

PUBLIC INTEREST AND ACCOUNTABILITY COMMITTEE



ANNUAL REPORT ON MANAGEMENT OF PETROLEUM REVENUES FOR THE PERIOD JANUARY – DECEMBER 2017

ABOUT THIS REPORT

The 2017 PIAC report is in fulfilment of PIAC's statutory obligation under the Petroleum Revenue Management Act, 2011 (Act 815). The Act, as amended by Act 893, enjoins PIAC to publish a semi-annual and annual report. The Report is a reconciliation of data supplied by stakeholder institutions and an independent assessment of the collection and management of the country's petroleum revenues for the period January – December 2017.

PIAC



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Acronyms and Abbreviations

| | |
|--------|---|
| ABFA | Annual Budget Funding Amount |
| AGPP | Atuabo Gas Processing Plant |
| BBLs | Barrels of Oil |
| BL | Bill of Lading |
| BOG | Bank of Ghana |
| BOPD | Barrels of Oil per Day |
| BRENT | Broom Rannoch Etieve Ness and Tarbat |
| CAPI | Carried and Participating Interest |
| CHPS | Community-based Health Planning and Services |
| CIT | Corporate Income Tax |
| COLA | Crude Oil Lifting Agreement |
| CTP | Cape Three Points |
| DfID | (UK) Department for International Development |
| DWT | Deepwater Tano |
| EIA | Energy Information Administration |
| EPA | Environmental Protection Agency |
| ESLA | Energy Sector Levy Act |
| FEED | Front End Engineering and Design |
| FPSO | Floating Production Storage and Offloading |
| GHF | Ghana Heritage Fund |
| GIIF | Ghana Infrastructure Investment Fund |
| GJFFDP | Greater Jubilee Full Field Development Plan |
| GNGC | Ghana National Gas Company |
| GNPC | Ghana National Petroleum Corporation |
| GoG | Government of Ghana |
| GOGIG | Ghana Oil and Gas for Inclusive Growth |
| GPF | Ghana Petroleum Fund |
| GRA | Ghana Revenue Authority |
| GSA | Gas Sales Agreement |
| GSF | Ghana Stabilisation Fund |
| HSE | Health Safety and Environment |
| ICT | Information Communication Technology |
| IMF | International Monetary Fund |
| IOCs | International Oil Companies |
| IPPs | Independent Power Producers |

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| ITLOS | International Tribunal for Law of the Sea |
| LNG | Liquefied Natural Gas |
| LOPI | Loss of Production Insurance |
| LPG | Liquefied Petroleum Gas |
| MMBOE | Millions of Barrel of Oil Equivalent |
| MMBTU | Million British Thermal Units |
| MMSCF | Million Standard Cubic Feet |
| MMSTB | Million Stock Tank Barrels |
| MoEn | Ministry of Energy |
| MoF | Ministry of Finance |
| MT | Metric Tonnes |
| NAG | Non Associated Gas |
| NPA | National Petroleum Authority |
| OCTP | Offshore Cape Three Points |
| OECD | Organisation for Economic Co-operation and Development |
| OPEC | Organization of Petroleum Exporting Countries |
| PA | Petroleum Agreement |
| PC | Petroleum Commission |
| PDA | Proposed Development Area |
| PHF | Petroleum Holding Fund |
| PIAC | Public Interest and Accountability Committee |
| PMC | Project Management Consultant |
| PoD | Plan of Development |
| PRMA | Petroleum Revenue Management Act |
| PURC | Public Utilities Regulatory Commission |
| SFIP | Small Farms Irrigation Project |
| SGN | Sankofa-Gye Nyame |
| SHS | Senior High School |
| SOPCL | Saltpond Offshore Producing Co. Ltd |
| STEO | Short-Term Energy Outlook |
| SURF | Subsea Umbilical Risers and Flowlines |
| TEN | Tweneboa-Enyenra-Ntomme |
| TGL | Tullow Ghana Limited |
| TRP | Turret Remediation Project |
| VRA | Volta River Authority |
| WAGP | West African Gas Pipeline |

| | |
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| WAPCO | West African Gas Pipeline Company |
| WCGIP | Western Corridor Gas Infrastructure Project |
| WCTP | West Cape Three Points |
| WTI | West Texas Intermediate |

Foreword

Since its establishment in September 2011, the Public Interest and Accountability Committee, (PIAC), has been monitoring and evaluating the management of Ghana's petroleum revenues by the Government and institutions of state, in accordance with its statutory mandate.

The Committee's reports aim at keeping Ghanaians and other interested stakeholders constantly informed on how the country's petroleum revenues are being managed, as well as providing platforms for the citizens' feedback to be collated and shared with policymakers. Since its inception, the Committee has published a total of 13 reports – 7 Annual and 6 Semi-Annual, covering the period 2011 to 2017. The keen interest with which the Ghanaian citizenry receive our reports has served as a great source of motivation to the Committee as it pursues its obligation of ensuring strict compliance with the provisions of the Petroleum Revenue Management Act.

The 2017 Annual Report covers the period January to December 2017 and encompasses a broad range of issues associated with the management of petroleum revenues such as information on production, liftings, total revenues accrued, total revenue received, allocation and utilisation of these revenues by government, and the management of the funds set aside in the Ghana Petroleum Funds (Ghana Stabilisation Fund and the Ghana Heritage Fund). The report also contains an examination of other issues and findings pertinent to the performance of various institutions charged with responsibilities in the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

The preparation of this report was supported with information and data from the Ministry of Finance, Bank of Ghana, Ghana National Petroleum Corporation, Ghana Revenue Authority, Petroleum Commission, Ghana Infrastructure Investment Fund, Ghana National Gas Company, Kosmos Energy, Eni Ghana Limited, and Tullow Ghana Limited.

It is the expectation of the Committee that the public will find time to read the report and provide feedback during our public engagements following its launch; or send us their comments via email to the following address secretariat@piacghana.org or call +233 (0) 302 242 006.



Mr Joseph Winful
Chairman, PIAC.

Acknowledgements

The Committee is very grateful to the UK's Department for International Development (DfID) for the multi-year funding support through its Ghana Oil and Gas for Inclusive Growth programme, and the Natural Resource Governance Institute (NRGI).

Furthermore, PIAC wishes to acknowledge the support of the GIZ's Good Financial Governance Programme for funding some of our public engagements.

Finally, the Committee is very thankful to the Government of Ghana for the budgetary support given to PIAC for its operations and activities.

Executive Summary

This Report is the seventh in the series of annual reports by PIAC. The report is based on the collection, collation, reconciliation and analyses of production and revenue data from relevant stakeholder institutions. Key findings and recommendations for action by relevant stakeholder institutions are as follows:

Crude Oil and Gas Production

1. A total of 58,658,063.54 barrels of crude oil was produced from Ghana's three production fields in 2017:
 - i. Jubilee Field produced 32,749,975 barrels representing fifty six percent (56%) of total production;
 - ii. TEN produced 20,452,577 barrels (35%); and
 - iii. SGN, which started commercial production in May 2017, produced 5,455,511.54 barrels (9%).

2. In comparison with 2016 total crude production (32,298,638 barrels), there was an 82% increase in 2017.

3. In accordance with the respective Crude Oil Lifting Agreements, GNPC lifted:
 - i. Five (5) parcels of crude oil on behalf of the State (Ghana Group) from Jubilee totalling 5,742,876 barrels of oil (representing 17.77% of total liftings);
 - ii. Four (4) parcels of crude totalling 4,038,375 bbls from TEN;
 - iii. There was no lifting by GNPC from SGN in 2017.

4. A total of 77,294.44 million standard cubic feet (MMScf) of associated gas was produced from the Jubilee, TEN and SGN fields in 2017:
 - i. Jubilee produced 42,261.35 MMScf;
 - ii. TEN produced 26,818.33 MMScf;
 - iii. SGN produced 7,214.76 MMScf.

Crude Oil Pricing

5. Ghana's crude oil from the Jubilee Field was sold at an average achieved price of US\$54.43/bbl, which compares favourably with the average dated BRENT price of US\$54.25/bbl as well as the average achieved price of all the other Partners (Tullow – US\$54.20/bbl; Anadarko – US\$53.84/bbl; Kosmos – US\$53.73/bbl).
6. Ghana's crude from the TEN Field achieved an average price of US\$51.92/bbl, falling behind both the estimated benchmark price and the average dated BRENT price during the same period.
7. The Jubilee Partners however were able to sell a portion of their liftings at a higher price mainly as a result of respective marketing strategies and hedging policies of their parent companies, with Kosmos and Tullow Plc. realising a unit price of US\$57.82/bbl and US\$58.30/bbl respectively.

Petroleum Revenues

8. Total petroleum receipts paid into the Petroleum Holding Fund in 2017 was US\$539,832,157.44. Additionally, an amount of US\$579,278.46 was earned as interest on undistributed funds held in the Petroleum Holding Fund during the year.
 - i. Six crude oil liftings by the Ghana Group from Jubilee Field yielded an amount of US\$302,634,338.36 into the PHF;
 - ii. Four crude oil liftings from the TEN Field yielded an amount of US\$198,666,095.13 into the PHF;
 - iii. An amount of US\$99,658.80 earned as premium on the sale of the Ghana Group's second lifting from TEN is yet to be transferred to the PHF from GNPC;
 - iv. Total amount paid into the PHF in respect of corporate income tax was US\$36,957,622;
 - v. An amount of US\$1,569,827.91 was paid into the PHF as surface rentals from the various companies in the petroleum upstream sector.

9. An amount of US\$13,518,852.98 which was wrongfully paid into GRA account instead of PHF during the period is yet to be transferred into the PHF as required by Act 815.
10. GNGC received raw gas worth US\$94,776,691.97 from GNPC during the year, for which payment is outstanding.
11. Total GNGC indebtedness to GNPC stood at US\$230,315,198.37 as at the end of 2017.

Operations of Ghana National Gas Company

12. GNGC received 30,927 MMScf of raw gas from GNPC in 2017, made up mainly of Jubilee gas, with 291.71MMScf exported from TEN.
13. GNGC's receivable from the sale of lean gas, LPG, and condensates for the period was US\$360,936,668.21, of which only US\$58,107,000.63 was paid.
14. VRA received lean gas worth US\$279,910,118.08 from GNGC, which has not been paid, incurring an interest of US\$16,737,531.29.
15. The prices of raw gas and lean gas were stable. However, the prices of condensates and LPG witnessed a year on year appreciation of 9% and 33% respectively.

Petroleum Funds Distribution and Utilisation

16. Total PHF disbursement from the PHF in 2017 was US\$555,332,410.54.
17. GNPC and the ABFA received US\$182.04 million (33%) and US\$169.46 million (30%) respectively of PHF allocations for the year. The GSF and GHF received US\$142.68 million (26%) and US\$61.15 million (11%) respectively.
18. ABFA's allocation of US\$169.46 million (GH¢736.03 million) for 2017 represented an increase of 72.26% over the amount received in 2016 (US\$98.38 million).

19. An amount of GH¢332.29 million of the ABFA's GH¢736.03 million allocation was utilised, leaving GH¢403.74 million unutilised as at the end of 2017. When added to the 2016 balance of GH¢77.73 million, total ABFA brought forward to 2018 stands at GH¢481.47 million.
20. Out of the amount utilised from the ABFA, GH¢202.38 million (61%) was spent on Education, GH¢49.07 million (3%) on Agriculture, GH¢41.62 million (12%) on Road, Rail and other critical infrastructure, GH¢ 29.22 million (9%) on GIIF, GH¢8.66 million (3%) on Health, and GH¢1.35 million (0.4%) on PIAC.
21. Ninety-seven percent (97%) (GH¢196.38 million) of the ABFA disbursement to the Education priority area went into the Free Senior High School programme.
22. Approximately 83% (GH¢40,668,271.93) of the ABFA disbursement to the Agriculture priority area in 2017 was used to construct irrigation infrastructure.
23. In the 2017 financial year, only 37% of the utilised ABFA was used for capital expenditure, less than the 70% stipulated in the PRMA. Sixty Three percent (63%) was utilised for the supply of goods and services.
24. Twenty-four percent (24%) of amount utilised for Capital Expenditure was allocated to GIIF.
25. GNPC spent US\$3.8 million on the secretariat activities of the Ghana – La Cote d'Ivoire Maritime Boundary Dispute.

Performance of the Ghana Petroleum Funds

26. The GPFs reserves at the end of 2017 was US\$697.84 million, with the GHF and GSF holding US\$344.79 million and US\$353.05 million respectively.
27. Accumulated net realised income (net profit on investment) of the GPFs since inception in November 2011 to the end of 2017, was US\$28.21 million.

28. There were no withdrawals from both the GHF and GSF in 2017.

RECOMMENDATIONS

The following recommendations are made for consideration of the various institutions with the intent of continual improvements in petroleum revenue management and utilisation:

1. PIAC welcomes government's efforts at addressing the energy sector indebtedness arising out of non-payment for gas supplied for power generation. The Committee urges that the fundamental problems in the petroleum downstream which have caused the indebtedness upstream be addressed in order to prevent a re-occurrence of the problem. There must also be improved transparency in the management and disbursement of the Energy Sector Levy Act (ESLA) funds which was established to help liquidate the sector indebtedness.
2. GRA must undertake annual tax audits of the Partners without delay as witnessed in the 2011-2015 tax audit of Kosmos which was undertaken in 2016.
3. The MoF must expedite the laying and eventual passage of the PRMA Regulations.
4. PIAC finds the recurrence of wrongful lodgement of petroleum funds into GRA accounts unacceptable. GRA must immediately transfer the accumulated funds into the PHF. The MoF must provide guidelines to forestall similar occurrences.
5. Expenditure as reported by the MoF does not conform to the requirement to spend at least 70% of the ABFA on Capital Expenditure. The MoF must therefore comply with the provisions of Section 21(4) of Act 815 in respect of public investment expenditure.
6. The fact that ABFA allocation was not fully utilised even though the entire amount had been budgeted for, suggests budget non-compliance on the part of the MoF.

Parliament should take steps to ensure that the Minister complies with the budget as approved.

7. All unspent ABFA allocations in a particular financial year must be returned to the PHF.
8. PIAC has noted adverse claims being made by the Togolese authorities concerning its maritime boundary with Ghana in respect of the East Keta Ultra Deep Block and urges Government to initiate urgent steps to delineate Ghana's maritime border with Togo.
9. PIAC has observed that the achieved price of TEN crude for the Ghana Group was again lower than the estimated benchmark price and the average dated BRENT price during the same period. GNPC must take another look at its pricing and marketing policy for TEN to eliminate the significant price difference with Jubilee.
10. The ITLOS dispute was between two sovereign States and not between a sovereign State and a national oil company for which reason it was wrong to have used GNPC's resources to settle the cost of the litigation. The amount of US\$3.8 million spent by GNPC on the litigation should therefore be refunded to GNPC.

1. INTRODUCTION

1.1 Background

The Public Interest and Accountability Committee (PIAC) is a statutory body established under Section 51 of the Petroleum Revenue Management Act (PRMA), 2011 (Act 815) to ensure transparency in the generation and use of petroleum revenues.

The Committee is mandated to:

- Monitor and evaluate compliance with the Act by Government and other relevant institutions in the management and use of the petroleum revenues and investments as provided by the Act;
- Provide space and platform for the public to debate whether spending prospects and management and use of revenues conform to development priorities as provided under Section 21(3); and
- Provide independent assessments on the management and use of petroleum revenues to assist Parliament and the Executive in the oversight and performance of related functions respectively.

1.2 Scope

This Report:

- Reviews compliance with recommendations and outcomes in previous PIAC reports;
- Analyses oil and gas production and liftings in 2017;
- Verifies the accuracy of oil and gas revenues declared by state institutions;
- Confirms revenues allocated to Ghana National Petroleum Corporation (GNPC), Annual Budget Funding Amount (ABFA) and the Ghana Petroleum Funds (GPFs);
- Discusses how petroleum receipts were allocated and utilised;
- Analyses the performance of the Ghana Petroleum Funds from January to December 2017;
- Assesses the roles of bodies set up under the Act and their compliance with its provisions; and
- Provides an update on PIAC's programmes and activities for the year.

1.3 Methodology

The following research methods were employed for this report:

- Analysis and reconciliation of data collected from relevant stakeholder institutions;
- Interviews;
- Independent verification of source documents from stakeholders.

In communicating the findings and outcomes of the research, the Report relies heavily on tables, charts and graphs.

The key stakeholder institutions consulted include:

- Ministry of Finance (MoF)
- Ministry of Energy (MoEn)
- Bank of Ghana (BoG)
- Petroleum Commission (PC)
- Ghana Revenue Authority (GRA)
- Ghana National Petroleum Corporation (GNPC)
- Ghana National Gas Company (GNGC)
- Ghana Infrastructure Investment Fund (GIIF)
- International Oil companies (IOCs): Tullow, Kosmos, Anadarko and ENI.

1.4 Outline of Report

- Chapters One, Two, and Three provide introduction, updates on the implementation of previous recommendations, and current developments in the petroleum sector;
- Chapter Four analyses production and sales data;
- Chapters Five, Six and Seven discuss petroleum revenue collection, operations of Ghana National Gas Company, distribution and utilisation of petroleum revenues;
- Chapter Eight provides a list of projects and activities funded from the ABFA;
- Chapter Nine discusses performance of the Ghana Petroleum Funds;
- Chapters Ten, Eleven and Twelve discuss 2018 outlook, draws conclusions and proffers recommendations, and PIAC's 2017 activities and finances.

2. UPDATE ON IMPLEMENTATION OF PREVIOUS RECOMMENDATIONS

As has become a regular feature of PIAC's Annual reports, this section reviews the implementation status of various recommendations made by the Committee in previous reports.

Over the years, some of PIAC's recommendations have been implemented by the stakeholder institutions. PIAC has enjoyed close collaboration with the Finance Committee of Parliament as well as bilateral engagements with the stakeholder institutions to achieve 42% implementation rate of its recommendations. PIAC has ambitiously targeted 70% implementation rate by 2020.

Some of the notable recommendations which have been implemented are:

- The procurement of a Loss of Production Insurance (LOPI) by GNPC for Jubilee, TEN and SGN fields.
- Parliament's directive to GNPC to stop spending on non-core areas and the subsequent cancellation of the Corporation's sponsorship deal with the Black Stars.
- GRA's retrieval of about US\$50 million through the tax audits of Kosmos Energy and Tullow Ghana.
- Improvements in the payment of Surface Rentals by IOCs in 2017 resulting from engagements with the Petroleum Commission, Bank of Ghana, and GRA.

The following table re-presents selected findings and recommendations from previous reports and indicates whether or not they have been acted upon.

Status of Implementation of Previous Recommendations

| Finding | Recommendation | Responsibility | Status | Comment |
|---|---|---------------------------|--|--|
| 1. Enactment of Regulations (Refer to 2012 PIAC Annual Report) | | | | |
| After six years of the coming into force of Act 815, the Regulations that will help with the implementation of the law are yet to be passed. | PIAC calls for expedited action on the drafting of the Regulations for the approval of Parliament. | Ministry of Finance (MoF) | The Regulations have been developed but yet to be laid before Parliament. | Further delay in the passage of the Regulations could hamper the smooth implementation of the PRMA. For example, it is not clear how communities impacted by petroleum activities can access compensation under Section 24 of the Act. |
| 2. Decommissioning of Saltpond Field (Refer to Pg. 65 of 2014 PIAC Annual Report) | | | | |
| The delay in decommissioning the Saltpond Field has become a liability on the books of GNPC as it is not generating any income. | GNPC should as a matter of urgency complete the decommissioning of the Saltpond field as the cost of funding skeletal staff in SOPCL is not a judicious use of resources. | GNPC/MoEn/MoF | GNPC has procured the services of a Project Management Consultant (PMC), PAP Energy Limited for Phase 1 of the Saltpond Field Decommissioning Project. | PIAC acknowledges the progress being made towards the implementation of this recommendation. |
| 3. Surface Rental Non-Payment and Arrears (Refer to Pg. 65 of 2014 PIAC Annual Report) | | | | |
| Oranto/Stone Energy has still not honoured an outstanding surface rental invoice of US\$67,438.36 since February 2013. GRA explains that it could not | GRA must find and compel Oranto/Stone Energy to pay the outstanding invoice with applicable penalties for the period during which it has been in | GRA | GRA has indicated that Oranto has been located in Angola and Mozambique. | GRA should collaborate with the relevant authorities in these jurisdictions to retrieve the money. |

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| locate Oranto. | default. | | | |
|----------------|----------|--|--|--|

| Finding | Recommendation | Responsibility | Status | Comment |
|--|--|----------------|--|--|
| 4. Utilisation of ABFA (Refer to 2014 (Pg.65), 2015 (Pg. 79), 2016 (Pg. 71) PIAC Annual Reports) | | | | |
| ABFA allocation has been spread too thinly thereby making it less impactful. | There is an urgent need for the ABFA to be better-targeted and well-focused to maximise its effectiveness and impact. | MoF | In 2016, government made an attempt to address PIAC's concerns over the thin spread of ABFA expenditure by narrowing the expenditure areas in the 2016 budget. | For 2017, the new priority areas were better defined and narrowed to fewer projects and it is the hope of PIAC that the focus will be maintained when it comes to the actual expenditure. |
| 5. Energy Sector Legacy debts and Non-Payment of Receipts from the Sale of Raw and Lean Gas to GNGC and VRA respectively (Refer to 2015 (Pg. 79), 2016 Semi-Annual and Annual Reports (Pg. 70)) | | | | |
| GNGC may well have been caught up in the vicious cycle of indebtedness of the energy sector utilities (which stood at US\$2.4 billion at the end of 2016). In 2017 alone, VRA received lean gas worth US\$279,910,118.08 from GNGC, but has not paid up, incurring US\$16,737,531.29 in interest to GNGC. | PIAC is calling for an immediate meeting between the Government, GNPC and GNGC to agree on a clear roadmap for the clearing of VRA's indebtedness to GNGC. | MoF | A special purpose vehicle (ESLA Plc) has been created by government to raise bonds to clear the GH¢10billion energy sector debt. | PIAC urges transparency in the management and disbursement of the ESLA funds. For instance, MoF should disclose how much of the seven and ten year bonds have been utilized to clear the debts so far. |
| 6. Refund of US\$50 million Special Advance (Refer to Pg. 71 of 2016 PIAC Annual Report) | | | | |
| The fifty million dollar (US\$50M) advance by GNPC to the MoF, which is not backed by a formal. | Government must endeavour to pay the US\$50 million it took from GNPC in 2014, to help improve the | MoF | Payment is still outstanding | The absence of a duly executed Agreement between the parties and the outstanding amount, creates |

| | | | | |
|----------------------------|---|--|--|--|
| Agreement, remains unpaid. | capitalisation of the national oil company. | | | the unfortunate impression that GNPC's funds are being used for quasi-fiscal expenditures. |
|----------------------------|---|--|--|--|

| Finding | Recommendation | Responsibility | Status | Comment |
|---|---|----------------|--|---|
| 7. Loss of Production Insurance cover for GNPC (Refer to Pg. 70 of 2016 PIAC Annual Report) | | | | |
| The decline in petroleum production in 2016 was caused by a 34-day shutdown of the Jubilee Field for maintenance and remedial works on the FPSO's turret bearings from March 31 to May 3, 2016. This led to a loss of revenue to the State | GNPC must be impressed upon to procure a Loss of Production Insurance (LOPI) or Business Interruption Insurance. | GNPC | GNPC in the first half of 2017 completed negotiations for a Business Interruption (BI) cover in respect of the Jubilee and TEN Fields. The BI covers the Ghana Group's Carried and Participating Interests (CAPI) and Royalty for a maximum insured sum of US\$513 million against interruption to oil and gas production. | PIAC commends GNPC for securing comprehensive business interruption insurance for Jubilee, TEN and SGN. |
| 8. GRA tax Audits of Petroleum Producing Companies (Refer to 2016 Annual (Pg. 70) and 2017 Semi-Annual (Pg. 61) Reports) | | | | |
| Auditing of tax returns is not done timeously. An audit of Tullow's tax returns covering 2011-2014 was done only in 2015 and that of Kosmos covering the period 2011-2015 was done in 2016. The Tullow audit resulted in US\$27,314,273 and | GRA must ensure that auditing of tax returns filed by the Joint Venture Partners are carried out expeditiously so that any additional assessments payable is paid into the PHF expeditiously. | GRA | There has been no tax audit by GRA during the period under review. | GRA should conduct tax audits in a more expeditious and timely manner. |

| | | | | |
|---|--|--|--|--|
| US\$34,116,939 respectively, in additional taxes (and penalties). | | | | |
|---|--|--|--|--|

| Finding | Recommendation | Responsibility | Status | Comment |
|--|---|----------------|---|---|
| 9. Investment Advisory Committee (Refer to Pg. 62 of 2017 PIAC Semi Annual Report) | | | | |
| There was no functional IAC during the period under review. | The Minister of Finance should ensure that the Investment Advisory Committee set up under Section 29 of the PRMA, is in place and functional. | MoF | There is still no functional IAC at the end of the year. | The role of the IAC should be evaluated given that its advice is not binding and the Minister of Finance has operated since 2016 without the advice of the Committee. This is at variance with the provisions of the Act. |
| 10. Wrongful Lodgement of Surface Rentals and other Receivables (Refer to Pg. 61 of 2017 PIAC Semi-Annual Report) | | | | |
| Springfield E&P's 2016 surface rental arrears of US\$30,884.25 was wrongfully paid into GRA's account. It had not yet been transferred into the PHF as at the end of 2017. | GRA should ensure that oil companies are properly apprised on the designated accounts into which payments should be lodged. | GRA | GRA reports that transfer of the amount to the PHF has still not been effected. | PIAC notes with concern that this issue of wrongful lodgement of funds into the accounts of GRA still persists and constitutes a violation of the PRMA which directs that such payments should be made into the PHF. There must be immediate transfer of funds that have been wrongfully lodged and the practice of wrongful lodgement must cease forth with. |

3. DEVELOPMENTS IN THE OIL AND GAS SECTOR

The period under review witnessed several developments in Ghana's upstream petroleum sector, most of which indicate a resilient and growing industry. There was the ministerial (Ministry of Energy) approval of the Greater Jubilee Full Field Development Plan (GJFFDP), the completion of work on the gas export facility on the Tweneboa-Enyenra-Ntomme (TEN) FPSO, first oil from SGN, as well as eighty percent (80%) completion of the Sankofa-Gye Nyame (OCTP) integrated development project (Oil and Gas phases).

The Western Corridor Gas Infrastructure processing facility also continued to receive and process gas for the domestic market.

The ruling in respect of the Ghana – Cote d'Ivoire maritime boundary dispute by the International Tribunal for the Law of the Sea (ITLOS) was delivered on 23rd September 2017 and was in Ghana's favour. The International Tribunal on the Law of the Sea (ITLOS) ruled that there has not been any violation on the part of Ghana on La Cote d'Ivoire's maritime boundary. This has de-risked the uncertainty of the area and has led to the intensification of exploration by upstream petroleum companies in the previously contested area.

3.1 Greater Jubilee Field

The major development at Jubilee over the period under review was the ministerial approval of the GJFFDP. The Petroleum Commission was the lead Ghanaian agency with the Operator, Tullow Ghana, on issues pertaining to the GJFFDP. A draft Plan of Development (PoD) was submitted to the Commission for review.

The following were the outcomes of the review:

- The Existing Jubilee FPSO Vessel will be used with expansion of the subsea architecture to accommodate additional wells required to economically exploit the Greater Jubilee Field (Jubilee, Mahogany, Teak petroleum resources);
- The plan for FPSO expansion to maximise gas production was discarded after Front End Engineering and Design (FEED) studies showed it was not technically and commercially viable;

- Negotiations over the price of gas between Tullow Ghana Limited (TGL), GNPC and Government of Ghana continued;
- Drilling and completion costs were reduced by twenty seven percent (27%) from approximately US\$1.8 billion to US\$1.3 billion. A single rig (drilling unit) scenario is considered for use on the Greater Jubilee and TEN Fields;
- The size of the Proposed Development Area (PDA) was still under discussion to ensure compliance with the Petroleum Agreement which allows only 10% increase of the areal extent of an accumulation of petroleum as the PDA;
- Arrangement of Technical Committee meeting with TGL and its partners, to update the PC on the integrated full-life cycle project data set to run field economics has also been completed;
- The West Leo Rig contract which had an exorbitant day rate was abrogated;
- Comments on the Greater Jubilee Full Field Development (GJFFDP) PoD were submitted to the Minister for Energy for his consideration, and was approved on 20th October 2017.

The Petroleum Commission reported that the Operator had finalised the award of a rig contract to undertake drilling and completion activities.

3.1.1 Turret Remediation Project on FPSO Kwame Nkrumah

In 2016, the main bearing on the FPSO Kwame Nkrumah suffered permanent damage leading to the loss of the FPSO weathervane functionality. The FPSO was held in position by means of an interim spread moor.

The permanent solution would involve the stabilisation of the bearing and installation of an oil offloading buoy for oil export. Pre-shutdown activities were ongoing for FPSO shutdown for the turret remediation works.

3.2 TEN Project

In 2017, the commissioning of the topside equipment and performance test of the facility were carried out. The gas systems such as the gas compressors, refrigeration package and topside gas export system were carried out. However, there were challenges with the gas turbine generators, the compression system, and the tulip of the high-pressure flare tip.

3.3 SGN Field

The overall OCTP integrated development project (Oil and Gas Phases) achieved ninety percent (90%) completion status as at the end of December 2017. First oil was delivered on 20th May 2017, from two (2) production wells. As at the end of December 2017, the first phase of the project had been on stream with eight (8) oil producing wells. ENI, the Operator, undertook activities to improve production with plans for further actions, which may lead to PoD amendment. The proposed amendments include 21 wells in total (16 for oil and 5 for gas).

The production of non-associated gas is planned to start by June 2018. The Operator is confident of making gas available by July 2018 but has expressed concerns with regards to gas evacuation from the West (Aboadze Thermal Hub) to the East (Tema Thermal Hub) via the West Africa Gas Pipeline (WAGP) for utilization. The Government of Ghana is working with GNPC, GNGC, ENI, WAPCO & Independent Power Producers (IPPs) to ensure all the necessary agreements (Gas Sales Agreements between GNPC and Independent Power Producers and Gas Transportation Agreements between GNPC/GNGC/WAPCO) are signed to allow pipeline interconnection to be completed on schedule for gas transport.

3.4 DWT/CTP Project

Activities at the Deep Water Tano and Cape Three Points (DWT/CTP) operated by Hess are at pre-development stage (post-appraisal). Hess made 7 discoveries out of which all but one (Cob-1) have been declared commercial. The main hub for the field is the Pecan discovery which has reserves estimated at 255 MMSTB. Potential reserves from the Hess field are estimated at 373.6 MMSTB.

The ruling on the Ghana and La Cote d'Ivoire boundary dispute paved the way for Hess to resume its pre-development activities. Commercial evaluation of the FPSO design competition and the SURF (Subsea Umbilical Risers and Flowlines) FEED had been completed. The Operator is expected to submit the Plan of Development (PoD) ten months after the ITLOS maritime ruling.

3.5 Saltpond Field

GNPC has secured the services of a Project Management Consultant (PMC), PAP Energy Limited, for Phase 1 of the Saltpond Field Decommissioning Project.

The Saltpond Field is in the Offshore Central Basin of Ghana and is located 12km from the nearest shoreline (Abandze) in a water depth of 27 metres. The Saltpond offshore platform, Mr Louie, is an old drilling jack-up which has been converted into a production platform.

The decommissioning of the Saltpond Field was among the key recommendations submitted to the Ministry of Energy by an inter-agency committee established in 2016 to advise the Minister on the operations of Saltpond Offshore Producing Company Limited (SOPCL).

In 2016, the Minister terminated the Lushann petroleum agreement dated the 30th of July 2004, and directed GNPC to commence the decommissioning process. The official position is that the decommissioning of the Field has become necessary as the field has drastically declined in production over the years and is no longer economically viable. The generally low output of the wells, coupled with Health Safety and Environment (HSE) challenges, and the possibility of a disaster on the Mr Louie platform require that the field should be decommissioned. GNPC's strategy is to advise the Minister on identifying a technically competent operator for the Saltpond Field after the decommissioning process.

The decommissioning process has been subdivided into three phases:

- Phase 1: Pre-decommissioning planning and consultation.
- Phase 2: Permanent abandonment of wells, decommissioning of topside and other facilities.
- Phase 3: Post-decommissioning activities, including well and environmental monitoring and evaluation.

According to GNPC, PAP Energy is an integrated oil and gas services company which provides a wide range of products for exploration, drilling, production and decommissioning. It is registered with the Petroleum Commission per the Petroleum (Local Content and Local Participation) Regulations, 2013 (LI 2204).

3.6 Western Corridor Gas Infrastructure

The Western Corridor Gas infrastructure project is ongoing. The following considerations on further infrastructure development have been identified:

- Extension of the existing Prestea pipeline to Kumasi to provide cheap fuel for power generation to boost the mining sector;
- Pipeline extension to the western border with La Cote d'Ivoire to feed a proposed fertilizer plant and ultimately supply power to that country;
- Gas Processing Plant expansion from its present capacity of 150MMscf to 250MMscf by 2021;
- Development of reverse flow capabilities of the WAGP offshore pipeline to feed the Eastern enclave (Tema) in the short term;
- Development of onshore pipeline connecting Aboadze with Tema to ensure security of supply in the long term.

3.7 Voltaian Basin Exploration

GNPC is undertaking exploration activities in the Voltaian Basin with the view to confirming the anticipated petroleum system which has been recognized through previous geological and geophysical activities. After the enactment of the Petroleum (Exploration and Production) Act, 2016 (Act 919), the concept paper guiding the exploration activities was revised. The draft was completed in June 2017. Major milestones in 2017 include:

- a) Signing of the Seismic Contract in October, 2017 between GNPC and BGP-BAY Geophysical Services Ltd;
- b) Signing of the explosives contract in October 2017 between GNPC and Maxam Ghana Ltd for the supply of explosives, detonators, magazine construction and other services to support seismic acquisition;
- c) The completion and approval of the Strategic Environmental Impact Assessment (SEIA) by the Environmental Protection Agency (EPA);
- d) Construction of base camp is about 80% complete;
- e) Mobilisation of 98 percent of required equipment to site for seismic operation.

3.8 Status of Oil Block Allocations

No oil and gas licenses were issued in 2017. There was also no relinquishment during the period under review.

According to PC's records, there are 17 contract areas which are licensed in Ghana's offshore petroleum industry, with three currently in production. Those in production are the Jubilee Field which straddles West Cape Three Points and Deepwater Tano, TEN Field in the Deepwater Tano Contract Area, and SGN within the Offshore Cape Three Points Contract Area.

A contract area (Deepwater Tano-Cape Three Points Block) operated by Hess Petroleum is at the pre-development phase, with the rest at various stages of exploration.

In October 2017, the Minister for Energy served notice of intent to enter into direct negotiations with Exxon Mobil in respect of a petroleum licence pertaining to the Deep Water Cape Three Points (DWCTP) area. This followed the collapse of an earlier attempt to negotiate an agreement with Exxon Mobil Oil under a Memorandum of Understanding (MoU) signed on 30th April 2015 between the government and Exxon Mobil. The MoU in question committed the parties to conclude negotiations over a period of seven months, referred to as 'exclusivity period'. The process however, was inconclusive.

The declaration of intent to enter into direct negotiations deviates from the default position of the Law (Section 10(3) of Act 919) which states that a petroleum agreement **SHALL ONLY** be entered into after an open, transparent and competitive public tender process. It is the case though that Section 10 (9) of Act 919 grants discretion to the Minister (in consultation with PC) to enter into direct negotiations where such approach represents the most efficient manner to achieve optimum returns or outcome. This provision however does not clarify how efficiency is to be measured. There is the expectation that regulations will clarify this.

Findings

1. In September 2017, Ghana obtained a favourable ruling from ITLOS against La Cote d'Ivoire in respect of the Maritime Boundary Dispute between the parties. The ruling has delimited the country's western maritime boundary and de-risked the uncertainty of the area.
2. The Greater Jubilee Full Field Development Plan (GJFFDP) was approved in October 2018.
3. Tullow, the Operator, has finalised the award of a rig contract to undertake drilling and completion activities in the GJFFDP.
4. A long-term solution for the turret bearing problems of the FPSO Kwame Nkrumah is being explored, with intermittent shutdowns for remediation works.
5. Commissioning of the gas system facility on TEN was carried out. Challenges identified with the gas turbine generators, gas compression system and the tulip of the high-pressure flare tip are being addressed.
6. First oil was delivered on 20th May 2017, with two production wells on the SGN, operated by ENI.
7. Pre-development activities by Hess on the DWT/OCP project have actively resumed post the ITLOS ruling on the Ghana – La Cote d'Ivoire Boundary Dispute. Hess is expected to submit the Plan of Development (PoD) ten months after the ITLOS maritime ruling.
8. GNPC has procured the services of a Project Management Consultant (PMC), PAP Energy Limited, for Phase 1 of the Saltpond Field Decommissioning Project.
9. The Western Corridor Gas Infrastructure works are ongoing.
10. A draft Concept Paper on the Voltaian Basin Exploration Project was completed in June 2017.

4. PETROLEUM PRODUCTION AND SALES

4.1. Crude Oil Production

A total of 58,658,063.54 barrels of crude oil was produced from Ghana's three production fields in 2017. Jubilee Field produced 32,749,975 barrels representing fifty-six percent (56%) of total production, whilst TEN and SGN produced 20,452,577 (35%) and 5,455,511.54 (9%) barrels respectively.

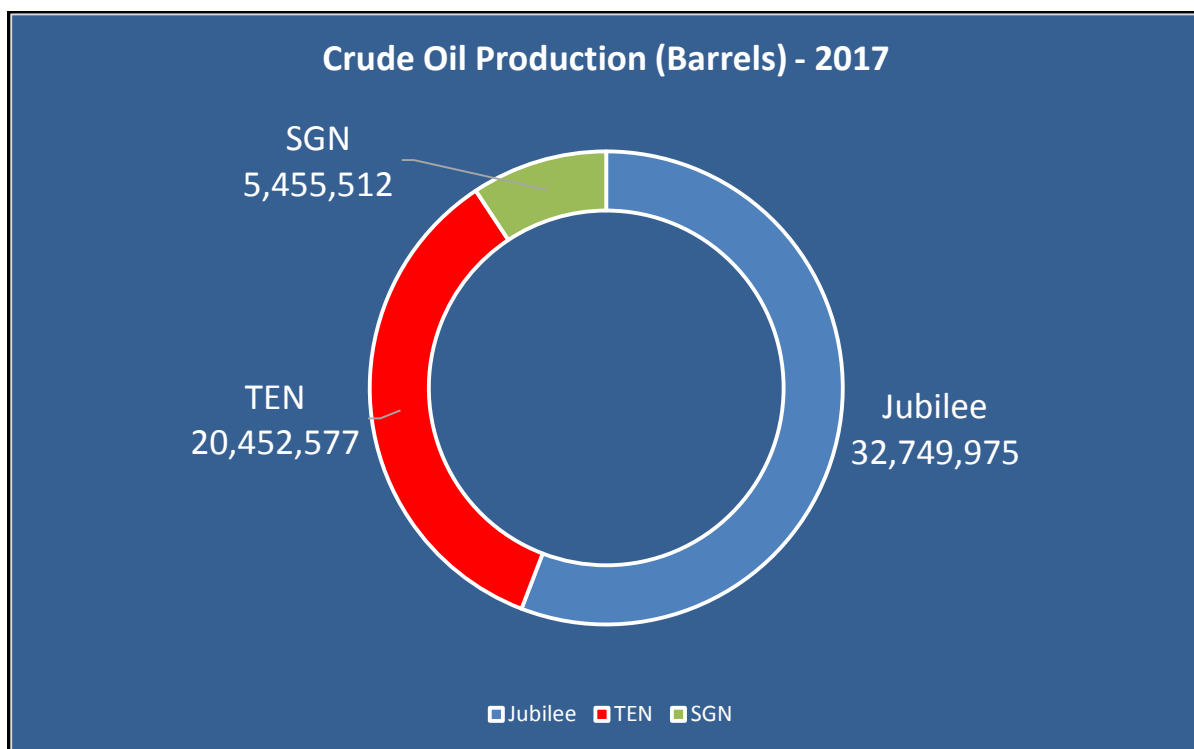


Figure 1: Crude Oil Production in Ghana (2017)

In comparison with 2016 total crude production (32,298,638 barrels), there was an eighty-two percent (82%) increase in 2017.

The average daily production of crude oil from the Jubilee Field was 89,726 barrels of oil per day (bopd) compared to 2016 average daily production of 73,995 bopd. The improved production performance from Jubilee can be attributed to the successful implementation of the Turret Remediation Project (TRP) which saw the employment of the interim spread mooring solution. Secondly, a planned shutdown scheduled for the latter part of 2017 was deferred to 2018. An average of 56,034 bopd was produced from the TEN Field. The SGN Field realised an average of 22,267 bopd from first oil in May to

the end of the period under review. The annualised daily average for SGN Field was 14,947 bopd.

Figure 2 illustrates the monthly production volumes for the three offshore fields. It further reveals that the highest production of crude oil on the Jubilee Field during the period under review was recorded in August (3.14 mmbbls or averagely 101,398 bopd) with the lowest occurring in January (1.85 mmbbls or averagely 59,731 bopd). In the case of the SGN Field, average daily production of 4,738 bbls was recorded in May ramping up to 40,329 bopd at the end of 2017.

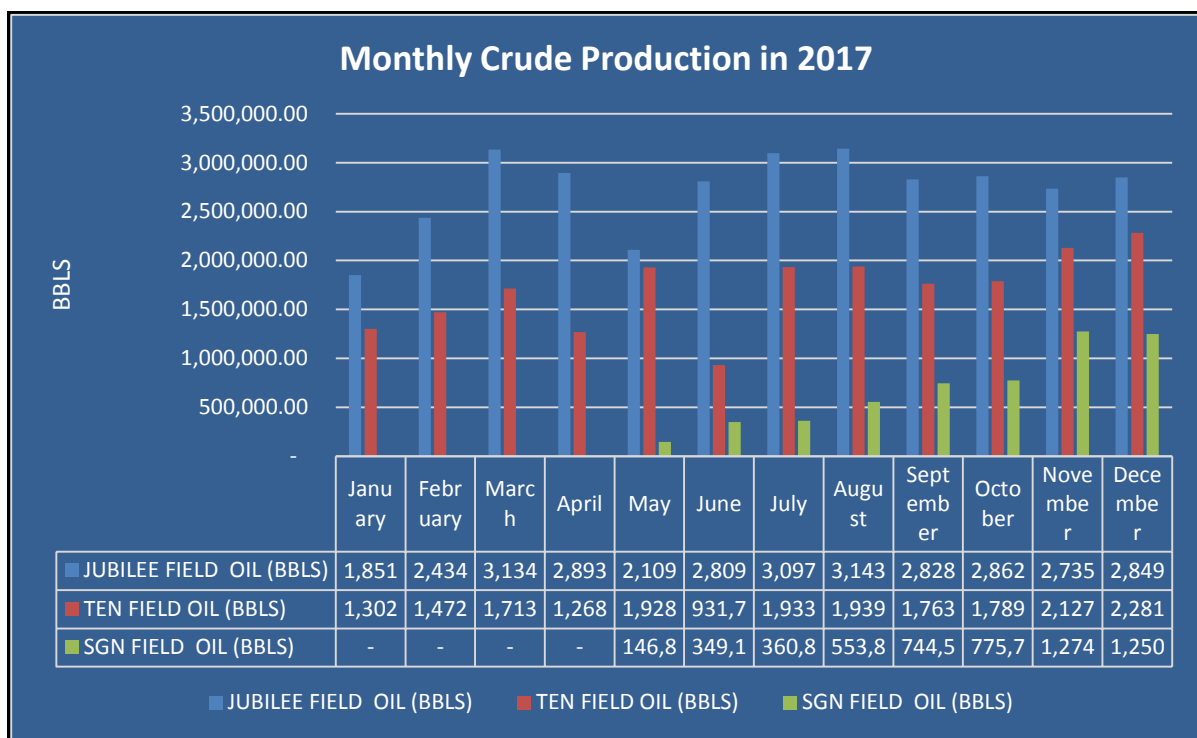


Figure 2: Monthly Crude Oil Production in 2017

The 2017 production figure brings the total volume of crude oil produced in Ghana since commercial exploitation began in 2010 to 252,885,863.54 barrels as can be deduced from Figures 3 and 4. The gross national average production for 2017 was 164,769.8 bopd.

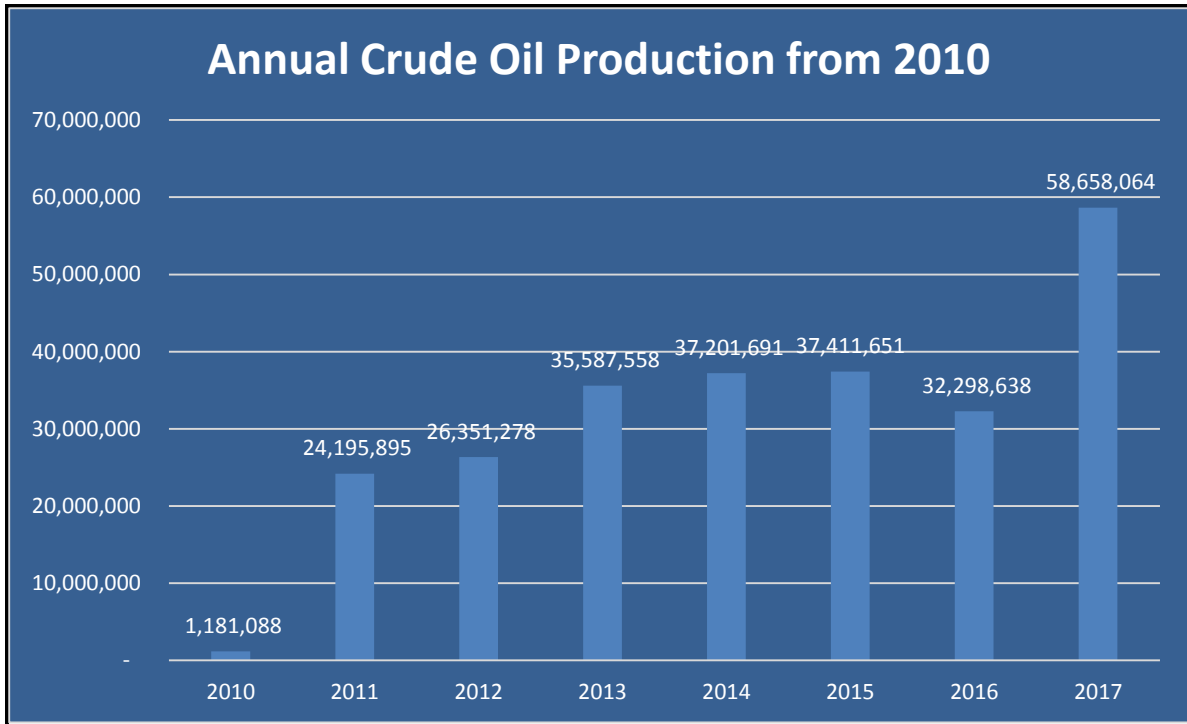


Figure 3: Annual Crude Oil Production (2010-2017)

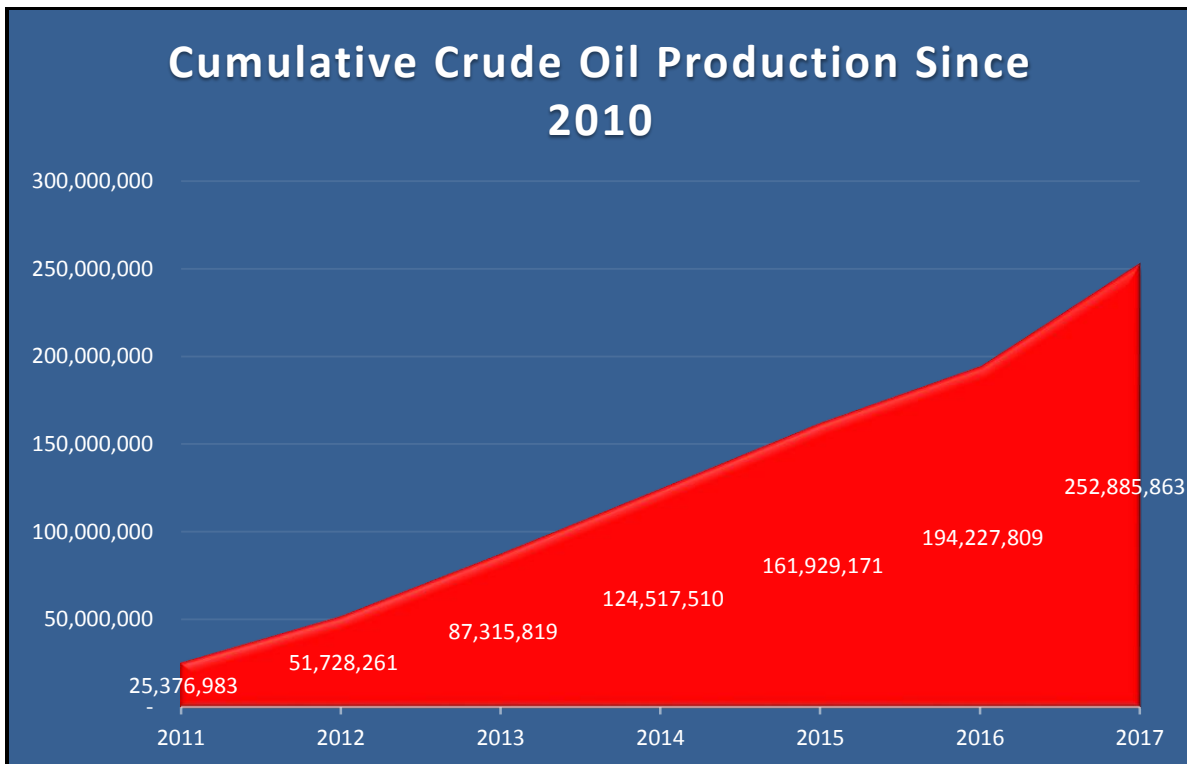


Figure 4: Cumulative Crude Oil Production (2010-2017)

4.2. Gas Production

A total of 77,294.44 million standard cubic feet (MMScf) of associated gas was produced from the Jubilee, TEN and SGN fields in 2017. Jubilee produced 42,261.35 MMScf, while TEN produced 26,818.33 MMScf. Gas production from the SGN Field commenced in May 2017, and totalled 7,214.76 MMScf for the year.

Table 1: Associated Gas Production from Ghana's Petroleum Fields

| MONTH | JUBILEE | TEN | SGN | TOTAL GAS PRODUCTION (MMScf) |
|--------------|------------------|------------------|-----------------|------------------------------|
| January | 2,864.08 | 1,579.60 | - | 4,443.68 |
| February | 3,063.40 | 1,803.75 | - | 4,867.15 |
| March | 3,972.98 | 2,249.87 | - | 6,222.85 |
| April | 3,680.52 | 1,668.14 | - | 5,348.66 |
| May | 2,585.41 | 2,581.18 | 207.43 | 5,374.02 |
| June | 2,581.18 | 1,356.16 | 510.45 | 4,447.79 |
| July | 3,873.18 | 2,605.36 | 472.28 | 6,950.82 |
| August | 4,217.75 | 2,707.98 | 642.32 | 7,568.05 |
| September | 4,004.01 | 2,257.80 | 911.04 | 7,172.85 |
| October | 4,185.29 | 2,311.61 | 1,075.63 | 7,572.53 |
| November | 4,044.39 | 2,715.45 | 1,657.01 | 8,416.85 |
| December | 4,189.16 | 2,981.43 | 1,738.60 | 8,909.19 |
| TOTAL | 43,261.35 | 26,818.33 | 7,214.76 | 77,294.44 |

Source: Petroleum Commission, 2017

A total of 30,831.72 MMScf representing 40% of the raw gas annual production was exported to the Atuabo Gas Processing Plant (AGPP) for processing. Details of gas exports and processing are provided in Chapters Five and Six.

Table 2: Export of Associated Gas to Atuabo Gas Processing Plant

| Use of Product | JUBILEE ASSOCIATED GAS | | TEN ASSOCIATED GAS | | SGN ASSOCIATED GAS | |
|------------------|------------------------|---------------|--------------------|---------------|--------------------|---------------|
| | Volume (MMScf) | % Utilisation | Volume (MMScf) | % Utilisation | Volume (MMScf) | % Utilisation |
| Exported to GNGC | 30,540.00 | 69.74 | 291.71 | 1.07 | 0 | 0 |
| Re-injection | 5,562.74 | 12.70 | 15,680.12 | 57.53 | 956.98 | 13.26 |
| Fuel for FPSO | 2,788.56 | 6.37 | 3,315.27 | 12.16 | 2,253.61 | 31.23 |
| Flared | 4,899.93 | 11.19 | 7,966.54 | 29.23 | 4,005.16 | 55.51 |
| TOTAL | | 100 | | 100 | | 100 |

Source: PIAC Construct (Based on Data from GNPC)

Table 2, shows that approximately 70% of the associated gas produced from Jubilee was exported to the Atuabo Gas Processing Plant (AGPP) in 2017. This represented an improvement of the utilisation of Jubilee gas for processing over the 56% exported to the AGPP in 2016. The proportion of associated gas from Jubilee that was re-injected to maintain reservoir pressure and flared was about 13% and 11% respectively. Conversely, the proportions of gas flared on the TEN and SGN fields were 29% and 55% respectively.

4.3. Cost of Crude Production

4.3.1. Jubilee Costs

The total cost associated with Greater Jubilee Field in 2017 was US\$499,677,634. The Jubilee Field produced 32,749,975 barrels of crude, which translates to an average of US\$15.26 to produce a barrel of oil. In 2016, the corresponding average production cost was US\$22.10. The 2017 average cost per barrel of US\$15.26 represents a year-on-year decrease of 30.95% over that of 2016.

Table 3: Cost of Production of Crude on Jubilee Field

| Cost Description | Year | |
|---|-------------|-------------|
| | 2016 | 2017 |
| Total Cost of Production (US\$) - (A) | 596,338,000 | 499,677,634 |
| Total Production (BBLs) - (B) | 26,981,640 | 32,749,975 |
| Average Production Cost (US\$/BBL) (US\$/BBLs) - (A ÷ B) | 22.10 | 15.26 |

Source: PIAC Construct

4.3.2. TEN Costs

The total cost associated with petroleum production from the TEN Field in 2017 was US\$396,339,862. The Field produced 20,452,577 barrels, making the average cost of production US\$19.38 per barrel.

Table 4: Cost of Production of Crude on TEN Field

| Cost Description | Year |
|------------------------------------|-------------|
| | 2017 |
| Total Cost of Production (US\$) | 396,339,862 |
| Total Production (BBLs) | 20,452,577 |
| Average Production Cost (US\$/BBL) | 19.38 |

Source: PIAC Construct

4.4. Crude Liftings in 2017

4.4.1. Jubilee Field

There were 34 liftings from the Jubilee Field by the Partners in 2017, totalling 32,311,961 bbls of crude. The number of liftings in 2017 was higher than that for 2016, when there were only 26 oil liftings. Total cargo volume was also higher in 2017 by 6,177,948 bbls over the 2016 volume. Table 5 summarises the crude oil liftings from the Jubilee Field by the partners. Details of crude liftings from the field are provided in Appendix 1.

Table 5: Crude Oil Liftings by Jubilee Partners in 2017

| Name of Company/Group | Number of Liftings | Crude (bbls) | Percentage of Total Liftings |
|-----------------------|--------------------|-------------------|------------------------------|
| Tullow Ghana | 12 | 11,059,194 | 34.23 |
| Anadarko &Petro | 8 | 7,728,639 | 23.92 |
| Kosmos | 8 | 7,781,252 | 24.08 |
| Ghana Group | 6 | 5,742,876 | 17.77 |
| TOTAL | 34 | 32,311,961 | 100 |

NB: Anadarko – 6,942,748 bbls; PetroSA – 785,891 bbls

Source: Petroleum Commission, 2017

The liftings by the various partners were in accordance with the Jubilee Field Crude Oil Lifting Agreement (COLA). GNPC lifted six (6) parcels of crude oil on behalf of the State (Ghana Group) totalling 5,742,876 barrels of oil (representing 17.77% of total liftings) as shown in Table 5. Ghana has therefore lifted a total of 39,669,220 bbls of crude oil from the Jubilee Field from 2011 to the end of 2017.

Table 6: Crude Oil Liftings by Ghana Group from Jubilee Field in 2017

| Date of Lifting | Lifting Number | Volume of Crude Oil (bbls) |
|---------------------|----------------|----------------------------|
| 09-Mar-17 | 36 | 947,806 |
| 13-May-17 | 37 | 948,931 |
| 03-July-17 | 38 | 952,938 |
| 08-Sept-17 | 39 | 953,094 |
| 25-Oct-17 | 40 | 947,648 |
| 16-Dec-17 | 41 | 992,459 |
| TOTAL (bbls) | | 5,742,876 |

Source: GNPC, 2017

The 2017 total liftings from the Jubilee Field of 32,311,961 bbls leaves a stock of 438,014 bbls of crude oil that was not lifted, which when added to the 2017 opening stock of 1,691,879 bbls carried over from 2016, translates into a 2017 closing stock of 2,329,894 bbls as analysed in Table 7.

Table 7: Analysis of Production and Liftings on Jubilee Field (2010-2017)

| Year | Production (mmbbls) | Cum. Production (mmbbls) | Total Availability (mmbbls) | Total Liftings (mmbbls) | Stock carried forward (mmbbls) |
|------|---------------------|--------------------------|-----------------------------|-------------------------|--------------------------------|
| 2010 | 1,181,088 | 1,181,088 | 1,181,088 | 0 | 1,181,088 |
| 2011 | 24,195,895 | 25,376,983 | 25,376,983 | 24,450,155 | 926,828 |
| 2012 | 26,351,278 | 51,728,261 | 27,278,106 | 26,430,934 | 847,172 |
| 2013 | 35,587,558 | 87,315,819 | 36,434,730 | 36,048,290 | 386,440 |
| 2014 | 37,201,691 | 124,517,510 | 37,588,131 | 36,988,315 | 599,816 |
| 2015 | 37,411,661 | 161,929,171 | 38,011,477 | 37,167,224 | 844,252 |
| 2016 | 26,981,640 | 188,910,811 | 27,825,893 | 26,134,013 | 1,691,880 |
| 2017 | 32,949,975 | 221,860,786 | 34,641,855 | 32,311,961 | 2,329,894 |

Source: PIAC Construct (Based on Data from PC and GNPC)

4.4.2. TEN Field

The TEN Field's first full year of production – in 2017 – saw the Partners lifting 19 parcels of crude totalling 20,039,703 bbls.

Table 8: Crude Oil Liftings by TEN Partners in 2017

| Name of Company/Group | Number of Liftings | Crude (bbls) | Percentage of Total Liftings |
|-----------------------|--------------------|-------------------|------------------------------|
| Tullow Ghana | 10 | 9,143,662 | 39.62 |
| Anadarko &Petro | 4 | 3,879,220 | 21.50 |
| Kosmos | 3 | 2,978,446 | 16.50 |
| Ghana Group | 4 | 4,038,375 | 22.38 |
| TOTAL | 21 | 20,039,703 | 100 |

Source: Petroleum Commission, 2017

As shown in Table 8, GNPC in accordance with the TEN Field Crude Oil Lifting Agreement (COLA), lifted four (4) parcels totalling 4,038,375 bbls compared to one (1) lifting (996,459 bbls) in 2016. GNPC's liftings increased by 3,041,916 bbls (approximately 305.3%), in 2017. The 2017 lifting brings to 5,034,834 bbls, the total number of barrels of crude oil lifted by the Ghana Group from the TEN Field from 2016 to 2017.

Table 9: Crude Oil Liftings by Ghana Group from TEN Field in 2017

| Date of Lifting | Lifting Number | Volume of Crude Oil (bbls) |
|---------------------|----------------|----------------------------|
| 20-Mar-17 | 2 | 996,588 |
| 18-Jun-17 | 3 | 995,657 |
| 06-Oct-17 | 4 | 1,038,748 |
| 20-Dec-17 | 5 | 1,007,382 |
| TOTAL (bbls) | | 4,038,375 |

Source: GNPC, 2017

The 2017 total liftings of 20,039,703 bbls by the TEN Partners leaves a stock of 412,874 bbls of crude oil that was not lifted, which when added to the 2017 opening stock of 684,646 bbls carried over from 2016, translates into a 2017 closing stock of 1,097,520 bbls.

Table 10: Analysis of Production and Liftings on TEN Field (2010-2017)

| Year | Production (mmbbls) | Cum. Production (mmbbls) | Total Availability (mmbbls) | Total Liftings (mmbbls) | Stock carried forward (mmbbls) |
|------|---------------------|--------------------------|-----------------------------|-------------------------|--------------------------------|
| 2016 | 5,316,140 | 5,316,140 | 5,316,140 | 4,631,494 | 684,646 |
| 2017 | 20,452,577 | 25,768,717 | 21,137,223 | 20,039,703 | 1,097,520 |

Source: PIAC Construct

Details of the liftings from the TEN Field are provided in Appendix 2.

4.4.3. SGN Field

Five (5) cargoes were lifted from FPSO John Agyekum Kufuor in 2017.

Table 11: Crude Oil Liftings by SGN Partners in 2017

| Name of Company/Group | Number of Liftings | Crude (bbls) | Percentage of Total Liftings |
|-----------------------|--------------------|--------------|------------------------------|
| ENI | 2 | 1,948,053 | 41.72 |
| VITOL | 2 | 1,815,651 | 38.89 |
| "CONTRACTORS | 1 | 905,106 | 19.39 |
| GHANA GROUP | 0 | 0 | - |
| TOTAL | 5 | 4,668,810 | 100 |

Source: GNPC, 2017

Even though Table 11 shows that the Ghana Group did not lift any crude in 2017, there was actually a lifting entitlement which was used to net off GNPC's share of development cost which had been paid by the SGN Partners. "Contractor Overlifting" is defined under Article 10.1(d) of the OCTP Petroleum Agreement which allows the Contractor to lift GNPC's crude oil upfront to offset GNPC's share of development cost. Details of the liftings are provided in Appendix 3.

Having produced 5,455,512 bbls in 2017, the closing stock carried forward to 2018 on FPSO John Agyekum Kufuor was 786,702 bbls of crude oil.

4.5. Crude Oil Pricing in 2017

The average Jubilee crude oil price achieved by GNPC for the Ghana Group in 2017 was US\$54.43/bbl against a Government estimated benchmark price of US\$56.14/bbl. The achieved price compares favourably with the average Dated BRENT price of US\$54.25/bbl during the periods that the Ghana Group lifted its cargoes as shown in Figure 5.

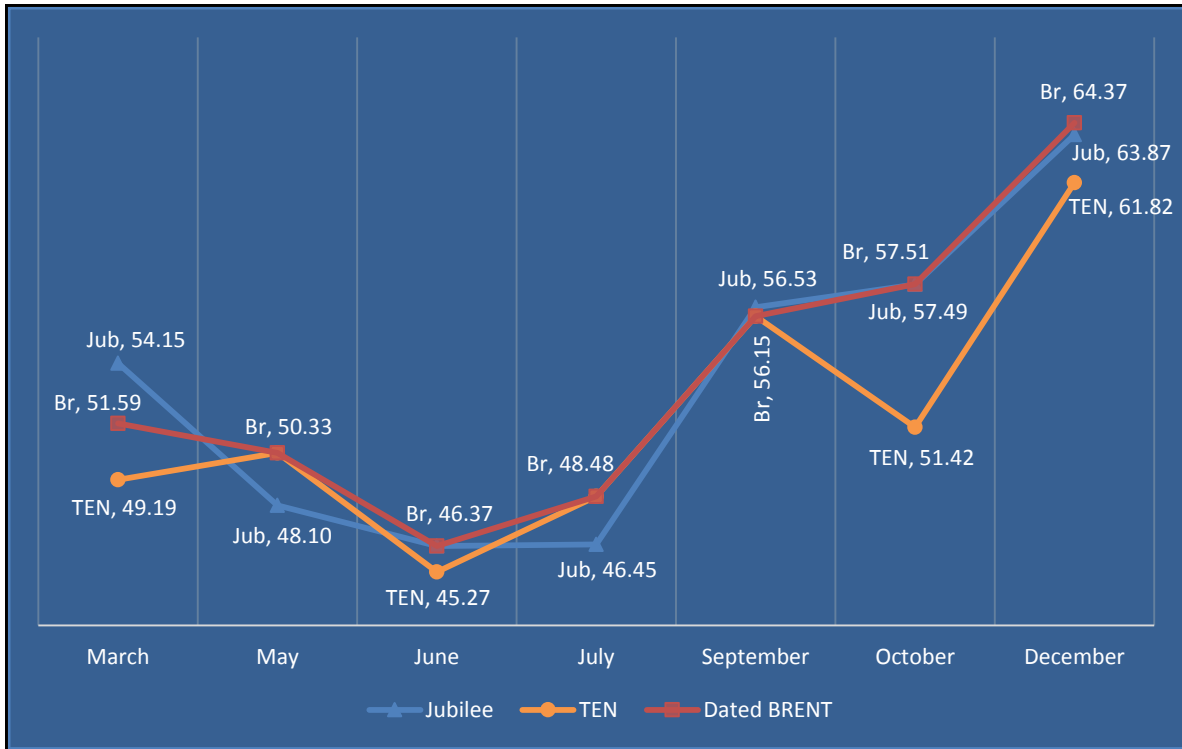


Figure 5: Comparison of Achieved Price for Jubilee and Dated BRENT, 2017

Legend: Jub = Jubilee; Br = Brent

On the contrary, the achieved average price of US\$51.92/bbl for the Ghana Group’s four liftings from the TEN Field was below both the estimated benchmark price and the average dated BRENT price during the same period.

The combined average achieved price for both Jubilee and TEN crudes for 2017 was US\$53.16/bbl, representing 2.01% and 5.31% deviations from the average dated BRENT and benchmark prices respectively.

Figure 6 shows how crude oil prices obtained by the Ghana Group compare with the prices at which the other Partners sold their liftings on the international market. The average price achieved by the Ghana Group compared quite favourably with that of all the other Partners.

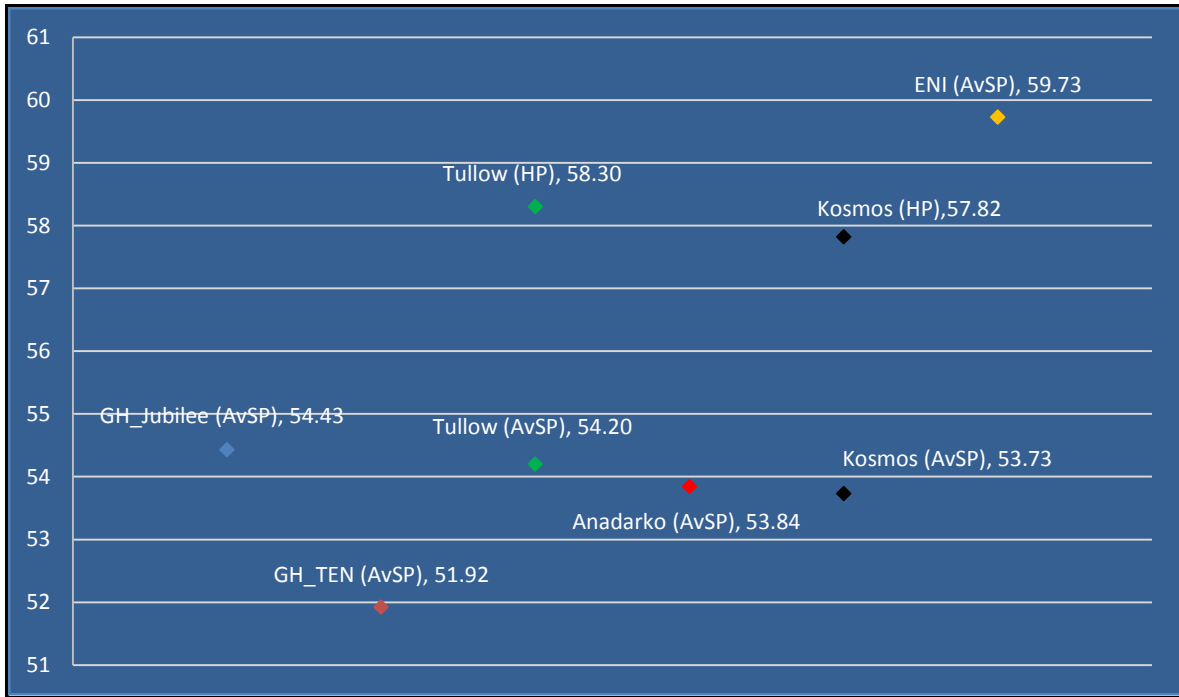


Figure 6: Comparison of 2017 Crude Prices Realised by Jubilee and TEN Partners

Legend: Average Sale Price (AvSP); Hedge Price (HP)

Tullow Ghana Limited (TGL) explained at the validation meeting of this report that it does not hedge its crude, but rather its parent company, Tullow Plc., does hedge a portion of its global crude. Their achieved prices are benchmarked to BRENT (using the average of the last five days' Dated BRENT prices) and are in accordance with their sales agreements. In addition, the company obtains a negotiated margin from its clients based on the composition of the crude and the end-use products of the refinery. The margin varies with seasons. On the other hand, Tullow Oil Plc. undertakes hedging activities as part of ongoing management of its business risk to protect against volatility and to ensure the availability of cash flow for re-investment in capital programmes that are driving business growth.

Findings

1. A total of 58,658,063.54 barrels of crude oil was produced from Ghana's three production fields in 2017. Jubilee Field produced 32,749,975 barrels representing 56% of total production, whilst TEN and SGN pumped 20,452,577 (35%) and 5,455,511.54 (9%) barrels respectively.
2. In comparison with 2016 total crude production (32,298,638 barrels), there was an eighty-two percent (82%) increase in 2017.
3. GNPC lifted five (5) parcels of crude oil on behalf of the State from Jubilee totalling 5,742,876 barrels of oil (representing 17.77% of total liftings).
4. GNPC also lifted four (4) parcels of crude totalling 4,038,375 bbls from TEN.
5. GNPC did not lift any crude on behalf of the State from SGN in 2017.
6. A total of 77,294.44 MMScf of associated gas was produced from the Jubilee, TEN and SGN fields in 2017. Jubilee produced 42,261.35 MMScf, TEN produced 26,818.33 MMScf, whilst SGN produced 7,214.76 MMScf.
7. Ghana's crude oil from the Jubilee Field was sold at an average achieved price of US\$54.43/bbl which compares favourably with the average dated BRENT price of US\$54.25/bbl as well as the average achieved price of all the other Partners (Tullow – US\$54.20/bbl; Anadarko – US\$53.84/bbl; Kosmos – US\$53.73/bbl); and ENI – US\$59.73/bbl.
8. Ghana's crude from the TEN Field achieved an average price of US\$51.92/bbl, falling behind both the estimated benchmark price and the average dated BRENT price during the same period.
9. The Jubilee Partners however were able to sell a portion of their liftings at a higher price as a result of respective hedging policies of their parent companies, with Kosmos and Tullow Plc. realising a unit price of US\$57.82/bbl and US\$58.30/bbl respectively.

5. REVENUE COLLECTION AND MANAGEMENT

Total petroleum receipts into the Petroleum Holding Fund (PHF) in 2017, was US\$539,832,157.44. An amount of US\$579,278.46 was earned as interest on undistributed funds held in the PHF during the year, making total inflow into the PHF in 2017 US\$540,411,435.90.

The composition of the receipts are as shown in Figure 7.

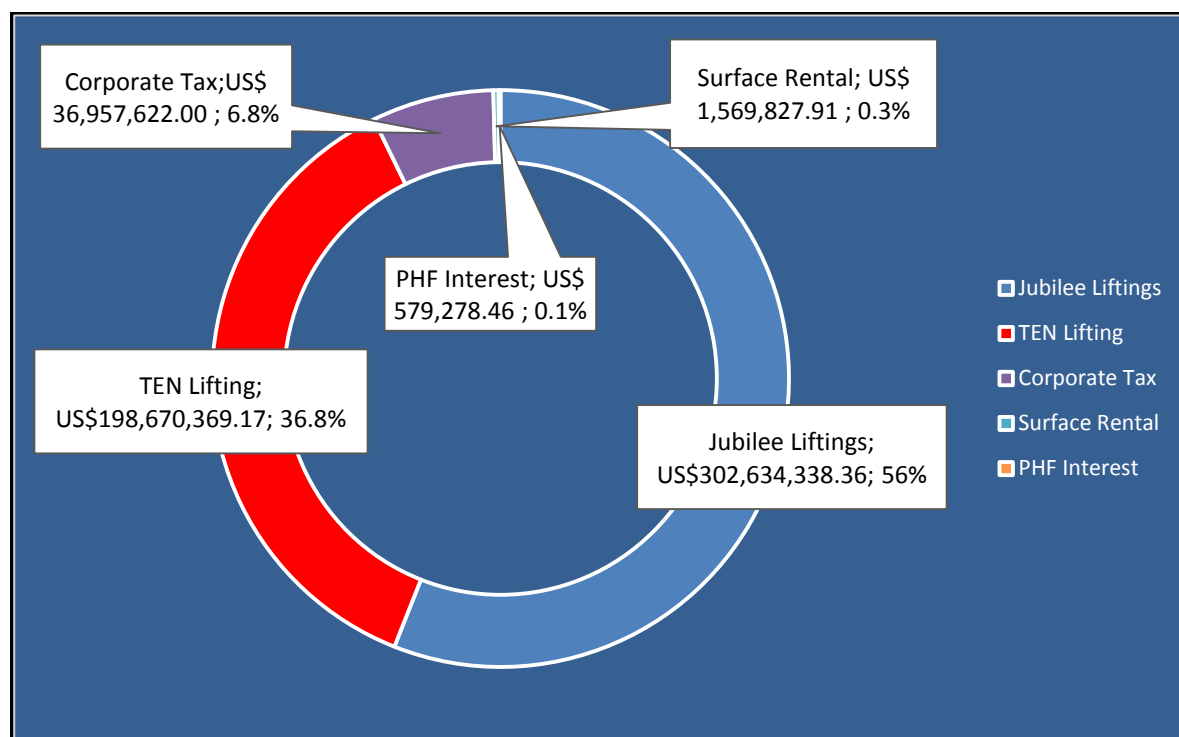


Figure 7: Petroleum Receipts Paid into the PHF

There were no inflows into the PHF from the SGN Field as well as revenue from sale of gas to GNGC.

5.1. Receipts from Jubilee Field Crude Liftings for Ghana Group

An amount of US\$302,634,338.36 was paid into the Petroleum Holding Fund (PHF) in respect of six crude oil liftings from the Jubilee Field - numbers 35 (lifted in December 2016), 36, 37, 38, 39 and 40. (Table 12).

Table 12: Receipts from Jubilee Crude Liftings

| Date of Lifting | Lifting No. | Volume (bbl) | Selling Price (US\$) | Premium (US\$) | Revenue (US\$) |
|-----------------|-------------|------------------|----------------------|-------------------|-----------------------|
| 27-Dec-16 | 35 | 984,163 | 53.428 | 78,733.04 | 52,660,593.80 |
| 09-Mar-17 | 36 | 947,806 | 54.151 | 75,824.48 | 51,400,467.19 |
| 13-May-17 | 37 | 948,931 | 48.102 | 75,914.48 | 45,721,393.44 |
| 03-July-17 | 38 | 952,938 | 46.445 | 76,235.04 | 44,335,440.45 |
| 08-Sept-17 | 39 | 953,094 | 56.532 | 76,247.52 | 53,956,557.53 |
| 25-Oct-17 | 40 | 947,648 | 57.494 | 75,811.84 | 54,559,885.95 |
| Total | | 5,734,580 | | 230,472.00 | 302,634,338.36 |

Source: GNPC, 2017

Revenue from the 41st lifting on 16th December 2017, was paid into the PHF in January 2018 and is not included in this analysis.

5.2. Receipts from TEN Field Crude Liftings for Ghana Group

An amount of US\$198,666,095.13 was paid into the PHF in respect of four crude oil liftings from TEN – 1st (lifted in December 2016), 2nd, 3rd and 4th. (Table 13).

Table 13: Receipts from TEN Crude Liftings

| Date of Lifting | Lifting No. | Volume (bbl) | Selling Price (US\$) | Premium (US\$) | Revenue (US\$) |
|-----------------|-------------|--------------|----------------------|----------------|----------------|
| 08-Dec-16 | 1 | 996,459 | 51.09 | 99,645.90 | 51,008,736.21 |
| 20-Mar-17 | 2 | 996,588 | 49.188 | 99,658.80 | 49,119,829.34 |
| 18-Jun-17 | 3 | 995,657 | 45.273 | 99,565.70 | 45,175,945.06 |
| 06-Oct-17 | 4 | 1,038,748 | 51.417 | 51,937.40 | 53,461,243.32 |
| Total | | 4,027,452 | | | 198,765,753.93 |

Source: GNPC, 2017

Revenue from the 5th lifting on 20th December 2017 was paid into the PHF in January 2018 and is not included in this analysis.

An amount of US\$99,658.80 which was the premium (pricing option fee) received by GNPC for the sale of the Ghana Group's second lifting from TEN Field was not included in the transfers to the PHF.

5.3. Receipts from SGN Field Crude Liftings for Ghana Group

Ghana Group did not lift crude in 2017 from the SGN Field. Ghana's lifting entitlement was used to net off GNPC's share of development cost, which had been paid by the SGN Partners.

As at 31st December 2017, the total cost attributed to GNPC as share of development cost was US\$143,198,352. This comprises development cost of US\$130,980,460, interest on development cost of US\$2,753,706, and operating cost of US\$9,464,186. Out of this amount, US\$50,211,973 has been repaid through the crude oil offset, leaving a balance of US\$92,986,378 as at 31st December 2017.

5.4. Analysis of Petroleum Receipts

The PRMA, describes “Petroleum Revenue” to include royalty, initial (carried) interest, additional participating interest, petroleum income tax, additional oil entitlement and surface rentals. The total petroleum revenue paid into the Petroleum Holding Fund in 2017 was US\$539.83 million, 36 percent higher than the US\$396.17 paid in 2016. Figure 8 illustrates the sources of funds into the PHF in 2017.

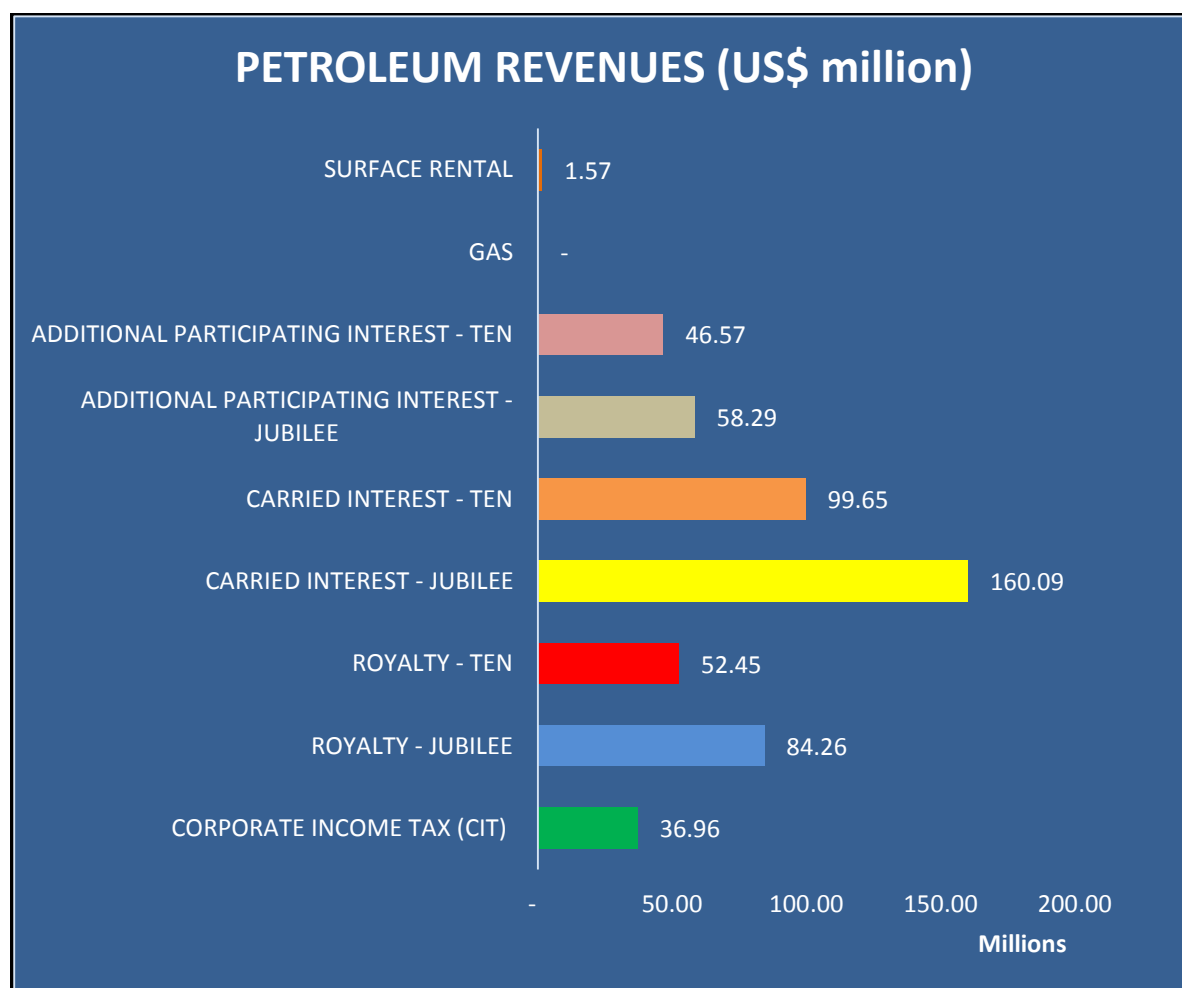


Figure 8: Petroleum Revenues

5.4.1. Carried Interest

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

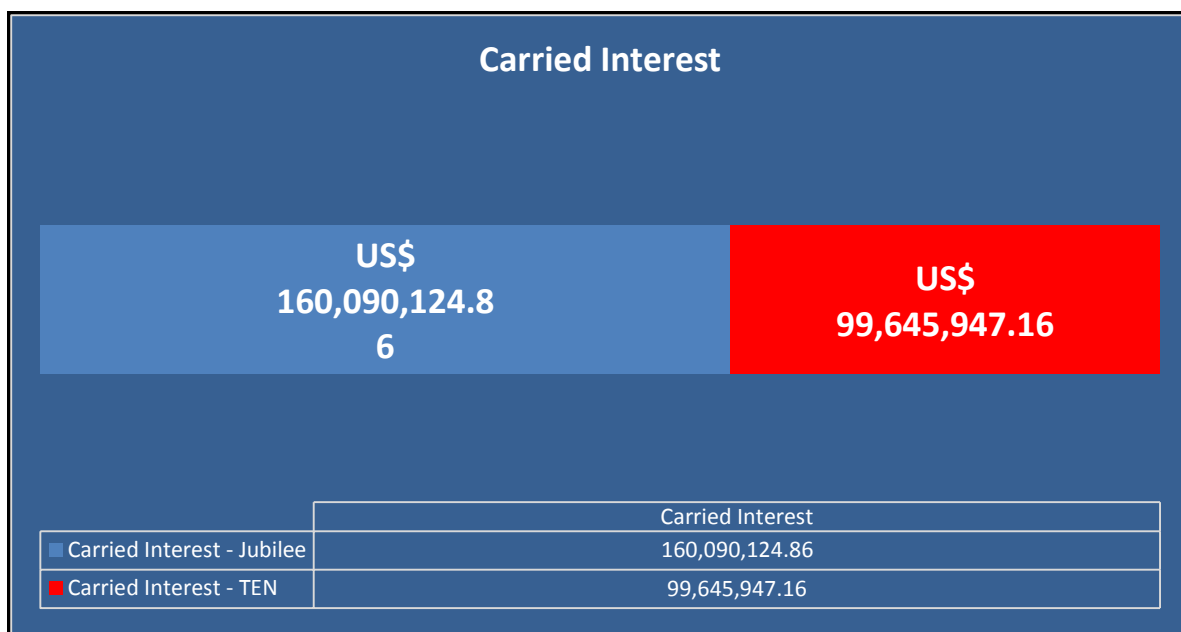


Figure 9: Carried Interest

5.4.2. Additional Participating Interest – Jubilee

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

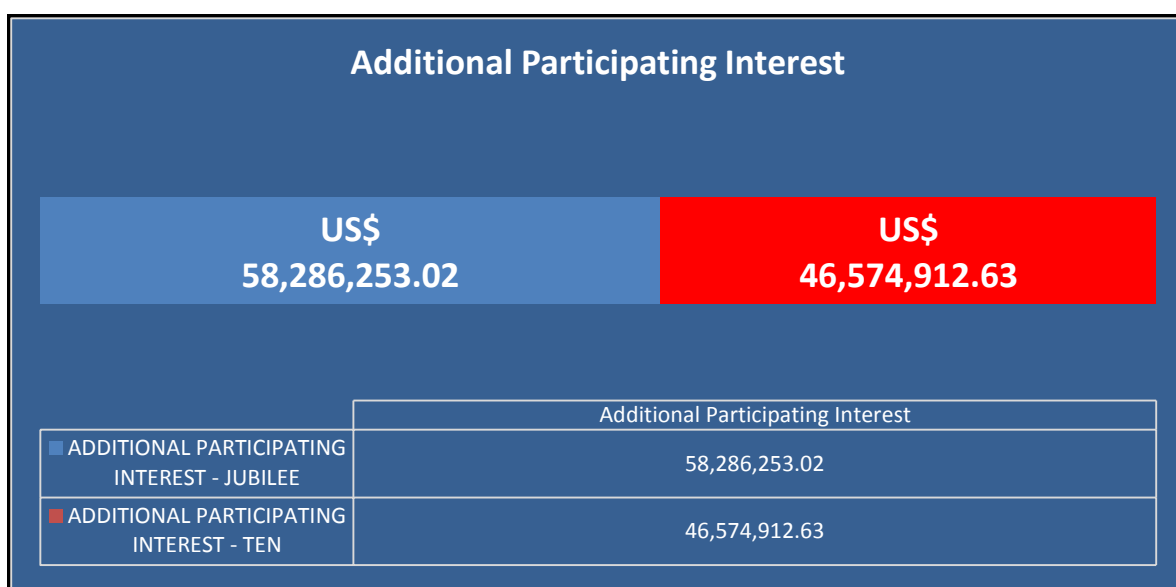


Figure 10: Additional Participating Interest

5.4.3. Royalties

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

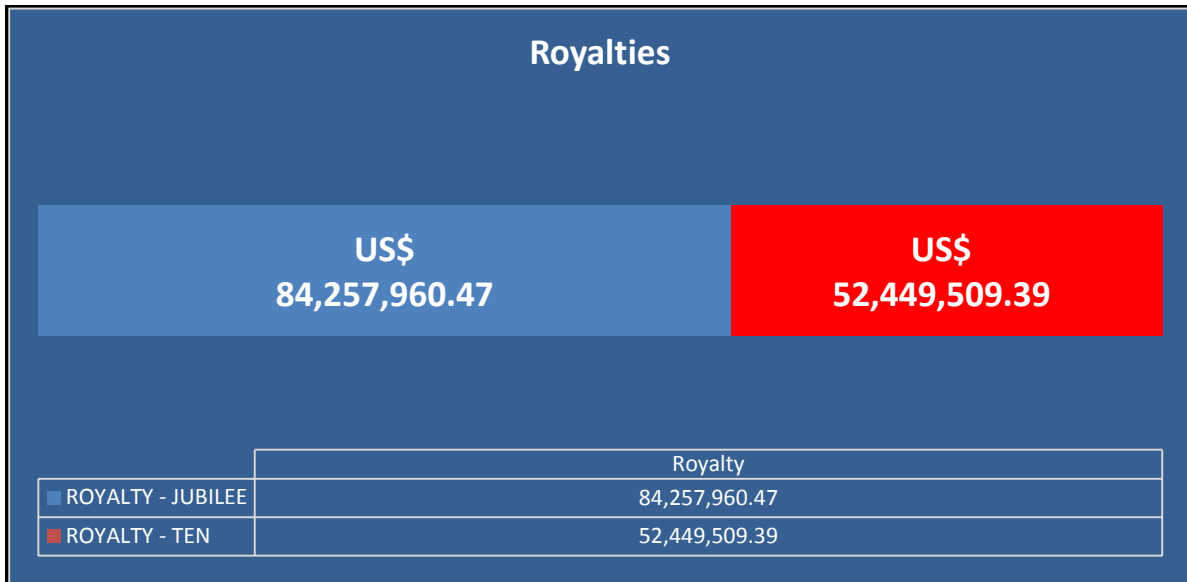


Figure 11: Royalty

5.5. Gas Revenues

No gas revenue was paid to GNPC by GNGC during the period. This is the second consecutive year that invoices for raw gas supplied to GNGC by GNPC for processing have not been paid.

The total volume of gas supplied to GNGC in 2017 was 30,831.71 MMScf with a calorific value of 2,681,617.92 MMBtu. A volume of 291.71MMScf was exported from the TEN Field between May and December 2017 to substitute Jubilee foundation gas during the flare tip replacement on the FPSO Kwame Nkrumah. The expected revenue from the 2017 supply was US\$94,776,691.97. (Table 14).

Table 14: Gas Revenues - 2017

| Month | Export from Jubilee (MMScf) | Export from TEN (MMScf) | Total Export (MMScf) | Total (MMBtu) | Total Revenue (US\$) |
|--------------|-----------------------------|-------------------------|----------------------|---------------------|----------------------|
| January | 1,570.34 | 0 | 1,570.35 | 1,664,564.64 | 4,827,237.46 |
| February | 242.38 | 0 | 242.38 | 256,926.19 | 745,085.95 |
| March | 2,299.59 | 0 | 2,299.59 | 2,437,565.40 | 7,068,939.66 |
| April | 2,383.29 | 0 | 2,383.29 | 2,526,287.85 | 7,326,234.77 |
| May | 2,048.17 | 233.80 | 2,286.56 | 2,418,888.20 | 7,014,775.78 |
| June | 2,313.54 | 0 | 2,313.54 | 2,452,353.46 | 7,111,825.03 |
| July | 2,675.48 | 10.26 | 2,675.48 | 2,846,887.58 | 8,255,973.98 |
| August | 3,432.75 | 0 | 3,432.75 | 3,638,711.92 | 10,552,264.57 |
| September | 3,230.30 | 10.01 | 3,240.31 | 3,434,727.54 | 9,960,709.87 |
| October | 3,540.35 | 0 | 3,540.35 | 3,752,769.94 | 10,883,032.83 |
| November | 3,333.40 | 0 | 3,333.40 | 3,533,406.12 | 10,246,877.75 |
| December | 3,470.41 | 37.64 | 3,508.05 | 3,718,529.08 | 10,783,734.33 |
| TOTAL | 30,540.00 | 291.71 | | 2,681,617.92 | 94,776,691.97 |

Source: GNPC, 2017

From inception of gas production to the end of December 2017, GNPC has supplied 78,130.07 MMScf of raw gas to GNGC - This is equivalent to gross revenue of US\$240,171,805.20, out of which GNGC has paid US\$9,856,621.67. As at the end of 2017, GNGC's indebtedness to GNPC therefore stood at US\$230,315,202.27. (Table 15).

Table 15: Total Gas Exports to GNGC and Invoiced Amounts (Inception to December 2017)

| Year | Volume of Gas Supplied (MMScf) | Invoiced Amount (US\$) | Payment (US\$) | Outstanding Amount (US\$) |
|--------------|--------------------------------|------------------------|---------------------|---------------------------|
| 2014 | 1,506.39 | 4,630,642.86 | 553,815.32 | 4,076,827.54 |
| 2015 | 24,212.04 | 74,427,810.96 | 9,302,806.35 | 65,125,004.61 |
| 2016 | 21,579.92 | 66,336,678.15 | - | 66,336,678.15 |
| 2017 | 30,831.72 | 94,776,691.97 | - | 94,776,691.97 |
| Total | 78,130.07 | 240,171,805.20 | 9,856,621.67 | 230,315,202.27 |

Source: GNPC, 2017

5.6. Other Receipts

5.6.1. Corporate Income Tax

In the first half of 2017, an amount of US\$22,073,745 was paid by Kosmos Energy as additional assessment resulting from a tax audit by GRA covering 2011 to 2015. In the second half of the year, another US\$12,043,194 was paid into the PHF as Corporate Income Tax (CIT) for the assessment raised from the 2011 – 2015 GRA audit. An amount of US\$2,840,683 was paid as its third quarter CIT in October. Thus, a total of **US\$36,957,622** was paid into the PHF as CIT in 2016.

Another tax audit of Anadarko by GRA covering 2011- 2015 resulted in the payment of US\$12,726,739.73 into GRA accounts. PetroSA paid US\$761,229 as third quarter corporate tax assessment into GRA accounts. The Anadarko and PetroSA payments have yet to be transferred into the PHF.

5.6.2. Surface Rentals

The total receipt into the PHF in respect of surface rentals for 2017 was **US\$1,569,827.91**. This comprised arrears of \$US824,949.74 and 2017 assessments of US\$775,762.42. An amount of US\$607,081.91 was paid in the first half of the year, and US\$962,746 paid in the second half of 2017. The estimated surface rental for 2017 was US\$1,215,105.70. The total payment received in respect of 2017 assessments therefore represented 63.8 percent achievement. However, the 2016 arrears of Springfield E & P Ltd. of US\$30,884.25 was wrongfully paid into GRA accounts. This has still not been transferred into the PHF.

Surface rental arrears for 14 out of the 17 petroleum agreements prior to 2017 have been paid. Thirteen (13) of the companies have paid for the 2017 assessments.

The issues concerning non-compliance of some legal requirements by Britannia-U, Sahara Energy and Swiss African Oil Company Ltd, which include the non-payment of surface rentals, have been referred to the Ministry of Energy. The East Keta Ultra Deep Block jointly owned by GOSCO, Bluestar and Heritage is facing some challenges from the Togolese authorities concerning their maritime boundary with Ghana. The challenges have necessitated the suspension of operations by the companies in the area. The surface rental for this block for 2017 is yet to be paid.

Table 16: Surface Rentals

| SURFACE RENTAL | |
|--|---------------------|
| COMPANY | AMOUNT US\$ |
| PETROGULF LTD | 141,570.00 |
| HESS GH EXP | 150,750.00 |
| KOSMOS | 17,797.20 |
| TULLOW | 59,261.22 |
| <i>ENI GHANA EP LTD (for 2 different blocks)</i> | 141,998.49 |
| MEDEA DEVELOPMENT INTERNATIONAL | 78,230.00 |
| BLUESTAR EXPLORATION GH LTD/GOSCO | 129,425.00 |
| AGM | 522,300.00 |
| ERIN ENERGY | 150,400.00 |
| AMNI | 13,974.00 |
| UB RESOURCES | 130,472.00 |
| SPRINGFIELD | 33,650.00 |
| TOTAL | 1,569,827.91 |

GRA, 2017

Further details of surface rental assessments and payments are provided in Appendix 7.

5.6.3. Interest Payments

An interest of US\$579,278.46 was earned on undistributed funds held in the PHF during the year. An amount of US\$393,432.93 was earned in the first half, while US\$185,845.53 was earned in the second half. In addition, GNPC paid US\$4,274.04 into the PHF as interest on late payment on the 3rd TEN lifting. Thus, the total interest payments into the PHF for the period under review was **US\$976,985.43**.

5.7. Wrongful Lodgements of Petroleum Revenues into GRA Accounts

Act 815 requires all petroleum revenues to be paid into the Petroleum Holding Fund at the Bank of Ghana. A few companies have however wrongfully lodged such revenues to accounts held by the Ghana Revenue Authority instead of the PHF. Table 15 shows funds which have been wrongfully lodged and are yet to be credited to the PHF by GRA.

Table 17: Revenues to be paid into PHF by GRA

| REVENUES YET TO BE TRANSFERRED TO PHF BY GRA | |
|--|----------------------|
| DESCRIPTION | AMOUNT US\$ |
| Springfield Surface Rental - Paid into GRA account | 30,884.25 |
| Anadarko Additional Assessment For 2011-2015 Tax Audit Paid into GRA account | 12,726,739.73 |
| PetroSA Gh Ltd Q3 Corporate Tax Paid into GRA account | 761,229.00 |
| TOTAL | 13,518,852.98 |

PIAC Construct (Based on Data from GRA)

Findings

1. Total petroleum receipts paid into the Petroleum Holding Fund in 2017 was US\$539,832,157.44. Additionally, an amount of US\$579,278.46 was earned as interest on undistributed funds held in the PHF during the year.
2. An amount of US\$302,634,338.36 was paid into the Petroleum Holding Fund (PHF) in respect of six crude oil liftings from the Jubilee Field.
3. An amount of US\$198,666,095.13 was paid into the Petroleum Holding Fund (PHF) in respect of four crude oil liftings from the TEN.
4. An amount of US\$99,658.80 earned as premium on the sale of the Ghana Group's second lifting from TEN was not included in the transfer to the PHF. It is expected that GNPC and BoG would reconcile their figures to have the amount transferred into the PHF.
5. Total amount paid during the year as corporate income tax was US\$36,957,622.
6. An amount of US\$1,569,827.91 was paid into the PHF as surface rentals from various companies in the petroleum sector.
7. The total amount which was wrongfully paid into GRA account instead of PHF during the period was US\$13,518,852.98, which is yet to be transferred into the PHF.
8. GNGC received raw gas worth US\$94,776,691.97 from GNPC during the year.
9. GNGC has failed to pay GNPC for the raw gas supplied during the period.
10. Total GNGC indebtedness to GNPC stood at US\$230,315,202.27 as at the end of 2017.

6. OPERATIONS OF GHANA NATIONAL GAS COMPANY LIMITED

The national gas company, GNGC, received 30,927 MMScf of raw gas from the Ghana National Petroleum Company (GNPC) in 2017. The raw gas was received mainly from the Jubilee Field. Between May and December 2017 when the flare tip on the FPSO Kwame Nkrumah had to be replaced, an additional 291.71 MMScf was exported from the TEN Field.

Table 18 shows the volumes of raw gas received and the processed derivatives produced from the 150 MMScf per day capacity Atuabo Gas Processing Plant.

Table 18: Raw Gas Received & Processed Derivatives- January to December 2017

| Month | Raw Gas received from Upstream (MMScf) | Lean Gas Produced (MMScf) | LPG Produced (m ³) | Condensate Produced (m ³) |
|--------------|--|---------------------------|--------------------------------|---------------------------------------|
| January | 1,570 | 1,439 | 10,862 | 1,856 |
| February | 242 | 207 | 1,650 | 315 |
| March | 2,300 | 2,104 | 16,507 | 2,718 |
| April | 2,383 | 2,195 | 17,092 | 2,983 |
| May | 2,282 | 2,109 | 15,514 | 2,480 |
| June | 2,314 | 2,127 | 16,764 | 2,759 |
| July | 2,686 | 2,461 | 18,653 | 3,117 |
| August | 3,528 | 3,177 | 23,139 | 3,981 |
| September | 3,240 | 2,984 | 22,092 | 3,994 |
| October | 3,540 | 3,267 | 23,791 | 4,297 |
| November | 3,333 | 3,070 | 22,004 | 4,099 |
| December | 3,508 | 3,252 | 22,387 | 4,058 |
| TOTAL | 30,927 | 28,393 | 210,455 | 36,658 |

Source: GNGC, 2017

Raw gas supply was interrupted for 21 days in February 2017 to execute the TEN Tie-In works. The volumes of gas received are based on GNPC Invoices, and may vary from what GNPC and Tullow would have exported. The figures need to be constantly reconciled.

6.1. Revenues from Derivatives

GNGC's receivable from the sale of its products (lean gas, LPG, and condensates) for the period was US\$360,936,668.21, of which only US\$58,107,000.63 was paid.

Table 19: Summary of Receipts and Outstanding Receivables - January to December 2017

| Invoices | Product | Volume (MT/Mbtu) | Total Invoices (US\$) | Amount Paid (US\$) | Outstanding (US\$) |
|--------------------------|-------------|----------------------|--------------------------|-----------------------|-----------------------|
| Opening Balance | | | | | 456,028,248.36 |
| Genser | Condensates | 0.00 | 0.00 | 798,163.29 | 798,163.29 |
| ECO | Condensates | 3,653.06 | 1,121,109.76 | 916,252.67 | 204,857.09 |
| XF | Condensates | 0.00 | 0.00 | 45,573.00 | 45,573.00 |
| Globex | Condensates | 8,090.02 | 2,387,558.69 | 2,566,717.56 | 179,158.87 |
| Med | Condensates | 6,770.02 | 2,013,162.86 | 1,646,888.98 | 366,273.88 |
| Husk | Condensates | 1,914.13 | 646,380.16 | 477,624.04 | 168,756.12 |
| Rama | Condensates | 1,837.05 | 615,288.67 | 558,327.91 | 56,960.76 |
| Woodfields (Cirrus) | Condensates | 2,070.24 | 703,868.00 | 516,162.98 | 187,705.02 |
| Pentman (Oil Trade) | Condensates | 187.77 | 65,975.54 | | 65,975.54 |
| Sage | LPG | 110,301.47 | 44,366,775.16 | 41,300,037.14 | 3,066,738.02 |
| VRA | Lean Gas | 31,655,446.27 | 279,910,118.08 | 0.00 | 296,647,649.37 |
| VRA Interest total | | | 16,737,531.29 | | |
| Wang Kang | Lean Gas | 1,427,688.67 | 9,610,115.11 | 7,409,786.92 | 2,200,328.19 |
| Twyford | Lean Gas | 409,847.95 | 2,758,784.89 | 1,871,466.14 | 887,318.75 |
| TOTAL | | 33,627,806.65 | 360,936,668.21 | 58,107,000.63 | 758,857,915.94 |

Source: GNGC, 2017

GNGC carried out an invoice reconciliation exercise with Wangkang and Twyford during the period under review because of higher heating value being applied to industrial

customers. This means lean gas quantities and revenues reported from Wangkang & Twyford for the half year report would change. The reconciliation exercise is still ongoing. More than 80 percent of GNGC's receivables came from the sale of Lean Gas in 2017.

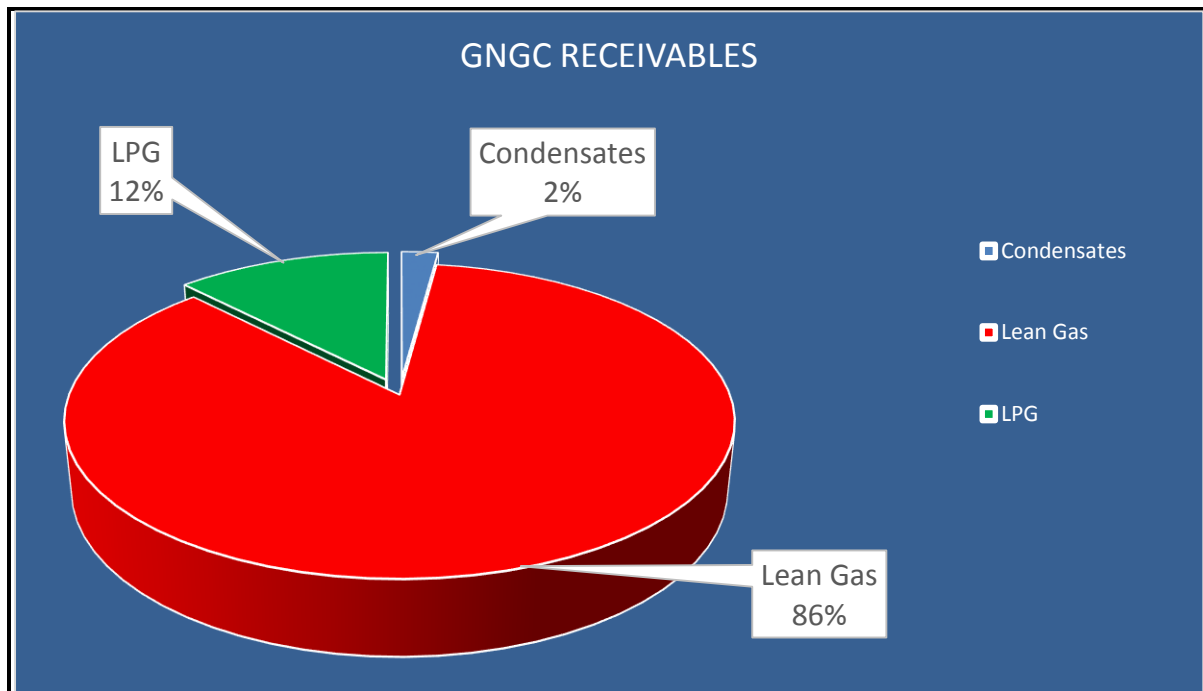


Figure 12: GNGC Receivables

6.2. Gas Derivatives Pricing

GNGC sold its products at Public Utilities Regulatory Commission (PURC) approved rates. The price at which GNPC sold raw gas to GNGC remained stable throughout the year at US\$2.90 per MMBTu. The price of lean gas was stable at US\$8.8424 per MMBTu throughout 2017, just as it was in 2016.

The price of condensates fluctuated between a low of US\$241.05 per metric tonne in July and a high of US\$377.18 in September, averaging US\$314.38. The average price of condensates in 2016 was US\$287.80. This saw a year on year appreciation of 9 percent.

LPG was sold at an average price of US\$314 per metric tonne, fluctuating between a low of US\$306.27 in July and a high of US\$537.60 in December. The average price of LPG in 2016 was US\$319.66, recording a rise of 33% year on year in Ghana.

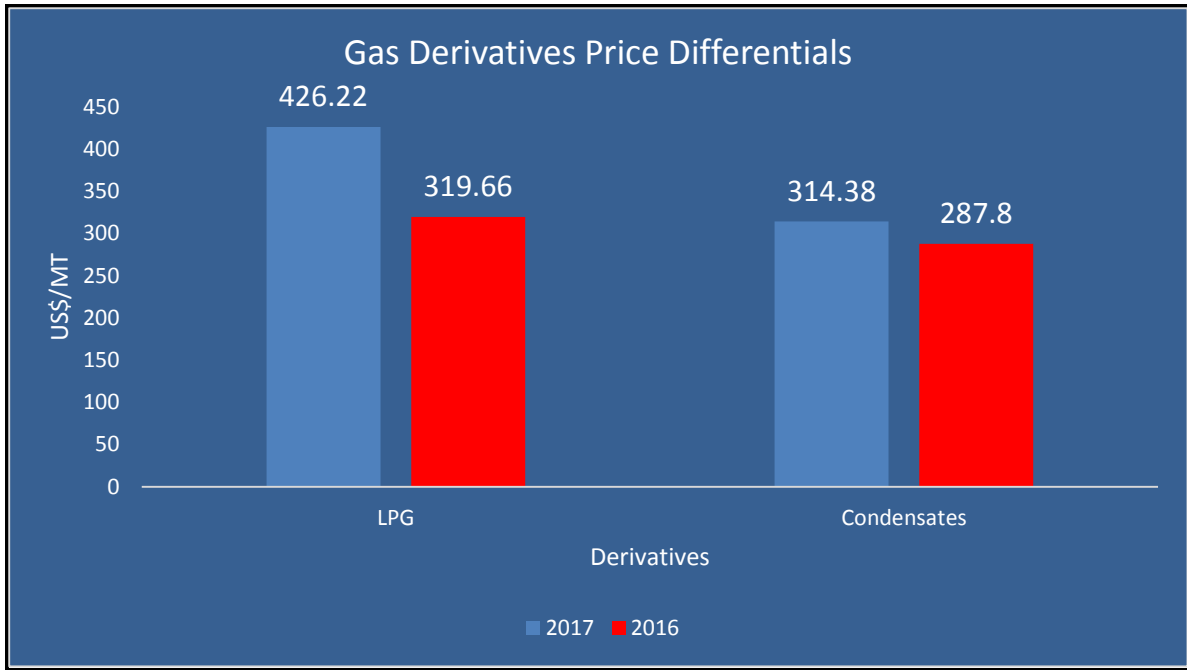


Figure 13: Derivatives Average Prices

Full details of the sale of gas derivatives are provided in Appendices 4, 5 and 6.

Findings

1. GNGC received 30,927 MMScf of raw gas from GNPC in 2017, made up mainly of Jubilee gas, with 291.71MMScf exported from TEN.
2. GNGC's receivable from the sale of lean gas, LPG, and condensates for the period was US\$360,936,668.21, of which only US\$58,107,000.63 was paid.
3. VRA received lean gas worth US\$279,910,118.08 from GNGC, which has not been paid, incurring US\$16,737,531.29 in interest.
4. The prices of raw gas and lean gas were stable. However, the prices of condensates and LPG witnessed a year on year appreciation of 9 and 33 percent respectively.

7. DISTRIBUTION AND UTILISATION OF PETROLEUM REVENUES

7.1. Allocations from the PHF in 2017

Ghana's petroleum revenues emanate from carried and participating interests, royalties, corporate taxes, surface rentals and revenue from raw gas. The accrued revenues are paid first into the PHF, an account held with the Bank of Ghana (BoG), before any disbursements are made.

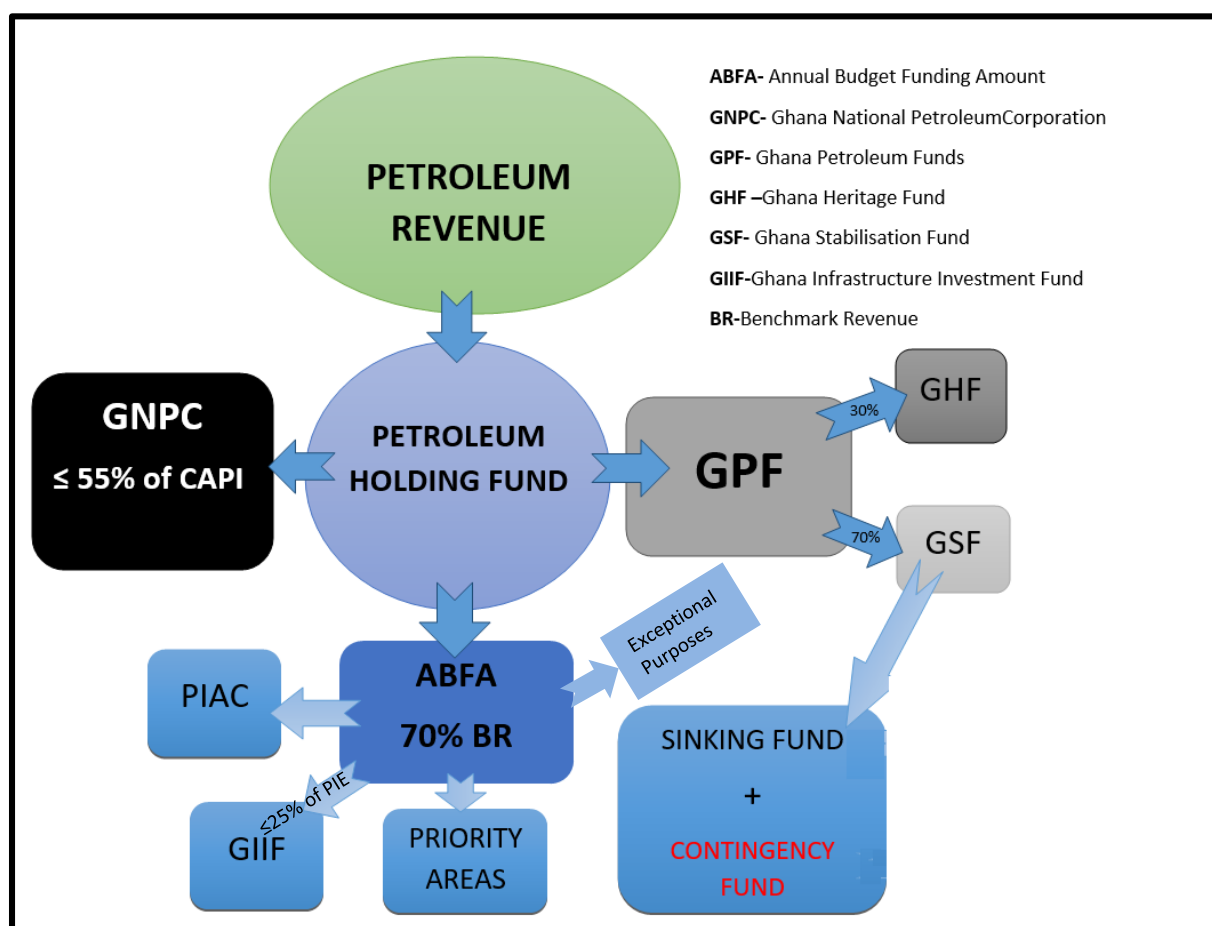


Figure 14: Petroleum Revenue Allocation and Distribution Model

The total amount distributed from the PHF during the period was US\$555,332,410.54. This comprised proceeds of the thirty-fifth to fortieth Jubilee liftings totalling US\$302.63 million, and proceeds of the first four liftings from TEN totalling US\$198.67 million. Other incomes distributed during the period were US\$36.96 million in corporate income tax,

US\$1.57 million in surface rental, and an amount of US\$15.5 million of undistributed funds from 2016.

The distribution was done in accordance with the PRMA to the following sectors as shown in Figure 15.

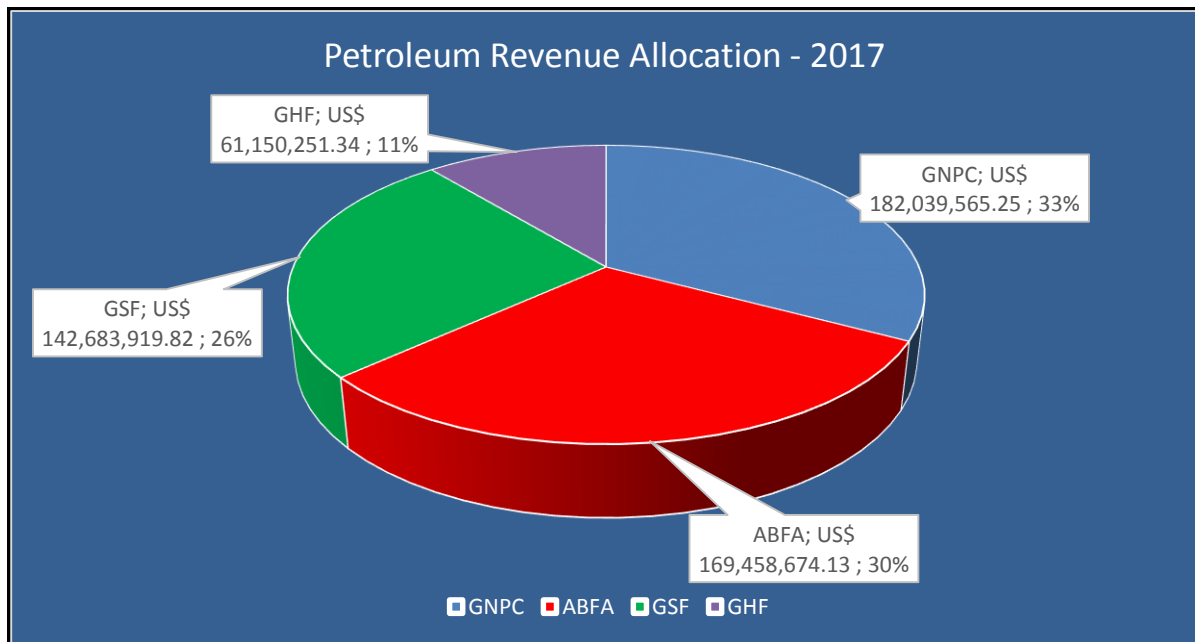


Figure 15: Allocations from the PHF

Source: Bank of Ghana, 2017.

Table 20 shows monthly allocations for 2017. Total amount received by ABFA was US\$169.46 million, meeting the 2017 target for the sector. GNPC received US\$182.04 million. The Ghana Stabilisation Fund and the Ghana Heritage Fund received US\$142.68 million and US\$61.15 million respectively.

Table 20: Monthly Allocations from PHF for 2017

| Allocations | | | | | |
|-------------|----------------|----------------|----------------|---------------|----------------|
| 2017 | GNPC | ABFA | GSF | GHF | TOTAL |
| | US\$ | US\$ | US\$ | US\$ | US\$ |
| JAN | 21,900,634.01 | 39,516,617.49 | 11,854,985.25 | 5,080,707.96 | 78,352,944.71 |
| MAR | 14,437,587.02 | 2,848,051.05 | 24,762,469.01 | 10,612,486.72 | 52,660,593.80 |
| MAY | 32,173,781.67 | 42,364,668.53 | 18,365,322.43 | 7,870,852.46 | 100,774,625.09 |
| JUN | 22,392,488.96 | - | 16,528,873.99 | 7,083,803.14 | 46,005,166.09 |
| AUG | 22,896,321.35 | 31,188,169.92 | 9,356,450.98 | 4,009,907.56 | 67,450,849.81 |
| SEP | 12,872,477.67 | 11,176,498.61 | 14,200,524.93 | 6,085,939.25 | 44,335,440.46 |
| DEC | 55,366,274.57 | 42,364,668.53 | 47,615,293.23 | 20,406,554.25 | 165,752,790.58 |
| TOTAL | 182,039,565.25 | 169,458,674.13 | 142,683,919.82 | 61,150,251.34 | 555,332,410.54 |

Source: BoG, 2017

Table 21: PHF Allocations - 2016 and 2017 Comparison

| | 2017 | 2016 | % Change |
|-------|--------|--------|----------|
| GNPC | 182.04 | 88.50 | 106 |
| ABFA | 169.46 | 98.38 | 72 |
| GSF | 142.64 | 29.51 | 383 |
| GHF | 61.15 | 12.65 | 383 |
| TOTAL | 555.33 | 229.03 | 142 |

Source: PIAC Construct (Based on BoG Data)

7.2. Allocations from the PHF (2011 – 2017)

Figure 16 shows that total petroleum revenue received by the Government of Ghana since 2011 was US\$4.04 billion. Out of this amount, US\$1.70 billion has been transferred

to the ABFA representing 42%, US\$1.24 billion (31%) has been allocated to GNPC, while US\$777 million (19%) and US\$324 million (8%) have been transferred into the GSF and GHF respectively, as shown in Figure 17.

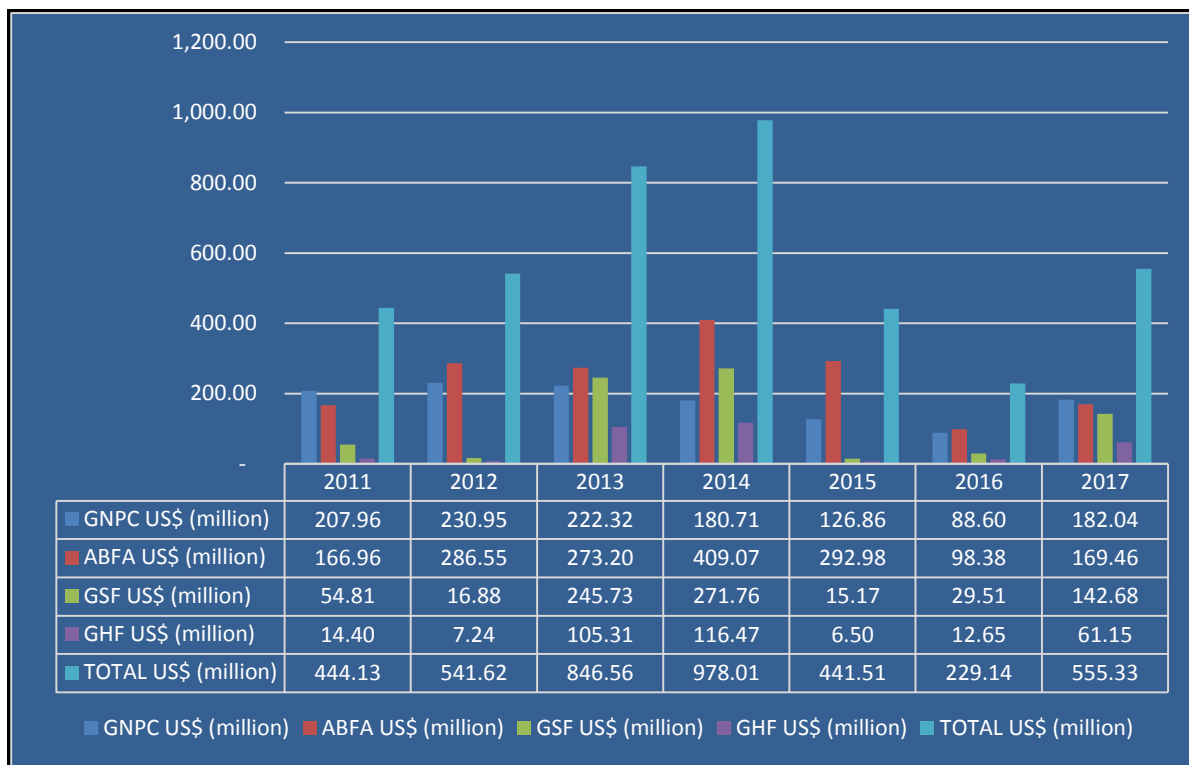


Figure 16: PHF Allocations (2011-2017)

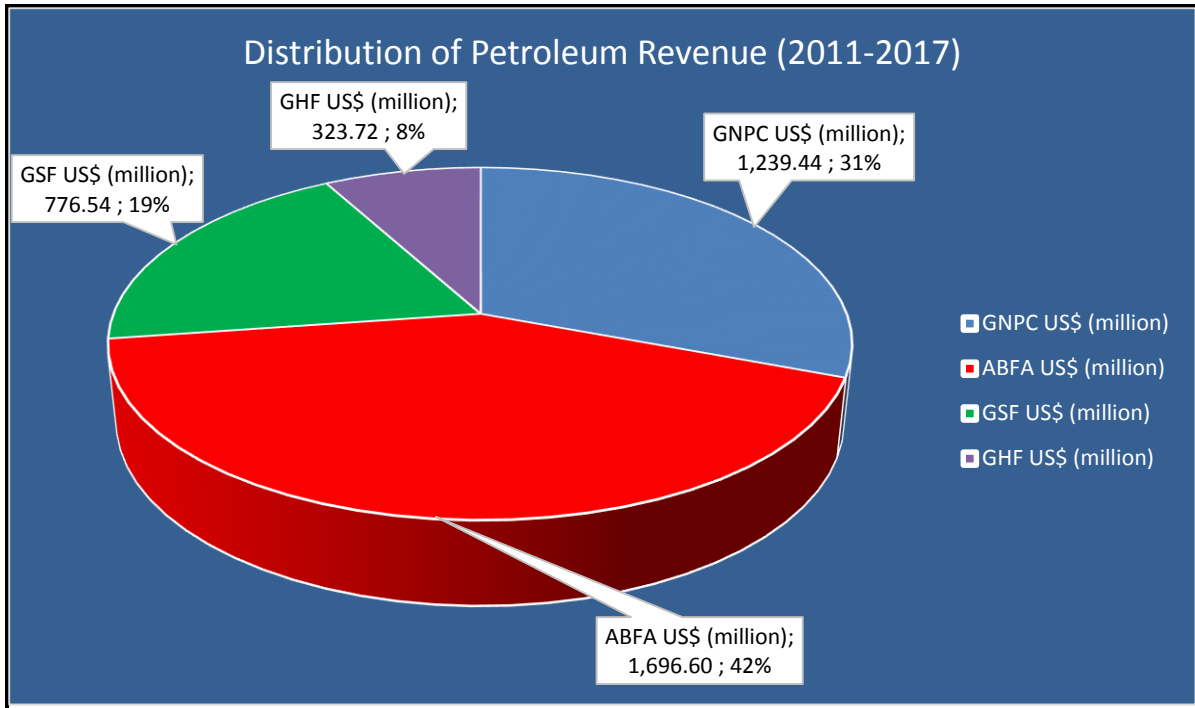


Figure 17: Distribution of Petroleum Revenues (2011-2017)

7.3. ABFA Allocation and Utilisation in 2017

7.3.1. ABFA Allocation

The Bank of Ghana made six transfers from the PHF to the Ministry of Finance in respect of ABFA in 2017, totalling US\$169,458,674.13 (GH¢736,030,484.74). The 'End of period exchange rate values' of BoG were used in the estimation, as shown in Table 22.

Table 22: Transfers to Ministry of Finance - ABFA

| Transfer Period | Amount in US\$ | BoG End Period Exch. Rate | Amount in GH¢ |
|-----------------|-----------------------|------------------------------|-----------------------|
| January | 39,516,617.49 | 4.2711 | 168,779,424.96 |
| March | 2,848,051.05 | 4.3173 | 12,295,890.80 |
| May | 42,364,668.53 | 4.2857 | 181,562,259.92 |
| August | 31,188,169.92 | 4.3994 | 137,209,234.75 |
| September | 11,176,498.61 | 4.3944 | 49,114,005.49 |
| December | 42,364,668.53 | 4.4157 | 187,069,666.83 |
| TOTAL | 169,458,674.13 | | 736,030,482.74 |

Source: PIAC Construct (Based on BoG Data, 2018 & Monthly Statistical Bulletin – January 2018)

7.3.2. ABFA Utilisation

The year 2016 marked the end of the four priority areas selected for ABFA allocations for fiscal years 2014, 2015 and 2016. The Minister of Finance in his 2017 Budget, as well as the Economic Policy Statement of the Government reviewed the priority areas for the utilisation of the ABFA for the 2017-2019 fiscal years, as shown in Table 23.

Table 23: Reviewed Priority Areas for ABFA Utilisation

| No. | 2014-2016 | 2017-2019 |
|-----|--|---|
| 1 | Agriculture Modernisation | Agriculture |
| 2 | Road and Other Infrastructure | Road, Rail and other critical Infrastructure Development |
| 3 | Expenditure & Amortisation of Loans for Oil and Gas Infrastructure | Physical Infrastructure and Service Delivery in Health |
| 4 | Capacity Building (Including Oil and Gas) | Physical Infrastructure and Service Delivery in Education |

Source: Ministry of Finance, 2017

Out of the US\$169.46 million (GH¢736.03 million) transferred to MoF in respect of ABFA, GH¢332.29 million was utilised for the government's selected priority areas and two statutory payments were made. These were in respect of the Ghana Infrastructure Investment Fund (GIIF), and the Public Interest and Accountability Committee (PIAC).

Physical Infrastructure and Service Delivery in Education received 60.9% of all distributed funds from ABFA in 2017. Government's Free SHS policy received 97% of the sector's allocation for the supply of goods and services. There was no capital expenditure for the education priority area in 2017 from ABFA.

Agriculture received 14.8% of ABFA's distributed amount for 2017. Of the ABFA amount distributed for Agriculture, 83% was spent on irrigation infrastructure. Warehouse infrastructure and Aquaculture received 6.8% and 5.3% respectively in capital expenditure. The Agriculture Sector Investment Programme received GH¢2.5 million or 5% of ABFA's distributed amount for the supply of goods and services.

Table 24 summarises ABFA utilisation for 2017, categorising the disbursements into *Goods & Services* and *Capital Expenditure*. Further details of ABFA utilisation for projects and activities are provided in Chapter 8.

Table 24: ABFA Utilisation for 2017

| PRIORITY AREA | GOODS & SERVICES (GH¢) | CAPITAL EXPENDITURE (GH¢) | TOTAL (GH¢) |
|--|------------------------|---------------------------|-----------------------|
| AGRICULTURE | | | |
| Irrigation Infrastructure | 2,030,602.11 | 38,637,669.82 | 40,668,271.93 |
| Warehouse Infrastructure | - | 3,340,945.14 | 3,340,945.14 |
| Agriculture Sector Investment Programme | 2,453,555.00 | - | 2,453,555.00 |
| Fisheries and Aquaculture Inputs and Infrastructure | - | 2,607,409.13 | 2,607,409.13 |
| | | | |
| PHYSICAL INFRASTRUCTURE AND SERVICE DELIVERY IN EDUCATION | | | |
| Free SHS | 196,379,893.20 | - | 196,379,893.20 |
| Scholarship Claims | 6,000,000.00 | - | 6,000,000.00 |
| | | | |
| PHYSICAL INFRASTRUCTURE AND SERVICE DELIVERY IN HEALTH | | | |
| Health Infrastructure | - | 8,660,362.73 | 8,660,362.73 |
| | | | |
| ROAD, RAIL AND OTHER CRITICAL INFRASTRUCTURE DEVELOPMENT | | | |
| Road Infrastructure | - | 39,581,576.01 | 39,581,576.01 |
| Rail Infrastructure | 2,036,191.69 | - | 2,036,191.69 |
| | | | |
| TRANSFERS TO GIIF | | | |
| | | 29,220,365.22 | 29,220,365.22 |
| | | | |
| PIAC | | | |
| | 1,345,078.00 | - | 1,345,078.00 |
| | | | |
| TOTAL | 210,245,320 | 122,048,328 | 332,293,648.05 |

Source: Ministry of Finance, 2017

Figure 18 depicts the ABFA utilisation for 2017 (in GH¢ millions).

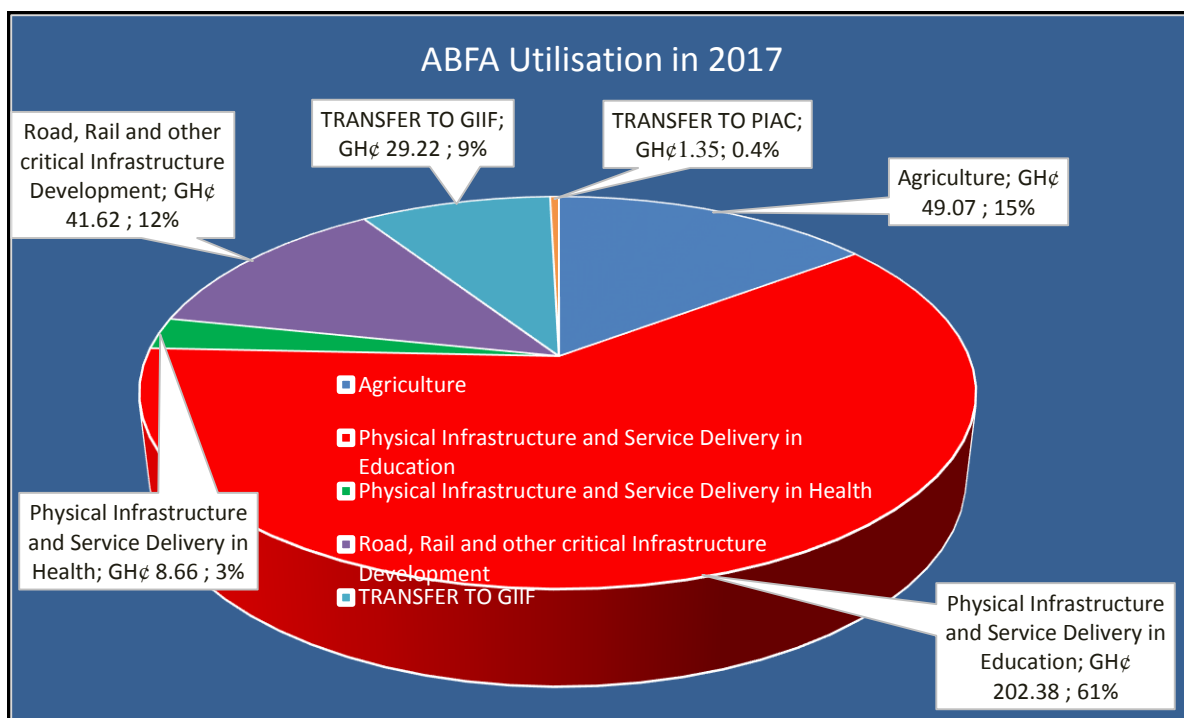


Figure 18: ABFA 2017 Utilisation

7.3.3. Compliance of ABFA Expenditure with PRMA

Section 21 of the Petroleum Revenue Management Act (Act 815), as amended (Section 8 of Act 893) requires that for any financial year, a minimum of 70% of the ABFA shall be used for public investment expenditure (capital expenditure). Act 893 also enjoins that a maximum of 25% of the amount allocated for public investment expenditure shall be allocated to GIIF for the purpose of infrastructure development.

An analysis of Table 25 shows that only 36.73% of the total ABFA spent in 2017 went into capital expenditure. This is less than the 70% prescribed by the PRMA and is in violation of Act 813(4). On the other hand, 63.27% of the ABFA utilised in 2017 was for goods and services.

Table 25: ABFA Utilisation for Goods & Services and Capital Expenditure

| PRIORITY AREA | GOODS & SERVICES | | CAPITAL EXPENDITURE | |
|---------------|-----------------------|--------------------|-----------------------|--------------------|
| | AMOUNT UTILISED (GH¢) | % OF UTILISED ABFA | AMOUNT UTILISED (GH¢) | % OF UTILISED ABFA |
| AGRICULTURE | 4,484,157.11 | 1.35 | 44,586,024.09 | 13.42 |
| EDUCATION | 202,379,893.20 | 60.90 | - | - |
| HEALTH | - | - | 8,660,362.73 | 2.61 |
| RAIL/ROAD | 2,036,191.69 | 0.61 | 39,581,576.01 | 11.91 |
| GIIF | - | - | 29,220,365.22 | 8.79 |
| PIAC | 1,345,078.00 | 0.40 | - | - |
| TOTAL | 210,245,320.00 | 63.27 | 122,048,328.05 | 36.73 |

PIAC Construct, 2017 (Based on Ministry of Finance Data)

7.3.4. Unutilised ABFA

From the 2016 PIAC Report, an amount of GH¢77.73 million was unutilised from the ABFA allocation of that year. In 2017, a further GH¢403.74 million was unutilised, bringing total amount brought forward to 2018, to GH¢481.47 million.

7.3.5. Ghana Infrastructure Investment Fund (GIIF) Utilisation

In accordance with Section 21 of the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893) and Section 5(1b) of the Ghana Infrastructure Investment Fund Act, 2014 (Act 877), an amount of US\$6,915,408 (GH¢29,220,365.22) was transferred to the GIIF. This amount represented 24% of the capital expenditure component of the 2017 ABFA disbursements, that is GH¢122,048,328.05. As shown in Table 25, total ABFA disbursements to the GIIF since 2015 stood at US\$75,402,772 as at the end of 2017.

Table 26: GIIF Allocations from ABFA

| Year | Total GIIF Allocation (US\$) | Cumulative GIIF Allocation (US\$ million) |
|------|------------------------------|---|
| 2015 | 51,271,666 | 51,271,666 |
| 2016 | 17,215,698 | 68,487,364 |
| 2017 | 6,915,408 | 75,402,772 |

According to the GIIF, it has so far disbursed US\$30 million in senior debt as partial funding of the Ghana Airports Company Limited's US\$ 400 million planned new terminal building at the Kotoka International Airport. In addition, the Fund has committed to a number of projects across sectors at a cumulative cost of US\$142 million, bringing the Fund's total investments (including planned investments) to US\$172.50 as shown in Table 26.

Table 27: GIIF Investments in Projects

| Project Code Name | Disbursement Date | Sector | Instrument (Senior Debt, Equity, etc) | Amount of GIIF Investment (US\$ million) | Total Project Cost (US\$ million) |
|-------------------|-------------------|---------------------------------|---------------------------------------|--|-----------------------------------|
| Project T1 | Dec 2015 | Tourism | Senior Debt and Equity | 4 and 4 | 16.7 |
| Project Telco | Q1 or 2 of 2018 | Telecommunications, Media & ICT | Senior Debt and Equity | 26 and 8 | 42 |
| Project E1 | Q1 or 2 of 2018 | Energy | Senior Debt and Equity | 15 and 15 | 70 |
| Project TR1 | Q2 or 3 of 2018 | Transportation | Senior Debt and Equity | 40 and 10 | 416 |
| Project TR2 | Q1 of 2018 | Transportation | Equity | 15 | 70 |
| Project E2 | Q4 of 2017 | Energy | Equity | 5.5 | 1,000 |
| TOTAL | | | | 172.50 | |

Source: GIIF, 2017

In 2017, GIIF did not invest in any short-term instruments. However, cumulative investments in short-term instruments in 2015 and 2016 stood at US\$63,148,842 at the end of 2017, same as for 2016. Interest gained for 2017 was GH¢26,801,828, bringing total interest since 2015 to GH¢49,249,105, or US\$11,192,978.43.

7.3.6. Public Interest and Accountability Committee (PIAC)

As reported in Table 24, GH¢1,345,078.00 (0.40%) of the disbursed ABFA was released to PIAC in accordance with the amended PRMA (Act 893) to support its activities. The ABFA disbursement to PIAC in 2017 translates to approximately 70.79% of the Committee's approved budget (GH¢1,900,000.00), and represents 70.98% of the Committee's total expenditure of GH¢1,895,010.28, with the rest (GH¢549,932.28) being borne by

development partners such as the UK's Department for International Development (DfID), through the Ghana Oil and Gas for Inclusive Growth (GOGIG). GIZ also provides some support but we are unable to provide the figures as they have declined to disclose the amount.

A summary of PIAC's Income and Expenditure Statement for 2017 is presented in Chapter 12.

7.4. GNPC Allocation and Utilisation in 2017

7.4.1. GNPC Allocation

Ghana National Petroleum Corporation received a total amount of US\$182.04 million from the PHF for 2017. The amount comprised the following:

- I. Jubilee Equity financing (share of development & production costs) – US\$34.61 million;
- II. TEN Equity financing (share of development & production costs) – US\$68.83 million;
- III. 30% share of net proceeds of Jubilee crude revenue – US\$55.13 million;
- IV. 30% share of net proceeds of TEN crude revenue – US\$23.47 million

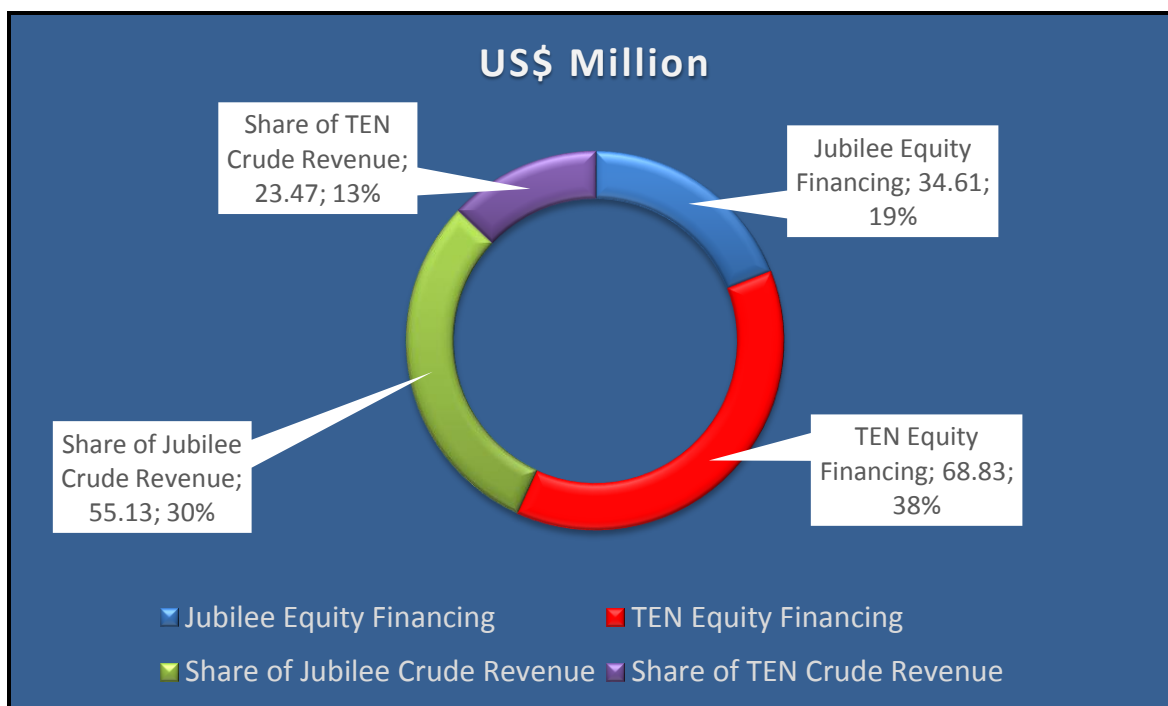


Figure 19: Composition of GNPC Allocation from PHF

GNPC's cash balance brought forward from 2016 was US\$68.03 million making the total cash available for 2017, US\$250.07 million.

7.4.2. Utilisation of GNPC's Share of Petroleum Revenues

Out of the amount received and balance brought forward from 2016, a total amount of US\$171.04 million was utilised leaving a cash balance on hand of US\$79.03 million earmarked for pending projects disbursements including the onshore Voltaian Basin.

Table 28: GNPC Account Statement

| | |
|---------------------------------------|---------------------------|
| TOTAL AMOUNT RECEIVED FROM PHF | US\$182,039,565.26 |
| USES OF ALLOCATED AMOUNT | US\$ |
| Jubilee Equity Financing Cost | 40,391,528.74 |
| TEN Equity Financing Cost | 63,361,421.84 |
| Exploration & Development Projects | 19,074,825.37 |
| Staff Cost | 13,921,676.97 |
| Admin. Capital Expenditure | 679,310.22 |
| Capital Projects | 7,911,044.39 |
| General Operational Expenditure | 13,908,206.77 |
| Down Stream Project | 4,854,648.25 |

| | |
|--|----------------|
| SOPCL | 170,539.83 |
| GOG Gas Related Payments - Enclave Roads | 6,763,377.33 |
| Total Expenditure | 171,036,579.71 |
| Net Position | 11,002,985.55 |
| Add: Cash B/Forward (2016) | 68,927,679.79 |
| Total Cash Available | 79,930,665.34 |

Source: GNPC, 2017

Further explanations of GNPC's expenditure are as follows:

Jubilee Expenditure

An amount of US\$40.39 million representing twenty-two percent (22%) of the amount received during the period under review was spent on GNPC's share of production and development costs in the Jubilee Field.

TEN Expenditure

An expenditure of US\$63.36 million representing thirty-five percent (35%) of the funds received during the period under review was in respect of GNPC's share of production and development costs in the TEN Field.

Exploration and Development Projects

An amount of US\$19.07million representing eleven percent (11%) of the amount received for the period went to exploration and development projects and funding of the Maritime Boundary Secretariat activities. The expenditure on exploration and petroleum projects included the Corporation's independent costs incurred on projects other than Jubilee and TEN, and do not reflect carried or participating interest and cash calls associated with the JV Partnerships. The Corporation explained at the validation meeting that it housed the secretariat dealing with the maritime boundary dispute involving Ghana and La Cote d'Ivoire, incurring a cost of US\$3.8 million in that respect. Table 27 lists the exploration and development projects and their associated costs, as well as the cost of the maritime boundary dispute.

Table 29: Costs - Exploration & Development Projects

| GNPC Utilisation Costs (Exploration & Development Projects) | US\$ |
|---|----------------------|
| OCTP ENI Project | 2,620,645.32 |
| North & South Tano Petroleum Projects | 1,903,991.45 |
| Voltaian Basin Petroleum Projects | 3,500,137.08 |
| South Deepwater Tano Petroleum Projects | 1,480,025.74 |
| Hess | 2,287,031.62 |
| Ultra Deep Water (Keta Heritage) | 564,002.86 |
| Tano Heritage | 564,002.86 |
| A-Z Petroleum | 564,002.86 |
| Explorco | 1,786,693.07 |
| Maritime Boundary Special Project | 3,804,292.50 |
| Total (Non-Jubilee Project expenditure) | 19,074,825.37 |

Source: GNPC, 2017

Staff Cost

Eight percent (8%) of receipts amounting to US\$13.92 million was used for remuneration for technical as well as petro-business support staff.

Administrative/Capital Expenditure

Administrative capital expenditure amounted to US\$0.68 million and represented 0.4% of total receipts for the period under review. It included outlays for office equipment, furniture, fixtures and fittings, motor vehicles, etc.

Capital Projects

An amount of US\$7.91 million was disbursed, representing investment in refurbishment of the Corporation's landed properties in Accra, Tema and Sekondi-Takoradi, and ICT system upgrade, in line with planned expenditure. Disbursements within this category represent four percent (4%) of total receipts.

General Operating Expenditure

A total of US\$13.91 million representing eight percent (8%) of receipts within the period went to operating expenditure. Captured under this category are insurance, utilities, corporate social responsibility, corporate travels, communication expenses, professional services, ICT- related cost such as software maintenance, etc., general repairs and maintenance, vehicle repairs and maintenance, etc.

Downstream Petroleum Projects

An amount of US\$4.85 million (3% of receipts for the period) was expended on this line item. This represents expenditure on professional and advisory services and technical due diligence on Liquefied Natural Gas (LNG) projects as well as scope of work on WAPCO western interconnection project.

Saltpond Offshore Producing Company Limited (SOPCL)

US\$0.17 million was spent on SOPCL representing 0.1% of total receipts for the period under review. The project is at the pre-decommissioning phase.

Western Corridor Roads

An amount of US\$6.76 million representing 4% of total receipts was expended on Western Corridor roads. GNPC was requested by the government of Ghana to financially support the construction of key roads within the Western Corridor to facilitate the evacuation of gas from the Ghana Gas Company at Atuabo.

Findings

1. Total PHF disbursement from the BoG in 2017 was US\$555,332,410.54.
2. GNPC and the ABFA received US\$182.04 million (33%) and US\$169.46 million (30%) respectively of PHF allocations for the year. The GSF and GHF received US\$142.68 (26%) and US\$61.15 million (11%) respectively. PIAC received 0.4% of the ABFA for its operations.
3. An amount of GH¢332.29 million of the ABFA's GH¢736.03 million allocation was utilised, leaving GHS403.74 million unutilised as at the end of 2017. When added to the 2016 balance of GH¢77.73, total ABFA brought forward to 2018 stands at GH¢481.47 million.
4. Of the amount utilised from the ABFA, GH¢202.38 million (61%) was spent on education; Agriculture received GH¢49.07 million (3%), Road, Rail and other critical infrastructure received GH¢41.62 million (12%), GIIF received GH¢29.22 million (9%), Health received GH¢8.66 million (3%), and PIAC received GH¢1.35 million.
5. Of the amount spent on education (GH¢202.38 million), 97% went into Free SHS.
6. In the 2017 financial year, only 37% of the utilised ABFA was used for capital expenditure, less than the 70% stipulated in the PRMA. Sixty-three percent (63%) was utilised for the supply of goods and services.
7. Twenty-four percent (24%) of the total ABFA used for capital expenditure was allocated to GIIF.
8. GNPC spent US\$3.8 million on the secretariat activities of the Ghana – La Cote d'Ivoire Maritime Boundary Dispute.

8. LIST OF PROJECTS AND ACTIVITIES FUNDED FROM THE ABFA

Out of the distributable amount of US\$555,332,410.54 from the PHF in 2017, the ABFA received US\$169,458,674.12 (GH¢736,030,484.74, representing 30.51%) compared to US\$98,375,415.77 allocated in 2016. Of the allocation to the ABFA in the period under review, GH¢332,293,648.05 (representing 46.36%) was disbursed to the priority areas leaving a balance of GH¢384,516,543.48 in the ABFA account as at the end of December 2017.

Physical Infrastructure and Service Delivery in Education received the largest share of ABFA funds allocated to the priority areas (GH¢202,379,893.20 or 60.90%) followed by *Road, Rail, and other Critical Infrastructure Development*, which received GH¢70,838,132.92 (21.32%). *Agriculture* received 14.77% (GH¢49,070,181.20) while *Physical Infrastructure and Service Delivery in Health* received 2.61% (GH¢8,660,362.73).

Table 30: Disbursement of ABFA to Priority Areas in 2017

| PRIORITY AREA | DISBURSEMENT | |
|---|-----------------------|-------|
| | Amount (GH¢) | % |
| Agriculture | 49,070,181.20 | 14.77 |
| Physical Infrastructure and Service Delivery in Education | 202,379,893.20 | 60.90 |
| Physical Infrastructure and Service Delivery in Health | 8,660,362.73 | 2.61 |
| Road, Rail, and other Critical Infrastructure Development | 70,838,132.92 | 21.32 |
| Total Spending in Priority Areas | 330,948,570.05 | |

Source: PIAC's construct, 2017 (Based on Ministry of Finance Data)

8.1. Agriculture

As indicated in Table 29, GH¢49,070,181.20 (representing 14.77%) out of the total petroleum revenue disbursed from the ABFA in 2017 was used to fund projects and programmes under the *Agriculture* priority area. Table 30 provides a breakdown of the projects/programmes supported by funds disbursed to the *Agriculture* priority area in 2017.

Table 31: Projects Funded by ABFA in the Agriculture Priority Area in 2017

| Project Description | Cost (GH¢) | Location (Region/Town) | Status of Implementation (%) |
|--|--------------|----------------------------|------------------------------------|
| MINISTRY OF FOOD AND AGRICULTURE – GH¢46,462,772.07 | | | |
| Irrigation Infrastructure – GH¢40,668,271.93 | | | |
| Payment for rehabilitation of irrigation Project at Keyime and Ohawu-AKA in the Volta Region | 2,037,858.73 | Volta Region/Keyime | 100 |
| Payment to cover the development of irrigation infrastructure at Atidzive-Ayiteykope | 302,022.87 | Volta Region/Atidzive | 100 |
| Payment for the rehabilitation of irrigation Project at Piiyiri in the Upper West Region | 5,270,079.78 | Upper West Region/Piiyiri | 72.6 |
| Development of irrigation infrastructure at Mprumem in the Central Region | 7,117,361.94 | Central Region/Mprumem | 60 |
| Payment to cover for delayed interest on development of irrigation infrastructure at Atidzive-Ayiteykope | 1,646,975.44 | Volta Region/Atidzive | 100 |
| Payment for construction of civil works at Adiembra irrigation dam under the Small Farm Irrigation Project | 237,048.10 | Adiembra | 100 |
| Construction of civil works at Nobeko irrigation dam under the Small Farm Irrigation Project (SFIP) | 98,368.67 | Nobeko | 100 |
| Rehabilitation of irrigation dam at Dawa in the Greater Accra Region | 169,490.38 | Greater Accra Region/Dawa | 100 |
| Payment for rehabilitation of irrigation dam at Tanchira | 426,797.37 | Upper West Region/Tanchira | 100 |

| | | | |
|---|---------------|----------------------------|-------|
| Payment to cover construction/civil works at Aponapon irrigation dam under SFIP | 47,569.69 | Western Region/Aponapon | 100 |
| Payment for the construction of irrigation infrastructure at Tamne in the Upper East Region | 20,731,591.20 | Upper East Region/Tamne | 74.27 |
| Payment to cover construction supervision of civil works at Mprumem Irrigation Project | 750,483.29 | Central Region/Mprumem | |
| Payment for design and construction supervision of civil works at Tamne Irrigation Project | 279,380.76 | Upper East Region/Tamne | |
| Payment to cover construction/civil works at Kokroko irrigation dam under the Small Farm Irrigation Project | 64,633.21 | Brong Ahafo Region/Kokroko | 100 |
| Payment to cover for prefeasibility studies at Kamba Irrigation Project | 419,347.02 | Upper West Region/Kamba | |
| Payment for the rehabilitation of irrigation project at Silibele in the Upper East Region | 373,482.08 | Upper East Region/Silibele | 70.9 |
| Payment for consultancy service for the design & construction supervision of civil works at Amate Irrigation Scheme | 581,391.04 | Eastern Region/Amate | |
| Payment to cover for construction of civil works at Kaniago Irrigation Dam under | 114,390.36 | Ashanti Region/Kaniago | 100 |

| | | | |
|---|--------------|---------------------------|----|
| SFIP | | | |
| Greenhouse Project | - | | |
| GCS Warehouse Receipt System (Rehabilitation of Warehouses and Silos)- GH¢3,340,945.14 | | | |
| Rehabilitation of 4 warehouses and construction of offices and laboratories at Duase, Kumasi | 572,243.82 | Ashanti Region/Duase | 60 |
| Rehabilitation of warehouse with ancillaries at Tamale and Yendi | 1,578,923.98 | Northern Region/Tamale | 55 |
| Rehabilitation of warehouse with ancillaries at Wenchi and Sunyani | 1,189,777.34 | Brong Ahafo Region/Wenchi | 55 |
| Counterpart Funding for Agriculture Sector Investment Programme – GH¢2,453,555.00 | | | |
| Counterpart Funding for the Implementation of the Northern Rural Growth Programme | 2,000,000.00 | | |
| Counterpart Funding for the Ghana Agriculture Sector Investment Project | 453,555.00 | | |
| MINISTRY OF FISHERIES AND AQUACULTURE – GH¢2,607,409.13 | | | |
| Fisheries and Aquaculture Inputs and Infrastructure – GH¢2,607,409.13 | | | |
| Payment for the construction of Fisheries College at Anomabo Hostel Block | 542,742.90 | Central Region/Anomabo | 55 |
| Payment for the construction of Fisheries College Administration Block at Anomabo | 282,229.76 | Central Region/Anomabo | 70 |
| Payment for the construction of Fisheries College Lecture Block at Anomabo | 355,390.49 | Central Region/Anomabo | 45 |

| | | | |
|--|------------|------------------------|----|
| Construction of Fisheries College at Anomabo 2-Storey Laboratory Block | 278,809.00 | Central Region/Anomabo | 60 |
| Construction of Fisheries College at Anomabo 2-Storey Administration Block | 33,606.22 | Central Region/Anomabo | 70 |
| Construction of Fisheries College at Anomabo 2-Storey Administration Block | 68,544.00 | Central Region/Anomabo | 70 |
| Payment for the construction of Fisheries College at Anomabo | 262,757.15 | Central Region/Anomabo | 45 |
| Payment for the construction of Fisheries College at Anomabo | 182,405.81 | Central Region/Anomabo | 86 |
| Payment for the construction of Fisheries College at Anomabo | 600,923.80 | Central Region/Anomabo | 67 |

Source: PIAC's construct, 2017 (Based on Ministry of Finance Data)

As shown in Table 30, GH¢40,668,271.93 (approximately 83%) of the ABFA allocation to the Agriculture priority area in 2017 was used to construct irrigation infrastructure. The remaining GH¢8,401,909.27 (17%) went into rehabilitation of warehouses and silos, counterpart funding for the agriculture sector investment programme, and construction of fisheries and aquaculture infrastructure at Anomabo.

8.2. Physical Infrastructure and Service Delivery in Education

From Table 29, the *Physical Infrastructure and Service Delivery in Education* priority area received an amount of GH¢202,379,893.20 (approximately 70%), which is the largest share of ABFA funds allocated to the priority areas in 2017. Table 31 gives a breakdown of projects/programmes supported by funds allocated to the *Physical Infrastructure and Service Delivery in Education* priority area in 2017.

Table 32: Projects Funded by ABFA in the Physical Infrastructure and Service Delivery in Education Priority Area in 2017

| Project Description | Cost (GH¢) | Location (Region/Town) | Status of Implementation (%) |
|---|----------------|---------------------------|------------------------------------|
| MINISTRY OF EDUCATION – GH¢196,379,893.20 | | | |
| Free SHS Policy – GH¢196,379,893.20 | | | |
| Payment toward the implementation of Government’s Free SHS Policy | 196,379,893.20 | | |
| Office of Government Machinery – GH¢6,000,000.00 | | | |
| Payment of Scholarship Claims | 6,000,000.00 | | |

Source: Ministry of Finance, 2017

As shown in Table 32, GH¢196,379,893.20 (approximately 97%) of the ABFA allocation to the *Physical Infrastructure and Service Delivery in Education* priority area in 2017 was used to fund the Free SHS Policy. The remaining 3% (GH¢6,000,000.00) was used for the payment of scholarship claims by the Office of Government Machinery.

8.3. Physical Infrastructure and Service Delivery in Health

Table 32 reveals that, an amount of GH¢8,660,362.73 (representing 2.61%) was disbursed to the *Physical Infrastructure and Service Delivery in Health* priority area in 2017.

Table 33: Projects Funded by ABFA in the Physical Infrastructure and Service Delivery in Health Priority Area in 2017

| Project Description | Cost (GH¢) | Location (Region/Town) | Status of Implementation (%) |
|---|--------------|---|------------------------------|
| MINISTRY OF HEALTH – GH¢8,660,362.73 | | | |
| Health Infrastructure – GH¢8,660,362.73 | | | |
| Rehabilitation and construction of offices for the Ghana National Drugs Programme | 723,171.25 | | 90.00 |
| Payment for the Water Sector Improvement Programme (Construction of Boreholes) in Brong Ahafo and Northern Regions | 627,531.76 | Brong Ahafo and Northern Regions | 100.00 |
| Payment for the upgrade of Tamale Teaching Hospital | 3,500,000.00 | Northern Region/Tamale | 90.00 |
| Payment in respect of works done at the School of Hygiene – Korle-Bu | 193,526.08 | Greater Accra Region/Korle-Bu | 100.00 |
| Matching Funds for the expansion of Radiotherapy and Nuclear Medicine Project at Korle-Bu and Komfo Anokye Teaching Hospitals | 1,000,000.00 | Ashanti Region/Kumasi & Greater Accra Region/Korle-Bu | 69.00 |
| Payment for the completion of 3-Storey cluster flat and renovation of one Ward at the West Gonja Hospital | 53,315.20 | Northern Region/West Gonja | 51.00 |
| Payment for the construction of 4 unit classroom block at Agogo Nursing Training College | 30,580.24 | Ashanti Region/Agogo | 100.00 |
| Payment for the construction of District Health Management office Block at Ejura Hospital | 48,723.06 | Ashanti Region/Ejura | 55.00 |
| Payment for the construction of | 763,380.86 | Greater Accra | 100.00 |

| | | | |
|--|--------------|----------------------------|--------|
| office complex and training centre for the National/St. Johns Ambulance Centre | | Region/Accra | |
| Payment for the renovation of Bechem Hospital | 124,439.40 | Brong Ahafo Region/Bechem | 20.00 |
| Construction and completion of new maternity block and external works at the Tema General Hospital | 227,126.56 | Greater Accra Region/Tema | 100.00 |
| Construction of CHPS compound at Kologo Zua | 35,840.32 | Upper East Region/Kologo | 100.00 |
| Completion of 3-Storey cluster flat and renovation of 1No. Ward at West Gonja hospital | 42,822.50 | Northern Region/West Gonja | 55.84 |
| Rehabilitation of maternity, delivery and antenatal block at Vakpo | 50,006.70 | Volta Region/Vakpo | 95.40 |
| Maintenance of medical equipment at the accident centre at Komfo Anokye Teaching Hospital | 1,000,000.00 | Ashanti Region/Kumasi | 88.00 |
| Payment for construction of Nsawora Health Centre | 177,711.39 | Western Region/Nsawora | 100.00 |
| Payment for the construction of hostel at Agogo | 62,187.43 | Ashanti Region/Agogo | 77.57 |

Source: PIAC's construct, 2017 (Based on Ministry of Finance Data)

As shown in Table 33, the entire ABFA disbursement to this priority area (GH¢8,660,262.73) was transferred to the Ministry of Health for the construction of health infrastructure and the maintenance of health equipment.

8.4. Road, Rail, and other Critical Infrastructure Development

As indicated in Table 30, the *Road, Rail, and other Critical Infrastructure Development* priority area received an amount of GH¢70,838,132.92 (representing 21.32%) from the

ABFA in 2017. A breakdown of the projects/programmes supported by the funds disbursed to this priority area in 2017 is shown in Table 34.

Table 34: Projects Funded by ABFA in the Road, Rail, and other Critical Infrastructure Development Priority Area in 2017

| Project Description | Cost (GH¢) | Location (Region/Town) | Status of Implementation (%) |
|--|---------------|------------------------------|------------------------------------|
| MINISTRY OF ROADS AND HIGHWAYS – GH¢39,581,576.01 | | | |
| Road Infrastructure – GH¢39,581,576.01 | | | |
| Construction of Roads and other infrastructural amenities for the University of Health and Allied Sciences at Sokode Lokoe near Ho, Vide | 3,105,143.48 | Volta Region/Sokode Lokoe | 18.38 |
| Payment of work done in respect of bitumen surfacing of Tanoso-Bomaa-Tepa Feeder Road | 2,032,263.22 | Ashanti Region | 91.63 |
| Surfacing of Afuam-Nsakina-Bokobor Feeder roads | 6,000,658.76 | Greater Accra Region | 65.93 |
| Upgrading of Princess Junction - Princess Town Roads | 167,860.54 | Western Region/Princess Town | 8.95 |
| Upgrading of New Longoro - Kintampo - Zambrama Road | 13,129,868.54 | Brong Ahafo Region | 73.68 |
| Payment for Steel bridge No. VR/07 on River Kpassa on Kpassa on Kofi Akura F/Rd | 636,426.89 | Volta Region/Kpassa | 100.00 |
| Rehabilitation of selected roads in the Greater Accra Region | 3,236,649.13 | Greater Accra Region | 100.00 |
| Payment for construction of Steel bridge over River Dayi on Gbi Kledjo-Mida Farm | 70,785.75 | Volta Region/Gbi Kledjo-Mida | 60.49 |
| Rehabilitation of selected roads in the Greater Accra Region | 3,236,649.13 | Greater Accra Region | 85.51 |

| | | | |
|---|--------------|-------------------------------|-------|
| Construction of Sunyani by-pass: Outer Ring Road (Kumasi-Berekum Road) | 5,124,242.61 | Ashanti & Brong Ahafo Regions | 51.50 |
| Rehabilitation of Selected Roads in Tamale South, PHASE 2 | 5,563,567.98 | Northern Region/Tamale | 21.82 |
| MINISTRY OF RAILWAYS DEVELOPMENT – GH¢2,036,191.69 | | | |
| Rail Infrastructure – GH¢2,036,191.69 | | | |
| Feasibility studies for the expansion of the railway line from Kumasi to Paga (Central Spine) | 2,036,191.69 | National | |

Source: PIAC's construct, 2017 (Based on Ministry of Finance Data)

As shown in Table 34, approximately 56% (GH¢39,581,576.01) of ABFA allocation to the *Road, Rail, and other Critical Infrastructure Development* priority area in 2017 was used to construct roads, while GH¢2,036,191.69 (approximately 3%) was used to conduct feasibility studies for the expansion of the railway line from Kumasi to Paga. The remaining GH¢29,220,365.22 (41%) was disbursed to the Ghana Infrastructure Investment Fund (GIIF) in accordance with Section 5(1b) of the Ghana Infrastructure Investment Fund Act (GIIF), 2014 (Act 877).

Findings

1. An amount of GH¢736,030,484.74 out of the distributable amount in the PHF was allocated to the ABFA in 2017 compared to GH¢416,130,446.90 allocated to the ABFA account in 2016. This represents a year-on-year increase of 72.26% in 2017.
2. Out of the total amount allocated to the ABFA from the PHF, approximately 46% (GH¢332,293,648.05) was disbursed to the priority areas in 2017 leaving an amount of GH¢403,736,836.69.
3. The *Physical Infrastructure and Service Delivery in Education* priority area received approximately 70% (GH¢202,379,893.20) of the ABFA allocated to the priority areas, which is the largest share of allocation from the ABFA in 2017.
4. Approximately 97% (GH¢196,379,893.20) of the ABFA allocation to the *Physical Infrastructure and Service Delivery in Education* priority area in 2017 was used to fund the Free SHS Policy.
5. Approximately 83% (GH¢40,668,271.93) of the ABFA allocation to the *Agriculture* priority area in 2017 was used to construct irrigation infrastructure.

9. PERFORMANCE OF THE GHANA PETROLEUM FUNDS

Since inception (November 2011) to the end of 2017, the Ghana Petroleum Funds have accumulated net realised income of US\$28.21 million. The GHF and GSF contributed 74.7% and 25.3% respectively. The GPFs reserves at the end of 2017 was US\$697.84 million, with the GHF holding US\$344.79 million and GSF holding US\$353.05 million, compared to US\$276.96 million and US\$207.75 million respectively in 2016.

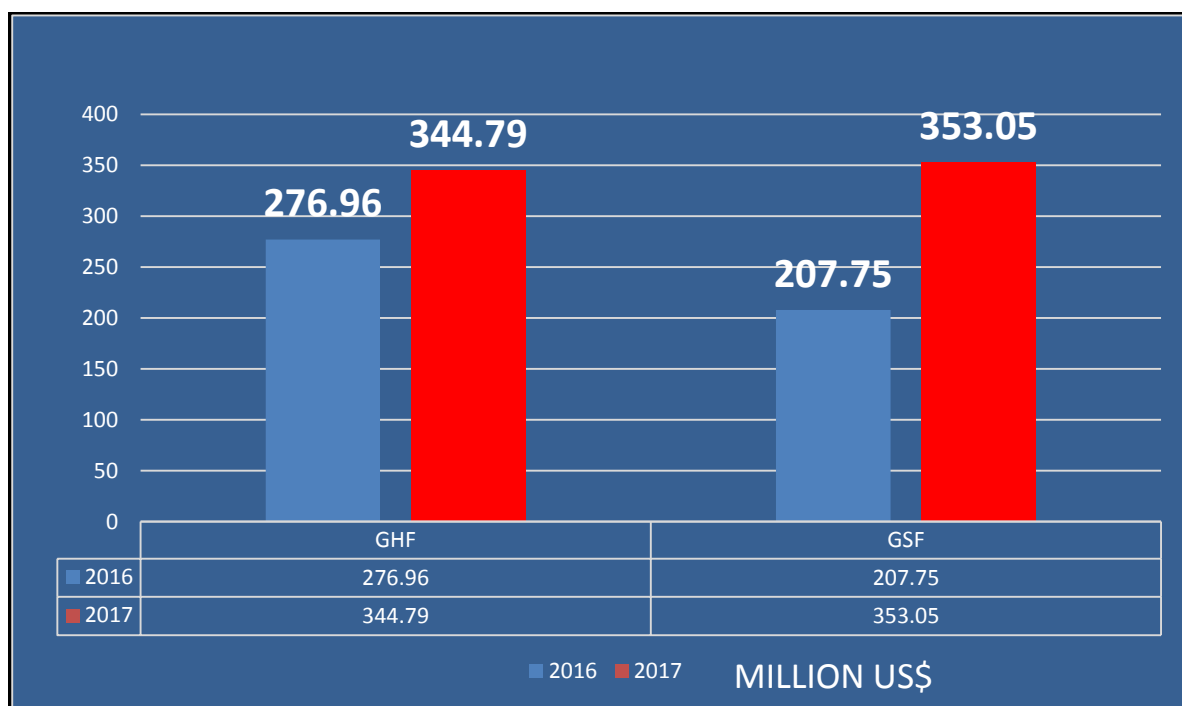


Figure 20: Ghana Petroleum Funds (GHF and GSF) - 2016 and 2017 Reserves

Performance of the GHF and GSF was mixed due to the flattening of the US Treasury yield curve in 2017. The yield of the US 10-year Treasury note ended the year at 2.4054% compared to 2.4440% at the end of 2016. The yield of the 2-year note ended 2017 at 1.8832% compared to 1.188% at the end of 2016.

As at the end of 2017, net profit on investment of the Ghana Petroleum Funds since inception was US\$28.21 million compared to US\$18.91 million at the close of 2016, as illustrated in Figure 20. GHF and GSF total return for 2017 was 2.96% and 0.96% respectively. Their accumulated reserves were US\$353.05 million and US\$344.79 million respectively.

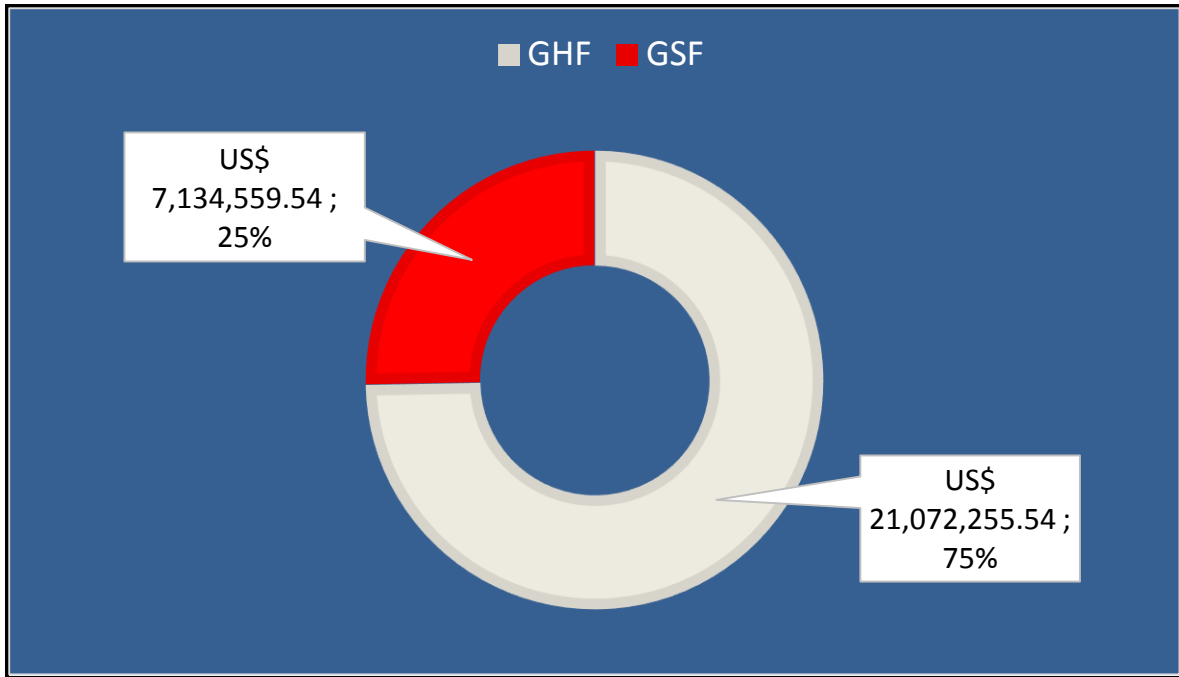


Figure 21: Returns on Ghana Petroleum Funds

9.1. Ghana Stabilisation Fund (GSF)

There was no withdrawal from the Ghana Stabilisation Fund in 2017. The closing amount in the GSF as of 29th December 2017 was US\$353.05 million as shown in Figure 20 and the statement of account in Table 35.

Table 35: GSF Statement of Account

| Ghana Stabilisation Fund Account | |
|---|----------------|
| | US\$ |
| Opening book value (1st January, 2017) | 207,748,663.49 |
| Receipt during the period | 142,683,919.82 |
| Bank Charges | -5,822.19 |
| Realised Income | 2,625,276.24 |
| Withdrawal | 0 |
| Closing book value (29th Dec, 2017) | 353,052,037.36 |
| Net Income for the period comprised the following | |
| INCOME | US\$ |
| Investment Income | 2,625,276.24 |
| Less: | |
| Bank Charges | -5,822.19 |
| Net Return for the period | 2,619,454.05 |

PIAC Construct Based on BoG Data, 2017

9.2. Ghana Heritage Fund (GHF)

According to data provided by the Bank of Ghana, there was no withdrawal from the GHF during the period under review. This means the closing book value of the GHF is US\$344,781,422.32 as shown in Figure 20, with details in Table 36.

Table 36: GHF Statement of Account

| Ghana Heritage Fund Account | |
|--|---------------------|
| | US\$ |
| Opening book value (1st January, 2017) | 276,962,291.34 |
| Receipt during the period | 61,150,251.34 |
| Bank Charges | -21,625.23 |
| Realised Income | 6,690,504.87 |
| Withdrawal | 0 |
| Closing book value (29th Dec, 2017) | 344,781,422.32 |
| Net Income for the Period Comprised the following | |
| INCOME | US\$ |
| Investment Income | 6,690,504.87 |
| Less: | |
| Bank Charges | -21,625.23 |
| Net Return for the period | 6,668,879.64 |

Source: BoG, 2017

Findings

1. The GPFs reserves at the end of 2017 was US\$697.84 million, with the GHF and GSF holding US\$344.79 million and US\$353.05 million respectively.
2. Accumulated net realised income (net profit on investment) of the GPFs since inception in November 2011 to the end of 2017, was US\$28.21 million.
3. There were no withdrawals from both the GHF and GSF in 2017.

10. PETROLEUM REVENUE OUTLOOK FOR 2018

10.1. Global Price Trends

According to the International Monetary Fund (IMF), the global growth forecast for 2018 has been revised upward by 0.2 percentage point to 3.9%, up from 3.7% in 2017. The revision reflects increased global growth momentum and the expected impact of the recently approved US tax policy changes. The positive growth outlook for 2018 means an expected growth in global oil demand in the same period.

The Energy Information Administration (EIA) in its Short-Term Energy Outlook (STEO) forecasts that BRENT crude oil will average US\$62.13 per barrel in 2018 – 14.53% higher than the achieved average dated BRENT price of US\$54.25 in 2017.

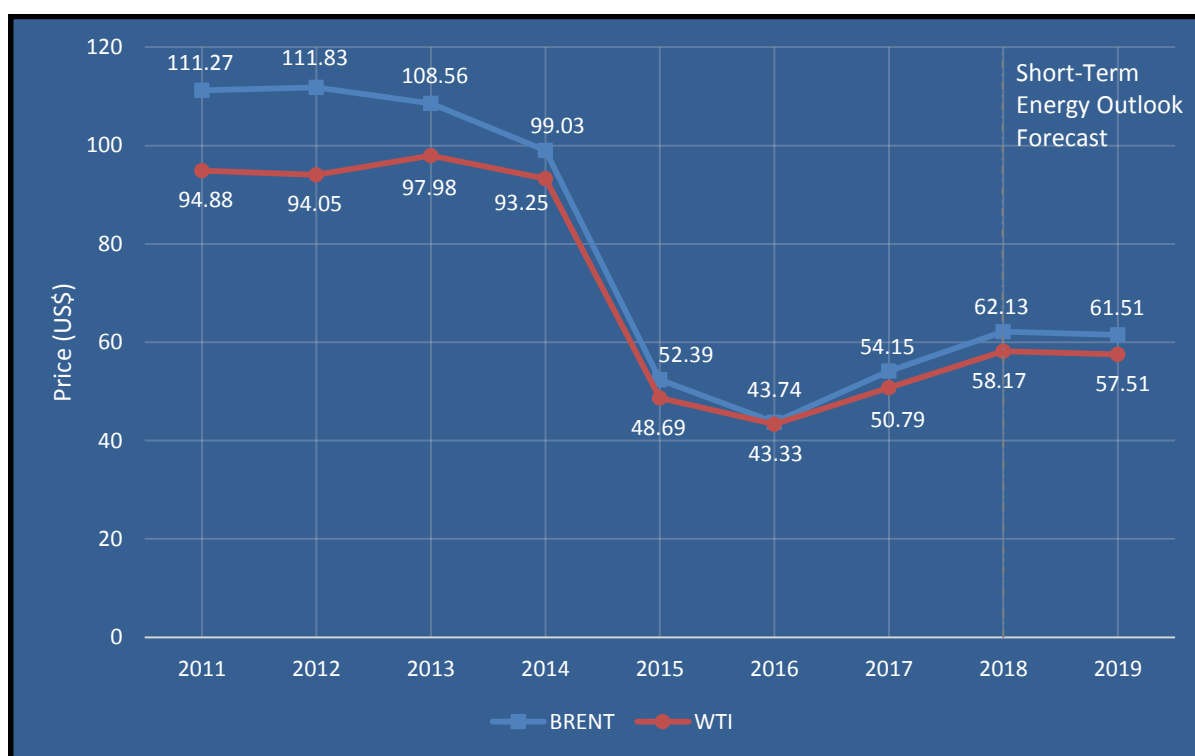


Figure 22: Average Annual BRENT and WTI Crude Prices from 2011-2019 (Achieved and Forecast)

Data Source: US Energy Information Administration, 2017

10.2. Production

According to the Organisation of Petroleum Exporting Countries (OPEC), world oil demand is expected to grow by 1.51 million barrels per day (MMbbl/d) in 2018. That would put total global oil consumption at 98.46 MMbbl/d in 2018 compared to the estimated 96.94 MMbbl/d in 2017, as shown in Figure 23. In the Organisation for Economic Co-operation and Development (OECD) countries, an increase of 0.28 MMbbl/d year-on-year demand is forecast. Demand is also expected to rise by an average of 1.23 MMbbl/d year-on-year in 2018 in the non-OECD regions, driven primarily by China and India (OPEC Monthly Oil Market Report, 2017).

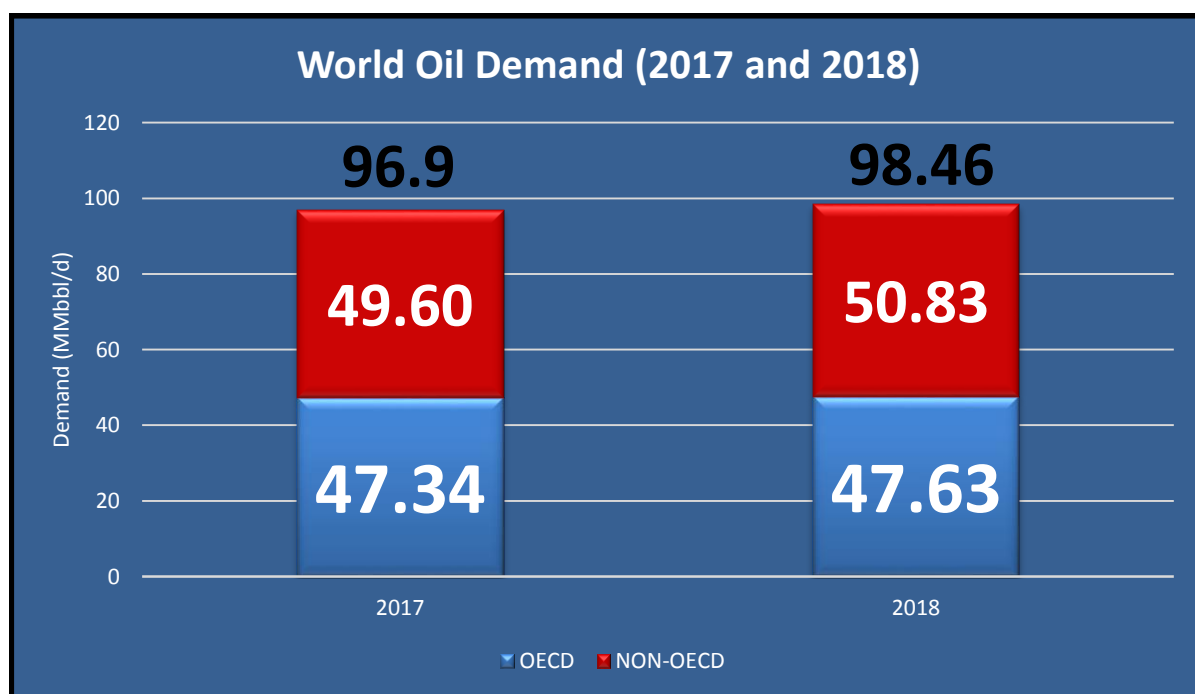


Figure 23: Global Oil Demand - 2017 & 2018

Data Source: OPEC Secretariat, 2017

Note: *2017 = Estimated; *2018 = Forecast

10.3. Government Projections

A revised annual average production volume of 53.25 million bbls of oil (averaging 145,887 bopd), up from an original forecast of 51.18 million bbls, was projected by the Government for the three producing fields of Jubilee, TEN, and SGN in 2018. The increase in projected output for 2018 is due primarily to a revised 2017 TEN projection from

50,000 bopd to approximately 54,000 bopd, and the 2018 SGN projection from 35,441 bopd to 43,000 bopd (2018 Budget Statement and Economic Policy of Government of Ghana).

Projected revenue for the full year for the Ghana Group is US\$669.41 million based on the revised oil price forecast of US\$57.36/bbl. The price is derived from the average futures prices of BRENT across the 12 months of 2018. Of the total projected petroleum receipts of US\$669.41 million, the Benchmark Revenue is US\$335.86 million.

PIAC expects these figures to change due to the recent geo-political events such as the relocation of United States embassy from Tel Aviv to Jerusalem and the US withdrawal from the Iran Nuclear Deal could alter the projections.

11. CONCLUSIONS AND RECOMMENDATIONS

11.1. Conclusions

Petroleum Production and Revenues

Petroleum production in Ghana was up by 82% in 2017 compared to 2016. Average daily production of crude oil from the Jubilee Field was 89,726 bopd compared to 73,995 bopd in 2016. The TEN Field had its first full year of production, realising an average of 56,034 bopd. First oil was pumped from the SGN Field in May 2017, with an annualised daily average of 14,947 bopd. Ghana thus reversed the falling production volumes of 2015 and 2016 which were 102,498 bopd and 88,489 bopd respectively, with daily production of 160,707 in 2017.

Revenue accruing to the Petroleum Holding Fund also increased. Total amount received into the PHF for 2017 was US\$539.83 million, 36% more than the 2016 figure of US\$396.17 million. The increase in revenues is explained by the higher production volumes and improved crude prices in 2017.

The inflows into the PHF would have been much higher if GNGC had paid GNPC for the supply of raw gas. GNGC's failure or inability to pay for gas supplied by GNPC since 2014, has led to an accumulated outstanding debt of US\$230.32 million dollars. PIAC is aware that GNGC has not paid GNPC's invoices due to VRA's inability to pay its outstanding debt, which PIAC assesses to be over US\$750 million as at the end of 2017. PIAC has continued to flag the dire consequences of the continuous indebtedness of VRA to GNGC in its reports. PIAC is encouraged that action has been taken by government through the special purpose vehicle (ESLA Plc) to raise bonds to clear the energy sector debts. PIAC urges transparency in the management and disbursement of the ESLA funds. For instance, MoF should disclose how much of the seven and ten year bonds have been utilized to clear the debts so far.

PIAC in its 2016 Semi-Annual report recommended to the GNGC to develop and explore other markets (in addition to VRA) for lean gas to ensure the financial sustainability of its business. PIAC is not oblivious of the acute and strategic importance of lean gas to VRA's ability to deliver affordable and reliable supply of electricity in Ghana. PIAC notes that the

percentage of GNGC's lean gas sold to VRA in 2017 decreased slightly (94.51 percent) in favour of Wangkang and Twyford whose volumes rose to 4.26% and 1.22% respectively.

PIAC notes with satisfaction that collaboration between the Petroleum Commission and the Ghana Revenue Authority has resulted in improvement in the collection of surface rentals from licensed Petroleum Block Holders.

While commending GRA for continuing the tax audits of the Partners in 2017, PIAC still inquires as to what led to such significant discrepancies in the Partners' assessments vis-à-vis that of the GRA. It is important for this to be established so as to institute measures to avoid the reoccurrence of this in future.

Wrongful Lodgement of Petroleum Revenues into GRA's Accounts

The PRMA requires all petroleum revenues to be paid into the PHF at the Bank of Ghana. However, a few companies have wrongfully lodged such revenues into accounts of the Ghana Revenue Authority instead of the PHF. As at the end of 2017, three companies wrongfully paid a total of US\$13,518,852.98 into GRA accounts, which is yet to be transferred into the PHF. PIAC finds this unacceptable and urges GRA and BoG to find a lasting solution to this.

Petroleum Funds Disbursement and Utilisation

In 2017, an amount of US\$555,332,410.54 was distributed from the PHF in accordance with the Petroleum Revenue Management Act. GNPC and ABFA were allocated 33% and 30% respectively. The Ghana Stabilisation Fund and the Ghana Heritage Fund received 26% and 11% respectively.

Out of the amount allocated to ABFA, only 45% was utilised in the four (4) priority areas selected by Government, as well as making two statutory disbursements to GIIF and PIAC in 2017. While PIAC commends Government for continuing to narrow the activities and projects supported with ABFA, PIAC is concerned that most of the disbursements were spent on service delivery, instead of capital expenditure. For instance, 100% of the money allocated to the *Physical Infrastructure and Service Delivery in Education* priority area was for the supply of goods and services for government's Free Senior High School programme. PIAC is concerned that nothing was earmarked for capital expenditure in that sector. In fact, in the 2017 financial year, the Ministry of Finance spent only 37% of

the utilised Annual Budget Funding Amount on capital expenditure, with 63% spent on the supply of goods and services. This is at variance with the requirements of the PRMA, which requires capital expenditure to be a minimum of 70% of the ABFA.

PIAC is also concerned that there appears to be a mismatch between ABFA allocations from the PHF and disbursements. In 2017, 55% of ABFA allocations for the fiscal year were unutilised. Given that ABFA allocations are transferred quarterly from the PHF and are properly budgeted for, PIAC seeks explanations from the MoF for the huge variance between allocated and disbursed ABFA.

Delineation of maritime border with Togo

PIAC is concerned that companies exploring in the East Keta Ultra Deep Block jointly owned by GOSCO, Bluestar and Heritage are facing challenges from the Togolese authorities regarding the maritime boundary between Togo and Ghana. PIAC is of the considered view that the delineation of Ghana's maritime border with Togo should be flagged and immediate steps be taken to find a permanent solution. Having recently obtained a favourable ruling at the ITLOS on the border dispute between Ghana and La Cote d'Ivoire, PIAC urges authorities to use the lessons and experience to handle this challenge with Ghana's eastern neighbour.

Petroleum Infrastructure and LOPI

Turret bearing damage on Jubilee Field, Gas system challenges on TEN, Gas infrastructure connectivity with SGN, are some of the operational difficulties GNPC and the Partners have been battling. While PIAC has faith in the capabilities of the stakeholders to find permanent solutions to these challenges, it is of the view that the implications of the challenges on the productivity of the industry may be hurting the anticipated gains that could have accrued. In this respect, PIAC commends GNPC for procuring a Loss of Production Insurance (LOPI) cover for Jubilee, TEN and SGN operations.

11.2. Recommendations

The following recommendations are made for the consideration of various institutions to ensure continuous improvement in managing the petroleum sector:

1. PIAC welcomes government's efforts at addressing the energy sector indebtedness arising partly out of non-payment for gas supplied for power generation. The Committee urges that the fundamental problems in downstream which have caused the indebtedness in the upstream sector be addressed in order to prevent a re-occurrence of the problem. There must also be improved transparency in the management and disbursement of the Energy Sector Levy Act (ESLA) funds which was established to help liquidate the sector indebtedness.
2. GRA must undertake annual tax audits of the Partners without delay as witnessed in the 2011-2015 tax audit of Kosmos which was undertaken in 2016.
3. The MoF must expedite the laying and eventual passage of the PRMA Regulations.
4. PIAC finds the recurrence of wrongful lodgement of petroleum funds into GRA accounts unacceptable. GRA must immediately transfer the accumulated funds into the PHF. The MoF must provide guidelines to forestall similar occurrences.
5. GRA has indicated to PIAC that the Oranto Stone payment has still not been redeemed. It has however tracked the company to be in operation in Angola, Chad, and Mozambique. PIAC urges the GRA to collaborate with the tax authorities in these countries to retrieve the money and take steps to prevent this from happening in the future.
6. Expenditure as reported by the MoF does not conform to the requirement to spend at least 70% of the ABFA on Capital Expenditure. The MoF must therefore comply with the provisions of Section 21 (4) of Act 815 in respect of public investment expenditure.

7. The fact that ABFA allocation was not fully utilised even though the entire amount had been budgeted for suggests budget non-compliance on the part of the MoF. Parliament should take steps to ensure that the Minister complies with the budget as approved.
8. PIAC recommends that all unspent ABFA allocations in a particular financial year be returned to the PHF.
9. PIAC has noted adverse claims being made by the Togolese authorities concerning the maritime boundary with Ghana in respect of the East Keta Ultra Deep Block and urges Government to initiate urgent steps to delineate Ghana's maritime border with Togo.
10. PIAC has observed that the achieved price of TEN crude for the Ghana Group was again lower than the estimated benchmark price and the average dated BRENT price during the period. GNPC must take another look at its pricing and marketing policy for TEN to eliminate the significant price difference with Jubilee.
11. The ITLOS dispute was between two sovereign States and not between a sovereign State and a national oil company for which reason it was wrong to have used GNPC's resources to settle the cost of litigation. The amount of US\$3.8 million spent by GNPC on the litigation should therefore be refunded to GNPC.
12. The Minister of Energy must expedite negotiations between GNGC and WAPCO on the use of the WAGP for the transport of gas from the Western Corridor (Atuabo) to the Eastern Corridor (Tema) to allow for the export of more gas from SGN Field.

12. PIAC ACTIVITY REPORT IN 2017

12.1. Background

Following a comprehensive organisational assessment of the PIAC secretariat in 2015, administrative, financial and human resource systems were set up with the recruitment of additional staff to the secretariat. A full complement of staff including a Coordinator, Technical Manager, Technical Officer, Finance and Administrative Manager, and an Administrative Officer were in place by 2016.

The Secretariat was managed on a day-to-day basis by the staff, spearheaded by the Coordinator.

12.2. Main Activities

PIAC'S Communication Strategy

The Committee launched its Communication Strategy on the 18th of December 2017. The Strategy seeks to heighten citizens' awareness and enhance the public posture and image/brand of PIAC. It is grounded on four pillars, namely: Publicity, Engagement, Mobilization and Advocacy (PEMA).

In a statement, the Chairman of the Communication and Public Affairs Sub-committee of PIAC, Mr Samuel Zan Akologo indicated that the Communication Strategy was developed to respond to challenges in engaging with our varied audience in realising the mandate of the Committee. He said the Committee is impressed with the propositions in the Strategy and is hopeful that stakeholders would collaborate effectively as it seeks to implement the actions outlined therein.

The development of the Strategy was funded by the German Development Corporation (GIZ).

National Dialogue on Sustainable Funding of "Free SHS" Policy

Prior to the implementation of the "Free SHS" policy, PIAC in collaboration with NRGi and Starr FM organised a national dialogue on sustainable funding for the policy; exploring the opportunities and challenges of relying on petroleum revenues. The dialogue provided government, policy advisors, and programme design and implementing agencies with further insights into how successful practices could be translated to quality

delivery. The concern was the need to ensure that in implementing the “Free SHS” policy, basic education was not compromised.

A range of topics were examined during the dialogue, and included;

- The State of Ghana’s Public Finances
- Quality, Access, and Sustainability in Education Delivery
- Implementing the “Free SHS” Policy without Compromising the Quality of Basic Education
- Options the petroleum sector offer in funding Free SHS; that is, using capped funds from the GSF, realigning ABFA allocations in favour of Education, and using signature bonuses



Figure 12-1: Cross-section of participants at the dialogue

Consultation with His Excellency the President

The consultation with His Excellency the President, Nana Addo Dankwa Akufo-Addo took place at the Jubilee House on Monday August 14, 2017. In attendance were the Secretary to the President, Nana Asante Bediatuo, Hon. Dr Mohammed Amin Adam, Deputy

Minister for Energy in charge of Petroleum, two Presidential Staffers, 10 Members of the Public Interest and Accountability Committee (PIAC), and the Coordinator.

The President noted that there were two main matters of concern to him, which were;

- The lack of appropriate offices for PIAC, which the President said he would ensure his Chief of Staff devoted energy to solving; and,
- The remit of PIAC's mandate; He noted that the Committee was veering into policy prescriptions, which in his view, is quite a huge role to take on.

On the remit of PIAC's mandate, the President tasked the Deputy Minister for Energy in charge of Petroleum, Hon. Dr Mohammed Amin Adam, to lead the organisation of a stakeholders' forum in collaboration with PIAC to discuss the role of PIAC, its effectiveness, statutory requirements to enhance its work, and the level of financial and logistical support required.

12.3. Engagements with Stakeholders

PIAC Public Fora & Physical Monitoring of ABFA Funded Projects

A joint team of PIAC and IFEJ undertook citizens' engagements and project inspections exercise in 20 districts across four (4) regions comprising Ashanti, Volta, Eastern, and Greater Accra. This brought the total number of district engagements to 81, held across all regions of Ghana. A physical verification tour of a total of forty one (41) ABFA funded projects was undertaken by the team as part of the public engagements in all the regions visited.

The project created more platforms for PIAC to seek feedback, consult, engage, and inform citizens of the 20 districts on how the Government of Ghana managed the country's petroleum revenues from 2011 to 2016. The approach facilitated the understanding and appreciation of key issues in the PIAC reports by citizens and increased their awareness and demand for accountability.

Impact

- reached over 1600 participants through the face-face engagements with citizens across the 20 districts in four regions;

- resulted in an increase in citizens' civic awareness in relation to petroleum revenue management;
- instilled in citizens a sense of empowerment and urgency to demand for accountability from authorities in charge of the management of petroleum revenue;
- afforded Committee Members the opportunity to make presentations, respond to questions from participants and obtain feedback on the Committee's activities; and,
- have first-hand contact with ABFA funded projects to verify their existence and quality of work done on them.



State of Bremanng UGC road



Cross section of participants at the KMA forum



Participants at the Atwima Mponua district forum



PIAC-IFEJ team inspects Sepe-Dote Road

Figure 12-2: Public fora and project inspections in Ashanti Region



Figure 12-3: Public forum and project inspections in Volta Region

Faith Groups

In a bid to report back to a large constituency of PIAC and build the capacity of the Faith Groups (Christians and Muslims Groups) in recognition of their outreach potential, PIAC organised a two-day engagement with the Faith Groups. The engagement was aimed at sharing insights from the Committee’s 2016 Annual Report, findings from the ABFA project inspections and district engagements, as well as discussing pertinent governance issues in the industry with a team of experts at a roundtable.

On the first day of the engagement, presentations were made on various subjects of extractive resource management including:

- Petroleum Resource Management in Ghana: Policy, Practice, and Lessons;
- The Petroleum (Exploration and Production) Act 2016, (Act 919); and,
- PIAC’s Report on the Management of Petroleum Revenues in Ghana in 2016.

Key issues raised were:

- Infractions on the PRMA;
- Government’s commitment to PIAC recommendations;
- ITLOS and boundary protection; and,

- Insurance against losses and environmental disaster from petroleum production activities.

A roundtable discussion of pertinent governance issues in the industry by a team of experts was held on the second day of the engagement. At the end, the following emerged from the discussions as possible options for settling the spiralling debt of VRA to GNGC:

- Ring-fence energy sector levies to pay for the interest on the bonds;
- Extend the price stabilisation and mitigation levy to cover foreign exchange losses of VRA and other utilities; and,
- VRA Thermal can be listed on the stock exchange for capital injection.

In attendance were officials from PIAC, Ministry of Planning, Ministry of Roads & Highways, and the Faith Groups.

The Finance Committee of Parliament

The Finance Committee of Parliament engaged PIAC and its relevant stakeholders to discuss PIAC's 2015 and 2016 Annual Reports. In attendance were members of the Finance Committee, GNPC, Ministry of Finance (MoF), Ghana Revenue Authority (GRA), Ghana National Gas Company (GNGC), and Bank of Ghana (BoG). The PIAC Team was led by the Chairman, Mr Joseph Winful. Some of the main issues from the engagement were:

- GNPC's financing of non-core projects as per its mandate
- Increasing indebtedness of the Volta River Authority to GNGC
- Recurrent default in Surface Rental payments by petroleum companies
- Financing of PIAC and the timely release of its funds by the MoF
- Effective collaboration between PIAC and the Finance Committee, and between PIAC and the stakeholders present
- Permanent Office accommodation for PIAC

The Institute of Financial and Economic Journalists (IFEJ)

PIAC in collaboration with the German Development Corporation (GIZ) and IFEJ organised a workshop on the analyses of the 2016 PIAC Semi-annual and Annual Reports. The programme was in response to the need to get PIAC reach out to the larger

section of the Ghanaian public with its reports through a specialised group of journalists, and obtain valuable feedback for improving on the quality of reports generated by the Committee. It was also aimed at getting reporters to gain in-depth knowledge of PIAC's reports.

The main issues discussed were:

- International Crude Prices and Jubilee Achieved Prices
- ABFA Allocations and Expenditure
- VRA's Indebtedness to GNGC
- GNPC Allocations

There was an independent critique of the 2016 Semi-annual Report by Dr John Gatsi of the University of Cape Coast Finance Department.

12.4. PIAC Membership

In accordance with provisions of the PRMA, a new PIAC Member, Prof. Albert Fiadjoe, was sworn into office at the PIAC secretariat. He represents the Ghana Academy of Arts and Sciences (GAAS), and he was nominated by his constituency to replace the outgoing Chairman, Prof. P. K. Buah-Bassuah. Prof. Fiadjoe is a Council Member of the Ghana Academy of Arts and Sciences, a legal consultant, Emeritus Professor of Public Law and formerly Dean, Faculty of Law, University of the West Indies.

12.5. Launch of 2016 Annual Report

The launch of the Report took place at the Accra International Conference Centre and was chaired by Mr Abdallah Ali-Nakyea of the Ghana Bar Association (GBA). The Report highlighted a 13.7% year-on-year decline in crude oil production during the period under review with annual production dropping from 37.41 mmbbls in 2015 to 32.30 mmbbls. Actual petroleum receipts for the period was US\$247.18 million, which was 29% lower than the budgeted amount of US\$348.42 million.

Consultations

The Committee also held a number of meetings with key partners of Ghana's petroleum industry, such as Kosmos Energy Ghana, Tullow Ghana Limited, the Petroleum Commission, Ghana National Gas Company Limited, Bank of Ghana, and Ghana Revenue Authority.

12.6. Financial Report

| PUBLIC INTEREST AND ACCOUNTABILITY COMMITTEE (PIAC) | | | | | |
|--|-------|---------------------|-------------------|-------------------|---------------------|
| GOVERNMENT OF GHANA | | | | | |
| INCOME AND EXPENDITURE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2017 | | | | | |
| | NOTES | GHS GoG | GHS DFID/NRGI | GHS GOGIG | GHS CONSOLIDATED |
| INCOME | | | | | |
| Bank Balance as at 1st January, 2017 | | 284,531.23 | (784.40) | - | 283,746.83 |
| Income Received from GoG/Donors | 1 | 1,345,078.00 | 402,704.82 | 210,010.75 | 1,957,793.57 |
| Other Income | | 19,017.50 | - | 14,768.75 | 33,786.25 |
| Total income | | 1,648,626.73 | 401,920.42 | 224,779.50 | 2,275,326.65 |
| EXPENDITURE | | | | | |
| Programmes and Activities Expenses | 2 | 506,677.68 | 130,656.56 | 190,048.86 | 827,383.10 |
| General and Administrative Expenses | 3 | 500,885.26 | 267,223.03 | 1,144.24 | 769,252.53 |
| Governance Cost | 4 | 298,374.65 | - | - | 298,374.65 |
| Total Expenditure | | 1,305,937.59 | 397,879.59 | 191,193.10 | 1,895,010.28 |
| EXCESS INCOME OVER EXPENDITURE | | 342,689.13 | 4,040.83 | 33,586.40 | 380,316.37 |
| NOTES | | | | | |
| INCOME RECEIVED | | | | | |
| | 1 | | | | |
| July-17 GoG Direct Transfer | | 950,000.00 | - | - | 950,000.00 |
| Nov-17 GoG Direct Transfer | | 395,078.00 | - | - | 395,078.00 |
| Income from Donors | | - | 402,704.82 | 210,010.75 | 612,715.57 |
| Income Received from GoG/Donors | | 1,345,078.00 | 402,704.82 | 210,010.75 | 1,957,793.57 |
| EXPENDITURE | | | | | |
| Programmes and Activities Expenses | | | | | |
| | 2 | | | | |
| Simplified PRMA | | 8,274.67 | - | - | 8,274.67 |
| 2017 Semi Annual Report | | 59,339.99 | 22,864.86 | - | 82,204.85 |
| 2016 Semi-Annual Report | | 1,939.64 | - | - | 1,939.64 |
| 2016 Annual Report | | 100,618.97 | 53,001.70 | - | 153,620.67 |
| District Engagements & Visits of ABFA Project | | 85,847.48 | 15,375.00 | 183,545.71 | 284,768.19 |
| Public Meeting | | 178,887.01 | 17,000.00 | 6,503.15 | 202,390.16 |
| PIAC Strategic Plan | | 17,625.00 | - | - | 17,625.00 |
| PIAC Communications Strategy | | 13,308.00 | - | - | 13,308.00 |
| Technical Roundtable Discussion | | - | 22,415.00 | - | 22,415.00 |
| Hotel Accommodation | | 37,659.52 | - | - | 37,659.52 |
| Improve Visibility of PIAC | | 3,177.40 | - | - | 3,177.40 |
| Total Programmes and activities expenses | | 506,677.68 | 130,656.56 | 190,048.86 | 827,383.10 |
| General and Administrative Expenses | | | | | |
| | 3 | | | | |
| Wages and Salaries | | 268,964.89 | 220,048.35 | - | 489,013.24 |
| Administrative Expenses | | 118,051.17 | 47,174.68 | 1,144.24 | 166,370.09 |
| Office rent and accommodation | | 81,000.00 | - | - | 81,000.00 |
| Capital Expenditure | | 32,869.20 | - | - | 32,869.20 |
| Total General and administrative expenses | | 500,885.26 | 267,223.03 | 1,144.24 | 769,252.53 |
| Governance Cost | | | | | |
| | 4 | | | | |
| Meeting Expenses | | 18,534.15 | - | - | 18,534.15 |
| Committee Members Allowances | | 279,840.50 | - | - | 279,840.50 |
| Total Governance Cost | | 298,374.65 | - | - | 298,374.65 |

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Tullow Oil PLC 2018, 2017 Full Year Report

ANNEXES

Appendix 1: Jubilee Liftings by the Ghana Group and the Partners

| JUBILEE Unit Crude Oil - 2017 Lifting Schedule | | |
|--|---------------------------------------|-------------------|
| BL Date | Lifting Partner | Qty Lifted (bbls) |
| 12-Jan-17 | Anadarko & PetroSA Ghana Limited-0049 | 950,339 |
| 29-Jan-17 | Tullow Ghana Limited-0066 | 981,581 |
| 06-Feb-17 | Kosmos-0045 | 996,846 |
| 18-Feb-17 | Tullow Ghana Limited-0067 | 911,989 |
| 27-Feb-17 | Anadarko & PetroSA Ghana Limited-0050 | 995,182 |
| 09-Mar-17 | Ghana Group-0036 | 947,806 |
| 23-Mar-17 | Kosmos-0046 | 978,596 |
| 31-Mar-17 | Tullow Ghana Limited-0068 | 949,524 |
| 14-Apr-17 | Anadarko & PetroSA Ghana Limited-0051 | 995,360 |
| 17-Apr-17 | Tullow Ghana Limited-0069 | 989,263 |
| 02-May-17 | Kosmos-0047 | 950,820 |
| 13-May-17 | Ghana Group-0037 | 948,931 |
| 24-May-17 | Anadarko & PetroSA Ghana Limited-0052 | 992,934 |
| 09-Jun-17 | Tullow Ghana Limited-0070 | 988,567 |
| 16-Jun-17 | Kosmos-0048 | 967,616 |

| | | |
|-----------|---------------------------------------|---------|
| 22-Jun-17 | Tullow Ghana Limited-0071 | 620,717 |
| 03-Jul-17 | Ghana Group-0038 | 952,938 |
| 15-Jul-17 | Anadarko & PetroSA Ghana Limited-0053 | 994,431 |
| 28-Jul-17 | Tullow Ghana Limited-0072 | 994,508 |
| 09-Aug-17 | Kosmos-0049 | 995,252 |
| 21-Aug-17 | Tullow Ghana Limited-0073 | 912,305 |
| 30-Aug-17 | Anadarko & PetroSA Ghana Limited-0054 | 948,149 |
| 08-Sep-17 | Ghana Group-0039 | 953,094 |
| 20-Sep-17 | Kosmos-0050 | 948,409 |
| 27-Sep-17 | Tullow Ghana Limited-0074 | 952,446 |
| 07-Oct-17 | Anadarko & PetroSA Ghana Limited-0055 | 904,534 |
| 14-Oct-17 | Tullow Ghana Limited-0075 | 903,776 |
| 25-Oct-17 | Ghana Group-0040 | 947,648 |
| 08-Nov-17 | Kosmos-0051 | 947,708 |
| 15-Nov-17 | Anadarko & PetroSA Ghana Limited-0056 | 947,710 |
| 26-Nov-17 | Tullow Ghana Limited-0076 | 948,972 |
| 08-Dec-17 | Kosmos-0052 | 996,005 |
| 16-Dec-17 | Ghana Group-0041 | 992,459 |

| | | |
|---------------------|---------------------------|-------------------|
| 28-Dec-17 | Tullow Ghana Limited-0077 | 905,546 |
| TOTAL LIFTED | | 32,311,961 |
| AVERAGE | | 950,352 |

Appendix 2: TEN Liftings by the Ghana Group and the Partners

| TEN Unit Crude Oil - 2017 Lifting | | |
|-----------------------------------|----------------------------------|-------------------|
| Lifted On | Lifting Account Name | Parcel Qty (bbls) |
| 18-Jan-17 | TEN - Tullow Ghana Limited | 996,091 |
| 08-Jan-17 | TEN - Tullow Ghana Limited | 997,179 |
| 04-Mar-17 | Anadarko & PetroSA Ghana Limited | 995,143 |
| 20-Mar-17 | TEN-Ghana Group | 996,588 |
| 06-Apr-17 | TEN - Tullow Ghana Limited | 925,262 |
| 29-Apr-17 | TEN-Kosmos | 995,593 |
| 14-May-17 | TEN - Tullow Ghana Limited | 994,174 |
| 06-Jun-17 | Anadarko & PetroSA Ghana Limited | 995,795 |
| 18-Jun-17 | TEN-Ghana Group | 995,657 |
| 16-Jul-17 | TEN - Tullow Ghana Limited | 993,607 |
| 07-Aug-17 | TEN-Kosmos | 995,649 |

| | | |
|---------------------|----------------------------------|-------------------|
| 20-Aug-17 | TEN - Tullow Ghana Limited | 996,506 |
| | | |
| 04-Sep-17 | Anadarko & PetroSA Ghana Limited | 993,709 |
| | | |
| 18-Sep-17 | TEN - Tullow Ghana Limited | 1,046,505 |
| | | |
| 06-Oct-17 | TEN-Ghana Group | 1,038,748 |
| | | |
| 25-Oct-17 | TEN - Tullow Ghana Limited | 990,451 |
| | | |
| 07-Nov-17 | TEN-Kosmos | 987,204 |
| | | |
| 22-Nov-17 | TEN - Tullow Ghana Limited | 953,575 |
| | | |
| 09-Dec-17 | Anadarko & PetroSA Ghana | 894,573 |
| | | |
| 20-Dec-17 | TEN-Ghana Group | 1,007,382 |
| | | |
| 30-Dec-17 | TEN - Tullow Ghana Limited | 250,312 |
| | | |
| TOTAL LIFTED | | 20,039,703 |
| AVERAGE | | 954,272 |

Appendix 3: SGN Liftings by Partners

| SANKOFA Unit Crude Oil - 2017 Lifting Schedule | | |
|--|----------------------|-------------------|
| Lifted On | Lifting Account Name | Parcel Qty (bbls) |
| 27-Aug-17 | ENI | 996,383 |
| | | |
| 04-Oct-17 | VITOL | 904,303 |
| | | |

| | | |
|---------------------|-------------------------|------------------|
| 06-Nov-17 | CONTRACTORS OVERLIFTING | 905,106 |
| | | |
| 27-Nov-17 | ENI | 951,670 |
| | | |
| 24-Dec-17 | VITOL | 911,348 |
| | | |
| TOTAL LIFTED | | 4,668,810 |
| AVERAGE | | 933,762 |

Appendix 4: GNGC Lean Gas Statement

| LEAN GAS STATEMENT - 2017 | | | | | | | | |
|---------------------------|----------|--------------------|---------------------|----------------------|--------------------------|----------------------------|-----------------------------|--------------------|
| Date | Company | Quantities (MMBtu) | Price (US\$/MM Btu) | Gross Revenue (US\$) | Quantities/Month (MMBtu) | Total Gross Revenue (US\$) | Less 40% Pre-Finance (US\$) | Net Revenue (US\$) |
| January | VRA | 1,562,333.7847 | 8.8424 | 13,814,780.26 | 1,693,550.6766 | 14,975,052.50 | | 14,698,032.65 |
| | Wangkang | 131,216.8919 | | 1,160,272.24 | | | | |
| February | VRA | 203,654.3148 | 8.8424 | 1,800,792.91 | 239,247.1230 | 2,115,518.76 | | 2,040,376.65 |
| | Wangkang | 35,592.8082 | | 314,725.85 | | | | |
| March | VRA | 2,337,677.6105 | 8.8424 | 20,670,680.50 | 2,474,979.6696 | 21,884,760.23 | | 21,594,893.61 |
| | Wangkang | 137,302.0591 | | 1,214,079.73 | | | | |
| April | VRA | 2,449,701.1754 | 8.8424 | 21,661,237.67 | 2,581,803.4110 | 22,829,338.48 | | 22,550,449.52 |
| | Wangkang | 132,102.2356 | | 1,168,100.81 | | | | |
| May | VRA | 2,380,521.3747 | 8.8424 | 21,049,522.20 | 2,482,019.2102 | 21,947,006.66 | | 21,732,728.49 |
| | Wangkang | 100,210.0056 | | 886,096.95 | | | | |

| | | | | | | | | |
|-----------|----------|----------------|--------|---------------|----------------|---------------|------------|---------------|
| | Twyford | 1,287.8299 | | 11,387.51 | | | 214,278.17 | |
| June | VRA | 2,390,937.7088 | 8.8424 | 21,141,627.60 | 2,467,971.2212 | 21,822,788.73 | | 21,660,158.66 |
| | Wangkang | 60,275.9377 | | 532,983.95 | | | | |
| | Twyford | 16,757.5747 | | 148,177.18 | | | 162,630.07 | |
| July | VRA | 2,765,699.3482 | 8.8424 | 24,455,419.92 | 2,901,591.0012 | 25,657,028.27 | | 25,370,139.25 |
| | Wangkang | 100,760.6530 | | 890,966.00 | | | | |
| | Twyford | 35,131.0000 | | 310,642.35 | | | 286,889.02 | |
| August | VRA | 3,548,454.6603 | 8.8424 | 31,376,855.49 | 3,763,273.8079 | 33,276,372.32 | | 32,822,854.73 |
| | Wangkang | 152,583.5939 | | 1,349,205.17 | | | | |
| | Twyford | 62,235.5537 | | 550,311.66 | | | 453,517.59 | |
| September | VRA | 3,339,851.4421 | 8.8424 | 29,532,302.39 | 3,550,300.1994 | 31,393,174.48 | | 30,948,883.48 |
| | Wangkang | 142,758.8098 | | 1,262,330.50 | | | | |
| | Twyford | 67,689.9475 | | 598,541.59 | | | 444,291.00 | |

| | | | | | | | | |
|--------------|----------|----------------|--------|---------------|----------------------|-----------------------|---------------------|-----------------------|
| October | VRA | 3,607,304.9854 | 8.8424 | 31,897,233.60 | 3,834,746.6177 | 33,908,363.49 | | 33,428,197.81 |
| | Wangkang | 151,797.3183 | | 1,342,252.61 | | | | |
| | Twyford | 75,644.3140 | | 668,877.28 | | | 480,165.68 | |
| November | VRA | 3,433,342.0180 | 8.8424 | 30,358,983.46 | 3,640,954.1463 | 32,194,772.94 | | 31,756,470.52 |
| | Wangkang | 137,380.2710 | | 1,214,771.31 | | | | |
| | Twyford | 70,231.8573 | | 621,018.17 | | | 438,302.42 | |
| December | VRA | 3,635,967.8455 | 8.8424 | 32,150,682.08 | 3,862,545.8029 | 34,154,175.01 | | 33,675,832.69 |
| | Wangkang | 145,708.0888 | | 1,288,409.20 | | | | |
| | Twyford | 80,869.8686 | | 715,083.73 | | | 478,342.32 | |
| TOTAL | | | | | 33,492,982.89 | 296,158,351.87 | 3,879,333.81 | 292,279,018.06 |

Appendix 5: GNGC LPG Statement

| LPG STATEMENT - 2017 | | | | | | | |
|----------------------|-----------------|-----------------|----------------------|-------------------|----------------------------|-----------------|--------------------|
| Date | Quantities (MT) | Price (US\$/MT) | Gross Revenue (US\$) | Volume/Month (MT) | Total Gross Revenue (US\$) | Discount (US\$) | Net Revenue (US\$) |
| January | 2,684.223 | 406.20 | 1,090,331.38 | 5,713.078 | 2,433,477.13 | 171,392.34 | 2,262,084.79 |
| | 3,028.855 | 443.45 | 1,343,145.75 | | | | |
| February | 1,283.644 | 468.50 | 601,387.21 | 1,283.644 | 601,387.21 | 38,509.32 | 562,877.89 |
| | 0.000 | | - | | | | |
| March | 3,253.948 | 474.80 | 1,544,974.51 | 7,492.120 | 3,337,721.27 | 224,763.60 | 3,112,957.67 |
| | 4,238.172 | 423.00 | 1,792,746.76 | | | | |
| April | 4,774.722 | 392.40 | 1,873,600.91 | 8,422.912 | 3,243,788.11 | 252,687.36 | 2,991,100.75 |
| | 3,648.190 | 375.58 | 1,370,187.20 | | | | |
| May | 4,852.838 | 360.83 | 1,751,049.54 | 9,214.490 | 3,211,766.79 | 276,434.70 | 2,935,332.09 |
| | 4,361.652 | 334.90 | 1,460,717.25 | | | | |

| | | | | | | | |
|-----------|-----------|--------|--------------|------------|--------------|------------|--------------|
| June | 5,462.195 | 353.50 | 1,930,885.93 | 9,410.361 | 3,232,477.82 | 282,310.83 | 2,950,166.99 |
| | 3,948.166 | 329.67 | 1,301,591.89 | | | | |
| July | 4,213.593 | 306.27 | 1,290,497.13 | 8,804.001 | 2,730,003.17 | 264,120.03 | 2,465,883.14 |
| | 4,590.408 | 313.59 | 1,439,506.04 | | | | |
| August | 5,937.093 | 357.77 | 2,124,113.76 | 11,796.523 | 4,616,598.10 | 353,895.69 | 4,262,702.41 |
| | 5,859.430 | 425.38 | 2,492,484.33 | | | | |
| September | 6,102.631 | 446.05 | 2,722,078.56 | 12,544.501 | 5,813,854.06 | 376,335.03 | 5,437,519.03 |
| | 6,441.870 | 479.95 | 3,091,775.51 | | | | |
| October | 4,942.062 | 504.77 | 2,494,604.64 | 10,497.971 | 5,319,506.57 | 314,939.13 | 5,004,567.44 |
| | 5,555.909 | 508.45 | 2,824,901.93 | | | | |
| November | 7,432.625 | 503.14 | 3,739,650.94 | 13,190.410 | 6,831,293.60 | 395,712.30 | 6,435,581.30 |
| | 5,757.785 | 536.95 | 3,091,642.66 | | | | |

| | | | | | | | |
|--------------|-----------|--------|--------------|------------|---------------|--------------|----------------------|
| December | 5,576.312 | 537.60 | 2,997,825.33 | 11,931.455 | 6,303,961.37 | 357,943.65 | 5,946,017.72 |
| | 6,355.143 | 520.23 | 3,306,136.04 | | | | |
| TOTAL | | 426.22 | | 110,301.47 | 47,675,835.21 | 3,309,043.98 | 44,366,791.23 |

Appendix 6: GNGC Condensate Statement

| CONDENSATE STATEMENT - 2017 | | | | | | |
|-----------------------------|---------|-------------|-----------------|--------------|-------------------|----------------------|
| Date | Company | Volume (MT) | Price (US\$/MT) | Value (US\$) | Volume/Month (MT) | Monthly Value (US\$) |
| January | Globex | 422.93 | 281.53 | 204,018.88 | 1,215.51 | 352,971.09 |
| | | 284.28 | 298.83 | | | |
| | ECO | 29.21 | 281.53 | 50,603.56 | | |
| | | 141.82 | 298.83 | | | |
| | Med | 140.91 | 281.53 | 98,348.65 | | |
| 196.36 | | 298.83 | | | | |
| February | Globex | 194.33 | 307.73 | 59,801.17 | 282.56 | 86,952.19 |
| | Med | 88.23 | 307.73 | 27,151.02 | | |
| March | Globex | 396.28 | 319.55 | 286,079.78 | 1,609.94 | 472,374.90 |
| | | 567.17 | 281.13 | | | |
| | Med | 118.36 | 319.55 | 186,295.12 | | |
| | | 528.13 | 281.13 | | | |
| April | Globex | 680.82 | 253.45 | 324,567.88 | 2,087.86 | 583,811.60 |
| | | 492.88 | 308.42 | | | |
| | Med | 412.98 | 253.45 | 224,142.44 | | |
| | | 387.37 | 308.42 | | | |
| | ECO | 113.81 | 308.42 | 35,101.28 | | |
| May | Globex | 544.19 | 305.11 | 258,865.06 | 1,831.67 | 530,141.64 |
| | | 355.96 | 260.78 | | | |
| | Med | 460.94 | 305.11 | 216,756.48 | | |

| | | | | | | |
|-----------|---------------------|--------|--------|------------|----------|------------|
| | | 291.89 | 260.78 | | | |
| | ECO | 178.69 | 305.11 | 54,520.11 | | |
| June | Globex | 429.75 | 294.50 | 204,070.19 | 1,751.35 | 497,719.21 |
| | | 283.22 | 273.67 | | | |
| | Med | 303.91 | 294.50 | 199,976.60 | | |
| | | 403.68 | 273.67 | | | |
| | ECO | 150.99 | 294.50 | 93,672.42 | | |
| | | 179.8 | 273.67 | | | |
| July | Globex | 509.71 | 241.05 | 197,096.07 | 2,049.22 | 508,093.14 |
| | | 291.02 | 255.07 | | | |
| | ECO | 211.52 | 241.05 | 149,625.02 | | |
| | | 386.71 | 255.07 | | | |
| | Med | 320.24 | 241.05 | 161,372.05 | | |
| | | 330.02 | 255.07 | | | |
| August | Globex | 440.58 | 270.00 | 193,720.22 | 2,612.91 | 748,621.91 |
| | | 247.89 | 301.60 | | | |
| | ECO | 325.23 | 270.00 | 159,571.79 | | |
| | | 237.93 | 301.60 | | | |
| | Med | 482.03 | 270.00 | 238,838.71 | | |
| | | 360.38 | 301.60 | | | |
| | Hask | 106.32 | 301.60 | 32,066.11 | | |
| | Rama | 239.95 | 301.60 | 72,368.92 | | |
| | Woodfields (Cirrus) | 172.6 | 301.60 | 52,056.16 | | |
| September | Globex | 319.64 | 304.25 | 172,181.05 | 2,780.13 | 952,419.14 |

| | | | | | | | | | |
|---------------------|---------------------|--------|--------|------------|------------|----------|------------|----------|------------|
| | | 198.66 | 377.18 | | | | | | |
| | ECO | 159.28 | 304.25 | 142,329.73 | | | | | |
| | | 248.87 | 377.18 | | | | | | |
| | Med | 227.24 | 304.25 | 167,668.50 | | | | | |
| | | 261.23 | 377.18 | | | | | | |
| | Hask | 186.77 | 304.25 | 139,785.51 | | | | | |
| | | 219.95 | 377.18 | | | | | | |
| | Rama | 229.02 | 304.25 | 166,773.01 | | | | | |
| | | 257.42 | 377.18 | | | | | | |
| | Woodfields (Cirrus) | 196.99 | 304.25 | 163,681.34 | | | | | |
| | | 275.06 | 377.18 | | | | | | |
| | October | Globex | 198.29 | 339.52 | | | 161,639.66 | 2,850.74 | 922,423.62 |
| | | | 303.58 | 310.68 | | | | | |
| | | ECO | 209.33 | 339.52 | | | 152,833.38 | | |
| 263.17 | | | 310.68 | | | | | | |
| Med | | 256.02 | 339.52 | 181,628.49 | | | | | |
| | | 304.83 | 310.68 | | | | | | |
| Hask | | 215.92 | 339.52 | 138,433.90 | | | | | |
| | | 209.62 | 310.68 | | | | | | |
| Rama | | 223.03 | 339.52 | 152,324.41 | | | | | |
| | | 246.56 | 310.68 | | | | | | |
| Woodfields (Cirrus) | | 171.88 | 339.52 | 135,563.78 | | | | | |
| | | 248.51 | 310.68 | | | | | | |
| November | | Globex | 207.67 | 316.86 | 157,563.55 | 2,794.26 | 959,241.08 | | |

| | | | | | | |
|---------------------|---------------------|--------|--------|------------|--|--|
| | | 245.89 | 373.18 | | | |
| | ECO | 251.66 | 316.86 | 149,813.00 | | |
| | | 187.77 | 373.18 | | | |
| | Med | 254.03 | 316.86 | 152,523.15 | | |
| | | 193.02 | 373.18 | | | |
| | Hask | 328.6 | 316.86 | 167,422.72 | | |
| | | 169.63 | 373.18 | | | |
| | Rama | 222.31 | 316.86 | 166,814.88 | | |
| | | 258.25 | 373.18 | | | |
| | Woodfields (Cirrus) | 218.7 | 316.86 | 165,103.78 | | |
| | | 256.73 | 373.18 | | | |
| | December | Globex | 252.7 | 355.15 | | |
| 222.58 | | | 351.36 | | | |
| ECO | | 126.31 | 355.15 | 133,036.30 | | |
| | | 250.96 | 351.36 | | | |
| Med | | 256.43 | 355.15 | 158,458.45 | | |
| | | 191.79 | 351.36 | | | |
| Hask | | 252.64 | 355.15 | 168,668.66 | | |
| | | 224.68 | 351.36 | | | |
| Rama | | 160.51 | 355.15 | 57,005.13 | | |
| | | | | | | |
| Woodfields (Cirrus) | | 348.32 | 355.15 | 187,460.12 | | |
| | | 181.45 | 351.36 | | | |

| | | | | | | |
|--------------|---------------------|-----------------|---------------|-----------|------------------|---------------------|
| | Pentman (Oil Trade) | 187.77 | 351.36 | 65,974.87 | | |
| TOTAL | | 24522.29 | 314.38 | | 24,522.29 | 7,553,325.15 |

Appendix 7: Surface Rental Assessments and Payments

| OPERATOR | CONTRACT AREA | ACREAGES AS OF DEC 31, 2017 (SQ. KM) | 2017 ESTIMATED AMOUNT-US\$ | 2017 PAYMENTS | PERIOD OF ACTIVITY (2017) |
|--|--|--------------------------------------|----------------------------|---------------|---------------------------|
| Tullow Ghana Ltd | Deepwater Tano Contract Area | 617 | 59,158 | 59,261 | Development/Production |
| Hess Ghana Exploration Ltd | Deepwater Tano/Cape Three Points | 2,010 | 150,750 | 150,750 | Second Extension |
| Eni Ghana Exploration & Production Ltd | Offshore Cape Three Points(OCTP) Contract Area | 693 | 22,600 | 22,600 | Development/Production |
| Kosmos Energy Ghana Ltd | West Cape Three Point | 463 | 17,797 | 17,797 | Development/Production |
| Medea Development | East Cape Three Points | 1,565 | 78,250 | 78,230 | Initial Exploration |
| AGM | South Deep Water Tano | 3,482 | 174,100 | 174,100 | Initial Exploration |
| Erin Energy Gh. Ltd | Expended Shallow Water Tano | 1,508 | 75,400 | 75,400 | Initial Exploration |
| Amni Ghana | Central Tano | 278 | 13,900 | 13,974 | Initial Exploration |
| Heritage | Offshore South-West Tano Block | 175 | 8,750 | 17,475 | Initial Exploration |
| Heritage | East Keta | 2,239 | 111,950 | | Initial Exploration |
| Sahara Energy Fields Ghana | Shallow Water Cape Three Points Block | 1,500 | 75,000 | | Initial Exploration |
| Eco Atlantic | Deepwater Cape Three Points West Offshore | 944 | 47,200 | 141,570 | Initial Exploration |
| Britannia -U | South West Saltpond | 2,050 | 102,500 | | Initial Exploration |

| | | | | | |
|---|-----------------------------------|---------------|------------------|----------------|---------------------|
| UB Reources Ltd | Offshore Cape Three Points South | 755 | 37,750 | 37,725 | Initial Exploration |
| Eni Ghana Exploration & Production Ltd | Cape Three Points Block 4 | 1,127 | 56,350 | 56,350 | Initial Exploration |
| Swiss African Oil Company Limited | Onshore/Offshore Keta Delta Block | 3,000 | 150,000 | | Initial Exploration |
| Springfield Exploration And Production Ltd | West Cape Three Points Block 2 | 673 | 33,650 | 64,534 | Initial Exploration |
| | Total | 23,080 | 1,215,105 | 909,767 | |

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Ghana Extractive Industries Transparency Initiative



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Federation of Muslim Councils and
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Association of Queen Mothers



Osabarima Kwaw Entsie II
National House of Chiefs



Kwabena Nyarko-Otoo
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