



REPUBLIC OF GHANA

2015 ANNUAL REPORT

ON THE

PETROLEUM FUNDS

SUBMITTED TO

PARLIAMENT

BY

SETH E. TERKPER
(MINISTER FOR FINANCE)

AS PART OF THE PRESENTATION OF THE 2016 BUDGET STATEMENT AND ECONOMIC
POLICY AND, IN CONSONANCE WITH SECTION 48 OF THE PETROLEUM REVENUE
MANAGEMENT ACT, 2011 (ACT 815), AS AMENDED (ACT 893).

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ACRONYMS

| | |
|-------|--|
| ABFA | Annual Budget Funding Amount |
| Bcf | Billion Cubic Feet |
| BOG | Bank of Ghana |
| Bopd | Barrels of Oil per Day |
| CDB | Chinese Development Bank |
| ECD | European Central Bank |
| FOMC | Federal Open Market Committee |
| FPSO | Floating Production Storage and Offloading |
| GAS | Ghana Audit Service |
| GHF | Ghana Heritage Fund |
| GIIF | Ghana Infrastructure Investment Fund |
| GIP | Gas Infrastructure Project |
| GJFDP | Greater Jubilee Field Development Plan |
| GNPC | Ghana National Petroleum Corporation |
| GOG | Government of Ghana |
| GPFs | Ghana Petroleum Funds |
| GPP | Gas Processing Plant |
| GSA | Gas Sales Agreement |
| GSF | Ghana Stabilisation Fund |
| GUSIP | Ghana Upstream Internship Project |
| HSE | Health, Safety and Environment |
| ITLOS | International Tribunal for the Law of the Sea |
| LPG | Liquefied Petroleum Gas |
| MMBO | Million Barrels of Oil |
| MMBtu | Million British Thermal Units |
| MMscf | Million Standard Cubic Feet |
| MoPet | Ministry of Petroleum |
| NOC | National Oil Company |
| PA | Petroleum Agreement |
| PHF | Petroleum Holding Fund |
| PoD | Plan of Development |
| PRMA | Petroleum Revenue Management Act, 2011 (Act 815) |
| SGN | Sankofa-Gye Nyame |
| Tcf | Trillion Cubic Feet |
| TEN | Tweneboa-Enyenra-Ntomme |
| WCGIP | Western Corridor Gas Infrastructure Project |

PREFACE

The 2015 Annual Report on the Petroleum Funds has been prepared in line with Section 48 of the Petroleum Revenue Management Act, 2011 (Act 815), as amended (Act 893), to cover the collection, utilisation and management of petroleum revenues during the first three quarters of 2015. This report is being submitted together with the 2016 Budget Statement and Economic Policy to Parliament, in line with Section 48 of the Act.

This report, the fourth in the series, highlights the events in the upstream petroleum sector, including, the activities of the Ministry of Petroleum, Petroleum Commission, Ghana National Petroleum Corporation (GNPC) and its subsidiaries. It also accounts for the petroleum revenue received during the period and the returns on the Ghana Petroleum Funds.

The year 2015 is the first year where crude oil prices have been persistently lower than the Benchmark Revenue (BR) price since petroleum revenue accounting began in Ghana, leading to a cut in expenditure to accommodate the low petroleum receipts. This was envisaged at the time of laying the 2015 Budget in Parliament in November 2014. However, the rigidity in the PRMA on the estimation of the BR prevented a revision to the BR price of US\$99.38 per barrel, which was estimated in line with the formula set in the First Schedule of the PRMA. The Ministry, therefore, presented a proposal to allow for some flexibility in the determination of the BR to allow for changes at the time of laying the Budget or during the Mid-Year review.

The continuing situation justifies this initiative to amend the PRMA, which was passed by Parliament and assented to by H. E. the President. Among other things, it allows for a revision to the BR when there is material evidence that price and/or output projections may not be achieved. This allowed the Ministry to revise the BR price from US\$99.38 per barrel to US\$57 per barrel during the Mid-Year Review in July 2015.

In addition to the PRMA amendments being passed, the year 2015 has been a watershed year for a lot of things. The year marks the first full year of domestic gas production, which is processed by the Gas Processing Plant and fed to power stations in the country. The year 2015 also witnessed the signing of the contracts pertaining to the nation's flagship gas project, the Sankofa-Gye Nyame Field, to make way for the production of crude oil and large volumes of gas to boost power generation in Ghana. The project is expected to commence in 2017. The year also witnessed the ruling by the International Tribunal for the Law of the Sea (ITLOS), which allowed Ghana to continue developing the Tweneboa, Enyenra and Ntomme (TEN) Field, while barring any further drilling in the disputed area with Cote d'Ivoire. TEN's first oil is expected in August 2016.

Government is committed to ensuring transparency in the upstream-to-midstream petroleum sector by making full disclosure on receipts, payments and management of petroleum revenue. To this end, the Ministry of Finance and all other stakeholders in the sector have been publishing periodic reports to update Ghanaians on developments in the sector. In furtherance of this objective, the Ministry has developed a roadmap for developing the PRMA Regulations to remove any ambiguities associated with the PRMA.

SETH E. TERKPER
MINISTER FOR FINANCE

SECTION ONE: INTRODUCTION

1. The Minister for Finance is required, by Section 48 of the Petroleum Revenue Management Act, 2011 (Act 815, PRMA), as amended (Act 893), to submit an annual report on the Petroleum Funds, as part of the presentation of the Annual Budget Statement and Economic Policy to Parliament.
2. In line with this requirement, the 2015 Annual Report on the Petroleum Funds has been written to cover the following:
 - receipts into and transfers from the Petroleum Holding Fund (PHF);
 - deposits into the Ghana Petroleum Funds (GPFs), namely, the Ghana Stabilisation Fund (GSF) and the Ghana Heritage Fund (GHF);
 - status of the audit report on the Petroleum Funds, for 2013; and
 - a balance sheet, including a note listing the qualifying instruments, of the GPFs.
3. Given the timing of the report and, consistent with all non-election year annual reports on petroleum revenues, this report only covers January to September 2015. A reconciliation report, which is a PRMA Section 15 requirement, will be published by the end of the first quarter of 2016 to give the full year account on the collection, management and use of petroleum revenues in 2015.
4. The Petroleum Revenue Management (Amendment) Act, 2015 (Act 893), was passed by Parliament and assented to by H. E. The President on July 31, 2015. Among other things, the amendments establish a constant transfer of petroleum revenue (not less than 30% of the net Government receipts) into the GPFs, irrespective of the amount. It also affords the Minister for Finance the window to revise the Benchmark Revenue when there is material evidence that price and/or output projections will not be attained.
5. The first section of the report is the introduction with the second section reviewing the developments in the upstream sector for the period under review. Section Three presents petroleum receipts and their utilisation, while Section Four discusses the performance of the GPFs. Section Five provides an update on the audited financial statements of the Petroleum Funds, with Section Six discussing the challenges and the way forward. The report ends with a conclusion in Section Seven.

SECTION TWO: DEVELOPMENTS IN THE UPSTREAM PETROLEUM SECTOR IN 2015

2.1 Developments in the Structure of the Upstream Petroleum Sector in 2015

6. Ghana's petroleum industry continues to take significant strides on various fronts. Government has continued to put the necessary policy and legal frameworks in place to strengthen the efficient management of Ghana's oil and gas resources.

7. The key developments affecting the industry include:
 - amendments to the Petroleum Revenue Management Act, 2011 (Act 815), which firms up the distribution formula of petroleum receipts, among others;
 - consideration of the proposed Petroleum (Exploration and Production) Bill by the Parliamentary Sub-Committee on Mines and Energy;
 - the impact of the preliminary ruling of the International Tribunal for the Law of the Sea (ITLOS), which placed a moratorium on drilling of new wells in the disputed area. The decision affects the drilling of new wells in the Tweneboa Enyenra Ntomme (TEN) Project and other blocks that fall within the disputed area. However, it does not affect work required to complete ongoing wells, an indication that the TEN Field will start production on schedule;
 - the expected arrival of the TEN Field FPSO in the first quarter of 2016;
 - the implementation of the Ghana National Petroleum Corporation's (GNPC) accelerated growth strategy to enable it assume a leadership role in Ghana's oil and gas industry pursuant to its mandate; and
 - conclusion of key agreements to facilitate the coming on stream of the Sankofa Gye Nyame (SGN) project.
8. Ghana's oil and gas industry continues to attract key global industry players on the back of sustained investor interest, as well as, significant de-risking of the western basin. Companies that are currently party to Agreements in Ghana include Tullow Plc, Kosmos Energy, ENI, Lukoil, Hess, Anadarko, Petro S.A., AGM, Heritage, Blue Star and Cola Resources. Over 50 others from around the world have shown interest and are at various stages of negotiations with GNPC.

Ministry of Petroleum

9. The main function of the Ministry of Petroleum (MoPet), formerly a part of the Ministry of Energy and Petroleum, is to formulate, implement, monitor and evaluate petroleum sector policies. In connection with this, the Ministry of Petroleum provides leadership in reviewing the subsidiary legislations, which are at various stages of completion. These include regulations on Fiscal Metering, Data Management, Reservoir Management and Health, Safety and Environment (HSE).
10. The Ministry led the negotiation and execution of key commercial agreements for the development of the SGN Field. The agreements negotiated include the Fiscal Support Agreement, Heads of Agreement, Gas Sales Agreement, Multi Party Agreement and

Security Package Agreement. In addition, the Ministry approved the Integrated Plan of Development for the SGN Field.

Petroleum Commission

11. The Petroleum Commission continued its mandate of regulating, managing and coordinating activities in the upstream petroleum sector in 2015, in accordance with the Petroleum Commission Act, 2011 (Act 821).
12. The Petroleum (Local Content and Local Participation) Regulation, 2013 (L.I. 2204), came into force on February 19, 2014. In order to implement the Regulations, one of the Commission's key priorities for 2015 is ensuring that local content is a component of all petroleum activities. In light of this, the Commission organised a series of Compliance Workshops for service providers in the upstream sector. Compliance with the Local Content Regulations was also monitored through submission of Annual Local Content Plans by companies operating in the sector to the Local Content Committee for approval. Procurement in the sector has also been channelled through the Commission, with the Commission ensuring contract unbundling, where appropriate, and earmarking of goods and services for indigenous companies to create in-country value and opportunities. Additionally, the Commission has been instrumental in ensuring that non-indigenous companies operating in Ghana incorporate Joint Ventures in partnership with indigenous Ghanaian companies, in accordance with the Local Content Regulations.
13. In 2015, the Commission has also designed a practical internship program, Ghana Upstream Internship Project (GUSIP), where slots are being solicited from oil companies for a maximum of 2 years for the purposes of hands-on training for unemployed graduates. Slots have also been secured aside the GUSIP for practical training. The Petroleum Commission is also ensuring that there is accelerated localization using the facilitation of work permits as a tool. Again the Commission is in the process of earmarking certain positions on vessels for Ghanaian nationals.
14. The Commission has played an advisory role to MoPet in the review of the Offshore Cape Three Points Project, Jubilee Phase 1 Addendum 2 Project and the Greater Jubilee Full Field Development Project. The Commission has been monitoring the development and production activities in the Jubilee, the TEN and SGN Fields.
15. The Commission is monitoring the appraisal works of:
 - Hess and, particularly, the post drilling studies on the appraisal wells, Almond 2A and Pecan 3A/AZ, which were drilled in 2014 to appraise the oil discoveries.
 - Kosmos, in respect of the Akasa oil discovery, and
 - Tullow, in respect of the Wawa discovery, which is due to elapse in February 2016.

16. Additionally, the Commission is working closely with contractors, particularly new entrants, to ensure the exploration activities carried out are in line with the Minimum Exploration Work Programme Obligations agreed in their respective Petroleum Agreements.

Ghana National Petroleum Corporation

17. GNPC has been mandated to assume the role of gas offtaker from the upstream partners and, has been engaged in gas sales negotiations to derive the best price for gas on the domestic market.

18. GNPC's objectives for 2015 include the following:

- to maximize benefits from the efficient disposal of petroleum available to the Corporation;
- to achieve national total proven hydrocarbon reserves of 1,350 million barrels of oil equivalent by the end of 2015;
- to improve the technical basis for establishing the geological and economic potential of the country's geological basins;
- to actively participate in activities leading to the drilling of at least one exploration well, one appraisal well, six development wells; and perform well completions activities on six wells;
- to actively contribute to the development activities of the TEN and SGN projects with the aim of ensuring that the projects are executed on schedule and within budget;
- to complete 50 percent of geological and geophysical studies required to establish thermal maturity in the Voltaian Basin; and
- to improve the institutional capacity to manage petroleum operations with special focus on gas management.

19. Below is a discussion on some of the initiatives GNPC has undertaken to ensure that it becomes effective and efficient in its operations.

Ghana National Gas Company

20. The Ghana National Gas Company Limited (GNGC) completed the commissioning phase of the Western Corridor Gas Infrastructure Project (WCGIP) in April 2015 when it entered Commercial Operations. During 2015, 15,789.81 MMscf of raw gas supplied by the Jubilee Partners was processed at the Atuabo Gas Processing Plant (GPP) and transported to the Volta River Authority for power generation.

21. Between January and September 2015, a total amount of US\$83.63 million was disbursed for the WCGIP, as shown in Table 1. This brings the total disbursement to the project since inception to US\$857.63 million, 15 percent (i.e. US\$128.64 million) of which has been disbursed by GOG, in line with the loan agreement. This amount

includes two disbursements, totaling US\$68.51 million, to the ICT project in July 2013 and July 2015.

Table 1: CDB and GOG Disbursement to WCGP as at September 30, 2015

| Date | Utilisation Amount | CDB Portion | GOG Portion | Subsidiary |
|-----------|--------------------|---------------|---------------|------------|
| | US\$ | | | |
| 14-Apr-15 | 24,510,307.94 | 20,833,761.75 | 3,676,546.19 | ICT |
| 22-Jul-15 | 59,122,070.58 | 50,253,759.99 | 8,868,310.59 | WCGP |
| TOTAL | 83,632,378.52 | 71,087,521.74 | 12,544,856.78 | |

Source: Ministry of Finance

22. GNGC and the Ministry of Finance have finalized negotiations for the on-lending and escrow agreement for the CDB facility, in line with the Ministry of Finance's new Debt Management Strategy.

Jubilee Field

23. Production from the Jubilee Field for the first three quarters of 2015 was 27,668,675 barrels, compared to 28,107,990 barrels for the same period in 2014, representing a 1.3 percent decrease. The decline was due mainly to technical challenges associated largely with gas compressors on the FPSO. The issues have since been addressed and production is back on track. The average daily production for the period was 101,358 barrels, down from 102,630 barrels of oil per day (bopd) for the same period in 2014, as shown in Appendix Table 1. This brings the total production from inception to September 30, 2015 to 157.6 million barrels.

24. A total of 37,845 bcf associated gas had also been produced as at the end of September 2015, of which 15.312 bcf was exported and the remainder re-injected to maintain reservoir pressure.

25. Work on Phase1A Addendum development plan is progressing steadily. On-going drilling has helped to sustain current production levels. Work is also underway on the Greater Jubilee Field Development Plan (GJFDP), which is intended to extend plateau production and bring discoveries surrounding the Jubilee Field into production. The GJFDP is expected to be completed by the end of 2015.

Tweneboa-Enyenra-Ntomme Field

26. The TEN development project commenced in 2013, following the approval of the Plan of Development (PoD) and, will continue till first oil in the last quarter of 2016. The first associated and non-associated gas exports are scheduled for 12 and 24 months, respectively, from first oil. GNPC has a paying interest of 5 percent (Capex) during the development phase and a paying interest of 15 percent (Opex) during the production phase of the project. It is expected that the Fields will commence production at a rate of approximately 27,000 bopd, rising to a plateau of 76,000 bopd.

27. As at September 30, 2015, the overall project was 74 percent complete and on course to achieve first oil. Total project cost as at end-August 2015 was US\$3.84 billion, with GNPC total carried component for development at US\$133.95 million. Estimated recoverable reserves are 245 mmbbls of oil and 367 bcf of gas.
28. The TEN Field falls within the disputed area which is subject to the ITLOS moratorium on drilling new wells. However, the initial 10 development wells drilled before the ITLOS Provisional Measures ruling are sufficient to keep the TEN project on schedule towards first oil. Final ruling is expected in 2017.

Sankofa-Gye Nyame Project

29. The SGN project development activities commenced in 2015 and will continue till first oil in the third quarter of 2017 and first gas in the second quarter of 2018. GNPC has a paying interest of 5 percent (Capex) during the development phase and a paying interest of 20 percent (Opex) during the production phase of the project. The Field is estimated to hold 116 million barrels of oil and 1,110 bcf of gas. An integrated Plan of Development for the project was approved by the Minister for Petroleum in December 2014. The project is not within the disputed area and is, therefore, not subject to the ITLOS ruling.
30. All major contracts were awarded within the first half of 2015 and progress was also made on key gas commercialisation agreements with a Gas Sales Agreement signed between the partners, GNPC and the Government of Ghana.

Voltaian Basin Project

31. GNPC has intensified exploration activities on the inland Voltaian basin. These activities are geared towards enhancing the prospectivity of the basin and establish the petroleum system in the basin.
32. In 2015, desktop studies continued and the process of stakeholder and community sensitization launched as part of the Environmental Impact Assessment (EIA) process. The plan for seismic acquisition has also been completed. The geological review over the basin has been completed and has established the basis for the placement of seismic lines.

2.2 Developments in Petroleum Production and Prices

33. The projected 2015 full year Jubilee production, as captured in both the 2015 Budget Statement and Economic Policy and the Mid-Year Review, is 37,242,186 barrels with an average daily production of 102,033 barrels. As at end-September 2015, production from the Jubilee Field totalled 27,668,675 barrels. Information from GNPC indicates that the Saltpond Field has been shut down and, as a result, no inflows came from the

Field. Daily average production from Jubilee for the period was 101,358 bopd, compared to 102,630 bopd realised in the same period last year.

34. The average achieved Jubilee price for January to September 2013 was US\$55.296 (where achieved price means the price at which the Ghana Group liftings were sold). This compares unfavourably with the revised Benchmark Revenue price of US\$57.00 per barrel, marking the first time the achieved price has fallen below the projected price since petroleum revenue accounting began in Ghana.

2.3 Developments in Exploration and Other Petroleum Activities

35. Since the Jubilee discovery in 2007, twenty-three additional discoveries have been made. These discoveries are at various stages of appraisal and development by GNPC and its partners. Table 2 details the stage of appraisal and development of the discoveries so far.

Table 2: Additional Discoveries Made Since Jubilee

| | BLOCK/ OPERATOR | DISCOVERIES | HYDROCARBON TYPE | STATUS |
|----|-------------------------------|----------------------|-----------------------------|--------------------------------|
| 1 | GNPC | <i>Ebony</i> | <i>Condensate/Gas</i> | <i>Marginal</i> |
| 2 | DWT/TULLOW OIL | <i>Tweneboa-1</i> | <i>Gas Condensate</i> | <i>PoD</i> |
| 3 | | <i>Tweneboa-2</i> | <i>Oil</i> | <i>PoD</i> |
| 4 | | <i>Owo/Enyenra-1</i> | <i>Oil</i> | <i>PoD</i> |
| 5 | | <i>Ntomme</i> | <i>Oil & Gas</i> | <i>PoD</i> |
| 6 | | <i>Wawa</i> | <i>Oil & Gas</i> | <i>Exploration</i> |
| 7 | WCTP/KOSMOS ENERGY | <i>Odum-1</i> | <i>Heavy Oil</i> | <i>Marginal</i> |
| 8 | | <i>Teak-1</i> | <i>Oil & Gas</i> | <i>Appraisal</i> |
| 9 | | <i>Teak-2</i> | <i>Gas</i> | <i>Appraisal</i> |
| 10 | | <i>Banda-1</i> | <i>Oil</i> | <i>Marginal</i> |
| 11 | | <i>Mahogany Deep</i> | <i>Light Oil</i> | <i>Appraisal</i> |
| 12 | | <i>Akasa-1</i> | <i>Light Oil & Gas</i> | <i>Appraisal</i> |
| 13 | OCTP/ENI | <i>Sankofa-1</i> | <i>Gas</i> | <i>Appraisal Completed</i> |
| 14 | | <i>Gye Nyame-1</i> | <i>Gas</i> | <i>Appraisal Completed</i> |
| 15 | | <i>Sankofa East</i> | <i>Oil & Gas</i> | <i>Exploration</i> |
| 16 | DWTCTP/HESS | <i>Paradise-1</i> | <i>Oil & Condensate</i> | <i>Exploration</i> |
| 17 | | <i>Hickory North</i> | <i>Oil & Condensate</i> | <i>Exploration</i> |
| 18 | | <i>Almond</i> | <i>Oil & Condensate</i> | <i>Exploration</i> |
| 19 | | <i>Beech</i> | <i>Oil</i> | <i>Exploration</i> |
| 20 | | <i>Pecan</i> | <i>Oil</i> | <i>Exploration</i> |
| 21 | | <i>PN-1</i> | <i>Oil</i> | <i>Exploration</i> |

| | | | | |
|----|---------------------|---------|-----------|-------------|
| 22 | | Cob | Oil | Exploration |
| 23 | DWCTP/LUKOIL | Dzata-1 | Oil & Gas | Appraisal |

Source: GNPC

SECTION THREE: PETROLEUM RECEIPTS AND UTILISATION IN 2015

3.1 Analysis of 2015 Petroleum Receipts

36. According to the fiscal regime of the petroleum agreements, Government is entitled to a royalty of 5 percent and 3 percent of the gross production of the Jubilee and Saltpond Fields, respectively. The Petroleum Agreements also grant a Jubilee Carried and Participating Interest of approximately 13.64 percent and Corporate Income Tax rate of 35 percent to Government.

37. The receipt of the proceeds from these and other sources of petroleum revenue is regulated by the PRMA. The PRMA establishes the PHF as a designated Public Fund Account to receive all petroleum receipts, as defined in the Law, and regulates how the received funds should be allocated.

38. Between January and September 2015, GNPC lifted five parcels of crude oil (i.e. the 25th–29th liftings) on behalf of the State. This involved 4,781,972 barrels of oil, down from 4,824,715 barrels in the corresponding period in 2014. Receipts from crude oil liftings for the first nine months of 2015, which accrued from the 23rd and 24th liftings (lifted in December 2014) to the 28th lifting, was US\$329.50 million (GH¢1,202.0 million), as shown in Table 3. This involved 5,741,429 barrels and excludes the proceeds from the 29th lifting, which although was undertaken on 9th September 2015, the proceeds were received in October 2015.

Table 3: Details of Crude Oil Proceeds, January-September 2015

| Item | Unit | 1st Qtr | | | 2nd Qtr | | 3rd Qtr | Total |
|-----------------|----------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | | 23rd Lifting | 24th Lifting | 25th Lifting | 26th Lifting | 27th Lifting | 28th Lifting | |
| Date of Lifting | dd/mm/yy | 9-Dec-14 | 28-Dec-14 | 5-Feb-15 | 25-Mar-15 | 26-May-15 | 30-Jun-15 | |
| Volume of lift | barrels | 912,346 | 995,165 | 986,276 | 988,069 | 948,230 | 911,343 | 5,741,429 |
| Selling Price | US\$/bbl | 61.49 | 54.50 | 50.63 | 53.06 | 64.75 | 60.80 | |
| Value of lift | US\$ | 56,096,506 | 54,239,478 | 49,937,126 | 52,422,989 | 61,395,996 | 55,411,477 | 329,503,573 |
| | GH¢ | 180,602,702 | 187,836,736 | 175,169,452 | 201,291,171 | 265,681,963 | 191,424,489 | 1,202,006,514 |

Source: Ministry of Finance/Bank of Ghana

39. Total petroleum receipts (i.e. proceeds from Jubilee liftings and other petroleum receipts) as at the end of the third quarter of 2015 was US\$341.50 million (GH¢1,243.65 million), as shown in Table 4. This compares unfavourably with the January-September 2014 figure of US\$780.07 million (GH¢2,139.12 million).

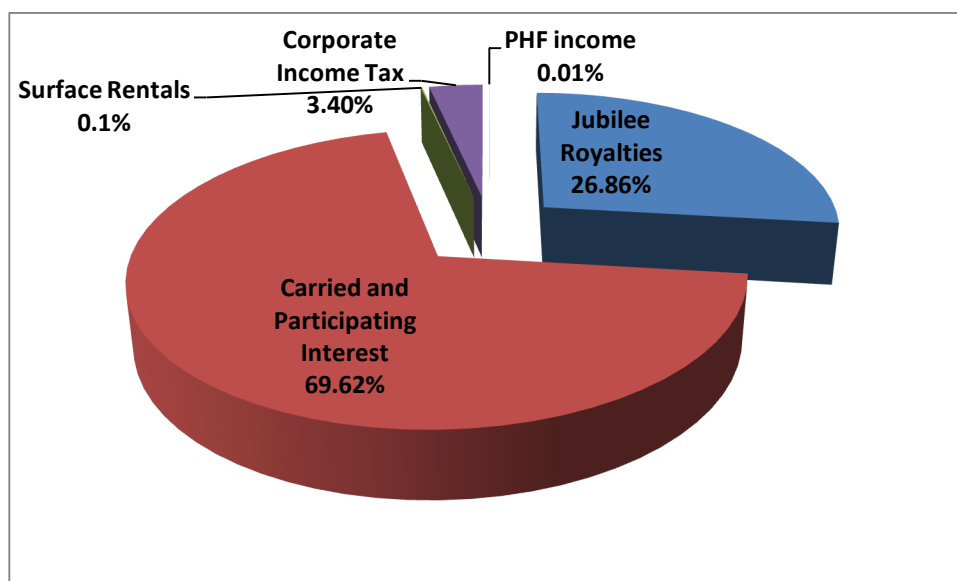
Table 4: Sources of January-September 2015 Petroleum Receipts

| Item | Unit | Quarter 1 | | | Quarter 2 | | Quarter 3 | Total |
|------------------------------------|-------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| | | 23rd Lifting | 24th Lifting | 25th Lifting | 26th Lifting | 27th Lifting | 28th Lifting | |
| Date of Lifting | | 9-Dec-14 | 28-Dec-14 | 5-Feb-15 | 25-Mar-15 | 26-May-15 | 30-Jun-15 | |
| Jubilee Royalties | US\$ | 15,618,117 | 15,101,092 | 13,903,252 | 14,595,354 | 17,093,575 | 15,427,394 | 91,738,784 |
| Carried and Participating Interest | US\$ | 40,478,389 | 39,138,386 | 36,033,874 | 37,827,635 | 44,302,421 | 39,984,083 | 237,764,788 |
| Surface Rentals* | US\$ | | 17,797 | - | - | 338,997 | - | 356,794 |
| Royalties from SOPCL | US\$ | - | - | - | - | - | - | - |
| Corporate Income Tax | US\$ | - | - | - | - | - | 11,617,384 | 11,617,384 |
| PHF income | US\$ | 5,154 | 3,658 | 1,537 | 4,509 | 3,860 | 3,314 | 22,033 |
| Gas | US\$ | - | - | - | - | - | - | - |
| Total Petroleum Receipts | US\$ | 56,101,660 | 54,260,934 | 49,938,664 | 52,427,498 | 61,738,852 | 67,032,175 | 341,499,783 |
| | GH¢ | 180,619,252 | 187,909,631 | 175,175,047 | 201,308,781 | 267,064,567 | 231,571,034 | 1,243,648,313 |

Source: Ministry of Finance/Bank of Ghana

*Excludes 2011 undistributed Surface Rentals receipts captured in December 2014

40. The share of Carried and Participating Interest in total petroleum receipts as at end-September 2015 increased from 47.63 percent in 2014 to 69.62 percent. Corporate Income Tax fell to 3.40 percent from 33.83 percent in 2014. Jubilee Royalties constituted 26.86 percent of the total petroleum revenue, while Surface Rentals and PHF Interest made up the remaining 0.11 percent, as shown in Figure 1.

Figure 1: Composition of Total Petroleum Receipts, January-September 2015

Source: Ministry of Finance/Bank of Ghana

*Excludes 2011 undistributed Surface Rentals receipts captured in December 2014

41. Actual receipts for the first half-year ending June 2015 showed a negative variance of US\$343.72 million over the 2015 Budget estimate, as shown in Table 5¹. Receipts for July to September also showed a similar adverse variance of US\$181.12 million, compared to the second half projected receipts based on the mid-year Budget revisions.

¹ Based on using the 2015 Budget estimate for the first half and the mid-year review to the 2015 Budget for the second half

Thus, cumulatively, there was a shortfall in petroleum revenue to the tune of US\$523.97 million during the period under review.

Table 5: Analysis of January-September 2015 Petroleum Receipts (US\$)

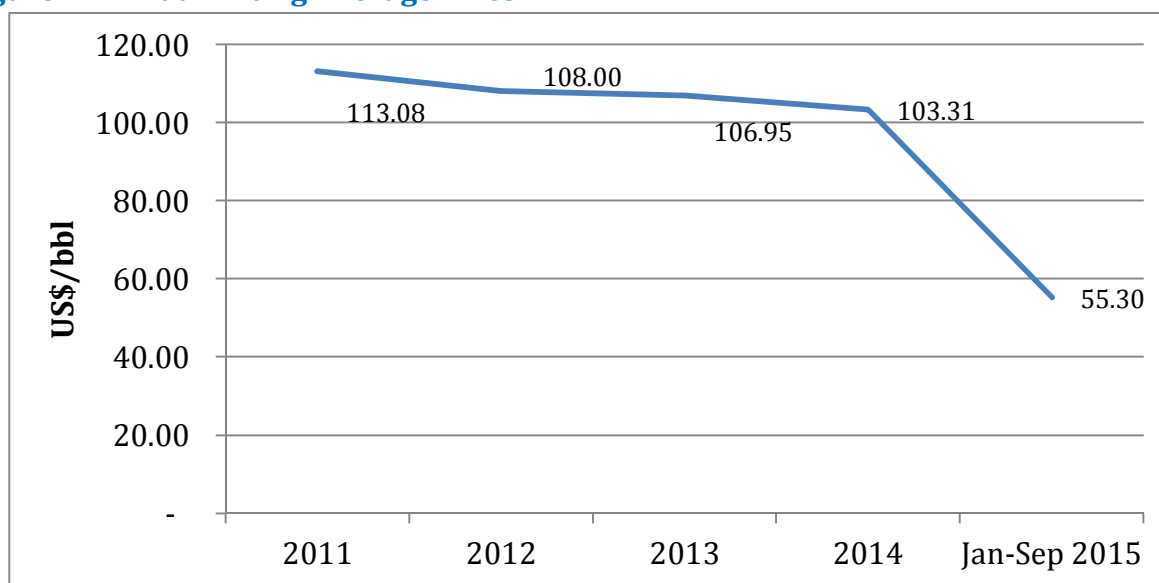
| Item | Original Budget | Budget | Actual | Variance | Revised Budget | Budget | Actual | Variance |
|------------------------------------|----------------------|--------------------|--------------------|----------------------|--------------------|--------------------|-------------------|----------------------|
| | 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-Sep) | Jul-Sep 2015 | Jul-Sep 2015 |
| Royalties | 185,227,863 | 92,613,931 | 76,311,390 | (16,302,541) | 496,313,824 | 248,156,912 | 15,427,394 | (232,729,517) |
| <i>o/w Jubilee Royalties</i> | 185,048,986 | 92,524,493 | 76,311,390 | (16,213,103) | 125,242,852 | 62,621,426 | 15,427,394 | (47,194,031) |
| <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 | 39,984,083 | (122,315,539) |
| Surface Rentals* | 1,447,960 | 723,980 | 356,794 | (367,186) | 1,714,947 | 857,473 | - | (857,473) |
| Corporate Income Tax | 485,942,661 | 242,971,331 | - | (242,971,331) | 14,733,513 | 7,366,756 | 11,617,384 | 4,250,628 |
| PHF income | - | - | 18,718 | 18,718 | 23,269 | 11,634 | 3,314 | (8,320) |
| Gas | 84,150,750 | 42,075,375 | - | (42,075,375) | 30,000,000 | 15,000,000 | - | (15,000,000) |
| Total | 1,236,371,543 | 618,185,772 | 274,467,608 | (343,718,164) | 496,313,824 | 248,156,912 | 67,032,175 | (181,124,737) |

Source: Ministry of Finance/ Bank of Ghana

*Excludes 2011 undistributed Surface Rentals receipts captured in December 2014

42. The under-performance of petroleum revenues for the year stemmed from the rapid decline in crude oil prices (as shown in Figure 2) and the rigid nature of the Benchmark Revenue (BR) estimation, using the formula set out in the PRMA, which did not allow for a revision to the BR once estimated. With the amendment to the PRMA, the BR price was revised from US\$99.38 per barrel to US\$57 per barrel in the 2015 Mid-Year Review.

Figure 2: Annual Lifting Average Price



Source: GNPC

43. There was no Corporate Income Tax receipt for the first half of the year, with an amount of US\$11.62 million coming in during the third quarter. Surface Rentals receipt for the first nine months was US\$0.36 million. There were also no receipts for gas in the first half-year. However, an amount of US\$0.554 million was realised in the third quarter and distributed together with the 29th lifting proceeds in October 2015. This

will be fully accounted for in the 2015 Reconciliation Report on the Petroleum Holding Fund. Total gas supplied to the Gas Processing Plant in Atuabo from the Jubilee Field since November 2014 to September 2015 is shown in Appendix Table 2.

44. Table 6 shows that overall petroleum revenue has fallen by over 50 percent in 2015, compared to the same period in the two previous years. This was due mainly to the fall in crude oil prices, as indicated in Figure 2.

Table 6: Analysis of Petroleum Receipts for the First 3 Quarters of 2013-2015

| Item | Unit | Jan-Sep 2013 | Jan-Sep 2014 | Jan-Sep 2015 | Variance 2015 vrs 2014 |
|---------------------------------|-------------|----------------------|----------------------|----------------------|------------------------|
| Jubilee Royalties | US\$ | 148,634,519 | 143,349,806 | 91,738,784 | (51,611,022) |
| Carried and Participating Inter | US\$ | 385,224,801 | 371,528,100 | 237,764,788 | (133,763,312) |
| Surface Rentals* | US\$ | 797,777 | 733,051 | 356,794 | (376,257) |
| Royalties from SOPCL | US\$ | 403,831 | 151,986 | - | (151,986) |
| Corporate Income Tax | US\$ | 172,216,932 | 263,893,173 | 11,617,384 | (252,275,789) |
| PHF income | US\$ | - | 114,030 | 22,033 | (91,997) |
| Price Differentials | US\$ | - | 297,249 | - | (297,249) |
| Gas | US\$ | - | - | - | - |
| Total Petroleum Receipts | US\$ | 707,277,860 | 780,067,395 | 341,499,783 | (438,567,612) |
| | GH¢ | 1,358,182,220 | 1,415,672,637 | 1,243,648,313 | (172,024,324) |

Source: Ministry of Finance/Bank of Ghana

*Excludes 2011 undistributed Surface Rentals receipts captured in December 2014

3.2 Allocation of 2015 Petroleum Receipts

45. Out of Government's net petroleum receipts, the PRMA requires that not more than 70 percent is designated as ABFA, while the rest is transferred into the GPFs. By a similar arrangement, of the amount transferred into the GPFs, the GHF receives not less than 30 percent, with the rest transferred into the GSF. Allocation for the first half of the year was based on this formula. The Petroleum Revenue Management (Amendment) Act, 2015 (Act 893), however, requires that the net petroleum receipts to the State is split between the ABFA and GPFs, irrespective of the amount, with not less than 30 percent going to the GPFs and the remainder designated as ABFA. This effectively guarantees a constant transfer into the GPFs for all petroleum receipts, net the allocation to the National Oil Company (NOC).
46. The 2015 actual petroleum receipts were allocated based on the provisions of the PRMA, as amended. Out of the total revenue of US\$341.50 million, US\$98.30 million was allocated to GNPC (the NOC) as its share of Equity Financing Cost (US\$38.66 million) and Net Carried and Participating Interest (US\$59.64 million), as shown in Table 7.

Table 7: Distribution of January-September 2015 Petroleum Receipts (US\$)

| ITEM | Unit | Quarter 1 | | | Quarter 2 | | Quarter 3 | Total |
|--|-------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| | | 23rd Lifting | 24th Lifting | 25th Lifting | 26th Lifting | 27th Lifting | 28th Lifting | |
| Transfer to GNPC | US\$ | 14,463,863 | 21,750,758 | 16,081,548 | 14,038,271 | 20,276,722 | 11,689,093 | 98,300,254 |
| Equity Financing Cost | US\$ | 3,314,780 | 14,298,917 | 7,530,551 | 3,842,829 | 9,979,994 | (306,132) | 38,660,938 |
| 30% Net Carried & Participating Interest | US\$ | 11,149,083 | 7,451,841 | 8,550,997 | 10,195,442 | 10,296,728 | 11,995,225 | 59,639,315 |
| Net GOG Receipts | US\$ | 42,506,515 | 32,510,176 | 33,857,116 | 38,389,227 | 41,462,130 | 55,343,082 | 244,068,246 |
| Annual Budget Funding Amount | US\$ | 42,506,515 | 32,510,176 | 33,857,116 | 38,389,227 | 41,462,130 | 38,740,158 | 227,465,322 |
| o/w Ghana Infrastructure Investment Fund | US\$ | 7,438,640 | 5,689,281 | 5,924,995 | 6,718,115 | 7,255,873 | 6,779,528 | 39,806,431 |
| Transfer to Ghana Petroleum Funds | US\$ | - | - | - | - | - | 16,602,925 | 16,602,925 |
| o/w Heritage Fund (30%) | US\$ | - | - | - | - | - | 4,980,877 | 4,980,877 |
| o/w Stabilization Fund (70%) | US\$ | - | - | - | - | - | 11,622,047 | 11,622,047 |
| TOTAL PAYMENTS | US\$ | 56,970,378 | 54,260,934 | 49,938,664 | 52,427,498 | 61,738,852 | 67,032,175 | 342,368,500 |
| | GH¢ | 183,406,583 | 187,909,631 | 175,175,047 | 201,308,781 | 267,064,567 | 231,571,034 | 1,246,435,645 |

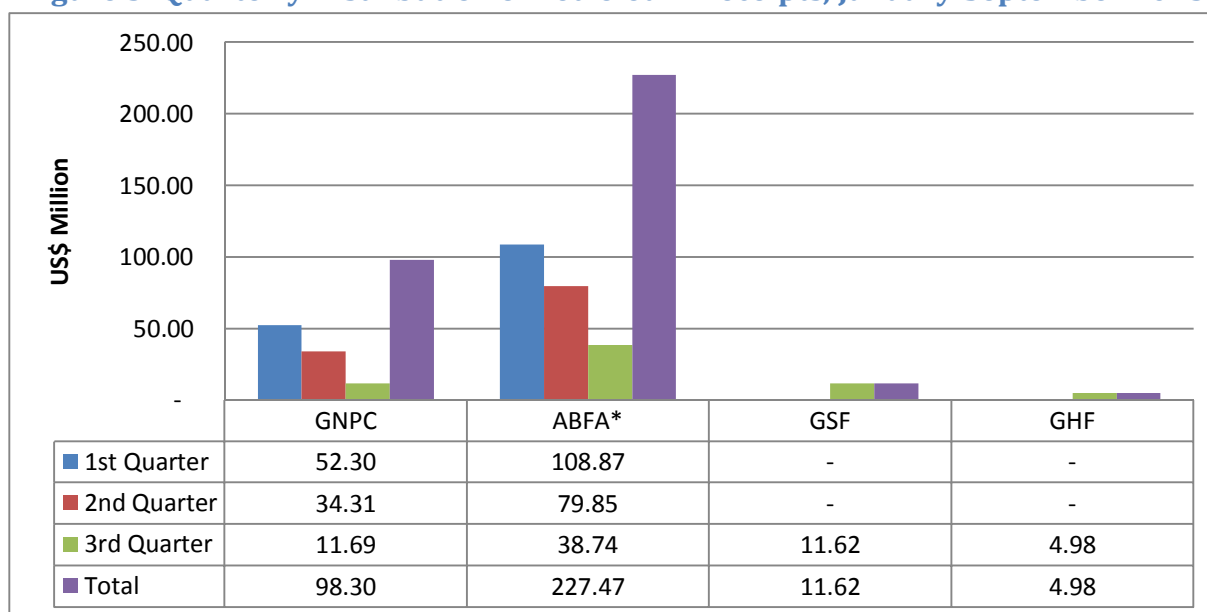
Source: Ministry of Finance/Bank of Ghana

*Includes 2011 undistributed Surface Rentals receipts paid in December 2014 but distributed in 2015 (US\$0.869 million)

47. A total of US\$16.60 million (GH¢67.06 million) was transferred into the GPFs in the first nine months of 2015, compared to US\$336.34 million (GH¢957.32 million) for the same period in 2014. Out of the amount transferred, the GHF received US\$4.98 million or GH¢20.17 million (against US\$100.90 million or GH¢287.19 million in 2014), while the GSF received US\$11.62 million or GH¢46.89 million (against US\$235.43 million or GH¢670.12 million in 2014).
48. The total amount transferred between January and September 2015 from petroleum liftings and related proceeds to the ABFA was US\$227.47 million (GH¢834.76 million). Of this amount, the Ghana Infrastructure Investment Fund (GIIF) received a total of US\$39.81 million.
49. For the first time since petroleum revenue accounting began in Ghana, an amount of US\$53.69 million (GH¢206.75 million) was withdrawn from the Ghana Stabilisation Fund in the second quarter of 2015 to meet the first quarter ABFA shortfall². This brings the total amount transferred to ABFA to US\$281.15 million (GH¢1,041.50 million). An allocation of US\$9.39 million was made to GIIF from this amount, in line with the PRMA, as amended, and the GIIF Act, bringing the total allocation to GIIF for the period to US\$49.20 million.
50. As indicated earlier, GNPC received a total of US\$98.30 million or GH¢355.63 million in respect of Carried and Participating Interest (US\$59.33 million) and Equity Financing Cost (US\$38.97 million), compared to a total amount of US\$136.93 million or GH¢388.91 million received in the same period of 2014. The utilisation of funds allocated to GNPC is shown in Section 3.4. The quarterly allocation of petroleum receipts to the allowable destination accounts is shown in Figure 3.

² Issues of ABFA and GIIF are discussed further in Section 3.3

Figure 3: Quarterly Distribution of Petroleum Receipts, January-September 2015



Source: Ministry of Finance/Bank of Ghana

*Excludes the US\$53.69 million withdrawn from GSF to make up for the first quarter ABFA shortfall

51. The 2015 Budget established a quarterly ABFA of US\$180.45 million. This was revised downwards to US\$59.13 million during the mid-year review, due mainly to the persistent decline in crude oil prices, as shown in Table 8. The quarterly ABFA determines what the ABFA shortfalls for every quarter will be. Thus, the withdrawal from the GSF in the second quarter in respect of the first quarter shortfall in the ABFA was based on a quarterly ABFA of US\$180.45 million.

Table 8: January-September 2015 ABFA Allocation and Variance Analysis

| Period | GH¢ | | | US\$ | | |
|--------------|----------------------|----------------------|----------------------|--------------------|--------------------|----------------------|
| | Budget | Actual | Variance | Budget | Actual | Variance |
| Qtr1 | 613,545,567 | 258,060,666 | (355,484,901) | 180,454,579 | 108,873,807 | (71,580,772) |
| Qtr2* | 613,545,567 | 489,314,577 | (124,230,990) | 180,454,579 | 133,536,936 | (46,917,642) |
| Qtr3 | 201,045,979 | 294,128,662 | 93,082,683 | 59,131,170 | 38,740,158 | (20,391,013) |
| Total | 1,428,137,113 | 1,041,503,906 | (386,633,207) | 420,040,327 | 281,150,901 | (138,889,427) |

Source: Ministry of Finance/Bank of Ghana

*Includes amount withdrawn from GSF to meet ABFA shortfall in the first quarter

52. Technically, there could have been a withdrawal from the GSF in the third quarter of 2015 in respect of the second quarter ABFA shortfall. However, this was not carried out, partly due to the downward revision of the cap on the GSF from US\$300.0 million to US\$150.0 million during the mid-year review.

3.3 Utilisation of the 2015 Annual Budget Funding Amount

53. The closing balance on the ABFA Account as at 31st December, 2014, was US\$222.93 million (GH¢666.06 million). This amount was, however, swept by the Bank of Ghana to assess Government's position for the 2014 financial year.

54. Total programmed ABFA spending for the 2015 fiscal year was GH¢2,009.17 million. Of this amount, GH¢736.25 million was programmed for Goods and Services, while GH¢1,272.9 million was programmed for capital spending. This amount was revised in the mid-year review to the 2015 Budget to accommodate commodity price shocks that impacted heavily on petroleum receipts during the year. Consequently, the total programmed ABFA for Goods and Services and CAPEX, were revised downwards by 43.31 percent and 58.45 percent to GH¢318.88 million and GH¢744.06 million, respectively, as shown in Table 9.

Table 9: 2015 Annual Budget Funding Amount

| Item | 2015 Budget | 2015 Revised Budget |
|------------------------|----------------------|----------------------|
| | GH¢ | GH¢ |
| ABFA Goods and Service | 736,254,680 | 318,884,448 |
| ABFA CAPEX | 1,272,913,171 | 744,063,713 |
| Total ABFA | 2,009,167,852 | 1,062,948,161 |

Source: Ministry of Finance

55. Of the total budgeted amount for the year, actual receipts for the period amounted to GH¢258.06 million, GH¢489.31 million, and GH¢294.13 million in the first, second and third quarters, respectively. Actual utilisation, on the other hand, amounted to GH¢84.52 million, GH¢576.0 million, and GH¢353.57 million at the end of the first, second and third quarters of 2015, respectively. This brings the total actual receipts at the end of September 2015 to GH¢1,041.5 million and, actual utilisation to GH¢1,005.10 million, leaving an unutilised balance of GH¢36.41 million, as shown in Table 10.

Table 10: Summary of Actual ABFA Receipts and Utilisation for Jan-Sept 2015

| Period | GH¢ | | |
|--------------|----------------------|----------------------|---------------------|
| | Actual Receipts | Actual Utilisation | Balance |
| Qtr 1 | 258,060,666 | 84,523,585 | (173,537,081) |
| Qtr 2 | 489,314,577 | 567,001,880 | 77,687,303 |
| Qtr 3 | 294,128,662 | 353,570,354 | 59,441,692 |
| Total | 1,041,503,906 | 1,005,095,819 | (36,408,086) |

Source: Ministry of Finance

56. Utilisation of the ABFA by the priority areas was in line with the provisions of the PRMA. Table 11 provides a summary of utilisation by the priority areas, with the details shown in Appendix Table 3.

Table 11: January-September 2015 ABFA Utilisation by Priority Area

| S/N | Priority Area | 2015 Revised Budget (GH¢) | Actual Utilisation (GH¢) |
|------------|---|----------------------------------|---------------------------------|
| 1 | Expenditure and Amortisation of Loans for Oil and Gas | 322,306,372.57 | 390,517,533.49 |
| 2 | Road and Other Infrastructure | 492,917,039.43 | 451,586,162.80 |
| 3 | Agriculture Modernization | 30,567,167.50 | 27,043,457.48 |
| 4 | Capacity Building (including Oil and Gas) | 217,157,581.99 | 135,948,665.69 |
| 5 | Total | 1,062,948,161.49 | 1,005,095,819.46 |

Source: Ministry of Finance

57. Of the total ABFA spending for the period, an amount of GH¢390.52 million was spent on Expenditure and Amortisation of Loans for Oil and Gas Infrastructure, as against a budget of GH¢322.31 million. This was made up of an amount of GH¢43.14 million spent in respect of China Development Bank (CDB) matching fund requirements for the provision of Gas Infrastructure and GH¢347.4 million principal and interest payments for the CDB Master Facility Tranche B.
58. Total Spending for Roads and Other Infrastructure amounted to GH¢451.59 million, as against a budget of GH¢492.92 million. Of this amount, GH¢76.21 million was spent on the emergency rehabilitation, upgrading, and construction of roads infrastructure. An amount of GH¢75.7 million was spent on energy infrastructure, mainly in respect of the supply of electrical materials and equipment for the nationwide emergency power project and the SHEP National Electrification Projects.
59. Spending on Water Infrastructure amounted to GH¢29.55 million. This was mainly for the construction of drainage facilities, sea defence and coastal protection works. Total spending for transport infrastructure amounted to GH¢41.8 million in respect of the redevelopment and construction of railway lines, railway stations, and the supply of rolling stock. Under education infrastructure, a total amount of GH¢45.14 million was spent, mainly on the construction of facilities for basic and secondary schools, and the upgrading of Science Resource Centres in 100 schools across the country.
60. An amount of GH¢183.2 million (US\$49.2 million) was transferred to Ghana Infrastructure Investment Fund (GIIF) to fund public and private sector infrastructure projects. Checks with the GIIF Secretariat indicate that this amount has not been used.
61. Total spending on Agriculture Modernisation amounted to GH¢27.04 million as against a budget of GH¢30.57 million. Of this amount, spending on Food and Agriculture infrastructure amounted to GH¢26.24 million. This was particularly for the construction and rehabilitation of dams and irrigation infrastructure and fertiliser subsidy. Additionally, GH¢0.80 million was advanced towards the construction of the Fisheries College and aquaculture development.

62. Total spending on Capacity Building (including Oil and Gas) amounted to GH¢135.95 million as against a budget of GH¢217.16 million. Spending in this area was geared towards improving the capacity of teachers across the country, supply of teaching and learning materials to basic and secondary schools, feeding and capitation grant, BECE and SHS subsidy for 2015 examinations and scholarships for advanced learning including oil and gas training.

3.4 Utilisation of 2015 GNPC Allocations

63. As at September 2015, GNPC had received a total amount of US\$98.30 million for its share of the Equity Financing Cost and its 30 percent share of the net Carried and Participating Interest, as shown in Table 12. Nothing was received by way of gas revenue as Ghana National Gas Company is yet to honour invoices submitted for gas supplies for the period under review. Of this amount, GNPC utilised US\$93.4 million, leaving a balance of US\$4.9 million. When added to the amount brought forward of US\$187 million, that leaves cash on hand pending projects' milestone disbursements of US\$192.1million.

Table 12: Utilisation of GNPC's Share of Jubilee Petroleum Revenue: Jan.-Sept. 2015

| SRN | RECEIPTS FROM JUBILEE PROCEEDS | AMOUNT (US\$) | EXPENDITURE AS % OF RECEIPTS |
|-----|---|-----------------------|------------------------------------|
| 1 | Level A Receipts (Equity Financing) | 38,967,070.42 | 39.6% |
| 2 | Level B Receipts (30% of Net Proceeds) | 59,333,183.31 | 60.4% |
| 3 | Total Amount Received:- (A) | 98,300,253.73 | 100.0% |
| | USES OF AMOUNTS ALLOCATED:- | | |
| 4 | Jubilee Equity Financing Cost | 57,490,528.90 | 58.5% |
| 5 | Exploration & Development Projects | 12,322,843.55 | 12.5% |
| 6 | Staff Cost | 7,955,790.54 | 8.1% |
| 7 | Admin. Capital Expenditure | 1,888,335.80 | 1.9% |
| 8 | Capital Projects | 2,140,369.23 | 2.2% |
| 9 | General Operational Expenditure | 11,089,526.07 | 11.3% |
| 10 | Amount Appropriated by Bank of Ghana as charges | 491,539.36 | 0.5% |
| 11 | Total Expenditure:- (B) | 93,378,933.45 | 95.0% |
| 12 | Cash-yet-to-Spend:- (C = A - B) | 4,921,320.28 | 5.0% |
| 13 | Add: Cash B/Fwd (01.01.2015) (D) | 187,217,589.71 | |
| 14 | Total Cash-Available :- (E = C + D) | 192,138,910.00 | |

Source: GNPC

Note: SRN 2 includes US\$30.00 that was deducted as bank charges during the 23rd lifting.

64. The details of GNPC's expenditure on other petroleum projects are presented in Table 13.

Table 13: GNPC's Expenditure of Petroleum Receipts on other Petroleum Projects

| <i>Exploration & Development Projects</i> | <i>Amount (US\$)</i> |
|---|-----------------------------|
| - North & South Tano Petroleum Projects | 2,031,805.39 |
| - TEN | 2,806,283.98 |
| - Voltaian Basin Petroleum Projects | 1,525,016.43 |
| - South Deepwater Tano Petroleum Projects | 946,935.89 |
| - OCTP ENI Project | 811,923.55 |
| - Hess | 1,463,266.66 |
| - Ultra Deep Water [Keta Heritage] | 428,513.23 |
| - Explorco | 187,876.77 |
| - Maritime Boundary Special Project | 2,121,221.65 |
| Total Non Jubilee Project Expenditure | 12,322,843.55 |

Source: GNPC

SECTION FOUR: PERFORMANCE OF THE GHANA PETROLEUM FUNDS IN 2015

4.1 Developments in the Global Fixed Income Market

65. Since the beginning of 2015, volatility has risen significantly due to repricing of bond risk premia by investors, as a result of unpredictability of monetary policy, falling liquidity levels, and inflation outlook. Divergent monetary policy trajectories of the major monetary authorities have also contributed to the high levels of volatility in the fixed income markets.

66. The European Central Bank (ECB) lowered the interest rate on the main refinancing operations of the Eurosystem by 20 basis points to 0.05 percent. The rate on the deposit facility was also lowered by 20 basis points to -0.20 percent. In addition, the ECB has initiated a €60 billion per month bond buying programme. These measures were taken to provide additional monetary policy accommodation and spur growth.

67. The Federal Open Market Committee (FOMC) maintained the federal funds rate at a range of 0.00 to 0.25 percent. However, the FOMC's forward guidance on the potential increase in interest rates against a background of a mixed economic performance has introduced substantial volatility into the fixed income market.

4.2 Withdrawal from the Ghana Stabilisation Fund for Budget Support

68. At the end of the first quarter of 2015, total transfers for ABFA was US\$108.87 million, compared to the quarterly ceiling of US\$180.45 million, resulting in a shortfall of

US\$71.58 million. The balance standing to the credit of the GSF as at 1st January, 2015, was US\$286.64 million.

69. Section 12(2) of the PRMA states that the allowable amount to be withdrawn from the GSF shall be the lesser of:

- a) seventy-five percent of the estimated amount of the shortfall for that quarter; or
- b) twenty-five percent of the balance standing to the credit of the GSF at the beginning of the financial year.

70. Seventy-five percent of the ABFA shortfall of US\$71.58 million yields US\$53.69 million and 25 percent of the balance standing to the credit of the GSF as at 1st January, 2015, yields US\$71.66 million.

71. Since 75 percent of the ABFA shortfall is lower than 25 percent of the amount standing to the credit of the GSF, the option was to go for alternative “a” by withdrawing US\$53,685,578.98 from the GSF for the ABFA, in line with the PRMA.

4.3 Portfolio Performance of the Ghana Petroleum Funds

72. The return on the GHF was 1.8 percent in the first quarter of 2015, compared to 0.41 percent in the corresponding period in 2014. The return on the GHF in the second quarter of 2015 was -2.3 percent, compared to 2.44 percent in the second quarter of 2014. The drop in return was due to steepening of the yield curve following increased probability of interest rate hike by the FOMC and repricing of bond risk premium. In the third quarter, returns rose to 1.74 percent, compared to 0.32 percent in the analogous period in 2014.

73. The return on the GSF was 0.32 percent in the first quarter of 2015, compared to 0.13 in the corresponding period in 2014. In the second quarter of 2015, GSF returns fell to 0.02 percent, compared to 0.71 percent in the second quarter of 2014. Returns rose to 0.04 percent in the third quarter of 2015, compared to -0.04 in the third quarter of 2014, as shown in Table 14. In the third quarter of 2014, FOMC forward guidance on potential rate hike caused yields to rise, leading to negative returns, while in the third quarter of 2015, probability of interest rate increase eased to 12 percent, leading to a fall in yields and a rise in returns.

Table 14: Portfolio Returns, January-September 2015

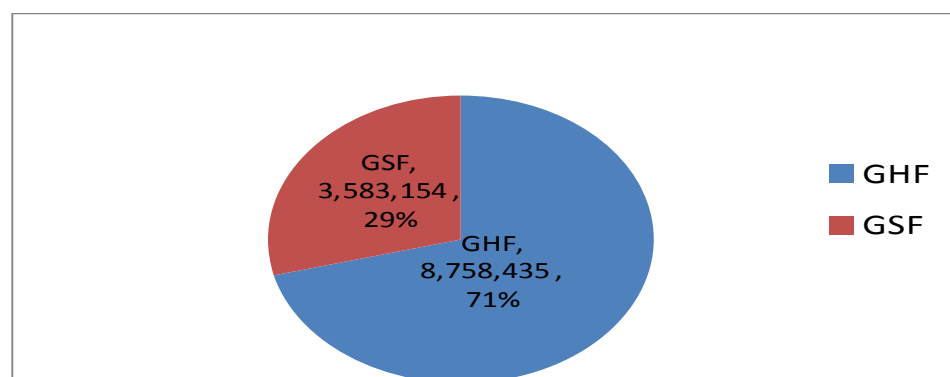
| Quarter End | Current Returns | | Total Returns (year-to- | |
|-------------|-------------------|--------------|-------------------------|--------------|
| | Stabilisation (%) | Heritage (%) | Stabilisation (%) | Heritage (%) |
| 2014 | | | | |
| March | 0.13 | 0.41 | 0.809 | 1.554 |
| June | 0.71 | 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 | (0.64) |
| September | 0.04 | 1.74 | 0.38 | 1.18 |

Source: Bank of Ghana

74. The mixed performance of the Ghana Petroleum Funds is due to an equally mixed performance of the United States (US) economy, tightening global liquidity conditions and lower growth momentum. US unemployment fell from 5.7 percent in October 2014 to 5.1 percent in September 2015. However, participation rate has fallen to 62.4 percent, the lowest since October 1977, and average hourly earnings (year-on-year) have remained subdued at 1.9 percent. Inflation continued to run below the FOMC's 2 percent objective.

75. Furthermore, China's adjustment of foreign exchange policies has the potential to tighten global liquidity conditions, signalling lower growth momentum, as weakness in global nominal growth is consistent with dwindling liquidity.

76. Since inception, the Ghana Petroleum Funds have returned a total of US\$12,341,589.58 as shown in Figure 3. Of this amount, the GHF has contributed US\$8,758,435.34 million and the GSF has contributed US\$3,583,154.24 million.

Figure 4: Composition of Total Returns on the GPFs, 2012-September 2015

Source: Bank of Ghana

77. The total return on the GPFs for January to September 2015 was US\$3.72 million, as shown in Table 15. Of this amount, the GHF returned a total of US\$3.27 million, compared with US\$1.82 million for the same period in 2014, while GSF returned US\$0.44 million, compared with US\$1.22 million for the same period in 2014.

Table 15: Returns on the Ghana Petroleum Funds (2013-September 2015)

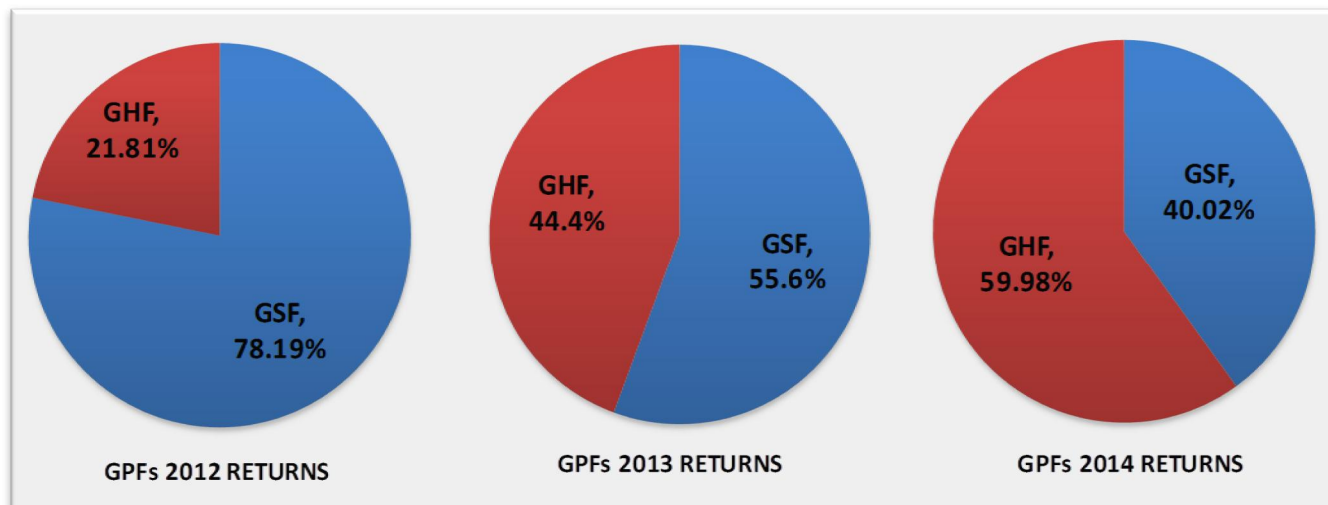
| GHANA STABILISATION FUND | | | | |
|--------------------------------------|-------------------|--------------------|-----------------------|-----------------------|
| | 2012 | 2013 | 2014 | Jan-Sep 2015 |
| | US\$ | | | |
| Opening Book Value | 54,810,032 | 71,898,588 | 319,034,153 | 286,644,044.00 |
| Receipts during the year | 16,883,548 | 245,733,702 | 271,762,755 | 11,622,047.30 |
| Income from Investments | 214,049 | 1,413,341 | 1,549,380 | 444,848.56 |
| Bank Charges | (9,041) | (11,477) | (17,556) | (5,070) |
| Sub Total | 71,898,588 | 319,034,153 | 592,328,733 | 298,705,870 |
| Less Transfer to: | | | | |
| Contingency Fund | - | | (17,433,144) | |
| Debt Service Account for Debt Repaym | - | | (288,251,544.51) | |
| Annual Budget Funding Amount(ABFA | - | | | (53,685,578.98) |
| Closing Book Value | 71,898,588 | 319,034,153 | 286,644,044 | 245,020,291 |
| Investment Income | 214,049 | 1,413,341 | 1,549,380 | 444,848.56 |
| less: | | | | |
| Bank Charges | - | (11,477) | (17,556) | (5,070) |
| Net return for the Period | 214,049 | 1,401,864 | 1,531,824 | 439,779 |
| GHANA HERITAGE FUND | | | | |
| | 2012 | 2013 | 2014 | Jan-Sep 2015 |
| | US\$ | | | |
| Opening book Value | 14,401,216 | 21,694,221 | 128,125,942.39 | 248,915,220.00 |
| Receipts during the year | 7,235,806 | 105,314,444 | 116,469,752.21 | 4,980,872.42 |
| Income from Investments | 60,209 | 1,126,764 | 4,331,660.17 | 3,274,579.75 |
| Bank Charges | (3,010) | (9,486) | (12,135) | (11,361) |
| Closing book Value | 21,694,221 | 128,125,943 | 248,915,219.66 | 257,159,311.60 |
| Investment Income | 60,209 | 1,126,764 | 4,331,660.17 | 3,274,579.75 |
| less | | | | |
| Bank Charges | - | (9,486) | (12,135.11) | (11,360.57) |
| Net return for the Period | 60,209 | 1,117,278 | 4,319,525 | 3,263,219 |
| COMBINED FUNDS | | | | |
| | | 2013 | 2014 | Jan-Sep 2015 |
| Opening book Value | 69,211,248 | 93,592,809 | 447,160,095.39 | 535,559,264.00 |
| Receipts during the year | 24,119,354 | 351,048,145 | 388,232,507.36 | 16,602,919.72 |
| Income from Investments | 274,258 | 2,540,105 | 5,881,040.41 | 3,719,428.31 |
| Bank Charges | (12,051) | (20,963) | (29,690.88) | (16,430.55) |
| Sub Total | 93,592,809 | 447,160,096 | 841,243,952 | 555,865,181 |
| Less Transfer to: | | | | |
| Contingency Fund | - | | (17,433,144) | |
| Debt Service Account for Debt Repaym | - | | (288,251,544.51) | |
| Annual Budget Funding Amount(ABFA | - | | | (53,685,578.98) |
| Closing Book Value | 93,592,809 | 447,160,096 | 535,559,264 | 502,179,602.50 |
| Investment Income | 274,258 | 2,540,105 | 5,881,040.41 | 3,719,428.31 |
| less | | | | |
| Bank Charges | (12,051) | (20,963) | (29,690.88) | (16,430.55) |
| Net return for the Period | 262,207 | 2,519,142 | 5,851,350 | 3,702,998 |

Source: Bank of Ghana

78. In 2012, the GSF share of returns was 78.19 percent, while that of GHF was 21.81 percent. This trend reversed in 2014, with GHF contributing 59.98 percent to the total return, while GSF contributed 40.02 percent, as shown in Figure 5. The reversal is due

to higher interest rates (due to longer investment horizon) and tightening spreads in the investment universe of GHF, while spreads widened about some 35 basis points on GSF. Again, given the cap on the GSF, allocations in excess of the US\$250 million were maintained in cash equivalent instruments, pending withdrawal in accordance with Section 23(5) of the PRMA.

Figure 5: GPFs Annual Returns



Source: Bank of Ghana

4.4 Use of Funds in Excess of the Cap on the Ghana Stabilisation Fund

79. The 2014 Reconciliation Report on the PHF indicated that an amount of US\$305.68 million had been determined as the excess amount over the cap on the GSF. Of this amount, US\$17.43 million was used to set up the Contingency Fund and US\$288.25 million was transferred into the Debt Service Account for debt repayment. Of the amount deposited in the Debt Service Account, US\$179.81 million was used to retire some marketable debt instruments, leaving a balance of US\$108.44 million by end-December 2014.

80. An amount of US\$100.0 million of this balance was used as seed money for the Sinking Fund, which is meant to retire some loans, leaving the balance of US\$8.44 million in the Debt Service Account. However, both the Sinking Fund and the Debt Service Account were swept by Bank of Ghana to assess Government's position for the end of the 2014 financial year. The Bank of Ghana restored US\$30 million to the Sinking Fund Account later. The Ministry of Finance is working with Bank of Ghana to ring-fence the petroleum-based and other funds from sweeping, as part of the Public Financial Management reforms.

81. As earlier on indicated, the 2015 Mid-Year Review pegged the cap on the GSF at US\$150.0 million. As at 30th September, 2015, the balance on the GSF was US\$245.02

million, leaving an excess over the cap of US\$95.02 million, which was shared among the Sinking Fund, Contingency Fund and Ghana Stabilisation Fund in October 2015, as shown in Table 16.

Table 16: Excess Amount over the Cap on the GSF

| SN | ITEM | US\$ |
|-----------|---|-----------------------|
| 1 | Closing Book Value (30th September, 2015) | 245,020,291.38 |
| 2 | Less GSF Cap | 150,000,000.00 |
| 3 | GSF Excess for Contingency Fund and Debt Repayment | 95,020,291.38 |
| 4 | o/w Sinking Fund (50%) | 47,510,145.69 |
| 5 | o/w Contingency Fund (25%) | 23,755,072.85 |
| 6 | o/w Ghana Stabilisation Fund (25%) | 23,755,072.85 |
| 7 | New GSF Cap for 2015Q4 (2+6) | 173,755,072.85 |

Source: Ministry of Finance

4.5 Outlook for 2016

82. Some headwinds to global growth have emerged with the potential to alter the trajectory of monetary policy. The slowdown in China, the second largest economy, could enhance downside risks to global growth momentum. The strong US Dollar and China's adjustment to foreign exchange policy have negative implications for global liquidity. These have adverse implications for commodity prices.

83. Furthermore, commodity prices have plunged to below 2008 crisis levels and weakened growth outlook for commodity exporting economies. In view of these developments, the IMF has revised 2015 global growth outlook downward from 3.3 percent to 3.1 percent. Accordingly, in the near term, the expectations are that the FOMC, ECB and Bank of England would maintain accommodative monetary policy for bond yields to remain low. This will keep bond yields low and enhance the performance of the GPFs.

SECTION FIVE: AUDITED FINANCIAL STATEMENTS OF THE PETROLEUM FUNDS

84. The relevant sections of the audited financial statements on the Petroleum Funds for 2013 are attached as Appendix Table 4. At the time of finalizing this report, the 2014 audited financial statement had not been finalised by the Ghana Audit Service.

SECTION SIX: CHALLENGES AND THE WAY FORWARD

6.1 Challenges

85. **Crude Oil Price Volatility:** The uncertainty surrounding crude oil prices since the persistent decline starting from July 2015 remain a big challenge to all petroleum producing countries and, Ghana is no exception. If prices should fall below the proposed 2016 Benchmark Revenue price, Government would be forced to make further expenditure cuts into critical areas of the economy.
86. **TEN Field:** The challenge with the TEN Field is if the initial 10 development wells which were drilled before the ITLOS Provisional Measures ruling are not able to produce as much as they were expected to. Given the moratorium on new drilling, this would mean that the Field will produce below projected levels until a final ruling is given in 2017, leading to an underperformance of revenue.

6.2 The Way Forward

87. Cabinet has given approval for the construction of a pipeline to enable gas to flow from the western to the eastern part of the country at such when there is capacity shortfalls in the western part of the country. This is central to the production of adequate electricity in the country.
88. The PRMA amendments, Petroleum Revenue Management (Amendment) Act, 2015 (Act 893), were assented to by H. E. The President on July 31, 2015. These amendments, among others, allow for a revision of the Benchmark Revenue price and output when there is material evidence that the price and output projections will not be achieved. The amendments also correct some internal inconsistencies and administrative challenges in the Parent Law.
89. With the passage of the PRMA amendments, the next line of action is to develop and seek Parliamentary passage of the PRMA Amendments. The Ministry of Finance has developed a roadmap for this in 2016.

SECTION SEVEN: CONCLUSION

90. The 2015 Annual Report on the Petroleum Funds is the first to be written since the PRMA was amended. The report covers the first nine months of 2015, with a reconciliation to be published by March 2016.
91. The report indicates that only the Jubilee Field produced in 2015, as a result of which no revenue was received from the Saltpond Field. The low crude oil price for the year accentuates the low receipts, which falls short of both 2013 and 2014 receipts, due mainly to the supply glut in the crude oil market.

92. Total petroleum receipts (i.e. proceeds from Jubilee liftings and other petroleum receipts) as at the end of the third quarter of 2015 was US\$341.50 million (GH¢1,243.65 million). This compares unfavourably with the January-September 2014 figure of US\$780.07 million (GH¢2,139.12 million).
93. A total of US\$11.62 million was received for Corporate Income Tax and US\$0.36 million for Surface Rentals. There was also no receipt for gas in the first half-year. However, an amount of US\$0.554 million was realised in the third quarter and distributed together with the 29th lifting proceeds in October 2015. This will be fully accounted for in the 2015 Reconciliation Report on the Petroleum Holding Fund.
94. Out of the total receipts, US\$98.30 million was allocated to GNPC (the NOC) as its share of Equity Financing Cost (US\$38.66 million) and Net Carried and Participating Interest (US\$59.64 million).
95. A total of US\$16.60 million (GH¢67.06 million) was transferred into the GPFs in the first nine months of 2015. Out of the amount transferred, the GHF received US\$4.98 million or GH¢20.17 million, while the GSF received US\$11.62 million or GH¢46.89 million.
96. The total amount transferred between January and September 2015 from petroleum liftings and related proceeds to the ABFA was US\$227.47 million (GH¢834.76 million). Of this amount, the Ghana Infrastructure Investment Fund (GIIF) received a total of US\$39.81 million. However, with a withdrawal of US\$53.69 million in the second quarter to meet the ABFA shortfall, a further US\$9.39 million was made to GIIF, bringing the total GIIF transfer to US\$49.20 million.
97. The Ministry of Finance is working to develop the PRMA Regulations and submit to Parliament by the end of 2016 to bring completeness to the petroleum revenue management legal framework.

APPENDICES

APPENDIX TABLE 1: JUBILEE CRUDE OIL PRODUCTION, JAN. 1-SEPT. 30, 2015

| MONTH | DAILY AVERAGE PRODUCTION (BBLs) | PRODUCTION DAYS | QTY PRODUCED (BBLs) |
|--------------|--|----------------------------|--------------------------------|
| January | 101,031 | 31 | 3,131,962 |
| February | 97,726 | 28 | 2,736,341 |
| March | 110,562 | 31 | 3,427,416 |
| April | 107,519 | 30 | 3,225,578 |
| May | 109,726 | 31 | 3,401,495 |
| June | 105,535 | 30 | 3,166,051 |
| July | 69,712 | 31 | 2,161,085 |
| August | 106,399 | 31 | 3,298,379 |
| September | 104,012 | 30 | 3,120,368 |
| TOTAL | 101,358 | 273 | 27,668,675 |

Source: GNPC

APPENDIX TABLE 2: ANALYSIS OF PETROLEUM RECEIPTS, JAN. 1-SEPT. 30, 2015

| GAS SUPPLIES | VOLUME | NET CALORIFIC VALUE | AMOUNT |
|--------------------------|------------------|----------------------------|----------------------|
| Period | mmSCF | mmBTU | US\$ |
| Nov - Dec 2014 | 1,506.39 | 1,596,773.40 | 4,630,642.86 |
| | | | |
| 2015 | | | |
| Jan | 1,532.22 | 1,624,153.20 | 4,710,044.28 |
| Feb | 1,075.29 | 1,139,807.40 | 3,305,441.46 |
| Mar | 1,803.70 | 1,911,922.00 | 5,544,573.80 |
| Apr | 1,472.77 | 1,561,136.20 | 4,527,294.98 |
| May | 2,578.27 | 2,732,966.20 | 7,925,601.98 |
| Jun | 2,132.45 | 2,260,397.00 | 6,555,151.30 |
| Jul | 180.18 | 190,990.80 | 553,873.32 |
| Aug | 2,604.44 | 2,760,706.40 | 8,006,048.56 |
| Sep | 2,410.49 | 2,555,119.40 | 7,409,846.26 |
| Sub total | 15,789.81 | 16,737,198.60 | 48,537,875.94 |
| | | | |
| Total (2014-2015) | 17,296.20 | 18,333,972.00 | 53,168,518.80 |

Source: GNPC

APPENDIX TABLE 3: DETAILS OF USE OF ABFA

| | PRIORITY AREA/PROJECT DESCRIPTION | GOODS & SERVICES | CAPEX | TOTAL |
|----------|--|------------------|-----------------------|-----------------------|
| 1 | EXPENDITURE AND AMORTISATION OF LOANS FOR OIL AND GAS INFRASTRUCTURE | - | 390,517,533.49 | 390,517,533.49 |
| | CDB Master Facility Tranche B | | 347,381,630.20 | 347,381,630.20 |
| | Gas Infrastructure (CDB) | | 43,135,903.29 | 43,135,903.29 |
| 2 | ROADS AND OTHER INFRASTRUCTURE | - | 451,586,162.80 | 451,586,162.80 |
| | Roads and Highways | - | 76,208,775.20 | 76,208,775.20 |
| | EMERGENCY WORKS FOR THE UPGRADING OF HO - ADIDOME ROAD (KM 67.0 - 76.8) LOT 1 IPC 9 | | 1,171,810.56 | 1,171,810.56 |
| | PAYMENT OF IPC 1(MOBILIZATION) | | 588,575.12 | 588,575.12 |
| | REHAB OF OBOGU OFOASE GYADEM BODGWESANGO ADANSI ASOKWA ROAD. IPC 20 | | 3,376,927.98 | 3,376,927.98 |
| | COMPENSATION PAYMENT : CONTINUATION OF THE REHAB. OF YHE ANYINAM KONONGO ROAD - NKAW | | 832,823.00 | 832,823.00 |
| | CONSTRUCTION OF ENCHI DADIESO ROAD (KM 0 -30) IPC 10 | | 3,697,202.45 | 3,697,202.45 |
| | Being amount released for the payment of work done in respect of Surfacing of Agogo Town roads (Addendum) | | 373,062.99 | 373,062.99 |
| | EMERGENCY WORKS FOR THE UPGRADING OF HO - ADIDOME ROAD IPC 15 | | 1,638,524.69 | 1,638,524.69 |
| | PARTIAL RECONSTR. OF HAVE KPANDO ROAD LOT 1 IPC 3 | | 1,385,348.95 | 1,385,348.95 |
| | PAYMENT OF IPC 1 - MOBILIZATION. UPGRADING OF EFFIDUASE SENCHI JUANSI ROAD (KM 10.2 - 20.0) | | 708,291.83 | 708,291.83 |
| | UPGRADING OF EFFIDUASE SENCHI JUANSI ROAD (KM 10.2 - 20.) LOT1 | | 661,216.39 | 661,216.39 |
| | UPGRADING OF DORMAA AHENKRI NKRANKWANTA ROAD(KM 10 - 20) IPC 4 | | 342,592.77 | 342,592.77 |
| | RESEALING/PARTIAL RECONSTR. OF APAM - ANKAMU - AFRANSI ROAD IPC 5A | | 127,591.14 | 127,591.14 |
| | CONSTRUCTION OF HO-FUME ROAD(KM 7.0 AND KM 28.7 - 40.1) IPC 18 | | 1,794,036.91 | 1,794,036.91 |
| | CONSTRUCTION OF HO FUME ROAD(KM 0 - 25) IPC 33A | | 143,350.40 | 143,350.40 |
| | UPGRADING OF SOGA KOPE ADIDOME ROAD(KM 7.0) ASIEKPE - MAFI KUMASI ROAD (KM 0 -8.35) AND SOGA KOPE SHS ACCESS ROAD(KM 1.8) MERGENCY WORKS | | 707,366.64 | 707,366.64 |
| | Being amount released for the 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 | 1,005,488.64 |
| | RECONSTRUCTION OF KPANDO - WORAWORA - DAMBAI ROAD, PHASE III (WORAWORA - DAMBAI SECTION IPC 35 | | 2,605,270.69 | 2,605,270.69 |
| | PARTIAL RECONST. OF TROM SOMANYA ODUMASE KPONG ROAD(15.8KM) AS AN ADDENDUM TO UPGRADING OF GOLOKWATI WLI HOHOE ROAD(KM10) IPC 2 | | 8,075,920.70 | 8,075,920.70 |
| | Payment of work done in respect of the const. of steel bridge over river Korhumu on Asuokawkaw-Akolrpaw feeder Road as per IPC No. 3 dated July, 2014 | | 366,109.11 | 366,109.11 |
| | CONSTRUCTION OF HO NYIVE HONUTA KPEDZE ROAD(KM 15.5) TOKOKOE AVE SHIA(8.5KM) AND NYIVE ATIKPUI (6.0KM) IPC 11 | | 463,388.71 | 463,388.71 |
| | CONSTRUCTION OF MMAI-DZOR TROTRO LAST STOP PHASE 2 AS PER IPC NO.1 | | 1,464,714.23 | 1,464,714.23 |
| | EMERGENCY RECONSTRUCTION OF ASHAIMAN MAIN ROAD AS PER IPC NO. 4 AND SPW NO. 1504715. | | 1,852,105.16 | 1,852,105.16 |
| | UPGRADING OF EASTERN CORRIDOR PROJECT - ASIKUMA JUNCTION HOHOE SECTION IPC 10A | | 1,011,811.16 | 1,011,811.16 |
| | UPGRADING OF EASTERN CORRIDOR ROAD PROJECT - ASIKUMA JUNCTION - HOHOE SECTION IPC 9 | | 2,359,955.98 | 2,359,955.98 |
| | PAYMENT OF IPC 7. REHABILITATION OF ANYINASU SEKYEREDUMASE ROAD (KM 0 - 10.2) | | 6,280,497.23 | 6,280,497.23 |
| | Being amount released for the payment of work done in respect of Bitumen Surfacing of Anyinam Town roads Phase II as per IPC No.3 dated 17th December, 2014 | | 351,579.90 | 351,579.90 |
| | Being amount released for the payment of work done in respect of the const. of Steel bridge over river Kumbui on Wulensi-Chamba Feeder road as per IPC No.12 dated 10th November, 2014 | | 206,231.69 | 206,231.69 |

| | PRIORITY AREA/PROJECT DESCRIPTION | GOODS & SERVICES | CAPEX | TOTAL |
|--|---|------------------|----------------------|----------------------|
| | Being amount released as under-payment in respect of the const. of steel bridge over river Kumbui on Wulensi-Chamba Feeder as per IPC NOS. 8&9 dated 16/05/13 & 30/09/13 respectively | | 58,104.66 | 58,104.66 |
| | CONSTRUCTION OF ADAMNANA-BAWJUASE ROAD AS PER IPC NO. 1 | | 570,708.90 | 570,708.90 |
| | Being released for the payment of work done in respect of Surfacing of Amantena Jn-Wioso Phase III as per IPC No. 15 dated 24th October, 2014. | | 240,554.45 | 240,554.45 |
| | UPGRADING OF ANYINAM KWABENG AKROPONG ROAD (KM 0 -10. 0) IPC 1 | | 1,017,712.24 | 1,017,712.24 |
| | UPGRADING OF KADE-WENCHI-AKIM ODA AND ADANKRONO-PRAMKESE-AKIM AKROPONG ROADS IPC 14 | | 129,229.95 | 129,229.95 |
| | REHABILITATION OF TSE ADDO AREA ROADS PH.1(6.10KM) AS PER IPC NO. 1 | | 6,884,661.96 | 6,884,661.96 |
| | UPGRADING OF JUABESO AKONTOMBRA ROAD(KM 0-15) | | 1,789,584.66 | 1,789,584.66 |
| | REHABILITATION OF ARTICULATOR TRUCK/GHA ROAD AS PER IPC NO. 1 | | 368,059.24 | 368,059.24 |
| | EMERGENCY ASPHALTIC OVERLAY OF ARTERIAL AND COLLECTOR ROADS IN TEMA, NINGO, TESHIE AND LA AREAS | | 21,558,364.12 | 21,558,364.12 |
| | | | | |
| | Energy Infrastructure | - | 75,696,104.34 | 75,696,104.34 |
| | GOG COUNTERPART FUND SUPPORT TO THE GHANA ENERGY DEVELOPMENT AND ACCESS PROJECT (GEDAP) | | 688,800.00 | 688,800.00 |
| | PAYMENTS FOR CONSULTATION AND CONTRACTION SERVICES PROVIDED UNDER THE SHEP PROJECT | | 1,362,112.07 | 1,362,112.07 |
| | PAYMENT FOR THE SUPPLY OF SOLAR ENERGY PRODUCTS TO THE MINISTRY OF POWER UNDER ITS RENEWABLE ENERGY DEV'T PROGRAMME | | 5,983,286.46 | 5,983,286.46 |
| | PAYMENT FOR SUPPLY OF ELECTRICAL CABLE AND CONDUCTORS UNDER THE NATIONAL ELECTRIFICATION SCHEME | | 2,159,764.00 | 2,159,764.00 |
| | PAYMENT FOR THE INTERIM PAYMENT- CIVIL WORKS UNDER 250MW AMERI EMERGENCY POWER PROJECT AT ABOADZE IN THE WESTERN REGION | | 15,144,563.85 | 15,144,563.85 |
| | BEING PAYMENT FOR SUPPLY OF METERS FOR THE NATIONAL ELECTRIFICATION SCHEME | | 7,952,564.65 | 7,952,564.65 |
| | BEING PAYMENT FOR SUPPLY OF WOODEN POLES AND STAYS BLOCKS UNDER THE NATIONAL ELECTRIFICATION SCHEME | | 5,138,413.11 | 5,138,413.11 |
| | PAYMENT FOR THE SUPPLY OF WOODEN POLES AND STAY BLOCKS UNDER THE NATIONAL ELECTRIFICATION SCHEME(NES) | | 500,000.00 | 500,000.00 |
| | PAYMENT FOR SUPPLY OF ELECTRICAL CABLE AND CONDUCTORS UNDER THE NATIONAL ELECTRIFICATION SCHEME | | 4,792,494.00 | 4,792,494.00 |
| | 30% ADVANCE PAYMENT FOR THE SUPPLY OF 20,000 PCS OF 10M AND 500PCS OF 11M STEEL TUBULAR POLES FOR THE NATIONAL ELECTRIFICATION SCHEME | | 30,031,216.30 | 30,031,216.30 |
| | PAYMENT FOR THE SUPPLY OF TEN THOUSAND SOLAR LANTERNS | | 1,467,889.90 | 1,467,889.90 |
| | BEING PAYMENT FOR THE SUPPLY OF ELECTRICAL MATERIALS UNDER NATIONAL ELECTRIFICATION SCHEME | | 475,000.00 | 475,000.00 |
| | | | | |
| | Water Infrastrucfture | - | 29,546,036.73 | 29,546,036.73 |
| | PAYMENT FOR THE CONSTRUCTION OF THE NEW TAKORADI SEA DEFENCE PROJECT | | 20,000,000.00 | 20,000,000.00 |
| | PAYMENT FOR THE SAKUMONO SEA DEFENCE,IPC NO.2 | | 806,619.65 | 806,619.65 |
| | PART PAYMENT FOR ADJOA COASTAL PROTECTION WK IPC NO. 1 | | 1,000,000.00 | 1,000,000.00 |
| | PART PAYMENT,NGYIRESIA SEA DEFENCE,IPC NO. 7 | | 3,228,607.90 | 3,228,607.90 |
| | PAYMENT FOR STORM DRAINAGE SYSTEMS IN WINNEBA | | 420,182.18 | 420,182.18 |
| | PART PAYMENT FOR THE CONSTRUCTION OF THE AGONA SWEDRU DRAINAGE PROJECT | | 1,000,000.00 | 1,000,000.00 |
| | PART PAYMENT OF COMPENSATION FOR THE USE OF LAND | | 2,000,000.00 | 2,000,000.00 |
| | PAYMENT FOR THE CONSTRUCTION OF ABOADZE COASTAL PROTECTION. | | 1,090,627.00 | 1,090,627.00 |

| | PRIORITY AREA/PROJECT DESCRIPTION | GOODS & SERVICES | CAPEX | TOTAL |
|--|---|------------------|----------------------|----------------------|
| | Transport Infrastructure | - | 41,799,389.39 | 41,799,389.39 |
| | 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 | 34,817,531.74 |
| | PAYMENT FOR THE CONSTRUCTION OF ADMINISTRATIVE BLOCK AND AUDITORIUM COMPLEX | | 1,982,320.66 | 1,982,320.66 |
| | PAYMENT FOR THE CONSULTING SERVICES AND CONSTRUCTION SUPERVISION OF TAKORADI-SEKONDI RAILLINE | | 1,350,492.24 | 1,350,492.24 |
| | PAYMENT FOR THE RE-BRANDING OF 116 MRT BUSES. | | 3,649,044.75 | 3,649,044.75 |
| | | | | |
| | Education Infrastructure | - | 45,139,336.02 | 45,139,336.02 |
| | Payment for the construction of 3- unit classroom BLK and ancillary facilities at kutire No 1 and cert. No 3 | | 12,096.83 | 12,096.83 |
| | Construction of 6-unit classroom blk at Fetre L.A Prim. Sch. & Cert. No.3 | | 12,094.23 | 12,094.23 |
| | Work done on the construction of 3-unit classroom blk at Akpenkro JHS in the Atwima Mponua District. Cert. No.1 | | 58,648.58 | 58,648.58 |
| | Construction of 2-storey dormitory blk at Zebilla SHS. & Cert No.3 | | 85,606.48 | 85,606.48 |
| | Work done on the construction of 6-unit classroom blk at St. Mary's Boys SHS. & Cert No. 4 | | 21,531.96 | 21,531.96 |
| | | | | |
| | PAYMENT FOR REHAB. OF SCIENCE RES. CENTRE AT ST AQUINAS SHS BEING FINAL PAYMENT FOR THE CONST. OF 6-UNIT BLOCK AT JEMA ISLAMIC PRIMARY SCH. | | 93,525.82 | 93,525.82 |
| | | | 14,738.56 | 14,738.56 |
| | WORK DONE ON THE CONSTRUCTION OF 2-STOREY DORMITORY BLOCK AT DORMAA SHS NO B 140505 OF & CERT NO42 | | 281,057.07 | 281,057.07 |
| | PAYMENT FOR THE CONST. OF 6-UNIT CLASSROOM BLOCK AT NSESRESO R/C SCHOOL IN THE DORMAA MUNICIPAL | | 14,738.56 | 14,738.56 |
| | PAYMENT FOR THE CONST. OF 2-STOREY DORMITORY BLOCK AT OLD NINGO SHS AT OLD NINGO | | 28,064.17 | 28,064.17 |
| | Work done on the construction of 2-storey dormitory blk at Mim SHS. & Cert. No.4 | | 57,096.90 | 57,096.90 |
| | PAYMENT FOR WORK DONE ON THE CONST. OF 90-BED HOSTEL BLOCK AT SALTPOND | | 1,456,960.92 | 1,456,960.92 |
| | Work done on the construction of 6-unit classroom blk at Banu Prim. Sch. & Cert. No.2 | | 290,115.91 | 290,115.91 |
| | Work done on the construction of 2-storey dormitory blk at Fumbisi SHS. & Cert No. 4 | | 40,505.18 | 40,505.18 |
| | PAYMENT FOR THE REHABILITATION OF SCIENCE RESOURCE CENTRE AT ST. FRANCIS GIRLS SHS JIRAPA , CERT. NO. 2 | | 44,086.97 | 44,086.97 |
| | BEING PAYMENT FOR THECONST. OF 2-STOREY DORMITORY BLOCK AT NAFANA SHS AT JAMAN NORTH | | 38,742.39 | 38,742.39 |
| | Construction of 2-Storey dormitory blk at Techiman SHS. & Cert No.4 | | 70,499.14 | 70,499.14 |
| | Payment for the cont. of 6-unit classroom BLK and ancillary facilities at Dijau in the Ejura sekyedumase & cert no 3 | | 53,763.78 | 53,763.78 |
| | Construction of 6-unit classroom blk at La Anglican Basic Sch. & Cert No. 2 | | 73,091.76 | 73,091.76 |
| | Construction of 6-unit classroom blk at Kopedeke(Kusawgu) D/A Prim. Sch. & Cert No.1 | | 104,682.61 | 104,682.61 |
| | | | | |
| | Construction of 2-storey dormitory blk at Walewale SHS. & Cert. No.5 | | 68,468.03 | 68,468.03 |
| | Work done on the construction of 6-unit classroom blk at Kpalnye. Cert No.1 | | 96,708.37 | 96,708.37 |
| | BEING PAYMENT FOR TEH CONST. OF 2-STOREY DORMITORY BLOCK AT ADA SHS, AT ADA | | 33,560.52 | 33,560.52 |
| | Construction of 6-unit classroom blk at Akpeteshie Nkwanta Prim. Sch. & Cert No.2 | | 105,425.91 | 105,425.91 |
| | Construction of Science Resource Centre at Begoro SHS. | | 52,765.89 | 52,765.89 |
| | REHABILITATION OF OFFICE SPACE AND HEADMISTRSS BUNGALOW AT ABURI GIRLS SENION HIGH SCHOOL, AS PER A.E.S.L INTERIM PAYMENT CERT. NO.1 | | 99,010.49 | 99,010.49 |
| | Work done on the construction of 6-unit classroom blk at Gumakatari Prim. Sch.) Cert. No.2 | | 165,909.10 | 165,909.10 |
| | Payment for the construction of 2-story dormitory block at New Edubiase SHS cert. no 6 | | 47,882.71 | 47,882.71 |
| | Work done on the construction of 2-storey dormitory blk St. Peter's SHS. Cert No.6 | | 51,044.40 | 51,044.40 |

| | PRIORITY AREA/PROJECT DESCRIPTION | GOODS & SERVICES | CAPEX | TOTAL |
|----------|---|----------------------|-----------------------|-----------------------|
| | Work done on the const. of 6 unit classroom blk at Kwekurikrom D/A Prim. sch. Cert No. 3 | | 30,386.69 | 30,386.69 |
| | PAYMENT FOR CONSTRUCTION OF 2-STOREY GHANA EDUCATION SERVICE OFFICE COMPLEX AT KUMAWU IN THE ASHANTI REGION, AS PER THE CERT. NO.5 | | 110,515.48 | 110,515.48 |
| | PAYMENT FOR THE REHABILITATION OF SCIENCE RESOURCE CENTRE AT ABUAKWA STATE COLLEGE SHS. CERT. NO. 1 | | 15,368.63 | 15,368.63 |
| | Construction of 6-unit classroom blk with ancillary facilities at Portor L/A Prim. Sch. Cert. No. 2 | | 20,601.81 | 20,601.81 |
| | BEING PAYMENT FOR THE CONST. OF 1 NO. 6-UNIT C/ROOM BLOCK AND ANCILLARY FACILITIES AT SAWLA D/A PRIMARY SCH. | | 167,128.80 | 167,128.80 |
| | Construction of 6-unit classroom blk and ancillary facilities at Bronsakro Prim. Sch. Cert. No.2 | | 108,267.65 | 108,267.65 |
| | Work done on the construction of 6-unit classroom blk at Anyimah Anglican Prim. Sch- Relocated to Pramposo. Cert No.1 | | 121,723.11 | 121,723.11 |
| | Rehabilitation of science resource centre at Nalerigu SHS. & Cert. No.2 | | 61,006.75 | 61,006.75 |
| | Construction of 6-unit classroom blk at Kwahu Amanfrom Prim. Sch. Cert. No.2 | | 165,087.43 | 165,087.43 |
| | Work done on the construction of 6-unit classroom blk at Sefwi-Wiawso SHS. (MOFEP Letter No.B.140/2015/SUTP/2 of 30/4/15 & Cert No.2 of 25/3/13) | | 27,738.85 | 27,738.85 |
| | PAYMEN FOR THE CONST. OF 3-UNIT CLASSROOM BLOCK AT ADUBEASE | | 76,146.38 | 76,146.38 |
| | PAYMENT FOR THE CONST. OF 2-STOREY DORMITORY BLOCK AT BISHOP HERMAN SHS | | 72,912.97 | 72,912.97 |
| | CONSTRUCTION OF ASSEMBLY HALL, DINING HALL AND KITCHEN AT SWEDRU SCHOOL OF BUSINESS IN THE CENTRAL REGION, CERT. 1 | | 243,805.49 | 243,805.49 |
| | CONTRUCTION OF A 6-UNIT CLASSROOM BLOCK WITH ANCILLARY FACILITIES AT AKENTEN PRESBY PRIMARY SCH., SENE WEST DIST. CERT. NO.1 | | 91,341.18 | 91,341.18 |
| | Construction of 6-unit classroom blk at Akpo Yiwase D/A Prim. Sch. & cert No. 1 | | 83,191.46 | 83,191.46 |
| | REHABILITATION OF SCIENCE RESOURCE CENTRE AT AGGREY MEMORIAL SHS BY M/S KAPJEBB CO. LTD. | | 10,022.00 | 10,022.00 |
| | Construction of 6-unit classroom blk at Motori D/A Prim. Sch. Cert No. 2 | | 122,373.93 | 122,373.93 |
| | PAYMENT FOR THE UPGRADING OF SCIENCE RESOURCE CENTRES IN 100 SCHOOLS IN THE SCIENCE RESOURCE CENTRE PROJECT | | 39,901,407.30 | 39,901,407.30 |
| | Construction of 6-unit classroom blk at Fordjour L/A Prim. Sch. Cert. No.3 | | 123,765.56 | 123,765.56 |
| | Construction of 6-unit classroom blk at Asuoso L/A Prim.Sch. & Cert No.3 | | 14,121.31 | 14,121.31 |
| | | | | - |
| | Transfers into the Ghana Investment and Infrastructure Fund (GILF) | - | 183,196,521.12 | 183,196,521.12 |
| | | | | |
| 3 | AGRICULTURE MODERNISATION | 10,200,000.00 | 16,843,457.48 | 27,043,457.48 |
| | Food and Agric Infrastructure | 10,200,000.00 | 16,043,953.28 | 26,243,953.28 |
| | PART PAYMENT FOR OUTSTANDING BILL FOR FERTILIZER SUBSIDY | 10,200,000.00 | | 10,200,000.00 |
| | Payment for the Construction of Dam and Irrigation Infrastructure at Sandema, Wiaga, Zuedem and Tankese in UER. Cert. 6, UER-Cert.4, Dyke in CR. Cert. 7, Keyime and Ohawuu-Aka in VR. Cert.1&2, Silibele in UWR. Cert.1&2 and Cert.14. | | 16,043,953.28 | 16,043,953.28 |
| | Fisheries and Aquaculture Infrastructure | - | 799,504.20 | 799,504.20 |
| | PAYMENT FOR REHABILATION OF LAB AT TEMA, CERTIFICATE NO.4 | | 46,804.44 | 46,804.44 |
| | PAYMENT FOR THE CONSTRUCTION OF FISHERIES COLLEGE, CERTIFICATE NOS 1 TO 4 | | 752,699.76 | 752,699.76 |

| | PRIORITY AREA/PROJECT DESCRIPTION | GOODS & SERVICES | CAPEX | TOTAL |
|---|---|-----------------------|-----------------------|-------------------------|
| 4 | CAPACITY BUILDING (INCLUDING OIL AND GAS) | 135,948,665.69 | - | 135,948,665.69 |
| | Human Resource | 135,948,665.69 | - | 135,948,665.69 |
| | PAYMENT OF SECOND TERM CLAIMS TO THE MOE TO IMPROVE CAPACITY AT THE PRIMARY AND SECONDARY SCH. LEVEL | 45,102,904.00 | | 45,102,904.00 |
| | PAYMENT FOR HR AUDIT ACTIVITIES TO IMPROVE CAPACITY OF THE PSC IN READINESS FOR TASK UNDER THE PFM REFORMS PROGRAMMES | 2,021,519.27 | - | 2,021,519.27 |
| | Payment of Capitation grant for 1st & 3rd term 2013/2014 academic year. | 16,647,366.85 | - | 16,647,366.85 |
| | Payment for feeding cost for Colleges of Education | 15,531,764.00 | | 15,531,764.00 |
| | PAYMENT OF FEEDING GRANT FOR THE INSTITUTIONS OF THE HANDECAPPED | 4,500,000.00 | - | 4,500,000.00 |
| | Payment of SHS Subsidy for the 1st Term 2014/2015 academic year. | 22,378,631.70 | | 22,378,631.70 |
| | Payment for initiatives by the MOE to improve the capacity of Teachers across the country | 556,655.18 | - | 556,655.18 |
| | PAYMENT OF BECE SUBSIDY FOR 2015 EXAMINATION | 15,543,500.00 | | 15,543,500.00 |
| | PAYMENT FOR SUPPLY OF SCHOOL UNIFORM FOR BASIC SCHOOLS ACROSS THE COUNTRY | 1,487,780.69 | | 1,487,780.69 |
| | IMPLEMENTATION OF PROGRESSIVELY FREE SECONDARY EDUCATION PROGRAMME IN THE FIRST TERM OF 2015/2016 ACADAMIC YEAR | 12,178,544.00 | | 12,178,544.00 |
| | | | | |
| | | 146,148,665.69 | 858,947,153.77 | 1,005,095,819.46 |

TRANSMITTAL LETTER

AG/01/109/Vol.2/87

Office of the Auditor-General
Ministries Block 'O'
P O Box MB96
Accra

Tel. (0302) 662493

Fax (0302) 675496

23 March 2015

Dear Mr. Speaker,

**REPORT OF THE AUDITOR-GENERAL ON THE
MANAGEMENT OF PETROLEUM FUNDS
FOR THE PERIOD 1 JANUARY 2013 TO 31 DECEMBER 2013**

In accordance with my mandate under Section 187(2) of the Constitution of Ghana, Section 13 of the Audit Service Act which requires me to carry out special audits or review and Section 45 of Petroleum Revenue Management Act, I have undertaken the audit of the management of the Petroleum Funds for the period 1 January 2013 to 31 December 2013.

I hereby submit to you for presentation to Parliament, special audit report on the management of the Petroleum Funds for the period ending 31 December 2013.

Our finding included the unavailability of investment policy guidelines contrary to Section 25(a) of Petroleum Revenue Management Act, 2011 (Act 815).

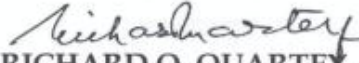
Investment invoice that could reasonably be expected from critical investment decisions to ensure a more effective utilization and management of the Ghana Petroleum Funds may be missed.

The audit was undertaken by Messrs Ernst and Young for and on behalf of the Auditor-General.

I am grateful to the staff of the Bank of Ghana Petroleum Funds Secretariat, Ministry of Finance, Controller and Accountant-General and Ghana National Petroleum Corporation for their assistance and co-operation during the audit.

I trust that this report will meet the approval of Parliament.

Yours sincerely,


RICHARD Q. QUARTEY.
AUDITOR-GENERAL

THE RT. HON. SPEAKER
OFFICE OF PARLIAMENT
PARLIAMENT HOUSE
ACCRA

2.3 FINANCIAL HIGHLIGHTS - 2013

As at 31st December 2013, total of proceeds from oil lifting was USD628,580,081. This amount was entirely distributed in accordance with Act 815. The following shows the details.

5. Ghana Group Oil Lifting Proceeds

| | 2013 | 2012 | Eight months period ended 2011 |
|---|--------------------|--------------------|--------------------------------|
| | USD | USD | USD |
| 1 st lifting | | | 112,189,575 |
| 2 nd lifting | | | 115,579,115 |
| 3 rd lifting | | | 109,569,254 |
| 4 th lifting | | | 106,786,778 |
| 5 th lifting | | 111,157,790 | - |
| 6 th lifting | | 125,598,382 | - |
| 7 th lifting | | 89,863,837 | - |
| 8 th lifting | | 106,592,896 | - |
| 9 th lifting | | 107,858,417 | - |
| 10 th lifting | 112,667,389 | - | - |
| 11 th lifting | 108,207,353 | - | - |
| 12 th lifting | 98,594,310 | - | - |
| 13 th lifting | 103,296,345 | - | - |
| 14 th lifting | 111,093,925 | - | - |
| 15 th lifting | <u>94,720,759</u> | <u>-</u> | <u>-</u> |
| Total Lifting Proceeds | 628,580,081 | 541,071,322 | 444,124,722 |
| Other Income | | | |
| Surface Rental - Tullow | 116,359 | 63,866 | |
| Surface Rental - Tap Oil | - | 43,770 | |
| Surface Rental - Kosmos Energy | 16,954 | 35,438 | |
| Surface Rental - Vanco | - | 154,398 | |
| Surface Rental - Hess Ghana Exploration | 82,190 | 150,750 | |
| Surface Rental - Eni Ghana Ep Ltd | 324,219 | 118,888 | |
| Surface Rental - Sopcl | 555 | 3,025 | |

| | | | |
|---|-------------------------------|-------------------------------|-------------------------------|
| Surface Rental – Lukoil Overseas Gh. Ltd | 76,142 | - | |
| Surface Rental - Ophir Ghana Ltd | 60,000 | - | |
| Royalties - Omikron Energy Ltd | - | 71,434 | |
| Royalties - Sopcl | 154,055 | 104,193 | |
| Royalties - Lushann Int Gh Ltd | 16,985 | 160,801 | |
| Corporate Tax – All Partners | 40,210,099 | | |
| Corporate Tax – Kosmos | 55,004,842 | | |
| Corporate Tax – Tullow Ghana | 66,699,272 | | |
| Corporate Tax – Anadarko | 55,071,284 | | |
| Interest earned on Petroleum Holding Fund | <u>96,013</u> | <u>-</u> | <u>-</u> |
| Total Other Income | 217,928,969 | 906,563 | - |
| Total Receipts | <u>846,509,050</u> | <u>541,977,885</u> | <u>444,124,722</u> |
| Opening balance | 354,148 | - | - |
| Total Transfers (Details on page 8 for 2013) | <u>846,567,089</u> | <u>541,623,737</u> | <u>444,124,722</u> |
| Difference | <u>296,109</u> | <u>354,148</u> | <u>-</u> |

2.4 FINANCIAL HIGHLIGHTS - 2013

6. Transfers

| Transfers | Lifting 10 | Lifting 11 | Lifting 12 | Lifting 13 | Lifting 14 | Lifting 15 | Total USD |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Equity finance (GNPC) | 16,371,879 | 12,258,684 | 14,957,392 | 4,787,197 | 5,126,315 | 14,818,316 | 68,319,783 |
| Carried and participation interest (GNPC) | 25,970,881 | 26,228,801 | 22,474,708 | 27,899,952 | 30,014,951 | 21,412,299 | 154,001,592 |
| ABFA | 68,299,392 | - | 68,299,392 | - | 68,299,392 | 68,299,392 | 273,197,568 |
| Gsf | 29,812,641 | 48,732,304 | 50,559,663 | 86,722,898 | 5,434,674 | 24,471,522 | 245,733,702 |
| GHF | <u>12,776,846</u> | <u>20,885,273</u> | <u>21,668,427</u> | <u>37,166,956</u> | <u>2,329,146</u> | <u>10,487,796</u> | <u>105,314,444</u> |
| Total | <u>153,231,639</u> | <u>108,105,062</u> | <u>177,959,582</u> | <u>156,577,003</u> | <u>111,204,478</u> | <u>139,489,325</u> | <u>846,567,089</u> |

Other income

There were changes in operatorship and payments made on behalf of operators during the period under review. The following are changes made:

- Omnikrom Energy made payment on behalf of Saltpond - SOPCL.
- The surface area where Vanco was paying rent is now being paid for by Lukeoil. Lukeoil is now the operator and has made payment in the current year for the area rented by Vanco in the prior year.
- TapOil operatorship has also changed to Ophir Oil. Ophir Oil has also made payment in respect of surface rental for the area which was paid for in the prior year by Tapoil.

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

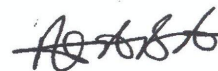
| | 2013 | 2012 | Eight months period ended 2011 |
|---|------------------|----------------|--------------------------------------|
| | US\$ | US\$ | US\$ |
| Investment income (note 9) | 2,540,104 | 320,903 | 27,682 |
| Less | | | |
| Bank charges (note 11) | <u>20,963</u> | <u>12,051</u> | <u>-</u> |
| Surplus | 2,519,141 | 308,852 | 27,682 |
| Balance brought forward | 336,534 | 27,682 | - |
| Interest received attributable to 2011&2012 on petroleum holding fund (note 14) | <u>(68,436)</u> | <u>-</u> | <u>-</u> |
| Income Reserve | <u>2,787,239</u> | <u>336,534</u> | <u>27,682</u> |

**STATEMENT OF AFFAIRS
AS AT 31 DECEMBER 2013**

| | 2013 US\$ | 2012 US\$ | 2011 US\$ | 2011 US\$ |
|--|--------------------|-------------------|-------------------|-------------------|
| Assets | | | | |
| Investment (note 10) | 338,386,340 | 68,931,206 | 69,205,351 | 69,205,351 |
| Bank balances (note 12) | <u>109,069,863</u> | <u>25,084,185</u> | <u>27,682</u> | <u>27,682</u> |
| Total Assets | <u>447,456,203</u> | <u>94,015,391</u> | <u>69,233,033</u> | <u>69,233,033</u> |
| Financed by: | | | | |
| Accumulated Fund Accounts (Note 13) | 444,668,964 | 93,678,857 | 69,205,351 | 69,205,351 |
| Income Reserve | <u>2,787,239</u> | <u>336,534</u> | <u>27,682</u> | <u>27,682</u> |
| Total Liabilities and Reserves | <u>447,456,203</u> | <u>94,015,391</u> | <u>69,233,033</u> | <u>69,233,033</u> |



Fund Manager
Date 17/2/2015



Fund Manager
Date 17/2/2015

**PETROLEUM HOLDING FUND
STATEMENT OF RECEIPTS AND TRANSFERS
FOR THE YEAR ENDED 31 DECEMBER 2013**

| | 2013 | 2012 | Eight months period ended 2011 |
|--|----------------|----------------|--------------------------------------|
| | US\$ | US\$ | US\$ |
| Opening balance | 354,148 | - | - |
| Total Funds Received (note 3) | 846,509,050 | 541,977,885 | 444,124,722 |
| Less: | | | |
| Carried & Participating Interest (note 5) | (154,001,592) | (106,319,296) | (75,479,488) |
| Transfer to GNPC Equity Finance (note 4) | (68,319,783) | (124,630,628) | (132,484,816) |
| Transfer to ABFA (note 6) | (273,197,568) | (286,554,460) | (166,955,067) |
| Transfer to Stabilisation Fund (note 7) | (245,733,702) | (16,883,547) | (54,805,351) |
| Transfer to Heritage Fund (note 8) | (105,314,444) | (7,235,806) | (14,400,000) |
| Closing Balance | <u>296,109</u> | <u>354,148</u> | <u>-</u> |

**GHANA STABILISATION FUND
STATEMENT OF DEPOSITS AND WITHDRAWALS
FOR THE YEAR ENDED 31 DECEMBER 2013**

| | 2013 | 2012 | Eight months period ended 2011 |
|---------------------------------|--------------------|-------------------|--------------------------------------|
| | US\$ | US\$ | US\$ |
| Opening balance January 1, 2013 | 71,898,585 | 54,810,030 | - |
| Receipts | | | |
| 1 st lifting | - | - | 18,059,340 |
| 2 nd lifting | - | - | 19,903,267 |
| 3 rd lifting | - | - | 16,842,744 |
| 7 th lifting | - | 16,883,547 | - |
| 10 th lifting | 29,812,641 | - | - |
| 11 th lifting | 48,732,304 | - | - |
| 12 th lifting | 50,559,663 | - | - |
| 13 th lifting | 86,722,898 | - | - |
| 14 th lifting | 5,434,674 | - | - |
| 15 th lifting | <u>24,471,522</u> | - | - |
| | 317,632,287 | 71,693,577 | 54,805,351 |
| Interest Received (note 9) | 1,413,340 | 214,048 | 4,679 |
| Less Interest Expense (note 11) | <u>(11,477)</u> | <u>(9,040)</u> | - |
| Total | 319,034,150 | 71,898,585 | 54,810,030 |
| Less Withdrawals | - | - | - |
| Accumulated Fund | <u>319,034,150</u> | <u>71,898,585</u> | <u>54,810,030</u> |

NB: There were no distributions to Ghana Stabilisation Fund for the 4th, 5th, 6th, 8th and 9th liftings.

**GHANA HERITAGE FUND
STATEMENT OF DEPOSITS AND WITHDRAWALS
FOR THE YEAR ENDED 31 DECEMBER 2013**

| | 2013 | 2012 | Eight months period ended 2011 |
|---------------------------------|--------------------|-------------------|--------------------------------------|
| | US\$ | US\$ | US\$ |
| Opening balance January 1, 2013 | 21,694,217 | 14,401,214 | |
| Receipts | | | |
| 1 st lifting | - | - | 4,808,131 |
| 2 nd lifting | - | - | 4,805,488 |
| 3 rd lifting | - | - | 4,786,381 |
| 7 th lifting | - | 7,235,806 | - |
| 10 th lifting | 12,776,846 | - | - |
| 11 th lifting | 20,885,273 | - | - |
| 12 th lifting | 21,668,427 | - | - |
| 13 th lifting | 37,166,956 | - | - |
| 14 th lifting | 2,329,146 | - | - |
| 15 th lifting | <u>10,487,796</u> | <u>-</u> | <u>-</u> |
| | 127,008,661 | 21,637,020 | 14,400,000 |
| Interest Received (note 9) | 1,126,764 | 60,208 | 1,214 |
| Less Interest Expense (note 11) | <u>(9,486)</u> | <u>(3,011)</u> | <u>-</u> |
| Total | 128,125,939 | 21,694,217 | 14,401,214 |
| Less Withdrawals | <u>-</u> | <u>-</u> | <u>-</u> |
| Accumulated Fund | <u>128,125,939</u> | <u>21,694,217</u> | <u>14,401,214</u> |

NB: There were no distributions to Ghana Heritage Fund for the 4th, 5th, 6th, 8th and 9th liftings.

APPENDIX TABLE 5: LIST OF PERSONS HOLDING POSITIONS AND QUALIFYING INSTRUMENTS

A. LIST OF PERSONS HOLDING POSITIONS REQUIRED FOR THE OPERATION AND PERFORMANCE OF THE GHANA STABILISATION AND GHANA HERITAGE FUNDS

Minister of Finance

Seth E. Terkper

Governor, Bank of Ghana

Dr. H.A.K. Wampah

Members of the Investment Advisory Committee (IAC)

| | |
|------------------------------|----------|
| 1. Steve Williams | Chairman |
| 2. Alexander Yamoah Kyei | Member |
| 3. Yao A. Abalo | Member |
| 4. Dr. Sam Mensah | Member |
| 5. Nana Ama Botchway-Dowuona | Member |
| 6. Merene Benyah | Member |
| 7. Samuel A. Adjei | Member |

B. LIST OF QUALIFYING INSTRUMENTS FOR THE GHANA PETROLEUM FUNDS

In compliance with Section 61 of the PRMA, the GPFs are invested in the following instruments:

1. Overnight and call deposits
2. Discount notes
3. Treasury bills
4. Short-term deposits
5. Investment grade bonds
6. Certificates of deposit
7. Commercial papers
8. Medium term notes