

**EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
(EITI)**

***2012/2013 GHEITI RECONCILIATION REPORT-OIL/GAS
SECTOR***

LAUNCHING OF REPORT

MENSVIC HOTEL

10TH FEBRUARY , 2015

PRESENTED by (BOAS & ASSOCIATES)

HIGHLIGHTS : 2012/2013 EITI RECONCILIATION REPORT-OIL/GAS SECTOR.

ORDER OF PRESENTATION.

- 1.Objectives of EITI/Reports.**
- 2. Scope of Work/Approach and Methodology**
- 3.Highlights of 2012/2013 report**
- 4. Challenges**
- 5. Observations and Significant Findings.**
- 6.Concluding Remarks.**

OBJECTIVES OF EITI

- ❖ Improve Development Outcomes from payments made to Governments by the Extractive Industries
- ❖ Reduce Potential for Corruption and large scale Embezzlement of these payments.
- ❖ Stimulating debates on the uses of these benefits.

ACHIEVING THE EITI OBJECTIVES. THROUGH ENHANCED TRANSPARENCY IN RELATION TO:

- Payments
- Receipts
- Disbursements and
- Utilization of these benefits.

OBJECTIVES OF AGGREGATED/RECONCILED REPORTS.

The objectives of the report include the following:

Collect, analyze and aggregate payments made by Oil and Gas companies to the Government of Ghana.

Reconcile Oil and Gas companies' submissions of payments to those received by Government.

Analyze the disbursements to the Ghana National Petroleum Company (GNPC), Annual Budget Funding Amount and the Ghana Petroleum Funds.

Utilize lessons learnt from the Reconciliation process to enhance Transparency in Payments, Receipts, Disbursements and Utilization of these benefits.

SCOPE OF WORK

Revenue streams considered under the report include:

- **Royalty,**
- **Surface Rental,**
- **Profit (Corporate) tax,**
- **Initial (Carried) Interest.**
- **Additional Participating Interest .**

These revenue streams are those received by the government of Ghana, and in accordance with Act 815 paid into the petroleum holding fund.

SCOPE OF WORK (CONT'D)

Basis for Selected companies:

- Companies that were in active production of oil in 2012/2013 and their joint venture partners.i.e. Jubilee Field Partners and the Saltpond Offshore Producing Company.

Accounting basis:

- Cash Basis.

PARTICIPATING COMPANIES

OIL & GAS COMPANIES	GOVERNMENT AGENCIES
Tullow (Ghana) Limited	Ghana Revenue Authority
Kosmos Energy Ghana HC	Ghana National Petroleum Corporation(GNPC)
Ghana National Petroleum Corporation(GNPC)	Ministry of Finance /Bank of Ghana
Saltpond Offshore Producing Co. Ltd	Petroleum Commission
Anadarko WCTP (Ghana) Limited	Ministry of Energy and Petroleum
Sabre Oil and Gas Holdings Ltd/Petro SA	

FISCAL REGIME

Fiscal item	Jubilee Fields	Saltpond Offshore Producing Company
Royalty	5% on the gross oil production. (Liftings); 3% on gross gas production.	3%
Carried Interest	10% on the oil revenue net of royalty .	15%
Income Tax	35%	30%
Surface Rent	US\$30 per square km at exploration US\$100 per square km for development and production area.	US\$50 per square km for development and production area.

PRODUCTION AND LIFTINGS

	JUBILEE FIELDS (BBLs)	SALTPOND OFFSHORE (BBLs)
2012	26,351,278.00`	106,271.70`
2013	35,587,558.00	95,785.13

Source:Petroleum Commission/GNPC

Table 4.1 Reconciliation of oil (bbl) liftings by GNPC in 2012/2013

Date of Company Lifting	Company (bbl)	Ghana Revenue Authority (bbl)	Discrepancy
2012			
GNPC/GOG			
1.04.01.2012	996,484	996,484	-
2.03.04.2012	997,636	997,636	-
3.27.06.2012	995,247	995,247	-
4.12.09.2012	947,021	947,021	-
5.12.11.2012	994,646	994,646	-
Total	4,931,034	4,931,034	
2013			
1.04.01.2013	995,550	995,550	-
2.01.03.2013	996,201	996,201	-
3.21.04.2013	995,520	995,520	-
4.23.06.2013	995,685	995,685	-
5.11.08.2013	994,966	994,966	-
6.01.11.2013	898,338	898,338	-
7.20.12.2013	917,189	917,189	-
Total	6,793,449	6,793,449	-

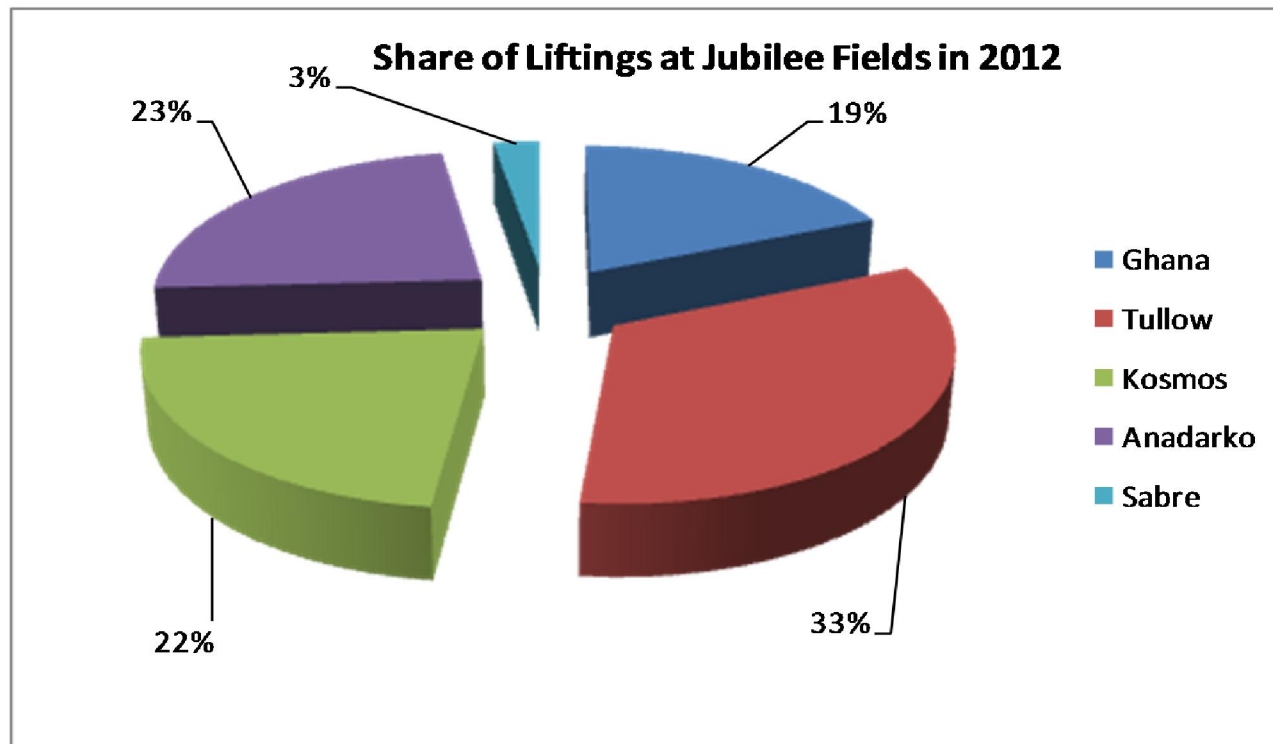
PRODUCTION AND LIFTINGS-2012

Partner	Ghana	Tullow/	Kosmos	Anadarko	Sabre	Total
Total Lifting	4,931,034	8,759,296	5,904,941	6,153,314	682,379	26,430,964

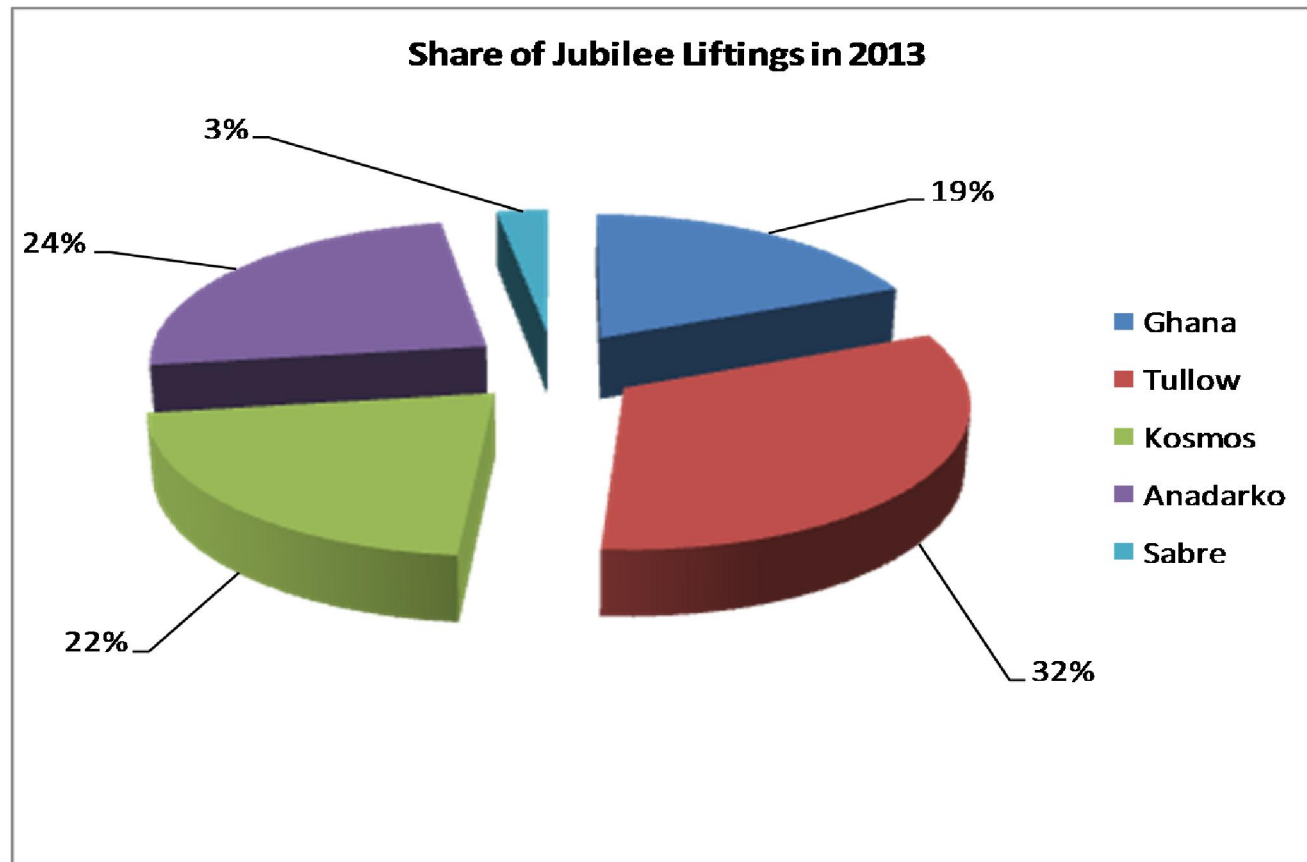
PRODUCTION AND LIFTINGS-2013

Partner	Ghana	Tullow	Kosmos	Anadarko	Sabre	Total
Total Lifting	6,793,449	11,688,635	7,777,943	8,811,203	977,030	36,048,260

PRODUCTION/LIFTINGS



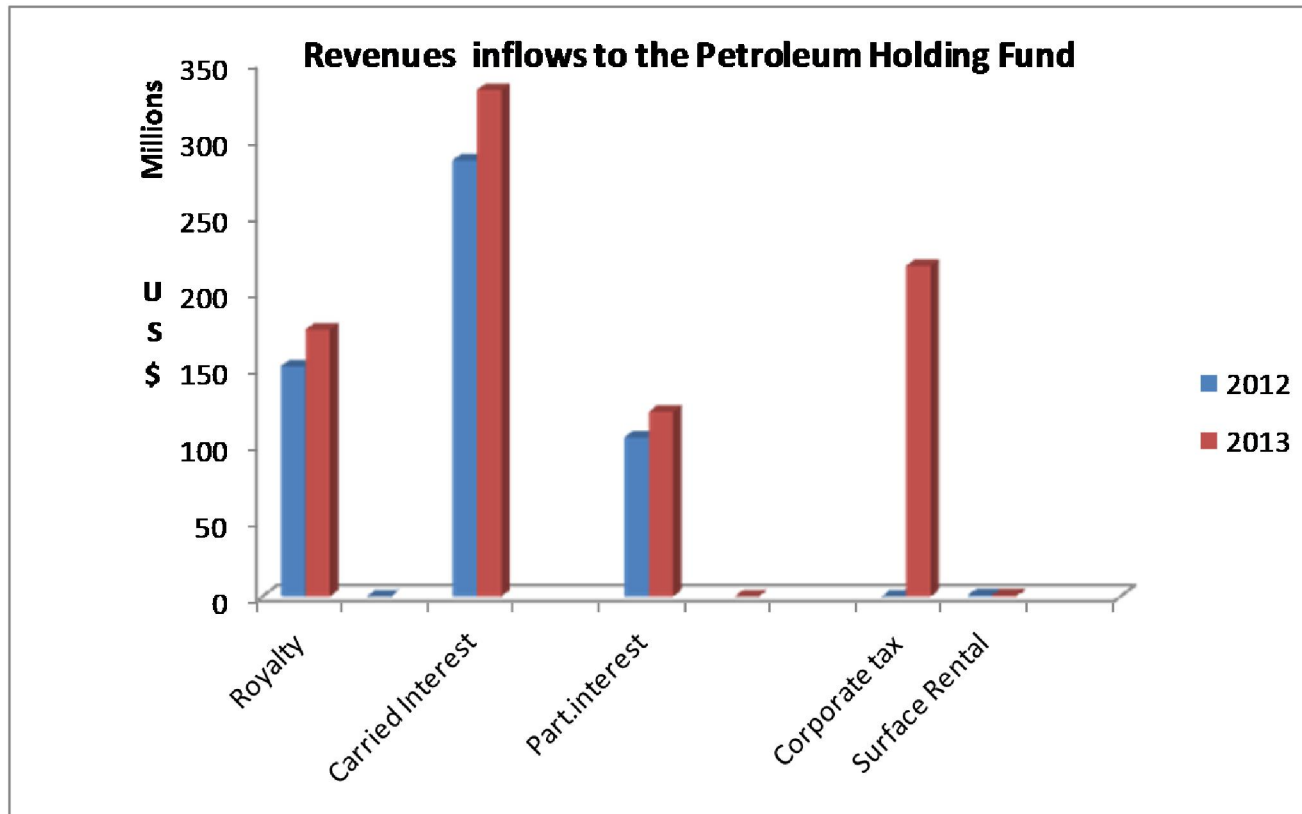
PRODUCTION/LIFTINGS



2012/13 JUBILEE CRUDE OIL RECONCILIATION-GNPCC

			Monthly Entitlement	Cumulative Entitlement	Monthly Liftings	Cumulative Liftings	Cumulative Net Quality Adj	(Over) / Under lift
Month			BBLs	BBLs	BBLs	BBLs		BBLs
November-10			13,208	13,208	0	0		13,208
December-10			200,126	213,334	0	0		213,334
January-11			247,606	460,940	0	0		460,940
February-11			186,838	647,777	0	0		647,777
March-11			356,606	1,004,383	995,259	995,259		9,124
April-11			336,428	1,340,811	0	995,259		345,552
May-11			361,648	1,702,459	994,691	1,989,950		(287,491)
June-11			385,375	2,087,834	0	1,989,950		97,884
July-11			437,560	2,525,394	0	1,989,950		535,444
August-11			421,837	2,947,231	990,770	2,980,720		(33,489)
September-11			403,772	3,351,003	0	2,980,720		370,283
October-11			438,410	3,789,413	949,469	3,930,189		(140,776)
November-11			401,937	4,191,350	0	3,930,189		261,161
December-11			390,115	4,581,465	0	3,930,189		651,276
January-12			380,005	4,961,470	996,484	4,926,673		34,797
February-12			342,181	5,303,651	0	4,926,673		376,978
March-12			360,290	5,663,941	0	4,926,673		737,268
April-12			323,885	5,987,826	997,636	5,924,309		63,517
May-12			333,444	6,321,269	0	5,924,309		396,960
June-12			316,618	6,637,888	995,247	6,919,556		(281,668)
July-12			354,841	6,992,729	0	6,919,556		73,173
August-12			445,949	7,438,678	0	6,919,556	(417)	518,705
September-12			446,584	7,885,262	947,021	7,866,577	(417)	18,268
October-12			451,734	8,336,997	0	7,866,577	(417)	470,003
November-12			432,359	8,769,356	994,646	8,861,223	(417)	(92,284)
December-12			536,941	9,306,297	0	8,861,223	(417)	444,657
January-13			593,026	9,899,323	995,550	9,856,773	(417)	42,133
February-13			520,950	10,420,273	0	9,856,773	(417)	563,083
March-13			557,613	10,977,886	996,201	10,852,974	(417)	124,495
April-13			572,481	11,550,367	995,520	11,848,494	(417)	(298,544)
May-13			577,296	12,127,662	0	11,848,494	(417)	278,751
June-13			576,345	12,704,007	995,685	12,844,179	(417)	(140,589)
July-13			549,662	13,253,669	0	12,844,179	(417)	409,073
August-13			535,924	13,789,593	994,966	13,839,145	(417)	(49,969)
September-13			367,349	14,156,941	0	13,839,145	(417)	317,379
October-13			527,623	14,684,565	0	13,839,145	(417)	845,003
November-13			479,639	15,164,204	898,338	14,737,483	(417)	426,304
December-13			521,173	15,685,377	917,189	15,654,672	(417)	30,288

RESULTS OF RECONCILIATION



RESULTS OF RECONCILIATION-CNTD

Table 4.6.1 RECONCILIATION BY COMPANIES-Oil and Gas								
2012	Initial	Amounts	Initial Discrepancy		Final Amount			
COMPANIES	Company	Government		Resolved	Unresolved		Company	Government
					(Over)	(Under)		
GNPC	541,071,322.70	541,071,323.00	(0.30)		230.85	(231.15)	541,071,322.70	541,071,323.00
Tullow	-	63,866.95	(63,866.95)	63,866.95			63,866.95	63,866.95
Kosmos	35,438.56	35,438.56	-		-		35,438.56	35,438.56
Anadarko	-	-	-		-		-	-
Saltpond	337,304.00	339,454.33	(2,150.33)		269.67	(2,420.00)	337,304.00	339,454.33
Sabre Oil	-	-	-		-		-	-
PetroSA	-	-	-		-		-	-
Total	541,444,065.26	541,510,082.84	(66,017.58)	63,866.95	500.52	(2,651.15)	541,507,932.21	541,510,082.84
Source:Original company templates								

RESULTS OF RECONCILIATION-CNTD

Table 4.6.2 Reconciliation by company								
2013	Initial Amounts		Initial Discrepancy		Unresolved		Final Amounts	
COMPANIES	Company	Government		Resolved	over	under	Company	Government
GNPC	628,580,078.49	628,580,078.49	-	-			628,580,078.49	628,580,078.49
Tullow	106,909,572.00	107,025,730.31	(116,158.31)	116,358.75	200.44		107,025,930.75	107,025,730.31
Kosmos	70,453,202.90	55,021,795.90	15,431,407.00	(15,431,379.00)	28.00		55,021,823.90	55,021,795.90
Anadarko	0	55,071,284.00	(55,071,284.00)	-		(55,071,284.00)	0	55,071,284.00
Saltpond	171,695.00	171,595.00	100.00		100.00		171,695.00	171,595.00
PetroSA	0	0	-	-	0	0	0	0
Total	806,114,548.39	845,870,483.70	(39,755,935.31)	(15,315,020.25)	328.44	(55,071,284.00)	790,799,528.14	845,870,483.70
Source: original Company Templates								

RESULTS OF RECONCILIATION-CNTD

Unresolved discrepancies in 2012 amounted to a net of US\$2151 resulting mainly from differences in surface rental payment reported by Saltpond Offshore Producing Company and GRA.

In 2013 net unresolved discrepancy of US\$(55,070,955.56) resulting mainly from the corporate tax payment reported by the GRA as having been paid by Anadarko WCTP Ltd. Anadarko WCTP Ltd did not report any corporate tax payment..

RESULTS OF RECONCILIATION-CNTD

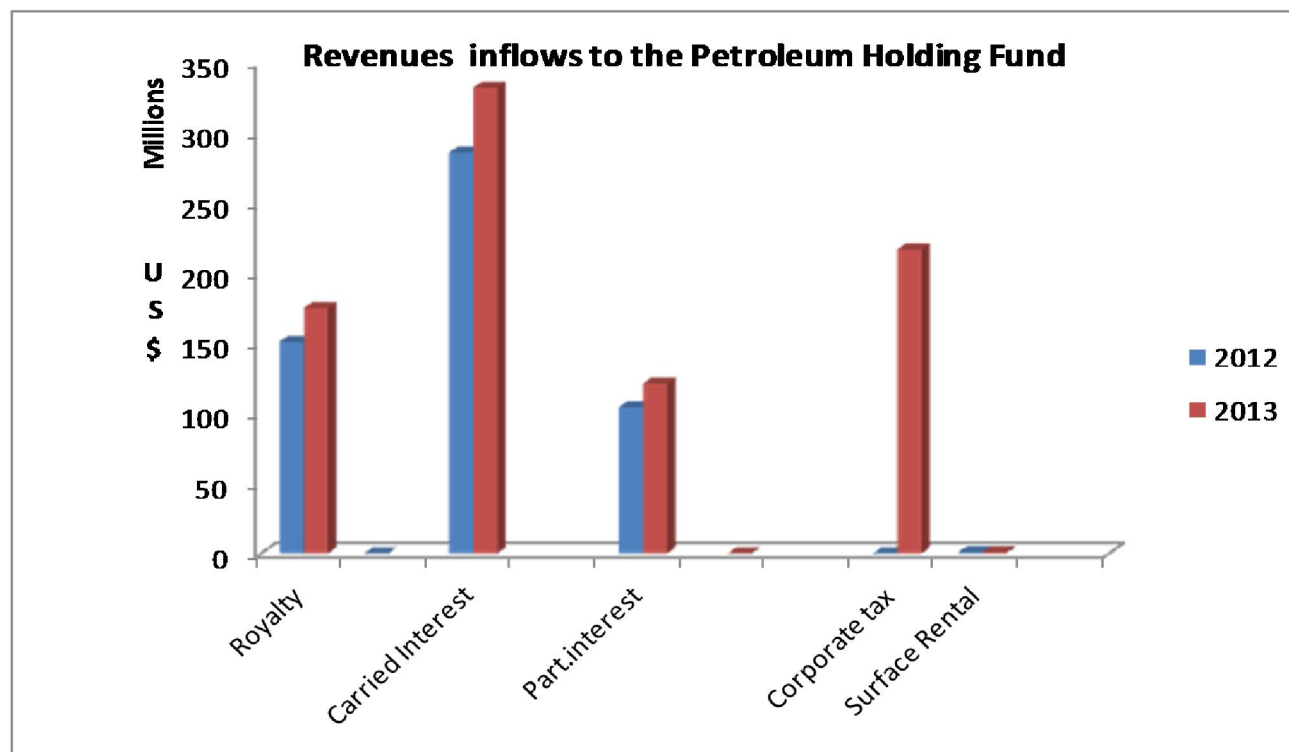
Receipt Type	2012		2013	
	Amount(US\$)	%	Amount(US)	%
Royalty ^{1,2}	150,978,839.53	27.85	175,177,206	20.70
Carried Interest	286,220,579	52.81	332,511,716	39.28
Participating Interest	104,208,333	19.23	121,062,196	14.30
Corporate Income Tax	0	0	216,985,498	25.64
³ Surface Rentals	570,138.13	0.11	676,418.33	0.08
Total	541,977,889.66	100	846,413,034	100

Source: GRA/Author's computations

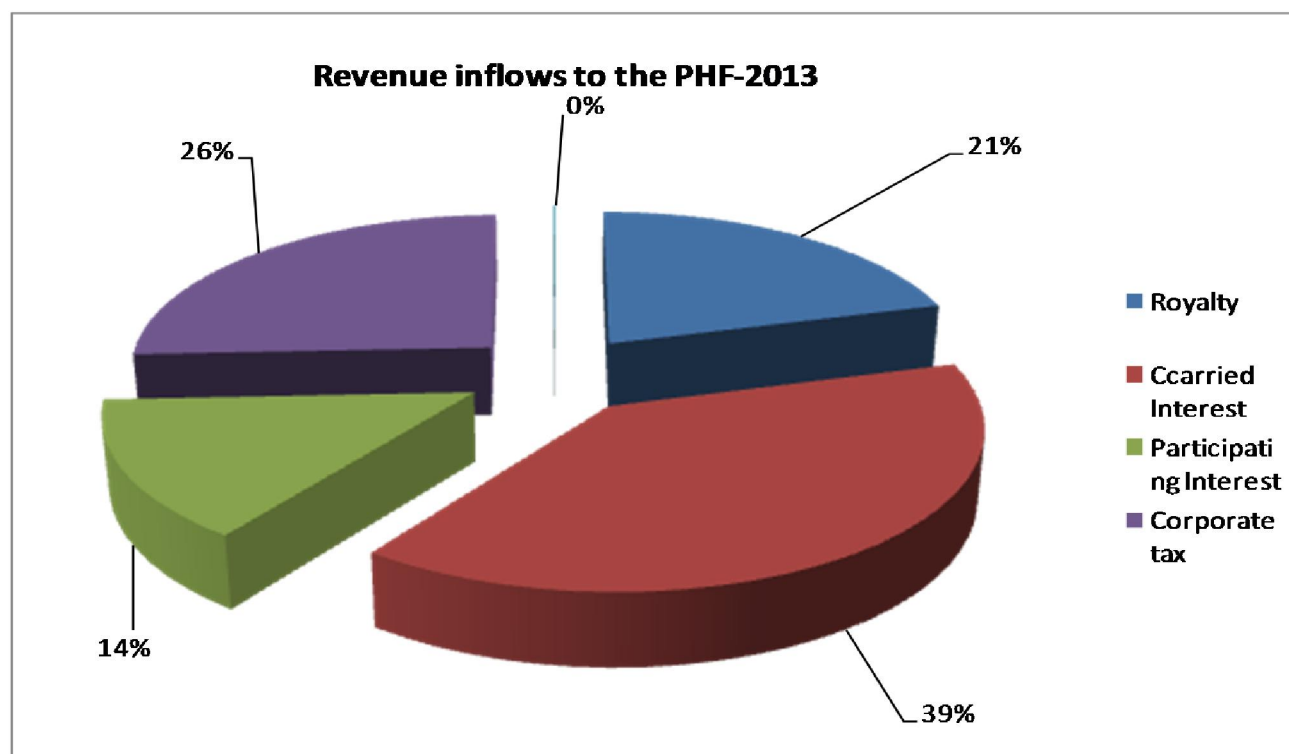
¹Sources: Lifting figures by GRA and production figures from the GNPC.

²Royalty figure includes payments from Jubilee Fields and Saltpond Offshore Producing Field.

RESULTS OF RECONCILIATION-CNTD



RESULTS OF RECONCILIATION-CNTD



DETERMINATION OF BENCHMARK REVENUE FROM PETROLEUM OPERATIONS

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

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

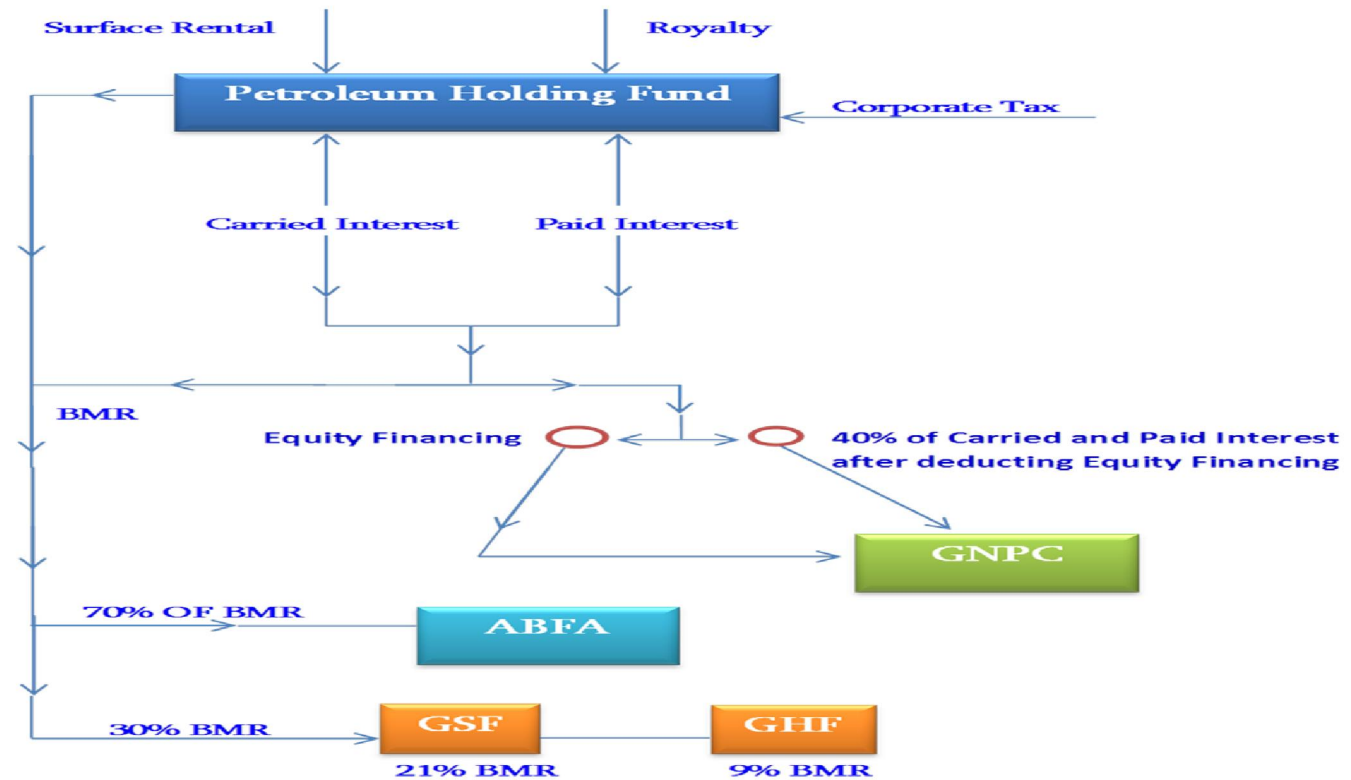
Since the state has no benefit of the past in determining benchmark prices as well as oil quantities, this important provision was not employed. It is hoped that in the years ahead, much advantage would be drawn from it.

Benchmark Revenue = Expected current receipts from oil + Expected current receipts

from gas + Expected dividends from national oil company

REVENUE FLOWS IN THE OIL/GAS SECTOR

PETROLEUM SECTOR REVENUE FLOW



ALLOCATION OF PETROLEUM REVENUES AND COMPLIANCE

Item	2012				2013			
	Amount (US\$)	%	Act 815	Status	Amount (US\$)	%	Act 815	Status
Total Receipts	541,623,740.00				846,767,184.00			
GNPC	230,949,926.00				222,421,416.00			
BMR	310,673,815.00				624,345,768.00			
ABFA	286,554,461.00	92%			273,197,567.00	44%		
GPFs	24,119,354.00	8%	X ≥ 30%BMR		351,048,145.00	56%	X ≥ 30%BMR	
GSF	16,883,548.00	70%	X ≤ 70%GPFs	Compliant	245,733,702.00	70%	X ≤ 70%GPFs	Compliant
GHF	7,235,806.00	30%	X ≥ 30 GPFs	Compliant	105,314,444.00	30%	X ≥ 30 GPFs	Compliant

THE ANNUAL BUDGET FUNDING AMOUNT AND THE GHANA PETROLEUM FUNDS

The Annual Budget Funding Amount (ABFA) is derived from the Benchmark Revenue. It is a predetermined percentage of the Benchmark Revenue. The actual allocation of ABFA is determined by the Minister of Finance and approved by Parliament. However, the Petroleum Revenue Management Act 2011 (Act 815) defines some restrictions on the allocation of ABFA. Section 18. (1) provides that “The Annual Budget Funding Amount from petroleum revenue shall not be more than seventy percent of the Benchmark Revenue”.

THE ANNUAL BUDGET FUNDING AMOUNT AND THE GHANA PETROLEUM FUNDS

The Ghana Petroleum Funds consist of the Ghana Stabilization Fund (GSF) and the Ghana Heritage Fund (GHF). The object of the GSF Fund is to cushion the impact on or sustain public expenditure capacity during periods of unanticipated petroleum revenue shortfalls. The GHF on the other hand is to provide an endowment to support development for future generations when petroleum reserves have been depleted.

The Act 815 defines the restrictions on transfers to the Ghana Petroleum Funds. Both the GSF and GHF receive excess revenues over projected ABFA.

THE ANNUAL BUDGET FUNDING AMOUNT AND THE GHANA PETROLEUM FUNDS

Section 23(1)a, provides as follows:

“Where petroleum revenue collected in each quarter of any financial year exceeds one-quarter of the Annual Budget Funding Amount of the financial year ... the United States Dollar equivalent of the excess revenue collected shall be transferred from the Petroleum Holding Funding to the Ghana Petroleum Funds”

The exact percentage for transfers to GSF and GHF approved by Parliament are subject to certain restrictions. Section 23(b) provides as follows:

“a minimum of thirty percent of the excess revenue determined in subsection (1) (a) shall be transferred into the Ghana Heritage Fund and the balance shall be transferred into the Ghana Stabilization Fund each quarter”.

Analysis of the allocations to the GSF and GHF in 2012 and 2013 showed that Government was compliant with the law.

PETROLEUM REVENUE EXPENDITURES

The Petroleum Revenue management Act 2011 (Act 815) defines the framework for spending petroleum revenues. There are essentially four provisions covering the spending of petroleum revenues.

- Spending by GNPC of its share of petroleum revenues
- Spending by the Government through the annual Budget
- The use of revenues in excess of the maximum cap on the Ghana Stabilization Fund for debt repayment
- Spending part of the interest accrued to the Ghana Heritage Fund after 15 years from the commencement of the Act.

In 2012 and 2013, only the first two types of spending occurred. In this Section, the expenditure management, outcomes and compliance with the law are examined.

AMOUNT OF PETROLEUM REVENUES ALLOCATED FOR SPENDING (US\$)

Expenditure Type	2012	2013	Expenditure Growth (%)
GNPC Equity Financing Cost	124,630,628	68,319,783	-45%
GNPC share of Net Carried and Participating Interest	106,319,298	154,101,633	45%
ABFA	286,554,461	273,197,567	-5%
Total	517,504,387	495,618,983	-4%

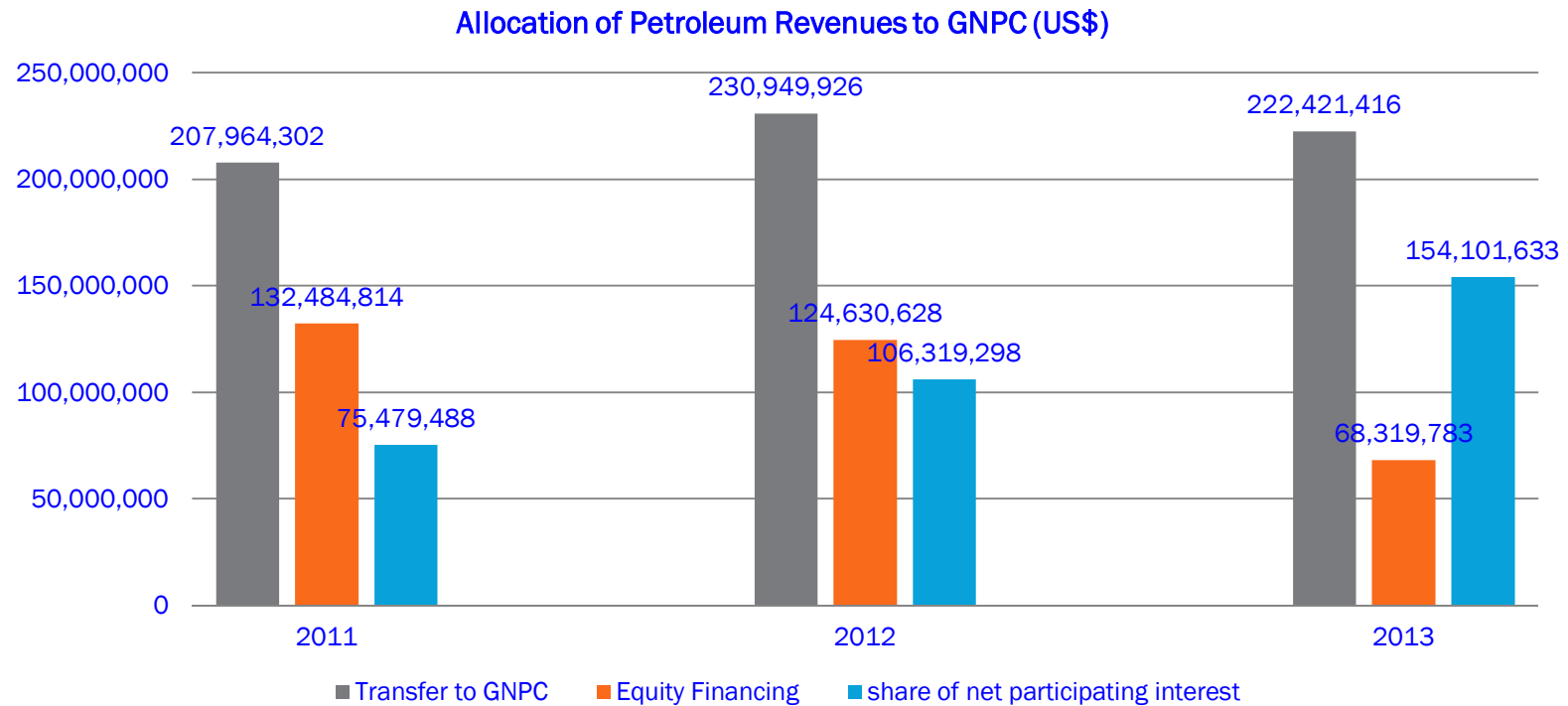
ALLOCATION OF PETROLEUM REVENUES TO GNPC

The trend in the allocation of petroleum revenues to GNPC shows that whilst its share of equity financing is declining, it has received more for non-Jubilee investments as a result of higher net participating interest.

Thus, unless new investments are required in the Jubilee contract area, the corporation is near retiring its equity financing requirement and as a result, it will have more revenues for other investments.

The Figure on the next slide shows the allocation of petroleum revenues to GNPC.

ALLOCATION OF PETROLEUM REVENUES TO THE GNPC



SPENDING BY GNPC (US\$)

RECEIPTS FROM JUBILEE PROCEEDS	2011	2012	2013
Equity Financing	132,484,815	124,630,628	68,319,783.18
40% of Net Carried and Participating Interest	75,479,488	106,319,298	154,101,633.02
Total Amount Received	207,964,303	230,949,926	222,421,416.20
Expenditure			
Jubilee Equity Financing Cost	132,484,815	125,824,747	76,268,194.80
Acquisition & Processing of 2,612sq km of 3D plus other related G&G studies	30,315,185		
Reservoir Characterization; Voltaian Basin project expenses; ICT Upgrade & Organizational Development		10,784,028	
Commitments for Projects other than Jubilee		61,674,215	9,922,975.26
TEN Project Cost			3,027,153.21
Gas Project-Related Costs	28,119,624	5,587,779	
Staff Cost	7,661,475	9,013,162	9,695,076.70
General Operational & Admin. Capital expenditure	9,383,204	16,269,839	9,819,888.5
PNB Paribas			31,337,309.53
Amount Appropriated by Bank of Ghana as charges		1,796,156	2,323,269.07
Total Expenditure and Commitments	207,964,303	230,949,926	142,393,867.06
Cash yet to spent			80,027,549.14
Cash brought forward (01.01.2013)			61,674,215
Total Cash Available			141,701,764.14

SPENDING OF ABFA BY PRIORITY AREAS

The Annual Budget Funding Amount is a proportion of Benchmark Revenue allocated to the annual budget of the government. Section 21(2)d of the Act requires its use to be *“guided by a medium-term expenditure framework aligned with a long term national development plan”*. Since the enactment of the law, the Ghana Shared Growth and Development Agenda has guided the use of ABFA.

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

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

SPENDING OF ABFA BY PRIORITY AREAS

- *agriculture and industry;*
- *physical infrastructure and service delivery in education, science and technology;*
- *potable water delivery and sanitation;*
- *infrastructure development in telecommunication, road, rail and port;*
- *physical infrastructure and service delivery in health;*
- *housing delivery;*
- *environmental protection, sustainable utilization and protection of natural resources;*
- *rural development;*
- *developing alternative energy sources;*
- *the strengthening of institutions of government concerned with governance and the maintenance of law and order;*
- *public safety and security; and*
- *provision of social welfare and the protection of the physically handicapped and disadvantaged citizens.”*

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

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

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

ANNUAL BUDGET FUNDING- EXPENDITURE

Item	2012	2013
	Outcome	Outcomes
Expenditure & Amortization of Loans for Oil and Gas	100,000,000	137,920,847
Infrastructure		
Road and Other Infrastructure	232,403,269	372,074,147
Agriculture Modernization	72,471,824	13,604,329
Capacity Building (Including Oil and Gas)	111,959,738	20,183,359
Total	516,834,831	543,782,682

INVESTMENT OF GHANA PETROLEUM FUNDS

Item	Bank of Ghana Reports			
	2011	2012	2013	Total
Opening Balance (\$mil)		69.2	93.6	162.8
Receipt in the year (\$mil)	69.2	24.1	351.0	444.3
Management fees (\$mil)		0.012	0.021	0.033
Management fees (% of Receipts)		0.01%	0.01%	0.01%
Income from Investments (\$mil)	0.059	0.27	2.54	2.82
Closing balance (\$mil)	69.2	93.6	447.2	609.9

CHALLENGES

The EITI reporting process:

- Improvement in participation
- Time of delivery of data.
- Template still needs further tweaking.

FINDINGS

UPDATES ON 2010/2011 REPORTS

Issue	Finding	Recommendation	Status	Remarks
Capital Gains Tax	Petroleum rights did not attract capital gains tax	Change in ownership of petroleum rights should attract capital gains tax	Implemented The capital gains tax positions in the PITL and Act 592 have been harmonized as per Act 871 (Internal Revenue (Amendment) (NO.2) ACT, 2013.	Petroleum rights now attract capital gains tax.
Thin Capitalization	There is no provision in the PITL that relates to excessive interest charges. However IRA 2000; Act 892 has limitations on interest charges.	The Petroleum income tax law should be harmonized with the Act 592, with regards to interest charges.	Outstanding	The GRA applies the thin capitalization provision in Act 592 to the Petroleum sector.
Ring Fencing:	Ring fencing applies to contractor may set off expenses that are exclusive to a production area against income from another production area. This may delay corporate tax revenues.	Ring fencing should be applied at the production area level.	Outstanding.	
Carry forward of losses.	Petroleum Income Tax law allows for the indefinite carry forward of losses. Meanwhile in the mining sector losses are carried forward for 5 years.	Recommended that the carry forward of losses in the petroleum sector should be restricted to 5 years.	Outstanding	

OBSERVATION: LACK OF AN ON-LINE REPOSITORY IN THE PETROLEUM SECTOR.

The Petroleum Commission does not have an online Repository, where information for the Petroleum Sector such as ownership of blocks, coordinates or allocation as well as annual payments made by Upstream Petroleum Companies are found.

Recommendation

The Petroleum Commission is advised to establish as quickly as possible an online repository where the information on upstream Petroleum blocks are found. Such information will enhance transparency and improve the efficiency of the operations of the Commission.

LICENSING REGIME AND THE PUBLICATION OF CONTRACTS.

The Ministry of Energy and Petroleum awards oil blocks/licences using the open door negotiated process. This is not an open process and may lead to awarding oil blocks to inefficient operators, Details of these negotiations and the resulting contracts are not made available to the public.

Recommendation

To ensure transparency and efficient management of the petroleum resources, the Ministry of Energy and Petroleum should introduce Licensing rounds including bidding and also make available on its website details of contracts with operators.

The amended Petroleum Exploration and Production Law, 1984(PNDC Law 84) should equally be passed quickly

CRUDE OIL PRODUCTION AND LIFTING - UNDER LIFTS/(OVER LIFTS)

In both 2012 and 2013 barrels of oil lifted exceeded production.

In 2012 lifting exceeded production by 79,686 barrels and in 2013 by 460,702.

Recommendation

The PRMA does not address reporting on production spill-over ie under lifts and Over lifts. Both Sections 15 and 48, which deal with the reconciliation and annual reports on the petroleum funds, focus on reporting inflows and outflows related to the funds.

However, since under lifts / over lifts are not expressed in revenue terms, the requirement of the reconciliation and annual reports should be reviewed to include under lifts (i.e. oil not lifted in the previous year or “non-revenue oil”). This will ensure that Government reports on “revenue oil” and “non-revenue oil

GNPC EXPENDITURE

The amount of unspent cash by GNPC from its allocation is quite large at \$141.7 million as at end of 2013. This consists of unspent cash of \$61.6 million carried forward from 2012 and \$80 million of unspent cash from the allocation in 2013. GNPC attributed this to procurement delays. This is also the result of decreasing amounts of equity funding payments.

Recommendations

GNPC should publish its investment plan to inform the public of its financing requirement. This will prevent the public from misconstruing unspent cash as not needed.

ABFA EXPENDITURE.

Allocation of ABFA for capacity building is very broad and the breakdown of this expenditure has not been provided. Moreover, the stages of completion of various public projects funded with ABFA are not published to track the progress of on-going work and their potential development impacts.

Recommendation

Government must comply with Section 48(2b), which requires it to report on the “stage of implementation of the programmed activities funded by and the expenditures incurred on the activities covered by the Annual Budget Funding Amount in the financial year of the report”. Thus, government should report on the detailed expenditure from ABFA and the status of project completion.

PERFORMANCE OF THE GHANA PETROLEUM FUNDS

Section 30(1) c of Act 815 states that the Investment Advisory Committee shall *‘develop for the Minister as part of the investment guidelines, the benchmark portfolio, the desired returns from and the associated risks of the Ghana Petroleum Funds and subsequently the Ghana Petroleum Wealth Fund taking into consideration the investment guidelines used by the Bank of Ghana for investments of a similar nature’*

No benchmark returns have been developed by the Investment Advisory Committee as required by Section 30(1)c of Act 815. The measurement of the performance of the Ghana Petroleum Funds by the Bank of Ghana therefore does not conform to the provisions of Act 815.

Recommendation:

To effectively monitor the performance of the Ghana Petroleum Funds it is necessary to adhere to the provisions of section 30(1) c, by developing an investment guide.

The measurement of the performance of the Ghana Petroleum Funds by the Bank of Ghana therefore does not conform to the provisions of Act 815.

CONCLUSION

The total petroleum revenue received in 2012 and 2013 amounted to US\$541,977,890.46 and US\$ 846,413,034.38 respectively.

However the government receipts from participants amounted to US\$541,510,082.84 and US\$845,870,843.70 in 2012 and 2013 respectively. The difference is the surface rentals paid by non-participants in 2012 and 2013.

The total barrels of oil lifted were 26,430,964 and 36,048,260 in 2012 and 2013, against production of 26,351,278 and 35,587,558 in 2012 and 2013 respectively.

It is important for the Petroleum Commission to establish an on line repository.

The recommendations from the 2010/2011 report should be implemented.

THANK YOU.