



**PUBLIC INTEREST AND ACCOUNTABILITY COMMITTEE (PIAC)
ESTABLISHED UNDER THE PETROLEUM REVENUE MANAGEMENT ACT 2011
(ACT 815)**

★ **REPORT ON MANAGEMENT OF PETROLEUM REVENUES FOR YEAR 2015**

ANNUAL REPORT

REPUBLIC OF GHANA



PUBLIC INTEREST AND ACCOUNTABILITY COMMITTEE (PIAC)

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LIST OF ACRONYMS AND ABBREVIATIONS

ABFA	Annual Budget Funding Amount
BCF	Billion Cubic Feet
BECE	Basic Education Certificate Examination
BOG	Bank of Ghana
BOPD	Barrels of Oil Per Day
BR	Benchmark Revenue
CAPEX	Capital Expenditure
CAPI	Carried and Participating Interest
CDB	China Development Bank
CIT	Corporate Income Tax
COLA	Crude Oil Lifting Agreement
EIA	Environmental Impact Assessment
EPA	Environmental Protection Agency
FEED	Front End Engineering and Design
FOMC	Federal Open Market Committee
GEDAP	Ghana Energy Development and Access Programme
GBA	Ghana Bar Association
GJA	Ghana Journalists Association
GHEITI	Ghana Extractive Industries Transparency Initiative
GHF	Ghana Heritage Fund
GHS	Ghana Health Services
GIIF	Ghana Infrastructure Investment Fund
GJFDP	Greater Jubilee Field Development Plan
GNGC	Ghana National Gas Company
GNPC	Ghana National Petroleum Corporation
GOG	Government of Ghana
GOIL	Ghana Oil Company Limited
GPFs	Ghana Petroleum Funds
GPP	Gas Processing Plant
GRA	Ghana Revenue Authority
GSF	Ghana Stabilisation Fund
ICAG	Institute of Chartered Accountants (Ghana)

ITLOS	International Tribunal for Law of the Sea
LPG	Liquefied Petroleum Gas
MCA	Millennium Compact Account
MDAs	Ministries, Departments and Agencies
MMBO	Million Barrels of Oil
MMBTU	Million British Thermal Units
MMSCF	Million Standard Cubic Feet
MOE	Ministry of Education
MOF	Ministry of Finance
MT	Metric Tonnes
MTA	Mahogany, Teak and Akasa
NES	National Electrification Scheme
NOC	National Oil Company
OPEX	Operating Expenditure
ORF	Onshore Receiving Facilities
PFM	Public Financial Management
PHF	Petroleum Holding Fund
PIAC	Public Interest and Accountability Committee
POD	Plan of Development
PRMA	Petroleum Revenue Management Act
PRMS	Petroleum Resource Management System
PSC	Public Services Commission
SGN	Sankofa-Gye Nyame
SOPCL	Saltpond Offshore Producing Co. Ltd
SPS	Subsea Production System
SRC	Science Resource Centre
TEN	Tweneboa-Enyenra-Ntomme
TRMS	Takoradi Regulating and Metering Station
US-EIA	United States Energy Information Administration
VRA	Volta River Authority
WCGIP	Western Corridor Gas Infrastructure Project

FOREWORD

The Public Interest and Accountability Committee (PIAC) hereby presents the 2015 PIAC Annual Report on the management of the petroleum revenues by the Government and other state institutions for the year 2015 in accordance with its statutory mandate.

The 2015 PIAC Annual Report is the ninth report (4 Semi-Annual and 5 Annual Reports) as well as the fifth annual report of the Committee in fulfilment of its mandate. The Committee is grateful to the Ministry of Finance, the Ghana National Petroleum Corporation, the Ghana Revenue Authority, the Bank of Ghana, the Ghana National Gas Company Ltd and the Saltpond Offshore Producing Co. Ltd for the provision of information for this report.

This report examines cumulatively (2011 – 2015) the distribution and utilisation of the petroleum revenues while stressing the point that the revenue could have been more focused in its spread over projects. The report gives suggestions to deal with problems that have come up during the first few years and also analyses the usage of the petroleum revenue in the priority areas and calls for value for money audits on some of the projects.

The objective of this report is to inform the general public on the management of the petroleum revenues and thereby empower them to demand transparency and accountability from the Government and the other institutions concerned. The Committee therefore calls for a dispassionate discussion of its content by citizens and stakeholders that will lead to an improved and more efficient management of the petroleum revenues for the benefit of the citizens of Ghana. The report also keeps a regular update on the issues raised and the consequent responses as provided by the relevant stakeholders.

The Petroleum Revenue Management Act, 2011 as amended 893 provides that in the absence of a long term National Development Plan for the country, the Minister can select four (4) priority areas to invest petroleum revenues where these priority areas have a life span of three (3) years. As the Minister of Finance gets ready to select new priority areas in the year 2017 for the next three years, the Committee looks forward to the feedback of the general public on the outcome and impact of the four selected priority areas for the past six years as basis for the next selection. The Committee therefore calls on the public to use all means available including telephone, social media, PIAC website, PIAC public meetings and visits to our office to communicate their concerns.

The year 2015 saw the end of tenure of the second batch of pioneer members of the Committee. These members were Major Daniel Ablorh-Quarcoo (Rtd) (ICAG), Osabarimba Kwesi Atta II (National House of Chiefs), Mr. Kwame Adjei-Djan (GBA), Mr. Franklin Ashiadey (GHEITI) and Mr. Yaw Owusu Addo (GJA). The Committee would like to take this opportunity to express its profound gratitude and appreciation to them for defying all odds and working tirelessly to set the Committee on a strong footing for the future. PIAC wishes these noble citizens well in their future endeavours and hopes to fall on their wealth of experience and knowledge as and when required.

Meanwhile, these former members have been replaced by Mr. Joseph Winful (ICAG), Osabarima Kwaw Entsie I (National House of Chiefs), Dr. Steve Manteaw (GHEITI), Dr. Roland Affail Monney (GJA) and Dr. Thomas Stephens (GBA). The Committee wishes to warmly welcome these distinguished citizens and looks forward to working with them.

The Committee is very grateful to the Natural Resource Governance Institute (NRGI) and the UK Department for International Development (DFID) for their technical and funding support for the activities and programmes of the Committee. The Committee is equally grateful to the GIZ's Good Financial Governance Programme for its continuous assistance.

Finally, PIAC wants to thank the Ministry of Finance and the Government of Ghana for the budgetary support as well as Parliament for the strong collaboration with the Committee.

The Chairman,
PIAC

EXECUTIVE SUMMARY

The Public Interest and Accountability Committee (PIAC) is established under Section 51 of the Petroleum Revenue Management Act, 2011 (Act 815) to, among other things, provide oversight and monitoring regarding the management of petroleum revenues. As part of its mandate, PIAC is required to prepare and publish two reports – semi and annual reports – each year detailing how much petroleum revenue has been collected during the period under review and how the amount so collected has been utilised. The report is also expected to capture the performance of the Ghana Petroleum Funds (GPFs) and the feedback received from the citizenry during the PIAC's public consultations.

This is the fifth PIAC annual report. The report has been prepared using a combination of desk research methods and interviews. The key findings made and recommendations proffered for action by relevant stakeholder institutions are as follows:

KEY FINDINGS

WESTERN CORRIDOR GAS INFRASTRUCTURE PROJECT

1. The Atuabo Gas Processing Plant began commercial operations in April 2015 and processed a total of 24,211 MMscf of wet gas into lean gas and other derivatives such as LPG and condensates valued at US\$268.12 million;
2. Thirteen and half percent (13.5%) (US\$34.99 million) of the total payment (US\$269.24 million) was received by GNGC during the period under review. Outstanding receivables as at the end of 2015 were US\$234.25 million, with VRA responsible for 97% of debt owed GNGC;
3. VRA's indebtedness to GNGC grew by approximately 120% over a six-month period from US\$103.61 million as at June 2015 to US\$227.78 in December 2015;
4. Total interest payable by VRA in respect of its debt accrued from the lean gas supplied by GNGC at the end of the review period was US\$1.12 million;
5. GNGC is in turn indebted to the Ghana Group up to the tune of US\$79.06 million in respect of raw gas delivered to the Atuabo Gas Processing Plant (GPP) from the Jubilee Field since the commencement of gas production;

PRODUCTION, LIFTING AND MARKETING

6. The total number of barrels of crude oil produced from the Jubilee Field in 2015 was 37,411,661 barrels of oil and that of associated gas was also 52,546 MMscf. On the average, 102,497 barrels of oil were produced from the Jubilee Field in 2015 compared with the projected benchmark output of 102,033 bopd. This means that actual production was fractionally higher (0.6%) than projected production;
7. In spite of the commencement of the operation of the Atuabo GPP, 39% (20,553 MMscf) of raw gas produced from the Jubilee Field in 2015 was re-injected while another 9% (4,784 MMscf) was flared for safety and other non-routine¹ production flaring purposes;
8. A total of 41,113 barrels of crude oil was produced from the Saltpond Field in the first, second and fourth quarters of 2015. The 2015 production represents a 48% decline from 79,602 barrels of oil in 2014. Although oil production from the Saltpond Field has been declining over the past 4 years, the 2015 decline in output was occasioned by a 5-month shut-down. The Rig is currently being maintained by a skeleton crew involved in repair and maintenance work until operations resumes;
9. The Ghana Group lifted 5,730,090 barrels of crude oil from the Jubilee Field in 2015, which represents 15.42% of total production for the period under review; 3.22 percentage points lower than the GoG share of 18.64% (made up of 5% royalties and 13.64% carried/participating interest) and 25.4% year-to-year decline in total liftings;
10. The Ghana Group's share of liftings of 15.42% is the lowest (in percentage terms) since crude oil lifting on the Jubilee Field began in 2011;
11. Total liftings from the Saltpond Field dropped by 71% from 88,201 barrels in 2014 to 25,453 in the first half of 2015, leaving a stock balance of 17,813 barrels of oil;

¹ Routine flaring of gas is flaring during normal oil production operations in the absence of sufficient facilities or amenable geology to re-inject the produced gas, utilize it on-site, or dispatch it to a market.

PETROLEUM RECEIPTS

12. The 2015 actual petroleum receipts of US\$396.17 million (GH ¢ 1,449.92 million) was approximately 46% lower than projected revenue (as revised) and approximately 60% lower than revenues that accrued in 2014. The huge variance between the actuals and projected revenue is attributable to a significantly lower than expected crude oil price, which experienced a year-to-year decline of nearly 49.4%;
13. None of the sources of petroleum revenues (CAPI, surface rentals, royalties and CIT) achieved the set targets. Corporate Income Tax was worst affected, with a recorded negative variance of approximately 92% between projected revenue and outturn;
14. A fractional amount of US\$553,815.32 (0.7%) out of total revenues of US\$79.06 million receivable from the export of gas was paid. Similarly, only 39% (US\$0.466 million) of Surface Rentals assessed during the period under review was paid while 61% (US\$0.721 million) still remained unpaid as at end of December 2015;
15. No royalties were received from the Saltpond Field even though US\$37,129 ought to have been paid in the first half of 2015, as indicated in PIAC's 2015 semi-annual report.
16. Oranto/Stone Energy has still not honoured the surface rental bill of US\$67,438.36, which has been outstanding since February 21, 2013. In a meeting with an official of GRA, it was revealed that the owners of the company cannot be traced, hence it is likely the outstanding invoice amount would have to be written off as bad debt² ;
17. Total petroleum revenue received by the GoG since 2011 till the end of 2015 is US\$3.208 billion.

ALLOCATION AND UTILISATION OF PETROLEUM RECEIPTS

18. A total of US\$387.83 million (representing approximately 98% of total petroleum receipts) was allocated during the reporting period leaving an undistributed balance of US\$8.35 million in the Petroleum Holding Fund as at December 2015.

² Meeting with GRA official was held at Oak Plaza Hotel on ...

Approximately 33% of the total receipts was given to GNPC in respect of its equity financing cost and net of Carried and Participating Interest;

19. An amount of US\$239.30 million (representing 61.7% of the net amount of US\$260.97 received by the GoG) in addition to the US\$53.69 million withdrawn from the GSF during the first half of 2015 to shore up shortfall in ABFA, was allocated to the ABFA in 2015, bringing to US\$292.98 million (GH¢ 1,086.28 million) total funds allocated to the ABFA account in 2015 and to US\$1,428.76 million the cumulative allocation to ABFA from 2011-2015;
20. An amount of US\$21.67 million, representing 9% of net receipt by GoG and 5.59% of total petroleum revenues in 2015, was transferred to the GPFs of which GSF received US\$15.17 million and GH\$6.5 million going to GHF;.
21. The actual ABFA allocated to road and highways projects represented 8.28% of the Roads and Highways sector budget in 2015, significantly lower than the 35.69% budgeted for in the 2015 budget.
22. A total of 33 road and road-related ancillary projects were supported by the 2015 ABFA at an average cost of GH¢2.34 million per project. Twenty-one (21) of the beneficiary projects were new bringing to 181 the number of road projects that have been funded with the ABFA since 2011. Twelve (12) projects that had received funding, at least once between 2011 and 2014, were also supported.
23. The highest ABFA amount spent on any single road project in 2015 was GH ¢ 8.08 million, expended on the 15.8 kilometre Somanya-Odumasi-Kpong Road with the lowest being GH ¢ 129,229.95 spent upgrading the Kade-Wenchi-Akim Oda and Adankrono-Pramkese-Akim Akropong Roads.
24. The Obogu-Ofoase-Gyadem-Bodwesango-Adansi Asokwa road (KM 7- 64.3) is the only road out of the 181 that has been funded by ABFA for five continuous years up to the tune of GH ¢ 23.38 million.
25. A total of GH¢217.18 million (representing 53.47%) of the remaining ABFA disbursement to the 'Roads and Other Infrastructure Priority Area' was spent on a number of infrastructure projects in the energy, water, education, transport and health sectors.

26. Forty percent (GH¢85.95 million) of the allocation to the 5 sectors under the Roads and Other Infrastructure Priority Area went to the energy sector, compared to GH¢75.44 million received by the sector in 2014; 21% of this amount (GH¢46.59 million) was used to build infrastructure in the education sector (compared to the 2014 allocation of GH¢12.03 million); 18.70% (GH¢40.61 million) went to the water sector; 19.25% (GH¢41.80) went to the transport sector; with the remaining 1.02% (GH¢2.22 million) going to the health sector. However, these sectors in themselves fall under major priority areas as stated in Section 21 subsection 3 of the PRMA;
27. Actual ABFA allocated to all the 5 sectors under the roads and other infrastructure priority area was in all the cases less than 14% of budgeted capital expenditure and/or goods and services for all the sectors in 2015;
28. After a phenomenal increase of ABFA funds to the agriculture modernisation priority area in 2014, the year-to-year allocation to the priority areas dropped by 65% from GH¢170.62 million in 2014 to GH¢59.54 million in 2015. The ABFA allocation to the agriculture modernisation priority area in 2015 represents approximately 5% of the total ABFA.
29. Sixty-seven percent (GH¢39.95 million) of the 2015 allocation to the Agriculture Modernisation priority area was spent on goods and services with the remaining 33% (GH¢19.60 million) going into capital expenditure;
30. The actual allocation to the Agriculture Modernisation priority area represents 20.29% and 8.62% of the total budgetary allocations to the agriculture sector for goods and services and capital expenditure, respectively, in the 2015 budget;
31. Approximately 67% (GH¢ 94.74 million) of the total allocation to the Capacity Building Priority Area was used to fund various social interventions in the education sector. Technically, this means that the allocation of ABFA funds to the education sector in 2015 was GH¢ 141.33 million, (representing approximately 13% of the petroleum revenue allocated to the ABFA account in 2015) since all the social interventions funded under Capacity Building Priority Area were listed in the 2015 Budget Statement as programmes/initiatives to be implemented under the education sector;

32. No part of the ABFA allocation to the Capacity Building Priority Area was used to fund any capacity building initiative in the oil and gas sector in 2015.
33. Cumulatively, only 3.25% (GH ¢ 8.93 million) of GH ¢ 274.97 million allocated from the ABFA accounts to the Capacity Building Priority Area from 2011-2015 has been used to directly build capacity in the oil and gas sector;
34. Although the 2015 allocation to GNPC (US\$126.86 million) was the lowest it has received since the distribution of petroleum revenues begun in 2011, it was in 2015 that the National Oil Company (NOC) spent the highest percentage (US\$93.48 million, representing 73.7% of its receipts as equity financing cost. In absolute terms, the expenditure on equity financing cost ranks second only to that of 2012 when US\$125.82 million was spent;
35. Similarly, there were year-to-year increases in all the other major GNPC cost centres with the expenditure on non-Jubilee projects increasing by 21.7%; General Operational and Administrative Expenses increasing by 28.83%; staff cost increasing by 16%; administrative capital expenditure increasing by 48.1%;
36. Total expenditure incurred by GNPC in 2015 was US\$190.47 million, which means that for the first time since disbursement of petroleum revenues began in 2011, the GNPC overspent its annual allocation of US\$126.86 million by approximately 50% (US\$63.61 million), compared to under-utilisation of its allocation of US\$45.52 million in 2014 and US\$80.03 million in 2013;
37. However, approximately 70% (US\$44.48 million) of the expenditure overrun was incurred on cost centres that are not directly related to GNPC's core mandate or business, with approximately 57% (US\$25.30 million) going to the financing of roads in the Western Corridor and approximately 42% (US\$18.75 million) paid to Trafigura in respect of petroleum products supplied to Bulk Oil Storage and Transportation (BOST), which GNPC had provided guarantees;
38. An amount of US\$0.427 (approximately 1%) of the over-expenditure of GNPC was used to pay six month salary arrears of workers of Saltpond Offshore Petroleum Company Limited (SOPCL);

39. An amount of US\$1.81 million (representing 1.43% of total ABFA allocation to the GNPC) was spent on the maritime boundary dispute between Ghana and Ivory Coast as against US\$782,407 spent by GNPC in 2014 on the international arbitration;
40. The actual disbursement from the ABFA exceeded the allocated amount by approximately GH ¢ 38 million representing 34.9%.
41. An amount of GH¢ 3.65 million, approximately 9% of the transport sector allocation was used for rebranding metro rapid transport (MRT) buses while the remaining 5% was used to construct an administrative and office block.

PERFORMANCE OF GHANA PETROLEUM FUNDS

42. GPFs made a net investment income of US\$4.5 million during the period under review, compared to US\$5.85 million for 2014. Of this amount, the GSF contributed US\$0.53 million, down from US\$1.53 million in 2014, while the GHF brought in US\$3.97 million, compared to US\$4.32 million in 2014;
43. For the second year in a row (2014 and 2015), withdrawals were made from the GSF totalling US\$124.96 million. Approximately 43% (US\$53.69) of the withdrawn amount was used to shore up shortfall in ABFA encountered during the first quarter of 2015, while the remaining 57% (US\$71.27 million) was deemed excess over the revised moving cap of US\$150 million;
44. The balance on the GPFs at the end of 2015 stood at US\$259.38 million for the GHF compared to US\$248.92 million in 2014 and US\$177.40 million for GSF, compared to US\$286.64 million in 2014, bringing total cumulative balance in the GPFs as at the end of 2015 to US\$436.78 million, as against the 2014 balance of US\$535.56 million.
45. The 2015 returns on investment of the GPFs brings to US\$13.14 million the total income earned on the funds since 2012 with GHF and GSF accounting for 72% and 28% respectively of the investment income.

UTILISATION OF WITHDRAWALS FROM GHANA STABILISATION FUNDS

46. Following the placement of a moving cap of US\$300 million on the GSF in the 2015 Budget Statement, which was subsequently revised to US\$150 million in July 2015, an amount of US\$95.02 million was deemed excess over the GSF cap of US\$150 of which 50% (US\$47.51 million) was transferred to the Sinking Fund account and 25% (US\$23.76 million) lodged into the Contingency Fund with the remaining 25% retained in the GSF in accordance with paragraph 179 of the 2015 Budget Statement;

RECOMMENDATIONS

1. As reported in the 2015 PIAC semi-annual report, the US\$222.93 million (GH ¢ 666.06 million) that was swept by the BOG should be refunded to ABFA account forthwith, just as 30% of the Sinking Fund of the US\$100 million that was also swept, was restored by the BOG. It is also important to stress that the non-refund of the outstanding balance together with the remaining US\$ 70 million of the swept sinking fund would be a violation of the Section 21(4)³ of the PRMA ;
2. In order to forestall future sweeping of any outstanding money in the ABFA account by the BOG, the Minister of Finance should take immediate steps to implement the measures he proposed in the 2015 Mid-Year Review Budget, which is to differentiate the BOG's monetary survey requirements from those of the public accounts when classifying the government's accounts for liquidity, investments and other statutory purposes;
3. The GRA must initiate the process to recover all outstanding surface rentals owed by the upstream companies to the government (with applicable penalties), which stood at approximately US\$722,000 as at the end of 2015. Similarly, no effort should be spared to retrieve the Oranto/Stone Energy's indebtedness to the GoG in respect of the non-

³ Section 21(4) of Act 815 stipulates that a minimum of 70% of the ABFA shall be used for public investments expenditures consistent with the long-term national development plan or with Section 21(3) every financial year. The government's failure to use the GH ¢ 666.06 million (US\$222.93 million) and subsequent sweeping of same by the BOG means that only 45.18% of the ABFA was used in 2014, which constitutes an infraction of the relevant provision of Act 815.

payment of the 2012 surface rental of US\$67,438.36 which as at December 2015 had also accumulated penalties of US\$3.46 million in accordance with Section 3(4) of the PRMA;

4. GOG must be prevailed upon by Parliament to refund to the GNPC the total amount of US\$75.30 million being the special advance paid to the Ministry of Finance in 2014 and the financing cost of the Western Corridor Roads project in 2015;
5. Parliament must ensure that the practice whereby GNPC will be requested to release parts of its allocations from petroleum receipts to government without prior approval from Parliament, is discontinued;
6. Government must desist from directing GNPC to provide guarantees to other state-owned entities and to ensure the recovery of payments already made as a result of the inability of state institutions like TOR and BOST to pay for the transactions which GNPC has guaranteed;
7. The Ministries of Petroleum and Power must ensure that all outstanding receivables in respect of lean gas sold to VRA which stood at US\$227.78 million as at the end of December 2015 is paid as a matter of urgency so as to guard against the GNGC falling into the never-ending cycle of indebtedness prevalent in Ghana's energy sector. This will also help ensure that the GNGC is in the position to pay the GNPC for raw/wet gas exported to the Atuabo Gas Processing Plant;
8. PIAC is calling for a national dialogue/debate on the ABFA utilisation to inform the priority areas to be selected by the Minister for the next three years. The proposed dialogue must start immediately and must be informed by a detailed evaluation of how the approximately US\$1.5 billion that has been allocated to the ABFA over the past 5 years has been utilised and its impact;
9. PIAC has observed in the past five years that the government does not adhere to the selected priority areas and tends to spend the ABFA on other areas that are not strictly under the four priority areas. PIAC is therefore calling for clear guidelines and definitions of the selected priority areas to avoid amorphous expenditure;
10. The capacity building (including oil and gas) under ABFA expenditure has not in practice resulted in the enhancement of indigenous expertise and know-how in the oil

and gas sector as required in the Local Content Regulations. PIAC requests the Minister of Finance to redirect his focus in the building of capacity in oil and gas related activities;

11. Given the strategic importance of the agriculture sector to the Ghanaian economy, PIAC recommends that a sizeable proportion of future petroleum revenues (higher than the 11% so far disbursed to the sector over the past five years) should be channeled into the sector to help transform the sector and boost productivity. PIAC sees the proposed 3.78% year-to-year increase in the allocation to the agriculture modernization priority sector in the 2016 Budget as a step in the right direction and urges the Minister of Finance to ensure that the allocated amount gets disbursed on time and used to support interventions in agricultural mechanisation and post-harvest losses technologies;
12. In order to promote the growth of the Stabilisation Fund, the capping policy must ensure a long period of accumulation of transfers into the Fund to withstand fiscal shocks that may be caused by fluctuating oil prices. This can be achieved by a higher capping of the Fund than is the case now;
13. In order to help mitigate the impacts of the volatility of crude oil prices on the world market and following the successful hedging programmes being implemented by Tullow Ghana Limited and Kosmos, the government should consider resuming its hedging programme on crude oil export.
14. The Ministry of Finance should desist from spending more than the required ABFA allocation, which is in total violation of Section 18 of the PRMA;
15. In order not to abuse the utilisation of petroleum revenues on many social interventions, the Government should be mindful and transparent in the choice of projects, particularly those that are not sustainable;

SECTION 1

1. BACKGROUND

1.1 INTRODUCTION

The Public Interest and Accountability Committee (PIAC), is a citizen-based public oversight committee created under Section 51 of the Petroleum Revenue Management Act, 2011 (Act 815) to, among other things, ensure that the collections and management of petroleum revenues in Ghana is consistent with the provisions of Act 815. Section 56 (a) of Act 815 enjoins PIAC to publish two reports – a Semi-annual and an Annual Report – every year. These reports are intended to provide independent assessment of the management and use of petroleum revenues in a given year. Consequently, the Committee has, since its inauguration in 2011, published 8 reports which are the 2011, 2012, 2013 and 2014 Annual Reports and the 2012, 2013, 2014 and 2015 Semi-Annual Reports. This report – the 2015 Annual Report – is the fifth in the series of PIAC’s annual reports and ninth overall.

1.2 SCOPE

The report covers the period January – December 2015 and it, among others, analyses crude oil production and liftings; verifies the accuracy of petroleum revenues declared by state institutions; assesses allocations of petroleum revenues to support annual budget and transferred into the Ghana Petroleum Funds as stipulated by the Act; discusses how petroleum receipts were allocated and utilised and analyses the performance of the petroleum funds during the period under review.

1.3 METHODOLOGY

In putting together the report, the committee combined two research methods – desk study and key informant interviews. The main sources of the information gathered were the key stakeholder institutions such as the Ministry of Finance (MOF), the Ghana National Petroleum Corporation (GNPC), the Bank of Ghana (BOG), the Ghana National Gas Company (GNGC) and the Ghana Revenue Authority (GRA). The data collected were reviewed and analysed and where inconsistency or discrepancies were discovered, follow-up interviews conducted with designated officials at the relevant institution(s). The final draft of the report was sent to stakeholder institutions for validation before publication.

1.4 OUTLINE OF THE REPORT

The rest of the report is organized into the following 7 sections:

- Section 2 reviews the implementation status of recommendations made in previous reports of the Committee;
- Section 3 provides an update on happenings in the upstream petroleum sector during the year under review;
- Section 4 presents information on crude oil production and marketing in 2015;
- Section 5 presents and analyzes petroleum receipts from different sources;
- Section 6 discusses how the 2015 petroleum revenues were allocated and utilized;
- Section 7 analyses the reliability or otherwise of forecasted revenues for 2016;
- Section 8 summarises key findings and proffers recommendations.

SECTION 2

2. UPDATE FROM PREVIOUS REPORTS

As has become a regular feature of PIAC's Annual report, this section reviews the implementation status of various recommendations made by the Committee in previous reports. Table 1 re-presents selected findings and recommendations from previous reports and indicates whether or not the recommendations have been acted upon or not.

TABLE 1: STATUS OF IMPLEMENTATION OF PREVIOUS RECOMMENDATIONS

Finding	Recommendation	Responsibility	Status	Comment
1. Investment of the Ghana Petroleum Funds(Refer to 2012 PIAC Annual Report)				
The investment of the GPFs has not as yet yielded high returns, which is of great concern to the PIAC since a continuation of this trend is likely to slow the growth of the Funds, especially the GHF	The Government must release the Policy and Guidelines to assist the Fund Managers to better manage these funds as required by the PRMA, 2011	Investment Advisory Committee &Ministry of Finance	Recommendation is yet to be fully implemented	The PIAC in its 2013 Semi-Annual Report urged the MoF and the IAC to expedite action on this recommendation. The Minister acknowledged this fact (of low returns on investment) in the 2014 Budget but very little appears to have been done about it.
2. Enactment of Regulations (Refer to 2012 PIAC Annual Report)				
After three years of the coming into force of Act 815, the regulations that will help with the implementation of the law are long overdue.	The PIAC calls for expedited action to be taken to complete the drafting of the regulations for the approval of Parliament.	Ministry of Finance	The regulations are now being developed.	The process towards the development of the Regulations has resumed following its suspension during the amendment of the PRMA.
3. Legislation on funding for the PIAC (Refer to 2011 PIAC Annual Report)				
There is no provision in Act 815 for the funding of the PIAC and the Petroleum Commission.	A section of the Act must be introduced to cater for the funding of the PIAC and the Petroleum Commission to enable them carry out their respective mandates.	Ministry of Finance	Section 57 of the PRMA amended and provides for the Committees budget to be taken directly from the ABFA	Government must ensure prompt and timely release of the PIAC budgetary allocation upon request

4. SOPCL Reporting (Refer to 2012 PIAC Semi-Annual Report)				
SOPCL has not been reporting transactions in the right format as is being done by the Jubilee partners	The quantity of crude oil lifted from the Saltpond fields and their sales price should be provided in the public reports in the right format to facilitate monitoring of petroleum receipts	Saltpond Offshore Producing Co. Ltd (SOPCL)	SOPCL submitted a copy of its Unaudited account for 2013, 2014 and the first half of 2015 to PIAC which provided information on liftings and sales prices, among other things.	There are still some discrepancies in the figure produced by SOPCL vis-à-vis those provided by the MoF and GNPC. Further clarification is being sought. The discrepancies in production figures have been cleared by MoF's Reconciliatory Report to Parliament.
5. Determination of Benchmark Revenues (Key Finding 5 of 2013 Annual Report)				
Actual petroleum revenue exceeded projected revenues by nearly 46%. This raises further questions about the determination of the Benchmark Revenue.	The MoF and other stakeholders should be supported and encouraged to attain higher accuracy in price forecasting. Also closer attention must be paid to the assumptions that go into the determination of the Benchmark Revenue.	MoF/GRA/BOG	Section 17 of the PRMA has been amended to allow the Minister of Finance to vary the Benchmark revenue as and when necessary within any financial year.	This has been actualised in the 2015 Supplementary Budget as presented to Parliament by the Minister of Finance.
8. Allocation of ABFA (Key Finding 14 of 2013 Annual Report)				
The Capacity Building priority area appears to be a category under which certain expenditure items which may not be related to capacity building have been classified.	The government should endeavour to focus its expenditure under the capacity building priority area on interventions that will directly enhance the capacity and capabilities of Ghanaians to play a bigger role in the emerging oil and gas industry	MoF	There was no expenditure in this priority area because the only project – SME Projects Incubation Facility – earmarked for implementation in 2014 at an estimated cost of GH ₵ 59.57 million (US\$27.08 million) was not started due to the non-disbursement of the CDB	The decision to focus on one project in 2014 is commendable even though the project never got started. Not much emphasis has been placed in building capacity in the oil and gas industry and need to be addressed.

			component.	
9. Allocation of ABFA (Key Finding 15 of the 2013 -Annual Report)				
An amount of GH¢ 72.55 million was reported to have been paid to the GNGC. However, the GNGC said they did not receive the said amount. Another GH¢13.27 million could not be linked directly to any project.	The MoF should provide details of how an amount of GH ¢ 85.82 million (made up of GH¢72.55 million and GH¢13.27 million) allocated to the 'expenditure and amortisation of loans for oil and gas infrastructure' priority area from the 2013 ABFA was utilised	MoF	The MoF has explained that no payment was made to the GNGC in 2013 contrary to what had been reported in 2013 and that the entire GH¢137.02 million allocated to the Amortisation Priority areas was disbursed as matching fund for the CDB facility. The wrong description of the projects in the initial list of the projects given to PIAC was consequently corrected in the 2014 Reconciliation Report.	PIAC is satisfied with the explanation given but urges the MoF to ensure that information released to Committee is accurate and devoid of errors.
10. Ghana Petroleum Funds (Refer to 2013 Semi-Annual Report)				
There are discrepancies in the figures reported by the Bank of Ghana and the Ministry of Finance (MoF) on the Ghana Petroleum Funds.	There is the need for reconciliation by the Ministry of Finance and the Bank of Ghana to ensure that the difference in the Ghana Petroleum Funds is accounted for in the ensuing period.	MoF/BOG	The end of year figures from the reports of the two organisations is in agreement.	No further comments
11. Allocation of ABFA (See Key conclusions on the analysis of ABFA allocation in the 2013 -Annual Report)				
ABFA funds stretched thinly over a wide range of projects thereby limiting its developmental impacts on the economy.	The GOG should conduct an immediate evaluation of the effectiveness and impacts of all the projects and programmes that have been funded with revenues from the petroleum sector to help inform the citizenry and also provide the basis for spending allocations in the next priority area review period. The GOG should also	MoF	No impact assessment has been carried out as yet. However, the MoF in 2014 Budget Statement proposed to spend the 2014 ABFA on 6 main projects. Actual utilisation of 2014 ABFA points to the contrary in that a lot more projects than the 6 were funded	Recommendation yet to be fully implemented since the ABFA utilisation is still being used to support too many projects.

	prioritise and provide the necessary resources for the formulation of a non-partisan long-term National Development Plan to guide the efficient and effective utilisation of petroleum revenue			
12. SOPCL Lifting Figures (Key Finding 8 of 2014 Annual Report)				
Discrepancies in the crude oil production figures provided by SOPCL and the MoF/GNPC. SOPCL figures suggested an increase in production whereas MoF/GNPC indicated otherwise.	The SOPCL and the MoF/GNPC must resolve the discrepancies in the production and lifting figures from the Saltpond field so as to help determine the actual royalties that ought to have been paid as well as establishing the true performance/state of affairs at the Saltpond field.	SOPCL, MoF/GNPC	No significant steps taken so far as there continues to be discrepancies in figures reported by SOPCL and the GNPC/MOF	It has been rectified as stated in update 4
13. Deciding the Economic Viability of Saltpond Field (See Recommendation of 3 of 2014 Annual Report)				
Dwindling crude oil production volumes from the Saltpond field coupled with rapidly falling global crude prices rendering the continuous operation of the Saltpond Field not viable	Urgent need for a critical appraisal of the viability of the continuous operation of the Saltpond field against the backdrop of low crude oil price. With crude oil price projected to hover around US\$52 in 2015, the business case for operating the Saltpond field in 2015 has been further weakened considering that fact the oilfield produced a barrel of crude oil at a costs US\$31.22 in 2014.	GNPC/MoF	Available information from GNPC indicates that the Saltpond Field is being decommissioned thereby bringing to an end oil production from the Ghana's first commercial field.	
16. Non-Payment of Surface Rental by Oranto/Stone Energy (Finding 13 of 2014 Annual Report)				
Oranto/Stone Energy yet to honour an outstanding surface rental invoice of US\$67,438.36 since February 2013	GRA to compel Oranto/Stone Energy to pay outstanding invoice with applicable penalties for the period during which they have been in default.	GRA	Invoice still outstanding as at December 2015	According to GRA, there is still an unpaid invoice that needs to be honoured
17. Utilization of ABFA (See Key Conclusion Section in 2014 Annual Report)				
ABFA allocation spread too thinly thereby making it less	Urgent need for the ABFA to be better-targeted and well-focused so as to help maximize its	MoF	Not very much has been done and ABFA continues to be allocated to several	Parliament should request the Minister of Finance to submit to it an

impactful	effectiveness and impact in the socio-economic development of Ghana hence a call for a national dialogue/debate on how best the nation could derive the most benefits from its hydrocarbon resources.		projects and in several sectors of the economy in 2015 contrary to the spirit and letter of the PRMA	impact assessment of ABFA projects.
18. Investment of Unutilised ABFA Funds (See Finding 24 of 2014 Annual Report)				
Fifty-five percent (55%) of total ABFA allocation in 2014 was not utilised. This money remained in the ABFA account until it was eventually swept by the BOG at the end of 2015	Guidelines must be developed to ensure that interest is earned on any unutilised funds be it on the balances of ABFA or those set aside for specific purposes in any financial year.	MoF, BOG and IAC	No action has been taken as yet	
19. Refunding of Swept ABFA and Sinking Funds (Refer to Recommendation 1 of 2015 Semi-Annual Report)				
Swept unutilised ABFA amount of US\$222.93 million yet to be refunded.	Unutilised ABFA amount as well as 70% of Sinking Fund should be refunded forthwith since this is a violation of Act 815,	MoF, BOG	Amount yet to be refunded	Drafters of the PRMA regulations are pushing for the ABFA to be treated as Statutory Funds, which are generally 'insulated' from BOG sweeping.
20. Refund of US\$50 million Special Advance (Finding 28 of 2014 Annual Report)				
Fifty Million dollar (US\$50 million) advance by GNPC to the MoF remains unpaid	Government must endeavour to pay the US\$50 million special advance given to it by GNPC in 2014 to help improve the capitalisation of the State Oil Company as well as forestall a situation where it becomes a regular practice by the GOG to be making such demands	MoF	Payment still outstanding even though GNPC has been pursuing the MoF to pay.	The US\$50 million advanced to the Ministry of Finance was to support certain MoF-sponsored projects. The parties are currently discussing the terms of a reimbursement arrangement.
21. Non-Payment of Receipts from the Sale of Wet and Lean Gas to GNGC and VRA respectively (See 2015 Semi-Annual Report)				
VRA indebted to GNGC to the tune of US\$103.03 in respect of	All outstanding receivables in respect of lean gas sold should be paid as a matter of urgency so as	GNPC, GNGC and VRA	Very little done. VRA's indebtedness to GNGC had increased by over 100%	Ministry of Power should ensure forthright payment of all outstanding

lean gas supplied by GNGC while GNGC's indebtedness to GNPC in respect of gas exports stood at US\$32.60 million	to guard against the GNGC falling into the never-ending cycle of indebtedness prevalent in the power sector. GNGC must also ensure prompt payment to GNPC in respect of gas exports.		between June and December 2015 from US\$103.03 to US\$227.78 with GNGC's debts owed GNPC increasing by a similar magnitude (from US\$32.60 million to US\$79.06 million) over the same period. Only US\$553,815 out of expected gas proceeds of US\$79.06 (representing 0.7%) was paid into the PHF	gas sales.
22. Using ABFA funds to build capacity in Oil and Gas Sector (Recommendation 6 of 2015 Semi-Annual Report)				
Little to no capacity being built in the oil and gas sector using ABFA funds.	Serious and urgent attention must be paid to the building of capacity in the oil and gas sector so as to help ensure the realisation of the local content targets set out in the Local Content Policy.	MoF and GNPC	The situation remains the same as the end of 2015.	Only 3.25% (GH¢ 8.93 million) of GH¢ 274.97 million allocated to capacity building from the ABFA accounts since 2011 has gone to build direct capacity in the oil and gas sector. Ministry of Finance should have in place a well-developed capacity building plan in oil and gas which ABFA would be used to implement.

2015 Activities of PIAC



SECTION 3

3. DEVELOPMENTS IN THE OIL AND GAS SECTOR IN 2015

3.1 KEY DEVELOPMENTS IN UPSTREAM PETROLEUM SECTOR

3.1.1 INTRODUCTION

There were a number of significant developments in Ghana's upstream petroleum sector during the period under review in spite of the fact that global price of crude oil declined considerably (US\$47.11 to US\$36.57) throughout the year. Ongoing works in the three major fields – the producing Jubilee, the soon to be completed Tweneboa-Enyenra-Ntomme (TEN) and the Sankofa-Gye-Nyame (SGN) – continued unabated and have reached various stages of completion. Ghana's total proven oil reserve base as at the end of 2015 was assessed at 1,247.5 million barrels of oil (MMBOE), comprising 898 million barrels of oil and 2,024 billion cubic feet of proven gas reserves compared to proven oil reserve base of 1,300 MMBOE (comprising 867 million barrels of oil and 2.3 trillion cubic feet (TCF) of natural gas) as at the of end 2014 (GNPC, 2016). According to GNPC, the revised estimates of proven reserves were arrived at after a reclassification of national reserves it undertook in the course of 2015 using the Petroleum Resource and Management System (PRMS) guidelines. The statuses of the key projects as at December 2015 are as follows:

3.1.2 JUBILEE PHASE 1A DEVELOPMENT PLAN ("PHASE 1A ADDENDUM")

The Jubilee Phase 1A Development Project was designed to increase production and recover additional reserves from the Jubilee field. It consisted of eight additional wells comprising five producers and three water injectors. During 2015, Jubilee Phase 1A drilling and completions continued with two oil producer wells coming on stream in September and December and a water injector close of completion. The Phase 1A project has helped increase well production capacity and enhanced the recoverable reserves potential from Jubilee. With the Phase 1A investment programme nearing completion, Tullow and its partners submitted the Greater Jubilee Full Field Development (GJFFD) Plan, which includes the Mahogany and Teak Fields, to Government of Ghana in December 2015 with

approval targeted at first half of 2016. The GJFFD, which is further intended to extend field production and increase commercial reserves, has been redesigned given the current environment to reduce the overall capital requirement and allow flexibility in the timing of the capital investment.

3.1.3 TWENEBOA-ENYENRA-NTOMME (TEN) FIELD

The Tweneboa-Enyenra-Ntomme (TEN) project has estimated recoverable reserves of 239 MMbo and 360 bcf of gas (GNPC, 2016). During the period under review, field development activities progressed steadily in the TEN Field with the project well on course to delivering first oil in the third quarter of 2016 with first gas exports expected some twelve months after first oil in the third quarter of 2017. Production of oil from the TEN Field is expected to ramp up to an estimated peak of 76,000 barrels per day between 2017 and 2020.

According to GNPC, the development of the TEN Field achieved the following milestones during the period under review:

- Seven Christmas trees installed to date;
- All cabling, structure and turret integration works as well as site installation test with dummy riser/umbilical pull-in completed
- FPSO complete and ready to set sail in January 2016⁴;
- Pipeline End Terminations (PLETs), piles and risers in the Ntomme and Enyenra fields as well as the Tweneboa gas processing wells installed;
- Gas Export Manifold (GEM) and pile structural components ongoing and preparation for commencement of piping and welding underway;
- Umbilicals fabricated and delivered to Takoradi;
- Pipe-in-pipe laying of production lines and installations of some piles completed; and,
- Ntomme manifold and riser base; Enyenra riser base and one out of the 3 Enyenra manifolds installed.

The overall project progress as at December 2015 was 82.9% as against planned completion of 87.5% (GNPC, 2016). The GNPC's share of total development costs of the TEN project as at the end of December 2015 was US\$161.8 million comprising development cost of US\$138.5 million and Gas Export Tie-in cost of US\$23.3 million. Repayment of the

⁴ The FPSO, which is christened Professor J.E.A Mills, has since arrived and moored at the TEN Field.

development cost component would commence at first oil using 40% of proceeds from the Carried and Participating Interest in the project (GNPC, 2016)

3.1.4 SANKOFA-GYE-NYAME (SGN)

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

The Minister for Petroleum approved an integrated Plan of Development (PoD) for the Sankofa-Gye Nyame (SGN) Field of the Offshore Cape Three Points (OCTP) Block, in December 2014 paving the way for field development to commence in 2015.

Progress made during the period under review includes the following:

- Various contracts for the FPSO, Subsea Production System (SPS) and drilling rig awarded to Yinson Production, General Electric and A. P. Moller Maersk respectively; while Ghana Oil Company Limited (GOIL) and National Oilwell Varco (NOV) won the contracts for supply of Marine Gas Oil and Risers/Flowlines respectively;
- The Front End Engineering Design (FEED) work on the gas export sealine and the Onshore Receiving Facilities (ORF) completed while tender and technical evaluation of early earth work on ORF undertaken;
- Detailed Engineering work for FPSO and SPS continued at designated project sites while activities towards the construction of FPSO commenced;
- Three development wells (GI-1 & SNK-D & Camp-1) were drilled and completed;
- On the commercial side, Gas Sales Agreement (GSA) was signed between GNPC (representing the State) and its Partners;
- Multi-Party Agreement and Deed of Sovereign Guarantee Agreement were approved by Parliament in July 2015;

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

OTHER KEY ONGOING EXPLORATION ACTIVITIES

3.1.5 VOLTAIAN BASIN PROJECT

The Voltaian Basin Project is the first onshore oil exploration project in Ghana being managed by GNPC. GNPC is currently pursuing a 5-year initial exploration phase (2015-2019) with the view to leading onshore exploration in the Basin to determine the thermal maturity of potential source rocks by optimising the right mix of foreign and local expertise. Work to be done over the five year period would include geological and geophysical studies, acquisition of 2,000 km of 2D seismic data, comprehensive Environmental Impact Assessment and drilling of two conventional wells. The following activities were undertaken during the period under review:

- Geological review and reconnaissance survey of the basin conducted to determine the bases for the placement of seismic lines;
- A Project Management Contractor – EPI SONATUSK – engaged to help manage the project implementation process;
- A major stakeholder forum and other public education campaigns organised to sensitise all stakeholders; and
- Baseline data collected as part of the EIA process in a bid to obtaining environmental permit in 2016.

3.2 KEY POLICY, INSTITUTIONAL, AND LEGISLATIVE DEVELOPMENTS.

3.2.1 MARITIME BOUNDARY DISPUTE WITH LA COTE D'IVOIRE

As reported in the 2015 PIAC Semi-Annual Report, Ghana's developing petroleum industry suffered a major setback during the period under review following the interim ruling of the International Tribunal for the Law of the Sea (ITLOS) regarding the border dispute between Ghana and La Cote d'Ivoire. The preliminary ruling of the ITLOS placed a moratorium on exploration and drilling of new wells in the disputed area. The decision affects the drilling of new wells in the TEN Project and other blocks that fall within the disputed area but it does not affect work required to complete on-going wells, an indication that the TEN Field will most likely start production on schedule. This notwithstanding, there are concerns that the TEN Field may end up producing below the projected levels if the 10 initial

development wells drilled before the ITLOS Provisional Measure are not able to produce as much as expected until 2017 when the Tribunal is expected to give its final ruling.

3.2.2. AMENDMENT OF THE PRMA

The proposal to amend portions of the PRMA (Act 815) was first announced by the Minister of Finance in the 2014 Budget Statement. Consequently, the Minister introduced the Bill seeking to amend Act 815 in March 2015. The proposed Bill was passed into law – the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893) – by Parliament in early July 2015 and received Presidential assent on July 31, 2015. The amendments, among others, establish a constant transfer of petroleum revenue (of not less than 30% of the net Government receipts) into the GPFs, regardless of the amount as well as affording the Minister for Finance the latitude to revise the Benchmark Revenue when there is material evidence that price and/or output projections will not be attained. Significantly for PIAC, the amendments also align the membership of the Committee with the provisions of the parent Act and, more importantly, provides for its budget to be drawn directly from the ABFA. The summary of the relevant provisions amended is attached in Appendix 1.

3.3 STATUS OF WESTERN CORRIDOR GAS INFRASTRUCTURE PROJECT (WCGIP)

As reported in the 2014 PIAC Annual Report, the Western Corridor Gas Infrastructure Project (WCGIP) was completed in November 2014. The commissioning of the gas processing infrastructure – which entails checking, inspecting and testing of the integrated systems and facilities of the project for functionality, reliability, and safety – commenced in November 2014 and was completed in April 2015 when the project entered the commercial phase.

According to GNGC, US\$ 99,931,651.83 was disbursed in 2015 to pay for works performed by the EPCC Contractor (SINOPEC) and China National Aero-Technology Import and Export Corporation (CATIC), bringing the total disbursement to the WCGIP since inception to US\$ 829.92 million as shown in Table 2. This amount covers expenses incurred in connection with the Engineering, Procurement, Construction, and Commissioning (EPCC) for the Gas Infrastructure and Project Management Consultancy services rendered during the construction phase of the Project as well as the purchase of four (4) No.Z-9EH Helicopters. At the end of 2015, two requests for payment – due to SINOPEC (US\$ 12,271,125.29) and CATIC (US\$ 19,989,852.55) – remained outstanding (GNGC, 2016).

TABLE 2: TOTAL DISBURSEMENTS TO THE WESTERN CORRIDOR GAS INFRASTRUCTURE PROJECT AS AT THE END 2015

No.	PROJECT CONTRACTOR/BENEFICIARY	DESCRIPTION	AMOUNT DISBURSED (US\$)
1	Ghana Gas Company Limited	Reimbursement of FEED works executed by Technip Ltd	1,700,000.00
2	Sinopec International Petroleum Service Corporation	Payment to the EPCC Contractor	737,552,339.10
3	China National Aero-Technology Import and Export Corp.	Payment for Supply of 4 Helicopters	79,959,410.21
4	AECOM Inc.	Payment of Project Management Consultancy Services	10,712,869.50
TOTAL			829,924,618.81

Source: GNGC, 2016

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

3.3.1 GAS PROCESSING AND SALE OF PRODUCTS FROM THE WCGIP

During the period under review, a total of 24,211 MMscf (representing 46.1% of total gas produced from the Jubilee Field in 2015) was evacuated to the Atuabo Gas Processing Plant (GPP) to be processed into lean gas and other products. Table 3 gives the breakdown of the volume of lean gas and other products produced at GPP in 2015.

TABLE 3: PETROLEUM PRODUCTS PRODUCED FROM GAS PROCESSING PLANT IN 2015

PRODUCT	UNIT	VOLUME PRODUCED
LPG	(MT)	86,776.16
Condensates	(MT)	21,496.02
Lean Gas	(MMBTU)	26,391,237.95

Source: GNGC, 2016

The products were sold to different customers under different commercial arrangements, as shown in Table 4.

TABLE 4: GNGC SALE OF PRODUCTS AND EXPECTED REVENUES IN 2015

CUSTOMER	PRODUCT	QUANTITY (MT/MMbtu)	TOTAL INVOICES (US\$)	AMOUNT PAID (US\$)	RECEIVABLES (US\$)
Genser	Condensates	7,302.18	2,484,497.09	1,879,906.75	604,590.34
ECO	Condensates	9,942.18	3,404,283.20	2,682,509.79	721,773.41
Chase	Condensates	2,057.38	616,581.63	364,649.10	251,932.53
XF	Condensates	2,194.28	642,742.72	373,257.68	269,485.04
Sage	LPG	86,776.16	28,541,347.20	23,918,874.28	4,622,472.93
VRA	Lean Gas	26,391,237.95	232,434,533.32	5,772,393.27	226,662,140.76
VRA Interest Charge			1,120,334.76	-	1,120,334.76
TOTAL		26,499,510.13	269,244,319.92	34,991,590.87	234,252,729.77

Source: GNGC, 2016

Table 4 shows that GNGC sold products worth US\$268.12 million during the period under review of which US\$34.99 million (representing 13.05%) was paid leaving outstanding receivables of US\$234.52 million. As evident from Table 4, approximately 97% of GNGC's receivables is owed by VRA in respect of lean gas supplied to them for power generation and this non-payment by VRA has attracted an interest of up to US\$1.12 million, which has increased VRA's total indebtedness to GNGC from US\$226.62 million to US\$227.78 million as at the end of 2015. Of the remaining US\$6.47 million owed to GNGC at the end of the reporting period, 71.44% (US\$4.62 million) is payable by Sage Petroleum, 11.16% (US\$0.721 million) by ECO; 4.16% (US\$0.269 million) by XF; 3.89% (US\$0.251 million) by Chase Petroleum; and 9.34% (US\$0.604 million) by Genser.

Findings/Highlights

1. The Atuabo Gas Processing Plant began commercial operations in April 2015 and processed a total of 24,211 MMscf of wet gas into lean gas and other derivatives (condensates and LPG) valued at US\$268.12 million;

2. Only 13.5% (US\$34.99 million) of the total payment due GNGC was received during the period under review. Outstanding receivables as at the end of 2015 was US\$234.25 with VRA alone responsible for 97% of debt owed GNGC;
3. Total interest payable by VRA in respect of its debt for the lean gas supplied by GNGC at the end of the review period was US\$1.12 million;
4. VRA's indebtedness to GNGC grew by approximately 120% over a six-month period from US\$103.61 million as at June 2015 to US\$227.78 in December 2015;
5. GNGC is in turn indebted to GNPC to the tune of US\$79.06 million in respect of raw gas delivered to the Gas Processing Plant during the period under review.

SECTION 4

4. CRUDE OIL PRODUCTION, PRICING AND LIFTING

4.1 JUBILEE CRUDE OIL AND GAS PRODUCTION

The total volume of crude oil produced from the Jubilee Field in 2015 was 37,411,661 barrels, compared to the 2014 production volume of 37,201,691 barrels of oil representing a marginal increase of 0.6% in production. The 2015 production figure brings the total number of barrels produced from the Jubilee Field since first oil in 2010 to 161,929,171 barrels of oil. Figure 1 shows crude oil production trends from 2010-2015.

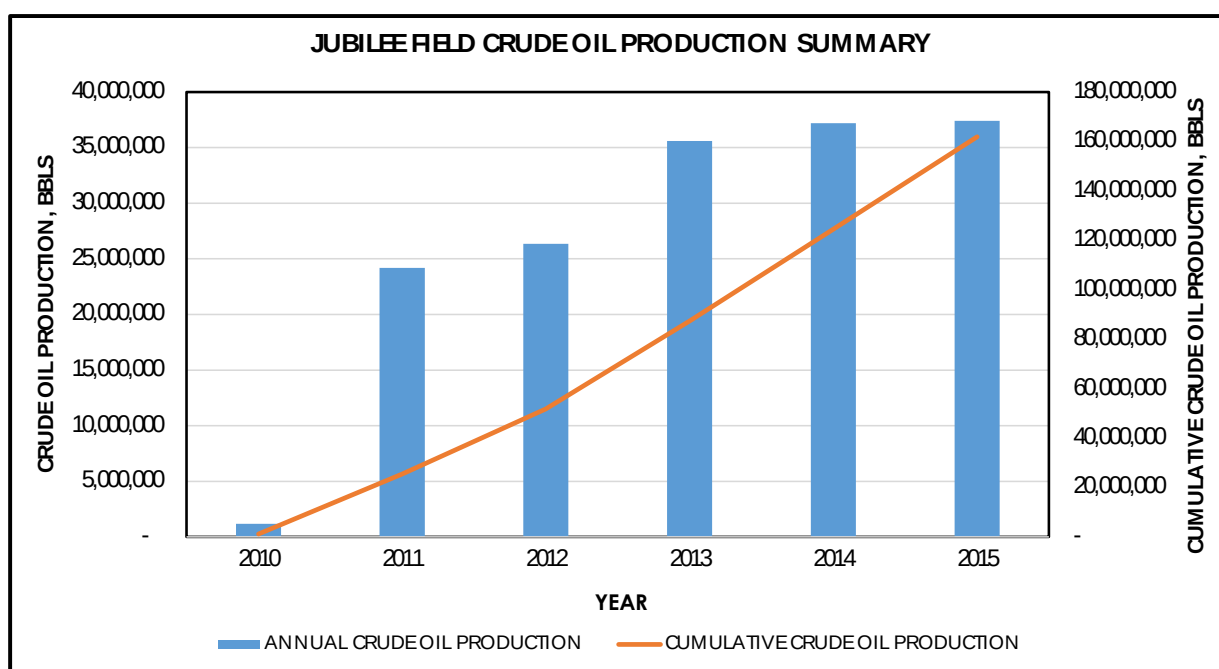


FIGURE 1: JUBILEE FIELD CRUDE OIL PRODUCTION, 2010-2015

On the average, 102,498 barrels of oil were produced daily in 2015 compared to the average production of 101,976 barrels of oil per day (bopd) pumped out of the Jubilee Field in 2014. The breakdown of the average daily and monthly production of crude oil from the Jubilee Field during the period under review is presented in Table 5. Table 5 shows that daily average crude oil production in 2015 ranged between 69,712 bopd and 110,562 bopd with the highest and lowest daily average crude oil production being recorded in March and July 2015 respectively. The Table also shows that average daily production exceeded the 100,000 bopd mark for all the months except two months – February (97,726 bopd) and July

(69,712 bopd). GNPC has explained that the drops in production were caused by planned shut-down of the FPSO that occurred during the period under review for regular maintenance works.

TABLE 5: JUBILEE FIELD CRUDE OIL PRODUCTION: JANUARY-DECEMBER, 2015

MONTH	AVG DAILY PROD (BOPD)	PRODUCTION DAYS	MONTHLY PRODUCTION	
			(OIL/ BBLs)	GAS/ MMscf
January	101,031	31	3,131,962	4,827.00
February	97,726	28	2,736,341	3,916.00
March	110,562	31	3,427,416	4,761.00
April	107,519	30	3,225,578	4,630.72
May	109,726	31	3,401,495	4,816.85
June	105,535	30	3,166,051	4,411.95
July	69,712	31	2,161,085	2,683.37
August	106,399	31	3,298,379	4,337.73
September	104,012	30	3,120,368	4,387.29
October	107,265	31	3,325,222	4,748.00
November	107,614	30	3,228,405	4,473.00
December	102,883	31	3,189,359	4,553.00
TOTAL	102,497	365	37,411,661	52,545.91

Source: GNPC, 2016

Table 5 further shows that a total of 52,546 million standard cubic feet (MMscf) of associated gas was produced from the Jubilee Field in 2015 compared to 55,758 MMscf produced in 2014. Table 6 gives a breakdown of how the associated gas produced from the Jubilee Field during the period under review was utilized.

TABLE 6: UTILISATION OF JUBILEE FIELD ASSOCIATED GAS IN 2015

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

GNPC, 2016

4.2. JUBILEE FIELD COST OF PRODUCTION

The total cost of production for the Jubilee Field in 2015 was US\$410,469,308 (which translates to an average cost of production of US\$11.04 per barrel) compared to total production cost of US\$430,991,334 (or average cost US\$11.59 per barrel) incurred in 2014. The 2015 production cost of US\$410.47 million represents a year-to-year reduction of 4.5% over that of 2014 and corresponding decline in unit cost of production by similar magnitude of -4.7% over the same period as shown in Table 7.

TABLE 7: JUBILEE FIELD TOTAL AND AVERAGE PRODUCTION COSTS: 2013-2015

Cost Description	Year			% Change
	2013	2014	2015	
Total Cost of Production (A)	345,474,395	430,991,334	410,469,308	-4.5%
Total Production (B)	35,587,558	37,201,691	37,167,225	-0.1%
Average Production Cost (A÷B)	9.71	11.59	11.04	-4.7%

PIAC construct based on Data from GNPC, 2014-2016

4.2 SALTPOND FIELD CRUDE PRODUCTION

A total of 41,113 barrels of crude oil was produced from the Saltpond Field in 2015 compared to the 2014 production of 79,602 barrels of oil, representing a 48.4% year-to-year decline in production as shown in Table 8. The decline in production can be attributed to the

shutdown of the Saltpond field between May 12 and October 24, 2015 due partly to what the Ministry of Finance referred to as “unresolved industrial issue with offshore crew” (MoF, 2016). According to SOPCL, there was no production in the third quarter of 2015 as shown in Table 8.

TABLE 8: CRUDE OIL PRODUCTION FROM THE SALTPOND FIELD: 2013-2015

YEAR	PRODUCTION (Barrels of Oil)				TOTAL
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	
2013	20,558	21,566	18,648	16,223	79,995
2014	15,118	22,325	23,285	18,874	79,602
2015	14,822	12,691	0	13,600	41,113

Source: SOPCL, 2014, 2015 and 2016.

Figure 2 shows crude oil production trends from the Saltpond Field over period 2012 to 2015.

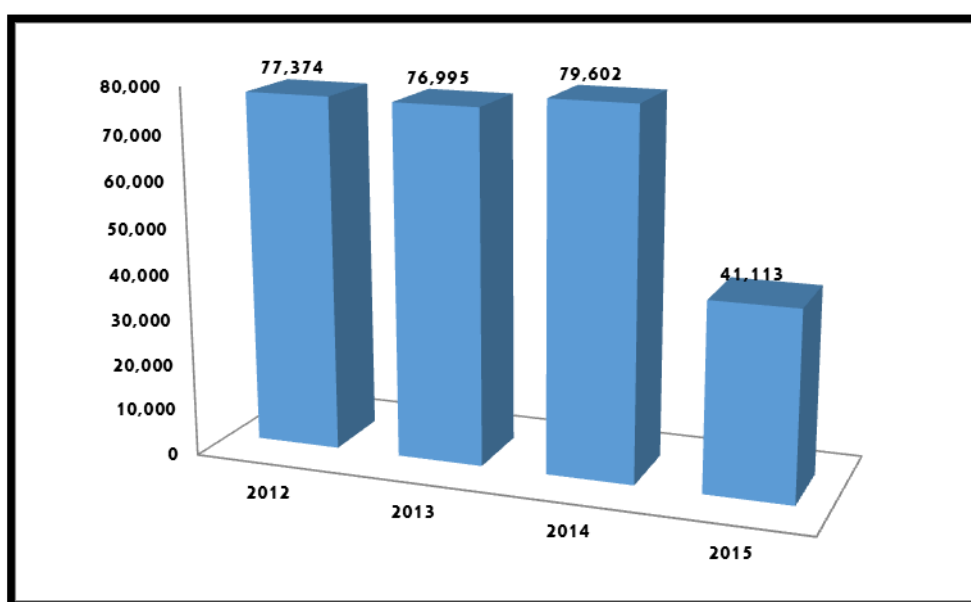


FIGURE 2: ANNUAL CRUDE OIL PRODUCTION FROM SALTPOND FIELD, 2012-2015

Findings/Highlight(s):

1. Approximately 37.5 million barrels of oil and 52,546 MMscf of associated gas were produced from the Jubilee Field in 2015. On the average, 102,497 barrels of oil were produced from the Jubilee Field in 2015 compared with the projected benchmark output 102,033 bopd, which means actual production was fractionally higher than projected production by less than 1% (0.6%);

2. In spite of the commencement of the operation of the Atuabo GPP, 39% (20,553 MMscf) of raw gas produced from the Jubilee Field in 2015 was re-injected while another 9% (4,784 MMscf) was flared for safety and other non-routine flaring reasons; ;
3. A total of 41,113 barrels of crude oil were produced from the Saltpond Field in 2015, down from 79,602 barrels of oil in 2014, representing a decline of 48%. Although oil production from the Saltpond Field has been declining over the past 4 year, the 2015 decline in output was occasioned by a 5-month shut-down as a result of the faulty rig, which is currently being maintained by a skeleton crew, until operations resume.

4.3 CRUDE OIL LIFTINGS

4.3.1 JUBILEE FIELD

The Jubilee Partners lifted 39 cargoes of crude oil from the Jubilee Field in 2015 totalling **37,167,225** barrels of oil compared with the 2014 liftings of **36,988,315** barrels of oil. Table 9 shows the number and total volume of crude oil cargoes lifted by each Jubilee Partners during the period under review. Full details of the liftings are as shown in Appendix 2 of the Annexure.

TABLE 9: CRUDE OIL LIFTINGS BY JUBILEE PARTNERS IN 2015

Name of Company	Number of Liftings	Total Liftings (barrels of oil)	Percentage of Total Liftings
Tullow Ghana Limited	13	12,475,619	33.57
Anadarko &Petro SA	11	10,422,652	28.04
Kosmos	9	8,538,863	22.97
Ghana Group	6	5,730,090	15.42
TOTAL	39	37,167,224	100

Source: PIAC's construct based on GNPC, 2016

In accordance with the Jubilee Field Crude Oil Lifting Agreement (COLA), GNPC lifted six (6) parcels of crude oil on behalf of the State (Ghana Group) totalling 5,730,090 barrels of oil

(representing 15.42% of total liftings) as shown in Table 10. This brings to 29,065,882 the quantity of barrels of crude oil lifted by the Ghana Group from 2011 to 2015.

TABLE 10: CRUDE OIL LIFTING BY GHANA GROUP, 2015

PERIOD	LIFTING INFORMATION			
	NUMBER	DATE	GHANA GROUP (barrels)	JUBILEE PARTNERS (barrels)
1ST QUARTER	25 th	05-Feb-15	986,276	6,738,302
	26 th	25-Mar-15	988,069	
2ND QUARTER	27 th	26-May-15	948,230	8,678,145
	28 th	30-Jun-15	911,343	
3 RD QUARTER	29 th	09-Sep-15	948,054	7,484,644
4 th QUARTER	30 th	08-Dec-15	948,118	8,536,044
TOTAL			5,730,090	31,437,135

Source: MOF/GNPC, 2016

The total liftings for year 2015 of 37,167,225 means that there are 244,436 barrels of crude oil out of the 2015 output that were not lifted, which when added to the 2014 closing stock of 844,252 barrels carried over will translate to a 2015 closing stock of 599,816 barrels to be carried over to 2016 as analysed in Table 11.

TABLE 11: ANALYSIS OF THE PRODUCTION AND LIFTING OF CRUDE OIL FROM 2010-2015

Year	Annual Production (mmbbls)	Cumulative production (mmbbls)	Total Availability (mmbbls)	Total Liftings (mmbbls)	Stock carried forward (mmbbls)
2010	1,181,088	1,181,088	1,181,088	0	1,181,088
2011	24,195,895	25,376,983	25,376,983	24,450,155	926,828
2012	26,351,278	51,728,261	27,278,106	26,430,934	847,172
2013	35,587,558	87,315,819	36,434,730	36,048,290	386,440
2014	37,201,691	124,517,510	37,588,131	36,988,315	599,816
2015	37,411,661	161,929,171	38,011,477	37,167,225	844,252

Source: PIAC's construct, 2015

4.3.2 SALTPOND FIELD

Out of the 41,113 barrels of crude oil produced from the Saltpond Field in 2015, a total of 25,453 barrels of oil were lifted during the period compared to 88,201 lifted in 2014 leaving a closing stock of 17,813 barrels of oil as indicated in Table 12.

TABLE 12: CRUDE OIL LIFTING BY SOPCL IN 2015

Period	Units	QTR 1	QTR 2	QTR3	QTR 4	TOTAL
Balance b/f	(bbls)	2,153	16,975	4,213	4,213	2,153
Production (net)	(bbls)	14,822	12,691	-	13,600	41,113
Available Stock for Lifting	(bbls)	16,975	29,666	4,213	17,813	43,266
Lifting (Gross)	(bbls)	-	(25,453)	-	-	(25,453)
Balance c/f	(bbls)	16,975	4,213	4,213	17,813	17,813

Source: SOPCL, 2016

Figure 3 shows the volume of crude oil lifted from the Saltpond Field from 2012 to 2015

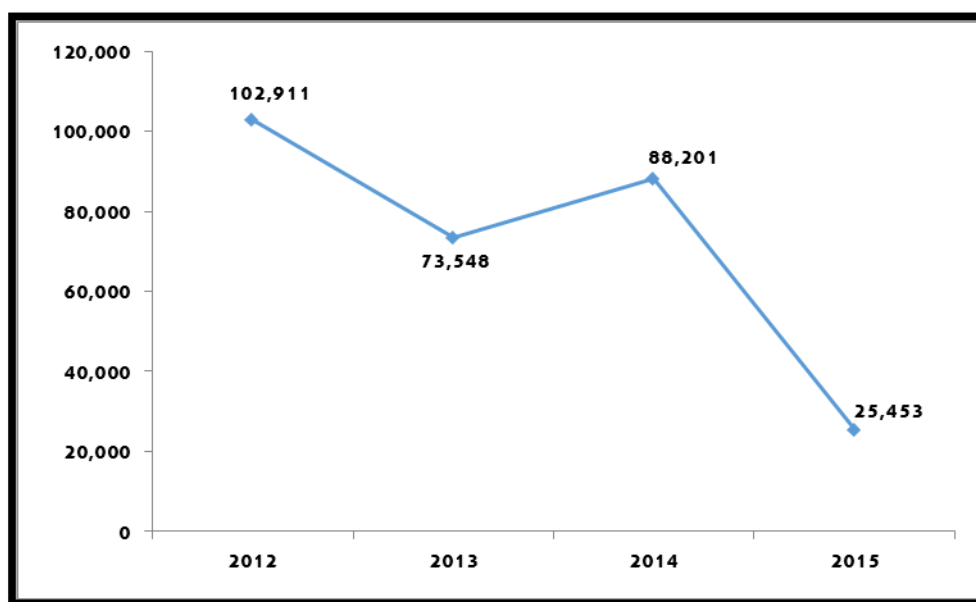


FIGURE 3: CRUDE OIL LIFTINGS FROM SALTPOND FROM 2012-2015

Finding(s)/Highlights:

1. The Ghana Group lifted 5.73 million barrels of crude oil from the Jubilee Field in 2015, which represents 15.42% of total production for the period under review; 3.22% lower than the GoG share made up of 5% royalties and 13.64% carried/participating interest (net of royalty) and 25.4% year-to-year decline in total liftings;
2. The seeming shortfall in the liftings by Ghana Group is as a result of an advanced parcel of crude oil cargo the group lifted in 2014. As reported in the 2014 Annual Report, the Ghana Group lifted a total of eight cargoes representing approximately 21% of total liftings compared to its entitlement of 18.64% of liftings;
3. The Ghana Groups share of liftings of 15.42% is the lowest (in percentage terms) since crude oil lifting on the Jubilee Field begun in 2011; and
4. Total liftings from the Saltpond field drop by 71% from 88,201 barrels in 2014 to 25,453 in 2015.

4.4 CRUDE OIL PRICING FOR JUBILEE AND SALTPOND

The average achieved Jubilee crude oil price⁵ for 2015 was US\$52.36 per barrel against a projected price of US\$99.38 per barrel during the first half of 2015 and the revised benchmark price of US\$57 for the second half of 2015. The achieved price compares favourably with the average Dated Brent price of US\$54.26 per barrel during the periods that the Ghana Group's lifted their cargoes but significantly lower than the benchmark price as shown in Figure 4.

⁵ Achieved price means the price at which the Ghana Group liftings were sold.

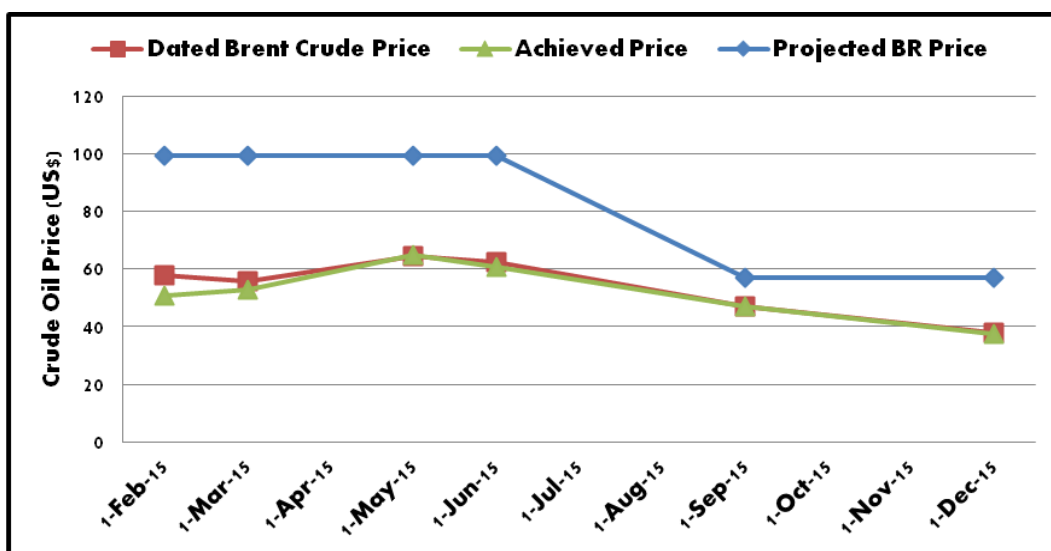


FIGURE 4: COMPARISON OF PROJECTED PRICE AND ACHIEVED PRICE, 2015

The average gross selling price obtainable from the sale of crude oil from the Saltpond field in 2015 was US\$62.865 per barrel, as shown in Table 13. However, the Saltpond crude oil was sold at an average discount of US\$12 per barrel yielding a net selling price of US\$50.865 compared to US\$82.582 per barrel realised in 2014.

TABLE 13: ACHIEVED CRUDE OIL PRICE FOR SALTPOND FIELD IN 2015

Period	QTR 1	QTR 2	QTR 3	QTR 4	Average Selling Price
Price (Mean Platt – US\$/Bbl)		62.865	-	-	62.865
Discount (US\$/Bbl)		12.00	-	-	12.00
Net Price (US\$/Bbl)		50.865	-	-	50.865

Source: SOPCL, 2016

Figure 5 shows how the crude oil prices obtained by the Ghana Group and SOPCL compare with the prices at which the Jubilee Partners sold their liftings on the international market.

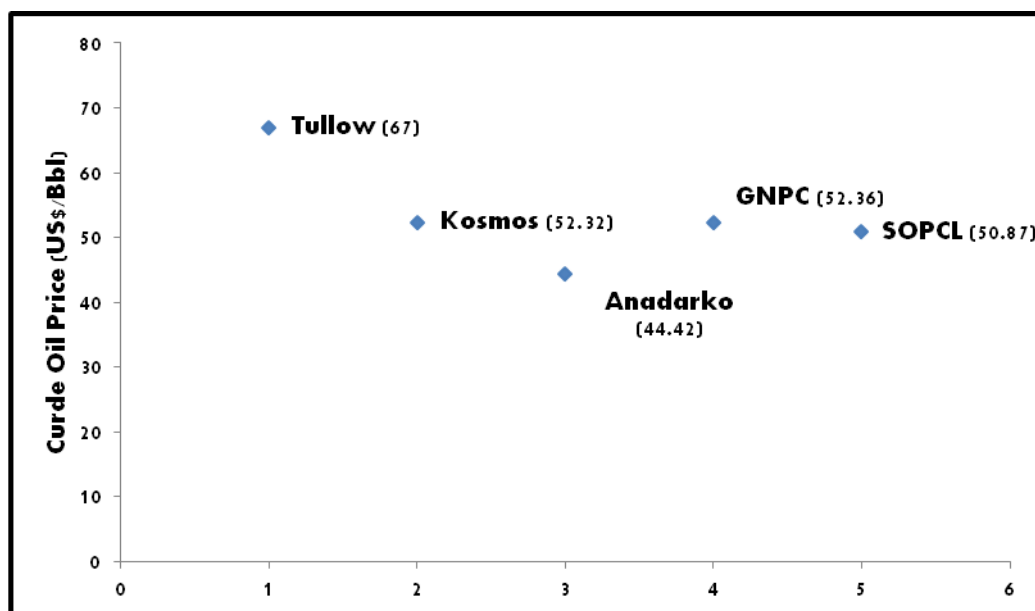


FIGURE 5: COMPARISON OF 2015 CRUDE PRICES REALISED BY JUBILEE PARTNERS

Figure 5 shows that the crude oil price achieved by the Ghana Group and SOPCL compare favourably with those realized by Kosmos and Anadarko. Tullow Ghana Limited however achieved a higher annual average price of US\$67 per barrel during the period under review as a result of its hedging policy.

Finding(s)/Highlight(s):

1. The average achieved price of US\$52.36 per barrel was slightly lower than the average Dated Brent price of US\$54.26 per barrel during the period that the Ghana Group did its lifting. However, the average realized price was 47% lower than the original benchmark price of US\$99.38 and 8% lower than the revised benchmark price of US\$57 per barrel;
2. The achieved average crude oil prices by the Ghana Group and SOPCL compare favourably with those achieved by Kosmos and Anadarko;
3. Tullow Ghana Limited achieved a higher average annual crude oil price of US\$67 per barrel because of its hedging policy.

SECTION 5

5. PETROLEUM RECEIPTS AND UTILISATION IN 2015

5.1 OVERVIEW OF PETROLEUM RECEIPTS

Total proceeds from the sale of crude oil from the Jubilee Field in 2015 amounted to US\$374.29 million (GH¢1,370.74 million) as shown in Table 14. The total proceeds comprise an amount of US\$263.96 million realised from the sale of five (out of six) cargoes of crude oil lifted between February and December 2015 and US\$110.33 million being the proceeds that accrued from the sale of Ghana's 23rd and 24th liftings, which was carried out in December 2014 but the proceeds received in January 2015. The 2015 proceeds from the sale of Ghana's share of the Jubilee Field crude oil represent approximately 36% decline in revenue from the 2014 figure of US\$590.22 million.

TABLE 14: DETAILS OF THE RECEIPTS FROM THE SALE OF JUBILEE CRUDE OIL IN 2015

PERIOD	DATE OF LIFTING	VOLUME OF LIFTING	SELLING PRICE	VALUE OF LIFTING	
	dd/mm/yy	Barrels	US\$	US\$	GH¢
1 st Quarter	09-Dec-14	912,346	61.486	56,096,506.16	180,602,701.57
	28-Dec-14	995,165	54.503	54,239,478.00	187,836,736.26
	05-Feb-15	986,276	50.632	49,937,126.43	175,169,452.09
2 nd Quarter	25-Mar-15	988,069	53.056	52,422,988.86	201,291,171.48
	26-May-15	948,230	64.748	61,395,996.04	265,681,963.46
3 rd Quarter	30-Jun-15	911,343	60.802	55,411,477.09	191,424,488.76
4 th Quarter	09-Sep-15	948,054	47.243	44,788,915.12	168,728,801.04
TOTAL		6,689,483		374,292,487.7	1,370,735,314.66

Source: Adapted from Ministry of Finance, 2016

In addition to the revenues from the direct sale of the Jubilee crude oil, GoG also received US\$20.41 million in Corporate Income Tax (CIT), US\$465,920 in Surface Rentals (SR), US\$553,815.32 from gas sales, US\$419,387 as price differential from 2014 and US\$30,468 as returns on investment bringing total petroleum revenue received in 2015 to US\$396.17 million ((GH¢ 1,449. 92 million), as shown in Table 15.

TABLE 15: SOURCES OF 2015 PETROLEUM RECEIPTS

Item	Unit	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	TOTAL
Jubilee Royalties	US\$	44,622,461	31,688,929	15,427,394	12,469,912	104,208,697
Carried and Participating Interest	US\$	15,650,649	82,130,056	39,984,083	32,319,003	170,083,791
Surface Rental	US\$	17,797	338,997	-	109,126	465,920
Corporate Income Tax	US\$	-	-	11,617,384	8,793,448	20,410,832
Gas	US\$	-	-	-	553,815	553,815
PHF Interest	US\$	10,349	8,369	3,314	8,435	30,468
Price Differential	US\$	-	-	-	419,387	419,387
Total Petroleum Receipts	US\$	160,301,258	114,166,350	67,032,175	54,673,127	396,172,909
	GH¢	543,703,931	468,373,348	231,571,034	206,274,547	1,449,922,860

Source: Ministry of Finance, 2016

Table 15 indicates that total petroleum receipts from all revenue sources in 2015 amounted to US\$396.17 million (GH¢ 1,449.92 million) compared with a budget estimate of US\$1,236 billion (subsequently revised to US\$496.31 million in the mid-year review) and the 2014 actual receipts of US\$978.02 million (GH¢1,645.59 million). This translates to a cumulative shortfall of US\$470.59 (on prorated basis) during the period under review and represents approximately 60% year-to-year decline in petroleum revenues as shown in Table 16.

TABLE 16: 2015 PROJECTED PETROLEUM REVENUES VERSUS OUTTURN

Item	Original Budget (US\$)	Budget (US\$)	Actual (US\$)	Variance (US\$)	Revised Budget (US\$)	Budget (US\$)	Actual (US\$)	Variance (US\$)
	A	B=A÷2	C	D=C-B	E	F=E+2	G	H=G-F
	Jan-Dec 2015	Prorated (Jan-Jun)	Jan-Jun 2015	Jan-Jun 2015	Jul-Dec 2015	Prorated (Jul-Dec)	Jul-Dec 2015	Jul-Dec 2015
Royalties	185,227,863	92,613,931	76,311,390	(16,302,541)	125,242,852	62,621,426	27,897,307	(34,724,119)
<i>o/w Jubilee Royalties</i>	185,048,986	92,524,493	76,311,390	(16,213,103)	125,242,852	62,621,426	27,897,307	(34,724,119)
<i>o/w SOPCL Royalties</i>	178,877	89,438	-	(89,438)	-	-	-	-
Carried and Participating Interest	479,602,309	239,801,155	197,780,705	(42,020,449)	324,599,244	162,299,622	72,303,086	(89,996,536)
Surface Rental	1,447,960	723,980	356,794	(367,186)	1,714,947	857,473	109,126	(748,347)
Corporate Income Tax	485,942,661	242,971,331	-	(242,971,331)	14,733,513	7,366,756	20,410,832	13,044,076
PHF Income	-	-	18,718	18,718	23,269	11,634	11,749	115
Gas	84,150,750	42,075,375	-	42,075,375	30,000,000	15,000,000	553,815	(14,446,185)
TOTAL	1,236,371,543	618,185,772	274,467,608	(343,718,164)	496,313,824	248,156,912	121,705,302	(126,451,610)

Source: Ministry of Finance, 2016

The significant drop in petroleum revenue was attributable to a sharp drop in the price of the commodity with year-to-year average achieved price dropping sharply from US\$103.50 per barrel in 2014 to US\$52.36 per barrel in 2015 as shown in Figure 6.

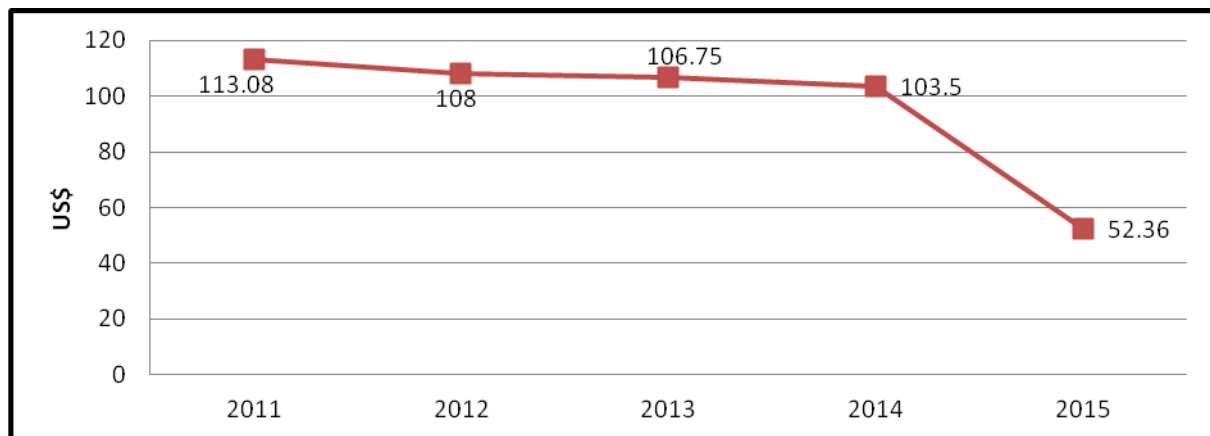


FIGURE 6: ANNUAL AVERAGE JUBILEE ACHIEVED PRICE, 2011-2015

Figure 7 shows the percentage contribution of the various sources of revenues to total petroleum receipts in 2015.

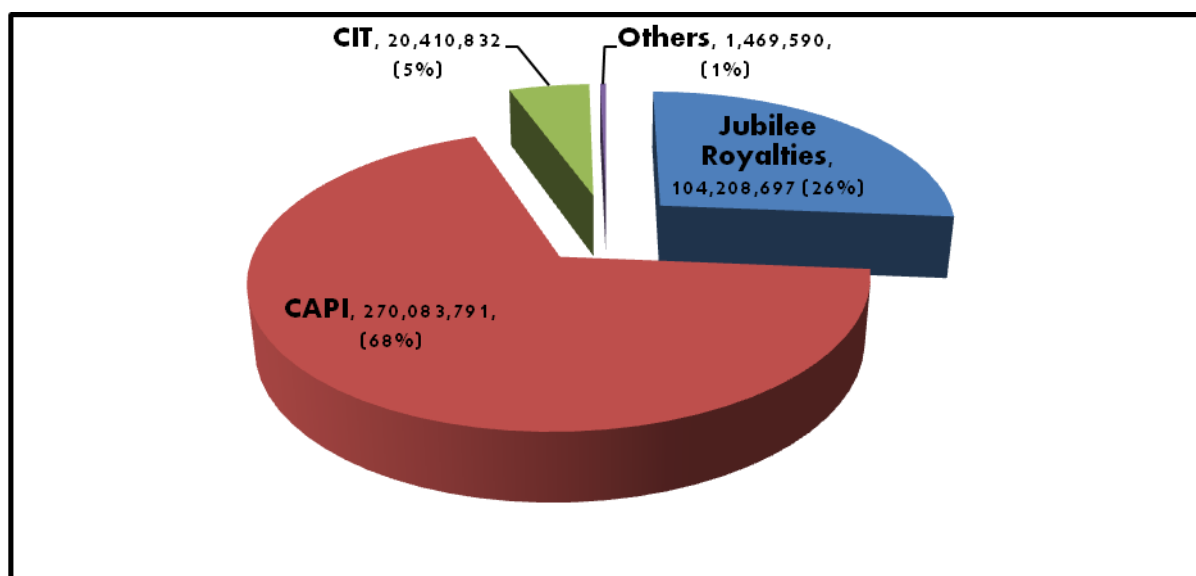


FIGURE 7: CONTRIBUTION OF SOURCES OF PETROLEUM REVENUE TO TOTAL RECEIPT

The 2015 petroleum receipts bring to **US\$3,208** billion the total revenue that has been received by the GoG from the petroleum sector since commercial production of oil commenced in November 2010 as presented in Table 17.

TABLE 17: TOTAL PETROLEUM RECEIPT FROM 2011-2015

YEAR	TOTAL LIFTINGS (bbls)	AVERAGE ACHIEVED PRICE (US\$)	PROCEEDS FROM LIFTINGS (US\$)	REVENUES FROM OTHER SOURCES (US\$)	TOTAL ANNUAL RECEIPT (US\$)
2011	3,930,189	113.08	444,124,723	-	444,124,724
2012	4,931,034	110.18	541,071,323	552,418	541,623,741
2013	6,793,449	106.95	628,580,078	218,187,106	846,767,184
2014	7,681,120	103.50	691,991,133	286,026,559	978,017,693
2015	5,730,090	52.36	374,292,488	21,880,422	396,172,909
TOTAL	29,065,882		2,680,059,745	526,646,505	3,206,706,251

Source: PIAC's construct based on Ministry of Finance Data

5.2 ANALYSIS OF PETROLEUM REVENUES

5.2.1 CARRIED AND PARTICIPATING INTEREST (CAPI)

As indicated in Table 15, the contribution of Carried and Participating Interest (CAPI) to total petroleum revenue in 2015 was US\$270.08 compared to US\$499.33 million received in 2014 representing approximately 46% year-to-year reduction in revenues from this source. Despite the fall in revenue from CAPI, it was still the highest contributor to petroleum revenues during the period under review accounting for up to 68% of total revenues (as shown in Figure 7) compared to 51% in 2014.

5.2.2 ROYALTIES

Total royalties received in respect of the Jubilee Field production in 2015 was US\$104.21 million compared to US\$192.66 million received in 2014, representing a year-to-year decline of 45.9%. No royalties accrued from the Saltpond Field even though 41,113 barrels of crude oil was produced from the field.

5.2.3 CORPORATE INCOME TAX

An amount of US\$20.41 million, representing approximately 5% of total receipts was paid by the Jubilee Partners as CIT in 2015 as against US\$284.55 million paid in 2014, which translates to a year-to-year drop of approximately 93% in CIT revenues. Table 18 gives the breakdown of the CIT payments by the Jubilee Partners.

TABLE 18: PAYMENT OF CORPORATE INCOME TAX BY JUBILEE PARTNERS IN 2015

VALUE DATE	ORDERING INSTITUTION	AMOUNT PAID (US\$)	NARRATION
28-Jul-15	Kosmos	11,617,384	2015 – Q3
29-Oct-15	Kosmos	112,723	
28-Dec-15	Anadarko	8,680,725	
TOTAL		20,410,832	

Source: GRA and BOG, 2016

As indicated in Table 18, approximately 55% (US\$11.73 million) of CIT was paid by Kosmos with Anadarko paying the remaining 45% (US\$8.68 million). It is important to point out that the CIT paid by Anadarko during the period under review was in respect of additional assessment arising from field audit of the company's operations from 2011 to 2014. This means that no CIT was paid by Tullow Ghana, the largest stakeholder in the unitised Jubilee Field and Anadarko.

5.2.4 SURFACE RENTALS

Surface Rentals paid in 2015 amounted to US\$465,920 as shown in Table 19 compared to US\$907,051 paid by the licenced upstream companies in 2014, representing a year-to-year reduction of approximately 49%.

TABLE 19: PAYMENT OF SURFACE RENTALS BY UPSTREAM PETROLEUM COMPANIES IN 2015

VALUE DATE	ORDERING INSTITUTION	AMOUNT PAID (US\$)
12-Feb-15	KOSMOS	17,797.20
20-May-15	ENI GHANA EP LTD	22,600.00
28-May-15	AMNI ITNL. PETROLEUM DEV'T	13,974.00
28-May-15	HESS GH EXP	150,750.00
10-Jun-15	CAMAC ENERGY GH. LTD	73,422.50
12-Jun-15	MEDEA DEV. INTL. LTD	78,250.00
14-Aug-15	BENEFICIARY YET TO BE IDENTIFIED BY GRA	109,126.03
	Total	465,919.73

Source: GRA and BOG, 2016

However, nine other upstream companies did not pay their surface rental assessment in 2015 as shown in Table 20 below.

TABLE 20: SURFACE RENTALS OUTSTANDING AS AT THE END 2015

S/N	NAME OF COMPANY	CONTRACT AREA	ASSESSMENT (US\$)
1	Saltpond Offshore Producing Company Ltd	Saltpond Field	605.00
2	Tullow Ghana Limited	Deepwater Tano	76,434.05
3	AGM Petroleum Ghana Limited	South Deepwater Tano	174,100.00
4	Heritage Exploration and Production Company Limited	Offshore South West Tano	7,910.96
5	Heritage Exploration and Production Company Limited	East Keta Ultra Deepwater	101,215.07
6	Brittania U	South West Saltpond	149,397.26
7	UB Resources Limited	Offshore Cape Three Point South Block	55,021.92
8	ECO Atlantic/A-Z	Deepwater Cape Three Point West Offshore	47,200.00
9	Sahara Energy Fields Ghana Limited	Shallow Water Cape Three Point	109,315.07
	TOTAL		721,199.32

Source: Ghana Revenue Authority, 2016

5.2.5 GAS REVENUE

As indicated in Table 6, a total of 24,227 MMscf of raw gas were exported to the Atuabo Gas Processing Plant in 2015. At an agreed gas price of US\$2.9/MMBtu, the sale of gas to GNGC ought to have brought in US\$74.43 million as shown in Table 21.

TABLE 21: GAS EXPORTS FROM JUBILEE FIELD IN 2015 AND EXPECTED REVENUE

PERIOD	VOLUME (mmSCF)	NET CALORIFIC VALUE (mmBTU)	AMOUNT (US\$)
January	1,532.22	1,624,153.20	4,710,044.28
February	1,075.29	1,139,807.40	3,305,441.46
March	1,803.70	1,911,922.00	5,544,573.80
April	1,472.77	1,561,136.20	4,527,294.98
May	2,578.27	2,732,966.20	7,925,601.98
June	2,132.45	2,260,397.00	6,555,151.30
July	180.18	190,990.80	553,873.32
August	2,604.44	2,760,706.40	8,006,048.56
September	2,410.49	2,555,119.40	7,409,846.26
October	2,539.55	2,691,923.00	7,806,576.70
November	2,778.99	2,945,729.40	8,542,615.26
December	3,103.69	3,289,911.40	9,540,743.06
TOTAL	24,212.04	25,664,762.4	74,427,810.96

Source: GNPC, 2016

Total amount receivable from the export of gas as at the end of December 2015 was US\$ 79.06 million if an outstanding invoice of US\$ 4.63 million in respect of gas exported in November and December 2014 is added to the 2015 receivables. It is important to point out that the revenues that ought to have been received from the sale of raw gas is equivalent to approximately 94% of the projected revenue from gas in the 2015 budget.

5.3 ANALYSIS OF PETROLEUM RECEIPTS AND BUDGET PROJECTIONS

In the 2015 Budget Statement, the petroleum sector was projected to bring in US\$1,236.37 million based on projected benchmark crude oil output of 102,033 bopd and benchmark crude price of US\$99.3760 per barrel. The Benchmark Revenue for the second half of 2015 however had to be revised downwards from US\$618.19 million to US\$496.31 million

following the coming into force of the Petroleum Revenue Management (Amendment) Act (Act 893) which allowed the Minister of Finance to revise the benchmark price to US\$57 per barrel.

Table 22 compares how projected revenue from the petroleum sector fared against the outturn. The Table indicates that actual receipts for the first half and second half of the year 2015 fell short by US\$343.72 million and US\$126.45 million respectively, which translates to an overall shortfall of up to the tune of US\$470.59 million (on prorated basis). The Ministry of Finance attributed the under-performance of petroleum receipts in 2015 to the near collapse of crude oil price on the world market. However, it is important to highlight that the petroleum revenue component hardest hit by the drastic fall in petroleum prices experienced in 2015 was CIT.

TABLE 22: PROJECTED PETROLEUM REVENUES VERSUS OUTTURN IN 2015

Item	Original Budget	Budget	Actual	Variance	Revised Budget	Budget	Actual	Variance
	A	B=A÷2	C	D=C-B	E	F=E+2	G	H=G-F
	Jan-Dec 2015	Prorated (Jan-Jun)	Jan-Jun 2015	Jan-Jun 2015	Jul-Dec 2015	Prorated (Jul-Dec)	Jul-Dec 2015	Jul-Dec 2015
Royalties	185,227,863	92,613,931	76,311,390	(16,302,541)	125,242,852	62,621,426	27,897,307	(34,724,119)
<i>o/w Jubilee Royalties</i>	185,048,986	92,524,493	76,311,390	(16,213,103)	125,242,852	62,621,426	27,897,307	(34,724,119)
<i>o/w SOPCL Royalties</i>	178,877	89,438	-	(89,438)	-	-	-	-
Carried and Participating Interest	479,602,309	239,801,155	197,780,705	(42,020,449)	324,599,244	162,299,622	72,303,086	(89,996,536)
Surface Rental	1,447,960	723,980	356,794	(367,186)	1,714,947	857,473	109,126	(748,347)
Corporate Income Tax	485,942,661	242,971,331	-	(242,971,331)	14,733,513	7,366,756	20,410,832	13,044,076
PHF Income	-	-	18,718	18,718	23,269	11,634	11,749	115
Gas	84,150,750	42,075,375	-	42,075,375	30,000,000	15,000,000	553,815	(14,446,185)
TOTAL	1,236,371,543	618,185,772	274,467,608	(343,718,164)	496,313,824	248,156,912	121,705,302	(126,451,610)

Source: Ministry of Finance, 2016

As shown in Table 22, the shortfall in CIT alone is responsible for approximately 50% of the variance between expected revenue of US\$866.34 million and the actual receipt of US\$396.17 million.

Finding(s)/Highlights:

1. The 2015 actual petroleum receipts of US\$396.17 million (GH ¢ 1,449.92 million) was approximately 46% lower than projected revenue (as revised) and approximately 60% lower than revenues that accrued in 2014. The huge variance between the actuals and projected revenue is attributable to significantly lower than expected crude oil price, which experienced a year-to-year decline of nearly 49.4%;
2. None of the sources of petroleum revenues achieved its set targets with CIT being the most affected with a recorded negative variance of approximately 92% between projected revenue and outturn;
3. Only US\$553,815.32 (0.7%) out of total revenues of US\$79.06 million receivable from the export of gas was paid. Similarly only 39% (US\$0.466 million) of Surface Rentals assessed during the period under review was paid while 61% (US\$0.721 million) still remained unpaid as at the end of December 2015;
4. No royalties during the first half of 2015 was received from the Saltpond Field even though a minimum of US\$37,129 ought to have been paid;
5. Oranto/Stone Energy has still not honoured the surface rental bill of US\$67,438.36, which has been outstanding since February 21, 2013. In accordance with Section 3(4) of Act 815, Oranto/Stone Energy's invoice has been in arrears for a total of 1,027 days as at the end of December 2015, which at a daily rate of 5% of the original amount of US\$67,438 (US\$3,371.93/day) has accumulated penalties of up to US\$3.46 million;
6. According to GRA, the owners of Oranto/Stone Energy cannot be traced. Meanwhile the GRA said it is liaising with Petroleum Commission and the GNPC to ascertain the reason Oranto/Stone Energy did not settle the 2013 invoiced amount and yet settled a higher invoice of US\$73,207 issued in March 2014;

7. GRA is yet to identify the payer of a US\$109,126 surface rental into the PHF in August 2015, more than 6 months after the payment had been made. This is in contravention of Section 3(3) of the PRMA, which enjoins entities making payment into the PHF to notify the GRA in writing anytime payments are made;
8. Total petroleum revenues received by GoG since 2011 till the end of 2015 is US\$3.208 billion.

SECTION 6

6. ALLOCATION AND UTILISATION OF 2015 PETROLEUM REVENUE

6.1 INTRODUCTION

The allocation of petroleum revenue is determined by the relevant provisions of the PRMA. In 2011, the Parliament of Ghana approved an allocation of 40% 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) was reduced to 30% for the period 2014-2016 in November 2013 following a proposal made by the Minister of Finance to Parliament as part of 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. The PRMA requires that no more than 70% of Government's share of petroleum revenue for each financial year should be earmarked as the Annual Budget Funding Amount (ABFA), when the ABFA quarterly allocation is fully met. The remaining 30% (which is technically the excess amount) is then transferred to the Ghana Petroleum Funds (GPFs) in accordance with Sections 18 and 23 of the PRMA. The PRMA further stipulates that no less than 30% of the amount transferred into the GPFs should be lodged into the GHF, with the rest going into the GSF. This means that the GPFs receive funds only after the net petroleum receipts have exceeded the quarterly ABFA. The allocation of petroleum revenue during the first half of 2015 was based on this formula, which meant that no transfers were made into the GPFs since the ABFA quarterly targets were not met.

However, as mentioned earlier, the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893), stipulates that the net petroleum receipts to the State in every financial year should be split between the ABFA and GPFs, regardless of the amount, with not less than 30% going to the GPFs and the remainder designated as ABFA. This effectively guarantees a constant transfer into the GPFs for all petroleum receipts, net of the allocation to the National Oil Company (NOC). The allocation of the actual 2015 petroleum revenue was based on the PRMA, as amended (Act 893).

6.1.1 DISTRIBUTION OF PETROLEUM REVENUE IN 2015

In keeping with the provisions of Acts 893, the amount of US\$369.17 million received by the Government of Ghana in 2015 from petroleum sector were distributed to GNPC, the ABFA and the GPFs as shown in Table 23.

TABLE 23: ALLOCATION OF 2015 PETROLEUM REVENUE

Item	Amount (US\$)	%
Transfer to GNPC	126,858,754	32.71
<i>o/w Equity Financing cost</i>	65,913,926	
<i>o/w Net Carried and Participating Interest</i>	60,944,827	
GOG Net Receipts for Distribution to ABFA and GPFs	260,968,316	
<i>o/w ABFA</i>	239,295,371	61.70
<i>o/w Ghana Infrastructure Investment Fund</i>	41,876,690	
<i>o/w Ghana Petroleum Funds (GPFs)</i>	21,672,946	5.59
<i>o/w Ghana Stabilisation Fund</i>	15,171,062	
<i>o/w Ghana Heritage Fund</i>	6,501,884	
TOTAL PAYMENTS	387,827,070	100

Source: PIAC's construct based on Ministry of Finance Reconciliation Report, 2016

Table 23 indicates that GNPC received US\$126.86 million (GH¢463.37 million) out of the total 2015 petroleum receipts, of which US\$65.91 million (GH¢240.07 million) was in respect of its equity financing costs while US\$60.94 million (GH¢223.27 million) was for its share of the net CAPI. The net amount received by GoG for further distribution in 2015 therefore was US\$260.97 million compared to the 2014 allocation of US\$797.31 million (GH¢2,338.65 million) of which the ABFA received US\$239.30 million (GH¢879.54 million) while the GPFs received US\$21.67 (GH¢ 86.27 million) compared to US\$388.23 million (GH1,123.19 million) allocated in 2014. Approximately 30% (US\$6.5 million) of the transfers to the GPFs went to the GHF while the remaining 70% (US\$15.17 million) went to the GSF (Ministry of Finance, 2016). As mentioned in the 2015 PIAC's Semi-Annual Report, an amount of US\$53.69 million was withdrawn from the GSF and deposited in the ABFA account to compensate for a shortfall in the projected quarterly ABFA for the first quarter of 2015, bringing total allocation to ABFA in 2015 to US\$292.98 million (GH¢ 1,086.28 million).

6.1.2 PETROLEUM REVENUE ALLOCATION FROM 2011-2015

As stated in Section 5.1, the accumulated petroleum receipts as at the end of 2015 was **US\$3.208 billion**. Out of this amount, a total of US\$1,428.76 million has been transferred to the ABFA representing 44%; GNPC has received a total amount of US\$968.81 million representing 30%; while US\$604.32 million (18%) and US\$249.92 million (18%) have been transferred into the GSF and GHF respectively, as shown in Figure 8.

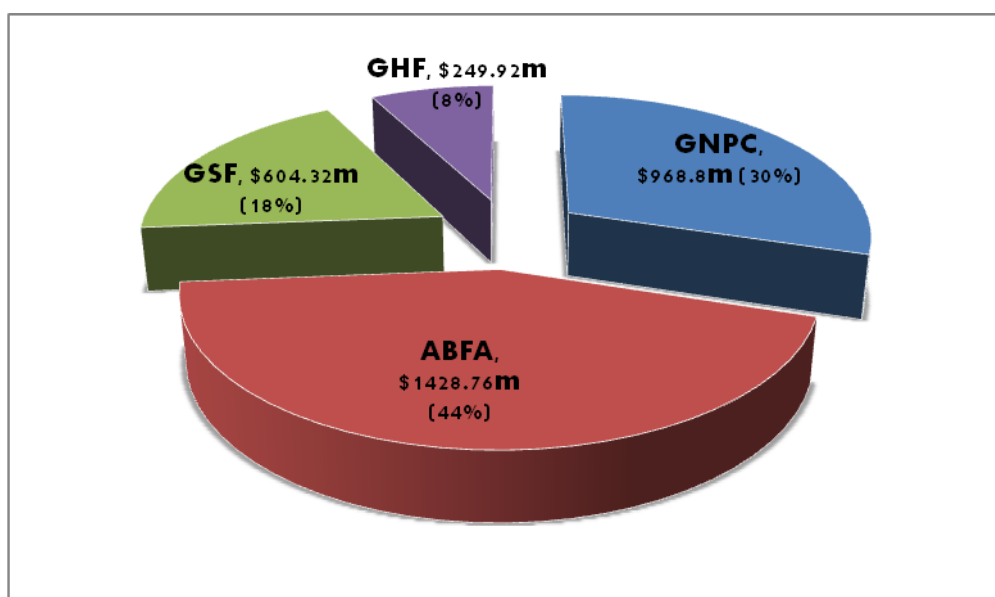


FIGURE 8: DISTRIBUTION OF PETROLEUM RECEIPTS FROM 2011-2015

Finding(s)/Highlights:

1. A total of US\$387.83 million (representing approximately 98% of total petroleum receipts) was allocated during the reporting period. Approximately 33% of the total receipts was given to GNPC, which translates to 2.71 percentage points higher than the 30% recommended by the Minister of Finance and approved by Parliament in 2014 for the period 2014-2016;
2. An amount of US\$239.30 million (representing 61.7% of the net amount of US\$260.97 received by the GoG) in addition to the US\$53.69 million withdrawn from the GSF during the first half of 2015 to make up the shortfall in ABFA, was allocated to the ABFA in 2015, bringing to US\$292.98 million (GH¢ 1,086.28 million) total funds allocated to the ABFA account in 2015.

3. An amount of US\$21.67 million, representing 9% of net receipt by GoG and 5.59% of total petroleum revenues in 2015, was transferred to the GPFs of which GSF received US\$15.17 million and GH\$6.5 million allocated to the GHF.

6.2 UTILISATION OF 2015 ABFA ALLOCATION

6.2.1 INTRODUCTION

Section 21(5) of the PRMA requires the Minister of Finance to prioritise not more than four areas to benefit from the use of the ABFA, in the absence of a long term national development plan, with the view to maximising the impact of petroleum revenues. Section 21(6) further mandates initial prioritisation to remain in force for a minimum of three (3) years before it may be subject to review. Accordingly, Parliament in 2011 approved the use of the ABFA for the following four (4) priority areas for the period 2011- 2013.

- Expenditure and Amortisation of Loans for Oil and Gas Infrastructure;
- Agriculture Modernisation;
- Roads and Other Infrastructure; and
- Capacity Building (including Oil and Gas).

In November 2013, the Minister of Finance proposed to Parliament that the four (4) priority areas listed above be maintained for another three (3) years (2014-2016). Parliament accepted the proposal and gave its approval for the 2014 ABFA to be used as recommended. The ABFA allocation was therefore distributed to the four (4) priority areas listed above. In keeping with Section 21(6) of the PRMA, the priority areas are up for review in 2016.

6.2.2 UTILISATION OF 2015 ABFA

A total amount of GH¢ 1,086.28 million (US\$292.98 million) was allocated to the ABFA in 2015 compared to US\$409.07 million (GH¢1,215 million) disbursed in 2014. The utilisation of the ABFA allocations is as shown in Table 24.

TABLE 24: DISBURSEMENT OF ABFA TO PRIORITY AREAS IN 2015

S/N	Priority Area	Actual ABFA Receipts (A)	2015 Revised ABFA Budget (GH¢) (B)	Actual ABFA Utilisation (GH¢) (C)	Percentage Share of ABFA	Variance (C-A)
1.	Expenditure on Amortisation of Loans for Oil and Gas Infrastructure		322,306,372.57	439,234,363.92	39.07	
2.	Roads and Other Infrastructure		492,917,039.43	483,347,384.00	42.99	
3.	Agriculture Modernisation		30,567,167.50	59,544,174.03	5.30	
4.	Capacity Building (including Oil and Gas)		217,157,581.99	142,074,292.19	12.64	
	TOTAL	1,086,285,373.00	1,062,948,161.49	1,124,200,214.14	100	(37,914,841.14) (34.9%)

Source: PIAC's construct, 2016 (based on Ministry of Finance Data)

Table 24 shows that approximately 43% (GH¢483.35 million) of the total petroleum revenues earmarked as the ABFA in 2015 was spent on Roads and Other Infrastructure; 39.07% (GH¢439.23 million) used to amortise loans contracted for oil and gas infrastructure; 12.64% (GH¢142.07 million) spent on various capacity building interventions; and 5.30% (GH¢59.54 million) utilised in various initiatives aimed at modernising agriculture. Thus, Table 24 reveals that the actual disbursement from the ABFA accounts exceeded total allocation by GH¢38 million representing approximately 35%.

6.3 DETAILED ANALYSIS OF 2015 ABFA-FUNDED PROJECTS/PROGRAMMES

6.3.1 EXPENDITURE AND AMORTISATION OF LOANS FOR OIL AND GAS INFRASTRUCTURE

As indicated in Table 24, approximately 40% (GH¢439.23 million) of the 2015 ABFA was allocated to the Expenditure and Amortisation of Loans priority area. Approximately 82% of the amount (GH¢358.02 million) went into the servicing of the principal and interest payments for the Tranche B of China Development Bank (CDB) Master Facility while the

remaining 18% (GH81.22 million) was spent in respect of CDB matching fund requirements for the provision of Gas Infrastructure as shown in Table 25.

TABLE 25: BREAKDOWN OF EXPENDITURE AND AMORTIZATION OF LOANS FOR OIL AND GAS INFRASTRUCTURE IN 2015

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

Source: Ministry of Finance, 2016

According to the MoF, US\$164,518,755, being principal and interest on the Tranche B of the CDB Master Facility, had been repaid at the end of December 2015.

6.3.2 ROADS AND OTHER ROAD-RELATED INFRASTRUCTURE

In 2015, GH¢483.35 million (representing approximately 43%) of the total ABFA allocation was used to fund projects and programmes under the Road and Other Infrastructure priority area against GH¢215.69 million in 2014. Of the GH¢483.35 million spent on road and other infrastructure in 2015, GH¢77.14 million (representing 15.96%) was spent constructing, rehabilitating, upgrading and resurfacing a total of thirty-three (33) roads and road related ancillary works (such as repairs to bridges, other structures and drainage works). Twenty-one (21) of the roads and highway-related projects that were supported in 2015 were new projects while 12 of them had benefited from ABFA support during the preceding years (2011-2014). The full list of the road projects funded in 2015 is attached in Appendix 2.

Findings/Highlights

1. The actual ABFA allocated to road and highways projects represented 8.28% of the Roads and Highways sector budget in 2015, significantly lower than the 35.69% budgeted for in the 2015 budget.
2. A total of 33 road and road-related ancillary projects were financed by the ABFA at an average cost of GH¢2.34 million per project. Twenty-one (21) of the beneficiary projects were new bringing to 181 the number of road projects that have been funded

with the ABFA since 2011. Twelve (12) projects that had received funding, at least once between 2011 and 2013, were also supported.

3. The highest ABFA amount spent on any single road project in 2015 was GH ¢ 8.08 million, expended on the 15.8 kilometre Somanya-Odumasi-Kpong Road with lowest being GH ¢ 129,229.95 spent upgrading of the Kade-Wenchi-Akim Oda and Adankrono-Pramkese-Akim Akropong Roads.
4. The Obogu-Ofoase-Gyadem-Bodwesango-Adansi Asokwa road (KM 7- 64.3) is the only road out of the 181 that has been funding by ABFA for five continuous years up to the tune of GH ¢ 23.38 million.
5. The actual disbursement from the ABFA exceeded the allocated amount by approximately GH ¢ 38 million.

6.3.3 OTHER INFRASTRUCTURE PROJECTS

The remaining GH¢ 406.21 million of the allocation to the 'Roads and Other Infrastructure' priority area was spent on projects in the energy, education, transport, water and health sectors with the remainder going into the Ghana Infrastructure Investment Fund (GIIF). An amount of GH¢85.95 million (17.78%) was spent on infrastructural projects in the energy sector; GH¢46.59 million (9.64%) on educational infrastructure; GH¢41.80 million (8.65%) went to the transport sector; GH¢40.61 million (8.40%) went into building infrastructure in the works and housing sector; GH¢2.22 million (0.46%) was expended on health infrastructure and equipment; and GH¢189.03 million (39.11%) lodged into the GIIF as shown in Figure 9.

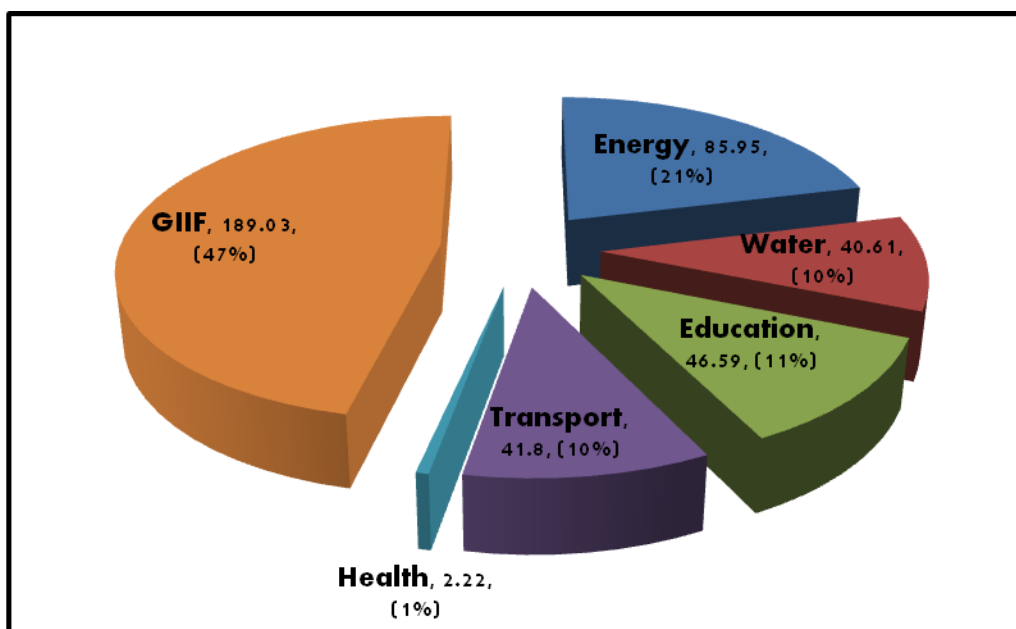


FIGURE 9: ABFA ALLOCATION TO OTHER INFRASTRUCTURE PROJECT, 2015

6.3.3.1 ENERGY SECTOR

Approximately, 73% (GH¢62.66 million) of the allocation to the energy sector went into the procurement of materials and equipment for the National Electrification Scheme (NES), approximately 18% (GH¢ 15.14) was expended on the civil works undertaken in respect of the AMERI Emergency Power Plant at Aboadze with approximately 9% (GH¢7.45 million) going into the promotion of renewable energy technologies. Full list of ABFA-funded projects in the energy sector is attached in Appendix 3.

6.3.3.2 EDUCATION SECTOR

The amount of GH¢46.59 million allocated to the educational sector was used to fund a number of educational infrastructure projects which are categorised in Table 26.

TABLE 26: BREAKDOWN OF EDUCATIONAL PROJECTS FUNDED BY ABFA IN 2015

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

Source: PIAC's construct, 2016 (based on data from MoF, 2016)

From Table 26, 86.23% (GH¢40.18 million) was used for upgrading, rehabilitating and/or constructing a total of 107 Science Resource Centres (SRCs) under the Science Resource Centres projects while approximately 7% (GH¢3.25 million) went into the construction of 39 Six-Unit Classroom blocks and 3 Three-Unit Blocks. Furthermore, GH¢2.46 million (representing 5%) was used to construct 13 Two-Storey Dormitories in as many Senior High Schools (SHS) throughout Ghana and one (1) 90-bed hostel facility at Saltpond with the remaining amount going into the construction and/or rehabilitation of an office block, staff bungalow, assembly hall, dining halls and kitchen in some SHS and Colleges of Education. The full list of ABFA-funded infrastructure projects in the education sectors in 2015 is also attached in Appendix 4.

6.3.3.4 TRANSPORT SECTOR

Approximately 87% (GH¢36.19 million) of the total allocation to the transport sector went into the construction of the Takoradi-Sekondi Railway Line, approximately 9% (GH¢3.65 million) was used for rebranding the Metro Rapid Transport (MRT) buses with the remaining 5% going into the construction of an administrative block and office complex as shown in Table 27.

TABLE 27: UTILISATION OF ABFA ALLOCATION TO THE TRANSPORT SECTOR IN 2015

DESCRIPTION	AMOUNT (GH¢)	% SHARE
Payment For The Redevelopment Of T'di-Sekondi Via Kojokrom Suburban Railway Line Including Railway Stations And Supply Of Rolling Stock.	34,817,531.74	83.30
Payment For The Consulting Services And Construction Supervision Of Takoradi-Sekondi Railine	1,350,492.24	3.23
Payment For The Re-Branding Of 116 MRT Buses	3,649,044.75	8.73
Payment For The Construction Of Administrative Block And Auditorium Complex	1,982,320.66	4.74
TOTAL	41,799,389.39	100

Source: PIAC's construct based on MOF, 2016

6.3.3.5 WORKS AND HOUSING SECTOR

Approximately 81% (GH¢32.75 million) of the disbursements to the Water Sector went into the construction of 5 sea defence walls, GH¢4.86 million (11.97%) was used to construct 3

drainage systems while the remaining GH¢3 million (7.39%) went into the construction of housing units for the security forces as shown in Table 28.

TABLE 28: UTILISATION OF ABFA ALLOCATION TO THE WORKS AND HOUSING SECTOR

DESCRIPTION	AMOUNT (GH¢)	% SHARE
Payment For The Construction Of The New Takoradi Sea Defence Project	20,000,000.00	49.24
Payment For The Sakumono Sea Defence	933,619.65	2.30
Part Payment For Adjoa Coastal Protection Wk	5,000,000.00	12.31
Part Payment, Ngyiresia Sea Defence	3,228,607.90	7.95
Payment For The Construction Of Aboadze Coastal Protection.	3,590,627.00	8.84
Part Payment For The Construction Of The Agona Swedru Drainage Project	2,311,779.00	5.69
Payment For Storm Drainage Systems In Winneba	420,182.18	1.03
Payment For The Construction Of Reinforced Concrete Drains At Goaso	128,569.30	0.32
Part Payment Of Compensation For The Use Of Land	2,000,000.00	4.92
Payment For Construction Of Housing Unit For Security Forces	3,000,000.00	7.39
TOTAL	40,613,385.03	100

Source: PIAC's construct based on MoF, 2016

6.3.3.6 HEALTH SECTOR

Nearly 59% (GH¢1.3 million) of the total ABFA allocation to the Health Sector, went into the construction of an office complex for the Association of Health Professions Regulatory Bodies; 25% (GH¢0.56 million) was used to construct building infrastructure in teaching/regional hospitals and other health facilities; 11.24% of the amount (GH¢0.25 million) was used to rehabilitate the Mechanical Workshop of the Ghana Health Services (GHS) in Tema; while the 5% (GH¢0.11 million) was used to construct hostel facilities at 2 health training institutions as shown in Table 29.

TABLE 29: UTILISATION OF ABFA ALLOCATION TO THE HEALTH SECTOR IN 2015

DESCRIPTION	AMOUNT (GH¢)	% SHARE
Construction And Completion Of Office Complex For The Association Of Regulatory Bodies At Ridge, Accra	1,300,000.00	58.44
Payment For Consultancy Fees For Services Rendered On The Completion And Equipping Maternity And Children's Hospital At Komfo Anokye Teaching Hospital	456,741.77	20.53
Payment For The Reactivation And Completion Of Shama Centre To Polyclinic	62,062.63	2.79
Payment For Consultancy Fees For The Construction And Completion Of New Maternity Block And External Works At The Tema General Hospital	15,025.13	0.68
Payment For The Construction Of Nsawora Health Centre In The Western Region	20,044.97	0.90
Payment For Electrical Works Done For Completion Of Doctor's Bungalow At The Volta Regional Hospital	6,459.39	0.29
Payment Of Construction Of 3-Storey Hostel Block For Nurses Training College At Cape Coast	77,050.39	3.46
Payment For Consultancy Works Done On The Renovation Of Infrastructure For Health Assistant Training School At Tepa	37,121.30	1.67
Payment For The Rehabilitation Of Tema Mechanical Workshop	250,000.00	11.24
TOTAL	2,224,505.58	100

Source: PIAC's construct based on MoF, 2016

6.3.4 THE GHANA INFRASTRUCTURE INVESTMENT FUND (GIIF)

The Ghana Infrastructure Investment Fund (GIIF) was established in 2014 by an Act of Parliament (Act 877) to mobilise, manage, coordinate and provide financial resources for investment in a diversified portfolio of infrastructure projects in Ghana for national development (GIIF, 2014). One of the main sources of funds for the GIIF is the ABFA, from which a maximum of 25% of the ABFA is earmarked to be transferred into the GIIF each year to be applied to amortisation and direct infrastructure expenditure. During the period under review, a total of GH¢189.03 million (US\$41.88 million), representing approximately 16% of total allocation to the ABFA account in 2015 was lodged into the GIIF. According to the MoF, its checks with the GIIF Secretariat indicate that the allocation to the GIIF had not been used as at the end of 2015 because the GIIF is yet to undertake any projects (MoF, 2016).

Highlights/Finding(s):

1. A total amount of GH¢217.18 million (representing 53.47%) of the remaining ABFA disbursement to the 'Roads and Other Infrastructure Priority Area' was spent on a number of sector projects i.e. energy, water, education, transport and health under the other infrastructure projects.
2. An amount of GH¢85.99 million representing 40% of the allocation to other infrastructure projects in the 5 sectors went to the energy sector compared to GH¢75.44 million received by the sector in 2014); approximately 21% (GH¢46.59 million) was used to build infrastructure in the education sector (compared to 2014 allocation of GH¢12.03 million); 18.70% (GH¢40.61 million) went to the water sector; 19.25% (GH¢41.80 million) allocated to the transport sector; with the remaining 1.02% (GH¢2.22 million) going to the health sector.
3. Actual ABFA allocated to all the 5 sectors was in all the cases less than 14% of budgeted capital expenditure and/or goods and services for all the sectors in the 2015 Budget Statement, which further confirms the fact that the ABFA is being used to finance a small percentage of projects in the sectors where it has been allocated.
4. An amount of GH¢ 3.65 million, approximately 9% of the transport sector allocation was used for rebranding metro rapid transport (MRT) buses while the remaining 5% was used to construct an administrative and office block.

6.3.5 AGRICULTURE MODERNISATION

As indicated in Table 23, an amount of GH¢ 59.54 million (representing 5.3% of the 2015 ABFA allocation) was used during the period under review to support various initiatives and interventions targeted at modernising Ghana's agricultural sector as against an amount of GH¢170.62 million allocated to the agriculture modernisation priority area in 2014, which translates to a year-to-year decline of approximately 65% in ABFA allocation to the priority area. Table 30 provides the details on the projects and initiatives funded by ABFA in the Agriculture Modernisation Priority Area in 2015.

TABLE 30: UTILISATION OF ABFA ALLOCATION TO AGRICULTURE SECTOR IN 2015

TYPE OF PROJECT	GOODS AND SERVICES (GH¢)	CAPEX (GH¢)	TOTAL (GH¢)
FOOD AND AGRICULTURE			
Part Payment⁶ For Outstanding Bill For Fertilizer Subsidy	10,200,000.00		10,200,000.00
<i>Payment for the Construction of Dam and Irrigation Infrastructure at Sandema, Wiaga, Zuedem and Tankese in UER. Dyke in CR., Keyime and Ohawuu-Aka in VR., Silibele in UWR.</i>		16,043,953.28	16,043,953.28
<i>Payment to cover for Rehabilitation of Irrigation Dam at Tanchira 1 in the Lawra District of UWR</i>		222,058.12	222,058.12
<i>Payment to cover for the Construction of Dam and Irrigation Infrastructure at Sandema Koori in the UER</i>		231,144.20	231,144.20
<i>Payment to cover for Rehabilitation of Irrigation Project at Doba in the UER</i>		576,186.88	576,186.88
<i>Payment to cover for Rehabilitation of irrigation Project at Zakpalsi and Sakpe in the Mion District, NR</i>		1,725,404.35	1,725,404.35
Counterpart Funding for MCA Compact II and Others	29,745,923.00		29,745,923.00
FISHERIES AND AQUACULTURE INFRASTRUCTURE			
Payment for Rehabilitation of Lab at Tema		46,804.44	46,804.44
Payment for Construction of Fisheries College		752,699.76	752,699.76
TOTAL	39,945,923.00	19,598,251.03	59,544,174.03

Source: PIAC's construct, 2015 (Based on Data from MoF 2016)

As shown in Table 30, approximately 67% (GH¢39.95 million) of the total allocation to the agriculture modernisation priority area was expended on good and services as against approximately 33% (GH¢19.60 million) going into capital expenditure. Approximately 74% (GH¢29.75 million) of the ABFA allocations that went into the payment/procurement of good and services was disbursed as counterpart funding for the 2nd Compact of the Millennium Challenge Account (MCA) while the remaining 26% (GH¢10.2 million) was used to cover

⁶ Total disbursement to the National Fertiliser Programme in 2015 amounted GH¢40,990,157.00. Of this out of GH¢10,200,000, representing approximately 25% was funded by the ABFA.

part of an outstanding bill under the National Fertilizer Subsidy Programme. Approximately 96% (GH¢18.80 million) of the capital expenditure incurred in the agriculture sector and funded by the ABFA went into the construction and/or rehabilitation of irrigation dams in Northern Ghana with the remaining 4% (GH¢0.799 million) paying for infrastructure in the Fisheries and Aquaculture sub-sector.

Finding(s)/Highlights:

1. After a phenomenal increase of ABFA funds to the agriculture modernisation priority area in 2014, the allocation to this priority area dropped by 65% from GH¢170.62 million to GH¢59.54 million in 2015. The 2015 allocation to the agriculture modernisation priority area represents approximately 5% of the total ABFA during the period under review compared to 31% in 2014.
2. Approximately 67% (GH¢ 39.95 million) of the 2015 allocation to agriculture modernisation was spent on goods and services with remaining 33% (GH¢19.60 million) going into capital expenditure.
3. The actual allocation to the agriculture modernisation priority area represents 20.29% and 8.62% of the total budgetary allocations to the agriculture sector for goods and services and capital expenditure respectively in the 2015 budget.

6.3.5 CAPACITY BUILDING (INCLUDING OIL AND GAS)

As pointed out in Table 24, an amount of GH¢142.07 million was allocated to the Capacity Building priority area in 2015 as against zero allocation in the preceding year. Table 31 gives a breakdown of how the allocation to the capacity building priority area was utilized. Table 31 reveals that virtually all (98.43%) of the allocations made to the Capacity Building Priority Area during the period under review went to support various interventions in the educational sector with the largest share of the disbursements totaling GH ¢ 94.74 million (66.68%) going to fund a multiplicity of social interventions (capitation grant, feeding grants, examination subsidy, progressively free SHS, etc) in the sector. The Table also shows that a third of the allocation (GH ¢ 45.10 million) to the Capacity Building priority area went into direct human capacity enhancing programmes with none of them taking place in the oil and gas sector.

TABLE 31: UTILISATION OF ABFA ALLOCATION TO CAPACITY BUILDING PRIORITY AREA, 2015

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

Source: PIAC's construct based on MoF, 2016

Findings/Highlights

1. An amount of GH ¢ 94.74 million representing 67% of the total allocation to the Capacity Building Priority Area was used to fund various social interventions in the education sector. This means that the allocation of ABFA funds to the education sector in 2015 was GH ¢ 141.33 million, (representing 13% of the petroleum revenue allocated to the ABFA account in 2015) since all the social interventions funded under capacity building priority area were listed in the 2015 Budget Statement as programmes/initiatives to be implemented under the education sector;
2. No part of the ABFA allocation to the Capacity Building Priority Area was used to fund any capacity building initiative in the oil and gas sector.

6.3.6 CUMULATIVE EXPENDITURE FROM ABFA ON PRIORITY AREAS 2011-2015

As mentioned in Section 6.1.2, US\$1,428 million (representing 44% of total petroleum receipt of US\$3.208 million) has been allocated to the ABFA from 2011 till date. Figure 10 shows the total allocation to each of the priority areas from 2011-2015.

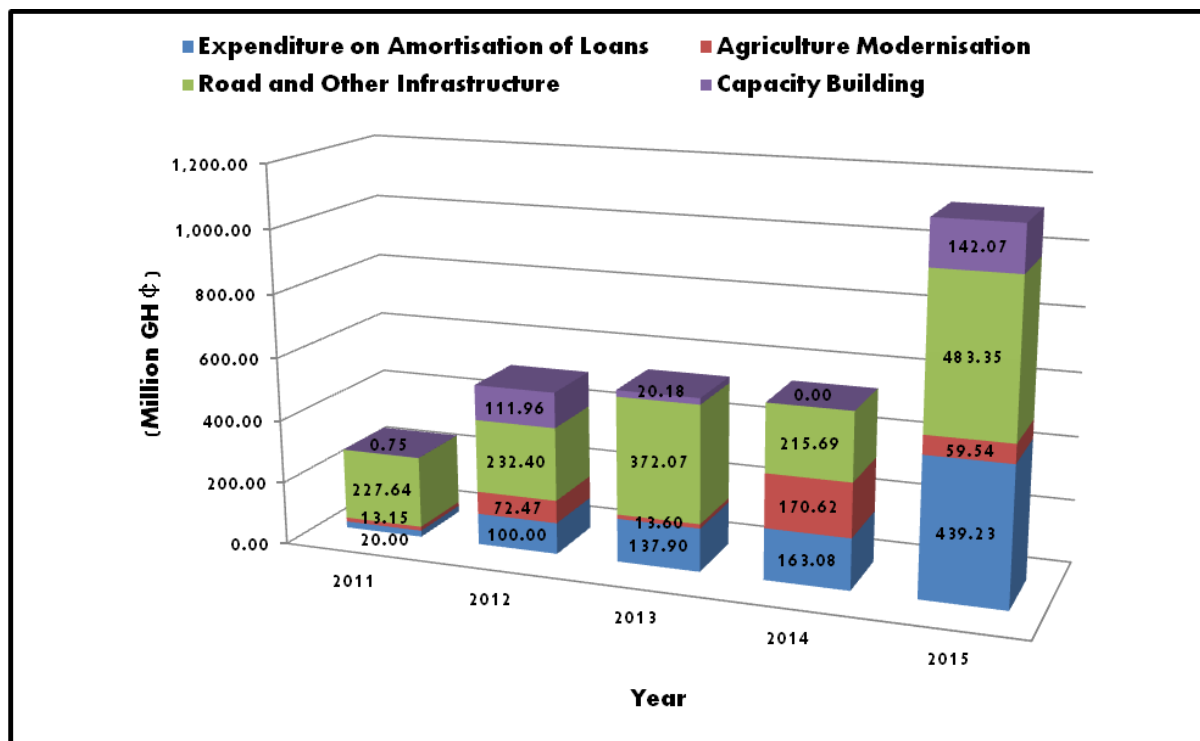


FIGURE 10: ALLOCATION OF ABFA TO PRIORITY AREAS, 2011-2015

Figure 10 indicates that 51% of the ABFA disbursements from 2011 to date have gone into Road and Other Infrastructure; 29% utilised as Expenditure and Amortization of Loans for Oil and Gas Infrastructure; 11% pushed into Agriculture Modernisation; and 9% spent on various initiatives intended to help capacity building in a multiplicity of sectors.

Figure 11, on the other hand, depicts the percentage share of the ABFA allocation to the four (4) priority areas.

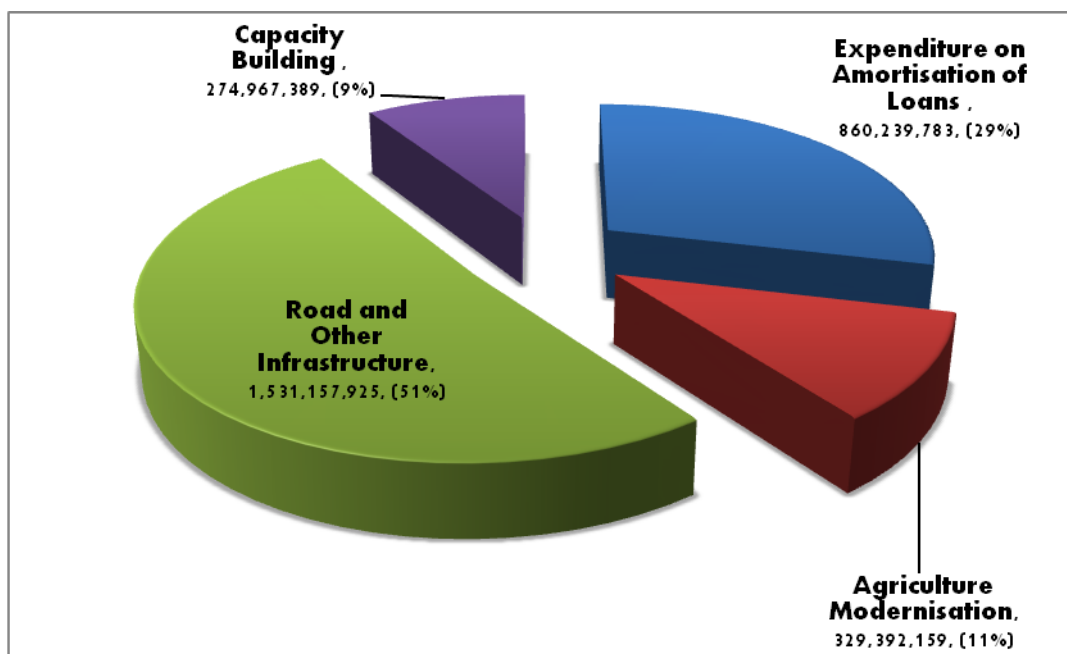


FIGURE 11: DISTRIBUTION OF ABFA BY PRIORITY AREA FROM 2011-2015

6.3.7 PIAC'S OBSERVATIONS ON THE UTILISATION OF 2015 ABFA

PIAC is deeply concerned about the fact that the utilisation of the ABFA continues to be spread very thinly on so many projects in spite of its repeated call on the Minister of Finance to concentrate the utilisation of the ABFA on a few number of projects in fewer sectors of the economy. PIAC's concerns about the way and manner the ABFA has been utilised dates back to its 2013 report, when it first gained access to the detailed list of projects funded with the ABFA. Unfortunately, the Committee's recommendations regarding this matter appear to have fallen on deaf ears as the Ministry of Finance continues to allocate small portions of ABFA funds to several projects in several sectors. A typical example of the seeming disregard of the Minister of Finance for PIAC's recommendation can be seen from the ABFA allocation to the Roads and Highways projects in 2014 and 2015. In 2014, an amount of GH¢128.22 million was allocated to support 42 roads and ancillary projects (which translates to average cost of GH¢3.05 million per project). In the 2014 report, PIAC complained about such thin dissipation of the ABFA to road projects. However, the Ministry of Finance in 2015 allocated GH¢77.14 million to 33 projects (which translates to an average cost of GH¢2.34 million per project).

It is important to stress that the concerns being expressed by PIAC regarding the use of the ABFA are not held by the Committee alone but represent the views held by the majority of

the cross-section of Ghanaians PIAC has interacted with in their public engagement sessions and is also consistent with the letter and the spirit of Section 21 of the PRMA that articulates the purpose of the ABFA, which includes using the ABFA to maximise the rate of economic development.

In its 2014 Annual Report, PIAC lauded the government for increasing the allocation of the ABFA funds to the Agriculture Modernising Priority Area by over 1000% from GH¢ 13.60 million in 2013 to GH¢170.62 million in 2014. However, as shown in Section 6.3.5, the share of ABFA allocation to the agriculture modernisation priority area in 2015 reduced by approximately 65% from GH¢170.62 to GH¢59.54m, which translates to 5.3% of total ABFA allocation during the period under review. Although proposed disbursement to the agriculture modernisation priority area is projected to go up by approximately 378% in 2016 (GH¢284.50 million, which is going to be largest allocation to the priority area in absolute terms since 2011), the feedback from stakeholders which PIAC has been interacting with indicates their preference for a lot more (than the cumulative total of GH¢329.39 million or approximately 11%) of the ABFA funds to be going into the modernisation of agriculture given the relative importance of the sector to the Ghanaian economy. The Committee shares this same view and wishes to urge the Minister of Finance to not only ensure that the 2016 allocation to the Agriculture Modernisation Priority Area gets disbursed but also ensure that the priority area retains its position on the list of priority sectors to benefit from ABFA beyond 2016.

In the PIAC 2015 Semi-Annual Report, the Committee recommended, among other things, that there was an urgent need for a proper definition of what constitutes ‘capacity building’ so as to ensure that funds expended on that priority area go to build real capacity in the chosen sectors of the economy. This recommendation flowed directly from an earlier observation made in the 2013 Annual Report to the effect that the Capacity Building Priority Area had become an ‘amorphous and ambiguous’ category under which everything conceivable could be bundled.

PIAC still holds the view that what constitutes capacity building as far as the utilisation of ABFA funds is concerned ought to be defined so as to ensure that funds allocated to that priority area (if retained after 2016) is put to maximum use. It is also important for targeted allocations to be made to fund direct capacity enhancing initiatives in the oil and gas sector to help bolster indigenous expertise and know-how in the oil and gas industry as stipulated in the Local Content Regulations.

6.4 UTILISATION OF GNPC ALLOCATION IN 2015

As indicated in Table 23, GNPC received a total sum of US\$126.86 million in 2015 as equity financing costs and its share of net proceeds as against US\$180.71 million in 2014. However, the NOC ended up spending US\$190.02 million during the period under review with the difference of US\$63.16 million being financed by GNPC cash balance brought forward from the previous year, leaving cash-on-hand, pending projects milestone disbursements of US\$124.06 million, as shown in Table 32.

Table 32 shows that US\$93.84 million, (representing 73.7% of the 2015 allocation to GNPC) was used to fund the Jubilee Equity Financing Cost (comprising development, production, lifting costs and in-house costs), up from US\$47.41million spent in 2014 while US\$ 17.32 million (representing 13.7%) was spent on other exploration and field development projects compared to US\$14.23 million spent in 2014. Details of these other projects undertaken by GNPC are contained in Table 33. Table 32 further reveals that there was a 28.83% increase in GNPC's General Operational and Administrative Expenses from US\$12.94 million in 2014 to US\$16.67 million in 2015 while staff cost also increased by 16% from US\$8.81 million in 2014 to US\$10.23 million in 2015.

As mentioned earlier, GNPC overspent its allocation by 49% (US\$63.16 million) and that this over-expenditure was financed by the NOC's accumulated balance carried over from 2014. Table 32 however reveals that approximately 70% of the expenditure overrun (US\$44.48 million) was incurred on cost centres that are not directly related to GNPC's core mandate. These include US\$25.30 million used to finance what is described as 'Western Corridor Roads Payment' and US\$18.75 million paid to Trafigura in respect of petroleum products supplied to Bulk Oil Storage and Transportation (BOST), which GNPC had provided guarantees.

GNPC explained to PIAC that it was prevailed upon by the government to pre-finance the construction of the Atuabo Road given that any LPG related accident on the road could affect GNGC's (and by extension GNPC's) operation. GNPC explained further that this amount is being treated as a loan and that the Corporation had written letters to the GOG requesting for the refund of the amount. Similarly, GNPC said they are pursuing BOST to refund the US\$18.75 million payment made on its behalf to Trafigura.

TABLE 32: UTILIZATION OF GNPC SHARE OF JUBILEE CRUDE OIL REVENUE, 2012-2015

		2012		2013		2014		2015	
SR N	<u>RECEIPTS FROM JUBILEE PROCEEDS</u>	<u>Amount US\$</u>	<u>Exp. % of Receipts</u>	<u>Amount</u>	<u>Exp. as % of Receipts</u>	<u>Amount (US\$)</u>	<u>Exp. as % of Receipts</u>	<u>Amount (US\$)</u>	<u>Exp. as % of Receipts</u>
1	Level A Receipts (Equity Financing)	124,630,628		68,319,783	30.7%	44,162,009.67	24.4%	65,913,926.11	52.0%
2	Level B Receipts (40% of net proceeds)	106,319,298		154,101,633.02	69.3%	136,550,493.86	75.6%	60,944,827.47	48.0%
3	Total Amount Received:- (A)	230,949,926	100%	222,421,416.20	100.0%	180,712,503.53	100%	126,858,753.58	100
SR N	<u>USES OF AMOUNTS ALLOCATED:</u>								
4	Jubilee Equity Financing Cost	125,824,747	54.5%	76,268,194.80	34.3%	47,414,812.16	26.2%	93,483,262.46	73.7%
5	Petroleum Projects other than Jubilee	10,784,028	4.7%	12,950,128.47	5.9%	14,227,280.61	7.9%	17,316,899.06	13.7%
7	Gas projects related Costs	5,587,779	2.4%	-	-	-	-	-	-
8	Staff Costs	9,013,162	3.9%	9,695,076.70	4.4%	8,811,296.61	4.9%	10,232,864.86	8.1%
9	General Operational Expenditure	16,269,839	7.0%	7,773,863.88	3.5%	9,717,654.95	5.4%	16,665,219.19	13.1%
10	Admin. Capital expenditure			2,046,024.62	0.9%	3,218,498.32	1.8%	4,768,270.40	3.8%
11	BNP Paribas	-	-	31,337,309.53	14.1%	-	-	-	-
12	Amount appropriated by Bank of Ghana as Transfer charges	1,796,156	0.8%	2,323,269.07	1.0%	1,807,134.99	1.0%	634,333.19	0.5%
13	Amount Advanced to Ministry of Finance	-	-			50,000,000	27.7%	-	-
14	Western Corridor Roads Payment	-	-	-	-	-	-	25,297,424.63	20.5
15	Trafigura Product Trading Payment	-	-	-	-	-	-	18,754,004.40	14.8%
16	SOPCL Salary Payment	-	-	-	-	-	-	427,411.61	0.3%
17	Total Expenditure	169,275,711	73.3%	142,393,867.06	64.0%	135,196,677.96	74.8%	190,017,270.91	149.8%
18	Total Cash-yet-to-Spend (Committed to Projects/Deficit): - (C=A-B)	61,674,215	26.7%	80,027,549.14	36.0%	45,515,825.57	25.2%	(63,158,517.33)	49.8%
19	Add: Cash B/Fwd. (01.01.2013/2015) (D)			61,674,215.00		141,701,764.14		187,217,589.71	
20	Total Cash-Available:-			141,701,764.14		187,217,589.71		124,059,072.39	

TABLE 33: EXPENDITURE OF PETROLEUM RECEIPTS ON OTHER PETROLEUM PROJECTS

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

Source: GNPC, 2016

Table 33 indicates that the TEN project got the largest share of expenditure on the non-Jubilee projects receiving an amount of US\$4.33 million. This is followed by the Voltaian Basin Project (US\$2.28 million) and OCTP ENI projects (US\$2.10 million). Significantly, Table 33 reveals that GNPC had to spend approximately US\$1.8 million on the maritime boundary disputes, which is nearly the same as the amount it spent on North & South Tano Petroleum and the Hess projects.

Findings/Highlights:

1. Although the 2015 allocation to GNPC (US\$126.86 million) was the lowest it had received since distribution of petroleum revenues begun in 2011, it was in 2015 that GNPC spent the highest percentage (US\$93.48 million, representing 73.7%) of its receipts as equity financing cost. In absolute terms, the expenditure on equity financing cost ranks second only to 2012 when US\$125.82 million was spent;
2. There were year-to-year increases in all the other major cost centres with the expenditure on non-Jubilee projects increasing by 21.7%; General Operational and Administrative Expenses increasing by 28.83%; staff cost increasing by 16%; administrative capital expenditure increasing by 48.1%;
3. For the first time since disbursement of petroleum revenues begun in 2011, GNPC overspent its allocation by 49.8% (US\$63,158,571.33);
4. Approximately 70% (US\$44.48 million) of the expenditure overrun was incurred on cost centres that are not directly related to GNPC's core mandate or business with approximately 57% (US\$25.30 million) going to the financing of roads in the Western

Corridor, approximately 42% (US\$18.75 million) paid to Trafigura in respect of petroleum products supplied to Bulk Oil Storage and Transportation (BOST), which GNPC had provided guarantees; and

5. An amount of US\$427,411.61 (0.3%) of the over-expenditure was used to pay six month salary areas of workers of Saltpond Offshore Petroleum Company Limited (SOPCL).

6.4.1 PIAC'S OBSERVATION OF THE UTILISATION OF GNPC'S ALLOCATIONS

CASH ADVANCES TO GOVERNMENT OF GHANA

PIAC is concerned about what is gradually becoming an emerging feature in the GNPC's accounts on the utilisation of its share of the annual petroleum receipts. In the 2014 Annual Report as captured in Table 26, the Minister of Finance requested a special advance of US\$50 million from GNPC (NOC). Approximately 36% of the said amount (US\$17.94 million) was given to GNGC as part of its capitalisation but the rest has not been accounted for. The release to the Ministry of Finance was supposed to be an advance that was to be repaid but this still remains outstanding even though GNPC has been demanding the repayment. As reported earlier, GNPC was impressed upon by the Government of Ghana to pre-finance the cost of some roads in the Western Corridor. The justification was that the bad nature of the roads could cause an accident involving an LPG haulage truck, which would affect GNGC's operations, and by extension, that of GNPC. Such a payment of US\$25,297,424.63 was supposed to be a loan to be repaid but just like the 2014 advance, this money also remains outstanding.

PROVIDING GUARANTEES FOR OTHER STATE OWNED ENTERPRISES/UTILITIES

In the 2013 PIAC Annual Report, the Committee reported that GNPC used US\$31.34 million of its 2013 allocation to defray a debt owed BNP Paribas in respect of 10 cargoes of crude oil it had imported for refining by the Tema Oil Refinery (TOR), which refined products were sold by TOR but no payment made to GNPC. Although there are no records of TOR having refunded the said amount to GNPC, GNPC in 2015 also provided guarantee of up to US\$18.75 million in respect of the supply of strategic reserves of petroleum products by Trafigura to BOST and had to pay the supplier in advance pending the repayment by BOST. Again, BOST is yet to reimburse GNPC.

PIAC is definitely concerned about these developments because the practice is beginning to assume a habitual dimension as GNPC was again prevailed upon to provide the guarantee

for the Karpower Emergency Power Project of up to US\$100 million. The Committee wishes to urge the immediate repayment of all outstanding advances and cessation of the practice of providing guarantees from hence so that GNPC would be made to focus on its core mandates. It appears this is going on because GNPC keeps ramping up unutilised balances year in year out and therefore this calls for a review of the proportion of the oil proceeds that is allocated to GNPC.

PIAC is also of the view that the continued guaranteeing of state entities/enterprises by GNPC could hamper the implementation of GNPC's annual work programmes.

6.5 PERFORMANCE OF THE GHANA PETROLEUM FUNDS

As indicated in Table 23, a total amount of US\$21.67 million was transferred to the GPFs in 2015 compared to US\$388.23 million in 2014 representing a 94% decline in the year-to-year allocation of funds into the GPFs. According to the Ministry of Finance, the drastic decline in receipts was mainly due to a plunge in crude oil prices and in the MoF's view, no allocation would have been made to the GPFs but for the amendment of the PRMA, which allowed for constant allocations to the GPFs. Of the total amount that was transferred to the GPFs in 2015, the GSF received US\$15.17 million (70%) in 2015, compared to US\$271.76 million in 2014 while the GHF received US\$6.50 million (30%) as against US\$116.47 million received in the previous year as shown in Table 34.

Table 34 also reveals that the GPFs made a net investment income of US\$4.5 million during the period under review, compared to US\$5.85 million for 2014. Of this amount, the GSF contributed US\$0.53 million, down from US\$1.53 million in 2014 while the GHF brought in US\$3.97 million, compared to US\$4.32 million in 2014. The Bank of Ghana has attributed the fall in returns to falling bond yields and severe market volatility emanating from the repricing of bond risk premiums ahead of the increase in interest rate by the Federal Open Market Committee (FOMC) (Ministry of Finance, 2016). A comparative analysis of the performance of the GPFs in 2015 and 2014 is as shown in Table 35.

TABLE 34: PERFORMANCE OF THE GHANA PETROLEUM FUNDS, 2011-2015

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

Source: Bank of Ghana and Ministry of Finance, 2016

Table 34 further reveals that a total amount of US\$124.96 million was withdrawn from the GSF during the period under review. As mentioned in the 2015 PIAC Semi-Annual Report,

an amount of US\$53.69 million was withdrawn from the GSF during the second quarter of 2015 to plug a shortfall in the Quarter 1 ABFA projections in accordance with Section 12 of the PRMA. During the second half of 2015, another US\$71.27 million was withdrawn from the GSF account being the amount deemed excess over the GSF revised cap and transferred to the Sinking Fund (US\$47,510,145.69) and the Contingency Fund (US\$23,755,072.85) accounts. These transfers were in line with Section 23(4) of the Petroleum Revenue Management Act, 2011(Act 815), as amended by Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

Finally, Table 34 shows that the closing book balances on the GPFs as at the end of 2015 stood at US\$259.38 million for the GHF compared to US\$248.92 million in 2014 and US\$177.40 million for GSF compared to US\$286.64 million in 2014 bringing the cumulative balance in the GPFs as at the end of 2015 to US\$436.78 million as against the 2014 balance of US\$535.56 million.

TABLE 35: PERFORMANCE OF THE GHANA PETROLEUM FUNDS IN 2014 AND 2015

Quarter End	Current Returns		Total Returns (Year-to Date)	
	Stabilisation (%)	Heritage (%)	Stabilisation (%)	Heritage (%)
2014				
March	0.13	0.41	0.809	1.554
June	0.71	2.44	1.47	5.37
September	(0.04)	0.32	1.43	5.7
December	0.18	1.92	1.61	7.73
2015				
March	0.32	1.80	0.32	1.8
June	0.02	(2.30)	0.33	(0.54)
September	0.04	1.74	0.38	1.18
December	(0.01)	(0.97)	0.33	0.25

Source: Bank of Ghana/Ministry of Finance, 2016

Table 35 shows that the year to date total return on the GPFs was 0.25% for GHF and 0.33% GSF compared to 7.73% and 1.61% in 2014. The 2015 returns on the GPFs investments bring to US\$13.14 million the total investment income earned since 2011 with GHF accounting for US\$9.46 million (72%) and the GSF yielding US\$3.68 million (28%) as shown in Figure 12. (BOG, 2016).

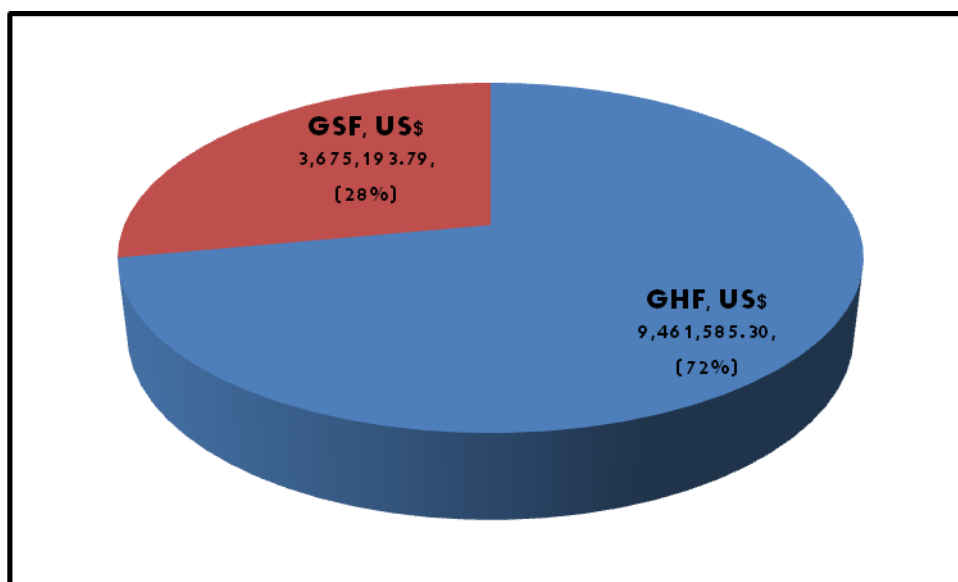


FIGURE 12: RETURNS ON GHANA PETROLEUM FUNDS FROM 2011-2015

Findings/Highlights

1. GPFs made a net investment income of US\$4.5 million during the period under review, compared to US\$5.85 million for 2014. Of this amount, the GSF contributed US\$538,214.78, down from US\$1.53 million in 2014 while the GHF brought in US\$3.97 million, compared to US\$4.32 million in 2014;
2. For the second year in a row, withdrawals were made from the GSF totalling US\$124.96 million. Approximately 43% (US\$53.69 million) of the withdrawn amount was used to shore up shortfall in ABFA encountered during the first quarter of 2015 while the remaining 57% (US\$71.27 million) was deemed excess over the revised moving cap of US\$150 million.
3. An amount of US\$47,510,145.69 representing 67% was lodged in the Sinking Fund while the remaining 33% (US\$23,755,073) was transferred into the Contingency Fund;
4. The balance on the GPFs at the end of 2015 stood at US\$259.38 million for the GHF compared to US\$248.92 million in 2014 and US\$177.40 million for GSF compared to US\$286.64 million in 2014 bringing total cumulative balance in the GPFs as at the end of 2015 to US\$436.78 million as against the 2014 balance of US\$535.56 million; and

5. The 2015 returns on investment of the GPFs brings to US\$13.14 million the total income earned on the funds since 2011 with GHF and GSF accounting for 72% and 28% respectively of the investment income.

6.6 UTILISATION OF THE WITHDRAWALS FROM THE GSF

As mentioned in the 2014 PIAC Annual Report, the Minister of Finance in the 2014 National Budget introduced a cap of US\$250 million 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, the Minister of Finance proposed a moving cap on the GSF, starting with US\$300 million and raising it to a maximum of US\$400 million during the 2015 fiscal year. Excess amount over the cap was to be disbursed as follows:

- a. Fifty percent (50%) will be paid into the Sinking Fund to build up resources to repay specified debt obligations of the Government;
- b. Twenty-five percent (25%) to be paid into the Contingency Fund established in May, 2014; and
- c. Twenty-five percent (25%) to be deposited back into the GSF.

The Minister's proposal was approved by Parliament, in line with Section 23(3) of the PRMA. However, the cap of US\$300.0 million was further reduced to US\$150.0 million during the Mid-Year Budget Review, thereby creating an 'excess' amount of US\$95.02 million. Table 36 shows how the excess amount was disbursed.

TABLE 36: UTILISATION OF EXCESS FUNDS WITHDRAWN FROM THE GSF

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

Source: Ministry of Finance, 2016

Findings:

1. An amount of US\$95.02 million was deemed excess over the GSF cap of US\$150 million, of which 50% (US\$47.51 million) was transferred to the Sinking Fund account

and 25% (US\$23.76 million) lodged into the Contingency Fund with the remaining 25% retained in the GSF in accordance with paragraph 179 of the 2015 Budget Statement.

PIAC'S POSITION ON THE 2015 CAP ON THE GSF AND WITHDRAWALS

In 2014 PIAC Annual Report, the Committee stated its position against the introduction and the implementation of the cap on the GSF. PIAC argued that the Minister of Finance may have misinterpreted the relevant provision of the PRMA that permitted the introduction of the cap and opined that the cap on the GSF would weaken the ability of Ghana's economy to deal with petroleum price volatilities. Although in the opinion of PIAC, the implementation of the cap and the subsequent withdrawal of GSF revealed inherent weaknesses in the policy initiative, it does not appear that the Minister of Finance found anything wrong with the outcome of the policy and went ahead to propose another cap in the 2016 Budget Statement, albeit a moving one. As reported earlier, the cap was set at US\$300 million with an up ceiling of US\$400 million. However, in spite of the fact that the January 1, 2015 cap had not been achieved by mid-2015, the Minister of Finance went on to further lower the cap on the GSF to US\$150 million thereby 'creating' an excess of US\$95.02 million, which was subsequently withdrawn and disbursed as proposed by the Minister of Finance in the 2016 budget.

The Minister of Finance is of the view that the introduction of the moving cap concept would help the Government to achieve its twin objectives of leveraging the GSF as part of its Debt Management Strategy as well as helping to build the Fund to mitigate unanticipated petroleum revenue shortfalls (Ministry of Finance, 2015). However, PIAC thinks otherwise and does not believe that the GSF is ever going to be built to the level that would provide adequate cushion against revenue shortfall so long as the cap on GSF exists. In the opinion of the Committee, any cap (if at all necessary) should be static within the financial year and that no cap should be set that is lower than the amount already in the GSF at the time the cap is to be set.

SECTION 7

7. PROJECTED PETROLEUM REVENUES FOR 2016

In the 2016 Budget Statement presented to Parliament in November 2015, the Minister of Finance projected that an amount of US\$502.10⁷ million is expected to accrue from the petroleum sector in 2016 compared to 2015 budget estimate of US\$1,236.37 million and actual receipt of US\$396.17 million. The 2016 budget estimate was based on the following key assumptions:

- Benchmark Crude oil output 106,115 bopd;
- Benchmark crude oil price of US\$53.05 per barrel; and
- Benchmark gas price of US\$2.90/MMBtu for the Jubilee field and US\$0.50/MMBtu for TEN associated gas in 2017.

Table 37 gives the breakdown of expected petroleum receipts in 2016.

TABLE 37: COMPOSITION OF PROJECTED 2016 PETROLEUM RECEIPTS COMPARED TO 2015

ITEM	2016	2015	% Change
	US\$	US\$	
TOTAL PETROLEUM	502,099,200.85	1,236,371,543.12	-59.4%
Royalties	111,718,302.35	185,227,862.53	-39.7%
<i>o/w Jubilee Royalties</i>	98,239,964.23	185,048,985.72	-46.9%
<i>o/w Saltpond Royalties</i>	-	178,876.81	-
<i>o/w TEN Royalties</i>	13,478,338.12	-	100
Carried and Participating Interest	293,027,540.72	479,602,309.41	-38.9%
Corporate Taxes	27,871,978.53	485,942,661.18	-94.3%
Surface Rentals	1,051,277.25	1,447,960	-27.4%
Gas Receipts	68,430,102.00	84,150,750	-18.7

Source: Ministry of Finance, 2015

Table 38, on the other hand, captures how the GoG proposes to allocate the petroleum revenues expected to accrue in 2016.

⁷ It has to be noted that the projected petroleum revenue would have been US\$969.57 had the original formula for determining the benchmark price (using the 7-years moving average approach) been used since that would have yielded a benchmark price of US\$86.02/barrel.

TABLE 38: DISTRIBUTION OF PROJECTED 2016 PETROLEUM RECEIPTS

ITEM	US\$
ALLOCATION OF PETROLEUM RECEIPTS	502,099,200.85
Transfer to National Oil Company (NOC)	141,738,109.91
<i>o/w Equity Financing</i>	76,899,782.42
<i>o/w 30% share of Net Carried & Participating Interest</i>	64,838,327.49
Benchmark Revenue (BR)	360,361,090.94
<i>o/w Annual Budget Funding Amount</i>	252,252,763.66
<i>o/w Transfer to the Ghana Petroleum Funds</i>	108,108,327.28
<i>o/w Ghana Stabilization Fund</i>	75,675,829.10
<i>o/w Ghana Heritage Fund</i>	32,432,498.18

Source: Ministry of Finance, 2015

Table 38 indicates that GNPC is expected to receive 28.22% (US\$141.74 million) of projected revenues from the petroleum sector in 2016 and that 70% of the benchmark revenue (US\$252.25 million) is to be allocated to the ABFA with the remaining 30% (US\$108.11 million) going into the GPFs.

The allocation to the ABFA of US\$252.25 million is expected to be disbursed to the three (3) priority areas in proportions as shown in Table 39. According to the Minister of Finance, no allocation is to be made to the Expenditure and Amortisation of Loans Priority Area in view of the fact that GNGC has now become fully operational and is therefore expected to take over the amortisation of the CDB Loan Facility (Ministry of Finance, 2015).

TABLE 39: ALLOCATION OF ABFA TO THE FOUR PRIORITY AREAS IN 2016

S/N	Priority Area	Amount (GH¢)	Percentage Share (%)
1.	Expenditure on Amortisation of Loans for Oil and Gas Infrastructure	-	-
2.	Roads and Other Infrastructure	587,604,967.00	49.52
	<i>o/w Ghana Infrastructure Investment Fund</i>	<i>176,576,935.00</i>	<i>14.88</i>
3.	Agriculture Modernisation	284,450,130.00	23.97
4.	Capacity Building (including Oil and Gas)	136,955,958.00	11.54
	<i>o/w Public Interest and Accountability Committee</i>	<i>967,774.00</i>	<i>0.08</i>
	TOTAL	1,186,555,764	100

Source: Ministry of Finance, 2015

7.1 OBSERVATIONS ON THE PROJECTED REVENUES AND EXPENDITURE FOR 2016

The Benchmark Revenue for 2016 was projected to decline by 59% from the projected US\$1,236.71 million in 2015 to US\$502.10 million in 2016 using an assumed Benchmark Price of US\$53.05 per barrel and US\$2.9/mmBTU for crude oil and gas respectively and Benchmark output of 106,115 bopd. The projected Benchmark Revenue for 2016 represents a 26.7% increase over the actual 2015 petroleum receipt of US\$396.17 million.

Generally, PIAC finds the revenue forecast to be reasonable and closer to reality and this is as a result of the use of a more pragmatic and flexible formula in the estimation of the benchmark price following the amendment of the formula by Act 893 as opposed to the original formula stipulated in Act 815. The Committee therefore wishes to commend the Minister of Finance for paying heed to the constant and sustained call by PIAC in its reports to resort to the use of market reflective price in the determination of the benchmark revenue rather than the 7-year moving average stipulated in Act 815. It is instructive to note that the benchmark revenue for 2016 would have been US\$969.57 million representing approximately 93% higher benchmark revenue had the old formula been used (Ministry of Finance, 2015).

The commendation notwithstanding, the Committee finds the expected revenue from gas to be rather on the low side given the fact that revenue in arrears from the sale of raw gas as at the end of 2015 was approximately US\$80 million, which is 16% higher than the total expected revenue for 2016. With benchmark output for gas for 2016 of 26,319,270 MMBtu and price of gas estimated to be US\$2.90 per MMBtu, total receipts from the export of gas to the Atuabo Gas Processing Plant in 2016 should be in the region of US\$76.33 million. This means that potential revenue from gas alone could be approximately US\$155.09 million, which is more than the expected revenue from all the other sources of petroleum revenue save CAPI, projected to bring in US\$293.03 million.

On the expenditure side, PIAC is pleased to see that no allocation is to be made to the expenditure and amortisation of loan priority area in 2016 following the commencement of commercial operation by the GNGC, which is supposed to assume full responsibility for the amortisation of the CDB loan. However, the Committee wishes to caution that GNGC may not be able to honour the repayment of the CDB facility in 2016 unless they receive regular payments in respect of processed gas sold to its customers. As pointed out earlier, VRA alone was indebted to the GNGC up to the tune of US\$227.78 million and this trend would have to be reversed forthwith before GNGC will be able to assume full responsibility for the amortisation of the CDB facility.

It is also heart-warming to see that PIAC is to receive direct disbursement of US\$967,774 and GH¢379,051 from the ABFA in 2016. The said amount, once released, will go a long way to alleviate the dire cash flow situation that has bedeviled the Committee since its creation. PIAC wishes to commend the Minister of Finance for making PIAC's funding an integral part of this proposal for the amendment of Act 815.

SECTION 8

8. SUMMARY OF KEY FINDINGS AND RECOMMENDATIONS

8.1 SUMMARY OF KEY FINDINGS

WESTERN CORRIDOR GAS INFRASTRUCTURE PROJECT

1. The Atuabo Gas Processing Plant began commercial operations in April 2015 and processed a total of 24,211 MMscf of wet gas into lean gas and other derivatives such as LPG and condensates valued at US\$268.12 million;
2. Thirteen and half percent (13.5%) (US\$34.99 million) of the total payment (US\$269.24 million) was received by GNGC during the period under review. Outstanding receivables as at the end of 2015 were US\$234.25 million, with VRA responsible for 97% of debt owed GNGC;
3. VRA's indebtedness to GNGC grew by approximately 120% over a six-month period from US\$103.61 million as at June 2015 to US\$227.78 in December 2015;
4. Total interest payable by VRA in respect of its debt accrued from the lean gas supplied by GNGC at the end of the review period was US\$1.12 million;
5. GNGC is in turn indebted to the Ghana Group up to the tune of US\$79.06 million in respect of raw gas delivered to the Atuabo Gas Processing Plant (GPP) from the Jubilee Field since the commencement of gas production;

PRODUCTION, LIFTING AND MARKETING

6. The total number of barrels of crude oil produced from the Jubilee field in 2015 was 37,411,661 barrels of oil and that of associated gas was also 52,546 MMscf. On the average, 102,497 barrels of oil were produced from the Jubilee field in 2015 compared with the projected benchmark output of 102,033 bopd. This means that actual production was fractionally higher (0.6%) than projected production;

7. In spite of the commencement of the operation of the Atuabo GPP, 39% (20,553 MMscf) of raw gas produced from the Jubilee Field in 2015 was re-injected while another 9% (4,784 MMscf) was flared for safety and other non-routine⁸ production flaring purposes;
8. A total of 41,113 barrels of crude oil was produced from the Saltpond Field in the first, second and fourth quarters of 2015. The 2015 production represents a 48% decline from 79,602 barrels of oil in 2014. Although oil production from the Saltpond Field has been declining over the past 4 years, the 2015 decline in output was occasioned by a 5-month shut-down. The Rig is currently being maintained by a skeleton crew involved in repair and maintenance work until operations resumes;
9. The Ghana Group lifted 5,730,090 barrels of crude oil from the Jubilee Field in 2015, which represents 15.42% of total production for the period under review; 3.22 percentage points lower than the GoG share of 18.64% (made up of 5% royalties and 13.64% carried/participating interest) and 25.4% year-to-year decline in total liftings;
10. The Ghana Group's share of liftings of 15.42% is the lowest (in percentage terms) since crude oil lifting on the Jubilee Field began in 2011;
11. Total liftings from the Saltpond Field dropped by 71% from 88,201 barrels in 2014 to 25,453 in the first half of 2015, leaving a stock balance of 17,813 barrels of oil;

PETROLEUM RECEIPTS

12. The 2015 actual petroleum receipts of US\$396.17 million (GH ¢ 1,449.92 million) was approximately 46% lower than projected revenue (as revised) and approximately 60% lower than revenues that accrued in 2014. The huge variance between the actuals and projected revenue is attributable to a significantly lower than expected crude oil price, which experienced a year-to-year decline of nearly 49.4%;

⁸ Routine flaring of gas is flaring during normal oil production operations in the absence of sufficient facilities or amenable geology to re-inject the produced gas, utilize it on-site, or dispatch it to a market.

13. None of the sources of petroleum revenues (CAPI, surface rentals, royalties and CIT) achieved the set targets. Corporate Income Tax was worst affected, with a recorded negative variance of approximately 92% between projected revenue and outturn;
14. A fractional amount of US\$553,815.32 (0.7%) out of total revenues of US\$79.06 million receivable from the export of gas was paid. Similarly, only 39% (US\$0.466 million) of Surface Rentals assessed during the period under review was paid while 61% (US\$0.721 million) still remained unpaid as at the end of December 2015;
15. No royalties were received from the Saltpond Field even though US\$37,129 ought to have been paid in the first half of 2015, as indicated in PIAC's 2015 semi-annual report.
16. Oranto/Stone Energy has still not honoured the surface rental bill of US\$67,438.36, which has been outstanding since February 21, 2013. In a meeting with an official of GRA, it was revealed that the owners of the company cannot be traced, hence it is likely the outstanding invoice amount would have to be written off as bad debt⁹ ;
17. Total petroleum revenue received by the GoG since 2011 till the end of 2015 is US\$3.208 billion.

ALLOCATION AND UTILISATION OF PETROLEUM RECEIPTS

18. A total of US\$387.83 million (representing approximately 98% of total petroleum receipts) was allocated during the reporting period leaving an undistributed balance of US\$8.35 million in the Petroleum Holding Fund as at December 2015. Approximately 33% of the total receipts was given to GNPC in respect of its equity financing cost and net of Carried and Participating Interest;
19. An amount of US\$239.30 million (representing 61.7% of the net amount of US\$260.97 received by the GoG) in addition to the US\$53.69 million withdrawn from the GSF during the first half of 2015 to shore up shortfall in ABFA, was allocated to the ABFA in 2015, bringing to US\$292.98 million (GH¢ 1,086.28 million) total funds

⁹ Meeting with GRA official was held at Oak Plaza Hotel.

allocated to the ABFA account in 2015 and to US\$1,428.76 million the cumulative allocation to ABFA from 2011-2015;

20. An amount of US\$21.67 million, representing 9% of net receipt by GoG and 5.59% of total petroleum revenues in 2015, was transferred to the GPFs of which GSF received US\$15.17 million and GH\$6.5 million going to GHF;.
21. The actual ABFA allocated to road and highways projects represented 8.28% of the Roads and Highways sector budget in 2015, significantly lower than the 35.69% budgeted for in the 2015 budget.
22. A total of 33 road and road-related ancillary projects were supported by the 2015 ABFA at an average cost of GH¢2.34 million per project. Twenty-one (21) of the beneficiary projects were new bringing to 181 the number of road projects that have been funded with the ABFA since 2011. Twelve (12) projects that had received funding, at least once between 2011 and 2014, were also supported.
23. The highest ABFA amount spent on any single road project in 2015 was GH ¢ 8.08 million, expended on the 15.8 kilometre Somanya-Odumasi-Kpong Road with the lowest being GH ¢ 129,229.95 spent upgrading the Kade-Wenchi-Akim Oda and Adankrono-Pramkese-Akim Akropong Roads.
24. The Obogu-Ofoase-Gyadem-Bodwesango-Adansi Asokwa road (KM 7- 64.3) is the only road out of the 181 that has been funded by ABFA for five continuous years up to the tune of GH ¢ 23.38 million.
25. A total of GH¢217.18 million (representing 53.47%) of the remaining ABFA disbursement to the 'Roads and Other Infrastructure Priority Area' was spent on a number of infrastructure projects in the energy, water, education, transport and health sectors.
26. Forty percent (GH¢85.95 million) of the allocation to the 5 sectors under the Roads and Other Infrastructure Priority Area went to the energy sector, compared to GH¢75.44 million received by the sector in 2014; 21% of this amount (GH¢46.59 million) was used to build infrastructure in the education sector (compared to the 2014 allocation of GH¢12.03 million); 18.70% (GH¢40.61 million) went to the water sector; 19.25% (GH¢41.80) went to the transport sector; with the remaining 1.02%

(GH¢2.22 million) going to the health sector. However, these sectors in themselves fall under major priority areas as stated in Section 21 subsection 3 of the PRMA;

27. Actual ABFA allocated to all the 5 sectors under the roads and other infrastructure priority area was in all the cases less than 14% of budgeted capital expenditure and/or goods and services for all the sectors in 2015;
28. After a phenomenal increase of ABFA funds to the agriculture modernisation priority area in 2014, the year-to-year allocation to the priority areas dropped by 65% from GH¢170.62 million in 2014 to GH¢59.54 million in 2015. The ABFA allocation to the agriculture modernisation priority area in 2015 represents approximately 5% of the total ABFA.
29. Sixty-seven percent (GH¢39.95 million) of the 2015 allocation to the Agriculture Modernisation priority area was spent on goods and services with the remaining 33% (GH¢19.60 million) going into capital expenditure;
30. The actual allocation to the Agriculture Modernisation priority area represents 20.29% and 8.62% of the total budgetary allocations to the agriculture sector for goods and services and capital expenditure, respectively, in the 2015 budget;
31. Approximately 67% (GH¢ 94.74 million) of the total allocation to the Capacity Building Priority Area was used to fund various social interventions in the education sector. Technically, this means that the allocation of ABFA funds to the education sector in 2015 was GH¢ 141.33 million, (representing approximately 13% of the petroleum revenue allocated to the ABFA account in 2015) since all the social interventions funded under Capacity Building Priority Area were listed in the 2015 Budget Statement as programmes/initiatives to be implemented under the education sector;
32. No part of the ABFA allocation to the Capacity Building Priority Area was used to fund any capacity building initiative in the oil and gas sector in 2015.

33. Cumulatively, only 3.25% (GH ¢ 8.93 million) of GH ¢ 274.97 million allocated from the ABFA accounts to the Capacity Building Priority Area from 2011-2015 has been used to directly build capacity in the oil and gas sector;
34. Although the 2015 allocation to GNPC (US\$126.86 million) was the lowest it has received since the distribution of petroleum revenues begun in 2011, it was in 2015 that the National Oil Company (NOC) spent the highest percentage (US\$93.48 million, representing 73.7% of its receipts as equity financing cost. In absolute terms, the expenditure on equity financing cost ranks second only to that of 2012 when US\$125.82 million was spent;
35. Similarly, there were year-to-year increases in all the other major GNPC cost centres with the expenditure on non-Jubilee projects increasing by 21.7%; General Operational and Administrative Expenses increasing by 28.83%; staff cost increasing by 16%; administrative capital expenditure increasing by 48.1%;
36. Total expenditure incurred by GNPC in 2015 was US\$190.47 million, which means that for the first time since disbursement of petroleum revenues began in 2011, the GNPC overspent its annual allocation of US\$126.86 million by approximately 50% (US\$63.61 million), compared to under-utilisation of its allocation of US\$45.52 million in 2014 and US\$80.03 million in 2013;
37. However, approximately 70% (US\$44.48 million) of the expenditure overrun was incurred on cost centres that are not directly related to GNPC's core mandate or business, with approximately 57% (US\$25.30 million) going to the financing of roads in the Western Corridor and approximately 42% (US\$18.75 million) paid to Trafigura in respect of petroleum products supplied to Bulk Oil Storage and Transportation (BOST), which GNPC had provided guarantees;
38. An amount of US\$0.427 (approximately 1%) of the over-expenditure of GNPC was used to pay six month salary arrears of workers of Saltpond Offshore Petroleum Company Limited (SOPCL);
39. An amount of US\$1.81 million (representing 1.43% of total ABFA allocation to the GNPC) was spent on the maritime boundary dispute between Ghana and Ivory Coast as against US\$782,407 spent by GNPC in 2014 on the international arbitration;

40. The actual disbursement from the ABFA exceeded the allocated amount by approximately GH ¢ 38 million representing 34.9%.
41. An amount of GH¢ 3.65 million, approximately 9% of the transport sector allocation was used for rebranding metro rapid transport (MRT) buses while the remaining 5% was used to construct an administrative and office block.

PERFORMANCE OF GHANA PETROLEUM FUNDS

42. GPFs made a net investment income of US\$4.5 million during the period under review, compared to US\$5.85 million for 2014. Of this amount, the GSF contributed US\$0.53 million, down from US\$1.53 million in 2014, while the GHF brought in US\$3.97 million, compared to US\$4.32 million in 2014;
43. For the second year in a row (2014 and 2015), withdrawals were made from the GSF totalling US\$124.96 million. Approximately 43% (US\$53.69) of the withdrawn amount was used to shore up shortfall in ABFA encountered during the first quarter of 2015, while the remaining 57% (US\$71.27 million) was deemed excess over the revised moving cap of US\$150 million;
44. The balance on the GPFs at the end of 2015 stood at US\$259.38 million for the GHF compared to US\$248.92 million in 2014 and US\$177.40 million for GSF, compared to US\$286.64 million in 2014, bringing total cumulative balance in the GPFs as at the end of 2015 to US\$436.78 million, as against the 2014 balance of US\$535.56 million.
45. The 2015 returns on investment of the GPFs brings to US\$13.14 million the total income earned on the funds since 2012 with GHF and GSF accounting for 72% and 28% respectively of the investment income.

UTILISATION OF WITHDRAWALS FROM GHANA STABILISATION FUNDS

46. Following the placement of a moving cap of US\$300 million on the GSF in the 2015 Budget Statement, which was subsequently revised to US\$150 million in July 2015, an amount of US\$95.02 million was deemed excess over the GSF cap of US\$150 of

which 50% (US\$47.51 million) was transferred to the Sinking Fund account and 25% (US\$23.76 million) lodged into the Contingency Fund with the remaining 25% retained in the GSF in accordance with paragraph 179 of the 2015 Budget Statement;

8.2 RECOMMENDATIONS

1. As reported in the 2015 PIAC semi-annual report, the US\$222.93 million (GH ¢ 666.06 million) that was swept by the BOG should be refunded to ABFA account forthwith, just as 30% of the Sinking Fund of the US\$100 million that was also swept, was restored by the BOG. It is also important to stress that the non-refund of the outstanding balance together with the remaining US\$ 70 million of the swept sinking fund would be a violation of the Section 21(4)¹⁰ of the PRMA;
2. In order to forestall future sweeping of any outstanding money in the ABFA account by the BOG, the Minister of Finance should take immediate steps to implement the measures he proposed in the 2015 Mid-Year Review Budget, which is to differentiate the BOG's monetary survey requirements from those of the public accounts when classifying the government's accounts for liquidity, investments and other statutory purposes;
3. The Ministry of Finance should desist from spending more than the required ABFA allocation, which is in total violation of Section 18 of the PRMA;
4. In order not to abuse the utilisation of petroleum revenues on many social interventions, the Government should be mindful and transparent in the choice of projects, particularly those that are not sustainable;
5. The GRA must initiate the process to recover all outstanding surface rentals owed by the upstream companies to the government (with applicable penalties), which stood at approximately US\$722,000 as the end of 2015. Similarly, no effort should be

¹⁰ Section 21(4) of Act 815 stipulates that a minimum of 70% of the ABFA shall be used for public investments expenditures consistent with the long-term national development plan or with Section 21(3) every financial year. The government's failure to use the GH ¢ 666.06 million (US\$222.93 million) and subsequent sweeping of same by the BOG means that only 45.18% of the ABFA was used in 2014, which constitutes an infraction of the relevant provision of Act 815.

spared to retrieve the Oranto/Stone Energy's indebtedness to the GoG in respect of the non-payment of the 2012 surface rental of US\$67,438.36 which as at December 2015 had also accumulated penalties of US\$3.46 million in accordance with Section 3(4) of the PRMA;

6. GOG must be prevailed upon by Parliament to refund to the GNPC the total amount of US\$75.30 million being the special advance paid to the Ministry of Finance in 2014 and the financing cost of the Western Corridor Roads project in 2015;
7. Parliament must ensure that the practice whereby GNPC will be requested to release parts of its allocations from petroleum receipts to government without prior approval from Parliament, is discontinued;
8. Government must desist from directing GNPC to provide guarantees to other state-owned entities and to ensure the recovery of payments already made as a result of the inability of state institutions like TOR and BOST to pay for the transactions which GNPC has guaranteed;
9. The Ministries of Petroleum and Power must ensure that all outstanding receivables in respect of lean gas sold to VRA which stood at US\$227.78 million as at the end of December 2015 is paid as a matter of urgency so as to guard against the GNGC falling into the never-ending cycle of indebtedness prevalent in Ghana's energy sector. This will also help ensure that the GNGC is in the position to pay the GNPC for raw/wet gas exported to the Atuabo Gas Processing Plant;
10. PIAC is calling for a national dialogue/debate on the ABFA utilisation to inform the priority areas to be selected by the Minister for the next three years. The proposed dialogue must start immediately and must be informed by a detailed evaluation of how the approximately US\$1.5 billion that has been allocated to the ABFA over the past 5 years has been utilised and its impact;
11. PIAC has observed in the past five years that the government does not adhere to the selected priority areas and tends to spend the ABFA on other areas that are not strictly under the four priority areas. PIAC is therefore calling for clear guidelines and definitions of the selected priority areas to avoid amorphous expenditure;

12. The capacity building (including oil and gas) under ABFA expenditure has not in practice resulted in the enhancement of indigenous expertise and know-how in the oil and gas sector as required in the Local Content Regulations. PIAC requests the Minister of Finance to redirect his focus in the building of capacity in oil and gas related activities;
13. Given the strategic importance of the agriculture sector to the Ghanaian economy, PIAC recommends that a sizeable proportion of future petroleum revenues (higher than the 11% so far disbursed to the sector over the past five years) should be channeled into the sector to help transform the sector and boost productivity. PIAC sees the proposed 378% year-to-year increase in the allocation to the agriculture modernization priority sector in the 2016 Budget as a step in the right direction and urges the Minister of Finance to ensure that the allocated amount gets disbursed on time and used to support interventions in agricultural mechanisation and post-harvest losses technologies;
14. In order to promote the growth of the Stabilisation Fund, the capping policy must ensure a long period of accumulation of transfers into the Fund to withstand fiscal shocks that may be caused by fluctuating oil prices. This can be achieved by a higher capping of the Fund than is the case now;
15. In order to help mitigate the impacts of the volatility of crude oil prices on the world market and following the successful hedging programmes being implemented by Tullow Ghana Limited and Kosmos, the government should consider resuming its hedging programme on crude oil export.

SECTION 9

9. PIAC ACTIVITY REPORT IN 2015

Introduction

The Public Interest and Accountability Committee (PIAC) has continued to pursue its mandate of monitoring and evaluating compliance with the Petroleum Revenue Management Act by the Government and other relevant institutions in the management and use of petroleum revenues as well as providing platform for public debate on spending prospects of petroleum revenues in line with development priorities.

The year under review saw some major developments in the industry including the passage of some amendments to the Petroleum Revenue Management Act (PRMA). Most significantly, the amendments contained a provision for the funding of PIAC from the Annual Budget Funding Amount (ABFA). Implementation is expected to begin in 2016. Also worth noting in the year under review is continuous fall in the world market price of crude oil from about US\$110.00 in mid-2014 to US\$36.57 in December, 2015. This fall in price has adversely affected government's petroleum revenue.

This is a summary of the main activities of the Committee in year 2015. It will touch on its challenges and also some of its projections for 2016.

Leadership

The beginning of the year saw the coming into office of a new leadership of the Committee which was elected by members in accordance with the Rules of Procedure in November, 2014. The Chairman is Prof. Paul Kingsley Buah-Bassuah of the Ghana Academy of Arts and Sciences with Mr. Kwame Jantuah of the Civil Society and Community-Based Organisations as Vice.

Membership

At the beginning of 2015, twelve members of the Committee were active participants in the Committee's programmes and activities. The Independent Policy Think Tanks were yet to present a nominee for induction by the Minister of Finance, which they did by the end of the year.

Pursuant to the Rules of Procedure adopted by the Committee in compliance with the PRMA, the following members completed their term on the Committee in November, 2015 and were duly replaced as follows:

Outgoing Member	Nominating Institution	Incoming Member
Major Daniel Ablorh-Quarcoo	ICAG	Mr. Joseph Winful
Mr. Yaw Owusu Addo	GJA	Dr. Roland Affail Monney
Mr. Franklin Ashiadey	GHEITI	Dr. Steve Manteaw
Osabarimba Kwesi Atta II	NHOC	Osabarima Kwaw Entsie I
Vacant	Think Tanks	Mr Kwesi Jonah
Mr. Kwame Adjei-Djan	GBA	Mr Abdallah Aki-Nakyea

The new members were duly sworn-in on 19th November, 2015 by the Deputy Minister of Finance Honourable Mona Quartey. However, Mr Abdallah Ali-Nakyea was not available for the swearing-in ceremony and was to be sworn-in later by the Chairman of PIAC. However, he declined to serve on the Committee due to other engagements. The GBA was to nominate a replacement.

Meetings

The Committee held a total of 13 general meetings. In addition to the general meetings, the various sub-committees met a number of times, which is broken down as follows:

- Technical Sub-Committee – 8 meetings
- Legal Sub-Committee – 3 meetings
- Communications/Publicity Sub-Committee – 2 meetings
- Procurement, Administrative & Finance Sub-Committee – 2 meetings

Activities/Programmes

2014 Semi-Annual Report

PIAC compiled and published the 2014 Semi-Annual Report on the usage and management of oil revenues by the government and other institutions for the period January to June 2014 in August in accordance with Act 815. The cost of compilation and publication was borne by DFID and GIZ. As has been the practice, a soft copy of the report was uploaded on PIAC

website and a press statement issued to that effect. Some media interaction was done on the content of the report.

2014 Annual Report

PIAC also compiled and published the 2014 Annual Report on the management of the petroleum revenues for the year 2014. The report was launched at the conference hall of the Ghana Academy of Arts and Sciences in September, 2015. The cost of compilation and publication was also borne by DFID and GIZ. There was media engagement to disseminate the content of the report.

Public Meeting in Accra, Greater Accra Region

The Committee held its sixth public meeting in Accra in the Greater Accra Region in April, 2014. Attendance was fair considering the heavy downpour that day. Participants were drawn from traditional authorities, religious leaders, labour unions, civil society organisations, the media and other members of the public. The content of the 2013 PIAC Annual Report was presented to the participants and they in turn asked questions. They gave feedback on the management and use of the petroleum revenues including a suggestion to invest the revenues in productive sectors of the economy for better growth and productivity. Of particular concern was the inadequate funding of PIAC by the State.

Public Meeting in Cape Coast, Central Region

The seventh public meeting of PIAC took place in Cape Coast in the Central Region on 13th October, 2015 at the Pempamsie Hotel. Attendance was very good. After presenting the 2014 PIAC Annual Report, the Committee took feedback from the participants. Among the many suggestions was the need to complete ABFA-funded projects before starting new ones. It was also suggested that the Tema Oil Refinery (TOR) be given some of the crude oil produced from the Jubilee oilfield to refine for value addition and job creation.



A cross-section of participants at the Cape Coast public meeting

Public Meeting in Sunyani, Brong Ahafo Region

PIAC held its eighth public meeting in Sunyani in the Brong Ahafo Region on 30th November, 2015 at the Eusbett Hotel. The Committee presented the 2014 PIAC Annual Report to the participants and took feedback from them. Among the issues raised was the need to tackle and complete one project before tackling another one so as to derive maximum benefits from petroleum revenues.

Roundtable Discussion on falling oil prices and impact on Government revenue

In the light of the continuous decline of crude oil prices on the world market since mid-2014, PIAC with support from the Natural Resource Governance Institute (NRGI) organised a roundtable discussion with relevant stakeholders to discuss the impact this decline would have on government's projected petroleum revenues for 2016 vis-à-vis the budget for the year. This discussion took place at Alisa Hotel, Accra on 4th March, 2015. A follow-up to this programme was held in December 2015 due to the continuous fall in the price.

A copy of the report on these two discussions can be downloaded from PIAC website.



Discussants at the roundtable discussion on falling oil prices



A cross-section of participants & discussants at follow-up roundtable on falling oil prices

Organisational assessment of PIAC

One main component of the DFID/NRGI/PIAC project is the institutional development of PIAC. This included organisational assessment of the Committee and the Secretariat as basis for drawing up a Strategic Plan for PIAC. The organisational assessment was carried out in 2015 by CIC Consult Ltd. The final report has been presented to the Committee. Work on the 5-year Strategic Plan is ongoing.

Recruitment of additional staff for Secretariat

Following the organisational assessment by the consultant, three additional staff were recruited for the Secretariat in November and December 2015. They have since started work and enhanced the work of the Committee.

Meeting with the Ghana Audit Service

PIAC met with some senior managers of the Ghana Audit Service on the audit report of the Ghana Petroleum Funds for year 2013. Copies of the audit report which had been delivered

to Parliament were given to the Committee. PIAC on the other hand gave copies of its 2013 Annual Report to the Service.

Meeting with the Finance Select Committee of Parliament

The Finance Select Committee of Parliament, being the responsible select committee PIAC reports to, invited the PIAC to a 3-day residential retreat at Ada in April and discussed the key findings and recommendations of the three PIAC annual reports for years 2011, 2012, and 2013. The meeting was also attended by the Ministry of Finance, Ghana National Petroleum Corporation and Bank of Ghana. It is expected that a report on this meeting will be laid before Parliament. There was a follow-up meeting with the Finance Select Committee of Parliament where PIAC presented its position on the proposed amendments to the Petroleum Revenue Management Act. It is worth mentioning that the amendments as have been passed had PIAC inputs. These meetings led to the inclusion in the amended law a provision to cater for the funding of PIAC from the Annual Budget Funding Amount (ABFA).

Visit by Tanzanian Ministry of Energy and Minerals

In June, PIAC received a 3-member delegation from the Ministry of Energy and Minerals of Tanzania. The delegation came to learn at first hand, the work of PIAC and how a similar body could be set up as Tanzania prepares to commercialise its gas deposits.



Some PIAC members and the Tanzanian delegation at the premises of PIAC

Meeting with GIZ and its Partners

In December, the GIZ as a donor held an end of year meeting with its partners to review their 2015 activities and to also inform the partners of the ending of the existing programme and the beginning of a new module in May 2016. Partners present at this meeting were PIAC, GHEITI and the Institute of Financial and Economic Journalists (IFEJ).

The GIZ were impressed that most of PIAC's activities outlined for the year have been successfully executed and looked forward to even a better 2016.

Relocation to new office premises

In January 2015, PIAC rented and moved into its new office premises at No. 4 Cotton Street, Kokomlemle near Challenge Bookshop. The tenancy agreement which is for one year was made possible through the assistance of DFID and the Government of Ghana. Efforts are still ongoing to get PIAC a permanent office accommodation from the Government of Ghana as recommended by the Finance Select Committee of Parliament in its meeting with all the key stakeholders.

Challenge

PIAC presented a budget of GHC1, 671,287 for year 2015 to the Government of Ghana. An allocation of GHC280, 000 was made by the Ministry of Finance and communicated to the Committee. The Ministry released the amount of money allocated (GHC280, 000) to the Committee for its activities and programmes. With the complementary support of GIZ and DFID, the Committee should have been in a better position to implement its programmes. However, it must be emphasised that this is not adequate.

Inadequate staffing at the Secretariat is another challenge hampering the work of the Committee. With the recruitment of additional staff, this challenge should be no more.

Plans/Projections

Activities and programmes lined up for year 2016 include:

- Publication of 2015 semi-annual Report and 2015 Annual Report in accordance with Act 815

- Holding of at least two public meetings to engage the public on the content of the 2015 report and take feedback.
- Collaborate with member institutions of the Committee and other interested groups like the NRG, IFEJ, GOGIG, GIZ, GHEITI
- Meeting with the Parliamentary Select Committee on Finance on the subject of the PIAC reports.
- Monitoring visit to the sites of ABFA-funded projects to ascertain the progress made.

Acknowledgement

The Committee is grateful for the immense assistance it received in the past year and looks forward to even more support in the new year from the following institutions and organisations:

Natural Resource Governance Institute

Department for International Development (DFID)

German Development Co-operation (GIZ)

Member Institutions

Government of Ghana

How to reach PIAC

Aside our physical office, PIAC has an active presence online and through various social media. You can get in touch and interact with us through the following:

Location: No. 4 Cotton Street - Kokomlemle

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Facebook: facebook.com/PIAC-Ghana

Twitter: [@piacghana](https://twitter.com/piacghana)

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ANNEXURE

APPENDIX 1: KEY AMENDMENTS TO THE PRMA

SRN	AMENDED SECTION	RATIONALE
1	Section 7	Ensuring alignment with Section 2 by depositing gross petroleum receipts into the PHF, rather than the net amount, as provided for the under Section 7 in the parent Law.
2	Section 10	Ensuring that the Ghana Heritage Fund does not receive “excess” petroleum receipts. This is in keeping with the spirit of the parent Law and also with the amendment in Section 11.
3	Section 11	Providing for a constant allocation to be made for the Ghana Petroleum Funds for every net petroleum receipt, irrespective of the amount.
4	Section 12	Ensuring consistency with Section 23, which allows withdrawals to be made from the Ghana Stabilisation Fund when the cap exceeded. The amendment also ensures that withdrawals from the GSF in any given year does not exceed 75% of the balance standing to the credit of the GSF at the beginning of the year
5	Section 16	Given the movement of Sub-section 2 and 3 under Section 7, there was the need to identify the NOC, as one of the allocable accounts under the Law. This amendment provides for that. Furthermore, the Minister for Finance is required to transfer the NOC’s funds to it in no more than 3 working days after receipt.
6	Section 17	Allowing the Minister for Finance to vary the Benchmark Revenue when there is material evidence that the estimate may not be achieved, given price and/or output variations.
7	Section 21	A provision made for the Ghana Infrastructure Investment Fund (GIIF) to receive at most 25% of the capital component of the Annual Budget Funding Amount (ABFA), in line with Section 5 of the GIIF Act.
8	Section 48	This is requirement for the amount so transferred to GIIF to be accounted for by GIIF.
9	Section 54	The amendment aligns the membership of the Public Interest and Accountability (PIAC) with the provisions of the Law
10	Section 57	This amendment primarily provides for PIAC’s budget to be taken directly from the ABFA.
11	First Schedule (4)	This amendment clarifies the estimation of the gas benchmark price

Source: Ministry of Finance, 2015

APPENDIX 2: CRUDE OIL LIFTINGS BY JUBILEE PARTNERS (JAN-DEC 2015)

LIFTING DATE	JUBILEE PARTNER	QUANTITY LIFTED (BBLs)
07-Jan-2015	Anadarko & PetroSA Ghana Limited-0031	951,199
16-Jan-2015	Anadarko & PetroSA Ghana Limited-0032	982,172
26-Jan-2015	Tullow Ghana Limited-0044	996,194
05-Feb-2015	Ghana Group-0025	986,276
14-Feb-2015	Kosmos-0030	995,607
23-Feb-2015	Tullow Ghana Limited-0045	994,182
06-Mar-2015	Anadarko & PetroSA Ghana Limited-0033	914,963
15-Mar-2015	Kosmos-0031	903,985
25-Mar-2015	Ghana Group-0026	988,069
03-Apr-2015	Tullow Ghana Limited-0046	995,829
11-Apr-2015	Anadarko & PetroSA Ghana Limited- 0034	995,301
20-Apr-2015	Tullow Ghana Limited-0047	996,349
29-Apr-2015	Kosmos-0032	997,652
07-May-2015	Anadarko & PetroSA Ghana Limited- 0035	903,422
17-May-2015	Tullow Ghana Limited-0048	948,320
26-May-2015	Ghana Group-0027	948,230
04-Jun-2015	Kosmos-0033	948,010
13-Jun-2015	Anadarko & PetroSA Ghana Limited- 0036	946,710
21-Jun-2015	Tullow Ghana Limited-0049	946,552
30-Jun-2015	Ghana Group-0028	911,343
09-Jul-2015	Kosmos-0034	903,076
22-Jul-2015	Tullow Ghana Limited-0050	900,519
05-Aug-2015	Anadarko & PetroSA Ghana Limited- 0037	947,913
15-Aug-2015	Tullow Ghana Limited-0051	951,150
23-Aug-2015	Anadarko & PetroSA Ghana Limited- 0038	936,456
31-Aug-2015	Kosmos-0035	947,391
09-Sep-2015	Ghana Group-0029	948,054
19-Sep-2015	Tullow Ghana Limited-0052	949,977
27-Sep-2015	Anadarko & PetroSA Ghana Limited -0039	948,161
06-Oct-2015	Tullow Ghana Limited-0053	952,198
17-Oct-2015	Kosmos-0036	946,646
23-Oct-2015	Tullow Ghana Limited-0054	947,828
03-Nov-2015	Anadarko & PetroSA Ghana Limited-0040	947,677
11-Nov-2015	Kosmos-0037	948,439
20-Nov-2015	Tullow Ghana Limited-0055	947,768
29-Nov-2015	Anadarko & PetroSA Ghana Limited-0041	948,678
08-Dec-2015	Ghana Group-0030	948,118
17-Dec-2015	Kosmos-0038	948,057
27-Dec-15	Tullow Ghana Limited-0056	948,753
TOTAL		37,167,224

Source: GNPC, 2016

APPENDIX 3: LIST OF ROAD PROJECTS FUNDED BY ABFA IN 2015

No.	PROJECT DESCRIPTION	AMOUNT (GH¢)
1	EMERGENCY WORKS FOR THE UPGRADING OF HO - ADIDOME ROAD (KM 67.0 - 76.8) LOT 1 IPC 9	2,810,335.25
2	PAYMENT OF IPC 1(MOBILIZATION)	588,575.12
3	REHAB OF OBOGU OFOASE GYADEM BODGWESANGO ADANSI ASOKWA ROAD. IPC 20	3,376,927.98
4	COMPENSATION PAYMENT - CONTINUATION OF THE REHABILITATION OF THE ANYINAM-KONONGO ROAD-NKAW	832,823.00
5	CONSTRUCTION OF ENCHI DADIESO ROAD (KM 0 -30)	3,697,202.45
6	PAYMENT OF WORK DONE IN RESPECT OF SURFACING OF AGOGO TOWN ROADS (ADDENDUM)	373,062.99
7	PARTIAL RECONSTRUCTION OF HAVE KPANDO ROAD LOT 1	1,385,348.95
8	PAYMENT FOR THE UPGRADING OF EFFIDUASE SENCHI JAUNSI ROAD (10.2-20.0)	1,369,508.22
9	UPGRADING OF DORMAA AHENKRO NKRANKWANTA ROAD(KM 10 - 20)	342,592.77
10	RESEALING/PARTIAL RECONSTRUCTION OF APAM - ANKAMU - AFRANSI ROAD	127,591.14
11	CONSTRUCTION OF HO-FUME ROAD(KM 7.0 AND KM 28.7 - 40.1)	1,937,387.31
12	UPGRADING OF SOGAKOPE ADIDOME ROAD(KM 7.0) ASIEKPE - MAFI KUMASI ROAD (KM 0 -8.35) AND SOGAKOPE SHS ACCESS ROAD(KM 1.8) EMERGENCY WORKS	707,366.64
13	PAYMENT OF WORK DONE IN RESPECT OF BITUMEN SURFACING OF MIM TOWN ROADS AS PER IPC NO. 3 DATED 22ND JANUARY, 2015	1,005,488.64
14	RECONSTRUCTION OF KPANDO - WORAWORA - DAMBAI ROAD, PHASE III (WORAWORA - DAMBAI SECTION)	2,605,270.69
15	PARTIAL RECONSTRUCTION OF TROM SOMANYA ODUMASE KPONG ROAD(15.8KM) AS AN ADDENDUM TO UPGRADING OF GOLOKWATI WLI HOHOE ROAD(KM10)	8,075,920.70
16	PAYMENT OF WORK DONE IN RESPECT OF THE CONSTRUCTION OF STEEL BRIDGE OVER RIVER KORHUMU ON ASUOKAWKAW-AKOLRPAW FEEDER ROAD	366,109.11
17	CONSTRUCTION OF HO NYIVE HONUTA KPEDZE ROAD(KM 15.5) TOKOKOE AVE SHIA(8.5KM) AND NYIVE ATIKPUI (6.0KM)	463,388.71
18	CONSTRUCTION OF MMAI DZOR TROTRO LAST STOP PHASE 2	1,464,714.23
19	EMERGENCY RECONSTRUCTION OF ASHAIMAN MAIN	1,852,105.16

	ROAD	
20	UPGRADING OF EASTERN CORRIDOR PROJECT - ASIKUMA JUNCTION HOHOE SECTION	3,371,767.14
21	PAYMENT FOR REHABILITATION OF ANYINASU-SEKYEREDUMASE ROAD (KM 0-10.2)	6,280,497.23
22	PAYMENT OF WORK DONE IN RESPECT OF BITUMEN SURFACING OF ANYINAM TOWN ROADS PHASE II	351,579.90
23	PAYMENT OF WORK DONE IN RESPECT OF THE CONSTRUCTION OF STEEL BRIDGE OVER RIVER KUMBUI ON WULENSI-CHAMBA FEEDER ROAD AS PER IPC NO.12 DATED 10TH NOVEMBER, 2014	264,336.35
24	CONSTRUCTION OF ADAMNANA-BAWJUASE ROAD AS PER IPC NO. 1	570,708.90
25	PAYMENT OF WORK DONE IN RESPECT OF SURFACING OF AMANTENA JUNCTION-WIOSO PHASE III	240,554.45
26	UPGRADING OF ANYINAM KWABENG AKROPONG ROAD (KM 0 -10. 0)	1,017,712.24
27	UPGRADING OF KADE-WENCHI-AKIM ODA AND ADANKRONO-PRAMKESE-AKIM AKROPONG ROADS IPC 14	129,229.95
28	REHABILITATION OF TSE ADDO AREA ROADS PH.1(6.10KM)	6,884,661.96
29	REHABILITATION OF JUABESO AKONTOMBRA ROAD (KM 0-15)	1,789,584.66
30	REHABILITATION OF ARTICULATOR TRUCK/GHA ROAD	368,059.24
31	EMERGENCY ASPHALTIC OVERLAY OF ARTERIAL AND COLLECTOR ROADS IN TEMA, NINGO, TESHIE AND LA AREAS	21,558,364.12
32	DESILTING OF SAKAMAN TO GLEFE STORM DRAIN (3.5KM) - ACCRA	534,259.39
33	REHABILITATION OF SLAUGHTER HOUSE-AKWETEYMAN JUNCTION PHASE 2 (SALOSI AND AGIKPO LINK) ROAD, SOMANYA LOT 2	395,874.39
	TOTAL	77,138,909.37

Source: Ministry of Finance, 2016

APPENDIX 3: LIST OF ENERGY INFRASTRUCTURE PROJECTS FUNDED BY ABFA IN 2015

No.	PROJECT DESCRIPTION	AMOUNT (GH¢)
1	GOG COUNTERPART FUND SUPPORT TO THE GHANA ENERGY DEVELOPMENT AND ACCESS PROJECT (GEDAP)	688,800.00
2	PAYMENTS FOR CONSULTATION AND CONTRACTION SERVICES PROVIDED FOR UNDER SHEP PROJECT	1,362,112.07
3	PAYMENT FOR SUPPLY OF SOLAR ENERGY PRODUCTS TO THE MINISTRY OF POWER UNDER ITS RENEWABLE ENERGY DEVELOPMENT PROGRAMME	5,983,286.46
4	PAYMENT FOR SUPPLY OF ELECTRICAL CABLE AND CONDUCTORS UNDER THE NATIONAL ELECTRIFICATION SCHEME	2,159,764.00
5	PAYMENT FOR THE INTERIM PAYMENT-CIVIL WORKS UNDER 250 MW AMERI EMERGENCY POWER PROJECT AT ABOADZE IN THE WESTERN REGION	15,144,563.85
6	BEING PAYMENT FOR SUPPLY OF METERS FOR THE NATIONAL ELECTRIFICATION SCHEME	7,952,564.65
7	BEING PAYMENT FOR SUPPLY OF WOODEN POLES AND STAYS BLOCKS UNDER THE NATIONAL ELECTRIFICATION SCHEME	5,638,413.11
8	PAYMENT FOR SUPPLY OF ELECTRICAL CABLE AND CONDUCTORS UNDER THE NATIONAL ELECTRIFICATION SCHEME	4,792,494.00
9	30% ADVANCE PAYMENT FOR THE SUPPLY OF 20,000 PCS OF 10M AND 500 PCS OF 11M STEEL TUBULAR POLES FOR THE NATIONAL ELECTRIFICATION SCHEME	30,031,216.30
10	PAYMENT FOR THE SUPPLY OF 10,000 SOLAR LANTERNS	1,467,889.90
11	PAYMENT FOR THE SUPPLY OF ELECTRICAL MATERIALS UNDER NATIONAL ELECTRIFICATION SCHEME	475,000.00
11	PAYMENT FOR THE SUPPLY AND INSTALLATION OF MATERIALS AND EQUIPMENT UNDER THE NES PROJECT IN THE UPPER WEST REGION	10,252,657.95
	TOTAL	85,948,762.29

Source: Ministry of Finance, 2016

APPENDIX 4: LIST OF EDUCATIONAL INFRASTRUCTURE PROJECTS FUNDED BY ABFA IN 2015

No.	PROJECTS	AMOUNT (GH¢)
1	PAYMENT FOR THE CONSTRUCTION OF 3-UNIT CLASSROOM BLOCK AND ANCILLARY FACILITIES AT KUTIRE	12,096.83
2	CONSTRUCTION OF 6-UNIT CLASSROOM BLOCK AT FETRE L.A. PRIMARY SCHOOL	12,094.23
3	WORK DONE ON THE CONSTRUCTION OF 3-UNIT CLASSROOM BLK AT AKPENKRO JHS IN THE ATWIMA MPONUA DISTRICT	58,648.58
4	CONSTRUCTION OF 2-STOREY DORMITORY BLK AT ZEBILLA SHS	85,606.48
5	WORK DONE ON THE CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT ST. MARY'S BOYS SHS	21,531.96
6	PAYMENT FOR REHAB. OF SCIENCE RESOURCE CENTRE AT AQUINAS SHS	93,525.82
7	FINAL PAYMENT FOR THE CONSTRUCTION OF 2-STOREY DORMITORY AT JEMA ISLAMIC PRIMARY SCH.	14,738.56
8	WORK DONE ON THE CONSTRUCTION OF 2-STOREY DORMITORY BLK AT DORMAA SHS	281,057.07
9	PAYMENT FOR THE CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT NSESRESO R/C SCHOOL IN THE DORMAA MUNICIPAL	14,738.56
10	PAYMENT FOR THE CONSTRUCTION OF 2-STOREY DORMITORY BLK AT OLD NINGO SHS AT OLD NINGO	28,064.17
11	WORK DONE ON THE CONSTRUCTION OF 2-STOREY DORMITORY BLK AT MIM SHS	57,096.90
12	PAYMENT FOR WORK DONE ON THE CONSTRUCTION OF 90-BED HOSTEL BLOCK AT SALTPOND	1,456,960.92
13	WORK DONE ON THE CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT BANU PRIMARY SCHOOL	290,115.91
14	WORK DONE ON THE CONSTRUCTION OF 2-STOREY DORMITORY BLK AT FUMBISI SHS	40,505.18

15	PAYMENT FOR THE REHABILITATION OF SCIENCE RESOURCE CENTRE AT ST FRANCIS GIRLS JHS, JIRAPA	44,086.97
16	PAYMENT FOR THE CONSTRUCTION OF 2-STOREY DORMITORY BLK AT NAFANA SHS AT JAMAN NORTH	38,742.39
17	CONSTRUCTION OF 2-STOREY DORMITORY BLK AT TECHIMAN SHS	70,499.14
18	PAYMENT FOR CONSTRUCTION OF 6-UNIT CLASSROOM BLK AND ANCILLIARY FACILITIES AT DIJAU IN THE EJURA SEKYEDUMASE	53,763.78
19	CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT LA ANGLICAN BASIC SCHOOL	73,091.76
20	CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT KOPEDEKE(KUSAWGU) D/A PRIM. SCH	104,682.61
21	CONSTRUCTION OF 2-STOREY DORMITORY BLK AT WALEWALE SHTS	68,468.03
22	WORK DONE ON THE CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT KPALNYE	96,708.37
23	PAYMENT FOR THE CONSTRUCTION OF 2-STOREY DORMITORY BLK AT ADA SHS AT ADA	33,560.52
24	CONSTRUCTION OF 6-UNIT CLASSROOM AT AKPETESHIE NKWANTA PRIM. SCH.	105,425.91
25	CONSTRUCTION OF SCIENCE RESOURCE CENTRE AT BEGORO SHS	52,765.89
26	REHABILITATION OF OFFICE SPACE AND HEADMISTRESS BUNGALOW AT ABURI GIRLS SHS	99,010.49
27	WORK DONE ON THE CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT GUMAKATARI PRIM. SCH.)	165,909.10
28	PAYMENT FOR THE CONSTRUCTION OF 2-STOREY DORMITORY BLK AT NEW EDUBIASE SHS	47,882.71
29	WORK DONE ON THE CONSTRUCTION OF 2-STOREY DORMITORY BLK ST. PETER'S SHS.	51,044.40
30	WORK DONE ON THE CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT KWEKURIKROM D/A PRIM. SCH.	30,386.69

31	PAYMENT FOR CONSTRUCTION OF 2-STOREY GHANA EDUCATION SERVICE OFFICE COMPLEX AT KUMAWU IN THE ASHANTI REGION	110,515.48
32	PAYMENT FOR THE REHABILITATION OF SCIENCE RESOURCE CENTRE AT ABUAKWA STATE COLLEGE SHS	15,368.63
33	CONSTRUCTION OF 6-UNIT CLASSROOM BLK WITH ANCILLARY FACILITIES AT PORTOR L/A PRIM. SCH.	20,601.81
34	PAYMENT FOR THE CONSTRUCTION OF 1 NO. 6-UNIT C/ROOM BLK AND ANCILLARY FACILITIES AT SAWLA D/A PRIMARY SCH.	167,128.80
35	CONSTRUCTION OF 6-UNIT CLASSROOM BLK AND ANCILLARY FACILITIES AT BRONSAKRO PRIM. SCH.	108,267.65
36	WORK DONE ON THE CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT ANYIMAH ANGLICAN PRIM. SCH-RELOCATED TO PRAMPOSO.	121,723.11
37	REHABILITATION OF SCIENCE RESOURCE CENTRE AT NALERIGU SHS	61,006.75
38	CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT KWAHU AMANFROM PRIM. SCH.	165,087.43
39	WORK DONE ON THE CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT SEFWI-WIAWSO SHS	27,738.85
40	PAYMENT FOR THE CONSTRUCTION OF 3-UNIT CLASSROOM BLK AT ADUBEASE	76,146.38
41	PAYMENT FOR THE CONSTRUCTION OF 2-STOREY DORMITORY BLK AT BISHOP HERMAN SHS	72,912.97
42	CONSTRUCTION OF ASSEMBLY HALL, DINING HALL AND KITCHEN AT SWEDRU SCHOOL OF BUSINESS IN THE CENTRAL REGION	243,805.49
43	CONSTRUCTION OF 6-UNIT CLASSROOM BLK WITH ANCILLARY FACILITIES AT AKENTEN PRESBY PRIMARY SCH., SENE WEST DISTRICT	91,341.18
44	CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT AKPO YIWASE D/A PRIM. SCH.	83,191.46
45	REHABILITATION OF SCIENCE RESOURCE CENTRE AT AGGREY MEMORIAL SHS BY M/S KPGJEBB CO. LTD	10,022.00

46	CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT MOTORI D/A PRIM. SCH.	122,373.93
47	PAYMENT FOR THE UPGRADING OF SCIENCE RESOURCE CENTRES IN 100 SCHOOLS IN THE SCIENCE RESOURCE CENTRE PROJECT	39,901,407.30
48	CONSTRUCTION OF 6-UNIT CLASSROOM BLOCK AT FORDJOUR L/A PRIM. SCH.	123,765.56
49	CONSTRUCTION OF 6-UNIT CLASSROOM BLOCK AT ASUOSO L/A PRIM. SCH.	14,121.31
50	CONSTRUCTION OF 6-UNIT CLASSROOM BLOCK AT AGOGO SAVIOUR PRIM. SCH.	87,424.21
51	CONSTRUCTION OF 6-UNIT CLASSROOM BLOCK AT BAVIM D/A PRIM. SCH.	36,168.01
52	CONSTRUCTION OF 6-UNIT CLASSROOM BLOCK AT FORIKROM METH. PRIM. SCH	39,735.00
53	ELECTRICAL WORKS FOR UPGRADE OF ELECTRICAL POWER SUPPLY AT BAGABAGA COLLEGE OF EDUCATION	248,245.00
54	CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT NURUHUDA ISLAMIC PRIM. SCH.	14,612.59
55	CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT AGYAREAGO M/A PRIM. SCH.	186,625.99
56	PAYMENT FOR SUPPLY OF STANDARD UV-VISIBLE SPECTROMETER FOR SCHOOL OF ALLIED HEALTH AND SCIENCES, UG BY EXCEL SCIENTIFIC LTD	95,087.00
57	CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT KAMBO D/A PRIM. SCH.	50,016.45
58	CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT ANGLICAN PRIM. NKORANZA	133,443.38
59	CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT ASAMAN TAMFOE R/C PRIM. SCH.	122,737.73
60	CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT KABECHI PRESBY PRIM. SCH.	17,883.58
61	CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT BATTOR SHS	6,300.00

62	CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT EDINAMAN SHS	15,365.03
63	CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT TENSO PRIMARY AND OSEIKROM PRIMARY	60,836.02
64	CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT TOUSA PRIM. SCH.	135,283.09
65	CONSTRUCTION OF 6 CLASSROOM BLK AT TUGGO D/A PRIM. SCH.	47,378.23
66	CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT DUU-EAST/DAGBASU PRIM. SCH.	61,109.40
67	CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT NYONYOUM PRESBY PRIM.	40,142.74
68	REHABILITATION OF ASHANTI REGIONAL EDUCATION OFFICE BLK AND CONSTRUCTION OF DRIVERS' QUARTERS, GATE HOUSE AND EXTERNAL WORKS	26,990.67
69	CONSTRUCTION OF 6-UNIT CLASSROOM BLK AT FARIKIYA ISLAMIC INSTITUTE N/R	30,276.70
	TOTAL	46,594,996.84

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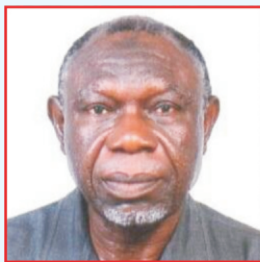
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