



**GHANA EXTRACTIVE INDUSTRIES' TRANSPARENCY
INITIATIVE (GHEITI)**

FINAL REPORT

GHEITI 2016 EITI OIL/GAS REPORT

SEPTEMBER 2018

REPUBLIC OF GHANA

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FOR THE PRODUCTION OF THE 2016

GHANA EITI (OIL/GAS) Report

SEPTEMBER 2018

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List of Abbreviation

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

Executive Summary

The Extractive Industries Transparency Initiative (EITI) is a global standard for improving transparency and accountability in the oil, gas and mining sectors.

EITI implementation has two core components:

- ❖ **Transparency:** oil, gas and mining companies disclose information about their operations, including payments to the government, and the government discloses its receipts and other relevant information on the industry. The figures are reconciled by an Independent Administrator, and published annually alongside other information about the extractive industries in accordance with the EITI Standard.
- ❖ **Accountability:** a Multi-Stakeholder Group (MSG) with representatives from government, companies and civil society is established to oversee the process and communicate the findings of the EITI reporting, and promote the integration of EITI into broader transparency efforts in that country.

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

The IA produces an EITI report which provides details of the reconciliation as well as contextual information about the extractive industry. The EITI report when produced, must employ the EITI standards which are issued by the International EITI board and the terms of reference provided by the MSG.

Messrs Boas & Associates was selected by the Ghana Extractive Industries' Transparency Initiative (GHEITI) Steering committee/Ministry of Finance to produce the 2016 EITI report for Ghana. The report contains an overview of the Oil/gas sector in Ghana, the legal regime and framework, licensing, contracts, beneficial ownership, state participation in the oil/gas industry, revenue collection and allocation, distribution and management of extractive revenues and outcomes and impact of the implementation of the initiative.

Approach and Methodology

The assignment's methodology has two main phases comprising;

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

Overview

Production of oil gas resources in Ghana commenced in 2010, and remains critical to Ghana's economy in terms of government revenues, exports value and foreign exchange earnings. Total Crude Oil production in 2016 was 32,297,780 bbls, compared to 37,411,661 barrels for the same period in 2015.

The total value of crude oil exported was estimated at US\$1,345.2 million for the review period compared to US\$1,931.3 million exported in 2015. Volume exported decreased by 19.9 per cent to 29,769,048 barrels in 2016. The average realised price of oil also decreased by 13.0 per cent to US\$45.2 per barrel.

Production from the Jubilee Fields reduced from 37,411,661 barrels in 2015 to 26,981,640 barrels in 2016, representing a decline of 27.9 percent. Specifically, the decline has been attributed to intermittent production shut downs due to technical challenges associated largely with the Floating, Production, Storage and Offloading (FPSO) vessel.

With regards to gas, a total of 38,420 MMscf of associated gas was produced in 2016 from both Jubilee and TEN Fields.

The achieved average Jubilee oil price for January to December 2016 was US\$46.99¹ per barrel. This compares favourably with the revised Benchmark Revenue price of US\$45.35 per barrel.

The TEN first oil was achieved on 15th August, 2016, producing and injecting from only ten (10) wells due to the ITLOS's moratorium on the drilling of new wells. The Fields achieved annualised average daily production of 14,525 barrels per day at end-2016, compared to an initial planned production of 23,092 barrels per day. See table below.

¹ Source: Ministry of Finance, 2016 Annual Petroleum Funds Report

Oil Production: In 2016, there were two Oil production Fields, Jubilee and TEN Fields. The monthly production details are shown in the table below.

Production of oil in Ghana-2016

Month	Fields		Total (Bbls)	Values(US\$)
	JUBILEE (BBLs)	TEN (BBLs)		
January	3,112,793.00	-	3,112,793.00	146,270,143
February	2,876,466.00	-	2,876,466.00	135,165,137
March	1,321,719.00	-	1,321,719.00	62,107,576
*April	-	-	-	-
May	1,525,973.00	-	1,525,973.00	71,705,471
June	2,603,178.00	-	2,603,178.00	122,323,334
July	2,378,761.00	-	2,378,761.00	111,777,979
August	3,093,778.00	135,778.00	3,229,556.00	151,756,836
September	2,919,429.00	950,036.00	3,869,465.00	181,826,160
October	3,029,181.00	1,124,324.00	4,153,505.00	195,173,200
November	1,709,832.00	1,453,648.00	3,163,480.00	148,651,925
December	2,410,530.00	1,652,354.00	4,062,884.00	190,914,919
TOTAL	26,981,640	5,316,140	32,297,780	1,517,672,682
AVERAGE DAILY PRODUCTION (BOPD)	73,922			

Source: GNPC, 2018

*: There was no production in April 2016, as the FPSO was shut down.

Ghana Group Share of Oil Production: The table below represent Ghana Group's share (royalties, equity interests) of production from existing producing Fields in 2016. Ghana Group comprises State's share of royalty and GNPC's equity interest held on behalf of the State.

Ghana Group Share of 2016 Oil Production

Month	Jubilee	TEN	JUBILEE & TEN TOTAL/MONTH	CUMULATIVE TO DATE
JAN	559,020.21	-	559,020.21	559,020.21
FEB	516,578.72	-	516,578.72	1,075,598.93
MAR	237,364.85	-	237,364.85	1,312,963.77
APR	-	-	0.00	1,312,963.77
MAY	271,245.20	-	271,245.20	1,584,208.97
JUN	467,499.48	-	467,499.48	2,051,708.44
JUL	427,196.88	-	427,196.88	2,478,905.33
AUG	555,605.34	26,137.27	581,742.61	3,060,647.93
SEP	524,294.36	182,881.93	707,176.29	3,767,824.22

Month	Jubilee	TEN	JUBILEE & TEN TOTAL/MONTH	CUMULATIVE TO DATE
OCT	544,004.50	216,432.37	760,436.87	4,528,261.09
NOV	307,065.28	279,827.24	586,892.52	5,115,153.60
DEC	432,902.21	318,078.15	750,980.36	5,866,133.96

Source: GNPC, 2018

Reconciliation

The MSG's relevant scoping decisions have been summarized in the table below.

Scoping decisions for GHEITI 2015/16 report

Parameter	Decision
Year	2016
Materiality Threshold for Oil/Gas companies	US\$ 150,000 <i>(total payments made by companies based on revenue streams used in materiality determination)</i>
Percentage of total payments by companies which met the materiality threshold to value of revenue streams used in determining materiality threshold	99.85%
Percentage of total payments by companies which met the materiality threshold to total revenue streams from oil and gas sector	68.16%
Number of In Scope companies (Oil and Gas)	9
Reporting Government Entities	GRA, EPA, Petroleum Commission, GNPC

The MSG approved these revenue streams to be included and reconciled in the 2016 GHEITI Report.

1. Corporate Tax
2. Royalty
3. Carried Interest
4. Additional Participating Interest
5. Surface rentals
6. Production permit
7. Training/Technology fees

8. Gas from Jubilee
9. EPA Permitting/Processing Fees

Based on the materiality thresholds options, the MSG chose a minimum total payment of US\$150,000 giving rise to nine companies to participate in the 2016 EITI Reconciliation exercise.

Their payments to Government constituted 99.85% of the total preliminary collections in 2016 accounted by the IA.

Payments by Oil and Gas companies which did not meet the materiality threshold of US\$ 150,000 constituted less than 0.15% of the total preliminary collections. The list of companies selected for the reconciliation exercise is shown in the table below. Appendix 1B shows the companies that did not meet the materiality threshold.

Material (in scope) oil and gas companies for 2016 reconciliation

	Extractive Entity	Total payments to Government	% Weight	Cumulative weight
1	TULLOW GHANA LTD	87,537,301.05	34.1170	34.1170
2	GNPC	72,210,867.29	28.1437	62.2607
3	KOSMOS ENERGY GHANA LTD	42,879,128.68	16.7118	78.9725
4	ANADARKO	40,393,781.48	15.7432	94.7157
5	ENI GHANA E & P LTD	6,963,188.44	2.7139	97.4295
6	PETRO SA	4,588,428.90	1.7883	99.2178
7	HESS GHANA EXPLORATION LTD	579,310.27	0.2258	99.4436
8	HERITAGE EXPL. & PRODN. GHANA LIMITED	560,000.00	0.2183	99.6619
9	MEDEA DEVT / COLA NATURAL RESOURCES GHANA LTD	500,000.00	0.1949	99.8568

The Government Reporting Entities

The following government entities were requested to complete and return templates for the 2016 reconciliation

1. Ghana Revenue Authority
2. Petroleum Commission

3. Ghana National Petroleum Corporation (GNPC)
4. Environmental Protection Agency

Reconciliation Results: The tables below show the reconciliation by revenue streams and reconciliation by companies for 2016. Reconciliation of payments and receipts between companies and Government Agencies are shown in Appendix 2B



Reconciliation by revenue streams

Revenue Stream	Company			Government			Final Amounts		Unresolved	
	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
Carried Interest	109,917,301	-	109,917,301	109,917,271	-	109,917,271	109,917,301	109,917,271	29	
Participating Interest	40,019,075	-	40,019,075	40,019,120	-	40,019,120	40,019,075	40,019,120		(44)
Royalty	57,851,211	-	57,851,211	57,851,195	-	57,851,195	57,851,211	57,851,195	16	
Surface Rental	315,357	-	315,357	315,357	-	315,357	315,357	315,357		(0)
Corporate Tax	2,232,550	-	2,232,550	2,232,550	-	2,232,550	2,232,550	2,232,550	-	-
Training/Technology²	7,407,000	-	7,407,000	7,407,000	-	7,407,000	7,407,000	7,407,000	-	-
Gas Revenue	9,302,806	-	9,302,806	9,302,806	-	9,302,806	9,302,806	9,302,806	-	-
Environmental Processing/Permit Fees	832,303	(258,506)	573,797	142,257	-	142,257	573,797	142,257	431,540	
TOTAL	227,877,604	(258,506)	227,619,098	227,187,557	-	227,187,557	227,619,098	227,187,557	431,585	(44)

² Only ENI paid Technology support fees of US\$5,000,000 in 2016. The remaining amount represent payment of Training allowance fees.

Reconciliation by companies

Company	Company			Government			Final Amounts		Unresolved	
	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
KOSMOS	2,425,347	-	2,425,347	2,425,347	-	2,425,347	2,425,347	2,425,347		(0)
TULLOW	-	-	-	-	-	-	-	-	-	-
GNPC	217,547,696	-	217,547,696	217,116,155	-	217,116,155	217,547,696	217,116,155	431,586	(44)
ANADARKO	-	-	-	-	-	-	-	-	-	-
PETRO SA	-	-	-	-	-	-	-	-	-	-
ENI GHANA E&P LTD	6,807,000	(258,506)	6,548,494	6,548,494	-	6,548,494	6,548,494	6,548,494	-	(0)
HESS EXPLORATION	519,310	-	519,310	519,310	-	519,310	519,310	519,310	-	-
HERITAGE EXPLO.& PROD LTD	-	-	-	-	-	-	-	-	-	-
MEDEA DEV'T/COLA NAT RES.LTD	578,250	-	578,250	578,250	-	578,250	578,250	578,250	-	-
TOTAL	227,877,604	(258,506)	227,619,098	227,187,557	-	227,187,557	227,619,098	227,187,557	431,586	(45)

At the end of the reconciliation exercise, the net discrepancy obtained was US\$ 431,541 and an absolute discrepancy of US\$ 431,631. The absolute discrepancy represents 0.0019% of the government receipts submitted by government Agencies during the reconciliation. It represents 0.17% and 0.11% of the payments used in determining materiality thresholds and total revenues received by government respectively.

Observations and Significant Findings

a) Quasi Fiscal Expenditures and SOEs Transactions

Observation

GNPC has engaged in several quasi-fiscal expenditures and transactions with other SOEs:

- Provision of US\$100 million guarantee for Karpower emergency power ship
- Liquidation of US\$ 31.34 million debt owed BNP Paribas in respect of 10 parcels of crude oil imported for refining by the Tema Oil Refinery (TOR)
- Advance of US\$ 50 million to the Ministry of Finance for the Construction of Western Corridor Roads
- Payment of US\$ 18.75 to Trafigura to replenish national crude strategic reserves maintained by Bulk Oil Storage and Transportation (BOST)

Recommendation

It is recommended that the government considers reimbursements of any related SOE transactions and Quasi fiscal expenditures made by GNPC. Where such reimbursement cannot happen in the short term, government should enter into repayment agreement to ensure that within a reasonable time frame, GNPC is able to access the money.

It is also recommended that government ceases forthwith, the practice of urging GNPC to engage in quasi fiscal spending any time it needs to meet a contingency. Expenditures, such as meeting the national crude oil strategic reserve obligation should rather be charged on the national Contingency Fund established by the 1992 Constitution and operationalized in 2015 to receive a portion of the excess revenue over the cap on the Stabilisation Fund.

Participation of companies in the reconciliation exercise.

Observation

Four IOCs' did not submit templates for the 2016 GHEITI Report. These were Tullow Ghana Ltd, Anadarko, Petro SA and Heritage E&P Ltd

The absence of Tullow Ghana Ltd and Heritage Ltd which made cash payments reduced the coverage for the 2016 report by 11%.

Recommendation

The MSG should investigate why some oil companies are refusing to participate in the reconciliation process. This should be done quickly to avoid a situation in which no company submits data for reconciliation in subsequent reports.

b) Submission of Data by Government Agencies.

Observation

The GNPC did not provide information on data licence fees during preliminary information gathering (scoping/inception) phase. Thus data licence fees was not included in the materiality determination. Data licence fees was however included in the corporations's 2016 financial statements as income.

Recommendation

All government agencies are required to submit details of all receipts during the scoping phase of the assignment. The determination of material revenue streams shall thereafter be made.

c) Self-Assessment on surface rental payments

Observation

Petroleum agreements between the state and contractors requires contractors to pay surface rentals at the beginning of each calendar year or at the beginning of each period of their exploration periods as the case may be. GRA's Self-assessment policy however does not require clear payment timelines by contractors hence causing undue delays in the payment of surface rentals.

Recommendation

It is recommended that GRA provides clear timelines for the payment of self-assessed surface rentals.

d) Outstanding Surface Rentals and Training/Technology allowance.

Observation

As at the end of 2016 ten (10) companies were in default of surface rental payments amounting to GHS181, 152,708 or US\$1,548,592

Recommendation

It is recommended the GRA pursues these defaulters for settlement.

e) Cadastral System

Observation

The new online cadaster system for oil/gas, does not provide information on oil block coordinates and licence payments. There is also no information on transfers and relinquishments of oil blocks.

Recommendation

In order for the cadastral to be comprehensive and to address EITI REQUIREMENTS ON Licence allocation and registry, the Petroleum Commission should endeavor to include the information listed above.

1.0 Background of EITI

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

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

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

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

The Ghana Extractive Industries' Transparency Initiative (GHEITI) engaged Messrs Boas & Associates to produce EITI report for 2016. This report covers the payments made by Oil/Gas companies and receipts by government for the period 1st January 2016 to 31st December 2016.

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

It was prepared based on the terms of reference provided by the Multi-Stakeholder Group (MSG) of the Ghana Extractive Industries Transparency Initiative. (GHEITI).

1.1 GHEITI

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

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

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

- Ministry of Finance
- Ministry of Land and Natural Resources
- Minerals Commission
- Ghana National Petroleum Company
- Ghana Chamber of Mines (representing the mining companies)
- Jomoro District Assembly
- Office of the Administrator of Stool Lands
- Ghana Revenue Authority
- Civil Society Organizations
- Ministry of Energy
- Petroleum Commission
- Kosmos Energy HC
- Tullow (Ghana) Ltd
- The EITI also has an implementation Secretariat at the Ministry of Finance

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

So far GHEITI has issued four reports in the Oil and Gas sector covering 2010 to 2015.³

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

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

In February 2016, Ghana was recognised with an award for using the EITI process to influence policy, regulatory and institutional reforms at 2016 EITI Global Conference in Lima, Peru.

1.2 Objectives and contents of Report

The objectives of the report include the following:

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

³ Four reports as follows: 2010-2011; 2012-2013, 2014 and 2015.

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

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



2. 0: Approach and Methodology

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

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

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

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

There was interaction with the Steering committee in order to

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

Preliminary meetings were also held with the representatives of the participants⁴ of the reconciliation exercise. Focal persons for the provision of data were determined.

Document Review

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

Documents identified and studied included the following:

- Model Petroleum Agreement
- Reports of seminars and workshops held on the EITI.
- Public Interest and Accountability Committee (PIAC) reports.
- 2016 Annual report on the Petroleum Holding Fund
- The Income Tax Act, Act 896
- Audit reports on the Ghana Petroleum Funds
- Audit report on the Petroleum Holding Fund.
- Relevant web sites

Document review was undertaken at all stages of the assignment.

⁴ Representatives of companies and government agencies including GRA, Ministry of Finance, GNPC, Kosmos Energy and Tullow (Ghana) Ltd.

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

The activities at the reconciliation stage are detailed in section

Contextual Information for the 2016 report: The MSG and the IA agreed that contextual information that is later than 2016, should be included in the report. However, such contextual information is to be captured in text boxes within the report.

2.1 Overview of Ghana's Oil and Gas Industry

Exploration for oil and gas in Ghana predates the 19th century in the Onshore Tano Basin in the Western Region. Though first offshore well was drilled in the Saltpond basin between 1966 and 1972, commercial production started from the Jubilee field in the last quarter of 2010. Currently three fields namely Jubilee, TEN and Sankofa Gye Nyame (SGN) are in production.

Under the Ghana National Petroleum Corporation Law, 1983 (PNDCL 64), GNPC is the only state agency mandated to undertake the oil exploration, development and production in the country.

The new Exploration and Production Law, 2016 (Act 919) was passed on 4th August, 2016 to replace PNDC Law 84 as the primary legislation to regulate Ghana's upstream petroleum sector.

In pursuance of GNPC Law, 1983 and the E&P Law of 2016, GNPC acquires interest and partners all companies with exploration and production rights in Ghana.

The oil and gas sector continues to attract key global industry players. Companies that are currently party to Agreements in Ghana are Tullow Plc., Kosmos Energy, ENI, Lukoil, Hess, Anadarko, Petro S.A., AGM, Heritage, Blue Star and Cola Resources. There are currently 17 active licenses operating in offshore Ghana. <https://www.ghanapetroleumregister.com/>

The Government contracted multi-year \$3bn CBD loan to support infrastructure components of flagship industrial projects, mostly related to oil production in the Western Region.

The total monetary disbursement to the Western Corridor Gas Infrastructure Project and ICT infrastructure as at December 2016 was US\$979.89 million. Of this amount, the China Development Bank (CDB) has disbursed US\$832.91 million and GOG has disbursed US\$146.98 million.

On the gas front Cabinet in 2016, approved two significant policies, namely, the Gas Master Plan (GMP) and Strategy and the Reverse flow to facilitate the interconnection of the Ghana Gas Transmission System with the West African Gas Pipeline (WAGP) System. The GMP and Strategy will provide infrastructure development priorities for the sustainable development of the natural gas resources

Three Petroleum Agreements were executed in 2016. Two of them in the Western Basin, SpringFields and Eni block-4 and Swiss Africa, in the Accra-Keta basin.

Total Crude Oil production in 2016 was 32,297,780 bbls, compared to 37,411,661 barrels for the same period in 2015.

The total value of crude oil exported was estimated at US\$1,345.2 million for the review period compared to US\$1,931.3 million exported in 2015. Volume exported decreased by 19.9 per cent to 29,769,048 barrels in 2016. The average realised price of oil also decreased by 13.0 per cent to US\$45.2 per barrel.

Crude Oil production from the Jubilee Fields for 2016 was 26,981,640 barrels, compared to 37,411,661 barrels for the same period in 2015, representing a decline of 27.9 percent. The decline was due to technical challenges associated largely with the FPSO Kwame Nkrumah turret bearing failure. Jubilee total production from inception to end of year 2016 amounts to 188,910,811 barrels.

The value of crude oil exported was estimated at US\$1,345.2 million for the review period compared to US\$1,931.3 million exported in 2015. Volume exported decreased by 19.9 per cent to 29,769,048 barrels in 2016. The average realised price of oil also decreased by 13.0 per cent to US\$45.2 per barrel. Source:

https://www.bog.gov.gh/privatecontent/Publications/Annual_Reports/Annual%20Report%202016%20final%2024th%20June.pdf

Jubilee oil prices averages the period January to December 2016 was US\$46.07 and compares favourably with the revised Benchmark Revenue price of US\$45.35 per barrel.

A total of 38,420 MMscf of associated gas was produced in 2016 out of which 21,579.60 MMscf was exported to the Gas Processing Plant at Atuabo, processed and transported to the Volta River Authority for power generation.

Total production from the TEN Fields for 2016 was 5,316,140 barrels. Annualised average daily production was 14,525 barrels per day at end-2016, compared to an initial planned production of 23,092 barrels per day.

Associated gas produced from the TEN Fields at end-2016 was 6,531 MMscf, of which 367 MMscf was re-injected.

In 2016, GNPC lifted six parcels of crude oil (i.e. the 31st to 35th Jubilee and 1st TEN liftings) totaling 5,856,921 barrels of oil (4,860,462 barrels of Jubilee oil and 996,459 barrels of TEN oil), compared to 5,730,090 barrels in 2015 representing 2.21 percent higher than that of the previous year. Receipts from crude oil liftings for 2016 was US\$207.79 million. This excludes the proceeds of the 1st TEN oil liftings.

The overall project progress of the SGN Fields at end-2016 was 63 percent, against a target of 64.3 percent. Physical completion of the SGN FPSO was 94.8 percent, against a target of 96.2 percent.

Source: <https://www.mofep.gov.gh/sites/default/files/reports/petroleum/2016%20Annual%20report%20on%20the%20Petroleum%20Funds.pdf>

The year 2016 marked another milestone in Ghana's upstream petroleum sector. The year witnessed the arrival of the Tweneboa-Enyenra-Ntomme (TEN) Fields's Floating, Production, Storage and Offloading (FPSO) and the subsequent production of crude oil from the Fields. It was also the year in which the country's new Exploration and Production Law was passed to bring it in line with recent industry practices, enhance transparency and accountability and align it with recently passed laws that affect the sector's fiscal regime.

The year 2016 was also one in which crude oil prices, output and revenue fell significantly short of their original projections, leading to expenditure realignments.

3.0 Legal and Institutional Framework

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

1. Ghana National Petroleum Corporation Law, 1983 (PNDC Law 64)
2. Petroleum Income Tax Law, 1987 (PNDC law 188)
3. The Petroleum Revenue Management Act, 2011 (Act 815)
4. The Petroleum Revenue Management (Amendments) Act, 2015 (Act 893).
5. The Petroleum Commission Act, 2011 (Act 821)
6. Local Content and Local Participation Regulations, 2013 (LI2204)
7. The Income Tax Act, 2015 Act 896
8. Exploration and Production Law, 2016 (Act 919)
9. The Model Petroleum Agreement of Ghana
10. The Petroleum Agreements

3.1 Description of the main Laws and Regulation

- ❖ **Ghana National Petroleum Corporation Law, 1983:** (PNDC Law 64) gives GNPC the mandate to undertake sustainable exploration, development, production and disposal of the petroleum resources of Ghana.
- ❖ **The Model Petroleum Agreement:** This emanates from the Petroleum (Exploration and Production) Law and is intended to guide the negotiation process (including terms and conditions) in a Petroleum Agreement between GNPC, Government of Ghana and the Oil Company.
[http://www.petrocom.gov.gh/assets/ghana_model_petroleum_agreement\(1\).pdf](http://www.petrocom.gov.gh/assets/ghana_model_petroleum_agreement(1).pdf)
- ❖ **Income Tax Act, 2015 (Act 896):** The Income Tax Act, (Act 896) is an act which provides the general law relating to income tax, capital gains tax and gift tax.

It replaces the distorted tax base of the Internal Revenue Act, 2000 (Act 592). It is intended to rationalize, streamline and restrict tax concessions, tackle erosion of the tax base and align domestic tax rules with current international tax rules. It contains a section on the taxation of upstream petroleum activities.
- ❖ **The Petroleum Commission Act, 2011 (Act 821):** This law establishes the Petroleum commission as a body corporate with the objective to regulate, and manage the utilization of petroleum resources and to coordinate policies in relation to them.
- ❖ **The Petroleum Revenue Management Act, 2011 (Act 815)**

This Act and its amendments⁵ provide the framework for the collection, allocation and management of petroleum revenue derived from upstream and mid-stream petroleum operations.

❖ **Exploration and Production Law, 2016 (Act 919)**

The Act provides for and ensure safe, secure, sustainable and efficient petroleum activities in order to achieve optimal long-term petroleum resource exploitation and utilization.

Some highlights of the new Law are:

1. GNPC is partner in all Petroleum Agreements with a minimum of 15% initial carried interest in addition to Additional interest.
2. The Corporation to undertake petroleum activities in an open area which is not covered by a petroleum agreement.
3. Any borrowings in excess of US\$30million for purposes of Exploration and Development need Parliamentary approval
4. The new law clarifies the application of finance lease in respect of assets used in petroleum operations. The asset will be treated as a purchased asset if the finance lease charges exceed 75% of the cost of the asset

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

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

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

Policy Formulations in 2016

In 2016, Cabinet approved two significant policies, namely,

1. Gas Master Plan (GMP) and Strategy and
2. Reverse flow to facilitate the interconnection of the Ghana Gas Transmission System with the West African Gas Pipeline (WAGP) System.

⁵ (Petroleum Revenue Management(Amendment) Act,2015) Act 893

The GMP and Strategy will provide infrastructure development priorities for the sustainable development of Ghana’s natural gas resources and security of energy supply in the medium-to-long-term.

The reverse flow will facilitate the interconnection of the Ghana Gas Transmission System with the WAGP System to enable the flow of excess indigenous gas from Takoradi to Tema.

3.2 Fiscal Regime

3.2.1 Description of the Fiscal Regime

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

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

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

The fiscal regime for the Jubilee and TEN Fields which were in production in 2016 are shown below.

Table 3.1: Fiscal Regime governing Jubilee and TEN operation in 2016

Fiscal Item	Jubilee	TEN
Royalty on Gross Production-oil	5%	5%
Gas	5%	3%
Carried and Participating Interest	13.64%	15%
Corporate Tax	35%	35%

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

i) Surface Rentals

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

1. Initial Exploration Period: US\$30/sq. km/year

2. First Extension Period: US\$50/sq. km/year⁶
3. Second Extension Period: US\$75/sq. km/year
4. Development and Production Area: US\$100/sq. km/year

ii) **Initial or Carried Interest**

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

iii) **Additional Interest**

The State is entitled to acquire additional interest in each contract area, for which it is responsible for full costs during development and production phases. The allowable percentage of this interest varies for each contract. *(See Fig 3.1 on categorization of GNPC/GOG interests)*

iv) **Additional Oil Entitlement (AOE)**

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

v) **Cost recovery, Deduction and Cost Containment**

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

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

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

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

⁶ The maximum exploration period is 7 years

Figure 3.1: Categorisation of GNPC /GOG Interest

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

Fiscal Decentralization

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

3.3 Regulatory Institutions for the Oil/Gas Sector

- ❖ Ghana Revenue Authority (Domestic Tax Revenue Division)

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

- Royalty in cash or in equivalent barrels of oil or units of gas, payable by the holder of a licence to produce which includes the national oil company.
- Surface rentals.

- c) Additional Oil Entitlement
- d) Corporate income taxes from upstream and midstream petroleum companies including the national oil company.
- e) Dividends payable by the National Oil Company.
- f) Carried and Participating Interests.
- g) Investment income derived from accumulated petroleum funds.
- h) Any amount received by government directly or indirectly from petroleum resources including where applicable, capital gains tax derived from the sale of ownership of exploration, development and production rights.

Data on payments of benefit streams paid in 2016 were provided by the Domestic Tax Revenue Division of the GRA.

❖ Ghana Revenue Authority (Customs Division)

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

- Daily check of the status of revenue locks both electronically and physically to ensure that they are intact
- Participate in daily physical survey of tanks to determine daily oil production
- Perform Preventive duties to prevent the use of the facility for activities other than oil production
- During export of oil

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

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

Confirm export quantities and endorse export documents particularly the following;

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

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

❖ Ministry of Finance (Bank of Ghana)

Bank of Ghana is responsible for the day-to-day operational management of the Petroleum Holding fund, the Ghana Petroleum Funds and subsequently the Ghana Petroleum Wealth Fund under the terms of the Operations Management Agreement. (Section 26, PRMA, 2011). The supervising Ministry of the Central Bank is the Ministry of Finance. The Administrator requested for information from the Bank of Ghana through the Ministry of Finance.

❖ Petroleum Commission

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

❖ Ghana National Petroleum Corporation (GNPC)

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

3.4 License Allocations

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

3.4.1 Acquisition of Oil Block

To acquire an oil exploration license in Ghana

1. Ministry of Petroleum (submission of receipt)

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

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

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

2. Petroleum Commission

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

3. Application and submission

- a) Applicant identifies available block of interest and picks up application form at the Ministry of Petroleum.

- b) Applicant then submits 4 hard copies and 4 soft/digital copies (pdf format) of Application Package including maps, spreadsheets etc.

4. Ministry of Petroleum (submission of application)

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

5. Evaluation Committee

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

6. Minister of Petroleum (Decision)

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

7. Government negotiation team

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

8. Ministerial Consultation

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

9. Cabinet

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

10. Parliament

- a) Petroleum Agreement becomes effective on date of ratification

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

<http://www.energymin.gov.gh/sites/default/files/PROCESS%20FOR%20ACQUIRING%20A%20BLOCK%20FOR%20EXPLORATION%20AND%20%20%20%20PRODUCTION.pdf> and also at the website of Petroleum Commission. <http://www.petrocom.gov.gh/block-acquisition.html>

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

1. Technical Capabilities

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

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

2. Financial Capabilities

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

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

- i. Ownership Information

It must be established beyond doubt the owners of the company applying for the acreage. All shareholders of interest above five (5) percent need to be disclosed and supported by legal documentations from the appropriate government institutions/agencies.

Due diligence must ensure that the applicant has included certified copies of certificates of incorporation and to commerce business. This is to check against fictitious entities and to authenticate the existence of the applicant. This should to be done for both the applicant and its parent company where the parent company has indicated to guarantee the activities of its subsidiary. The company background checks could be accomplished through checks from the registrar of companies in Ghana as well as liaising with the Ghana's Mission abroad for the exercise.

ii. Cross-check financial statement with auditors

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

- iii. Analyze last three years of audited financial statements
- iv. Cross-check financial statement with auditors where necessary
- v. Public or listed company
- vi. Pay attention to cash flows from operations
- vii. Applicants main financiers
- viii. Assets and overall financial commitments of applicant to other projects
- ix. Overall financial state of applicant (growing profits or making losses) and compare with minimum expenditure required for Initial Exploration Period (data acquisition and one well).

Recipients Information: Companies that are currently party to Agreements in Ghana include Tullow Plc. Kosmos Energy, ENI, Lukoil, Hess, Anadarko, Petro S.A., AGM, Heritage, Blue Star and Cola Resources. Three Petroleum Agreements were executed in 2016. Two of the Petroleum Agreements were in the Western Basin, SpringFields and Eni block-4 and Swiss Africa, in the Accra-Keta basin.

The Gas Sales Agreement for the SGN Fields was signed in December 2015 between GNPC and the OCTP partners. GNPC has a paying interest of 5 percent (Capex) during the development phase and a paying interest of 20 percent (Opex) during the production phase of the project. The Fields is estimated to hold 173 million barrels of oil and 1,071 bcf of gas.

There is an Offshore Activity Map which is a constantly updated record of offshore activities including awarded and relinquished acreages, contractors etc. There are currently fifteen (15) active Petroleum Agreements (PAs).

Table 3.2 below provides details of all the PAs signed by 2016 and the phase of operations.

Table 3.2: Petroleum Agreements in operation as at the end of 2016

No	Fields	Operator	Ownership Structure	Status	Oil Royalty	Gas Royalty	
1	Saltpond Fields	SOPCL	Ownership Interest (JV)	Production (ended in 2015)	3.00%		
			Lushann				55.00%
			GNPC				45.00%
			Tullow Ghana Limited				47.20%
2	Deep Water Tano Block (Tweneboa, Enyenra & Ntomme (TEN))		Anadarko WCTP Company	17.00%	Development		
			Kosmos Energy Ghana HC	17.00%	(Ratified on 10/06/2006)	5.00%	
			PetroSA	3.80%			
			GNPC Interest (carried & additional)	15.00%			
3	Offshore Cape Three Points (Sankofa & Gye Nyame Fields)	ENI	ENI Ghana E & P Ltd	47.22%	Development	10.00%	5.00%
			Vitol Upstream Ghana Ltd	37.77%	(Ratified on 15/03/2008)		
			GNPC Carried Interest	15.00%			
			<i>GNPC additional Interest</i>	5.00%			
4	Deep Water Tano/ Cape Three Points	Hess	Hess Ghana Exploration Limited	40.00%	Pre-Development (19/07/2006)	4.00%	3.00%
			Lukoil	38.00%			
			Fuel Trade	2.00%			
			Explorco	10.00%			
			GNPC Interest (additional 3.00% not yet exercised)	10.00%			
5	West Cape Three Points (Mahogany, Teak, Akassa)	Kosmos	Kosmos Energy	30.88%	Incorporated in Greater Jubilee Full Fields Development (GJFFD)	7.50%	5.00%
			Tullow Ghana Limited	26.40%			
			Petro SA (Sabre Oil & Gas)	1.85%			
			Anadarko Corporation	30.88%			
			GNPC Interest (additional 2.5% not yet exercised)	10.00%			
7		UB Resources	ENI Ghana E & P Ltd	47.22%	Exploration phase	12.50%	5.00%

	Offshore Cape Three Points South		Vitol Upstream Ghana Ltd	37.78%	(Ratified on 18/07/2014)		
			GNPC Interest	15.00%			
			(additional 5.00% not yet exercised)				
8	Expanded Shallow Water Tano Block Offshore	Erin Energy	Erin Energy Ghana Limited	54.00%	Exploration phase	12.50%	7.50%
			GNPC-Explorco	22.50%	(Ratified on 22/01/2015)		
			Base Energy	13.50%			
			GNPC Carried Interest	10.00%			
			(additional 10.00% not yet exercised)				
9	Central Tano Block, Offshore Ghana	AMNI	AMNI International Petroleum Development Co. Ltd	90.00%	Exploration phase	12.50%	5.00%
			GNPC Interest	10.00%	(Ratified on 22/03/2014)		
			(additional 20.00% not yet exercised)				
10	South Deep Water Tano	AGM Petroleum	AGM Consortium	66.00%	Exploration phase		
			GNPC Interest	10.00%	(Ratified on 4/12/2013)		
			GNPC-Explorco	24.00%			
			(additional 15.00% not yet exercised)				
11	South-West Cape Three Points Block	Eco Atlantic	A-Z Petroleum	27.88%	Exploration phase	12.50%	10.00%
			Explorco	5.00%	(Ratified on 22/02/2014)		
			ECO Atlantic Oil and Gas	0.5042			
			GNPC carried	13.00%			
12	South-West Tano Block	Heritage	Heritage	39.60%	Exploration phase	12.50%	10.00%
			Blue Star	39.60%	(Ratified on 17/07/2014)		
			Explorco	8.80%			
			GNPC	12.00%			
13	Ultra Deepwater East Keta Block	Heritage	Heritage	38.70%	Exploration phase	10.00%	10.00%
			Blue Star	38.70%	(Ratified on 17/07/2014)		
			Explorco	0.116			
			GNPC	11.00%			
14	South West Saltpond Block	Brittania U	Brittania U	90.00%	Exploration phase	10.00%	5.00%
			GNPC	10.00%	(Not yet effective)		
15	East Cape Three Point	Medea Development Ltd & Cola	Medea Development Ltd	36.00%	Exploration phase	10.00%	5.00%
			Cola Natural Resources	54.00%	(Ratified on 12/04/2013)		
			GNPC	10.00%			
16	Shallow Water Cape Three Points Block	Sahara	Sahara	90.00%	Exploration phase	12.50%	5.00%
			GNPC	10.00%	(Ratified on 14/07/2014)		

Source: GNPC, 2018

- ❖ **Companies covered in the EITI Report:** The Oil and Gas companies covered in the 2016 Report obtained their licenses prior to the period under review. All these companies had licenses granted to them on first come first served basis. Licenses relinquishments and transferred licenses were effected before 2016.

- ❖ **Legal and institutional framework for Licensing:** Petroleum (Exploration and Production) Law, 1984 provides licensing regulations on exploration, development and production of petroleum in Ghana.

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

- ❖ **Deviations from the applicable legal and regulatory framework:** There were no known significant deviations from the Petroleum (Exploration and Production) Law, 1984 in 2016 as well as any regulation which seeks to prevent some companies from making full disclosures of their activities.
- ❖ **Efficiency:** The block acquisition and licensing system is quite transparent and efficient. This could be improved with an online cadastral system which displays all relevant information for investment decisions.

3.4.2 License Registry

Section 56 of the Exploration and Production Law, 2016 Act 919 states that the Commission shall maintain a register of petroleum Agreements, licences, permits and authorisations.

In accordance with this, the Petroleum Commission launched its Online Petroleum Register in 2018. It maintains contract agreements for all the 17 blocks namely:

1. Deepwater Tano
2. West Cape Three Points
3. Offshore Cape Three Points
4. Offshore Keta
5. Deepwater Tano-Cape Three Points
6. Saltpond Field
7. Expanded Shallow Water Tano
8. Central Tano
9. Shallow Water Cape Three Points
10. South West Saltpond
11. Deepwater Cape Three Points West
12. East Keta
13. Offshore South West Tano
14. Offshore Cape Three Points South
15. East Cape Three Points
16. South Deepwater Tano
17. Offshore Saltpond

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

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

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

Licencing Bid rounds

In accordance with the Petroleum (Exploration and Production) Act 2016, Act 919; Sec 10 (3) stipulates that “A petroleum agreement shall only be entered into after an open, transparent and competitive public tender process”

The Online register also provides information on the preparatory activities towards the proposed licencing bid rounds between 2018 and 2019. It proposes to allocate nine oil blocks which had been mapped out in the Western Basin to companies interested in oil exploration.

Out of the nine blocks, six would be allocated between 2018 and 2019 while the remaining three would form the basis for a second bidding round. <https://www.ghanapetroleumregister.com/licensing-rounds>

Accessibility Guidance: The Register is online but no entry registration is required to access information. The information at the Data Rooms is provided on request. Link to the register is <https://www.ghanapetroleumregister.com/>

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

Section 15 of the Petroleum Commission Fees and Charges Regulation 2015, LI 2221 states that persons shall pay to the Commission the amount specified in Part 2 of the Third Schedule before visiting the National Data Repository to view petroleum data. These are \$30,000 for first visit, \$20,000 for second visit and \$10,000 for third visit.

Plans or Timelines. There are currently no timelines attached to making information on the coordinates freely and electronically available through the license register.

Gaps in the Register: EITI Requirement 2.3(b) states that implementing countries disclose the following information of the rights held by material companies

- i. Licence Holder name

- ii. Coordinates of the Area (These are found in the individual contracts)
- iii. Date of application
- iv. Date of award
- v. Date of expiry
- vi. Commodity

The petroleum register does not document the following

- i. Date of application of the licence.
- ii. The date of award is unavailable but sometimes presumed to be the signed off date though award is not complete until it is gazetted.
- iii. The register does not document the duration of each award. Since expiry dates vary depending on prospectivity and the type of phase reached, the register should document the expiry dates of the licence.
- iv. For each of the licence, coordinates are shown as shown in the agreement itself and not as part of the collated information in the petroleum register.
- v. **Status of Upstream Activity:** The status of upstream petroleum activities in Ghana are shown in table 3.2 below.

Table 3.3: Status of Upstream Activity

Operator	Block	Concession size (sq. km)	Year awarded	Effective Date	Location	Commodity Produced
Tullow Ghana	Deepwater Tano	Jubilee Fields = 61 TEN = 450 Wawa = 106	2006	July 19, 2006	Offshore Tano Cape Three Points Basin	Oil and Associated gas from Jubilee Fields
Kosmos Ghana HC	West Cape Three Points	Jubilee = 48 MTA = 416	2004	July 13, 2004	Offshore Tano Cape Three Points Basin	Oil from Jubilee Fields
Eni Ghana	Offshore Cape Three Points	693	2008	March 15, 2008	Offshore Tano Cape Three Points Basin	Oil and Associated gas
	Offshore Keta	493	2009	2009	Offshore Accra-Keta Basin	Exploration Phase
Hess	Deepwater Tano-Cape Three Points	2010	2006	July 19, 2006	Offshore Tano Cape Three Points Basin	In Appraisal Phase
Saltpond Offshore Producing Company Ltd	Saltpond Fields	12	2004	July 30, 2004	Offshore Saltpond Basin	Production of oil from Saltpond Fields/Production halted
Camac Energy	Expanded Shallow Water Tano	1508	2014	January 22, 2015	Offshore Tano Cape Three Points Basin	Exploration Phase
Amni International	Central Tano	278	2014	March 27, 2014	Offshore Tano Cape Three Points Basin	Exploration Phase

Sahara Energy	Shallow Cape Points	Water Three	1500	2014	July 14, 2014	Offshore Tano Cape Three Points Basin	
Brittania-U	South Saltpond	West	2050	2014	Not Effective	Offshore Tano Cape Three Points Basin	In Exploration Phase and yet to commence operations
Eco Atlantic	Deepwater Cape Three Points West		944	2014	February 22, 2014	Offshore Tano Cape Three Points Basin	In Exploration Phase
Heritage Oil	East Keta		2239	2014	July 17, 2014	Offshore Keta Basin	In Exploration Phase
	Offshore South West Tano		175	2014	July 17, 2014	Offshore Tano Cape Three Points Basin	In Exploration Phase
UB Resources	Offshore Cape Three Points South		755	2014	July 18, 2014	Offshore Tano Cape Three Points Basin	In Exploration Phase
Medea Development	East Cape Three Points		1565	2013	April 12, 2013	Straddles Offshore Tano Cape Three Points and Saltpond Basins	In Exploration Phase
AGM Petroleum	South Deepwater Tano		3482	2013	December 4, 2013	Offshore Tano Cape Three Points Basin	In Exploration Phase
Oranto Petroleum Int. Ltd	Offshore Saltpond		1500	2008	2008	Offshore Saltpond Basin	In Exploration Phase

Source: Petroleum Commission

- i) The petroleum register does not document the date of application of the licence. The date of award is unavailable but sometimes presumed to be the signed off date though award is not complete until it is gazetted.
- ii) The register does not document the duration of each award. Since expiry dates vary depending on prospectivity and the type of phase reached, the register should document the expiry dates of the licence.
- iii) For each of the licence, coordinates are shown as shown in the agreement itself and not as part of the collated information in the petroleum register.

3.5 Contracts

Disclosure policy: There is no government's policy on contract disclosure.

New Petroleum Agreements in 2016

The Ministry of Petroleum provided oversight of the implementation of key commercial agreements for the development of the SGN Field. The executed agreements include;

1. Fiscal Support Agreement,
2. Heads of Agreement,
3. Gas Sales Agreement,
4. Multi-Party Agreement and
5. Security Package Agreement.

In 2018, the Government through the Petroleum Commission published its register of contracts for all 17 petroleum contract areas. This can be accessed by <https://www.ghanapetroleumregister.com/>

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

There is also publicly displayed model Petroleum Agreement which is available at the website of the Ministry of Energy. http://www.energymin.gov.gh/sites/default/files/ghana_model_petroleum_agreement%281%29.pdf

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

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

It has the under listed deed of Assignment also on display at its website.

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

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

Kosmos Energy Ghana has the following agreements publicly displayed.

- ❖ Petroleum Agreement, West Cape Three Points
- ❖ Joint Operating Agreement, West Cape Three Points
- ❖ Joint Operating Agreement, Deepwater Tano
- ❖ Deed of Assignment – Deepwater Tano

❖ Unitization and Unit Operating Agreement – Jubilee Field Unit

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

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

Other Agreements which are publicly available by third party entity are

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

(Source: ghanaoilwatch.org)

Legal Provisions: Section 56 (2) of the Exploration and Production Law, 2016 Act 919 stipulates that information on Petroleum agreements and permits shall be made open to the public.

Contract Disclosure: There is no government’s policy on contract disclosure. However in practice the government has publicly displayed all the 17 agreements on petroleum contract areas.

Reforms: There is no known contract disclosure reforms being planned or underway. It is recommended that the MSG commence dialogue with government with the view of documenting a clear disclosure policy for the petroleum sub-sector to promote further transparency.

Overview of Contracts: There are seventeen (17) Agreements on display at the Petroleum Commission. These are listed below

- Deepwater Tano
- West Cape Three Points
- Offshore Cape Three Points
- Offshore Keta
- Deepwater Tano-Cape Three Points
- Saltpond Field
- Expanded Shallow Water Tano
- Central Tano
- Shallow Water Cape Three Points
- South West Saltpond
- Deepwater Cape Three Points West
- East Keta
- Offshore South West Tano
- Offshore Cape Three Points South
- East Cape Three Points

- South Deepwater Tano
- Offshore Saltpond

3.6 Beneficial ownership

Ghana, is one of the first countries in Africa to cater for the issue of Beneficial Ownership Disclosure (BOD) in law. This was done in July 2016 when the companies Act of 1963 (Act 179) was amended to include provisions on Beneficial Ownership (BO).

Ghana EITI as part of the implementation of Ghana's beneficial ownership (BO) roadmap has moved to the actualisation phase of the roadmap. This involves collaborating with key institutions including the Registrar-General's Department (RGD), Ghana Oil and Gas for Inclusive Growth (GOGIG), STAAC, Financial Intelligence Centre and other relevant CSOs and partners to sensitise various stakeholders on the new disclosure regime. In line with this, stakeholders' sensitisation workshops on BO for the Southern zone (Central, Eastern, Volta and Western regions) and Middle zone (Ashanti and Brong Ahafo regions) have been held.

Also, a technical roundtable meeting which was held at the Alisa Hotel in Accra Ghana on 15th May 2018 brought key stakeholders from eighteen (18) different institutions to broadly discuss 2018 Companies Bill (New Companies Bill), facilitate its passage and build consensus on its implementation.

The new Companies Bill (CB) which includes all the EITI requirements on BO has been approved by Cabinet and laid before the 4th Republic for consideration. Meanwhile, RGD, GHEITI, STAAC, GOGIG, NRGI, CIDA and other relevant partners will be engaging Parliament on the Bill, particularly on the BO provisions.

On the issue of establishing a central register, DFID through STAAC provided a consultant from the UK to scope RGD's processes and see the way of collecting, processing, storing and disseminating data to be able to fashion how to fuse RGD's data with Open Ownership as part of the needs assessment. This led to several meetings with stakeholders and developers on the processes and the way forward which culminated in the formulation of an MOU. The MOU spells out the rights and responsibilities of the parties but the signing of the MOU is still pending to sort out a few issues between DFID and RGD.

In meantime GHEITI will continue to collect beneficial ownership information from companies and other Government Stakeholders.

3.7 State Participation

The state participates in the upstream oil/gas sector through the National Oil Company, the Ghana National Petroleum Corporation.

As at the end of 2016, the state had participating interests in the 16 petroleum agreements in existence. (See Table 3.3)

In 2016, oil was produced in two Fields, namely the Jubilee and TEN.

The fiscal terms in these agreements may differ from what is indicated in the model petroleum agreement.

The fiscal regime at these Fields specify that, the Government of Ghana is entitled to a royalty on gross oil production of 5% for Jubilee and TEN. Ghana also has a carried and Participating interests of approximately 13.64 percent and 15 percent in Jubilee and TEN Fields respectively. For gas production, the state is entitled to royalty of 5% and 3% on gross production at the Jubilee and TEN Fields respectively. (See Table 3.4)

Table 3.4: Participating interest at jubilee and TEN Fields

Company	Jubilee ⁷ Initial Interest	Jubilee(After E.O. Group Exit)	After Jubilee 2011 Redetermination	Jubilee Interest (2016)	Tweneboa Enyere Nwoma- TEN INTEREST (2016)
Tullow Oil	34.75	36.50	35.48	35.480	47.175
Kosmos Energy	23.49	23.49	24.08	24.080	17.000
Anardarko	23.49	23.49	24.08	24.080	17.000
Petro SA	2.81	2.81	2.73	2.730	15.000
EO GROUP	1.75	0			
GNPC	13.75	13.75	13.64	13.640	3.825

The Current Fiscal terms at the two producing Fields are indicated below (also section 3.2, table 3.1).

Table 3.5: Jubilee and TEN -fiscal terms

Fiscal Tool	Jubilee Fields	TEN Fields
Royalty (Crude Oil)	5%	5%

⁷). Although the Jubilee Field is unitized, participating interests in each block outside the boundary of the Jubilee Unit remain the same.

Royalty (Gas)	5%	3%
Carried Interest(Crude Oil)	10%	10%
Additional Participating Interest(API)	3.64%	5%

Furthermore the state may receive additional oil entitlement, if the post- tax rate of return (ROR) for a project exceeds a targeted level. There are trigger points at RORs of 12.5%, 17.5%, 22.5%, and 27.5%. There was on additional oil entitlement in 2016 as no trigger point was met.

The participating interests of the partners at the two producing Fields were as follows (See tables 3.6 and 3.7 below). The interests were the same in 2015, and no change was recorded in 2016.

Jubilee Fields

Table 3.6: Jubilee partners and interests

Jubilee Partners	Participating Interests	Effective Sharing Interest⁸
Tullow Ghana	35.47952%	33.705544%
Kosmos	24.07710%	22.873245%
Anardarko	24.07710%	22.873245%
GNPC	13.64084%	12.958798%
Petro SA	2.72544%	2.589168%
Total	100%	95%

Source: www.tullow.com/BOAS' compilations

TEN Development Area

Table 3.7: TEN Development Area: Partners and Interests

TEN Partners	Participating Interests	Effective Sharing Interest⁹
Tullow Ghana	47.18%	44.821%
Kosmos	17.00%	16.150%
Anardarko	17.00%	16.150%
GNPC	15.00%	14.250%
Petro SA	3.82%	3.629%

⁸ Effective sharing interest is the percentage used in apportioning entitlements). Each partner's entitlement is obtained by applying ratio to gross production. Royalty at Jubilee is 5% of gross production.

⁹ Effective sharing interest is the percentage used in apportioning entitlements. Each partner's entitlement is obtained by applying ratio to gross production. Royalty at TEN Field is 5% of gross production.

Source: www.tullow.com /BOAS' computation

The partners pay royalty in kind by contributing royalty oil (5% of gross production)

Ghana National Petroleum Corporation (GNPC)

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

1. To promote the exploration and the orderly and planned development of the petroleum resources of Ghana
2. To ensure that Ghana obtains the greatest possible benefits from the development of its petroleum resources
3. To obtain the effective transfer to Ghana of appropriate technology relating to petroleum operations
4. To ensure the training of citizens of Ghana and the development of national capabilities in all aspects of petroleum operations
5. To ensure that petroleum operations are conducted in such a manner as to prevent adverse effects.

Its responsibilities include the role of gas off taker from the upstream petroleum operators. GNPC is routinely engaged in gas sales negotiations for competitive gas pricing at the domestic market

3.7.1 GNPC Governance: Established in 1983 by PNDCL 64, GNPC is the national oil company and the commercial vehicle for state participation in the oil and gas industry.

The corporation is 100% owned by the Government of Ghana. GNPC being an SOE is under the oversight of State Enterprises Commission (SEC).

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

GNPC Subsidiaries & Joint Ventures

Level of Ownership: GNPC is 100% owned by the Republic. Its subsidiaries and joint ventures have varying shareholding as in tables 3.8a & 3.8b.

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

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

Details of GNPC’s subsidiaries and joint ventures are indicated below in table 3.8a and b.

MSG’s understanding of GNPC’s joint venture involvement with Airtel and Mole motel does not qualify for full disclosure as their business operations are outside the extractive subsector.

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1. To promote the exploration and the orderly and planned development of the petroleum resources of Ghana
2. To ensure that Ghana obtains the greatest possible benefits from the development of its petroleum resources
3. To obtain the effective transfer to Ghana of appropriate technology relating to petroleum operations
4. To ensure the training of citizens of Ghana and the development of national capabilities in all aspects of petroleum operations
5. To ensure that petroleum operations are conducted in such a manner as to prevent adverse effects.

Its responsibilities include the role of gas off taker from the upstream petroleum operators. GNPC is routinely engaged in gas sales negotiations for competitive gas pricing at the domestic market.

Table 3.8a: GNPC operation and subsidiaries

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

Company	Background
Airtel JOINT VENTURE	Nature of Business: Telecommunications <ul style="list-style-type: none"> Originally GNPC owned 25% stake in Airtel Ghana, whilst Bharti Airtel held 75% ❖ In September 2016, Airtel undertook a rights issue to raise additional equity capital which required GNPC to pay US\$122million. However, GNPC declined the offer, leading to a dilution of GNPC shareholding to only 0.11% Airtel and Tigo initiated processes to merge at the country level early in 2017 The merger is to be structured on a 50:50 shareholding between Airtel and Tigo with a negotiated transfer of US\$40 million from Airtel to Tigo; if this merger is completed, GNPC's shareholding in the combined entity will further reduce to 0.055%
Ghana National Gas Company 100% SUBSIDIARY	Nature of Business: Gas Processing <ul style="list-style-type: none"> GNPC was directed to take over GNGC in 2014 following appointment of the Corporation as the national gas aggregator GNPC has completed the takeover (owns 100% stake), and the share certificate to this effect has been issued by the company

Table 3.8b: GNPC Operation and Subsidiaries

Company	Background
GNPC Exploration and Production (Explorco) (100% Owned by GNPC)	Nature of Business: Exploration & Production <ul style="list-style-type: none"> Explorco was incorporated under the companies' code on 30th November 2012 as a wholly owned E&P subsidiary of GNPC The company's business model involves the use of Joint Operating Companies (JOC) and Joint Ventures (JV) with strategic partners
GNPC Technip Engineering Services (GTES) Technip Offshore International SAS:70% GNPC: 30%	Nature of Business: Oil & Gas Engineering Services <ul style="list-style-type: none"> The GTES is a Joint Venture between GNPC and the engineering firm Technip Offshore International SAS The partnership has been in operation since August 2012 and was inaugurated in November 2012. The JV Company was incorporated in Ghana on 27th March 2013. The JV is a strategic vehicle to achieve accelerated capacity building and technology transfer in engineering services.
Mole Motel GNPC : 60%, Wild Life Division of the Forestry Commission : 40%	Nature of Business: Tourism <ul style="list-style-type: none"> The Mole National Park is the largest wild life reserve in Ghana covering 4,577 square kilometers of land space It is located in the West Gonja District of the Northern Region of Ghana, 24 km from Damongo, the district capital and 146km from Tamale
GNPC Foundation	Nature of Business: Corporate Social Investments <ul style="list-style-type: none"> The GNPC foundation mandate is to embark on Corporate Social Investments to counter the potentially negative impact of GNPC's operations

Equity Acquisition

The mode of equity acquisition by the GNPC in extractive companies are listed below.

GNPC ownership of Ghana National Gas Company is supported by law. First GNPC was appointed the National Gas Aggregator by the government. Prior to that, GNGC has been incorporated as fully owned by the state. After GNPC's appointment, GoG executed the legal instrument assigning its entire shareholding in GNGC to GNPC. GNPC is thus now the sole shareholder of GNGC and now has full control over GNGC.

GNPC as the National Oil company has interests in several oil blocks in partnership with IOC's. In its desire to undertake exploration activities, it incorporated GNPC Explorco under the companies' code on 30th November 2012 as a wholly owned subsidiary. Thus the government owned all the equity in the company.

Information on the procedure for acquiring equity in Prestea Sankofa Gold Ltd is sketchy. The company commenced operations, mining the tailings dam of the defunct State Gold Mining Corporation's deposit at Prestea. It is speculated that in 1994 GNPC partly raised equity in Prestea Sankofa Gold Ltd with the deposit resources.

GNPC main petroleum asset is the investment made by GNPC Explorco. Assets of Exploroco are listed below in *table 3.8.1*.

Table 3.8.1: Investments by Explorco

Block/Operator	Basin	Explorco Interest (%)
Shallow Water Tano/Carmac Energy	Tano	25
South West Tano/Heritage	Tano	8.8
Cape Three Points West/Eco Atlantic	Tano-CTP	5
Deep Water Tano Cape Three Point/HESS	Tano	7
South Deep Water Tano/AGM –Explorco	Tano	24
Ultra Deep Water East Keta/Heritage	Keta	11.6

Source: <http://www.gnpcghana.com/investment.html>

3.7.2 Financial Relationship (GNPC and Government)

GNPC is funded through budgetary allocation approved by the Parliament of Ghana. According to the Petroleum Revenue Management Act, *Act 815 section 7(3)*, GNPC is entitled to a maximum of fifty-five percent (55%) of the net cash flow from the carried and participating interest after deducting the equity financing cost (including advances and interest of the carried and participating interests of the Republic).

According to the PRMA Act, Act 815, the arrangement would be in place for 15 years from date of the promulgation of the Act in 2011. Thus it is expected that the funding arrangement will cease in 2026.

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

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

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

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

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

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

Transactions with government: The table below shows outstanding amounts due as at the end of 2016 from transactions its transactions with government.

Table 3.8.2: Transactions with government as at the end of 2016

Entity	Outstanding Amount (GHS) at end of 2016
Government of Ghana	102,537,354
Ministry of Finance	210,115,000 ¹⁰

Source: GNPC 2016 Audited Accounts

The GNPC was also involved in other expenditures and social/ economic spending outside the National Budget. GNPC guaranteed the implementation of Karpower electric power project (*See section 8.8 on quasi-fiscal expenditures*).

Financial relationship: GNPC and other State-owned enterprises

GNPC has third party financing arrangements involving state owned enterprises resulting in the following amounts due from government agencies (*See table 3.8.3*).

Table 3.8.3: Transfers disclosures between GNPC and other state agencies

Entity	Outstanding Amounts (GHS) at end of 2016
--------	--

¹⁰ Amount represents the cedi equivalent of US\$50M transferred to Ministry of Finance

Tema Oil Refinery(TOR)	245,434,805
Ghana National Gas Company	261,995,898
Ghana Broadcasting Corporation	3,983,781

Source: GNPC: 2016 Audited Accounts

Petroleum Equity Fund

Amounts received from government towards equity financing cost are capitalised and portions transferred to income statement to meet Production and amortised development cost. The fund represents the unamortised portion of petroleum assets in the books.

Petroleum Project Fund

This represents the funds set aside to execute the Corporation's projects.

Terms and conditions of loans

TEN Partner financing

The TEN partner financing is funding provided by the DWT contractor for GNPC's share of the development cost for the TEN Fields. GNPC has elected to have the Contractor fund its additional interest of 5% in the field at an interest rate of Libor plus 1.5%pa in accordance with the terms of the petroleum agreement between the government of Ghana and GNPC on one hand and Tullow Ghana Limited, Sabre

Oil and Gas limited (PetroSA now owns the Sabre Oil & Gas interest) and Kosmos Energy Limited (see Table 3.8.4)

OCTP Partner Financing

The Corporation is required to pay for its share of development cost associated with its additional interest of 5% in the OCTP Block. Under terms agreed in the Petroleum Agreement, GNPC opted for the OCTP Partners (ENI and Vitol) to pre- finance the additional interest cost obligations at a specified rate of 1 percent plus 3 months LIBOR. Repayment of the loan is expected to commence when the Corporation starts lifting its share of OCTP crude oil production.

Bank loan to subsidiary

This represents loans granted to subsidiary by its bankers repayable over sixty months period secured by the subsidiary's landed property, plant and machinery, vehicles, gold bullion and stocks.

Table 3.8.4: Medium Terms Loans

	2016	2015
TEN Partner financing	1,098,466,846	629,753,166
OCTP Partner financing	277,365,768	-
Bank loans to Subsidiary (outstanding at end of year)	31,827,892	31,827,892
Total	1,407,660,506	661,581,058

Source: GNPC 2016 Audited Accounts

Contingent Assets and Liabilities

Petroleum products supplied to Sage Petroleum Limited by the Corporation up to 2012 amounting to US\$ 13,051,837.42 (GHS 54,847,736) is currently in dispute. The case is currently being pursued in the law courts. The Corporation has therefore made full provision for this debt in its books.

Decommissioning Liability

The board gave a directive to decommission the Oil field of Saltpond Offshore Producing Company Limited (SOPCL) due to safety and environmental concerns. The cost of the decommissioning is to be borne by GNPC. GNPC is a shareholder of SOPCL.

The Corporation has not been able to obtain a reliable estimate for the decommissioning of the oil field and has therefore not recognised any decommissioning liability in the financial statements.

The Corporation has no liability to decommission currently producing oil fields, as the decommissioning liabilities are to be borne by the contractors.

Subsidiary Financing: As at 31st December 2016, the following were outstanding:

Table 3.8.5: Third party financing arrangement in 2016

Government Agency	Amount (GHS)	Remarks
GNPC Explorco	18,855,392	
Saltpond Offshore Prod. Co	22,992,520	
Mole	771,850	

Source: GNPC's Consolidated Financial Statement (2016)

Changes in ownership during 2016: There was no change in the ownership structure of GNPC.

Loans & Loan Guarantees: GNPC entered into a Strategic Petroleum Reserve Supply and Sales agreement to collaborate with BOST by financing and supplying gasoline and diesel to Bulk Oil

Storage Transport (BOST). In consideration of the financing, profits were to be shared in the proportion of 55% to GNPC and 45% to BOST respectively. The transaction however, turned out to be loss making. These figures are management's estimate based on available records

Ghana National Gas Company Limited (GNGC)

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

During 2015, 15,789.81 million standard cubic feet (MMScf) of raw gas supplied by the Jubilee Partners was processed at the Atuabo Gas Processing Plant (AGPP) and transported to the Volta River Authority (VRA) for power generation. From January to December 2016, 21,579.60 MMScf of raw gas supplied by the Jubilee Partners was processed at the AGPP and transported to the VRA for power generation.

Western Corridor Gas Project (WCGP)

The Government contracted multi-year \$3bn CBD loan to support infrastructure components of flagship industrial projects, mostly related to oil production in the Western Region.

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

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

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

This offtake agreement serves Ghana by guaranteeing a market for its crude oil while also benefiting CDB by guaranteeing a steady supply of oil for the next 15 plus years.

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

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

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

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

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

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

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

The total monetary disbursement to the WCGIP and ICT infrastructure as at December 2016 was US\$979.89 million. Of this amount, the China Development Bank (CDB) has disbursed US\$832.91 million and GOG has disbursed US\$146.98 million, as shown in *table 3.9*.

Table 3.9: CDB and GOG Disbursement to WCGP and ICT as at end-December 2016

Date	Utilization Amount	CDB Portion	GoG Portion	Subsidiary
		US\$		
2015-Year End	829,924,618.81	705,435,925.99	124,488,692.82	WCGP&ICT
18-Aug-16	24,074,197.41	20,463,067.80	3,611,129.61	ICT
16-Nov-16	32,260,977.84	27,421,831.16	4,839,146.68	WCGP
Total	979,893,519.37	832,909,490.63	146,984,028.74	

Source: MoF/GNGC

Note: The GOG counterpart funding of November 2016 was paid in December 2015. CDB released its portion in November 2016.

The Ghana National Gas Company Limited (GNGC) completed the commissioning phase of the Western Corridor Gas Infrastructure Project in April 2015.

In 2016, 21,579.60 million standard cubic feet (MMScf) of raw gas supplied by the Jubilee Partners was processed at the Atuabo Gas Processing Plant (GPP) and transported to the Volta River Authority for power generation. The outstanding amount owed to Ghana Gas as at the end of 2016 is shown in *Table 3.9.1 below*.

Table 3.9.1: Gas supplied to Atuabo plant and outstanding balance

Month	Volume (MMBTU)	Price US\$	Payment US\$	Outstanding US\$
Opening	Balance			78,504,580.50
January	2,555,914.40	2.90		7,412,151.06
February	2,711,363.40	2.90		7,862,953.86
March	1,699,328.40	2.90		4,928,052.36

April				
May	1,305,008.0	2.90		3,784,524.36
June	1,638,777.60	2.90		4,752,434.74
July	2,192,504.00	2.90		6,358,261.60
August	2,419,481.80	2.90		7,016,497.22
September	1,774,206.46	2.90		5,145,199.72
October	2,545,474.46	2.90		7,381,875.93
December	2,380,738.80	2.90	9,347,806.35	6,904,142.52
TOTAL	22,874,716.61		9,347,806.35	135,493,452.30

GNPC-2017

New and Planned Projects

GNPC and its partners have some new and planned projects with varying completion dates as indicated on *Tables 3.10 and 3.11*.

Table 3.10: New projects

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

Source: GNPC, 2018

Table 3.11: Planned projects

Name	Location	Start	Completion	Impact of Project
AGM Petroleum Ghana Limited	South Deepwater Tano (SDWT)	12-Apr-2013	11-Apr-2038	Oil & Gas Production to boost State Revenues
Heritage / Blue Star	South-West Tano Block	17-Jul-2014	16-Jul-2039	
Cola Natural Resources Limited	East Cape Three Points	12-Apr-2013	11-Apr-2043	
UB Resources Limited	Offshore Cape Three Points South Block	18-Jul-2014	17-Jul-2039	
Hess Ghana	Deep Water Tano Cape Three Point (DWTCTP)	19-Jul-2006	18-Jul-2036	

Source: GNPC, 2018

Government/SOE ownership of Mining, Oil/gas companies in Ghana

Table 3.12 below provides details of government entities and their level of ownership in extractive companies.

<http://www.mofep.gov.gh/sites/default/files/reports/economic/2016%20Annual%20Aggregate%20Report.pdf>

Table 3.12: SOE Ownership

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

SOURCE: Ministry of Finance, 2016 SOE Aggregate report.

4.0 Exploration/ Developments, Production and Exports

4.1 Exploration/Developments

Ghana's total proven oil reserve base as at December 2016 was 1,253 MMboe made up of 899 MMbl of oil and 2.052TCF of gas (354 MMboe).

Three (3) new Petroleum Agreements were ratified by Parliament in March 2016. These are the West Cape Three Points block 2 operated by Springfield, the onshore/offshore Keta block operated by Swaoco and the Cape Three Points Block 4 operated by ENI.

The three main projects expected to generate revenue between 2016 and 2020 are discussed below:

Jubilee Field

The field holds an estimated recoverable reserve of 618 million barrels (MMBO) and 505 billion cubic feet (Bcf) of gas. Total crude oil produced from inception (November, 2010) to December 2016 was 188.91 MMbls.

The Jubilee field showed the biggest decline in average daily oil production rate in 2016 to about 73,720bbls/day from an average of about 100,000bbls/day since 2013.

This was due to major production challenges caused by damage to the turret bearing on the FPSO which resulted in a sharp decline of oil and gas production. Consequently, crude oil liftings, revenues and volumes of gas exported from the FPSO were affected.

As part of the interim measures to resolve the turret bearing issues on the FPSO Kwame Nkrumah, a Spread mooring project commenced in Q3, 2016. Overall progress as at end of 2016 was 47.4% against a planned target of 66.6%.

Tweneboa-Enyenra-Ntomme (TEN) Field

The TEN Fields has an estimated recoverable reserve of 240 MMBO and 396 bcf of gas.

First oil production was achieved on August 17, 2016 with an annualised average daily production rate of 15,824 bopd (Aug-Dec, 2016).

The field recorded a total crude oil and gas production of 5.32 MMbls and 6,531.86 MMscf respectively as at end of 2016.

Gas export from the TEN Fields was envisaged to commence in August 2017. The maiden crude oil lifting from the field occurred on 13th October, 2016 with a total of five (5) parcels lifted from the field as at end of 2016. One (1) cargo was lifted by the Ghana Group out of the liftings by the

TEN partners totalled 996,459 bbls. Revenue realised was US\$50.91 million with an achieved price of US\$51.09/bbl.

The following milestones were achieved through various engagements with project partners:

1. FPSO Prof. Atta Mills was docked in Ghana in March 2016, hook up and commissioning of subsea infrastructure completed in August.
2. Completed all piping and pre-fabrication works on the Gas Export Manifold (GEM).
3. Completed the pre-start audit with no show stoppers in H1, 2016
4. Signed the Construction Tie-In Agreement of the Gas Export Manifold between the operator and GNGC.

Negotiations on the commercial terms of the Gas Sale Agreement (GSA) commenced in late 2016.

Sankofa-Gye Nyame field

The upcoming Sankofa-Gye Nyame field is Ghana's third major upstream asset. The field holds an estimated oil and gas reserves of 204 MMBO and 1,071 bcf of gas. Below is the summary of activities undertaken in 2016.

1. Overall progress of work on field was 65.6% against a target of 66.5% as at end of 2016
2. Signed Letter of credit for security package agreement of US\$500 million with the World Bank for the Sankofa Gye Nyame Gas Project.
3. All seventeen (17) topside modules were installed and integrated onto the FPSO in Singapore.
4. The EPCI contract for the Onshore Receiving Facility (ORF) was awarded on 5th November, 2016.
5. Key operational results show drilling operations at 52.6% completion compared to target of 41.4% with 14 development wells drilled.
6. The FPSO sailed from China in January 2016 to the Singapore Integration yard. The FPSO contract reached a progress level of 96.5% against a target of 97.1% as at end of 2016.
7. The Subsea Production Systems (SPS) contract progressed to 88.2% compared to a target of 90.6%.

Voltaian Basin Project

GNPC, as the operator of the Voltaian Basin, continued to pursue its plans for reconnaissance activities on the inland basin. The following activities were undertaken in 2016;

8. The Social performance consultancy and Explosives contracts are yet to be signed
9. Submitted the Environmental Impact Statement (EIS) and paid permit fees to EPA.
10. Continued to engage management and ETC on evaluation criteria for the procurement of Seismic Acquisition contractor.

The project was stalled for about 4 - 6 months due to change in procurement strategy from the ETC.

11. Submitted an Environmental Impact Statement (permit plan, waste management plan and monitoring budget to EPA.
12. Submitted the Security Plan to the Petroleum Security Coordinating Committee and the Regional Security committee.
13. Received expression of Interest (EOI) from 29 Seismic Processing Companies.

Table 4.1: Status of oil Gas Discoveries made since Jubilee

Block/ Operator	Discoveries	Hydrocarbon Type	Status	
1	GNPC	Ebony	Condensate/Gas	Relinquished
2	DWT/TULLOW OIL	Tweneboa-1	Gas Condensate	Development
3		Tweneboa-2	Oil	Development
4		Enyenra-1	Oil	Production
5		Ntomme	Oil & Gas	Production
6		Wawa	Oil & Gas	Exploration
7		WCTP/KOSMOS ENERGY	Odum-1	Heavy Oil
8	Teak-1		Oil & Gas	PoD
9	Teak-2		Gas	PoD
10	Banda-1		Oil	Re-evaluation
11	Mahogany Deep		Light Oil	PoD
12	Akasa-1		Light Oil & Gas	Relinquished
13	OCTP/ENI	Sankofa-1	Gas	Development
14		Gye Nyame-1	Gas	Development
15		Sankofa East	Oil & Gas	Development
16	DWCTP/HESS	Paradise-1	Oil & Condensate	Appraisal
17		Hickory North	Oil & Condensate	Appraisal
18		Almond	Oil & Condensate	Appraisal
19		Beech	Oil	Appraisal
20		Pecan	Oil	Appraisal
21		PN-1	Oil	Appraisal
22		Cob	Oil	Appraisal
23		DWCTP/LUKOIL	Dzata-1	Oil & Gas
24				
	EXPANDED SHALLOW WATER TANO	North and South Tano West Tano	Oil & Gas Heavy Oil	Re-evaluation

Source: GNPC

4.2 Production

Production from the Jubilee Field for 2016 was 26,981,640 barrels, compared to 37,411,661 barrels for the same period in 2015, representing a decline of 27.9 percent. The decline was due to technical challenges associated largely with the FPSO Kwame Nkrumah turret bearing failure. (See Table 4.2)

The annualised daily average production for 2016 was 73,720 barrels per day (bopd), down from 102,497 bopd for the same period in 2015, This brings the total production from inception to end of year 2016 to 188,910,811 barrels.

A total of 38,420 MMScf of associated gas was produced in 2016 (see table 4.4). After gas reinjection to maintain reservoir pressure, 21,579.60 MMScf was exported to the GPP at Atuabo and the remainder utilized on the FPSO for power generation.

The adjoining oil and gas discoveries of Teak and Mahogany will be developed together with the main Jubilee Field currently under production to form the Greater Jubilee Field. This is expected to extend plateau production. The development plan is scheduled to be submitted by the end of April 2017.

The achieved average Jubilee oil price for January to December 2016 was US\$46.99. This compares favourably with the revised Benchmark Revenue price of US\$45.35 per barrel.

The TEN first oil was achieved on 15th August, 2016, producing and injecting from only ten (10) wells due to the ITLOS’s moratorium on the drilling of new wells. The Field achieved annualised average daily production of 14,525 barrels per day at end-2016, compared to an initial planned production of 23,092 barrels per day.

Table 4.2: Crude Oil Production: Volumes and Values in months -2016

Month	Jubilee (BBLs)	TEN (BBLs)	Total(Bbls)	Value(Us\$) ¹¹
January	3,112,793.00	-	3,112,793.00	46,270,143
February	2,876,466.00	-	2,876,466.00	35,165,137
March	1,321,719.00	-	1,321,719.00	62,107,576
April	-	-	-	-

¹¹ Production values were obtained by multiplying the volume produced by US\$46.99

May	1,525,973.00	-	1,525,973.00	1,471
June	2,603,178.00	-	2,603,178.00	22,323,334
July	2,378,761.00	-	2,378,761.00	11,777,979
August	3,093,778.00	135,778.00	3,229,556.00	51,756,836
September	2,919,429.00	950,036.00	3,869,465.00	81,826,160
October	3,029,181.00	1,124,324.00	4,153,505.00	95,173,200
November	1,709,832.00	1,453,648.00	3,163,480.00	48,651,925
December	2,410,530.00	1,652,354.00	4,062,884.00	90,914,919
TOTAL	26,981,640	5,316,140	32,297,780	17,672,682
AVERAGE DAILY PRODUCTION (BOPD)	73,922			

Source: GNPC, 2018

Table 4.3: Ghana group share of 2016 production

Month	Jubilee	TEN	TOTAL PER MONTH	CUM
Jan	559,020.21	-	559,020.21	559,020.21
Feb	516,578.72	-	516,578.72	1,075,598.93
Mar	237,364.85	-	237,364.85	1,312,963.77
Apr	-	-	0.00	1,312,963.77
May	271,245.20	-	271,245.20	1,584,208.97
Jun	467,499.48	-	467,499.48	2,051,708.44
Jul	427,196.88	-	427,196.88	2,478,905.33
Aug	555,605.34	26,137.27	581,742.61	3,060,647.93
Sep	524,294.36	182,881.93	707,176.29	3,767,824.22
Oct	544,004.50	216,432.37	760,436.87	4,528,261.09
Nov	307,065.28	279,827.24	586,892.52	5,115,153.60
Dec	432,902.21	318,078.15	750,980.36	5,866,133.96

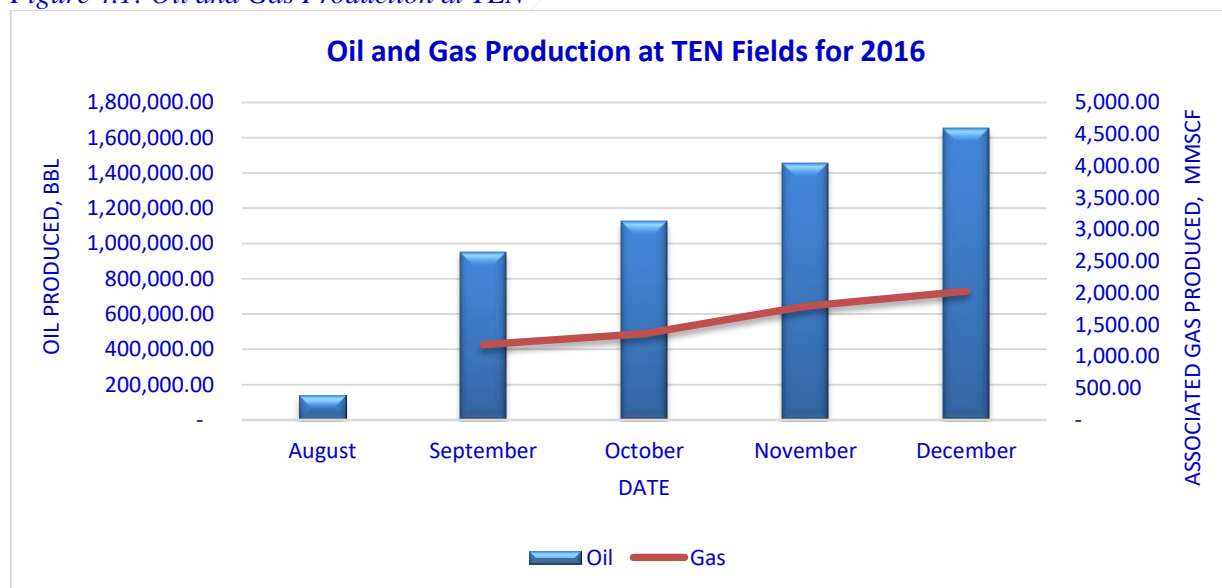
Source: GNPC, 2018

Table 4.4: Gas production in 2016

Month	Fields			Values (US\$) ¹²
	JUBILEE (MMScf)	TEN (MMScf)	Total (MMScf)	
January	4,449	-	4,449	13,675,058
February	4,320	-	4,320	13,279,834
March	2,261	-	2,261	6,948,992
April	-	-	-	-
May	2,319	-	2,319	7,129,313
June	3,556	-	3,556	10,929,761
July	3,440	-	3,440	10,575,574
August	4,279	171	4,450	13,679,700
September	4,003	1,185	5,188	15,947,082
October	4,029	1,357	5,386	16,557,056
November	2,414	1,789	4,203	12,919,100
December	3,352	2,030	5,381	16,542,485
TOTAL	38,421	6,532	44,952	138,183,954
Unit price	3,074			

Source: GNPC, 2018

Figure 4.1: Oil and Gas Production at TEN



GNPC/Boas' compilations

¹² Production values were obtained by multiplying the volume of gas produced by the average price of gas sold in 2016 i.e. US\$3,074 per MMScf.

4.3 Export

Liftings of crude oil for export in 2016 are shown in *tables 4.5 and 4.6 below*¹³.

Table 4.5: Ghana group jubilee crude oil lifting and revenue 2016

Lifting Account Name And Parcel No.	B/L Date	Parcel Qty (Bbl.)	Unit Price (Us\$/Bbl.)	Gross Amount (US\$)	Premium (Pricing Option Fees) (US\$)	Net Amount (US\$)
GHANA GROUP-0031	02-Feb-2016	947,980	32.084	30,414,990.32	75,838.40	30,490,828.72
GHANA GROUP-0032	14-May-2016	995,152	48.328	48,093,705.86	79,612.16	48,173,318.02
GHANA GROUP-0033	10-Aug-2016	983,847	47.17	46,408,062.99	78,707.76	46,486,770.75
GHANA GROUP-0034	23-Oct-2016	949,320	49.324	46,824,395.30	75,945.60	46,900,340.90
GHANA GROUP-0035	27-Dec-2016	984,163	53.428	52,581,860.76	78,733.04	52,660,593.80
TOTAL		4,860,462		224,323,015	388,837	224,711,852.19

Source: *GNPC, 2018*

Table 4.6: Ghana Group TEN crude oil liftings and revenue

LIFTING ACCOUNT NAME AND PARCEL NO.	B/L DATE	PARCEL QTY (BBL)	UNIT PRICE (US\$/BBL)	GROSS AMOUNT (US\$)	PREMIUM (PRICING OPTION FEES) (US\$)	NET AMOUNT (US\$)
GHANA GROUP-0031	08-Dec-2016	996,459	51.09	50,909,090.31	99,645.90	51,008,736.21

Source: *GNPC, 2018*

Exports by Jubilee Partners

There was a total of 27 liftings of oil in the year 2016 out of which Ghana Group lifted 5 representing 18.6 percent. Ghana lifted 4,860,462.00 BBls of oil from the Jubilee field. (*See table 4.7*)

Table 4.7: Total liftings by Jubilee partners in 2016

Company	Quantity Lifted	Value (US\$)	No. of Lifting	Percentage
Tullow Ghana	8,805,677.00	413,778,762.23 ¹⁴	9	33.69%
Kosmos Energy	5,759,534.00	270,640,502.66	6	22.04%
Anadarko & Petro SA	6,708,340.00	315,224,896.60	7	25.67%
Ghana Group	4,860,462.00	228,393,109.38	5	18.60%
Total	26,134,013.00	1,228,037,270.87	27	100%

Sources: *GNPC, 2018 and Boas' computations*

¹³ Please note that the proceeds from the 27th December 2016(0035) and the single TEN lifting were not received in 2016.

¹⁴ Production and Export values for Jubilee and TEN Partners were arrived at by multiplying US\$46.99 per barrel (Price obtained by Ghana)

TEN

The TEN Fields also recorded a total of 5 liftings for 2016 since it commenced production in August 2016. Ghana Group only recorded 1 lifting in the year which was 996,459.00 BBIs. The liftings are detailed in Table 4.8.

Table 4.8: Exports by TEN Partners in 2016

Company	Quantity Lifted	Values (US\$)	No. of Lifting	Percentage
Tullow Ghana	1,644,192.00	77,260,582.08	2	35.50%
Kosmos Energy	995,957.00	46,800,019.43	1	21.50%
Anadarko & Petro SA	994,886.00	46,749,693.14	1	21.48%
Ghana Group	996,459.00	46,823,608.41	1	21.51%
TOTAL	4,631,494.00	217,633,903.06	5	100%

Source: GNPC, 2018

Gas Exports¹⁵(EVACUATION): Tables 4.9 and 4.10 provide details of gas exports in 2016.

Table 4.9: Gas Exports in 2016

Volume (MMScf)	Price¹² (US\$)/ MMScf	Value (US\$M)
21,579.92	3,074	66,336,678.15

Source: Boas & Associates

Table 4.10: Monthly Gas exports to Atuabo plant (GNGC) in 2016

Supply of Gas For January 2016	2,411.24	7,412,151.76
Supply of Gas For February 2016	2,557.89	7,862,953.86
Supply of Gas For March 2016	1,603.14	4,928,052.36
Supply of Gas For May 2016	1,231.14	3,784,524.36
Supply of Gas For June 2016	1,546.01	4,752,434.74
Supply of Gas For July 2016	2,068.40	6,358,261.60
Supply of Gas For August 2016	2,282.53	7,016,497.22
Supply of Gas For September 2016	1,673.78	5,145,199.72
Supply of Gas For October 2016	2,401.39	7,381,875.93
Supply of Gas For November 2016	1,558.42	4,790,584.08
Supply of Gas For December 2016	2,245.98	6,904,142.52
2016 Total	21,579.92	66,336,678.15

Source: GNPC, 2018

Merchandise Exports

Crude Oil exports accounted for 12.1% of the total Merchandise Exports in 2016 (*See section 11*).

¹⁵ The GNPC refers to Gas evacuated from Jubilee Field to Atuabo Gas Processing Plant as gas exports.

Associated gas produced from the TEN Fields at end-2016 was 6,531 MMScf, of which 367 MMScf was re-injected. The remaining gas was utilized on the FPSO for power generation and flared due to FPSO commissioning operations. The first associated and non-associated gas exports are scheduled for 12 and 24 months, respectively, from first oil.

In the meantime, efforts are underway to interconnect the Jubilee and TEN gas export facilities to enable gas export to the AGPP. This is expected to be completed by March 2017.



5.0 Revenue Collection

5.1 Revenue flow within the Oil/Gas Sector

According to the PRMA 2011 (Act 815 as amended), receipts from the sale of petroleum are lodged into the Petroleum Holding Fund (PHF) at the Bank of Ghana.

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

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

- a) Royalties from oil and gas, additional oil entitlements, surface rentals, other receipts from any petroleum operations and from the sale or export of petroleum;
- b) Any amount received from direct or indirect participation of the government in petroleum operations;
- c) Corporate income taxes in cash from upstream and midstream petroleum companies;
- d) Any amount payable by the national oil company as corporate income tax, royalty, dividends, or any other amount due in accordance with the laws of Ghana;
- e) Any amount received by government directly or indirectly from **petroleum resources** not covered by paragraphs (a) to (d) including where applicable, capital gains tax derived from the sale of ownership of exploration, development and production rights; and
- f) Carried and participating interest after deducting equity financing and cash or the equivalent of barrels that shall be ceded to the national oil company out of carried and participating interests recommended by the Minister and approved by parliament.

Thus, revenues received as carried and participating interests and royalty are all lodged into the PHF. In addition, surface rentals and corporate taxes are also deposited into the PHF. The other collections by the GRA are lodged into the consolidated fund. Collections by the EPA, GNPC and Petroleum Commission are utilised as internally generated funds.

Revenues collected into the Petroleum Holding Fund as well as that collected by the Petroleum Commission, the GNPC and EPA in 2016 are summarised in Fig 5.1.

Figure 5.1: Sources of Petroleum Holding Fund and Allocation

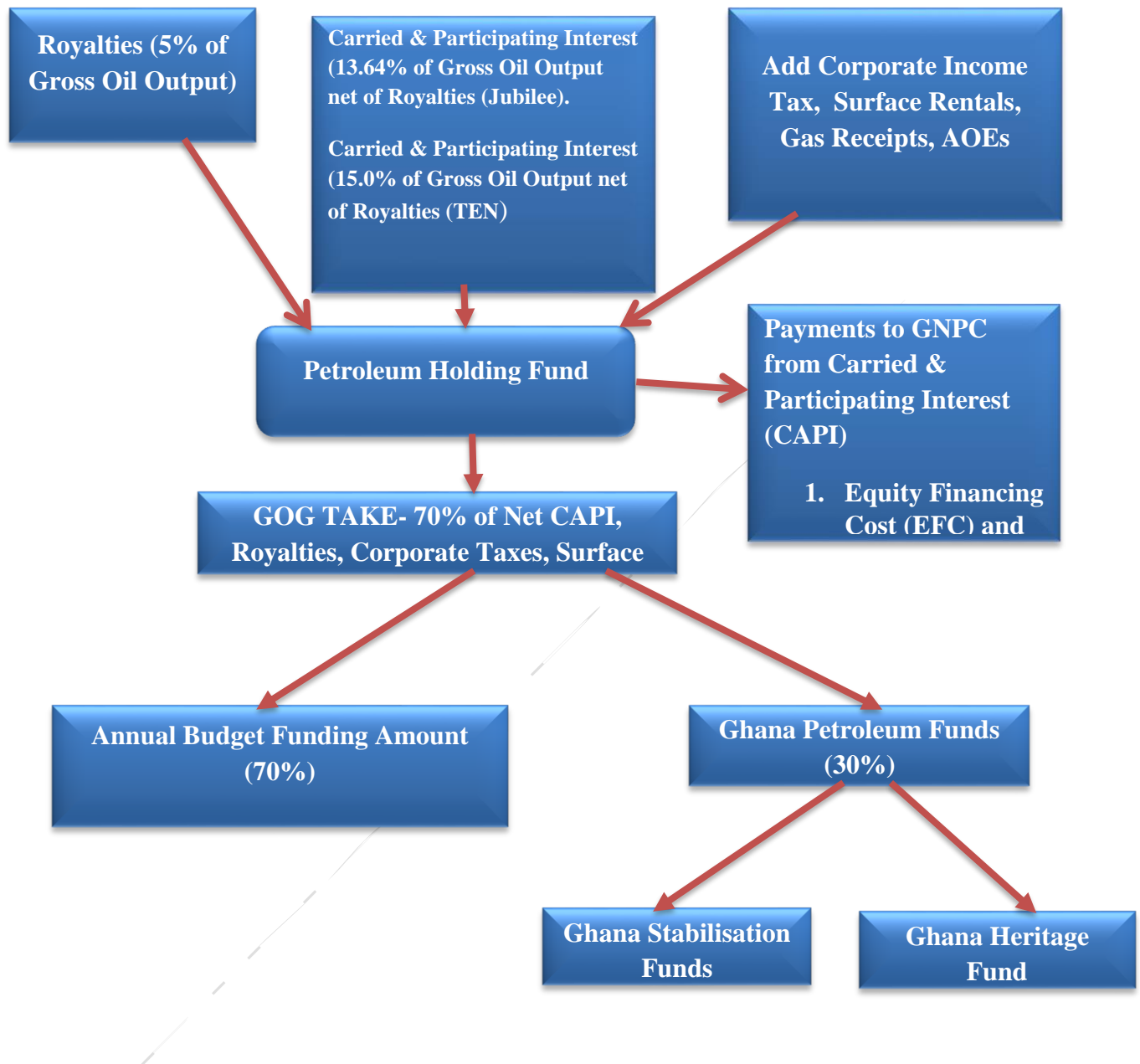


Table 5.1: Revenue flows in the oil /gas sectors

Revenue Flows within the Oil/Gas Sector during the reconciliation period.	
Revenue Streams	Receiving Agency
Corporate Tax; Withholding Tax; Pay-As-You-Earn; Value Added Tax; Excise Duty; Import Duty; Capital Gain tax ;surface rental; royalty; carried Interest; Additional participating interest	Ghana Revenue Authority
EPA Permit fees	EPA
Data Licence fees; Training obligations; Technology and technical support, Licence Application, Production Permit, Installation fees, extension fees	Petroleum Commission/GNPC
Port/Shorebase costs	GPHA

Petroleum receipts in 2016

- ❖ In 2016, there were two petroleum production fields in operation in Ghana. These were the Jubilee Field and the TEN Fields. Although there were petroleum exports or sales from both fields in 2016, only the Petroleum sales from the Jubilee Field have been considered in the reconciliations in the report. This is because the sale proceeds from exports from the TEN field was not received in 2016.
- ❖ The state is entitled to a royalty on gross production of 5 percent for Jubilee and TEN. The Petroleum Agreements also grant Ghana, Carried and Participating Interests of approximately 13.64 percent and 15 percent in the Jubilee and TEN Fields, respectively. Corporate Income Tax on upstream and midstream petroleum companies for 2016 was 35 percent. (See section 3.2).

The receipt of the proceeds from these and other sources of petroleum revenue is regulated by the PRMA.

The PRMA provides a framework for the collection, allocation and management of petroleum funds. The law establishes the PHF as a designated Public Fund to receive all petroleum receipts as defined in the Law.

In 2016, GNPC lifted six parcels of crude oil (i.e. the 31st to 35th Jubilee and 1st TEN liftings) on behalf of the State and exported a total of 21,580 MMScf of gas to GNGC. Total crude oil lifted was 5,856,921 barrels of oil (4,860,462 barrels of Jubilee oil and 996,459 barrels of TEN oil), compared to 5,730,090 barrels in 2015.

Even though the overall lifting volume was 2.21 percent higher than that of the previous year, the Jubilee lifting of 4,860,462 barrels of oil is lower than the 5,730,090 barrels in the corresponding period in 2015.

Receipts from crude oil liftings for 2016, which accrued from the 30th (lifted in December 2015) to the 34th Jubilee liftings was US\$207.79 million. This involved 4,824,417 barrels of oil and excludes the proceeds from the 35th Jubilee and 1st TEN liftings in December 2016, whose proceeds were received in the first quarter of 2017 (see Table 5.2 and 5.3).

Table 5.2: Details of crude Oil Proceeds on liftings Basis

Item	Unit	1st Qtr		2nd Qtr	3rd Qtr	4th Qtr	Total
				JUBILEE			
		30th Lifting	31st Lifting	32nd Lifting	33rd Lifting	34th Lifting	
Date of Lifting	dd/mm/yy	8-Dec-15	2-Feb-16	14-May-16	10-Aug-16	23-Oct-16	
Receipt Date	dd/mm/yy	7-Jan-16	3-Mar-16	13-Jun-16	9-Sep-16	22-Nov-16	
Volume of lift	Barrels	948,118	947,980	995,152	983,847	949,320	4,824,417
Selling Price	US\$	37.692	32.164	48.408	47.250	49.404	
Value of lift	US\$	35,736,463.66	30,490,828.72	48,173,318.02	46,486,770.75	46,900,205.28	207,787,586.43
	GH¢	135,687,778.87	117,676,304.36	187,818,132.30	183,855,178.32	186,644,056.93	811,681,450.78

Source: Ministry of Finance/Bank of Ghana

45. Total petroleum receipts (i.e. proceeds from Jubilee liftings and other petroleum receipts) as at the end of 2016 was US\$247.18 million

Table 5.3: Sources of 2016 Petroleum Receipts

Item	Unit	1st Qtr		2nd Qtr	3rd Qtr	4th Qtr	Total	
				JUBILEE				TEN
		30th Lifting	31st Lifting	32nd Lifting	33rd Lifting	34th Lifting	1st Lifting*	
Jubilee Royalties	US\$	9,949,572.66	8,489,108.45	13,412,181.25	12,942,620.95	13,057,727.38	-	57,851,210.69
Jubilee Carried and Participating Interest	US\$	25,786,891.00	22,001,720.27	34,761,136.77	33,544,149.80	33,842,477.90	-	149,936,375.74
Surface Rentals	US\$	-	356,844.24	78,250.00	-	-	29,935.50	465,029.74
Corporate Income Tax	US\$	-	2,027,780.00	204,770.00	-	-	27,314,273.00	29,546,823.00
PHF income	US\$	-	19,208.20	8,529.19	24,079.01	8,990.01	12,342.33	73,148.74
Gas Royalties	US\$	-	379,554.50	-	-	-	-	379,554.50

Gas Carried and Participating Interest	US\$	-	8,923,251.85	-	-	-	-	8,923,251.85
Price Differentials	US\$	-	-	-	-	-	-	-
Total Petroleum Receipts	US\$	35,736,463.66	42,197,467.51	48,464,867.21	46,510,849.76	46,909,195.29	27,356,550.83	247,175,394.26
	GH¢	135,687,778.87	162,926,879.02	188,926,970.89	183,949,330.54	186,679,836.27	114,376,616.80	972,547,412.39

Source: Ministry of Finance/Bank of Ghana

*These receipts are not related to TEN. They were rather distributed together with the 1st TEN lifting proceeds in 2017Q1

Variance Analysis of 2016 Petroleum Receipts

Benefit Stream Analysis

Table 5.4 shows that the actual receipts for 2016 showed a negative variance of US\$101.24 million over the 2016 Budget estimate.

Table 5.4: Analysis of 2016 Petroleum Receipts

Item	Budget	Actual	Variance
	A	B	C = B - A
		US\$	
Royalties			(20,682,383.45)
	78,533,594.14	57,851,210.69	
<i>o/w Jubilee Royalties</i>			(20,682,383.45)
	78,533,594.14	57,851,210.69	
<i>o/w SOPCL Royalties</i>			-
	-	-	
Carried and Participating Interest			(58,539,042.21)
	208,475,417.95	149,936,375.74	
Surface Rentals			(586,247.51)
	1,051,277.25	465,029.74	
Corporate Income Tax			29,546,823.00
	-	29,546,823.00	
PHF income			73,148.74
	-	73,148.74	
Gas Royalties			(2,082,986.62)
	2,462,541.12	379,554.50	
Gas Carried and Participating Interest			(48,970,607.03)
	57,893,858.88	8,923,251.85	

Total	348,416,689.34	247,175,394.26	(101,241,295.08)
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Source: Ministry of Finance/Bank of Ghana

6.0 Reconciliation

6.1 Scope of the 2016 GHEITI Oil and Gas report

This section sets the scope of the 2016 GHEITI Oil and Gas report. Amongst others, it shows the alternatives for materiality thresholds provided to the MSG at the inception phase. It shows the means of assuring credibility for data provided by the reporting entities.

The MSG was required to approve the means of assuring credibility and data quality. Details of revenue streams used in establishing the materiality thresholds are also indicated.

6.1.1 Determination of Materiality

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

The proportion of the various revenue streams to total revenues received were determined. *(See Tables 6.1 and 6.2).*

- a) There were no payments for the following revenue streams, capital gains tax, data licence fees and licence application at the time of scoping.
- b) Indirect revenue streams or payments have been excluded as these were made by the oil and Gas companies on behalf of supplies and other entities. These were withholding taxes, VAT and PAYE.
- c) The MSG indicated and as reflected in the terms of reference payments that were not extractive industry related were excluded. Thus, excise duty, import duty and Port/Shorebase costs were therefore excluded in the determination of materiality thresholds and were used for reconciliation.
- d) Total revenues collected in the sector, and those revenue streams used in establishing the materiality thresholds and payments made into the Petroleum Holding Fund (PHF) have been shown in Tables 6.1, 6.2 and 6.3 respectively.

Table 6.1: Total revenues received in 2016

Table 6.1 Total revenues received in 2016 (US\$)	Amount
Corporate Tax	29,546,823.00
PAYE	30,333,560.00
Withholding Tax	88,256,698.00
VAT	0.00
Excise Duty	0.00
Import Duty	0.00
Capital Gains Tax	0.00
Ports/Shorebase Costs	0.00
Royalty	57,851,195.40
Carried/Participating Interest	149,936,391
Surface rentals	465,030
Production permit	16,000
Training Obligations	3,356,694
Technology and Technical Support	5,000,000
Exploration and Development fees	300,000
Installation Permit fees	155,000
Extension Period	100,000
Data Licence Fees	639,593
Gas revenue from Jubilee	9,302,806
EPA Processing Fees	143,608.46
EPA Permit Fees	405,987.11
Differential-Jubilee Fields	0
PHF income	73,149
Total	375,882,534.97

Source: GRA, PETCOMM, GNPC

The following revenue streams were used in the determination of materiality thresholds.

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

Revenue Stream	Amount(US\$)	% of Total receipts	
Corporate Tax	29,546,823.00	11.5157	Reconciled
Royalty	57,851,195.40	22.5471	Reconciled
Carried Interest	109,917,271.25	42.8395	Reconciled
Additional Participating Interest	40,019,119.78	15.5972	Reconciled
Surface rentals	465,029.74	0.1812	Reconciled
Production permit	16,000.00	0.0062	Not reconciled
Training Obligations	3,356,693.99	1.3082	Reconciled
Technology and Technical Support	5,000,000.00	1.9487	Reconciled
Exploration and Development fees	300,000.00	0.1169	Not reconciled
Installation Permit fees	155,000.00	0.0604	Not reconciled
Extension Period	100,000.00	0.0390	Not reconciled
Data Licence Fees ¹⁶	0.00	0.0000	Not reconciled
Gas from Jubilee	9,302,806.35	3.6257	Reconciled
EPA Permit Fees/Processing fees	549,596	0.2142	Reconciled
Differential-Jubilee Fields	-		Not reconciled
Total	256,579,535.08	100	

Table 6.3: Petroleum Revenues received in the Petroleum Holding Fund in 2016

Revenue Stream	Amount(US\$)	% of Total receipts
Corporate Tax	29,546,823.00	11.96
Royalty	57,851,195.40	23.41
Carried Interest	109,917,271.25	44.48
Additional Participating Interest	40,019,119.78	16.20
Surface rentals	465,029.74	0.19
Gas from Jubilee	9,302,806.35	3.76
Total	247,102,245.52	100.00

6.2 Revenue Streams

The following revenue streams were approved by the MSG for the 2016 GHEITI Oil/Gas sector reconciliation exercise. (See Tables 6.2 and 6.4)

¹⁶ The GNPC/Petroleum Commission did not submit any amount as data licence fee at the time of scoping. In determining materiality thresholds data Licence fees was not included.

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

Any revenue stream that recorded an amount of US\$2,565,795 or more in 2016 was to be reconciled.

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

Amount received as surface rent was lower than 1% of the preliminary receipts, it was however reconciled because it is one of the extractive revenues that requirement 4.1(b) of the 2016 EITI standards says should be reconciled.

Detailed explanation of revenue streams are shown in Table 6.4

Table 6.4: Revenue streams used in 2016 reports

No.	Revenue Stream	Purpose
1	Royalty	It is a production levy which is based on the gross value of oil and gas won irrespective of profitability

2	<p>Corporate Tax (PIT)</p> <p>Loss carried Forward</p>	<p>Corporate tax payment is based on Petroleum Income Tax Law 1987¹⁷. This is the tax payable on income derived from oil and gas production. The Capital allowance regime is 20% on a straight line basis. Expenses ranging from exploration, capital expenditure, development and operational costs prior to the year of commencement of production is accumulated, and amortized over a 5 year period.</p> <p>Recoverable preproduction expenses relates to exploration, plant and equipment, Fields development comprising of building facilities for oil and gas exploitation such as drilling wells, laying of supporting infrastructure, interest expenses and general and administrative expenses. Petroleum income tax is computed at 35% of the taxable income derived as follows:</p> <p>Gross Income less Allowable expenses, Capital allowances and Losses carried forward</p> <p>Allowable expenses include Petroleum royalties, contributions to a decommissioning fund, Rentals, interest expense and charges on sums borrowed for petroleum operations.</p> <p>Under the income tax Act,2015(Act 896), losses are carried forward for five years</p>										
3	<p>Surface Rental</p>	<p>According to the Model Petroleum Agreement (MPA), contractors with exploration rights are required to pay surface rental for blocks assigned to them for petroleum operations at a rate charged per square kilometre. However these rates may vary for different agreements with contractors.</p> <table border="1" data-bbox="581 1178 1308 1360"> <thead> <tr> <th>Phase of Operation</th> <th>Surface Rental per Annum</th> </tr> </thead> <tbody> <tr> <td>Initial Exploration Period</td> <td>US \$ 30 per sq. km</td> </tr> <tr> <td>1st Extension Period</td> <td>US \$ 50 per sq. km</td> </tr> <tr> <td>2nd Extension Period</td> <td>US \$ 75 per sq. km</td> </tr> <tr> <td>Development and Production</td> <td>US \$ 100 per sq. km</td> </tr> </tbody> </table>	Phase of Operation	Surface Rental per Annum	Initial Exploration Period	US \$ 30 per sq. km	1 st Extension Period	US \$ 50 per sq. km	2 nd Extension Period	US \$ 75 per sq. km	Development and Production	US \$ 100 per sq. km
Phase of Operation	Surface Rental per Annum											
Initial Exploration Period	US \$ 30 per sq. km											
1 st Extension Period	US \$ 50 per sq. km											
2 nd Extension Period	US \$ 75 per sq. km											
Development and Production	US \$ 100 per sq. km											
4	<p>Dividend</p>	<p>Dividends paid by National Oil Company for Government's equity interest.</p>										
5	<p>Initial (carried) Interest (See fig 3.1)</p>	<p>The Carried Interest means an interest held by the Republic in respect of which the contractor pays for the exploration and development costs without any entitlement to reimbursement from the Republic. However the republic contributes towards production cost. For the Jubilee Fields the carried interest is 10%. (<i>See Table 6.7</i>)</p>										

¹⁷ The Petroleum Income Tax Law (PITL 1987) was repealed in September 2015. The Income Tax Act, Act 896, has provisions for taxation of petroleum activities in the upstream sector.

6	Additional Participating Interest	This is the interest acquired by the GNPC on behalf of the state after the discovery of oil and gas in commercial quantities. Under this arrangement, the GNPC/ Government of Ghana pay its share of development and production costs. The state or government of Ghana however does not contribute towards exploration expenditure. (See Table 5.7)
7	Training Allowance	Amount paid by Oil/Gas companies to assist in building the capacity of the Regulator of the sector ¹⁸ .
8	Gas revenue	Gas revenue from the jubilee Fields paid into the Petroleum Holding Fund
9	Environmental Permitting Fees	Amounts paid to EPA for engaging in activities that impact the environment negatively.

6.3 Determination of Threshold for Entity Reporting Companies

Payments (of the revenue streams used in the determination of materiality thresholds) made by all the companies operating in the oil/gas sector in 2016 are indicated in Table 6.4 below. It shows the total payments made by a company, the percentage contribution to the payments and the cumulative weight.

Table 6.5 shows the materiality threshold analysis and companies' payments analysis for 2016.

Table 6.5: Companies/Total payment made in 2016

	Extractive Entity	Total payments to Government	% Weight	Cumulative weight
1	TULLOW GHANA LTD	87,537,301.05	34.1170	34.1170
2	GNPC	72,210,867.29	28.1437	62.2607
3	KOSMOS ENERGY GHANA LTD	42,879,128.68	16.7118	78.9725
4	ANADARKO	40,393,781.48	15.7432	94.7157
5	ENI GHANA E & P LTD	6,963,188.44	2.7139	97.4295
6	PETRO SA	4,588,428.90	1.7883	99.2178
7	HESS GHANA EXPLORATION LTD	579,310.27	0.2258	99.4436
8	HERITAGE EXPL. & PRODN. GHANA LIMITED	560,000.00	0.2183	99.6619
9	MEDEA DEVT / COLA NATURAL RESOURCES GHANA LTD	500,000.00	0.1949	99.8568
10	MEDEA DEVELOPMENT INTERNATIONAL	138,250.00	0.0539	99.9106
11	SPRINGFIELDS EXPLORATION & PRODUCTION LIMITED	100,000.00	0.0390	99.9496
12	GOSCO	29,939.23	0.0117	99.9613
13	BLUE OCEANS	26,854.22	0.0105	99.9717
14	GHANA GAS	25,762.15	0.0100	99.9818
15	AMNI INT'L PETROLEUM DEV. CO, LTD	13,974.00	0.0054	99.9872

¹⁸ Technology allowance had been paid to GNPC up until 2016, when a policy directive changed the arrangement fo payment to Petroleum Commission

16	CAPE 3 SERVICES	7,672.63	0.0030	99.9902
17	M-I HOLDINGS	5,115.09	0.0020	99.9922
18	INDEPENDENT OIL TOOLS GHANA LTD	3,836.32	0.0015	99.9937
19	AOS ORWELL GHANA	3,836.32	0.0015	99.9952
20	OMNI ENERGY	2,877.24	0.0011	99.9963
21	SEAWELD TANK SERVICES	2,258.31	0.0009	99.9972
22	DRILL EQUIP	2,237.85	0.0009	99.9981
23	KARIBA ENGINEERING	2,171.36	0.0008	99.9989
24	BAYSFIELDS	1,531.97	0.0006	99.9995
25	OILMACHINE SHOP	1,212.28	0.0005	100.0000
	Total	256,579,535.08	100.00	

Table 6.6: Materiality threshold Analysis and Companies Selection for 2016

Threshold	No of companies	Weight/Total Revenue Collected (%)	Cumulative % coverage	Comment
Amount > US\$80m	1	34.1170	34.1170	
US\$80m ≥ Amount ≥ US\$70m	1	28.1437	62.2607	
US\$70m ≥ Amount ≥ US\$40m	2	32.4550	94.7157	
US\$40m ≥ Amount ≥ US\$6m	1	2.7139	97.4296	
US\$6m ≥ Amount ≥ US\$4m	1	1.7883	99.2179	6 companies; Minimum payment of US\$4m
US\$4m ≥ Amount ≥ US\$0.5m	3	0.6389	99.8568	11 companies including 4 companies that were not selected for the 2015 report. ie Heritage Exploration; Medea Dev./Cola Natural Resources Ghana Ltd; Medea Dev. International and Gosco Ltd.; Minimum payment US\$0.5m
US\$0.5m ≥ Amount ≥ US\$0.01m	6	0.1304	99.9872	15 companies including 6 new companies. Heritage Exploration; Medea Dev./Cola Natural Resources Ghana Ltd; Medea Dev. International; Gosco; Blue Oceans and Amni Int'l Petroleum Dev. Co, Ltd. Minimum payment 0f US\$10,000

Materiality statement: The MSG decided that any company that made total payments of US\$150,000 (of the revenue streams used in determining materiality) or more was required to complete and submit a reporting template.

Reporting companies were tasked to report on all the reconcilable revenue streams.

6.3.1 Reporting companies

The following nine entities were required to report for the 2016 GHEITI Oil & Gas sector report as their payments were considered material. (See Table 6.7). The companies that did not meet the materiality threshold (out of scope) are shown in Appendix 1B

Table 6.7: Material (in-scope) companies for 2016 reconciliation

	Extractive Entity	Activity	Commodity
1	TULLOW GHANA LTD	Production	Oil/gas
2	GNPC	Production	Oil/gas
3	KOSMOS ENERGY GHANA LTD	Production	Oil/gas
4	ANADARKO	Production	Oil/gas
5	ENI GHANA E & P LTD	Exploration/Production	Oil/gas
6	PETRO SA	Production	Oil/gas
7	HESS GHANA EXPLORATION LTD	Exploration	Oil/gas
8	HERITAGE EXPL. & PRODN. GHANA LIMITED	Exploration	Oil/gas
9	MEDEA DEVT / COLA NATURAL RESOURCES GHANA LTD	Exploration	Oil/gas

The companies that did not make material payments and were therefore out of scope are shown in Table

6.4 Reporting Government Agencies

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

- ❖ Ghana Revenue Authority
- ❖ Ministry of Finance
- ❖ Ministry of Petroleum¹⁹
- ❖ GNPC.
- ❖ Petroleum Commission.

Scoping decisions for GHEITI 2016 report

The scoping decisions by the MSG have been summarized in Table 6.8 below.

Table 6.8: Scoping decisions for GHEITI 2015/2016

Parameter	Decision
------------------	-----------------

¹⁹ Ministry of Petroleum is now Ministry of Energy

Year	2016
Materiality Threshold for Oil/Gas companies	US\$ 150,000
Coverage of material companies' payments to preliminary receipts(used in determining materiality)	99.85%
Coverage of material companies payments to total preliminary receipts	68.16%
Number of In Scope companies (Oil and Gas)	9
Reporting Government Entities	GRA, EPA, Petroleum Commission, GNPC

6.5 Data Quality

Auditing

Government entities

Public Financial Management System.

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

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

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

The Auditor General of Ghana and the Audit Service had completed the audit of all participating government Agencies for 2016.
http://cagd.gov.gh/portal/files/Report_of_the_Auditor_General_2016.pdf

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

The Audit Service monitors the use and management of all public funds and report to Parliament annually. (See Section 9.0)

The 2016 Auditor General's report did not qualify any accounts of the government entities that are required to provide data for the 2016 GHEITI report

Reporting Companies

The companies Act, section 124(1c) requires directors of a company to cause to be prepared and circulated to members, auditors report in accordance with section 133 of this Code:

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

The financial statements of companies are audited by the independent auditors, employing international auditing standards.

The financial statements for 2016 for all the participating companies including the GNPC financial statements for 2016 have been audited by Independent Auditors appointed by the companies. These auditors employed auditing standards issued by the International Auditing and Assurance Standards Board. The IA examined the audited financial statements of reporting companies.

None of the Auditors' statements was qualified.

The annual reports of companies including audited financial statements may be obtained from the websites of the companies. For the audited financial statements of the GNPC please click on this link <https://www.mofep.gov.gh/sites/default/files/reports/economic/2016-GNPC-Audited-Report.pdf>

Credibility of Data

Following from the above, and in order to ensure data quality, the Steering Committee requested extractive companies to provide the following assurances:

- ❖ A senior manager, preferably the Chief Executive Officer, the Managing Director or the Chief Financial Officer, signs the completed reporting templates and emboss with company's stamp;
The submission of supporting documents for amounts stated on the templates. Detailed payment by payment data or supporting document so that each transaction is reconciled separately.
- ❖ For government agencies and state-owned enterprises, the completed reporting templates must be signed by a senior manager and embossed with entity's stamp. The

agencies should also provide supporting documents for amounts or figures stated on the templates.

Level of Disaggregation

The 2016 Report data was presented by individual oil and gas companies, government and government agencies for all revenue streams material in the year. Secondly the data was represented by revenue streams to facilitate understanding of the individual contributions to the industry.

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

Project level presentation was not applicable in 2016, as no petroleum company owned and produced from multiple oil blocks. However, some basic data from Jubilee Fields as a project involving total production, cost of production would be presented.

6.6 Data Collection & Analysis

Templates

The MSG designed a template based on benefit streams of previous reports with room for the addition of other streams. The IA has reviewed the templates (both for companies and government reporting entities) and found them satisfactory.

Data Reliability check

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

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

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

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

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

Senior officials signing templates, do so on behalf of the board of directors. It is believed by the Steering committee that these officials ensure the authenticity of the data provided, as the board of directors is likely to sanction any senior official who provide false data.

Discrepancy

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



7.0 Reconciliation of Oil and Gas Benefits in 2016

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

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

- ❖ Reconciliation of payments/entitlements made in Kind by IOCS' and receipts by GNPC
- ❖ Reconciliation of payments made by oil companies including GNPC and receipts by the Bank of Ghana/Ministry of Finance. The payments by GNPC covered Carried Interest, Additional paid interest and royalty²⁰. The Oil companies (IOC) payments on surface rental and corporate tax (*See Tables 7.7 and 7.8*)
- ❖ Reconciliation of liftings (exports) by Oil companies and GNPC to lifting records from the Ghana Revenue Authority (Customs Division).
- ❖ The lifting/export details at the Jubilee Fields for 2016 are shown in Appendix 4

7.1 Results of Reconciliation

The Reconciliation Process and Reporting Entities

❖ Government Agencies

The Ministry of Petroleum; Ghana Revenue Authority, Petroleum Commission and the GNPC²¹ submitted the required data and templates.

International Oil companies

Four international oil companies Kosmos Energy HC, ENI E&P Ltd, Medea Development Ltd and Hess Exploration Ltd submitted templates. Tullow (Ghana) Ltd, PetroSA Ltd, Anadarko and Heritage did not submit any template.

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

7.2 Payment of Royalty by International Oil Companies

- ❖ Reconciliation of amounts contributed by IOCS' in 2016: In 2016 total production at the Jubilee Fields was 26,981,640 barrels of oil. Per the fiscal regime at Jubilee Fields, the state is entitled to 5% royalty. In addition to this the GNPC holds 13.64084% of carried and

²⁰ Note that all the royalty oil was not contributed by GNPC. The IOCS' contributed 86% of royalty oil.

participating interest. The total royalty oil due the state from the 2016 production was 1,349,082 barrels. The contribution of royalty oil by IOCs' on the total production in 2016 amounted to 1,165,056 barrels(i.e. total royalty oil less GNPC's contribution)see Table 7.1A

- ❖ Royalty oil is deducted from the total production. The partners then share the remainder i.e. total entitlement) in proportion to their participating interest. GNPC lifts the royalty oil as well as 13.64084% of the total entitlement and sell on behalf of the state of Ghana. Table 7.1A shows the total royalty in barrels contributed by the Jubilee Partners.

Table 7.1A Reconciliation of IOCs' in-kind contribution and state entitlement in 2016 at jubilee

Year	2016				State Entitlement.
		Participating interest in Total Production	Contribution to Royalty	Entitlement	
Total Production at Jubilee	26,981,640bbls				
Royalty @ 5%	1,349,082 bbls				
Total Entitlement	25,632,558bbls				
Tullow's Participating interest (35.47952%)		9,572,956	478,648	9,094,308.54	478,648
Kosmos's participating Interest (24.07710%)		6,496,396	324,819	6,171,577	324,819
Anadarko's participating interest (24.07710%)		6,496,396	324,820	6,171,577	324,820
Petro SA's Participating interest (2.72544%)		735,368	36,768	698,600	36,768
GNPC's participating interest (13.64084%)		3,680,522	184,026	3,496,496	184,026
Total		26,981,640	1,349,082	25,632,558.76	1,349,082

Table 7.1B shows the production of oil, royalty oil and the entitlements of the partners at TEN Field.

Table 7.1B: Reconciliation of IOCs' in-kind contribution and state entitlement in 2016 at TEN

Year	2016				State Entitlement
		Participating interest in Total Production	Contribution to Royalty	Entitlement	
Total Production at TEN	5,316,140.00				
Royalty @ 5%	265,807.00				
Total Entitlement	5,050,333.00				
Tullow's Participating interest (47.18%)		2,508,155	125,408	2,382,747.11	125,408
Kosmos's participating Interest(17.00%)		903,744	45,187	858,556.61	45,187
Anadarko''s participating interest(17.00%)		903,744	45,187	858,556.61	45,187
Petro SA's Participating interest(3.82%)		203,076.55	10,154	192,922.72	10,154
GNPC's participating interest(15.00%)		797,421	39,871	757,549.95	39,871
Total		5,316,140	265,807	5,050,333	265,807

Details of Crude Oil Proceeds on Lifting Basis and contribution of IOCs'

- ❖ The Ghana government received an amount of US\$207,787,586 in 2016 as proceeds of 5 liftings from the Jubilee Fields. One of the liftings was made in December 2015 but the proceeds were received in 2016. (See Table 7.2)

Table 7.2: contribution of IOCs'' towards Ghana Government Petroleum receipts in 2016

Item	Unit	1st Qtr		2nd Qtr	3rd Qtr	4th Qtr	Total
		30th Lifting	31st Lifting	JUBILEE 32nd Lifting	33rd Lifting	34th Lifting	
Date of Lifting	dd/mm/yy	08-Dec-15	02-Feb-16	14-May-16	10-Aug-16	23-Oct-16	
Receipt Date	dd/mm/yy	07-Jan-16	03-Mar-16	13-Jun-16	09-Sep-16	22-Nov-16	
Volume of lift	Barrels	948,118	947,980	995,152	983,847	949,320	4,824,417
Selling Price		37.692	32.164	48.408	47.25	49.404	
	US\$						
Value of lift		35,736,463.66	30,490,828.72	48,173,318.02	46,486,770.75	46,900,205.28	207,787,586.43
	US\$						
Total royalty							57,851,211
Contribution by IOCs'/JUBILEE PARTNERS	Tullow	Kosmos	Anadarko	PetroSA	GNPC		
Participating Interest	35.4795%	24.0771%	24.0771%	2.7254%	13.6408%		
Contribution					7,891,391		
	20,525,320	13,928,894	13,928,894	1,576,700			
IOCs' royalty payment contribution to Ghana gov't revenues from petroleum sales in 2016	20,525,320	13,928,894	13,928,894	1,576,700			US\$ 49,959,808
Percentage contribution of IOCs' royalty payment to total lifting proceeds received in 2016. ²²							24.00

Out of the amount received, royalty accounted for US\$57,851,211. The royalty payment²³ made by the IOCs; amounted to US\$49,959,808 which represented 24% of government receipts from petroleum sales in 2016. Total royalty oil was approximately 1,343,192 barrels out of which the quantity provided by the IOCs' (See Table 7.3), summed up to 1,159,970 barrels, representing 86.40% of royalty oil, and 24% of total liftings that gave rise to the petroleum receipts in 2016.

Table 7.3: Payment of in-kind royalty by Jubilee Partners

Total Lifting in barrels	4,824,417
Total Royalty Oil in barrels	1,343,192

²² The IOCs made other payments such as surface rent and corporate tax into the PHF.

²³ The payments by the IOCs' were in kind. Thus they contributed part of their entitlements as oil. This was lifted by the GNPC and sold on behalf of the Government of Ghana. The IOCs' did not pay cash in paying for royalty.

Company	Participating Interest	Royalty oil contributed by Jubilee Partners	Received by GNPC on behalf of State
Tullow	0.3548	476,558	476,558
Kosmos	0.2408	323,402	323,402
Anadarko	0.2408	323,402	323,402
PetroSA	0.0273	36,607	36,607
GNPC	0.1364	183,222	183,222
Total		1,343,192	1,343,192

Table 7.4: Reconciliation of Oil Liftings by GNPC/GRA records in 2016-Jubilee Fields

Date of Lifting		GNPC LIFTINGS (BBL)	GRA(LIFTINGS)BBLs	DISCREPANCY
2016				
1	02-Feb-2016	947,980	947,980	-
2	14-May-2016	995,152	995,152	-
3	10-Aug-2016	983,847	983,847	-
4	23-Oct-2016	949,320	949,320	-
5	27-Dec-2016	984,163	984,163	-
Total		4,860,462	4,860,462	

Source: GNPC/GRA

Tables 7.5 and 7.6 show the reconciliations of liftings by the IOCs' and the GRA at Jubilee and TEN Fields respectively. Fig 7.1 is a pie chart that shows the liftings of Jubilee Partners

Table 7.5: Reconciliation of liftings by GRA and IOCs'24at Jubilee25

Jubilee Partner	Company(bbl.)	GRA(Liftings) bbl.	Discrepancy
Kosmos	5,759,534	5,759,534.00	-
Tullow	-	8,805,677.00	(8,805,677.00)
Anadarko & Petro SA	-	6,708,340.00	(5,759,534.00)
Total		21,273,551.00	

Table 7.6: Reconciliation of liftings by GRA and IOCS'26at TEN

TEN Partner	Company(bbl.)	GRA(Liftings)bbl.	Discrepancy
Kosmos	995,957	995,957	-
Tullow	-	1,644,192	(1,644,192)
Anadarko & Petro SA	-	994,886	(994,886)
Total		3,635,035	

²⁴ Tullow Ghana Ltd, Anadarko and PetroSA did not submit templates for reconciliation.

²⁵ See Appendix 4

²⁶ Tullow Ghana Ltd, Anadarko and PetroSA did not submit templates for reconciliation.

Figure 7.1: Oil liftings by Jubilee Partners in 2016

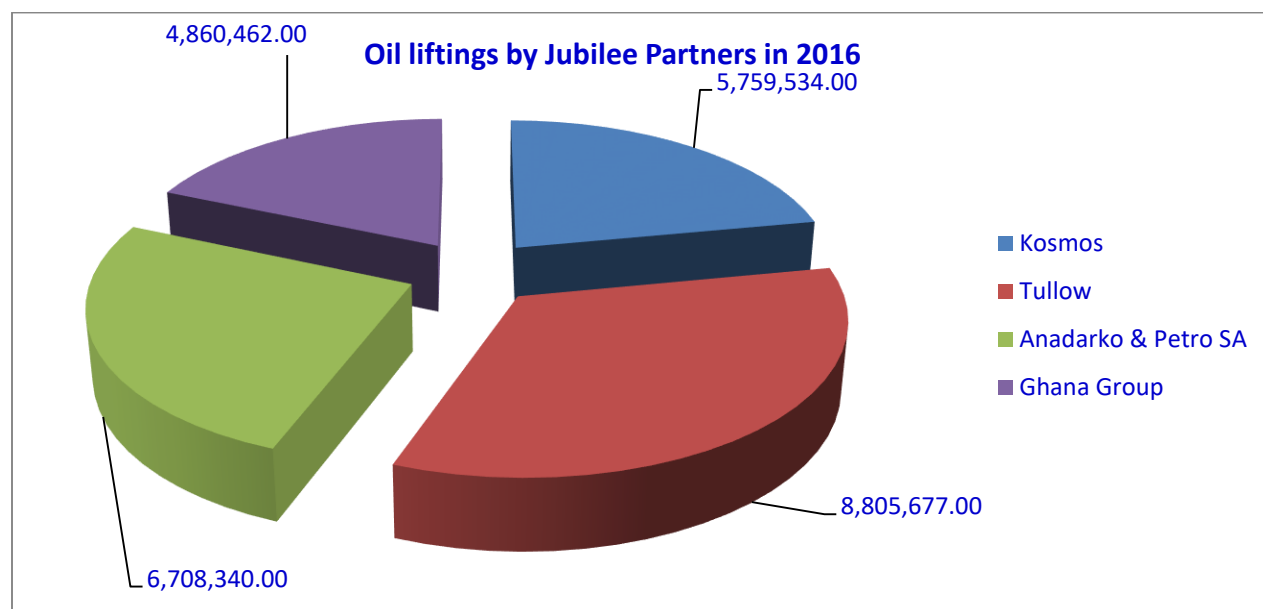


Table 7.7: Reconciliation of oil liftings by GNPC/GRA records in 2016 TEN Fields

Date Of Lifting	GNPC Liftings (Bbl.)	GRA(Liftings)Bbbs	Discrepancy
2016			
08-Dec-22016	996,459	996,459	-

Source: GNPC/GRA

Table 7.8: Surface Rental Payments in 2016

Company	Amount paid (US\$)
Hess Ghana Exploration Ltd	219,310.27
Kosmos Energy Plc.	17,797.20
Tullow	135,698.27
Medea Development International	78,250.00
Amni Int'l Petroleum Dev. Co, Ltd	13,974.00
Total	465,029.74

Source: GRA

Table 7.9: Corporate tax payments in 2016

Company	Amount paid (US\$)
Tullow Ghana Ltd	27,314,273.00
Kosmos WCTP	2,232,550.00
Total	29,546,823.00

7.2 Unilateral Declaration

Anadarko WCTP Ltd, Tullow (Gh) Ltd, PetroSA and Heritage Ltd did not submit any template.

According to the GRA, Tullow paid corporate tax US\$ 27,314,273 and surface rent of US\$135,698 in 2016. The GNPC also indicated that Tullow paid Training Allowance of US\$250,000 while the EPA reported receiving an amount of US\$ 317,796 from Tullow Ghana Ltd as EPA permit and processing fees.

Heritage E & P Ltd reportedly paid US\$500,000 as training fees in 2016, according to the GNPC.

Please find below the unilateral declaration by the government agencies. These receipts exclude the in-kind contributions made by the jubilee partners towards the payment of royalty to the state. (*See Table 7.10*)

Table 7.10: Unilateral declaration²⁷

Company	Amount (US\$)
Tullow(Gh) Ltd	28,017,767
Heritage E & P Ltd	500,000
Anadarko WCTP	-
Petro SA Ltd	-
Total	28,517,767

Data Licence Fees

Data Licence fees collected by GNPC was not reported at the scoping stage. The financial statements of the company however indicated that the company invoiced an amount of US\$1,139,608.25. Out of the invoiced amount, only US\$ 639,593.25 was paid in 2016. This amount if included will represent 0.25% of total preliminary receipts. This is less than the 1% of government receipts agreed by MSG, as cut off for resolution of discrepancies.

The exclusion of data licence fees in the reconciliation exercise, therefore did not have any significant effect on the reconciliation exercise and coverage. (*See Appendix 9*)

²⁷ These declarations by government Agencies do not include royalty in kind payment/contribution made by the Jubilee Partners.

7.3: Reconciliation by Revenue Streams and Extractive Companies

In this section the reconciliation of oil and gas company payments and reported receipts by the Government Agencies are presented.

Reconciliation by companies is shown in Table 7.11 and that for revenue streams shown in Table 7.12

Table 7.11: Reconciliation by Companies

Company	Company			Government			Final Amounts		Unresolved	
	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
KOSMOS	2,425,347	-	2,425,347	2,425,347	-	2,425,347	2,425,347	2,425,347		(0)
TULLOW	-	-	-	-	-	-	-	-	-	-
GNPC	217,547,696	-	217,547,696	217,116,155	-	217,116,155	217,547,696	217,116,155	431,586	(44)
ANADARKO	-	-	-	-	-	-	-	-	-	-
PETRO SA	-	-	-	-	-	-	-	-	-	-
ENI GHANA E&P LTD	6,807,000	(258,506)	6,548,494	6,548,494	-	6,548,494	6,548,494	6,548,494		(0)
HESS EXPLORATION	519,310	-	519,310	519,310	-	519,310	519,310	519,310		-
HERITAGE EXPLO.& PROD LTD	-	-	-	-	-	-	-	-	-	-
MEDEA DEV'T/COLA NAT RES. LTD	578,250	-	578,250	578,250	-	578,250	578,250	578,250		-
TOTAL	227,877,604	(258,506)	227,619,098	227,187,557	-	227,187,557	227,619,098	227,187,557	431,586	(45)

Table 7.12: Reconciliation by Revenue Streams

Revenue Stream	Company			Government			Final Amounts		Unresolved	
	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
Carried Interest	109,917,301	-	109,917,301	109,917,271	-	109,917,271	109,917,301	109,917,271	29	
Participating Interest	40,019,075	-	40,019,075	40,019,120	-	40,019,120	40,019,075	40,019,120		(44)
Royalty	57,851,211	-	57,851,211	57,851,195	-	57,851,195	57,851,211	57,851,195	16	
Surface Rental	315,357	-	315,357	315,357	-	315,357	315,357	315,357		(0)
Corporate Tax	2,232,550	-	2,232,550	2,232,550	-	2,232,550	2,232,550	2,232,550	-	-
Training/Technology²⁸	7,407,000	-	7,407,000	7,407,000	-	7,407,000	7,407,000	7,407,000	-	-
Gas Revenue	9,302,806	-	9,302,806	9,302,806	-	9,302,806	9,302,806	9,302,806	-	-
Environmental Processing/Permit Fees	832,303	(258,506)	573,797	142,257	-	142,257	573,797	142,257	431,540	
TOTAL	227,877,604	(258,506)	227,619,098	227,187,557	-	227,187,557	227,619,098	227,187,557	431,585	(44)

²⁸ Only ENI paid Technology support fees of US\$5,000,000 in 2016. The remaining amount represent payment of Training allowance fees.

7.4 Discrepancies

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

At the end of the reconciliation exercise, the net discrepancy obtained was US\$ 431,541 and an absolute discrepancy of US\$ 431,631. The absolute discrepancy represents 0.00019% of the government receipts submitted by government Agencies during the reconciliation. It represents 0.17% and 0.11% of the payments used in determining materiality thresholds and total revenues received by government respectively.

7.4.1: Resolution of discrepancies

The only discrepancy that was resolved was the discrepancy on environmental permitting fees submitted by the EPA and ENI (E & P) Ltd. This was caused by misclassification.

7.4.2 Unresolved discrepancies:

Unresolved discrepancies at the end of the reconciliation were (over discrepancy.), US\$ 431,586 and under discrepancy -US\$45 (under discrepancy), producing a net discrepancy of US\$431,541 and an absolute discrepancy of US\$431,631. This was mainly caused by the differences in amounts stated by EPA and GNPC as environmental permitting fees. The remaining discrepancy was caused by differences in amounts stated by GNPC and GRA as royalty, carried and additional participating interest. See Table 7.13 below.

Table 7.13: Unresolved discrepancies

Revenue Stream	Amount by which declaration by company exceeds that by government	Amount by which declaration by government exceeds that by company
OIL & GAS		
Carried Interest	29	0
Participating Interest		(44)
Royalty	16	
Surface Rental		(0)
Corporate Tax	-	-
Dividends	-	-
Training/Technology	-	-
Gas Revenue	-	-
Environmental Processing/Permit Fees	431,540	-
TOTAL	431,585	(44)

7.5: Contribution to government receipts by revenue streams²⁹ .

Table 7.14 shows that carried interest accounted for over 48% of the government receipts and remains the highest contributor to government revenues. It is followed by royalty and additional participating interest in the second and third places respectively.

Table 7.14: Contribution of revenue streams to 2016 government receipts

Revenue Stream	Amount at reconciliation	Percentage contribution to total revenue after reconciliation (%)	Amount collected in 2016(used in determining Materiality Thresholds)	Percentage contribution to Total amounts collected in 2016
Carried Interest	109,917,271	48	109,917,271	43
Participating Interest	40,019,120	18	40,019,120	16
Royalty	57,851,195	25	57,851,195	23
Surface Rental	315,357	0	465,030	0
Corporate Tax	2,232,550	1	29,546,823	12
Training/Tech	7,407,000	3	8,356,694	3
Gas Revenue	9,302,806	4	9,302,806	4
Environmental processing/permit fees	142,257	0	549,596	0
Total	227,187,557	100	256,008,535	100

The amount of US\$227,187,557 obtained as government receipts after the reconciliation exercise, represents 60.44% of total revenues in 2016.

²⁹ Although the GNPC did not submit data licence fees as part of the collections in 2016, the audited financial statements of the corporation accrued GHS 4,330,356 (US\$1,139,608.25) out of which US\$639,593.25 was received in 2016. Total collection by government in 2016 sums up to US\$256,648,128.25 if data licence is included.

Table 7.15: Reconciliation Coverage

Revenue Stream	Total Collected by Government in 2016 A-US\$	Total reported by Government agencies at Reconciliation B-US\$	% Coverage(B/A)
Carried Interest	109,917,271	109,917,271	100
Participating Interest	40,019,120	40,019,120	100
Royalty	57,851,195	57,851,195	100
Surface Rental	465,030	315,357	68
Corporate Tax	29,546,823	2,232,550	8
Training/Technology	8,356,694	7,407,000	89
Gas Revenue	9,302,806	9,302,806	100
Environmental Processing/Permit Fees	549,596	142,257	26
Total	256,008,535	227,187,557	89

The coverage for reconciliation is 89% when the revenues used in the determination of materiality threshold is considered. This is quite high. However, when the total revenues in 2016 are considered, the coverage is 60.44%. Low coverage by some revenue streams, particularly corporate tax, had a negative effect on the overall coverage.

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

Unilateral declaration of payments made by Government Agencies for Tullow Ghana Ltd and Heritage E& P amounted to US\$28,517,767. This amount represents 11% of the total government receipts used in determining materiality thresholds. If Tullow Ghana Ltd and Heritage E& P Ltd had reported the coverage would be 100% of revenues used in determining materiality. The lack of reporting by Tullow Ghana Ltd and to some extent by Heritage E&P Ltd, had a material effect on the reconciliation exercise. All efforts should be made by the MSG to ensure the participation of all companies that made material payments³⁰.

³⁰ Please note that the payments considered here exclude the in-kind payments of royalty oil made by the IOCs'. Total royalty payment has been attributed to GNPC, since it lifted and sold royalty oil on behalf of the state. IOCs' in kind payment of royalty has however been provided in the report.

However, when total revenues received in 2016 are considered, the unilaterally declared amount is just 7.6%. Thus if Tullow Ghana Ltd and Heritage E & P had reported the coverage of the reconciliation would be 68.02% of the total revenues received in 2016.

7.6 Analysis

Comparison of Government receipts 2015/2016

Fig 7.2 shows government receipts in 2015 and 2016. It shows that carried interest, participating interest and royalty all decreased in values in 2016 compared to 2015.

These are based directly on sales of oil. Decline in oil prices and volumes of oil sold in 2016 contributed to the reduction in amounts received. (See price analysis below in fig 7.3). There were increases in corporate tax, training and technology fees and gas revenues from Jubilee. The gas revenues were made up of gas royalties and gas CAPI.

Figure 7.2: Government receipts in 2015/2016

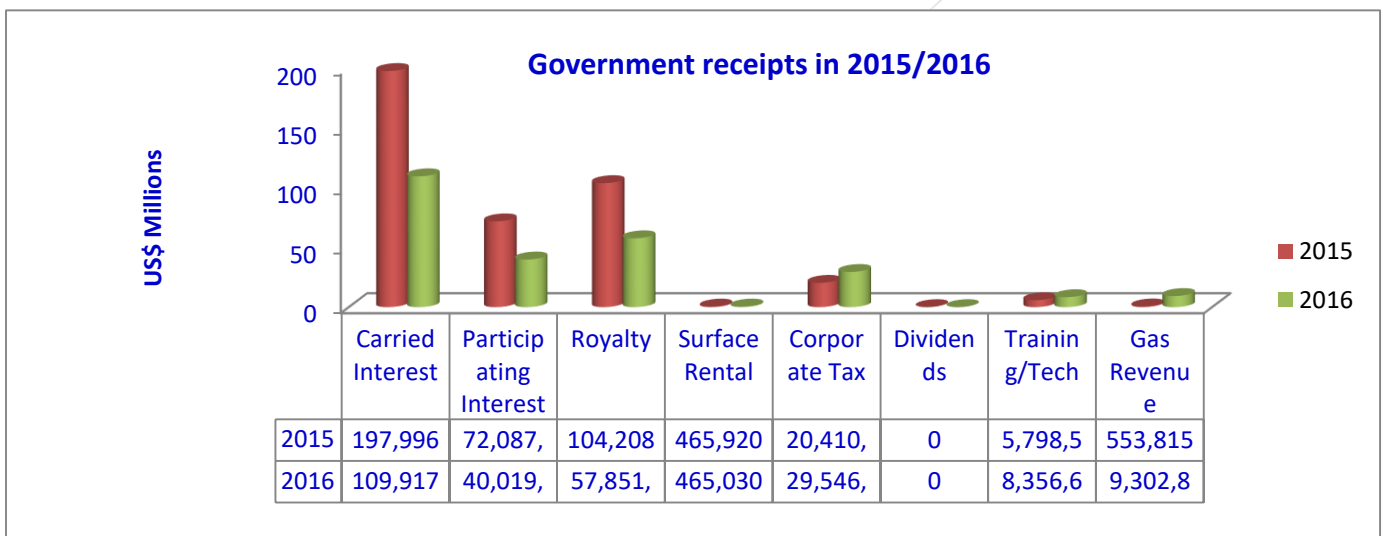
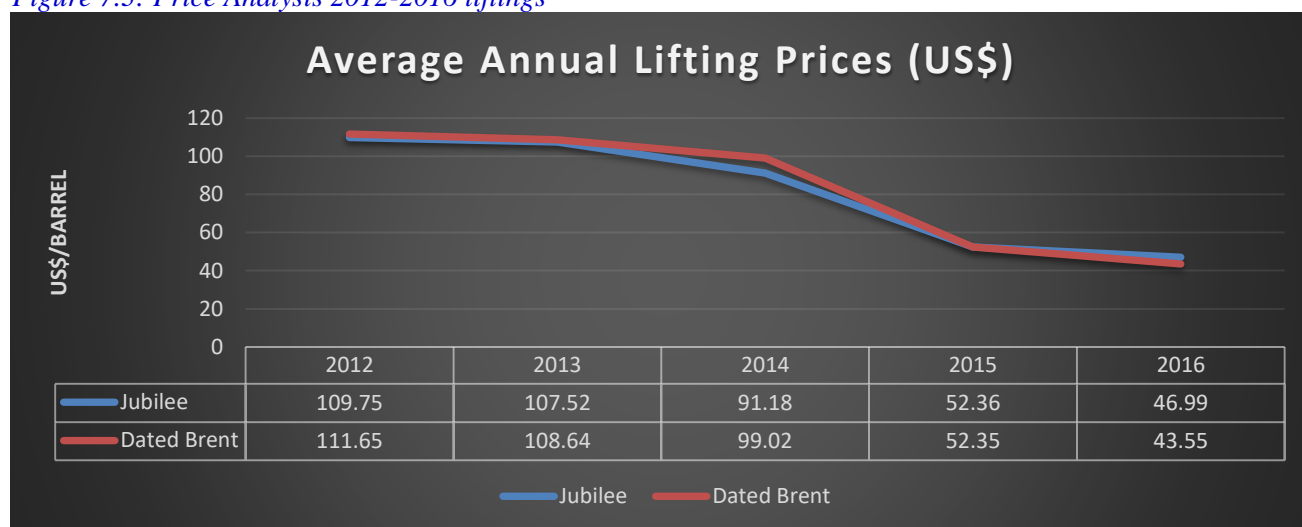


Figure 7.3: Price Analysis 2012-2016 liftings



Source: Annual reconciliation report 2016

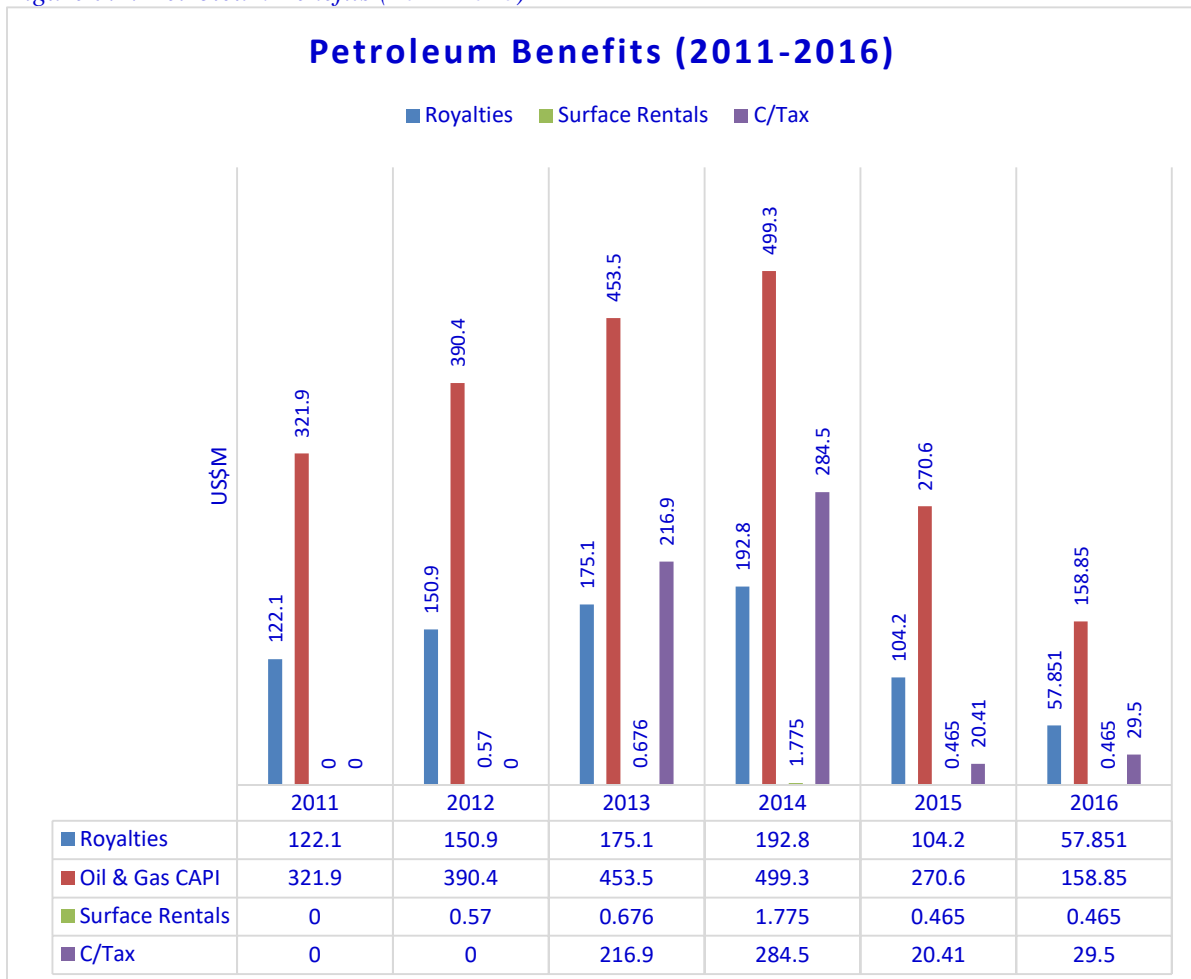
Corporate Income Tax receipts for the year was US\$29.55 million while Surface Rentals receipts amounted to US\$0.47 million. An amount of US\$9.30 million was realised from Gas Receipts and distributed in the first quarter, together with the 31st lifting proceeds in April 2016(see table 7.16)

Table 7.16: Analysis of Petroleum Receipts from 2011 to 2016

Jubilee Royalties	US\$	122,171,971	150,642,450	175,006,213	192,660,811	104,208,697	57,851,211	802,541,352	(46,357,486)
Carried and Participating Interest	US\$	321,952,753	390,428,872	453,573,866	499,330,323	270,083,791	149,936,376	2,085,305,980	(120,147,415)
Surface Rentals	US\$	-	570,138	676,418	1,775,768	465,920	465,030	3,953,274	(890)
Royalties from SOPCL	US\$	-	336,429	171,040	151,986	-	-	659,455	-
Corporate Income Tax	US\$	-	-	216,985,498	284,546,191	20,410,832	29,546,823	551,489,344	9,135,991
PHF income	US\$	-	-	-	129,237	30,468	73,149	232,853	42,681
Price Differentials	US\$	-	-	-	297,249	419,387	-	716,636	(419,387)
Gas Royalties	US\$	-	-	-	-	22,636	379,554	402,191	356,918
GAS Carried and Participating Inter	US\$	-	-	-	-	531,179	8,923,252	9,454,431	8,392,073
Total Petroleum Receipts	US\$	444,124,724	541,977,890	846,413,034	978,891,564	396,172,909	247,175,394	3,454,755,516	(148,997,515)
	GHS	670,683,313	977,668,475	1,644,933,994	2,774,917,536	1,449,906,213	972,547,412	8,490,656,943	(477,358,801)

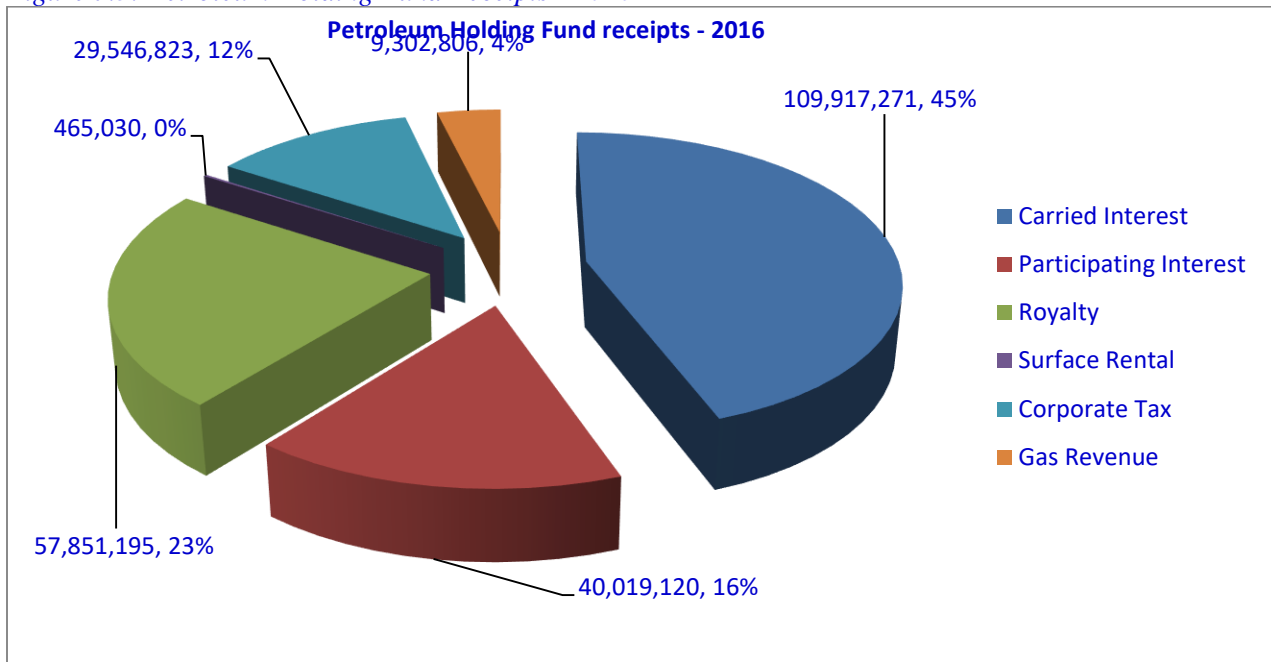
Source: Ministry of Finance/Bank of Ghana

Figure 7.4: Petroleum Benefits (2011-2016)



Source: MOF

Figure 7.5: Petroleum Holding Fund Receipts - 2016



Reconciliation of Petroleum Holding Fund receipts and EITI (revenues used to determine materiality). Table 7.17 shows revenues received into the PHF and amounts used in determining the materiality threshold for the 2016 reconciliation.

Table 7.17: Total Gov't receipts vrs PHF receipts

Revenue Stream	Preliminary Gov't receipts at scoping stage.	PHF	Difference
Corporate Tax	29,546,823.00	29,546,823	0
Royalty	57,851,195	57,851,211	-16
Carried/Participating Interest	149,936,391	149,936,376	15
Surface rentals	465,030	465,030	0
Production permit	16,000	0	16,000
Training Obligations	3,356,694	0	3,356,694
Technology and Technical Support	5,000,000	0	5,000,000
Exploration and Development fees	300,000	0	300,000
Installation Permit fees	155,000	0	155,000
Extension Period	100,000	0	100,000
Data Licence Fees	0	0	0
Gas revenue from Jubilee	9,302,806	9,302,806	0
EPA Processing Fees	143,608	0	143,608
EPA Permit Fees	405,987	0	405,987
Differential-Jubilee Fields		0	0
PHF income		73,149	-73,149
Total	256,579,535	247,175,395	9,404,140

The total revenues used in establishing materiality threshold for the 2016 report, was bigger than the total receipts of the PHF in 2016. The difference is US\$9,404,140.

This was due to the fact that some payments are made to organizations such as Petroleum Commission and GNPC but not into the Petroleum Holding fund.

Training obligations, technology/technical support, Exploration and Development fees, installation permit fees and extension fees were some of the revenues which were collected by the GNPC/Petroleum Commission, but not paid into the Petroleum Holding Fund

Thus the EITI considered wider range of revenues beyond the PHF.

Training and Technology Fund: Outstanding amount of training and technology at the end of 2016 is shown in the table 7.18 below

Table 7.18: Outstanding balances of the Training and Technology Fund as at end of year

Narration	2016	2015
Balance at 1 January	157,321,851	111,908,860
Additions in the year	36,266,108	44,908,588

Table 7.19: Outstanding Surface Rental Payments as at end of 2016

Name of Company	Assessed Amount(\$)	Amount Paid(\$)	Outstanding(\$)	Remark
Tullow Oil Ghana Ltd	135,592	135,699	(106)	Overpayment
AGM Petroleum Ghana Ltd	348,200	-	348,200	
Britannia U Ghana Ltd	251,898	-	251,898	
GOSCO/Heritage Exploration	221,915	-	221,915	
Sahara Energy Fields	221,815	-	221,815	
Swiss African Oil Co.	137,671	-	137,671	
ENI Ghana Ltd	121,018	-	121,018	
UB Resources Ltd	92,772	-	92,772	
CAMAC Energy Ghana Ltd	75,400	-	75,400	
Ecoatlantic/A-Z Petroleum Ghana Ltd	47,200	-	47,200	
SpringFields Exploration	30,884	-	30,884	
AMNI Int. Petroleum Dev. Co Ltd	13,900	13,974	(74)	Overpayment

8.0 Other Reporting Requirements

8.1 Sale of State's Share of Production

GNPC (the national oil company) is responsible for lifting and marketing of oil on behalf of the state. Proceeds from the carried and additional participating interests as well as royalty oil are all paid into the Petroleum Holding Fund at the Bank of Ghana. Ghana engages in both spot contracts and term contracts. Spots sales are one-time open market transactions, the delivery of crude oil is usually between 10 and 60 days after entering into such contract.

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

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

lifting schedule, and payment terms among others.

GNPC has two term contracts with UNIPEC Asia and Litasco to lift from Jubilee and TEN accordingly³¹.

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

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

❖ Sale of Ghana's Oil to Unipec Asia

The GNPC (seller) and UNIPEC Asia Company Ltd (Buyer) entered into an agreement for a Seller to supply to Buyer on commercial terms, agreed volumes of crude oil³².

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

In the GNPC/UNIPEC agreement dated on the 1st of February 2012, GNPC shall deliver to Unipec Asia Company Ltd, 5 cargoes per calendar year (@**13,000 barrels per day** of Jubilee Crude Oil). The standard cargo size shall be **950,000 net US barrels**. Deviations from the standard cargo sizes may be mutually agreed between seller and buyer on a cargo by cargo basis.

³¹ Source: Ghana EITI commodity trading pilot report,2018

³² Source: GNPC

❖ Price

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

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

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

For the Dated Brent Price, the buyer shall have the option to choose from four (4) Dated Brent component pricing options as the applicable pricing method for the sale of the jubilee crude oil. The buyer shall pay a margin of US cents eight (8) per barrel for exercising any price option.

Differential: The differential shall be:

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

❖ Taxes

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

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

❖ Payment

Payment for all crude oil sales under this Agreement shall be made into the Petroleum Holding Fund in US dollars by telegraphic transfer, in full without discount, withholding setoff or counterclaim (but subject always to and pursuant to the terms of the Master Agreement and the Five party Agreement). http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&id=35:mini-g-oil-a-gas-reports&Itemid=54&Itemid=54

In 2016 the GNPC sold five parcels of Jubilee oil to UNIPEC. The corporation also sold 996,459 barrels of TEN field Oil to Springfield Energy Ltd. (*See Tables 8.1 and 8.2 for details*)

Table 8.1: GNPC Oil trades 2016-UNIPPEC

Date of sale	Buyer	Volume	Revenue	Unit Price US\$/bbl.
02-Feb-16	UNIPPEC	947,980	30,490,828.72	32.084
14-May-16		995,152	48,173,318.02	48.328
10-Aug-16		983,847	46,486,770.75	47.17
23-Oct-16		949,320	46,900,340.90	49.324
27-Dec-16		984,163	52,660,593.80	53.428
Total		4,860,462	224,711,852	

Source: GNPC, 2018

In 2016, the GNPC sold the royalty and CAPI oil which it lifted from the TEN Fields to Springfield. (See the details of the sale in table 8.2 below).

Table 8.2: GNPC oil Trades 2016-Springfield

Date of sale	Buyer	Volume	Revenue	Unit price US\$/bbl.
08-Dec-16	Springfield Energy Ltd	996,459	51,008,736.21	51.09

The report also provides details of contributions or in kind payments of royalty made by the International Oil companies.

Marketing of Ghana's Gas

The GNPC sells gas from the Jubilee field to the Ghana National Gas Company. In 2016 GNPC sold 21,579.92 MMscF of gas to GNGC.

Table 8.3: Supply of Gas for January 2016

Supply of Gas For January 2016	BUYER	2,411.24	7,412,151.76	
Supply of Gas For February 2016	GHANA NATIONAL GAS COMPANY	2,557.89	7,862,953.86	
Supply of Gas For March 2016		1,603.14	4,928,052.36	
Supply of Gas For May 2016		1,231.14	3,784,524.36	
Supply of Gas For June 2016		1,546.01	4,752,434.74	
Supply of Gas For July 2016		2,068.40	6,358,261.60	
Supply of Gas For August 2016		2,282.53	7,016,497.22	
Supply of Gas For September 2016		1,673.78	5,145,199.72	
Supply of Gas For October 2016		2,401.39	7,381,875.93	
Supply of Gas For November 2016		1,558.42	4,790,584.08	
Supply of Gas For December 2016		2,245.98	6,904,142.52	
2016 Total			21,579.92	66,336,678.15

Source: GNPC, 2018

8.2 Infrastructural & in-kind agreements

There were no infrastructural provisions and barter agreements between the government, government agencies and oil and gas companies in 2016.

8.3 Transportation Revenues

There were no transportation revenues from the oil and gas sector in 2016.

8.4 Social Expenditures

Extractive companies were requested to disclose all social expenditures including in-kind contributions. Extractive companies were also asked to disclose the identity of the beneficiaries. There was no mandatory social expenditures in 2016.

8.5 Sub National Payments

In 2016 there were no material payments from Oil and Gas companies to sub national entities including MMDA's.

8.6 Transactions related to State-Owned Enterprises

GNPC'S transactions with other state-owned enterprises, as well as transactions between GNPC and any ministry department or government Agency are detailed below.

GNPC has third party financing arrangements involving state owned enterprises resulting in the following amounts due from government agencies (*See table 3.8.3*).

1. Tema OIL refinery an outstanding amount of GHS 245,434,805 as at December 2016
2. Ghana National Gas Company -GHS 261,995,998 as at December 2016
3. Ghana Broadcasting Corporation-GHS 3,983,781
4. The US\$31.34 million spent by the National Oil Company in 2013 to liquidate debt owed BNP Paribas in respect of 10 parcels of crude oil imported for refining and sale by Tema Oil Refinery (TOR); MSG understands that it was a transaction between two SOEs. The finance was for the provision of downstream activity mandated to have been borne by another SOE and would not ordinarily have been carried by government under the national budget
5. US\$18.75 million to Trafigura in respect of the replenishment of national crude oil strategic reserves maintained by the Bulk Oil Storage and Transportation (BOST), for which GNPC provided guarantees. BOST is another SOE in the Oil & Gas downstream.

The IA could not obtain the details and terms of these transactions.

8.7 Quasi-fiscal expenditures

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

In 2016 and the immediate preceding years, GNPC provided financing for a number of projects.

The MSG understanding of quasi-fiscal expenditure as they relate to these expenditures is catalogued below.

1. Provision of US\$100m guarantee for the Karpower emergency power ship at the peak of the power crisis in Ghana. MSG understands the guarantee was made on behalf of the government. Currently, the Ministry of Finance has accepted the guarantee as a government liability. The MSG considers the transaction as a quasi-fiscal expenditure.
2. The US\$31.34 million spent by the National Oil Company in 2013 to liquidate debt owed BNP Paribas in respect of 10 parcels of crude oil imported for refining and sale by Tema Oil Refinery (TOR); MSG understands that it was a transaction between two corporate entities which are SOEs. It therefore does not satisfy Requirement 6.2 and thus the MSG does not regard it as quasi-fiscal expenditure.
3. US\$50 million advanced to the Finance Ministry in 2014 for the construction of the Western Corridor Roads; The MSG understands that the project was part of the Western Corridor Gas Pipeline Infrastructural Project which was scheduled in the national budget in the years 2011-2016. GNPC's US\$50 million was an advance to government as an interim arrangement subject to refund. The government featured this advance in the national budget statement. The MSG considers the transaction as a quasi-fiscal expenditure.
4. US\$18.75 million to Trafigura in respect of the replenishment of national crude oil strategic reserves maintained by the Bulk Oil Storage and Transportation (BOST), for which GNPC provided guarantees. BOST is another SOE in the Oil & Gas downstream. The MSG understands that the government is responsible for providing strategic reserves and not GNPC. Hence, The MSG considers the transaction as a quasi-fiscal expenditure.

8.8 Local content activities in 2016

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

1. To provide financial resources for citizens and indigenous Ghanaian companies engaged in petroleum activities.
 - a. Application of moneys from the Fund for education, training, research and development in petroleum activities for Ghanaian citizens, indigenous Ghanaian companies and Ghanaian institutions of learning; and
 - b. Provision of loans on a competitive basis to small and medium scale enterprises to support their participation in petroleum activities.

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

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

Management of the Fund

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

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

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

Current Status of the Fund

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

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

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

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

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

Details of local content activities in 2016:

Total contracts awarded in 2016:

Indigenous-US\$496,844,989

Foreign-US\$229,883,444.97

JV-\$489,083,418.33

9.0 Distribution of Petroleum Receipts In 2016

a) **Benchmark revenue:** Parliament approves the benchmark revenue³³ which guides the allocation of petroleum receipts. Benchmark Revenue is defined as the estimated³⁴ revenue from petroleum operations expected by the Government for the corresponding financial year. It consists of expected current receipts from oil, expected gas royalties; and expected dividends from national oil company.

In practice the benchmark revenue, is total petroleum receipts less amounts transferred to the GNPC. (i.e Equity financing amount and 30% of CAPI).

b) The annual benchmark revenue may be divided equally into four parts, each for a quarter.

c) Parliament also approves the equity financing amount (i.e amount incurred in the

³³ *The annual Benchmark Revenue from petroleum operations shall be calculated on the basis of actual and expected average unit price for crude oil and natural gas derived from a seven-year moving average. The seven years being the 4 years immediately prior to the current financial year, the current financial year itself, and 2 years immediately following the current financial year.*

The expected quantity shall be calculated on the basis of the expected average government take in gross oil over a three year horizon, such three years being the immediately preceding, the current financial year, and the one year ahead projection.(PRMA First schedule) (Section 17):

Benchmark Revenue = Expected current receipts from oil + Expected current receipts from gas + Expected dividends from national oil company

³⁴ The Petroleum Benchmark Revenue (BR) is estimated in line with the First Schedule of the PRMA as follows:

Price (Oil and Gas):

$$\bullet \quad P *_{t+1} = (P_{t-4} + P_{t-3} + P_{t-2} + P_{t-1} + P_t + P_{t+1} + P_{t+2})/7$$

Output (Oil and Gas):

$$\bullet \quad Q *_{t+1} = (Q_{t-1} + Q_t + Q_{t+1})/3$$

exploration/production of oil by the national oil company, GNPC).

9.1 Allocation of Petroleum Receipts to GNPC, ABFA and GPF

After exports, GNPC sends an advice covering the value of the sale of the oil cargo lifted to the Ministry of Finance (MoF). Bank of Ghana (BoG) receives an invoice from GNPC covering the value of the oil lifted.

The Ghana Revenue Authority provides advice regarding corporate tax and surface rents.

BoG crosschecks the invoice against the number of barrels lifted and the price per barrel.

An advice is sent from the BoG to the MoF, advising the Minister of receipt of proceeds of the lifting into the GHAPET account. MOF sends instructions to the Controller and Accountant General's Department (CAGD) who advises the BoG on how funds are to be distributed.

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

Proceeds from liftings are distributed as follows:

1. Equity Financing

GNPC is reimbursed for expenses/costs incurred in the production of oil. GNPC provides MoF with an invoice from the oil Fields operator showing total amounts due them as repayment of GNPC's portion of the costs.

2. GNPC

The amount remaining after GNPC is paid its equity financing cost is distributed as follows; GNPC takes 30% of carried and participating interest (CAPI)³⁵ and 70% becomes available to the Annual Budget Funding Amount (ABFA) and the Petroleum Funds

The allocation of petroleum revenue is determined by the relevant provisions of the PRMA and PRMA (Amended Act, Act 893). Parliament of Ghana approved an allocation of 30% of the Carried and Participating Interest (CAPI), net of Equity Financing Costs (EFC), for GNPC. The GNPC's share (of the CAPI, net of EFC) for the period 2014-2016 is consistent with the 2014 Budget Statement in line with Section 7(3b) of the PRMA.

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

3. ABFA and GPFs

³⁵ It is worth noting that the amount paid to GNPC is from the carried Interest and the additional participating interest only. It does not include any portion of royalty

The remaining 70% plus all other incomes received (corporate taxes, surface rentals, royalty etc) are shared between the ABFA and the petroleum funds. 70% goes to the ABFA and the remaining 30% goes to the Petroleum Funds,

ABFA

The Annual Budget Funding Amount is a proportion of Benchmark Revenue allocated to the annual budget of the government. Section 21(2)d of the Act requires its use to be “*guided by a medium-term expenditure framework aligned with a long term national development plan*”.

Section 21 (3) of the Act also provides the foundation for prioritizing the use of ABFA in the absence of a long-term National Development Plan.

“Where the long-term national development plan approved by Parliament is not in place, the spending of petroleum revenue within the budget shall give priority to, but not be limited to programmes or activities related to:

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“Where the long-term national development plan approved by Parliament is not in place, the spending of petroleum revenue within the budget shall give priority to, but not be limited to programmes or activities related to:

- ❖ Agriculture and industry;
- ❖ Physical infrastructure and service delivery in education, science and technology;
- ❖ Potable water delivery and sanitation;
- ❖ Infrastructure development in telecommunication, road, rail and port;
- ❖ Physical infrastructure and service delivery in health;
- ❖ Housing delivery;
- ❖ Environmental protection, sustainable utilization and protection of natural resources;
- ❖ Rural development;
- ❖ Developing alternative energy sources;

- ❖ The strengthening of institutions of government concerned with governance and the maintenance of law and order;
- ❖ Public safety and security; and
- ❖ Provision of social welfare and the protection of the physically handicapped and disadvantaged citizens.”

To ensure that ABFA impacted positively on the development of the country, the law further requires the government to reduce its priorities for the use of ABFA to not more than 4. Sections 21(5&6) respectively as follows:

“In order to maximize the impact of the use of the petroleum revenue, the Minister shall prioritize not more than four areas specified in subsection (3) when submitting a programme of activities for the use of the petroleum revenue”

The Minister of Finance complied with the provisions of the law by prioritizing the following areas for the use of ABFA

- ❖ Amortization of loans for oil and gas infrastructure;
- ❖ Agriculture Modernization;
- ❖ Road and other infrastructure
- ❖ Capacity building(Including oil and Gas)

GPFs

The Ghana Petroleum Funds comprise the Ghana Stabilisation Fund and the Ghana Heritage Fund. The Ghana Stabilisation Fund (Section 9 of Act 815 as amended by Act 893) is a fund established to cushion the impact on or sustain public expenditure capacity during periods of unanticipated petroleum revenue shortfalls.

The Ghana Heritage Fund (Section 10 of Act 815 as amended by Act 893) is a fund established to provide an endowment to support development for future generations when petroleum reserves have been depleted and to receive excess petroleum revenue.

Before the enactment of the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893), the Ghana Petroleum Funds were to receive from the Petroleum Holding Fund, petroleum revenue in excess of the Annual Budget Funding Amount (Section 11 of Act 815).

According to the amendment (Act 893) which was assented to by the President on 31 July 2015, the Ghana Petroleum Funds receive from the Petroleum Holding Fund:

50% was deposited to the Sinking Fund;

25% was deposited to the Contingency Fund; and

Remaining 25% maintained in the GSF.

Per paragraph 197 of the 2016 National Budget, the 25% that is left in the GSF, when added to the cap will represent a new cap based on which the excess over the cap shall be determined.

The starting cap of US\$200 million which was set up for 2016, with the aim of growing to a maximum of US\$400 million in the medium term was reduced to US\$100 million per paragraph 163 of the 2016 Mid-year Budget Review.

The balance on the Ghana Stabilisation Fund at 31 December 2016 was US\$207.7 million giving rise to an excess of US\$107.7 million. As at 31 December 2016, the excess had not been withdrawn. This was distributed in line with paragraph 196 of the 2016 National Budget as follows: An amount of US\$26.9 million (25%) was retained in the Ghana Stabilisation Fund Account. The new cap therefore increased to US\$126.9 million. □ Contingency Fund Account received US\$26.9 million. Sinking Fund received US\$53.9 million.

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

The PRMA requires that not more than 70 percent of Government's net petroleum receipts is designated as ABFA and not less than 30 percent designated as GPFs. Out of the amount transferred into the GPFs, the GHF receives not less than 30 percent, with the rest transferred into the GSF.

The 2016 petroleum receipts were allocated based on the provisions of the PRMA, as amended. Out of the total revenue of US\$247.18 million, US\$88.50 million was allocated to GNPC as Equity Financing Cost (US\$58.11 million) and its share of the net Carried and Participating Interest (US\$27.55 million for crude oil and US\$2.84 million for gas³⁷), as shown in below

³⁷ This is made up of US\$0.16 million of the 2015 receipts of US\$0.55 million and US\$2.68 million of the 2016 receipts of US\$9.30 million

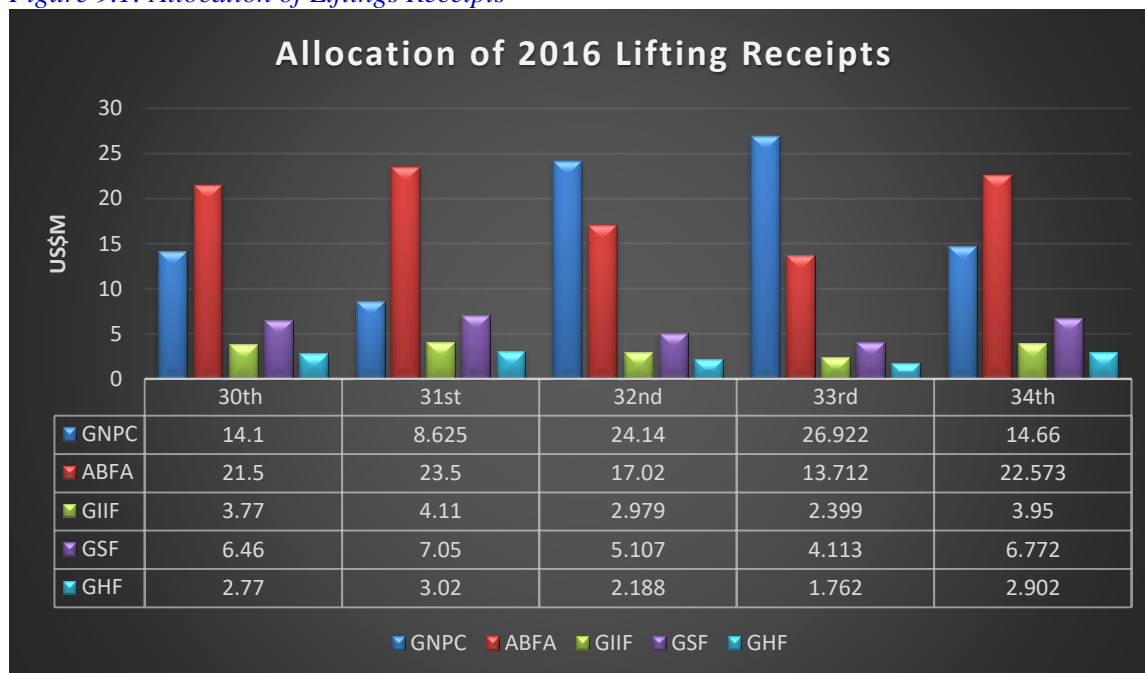
Table 9.1: Distribution of 2016 Petroleum Receipts

Item	Unit	30th Lifting*	31st Lifting	32nd Lifting	33rd Lifting	34th Lifting	Total
Transfer to GNPC	US\$	14,143,683.52	8,625,349.33	24,145,013.22	26,922,105.64	14,660,940.31	88,497,092.01
o/w Equity Financing cost	US\$	9,153,737.46	2,892,618.93	15,543,329.62	24,084,086.71	6,440,281.34	58,114,054.06
o/w Crude oil Net Carried and Participation Interest	US\$	4,989,946.06	5,732,730.40	5,765,342.15	2,838,018.93	8,220,658.97	27,546,696.50
o/w Gas Net Carried and Participation Interest	US\$	-	-	2,836,341.45	-	-	2,836,341.45
ABFA and GPFs	US\$	30,807,336.97	33,572,118.18	24,319,853.99	19,588,744.12	32,248,254.98	140,536,308.25
o/w Annual Budget Funding Amount	US\$	21,565,135.88	23,500,482.73	17,023,897.80	13,712,120.89	22,573,778.49	98,375,415.77
o/w Ghana Infrastructure Investment Fund	US\$	3,773,898.78	4,112,584.48	2,979,182.11	2,399,621.15	3,950,411.24	17,215,697.76
o/w Ghana Petroleum Funds	US\$	9,242,201.09	10,071,635.45	7,295,956.20	5,876,623.24	9,674,476.49	42,160,892.47
o/w Ghana Stabilisation Fund	US\$	6,469,540.76	7,050,144.82	5,107,169.34	4,113,636.27	6,772,133.55	29,512,624.73
o/w Ghana Heritage Fund	US\$	2,772,660.33	3,021,490.64	2,188,786.86	1,762,986.97	2,902,342.95	12,648,267.74
Total Payments	US\$	44,951,020.49	42,197,467.51	48,464,867.21	46,510,849.76	46,909,195.29	229,033,400.26
	GH¢	173,791,483.13	161,419,566.63	191,269,012.94	184,678,180.07	192,823,558.37	903,981,801.14

Source: Ministry of Finance/Bank of Ghana

*Includes the US\$9.21 million which was accounted for as a 2015 Q4 receipt in the 2015 Reconciliation Report on the Petroleum Holding Fund

Figure 9.1: Allocation of Liftings Receipts



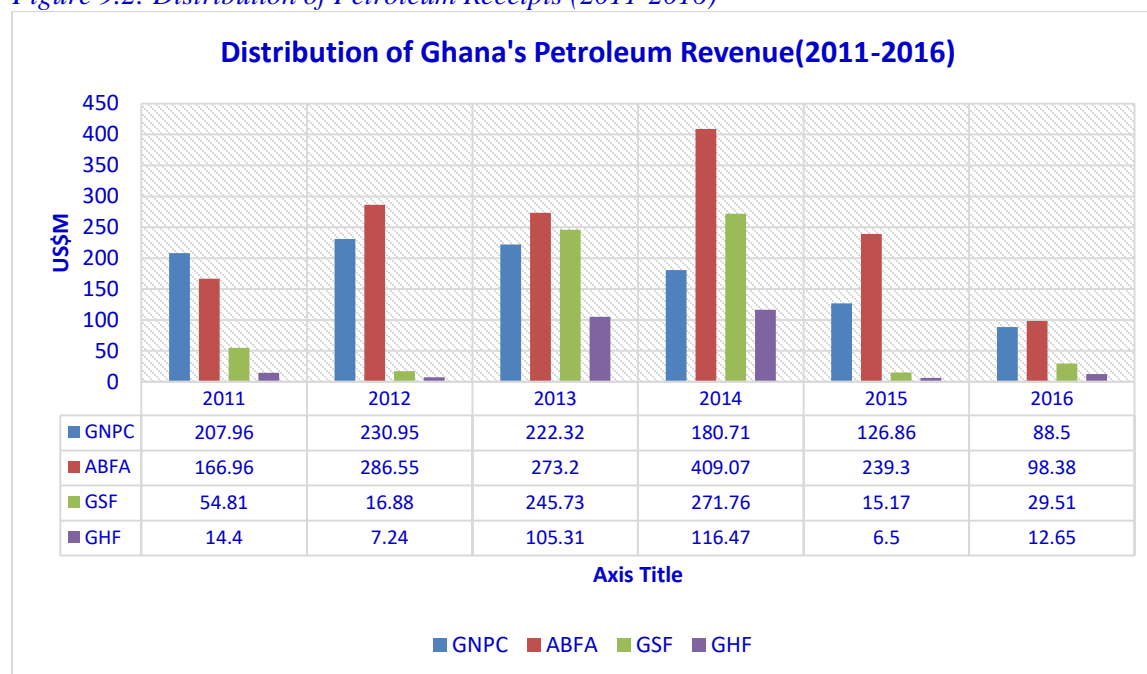
A total of US\$42.16 million was transferred into the GPFs in 2016, compared to US\$21.67 million for the same period in 2015. The increase was attributed to the amendment of the PRMA, which allows for constant transfers into the GPFs, irrespective of the amount. Out of the amount transferred, the GHF received US\$12.65 million against US\$6.50 million in 2015, while the GSF received US\$29.51 million against US\$15.17 million in 2015.

The total amount transferred in 2016 from petroleum liftings and related proceeds to the ABFA was US\$98.38 million. The allocation to the ABFA was lower than the budgeted amount of US\$149.76 million. In spite of this shortfall, no withdrawal was made from the GSF. Of the ABFA allocation, the Ghana Infrastructure Investment Fund (GIIF) received a total of US\$17.22 million, which represents 25 percent of the capital component of the ABFA, in line with the GIIF Act.

This brings the total ABFA allocation to GIIF to US\$68.48 million. The GIIF Secretariat indicates that it has not spent its ABFA allocation, even though the GIIF Board granted approval for GIIF to co-finance 9 infrastructure projects. These projects are at various stages of due diligence.

GNPC received a total of US\$88.50 million in respect of Carried and Participating Interest (US\$30.38 million) and Equity Financing Cost (US\$58.11 million), compared to a total amount of US\$126.86 million received in the same period of 2015. The utilisation of funds allocated to GNPC is shown below in *section 9.2*. The allocation of petroleum receipts to the allowable destination accounts since 2011 is shown in *Figure 9.2*.

Figure 9.2: Distribution of Petroleum Receipts (2011-2016)



9.2 Utilisation of the 2016 Annual Budget Funding Amount

The closing balance on the ABFA Account as at 31st December, 2015, was US\$0.14 million (GHS0.54 million).

Total programmed ABFA expenditure for the 2016 fiscal year was GHS1,009.01 million. Of this amount, GHS302.70 million was programmed for Goods and Services, while GHS706.31 million was programmed for capital spending (CAPEX). This amount was revised in the mid-year review of the 2016 Budget to accommodate both the price and output declines that impacted heavily on petroleum receipts during the year. The total programmed ABFA for Goods and Services and CAPEX were revised downwards by 39.2 percent, to GHS184.04 million and GHS429.42 million, respectively. (*See Appendix 3*)

Table 9.2: 2016 Programmed and Revised Annual Budget Fund Amount

Item of Expenditure	GH¢			% Variance
	2016 Budget	2016 Revised Budget	Variance	

ABFA Goods & Services	302,703,316.50	184,038,292.20	118,665,024.30	39.20%
ABFA CAPEX	706,307,738.50	429,422,681.80	276,885,056.70	39.20%
Total ABFA	1,009,011,055.00	613,460,974.00	395,550,081.00	39.20%

Source: Ministry of Finance

Out of the total revised budget for the year, actual receipts for the period amounted to GHS83.84 million, GHS89.79 million, GHS121.63 million and GHS93.60 million at the end of the first, second, third and fourth quarters, respectively. Actual utilisation, on the other hand, amounted to GHS34.64 million, GHS224.15 million, GHS35.60 million and GHS16.75 million at the end of the first, second, third and fourth quarters, respectively.

Cumulatively, this brings the total actual receipts at the end of December 2016 to GHS388.85 million, and actual utilisation to GHS311.12 million, leaving an unutilised balance of GHS77.73 million, as shown in *Table 9.5*.

Table 9.3: Summary of Actual ABFA Receipts and Utilisation for 2016

Period	GH¢		
	Actual Receipts	Actual Utilisation	Balance
Quarter 1	83,838,778.76	34,635,327.12	49,203,451.64
Quarter 2	89,790,644.38	224,145,977.05	(134,355,332.67)
Quarter 3	121,626,046.20	35,595,557.69	86,030,488.51
Quarter 4	93,595,400.38	16,746,195.07	76,849,205.31
Total	388,850,869.72	311,123,056.93	77,727,812.79

Source: Ministry of Finance

Utilisation of the ABFA by the priority areas was in line with the provisions of the PRMA. Table 9.6 provides a summary of utilisation by the priority areas.

Table 9.4: 2016 ABFA Utilisation by Priority Area

Priority Area	Utilisation (GHS)
Expenditure and Amortisation of Loans for Oil and Gas Infrastructure	-
Road and Other Infrastructure	199,447,492.13

Agriculture Modernisation	27,671,280.88
Capacity Building (including Oil and Gas)	83,037,283.91
Total Spending in Priority Areas	310,156,056.92
Transfers to the Public Interest and Accountability Committee	967,000.00
Total ABFA Spending	311,123,056.92

Source: Ministry of Finance

Total Spending for Road and Other Infrastructure amounted to GHS199.45 million. Of this amount, GHS48.15 million was spent on the construction, rehabilitation and upgrading of roads and highways across the country.

An additional amount of GHS43.46 million was spent on energy infrastructure, mainly for the supply of steel and wooden poles, pole top accessories, and other electrical materials under the National Electrification Scheme. Furthermore, GHS23.48 million was utilised for Water Infrastructure in respect of the construction of drainage facilities, sea defence and coastal protection works. An amount of GHS2.0 million was utilised for the redevelopment and construction of railway lines, railway stations, and the supply of rolling stock.

Additionally, GHS14.31 million was utilised in respect of the CDB matching fund requirements for the provision of ICT infrastructure, while total transfers into the GIIF Account amounted to GHS68.05 million.

Ghana Infrastructural Investment Fund (GIIF) in 2016

A total amount of Seventeen Million, Two Hundred and Fifteen Thousand, Six Hundred and Ninety-Eight United States Dollars (US\$17,215,698 or GHS 68.05) was transferred to GIIF Accounts in five (5) tranches during the year 2016.

Table 9.5: Transfers to GIIF in 2016

Quarter	ABFA Receipts	Allocation	Actual Receipts	Percentage of ABFA
First	35,736,464	3,773,899	3,773,899	10.59
Second	30,490,829	4,112,584	4,112,584	13.84
Third	48,173,318	2,979,182	2,979,182	6.18
Fourth (1st)	46,486,771	2,399,621	2,399,621	5.16
Fourth (2nd)	46,900,205	3,950,411	3,950,411	8.42
Total	207,787,586	17,215,698	17,215,698	

Source: MOF

The receipts have been earmarked as part of the Thirty Million Dollar (US\$30Million) approved investment by the Board as GIF's contribution of the US\$400Million total project cost in the planned development of the new terminal at the Kotoka International Airport which is sponsored by the Ghana Airport Company Limited (GACL). Total spending on Agriculture Modernisation amounted to GHS27.67 million. The amount was mainly in respect of payments for Government's fertiliser subsidy programme and the development and rehabilitation of irrigation infrastructure.

Total spending on Capacity Building (including Oil and Gas) amounted to GHS83.04 million. These were mainly transfers to the Scholarship Secretariat for the payment of scholarship claims.

9.3 Utilisation of 2016 GNPC Allocations

As at end-December 2016, GNPC had received a total amount of US\$88.50 million for its share of development and production costs and its 30 percent share of the net Carried and Participating Interest proceeds for the Jubilee operations.

GNPC spent a total of US\$144.53 million in the year under review, as indicated in Table 9.7. The US\$56.03 million excess expenditure over receipts was financed by GNPC's cash balance brought forward from the previous year, leaving cash-on-hand of US\$68.03 million.

Table 9.6: Utilisation of GNPC's of Jubilee Petroleum Revenue, 2016

SRN	RECEIPTS FROM JUBILEE PROCEEDS	AMOUNT (US\$)	EXPENDITURE AS % OF RECEIPTS
1	Level A Receipts (Equity Financing)	58,114,054.06	65.7%
2	Level B Receipts (30% of Net Proceeds)	27,546,696.50	31.1%
3	Gas Receipt (30% of Net Proceeds)	2,836,000.00	3.2%
4	Total Amount Received:- (A)	88,496,750.56	100.0%
SRN	USES OF AMOUNTS ALLOCATED:-		
5	Jubilee Equity Financing Cost	67,211,088.66	75.9%
6	Exploration & Development Projects	25,574,454.43	28.9%
7	Staff Cost	16,403,758.50	18.5%
8	Admin. Capital Expenditure	2,219,618.29	2.5%
9	Capital Projects	12,641,615.64	14.3%
10	General Operational Expenditure	12,460,289.71	14.1%
11	Western Corridor Roads	7,576,981.08	8.6%
12	SOPCL	440,336.85	0.5%
13	Total Expenditure:- (B)	144,528,143.15	163.3%
14	Net Position:- (C = A - B)	(56,031,392.59)	-63.3%
15	Add: Cash B/Fwd (01.01.2016) (D)	124,059,072.39	
16	Total Cash-Available :- (E = C + D)	68,027,679.80	

Source: GNPC

The details of GNPC's expenditure on other petroleum projects are presented in Table 9.8

Table 9.7: GNPC's Expenditure of Petroleum Receipts on Other Petroleum Project: 2016

<i>Exploration & Development Projects</i>	<i>Amount (US\$)</i>
North & South Tano Petroleum Projects	2,036,838.22
TEN	4,891,671.03
Voltaian Basin Petroleum Projects	4,383,162.28
South Deepwater Tano Petroleum Projects	1,583,291.24
OCTP ENI Project	3,618,993.05
Hess	2,446,604.16
Ultra Deep Water [Keta Heritage]	603,354.91
Tano – Heritage	603,354.91
A - Z Petroleum	603,354.91
Explorco	1,984,913.57
Maritime Boundary Special Project	2,818,916.14
Total Non Jubilee Project Expenditure	25,574,454.43

Source: GNPC, 2018

9.4 Ghana Petroleum Funds

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

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

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

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

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

In the 2016 National Budget a cap of US\$200 million was set up while maintaining the moving cap concept, with the aim to growing the GSF to US\$400 million in the medium term. The excess amount over the cap was to be treated as follows:

- ❖ 50 percent will be sent into the Sinking Fund;
- ❖ 25 percent will be sent into the Contingency Fund; and
- ❖ The remaining 25 percent will be deposited back into the GSF.

It was also announced that when the cap reaches US\$400 million (i.e. the initial cap of US\$200 million and the incremental inflows from the 25 percent to the GSF), the GSF will be capped at US\$400 million and the excess will be treated as follows:

- ❖ 75 percent will be sent into the Sinking Fund; and
- ❖ 25 percent will be sent into the Contingency Fund

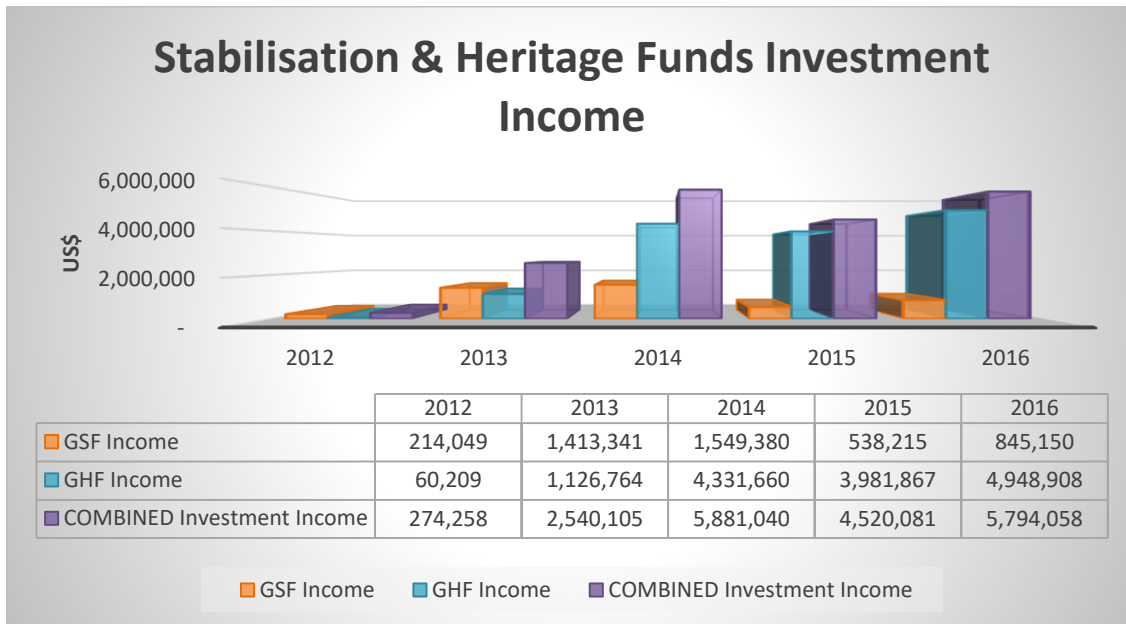
A total of US\$42.16 million was transferred into the GPFs in 2016. Out of which GHF received US\$12.65 million and GSF received US\$29.51 million.

Table 9.8: Performance of the Ghana Petroleum funds, 2014-2016

STABILISATION & HERITAGE FUNDS		2014	2015	2016
Balance B/F		447,160,095.39	535,559,264.00	436,779,600
GPF Receipt		388,232,507.36	21,672,945.66	42,160,892
Income from Investments		5,881,040.41	4,520,081.37	5,794,058
Bank Charges		(29,691.88)	(21,894.10)	(23,595)
Sub-Total		841,243,952.28	561,730,396.93	484,710,955
Less Transfer to:				
<i>Contingency Fund</i>		(17,433,144)	(23,755,072.85)	0
<i>Debt Servicing Account</i>		(288,251,545)	0.00	0
<i>ABFA</i>		0.00	(53,685,578.98)	0
<i>Sinking Fund</i>		0.00	(47,510,145.69)	0
Balance C/F		535,559,263.88	436,779,599.41	484,710,955
STABILISATION FUND				
		2014	2015	2016
Balance B/F		319,034,153.00	286,644,044.00	177,396,127
Receipt		271,762,755.15	15,171,061.96	29,512,625
<i>Income from Investments</i>		1,549,380.24	538,214.78	845,150
Bank Charges		(17,555.77)	(6,396.65)	(5,238)
Sub Total		592,328,733.42	302,346,924.09	207,748,663
Less Transfers to:				
<i>Contingency Fund</i>		(17,433,144)	(23,755,073)	0

<i>Debt Service Account</i>	(288,251,545)	-	0
<i>ABFA</i>	-	(53,685,579)	0
<i>Sinking Fund</i>	-	(47,510,146)	0
Balance Carried Forward	286,644,044.22	177,396,126.57	207,748,663
HERITAGE FUND			
	2014	2015	2016
Balance B/F	128,125,942.39	248,915,220.00	259,383,473
Receipts During the Year	116,469,752.21	6,501,883.70	12,648,268
Income from Investment	4,331,660.17	3,981,866.59	4,948,908
Bank Charges	(12,135.11)	(15,497.45)	(18,357)
Balance C/F	248,915,219.66	259,383,472.84	276,962,292

Figure 9.3: Stabilisation & Heritage Fund Investment Income



Source: Bank of Ghana

All the GPF were invested in bonds but of durations ranging from 2 years to 30 years. On the choice of investment bank, \$31,436,440 and \$130,739,047 were invested in respect of Stabilisation Fund and Heritage Fund respectively at the Euroclear.

Furthermore, \$5,000,918 and \$87,592,094 were invested in respect of Heritage Fund and Stabilisation Fund respectively at the Federal Reserve.

Table 9.9: Investment details for Heritage and Stabilisation Fund

Security Type	Years	Heritage Fund	Stabilisation Fund	Total	Heritage Fund	Stabilisation Fund	Total	Coupon Range%	GHF	GSF	Total
Bonds	2	4,500,328	2,002,310	6,502,638	4,500,000	2,000,000	6,500,000	0.625-0.75	12,753	5,163	17,916
Bonds	3	8,998,877	31,437,584	40,436,461	9,000,000	31,500,000	40,500,000	0.625-1.25	35,685	141,113	175,798
Bonds	5	53,340,269	2,997,464	56,337,733	53,500,000	3,000,000	56,500,000	0.625-2.25	293,000	4,803	297,813
Bonds	7	54,217,999	-	54,217,999	54,500,000	-	54,500,000	1.5-4	412,001	-	412,001
Bonds	10	68,474,887	-	68,474,887	68,750,000	-	68,750,000	1.625-5.25	610,548	-	610,548
Bonds	12	2,000,000	-	2,000,000	2,000,000	-	2,000,000	4.3	18,633	-	18,633
Bonds	30	26,798,781	-	26,798,781	26,000,000	-	26,000,000	2.875-5	193,363	-	193,363
Total		218,331,141	36,437,358	254,768,499	218,250,000	36,500,000	254,750,000		1,575,993	151,079	1,727,072

10.0 Distribution of Extractive Industry Revenues

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

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

where applicable, capital gains tax derived from the sale of ownership of exploration, development and production rights.

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

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

See the 2016 National Budget Statement from the Ministry of Finance for lists of the revenue streams from the oil and gas sector. See <http://www.mofep.gov.gh/sites/files/budget-statements/Budget-Statement-2016.pdf>

10.1: Description of Budgets and Audit Process

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

Appropriations Bill/Act – Passes every fiscal year.

Financial Administration Act (FAA) - 2003, Act 654

Financial Administration Regulations-2004, (LI 1820)

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

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

Planning and Preparation (Budget Formulation)

Analysis and approval (Authorization and Approval)

Implementation and monitoring

Auditing and evaluation

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

Planning and Preparation (Budget Formulation) Stage

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

Analysis and Approval (Authorization and Approval)

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

The Implementation and Monitoring

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

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

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

Audit and Evaluation

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

The Role of Internal and External Audits

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

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

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

- ❖ [Budget Guidelines and Other Budget Documents](#) can be found at <http://www.mofep.gov.gh/publications/budget-statements>. The link also provides information on expenditure management including cash, payroll and debt initiatives for year 2015.

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

In accordance with Section 187(2) of the 1992 Constitution, Section 13 of the Audit Service Act 2000, section 45 of Petroleum Revenue Management Act, the Auditor General’s Office undertook specific audits on the management of the Petroleum Funds for the period 1 January 2015 to 31 December 2015. See <https://www.ghaudit.org/gas/site/reports>

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

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

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

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

In future oil revenues.

10.2 Oil Production Capacity Outlook

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

Table 10.1: Oil Production Capacity

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

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

11.0 Contribution of the Extractive Sector to the Economy

11.1 Employment

2016 employment figures are non-existent but the Ghana Labour Force Survey 2015 states that total employed above 15 years in the mining and quarrying sub-sector which includes oil and gas was 74,663.

The study estimates 257,606 people are engaged in household enterprises in the mining and quarrying sub-sector. Table 11.1 indicates the total estimates compared with the national total. Segregated figures for mining only category was however unavailable.

Table 11.1: Category of Employment to National Economy

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

Source: Ghana Statistical Service, 2018

Table 11.2: Number of Expatriates and Locals (2015-2017)

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

Source: Petroleum Commission, 2018

11.2 Gross Domestic Product (GDP)

Gross Domestic Product (GDP)

Ghana's GDP grew at 3.7% in 2016 compared with 3.8% in 2015. The Services sector recorded the highest growth rate of 5.7 percent, followed by Agriculture (3.0%) and the Industry (-1.4%) sectors. The Industry sector, the least growing sector with a GDP share of 24.3 percent, had its growth rate declining from -0.3 percent in 2015 to -1.4 percent in 2016.

GDP Growth

Oil and Gas registered a growth rate of – 16.9% having slowed from 0.9% in 2015. Table 11.1 shows the growth rates of the various sectors in Ghana from 2010-2016.

Table 11.3A: GDP Growth by Sector (2010-2016)

Sector	2010	2011	2012	2013	2014	2015	2016
Agriculture	5.3	0.8	2.3	5.7	4.6	2.8	3.0
Industry	6.9	41.6	11.0	6.6	0.8	(0.3)	(1.4)
o/w Mining and Quarrying	18.8	206.5	16.4	11.6	3.2	(6.1)	(7.6)
o/w Oil and Gas	n/a	n/a	21.6	18.0	4.5	0.9	(16.9)

Services	9.8	9.4	12.1	10.0	5.6	6.3	5.7
GDP (Basic Prices)	7.9	14.0	9.3	7.3	4.0	3.8	3.7

Source: Ghana Statistical Service, 2018

Gross Domestic Product (GDP)

Ghana's GDP Total at 2006 basic prices was US\$ 9,209 million in 2016. Out of this mining and quarrying contributed US\$440 million. Table 11.3 B provides details of GDP by economic activity from 2010-2016.

Table 11.3B: GDP at 2016 Prices in US\$ m by Economic Activity

Sector	2010	2011	2012	2013	2014	2015	2016
Agriculture	4,512	4,309	3,677	3,664	2,504	2,001	1,987
Services	8,192	8,485	7,934	8,228	5,673	4,691	4,782
Industry	3,533	4,739	4,390	4,414	2,905	2,252	2,161
o/w Mining and Quarrying	482	1,401	1,360	1,430	963	703	627
o/w Oil and Gas	45	908	922	1,025	700	549	440
GDP Total at 2006 Prices	16,848	18,158	16615	16790	11420	9217	9209

Source: Ghana Statistical Service

In Percentage terms, Oil and Gas contributed 2.1% of Total GDP in 2016 having slowed down from 4.1% in 2015. Table 11C shows the percentage contribution of the sectors from 2010-2016.

Table 11.3: Distribution of GDP (at Basic Prices)

Sector	2010	2011	2012	2013	2014	2015	2016
Agriculture	29.8	25.3	22.9	22.4	21.5	20.3	18.9
Industry	19.1	25.6	28.0	27.8	26.6	25.1	24.3
o/w Mining and Quarry	2.3	8.4	9.5	9.4	8.0	5.3	4.2
o/w Oil and Gas	0.4	6.7	7.7	8.2	7.2	4.1	2.1
Services	51.1	49.1	19.1	49.8	51.9	54.6	56.8
Total	100	100	100	100	100	100	100

Source: Ghana Statistical Service

11.3 Informal Sector

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

11.4 Contribution to Total Merchandise Exports

Crude Oil exports, accounted for 12.1% of the total Merchandise Export in 2016

The value of merchandise exports was provisionally estimated at US\$11,136.9 million (26.1% of GDP), representing an increase of 7.9 per cent, compared to the 2015 outturn of US\$10,321.2 million.

Gold

Gold exports in 2016 amounted to US\$4,919.5 million compared to US\$3,212.6 million recorded in 2015. The rise in gold receipts was on account of both price and volume increases. The average realised price increased by 10.0 per cent to settle at US\$1,280.0 per fine ounce, while the volume exported also increased by 39.2 per cent to 3,843,446 fine ounces

Crude Oil

The value of crude oil exported was estimated at US\$1,345.2 million for the review period compared to US\$1,931.3 million exported in 2015. Volume exported decreased by 19.9 per cent to 29,769,048 barrels in 2016.

Cocoa Beans and Products

Earnings from cocoa beans and products exported totalled US\$2,572.2 million, compared to US\$2,720.8 million in 2015. Earnings from cocoa beans amounted to US\$1,923.3 million, a decrease of 2.4 per cent below the level recorded in 2015.

Timber

Export of timber products increased from US\$209.0 million in 2015 to a provisional estimate of US\$254.3 million, reflecting a 21.8 per cent increase. The volume exported also increased from 367,059 cubic meters to 394,829 cubic meters.

Other Exports

The value of “Other” exports, which is made up of non-traditional exports and other minerals (bauxite, diamond and manganese), was estimated at US\$2,046.1 million, which was 9.0 per cent lower than the 2015 outturn.

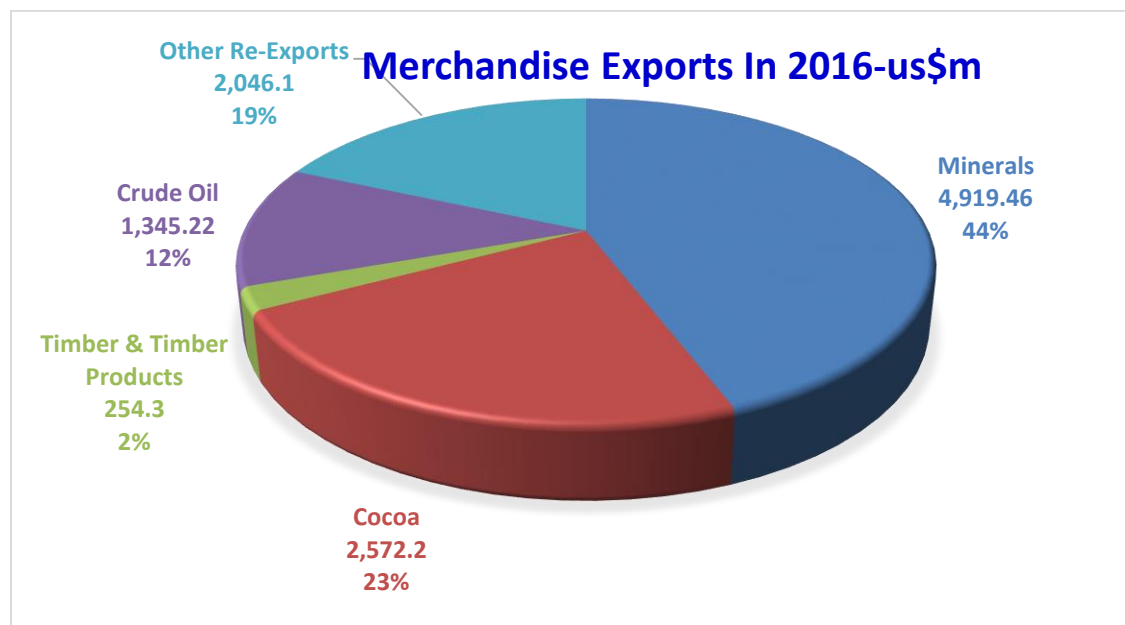
Table 11.4: Total Merchandise Exports in 2016

2016			
Commodity	Unit Volume	Value(\$m)	% of Export Totals
Gold		4,919.46	44.2
Cocoa		2,572.2	23.1
Timber & Timber Products (Cubic Meters)	394,829	254.3	2.2
Crude Oil(Barrels)	29,769,048	1,345.22	12.1

Other Exports		2,046.1	18.4
Total		11,136.9	100

Source: Bank of Ghana

Figure 11.1: Merchandise exports in 2016



11.5 Contribution to Fiscal Collections

Royalties from Oil which remains the only Oil & Gas budget line item on the fiscal table registered GHS 306,281,017 representing 0.8% of the total revenue and grants in 2016(See table 11.5)

Table 11.5: Contribution to fiscal collections

Fiscal Item	Amount (GHC)	% of the Total
Total revenue From Oil and Gas³⁸	1,469,700,708	
Total revenue From Oil and Gas /Total Domestic Revenue (%)	1,469,700,708 / 32,537,445,681	4.51%
Total revenue From Oil and Gas /Revenue & Grants (%)	1,469,700,708 / 33,678,172,530	4.36%

Source: <https://www.mofep.gov.gh/fiscal-data>

³⁸ Please see table 6.1 for full details

Key regions/areas where production is concentrated: The Jubilee Fields is located in the Gulf of Guinea, 60 km off the Ghanaian coast, near the Côte d'Ivoire border. It straddles the Deepwater Tano and West Cape Three Points blocks. The wells are at a water depth between 1,100 and 1,300 meters and at a total depth between 3,400 and 4,200 meters. The Fields covers 110 km².

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

12.0 2016 Validation Corrective Actions & Recommendations – Implementation Status

Table 12.1: Validation Corrective Action

CORRECTIVE ACTION		STATUS OF IMPLEMENTATION
1	<p>License Register (#2.3): Ghana is required to maintain a publicly available register or cadastre system(s) with the following timely and comprehensive information regarding each of the licenses pertaining to companies covered in the EITI Report: (i) license holder(s), (ii) where collated, coordinates of the license area, (iii) date of application, date of award and duration of the license, (iv) in the case of production licenses, the commodity being produced.</p>	<p>Minerals Commission and Petroleum Commission have established mining and petroleum cadastral systems respectively. The 2015 reports addressed this issue and the 2016 reports will address remaining gaps.</p>
2	<p>State Participation (#2.6) An explanation of the prevailing rules and practices regarding the financial relationship between the government and state-owned enterprises (SOEs), e.g., the rules and practices governing transfers of funds between the SOE(s) and the state, retained earnings, reinvestment and third-party financing.</p>	<p>GNPC has partly addressed this remedial action but the USD50.0 million facility agreement/repayment between MoF & GNPC still outstanding.</p>
3	<p>Comprehensiveness (#4.1a) the multi-stakeholder group is required to agree which payments and revenues are material and therefore must be disclosed, including appropriate materiality definitions and thresholds. The multi-stakeholder group should document the options considered and the rationale for establishing the definitions and thresholds.</p>	<p>The MSG has taken steps to address the requirement 4.1 in the 2015 reports while remaining gaps are being addressed in the 2016 reports</p>
5	<p>In Kind Revenues (#4.2) The government, including state-owned enterprises, is required to disclose the volumes sold and revenues received.</p>	<p>Addressed in the 2015 oil and gas sector report and the remaining gaps expected to be addressed in 2016 reports. The Ghana commodity trading pilot report has also addressed this requirement</p>
6	<p>SOE's Transaction (#4.5) The MSG must ensure that the reporting process comprehensively addresses the role of state-owned enterprises (SOEs), including material payments to SOEs from oil, gas and mining companies, and transfers between SOEs and other government agencies</p>	<p>Addressed in the 2015 oil and gas sector report and the remaining gaps expected to be addressed in 2016 reports.</p>
CORRECTIVE ACTION		STATUS OF IMPLEMENTATION

8	<p>Production Data (#3.2)</p> <p>Disclose production data for the fiscal year covered by the EITI Report, including total production volumes and the value of production by commodity, and, when relevant, by state/region. Ghana should confirm all existing production for all commodities for the year covered by the report.</p>	Completely addressed in 2015 reports
9	<p>Export Data (#3.3)</p> <p>Disclosure of export data for the fiscal year covered by the EITI Report, including total export volumes and the value of exports by commodity, and, when relevant, by state/region of origin. Ghana should confirm all existing exports for all commodities for the year covered by the report.</p>	It has been fully addressed.
10	<p>SOE quasi fiscal expenditures (#6.2)</p> <p>The NSC must include disclosures from SOE(s) on their quasi-fiscal expenditures. The multi-stakeholder group is required to develop a reporting process with a view to achieving a level of transparency commensurate with other payments and revenue streams, and should include SOE subsidiaries and joint ventures.</p>	Significant progress made to address this requirement in 2015 report on the oil & gas sector. Remaining gaps to be addressed in the 2016 report.

Table 12.2: Validation Recommendation

S/N	RECOMMENDATIONS	IMPLEMENTATION STATUS
1.	MSG should develop a realistic timeline for finalizing the GHEITI Bill	Outstanding
2.	MSG should develop a work plan with objectives that reflect the key concerns of stakeholders with regards to management of the country's extractive resources	Done
3.	CSOs undertake capacity building needs assessment and that actions to address civil society constraint be implemented	Done
4.	MSG should ensure that the oil and gas sector's multiple fiscal regime are coherently presented and their rationale explained	
5.	MSG should provide for the disclosure of all elements required and encouraged by provision # 2.3 pending the launch of the online licence registers	Significant progress made

6.	MSG may ask government for a more affirmative policy on contract disclosure	No specific policy on contract disclosure in mining & oil/gas sectors. However, the E&P Law has provided for disclosure of contract in the oil/gas and about 17 contracts have so far been disclosed in the petroleum register by Petroleum Commission
7.	MSG should describe in detail the transactions between government and GNPC. Also, explain more clearly in future oil and gas reports the actual steps GNPC follows in its petroleum operations (lifting & marketing)	Done
8.	MSG should ensure that data under provisions 3.2 and 3.3 are completely and accurately provided – production and export values and volumes and the underlying assumptions	Done
9.	The ToR for the IA should be aligned with the Standard ToR for IAs in accordance with the EITI Standard.	Done
10.	The MSG may wish to ensure that forthcoming reports provide information on the status of implementation of the Western Corridor Gas Infrastructure Development Project	Done
11.	MSG may wish to consider whether government receives material revenues from transportation of gas in the case of production of new oil Fields initiated	
12.	Distribution of revenues and expenditures would benefit from being presented in a wider budgetary context	<ul style="list-style-type: none"> - Done for oil & gas as per the PRMA - Done for mining sector through the MDF Act and also proposed Mining Revenue Mgt Bill still under discussions
13.	MSG may want to be more alert to quasi-fiscal expenditures by SOEs	The 2015 oil and gas sector report highlighted SOEs (GNPC) quasi-fiscal expenditures and same will apply to 2016 report
14.	GHEITI Sec. encouraged to work more closely with the media and local CSOs – Summary reports and in local language.	Being implemented and such engagements will continue
15.	MSG encouraged to maintain the open data portal and update with its latest report	Done - GHEITI has a dashboard (Open data portal) on which the reports are often uploaded

16.	MSG should consider outstanding recommendations from past GHEITI reports and agree on follow-up and implementation measures	Done but implementation of some of the recommendations are still ongoing
17.	Future APRs should better reflect the progress made by GHEITI with regards to improved transparency and accountability in the extractive sector.	Has been implemented (refer to 2017 APR on GHEITI website)
18.	MSG should organise outreach and dissemination to discuss the impact of GHEITI, key challenges and areas of improvement in the light of Scanteam Impact Assessment.	To be implemented as part of the proposed GHEITI national conference in Sept. 2018

13.0 Details of implementation of recommendations

Table 13.1: Details of implementation of recommendation

Issue	Finding	Recommendation	Status	Remarks
Capital Gains Tax	Petroleum rights did not attract capital gains tax	Change in ownership of petroleum rights should attract capital gains tax	Implemented The capital gains tax positions in the PITL and Act 592 have been harmonized as per Act 871 (Internal Revenue (Amendment) (NO.2) ACT, 2013.	Petroleum rights now attract capital gains tax.
Thin Capitalization	There is no provision in the PITL that relates to excessive interest charges. However IRA 2000; Act 592 has limitations on interest charges.	The Petroleum income tax law should be harmonized with the Act 592, with regards to interest charges.	Outstanding	The GRA applies the thin capitalization provision in Act 592 to the Petroleum sector.
Ring Fencing:	Ring fencing applies to contractor may set off expenses that are exclusive to a production area against income from another production area. This may delay corporate tax revenues.	Ring fencing should be applied at the production area level.	Outstanding.	
Carry forward of losses.	Petroleum Income Tax law allows for the indefinite carry forward of losses. Meanwhile in the mining sector losses are carried forward for 5 years.	Recommended that the carry forward of losses in the petroleum sector should be restricted to 5 years.	Outstanding	

14.0 Observations and Significant Findings

a) Quasi Fiscal Expenditures and SOEs Transactions

Observation

GNPC has engaged in several quasi-fiscal expenditures and transactions with other SOEs:

- Provision of US\$100 million guarantee for Karpower emergency power ship
- Liquidation of US\$ 31.34 million debt owed BNP Paribas in respect of 10 parcels of crude oil imported for refining by the Tema Oil Refinery (TOR)
- Advance of US\$ 50 million to the Ministry of Finance for the Construction of Western Corridor Roads
- Payment of US\$ 18.75 to Trafigura to replenish national crude strategic reserves maintained by Bulk Oil Storage and Transportation (BOST)

Recommendation

It is recommended that the government considers reimbursements of any related SOE transactions and Quasi fiscal expenditures made by GNPC. Where such reimbursement cannot happen in the short term, government should enter into repayment agreement to ensure that within a reasonable time frame, GNPC is able to access the money.

It is also recommended that government ceases forthwith, the practice of urging GNPC to engage in quasi fiscal spending any time it needs to meet a contingency. Expenditures, such as meeting the national crude oil strategic reserve obligation should rather be charged on the national Contingency Fund established by the 1992 Constitution and operationalized in 2015 to receive a portion of the excess revenue over the cap on the Stabilisation Fund.

b) Participation of companies in the reconciliation exercise.

Observation

Four IOCs' did not submit templates for the 2016 GHEITI Report. These were Tullow Ghana Ltd, Anadarko, Petro SA and Heritage E&P Ltd

The absence of Tullow Ghana Ltd and Heritage Ltd which made cash payments reduced the coverage for the 2016 report by 11%.

Recommendation

The MSG should investigate why some oil companies are refusing to participate in the reconciliation process. This should be done quickly to avoid a situation in which no company submits data for reconciliation in subsequent reports.

c) Submission of Data by Government Agencies.

Observation

The GNPC did not provide information on data licence fees during preliminary information gathering (scoping/inception) phase. Thus data licence fees was not included in the materiality determination. Data licence fees was however included in the corporations's 2016 financial statements as income.

Recommendation

All government agencies are required to submit details of all receipts during the scoping phase of the assignment. The determination of material revenue streams shall thereafter be made.

d) Self-Assessment on surface rental payments

Observation

Petroleum agreements between the state and contractors requires contractors to pay surface rentals at the beginning of each calendar year or at the beginning of each period of their exploration periods as the case may be. GRA's Self-assessment policy however does not require clear payment timelines by contractors hence causing undue delays in the payment of surface rentals.

Recommendation

It is recommended that GRA provides clear timelines for the payment of self-assessed surface rentals.

e) Outstanding Surface Rentals and Training/Technology allowance.

Observation

As at the end of 2016 ten (10) companies were in default of surface rental payments amounting to GHS181, 152,708 or US\$1,548,592

Recommendation

It is recommended the GRA pursues these defaulters for settlement.



15.0 Conclusion

In 2016 the Government of Ghana received an amount of US\$ 247,102,245.53 (including PHF income of US\$73,149) into the Petroleum Holding Fund.

Government receipts from oil/gas companies during the EITI reconciliation process amounted to US\$256,579,535. The difference between the EITI collections and the petroleum receipts in the PHF, resulted from payments made to organisations such as the EPA, GNPC and Petroleum Commission.

Out of the royalty receipt of US\$57,851,211, an amount of US\$49,959,808 or 86% of total royalty was payment from International Oil companies or partners at Jubilee Fields. This was in kind payment of royalty oil which was lifted by the GNPC and sold on behalf of the government.

A net discrepancy of US\$ 431,541 was obtained at the end of reconciliation. The main cause of the discrepancy was the difference between the amounts submitted by the GNPC and EPA as environmental permitting fees. The EPA stated an amount of US\$25,762(GHS100, 729) whereas GNPC submitted US\$ 457,303 as payment for environmental permitting fees in 2016.

Four Oil companies, namely Tullow Ghana Ltd, Anadarko, PetroSA and Heritage Exploration and Production Ltd, did not participate in the reconciliation exercise. The MSG is encouraged to ensure that all selected companies duly participate in future reconciliation exercises.

APPENDICES

Appendix 1: Government Reporting Template

Ghana Extractive Industries Transparency Initiative (GHEITI)						
Report on amounts received from extractive company by specified government agencies in the period						
NAME OF GOVERNMENT AGENCY:						
TAX PAYER NAME:						
TAXPAYER IDENTIFICATION NUMBER (TIN):						
SECTOR (Minerals /Oil/ Gas):						
Reporting template prepared by						
Email address				Tel. No.		
RECEIPTS FROM COMPANIES						Comments
A	Ref for details of	Type of Receipt	Amount: (In Actual Currency of Receipt)			
			CEDIS	USD		
		Received by the Ministry OF Finance (MoF)				
	A1	Dividends				
	A2					
	A3					
	A4					
B	A5					
	A6					
		Received by Ghana National Petroleum Corporation				
	B1	Royalty				
	B2	Carried Interest				
	B3	Participating Interest				
	B4	Additional Participating interest				
	B5	Additional Oil Entitlement				
	B6					
C	B7					
	B8					
		Received by Ghana Revenue Authority (Large Tax payers Department- Corporation Tax (including provisional ax and advance tax)				
	C1	Corporation Tax (including provisional ax and advance tax)				
	C2	Royalties				
	C3					
	C4					
	C5					
D	C6					
	C7					
		Received by Petroleum Commission				
		surface rental				
		Ghana navy fees				
		Ghana armed forces rentals				
		Ghana Maritime Authority				
		EPA fees				
		Ghana Immigration service fees				
		Licence Application				
		Data Licence fees				
		Training Obligations				
		Technology and Technical Support				
		Other Material payments				

E						
		Received by Local Authorities (District Assemblies)		Date(s)	Utilization	
	E1	Property Rate				
	E2	Operating Permit				
	E3	Mineral Royalty				
	E4	Mineral Royalty				
F						
		Received by Environmental Protection Agency (EPA)				
G		Environmental Permitting Fees				
CSR Supplementary Template (Companies)						
					Is the project a cost item or a tax deductible item? Please specify	Provide the name of the beneficiary community or organization
	List the CSR project(s) being carried out during the project					
		Cost (Value)	Target Beneficiary	Were you under any obligations to undertake the project? Indicate Yes or No for each project		
	Name					

Agency/Ministry Management sign-off

_____ Name
 _____ Position
 _____ Date
 _____ Signature

Stamp

We attach further information which will assist you in reconciling the amounts received to the records of the relevant taxpayers (See supporting schedules and support documentation)

_____ Name

Stamp _____

Appendix 1A: Company Reporting Template

GHEITI PAYMENTS REPORTING

TEMPLATE (From)

Basic Information

Name of the Entity (Extractive company)		
--	--	--

TIN		
-----	--	--

License No.		1	
		2	
		3	
		4	

Development / Production Area		
-------------------------------	--	--

Reporting template prepared by		
Email address		

Company Information

Company Shareholding	Name	Amount		%Interest
		GHS	Dollars(\$)	
	Total		-	0%

Core business	
Secondary activities	

Please state if the last financial statements have been audited (yes/no)	
Name of the last financial statements Auditor	

Direct Payments

Ref for details of supporting breakdown	Volume/In-kind		Value/Paid	
			GHS	USD

Payments to the Ministry of Finance				
Divident				
Cooperate Tax				
Royalties				
Payments made by International Oil Company(LOC) to Ghana National Petroleum Corporation (GNPC)		Volume		
Royalty				
Carried Interest				
Participating Interest				
Additional Participating interest				
Additional Oil Entitlement				
Payments made by Ghana National Petroleum Corporation to Bank of Ghana		Volume	Value/Paid	
			GHS	USD
Royalty				
Carried Interest				
Participating Interest				
Additional Participating interest				
Additional Oil Entitlement				
Payments made to Ghana Revenue Authority (Large Tax payers Department-LTD)				
Corporate Tax				
Royalties				
Withholding tax				

Payments made to Mineral Commission					
Mineral Rights Licences - Mining lease production					
Mineral Rights Licences - Mining lease (no production yet)					
Mineral Rights Licences —Reconnaissance					
Mineral Rights Licences -Prospecting					
				Value/Paid	
Payments made to OASL				GHS	USD
Ground Rent					
Payments made to Petroleum Commission					
Ghana navy fees					
Ghana armed forces rentals					
Ghana Maritime Authority					
EPA fees					
Ghana Immigration service fees					
Licence Application					
Surface Rent					
Data Licence fees					
Training Obligations					
Technology and Technical Support					
Other Material payments					
Payments made to Local Authorities (District Assemblies)					
Property Rate					
Operating Permit					
Total payments made to government				-	

Social and Other Payments

Date	Type of payment or contribution		Location	Paid to

Mining Production Data

Description	Type of Product	Fields/License	Unit of measure	Quantity Produced
Ore milled				
Mineral Produced				

Oil and Gas Production Data

Description	Type of Product	Fields/License	Unit of measure	Quantity Produced
Oil Produced				
Gas Produced				

Sales (Exports and Local Sales)

Mining Data

Description	Type of Product	Quantity Sold	Unit of measure	Value/Paid	
				GHS	USD
Mineral Produced					

Sales (Exports and Local Sales) Oil and Gas Data

Description	Type of Product	Quantity Sold	Unit of measure	Value/Paid	
				GHS	USD

11 Procurement of goods and services from local companies in Ghana					
Goods (Include annex of companies provided goods)					
Service (include Annex of companies provided services)					
9. Management Sign-off					
We acknowledge {or On behalf of the Board of Directors (or similar body)} our responsibility for the fair presentation of the Reporting Template in accordance with the Reporting Guidelines.					

Name:

Position:

Signature and Stamp:

Appendix 1B: Out of scope companies

Extractive Entity	Amount paid(US\$)
MEDEA DEVELOPMENT INTERNATIONAL	138,250.00
SPRINGFIELDS EXPLORATION & PRODUCTION LIMITED	100,000.00
GOSCO	29,939.23
BLUE OCEANS	26,854.22
GHANA GAS	25,762.15
AMNI INT'L PETROLEUM DEV. CO, LTD	13,974.00
CAPE 3 SERVICES	7,672.63
M-I HOLDINGS	5,115.09
INDEPENDENT OIL TOOLS GHANA LTD	3,836.32
AOS ORWELL GHANA	3,836.32
OMNI ENERGY	2,877.24
SEAWELD TANK SERVICES	2,258.31
DRILL EQUIP	2,237.85
KARIBA ENGINEERING	2,171.36
BAYSFIELDS	1,531.97
OILMACHINE SHOP	1,212.28

Appendix 2: Details of Reconciliation

Kosmos

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
	OIL & GAS										
1	Carried Interest			0			0	0	0	0	0
2	Participating Interest			0			0	0	0	0	-
3	Royalty			0			0	0	0	0	-
4	Surface Rental	17,797		17,797	17,797		17,797	17,797	17,797	(0)	(0)
5	Corporate Tax	2,232,550		2,232,550	2,232,550		2,232,550	2,232,550	2,232,550		-
6	Dividends			0			0	0	0	-	-
7	Training/Tech fees	175,000		175,000	175,000		175,000	175,000	175,000	-	-
8	Gas revenue			-						-	-
9	Environmental Processing/Permit fees			-						-	-
	TOTAL	2,425,347	-	2,425,347	2,425,347	-	2,425,347	2,425,347	2,425,347	(0)	(0)

TULLOW

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
	OIL & GAS										
1	Carried Interest										
2	Participating Interest										
3	Royalty										

4	Surface Rental										
5	Corporate Tax										
6	Dividends										
7	Training /Tech fees										
8	Gas Revenue										
9	Environmental Processing/Permit fees										
	TOTAL	-	-	-	-	-	-	-	-	-	-

Ghana National Petroleum Corporation

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	under
	OIL & GAS										
1	Carried Interest	109,917,301		109,917,301	109,917,271		109,917,271	109,917,301	109,917,271	29	
2	Participating Interest	40,019,075		40,019,075	40,019,120		40,019,120	40,019,075	40,019,120		(44)
3	Royalty	57,851,211		57,851,211	57,851,195		57,851,195	57,851,211	57,851,195	16	
4	Surface Rental			-			-	-	-	-	-
5	Corporate Tax			-			-	-	-	-	-
6	Dividends			-			-	-	-	-	-
7	Training/tech fees			-			-	-	-	-	-
8	Gas Revenue	9,302,806		9,302,806	9,302,806		9,302,806	9,302,806	9,302,806	-	
9	Environmental Processing/Permit Fees	457,303		457,303	25,762		25,762	457,303	25,762	431,541	
	TOTAL	217,547,696	-	217,547,696	217,116,155	-	217,116,155	217,547,696	217,116,155	431,586	(44)

ANADARKO

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
	OIL & GAS										
1	Carried Interest										
2	Participating Interest										
3	Royalty										
4	Surface Rental										
5	Corporate Tax										
6	Dividends										
7	Training/Tech fees										
8	Gas Revenue										
9	Environmental Processing/Permit Fees										
	TOTAL	0	0	0	0	0	0	0	0	0	0

Petro SA

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
	OIL & GAS										
1	Carried Interest			0			0	0	0	0	0
2	Participating Interest			0			0	0	0	0	0
3	Royalty									-	0
4	Surface Rental			0			0	0	0	0	0

5	Corporate Tax			0			0	0	0	0	0
6	Dividends			0			0	0	0	0	0
7	Training/Tech			0			0	0	0	0	0
8	Gas Revenue										0
9	Environmental Processing/Permit Fees										
	TOTAL	-	-	-	-	-	-	-	-	-	-

ENI Ghana E & P

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
	OIL & GAS										
1	Carried Interest			0			0	0	0	0	0
2	Participating Interest			0			0	0	0	0.0	0
3	Royalty			0						0.0	0
4	Surface Rental			0			0	0	0	0.0	0
5	Corporate Tax			0			0	0	0	0.0	0
6	Dividends			0			0	0	0	0.0	0
7	Training/Tech	6,432,000		6,432,000	6,432,000		6,432,000	6,432,000	6,432,000	0.0	0
8	Gas Revenue			0			0	0	-	0.0	0
9	Environmental Processing/Permit Fees	375,000	(258,506)	116,494	116,494		116,494	116,494	116,494		-0.45
	TOTAL	6,807,000	(258,506.00)	6,548,494	6,548,494	-	6,548,494	6,548,494	6,548,494	-	(0.45)

HESSE Exploration

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
	OIL & GAS										
1	Carried Interest			0			0	0	0	0	-
2	Participating Interest			0			0	0	0	0	-
3	Royalty			0						-	-
4	Surface Rental	219,310		219,310.27	219,310		219,310	219,310	219,310	-	-
5	Corporate Tax			0			0	0	0	0	-
6	Dividends			0			0	0	0	0	-
7	Training/Tech	300,000		300,000	300,000		300,000	300,000	300,000		-
8	Gas Revenue										0
9	Environmental Processing/Permit Fees										
	TOTAL	519,310.27	-	519,310.27	519,310.27	-	519,310.27	519,310.27	519,310.27	-	-

Heritage Exploration & Production Ltd

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
	OIL & GAS										
1	Carried Interest			0			0	0	0	0	-
2	Participating Interest			0			0	0	0	0	-
3	Royalty									-	-
4	Surface Rental			-			0	-	0	0	-

5	Corporate Tax			0			0	0	0	0	-
6	Dividends			0			0	0	0	0	-
7	Training/Tech			0							
8	Gas Revenue										0
9	Environmental Processing/Permit Fees										
	TOTAL	-	-	-	-	-	-	-	-	-	-

Medea Dev't Cola Natural Resources Ghana Ltd

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
	OIL & GAS										
1	Carried Interest			0			0	0	0	0	-
2	Participating Interest			0			0	0	0	0	-
3	Royalty			0			0	0	0	0	-
4	Surface Rental	78,250		78250	78,250		78250	78250	78250	0	-
5	Corporate Tax			0			0	0	0	0	-
6	Dividends			0			0	0	0	0	-
7	Training/Tech	500,000		500000	500,000		500000	500000	500000	0	-
8	Gas Revenue			0			0	0	0	0	-
9	Environmental Processing/Permit Fees			0			0	0	0	0	-
	TOTAL	578,250.00	-	578,250.00	578,250	-	578,250	578,250.00	578,250	-	-

Appendix 2B: Details of Reconciliation

Payment of Carried Interest: Reconciliation between Companies and GRA

No.	Company	Payment by company(GHS)	Receipt by GRA	Discrepancy	Resolved	Unresolved
1	Kosmos					
2	Tullow					
3	GNPC	109,917,301	109,917,271	30		30
4	Anadarko					
6	Petro SA					
7	Eni Ghana Exploration Ltd					
8	Hess Exploration					
9	Heritage Exploration & Pro. Ltd					
10	Medea Dev't/Cola Natural Res. Ltd					
	Total	109,917,301	109,917,271	30	-	30

Payment of Participating Interest: Reconciliation between Companies and GRA

No.	Company	Payment by company(GHS)	Receipt by GRA	Discrepancy	Resolved	Unresolved
1	Kosmos					
2	Tullow					
3	GNPC	40,019,075	40,019,120	-45		-45
4	Anadarko					
6	Petro SA					
7	Eni Ghana Exploration Ltd					
8	Hess Exploration					
9	Heritage Exploration & Pro. Ltd					
10	Medea Dev't/Cola Natural Res. Ltd					
	Total	40,019,075	40,019,120	(45)	-	(45)

Payment of Royalty: Reconciliation between Companies and GRA

No.	Company	Payment by company(GHS)	Receipt by GRA	Discrepancy	Resolved	Unresolved
1	Kosmos					
2	Tullow					
3	GNPC	57,851,211	57,851,195	16		16
4	Anadarko					
6	Petro SA					
7	Eni Ghana Exploration Ltd					

8	Hess Exploration					
9	Heritage Exploration & Pro. Ltd					
10	Medea Dev't/Cola Natural Res. Ltd					
	Total	57,851,211	57,851,195	16	0	16

Payment of Surface Rental: Reconciliation between Companies and GRA

No.	Company	Payment by company(GHS)	Receipt by GRA	Discrepancy	Resolved	Unresolved
1	Kosmos	17,797	17,797	-		-
2	Tullow					
3	GNPC					
4	Anadarko					
6	Petro SA					
7	Eni Ghana Exploration Ltd					
8	Hess Exploration	219,310	219,310	-		-
9	Heritage Exploration & Pro. Ltd					
10	Medea Dev't/Cola Natural Res. Ltd	78,250	78,250	-		-
	Total	315,357	315,357	-	-	-

Payment of Corporate Tax: Reconciliation between Companies and GRA

No.	Company	Payment by company(GHS)	Receipt by GRA	Discrepancy	Resolved	Unresolved
1	Kosmos	2,232,550	2,232,550	-		-
2	Tullow					
3	GNPC					
4	Anadarko					
6	Petro SA					
7	Eni Ghana Exploration Ltd					
8	Hess Exploration					
9	Heritage Exploration & Pro. Ltd					
10	Medea Dev't/Cola Natural Res. Ltd					
	Total	2,232,550	2,232,550	-	-	-

Payment of Training/Tech: Reconciliation between Companies and GNPC/Petroleum Comm.

No.	Company	Payment by company(GHS)	Receipt by GNPC/P. Comm.	Discrepancy	Resolved	Unresolved
1	Kosmos	175,000	175,000	0		0
2	Tullow					
3	GNPC					
4	Anadarko					
6	Petro SA					
7	Eni Ghana Exploration Ltd	6,432,000	6,432,000	0		0
8	Hess Exploration	300,000	300,000	0		0
9	Heritage Exploration & Pro. Ltd					
10	Medea Dev't/Cola Natural Res. Ltd	500,000	500,000	0		0
	Total	7,407,000	7,407,000	0	0	0

Payment of Gas Revenue: Reconciliation between Companies and GNPC/GRA

No.	Company	Payment by company(GHS)	Receipt by GNPC/GRA	Discrepancy	Resolved	Unresolved
1	Kosmos					
2	Tullow					
3	GNPC	9,302,806	9,302,806	0		0
4	Anadarko					
6	Petro SA					
7	Eni Ghana Exploration Ltd					
8	Hess Exploration					
9	Heritage Exploration & Pro. Ltd					
10	Medea Dev't/Cola Natural Res. Ltd					
	Total	9,302,806	9,302,806	-	-	-

Payment of Environmental Processing/Permit Fee: Reconciliation between Companies and EPA

No.	Company	Payment by company(GHS)	Receipt by EPA	Discrepancy	Resolved	Unresolved
1	Kosmos					0
2	Tullow					0
3	GNPC	457,303	25,762	431,541		431,541
4	Anadarko					
6	Petro SA					
7	Eni Ghana Exploration Ltd	375,000	116,494	258,506	258,506	0
8	Hess Exploration					
9	Heritage Exploration & Pro. Ltd					
10	Medea Dev't/Cola Natural Res. Ltd					
	Total	832,303	142,257	690,046	258,506	431,540

Appendix 3: Priority Area Spending

PRIORITY AREA	GOODS & SERVICES	CAPEX	TOTAL
EXPENDITURE AND AMORTISATION OF LOANS FOR OIL AND GAS INFRASTRUCTURE	-	-	-
ROAD AND OTHER INFRASTRUCTURE	-	199,447,492.13	199,447,492.13
Roads and Highways	-	48,151,290.94	48,151,290.94
REHABILITATION OF OLD ADA AND LIGHT INDUSTRIAL AREA ROADS	-	8,473,781.07	8,473,781.07
PARTIAL RECONSTRUCTION OF TROM SOMANYA ODUMASE KPONG ROAD AS AN ADDENDUM TO UPGRADING OF GOLOKWATI WLI HOHOE ROAD	-	5,002,380.77	5,002,380.77
CONSTRUCTION OF TWIFO PRASO DUNKWA ROAD	-	3,388,341.50	3,388,341.50
UPGRADING OF HO ADIDOME ROAD	-	2,785,326.08	2,785,326.08
CONSTRUCTION OF ROADS AND OTHER INFRASTRUCTURAL AMENITIES FOR THE UNIVRSITY OF HEALTH AND ALLIED SCIENCES AT SOKODE LOKOE NEAR HO	-	2,264,932.85	2,264,932.85
BITUMEN SURFACING OF TADZEVU-DEVEGO-AGORVE JUNCTION FEEDER ROAD	-	10,710,586.31	10,710,586.31
EMERGENCY ASPHALTIC OVERLAY OF ARTERIAL AND CILLECTOR ROADS IN TEMA, NINGO PRAMPAM, TESHIE NUNGUA AND LA AREAS	-	9,287,340.36	9,287,340.36
CONSTRUCTION OF EASTERN CORRIDOR ROADS	-	6,238,602.00	6,238,602.00
Energy Infrastructure	-	43,460,581.47	43,460,581.47
SUPPLY OF STEEL TUBULAR POLES UNDER THE NATIONAL ELECTRIFICATION SCHEME	-	14,714,782.43	14,714,782.43
SUPPLY OF WOODEN POLES AND STEEL BLOCKS FOR THE NATIONAL ELECTRIFICATION SCHEME	-	3,721,350.00	3,721,350.00
SUPPLY OF ELECTRICAL MATERIALS AND EQUIPMENTS UNDER THE NATIONAL ELECTRIFICATION SCHEME	-	7,858,713.44	7,858,713.44
SUPPLY OF LED STREETLIGHT UNDER THE NATIONAL ELECTRIFICATION SCHEME	-	2,981,535.00	2,981,535.00
SUPPLY OF POLE-TOP ACCESSORIES UNDER THE NATIONAL ELECTRIFICATION SCHEME	-	4,000,000.00	4,000,000.00
SUPPLY OF ELECTRICAL MATERIALS AND EQUIPMENT UNDER THE NATIONAL ELECTRIFICATION SCHEME	-	10,184,200.60	10,184,200.60
Water Infrastructure	-	23,475,717.92	23,475,717.92
CONSTRUCTION WORKS IN RESPECT ADJOA COASTAL PROTECTION WORKS	-	8,000,000.00	8,000,000.00
CONSTRUCTION WORKS IN RESPECT OF BLEKUSU COASTAL PROTECTION WORKS	-	8,000,000.00	8,000,000.00

CONSTRUCTION WORKS IN RESPECT OF THE ABOADZE COASTAL PROTECTION PROJECT	-	7,475,717.92	7,475,717.92
Transport Infrastructure	-	2,000,000.00	2,000,000.00
DEVELOPMENT OF TAKORADI-SECONDI VIA KOJOKROM SUBURBAN RAILWAY LINE INCLUDING RAILWAY STATIONS AND SUPPLY OF ROLLING STOCK TO FACILITATE RAIL TRANSPORT	-	2,000,000.00	2,000,000.00
CDB Master Facility - ICT	-	14,310,999.60	14,310,999.60
Transfers into the Ghana Investment and Infrastructure Fund (GIIF)	-	68,048,902.20	68,048,902.20

Appendix 3A: Priority area spending

PRIORITY AREA	GOODS & SERVICES	CAPEX	TOTAL
AGRICULTURE MODERNISATION	6,524,754.00	21,146,526.88	27,671,280.88
Food and Agric Infrastructure	6,524,754.00	21,146,526.88	27,671,280.88
SUPPLY OF FERTILIZER UNDER GOVERNMENTS FERTILIZER SUBSIDY PROGRAM FOR 2015	6,524,754.00	-	6,524,754.00
DEVELOPMENT OF IRRIGATION INFRASTRUCTURE AT UASI	-	2,185,430.79	2,185,430.79
DEVELOPMENT OF IRRIGATION INFRASTRUCTURE AT ATIDZIVE AND AYITEYKOPE AND AKA-BASIN	-	2,782,099.02	2,782,099.02
DEVELOPMENT OF IRRIGATION INFRASTRUCTURE AT ATIDZIVE AND AYITEYKOPE AND AKA-BASIN	-	2,338,108.86	2,338,108.86
DEVELOPMENT OF IRRIGATION INFRASTRUCTURE AT ADITRASE AND KORNORKLOE	-	13,840,888.21	13,840,888.21
CAPACITY BUILDING (INCLUDING OIL AND GAS)	83,037,283.91	-	83,037,283.91
Human Resource	83,037,283.91	-	83,037,283.91
SCHOLARSHIP CLAIMS FOR 2016	83,037,283.91	-	83,037,283.91
Public Interest and Accountability Committee (PIAC)	967,000.00	-	967,000.00
GRAND TOTAL	90,529,037.91	220,594,019.01	311,123,056.92

Appendix 4 Details of liftings by Jubilee Partners in 2016

Tullow Ghana	Kosmos Energy	Anadarko & Petro Sa	Ghana Group
948,243.00	947,132.00	946,343.00	947,980.00
948,169.00	948,572.00	903,043.00	995,152.00
995,490.00	947,957.00	995,367.00	983,847.00
991,354.00	946,750.00	930,229.00	949,320.00
939,630.00	973,002.00	993,814.00	984,163.00
1,048,332.00	996,121.00	954,472.00	
964,279.00		985,072.00	
995,786.00			
974,394.00			
8,805,677.00	5,759,534.00	6,708,340.00	4,860,462.00

The various liftings by Jubilee partners

Appendix 5: Blocks Awarded

Contract Area	Contractor Parties (Operator)	Period (Phases)	Duration of License	Expiry Date	Relinquishments and by dates	Likely Terminations for Non-Performance
Onshore/Off shore Keta Delta Block	Swiss African Oil Company Ltd, PET VOLTA,	<ul style="list-style-type: none"> Initial Exploration Period: 3yrs 1st Extension Period: 2 yrs. 2nd Extension Period: 1.5 yrs. 	25 years	2041	10 th March 2019 – relinquish 70% or more of the contract area 10 th March 2021 – relinquish 40% or more of the retained area 13 th September 2022 – relinquish entire block if no commercial discover is made	
Cape Three Points Block 4	Eni Gh E&P Ltd, GNPC Explorco, Vitol Upstream Tano Ltd, WoodFields Upstream	<ul style="list-style-type: none"> Initial Exploration Period: 3yrs 1st Extension Period: 2 yrs. 2nd Extension Period: 1 yr. 	25 years	2041	13 th April 2019 – relinquish 30% or more of the contract area 13 th April 2021 – relinquish 60% or more of the contract area 13 th April 2022 –relinquish entire block if no commercial discover is made	Yes – Art. 23.2 and 23.3 of the PA
West Cape Three Points Block 2	SpringFields E&P and GNPC Explorco Ltd,	<ul style="list-style-type: none"> Initial Exploration Period: 2.5 years 1st Extension Period: 1.5 years 2nd Extension Period: 1.5 years 	28 years	2044	26 th April 2017 - relinquish existing discoveries if no Appraisal Program is submitted. 26 th January 2022 – relinquish 40% or more of the contract area 25 th July 2023 – relinquish the entire block if no commerciality is declared	Yes – Art. 23.2 and 23.3 of the PA

Appendix 6 Coordinates of Blocks: Offshore Cape Three Points Block 4

Block Name	ID	ET_X	ET_Y
Offshore Cape Three Points Block 4	A	541383.69770	518111.44620
	B	583212.40588	518111.44620
	C	583212.40588	488226.02617
	D	573966.15675	488217.22287
	E	573968.05672	486092.30103
	F	541606.38506	486069.74449

Appendix 6A Coordinates of Blocks: Onshore/Offshore Keta Delta Block

Block Name	ID	ET_X	ET_Y
Onshore/Offshore Keta Delta Block	A	889435.0123	613557.0290
	B	975335.9187	645806.1446
	C	960462.8732	682081.8652
	D	903038.4075	660653.8940




Appendix 6B: Coordinates of Blocks West Cape Three Point Block -2






Block Name	ID	ET_X	ET_Y
West Cape Three Point Block -2	A	509231.7311	491662.169
	B	509206.0754	482952.083
	C	541557.8247	483003.394
	D	541621.9638	515624.527
	E	518762.7976	515701.494
	F	522405.897	513520.766
	G	523881.0957	513469.4549
	H	524445.5196	510198.3621
	I	523893.9236	508530.7462
	J	525600.0229	506722.0243
	K	522123.6851	501834.6268
	L	523983.7183	495587.4809
	M	523842.6123	487223.7456
	N	519865.9897	487198.0899
	O	515389.0822	488660.4608
P	514619.4133	487082.6396	






Appendix 7: Contract areas /Cost





No.	Name of Company	Contract Area	Amount as of December 2016
1	Erin Energy Ghana Limited	Expanded Shallow Water Tano Block	\$ 400
2	Sahara Energy Fields Ghana Limited	Shallow Water Cape Three Points	\$ 259,315
3	Brittania-U	South -West Saltpond	\$ 354,397.26
4	Swiss African Oil Company	Onshore/Offshore Keta Delta Block	\$ 287,671.23


Appendix 8: Petroleum register as at 31/12/16

Operator	Contractor Parties (Operator)	Contract Area	Contract Area size (sq. km)	Effective Date	Period (Phases)	Location	Current Phase of Operations	Duration of License (Years)	Relinquishment and by dates
	Tullow Ghana Ltd Kosmos, Anardarko Petro SA GNPC	Deepwater Tano	Jubilee = 61 TEN = 450 Wawa = 106	July 19, 2006	<ul style="list-style-type: none"> Initial Exploration Period: 2.5yrs 1st Sub Period: 1yr 2nd Sub Period: 1.5yrs 1st Extension Period: 2yrs 2nd Extension Period: 2yrs 	Offshore Tano Cape Three Points Basin	Production	30	Block relinquished but development and production area retained
	Kosmos Energy Tullow Petro SA Anadarko GNPC	West Cape Three Points	Jubilee = 48 MTA = 416	July 13, 2004	<ul style="list-style-type: none"> Initial Exploration Period: 3yrs 1st Extension Period: 2yrs 2nd Extension Period: 2yrs 	Offshore Tano Cape Three Points Basin	Production	30	Block relinquished except the Mahogany, Teak and Akasa discoveries
	eni Ghana E&P and Vitol Upstream Ghana Ltd GNPC	Offshore Cape Three Points	693	March 15, 2008	<ul style="list-style-type: none"> Initial Exploration Period: 3yrs 1st Extension Period: 2yrs 2nd Extension Period: 2yrs 	Offshore Tano Cape Three Points Basin	Production	30	Block relinquished except the Sankofa and Gye Nyame discoveries

	Aker Energy Lukoil Fuel trade GNPC	Deepwater Tano-Cape Three Points	2010	July 19, 2006	<ul style="list-style-type: none"> Initial Exploration Period: 3yrs 1st Extension Period: 2yrs 2nd Extension Period: 2yrs 	Offshore Tano Cape Three Points Basin	Pre-Development	30	Block relinquished except the Pecan, Beech, Hickory North, Cob, Paradise, Almond and Pecan North.
	Lushann Eternit Energy Limited GNPC	Saltpond Field	12	July 30, 2004		Offshore Saltpond Basin	Decommissioning Phase	20	None
	Erin (Camac) and Base Energy Ghana Ltd. GNPC	Expanded Shallow Water Tano	1508	January 22, 2015	<ul style="list-style-type: none"> Initial Exploration Period: 2yrs 1st Extension Period: 1.5yrs 2nd Extension Period: (2 optional extensions) 1.5yrs each 	Offshore Tano Cape Three Points Basin	Exploration	25	23/07/2018: 75% or more to be relinquished 23/07/2021: 75% or more of the retained area to be relinquished 23/01/2023: relinquish entire block if no commerciality is declared
	AMNI Int Petroleum Dev. Company GNPC	Central Tano	278	March 27, 2014	<ul style="list-style-type: none"> Initial Exploration Period: 3yrs 1st Extension Period: 1.5yrs 2nd Extension Period: 1.5yrs 	Offshore Tano Cape Three Points Basin	Exploration	25	None
	Sahara Energy Fields Ghana Ltd Sapholda E&P Ltd GNPC	Shallow Water Cape Three Points	1500	July 14, 2014	<ul style="list-style-type: none"> Initial Exploration Period: 1.75yrs 1st Extension Period: 1.5yrs 2nd Extension Period: 1.5yrs 	Offshore Tano Cape Three Points Basin	Exploration	25	17/04/2016: 25% or more to be relinquished 17/10/2017: 50% or more of the retained area to be relinquished

	Brittania-U NPC	South West Saltpond	2050	Not Effective	<ul style="list-style-type: none"> Initial Exploration Period: 3yrs 1st Extension Period: 1.5yrs 2nd Extension Period: 1.5yrs 	Offshore Tano Cape Three Points Basin	Exploration	25	None
	ECO Atlantic EXPLORCO A-Z Petroleum GNPC	Deepwater Cape Three Points West	944	February 22, 2014	<ul style="list-style-type: none"> Initial Exploration Period: 2.5yrs 1st Extension Period: 2.5yrs 2nd Extension Period: 1.5yrs 	Offshore Tano Cape Three Points Basin	Exploration	25	17/01/2017: relinquish 20% or more of contractor acquire new 3D seismic in excess of 300sq.km or 30% if no 3D is acquired 17/07/2019: 20% or more of the retained area to be relinquished 17/01/2021: relinquish contract area except commercial discovery is made
	GOSCO Heritage, EXPLORCO, Blue Star GNPC	East Keta	2239	July 17, 2014	<ul style="list-style-type: none"> Initial Exploration Period: 2yrs 1st Extension Period: 2.5yrs 2nd Extension Period: 2.5yrs 	Offshore Keta Basin	Exploration	25	16/01/2019: 50% or more to be relinquished 16/07/2021: relinquish contract area except commercial discovery is made
	GOSCO Heritage, EXPLORCO, Blue Star GNPC	Offshore South West Tano	175	July 17, 2014	<ul style="list-style-type: none"> Initial Exploration Period: 2.5yrs 1st Extension Period: 2yrs 2nd Extension Period: 1.5yrs 	Offshore Tano Cape Three Points Basin	Exploration	25	16/01/2017: 15% or more to be relinquished 16/07/2018: relinquish contract area
	UB Resources, Houston Drilling Management and Royalgate Ghana Limited GNPC	Offshore Cape Three Points South	755	July 18, 2014	<ul style="list-style-type: none"> Initial Exploration Period: 3yrs 1st Extension Period: 2yrs 	Offshore Tano Cape Three Points Basin	Exploration	25	17/07/2020: 30% or more to be relinquished 17/07/2022: relinquish contract area except commercial discovery is made

	Medea Development Ltd Cola Natural Resources GNPC	East Cape Three Points	1565	April 12, 2013	<ul style="list-style-type: none"> • 1st Extension Period: 3yrs • 2nd Extension Period: 1.5yrs • 2nd Extension Period: 1.5yrs 	Straddles Offshore Tano Cape Three Points and Saltpond Basins	Exploration	25	3/12/2017: 20% or more to be relinquished 3/06/2019: 25% or more of the retained area to be relinquished
	AGM Petroleum Ghana Ltd EXPLORCO GNPC	South Deepwater Tano	3482	December 4, 2013	<ul style="list-style-type: none"> • Initial Exploration Period: 3.5yrs • 1st Extension Period: 1.5yrs • 2nd Extension Period: 2yrs 	Offshore Tano Cape Three Points Basin	Exploration	25	3/6/2020: 30% or more to be relinquished 3/12/2021: 13.5% or more to be relinquished
	Springfield E&P GNPC Explorco Ltd,	West Cape Three Point Block 2	673	2016	<ul style="list-style-type: none"> • Initial Exploration Period: 2.5yrs • 1st Extension Period: 1.5yrs • 2nd Extension Period: 1.5yrs 	Offshore Tano Cape Three Point Basin	Exploration	28	26/04/2017: relinquish existing discoveries if no Appraisal Program is submitted. 26/01/2022: relinquish 40% or more of the contract area 25/07/2023: relinquish the entire block if no commerciality is declared
	Eni Gh E&P Ltd, GNPC Explorco, Vitol Upstream Tano Ltd, Woodfields Upstream	Cape Three Point Block 4	1127	2016	<ul style="list-style-type: none"> • Initial Exploration Period: 3yrs • 1st Extension Period: 2yrs • 2nd Extension Period: 1yr 	Offshore Tano Cape Three Point Basin	Exploration	25	13/04/2019: relinquish 30% or more of the contract area 13/04/2021: relinquish 60% or more of the contract area 13/04/2022: relinquish entire block if no commerciality is declared

	Swiss African Oil Company Ltd, PET VOLTA, GNPC	Onshore/ Offshore Keta Block	3000	2016	<ul style="list-style-type: none"> • Initial Exploration Period: 3yrs • 1st Extension Period: 2yrs • 2nd Extension Period: 1.5yrs 	Accra-Keta Basin	Exploration	25	<p>10/03/2019: relinquish 70% or more of the contract area 10/03/2021: relinquish 40% or more of the retained area 13/09/2022: relinquish entire block if no commercial discovery is made</p>
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Appendix 9: Amount Received IRO Data Licence Fees for Year 2016

COMPANY	INVOICE DATE	INVOICED AMOUNT	AMOUNT PAID	RECEIPT DATE
		US\$	US\$	
MEDEA DEVELOPMENT LIMITED	18-Jun-15	43,131.50	43,131.50	<i>08-JUL-2016</i>
AMNI INT'L PETROLEUM DEV'T (GH) LIMITED	25-Apr-16	500,000.00	499,985.00	<i>10-NOV-2016</i>
WESTERNGECO SEISMIC HOLDINGS LTD	27-Apr-16	96,476.75	96,476.75	<i>08-JUN-2016</i>
AMNI INT'L PETROLEUM DEV'T (GH) LIMITED	19-Dec-16	500,000.00	-	<i>NOT PAID IN 2016</i>
TOTAL		1,139,608.25	639,593.25	