



**PIAC**



# 2023

## **SEMI-ANNUAL REPORT**

ON THE MANAGEMENT AND USE OF PETROLEUM REVENUES (JANUARY - JUNE)



# PIAC

## SEMI-ANNUAL REPORT ON THE MANAGEMENT AND USE OF PETROLEUM REVENUES FOR JANUARY - JUNE 2023

### **ABOUT THIS REPORT**

The 2023 Semi-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 - June 2023.

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# List of Abbreviations

ABFA	Annual Budget Funding Amount
AG	Associated Gas
AOE	Additional Oil Entitlement
BBL	Barrel
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
CAPI	Carried and Participating Interest
CEDM	Compliance, Enforcement and Debt Management
CHPS	Community Health Planning and Services
CIT	Corporate Income Tax
CNOOC	China National Offshore Oil Corporation
COLA	Crude Oil Lifting Agreement
COVID-19	Corona Virus Disease 2019
CSI	Corporate Social Investment
CSO	Civil Society Organisation
CTP	Cape Three Points
CWM	Cash Waterfall Mechanism
DACF	District Assemblies Common Fund
DWT	Deepwater Tano
DWT/CTP	Deepwater Tano Cape Three Points
E&P	Exploration and Production
EC	Energy Commission
ECG	Electricity Company of Ghana Limited
EIA	Energy Information Administration
EITI	Extractive Industries Transparency Initiative

EK	East Keta
ENI	Ente Nazionale Idrocarburi (Ghana E&P Limited)
EY	Ernst & Young Ghana Limited
FDPR	Foreign Direct Product Rule
FOREX	Foreign Exchange
FPSO	Floating Production Storage and Offloading Unit
FY	Full Year
GCB	Ghana Commercial Bank
GHEITI	Ghana Extractive Industries Transparency Initiative
GHF	Ghana Heritage Fund
GIIF	Ghana Infrastructure Investment Fund
GIISDEC	Ghana Integrated Iron and Steel Development Corporation
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
GNGC	Ghana National Gas Company
GNPC	Ghana National Petroleum Corporation
GNPCF	Ghana National Petroleum Corporation Foundation
GNT	Ghana Negotiation Team
GoG	Government of Ghana
GOIL	Ghana Oil Company Limited
GOSCO	GNPC Operating Services Company Limited
GovID	Governance for Inclusive Development
GPF	Ghana Petroleum Funds
GPWF	Ghana Petroleum Wealth Fund
GRA	Ghana Revenue Authority
GSA	Gas Sales Agreement
GSF	Ghana Stabilisation Fund
GTG	Gas Turbine Generator
GUPC	Ghana Upstream Petroleum Chamber
H1	First Half-year
HFO	Heavy Fuel Oil
ICT	Information and Communications Technology
IEA	International Energy Agency
IFEJ	Institute of Financial and Economic Journalists
IMF	International Monetary Fund
IOC	International Oil Company

JOHL	Jubilee Oil Holdings Limited
JSE	Jubilee South-East
JV	Joint Venture
JVC	Joint Venture Company
KNK	Kwame Nkrumah
KBOPD	Thousand Barrels of Oil per Day
LCC	Local Content Committee
LI	Legislative Instrument
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
MMBtu	Million British Thermal Units
MMSCF	Million Standard Cubic Feet
MoEn	Ministry of Energy
MoF	Ministry of Finance
MoFA	Ministry of Food and Agriculture
MP	Member of Parliament
MT	Metric Tonne
NAG	Non-Associated Gas
NDT	Non-Destructive Testing
NETC	National Energy Transition Committee
NETF	National Energy Transition Framework
NGCH	Natural Gas Clearinghouse
NGTU	Natural Gas Transmission Utility
NOC	National Oil Company
NPA	National Petroleum Authority
OCTP	Offshore Cape Three Points
OECD	Organisation for Economic Co-operation and Development
OMR	Oil Market Report
OPCO	Operating Company
OPEC	Organisation of Petroleum Exporting Countries
ORF	Onshore Receiving Facility
OSWT	Offshore South-West Tano
P&A	Plugging and Abandonment
PA	Petroleum Agreement
PC	Petroleum Commission

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
PURC	Public Utilities Regulatory Commission
RON	Research Octane Number
SDI	Special Development Initiatives
SDWT	South Deepwater Tano
SECO	State Secretariat for Economic Affairs of Switzerland
SGN	Sankofa Gye-Nyame
SOPCL	Saltpond Offshore Producing Company Limited
SPV	Special Purpose Vehicle
SRU	Sulphate Removal Unit
STEM	Science, Technology, Engineering, and Mathematics
STEO	Short-Term Energy Outlook
TEN	Tweneboa-Enyenra-Ntomme
TGL	Tullow Ghana Limited
TTMS	Technology Transfer Monitoring System
UNCITRAL	United Nations Commission on International Trade Law
VBP	Voltaian Basin Project
VRA	Volta River Authority
WCTP	West Cape Three Points
WEO	World Economic Outlook
WHO	World Health Organisation
WI	Water Injection
WTI	West Texas Intermediate

# Foreword

The Public Interest and Accountability Committee (PIAC) was established in September 2011 by the Petroleum Revenue Management Act (PRMA), 2011, (Act 815), with a mandate to monitor and evaluate the management and use of Ghana's petroleum revenues by institutions of state, in line with provisions in Act 815.

The Committee has a statutory mandate to publish two reports each year, a Semi-Annual and an Annual report to keep the public informed on how government and other institutions have managed and utilised petroleum revenues each year. The reports also serve as a tool for the Committee's public engagements and citizens' feedback, which is subsequently shared with duty bearers.

Since 2011, the Committee has published a total of 24 reports - 12 Semi-Annual and 12 Annual - covering the period 2011 to the end of the first half of 2023.

Institutions that provided information for the compilation of the 2023 Semi-Annual report are the Ministry of Finance (MoF), Bank of Ghana (BoG), Ministry of Energy, Petroleum Commission (PC), the Ghana National Petroleum Corporation (GNPC), and the Ghana National Gas Company (GNGC). The others are Ghana Revenue Authority (GRA), GNPC Foundation (GNPCF), Energy Commission (EC), District Assemblies Common Fund (DACF), Ghana Infrastructure and Investment Fund (GIIF) and International Oil Companies (IOCs) like Tullow, Kosmos and ENI.

The 2023 Semi-annual Report covers the period January to June 2023. 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, including PIAC.

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, 0554416544 (WhatsApp), 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. The total number of existing PAs has reduced from fourteen (14) to thirteen (13) as at June 2023 due to the relinquishment of AGM Petroleum's entire interest in the South Deep Water Tano Contract Area.
2. JOHL failed to pay proceeds from liftings in H1 2023 amounting to US\$70,456,718.93 into the PHF. This is the fourth consecutive time the Company has failed to pay the proceeds of liftings from the Jubilee and TEN Fields, amounting to US\$343,108,927.88.

### Recommendation

PIAC reiterates its position that proceeds from liftings of JOHL and any other subsidiary of GNPC constitutes petroleum revenues and therefore must be paid into the PHF.

### Revenue Collection and Management

3. PIAC observed that Kosmos Energy Ghana Limited wrongfully paid withholding tax into the PHF in 2020 and 2021, totalling US\$3,999,325.65.

### Recommendation

To ensure effective monitoring and evaluation of petroleum revenues, IOCs should be mindful not to pay monies other than petroleum revenues into the PHF.

### Distribution and Utilisation of the ABFA

4. An amount of GH¢131,005,360.91, representing 6.47 percent of the ABFA was transferred to the District Assembly Common Fund in the first half of the year 2023.
5. PIAC notes that the Ghana Infrastructure Investment Fund plans to invest US\$380 million in the Tema Motorway and the Pwalugu multi-purpose dam over the three-year period (2023 to 2025). Out of this, an amount of US\$41.25 million was disbursed to GIIF for the SPV Viability Gap/Tema Motorway Extension Project in H1 2023.

### Management and Performance of the GPFs

6. The retention of the current cap of US\$100 million on the GSF for the year 2023 is not in accordance with the formula stipulated in L.I 2381 and does not help build the Fund to serve its purpose. A proper

application of the capping formula would have returned an amount of US\$941.20 million.

### **Recommendation**

In approving Appropriation, Parliament should take into consideration Regulation 8 of LI 2381, with regards to the cap on the GSF.

7. The Ghana Petroleum Funds, are made up of the Ghana Heritage Fund (GHF) established to serve as endowment for investment, and the Ghana Stabilisation Fund (GSF) for the stabilisation of government expenditure. The GHF increased by 13.26 percent whilst the GSF decreased by 64.06 percent mainly due to withdrawals. The combined effect on the GPFs was a decrease of 10.36 percent from US\$1,223.70 million in H1 2022 to US\$1,096.92 million in H1 2023.

### **GNPC Allocation and Utilisation**

8. For the period under review, GNPC spent an amount of US\$6.40 million on production and development costs on the TEN Field and made a lifting of one parcel of crude oil from the Field in May 2023. However, no revenue was received by the Corporation from the Field either in respect of its equity interest or as its share of net CAPI, even though the revenues were received in the PHF in H1 2023.

This is in violation of Section 16(4) of the PRMA, as amended, which states that the Minister for Finance shall ensure that the Bank of Ghana transfers to a national oil company, the relevant portion of the revenue due to that national oil company under sub-section (2), not later than 3 working days after the receipt of petroleum revenue into the Petroleum Holding Fund.

### **Recommendation**

The Ministry of Finance should comply with the provision in Section 16(4) of the PRMA as amended to release funds to the National Oil Company not later than three working days after the receipt of petroleum revenue into the PHF.



# 1

## 1.0 INTRODUCTION

### 1.1 Background

Ghana's upstream petroleum industry has played a pivotal role in the country's economic development. Over the past 12 years (2011-2022), the industry has contributed an average of eight (8) percent annually to total government revenue. Crude oil production activities started in 1978 on the Saltpond Oilfield, and continued until 2010, when a new field, Jubilee came on stream.

As part of ongoing petroleum activities, production also started in the Tweneboa, Enyera, and Ntomme (TEN) Field and the Sankofa, Gye and Nyame (SGN) Field in 2016 and 2017, respectively. While the three latter fields are currently producing oil and gas, the Saltpond Oil Field is currently being decommissioned.

To supplement production efforts, plans are also far advanced to complement ongoing offshore exploration activities with onshore exploration in the Voltaian Basin, which is estimated to hold significant petroleum reserves. The National Oil Company – Ghana National Petroleum Corporation (GNPC) is currently spearheading activities in the Basin.

In the light of developments in the upstream petroleum industry, the Petroleum Revenue Management Act (PRMA), 2011 (Act 815), was enacted to provide a “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 and for related matters”.

Section 51 of the PRMA establishes the Public Interest and Accountability Committee (PIAC) as a watchdog institution, and as part of its mandate to produce reports on the management and use of petroleum revenues.

The PIAC Reports, issued semi-annually and annually, capture critical issues in the oil and gas sector, covering production, revenue generation, revenue sharing, utilisation and management, findings and recommendations.

These Reports are shared with Government, Parliament, key stakeholders including the International Oil Companies (IOCs), Civil Society Organisations (CSOs), Development Partners, the media, and the public.

The 2023 Semi-annual Report covers the period January to June, and provides an account of how petroleum revenues were managed and utilised within the period under review.

## 1.2 Scope

### **This Report:**

- Provides an update on developments in the upstream petroleum industry from January to June 2023;
- Analyses oil and gas production and liftings from January to June 2023;
- Analyses 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;
- Reviews the utilisation of revenues allocated to the Ghana National Petroleum Corporation (GNPC) and the Ghana National Gas Company (GNGC);
- Analyses the performance of the Ghana Petroleum Funds from January to June 2023;
- Provides information on PIAC’s project inspections and other related activities; and,
- Proffers recommendations on the management and utilisation of Ghana’s petroleum revenues.

### 1.3 Methodology

**The following methods were employed for this Report:**

- Analysis and reconciliation of data collected from relevant stakeholder institutions; and
  - Stakeholder engagements, interviews and validation meetings.
- 
- The key stakeholder institutions consulted include:
    - 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)
    - District Assemblies Common Fund (DACF)
    - International Oil Companies (IOCs) - Tullow, Kosmos and ENI
  - The Report uses a variety of visual tools such as tables, charts and graphs to communicate the findings and outcomes of the data analysed.



# 2

## **2.0 DEVELOPMENTS IN THE UPSTREAM PETROLEUM SECTOR**

### **2.1 Introduction**

International Oil Companies (IOCs) dominate Ghana's upstream petroleum sector, due largely to the country's relative lack of capital and the expertise necessary for the extraction of oil and gas resources. Subject to market dynamics, upstream activities and operations are indispensable and crucial to upscaling petroleum production and ultimately petroleum revenue for national development.

This chapter reviews the developments in Ghana's upstream petroleum sector for half-year (H1) 2023. It discusses the work obligations and operations of IOCs, exploration activities; Petroleum Production, Liftings, Gas Utilisation and Exports; Developments in the Investment Climate; Developments in Local Content and Local Participation; Developments in the Policy, Legal and Regulatory Environment, Energy Transition Concerns; and Natural Gas Developments and Market Information.



## 2.2 Work Obligations and Operations of IOCs

Most IOCs continued their project planning, execution, risk management, associated preparatory activities and drilling campaigns, details of which are presented below.

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

Tullow Ghana Limited (TGL) continued its drilling and completion operations. Four (4) wells were drilled, and four (4) completed as shown in Table 1:

**Table 1:** Jubilee Field Well Operation

Well Name	Well Type	Activity	Rig	Hole Section	Start Date	End Date
J62-WI	Water Injector	Drilling	Noble Venturer	Lower Section (Full hole)	31/12/2022	19/01/2023
J61-P	Oil Producer	Completion	Noble Venturer	Full hole	19/01/2023	15/02/2023
J64-P	Oil Producer	Drilling	Noble Venturer	Upper Section	15/02/2023	21/02/2023
J65-WI	Water Injector	Drilling	Noble Venturer	Full hole	21/02/2023	17/03/2023
J64-P	Oil Producer	Drilling	Noble Venturer	Lower Section (Full hole)	17/03/2023	08/04/2023
J64-P	Oil Producer	Completion	Noble Venturer	Full hole	09/04/2023	04/05/2023
J65-WI	Water Injector	Completion	Noble Venturer	Full hole	04/05/2023	30/05/2023
J63-P	Oil Producer	Completion	Noble Venturer	Full hole	30/05/2023	26/06/2023
J66-P	Oil Producer	Drilling	Noble Venturer	Full hole	26/06/2023	TBC

Source: PC, June 2023

### 2.2.2 TEN Field Operations (Drilling and Completion)

There was no drilling and completion activity by the Operator, Tullow, for H1 2023.

### 2.2.3 Offshore Cape Three Point (OCTP) Field Operations (Drilling and Completion)

No drilling and completion operation was carried out in the OCTP Fields by the Operator, Eni Ghana Ltd., for the period.

### 2.2.4 Cape Three Point (CTP) Block 4 (Drilling and Completion)

There was no drilling and completion operation carried out in this Block for the period. However, an appraisal well was reviewed to be drilled in the Block.

### 2.2.5 Deepwater Tano/Cape Three Points (DWT/CTP)

In 2022, Aker Energy Ghana Limited requested for further extension for submission of a revised PoD, which was approved by the Ministry of Energy. In May 2023, the Government of Ghana granted approval to the overall Plan of Development (PoD) presented by Pecan Energies for the phased development of the Pecan field in the DWT/CTP contract area.

### 2.2.6 Saltpond Field

The Saltpond decommissioning project is ongoing, following extensive progress made in 2022. As of 1<sup>st</sup> May 2023, the first operational phase of the project, which is to plug and abandon all six (6) production wells had been completed by the Contractor, Hans and Co. Ltd.

Currently, the dismantling phase of the project is underway. Approximately 1,000 tonnes of scrap, out of the total estimated 5,000 tonnes, has been dismantled from the Mr Louie platform as at the end of June. Overall, majority of the potential removable facilities have been removed. These include process equipment, accommodation Unit, helideck and legs (pillars) of the Jack-up platform.

### 2.2.7 Voltaian Basin Project

Following extensive seismic activities carried out in 2022 through H1 2023 under the phase three (3) of GNPC's 2D seismic acquisition programme (infill campaign), the phase four (4) of the 2D seismic data acquisition programme commenced in April 2023. This campaign is expected to acquire 1832 line-kilometres (lkm) of 2D seismic lines. Like Phase three, Phase four is also in two (2) sub-phases (A and B). Phase 4(A) (Northern Sector) of the project is completed with 801lkm of 2D seismic acquired.

Phase 4 (B) (Southern Sector), expected to acquire 1031lkm of 2D seismic data by BGP-BAY Geophysical Services Limited, is scheduled to commence in November 2023 following which the data will be processed by the same company.

## 2.3 Exploration Activities

While exploration activities continued on most of the petroleum blocks in H1 2023, some blocks have witnessed no activity at all. Detailed status updates of the various blocks are as follows:

- a. **Deepwater Cape Three Points (GOIL Upstream):** There was minimal exploratory activity on the Block in H1 2023. This was due to the limited technical and financial capacity of GOIL Upstream to operate the Block and solely fund major exploratory activities. GOIL Upstream conducted technical desktop studies including interpretation of 3D seismic data while seeking a farm-in partner with the requisite operatorship experience and financial capacity. GOIL Upstream was assigned the 80 percent participating interest hitherto held by ExxonMobil in May 2022, following ExxonMobil's voluntary exit from the Contract Area in May 2021.
- b. **Cape Three Points Block 4 (ENI):** Upon the successful drilling of the Akoma and Eban wells, Eni submitted a joint appraisal programme for the Akoma and Eban discoveries which have been approved by the PC in H1 2023. Similarly, the Aprozuma-1X was also successful, and an appraisal programme was submitted by Eni. This was evaluated and approved by the PC on the condition that Eni commits to drilling a well during its appraisal.

- c. **South Deepwater Tano (AGM Petroleum):** AGM Petroleum sought an extension of its initial exploration period in 2022, following a suspension granted in 2020. In March 2023, AGM communicated to the Minister for Energy its decision not to exercise its option to enter the First Extension Exploratory Period. However, the company decided to relinquish all 85 percent of its interest in the South Deepwater Tano Block. This makes the block available to be re-awarded.
- d. **Expanded Shallow Water Tano (Base Energy):** Base Energy (the appointed Operator of the Contract Area following Erin Energy's exit) and GNPC Explorco are currently planning towards the acquisition of new 3D seismic data by Q4 2023. This is in pursuit of the three-year extension to its Initial Exploration Period granted by the Minister for Energy to allow it complete its minimum work obligation. Base Energy and GNPC Explorco remain in search of a farm-in partner.
- e. **Central Tano Block (Amni International Petroleum Development):** Amni plans to drill its obligatory exploration well, Kusia-1X in Q4 2023. Well planning and drilling-related procurement of goods and services are ongoing, even though it had earlier re-scheduled to Q2 2023 from an earlier schedule of Q4 2022.
- f. **Offshore South-West Tano (OSWT) & East Keta (EK) Operating Company Ghana Limited (OPCO):** OPCO carried out well planning and drilling related procurement of goods and services in 2021 and made preparation in H1 2023 towards the drilling of its obligatory exploration well, Mansonia-1X for Q4 2023, even though it had earlier re-scheduled to Q2 2023 from an earlier schedule of Q4 2022.
- g. **Deepwater Cape Three Points West (Eco Atlantic Oil and Gas):** Eco Atlantic continued well planning and procurement of drilling-related goods and services and expects to drill its obligatory exploration well, Dawadawa-1X in Q4 2023, even though it had earlier re-scheduled to Q2 2023 from an earlier schedule of Q4 2022.
- h. **East Cape Three Points (Medea Development):** Following well planning and drilling-related procurement of goods and services, Medea has further revised the planned drilling of its obligatory exploration well to Q4 2023 from an earlier revision to Q2 2023 from the initial schedule of Q4 2022.

## 2.4 Petroleum Production, Liftings, Gas Utilisation and Exports

A summary of the production volumes, liftings, gas utilisation and exports for each producing field is as follows:

### 2.4.1 Jubilee Field Production and Operations

As expected of an associated gas field, the gas produced followed a similar production trend as the crude oil.

#### 2.4.1.1 Crude Oil and Gas production, Utilisation and Export Profile

Total reconciled crude oil and associated gas produced from January to June 2023 stood at 13,113,193 bbls and 35,618.89 MMSCF at average rates of 72,448.58 bbl/d and 196.79 MMSCF/d respectively. The

highest monthly oil production was recorded in March 2023, at a total volume of 2,864,216.00 bbls with a corresponding produced gas volume of 6,276.19 MMSCF and exported gas volume of 2,836.14 MMSCF.

Crude oil produced in January stood at 77,485 bbl/d, but declined slowly to 66,589.65 bbl/d in April 2023 before ramping up rapidly to an average of 82,520.77 bbl/d in June, recording the highest average volume of oil produced in H1 2023. Poor reservoir performance and process upsets accounted for the production declines in February through April, whereas the addition of J64+P infill well on 22<sup>nd</sup> May 2023 accounted for production increases in May and June.

On the other hand, associated gas production rate dropped from 195.05 MMSCF/d in January to 181.75 MMSCF/d in February before picking up to 195.96 MMSCF/d the following month and remained stable above 190 MMSCF/d until the end of H1 2023. Gas export profile followed similar trend as the oil production rate. However, process upsets and maintenance activities carried out at the Ghana National Gas Company (GNGC) plant from March to April 2023 resulted in a significant decrease in gas export rate from 100.40 MMSCF/d in February to the lowest recorded export rate of 69.40 MMSCF/d in April. Normal gas export resumed in June, with an average rate of 100.70 MMSCF/d.

On the Kwame Nkrumah (KNK) Floating Production Storage Offloading Vessel (FPSO), a volume of 6,250.41 MMSCF representing 17.55 percent of the total gas produced was flared. Similarly, a total volume of 17,252.98 MMSCF representing 48.44 percent of gas produced was exported to GNGC at an average export rate of 95.32 MMSCF/d, while a gas volume of 10,326.34 MMSCF representing 28.99 percent of total gas produced was injected for pressure support. For fuel, a total volume of 1,789.14 MMSCF, representing 5.02 percent of the total gas produced was used to power gas turbine generators (GTGs).

#### 2.4.1.2 Crude Oil Liftings (Off-take Operations)

Fourteen (14) crude off-take operations (liftings), amounting to 13,202,140.00 net bbls, were made in the Jubilee Field in H1 2023 as follows:

- Together with Petro SA Ghana Limited, Tullow Ghana Limited (TGL) made six (6) liftings (5,661,970.00 bbls),<sup>1</sup> representing 42.65 percent of the total volume of Jubilee liftings;
- Kosmos Energy made five (5) liftings (4,757,249.00 bbls) representing 35.84 percent;
- Jubilee Oil Holdings Limited (JOHL) lifted once (952,607.00 bbls) representing 7.18 percent; and,
- The Ghana Group lifted twice (1,902,136.00 bbls) representing 14.33 percent.

#### 2.4.2 TEN Field Production and Operations

The TEN Field, like the Jubilee Field, is an associated gas field with similar production trends in both crude oil and gas.

##### 2.4.2.1 Crude Oil and Gas production, Utilisation and Export Profile

The total reconciled oil and associated gas produced in H1 2023 were 3,625,995.00 bbl and 27,953.38 MMSCF at average rates of 20,033.12 bbl/d and 154.44 MMSCF/d respectively. The highest monthly oil production was recorded in March 2023 with a total volume of 633,859.00 bbls produced at an average of 20,447.06 bbl/d.

<sup>1</sup> Of this volume, TGL share amounted to 5,292,413.00 bbls, representing 39.87 percent of the total Jubilee liftings for H1 2023 (13,202,140.00 bbl), while Petro SA's share amounted to 369,557.00 bbls, representing 2.78 percent of the said total Jubilee liftings for H1 2023.

The month of June saw the lowest oil production per producing days. However, February recorded the least cumulative oil production, producing a total volume of 564,828.00 bbls at an average rate of 20,172.42 bbl/d. The low production in February was mainly due to flow assurance issues, and non-performance of the Enyenra producing wells: En08-P and En10-P.

A volume of 18,863.7 MMSCF, representing approximately 67.48 percent of the total produced gas (27,953.38 MMSCF) from the TEN Field in H1 2023 was injected into the Ntomme Field for pressure support, while a volume of 6,885.06 MMSCF, constituting 24.63 percent of the total gas was flared. Similarly, a volume of 481.18 MMSCF, representing 1.72 percent of the produced gas, was exported to GNGC at an average rate of 2.66 MMSCF/d, while a volume of 1,723.37 MMSCF, constituting 6.17 percent of the produced gas was used as fuel.

#### 2.4.2.2 Crude Oil Liftings (Off-take Operations)

Three (3) crude off-take operations (liftings), amounting to 2,941,836.00 bbl, were made in the TEN Field in H1 2023 as follows:

- Together with Petro SA Ghana Limited, Tullow Ghana Limited (TGL) lifted twice (1,946,427.00 bbl)<sup>2</sup> representing 66.16 percent of the total volume of TEN liftings; and,
- The Ghana Group lifted once (995,409.00 bbls), representing 33.84 percent of the total volume of TEN liftings.
- Neither Kosmos Energy nor JOHL made a lifting in TEN in H1 2023.

#### 2.4.3 Sankofa Gye Nyame (SGN) Field Operation and Production

The SGN Field has both Associated Gas (AG) and Non-Associated Gas (NAG) reservoirs<sup>3</sup>. The AG trend followed the oil production profile as expected, while the NAG production and gas export was unsteady in February 2023 due to the onshore receiving facility (ORF) experiencing a technical fault. A summary of the trend of production, utilisation, export and lifting profile for the field is as follows:

##### 2.4.3.1 Crude Oil and Gas Production, Utilisation and Export Profile

The total crude oil production for the period was 5,712,890.81 bbls at an average rate of 31,562.93 bbl/d. The highest monthly oil produced in H1 2023 was recorded in May. The lowest monthly oil produced was recorded in February 2023.

The low production obtained in February was mainly attributed to facility upsets, including a trip of Gas Turbine Generator (GTG)-C on 31<sup>st</sup> January, unavailability of some relevant facility equipment, and trips of both GTG-B and C in February which resulted in a temporary process shutdown. However, production levels increased in March 2023 and remained steady until a sudden decline in June, due principally to the choking down of wells (as a means of minimising flare rates) because of facility equipment upsets.

2 Of this volume, TGL share amounted to 1,820,198.00 bbls, representing 61.87 percent of the total TEN liftings for H1 2023 (2,941,836.00 bbls), while Petro SA's share amounted to 126,229.00 bbls, representing 4.29 percent of the said total TEN liftings for H1 2023.

3 The OCTP Block is made up of the Sankofa and Gye-Nyame Fields. The Sankofa Field has two reservoirs which are the Cenomanian and Campanian. The Cenomanian has oil production well which implies associated gas while the Campanian has non-associated gas. The Gye-Nyame Field is a non-associated gas field but the hydrocarbons resources are yet to be produced.

### 2.4.3.2 Crude Oil Liftings (Off-take Operations)

Five (5) crude off-take operations (liftings), amounting to 6,552,420.00 bbls, were made in the SGN Field in H1 2023 as follows:

- Eni Ghana E&P Limited (Eni) lifted twice (1,898,167.00 bbls), representing 40 percent of the total volume of SGN/OCTP liftings;
- Vitol Upstream lifted once (949,166.00 bbls), representing 20 percent of the total volume of SGN/OCTP liftings; and,
- The Ghana Group lifted twice (1,898,167.00 bbls), representing 40 percent of the total volume of SGN/OCTP liftings.

### 2.4.3.3 Onshore Receiving Facility (ORF)

The Onshore Receiving Facility (ORF) at Sanzule received gas export from the SGN/OCTP Field. The total gas sales in H1 2023 amounted to 36,375.30 MMSCF at an average of 200.97 MMSCF/D. A total of 1,967.67 MMSCF of gas was used as fuel, while the total gas vented at the ORF was 9.00 MMSCF.

## 2.5 Developments in the Investment Climate

The Ghana Negotiation Team (GNT) continued negotiations with the successful bidders (Eni Ltd. in partnership with Vitol Upstream Tano Ltd., CNOOC International Ltd., Resource Base International Ltd., KOKA Energy Company Ltd. and First E&P) from the first licensing round. In the meantime, Tullow Ghana Limited (West Cape Three Points and Deepwater Tano) and Eni (Offshore Cape Three Points) are in the production stage, while the remaining IOCs are in various stages of exploration in their operations. A summary of the upstream investment climate for the period is as follows:

### 2.5.1 Jubilee South-East (JSE) Project

As part of its multi-year/multi-well drilling programme, TGL continued its ongoing investments in the Jubilee and TEN fields in H1 2023, inching closer to commencing production from the South East area of the Jubilee Field. TGL and its Jubilee Partners aim to bring onstream a number of production wells in H2 2023 to help sustain gross Jubilee production over 100 kbopd. In furtherance of this objective, the Jubilee Partners (TGL, Kosmos Energy, GNPC, Petro SA and JOHL) have in the last three years invested over US\$1 billion on the JSE Project, particularly the fabrication and installation of subsea infrastructure and topsides modifications needed to bring previously undeveloped reserves to production. Fabrications on the complex offshore JSE infrastructure are currently ongoing and mostly done by local Ghanaian companies and workforce. If successful, the JSE Project could potentially enhance the value of the Jubilee field for the benefit of Ghana and all the Jubilee Partners.

### 2.5.2 Update on GNPC Acquisitions in the DWT/CTP and SDWT Blocks operated by Aker Energy and AGM Petroleum Ghana

Following a further extension granted Aker Energy (the Operator of the DWT/CTP contract area) in 2022, the company in April 2023 submitted its PoD for the Pecan field in the DWT/CTP block and same was reviewed by the PC and approved in May 2023 by the Minister for Energy.

In March 2023, the operator of the South Deep Water Tano Contract Area, AGM Petroleum Ghana relinquished the entirety of its 85 percent interest in the Block.

### 2.5.3 Unitisation of the Afina and Sankofa Fields

The Minister for Energy's directive<sup>4</sup> to Springfield Exploration and Production Limited (Springfield) and Eni to unitise the Afina (West Cape Three Points [WCTP] Block 2) discovery and the Sankofa Field, has still not been conclusive as at the end of H1 2023. Although Eni Ghana and its partner, Vitol Upstream have been unsuccessful in challenging the Minister's directive in Ghanaian courts<sup>5</sup>, their resort in August 2021 to international arbitration against the Republic of Ghana and the GNPC under the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL) for breach of the relevant PA remains a huge setback. The Attorney-General and Minister for Justice was officially notified on 16<sup>th</sup> August 2021. According to PC, hearing will commence in Paris, France, on 31st July 2023 and will continue on scheduled dates till 7<sup>th</sup> August 2023.

### 2.5.4 Update on Proceeds from JOHL Liftings

JOHL currently holds the seven (7) percent additional commercial interest in the Jubilee and TEN fields acquired by GNPC in April 2021 from Occidental Petroleum (Anadarko WCTP Company) in respect of the Company's DWT/WCTP assets. Although PIAC repeatedly disapprove of the JOHL arrangement and called on GNPC to transfer the acquired interest to GNPC Explorco as originally envisaged, GNPC has failed to do so, disagreeing with PIAC on the matter. The JOHL lifted 952,607.00 bbls of crude oil in H1 2023, amounting to US\$70,456,718.93. The proceeds from this lifting were not paid into the PHF, contrary to PIAC's repeated advice. This brings the total JOHL receipts not paid into the PHF to an amount of US\$343,108,927.88 as at H1 2023. GNPC insists that proceeds from liftings by JOHL do not constitute petroleum revenue.

## 2.6 Developments in Local Content and Local Participation

The PC continued to undertake activities in furtherance of its mandate under the relevant Ghanaian laws, including the Petroleum (Local Content and Local Participation) Regulations, 2013 (L.I. 2204), as amended. A summary of local content and participation activities undertaken by the PC in H1 2023 are as follows:

### 2.6.1 Development of Guidelines

The PC finalised draft Guidelines for "Channel Partnership" and "Strategic Alliance", and held a consultative meeting with the Ghana Upstream Petroleum Chamber (GUPC) to address the issues arising, provide clarifications and recommendations regarding submissions made by GUPC on the final draft Guidelines. A new permitting regime was agreed and templates for permit application adopted at the consultative meeting for implementation from Q3 2023.

4 The Minister anchored his directive requirements of the Petroleum (Exploration and Production) Act, 2016 (Act 919) and L.I.2359 to ensure optimum exploitation and recovery of Ghana's petroleum reserves.

5 Following the Minister's directive and subsequent disagreements by Eni Ghana Limited and its partner Vitol Upstream Ghana Limited on the propriety of the Minister's directive, including resort to Ghanaian courts, the High Court (Commercial Division) on January 24, 2022, ordered Eni and Vitol to pay 30 percent of revenue from the sale of crude oil to the Court Registrar. Eni and Vitol appealed the decision, but were unsuccessful. For a consolidated account of the genesis of the dispute, see PIAC 2020-2022 Annual Reports (Chapter Three of each report).

## 2.6.2 Development and Implementation of Strategic Documents

In order to accelerate local capacities along the petroleum value chain, the PC in H1 2023 developed strategies for mid-technical environmental services. Additionally, the PC commenced the implementation of developed strategies (and organised three workshops to enhance the capacities of indigenous Ghanaian service companies) for the following mid-technical areas:

- Rope access;
- Laboratory;
- Diving and Hyperbaric;
- Non-Destructive Testing (NDT);
- High Voltage Cables; and,
- Subsea Diving.

## 2.6.3 Minimum Local Content Requirements

To optimise local content in procurement and tender processes and ensure continuous growth in local content development, the PC developed minimum local content requirements for well drilling and completion services in H1 2023.

## 2.6.4 Technology, Skills, and Know-how Transfer

As part of the PC's effort to measure, monitor, promote the performance (in terms of transfer of skills, expertise and technology) and assess the capacities and technological gaps of the local partners of Joint Venture Companies (JVCs) in the upstream petroleum industry, the Commission in H1 2023:

- engaged 20 JVCs and their local partners on technology transfer programmes, JV agreements, Strategic Plans of local partners;
- engaged 20 JVCs assessed in 2022 to ascertain the progress of their Technology Transfer report;
- reviewed and analysed nine (9) Technology Transfer Plans submitted by companies;
- engaged GNPC on technology transfer obligations of IOCs and developed a template to facilitate the reporting technologies, skills and know-how acquired by GNPC; and,
- updated the Technology Transfer Monitoring System (TTMS) with technology transfer programmes submitted by 17 JVCs for performance assessment.

## 2.6.5 Value of Services

In H1 2023, the total value of service was US\$16,413,762.70, out of which US\$11,158,599.12 (68%) was awarded to Indigenous Ghanaian Companies, US\$1,017,725.00 to Joint Venture Companies (JVCs) and US\$4,237,438.58 to Foreign Companies. According to PC, the updated total value of services in 2022 amounted to US\$752,614,534.78, up from US\$548,971,986.00.

Despite the challenges faced by the industry due to the lingering effects of the COVID-19 pandemic, the PC through the implementation of a robust Local Content Strategy ensured that local content was optimised in all petroleum activities.

## 2.6.6 Local Content Fund

The PC continued to implement the payment of one percent (1%) contract sum into the Local Content Fund, established under the Petroleum (Exploration and Production) Act, 2016 (Act 919). According to



the PC, the Local Content Fund Secretariat encountered several challenges, including non-compliance by contractors and subcontractors with the deduction of one percent contract sum, citing stabilisation clauses in their respective PAs.

Receivables based on approved contract sums to the Local Content Fund amounted to US\$7 million as of June 2023, up from a total amount of US\$5.3 million as of December 2022.

The Local Content Fund Operational Guidelines for the administration of the Fund is under review by the Local Content Committee (LCC) of the PC.

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

This section provides an update on policy, legal and regulatory developments for H1 2023.

### 2.7.1 PRMA Review and other Legislative Updates

The Ministry of Finance is still coordinating the review of the PRMA to address implementation challenges identified by the Ministry and sector stakeholders. Begun in 2018, the process has already missed its earlier projected deadline (December 2021) and has since not expedited action to achieve result. There was no indication of action in H1 2023.

### 2.7.2 Update on Petroleum Agreements

No new PA was signed or ratified by Parliament in H1 2023. However, in March 2023, AGM Petroleum (the operator of the South Deep Water Tano Contract Area) relinquished its 85 percent interest in that Block. This reduced the total number of existing PAs from fourteen (14) to thirteen (13) as at June 2023 (Appendix A).

## 2.8 Energy Transition Concerns

Following COP26, threats of stranded assets and the ongoing global decarbonisation drive, led to Ghana setting up a National Energy Transition Committee (NETC) in December 2021 to carry out consultations for the drafting of an Energy Transition Policy and Strategy. Shortly afterwards, Ghana's Vice President launched the Energy Transition Agenda in February 2022. The NETC, with the support of Sustainable Energy for All (SE4All) and Bloomberg Philanthropies, undertook broad stakeholder consultations (including regional fora and targeted energy sector engagements) throughout 2022. This resulted in the development of a national blueprint on energy transition: the National Energy Transition Framework (NETF) [2022-2070]; launched on 8<sup>th</sup> November 2022 by His Excellency the President on the sidelines of COP27. The Ministry of Energy has since published and circulated the NETF to the various government institutions (MMDAs), and has made same accessible to other relevant stakeholders. This long-term blueprint is a huge demonstration of commitment by Ghana to the global energy transition agenda.

Ghana is currently in the process of preparing an investor-ready energy transition plan, with the support of the United Nation's Sustainable Energy for All (SE4All) Initiative. A data validation exercise was held between the Ministry of Energy and SE4All in Accra, following which the Ministry has provided the initial data required for the preparation of the investor-ready plan.

An inter-ministerial National Energy Transition Implementation Committee has been constituted under the Office of the President, with mandate to begin sourcing funds and provide direction for a coordinated

implementation of nation-wide energy transition programmes. SE4All presented preliminary findings on the Ghana Energy Transition Investment Plan to the Inter-Ministerial Committee in H1 2023. According to the Ministry of Energy, the investor-ready plan is expected to be finalised in August 2023.

## 2.9 Natural Gas Developments and Market Information

This section discusses natural gas developments and market information.

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

The Ghana National Gas Company (GNGC) received a total Cash Waterfall Mechanism (CWM)/Natural Gas Clearing House (NGCH) revenue of US\$18,232,140.22 in H1 2023 covering invoices for October 2022 to April 2023. According to GNGC, this represents a reduction in receipts, largely attributed to non-payment by ECG irrespective of the ECG's nationwide revenue mobilisation exercise.

### 2.9.2 Natural Gas Regulatory Updates

In H1 2023, the Energy Commission, in line with its regulatory and management mandate under the Energy Commission Act, 1997 (Act 541), carried out the following activities relating to natural gas infrastructure development:

- Initiated the development of a Natural Gas Regulations to govern the operations of the natural gas market in Ghana. A draft Regulation was developed in-house in H1 2023 pending subsequent review by stakeholders. The aim is to ensure fair competition in the natural gas market in accordance with Act 541;
- Initiated activities toward the review and update of the Natural Gas Access Code to reflect current trends in the Natural Gas Supply Industry. The Access Code was developed by the Commission in 2014 to ensure that the Natural Gas Transmission Utility (NGTU) provides fair, transparent, non-discriminatory, safe, reliable, secure, efficient, and cost-effective delivery of natural gas;
- Carried out inspection and monitoring visits on the following natural gas facilities to ensure compliance with construction and operational procedures enshrined in applicable laws and relevant legislative instruments developed to govern the construction, operations, and maintenance of natural gas infrastructure in Ghana:
  - a. Construction of a 24-inch 105km natural gas pipeline from Dawusasu/Gyegetereo to Kumasi (Ejsu) for the supply of natural gas to a proposed power plant site in Kumasi in the Ashanti Region; and,
  - b. Construction of Gas Processing Plant, 110km Atuabo-Takoradi pipeline and the 70km Essiama-Prestea pipeline.

### 2.9.3 Other Relevant Natural Gas Information and Updates

In H1 2023, the following activities relating to new natural gas developments and market information took place:

- **Gas supply to Marco Polo Sanitary Ware Limited:** GNGC supplied 1 MMSCF/D of gas to Marco Polo in April 2023 for the production of sanitary ware;
- **Planned Maintenance Shutdown:** GNGC undertook a 14-day planned shutdown of the Atuabo Processing Plant from 25<sup>th</sup> March to 7<sup>th</sup> April 2023 for maintenance activities at the Plant;
- **Quarterly Review of Gas Price:** The Public Utilities Regulatory Commission (PURC), in May 2023, reviewed the tariffs for utilities including gas price as their mandate allows. According to GNGC, the Approved Gas Price (US\$6.5165/MMBtu) effective 1<sup>st</sup> June 2023 resulted in a 15 percent reduction

of GNGC's total service tariff (Gathering, Processing and Transmission) compared to the approved service tariff in February;

- **New Policy Directive on Condensate for premix Fuel Blending:** The government introduced new directives for condensate utilisation and pricing, requiring condensates to be prioritised as a blending stock for pre-mix fuel; and any excess used for RON 91 gasoline blending or exported. According to the GNGC, the price of condensate for premix fuel was prescribed by the National Petroleum Authority (NPA) to be 50 percent of the gasoline price, effective 1<sup>st</sup> February 2023.

### Findings/Observations

1. The total number of existing PAs has reduced from fourteen (14) to thirteen (13) as at June 2023 due to the relinquishment of AGM Petroleum's entire interest in the South Deep Water Tano Contract Area.
2. JOHL failed to pay proceeds from liftings in H1 2023 amounting to US\$70,456,718.93 into the PHF. This is the fourth consecutive time the Company has failed to pay the proceeds of liftings from the Jubilee and TEN Fields, amounting to US\$343,108,927.88.



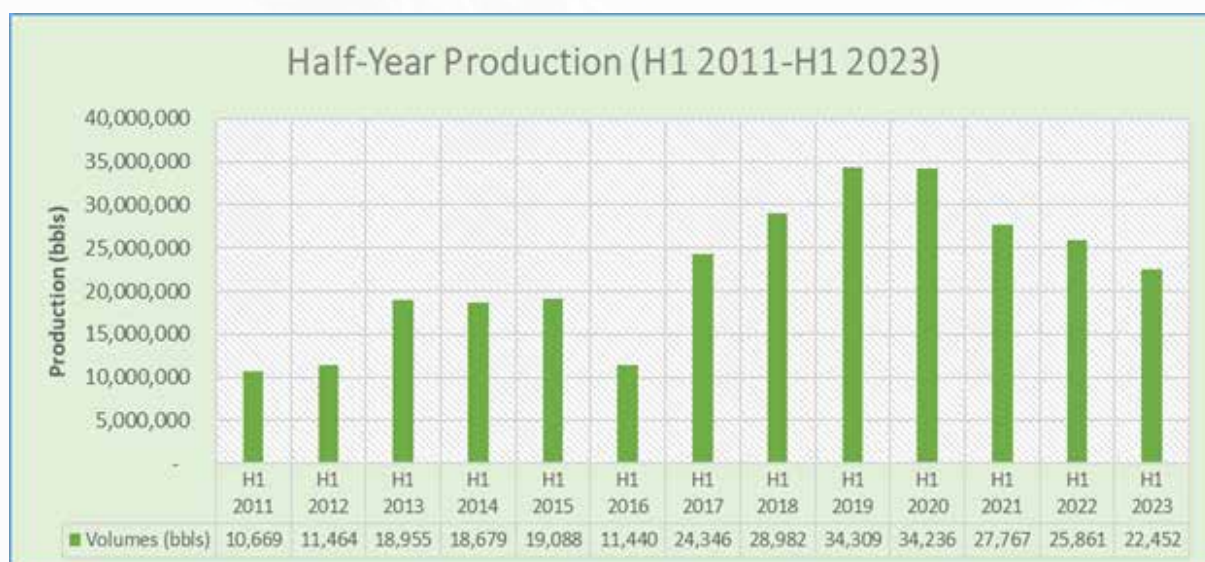


# 3

## **3.0 PETROLEUM PRODUCTION AND SALES**

### **3.1 Crude Oil Production**

Ghana produced a total of 22,452,078.81 barrels (bbls) of crude oil in H1 2023 from its three offshore producing Fields - Jubilee, TEN, and SGN. This represents a 13.2 percent reduction from H1 2022's production volume of 25,861,810.42 barrels (bbls) and the fourth consecutive reduction in year-on-year (y-o-y) crude oil production volumes since inception, as shown in Figure 1.



**Figure 1:** Half-Year (H1) Crude Oil Production (2011-2023)

Source: PIAC's Construct based on GNPC Data, June 2023.

The decrease was as a result of reduced production on all three producing fields during the period. Crude oil production declined by 12 percent, 17.5 percent and 12.9 percent in the Jubilee, TEN, and SGN Fields respectively. Table 2 shows the monthly production figures for the three Fields.

**Table 2:** Monthly Breakdown of Total Crude Production (Jan-June 2023)

	Jubilee		TEN		SGN		Production Days
	Daily Av. Prod (bbls)	Qty Produced (bbls)	Daily Av. Prod (bbls)	Qty Produced (bbls)	Daily Av. Prod (bbls)	Qty Produced (bbls)	
January	77,485.35	2,402,046	20,410.29	632,719	32,243.59	999,551	31
February	71,194.39	1,993,443	20,172.43	564,828	30,397.87	851,140	28
March	67,920.97	2,105,550	20,447.06	633,859	32,002.69	992,083	31
April	66,589.50	1,997,685	20,266.80	608,004	33,246.56	997,397	30
May	68,995.03	2,138,846	19,679.71	610,071	32,355.53	1,003,021	31
Jun	82,520.77	2,475,623	19,217.13	576,514	28,989.93	869,698	30
<b>Total</b>		<b>13,113,193</b>		<b>3,625,995</b>		<b>5,712,891</b>	

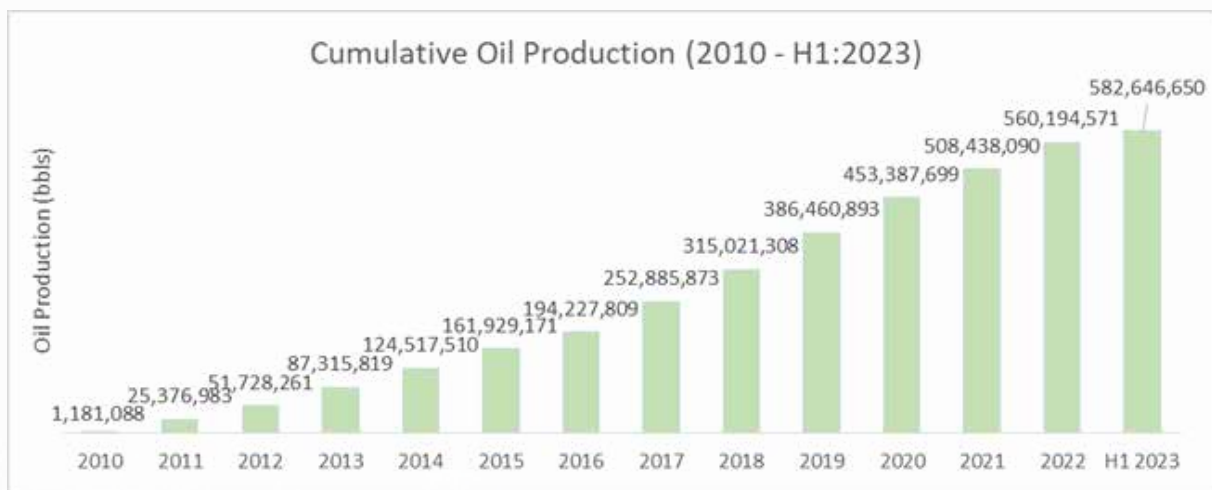
Source: GNPC and PC, June 2023

Jubilee production decreased from 14,906,957 bbls in H1 2022 to 13,113,193 bbls in H1 2023 (12.03%). Average daily oil production in the Jubilee Field in H1 2023 was 72,449 bbls compared to 82,560 bbls in H1 2022, representing a decrease of 12.2 percent. Crude oil production rates began in January 2023 at a relatively higher rate of 77,485 bbls per day but declined to 66,589.65 bbls per day in April before ramping up to 82,520.77 bbls per day, the highest in the half-year period. According to the Petroleum Commission (PC), the drop in production was mainly due to poor reservoir performance and process upsets, while the increase in production was as a result of the addition of the J64-P infill well on 22<sup>nd</sup> May 2023.

TEN production declined from 4,394,067 bbls in H1 2022 to 3,625,995 bbls in H1 2023 (17.5%). The average daily oil production declined from 24,263.00 bbls in H1 2022 to 20,032.24 bbls in H1 2023. The highest monthly oil production during the period was recorded in March whilst February recorded the lowest. The low production was mainly attributed to flow assurance issues and non-performance of the En08-P and En10-P producing wells.

SGN production declined from 6,560,786.42 bbls in H1 2022 to 5,712,891 bbls in H1 2023 (12.9%). Average daily production reduced from 36,206.76 bbls to 31,562.9 bbls during the period. The highest monthly oil produced within the period was in May with the lowest in February. The PC reports that the low production volumes in February were mainly attributed to facility upsets: a trip of Gas Turbine Generator (GTG)-C on 31<sup>st</sup> January, unavailability of High-Pressure Flash Gas Compressor-B, and trips of both GTG-B and C in February. Production rates ramped up in the month of March, and remained steady until a sudden decline in production in June. This decline was primarily due to the choking down of wells because of unavailability of the High-Pressure Flash Gas Compressor A. This was done to minimise flare rates.

Cumulatively, the volume of crude oil produced in Ghana since first oil in December 2010, totals 582,646,650 bbls as at the end of June 2023, as shown in Figure 2.



**Figure 2:** Cumulative Crude Oil Production (2010 – H1 2023)

Source: PIAC Construct based on GNPC Data, June 2023

### 3.2 Gas Production

As shown in Table 3, the cumulative raw gas production (Associated Gas-AG and Non-Associated Gas-NAG) for H1 2023 was 130,065.22 million standard cubic feet (MMSCF). This represents a 41 percent increase over the volume of 124,948.79 MMSCF produced for the same period in 2022. Production from the Jubilee and SGN Fields increased by 11.8 percent and 2.5 percent respectively, whilst raw gas production from the TEN Field decreased by 0.9 percent.



**Table 3:** Gas Production from Jubilee, TEN, and SGN (Jan - Jun 2023)

DESCRIPTION	MONTH	JUBILEE	TEN	OCTP		TOTAL
		AG	AG	AG	NAG	AG/NAG
ASSOCIATED GAS (AG) & NON-ASSOCIATED GAS (NAG) PRODUCTION (MMSCF)	January	6,046.01	4,700.01	4,779.56	6,184.24	21,709.82
	February	5,634.26	4,293.61	3,978.81	5,761.49	19,668.17
	March	6,074.74	4,772.80	4,981.15	6,787.14	22,615.83
	April	5,981.18	4,645.75	4,765.34	6,527.54	21,919.81
	May	5,905.51	4,871.95	4,978.19	6,608.91	22,364.56
	June	5,977.19	4,669.26	3,876.35	7,264.23	21,787.03
<b>TOTAL</b>		<b>35,618.89</b>	<b>27,953.38</b>	<b>27,359.40</b>	<b>39,133.55</b>	<b>130,065.22</b>

Source: PC, June 2023

Raw gas exported to the Ghana National Gas Company (GNGC) from the Jubilee Field increased from 16,177.03 MMSCF in H1 2022 to 17,252.98 MMSCF (6.7%) in H1 2023. The monthly breakdown of gas production and utilisation is presented in Table 4. The exported gas represents 48.4 percent of produced gas, re-injected gas constituted 29 percent, flared gas - 17.6 percent and fuel gas - 5 percent.

**Table 4:** Greater Jubilee Field Gas Monthly Production and Utilisation (Jan - Jun 2023)

Month	Gas Production (MMSCF)	Gas Export (MMSCF)	Gas Injection (MMSCF)	Fuel Gas (MMSCF)	Flared Gas (MMSCF)
JANUARY	6,046.01	3,112.55	1,537.77	274.94	1,120.74
FEBRUARY	5,634.26	3,063.42	1,239.57	266.74	1,064.53
MARCH	6,074.74	2,233.44	2,410.80	323.68	1,106.82
APRIL	5,981.18	2,151.29	2,454.50	306.86	1,068.53
MAY	5,905.51	3,352.55	1,085.55	303.10	1,164.30
JUNE	5,977.19	3,339.73	1,598.15	313.82	725.49
<b>TOTAL</b>	<b>35,618.89</b>	<b>17,252.98</b>	<b>10,326.34</b>	<b>1,789.14</b>	<b>6,250.41</b>
Average	5,936.48	2,875.50	1,721.06	298.19	1,041.74

Source: PIAC Construct based on GNPC Data, June 2023

Gas exports from the TEN Field declined by 84.9 percent, from 3,194.15 MMSCF in H1 2022 to 481.18 MMSCF in H1 2023. The gas exports represented 1.7 percent of total gas produced whilst 67.5 percent was re-injected, 24.6 percent flared, and 6.2 percent used as fuel gas (see Table 5).

**Table 5:** TEN Fields Gas Monthly Production and Utilisation (Jan - Jun 2023)

Month	Gas Production (MMSCF)	Gas Export (MMSCF)	Gas Injection (MMSCF)	Fuel Gas (MMSCF)	Flared Gas (MMSCF)
JANUARY	4,700.01	39.34	3,308.14	305.88	1046.65
FEBRUARY	4,293.61	60.08	2,870.53	268.42	1094.57
MARCH	4,772.80	83.96	3,183.96	293.69	1211.2
APRIL	4,645.75	68.73	3,116.45	295.25	1165.32
MAY	4,871.95	204.76	3,166.35	293.03	1,207.81
JUNE	4,669.26	24.31	3,218.34	267.1	1,159.51
<b>TOTAL</b>	<b>27,953.38</b>	<b>481.18</b>	<b>18,863.77</b>	<b>1,723.37</b>	<b>6,885.06</b>
(Average)	4,658.90	80.20	3,143.96	287.23	1,147.51

Source: PIAC Construct based on GNPC Data, June 2023

Overall, exports from the Jubilee and TEN Fields recorded a 10.7 percent decrease from 19,371.18 MMSCF in H1 2022 to 17,734.16 MMSCF in H1 2023.

Table 6 illustrates the monthly gas production and utilisation from the SGN Field.

**Table 6:** SGN Field Gas Monthly Production and Utilisation (Jan - Jun 2023)

MONTH	GAS PRODUCED (AG) MMSCF	GAS PRODUCED (NAG) MMSCF	GAS EXPORT MMSCF	INJECTION MMSCF	FUEL GAS MMSCF	FLARED MMSCF
JANUARY	4,779.56	6,184.24	5,904.19	4,533.65	340.59	100.22
FEBRUARY	3,978.81	5,761.49	5,533.77	2,795.73	280.22	1,042.91
MARCH	4,981.15	6,787.14	6,399.56	4,808.06	348.93	122.41
APRIL	4,765.34	6,527.54	6,210.91	4,636.66	337.08	22.2
MAY	4,978.19	6,608.91	6,307.88	4,787.05	347.41	52.02
JUNE	3,876.35	7,264.23	6,018.99	3,707.62	313.44	1,008.68
<b>TOTAL</b>	<b>27,359.40</b>	<b>39,133.55</b>	<b>36,375.30</b>	<b>25,268.77</b>	<b>1,967.67</b>	<b>2,348.44</b>
Average	4,559.90	6,522.26	6,062.55	4,211.46	327.95	391.41

Source: PIAC Construct Based on GNPC Data, June 2023

Total Non-Associated Gas exports from the SGN Field increased from 34,022.17 MMSCF in H1 2022 to 36,375.30 MMSCF in H1 2023 (6.9%) through the Onshore Receiving Facility (ORF) to the GNGC pipeline network during the period under review (see Table 6). Total Gas exports constituted 55.2 percent of total gas produced, whilst 38.3 percent was re-injected, 3.5 percent was flared, and 3 percent was used as fuel gas.

GNPC also reported that the volume of flared gas recorded on all three producing fields were within the permissible levels.

### 3.3 Crude Oil Liftings

The lifting of crude oil was done in accordance with the terms of the PA and the Crude Oil Lifting Agreement (COLA) for each producing field.

#### 3.3.1 Jubilee Field

A total of 14 liftings were made by the Jubilee Partners in H1 2023 compared to 15 liftings for the same period in 2022. The Ghana Group lifted two parcels of crude oil totaling 1,902,136 bbls as against 2,805,112 bbls in three liftings for the same period in 2022. The other Partners lifted 11,371,826 bbls in line with the Field's COLA, as shown in Table 7.

**Table 7:** Crude Oil Liftings by the Ghana Group and other Jubilee Partners (Jan - Jun 2023)

COMPANY	VOLUME LIFTED (BBL)	NO. OF LIFTINGS	PERCENTAGE (%)
TULLOW GHANA LTD & PETRO SA	5,661,970	6	42.65
GHANA GROUP	1,902,136	2	14.33
KOSMOS ENERGY	4,757,249	5	35.84
JUBILEE OIL HOLDINGS LTD	952,607	1	7.18
<b>TOTAL</b>	<b>13,273,962</b>	<b>14</b>	<b>100.00</b>

Source: PC, June 2023

#### 3.3.2 TEN Field

With respect to this field, three (3) parcels of crude oil totaling 2,941,836.00 bbls were lifted by the Partners in H1 2023 (see Table 8), compared to four (4) liftings of 3,929,414 bbls recorded in H1 2022.

**Table 8:** Crude Oil Liftings by the Ghana Group and other TEN Partners (Jan - Jun 2023)

COMPANY	VOLUME (BBL)	No. OF LIFTINGS	PERCENTAGE
KOSMOS ENERGY	0	0	0.00
TULLOW GHANA LTD & PETROSA	1,946,427	2	66.16
GHANA GROUP	995,409	1	33.84
JUBILEE OIL HOLDINGS LIMITED	0	0	0.00
<b>TOTAL</b>	<b>2,941,836</b>	<b>3</b>	<b>100.00</b>

Source: PC, June 2023

The Ghana Group lifted one (1) parcel of crude oil totaling 995,409 bbls in H1 2023 as compared to no lifting in H1 2022. Total liftings by the other TEN Partners constituted 1,946,427 bbls.

#### 3.3.3 Sankofa Gye-Nyame Field

For the period, the SGN Partners lifted five (5) parcels of crude oil, totaling 4,744,845 bbls (see Table 9) compared with seven (7) parcels amounting to 6,552,420 bbls for the same period in 2022.

**Table 9:** Crude Oil Liftings by the Ghana Group and other SGN Partners

COMPANY	VOLUME (BBLS)	No. OF LIFTINGS	PERCENTAGE
GNPC	1,897,512	2	40.00
ENI GHANA E&P LTD	1,898,167	2	40.00
VITOL UPSTREAM	949,166	1	20.00
<b>TOTAL</b>	<b>4,744,845</b>	<b>5</b>	<b>100.00</b>

Source: PC, June 2023

The Ghana Group lifted two (2) parcels of 1,897,512 bbls in H1 2023 compared to two (2) parcels of 1,852,686 bbls in the same period in 2022. The other Partners lifted a total of 2,847,333 bbls of crude oil in H1 2023; a 39.4 percent reduction from 4,699,734 bbls of the same period in 2022.

### 3.3.4 Liftings of Jubilee Oil Holdings Limited (JOHL)

For the period under review, JOHL lifted one (1) parcel of crude oil totaling 952,607 bbls from the Jubilee Field on 7th June 2023. Receipt from this lifting amounting to US\$70,456,718.93 is expected in July 2023.

## 3.4 Upstream Petroleum Expenditure

The total petroleum expenditure costs on the Jubilee field in H1 2023 amounted to US\$435.33 million as compared to US\$388.84 million in H1 2022. Production cost on the Jubilee Field amounted to US\$121.84 million in H1 2023 as against US\$172.83 million in H1 2022. Development costs of US\$313.49 million was incurred in H1 2023 compared to US\$216.02 million in H1 2022. The Production expenses included items such as Business Management & Assurance costs, O&M Contractor cost, Logistics and Materials, and Facilities Projects whilst Development Cost items included Drillex, Subsea and OOL2 expenses (see Appendix B).

The total petroleum expenditure on the TEN field amounted to US\$202.84 million in H1 2023 compared to US\$221.19 million in H1 2022. Production Costs on the Field in H1 2023 stood at US\$75.83 million as against US\$59.09 million in H1 2022. Development Costs also amounted to US\$126.70 million in H1 2023 down from US\$162.01 million in H1 2022. An Exploration Cost of US\$0.31million was also incurred in H1 2023. Some key components of the Production Costs include, O&M Contractor cost, Logistics and Materials, and Business Management & Assurance costs. Development Cost items on the TEN Field included FPSO Charter cost and Subsea costs (see Appendix B).

The total petroleum expenditure for the SGN project for H1 2023 amounted to US\$171.16 million as compared to US\$164.14 million in H1 2022. Production Costs of US\$104.74 million was incurred on the Field, higher than the US\$96.3 million incurred in H1 2022. Development Costs amounted to US\$66.42 in H1 2023, lower than the US\$67.84 million incurred in H1 2022. Some components of the Production Costs were made up of FPSO Operations and Maintenance Cost, Operating Maintenance Costs and Operating Transport Costs. A major Development Cost item on the SGN Field was the FPSO Leasing Cost (see Appendix B).

### 3.5 Crude Oil Pricing

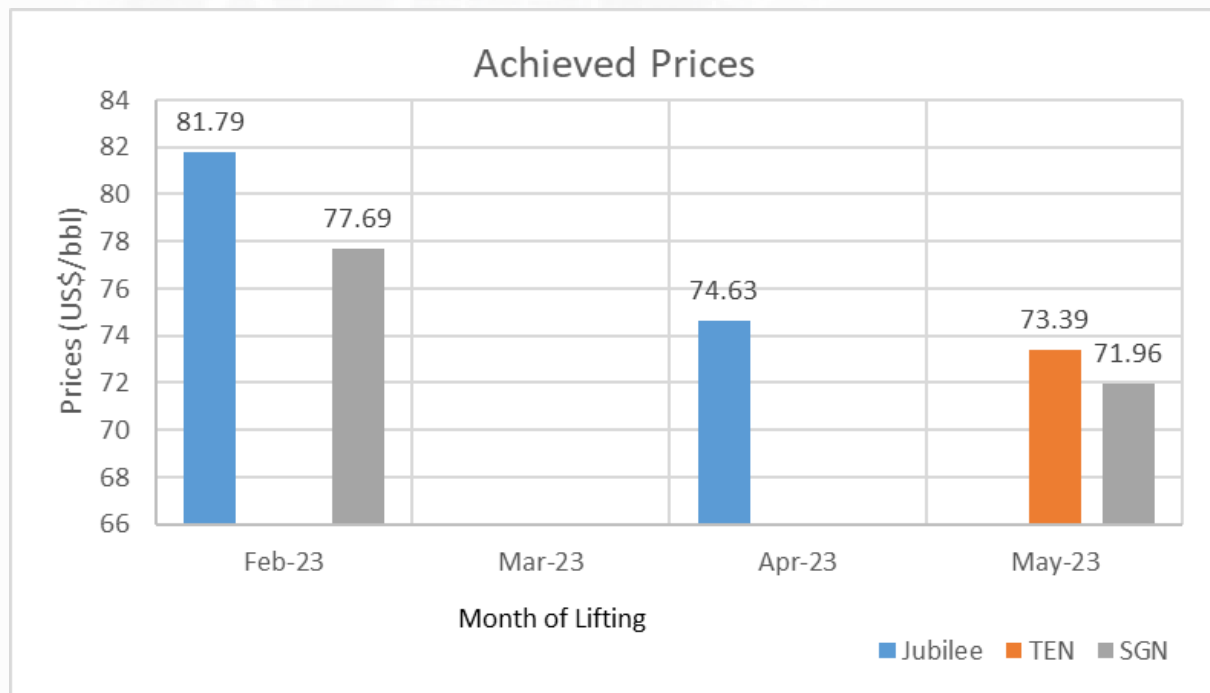
#### 3.5.1 Jubilee, SGN, and TEN Achieved Crude Prices

The average unit price achieved by the Ghana Group for Jubilee Crude during the period was US\$78.21/bbl, lower than that of the same period in 2022 (US\$112.85/bbl), and higher than the Government’s revised estimated benchmark price of US\$74.0/bbl for 2023. The achieved average unit price was lower than the average Dated BRENT price of US\$79.4/bbl at the time of the liftings.

The Ghana Group recorded a unit price of US\$73.39/bbl on the TEN field for one (1) lifting in H1 2023, lower than the average dated BRENT price of US\$76.09/bbl. There was no lifting for the corresponding period in 2022.

The average unit price achieved by the Ghana Group on the SGN Field was US\$74.82/bbl in H1 2023 as compared to the average of US\$111.60/bbl in H1 2022. The achieved price in H1 2023 was slightly higher than the revised benchmark price and lower than the average Dated BRENT price of US\$83.67/bbl at the time of the lifting.

Figure 3 compares the achieved prices of the Ghana Group on the Jubilee, TEN and SGN Fields for the period.



**Figure 3:** Ghana Group Achieved Prices (Jubilee, TEN and SGN)

Source: PIAC Construct based on GNPC Data, June 2023

The achieved prices varied on the Fields over time, reflecting the volatility in international crude oil prices amid the post COVID-19 pandemic era and the Russia-Ukraine war.

Ghana Group’s average achieved price over the three producing fields stood at US\$75.89/bbl in H1 2023 compared to US\$112.22/bbl in H1 2022, representing a 32.4 percent decline.

Table 10 shows the achieved prices for the past five years.

**Table 10:** Comparison of Ghana's Achieved Prices and Government Benchmark (Jan - June 2023)

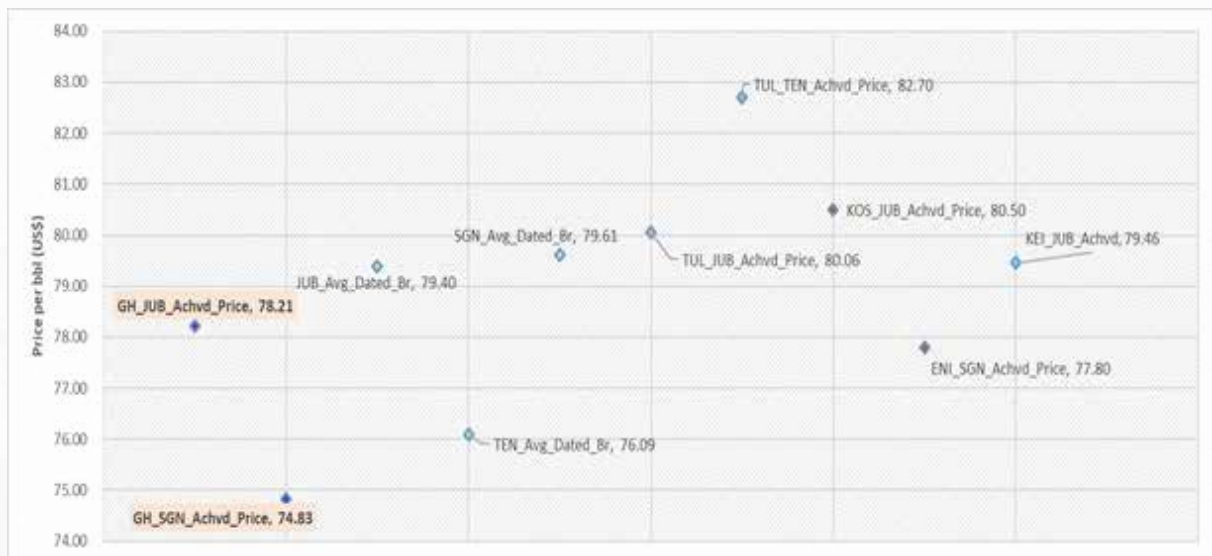
Year	Government Benchmark Price	Ghana Group Average Achieved Price
2019	66.76	65.08
2020	39.10	42.49
2022	54.75	63.61
2022	61.23	112.22
2023	74.00	75.89
AVERAGE	59.17	71.86

Source: PIAC Construct based on Budget Statements and GNPC Data, June 2023.

### 3.5.2 Achieved Prices by Ghana Group and Jubilee, TEN, and SGN Fields Partners

The Ghana Group's achieved prices on the Jubilee Field were lower than the average price of Kosmos, Tullow, and Kosmos Investments by US\$2.29/bbl, US\$1.85/bbl, and US\$1.25/bbl respectively (see Figure 4).

Ghana Group's average achieved price for TEN was US\$9.3/bbl lower than that of Tullow. For the SGN Field, the Ghana Group's average achieved price was lower than that of ENI by US\$2.97/bbl during the period.



**Figure 4:** Comparison of Average Achieved Prices and Dated Brent of Jubilee, TEN and SGN Partners

Source: PIAC Construct based on data from Partners, June 2023



# 4

## 4.0 REVENUE COLLECTION AND MANAGEMENT

Sections 6 and 7 of the Petroleum Revenue Management Act, 2011 (Act 815) outline the various revenue streams, which constitute the gross receipts into the Petroleum Holding Fund (PHF) held at the Bank of Ghana. These include Royalties, Carried and Additional Participating Interest (CAPI), Corporate Income Tax (CIT), Additional Oil Entitlement (AOE), and Surface Rentals. The Ghana Revenue Authority (GRA) is mandated by the Act to assess, collect, and account for petroleum revenue from these sources.



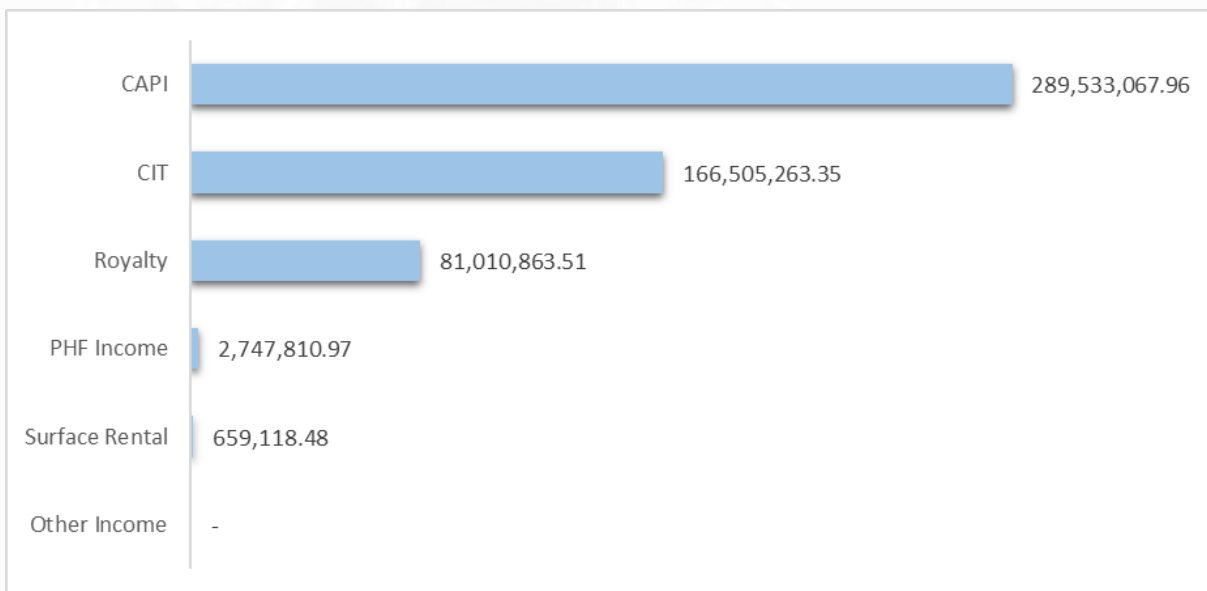
#### 4.1 Payment into the Petroleum Holding Fund

A total lodgment of US\$540,456,124.27 was paid into the Petroleum Holding Fund (PHF) as petroleum receipts for H1 2023 as compared with US\$731,944,828.87 for the same period in 2022. The revenues are derived from Corporate Taxes, Surface Rentals (Acreage Fees), Crude oil liftings, and Interest on the PHF. This represents 26.2 percent decrease compared with the figure for H1 2022.

#### 4.2 Receipts from Crude Oil Liftings

Of the total receipts, Carried and Additional Participating Interest (CAPI) contributed US\$289,533,067.96, CIT generated US\$166,505,263.35 while Royalties yielded US\$81,010,863.51. Interest on the PHF and Surface Rental Payments were US\$2,747,810.97 and US\$659,118.48 respectively.

For the period under consideration, revenues from CAPI contributed the highest share of 53.57 percent followed by CIT (30.81 percent) and Royalties accounted for 15 percent. Revenues from Surface Rental as well as Overnight Interest on the PHF constituted less than one (1) percent to the total revenue as shown in Figure 5.



**Figure 5:** Contribution of Revenue Streams to Total Petroleum Receipts  
Source: PIAC Construct from MoF and BoG Data, June 2023

##### 4.2.1 Receipts from Jubilee Field Crude Oil Liftings

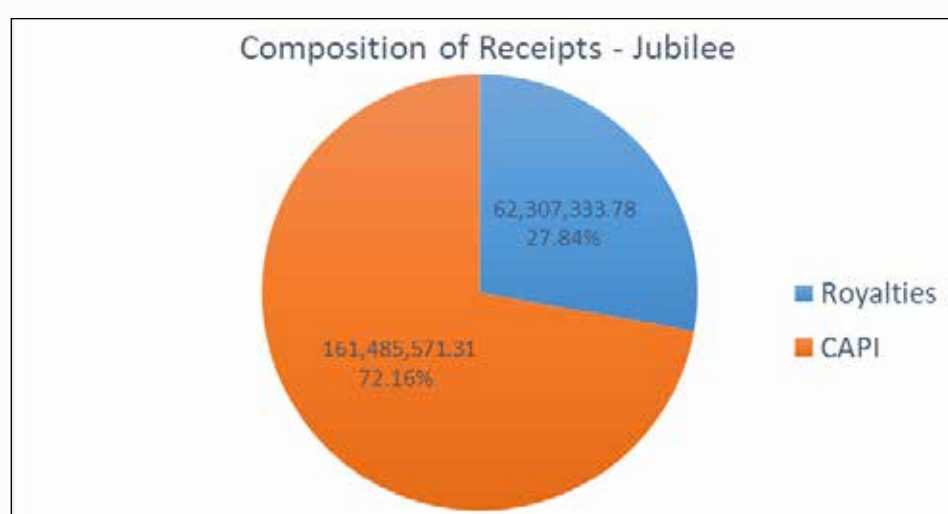
As depicted in Table 11, an amount of US\$223,792,905.09 was paid into the PHF for the period, compared to US\$267,152,772.6 for the same period in 2022, indicating a 16.2 percent decrease. The revenue accrued for the period is made up of receipts from the Field's 69<sup>th</sup> Lifting on 17<sup>th</sup> December, 2022, 70<sup>th</sup> Lifting on 18<sup>th</sup> February, 2023, and 71<sup>st</sup> Lifting on 28<sup>th</sup> April, 2023.

**Table 11:** Crude Oil Liftings from Jubilee by the Ghana Group (Jan – June 2023)

Date of Lifting	Lifting No.	Parcel Qty (bbl)	Selling Price	Pricing Option fee	Receipts
17-Dec-22	69	947,735	79.028	-	74,897,601.58
18-Feb-23	70	948,266	81.79	75,861.28	77,634,537.42
28-Apr-23	71	953,870	74.627	76,309.60	71,260,766.09
<b>Total</b>		<b>2,849,871</b>			<b>223,792,905.09</b>

Source: GNPC & BoG, June 2023.

As shown in Figure 6, out of a total of US\$223,792,905.09 paid into the PHF, US\$161,485,571.31 (72.2%) constitutes CAPI while US\$62,307,333.78 (27.8%) came from Royalties.

**Figure 6:** Composition of Receipts from the Jubilee Field

Source: PIAC Construct based on GRA Data, June 2023

#### 4.2.2 Receipts from TEN Field Crude Oil Liftings

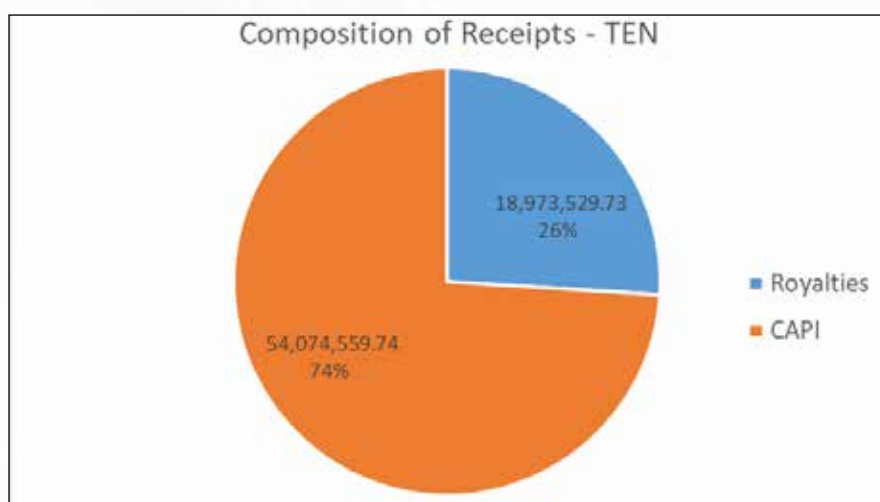
In H1 2023, the Ghana Group paid an amount of US\$73,048,089.47 into the PHF from the TEN Field as compared to US\$71,012,637.72 in the same period of 2022. This represents a 2.9 percent increase. The amount was derived from one lifting (22<sup>nd</sup> Lifting) in April 2023 (see Table 12).

**Table 12:** Receipts from TEN Field Oil Liftings (H1 2023)

Date of Lifting	Lifting No.	Parcel Qty (bbl)	Selling Price	Pricing Option fee	Receipts
22-May-23	22	995,409	73.385	0.00	73,048,089.47
<b>Total</b>		<b>995,409</b>			<b>73,048,089.47</b>

Source: GNPC & BoG Data, June 2023

The total contribution of US\$73,048,089.47 from the TEN Field was made up of US\$54,074,559.74 (74%) from CAPI and US\$18,973,529.73 (26%) from Royalties (Figure 7).



**Figure 7:** Percentage Composition of Receipts from TEN Field

Source: PIAC Construct based on MoF and GRA Data, June 2023

#### 4.2.3 Receipts from Sankofa Gye-Nyame Field Crude Oil Liftings

During the period, an amount of US\$73,702,936.91 was paid into the PHF as shown in Table 13 compared to US\$206,448,702.36 in H1 2022. The entire amount was in respect of CAPI, and represented a 64.3 percent decrease over the same period in 2022. The receipts for the period exclude the 13<sup>th</sup> lifting on 29<sup>th</sup> May, 2023.

**Table 13:** Crude Oil Liftings from SGN by the Ghana Group

Date of Lifting	Lifting No.	Parcel Qty (bb)	Selling Price	Pricing Option fee	Receipts
26-Feb-23	12	948,631	77.694	-	73,702,936.91
<b>Total</b>		<b>948,631</b>			<b>73,702,936.91</b>

Source: GNPC & BoG, June 2023.

#### 4.3 Corporate Income Taxes

An amount of US\$166,505,263.35 was received as Corporate Income Tax (CIT) in the reporting period into the PHF, as compared to US\$186,338,344 received in H1 2022, representing a 10.6 percent decrease. The payments were made by Tullow Gh. Ltd, Kosmos Energy Ltd and Petro SA Gh. Ltd. as shown in Table 14.

**Table 14:** Corporate Income Taxes Paid in H1 2023

Date	Tax Type	Company	Amount (US\$)
26-Jan-23	Q4 2022	Kosmos Energy Ghana HC	17,610,408.00
26-Jan-23	Q4 2022	Kosmos Energy Ghana Inv.	31,042,752.00
25-Apr-23	Q1 2023	Kosmos Energy Ghana Inv.	20,137,313.00
25-Apr-23	Q1 2023	Kosmos Energy Ghana HC	26,361,516.35
26-Apr-23	2022	Kosmos Energy Ghana HC	1,339,571.00
26-Apr-23	2022	Kosmos Energy Ghana Inv.	1,681,715.00

Date	Tax Type	Company	Amount (US\$)
<b>Sub-Total</b>			<b>98,173,275.35</b>
31-Jan-23	Q4 2022	PetroSA Ghana Ltd.	3,188,547.00
31-Jan-23	2022 PROV. TAX	PetroSA Ghana Ltd.	2,777,497.00
28-Apr-23	Q1 2023	PetroSA Ghana Ltd.	1,223,891.00
<b>Sub-Total</b>			<b>7,189,935.00</b>
30-Jan-23	Q4 2022	Tullow Ghana Ltd.	34,022,510.00
28-Apr-23	Q1 2023	Tullow Ghana Ltd.	27,119,543.00
<b>Sub-Total</b>			<b>61,142,053.00</b>
<b>Total</b>			<b>166,505,263.35</b>

Source: BoG and GRA Data, June 2023.

According to the GRA, the second round of tax audits have been completed on all the upstream producing companies and discussion of the issues raised in the audits have been concluded for all the upstream crude oil producing companies up to year 2020. GRA adds that a successful conclusion of the outstanding issues will serve as the basis for the next round of tax audits expected to commence soon.

#### 4.4 Surface Rental Payments

Total receipt of Surface Rentals (Acreage Fees) from nine (9) out of 14 companies was US\$659,118.48 in H1 2023 as compared to US\$687,759.16 for the same period in 2022 - a 4.2 percent decline. Table 15 presents details of Surface Rental payments and Arrears.

**Table 15:** Surface Rental Assessments, Payments and Arrears as at 30th June 2023

Company	Contract Area	Prior Period Outstanding Balances	2023 Revised Estimated Amount	Total Payment Receivable	2023 Payment Received (US\$)	Total Outstanding Balance (US\$)
Eni Ghana Ltd.	Offshore Cape Three Points	-	22,600.00	22,600.00	19,030.00	3,570.00
Eni Ghana Ltd.	Cape Three Points Block 4	-	92,980.00	92,980.00	92,980.00	-
Springfield Exploration and Production	West Cape Three Points Block 2	84,086.58	67,300.00	151,386.58	67,300.00	84,086.58
Tullow Ghana Ltd.	Deepwater Tano	-	59,261.23	59,261.23	59,261.23	-
Tullow Ghana Ltd.	West Cape Three Points	-	18,464.00	18,464.00	18,464.00	-
Goil Upstream Company Ltd.	Deepwater Cape Three Points	147,400.00	73,700.00	221,100.00	147,400.00	73,700.00
Aker Energy Ghana Ltd	Deepwater Tano/Cape Three Points	-	150,750.00	150,750.00	150,750.00	-
OPCO	Offshore South-West Tano	75.00	8,750.00	8,825.00	8,725.00	100.00
Amni Ghana	Central Tano	(636.00)	13,900.00	13,264.00	13,974.00	(710.00)
Eco Atlantic	Deepwater Cape Three Points West Offshore	44,882.00	47,200.00	92,082.00	55,000.00	37,082.00
AGM Petroleum Ghana Ltd.	South Deepwater Tano	-	26,234.25	26,234.25	26,234.25	-
Medea Development	East Cape Three Points	156,540.00	78,250.00	234,790.00	-	234,790.00
Base Energy Ghana Ltd/Erin Energy	Expanded Shallow Water Tano	800.00	75,400.00	76,200.00	75,000.00	1,200.00
OPCO	East Keta Offshore	537,794.80	-	537,794.80	-	537,794.80
<b>Sub-Total</b>		<b>970,942.38</b>	<b>734,789.48</b>	<b>1,705,731.86</b>	<b>734,118.48</b>	<b>972,323.38</b>
4 Terminated PAs						
Sahara Energy Fields Ghana	Shallow Water Cape Three Points	75000	-	75,000.00	-	75,000.00
Swiss African Oil Company Limited	Onshore/Offshore Keta Delta Block	862500	-	862,500.00	-	862,500.00
Britannia -U	Southwest Saltpond	760,208.33	-	760,208.33	-	760,208.33
UB Resources Ltd	Offshore Cape Three Points South	105,415.58	-	105,415.58	-	105,415.58
<b>Sub-Total</b>		<b>1,803,123.91</b>	<b>-</b>	<b>1,803,123.91</b>	<b>-</b>	<b>1,803,123.91</b>
<b>Total</b>		<b>2,774,066.29</b>	<b>734,789.48</b>	<b>3,508,855.77</b>	<b>734,118.48</b>	<b>2,775,447.29</b>

Source: PC Data, June 2023

#### 4.4.1 Update on Surface Rental Payment Arrears

According to the GRA, it is embarking on a vigorous drive to recover all outstanding payments in respect of Surface Rentals. In this regard, Demand Notices have been issued to eight (8) defaulting companies<sup>6</sup> for the immediate payment of all arrears and associated penalties from the commencement of their PAs. The Compliance, Enforcement and Debt Management (CEDM) Unit of GRA has issued garnishee orders on some defaulters while others are in discussion with the GRA. According to GRA, Final Demand Notices have been issued to the Operators of the terminated PAs and garnishee procedures have been initiated.

#### 4.5 Wrongful Payments

According to GRA, Kosmos Energy Plc made three (3) separate erroneous transfer payments in respect of Withholding Taxes totaling US\$3,999,325.65 into the PHF in July and October 2020 and January 2021 (see Table 16). It added that the anomalies were initially detected at a PIAC stakeholder reconciliation forum and its further checks confirmed the observation. In response to GRA's request to reverse the funds from the PHF, the BoG reported that since these receipts have already been distributed, the GRA can net off the amount against future corporate income tax obligations of Kosmos Energy.

**Table 16:** Wrongful Payment into PHF by Kosmos Energy

Receipt Date	Narration	Amount (US\$)	Distribution Date
14-Jul-2020	Withholding Tax	2,091,843.57	28-Oct-2020
14-Jul-2020	Withholding Tax	959,061.73	25-Nov-2020
12-Jan-2021	Withholding Tax	948,420.35	29-Jul-2021
<b>TOTAL</b>		<b>3,999,325.65</b>	

Source: GRA Data, June 2023

#### 4.6 Additional Oil Entitlement (AOE)

Payment of AOE due the State, as per the PAs with the International Oil Companies, is triggered by agreed benchmark indicators including Rate of Return (RoR) in oil production. According to the GRA, recent discussions between the major stakeholders (GRA, GNPC, Ministry of Energy and the Oil Companies) and the Ministry of Finance have resulted in an agreement to initiate processes towards the collection of AOE. However, calls for further final inputs are being considered before the GRA can commence the process.

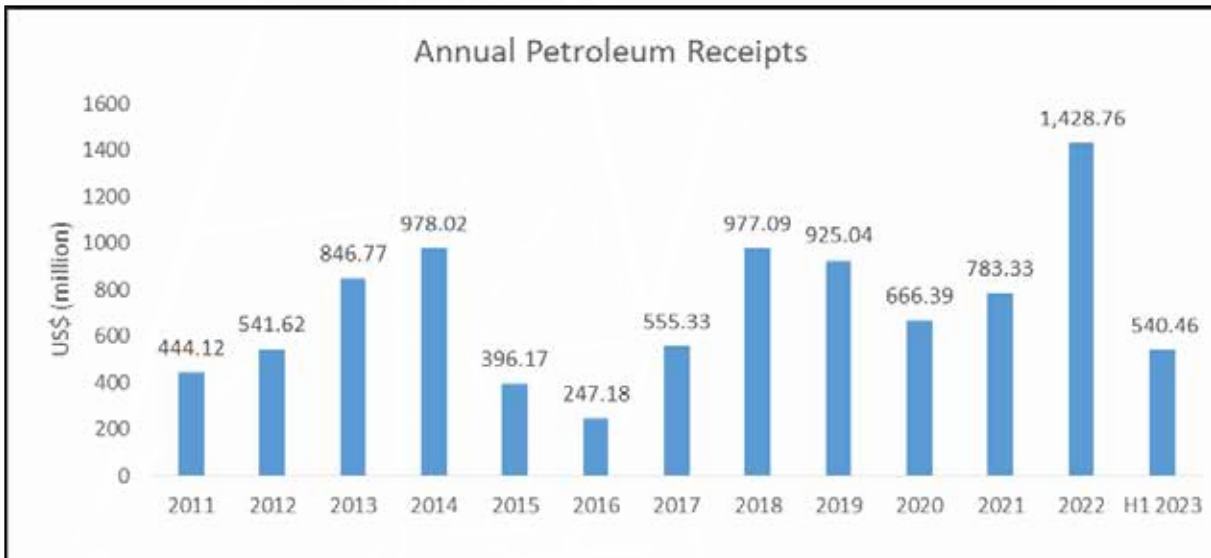
#### 4.7 Gas Revenue

For the period under review, no amount was paid into the PHF in respect of raw gas supplied even though production was made from all the fields. GNGC reported an indebtedness of US\$559,259,907.60 to GNPC.

#### 4.8 Cumulative Petroleum Revenues (2011-H1 2023)

From 2011 to date, total petroleum revenues have amounted to US\$9.33 billion. Figure 8 depicts the annual realised revenues from 2011 to H1 2023.

<sup>6</sup> The companies are namely Medea Development Ltd., Base Energy Ltd., OPCO, Eco Atlantic Ghana Ltd., Sahara Energy Ghana Ltd., Britannia-U Ghana Ltd., UB Resources Ghana Ltd., and Swiss African Oil Co. Ltd.



**Figure 8:** Annual Petroleum Revenues (2011 - H1 2023)  
 Source: PIAC Construct based on MoF and BoG Data, June 2023.

**Finding/Observation**

1. PIAC observed that Kosmos Energy Ghana Limited wrongfully paid withholding tax into the PHF in 2020 and 2021, totalling US\$3,999,325.65.







# 5

## **5.0 ALLOCATION OF PETROLEUM REVENUES**

The Petroleum Revenue Management Act (PRMA), 2011 (Act 815) as amended by Act 893, governs allocation of petroleum revenue. Section 2(2) of Act 815 provides that all petroleum revenue shall be deposited in the Petroleum Holding Fund (PHF) for subsequent transfers in accordance with the provisions of the Act. Deposits into and transfers from the PHF are presented in Figure 9:

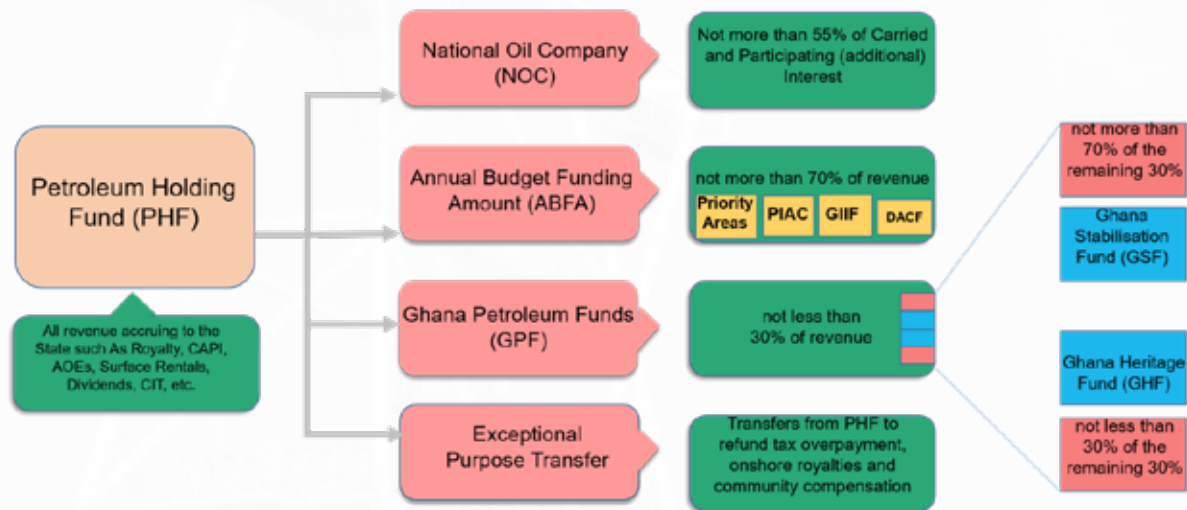


Figure 9: Distribution of Petroleum Revenue from the Petroleum Holding Fund  
 Source: PIAC Construct, June 2023

### 5.1 Allocation of Budgeted Petroleum Revenue

The Government projected, in the 2023 Budget Statement and Economic Policy, that petroleum revenue for the year would be US\$1.48 billion, comprising Lifting Proceeds of US\$939.82 million and Other Receipts of US\$544.65 million.

Of the total projected revenue, GNPC was expected to receive an amount of US\$368.83 million, with the difference of US\$1,115.64 million being the Benchmark Revenue. Budgeted ABFA was US\$780.95 million, and the GPFs were projected to receive US\$334.69 million (GSF - US\$234.28 million, GHF - US\$100.41 million).

In the mid-year budget review, the government revised the projected petroleum revenue downwards to US\$1,008.65 million, consisting of lifting proceeds of US\$683.11 million and other receipts of US\$325.54 million. The projected total revenue was allocated as follows: GNPC - US\$302.48 million, ABFA - US\$494.32 million and GPFs - US\$211.85 million (GSF - US\$148.30 million, GHF - US\$63.56 million).

### 5.2 Receipts into the Petroleum Holding Fund

Total actual petroleum receipts for the period paid into the PHF was US\$540,456,124.27, representing 53.58 percent of the revised projected petroleum revenue for the year 2023. This constitute a decline of 26.15 percent from that of the same period in 2022 (US\$731,780,741.09). The decline is due to the fall in crude oil prices on the world market during the period. The petroleum receipts available for distribution comprised of US\$540.15 million deposit and a closing balance of US\$0.50 in 2022.

### 5.3 Distribution of Petroleum Receipts

Distribution of petroleum receipts in the PHF is to be carried out in accordance with the provisions of the PRMA, to the Ghana National Petroleum Corporation (GNPC), the Annual Budget Funding Amount and the Ghana Petroleum Funds (the Ghana Stabilisation Fund and the Ghana Heritage Fund).

Both the Ministry of Finance and the Bank of Ghana report that the total distribution from the PHF for the period under review was US\$466,867,537.57, suggesting a 37.49 percent decrease compared with

the same period of 2022. Undistributed petroleum receipts in the PHF as at the end of H1 2023 was US\$74,091,163.45.

The distribution for the period under review per quarter is presented in Table 17:

**Table 17:** Quarterly Distribution of Petroleum Revenues from the PHF in US\$

	GNPC	ABFA	GSF	GHF	Total
Quarter 1	58,883,861.92	128,696,759.34	38,609,027.80	16,546,726.20	242,736,375.26
Quarter 2	66,826,788.60	110,114,461.60	33,034,338.48	14,157,573.64	224,133,162.32
H1 2023	125,710,650.52	238,811,220.94	71,643,366.28	30,704,299.84	466,869,537.57
<b>% of Total</b>	<b>26.93</b>	<b>51.15</b>	<b>15.35</b>	<b>6.58</b>	<b>100.00</b>

### 5.3.1 Distribution to the Ghana National Petroleum Corporation

In accordance with the PRMA, the Ghana National Petroleum Corporation (GNPC) received an amount of US\$125,710,650.52 in H1 2023 for its Equity Financing and Net Carried and Participating Interest. This represents a decline of 27.69 percent compared to that of H1 2022, and 41.56 percent of the revised budgeted figure of US\$302.48 million for the entire year.

### 5.3.2 Distribution to the Annual Budget Funding Amount

After the allocation to GNPC and deriving the Benchmark Revenue, an amount of US\$238,811,220.94 was disbursed to the Annual Budget Funding Amount (ABFA), representing an increase of 30.48 percent over the distribution to the ABFA (US\$183,020,678.26) for the same period in 2022. The distribution in H1 2023 is 48.31 percent of the revised budgeted distribution for the year 2023.

### 5.3.3 Distribution to the Ghana Petroleum Funds

The Ghana Petroleum Funds (GPFs) comprise the Ghana Stabilisation Fund (GSF) and the Ghana Heritage Fund (GHF). For the period under review, the GPFs received US\$102,347,666.12; 48.31 percent of the projected receipt for 2023. The distribution to the GPFs in H1 2023 is 73.76 percent lower than that of the same period in 2022 of US\$390,029,916.55. This significant decline is due to the excess petroleum revenue that was deposited in the GPFs in H1 2022, in compliance with the PRMA.

#### 5.3.3.1 The Ghana Stabilisation Fund

For the period under review, the GSF received US\$71,643,366.28, representing seventy percent of the distribution to the GPFs, in compliance with the PRMA which provides that not more than seventy percent of the amount remaining after the distribution to the ABFA shall be disbursed to the GSF. The distribution to the GSF for H1 2023 constitutes a 73.76 percent decrease from that of H1 2022, and 51.69 percent of the projected distribution to the GSF for 2023.

#### 5.3.3.2 The Ghana Heritage Fund

An amount of US\$30,704,299.84 was disbursed to the GHF for the period under review, constituting 30 percent of the distribution to the GPFs, in compliance with the PRMA, which provides not less than 30 percent of the amount remaining after the distribution to the ABFA shall be disbursed to the GHF. This distribution is 73.76 percent lower than the distribution to the GHF for the same period in 2022, and 51.69 percent of the projected distribution to the GHF for 2023.

### 5.3.4 Cumulative Distribution of Petroleum Revenue since Inception

The Bank of Ghana reports that total petroleum funds distributed from April 2011 to the end of June 2023 stood at US\$9,242,587,311.23. The GNPC has received an amount of US\$2,693,614,600.12, representing 29 percent and the ABFA an amount of US\$3,664,775,462.28 representing 40 percent of the cumulative total. The GSF has received an amount of US\$2,025,159,678.76 (22%), while the GHF received US\$858,837,570.07 (9%). This distribution is presented in Figure 10.

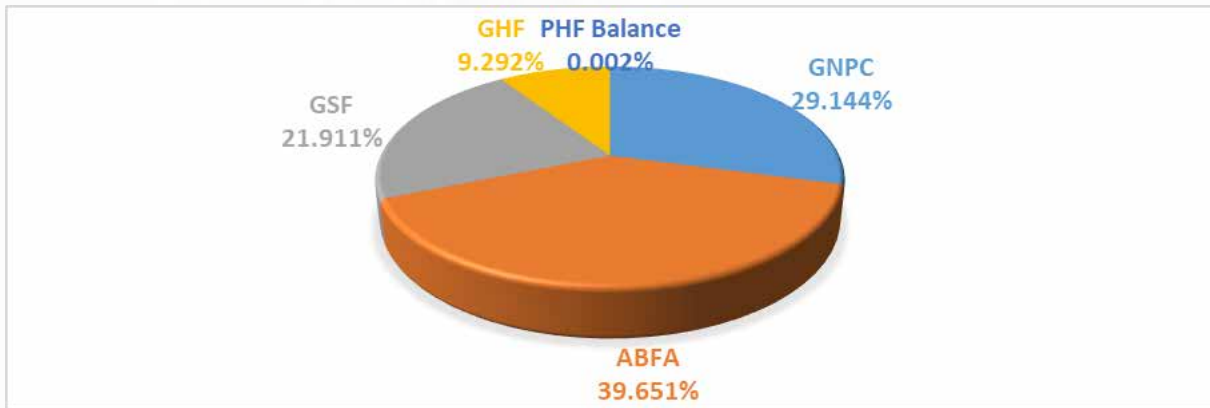


Figure 10: Cumulative Distribution of Petroleum Receipts since inception  
 Source: PIAC Construct based on BoG Data, June 2023.





# 6

## **6.0 DISTRIBUTION AND UTILISATION OF THE ANNUAL BUDGET FUNDING AMOUNT**

Distribution and utilisation of petroleum revenues in Ghana are provided for by the Petroleum Revenue Management Act, 2011 (Act 815) as amended. The Act provides that disbursements from the Petroleum Holding Fund made to the Consolidated Fund shall be in support of the national budget.

The Annual Budget Funding Amount (ABFA) is the petroleum revenue allocated for spending through the national budget in each financial year.



## 6.1 Priority Areas for 2023-2025

The PRMA provides that the use of petroleum revenue allocated to the ABFA shall be guided by a medium-term expenditure framework aligned with a long-term national development plan approved by Parliament. However, in the absence of the national development plan, the utilisation of petroleum revenues shall give priority to the areas listed in the Act. Since the coming into force of the Act in 2011, there has been no long-term national development plan with which to align the medium-term expenditure framework for the use of the ABFA. The Committee continues to call for the enactment of a long-term national development plan for the optimal use of petroleum revenues.

The Act further provides for selected Priority Areas to be reviewed every three years by the Minister for Finance for approval of Parliament. In accordance with this, Parliament in 2022 approved the Priority Areas for the utilisation of petroleum revenues for the period 2023-2025, as shown in Table 18.

**Table 18:** Priority Areas Selected by the Government 2023 – 2025

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

Source: PIAC Construct from MoF data, June 2023

The Committee notes that the Priority Areas for the period 2020 to 2022 have been substantially maintained for the period 2023 to 2025 except for the addition of “including Fisheries” to the “Agriculture” Priority Area.

The Government admitted in paragraph 291<sup>7</sup> of the Budget that the ABFA has been spread thinly over the years. This informed Government’s decision to use the ABFA allocation of 2023 to 2025 for few legacy projects to ensure maximum impact.

## 6.2 Allocation of Budgeted Annual Budget Funding Amount

For the year 2023, the ABFA was projected to receive an amount of US\$780.95 million (GH¢12,338,948,714) and this was broken down into four quarters of US\$195.24 million per quarter in accordance with Act 815. This means that for H1 2023, the expected amount for the ABFA was US\$390.48 million. However, actual receipts into the ABFA for H1 2023 was US\$238.81 million, representing 30.58 percent of the projected amount for the full year and 61.16 percent of the projected half year ABFA. The significantly low performance of the revenues in the first half of the year is what led the Minister for Finance to revise the benchmark revenue in the mid-year budget review. Allocation to the Priority Areas is shown in Table 19:

<sup>7</sup> Mr. Speaker, having observed a thin spread of the ABFA resources over the years and a few legacy projects implemented so far, the ABFA funds will be used to undertake legacy projects to ensure maximum impact for citizens to realise the full benefits of the production of Oil and Gas in Ghana. The allocation of 2023- 2026 ABFA resources are, therefore, guided by the principle of implementing few but impactful projects.

**Table 19:** Allocation of Budgeted Annual Budget Funding Amount

	Priority Area	Covered Entity/ Description	Goods & Services GH¢	Public Investment Expenditure (CAPEX) GH¢	Total GH¢	Percentage
1.	Agriculture Including Fisheries	Ministry of Food and Agriculture (MoFA)				
		MoFA (Hqtrs & Agencies)		12,040,000	12,040,000	
		Planting for Food and Jobs	600,000,000	46,500,000	646,500,000	
		Irrigation Development	-	200,000,000	200,000,000	
		Pwalugu Multi-purpose dam	-	250,000,000	250,000,000	
		Ministry of Fisheries and Aquaculture				
		Anomabu Fisheries College	-	28,000,000	28,000,000	
		Ministry of Sanitation and Water Resources				
		Water and Sanitation Initiative	-	66,984,800	66,984,800	
			<b>600,000,000</b>	<b>603,524,800</b>	<b>1,203,524,800</b>	<b>9.75</b>
2.	Physical Infrastructure and Service Delivery in Education and Health	Ministry of Education				
		Free SHS	2,957,502,092	-	2,957,502,092	
		Construction of Regional STEM centres	-	30,088,000	30,088,000	
		Ministry of Health				
		Health Infrastructure		100,474,624	100,474,624	
		E-Health Project		30,000,000	30,000,000	
			<b>2,957,502,092</b>	<b>160,562,624</b>	<b>3,118,064,716</b>	<b>25.27</b>
3.	Roads, Rail and Other Critical Infrastructure	Ghana Infrastructure Investment Fund	-	1,727,452,820	1,727,452,820	
		District Assembly Common Fund		616,947,436	616,947,436	
		Ministry of Roads and Highways				

	Road Infrastructure		2,206,383,898	2,206,383,898	
	Ministry of Works and Housing (MoWH)				
	MoWH (Hqtrs & Agencies)	-	123,028,174	123,028,174	
	Affordable Housing	-	203,728,000	203,728,000	
	Ministry of Railway Development				
	Railway Development	-	160,000,000	160,000,000	
	Ministry of Transport				
	Fish Landing Sites	-	20,352,000	20,352,000	
	Ministry of Defence				
	Construction of Forward Operating Base/ Northern Border Security	-	220,000,000	220,000,000	
	General Government Services				
	Accra-Tema Motorway Project (Equity and VGF for GILF SPV)	-	1,975,000,000	1,975,000,000	
	Ghana Cares	130,000,000	-	130,000,000	
	Ministry of Energy (MoEn)				
	MoEn (Hqtrs & Agencies)	-	62,558,320	62,558,320	
	Petroleum Hub	2,500,000	6,300,000	8,800,000	
	Ministry of Local Government, Decentralisation and Rural Development				
	Regional Reorganisation and Development	-	37,400,000	37,400,000	
	Office of Government Machinery				
	Infrastructure for Poverty Eradication Programme (SDI Secretariat and Dev't Authorities)	-	337,109,280	337,109,280	
		<b>132,500,000</b>	<b>7,696,259,927</b>	<b>7,828,759,927</b>	<b>63.45</b>
4.	Industrialisation				
	Ministry of Trade and Industries				
	One District One Factory	-	168,555,160	168,555,160	

		Ministry of Lands and Natural Resources				
		Ghana Integrated Aluminum Development Company		3,009,134	3,009,134	
		Ghana Integrated Iron and Steel Corporation	7,044,678	4,800,000	11,844,678	
			<b>7,044,678</b>	<b>176,364,294</b>	<b>183,408,972</b>	<b>1.49</b>
		Ministry of Finance				
5	Public Interest and Accountability Committee	Public Interest and Accountability Committee	4,637,845	552,455	5,190,300	
			<b>4,637,845</b>	<b>552,455</b>	<b>5,190,300</b>	<b>0.04</b>
	<b>Grand Total</b>		<b>3,701,684,615</b>	<b>8,637,264,099</b>	<b>12,338,948,714</b>	<b>100</b>

Source: MoF Data, June 2023

The projected ABFA was allocated to the Priority Areas approved by Parliament for the utilisation of petroleum revenues as shown in Table 19.

Total projected expenditure on Public Investment Expenditure (CAPEX) was GH¢8,637,264,099 (70%) while that of Goods and Services was GH¢3,701,684,615 (30%), thereby complying with the statutory ratio of 70:30 of CAPEX and Goods and Services respectively.

### 6.3 Distribution to the Priority Areas

Total actual ABFA disbursed to the four Priority Areas approved for the utilisation of the petroleum revenues and to the Public Interest and Accountability Committee amounted to GH¢2,025,926,784.66. This was made up of Public Investment Expenditure of GH¢1,876,709,785.32 (92.63%) and Goods and Services of GH¢149,216,999.34 (7.37%) which is in compliance with the provision of the PRMA that for any financial year, a minimum of 70 percent of the Annual Budget Funding Amount shall be used for Public Investment Expenditures. This lopsided ratio in favour of Public Investment Expenditure is due to the fact that there was no disbursement to the Free Senior High School programme during the period under review. Table 20 presents the distribution of the ABFA to the Priority Areas:

**Table 20:** Distribution of ABFA by Priority Areas for H1 2023

No.	Priority Areas	Goods & Services GH¢	Public Investment Expenditure GH¢	Total GH¢	Percentage
1.	Agriculture including Fisheries	144,615,096.54	103,277,087.70	247,892,184.24	12.24
2.	Physical Infrastructure and Service in Education and Health		36,351,356.74	36,351,356.74	1.79
3.	Roads, Rail and Other Critical Infrastructure	-	1,737,081,340.88	1,737,081,340.88	85.74
	o/w GILF	-	820,008,725.67	820,008,725.67	
	o/w DACF		131,005,360.91	131,005,360.91	
4.	Industrialisation	2,345,361.40	-	2,345,361.40	0.12
	<b>Sub-Total</b>	<b>146,960,457.94</b>	<b>1,876,709,785.32</b>	<b>2,023,670,243.26</b>	
	Public Interest and Accountability Committee (PIAC)	2,256,541.40	-	2,256,541.40	0.11
	<b>Grand Total</b>	<b>149,216,999.34</b>	<b>1,876,709,785.32</b>	<b>2,025,926,784.66</b>	<b>100</b>

Source: PIAC Construct Based on MoF data 2023

### 6.3.1 Agriculture including Fisheries

An ABFA of GH¢247,892,184.24 was disbursed to the Agriculture including Fisheries Priority Area during the period under review. This represents 12.24 percent of the total ABFA for H1 2023, and 1,028 percent increase over the same Priority Area for H1 2022.

An amount of GH¢144,615,096.54, accounting for 58.34 percent of the distribution to this Priority Area, was spent on subsidy on seeds, and fertiliser under the Planting for Food and Jobs Programme. The remaining amount of GH¢103,277,087.70, constituting 41.66 percent of the distribution to this Priority Area was spent on the Tamne Irrigation Project as well as other irrigation projects under the Planting for Food and Jobs Programme.

There was no allocation to the Fisheries aspect of this priority area during the period under review.

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

The Physical Infrastructure and Service Delivery in Education and Health Priority Area received an amount of GH¢36,351,356.74 being 1.79 percent of the total ABFA for H1 2023, and 58.49 percent lower than the ABFA distributed to this Priority Area in H1 2022.

The entire disbursement was made to the Ministry of Health. An amount of GH¢2,506,887.28 (6.90%) was used for the construction of CHPS compounds, and GH¢33,844,469.46 (93.1%) was for the implementation of the electronic medical records and patient management system for public hospitals across Ghana (the E-Health Project). There was no expenditure under the Education aspect of this Priority Area.

### 6.3.3 Road, Rail and Other Critical Infrastructure Development Priority Area

For H1 2023, the Road, Rail and Other Critical Infrastructure Priority Area received ABFA of GH¢1,737,081,340.88, representing 85.74 percent of the ABFA for H1 2023, and the entire disbursement was used for Public Investment Expenditure. Details of the expenditure under this Priority Area are as follows:

#### 6.3.4 Road Infrastructure

An amount of GH¢736,510,498.26 being 42.40 percent of the distribution to this Priority Area was disbursed to the Ministry of Roads and Highways to support various projects in the Road Sector. The funds were used for upgrading, rehabilitation, reconstruction, asphaltic overlay, resealing works of various roads. Some of the major road projects that received support are the Rehabilitation of New Abirem - Ofoasekuma Road, Upgrading of Afuaman - Nsakina - Borkorborkor Town Roads, Upgrading of Nanton - Savelugu Road, Rehabilitation of Kumasi - Sunyani Road (Mankranso JN - Bechem JN). The details are provided in Appendix C.

##### 6.3.4.1 Other Critical infrastructure

The remaining GH¢1,000,570,842.62, representing 57.60 percent of the funds to this Priority Area, was disbursed to the underlisted implementing agencies:

- i. Ministry of Energy - An amount of GH¢2,779,156.65 was spent on the Petroleum Hub for the supply of electrical materials for the National Electrification Scheme, mounting of signage and purchase of laptops for the Petroleum Hub Corporation.
- ii. Office of Government Machinery - This office received an amount of GH¢10,673,635.66, which was used for various projects including construction of roads, markets, CHPS compounds, artificial football pitches (astro-turf), lorry parks, classroom blocks, etc.
- iii. Ministry of Works and Housing - The amount of GH¢31,909,560.22 received by the Ministry of Works and Housing was used for the Aboadze Coastal Protection Project, concrete drains, the implementation of the 2020 National Flood Control Programme in various parts of the country.
- iv. Ministry of Local Government, Decentralisation and Rural Development - This Ministry received an amount of GH¢4,194,403.51. This was used for the construction of 2-bedroom 12 units block of flats for staff of the Regional Police Command in the North East Region, the completion of 2-storey administration block for decentralised departments in the Bono East Region, construction of senior staff bungalows in the Bono East Region and the completion of one 3-storey administration block for the Ghana Police Service in the Western North Region.
- v. The District Assembly Common Fund (DACF) - The Fund received an amount of GH¢131,005,360.91 representing 6.47 percent of the total ABFA. The funds are to be used for capital expenditures in the various Metropolitan, Municipal and District Assemblies (MMDAs) in the country.
- vi. The Ghana Infrastructure Investment Fund (GIIF) - As indicated in the 2023 Budget Statement and Economic Policy of the Government towards the utilisation of petroleum revenues for fewer and impactful legacy projects, the GIIF Special Purpose Vehicle (SPV) is to be used to deliver the Accra - Tema Motorway and Extension PPP Project as well as the Pwalugu Multi-purpose dam. To de-risk the projects and make them attractive to investors and lenders, the Cedi equivalent of an amount of US\$380 million is to be allocated through the GIIF SPV over the next three years with US\$125 million in 2023 as government counterpart funding. To this end, an amount of GH¢453,344,375 (US\$41.25 million) was disbursed to GIIF for the Accra-Tema Motorway for the period under review. Furthermore, an amount of GH¢366,664,350.67 was disbursed to GIIF for the implementation of the Agenda 111 Project of the Government, thereby bringing total ABFA allocation to GIIF for H1 2023 to GH¢820,008,725.67. This represents 43.69 percent of the Public Investment Expenditure for the period under review.

### 6.3.5 Industrialisation Priority Area

The Industrialisation Priority Area received an amount of GH¢2,345,361.40 constituting 0.12 percent of the total ABFA for H1 2023 which was disbursed to the Ministry of Lands and Natural Resources. The Ministry used the funds for consultancy services on mineral resource estimation, payment of final GIISDEC Masterplan Addendum and for 2023 transaction advisory services contract.

### 6.3.6 The Public Interest and Accountability Committee

The Public Interest and Accountability Committee (PIAC) received an amount of GH¢ 2,256,541.4, representing 0.11% of ABFA in H1 2023 for its operations in accordance with its mandate provided for in the PRMA.

#### Finding/Observation

1. An amount of GH¢131,005,360.91 representing 6.47 percent of the ABFA was transferred to the District Assembly Common Fund in the first half of the year 2023.
2. PIAC notes that the Ghana Infrastructure Investment Fund plans to invest US\$380 million in the Tema Motorway and the Pwalugu multi-purpose dam over the three-year period (2023 to 2025). Out of this, an amount of US\$41.25 million was disbursed to GIFF for the SPV Viability Gap/Tema Motorway Extension Project in H1 2023.







# 7

## **7.0 MANAGEMENT AND PERFORMANCE OF THE GHANA PETROLEUM FUNDS**

### **7.1 Ghana Petroleum Funds: Stabilisation and Heritage Funds**

The Ghana Petroleum Funds, known as the Funds or GPFs, comprises the Ghana Stabilisation Fund (GSF) and Ghana Heritage Fund (GHF). The PRMA's disbursement rules state that in any fiscal year, the Funds must receive at least 30 percent of the benchmark revenue or realised petroleum revenue. In addition, the Law requires that at least 30 percent of the revenue earned by the Funds be placed into the GHF and the remaining 70 percent into the GSF.

## 7.1.1 Ghana Heritage Fund (GHF)

The GHF provides an endowment to support development for future generations in the event that Ghana's petroleum reserves run out. The Fund is invested outside of Ghana in safe but low-yielding investments (conservative securities). The only products that satisfy this requirement are investment-grade bonds and convertible currency deposits issued by sovereign states, Central Banks, and multilateral institutions like the Bank for International Settlements.

In accordance with the PRMA, Parliament is required to review any restrictions on transfers from the Heritage Fund every 15 years, and to transfer some of the accumulated interest into any other fund(s) established by Act 815.

## 7.1.2 Ghana Stabilisation Fund (GSF)

The GSF was established to allow the government to draw on the Fund in the case of economic shocks or unanticipated declines in petroleum revenue that necessitate finding money to balance the budget. As experienced in 2015, 2016, 2020, 2021, 2022, and the first half (H1) of 2023, the Fund therefore lessens the impact on governmental expenditure capacities. The withdrawals in 2015, 2016 and 2020 were made in response to unanticipated reduction in petroleum revenue driven on by low oil prices, while the withdrawals in 2021, 2022, and H1 2023 were made to support the Government's post-COVID-19 economic recovery programme expenditure.

### 7.1.2.1 Capping of the Ghana Stabilisation Fund

The Minister for Finance may decide to cap the amount that accrues to the GSF, subject to parliamentary approval, depending on the requirements of the macroeconomic conditions, and the excess over the cap transferred into the Contingency and Sinking Funds. When oil prices are high, the Minister can adjust the cap upward, and when prices are low, it can be adjusted downward.

The computation method for the cap is laid out in Regulation 8 of the Petroleum Revenue Management Regulations, 2019 (L.I. 2381). According to Sub-Regulation 1, the Minister must ensure that the amount is not less than the average of ABFA over a three-year period when recommending the maximum amount of accumulated GSF resources. In accordance with Sub-Regulation 2, the three years described in Sub-Regulation 1 shall include:

- 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.

Based on L.I 2381, the cap for 2023 should be calculated as shown in Table 21.

**Table 21:** Determination of 2023 GSF Cap

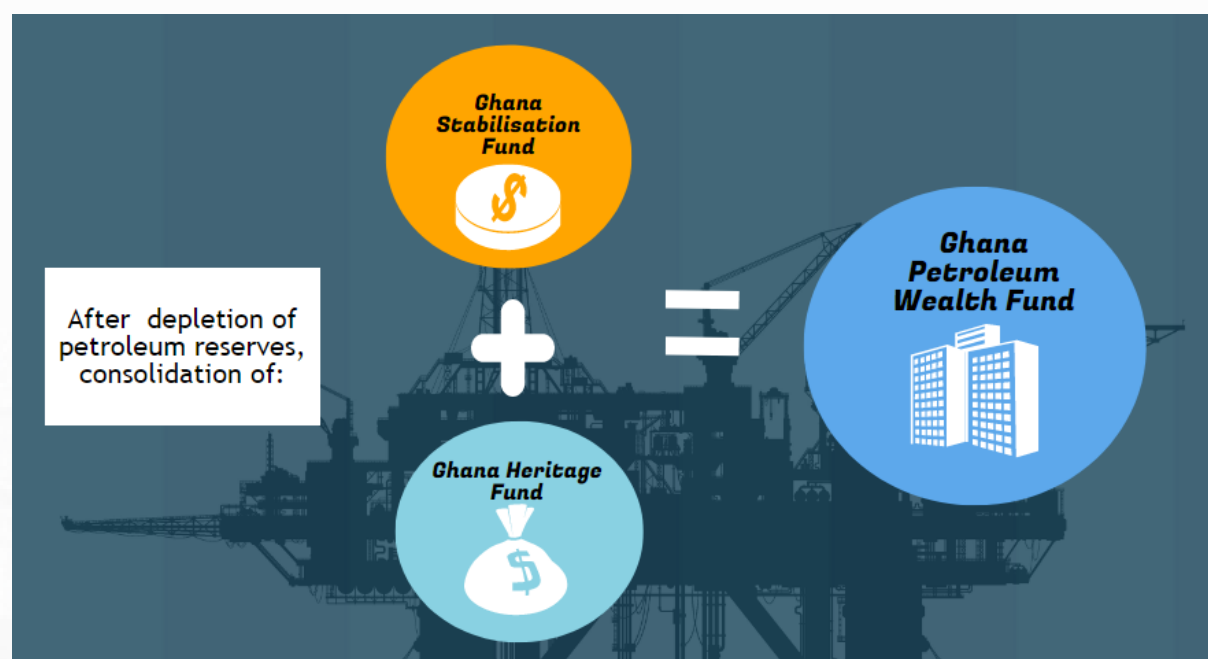
Current Financial Year (2023) (A)	US\$1,008.65 million <sup>8</sup>
The year preceding immediately before the current financial year (2022) (B)	US\$526.31 million
The year immediately after the current financial year (2024) (C)	US\$ 1,288.63 million <sup>9</sup>
<b>Total (A+B+C)</b>	<b>US\$2,823.59 million</b>
Average (Total/3)	US\$941.20 million

Source: PIAC's Construct based on 2023 Budget and Economic Policy, June 2023.

Therefore, the cap on the GSF by L.I 2381 should be US\$941.20 million for the year 2023 and not US\$100 million set by the Minister for Finance.

## 7.2 Ghana Petroleum Wealth Fund (GPWF)

Section 20 of Act 815 mandates that the funds held in the Ghana Petroleum Funds be combined into a single fund, to be called the Ghana Petroleum Wealth Fund (GPWF), within a year of the depletion of the country's petroleum reserves. The GPFs will cease to exist following this consolidation. Illustrated in Figure 11 are the GPWF's sources of income.



**Figure 11:** The Ghana Petroleum Wealth Fund

Source: PIAC's Simplified PRMA, 2017.

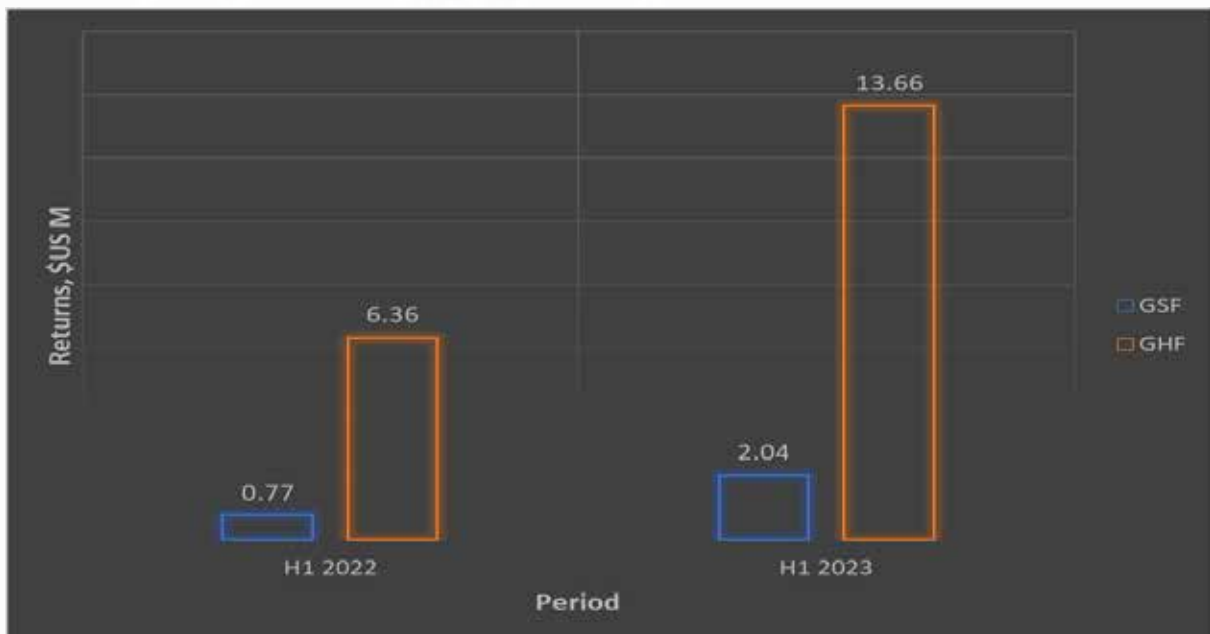
The GPWF will offer dependable funding for public expenditures. The funds shall be invested in approved securities, and the Minister, acting on the Investment Advisory Committee's recommendations, must evaluate these securities every three years or sooner. The sum of the dividends from the GNPC and the earnings on the GPWF is what will be used to support the budget through the ABFA after petroleum reserves are depleted.

<sup>8</sup> Based on the revised Benchmark Revenue in the Mid-Year Fiscal Policy Review of the 2023 Budget Statement and Economic Policy of the Government of Ghana.

<sup>9</sup> Based on the revised Benchmark Revenue in the Mid-Year Fiscal Policy Review of the 2023 Budget Statement and Economic Policy of the Government of Ghana.

### 7.3 Receipts and Returns on Investments

The amount received by the GPFs from the PHF for the period under review was US\$102.31 million, of which the GSF and GHF received a total of US\$71.61 million and US\$30.70 million, respectively. The H1 2023 receipt indicated a 73.77 percent decrease from H1 2022 (US\$390.03 million). In contrast to the US\$713 million realised at the end of June 2022, the Funds' net return on investments was US\$15.70 million in H1 2023; a 120.20 percent increase. As illustrated in Figure 12, the GSF contributed 13.00 percent (US\$2.04 million) of net income compared to 0.11 percent (US\$0.77 million) in H1 2022, while the GHF contributed 87.00 percent (US\$13.66 million) compared to 99.89 percent (US\$6.36 million) in H1 2022.



**Figure 12:** Returns on the Ghana Petroleum Funds (H1 2022 and H1 2023)

Source: PIAC Construct, from BoG Data, June 2023

In comparison to the GSF, GHF investments are mostly long-term focused. However, the GHF is periodically invested across the entire yield curve - short, medium, and long term - in order to benefit from the broad investment spectrum. Historically, the 2-year and 10-year US Treasury Notes served as the benchmarks for returns.

The Bloomberg Barclays U.S. Treasury Index returned 1.59 percent in the first half of 2023. The GHF's overall return on investment for H1 2023 increased by 1.79 percent. The annualised returns over the past two and three years for the GHF were down, respectively, by 3.91 percent and 3.49 percent.

The returns on the GSF in H1 2023 and the 2-year annualised yield increased by 2.07 percent and 1.33 percent, respectively. Table 22 and Table 23 show the GHF and GSF investment instruments, respectively, for the period under consideration.

**Table 22:** GHF Investment Instruments, H1 2023

Name	Total Number of Securities held	Amount Invested
GHF		(US\$)
U.S Treasury Bonds	54	508,503,635.02
Agency bonds	30	152,118,905.75
Sovereign bonds	22	123,886,236.90
Supranational bonds	18	89,053,270.00

Source: BoG Data, June 2023

**Table 23:** GSF Investment Instruments (H1 2023)

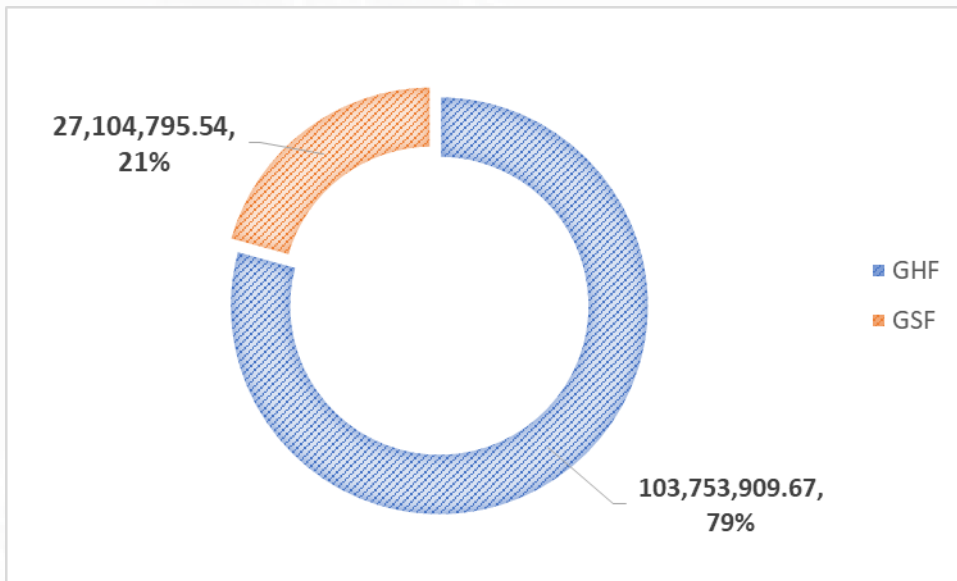
Name	Total Number of Securities held	Amount Invested
GSF		(US\$)
U.S Treasury bills	4	125,933,076.56
Agency bonds	1	2,880,510.00
Sovereign bonds	1	4,728,500.00

Source: BoG, June 2023

The yield on the US 10-year Treasury Note decreased by 3 basis points from 3.87 percent in December 2022 to 3.84 percent in June 2023, while the yield on the 2-year Note, which is more responsive to FED policy communications, increased by 47 basis points from 4.43 percent in December 2022 to 4.90 percent at the end of June 2023.

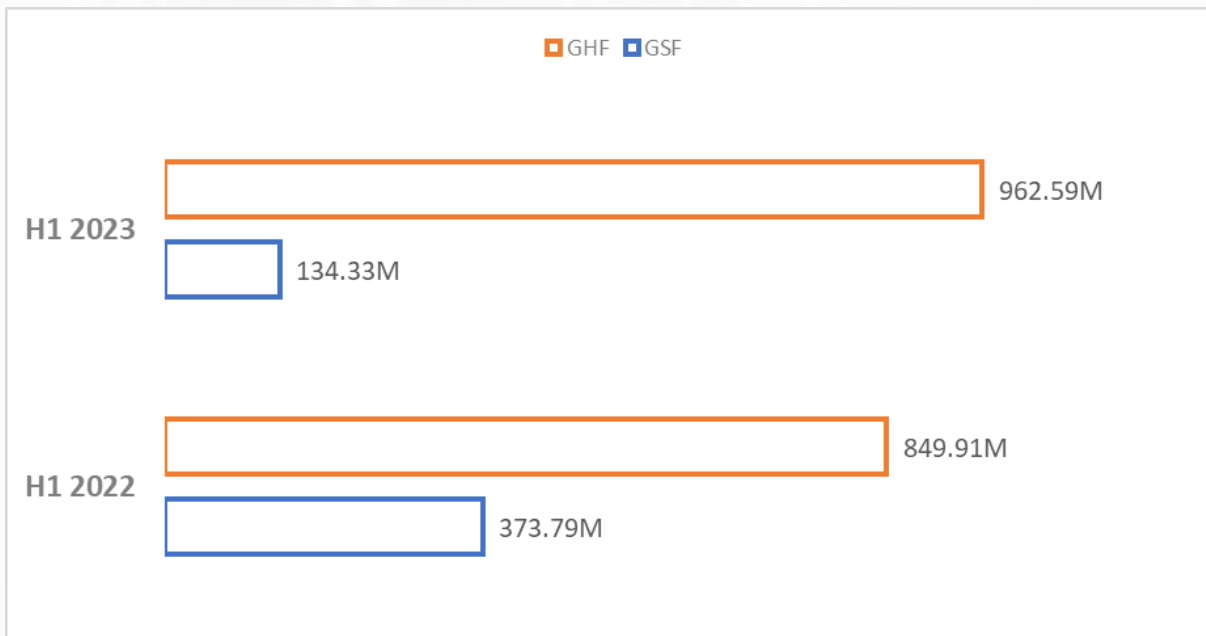
## 7.4 Accumulations and Reserves

Shown in Figure 13 is the Ghana Petroleum Funds' net profit of US\$130.86 million since November 2011. The GHF and GSF each contributed 79 percent and 21 percent, respectively.



**Figure 13:** Net Realised Income on the Ghana Petroleum Funds since Inception  
 Source: PIAC Construct, from BoG Data, June 2023.

Illustrated in Figure 14 is the GPFs’ total reserves as of the end of June 2023, which was worth US\$1,096.92 million. The GHF had accumulated US\$962.59 million in H1 2023, compared to US\$849.91 million in H1 2022, representing an increase of 13.26 percent, while the GSF accumulated US\$134.33 million in H1 2023 compared to US\$373.79 million in H1 2022, representing a decrease of 64.06 percent. The combined effect on the reserves of the GPFs was a decrease of 10.36 percent from US\$1,223.70 million in H1 2022 to US\$1,096.92 million in H1 2023.



**Figure 14:** Reserves of the Ghana Petroleum Funds as at June 2023  
 Source: PIAC Construct, from BoG Data, June 2023.

Details on the Funds are displayed in Table 24.

**Table 24:** Net Accumulated Reserve of the Ghana Petroleum Funds in US\$

FUND	ALLOCATIONS SINCE INCEPTION	REALISED INCOME (NOV. 2011 - JUNE 2023)	TOTAL SINCE INCEPTION	WITHDRAWALS	CLOSING VALUE
GHF	858,837,570.07	103,753,909.67	962,591,479.74	-	962,591,479.74
GSF	2,025,159,679.09	27,104,795.54	2,052,264,474.63	(1,917,933,758.67)	134,330,715.96
<b>TOTAL</b>	<b>2,883,997,249.16</b>	<b>130,858,705.21</b>	<b>3,014,855,954.37</b>	<b>(1,917,933,758.67)</b>	<b>1,096,922,195.70</b>

Source: BoG Data, June 2023.

## 7.5 Ghana Stabilisation Fund

### 7.5.1 Withdrawals

As determined by the Minister for Finance and approved by Parliament under Section 23(4) of the PRMA as amended, the cap on the GSF remained at US\$100 million. For the first half of the year, withdrawals from the GSF amounted to US\$83.02 million over the cap. According to the Bank of Ghana, there was an excess of US\$34.33 million over the cap, bringing the closing amount to US\$134.33 million (see the Statement of Accounts in Table 25).

**Table 25:** GSF Statement of Account for H1 2023

	<b>US\$</b>
Opening Book Value (1 Jan 2023)	143,661,569.28
Receipt During the Period	71,643,366.28
Bank Charges	(2,065.65)
Realised Income	2,043,288.57
Withdrawal	(83,015,442.51)
Closing Book Value (30 June 2023)	134,330,715.97
<b>Net Income for the Period Comprised:</b>	
<b>INCOME</b>	<b>US\$</b>
Investment Income	2,043,288.57
Less:	
Bank Charges	(2,065.65)
<b>Net Return for the Period</b>	<b>2,041,222.92</b>

Source: BoG Data, June 2023

## 7.6 Ghana Heritage Fund

The closing book value of the Ghana Heritage Fund as at the end of June 2023 was US\$962.59 million, as indicated in Table 26.



**Table 26:** GHF Statement of Account for H1 2023

	US\$
Opening Book Value (1 Jan 2022)	918,223,453.56
Receipt During the Period	30,704,299.83
Bank Charges	(29,071.50)
Realised Income	13,692,797.84
Closing Book Value (30 June 2022)	962,591,479.73
<b>Net Income for the Period Comprised:</b>	
<b>Income</b>	<b>US\$</b>
Investment Income	13,692,797.84
Less:	
Bank Charges	(29,071.50)
<b>Net Return for the Period</b>	<b>13,663,726.34</b>

Source: BoG Data, June 2023.

## 7.7 The Petroleum Holding Fund

The Petroleum Holding Fund (PHF) Account had a balance of US\$74.09 million at the end of H1 2023, which was made up of US\$73.05 million from the TEN 22<sup>nd</sup> Lifting, US\$0.20 million mandatory balance, and US\$0.84 million from PHF overnight interest.

### Findings/Observations

1. The retention of the current cap of US\$100 million on the GSF for the year 2023 is not in accordance with the formula stipulated in L.I 2381 and does not help build the Fund to serve its purpose. A proper application of the capping formula would have returned an amount of US\$941.20 million.
2. The Ghana Petroleum Funds, are made up of the Ghana Heritage Fund (GHF) established to serve as endowment for investment, and the Ghana Stabilisation Fund (GSF) for the stabilisation of government expenditure. The GHF increased by 13.26 percent whilst the GSF decreased by 64.06 percent mainly due to withdrawals. The combined effect on the GPFs was a decrease of 10.36 percent from US\$1,223.70 million in H1 2022 to US\$1,096.92 million in H1 2023.





# 8

## **8.0 GNPC ALLOCATION AND UTILISATION**

### **8.1 Introduction**

The Ghana National Petroleum Corporation (GNPC) was established by the GNPC Act, 1983 (PNDCL 64) as a state-owned oil and gas company. The Corporation plays a key role along the petroleum value chain. The upstream petroleum operations of GNPC are guided by the Petroleum (Exploration and Production) Act, 2016 (Act 919) while its annual work programme is subject to approval every year by Parliament, in accordance with revenue management and other public financial management laws. GNPC is party to every Petroleum Agreement (PA) and holds the State's interest on behalf of the government

of Ghana. Ultimately, the Corporation's mandate is to ensure that Ghana obtains the greatest possible benefits from the exploitation of its petroleum resources.

To realise this mandate, the Petroleum Revenue Management Act, 2011 (Act 815) as amended makes provision for financial resources to be ceded from petroleum revenues to the Corporation. The deduction from petroleum receipts is done at two levels:

- Level A: This allocation goes to finance the Corporation's equity cost (share of development & production cost, including interests and advances). Allocation to this Level is taken from the proceeds of the Carried and Additional Participating Interests (CAPI) before payment into the PHF.
- Level B: This constitutes not more than 55 percent of the net cash flow from the Carried and Additional Participating Interests (CAPI) after deducting the equity financing cost (in cash or equivalent barrels of oil).

Allocation for Level B expenditure is recommended by the Minister for Finance, subject to the approval of Parliament, and has been about 30 percent of net CAPI in recent times. The PRMA provides that Level B allocations shall be made to GNPC for a period not exceeding 15 years after the commencement of the PRMA. This allocation shall be reviewed by Parliament every three years. This implies that GNPC may or may not be allocated funds for these expenditures post 2026.

In addition to these two main sources of revenues, the Corporation is also financed by loans, training and technology grants from existing PAs, interest on short-term investments, fees and miscellaneous income.

Since the commencement of petroleum production, total receipts of the Corporation have amounted to US\$2.67 billion, according to the GNPC. The Corporation's receipts in total equity financing costs (Level A receipts) amounted to US\$1.49 billion, representing 55.80 percent of the total GNPC allocations. Level B receipts for operational costs and other expenditures amounted to US\$1.17 billion, representing 44.20 percent of total allocations.

This section provides a review of the allocations and utilisation of GNPC's receipts for H1 2023.

## 8.2 Actual Allocation

For H1 2023, GNPC received an amount of US\$136.89 million from both Level A and level B expenditure, a decrease of 21.26 percent from the amount of US\$173.84 million received for H1 2022. A cash balance of US\$3.14 million was brought forward from 2022 bringing the total cash available to the Corporation for H1 2023 to US\$140.02 million. The H1 2023 available cash represents a decline of 19.85 percent from the amount available in H1 2022.

The breakdown is as follows:

### 8.2.1 Equity Financing (Level A)

Jubilee Equity financing - US\$43.35 million;  
Sankofa Equity financing - US\$22.44 million.

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

30% share of net proceeds of Jubilee CAPI - US\$31.54 million;  
30% share of net proceeds of SGN CAPI - US\$39.56 million

GNPC explained that US\$49.64 million out of the US\$136.89 million received in this period, was from the 69<sup>th</sup> Jubilee and 5<sup>th</sup> Sankofa liftings, which took place in December 2022 and US\$29.01 million from the 71<sup>st</sup> Jubilee lifting which was received on 30<sup>th</sup> June.

### 8.2.3 Receipts from TEN Field

For the period under review, no revenues were received by GNPC from the TEN Field either in respect of its equity interest (Level A) or as the Corporation's share of CAPI (Level B) even though the Ghana Group made a lifting in May 2023 from the Field.

## 8.3 Expenditure

For H1 2023, GNPC spent a total of US\$117.59 million in respect of its upstream activities and operational expenditures. With total cash available being US\$140.02 million, this leaves the Corporation a balance of US\$22.44 million. GNPC indicates that this amount has been earmarked for expenditure in the third quarter of 2023. A breakdown of the Corporation's expenditure for H1 2023 is shown in Table 27.

**Table 27:** GNPC's Receipts and Expenditure for H1 2023

SRN	Item	Amount (US\$)
<b>Receipts</b>		
1	Level A Receipts (Equity Financing) - Jubilee	43,354,169.47
2	Level B (30% of Net Proceeds) - Jubilee	31,539,420.55
3	Level A Receipts (Equity Financing) - SGN	22,437,399.18
4	Level B (30% of Net Proceeds) - SGN	39,555,768.34
<b>Total Amount Received (A)</b>		<b>136,886,757.54</b>
<b>Expenditure</b>		
1	Jubilee Equity Financing Cost	44,732,827.04
2	TEN Equity Financing Cost	6,398,356.45
3	Sankofa/OCTP Financing Cost	3,414,683.62
4	Exploration and Development Projects -Note 1	9,807,464.72
5	Staff Cost	10,428,288.25
6	Admin. Capital Expenditure	679,293.51
7	Capital Projects	8,161,595.99
8	General Operational Expenditure	7,115,316.31
9	Gas Enclave Roads Payments	2,159,225.96
10	Saltpond Field Decommissioning Project	18,995,298.21
11	Mid-Stream & Other Projects	2,357,819.14
12	Sustainability and Stakeholder Relations and GNPC Foundation	3,337,286.60
<b>Total Expenditure (B)</b>		<b>114,250,169.20</b>
Net Position (C) (A-B)		19,299,301.74
Add: Cash Brought Forward (01.01.2022) (D)		3,137,639.52
<b>Total Cash Available (E) (C+D)</b>		<b>22,436,941.26</b>

<b>Note 1 -Breakdown of Exploration &amp; Development Projects</b>	<b>Amount (US\$)</b>
Voltaian Basin Petroleum Projects	8,899,114.89
GH-WB-01 (GNPC)	219,872.52
Maritime Boundary Special Project	688,477.31
<b>Total Non-Jubilee, TEN and SGN Projects Expenditure</b>	<b>9,807,464.72</b>

Source: PIAC's Construct based on GNPC Data 2023

### 8.3.1 Jubilee Expenditure

During the period under review, an amount of US\$44.73 million representing 39.15 percent of total expenditure was utilised in respect of GNPC's share of production and development cost on the Jubilee Field. This also represents a 24.12 percent reduction in production and development costs on the Field as against the same period in 2022. The GNPC costs represent 10.27 percent of total cost of US\$435.33 million incurred by the Jubilee partners on the Field for the period.

### 8.3.2 TEN Expenditure

Expenditure in respect of production and development cost on the TEN Field was US\$6.40 million, representing 5.60 percent of total expenditure for the period under review. The expenditure is a reduction of 69.05 percent of the Field's production and development costs incurred for the same period in 2022 of US\$20.67 million. Computed as a percentage of total costs of US\$202.84 million by the TEN partners, the amount spent is 3.16 percent lower than the 15 percent initial and additional interest on the Field.

### 8.3.3 SGN Expenditure

The expenditure of US\$3.41 million on the SGN Field for H1 2023 represents 2.99 percent of total expenditure for the period, and an 11.13 percent increase over that of H1 2022. GNPC's expenditure on the Field represents 1.99 percent of total development and production cost of US\$171.16 million on the Field for the period.

### 8.3.4 Exploration & Development Projects

For the period under review, an amount of US\$9.81 million representing 8.58 percent of total expenditure was spent on exploration and development projects. The expenditure includes cost incurred on three main projects namely the Voltaian Basin, GH-WB-01 (allocated to GNPC during the first Bid and Licensing Round) and Maritime Boundary Special Projects. A breakdown of expenditure on these projects is shown in Note 1 of Table 27.

### 8.3.5 Staff Cost

Staff cost for the period amounted to US\$10.43 million, and represents 9.13 percent of total expenditure for the period. This spending was in respect of remuneration for Technical as well as Petro-business support staff and represents an increase of 22.93 percent compared with the H1 2022 cost.

### 8.3.6 Administrative Capital Expenditure

Administrative capital expenditure was US\$0.68 million and constituted 0.59 percent of total expenditure for the period. This covered expenditure on workstations, printers, and laptop computers for corporate use.

### 8.3.7 Capital Projects

An amount of US\$8.16 million, representing 7.14 percent of total expenditure, was spent on various capital projects including the Research and Technology Project, Accra Head office and IT security solutions. Disbursement to these projects represents a 49.03 percent reduction relative to H1 2022. Table 28 provides the breakdown of GNPC capital projects for H1 2023.

**Table 28:** Breakdown of GNPC Capital Projects for H1 2023

Capital Projects	Amount (US\$)
Corporate Offices - Accra	-
Research and Data Centre	2,147,597.45
Works on Landed Property	383,347.44
Corporate Offices - Takoradi	5,630,651.10
<b>Total</b>	<b>8,161,595.99</b>

Source: GNPC Data, June 2023

### 8.3.8 General Operating Expenditure

An amount of US\$7.12 million representing 6.23 percent of total expenditure 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. This expenditure indicates a 29.83 percent decline from the H1 2022 spending.

### 8.3.9 Gas Enclave Roads Payments

For H1 2023, US\$2.16 million was expended on the Gas Enclave Roads project representing 1.89 percent of total expenditure, and accounts for a 119.50 percent increase over the H1 2022 expenditure of US\$0.98 million. The expenditure was in respect of the Interim Payment Certificates (IPCs) raised by contractors on the projects. As indicated in the PIAC 2022 Annual Report, this has been a constant item on GNPC's books since 2014. GNPC explains that it is supporting the construction of key roads as the Corporation still performs the role of a gas aggregator.

### 8.3.10 Saltpond Field Decommissioning

An amount of US\$19.00 million was spent on the Saltpond Field decommissioning, representing 16.63 percent of total expenditure and an increase of 221.30 percent over that of H1 2022. GNPC explains that the amount was spent on milestone payments for Plugging and Abandonment (P&A) operation for four wells in addition to the two wells completed in 2022. This, according to the Corporation, is the most critical



phase of the project. In addition, salaries, crew change, food supply, fuel, and transportation expenditures were covered under this. The estimated project completion date is 17<sup>th</sup> January 2024.

### 8.3.11 Mid - Stream and Other Projects

An amount of US\$2.36 million, representing 2.06 percent of total expenditure, was spent on Mid-Stream activities. This represents a 268.39 percent increase over the amount spent in H1 2022. The midstream activities funded include the City Gate and Tema LNG projects.

Outstanding Payments and Guarantees on behalf of Government and other State-owned Enterprises.

GNPC's total guarantees and payment receivables as at the end of H1 2023 are presented in Table 29. These payments and guarantees were made on behalf of Government of Ghana, State-Owned Enterprises (SOEs), national and local infrastructure projects, and outstanding indebtedness associated with gas supplied to GNGC.

**Table 29:** GNPC's Payments and Guarantees as at 30<sup>th</sup> June, 2023

Agency	H1 2023 Outstanding Balance (US\$)	Date Receivables Crystallised	H1 2023 Status
Government of Ghana	23,217,406.00		No change
MoF Enclave Roads (GH¢)	26,901,979.64	2015 to date	No change
MoF Enclave Roads (US\$)	17,188,682.54	2015 to date	No change
Advance to Ministry of Finance	-	2014	In a written communication to GNPC, MoF cited financial obligation arising from the capping Law as a basis for GNPC to offset the US\$50 million owed and expunge same from its books.
Tema Oil Refinery	58,404,875.00	2011	No change
ECG-BG Related Charges	4,966,027.40	2015-2017	No change
GNGC - 14km Offshore Pipeline	36,811,783.78	2010	Ghana Gas has paid a total of US\$7,807,005.58 to two enclave road contractors to offset the legacy debt owed GNPC with respect to the cost of the 14km Offshore pipeline
*OCTP Escrow	100,000,000.00	2018/19	No Change
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>287,668,337.36</b>		
Outstanding from Gas Sales			

Volta River Authority	118,351,117.93	ongoing	CWM reconciled position
Total outstanding receivables from GNGC	604,516,532.70	ongoing	CWM reconciled position
<b>Sub-total</b>	<b>722,867,650.63</b>		
**Karpower Guarantees	126,500,000.00		No change Total Karpower Guarantees outstanding is US\$126.5 million of which Guarantee A (for early termination and reducible by 10% annually) is US\$47.5 million and Guarantee B (for Capacity) is US\$79 million
<b>Sub-total</b>	<b>126,500,000.00</b>		
ECG HFO Commitment (Litasco)	138,941,381.97	Secured 19 <sup>th</sup> August 2020  ***Amortisation ongoing	Debt servicing by government of the Litasco facility has stalled in light of the recent economic challenges. Government is currently negotiating a refinancing of the debt owed. Balance of the debt as at 30/06/2023 stood at US\$91,291,700.97.  No change in the amount of US\$47,649,681 outstanding from AKSA for the supply of HFO.

Source: GNPC, June 2022

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

\*\*Karpower Guarantees are Contingent Liabilities. GoG pays the issuance fees when they fall due.

\*\*\*Date financing procured for a 3-year tenor

Some of these payments and guarantees have been in the books of GNPC since 2011. As reported in the 2022 PIAC Annual Report, a total amount of US\$192,558,295.34 was recovered (excluding Karpower guarantee and gas indebtedness). An amount of US\$36,534,424 was recovered by GNPC from the ECG HFO Commitment (Litasco) in 2022, as shown in Table 30.

**Table 30:** GNPC Recoveries of Loans and Advances as at June 2023

Agency	FY Outstanding Balance (US\$)	HY Outstanding Balance (US\$)	Difference	Status HY 2023
GNGC -14km Offshore Pipeline	44,618,789.36	36,811,783.78	7,807,005.58	Ghana Gas has paid US\$7,353,252.13 and US\$453,753.45, a total of US\$7,807,005.58 to 2 Contractors to offset the cost of the 14km Offshore Pipeline as the request of GNPC.
Total Outstanding Receivables from GNPC	605,691,381.47	604,516,532.70	1,174,848.77	CWM reconciled position
Advance to Ministry of Finance	50,000,000.00	0.00	-	MoF cited financial obligation arising from the capping Law as a basis for GNPC to offset the US\$50 million owed and expunge same from its books
<b>Total Reduction in HY 2023</b>	<b>8,981,854.35</b>			

Source: GNPC, June 2022

### 8.3.13 Other Receipts by GNPC

**Table 31:** Receipts from Cash Waterfall Mechanism

CWM Receipts	GH¢	(US\$)
Commodity	0.00	0.00
Service	172,838,463.16	13,683,244.65
<b>Total</b>	<b>172,838,463.16</b>	<b>13,683,244.65</b>

Source: GNPC, June 2022

### 8.3.14 Subsidiary Expenditure

#### **Update on the repayment of the loan of US\$164,798,691.00 advanced by the Ministry of Finance to GNPC.**

GNPC reports that it received a letter dated 19<sup>th</sup> June 2023 from the Ministry of Finance (MoF) with the instructions to pay the balance outstanding on the MoF advance of US\$26.9 million to Karpowership Ghana Limited. Consistent with the instructions, two separate payments have been made to Karpowership Ghana Limited. The first was an amount of US\$22.1 million transferred from JOHL offshore account with Ghana International Bank (GHiB) with a value date of 20<sup>th</sup> June 2023, and the second payment in the

amount of US\$4,809,422.26 transferred from GNPC's onshore account with First Atlantic Bank Limited through Deutsche Bank Trust Company Americas with a value date of 21<sup>st</sup> June 2023. The total amount of US\$26,909,422.26 was transferred to the account of Karpowership Ghana Limited with Yapi Kredi Bank Nederland N.V, Amsterdam.

Table 32 provides details of the payments made by GNPC in settlement of the US\$170 million (principal of US\$164.80 million plus an interest component of US\$5.20 million) to MoF for the amount advanced toward the acquisition of 7 percent JOHL interest in TEN, Jubilee, as well as in DWT and WCTP Blocks.

**Table 32:** GNPC Repayment of Loan for JOHL Acquisition

JOHL Acquisition		US\$
	Principal	164,798,691.00
	Interest	5,201,309.00
	Total Purchase Amount Owed to MoF for JOHL Acquisition	170,000,000.000
Date	Payments	
13-Jun-22	1st Instalment of JOHL Acquisition Loan	-60,000,000.00
16-Dec-22	2nd Instalment of JOHL Acquisition Loan	-68,010,790.00
16-Dec-22	Hans & Co (SOPCL payment on behalf of MoF)	-5,000,000.00
23-Dec-22	Hans & Co (SOPCL payment on behalf of MoF)	-6,000,000.00
22-Mar-23	Rhema Energy HFO Supply (on behalf of MoF)	-2,254,908.46
12-May-23	Rhema Energy HFO Supply (on behalf of MoF)	-835,639.28
20-Jun-23	Karpowership Ghana Limited (on behalf of MoF)	-22,100,000.00
21-Jun-23	Karpowership Ghana Limited (on behalf of MoF)	-4,809,422.26
	*Committed for Quality Control on SOPCL	-989,240.00
	<b>Total Payments</b>	<b>170,000,000.00</b>
	Balance due MoF	0

**\*Budgeted and approved but not yet transferred from JOHL to MoF at reporting date.**  
**Fx GHC/US\$: 10.914**

Source: GNPC, June 2022

### 8.3.15 Sustainability and Stakeholder Relations and GNPC Foundation

A total of US\$3.34 million was spent on Sustainability and Stakeholder Relations, scholarship awards and community projects of the GNPC Foundation, representing 2.92 percent of the total expenditure and a reduction of 55.97 percent in expenditure as against H1 2022.

## 8.4 GNPC Foundation

The Foundation's project budget for 2023 was GH¢21.75 million. GNPC disbursed an amount of US\$3.34 million for "Sustainability and Stakeholder Relations and GNPC Foundation" to fund projects and programmes as well as operational activities undertaken by the Foundation in H1 2023. The Foundation reported that it received GH¢15.78 million and US\$0.50 million from GNPC, and out of which it spent an amount of GH¢2.11 million on operations. The Foundation has a broader scope and mandate for Corporate Social Investments (CSI), based on four (4) thematic areas of support to stakeholder communities:

- Education and Training;

- Economic Empowerment;
- Environment and Social Amenities; and,
- Sports.

Based on the thematic areas, an amount of GH¢6.09 million and US\$461,546.95 was spent on Education and Training, GH¢0.60 million on Environment and Social Amenities, GH¢0.55 million was spent on Sports (artificial soccer turf with flood lighting and wire fencing).

Additionally, an amount of GH¢2.57 million was spent on operational expenses of the Foundation.

A breakdown of the GNPC Foundation's expenditure for the first half of 2023 is shown in Appendix D.

### **Finding/Observation**

1. For the period under review, GNPC spent an amount of US\$6.40 million on production and development costs on the TEN Field and made a lifting of one parcel of crude oil from the Field in May 2023. However, no revenue was received by the Corporation from the Field either in respect of its equity interest or as its share of net CAPI, even though the revenues were received in the PHF in H1 2023.

This is in violation of Section 16(4) of the PRMA, as amended, which states that the Minister for Finance shall ensure that the Bank of Ghana transfers to a national oil company, the relevant portion of the revenue due to that national oil company under sub-section (2), not later than 3 working days after the receipt of petroleum revenue into the Petroleum Holding Fund.





# 9

## **9.0 OPERATIONS OF GHANA NATIONAL GAS COMPANY**

Ghana is endowed with gas reserve potential of about 2.23 Trillion Cubic Feet on its three (3) producing fields offshore. Gas from these fields is managed by the Ghana National Gas Company (GNGC), giving true meaning to the Government's emphasis on indigenisation of Ghana's gas resources.

Currently, the power generation sector uses the bulk of the country's indigenous gas, with about 7 percent used for non-power activities. Ghana's gas resource therefore plays a crucial role in the supply of reliable fuel for power supply upon which socio-economic development can be built.



## 9.1 Technical and Commercial Operations

Although incorporated in July 2011, GNGC started official operations in November 2014. The Company has the responsibility to build, own and operate natural gas infrastructure required for gathering, processing, transportation and marketing of natural gas and its derivatives.

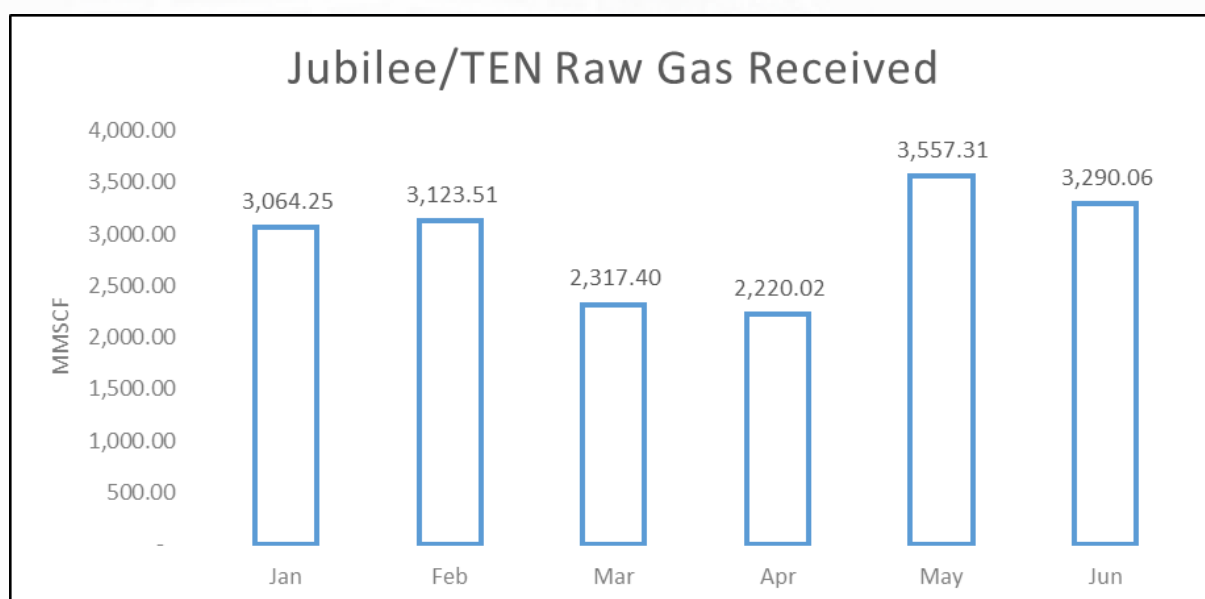
GNGC currently supplies gas to Volta River Authority (VRA) and other commercial entities for power generation and industrial use.

## 9.2 Developments in the Area for the Period

- i. GNGC commenced supply of gas to Marco Polo for the production of sanitary ware in April 2023.
- ii. Government of Ghana introduced new directives for condensate utilisation and pricing. Condensate is to be prioritised as a blending stock for premix fuel and any excess used for RON 91 petrol blending or exported. The price of condensate for premix fuel was fixed by the NPA at 50 percent of petrol price, effective 1<sup>st</sup> February, 2023.

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

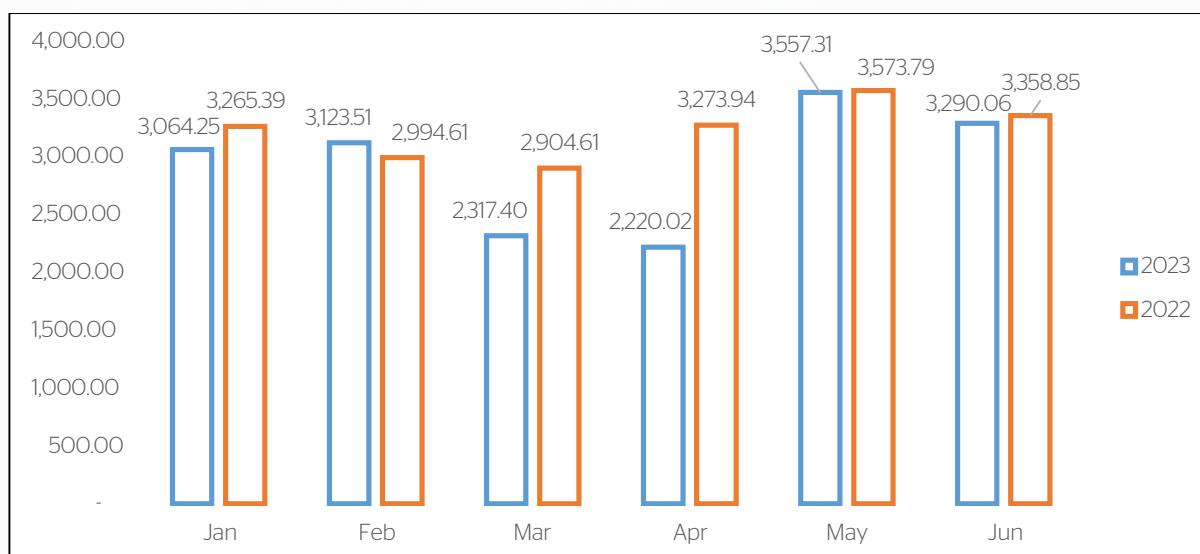
As at 30<sup>th</sup> June, 2023, a total volume of 17,572.54 MMSCF of raw gas was received by GNGC from GNPC. This represents about nine percent (9.3%) reduction from the total volume of 19,371.19 MMSCF for the corresponding period of 2022. Figure 15 provides raw gas quantities received from GNPC for the period under review.



**Figure 15:** Total Volumes of Raw Gas Received from GNPC

Source: PIAC Construct, based on GNGC data, June 2023

The volumes of raw gas received from GNPC over the period averaged 2,928.76 MMSCF per month. Figure 16 depicts monthly comparison of raw gas receipts for the 2022 and 2023 half-year.



**Figure 16:** Volumes of Raw Gas Exported to GNGC (H1 2022 and H1 2023)

Source: PIAC Construct Based on GNGC Data, June 2023

## 9.4 Processed Volumes

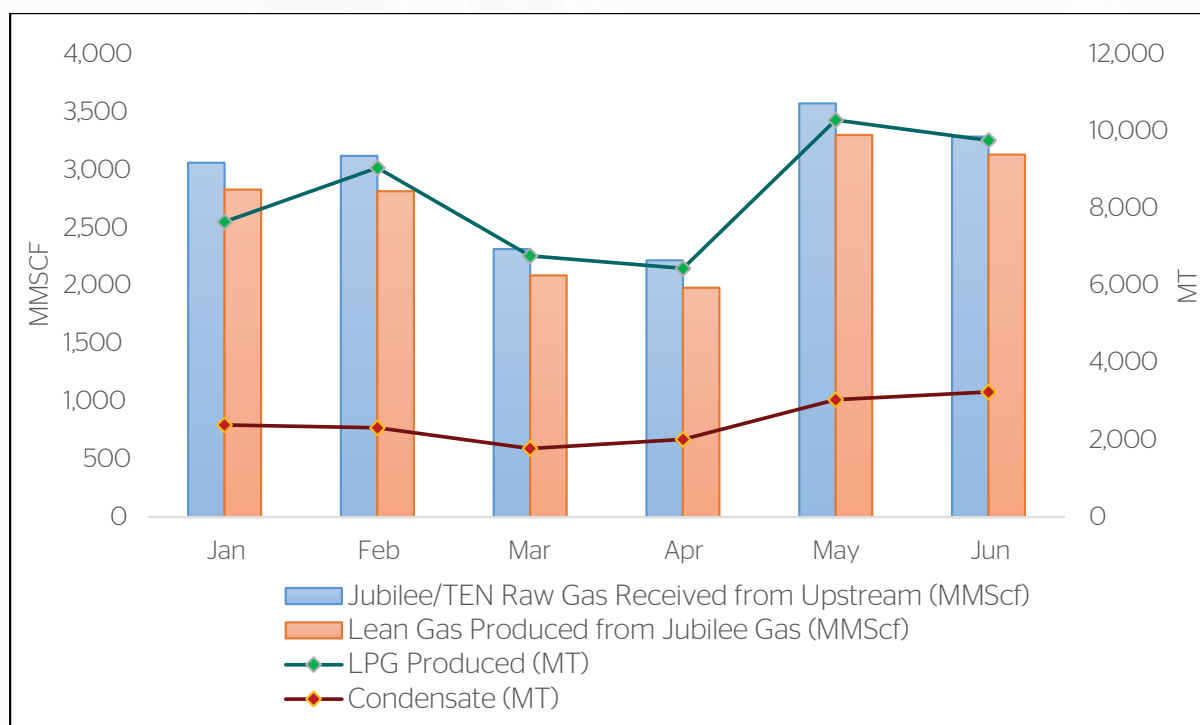
### 9.4.1 Lean Gas and other Derivatives

Total volumes of 16,160.45 MMSCF, 50,013.74M<sup>3</sup> and 14,781.14M<sup>3</sup> of Lean Gas, LPG and Condensates respectively, were processed during the period (see Table 33 and Figure 17).

**Table 33:** Volumes of Processed Derivatives (Jan - June 2023)

Month	Jubilee/TEN Raw Gas Received from Upstream	Lean Gas Produced from Jubilee	LPG Produced	Condensate
	MMSCF	MMSCF	MT	MT
1 Jan-23	3,064.25	2,832.20	7,659.15	2,385.05
2 Feb-23	3,123.51	2,817.63	9,057.96	2,312.55
3 Mar-23	2,317.40	2,089.52	6,772.23	1,776.87
4 Apr-23	2,220.02	1,982.95	6,452.04	2,016.04
5 May-23	3,577.31	3,304.03	10,300.78	3,045.96
6 Jun-23	3,290.06	3,134.13	9,771.58	3,244.67
<b>Total</b>	<b>17,572.54</b>	<b>16,160.45</b>	<b>50,013.74</b>	<b>14,781.14</b>

Source: GNGC, June 2023.



**Figure 17:** Total Volumes of Raw Gas Received from GNPC and Processed Derivatives

Source: PIAC Construct based on GNGC data, June 2023.

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

In H1 2023, GNGC received a total of US\$81,001,631.42 out of US\$162,463,164.71 from the sale of LPG, Lean Gas and Stabilised Condensates produced. Out of the total, transportation service fees constituted 15.63 percent (US\$12,663,501.71). This brought the cumulative outstanding receivables due GNGC, including legacy debts before the introduction of the Energy Sector Recovery Programme (ESRP), to US\$977,687,571.83 at the end of the period, as shown in Table 34.

**Table 34:** Summary of Receipts and Outstanding Receivables (Jan - June 2023)

Company	Product Sold	Volumes MT/MMBtu	Amount invoiced US\$	Payment Received US\$	Payment Outstanding US\$
	Opening Balance				896,226,038.54
Globex Energy Ltd	Stabilised Condensates	283.46	143,886.58	-	143,886.58
Hilson	Stabilised Condensates	104.00	51,283.64	-	51,283.64
Everstone	Stabilised Condensates	105.10	54,020.11	92,858.05	(38,837.94)
Maranatha Oil	Stabilised Condensates	6,114.62	3,676,350.39	318,043.46	3,358,306.93
Firm Energy	Stabilised Condensates	141.23	71,061.84	-	71,061.84

SA Energy	Stabilised Condensates	-	-	2,654,603.93	(2,654,603.93)
Eagle Petroleum	Stabilised Condensates	96.45	51,635.95	29,758.91	21,877.04
Vihama	Stabilised Condensates	105.10	817,640.57	-	817,640.57
Dome Energy	Stabilised Condensates	105.10	661,738.82	-	661,738.82
Sage Distribution Ltd (Sage Petroleum)	LPG	47,593.51	22,760,227.05	34,974,313.05	(12,214,086.00)
VRA	Lean Gas	9,974,904.46	61,214,540.85	4,745,396.06	56,469,144.76
WangKang Gh. Ceramic Ltd	Lean Gas	1,542,526.16	9,478,888.67	8,091,195.98	1,387,692.69
Keda Gh. Ceramic Ltd (Twyford)	Lean Gas	2,320,800.65	14,249,272.53	15,050,751.97	(801,479.44)
Genser Energy	Lean Gas	2,410,437.17	6,928,482.85	-	6,928,482.85
Jintao	Lean Gas	11,973.89	73,623.37	64,535.08	9,088.28
Sentuo Ceramics	Lean Gas	444,219.34	2,204,937.49	2,316,673.18	(111,735.69)
Marcopolo	Lean Gas	16,624.61	104,712.43	-	104,712.43
OCTP Transportation Service	Lean Gas	40,818,637.72	39,920,861.57	12,663,501.71	27,257,359.86
<b>Sub-Total for January-June, 2022</b>					<b>81,461,533.29</b>
<b>TOTAL</b>			<b>162,463,164.71</b>	<b>81,001,631.42</b>	<b>977,687,571.83</b>

Source: GNGC, June 2023

## 9.6 Cost of Processed Derivatives

A total volume of processed derivatives of LPG, condensates, and Lean Gas amounting to 50,013.74 MT, 14,781.14 MT and 16,160.45 MMSCF respectively, invoiced at US\$162,463,164.71 to respective customers, was recorded during H1 2023.

### 9.6.1 Lean Gas

During the period, GNGC received income from the sale of Lean Gas amounting to US\$30,268,552.27 compared with US\$26,125,152.23 received during H1 2022, translating to a 15.86 percent increase in H1 2023. As presented in Table 35, the total sales volume of Lean Gas for H1 2023 was 60,162,727.3 MMBtu, compared with the sales volumes in the same period of 2022 of 59,066,073.81 MMBtu, translating into a 1.86 percent increment. Similarly, the total gross revenue realised for H1 2023 was US\$134,657,708.94 compared with total gross revenue realised in the same period of 2022 of US\$129,131,929.35, translating into a 4.28 percent increase.

**Table 35:** Summary of Lean Gas Product Statement (Jan - June 2023)

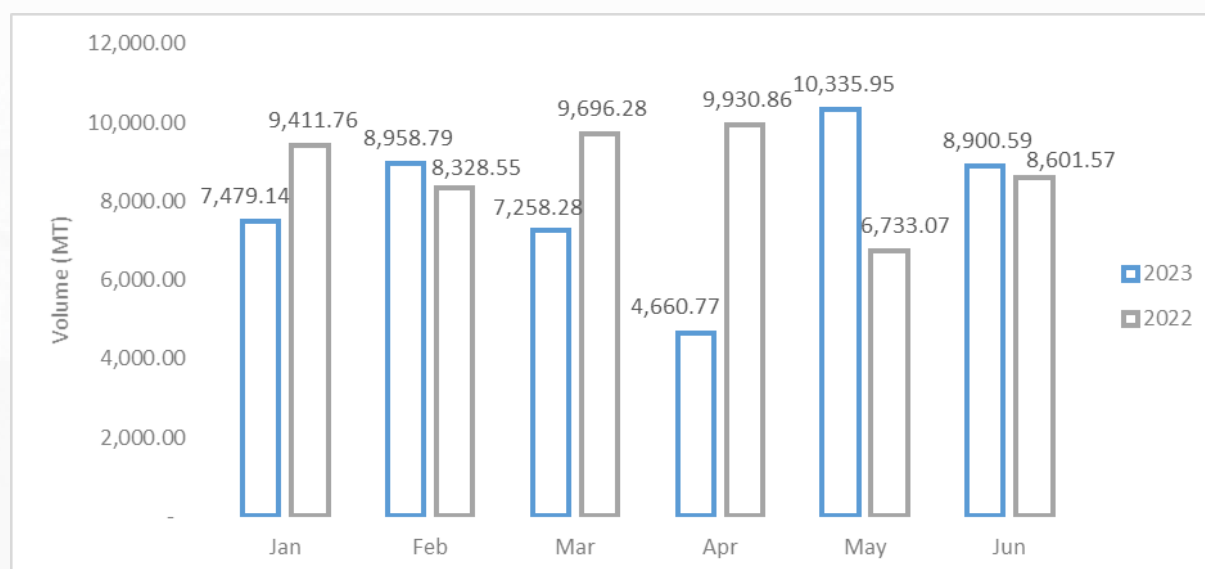
Date	Company	Volume (MMBtu)	Price (US\$/ MMBtu)	Value (US\$)	Volume/Month (MMBtu)	Gross Revenue (US\$)
Jan-23	VRA	1,760,052.97	5.9060	10,394,872.87	10,097,119.8287	22,677,762.24
	Jintao	2,201.73	5.9060	13,003.42		
	WangKang	300,215.31	5.9060	1,773,071.60		
	Keda (Twyford)	426,189.02	5.9060	2,517,072.37		
	Sentuo Ceramics	107,183.28	5.9060	633,024.46		
	Sankofa Gas Transported	6,611,746.57	0.9271	6,129,750.25		
	Genser	889,530.94	1.3681	1,216,967.28		
Feb-23	VRA	1,958,385.52	6.0952	11,936,751.42	9,672,546.7714	23,813,723.42
	Jintao	1,524.38	6.0952	9,291.43		
	WangKang	217,422.57	6.0952	1,325,234.05		
	Keda (Twyford)	397,730.90	6.0952	2,424,249.39		
	Sentuo Ceramics	129,295.03	6.0952	788,079.09		
	Sankofa Gas Transported	6,213,617.58	1.0049	6,244,064.30		
	Genser	754,570.79	1.4393	1,086,053.73		
Mar-23	VRA	1,321,304.92	6.0952	8,053,617.75	9,806,237.5006	20,210,556.8
	Jintao	1,284.71	6.0952	7,830.58		
	WangKang	168,010.92	6.0952	1,024,060.14		
	Keda (Twyford)	368,603.55	6.0952	2,246,712.35		
	Sentuo Ceramics	111,326.98	6.0952	678,560.20		
	Sankofa Gas Transported	7,085,995.59	1.0049	7,120,716.97		
	Genser	749,710.83	1.4393	1,079,058.80		
Apr-23	VRA	1,020,869.82	6.0952	6,222,405.71	9,396,184.8972	17,838,264.3
	Jintao	1,734.02	6.0952	10,569.18		
	WangKang	212,061.70	6.0952	1,292,558.47		
	Keda (Twyford)	246,704.66	6.0952	1,503,714.23		
	Sentuo Ceramics	96,414.05	6.0952	587,662.92		
	Sankofa Gas Transported	6,998,347.89	1.0049	7,032,639.79		
	Genser	818,246.02	1.4393	1,177,701.50		
Marcopolo	1,806.75	6.0952	11,012.49			

May-23	VRA	2,137,635.11	6.0952	13,029,313.51	10,899,836.057	26,187,332.0
	Jintao	2,720.84	6.0952	16,584.09		
	WangKang	327,502.66	6.0952	1,996,194.19		
	Keda (Twyford)}	444,441.26	6.0952	2,708,958.37		
	Sankofa Gas Transported	7,117,386.58	1.0049	7,152,261.77		
	Genser	863,359.58	1.4393	1,242,633.45		
	Marcopolo	6,790.03	6.0952	41,386.57		
Jun-23	VRA	1,776,656.12	6.5165	11,577,579.58	10,290,802.2488	23,930,070.26
	Jintao	2,508.20	6.5165	16,344.66		
	WangKang	317,313.01	6.5165	2,067,770.22		
	Keda(Twyford)	437,131.26	6.5165	2,848,565.84		
	Sankofa Gas Transported	6,791,543.52	0.9190	6,241,428.49		
	Genser	957,622.32	1.1759	1,126,068.09		
	Marcopolo	8,027.83	6.5165	52,313.37		
<b>TOTAL</b>				<b>60,162,727.3</b>	<b>134,657,708.94</b>	

Source: GNGC, June 2023

### 9.6.2 Liquefied Petroleum Gas (LPG)

As shown in Figure 18, the volume of LPG sold from January to June, 2023 was 47,593.51 MT while that of the same period in 2022 was 52,702.09MT, indicating a 9.7 percent decrease.



**Figure 18:** Volumes of LPG in MT for H1 2023

Source: PIAC Construct based on GNGC Data, June 2023

The amount invoiced for total LPG sold in H1 2023 was US\$22,760,227.05, while that of H1 2022 was US\$43,046,905.44 (see Table 36). This represents 47.13 percent decrease in LPG revenue. The decrease was mainly due to the reduction in price of the commodity and a slight decrease in production volumes.

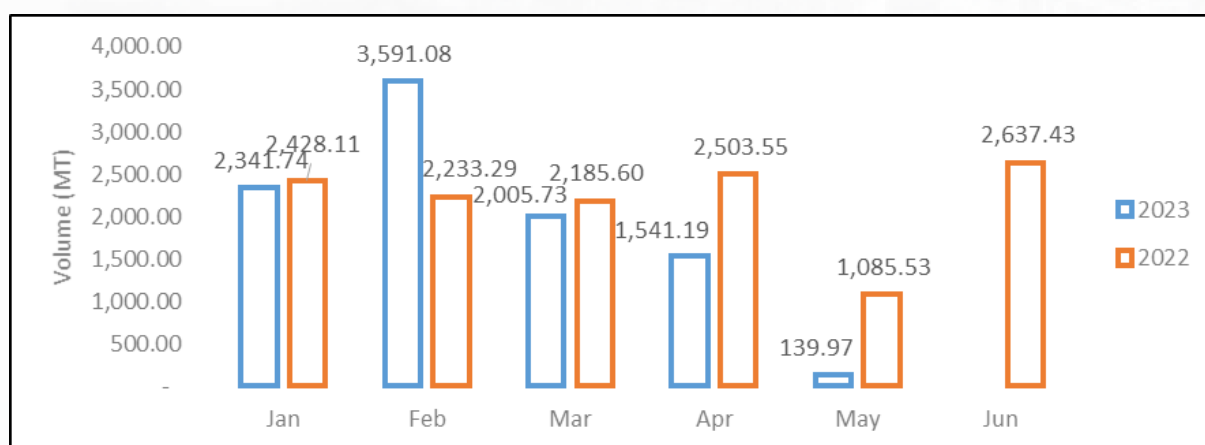
**Table 36:** Summary of LPG Product Statement (Jan - June 2023)

DATE	Volume (MT)	Price (US\$)/MT	Value (US\$)	Volume/ Month (MT)	Gross Revenue (US\$)	Discount (US\$)	Net Revenue (US\$)
Jan-23	3,835.52	488.33	1,872,981.04	7,479.14	3,695,521.01	149,582.88	3,545,938.13
	3,643.62	500.20	1,822,539.97				
Feb-23	4,707.45	556.95	2,621,836.57	8,958.79	5,234,090.34	179,175.80	5,054,914.54
	4,251.34	614.45	2,612,253.77				
Mar-23	3,847.60	647.73	2,492,186.71	7,258.28	4,628,548.39	145,165.50	4,483,382.88
	3,410.68	626.38	2,136,361.68				
Apr-23	852.33	475.10	404,939.99	4,660.77	2,234,705.47	93,215.34	2,141,490.13
	3,808.44	480.45	1,829,765.48				
May-23	5,614.26	467.77	2,626,195.87	10,335.95	4,622,290.58	206,718.94	4,415,571.64
	4,721.69	422.75	1,996,094.70				
Jun-23	5,024.37	396.50	1,992,161.56	8,900.59	3,296,941.55	178,011.82	3,118,929.73
	3,876.22	336.61	1,304,779.99				
<b>TOTAL</b>				<b>47,593.51</b>	<b>23,712,097.33</b>	<b>951,870.28</b>	<b>22,760,227.05</b>

Source: GNGC, June 2023

### 9.6.3 Condensates

The volume of Condensates sold for H1 2023 was 9,619.71 MT while that for the same period in 2022 was 13,073.51 MT, recording a difference of 3,453.80 MT, representing a 26.4 percent. Figure 19 illustrates the monthly volumes of Condensates sold during the period under review. There was no condensate sales in June 2023.

**Figure 19:** H1 Volumes of Condensates (MT) (2022 and 2023)

Source: PIAC Construct based on GNGC data, June 2023.

Realised revenue from the sale of Condensates for H1 2023 was US\$5,527,617.91 (see Table 37), while that of H1 2022 was US\$10,155,226.36, representing a decrease of US\$4,627,608.45 (45.57%) in revenue. The H1 2023 decrease in revenue was mainly due to the reduced sales volume for the period. Table 37 provides a summary of the Condensates product Statement.

**Table 37:** Summary of Condensate Product Statement (Jan - June 2023)

DATE	VOLUME/MONTH (MT)	MONTHLY VALUE (US\$)
Jan - 23	2,341.74	1,187,369.16
Feb - 23	3,591.08	2,105,971.30
Mar - 23	2,005.73	1,192,795.86
Apr - 23	1,541.19	970,788.46
May - 23	139.97	70,693.13
Jun - 23	-	-
<b>Total</b>	<b>9,619.71</b>	<b>5,527,617.91</b>

Source: GNGC, June 2023

## 9.7 Summary of GNGC Expenditures

Table 38 presents a detailed breakdown of all expenditures incurred during the period under review, including cost of operating the Atuabo Gas Processing Plant.

**Table 38:** Breakdown of GNGC Expenditure (Jan - June 2023)

Ghana National Gas Total Expenses (Jan - Jun 2023)		
Category		Amount '000 (GH¢)
1	Manpower Expenses	211,087
2	Directors Fees & Other Board Expenses	1,502
3	General Admin Expenses	38,309
4	Staff Business Expense	10,541
5	Professional Services	2,069
6	Bank Service Charges	1,440
7	Corporate Social Responsibility	88,947
8	Business Support	11,432
9	Pass Through Direct Cost	636,333
10	Depreciation & Amortisation	100,482
11	Operational Expenses	(48,737)
12	Finance Cost	636,379
13	Forex Loss/Gain	(95,938)
	<b>Total Expenses</b>	<b>1,593,847</b>

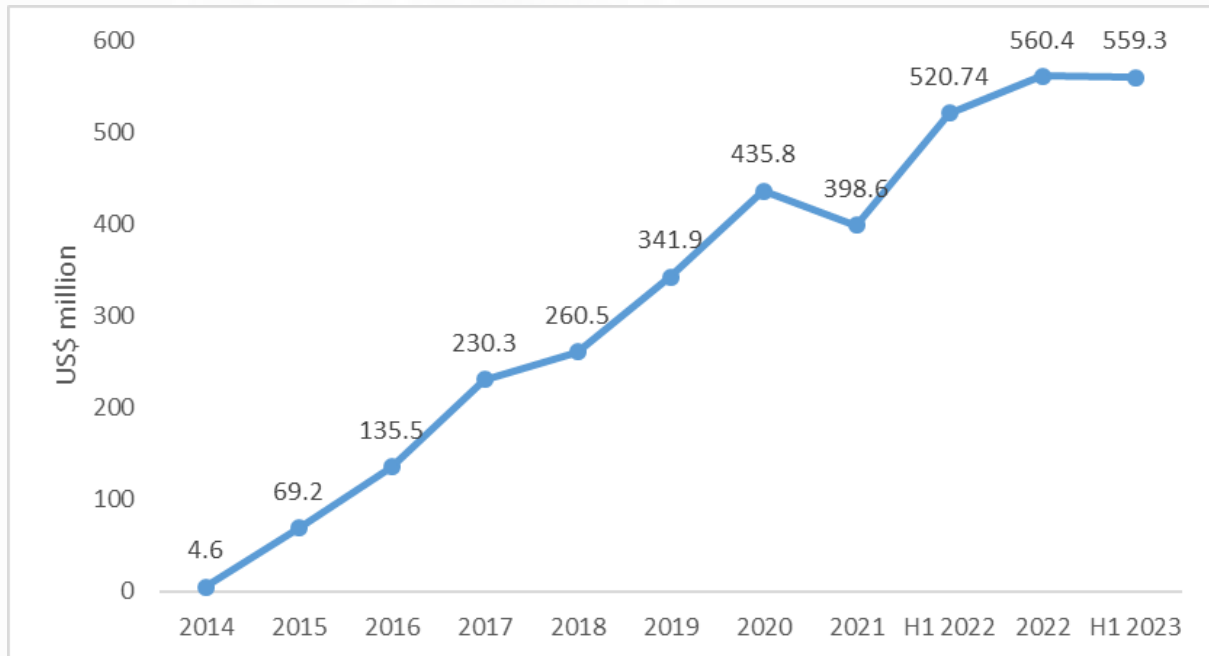
Source: GNGC, June 2023

Total expenditure in H1 2023 amounted to GH¢1,593,847,000.00 compared to GH¢1,376,769,000.00 in H1 2022, which represents a 15.77 percent increase. Finance Cost (GH¢636,379,000.00) (39.93%) was the highest expenditure item for the period under review.



## 9.8 Cost of Raw Gas and Indebtedness

As at the end of H1 2023, GNGC's cumulative indebtedness to GNPC amounted to US\$559,259,907.60 as compared to US\$520,738,896.02 during the same period in 2022. The debt is due to VRA's inability to meet its debt service obligation to GNGC. Figure 20 depicts the indebtedness of the Company to GNPC from 2014 to H1 2023.



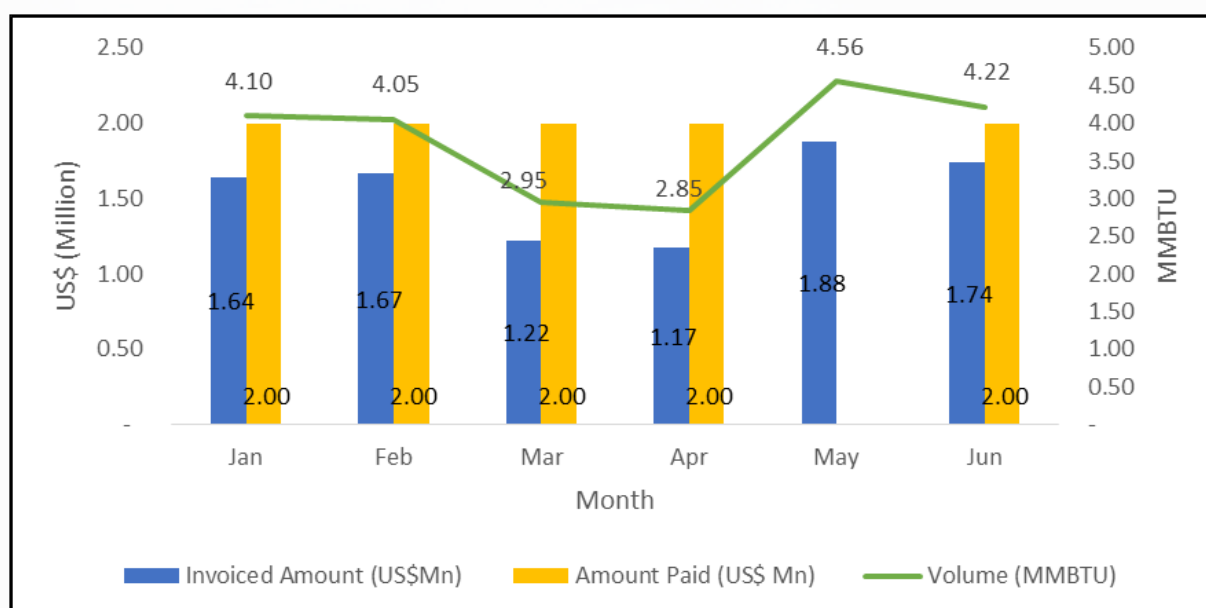
**Figure 20:** GNGC's Cumulative Indebtedness to GNPC

Source: PIAC Construct, June 2023.

The total volume of raw gas sales to GNGC in H1 2023 totalled 22,730,386.70 MMBtu compared with 20,169,971.20 MMBtu for the same period in 2022, representing an increase of 12.69 percent.

Figure 21 illustrates GNGC's invoiced amount for raw gas received in H1 2023 and prepayments to Tullow Ghana during the period. The direct payment to Tullow is as a result of an interim agreement between GNGC and Tullow for the purchase of raw gas after the foundation gas<sup>10</sup> was exhausted at end of 2022.

<sup>10</sup> 200 Billion Cubic Feet (BCF) of raw gas provided to the Government of Ghana for free, albeit on a take-or-lose basis, upon the commencement of production in December 2010, by Tullow and its Partners. This was exhausted in December 2022.



**Figure 21:** GNGC Invoices and Payments to Tullow (Jan - Jun 2023)

Source: PIAC Construct based on GNGC Data, June 2023.

## 9.9 Revenue from Cash Waterfall Mechanism (CWM) and Natural Gas Clearing House (NGCH)

The CWM sets out the principles, methodology and processes for determination and disbursement of tariff revenue collected by the Electricity Company of Ghana to various beneficiaries along the Electricity Value Chain. Accordingly, GNGC, GNPC and other stakeholders in the value chain are paid directly by CWM, a percentage of the invoice amount submitted for each month. The implementation of the CWM commenced in April, 2020.

A total amount of US\$18.23 million was made to GNGC under the CWM/NGCH in H1 2023. The payments were for invoices of Lean Gas sales only. Due to a two-month time lag of receipts under CWM/NGCH, the payments covered the period October 2022 to April 2023. Table 39 shows receipts for GNGC from CWM and NGCH for H1 2023.

**Table 39:** Summary of CWM and NGCH Revenue (Jan -June 2023)

Payment Received	Receipts from CWM/NGCH (US\$)
Jan-23	7,597,451.11
Feb-23	4,379,068.23
Mar-23	3,517,857.53
Apr-23	1,826,767.63
May-23	910,995.72
Jun-23	-
<b>Total</b>	<b>18,232,140.22</b>

Source: GNGC, June 2023



# 10

## 10.0 PETROLEUM REVENUE OUTLOOK

### 10.1 Global Economic Growth

Global economic growth remains sluggish, primarily due to tightening policies by Central Banks in response to inflation. According to the World Bank' s World Economic Outlook (WEO) report for H1 2023, this led to interest rates skyrocketing, which in turn raised the cost of borrowing.

However, according to the Report, global economic growth is projected to be stable at 3.0 percent in both 2023 and 2024. The plateaued growth is attributable to the pronounced recovery of supply chains, and a reduction in

shipping costs to pre-pandemic levels. The World Health Organisation (WHO) announced in May 2023 that it no longer considers COVID-19 to be a “global health emergency.”

From 2022 to 2023, advanced economies will continue to witness slower growth, with weaker manufacturing and unique circumstances counterbalancing better services activity. The growth projection for emerging market and developing economies is largely constant for 2023 and 2024, notwithstanding significant regional variations. On a year-on-year basis, global economic growth bottomed out in the fourth quarter of 2022. It is not anticipated to reach its lowest point in certain significant economies until the second half of 2023.

For advanced economies, the growth slowdown projected for 2023 remains significant: from 2.7 percent in 2022 to 1.5 percent in 2023, with a 0.2 percentage point upward revision from the April 2023 WEO. About 93 percent of advanced economies are projected to have lower growth in 2023, while growth in 2024 among this group of economies is projected to remain at 1.4 percent.

Growth in emerging economies and Asia is on track to rise to 5.3 percent in 2023, then decrease to 5.0 percent in 2024, reflecting a modest (0.3 percentage point) downward revision for 2024. The forecast for China is unchanged at 5.2 percent for 2023 and 4.5 percent for 2024, but with a change in composition: consumption growth has evolved broadly in line with April 2023 WEO projections, but investment has under-performed due to the ongoing real estate downturn in China.

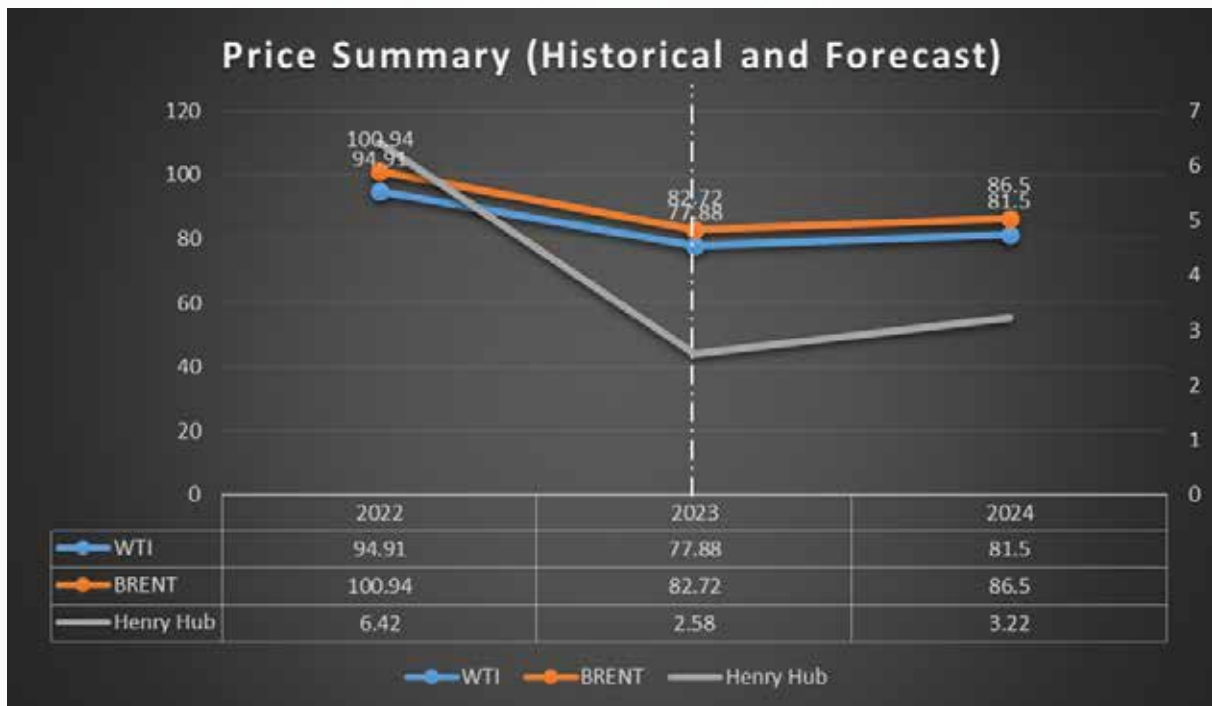
## 10.2 Crude Oil Trends

The unrestrained invasion of Ukraine by Russia for over one and a half years continues to intensify restrictions on Russia. Sanctions from the West have isolated Russia and restricted its access to cutting-edge technology. Russia, in retaliation, pledged to slash output by more than one million barrels a day through the end of 2023 in their quest to increase crude oil prices. Additionally, the US in its never-ending trade war with China is now imposing export curbs on China by triggering the Foreign Direct Product Rule (FDPR)<sup>11</sup>.

According to the International Energy Agency (IEA) in its Oil Market Report (OMR) for H1 2023, global supply which is currently outweighed by world oil demand is set to steadily rise. The rise in global production is due to non-OPEC+ increasing their output in 2023.

The Energy Information Administration (EIA) in its Short-Term Energy Outlook (STEO) for H1 2023, forecast the West Texas Intermediate (WTI) spot price to average at US\$77.88/bbl by the end of 2023 and rise to an average of US\$81.50/bbl in 2024. Brent spot prices are expected to average US\$82.72/bbl in 2023 and increase to US\$ 86.50/bbl in 2024 (Figure 22). For natural gas, the Henry Hub spot price is forecast to sell at an average of US\$2.58/Btu in 2023 and rise by US\$0.65 to US\$3.22/Btu in 2024.

<sup>11</sup> The Foreign Direct Product Rule (FDPR) was introduced in 1959 by the US government to control the trading of the US technologies. It prevents and regulates trade of products (including those made in foreign countries) that were made using US-made technology and software.

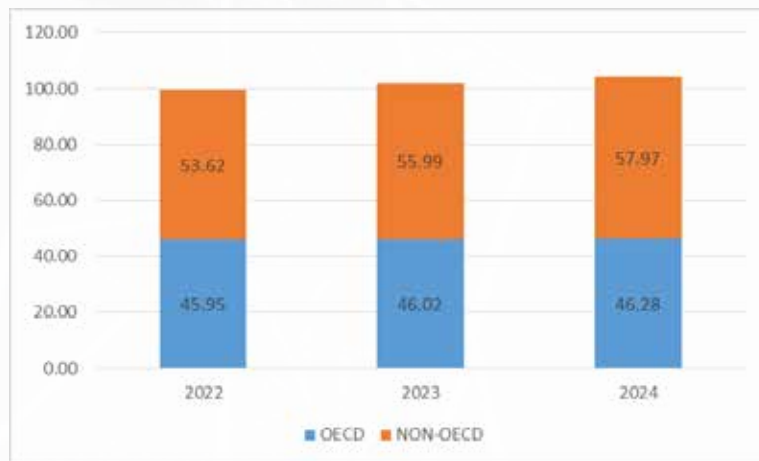


**Figure 22:** Average Annual BRENT and WTI Crude Prices from 2022 to 2024 Data  
 Source: US Energy Information Administration (EIA), 2023

### 10.2.1 Global Oil Demand

For 2023, world oil demand is foreseen to rise by 2.4 mb/d to an average of 102.0 mb/d. Upward revisions to world oil demand in Q1 2023, based on actual data received for OECD America and OECD Europe, were completely offset by downward revisions to oil demand in Q2 2023, mainly in Europe and Other Asia. In the OECD region, oil demand in 2023 is anticipated to rise by 74 kb/d to an average of 46.0 mb/d. OECD Americas' demand is anticipated to have the largest regional rise in 2023, led by the US, on the back of recovering jet fuel demand and improvements in gasoline requirements. Light distillates are also projected to support demand growth this year. In the non-OECD region, total oil demand is anticipated to rise by nearly 2.4 mb/d, to average 56.0 mb/d in 2023. A steady increase in transportation and industrial fuel demand, supported by a recovery in activity in China and other non-OECD regions, is projected to boost demand in 2023. In 2024, solid global economic growth amid continued improvements in China is expected to boost the consumption of oil.

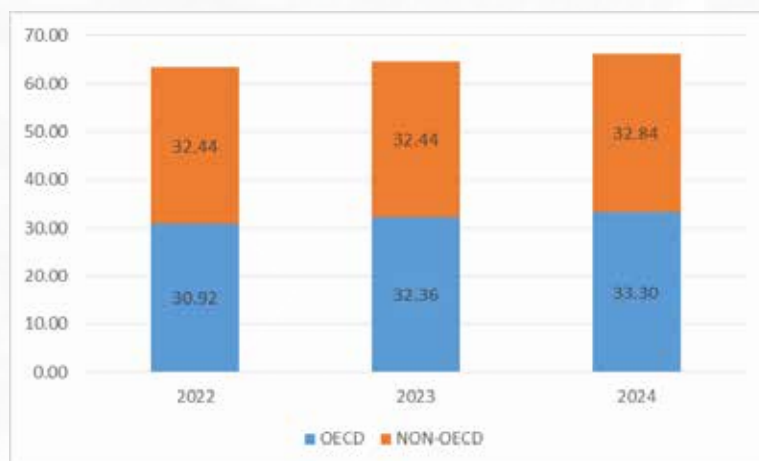
World oil demand is anticipated to rise by 2.2 mb/d y-o-y, with total world oil demand projected to average 104.3 mb/d. In the OECD, oil demand is anticipated to rise by 0.26 mb/d, to average 46.3 mb/d. Oil demand in the US is also forecast to exceed the pre-pandemic level at 20.6 mb/d, mainly due to the recovery in jet fuel requirements and improvements in gasoline and light distillates demand. OECD Europe and the OECD Asia Pacific are anticipated to remain below pre-pandemic levels at 13.5 mb/d and 7.5 mb/d, respectively, due to anticipated slower economic activity in the two regions and ongoing supply chain bottlenecks that are expected to weigh on industrial activity, particularly in OECD Europe.



**Figure 23:** Comparison of Global Crude Oil Demand (2022-2024)  
 Source: OPEC Monthly Oil Market Report, August 2023.

### 10.2.1 Global Oil Supply

Non-OPEC liquids production in 2023 is expected to grow y-o-y by 1.5 mb/d to an average of 64.8 mb/d. Downward revisions in Canada, Azerbaijan, and OECD Europe were more than offset by upward revisions to liquids production in Russia and the US. The main growth drivers for 2023 are anticipated to be the US, Brazil, Norway, Kazakhstan, Guyana and China, whereas oil production is forecast to decline primarily in Russia. Nevertheless, there remain uncertainties related to US shale oil output potential and unplanned maintenance across the rest of the year. Non-OPEC liquids production in 2024 is forecast to grow by 1.4 mb/d to an average of 66.14mb/d (including 50 kb/d in processing gains). OECD liquids supply is forecast to increase in 2024 by 0.9 mb/d, and the non-OECD region is projected to grow by 0.4 mb/d. The main drivers for liquids supply growth are expected to be the US, Canada, Guyana, Brazil, Norway and Kazakhstan, with the majority of the increase expected to come from existing project ramp-ups. At the same time, production is forecast to see the largest declines in Mexico and Azerbaijan.



**Figure 24:** Comparison of Global Crude Oil Supply (2022-2024)  
 Source: EIA STEO, August 2023.

### 10.3 Government Projections

In relation to production, the Government's projected 2023 Benchmark crude oil output is 52.61 million barrels (144,145 barrels of crude oil per day), based on a three-year simple average of each producing field's actual and projected outputs in line with the PRMA. Similarly, the Benchmark gas output has been estimated at 107.55 trillion Btu for 2023.

With regards to the Benchmark price for 2023, US\$88.55 per barrel of oil was used, up from US\$61.23 per barrel for 2022. The gas price for 2023 is projected at US\$6.46 per MMBtu, estimated as a seven-year moving average in line with the PRMA.

The projected Petroleum Benchmark Revenue for 2023 is estimated at US\$1,484.47 million. This is made up of Royalties (US\$261.36 million), Carried and Participating Interest (US\$678.46 million), Corporate Income Tax (US\$543.65 million) and Surface Rentals (US\$1.0 million). The medium-term total petroleum receipts are projected at, US\$1,457.71 million, US\$1,591.29 million, and US\$1,702.74 million for 2024, 2025 and 2026, respectively, according to the Government's 2023 Budget Statement.

However, in its 2023 Mid-Year Fiscal Policy Review of the 2023 Budget Statement and Economic Policy of the Government of Ghana, the Ministry of Finance revised the average crude oil price to US\$74.0/bbl for 2023, down from the price of US\$88.55/bbl used in the 2023 Budget Statement and Economic Policy of Government. This represented a 16.43 percentage points decrease of the Benchmark Price. Similarly, the Benchmark Production (oil) and Benchmark Revenue were revised downward to 46.28 MMbbls and US\$1,008.65 million, respectively.

The breakdown of the revised 2023 projected petroleum receipts and distribution are presented in Tables 40 & 41.

**Table 40:** Revised 2023 Petroleum Revenue Receipts (US\$M)

S/N	ITEMS	2023 Budget	Mid-Year Revised Budget
	<b>Total Petroleum Receipts</b>	<b>1,484.47</b>	<b>1,008.65</b>
1	Royalties	261.36	190.27
	<i>o/w Crude Oil</i>	261.36	190.27
	<i>o/w Gas</i>	0.00	0.00
2	Carried and Participating Interest	678.46	492.84
	<i>o/w Crude Oil</i>	678.46	492.84
	<i>o/w Gas</i>	0.00	0.00
3	Corporate Income Tax	543.65	324.81
4	Surface Rentals	1.00	0.73

Source: 2023 Budget Statement and Mid-Year Review



**Table 41:** Revised 2023 Petroleum Revenue Distribution (US\$M)

S/N	ITEMS	2023 Budget (US\$M)	2023 Revised Budget
	<b>Revenue Distribution</b>	<b>1,484.47</b>	<b>1,008.65</b>
1	Transfer to National Oil Company (NOC)	368.83	302.48
	<i>o/w Equity Financing</i>	236.13	220.90
	<i>o/w 30% Net CAPI</i>	132.70	81.58
2	Benchmark Revenue (BR)	1,115.64	706.17
	<i>o/w ABFA</i>	780.95	494.32
	<i>o/w Ghana Petroleum Funds</i>	334.69	211.85
	<i>o/w Ghana Stabilisation Fund</i>	234.28	148.3
	<i>o/w Ghana Heritage Fund</i>	100.41	63.56

Source: 2023 Budget Statement and Mid-Year Budget Review





# 11

## **11.0 PIAC ACTIVITY REPORT**

### **11.1 Background**

In line with its mandate, the Committee undertakes programmes and activities throughout the year. This chapter provides an overview of PIAC's programmes and activities undertaken from January to June 2023, and feedback received from public engagements.

## 11.2 Activities

### 11.2.1 Courtesy Call by Parliamentary Delegation from Zanzibar

A delegation of six Members of Parliament of Zanzibar paid a courtesy call on the Committee on 23<sup>rd</sup> February, 2023. The delegation was received by a PIAC Team, comprising the Chairman, Vice Chairman and some members of the Committee, with its Secretariat Staff in attendance. The Zanzibar delegation, led by Mr. Akilagpa Sawyerr and Mr. Erick Asuman of the Ministry of Finance, stated that the delegation was on a study visit to Ghana with the aim of learning from Ghana's experiences and to acquire knowledge with regards to the management of its petroleum revenues.

The PIAC team gave a background of the Committee, why it was set up, its membership and mandate under the PRMA.

The delegation was grateful to the Committee and indicated that it would collaborate with PIAC in the process to establish an organisation similar to the Committee for its extractive industry.



*[Left] Members of PIAC and the Zanzibar Parliamentary Delegation in a group photograph.*

*[Right] The Zanzibarian delegation presenting a souvenir to members of PIAC during the courtesy call.*

### 11.2.2 Meeting with the District Assemblies Common Fund

As part of strengthening its stakeholder relations, PIAC led by the Chairman, Professor Kwame Adom-Frimpong, paid a courtesy call on the Administrator of the District Assemblies Common Fund (DACF), Mrs Irene Naa Torshie Addo Lartey, on Thursday, 16<sup>th</sup> February, 2023.

Prof Adom-Frimpong noted that since the Supreme Court ruled on the matter of Kpodo and Another vrs Attorney General, that a minimum of five (5) percent of the Annual Budget Funding Amount (ABFA) be allocated and disbursed to the DACF, PIAC was obligated to report on this allocation. The visit was to develop and strengthen the relationship between the two institutions with regards to petroleum revenue management. The Administrator of the DACF, Mrs Irene Naa Torshie Addo Lartey mentioned the need for more clarity on the treatment of petroleum funds allocated to the DACF. She however indicated that going forward, the Fund would separate receipts from petroleum funds, and use them on specific projects to enhance accountability.



*[Left] Members of PIAC and the DACF in a group photograph*

*[Right] The PIAC Chair presenting copies of the Committee's recent reports to the Administrator of the DACF, Mrs Irene Naa Torshie Addo Lartey.*

### 11.2.3 2023 Global EITI Conference in Senegal

The Extractive Industries Transparency Initiative (EITI) held its 9<sup>th</sup> edition of the EITI Global Conference in Dakar, Senegal, from Monday 12<sup>th</sup> to Thursday 15<sup>th</sup> June, 2023. Some members of the GHEITI Multi-Stakeholder Group (MSG) and a team from PIAC were sponsored by GIZ to attend the Conference. The PIAC Team comprised Mr. Nasir Alfa Mohammed - the Vice Chairman of PIAC, and Mr. David Sefa Adjei - Economic Policy Analyst of the PIAC Secretariat. The Conference was attended by over 1,000 delegates from 93 countries. Participants included government officials and key stakeholders. The Conference also marked the 20<sup>th</sup> Anniversary of EITI implementation since the commencement of the initiative in 2003. The theme for the Conference was "Transparency in Transition".

The Conference provided opportunity for EITI-implementing countries to share their experiences, and for stakeholders to make commitments on strengthening transparency and EITI implementation in their respective countries.



*Excerpts of the EITI Conference*

### 11.2.4 Meeting with the Council of State

As part of efforts to build strategic alliances, the Committee engaged the Council of State on 1<sup>st</sup> June, 2023. The Committee presented highlights of its 2022 Annual Report on the management and use of petroleum revenues, which focused on an analysis of production and sale of oil and gas produced, sources of petroleum revenue and its distribution. The Council of State pledged its support to enhance the work of PIAC.



*[Left] The PIAC Team and representatives of the Council of State in a group photograph.*

*[Right] The Vice Chair of the Committee, Mr Nasir Alfa Mohammed, making a presentation on PIAC to the Council of State.*

### 11.2.5 Constituent Meeting with Muslim Groups

Members of PIAC were given the opportunity to present highlights of the 2022 Annual Report on the management and use of petroleum revenues at the National Consultative Assembly meeting of the Ahmadiyya Muslim Mission in Ghana, held on Saturday, 24<sup>th</sup> June, 2023. The team was led by Mr Nasir Alfa Mohammed - the Vice Chairman of PIAC. The presentation, made by Mr Mark O.A. Agyemang, PIAC Technical Manager, also focused on the role of PIAC within the petroleum revenue management space. The Mission commended PIAC for the insightful presentation and emphasised the importance of PIAC to make a difference, and ensure that production of oil becomes beneficial to all citizens.



*[Left] The Technical Manager, Mark O.A. Agyemang, delivering a presentation on PIAC's 2022 Annual Report to the Mission on behalf of the Committee.*

*[Right] A section of PIAC Members and Secretariat Staff present at the engagement.*

### 11.2.6 Launch of PIAC 2022 Annual Report

PIAC is mandated to publish two statutory Reports (Semi-annual and Annual) each year. In that regard, the Committee launched the 2022 Annual Report on 20<sup>th</sup> April, 2023, at the Fiesta Royale Hotel in Accra. The event was chaired by Mr Kwame Jantuah, a past member of PIAC, and was streamed live on PIAC's Facebook page. The launch was attended by stakeholders, including reporting institutions and the media. The highlights presented by the PIAC Chairman, Prof. Kwame Adom-Frimpong, included crude oil and gas production for the year 2022, revenues accrued, distribution and utilisation of the petroleum revenues, and findings and recommendations.



*[Left] The Chairman of PIAC making a presentation on highlights of the Report.*

*[Right] Members of PIAC and Prof. Akilagpa Sawyerr jointly launching the PIAC 2022 Annual Report.*

### 11.2.7 Engagement with Editors and Morning Show Hosts

The activity took place in Elmina, in the Central Region from Friday 16<sup>th</sup> to Sunday 18<sup>th</sup> June, 2023. It was supported by the State Secretariat for Economic Affairs (SECO) of Switzerland through the Governance for Inclusive Development programme (GovID) of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. The engagement, chaired by Mr. Eric Defor, Chairman of the Public Affairs and Communication Sub-Committee of PIAC, sought to leverage the capacities of Editors, Morning Show Hosts and Producers on various media platforms, as key stakeholders in assisting PIAC in its advocacy. Presentations on the Overview of Ghana's Gas Sector, PIAC's 2022 Annual Report, and Petroleum Value Chain in an era of Energy Transition were made. Each session was followed by an open forum.



*Participants in a group photograph after the engagement*



### 11.2.8 Engagement with Journalists

As part of its engagement with stakeholders, the Committee holds regular meetings with the media, comprising members of the Institute of Financial and Economic Journalists (IFEJ) and key media partners who report on PIAC activities. The activity took place at the Eli's Boutique and Beach Resort in Tegbi in the Volta Region, from Friday, 19<sup>th</sup> to Sunday, 21<sup>st</sup> May, 2023. It was supported by SECO through the GovID of GIZ. The engagement focused on providing a platform for members of IFEJ, PIAC's Media Partners and selected members of the Parliamentary Press Corps to digest PIAC's 2022 Annual Report and get updated on developments in the petroleum sector.



*The PIAC Team and Journalists in a group photograph after the engagement.*

### 11.2.9 Regional Engagements

In line with its second mandate of providing space and platform for public debate on the management and use of petroleum revenues, PIAC held two regional fora concurrently in the Bono and Upper West Regions from Monday 24<sup>th</sup> to Friday, 28<sup>th</sup> April, 2023 to engage with the citizenry. Each forum had about 100 participants from different sections of the public.

In both Regions, the PIAC Team held town hall meetings and radio discussions. Some of the key issues raised in these meetings were the reporting mechanisms for ABFA allocated to the District Assembly Common Fund (DACF), payment of judgement debt with ABFA and granting prosecutorial powers to PIAC. The Committee also embarked on the monitoring of the implementation of the Government's Free SHS programme in selected senior high schools.



*Some scenes from the Committee's Regional Engagements*

### 11.2.10 Engagements with Tertiary Educational Institutions

During the year, the Committee engaged two (2) tertiary institutions in the Bono and Upper West regions. These engagements were held to facilitate interaction between industry and academia on current developments in the upstream petroleum industry. The institutions engaged were:

- University of Energy and Natural Resources (UENR); and
- Dr. Hilla Limann Technical University (DHLTU)

Participants were taken through a brief history of PIAC, followed by an overview of the country's performance in the management of revenue from petroleum production since 2011.



*Some scenes from the Committee's Tertiary Engagements*

### 11.2.11 Project Inspections

The Committee carried out physical inspection of six (6) ABFA-funded projects in two (2) Regions; Bono - three (3) and Upper West - three (3). The exercise was carried out under PIAC's mandate of independent assessment of the management and utilisation of petroleum revenues.

#### Bono Region

##### Construction of Concrete Drain at Sunyani Estate

###### Project Details

Implementing Agency	Ministry of Works and Housing
Contractor	M/S Sikadom Construction Ltd.
Consultant	Ghana Hydrological Authority
Date of Award	22 <sup>nd</sup> February, 2019.
Contract Duration	6 months

Original Contract Sum	GHC1,499,741.45
ABFA Component	GHC799,178.93
Percentage of ABFA	53.29%
Year of Disbursement	2020 & 2022
Date of Inspection	25 <sup>th</sup> April, 2023

The team was informed that the construction of the drain was intended to help deal with the issue of perennial flooding in the Estate. However, community members indicated that the construction was not properly done and as a result, the area still gets flooded.



**Construction of 1 no. 3-Unit Classroom Block with Ancillary Facility for African Faith Primary School at Nsuatre in the Sunyani West Constituency**

The project received GHC179,661.60 from the ABFA in 2020. When the PIAC Team visited the school, the three-unit classroom block had developed wide cracks, less than two years after the contractor had handed over the facility to the school. The PIAC Team was informed that it took the intervention of the Parent Teacher Association (PTA) of the school to mobilise funds to renovate the floors of the block in March 2023. Although the facility was supposed to include ancillary facilities, the PIAC Team was informed that no such facilities were constructed by the contractor. The Team was displeased with the developments. The Committee was not furnished with information on the project by the Special Development Initiatives Secretariat as at the time of the visit.





### Construction of CHPS Compound at Koduakrom, Sunyani

#### Project Details

Implementing Agency	Ministry of Health
Contractor	Joekona Company Limited
Consultant	Ministry of Health - Infrastructure Directorate
Date of Award	28 <sup>th</sup> October 2019
Contract Duration	12 months
Original Contract Sum	GHC1,492,173.95
ABFA Component	GHC457,756.20
Percentage of ABFA	30.68%
Year of Disbursement	2020
Date of Inspection	25 <sup>th</sup> April, 2023

The project was about 80 percent complete at the time of the team's visit, with construction ongoing. The Supervisor of the project briefed the team that the construction of the facility started in 2021. However, due to a delay in the payment of funds to the Contractor, work on site stalled. PIAC was satisfied with the quality of building materials and the overall progress of work on the project.



## Upper West

### Construction of Eggu Health Centre in the Wa West District

#### Project Details

Implementing Agency	Ghana Health Service (EMD)-HQ
Contractor	Real Simpleman Enterprise
Consultant	North West Consortium Ltd. - Wa
Date of Award	26 <sup>th</sup> September, 2012.
Contract Duration	24 Weeks
Original Contract Sum	GHC659,990.23
ABFA Component	GHC457,756.20
Percentage of ABFA	69.36%
Year of Disbursement	2020
Date of Inspection	25 <sup>th</sup> April, 2023

This project comprises the rehabilitation of an existing structure and the construction of a new block. The old structure has been partly refurbished and re-roofed. The new block includes three (3) wards, washrooms, storerooms and other amenities.

The new structure had been built and roofed, but remained uncompleted. A mechanised borehole system was also in place but had not been completed as at the time of the team's visit. Due to the delay in the completion of the project, the community took the initiative to construct a toilet facility for the health centre.

The health centre currently serves about 24 communities within its catchment area. Initially, it was a Health Fact Centre which was upgraded to a CHPS compound and now to a health centre. The old structure has only one ward for both male and female patients, with insufficient beds available. The contractor was not on site but information provided by the Officer in charge of the facility and some



community members indicated that delay in payments to the contractor was the main factor hindering the completion of the project. PIAC expresses its dissatisfaction with the progress of work.

### Upgrading of Wa - Bulenga - Yaala Road

#### Project Details

Implementing Agency	Ministry of Roads and Highways
Contractor	Ashcal Investment Limited
Consultant	Ghana Highway Authority
Date of Award	19 <sup>th</sup> December, 2019.
Contract Duration	-
Original Contract Sum	GHC139,272,311.56
ABFA Component	GHC22,561,762.45
Percentage of ABFA	16.20%
Year of Disbursement	2022
Date of Inspection	25 <sup>th</sup> April, 2023

The Road under construction is a 31-kilometre (km) road starting from kilometre Six (km 6) to kilometre (km 37). The project commenced in 2019 with a revised completion date of June 2023.

About 10 km of the road had its prima seal and first seal done. In addition, a sub-base had been laid on the next six (6) kilometres of the road. The rest of the stretch had been cleared for construction to begin. Outstanding works include laying a base on the six (6) km stretch of the road and the primer and first seals. The physical progress was about 45 percent. PIAC was satisfied with work done on the Road and urges the speedy completion of the project to avert possible cost overruns caused by delays.



### Construction of 2 no. Small Dams/Dugout at Yibile and Kadowli in the Wa Central Constituency

The Team inspected two (2) small dams/dugouts at Yibile and Kadowli in Wa Central Constituency. The small dams/dugouts were constructed in 2020, as part of Government's 1 Village 1 Dam policy.

Members of the Yibile community indicated that they saw no need for the dam as water only accumulates in the dam during the rainy season but cannot be used in the dry season because the water dries out.

The team noted that across the embankment of the dam/dugout were farms. However, due to non-availability of canals linking the dam to the farms, the community members were unable to use the water in the dam. The PIAC Team expressed its dissatisfaction with the project and indicated that the project

was not meeting its intended purpose. The second small dam/dugout was also inspected at Kadowli with the same issues identified at Yibile.

The Committee was not furnished with information on the project by the Special Development Initiatives Secretariat as at the time of the visit.









# 12

## 12.0 CONCLUSION AND RECOMMENDATIONS

Petroleum production in Ghana and its accompanying benefits have played a key in economic development. During the period under review, oil production declined, resulting in a corresponding decline in revenue accrued. Notwithstanding, the allocation of petroleum revenues was done in accordance with provisions of the Petroleum Revenue Management Act (PRMA), 2011, Act 815.

PIAC, based on its analysis, has highlighted key findings and observations in the 2023 Semi-Annual Report that require attention. Based on the Committee's findings, below are its recommendations:

1. PIAC reiterates its position that proceeds from liftings of JOHL and any other subsidiary of GNPC constitutes petroleum revenues and therefore must be paid into the PHF.
2. To ensure effective monitoring and evaluation of petroleum revenues, IOCs should be mindful not to pay monies other than petroleum revenues into the PHF.
3. The Ministry of Finance should comply with the provision in Section 16(4) of the PRMA as amended to release funds to the National Oil Company not later than three working days after the receipt of petroleum revenue into the PHF.
4. In approving Appropriation, Parliament should take into consideration Regulation 8 of LI 2381, with regards to the cap on the GSF.

## Appendices

### Appendix A: Petroleum Agreements in Ghana as at 30<sup>th</sup> June, 2023

S/N	Contract Area	Operator
1.	Deepwater Tano/Cape Three Points	Aker Energy Limited
2.	Cape Three Points Block 4	Eni Ghana Exploration & Production Limited (Eni)
3.	Offshore Cape Three Points	Eni Ghana Exploration & Production Limited (Eni)
4.	Deepwater Cape Three Points	GOIL Offshore
5.	Deepwater Tano	Tullow Ghana Limited (TGL)
6.	West Cape Three Points	Tullow Ghana Limited (TGL)
7.	Deepwater Cape Three Points West Offshore	Eco Atlantic
8.	West Cape Three Points Block 2	Springfield Exploration and Production Limited
9.	Central Tano Block	Amni Ghana
10.	East Cape Three Points	Medea Development
11.	Expanded Shallow Water Tano	Base Energy Ghana Limited
12.	Offshore South-West Tano	OSWT & EK Operating Company Ghana Limited (OPCO)
13.	East Keta Offshore	OSWT & EK Operating Company Ghana Limited (OPCO)

Source: PIAC Construct based on PC Data, June 2023.

## Appendix B - Share of Production and Development Costs

Jubilee Field Production & Development Costs for the Period 1<sup>st</sup> Jan to 30<sup>th</sup> June 2023.

<b>Production Costs</b>	<b>Amount (US\$ '000)</b>
Business Mgt & Assurance	24,246
Jubilee Transformation	(1,085)
FPSO Insurance	3,950
Subsea	9,305
Consumables	2,492
Logistics & Materials	18,422
Facilities Projects	16,020
Oil Lifting	(3,845)
Engineering Operations	5,128
Prod. Syst Optimisation	117
Subsurface	1,030
Riser 5 Lift and Shif	9,819
KNK Upgrade Reclass	47
PCO and Financial Items	1,613
<b>TOTAL</b>	<b>121,843</b>

<b>DEVELOPMENT COSTS</b>	<b>Amount (US\$ '000)</b>
Business Mgt & Assurance	4,846
KNK POB Upgrade Project	425
Subsurface	-
Facilities Projects	(47)
OOL2 & OOSys	5,686
Subsea	100,240
Drillex	202,146
PCO and Financial Items	194
<b>TOTAL</b>	<b>313,490</b>

Source: GNPC, June 2023.

TEN Field Production & Development Costs for the Period 1<sup>st</sup> Jan to 30<sup>th</sup> June 2023.

<b>Production Costs</b>	<b>Amount (US\$ '000)</b>
Business Mgt & Assurance	12,168
O&M Contractor Cost	32,562
Subsea	5,098
Consumables	2,121
Logistics & Materials	12,882
Oil Lifting	205
Engineering Operations	-
Production Sys Optimisation	218
Subsurface	485
Facilities Projects	2,996
Shutdown	5,742
PCO and Fin Items	1,354
<b>TOTAL</b>	<b>75,831</b>

<b>DEVELOPMENT COSTS</b>	<b>Amount (US\$ '000)</b>
Business Mgt & Assurance	4,549
Subsea	17,394
Drilllex	78
Subsurface	141
FPSO Charter	104,833
PCO and Fin Items	(296)
<b>TOTAL</b>	<b>126,699</b>

Source: GNPC, June 2023.

Sankofa Gye Nyame Field Production & Development Costs for the Period 1<sup>st</sup> Jan to 30<sup>th</sup> June 2023.

<b>Production Costs</b>	<b>Amount (US\$ '000)</b>
FPSO Operations and Maintenance Cost	23,244
Operating Insurance Cost	1,413
Operating Maintenance Cost	25,104
Chemicals	8,543
Other Operating Cost	2,138
General Operating Cost (G&A Opex)	17,835
Operating Maintenance Cost - ORF	4,515
<b>TOTAL</b>	<b>104,737</b>

<b>DEVELOPMENT COSTS</b>	<b>Amount (US\$ '000)</b>
FPSO Leasing	64,020
AG Handling Activities and TTIP	833
Development G & A	1,537
PA Overhead	29
<b>TOTAL</b>	<b>66,418</b>

Source: GNPC, June 2023.

### Appendix C - H1 2023 ABFA Utilisation Data

Below is the link to the Appendix on the H1 2023 ABFA Utilisation Data, detailing projects and programmes that received petroleum funding during the period under review, as reported by the Ministry of Finance. [https://www.piacghana.org/ova\\_doc/h1-2023-abfa-utilisation-data-jan-jun-23/](https://www.piacghana.org/ova_doc/h1-2023-abfa-utilisation-data-jan-jun-23/)

## Appendix D: 2022 GNPC Foundation Projects

Pilar	DETAILS	CLASS	GHC	USD
Education & Training	Foreign Scholarship	Foreign Scholarship		\$461,546.95
	Local Scholarship	Local Scholarship	3,747,505.17	
	Construction 6-unit Classroom at Methodist Tech and Vocational Institute	Educational Support	42,855.42	
	Construction 6-unit Classroom at Menji	Educational Support	42,855.42	
	Construction of 6-unit classroom at Assin Bereku	Educational Support	94,243.85	
	Construction of 1No. 160 Bed Capacity Dormitory at Juaben SHS	Educational Support	381,878.38	
	Construction of Science block at Kwamang Presby SHS	Educational Support	73,333.33	
	Construction of Science lab at Krobo Girls SHS	Educational Support	73,333.33	
	Construction of 160-Bed Dormitory at Mando Girls SHS	Educational Support	85,237.65	
	Construction of 6-unit classroom Block at Assin Bereu	Educational Support	42,855.42	
	Construction of 3-unit classroom at Anwefi Drobonsu	Educational Support	24,000.00	
	Construction of 6-unit classroom at Afigyaman	Educational Support	42,855.42	
	Construction of 6-unit classroom at Drobonsu SDA	Educational Support	42,855.42	
	Construction of 6-unit classroom at Afiaman	Educational Support	42,855.42	
	Construction of 6-unit classroom at Nana Yaw Brempong	Educational Support	42,855.42	
	Construction of 6-unit classroom at Menji	Educational Support	42,855.42	
	Construction of 6 unit classroom at Ayakomaso	Educational Support	42,855.42	
	Construction of 6-unit classroom at Nyong	Educational Support	46,661.98	
	Construction of 3-unit classroom at Drobonsu Meth	Educational Support	24,000.00	
	Construction of Girls dormitory at Apaah	Educational Support	85,237.65	



Pilar	DETAILS	CLASS	GHC	USD
	Construction of Science Lab at Nsutaman Catholic SHS	Educational Support	73,333.33	
	Construction of 6-unit classroom at Bawku Community	Educational Support	46,661.98	
	Construction of 3-unit classroom at Bulenga	Educational Support	27,428.47	
	Construction of 6-unit classroom at Nsia Akoah Memorial Prim	Educational Support	42,855.42	
	Construction of 6-unit classroom at Naaga KG/Prim	Educational Support	46,661.98	
	Construction of 6-unit classroom at Yepimso & Ohia	Educational Support	63,359.21	
	Construction of 6-unit classroom at Ejura Sekyedumase	Educational Support	42,855.42	
	Construction of 6-unit classroom at Nsutaman SHS	Educational Support	56,546.31	
	Construction of 6-unit classroom at Yaa Asantewaa Girls	Educational Support	73,333.33	
	Construction of 6-unit classroom at Ningbo	Educational Support	42,855.42	
	Construction of 6-unit classroom at Akroso SHS	Educational Support	42,855.42	
	Construction of 6-unit classroom at Nii Boi Town SDA	Educational Support	42,855.42	
	Construction of 6-unit classroom at Tawheed SHS	Educational Support	42,855.42	
	Construction of 6-unit classroom at Asuom SHS	Educational Support	42,855.42	
	Construction of 6-unit classroom at Asotwe LA Middle School	Educational Support	31,679.90	
	Construction of Girls dormitory at Bekwai SDA	Educational Support	85,237.65	
	Construction of 6-unit classroom at Fodome Woe	Educational Support	42,855.42	
	Construction of 6-unit classroom at Methodist Technical	Educational Support	42,855.42	
	Construction of Dining Hall at Esiama STS	Educational Support	73,330.85	
	Construction of 6-unit classroom at Gwiraman SHS	Educational Support	42,855.42	
	Construction of 6-unit classroom at Hwidiem	Educational Support	42,855.42	
	Construction of 3-Unit classroom at Aduyaakwa	Educational Support	24,000.00	

Pilar	DETAILS	CLASS	GHC	USD
	<b>Sub-total</b>		<b>6,094,112.75</b>	<b>\$461,546.95</b>
Environment & Social Amenities	Construction of 24-unit sanitary facility at Abuakwa State College	Sanitary Facility	94,031.28	
	Construction of 24-unit sanitary facility at Juaben SHS	Sanitary Facility	169,801.79	
	Construction of 12 unit sanitary facility at Kwamang Presby SHS	Sanitary Facility	50,873.45	
	Construction of 24 Unit sanitary facility for school of the deaf	Sanitary Facility	71,250.00	
	Construction of 80 no. Boreholes in the Northern, North East and Savannah Regions	Water Boreholes	210,665.04	
	<b>Sub-total</b>		<b>596,621.56</b>	<b>\$ -</b>
Sports	Construction of artificial soccer turf with flood lighting and wire fencing	Sports Development	54,660.40	
	<b>Sub-total</b>		<b>54,660.40</b>	<b>\$ -</b>
	<b>Grand Total</b>		<b>6,745,394.71</b>	<b>\$461,546.95</b>

Source: GNPC Foundation, June 2023.



# Current Membership of the Committee

**Professor Kwame Adom-Frimpong  
(Chairman)**

Institute of Chartered Accountants,  
Ghana



**Mr. Nasir Alfa Mohammed  
(Vice Chairman)**

Ghana Bar Association - GBA



**Dr Emmanuel Yamoah  
Tenkorang**

Civil Society Organisations/  
Community-based Organisations



**Eric Keyman Defor**

Association of Ghana Industries and  
Ghana Chamber of Commerce and  
Industries



**Alhaj Ahmad Suleman  
Anderson**

Muslim Groups



**Emerita Professor Elizabeth  
Ardayfio-Schandorf**

Ghana Academy of Arts and  
Sciences



**Rev. Dr. Christopher Kwame  
Sokpor**

Christian Groups



**Osei Kwadwo Adow**

Ghana Journalists Association - GJA



**M. Bashiru Abdul-Razak**

Ghana Extractive Industries  
Transparency Initiative - GHEITI



**Mrs Clara Beeri Kasser-Tee**

Independent Policy Research Think  
Thanks



**Odeefuo Amoakwa Boadu VIII**

National House of Chiefs



**Nana Yaa Ansua**

Queen Mothers Association



**Ms Freda Stephanie Frimpong**

Trades Union Congress (TUC)















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