

# PUBLIC INTEREST AND ACCOUNTABILITY COMMITTEE



## ABOUT THIS REPORT

The 2021 Annual Report is in fulfilment of PIAC's statutory obligation under the Petroleum Revenue Management Act, 2011 (Act 815), as amended by Act 893, to publish Semi-Annual and Annual Reports. This Report is a reconciliation of data supplied by stakeholder institutions, and an independent assessment of the collection, management, and use of the country's petroleum revenues for the period January – December 2021.



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## List of Acronyms

ABFA	Annual Budget Funding Amount
AG	Associated Gas
AOGC	Accelerated Oil and Gas Capacity
BBL	Barrel
BECE	Basic Education Certificate Examination
BoG	Bank of Ghana
BOST	Bulk Oil Storage and Transportation Company Limited
BR	Benchmark Revenue
Btu	British Thermal Units
BRENT	Broom, Rannoch, Etive, Ness and Tarbert
CAPEX	Capital Expenditure
CAP	COVID-19 Alleviation Programme
CAPI	Carried and Participating Interest
CHPS	Community Health Planning and Services
CIT	Corporate Income Tax
CNOOC	China National Offshore Oil Corporation
COLA	Crude Oil Lifting Agreement
COMAH	Control of Major Accident Hazards
COVID-19	Corona Virus Disease 2019

CSI	Corporate Social Investment(s)
CTP	Cape Three Points
CWM	Cash Waterfall Mechanism
DACF	District Assemblies Common Fund
DBPS	Dawusaso Branch Point Station
DWT	Deepwater Tano
DWT/CTP	Deepwater Tano Cape Three Points
E&P	Exploration and Production
EC	Energy Commission
ECG	Electricity Company of Ghana
ECTP	East Cape Three Points
EIA	Energy Information Administration
EIA	Environmental Impact Assessment
ENI	Ente Nazionale Idrocarburi (Ghana E&P Limited)
EoY	End-of-Year
ESD	Emergency Shutdown
EY	Ernst & Young
FCM	Flow Control Module
FEED	Front End Engineering Design
FDTT	Formation Deep Transient Testing

FPSO	Floating Production Storage and Offloading Unit
FY	Full Year
GCB	Ghana Commercial Bank
GESTIP	Ghana Energy Sector Transformation Initiative Project
GHF	Ghana Heritage Fund
GIIF	Ghana Infrastructure Investment Fund
GNAT	Ghana National Association of Teachers
GNGC	Ghana National Gas Company
GNPC	Ghana National Petroleum Corporation
GNPCF	Ghana National Petroleum Corporation Foundation
GNT	Ghana Negotiation Team
GoG	Government of Ghana
GOGIP	Ghana Oil and Gas Insurance Pool
GOGSPA	Ghana Oil and Gas Service Providers Association
GOIL	Ghana Oil Company Limited
GOR	Gas to Oil Ratio
GOSCO	GNPC Operating Services Company Limited
GPF	Ghana Petroleum Funds
GPP	Gas Processing Plant
GPWF	Ghana Petroleum Wealth Fund

GRA	Ghana Revenue Authority
GSF	Ghana Stabilisation Fund
GTG	Gas Turbine Generator
HP	High Pressure
HPU	Hydraulic Power Unit
IAC	Investment Advisory Committee
ICE	Intercontinental Exchange
ICT	Information and Communications Technology
IT	Information Technology
IEA	International Energy Agency
IFEJ	Institute of Financial and Economic Journalists
IOC	International Oil Company
IPP	Independent Power Producer
ITLOS	International Tribunal for the Law of the Sea
JAK	John Agyekum Kuffuor
JV	Joint Venture
LALL	Low Alarm Low Low
LCC	Local Content Committee
LI	Legislative Instrument
LIBOR	London Inter-Bank Offered Rate

LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
MMBtu	Million British Thermal Units
MMDA	Metropolitan, Municipal and District Assembly
MGTF	Ministerial Gas Task Force
MMSCF	Million Standard Cubic Feet
MoEn	Ministry of Energy
MoF	Ministry of Finance
MRD	Ministry of Roads and Highways
MSBP	Maritime Boundary Special Project
MT	Metric Tonne
MUG	Make-up Gas
NAG	Non-Associated Gas
NGTS	National Gas Transmission System
NGTU	Natural Gas Transmission Utility
NOC	National Oil Company
NIC	National Insurance Commission
OCTP	Offshore Cape Three Points
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of Petroleum Exporting Countries

OPEX	Operating Expenditure
ORF	Onshore Receiving Facility
PA	Petroleum Agreement
PC	Petroleum Commission
PCB	Petroleum Commission Board
PHF	Petroleum Holding Fund
PIAC	Public Interest and Accountability Committee
PNDCL	Provisional National Defense Council Law
PoD	Plan of Development
PRMA	Petroleum Revenue Management Act
PSGL	Prestea-Sankofa Gold Limited
PURC	Public Utilities Regulatory Commission
SHS	Senior High School
SGN	Sankofa Gye-Nyame
SOE	State-owned Enterprise
SOPCL	Saltpond Offshore Producing Company Limited
SPS	Subsea Production Systems
SSNIT	Social Security and National Insurance Trust
STEO	Short-Term Energy Outlook
SURF	Subsea Umbilicals, Risers & Flowlines

SWAOCO	Swiss African Oil Company Limited
TCF	Trillion Cubic Feet
TEN	Tweneboa-Enyenra-Ntomme
TGL	Tullow Ghana Limited
TLTC	Tema LNG Terminal Company
ToP	Take-or-Pay
TOR	Tema Oil Refinery
TTIP	Takoradi-Tema Interconnection Project
TUC	Trades Union Congress
UNCITRAL	United Nations Commission on International Trade Law
UUOA	Unitisation and Unit Operating Agreement
VRA	Volta River Authority
WAPCo	West African Gas Pipeline Company
WCTP	West Cape Three Points
WEO	World Economic Outlook
WTI	West Texas Intermediate
YTD	Year-To-Date

## Foreword

The Public Interest and Accountability Committee, (PIAC), was established in September 2011, with an oversight responsibility of monitoring and evaluating the management of Ghana's petroleum resources by the government and stakeholder institutions.

In compliance with the Petroleum Revenue Management Act (PRMA), 2011, (Act 815), the Committee prepares statutory Semi-Annual and Annual Reports, which aim at keeping Ghanaians and other interested stakeholders constantly informed about how the country's petroleum revenues are managed and utilised. The Reports also serve as a tool for the Committee's public engagements and citizens' feedback, which is subsequently shared with duty bearers.

The Committee, since its establishment, has published a total of 21 reports – 10 Semi-Annual and 11 Annual - covering the period 2011 to 2021, with information and data from the Ministry of Finance, Bank of Ghana, Petroleum Commission, Energy Commission, Ghana National Petroleum Corporation, Ghana Infrastructure Investment Fund, Ghana Revenue Authority, Ghana National Gas Company and the International Oil Companies, and others.

The 2021 Annual Report covers the period January to December 2021. It encompasses a broad range of issues relating to petroleum revenue management such as information on production, liftings, total revenues accruing and allocation 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 examines other issues pertinent to the performance of various institutions charged with responsibilities in the PRMA. A new feature of this report is

the inclusion of a detailed chapter on PIAC' s activities, project inspections and feedback from citizens during its year-long activities.

The Committee is publishing its 2021 Annual Report a month after the statutory date of 15<sup>th</sup> March, due to the delay in the initial submission of data from some of its stakeholders. PIAC commends the Bank of Ghana, Kosmos Energy and Tullow Ghana Limited for the timely submission of data to the Committee, and urges all other stakeholders to do same to enable PIAC meet its statutory timeline.

It is the expectation of the Committee that the general public will read the Report, and provide feedback via; [secretariat@piacghana.org](mailto:secretariat@piacghana.org), +233 (0) 302 547 765 or any of our social media handles.

PIAC Chair,

Prof. Kwame Adom-Frimpong.

## Executive Summary

The Report reconciles and analyses information as well as data from key stakeholder institutions. The data relates to the exploitation of hydrocarbon resources and associated revenues and expenditures as mandated by the PRMA. The Report also includes inputs from relevant stakeholder institutions. The key findings and recommendations for action are as follows:

### Key Findings/Observations

#### Developments in the Upstream Petroleum Sector

1. Four of the eighteen subsisting Petroleum Agreements (see Chapter 3) have been terminated by the Petroleum Commission in 2021 for non-performance in their minimum work obligations.

#### Petroleum Production and Sales

2. For the year under review, the average achieved crude oil price of US\$69.18/bbl by the Ghana Group in all fields was higher than the government' s benchmark price of US\$54.75/bbl.
3. Annual crude oil production declined by 17.7 percent from 66,926,806 bbls in 2020 to 55,050,391 bbls in 2021, despite the rebound of economic activities in 2021, after the easing of COVID-19 restrictions.

## Revenue Collection and Management

4. Total petroleum revenues increased by 17.5 percent from US\$666,390,751.22 in 2020 to US\$783,325,849.87 in 2021 due to higher crude oil prices. This is in spite of the decline in crude oil production in 2021.
5. Surface Rental Arrears increased by 22.22 percent from US\$2,110,212.23 in 2020 to US\$2,579,170.21 in 2021.

## Distribution and Utilisation of the Annual Budget Funding Amount

6. After a 3-year break, allocations to the Ghana Infrastructure Investment Fund resumed in 2021, with an amount of US\$49,390,491.08, following the passage of the Ghana Infrastructure Investment Fund (Amendment) Act, 2021 (Act 1063).
7. For the first time since Ghana started receiving petroleum revenue in 2011, the DACF received an amount of GH¢32,380,403.91, following the 2019 decision of the Supreme Court in the case of Kpodo vs The Attorney-General. However, the disbursement made was 1.74 percent of the ABFA, instead of the 5 percent specified in the Supreme Court judgement.
8. Although the Ministry of Finance made a disbursement of the ABFA to the DACF, there was no report on the utilisation of the amount.
9. For the first time since 2011, the ABFA was used to pay a judgement debt of GH¢12,475,426.01. This was under the Roads, Rail and Other Infrastructure Priority Area during the period under review.

10. For the first time since 2017, the Government, with a ratio of 77:23 (Public Investment Expenditure to Goods and Services), complied with the PRMA requirement for at least 70 percent of the ABFA to be spent on public investment expenditure.

### **Management and Performance of the Ghana Petroleum Funds**

11. Despite withdrawals (US\$114.98 million) from the GSF in 2021, the reserves of the GPFs increased by 14.99 percent (US\$971.43 million) over that of 2020 (US\$844.78 million).

12. The current cap on the GSF of US\$100 million is not a product of the formula stipulated in L.I 2381. A proper application of the formula should return a figure of US\$384.62 million for the year 2021.

13. The net return on investment of the Ghana Petroleum Funds of US\$14.14 million represents a 19.25 percent reduction from that of 2020 (US\$17.51 million). The End-of-Year (EOY) yield of the GHF was negative 1.76 percent, compared to 4.66 percent (EOY 2020). Likewise, the GSF returned 0.03 percent as compared to 0.35 percent (EOY 2020).

### **GNPC Allocation and Utilisation**

14. In 2021, GNPC could not realise its budgeted revenue from loans and guarantees amounting to US\$126.68 million out of an accumulated total of US\$318.09 million owed the Corporation by Government and its agencies since 2011.

15. In 2021, the Corporation spent US\$640,292.89 on the Maritime Boundary Special Project (MBSP). Cumulatively, GNPC has spent a total of US\$11.85 million on Maritime Boundary related activities, even though the Ghana Boundary Commission is responsible for such activities.

## Recommendations

1. While the Committee commends the Petroleum Commission for terminating the agreement of four Contractors for non-performance, PIAC urges the Commission to ensure strict compliance with minimum work obligations by IOCs.
2. PIAC recommends strict compliance with the 2019 judgement of the Supreme Court in the case of Kpodo vs The Attorney-General, which stipulates that 5 percent of the ABFA shall be allocated and disbursed to the DACF.
3. The Ministry of Finance should provide a breakdown of the disbursements to the DACF and report same to PIAC.
4. The Ministry of Finance in collaboration with relevant institutions should develop appropriate guidelines on the utilisation and reporting of ABFA disbursed to the DACF.
5. The Minister for Finance, in determining the cap on the GSF, should comply with the relevant provisions of L.I 2381.
6. PIAC calls on GNPC to double up efforts at recovering loans to Government and its agencies to ensure that the Corporation's work programme does not suffer from non-implementation. For now, GNPC should discontinue granting loans and guarantees until significant recoveries are made with respect to outstanding loans and guarantees owed the Corporation.

## CHAPTER 1

### 1.0 INTRODUCTION

#### 1.1 Background

The discovery of oil and gas in commercial quantities and subsequent production in Ghana continues to be a major propeller of economic growth.

In 2021, globally, economies, began to recover from the adverse impact of the outbreak of the corona virus disease (COVID-19). There was a gradual resumption of production and expansion plans by the various petroleum exploration companies, as most restrictions put in place during the COVID-19 pandemic were eased over time, and measures were put in place to allow for work to continue during the period under review.

In Ghana, the economy began to show signs of recovery in the period under review, and the local petroleum industry witnessed some level of activity, albeit, slow. This notwithstanding, the country was able to rake in revenues to augment resources to manage the economy.

The management of the country' s petroleum revenues is guided by the Petroleum Revenue Management Act, 2011 (Act 815) (PRMA) as amended, "to provide the framework for the collection, allocation and management of petroleum revenue in a responsible, transparent, accountable and sustainable manner for the benefit of the citizens of Ghana in accordance with Article 36 of the Constitution for related matters" .

The PRMA has a number of distinct features, among which are:

1. Revenue generation and expenditure
2. Intergenerational equity spending and savings, born out of the recognition of the common resource ownership of current and future generations of Ghanaians
3. The positioning of the National Oil Company (NOC), Ghana National Petroleum Corporation (GNPC), as a partner to International Oil Companies (IOCs) in petroleum production, securing the nation' s stake.
4. The establishment of the Investment Advisory Committee (IAC) to advise the Minister and monitor the performance of the management of the Ghana Petroleum Funds.

Section 51 of the PRMA, created the Public Interest and Accountability Committee (PIAC) in September 2011 as a unique citizen-led additional oversight institution.

The Committee was given a three-fold mandate under Section 52 of the PRMA, which are to:

- Monitor and evaluate compliance with the Act by Government and other relevant institutions in the management and use of petroleum revenues and investments;
- Provide space and a 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) of the Act; 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.

In 2021, PIAC marked 10 years of its establishment. It has consistently played its role effectively with the release of its statutory reports which highlight issues related to the management and use of petroleum revenues. This Report is the 11<sup>th</sup> in the series of Annual Reports, and the 21<sup>st</sup> in the series of the publication of PIAC' s statutory reports (both Annual and Semi-Annual), and gives an account of the management and use of petroleum revenues for the year under review.

## 1.2 Scope

This Report:

- Analyses oil and gas production and liftings from January to December 2021;
- Verifies the accuracy of oil and gas revenues declared by state institutions over the period;
- Confirms revenues allocated to the Ghana National Petroleum Corporation (GNPC), the Annual Budget Funding Amount (ABFA), and the Ghana Petroleum Funds (GPFs);
- Discusses how petroleum receipts have been allocated and utilised;
- Analyses the performance of the Ghana Petroleum Funds from January to December 2021; and
- Provides an update on PIAC' s project inspections and other related activities

### 1.3 Methodology

The following methods were employed for this Report:

- Analysis and reconciliation of data collected from relevant stakeholder institutions;
- Interview and validation meetings; and
- Independent verification of reported documents from stakeholders.

The key stakeholder institutions consulted include, but are not limited to:

- Ministry of Finance (MoF)
- Bank of Ghana (BoG)
- Petroleum Commission (PC)
- Ghana Revenue Authority (GRA)
- Ghana National Petroleum Corporation (GNPC)
- GNPC Foundation (GNPCF)
- Energy Commission (EC)
- Ghana National Gas Company (GNGC)
- Ghana Infrastructure Investment Fund (GIIF)
- International Oil Companies (IOCs) – Tullow, Kosmos and ENI

The Report uses a variety of visual devices such as tables, charts and graphs to communicate the findings and outcomes of the analysis.

## CHAPTER 2

### 2.0 UPDATE ON IMPLEMENTATION OF PREVIOUS RECOMMENDATIONS

This section reviews the implementation status of various recommendations made by the Committee in previous reports.

As at the end of 2021, 20 out of 37 recommendations made by PIAC, representing 54 percent, had been implemented by stakeholder institutions. This is attributable to the Committee's collaboration, as well as engagements with stakeholder institutions.

Some of the notable changes arising out of PIAC's recommendations, are:

- The constitution of the Investment Advisory Committee and its development of policies and guidelines to assist the Fund Managers in the investment of the GPFs
- The passage of the PRMA Regulations, 2019 (L.I. 2381).
- The reversal of Government's decision to discontinue ABFA disbursements to the Ghana Infrastructure Investment Fund (GIIF) through the enactment of the Ghana Infrastructure Investment Fund (Amendment) Act, 2021 (Act 1063).
- Ghana Revenue Authority's (GRA) retrieval of US\$62.73 million through the tax audits of Kosmos Energy, Anadarko, and Tullow Ghana Ltd.
- Improvements in the payment of Surface Rentals by IOCs from 2017 to 2021, resulting from engagements with the Petroleum Commission, Bank of Ghana, and GRA.

The following table presents selected findings and recommendations from previous Reports and indicates actions taken.

Table 1: Update of PIAC Recommendations

Finding	Recommendation	Responsibility	Status	Comment
<b>1. Decommissioning of Saltpond Field (Refer to Pg. 65 of 2014 PIAC Annual Report)</b>				
The delay in decommissioning the Saltpond Field has become a liability in the books of GNPC.	GNPC should as a matter of urgency complete the decommissioning of the Saltpond Field as the cost of funding skeletal staff in Saltpond Offshore Producing Company Limited (SOPCL) is not a judicious use of resources.	GNPC/MoEn/MoF	Since the approval of the Decommissioning Plan in November 2019, GNPC has negotiated and signed a decommissioning contract with Hans & Co. Oil and Gas Company Limited, an indigenous Ghanaian company.	PIAC acknowledges the progress being made towards the implementation of this recommendation.
<b>2. Surface Rental Non-Payment and Arrears (Refer to Pg. 65 of 2014 PIAC Annual Report)</b>				
Oranto/Stone Energy has still not honoured an outstanding surface rental invoice of US\$67,438.36 since February 2013. GRA explains that it cannot locate Oranto.	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 default.	GRA	GRA has indicated that Oranto has been located in Angola, Chad, and Mozambique. It has subsequently made contact with the Company but no payment has been made. According to the	As stated in PIAC' s 2018 Annual Report, GRA should collaborate with the relevant authorities in these jurisdictions to retrieve the principal together with the interest. GRA must take this step

			Authority, since the issue has assumed a cross-border dimension, it has escalated beyond the GRA, and is being handled at the ministerial/governmental level.	as a matter of principle.
An amount of US\$13,518,852.98, which was wrongfully paid into GRA' s account in 2017 is yet to be transferred into the PHF as required by Act 815.	PIAC finds the recurrence of wrongful lodgement of petroleum funds into GRA accounts unacceptable. The MoF must provide guidelines to forestall similar occurrences.	GRA	An amount of US\$25,000,000 in respect of CIT which was wrongfully paid by Anadarko & Petro SA into GRA' s Account in December 2019, had been paid into the PHF account in 2020.	While PIAC commends GRA for its responsiveness, it urges the Authority to take steps to avoid such recurrences.
<b>4. GNPC Expenditure on the Ghana Maritime Boundary Dispute (Refer to Pg. 61 of 2017 PIAC Annual Report)</b>				

<p><b>GNPC spent US\$3.8 million on the secretariat activities of the Ghana – La Cote d’Ivoire Maritime Boundary Dispute.</b></p>	<p>The International Tribunal on the Law of the Sea (ITLOS) dispute was between two sovereign States and not between a sovereign State and a National Oil Company (NOC), 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.</p>	<p>MoF</p>	<p>US\$3.8 million spent by GNPC on the Maritime Boundary Dispute in 2017 has still not been refunded to GNPC. GNPC duly budgeted for the dispute. In 2021, the Corporation spent US\$640,292.89 on the Maritime Boundary Special Project (MBSP). As it stands, GNPC has spent a total of US\$11.85 million on Maritime Boundary related activities.</p>	<p>The Ghana Boundary Commission established by the State to deal with such matters, must have a fully functioning Secretariat, and be made to handle its own budget. GNPC’ s recurring expenditure on the Maritime Boundary Dispute and its related activities continues to raise issues with the Corporation’ s institutional roles and responsibilities</p>
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**5. GNPC Expenditure on Corporate Social Investments (Refer to Pg. 85 of 2019 PIAC Annual Report)**

<p>GNPC' s expenditure on CSI remains high, increasing from GH¢41.49 million in 2018 to GH¢49.98 million in 2019, with the Corporation' s guarantees for other state-owned enterprises (SOEs), amounting to US\$645,511,405.40 in 2019. This is about double that of 2018, and also outweighs the Corporation' s total equity financing expenditure of US\$164.79 million for 2019.</p>	<p>PIAC reiterates its calls for Parliament to consider placing some restrictions on the proportion of GNPC' s budget on CSI and guarantees to state institutions, particularly in the light of their inability to respond to some of their cash calls.</p>	<p>Parliament</p>	<p>In 2021, GNPC spent US\$15.53 million, representing 22.02 percent of its Level B receipts (US\$70.54 million) on Sustainability and Stakeholder Relations and GNPC Foundation.</p>	<p>GNPC' s CSI expenditure must not replace the use of the ABFA to fund government projects and programmes.</p>
<p>6. Unutilised and Unaccounted for ABFA (Refer to Pg. 75 of 2019 PIAC Annual Report)</p>				

<p>The total ABFA available for spending in 2019 was GH¢2,750,840,639.72 out of which GH¢1,270,944,339.86 was utilised leaving a balance of GH¢1,479,896,299.86 to be utilised and accounted for</p>	<p>For the third consecutive year, the actual ABFA was not fully utilised or accounted for. It brings the total unutilised and unaccounted ABFA to GH¢1,479,896,299.86 at the end of 2019. The Ministry of Finance is acting with impunity regarding accounting for the use of ABFA. PIAC therefore urges Parliament to bring its oversight mandate to bear.</p>	<p>MoF/Parliament</p>	<p>The Ministry stated that the unspent ABFA of <b>GH¢1,479.90 million</b> was fully utilised as follows:</p> <ul style="list-style-type: none"> <li>(a) <b>GH¢471.59 million</b> was transferred to the Road Fund to reduce the Fund' s indebtedness to road contractors and creditor banks;</li> <li>(b) <b>Gh¢180.7 million</b> was utilised under the Ministry of Roads and Highways for roads infrastructure;</li> <li>(c) <b>GH¢827.60 million</b>, on the other hand, was utilised in 2020 to partially meet the</li> </ul>	<p>The Ministry of Finance is yet to provide PIAC with the disaggregation of the Road Fund' s projects financed with the GH¢1,479.90 million from that financed with the 2020 ABFA.</p>
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			<p>shortfall in ABFA receipts caused by the impact of the COVID-19 pandemic and its associated effects on crude oil prices globally.</p>	
<p><b>7. Discretionary Capping of the GSF (Refer to Pg. 66 of 2019 PIAC Annual Report)</b></p>				
<p><b>An amount of US\$189.13 million was withdrawn as excess over the cap of US\$300 million placed on the GSF. The excess was withdrawn into the Sinking Fund.</b></p>	<p>PIAC recommends an amendment of the PRMA to remove the ministerial discretion in allocating excess revenue over the GSF cap between Contingency and Sinking Funds and mandating that a prescribed minimum portion of the excess over the cap goes into the Contingency Fund at all times. This is</p>	<p>Parliament</p>	<p>In 2020, the Minister for Finance further reduced the cap to US\$100 million, and utilised the excess on the COVID-19 Alleviation Programme (CAP). This cap was maintained in 2021.</p>	<p>There is the need for sustained disbursements to the Contingency Fund, in order for it to serve its purpose. The Minister must be guided by Section 8 of the PRMA Regulations, which outlines how the cap on the GSF should be set.</p>

	necessary to ensure that there is enough money in the Contingency Fund to address national emergencies.			
<b>District Assembly Common Fund as an ABFA Recipient (Refer to Pg. 27 of 2021 PIAC Semi-Annual Report)</b>				
Following the decision of the Supreme Court of Ghana in the case of <u>Kpodo and Another v. Attorney-General</u> in 2019, that the District Assemblies Common Fund be added to the recipients of the Annual Budget Funding Amount to receive five (5) percent, an amount of GH¢129.26 million was allocated to the Fund for 2021.	PIAC recommends to the Ministry of Finance that, there is the need for the decision to find expression in the PRMA, which is being reviewed, with the necessary provisions as is the case with the ABFA and GIIF.	MoF	An amount of GH¢32,380,403.91 was disbursed to the DACF in 2021, constituting 25.05 percent of the allocation of GH¢129.26 million for the year.	PIAC recommends strict compliance with the Supreme Court judgement.
<b>Withdrawals from Treasury Main Account to shore up the Budget (Refer to Pg. 30 of 2021 PIAC Semi-Annual Report)</b>				

<p>Instead of withdrawing from the Ghana Stabilisation Fund, the Government utilised an amount of GH¢40.17 million from the Treasury Main Account to shore-up the ABFA in the first quarter.</p>	<p>Even though the PRMA allows the Minister for Finance to place a cap on the GSF, the Fund should be grown to serve its purpose of shoring up shortfalls in the Budget.</p>	<p>MoF/Parliament</p>	<p>The cap remained unchanged at US\$100 million as set by the Minister for Finance as at the end of 2021. For the period under review, the accumulated excess over the cap stood at US\$144,888,360.88.</p>	<p>To prevent the recurrence of withdrawals from the Treasury Main Account, the cap on the GSF should be raised to serve its purpose of cushioning expenditure gaps in the Budget.</p>
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*Source: PIAC's Construct, 2021.*

## CHAPTER 3

### 3.0 DEVELOPMENTS IN THE UPSTREAM PETROLEUM SECTOR

#### 3.1 COVID-19 and Related Developments in the economy, work obligations and operations

Over two years into the mass outbreak of the COVID-19 pandemic and its resultant setbacks, the Ghanaian petroleum industry is steadily recovering. Most IOCs have resumed their project planning, execution, risk management and associated preparatory activities as well as drilling campaigns. For the period under review, the following developments took place in the industry:

**a. Amni International Petroleum Development (Central Tano)**

Amni resumed operation in the first half of 2021 with revised plans to drill its obligatory exploration well, Kusia-1X from the second to third quarter (Q2-Q3) of 2022. This was made possible due to the grant of a restitution time of eight (8) months by the Minister for Energy to compensate Amni for the time lost due to the COVID-19 pandemic. Under the circumstances, well planning and drilling-related procurement of goods and services continued throughout 2021.

**b. GNPC Operating Services Company Ltd (GOSCO) (Offshore South-West Tano)**

GOSCO resumed operations in the first half (H1) of 2021 with revised plans to drill its obligatory exploration well, Mansonia-1X in Q3 2022. To achieve this goal, GOSCO continued well planning and drilling-related procurement of goods and services throughout 2021. A restitution time of nine (9) months was

granted to compensate GOSCO for the time lost due to the COVID-19 pandemic.

**c. Eco Atlantic Oil and Gas (Deepwater Cape Three Points West Offshore)**

Eco Atlantic planned to drill its obligatory exploration well, Dawadawa-1X, in Q3 2022. In furtherance of this goal, the company continued its well planning and drilling-related procurement of goods and services throughout 2021. It was given an 8-month restitution time.

**d. ExxonMobil (Deepwater Cape Three Points)**

Although ExxonMobil was granted a restitution time of nine (9) months, the company voluntarily relinquished all of its 80% participating interest in the Deepwater Cape Three Points Contract Area in May 2021.

**e. Eni (Cape Three Points Block 4)**

Eni contracted Saipem 10,000 drillship to drill its second exploration well, the Eban-1X, in the CTP Block 4. This was in fulfilment of its work obligation for the First Extension Exploration Period. Eban-1X was spudded on 6<sup>th</sup> May 2021 and drilled to a total depth of 4,179m in June 2021, resulting in the discovery of oil. In its press release announcing the Eban 1X discovery, Eni indicated that the preliminary estimate in place for the Eban – Akoma Complex is between 500 and 700 million barrels of oil equivalent (MMboe). In December 2021, the company submitted an Appraisal Programme to the Petroleum Commission for approval.

**f. Springfield E&P (West Cape Three Points Block 2)**

Following the grant of a restitution time of nine (9) months, Springfield is undertaking additional geological and geophysical studies in preparation for

a possible execution of a Unitisation and Unit Operating Agreement with Eni regarding the Sankofa East Field and Afina Discoveries.

**g. Base Energy (Expanded Shallow Water Tano)**

Following the exit of Erin Energy from the partnership, Base Energy was appointed Operator of the Expanded Shallow Water Contract Area. As a result of the three-year extension to its initial exploration period granted the company in 2020, Base Energy has planned for the acquisition of new 3D seismic data over the Block.

**h. Medea Development (East Cape Three Points)**

An 18-month extension was granted Medea and Cola to enable it complete work obligations under the East Cape Three Points Contract Area Petroleum Agreement (ECTP Contract Area), and to drill an Exploratory Well. Medea has planned to drill its obligatory exploration well in Q1 2022. As of December 2021, well planning and drilling related procurement of goods and services were ongoing.

**i. AGM Petroleum (South Deepwater Tano)**

AGM submitted an updated appraisal programme for the Nyankom Discovery in December 2021, and is currently waiting for approval from the Petroleum Commission.

The resumption of critical upstream activities is largely attributable to both global and national deployment of effective COVID-19 containment and OPEC+ intervention measures. These have ensured a positive, though uncertain, market performance outlook of the oil and gas industry for 2021 compared to 2020.

The petroleum industry witnessed a recovery of oil prices from an average BRENT price of US\$41.96/bbl in 2020 to pre-pandemic prices of US\$70.68 by the end of December 2021.<sup>1</sup> Brent' s 2021 annual average of \$71 per barrel is the highest in the past three years. This increase in demand was largely driven by the resumption of work by a significant percentage of the global population in construction, transport and manufacturing sectors.

As at the end of 2021, there was sustained but relatively low production, in the country' s three offshore producing Fields (Jubilee, Tweneboa Enyenra Ntomme (TEN) and Sankofa Gye Nyame (SGN)), reflecting global dynamics. A total of 55.06 million barrels of oil was produced, down from the 2020 production of 66.93 million bbls, representing a 17.73 percent decrease.

Other developments including measures put in place by the Government to sustain the country' s efforts at managing its hydrocarbon resources are discussed below.

### [3.1.1 Developments in the Investment Climate](#)

Notwithstanding a slow recovery from the COVID-19 pandemic, Ghana in 2021 witnessed some injection of investment by IOCs. In April, Tullow Oil for instance, commenced implementation of its long-term Business Plan to unlock the full potential from the Jubilee and TEN fields through a multi-year, multi-well drilling programme. In this campaign, Maersk Venturer drillship drilled and completed a number of wells in 2021, including two Jubilee production wells, one Jubilee water injector well and one TEN gas injector well.

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<sup>1</sup> According to the petroleum Commission, crude oil prices increased in 2021 with increasing COVID-19 vaccination rates, loosening pandemic-related restrictions, and a growing economy resulted in global petroleum demand rising faster than petroleum supply. The spot price of Brent crude oil started the year at \$50 per barrel and increased to a high of \$86 per barrel in late October before declining in the final weeks of the year.

Additionally, discussions with prospective investors are ongoing to promote Ghana as an attractive destination for investment, technology, and a hub for refined petroleum products in the West African sub-region through the implementation of the Petroleum Hub project. As at December 2021, the Ghana Negotiation Team (GNT) was in the process of concluding negotiations with Eni Ltd in partnership with Vitol Upstream Tano Ltd, CNOOC International Ltd, Resource Base International Ltd, KOKA Energy Company Ltd and First E&P towards executing substantive Petroleum Agreements. Upon execution, these Petroleum Agreements are expected to receive Parliamentary ratification to have legal backing.

Eni recently made a significant oil discovery in Block 4 offshore Ghana, with an estimated deliverability potential of 5,000 bbl per day, similar to the well already in production from the Sankofa Field. Similarly, according to Tullow, the Greater Jubilee field and Tweneboa-Enyenra-Ntomme (TEN) fields have additional gas reserves of 1.7 trillion cubic feet (TCF) and 2.7 billion barrels of oil (bbl).

According to PC, despite ExxonMobil' s decision to relinquish its interest in DWT/CTP block, the Petroleum Agreement is still in force with the remaining partners being GNPC and GOIL taking responsibility for the contract area. The 80 percent interest relinquished by ExxonMobil has reverted to the State pending the necessary arrangements for re-award to a new contractor party(s), as shown in Table 2.

*Table 2: Current Partners (Ownership) on the DWCTP Block*

S/N	Contractor Party	Percentage Ownership
1	GOIL Offshore Ghana Limited	5
2	GNPC (Carried Interest)	15
3	State (Relinquished stake pending re-award)	80

*Source: PC, June 2021*

### 3.1.1.1 Updates on GNPC Acquisitions

In line with GNPC' s strategy to increase its stake in viable oil blocks, the Corporation acquired a seven (7) percent interest from Occidental Petroleum (Anadarko WCTP Company) in respect of the Company' s DWT/WCTP assets for US\$199 million effective 1 April 2021. This acquisition is to be transferred to GNPC Explorco, and translates to 5.950 percent and 6.045 percent production interest in the Jubilee and TEN fields respectively for GNPC.

### 3.1.2 Developments in Local Content and Local Participation

In line with the object of the Petroleum (Local Content and Local Participation) Regulations, 2013 (L.I. 2204) to optimise local content and enhance local participation in the upstream oil and gas industry, the PC in 2021 undertook and accomplished the following:

- Developed a strategic document to accelerate local capacities in mid-technical services (Engineering, Fabrication and Construction, Aviation and Marine Operations, Operations and Maintenance, and Well Drilling Services) along the petroleum value chain. This is intended to increase the capabilities

and competitiveness of local businesses in the industry within the short to medium term;

- Developed minimum standard local content requirements for long lead items such as FPSO, Rig and Subsea Systems to ensure continuous growth in local content development. A directive is expected to be issued to the industry in Q1 2022;
- Proposed limited amendments to specific provisions in the Local Content Regulations to enhance local content development. The proposed amendment is before Parliament;
- Began the development of the maiden edition of a Local Content Magazine;
- Engaged twenty-seven (27) joint venture companies to assess their performance on the transfer of technology and know-how to their local partners;
- Reviewed the Annual Local Content Plans, Annual Performance Reports, Procurement Plans, and Measurement Reports received from 289 service companies and seven (7) IOCs respectively;
- Developed strategies for local content inspections and monitoring;
- Finalised the development of Guidelines to reserve the importation, storage, and management of standard commodity chemicals for Indigenous Ghanaian Companies (IGCs). A virtual stakeholder workshop on the Guidelines was organised in 2021 with the expectation to publish the Guidelines by end of Q2 2022; and,
- Commenced engagements with the Bank of Ghana to develop the Financial Services Guidelines.

As part of the Government's commitment to ensuring that Ghanaians are equipped with skills relevant for the upstream petroleum industry, over 1,500 candidates participated in an aptitude test in May 2021. Shortlisted candidates have been

trained in various modules under the Government' s Accelerated Oil and Gas Capacity (AOGC) Programme being run by the PC.

### 3.1.2.1 Status of the Local Content Fund

As at the end of December, the following were in effect regarding the Local Content Fund:

- The Local Content Fund Operational Guidelines for the administration of the Fund was under review by the Local Content Committee (LCC) and the Petroleum Commission Board (PCB) in 2020 until the dissolution of both bodies.
- Pending the constitution of the PCB and the LCC in 2021, the Local Content Fund Secretariat continued to implement the deduction of a one percent (1%) contract sum into the Local Content Fund established under the Petroleum (Exploration and Production) Act, 2016 (Act 919), despite several challenges.
- Receivables based on approved contract sums by the PC to the Local Content Fund amounted to US\$3.5 million, down from an amount of US\$3.7 million recorded in 2020.

## 3.2 Developments in the Policy, Legal, and Regulatory Environment

For the period under review, the following policy, legal and regulatory developments had emerged:

### 3.2.1 PRMA Review and other legislative updates

The process for the review of the PRMA, which commenced in 2018, was still ongoing despite earlier projections by the Ministry of Finance that the bill may go through preliminary approval by Cabinet and the Attorney-General and be laid in Parliament by the end of 2021.

The Ghana Infrastructure Investment Fund Act, 2014 (Act 877) was amended by the Ghana Infrastructure Investment Fund (Amendment) Act, 2021 (Act 1063). Act 1063 repealed Section 9 of the Earmarked Funds Capping and Realignment Act, 2017 (Act 947) to allow a resumption of allocation of ABFA to GIIF.

### 3.2.2 Update on Petroleum Agreements

In 2021, no new Petroleum Agreements were executed or ratified by Parliament. The total number of existing Petroleum Agreements is fourteen.

Greater Jubilee (WCTP/DWT) and SGN (OCTP) are at the production stage. Aker Energy (DWT/CTP) is at the pre-development stage while Springfield and AGM Ghana are at the appraisal stage of operation. The remaining companies are at the exploratory stage of operation.

In 2021, four (4) Contractors (i.e. Swiss African Oil Company Limited - SWAOCO, UB Resources, Britannia U, and Sahara Energy Fields Ghana Limited), had their Petroleum Agreements terminated for non-performance. Despite the termination, these four companies account for about 73 percent of an outstanding Surface Rental of US\$2,579,170.22. Table 3 provides details of the termination.

Table 3: Current Partners (Ownership) on the DWCTP Block

Name of Contractors	Block	Area (sq.km)	Effective date of PA	Termination Date
<b>Brittania-U Ghana, Hills Oil Marketing Company Limited and GNPC</b>	Southwest Saltpond	2,050	17 <sup>th</sup> July, 2014	27 <sup>th</sup> April, 2021
<b>Sahara Energy Fields Ghana Limited, Sapholda E&amp;P Limited and GNPC</b>	Shallow Water Cape Three Points	1,500	17 <sup>th</sup> July, 2014	27 <sup>th</sup> April, 2021
<b>UB Resources Limited, Royalgate Gh Limited, Houston Drilling Management Gh Limited and GNPC</b>	Offshore Cape Three Points South	755	17 <sup>th</sup> September, 2014	27 <sup>th</sup> April, 2021
<b>Swiss African Oil Company Limited, Pet Volta Investments Limited and GNPC</b>	Onshore/Offshore Keta	3,000	11 <sup>th</sup> March, 2016	27 <sup>th</sup> April, 2021

### 3.2.3 Review of Upstream Petroleum Sector Insurance Practices

On the insurance front, the PC took the following steps in 2021 to enhance upstream insurance practices and ensure compliance by industry actors:

- Reviewed insurance practices of contractors and subcontractors in the upstream oil and gas industry, pursuant to Section 92 of Act 919;
- Engaged companies operating in Ghana' s upstream petroleum sector, and stakeholders such as Ghana Insurance Association, Ghana Oil and Gas Insurance Pool (GOGIP), Ghana Oil and Gas Service Providers Association (GOGSPA), General Transport, Petroleum and Chemical Workers Union of TUC and the Ghana Upstream Petroleum Chamber on their insurance

arrangements and presented findings to the National Insurance Commission (NIC); and

- Inaugurated a joint committee comprising the PC and the NIC to review Ghana' s Upstream Petroleum Sector and to make recommendations to inform policy direction.

### 3.2.4 Afina Discovery and Sankofa Fields Unitisation

There was no conclusive agreement on this subject. All efforts at reaching a consensual outcome reflecting applicable law, the relevant project agreements, and industry standards have stalled. As a result, in August 2021, Eni filed a notice of arbitration against the Attorney-General and Minister of Justice and Ghana National Petroleum Corporation under the United Nations Commission on International Trade Law (UNCITRAL) rules at the International Court of Arbitration in London for breaches of the Petroleum Agreement in respect of OCTP Contract area.

For ease of appreciation, please find the entire history of this case in **Box .....**

In a second letter dated 14<sup>th</sup> October, 2020, the Minister for Energy directed Eni and Springfield to unitise the Sankofa field (OCTP) and the Afina (WCTP Block 2) discovery, with an initial Tract participation of 45.455% for Eni and 54.545% for Springfield. In doing this, the Minister referenced his previous letter dated 9<sup>th</sup> April 2020, directing both parties to exchange relevant data to establish the structural extent and distribution of petroleum between the two Contract areas to begin the process of the Unitisation and furnish the Ministry with a Unitisation and Unit Operating Agreement (UUOA) within 120 days of the date stated on the letter for his review and approval. The Minister anchored his directive on the fact that an agreement between the parties would ensure optimum exploitation and recovery of Ghana' s petroleum reserves, consistent with Section 34 of Act 919, and Sub-Regulations (1) and (2) of Regulation 50 of the L.I. 2359.

The October 2020 directive was occasioned because both parties did not comply with the Minister' s earlier directive issued in April 2020. According to Eni, both directives were premised on reports authored by GNPC. Eni objected to the directives in a series of letters to the Minister, stating its concerns. Eni' s position is that, it has not been provided with sufficient data and/or sufficient data does not exist to ascertain whether:

- (i) The Afina discovery, drilled in 2019 and the Sankofa Cenomanian Oil field, which has been in production since 2017, are straddling the licence border;
- (ii) The Afina discovery has been sufficiently tested or appraised to demonstrate that it is in dynamic communication with the Sankofa field and/or ascertain definitively that the discovered resources in the Afina discovery are producible;

- (iii) Unitisation would ensure efficient reservoir exploitation, avoid unnecessary competitive drilling, and maximise economic recovery of the hydrocarbons reserves; and/or,
- (iv) Unitisation or any other form of coordinated development would be appropriate in accordance with Ghanaian law.

Despite Eni' s initial concerns, the PC, pursuant to the Ministerial directive, facilitated data exchange between the two parties for evaluation, with a data Confidentiality Agreement signed on 23<sup>rd</sup> March 2021. Subsequently, Eni (and Vitol) submitted its evaluation report on 26<sup>th</sup> April 2021 while Springfield submitted same on 28<sup>th</sup> May 2021.

Following the submission of evaluation reports by the parties, the Minister constituted a committee made up of representation from the Ministry, GNPC and PC to develop a framework to review the report submitted by GNPC, Eni and Springfield. The Committee completed its assigned task and submitted its findings to the Minister in June 2021.

On 12<sup>th</sup> April 2021, Eni filed an application for judicial review at the High Court of Ghana against the Attorney General and Minister of Justice seeking a judicial review of the Minister' s directives of 14<sup>th</sup> October 2020 on the grounds that the purported directives imposing terms for the unitisation of Sankofa Cenomanian Oilfield and Afina Oil discovery were unfair, arbitrary, and unreasonable, and that the Minister did not follow due process of the Law in issuing the purported directives. This application was dismissed by the Court on October 12, 2021, mainly on technical grounds.

However, in June 2021, following an application for preservation of funds filed by Springfield against Eni Ghana and Vitol, the High Court of Ghana granted the application and ordered Eni and Vitol to set aside 30 percent of oil proceeds from the Sankofa Field in an escrow account, pending the final determination of the case commenced by Springfield E&P in respect of the unitisation agenda. Eni has continuously expressed its concerns with Government' s approach to this unitisation call and has consistently requested for a fair process based on adequate technical data as well as a process that is in line with applicable law and best industry practice.

Barely two months from then, on August 16, 2021, the Attorney General and Minister of Justice was officially notified of Eni and Vitol having filed for an UNCITRAL Arbitration in London, against the Republic of Ghana and GNPC for breach of the PA in respect of the OCTP Contract area.

### 3.2.5 Energy Transition Concerns

The global call to achieve net-zero carbon emissions by 2050 is increasingly becoming a compelling factor usually considered in negotiating PAs globally. No country can ill afford to be left behind in this global movement. The global debate is

now a topical issue in Ghana and resonates strongly in the corridors of power. Ghana is party to some international conventions, including the Paris Agreement.

To ensure that the country aligns its domestic policies to its international obligations, the Minister for Energy directed the Petroleum Commission to come up with proposals on reforms of the current fiscal regime to mitigate the adverse effect the transition will have on investment opportunities in Ghana's upstream oil sector. By far, the most instructive demonstration of Ghana's commitment to consider energy transition challenges is the set up in December 2021 of a national energy transition Committee, chaired by a deputy Minister of Energy, to carry out consultations for the drafting of the Energy Transition Policy and Strategy. PIAC's subsequent reports will provide update on progress in this direction.

### 3.3 Exploration and Production Activities

Petroleum exploration and production activities resumed in all exploration and producing fields after almost a year of COVID-19-induced reduction in upstream activities.

#### 3.3.1 Jubilee Field Operations (Drilling and Completion)

Tullow Ghana Ltd (TGL) resumed its drilling campaign in the Jubilee Field in April, and accordingly, the Maersk Venturer drillship was contracted to carry out drilling and completion activities. Spudding and completion of the first well drilled (J56-P) as well as J55-WI took place between April and July, for both the top-hole and lower sections. Those of J57-P commenced in August and completed in November.

J12-WI well-intervention operations commenced on 24<sup>th</sup> November 2021. Operations included re-entry to re-complete the J12-WI well. Operations on J12-WI ended on 24<sup>th</sup> December 2021.

Drilling operations commenced on J58-WI on 24<sup>th</sup> December 2021 to round up drilling and completion activities for the year. By the end of 2021, J58-WI drilling operation was still in progress.

### 3.3.2 Tweneboa, Enyenra Ntomme (TEN) Field Operations

Following the spudding of NT06-GI; a gas injector well, on 15<sup>th</sup> August 2021, drilling operations were completed on 15<sup>th</sup> September 2021, with completion operations commencing on the same day. Completion works on the injector well ended on 9<sup>th</sup> October 2021.

### 3.3.3 Offshore Cape Three Point (OCTP) Field Operations

There were no drilling and completion operations carried out in the OCTP Fields for the period. However, production operations have been very stable in the first half of 2021.

The Sankofa-Gye-Nyame (SGN) Field' s production was riddled with challenges that led to an overall decrease in production as compared to 2020. The production decline was primarily due to increasing Gas-Oil Ratio (GOR) and Scale build-up in the near wellbore area.

### 3.3.4 Deepwater Tano/Cape Three Point Field Operations

As part of the preparations leading to the submission of a revised Plan of Development (PoD), Aker Energy Ghana Ltd (Aker), the Operator, undertook a geotechnical survey in the block with the Fugro Scout vessel. Processing and interpretation of the data is currently ongoing.

### 3.3.5 Voltaian Basin<sup>2</sup> Project

GNPC completed the acquisition of Phase 2 of its 2D infill Seismic Data Acquisition Programme in December 2019. The acquisition was completed in March 2020 with a total length of 667 kilometres. Further to this, GNPC plans on executing a Phase-3 Infill Campaign to acquire an additional 1,655 kilometres of 2D seismic lines. This campaign started in Q4 2021 and will continue for a period of 12 months.

Phase three (3) of GNPC' s 2D seismic (Infill Campaign) acquisition programme commenced in December 2021. This infill campaign is expected to acquire an additional one thousand six hundred and fifty-five (1,655) line-kilometer (Km) of 2D seismic lines and will continue for a period of 12 months. The seismic data will be acquired and processed by BGP-BAY Geophysical Services Limited.

### 3.3.6 Decommissioning of Saltpond Oilfield

Since November 2019, when the Minister for Energy approved the Saltpond Oilfield Decommissioning Plan by GNPC, the process has been ongoing through 2021. Pending execution of the Decommissioning Plan, the GNPC continued its procurement processes to select a Decommissioning Contractor. The Corporation spent US\$0.58 million within the half year towards the decommissioning.

The tender process for the decommissioning of the Mr. Louie Platform has been completed. As at December 2021, a decommissioning contractor, Hans & Co. Oil and Gas Company Limited, an indigenous Ghanaian company, had been selected, and a decommissioning contract had been duly negotiated and signed.

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<sup>2</sup> The Voltaian Basin covers over 104,000 sq. km or approximately 40 percent of the land area of Ghana. It is located within the Northern, North East, Savanna, Bono, Bono-East, Ahafo, Ashanti, Eastern, Volta and Oti Regions.

Additionally, the GNPC had prepared a well Plug and Abandonment strategy document for the consideration of the PC in accordance with Act 919 sections 45 to 49. As at 31<sup>st</sup> December 2021, the GNPC was still working on the Environmental Impact Assessment (EIA) for the decommissioning activity.

### 3.3.7 Pecan Field Development

The project partners had completed Technical and Commercial evaluation of FPSO FEED tender among 3 vendors in first quarter of 2021. While DB-1 (Ocean Yields) was selected for Pecan Development Project, G&G survey contract was awarded to Fugro.

Geotechnical survey was completed in May 2021. At this same time, the project Partners selected and approved a Development Concept. In June, the Partners commenced FEED for SPS, SURF and FPSO and this is expected to be completed in February 2022.

As at 31<sup>st</sup> December 2021, the Partners had prepared a draft PDO and performed partnership PDO reviews. They had also performed an in-house concept study for phase 2 development. They had similarly commenced Geophysical Survey in late December, expected to be completed in January 2022.

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

Eni contracted Saipem 10,000 drillship to drill its second exploration well, Eban-1X, in the CTP Block 4. This well was in fulfilment of work obligation for the First Extension Exploration Period.

Eban-1X was spudded on 6<sup>th</sup> May and was drilled to a total depth of 4,179m in June. Eni announced discovery and proceeded to conduct studies on the discoveries

leading to the submission of an Appraisal Programme to the Commission in December.

### 3.4 Natural Gas Developments and Market Information

#### 3.4.1 Revenue from Cash Waterfall Mechanism / Energy Sector Debt Servicing

Revenue for the period January to December 2021 from the Cash Waterfall Mechanism (CWM) to GNPC amounted to GH¢ 892,445,847.00. Although gas payments are to be made to the PHF, they were paid directly to gas suppliers and service providers such as West African Gas Pipeline Company (WAPCo) for transportation and OCTP gas accounts for SGN Partners. Secondly, GNPC' s share and Government Royalty share from the SGN Field has been zeroed out,<sup>3</sup> such that there was nothing left to pay into the PHF.

The Ghana National Gas Company (GNGC) received a total CWM revenue of GH¢758,694,299.69 (US\$130,671,856.72) for 2021. Natural Gas Regulatory Updates

In 2021, the Energy Commission – in line with its regulatory and management mandate under the Energy Commission Act, 1997 (Act 541) – carried out the following activities:

- Issued Siting and Construction Permits to AKSA Energy Ltd, an Independent Power Producer (IPP) involved in the production and sale of electricity in the

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<sup>3</sup> There is currently no offtake of GoG and GNPC share of OCTP gas. The purpose is to limit the impact of Take-or-Pay (ToP) obligations from the OCTP field and allow GNPC to fulfil its offtake obligations to its Partners. GoG and GNPC share of gas will be taken as Make Up gas.

Since there' s no offtake of the Government Royalty share or GNPC' s CAPI share, there cannot be any payment into the PHF.

The payments for gas being collected through the Cash Waterfall Mechanism (CWM) is for the Contractors' share of gas which GNPC has purchased and therefore must pay for.

Greater Accra Region, to construct a 4.158km natural gas pipeline from the VRA receiving facility to AKSA Energy's power plant in Kpone;

- Issued a Project Registration Certificate to Genser Energy Company Ltd, an IPP involved in the production and sale of power to mining installations in the Western Region, as part of processes involved in acquiring a Natural Gas Facility Licence for the development of a natural gas liquefaction facility in Prestea;
- Received, processed and issued Natural Gas Retail Sale project Registration Certificates to Vivo Energy Company Ltd and FuelTrade Company Ltd as an initial stage to acquiring Natural Gas Retail Sale Licences;
- Developed a natural gas licence text which defines the conditions for which an LNG facility should operate in the country;
- Developed a draft Natural Gas Transmission Pipeline Vesting and Maintenance Agreement for vesting, transfer and operations of all natural gas transmission assets in Ghana. The draft document has been forwarded to the Minister for Energy for review;
- Submitted a proposal to the World Bank through the Ghana Energy Sector Transformation Initiative Programme (GESTIP) for technical assistance for the development and implementation of Control of Major Accident Hazards (COMAH) Regulations in Ghana;
- Submitted a proposal to the World Bank through GESTIP for technical assistance to update the Natural Gas Distribution and Transmission Infrastructure Plan;
- Commenced the review of the Natural Gas Access Code developed to coordinate the activities of natural gas pipelines and related activities in the country;

- Received and reviewed the first draft of the Natural Gas Transmission Master Plan developed by GNGC;
- Embarked on a monitoring and inspection visit to the Tema LNG Terminal Company (TLTC) Project site to ascertain the progress of work and to ensure compliance with the rules stipulated in the Natural Gas Pipeline Safety (Construction, Operation and Maintenance) Regulations, 2012, and the conditions of the Construction Permit issued to the TLTC as part of regulatory activities in the natural gas sector; and,
- Carried out inspection and monitoring visits on the construction sites of Genser' s 20 inch 158Km gas pipeline from Prestea (Western Region) to Nyinahin in the Ashanti Region to ascertain the progress of work and to ensure compliance with the rules stipulated in the Natural Gas Pipeline Safety (Construction, Operation and Maintenance) Regulations.

### 3.5 Ministry of Finance' s Repayment of the US\$50 Million Advance to GNPC

As at end of December 2021, GNPC had still not received payment of the US\$50 million advanced to the Ministry of Finance (MoF) in 2014 for the construction of the Western Corridor roads, in the Atuabo Gas Processing Plant enclave. The money was expected to have been repaid in three months. In PIAC' s engagement with Parliament over the last two years, Parliament directed that the Ministry of Finance and GNPC should meet to resolve this outstanding issue.<sup>4</sup>

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<sup>4</sup> In December 2018, the Ministry directed GNPC to expunge the amount from its books, on the grounds that per the Earmarked Funds Capping and Realignment Act, 2017 (Act 947), the Minister for Finance is empowered to cap all earmarked funds at 25 percent of tax revenues. The Ministry indicated that the Government had not retained GNPC 's flows thus far, with the view to offsetting the US\$50 million loan. According to the

According to GNPC, the Minister for Energy requested the Minister for Finance to intervene and assist in the settlement of monies owed GNPC by Government and Energy Sector Agencies. This was contained in a letter to the MoF in February 2021. However, according to the MoF, it is yet to receive the said letter either from GNPC or the Ministry of Energy (MoEn) to inform the appropriate accounting treatment to be effected in the books of GNPC and MoF.

## Finding/Observation

1. Four of the eighteen subsisting Petroleum Agreements (see Chapter 3) have been terminated by the Petroleum Commission in 2021 for non-performance in their minimum work obligations.

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Corporation, it plans to engage its sector Ministry and Select Committee on Mines & Energy to discuss the issue further.

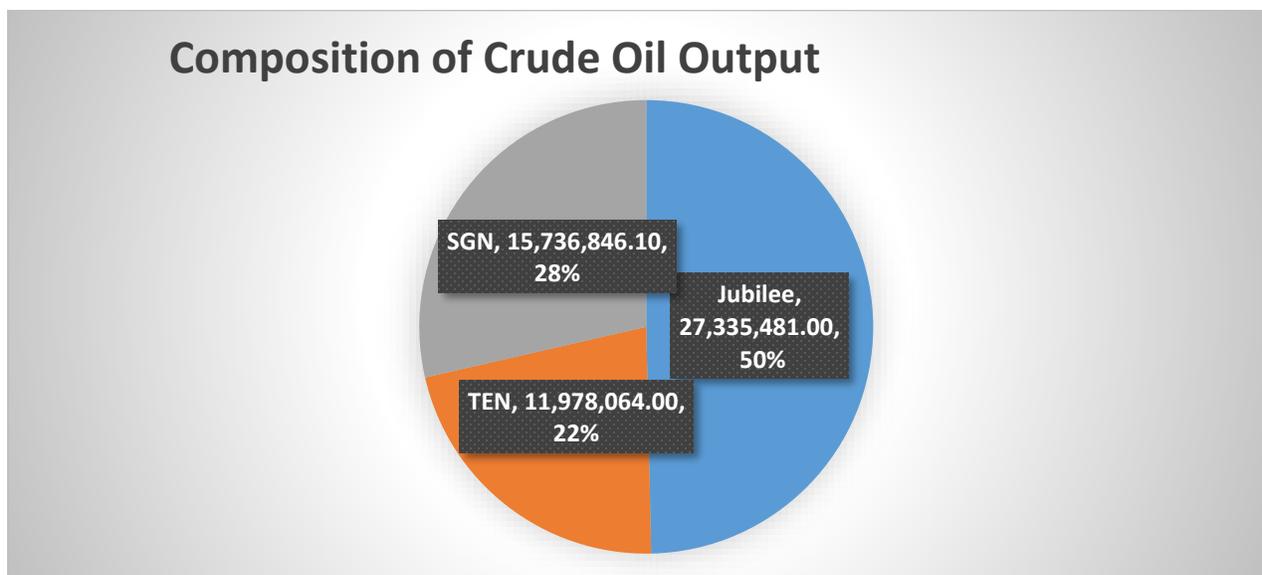
## CHAPTER 4

### 4.0 PETROLEUM PRODUCTION AND SALES

#### 4.1 Crude Oil Production

Crude oil in Ghana is currently produced from three fields, namely Jubilee, TEN, and the Sankofa Gye-Nyame (SGN). First oil from the Jubilee Field was achieved in December 2010 while TEN and SGN came on stream in August 2016 and May 2017 respectively.

For the year 2021, a total of 55,050,391 barrels (bbls) were obtained from the three producing fields, lower than the 2020 figure of 66,926,806 bbls by 17.7 percent and lower than the 2021 Benchmark Revenue crude oil output of 64.86 million barrels (15%). The relatively lower production volume in 2021 was due to reduced production on all the three producing Fields.



*Figure 1: Composition of 2021 Crude Oil Output*

Source: PIAC' s Construct (Based on PC' s Data), 2021.

As shown in Figure 1 the Jubilee Field contributed half of the total output, even though production reduced by 10 percent from the 2020 output (30,424,539 bbls). The TEN Field' s production declined by 32.7 percent from 17,802,536 bbls in 2020 to 11,978,064 bbls in 2021. The SGN Field recorded its fourth full-year production, with a reduced output by 15.8 percent from 18,699,731.01 bbls in 2020 to 15,736,846.10 bbls in 2021. Figure 2 illustrates monthly production across the three producing fields.

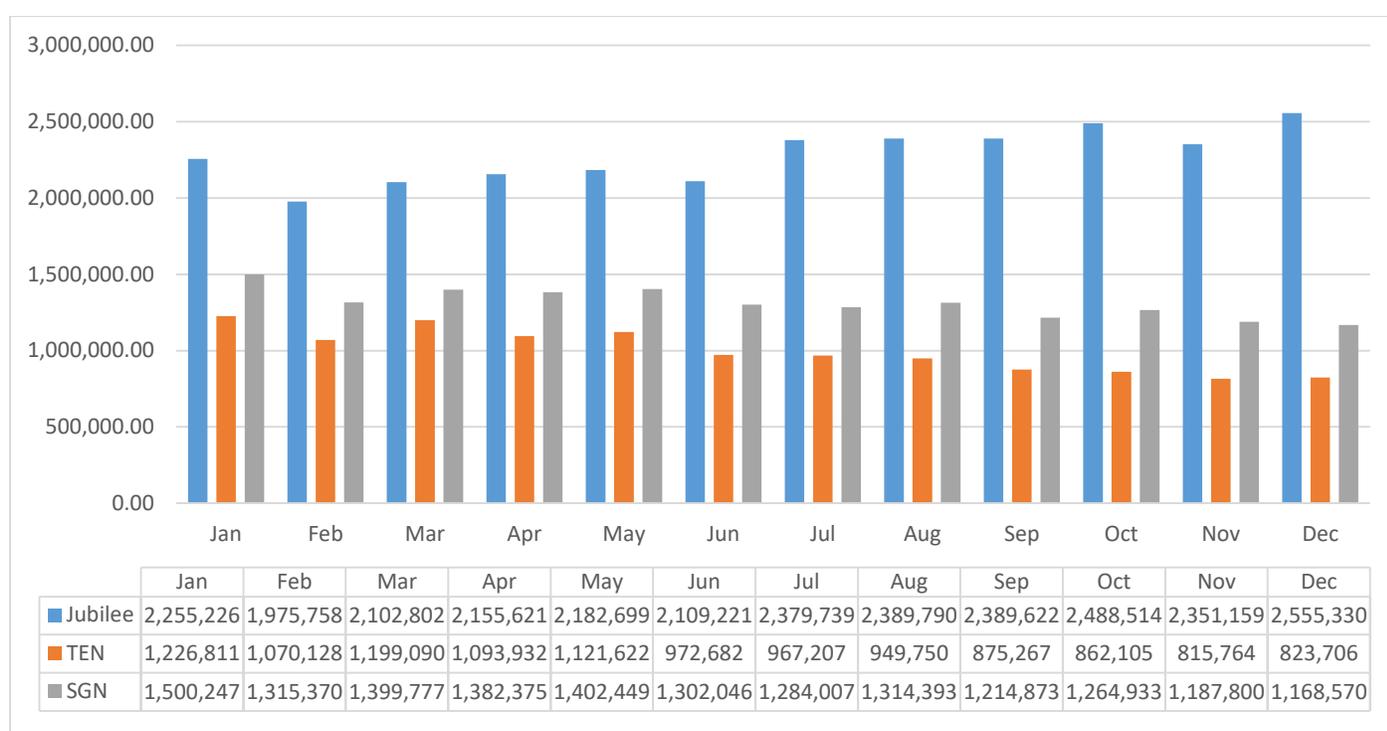


Figure 2: Monthly Breakdown of 2021 Crude Oil Production (Million Barrels)

Source: PIAC' s Construct (Based on GNPC and PC Data), 2021

The highest monthly production volume on the Jubilee Field was recorded in December and the lowest in February. The daily average barrels of oil produced during the period stood at 74,891.73. Production rates increased in the second half

of 2021 due to the addition of two production wells J56-P and J57-P and one water injection well, J55-WI.

The TEN Field recorded its highest oil production in January and declined thereafter recording its lowest output in November. The decline in production was attributed to The decline in oil production for the TEN field can be attributed to factors such as flow assurance issues, inadequate pressure support for the Ntomme field, challenges in water injection on the Enyenra Field, increasing Gas-Oil Ratio in the Ntomme field among others. The daily average barrels of oil produced on the Field was 32,816.61.

The highest monthly production on the SGN Field was in January with the lowest monthly production recorded in December. An average output of 43,114.65 barrels of oil per day (bopd) was produced during the period. The production decline in the month of February was due to the activation of an Emergency Shutdown (ESD) because of a false flame detector signal from a Gas Turbine Generator (GTG-C). There was an ESD in June 2021 which led to a loss in production. The ESD was activated due to Hydraulic Power Unit (HPU) failure. Also, the decrease in production in July 2021 was due to process upsets. The High Pressure (HP) Flash Gas Compressor B and Gas Injection Compressor B tripped due to Low Alarm Low Low (LALL) on the cooling medium expansion tank. The Water Injection pump also tripped.

A decrease in production in the month of September was due to the replacement of throttle valves on HP Flash gas compressors A and B and dry gas seal booster upgrade. The lowest production volume in December was due to an ESD activated because of false gas detection. Some wells were choked down to enable the replacement of a Flow Control Module (FCM).

The cumulative oil production from 2010 to 2021 now stands at 508,438,090 bbls, as shown in Figure 3.

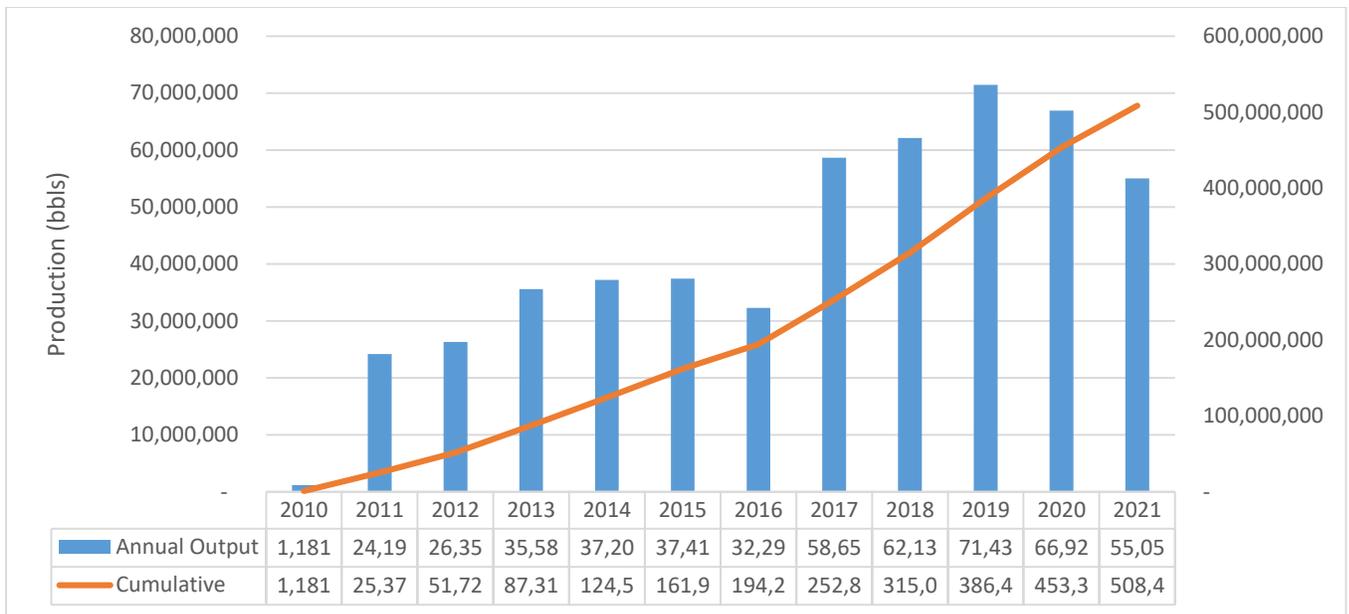


Figure 3: Annual and Cumulative Crude Oil Production (2010 - 2021)

Source: PIAC' s construct, 2020 (based on GNPC and PC Data).

The 2021 production figure represents the second year of consecutive reduction in annual production volumes after three years of oil production increases.

#### 4.2 Gas Production

For the period under review, gas production increased by 7.7 percent relative to that of 2020. A total of 256,262.04 MMSCF of Associated Gas (AG) and Non-Associated Gas (NAG) was produced in 2021 from the three Fields compared to the 2020 volume of 237,962.82 MMSCF of raw gas produced.

The SGN Field, relatively gas-concentrated, produced the highest volume of combined AG and NAG of 121,604.96 MMSCF while the Jubilee and TEN Fields produced 70,527.21 MMSCF and 64,129.87 MMSCF respectively (see Figure 4).

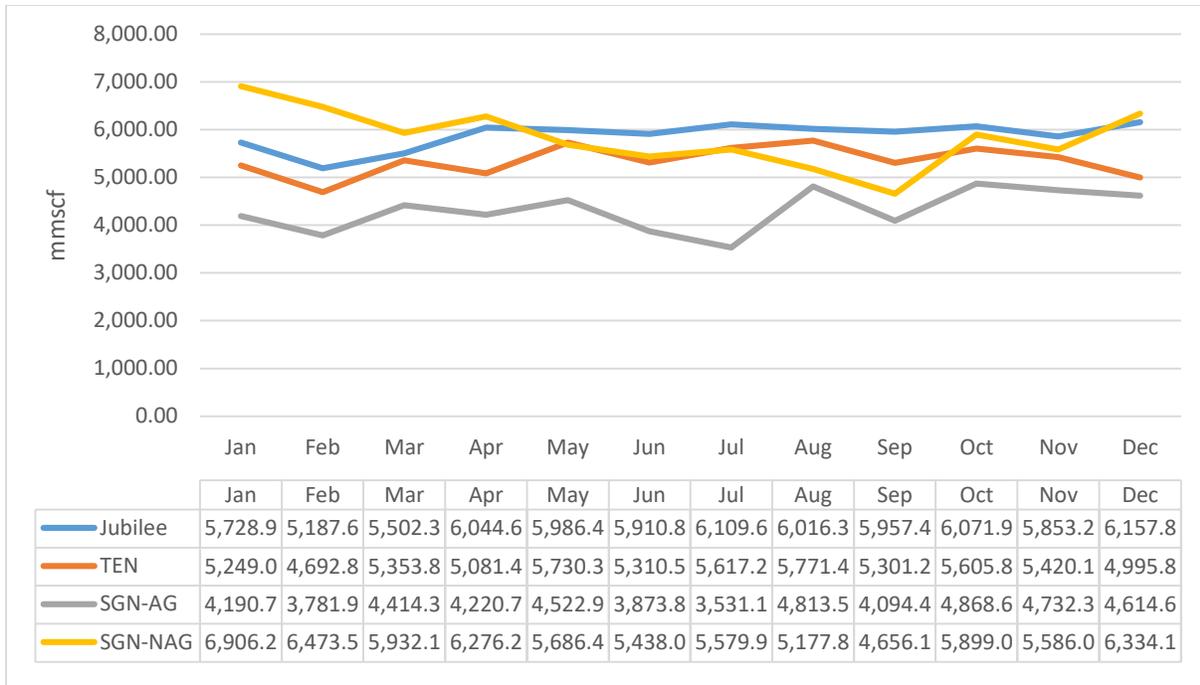


Figure 4: Associated and Non-Associated Gas Production (MMSCF)

Source: PC & GNPC, 2021

Jubilee gas production increased by 9.4 percent from 64,462.41 MMSCF in 2020 to 70,527.21 MMSCF in 2021. Gas production on the TEN Field also increased by 9.3 percent from 58,674.67 MMSCF in 2020 to 64,129.87 MMSCF in 2021. The TEN Field encountered flow assurance challenges during 2021 and continued the gas lift operations to manage these issues.

The production of gas from the SGN field recorded an increase of 6 percent from 114,825.74 MMSCF in 2020 to 121,604.96 MMSCF in 2021. The highest production of NAG (6,906.20 MMSCF) was recorded in January.

Table 4 shows the annual gas production statistics since commercial gas production began in 2014.

Table 4: Annual Gas Production (2014-2021)

	Jubilee	TEN	SGN			
Year	AG	AG	AG	NAG	TOTAL (AG)	TOTAL (AG/NAG)
2014	55,758.04	-	-	-	55,758.04	55,758.04
2015	52,545.91	-	-	-	52,545.91	52,545.91
2016	38,420.63	6,531.86	-	-	44,952.49	44,952.49
2017	43,261.35	26,818.33	7,214.76	-	77,294.44	77,294.44
2018	44,841.94	39,472.78	7,144.58	-	91,459.30	91,459.30
2019	51,179.67	48,387.34	28,757.80	41,183.80	128,324.81	169,508.61
2020	64,462.41	58,674.67	44,470.04	70,355.70	167,607.12	237,962.82
2021	70,527.21	64,129.87	51,659.30	69,945.66	186,316.38	256,262.04
<b>TOTAL</b>	<b>420,997.16</b>	<b>244,014.85</b>	<b>139,246.48</b>	<b>181,485.16</b>	<b>804,258.49</b>	<b>985,743.65</b>

Source: GNPC & PIAC Reports, 2021

### 4.3 Gas Export

A volume of 30,997.95 MMSCF (about 44 percent) of raw gas produced was exported from the Jubilee Field to the Ghana National Gas Company (GNGC) as shown in Table 5. The gas exported in 2021, was approximately 17.4 percent more than the volume of 26,414.88 MMSCF recorded in 2020. Gas export decreased in the months of October and November due to a planned shutdown on GNGC and gas export outage.

Table 5: Breakdown of Gas Production from the Jubilee Field, 2021

Month	Total Gas Produced (AG)	Export (MMSCF)	Injection (MMSCF)	Fuel (MMSCF)	Flared (MMSCF)
Jan	5,728.94	3,307.48	1,090.67	372.87	957.92
Feb	5,187.61	2,887.03	1,070.88	331.28	898.42
Mar	5,502.36	2,811.45	1,371.20	343.14	976.57
Apr	6,044.63	3,249.76	1,448.77	356.83	989.27
May	5,986.46	3,264.89	1,333.26	354.8	1,033.51
Jun	5,910.84	2,632.69	1,913.76	362.32	1,002.07
Jul	6,109.60	2,880.79	1,816.48	367.51	1,044.83
Aug	6,016.36	2,937.83	1,633.30	349.52	1,095.71
Sep	5,957.41	2,576.89	2,053.87	332.7	993.89
Oct	6,071.98	983.82	3,768.17	321.01	998.98
Nov	5,853.21	1,042.13	3,426.15	348.6	1,036.33
Dec	6,157.81	2,423.19	2,344.24	364.46	1,025.93
<b>TOTAL</b>	<b>70,527.21</b>	<b>30,997.95</b>	<b>23,270.75</b>	<b>4,205.04</b>	<b>12,053.43</b>
<b>% of Total Gas Produced</b>		<b>43.95%</b>	<b>33.00%</b>	<b>5.96%</b>	<b>17.09%</b>

Source: PIAC's Construct based on GNPC Data, 2021

For the TEN Field, about 4 percent of the gas produced (2,761.35 MMSCF) was exported to the GNGC in 2021 as shown in Table 6. This represented a 50 percent reduction in the volumes exported, as compared to 2020 (5,544.74 MMSCF).

The AG from the TEN field is treated as a Jubilee Foundation Gas under a substitution agreement between the Jubilee and TEN Fields Partners.

Table 6: Breakdown of Gas Production from the TEN Field, 2021

Month	Total Gas Produced (AG)	Export (MMSCF)	Injection (MMSCF)	Fuel (MMSCF)	Flared (MMSCF)
Jan	5,249.05	209.42	4,027.34	320.77	691.52
Feb	4,692.82	200.76	3,388.93	273.89	829.24
Mar	5,353.88	732.88	3,351.52	299.87	969.60
Apr	5,081.47	166.75	3,883.34	296.70	734.68
May	5,730.39	202.99	4,437.82	390.11	699.47
Jun	5,310.50	199.70	4,071.52	291.16	748.12
Jul	5,617.26	264.63	4,294.86	312.81	744.96
Aug	5,771.43	329.82	4,494.09	317.07	630.46
Sep	5,301.21	197.22	4,296.26	305.29	502.45
Oct	5,605.88	3.07	4,540.46	398.79	663.56
Nov	5,420.15	70.90	4,534.82	329.76	484.67
Dec	4,995.83	183.21	3,918.67	318.99	574.95
<b>TOTAL</b>	<b>64,129.87</b>	<b>2,761.35</b>	<b>49,239.63</b>	<b>3,855.21</b>	<b>8,273.68</b>
<b>% of Total Gas Produced</b>		<b>4.31%</b>	<b>76.78%</b>	<b>6.01%</b>	<b>12.90%</b>

Source: GNPC FY 2021 Data

A volume of 65,141.28 MMSCF (53.6%) of the total raw gas produced on the SGN Field, was exported to the Onshore Receiving Facility (ORF) as shown in Table 7. The ORF experienced plant-upsets and maintenance works which resulted in reductions of the gas export to the facility. It experienced plant shutdowns due to power failure (Main power Generator trip) in the months of February and March. Also, frequent tripping of gas turbines and power generators due to mechanical issues resulted in maintenance works being carried out.

Table 7: Breakdown of Gas Production from the SGN Field, 2021

Month	AG Production (MMSCF)	NAG Production (MMSCF)	Gas Export (MMSCF)	Injection (MMSCF)	Fuel (MMSCF)	Flare (MMSCF)
Jan	4,190.78	6,906.20	5,905.01	4683.72	357.95	64.11
Feb	3,781.97	6,473.50	5,572.65	4155.4	312.95	124.77
Mar	4,414.32	5,932.10	5,484.34	4404.13	343.72	28.97
Apr	4,220.77	6,276.20	5,984.50	3980.97	329.59	113.91
May	4,522.95	5,686.42	5,427.81	4324.06	343.01	30.72
Jun	3,873.82	5,438.06	5,168.62	3631.08	324.01	106.95
Jul	3,531.10	5,579.93	5,300.75	3164.8	318.99	227.71
Aug	4,813.50	5,177.85	4,898.29	4604.96	360.41	46.53
Sep	4,094.45	4,656.10	4,401.50	3852.14	333.39	73.73
Oct	4,868.60	5,899.09	5,630.45	4680.14	354.3	22.64
Nov	4,732.39	5,586.05	5,330.79	4533.7	345.37	30.02
Dec	4,614.65	6,334.16	6,036.57	4464.61	342.27	17.64
<b>TOTAL</b>	<b>51,659.30</b>	<b>69,945.66</b>	<b>65,141.28</b>	<b>50,479.71</b>	<b>4,065.96</b>	<b>887.70</b>

Source: GNPC and PC, FY 2021 Data

Table 8 represents gas exports to the GNGC and the ORF.

Table 8: Gas Exports to GNGC & ORF, 2021

Month	Jubilee	TEN	Total (GNGC)	SGN (ORF)
Jan	3,307.48	209.42	3,516.90	5,905.01
Feb	2,887.03	200.76	3,087.79	5,572.65

Mar	2,811.45	732.88	3,544.33	5,484.34
Apr	3,249.76	166.75	3,416.51	5,984.50
May	3,264.89	202.99	3,467.88	5,427.81
Jun	2,632.69	199.70	2,832.39	5,168.62
Jul	2,880.79	264.63	3,145.42	5,300.75
Aug	2,937.83	329.82	3,267.65	4,898.29
Sep	2,576.89	197.22	2,774.11	4,401.50
Oct	983.82	3.07	986.89	5,630.45
Nov	1,042.13	70.9	1,113.03	5,330.79
Dec	2,423.19	183.21	2,606.40	6,036.57
<b>TOTAL</b>	<b>30,997.95</b>	<b>2,761.35</b>	<b>33,759.30</b>	<b>65,141.28</b>
<b>% of Total Produced Gas</b>	<b>43.95%</b>	<b>4.31%</b>	<b>48.26%</b>	<b>53.57%</b>

Source: PC, 2021

#### 4.4 Production and Development Costs

Cost of production on the three producing fields is broadly classified under Development (capital) and Production (operating) costs. Details of the production and development costs on the three fields are shown in Appendix A.

A total amount of US\$1,298,292,875 was incurred on the three producing fields in 2021. This was made up of Production Costs of US\$610,164,234 and Development Cost of US\$688,128,641. GNPC' s share of the total costs stood at US\$127,225,431. Table 9 presents the Fields' costs and GNPC' s share of the costs.

Table 9: Production and Development Costs for Jubilee, TEN and SGN – 2021 (US\$)

Field	Production Costs (Gross)	Development Cost (Gross)	Total Cost	GNPC Share-Production	GNPC Share-Development	GNPC-Tot Cost
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Jubilee	278,138,301	253,770,316	531,908,617	37,940,387	9,239,359	47,179,746
TEN	161,548,342	287,819,979	449,368,321	24,232,251	14,390,999	38,623,250
SGN	170,477,591	146,538,346	317,015,937	34,095,518	7,326,917	41,422,435
<b>Total</b>	<b>610,164,234</b>	<b>688,128,641</b>	<b>1,298,292,875</b>	<b>96,268,156</b>	<b>30,957,275</b>	<b>127,225,430</b>

Source: PIAC Construct based on GNPC Data, 2021

### 4.5 Crude Oil Liftings

Lifting by Partners on each producing field was carried out in accordance with their respective Petroleum Agreements, Crude Oil Lifting Agreements (COLAs) and agreed annual lifting schedules.

#### 4.5.1 Jubilee Field

A total of 29 liftings, (27,613,382 bbls), were made by the Jubilee Partners, representing a slight decrease from the 32 liftings (30,865,105 bbls) recorded in 2020. Figure 5 presents liftings by each of the Joint Venture (JV) Partners in accordance with the West Cape Three Points (WCTP) Petroleum Agreement.

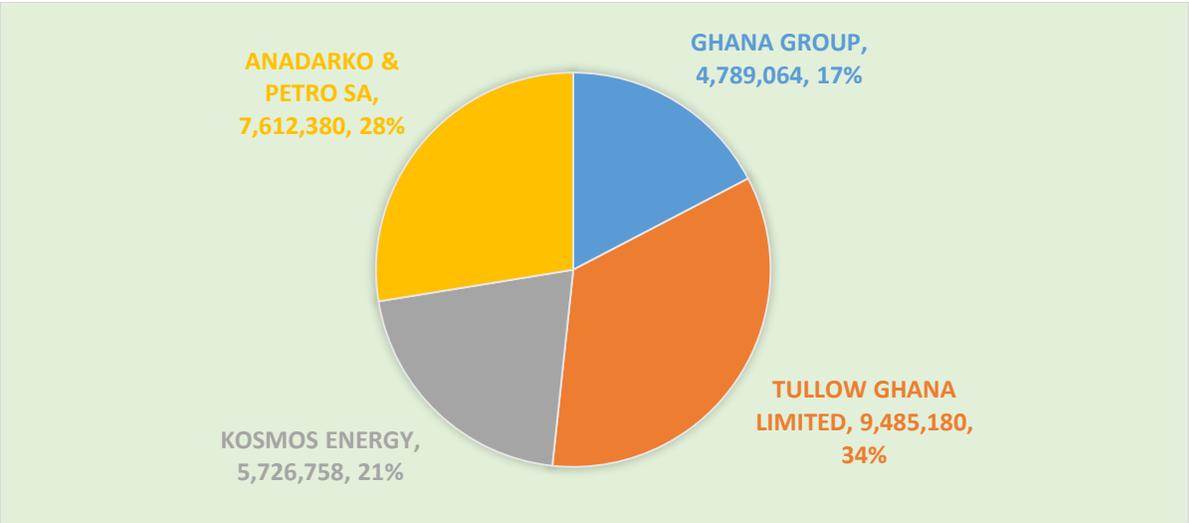


Figure 5: Liftings by the Jubilee Field JV Partners

*Source: PIAC's Construct using PC Data, 2021*

As shown in Table 10, the Ghana Group, represented by GNPC, lifted five parcels totalling 4,789,064 bbls, representing 17.34 percent of total liftings. This is a slight decrease from the 5,788,676 bbls lifted in 2020.

*Table 10: Lifting Schedules of the Jubilee Field, 2021*

LIFTING PARTY	NO. OF LIFTINGS	VOLUME OF LIFTING	PERCENTAGE SHARE
GHANA GROUP	4,789,064	5	17.34%
TULLOW GHANA LIMITED	9,485,180	10	34.35%
KOSMOS ENERGY	5,726,758	6	20.74%
ANADARKO & PETRO SA	7,612,380	8	27.57%
<b>TOTAL</b>	<b>27,613,382</b>	<b>29</b>	<b>100.00%</b>

*Source: GNPC/PC, FY 2021 Data*

#### 4.5.2 Tweneboah-Enyennra-Ntomme (TEN) Field

The TEN Partners lifted a total of 11,706,740 bbls from 12 liftings, as compared with 18,627,127 bbls from 19 liftings in 2020. Figure 6 presents the share of liftings by the TEN Partners.

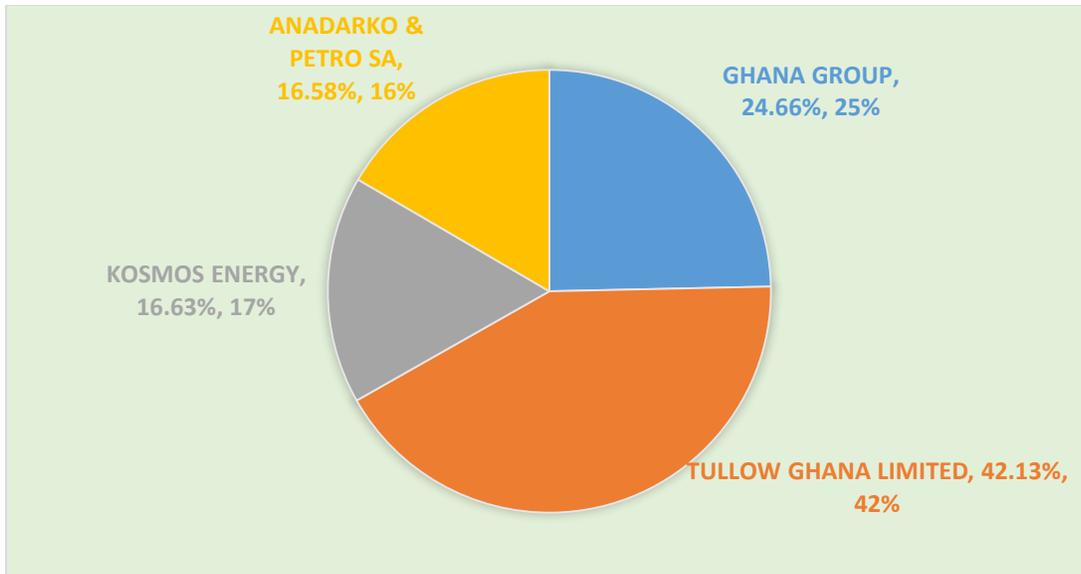


Figure 6: Liftings by the TEN Field JV Partners

Source: PIAC's Construct using PC Data, 2021

As depicted in Table 11, GNPC lifted three (3) parcels on behalf of the Ghana Group in 2021, amounting to 2,887,021 barrels, similar to the three (3) parcels constituting a volume of 2,983,208 barrels, lifted in 2020. This represents 24.66 percent of total liftings compared with 16.02 percent in the previous year.

Table 11: Lifting Schedules of the TEN Field, 2021

Lifting Party	Number of Liftings	Volume of Lifting	Percentage Share
GHANA GROUP	2,887,021	3	24.66%
TULLOW GHANA LIMITED	4,931,607	5	42.13%
KOSMOS ENERGY	1,946,621	2	16.63%
ANADARKO & PETRO SA	1,941,491	2	16.58%
<b>TOTAL</b>	<b>11,706,740</b>	<b>12</b>	<b>100%</b>

Source: PC, FY 2021 Data

### 4.5.3 Sankofa Gye-Nyame (SGN) Field

Crude oil lifted from the SGN Field was 16,095,726 bbls in 17 parcels compared with 17,965,974 bbls from 19 parcels in 2020. The Ghana Group's share makes up 11.51 percent of the total liftings (including royalty lifting), as shown in Figure 7.

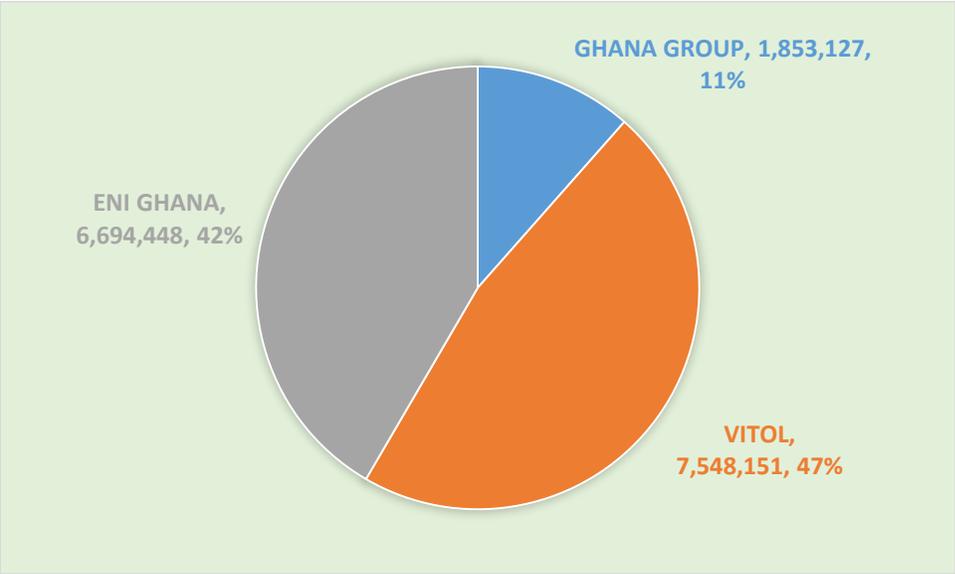


Figure 7: Liftings by the SGN Field JV Partners

Source: PIAC's Construct, 2021

In 2021, the Ghana Group recorded two (2) liftings totaling 1,853,127 bbls compared with three (3) liftings in 2020. Table 12 presents the lifting schedule of the Field.

Table 12: Lifting Schedules of the SGN Field, 2021

LIFTING PARTY	NUMBER OF LIFTINGS	OF VOLUME OF LIFTING	OF PERCENTAGE SHARE
GHANA GROUP	1,853,127	2	11.51%
VITOL	7,548,151	8	46.90%
ENI GHANA	6,694,448	7	41.59%
<b>TOTAL</b>	<b>16,095,726</b>	<b>17</b>	<b>100.00%</b>

Source: GNPC/PC, 2021

#### 4.6 Crude Oil Pricing

The average achieved price by GNPC on behalf of the Ghana Group which was US\$42.211/bbl in 2020 for all three (3) producing fields, increased to US\$69.180/bbl in 2021, above government' s 2021 benchmark price of US\$54.75/bbl. The Jubilee Field average achieved price was the highest at US\$69.641/bbl for the five (5) liftings while TEN and SGN average achieved prices were US\$69.108/bbl and US\$68.790/bbl respectively.

The Jubilee Field' s average achieved price was lower than the average Dated BRENT by US\$0.519/bbl for the same lifting dates during the period while that of TEN was lower than the average Dated BRENT by US\$0.883/bbl. For the SGN field, the average achieved price was lower than the average Dated BRENT by US\$0.575/bbl. Table 13 shows the average achieved prices and average Dated BRENT prices for Ghana Group' s liftings.

Table 13: Comparison of Achieved Prices for Jubilee, TEN, SGN and Dated BRENT, 2021

Jubilee			TEN			SGN		
Lifting Date	Unit Price	Dated BRENT	Lifting Date	Unit Price	Dated BRENT	Lifting Date	Unit Price	Dated BRENT
6-Mar	65.011	65.626	16-Feb	61.572	62.222	18-Apr	64.926	65.476
27-Apr	63.633	64.696	6-Jul	74.38	75.03	13-Jul	72.654	73.254
16-Jul	71.601	71.806	15-Dec	71.373	72.723			
15-Sep	73.769	74.576						
8-Dec	74.189	74.096						
<b>Average Price</b>	69.641	70.160		69.108	69.992		68.790	69.365

Source: GNPC, FY 2021 Data

Comparing Ghana Group' s achieved prices to that of the Jubilee, TEN, and SGN partners<sup>5</sup>, the Ghana Group achieved an overall average price of US\$69.180/bbl for all three (3) Fields. This average price was relatively lower than Tullow' s average price of US\$70.36/bbl, and also lower than both Kosmos' and Eni' s average price of US\$71.51/bbl and US\$71.65/bbl respectively. Figure 8 depicts a comparison of the average achieved prices for the partners.

<sup>5</sup> Both Tullow and Kosmos Energy are partners on the Jubilee and TEN Fields, whilst ENI is a partner on the SGN Field. The comparison is to give a broad overview of the average achieved price of partners in all fields of operation.

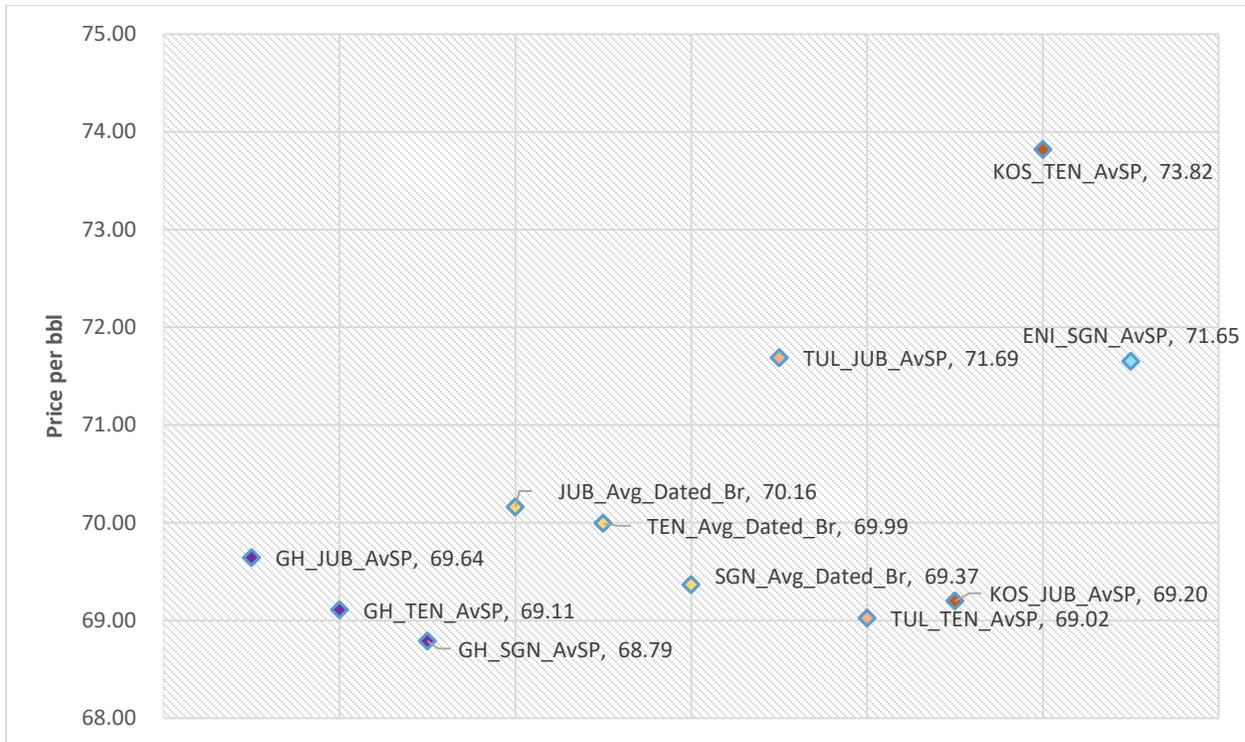


Figure 8: Comparison of Crude Prices Realised by Jubilee, TEN and SGN Partners, 2021

Source: PIAC' s Construct, \*AvSP= Average Selling Price

## Findings/Observations

1. For the year under review, the average achieved crude oil price of US\$69.18/bbl by the Ghana Group in all fields was higher than the government' s benchmark price of US\$54.75/bbl.
2. Annual crude oil production declined by 17.7 percent from 66,926,806 bbls in 2020 to 55,050,391 bbls in 2021, despite the rebound of economic activities in 2021, after the easing of COVID-19 restrictions.

## CHAPTER 5

### 5.0 REVENUE COLLECTION AND MANAGEMENT

The Ghana Revenue Authority is required under Section 3 of the Petroleum Revenue Management Act, 2011 (Act 815) to assess, collect, and account for petroleum revenue due Ghana derived from defined sources. These revenues are paid directly into the Petroleum Holding Fund (PHF) by the 15<sup>th</sup> day of the ensuing month by the entities obliged to make the payment.

For 2021, a total of US\$783,325,849.87 accrued to the PHF from Royalties, Carried and Participating Interest (CAPI), Corporate Income Taxes (CIT), Surface Rentals, and income earned on the PHF, compared to US\$666,390,751.22 in 2020. This represents a 17.5 percent increase from the 2020 figures.

The increased revenues can be attributed to favourable international crude oil prices which was higher than estimated amidst the recovery efforts from the global COVID-19 pandemic in 2020. The average achieved price by GNPC on behalf of the Ghana Group for the three producing fields increased by 63.7 percent from US\$42.211/bbl in 2020 to US\$69.086/bbl in 2021. Despite the decline in production volumes, petroleum revenues increased in 2021.

#### 5.1 Receipts from Crude Liftings for Ghana Group

The Field-by-Field revenues accrued from liftings by the Ghana Group are as follows:

*Table 14: Field-by-Field Receipts from Crude Liftings, Ghana Group*

	Jubilee	TEN	SGN	Total
<b>Royalty</b>	86,549,205.59	33,434,726.44	65,699,704.43	185,683,636.46

<b>CAPI</b>	224,314,652.23	95,288,970.36	73,326,627.85	392,930,250.44
<b>CIT</b>	-	-	-	203,854,804.35
<b>Surface Rental</b>	-	-	-	826,815.52
<b>PHF Income</b>	-	-	-	30,343.09
<b>TOTAL</b>	<b>310,863,857.82</b>	<b>128,723,696.80</b>	<b>139,026,332.28</b>	<b>783,325,849.86</b>

Source: PIAC's Construct using BoG and GRA Data, 2021

### 5.1.1 Receipts from Jubilee Field Crude Liftings

Five (5) liftings (59<sup>th</sup> – 63<sup>rd</sup>) were made from the Jubilee Field in 2021, yielding US\$310,863,857.82 in revenues. This amount is 68.3 percent higher than the five liftings recorded in 2020 which yielded US\$184,727,137.33. Table 15 shows the revenue derived from the 2021 liftings comprising both Carried and Participating Interest and Royalties due the State. Receipts for the period include the 58<sup>th</sup> parcel of crude oil lifted on the 14<sup>th</sup> of December, 2020 which was realised in January 2021 and excludes the 63<sup>rd</sup> lifting on 8<sup>th</sup> December, 2021 whose revenues will be realised in January 2022.

Table 15: Ghana Group Crude Oil Lifting and Revenue from Jubilee, 2021

Lifting Date	Lifting No	Parcel Qty (bbls)	Unit Price (US\$)	Marketing Cost/Pricing Option Fee (US\$)	Revenue (US\$)*
14-Dec-20	58	951,161	49.995	47,558.05	47,600,852.25
6-Mar-21	59	995,549	65.011	79,643.92	64,801,279.96
27-Apr-21	60	948,888	63.633	75,911.04	60,456,501.14

16-Jul-21	61	948,499	71.601	75,879.92	67,989,356.82
15-Sep-21	62	948,095	73.769	75,847.60	70,015,867.66
<b>TOTAL</b>		<b>4,792,192</b>			<b>310,863,857.82</b>

Source: GNPC and BoG, FY 2021 Data; \*Revenue includes pricing option fees

### 5.1.2 Receipts from TEN Field Crude Liftings for Ghana Group

Three (3) liftings (18<sup>th</sup>, 19<sup>th</sup> & 20<sup>th</sup>) were made in 2021, yielding an amount of US\$128,723,696.70. This is 30.4 percent lower than 2020' s revenues of US\$185,165,534.12 from three (3) liftings. The 20<sup>th</sup> Lifting from the field took place on 15<sup>th</sup> December, 2021 but its revenues will be realised in January 2022. See details in Table 16.

Table 16: Ghana Group Crude Oil Lifting and Revenue from TEN, 2021

Lifting Date	Lifting No	Parcel Qty	Unit Price (US\$)	Marketing Cost/Pricing Option Fee (US\$)	Revenue
16-Feb-21	18	944,962	61.572	47,248.00	58,230,448.26
6-Jul-21	19	947,108	74.38	47,355.40	70,493,248.44
<b>TOTAL</b>		<b>1,892,070</b>			<b>128,723,696.70</b>

Source: GNPC and BoG, FY 2021 Data

### 5.1.3 Receipts from Sankofa Gye-Nyame (SGN) Field Crude Liftings

There were two (2) liftings on the SGN field in 2021 with total revenues amounting to US\$139,026,332.28 as compared to three (3) liftings in 2020 yielding US\$126,393,526.42 in revenues. The total revenues include an overlifting amount of US\$11,721,917.32 was paid into the PHF. Find details in Table 17.

Table 17: Ghana Group Crude Oil Lifting and Revenue from SGN, 2021

Lifting Date	Lifting No	Parcel Qty (bbls)	Unit Price (US\$)	Marketing Cost/Pricing Option Fee (US\$)	Revenue (US\$)
18-Apr-21	7	948,845	64.926	-	61,604,710.47
13-Jul-21	8	904,282	72.654	-	65,699,704.43
21-Sep-21	Overlifting	-	-	-	11,721,917.38
<b>TOTAL</b>		<b>1,853,127</b>			<b>139,026,332.28</b>

Source: GNPC and BoG, FY 2021 Data;

### Update on Overlifting Amount<sup>6</sup>

To improve the economics of the SGN integrated project, GNPC and the SGN Joint Partners signed a Supplementary Agreement on 12<sup>th</sup> December 2014. This agreement required a cash contribution from GNPC (on behalf of the Ghana Government) or early-lifting (over lifting) by the contractor.

Section 2.1.2(b) of the Supplementary Agreement entitles the Joint Venture Partners to lift Crude Oil cargo from Commercial Production Period up to the value of US\$200 million. The cargoes ceded to the Partners are to be recovered by the Ghana Group towards the end of the field' s life. Accordingly, the partners have lifted four (4) cargoes of Sankofa crude oil valued at US\$211,721,917.33 from July 2019 to

<sup>6</sup> Source: BoG (2021), Ghana Petroleum Funds Semi-Annual Report: July 01 – Dec 31, 2021

September 2021. Since the total value of the four (4) cargoes exceeds the US\$200 million, the excess amount of \$11.72 million was paid into the PHF as over lifting by the SGN Joint Partners. Table 18 shows details of the overlifting amount.

*Table 18: SGN Overlifting Update*

Lifting Date	Parcel Qty (bbls)	Unit Price (US\$)		Amount (US\$)	Cumulative (US\$)
28-Jul-19	948,358	63.643		60,356,348.19	60,356,348.19
09-Mar-20	949,563	35.757		33,953,524.19	94,309,872.38
30-Nov-20	949,096	47.564		45,142,802.14	139,452,674.52
21-Sep-21	944,338	76.529		72,269,242.80	<b>211,721,917.32</b>
<b>Total/Average</b>	<b>3,791,355</b>	<b>55.873</b>	(a)	<b>211,721,917.32</b>	
<b>Total Over lifting Obligation</b>			(b)	<b>200,000,000.00</b>	
<b>Over Recovery of Early Lifting amount</b>			<b>c = b - a</b>	<b>-11,721,917.32</b>	

*Source: BoG Data, 2021*

## 5.2 Analysis of Petroleum Receipts

The total revenue of US\$783,325,849.86 accrued to the Petroleum Holding Fund (PHF), was obtained from revenue streams outlined in the PRMA from the three (3) producing Fields. Table 19 provides a comparison of the fiscals of the PAs for the Fields.

Table 19: Fiscals on PAs from Producing Fields, 2021

Contract Area / Field	Jubilee	TEN	SGN
Royalty Oil	5%	5%	7.5%
Royalty (Gas) - domestic	-	-	5%
Royalty (Gas) – Export	-	-	-
Initial GNPC Participation	10%	10%	15%
Additional Participation	3.64%	5%	5%
Commercial Interest	-	-	-
Ratification Date	10/6/2006	10/6/2006	15/3/2008

Source: PIAC, 2019 (Annual Report - Page 40)

Carried and Participating Interest (CAPI) continues to contribute the highest percentage of total revenues followed by Royalties, Corporate Income Taxes, and Surface Rentals, as shown in Figure 9.

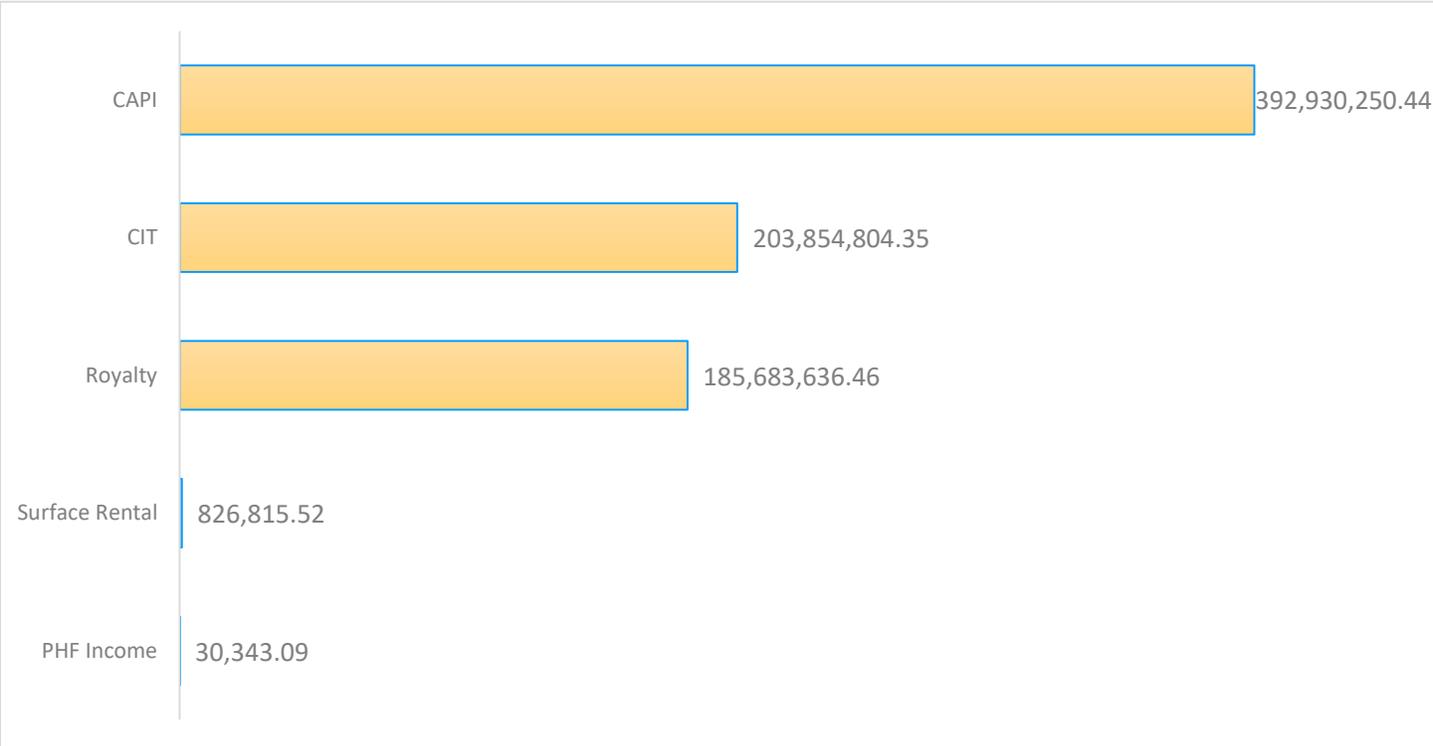


Figure 9: Petroleum Revenue Streams, US\$M

Source: PIAC’s Construct based on GRA and BoG Data, 2021

5.2.1 Carried and Participating (Additional) Interest (CAPI)

Carried and Participating Interest are two (2) forms of state participation that effectively capture a good share of economic rents from petroleum projects regardless of whether there is initial commitment of funds by the State or not. The revenue derived from CAPI constituted about 50 percent (US\$392,930,250.44) of total revenues accruing from the three (3) Fields as compared to US\$300,926,631.91 in 2020. This represents a 30.6 percent increase in CAPI over that of 2020.

CAPI has the potential of increasing the petroleum revenues of the nation and should be carefully considered in future PAs. CAPI generated from the Jubilee Field

stood at US\$224,314,652.23, whilst that of TEN and SGN amounted to US\$95,288,970.36 and US\$73,326,627.85 respectively, as shown in Figure 10.

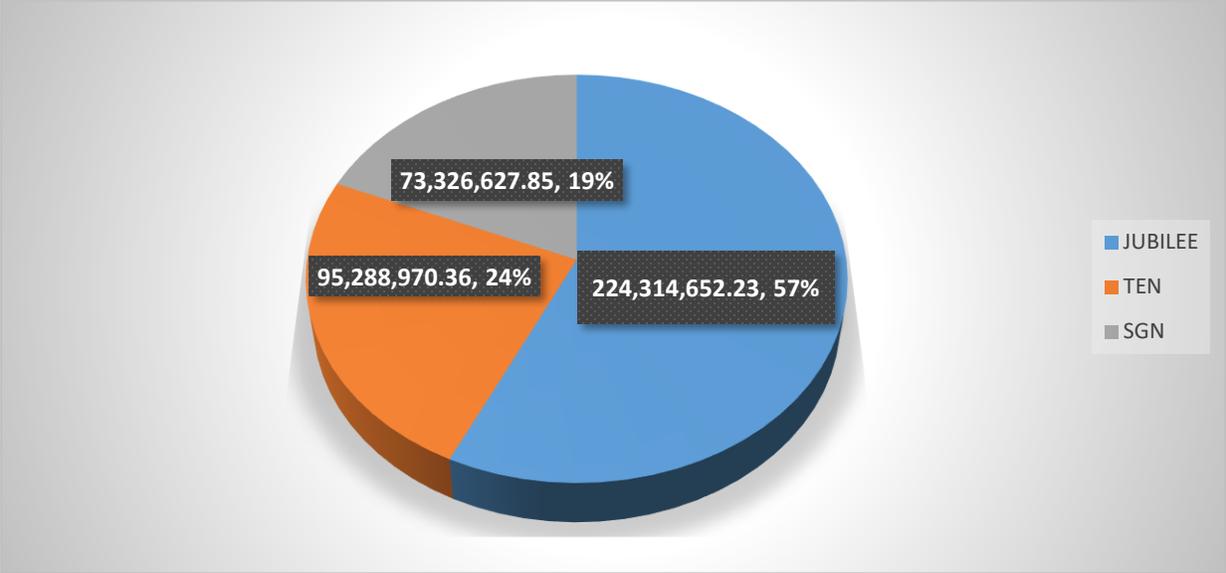


Figure 10: Breakdown of CAPI Contribution per Field to Total Revenue

Source: PIAC' s Construct based on GRA and BoG Data, 2021

### 5.2.2 Royalties

Royalties are early and dependable sources of revenues for the State as it is a charge on gross production. Total revenue from Royalties for the three (3) Fields was US\$185,683,636.46 in 2021 compared to US\$195,359,565.96 in 2020, representing about a five (5) percent reduction. Royalty from the Jubilee field contributed 47 percent of the total royalties for the period, followed by SGN and TEN, as shown in Figure 11.

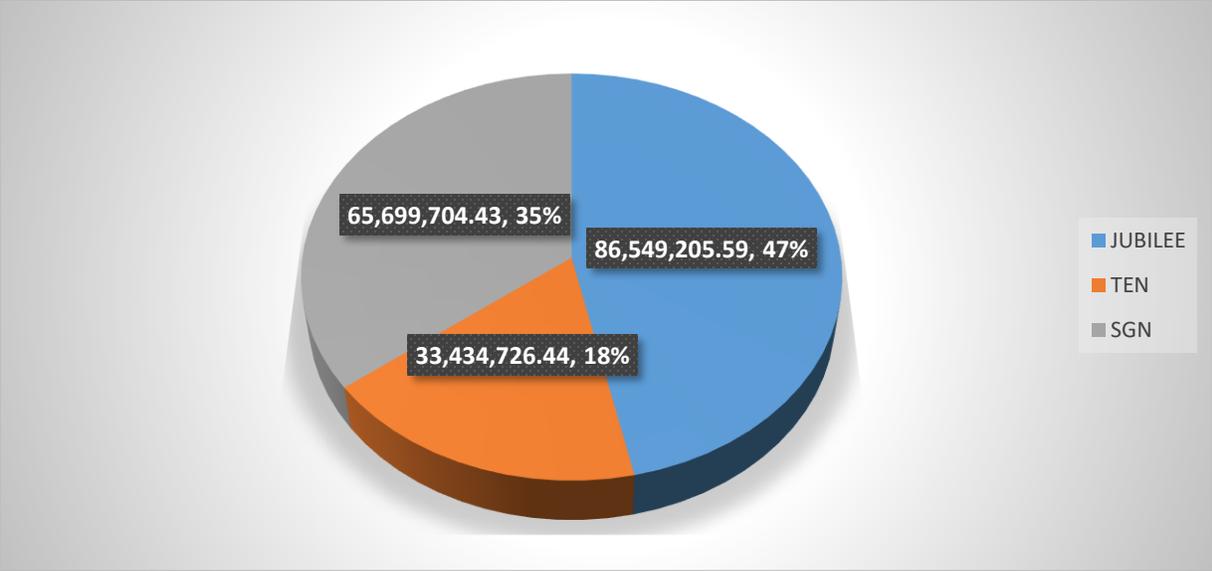


Figure 11: Breakdown of Royalty Contribution to Total Revenue

Source: PIAC' s Construct based on GRA and BoG Data, 2021

### 5.2.3 Corporate Income Tax (CIT)

Being a tax on profits, CIT usually yields lower revenues compared to Royalty and Carried and Participating Interest despite its rate of 35 percent. The total CIT received from the three (3) fields in 2021 stood at US\$203,854,804.35, representing a 20.79 percent increase from that of 2020 (US\$168,773,046.19).

### 5.2.4 Surface Rentals

Surface Rental payments received in 2021 totalled US\$826,815.52 compared with US\$928,551.81 for 2020, indicating about 11 percent decrease. According to the GRA, this amount includes arrears payments to an amount of US\$205,530.44 in respect of past years. As at the end of December 2021, Surface Rental Arrears had amounted to US\$2,579,170.21, up from US\$2,110,212.23 as at the end of 2020,

representing a 22.22 percent increase. Details of the Surface Rental Payments and Arrears as at the end of 2021 are shown in Appendix B.

### 5.2.5 PHF Income

Interest on the Petroleum Holding Fund yielded US\$30,343.09 in 2021 as against US\$225,301.41 in 2020. This represents an 86.53 percent reduction in interest income on the PHF. The reduction was due to low overnight interest rate differentials.

### 5.2.6 Gas Revenue

For the year under review, no payment was made into the PHF in respect of gas supplied. A total of 26,793.52 MMSCF of raw gas worth US\$182,823,487.80, was delivered to Ghana National Gas Company (GNGC). Table 20 presents the monthly invoiced amounts.

*Table 20: Invoiced Amounts from the Jubilee & TEN Fields, 2021*

Date	Export Volume (MMSCF)	Invoiced Amount (US\$)
Jan	2,967.25	19,003,326.09
Feb	2,613.67	17,970,340.36
Mar	2,983.01	20,509,744.92
Apr	2,854.81	19,628,310.13
May	2,884.59	19,833,021.86
Jun	2,274.38	15,637,572.68
Jul	2,495.64	17,161,050.40

<b>Aug</b>	2,651.32	18,229,189.94
<b>Sep</b>	2,176.82	14,966,741.94
<b>Oct</b>	376.76	2,590,420.92
<b>Nov</b>	485.88	3,340,657.03
<b>Dec</b>	2,029.39	13,953,111.53
<b>TOTAL</b>	<b>26,793.52</b>	<b>182,823,487.80</b>

*Source: GNPC, 2021*

### 5.2.6.1 Make-Up Gas

For the year under review, a volume of 134.353 MMSCF equivalent to 148,345.308 mmbtu of Make-Up Gas<sup>7</sup> (MUG) was offtaken by GNPC. The MUG recovery amounted to US\$1,235,716.42, which was due to an average offtake of 178MMSCF per day, above the daily contracted quantity of 171MMSCF per day.

The total invoiced amount for gas in 2021 amounted to US\$502,166,967.71. An annual reconciliation adjustment for the 2020 delivery year as per the Gas Sales Agreement resulted in a credit of US\$15,767,771.85 to GNPC in January 2021. Also, in 2021, a letter agreement on the First Gas Adjustment factor (AF1) and Takoradi-Tema Interconnection Project (TTIP) project financing was executed, leading to a reduction in gas price by US\$1.38/mmbtu applied retroactively. Due to this adjustment, an amount of US\$14,880,580.21 was credited to the government on execution. Table 21 presents details of the Gas Invoiced amounts and reconciliations.

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<sup>7</sup> Make-Up Gas means the volume of gas, if any, by which the quantity of Base-load Gas delivered to and accepted by Purchaser during a Contract Year for such Contract Year, falls short of the Annual Base-load Quantity. Make-up or recoupment provisions allow the buyer to take, without payment, a quantity of gas valued at the amount of the deficiency payments paid in previous periods.

Table 21: Gas Invoiced Amounts for 2021 and Reconciliation

	Total Invoice (US\$)	Gas Invoice Amount- Gas Taken (US\$)	Invoice Amount- Take or Pay (US\$)	Invoice Amount- Condensates (US\$)	Invoice Amount- Priority Deficiency Payment (US\$)	Annual Reconciliation Adjustment in 2020 credited in 2021	Gas Price Credit Adjustment (US\$)	MUG Recovery (US\$)
Jan	502,166,967	506,156,345	1,585,904.	526,511.3	25,782,275.	(15,767,771.	(14,880,580.	(1,235,716.
-	.71	.19	27	4	39	85)	21)	42)
Dec								
202								
1								
Tot	502,166,96	506,156,34	1,585,904	526,511.3	25,782,275	(15,767,771.	(14,880,580.	(1,235,716.
al	7.71	5.19	.27	4	.39	85)	21)	42)

Source: ENI Data, 2021

### 5.3 Cumulative Petroleum Revenues (2011-2021)

From inception to date, total petroleum revenue has amounted to US\$7.36 billion. The year 2014 recorded the highest realised petroleum revenues into the PHF with 2016 recording the lowest revenues. Figure 12 shows the annual realised revenues from 2011 - 2021.

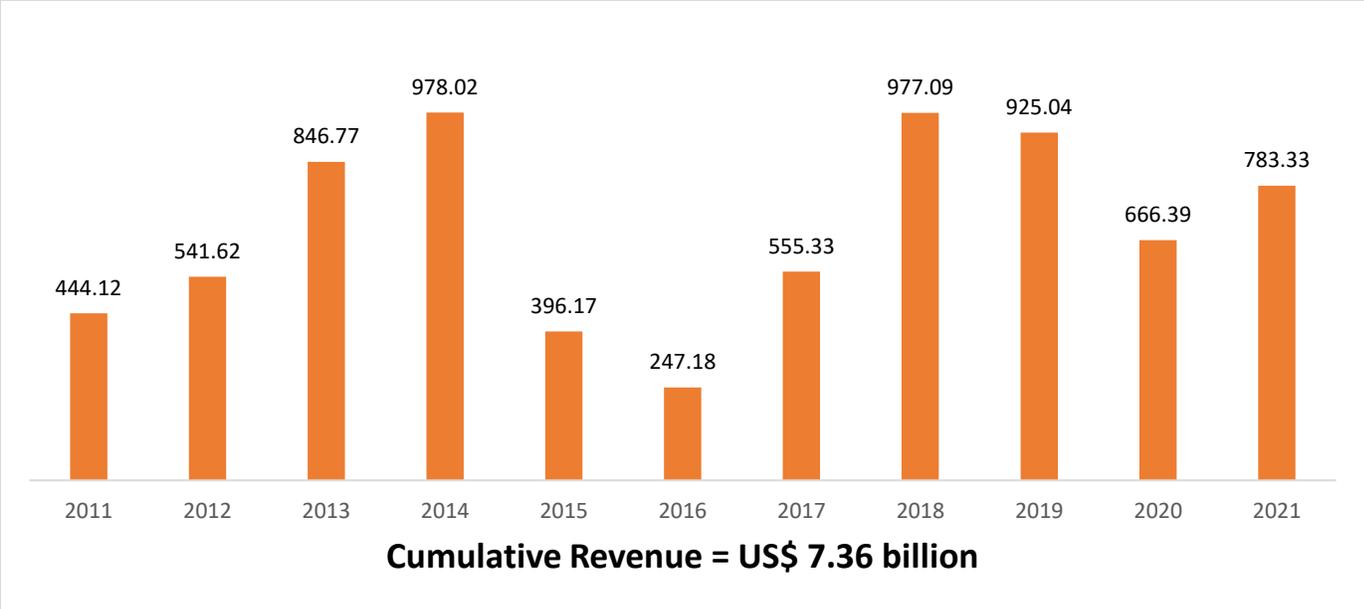


Figure 12: Annual Petroleum Receipts: 2011 to 2021 (US\$M)

Source: PIAC’s Construct, 2021

### Findings/Observations

1. Total petroleum revenues increased by 17.5 percent from US\$666,390,751.22 in 2020 to US\$783,325,849.87 in 2021 due to higher crude oil prices. This is in spite of the decline in crude oil production in 2021.
2. Surface Rental Arrears increased by 22.22 percent from US\$2,110,212.23 in 2020 to US\$2,579,170.21 in 2021.

## CHAPTER 6

### 6.0 DISTRIBUTION OF PETROLEUM REVENUES

Section 2(1) of the Petroleum Revenue Management Act, 2011 (Act 815) establishes the Petroleum Holding Fund (PHF) as a public fund to receive and disburse petroleum revenue due the Republic of Ghana.

The receipt and disbursement of petroleum revenue from the PHF as provided for by the PRMA are presented in Figure 13:

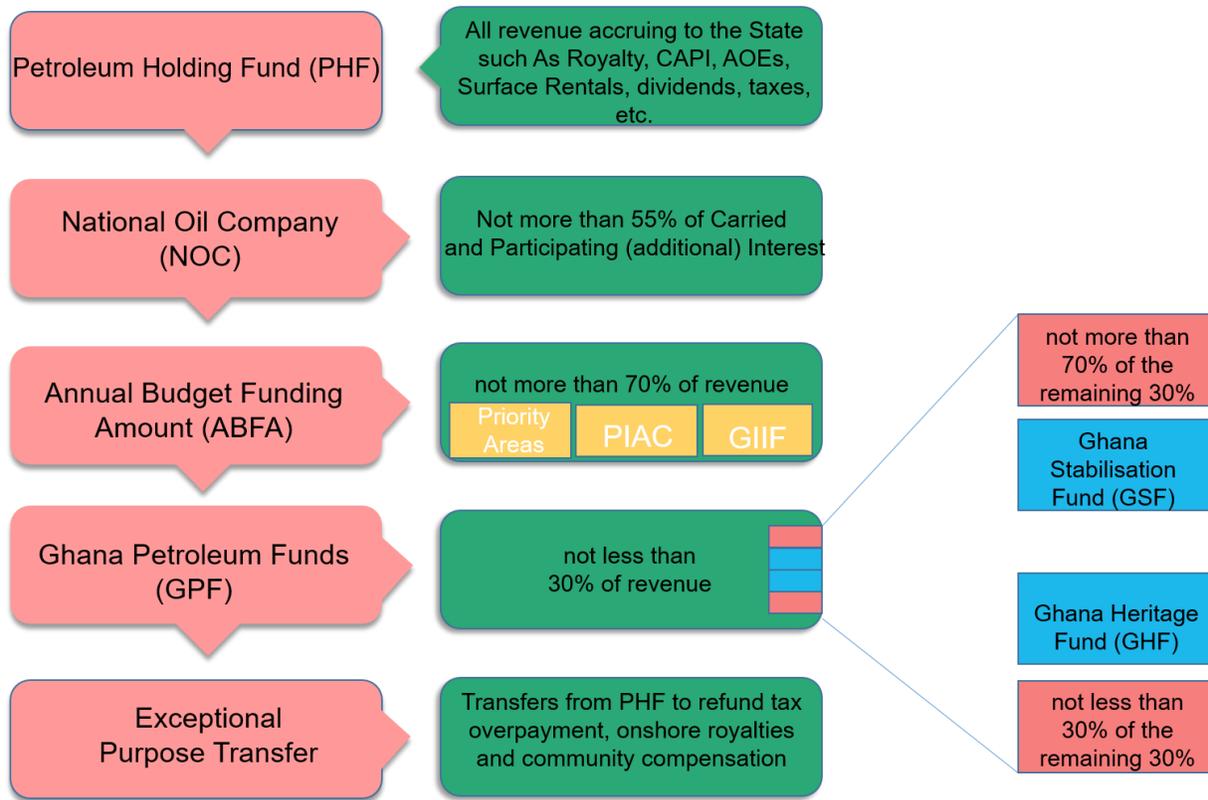


Figure 13: Distribution of Petroleum Revenue from the Petroleum Holding Fund

Source: PIAC's Construct, 2021

## 6.1 Receipts into the Petroleum Holding Fund

The Bank of Ghana has reported that the total amount received into the PHF for the period under review is US\$783,325,849.86. This is 17.55 percent higher than the receipts for the year 2020 (US\$666,390,751.22) but 11.56 percent lower than the benchmark revenue for the year 2021. As at the end of December 2020, there was a balance of US\$40,406,501.67 which was brought forward into 2021. This brings total amount available for distribution from the PHF for the period under review to US\$823,732,351.51.

## 6.2 Distribution of revenue from the Petroleum Holding Fund

In accordance with the PRMA and depicted in Figure 13, funds in the PHF were distributed to the Ghana National Petroleum Corporation, the Annual Budget Funding Amount and the Ghana Petroleum Funds (the Ghana Stabilisation Fund and the Ghana Heritage Fund).

The total amount distributed for the period was US\$808,610,309.11 which constitutes 26.61 percent increase over the distribution for the same period in 2020.

The distribution leaves a balance of US\$15,122,042.40 in the PHF as at the end of 2021. Table 22 presents quarterly distribution of petroleum revenue from the PHF.

*Table 22: Quarterly Distribution of Petroleum Revenues from the PHF*

	GNPC US\$	ABFA US\$	GSF US\$	GHF US\$	Total US\$
1st Quarter	17,963,073.43	49,694,890.59	14,908,467.18	6,389,343.08	88,955,774.28
2nd Quarter	80,380,453.85	105,472,500.00	38,819,565.33	16,636,956.56	241,309,475.74
3rd Quarter	63,165,150.35	92,149,331.47	27,644,799.43	11,847,771.19	194,807,052.44
4th Quarter	66,820,043.03	105,472,499.99	77,871,824.54	33,373,639.09	283,538,006.65
Total	228,328,720.66	352,789,222.05	159,244,656.48	68,247,709.92	808,610,309.11

*Source: PIAC Construct based on Bank of Ghana, Annual Report, 2021*

### 6.2.1 Distribution to the Ghana National Petroleum Corporation

The Corporation received an amount of US\$228,328,720.66 for Equity Financing Costs and net Carried and Participating Interest (CAPI). This distribution for the period under review constitutes a 14.94 percent increase over the distribution for the same period in 2020 but 19.43 percent lower than the projected distribution to GNPC for the year.

### 6.2.2 Allocation to the Annual Budget Funding Amount

The Annual Budget Funding Amount (ABFA) received US\$352,789,222.05 representing an increase of 29.05 percent over that of the same period in 2020 but 16.38 percent lower than the projected distribution to the ABFA for the period. It can be observed from Table 22 that the projected quarterly ABFA of US\$105.47 million was not met for the first and third quarters. Nevertheless, there was no transfer from the GSF to meet this shortfall.

### 6.2.3 Allocation of the Ghana Petroleum Funds

The Ghana Petroleum Funds (GPFs) are made up of the Ghana Stabilisation Fund (GSF) and the Ghana Heritage Fund (GHF). A total amount of US\$227,492,366.40 was received into the GPFs with US\$159,244,656.48 going to the GSF and US\$68,247,709.92 to the GHF. This complies with the 70:30 ratio stipulated by the Act for the allocation of revenue to the GSF and the GHF respectively.

#### 6.2.3.1 The Ghana Stabilisation Fund

The GSF received an amount of US\$159,244,656.48 representing 70 percent of the distribution to the GPFs as required by the PRMA. This allocation represents 36.54

percent increase over the distribution to the GSF for the same period in 2020 and 25.81 percent increase over the projected distribution for the GSF for 2021.

### 6.2.3.2 The Ghana Heritage Fund

The GHF received an amount of US\$68,247,709.92 which constitutes 30 percent of the distribution to the GPFs as required by the Act. This distribution is 36.54 percent higher than the allocation to the GHF for the same period in 2020 and also 25.83 percent higher than the projected distribution to the GSF for the year 2021.

The distribution of the Petroleum Holding Fund for the period under review is compared with the distribution for the same period in 2020 in Figure 14

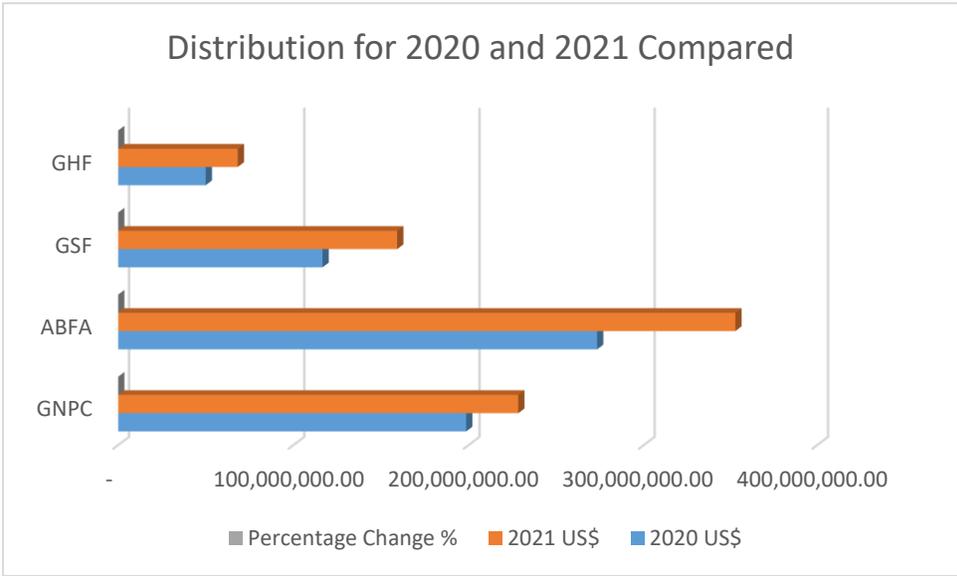


Figure 14: Distribution of Petroleum Revenues from the PHF

Source: PIAC Construct from BoG data, 2021

### 6.3 Cumulative Distribution of Petroleum Revenue since Inception

The total amount of petroleum funds received since inception till end of 2021 is US\$7,332,140,254.59. Of this amount, the ABFA has received a total of US\$2,899,655,922.34 (40 percent) while the GNPC has received US\$2,232,153,765.21 (30 percent). The GSF and the GHF have each received an amount of US\$1,546,453,001.51 (21 percent) and US\$653,677,565.53 million (9 percent) respectively. Figure 15 makes a diagrammatic representation of the distribution of petroleum funds since inception.

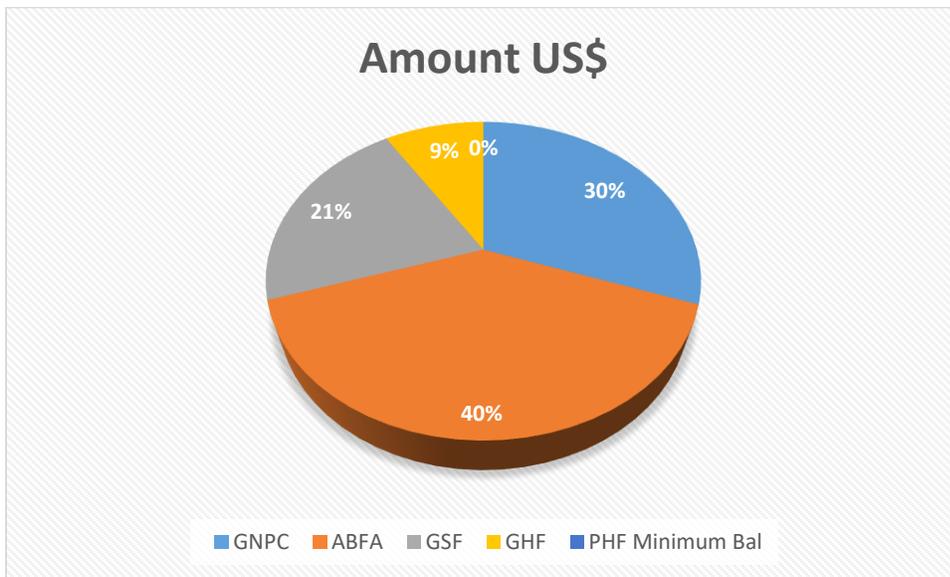


Figure 15: Cumulative Distribution of Petroleum Revenue since Inception

Source: PIAC's Construct, 2021.

## CHAPTER 7

### 7.0 DISTRIBUTION AND UTILISATION OF THE ANNUAL BUDGET FUNDING AMOUNT

#### 7.1 Introduction

The Annual Budget Funding Amount (ABFA) is the annual allocation to the budget from petroleum revenue for current spending. The PRMA provides that the ABFA shall not be more than seventy percent of the Benchmark Revenue, which is the estimated revenue expected from petroleum operations by the Government for a financial year, net of the amount ceded to the national oil company.

Act 815 requires allocation to the ABFA to be guided by a medium-term development strategy aligned with a long-term national development plan, absorptive capacity of the economy and the need for prudent macro-economic management.

In the 2021 Budget Statement and Economic Policy of the Government, the projected ABFA for 2021 was US\$421.89 million which constitutes 70 percent of the benchmark revenue of US\$602.70 million, as required by the PRMA. The actual distribution to the ABFA for 2021 was US\$352,789,222.03 (70 percent of the actual total revenue).

#### 7.2 Selected Priority Areas for the Utilisation of ABFA for 2020-2022

The PRMA provides that where a long-term national development plan approved by Parliament is not in place, the spending of petroleum revenue shall give priority to not more than four of the listed areas for a period of three years upon approval by Parliament.

In accordance with this provision, the Minister for Finance selected the underlisted priority areas for the utilisation of the ABFA for the period 2020-2022.

*Table 23: Priority Areas Selected by the Government 2020 - 2022*

No.	Priority Areas
1.	Agriculture
2.	Road, Rail and Other Critical Infrastructure Development
3.	Physical Infrastructure and Service Delivery in Education and Health
4.	Industrialisation

*Source: PIAC Construct based on MoF data, 2021*

It is the expectation of PIAC that since 2022 is the last year for the current priority areas, a review of the performance of the current selection will be conducted with a view to informing the selection of the priority areas for the period 2023-2025, as required by the Act. This will help fulfil the purpose of the Act to maximise the impact of the petroleum revenue through prioritisation.

### 7.3 Disbursement to the Priority Areas

The actual ABFA disbursed to the Priority Areas, Ghana Infrastructure Investment Fund, District Assembly Common Fund (DACF) and PIAC for the period under review was GH¢1,859,126,574.64 (US\$352,789,222.03). Details of the programmes and projects that received ABFA support under the priority areas are provided in Appendix C. However, a summary of the disbursement of the ABFA is presented in Table 24.

Table 24: Disbursement of ABFA to Priority Areas in 2021

No.	Priority Area	Goods and Services GH¢	Capital Expenditure GH¢	Total GH¢	Percentage (%)
1.	Agriculture	0	9,352,861.65	9,352,861.65	0.50
2.	Physical Infrastructure and Service Delivery in Education and Health	420,000,000.00	29,282,703.19	449,282,703.19	24.17
3.	Road, Rail and Other Critical Infrastructure Development <ul style="list-style-type: none"> <li>• Ghana Infrastructure Investment Fund (GIIF)</li> <li>• District Assembly Common Fund (DACF)</li> </ul>	9,760,321.39	1,049,360,150.99		
	<b>Sub-Total</b>	9,760,321.39	1,372,117,614.08	1,381,877,935.47	74.33
4.	Industrialisation	0	16,262,699.33	16,262,699.33	.87
	Public Interest and Accountability Committee	2,350,375.00	0	2,350,375.00	.13
	<b>Total</b>	<b>432,110,696.39</b>	<b>1,427,015,878.15</b>	<b>1,859,126,574.64</b>	<b>100.00</b>

Source: PIAC Construct based on MoF data, 2021

From Table 24, an amount of GH¢1.43 billion, representing 76.76 percent of the ABFA was spent on Capital Expenditure (CAPEX) while GH¢432.1 million, representing 23.24 percent was spent on Goods and Services. The ratio of 76.76:23.24 (77:23) for CAPEX and Goods and Services respectively complies with the PRMA requirement of at least 70 of public investment expenditure. It is worth noting

that this is the first time since 2017 that ABFA disbursement of a financial year has complied with this requirement of the PRMA, and the Committee commends MoF for it.

### 7.3.1 Agriculture

An amount of GH¢9,352,861.65, representing 0.50 percent of the ABFA, was disbursed to the Agriculture Priority Area for the period under review. Spent entirely on public investment expenditure, the distribution to the Agriculture priority area for 2021 is 88.16 percent lower than the corresponding figure for 2020 (GH¢79,017,787.45).

About 85 percent of the disbursement to this Priority Area was made to the Ministry of Food and Agriculture to support the Planting for Food and Jobs Programme. The funds were used for the construction of units of 1000mt warehouses, small irrigation dams and ancillary facilities. The rest of the funds was disbursed to the Ministry of Fisheries and Aquaculture for the construction of the national aquaculture centre and commercial farm in Dahwenya as well as access and internal roads at the Anomabo Fisheries College.

### 7.3.2 Physical Infrastructure and Service Delivery in Education and Health

This Priority Area received an amount of GH¢449,282,703.19, constituting 24.17 percent of the total ABFA for 2021. A percentage of 93.48 of the disbursement was spent on goods and services while 6.52 percent was spent on public investment expenditure.

The disbursement to this Priority Area for 2021 represents 64.34 percent of the corresponding disbursement for 2020. An amount of GH¢428 million (95.26% of disbursement to this Priority Area) was spent on infrastructure and service delivery

in education while GH¢21,282,703.19 (4.74 %) of disbursement to this Priority Area was spent on Health.

The amount of money disbursed to the Ministry of Education was used to support the Free Senior High Programme, BECE Subsidy and education infrastructure.

The funds spent in the Health sector was used for the construction of the office complex of the Association of Regulatory Bodies in Ridge, Accra, CHPS compounds, and repair and renovation works at the Okomfo Anokye and Korle Bu Teaching Hospitals.

### 7.3.3 Industrialisation

The Industrialisation Priority Area received an amount of GH¢16,262,699.33 for 2021, representing 0.87 percent of the total ABFA and 51.14 percent of the corresponding figure for 2020. The entire disbursement was used for public investment expenditure with 98 percent supporting the One–District-One-Factory Programme. The remaining portion of 1.2 percent was used to procure office equipment for the Ministry of Trade and Industry.

### 7.3.4 Road, Rail and Other Critical Infrastructure Development

The amount of GH¢1,381,877,935.47, disbursed to the Roads, Rail and Other Critical Infrastructure Development Priority Area, represents 74.33 percent of the total ABFA and 70.54 percent of the corresponding figure for 2020. A sum of GH¢1,372,117,614.08 (99.30 % of disbursement to the Priority Area) was spent on public investment expenditure and the rest on goods and services.

The disbursement of GH¢787,618,706.73 (57 % of the disbursement to this Priority Area) was spent by the Ministry of Roads and Highways (MRH) to carry out improvements, rehabilitation, asphaltic overlay, upgrading, bitumen surfacing, construction, etc. on various road infrastructural projects.

While commending MRH for the numerous road projects at various stages of completion, spread across the country, the Committee deems it fit to draw attention to the payment of a judgement debt of GH¢12,475,426.01 during the period under review. PIAC wishes to emphasize that the payment of the judgement debt is irregular and calls on Ministries, Departments and Agencies utilising the ABFA to ensure efficient allocation, responsible use and effective monitoring of expenditure as required by the PRMA.

An amount of GH¢87,612,219.67 (6.34 % of disbursement to this Priority Area), disbursed to the Ministry of Railway Development, was used for the Ghana-Burkina Faso Railway interconnectivity project, feasibility studies on various railway projects, railway asset inventory and acquisition, modernisation of location workshops and the Railway Training Institute.

Under 'Other Critical Infrastructure' , an amount of GH¢506,647,009.07 (36.66 % of disbursement to this Priority Area) was disbursed to various Ministries, Departments and Agencies of Government for the execution of various projects including rural markets, grain warehouses, earth dams/dugouts, clinic with Doctor' s residence, classroom blocks, mono and dual desks, and CHPS compounds. A summary of the projects funded under 'Other Critical Infrastructure' is presented in Table 25.

Table 25: Summary of Projects under Other Critical Infrastructure

Implementing Agency	Amount Disbursed	Project Details
Office of Government Machinery	GH¢139,622,358.63	Rural markets with mechanized borehole, warehouses, dams/dugouts, Classroom blocks, CHPS compounds, clinics, durbar grounds, roads and bridges
Ministry of Water Resources and Sanitation	GH¢6,610,136.56	Boreholes, institutional and household toilets, lands and hand pumps
Ministry of Energy	GH¢6,000,000	Supply of stay wire, street lights, stay equipment
Ministry of Lands and Natural Resources	GH¢17,753,676.40	Pre-feasibility and Feasibility studies on iron ore exploration, vehicles, fence wall
Ministry of Local Government, Decentralisation and Rural Development	GH¢46,283,778.30	Administrative Blocks for newly-created regions

Source: PIAC Construct based on MoF data, 2021

### 7.3.5 Distribution to the Ghana Infrastructure Investment Fund

As reported in the 2021 PIAC Semi-Annual Report, the Ghana Infrastructure Investment Fund (Amendment) Act, 2021 (Act 1063) was passed by Parliament to resume the allocation of ABFA to the Ghana Infrastructure Investment Fund (GIIF). Pursuant to this, an amount of GH¢290,377,059.18 (US\$49,390,491.08) was disbursed to GIIF during the period under review.

As indicated in the 2021 Budget and Policy Statement, the allocation to GIIF is earmarked to fund Government' s Agenda 111 Hospital Projects. The ABFA disbursed to the Fund used for the initial mobilization of the contractors to enable them move to site.

PIAC notes with commendation the resumption of allocations to GIIF for the development of infrastructure in the country.

### 7.3.6 Distribution to the District Assembly Common Fund

In compliance with the decision of the Supreme Court of Ghana in 2019, that petroleum revenue should be considered as part of Government revenue in the computation of the District Assembly Common Fund (DACF), an amount of GH¢32,380,403.91 was disbursed to the DACF for the period under review. This constitutes 25.05 percent of the amount of GH¢ GH¢129.26 million budgeted for disbursement to the DACF. This is the first disbursement of petroleum revenue to the DACF since Ghana started receiving upstream petroleum revenue in 2011.

PIAC reiterates its earlier call for disbursement to the DACF to be adequately provided for in the PRMA to facilitate compliance. Additionally, PIAC reaffirms its readiness to collaborate with relevant institutions of state to ensure transparency and accountability in the management and use of petroleum revenue at the sub-national level to maximise impact in the use of the revenue.

### 7.3.7 The Public Interest and Accountability Committee

In accordance with Section 13 of Act 893, the Public Interest and Accountability Committee was disbursed an amount of GH¢2,350,375 representing 0.13 percent of the total ABFA, which shows a 24 percent reduction of the corresponding figure for

2020. The disbursement was used by the Committee for its programmes and activities.

## Findings/Observations

1. After a 3-year break, allocations to the Ghana Infrastructure Investment Fund resumed in 2021, with an amount of US\$49,390,491.08, following the passage of the Ghana Infrastructure Investment Fund (Amendment) Act, 2021 (Act 1063).
2. For the first time since Ghana started receiving petroleum revenue in 2011, the DACF received an amount of GH¢32,380,403.91, following the 2019 decision of the Supreme Court in the case of Kpodo vs The Attorney-General. However, the disbursement made was 1.74 percent of the ABFA, instead of the 5 percent specified in the Supreme Court judgement.
3. Although the Ministry of Finance made a disbursement of the ABFA to the DACF, there was no report on the utilisation of the amount.
4. For the first time since 2011, the ABFA was used to pay a judgement debt of GH¢12,475,426.01. This was under the Roads, Rail and Other Infrastructure Priority Area during the period under review.
5. For the first time since 2017, the Government, with a ratio of 77:23 (Public Investment Expenditure to Goods and Services), complied with the PRMA requirement for at least 70 percent of the ABFA to be spent on public investment expenditure.

## CHAPTER 8

### 8.0 MANAGEMENT AND PERFORMANCE OF THE GHANA PETROLEUM FUNDS

#### 8.1 The Ghana Petroleum Funds: Stabilisation and Heritage Funds

The Ghana Heritage Fund (GHF) and Ghana Stabilisation Fund (GSF) constitute the Ghana Petroleum Funds (GPFs). The PRMA mandates that the GPFs receive at least 30 percent of the benchmark revenue or realised petroleum revenue in any fiscal year in terms of disbursement. By the Act, a minimum of 30 percent of the revenue accrued to the GPFs must be transferred to the GHF, with the remainder going to the GSF.

##### 8.1.1 Ghana Heritage Fund (GHF)

When Ghana's petroleum reserves are depleted, the GHF offers an endowment to promote development for future generations. The Fund is invested in safe instruments. Investment-grade bonds and convertible currency deposits issued by sovereign governments, Central Banks, and multilateral organisations such as the Bank for International Settlements are the only instruments that qualify.

The PRMA requires Parliament to review restrictions on transfers from the Heritage Fund every fifteen (15) years and to transfer portions of the accrued interest into any other fund established under Act 815.

##### 8.1.2 Ghana Stabilisation Fund (GSF)

The GSF was established so that the government could draw from it in times of economic shocks or unexpected shortfalls in petroleum revenue that necessitates the sourcing of funds to balance the budget. As a result, the Fund mitigates the impact on public expenditure capacity such as occurred in 2015, 2016, and 2020, when low oil prices caused unexpected shortfalls in petroleum revenues.

The Minister for Finance has the authority, subject to Parliamentary approval, to impose a cap on the amount that can be accrued to the GSF as necessitated by macroeconomic conditions. In this manner, the cap can be reviewed to alleviate petroleum revenue shortfalls or to address national emergencies. During the review period, the GSF cap was maintained at US\$100 million.

### 8.1.3 Capping of the Ghana Stabilisation Fund

The PRMA authorizes the Minister for Finance to cap the GSF and the excess over the cap transferred into the Contingency and Sinking Funds. Regulation 8 of the Petroleum Revenue Management Regulations, 2019 (LI2381) provides the formula for the calculation of the cap.

Sub-Regulation 1 provides that in recommending the maximum amount of accumulated resources of the GSF, the Minister shall ensure the amount is not less than the average of ABFA over a three year period. Sub-Regulation 2 provides the 3-year period in Sub-Regulation 1 shall comprise;

- a. The current financial year
- b. The year preceding immediately before the current financial year; and
- c. The year immediately after the current financial year

On the basis of L.I 2381, the cap for 2021 should be calculated as shown in Table 26.

Table 26: Determination of GSF Cap

Current Financial Year (2021) (A)	US\$273.38 million
The year preceding immediately before the current financial year (2020) (B)	US\$421.89 million
The year immediately after the current financial year (2022) (C)	US\$458.60 million
<b>Total (A+B+C)</b>	<b>US\$1,153.87 million</b>
Average (Total/3)	US\$384.62 million

Source: PIAC's Construct, 2021.

Therefore the cap on the GSF by L.I 2381 should be US\$384.62 million for the year 2021 and not US\$100 million determined by the Minister for Finance

## 8.2 Ghana Petroleum Wealth Fund (GPWF)

Section 20 of Act 815 requires that, within a year of the depletion of petroleum resources, the amounts held in the GPFs be consolidated into a single Fund to be known as the Ghana Petroleum Wealth Fund (GPWF). The GPFs will no longer exist because of this consolidation. Figure 16 depicts the constitution of the GPWF.

The purpose of the GPWF is to provide a steady source of income for government spending. The funds are to be invested in qualifying instruments, which will be reviewed by the Minister for Finance every three (3) years or sooner, on the advice of the Investment Advisory Committee (IAC). After petroleum reserves are depleted,

the sum of GNPC dividends and GPWF earnings will be used to support the budget through the ABFA.



Figure 16: The Ghana Petroleum Wealth Fund (GPWF)

Source: PIAC's Simplified PRMA

### 8.3 Receipts and Returns on Investments

In 2021, the GPFs received US\$227.50 million from the PHF, with the GSF and GHF receiving US\$159.25 million and US\$68.25 million respectively. The GPFs receipt represented a 36.55 percent increase over the corresponding 2020 receipts.

For the 2021 fiscal year, the Bloomberg Barclays U.S. Treasury Index returned -2.32 percent. Over the same period, the total return on investment for the GHF was -1.76 percent, compared to 4.66 percent (end of 2020). The two-year annualised return (2Y A) was 1.40 percent. The GSF returned 0.03 percent during the review period as compared to 0.35 percent (end of 2020), and a 2-year annualised (2Y A) return of 0.19 percent.

Consequent to this, the Funds' net return on investment was \$14.14 million, down from \$17.51 million at the end of 2020, representing a 19.25 percent decrease. As shown in Figure 17, the GSF contributed 4.46 percent (US\$0.63 million) of net income, compared to 13.10 percent (US\$2.31 million) in 2020, and the GHF contributed 95.54 percent (US\$13.51 million) compared to 86.81 percent (US\$15.20 million) in 2020.

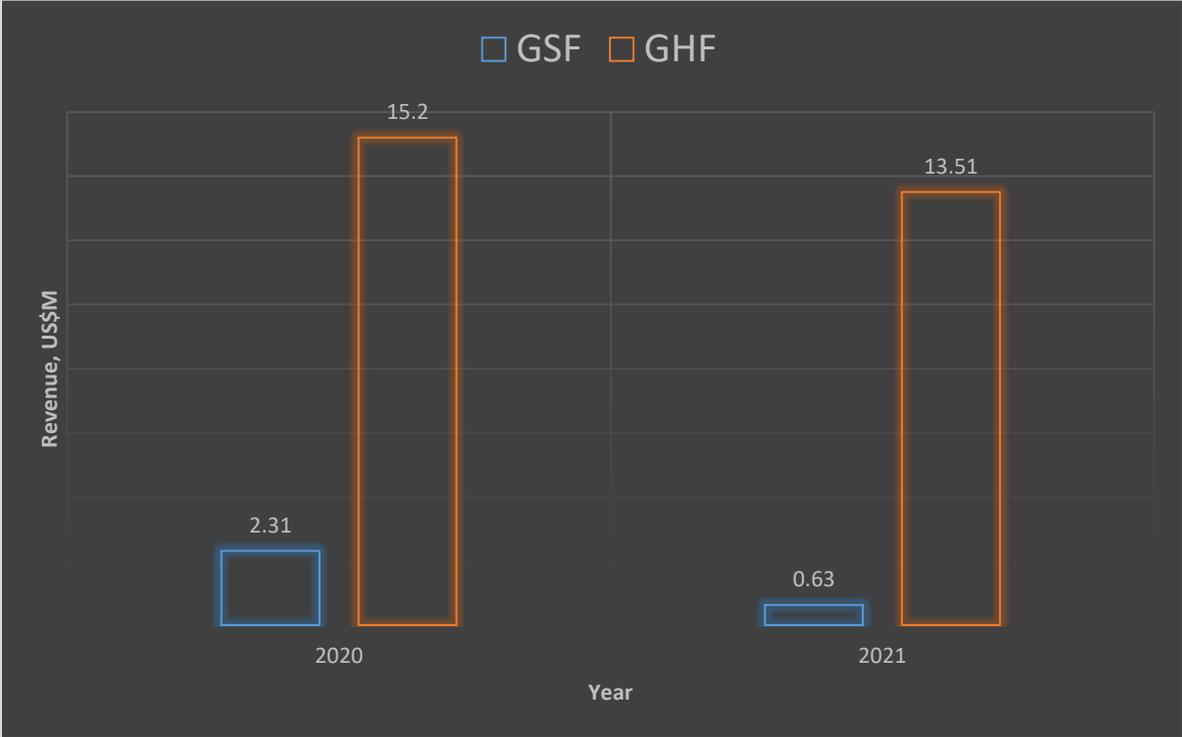


Figure 17: Returns on the Ghana Petroleum Funds in 2020 and 2021 (US\$M)

Source: PIAC's Construct from BoG Figures, 2021

In comparison with the GSF, GHF investments are typically long-term in nature. To take advantage of the entire United States (US) investment yield curve, the GHF is sometimes invested across the entire curve – short, medium, and long terms. Historically, returns have been tied to the 2-year and 10-year US Treasury Notes.

Tables 27 and 28 show the GHF and GSF investment instruments for the period under consideration.

*Table 27: GHF Investment Instruments, 2021*

Investment Instrument	Total Number of Securities held		Amount Invested (US\$)	
	H1	H2	H1	H2
U.S Treasury Bonds	42	41	397,564,092.04	402,095,360.20
Agency Bonds	24	25	122,586,105.39	129,759,744.83
Sovereign Bonds	15	18	110,763,015.08	137,689,813.79
Supranational Bonds	11	11	50,386,176.35	59,674,510.19

*Source: BoG, 2021*

Table 28: GSF Investment Instruments, 2021

Investment Instrument	Total Number of Securities held		Amount Invested (US\$)	
	H1	H2	H1	H2
U.S Treasury Bonds	5	4	112,870,988.98	213,397,851.02
Agency Bonds	2	2	13,103,853.84	12,978,063.66
Sovereign Bonds	1	2	4,943,585.56	10,077,826.31
Supranational Bonds	1	1	6,783,582.08	6,761,594.88

Source: BoG, 2021

#### 8.4 Accumulations and Reserves

The GPFs have accumulated a net return on investment of US\$97.56 million since November 2011, as shown in Figure 18. The GHF and GSF contributed 75 percent and 25 percent respectively.

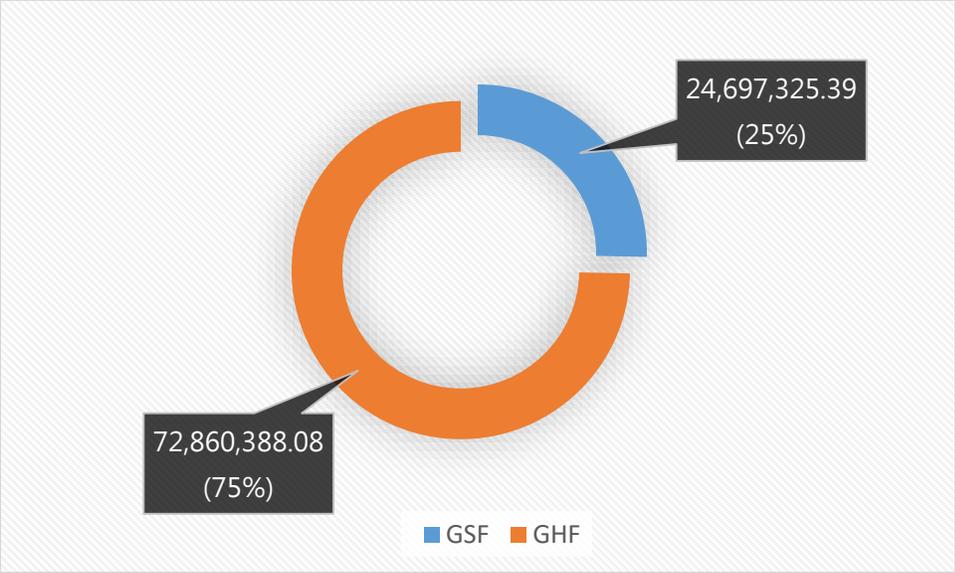


Figure 18: Net Realised Income on the Ghana Petroleum Funds since Inception

Source: PIAC's Construct from BoG Figures, 2021.

Figure 19 shows the total reserves of the GPFs as of the end of 2021, being US\$971.43 million (GHF - US\$726.54 million, GSF - US\$244.89 million). This represented an increase of US\$126.65 million (14.99%) as compared with US\$844.78 million accrued in respect of the 2020 reserve (GHF - US\$644.79 million, GSF - US\$199.99 million).

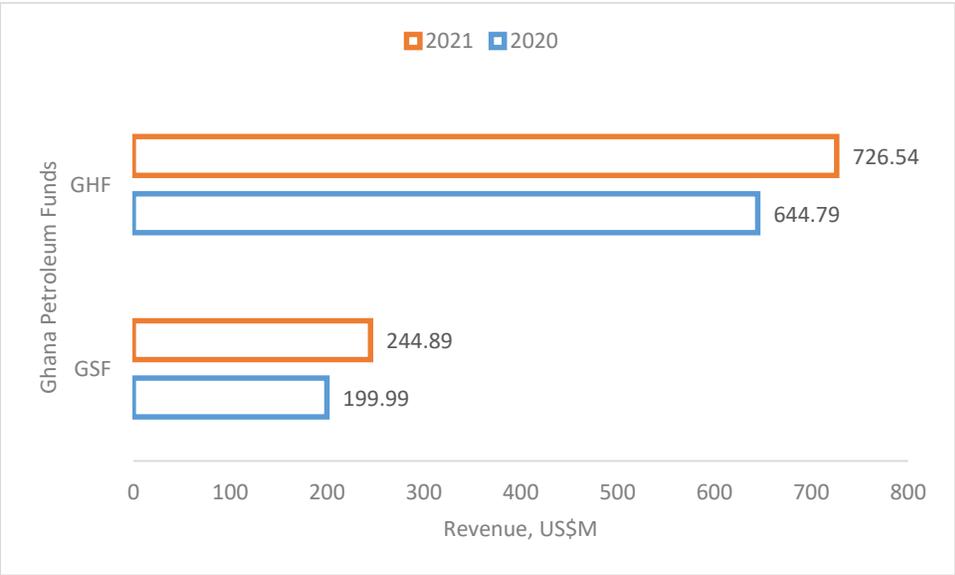


Figure 19: Reserves of the Ghana Petroleum Funds as of December 2021

Source: PIAC's Construct from BoG Figures, 2021

Shown in Table 29 are details of the Funds.

Table 29: Net Accumulated Reserve of the Ghana Petroleum Funds in US\$, 2021

Fund Name	Allocations since Inception	Realised Income (Nov. 2011 – Dec. 2021)	Total since Inception	Withdrawals	Closing Value
GHF	653,677,565.50	72,860,388.08	726,537,953.58	-	726,537,953.61
GSF	1,546,453,001.76	24,697,325.39	1,571,150,327.15	(1,326,261,966.37)	244,888,360.88
Total	2,200,130,567.26	97,557,713.47	2,297,688,280.73	(1,326,261,966.37)	971,426,314.49

Source: BoG, 2021.

## 8.4.1 Ghana Stabilisation Fund

### 8.4.1.1 Withdrawals

In accordance with Section 23(4) of the PRMA, Act 815 as amended by Act 893, the cap on the GSF in 2021 remained unchanged from that of 2020 at US\$100 million, as set by the Minister for Finance and a Parliamentary resolution.

Total withdrawals for the period amounted to US\$114.98 million. The excess over the cap at the end of December 2021 stood at US\$144.89 million, while the closing amount stood at US\$244.89 million, as shown in Figure 19 and the Statement of Account in Table 30.

Table 30: Ghana Stabilisation Fund Statement of Account for 2021

	US\$
Opening Book Value (1 Jan 2021)	199,989,122.92
Receipt During the Period	159,244,656.48
Bank Charges	(9,523.85)
Realised Income	646,521.57
Withdrawal	(114,982,416.24)
Closing Book Value (31 Dec 2021)	244,888,360.88
Net Income for the Period Comprised:	US\$
Investment Income	646,521.57
Bank Charges	(9,523.85)
Net Return for the Period	636,997.72

Source: BoG 2021.

#### 8.4.2 Ghana Heritage Fund

At the end of December 2021, the book value of the Ghana Heritage Fund was US\$726.54 million, as shown in Table 31.

Table 31: Ghana Heritage Fund Statement of Account for 2021

	US\$
Opening Book Value (1 Jan 2021)	644,787,189.85
Receipt During the Period	68,247,709.92
Bank Charges	(42,739.37)
Realised Income	13,545,793.21
Closing Book Value (31 Dec 2021)	726,537,953.62
Net Income for the Period Comprised:	US\$
Investment Income	13,545,793.21

Bank Charges	(42,739.37)
Net Return for the Period	13,503,053.84

Source: BoG 2021.

## 8.5 The Ghana Petroleum Holding Fund (PHF)

The PHF at the end of 2021 held a balance of US\$15.32 million, which comprised a mandatory balance of US\$0.20 million, PHF overnight interest of US\$7,200.00, and corporate income tax of US\$15.11 million.

## Findings/Observations

1. Despite withdrawals (US\$114.98 million) from the GSF in 2021, the reserves of the GPFs increased by 14.99 percent (US\$971.43 million) over that of 2020 (US\$844.78 million).
2. The current cap on the GSF of US\$100 million is not a product of the formula stipulated in L.I 2381. A proper application of the formula should return a figure of US\$384.62 million for the year 2021.
3. The net return on investment of the Ghana Petroleum Funds of US\$14.14 million represents a 19.25 percent reduction from that of 2020 (US\$17.51 million). The End-of-Year (EOY) yield of the GHF was negative 1.76 percent, compared to 4.66 percent (EOY 2020). Likewise, the GSF returned 0.03 percent as compared to 0.35 percent (EOY 2020).

## CHAPTER 9

### 9.0 GNPC ALLOCATION AND UTILISATION

#### 9.0 Introduction

The Ghana National Petroleum Corporation (GNPC) or the Corporation was established in 1983 by the GNPC Act, 1984 (PNDCL 64) to play a key role along the petroleum value chain from licensing and extraction to decommissioning. GNPC is party to every petroleum agreement and holds the state's interest on behalf of the government of Ghana. It may undertake petroleum activity in an area opened for such activity but not covered by a petroleum agreement subject to provisions in the Petroleum (Exploration and Production) Act, 2016 (Act 919).

To provide the needed financial resources for the Corporation, the Petroleum Revenue Management Act, 2011 (Act 815) as amended makes provision for a deduction of equity financing costs (including interests and advances) from the proceeds of the carried and participating interests before payment into the PHF. This is considered as a Level A allocation. In addition, the PRMA also makes provision for allocation to GNPC of not more than 55 percent of the net cash flow from the Carried and Participating Interests (CAPI) after deducting the equity financing cost. This is considered as a Level B allocation. In practice, these allocations have been about 30 percent of net CAPI over the past four years. Level B allocations shall be made to GNPC for a period not exceeding 15 years i.e. until 2026 according to the PRMA. Besides these two main sources of receipts, GNPC also receives training and technology grants from existing Petroleum Agreements (PAs), interest on short-term investments and miscellaneous income.

For 10 years (2011 – 2020), GNPC's receipts in total equity financing costs (Level A receipts) amounted to US\$1.14 billion, representing 55 percent of the total GNPC allocations. Level B receipts for operational costs and other expenditures amounted to US\$921 million, representing 45 percent of total allocations. This brings total receipts of the Corporation to US\$2,059.8 million for the period.

This section provides a review of the allocations and utilisation of GNPC' s receipts for the period January – December 2021.

### 9.1 Budgeted Receipts and Expenditure

GNPC' s projected total revenue for 2021 was US\$1,252.44 million compared with projected expenditure of US\$1,444.14 million, resulting in a deficit of US\$191.70 million. This deficit was to be financed by the estimated balance brought forward, crude oil receivables, collection of GoG and other related debts, and term loans.

The projected revenue and expenditure were made up of:

- Receipts from oil revenue plus training and technology grant and miscellaneous income of US\$299.99 million and expenditure of US\$501.90 million resulting in a net negative position of US\$201.91 million.
- Revenue from gas business of US\$952.45 million and costs of US\$942.23 leaving a net margin of US\$10.22 million.

### 9.2 Actual Allocation

The Corporation received a total amount of US\$228.33 million from petroleum revenue for the full year 2021. This was made up of equity financing costs (Level A allocation) of US\$157.79 million and 30% share of net proceeds (Level B allocation) of US\$70.54 million. Cash balance brought forward from 2020 was US\$2.17 million and receipt from Societe Generale Bank loan of US\$16.14 million brings the total cash available for 2021 to US\$246.64 million. The breakdown is as follows:

#### 9.2.1 Equity Financing (Level A)

- Jubilee Equity financing (share of development & production cost) –US\$96.25 million;

- TEN Equity financing (share of development & production cost) –US\$43.12 million;
- Sankofa (OCTP/ENI) Equity financing (share of development & production cost) –US\$18.42 million.

### 9.2.2 Percentage of Net Proceeds (Level B)

- 30% share of net proceeds of Jubilee crude revenue –US\$38.42 million;
- 30% share of net proceeds of TEN crude revenue – US\$15.65 million;
- 30% share of net proceeds of Sankofa crude revenue – US\$16.47 million.

### 9.3 Expenditure

A total amount of US\$229.29 million (see Table 32) was expended in the period under consideration, leaving a surplus of US\$0.85 million. It is worth noting that the total amount excludes an expenditure of US\$16.51 million on the Takoradi Operational Head Office, financed by a loan obtained from Societe Generale.

*Table 32: GNPC' s Receipts and Expenditure, 2021*

SRN	Item	Receipts (US\$)
1	Level A Receipts (Equity Financing) - Jubilee	96,253,600.24
2	Level B (30% of Net Proceeds) - Jubilee	38,418,315.59
3	Level A Receipts (Equity Financing) - TEN	43,115,588.14
4	Level B (30% of Net Proceeds) - TEN	15,652,014.66
5	Level A Receipts (Equity Financing) - SGN	18,416,019.56
6	Level B (30% of Net Proceeds) - SGN	1,473,182.48
	<b>Total Amount Received (A)</b>	<b>228,328,720.67</b>
<b>Expenditure</b>		
1	Jubilee Equity Financing Cost	72,948,100.52
2	TEN Equity Financing Cost	50,484,895.49

3	Sankofa/OCTP Project	6,313,770.69
4	Exploration and Development Projects (Note 1)	10,636,808.52
5	Staff Cost	22,666,871.05
6	Admin. Capital Expenditure	364,697.80
7	Capital Projects	6,767,936.01
8	General Operational Expenditure	8,482,608.85
9	GNPC Gas Related Payments - Enclave Roads	12,990,665.40
10	SOPCL	1,489,001.67
11	Mid-Stream & Other Projects	6,484,307.29
12	Repayment of Loan for Karpower Barge Movement	11,137,435.50
13	Sustainability and Stakeholder Relations and GNPC Foundation	15,533,909.07
14	Subsidiary Expenditure	2,987,408.45
	<b>Total Expenditure (B)</b>	<b>229,288,416.31</b>
	Net Position (C) (A-B)	(959,695.64)
	Takoradi Operational Headoffice Project (Financed from SG Loan) (D)	(16,507,373.43)
	Cash Brought Forward (01.01.2021) (B)	2,169,575.06
	Drawdown from Societe Generale Bank (SG) Loan (F)	16,143,296.85
	<b>Total Cash Available (G) (C+D+E+F)</b>	<b>845,802.84</b>
	<b>Note 1 - Exploration &amp; Development Projects</b>	
	Voltaian Basin Petroleum Projects	5,459,724.21
	Tano -Heritage (OSWT)	250,618.93
	N&S Tano - Camac (Erin)/Explorco	251,522.74
	A-Z Petroleum	252,567.85
	Springfield	913,986.39
	DWT/CTP - Aker/Exxon Mobil Project	503,045.48
	GH-WB-01 (GNPC)	1,257,613.71
	ENI Block 4	1,107,436.30
	Maritime Boundary Special Project	640,292.89
	<b>Total Non-Jubilee, TEN and SGN Projects</b>	<b>10,636,808.50</b>

*Source: PIAC' s Construct based on GNPC Data 2021*

### 9.3.1 Jubilee Expenditure

An amount of US\$72.95 million representing 32 percent was received during the period under review in respect of GNPC' s share of production and development costs in the Jubilee Field. The total production expenditure incurred by the Jubilee partners for the year was US\$285,348,000 and the GNPC' s share constituted 26 percent.

### 9.3.2 TEN Expenditure

The expenditure of US\$50.48 million representing 22 percent of the amount received during the period under review was in respect of GNPC' s share of production and development cost in the TEN Field. The total production expenditure on the TEN Field was US\$162,641,000 out of which GNPC contributed 31 percent.

### 9.3.3 SGN Expenditure

The expenditure of US\$6.31 million representing three percent (3%) of receipts in 2021 was in respect of GNPC' s share of production and development costs in the Sankofa Field. GNPC' s cost contribution represented 4 percent (4%) of the total production expenditure of US\$170,477,590 by the SGN partners.

### 9.3.4 Exploration & Development Projects

An amount of US\$10.64 million representing five percent (5%) of receipts for the period went to exploration & development projects. The expenditure included the Corporation's cost incurred on nine (9) projects other than Jubilee, TEN and SGN listed in Table 32 including the Maritime Boundary Special Project.

#### 9.3.5 Staff Cost

This expenditure amounted to US\$22.67 million and represents 10 percent of receipts. The amount was spent on remuneration for Technical as well as Petro-business support staff.

#### 9.3.6 Administrative Capital Expenditure

This amounted to US\$0.36 million and represents 0.2 percent of total receipts for the period under review. This was used to procure new laptops, printers, scanners and desktop computers for corporate use.

#### 9.3.7 Capital Projects

An amount of US\$6.77 million, representing investment in the Research and Technology Project, virtualization and IT security solutions, and digital transformation was expended in line with planned expenditure. Disbursements within this category represent three percent (3%) of total receipts.

#### 9.3.8 General Operating Expenditure

An amount of US\$8.48 million representing four percent (4%) of total receipts within the period went into Operating Expenditure. Expenditure items under this included

insurance, utilities, communication expenses, professional services, ICT-related cost, such as, software maintenance, general repairs and maintenance, vehicle repairs and maintenance, among others.

### 9.3.9 GNPC Gas Enclave Roads Payments

The sum of US\$12.99 million, representing six percent (6%) of total receipts, was expended on the Gas Enclave Road project (see Table 33). This represents an increase over the 2020 expenditure of US\$11.72 million and has been a constant item on GNPC' s books. Since 2014, GNPC has expended over US\$120 million on the Western Corridor Roads.

*Table 33: GNPC' s Expenditure on Western Corridor Roads, 2014-2021*

Year	Amount (Million US\$)	Annual Percentage of Expenditure (%)
2014	50.00	28
2015	25.30	20.5
2016	7.58	8.6
2017	6.76	4
2018	4.14	1
2019	2.3	0.8
2020	11.72	6
2021	12.99	6

<b>Total</b>	120.79	
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*Source: PIAC's Construct based on GNPC's Data, 2021*

### 9.3.10 Saltpond Field Decommissioning

An amount of US\$1.49 million was spent on the Saltpond Field representing 0.7 percent of total receipts for the period under review. The amount was spent on salaries, crew change, food supply, fuel, transportation, and severance payments, as well as other preparatory activities towards the Saltpond field decommissioning.

### 9.3.11 Mid – Stream and Other Projects

An amount of US\$6.48 million was spent on Mid-Stream activities, including the Petroleum Hub and City Gate projects. This accounts for three percent (3%) of total receipts for the period under review.

### 9.3.12 Repayment of Loan for Karpower Barge Movement

This represents the repayment of the loan contracted from GCB Bank to facilitate the relocation of the Karpower barge from Tema to Takoradi, which commenced in 2019. In 2021, a total of US\$11.14 million was paid as the 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> instalment payment of the US\$31 million loan. This represents five percent (5%) of total receipts for the period under review. The total amount to be paid by GNPC is US\$36,361,806.65, which includes an interest of US\$5,361,806.65 million. As at end of 2021, GNPC reported that a total of US\$32,973,187.68 (of which US\$21,835,752.18 was paid in 2020).

The movement of the Barge became necessary due to the offtake obligation of the Sankofa Gye-Nyame field gas from the Western enclave to power plants in the East (Tema). The final repayment instalment of this loan is due in the first quarter of 2022.

#### 9.3.13 Sustainability and Stakeholder Relations and GNPC Foundation

A total of US\$15.53 million was spent on sustainability and stakeholder relations, scholarship awards and community projects of the GNPC Foundation (see Appendix D). This represents seven percent (7%) of the total receipts for the period under review.

#### 9.3.14 Subsidiary Expenditure

An amount of US\$2.99 million was spent on salary arrears and preparatory activities for the production of gold at Prestea Sankofa Gold Limited, one of GNPC' s subsidiaries. This represents one percent (1%) of the total receipts for the period under review. According to GNPC, it was directed by the Parliamentary Select Committee on Mines and Energy to put the Mine in good order, pending its sale. The rationale is that with increases in gold prices, the Mine should be a viable business before it is sold for the Corporation to recover its costs.

#### 9.3.15 Takoradi Head Office Project

An amount of US\$16.51 million was spent on the construction works for the Takoradi Operational Head Office of the Corporation. As mentioned above, the construction works were financed by drawdowns from the Societe Generale Bank loan. PIAC,

however, notes with concern that since 2016, GNPC has consistently spent significantly on an expenditure item referred to as “Refurbishment of GNPC's Landed properties in Accra, Tema and Takoradi and ICT Upgrade” . A total of US\$57.36 million had been spent on Landed Properties between 2016 and 2020.

GNPC explains that the decision to construct an operational head-office in Takoradi was a Presidential fiat intended to ensure that the activities of the National Oil Company become a catalyst for stimulating the growth of oil and gas local content in the petroleum enclaves. The amount disbursed in 2021 was in respect of a gabion wall and works on the substructure and superstructure.

*Table 34: GNPC' s Expenditure on Refurbishment of its Landed Properties in Accra, Tema and Takoradi and ICT Upgrade, 2016 -2020*

Year	Amount (Million US\$)	Annual Percentage of Expenditure (%)
2016	12.64	14
2017	7.91	4
2018	13.01	5
2019	6.79	2
2020	17.20	9
<b>Total</b>	<b>57.36</b>	

Source: PIAC' s construct based on previous PIAC Reports

## 9.4 GNPC Foundation

The Foundation has a broader scope and mandate for Corporate Social Investments (CSI), based on three thematic areas of support to stakeholder communities:

- Education and Training;
- Economic Empowerment; and,
- Environment and Social Amenities.

In 2021, the GNPC Foundation received GH¢47,382,351.25 and US\$3,067,098.77 to cover its projects and operational expenses.

Of the total amount received, GH¢42,798,665.52 was spent on projects, US\$3,047,627.80 on foreign scholarships and another GH¢1,876,789.42 on operational expenses, bringing total expenditure to GH¢41,489,786.17 and US\$3,047,627.80. Table 35.

*Table 35: Summary of GNPC Foundation Receipts and Expenditure*

	<b>GH¢</b>	<b>US\$</b>
<b>Total Receipts</b>	<b>47,382,351.25</b>	<b>3,067,098.77</b>
<b>Projects Expenditure</b>		
Education & Training (including local scholarships)	29,909,562.09	
international scholarships		3,047,627.80
Environment & Social Amenities	3,706,514.53	
Economic Empowerment	994,588.55	
Sports	8,188,000.35	
<b>Sub-total (projects)</b>	<b>42,798,665.52</b>	<b>3,047,627.80</b>

Operational expenditure	1,876,789.42	
<b>Total Expenditure</b>	<b>44,675,454.94</b>	<b>3,047,627.80</b>

Source: PIAC Construct based on GNPC Foundation data, 2021

In line with its CSI strategy, the Foundation spent its allocated budget on education, health, sanitation, water, and agriculture. Funds were also channelled in support of sports and a sanitation project being undertaken by a Past Students' Association.

## 9.5 Payments and Guarantees

GNPC's total guarantees and payment receivable amounted to GH¢1.35 billion (see Table 36) as at the end of 2021. These payments and guarantees were made on behalf of State-Owned Enterprises (SOEs), Government of Ghana, national and local infrastructure projects, and outstanding indebtedness associated with gas supplied to GNGC.

*Table 36: GNPC's Payments and Guarantees as at 31st December, 2021*

#	Agency	2021 Outstanding Balance (US\$)	Date Receivables Crystallised	2021 Status
<b>Loan Amounts Due from Government and its Agencies</b>				
1	Government of Ghana	23,217,406.00		Updated to full year
2	MoF Enclave Roads (GHS)	26,901,979.64	2015 to date	No change
3	MoF Enclave Roads (US\$)	17,188,682.54	2015 to date	No change
4	Advance to Ministry of Finance	50,000,000.00	2014	No change
5	Tema Oil Refinery	58,404,875.00	2011	No change

6	ECG-BG Related Charges	4,966,027.40	2015-2017	No change
7	GNGC - 14km Offshore Pipeline	44,618,789.36	2010	No change
8	MOE Current Account (GCB Bank Loan)	3,712,478.50	2018/19	The increment is as a result of the deferred repayment interest
9	*OCTP Escrow	100,000,000.00	2018/19	No Change
10	MoF BOST Under recoveries	20,177,583.00	2015	Final Under recovery amount recommended to MoF for settlement by EY audit review
	<b>Sub-total</b>	<b>349,187,821.44</b>		
<b>Outstanding from Gas Sales</b>				
11	Volta River Authority	253,503,285.68	ongoing	Not paid
12	Total outstanding receivables from GNGC	610,816,022.13	ongoing	
	<b>Sub-total</b>	<b>864,319,307.81</b>		
<b>Guarantees</b>				
13	**Karpower Guarantees	136,000,000.00		Total Karpower Guarantees outstanding is US\$136 million of which Guarantee A (for early termination and reducible by 10% annually) is US\$57 million and Guarantee B (for Capacity) is US\$79 million
	<b>Sub-total</b>	<b>136,000,000.00</b>		
	<b>Total</b>	<b>1,349,507,129.25</b>		

Source: GNPC Data, 2021

\*OCTP Escrow - Represents funds put in an escrow for security which has been utilised by contractors because of non-payment by users.

\*\*Karpower Guarantees are Contingent Liabilities. The issuance fees are paid by GoG when they fall due.

In its work programme for 2021, GNPC indicated that it was aiming to recover a minimum of US\$126.68 million, out of an accumulated total of US\$318.09 million, owed the Corporation by Government of Ghana and its Agencies. The Corporation indicated that this was necessary if the Corporation is to balance its 2021 Budget. However, no amount was recovered at the end of 2021.

In that regard, the Corporation put together a 3-year staggered repayment plan for outstanding receivables some of which have been outstanding since 2011 and are seriously hampering the effective implementation of the Corporation' s mandate and work programmes.

## Findings/Observations

1. In 2021, GNPC could not realise its budgeted revenue from loans and guarantees amounting to US\$126.68 million out of an accumulated total of US\$318.09 million owed the Corporation by Government and its agencies since 2011.
2. In 2021, the Corporation spent US\$640,292.89 on the Maritime Boundary Special Project (MBSP). Cumulatively, GNPC has spent a total of US\$11.85 million on Maritime Boundary related activities, even though the Ghana Boundary Commission is responsible for such activities.

## CHAPTER 10

### 10.0 OPERATIONS OF THE GHANA NATIONAL GAS COMPANY

Ghana is endowed with a gas reserve potential of about 2.23 Trillion Cubic Feet on its three (3) producing fields offshore. To harness this, a National Gas Development Taskforce was commissioned in February 2011 by the Government to build the needed gas infrastructure system. In April 2011, the Taskforce submitted its report, recommending the evacuation and treatment of associated gas from the Jubilee Field.

Acting upon the above recommendations, the Government sanctioned the establishment of an indigenous company to undertake the project. As a result, the Ghana National Gas Company (GNGC) was formed, to give true meaning to the Government' s emphasis on indigenisation of the oil and gas industry. The Company is the nation' s premier mid-stream gas company that owns and operates infrastructure required for the gathering, transporting and marketing of natural gas resources in Ghana.

Currently, the power generation sector uses the bulk of the country' s indigenous gas, with about 13 percent used for non-power activities. Ghana' s gas resource therefore plays a crucial role in government' s effort to provide affordable and reliable fuel for power supply upon which socio-economic development can be built. However, the gas industry is challenged by financial hurdles, arising from payment deficits.

## 10.1 Technical and Commercial Operations

The Company has the responsibility to build, own and operate natural gas infrastructure required for gathering, processing, transportation and marketing of natural gas and natural gas liquids.

GNGC supplies gas to the Volta River Authority (VRA) and other commercial entities for power generation and industrial use. The gas infrastructure comprises the National Gas Transmission System (NGTS) and a Processing Plant, with main elements as shown in Figure 20:

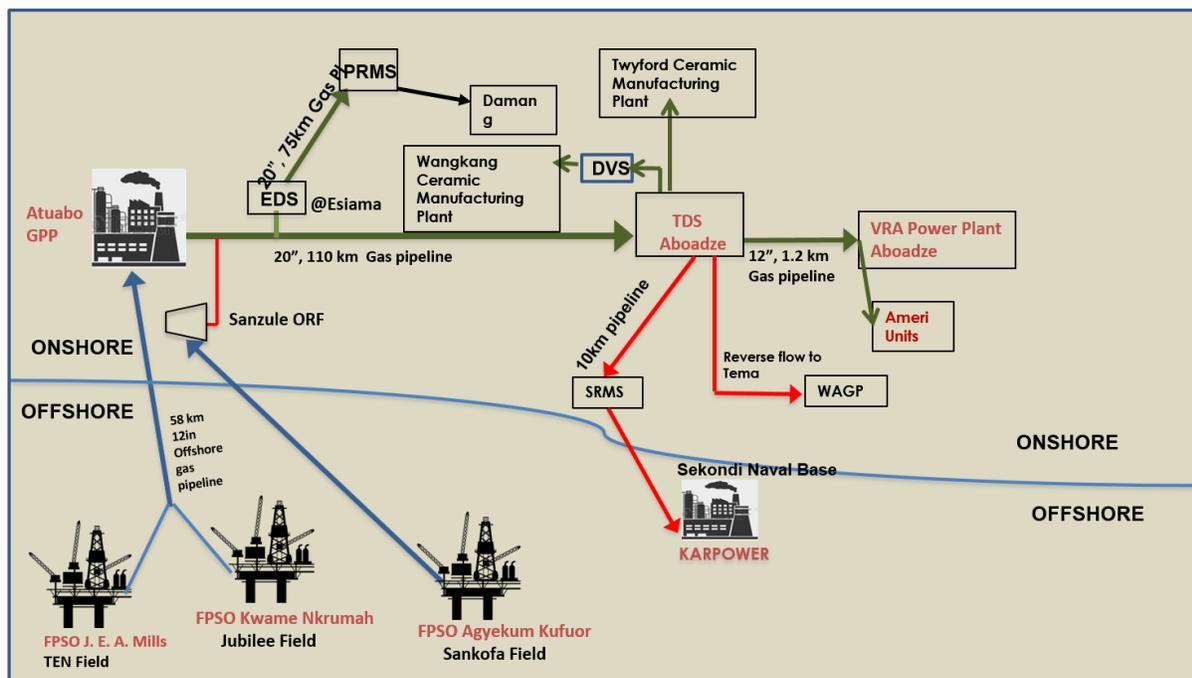


Figure 20: GNGC Gas Infrastructure

Source: GNGC, June 2020.

In an effort to increase operational and process efficiency along Ghana's gas sector value chain, the Government in May 2020, approved the commencement of a process to consolidate mid-stream gas services in Ghana (i.e. aggregation, shipping and operation) such that the GNGC becomes an Integrated Gas Company.

The four roles of the gas value chain are as follows:

- **Gas aggregation:** the gathering of both domestic and international gas. Currently, GNPC remains the gas aggregator;
- **Gas processing:** the processing of raw gas into lean gas and other derivatives for downstream use. Some of these derivatives are condensates, LPG and isopentanes. GNGC currently processes raw gas from the Jubilee and TEN Fields;
- **Gas shipping:** the sale of processed gas to downstream customers. Currently, GNPC performs this role (power customers) whiles GNGC ships to non-power customers; and
- **Gas transportation:** the transportation of lean gas and other derivatives through gas pipelines to downstream customers. Currently, GNGC and WAPCo are the most recognised transporters.

## 10.2 Volumes and Cost of Raw Gas Received from GNPC

As at 31<sup>st</sup> December, 2021, a total volume of 33,762.38MMSCF of raw gas from the Jubilee and TEN Fields, invoiced at US\$186,138,330.33,<sup>8</sup> was received from GNPC. Table 37 provides Jubilee and TEN raw gas quantities received from GNPC for the period under review.

The volumes and cost of raw gas received from GNPC over the period have been quite erratic. Figure 21, however, shows an increasing export trend, translating into an increase of 9.55 percent as compared to the exports in 2020.

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<sup>8</sup> GNPC reported an amount of US\$182,823,487.80 for raw gas invoiced during the period. There is the need for the two institutions to reconcile the difference.

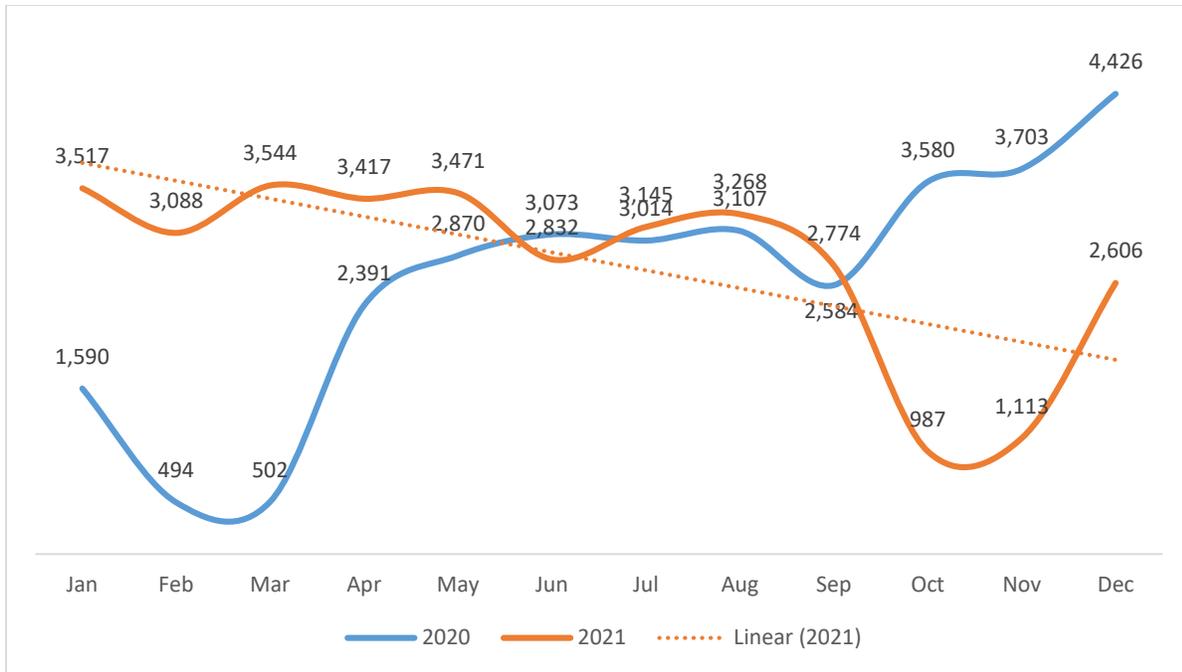


Figure 21: Volumes of raw gas exported to GNGC

Source: PIAC Construct Based on GNGC Data, January 2022

### 10.3 Processed Volumes

#### 10.3.1 Lean Gas and Other Derivatives

Total volumes of 30,567.45MMScf; 93,155.47M<sup>3</sup> and 28,751.15M<sup>3</sup> of Lean Gas, LPG and Condensates respectively were processed during the period (see Table 37 and Figure 22).

Table 37: Volumes of Processed Derivatives – Jan to December 2021

S/N	Month	Jubilee/TEN Raw Gas Received from Upstream	Lean Gas Produced from Jubilee	Gas for LPG Produced	Condensate
		MMScf	MMScf	MT	MT
1	January	3,516.91	3,153.68	9,789.75	2,850.25

2	February	3,087.77	2,789.85	8,809.74	2,510.83
3	March	3,544.36	3,170.90	9,281.48	2,512.69
4	April	3,416.51	3,119.59	9,703.38	3,253.53
5	May	3,470.96	3,104.47	9,378.01	3,153.70
6	June	2,832.39	2,589.52	7,584.14	2,538.18
7	July	3,145.42	2,755.96	8,567.25	2,861.38
8	August	3,267.64	2,844.57	7,951.82	2,649.51
9	September	2,774.10	2,586.79	7,423.16	2,385.42
10	October	986.89	934.91	3,125.06	877.30
11	November	1,113.03	1,056.93	3,370.34	966.00
12	December	2,606.40	2,460.27	8,171.33	2,192.36
	<b>Total</b>	<b>33,762.38</b>	<b>30,567.45</b>	<b>93,155.47</b>	<b>28,751.15</b>

Source: GNGC, 2021

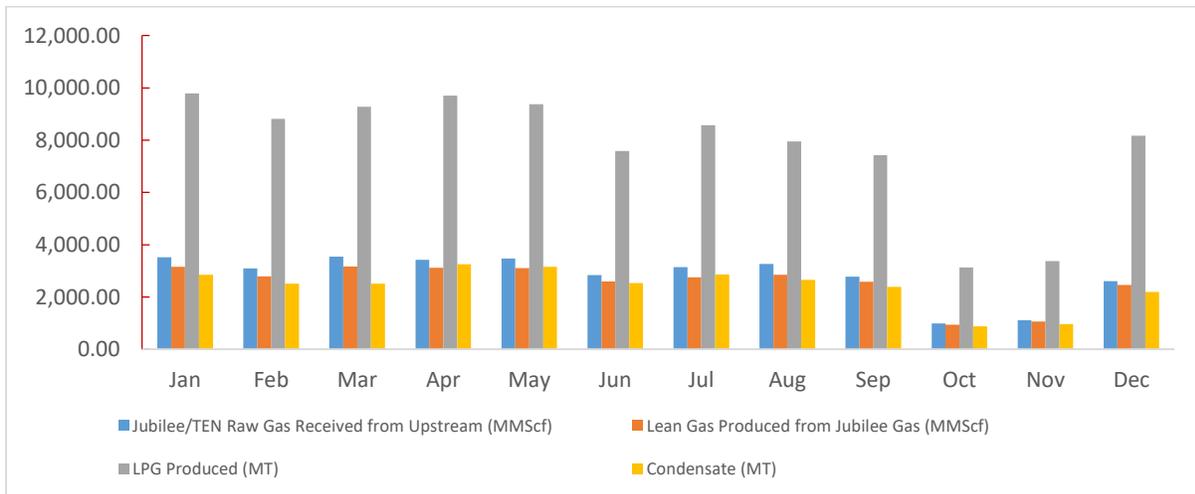


Figure 22: Volumes of Processed Derivatives – Jan to December 2021

Source: PIAC Construct based on GNGC data, 2021

## 10.4 Summary of Receipts and Outstanding Receivables of Processed Derivatives

As at 31<sup>st</sup> December, 2021, a total of US\$179,558,120.11 out of US\$291,791,125.33 had been received from the sale of LPG, Lean Gas and Stabilised Condensates produced as well as payment under the Cash Waterfall Mechanism (CWM). This brought the cumulative outstanding receivables due GNGC to US\$878,165,155.74 at the end of the period, as shown in Table 38.

*Table 38: Summary of Receipts and Outstanding Receivables — January to December, 2021*

Company	Product Sold	Volumes MT/MMBtu	Amount invoiced US\$	Payment Received US\$	Payment Outstanding US\$
<b>Opening Balance</b>					<b>765,932,150.52</b>
Globex Energy Ltd	Stabilised Condensates	6,736.08	2,788,154.56	2,598,788.76	189,365.80
LHS Ghana Ltd	Stabilised Condensates	1,053.89	339,999.10	371,295.58	(31,296.48)
Battop	Stabilised Condensates	93.48	23,361.50	50,188.08	(26,826.58)
Maranatha Oil Service Ltd	Stabilised Condensates	3,713.98	1,465,472.30	1,543,116.48	(77,644.18)
Firm Energy	Stabilised Condensates	1,072.50	356,602.54	416,093.09	(59,490.55)
Dome Energy	Stabilized Condensates	7,388.47	2,766,118.62	1,989,510.18	776,608.44
Chase	Stabilized Condensates	1,286.69	474,702.45	500,719.58	(26,017.13)
Mobile Oil	Stabilized Condensates	215.10	54,277.46	92,133.17	(37,855.71)
Oil Trade Co. Ltd	Stabilized Condensates	1,734.28	670,568.06	694,960.29	(24,392.24)
Lemla Ltd	Stabilized Condensates	1,037.40	341,612.30	314,960.62	26,651.67
Hask Oil Ltd	Stabilized Condensates	1,038.07	497,520.62	508,438.48	(10,917.85)
Eagle Petroleum Ltd	Stabilized Condensates	1,521.84	738,070.43	606,727.10	131,343.33
Hilson	Stabilized Condensates	291.92	131,353.64	54,389.26	76,964.38
SA Energy	Stabilized Condensates	246.73	134,958.54	48,173.06	86,785.48
Everstone	Stabilized Condensates	409.02	193,128.88	193,113.68	15.20
Sage Distribution Ltd (Sage Petroleum)	LPG	90,327.56	50,049,339.85	43,183,031.11	6,866,308.74
VRA	Lean Gas	23,202,934.1	141,052,956.84	71,511,235.92	69,541,720.92

		3			
WangKang Gh. Ceramic Ltd	Lean Gas	3,268,321.36	13,726,949.71	13,104,901.57	622,048.14
Jintao Sanitary ware	Lean Gas	3,235.62	11,801.81	-	11,801.81
Keda Gh. Ceramic Ltd (Twyford)	Lean Gas	2,463,900.78	10,348,383.29	10,521,313.19	(172,929.90)
Genser Energy	Lean Gas	7,923,195.56	8,826,439.86	4,225,883.80	4,600,556.06
OCTP Transportation Service	Lean Gas	78,840,656.70	56,799,352.96	27,029,147.11	29,770,205.85
UNALLOCATED CWM RECEIPTS				32,131,473.69	(32,131,473.69)
<b>TOTAL</b>			291,791,125.33	179,558,120.11	878,165,155.74

*Source: GNGC, 2021*

## 10.5 Cost of Processed Derivatives

### 10.5.1 Lean Gas

During the period, GNGC did not receive the bulk of its income from the sale of Lean Gas, contrary to previous years. Nonetheless, some revenue accrued from GNPC - OCTP Transportation Service to convey Lean Gas to the various required facilities. Out of a total of US\$78,297,090.93 accrued from these activities, transportation service fees constituted 5.05 percent (US\$3,952,534.10), unlike in 2020 where there was no receipt.

As presented in Table 39, the total sales volume of Lean Gas for 2021 was 109,868,467.87 MMBtu, compared with the sales volume in 2020 of 100,518,510.40 MMBtu, translating into a 9.30 percent increase. Similarly, the total gross revenue realised for 2021 was US\$230,765,884.47, compared with total gross revenue realised in 2020 of US\$219,581,849.30, translating into a 5.09 percent increase.

Table 39: Summary of Lean Gas Product Statement — January to December, 2021

Date	Company	Volume (MMBtu)	Price (US\$/MMBtu)	Value (US\$)	Volume/Month (MMBtu)	Gross Revenue (US\$)
January	VRA	2,688,448.35	6.0791	16,343,346.38	10,434,234.9703	24,017,312.60
	WangKang	248,374.05	4.20	1,043,170.99		
	Keda (Twyford)	172,044.85	4.20	722,588.37		
	Sankofa Transported Gas	6,703,133.30	0.778	5,215,037.71		
	Genser	622,234.42	1.114	693,169.14		
February	VRA	2,404,565.42	6.0791	14,617,593.66	9,660,881.8823	21,789,742.59
	WangKang	238,986.08	4.20	1,003,741.55		
	Keda (Twyford)	152,215.82	4.20	639,306.43		
	Sankofa Transported Gas	6,305,466.29	0.778	4,905,652.78		
	Genser	559,648.26	1.114	623,448.17		
March	VRA	2,834,353.76	6.0791	17,230,319.94	10,112,189.5317	24,571,929.0
	WangKang	258,883.43	4.20	1,087,310.41		
	Keda (Twyford)	167,877.95	4.20	705,087.41		
	Sankofa Transported Gas	6,199,064.28	0.778	4,822,872.01		
	Genser	652,010.11	1.114	726,339.26		
April	VRA	2,592,370.50	6.0791	15,759,279.51	10,417,423.4124	23,440,746.99
	WangKang	251,971.15	4.20	1,058,278.83		
	Keda (Twyford)	151,103.07	4.20	634,632.90		
	Sankofa Transported Gas	6,784,311.05	0.778	5,278,194.00		
	Genser	637,667.64	1.114	710,361.75		
May	VRA	2,676,916.04	6.0791	16,273,240.27	9,923,772.587	23,636,450.17
	WangKang	265,996.82	4.20	1,117,186.66		
	Keda (Twyford)	172,867.09	4.20	726,041.78		
	Sankofa Transported Gas	6,143,221.25	0.778	4,779,426.13		
	Genser	664,771.39	1.114	740,555.32		
June	VRA	1,890,621.51	6.0791	11,493,277.23	8,852,162.3315	18,773,958.02
	WangKang	275,619.17	4.20	1,157,600.50		
	Keda(Twyford)	205,804.41	4.20	864,378.52		
	Sankofa Transported Gas	5,833,776.29	0.778	4,538,677.95		
	Genser	646,340.96	1.114	720,023.83		
July	VRA	2,247,735.18	6.0791	13,664,206.95	9,422,555.7366	21,290,199.9
	WangKang	275,174.63	4.2	1,155,733.46		
	Keda(Twyford)	249,979.59	4.2	1,049,914.26		
	Sankofa Transported Gas	5,914,830.54	0.778	4,601,738.16		

	Genser	734,835.79	1.114	818,607.07		
August	VRA	2,273,429.79	6.0791	13,820,407.02	9,046,973.407	21,166,287.4
	Jintao sanitary ware	402.95	6.0791	1,469.74		
	WangKang	277,639.78	4.2	1,166,087.09		
	Keda(Twyford)	260,118.63	4.2	1,092,498.23		
	Sankofa Transported Gas	5,536,876.60	0.778	4,307,689.99		
	Genser	698,505.67	1.114	778,135.31		
September	VRA	1,868,435.99	6.0791	11,358,409.24	7,985,751.938	17,962,968.7
	Jintao sanitary ware	773.98	6.0791	2,823.06		
	WangKang	277,394.21	4.2	1,165,055.70		
	Keda(Twyford)	194,791.13	4.2	818,122.77		
	Sankofa Transported Gas	4,968,021.92	0.778	3,865,121.05		
	Genser	676,334.70	1.114	753,436.85		
October	VRA	130,572.33	6.0791	793,762.24	7,307,423.399	8,305,595.9
	Jintao sanitary ware	742.02	6.0791	2,706.48		
	WangKang	308,659.31	4.2	1,296,369.09		
	Keda(Twyford)	187,281.31	4.2	786,581.49		
	Sankofa Transported Gas	5,998,604.08	0.778	4,666,914.19		
	Genser	681,564.08	1.114	759,262.39		
November	VRA	29,125.08	6.0791	177,054.29	7,138,821.477	7,849,100.6
	Jintao sanitary ware	709.45	6.0791	2,587.70		
	WangKang	287,120.00	4.2	1,205,904.00		
	Keda(Twyford)	269,149.77	4.2	1,130,429.04		
	Sankofa Transported Gas	5,852,980.08	0.778	4,553,618.50		
	Genser	699,737.09	1.114	779,507.12		
December	VRA	1,566,360.17	6.0791	9,522,060.11	9,566,277.199	17,961,592.6
	Jintao sanitary ware	607.22	6.0791	2,214.82		
	WangKang	302,502.72	4.2	1,270,511.43		
	Keda(Twyford)	280,667.17	4.2	1,178,802.10		
	Sankofa Transported Gas	6,766,594.45	0.778	5,264,410.48		
	Genser	649,545.47	1.114	723,593.65		
TOTAL					109,868,467.87	230,765,884.47

Source: GNGC, 2021

### 10.5.2 Liquefied Petroleum Gas (LPG)

In comparison with 2020, GNGC received the bulk of its income from the sale of LPG to Sage Distribution Ltd (Sage Petroleum). As shown in Figure 23, the volume of LPG sold from January to December, 2021 was 90,327.56MT while that of 2020 was 81,152.48MT, indicating an 11.31 percent increase.

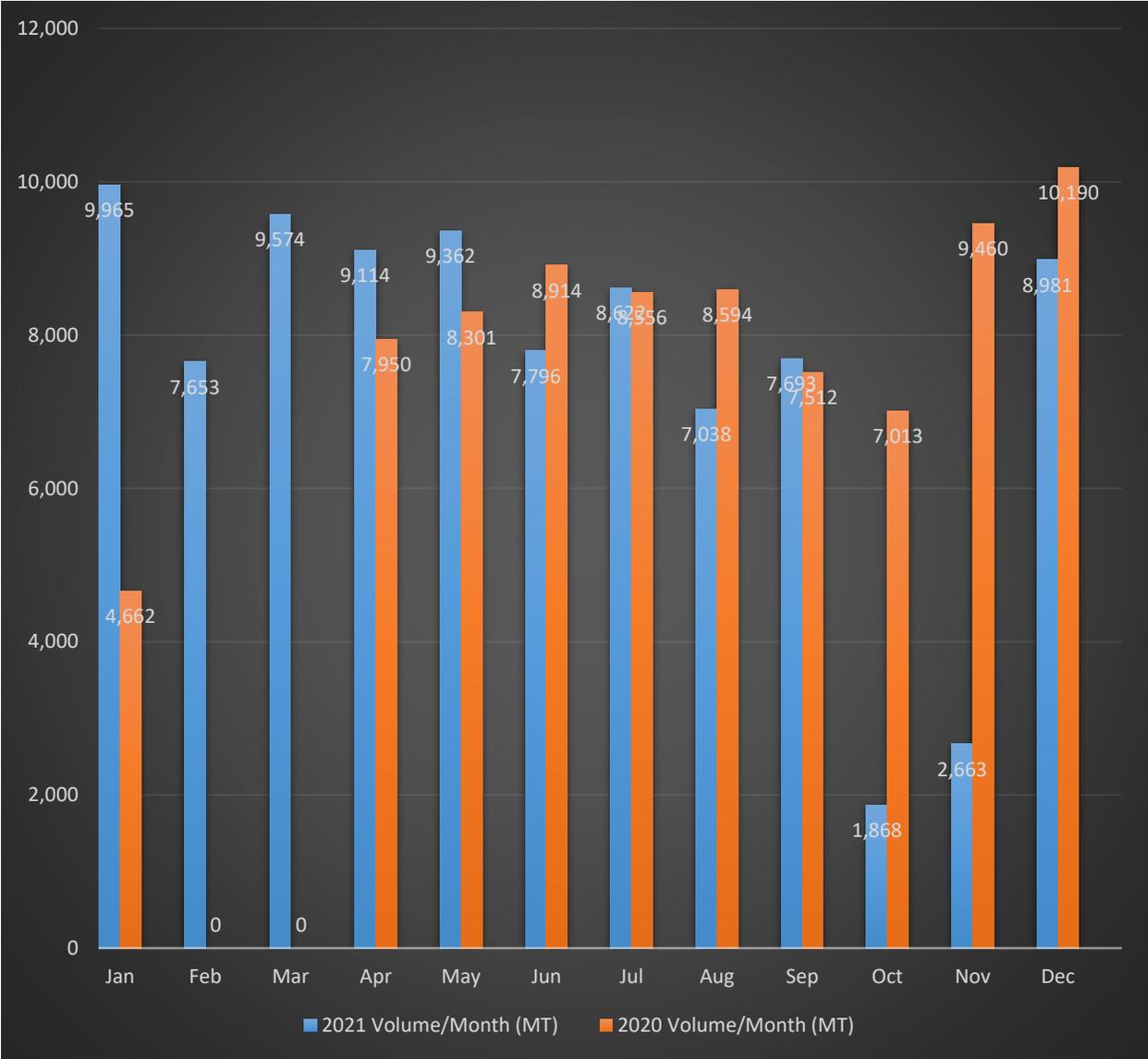


Figure 23: Full Volumes of LPG in MT for Jan-December 2021

Source: PIAC Construct based on GNGC Data, January 2022

However, the amount invoiced for total LPG sold in 2021 was US\$50,049,339.85 while that of 2020 for the same period was US\$24,804,618.26 (see Table 40). This represents an appreciation in LPG revenue of 101.77 percent. The remarkable increase was mainly due to increased production volumes and price of the commodity.

Table 40: Summary of LPG Product Statement- January to December 2021

LPG STATEMENT – JAN-DEC 2021							
Date	Volume (MT)	Price (US\$/MT)	Value (US\$)	Volume/Month (MT)	Gross Revenue (US\$)	Discount (US\$)	Net Revenue (US\$)
Jan-21	4,789.78	445.69	2,134,778.57	9,964.544	4,458,247.16	99,645.44	4,358,601.72
	5,174.76	449.00	2,323,468.59				
Feb-21	4,125.581	454.5909	1,875,451.58	7,653.323	3,662,693.87	76,533.23	3,586,160.64
	3,527.742	506.625	1,787,242.29				
Mar-21	5,065.07	527.7273	2,672,974.66	9,574.214	5,025,621.74	95,742.14	4,929,879.60
	4,509.15	521.75	2,352,647.08				
Apr-21	4,430.63	511.7727	2,267,476.86	9,114.048	4,677,679.30	91,140.48	4,586,538.83
	4,683.42	514.625	2,410,202.44				
May-21	4,422.52	480.1136	2,123,312.96	9,362.274	4,503,161.98	93,622.74	4,409,539.24
	4,939.75	481.775	2,379,849.02				
Jun-21	2,955.89	467.00	1,380,401.10	7,795.579	3,888,789.61	77,955.79	3,810,833.82
	4,839.69	518.2955	2,508,388.51				
July	4,559.41	561.75	2,561,247.44	8,621.597	5,097,576.70	86,215.97	5,011,360.73
	4,062.19	624.38	2,536,329.26				
August	2,598.02	635.80	1,651,811.33	7,038.065	4,524,981.16	70,380.65	4,454,600.51
	4,440.04	647.10	2,873,169.83				
September	4,429.15	644.55	2,854,810.57	7,692.513	5,080,422.22	76,925.13	5,003,497.07
	3,263.36	682.00	2,225,611.66				
October	708.19	706.63	500,427.17	1,868.0218	1,398,480.95	18,680.22	1,379,800.73
	1,159.83	774.30	898,053.78				
November	2,662.80	812.11	2,162,484.07	2,662.797	2,162,484.07	26,627.97	2,135,856.10
	-	825.48	-				
December	4,025.07	766.82	3,086,493.10	8,980.586	6,472,476.71	89,805.86	6,382,670.85
	4,955.52	683.28	3,385,983.61				
TOTAL				90,327.56	50,952,615.47	903,275.62	50,049,339.85

Source: GNGC, January 2022

### 10.5.3 Condensates

The volume of Condensates sold from January to December, 2021 was 27,839.45MT while that for the same period in 2020 was 28,674.18MT. This translates into a decrease of 834.73MT, representing a decrease of 2.91 percent. Figure 24 illustrates the monthly volumes of Condensates sold during the period under review.

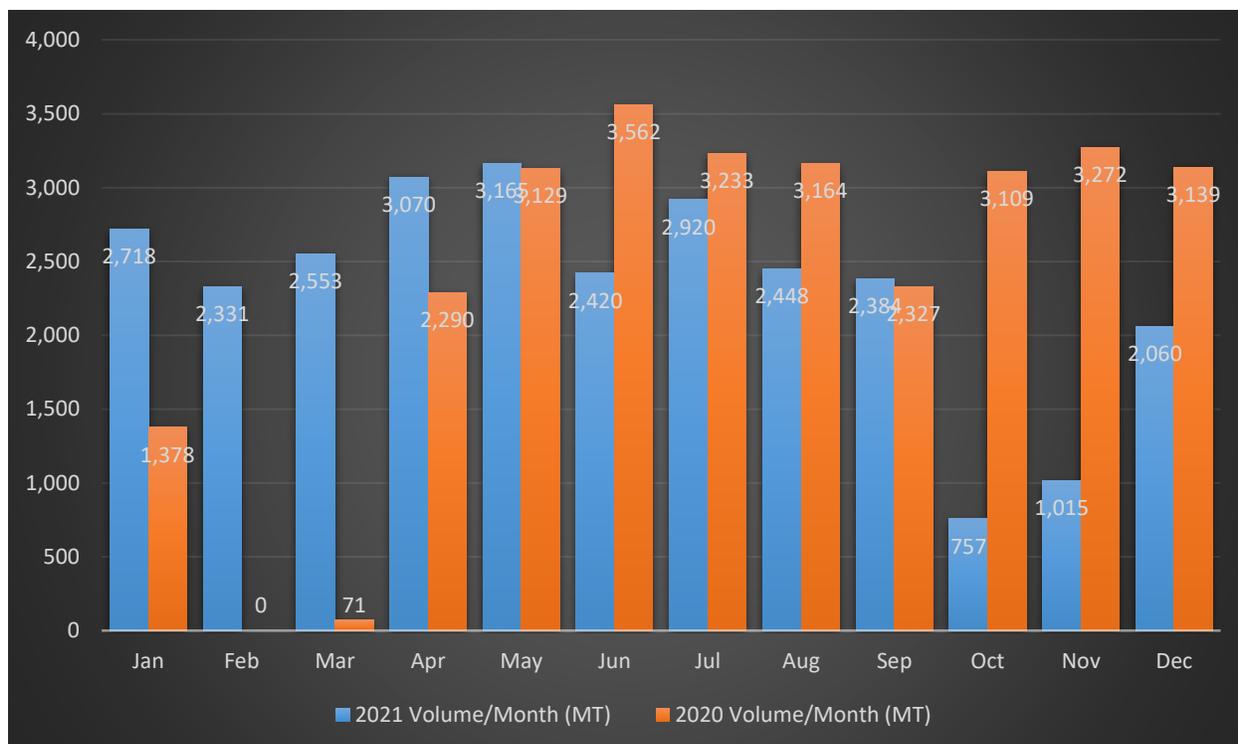


Figure 24: End-Year Volumes of Condensates (MT) – Jan-Dec 2021

Source: PIAC Construct based on GNGC data, 2021

The revenue realised from the sale of Condensates for January to December 2021 was US\$10,975,901.01 while that of 2020 was US\$3,769,402.00, representing an increase of US\$7,206,499.01, translating into 291.18 percent increase in revenue. The 2021 impressive revenue performance was due to the significant increase in prices of the commodity.

## 10.6 Summary of GNGC Expenditure

Table 41 presents a detailed break-down of all expenditure incurred during the period, including the cost of operating the Atuabo Gas Processing Plant.

*Table 41: Breakdown of GNGC Expenditure, 2021*

No.	Ghana National Gas Total Expenses (Jan – Dec 2021)		
	Category	Amount ' 000 (GH ¢)	Percentage of Total Expenses
1	Manpower Expenses	195,230	10.7
2	Directors Fees & Other Board Expenses	1,518	0.1
3	General Admin Expenses	15,232	0.8
4	Staff Business Expense	11,015	0.6
5	Professional Services	822	0.0
6	Bank Service Charges	1,074	0.1
7	Corporate Social Responsibility	45,899	2.5
8	Business Support	12,245	0.7
9	Pass Through Direct Cost	1,097,743	60.3
10	Depreciation & Amortisation	161,612	8.9
11	Operational Expenses	206,516	11.4
12	Finance Cost	13,843	0.8
13	Forex Loss/Gain	56,637	3.1
	<b>Total Expenses</b>	<b>1,819,385</b>	<b>100.0</b>

*Source: GNGC, 2021*

Total expenditure for 2021 amounted to GH ¢ 1,819,385,000.00. “Pass Through Direct Cost” constituted the highest expenditure item of GH ¢ 1,097,743,000.00 while at GH¢822,000 that of Professional services was the least amount.

### 10.7 Cost of Raw Gas and Indebtedness

As at 31<sup>st</sup> December, 2021, GNGC’ s cumulative indebtedness to GNPC amounted to US\$561,458,835.81 as compared to US\$435,834,104.63 during the same period in 2020. The escalating debt is attributable to VRA’ s inability to meet its debt service obligation. Figure 25 depicts the yearly indebtedness of the Company to GNPC.

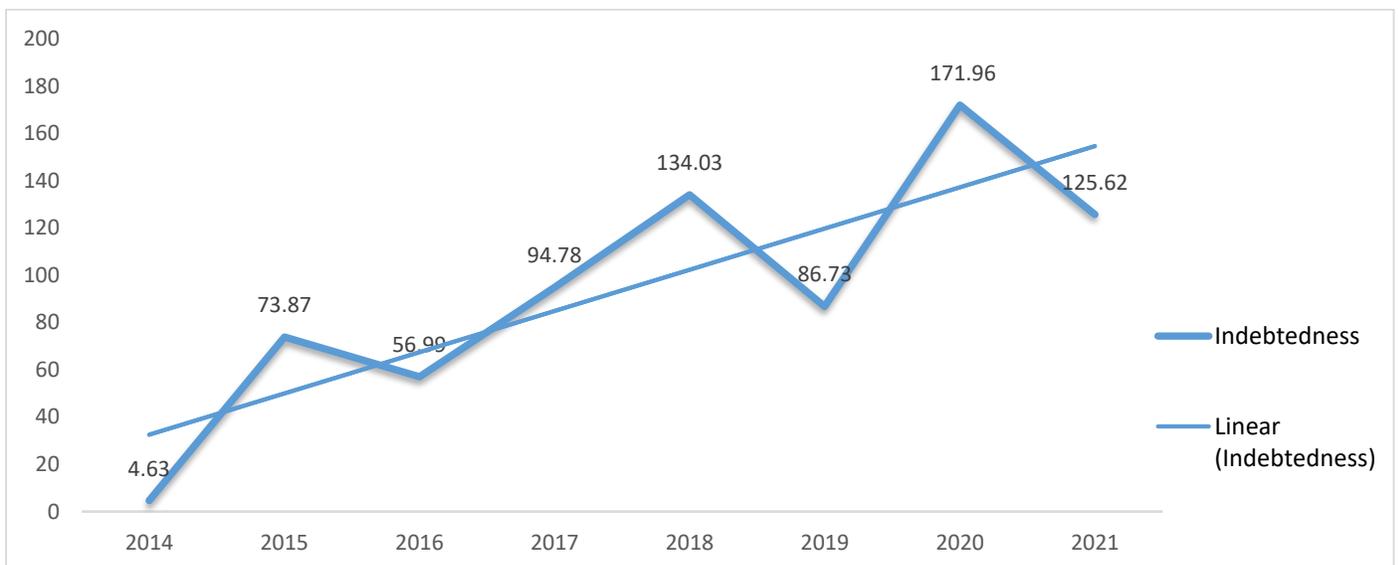


Figure 25: Yearly Indebtedness of GNGC to GNPC

Source: PIAC Construct based on GNGC data, 2021.

The total volume of raw gas sales to GNGC by GNPC amounted to 34,325,992.56 MMBtu in 2021, representing an increase of 9.55 percent over the 2020 volume of 31,333,844.70 MMBtu. On the revenue side, the total indebtedness to GNPC as at 31<sup>st</sup> December, 2021 stood at US\$125.62 million compared to US\$171.96 million for the same period in 2020. The reduction of GNGC’ s indebtedness may be due to

payments made on behalf of the company under the CWM during the period. Figure 26 illustrates GNGC's indebtedness to GNPC for the period.

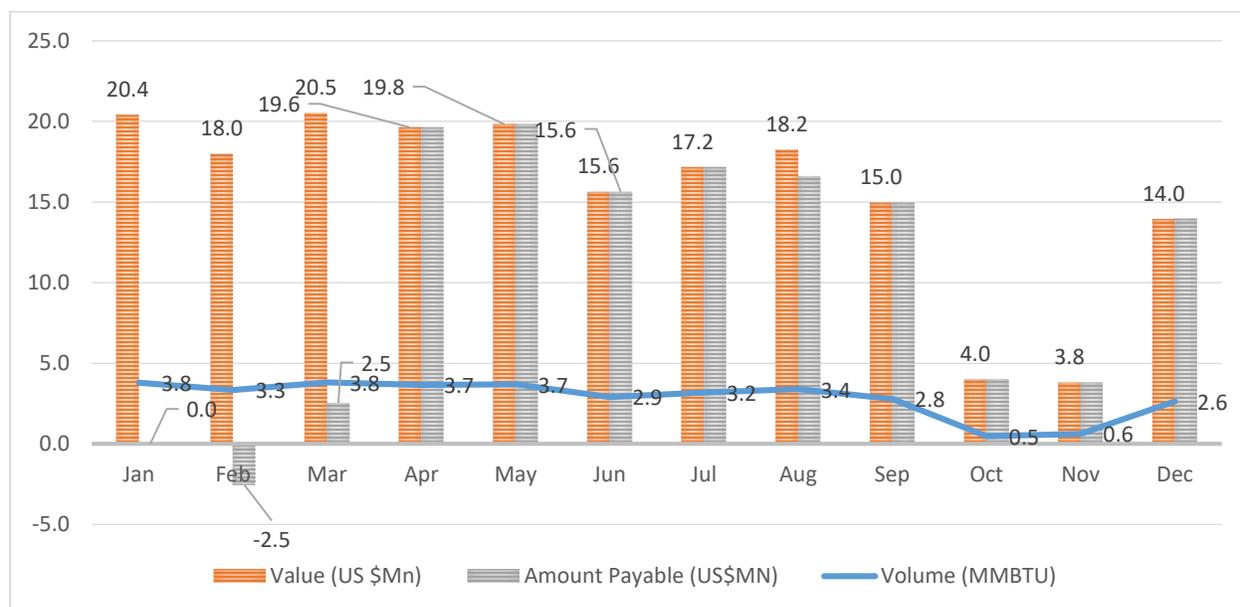


Figure 26: GNGC Indebtedness to GNPC – Jan to Dec 2021

Source: PIAC Construct, 2021

### 10.8 Revenue from Cash Waterfall Mechanism

Table 42: sets out payments received by GNGC for gas invoices submitted

Table 42: Summary of CWM Revenue - January to December 2021

Details	Amount (GH ¢)	Amount (US\$)
Payment received by GNGC from CWM	380,078,608.24	65,562,257.94
CWM Payments to PURC on behalf of GNGC	26,753,666.52	4,595,999.63
CWM Payments to GNPC on behalf of GNGC	351,862,024.93	60,513,599.15

<b>Total</b>	<b>758,694,299.69</b>	<b>130,671,856.72</b>
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*Source: GNGC, 2021.*

### 10.9 Other Relevant Information and Updates in Connection with New Developments and market Information

- Gas Supply to Ashanti Region — Genser Energy, with the approval of GNGC as the Natural Gas Transmission Utility (NGTU), has constructed the 20-inch Prestea-Kumasi natural gas pipeline project up to Dawusaso (Dawusaso Branch Point Station, DBPS) in the Ashanti Region, from where it would be extended to Kumasi. Additionally, a lateral pipeline is expected to be constructed from the DBPS to Nyinahin to support bauxite mining activities.
- The Prestea-Kumasi natural gas pipeline project is to facilitate power generation in the Middle Belt of the Country (Kumasi) to ensure a more robust power system network. Furthermore, the project will also serve as a catalyst to drive industrialisation in the region and its environs. The pipeline has subsequently been commissioned up to the DBPS.

## CHAPTER 11

### PETROLEUM REVENUE OUTLOOK

#### Global Economic Growth

Global growth is expected to be moderate from an estimated 5.9 percent in 2021 to 4.4 percent in 2022 and 3.8 percent for 2023, according to the International Monetary Fund (IMF) in its January 2022 World Economic Outlook (WEO) Report. The projection for 2022 is half a percentage point lower than the projection in the October 2021 WEO forecast; largely reflecting forecast markdowns in the two largest economies – the United States and China.

#### 8.0 Crude Oil Trends

After weeks of tensions, Russian troops invaded Ukraine. Brent futures, already trending higher before the crisis, hit \$105/bbl on 24<sup>th</sup> February 2022 before retreating and closing at \$99/bbl on the day, as all the signals were indicating that the sanctions imposed on Russia would not target its crude oil and natural gas sales. However, as sanctions on Russia intensified, and as financial institutions started to refuse financing Russia-related transactions, including opening letters of credit, or clearing payments, and as some companies became reluctant to purchase Russian crude, Brent on 4<sup>th</sup> March traded above \$110 for the first time since 2014, according to the Oxford Institute for Energy Studies.

The rise in oil prices over the last few months reflects tighter market fundamentals, with the recovery in oil demand surprising on the upside, OPEC+ returning fewer barrels than planned in their current agreement, and OECD crude and products stocks continuing to fall. The upward pressure on oil prices also reflects heightened concerns about the size of spare production capacity in a deteriorating geopolitical environment, and amid a higher probability of output disruptions. The Russia-Ukraine crisis adds a new layer of geopolitical uncertainty on top of a wide range of uncertainties surrounding the oil market and spillovers from other energy markets,

particularly the gas market where high gas prices have created additional pressure on oil demand due to gas-to-oil substitution.

Russia is one of the world’s largest crude oil producers and exporters and in 2016, it joined the Declaration of Cooperation with OPEC. In 2021, Russia’s production of crude and condensates averaged 10.5 mb/d, representing 14 percent of global production. Russian crude exports that have global reach averaged 4.27 mb/d, with Europe accounting for around 60 percent of Russia’s total crude exports, followed by Asia accounting for nearly 35 percent

The Energy Information Administration (EIA) in its February 2022 Short-Term Energy Outlook (STEO), forecast BRENT price to average \$83/bbl in 2022, up from an average of \$71.00/bbl in 2021. BRENT prices are expected to drop to an average of \$68/bbl in 2023, as rising global oil inventories put downward pressure on prices in 2023, as shown in Figure 27.

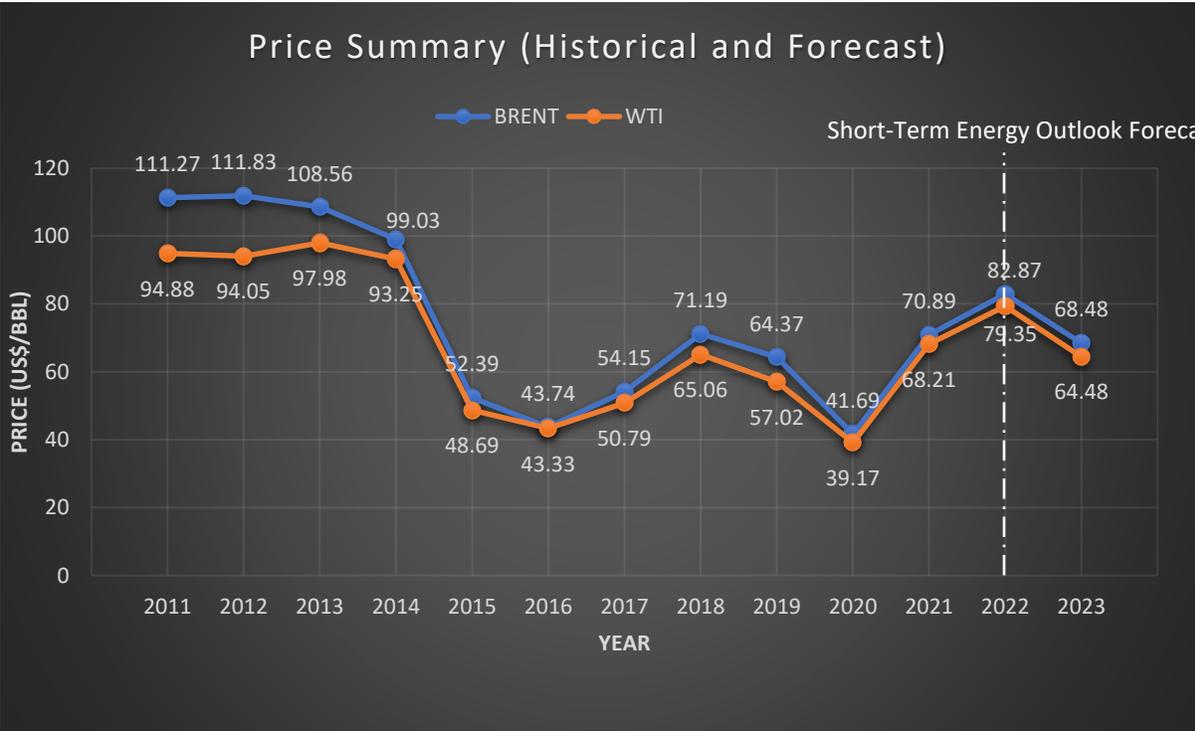


Figure 27: Average Annual BRENT and WTI Crude Prices from 2011 to 2023 Data (Achieved and Forecast).

Source: US Energy Information Administration, 2021

### Global Production

According to the Organisation of Petroleum Exporting Countries (OPEC), global crude oil demand is forecast to rise by 4.15 million barrels per day (MMbbl/d) in 2022. As a result, total world oil demand is projected to rise from 96.65 MMbbl/d to 100.80 MMbbl/d in 2022 (see Figure 28). The projected world oil demand in 2022 will be shared by the OECD and non-OECD countries with each contributing 46.43 MMbbl/d and 54.37 MMbbl/d.

Non-OPEC oil supply growth in 2022 is forecast at 66.61 MMbbl/d from an average of 63.6 MMbbl/d, indicating an increase of 3.01 MMbbl/d from 2021. Demand for OPEC crude in 2022 is estimated at 28.9 MMbbl/d, an increase of 1.0 MMbbl/d from 2021.

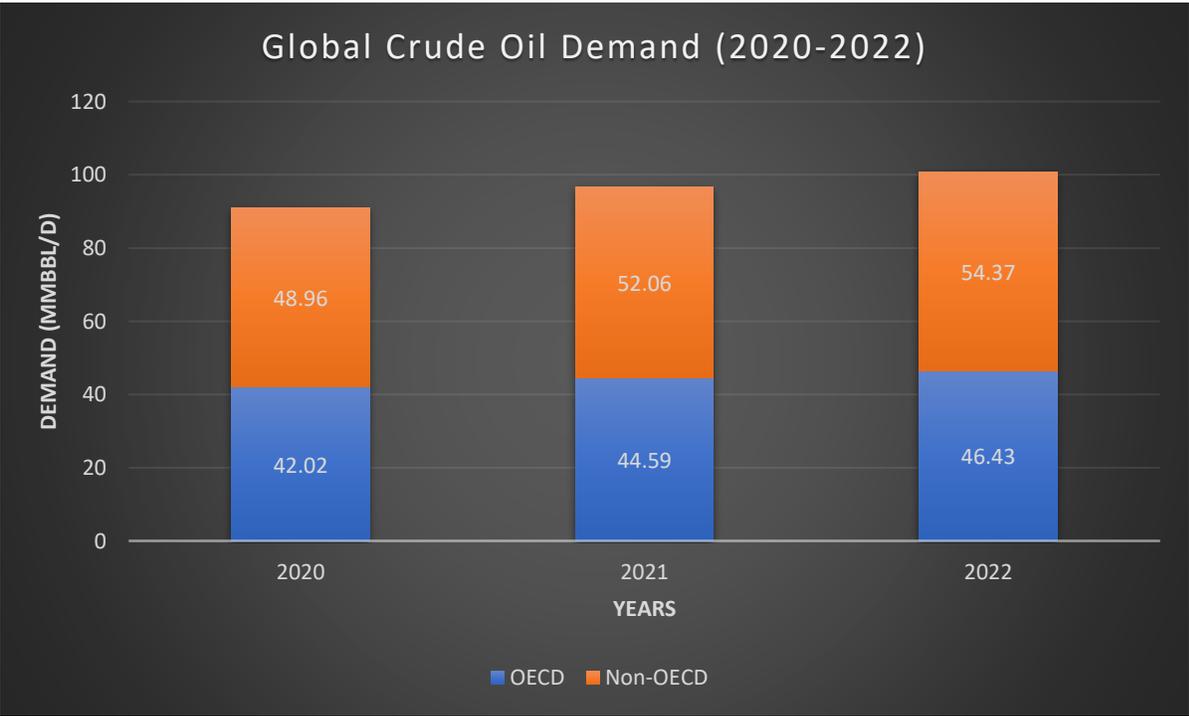


Figure 28: Comparison of Global Crude Oil Demand (2020-2022)

Source: OPEC, 2022. Note: 2022 = Forecast

## Government' s Projection

### 2022 Medium-Term Petroleum Receipts and Utilisation

#### 2022 Benchmark Price

According to the 2022 Budget Statement and Economic Policy, the Government' s Benchmark price for 2022 was calculated as a seven-year moving average of prices, in line with the PRMA. This yielded a price projection of US\$61.23/bbl, up from the revised US\$54.75/bbl for 2021 in the 2021 Budget. The crude oil prices were sourced from the following:

- ICE Dated Brent Crude Bloomberg Historical Prices from 2017 to 2020;
- A combination of ICE Dated Brent Crude Bloomberg actuals and futures prices for 2021; and,
- ICE Dated Brent futures from Bloomberg for 2022 to 2023.

#### 9.0 2022 Benchmark Output

The 2022 Benchmark crude oil output is 59.51 million barrels (163,044 bbls/day), based on a three-year simple average of each producing field' s actual and projected outputs. Similarly, the Benchmark gas output has been estimated at 96.54 trillion Btu for 2022, according to the Ministry of Finance.

#### 2022 Benchmark Revenue

An amount of US\$1,006.1 million has been projected as petroleum revenue for 2022. This is made up of Royalties (US\$206.5 million), Carried and Participating Interest (US\$537.6 million), Corporate Income Tax (US\$261.1 million), and Surface Rentals (US\$0.92 million), as shown in Table 43.

Table 43: Projected Sources of Petroleum Revenue from 2021-2024

ITEMS	UNIT	2022	2023	2024	2025
Price	US\$/bbl	61.23	62.09	60.89	60.90
Gross Production (Oil)	Million bbl	59.51	55.99	55.27	51.57
<b>TOTAL PETROLEUM RECEIPTS</b>	<b>US\$M</b>	<b>1,006.14</b>	<b>1,033.23</b>	<b>1,060.69</b>	<b>1,017.19</b>
Royalties	US\$M	206.48	194.43	185.31	171.80
o/w Crude Oil	US\$M	206.48	194.43	185.31	171.80
o/w Gas	US\$M	-	-	-	-
Carried and Participating Interest	US\$M	537.61	507.20	484.88	449.60
o/w Crude Oil	US\$M	537.61	507.20	484.88	449.60
o/w Gas	US\$M	-	-	-	-
Corporate Income Tax	US\$M	261.13	330.60	389.44	394.72
Surface Rentals	US\$M	0.92	0.99	1.05	1.07

(o/w – of which)

Source: MoF, 2022.

Out of this amount, US\$326.98 million will be ceded to the National Oil Company (NOC) for its Equity Financing Cost (US\$236.71 million) and share of the net Carried and Participating Interest (US\$103.67 million), as shown in Table 44. The Benchmark Revenue for 2022, which is the total revenue, net the amount ceded to the NOC, is estimated at US\$679.2 million. Out of this amount, US\$475.4 million has been allocated to the ABFA, while US\$203.75 million will be disbursed to the Ghana Petroleum Funds (GPFs). According to the Ministry, the GPFs receipts will be

distributed between the Ghana Stabilisation Fund (US\$142.6 million) and Ghana Heritage Fund (US\$61.1 million), as shown in Table 44.

*Table 44: Revenue Distribution in the Medium-Term*

<b>DISTRIBUTION OF PETROLEUM RECEIPTS TO GNPC AND GOG</b>					
<b>ITEMS</b>	<b>UNIT</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Transfer to National Oil Company (NOC)</b>	<b>US\$/bbl</b>	<b>326.98</b>	<b>242.22</b>	<b>227.93</b>	<b>207.93</b>
o/w Equity Financing	US\$M	236.71	128.66	117.80	104.35
o/w 30% Net CAPI	US\$M	90.27	113.56	110.12	103.57
<b>Benchmark Revenue (BR)</b>	<b>US\$M</b>	<b>679.16</b>	<b>791.01</b>	<b>832.76</b>	<b>809.26</b>
o/w Annual Budget Funding Amount	US\$M	475.41	553.70	582.94	566.49
o/w Transfer to the Ghana Petroleum Funds	US\$M	203.75	237.30	249.83	242.78
o/w Ghana Stabilisation Fund	US\$M	142.62	166.11	174.88	169.95
o/w Ghana Heritage Fund	US\$M	61.12	71.19	74.95	72.83
<b>Total Amount Distributed</b>	<b>US\$M</b>	<b>1,006.14</b>	<b>1,033.23</b>	<b>1,060.69</b>	<b>1,017.19</b>

*(o/w – of which)*

*Source: MoF, 2022.*

### Medium-Term Benchmark Revenue

Benchmark Revenues of US\$791.01 million, US\$832.76 million, and US\$809.26 million for 2023, 2024, and 2025, respectively, have been projected by the Ministry of Finance in its 2022 Budget for the medium term. This was based on Benchmark prices of US\$62.09/bbl, US\$60.89/bbl, and US\$60.90/bbl for 2023, 2024, and 2025,

respectively. The projected volumes are 55.99 million, 55.27 million, and 51.57 million barrels of crude oil for 2023, 2024, and 2025, respectively.

## Key Takeaways

- Oil prices are expected to average US\$87.00/bbl in the second quarter of 2022 but decrease to US\$75.00/bbl in the fourth quarter of the year.
- The average price is expected to be US\$82.87/bbl for 2022, up from US\$70.89/bbl in 2021. Prices will decline to US\$68.48/bbl in 2023.
- Demand for oil has increased due to easing lockdowns and other restrictions.

## CHAPTER 12

### PIAC ACTIVITY REPORT 2021

#### 12.1 Background

The Public Interest and Accountability Committee (PIAC) consists of 13 Committee Members and a supporting Secretariat. The Committee is mandated to monitor and evaluate compliance with the Act by Government and other relevant institutions, provide space and a platform for the public to debate on the relevant issues, and independently assess the management and use of petroleum revenues.

In line with its mandate, this chapter gives an overview of the activities of the Committee, including feedback from the public.

#### 12.1 Activities

##### 12.1.1 Launch of PIAC 2020 Annual Report

PIAC is required by Section 56 of the PRMA to publish an annual report by the 15<sup>th</sup> day of March every year. In fulfilment of this, PIAC released its 2020 Annual Report; the 19<sup>th</sup> in the series of statutory reports. The first Chairman of the Committee, Major Daniel Ablorh-Quarcoo (Rtd) launched the Report after the highlights were presented by the Chairman of the Committee, Professor Kwame Adom-Frimpong.



### 12.1.2 Regional Engagements

As part of its mandate to provide a platform for public debate on spending prospects of petroleum revenues in line with development priorities, the Committee held two (2) regional engagements in the Oti and Northern Regions. These engagements involved public fora attended by Regional Coordinating Councils, traditional and religious leaders, civil society organisations, political party representatives, leadership of government departments and agencies, among others.



Additionally, the engagements included in-studio radio discussions.



## 12.2 Engagement with Stakeholders

### 12.2.1 Editors' Forum

The Forum, held in Koforidua, was attended by senior editors, some Committee members and Secretariat staff of PIAC. This was to share PIAC's 2020 Annual Report with stakeholders, as well as address all concerns and questions arising from it and leverage the capacities of senior editors and news editors to publicise the report.



### 12.2.2 Engagement with Morning Show Hosts and Producers

As part of PIAC' s media engagement, this activity was held to have journalists and presenters, who are primarily Morning Show Hosts or Producers on different media platforms, to effectively interrogate and communicate the findings and recommendations of PIAC Reports.



### 12.2.3 Engagement with Institute of Financial and Economic Journalists (IFEJ)

As part of engagements with journalists, two meetings of PIAC and members of the IFEJ took place in Accra and Aburi.

The meetings discussed PIAC' s 2020 Annual and 2021 Semi-annual Report to improve advocacy, responsiveness, and coverage of the Report.



#### 12.2.4 Engagement with Parliament

Each year, the Finance Committee of Parliament interacts with PIAC and other stakeholders to discuss issues arising out of the Committee' s statutory reports on Ghana' s petroleum revenue, and its management and use. PIAC presented highlights of the 2020 Annual Report.

Present at the engagement were stakeholder institutions including the Ministry of Finance (MoF), Petroleum Commission (PC), Ministry of Energy (MoE), Ghana National Gas Company (GNGC), Bank of Ghana (BoG), Ghana Revenue Authority (GRA), Ghana National Petroleum Corporation (GNPC), and Tullow Ghana Ltd.

The meeting also raised other questions, comments and issues of concern which have been summarised as follows:

- Does PIAC engage with its stakeholders before and after putting together its Reports?
- Is PIAC able to point out actions that suggest misappropriation of petroleum funds?
- The US\$50million loan to the Ministry of Finance has found expression in the 2021 Income Budget of GNPC, meaning the issue has not been resolved.

- The PRMA is silent on the treatment of the unspent ABFA, and PIAC must therefore review its findings and recommendations regarding that.
- The ABFA moves from a dollar account into a cedi account and then to the Treasury main account if unspent.
- PIAC needs to take time and understand government' s accounting procedures.
- It is important for PIAC to help the public understand issues of petroleum revenue management well.
- ABFA funding of projects is multi-year thus the same projects receive funding each year.
- The MoF relies on the submission of inputs from MMDAs to help prepare the ABFA utilisation data hence its delay.
- The Ministry also makes sure that PIAC gets the relevant information (ABFA Utilisation data), no matter how late it is. It also expressed the need for review of reporting timelines of PIAC in the amendments to the PRMA.
- The transfer of excess funds from the Ghana Stabilisation Fund (GSF) at the end of the year is done in the first quarter of the following year, and does not breach the PRMA. PIAC should properly capture it in their Reports.

## 12.3 Engagement with PIAC Constituent Institutions

### 12.3.1 Engagement with Independent Policy Research Think Tanks

PIAC, apart from engaging with stakeholder institutions, meets with some of its constituent bodies in the course of each year. The meeting with the Think Tanks, which had hybrid engagement (consisting of virtual and in-person), sought to

discuss the PIAC 2020 Annual Report, take a look at the successes and lessons for the future in Ghana' s 10 years of petroleum revenue management, and solicit feedback on ways to ensure the advancement of the workings of the Committee.

### **Feedback from Engagement**

- It is time to rethink the investment options of the Ghana Heritage Fund (GHF).
- It appears all the discussions on the use of petroleum revenue shies away from admitting the difficulty in measuring the impact of the usage.
- The piecemeal approach in using petroleum revenues is not the best.
- The issue of the need for a Long-term National Development Plan remains critical, hence the need to prioritise it.
- In the absence of the Long-term National Development Plan, what is the alternative being followed?
- Is there a provision that allows citizens to make an input into what the petroleum revenues are used for?
- We should be pushing for effective monitoring and accountability in the use of petroleum revenues in the absence of the Long-term National Development Plan.
- How effective has Parliament been in its oversight responsibility of the management and use of petroleum revenue?

- There is the need to treat petroleum revenues differently from other revenues.



### 12.3.2 PIAC Annual General Meeting

The Annual General Meeting (AGM), which assembled all 13 of the Committee' s constituent bodies, offered members of the constituent bodies further insight on many aspects of the Committee' s work, and sought to leverage the capacities of these institutions in support of its activities. Presentations highlighting programmes and activities earmarked for PIAC@10 as well as the 2021 Semi-Annual Report were made at the meeting.



### 12.4 PIAC@10 Activities

PIAC, as established by the PRMA in 2011, marked 10 years of its existence in 2021 (PIAC@10). The Anniversary theme was dubbed "Strengthening Citizens'

Ownership and Understanding of PIAC and its Oversight of Petroleum Revenue Management” .

#### 12.4.1 Launch of PIAC@10

“PIAC @ 10” , was launched on Wednesday, 24<sup>th</sup> March, 2021, by the President of Ghana, Nana Addo Dankwa Akufo-Addo. In his remarks, He reiterated Government’ s commitment to supporting PIAC, and acknowledged the Committee’ s success story which has led to the attainment of the objectives for which it was established. The event touched on the background of PIAC, its journey 10 years on, and the way forward for the Committee.



#### 12.4.2 Northern Belt Engagement

As part of the PIAC@10 activities, the Committee held a forum in Tamale to engage citizens, in the Northern Belt of Ghana. The event was attended by participants from five (5) regions (Northern, North East, Savannah, Upper East and Upper West). A documentary by PIAC on 10 years of petroleum production was shown to participants after which the PIAC Chair made a presentation that focused on oil and

gas production, the revenue accrued, and its management and utilisation over the past decade.



### Feedback from Participants

At the forum, the participants presented various feedback as follows:

- Is there an opportunity for tertiary institutions and Oil Marketing Companies (OMCs) to be represented on PIAC?
- How is the selection of the Priority Areas that receive petroleum revenue done?
- Petroleum revenues should be used to support the Municipal and District Assemblies to provide projects that are beyond their financial capabilities.
- Are there laws to ensure that petroleum revenues are used prudently?
- What targeted policies or strategies from petroleum revenues, are there to benefit women, especially those in the agriculture sector?
- Has PIAC got the power to prosecute?

- In the absence of a long-term national development plan, petroleum revenue spending tends to be aligned to party manifestoes.
- Projects that have received funding from petroleum revenues, either completed or ongoing, should be labelled.
- Petroleum revenues have been a key source of funding for the government' s flagship Free Senior High School (SHS) Programme.
- How does PIAC select the projects it visits and what due diligence is done on the implementation of these projects?

### 12.4.3 Middle Belt Engagement

The Committee held the Middle Belt engagement in the Ashanti Region. Participants were drawn from the Ashanti, Bono, Bono East, Ahafo and Western North Regions. A documentary by PIAC on 10 years of petroleum production was broadcast, highlighting the revenues accrued from petroleum production, the fiscal regime, and issues arising from the management of the resource. Also a presentation on 10 years of the management and use of petroleum revenues was made by the PIAC Chair.



## Feedback from Participants

At the engagement, the participants presented various feedback as follows:

- Why does Ghana produce oil but does not refine?
- After 10 years, is there a policy on the use of petroleum revenues to help set up factories to benefit communities, so as not to repeat the mistakes the country made with gold production?
- How can local artisans benefit from petroleum production?
- There should be a system that allows people to monitor and track oil-funded projects.
- There is the need to involve beneficiary communities in the selection of projects to be funded with petroleum revenues.
- What is the status of the Heritage Fund and its investments?
- Can petroleum revenues be used to provide support for affordable housing for public sector workers?
- Petroleum revenues should be used to provide electricity and cameras in rural areas to help check crime.
- The statistics show that a lot of petroleum revenues have been spent on education but teachers have been neglected. Some of the revenues should be used to build the capacity of teachers.
- Why is the Heritage Fund invested outside of the country?
- Petroleum revenues should be used to build the capacity of Ghanaians to man the sector.
- What is the capacity of PIAC to validate the production figures provided by the oil producing companies?

#### 12.4.4 Coastal Belt Engagements

The Committee held engagements with citizens in the Coastal Belt (that is, Volta, Oti, Eastern, Central, Western, Eastern and Greater Accra Regions).

##### 12.4.4.1 Volta and Oti Regions

The Committee held a forum to educate citizens on the successes and challenges of ten years of petroleum revenue management in Ho as part of the Coastal Belt Engagement. It also sought to take views from the citizens on their expectations relating to the management and use of petroleum revenues.

#### Feedback from Participants

- Why is there flaring and re-injecting of gas in the industry?
- Why does Ghana import crude oil if the country is able to produce same?
- What prevents the establishment and implementation of Ghana' s national long-term development plan?
- What other factors accounted for the decline in oil revenue aside Brent crude prices?
- What are the plans for the Ghana Heritage Fund?
- Why is the PRMA' s directive to spend at least 70 percent of the ABFA on public investment expenditures not being adhered to?
- How much has been spent on the Free SHS programme so far?
- Are there sanctions for defaults in the payment of Surface Rentals? If yes, who is responsible for the collection?
- Is there any structure for citizens to monitor and communicate outcome of project inspections?
- Does PIAC have offices in the regions where citizens can report?
- Is there a criteria for the capping of the GSF?
- How is the Committee resourced to perform its functions?

#### 12.4.4.2 Western and Central Regions

This forum was held at the SSNIT Conference Hall, in Takoradi in the Western Region. Over 150 participants attended the forum.

PIAC's presentation started with a video documentary on the 10 years of petroleum production in Ghana, followed by a presentation by the Chairman of PIAC, Professor Kwame Adom-Frimpong, on highlights of the 10 years of petroleum revenue management and use in Ghana.

#### **Feedback from Participants**

Participants were granted the opportunity to provide feedback on ways that the country's petroleum revenues could be managed. These are captured below:

- What is the criteria for the selection of PIAC Members and their tenure?
- Which year did savings into the Ghana Heritage Fund (GHF) start?
- Government should prioritize investment in agriculture, with more emphasis on fishing.
- Why is there a reduction in petroleum revenue, every election year?
- Is there any plan to help frontline communities after depletion of the oil resource?
- There is the need to make sustainable ABFA investments in the Central Region.
- There is lack of coordination between ministries and sub-national government in the award of ABFA contracts.
- How can the ABFA be used to address chronic health issues such as childhood cancer?
- If non-compliance occurs, what actions are taken by PIAC?
- There is the need to have a PIAC-like Committee set up for the Minerals sector.

- What is the status of the Saltpond Oil Field?
- Despite production of oil, why is the price of fuel at the pump expensive?
- The ABFA should be used to fund projects to completion, and same branded as well.
- PIAC' s website should be multi-lingual to include local languages.
- To serve the public interest, PIAC should collate the development needs of the public, and present them to government for development planning.
- What has been the impact of PIAC over the decade?
- The pursuit of legacy projects should be rigorous.



#### 12.4.4.3 Eastern Region

The forum was held at the St Bakhita Parish Hall, in Koforidua, with over 200 participants. PIAC presented a video documentary on the 10 years of petroleum production in Ghana, followed by a presentation on how the country has fared in the management of petroleum revenues over the last 10 years.

#### Feedback from Participants

Below are some questions and suggestions that arose from the open forum:

- Has PIAC advised government on potential funding sources for the Free SHS programme?
- What is the current state of the New Tafo- Nobi- Samlesi road?
- Is there a local content policy that addresses unemployment, and do the International Oil Companies (IOCs) comply with it?
- After the country has exhausted its oil resources, what will be the returns to show for it?
- Citizens should be provided with pictorial evidence of projects in the Eastern Region.
- Can't the Tema Oil Refinery (TOR) be operationalised to refine a portion of the country's crude oil to create employment?
- Petroleum revenues should be used for legacy projects.
- The country should consider increasing its fiscal terms with respect to petroleum revenues.
- Why are we not able to use the oil we produce, and instead, we import?
- It is time to start reflecting on the dynamics of energy transition and the status of our National Oil Company (GNPC).



#### 12.4.4.4 Greater Accra

The forum was held at the GNAT Hall, in Accra with over 200 participants. As in the previous regions, a documentary on 10 years of petroleum production in Ghana was shown to the participants, complimented by a presentation on 10 years of petroleum revenue management and use. Participants had the opportunity to ask questions and also give their suggestions on best ways to manage the country' s petroleum revenues.

#### **Feedback from Participants**

Below are some questions and suggestions that arose from the open forum:

- Is there any alternate plan to shore up funding for the Free Senior High School policy considering the volatile nature of petroleum revenues?
- What is the country' s readiness to protect the host communities producing oil?
- Why is the country still recording high petroleum prices when it is producing oil in commercial quantities?
- Is there a long-term national development plan?

- Are oil revenues being used to support old projects started prior to oil production?
- When was the allocation to the District Assemblies Common Fund (DACF) released?
- What is PIAC' s position on the GNPC-Aker deal?
- Does PIAC think it needs prosecutorial powers to deal with infractions regarding the use of petroleum revenue?



### 1.1.1 Engagement with Tertiary institutions

PIAC in 2021 deliberately institutionalised engagements with tertiary institutions to expand the scope of engagements. In that regard, the Committee engaged the University of Ghana and the University of Professional Studies, Accra, Accra Training College, and All Nations University in 2021. The details of the engagements are as follows:

#### 1.1.1.1 University of Ghana and the University of Professional Studies, Accra

PIAC engaged the University of Professional Studies, Accra (UPSA) and the University of Ghana, Legon (UG) on the management and use of petroleum revenues over the past decade.



### 1.1.2 Engagement with Students of the All Nations University (ANU)

The forum, held at the All Nations University, Koforidua, provided the platform for the students to know more and kindled their interest in issues of petroleum revenue management. A documentary on 10 years of petroleum production in Ghana was shown, followed by a presentation on a decade of petroleum revenue management and use.



## 2.0 Project Inspections

The Committee embarked on 24<sup>9</sup> project inspections in seven (7) regions; the Volta, Oti, Eastern, Central, Western, Eastern and Greater Accra, for the period. Out of these, four (4) projects were under Education; Health - 6; Roads and Rail - 7; Sea Defense and Security - 2; Administration - 4; and Energy - 1.

This exercise was to ascertain whether these projects, funded with petroleum revenue through the ABFA, are in existence, are functional and warrant the funds expended.



<sup>9</sup> See Appendix E for the projects visited by the Committee from January – December 2021

## 2.1 Key Concerns arising from Project Inspections

### 2.1.1 Delay in the Release of Funds

Contractors reported delay in the release of funds by the government, resulting in delays in project completion. Such delays lead to cost overruns and a reduced impact of the ABFA.

### 2.1.2 Stalled Projects

Some projects were behind schedule, with contractors operating at a slow pace or works coming to a complete halt. Contractors stated that these were primarily due to payment delays. As most of the projects visited by the Committee were short-term fixed-price contracts, there was no room for fluctuation. Due to payment delays, this absence of fluctuation leads to cost overruns, for which contractors abandon projects.

### 2.1.3 Paltry Allocations

Allocations to some ABFA-funded projects have been meagre compared to the total cost of the projects. This makes it difficult to complete the projects within the contract duration, and raises the issue of thin-spread of the ABFA on multiple projects.

### 2.1.4 Co-mingling of ABFA with other funds

Most projects that receive funding from the ABFA, also receive counterpart funds from other sources. This makes it difficult to monitor and assess the impact of the ABFA in project delivery to the beneficiary communities. Citizens could hardly point to any monumental project that has been fully funded with ABFA (legacy projects).

### 2.1.5 Project Identification

None of the projects signage indicated that the projects are being funded with the ABFA. The contract indicates that the funding source for all the projects is the Government of Ghana (GoG). Also, some of the project titles on site do not correspond with the project titles submitted by the Ministry of Finance, making it difficult to identify the project locations. One of such projects is a police station in Bantama, Kumasi that was captured by the Ministry as “Police Station at Bantama in the Bantama Constituency” but referenced on the project site as “Proposed Bantama Police Post” .

### 2.1.6 Non-involvement of MMDAs

Local government authorities/Assemblies in the communities, where projects are sited, either do not know about the projects or have not been involved in the project implementation. The Implementation of ABFA projects is overly centralised, limiting the involvement and additional supervision of MMDAs.

## CHAPTER 13

### 13. CONCLUSION AND RECOMMENDATIONS

Ghana's upstream petroleum sector sustained its recovery from the continued impact of the COVID-19 pandemic on operations during the year. Most of the International Oil Companies (IOCs) operating in the country resumed their exploration and drilling campaigns.

Although production volumes declined during the period under review, higher crude oil prices accounted for increased revenue to the State. The year also saw the resumption of allocation from the Annual Budget Funding Amount (ABFA) to the Ghana Infrastructure Investment Fund Investment (GIIF). A first time disbursement to the District Assemblies Common Fund (DACF) was made, in line with the 2019 Supreme Court Ruling that the Fund should receive an allocation from the ABFA.

Based on the Committee's findings, below are its recommendations:

7. While the Committee commends the Petroleum Commission for terminating the agreement of four Contractors for non-performance, PIAC urges the Commission to ensure strict compliance with minimum work obligations by IOCs.
8. PIAC recommends strict compliance with the 2019 judgement of the Supreme Court in the case of Kpodo vs The Attorney-General, which stipulates that 5 percent of the ABFA shall be allocated and disbursed to the DACF.
9. The Ministry of Finance should provide a breakdown of the disbursements to the DACF and report same to PIAC.
10. The Ministry of Finance in collaboration with relevant institutions should develop appropriate guidelines on the utilisation and reporting of ABFA disbursed to the DACF.

11. The Minister for Finance, in determining the cap on the GSF, should comply with the relevant provisions of L.I 2381.
12. PIAC calls on GNPC to double up efforts at recovering loans to Government and its agencies to ensure that the Corporation's work programme does not suffer from non-implementation. For now, GNPC should discontinue granting loans and guarantees until significant recoveries are made with respect to outstanding loans and guarantees owed the Corporation.

## Appendices

### Appendix A - Production and Development Costs – Jubilee, TEN and SGN

<b>Jubilee 2021 Production Costs</b>		
	<b>Gross USD</b>	<b>GNPC's share USD</b>
Business Mgt & Assurance	65,724,115	8,965,318
O&M Contractor Cost	107,893,810	14,717,617
Facilities Engineering Proj	3,456,740	471,528
Facilities Optimization proj	16,519,384	2,253,382
FPSO Insurance	6,348,755	866,023
Subsea	28,740,691	3,920,470
Consumables	5,938,766	810,097
Logistics & Materials	31,073,732	4,238,717
Oil Lifting	14,431,776	1,968,615
TRP Abnormal Ops	178,625	24,366
Engineering Operations	7,059,341	962,953
Prod. Syst Optimisation	229,728	31,337
Subsurface	655,111	89,363
Wells	894,102	121,963
Riser 5 lift and Shift	4,881,402	665,864
TRP (ISM & BS) Reclass	(404,856,742)	(55,225,840)
TRP (Receipt Reclass)	364,985,068	49,787,011
KNK Upgrade Reclass	(9,223,221)	(1,258,124)
Riser Rem. Reclass	29,647,180	4,044,123
PCO and Financial Items	3,559,940	485,605
<b>Total</b>	<b>278,138,301</b>	<b>37,940,387</b>

Source: GNPC Data, 2021

<b>Jubilee 2021 Development Costs</b>		
	<b>Gross</b>	<b>GNPC's share</b>
	<b>USD</b>	<b>USD</b>
FPSO Expansion	2,454,692	89,371
OOL2	1,447,984	52,719
Subsea	62,104,601	2,261,126
Drillex	184,341,416	6,711,567
PCO &Fin Items	(2,217,535)	(80,737)
TRP (PSM & OOSys)	401,435,745	14,615,613
TRP (Receipt Reclass)	(364,985,068)	(13,288,504)
KNK Upgrade Reclass	14,156,871	515,428
Riser Remediation Reclass	(44,968,390)	(1,637,225)
<b>Total</b>	<b>253,770,316</b>	<b>9,239,359</b>

*Source: GNPC Data, 2021*

<b>TEN 2021 Production Costs</b>		
	<b>Gross USD</b>	<b>GNPC's share USD</b>
Business Mgt & Assurance	43,976,217	6,596,433
O&M Contractor Cost	69,348,123	10,402,218
Subsea	8,694,928	1,304,239
Consumables	5,569,123	835,369
Logistics & Materials	26,932,302	4,039,845
Oil Lifting	826,296	123,944
Engineering Operations	2,035,458	305,319
Production Sys Optimisation	265,003	39,751
Subsurface	1,185,715	177,857
PCO & Fin Items	2,715,176	407,276
<b>Total</b>	<b>161,548,342</b>	<b>24,232,251</b>

*Source: GNPC Data, 2021*

<b>TEN 2021 Development Costs</b>		
	<b>Gross USD</b>	<b>GNPC's share USD</b>
Subsea	8,735,590	436,779
Drillex	64,621,579	3,231,079
FPSO Capex	1,663,201	83,160
FPSO Charter	212,280,350	10,614,018
PCO & Fin Items	519,258	25,963
<b>Total</b>	<b>287,819,979</b>	<b>14,390,999</b>

*Source: GNPC Data, 2021*

<b>SGN 2021 Production Costs</b>		
	<b>Gross USD</b>	<b>GNPC's share USD</b>
Operating Production Cost	42,719,790	8,543,958
Operating Insurance Cost	2,139,213	427,843
Operating Maintenance Cost	41,594,107	8,318,821
Operating Transportation Cost	28,814,709	5,762,942
Chemicals	11,372,348	2,274,470
Other Operating Cost	3,499,721	699,944
General Operating Cost (G&A Opex)	30,732,181	6,146,436
Operating Maintenance Cost - ORF	9,605,522	1,921,104
<b>Total</b>	<b>170,477,591</b>	<b>34,095,518</b>

*Source: GNPC Data, 2021*

<b>SGN 2021 Development Costs</b>		
	<b>Gross USD</b>	<b>GNPC's share USD</b>
Development Studies	(131,518)	(6,576)
Development Sealine	(337,539)	(16,877)
Development SPS	(3,894)	(195)
Interconnection (TTIP)	232,476	11,624
Well Drilling and logistics	59,652	2,983
Well- Testing and Completion	1,375	69
RF Supply	(558,991)	(27,950)
Transportation & Installation	(904,314)	(45,216)
FPSO	3,000,000	150,000
FPSO leasing	129,100,500	6,455,025
Development SPS	(12,915)	(646)
GI- 3 Sidetrack	11,732,947	586,647
Development G&A	4,198,640	209,932
PA Overhead	161,924	8,096
<b>Total</b>	<b>146,538,346</b>	<b>7,326,917</b>

*Source: GNPC Data, 2021*

## Appendix B - Surface Rental Payments and Arrears as at the end of 2021

OPERATOR	CONTRACT AREA	PRIOR PERIOD BALANCES	2021 ESTIMATED AMOUNT	TOTAL PAYMENT RECEIVABLE	PAYMENT RECEIVED	OUTSTANDING BALANCES
		US\$	US\$	US\$	US\$	US\$
AGM Petroleum Limited	South Deepwater Tano	(30,426.71)	174,100.00	143,673.29	143,673.29	-
Aker Energy Limited	Deepwater Tano/Cape Three Points	-	150,750.00	150,750.00	150,750.00	-
Eni Ghana Exploration & Production Ltd	Cape Three Points Block 4	-	92,980.00	92,980.00	92,980.00	-
Goil Offshore Limited (Caretaker Operator)	Deepwater Cape Three Points	-	73,700.00	73,700.00	-	73,700.00
Tullow Ghana Ltd	Deepwater Tano	-	59,261.23	59,261.23	59,261.23	-
Eco Atlantic	Deepwater Cape Three Points West Offshore	35,370.00	47,200.00	82,570.00	84,888.00	(2,318.00)
Springfield Exploration and Production Ltd	West Cape Three Points Block 2	(16,863.42)	33,650.00	16,786.58	-	16,786.58
Tullow Ghana Ltd	West Cape Three Points	-	18,464.00	18,464.00	18,464.00	-
Eni Ghana Exploration & Production Ltd	Offshore Cape Three Points	-	22,600.00	22,600.00	22,600.00	-
Amni Ghana	Central Tano	(518.00)	13,900.00	13,382.00	13,974.00	(592.00)
Swiss African Oil Company Limited	Onshore/Offshore Keta Delta Block	712,500.00	150,000.00	862,500.00	-	862,500.00
Britannia –U	Southwest Saltpond	657,708.33	102,500.00	760,208.33	-	760,208.33

Medea Development	East Cape Three Points	156,540.00	78,250.00	234,790.00	156,500.00	78,290.00
Sahara Energy Fields Ghana	Shallow Water Cape Three Points	71,934.93	75,000.00	146,934.93	-	146,934.93
Base Energy Ghana Ltd	Expanded Shallow Water Tano		75,400.00	75,400.00	75,000.00	400.00
GOSCO	Offshore South-West Tano	25.00	8,750.00	8,775.00	8,725.00	50.00
GOSCO	East Keta Offshore	425,844.80	111,950.00	537,794.80	-	537,794.80
UB Resources Ltd	Offshore Cape Three Points South	67,665.58	37,750.00	105,415.58	-	105,415.58
<b>TOTAL</b>		<b>2,079,780.51</b>	<b>1,326,205.23</b>	<b>3,405,985.74</b>	<b>826,815.52</b>	<b>2,579,170.22</b>

### Appendix C – 2021 Utilisation of the ABFA

Below is the link to the Appendix on the 2021 ABFA Utilisation Data, detailing projects and programmes that received petroleum fund during the period under review, as reported by the Ministry of Finance.

[https://www.piacghana.org/portal/files/downloads/abfa\\_utilisation\\_data\\_-\\_fy\\_2021.pdf](https://www.piacghana.org/portal/files/downloads/abfa_utilisation_data_-_fy_2021.pdf)

## Appendix D - GNPC Foundation Projects Expenditure

PILAR	DETAILS	CLASS	GH ₵	US\$
Education & Training	Foreign Scholarship			3,047,627.80
	Local Scholarship		19,871,166.05	
	Constrcution of 2NO. 3 Unit classroom bloack at Amansie Central	Educational Support	93,226.86	
	Constrcution of 2NO. 3 Unit classroom bloack at Amansie Central	Educational Support	93,286.40	
	Construction of 3 Unit classroom bloack at Adansi Asokwa - Dadisomagwene	Educational Support	46,587.22	
	Construction of 3 Unit classroom bloack at Amansie Central -Numereso	Educational Support	46,586.40	
	Construction of 3 Unit classroom bloack at Atwima Mponua	Educational Support	83,708.03	
	Construction of 3 Unit classroom bloack at Tano North	Educational Support	46,820.55	
	Construction of 3 Unit classroom bloack at Tarkwa Nsuaem	Educational Support	46,557.43	

Construction of 3 Unit classroom block at Tarkwa Nsuaem	Educational Support	92,959.21	
Construction of 3 Unit classroom block at Wassa Amenfi	Educational Support	46,795.30	
Construction of 6 Unit classroom Block and 1 Mechanised Borehole at Atwima Mponua	Educational Support	89,463.53	
Construction of 6 Unit classroom Block at Adansi Asokwa	Educational Support	83,735.82	
Construction of 6 Unit classroom Block at Kpando	Educational Support	83,733.09	
Construction of 1NO. 2 storey dormitory at Zambo Girls	Educational Support	298,472.73	
Construction of 3 storey Six Unit at Bibiani College of Health	Educational Support	119,635.93	
Construction of 3 unit classroom at Abrugasi	Educational Support	54,857.14	
Construction of 3 unit classroom at	Educational Support	46,854.35	

Akwanserem(Adansie Asokwa)			
Construction of 3 Unit Classroom at Dompim and Tebereble (Tarkwa)	Educational Support	185,918.42	
Construction of 3 unit classroom at Drobonso SHS	Educational Support	48,000.00	
Construction of 3 Unit classroom at Karlon JHS	Educational Support	96,000.00	
Construction of No.1 3 UNIT Classroom ay Nwinso	Educational Support	93,138.12	
Construction of 3 Unit classroom at Tano North	Educational Support	46,820.55	
Construction of 4 unit classroom block at Akornu	Educational Support	13,067.28	
Construction of 6 unit classroom at Adwoafua SHS	Educational Support	85,710.84	
Construction of 6 unit classroom at Afiaman	Educational Support	85,710.84	
Construction of 6 unit classroom at Afigyaman	Educational Support	85,710.84	
Construction of 6 unit classroom at Ajumako Assasan	Educational Support	42,840.80	

Construction of 6 unit classroom at Anfoego Azibe EP JHS	Educational Support	85,710.84	
Construction of 6 unit classroom at Ankaful	Educational Support	85,710.84	
Construction of 6 Unit Classroom at Apire (Kwadasu)	Educational Support	171,421.68	
Construction of 6 unit classroom at Asawase	Educational Support	167,709.46	
Construction of 6 unit classroom at Asuom SHS	Educational Support	85,710.84	
Construction of 6 unit classroom at Atobiase	Educational Support	85,710.84	
Construction of 6 unit classroom at Atonsu Presby SHS	Educational Support	85,710.84	
Construction of 6 unit classroom at Avetikope Basic School (Kpando)	Educational Support	7,193.00	
Construction of 6 unit classroom at Bawku	Educational Support	93,323.96	
Construction of 6 unit classroom at Chereponi	Educational Support	93,323.96	
Construction of 6 unit classroom at Drobonso SHS	Educational Support	85,710.84	

Construction of 6 unit classroom at Ejura Sekyedumase	Educational Support	85,710.84	
Construction of 6 unit classroom at Ejura Sekyedumase	Educational Support	85,710.84	
Construction of 6 unit classroom at Fiaso SHS	Educational Support	85,710.84	
Construction of 6 unit classroom at Hohoe	Educational Support	85,710.84	
Construction of 6 unit classroom at Kuntanase Presby SHS	Educational Support	85,710.84	
Construction of 6 unit classroom at Larabanga	Educational Support	93,323.96	
Construction of 6 unit classroom at Menji	Educational Support	85,710.84	
Construction of 6 unit classroom at Nana Brentu SHS	Educational Support	85,710.84	
Construction of 6 unit classroom at Nana Yaw Brempong III	Educational Support	85,710.84	
Construction of 6 unit classroom at Nkwabeng Tech	Educational Support	85,710.84	

Construction of 6 unit classroom at Nsia Mem. School	Educational Support	85,710.84	
Construction of 6 unit classroom at Nyameboa	Educational Support	93,323.98	
Construction of 6 unit classroom at Nyong	Educational Support	93,323.96	
Construction of 6 unit classroom at Prampram	Educational Support	171,421.68	
Construction of 6 unit classroom at Prampram	Educational Support	85,710.84	
Construction of 6 unit classroom at Sefwi Anhwaiso	Educational Support	85,710.84	
Construction of 6 unit classroom at Sefwi Asafo Nursing College	Educational Support	85,710.84	
Construction of 6 unit classroom at St Michael Basic school-Mfantekrom	Educational Support	85,710.84	
Construction of 6 unit classroom at ST Michael Tech Voca.	Educational Support	85,710.84	
Construction of 6 unit classroom at St Peter Cath.	Educational Support	85,710.84	
Construction of 6 unit classroom at Tawheed SHS	Educational Support	85,710.84	

Construction of 6 unit classroom at Tawheed SHS	Educational Support	85,710.84	
Construction of 6 unit classroom at Yoggu	Educational Support	93,323.96	
Construction of 6 Unit Classroom block at Abakrampa SHS	Educational Support	16,847.82	
Construction of 6 unit classroom block at Amaniampong SHS	Educational Support	16,855.67	
Construction of 6 Unit classroom block at Assin Bereku	Educational Support	188,487.71	
Construction of 6 Unit Classroom block at Diaso SHS	Educational Support	17,596.62	
Construction of 6 unit classroom block at Dwamena Akenten SHS	Educational Support	16,908.12	
Construction of 6 Unit Classroom block at Gomoa Gyaman	Educational Support	16,789.21	
Construction of 6 Unit Classroom block at Methodist SHS	Educational Support	15,281.34	

	Construction of 6 unit classroom block at prampram SHS	Educational Support	7,193.00	
	Construction of 6 unit classroom block at Tolon	Educational Support	15,955.87	
	Construction of 6 unit classroom block at Zambo Girls SHS	Educational Support	359,266.57	
	Construction of girls dormitory at Apaah	Educational Support	170,475.30	
	Construction of Girls dormitory at Bekwai SDA	Educational Support	170,475.30	
	Construction of laboratory at Muslim Mission SHS	Educational Support	31,664.92	
	Construction of market shed at Yamfo	Educational Support	126,777.82	
	Construction of sick bay at St Hurbert SHS	Educational Support	8,528.75	
	Resource Centre at Kpandi	Educational Support	102,344.58	
	Supply of Furniture to built Schools	Educational Support	3,466,000.00	
<b>Sub-total</b>			<b>29,909,562.09</b>	<b>3,047,627.80</b>
		Sanitary Facility	82,255.95	

Environment & Social Amenities	Construction of 12 Unit Sanitary Facility and water system at Birim North			
	Construction of 12 Unit sanitary facility at Ayawaso Central	Sanitary Facility	41,240.08	
	Construction of 12 Unit sanitary facility at west Gonja -	Sanitary Facility	43,648.65	
	Construction of 12 Unit sanitary facility at west Gonja - Bulenga Prim	Sanitary Facility	43,762.64	
	Construction of 12 Unit sanitary facility at Yapei Kusawgu	Sanitary Facility	43,439.23	
	Construction of 24 Unit sanitary facility at Opoku Agyemang SHS	Sanitary Facility	65,986.86	
	Construction of 24 Unit sanitary Facility at Abuakwa State College	Sanitary Facility	131,973.72	

Construction of 6 unit sanitary facility at Akonu	Sanitary Facility	26,306.22	
Construction of 6 unit sanitary facility at Domin	Sanitary Facility	26,306.26	
Construction for the market shed at Adieye Tarkwa	Sanitary Facility	126,097.84	
Construction of 12 Unit sanitary Facility at Eduyaw	Sanitary Facility	42,840.80	
Construction of 12 Unit Sanitary at Abodom Dwensae	Sanitary Facility	6,538.80	
Construction of 12 unit sanitary facility at Agyan	Sanitary Facility	44,314.67	
Construction of 12 unit sanitary Facility at Beposo	Sanitary Facility	42,840.80	
Construction of 12 Unit Sanitary Facility at Beposo Comm	Sanitary Facility	94,241.95	

	Construction of 12 unit sanitary Facility at Dormabin	Sanitary Facility	85,681.60	
	Construction of 12 unit sanitary facility at Ayawaso Central	Sanitary Facility	41,240.08	
	Construction of 12 unit sanitary facility at Tano North	Sanitary Facility	41,230.88	
	Construction of 24 sanitary facility at Opoku Agyemang SHS	Sanitary Facility	131,973.72	
	Construction of 24 Unit sanitary at Dompouse SHS 2	Sanitary Facility	126,000.00	
	Construction of 24 Unit sanitary Facility at Agona Nkwanta	Sanitary Facility	11,379.47	
		Sanitary Facility	138,535.84	

Construction of 24 Unit sanitary facility at Bimbilla SHS			
Construction of 24 unit sanitary facility at Dompoase 2	Sanitary Facility	63,000.00	
Construction of 24 Unit sanitary facility at School of the deaf	Sanitary Facility	60,000.00	
Construction of 4 unit sanitary facility at Akonu	Sanitary Facility	52,269.23	
Construction of 6 unit sanitary facility at AKornu	Sanitary Facility	6,576.55	
Donation - Construction of community centre at Ajumako Assasan	Support	187,500.00	
Donation - Construction of community centre at Beposo	Support	300,000.00	
Construction 1No Hospital at Kwapra Breman	Health	36,793.23	

Construction of Hospital at Kwapra, Breman	Health	147,172.92	
Construction of 10NO Boreholes and Handpump at Bongo	Water Boreholes	52,688.00	
Construction of 12 handpump and 4 Mechanised borehole in West Gonja	Water Boreholes	86,706.80	
Construction of 12 Handpumps and 4 Mech Boreholes in West Gonja	Water Boreholes	21,676.70	
Construction of 30 boreholes in central region	Water Boreholes	237,054.42	
Construction of 6No. Boreholes at Pru East	Water Boreholes	35,011.85	
Construction of 9No Boreholes at Bongo	Water Boreholes	46,978.77	
Construction of Borehole at Adenta	Water Boreholes	66,000.00	
Construction of Borehole at Amenfi West	Water Boreholes	82,500.00	
Construction of Borehole at Bawku	Water Boreholes	33,000.00	
Construction of Borehole at Bortianor	Water Boreholes	24,750.00	

	Construction of borehole in Lawra	Water Boreholes	90,000.00	
	Construction of No.12 Boreholes in Yendi	Water Boreholes	72,000.00	
	Construction of borehole in Akan	Water Boreholes	54,000.00	
	Construction of Borehole at Ejura	Water Boreholes	41,250.00	
	Construction of Borehole at Ellembelle	Water Boreholes	78,750.00	
	Construction of Borehole at Gusshegu, Karaga, Yendi	Water Boreholes	137,250.00	
	Construction of Borehole at Techniman South	Water Boreholes	107,250.00	
	Construction of Borehole at WA	Water Boreholes	74,250.00	
	Construction of boreholes at Sefwi Akontombra	Water Boreholes	24,000.00	
	Construction of boreholes in Kpone Katamanso	Water Boreholes	36,000.00	
	Construction of NO.1 Additional borehole in WA	Water Boreholes	14,250.00	
<b>Sub-total</b>			<b>3,706,514.53</b>	
Economic Empowerment	Traning of Artisans for - NVTI certification	Economic Empowerment	994588.55	
<b>Sub-total</b>			<b>994588.55</b>	

Sports	Construction of Astro Turf at Ofoase	Sports Development	319,813.00	
	Construction of Astro Turf at Adiembra	Sports Development	319,813.00	
	Construction of Astro Turf at Bantama	Sports Development	319,813.00	
	Construction of Astro Turf at Beposo	Sports Development	319,813.00	
	Construction of Astro Turf at Mankessim	Sports Development	319,813.00	
	Construction of Astro Turf @ Enyan Abaasa	Sports Development	319,813.00	
	Construction of Astro Turf at Tarkwa	Sports Development	49,860.60	
	Construction of Astro Turf at Adenta	Sports Development	319,813.00	
	Construction of Astro Turf at Adiembra	Sports Development	319,813.00	
	Construction of Astro Turf at Agona Ashanti	Sports Development	319,813.00	
	Construction of Astro Turf at Aiyinase	Sports Development	127,705.53	
	Construction of Astro Turf at Akyemansa`	Sports Development	319,813.00	

Construction of Astro Turf at Apenkwa	Sports Development	127,562.43	
Construction of Astro Turf at Apenkwa	Sports Development	63,781.21	
Construction of Astro Turf at Asokwa	Sports Development	126,725.72	
Construction of Astro Turf at Atonsu Asokwa	Sports Development	63,362.86	
Construction of Astro Turf at Atonsu Asokwa Construction of Astro Turf at Bekwai	Sports Development	273,302.00	
Construction of Astro Turf at Beposo	Sports Development	319,813.00	
Construction of Astro Turf at Karaga	Sports Development	319,813.00	
Construction of Astro Turf at Kwamang	Sports Development	319,813.00	
Construction of Astro Turf at Lawra	Sports Development	319,813.00	
Construction of Astro Turf at Manhyia	Sports Development	319,813.00	
Construction of Astro Turf at Manhyia	Sports Development	319,813.00	
Construction of Astro Turf at Mankessim	Sports Development	319,813.00	

	Construction of Astro Turf at Prestea	Sports Development	319,813.00	
	Construction of Astro Turf at Takoradi No. 1	Sports Development	319,813.00	
	Construction of Astro Turf at Bantama	Sports Development	319,814.00	
	Construction of Astro Turf at Tema	Sports Development	319,813.00	
	Construction of Astro Turf at Yendi	Sports Development	319,813.00	
	Construction of Astro Turf at Kansarodo	Sports Development	319,813.00	
<b>Sub-total</b>			<b>8,188,000.35</b>	
<b>Total</b>			<b>42,798,665.52</b>	<b>3,047,627.80</b>

*Source: GNPC Foundation Data, 2021*

## Appendix E - 2021 Inspection of ABFA-funded Projects by PIAC

PROJECT	MMDA	TOWN/REGION	DEVELOPMENTAL BELT	DATE
<b>NORTHERN REGION</b>				
Upgrade of Tamale Teaching Hospital	Tamale Metropolitan	Tamale; Northern	Northern Belt/Regional	16-Jun-21
Works done on the completion of the remaining 4 n0. Of the housing component under the major rehabilitation and upgrading of Tamale Teaching Hospital housing project phase 1	Tamale Metropolitan	Tamale; Northern	Northern Belt/Regional	16-Jun-21
Payment for work done in respect of Bitumen Surfacing of Kakpagyili – Yong Road	Central Gonja District	Kakpagyili & Yong; Savannah	Northern Belt/Regional	16-Jun-21
Construction of 2 no. Small dams/dugout at Dikpung and Tigla in the Savelugu Constituency of the Northern Region	Savelugu Municipal	Dikpung and Tigla; Northern	Northern Belt/Regional	18-Jun-21
Construction of Health Insurance Office Building at Savelugu Municipal Assembly in the Savelugu Constituency	Savelugu Municipal	Savelugu; Northern	Northern Belt/Regional	18-Jun-21
Construction of 3-unit Classroom Block with Ancillary Facilities at Ngarun in the Sagnarigu Constituency	Savelugu Municipal	Ngarun; Northern	Northern Belt/Regional	18-Jun-21
<b>OTI REGION</b>				

Extension of Electricity From Bommeden to Kpollo in the Krachi West Constituency	Krachi West Municipal	Bommeden & Kpollo; Oti	Coastal Belt	17-Jun-21
Construction of 2 - Storey Administration Block at Kete Krachi	Krachi West Municipal	Kete Krachi, Oti	Coastal Belt	17-Jun-21
Construction of 1no. 2 - Storey Administration Block at Kete-Krachi	Krachi West Municipal	Kete Krachi, Oti	Coastal Belt	17-Jun-21
Construction of 2 no. Senior Staff Bungalows at Jasikan	Jasikan District	Jasikan; Oti	Coastal Belt	18-Jun-21
Construction of 2no. Senior Staff Bungalows at Jasikan	Jasikan District	Jasikan; Oti	Coastal Belt	18-Jun-21
Construction and Erection of 1 no. 3 Storey RCC Administration Block at Dambai	Krachi East Municipal	Dambai; Oti	Coastal Belt	18-Jun-21
<b>ASHANTI</b>				
Project Inspection on the Bitumen Surfacing of Ahodwo Jn. Addwo Town Roads F/Rds	Kumasi Metropolitan	Ahodwo; Ashanti	Middle Belt	22-Jul-21
Construction of Police Station at Bantama in the Bantama Constituency	Kumasi Metropolitan	Bantama; Ashanti	Middle Belt	22-Jul-21
Construction of 1 no. 2-Storey Bedroom Nurses Quarters at Breman West SDA Hospital In The Suame Constituency	Suame Municipal	Breman; Ashanti	Middle Belt	22-Jul-21
Renovation of 1 no. 6-unit Classroom Block at Bremang JHS In The Suame Constituency	Suame Municipal	Breman; Ashanti	Middle Belt	22-Jul-21

<b>WESTERN</b>				
Payment of 1no. KG block at Ahinkofi Primary	)Sekondi Takoradi Metropolis	Ahinkofi	Coastal Belt	15-Sep-21
Construction of kindergarten block in Effia Kwesimintsim	)Sekondi Takoradi Metropolis	Effia Kwesimintsim	Coastal Belt	15-Sep-21
Construction of Durbar Grounds at New Takoradi in the Takoradi Constituency	)Sekondi Takoradi Metropolis	New Takoradi	Coastal Belt	15-Sep-21
Construction of the Amanful Kumah Sea Defence Project	Ahanta West Municipal	Amanful Kuma	Coastal Belt	15-Sep-21

*Source: PIAC' s Construct, based on Project Inspections, 2021*