

Table 6.12: Contribution of revenue streams to 2015 government receipts

Revenue Stream	Amount	Percentage contribution (%)
Carried Interest	197,996,455	51
Participating Interest	72,087,341	19
Royalty	104,208,661	27
Surface Rental	168,547	0
Corporate Tax	11,730,107	3
Dividends	0	0
Training/Tech	475,000	0
Gas Revenue	553,815	0
TOTAL	387,219,927	100

Table 6.13 Reconciliation Coverage

Revenue Stream	Total Collected by Government in 2015 at Reconciliation(A)-US\$	Total reported by Government (B)-US\$	% Coverage(A/B)
Royalty	104,208,661	104,208,661	100.00
Carried Interest	197,996,455	197,996,455	100.00
Participating Interest	72,087,341	72,087,341	100.00
Corporate Tax	11,730,107	20,410,832	57.47
Surface Rental	168,547	465,920	36.18
Training/Technology fees	475,000	5,798,575	8.19
Gas Revenue	553,815	553,815	100.00
Total	387,219,927	401,521,599	96.44

The coverage for reconciliation is 96%. This is reasonably high. Such a high figure was obtained because of the participation by GNPC. Revenue streams accounted for by the GNPC accounted for more than 97% of the total receipts.

➤ **Effect of non-submission of templates on the reconciliation exercise**

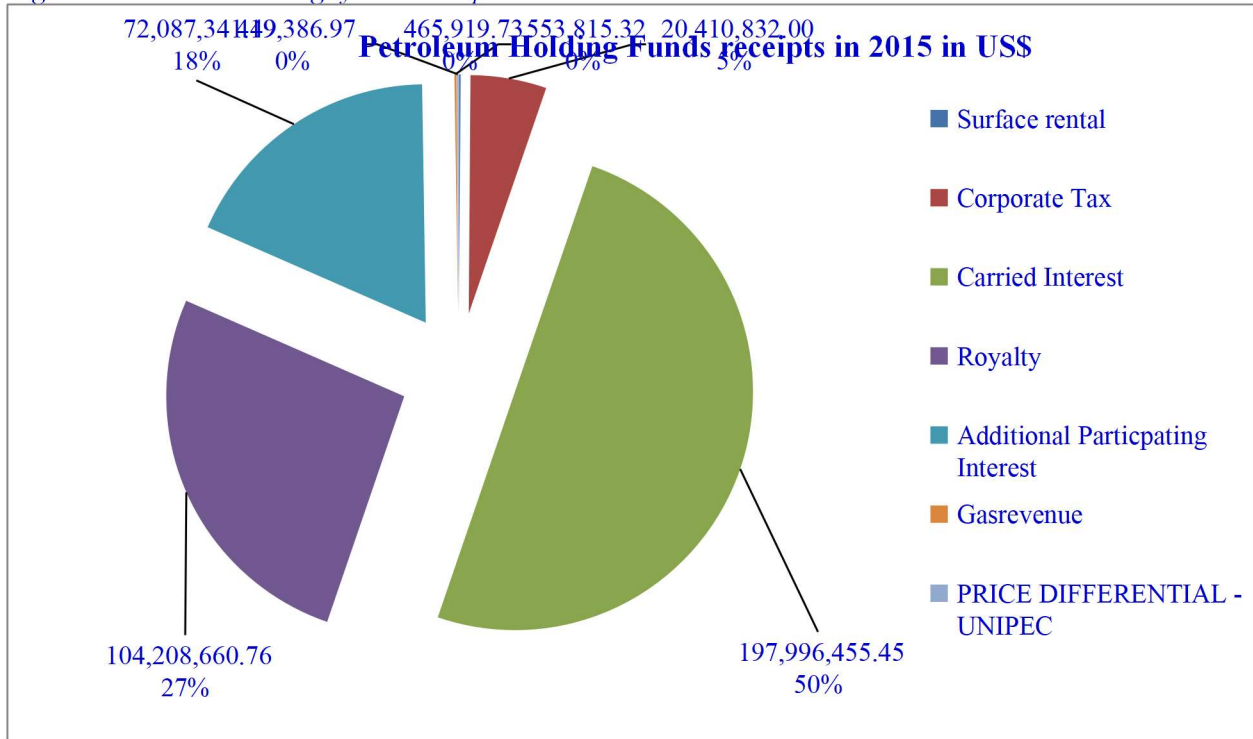
Unilateral declaration of payments made by Tullow and Anadarko in 2015 amounted to US\$8,930,725. This amount is 2.22% of total government receipts in 2015. . It is a material amount and all efforts should be made to encourage all companies to participate in future

reconciliations, however the amount is not large enough to affect the coverage in any significant manner.

6.12 Petroleum Holding Fund receipts

The petroleum holding fund received an amount of **US\$396,142,411.72 in 2015** (See fig 6.2)

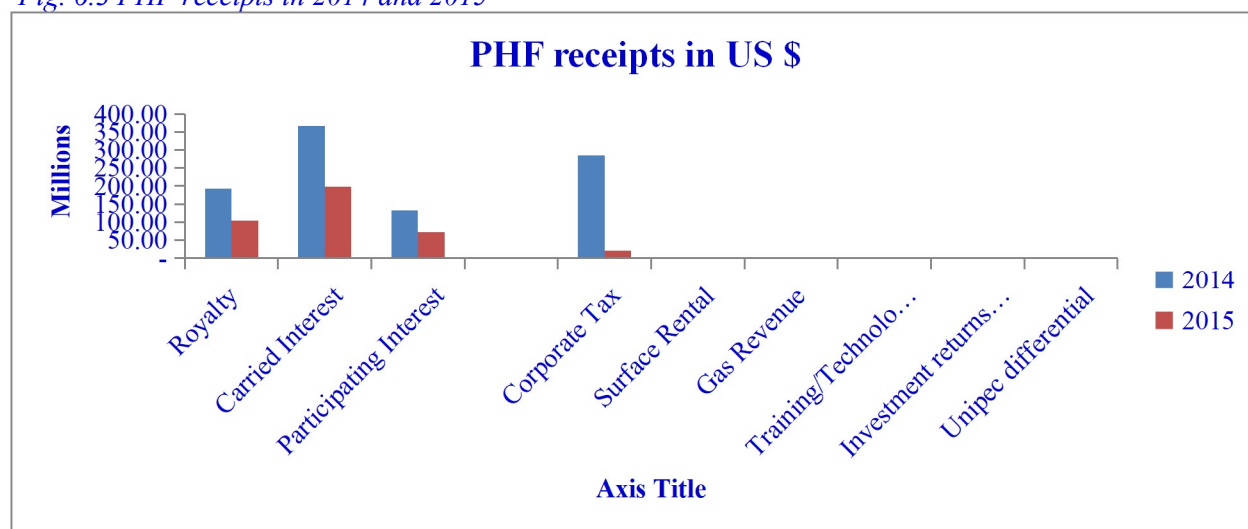
Fig. 6.2 Petroleum holdings funds receipts in 2015



Comparison of 2014 and 2015 government receipts.

Fig 6.3 shows the loss of revenue in 2015 as compared to 2014. In 2014 Total petroleum receipts into the PHF amounted to US\$ 978,886,379 whilst in 2015 the total amount received into the PHF came to US\$ 396,142,412

Fig. 6.3 PHF receipts in 2014 and 2015



6.13 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. Currently there exists an agreement between GNPC and Unipee for the sale of Ghana's oil³⁰.

❖ *Marketing of Ghana Oil*

The Ghana National Petroleum Corporation-GNPC (seller) and Unipee Asia Company Ltd (Buyer) entered into an agreement for a Seller to supply to Buyer on commercial terms, agreed volumes of crude oil³¹.

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

In the GNPC/UNIPEC agreement dated on the 1st of February 2012, GNPC shall deliver to Unipee 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.

³⁰ There shall not be any reconciliation between GNPC and UNIPEC as part of the 2015 report.

³¹ Source: GNPC

❖ 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;

The **price** shall be calculated in accordance with the following formula; the US dollar FOB Price = **Dated Brent + Differential**. *(See Table 6.6 on marketing)*

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.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&id=35: mining-oil-a-gas-reports&Itemid=54&Itemid=54

6.13.1 Marketing Analysis

Below is the marketing information for Ghana Oil.

Table 6.14 Marketing Analysis

Oil grade and quality (e.g. API)	Date of Sale - (Bill of lading date)	Invoice #	Buyer/Destination	Volumes sold (barrels)	Revenues received US\$	Price information: Unit price US\$/bbl.	Pricing Option Fee US\$/bbl.
Jubilee Crude API 37.50	05-Feb-2015	PIN/T/JC /15/002	UNIPEC CHINA	986,276	49,996,302	50.612	\$0.08
Jubilee Crude API 37.40	25-Mar-2015	PIN/T/JC /15/003B	UNIPEC CHINA	988,069	52,422,988	52.976	\$0.08
Jubilee Crude API 37.30	26-May-2015	PIN/T/JC /15/004	UNIPEC CHINA	948,230	61,395,996	64.668	\$0.08
Jubilee Crude API 37.30	30-Jun-2015	PIN/T/JC /15/005	UNIPEC CHINA	911,343	55,411,477	60.722	\$0.08
Jubilee Crude API 37.30	09-Sep-2015	PIN/T/JC /15/007	UNIPEC CHINA	948,054	44,788,915	47.163	\$0.08
Jubilee Crude API 37.40	08-Dec-2015	PIN/T/JC /15/009	TRAFIGURA	948,118	35,736,463	37.692	n/a

Source: GNPC, 2018/BOAS

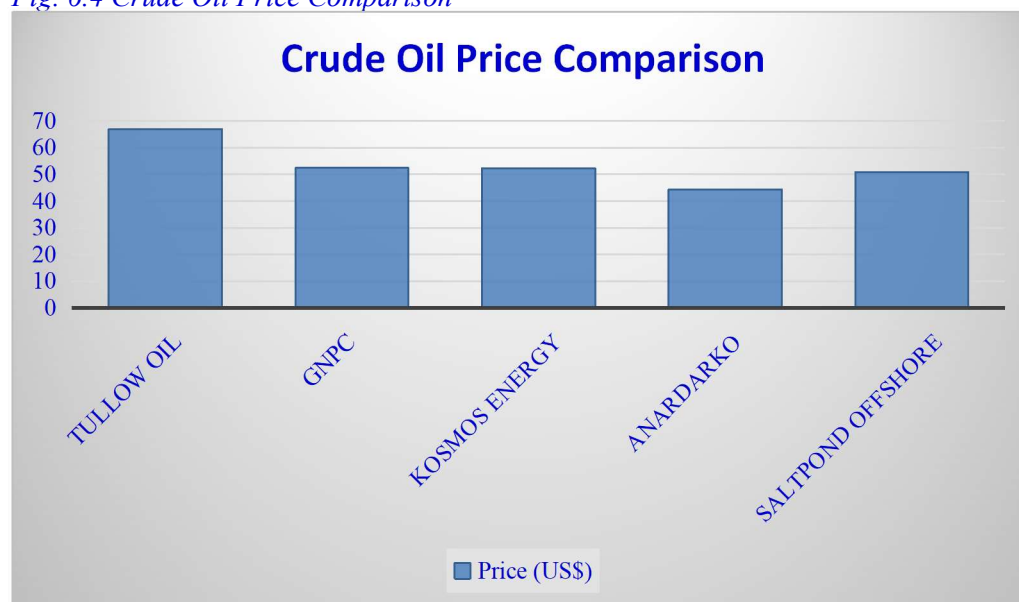
❖ Price Analysis

The average realized Jubilee crude oil price for 2015 was US\$55.23 per barrel³². This compares favourably with the average Dated Brent price of US\$52.51 per barrel during the period in which the Ghana Group liftings took place in 2015. Prices from the Jubilee Partners are depicted in *Fig 6.4*.

The realized prices from Jubilee and Saltpond as compared with the reference price obtained by Bank of Ghana are depicted in *Fig 6.4*

³² Sourced from the 2015 Reconciliation Report on the PETROLEUM HOLDING FUND

Fig. 6.4 Crude Oil Price Comparison



6.14 2015 Oil and Gas Revenues

An amount of US\$ 396,172,909 accrued into the Petroleum Holding Fund in 2015, thus if petroleum holding fund interest is included. See Table 6.16. The disbursement to the different beneficiaries have been shown in Table 6.17

Table 6.15: Source of 2015 Petroleum Receipts

Item	Unit	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	TOTAL
Crude Oil Royalties	US\$	44,622,461	31,688,929	15,427,394	12,469,912	104,208,696
CAPI	US\$	115,650,650	82,130,056	39,984,083	32,319,003	270,083,792
Surface Rental	US\$	17,797	338,996	-	109,126	465,920
Corporate Income Tax	US\$	-	-	11,617,384	8,793,448	20,410,832
Gas	US\$	-	-	-	553,815	553,815
PHF Interest	US\$	10,350	8,369	3,314	8,435	30,468
Price Differential	US\$				419,387	419,387
Petroleum Receipts(2015 Disbursed funds)	US\$	160,301,258	114,166,350	67,032,175	54,673,127	396,172,909

Source: Ministry of Finance, 2016/Boas

Table 6.16: 2015 Disbursements TO GNPC, ABFA & GPF

Equity Financing Cost	US\$	25,144,248	13,822,823	(306,132)	26,946,856	65,607,795
Net CAPI (30 %)	US\$	27,151,920	20,492,170	11,995,224	1,611,644	61,250,958
GNPC Transfer	US\$	52,296,168 ³³	34,314,993	11,689,092	28,558,500	126,858,753
NET AFTER GNPC TRANSFER	US\$	108,873,807	79,851,357	55,343,083	16,900,070	260,968,317
ABFA	US\$	108,873,807	79,851,357	38,740,158	11,830,049	239,295,371 ³⁴
o/w GIIF	US\$	19,052,916	13,973,988	6,779,528	2,070,258	41,876,690
Ghana Petroleum Funds	US\$	0	0	16,602,925	5,070,021	21,672,946
Ghana Stabilization Fund (70 %)	US\$	0	0	11,622,047	3,549,015	15,171,062
Ghana Heritage Fund (30 %)	US\$	0	0	4,980,877	1,521,007	6,501,884

Source: Ministry of Finance/ Boas

6.15 Infrastructural & in-kind agreements

There were no infrastructural provisions and barter agreements between the government, government agencies and oil and gas companies in 2015.

6.16 Transportation Revenues

There were no transportation revenues from the oil and gas sector in 2015.

6.17 Social Expenditures

Extractive companies were requested to disclose all social expenditures including in-kind contributions. Extractive companies were also asked to disclose the identity of the beneficiaries. There was no mandatory social expenditures.

6.18 Sub National Payments

In 2015 there were no material payments from Oil and Gas companies to sub national entities including MMDA's. Such subnational payments made by petroleum companies were in respect of property rates and business operating permits which were not material.

6.19 Distribution of extractive industry revenues

Sections 6(a-e) and 7(1) of the Petroleum Revenue Management Act 815 stipulate the revenue streams in the oil and gas industry to be paid to government. These are recorded in the national budget.

³³ Less \$30 Bank Charges

³⁴ Additionally \$53.69m was transferred from GSF in Q2 to ABFA thus totaling \$292.98m

- (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.

See the 2015 National Budget Statement from the Ministry of Finance for lists of the revenue streams from the oil and gas sector. See <http://www.mofep.gov.gh/sites/default/files/budget-statements/Budget-Statement-2015.pdf>

Additionally, there were sovereign wealth and development funds, state owned enterprises whose funding are sourced to the oil and gas revenues.

6.20 Fiscal Decentralization

The Local Government Act 1993 empowers metropolitan, municipal, district Assemblies to administer and collect property rates in respect of extractive companies operating in their jurisdictional areas. This rate impost is chargeable annually based on the value of the property. There is also a business operating permit (BOP) chargeable on all enterprises and it is usually a fixed rate depending on the business category

7.0 Allocation of Petroleum Receipts to GNPC, ABFA and GPF

The petroleum revenue is paid into the petroleum holding fund at the Bank of Ghana.

The amount received is shared between the GNPC, the Annual Budget Funding amount which as the name suggests is used to support, the country's budget and the Ghana Petroleum Funds i.e. Ghana Stabilization Fund and the Ghana Heritage fund.

It is worth noting that the amount paid to GNPC is from the carried Interest and the additional participating interest only. It does not include any portion of royalty.

7.1 GNPC

The allocation of petroleum revenue is determined by the relevant provisions of the PRMA. Parliament of Ghana approved an allocation of 30% of the Carried and Participating Interest (CAPI), net of Equity Financing Costs (EFC), for GNPC. The GNPC's share (of the CAPI, net of EFC) for the period 2014-2016 in is consistent with the 2014 Budget Statement in line with Section 7(3b) of the PRMA. *(See Table.7.1.)*

Thus, Government net revenue from petroleum is made up of the remaining 70% of Carried and Participating Interest, Corporate Income Tax, Royalties and Surface Rental.

- **ABFA & GPF**

The PRMA requires that no more than 70% of Government's share of petroleum revenue for each financial year should be earmarked as the Annual Budget Funding Amount (ABFA), when the ABFA quarterly allocation is fully met.

The remaining 30% (which is technically the excess amount) is then transferred to the Ghana Petroleum Funds (GPFs) in accordance with Sections 18 and 23 of the PRMA. The PRMA further stipulates that no less than 30% of the amount transferred into the GPFs should be lodged into the GHF, with the rest going into the GSF. This means that the GPFs receive funds only after the net petroleum receipts have exceeded the quarterly ABFA.

The allocation of petroleum revenue during the first half of 2015 was based on this formula, which meant that no transfers were made into the GPFs since the ABFA quarterly targets were not met.

However, as mentioned earlier, the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893), stipulates that the net petroleum receipts to the State in every financial year should be split between the ABFA and GPFs, regardless of the amount, with not less than 30% going to the GPFs and the remainder designated as ABFA.

Table 7.1 Transfers to ABFA, GNPC and GPFS in 2015

Institution	Item	Amount(\$)	% of Total Allocation
Ghana National Petroleum Corporation(GNPC)	Equity Financing	65,913,926	
	Net Carried and Participating Interest	60,944,827	
	GNPC Total	126,858,754	32.7
Ministry of Finance	Annual Budget Finance Amount(ABFA)	239,295,371	
GIIF Secretariat	Ghana Infrastructure Investment Fund(GIIF)	41,876,690	
Bank of Ghana	Ghana Stabilisation Fund	15,171,062	
	Ghana Heritage Fund	6,501,884	
	Total	387,827,070	

Source: MOF/Boas

An amount of US\$53.69 million was withdrawn from the GSF and deposited in the ABFA account to compensate for a shortfall in the projected quarterly ABFA for the first quarter of 2015, bringing total allocation to ABFA in 2015 to US\$292.98 million (GH¢ 1,086.28 million).

7.2 Disbursement of ABFA In 2015

Section 21(5) of the Act 815 requires the Minister of Finance to prioritize not more than four areas to benefit from the use of the ABFA, in the absence of a long term national development plan, with the view to maximizing the impact of petroleum revenues.

Section 21(6) of Act 815 also stipulates that initial prioritization to be maintained for a minimum of three (3) years before it may be subject to review.

ABFA disbursement on four (4) priority areas for the period 2011- 2013 and 2014-2016 have according been approved.

1. Expenditure and Amortisation of Loans for Oil and Gas Infrastructure;
2. Agriculture Modernization
3. Roads and Other Infrastructure and
4. Capacity Building (including Oil and Gas).

Table 7.2 ABFA Disbursement on Priority Areas in 2015

Item	Amount(Cedis)	% Allocation	Remark
Amortisation of Loans for Oil and Gas Infrastructure	439,234,363.92	39.1	
o/w CDB Master Facility Tranche B	358,015,714.78		Repayment total of US\$164,518,755 as at December 2015.
o/w CDB Gas Infrastructure Matching Fund	81,218,649.14		
Roads and Other Infrastructure	483,347,384.00	43.0	
o/w 33 No. Road Projects	77,138,909.37		See Appendix 1
o/w 11 No. Energy Projects	85,948,762.29		See Appendix
o/w 69 No. Educational Projects	46,594,996.84		See Appendix 1
o/w Transport Projects	41,799,389.39		Including Cedis 3,649,044 on payment for Re-branding of 116 MRT Buses
o/w Housing Projects	40,613,385.03		
o/w Health Infrastructure Projects	2,224,505.58		
o/w GIIF	189,030,000		
Agriculture Modernisation	59,544,174.03	5.3	See Appendix 1
o/w Supply of Goods & Services	39,945,923		
o/w Capital Expenditure	19,598,251.03		Example: Irrigation, Fisheries College.
Capacity Building (including Oil and Gas)	142,074,292.19	12.6	See Appendix 1
o/w SHS Subsidy	34,557,175.70		
o/w Supply of School Uniforms to Basic Schools in Deprived Areas	3,898,647.19		
Total	1,124,200,214.14		

Source: MOF

7.3 Ghana Infrastructure Investment Fund (GIIF)

Act 877 established the Ghana Infrastructure Investment Fund (GIIF) in 2014 to manage and provide financial resources for investment in a diversified portfolio of infrastructure projects. Funding for GIIF includes annual allocations of maximum of 25% of ABFA.

In 2015, a total of GH¢189.03 million (US\$41.88 million), representing approximately 16% of 2015 ABFA allocation was lodged into the GIIF account.

7.4 Expenditure of Ghana National Petroleum Corporation (GNPC)

The allocation of petroleum revenue is determined by the relevant provisions of the PRMA. Parliament of Ghana approved an allocation of 30% of the Carried and Participating Interest (CAPI), net of Equity Financing Costs (EFC), for GNPC.

GNPC received a total sum of US\$126.86 million in 2015 as equity financing costs and its share of net proceeds as against US\$180.71 million in 2014.

However, the NOC ended up spending US\$190.02 million during the period under review with the difference of US\$63.16 million being financed by GNPC cash balance brought forward from the previous year, leaving cash-on-hand, pending projects milestone disbursements of US\$124.06 million,

An amount of US\$93.84 million, (representing 73.7% of the 2015 allocation to GNPC) was used to fund the Jubilee Equity Financing Cost while US\$ 17.32 million (representing 13.7%) was spent on other exploration and field development projects

Details of GNPC projects can be found in *Table 7.3*

GNPC overspent its allocation by 49% (US\$63.16 million) and that this over-expenditure was financed by the NOC's accumulated balance from previous years.

7.5 Quasi-fiscal expenditures

- An amount of US\$44.48 million was incurred on non-mandated expenses. These include US\$25.30 million used to finance what is described as 'Western Corridor Roads Payment' and US\$18.75 million paid to Trafigura in respect of petroleum products supplied to Bulk Oil Storage and Transportation (BOST), which GNPC had provided guarantees.
- The Minister of Finance requested a special advance of US\$50 million from GNPC.
- An amount of US\$17.94 million was given to GNGC as part of its capitalization. The release to the Ministry of Finance was supposed to be an advance that was to be repaid. This had not been covered by any agreement as at end of 2015.
- A payment of US\$25,297,424.63 supposed to be a loan was made towards the Western Corridor Road Project. No covered agreement was in place at end of 2015.

- GNPC in 2015 also provided guarantee of up to US\$18.75 million in respect of the supply of strategic reserves of petroleum products by Trafigura to BOST and had to pay the supplier in advance pending the repayment by BOST. These transaction was not covered by any agreement.
- In 2015, GNPC spent GHS 15.8m on the Maritime boundary special project and also supported the Ministry of Energy with GHS 4.7m.

Table 7.3 Expenditure on GNPC Exploration and Development Projects in 2015

EXPLORATION AND DEVELOPMENT PROJECTS	AMOUNT (US\$)
North & South Tano Petroleum Projects	1,879,422.76
TEN	4,329,520.46
Voltaian Basin Petroleum Projects	2,277,592.51
South Deepwater Tano Petroleum Projects	1,460,927.82
OCTP ENI Project	2,101,637.24
Hess	1,964,104.58
Ultra Deepwater (Keta Heritage)	319,577.96
Exploroco	1,174,913.32
Maritime Boundary Special Project	1,809,202.41
TOTAL	17,316,899.06

Source: GNPC

Other expenditure are as follows

Table 7.4 Other Expenditure outside GNPC's main Exploration and Development in 2015

Item	Amount (Cedis)	% of 2015 Expenditure	Remark
Jubilee Equity Financing Cost	93,483,262.46	49.2	
Non Jubilee Exploration & Projects	17,316,899.06	9.11	
GNPC Operational Cost	32,300,687.64	17.0	
o/w Staff Costs	10,232,864.86		
o/w Gen. Operational Expenses	16,665,219.19		
o/w Admin. Capital expenditure	4,768,270.40		
o/w Bank of Ghana Transfer charges	634,333.19		
Non Mandatory Expenditure	44,478,840.64	23.41	
o/w Western Corridor Roads Payment	25,297,424.63		
o/w Trafigura Product Trading Payment	18,754,004.40		
o/w SOPCL Salary Payment	427,411.61		
Expenditure Total for 2015	190,017,270.9	100	
2015 Funds Receipts	126,858,754		
Expenditure Overrun	(63,158,517.33)		
Balances from Previous Years	187,217,589.71		
Total Cash Balance	124,059,072.3		

7.5 Ghana Petroleum Funds

In the 2014 National Budget, a cap of US\$250 million was introduced on the GSF which led to the withdrawal of an amount of US\$305.68 million deemed to be excess over the capped amount.

In the 2015 Budget Statement, a moving cap on the GSF was approved starting with US\$300 million and raising it to a maximum of US\$400 million during the 2015 fiscal year.

Fifty percent (50%) of the excess amount over the cap will be paid into the Sinking Fund to build up resources to repay specified debt obligations of the Government;

Twenty-five percent (25%) to be paid into the Contingency Fund and Twenty-five percent (25%) to be deposited back into the GSF.

The cap of US\$300.0 million was further reduced to US\$150.0 million during the Mid-Year Budget Review, thereby creating an ‘excess’ amount of US\$95.02 million.

Table 7.5 Performance of the Ghana Petroleum funds, 2014-2015

STABILISATION &	HERITAGE	FUNDS	
	2014	2015	Remark
Balance B/F	447,160,095.39	535,559,264.00	
2015 GPF Receipt	388,232,507.36	21,672,945.66	
Income from Investments	5,881,040.41	4,520,081.37	
Bank Charges	(29,691.88)	(21,894.10)	
Sub-Total	841,243,952.28	561,730,396.93	
Less Transfer to:			
<i>Contingency Fund</i>	(17,433,144)	(23,755,072.85)	
<i>Debt Servicing Account</i>	(288,251,545)	0.00	
<i>ABFA</i>	0.00	(53,685,578.98)	
<i>Sinking Fund</i>	0.00	(47,510,145.69)	
Balance C/F	535,559,263.88	436,779,599.41	
STABILISATION FUND			
	2014	2015	Remark
Balance B/F	319,034,153.00	286,644,044.00	
2015 Receipt	271,762,755.15	15,171,061.96	
<i>Income from Investments</i>	1,549,380.24	538,214.78	
Bank Charges	(17,555.77)	(6,396.65)	
Sub Total	592,328,733.42	302,346,924.09	
Less Transfers to:			
<i>Contingency Fund</i>	(17,433,144)	(23,755,073)	
<i>Debt Service Account</i>	(288,251,545)	-	
<i>ABFA</i>	-	(53,685,579)	
<i>Sinking Fund</i>	-	(47,510,146)	

Balance Carried Forward	286,644,044.22	177,396,126.57	
HERITAGE FUND			
	2014	2015	
Balance B/F	128,125,942.39	248,915,220.00	
Receipts During the Year	116,469,752.21	6,501,883.70	
Income from Investment	4,331,660.17	3,981,866.59	
Bank Charges	(12,135.11)	(15,497.45)	
Balance C/F	248,915,219.66	259,383,472.84	

Source: Bank of Ghana and Ministry of Finance

7.6 Sovereign Wealth Funds

Ghana's only sovereign wealth fund is the Petroleum Holding Fund, which is funded by oil profits and flows to the Ghana Heritage Fund and Stabilization Fund.

The Petroleum Revenue Management Act (PRMA), passed in 2011, spells out how revenues from oil and gas should be spent and includes transparency provisions for reporting by government agencies, as well as an independent oversight group, the Public Interest and Accountability Committee (PIAC).

Section 48 of the Petroleum Revenue Management Act, 2011 (Act 815) requires the fund to publish an audited annual report by the Ghana Audit Service. The fund's management meets the legal obligations.

Management of the Ghana Petroleum Fund is a joint responsibility between the Ministry of Finance and the Bank of Ghana.

The Minister develops the investment policy for the GPF, and is responsible for the overall management of GPF funds, consults regularly with the Investment Advisory Committee and Bank of Ghana Governor before making any decisions related to investment strategy or management of GPF funds.

The Minister is also in charge of establishing a management agreement with the Bank of Ghana for the oversight of the funds.

The Bank of Ghana is responsible for the day-to-day operational management of the Petroleum Reserve Accounts (PRAs) under the terms of Operation Management Agreement.

Source:

<http://www.mofep.gov.gh/sites/default/files/reports/petroleum/2015%20Annual%20Report%20on%20the%20Petroleum%20Funds.pdf>

7.7 Subnational transfers

There were no transfers from oil and gas revenues between national and subnational government entities including MMDA's during 2015.

Revenue management and expenditures

A description of the processes involved in the management of the Petroleum Revenue from initiation to recording is presented as follows:

For lifting proceeds, GNPC sends an advice covering the value of the sale of the jubilee oil cargo lifted to the Ministry of Finance (MoF). Bank of Ghana (BoG) receives an invoice from GNPC covering the value of the oil from GNPC whenever oil is lifted from the Jubilee Field. For other income, the Ghana Revenue Authority provides advice regarding corporate tax, royalties and surface rentals.

BoG then crosschecks the invoice against the number of barrels lifted and the price per barrel. Details of the lifting are then keyed into the lifting statistics schedule. An advice is sent from the BoG to the MoF, advising the Minister of receipt of proceeds of the lifting into the GHAPET account. MoF sends instructions to the Controller and Accountant General's Department (CAGD) who advises the BoG on how funds are to be distributed.

Distributions are done by the MoF based on the provisions of Act 815 and Act 893.

BoG checks the accuracy of the distribution against the provisions of the Act. Proceeds from liftings are distributed as follows:

GNPC is reimbursed for expenses/costs incurred in the production of oil. This reimbursement represents GNPC's equity interest in the field. GNPC provides MoF with an invoice from Tullow Ghana Limited (the operator) showing total amounts due them as repayment of GNPC's portion of the jubilee costs

The amount remaining after GNPC is paid its equity financing cost is distributed as follows; GNPC takes 30% as carried and participating interest and 70% becomes available to the Annual Budget Funding Amount (ABFA) and the Petroleum Funds

The remaining 70% plus all other income received are shared between the ABFA and the petroleum funds. 70% goes to the ABFA and the remaining 30% goes to the Petroleum Funds, and

Of the 30% that goes to the petroleum funds, 70% is allocated to Ghana Stabilization Fund (GSF) and 30% to Ghana Holding Fund (GHF).

The National Budget proposes a cap on the Ghana Stabilization Fund (GSF). The target cap is maintained until a revision is made in subsequent budgets. The BoG informs the MoF when the cap is reached and the excess over the cap is determined.

Distributions are done by the MoF based on the provisions of the National Budget. BoG checks the accuracy of the distribution against the provisions of the Budget.

Distributions of the excess amount over the cap for 2015 were done in accordance with paragraph 180 of the 2015 National budget.

Distributions were therefore done as follows: 50% was transferred to the Sinking Fund to build up resources to repay the 2017 Eurobond and other debts

25% was transferred to the Contingency Fund, which was established in May 2014 with GH¢50 million of the excess over the cap of the GSF; and the remaining 25% maintained in the GSF.

Per paragraph 181 of the 2015 National Budget, the 25% that is left in the GSF, when added to the cap will represent a new cap based on which the excess over the cap shall be determined.

The starting cap of US\$300 million for 2015 was reduced to US\$150 million per paragraph 158 of the 2015 Mid-year Budget Review.

7.8 Description of Budgets and Audit Process

The Constitution – 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.

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 budgeting 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 for year 2015.

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 undertook specific audits on the management of the Petroleum Funds for the period 1 January 2015 to 31 December 2015. See <https://www.ghaudit.org/gas/site/reports>

The IMF in its report on external sector in 2015 showed a consistent decrease in both export receipts. Estimates from Bank of Ghana indicates that the lower prices for gold and crude oil together with lower production volumes for gold and cocoa resulted in a 21.6 percent year-on-year decline in total export earnings.

Consequently, the trade deficit widened to US\$3.9 billion in 2015, compared with a deficit of US\$1.4 billion 2014.

Hydrocarbons shows promising signs of being the export earning multiplier and reducing dependence on hydrocarbon imports for electrical power generation

Ghana's 2016 Oil Budget pegs the oil price at US \$53 and its 2016 Revised Oil Budget Price was US\$45.35 though the Current WTI Oil Price \$40 being an indication of the optimism in future oil revenues.

Oil Production Capacity Outlook

The Ministry of Finance also sets the following production targets in 2015-18 to support its expected revenues from Oil to boost the national economy.

Table 7.6.: Oil Production Capacity

Field	2015/16	2016/17	2017/18
Jubilee	120	120	120
TEN	-	80	80
Sankofa & Sankofa East	-	-	30
Total	120	200	230

Source: Ministry of Finance, Bloomberg, 2016 Energy (Supply and Demand) Outlook for Ghana report published by the Ghana Energy Commission in April 2016

Social Expenditures by Extractive Companies

According to the audited report of the GNPC, the following CSR projects were undertaken in 2015.

The Corporation set up an oil and Gas learning foundation to help develop the country's human resource capacity to support the oil and Gas industry. An amount of \$3.0 million is provided annually to support a scholarship scheme. The foundation commenced work in 2012.

Sports Development: A Headline Sponsorship Agreement (HSA) was signed between Ghana National Petroleum Corporation (GNPC) and Ghana Football Association (GFA) in January, 2013, to provide a US\$3million yearly sponsorship to the Senior Male National Team for a period of not more than five (5) years (January 2013-December 2017). The agreement is renewable yearly subject to the satisfaction of conditions of renewal stipulated.

The Corporation renovated and supplied medical equipment to the following medical facilities at the stated cost:

- ❖ National HIV responses unit (Ghana AIDS Commission) - GHS 7,229,400
- ❖ ICU at Burns Centre (Korle-Bu) - GHS 1,898,450
- ❖ New born sickle cell screening unit (Komfo Anokye) - GHS 500,000

The corporation also supported NADMO with GHS 400,000 during the June 3 flood disaster³⁵.

³⁵ There was flooding in Accra on June 3 2015, capital city of Ghana which claimed the lives of several people.

8.0 Contribution to National Economy

1. Employment

According to the Ghana Labour Force Survey 2015, the total employed above 15 years in the mining and quarrying sub-sector which includes oil and gas was 74,663. The study estimates 257,606 people are engaged in household enterprises in the mining and quarrying sub-sector. The table 8.1 indicates the total estimates compared with the national total.

Table 8.2 highlights the state of employment in the upstream oil/gas industry.

Table 8.1: Category of Employment Activities

Category	Both Sexes	Male	Female	Remark
Total Employment (15yrs & Above)	9,263,346	4,281,393	4,981,953	
Mining & Quarrying(incl. Oil and Gas)	74,663	63,236	11,427	
INFORMAL SECTOR				
Mining & Quarrying(incl. Oil and Gas)	64,534	53,107	11,000	

Table 8.2 Number of Expatriates and Locals (2015-2017)

Year	No. of Companies that submitted information	Total No. of Employee	Total No. of Expatriates	Total No. of Locals	% Ghanaian
2015	180	6803	1898	4905	72
2016	337	12,183	863	11,320	92.9
2017	145	1888	456	1432	75.8

2. Gross Domestic Product (GDP)

Table 8.3 Contribution of Economic Activities to National GDP

Economic Activity	2014	2015
GDP Growth (at current prices)	21.3	20.8
GDP Growth (2006)		3.8
Mining & Quarrying		-6.1
o/w Oil		0.9
GDP at current prices(million Cedis)	113,343	136,957
o/w Oil	7,793	5,311
Non -Oil GDP at Current prices(million cedis)	105,550	131,647
GDP at Current Prices (US\$)	38,612	36,264
GDP at Constant 2006 Prices (million cedis)	33,522	34,808
o/w Oil	2058	2077
Non-Oil GDP at Constant 2006 prices(million cedis)	31,310	32,575
GDP at Constant 2006 prices (US\$)	11,420	9,217

Source: Ghana Statistical Service

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).

3. Contribution to National Fiscal Collection

Contribution to Total Merchandise Exports

In 2015, the Petroleum Upstream sector contributed 18.7% of the total merchandise export.

Total Merchandise Exports in 2015

Table 8.4 Total Merchandise Exports in 2015

Commodity	2015		
	Volume(T)	Value(\$m)	% of Export Totals
GOLD	2,761,844	3,212.59	31.1
COCOA BEANS	666,521	1,970.93	19.1
TIMBER & TIMBER PRODUCTS	359,127	208.75	2.0
CRUDE OIL	37,167,225	1,931.28	18.7
OTHER EXPORTS		2,997.63	29.1
TOTAL		10,321.18	100

Source: Bank of Ghana

Key regions/areas where production is concentrated

The Jubilee field 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 field covers 110 km².

The Tweneboa field is about 6 km east of Jubilee field. About 25 new oil discoveries within its off-shore maritime boundary have been made. 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.

9.0 Observations and Recommendations

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.

Recommendation

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.

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.

Recommendation

It is thus recommended that the distribution of petroleum revenue be made in accordance with the provisions contained in Act 893.

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.

Recommendation

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.

4 Long outstanding bill to Oranto/Stone Energy for surface rental not settled.

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 2014. However as at 31st December 2015, this amount was not reported as an outstanding due the petroleum fund account.

Recommendation

It is recommended that GRA follow through on this payment and provide details on when this amount was settled, and if settled whether it was paid together with accumulated interest.

10.0 Conclusion

An amount of US\$ 387,219,927 was obtained as total government receipt at reconciliation. The total receipt into the Petroleum Holding Fund as declared by the GRA amounted to US\$396,142,411.72. The difference between the amount received into the Petroleum Holding Fund and the government receipts at reconciliation resulted from the exclusion from reconciliation of Unipet Price differential (US\$419,386.97); Corporate tax payment by Anadarko Ltd (US\$8,680,725); Surface rental (US\$297,372); and the inclusion of Training fees (US\$475,000) in the reconciliation.

A net Discrepancy of -289,381 was obtained between company payments and government receipts representing 0.07% of government receipts at reconciliation. Absolute discrepancy of US\$310,631 represented 0.08% of government receipts.

The main causes of the discrepancy were training/technology fees paid by Hess Exploration (Ghana) Ltd and Corporate tax payment by Kosmos Energy HC. GNPC reported receiving an amount US\$300,000 from Hess Exploration (Ghana) Ltd as training fees, whereas Hess Exploration (Ghana) Ltd did not report any such payment.

Secondly Kosmos Energy HC reported corporate tax payment of US\$11,740,696 against US\$ 11,730,107, a difference of US\$10,589. Kosmos attributed that to tax credit that it reported.

As reported earlier Tullow (Ghana) Ltd and Anadarko WCTP Ltd did not submit any template for reconciliation. The MSG should ensure that all companies that made material payments report in subsequent reconciliation exercises.

APPENDICES

APPENDIX 1

EXPENDITURE OF PETROLEUM RECEIPTS ON OTHER PETROLEUM PROJECTS

EXPLORATION AND DEVELOPMENT PROJECTS	AMOUNT (US\$)
North & South Tano Petroleum Projects	1,879,422.76
TEN	4,329,520.46
Voltaian Basin Petroleum Projects	2,277,592.51
South Deepwater Tano Petroleum Projects	1,460,927.82
OCTP ENI Project	2,101,637.24
Hess	1,964,104.58
Ultra Deepwater (Keta Heritage)	319,577.96
Explorco	1,174,913.32
Maritime Boundary Special Project	1,809,202.41
Total Non-Jubilee Project Expenditure	17,316,899.06

Source: GNPC

DISBURSEMENT OF ABFA TO PRIORITY AREAS IN 2015

Priority Area	2015 Revised ABFA Budget (GH¢) (B)	Actual ABFA Utilisation (GH¢) (C)
Expenditure on Amortisation of Loans for Oil and Gas Infrastructure	322,306,372.57	439,234,363.92
Roads and Other Infrastructure	492,917,039.43	483,347,384.00
Agriculture Modernisation	30,567,167.50	59,544,174.03
Capacity Building (including Oil and Gas)	217,157,581.99	142,074,292.19
TOTAL	1,062,948,161.49	1,124,200,214.14

BREAKDOWN OF EXPENDITURE AND AMORTIZATION OF LOANS FOR OIL AND GAS INFRASTRUCTURE IN 2015

PROJECT DESCRIPTION	GOODS AND SERVICES	CAPEX	TOTAL
	Amount (GH¢)	Amount (GH¢)	
CDB Master Facility Tranche B	-	358,015,714.78	358,015,714.78
CDB Gas Infrastructure Matching Fund	-	81,218,649.14	81,218,649.14
TOTAL	-	439,234,363.92	439,234,363.92

Source: Ministry of Finance

BREAKDOWN OF EDUCATIONAL PROJECTS FUNDED BY ABFA IN 2015

Type of Project	Quantity	Amounts (GH¢)
Six-Unit Classroom Blocks	39	3,099,128.12
Three-Unit Classroom Blocks	3	146,891.79
2-Storey Dormitory Blocks	13	1,000,694.00
Upgrading, Rehabilitation and Construction of Science Resource Centres	107	40,178,183.36
Hostel Facility	1	1,456,960.92
Others (Office Blocks, Bungalows, Dining Hall, Assembly Hall)	5	713,138.65
TOTAL	168	46,594,996.84

UTILIZATION OF ABFA ALLOCATION TO THE TRANSPORT SECTOR IN 2015

DESCRIPTION	AMOUNT (GH¢)
Payment For The Redevelopment Of T'di-Sekondi Via Kojokrom Suburban Railway Line Including Railway Stations And Supply Of Rolling Stock.	34,817,531.74
Payment For The Consulting Services And Construction Supervision Of Takoradi-Sekondi Rail-line	1,350,492.24
Payment For The Re-Branding Of 116 MRT Buses	3,649,044.75
Payment For The Construction Of Administrative Block And Auditorium Complex	1,982,320.66
TOTAL	41,799,389.39

Source: MOF

UTILIZATION OF ABFA ALLOCATION TO THE WORKS AND HOUSING SECTOR

DESCRIPTION	AMOUNT (GH¢)
Payment For The Construction Of The New Takoradi Sea Defence Project	20,000,000.00
Payment For The Sakumono Sea Defence	933,619.65
Part Payment For Adjoa Coastal Protection Work	5,000,000.00
Part Payment, Ngyiresia Sea Defence	3,228,607.90
Payment For The Construction Of Aboadze Coastal Protection.	3,590,627.00
Part Payment For The Construction Of The Agona Swedru Drainage Project	2,311,779.00
Payment For Storm Drainage Systems In Winneba	420,182.18
Payment For The Construction Of Reinforced Concrete Drains At Goaso	128,569.30
Part Payment Of Compensation For The Use Of Land	2,000,000.00
Payment For Construction Of Housing Unit For Security Forces	3,000,000.00
TOTAL	40,613,385.03

Source: MoF, 2016

UTILISATION OF ABFA ALLOCATION TO THE HEALTH SECTOR IN 2015

DESCRIPTION	AMOUNT (GH¢)
Construction And Completion Of Office Complex For The Association Of Regulatory Bodies At Ridge, Accra	1,300,000.00
Payment For Consultancy Fees For Services Rendered On The Completion And Equipping Maternity And Children's Hospital At Komfo Anokye Teaching Hospital	456,741.77
Payment For The Reactivation And Completion Of Shama Centre To Polyclinic	62,062.63
Payment For Consultancy Fees For The Construction And Completion Of New Maternity Block And External Works At The Tema General Hospital	15,025.13
Payment For The Construction Of Nsawora Health Centre In The Western Region	20,044.97
Payment For Electrical Works Done For Completion Of Doctor's Bungalow At The Volta Regional Hospital	6,459.39
Payment Of Construction Of 3-Storey Hostel Block For Nurses Training College At Cape Coast	77,050.39
Payment For Consultancy Works Done On The Renovation Of Infrastructure For Health Assistant Training School At Tepa	37,121.30
Payment For The Rehabilitation Of Tema Mechanical Workshop	250,000.00
TOTAL	2,224,505.58

UTILISATION OF ABFA ALLOCATION TO AGRICULTURE SECTOR IN 2015

TYPE OF PROJECT	GOODS AND SERVICES (GH¢)	CAPEX (GH¢)	TOTAL (GH¢)
FOOD AND AGRICULTURE			
Part Payment ³⁶ For Outstanding Bill For Fertilizer Subsidy	10,200,000.00		10,200,000.00
<i>Payment for the Construction of Dam and Irrigation Infrastructure at Sandema, Wiaga, Zuedem and Tankese in UER. Dyke in CR., Keyime and Ohawuu-Aka in VR, Silibele in UWR.</i>		16,043,953.28	16,043,953.28
<i>Payment to cover for Rehabilitation of Irrigation Dam at Tanchira 1 in the Lawra District of UWR</i>		222,058.12	222,058.12
<i>Payment to cover for the Construction of Dam and Irrigation Infrastructure at Sandema Koori in the UER</i>		231,144.20	231,144.20

³⁶ Total disbursement to the National Fertiliser Programme in 2015 amounted GH¢40,990,157.00. Of this out of GH¢10,200,000, representing approximately 25% was funded by the ABFA.

<i>Payment to cover for Rehabilitation of Irrigation Project at Doba in the UER</i>		576,186.88	576,186.88
<i>Payment to cover for Rehabilitation of irrigation Project at Zakpalsi and Sakpe in the Mion District, NR</i>		1,725,404.35	1,725,404.35
Counterpart Funding for MCA Compact II and Others	29,745,923.00		29,745,923.00
FISHERIES AND AQUACULTURE INFRASTRUCTURE			
Payment for Rehabilitation of Lab at Tema		46,804.44	46,804.44
Payment for Construction of Fisheries College		752,699.76	752,699.76
TOTAL	39,945,923.00	19,598,251.03	59,544,174.03

UTILISATION OF ABFA ALLOCATION TO CAPACITY BUILDING PRIORITY AREA, 2015

DESCRIPTION	AMOUNT (GH¢)
Payment of Second Term Claims to the Ministry of Education (MOE) to Improve Capacity at the Primary and Secondary School Level	45,102,904.00
Payment For HR Audit Activities To Improve Capacity of The Public Services Commission (PSC) In Readiness For Task Under The Public Financial Management (PFM) Reforms Programmes	2,236,279.27
Printing and Transportation of Stationery (Teachers' Notebook and Class Attendance Registers) to District Depots in 7 regions.	556,655.18
Payment for Feeding Cost for Colleges of Education and Institutions of the Handicapped	23,531,764.00
Payment of BECE Subsidy For 2015 Examination	15,543,500.00
Payment of Capitation Grant for 3rd Term 2013/2014 and 1st Term 2014/2015 Academic Years	16,647,366.85
Payment For Supply of School Uniform For Basic Schools in 4 Regions and Deprived Districts	3,898,647.19
Payment of SHS Subsidy for the 1st of 2014/2015 academic Year and implementation of Progressively Free Secondary Education Programme In The First Term of 2015/2016 Academic Year	34,557,175.70
TOTAL	142,074,292.19

APPENDIX 2

PERFORMANCE OF THE GHANA PETROLEUM FUNDS, 2011-2015

	GHANA STABILISATION FUND (US\$)				
	2011	2012	2013	2014	2015
Opening Book Value	-	54,810,032.00	71,898,588.00	319,034,153.00	286,644,044.00
Receipt during the year	54,805,353	16,883,548.00	245,733,702.00	271,762,755.15	15,171,061.96
Income from Investments	4,679	214,049.00	1,413,341.00	1,549,380.24	538,214.78
Bank Charges	-	(9,041.00)	(11,477.00)	(17,555.77)	(6,396.65)
Sub Total		71,898,588.00	319,034,153.00	592,328,733.42	302,346,924.09
Less Transfers to:					
<i>Contingency Fund</i>	-	-	-	(17,433,144)	(23,755,073)
<i>Debt Service Account</i>				(288,251,545)	-
<i>ABFA</i>	-	-	-	-	(53,685,579)
<i>Sinking Fund</i>	-	-	-	-	(47,510,146)
Closing Book Value	54,810,032	71,898,588.00	319,034,153.00	286,644,044.22	177,396,126.57
	GHANA HERITAGE FUND (US\$)				
	2011	2012	2013	2014	2015
Opening Book Value	-	14,401,216.00	21,694,221.00	128,125,942.39	248,915,220.00
Receipts During the Year	14,400,002	7,235,806.00	105,314,444.00	116,469,752.21	6,501,883.70
Income from Investment	1,215	60,209.00	1,126,764.00	4,331,660.17	3,981,866.59
Bank Charges	-	(3,010.00)	(9,486.00)	(12,135.11)	(15,497.45)
Closing Book Value	14,401,216.33	21,694,221.00	128,125,943.00	248,915,219.66	259,383,472.84
	COMBINED FUNDS (GSF & GHF)				
	2011	2012	2013	2014	2015
Opening Book Value	-	69,211,248.00	93,592,809.00	447,160,095.39	535,559,264.00
Receipt during the Year	69,205,354	24,119,354.00	351,048,145.00	388,232,507.36	21,672,945.66
Income from Investments	5,894	274,258.00	2,540,105.00	5,881,040.41	4,520,081.37
Bank Charges	-	(12,051.00)	(20,963.00)	(29,691.88)	(21,894.10)
Sub-Total	69,211,248	93,592,809.00	447,160,096.00	841,243,952.28	561,730,396.93
Less Transfer to:					
<i>Contingency Fund</i>	-	-	-	(17,433,144)	(23,755,072.85)
<i>Debt Servicing Account</i>	0.00	0.00	0.00	(288,251,545)	0.00
<i>ABFA</i>	0.00	0.00	0.00	0.00	(53,685,578.98)
<i>Sinking Fund</i>	0.00	0.00	0.00	0.00	(47,510,145.69)
Closing Book Value	69,211,248	93,592,809.00	447,160,096.00	535,559,263.88	436,779,599.41

Source: Bank of Ghana and Ministry of Finance, 2016

UTILISATION OF EXCESS FUNDS WITHDRAWN FROM THE GSF

ITEM	US\$
Closing Book Value (30th September)	245,020,291.38
Less GSF Cap	150,000,000
GSF Excess for Contingency Fund and Debt Repayment	95,020,291
<i>o/w Sinking Fund (50%)</i>	47,510,145.69
<i>o/w Contingency Fund (25%)</i>	23,755,072.85
<i>o/w Ghana Stabilisation Fund (25%)</i>	23,755,072.85
New GSF Cap for 2015 Q4 (2+6)	173,755,072.85

Source: Ministry of Finance, 2016

APPENDIX 3

PETROLEUM ACCOUNT AT FEDERAL RESERVE BANK OF NEW YORK				
	Date	Volume Shipped (BBLs)	Value of Shipment (US\$)	
LIFTING PROCEEDS				
Apr 2011 to Dec 2012	1st to 9th Lifting	8,861,223	985,196,046.53	
Jan 2013 to Dec 2013	10th to 15th Lifting	5,876,260	628,580,078.49	
Jan 2014 to Dec 2014	16th to 22nd Lifting	6,698,584	691,991,133.22	
8-Jan-15	23rd Lifting	912,346	56,096,476.16	
24-Feb-15	24th Lifting	995,165	54,239,478.00	
6-Mar-15	25th Lifting	986,276	49,937,126.43	
24-Apr-15	26th Lifting	988,069	52,422,988.86	
25-Jun-15	27th Lifting	948,230	61,395,996.04	
30-Jul-15	28th Lifting	911,343	55,411,477.09	
9-Oct-15	29th Lifting	948,054	44,788,915.12	
Total				2,680,059,715.94
OTHER RECEIPTS				
Mar 2012 TO Dec 2012			906,567.46	
Jan 2013 to Dec 2013			217,832,955.89	
Jan 2014 to Dec 2014			286,895,276.75	
6-Feb-15	SURFACE RENTAL	KOSMOS	17,797.20	
13-May-15	SURFACE RENTAL	ENI GHANA EP LTD	22,600.00	
20-May-15	SURFACE RENTAL	AMNI Intl Petroleum Dev. Co. Ltd	13,974.00	
22-May-15	SURFACE RENTAL	HESS GH EXP	150,750.00	
5-Jun-15	SURFACE RENTAL	CAMAC ENERGY GH LTD	73,422.50	
9-Jun-15	SURFACE RENTAL	Medea Development International Ltd	78,250.00	
12-Jan-15	PHF INCOME	PHF INCOME	5,154.31	
20-Mar-15	PHF INCOME	PHF INCOME	3,658.36	
20-Mar-15	PHF INCOME	PHF INCOME	1,537.11	
21-May-15	PHF INCOME	PHF INCOME	4,508.78	
30-Jun-15	PHF INCOME	PHF INCOME	3,859.81	
31-Dec-15	PHF INCOME	PHF INCOME	1,721.86	

29-Sep-15	GAS	GNGC	553,815.32	
20-Aug-15	PHF INCOME	PHF INCOME	3,314.13	
14-Aug-15	SURFACE RENTAL	BENEFICIARY YET TO IDENTIFIED BY GRA	109,126.03	
28-Jul-15	TAX	KOSMOS	11,617,384.00	
30-Sep-15	PHF INCOME	PHF INCOME	6,713.21	
29-Oct-15	TAX	KOSMOS	112,723.00	
28-Dec-15	TAX	ANADARKO	8,680,725.00	
15-Dec-15	PRICE DIFFERENTIAL	UNIPEC	419,386.97	
Total Other Receipts				527,515,221.69
Total Lifting Proceeds and Other Income				3,207,574,937.63
DISTRIBUTION				
GNPC EQUITY FINANCING COST				
May 2011 TO Dec 2012	1ST to 9TH lifting		257,115,443.09	
Jan 2013 to Dec 2013	10th to 15th lifting		68,319,783.18	
Jan 2014 to Dec 2014	16th to 22nd lifting		44,162,009.67	
13-Feb-15	23rd Lifting		3,314,779.94	
11-Mar-15	24th Lifting		14,298,917.29	
9-Apr-15	25th Lifting		7,530,550.65	
29-May-15	26th Lifting		3,842,828.65	
15-Jul-15	27th Lifting		9,979,993.89	
25-Aug-15	28th Lifting		-	
16-Oct-15	29th Lifting		26,946,855.69	
				(435,511,162.05)
GNPC - CAPI				
May 2011 TO Dec 2012	1ST to 9TH lifting		181,798,785.15	
Jan 2013 to Dec 2013	10th to 15th lifting		154,001,593.02	
Jan 2014 to Dec 2014	16th to 22nd lifting		136,550,493.87	
13-Feb-15	23rd Lifting		11,149,052.82	
11-Mar-15	24th Lifting		7,451,840.60	
9-Apr-15	25th Lifting		8,550,997.07	
29-May-15	26th Lifting		10,195,441.87	
15-Jul-15	27th Lifting		10,296,728.13	
25-Aug-15	28th Lifting		11,689,092.82	
16-Oct-15	29th Lifting		1,611,644.16	
				(533,295,669.51)
ANNUAL BUDGET FUNDING AMOUNT				
Apr 2011 to Dec 2012	1ST to 9TH lifting		453,509,527.69	
Jan 2013 to Dec 2013	10th to 15th lifting		273,197,566.63	
Jan 2014 to Dec 2014	16th to 22nd lifting		409,072,777.80	
13-Feb-15	23rd Lifting		42,506,514.97	

11-Mar-15	24th Lifting		32,510,175.77	
9-Apr-15	25th Lifting		33,857,115.82	
29-May-15	26th Lifting		38,389,227.12	
15-Jul-15	27th Lifting		41,462,130.33	
25-Aug-15	28th Lifting		38,740,157.68	
30-Oct-15	29th Lifting		11,830,048.88	
				(1,375,075,242.69)
GSF AND GHF				
Nov 2011 TO Aug 2012	1ST to 9TH lifting		93,324,707.97	
Jan 2013 TO Dec 2013	10th to 15th lifting		351,048,145.30	
Jan 2014 to Dec 2014	16th to 22nd lifting		388,232,507.36	
13-Feb-15	23rd Lifting		-	
11-Mar-15	24th Lifting		-	
9-Apr-15	25th Lifting		-	
29-May-15	26th Lifting		-	
15-Jul-15	27th Lifting		-	
25-Aug-15	28th Lifting		16,602,924.72	
30-Oct-15	29th Lifting		5,070,020.94	
				(854,278,306.29)
Undistributed Funds (Dec 31, 2015)				9,414,557.09

APPENDIX 4

NEW PROJECTS INDICATING LOCATION, START AND COMPLETION DATES, IMPACT OF PROJECT.

Name	Location	Concession size	Start	Completion	Impact of Project
Voltaian Basin Project	Voltaian Basin		17-Jul-2014	16-Jul-2039	Oil & Gas Production to boost State Revenues
Greater Jubilee Field (Turret Remediation Project)	Deep Water Tano/West Cape Three Point (DWT/WCTP)		13-Jul-2004	12-Jul-2034	
Sankofa Gas	Offshore Cape Three Point (OCTP)		30-Jul-2004	29-Jul-2024	
Saltpond Field	Saltpond		1978	2021	

Source: GNPC, 2018

PLANNED PROJECTS AS AT DEC 2015

Name	Location	Concession Size	Start	Completion	Impact of Project
AGM Petroleum Ghana Limited	South Deepwater Tano (SDWT)		12-Apr-2013	11-Apr-2038	Oil & Gas Production to boost State Revenues
Heritage / Blue Star	South-West Tano Block		17-Jul-2014	16-Jul-2039	
Cola Natural Resources Limited	East Cape Three Points		12-Apr-2013	11-Apr-2043	
UB Resources Limited	Offshore Cape Three Points South Block		18-Jul-2014	17-Jul-2039	
HESS	DWTCP				

Source: GNPC, 2018

APPENDIX 5

TRAINING ALLOWANCES PAID BY EXPLORATION COMPANIES

COMPANY	CONTRACT AREA	INVOICE DATE	INVOICE AMOUNT(\$)	INVOICE PAID
TULLOW GHANA LTD	DEEPWATER TANO BASIN	12-Feb-15	250,000.00	250,000.00
HESS GHANA EXP LTD	DEEPWATER TANO/CAPE THREE POINTS	12-Feb-15	300,000.00	300,000.00
ENI GHANA E & P LTD	OFFSHORE KETA BASIN	12-Feb-15	1,000,000.00	378,082.19
ENI GHANA E & P LTD	OFFSHORE CAPE THREE POINTS	12-Feb-15	200,000.00	200,000.00
KOSMOS ENERGY GHANA LTD	WEST CAPE THREE POINTS	12-Feb-15	175,000.00	175,000.00
SOPCL	SALTPOND FIELD	12-Feb-15	50,000.00	
AGM PETROLEUM GHANA LTD	SOUTH DEEPWATER TANO	12-Feb-15	1,000,000.00	1,000,000.00
MEDEA DEVT / COLA NATURAL RESOURCES GHANA LTD	EAST-CAPE THREE POINTS	12-Feb-15	500,000.00	500,000.00
UB RESOURCES LTD	OFFSHORE CAPE THREE POINTS SOUTH	12-Feb-15	1,500,000.00	
SAHARA ENERGY FIELDS LTD	SHALLOW WATER CAPE THREE POINTS	12-Feb-15	728,767.12	

CAMAC ENERGY GHANA LTD	SHALLOW WATER TANO BLOCK	4-Mar-15	-	-
BRITANNIA -U GHANA LTD	SOUTH WEST SALTPOND BLOCK	16-Apr-15	728,767.12	-
HERITAGE EXPL. & PRODN. GHANA LIMITED	EAST KETA BLOCK	16-Apr-15	226,027.40	226,027.40
HERITAGE EXPL. & PRODN. GHANA LIMITED	OFFSHORE SOUTH- WEST TANO BLOCK	16-Apr-15	226,027.40	226,027.40
A-Z PETROLEUM PRODUCTS GHANA LTD	DEEPWATER CAPE THREE POINT WEST OFFSHORE BLOCK	30-Aug-15	969,178.08	969,178.00
AZONTO PETROLEUM LIMITED	OFFSHORE ACCRA CONTRACT AREA	17-Sep-15	100,000.00	100,000.00
			7,953,767.12	4,324,314.99

APPENDIX 6 DETAILS OF RECONCILIATION

KOSMOS ENERGY GHANA HC

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	(Over)	Under
	OIL & GAS										
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		17,797	17,797	17,797	0	-
5	Corporate Tax		11,740,696	11,740,696	11,730,107		11,730,107	11,740,696	11,730,107	10,589	
6	Dividends			0			0	0	0	0	-
7	Training/Tech fees	175,000		175,000		175,000	175,000	175,000	175,000	0	
8	Gas revenue									0	-
	TOTAL	192,797	11,740,696	11,933,493	11,747,904	175,000	11,922,904	11,933,493	11,922,904	10,589	-

TULLOW GH

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	(Over)	Under
	OIL & GAS										
++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									-	0
5	Corporate Tax									-	0
6	Dividends									0	0
7	Training /Tech fees									-	0
8	Gas Revenue										0
	TOTAL	-	-	-	-	-	-	-	-	-	-

GHANA NATIONAL PETROLEUM CORPORATION

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	(Over)	Under
	OIL & GAS										
1	Carried Interest	197,996,451		197,996,451	197,996,455		197,996,455	197,996,451	197,996,455		(5)
2	Participating Interest	72,087,340		72,087,340	72,087,341		72,087,341	72,087,340	72,087,341		(1)
3	Royalty	104,208,697		104,208,697	104,208,661		104,208,661	104,208,697	104,208,661	36	
4	Surface Rental			-			-	-	-	-	-
5	Corporate Tax			-			-	-	-	-	-
6	Dividends			-			-	-	-	-	-
7	Training/tech fees			-			-	-	-	-	-
8	Gas Revenue	74,424,767	(73,870,952)	553,815	553,815		553,815	553,815	553,815	(0)	
	TOTAL	448,717,255	(73,870,952)	374,846,303	374,846,273	-	374,846,273	374,846,303	374,846,273	36	(6)

HESS EXPLORATION

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	(Over)	under
	OIL & GAS										
1	Carried Interest			0			0	0	0	0	-
2	Participating Interest			0			0	0	0	0	-
3	Royalty									-	-
4	Surface Rental	150,750		150,750.00	150,750		150750	150,750	150750	0	-
5	Corporate Tax			0			0	0	0	0	-
6	Dividends			0			0	0	0	0	-
7	Training/Tech			0	300,000		300000	0	300000		(300,000.00)
8	Gas Revenue										0
	TOTAL	150,750.00	-	150,750.00	450,750.00	-	450,750.00	150,750.00	450,750.00	-	(300,000.00)

