



REPUBLIC OF GHANA

2017 ANNUAL REPORT

ON THE

PETROLEUM FUNDS

SUBMITTED TO

PARLIAMENT

BY

KEN OFORI-ATTA
(MINISTER FOR FINANCE)

AS PART OF THE PRESENTATION OF THE 2018 BUDGET STATEMENT AND ECONOMIC POLICY AND, IN CONSONANCE WITH SECTION 48 OF THE PETROLEUM REVENUE MANAGEMENT ACT, 2011 (ACT 815), AS AMENDED (ACT 893).

TABLE OF CONTENTS

LIST OF TABLES	2
LIST OF FIGURES	3
ACRONYMS	4
PREFACE	5
SECTION ONE: INTRODUCTION	7
SECTION TWO: DEVELOPMENTS IN THE UPSTREAM PETROLEUM SECTOR IN 2017	8
2.1 DEVELOPMENTS IN THE STRUCTURE OF THE UPSTREAM PETROLEUM SECTOR IN 2017	8
2.2 DEVELOPMENTS IN EXPLORATION AND OTHER PETROLEUM ACTIVITIES	14
SECTION THREE: PETROLEUM RECEIPTS AND UTILISATION IN 2017	16
3.1 ANALYSIS OF 2017 PETROLEUM RECEIPTS	16
3.2 ALLOCATION OF 2017 PETROLEUM RECEIPTS	21
3.3 UTILISATION OF THE 2017 ANNUAL BUDGET FUNDING AMOUNT	24
3.4 UTILISATION OF 2017 GNPC ALLOCATIONS	27
SECTION FOUR: PERFORMANCE OF THE GHANA PETROLEUM FUNDS IN 2017	29
4.1 DEVELOPMENTS IN THE UNITED STATES T-BILL MARKET	29
4.2 PORTFOLIO PERFORMANCE OF THE GHANA PETROLEUM FUNDS	30
4.3 WITHDRAWAL FROM THE GHANA STABILISATION FUND	34
4.4 BOOK VALUE AND BALANCES ON THE GHANA PETROLEUM FUNDS	35
4.5 OUTLOOK FOR 2017	36
SECTION FIVE: AUDITED FINANCIAL STATEMENTS OF THE PETROLEUM FUNDS	37
SECTION SIX: CHALLENGES AND THE WAY FORWARD	37
6.1 CHALLENGES	38
6.2 WAY FORWARD	38
SECTION SEVEN: CONCLUSION	38
APPENDICES	39
APPENDIX TABLE 1: CRUDE OIL PRODUCTION, 2017	39
APPENDIX TABLE 2: GAS DELIVERED TO THE GPP	40
APPENDIX TABLE 3: DETAILS OF USE OF ABFA, JANUARY-SEPTEMBER 2017	40
APPENDIX TABLE 4: AUDIT REPORT OF THE GHANA PETROLEUM FUNDS AS AT 2016	48
APPENDIX TABLE 5: LIST OF PERSONS HOLDING POSITIONS AND QUALIFYING INSTRUMENTS	63
A. LIST OF PERSONS HOLDING POSITIONS REQUIRED FOR THE OPERATION AND PERFORMANCE OF THE GHANA STABILISATION AND GHANA HERITAGE FUNDS	63
B. LIST OF QUALIFYING INSTRUMENTS FOR THE GHANA PETROLEUM FUNDS	63

LIST OF TABLES

Table 1: CDB and GOG Disbursements to WCGP and ICT as at 30th September, 2017	11
Table 2: Status of Oil & Gas Discoveries made since Jubilee	15
Table 3: Details of Crude Oil Proceeds on Lifting Basis for January to September 2017.....	17
Table 4: Sources of Petroleum Receipts, January-September 2017	18
Table 5: Analysis of January to September 2017 Petroleum Receipts (US\$)	20
Table 6: Analysis of Petroleum Receipts from January-September (2015 to 2017)	21
Table 7: Distribution of January-September 2017 Petroleum Receipts	22
Table 8: January to September 2017 ABFA Allocation and Variance Analysis	24
Table 9: Revision of the Priority areas for the spending of the ABFA	24
Table 10: 2017 Programmed ABFA Expenditure by Priority Area	25
Table 11: ABFA Utilisation by Priority Area (January-September, 2017).....	26
Table 12: Utilisation of GNPC's Share of Jubilee Petroleum Revenue, Jan.-Sept. 2017	28
Table 13: GNPC's Expenditure of Petroleum Receipts on Other Petroleum Projects	29
Table 14: Returns on the Ghana Petroleum Funds	31
Table 15: Returns on the Ghana Petroleum Funds, 2011-2017.....	33

LIST OF FIGURES

Figure 1: Composition of Total Petroleum Receipts, 2017	19
Figure 2: Annual Lifting Average Price.....	20
Figure 3: Distribution of Petroleum Receipts, January-September 2011- 2017.....	23
Figure 4: Composition of Total Returns on the GPFs, 2011-2017.....	32
Figure 5: GPFs Contribution to Annual Returns.....	35
Figure 6: Contribution to Total GPFs Portfolio	36

ACRONYMS

ABFA	Annual Budget Funding Amount
APP	Asset Purchase Program
Bcf	Billion Cubic Feet
BoG	Bank of Ghana
Bopd	Barrels of Oil per Day
CAPI	Carried and participation Interest
CDB	China Development Bank
ECB	European Central Bank
FOMC	Federal Open Market Committee
FPSO	Floating Production Storage and Offloading
GDP	Gross Domestic Product
GHF	Ghana Heritage Fund
GIIF	Ghana Infrastructure Investment Fund
GNPC	Ghana National Petroleum Corporation
GOG	Government of Ghana
GPFs	Ghana Petroleum Funds
GPP	Gas Processing Plant
GSF	Ghana Stabilisation Fund
GUSIP	Ghana Upstream Internship Project
IHUC	Installation Hook Up and Commissioning
ITLOS	International Tribunal for the Law of the Sea
LNG	Liquefied Natural Gas
MMBtu	Million British Thermal Units
MMscf	Million Standard Cubic Feet
NOC	National Oil Company
OPEC	Organisation of the Petroleum Exporting Countries
OCTP	Offshore Cape Three Points
PIAC	Public Interest Accountability Committee
PHF	Petroleum Holding Fund
PRMA	Petroleum Revenue Management Act, 2011 (Act 815), as amended (Act 893)
SGN	Sankofa-Gye Nyame
TEN	Tweneboa-Enyenra-Ntomme
T-MAIN	Treasury Main Account
TRP	Turret Remediation Project

PREFACE

The 2017 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 2017 fiscal year. The report is submitted together with the 2018 Budget Statement and Economic Policy to Parliament, as required by Section 48 of the Act.

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

The year 2017 marked a decade since oil and gas was discovered in commercial quantities. The year also witnessed the arrival of the newly built Floating, Production, Storage and Offloading (FPSO) John Agyekum Kufuor, to be used for the Offshore Cape Three Points (OCTP), also known as the Sankofa-Gye Nyame (SGN) Fields, oil and gas project. Production of crude oil from the SGN Fields commenced in May, as was first gas production from the Tweneboa-Enyenra-Ntomme (TEN) Fields. The SGN Field was subsequently commissioned in July by H. E. Nana Addo Dankwa Akufo-Addo.

Furthermore, in September 2017, the International Tribunal of the Law of the Sea (ITLOS) gave a favourable ruling to Ghana in the dispute over its maritime boundary with Côte d'Ivoire. This ruling will allow Ghana and its partners to undertake a full field development of the TEN Fields. It will also allow exploratory and development activities in the affected area to resume.

In compliance with the PRMA, the 2017 Budget Statement and Economic Policy made some proposals to Parliament for the revision of the Annual Budget Funding Amount (ABFA) priority areas for the 2017-2019 period. The proposed areas were as follows:

- i. Agriculture;
- ii. Physical Infrastructure and Service Delivery in Education;
- iii. Physical Infrastructure and Service Delivery in Health; and
- iv. Road, Rail and other critical Infrastructure Development.

The selection of these priority areas was to give focus to infrastructure development in critical areas of the economy.

Considering the critical nature of the oil and gas sector in national development, the Government of Ghana will continue to ensure transparency, judicious and impactful use of petroleum revenues to creating opportunities for all Ghanaians and improve their wellbeing as well.

KEN OFORI-ATTA
MINISTER FOR FINANCE

SECTION ONE: INTRODUCTION

1. Section 48 of the Petroleum Revenue Management Act, 2011 (Act 815), as amended (Act 893), requires the Minister for Finance to submit an annual report on the Petroleum Funds, as a companion presentation to the Annual Budget Statement and Economic Policy to Parliament.
2. In compliance with the above requirement, the 2017 Annual Report on the Petroleum Funds has been prepared. The report includes 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 2016; and
 - A balance sheet as at 2016, including a note listing the qualifying instruments, of the GPFs.
3. This year's Report also provides information on the status of implementation of ABFA-funded projects in 2017, as required by Section 48 of the PRMA.
4. The 2017 Annual Report on the Petroleum Funds covers January to September. A reconciliation report, which is a PRMA requirement, will be published by the end of the first quarter of 2018 to give a full year account on the collection, management and use of petroleum revenue in 2017.
5. Section One of this report is the Introduction. This is followed by a review of developments in the upstream petroleum sector in Section Two. Section Three presents petroleum receipts and their utilisation, with Section Four discussing the performance of the GPFs. Section Five provides an update on the audited financial statements of the Petroleum Funds of the previous year, and Section Six discusses the challenges and the way forward. The Report ends with a conclusion in Section Seven.

SECTION TWO: DEVELOPMENTS IN THE UPSTREAM PETROLEUM SECTOR IN 2017

2.1 Developments in the Structure of the Upstream Petroleum Sector in 2017

6. The Jubilee FPSO turret remediation work is progressing steadily. The interim spread mooring operation was successfully executed in February 2017. The three tug boats aiding the heading control for production and lifting operations on the FPSO Kwame Nkrumah were released.
7. This resulted in an increased production, reduced risk and also yielded some cost savings associated with operations, compared to the periods of "abnormal operations". The capital costs associated with the turret remediation works are expected to be covered by the Joint Venture Hull and Machinery insurance policy.
8. The Jubilee Field FPSO Turret Remediation Project (TRP), which was originally scheduled to commence in October 2017, has been postponed to the first quarter of 2018. As a result, production is expected to average approximately 89,000 barrels of oil per day (bopd) by end-2017, up from the original 68,000 bopd. Some of the other key developments in the upstream petroleum sector include:
 - The arrival of the FPSO John Agyekum Kuffor in Ghanaian waters in April 2017 to herald the integrated crude oil and gas production from the Sankofa Gye-Nyame (SGN) Field;
 - First oil production from the SGN Field occurred in May 2017, three months ahead of schedule;
 - The final ruling of the Ghana-Cote d'Ivoire maritime boundary dispute at the International Tribunal for the Law of the Sea (ITLOS) occurred on 23rd September, 2017. The court upheld the use of the Equidistance Method to determine the boundary, starting from the new Boundary Point 55 plus (BP55+). Consequently, none of Ghana's active upstream petroleum projects were negatively impacted by the final ruling. It is expected that all the previously affected companies will resume normal operations to implement their work programmes under their respective Petroleum Agreements; and
 - On 14th September, 2017, GNPC signed a Memorandum of Understanding (MOU) with ExxonMobil for Exploration and Production rights over the Deep-

Water Cape Three Points Block. This will form the basis for future negotiation for a Petroleum Agreement.

9. 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.

Ministry of Energy

10. The Ministry of Energy, a merger of the erstwhile Ministry of Petroleum and Ministry of Power, was created on 27th February, 2017, by an executive instrument (EI28). The Ministry is responsible for the formulation, coordination, monitoring and evaluation of policies and programmes in the energy sector.
11. The upstream petroleum agencies are the Petroleum Commission, Ghana National Petroleum Corporation and Ghana National Gas Company.
12. The Ministry provides leadership in the achievement of key deliverables in the petroleum sector. For the year under review, the Ministry, working with key stakeholders ensured the production of first oil from the SGN Fields in May 2017 ahead of the target date; developed regulations for the Petroleum (Exploration and Production) Act, 2016 (Act 919); developed guidelines for the bidding of exploration blocks; put in place a Gas Master Plan Implementation Committee and, coordinated activities of Team Ghana to secure a favourable ITLOS ruling in respect of the Ghana-Cote d'Ivoire Maritime Boundary Dispute.

Petroleum Commission

13. The Petroleum Commission continued the implementation of its mandate of regulating, managing and coordinating activities in the upstream petroleum sector in 2017, in accordance with the Petroleum Commission Act, 2011 (Act 821).
14. The Commission continued monitoring development and production activities on the Jubilee, TEN and SGN Fields, with personnel stationed at strategic offshore locations reporting back to the office on key developments.
15. In June 2017, representatives of the Commission observed the Performance Testing of the TEN FPSO. On the Jubilee Field, the Commission continues to work closely

with the Jubilee Field Operator and other stakeholders on the TRP to find a permanent solution to the faulty bearing in the turret of FPSO Kwame Nkrumah. The Commission was also actively engaged in the Installation, Hook-up and Commissioning (IHUC) of the FPSO John Agyekum Kufuor, leading to the start of oil production on the SGN Field in May 2017.

16. The Commission, together with stakeholders, has commenced the development of a Common Qualification System to serve as a means for pre-qualifying local content activities in the industry. The system will ensure that capacities of local companies are categorised and the necessary capacity building programmes developed. The Commission has also completed the development of an electronic portal to bridge the information gap in the industry and enhance the participation of indigenous Ghanaian companies in the upstream sector.
17. Draft guidelines for the establishment of the Local Content Fund has been developed. The guidelines, once approved, will offer Ghanaian Small and Medium-Sized Enterprises in the upstream petroleum sector flexible access to credit at concessionary rates and provide requisite financing for capacity building in the petroleum industry. The Controller and Accountant-General has opened a cedi account at Bank of Ghana into which international oil companies will pay contributions towards the Fund.
18. The Ghana Upstream Internship Project was initiated in 2015, following the success of the TEN IHUC programme. Forty-five (45) candidates have been engaged to undergo various training programmes with some oil companies.

Ghana National Petroleum Corporation

19. During the period under review, GNPC continued to manage its interests in various petroleum licenses in Ghana's sedimentary basins. The Corporation, together with its partners, continued to produce crude oil and gas from the Jubilee and TEN Fields and commissioned first oil from the SGN Fields. Another important development in 2017 is the signing of the seismic acquisition contract for 2D data on the Voltaian basin. This is expected to officially kick-start the exploration activities in the onshore basin.
20. As part of its gas aggregator role, GNPC signed a Gas Sale and Purchase Agreement with Gazprom Marketing and Trading Limited for the offtake of 250 MMscf/d of re-gasified Liquefied Natural Gas (LNG) as part of efforts to boost

power generation in the country. GNPC will not have a direct contractual obligation in LNG procurement and regasification. The venture entails a bundled LNG import terminal fully funded by a consortium made up of Helios Investment Partners, Gasfin Development and Blystad Energy Management.

21. The Corporation also signed a Gas Management Service Agreement with West Coast Ghana Gas Limited (WCGG) for the administration of its LNG, gas and gas management services.

Ghana National Gas Company

22. Between January and September 2017, the Jubilee Partners supplied 20,216 million standard cubic feet (MMScf) of raw gas to be processed at the Atuabo Gas Processing Plant (GPP). The processed gas was subsequently transported to the power plants and industrial markets.

23. The total monetary disbursement to the Western Corridor Gas Infrastructure Project as at September 2017 was US\$1,063.60 million. Of this amount, the China Development Bank (CDB) has disbursed US\$904.06 Million and GoG has disbursed US\$159.54 million, as shown in Table 1.

Table 1: CDB and GOG Disbursements to WCGP and ICT as at 30th September, 2017

DATE	UTILISATION AMOUNT	CDB PORTION (85%)	GOG PORTION (15%)	SUBSIDIARY
	US\$			
By End-2016	979,893,519.37	832,909,490.63	146,984,028.74	WCGP & ICT
18-May-17	46,219,445.28	39,286,528.49	6,932,916.79	WCGP & ICT
18-May-17	7,613,548.24	6,471,516.00	1,142,032.24	ICT
31-Aug-17	29,877,916.63	25,396,229.14	4,481,687.49	ICT
Total	1,063,604,429.52	904,063,764.26	159,540,665.26	

Source: Ministry of Finance/Ghana National Gas Company

Jubilee Field

24. Production from the Jubilee Field as at 30th September, 2017, was 24,302,185 barrels, compared to 19,832,097 barrels for the same period in 2016, representing an increase of 23 percent. The increase in production can be attributed to the gradual resolution of the damaged turret bearing on the Jubilee FPSO.

25. The next phase of the FPSO TRP will involve modifications to the turret systems for permanent spread-mooring operations. This entails an operation to lift and stabilize the turret, rotate the optimum heading of 206 degrees then permanently spread-moor the FPSO. A total of nine (9) week shut-down has been earmarked for the FPSO turret bearing stabilization and rotation in the first and fourth quarters of 2018. The first shut-down is expected to commence in mid-January 2018. The remaining scope will not require a total shut-down of the FPSO. It is anticipated that the FPSO permanent mooring work scope will be completed by end-2019.
26. The annualised daily average production as at 30th September, 2017, was 89,018 bopd, up from 72,238 bopd for the same period in 2016, as shown in Appendix Table 1. This brings the total production from inception to 30th September, 2017, to 213,212,996 barrels.
27. A total of 31,812 MMscf of associated gas was produced by 30th September, 2017. After gas reinjection to maintain reservoir pressure, 20,216 MMscf was exported to the GPP at Atuabo and the remainder utilized on the FPSO for power generation. The monthly breakdown of gas supplied to the GPP is shown in Appendix Table 2.
28. As at 30th September, 2017, the Ghana Group had lifted four cargoes, totalling 3,802,769 barrels from the Jubilee Field. The average achieved price for the four cargoes was US\$51.31 per barrel, compared to the Benchmark Revenue price of US\$56.14 per barrel. The Group share makes up 15.9 percent of the total lifting of 23,817,603 barrels from the Field for the period.
29. The adjoining oil and gas discoveries of Teak and Mahogany will be developed together with the main Jubilee Field to form the Greater Jubilee Field. This is expected to extend plateau production. The development plan was re-submitted to the Minister of Energy for approval in September 2017.

Tweneboa-Enyenra-Ntomme Field

30. Production from the TEN Field as at 30th September, 2017, was 14,253,478 barrels. Average daily oil production for the period stood at 52,211 barrels, against a planned daily average of 50,000 bopd. Total production from the Field from inception (i.e. 17th August, 2016) to 30th September, 2017, stood at 19,570,476 barrels.

31. The Ghana Group lifted two cargoes of 996,588 barrels and 995,657 barrels from the Field on 20th March and 18th June, 2017, respectively. The realised price for the two cargoes were US\$49.94/bbl and US\$45.57/bbl, respectively. The Ghana Group share makes up 14.31 percent of the total liftings of 13,917,450 barrels from the Field for the period.
32. Associated gas produced from the TEN Field at end-September 2017 was 18,989.5 MMscf, of which 9,733.86 MMscf was re-injected. An amount of 2,000.93 MMscf was utilized on the FPSO for power generation.
33. The operators successfully executed the TEN gas export tie-in in March and temporarily exported a total of 258.70 MMscf to the Atuabo GPP to substitute the Jubilee foundation gas volumes exports during the shut-down of the Jubilee FPSO to replace the flare tip.
34. A fuel supply and gas storage agreement was also executed in August 2017 to allow for the import of excess gas (not consumed by the Atuabo GPP) from Jubilee to be stored in the TEN Field due to the current gas injection challenge on the Jubilee Field.

Sankofa-Gye Nyame Project

35. The FPSO John Agyekum Kufuor arrived in Ghanaian waters on 10th April, 2017. Following the installation of the subsea equipment and FPSO, the two units were hooked-up in readiness for commissioning and first oil production. The project attained first oil on 20th May, 2017, three months ahead of schedule, with two oil producer wells. Total oil production from the Field from inception (20th May, 2017) to 30th September 2017 stood at 2,154,214 barrels. First gas is expected to be achieved in the second quarter of 2018.
36. There are ongoing negotiations on the second pillar of the World Bank Security documents in relation to the International Bank for Reconstruction and Development's US\$200 million Shareholder Loan Guarantee, which is expected to be finalized in 2017. Agreements required for implementing the Takoradi-Tema Interconnection Project, with respect to the GNGC-WAGP interconnection for the evacuation of OCTP gas from Aboadze to Tema are also on-going.

Voltaian Basin Project

37. GNPC continues to intensify its exploration activities on the inland Voltaian basin. In 2017, the Voltaian Basin Project completed the following tasks:

- On 2nd October 2017, GNPC completed negotiations and signed the 2D seismic acquisition contract with BGP-BAY Geophysical Ltd for the Voltaian Basin Project. During the negotiations, both parties agreed that BGP-BAY would undertake 2D seismic processing and interpretation at no further cost to GNPC;
- On 3rd October 2017, an Explosives & Detonators Contract was negotiated and signed between GNPC and Maxam Ltd for the supply of explosives for the 2D Seismic Data Acquisition; and
- The Corporation successfully completed and submitted the Environmental Impact Statement (EIS) to Environmental Protection Agency (EPA) and all the 24 districts in the project area.

Saltpond Field Decommissioning Project

38. Following the termination of the Saltpond Field Petroleum Agreement in 18th August, 2016, there was no production from the Field in 2017.

39. As part of the pre-decommissioning process, GNPC submitted an evaluation report to the Central Tender Review Committee (CTRC) to seek approval for the engagement of a project management consultant.

2.2 Developments in Exploration and Other Petroleum Activities

40. Since the Jubilee discovery in 2007, additional discoveries have been made. Table 2 presents the status of discoveries at various stages of appraisal, development and production.

Table 2: Status of Oil & Gas Discoveries made since Jubilee

Block/Operator	Discoveries	HYDROCARBON TYPE	STATUS
SHALLOW WATER/ TULLOW OIL	Ebony	Condensate/Gas	Relinquished Block
DWT/TULLOW OIL	Tweneboa-1	Gas Condensate	Development
	Tweneboa-2	Oil	Development
	Enyenra-1	Oil	Production
	Ntomme	Oil & Gas	Production
	Wawa	Oil & Gas	Appraisal
WCTP/KOSMOS ENERGY	Odum-1	Heavy Oil	Relinquished
	Teak-1	Oil & Gas	Pre-Development
	Teak-2	Gas	Pre-Development
	Banda-1	Oil	Relinquished
	Mahogany Deep	Light Oil	Pre-Development
	Akasa-1	Light Oil & Gas	Re-evaluation
OCTP/ENI	Sankofa-1	Gas	Development
	Gye Nyame-1	Gas	Development
	Sankofa East	Oil & Gas	Production
DWTCTP/HESS	Paradise-1	Oil & Condensate	Appraisal
	Hickory North	Oil & Condensate	Appraisal
	Almond	Oil & Condensate	Pre-Development
	Beech	Oil	Appraisal
	Pecan	Oil	Pre-Development
	PN-1	Oil	Appraisal
	Cob	Oil	Appraisal
DWCTP/LUKOIL	Dzata-1	Oil & Gas	Relinquished
EXPANDED SHALLOW WATER TANO	North and South Tano	Oil & Gas	Re-evaluation
	West Tano	Heavy Oil	

Source: GNPC

SECTION THREE: PETROLEUM RECEIPTS AND UTILISATION IN 2017

3.1 Analysis of 2017 Petroleum Receipts

41. According to the fiscal regime of the Petroleum Agreements, Government is entitled to oil royalties on gross production equivalent to 5 percent from the Jubilee and TEN Fields and 7.5 percent from the SGN Field. The Petroleum Agreements also grant Ghana Carried and Participating Interests (CAPI) of approximately 13.64 percent and 15 percent in the Jubilee and TEN Fields, respectively. CAPI for SGN is 20 percent. Corporate Income Tax on upstream and midstream petroleum companies is 35 percent.
42. The receipt of the proceeds from these and other sources of petroleum revenue is regulated by the PRMA, as amended. The PRMA establishes the PHF as a designated Public Fund to receive all petroleum receipts, as defined in the Law, and provides the framework for the collection, allocation and management of the petroleum funds.
43. As of September 2017, GNPC had lifted six parcels of crude oil (i.e. the 36th to 39th Jubilee as well as the 2nd and 3rd TEN liftings) on behalf of the State, and transported a total of 20,545.44 MMscf of gas to GNGC. Total crude oil lifted was 5,795,014 barrels (3,802,769 barrels of Jubilee oil and 1,992,245 barrels of TEN oil), compared to 2,926,979 barrels (all from Jubilee field) for the same period last year. The overall lifting volume was 98.0 percent higher than that of the previous year – the Jubilee lifting of 3,802,769 barrels of oil was higher than the 2,926,979 barrels in the analogous period.
44. Receipts from crude oil liftings for the period up to September 2017 accrued from the 35th (lifted in December 2016) to the 38th Jubilee liftings and 1st (also lifted in December 2016) to 3rd TEN liftings, was US\$339.32 million (GH 1,451.39 million), as shown in Table 3.

Table 3: Details of Crude Oil Proceeds on Lifting Basis for January to September 2017

Item	Unit	1st Qtr.		2nd Qtr.			3rd Qtr.		TOTAL
		JUBILEE	TEN	JUBILEE	JUBILEE	TEN	JUBILEE	TEN	
		35th Lifting	1st Lifting	36th Lifting	37th Lifting	2nd Lifting	38th Lifting	3rd Lifting	
Date of Lifting	dd/mm/yy	27/12/16	08/12/16	09/03/17	13/05/17	20/03/17	03/07/17	18/06/17	
Receipt Date	dd/mm/yy	26/01/17	07/01/17	07/04/17	12/06/17	19/04/17	02/08/17	19/07/17	
Volume of lift	barrels	984,163	996,459	947,806	948,931	996,588	952,938	995,657	6,822,542
Selling Price	US\$	53.51	51.19	54.23	48.18	49.19	46.53	45.37	
Value of lift	US\$ (million)	52.66	51.01	51.40	45.72	49.02	44.34	45.18	339.32
	GH¢ (million)	224.80	215.64	216.31	198.98	204.18	194.03	197.43	1451.39

Source: Ministry of Finance/Bank of Ghana

45.Total petroleum receipts (i.e. proceeds from liftings and other petroleum receipts) as at September 2017 was US\$362.58 million (GH¢1,552.13million), as shown in Table 4. This compares with the receipts of US\$172.91 million (GH¢671.49 million) for the same period in 2016.

46.The share of Carried and Participating Interest of total crude oil receipts, as at September 2017 decreased from 72.3 percent to 68.3 percent for the same period in 2016. Corporate Income Tax increased to 6.09 percent, from 1.29 percent in the corresponding year in 2016. Jubilee Royalties, which constituted 14.9 percent of the total petroleum revenue, compared with 25.9 percent in 2016. TEN Royalties constituted 10.4 percent in 2017.

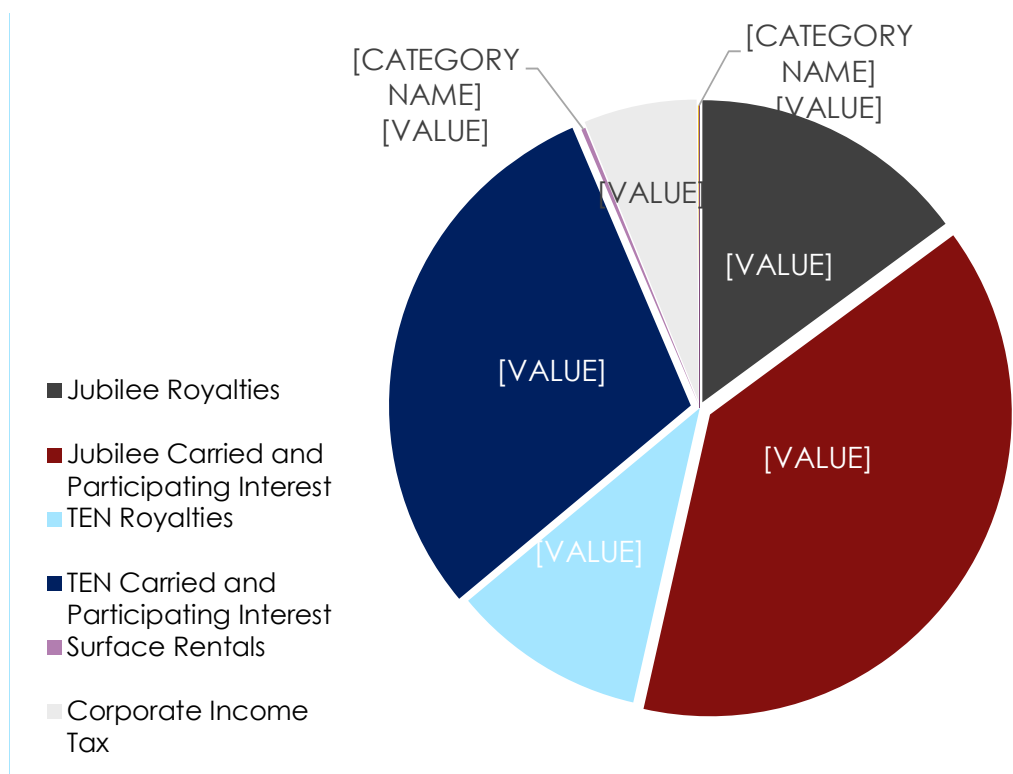
Table 4: Sources of Petroleum Receipts, January-September 2017

ITEM	UNIT	QTR 1	QTR 2	QTR 3	TOTAL
Jubilee Royalties	US\$	14,661,506.78	27,040,196.76	12,343,658.02	54,045,361.56
Jubilee Carried and Participating Interest	US\$	37,999,087.02	70,081,663.87	31,991,782.43	140,072,533.32
TEN Royalties	US\$	13,249,022.39	12,732,511.83	11,734,011.70	37,715,545.92
TEN Carried and Participating Interest	US\$	37,759,713.82	36,287,658.71	33,441,933.36	107,489,305.89
Gas Royalties	US\$	-	-	-	-
Gas Carried and Participating Interest	US\$	-	-	-	-
Surface Rentals	US\$	262,917.20	344,164.71	238,347.00	845,428.91
Corporate Income Tax	US\$	-	22,073,745.00	-	22,073,745.00
PHF income	US\$	78,727.84	107,117.69	148,275.84	334,121.37
Interest on Late Payment on TEN Lifting	US\$		-	4,274.04	4,274.04
Total Petroleum Receipts	US\$	104,010,975.05	168,667,058.57	89,902,282.39	362,580,316.01
	GH¢	441,892,131.31	717,710,844.50	392,526,167.12	1,552,129,142.93

Source: Ministry of Finance/Bank of Ghana

47. There were no receipts from gas royalties as at September 2017, compared to an amount of US\$0.38 million in the previous year. Surface Rentals and PHF Interest made up the remaining 0.33 percent, a slight increase from the 0.29 percent recorded in the comparative period, as shown in Figure 1.

Figure 1: Composition of Total Petroleum Receipts, 2017



Source: Ministry of Finance/Bank of Ghana

For clarity, the following line items have been omitted from Figure 1, as their respective shares were 0%: Gas Royalties, Gas Carried and Participating Interest, and Interest on Late Payment for TEN Lifting

48. Actual receipts for the period up to September 2017 showed a negative variance of US\$24.18 million, compared to the 2017 Budget estimate for the same period, as shown in Table 5.
49. An amount of US\$56.28 million provided in the budget for gas royalty and CAPI was not realised. Corporate Income Tax of US\$22.07 million (GH 96.28 million), as well as PHF Income and Interest on Late Payment, which were not budgeted for, were received during the period under review. These gains were, however, not enough to compensate for the losses arising from the lower than expected price of US\$49.74 per barrel (benchmark price of US\$56.14 per barrel), as shown in Figure 2. This resulted in a negative net variance of 6.25 percent (US\$24.18 million). There was also a shortfall in Surface Rental receipts.

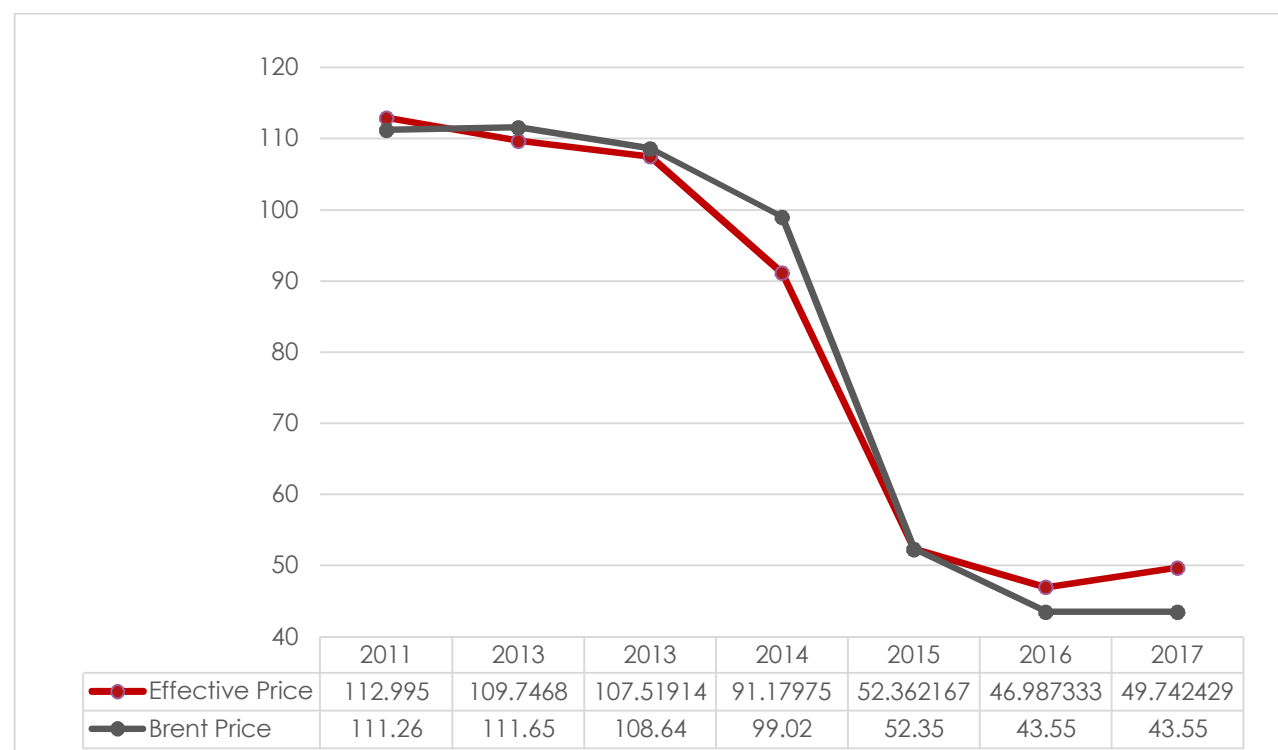
Table 5: Analysis of January to September 2017 Petroleum Receipts (US\$)

ITEM	BUDGET	ACTUAL	VARIANCE
	A	B	C = B - A
	US\$		
Royalties	134,869,237.97	91,760,907.48	(43,108,330.49)
o/w Crude Oil	130,554,722.96	91,760,907.48	(38,793,815.48)
o/w Gas	4,314,515.01	-	(4,314,515.01)
Carried and Participating Interest	379,308,448.39	247,561,839.21	(131,746,609.18)
o/w Crude Oil	308,589,307.22	247,561,839.21	(61,027,468.00)
o/w Gas	70,719,141.17	-	(70,719,141.17)
Surface Rentals	1,496,558.08	845,428.91	(651,129.17)
Corporate Income Tax	-	22,073,745.00	22,073,745.00
PHF income	-	334,121.37	334,121.37

Source: Ministry of Finance/Bank of Ghana

Note: Actual receipts from Jan.-Sept. 2017, compared with the annual budget projection

Figure 2: Annual Lifting Average Price



Source: GNPC

50. Table 6 indicates a marked increase (109.68 percent) in overall petroleum revenue in September 2017, compared to same period in 2016. This was due mainly to the increase in production volumes.

ITEM	UNIT	2015	2016	2017	Variance
		Jan-Sept	Jan-Sept	Jan-Sept	2017 vs 2016
Jubilee Royalties	US\$	91,738,776.09	44,793,483.31	54,045,361.56	9,251,878.25
Jubilee Carried and Participating Interest	US\$	237,764,766.49	116,093,897.84	140,072,533.32	23,978,635.48
TEN Royalties	US\$	-	-	37,715,545.92	37,715,545.92
TEN Carried and Participating Interest	US\$	-	-	107,489,305.89	107,489,305.89
Surface Rentals	US\$	465,919.73	435,094.24	845,428.91	410,334.67
Royalties from SOPCL	US\$	-		-	-
Corporate Income Tax	US\$	11,617,384.00	2,232,550.00	22,073,745.00	19,841,195.00
PHF income	US\$	23,591.40	60,806.40	334,121.37	273,314.97
Price Differentials	US\$	-			-
Gas Royalties	US\$	22,595.67	379,554.50		(379,554.50)
Gas Carried and Participating Interest	US\$	531,219.65	8,923,251.85	-	(8,923,251.85)
Interest on Late Payment on TEN Lifting	US\$	-	-	4,274.04	4,274.04
Total Petroleum Receipts	US\$	342,164,253.03	172,918,638.14	362,580,316.01	189,661,677.87
	GH¢	1,246,166,113.15	671,526,738.66	1,552,129,142.93	880,602,404.27

Table 6: Analysis of Petroleum Receipts from January-September (2015 to 2017)

Source: Ministry of Finance/Bank of Ghana

3.2 Allocation of 2017 Petroleum Receipts

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

52. The 2017 petroleum receipts were allocated based on the provisions of the PRMA, as amended. Out of the total revenue of US\$362.58 million, GNPC (the NOC) was

allocated a total of US\$126.67 million, made up of Equity Financing Cost (US\$74.86 million) and its share of the net Carried and Participating Interest (US\$51.81 million), as shown in Table 7.

Table 7: Distribution of January-September 2017 Petroleum Receipts

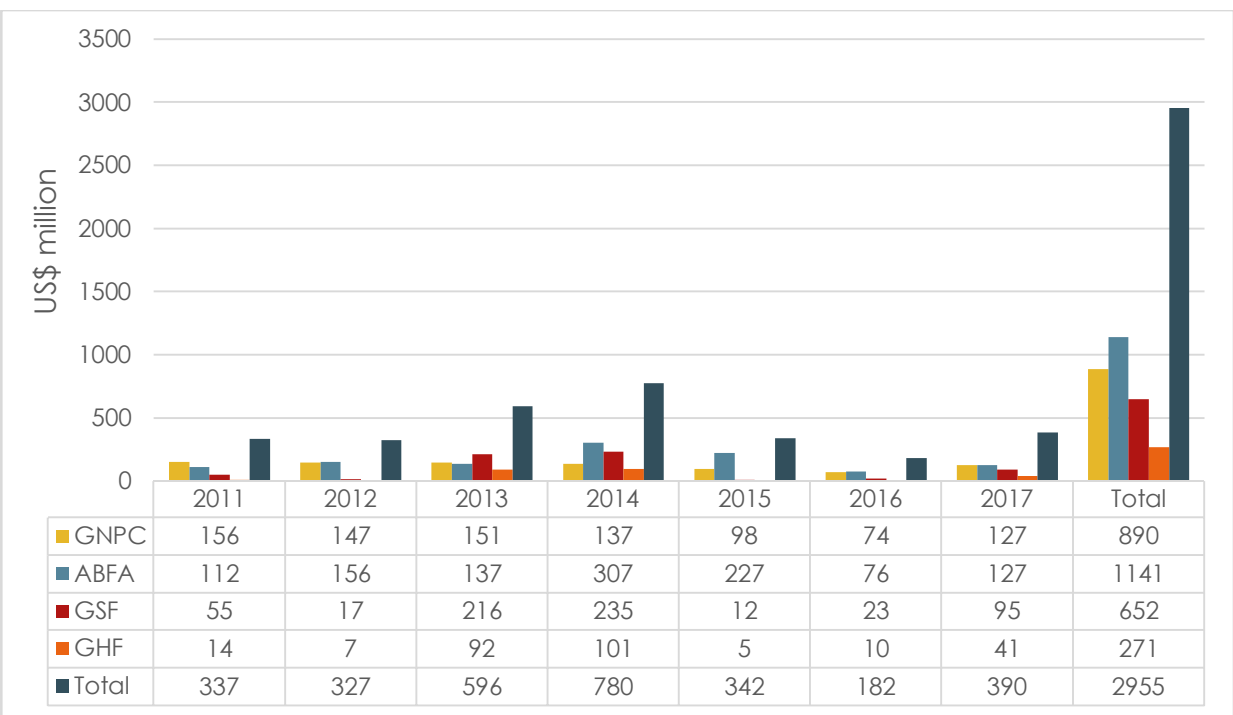
ITEM	UNIT	Jubilee 35th	Jubilee 36th	Jubilee 37th	Jubilee 38th	TEN 1st	TEN 2nd	TEN 3rd	TOTAL
Date of Distribution		29-Mar-17	12-May-17	23-Jun-17	28-Sep-17	31-Jan-17	30-May-17	28-Aug-17	
Transfer to GNPC	US\$	14,437,587	11,126,940	22,392,489	12,872,478	21,900,634	21,046,842	22,896,321	126,673,291
o/w Equity Financing cost	US\$	4,339,801	-	17,849,899	4,678,490	15,103,886	14,515,063	18,376,773	74,863,913
o/w Crude Oil Net Carried and Participation Interest	US\$	10,097,786	11,126,940	4,542,590	8,193,988	6,796,748	6,531,779	4,519,548	51,809,378
ABFA and GPFs	US\$	38,223,007	40,627,515	23,612,677	31,462,963	56,452,311	27,973,328	44,554,528	262,906,329
o/w Annual Budget Funding Amount	US\$	2,848,051	28,439,260	-	11,176,499	39,516,617	13,925,408	31,188,170	127,094,006
o/w Ghana Petroleum Funds	US\$	35,374,956	12,188,254	23,612,677	20,286,464	16,935,693	14,047,920	13,366,359	135,812,324
o/w Ghana Stabilisation Fund	US\$	24,762,469	8,531,778	16,528,874	14,200,525	11,854,985	9,833,544	9,356,451	95,068,627
o/w Ghana Heritage Fund	US\$	10,612,487	3,656,476	7,083,803	6,085,939	5,080,708	4,214,376	4,009,908	40,743,697
Total Payments	US\$	52,660,594	51,754,455	46,005,166	44,335,440	78,352,945	49,020,171	67,450,850	389,579,620
	GH¢	228,418,598	217,353,183	200,425,533	195,160,175	334,517,022	210,695,393	296,128,169	1,682,698,073

Source: Ministry of Finance/Bank of Ghana

53. A total of US\$135.81 million (GH 588.17 million) was transferred into the GPFs for the period up to September 2017, compared to US\$32.49 million (GH 126.54 million) for the same period in 2016. Out of the amount transferred, the GHF received US\$40.74 million (GH 176.45 million), against US\$9.75 million (GH 37.96 million) in 2016, while the GSF received US\$95.07 million (GH 401.72 million), against US\$22.74 million (GH 88.58 million) in 2016.

54. The total amount transferred in 2017 from petroleum liftings and related proceeds to the ABFA was US\$127.09 million (GH 546.31 million). The allocation to the ABFA was in line with the budget.
55. The Ghana Infrastructure Investment Fund (GIIF) received a total of US\$6.92 million, from the first TEN lifting in the first quarter of 2017, which represents 25 percent of the capital component of the ABFA, in line with the GIIF Act. However, with the 2017 Budget, GIIF has not received any further allocation after the first TEN allocation.
56. As indicated earlier, GNPC received a total of US\$126.67 million (GH 548.22 million) in respect of Carried and Participating Interest (US\$51.81 million) and Equity Financing Cost (US\$74.86 million), compared to a total amount of US\$73.84 million (GH 289.34 million) received in the same period of 2016. This is further analysed into Equity Financing Cost US\$51.67 million (GH 203.06 million), CAPI US\$19.33 million (GH 75.11 million) and Gas CAPI of US\$2.84 (GH 11.19 million). The utilisation of funds allocated to GNPC is shown in Section 3.4. The allocation of petroleum receipts to the allowable destination accounts since 2011 is shown in Figure 3.

Figure 3: Distribution of Petroleum Receipts, January-September 2011 - 2017



Source: Ministry of Finance/Bank of Ghana

57. The 2017 Budget established a quarterly allocation of US\$42.36 million to the ABFA. The performance of actual ABFA inflows against the quarterly budget projections is shown in Table 8.

Table 8: January to September 2017 ABFA Allocation and Variance Analysis

Period	US\$			GH¢		
	Budget	Actual	Variance	Budget	Actual	Variance
Qtr1	42,364,668.53	42,364,668.53	-	193,733,629.19	181,044,201.00	(12,689,428.19)
Qtr2	42,364,668.53	42,364,668.53	-	193,733,629.19	179,282,195.87	(14,451,433.32)
Qtr3	42,364,668.53	42,364,668.53	-	193,733,629.19	185,982,904.87	(7,750,724.32)
Total	127,094,005.59	127,094,005.59	-	581,200,887.56	546,309,301.74	(34,891,585.82)

Source: Ministry of Finance/Bank of Ghana

58. Section 12 of the PRMA permits a withdrawal from the GSF to cushion the Budget against the effects of petroleum revenue shortfall in each quarter. There were no withdrawals from the GSF because the ABFA targets for all the three quarters were met. However, in terms of Ghana cedis, the three quarters missed the targets on account of a lower depreciation of the cedi against the United States dollar.

3.3 Utilisation of the 2017 Annual Budget Funding Amount

59. The 2017 Budget Statement and Economic Policy of Government maintained for 2017-2019, the 2014-2016 formula for the distribution of Petroleum Revenue. However, the priority areas for the utilisation of the ABFA were revised for the 2017-2019 fiscal years, in line with Section 21(6) of the PRMA as shown in Table 9.

Table 9: Revision of the Priority areas for the spending of the ABFA

No.	2014-2016 Priority Areas	2017-2019 New Priority Areas
1	Expenditure & Amortisation of Loans for Oil and Gas Infrastructure	Physical Infrastructure and Service Delivery in Health
2	Road and Other Infrastructure	Road, Rail and other critical Infrastructure Development
3	Agriculture Modernisation	Agriculture
4	Capacity Building (Including Oil and Gas)	Physical Infrastructure and Service Delivery in Education

Source: Ministry of Finance

Transfers into the ABFA Account

60. The balance brought forward on the ABFA Account as at 1st January, 2017, was US\$18.62 million (GH 78.69 million).

Programmed ABFA Spending

61. A total amount of GH 796.32 million was programmed for utilisation in 2017. Of this amount, GH 238.89 million and GH 557.42 million were programmed for Goods and Services and Capital Expenditure, respectively.

62. A breakdown of programmed spending by priority areas indicates an amount of GH 156.08 million was programmed for Agriculture expenditure. The amount is made up of GH 13.68 million for Goods and Services, and GH 142.4 million for Capital Expenditure.

63. Total programmed spending for Physical Infrastructure and Service Delivery in Education amounted to GH 211.72 million. The amount represents ABFA Goods and Services provision to support the implementation of Government's flagship free Senior High School Policy. Similarly, a provision of GH 50.0 million was made for the improvement of Physical Infrastructure and Services Delivery in Health.

64. For the Roads, Rail and Other Critical Infrastructure priority area, a total of GH 376.62 million was programmed for the year. The amount is made up GH 11.6 million and GH 365.02 million programmed Goods and Services, and Capital Expenditure, respectively.

65. The total programmed spending for the year also includes transfers to the Public Interest and Accountability Committee (PIAC) of GH 1.9 million. The transfer is to enable PIAC implement its activities for the year, in line with its mandate, as enshrined in the PRMA. A summary of 2017 Programmed ABFA spending by Priority Area is presented in Table 10.

Table 10: 2017 Programmed ABFA Expenditure by Priority Area

Priority Area	Goods & Services	CAPEX	Total
Agriculture	13,677,117	142,400,000	156,077,117
Physical Infra. & Serv. Delivery in Education	211,717,458	-	211,717,458
Physical Infra. & Serv. Delivery in Health	-	50,000,000	50,000,000
Road, Rail and Other Critical Infrastructure Development	11,600,000	365,020,676	376,620,676
Public Interest and Accountability Committee	1,900,000	-	1,900,000

Total	238,894,575	557,420,676	796,315,251
--------------	--------------------	--------------------	--------------------

Source: Ministry of Finance

ABFA Utilisation by the Priority Areas

66. Utilisation of the ABFA was in line with the provisions of the PRMA. An amount of GH 264.89 million was utilised. Table 11 provides a summary of utilisation by the priority areas, as shown in Appendix Table 3.

Table 11: ABFA Utilisation by Priority Area (January-September, 2017)

Priority Area	Total
AGRICULTURE	21,156,840.43
PHYSICAL INFRASTRUCTURE & SERVICE DELIVERY IN EDUCATION	202,379,893.20
PHYSICAL INFRASTRUCTURE & SERVICE DELIVERY IN HEALTH	6,044,229.09
ROAD, RAIL, & OTHER CRITICAL INFRASTRUCTURE DEVELOPMENT	34,357,771.92
PUBLIC INTEREST & ACCOUNTABILITY COMMITTEE (PIAC)	1,345,078.00
TOTAL	265,283,812.64

Source: CAGD and Ministry of Finance

Agriculture

67. Total spending on Agriculture amounted to GH 21.16 million. Of this amount, GH 16.88 million was spent on the development and rehabilitation of irrigation infrastructure in the Volta, Western, Central, Upper West, Greater Accra and Ashanti Regions. GH 2.45 million was counterpart fund payments for the implementation of the Northern Rural Growth Programme and the Ghana Agriculture Sector Investment Project; and GH 1.83 million were payments towards the construction of the Fisheries College at Anomabo in the Central Region.

Physical Infrastructure and Service Delivery in Education

68. Total spending on Physical Infrastructure and Service Delivery in Education amounted to GH 202.38 million. The amount is made up of GH 196.38 million paid to support the implementation of Government's Free Senior High School Policy and GH 6.0 million paid to the Scholarship Secretariat in respect of scholarship claims. The payments to the Scholarship Secretariat was made in February 2017 prior to the revision of the priority areas for the utilisation of the ABFA.

Physical Infrastructure and Service Delivery in Health

69. A total amount of GH 6.04 million was spent on the provision of Physical Infrastructure and Services Delivery in Health. The amount includes the payment of GH 3.69 million for the rehabilitation of the Tamale Teaching Hospital and the Korle-Bu Teaching Hospital's School of Hygiene. Also, an amount of GH 0.72 million

was utilised for the construction of offices for the National Drugs Programme, while GH 0.62 million was spent on the construction of boreholes under the Water Sector Improvement Programme in the Brong Ahafo and Northern Regions. Additionally, GH 1.0 million in payments were matching fund requirements for the expansion of the Radiotherapy and Nuclear Medicines Projects at the Korle-Bu and Komfo Anokye Teaching Hospitals, respectively.

Roads, Rail, and Other Critical Infrastructure

70. Total spending for Road, Rail and Other Critical Infrastructure amounted to GH 34.36 million. The payments were used for the bitumen surfacing of the Tanoso-Bomaa Tepa feeder road, and the construction of roads and provision of infrastructural amenities for the University of Health and Allied Sciences at Sokode in the Volta Region. The amount utilised includes an amount of GH 29.22 million (US\$6.92 million) transferred to the Ghana Investment Infrastructure Fund in January 2017.

Public Interest and Accountability Committee

71. A total amount of GH 0.95 million was transferred to the Public Interest and Accountability Committee (PIAC) to implement its programmed activities for the year. The amount represents 50.0 percent of their budget for the year 2017.

3.4 Utilisation of 2017 GNPC Allocations

72. As at end-September 2017, GNPC had received a total amount of US\$113.8 million as its share of development and production costs and its 30 percent share of the net Carried and Participating Interest proceeds for the Jubilee and TEN operations.

73. GNPC spent a total of US\$116.9 million in the period under review, as indicated in Table 12. The US\$3.10 million excess expenditure over receipts was financed from GNPC's cash balance brought forward from the previous year, leaving cash-on-hand of US\$64.90 million as at end-September 2017.

Table 12: Utilisation of GNPC's Share of Jubilee Petroleum Revenue, Jan.-Sept. 2017

SRN	RECEIPTS FROM JUBILEE & TEN PROCEEDS	AMOUNT (US\$)	EXPENDITURE AS % OF RECEIPTS
1	Level A Receipts (Equity Financing)- Jubilee	22,189,700.49	19.5%
2	Level B Receipts (30% of Net Proceeds)- Jubilee	25,767,315.12	22.6%
3	Level A Receipts (Equity Financing)- TEN	47,995,722.36	42.2%
4	Level B Receipts (30% of Net Proceeds)- TEN	17,848,075.06	15.7%
5	Total Amount Received (A)	113,800,813.02	100.0%
SRN	USES OF AMOUNTS ALLOCATED		
6	Jubilee Equity Financing Cost	28,350,096.56	24.9%
7	TEN Equity Financing Cost	46,009,420.19	40.4%
8	Exploration & Development Projects	13,298,770.22	11.7%
9	Staff Cost	10,068,812.60	8.8%
10	Admin. Capital Expenditure	679,310.22	0.6%
11	Capital Projects	4,182,439.38	3.7%
12	General Operational Expenditure	8,393,229.56	7.4%
13	Down Stream Project	824,021.32	0.7%
14	SOPCL	74,192.57	0.1%
15	GOG Gas Related Payments-Enclave Roads	5,058,876.66	4.4%
16	Total Expenditure (B)	116,939,169.27	102.8%
17	Net Position (C = A - B)	(3,138,356.25)	-2.8%
18	Add: Cash B/Fwd (01.01.2017) (D)	68,027,679.80	
19	Total Cash-Available (E = C + D)	64,889,323.55	

Source: GNPC

Note: GNPC received its share of the proceeds from the Jubilee 38th lifting on October 9, 2017. This explains the difference between the GNPC and MOF Equity Financing Cost

74.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

Exploration & Development Projects	
OCTP ENI Project	1,884,291.16
North & South Tano Petroleum Projects	1,243,334.11
Voltaian Basin Petroleum Projects	2,277,614.77
South Deepwater Tano Petroleum Projects	966,478.34
ICT Upgrade	-
Research and Development	-
Joint Venture with Technip	-
Hess	1,493,464.92
Ultra-Deep Water [Keta Heritage]	368,302.08
Tano - Heritage	368,302.08
A - Z Petroleum	368,302.08
Explorco	1,351,962.21
Organisational Development Project	-
Maritime Boundary Special Project	2,976,718.48
Total Non-Jubilee and TEN Project Expenditure	\$13,298,770.22

Source: GNPC

SECTION FOUR: PERFORMANCE OF THE GHANA PETROLEUM FUNDS IN 2017

4.1 Developments in the United States T-Bill Market

75. In the first half of 2017, the nominal US Treasury yields eased from the highs recorded after the US election, as the bill to repeal and replace the Affordable Care Act was unsuccessful in the face of political gridlock. This increased uncertainty on the ability of the US administration to implement more expansionary fiscal policies and other government policies. Also, the gradualist approach adopted by the FOMC in normalizing monetary policy and muted inflation helped to weaken the upward trajectory of US Treasury yields.

76. Yields, however, rose on the short-to-intermediate maturities, reflecting the response of investors to the FOMC's view that the slowing in the first quarter GDP was likely to be transitory. The yield of the US 10-year Treasury note ended the first half of 2017 at 2.304 percent, compared to 2.444 percent at the end of the second half of 2016, while the yield of the 2-year note ended the first half of 2017 at 1.382 percent, compared to 1.188 percent at the end of the first half of 2016. On balance, the US

Treasury yield curve flattened in the course of the first half of 2017. In Q3 2017 market participants took a cue from the July FOMC minutes which acknowledged that inflation might continue to run below the FOMC's 2 percent objective for longer than anticipated.

77. This caused yields on US Treasuries to fall, amid rising geopolitical tensions related to North Korea and reduced prospects for enactment of an expansionary fiscal stimulus program. The fall in yields reversed in September as the FOMC announced the beginning of the Federal Reserve balance sheet normalization in October, and a potential rate hike in the fourth quarter of 2017.

4.2 Portfolio Performance of the Ghana Petroleum Funds

78. The impact of these yield curve movements on the Ghana Petroleum Funds is discussed below:

- The total year-to-date returns based on changes in market valuation on the GHF for 2017 was 2.75 percent, compared to 5.21 per cent for the same period in 2016. The quarterly returns were mixed in 2017. Quarters 1, 2 and 3 of 2017 recorded a performance of 0.97 percent, 1.11 percent and 0.63 percent, respectively, compared to 2.96 percent, 1.91 percent and 0.27 percent, respectively, for the same period in 2016; and
- The year-to-date total return on the GSF for 2017 was 0.78 percent, compared to 0.46 percent in 2016. Portfolio returns were stronger on a quarterly basis in 2017 than 2016. Unlike the GHF, the GSF returns consistently increased throughout the year as the portfolio is concentrated in the short-term sector of the yield curve and is largely insensitive to yield fluctuations, as shown in Table 14.

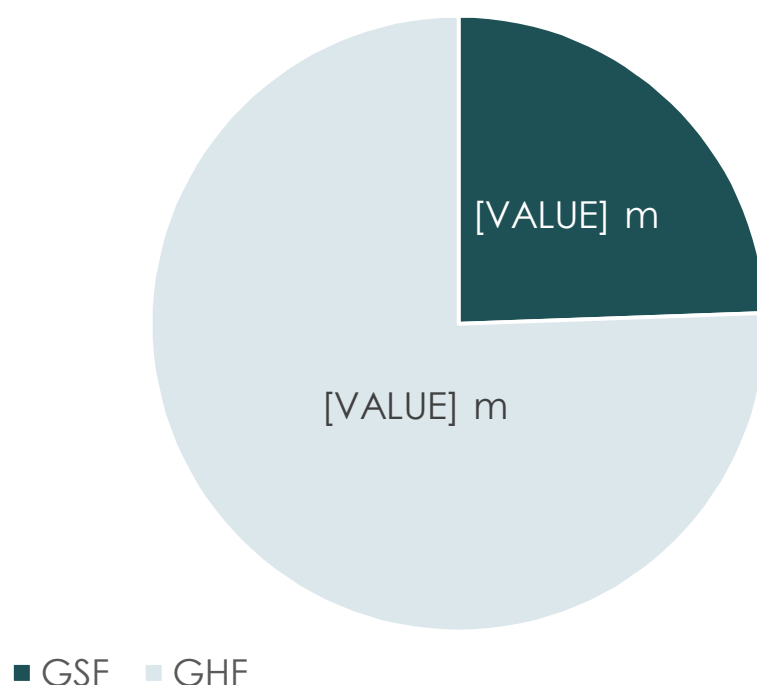
Table 14: Returns on the Ghana Petroleum Funds

Quarter End	Current Returns		Total Returns (Year-to-date)	
	GSF (%)	GHF (%)	GSF (%)	GHF (%)
2014				
March	0.133	0.406	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	1.8	0.32	1.8
June	0.02	-2.3	0.33	-0.64
September	0.04	1.74	0.38	1.18
December	-0.01	-0.97	0.33	0.25
2016				
March	0.18	2.96	0.18	2.96
June	0.15	1.91	0.33	4.93
September	0.13	0.27	0.46	5.21
December	0.12	-3.25	0.58	1.79
2017				
March	0.21	0.97	0.21	0.97
June	0.27	1.11	0.53	2.09
September	0.30	0.63	0.78	2.75

Source: Bank of Ghana

79. The Ghana Petroleum Funds net profit since inception to end of the third quarter of 2017 was US\$25.94 million (4.3 percent over total allocation of US\$604.4), as shown in Figure 4. Of this amount, the GHF has contributed US\$19.59 million (6.5 per cent over total allocation of US\$303.3 million) and the GSF has contributed US\$6.34 million (2.1 percent over total allocation net of withdrawal of US\$301.1 million).

Figure 4: Composition of Total Returns on the GPFs, 2011-2017



Source: Bank of Ghana

80. The total net profit on the GPFs for January to September 2017 was US\$7.03 million, as shown in Table 15. Of this amount, the GHF contributed a total of US\$5.20 million, compared to US\$4.04 million for the same period in 2016. The GSF also contributed US\$1.83 million, compared to US\$0.65 million for the same period in 2016.

Table 15: Returns on the Ghana Petroleum Funds, 2011-2017

GHANA STABILISATION FUND							
	2011	2012	2013	2014	2015	2016	JAN - SEP 2017
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Opening Book Value	-	54,810,032	71,898,588	319,034,153	286,644,044	177,396,127	207,748,663
Receipts during the year	54,805,353	16,883,548	245,733,702	271,762,755	15,171,062	29,512,625	95,068,627
Income from Investments	4,679	214,049	1,413,341	1,549,380	538,215	845,150	1,828,419
Bank Charges	-	(9,041)	(11,477)	(17,556)	(6,397)	(5,238)	(3,340)
Sub Total	54,810,032	71,898,588	319,034,153	592,328,733	302,346,924	207,748,663	304,642,369
Less Transfer to:							
Contingency Fund		-	-	(17,433,144)	(23,755,073)	-	-
Debt Service / Sinking Fund		-	-	(288,251,545)	(47,510,146)	-	-
Annual Budget Funding Amount(ABFA)		-	-		(53,685,579)	-	-
Closing Book Value	54,810,032	71,898,588	319,034,153	286,644,044	177,396,127	207,748,663	304,642,369
Investment Income	4,679	214,049	1,413,341	1,549,380	538,215	845,150	1,828,419
less:							
Bank Charges	-	(9,041)	(11,477)	(17,556)	(6,397)	(5,238)	(3,340)
Net return for the Period	4,679	205,008	1,401,864	1,531,824	531,818	839,912	1,825,079
GHANA HERITAGE FUND							
	2011	2012	2013	2014	2015	2016	2016
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Opening book Value	-	14,401,216	21,694,221	128,125,943	248,915,220	259,383,473	276,962,292
Receipts during the year	14,400,002	7,235,806	105,314,444	116,469,752	6,501,884	12,648,268	40,743,697
Income from Investments	1,214	60,209	1,126,764	4,331,660	3,981,867	4,948,908	5,218,491
Bank Charges	-	(3,010)	(9,486)	(12,135)	(15,497)	(18,357)	(15,771)
Closing book Value	14,401,216	21,694,221	128,125,943	248,915,220	259,383,473	276,962,292	322,908,709
Investment Income	1,214	60,209	1,126,764	4,331,660	3,981,867	4,948,908	5,218,491
Less							
Bank Charges		(3,010)	(9,486)	(12,135)	(15,497)	(18,357)	(15,771)
Net return for the Period	1,214	57,199	1,117,278	4,319,525	3,966,369	4,930,551	5,202,720

COMBINED FUNDS							
	2011	2012	2013	2014	2015	2016	2016
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Opening book Value	-	69,211,248	93,592,809	447,160,096	535,559,264	436,779,600	484,710,955
Receipts during the year	69,205,354	24,119,354	351,048,145	388,232,507	21,672,946	42,160,892	135,812,324
Income from Investments	5,893	274,258	2,540,105	5,881,040	4,520,081	5,794,058	7,046,910
Bank Charges	-	(12,051)	(20,963)	(29,691)	(21,894)	(23,595)	(19,111)
Sub Total	69,211,248	93,592,809	447,160,096	841,243,953	561,730,397	484,710,955	627,551,078
Less Transfer to:							
Contingency Fund	-	-	-	(17,433,144)	(23,755,073)	-	-
Debt Service Account for Debt Repayment	-	-	-	(288,251,545)	(47,510,146)	-	-
Annual Budget Funding Amount(ABFA)	-	-	-	-	(53,685,579)	-	-
Closing Book Value	69,211,248	93,592,809	447,160,096	535,559,264	436,779,600	484,710,955	627,551,078
Investment Income	5,893	274,258	2,540,105	5,881,040	4,520,081	5,794,058	7,046,910
Less							
Bank Charges	-	(12,051)	(20,963)	(29,691)	(21,894)	(23,595)	(19,111)
Net return for the Period	5,893	262,207	2,519,142	5,851,350	4,498,187	5,770,463	7,027,799

Source: Bank of Ghana

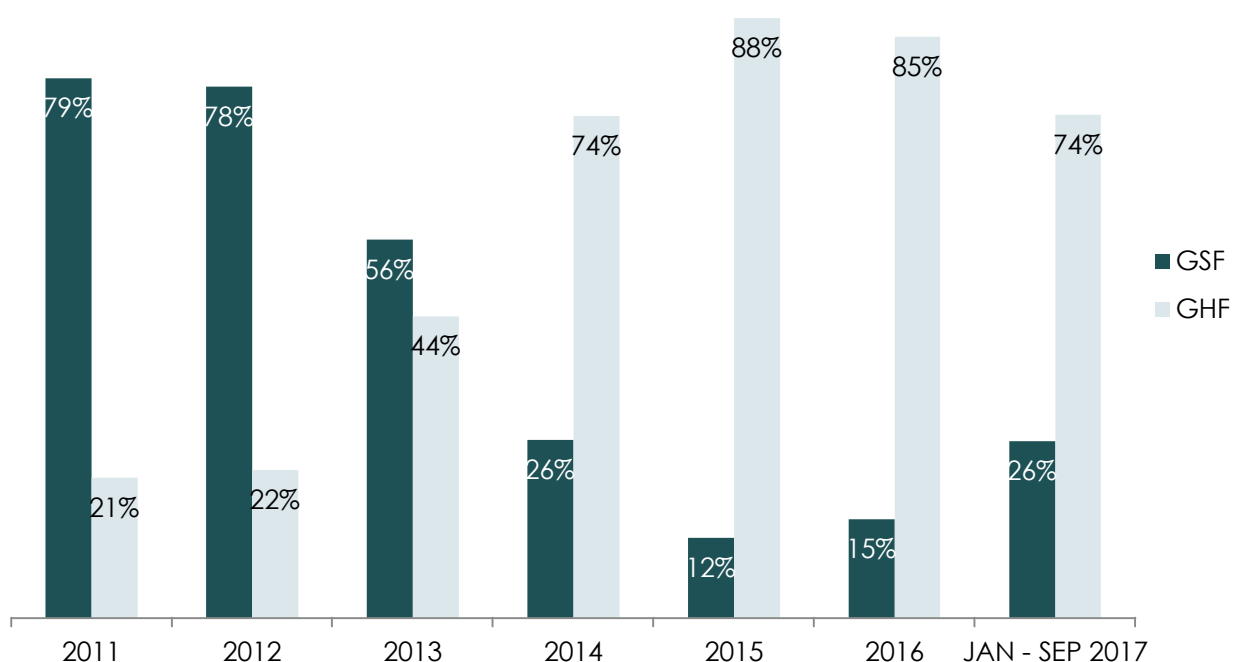
81. In 2011, the GSF share of returns was 79 percent, while that of GHF was 21 percent. This was reversed in 2014, with the GHF contributing 74 percent to the total return, while GSF contributed 26 percent, as shown in Figure 5. This trend has continued into 2017, where the GHF returned 74 percent and GSF, 26 percent.

4.3 Withdrawal from the Ghana Stabilisation Fund

82. Again, the PRMA allows for withdrawals from the GSF to support shortfalls in the ABFA and also allows the Minister responsible for Finance to set a cap on the GSF and withdraw the excess over the cap for contingency and debt repayment. Accordingly, an amount of US\$430.64 million has been withdrawn from the GSF for the above-mentioned purposes since 2014. These withdrawals had an adverse impact on investment returns of the GSF.

83. In 2017, ABFA target for all the three quarters were met. The 2017 Budget did not place a cap on the GSF. Consequently, no withdrawals were made from the GSF to either meet the shortfalls in the ABFA or for the reason of excess amount over a cap.

Figure 5: GPFs Contribution to Annual Returns

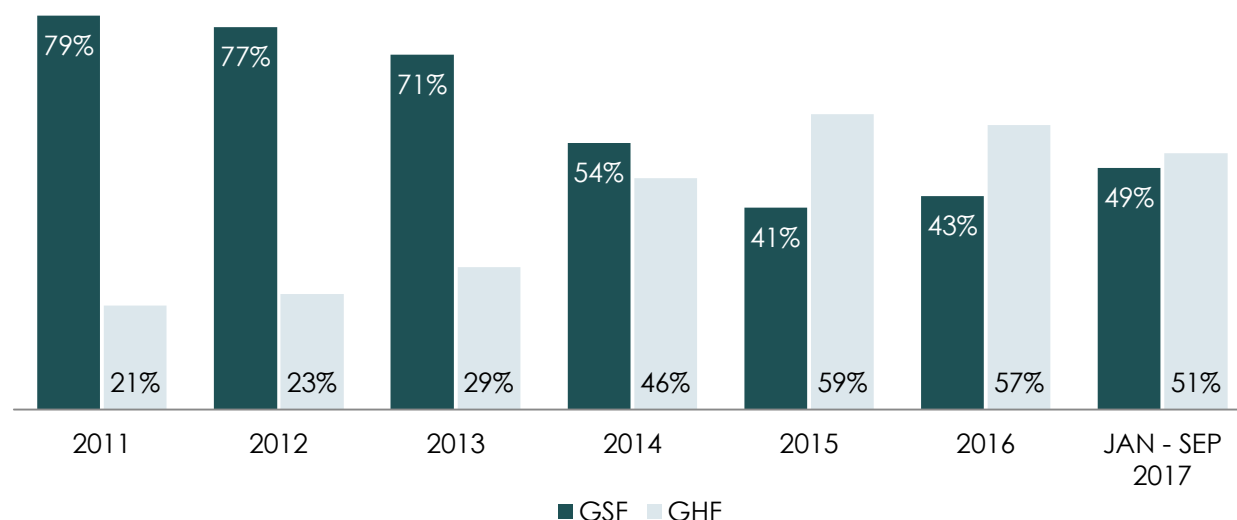


Source: Bank of Ghana

4.4 Book Value and Balances on the Ghana Petroleum Funds

84. The book value of the GPFs at the end of September was US\$627.56 million (GHF: US\$322.91 million and GSF: US\$304.64 million). From 2011 to 2014, GSF held the highest percentage share of the total GPFs portfolio. The trend reversed in 2015 due to the withdrawals made on the GSF. GHF in 2015 contributed 59 percent to total GPFs while GSF contributed 41 percent. The gap between both funds has narrowed consistently since 2015 as a result of regular allocations and the removal of the cap on the GSF.

Figure 6: Contribution to Total GPFs Portfolio



Source: Bank of Ghana

4.5 Outlook for 2017

85. The global economy is expected to grow at a pace of 3.4 percent in 2017, up from 3.1 percent in 2016. Global disinflationary pressures appear to be dampening somewhat, with firming commodity prices and broad manufacturing indicators in emerging and advanced economies in expansionary territory.

86. Growth forecast for the United Kingdom has been lowered from 2.0 percent to 1.7 percent for 2017, due to tepid performance of the UK economy and a lack of clarity on the ultimate economic impact of Brexit. Growth forecast for the Euro Area, Japan and China have been raised to 1.9 percent, 1.3 percent, and 6.7 percent, respectively. Stronger activity and expectations of more robust global demand going forward, and OPEC oil production cuts have helped oil prices to recover.

87. Where global growth expectations are met and translated into stronger inflation dynamics, coordinated tightening of monetary policy will cause bond yields to extend their upward trajectory and the marked-to-market performance of the GPFs may be subdued in the near-term as we rebalance the investment portfolios of the Funds to benefit from higher yield levels.

88. However, there are downside risks to this outlook in the medium term.

- A faster-than-expected pace of monetary policy and balance sheet normalisation by the FOMC will trigger a more rapid tightening in global financial conditions and a sharp dollar appreciation with adverse repercussions for vulnerable economies. However, if the FOMC raises interest rates while inflation and inflation expectations remain subdued, the US Treasury yield curve would invert and term premium could fall together with yields on long-term bonds. This development has historically preceded recessions;
- An aggressive rollback of financial regulations (as envisaged in US) could spur excessive risk taking and increase the likelihood of future financial crises;
- An inward shift in policies would lower global growth caused by reduced trade and cross-border investment flows;
- Rich equity and bond market valuations and low volatility in an environment of high policy uncertainty could increase the likelihood of market correction which can dampen growth;
- China's recent higher growth is coming at the cost of rapid credit expansion with resulting financial instability risks that can restrain growth in the medium-term; and
- Noneconomic risks such as geopolitical tensions, domestic political discord, extreme weather events, terrorism, and security concerns will potentially dim the global growth outlook.

SECTION FIVE: AUDITED FINANCIAL STATEMENTS OF THE PETROLEUM FUNDS

89. Section 48 of the PRMA requires that the audited financial statements on the Petroleum Funds are attached to the Annual Report each year. In this regard, the relevant sections of the audited financial statements for 2016 are shown in Appendix Table 4.

SECTION SIX: CHALLENGES AND THE WAY FORWARD

90. The outlook of Ghana's oil and gas sector for 2018 is bright with the coming on stream of additional fields, specifically the OCTP Project and the on-going investment activities in the sector. However, low crude oil prices remain a major

concern in the industry. This section identifies some challenges and upside potentials in 2018.

6.1 Challenges

91. Price Fluctuations: Oil prices have stabilized in 2017 and are creeping upwards towards the end of 2017. Sustained oil price volatility will negatively impact projected revenues which will adversely affect Government revenue and Government's ability to execute planned programmes of activities.

6.2 Way Forward

92. Damage of the Jubilee FPSO Turret Bearing: The FPSO Kwame Nkrumah TRP has been rescheduled to the first quarter of 2018. This means more crude oil production for 2017 and less for 2018. Production on the Jubilee Field for 2018 and beyond will depend on the partners' ability to resolve the associated challenges with the Jubilee FPSO.

93. Following the final determination of the Ghana-Cote d'Ivoire maritime boundary dispute by ITLOS on 23rd September, 2017, it is expected that all the previously affected companies will resume normal operations to implement their work programmes under their respective Petroleum Agreements.

94. Work is ongoing for the drafting of the Petroleum (Exploration and Production) Regulations to provide operational details for the E&P Act and explain how the Act is administered. The draft PRMA Regulations are almost ready and will be laid in Parliament before end-2018.

95. The OCTP integrated project will start full year oil and gas production next year. The increased domestic gas supply will ensure reliable power generation.

SECTION SEVEN: CONCLUSION

96. The 2017 Annual Report on the Petroleum Funds is a PRMA Section 48 requirement, which reports on petroleum receipts and expenditure from January to September each year, except in an election year. The report covers the first nine months of 2017, with a reconciliation to be published by end-March 2018. This report has been presented together with the 2018 Budget Statement and Economic Policy to Parliament in November 2017.

97. The report covers petroleum production from the Jubilee and TEN Fields in 2017. Crude oil prices have remained relatively stable, while output is increasing as a result of production from the new fields in 2017. Total petroleum receipts (i.e.

MONTH	DAILY AVERAGE PRODUCTION	PRODUCTION DAYS	QTY PRODUCED (BBLS)	DAILY AVERAGE PRODUCTION	PRODUCTION DAYS	QTY PRODUCED (BBLS)	DAILY AVERAGE PRODUCTION	PRODUCTION DAYS	QTY PRODUCED (BBLS)
-------	--------------------------	-----------------	---------------------	--------------------------	-----------------	---------------------	--------------------------	-----------------	---------------------

proceeds from Liftings and other petroleum receipts) as at September 2017 was US\$362.58 million (GH¢1,552.13 million). This compares with the receipts of US\$172.92 million (GH¢671.53 million) for the same period in 2016.

98. Out of the total revenue of US\$362.58 million, GNPC (the NOC) was allocated a total of US\$126.67 million, made up of Equity Financing Cost (US\$74.86 million) and its share of the net Carried and Participating Interest (US\$51.81 million).

99. A total of US\$135.81 million (GH¢588.17 million) was transferred into the GPFs for the period up to September 2017. Out of the amount transferred, the GHF received US\$40.74 million (GH¢176.45 million), while the GSF received US\$95.07 million (GH¢401.72 million).

100. The total amount transferred between January-September 2017 from petroleum liftings and related proceeds to the ABFA was US\$127.09 million. Of the total ABFA amount transferred, US\$6.92 million was allocated to the Ghana Infrastructure Investment Fund in the first quarter 2017.

APPENDICES

APPENDIX TABLE 1: CRUDE OIL PRODUCTION, 2017

	Jubilee			TEN			SGN		
Jan-17	59,731	31	1,851,668	42,015	31	1,302,460	0	31	0
Feb-17	86,959	28	2,434,849	52,599	28	1,472,768	0	28	0
Mar-17	101,112	31	3,134,460	55,264	31	1,713,193	0	31	0
Apr-17	96,434	30	2,893,021	42,280	30	1,268,394	0	30	0
May-17	68,050	31	2,109,557	62,219	31	1,928,789	4,738	31	146,878
Jun-17	93,649	30	2,809,470	31,059	30	931,776	11,639	30	349,177
Jul-17	99,921	31	3,097,560	62,376	31	1,933,666	11,640	31	360,852
Aug-17	101,398	31	3,143,344	62,551	31	1,939,095	17,865	31	553,822
Sep-17	94,275	30	2,828,256	58,778	30	1,763,337	24,820	30	744,593
Total			24,302,185			14,253,478			2,155,322

Source: GNPC

APPENDIX TABLE 2: GAS DELIVERED TO THE GPP

MONTH	DELIVERED VOLUME (MMSCF)	DELIVERED VOLUME (MMSCF)
	Jubilee	TEN
Jan-17	1,570.30	
Feb-17	242.40	
Mar-17	2,299.60	
Apr-17	2,383.30	
May-17	2,048.20	238.40
Jun-17	2,313.50	-
Jul-17	2,685.70	10.30
Aug-17	3,432.70	-
Sep-17	3,240.30	10.00
Total	20,216.10	258.70

Source: GNPC

APPENDIX TABLE 3: DETAILS OF USE OF ABFA, JANUARY-SEPTEMBER 2017

PRIORITY AREA/PROJECT DESCRIPTION	GOODS & SERVICES	CAPITAL EXPENDITURE	TOTAL	PROJECT IMPLEMENTATION RATE (%)
1.0 AGRICULTURE	2,453,555.00	18,703,285.43	21,156,840.43	

PRIORITY AREA/PROJECT DESCRIPTION	GOODS & SERVICES	CAPITAL EXPENDITURE	TOTAL	PROJECT IMPLEMENTATION RATE (%)
MINISTRY OF FOOD & AGRICULTURE	2,453,555.00	16,879,205.91	19,332,760.91	
Irrigation Infrastructure	-	16,879,205.91	16,879,205.91	
Payment for Rehabilitation of Irrigation Project at Keyime and Ohawu- AKA in the Volta Region	-	2,037,858.73	2,037,858.73	100
Payment to cover the Development of Irrigation Infrastructure at Atidzive-Ayiteykope	-	302,022.87	302,022.87	100
Payment for the Rehabilitation of Irrigation Project at Piyyiri in the Upper West Region	-	5,270,079.78	5,270,079.78	72.6
Development of Irrigation Infrastructure at Mprumem in the Central Region	-	7,117,361.94	7,117,361.94	60
Payment to cover for Delayed Interest on Development of Irrigation Infrastructure at Atidzive-Ayiteykope	-	1,646,975.44	1,646,975.44	100
Payment for construction of civil works at Adiembra Irrigation Dam under Small Farm Irrigation Project	-	237,048.10	237,048.10	100
Construction of civil works at Nobeko	-	98,368.67	98,368.67	100

PRIORITY AREA/PROJECT DESCRIPTION	GOODS & SERVICES	CAPITAL EXPENDITURE	TOTAL	PROJECT IMPLEMENTATION RATE (%)
Irrigation Dam under Small Farm Irrigation Project				
Rehabilitation of Irrigation Dam at Dawa in the Greater Accra Region	-	169,490.38	169,490.38	100
Greenhouse Project	-	-	-	
GCS Warehouse Receipt System (Rehabilitation of Warehouses & Silos)	-	-	-	
Counterpart Funding for Agriculture Sector Investment Programme	2,453,555.00	-	2,453,555.00	
Counterpart Fund for the Implementation of the Northern Rural Growth Programme	2,000,000.00	-	2,000,000.00	
Counterpart Fund for the Ghana Agriculture Sector Investment Project	453,555.00	-	453,555.00	
MINISTRY OF FISHERIES AND AQUACULTURE	-	1,824,079.52	1,824,079.52	
Fisheries and Aquaculture Inputs and Infrastructure	-	1,824,079.52	1,824,079.52	

PRIORITY AREA/PROJECT DESCRIPTION	GOODS & SERVICES	CAPITAL EXPENDITURE	TOTAL	PROJECT IMPLEMENTATION RATE (%)
Payment for the Construction of Fisheries College at Anomabo Hostel Block	-	542,742.90	542,742.90	55
Payment for the Construction of Fisheries College Administration Block at Anomabo	-	282,229.76	282,229.76	70
Payment for the Construction of Fisheries College Lecture Block at Anomabo	-	355,390.49	355,390.49	45
Construction of Fisheries College at Anomabo 2- Storey Laboratory Block	-	278,809.00	278,809.00	60
Construction of Fisheries College at Anomabo 2-Storey Administration Block	-	33,606.22	33,606.22	70
Construction of Fisheries College at Anomabo 2-Storey Administration Block	-	68,544.00	68,544.00	70
Payment for the Construction of Fisheries College at Anomabo	-	262,757.15	262,757.15	45
2.0 PHYSICAL INFRASTRUCTURE & SERVICE DELIVERY IN EDUCATION	202,379,893.20	-	202,379,893.20	

PRIORITY AREA/PROJECT DESCRIPTION	GOODS & SERVICES	CAPITAL EXPENDITURE	TOTAL	PROJECT IMPLEMENTATION RATE (%)
MINISTRY OF EDUCATION	196,379,893.20	-	196,379,893.20	
Free SHS Policy	196,379,893.20	-	196,379,893.20	
Payment towards the implementation of Government's free SHS Policy	196,379,893.20			
OFFICE OF GOVERNMENT MACHINERY	6,000,000.00	-	6,000,000.00	
*Scholarship Claims	6,000,000.00	-	6,000,000.00	
Payment of Scholarship Claims	6,000,000.00		6,000,000.00	
			-	
3.0 PHYSICAL INFRASTRUCTURE & SERVICE DELIVERY IN HEALTH	-	6,044,229.09	6,044,229.09	
MINISTRY OF HEALTH	-	6,044,229.09	6,044,229.09	

PRIORITY AREA/PROJECT DESCRIPTION	GOODS & SERVICES	CAPITAL EXPENDITURE	TOTAL	PROJECT IMPLEMENTATION RATE (%)
Health Infrastructure	-	6,044,229.09	6,044,229.09	
Rehabilitation and Construction of offices for the National Drugs Programme P&S Unit	-	723,171.25	723,171.25	
Payment for the Water Sector Improvement Programme (Construction of Boreholes) in Brong Ahafo and Northern Regions	-	627,531.76	627,531.76	100
Payment for the upgrade of Tamale Teaching Hospital	-	3,500,000.00	3,500,000.00	90
Payment in respect of works done at the School of Hygiene - KORLEBU	-	193,526.08	193,526.08	100
Matching Funds for the expansion of Radiotherapy and Nuclear Medicines Project at Korle-Bu and Komfo Anokye Teaching Hospitals	-	1,000,000.00	1,000,000.00	69
4.0 ROAD, RAIL, & OTHER CRITICAL INFRASTRUCTURE DEVELOPMENT	-	34,357,771.92	34,357,771.92	
MINISTRY OF ROADS AND HIGHWAYS	-	5,137,406.70	5,137,406.70	

PRIORITY AREA/PROJECT DESCRIPTION	GOODS & SERVICES	CAPITAL EXPENDITURE	TOTAL	PROJECT IMPLEMENTATION RATE (%)
Road Infrastructure	-	5,137,406.70	5,137,406.70	
Construction of Roads and other infrastructural amenities for the University of Health and Allied Sciences at Sokode Lokoe near Ho, VIDE	-	3,105,143.48	3,105,143.48	18.38
Payment of work done in respect of bitumen surfacing of Tanoso-Bomaa-Tepa feeder road	-	2,032,263.22	2,032,263.22	91.63
MINISTRY OF RAILWAYS DEVELOPMENT	-	-	-	
Rail Infrastructure	-	-	-	
Transfers to GIIF		29,220,365.22	29,220,365.22	
5.0 PUBLIC INTEREST & ACCOUNTABILITY COMMITTEE (PIAC)	1,345,078.00	-	1,345,078.00	
GRAND TOTAL	206,178,526.20	59,105,286.44	265,283,812.64	

APPENDIX TABLE 4: AUDIT REPORT OF THE GHANA PETROLEUM FUNDS AS AT 2016

Note: All page number references under Appendix Table 4 can be found in the Audit Report and not in this Report

INCOME AND EXPENDITURE ACCOUNT

(All amounts are in US Dollars)

	Note	<u>Year ended 31 December</u>		
		2016	2015	2014
Investment income	9	5,794,058	4,520,081	5,881,040
Bank charges	10	<u>(23,595)</u>	<u>(21,894)</u>	<u>(29,691)</u>
Surplus income for the year		<u>5,770,463</u>	<u>4,498,187</u>	<u>5,851,349</u>
INCOME RESERVE				
Balance brought forward		10,309,263	5,811,076	2,787,239
Surplus income for the year		<u>5,770,463</u>	<u>4,498,187</u>	<u>5,851,349</u>
		16,079,726	10,309,263	8,638,588
Withdrawal of net income	13	<u>-</u>	<u>-</u>	<u>(2,827,512)</u>
		<u>16,079,726</u>	<u>10,309,263</u>	<u>5,811,076</u>

The notes on pages 27 - 41 are an integral part of these financial statement.

STATEMENT OF AFFAIRS

(All amounts are in US Dollars)

	Note	<u>At 31 December</u>		
ASSETS		2016	2015	2014
Investment	11	254,768,499	235,166,794	213,650,752
Bank balances	12	<u>257,499,006</u>	<u>211,027,362</u>	<u>322,982,385</u>
Total Assets		<u>512,267,505</u>	<u>446,194,156</u>	<u>536,633,137</u>
FINANCED BY:				
Accumulated fund	13	496,187,779	435,884,893	530,822,061
Income reserve		<u>16,079,726</u>	<u>10,309,263</u>	<u>5,811,076</u>
Total accumulated fund and reserve		<u>512,267,505</u>	<u>446,194,156</u>	<u>536,633,137</u>

The notes on pages 13 to 26 are an integral part of these financial statements.

The financial statements on pages 22 - 41 were approved by the Fund Managers on
 ...June 29, 2017... and signed on its behalf by:

Name of Fund Manager: Nana Aba Ahen

Name of Fund Manager: EVELYN KWAFIA

Signature: 

Signature: 

PETROLEUM HOLDING FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

(All amounts are in US Dollars)

	Note	<u>Year ended 31 December</u>		
		2016	2015	2014
Opening balance		9,414,557	1,073,874	296,109
Total funds received	3	<u>247,175,394</u>	<u>396,167,723</u>	<u>978,795,521</u>
Total funds available		<u>256,589,951</u>	<u>397,241,597</u>	<u>979,091,630</u>
Distributions:				
Transfers to GNPC equity finance	4	(58,114,054)	(65,913,926)	(44,162,009)
Transfers to GNPC carried and participating interest	5	(30,383,038)	(60,944,797)	(136,550,463)
Transfers to Annual Budget Funding Amount (ABFA)	6	(98,375,416)	(239,295,371)	(409,072,776)
Transfers to Ghana Stabilisation Fund	7	(29,512,625)	(15,171,062)	(271,762,755)
Transfers to Ghana Heritage Fund	8	<u>(12,648,268)</u>	<u>(6,501,884)</u>	<u>(116,469,753)</u>
Total distributions		<u>(229,033,401)</u>	<u>(387,827,040)</u>	<u>(978,017,756)</u>
Undistributed receipts		<u>27,556,550</u>	<u>9,414,557</u>	<u>1,073,874</u>

The notes on pages 27 - 41 are an integral part of these financial statements.

GHANA STABILISATION FUND

STATEMENT OF DEPOSITS AND WITHDRAWALS

(All amounts are in US Dollars)

	Note	<u>Year ended 31 December</u>		
		2016	2015	2014
Opening balance		177,396,124	286,644,041	319,034,150
Total funds received from the Petroleum Holding Fund	7	<u>29,512,625</u>	<u>15,171,062</u>	<u>271,762,755</u>
		206,908,749	301,815,103	590,796,905
Interest received	9	845,150	538,215	1,549,380
Bank charges	10	<u>(5,238)</u>	<u>(6,397)</u>	<u>(17,556)</u>
		207,748,661	302,346,921	592,328,729
Total funds withdrawn	14	<u>-</u>	<u>(124,950,797)</u>	<u>(305,684,688)</u>
Accumulated fund		<u>207,748,661</u>	<u>177,396,124</u>	<u>286,644,041</u>

The notes on pages 27 - 41 are an integral part of these financial statements.

GHANA STABILISATION FUND

STATEMENT OF DEPOSITS AND WITHDRAWALS

(All amounts are in US Dollars)

	Note	<u>Year ended 31 December</u>		
		2016	2015	2014
Opening balance		177,396,124	286,644,041	319,034,150
Total funds received from the Petroleum Holding Fund	7	<u>29,512,625</u>	<u>15,171,062</u>	<u>271,762,755</u>
		206,908,749	301,815,103	590,796,905
Interest received	9	845,150	538,215	1,549,380
Bank charges	10	<u>(5,238)</u>	<u>(6,397)</u>	<u>(17,556)</u>
		207,748,661	302,346,921	592,328,729
Total funds withdrawn	14	<u>-</u>	<u>(124,950,797)</u>	<u>(305,684,688)</u>
Accumulated fund		<u>207,748,661</u>	<u>177,396,124</u>	<u>286,644,041</u>

The notes on pages 27 - 41 are an integral part of these financial statements.

GHANA HERITAGE FUND

STATEMENT OF DEPOSITS AND WITHDRAWALS

(All amounts are in US Dollars)

	Note	<u>Year ended 31 December</u>		
		2016	2015	2014
Opening balance		259,383,470	248,915,217	128,125,939
Total funds received from the Petroleum Holding Fund	8	<u>12,648,268</u>	<u>6,501,884</u>	<u>116,469,753</u>
		272,031,738	255,417,101	244,595,692
Interest received	9	4,948,908	3,981,866	4,331,660
Bank charges	10	<u>(18,357)</u>	<u>(15,497)</u>	<u>(12,135)</u>
		276,962,289	259,383,470	248,915,217
Total funds withdrawn		<u>-</u>	<u>-</u>	<u>-</u>
Accumulated fund		<u>276,962,289</u>	<u>259,383,470</u>	<u>248,915,217</u>

The notes on pages 27 - 41 are an integral part of these financial statements.

NOTES (continued)

(All amounts are in US Dollars)

3. Total funds received

	<u>Year ended 31 December</u>		
	2016	2015	2014
Ghana Group Oil Lifting Proceeds (Note 3a)	207,787,586	374,292,457	691,991,103
Corporate tax payments (Note 3b)	29,546,823	20,410,832	284,546,191
Surface rental fees (Note 3c)	465,030	465,920	1,775,768
Royalties (Note 3d)	-	-	151,986
Other receipts (Note 3e)	<u>9,375,955</u>	<u>998,514</u>	<u>330,473</u>
Total funds received	<u>247,175,394</u>	<u>396,167,723</u>	<u>978,795,521</u>
(a) Ghana Group Oil Lifting Proceeds			
16th Lifting	-	-	101,775,847
17th Lifting	-	-	103,223,300
18th Lifting	-	-	101,918,372
19th Lifting	-	-	103,522,460
20th Lifting	-	-	104,437,897
21st Lifting	-	-	97,589,268
22nd Lifting	-	-	79,523,959
23rd Lifting	-	56,096,476	-
24th Lifting	-	54,239,478	-
25th Lifting	-	49,937,126	-
26th Lifting	-	52,422,989	-
27th Lifting	-	61,395,996	-
28th Lifting	-	55,411,477	-
29th Lifting	-	44,788,915	-
30th Lifting	35,736,463	-	-
31st Lifting	30,490,829	-	-
32nd Lifting	48,173,318	-	-
33rd Lifting	46,486,771	-	-
34th Lifting	<u>46,900,205</u>	<u>-</u>	<u>-</u>
Total proceeds from oil lifting	<u>207,787,586</u>	<u>374,292,457</u>	<u>691,991,103</u>

NOTES (continued)

(All amounts are in US Dollars)

3. Total funds received (continued)**(b) Corporate tax payments****Year ended 31 December**

	2016		2014
Kosmos Energy	2,232,550	11,730,107	85,187,040
Tullow Oil Ghana Limited	27,314,273	-	114,988,270
Anadarko Petroleum	-	8,680,725	84,370,881
Total corporate tax payments	<u>29,546,823</u>	<u>20,410,832</u>	<u>284,546,191</u>

(c) Surface rental fees

Tullow Oil Ghana Limited	135,699	-	115,913
TapOil Ltd.	-	-	60,000
Kosmos Energy	17,797	17,797	57,292
Vanco	-	-	154,398
Hess Ghana Exploration Ltd.	219,310	150,750	287,805
ENI Ghana EP Ltd.	-	22,600	254,691
Saltpond Offshore Producing Company	-	-	113,898
Lukoil Overseas Ghana Ltd.	-	-	154,399
Oranto	-	-	73,208
Cola Natural Resources Ghana Ltd.	-	-	78,230
Azonto Petroleum Limited	-	-	60,000
AGM Petroleum	-	-	174,000
AMNI Petroleum Dev. Co. Ltd.	13,974	13,974	13,974
Afren Energy GH	-	-	177,960
CAMAC Energy GH Ltd.	-	73,423	-
Medea Development International Ltd.	78,250	78,250	-
Other Companies	-	109,126	-
Total Surface rental fees	<u>465,030</u>	<u>465,920</u>	<u>1,775,768</u>

(d) Royalties

Lushann International Ghana Ltd.	-	-	151,986
Total royalties	<u>-</u>	<u>-</u>	<u>151,986</u>

NOTES (continued)

(All amounts are in US Dollars)

3. Total funds received (continued)**(e) Other receipts**

	<u>Year ended 31 December</u>		
	2016	2015	2014
Interest earned on Petroleum Holding	73,149	25,312	33,224
Price Differential - UNIPPEC	-	419,387	297,249
Gas Receipts	<u>9,302,806</u>	<u>553,815</u>	<u>-</u>
Total Other Receipts	<u>9,375,955</u>	<u>998,514</u>	<u>330,473</u>

4. Transfers to GNPC Equity Finance

16th Lifting	-	-	9,463,193
17th Lifting	-	-	6,024,303
18th Lifting	-	-	4,632,855
19th Lifting	-	-	13,602,253
20th Lifting	-	-	2,662,075
21st Lifting	-	-	-
22nd Lifting	-	-	7,777,330
23rd Lifting	-	3,314,780	-
24th Lifting	-	14,298,917	-
25th Lifting	-	7,530,551	-
26th Lifting	-	3,842,828	-
27th Lifting	-	9,979,994	-
28th Lifting	-	-	-
29th Lifting	-	26,946,856	-
30th Lifting	9,153,737	-	-
31st Lifting	2,892,619	-	-
32nd Lifting	15,543,330	-	-
33rd Lifting	24,084,087	-	-
34th Lifting	<u>6,440,281</u>	<u>-</u>	<u>-</u>
Total Transfers	<u>58,114,054</u>	<u>65,913,926</u>	<u>44,162,009</u>

NOTES (continued)

(All amounts are in US Dollars)

5. Transfers to GNPC carried and participating interest

	<u>Year ended 31 December</u>		
	2016	2015	2014
Crude Oil			
16th Lifting	-	-	19,192,992
17th Lifting	-	-	20,538,020
18th Lifting	-	-	20,672,970
19th Lifting	-	-	18,329,396
20th Lifting	-	-	21,809,619
21st Lifting	-	-	21,125,681
22nd Lifting	-	-	14,881,785
23rd Lifting	-	11,149,053	-
24th Lifting	-	7,451,841	-
25th Lifting	-	8,550,997	-
26th Lifting	-	10,195,442	-
27th Lifting	-	10,296,727	-
28th Lifting	-	11,689,093	-
29th Lifting	-	1,611,644	-
30th Lifting	4,989,946	-	-
31st Lifting	5,732,730	-	-
32nd Lifting	5,765,342	-	-
33rd Lifting	2,838,019	-	-
34th Lifting	8,220,659	-	-
Gas			
32nd Lifting	<u>2,836,342</u>	-	-
Total Transfers	<u>30,383,038</u>	<u>60,944,797</u>	<u>136,550,463</u>

There were no gas liftings for the 30th, 31st, 33rd and 34th liftings.

NOTES (continued)

(All amounts are in US Dollars)

6. Transfers to Annual Budget Funding Amount (ABFA)

	<u>Year ended 31 December</u>		
	2016	2015	2014
16th Lifting	-	-	102,268,194
17th Lifting	-	-	-
18th Lifting	-	-	102,268,194
19th Lifting	-	-	-
20th Lifting	-	-	102,268,194
21st Lifting	-	-	76,467,893
22nd Lifting	-	-	25,800,301
23rd Lifting	-	42,506,515	-
24th Lifting	-	32,510,176	-
25th Lifting	-	33,857,116	-
26th Lifting	-	38,389,227	-
27th Lifting	-	41,462,130	-
28th Lifting	-	38,740,158	-
29th Lifting	-	11,830,049	-
30th Lifting	21,565,136	-	-
31st Lifting	23,500,483	-	-
32nd Lifting	17,023,898	-	-
33rd Lifting	13,712,121	-	-
34th Lifting	<u>22,573,778</u>	-	-
Total Transfers	<u>98,375,416</u>	<u>239,295,371</u>	<u>409,072,776</u>


NOTES (continued)

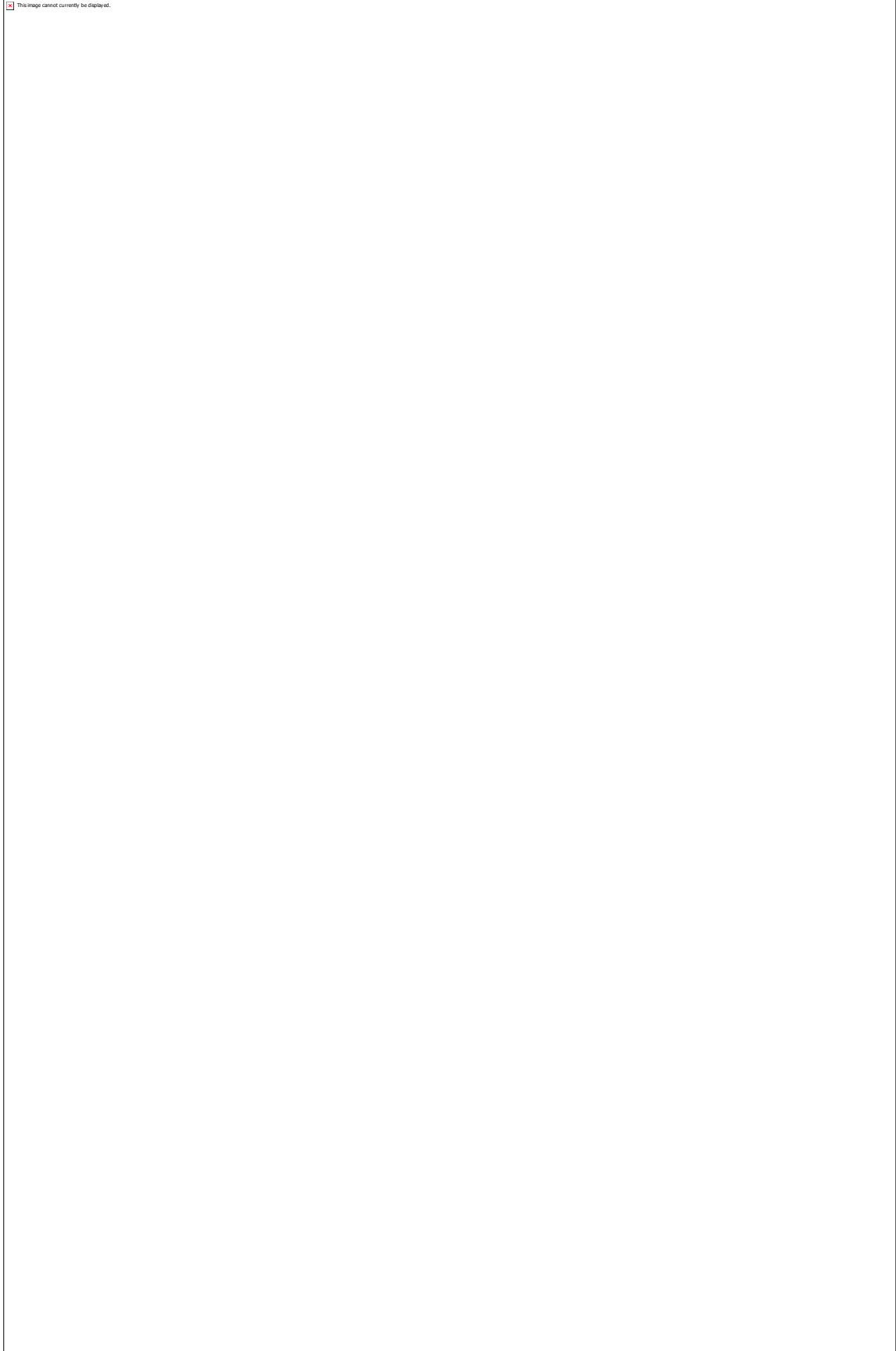
(All amounts are in US Dollars)

7. Transfers to Ghana Stabilisation Fund

	<u>Year ended 31 December</u>		
	2016	2015	2014
16th Lifting	-	-	53,236,697
17th Lifting	-	-	53,675,188
18th Lifting	-	-	14,305,076
19th Lifting	-	-	50,627,343
20th Lifting	-	-	63,590,270
22nd Lifting	-	-	36,328,181
28th Lifting	-	11,622,047	-
29th Lifting	-	3,549,015	-
30th Lifting	6,469,541	-	-
31st Lifting	7,050,145	-	-
32nd Lifting	5,107,169	-	-
33rd Lifting	4,113,636	-	-
34th Lifting	<u>6,772,134</u>	<u>-</u>	<u>-</u>
Total Transfers	<u>29,512,625</u>	<u>15,171,062</u>	<u>271,762,755</u>

There were no distributions from the Petroleum Holding Fund into the Ghana Stabilisation Fund (GSF) for the 21st and 23rd to 27th liftings in 2015. Prior to the amendment of the Petroleum Revenue Management Act, 2011 (Act 815) on 31 July 2015, only the excess revenue over the allocation to the Annual Budget Funding Amount was transferred to the Ghana Petroleum Funds per section 11(2) of the Act. At the point of these liftings, there were no excess revenues.

 This image cannot currently be displayed.





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

Ken Ofori-Atta

Governor, Bank of Ghana

Dr. Ernest Addison

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