E.S.L.A. PLC

(Incorporated in Ghana on September 14, 2017 with registration number PL000312017 as a public company limited by shares)

PROSPECTUS

DATED: 12 OCTOBER 2017

RELATING TO THE OFFER AND LISTING OF BONDS UNDER A GHS 10 BILLION BOND ISSUANCE PROGRAMME

JOINT LEAD MANAGER/JOINT BOOK RUNNER/ ESLA RECEIVABLES BANK/ DSRA BANK/ LOCK BOX ACCOUNT BANK/ INTERNATIONAL PLACEMENT AGENT

Standard Chartered

JOINT LEAD MANAGER/ JOINT BOOK RUNNER/ ESCROW BANK/ BOND PROCEEDS UTILISATION ACCOUNT BANK/ DISTRIBUTION ACCOUNT BANK/PAYING AGENT/ PAYING BANK/ CO-SPONSORING BROKER/ BOND TRUSTEE

FIDELITY BANK

CO-MANAGER/CO-SPONSORING BROKER

TEMPLE INVESTMENTS

CO-MANAGER

GCB

ADMINISTRATOR

KPMG

TRANSACTION LEGAL ADVISER

Bentsi-Enchill Letsa & Ankomah

REPORTING ACCOUNTANT

EY

MANAGERS' GHANAIAN LEGAL ADVISER

ENSafrica

ISSUER'S & SPONSOR'S ENGLISH LEGAL ADVISER

WHITE & CASE

MANAGERS' ENGLISH LEGAL ADVISER

HERBERT SMITH FREEHILLS

REGISTRAR/TRANSFER AGENT/ CALCULATION AGENT

CENTRAL SECURITIES DEPOSITORY
You invest, we protect

NOMINEE SHAREHOLDER

NTHC

NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES

IMPORTANT INFORMATION AND DISCLAIMERS

THIS PROSPECTUS CONTAINS IMPORTANT INFORMATION ABOUT THE ISSUER AND THE BONDS ISSUED UNDER THIS PROGRAMME. PROSPECTIVE INVESTORS SHOULD CAREFULLY READ THIS DOCUMENT AS WELL AS CONSULT THEIR PROFESSIONAL INVESTMENT ADVISERS AND DEALERS ABOUT THE SOUNDNESS OF THEIR CHOICE TO INVEST IN THE BONDS ISSUED UNDER THIS PROGRAMME PRIOR TO MAKING A PURCHASE

E.S.L.A. Plc (the **Issuer** or the **Company**) is a public limited liability company incorporated under the Companies Act (as defined). The establishment of the Issuer (as an independent special purpose vehicle) was sponsored by the Sponsor (as defined) for the purpose of, among others, issuing debt securities to refinance the Energy Sector Debt (as defined). NTHC (as a nominee shareholder) is its sole shareholder. It is managed by KPMG (as the Administrator) under the terms of the Administration Agreement (as defined).

Pursuant to its mandate, the Issuer has established this bond issuance programme to raise an aggregate amount of GHS 10,000,000,000 (the **Programme**) to refinance the Energy Sector Debt. Under the Programme, the Issuer may, from time to time, issue Bonds (as defined) denominated in any currency as specified in an Applicable Pricing Supplement (as defined) subject to the approval of the Bank of Ghana (in the case of issuance of Bonds denominated in a foreign currency). Bonds issued under the Programme will be in dematerialised form and in denominations of GHS 100,000 or any amount in excess thereof which is a multiple of GHS 1,000. The maximum aggregate principal amount of all Bonds from time to time outstanding under the Programme will not exceed the equivalent of GHS 10,000,000,000.

The Applicable Pricing Supplement which pertains to the Bonds of such Series or Tranche shall contain the final offer price, aggregate principal amount and interest (if any) payable in respect of such Bonds and all other terms and conditions not contained herein which are applicable to each Series (as defined) and each Tranche (as defined). Each Applicable Pricing Supplement shall be subject to the approval of the SEC (as defined).

This prospectus (the **Prospectus**) provides, among others, the terms and conditions of the Bonds and the risk factors relating to the Bonds and the Issuer.

The Prospectus has been reviewed and approved by the SEC in accordance with section 3 of the Securities Industry Act (as defined) and the SEC Regulations (as defined). In its review, the SEC examined the contents of this Prospectus to ensure that adequate disclosures have been made.

Provisional approval has been obtained from the GSE (as defined) for permission to list and trade the Bonds on the Ghana Fixed Income Market of the GSE (**GIFM**). Such approval is granted subject to the Issuer fulfilling all listing requirements.

A copy of this Prospectus has also been delivered to the RGD (as defined) for filing as required under section 275 of the Companies Act.

Neither the SEC, nor the GSE, nor the RGD assumes any responsibility for the correctness of any statements made, opinions expressed or reports contained in this Prospectus. Neither the SEC, nor the GSE, nor the RGD has verified the accuracy and truth of the contents of this Prospectus or any other documents submitted to it, and the SEC, the GSE and the RGD will not be liable for any claim of any kind whatsoever. Approval of the issue and/or listing of the Bonds by the SEC or the GSE is not to be taken as an indication of the merits of the Issuer or of any issue of the Bonds.

The Bonds will be offered and sold in offshore transactions outside the United States to persons who are not U.S. persons in reliance on Regulation S ("Regulation S") under the U.S. Securities Act of 1933, as amended (the "Securities Act").

THE BONDS HAVE NOT BEEN NOR WILL BE REGISTERED UNDER THE SECURITIES ACT, OR ANY STATE SECURITIES LAW, AND THE BONDS MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON (AS SUCH TERMS ARE DEFINED IN REGULATION S), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

The contents of this Prospectus do not constitute, and are not to be construed as, legal, business or tax advice. Each investor should consult his/her/its own independent legal adviser, financial adviser or tax adviser for legal, financial and/or tax advice in relation to the purchase of the Bonds.

Prospective investors are advised that this Prospectus and the Bonds are governed by English law as a result of exceptional circumstances. Local bond issuances in Ghana, either by the Government of Ghana or a corporate body, are usually governed by Ghanaian law.

Prospective investors should also pay particular attention to the factors described under Section 6 (*Risk Factors*) in this Prospectus.

A. GENERAL INFORMATION

The Issuer accepts responsibility for the information contained in this Prospectus and the Applicable Pricing Supplement for each Tranche or Series issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts as at the date hereof and does not omit anything likely to affect the import of such information.

To the best of the knowledge and belief of the Manager (as defined), the Sponsoring Brokers (as defined), the Bond Trustee (as defined), the Reporting Accountant (as defined) and the Ghanaian Legal Advisers (as defined) (or any of their respective directors, Affiliates, advisers or agents), the Prospectus constitutes full and fair disclosure of all material facts about the Programme and the Issuer.

The Managers, the Sponsoring Brokers, the Bond Trustee, the Reporting Accountant and the Ghanaian Legal Advisers have not independently verified the information contained herein. Accordingly, no representation or warranty, expressed or implied, is made by the Managers, the Sponsoring Brokers, the Bond Trustee, the Reporting Accountant or the Ghanaian Legal Advisers (or any of their respective directors, Affiliates, advisers or agents) with respect to the accuracy or completeness of such information, at any time, of this Prospectus or any Applicable Pricing Supplement. Nothing contained in this Prospectus, is to be construed as, or shall be relied upon as, a promise, warranty or representation (whether to the past or the future) by the Managers, the Sponsoring Brokers, the Bond Trustee, the Reporting Accountant or the Ghanaian Legal Advisers (or any of their respective directors, Affiliates, advisers or agents) in any respect.

The distribution of this Prospectus and the offer or sale of the Bonds in certain jurisdictions may be restricted by law. Neither the Issuer nor the Managers nor the Dealers (as defined) represents that this Prospectus may be lawfully distributed, or that any of the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which is intended to permit an offering of any of the Bonds or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except in circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Bonds may come must inform themselves about, and observe, any such restrictions.

This Prospectus does not constitute an offer and may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful. The Issuer and the Managers accept no responsibility for any violation by any person of any such restrictions.

Before deciding whether to subscribe for the Bonds, an investor should consider whether the Bonds are a suitable investment. Investors should consult suitable professional advisers and rely exclusively on the information contained in this Prospectus when making a decision as to whether to purchase the Bonds. No person is authorised to give any information or make any representation not contained in this Prospectus or any Applicable Pricing Supplement in connection with the Programme, and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Managers.

The information contained in this Prospectus is accurate only as of the date of the Prospectus, regardless of the time of delivery of this Prospectus or any offering or sale of the Bonds. In the event that this Prospectus is delivered to or comes into the possession of any investor at any time after the date hereof, it is for, and the responsibility of, the investor to ascertain whether any supplement or amendment of the information herein contained has been made or issued, or whether updated information is available. Such updated information can be obtained from the registered offices of the Issuer and the Bond Trustee at all times. Reliance on this Prospectus at any time subsequent to the date hereof without reference to any such updated information subsequent to the date of the Prospectus shall be at the investor's risk.

This Prospectus is to be read in conjunction with all documents specifically stated to be incorporated or referred to herein, and should be read and understood on the basis that such other documents are incorporated in and form part of this Prospectus under Section 4 (*Incorporation of Documents by Reference*) hereof.

All payments in respect of the Bonds will be subject to deduction for, or on account of, taxes in Ghana, except as described in Condition 8 of the Conditions (as defined).

B. SUPPLEMENTS TO THE PROSPECTUS

In the event of any occurrence of a significant factor, material mistake or inaccuracy relating to the information included in the Prospectus, the Issuer will prepare a supplement to this Prospectus or publish a new prospectus for use in connection with any subsequent issue of Bonds. Such supplement or new prospectus will be subject to the approval of the SEC and/or such authority in the relevant jurisdiction.

C. PRESENTATION OF ECONOMIC AND FINANCIAL INFORMATION

Statistical information reported in this Prospectus has been derived from official publications of, and information supplied by, a number of agencies and ministries of the Government of Ghana. Some statistical information has also been derived from information publicly made available by third parties such as the IMF and the World Bank. Where such third-party information has been so sourced, the source is stated where it appears in this Prospectus. The Issuer confirms that it has accurately reproduced such information and that, so far as it is aware and is able to ascertain from information published by third parties, it has omitted no facts, the omission of which would render the reproduced information inaccurate or misleading.

Unless otherwise indicated, the financial information regarding the Issuer set forth in this Prospectus has been derived from the financial forecasts set out under Section 13 (*Summary of Financial Model, Reports and Forecasts*) and Appendix A (*Financial Model, Reports and Forecasts*) of this Prospectus and reviewed by Ernst and Young (Ghana) Limited (**EY**), which is acting as the Reporting Accountant to the Programme.

D. ROUNDING

Some numerical figures included in this Prospectus may have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain figures may not be an arithmetic aggregation of the figures that precede them.

E. FORWARD-LOOKING STATEMENTS

This Prospectus includes "forward-looking statements" that reflect the Issuer's intentions, beliefs or current expectations and projections about its future results, operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans, opportunities, trends and the market in which it operates.

These forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business and the environment in which it expects to operate in the future. Forward-looking statements are subject to known and unknown risks, uncertainties, assumptions and other factors that could cause the Issuer's actual results, operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans or opportunities, as well as those of the markets it serves or intends to serve, to differ materially from those expressed in, or suggested by, forward-looking statements contained in this Prospectus.

The forward-looking statements speak only as of the date of this Prospectus. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. An investor should not place undue reliance on any forward-looking statements, and are cautioned that any forward-looking statements are not guarantees of future results, performance or achievements of the Issuer.

F. TRANSACTION ADVISERS

Standard Chartered Bank Ghana Limited (**SCB** or **Standard Chartered**) is acting as Joint Lead Manager (as defined), Joint Bookrunner (as defined), International Placement Agent (as defined), ESLA Receivables Bank (as defined), DSRA Bank (as defined) and Lock Box Account Bank (as defined) in respect of the Programme. SCB consents to act in the specified capacities and to its name being stated in this Prospectus. Neither SCB nor any of its employees or principals has any material direct or indirect economic or financial interest in the Issuer except that SCB is a Creditor in relation to the Energy Sector Debt and as disclosed under Appendix F (*List of Creditors*) of this Prospectus.

Fidelity Bank Ghana Limited (**Fidelity**) is acting as Joint Lead Manager, Joint Bookrunner, Co-Sponsoring Broker (as defined), Bond Trustee, Escrow Bank (as defined), Bond Proceeds Utilisation Account Bank (as defined), Distribution Account Bank (as defined), Paying Agent (as defined) and Paying Bank (as defined) in respect of the Programme. Fidelity consents to act in the specified capacities and to its name being stated in this Prospectus. Neither Fidelity nor any of its employees or principals has any material direct or indirect economic or financial interest in the Issuer except that Fidelity is a Creditor in relation to the Energy Sector Debt and as disclosed under Appendix F (*List of Creditors*) of this Prospectus.

GCB Bank Limited (**GCB**) is acting as Co-Manager (as defined) in respect of the Programme. GCB consents to act in the specified capacity and to its name being stated in this Prospectus. Neither GCB nor any of its employees or principals has any material direct or indirect economic or financial interest in the Issuer.

Temple Investments Limited (**Temple**) is acting as Co-Manager and Co-Sponsoring Broker. Temple consents to act in the specified capacities and to its name being stated in this Prospectus. Neither Temple nor any of its employees or principals has any material direct or indirect economic or financial interest in the Issuer.

Central Securities Depository (Ghana) Limited (**CSD**) is acting as Registrar (as defined), Transfer Agent (as defined) and Calculation Agent (as defined) in respect of the Programme. CSD consents to act in the specified capacities and to its name being stated in this Prospectus. Neither CSD nor any of its employees or principals has any material direct or indirect economic or financial interest in the Issuer.

KPMG is acting as Administrator (as defined) in respect of the Issuer. KPMG consents to act in the specified capacity and to its name being stated in this Prospectus. Neither KPMG nor any of its employees or principals has any material direct or indirect economic or financial interest in the Issuer.

EY is acting as Reporting Accountant to the Issuer in respect of the Programme. EY consents to act in the specified capacity and to its name being stated in this Prospectus and confirms that it has not withdrawn its consent to any statement or report prepared by it being included in this Prospectus (in the form and context in which it is included). As indicated above, EY has reviewed the financial reports and forecasts set out under Section 13 (*Summary of Financial Model, Reports and Forecasts*) and Appendix A (*Financial Model, Reports and Forecasts*) of this Prospectus. The financial reports and forecasts are on the basis of EY's review of the historical and projected revenue flows under the ESLA (as defined). EY confirms that, based on its review of the financial information of the EDR Levy:

(a) relating to the historical inflows into the EDS Account and the PGIS Account and the amounts disbursed for the period January 1, 2016 to August 31, 2017, EY concludes that nothing has come to EY's attention that causes EY to believe that the financial information of the EDR Levy, do not present fairly in all material respects the financial position for the period 1 January 2016 to 31 August 2017 and the financial performance for the period then ended, in accordance with International Public Sector Accounting Standards (**IPSAS**), "*Financial Reporting under the Cash Basis of Accounting*" (the cash basis IPSAS); and

(b) relating to the forecasts and projections of the inflows into the EDS Account and the PGIS Account, EY concludes that nothing has come to EY's attention which causes EY to believe that the assumptions do not provide a reasonable basis for the projections. Further, in EY's opinion, the prospective financial information, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Issuer Board and are presented on a basis consistent with the accounting policies adopted by the Issuer.

Neither EY nor any of its employees or partners has any material direct or indirect economic or financial interest in the Issuer.

Bentsi-Enchill, Letsa & Ankomah (**BELA**) is acting as Transaction Legal Adviser (as defined) to the Issuer in respect of the Programme. BELA consents to act in the specified capacity and to its name being stated in this Prospectus and confirms that it has not withdrawn its consent to any statement or report prepared by it being included in this Prospectus (in the form and context in which it is included). BELA has prepared the Ghanaian Legal Compliance Letter (as defined below) set out under Appendix B (*Ghanaian Legal Compliance Letter*) of this Prospectus. Neither BELA nor any of its employees or partners has any material direct or indirect economic or financial interest in the Issuer.

ENSafrica Ghana (**ENS**) is acting as Managers' Ghanaian Legal Adviser (as defined) in respect of the Programme. ENS consents to act in the specified capacity and to its name being stated in this Prospectus and confirms that it has not withdrawn its consent to any statement or report prepared by it being included in this Prospectus (in the form and context in which it is included). Neither ENS nor any of its employees or partners has any material direct or indirect economic or financial interest in the Issuer.

Herbert Smith Freehills LLP (**HSF**) is acting as Managers' English Legal Adviser (as defined) in respect of the Programme. HSF consents to act in the specified capacity and to its name being stated in this Prospectus and confirms that it has not withdrawn its consent to any statement or report prepared by it being included in this Prospectus (in the form and context in which it is included). Neither HSF nor any of its employees or partners has any material direct or indirect economic or financial interest in the Issuer.

White & Case LLP (**White & Case**) is acting as Issuer's and Sponsor's English Legal Adviser (as defined) in respect of the Programme. White & Case consents to act in the specified capacity and to its name being stated in this Prospectus and confirms that it has not withdrawn its consent to any statement or report prepared by it being included in this Prospectus (in the form and context in which it is included). White & Case has prepared the English Legal Compliance Letter (as defined below) set out under Appendix C (*English Legal Compliance Letter*) of this Prospectus. Neither White & Case nor any of its employees or partners has any material direct or indirect economic or financial interest in the Issuer.

G. DIRECTORS' RESPONSIBILITY STATEMENT

The Issuer and the Issuer Board (as defined) accept responsibility for the information contained in this Prospectus.

This Prospectus has been reviewed and approved by the Issuer Board, who, collectively and individually, accept full responsibility for the accuracy of the information given and, after making all reasonable inquiries and to the best of their knowledge and belief, confirm that there are no facts the omission of which would make any statement in the document referred to above misleading. The profit forecast of the Issuer contained in this Prospectus has been reviewed and approved by the Issuer Board after making all reasonable inquiries.

No Director (as defined) has been involved in any of the following events: (a) a petition under bankruptcy laws in any jurisdiction filed against such person or any partnership in which he/she is/was a partner or any corporation of which he/she is/was a director or chief executive officer (b) conviction of such person for fraud, misappropriation or breach of trust or any other similar offence and (c) such person being the subject of any order, judgement or ruling of any court of competent jurisdiction or administrative body preventing him/her from acting as an investment adviser, dealer's representative, investment representative, a director of a financial institution or engaging in any type of business or professional activity.

None of the Directors intends to take part in the offer under the Programme. The Issuer Board warrants that no takeover offer has been made in respect of the shares of the Issuer over the past or current financial year.

Signed for and on behalf of the Issuer on October 12, 2017

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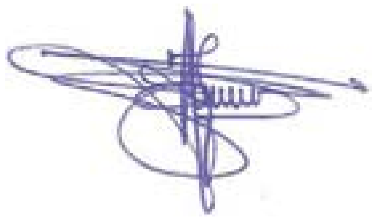
Simon Dornoo
Director



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Frederick Dennis
Director

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CORPORATE INFORMATION OF THE ISSUER

Issuer	**E.S.L.A. Plc** c/o KPMG Ocean House, 13 Yiyiwa Drive, Abelenkpe, Accra, Ghana Tel: +233(0)302-777-173 Contact: Frederick Dennis Email: fdennis@kpmg.com
Directors	Simon Dornoo *(Chairman)* Samuel Arkhurst *(Non-executive Director)* Alhassan Sulemana Tampuli *(Non-executive Director)* James Demitrus *(Non-executive Director)* Frederick Dennis *(Executive Director)*
Administrator	**KPMG** Marlin House, 13 Yiyiwa Drive, Abelenkpe Accra, Ghana Tel: +233(0)302-777-173 Contact: Nii Amanor Dodoo Email: adodoo@kpmg.com
Company Secretary	**Trustee Services Limited** 4 Momotse Avenue, Adabraka Accra, Ghana Tel: +233(0)302-089-069 Contact: Naa Sackley Nuno-Amarteifio Email: nsnamarteifio@trusteeserviceslimited.com
Auditors	**Deloitte** Ibex Court, 4 Liberation Road, Ako Adjei Interchange Accra, Ghana Tel: +233(0)302-775-355 Contact: Daniel Owusu Email: dowusu@deloitte.com.gh

CONTACT DETAILS OF THE TRANSACTION ADVISERS

Joint Lead Manager, Joint Bookrunner, ESLA Receivables Bank, DSRA Bank, Lock Box Account Bank and International Placement Agent	**Standard Chartered Bank Ghana Limited** Standard Chartered Bank Building 6 John Evans Atta-Mills High Street Accra, Ghana Tel:+233(0)302-610-750 Contact: Eyitayo Netufo, Richard Bram Annor & Jojo Bannerman Email: eyitayo.netufo@sc.com richard-bram.annor@sc.com jojokakra.bannerman@sc.com
Joint Lead Manager, Joint Bookrunner, Co-Sponsoring Broker, Escrow Bank, Bond Proceeds Utilisation Account Bank, Distribution Account Bank and Paying Bank/Paying Agent	**Fidelity Bank Ghana Limited** Ridge Tower, West Ridge, Accra, Ghana Tel: +233(0)302-214-490 Contact: Sam Aidoo, Leonard Gikunoo & Linus Kumi Email: saidoo@myfidelitybank.net lgikunoo@myfidelitybank.net lkumi@myfidelitybank.net
Bond Trustee	**Fidelity Bank Ghana Limited** Ridge Tower, West Ridge, Accra, Ghana Tel: +233(0)302-214-490 Contact: John Taricone Email: jtaricone@myfidelitybank.net
Co-Manager	**GCB Bank Limited** John Evans Atta-Mills High Street Accra, Ghana Tel: +233(0)302-668-029 Contact: Doris Wonu Email: dwonu@gcb.com.gh
Co-Manager and Co-Sponsoring Broker	**Temple Investments Limited** F180/6, 3rd Labone Link, Accra, Ghana Tel: +233(0)303-931-514 Contact: Cecilia Hesse Email: cecilia.hesse@templeinvest.com
Transaction Legal Adviser	**Bentsi-Enchill, Letsa & Ankomah** 4 Momotse Avenue, Adabraka, Accra, Ghana Tel: +233-(0)302-208-888 Contact: Seth Asante & Frank Akowuah Email: seth.asante@belonline.org fnakowuah@belonline.org
Managers' Ghanaian Legal Adviser	**ENSafrica Ghana** 31 Ringway Estates, Asafoanye O. Broni Crescent Osu, Accra, Ghana Tel: +233(0)302-253-909 Contact: Paa Kwesi Morrison & Anita Sekyi-Yorke Email: pmorrison@ensafrica.com asekyi-yorke@ensafrica.com
Managers' English Legal Adviser	**Herbert Smith Freehills LLP** 5 Exchange House, Primrose Street London EC2A 2EG, England Tel: +4420-7374-800 Contact: Andrew Roberts & Amy Geddes Email: andrew.roberts@hsf.com amy.geddes@hsf.com

Issuer's and Sponsor's English Legal Adviser	**White & Case LLP** 5 Old Broad Street, London EC2N 1DW, England Tel: +4420-7532-1491 Contact: Christopher McGarry Email: chris.mcgarry@whitecase.com
Calculation Agent, Registrar and Transfer Agent	**Central Securities Depository (Ghana) Limited** 4th Floor, Cedi House, Accra, Ghana Tel: +233(0)302-689-313 Contact: Kwame Addai Boa-Amponsem Email: kwame.boa-amponsem@csd.com.gh
Reporting Accountant	**Ernst and Young (Ghana) Limited** G15, White Avenue, Airport Residential Area Accra, Ghana Tel: +233(0)302-779-868 Contact: Pamela Des Bordes Email: pamela.des-bordes@ey.gh.com

DEFINITIONS

Unless inconsistent with the context or separately defined in this Prospectus or an Applicable Pricing Supplement, the following expressions used in this document and which form a key part of the Conditions, shall have the following meanings ascribed to them in this Prospectus and any Applicable Pricing Supplement of any subsequent Series or Tranches issued under this Programme:

Term	Definition
Account Banks	means each of the Escrow Account Bank, the ESLA Receivables Bank, the DSRA Bank, the Distribution Account Bank, the Lock Box Account Bank and the Bond Proceeds Utilisation Account Bank
Administration Agreement	means the administration agreement dated October 12, 2017 and entered into between the Issuer and the Administrator, under which the Administrator has agreed to provide administrative services to the Issuer
Administrator	means KPMG, which is acting as the administrator of the Issuer pursuant to the Administration Agreement
Affiliates	in relation to a corporate body, means its subsidiary, its holding company, or any other subsidiary or holding company of its holding company
Agency Agreement	means the agency agreement dated October 12, 2017 entered between the Issuer, the Paying Agent/Paying Bank and the CSD, in relation to the Bonds (and as amended, restated and/or supplemented from time to time)
Applicable Law	means any laws or regulations (including any foreign exchange rules or regulations) of any governmental or other regulatory authority which govern the Programme, the Conditions and the Bonds (in accordance with which the same are to be construed) or any relevant person and **Applicable Laws** shall be construed accordingly
Applicable Pricing Supplement	means the pricing supplement issued in relation to each Series or Tranche (substantially in the form set out in Appendix D to this Prospectus) as a supplement to this Prospectus, giving details of that particular Series or Tranche and the Conditions applicable to each Bond in that Series or Tranche in so far as such terms and conditions are different from these Conditions
Assignment Agreement	means the assignment agreement dated October 12, 2017 and entered into between the Issuer and the Sponsor, under which the Sponsor has assigned the ESLA Receivables to the Issuer (for the purpose of payment of any Interest, Principal Amount, Instalment Amount and/or Redemption Amount) and has also provided the Capped Cash Commitment
Auditors	means Deloitte, the statutory auditors of the Issuer for the financial year ending December 31, 2017
BDCs	means the bulk oil distribution companies which owe the relevant Creditors (as at the date of the Prospectus), and whose details are set out under Appendix G (*List of Debtors*) of this Prospectus
BELA	means Bentsi-Enchill, Letsa & Ankomah, a firm of legal practitioners licensed by the General Legal Council of Ghana and operating in Ghana
Bond	means a Bond issued under an Applicable Pricing Supplement to this Programme and **Bonds** shall be construed accordingly

Term	Definition
Bond Documents	means this Prospectus, each Applicable Pricing Supplement, the Trust Deed, the Agency Agreement, the Assignment Agreement, each Novation Agreement, each Cash Support Agreement, the Escrow Account Agreement, the Administration Agreement and the Collection Accounts Agreement
Bondholders	means all holders of Bonds under all Series or Tranches, from time to time, and recorded as such in the Register and **Bondholder** shall be construed accordingly
Bond Proceeds Utilisation Account	means the GHS denominated account set up with the Bond Proceeds Utilisation Account Bank in the name of the Issuer, into which the Escrow Bank shall transfer the funds in the Escrow Account and which account shall be used to make disbursements by the Bond Proceeds Utilisation Account Bank (i) towards the expenses of the Programme (as set out under Section 2.4 (*Programme Expenses*)), (ii) any Reserved Proceeds Amount, and (iii) Energy Debt Cash Payment, and which account shall be managed under the terms of the Collection Accounts Agreement
Bond Proceeds Utilisation Account Bank	means Fidelity, which is acting as the account holding bank for the Bond Proceeds Utilisation Account
Bond Trustee	means Fidelity, or such other person as may be appointed under the Trust Deed and specified in the Applicable Pricing Supplement as the Bond Trustee
Book Closure Period	means 10 Business Days prior to each date upon which a payment of Interest or Principal Amount is due, as set out in the Applicable Pricing Supplement
Broken Amount	means the amount of any initial or final Interest which does not correspond to the Fixed Coupon Amount and the Interest Payment Dates to which they relate, calculated in respect of a Fixed Rate Bond, as provided for by the Applicable Pricing Supplement
Business Day	means a day (other than a Saturday or Sunday or official public holiday) on which the GSE and the CSD are open for general business in Ghana
Business Day Convention	means each of the Floating Rate Business Day Convention, the Following Business Day Convention, the Modified Following Business Day Convention and the Preceding Business Day Convention, which may be applicable to the calculation of interest and, if applicable, as set out in the Applicable Pricing Supplement
Calculation Agent	unless otherwise set out in an Applicable Pricing Supplement, means the CSD
Call Option	means the call option on the Bonds, which may be provided to the Issuer and exercised in accordance with Condition 6.4 of the Conditions and as set forth in the Applicable Pricing Supplement
Capped Cash Commitment	means the capped cash commitment of up to GHS 600,000,000 given by the Sponsor under the Assignment Agreement (payable on demand by the Bond Trustee) for the purpose of satisfying any Debt Service Reserve Shortfall, and which is reflective of a portion of the amount owed by the Sponsor to ECG. The ECG has consented to the use of the amount in this regard under an acknowledgment to the Assignment Agreement

Term	Definition
Cash Support Agreement	means any cash support agreement which may to be entered into, from time to time, between the Issuer and a Debtor (excluding the BDCs), under which a Debtor may commit to make periodic payments to the Issuer in consideration of the Issuer repaying certain debts of such Debtor and Cash Support Agreements shall be construed accordingly. There can be no assurance as to the level of commitments which the Issuer may receive under any Cash Support Agreements
Central Securities Depository or CSD	means the Central Securities Depository (Ghana) Limited, a limited liability company duly incorporated under laws of Ghana (or its nominee) operating as a central securities depository where the Bondholders will be credited with the Bonds, or any additional or alternate depository approved by the Issuer
Co-Managers	means each of Temple and GCB, which are acting as co-managers in relation to the Programme and **Co-Manager** shall be construed accordingly
Collection Accounts	means each of the ESLA Receivables Account, the DSRA, the Lock Box Account, the Distribution Account and **Collection Account** shall be construed accordingly
Collection Accounts Agreement	means the accounts agreement dated October 12, 2017 and entered into between the Issuer, the Bond Trustee and each of the ESLA Receivables Bank, the DSRA Bank, the Lock Box Account Bank, the Distribution Bank Account and the Bond Proceeds Utilisation Account Bank in relation to the Collection Accounts and the Bond Proceeds Utilisation Account
Companies Act	means the Companies Act of Ghana, 1963 (Act 179) (as amended) or any statutory re-modification or re-enactment thereof
Conditions	means the terms and conditions set out under Section 14 (*Conditions*) and in accordance with which Bonds shall be issued in terms of the Programme, which terms and conditions may be amended by an Applicable Pricing Supplement
Co-Sponsoring Brokers	means each of Temple and Fidelity, which are acting as co-sponsoring brokers in relation to the Programme and **Co-Sponsoring Broker** shall be construed accordingly
Creditors	means the financial institutions and trade suppliers to which the Debtors are originally indebted under the Energy Sector Debt and (as at the date of the Prospectus) are the entities listed under Appendix F (*List of Creditors*) of this Prospectus
Currency	means GHS or any foreign currency as may be specified in the Applicable Pricing Supplement. The primary currency of the Bonds shall be GHS. The Issuer may, however, issue Bonds denominated in any foreign currency subject to the receipt of all necessary regulatory approvals from the Bank of Ghana and compliance with conditions under the foreign exchange laws of Ghana
Day Count Fraction	has the meaning provided for in Condition 5.5.2
Dealers	unless otherwise set out in an Applicable Pricing Supplement, means the Joint Lead Managers, as well as any other dealer that may be appointed under the Programme, from time to time, which appointment may be for a specific issue or on an on-going basis, subject to the Issuer's right to terminate the appointment of any dealer and **Dealer** shall be construed accordingly

Term	Definition
Debtors	means VRA, TOR, ECG and the BDCs. The details of the Debtors are set out under Appendix G (*List of Debtors*) of this Prospectus
Debt Service Reserve Coverage Ratio	means the ratio equal to, or in excess of, 1.25 obtained by dividing: (i) the aggregate of (A) all funds in all the Collection Accounts (except the Distribution Account), (B) any unutilised portion of the Capped Cash Commitment (C) any unutilised portion of the DFI Financing; by (ii) the aggregate of the next due payments of (A) Interest, Instalment Amount or Redemption Amount under any outstanding Bonds, (B) repayment amounts under the DFI Financing, or (C) repayment amounts under any other indebtedness of the Issuer
Debt Service Reserve Amount	means, for any DSRA Funding Period, the credit balance of the DSRA in an amount, at least, equal to the amount of the next due payment of Interest, Instalment Amount and/or Redemption Amount under any outstanding Bonds
Debt Service Reserve Shortfall	means any amount by which the credit balance of the DSRA is less than the Debt Service Reserve Amount during the DSRA Funding Period
Debt Service Reserve Unfunded Amount	means an amount, at least, equal to the difference between the Debt Service Reserve Amount and the Debt Service Reserve Shortfall
DFI Financing	means the revolving standby letter of credit financing of up to GHS 900,000,000 (or its equivalent in USD) to be obtained by the Issuer from a development finance institution for the purpose of satisfying any Debt Service Reserve Unfunded Amount and to be drawn by the Issuer only after (i) the entire amount of the Capped Cash Commitment has been funded, (ii) the Bond Trustee has determined that it will not result in a breach of the Debt Service Coverage Ratio, and (iii) the written consent of the Bond Trustee has been obtained. The details of such financing shall be set out in an Applicable Pricing Supplement
Directors	mean the directors of the Issuer from time to time and **Director** means any of them (as applicable in the relevant context)
Distribution Account	means the GHS denominated distribution account set up with the Distribution Account Bank in the name of the Issuer, into which up to 0.5% of the ESLA Receivables will be transferred by the ESLA Receivables Bank and utilised for the administrative expenses of the Issuer
Distribution Account Bank	means Fidelity, which is acting as the account holding bank for the Distribution Account
DSRA	means the GHS denominated debt service reserve account set up with the DSRA Bank in the name of the Issuer, where the Debt Service Reserve Amount will be maintained under the terms of the Collection Accounts Agreement
DSRA Bank	means SCB, which is acting as the account holding bank for the DSRA
DSRA Funding Period	means each period of 90 calendar days ending on an Interest Payment Date, Instalment Date or Redemption Payment Date

Term	Definition
Early Redemption	means the early redemption of a Bond prior to its due date
Early Redemption Amount	means the amount payable upon the Early Redemption of a Bond
ECG	means the Electricity Company of Ghana Limited
EDR Levy	means the levy on petrol and diesel (Ghp41/ltr), marine gas oil (Ghp3/ltr), fuel oil (Ghp4/ltr) and liquefied petroleum gas (Ghp37/kg) sold to customers through oil marketing companies in Ghana and imposed under the ESLA
EDS Account	means the Energy Debt Service Account into which 32% of the EDR Levy collections is required to be paid under the ESLA
Encumbrance	means any mortgage, charge, lien, pledge, hypothecation, assignment by way of security, deposit by way of security or any other agreement or arrangement (whether conditional or not and whether relating to existing or to future assets), having the effect of providing a security interest to a creditor or any agreement or arrangement to give any form of a secured claim to a creditor but excluding statutory preferences and any security interest arising by operation of law
Energy Debt Cash Payment	means the payment of a Creditor in cash by the Issuer (through the Bond Proceeds Utilisation Account Bank) of any portion of the Energy Sector Debt (less any agreed discount) with the net proceeds of any Series or Tranche, and in accordance with a Novation Agreement
Energy Debt Swap	means the payment of a Creditor by the Issuer with such number of Bonds as will be equivalent to the value of the Creditor's portion of the Energy Sector Debt (less any agreed discount), and in accordance with a Novation Agreement and a bond purchase agreement
Energy Sector Debt	means the aggregate of the accrued indebtedness of the Debtors towards the Creditors (being GHS 10,000,000,000 as at the date of this Prospectus and as verified by the Reporting Accountant) and which has been novated (or will be novated) to the Issuer by each Debtor and consented to by each relevant Creditor under the relevant Novation Agreement and the details of which are set out under Appendix H (*Energy Sector Debt*) of this Prospectus
Energy Sector SOEs	means the SOEs operating in the energy sector of Ghana, which include VRA, ECG, GridCo, TOR and NEDCo
English Legal Compliance Letter	means the legal compliance letter prepared and issued by White & Case in relation to compliance of the Bond Documents (which are governed by English law) with English law requirements, and which is set out under Appendix C (*English Legal Compliance Letter*)
Escrow Account	means each temporary account set up with the Escrow Bank where all amounts raised from each Series or Tranche will be deposited until transferred to the Bond Proceeds Utilisation Account and **Escrow Accounts** shall be construed accordingly
Escrow Account Agreement	means the escrow account agreement dated October 9, 2017 and entered between the Issuer, the Managers and the Escrow Bank, in relation to the Escrow Accounts
Escrow Bank	means Fidelity, which is acting as the account holding bank for the Escrow Accounts

Term	Definition
ESLA	means the Energy Sector Levies Act, 2015 (Act 899) as amended by the Energy Sector Levies (Amendment) Act, 2017 (Act 946) or any statutory modification or re-enactment thereof, a summary of which is set out under Section 10 (*The ESLA*)
ESLA Receivables	means the funds to be transferred by the Sponsor, from time to time, from the EDS Account and the PGIS Account to the ESLA Receivables Account pursuant to the assignment under (and in accordance with the terms of) the Assignment Agreement
ESLA Receivables Account	means the GHS denominated receiving account set up with the ESLA Receivables Bank in the name of the Issuer, into which the Sponsor shall transfer the ESLA Receivables and which account shall be managed under the terms of the Collection Accounts Agreement
ESLA Receivables Bank	means SCB, which is acting as the account holding bank for the ESLA Receivables Account
EUR	means the Euro, the official currency of the eurozone within the European Union
Event of Default	means any event contemplated in Condition 17 below and **Events of Default** shall be construed accordingly
Exercise Notice	means the formal notification by the Issuer of the exercise of a Call Option
EY	means Ernst and Young (Ghana) Limited, a firm of chartered accountants registered with the Institute of Chartered Accounts of Ghana and operating in Ghana, and acting as Reporting Accountant
Final Redemption	means the Final Redemption of a Bond on the Maturity Date
Final Redemption Amount	means the Principal Amount of a Bond payable in respect of each Bond, upon Final Redemption thereof
Financial Indebtedness	means any obligation of the Issuer (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent for or in respect of: (i) Indebtedness for Borrowed Money; or (ii) bonds, standby letters of credit, guarantees or other similar instruments issued in connection with the performance of contracts
Fixed Coupon Amount	means the amount of Interest in respect of a Fixed Rate Bond (as set forth in the Applicable Pricing Supplement)
Fixed Interest Period	means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date
Fixed Rate Bonds	means Bonds entitled to a fixed rate of Interest (as set forth in the Applicable Pricing Supplement)
Floating Rate Bonds	means Bonds entitled to a floating rate of Interest (as set forth in the Applicable Pricing Supplement)
Floating Rate Business Day Convention	means a Business Day Convention specified in Condition 5.2.2 below
Following Business Day Convention	means a Business Day Convention specified in Condition 5.2.2 below

Term	Definition
GBP	means the pound sterling, the official currency of the United Kingdom
GFIM	means the Ghana Fixed Income Market operated by the GSE
Ghana	means the Republic of Ghana
Ghanaian Legal Advisers	means BELA and ENS
Ghanaian Legal Compliance Letter	means the legal compliance letter prepared and issued by BELA in relation to compliance of the Programme with Ghanaian law requirements, and which is set out under Appendix B (*Ghanaian Legal Compliance Letter*)
Ghp	means the Ghana Pesewas, a division of the GHS
GHS	means the Ghana Cedi, the official currency of Ghana or any successor currency
GRA	means the Ghana Revenue Authority, the statutory body responsible for the administration and enforcement of the Income Tax Act and any other tax or other government revenue law in Ghana
GridCo	means Ghana Grid Company Limited
GSE	means the Ghana Stock Exchange
IFRS	means International Financial Reporting Standards
IMF	means the International Monetary Fund
IMF Programme	means the 3-year USD 918 million extended credit facility programme entered into by the Government of Ghana with the IMF on April 3, 2015, under which the IMF agreed to disburse the facility to the Government of Ghana under 8 tranches to help restore Ghana's debt sustainability and macro-economic stability, strengthen the Bank of Ghana's monetary policy framework and to rebuild Ghana's external buffers, and which was extended by the IMF in August 2017 (by an additional USD 94 million and to the end of December 2018)
Income Tax Act	means the Income Tax Act of Ghana, 2015 (Act 896) (as amended) or any statutory re-modification or re-enactment thereof
Indebtedness for Borrowed Money	means any indebtedness of the Issuer for or in respect of: (i) borrowing or raising money (with or without security), including any premium and any capitalised interest on that money; (ii) any bond, note, loan stock, debenture, commercial paper or similar instrument; (iii) any acceptance credit facility or dematerialised equivalent, bill-discounting, note purchase or documentary credit facilities; (iv) monies raised by selling, assigning or discounting receivables or other financial assets on terms that recourse may be had to the Issuer in the event of non-payment of such receivables or financial assets when due; (v) any deferred payments for assets or services acquired, other than trade credit that is given in the ordinary course of trading and which does not involve any deferred payment of any amount for more than 60 days; (vi) any rental or hire charges under finance leases (whether for land, machinery, equipment or otherwise); (vii) any counter-indemnity obligation in respect of any guarantees, bonds, indemnities, standby letters of credit or other instruments issued by a third party in connection with the Issuer's performance of contracts;

Term	Definition
	(viii) any other transaction that has the commercial effect of borrowing (including any forward sale or purchase agreement and any liabilities which are not shown as borrowed money on the Issuer's balance sheet because they are contingent, conditional or otherwise); and/or (ix) any guarantee, counter-indemnity or other assurances against financial loss that the Issuer has given for any of the items referred to in paragraphs (i) to (ix) of this definition incurred by any person
Instalment Amount	means the amount of the relevant portion of the Principal Amount payable on a Bond on an Instalment Date (as set forth in the Applicable Pricing Supplement)
Instalment Date	means the date for the payment of an Instalment Amount (as set forth in the Applicable Pricing Supplement)
Interest	means the amount of interest payable on a Bond (as set forth in the Applicable Pricing Supplement and Condition 5)
Interest Commencement Date	means the date that Interest shall commence to accrue or be calculated (as set forth in the Applicable Pricing Supplement)
Interest Determination Date	means the date upon which Interest and the Interest Rate is calculated for a specified Interest Period and as set forth in the Applicable Pricing Supplement
Interest Period	means, in relation to a Tranche or Series of Bonds, each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date, as specified in the Applicable Pricing Supplement
Interest Payment Date	means the date for the payment of Interest (as set forth in the Applicable Pricing Supplement) or, if no express Interest Payment Date(s) is/are specified in the Applicable Pricing Supplement, the last day of the Interest Period commencing on the preceding Interest Payment Date, or (in the case of the first Interest Payment Date) commencing on the Interest Commencement Date
Interest Rate	means the rate of Interest (as set forth in the Applicable Pricing Supplement and Condition 5)
International Placement Agent	means SCB, which is acting as placement agent to the Issuer in relation to any Series or Tranche to be marketed and/or sold outside of Ghana
Issue Date	in relation to each Tranche or Series, the date specified as such (as set forth in the Applicable Pricing Supplement)
Issue Price	means the price at which the Bonds may be issued, either on a fully paid or partly paid basis (as specified in the Applicable Pricing Supplement). The price and amount to be issued under any Series or Tranche will be determined by the Issuer, the relevant Dealer(s) and the Placing Agent at the time of issue in accordance with prevailing market conditions
Issuer	means E.S.L.A. Plc, which is issuing the Bonds under the Programme. The Issuer was incorporated as a special purpose vehicle in Ghana as a public limited liability company on September 14, 2017 with registration number "*PL000312017*" to primarily issue debt securities for the purpose of, among others, refinancing the Energy Sector Debt. The day-to-day activities of the Issuer are managed by the Administrator under the terms of the Administration Agreement

Term	Definition
Issuer Board	means the board of directors of the Issuer
Issuer's and Sponsor's English Legal Adviser	means White & Case, which is acting as the legal adviser to the Sponsor and Issuer under this Programme on the laws of England
Joint Bookrunners	means each of SCB and Fidelity, which are acting as joint bookrunners in relation to the Programme
Joint Lead Managers	means each of SCB and Fidelity, which are acting as joint lead managers in relation to the Programme
Joint Series Meeting	means a meeting of Bondholders of 2 or more Series or Tranches affected by the subject matter of such meeting and **Joint Series Meetings** shall be construed accordingly
Last Day to Register	means 17:00 on the last Business Day before the first day of a Book Closure Period
Legal Advisers	means each of BELA, ENS, White & Case and HSF, which are acting as legal advisers in relation to the Programme
Liability Management	means secondary market activities undertaken by the Issuer which may include any buy back of its own securities
Lock Box Account	means the GHS denominated lock box account set up with the Lock Box Account Bank in the name of the Issuer, for the receipt of overflows from the ESLA Receivables Account, the Reserved Proceeds Amount and the payments under the Cash Support Agreements (if any) and to be maintained in accordance with the Collection Accounts Agreement and for the funding of any Early Redemption or Liability Management
Lock Box Account Bank	means SCB, which is acting as the account holding bank in respect of the Lock Bank Account
Manager	means each of the Joint Lead Managers and the Co-Managers and **Managers** shall be construed accordingly
Managers' English Legal Adviser	means HSF, acting as legal adviser to the Managers on the laws of England
Managers' Ghanaian Legal Adviser	means ENS, acting as legal adviser to the Managers on the laws of Ghana
Maturity Date	means, in respect of a Series or Tranche, the date upon which the Bonds are to be finally redeemed and all amounts due on the Bonds are to be repaid by the Issuer and as set forth in the Applicable Pricing Supplement
Maximum Interest Rate	means the maximum rate of the Interest that may be payable on a Floating Rate Bond, as agreed by the Issuer, Managers and Dealer (if any) and as set forth in the Applicable Pricing Supplement
Meeting	means a Series Meeting or a Joint Series Meeting and **Meetings** shall be construed accordingly
Minimum Interest Rate	means the minimum rate of the Interest that may be payable on a Floating Rate Bond, as agreed by the Issuer, Managers and Dealer (if any) and as set forth in the Applicable Pricing Supplement
MMDAs	means the metropolitan, municipal and district assemblies of Ghana
Modified Following Business Day Convention	means a Business Day Convention specified in Condition 5.2.2 below
Nominee Agreement	means the nominee agreement dated September 13, 2017 and entered into between the Sponsor and NTHC, under which NTHC has agreed to act as nominee shareholder in the Issuer for the Sponsor

Term	Definition
Novation Agreement	means each novation agreement entered into (or to be entered into) between the Issuer and each Debtor in respect of novating their respective obligations under the Energy Sector Debt to the Issuer subject to the consent of each relevant Creditor thereunder and **Novation Agreements** shall be construed accordingly
NPA	means the National Petroleum Authority of Ghana, the statutory body set up under the NPA Act and responsible for the administration and enforcement of the NPA Act
NPA Act	means the National Petroleum Authority Act of Ghana, 2005 (Act 691) or any statutory modification or re-enactment thereof
NTHC	means National Trust Holding Company, which is the sole shareholder of the Issuer and acting as the nominee shareholder under the terms of the Nominee Agreement
Optional Redemption	means the redemption of a Bond upon exercise of the Call Option, as specified in the Applicable Pricing Supplement
Optional Redemption Amount	means the amount payable upon exercise of the Call Option (as specified in the Applicable Pricing Supplement)
Optional Redemption Date	means the date for redemption of Bonds (as specified in the Exercise Notice)
Ordinary Resolution	means a resolution passed at a Series Meeting or a Joint Series Meeting (as the case may be) duly convened and held in accordance with Condition 10.1 and the Trust Deed) by the affirmative vote of, at least, 30% of the outstanding aggregate of the total Principal Amount of the Series Bonds or all Bonds (as the case may be)
Paying Agent	unless otherwise set out in an Applicable Pricing Supplement, means Fidelity
Paying Bank	unless otherwise set out in an Applicable Pricing Supplement, means Fidelity
PGIS Account	means the Power Generation & Infrastructure Support sub-Account into which 68% of the EDR Levy collections is required to be paid under the ESLA
Preceding Business Day Convention	means a Business Day Convention specified in Condition 5.5 below
Principal Amount	means the face value of the Bonds
Programme	means the GHS 10,000,000,000 bond issuance programme established by the Issuer (and as amended from time to time), under which the Issuer may, from time to time, issue Bonds denominated in the Currency and having such maturity as may be set forth in the Applicable Pricing Supplement
Prospectus	means this prospectus issued by the Issuer on the date stated hereon (as amended, restated and/or supplemented from time to time)
Redemption	means Redemption by Instalments, Final Redemption or Early Redemption (as the case may be)
Redemption Amount	means the Instalment Amount, the Early Redemption Amount or the Final Redemption Amount (as set forth in the Applicable Pricing Supplement)
Redemption by Instalments	means the redemption of a Bond by instalments prior to its due date
Redemption Date	means the date upon which the Issuer undertakes a Redemption (as set forth in the Applicable Pricing Supplement)

Term	Definition
Reference Rate	means the benchmark interest rate so specified in the Applicable Pricing Supplement for each Series or Tranche of Floating Rate Bonds to be issued under the Programme
Register	means the register of the Bondholders maintained by the CSD in electronic form
Registrar	means the CSD appointed as registrar for the Programme under the Agency Agreement
Regulations	means the regulations of the Issuer dated September 14, 2017
Relevant Time	means the time on the Interest Determination Date, (if any) specified in the Applicable Pricing Supplement for calculating the Interest Rate and Interest Payable on a Bond
Reporting Accountant	means EY, which is acting as the reporting accountant for the Programme
Reserved Proceeds Amount	means, in relation to only the first Series or Tranche, an amount of up to GHS 350,000,000 to be transferred from the Bond Proceeds Utilisation Account to the DSRA for purposes of enhancing the Debt Service Coverage Ratio
RGD	means the Registrar General's Department, which is the public registry in Ghana responsible for the incorporation of companies and the registration of, among others, public offer documents in accordance with the provisions of the Companies Act
SEC	means the Securities and Exchange Commission of Ghana
Securities Industry Act	means the Securities Industry Act of Ghana, 2016 (Act 929) or any statutory modification or re-enactment thereof
SEC Regulations	means the Securities and Exchange Commission Regulations, 2003 (L.I. 1728) or any statutory modification or re-enactment thereof
Senior Bonds	means Bonds which constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and have been designated as such in the Applicable Pricing Supplement
Series	means a series of Bonds having one or more Issue Dates and identical terms as to the Maturity Date, Interest and redemption (except that, among Series, the Issue Dates, Interest Commencement Dates, Interest Payment Dates and amounts of the first interest payment, the first Instalment Amount and related matters may differ)
Series Bonds	means the Bonds under a particular Series or Tranche
Series Bondholders	means all holders of Bonds under a particular Series or Tranche, from time to time, and recorded as such in the Register and **Series Bondholder** shall be construed accordingly
Series Meeting	means a meeting of Bondholders of a particular Series or Tranche and **Series Meetings** shall be construed accordingly
SOEs	means the state-owned enterprises and **SOE** shall be construed accordingly
Special Resolution	means a resolution passed at a Series Meeting or a Joint Series Meeting (as the case may be) duly convened and held in accordance with Condition 10.1 and the Trust Deed) by the affirmative vote of, at least, 75% of the outstanding aggregate of the total Principal Amount of the Series Bonds or all Bonds (as the case may be)
Sponsor	means the Government of Ghana acting through the Ministry of Finance

Term	Definition
Sponsor Event of Default	means any Event of Default set out under Condition 17(i) below and **Sponsor Events of Default** and shall be construed accordingly
Sponsoring Brokers	means each Co-Sponsoring Broker and **Sponsoring Broker** shall be construed accordingly
Taxes	has the meaning provided for in Condition 8
TOR	means the Tema Oil Refinery Limited
Tranche	means a tranche of a Series which are identical in all respects (except for Issue Date, Issue Price, Tranche Amount, Interest Commencement Date and amount of first Interest Payment)
Transaction Legal Adviser	means BELA, which is acting as transaction legal adviser for the Programme on the laws of Ghana
Transfer Agent	means the CSD, which is acting as the transfer agent for the Programme under the Agency Agreement
Trust Deed	means the trust deed dated October 12, 2017 and entered into between the Issuer and the Bond Trustee (as amended, restated and/or supplemented from time to time)
USD	means United States Dollars, the official currency of the United States of America
Written Resolution	means a resolution in writing resolution signed or confirmed in writing by (or on behalf of) Series Bondholders or all Bondholders (as the case may be) of, at least, 75% of the outstanding aggregate of the total Principal Amount of the Series Bonds or all Bonds (as the case may be)
VRA	means the Volta River Authority set up under the Volta River Development Act, 1961 (Act 46)

1. OVERVIEW OF THE TRANSACTIONS UNDER THE PROGRAMME

1.1 BACKGROUND

The Issuer is an independent special purpose vehicle established by the Sponsor to refinance the Energy Sector Debt through the issuance and listing of bonds under a GHS 10,000,000,000 Bond Programme.

The debts (inclusive of the Energy Sector Debt) owed by the Energy Sector SOEs have accumulated over the years due to challenges in the energy sector in Ghana. The challenges included poor rainfall which resulted in subdued hydro power generation and, consequently, an over reliance on thermal energy electricity production. The debts were also aggravated by the steep loss in the value of the GHS and a relatively high crude oil price environment. See Section 9.4 (*Financial Condition of the Energy Sector*).

In December 2015, the ESLA was passed to address debt situation through the imposition of consumption tax levies on petroleum products. The relevant levy under the ESLA for the purpose of the refinancing of the Energy Sector Debt is the EDR Levy. The Sponsor has irrevocably assigned its rights in the ESLA Receivables to the Issuer (for as long as any amounts remain outstanding under any final Series or Tranche issued by the Issuer), under the Assignment Agreement, and this will serve as the primary repayment source for Bonds issued under this Programme.

NTHC has been appointed, under the Nominee Agreement, as a nominee shareholder to hold all the shares in the Issuer. KPMG has been appointed, under the Administration Agreement, to act as the Administrator of the Issuer.

1.2 SUMMARY OF THE PROGRAMME

1.2.1 Establishment of the Programme

The Issuer has, accordingly, established the Programme to raise debt financing of up to GHS 10,000,000,000 to refinance the Energy Sector Debt. See Section 2.1 (*Legal Basis for Programme*) below.

The Bonds will be issued in one or more Series or Tranches by the Issuer under the Programme. The Bonds will be Senior Bonds and shall be Floating Rate or Fixed Rate (as indicated in the Applicable Pricing Supplement). The Bonds will be listed on GFIM or any other stock exchange as may be specified in an Applicable Pricing Supplement.

All Bonds in a Series shall have the same maturity date and identical terms (except that the Issue Dates, Issue Price, Interest Commencement Date, amounts of the first interest payment, first Instalment Amount and related matters may be different). Bonds in each Series may be issued in one or more Tranches. The terms of each Tranche (save for the Issue Date, Issue Price, Tranche Amount, Interest Commencement Date and amount of first Interest payment) shall be identical in all respects. The details applicable to each Series and Tranche will be specified in the Applicable Pricing Supplement, which shall be submitted to the SEC for approval.

1.2.2 Use of Bond Proceeds

The Issuer shall utilise the proceeds from each Series or Tranche in the following manner:

(a) *first*, disbursement by the Bond Proceeds Utilisation Account Bank for payment of any expenses related to the Series or Tranche or the Programme (as the case may be) (and as set out under Section 2.4 (*Programme Expenses*) below);

(b) *second*, disbursement of the Reserved Proceeds Amount into the DSRA, in relation to only the first Series or Tranche; and

(c) *third*, disbursement of the net proceeds by the Bond Proceeds Utilisation Account Bank directly to the relevant Creditors who opted for the Energy Debt Cash Payment.

The details of the use of the proceeds are set out under Section 2.3 (*Use of Proceeds*) below.

The Issuer has entered into the Escrow Account Agreement with the Escrow Bank for the purpose of setting up and operating the Escrow Accounts for the deposit of all amounts raised from each Series or Tranche until payment to the Bond Proceeds Utilisation Account.

The Bond Proceeds Utilisation Account Bank shall be responsible for all disbursements of the Energy Debt Cash Payment directly to the relevant Creditors.

The Creditors who opt for the Energy Debt Swap, shall be issued with Bonds subject to entering into a bond purchase agreement with the Issuer.

1.2.3 Conditions of the Bonds

Section 14 (*Conditions*) contains the terms and conditions of the Bonds, which are governed by English law. The Conditions include key terms such as the status of the Bonds, mechanisms for payments under the Bonds, Redemption, taxation, financial covenants, Events of Default (which include the Sponsor Events of Default) and enforcement of the Bonds.

The final Issue Price, aggregate Principal Amount and Interest and any other terms and conditions not contained in the Conditions (which are applicable to any Series or Tranche) will be agreed between the Issuer, the Managers and, if applicable, the relevant Dealer(s) at the time of issuance in accordance with prevailing market conditions, and will be set forth in the Applicable Pricing Supplement issued in respect of the Series or Tranche.

1.2.4 The Bond Trustee

The Issuer has appointed the Bond Trustee, under the Trust Deed (governed by English law), as trustee for the protection and enforcement of the rights of the Bondholders under the Conditions. Under certain circumstances, the Bond Trustee can be required (subject to it being indemnified and/or secured to its satisfaction) by a Special Resolution to exercise its powers under the Trust Deed or so requested in writing by Bondholders holding, at least, 10% in aggregate of the Principal Amount of the relevant Series Bonds or all Bonds then outstanding.

1.2.5 Sale and Subscription for the Bonds

Section 15 (*Subscription and Sale Information*) sets out the details on, among others, the sale of the Bonds, the application procedure and payment for the Bonds, and the trading and settlement procedures for the Bonds. Also see Appendix E (*Application Process*).

1.2.6 Repayments under the Bonds

All the payment terms of the Bonds are contained in Section 14 (*Conditions*) and the Applicable Pricing Supplement. Also see "*Repayment*" under Section 3 (*Summary of The Programme*).

All payments of Interest, Instalment Amount, Principal Amount or Redemption Amount or any other payments under the Bonds will be primarily funded from the ESLA Receivables (to be deposited in the ESLA Receivables Account). Other sources of funding for payments will be proceeds from the Cash Support Agreements (if any), any returns on investments of funds in the Lock Box Account, the Capped Cash Commitment and the DFI Financing. All amounts for such payments will be transferred from the DSRA by the DSRA Bank to the trust account of the Paying Bank for onward disbursements in accordance with Condition 7 (*Payments*).

The Paying Bank and the Paying Agent are responsible for processing and effecting all payments under the Bonds in accordance with Condition 7 (*Payments*) and the terms of the Agency Agreement, which is governed by English law. The Calculation Agent is also responsible for calculating any Interest payable under the Bonds and any Interest Rate for the Floating Rate Bonds in accordance with Condition 5 (*Interest on Floating Rate Bonds*) and the terms of the Agency Agreement.

1.2.7 Debt Service Coverage Ratio

The Issuer shall maintain the Debt Service Reserve Coverage Ratio at all times and for as long as any of the Bonds remains outstanding. An Applicable Pricing Supplement may contain any additional financial covenants as may be determined by the Issuer.

1.3 UNDERLYING TRANSACTIONS

Pursuant to refinancing the Energy Sector Debt and the Programme, the following transactions have been (and/or will be) undertaken:

1.3.1 Assignment

The Sponsor, the Issuer and the Bond Trustee have entered into the Assignment Agreement (governed by Ghanaian law), under which the Sponsor has irrevocably assigned its rights in the ESLA Receivables to the Issuer for as long as any amounts remain outstanding under any final Series or Tranche issued by the Issuer.

The Sponsor has issued an irrevocable payment instruction (valid for as long as any amounts remain outstanding under any final Series or Tranche issued by the Issuer) to the Bank of Ghana to transfer the ESLA Receivables into the ESLA Receivables Account within 1 Business Day of receipt of funds into the relevant statutory accounts under the ESLA.

Section 10 (*The ESLA*) of the Prospectus contains a summary of the ESLA, the payments and collection of the levies thereunder and the mechanism for the receipt of the ESLA Receivables into the ESLA Receivables Account.

The Sponsor has also given the Capped Cash Commitment under the assignment Agreement. See details under "*Capped Cash Commitment*" and "*Repayment*" of Section 3 (*Summary of The Programme*).

Any Sponsor Event of Default, which includes any action by the Sponsor to amend or vary (or to procure any other person to amend or vary) any portion of the ESLA or do (or permit the omission of) any act or thing as a result of which (i) the ESLA shall be repealed (ii) the rights of the Issuer under the Assignment Agreement shall be adversely affected, or (iii) the Assignment Agreement shall be rendered frustrated or unenforceable (while any Bonds remain outstanding), will automatically require the Sponsor to fully repay any outstanding amounts under the Bonds.

1.3.2 Novation

The Issuer and each Debtor (and its relevant Creditor) have entered (or will enter) into a Novation Agreement (governed by Ghanaian law), under which each Debtor novates its obligations under the Energy Sector Debt to the Issuer. This means that, upon the execution of each Novation Agreement, the Issuer becomes responsible for the repayment of the relevant portion of the Energy Sector Debt to the relevant Creditors.

Where a Creditor opts for the Energy Debt Cash Payment, it will be paid directly by the Bond Proceeds Utilisation Account Bank with the net proceeds of the relevant Series or Tranche. Where a Creditor opts for the Energy Debt Swap, it will enter into a bond purchase agreement with the Issuer and be issued with the relevant number and amount of Bonds.

1.3.3 Cash Support

The Issuer may, from time to time, enter into a Cash Support Agreement with a Debtor (which is an SOE), under which the relevant Debtor may commit to make periodic payments to the Issuer in consideration of the Issuer repaying certain debts of such Debtor. The proceeds from any Cash Support Agreement will be paid into the Lock Box Account. There can be no assurance as to the level of commitments which the Issuer may receive under any Cash Support Agreements.

1.3.4 Accounts Structure

The Issuer, SCB, Fidelity and the Bond Trustee have entered into the Collection Accounts Agreement, under which the Issuer has appointed SCB as the ESLA Receivables Bank, the DSRA Bank and the Lock Box Account Bank and Fidelity as the Distribution Account Bank, and the Bond Proceeds Utilisation Account Bank, respectively, in relation to the relevant Collection Accounts and the Bond Proceeds Utilisation Account.

The terms of the use of, and controls on, the Collection Accounts and the Bond Proceeds Utilisation Account are set out under the Collection Accounts Agreement and summarised under "*Collection Accounts Structure*" of Section 3 (*Summary of The Programme*).

1.4 BOND DOCUMENTS

The Bonds are subject to the provisions of the Bond Documents. The Bondholders are bound by, and are deemed to have knowledge of, all the provisions of the Bond Documents. Copies of all the Bond Documents will be available for inspection during usual business hours at the offices of the Bond Trustee.

2. LEGAL BASIS AND RATIONALE FOR THE PROGRAMME

2.1 LEGAL BASIS FOR THE PROGRAMME

The Programme and the listing of Bonds on the GFIM have been approved by the Issuer Board by written resolutions passed on September 29, 2017.

The sole shareholder of the Issuer has also approved the Programme and the listing of Bonds on GFIM by a written resolution passed on September 29, 2017.

2.2 RATIONALE FOR THE PROGRAMME

The Issuer has established the Programme to raise debt financing of up to GHS 10,000,000,000 to refinance the Energy Sector Debt.

2.3 USE OF PROCEEDS

The repayments of the Energy Sector Debt will be undertaken by the Issuer in phases over the duration of the Programme by issuing Bonds, from time, to time, under Series or Tranches.

The proceeds from each Series or Tranche shall be in the Escrow Accounts until all conditions precedent (set out in the Trust Deed) have been satisfied by the Issuer, whereupon the Escrow Bank shall transfer the funds into the Bond Proceeds Utilisation Account.

The funds in the Bond Proceeds Utilisation Account shall be utilised in the following manner:

(a) *first*, disbursement by the Bond Proceeds Utilisation Account Bank for payment of any expenses related to the Series or Tranche or the Programme (as the case may be) (and as set out under Section 2.4 (*Programme Expenses*) below);

(b) *second*, disbursement of the Reserved Proceeds Amount into the DSRA, in relation to only the first Series or Tranche; and

(c) *third*, disbursement of the net proceeds by the Bond Proceeds Utilisation Account Bank directly to the relevant Creditors who opted for the Energy Debt Cash Payment).

The Creditors who opt for the Energy Debt Swap, shall be issued with Bonds subject to entering into a bond purchase agreement with the Issuer.

In relation to the first Series or Tranche, the net proceeds shall be used to refinance the first tranche of the Energy Sector Debt.

In relation to any subsequent Series or Tranche, the specific details of the use of the net proceeds shall be documented under the Applicable Pricing Supplement.

2.4 PROGRAMME EXPENSES

The expenses related to the Programme are as follows:

Estimated Programme Expenses

Item	Amount in GHS	% of Programme
Arrangers	87,500,000	0.88%
Legal Fees	700,000	0.01%
Reporting Accountant	350,000	0.00%
Sub Total	***88,550,000***	***0.89%***
Sponsoring Brokerage Fees		0.00%
Sub Total	***–***	***0.00%***
Regulatory		
GSE Application Fee	1,600,000	0.02%
GSE Listing Fee	800,000	0.01%
SEC	3,500,000	0.04%
CSD	1,440,000	0.01%
Sub Total	***7,340,000***	***0.07%***
Administrative expenses[1]	80,951,976	0.81%
Sub Total	***80,951,976***	***0.81%***
Other costs		
Printing, Miscellaneous	400,000	0.00%
Sub Total	**400,000**	**0.00%**
Grand Total	**177,241,976**	**1.77%**

[1] As per administrative expenses covered by the Distribution Account

3. SUMMARY OF THE PROGRAMME

The following is qualified in its entirety by the remainder of this Prospectus and, in relation to the terms and conditions of any particular Series or Tranche under an Applicable Pricing Supplement:

Factor	Summary Description
Issuer	E.S.L.A. Plc, which is issuing the Bonds under the Programme. The Issuer was incorporated as a special purpose vehicle in Ghana as a public limited liability company on September 14, 2017 with registration number "*PL000312017*" to, among others, issue debt securities for the purpose of refinancing the Energy Sector Debt. The day-to-day activities of the Issuer are managed by the Administrator under the terms of the Administration Agreement
Description	Bond issuance programme to refinance the Energy Sector Debt The relevant portions of the Energy Sector Debt have been (or will be) novated to the Issuer under the Novation Agreements. The Issuer shall repay the novated obligations over the duration of the Programme through the Energy Debt Cash or the Energy Debt Swap. See Section 2.3 (*Use of Proceeds*) and "*Bond Proceeds Flow Structure*" above The Bondholders will be repaid primarily with the ESLA Receivables. The ESLA Receivables have been assigned to the Issuer by the Sponsor under the Assignment Agreement. The Collection Accounts have been set up for the collection, management and disbursements of the ESLA Receivables in accordance with the terms of the Collection Accounts Agreement. See "*ESLA Receivables Flow Structure*" and "*Collection Accounts Structure*" below
Risk Factors	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Bonds issued under the Programme. These are set out under Section 6 (*Risk Factors*) and include risks related to the Issuer, its business and the Ghanaian economy
Programme Size	Up to GHS 10,000,000,000 aggregate Principal Amount of Bonds outstanding at any one time. The Issuer may increase this aggregate nominal amount of the Bonds that may be issued under this Programme, subject to the approval of the SEC Subject to any Applicable Laws and the relevant corporate approvals, the Issuer may, without consent of the Bondholders, increase the aggregate nominal amount of the Bonds that may be issued under the Programme by issuing a supplementary prospectus thereof to holders in accordance with the Conditions Upon the issuance of such a supplementary prospectus, all references in the Prospectus or any other agreement, deed or document in relation to the Programme to the aggregate amount of the Bonds, shall be and shall be deemed to be references to the increased aggregate nominal amount.
Use of Proceeds	The Issuer shall use the net proceeds from any Series or Tranche to refinance the Energy Sector Debt. See Section 2.3 (*Use of Proceeds*) above)

Factor	Summary Description
Bond Proceeds Flow Structure	The flow of funds in relation to any Series or Tranche will be as follows: (i) Bondholders pay the relevant consideration for the Bonds into the Escrow Account and the CSD credits the relevant amount of Bonds to the accounts of the Bondholders (ii) after all conditions precedent to disbursement (set out under the Trust Deed) have been met by the Issuer, the funds in the Escrow Account will be transferred to the Bond Proceeds Utilisation Account (iii) The funds in the Bond Proceeds Utilisation Account will be utilised as follows: (a) *first*, disbursement by the Bond Proceeds Utilisation Account Bank for payment of any expenses related to the Series or Tranche or the Programme (as the case may be) (b) *second*, disbursement of the Reserved Proceeds Amount into the DSRA, in relation to only the first Series or Tranche (c) *third*, disbursement of the net proceeds by the Bond Proceeds Utilisation Account Bank directly to the relevant Creditors who opted for the Energy Debt Cash Payment Where a Creditor opts for the Energy Debt Swap, it shall be issued with Bonds subject to entering into a bond purchase agreement with the Issuer
ESLA Receivables Flow Structure	(i) The Sponsor has irrevocably assigned the ESLA Receivables to the Issuer under the Assignment Agreement. The assignment is valid for as long as any amounts remain outstanding under any final Series or Tranche issued by the Issuer. Any action by the Sponsor to amend or vary (or to procure any other person to amend or vary) any portion of the ESLA or do (or permit the omission of) any act or thing as a result of which (i) the ESLA shall be repealed (ii) the rights of the Issuer under the Assignment Agreement shall be adversely affected, or (iii) the Assignment Agreement shall be rendered frustrated or unenforceable (while any Bonds remain outstanding) will automatically require the Sponsor to fully repay any outstanding amounts under the Bonds (ii) A summary of the flow of the levies under the ESLA into the statutory accounts under the ESLA and ultimately into the ESLA Receivables Account has been set out under <u>Section 10</u> (*The ESLA*) (iii) The Sponsor has issued an irrevocable payment instruction (valid for as long as any amounts remain outstanding under the Energy Sector Debt) to the Bank of Ghana to transfer the ESLA Receivables into the ESLA Receivables Account within 1 Business Day of receipt of funds into the relevant statutory accounts under the ESLA

Factor	Summary Description
	(iv) The ESLA Receivables deposited in the ESLA Receivables Account shall be utilised as follows: (a) *first*, transfer of a maximum of 0.5% of the deposits to the Distribution Account for the Issuer's administrative expenses (b) *second*, transfer amounts required to achieve the Debt Service Reserve Amount into the DSRA. Payments of any Interest, Instalment Amount, Principal Amount or Redemption Amount shall be made from the DSRA to the trust account of the Paying Bank in accordance with Condition 7 (*Payments*) (c) *third*, transfer net of deposits into the Lock Box Account after the relevant transfers to the Distribution Account and the DSRA
Collection Accounts Structure	As long as any of the Bonds remains outstanding, the Issuer shall keep and maintain the following Collection Accounts in accordance with the Collection Accounts Agreement: (i) **the ESLA Receivables Account** – for the receipt of the ESLA Receivables from the Sponsor and subsequent transfers to the other accounts as specified in the Collection Accounts Agreement and set out hereunder (ii) **the Distribution Account** – for the retention of up to 0.5% of all ESLA Receivables for the Issuer's administrative expenses. The ESLA Receivables Bank shall make the relevant transfers into the Distribution Account daily (iii) **the DSRA** – during any DSRA Funding Period, the Issuer shall ensure that the amount standing to the credit of the DSRA is not less than the Debt Service Reserve Amount. The Debt Service Reserve Amount will be funded from the net of the deposits in the ESLA Receivables Account (after the transfers into the Distribution Account) and the Reserved Proceeds Amount. It will also be funded from the Lock Box Account. Also see "*Capped Cash Commitment*" below on when the Sponsor will be required to fund a Debt Service Reserve Unfunded Amount and "*Repayment*" below on when the Issuer may draw on the DFI Financing to fund a Debt Service Reserve Unfunded Amount All payments of Interest, Instalment Amount, Principal Amount or Redemption Amount or any other payments under the Bonds will be funded from the DSRA. The DSRA Bank will disburse the relevant amounts to the trust account of the Paying Bank for onward disbursements in accordance with Condition 7 (*Payments*). See "*Repayments*" below (iv) **the Lock Box Account** – for the receipt of payments from the Cash Support Agreements (if any) and the net deposits in the ESLA Receivables Account (after transfers to the Distribution Account and the DSRA). The funds in this account provide the primary cover for any Debt Service Reserve Shortfall. It is also for the funding of any Early Redemption or Liability Management. The Lock Box Account

Factor	Summary Description
	Bank is permitted to invest the funds in the Lock Box Account in treasury bills of the Government of Ghana with no more than 6 months maturity period under the terms of the Collection Accounts Agreement. The Lock Box Account Bank is not permitted to make any losses on the permitted investments and so it cannot sell any investment either before maturity or below the relevant par value. It can only sell before maturity if instructed by the Bond Trustee for purposes of satisfying the Debt Service Reserve Shortfall. The Issuer shall have no accounts other than the Collection Accounts and the Bond Proceeds Utilisation Account. The Issuer shall have no right to make withdrawals from the Collection Accounts (except the Distribution Account) and the Bond Proceeds Utilisation Account except with the consent of the Bond Trustee and in accordance with the terms of the Collection Accounts Agreements and this Prospectus
Debt Service Coverage Ratio	The Issuer is required to maintain the Debt Service Reserve Coverage Ratio at all times and for as long as any of the Bonds remains outstanding
Capped Cash Commitment	The Sponsor has provided a capped cash commitment (under the Assignment Agreement) of up to GHS 600,000,000 (payable on demand by the Bond Trustee) to cover any Debt Service Reserve Shortfall occurring by 90 calendar days immediately preceding the applicable Interest Payment Date, Instalment Date or Redemption Date. The Sponsor will be required to transfer the Debt Service Reserve Unfunded Amount to the DSRA within 30 Business Days of receipt of the demand notice from the Bond Trustee in accordance with the Assignment Agreement
Repayment	(i) Payment of Interest, Principal Amount, Instalment Amount, Redemption Amount (or any other payments under the Bonds) will be paid on the relevant Interest Payment Date, Instalment Amount or Redemption Date (ii) All such repayments will be primarily funded by the ESLA Receivables. Other sources of funding for payments will be proceeds from the Cash Support Agreements (if any), any returns on investments of funds in the Lock Box Account, the Capped Cash Commitment and the DFI Financing (iii) The disbursements for repayments will be made from the DSRA by the DSRA Bank to the trust account of the Paying Bank from the 90th calendar day before any Interest Payment Date, Instalment Amount or Redemption Date. The Paying Bank will then make onward disbursements to Bondholders in accordance with Condition 7 (*Payments*) (iv) In the event of any Debt Service Reserve Shortfall, the Debt Service Reserve Unfunded Amount can be transferred from the Lock Box Account upon the instructions of the Bond Trustee

Factor	Summary Description
	(v) In the event of any insufficiency of funds in the Lock Box Account (to fund the Debt Service Reserve Unfunded Amount), the Debt Service Reserve Unfunded Amount will be demanded from the Sponsor and transferred to the DSRA in accordance with the Assignment Agreement (and as summarised under "*Capped Cash Commitment*" above (vi) In the event of any insufficiency of funds in both the DSRA and the Lock Box Account (for the purpose of Debt Service Reserve Unfunded Amount) and after the entire amount of the Capped Cash Commitment has been funded, the required amount may be drawn from the DFI Financing subject to the consent of the Bond Trustee
Issue Price	Bonds may be issued at an issue price on a fully paid basis or discounted basis as specified in the Applicable Pricing Supplement. The price and amount to be issued by the Issuer, at any time, will be determined by Issuer and the relevant transaction parties at the time of issue in accordance with prevailing market conditions at time of issue
Currency of Bonds	GHS or any foreign currency as may be specified in the Applicable Pricing Supplement. The primary currency of the Bonds shall be GHS. The Issuer may, however, issue Bonds denominated in any foreign currency subject to the receipt of all necessary regulatory approvals from the Bank of Ghana and compliance with conditions under the foreign exchange laws of Ghana Each Series or Tranche denominated in a currency subject to certain Applicable Laws will only be issued in circumstances which comply with such Applicable Laws from time to time
Denomination of Bonds	The Bonds may be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the Applicable Pricing Supplement or such other minimum denomination of each as may be allowed or required from time to time by the SEC or any Applicable Laws
Status of Bonds	The Bonds will be Senior Bonds and shall be Fixed Rate Bonds or Floating Rate Bonds (as indicated in the Applicable Pricing Supplement). See Condition 3 of the Conditions
Fixed Rate Bonds	Fixed interest will be payable on such date or dates as specified in the Applicable Pricing Supplement and, on redemption, will be calculated on the basis of such Day Count Fraction as specified in the Applicable Pricing Supplement
Floating Rate Bonds	Floating Rate Bonds will bear interest at a rate determined on the basis of a Reference Rate or benchmark and as adjusted for any applicable margin, or as may be agreed among the Issuer, the Managers and the relevant parties and specified in the Applicable Pricing Supplement The margin (if any) relating to such floating rate will be specified in the Applicable Pricing Supplement for each Series or Tranche of Floating Rate Bonds. Floating Rate Bonds may also have a Maximum Interest Rate, a Minimum Interest Rate or both

Factor	Summary Description
	Interest on Floating Rate Bonds in respect of each Interest Period will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as specified in the Applicable Pricing Supplement
Form and Delivery of Bonds	The Bonds shall be in registered form and held electronically on the Central Securities Depository
Register	The Register will be maintained electronically in a book-entry form on the Central Securities Depository System The Register will be held and updated by the CSD, which shall record each Series and Tranche, the number of Bonds in each Series and Tranche held by each Bondholder and the names and addresses and bank account details of each Bondholder
Distribution of Bonds	Subject to Applicable Laws, the Bonds may be distributed by way of private placement or public offer and, in each case, on a syndicated or non-syndicated basis
Selling Restrictions	The Bonds will be marketed and sold primarily in Ghana. Bonds that will be marketed and/or sold outside of Ghana will be specified in the Applicable Pricing Supplement and the Issuer and the Dealers shall comply with the Applicable Laws. For a description of certain restrictions on offers, sales and deliveries of Bonds and on distribution of offering material, see Section 15 (*Subscription and Sale Information*) below
Listing	Bonds issued under the Programme will be listed on the GFIM or any other stock exchange as may be specified in an Applicable Pricing Supplement. Trading in the Bonds is subject to the trading, clearing and settlement rules and procedures of the GFIM or the relevant stock exchange specified in an Applicable Pricing Supplement
Rating	The Bonds have not been rated. Details of any subsequent ratings applicable to a particular Series or Tranche will be set out in the Applicable Pricing Supplement Credit ratings assigned to Bonds do not necessarily mean that the Bonds are a suitable investment. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the rating agency. Similar ratings on different types of Bonds do not necessarily mean the same thing. The ratings do not address the marketability of any Bonds or any market price. Any change in the credit ratings of Bonds or the Issuer, could adversely affect the prices that a subsequent purchaser will be willing to pay for the Bonds. The significance of each rating should be analysed independently from any other rating
Negative Pledge	See Condition 4 of the Conditions
Book Closure Period	The Register will be closed 10 Business Days prior to each Interest Payment Date each year until the Redemption Date or for such other periods as the Issuer may determine, subject to the prior approval of the SEC

Factor	Summary Description
Last Day to Register	17:00 GMT on the last Business Day before the first day of a Closure Period
Interest Payment Date	The date of payment of interest on a Bond (as set out in the Applicable Pricing Supplement)
Interest Periods	May be monthly, quarterly, semi-annually or such other periods deemed appropriate and as set out in Applicable Pricing Supplement
Interest Rates	This will be as indicated in the Applicable Pricing Supplement
Redemption	The Bonds shall be subject to Early Redemption or Optional Redemption and, as stated in the Applicable Pricing Supplement, be redeemed in whole or in part, at the Principal Amount thereof plus accrued Interest, if any, at the relevant Maturity Date
Taxation	The Issuer is a Ghana resident for tax purposes. All payments of principal and interest in respect of the Bonds will be made in compliance with income tax laws of Ghana. Currently, the Issuer is required by the Income Tax Act to withhold tax at the rate of 8% on all interest payments to Bondholders, except where the Bondholders are exempted by Applicable Law. Bondholders are advised to seek professional tax advice concerning their specific tax obligations relating to investing in the Bonds
Events of Default	Events of Default in respect of the Bonds include, but are not limited to, the events set out in Condition 17 of the Conditions
Maturity	The maturity of the Bonds shall be specified in the Applicable Pricing Supplement in accordance with such minimum or maximum maturities as may be allowed or required from time to time by the SEC (or equivalent body) or any Applicable Laws
Programme Expiry	The Programme will expire 5 years from the date of this Prospectus. All Bonds issued prior to the expiry of the Programme will be valid and remain contractual obligations of the Issuer after expiration
Managers	SCB, Fidelity, Temple and GCB
Sponsoring Brokers	Fidelity and Temple
Bond Trustee	Fidelity
Escrow Bank	Fidelity
Paying Agent and Paying Bank	Fidelity
ESLA Receivables Bank	SCB
Bond Proceeds Utilisation Account Bank	Fidelity
Distribution Account Bank	Fidelity
DSRA Bank	SCB
Lock Box Account Bank	SCB
Calculation Agent	CSD
Costs and Expenses of the Programme	The total cost and expense of the Programme is not expected to exceed 5% of the total proceeds of the Bonds. The Issuer will bear all costs relating to the Programme. The cost of the Programme is summarised under Section 2.4 (*Programme Expenses*)

4. INCORPORATION OF DOCUMENTS BY REFERENCE

The following documents are incorporated by reference and form part of the Prospectus. The content of these documents shall, where appropriate, modify and supersede the contents of this Prospectus. These documents will be available for inspection by the Bondholders, on request, at the principal place of business of the Issuer or the offices of the Bond Trustee during normal business hours:

(a) all supplements to the Prospectus circulated by the Issuer from time to time;

(b) the Trust Deed;

(c) the Agency Agreement;

(d) the Escrow Account Agreement;

(e) the Assignment Agreement;

(f) each Novation Agreement;

(g) the Collection Accounts Agreement;

(h) the Administration Agreement;

(i) the Nominee Agreement;

(j) each Cash Support Agreement;

(k) each Applicable Pricing Supplement relating to any Series or Tranche issued under this Prospectus;

(l) the financial report dated September 13, 2017 and prepared by EY; and

(m) the audited annual financial statements (and Bonds thereto), and any interim quarterly financial statements (whether audited or unaudited) published subsequent to such annual financial statements of the Issuer for the subsequent financial years prior to each issue of Bonds.

5. FORM OF THE BONDS

The details of the form of the Bonds shall be as follows:

(a) the Bonds shall be held electronically on the CSD;

(b) all Bondholders will be required to open and maintain CSD accounts prior to a purchase under this Programme, if they do not own one already, to which all purchases will be credited upon allotment;

(c) the Register will be maintained electronically in book-entry form on the CSD and no certificates will be issued to individual Bondholders;

(d) the CSD shall maintain a Register, which shows a record of Bondholders' respective electronic book entries in the CSD system, the particulars of Bondholders and their respective holdings;

(e) entry on the Register shall represent proof of ownership of the rights in a Bond; and

(f) if Bonds are transferred subsequent to issue, rights of ownership will be transferred via entries in the Register, per the CSD securities transfer rules.

6. RISKS

Prior to making an investment decision, prospective purchasers of the Bonds should carefully consider, along with the information referred to in this Prospectus, the following risk factors associated with an investment in Ghana, the Issuer and the Bonds. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make payments due in respect of the Bonds. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's control. The risks and uncertainties below are not the only ones relating to the Issuer and the Bonds. Additional risks and uncertainties not presently known to the Issuer, or that it currently believes are immaterial, could also impair the Issuer's ability to service its payment obligations under any Bonds. These risk factors may be supplemented or modified with the approval of the SEC and may be set out in the Applicable Pricing Supplement.

6.1 RISKS RELATING TO GHANA

6.1.1 Investment in a Developing Country such as Ghana

Investing in securities of emerging markets issuers operating in countries such as Ghana is subject to substantially greater risks than investments in securities of issuers from more mature markets. These risks include, but are not limited to, higher volatility and liquidity constraints in respect of the Bonds as well as greater political risk.

6.1.2 Failure to Implement Economic and Fiscal Reforms may have a Negative Effect on Ghana's Economy

The Government of Ghana is currently pursuing various fiscal reforms as part of its fiscal consolidation programme to correct macroeconomic imbalances in response to the significant pressures which its economy is facing. These reforms include rationalisation of public spending, restructuring public sector wages, restructuring statutory funds and enhancing revenue collection and tax administration. Although the Government of Ghana has begun and intends to continue to carry out its economic and fiscal reforms, there is no assurance that it will succeed in implementing them. The Government of Ghana's failure to implement these reforms may have a negative effect on the performance of the economy and the businesses that operate within it. However, the Government of Ghana's efforts, such as the attempt to pass a law to cap fiscal deficits, shows commitment to the reforms.

6.1.3 Commodity Price Fluctuations and Production Decreases may Negatively Affect Ghana's Economy

Ghana's key exports are cocoa, gold and crude oil. The proceeds from the exports of these commodities are the major sources of hard currencies for Ghana. As such, Ghana ability to effectively manage public finances is subjected to uncertainty and variability resulting from unexpected fluctuations in commodity production or commodity prices.

Since early 2016, crude oil prices have been particularly volatile, increasing above USD 50 per barrel for limited periods and falling as low as USD 28. In 2016, crude oil production accounted for approximately 2.1% of Ghana's GDP and approximately 12% of its export earnings. Oil has, therefore, only recently become a significant contributor to Ghana's public revenues, and it is expected to become more important in the future. Political instability in Ghana, changes in oil production quotas by OPEC, changes in the regulatory framework for oil production in Ghana, and other such factors will affect the level of oil production in Ghana. In addition, the level of production is subject to investment in the oil sector, which in turn is subject to various factors, such as the demand for, and price of, oil and return on investment in the oil sector. Many countries are actively seeking to develop alternative sources of energy and reduce their dependence on oil as a source of energy. Any such long-term shift away from fossil fuels could adversely affect oil prices and demand. Ghana's revenues are subject to risks associated with oil production at the Jubilee field, its major producing oil field as well as the Tweneboa-Enyera-

Ntomme (**TEN**) and Sankofa-Gye Nyame (**Sankofa**) fields, which commenced operations very recently. For example, during 2013, Jubilee field production levels did not reach target production levels of approximately 120,000 barrels per day, and instead averaged approximately 99,685 barrels per day, due to technical issues at the field. There can be no assurances that there will not be delays or complications which could materially and adversely affect oil production in the future.

Gold constituted a large source of export earnings in 2015, 2016 and 2017 making up approximately 31%, 44.17% and 39% of total export earnings respectively. Gold prices have generally decreased since 2012. The gold mining industry is largely foreign-owned and hence the government's income from gold is predominantly composed of royalties from gold sales as opposed to direct export earnings. Historically, the market price for gold has fluctuated (between USD 1,050 per ounce and USD 1,794.1 per ounce in the last 5 years) and has been affected by numerous factors over which Ghana has no control. In addition, gold is sold throughout the world principally in USD, but the production costs of the Ghanaian producers are incurred principally in GHS. As a result, any significant and sustained appreciation of the GHS against the USD may materially increase the production costs per ounce in USD terms, decrease export revenues from gold sales and thus decrease Ghana's royalties. Additionally, total gold production levels are subject to operating risks at the mines which are outside the control of Ghana. If gold prices should fall and remain at low levels for any sustained period, Ghana's economy would be adversely affected as a result of a reduction in Ghana's royalties from gold sales.

In 2016, cocoa beans and cocoa products contributed 26.7% of total exports, equivalent to approximately USD 2.76 billion. Agriculture outside of the cocoa crop accounts for a significant portion of the economy. Weather conditions have historically caused volatility in the agricultural commodities industry by causing crop failures or significantly reduced harvests, which can adversely affect the supply of Ghana's agricultural commodities. In addition, the supply of agricultural commodities can be affected by factors such as plant disease, crop yields and fires. Furthermore, cocoa prices are subject to fluctuations in response to changes in the supply and demand, market uncertainty and a variety of additional factors that are beyond the Republic's control. These factors include, but are not limited to, competition from other cocoa-producing countries and consumer demand. A decrease in the production, demand for or price of cocoa and other agricultural commodities on which Ghana relies could adversely affect Ghana's economy.

Reductions in commodity related revenues, whether due to lower production or lower prices, will have a material adverse effect on the Ghanaian economy, economic growth and government revenues, which could impact the Sponsor's ability to meet its obligation under the Capped Cash Commitment under this Programme.

6.1.4 Vulnerability of the Ghanaian Economy (including the EDR Levy) from Imported Petroleum Products

Ghana emerged as a new oil producer in December 2010 and anticipates further development at the oilfields that it has recently discovered. Although Ghana has commenced oil production from its own reserves, it imports all of its petroleum products to meet its energy and transport requirements. Prior to 2009, TOR refined the bulk of the domestic market crude oil. In recent years, however, Ghana has imported mostly refined products to serve the domestic market because TOR has not been fully operational. From 2012 to 2014, crude oil imports rose due to shortages in gas supply.

Accordingly, a rise in the international price of oil significantly affects Ghana's trade and current account deficits and exerts upward pressure on prices and inflation. Oil prices and markets have been volatile, and such volatility is likely to continue in the future. Should oil prices increase, or prolonged weaknesses in the GHS to USD exchange rate occur, such events could have a material adverse effect on Ghana's economy, domestic consumption levels or ability of resident individuals and corporations to procure refined oil and petroleum products. It would also have an impact on the payment of the EDR Levy (which is exclusively dependent on the consumption of refined oil and petroleum products within Ghana and the primary source of repayment for the Bonds) and could materially impair the Issuer's ability to service its debt, including the Bonds.

6.1.5 High Levels of Public Debt may Negatively Affect Ghana's Economy

The Government of Ghana has identified high interest costs and, in particular, high interest costs on domestic debt, as a major contributory factor to Ghana's fiscal deficit. High interest rates limit the availability of funding that Ghana could otherwise use for economic development. While Ghana's debt management strategy seeks, amongst other things, to restructure expensive short-term and high-interest bearing debt, including domestic debt held by domestic and foreign investors, by extending their repayment period and/or lower interest costs, there can be no assurance that such efforts will be effective.

In addition, Ghana is exposed to refinancing risk in respect of its public debt. Any deterioration in financing conditions as a result of market, economic or political factors (including increases in interests rates in the United States) which may be outside Ghana's control is likely to make it more difficult for Ghana to refinance its indebtedness on favourable terms or at all and may have negative effects on the economy and, as a result, have a material adverse effect on the Sponsor's capacity to meet its obligation under the Capped Cash Commitment under this Programme.

6.1.6 Financial Distress of the Energy Sector SOEs may Negatively Affect Ghana's Economy

The Energy Sector SOEs have incurred significant levels of debt (in particular to domestic banks) and payment arrears over many years as a result of low collection rates and below cost-recovery pricing. The Government of Ghana, operating with limited budgetary resources, has been unable to provide sufficient subsidies to eliminate the losses incurred by these entities. The operational viability of the Energy Sector SOEs will not be sustainable if the Government of Ghana is unable to oversee a reduction, restructuring or refinancing of the legacy debts of the Energy Sector SOEs. If any of the Energy Sector SOEs is unable to continue to operate, it will have a significant impact on the ability of the Government of Ghana to resolve electrical power issues and thereby pose a substantial risk to the economy.

The Government of Ghana has developed a strategy to address the financial position of the Energy Sector SOEs and has implemented key reforms in an effort to improve the operational and financial performance of the Energy Sector SOEs. This Programme is one of the strategies to address the financial position. However, there is no assurance that this will completely solve the debt stock issues of the Energy Sector SOEs or that other complimentary reform efforts will be successful.

If the Government of Ghana is unable to implement successfully its reforms or otherwise restore the financial viability of the Energy Sector SOEs, it will have a material adverse effect on the energy sector and the financial sector, and ultimately, the performance of the economy and the ability of the Sponsor to meet its obligation under the Capped Cash Commitment under this Programme.

6.1.7 Challenges in the Power Sector may Negatively Affect Ghana's Economy

Although Ghana has made significant investments in its power generating infrastructure and has increased its installed power capacity to approximately 4,400MW, the power sector continues to be challenged by inadequate fuel supply, planned and unplanned disruptions to infrastructure and the financial distress of the Energy Sector SOEs operating within the power sector.

Since sufficient and sustainable additional generating capacity, fuel supply or continuous supply of power is not guaranteed, there is a risk of that any power shortages will have a negative impact on Ghana's industrial sector output and adversely affect Ghana's budgetary position by increasing expenditures and causing slower growth recovery.

6.1.8 Conditions Under the IMF Programme

Under the IMF Programme, the IMF monitored the progress of the programme based on periodic quantitative and continuous performance criteria as well as indicative targets as at end of the months of April, August, December 2015, June 2016, December 2016 and June 2017 and will subsequently monitor progress against this criteria at the end of the months of December 2017 and June and December 2018. IMF reviews after each test date assesses the performance of each of the performance criteria and structural benchmarks of the programme. In August 2017, the IMF completed the fourth review under the programme which enabled disbursement of USD 94.2 million. Concurrently, the IMF approved the extension of the programme by one year to end December 2018 following a programme extension request by the Government of Ghana.

The continuation of the programme support, including the provision of any further disbursements under the programme, depends on Ghana's ability to comply with certain targets, restrictions and covenants contained in the relevant programme documentation including the prior actions referred to above.

The IMF notes (in its August 30, 2017 press release on Ghana) that "*Ghana's macroeconomic performance over the years has been mixed. Policy slippages have compounded the adverse impact of shocks and resulted in significant external and domestic imbalances. The new government has committed to macroeconomic stability, fiscal discipline, and an ambitious reform agenda. Decisive implementation of these policies and reforms would allow Ghana to reap its economic potential and achieve higher and more inclusive growth rates. These efforts will be supported by the continued implementation of the [IMF Programme]*".

6.1.9 Potential Consolidation of Public Debt Stock

There is a media report crediting the IMF with the statement that "*The part of the bond used to finance the debt and arrears accumulated by the state-owned enterprises themselves would increase the stock of government debt… Ghana remains at high risk of debt distress. Continued fiscal consolidation would be required to bring public sector debt on a clearly declining trajectory.*"[2] The accounting principles IMF adopts are outside Ghana's control. In the event that IMF classifies the non-performing state-owned entities debt obligations as part of stock of government's debt, then the government's debt to GDP and other debt metrics may deteriorate. However, the Government of Ghana believes there will be minimal impact on its debt service capacity as the IMF accounting treatment of the state-owned entities debt obligations does not make these actual government obligations and those debts are still expected to be repaid from dedicated ESLA receivables and improved cash flows of the state-owned entities as reform actions produce results.

6.1.10 Debt Exposure to Multilateral Lending Institutions with de facto "Preferred Creditor Status" over other Creditors including the Bondholders

The Government of Ghana has significant debt exposure to multilateral lending institutions. Such multilateral creditors include the International Development Association, the IMF and the African Development Bank. Sovereign debtors, incentivised by the often favourable lending policies of such institutions and their enduring and important role as concessional lenders and advisers to sovereigns, may place priority on debt repayments to multilateral institutions over other private or official creditors during times of debt distress. Accordingly, should the Government of Ghana have to prioritise payment of its debt obligations, there is a possibility that it would choose to prioritise the repayment of amounts owed to such multilateral creditors over the Bondholders. Accordingly, the Sponsor's significant exposure to multilateral lenders with de facto preferred creditor status could impact its ability to meet its obligation under the Capped Cash Commitment provided under this Programme

[2] https://www.bloomberg.com/news/articles/2017-06-14/imf-says-ghana-at-risk-of-debt-distress-as-energy-bond-planned. credit to Bloomberg By Ekow Dontoh June 14, 2017, 11:41 PM GMT+4 updated on June 15, 2017, 9:48 AM GMT+4

6.1.11 Failure to Address Actual and Perceived Risks of Corruption may Negatively Affect the Economy

Although Ghana implemented and is pursuing major initiatives to prevent and fight corruption and unlawful enrichment, corruption remains a significant issue in Ghana, as it is in many other emerging markets. In recent years, Ghana has pledged to address corruption and has implemented various measures to prevent and fight corruption and unlawful enrichment. Despite various reform efforts, corruption continues to impact Ghana.

Failure to address these issues, continued corruption in the public sector and any future allegations or perceived risk of corruption in Ghana could have an adverse effect on Ghana's economy and may have a negative effect on Ghana's ability to attract foreign investment or effectively monitor and reconcile the actual fuel volumes sold within Ghana which could impact the value of the collections of the EDR Levy, which is the main source of repayment for the Bonds.

6.1.12 Political Instability may Negatively Affect the Economy

Ghana has experienced periods of political and economic instability in the past. During the periods immediately prior to and following previous elections in 1992, 1996, 2000, 2004 and 2008, Ghana experienced periods of economic instability characterised by exchange rate volatility, high inflation and fiscal overruns. The Government of Ghana has, since 2009, implemented broad economic reform programmes focused on achieving macroeconomic stability and an environment conducive to sustainable economic growth.

The most critical structural reforms to be fully implemented or continued include (i) comprehensive reforms of Ghanaian tax legislation with a view to broadening the tax base by bringing a substantial portion of the shadow economy into the reporting economy, (ii) reform of the energy, mining and agriculture sectors and (iii) reform of social benefits and pensions. Future political instability in the executive or legislative branches could hamper efforts to implement necessary reforms. There can be no assurance that the political initiatives necessary to achieve these or any other reforms will continue, will not be reversed or will achieve their intended aims.

There has been a peaceful and uneventful change of government following the 2016 general elections. That notwithstanding, any significant adverse changes in policies, including a rejection or reversal of reform policies favouring privatisation, industrial restructuring and administrative and regulatory reform, may have negative effects on the economy, and potentially impacting the Issuer's operations.

6.1.13 Financial and Statistical Information may be Unreliable

Although a range of government ministries, along with the Bank of Ghana produce statistics on Ghana and its economy, given the size of the informal economy, there can be no assurance that these statistics are as accurate or as reliable as those compiled in more developed countries. In addition, comparing national and international data sources can yield inconsistencies. Standards of accuracy of statistical data may vary from ministry to ministry and from period to period due to the application of different methodologies.

6.1.14 Events in Neighbouring and Other Emerging Markets

Economic, security or health distress in Ghana's neighbours and nearby countries may adversely affect Ghana's economy, the prices of securities and the level of investment in other emerging market issuers as investors move their money to more stable, developed markets. Financial problems or an increase in the perceived risks associated with investing in emerging market economies could dampen foreign investment in Ghana, adversely affect the Ghanaian economy or adversely affect the trading price of the Bonds. Even if the Ghanaian economy remains relatively stable, economic distress in other emerging market countries could adversely affect the trading price of the Bonds and the availability of foreign funding sources for the government. Adverse developments in other countries in sub-Saharan Africa, in particular, may have a negative impact on Ghana if investors perceive risk that such developments will adversely affect Ghana or that similar adverse developments may occur in Ghana. Risks associated with sub-Saharan Africa include political uncertainty, civil unrest and conflict, corruption, the outbreak of disease, including the Ebola Virus, cocoa smuggling and poor infrastructure. Investors' perceptions of certain risks may be compounded by incomplete, unreliable or unavailable economic and statistical data on Ghana.

6.2 RISKS RELATING TO THE ISSUER

6.2.1 The Issuer is a Special Purpose Vehicle with no Operating History or Assets and will be dependent upon ESLA Receivables, to be able to make payments under the Bonds

The Issuer was incorporated by the Sponsor as a special purpose vehicle to, among others, issue debt securities for the purpose of refinancing the Energy Sector Debt. As a result, the Issuer has no operating history, and will not be engaged in any business activities other than those related to its formation and its ability to perform its mandate will be entirely dependent upon the ESLA Receivables assigned to it for such purposes as stated under the Assignment Agreement. Thus, any shortfall and/or delay in the collection of the ESLA Receivables will affect the Issuer's ability to honour its obligations to the Bondholders.

6.2.2 Bondholders have Limited Recourse to the Issuer in the Event of Default

The Issuer is the only party required to make payments under the Bonds. Neither the Government of Ghana, nor the Sponsor nor any of the Debtors (which are SOEs) will guarantee the Bonds. The only funds available to the Issuer to pay amounts due under the Bonds will be the funds placed into the Collection Accounts designated for such purposes as captured in Collection Accounts Agreement. As a result, if the Issuer is unable to pay any amounts due under the Bonds, the Bond Trustee (on behalf of the Bondholders) will not be able to bring a claim for payment under the Bonds against any of the Government of Ghana, the Sponsor or the Debtors (which are SOEs) except in relation to the Capped Cash Commitment from the Sponsor and a Sponsor Event of Default.

6.2.3 The Issuer will be Highly Leveraged

After completion of each Series or Tranche, the Issuer will be highly leveraged and have significant debt service obligations. The Programme permits the Issuer to be indebted up to the sum of GHS 10,000,000,000. If the Issuer does not receive considerably sufficient inflows from the ESLA Receivables, it would not be able to meet its debt service obligations which may lead to insolvency.

6.2.4 Insufficient Flows from the EDR Levy

The EDR Levy is dependent on the consumption levels of fuel within Ghana, which is, in turn, dependent on consumer tastes and other fuel demand drivers over which the Issuer has no control. As such, if consumption levels fall, there is a risk that the ESLA Receivables may be insufficient to pay the debt service obligations of the Issuer.

6.2.5 Collection Inefficiencies under the EDR Levy

The collection of the ESLA Receivables are subject to the reliance on various third-party collection agencies. The efficiency of these third-party collection agencies is critical to the collection of the receivables. The Issuer has no control over the collection agencies and their processes for the collection of the EDR Levy.

6.3 RISKS RELATING TO THE MARKET

6.3.1 No Active Secondary Market

The Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Bonds that are especially sensitive to interest rates, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Bonds.

6.3.2 The Market Price of the Bonds may be Volatile

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds, as well as other factors, including the trading market for Bonds issued by or on behalf of the Government of Ghana as a sovereign borrower. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations which, if repeated in the future, could adversely affect the market price of the Bonds without regard to the Issuer's results of operations or financial condition.

6.3.3 Financial Turmoil in Emerging Markets could Cause the Price of the Bonds to Suffer

In recent years, Ghana has undergone significant economic reforms which have contributed to economic growth. Ghana is nonetheless considered by international investors to be an emerging market. In general, investing in the securities of issuers that have operations primarily in emerging markets, like Ghana, involves a higher degree of risk than investing in the securities of issuers with substantial operations in the United States, the countries of the EU or similar jurisdictions. The market price of the Bonds is influenced by economic and market conditions in Ghana and, to a varying degree, economic and market conditions in both emerging market countries and more developed economies, including those in the EU and the United States. Financial turmoil in Ghana and emerging markets in the past have adversely affected market prices in the world's securities markets for companies that operate in developing economies. Even if the Ghanaian economy remains relatively stable, financial turmoil in these countries could have a material adverse effect on the market price of the Bonds.

6.3.4 Exchange Rate Risks and Exchange Controls

The Issuer will pay the Principal Amount and Interest in the GHS. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the GHS. These include the risk that exchange rates may significantly change (including changes due to a devaluation of the Currency or a revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Currency would decrease (i) the Investor's Currency equivalent yield on the Bonds, (ii) the Investor's Currency equivalent value of the principal payable on the Bonds and (iii) the Investor's Currency equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Bonds. As a result, investors may receive less interest or principal than expected, or no interest or principal. An investor may also not be able to convert (at a reasonable exchange rate or at all) amounts received in the Currency into the Investor's Currency, which could have a material adverse effect on the market value of the Bonds. There may also be tax consequences for investors.

6.3.5 Interest Rate Risk and Fixed Rate Bonds

Investment in Fixed Rate Bonds involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Bonds, this will adversely affect the value of the Fixed Rate Bonds.

6.4 RISKS RELATING TO THE BONDS

6.4.1 Suitability of Bonds for Certain Investors

Generally, investment in emerging markets such as Ghana is only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with, investing in emerging markets. Investors are urged to consult their own legal and financial advisers before making an investment. Such risks include, but are not limited to, higher volatility and more limited liquidity in respect of the Bonds, a narrow export base, budget deficits, lack of adequate infrastructure necessary to accelerate economic growth and changes in the political and economic environment. Emerging markets can also experience more instances of corruption by government officials and misuse of public funds than do more mature markets, which could affect the ability of governments to meet their obligations under issued securities.

Investors should also note that emerging markets such as Ghana are subject to rapid change and that the information set out in this Prospectus may become outdated relatively quickly.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus or any Applicable Pricing Supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks

The investment activities of certain investors may be also be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent the Bonds are legal investments for it, the Bonds can be used as collateral for various types of borrowing and other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

6.4.2 Redemption at the Option of the Issuer

An optional redemption feature of Bonds is likely to limit their market value. During any period when the Issuer may elect to redeem Bonds, the market value of those Bonds will generally not rise substantially above the price at which those Bonds can be redeemed. This may similarly be true prior to any redemption period.

The Issuer may be expected to redeem Bonds when its cost of borrowing is lower than the interest rate on the Bonds. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

6.4.3 Senior Bonds Constitute Unsecured Obligations of the Issuer

The Issuer's obligations under the Senior Bonds constitute unsecured obligations of the Issuer. Accordingly, any claims against the Issuer under such Bonds would be unsecured claims. The ability of the Issuer to pay such claims will depend upon, among other factors, its liquidity, overall financial strength and ability to generate asset flows.

6.4.4 Modification, Waivers and Substitution

The Conditions contain provisions for calling Series Meetings or Joint Series Meetings to consider matters affecting the interests generally of Series Bondholders or all Bondholders, including material changes to the Conditions and the waiver of, or the rescission of, any acceleration following an Event of Default. These provisions permit defined majorities to bind either Series Bondholders or all Bondholders (including Bondholders who did not attend and vote at the relevant Meeting and Bondholders who voted in a manner contrary to the majority). As a result, such binding decisions made by majorities of either Series Bondholders or all Bondholders may be adverse to the interests of potential investors.

6.4.5 The Bank of Ghana may not accord the Bonds with the same treatment as the Government of Ghana Bonds

The Bank of Ghana has the power (in its capacity as the regulator of the banking sector) to ascribe a risk weighting and instrument classification for which banks within Ghana are expected to treat the Bonds. As at the date of this Prospectus, the Bank of Ghana has assigned 20% risk weighting classification for the Bonds and has also indicated that the Bonds are repo-eligible in the local market. This implies that the Bank of Ghana may not consider the Bonds as equivalent to government securities but rather as corporate bonds.

The investment classification approach adopted by Bank of Ghana may limit the ability of banking institutions within Ghana to hold the Bonds and limit the development of secondary markets for the Bonds and discourage market making for the Bonds by primary dealers within the Ghanaian market. As such, markets for the Bonds may be less liquid than government securities.

6.4.6 Further Bonds May be Issued without the Consent of Bondholders

The Issuer may, from time to time, create and issue further Bonds without the consent of Bondholders, subject to terms and conditions which are the same as those of existing Bonds, or the same except for the amount of the first new payment of interest. Such new Bonds may be consolidated and form a single series with outstanding Bonds. The new Bonds may also dilute the Debt Service Coverage Ratio.

6.4.7 Non-petition

Each Bondholder will be deemed to agree that it will not at any time institute against the Issuer (or join any institution against the Issuer) of any bankruptcy, reorganisation, examinership, arrangement, insolvency or liquidation proceedings or other proceedings under any Applicable Law on bankruptcy or other similar law in connection with the obligations of the Issuer relating to the Bonds, the Bond Documents or otherwise owed to the Bondholders. If such provision failed to be enforceable under applicable bankruptcy or insolvency laws, it could result in a court or receiver liquidating the assets of the Issuer notwithstanding the absence of Bondholder voting required for such liquidation pursuant to the Bond Documents or failing to liquidate notwithstanding such voting direction.

7. OVERVIEW OF GHANA

7.1 AREA AND POPULATION

Ghana lies in West Africa and covers a total land area of 238,537 square kilometers. Situated on the Gulf of Guinea, Ghana has a coastline of 539 kilometers and is bordered by Côte D'Ivoire to the west, Togo to the east and Burkina Faso to the north. Ghana's terrain is comprised largely of lowlands, except for a range of hills on the eastern border. Rivers and streams, including the Volta River, traverse the coastal plain in the south, the heavily forested hills in the west and the savannah in the north. Lake Volta, in the east, is one of the largest artificial lakes in the world.

Map of Ghana

Ghana has an estimated population of over 28 million (*2016 figure*), with over 50% of the population living in urban areas. The greater metropolitan area of Accra (the capital of Ghana and its largest city) has an estimated population of over 3.5 million. Other important cities in Ghana include Kumasi (a commercial and transport centre in central Ghana with an estimated population of over 2 million) and Tamale (located in the Northern region, with an estimated population of approximately 400,000). During 2017, Ghana population is projected to increase by 679,273 people and reach 29,088,849 in the beginning of 2018. The natural increase is expected to be positive, as the number of births will exceed the number of deaths by 690,353. If external migration will remain on the previous year level, the population will be declined by 11,080 due to the migration reasons. It means that the number of people who leave Ghana to settle permanently in another country (emigrants) will prevail over the number of people who move into the country (to which they are not native) in order to settle there as permanent residents (immigrants).

The climate of Ghana is tropical, but temperatures vary with season and elevation. Except in the north, two rainy seasons occur, from April to June and from September to November. In the north, the rainy season begins in June and lasts until September. Annual rainfall ranges from about 40 inches in the north to about 80 inches in the southeast. In most areas, the highest temperatures occur in March, and the lowest in August. The average annual temperature is about 30 degrees Celsius (86 degrees Fahrenheit).

The official language of Ghana is English, although indigenous languages are widely used. Among the most prevalent of these languages are Ewe, Fante, Bono (Brong), Dagbani, Dangme, Dagaare (Dagaba), Ga and Twi. Approximately 71.2% of the Ghanaian population are Christian, 17.6% are Muslim and 5.2% practice indigenous beliefs.

Ghana is generally classified by the World Bank as a lower middle-income developing country.

7.2 POLITICAL HISTORY

Ghana is named after the ancient empire of Ghana, which occupied parts of present day Mali and Mauritania. Several other major civilisations have flourished in the general region of what is now Ghana, including the Akyem people and the Ashanti kingdom.

The Portuguese were the first Europeans to arrive in present-day Ghana, an area which became known as the Gold Coast due to its rich supply of the mineral. In the late 15th century, the Portuguese constructed a permanent trading post at Elmina on the central part of the coast in order to protect their interests in the trade of gold, ivory and pepper. The Portuguese position on the Gold Coast remained intact for almost a century, although gold was soon surpassed by slaves as the principal export of the area.

During the 17th and 18th centuries, Dutch, British, Danish and Swedish competitors built fortified trading stations in the Gold Coast, and both the Dutch and the British formed trading companies. In an early struggle, the Portuguese lost their key trading post at Elmina to the Dutch and left the Gold Coast permanently. Over the next 150 years the various European powers struggled to establish and maintain a position of dominance, and by the end of the 19th century the British had become the dominant European power on the Gold Coast. In 1901, the suppression of a resistance by the Ashanti peoples further strengthened British rule.

In 1956, British Togoland, formerly a German colony, was incorporated into Ghana following a UN-sponsored plebiscite. Also in 1956, the government of Gold Coast, led by Prime Minister Dr. Kwame Nkrumah, requested and was granted independence from the British Commonwealth. On 6 March 1957, the former British colony of Gold Coast became the independent state of Ghana. Ghana was the first British colony in Africa to achieve independence. On July 1, 1960, Ghana became a republic, with Nkrumah as its first President.

In February of 1964, Ghana, led by Nkrumah, adopted a one-party system of government. In February of 1966, however, Nkrumah's republican government was overthrown by a military coup which installed a government comprising the military and the police forces that remained in power until September of 1969, when it handed over power to another constitutionally elected government, thereby restoring parliamentary rule. After 22 months in office, the second parliamentary democracy succumbed to military rule, which lasted from January 1972 until October 1979, when the military government was compelled by political pressure to usher in a third republican parliamentary regime.

Parliamentary democracy was once more set aside in December of 1981 as a result of yet another military coup. However, the military government set up the National Commission for Democracy (the **NCD**), a group which was charged with formulating a programme for the effective realisation of democracy. The NCD organised forums at which Ghanaians could advance their views as to what form of government they wanted, and eventually filed a report which indicated that the people wanted a multi-party system of government. This led to the appointment of a committee of experts to draw up constitutional proposals for the consideration of a consultative assembly. The consultative assembly prepared a draft constitution, and the people of Ghana approved the final draft in a referendum on April 28, 1992. The new constitution came into effect on January 7, 1993.

On March 6, 2017, Ghana commemorated the 60th anniversary of its independence from British colonial rule.

7.3 THE CONSTITUTIONAL SYSTEM

The 1992 Constitution of Ghana (the **Constitution**), a hybrid of the Westminster and US systems of government, establishes that Ghana is a unitary republic with sovereignty residing in the Ghanaian people. In its directive principles, the Constitution emphasizes Ghana's dedication to the promotion of democracy, the realisation of freedom and justice, the protection of the unity and territorial integrity of Ghana, the promotion of access by all citizens to public facilities and services, the cultivation of respect for fundamental human rights and freedoms, the integration of the peoples of Ghana, the prohibition of discrimination and prejudice on the grounds of place of origin, circumstances of birth, ethnic origin, gender or religion, the eradication of corrupt practices and the promotion of political tolerance. Towards the achievement of those objectives, the Constitution directs the Government of Ghana to take appropriate measures to foster a spirit of loyalty to Ghana, to achieve reasonable regional and gender balance in recruitment and appointment to public offices, to provide facilities and encouragement for the free mobility of people, goods and services throughout Ghana and to make democracy a reality by decentralising the administrative and financial machinery of government and by affording all possible opportunities to the people to participate in decision-making at every level in national life and in government.

The Constitution directs the Government of Ghana to take all necessary steps to establish a sound and healthy economy and to provide educational facilities and, to the greatest extent feasible, make those facilities available to all citizens. The Government of Ghana is also directed by the Constitution to promote respect for international law, treaty obligations and the settlement of international disputes by peaceful means. Further, the Constitution confirms Ghana's involvement in and commitment to the principles of the United Nations, the Organisation of African Unity, the Commonwealth and the Treaty of the Economic Community of West African States.

Ghana's political system is principally based on the separation of executive, legislative and judicial powers and a system of checks and balances.

Executive authority is vested in the President, together with the Council of State, which is a body that considers and makes recommendations on any matter being considered or dealt with by the President, a Minister of State, or any other authority established by the Constitution. The President is Head of State, Head of Government, and Commander-in-Chief of the Armed Forces of Ghana, and is elected by direct vote for a 4-year term and may be re-elected only once. The President is responsible for appointing not fewer than 10 and not more than 19 Ministers of State, who, together with the President and the Vice President comprise the cabinet, which assists the President in the determination of general policy of the government. According to the Constitution, more than half of the presidentially appointed Ministers of State must be appointed from among members of Parliament.

Legislative functions are vested in Parliament, which currently consists of a unicameral body of 275 members, elected for a 4-year term in single-seat constituencies. To become law, legislation must have the support of the majority of the members of parliament present and voting along with the assent of the President, who has a qualified veto over all bills except those to which a vote of urgency is attached. The President's veto can be overridden by a vote of two-thirds of the members of Parliament.

The judiciary is comprised of the Superior Courts of Judicature and such lower courts or tribunals as parliament may establish. The Superior Courts are the Supreme Court, the Court of Appeal, the High Court and Regional Tribunals. The Constitution provides that the Supreme Court is to consist of the Chief Justice and not fewer than 9 other justices. The Chief Justice and any other justice of the Superior Courts may voluntarily retire at age 60, and compulsory retirement is at age 70. At present, the Supreme Court consists of the Chief Justice and ten other Justices. The Chief Justice is appointed by the President acting in consultation with the Council of State and with the approval of Parliament. The President appoints the other Supreme Court Justices, acting on the advice of the Judicial Council, of which the Chief Justice is the Chairman, in consultation with the Council of State and with the approval of Parliament. The Justices of the Court of Appeal and of the High Court and Chairmen of Regional Tribunals are appointed by the President acting on the advice of the Judicial Council.

Ghana's legal system is based on English common law and customary law. Ghana's courts are used extensively for civil, business and criminal cases, and the judiciary is generally seen as largely independent of political influences.

7.4 CURRENT GOVERNANCE AND POLITICS

Ghana has been under democratic rule since 1992, following its successful transition from years of military rule. Ghana is a presidential representative democratic republic, with executive, legislative and judicial branches of government. Following the 1992 constitutional referendum, parliamentary and presidential elections took place in 1992 and every 4th year thereafter.

Voter turnout, which was 80.15% for the 2012 presidential election, dropped to 49% in the recently held 2016 elections. Ghana has 24 registered political parties, including the following seven main parties: the National Democratic Congress (**NDC**), the New Patriotic Party (the **NPP**), the Progressive People's Party (the **PPP**), the Great Consolidated Popular Party (the **GCPP**), the People's National Convention (the **PNC**), the Convention People's Party (the **CPP**) and the United Front Party (the **UFP**).

Historically, political parties in Ghana have traced their ideological roots to either Dr. Kwame Nkrumah (Ghana's first President) or to his opponents (Dr. Kofi Abrefa Busia and Dr. J.B. Danquah). The NDC is a party that originated from the Provisional National Defence Council (the **PNDC**), the military regime government that was in power prior to the enactment of Ghana's 1992 Constitution. The NPP (formed in 1992 and tracing its ideological roots to Busia and Danquah) is generally regarded as a right-leaning political force and is committed to a market-based economy.

The most recent presidential and parliamentary elections took place on 7 December 2016. Ghana's December 2016 elections led to the transfer of political power to the opposition political party, NPP, as the voters elected President Nana Addo Dankwa Akuffo Addo as the president of the Fourth Republic. Nana Akufo-Addo (a former foreign minister) was elected President on his third attempt, defeating incumbent President John Mahama of the NDC, making him the first to win an election against a sitting one-term President. In the presidential election, President Akufo-Addo received 53.85% of the votes while the candidate for the NDC received 44.4%. The other presidential candidates commanded a combined 1.75% of the votes. The following table shows a breakdown of the distribution of seats in Parliament as of 30 June 2017:

Distribution of Parliamentary Seats (2017)

Political Party	**Parliamentary Seats**
NPP	169
NDC	106
TOTAL	**275**

Source: Ghanaian Parliament

In addition to the national government, Ghana is subdivided into 10 regions for political and administrative purposes. The new government seeks to create new regions with the aim of trying to promote rapid development of Ghana. The division of 4 existing regions will bring the total region count in the country to 16. A Minister of State, appointed by the President with the approval of Parliament, heads each region and acts as a direct representative of the government. The regions are further subdivided into district assemblies, which are classified as either metropolitan, municipal or district, depending on the size of the population. The district assemblies are responsible for delivering basic services to the population in their areas of jurisdiction, and receive their funding from the District Assemblies Common Fund, which is financed by the national government. Under the Constitution, the district assemblies have deliberative, legislative and executive powers and are the highest political authority in their districts, subject to the other provisions of the Constitution. The most recent district assembly elections were held on 1 September 2015. The Local Government Act requires district assembly elections every 3 years.

7.5 INTERNATIONAL RELATIONS

7.5.1 WTO Membership

Ghana has been a member of the World Trade Organisation (the **WTO**) since 1 January 1995. In connection with Ghana's WTO membership, the Government of Ghana is committed to supporting the progressive elimination of export subsidies as well as the substantial reduction of trade-distorting domestic support, while ensuring that it retains the right to support its own producers. As part of Ghana's goal of providing access to its citizens of foreign services that are not readily available in the country, the Government of Ghana is committed to engage in successive WTO services negotiations to obtain improved market access in partner WTO countries

7.5.2 Organisation for Economic Co-operation and Development Centre

Consistent with the Government of Ghana's shared vision of working together with other governments globally to promote policies that will improve the economic and social well-being of Ghanaians and people across the globe, Ghana became a member of the Organisation for Economic Co-operation and development (**OECD**) Development Centre in October 2015. The OECD Development Centre is an OECD institution that serves as a forum for member countries to share their experiences of economic and social development policies. The OECD Development Centre membership is open to both members of the OECD and non-OECD countries. The Government of Ghana believes that membership in the OECD Development Centre will provide Ghana with access to a unique platform which brings various governments together to share experiences and seek solutions to common problems. As Ghana, a developing country, continues to chart its path towards rapid economic growth and development, the government expects the membership will help it gain insights into what drives economic, social and environmental change.

7.5.3 Regional Relations

Ghana is active in West African regional politics and has a commercial strategy to become the gateway of the region, taking advantage of its location and political stability to establish a transport hub for the region.

Ghana is a strong advocate of regional integration and is part of the Economic Community of West African States (**ECOWAS**), a group comprised of 15-member states that was established under the Treaty of Lagos in 1975 with a number of objectives, including establishing a customs union and a common market to promote the free movement of goods and people within West Africa. Ghana's involvement in ECOWAS has led to its participation in various regional agreements and projects, including the adoption of the ECOWAS regional common external tariff which came into effect in February and the construction of the West African Gas Pipeline (**WAGP**), which provides Ghana with natural gas from reserves in Nigeria.

In December 2000, following the inception of a road map towards achieving an ECOWAS monetary Union, Ghana and four other ECOWAS members signed an agreement to create the West African Monetary Zone (**WAMZ**), a second monetary union in the region. Liberia joined WAMZ in 2010. Francophone ECOWAS member countries already had an existing monetary union referred to as the West African Economic and Monetary Union (also known by its French acronym **UEMOA**). Therefore, the creation of WAMZ was to fast-track the integration of non-UEMOA ECOWAS countries, through the eventual merging of the two monetary unions (i.e., UEMOA and WAMZ) to form a single ECOWAS monetary zone for all member countries. The creation of the West African Monetary Institute ("**WAMI**") in Accra, an interim organisation that tried to pave the way for the creation of a West African central bank and the introduction of a common monetary unit, represented a first step towards monetary integration. However, WAMI has repeatedly postponed the creation of the new currency because an insufficient number of member countries are meeting the convergence criteria. In 2013, WAMI announced that it expected a single currency to take effect by January 2015. However, it has not yet established a single currency. The relevant heads of state are currently targeting 2020 as the inaugural year for the common currency.

In 2014, Ghana, together with the other ECOWAS countries, other than Nigeria and Gambia signed a regional economic partnership agreement with the EU. After signature by all parties, the agreement will be submitted for ratification. Under the agreement, the EU agrees to provide ECOWAS countries signatory to the agreement a duty and quota-free access to its market, while ECOWAS countries signatory to the agreement agree to provide a partial and gradual opening of their markets to EU products. In addition, effective 1 February 2016, the government changed its external tariff regime in order to adopt the ECOWAS unified tariff regime. Under the ECOWAS common external tariff (**CET**), members are required to simplify and harmonise customs tariff rates.

In January 2006, Ghana completed a peer review examination by New Partnership for Africa's Development (**NEPAD**) as one of the partnership's first countries to undergo review. The peer review committee's conclusions from this examination were generally positive. The committee did identify, however, areas in which Ghana needed improvement, including, among others: improved public service delivery and efficient use of public resources by the public sector; improved infrastructure; the continuation of the decentralisation process in order to create opportunities for the participation of citizens in local governance; improved collection, collation and analysis of statistical data; improved coordination in economic planning and budget formation; reduced dependency on external sources, through the diversification of the production base; revised and updated laws relating to accounting, tax, and companies' administration; reduced delays in the administration of justice; reduced length of time required for business start-up and registration; enhanced corporate social responsibilities; the pursuit of policies to reduce regional disparities in development; and improved quality of primary and secondary education. In response to the committee's report, the government developed a "Programme of Activities" for addressing the identified issues. In 2011, the NEPAD drafted a progress report indicating that following the implementation period for the programme, Ghana had an improved macro-economic situation as a result of the government's multi-year macro-economic stabilisation programme aided by positive terms of trade and favourable agricultural production.

7.5.4 EU Relations

Ghana participates in political, trade and cooperation relations with the EU through the "Cotonou Agreement", the revised draft of which the EU and 79 countries in Africa, the Caribbean and the Pacific (the **ACP**) signed in June 2010. The initial objectives of the economic and trade cooperation were to enable the ACP countries to manage the challenges of globalisation and to adapt to new conditions of international trade. The revised Cotonou Agreement adapts the cooperation to reflect new challenges, such as climate change, food security, regional integration, state fragility and aid effectiveness.

In November 2013, the United Kingdom and Ghana formally launched the High Level Prosperity Partnerships (**HLPP**), in which the Government of Ghana identified priority sectors where it would welcome investment and partnership from United Kingdom businesses, as well as capacity building to strengthen institutions and to improve the investment environment. The specific sectors include extractives industry, agriculture, education, financial services, energy and infrastructure. The HLPP aims to focus on enhancing the production and effective management of Ghana's oil and gas resources. The HLPP also targets the priority areas of agriculture, renewable energy and the environment, education, financial services, and the investment climate.

In 2014, Ghana, together with the other ECOWAS countries, other than Nigeria and Gambia signed an economic partnership agreement with the EU. The agreement can be ratified only once all parties have entered into the agreement. The current tariff regime, under which Ghana currently enjoys full duty-free and quota-free access to the EU is scheduled to expire in October

2016. In order to maintain duty-free and quota-free access to the EU, on 28 July 2016 Ghana signed an interim economic partnership agreement with the EU which was ratified by parliament on 3 August 2016. The ratification is currently awaiting parliamentary assent.

In June 2015, the EU announced that it will provide Ghana approximately USD 181 million of budget support.

In February 2016, Ghana signed a € 31.6 million grant from the EU as support to implement the "Ghana Employment and Social Protection Programme". The programme, which is expected to be implemented within 5 years, was formulated by the EU and the Ministry of Finance.

7.5.5 US Relations

The United States is among Ghana's principal trading partners, with bilateral trade between the two countries reaching USD 1.1 billion in 2016. In February 2012, as a result of the Millennium Challenge Account (**MCA**), the United States completed a 5-year compact with Ghana (**Compact I**), which Ghana entered on 1 August 2006. The MCA is a development assistance programme in which the United States agreed, through the Millennium Challenge Corporation (**MCC**), to provide assistance to developing countries that satisfy certain criteria. The criteria can be classified into three broad categories: good governance, economic freedom and investment in people. In addition, in order to receive assistance a country must score above the median on corruption, and above the absolute threshold on either civil liberties or political rights indicators, regardless of how well it ranks on all the other indicators. The USD 547 million Compact I is aimed at reducing poverty through strategic investments in Ghana's infrastructure and agricultural sectors. The MCC partnership expects to provide economic opportunities for approximately 1.2 million Ghanaians. Projects resulting from the MCC partnership include upgrades to roads and highways, farmer and enterprise training, water and sanitation improvements and rural education development. Throughout the Compact I partnership, Ghana demonstrated clear ownership of the MCC compact's development and implementation.

In April 2013, the United States government approved a second disbursement of USD 498 million for the MCA programme, under its second compact with Ghana (**Compact II**). The programme approved the funds for use principally for power generation, distribution and improvement of the country's energy sector. Out of the estimated cost of Compact II, the government expects that the MCC will bear USD 498.2 million, while the Government of Ghana plans to bear the remainder, along with the private sector. On 5 August 2014, during President Mahama's visit to the United States for the 2014 US-Africa Leaders Summit, the MCC signed a five-year, USD 498.2 compact with the government to transform Ghana's power sector by focusing on distribution, energy efficiency and renewable energy. The Government of Ghana currently expects the MCC will release the first tranche of the funds this year, subject to the government meeting the conditions precedent to effectiveness of the compact.

Ghana exports goods to the United States under the African Growth and Opportunity Act (AGOA) and is a Feed the Future, Power Africa, Trade Africa, and Partnership for Growth country. A number of major United States companies operate in the country, including IBM, Coca-Cola and Newmont Mining. Political stability, competitive wages, and an educated, English-speaking workforce enhance Ghana's potential as a West African hub for American businesses. However, a burdensome bureaucracy, weak productivity, costly and difficult financial services, under-developed infrastructure, ambiguous property laws, an unreliable power and water supply, and an unskilled labor force present challenges hindering foreign direct investment. Ghana has significant reserves of oil and gas, currently being developed by a variety of global petroleum companies, including United States-based Kosmos Energy.

7.5.6 Relations with China and Japan

Ghana has strong diplomatic relations with Asian countries, in particular with Japan and China, which are important bilateral partners for both foreign trade and development assistance. Japan has historically been one of Ghana's most important bilateral development partners and has provided considerable aid for development projects. In June 2013, Ghana and Japan announced a pledge to deepen bilateral relations for the mutual benefit of both countries. President Mahama and the Japanese Prime Minister, Mr. Shinzo Abe, expressed their resolve to work closely when they held a bilateral meeting ahead of the 5th Tokyo International Conference on African Development. Prime Minister Abe lauded Ghana for its economic strides, particularly in the areas of good governance and economic stability. In 2005, Japan cancelled approximately USD 1 billion of Ghana's bilateral debt in connection with the Heavily Indebted Poor Countries Initiative (**HIPC**).

Ghana's relations with China have become increasingly important in recent years, with significant Chinese funding of Ghanaian infrastructure projects. China is one of Ghana's largest development partners, providing over USD 1,098 million to Ghana in 2015. In November 2011, China opened the 4th office of the China-Africa Development Fund in Accra. China has provided significant development assistance, funding projects such as the construction of the National Theatre, the Afefi Irrigation Project, the Dangme East District Hospital, Police and Military Barracks and the improvement of the Accra-Kumasi Road. In addition, the Chinese government has written off most of Ghana's debt to China, which has amounted to approximately USD 83 million. China has also provided a considerable amount of financial assistance in the form of loans. For example, the Government of Ghana secured funding of USD 622 million from the Chinese government for construction of the 400 MW Bui hydroelectric dam by the Chinese construction company, Sino-Hydro Corporation. In 2011, Ghana signed a USD 3 billion commercial term loan facility agreement for infrastructure development with the Chinese Development Bank (the **CDB**). The CDB loan was divided into 2 tranches of USD 1.5 billion each, for use in 12 different development projects. Currently, the Government of Ghana has drawn USD 785 million of the loan, the proceeds of which it has used for a gas infrastructure project and an enhanced surveillance of the oil and gas corridor project. The Government of Ghana completed the gas processing plant and pipelines in the third quarter of 2014. In June 2014, the Government of Ghana decided to cancel the second USD 1.5 billion tranche of the CDB loan due to delays in disbursements and disagreements regarding the terms of the loan.

8. OVERVIEW OF GHANAIAN ECONOMY

8.1 GENERAL OVERVIEW

The Ghanaian economy has grown in recent years, largely due to contributions from recently discovered oil and gas resources, which have attracted large amounts of foreign direct investment, as well as the strong performance of the services sector. The effects of recent economic growth since 2000 have had a significant impact on poverty reduction, with poverty rates falling consistently from approximately 51% in 1991/92 to approximately 24% in 2012/13, enabling Ghana to meet the first Millennium Development Goal (MDG) ahead of schedule. However, the impact has not been experienced evenly across the country. Disparities remain between urban and rural communities, as well as between the northern and the southern regions of the country.

A number of domestic and external challenges which caused the economy to weaken emerged in 2012, including significant depreciation of the GHS, high fiscal and current account deficits, rising inflation, power shortages, a financial crisis impacting state-owned companies operating in the power sector and declining prices of its key exports, oil and gold. GDP growth fell to 3.7% in 2016 from 3.9% in 2015, compared to 4.0% in 2014 and 7.3% in 2013. The Government of Ghana attributed the lower growth rates to disruptions to energy supplies, higher interest rates and falling world-wide commodity prices. In contrast, the high GDP growth rate of 9.3% in 2012 resulted from the first full year of oil production from the Jubilee field.

In August 2014, the Government of Ghana requested an arrangement with the IMF under the IMF Programme to help support stronger policy adjustment, restore market confidence, restore debt sustainability and macroeconomic stability, and revive Ghana's transformation agenda. Consequently, on 3 April 2015, the IMF approved the IMF Programme for Ghana in the amount of SDR664.2 million (USD 918 million) to support Ghana's balance of payments, with an end date of April 2018. The programme provides that the IMF will disburse the total amount in eight equal tranches. The IMF made the first disbursement immediately after approving the credit facility, with the programme providing for further disbursements to be made after completion of subsequent reviews under the credit facility. Despite having made noteworthy progress in the fiscal consolidation objective in 2015, the target was significantly missed in 2016. A fiscal deficit of 10.3% of GDP on commitment basis and 8.7% on cash basis was recorded at the end of 2016. This was a sharp deviation from the IMF Programme fiscal deficit target of 5.3% of GDP. Ghana has extended the end-date of the IMF Programme to December 2018.

Ghana's macroeconomic environment has considerably improved in the first half of 2017 according to recent figures released by the Bank of Ghana and the Ghana Statistical Services. Inflation has been declining, supported by a tight monetary policy stance from the Bank of Ghana. Inflation fell from 17.7% in December 2015 to 15.4% in December 2016 and further declined to 11.9% in July 2017 before rising slightly to 12.3% in August 2017. The Bank of Ghana's inflation target is 8±2%. In line with this improvement, the Bank of Ghana has gradually dropped the monetary policy rate (the **MPR**) from a high of 25.5% at the beginning of 2017 to 21% in July 2017, which was unchanged after the most recent Monetary Policy Committee (the **MPC**) meeting in September 2017. Ghana's growth in the first half of 2017 is being driven mainly by the oil sector and the non-oil sector also witnessed some performance. The International Tribunal for the Law of the Sea (**ITLOS**) recently ruled in favour of Ghana on the maritime border dispute with Côte D'Ivoire. The Government of Ghana expects the clarity provided by the ITLOS ruling will have some positive impact in attracting foreign direct investment into Ghana's oil and gas sector.

In accordance with the government's policy of re-profiling government debt with an objective of stretching out the yield curve into the longer end of the curve, there has been a sharp drop in interest rates particularly at the short end of the yield curve. This has been supported by the current low inflation environment. Further, the exchange rate to major currencies, particularly the USD has been managed with improved reserve buffer. Gross international reserves have steadily increased positioning import coverage to 3.4 months.

Economic growth is expected to accelerate in 2017, spurred by improvements in both the oil (TEN and Sankofa fields) and non-oil sector (agriculture and services). Projected growth in export activities in both the oil and non-oil sector is projected help improve the gross international receive to stabilise the exchange rate. In the 2017 mid-year budget review, government indicated an increased focus on fiscal discipline to mitigate the risk of fiscal slippages through potential high public expenditure and revenue shortfall.

Selected Economic Information[(1)]

	2012	**2013**	**2014**	**2015**	**2016[(1)]**	**June 2017[(1)]**
The Economy						
GDP current (GHS millions)	75,315	93,416	113,343	139,936	167,353	89,264[(2)]
Fiscal Deficit (% of GDP	(10.8)	(11.1)	(10.1)	(6.9)	(8.7)	(3.7)[(3)]
Real GDP Growth Rate (per cent.)	9.3	7.3	4.0	3.8	3.7	9.0[(2)]
Yearly Inflation (per cent.)	8.8	13.5	17.0	17.7	15.4	12.2[(4)]
Ghana Cedi / US$ Exchange Rate	1.88	2.2	3.2	3.8	4,2	4.4[(4)]
Balance of Payments (US$ millions)						
Current Account	(4,910.6)	(5,704.1)	(3,694.5)	(2,809.1)	(2,832.0)	(102.9)[(2)]
Capital and Financial Account	3,651.3	5,368.2	3,752.8	3,123.2	2,557.9	5,681.1[(2)]
Overall Balance of Payments[(6)]	(669.2)	(874.2)	(86.1)	(105.8)	362.1	256.3[(2)]
Reserves						
Gross Foreign Assets (US$ millions)[(6)]	5,442	5,632	5,461	5,885	6162	7083[(5)]
Public Finance						
Total Government Revenues and Grants (GHS millions)	16,668	19,472	24,746	32,040	33,678	17,470[(2)]
Total Government Expenditures (GHS millions)	20,590	27,463	31,962	38,590	51,125	23,509[(2)]
Government Overall Balance (GHS millions)	(8,715)	(9,455)	(11,454)	(9,586)	(13,145)	(5,564)[(2)]
Government Overall Balance (% of GDP)	(10.8)	(11.1)	(10.1)	(6.9)	(8.7)	(3.7)[(3)]
Public Debt (GHS millions)						
Domestic Public Debt	17,206.9	25,827.3	44,529.9	59,912.8	68,859.6	74,621.9[(2)]
External Public Debt	18,792.7	27,524.0	35.040.2	40,322.1	53,403.4	63,921.4[(2)]
Gross Public Debt (% of GDP)	47.80	56.82	70.20	72.24	73.30	68.6[(2)]

Source: Government of Ghana, Ghana Statistical Services

(1) 2016 and 2017 data are provisional and subject to revisions.
(2) Represents data for the first six months of 2017 only.
(3) Represents data for July 2017 only. The government projects that the annual fiscal deficit for 2017 will be 6.3% of GDP.
(4) Represents data for September 2017 only (BoG).
(5) Represents data for August 2017 only (BoG).
(6) Represents all foreign assets of the Bank of Ghana and includes short term assets, long term assets, encumbered funds, the Ghana Heritage Fund and the Ghana Stabilisation Fund.

8.2 ECONOMIC HISTORY

Ghana's economy has historically relied heavily on agriculture, particularly on the production of cocoa, although in recent years, the services sector has overtaken agriculture to become the most important sector of the economy. Following a cocoa boom in the 1920s, Ghana financed the development of its infrastructure and a network of social service institutions which were among the most advanced in Africa. The 1930's global depression and the disruption of exports during the Second World War marked a decade-long pause in the economic progress of the colony. Throughout the war years, however, the British government continued to purchase the cocoa crop in accordance with previous purchase arrangements. War-time rationing limited the opportunities for spending the earnings from the British purchases of cocoa, which resulted in the Gold Coast's emergence post¬war as one of the biggest holders of reserves in the British Empire.

It was against this background of accumulated national savings that the colony was able to finance a university as early as 1947, along with developments in infrastructure such as the new harbour and industrial city of Tema. These investments continued in the early years after independence with projects such as the Volta River power system and a paved highway to link Accra and Tema. At the same time that Ghana's social and economic infrastructure was undergoing a transformation, there was a rural-urban drift of the younger generation. The costs of social change were being paid for out of the profits from a long cyclical boom in the cocoa industry, a guaranteed bullion gold price and a newly emerging timber export business. This reliance on agriculture and gold prices made Ghana's economy particularly vulnerable to changes in prices for such commodities and exchange rates.

Following independence in 1957, economic policies in Ghana generally followed the dominant model in developing economies of the time, emphasizing controls over interest rates, exchange rates, commodity prices, state ownership of enterprises and import substitution as the vehicles for economic development with social equity. By the early 1980s, the Republic had frequent military interventions, and economic conditions in Ghana had deteriorated, manifested in unsustainable government budget deficits, high inflation, an overvalued exchange rate, depleted foreign exchange reserves, loss-making public enterprises, declining economic growth and commodity shortages. Until recently, Ghana's economy was characterised by a pattern of cyclical fluctuation, depending on movements in the prices for Ghana's three primary products, which were cocoa, timber and gold. In the early 1960s, Ghana was the world's largest producer of cocoa, with annual output of 450,000 tonnes, but output fell to an all-time low of 159,000 tonnes in the 1983/84 crop year as a result of low producer prices, causing farmers to produce less, and dry weather, which led to bush fires that destroyed many cocoa farms. In the 2016/17 crop year, production reached 882,175 tonnes with cocoa exports at 635,166 tonnes.

Since 1983, various policies and programmes have been introduced in Ghana's economy, designed to reverse this economic decline. Ghana embarked on a prolonged period of stabilisation and a structural adjustment programme with assistance from the IMF and the World Bank. The structural adjustment programme was designed to control inflation through demand management and to reverse the decline in production, particularly in agriculture, build up the infrastructure, stimulate exports, curb the consumption of luxury imports, and restore domestic and external balances. The foreign exchange market reform involved the gradual liberalisation of the market, the licensing of foreign exchange bureaus, and the determination of exchange rate by market forces. Administrative controls on interest rates were abolished and the process of privatisation of public enterprises begun. The results of these reforms were positive. GDP continued to grow after 1983, reflected in an average real GDP growth rate of 4.4% per year between 1995 and 1999 despite the electricity crisis in 1998 which forced many industries to reduce their output and temporarily halted Ghana's export of electricity.

The early part of the 1990s was characterised by rising inflation, and the year-end inflation rate peaked at 59.5% in 1995. The Government of Ghana's aim of halting the rising trend in inflation has compelled the Bank of Ghana to tighten monetary policy. The tightened fiscal and monetary policies have helped to curb inflation, but the impact of high fuel and other import prices has been difficult to control. Although the Government of Ghana achieved its goal of consistent single-digit levels of inflation from 2010 through 2012, the inflation level rose to 17.7% at the end of 2015 and to 18.4% in June 2016, primarily as a result of the depreciation of the GHS and increased fuel prices and utility tariffs, before decreasing to 15.4% in December 2016 and further to 12.3% in August 2017.

8.3 RECENT DEVELOPMENTS

8.3.1 Growth

According to provisional estimates from the Ghana Statistical Service, GDP growth was 9.0% year-on-year in Q2 2017, up from 6.6% in Q1 2017 and marking the strongest quarterly figure since Q3 2014. However, it should be noted that the Q2 figure was boosted by a very weak corresponding period of the previous year, as a result of a temporary halt in oil production caused by a technical fault.

The increase in Q2 2017 was broad-based, with industry leading the way (Q2: +19.3% year on year; Q1: +11.6% year on year, previously reported: +11.5% year on year). Growth in the services sector also accelerated in Q2 2017 (Q2: +5.6% year on year; Q1: +3.4% year on year, previously reported +3.7% year on year), due mainly to larger expansions in the information and communication, and health and social work sub-sectors.

	2012	2013	2014	2015	2016	Q1 2017	Q2 2017
Real GDP Growth Annual (%)	9.3%	7.3%	4.0%	3.8%	3.7%	6.6%	9.0%

Source: Government of Ghana, Ghana Statistical Services

8.3.2 Cocoa and Gold

Cocoa exports recorded a 13.3% increase to USD 1.7 billion from January to June 2017, from USD 1.5 billion in same period 2016. The Government of Ghana took action to ensure increased productivity per hectare through the production and distribution of free seedlings and the Cocoa Rehabilitation Programme (CRP). Consequently, year-to-date cocoa production has increased from 800,000 tonnes (being annual output in 12 months) to 900,000 tonnes.

Low yields have been recorded from the produce stemming from unproductive trees, 23% of which are either in moribund farms or over-aged, and 17% being affected by the swollen shoot disease. To this end, the Government of Ghana has embarked on an exercise to cut down infertile trees to allow for replanting in a bid to increase its yield. 10,000 hand pollinators were trained and deployed to assist farmers. Mass Cocoa Spraying campaign was reformed to involve greater private sector participation and farmer ownership. This move is part of plans by the Ghana Cocoa Board as it targets a minimum of one million metric tonnes by 2020.

Ghana Cocoa Board successfully signed a USD 1.3 billion loan with a syndicate of international banks in September 2017 to fund purchases for the 2017/18 season. It is the 11th time Ghana Cocoa Board has secured such financing. The facility will be used for the payment of produce from farmers, buyers' margins, internal marketing operations, farmers' services among others.

As part of the measures to manage the volatility in the international cocoa prices, the 2 leading producing countries (Ghana and Côte D'Ivoire) have been engaging the help of the African Development Bank (AfDB) to establish a Cocoa Market Stabilisation Fund and a Cocoa Exchange Commission for the management of production.

Prices of gold, on the other hand, rose to the highest levels so far this year at the start of September, on the back of growing geopolitical uncertainties. In September 2017, gold has traded 16.3% higher since December 2016's low. Ghana's own output for 2017 is projected at 3.72 million ounces. This is on the background of recent clampdown on illegal miners. At the start of April 2017, the Government of Ghana, issued a 3-week ultimatum to illegal gold miners to cease operating in the country. Subsequently, over 500 excavators used in informal artisan gold mining – known locally as "galamsey" – have been voluntarily removed from mining sites.

Gold is a major export commodity for Ghana, contributing nearly 45% of the country's revenue. After South Africa, Ghana is the largest gold producer in Africa and the 10th in the world. Ghana's gold output grew by 45% in 2016 compared to the previous year as new projects and activities expanded across the industry. Ghana's annual gold exports rose to USD 4.92 billion in 2016, a 53% increase from 2015.

In the year to August 2017, Ghana's trade account showed that export earnings increased significantly by approximately USD 3 billion from last year, on the back of increased production volumes in gold, cocoa and crude oil. The recovery in exports combined with an estimated USD 1 billion decline in imports, resulted in a trade surplus of 2.5% of GDP against a trade deficit of 4.3% recorded last year. These favourable developments would help build buffers against any unanticipated shocks.

8.3.3 Monetary and Fiscal Policy

The Bank of Ghana left the MPR unchanged at 21% as at September 2017, following 3 consecutive rate cuts. The decision came as inflation rose slightly in August after trending down between April and July while core inflation increased in August. Ghana recorded an overall balance of payment (BoP) surplus of USD 1,217.8 million in the second quarter of 2017, compared to USD 247.4 million in 2016. This, according to the Minister of Finance, was attributed to the narrowing of the current account deficit which was largely driven by the improvement in the trade balance. The improvement in the trade balance more than compensated for the moderation in the capital and financial accounts arising from lower official foreign inflows.

In H1 2017, the Ghana Investment Promotion Centre (**GIPC**) recorded 95 new investments with a total estimated value of USD 3.25 billion and this was a 91.18% increase over the USD 1.70 billion estimated value recorded in the corresponding period of 2016. GIPC has set a target of USD 5 billion foreign direct investments (**FDIs**) to Ghana for 2017 considering the numerous investment initiatives embarked on by the new government. This target is more than double the total FDIs recorded in 2016.

Provisional data on fiscal operations indicated an overall balance (including divestiture and discrepancy) of 4.0% of GDP in the year to July 2017, against the set target of 4.1%. This outturn was on account of realised total revenue and grants of 10.5% of GDP, below the target of 11.9%. Total expenditure was 13.9% of GDP as at July, below the budgeted estimate of 15.1%. Financing of the deficit, equivalent to 4.0% of GDP, was mostly from domestic sources. In the 2017 mid-year budget review statement, the Government of Ghana stated their intention to introduce a numerical fiscal rule to guide the implementation of fiscal policy. In this regard an amendment to the Public Financial Management Act, 2016 (Act 921) (the **PFMA**) to limit the fiscal deficit within a range of 3% to 5% of GDP for any financial year, has been approved by Cabinet and will be brought before Parliament.

8.3.4 IMF PROGRAMME UPDATE

In August 2017, the IMF approved the fourth review of the IMF Programme. This enabled the disbursement of about USD 94.2 million, bringing total disbursements under the arrangement to about USD 565.2 million, with the remainder being tied to the remaining reviews. The IMF also approved Ghana's request for waivers of non-observance of performance criteria as well as extension of the programme through the budget cycle of January 2018 to December 2018.

After the fourth review assessment, the IMF Executive Board made the following policy recommendations:

(a) fiscal consolidation efforts will need to be anchored in wide-ranging structural fiscal reforms, so that consolidation gains can be sustained over the medium term. These include measures to broaden the tax base, and enhance tax compliance and public financial management, especially considering the large unpaid commitments accumulated in 2016;

(b) the Government of Ghana must tackle energy sector inefficiencies, particularly improving the management of the SOEs. Ongoing debt restructuring efforts are helpful but are no substitute to stemming the SOEs' ongoing financial losses and put them on a sustainable financial path;

(c) as inflation continues to decelerate, the Bank of Ghana should remain vigilant in order to bring inflation back to target. The Bank of Ghana should continue to strengthen the credibility of the inflation-targeting framework, which would benefit from efforts in the development of the foreign exchange market. The Bank of Ghana should also continue its policy on zero financing of the government; and

(d) steps must be taken by the Government of Ghana to strengthen the supervisory and regulatory framework, reduce outstanding liquidity assistance, and buttress the microfinance sector to help build a more robust financial sector that is well positioned to support growth and promote financial inclusion.

By the end of the agreed extended date, the IMF's assessment would again provide highlights on how the economy has been managed by the Government of Ghana.

8.3.5 THE 2017 BUDGET STATEMENT AND 2017 MID-YEAR REVIEW BUDGET STATEMENT

The 2017 budget statement was presented to Parliament on March 2, 2017 under the theme "*Sowing the seeds for growth and jobs*". The budget is anchored to the country's medium term vision and priorities of the Government of Ghana and incorporates programmes initiated under the Ghana Shared Growth and Development Agenda II (GSGDA II), and is informed by the United Nation's Sustainable Development Goals (SDGs), and the African Union's Agenda 2063. It is also set within the context of the IMF Programme.

Key policy objectives targeted in the medium-term include (i) a business friendly and industrialised economy that creates jobs (ii) a modernised agricultural sector that emphasizes value addition and improved efficiency, and (iii) countrywide integrated infrastructure, and enhanced human capital.

Other initiatives submitted in the 2017 budget were:

- under the "One Village One Dam" campaign, small to medium scale irrigation schemes to be identified and rehabilitated;
- the Ministry of Trade to implement the "One District One Factory" initiative to ensure an even spatial spread of industries;
- the implementation of free secondary education for the 2017/18 academic year; and
- 275 constituencies to be allocated the equivalent of USD 1 million annually under the Infrastructure for Poverty Eradication Programme (IPEP).

On July 31, 2017, the 2017 mid-year budget review statement was presented to Parliament included the revised targets.

Revisions to key macroeconomic variables include:

- Overall GDP growth rate maintained at 6.3%
- Nominal GDP revised slightly to GHS 202.01 billion from the original projection of GHS 203.41 billion;
- Non-oil GDP growth rate maintained at 4.6%;
- End-year inflation rate maintained at 11.2%;
- Overall fiscal deficit revised downwards from 6.5% of GDP to 6.3% of GDP;
- Primary balance revised from a surplus of 0.4% of GDP to a surplus of 0.2% of GDP; and
- Gross Foreign Assets to cover at least 3 months of imports of goods and services, same as originally programmed.

Revisions to Total Revenue and Grants, and Expenditure are as follows:

- Total Revenue and Grants has been revised downwards by 0.9% of GDP from GHS 44.5 billion to GHS 43.1 billion.
- Total Expenditure has also been revised downwards by 1.1% of GDP from GHS 58.1 billion to GHS 55.9 billion.

- Key revisions to expenditures include:
  - 0.4% of GDP (GHS 867.0 million) adjustment to Goods and Services.
  - 0.3% of GDP (GHS 553.2 million) reduction in total transfers to Other Government Units, which comprise all statutory and earmarked funds.
  - 0.3% of GDP (GHS 683.0 million) adjustment to Capital expenditure.
- Overall Balance and Financing:
  - Overall fiscal balance is expected to improve from a deficit of GHS 13.2 billion (6.5% of GDP) to GHS 12.8 billion (6.3% of GDP).
- Government to introduce a numerical fiscal rule to guide implementation of Fiscal Policy. In this regard, an amendment to the PFMA to limit fiscal deficit within a range of 3% to 5% of GDP for any financial year to be brought to Parliament.

Government noted the below conclusions in the mid-year budget review statement:

- Focus of government in the first half of the year was to stabilise the economy and re-establish the principles of good economic governance;
- Foundation has been laid for successful implementation of flagship programmes actual implementation of flagship programmes to commence in the second half of the year;
- Measures to strengthen revenue performance to enable government achieve its objectives are being put in place; and
- In the spirit of prudent economic management, expenditures have been revised, however promises made to Ghanaians will not be compromised.

8.4 PRINCIPAL SECTORS OF THE ECONOMY

Ghana's economy has historically relied heavily on agriculture, and has consequently been the primary driver of growth in GDP in the past. In the last 5 years, the industrial and services sectors have become prominent and their performance have outpaced agriculture in terms of their contributions to GDP. Indeed, the services sector has become the largest contributor to GDP.

The following table illustrates the composition of GDP (as a percentage of total GDP (at current prices) by sector and sub-sector for the periods indicated:

Real GDP Growth by Sector

	2012	2013	2014	2015	2016*	Q2 2017
			(%)			
Services	**12.1**	**10.0**	**5.6**	**6.3**	**5.7**	**5.6**
Trade, Repair of Vehicles, Household Goods	11.3	14.5	1.6	9.7	3.1	3.2
Hotels and Restaurants	5.7	24.6	(1.2)	1.5	0.9	1.0
Transport and Storage	9.2	(0.5)	0.3	3.0	2.2	1.4
Information and Communication	41.5	24.3	38.4	21.6	21.7	15.6
Financial and Insurance Activities	21.9	23.2	22.9	3.5	3.6	1.3
Real Estate, Professional, Administrative and Support Service	18.3	(17.5)	(1.5)	7.7	3.8	7.6
Public Administration and Defence; Social Security	4.2	8.4	(4.7)	1.4	2.2	1.9
Education	6.7	6.9	7.1	7.9	8.3	9.6
Health and Social Work	10.9	7.8	(1.7)	15.7	16.8	18.3
Community, Social & Personal Service	4.2	36.5	(1.6)	(6.4)	(5.2)	1.3
Industry	**11.0**	**6.6**	**0.8**	**(0.3)**	**(0.5)**	**19.3**
Mining and Quarrying	16.4	11.6	3.2	(6.1)	(7.6)	75.0
o/w Oil and Gas	21.6	18.0	4.5	0.9	(16.9)	188.0
Manufacturing	2.0	(0.5)	(0.8)	2.2	2.7	6.6
Electricity	11.1	16.3	0.3	(10.2)	11.7	8.4
Water and Sewage	2.2	(1.6)	(1.1)	20.0	(3.2)	13.3
Construction	16.4	8.6	0.0	2.2	2.9	0.8
Agriculture	**2.3**	**5.7**	**4.6**	**2.8**	**3.0**	**3.4**
Crops	0.8	5.9	5.7	2.5	2.5	8.3
o/w Cocoa	(9.5)	2.6	4.3	(8.0)	(7.0)	15.6
Livestock	5.2	5.3	5.3	5.3	5.3	5.6
Forestry and Logging	6.8	4.6	3.8	1.4	2.5	0.9
Fishing	9.1	5.7	(5.6)	4.3	5.7	(17.6)

**Revised*

Source: Ghana Statistical Service

Period	Oil GDP Growth YOY%***	Non-Oil GDP Growth YOY%***
2012 Q1	25.0	23.7
2012 Q2	13.6	14.1
2012 Q3	0.2	-0.5
2012 Q4	2.6	1.5
2013 Q1	0.9	-0.9
2013 Q2	13.3	11.1
2013 Q3	5.8	6.0
2013 Q4	9.8	10.9
2014 Q1	(3.8)	(3.9)
2014 Q2	0.2	0.0
2014 Q3	13.5	13.3
2014 Q4	5.4	5.6
2015 Q1	4.1	4.2
2015 Q2	3.8	4.3
2015 Q3	3.6	4.4
2015 Q4	3.9	3.3
2016 Q1*	4.3	6.3
2016 Q2*	1.1	5.5
2016 Q3*	4.6	4.6
2016 Q4*	4.5	4.1
2017 Q1*	6.6	3.9
2017 Q2**	9.0	4.0

** Revised*

*** Provisional*

Source: Ghana Statistical Service

8.4.1 Services

The services sector is the largest contributor to GDP followed by industry and agriculture. Services accounted for 62% of GDP in the second quarter of 2017 compared to 59% of GDP in Q1 2017. The services sector recorded a growth of 5.6% in Q2 2017.

Growth Contributions in the Services Sector

Subsector	**Growth contribution**
Information & Communication	15.6%
Trade, Repair of Vehicles, Household Goods	3.2%
Education	9.6%
Transport & Storage	1.4%
Hotel & Restaurants	1.0%
Finance & Insurance	1.3%
Real Estate, Professional Administrative & Support	7.6%
Health & Social Work	18.3%
Community, Social & Personal Services Activities	1.3%
Public Administration	1.9%

Source: Bank of Ghana – Statistical Bulletin Q2 2017

8.4.2 Industry

The industrial sector experienced a GDP growth rate of 11.5% in Q1 2017. This growth is attributed to the mining and quarrying sub-sector which experienced a growth of 32.8% recovering from a 13.7% decline same year in 2016. The water and sewerage sub-sector recorded the lowest growth rate of 0.9%.

As at Q2 2017, provisional data from the Ghana Statistical Service indicates that industry formed 26.5% of GDP which represents a growth of 19.3% compared to the same period last year. This expansion was achieved on the back of a growth in the mining and quarrying subsector. This growth is as a result of the improvement in power supply (electricity growth of 8.4%).

The following table illustrates growth contribution for industry subsectors for Q2 2017:

Growth Contributions in the Industry Sector

Subsector	**Growth contribution**
Water and Sewage	13.3%
Construction	0.8%
Electricity	8.4%
Manufacturing	6.6%
Mining & Quarrying	75.0%

Sources: Bank of Ghana – Statistical Bulletin Q2 2017

8.4.3 Agriculture

The agricultural sector of Ghana's economy has decreased in significance in recent years, accounting for 20.3% of GDP in 2015 and 18.9% of GDP in 2016 and employing around 44.7% of the estimated workforce (mainly small landholders). Agriculture, the second largest sector of the economy in 2016, contributed GHS 7.8 billion. Ghana's agricultural sector experienced growth of 2.8% in 2015, compared to growth of 3.0% in 2016.

As at Q2 2017, provisional data from the Ghana Statistical Services indicates that agriculture formed 11.5% of GDP which represents a growth of 3.4% compared to the same period last year.

Subsector	Growth contribution
Livestock	5.6%
Forestry and Logging	0.9%
Crops	8.3%
Fishing	–17.6%

Source: Bank of Ghana – Statistical Bulletin Q2 2017

8.5 PUBLIC FINANCES

The Government of Ghana's fiscal policy as outlined in its budget statements for 2017 focuses on achieving fiscal prudence and debt sustainability. In furtherance of its fiscal policy, the Government of Ghana has introduced a number of measures designed to consolidate its public finances, including those intended to improve domestic revenue collection, rationalise and enhance the efficiency of public expenditures, as well as those concerned with new debt management reforms.

8.5.1 Revenue[3]

Total revenue and grants for H1 2017 amounted to GHS 17.5 billion (8.6% of GDP) against a target of GHS 20.5 billion (10.1% of GDP). In nominal terms, the provisional outturn was 6.5% higher than the outturn during the same period in 2016.

Total domestic revenue (comprising all categories of tax and non-tax revenues) amounted to GHS 16.9 billion. Of this amount, total tax revenue (including upstream petroleum receipts) was GHS 13.7 billion, against a target of GHS 15.7 billion. The provisional outturn was 13.1% lower than the target of GHS 15.7 billion. Upstream petroleum receipts amounted to GHS 342.9 million, against a target of GHS 319.3 million; of which, GHS 115.65 million was from corporate income taxes.

Taxes on income and property and international trade accounted for approximately 47% and 33% of the total shortfall in tax revenue respectively in the second quarter of 2017. The remaining 20% was accounted for by the shortfall in taxes on domestic goods and services. A slower level of economic activity in the services sectors of the economy impacted Income taxes while lower import volumes led to lower revenues from international trade taxes. Grant disbursements from development partners amounted to GHS 808.4 million and were 20.6% lower than the budget target of GHS 1.0 billion. In nominal terms, the outturn was 27.9% higher than the outturn during the same period in 2016.

Key policies outlined in the 2017 budget statement included:

(a) abolishment of the 17.5% VAT/NHIL on financial services;

(b) abolishment of the 1% special import levy which was imposed mainly on imported raw materials and machinery;

(c) abolishment of the 17.5% VAT/NHIL imposed on airline tickets;

(d) abolishment of the excise duty on petroleum to reduce the excess burden on final consumers;

(e) reduction in the special petroleum tax rate from 17.5% to 15% to mitigate the excess burden on final consumers;

(f) abolishment of the 5% VAT flat rate on the sale of real estate;

[3] Ministry of Finance, The 2017 Mid-Year Review

(g) abolishment of import duty on spare parts;

(h) exemption from tax, the gains from realisation of securities listed on the GSE;

(i) review of the ESLA to reduce the cost of power and reduced the national electrification scheme levy from 5% to 3%; and the public lighting levy from 5% to 2%;

(j) replacement of the 17.5% standard rate with the 3% flat VAT/NHIL rate for supplies by retailers and wholesalers; and

(k) capping of earmarked funds to 25% of tax revenue.

8.5.2 Expenditure[4]

Total expenditure (including payments for the clearance of arrears) for H1 2017 amounted to GHS 23.0 billion (11.3% of GDP), against a target of GHS 27.6 billion (13.6% of GDP.

Wages and salaries for H1 2017 amounted to GHS 6.8 billion (3.4% of GDP) which was within the target of GHS 6.9 billion. Expenditures on the use of goods and services amounted to GHS 854.6 million (0.4% of GDP) against the target of GHS 1.4 billion (0.7% of GDP). This represents 61.4% of programmed target for the period. Interest payments amounted to GHS 6.7 billion (3.3% of GDP) against a target of GHS 7.1 billion (3.5% of GDP), 5.5% lower than the target.

The Government of Ghana's liability management programme including re-profiling is expected to provide provisional savings of GHS 612 million. Domestic interest payment for the period amounted to GHS 5.3 billion against a target of GHS 5.7 billion, indicating potential savings of GHS 374.6 million for the period, arising mainly from the re-profiling of maturing domestic debt.

Grants to other government units, which include the transfers made to statutory and earmarked funds, fell below target mainly because of lower domestic revenues. Capital expenditure (CAPEX) amounted to GHS 2.4 billion (1.2% of GDP), 81.8% of the period target of GHS 2.9 billion (1.4% of GDP), Foreign-financed capital spending was, however, higher than target due mainly to improved project loan disbursements.

At the end of the 2016, new arrears of some GHS 5.0 billion had been accumulated bringing the total arrears that should be cleared to GHS 7.0 billion. The Government intends to eliminate all arrears by end 2019 following the outcome of an audit of the outstanding commitments generated as at end 2016 and institute stringent measures that will prevent the accumulation of new ones.

[4] Ministry of Finance, The 2017 Mid-Year Review

Budgeted Operations (2011 to June 2017)

	2011	2012	2013	2014	2015	2016	June 2017
				(GHS millions)			
REVENUES							
Total Revenues and Grants	**12,852**	**16,668**	**19,472**	**24,745**	**32,040**	**33,678**	**17,470**
Domestic Revenue	**11,677**	**15,508**	**18,733**	**23,931**	**29,352**	**32,537**	**16,925**
Tax Revenue	**9,777**	**12,389**	**14,308**	**19,230**	**24,141**	**25,729**	**13,690**
Income & Property Taxes	**4,037**	**5,536**	**6,302**	**8,487**	**8,707**	**9,107**	**5,187**
Company Taxes	1,568	2,362	2,316	3,034	3,620	4,052	2,069
Personal Income Tax	1,361	2,204	2,368	3,000	3,310	3,466	1,933
Others	2,469	970	1,019	2453	1777	1589	1185
Taxes on Domestic Goods & Services	**607**	**730**	**4,833**	**6434**	**9,927**	**12,231**	**6,446**
VAT	2,377	2,777	3,318	4672	6,254	7,130	4,079
Domestic	988	1,061	1,334	1915	2,766	3,022	1,698
External	1,389	1,716	1,984	2757	3,489	4,108	2,381
National Health Insurance Levy (NHIL)	551	714	648	782	1,019	1,119	671
Communication Service Tax	135	0.0	174	217	252	339	159
Petroleum Tax	439	544	526	617	2,163	3346	1,005
Excise Duty	168	186	170	147	239	297	176
International Trade Taxes	**1,516**	**1,990**	**3,173**	**4309**	**5,508**	**4,390**	**2,414**
Import Duties	1,511	1887	2,231	2773	3078	4,121	2,414
Export Duties	5	103	100	319	371	269	0.0
Import Exemptions	635	0.0	842	1218	2059	0.0	0.0
Social Security Contribution to National Health Insurance Levy (NHIL)	79	714	648	218	289	280	230
Non-Tax Revenue	1,822	2853	4,266	4483	4,921	4,882	2,196
Grants	1,175	1,160	740	814	2,689	1,141	546
Project Grants	689	512	374	787	1744	1,034	546
Programme Grants	245	503	159	27	945	107	0.0
HIPC Assistance (multilaterals)	132	57	136	0.0	0.0	0.0	0.0
Multilateral Debt Relief Initiative ("**MDRI**")	111	89	73	0.0	0.0	0.0	0.0
EXPENDITURES							
Total Expenditures	**13,380**	**20,590**	**27,463**	**31,962**	**38,590**	**51,125**	**23,509**
Recurrent	**9,705**	**15,165**	**21,514**	**25,392**	**31,431**	**43,447**	**21,101**
Non-Interest Recurrent Expenditures	**8,094**	**12,729**	**17,117**	**18,311**	**22,356**	**32,677**	**14,401**
Compensation of Employees	3,911	6,666	9,480	10,467	12,111	14,165	7915
Wages & Salaries	4,535	6,666	8,243	9,449	10,556	12,110	6,882
Goods & Services	724	1,322	1,450	1,777	1,388	3,221	855
Transfers	2,505	3,669					
Interest Payments	**1,612**	**2,436**	**4,397**	**7,081**	**9,075**	**10,770**	**6,700**
Domestic	1,308	1,880	3,789	6111	7,313	8,466	5,349
External	304	556	609	970	1,762	2304	1,358
Subsidies	**0**	**809**	**1,159**	**474**	**25**	**0.0**	**0.0**
Capital Expenditures (Total)	**3,675**	**4,616**	**4,792**	**6096**	**7134**	**7,678**	**2,408**
Capital Expenditures (Domestic financed)	1,963	2,437	1,963	1,265	1,215	2,049	208
Capital Expenditures (Foreign financed)	1,713	2,180	2,959	4830	5,919	5,630	2,200
HIPC-financed Expenditure	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
MDRI-financed Expenditure	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Balance (commitment)	**(529)**	**(3,921)**	**-7,992**	**(7,217)**	**(6,550)**	**(17,447)**	**(6,039)**
Road Arrears	(13)	(360)	250	(232)	(322)	0.0	
Non-road Arrears	(1,537)	(3,306)	1,966	(3849)	(2,087)	2,715	
Tax Refunds	(90)	(164)	-182	(157)	(627)	1,445	506
Divestiture Receipts	0	0.0	0	0.0	0.0	0.0	0.0
Divestiture Liabilities	0	0.0	0	0.0	0.0	0.0	0.0
Discrepancy	71	(964)	890	0.0	0.0	1,587	0.0
OVERALL BALANCE							
Overall Deficit (including divestitures)	**(2,396)**	**(8,715)**	**-9,455**	**(11,454)**	**(9,586)**	**(13,145)**	**(5,564)**
				(% of GDP)			
Total Government Budget Balance	(4.3)	(10.8)	(11.1)	(10.1)	(6.9)	(8.7)	(3.0)
Total Expenditure	13.5	28.7	29.4	28.2	24.1	30.3	11.6
Domestic Primary Balance	0.8	(2.2)	(0.7)	3.2	0.2	2.6	1.4

Source: Ministry of Finance – Fiscal data

8.5.3 Fiscal Position[5]

In response to the fiscal slippages recorded in 2016, the new government has developed a fiscal policy to restore confidence in the economy, ensure fiscal and debt sustainability and promote overall macroeconomic stability. Preliminary fiscal data for H1 2017 indicates that:

(a) the overall fiscal deficit was 2.7% of GDP against a target of 3.5%;

(b) the primary balance for the period was a surplus of 0.6% of GDP against a targeted deficit of 0.01%;

(c) the lower than programmed deficit resulted from both revenues and expenditures falling below their respective targets;

(d) total revenue and grants fell below target by 14.9%; and

(e) total expenditure (including the clearance of arrears) was consequently aligned to match revenue inflows and thus was below target by 16.7%.

A Fiscal Responsibility Bill (which aims to limit budget fiscal deficit to a range of 3%-5% of GDP) has been approved by Cabinet subject to parliamentary approval.

Government has taken steps to clean the payroll data using the biometric database of the Social Security and National Insurance Trust (**SSNIT**). Preparatory works are also on going to interface the Government of Ghana payroll with SSNIT's biometric database as well as register Government of Ghana CAP 30 workers on the SSNIT biometric database before the end of the year.

The 2018 National Daily Minimum Wage has been determined and public sector base pay successfully negotiated by the Public Sector Joint Standing Negotiating Committee (PSJSNC) to increase by 11%.

Government is also completing a National Digital Property Addressing System to formalise the economy, improve financial inclusion and widen the tax bracket. The issuance of National Identity Cards will also commence in October 2017. The interoperability project is scheduled for completion by end 2017.

8.6 PUBLIC DEBT

8.6.1 Overview

The total public debt at the end of June 2017 stood at GHS 138.6 billion (68.6% of GDP) compared with GHS 122.3 billion (73.1% of GDP) at the end of 2016.

The following table and figure shows public debt development and the debt to GDP percentage in the country from 2012 to June 2017:

Public Debt (2012 to June 2017)

Debt Type	**2012**	**2013**	**2014**	**2015**	**2016**	**Q2 2017**
			(GHS billions)			
External Debt	17.2	25.8	44.5	59.9	68.9	74.6
Domestic Debt	18.8	27.2	35.0	40.3	53.4	63.9
Total Public Debt	**36.0**	**53.1**	**79.6**	**100.2**	**122.3**	**138.6**
			(USD billions)			
External Debt	9.2	11.9	13.9	15.9	16.5	17.1
Domestic Debt	10.0	1,255.9	10.9	10.6	12.8	14.8
Total Public Debt	**19.2**	**1,267.8**	**24.8**	**26.5**	**29.3**	**31.7**

Source: Ministry of Finance

[5] Ministry of Finance, The 2017 Mid-Year Review

8.6.2 Domestic Debt

At the end of June 2017, Ghana's total outstanding domestic debt stood at GHS 63.9 billion, an increase from the GHS 53.4 billion outstanding at the end of 2016.

Of the total public debt, the domestic component accounted for 46.1% in June 2017 compared with 43.6% in December 2016. The rising share of domestic debt in total public debt could help moderate the sensitivity of the public debt to exchange rate volatility.

The focus on shifting the maturity structure of recent issuances is consistent with the Government of Ghana's debt management objective of extending its debt profile into the medium and long-term.

The following table shows outstanding domestic debt as at the end of the periods indicated:

Outstanding Domestic Debt (2012 to June 2017)

	2012	2013	2014	2015	2016	Q2 2017
			USD Million			
Short-Term Instrument	**3,050.82**	**4,058.25**	**4,263.46**	**4,805.8**	**4,806.8**	**4,181.80**
91-Day Treasury Bills	1,901.24	2,129.20	2,473.26	2,454.5	2,504.68	2,067.12
182-DayTreasuryBills	603.45	934.90	1,399.76	2,146.7	1,700.22	1,071.28
1-Year Treasury Notes	546.13	994.16	390.43	204.6	601.28	1,043.40
Short-term advance	–	–	–	–	–	–
Medium-Term Instruments	**5,077.42**	**5,795.78**	**4,016.54**	**3,344.1**	**4,865.01**	**7,499.10**
2-Year Fixed Treasury Notes	912.57	1,679.03	855.49	549.6	1,010.47	1,371.53
2-Year USD Domestic Bond	–	–	–	–	94.64	94.64
3-Year Floating Treasury Note (SADA)	107.74	93.33	63.09	–	–	–
3-Year Fixed Rate Bonds	2,640.52	2,219.92	1,529.24	1,333.6	1,591.75	1,556.06
3-YearStock(SBG)	15.92	13.79	–	–	–	–
3-Year Stock (SSNIT)	86.15	243.98	399.31	282.8	271.80	234.35
5-Year GOG Bonds	887.30	1,068.16	869.19	924.2	1,549.05	1,947.01
5-Year Jubilee Bond	21.84	–	–	–	–	–
7-Year GOG Bond	–	92.96	62.84	53.1	48.22	378.96
10-Year GOG Bond	–	–	–	–	143.20	982.97
15-Year GOG Bond	–	–	–	–	–	784.18
GOG Petroleum Financed Bonds	42.57	36.88	24.93	21.1	19.13	18.34
TOR Bonds	362.80	314.29	212.45	179.7	136.74	131.07
NPRA Stock	–	33.44	–	–	–	–
Long-Term Instruments	**1,676.51**	**2,434,34**	**2,457.52**	**2,361.0**	**2,978.32**	**2,854.70**
Long-Term government Stocks	1,375.32	2,217.06	2,310.64	2,236.8	2,865.60	2,746.88
Revaluation Stocks	242.44	166.39	112.48	95.1	86.31	82.74
Other government Stocks	0.52	0.45	0.31	0.3	0.23	–
Telekom Malaysia Stocks	58.23	50.44	34.10	28.8	26.17	25.08
Standard Loans	**192.45**	**271.08**	**178.09**	**110.6**	**116.65**	**111.82**
Total	**9,997.20**	**12,559.45**	**10,915.60**	**10,621.4**	**12,766.16**	**14,647.42**

Source: Ministry of Finance

The following table shows a breakdown of domestic debt by holder category as at the end of the periods indicated:

Domestic Debt by Holder (2012 to Q2 2017)

	2012	2013	2014	2015	2016	Q2 2017
A. Banking System	**4,700.3**	**6,470.1**	**5,7278**	**5,361.6**	**6,653.8**	**5,396.24**
Bank of Ghana	1949.9	2,927.5	2,646.8	2,614.5	3,121.1	2,988.57
Deposit Money Banks	2,750.3	3,542.5	3,080.9	2,747.1	3,532.7	2,407.67
B. Non-Bank Sector	**2,454.9**	**3,198.8**	**3,148.4**	**3,379.6**	**3,223.9**	**4,064.63**
SSNIT	400.7	326.0	486.9	395.8	349.8	295.25
Insurance Co	24.5	22.3	19.7	21.3	42.7	66.26
NPRA	–	33.4	–	–	–	–
Other Holders	2,092.6	2,817.0	2,641.7	2,962.5	2,831.3	3,703.12
C. Foreign Sector	**2627.6**	**2652.8**	**1861.2**	**1769.4**	**2,771.6**	**5,074.74**
D. Jubilee Sector	**21.8**	**–**	**–**	**–**	**–**	**–**
E. Other Standard Loans	**192.4**	**271.0**	**178.0**	**110.6**	**116.6**	**111.82**
TOTAL	**9997.2**	**12592.8**	**10915.6**	**10621.4**	**12,766.1**	**14,647**

Source: Ministry of Finance 2016 Annual Debt Report and Ministry of Finance

8.6.3 Foreign Investor Participation in Domestic Debt Market

Foreign investors first participated in a special 5-year government bond auction in December 2006, followed by quarterly 3-year bond auctions and a second 5-year bond auction in July 2007. In August 2013, the Government of Ghana introduced its first 7-year bond and introduced the first 15-year bond in April 2017.

The range of debt securities created by the shift to a longer maturity structure and the resulting benchmark yield curve is expected to ultimately foster the development of a domestic corporate and municipal bond market where corporations, MMDAs, and state-owned and quasi-state-owned institutions are able to issue their own debt instruments at spreads above the domestic risk-free rate.

8.6.4 External Debt

At the end of 2016, Ghana's external debt stood at USD 16.5 billion (GHS 69.2 billion), an increase from USD 15.78 billion at the end of 2015. The external debt stock of the country rose to USD 17.1 billion (GHS 74.6 billion) in June 2017, representing 36.9% of GDP.

The Government of Ghana's first Eurobond, issued in 2007 with a principal amount of USD 750 million at a coupon rate of 8.500%, matured on October 4, 2017 and was successfully repaid through a series of buy-backs and the sinking fund built up over the period. As a result, Ghana has 4 outstanding Eurobonds. This further demonstrates the Government of Ghana's continued commitment to servicing its debt obligations as at when due.

The following table sets out Ghana's domestic and external public debt by creditor as at the end of the periods indicated:

Domestic and Eternal Debt by Holder (2012 to 2016)

	2012	2013	2014	2015	2016	Q2 2017
Creditor category	**9,153.4**	**11,901.8**	**13,871.7**	**15,781.7**	**16,460.8**	17,099.42
Multilateral	4,336.8	4,557.9	4,900.7	5,379.4	5,547.9	5,940.71
Bilateral	948.7	1,114.9	1,127.8	1,096.3	1,136.4	1,212.43
Export credits	1,036.3	1,119.3	1,158.4	1,176.2	1,315.2	1,515.77
Commercial	958.4	1,828.7	2,270.8	2,788.0	2,782.2	2,795.32
International capital market	750.0	1,530.5	2,530.5	3,530.5	3,949.0	3,879.12
Other concessional	1,123.2	1,750.5	1,883.5	1,811.3	1,730.1	1,756.07

Source: Ministry of Finance 2016 Annual Debt Management Report and Ministry of Finance

8.7 DEBT MANAGEMENT STRATEGY[6]

The Government of Ghana's debt management objectives are to ensure that:

(a) the financing needs of government are met on a timely basis;

(b) the borrowing costs to the government are as low as possible over the medium term, consistent with a prudent degree of risk; and

(c) the development of the Ghanaian debt market is promoted.

Previously, debt management strategies were prepared after the budget had been approved and published. The Government of Ghana considered that this approach adversely affected the linkage between the budget and the government's financing strategy. The Government of Ghana has therefore developed a medium term debt management strategy which outlines its plan to guide debt management operations over the medium term. The current debt management strategy prepared by the Ministry of Finance and adopted by the government is the Medium-Term Debt Management Strategy (MTDS) for 2017-2019 which is in fulfilment of section 59 of the PFMA, and is the first to be prepared under the law.

The chosen strategy is in line with the debt management objectives of borrowing at a minimum cost and maintaining a prudent degree of risk while helping to develop the domestic capital market. It envisages increased interest by non-resident investors in the domestic market. The Government of Ghana intends to lower borrowing cost, minimise the growth of short-term domestic debt and lengthen the maturity profile of domestic debt under the re-profiling programme. The net result of this strategy should reduce the rollover/refinancing risk and broaden the range of instruments offered in the domestic market.

8.8 LIABILITY MANAGEMENT AND RE-PROFILING PROGRAMME[7]

The re-profiling programme of domestic debt, which involved extension of tenor and issuance of longer dated securities, has been largely successful. The Government of Ghana issued the first 15-year bond and the third 7-year bond in April 2017. Provisional interest savings arising from the implementation of the liability management programme by re-profiling domestic debt is estimated at GHS 612 million for 2017.This re-profiling will not add to the debt stock by year-end but rather replaces existing debt as per the gross financing requirements.

The re-profiling has boosted macroeconomic stability by improving the mix of short to long-term government debt. The stock of the 91-day treasury bills declined on a cumulative basis by about 7.95% and 13.95% for first and second quarters, respectively. On the other hand, the 182-day bill also declined cumulatively by about 17.57% and 34.27% for first and second quarters, respectively.

A major expected impact from the re-profiling operation is a reduction in interest rates. Over the period under review, interest rates on all marketable instruments have declined significantly despite the relatively high monetary policy. The 91-day treasury bill rate has fallen significantly from 16.73% in 2016 to around 11.93% in June 2017. The 182-day treasury bill rate has also declined from 17.64% in December 2016 to around 12.9% as at end of June 2017. The 1 year, 2 year, 3 year and 5 year bonds all declined from 21.00%, 22.50%, 24.00% and 24.75% as at end 2016 to 15.00 %, 17.00%, 18.50% and 18.75% respectively. The MPR steadily declined from 25.5% as at January 2017 to 21% as at September 2017.

The re-profiling has also led to an extension of the yield curve from ten years to fifteen years with the issuance of the first 15-year bond.

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[6] Ministry of Finance, The 2017 Mid-Year Review

[7] Ministry of Finance, The 2017 Mid-Year Review

8.9 EDUCATION AND JOB CREATION

The Government of Ghana has introduced free senior high school (SHS) education from September 2017 and further interventions are being implemented to ensure that the quality of education is not compromised.

The Government of Ghana also plans to encourage the creation of over 500,000 job opportunities in oil palm plantations and regulated small-scale mining will be created under a 5-year Multilateral Mining Integration Project (MMIP) project.

8.10 MONETARY SYSTEM

8.10.1 Monetary Policy[8]

The ultimate goal of the Bank of Ghana's monetary policy, pursuant to the Bank of Ghana Act, 2002 (Act 612) (as amended) (**Bank of Ghana Act**), is to maintain price stability and create an enabling environment for sustainable economic growth. Price stability in this context is defined as a medium-term inflation target of 8±2%. This implies that headline inflation should be aligned within the medium-term target band for the economy to grow at its full potential without excessive inflation pressures.

To strengthen the connection between liquidity management and inflation expectations and the transmission of monetary policy actions, the Bank of Ghana introduced the MPR in March 2002, initially known as the policy rate. It is the rate at which the Bank of Ghana provides overnight funds to banks, which should influence the interbank market rate and interest rates generally, on a basis consistent with its monetary policy. In reaching its decision on the MPR, the MPC meets every 2 months over 2 days to examine and analyse a considerable amount of data on the economy, including the fiscal outlook, monetary and inflation developments, external sector, financial stability, fiscal outlook and the real sector performance of the economy. The MPC holds a press conference at the end of each bi-monthly meeting. Statistical information in the form of monetary policy reports is released to the general public at a later date.

In November 2010, Ghana Statistical Services rebased its national accounts, changing the base year from 1993 to 2006. Until 2010, the Government of Ghana used a 1993 measure of economic activity that did not fully reflect growth in areas such as banking and telecommunications. In rebasing its accounts, the Government of Ghana updated its systems of national accounts compilation methodology, revised and improved its data sources and restructured its economic classifications by adopting the International Standard Industrial Classification revision 4 system. These measures have led to changes in the size of the GDP, growth rates, and contributions by sector and related indicators that use the GDP.

Inflation targeting framework remains the current main framework for monetary policy framework in Ghana. Liquidity management techniques are being enhanced to improve upon the transmission mechanism. Institutional arrangements regarding forecasting and the process leading to decision making is being strengthened to improve the Bank of Ghana's capacity to take a forward looking view of the economy. Communications strategy which seeks to deepen transparency and enhance credibility is also being perfected. On the issue of the Bank of Ghana's independence, the Bank of Ghana Act was amended in August 2016 to eliminate fiscal dominance to limit Bank of Ghana's recourse to government financing. This aspect of the reforms will be fully operationalised to limit government borrowing from the Bank of Ghana. Under the IMF Programme, there has been zero financing of the fiscal deficit by the Bank of Ghana.

8.10.2 Money Supply[9]

Reserve money grew by 20.9% year-on-year at the end of June 2017, compared to 29.9% at the end of June 2016 and 29.6% at the end of December 2016. In December 2015, reserve money recorded a year-on-year growth of 24.2%.

[8] Ministry of Finance, The 2017 Mid-Year Review

[9] *Ministry of Finance Summary of Economic Financial Data – September 2017 and September 2016 and BOG: Banking Sector Report – July 2017*

On a year-on-year basis, total liquidity (M2+) growth at end-June 2017 was 28.9%, up from 12% recorded for the same period a year earlier. The net foreign assets (in cedi terms) of the banking system over the 12-month period to June 2017 increased by 21.7%, compared to -10.9% over the same period to June 2016.

The increase in Broad Money (M2) is reflected mainly in increased deposit growth. In June 2017, demand deposits grew by 33%, compared to a growth of 23.7% in June 2016, while quasi-money grew by 44.6% in June 2017 compared to a growth of 31.8% in June 2016. At the same time, foreign currency deposits increased by 17.4% in June 2017, compared to a growth of -1.7% over the same period in 2016.

On a year-on-year basis to June 2017, the narrow money supply expanded by 25.1%, compared to an expansion of 18.8% in June 2016. The expansion of narrow money was largely the result of growth in demand deposits.

Broad money supply (including foreign currency deposits) growth also moderated 26.4% in May 2017 from 31.2% in April 2017, but was higher compared to 24.8% a year ago. In terms of components, currency in circulation, savings and time deposits grew by 40.3% in May 2017 compared to 39.5% growth in April. The pace of growth in foreign currency deposits moderated to 17.4% in June 2017 compared to a growth of -11.9% over the same comparative period.

Monetary Aggregates

	June 2017	**June 2016**
Reserve Money	20.9%	29.9%
Narrow Money (M1)	25.1%	18.8%
Currency Outside Banks	15.5%	16.6%
Demand Deposits	30.7%	20.2%
Broad Money (M2)	33.0%	23.7%
Savings & Time Deposits	44.6%	31.8%
Total Liquidity (M2+)	28.9%	12.0%
Foreign Currency Deposits	17.4%	–11.9%

Source: Ministry of Finance Summary of Economic Financial Data – September 2017 and September 2016

8.10.3 Financial Deepening and Intermediation

The broad money to nominal GDP ratio is widely used as an indicator of financial sector deepening, where higher values represent a more developed financial sector. Broad money (as a percentage of GDP) rose from 29.3% in 2015 to 29.3% in 2016.

The increase in financial depth in recent times is the result of many factors, including, but not limited to, demand and supply side incentives. A significant increase in access to financial services has contributed to increases in deposits within the banking system (especially quasi-money Currency outside banks decreased from 16.6% in June 2016 to 15.5% in June 2017, reflecting a faster pace in deposit increases.

8.10.4 Inflation[10]

Price developments in the first-half of 2017 were broadly in line with the Bank of Ghana's earlier forecasts which indicated that inflation would continue to trend downwards over the period. The May 2017 forecast by the Bank of Ghana remained unchanged from the March forecast and inflation is still expected to gradually decline and reach the target band by 2018, barring any unanticipated shocks. The disinflation process is expected to be supported by monetary policy tightness, stability in the local currency and gradual improvement in the macroeconomic fundamentals. Although risks are broadly subdued, unanticipated shocks through administrative price adjustments may threaten the inflation outlook and require some policy actions.

[10] *Source: Ghana Statistical Service and Ministry of Finance Summary of Economic Financial Data – September 2017 and September 2016*

Even though inflation picked up slightly from 1.3% in March 2017 to 1.6% in April 2017, after 6 consecutive months of decline, reflecting the recent upward adjustment in transport costs, it has still seen a decline to 0.9% in June 2017. The continued downward trend in inflation is supported by the tight monetary policy stance, stability in the exchange rate and some base effects. Core inflation reflected similar trends and picked up slightly in April due to the higher transport costs after consecutive declines. The latest surveys shown in Economic and Financial Data indicate general easing of inflation expectations.

Inflation Trend 2014 – June 2017

2014	15.50%
2015	17.70%
2016	15.40%
H1 2017	12.3%

Source: Government of Ghana, Ghana Statistical Services

8.10.5 Headline Inflation

Headline inflation declined from 15.4% at end-December 2016 to 12.1% in June 2017. The consecutive decline in inflation during the first quarter of 2017 was broad based. Food inflation declined from 9.7% at the end of December 2016 to 6.2% by the end of June 2017. Similarly, non-food inflation declined from 18.2% to 14.2% over the same period. The observed disinflation process was influenced largely by monetary policy tightness, favourable base effects and stability in the exchange rate. In April 2017, headline inflation inched up to 13.0%, due to a 15% increase in transport fares which took effect from 1st April 2017. The increase was reflected in non-food inflation which went up to 16.3% from 15.6% in March driven mainly by local non-food items as the upward adjustment in transport fares took effect. Food inflation, however, eased further to 6.2% in June 2017, reflecting declines in both local and imported food items. On the CPI components, most of the sub-indices exerted downward pressure on inflation during June 2017, with the exception of transport, communication and miscellaneous goods and services that exerted greater upward pressures on inflation, reflecting the upward adjustments in transport fares. However, monthly inflation rate fell to 0.9% in June 2017, from 1.3% recorded in the corresponding period of 2016.

8.10.6 Core Inflation

The first-half of 2017 also witnessed a general decline in core inflation (CPI excluding energy and utility prices) partly due to the tight policy stance and relative stability in the exchange rate. The core inflation declined from 14.6% at end-December 2016 to 13.4% at end-March 2017, but went up to 13.7% in April on account of the upward adjustment in transport fares.

Inflation Trend (2016 to 2017)

Year	January	February	March	April	May	June
2017	13.3%	13.2%	12.8%	13.0%	12.6%	12.1%
2016	19.0%	18.5%	19.2%	18.7%	18.9%	18.4%

Source: Ghana Statistical Service and Ministry of Finance Summary of Economic Financial Data – September 2017 & September 2016

8.10.7 Inflation Expectations

The latest surveys conducted in April 2017[11] showed mixed results on inflation expectations. Businesses and the financial sectors' inflation expectations improved significantly, while consumer inflation expectations worsened. The favourable inflation expectations outcome from business and financial sector was largely due to relative stability in the foreign exchange market,

[11] *Bank of Ghana Monetary Policy Report- May 2017*

tight policy stance, as well as renewed confidence in the economy. However, the recent upward adjustment in transport fares may have weighed heavily on consumer inflation expectations. This notwithstanding, the overall inflation expectations index (combination of businesses, consumers and financial sector) declined further to 99.7 in April 2017 from 108.7 in February 2017.

8.10.8 Interest Rates

The most recent meeting of the MPC of Ghana in September 2017 decided to maintain the MPR of the Bank of Ghana at 21%, pausing the easing cycle since the beginning of the year. The MPR was cut by 450 basis points (bps) from 25.5% in January 2017 to 21% in September 2017.

In response, the interbank interest rates fell by 319 basis points from 25.24% in the week ending January 13, 2017 April to 22.05% in the week ending June 23, 2017. The trend of lower interest rate is in direct response to the equally consistent declines in headline inflation and inflation expectations, and the general improvements in the macroeconomic fundamentals. The 91-day Treasury bill rate has fallen significantly from 16.73% in 2016 to around 11.93% in June 2017. The 182-day T-bill rate has also declined from 17.64% in December 2016 to around 12.9% as at end of June 2017. The 1 year, 2-year, 3-year and 5-year bonds all declined from 21.00%, 22.50%, 24.00% and 24.75% as at end 2016 to 15.00%, 17.00%, 18.50% and 18.75% respectively.

Monetary Policy Rates (%, July 2016 to September 2017)

Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sept-17
26.00%	26.00%	26.00%	25.50%	25.50%	25.50%	25.50%	25.50%	23.50%	23.50%	22.50%	22.50%	21.00%	21.00%	21.00%

Source: Ministry of Finance Summary of Economic Financial Data – September 2017 and September 2016

Interest Yield

Year	91-Day	182-Day	1-Year	2-Year	3-Year	5-Year	7-Year	15-Year
Jun-17	12.08%	12.08%	15.00%	17.00%	15.00%	18.50%	19.75%	19.75%
Jun-16	22.80%	22.60%	23.00%	24.25%	24.50%	24.25%	18.00%	N/A

Source: Ministry of Finance Summary of Economic Financial Data – September 2017 and September 2016

8.10.9 Open Market Operations

Open market operations are the Bank of Ghana's main instrument for adjusting the banking system reserves supply and are a function of prevailing market conditions.

8.10.10 Foreign Exchange Rates and International Reserves

The exchange rate is driven by the demand and supply on the foreign exchange markets and foreign exchange bureaus fix their rates on a daily basis. Ghana's exchange rate policy is primarily market-based, with intervention by the Bank of Ghana to smooth out short-term fluctuations in the foreign exchange market. The market-based exchange rate policy is aligned with the broad monetary policy objective of the Bank of Ghana, that is, to achieve price stability and build sustainable international reserves.

(a) Foreign Exchange Rates

Developments in the nominal exchange rates of the cedi against the three core currencies – the USD, the GBP and the Euro – showed that from January to September 2017, the GHS cumulatively depreciated by 4.7%, 15.9% and 12.8% against the USD, the Euro and the GBP, respectively. During the same period in 2016, the GHS had depreciated by 4.4% and 7.0% against the USD and the Euro, respectively and appreciated by 9.1% against the GBP.

The GHS remains relatively stable on the back of Ghana's improved external payments position, improved market sentiments, the positive impact of fiscal consolidation, and increased foreign exchange inflows since mid-March 2017. This has been supported by improved liquidity, the emerging trade surplus and increased reserves.

The following table sets forth the GHS/USD, GBP and Euro closing exchange rate at the end of each of the periods indicated:

Exchange Rate Percentage Changes (2009 to June 2017)

	2009	2010	2011	2012	2013	2014	2015	2016	June 2017
GHS/USD	**1.43**	**1.47**	**1.55**	**1.88**	**2.20**	**3.20**	**3.79**	**3.92**	**4.36**
% Change	14.81	3.09	4.97	17.52	14.51	31.25	15.66	3.35	10.09
GHS/GBP	**2.30**	**2.25**	**2.52**	**3.05**	**3.67**	**4.98**	**5.63**	**5.31**	**5.67**
% Change	22.37	(2.02)	10.47	17.64	16.85	26.26	11.51	(6.02)	6.35
GHS/Euro	**2.05**	**1.94**	**2.10**	**2.48**	**3.10**	**3.90**	**4.15**	**4.36**	**4.98**
% Change	16.20	(5.71)	7.60	15.08	20.05	20.48	6.15	4.78	12.45

Source: Bank of Ghana

(b) International Reserves

The level of international reserves stood at USD 5.9 billion at the end of June 2017 which was equivalent to 3.4 months of import cover compared to USD 4.9 billion, equivalent to 2.8 months of import cover, at the end of December 2016.[12]

Gross International Reserves to Import Cover (2016 to June 2017)

	2016	Jun-17
Gross International Reserves (USD Billion)	4.9	5.9
Import Cover (Months)	2.8	3.4

Source: Bank of Ghana

8.11 BALANCE OF PAYMENTS AND FOREIGN TRADE

Ghana recorded an overall balance of payments (BoP) surplus of USD 1,217.8 million in the second quarter of 2017, compared to USD 247.4 million in 2016. This, according to the Minister of Finance, was attributed to the narrowing of the current account deficit which was largely driven by the improvement in the trade balance. The improvement in the trade balance more than compensated for the moderation in the capital and financial accounts arising from lower official foreign inflow.

As already indicated, the GIPC recorded 95 new investments (n the first half of 2017) with a total estimated value of USD 3.25 billion and this was a 91.18% increase over the USD 1.70 billion estimated value recorded in the corresponding period of 2016. The total FDIs value recorded was USD 3.16 billion in the same period. This was a significant increase of 101.27% over the amount of USD 1.57 billion recorded in same period of 2016. The GIPC has set a target of USD 5 billion FDIs to Ghana for 2017 considering the numerous investment decisions embarked on by the new government. This target is more than double the total FDIs recorded in 2016.

Global developments continue to impact on the country's external sector performance. Provisional estimates show that the trade account recorded a surplus of USD 1,429 million for the first half of 2017 due to a significant increase in export earnings combined with lower imports. This compares to an almost equivalent deficit of USD 1,403.7 million over the same period in 2016. Merchandise exports increased by 39.7% from a deficit of USD 727.7 million same period last year to USD 7.2 billion for the Jan-June 2017 period reflecting higher gold and crude oil export earnings. On the other hand, merchandise imports reduced by 14.2% to

[12] Mid-Year review, Ministry of Finance

USD 5.7 billion, mainly on account of decreases in both oil and non-oil imports. The trade surplus outturn of 2.5% of GDP in the four months of 2017, compared with a deficit of 2.2% same period last year holds a positive outcome for the current account in the first half of 2017. However, the near term risk for the trade sector has to do with volatility in commodity prices, the clamp down on small scale gold mining and operational challenges in crude oil production.[13]

The following table sets out balance of payments as at the end of the periods indicated:

Balance of Payments (2012 to June 2017)

	2012	2013	2014	2015	2016	Jun-17
			USD millions			
Merchandise Exports (f.o.b.)	**13,552.3**	**13,751.9**	**13,216.8**	**10,356.7**	**11,136.9**	**7,186.2**
Merchandise Imports (f.o.b.)	**–17,763.2**	**–17,600.3**	**–14,600.2**	**–13,465.1**	**–12,910.2**	**–5,693.7**
Non-Oil	–14,432.6	–14,049.8	–10,906.2	–11,418.3	–11,085.2	–4,993.4
Oil	–3,330.6	–3,550.4	–3,694.0	–2,046.7	–1,825.0	–700.4
Merchandise Trade Balance	**–4,211.00**	**–3,848.4**	**–1,383.4**	**–3,108.3**	**–1,773.3**	**1,492.4**
Services and income (net)	–3,105.8	–3,795.2	–4,319.5	–2,298.5	–2,515.3	–2,870.8
of which interest payments	–2,185.7	–1,635.9	–552.7	–777.0	–1,017.9	–593.4
Private Transfers (net)	–2,130.4	1,859.2	1,998.9	2,375.3	1,431.0	1,227.6
Current Account (excl. official transfers)	2,405.3	1,859.2	–3,704.1	–3,031.5	–2,857.6	–150.8
Official Transfers (net)	257.8	80.3	9.6	222.4	25.6	47.9
Current Account (incl. official transfers)	**–699.8**	**–1,855.7**	**–3,694.5**	**–2,809.1**	**–2,832.0**	**–102.9**
Capital and Financial Account	**3,651.3**	**5,368.2**	**3,752.8**	**3,123.2**	**2,557.9**	**5,681.1**
Capital Account	**283.4**	**349.3**	**0.0**	**473.9**	**274.3**	**164.6**
Financial Account	**3,367.9**	**5,018.9**	**3,752.8**	**2,649.4**	**2,283.6**	**4,932.9**
Official Capital (net)	981.7	1,448.9	940.9	660.3	–2.2	658.1
Government oil investments	–24.0	–380.9	–145.3	37.6	–28.9	8.7
Private Capital (including FDI)	–310.0	–730.1	2,276.0	1,516.0	1,970.1	3,486.1
Portfolio Investment: net	1,121.8	658.9	835.9	900.0	553.7	1,453.7
Short-term Capital	–1,695.0	795.7	–154.7	–464.6	–209.1	–673.7
ERRORS AND OMMISSIONS	**–590.1**	**–538.3**	**–144.4**	**–419.9**	**521.6**	**101.7**
OVERALL BALANCE	**–669.2**	**–874.2**	**–86.1**	**–105.8**	**362.1**	**256.3**
CHANGES IN OFFICIAL S/T EXT. POSITION	**669.2**	**874.2**	**86.1**	**105.8**	**–362.1**	**–256.3**
Changes in International Reserves	**669.2**	**874.2**	**86.1**	**105.8**	**–362.1**	**–256.3**
Use of Fund Credit	0.0	0.0	0.0	0.0	0.0	0.0
Other Reserve Changes	669.2	874.2	86.1	105.8	–362.1	–256.3

Source: Ministry of Finance

FDI for the periods indicated in USD millions

2011	2012	2013	2014	2015	2016	2017 (to June)
6,820	4,904	3,946	3,387	2,329	3,470	3,160

Source: Ghana Investment Promotion Centre. Numbers do not include "upstream" oil investment.

[13] Mid-Year review, Ministry of Finance

9. OVERVIEW OF THE GHANAIAN ENERGY SECTOR

9.1 OVERVIEW

The energy sector in Ghana is made up of the power sub-sector and the petroleum sub-sector. The power sub-sector covers the generation, transmission and distribution of power by specific power utility service providers (the **Utility Providers**) along the power value chain. The petroleum sub-sector is classified into downstream and upstream activities.

In recent years, Ghana experienced a number of challenges in the energy sector, such as inadequate fuel supply, planned and unplanned disruptions to power infrastructure and the financial distress and operating performance of SOEs within the power sector, which resulted in recurring power outages from 2014 to 2016. Due to the strategic impact the energy sector has on the broader economic prospects of the country, the Government of Ghana has made significant investments in its power generating infrastructure and prioritised several reforms in the sector that are focused on turning around the performance of several key players and to set the foundation for further development of the energy sector.

9.2 POWER SUB-SECTOR

The Ministry of Energy oversees activities within the power sector. It is responsible for the establishment of the overall strategic policy direction for the whole energy sector including the power sector. The Ministry of Finance represents the Government of Ghana as the sole shareholder of all the Energy Sector SOEs and thus provides financing support as and when required for such entities.

The power sector has witnessed significant reforms in the past two decades. Prior to these reforms, Ghana's power market was highly regulated, with generation and transmission vertically integrated in VRA and distribution handled by ECG and Northern Electricity Distribution Company (**NEDCo**), a subsidiary of VRA. These are all SOEs.

As a result of the reforms, GridCo was spun out of VRA in December 2006, with the sole responsibility to operate the national transmission system. It transmits electricity from wholesale suppliers (generating companies like VRA, Bui Power and Independent Power Producers (**IPPs**)) to bulk customers. VRA now focuses on power generation, whilst ECG and NEDCo are responsible for distribution to the southern and northern portions of the country respectively.

The reforms also encourage the free entry of IPPs into the generation market, creating a competitive power generation market which, when combined with open access to transmission, also facilitates a bulk power trading market. The structure also emphasises decentralisation at the distribution level, with plans for eventually adding more distributors, each operating in a defined geographic service area.

In 1997, the Public Utility Regulatory Commission (**PURC**) and the Energy Commission (**EC**) were also strategically established to jointly oversee a number of sectors including the power sector. The PURC licenses and regulates Utility Providers, approves electricity tariffs and monitors service quality. The EC Provides policy advice to the Minister of Energy, licensing of operators in the power and petroleum sector, with the exception of the generating companies, and sets technical standards for performance.

9.2.1 Energy Sector Policies

Ghana's goal is to grow its economy into upper middle-income status by the year 2020. The Government of Ghana believes that a national energy policy that effectively addresses the challenges facing the sector and eliminates or reduces energy-related impediments to overall growth of the Ghanaian economy.

Three key initiatives have been launched to address these challenges in the past, including:

- the programme of power sector reform published by Ghana in 1995;
- the Strategic National Energy Policy for the period 2006-2026 (the **SNEP**) published by the EC; and
- the National Energy Policy, 2010 published by the Ministry of Power (the **NEP**).

The Government of Ghana is to looking to implement a number of policy interventions to provide further transparency in the sector by:

- introducing a new tariff policy to reclassify consumer categories;
- listing VRA and GridCo on the stock exchange as part of the SNEP; and
- institutionalising the Renewable Energy Act, 2011 (Act 832) (the **Renewable Energy Act**) to provide further incentives to attract the private sector to invest in more environmentally sustainable power generation.

(a) The SNEP

The goal of the SNEP was to contribute to the development of a sound energy market that would provide sufficient, viable and efficient energy services for Ghana's economic development through the formulation of a comprehensive plan that will identify the optimal path for the development, utilisation and efficient management of energy resources available to the country. Accordingly, the SNEP outlines the following broad objectives:

SNEP Key Objectives

- stimulate economic development by ensuring that energy plays a catalytic role in Ghana's economic development
- consolidate, improve and expand existing energy infrastructure
- increase access to modern energy services for poverty reduction in off-grid areas
- secure and increase future energy security by diversifying sources of energy supply
- accelerate the development and utilisation of renewable energy and energy efficiency technologies
- enhance private sector participation in energy infrastructure development and service delivery
- minimise environmental impacts of energy production, supply and utilisation
- strengthen institutional and human resource capacity in the energy sector, including indigenous research and development capacities
- improve governance of the energy sector
- sustain and promote commitment to energy integration as part of economic integration of West African states
- regarding ECG, the SNEP specifically recommended that Ghana engage private-sector expertise to improve ECG's technical and commercial operations

(b) The NEP

The NEP outlines the goals and challenges of the power, petroleum and renewable energy sub-sectors. It examines the role of waste-to-energy projects in the energy sector, the energy issues as they relate to gender, environment and conservation and improved energy efficiency through good future management of the energy sector.

The NEP is the official policy of Ghana with regards to the energy sector, and is intended to serve as:

NEP Framework

- decision-making platform for the effective management and development of Ghana’s energy sector
- guide to key stakeholders and institutions in the energy sector highlighting the definition and implementation of key activities in respect of their mandates
- guide for coordinating the implementation and monitoring of energy sector policies
- platform for dialogue on investment opportunities with Ghana’s development partners and the private sector

The NEP is intended to as achieve the following policy goals:

NEP Key Objectives

- secure long-term fuel supplies for thermal power plants
- reduce technical and commercial losses in power supply
- support the modernisation and expansion of generation capacity, transmission infrastructure and distribution infrastructure to improve reliability and meet growing demand
- increase access to modern forms of energy
- improve the overall management, regulatory environment and operation of the energy sector
- minimise the environmental impacts of energy supply and consumption through increased production and use of renewable energy and make energy delivery efficient
- ensure cost recovery for energy supply and delivery
- ensure the productive and efficient use of energy
- promote and encourage private sector participation in the energy sector
- diversify the national energy mix by promoting renewable energy sources nuclear and coal

9.2.2 Legal Framework

The sector-specific legislation that governs the Ghanaian power sector is comprised of:

(a) the Energy Commission Act, 1997 (Act 541) (the **EC Act**), which established the EC as a multi-sector regulator responsible for regulating, managing, and developing Ghana’s energy resources;

(b) the PURC Act, 1997 (Act 538) which established the PURC as an independent regulatory, responsible for regulating the provision of utility services to consumers;

(c) the Volta River Development Act, 1961 (Act 46) as amended by the Volta Reviver Development (Amendment) Act, 2005 (Act 692) (the **VRA Act**), which established the VRA to generate and supply electrical power for all sectors of the economy;

(d) the Renewable Energy Act, 2011 (Act 832), which regulates the development, management and utilisation of renewable energy sources for energy production;

(e) the Bui Power Authority Act, 2007 (Act 740) (the **BPA Act**) established Bui Power Authority (**BPA**) to plan, execute and manage the Bui hydroelectric power project; and

(f) the ESLA, which imposes levies on various service and goods for the repayment of energy sector debts.

The sector-specific regulations promulgated by the EC and the PURC that govern the Ghanaian electricity sector are:

(a) the Electricity Supply and Distribution (Technical and Operational) Rules, 2005 (L.I. 1816), which outline specific operational guidelines for power distribution in Ghana;

(b) the Electricity Supply and Distribution (Technical and Operational) Rules, 2008 (L.I. 1935), which provide for the performance benchmarks for electricity supply and distribution in conformity with L.I. 1816;

(c) the Electricity Regulations, 2008 (L.I. 1937) regulate the wholesale electricity market;

(d) the Electricity Transmission (Technical Operational and Standards of Performance) Rules, 2008 (L.I. 1934) which establish the requirements, procedures, practices and standards that govern the development, operation, maintenance and use of the high voltage interconnected transmission system;

(e) the Public Utilities (Consumer Service Committee) Regulations, 2002 (L.I. 1704A) establish and govern the Public Utilities Consumer Service Committee of the PURC;

(f) the Public Utilities (Complaints Procedure) Regulations, 1999 (L.I. 1665) which establish the PURC's procedures for receiving and addressing consumer complaints;

(g) the Public Utilities (Termination of Service) Regulations, 1999 (L.I. 1651) which govern utility termination and reconnection procedures; and

(h) the National Electricity Grid Code, 2009, which regulates the supply, transportation and delivery of electricity over the National Interconnected Transmission System (the **NITS**) (the **National Electricity Grid Code**).

9.2.3 Power Generation System

(a) VRA

The VRA was established on April 26, 1961, under the VRA Act.The VRA's primary responsibility is to generate power through hydro and thermal sources for the country's industrial, commercial and domestic use. The VRA is authorised to purchase power to meet its contractual and other obligations. Its primary power generation method is hydro-electric generation. It also runs a number of thermal plants including the Aboadze plant near Takoradi, the Tema thermal plants 1 and 2 and the Kpone Thermal Power Station. The VRA currently manages the Government of Ghana's equity share in the West Africa Gas Pipeline Project.

VRA currently operates a total installed power generation capacity of 1,730MW of which at optimum operation, 70% is generated via hydro and 30% from thermal sources. VRA generation system has two hydroelectric plants on the Volta River at Akosombo and Kpong in Ghana and thermal power stations at Aboadze and Tema. VRA is also a minority joint-venture partner in Takoradi International Company (TICO)/T2 which owns and operates a thermal plant, located adjacent to VRA's plant at Aboadze.

(b) The BPA

The BPA was established under the BPA Act to plan, execute and manage the Bui hydroelectric power project. The Bui hydroelectric project focusses on the generation, transmission and supply of electricity to the national grid and licenced utilities. BPA commenced operation in December 2013 adding 400MW to the existing generation capacity.

Other functions of the BPA include:

- generation of electrical power for general industrial and domestic use;
- construction of a transmission system linked to the national grid;
- supply of electrical power to certified and licensed utility companies;
- promotion of activities consistent with the provision of facilities for multipurpose uses such as agro businesses, fisheries and tourism and
- the Bui hydroelectric project was designed primarily for hydropower generation. It however includes the development of an irrigation scheme for agricultural development and presents an opportunity for enhanced ecotourism and fisheries. It also includes a resettlement and community support programme.

(c) IPPs

The IPPs are privately-owned power generating entities that produce electric power to feed ECG's power distributions system and, in some cases, for sale to VRA or directly to end-users. Their activities are normally backed by a power purchase agreement, which they execute with an offtaker in line with PURC regulations.

A number of IPPs were established following the set-up of GridCo to ensure efficient evacuation of power generated by IPPs into the distribution system. These IPPs include CENIT Energy Limited, Sunon-Asogli Power Ghana Limited, Karpowership Ghana Company Limited, Ameri Energy, Cenpower Generation Company Limited, Aksa Energy Ghana Company Limited.

The table below lists all the operating IPPs that contribute power to the national grid and their pipeline capacity.

Operating IPPs as at June 2017

IPPs	**Installed Capacity (MW)**	**Pipeline Capacity (MW)**
Takoradi Power Company (TAPCo) – T1	330	0
Takoradi Power Company (TICo) – T2	330	0
Takoradi Power – T3	132	0
Sunon Asogli Power Plant (SAPP)	560	0
Cenit Energy	110	0
Bui Power Authority*	400	200
Karpowership – Tema	225	225
AKSA Enerjies	360	0
GPGC Limited	0	100
Early Power Limited	0	400
Ameri Project	250	0
CenPower	0	360
Amandi Energy	0	190
TC's Energy	0	2
BXC GH Ltd.*	20	0
Mines Reserve Plant	80	0
Kpone Thermal Power Plant (KTPP)	220	0
Tema Thermal Power Plant – T1	110	0
Tema Thermal Power Plant – T2	88	0
TOTAL	**3215**	**1477**

** Renewable Energy Plants*
Source: Ministry of Energy

9.2.4 Power Transmission System

Ghana's high voltage transmission network connects generation sites in Akosombo, Aboadze, Kpong, and Tema to the various load centres around the country. The network features more than 4,000 kilometres of high voltage electric transmission lines that connect more than 40 substations.

The primary backbone of Ghana's transmission system is a network of 161 kV lines and substations. This primary network is supplemented with a sub-transmission system of 34.5 kV lines and a single 69 kV line in the lower Volta region – the 34.5 kV network is sometimes classified as distribution.

(a) GridCo

GridCo manages the NITS. Due to the fact that transmission network interconnects both the supply side (generation) and demand side (distribution), the transmission authority is a natural candidate to coordinate and operate the electricity system in Ghana. GridCo therefore functions as an independent system operator (ISO) for Ghana's electricity system and the responsibility to maintain reliability at the wholesale supply level. VRA also sells power to the bulk buyers through GridCo.

GridCo was established in accordance with the EC Act and the Volta River Development (Amendment) Act, 2005 (Act 692). GridCo was incorporated on December 15, 2006 and became operational on August 1, 2008 following the transfer of the core staff and power transmission assets from VRA to GridCo.

Summary of the core functions of GridCo are:

- transmission of electricity from wholesale suppliers (generating companies) to bulk customers, which include the ECG, NEDCo and the mining companies;

- provide fair and non-discriminatory transmission services to all power market participants;
- acquire, own and manage assets, facilities and systems required to transmit electrical energy;
- provide metering and billing services to bulk customers; and
- carry out transmission system planning and implement necessary investments to provide the capacity to reliably transmit electric energy; and manage the wholesale power market.

9.2.5 Power Distribution System

The power distribution system is a network that supports the transfer of electricity over shorter distances from the transmission system to the consumers – residential, non-residential and industrial end-users. Currently this function is handled by the ECG.

(a) ECG

ECG began as the Electricity Department on 1 April 1947 and later became the Electricity Division in 1962. It was subsequently converted into the Electricity Corporation of Ghana by NLC Decree 125 in 1967.

ECG is responsible for the distribution of electricity in the southern part of Ghana namely, Ashanti, Central, Eastern, Greater Accra, Volta and Western Region. Northern Electricity Distribution (NEDCo), a subsidiary of Volta River Authority (VRA) is responsible for the management of electric power distribution in the northern belt (Brong Ahafo, Northern, Upper East and Upper West Regions).

ECG serves over 2.1 million customers in the South of Ghana, via an electricity distribution network that is primarily made up of 33kV overhead lines (OHL), 11 kV OHL and low voltage (LV) OHL circuits, 33 kV and 11kV distribution substations.

Below is a map covering the ECG and NEDCo operating areas:

ECG and NEDCo Operating Areas

Source: AF Mercados/ Ghana Map Showing ECG and NEDCo Operational Areas

9.2.6 Power Sector Regulation

As already indicated, the power sector in Ghana is regulated by the PURC and the EC.

(a) The EC

The EC is a statutory body corporate established by the EC Act. The EC consists of seven Commissioners appointed by the President of Ghana acting in consultation with the Council of State of the Republic.

The EC is the licensing authority for service providers in the electricity and downstream natural gas sectors. The EC Act requires all operators in the wholesale supply, transmission or distribution of electricity or natural gas obtain a license from the EC, and defines penalties for any person who provides any such service without a license from the EC.

The regulatory functions of the EC relate to defining, monitoring and enforcing standards of performance for the electricity and natural gas sectors. In the electricity sector, this includes the generation, transmission and retailing of electricity; elaboration of regulations, codes of practice, guidelines and procedures for the electricity supply and distribution industry.

(b) PURC

The PURC is an independent body set up to regulate and oversee the provision of electricity and water services to consumers.

The PURC was set up as a multi-sectoral regulator by Government of Ghana in October, 1997 under the PURC Act as part of the utility sector reform. PURC also has regulatory responsibility over charges for supply, transportation and distribution of natural of natural gas services.

Entities currently regulated by the PURC are the VRA, BPA, NEDCo, GridCo, ECG, as well as Ghana Water Company Ltd. (GWCL). The Commission also regulates natural gas pipeline transmission tariff and aggregated gas prices processed by the Aggregator, which is the Ghana National Gas Company (GNGC).

PURC's key functions are to:

- provide guidelines for rates to be charged for the provision of utility services.
- examine and approve water and electricity rates;
- protect the interest of consumers and provides of utility services;
- monitor and enforce standards of performance for provision of utility services;
- promote fair competition among public utilities;
- receive and investigate complaints and settle disputes between consumers and public utility; and
- advise any person or authority in respect of any public utility.

9.2.7 Power Sector Pricing – The Electricity Tariff Regime

The power market in Ghana has 2 segments from a pricing perspective – a regulated segment and a deregulated segment.

ECG and NEDCo (2 state-owned distribution companies) dominate the regulated market. Currently, this market segment accounts for about 70% of Ghana's total energy demand with the deregulated market accounting for the remaining 30%. The PURC has the mandate for approving consumer tariffs in the regulated segment.

The prominent players in the deregulated market are all bulk power buyers such as the mining companies and big industrial concerns including Volta Aluminium Company Limited (**VALCO**), Aluworks and Enclave power. The mining companies, together, account for about 14% of the country's total energy consumption. Export customers account for a further 9%. The bulk buyers have negotiated tariffs with the VRA.

(a) The Tariff Regime in Ghana

Tariffs in the electricity sub-sector refer to PURC approved electricity charges payable by regulated consumers to the distribution utility. The tariffs are structured to cover charges for generating, transmitting and distributing electricity to the end-users.

Tariff revenue is obtained by charging regulated consumers for usage of electricity according to the first, second, third, and fourth schedules of PURC-gazetted End-User Tariff (**EUT**). The EUT has 3 main components:

- Composite Bulk Generation Charge (**CBGC**) – a charge for the procurement of capacity and energy that distribution companies shall be allowed to recover from customers;

- Transmission Service Charge (**TSC**) – a charge for the transmission of energy that transmission companies shall be allowed to recover from customers; and

- Distribution Service Charge (**DSC**) – a charge for the transmission of energy that distribution companies shall be allowed to recover from customers.

The following are also taken into cognisance in fixing tariffs:

- statutory levies and charges (Value-Added Tax, National Health Insurance Levy, Public Lighting, National Electrification Levy and Power Factor Surcharge);

- Government of Ghana subsidy measures that come in the following forms are taken into account:

    - Subsidy I – Social subsidy applicable to all lifeline consumers (0 -50 units);

    - subsidy II – subsidy applicable to consumers within the 0-150 units electricity consumption category; and

    - special subsidy applicable to some selected mining and steel companies.

The EUT is what is paid by users of electricity and covers all cost incurred in providing electricity for use. This cost includes Tariff Adjustments and Statutory Levies & Charges.

ECG and NEDCo are responsible for tariff revenue collection, since they interact directly with end-users. ECG refunds specific components of the tariffs to the beneficiaries. ECG's own liquidity and profitability is therefore a key factor for the flow of funds to the operators up the chain such as GridCo, VRA and the IPPs and for their continued survival.

(b) Automatic Tariff Adjustment Formula

The PURC determines electricity/power tariffs according to the formula specified in the 2000 Electricity Rate Setting Guidelines which became the Transitional Plan for Electricity Rate Adjustment and which included the implementation of Automatic Tariff Adjustment Formula (**ATAF**).

The ATAF is a pricing mechanism that tracks and incorporates movements in key variables that affect power generation, transmission and distribution to reflect the actual cost of power service delivery. The main objective of adopting this is to make tariffs more reflective of going market conditions by reviewing regularly electricity tariffs to reflect changes in the variables whose effects on operations were considered to be beyond the control of the utility companies.

The key variables that affect the ATAF are outlined below:

- *Inflation measured by Consumer Price Index (CPI)*

- *Fuel Price Movements (Light Crude Oil, HFO, Gas)*

- *Exchange rate volatility (GHS depreciation)*

- *Electricity generation mix (Hydro Vs Thermal Mix)*

- *Cost of operations – labour cost, energy cost, other local cost excluding labour*

9.2.8 Ghana Power Compact

Ghana entered into an agreement with the Millennium Challenge Corporation (MCC) of the United States on August 5, 2014 for a funding support of about USD 500 million to turnaround the power sector called the Ghana Power Compact (**GPC**). The GPC will directly support the energy sector strategic objectives to achieve power supply sufficiency including exports to neighbouring countries, and also supply power for new oil and gas based industries.

The objectives of the GPC cover developing projects and initiatives that will address the constraints to the supply of adequate and reliable power and also seek to address the attendant socio-economic and gender issues that are related to electricity sector.

Below are the various projects and programs to be implemented under GPC:

(a) ECG and NEDCo Financial Operational Turnaround Projects

The ECG and NEDCo Financial and Operational Turnaround Projects are intended to:

- reduce implicit subsidies (created by collection and technical losses);
- ensure that ECG and NEDCo operate on sound commercial principles, become creditworthy and serve as a credible off-taker under power purchase agreements; and
- ensure that both ECG and NEDCo recover all costs and investments in maintenance and expansion without requiring regular financial support from the Government of Ghana.

The ECG Financial and Operational Turnaround Project pursues a 2-pronged approach – strengthening the governance and management of ECG by bringing in an acceptable concessionaire and infrastructure and foundational investments designed to reduce technical, commercial, and collection losses and improve service quality.

The NEDCo Financial and Operational Turn¬around Project is different from that of ECG and will initially be confined to studies and technical assistance under mainly the Private Sector Participation and Modernizing Utility Operations Activities until the prospect of achieving an acceptable economic rate of return can be demonstrated.

The Financial and Operational Turnaround projects highlighted broadly covers 5 key activity areas outlined below:

(i) ECG Private Sector Participation (PSP) activity to encourage:

- additional investment urgently required to improve the electricity infrastructure;
- innovation and technology to enhance operational efficiency; and
- efficient capital expenditure to improve service delivery.

The ECG PSP will be in the form of a concession (of 20-30 years duration) during which the electric distribution network and other assets of ECG would be leased to the concessionaire and ECG becomes an asset holding company. At the end of the concession, all assets will be transferred back to ECG.

Currently, the PSP in the ECG under the GPC through a concessionaire arrangement is on track, with 6 concessionaires shortlisted. The concession process is expected to be executed in 2018.

With NEDCo, the PSP activity will pro¬vide support for the design and execution of an acceptable NEDCo PSP transaction;

(ii) modernising operations through introduction of modern tools, building staff capacity and providing a robust communication network for ECG and NEDCo;

(iii) reduction in commercial losses and improvement of revenue collection rates activity for both ECG and NEDCo through effective tracking of theft, illegal connections, meter tampering and other irregularities which cause inaccurate count of the energy used by a consumer and above all driving collection efficiency;

(iv) technical loss reduction activity for both ECG and NEDCo; and

(v) outage reduction activity for both ECG and NEDCo.

(b) Regulatory Strengthening and Capacity Building Project

This aims at improving the power sector regulatory and policy environment, and consists of 2 main activities:

- sector performance monitoring capacity building support to sector agencies such as PURC, the EC and the Ministry of Power; and
- tariff review and regulation support review and restructure the tariff regime as well as strengthening ratemaking and other regulatory processes through tariff studies.

The end result is cost reflective tariff and automatic tariff adjustment regime, which will ultimately improve the financial health of the power sector.

(c) Access Project

This is designed to provide safe, quality and reliable electricity in some selected markets, economic enclaves and social institutions such as schools and health facilities and reduce the barriers to obtaining legal connections.

(d) Power Generation Sector Improvement Project

This will support measures aimed at opening up the power sector and making it attractive to private investors for additional generation capacity. This involves operationalising the "Gas to Power" value chain, facilitating LNG development and strengthening sector planning and IPP framework to allow for effective strategic planning and to also ensure the competitive procurement of future IPPs in a more structured manner and on a cost effective basis.

(e) Energy Efficiency and Demand Side Management Project

Under this project, several policy initiatives and programmes will be undertaken aimed at ensuring energy efficiency and conservation in the use of the available capacity. The project aims at significantly reduce peak demand, ensure adequate supply for all and reduce investments in expensive additional generation facilities.

(f) Monitoring & Evaluation & Economics

Under the GPC, monitoring and evaluation is an important component incorporated into all stages of the implementation for the periodic measurement, reporting and communication of the performance, results and impact of the GPC to its stakeholders.

(g) Environmental and Social Performance

The objective of the environmental and social performance of the GPC is to develop, adopt and implement a set of good environmental and social management systems consistent with best practice.

(h) Social and Gender Integration

The GPC also recognises that gender inequality is a major constraint to economic growth. Gender and social integration is therefore one of the key requirements for ensuring economic growth that effectively takes account of gender and social inclusion by ensuring equitable access to energy by using targeted approaches to take account of gender disparities in access to credit, land and information; affordable connection fee for vulnerable groups and women owned businesses; electrification of social infrastructure that offers high benefits to women; and promoting productive uses of energy for men and women.

9.2.9 Demand and Supply Dynamics of the Power Sector

Over the past 25 years, Ghana's energy sector has witnessed a significant increase in electricity consumption, electricity generation capacity and a marked change in the energy mix toward increased reliance on thermal generation.

From an almost 90% contribution of hydro-electric power in the generation mix two decades ago, as at December 2016 Hydro provided approximately 42.9%, Thermal 56.9% and Renewables (solar) 0.2% of the total power generated in Ghana. This change in production mix has contributed to the increase in generation cost and hence an increase in EUT.

(a) Power Demand Analysis

Demand for electricity in Ghana over the past ten years has been growing at a rate of about 10% *per annum*. The major drivers of this growth are the expanding industrial sector (mining sub-sector, petroleum sub-sector), service sector (especially in banking, communication, hospitality services), rapid urbanisation, the growth of the middle class, and growing incomes, together with overall population growth (of about 2.3 % *per annum*) and rural electrification. At present, Ghana's electricity sector has a customer base of more than 2 million residential and commercial customers and 1,150 industrial customers. Over the past decade, demand for electricity in Ghana has been growing at a rate of about 10% *per annum*. Below is the trend of historical electricity consumption in Ghana from 2005 to 2016.

Historical Electricity Consumption (2007 to 2016) – Figures in GWh

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Residential	1,996	2,168	2,275	2,483	2,527	2,819	3,060	2,772	2,436	3,932
Non-residential	802	876	924	966	1,199	1,549	1,532	1,529	1,530	1,066
Industrial (Special Load Tariff)	2,687	2,963	2,951	3,174	3,901	4,153	4,435	4,680	4,179	4,528
Street Lighting	101	132	144	254	296	369	445	540	536	603
Total	**5,586**	**6,139**	**6,294**	**6,877**	**7,922**	**8,890**	**9,472**	**9,521**	**8,681**	**10,129**

Source: Energy Commission

(b) Power Supply Analysis

There are 8 major generation facilities in Ghana, 3 hydroelectric and 5 thermal.

Hydroelectric facilities in Ghana are located at Akosombo, Bui and Kpong. The Akosombo and Kpong hydro plants owned by VRA contribute close to 60% to the generation capacity in the country, while a collection of thermal plants including combined-cycle gas turbine plants, simple-cycle gas turbine plants, and diesel generators contribute the remaining 40% of generation capacity. The Bui dam hydropower with its installed capacity of about 400MW gives a dependable capacity of between 200 to 220MW.

Energy Mix (2007 to 2016) – Figures in GWh

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Hydro	3,727	6,196	6,877	6,995	7,561	8,070	8,233	8,387	5,844	5,561
Total Thermal	3,315	2,143	2,082	3,171	3,638	3,954	4,635	4,572	5,643	7,380
Renewable (VRA)							2	4	3	20
Total	**7,042**	**8,338**	**8,959**	**10,166**	**11,199**	**12,024**	**12,869**	**12,962**	**11,491**	**12,961**

Source: Energy Commission

The table below shows the current power generation capacity data as at end of June 2017:

Power Generation Capacity Data as at June 2017

Generation Plants	**Fuel Type**	**Capacity (MW)**		
		Installed	**Average Dependable**	**Average Available**
Hydro				
VRA	Hydro	1020	900	900
Bui Dam	Hydro	400	340	340
Kpong	Hydro	160	140	105
Sub-Total		**1580**	**1380**	**1345**
Thermal Power Plants				
Takoradi Power Company (TAPCo) – T1	LCO/Gas	330	300	150
Takoradi International Company (TICo) – T2	LCO/Gas	330	320	320
Sunon-Asogli Power (SAP)	Gas	200	180	180
Tema Thermal Plant 1 (TT1P)	LCO/Gas	110	100	100
Tema Thermal Plant 2 (TT2P)	Gas	87.5	64	32
Cenit Energy (Cenit)	LCO	110	100	58
Takoradi T3	Gas	132	120	0
Mines Reserve Plant (MRP)	Gas	80	70	0
Kpone Thermal Power Plant (KTPP)	Diesel/Gas	220	200	200
Karpowership	HFO	225	210	220
Ameri	Gas	250	230	230
Sunon Asogli Power Plant 2	LCO/Gas	360	320	320
AKSA Enerjies	HFO	360	340	230
Sub-Total		**2795**	**2554**	**2040**
Renewables				
VRA solar project	Sunlight	2.5	2	2
BXC Solar	Sunlight	22.5	20	11
Sub-Total		**25**	**22**	**13**
GRAND TOTAL		**4400**	**3956**	**3398**

Source: Ministry of Energy

9.2.10 The Power Sector Outlook

Population growth, economic development, and urbanisation are expected to drive demand and energy consumption in Ghana. Currently, around 80% of the population have access to electricity in Ghana.

The power transmission infrastructure still requires additional investment to reach an optimal level to accommodate the current power generation capacity required to support industrial development. The total installed generation capacity is now 4,400MW but plans far advanced to achieve a 5,000MW by end of 2018.

The power distribution sub-sector's financial and operational turnaround project is currently ongoing and is also receiving the needed support under GPC, with 6 concessionaires already shortlisted to invest in, and manage, ECG.

Growth in electricity consumption is projected to average 7% *per annum* from 2017 to 2025. With a projected 2017 peak demand of about 2,500 MW, excess capacity is estimated at close to 1,900 MW for the same period but will be approximately 1,680MW over the next 4 years.

The drivers of the forecasted growth rate are the expected increase in population, urbanisation, reduction in suppressed demand and industrial activity related to the discovery of oil off the coast of Ghana and the deliberate implementation of One-District One-Factory industrial policy. The extraction and processing of oil is likely to drive further economic development and consequently electricity consumption.

The forecast growth rates in electricity consumption are still conservative since VALCO, the Aluminium Smelter is currently not running at full capacity.

Additional generation capacity was added from 2015 to the existing generation capacity, which trend is expected to continue up to 2018, as new Independent Power Projects (IPPs) are expected to come on stream.

The table below shows electricity consumption outlook and the power generation outlook from 2017 to 2026:

Electricity Consumption Outlook (2017 – 2026) – Figures in GWh

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Local	14,222	16,926	19,427	21,915	23,747	24,846	26,132	27,457	29,332	30,785
Export	424	1,410	1,800	2,000	2,261	2,261	2,261	2,261	2,261	2,261
Total	**14,646**	**18,336**	**21,227**	**23,915**	**26,008**	**27,108**	**28,394**	**29,718**	**31,593**	**33,046**

Source: Ministry of Energy

Power generation Outlook (2017 – 2026) – Figures in GWh

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Hydro	6,131	5,450	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900
Non-Hydro	8,516	12,415	15,327	18,015	20,108	21,208	22,494	23,818	23,973	23,973
VRA Generation Only	9,993	10,156	12,221	13,115	12,064	12,064	13,395	13,395	13,395	13,395
Total	**14,647**	**17,865**	**21,227**	**23,915**	**26,008**	**27,108**	**28,394**	**29,718**	**29,873**	**29,873**

Source: Ministry of Energy

The Government of Ghana is considering implementing the following measures and policies to boost the efficiency and sustainability of the energy sector:

(a) consolidate hydro generation assets under VRA;

(b) divest government shares in Energy Sector SOEs via concessionaire arrangements for ECG and spin-off of VRA thermal plants;

(c) stricter oversight of Energy Sector SOEs and implementation of efficiency mechanisms to complement the refinancing (e.g. by reducing system losses, improving billing and collections, implementing performance management systems);

(d) review input gas price to be more competitive; and

(e) apply competitive bidding process for IPP procurement.

In September 2017, Ghana National Petroleum Corporation (**GNPC**) signed a Gas Sales Agreement (**GSA**) with Russian energy giant, GAZPROM, for the supply of LNG to help shore up the country's energy security. When completed, this GSA is expected to add 1,000MW to the country's energy supply after the construction of a regasification plant at Tema for facilitate LNG supply to the power plants within the Tema power enclave.

9.3 THE PETROLEUM SUB-SECTOR

9.3.1 Key Highlights

Ghana's petroleum sector value chain covers upstream and downstream activities.

The upstream activities consist of exploration, development and production of oil and gas (both offshore and onshore) and are regulated by the Petroleum Commission (the **PC**). Commercial quantities of offshore oil reserves in Ghana were discovered in the 1970s at Saltpond. The upstream sector was opened up for private participation since the 1970s in view of the large capital outlay required to explore and produce oil.

The upstream oil & gas industry in Ghana saw a boost following the commercial discovery of oil in the Jubilee field in 2007, which is located approximately 60km offshore Ghana between the Deepwater Tano and West Cape Three Points blocks off the coast of the Ghana's Western Region. The field was estimated to have recoverable reserves of up to 3 billion barrels and about 1.2 billion standard cubic feet of gas. The Jubilee fields is expected to produce about 100,000 barrels of oil per day. Further exploration activities led to the discovery of the TEN fields and the Offshore Cape Three Points (**OCTP**) fields.

The TEN fields is Ghana's second major oil development, which produced its first oil in August 2016. The field holds recoverable oil reserves of about 240 million barrels, gas reserves of about 360 million cubic feet, and is estimated to produce about 80,000 barrels of oil per day at peak. The TEN project is situated in the Deepwater Tano block, about 60km offshore western Ghana.

The OCTP field is an integrated oil and gas project being undertaken by ENI Spa in collaboration with Vitol Energy. The project is expected to produce sufficient gas to operate the thermal power plants in Ghana reliably for 20 years. Oil production from the field commenced in 2017 and gas production will follow in 2018. The field holds an estimated recoverable oil reserves of 204 million barrels and gas reserves of 1.1 billion cubic feet.

The downstream activities (which consist of mainly the marketing and distribution of oil and gas products) are regulated by the NPA. Some activities such as refining, storage and transportation of petroleum products which are technically midstream activities are regulated by the NPA and hence are considered as part of the downstream sector.

The core activities captured in the downstream oil and gas sector are:

(a) refining of crude oil by TOR;

(b) marketing and distribution of wholesale products by BDCs & Oil Trading Companies (**OTCs**);

(c) sale of retail products by Oil Marketing Companies (**OMCs**); and

(d) transportation and storage of both crude and refined petroleum products.

Ghana's economy continues to be heavily dependent on oil imports to support power generation and domestic consumption requirements and the country continues to expend significant portion of its export revenue on oil imports.

As part of its efforts at introducing competition and efficiency within the oil sector, the Government of Ghana is deregulating the petroleum sector. The downstream sector activities was deregulated in 2006, which opened up wholesaling of refined products to local oil traders and bulk oil distribution companies. Consequently, BDCs and OTCs have been licensed under the NPA Act to import and sell finished petroleum products to the OMCs who retail products to the final consumers.

9.3.2 Legal Framework of the Petroleum Sector

Ghana has a robust and well defined legal framework regulating the petroleum industry. The sector-specific legislation that governs the Ghanaian petroleum sector is comprised of:

(a) the NPA Act, which established the NPA as a regulator responsible for licensing, regulating, managing, and developing Ghana's downstream and midstream oil & gas activities;

(b) the PC Act, 2011 (Act 821) (the **PC Act**), which established the PC as an independent regulatory, responsible for licensing, regulating, managing and developing Ghana's upstream oil & gas activities;

(c) the EC Act, which governs the regulation of the natural gas;

(d) The GNPC Act, 1983 (PNDCL 64), which established the GNPC as a state-owned upstream operator that partners private companies to develop and produce oil and gas and to dispose of oil and gas fields;

(e) the Petroleum (Exploration and Production) Act, 2016 (Act 919) (the **PEPA**) (which repealed the Petroleum (Exploration and Production) Law, 1984 (PNDCL 84)), which is the primary petroleum law of Ghana. It introduced a reconnaissance licence to create the platform for undertaking data collection (including seismic surveying and shallow drilling) and processing and interpretation or evaluation of petroleum data in the area specified in the licence;

(f) the Debt Recovery (Tema Oil Refinery Company) Fund Act, 2003 (Act 642), whose objects are to finance the payment of debts and interest accruing on those debts incurred by TOR by imposing a debt recovery levy on specified petroleum products; and

(g) the ESLA, which imposed forex under recoveries levies of GHp 5 to help repay forex losses owed to BDCs.

The sector-specific regulations and guidelines promulgated by the NPA and PC that govern the Ghanaian petroleum sector are:

(a) the Petroleum (Local Content and Local Participation Regulations) 2013 (L.I. 2204) (the **Local Content Law**), which requires that indigenous Ghanaian companies are to be given first preference in the grant of a petroleum agreement or a licence with respect to petroleum exploration and production. It also requires all foreign companies who intend to provide goods or services in the upstream oil and gas sector to incorporate a joint venture company with an indigenous Ghanaian company and to afford that indigenous Ghanaian company, at least, 10% equity participation and as far as practicable, use goods and services produced by or provided by Ghanaians in Ghana for their operations;

(b) the PC Guidelines for the formation of joint ventures in the Upstream Petroleum Industry, March 2016 (the **JV Guidelines**), which was formulated by the PC as a guide for the enforcement of the Local Content Law;

(c) The Petroleum (Exploration and Production Measurement) Regulation, 2016 (L.I. 2246), which was passed to ensure that an accurate measurement and allocation of petroleum forms the basis for the determination of revenue that accrues to Ghana, a contractor, licensee or the GNPC;

(d) PC (Fees and Charges) Regulations, 2015 (L.I. 2221), which was formulated to provide for the payment of fees and charges by upstream operators to the PC;

(e) the Petroleum Revenue (Amendment) Act, passed in 2015, amended the Petroleum Revenue Management Act 2011, and provides for the allocation of funds to the Ghana Infrastructure Investment Fund for the purposes of infrastructure development and provided for the composition of the Investment Advisory Committee and other related matters; and

(f) the Petroleum Income Tax Act, 1987 (PNDC Law 188) provides the tax regime for petroleum operations in Ghana.

9.3.3 Upstream Oil & Gas Sector Operations

Prior to 2011, the GNPC was responsible for both exploration and regulation of the upstream sector. Major reforms were introduced by the Government of Ghana including separating the sector's regulatory responsibilities from the exploration and production functions of GNPC. This focused approach has yielded dividends in the form of increasing number of fields and exploration activities. The sector is on track to produce 180,000 to 200,000 barrels of oil per day. Significant gas production is envisaged from both the TEN and the OCTP fields.

Gas production came to a standstill on the TEN field following the maritime border dispute between Ghana and Côte D'Ivoire. The TEN field straddles an area which is close to the Côte D'Ivoire maritime border. Drilling will recommence in late 2017, given the positive resolution of the maritime dispute over the area by the ITLOS.

Recent discoveries indicate that the country's oil and gas resources stretch across the country's shoreline from Cape Three Points in the West to Keta in the East with significant exploration activities ongoing. The Volta Basin is also believed to hold oil and gas reserves. The Government of Ghana (through GNPC) is seeking to fully maximise Ghana's prospects in the oil industry. It has recently sought to extend the country's continental shelf to increase the country's oil and gas scope.

(a) The PC

The PC is mandated to regulate, manage and co-ordinate all activities in the upstream petroleum industry in Ghana. The PC was established in July 2011 by the PC Act to promote, regulate and manage the efficient conduct of upstream petroleum operations and all allied activities and the utilisation of petroleum resources on a sustainable basis for the country.

The functions of the PC are as follows:

- *Licensing & Issuance of Permit:* The PC registers all companies that intend to operate in Ghana's upstream petroleum sector and issues them operating permit before they can commence operations. They also renew such permits annually to ensure the companies are compliant. The PC ensures that companies applying for a new permit or a renewal meet all the stated requirements before the permit is issued or renewed;

- *Local Content:* The PC is mandated under the PC Act to promote local content and local participation in petroleum activities as prescribed in relevant legislation to strengthen national development. Additionally, the PC is required to establish a local content committee to deal with local content and local participation issues. In November 2013, the Local Content Law was promulgated to among other things promote maximisation of value-addition and job creation through the use of local expertise, goods and services in the petroleum industry value chain and their retention in Ghana;

- *Work Permit Application Facilitation:* The PC facilitates all work permit applications for companies that wish to engage expatriates to work in the petroleum upstream sector. This is to also ensure that, that particular skill cannot be sourced locally;

- *Technical Compliance:* This function is carried out by the Inspection Unit of the PC to ensure Contractors, Companies, and their associates, agents or representatives fully comply with all the laid down laws, regulations, guidelines and standards within the Ghanaian upstream oil and gas sector;

- *Health, Safety, Security & Environment (**HSSE**):* The PC holds the operators, contractors, subcontractors and indeed, any person engaged in petroleum to the highest standards for safety, security, emergency preparedness and protection for the environment. It also ensures that, the exploitation and development of oil and gas resources does not threaten the wellbeing of employees, communities, the natural environment and the general public. The focus of the PCs HSSE activities covers upstream petroleum operations and activities both offshore and onshore and includes: occupational health and safety; material assets integrity; natural environment; process systems; emergency preparedness and response; security clearance and permit for specific activities; and

- *Community Relations*: The PC protects the social, environmental and economic livelihoods of communities that are affected by the petroleum activities of oil and gas companies. The PC promotes effective coordination, management and supervision of corporate, governmental and community interactions to support positive social development outcomes and at the same time enhance revenue generation in the sector.

Going forward the PC is aiming at helping build a highly technical human resource base in the country to ensure better compliance with applicable laws, regulations and standards in the upstream oil & gas sector, whilst taking the necessary steps to implement an improved regime for allocation of petroleum rights, develop a local content fund, among other key objectives of the Government of Ghana.

(b) GNPC

The GNPC is Ghana's national oil company, established in 1983 by PNDCL 64, to support the government's objective of providing adequate and reliable supply of petroleum products and reduce the country's dependence on crude oil imports, through the development of the country's own petroleum resources. GNPC was thus established to lead the sustainable exploration, development, production and disposal of the petroleum resources of Ghana, by leveraging the right mix of domestic and foreign investments in partnership with the people of Ghana.

The PEPA was enacted to provide an updated regulatory framework for the exploitation of the country's hydrocarbon resources. This law established the contractual relationship among the Government of Ghana, GNPC and prospective investors in upstream petroleum operations.

The GNPC, which commenced petroleum operations in 1985 was established to be Government's partner in all petroleum agreements in Ghana. A wholly owned subsidiary of the GNPC, the Ghana National Gas Company Limited (**GNGC**) is also the national gas sector aggregator in Ghana, and aims to supply efficient fuel to meet Ghana's increasing energy needs.

The core mandate of the GNPC is to:

- promote the exploration and the orderly and planned development of the petroleum resources of Ghana;
- ensure that Ghana obtains the greatest possible benefits from the development of its petroleum resources;
- obtain the effective transfer to Ghana of appropriate technology relating to petroleum operations;
- ensure the training of citizens of Ghana and the development of national capabilities in all aspects of petroleum operations; and
- ensure that petroleum operations are conducted in such a manner as to prevent adverse effects on the environment, resources and people of Ghana.

9.3.4 The Operating Oil & Gas Fields

The activities of GNPC have evolved in line with the developments of the sector over the past decade. They have been actively involved in development of three operating fields upgrading Ghana's upstream sector from a mono oil & gas field to multi oil& gas fields.

There are 3 key operating fields, namely, the Jubilee field, the TEN fields and the Sankofa fields. Jubilee and TEN fields are operated by Tullow Oil, while ENI Ghana operates the Sankofa field.

GNPC has also signed several agreements with other international and local oil companies (including Hess Exploration, Medea Development, AGM Petroleum, ERIN and Springfield EP, Sahara Energy and Hill Oil) that are at various levels of exploration, appraisal and development.

Operating Oil & Gas Fields

No.	Contract Area	Current Partners	FPSO/Production Per Day	Current Period (Phase)/activity	Development & Production End Date
1	West Cape Three Points	Kosmos Energy Ghana HC	FPSO Nkrumah	Production (Jubilee)	12-Jul-34
		Anadarko WCTP			
		Company			
		Tullow Ghana Ltd			
		Ghana National Petroleum Corporation		PoD Submitted (Greater Jubilee)	
		PetroSA			
2	Deepwater Tano	Tullow Ghana Ltd	FPSO Nkrumah	Production (Jubilee)	18-Jul-36
		Anadarko WCTP Company	FPSO Atta Mills		
		Kosmos Energy Ghana HC		Production (TEN)	
		Ghana National Petroleum Corporation			
		Petro SA			
3	Offshore Cape Three Points	ENI Ghana Exploration and Production Ltd.	FPSO John Agyekum Kufour	Production (Sankofa field)	14-Mar-36
		Vitol Upstream Ghana Ltd			
		Ghana National Petroleum Corporation			

Source: GNPC

(a) Tullow Oil

Tullow Oil is an international independent oil and gas exploration and production company. The Group has interests in over 85 exploration and production licences across 17 countries which are managed as three Business Delivery Teams: West Africa, East Africa and New Ventures. The company creates value in two simple ways: find oil and sell oil. To achieve this, Tullow executes exploration campaigns, delivers selective development projects, maintains their production and ensures that they are suitably financed through a mix of diverse funding options and portfolio management.

Tullow currently operates mainly in West and East Africa – Côte D'Ivoire, Congo Brazzaville, Equatorial Guinea, Ghana, Gabon, Kenya and Uganda. In Ghana, Tullow has had interests in two exploration licences since 2006 within the Gulf of Guinea's Tano Basin (Deepwater Tano and West Cape Three Points). This field is what is called the Jubilee Field and is what brought the first major oil production to Ghana. Tullow is the Jubilee field Operator.

Tullow's second major discovery and subsequent development in Ghana is the TEN field. First oil was achieved for the TEN field on time and on budget in August 2016, three years after the plan of development was approved by the Government of Ghana.

(b) ENI Ghana

ENI is a global multinational oil & gas company with a market capitalisation in excess of USD 55 billion as at end of June 2017 and features among the top 100 on Fortune Global 500 list for largest companies by revenue. ENI operates in 73 different countries around the globe, employing close to 33,000.

The company's activities in Ghana are concentrated in the Exploration & Production and Refining & Marketing sectors. ENI operates the Sankofa field within the OCTP block with an interest of

44.44%) partnering with Vitol SA and the Government of Ghana. First oil was achieved in July 2017 and first gas is on schedule for 2018. The OCTP integrated oil & gas development is made up of the Sankofa Main, Sankofa East and Gye-Nyame fields, which are located about 60 kilometers off Ghana's Western Region coast. The fields have in total about 770 million barrels of oil equivalent (mboe) in place, of which 500 million barrels is oil and 270 mboe of non-associated gas (about 40 billion cubic meters). The project includes the development of gas fields whose production will be utilized entirely by Ghana's domestic market.

Oil production will be carried out via the "John Agyekum Kufuor" floating production, storage and offloading unit (FPSO), which will produce up to 85,000 barrels of oil equivalent per day (boepd) through 18 underwater wells. A 63-kilometer submarine pipeline will transport gas to Onshore Receiving Facilities (ORF) located at Sanzule, where it will be processed and transmitted to Ghana's national grid, supplying approximately 180 million standard cubic feet per day (mmscfd).

ENI was awarded the exploration licence for the Cape Three Points Block 4 with an interest of 42.47%. This new block covers an area of approximately 1,000sq Km in water depths ranging from 100 to 1200 metres. Due to the fact that, this block is located near ENI's operated OCTP block, the company will leverage the existing infrastructure to drive production from the field, if the exploration work currently underway is successful.

9.3.5 Downstream Oil & Gas Operations

The downstream petroleum sector is overseen and regulated by the NPA. Certain operators within the sector are also regulated by the EC. The sector has only 2 refineries a 45,000bpd capacity by TOR and 2000 bpd capacity by Platon Energy. TOR has seen several shut downs to the extent that, in some years there has been total dependence on refined petroleum imports by BDCs. The downstream petroleum industry was deregulated in 2015 allowing private sector participation from the BDCs. The number of BDCs has increased from an initial 4 licensees to 44 licensed BDCs as September 2017. A similar trend has been seen within the OMCs area with massive entry from small indigenous investors.

With this increase on the roster of downstream players, the need for regulation and effective monitoring and control has become more paramount. This outturn has compelled the NPA to reinvent itself by increasing its technical and legal capacity and geographic coverage to meet the complexity and challenges of the industry.

(a) The NPA

The NPA was established by the NPA Act to regulate the petroleum downstream industry in Ghana. As a Regulator, the NPA ensures that the industry remains efficient, profitable, fair, and at the same time, ensures that consumers receive value for money.

The core functions of the NPA are as follows:

- *Licensing:* The NPA is responsible for issuing licenses to Petroleum Service Providers (**PSPs**), monitoring of the operations of PSPs and inspecting facilities of PSPs in the downstream industry. It also ensures that the design, construction and operation of all petroleum infrastructure are executed to predetermined standards;
- *Monitoring:* The NPA as part of its function also monitors the supply and consumption of petroleum products around the country to ensure that there are adequate stocks of petroleum products to meet the consumption needs of the country. This is done through planning and monitoring the activities and performance statistics of all PSPs, that is the BDCs and OMCs in the distribution value chain of petroleum products across the country;
- *Facilitate and Monitor Pricing of Fuel Products:* In the present deregulated regime, the NPA still has the mandate to compute the ceilings of the ex-refinery

ad ex-pump prices of petroleum products, and all resultant costs and revenue to the government and the PSPs based on the prescribed petroleum pricing formula. Petroleum product prices are established within a period called the pricing window, which is currently two weeks;

- *Pricing Unification:* As part of its mandate the NPA ensures that the unified prices of petroleum products include element representing as near as possible the actual cost of distribution to ensure that petroleum products reach the consumer wherever they live in Ghana efficiently at the same price; and

- *Product Marking:* The NPA manages the Petroleum Product Marking Scheme by introducing a unique identifier (bio-chemical liquid) called marker in trace quantities into petroleum products at depots before distribution unto the market. Marked fuel can be distinguished from unmarked fuel through a process of testing using specialised detecting equipment (LSX2000 and MSX1000). This helps detect and prevent the adulteration of petroleum products.

The NPA in June 2015 instituted a price deregulation policy, which has been a longstanding request from industry players. The deregulation policy is expected to allow OMCs and BDCs) to set their own market prices and bring an end to government subsidy on petroleum products.

In line with the deregulation policy, the NPA will continue to monitor the application of ae prescribed petroleum pricing formula to ensure that all OMCs and BDCs apply the formula in the right way and not pass on unnecessary cost to consumers. It is clear this move would make way for market pricing of petroleum products, which would allow consumers to benefit from cost reductions when price of crude oil falls. The policy has been restrictively implemented to only particular products. Certain petroleum products such as premix Fuel and residual fuel oil remain subsidised.

(b) TOR

TOR is the first and the main refinery in Ghana built in the early 1960s with a capacity of 45,000 barrel per stream day (bpsd) capacity. The full capacity of this plant is below the national demand which is in excess of 65,000 bpsd.

The refinery is situated in Tema about 24 kilometers east of the capital, Accra and is 100% owned by the Government of Ghana. TOR procures, refines crude oil and sells the refined products to BDCs for onward distribution to OMCs. The BDCs post unconfirmed letters of credit in USD to reduce the risk of non-payment. Previously, TOR sold directly to OMCs on credit. This changed following the deregulation of the downstream petroleum and the introduction of BDCs.

TOR has adequate storage facilities to support its operations. The refinery's capacity to produce and store liquefied petroleum gas (**LPG)** has improved from 7,560 to 10,560 metric tonnes. The refinery's total storage capacity for both crude oil and refined petroleum products has increased from 340,000 metric tonnes to 1,000,000 metric tonnes, which currently is in excess of the Refinery's requirements. The refinery provides storage services for the BDCs for a fee subject to availability of storage space.

The refinery in recent times had challenges with operational efficiency and was running markedly below its full capacity. This is due in part to level of damage of plant and equipment following TOR's inability to undertake the scheduled or normal 18 to 24 months turnaround maintenance work since 2009. Management therefore decided to embark on a complete turnaround maintenance, which started in March 2017 and is expected to be completed within the third quarter of 2017. Currently, about 71% of the repair works have been completed at the Residue Fuel Catalytic Cracker (RFCC), 39% at Central Distillation Unit (CDU) and 39% at Utilities. The maintenance team is working to complete repair works to enable TOR become fully operational.

TOR also built up debt, which has affected its liquidity and balance sheet. See Section 9.4(d) (*TOR Financial Highlights*) below.

With the discovery of oil and gas in Ghana, TOR has positioned itself to expand and improve its infrastructure in the medium term to ensure reliability of petroleum products on the Ghanaian market and also play a key part in the export of such products to the ECOWAS sub-region.

9.3.6 Oil and Gas Import Volumes

The table below shows the oil & gas imports into Ghana from 2011 to 2016 and a forecast for 2017:

Oil & Gas Imports (2011 to 2016)

	2011	2012	2013	2014	2015	2016	2017F
IMPORTS							
Oil & Gas (USDM)	3,165	3,331	3,550	3,660	2,047	1,763	1,939
% Oil & Gas Imports to Total Imports	**20%**	**19%**	**20%**	**25%**	**15%**	**14%**	**14%**

Source: Ministry of Finance

The total petroleum products imported into the country in 2015 was 3,528,582.8MT per annum which was approximately USD 2.047 billion. The cost of the importation of petroleum products into the country for 2016 dipped to USD 1,763 billion. The volume of petroleum products imported into the country in 2016 currently stands at 3,329,666 MT per annum.

The history of petroleum products volumes from 2010 to 2016 is as follows:

Petroleum Products Volumes (2010 to 2016)

Years	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Oil & Gas Imports (MT)	2,439,043	2,815,024	3,287,695	3,364,120	3,274,022	3,528,583	3,329,666

Source: NPA

After 2012, oil & gas imports have been more than 3.2 million MT. The spike in 2015 can be attributed to the huge dependence on gasoil and gasoline for domestic power generation due to the challenges the country faced with low power supply.

9.3.7 Companies Operating in the Downstream Sector

The significant players in the downstream sector can be classified into 3 groups, namely, the BDCs, the OTCs and the OMCs.

(a) BDCs

BDCs are licensed to import crude and refined petroleum products into the country for onward sale to the OMCs, TOR or Bulk Oil Storage and Transportation Company Limited (**BOST**). BDCs sell refined petroleum products to the OMCs for final distribution to consumers. In the case of crude, the BDCs may also import crude under contractual arrangements with TOR which refines the crude for a fee for the BDCs. All BDCs have an advocacy body called Chamber of Bulk Oil Distribution Companies (CBoD) to act as an advocacy, lobby and representative body of the BDCs. It also functions as an industry research and strategy unit committed to enhancing the commercial viability and sustainability of BDCs.

There are currently 44 companies licensed by the NPA to operate as BDCs in Ghana, with only 34 actively trading. The top 15 BDCs in Ghana control about 91% of the value of petroleum products brought into the country translating into USD 1.60 billion out of the total of USD 1.763 billion.

The list of the 15 largest BDCs (by market share) and their volumes for full year 2016 is presented below:

BDC market Share as at December 2016

No	Company	Total (MT)	Market Share
1	Go Energy Company Limited	737,021.93	22.14%
2	Chase Petroleum Ghana Limited (**Chase Petroleum**)	347,603.47	10.44%
3	Ebony Oil & Gas Limited	335,312.70	10.07%
4	Fueltrade Limited (**Fueltrade**)	281,589.26	8.46%
5	Blue Ocean Investments Ltd	272,332.04	8.18%
6	Cirrus Oil Services Limited (**Cirrus Oil**)	174,179.74	5.23%
7	Vihama Energy Limited (**Vihama**)	163,397.23	4.91%
8	Juwel Energy Limited	129,958.42	3.90%
9	Lhs Ghana Limited	109,000.45	3.27%
10	Eco Petroleum Limited/Sage Petroleum Limited (**Eco-Sage**)	105,472.50	3.17%
11	Misyl Energy Company Limited	92,551.14	2.78%
12	TOR	92,095.39	2.77%
13	Maranatha Oil Services	72,361.80	2.17%
14	Oil Channel Limited	60,855.24	1.83%
15	Petroleum Warehouse & Supply Limited	41,630.19	1.25%
	Sub-Total	**3,015,361.52**	**90.56%**
	Others	**314,304.35**	**9.44%**
	TOTAL	**3,329,665.87**	**100.00%**

Source: NPA

Cirrus Oil, Chase Petroleum, Fueltrade and Sahara Oil currently own private infrastructure for storage of products. TOR and BOST both parastatals control more than 50% of the storage capacity in Ghana and rent out or lease storage facilities to the other BDCs who do not have their own storage or require their products in a particular location not covered by their own storage.

Credit facilities and storage are the major challenges faced by BDCs because of the huge amounts involved in transactions in the industry, primarily the cost of importation with its associated foreign exchange fluctuations. Although most of the top tier BDCs are in the process of constructing storage facilities, this still remains a challenge in the face of increasing market demand.

(b) OTCs

OTCs are licensed to trade in petroleum products with international players. They are only licensed to import petroleum products for supply to TOR, Power producers, BDC or re-export. OTCs are not permitted to sell directly to fuel retail stations or OMCs. Only BDCs are authorised to do so. According to the NPA, there are 13 OTCs licensed to operate in the country.

The activities of most OTCs have seen a dip due to the presence of international oil trading companies such as Vitol, Trafigura, Glencore, BP and Gunvor dealing directly with BDCs.

OTCs can only bring products into the country via competitive bidding process with the winning bidder responsible for the supply of the petroleum products to all the OMCs, otherwise they can only sell to BDCs. BDCs import directly, based on client demands, whereas OTCs import only when there are shortfalls which cannot be met by the BDCs. This later case is arranged via tender, by the NPA.

(c) OMCs

OMCs are licensed to market refined petroleum products, either produced locally or imported, directly to consumers through fuel stations with approximately 10% of their products being sold directly to large industrial players such as mining companies and shipping companies. The main distribution channels of OMCs are fuel stations.

OMCs purchase directly from BDCs or through BOST or TOR and are not allowed to import refined or unrefined petroleum products from the international market apart from lubricants. OMCs can only import under state of emergencies with the permission of NPA.

The law forbids any engagement in a business or commercial activity in the downstream industry unless that person has been granted a license for that purpose by the NPA. Accordingly, individuals seeking to operate fuel service stations enter into franchise arrangements with OMCs where the individual owns and manages the station whilst the OMC provides products, branding, fuel pumps, stocks and other equipment needed for the station.

There are currently 144 OMCs licensed by the NPA to operate in the downstream sector (with only 99 actively operating). OMCs have a trade association called Association of Oil Marketing Companies (AOMC) to help direct downstream petroleum policy, legislation and regulation and pursue research towards the development of the downstream petroleum sector.

The top 20 out of the 144, control approximately 74.12% of the market, as shown in the table below:

OMC Market Share as at December 2016

No	**OMC Performance Statistics For January – December 2016** **Company**	**Total MT**	**Market Share**
1	Ghana Oil Company Limited (**GOIL**)	604,043	18.25%
2	Vivo Energy Ghana Limited (**Shell Ghana**)	457,470	13.82%
3	Total Petroleum Ghana Limited (**Total Petroleum**)	344,940	10.42%
4	Star Oil Company Limited (**Star Oil**)	140,625	4.25%
5	Zen Petroleum Limited	139,080	4.20%
6	Puma Energy Limited	105,383	3.18%
7	Tel Energy Limited	64,954	1.96%
8	Top Oil Company Limited	63,055	1.90%
9	Frimps Oil Co. Ltd	59,450	1.80%
10	Allied Oil Company Limited (**Allied Oil**)	57,055	1.72%
11	Petroleum Solutions Limited	53,050	1.60%
12	Sephem Oil Company Limited	52,458	1.58%
13	Glory Oil Company Limited (**Glory Oil**)	44,241	1.34%
14	Union Oil Ghana Limited	43,232	1.31%
15	Quantum Petroleum Limited	42,440	1.28%
16	Engen Ghana Ltd	42,408	1.28%
17	Champion Oil Company Limited	41,819	1.26%
18	Dukes Petroleum Company Limited	37,927	1.15%
19	Compass Oleum Limited	30,340	0.92%
20	Agapet Limited	29,646	0.90%
	Sub-Total	**2,453,614**	**74.12%**
	Remaining 129 OMC	**856,752**	**25.88%**
	Total	**3,310,366**	**100.00%**

The number of OMCs in the Ghanaian market has increased considerably over the last 10 years. There are currently 144 licensed OMCs retailing petroleum products in Ghana. This situation has resulted in the NPA classifying OMCs in terms of number of stations, the quality of service and volume of business they are conducting. Competition among the OMCs, therefore, remains very keen with OMCs in the lower tiers making efforts to move into higher tiers.

The tier 1 OMCs (i.e. GOIL, Shell Ghana and Total Petroleum) have lost about 30% market share to the tier 2 OMCs over the past 3 years. Tier 1 OMCs currently control 41% of the retail market compared to approximately 70% market share 5 years ago.

The number of OMCs considered as tier 2 has grown significantly by approximately 56%. This tier consists of approximately 60 well-structured local OMCs with good track records. Together, Tier 1 and 2 OMCs account for an estimated 96% of the market share. The tier 3 OMCs continue to operate on a cash and carry basis and account for approximately 4% of the market.

As at the end of 2016, approximately 3.3 billion litres (circa 3.3 million MT) of petroleum products was retailed by OMCs in Ghana as shown in the table above.

To further provide access to retail customers a number of BDCs own stakes in OMCs. For instance, Oil Channel partners Allied Oil, Vihama partners Star Oil, Sky Petroleum and LillyGold Petroleum. Eco-Sage also bought stakes in some key OMCs, forming an alliance referred to as the Cardinal Group. This group comprises of Glory Oil, Petrobay, Havillah Oil, Sky Petroleum and Universal Oil. Ebony and Fueltrade also have similar strategic partnerships with a few OMCs.

9.3.8 Downstream Petroleum Pricing – The Application of the Price Build Up Formula

During deregulation era the pricing of NPA changes to mainly providing price guidance. The NPA currently does not dictate or fix prices of petroleum products except for the few products that are not deregulated. They work on the price ceiling for petroleum products using the prescribed petroleum pricing formula, which is based on ensuring full cost recovery of investment in the product being sold. To achieve this, the NPA monitors the daily traded prices (FOB) and circulate same to the PSPs and the various stakeholders in the industry,

Below is the price build up formula that helps in computing the ex-pump prices of fuel products by OMCs and LPGMCs. These PSPs buy their products from the BDCs or the refinery at the ex-refinery price and mark-up with the relevant taxes and levies such as excise duty and the ESLA related levies (set out under <u>Section 10</u> (*The ESLA*) below). They also add their distribution margin, BOST margin, fuel marking margin. The final price is then called Ex-deposit price of the product.

A special petroleum tax (which is benchmarked to Value Added tax at 17.5%) is then marked up on the ex-deposit price together with other charges for Unified Petroleum Pricing Fund, marketers margin, dealer margin, LPG filling plant or premix or marine gasoil local administration costs and finally distribution or promotion margin to arrive at the indicative ex-pump price or the price at which consumers buy fuel at the pump or fuel station. Under the current price liberalisation era, this price cannot be higher than the NPA's price ceiling. In fact, marketers have no incentive to price outside that ceiling because they become uncompetitive.

Price Build Up Formula for OMCs

Ex-Pump Price Build-Up For OMCs & LPGMCs- Embeds key ESLA Cashflow Components

Ex-refinery price	GHp/Lt	a
Excise duty	GHp/Lt	b
Energy debt recovery levy (EDRL)	GHp/Lt	c
Road fund levy	GHp/Lt	d
Energy fund levy	GHp/Lt	e
Price stabilisation and recovery levy	GHp/Lt	f
Primary distribution margin	GHp/Lt	g
BOST Margin	GHp/Lt	h
Fuel marking margin	GHp/Lt	i
Ex-depot	GHp/Lt	j = a+…i
Special petroleum tax	GHp/Lt	k = 17.5%*j
UPPF	GHp/Lt	l
Marketers margin	GHp/Lt	m
Dealers (retailers/operators) margin	GHp/Lt	n
LPG filling plant/Premix/MGO local admin costs	GHp/Lt	o
Distribution compensation/promotion margin	GHp/Lt	p
Indicative maximum price (ex-pump price)	GHp/Lt	q= j+…+p

Source: NPA

The price at which the BDCs sell petroleum products to OMCs is called the ex-refinery price. It is also based on the price build up concept but with fewer variables such as BDC supplier's premium, international market reference (fob) price, applicable foreign exchange rate and price stabilisation margin as shown in the table below:

Price Build Up Formula for BDCs

Ex-Refinery Price Price Build-Up For BDCs

International Market Reference	USD/Lt	r
BDC Suppliers Premium	USD/Lt	s
Supply Contract Price	USD/Lt	t = r+s
Applicable Fx Rate	USD/GHS	u
Ex-Refinery Core Price	GHp/Lt	b = t * u
Price Stabilisation Margin	GHp/Lt	v
Indicative Maximum Ex-refinery price	GHp/Lt	w = b+v

Source: NPA

For the deregulated products, the NPA has no influence on the applicable forex rate and does not impose any price stabilisation margin.

9.3.9 Prospects of the Downstream Oil & Gas Sector

The introduction of price liberalisation into the industry has improved liquidity and restored funding confidence from various stakeholders (banks, suppliers, etc.) in the sector due to the fact that industry players do not have to depend on the Government of Ghana for any subsidy refund to be able to pay for their trade or operational commitments.

The NPA (in collaboration with the Ministry of Energy and the security agencies in Ghana) has commenced an action to clamp down on export dumping and fuel smuggling which has hit the sector hard recently affecting the amount revenue that should accrue to the Government of Ghana and the quality of some products that infiltrated the market. These initiatives are also expected to bring the match needed sanity into the downstream petroleum sector and also ensure quality standards are not compromised.

Opportunities for the development of tank farm infrastructure and single buoy mooring facilities to cater for the increased volume of activity are also available.

9.4 FINANCIAL CONDITION OF THE ENERGY SECTOR

We summarise below the net profit after tax of the Energy Sector SOEs from 2012 to 2016. As at end of 2016 the accumulated losses of the Energy Sector SOEs were in excess of GHS 1.5 billion, which represented more than 22% of their total revenue in the first table below. The other 2 tables summarise the payables, receivables and debt profile of the Energy Sector SOEs.

Summary of Profit & Loss Outturns of Energy SOEs

Table 1						Net Profit After Tax/Losses				
	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
	Millions of GHS					As a Percentage of Revenue				
ECG	–136	–246	–38	–288	277	–9.5	–12.6	–1.2	–8.6	5.1
VRA	–451	–603	–800	–1,612	–1,456	–32.5	–38.9	–35.7	–71.9	–49.6
GridCo	7	17	–42	45	69	2.6	5.5	–10.5	9.5	10.3
TOR*	–425	–456	–1053	–681	–485	–59.9	–65.6	–348.1	–368	–195.4
Sum Total	**–1,006**	**–1,288**	**–1,932**	**–2,537**	**–1,595**	**–26.4**	**–28.6**	**–32.1**	**–40.7**	**–229.7**

Source: VRA, ECG, GridCo, TOR financial statements.
*TOR operates in the downstream petroleum subsector, but within the energy sector.

Summary of Payables & Receivables Outturns of Energy Sector SOEs

Table 2	Payables					Receivables				
	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
	Millions of GHS					Millions of GHS				
ECG	860	1,878	2,886	4,575	6,355	586	1,064	1,551	2,640	4,320
VRA	448	761	999	2,859	4,699	1,222	2,153	3,962	4,771	5,028
GridCo	25	70	176	234	485	159	249	365	467	715
TOR*	1,041	1,017	1,397	1,186	1,440	112	202	–33	56	165
Sum Total	**2,374**	**3,725**	**5,427**	**8,853**	**12,977**	**2,079**	**3,668**	**5,846**	**7,934**	**10,228**

Source: VRA, ECG, GridCo, TOR financial statements.
*TOR operates in the downstream petroleum subsector, but within the Energy sector.

Summary of Debt Profile Outturns of Energy Sector SOEs

Table 3	Short Term Debt					Medium & Long Term Debt					Total Debt				
	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
	Millions of GHS					Millions of GHS					Millions of GHS				
ECG	946	2,028	3,165	4,935	6,927	1,209	1,405	1,964	2,230	2,525	2,155	3,489	5,129	7,165	9,452
VRA	822	1,407	3,442	5,705	7,748	566	754	1,739	1,990	1,822	1,388	2,161	5,182	7,694	9,570
GridCo	67	138	287	496	292	367	566	1,008	1,155	855	434	703	1,295	1,651	1,147
TOR*	1,481	1,879	2,301	2,502	565	575	65	96	194	1,130	1,518	1,944	2,397	2,696	1,695
Sum Total	**3,296**	**5,453**	**9,196**	**13,638**	**15,532**	**2,199**	**2,845**	**4,807**	**5,567**	**6,332**	**5,495**	**8,298**	**14,003**	**19,206**	**21,864**

Source: VRA, ECG, GridCo, TOR financial statements.
*TOR operates in the downstream petroleum subsector, but within the Energy sector.

(a) VRA Financial Highlights

The financial performance of VRA has been worsening on year-on-year basis due mainly to below-cost recovery pricing, high cost of financing, exchange losses and payment arrears from ECG and the Government of Ghana, especially in respect of subsidies.

VRA's receivables increased from GHS 1.2 billion in 2012 to GHS 5.0 billion in 2016, which creates a huge liquidity gap that was financed by banks and suppliers to keep VRA afloat principally in the form of short-term dollar-denominated debt exposing the company to significant exchange rate and rollover risk. VRA also accumulated GHS 4.7 billion in payables to suppliers as at end of 2016, including Ghana Gas National Company Limited, Sahara and WAGP. Altogether, VRA's liabilities rose from GHS 1.4 billion in 2012 to GHS 9.6 billion in 2016. This exposure continues to grow on a year on year basis and therefore requires immediate intervention.

(b) ECG Financial Highlights

As shown in the table above, ECG has been recording significant losses over the years, with a significant reduction in the quantum of loss in 2014 following a tariff increase in late 2013. The deterioration in profitability up to 2015 can be attributed to Aggregate Technical, Commercial & Collections (**ATC &C**) losses, depreciation of the GHS, increasing costs of power purchases, and below market tariffs. However, due to the weaknesses in collection of bills from its customers, growth in revenues has been accompanied by a commensurate increase in trade and other receivables to GHS 4.3 billion at end 2016, which also steeply increased receivables days from 149 days in 2012 to 290 days in 2016 resulting in massive deterioration in liquidity. For ECG to continue operating, it also accumulated payables to its suppliers (VRA, GridCo, IPPs especially Sunon Asogli & CENIT) amounting to a total of GHS 6.4 billion at end-2016 up from GHS 860 million at end-2012. As a result, ECG's average age of payables more than doubled from 219 days in 2012 to 529 days in 2016.

(c) GridCo Financial Highlights

Between 2012 and 2016, GridCo only incurred a loss in 2014. Despite this better performance, GridCo's operations have been affected by the accumulation of receivables, including some GHS 340 million owed by ECG as at the end of 2016, and its payables have also increased somewhat by a similar amount. Overall, however, GridCo's level of debt and other liabilities compares favourably to the other utilities. In a scenario where ECG is able to pay GridCo on time, the company's financial performance would be better. There are also arguments that the full associated liabilities of power transmission were not transferred to GridCo when it was spun-off from VRA.

(d) TOR Financial Highlights

TOR is the major refinery in Ghana. Its operations have not been consistent due in part to ageing equipment and mechanical inefficiency. The refinery's operation therefore stalls very frequently with concomitant impact on its financial performance. TOR has been facing a huge debt overhang for a long time and was not able to purchase crude oil to run its operations, whilst it continues to pay for its fixed cost and some variable cost resulting in massive net operating losses on the same scale as VRA. The company resumed its operations at end 2014 with a lifeline from Government, but had to shut down again in 2015 because of maintenance challenges and lack of reliable power supply at the time. The company had at the end 2015 accumulated substantial short-term liabilities: GHS 565 million of short-term debt/bank overdrafts and GHS 1.4 billion of short term payables. However, its total liabilities reduced to GHS 3.1 billion at the end-of 2016 from GHS 3.88 billion in 2015, following pay downs from TOR recovery levy passed under the ESLA.

9.4.1 Current Energy Debt Profile

The Energy Sector Debt consists of bank loans and payables due suppliers and power producers that are being considered for phased refinancing under this Programme. To a significant extent, these debts have constrained, the operations of the Energy Sector SOEs.

In addition, the financial position of the Energy Sector SOEs poses significant risks to the banking sector and other privately owned energy sector players in Ghana. Resident commercial banks have extended substantial credit facilities to each of these companies and, as a result of this exposure, the financial position of these Energy Sector SOEs has a material impact on the increasing level of non-performing loans within the banking sector. About a third of the total energy sector debt (GHS 2.71 billion) is owed to financial institutions in Ghana and about GHS 2.86 billion is also due to fuel suppliers in respect of feedstock supplied for power generation (natural gas, light crude oil and diesel). The rest of the debt is owed to other entities that are critical to running of the power value chain such as GNGC, GridCo, GNPC and other IPPs who supplied power to the national grid on credit, but have not been paid.

The Government of Ghana carried out an energy sector cash flow review in 2015. Subsequent to the review, it validated the total energy sector debt position and commenced the necessary steps to restructure and ultimately pay off the exposures. The exercise led to the promulgation of the ESLA late in 2015 to help generate the needed funding for energy sector debt service among other requirements in the form of levies in the face of tight fiscal space.

9.5 GHANA ENERGY SECTOR REFORMS AND INITIATIVES

The energy sector faced myriad of problems which constrained its ability to achieve full-scale and efficient power service delivery and fuel supply in the country. The core of the problems was borne out of capacity challenges, unpaid subsidy payments following changes in the generation mix from exclusively hydro to incremental drafting of thermal sources, operational losses and currency depreciation, among other factors. In tackling the challenges faced by both sectors, a number of reforms and policy initiatives from the Government of Ghana have been instituted.

Power Sector Proposed Policy Initiatives & Operational Interventions

The Issues/Challenges	The Initiative/Intervention	Status
Repayment of Energy Sector SOE debts and controlling further debt accumulation:	The ESLA was passed in December 2015 to raise the needed levies to settle the large Energy Sector SOE debts and commitments. A portion of the proceeds of the levies under the ESLA are being securitised to issue bonds under this Programme. ESLA collections for 2016 amounted GHS 3.29 billion (equivalent to USD 765 million), in line with budget. The ESLA mechanism is working and a group of banks under VRA Restructuring Phase 1 are being repaid on a quarterly basis. The strategy is to fashion out a full workable solution to all applicable legacy debts in the energy sector. Additionally under the PFMA, the Ministry of Finance must approve any new Energy Sector SOE borrowing. On-lending arrangements with the Energy Sector SOEs to be strengthened going forward. From the consumption side, the Government of Ghana will install solar facilities at MMDAs to reduce ECG's exposure to them. Furthermore, the Government of Ghana, in 2016, approved a facility to enable ECG procure prepaid meters for their consumers, to facilitate a reduction in distribution losses and accumulation of debt	Ongoing
Increase and optimise the available power capacity:	Power generation capacity has improved. However, there are challenges with feedstock supply – particularly gas supply, light crude oil supply. The gas supply challenges are being resolved with the construction of a reverse flow gas pipeline from Aboadze to Tema. Additionally, the country is expected to enter into the next phase of hydrocarbon development which would result in gas production from the World Bank backed OCTP fields from Q2 2018. The project will provide reliable gas for IPPs for the generation of power into the grid. The ENI-operated OCTP fields saw first crude commercial production in May 2017. In addition to this, the Government of Ghana is negotiating LNG contracts to close fuel	Ongoing

The Issues/Challenges	The Initiative/Intervention	Status
	adequacy gaps, while procuring LCO and HFO to power existing plants. The Government of Ghana is also negotiating quite a number of solar projects to help stem the fuel supply risk	
Optimising the use of the excess power supply capacity:	The Government of Ghana is embarking on massive industrialisation through its "one-district-one-factory" growth initiative. There is also plan to build an integrated aluminium industry which requires increased power supply. The Government of Ghana is also working on exporting the excess power into the West African Power Pool. Electricity penetration in neighbouring West African countries is below 50%, which implies that there is scope for expansion. Ghana's own electricity penetration is above 80%, which can further be scaled up to 100%	Estimated to kick start in 2018
Returning the loss making Energy Sector SOEs into profitability and instituting a progressive plant and equipment replacement plan:	Some of the Utility Providers, especially VRA and ECG, have recorded losses and therefore require turnaround strategies. Divestiture of the Government of Ghana shares in some Energy Sector SOEs via concessionaire arrangements for ECG and spin-off or sale of specified VRA thermal plants for instance are part of the strategy. The aim is to drive efficiency, inject more liquidity and take massive fiscal cost burden off the Government of Ghana by diversifying the business risk away from Government. These initiatives were signed off under the Millennium Challenge Account and are in line with agreements reached with IMF under the current economic growth programme. The Government of Ghana is also looking at renegotiating the input gas prices, which are currently high for the Energy Sector SOEs, to improve their operating margin	Ongoing
Implementation of a new tariff revenue allocation and disbursement:	Implementation of the Tariff Revenue Allocation (Tariff Revenue Distribution) Policy guidelines to ensure weekly allocation of cash to Energy Sector SOEs to finance their operations and ensure repayment of their debts through a cash waterfall system. The cash waterfall system outlines a clear allocation plan of revenues across the value chain. It enhances better planning by all sector players. This has been approved by Cabinet and implementation is underway	Implementation is underway
Aggressive Prepayment Metering Rollout Plan:	Comprehensive and accelerated rollout of prepayment metering to increase prepayment metering ratio from 35% to a target of 70% by end of year 2018	End of 2018

The Issues/Challenges	The Initiative/Intervention	Status
MMDAs Prepayment metering Installation:	Pre-paid meters are being installed at all MMDAs. Consumption limits for the appropriate MMDAs to be paid by the Government of Ghana will be determined and used as the basis for the installation of appropriate load limiters to control usage. Funds for payment of MMDA bills would be budgeted for and held at the MoF for its central administration and payment to ECG to mitigate misapplication of such funds by the MMDAs	End of 2018
Improvement in Bill Collection:	Improvement in Aggregate Technical Commercial & Collection (ATC & C) losses from 35% to a maximum 15% by 2018. Studies are being conducted to identify and target multiple dwelling and compound houses for application of an appropriate tariff regime. District and boundary metering to also be introduced to check tampering and bypass	End of 2018
Automatic Tariff Adjustment:	Implementation of multi–year major tariff review with provision for quarterly automatic adjustment to cover the financing cost, forex variations, inflation and fuel supply mix and cost in particular	Ongoing
Progressive Reduction/removal of Subsidies:	The electricity lifeline program provided by the Government of Ghana would be progressively reduced as the level of consumption increases beyond the various customer thresholds for residential. The subsidies provided for non-residential would be targeted to address the acceptable social policy dimensions targeting the SMEs in the informal sector	Ongoing
Reduce the public lighting burden on ECG	Street lighting development and consumption should be self-financing. Deployment of more solar streets that are installed with anti-theft mechanisms for the batteries and solar panels and also use LEDs for street lighting for lower power consumption	Ongoing
Reduce Transmission and Distribution Losses	Stricter oversight of Energy SOEs and implementation of efficiency mechanisms to complement equipment and transmission line upgrades (e.g. by deploying systems that can reduce both transmission and distribution losses)	Ongoing

Source: Ministry of Finance, Ministry of Energy

Petroleum Sector: Proposed Policy Initiatives & Operational Interventions

The Issues/Challenges	The Initiative/Intervention	By When
Export Dumping and Smuggling	The NPA is working on ensuring that, every fuel product is taxed including products for re-export which have been used for round-tripping because of the tax incentives. Standardisation, including marking of fuel products, will continue to check smuggling together with the intensification of the activities of the security agencies involved in this exercise	Ongoing
Partial Deregulation	It is a deliberate decision by the Government of Ghana to gradually reach full deregulation, which in itself has some challenges. The Government of Ghana continues to subsidise some fuel products regarded as a social products, such as premix and RFO, which it funds partly from over-recoveries on other products such as ATK and mine gasoil. The Government of Ghana is reviewing the current deregulation regime towards moving towards full deregulation in the medium term	Ongoing
Abuse of Public Storage Infrastructure	The Government of Ghana has given opportunity to all players within the sector to access all available public infrastructure (the fuel storage tanks, the oil jetty and the single buoy mooring (SBM)). The private sector players are also feverishly building their own storage infrastructure	Ongoing

Source: Ministry of Finance, Ministry of Energy

10. THE ESLA

10.1 OVERVIEW OF THE ESLA

The ESLA was passed in December 2015 and took effect from January 4, 2016. It was amended on 28 March 2017 by the Energy Sector Levies (Amendment) Act, 2017 (Act 899) (the **ESLA Amendment**).

The ESLA, among others, consolidates existing energy sector levies (to promote prudent and efficient utilisation of the levies imposed thereunder) and to facilitate sustainable long-term investments in the energy sector.

The levies imposed by the ESLA are derived from the sale of petrol, diesel, marine gas oil, residual fuel oil, liquefied petroleum gas, kerosene, and electricity. The details of the levies imposed under the ESLA are as follows:

	Levy	Purpose	Collection Agency	Account
1.	**EDR Levy**	To facilitate the debt recovery of the TOR, downstream petroleum sector foreign exchange under-recoveries and power generation and infrastructure support	GRA	EDS Account PGIS Account
2.	**Price Stabilisation and Recovery Levy**	To be used as a buffer for under-recoveries or subsidies to stabilise petroleum prices for consumers	NPA	PSRL
3.	**Road Fund Levy**	To support road maintenance	GRA	Road Fund
4.	**Energy Fund Levy**	To support the activities of the EC as technical regulator	GRA	EC
5.	**Public Lighting Levy**	To support investment, maintenance and payment of energy consumed by traffic lights, street lights, public lights on highways	ECG, NEDCo, VRA and other suppliers of electricity	Ministry of Energy and the Electricity Distribution Companies.
6.	**National Electrification Scheme Levy**	To provide funding to support the national electrification programme to improve access to electricity across the country	ECG, NEDCo, VRA and other suppliers of electricity	National Electrification Fund

Source: Energy Sector Levies (Amendment) Bill, 2017

The levies are being independently administered outside the Government of Ghana's consolidated fund for clearly delineated purposes. The Minister of Finance is required to submit an annual report, to the Parliament, on the management of the collected levies. The first report was released in the first quarter of 2017 and presented to Parliament in July 2017.

The purpose of the ESLA Amendment was to lower the levies under the Public Lighting Levy and National Electrification Scheme Levy as follows:

- the National Electrification Scheme Levy – from 5% to 2% per kilowatt hour of electricity charged on all categories of consumers; and
- the Public Lighting Levy was lowered – from 5% to 3% per kilowatt hour of electricity charged on all categories of consumers.

Below is the profile of programmed and actual collections versus lodgements of the above outlined levies for the first 12 months of its administration:

Summary of 2016 ESLA Levies Collections and Lodgements

	Programmed Collections (P)	Actual Collections (A)	Lodgement (L)	(A – P)	% Change (A/P)	% Change (L-A)	% Change (A/L)
EDR Levy	1,174,590.00	1,281,180,000	1,264,130,000	106,590,000	9.1%	(17,050,000)	–1.3%
Price Stabilisation and Recovery levy	396,390,000	338,470,000	326,260,000	(57,920,000)	–14.6%	(12,21,000)	–3.0%
Public Lightening Levy	295,710,000	168,380,000	22,860,000	(127,330000)	–43.1%	(145,520,000)	–86.4%
National Electrification Scheme	296,930,000	276,870,000	32,730,000	(20,060,000)	–6.8%	(244,140,000)	–88.2%
Road Fund Levy	1,061,820,000	1,204,180,000	1,001,960,000	142,360,000	13.4%	(202,220,000)	–16.8%
Energy Fund Levy	30,860,000	29,840,000	24,740,000	(1,020,000)	–3.3%	(5,100,000)	–17.1%
TOTAL	**3,256,300,000**	**3,298,920,000**	**2,672,680,000**	**42,620.00**		**(626,240,000)**	

Source: Annual Report on the Management of Energy Sector Levies and Accounts for the year 2016

10.2 THE ENERGY DEBT RECOVERY LEVY

The relevant levy under the ESLA for the purpose of the refinancing of the Energy Sector Debt is the EDR Levy. The EDR Levy has been designated as the applicable levy under the ESLA for energy sector debt management and has been utilised to support the refinancing of the debts in the energy sector.

The EDR Levy has now been irrevocably assigned by the Government of Ghana to the Issuer (under the Assignment Agreement) and will serve as the primary repayment source for Bonds issued under this Programme.

The EDR Levy is imposed on the products (shown in the table below) sold to customers through OMCs. The table below shows the components of the EDR Levy and how it applies to those products:

Product	EDR Levy	PGIS Account	EDS Account
Fuel oil	Ghp 4 per litre	Nil	Ghp 4
LPG	Ghp 37 per kg	Ghp28	Ghp 9
Premium	Ghp 41 per litre	Ghp28	Ghp 13
Gas oil	Ghp 41 per litre	Ghp28	Ghp 13
Marine Gasoil	Ghp 3 per litre	Nil	Ghp 3

Source: the Energy Sector Levies Act (Act 899)

The ESLA stipulates that all collections under the EDR Levy shall be paid into 2 designated accounts, namely, the EDS Account and the PGIS Account held with the Bank of Ghana. 32% of EDR Levy collections are paid into EDS Account and the balance of 68% of the collections are paid into PGIS Account.

10.3 USE OF THE ESLA TO RESTRUCTURE ENERGY SECTOR DEBT

In July 2016, the domestic banks (led by representatives of the Ghana Association of Bankers and the chief executives of each bank) agreed a framework with the Ministry of Finance in relation to the restructuring and repayment (over 3 to 5 years) of approximately GHS 2.2 billion of debts owed by VRA and TOR to domestic banks. At the time, this amount represented legacy debt consisting of approximately USD 358 million and GHS 776.6 million.

The key features of the agreed framework were as follows:

- the banks would receive an upfront payment of approximately GHS 250 million in aggregate to be funded by the ESLA;
- the interest rate on the domestic currency component of the VRA debt would be reduced from an average of 30% to 22%;

- the interest rate on the foreign currency component of the VRA debt will be reduced from an average of 11% to 8.50%;
- repayments of VRA's GHS and USD denominated loan facilities totaling GHS 2.2 billion (VRA Legacy Debts) would be funded from a debt service account to be funded by cash flows from (i) the EDR Levy and a debt service reserve and (ii) a proportion of VRA's receivables;
- the proceeds of the EDR Levy which are applied to repay and service VRA Legacy Debts would be converted into equity on VRA's balance sheet or would be subject to an on-lending arrangement with the Government of Ghana; and
- the Government of Ghana would place limits on the ability of VRA to incur new indebtedness without the express approval from the Ministry of Power and the Ministry of Finance.

At the time, the Government of Ghana envisaged that this approach will be used to restructure VRA and TOR's remaining indebtedness wholly or partially, as well as the debt of other Energy-Sector SOEs.

After the December 2016 election, the new government honored the agreement and oversaw the payments to lenders. The last payment under this agreement was made in September 2017.

This Programme is expected to improve and formalise the restructuring of a substantial portion of the energy sector indebtedness with a larger pool of lenders than provide for under the July 2016 agreement.

10.3 EDR LEVY PAYMENT AND COLLECTION

The collecting agency for the EDR Levy is the GRA, which manages the collections process using an electronic platform called Ghana Customs Network (**GCNet**). The GRA has appointed GCB Bank Limited, Ecobank Ghana Limited, SCB and Fidelity as collection banks for the EDR Levy (the **GRA Collecting Banks**) who have set up accounts for the collection of the levies (the **GRA Collection Accounts**).

The EDR Levy is a fixed tariff amount per unit volume of the relevant petroleum product sold to consumers through the OMCs (which are surcharged with the EDR Levy). The OMCs order petroleum products from the BDCs and collect the products from the various storage depots for retail to the OMCs customers. The NPA collects the volume consumption data. The OMCs are required to declare volume of products lifted by inputting this information through the GCNet platform. Once the data is inputted in the system by an OMC, the GRA reconciles and validates the declarations.

After the assessment and validation by the GRA, the system generates the actual levies to be paid by the OMC and is communicated to them for payment within a specified time frame. The OMCs are required to pay the levied amounts to the GRA Collection Banks every 2 weeks.

When the levies are paid into the GRA Collection Accounts, the designated EDR Levy portions are then transferred into the EDS Account and the PGIS Account held with the Bank of Ghana within 1 Business Day of the transfer from the GRA Collection Accounts. The deposits in those 2 accounts are referred to as the ESLA Receivables under this Prospectus.

The historical collection data from January 2016 through July of 2017 is provided below. The average EDR Levy monthly collection from January 2016 to July 2017 is GHS 110,508,411:

EDR Levy Historical Collection History (Jan 2016 to July 2017)

Period	Amount Collected (GHS)
Jan-16	83,265,742
Feb-16	94,483,057
Mar-16	109,582,986
Apr-16	130,490,160
May-16	134,069,601
Jun-16	111,015,929
Jul-16	119,528,306
Aug-16	117,226,631
Sep-16	113,847,148
Oct-16	110,778,107
Nov-16	130,830,350
Dec-16	109,332,163
Jan-17	103,045,768
Feb-17	112,004,690
Mar-17	100,798,719
Apr-17	106,049,398
May-17	95,356,826
Jun-17	108,607,829
Jul-17	109,346,397

Source: NPA

10.4 DRIVERS OF THE EDR LEVY

The main driver of the EDR Levy is the consumption level of gasoline (petrol), gasoil (diesel), marine gas oil, residual fuel oil and LPG. The petroleum products captured under the EDR Levy represent an average of 93% of fuel volumes consumed within Ghana over past decade.

Fuel consumption has been increasing over the past decade at a compounded average growth rate of approximately 6% between 2006 and 2016. This growth has been driven by growth in the real sectors of the economy and general population growth, urbanisation, industrialisation and increase in the middle-income segment of the population.

The NPA publishes historical data of the petroleum products consumption within Ghana. The table below details the NPA data for fuel consumption within Ghana from 1999 through 2016, provided in natural units (LTR and KG) and then uniformly translated into metric tonnes based on standard conversion factors:

Total EDR Levy Petroleum Products Consumption (1999-2016) (Unit: LTR, except LPG in KG)

Year	Fuel oil	Gas oil	Gasoil (Mines)	Gasoil (Rigs)	MGO Local	L.P G	Premium
1999	66,680,630	821,106,489	–	–	–	43,502,800	605,810,210
2000	63,347,700	790,695,840	–	–	–	44,999,648	707,879,250
2001	57,722,900	813,926,690	–	–	–	42,519,123	722,377,200
2002	57,591,990	852,512,318	–	–	–	49,954,999	769,763,190
2003	50,689,900	896,957,186	–	–	–	56,707,826	647,761,842
2004	50,212,750	908,389,400	99,748,550	–	–	65,666,614	777,086,900
2005	53,126,550	918,033,600	127,535,650	–	–	70,460,665	726,024,190
2006	63,035,394	921,302,668	187,963,600	–	–	87,956,676	691,106,350
2007	56,915,100	1,131,544,950	230,609,850	–	–	93,286,000	734,713,850
2008	53,166,300	1,107,517,459	189,404,000	–	–	117,577,231	735,765,176
2009	44,712,500	1,326,952,821	193,666,735	–	–	220,602,979	946,873,199
2010	34,270,150	1,212,823,206	233,334,413	–	69,319,921	177,192,310	997,336,983
2011	39,225,600	1,343,604,675	266,441,265	–	83,296,905	214,430,432	1,083,229,650
2012	35,014,600	1,569,377,695	304,148,500	–	96,851,674	268,486,160	1,332,516,518
2013	39,525,450	1,663,528,181	294,249,430	–	80,775,174	251,759,054	1,450,529,136
2014	26,947,300	1,685,868,022	240,742,500	37,049,415	63,552,047	241,548,306	1,479,544,951
2015	13,493,000	1,920,391,600	237,686,800	58,750,937	34,850,629	279,019,820	1,559,847,850
2016	13,008,000	1,715,789,350	258,641,600	74,172,012	40,114,016	281,474,479	1,435,132,052
Jan – June 2017	19,984,100	720,926,200	146,758,500	46,690,798	17,400,000	163,873,575	678,919,000

Source: NPA

Total EDR Levy Petroleum Products Consumption (1999-2016) (Unit: MT)

Year	Fuel oil	Gas oil	Gasoil (Mines)	Gasoil (Rigs)	MGO Local	L.P G	Premium
1999	63,797.01	693,836.13	–	–	–	43,502.80	451,329.24
2000	60,608.21	668,139.09	–	–	–	44,999.65	527,370.78
2001	55,226.66	687,769.19	–	–	–	42,519.12	538,171.77
2002	55,101.41	720,374.10	–	–	–	49,955.00	573,474.38
2003	48,497.80	757,930.07	–	–	–	56,707.83	482,583.25
2004	48,041.28	767,590.31	84,287.66	–	–	65,666.61	578,930.55
2005	50,829.08	775,739.67	107,767.80	–	–	70,460.67	540,888.78
2006	60,309.41	778,502.04	158,829.50	–	–	87,956.68	514,874.95
2007	54,453.79	956,157.06	194,865.64	–	–	93,286.00	547,362.58
2008	50,867.11	935,853.80	160,046.64	–	–	117,577.23	548,145.82
2009	42,778.89	1,121,276.98	163,648.66	–	–	220,602.98	705,421.52
2010	32,788.13	1,024,837.30	197,167.90	–	58,575.43	177,192.31	743,017.09
2011	37,529.28	1,135,347.82	225,143.24	–	70,386.00	214,430.43	807,007.22
2012	33,500.38	1,326,126.34	257,005.91	–	81,839.80	268,486.16	992,726.20
2013	39,327.63	1,405,683.63	248,641.18	–	68,255.13	251,759.05	1,080,645.72
2014	26,812.43	1,424,560.83	203,427.75	31,306.81	53,701.57	241,548.31	1,102,262.53
2015	13,425.47	1,622,733.58	200,845.68	49,644.62	29,448.83	279,019.82	1,162,088.28
2016	12,942.90	1,449,844.39	218,552.51	62,675.45	33,896.40	281,474.48	1,069,174.88
Jan – June 2017	19,884	609,184	124,011	39,454	14,703	163,874	505,795

Source: NPA

Total National Petroleum Products Consumption (1999-2016) (Unit: MT)

Year	Total
1999	1,546,612
2000	1,547,052
2001	1,531,653
2002	1,625,804
2003	1,567,541
2004	1,771,833
2005	1,808,366
2006	1,865,165
2007	2,118,388
2008	2,075,143
2009	2,562,281
2010	2,437,732
2011	2,813,524
2012	3,286,356
2013	3,364,120
2014	3,274,022
2015	3,528,583
2016	3,329,666

Source: NPA

Note: Combined national consumption volumes comprised of Fuel Oil, Gas Oil, Gas Oil 9Mines), Gas Oil (Rigs), MGO Local, MGo Foreign, Kerosene, L.P.G, Premium, Premix, ATK, Kerosene Industrial and Unified

Petroleum Volume Conversion Factor

	Fuel oil	Gas oil	Marine Gasoil	Kerosene	L.P G	Premium	Premix
Conversion Factor	1,005	1,183	1,183	1,241	1,000	1,342	1,342

Source: NPA

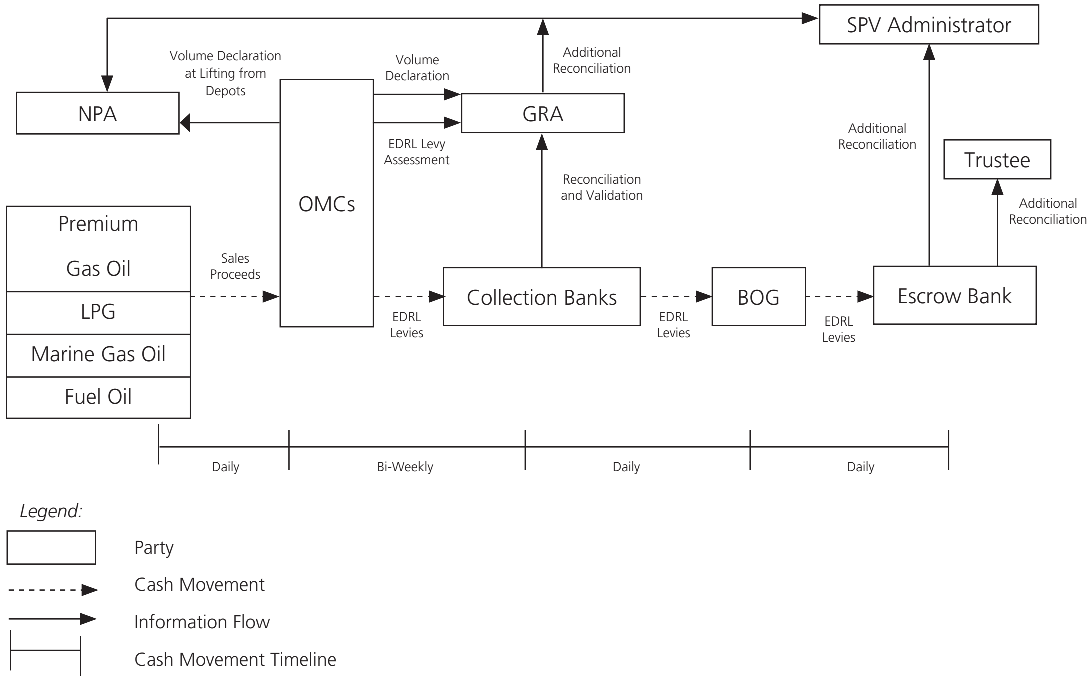
10.5 ESLA RECEIVABLES FLOW STRUCTURE

Pursuant to the assignment of the ESLA Receivables under the Assignment Agreement, the Bank of Ghana (in compliance with the Sponsor's irrevocable instructions) is required to transfer all deposits in the EDS Account and the PGIS Account into the ESLA Receivables Account on a daily basis. The Administrator will reconcile the flows into the ESLA Receivables Account.

The deposits in the ESLA Receivables Account are then transferred into the other Collection Accounts as set out in this Prospectus and the Collection Accounts Agreement. The Issuer (through the Administrator) and the Bond Trustee will be notified of all inflows and outflows relating to the Collection Accounts.

The chart below shows the flow of the EDR Levy from the OMCs through the GRA Collection Accounts to the EDS Account and the PGIS Account and finally into the ESLA Receivables Account:

Flow of EDR Levies to the ESLA Receivables Account



EDRL Collection Process for the Energy Bond

11. OVERVIEW OF THE GHANAIAN CAPITAL MARKET

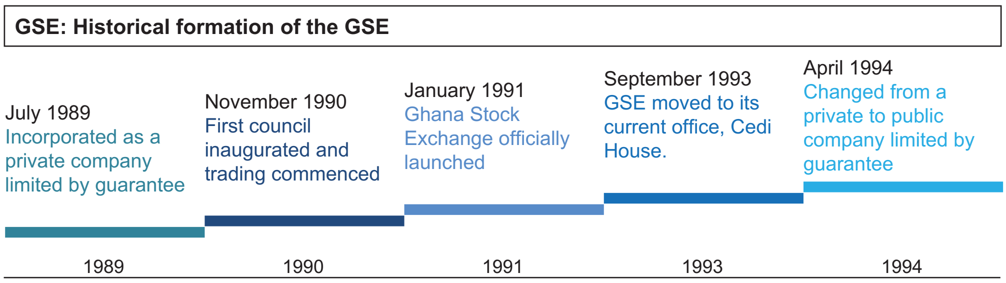
11.1 OVERVIEW OF THE GSE

11.1.1 Background

The GSE was incorporated in July 1989 as a private company limited by guarantee under the Companies Act. It was authorised as a stock exchange in October 1990 under the repealed Stock Exchange Act, 1971 (Act 384). The first council of the GSE was inaugurated on 12 November 1990 and trading commenced on its floor on the same day. The GSE changed its status to a public company limited by guarantee in April 1994.

A 9-member council governs the GSE. The operations of the GSE are regulated by the SEC, which is empowered by the Securities Industry Act. The GSE's membership comprises 21 licensed dealing members (**LDMs**) and 33 associate members.

GSE Historical Information



11.1.2 Developments and Trends

Trading on the GSE began on 12 November 1990 with 11 companies listed on one market. Currently, the GSE operates 3 markets – the GSE Main Market, the GSE Alternative Market (**GAX**) and the GFIM.

There are currently 36 equities, 1 exchange-traded fund and a preference share listed on the Main Market, 4 listed equities on the GAX and several debt instruments issued by 6 corporates, 2 Government of Ghana (**GoG**) sovereign Bonds and several GoG treasury Bonds (ranging from 2 to 15 years) listed on GFIM.

Some of the developments that have helped to shape to the evolution of the GSE in the last decade include:

- 2007: The passage of Central Securities Deposit Act, 2007 (Act 733) to permit the issuance of dematerialised securities, where shareholders and the board of directors of an issuer have authorised this. It also enabled the GSE to set up the GSE Securities Depository Company Limited (**GSD**) as well as a settlement system. It also enabled the Bank of Ghana to set up the CSD.
- 2008: GSD commenced operations in November 2008.
- 2009: The GSE launched a live automated trading system in March 2009, which was upgraded later to allow stockbrokers to trade remotely from their offices in June 2009.
- 2011: The GSE extended trading hours from 09:30GMT – 13:00GMT to 09:30GMT – 15:00GMT.
- 2013: GAX was launched as a parallel market operated by the GSE to allow viable small and medium enterprises (**SMEs**) to raise capital to finance their growth ambitions.
- 2013: The GSE agreed with the Bank of Ghana in December 2013 to merge the GSD and the CSD into a single depository known as the CSD.

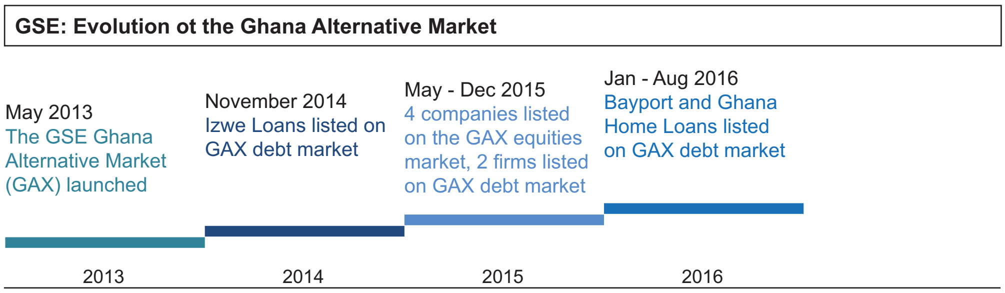
- 2015: GFIM was launched to facilitate secondary market trading of fixed income securities issued by government, government agencies and corporate institutions.

- 2015: The GSE successfully upgraded its automated trading platform to international standards to boost global investor confidence in the Ghanaian market and to provide the backbone for West African capital markets integration agenda.

11.1.3 GAX

The GAX was launched in 2013 as a parallel market operated by the SGE, which focuses on SMEs with potential for growth and ability to achieve profitability within three years after listing. In addition to SMEs, start-ups at different phases of growth can also apply to list on the GAX to gain access to long-term funds to finance their growth, broaden their shareholder base and boost the liquidity of their shares. The requirements for listing on the GAX include a minimum stated capital of GHS 250,000.00, minimum public float of 25% of issued shares and ability to make profit within the first 3 years after listing. As at May 2017, there were 4 listed companies on the GAX equities market and several debt instruments issued by 6 companies that are mainly operating in the financial services and real estate markets.

Evolution of the GAX



11.1.4 Performance and Outlook of the GSE's Main Market

The GSE is increasingly attracting the attention of foreign investors as the market continues to evolve to international standards to inspire confidence in global investors. However, investor confidence in the stock market was weak in the last 2 years (2015 and 2016) on the back of macroeconomic concerns about shortfalls in power supply, inflation, currency stability, rising public debt and fiscal slippages ahead of the 2016 elections. Consequently, the benchmark GSE composite index fell by 15.3% in 2016 as several equities experienced price corrections to reflect the impact of unfavorable macroeconomic conditions on their operations.

Although the listings of Ecobank Transnational Inc. in 2006 and Tullow Oil plc in 2011 helped to lift the overall market capitalisation of the stock market to GHS 64.35 billion in 2014, it dropped to GHS 57.12 billion in 2015 and GHS 52.69 billion in 2016 on the back of the price corrections experienced by several equities in 2015 and 2016. The overall impact of the price corrections on market capitalisation was partly cushioned by primary market activities such as the successful rights issues of Guinness Ghana Breweries Limited and Ghana Oil Company Limited as well as the listings of Access Bank Ghana Limited and Agricultural Development Bank Limited.

There was significant improvement in market activity in 2016 despite the bearish sentiment experienced in the last 2 years. The aggregate volume and value of shares traded surged by 102.3%y/y and 97.8%y/y to 498.57 million shares and GHS 489.81 million, respectively, in 2016.

The stock market is set to post a strong recovery in 2017 on the back of the recent peaceful elections and ongoing improvement in the macroeconomic narrative, which should boost the fortunes of listed companies in 2017 and beyond. In addition, treasury yields have declined significantly in the last 8 months; and fund managers could divert funds from low yielding fixed income securities to carefully selected equities as they search for alternative financial assets offering higher yields. This has started stimulating stock market activity to the extent that the benchmark GSE composite index posted a year-to-date return of 13.29% at the close of trading on May 17, 2017. However, we believe that the sustainability of the ongoing recovery to a large extent would be based on the market's perception of the ability of the new government to sustain and build on recent macroeconomic gains throughout 2017 and beyond.

11.1.5 Other Key Information

Other Key Market Information

Market	GSE. The GSE operates the Main Market and GAX
Regulation	The operations of the GSE are guided by a set of rules in the GSE Rule Book. However, the SEC regulates the operations of the GSE
No. of stockbrokers	21
No. of custodians	14
No. of companies listed on GSE Main Market	36
No. of companies listed on GAX	4
No. of exchange-traded funds listed	1
No. of preference shares listed	1
No. of depository shares listed	1
Trading Method	GSE Automated Trading System (GATS)
Trading Days	Monday to Friday except public holidays
Trading Hours	Pre-opening period: 09:30 – 10:00GMT, Market opening for trading: 10:00 – 15:00GMT
Settlement System	Settlement of trades is done 3 business days after the trade (T + 3). However, the settlement system of the Central Securities Depository allows for trades to be settled on T + 0 or T + 1 basis if the participants mutually wish to do that.
Sources of information on GSE	Market information can be found on the GSE website (https://gse.com.gh) and the Doobia financial portal (http://www.doobia.com/) as well as the Bloomberg and Reuters terminals.

Source: GSE

11.2 GFIM

11.2.1 Market Overview

The GFIM was established in 2015 to facilitate the secondary trading of all fixed income securities in Ghana. The current fixed income securities trading on the GFIM include treasury securities (bonds, notes and bills), corporate bonds and notes, Bank of Ghana bills and COCOBOD bills. In addition, the market can handle the trading of local government and supra-national bonds as well as repos. The establishment of the GFIM was driven by the key stakeholders of the Ghanaian financial sector including the Ministry of Finance, the Bank of Ghana, the GSE, the CSD, Ghana Association of Bankers, Financial Market Association and Licensed Dealing Members of the GSE (**LDMs**).

The establishment of the GFIM was based on the existing securities licence of the GSE, and as such, the operations of the fixed income market are based on the existing regulatory framework of the GSE, which is regulated by the SEC. However, the Bank of Ghana regulates the operations of the primary market and must be consulted before the introduction of money market instruments into the GFIM.

The 3 main dealers on GIFM are:

- Primary Dealers (**PDs**) authorised by the Bank of Ghana and licensed by the SEC to deal in securities in Ghana. The PDs can participate in secondary trading of fixed income securities and in primary auctions of GoG and Bank of Ghana securities;
- Non-PD banks licensed by the SEC to deal in secondary trading of fixed income securities. Non-PDs cannot participate in primary auctions; and
- LDMs.

The GFIM has developed the necessary infrastructure to support its operations. The supporting infrastructure includes:

- the Bloomberg E- trading platform, which provides electronic trading and market surveillance tools;
- the CSD platform, which enables market dealers to trade bonds;
- the CSD's clearing and settlement system which uses the Bank of Ghana as the settlement bank; and
- the CSD's depository system.

11.2.2 Market Structure and Performance

Ghana's fixed income market grew by a 5-year CAGR of 36.0% to GHS 48.20 billion of outstanding securities at the close of 2016 as a result of strong government reliance on the domestic market to finance fiscal deficits. The Government of Ghana and the Bank of Ghana issue debt securities ranging from 2-weeks to 15 years. However, while still relatively small, the corporate debt market is on the rise, buoyed by the introduction of the GAX and the GFIM that paved the way for a number of corporate debt listings by financial services and real estate firms in the last 4 years. The companies with debt instruments on the fixed income market are Izwe Loans, AFB Ghana, Edendale Properties, Bayport Financial Services, Ghana Home Loans and PBC Limited. Outstanding securities listed on the GFIM at the close of August 2017 was GHS59.55 billion; with government securities accounting for 80.97% (GHS 48.217 billion), followed by the Bank of Ghana with 14.7% (GHS 8.407 billion) and corporate securities accounted for just 0.8% (GHS 492.32 million).[13]

About 43.03% of the outstanding securities (GHS 25.62 billion) on GIFM at the close of August 2017 were held by local investors including commercial banks, firms and institutions, Bank of Ghana, rural banks, insurance companies and the Social Security and National Insurance Trust. The remaining 46.86% (GHS 22.59 billion) were held by foreign investors.[14]

Also at the end of August 2017, the 5-year Bonds accounted for the largest share of outstanding fixed income securities on the GIFM, representing about 15.77% (GHS 9.39bn) of outstanding debt stock. At the same time, the 91 Day Tbill also contributed to about 14.77% of the outstanding debt stock, with the 2-week Bank of Ghana bill accounting for about 12.94% of outstanding fixed income securities on the GIFM.

[13] Source: The CSD
[14] Source: The CSD

The Government is in the process of changing the maturity profile of outstanding government debt from short-term to long-term. The combined value of outstanding 91 day and 182 day treasury bills has declined by about 30% at the end of August from GHS17.173bn in January 2017 reducing the proportion of outstanding fixed income securities that are in short-term securities (91-day and 182-day bills) by the end of the year.

Available data on trading activity indicates that the 5-year bonds and the 3-year bonds were the most popular among investors in the secondary market. The 5-year bonds accounted for 42.6% of aggregate trading activity in 2016 while the 3-year bonds accounted for 24.3%. This is largely due to the fact that the holders of the 5-year and the 3-year bonds include foreign investors who participate in secondary market trading more often than local investors. Most local investors participate in the lower-end of the yield curve and often buy and hold to maturity.

11.2.3 GFIM Outlook

Ghanaian treasury yields have been on a downward trend since the final quarter of 2016 on the back of lower inflation expectations and monetary policy easing. The drop in inflation expectations coupled with the need to stimulate economic activity were the key drivers of the Bank of Ghana's decision to start a policy easing cycle in March 2017 (2 rate cuts so far), which is expected to usher in a low-interest regime in the Ghanaian economy. The Bank of Ghana's policy easing cycle is likely to cast a long shadow over the Ghanaian fixed income market in 2017 and 2018. It is expected that fixed income yields will continue to drop for the rest of 2017 on expectations of 2 more Bank of Ghana policy rate cuts before year end. Consequently, subscriptions for treasury bills in the primary market could weaken by end of the year as investors divert funds into alternative assets offering higher yields.

The introduction of the Bloomberg E- trading platform has raised foreign investor confidence in the infrastructure set-up of the GFIM, which is expected to boost foreign investor participation in the Ghanaian fixed income market in 2017. For instance, foreign investor holdings of outstanding fixed income securities jumped from GHS 13.22 billion in December 2016 to GHS22.62 billion in August 2017. Foreign investors may look to double their 2016 holdings of outstanding fixed income securities by the end of 2017.

Finally, fund managers need to be tactically flexible in order to unlock opportunities in the fixed income market going forward. It is time for fund managers to become comfortable playing in the secondary market where opportunities exist for fund managers to lock in higher yields in order to boost their portfolio returns. The 3-year is currently priced at a yield of 18.50% in the primary market and it is likely to drop further during the next issuance. However, investors can purchase similar bonds in the secondary market at better yields ranging from 21-25%. In addition, the improving macroeconomic narrative makes it an opportune time for fund managers to be flexible enough to add high-yielding corporate securities (such as the Bonds) to their portfolios to enhance returns.

12 INFORMATION ON THE ISSUER

12.1 CORPORATE HISTORY OF THE ISSUER

The Sponsor seeks to refinance the Energy Sector Debt through the issuance and listing of fixed income securities. As a result, it has sponsored the incorporation of the Issuer as an independent special purpose vehicle to, among others, issue the Bonds and any other securities for the refinancing of the Energy Sector Debt. NTHC has been appointed as a nominee shareholder to hold all the shares in the Issuer. KPMG has been appointed to act as the Administrator of the SPV.

The Issuer was incorporated, under the Companies Act, as a public limited liability company on September 14, 2017 with registration number "*PL000312017*". It was issued with a certificate to commence business from September 14, 2017.

12.2 OVERVIEW OF THE ISSUER

The Issuer is set up as a special purpose vehicle to, among others, issue debt securities for the purpose of refinancing the Energy Sector Debt. Pursuant to that, it has established this Programme and entered into the Bond Documents. Under the management of the Administrator and in accordance with the Bond Documents, the Issuer (through the Account Banks) will collect and manage the proceeds from the Bonds, the ESLA Receivables, the Capped Cash Commitment, the DFI Financing and the Cash Support Agreements for the repayment of the Creditors and Bondholders.

12.3 SHAREHOLDING AND CAPITAL STRUCTURE OF THE ISSUER

The Issuer is registered with 1,000,000 ordinary shares of no par value. As at the date of this Prospectus, the Issuer's stated capital is GHS 10,000. The Issuer has no treasury shares as at the date of this Prospectus.

NTHC holds all the 1,000,000 issued ordinary shares of the Issuer. NTHC is acting as a nominee shareholder for the Sponsor. The scope of duties of NTHC (as a nominee) are set out in the Nominee Agreement.

12.4 GOVERNANCE STUCTURE OF THE ISSUER

12.4.1 The Issuer Board

As at the date of this Prospectus, the Issuer Board is constituted by 5 Directors.

The current members of the Issuer Board are as follows:

Summary of Directors

Director	Position	Age	Date of Appointment	Other Directorships
Simon Dornoo	Chairman	56	September 14, 2017	Private Clinics Limited
Alhassan Sulemana Tampuli	Non-executive Director	41	September 14, 2017	• Hay & Partners • Tizaa Rural Bank • Eastbridge & Associates
James Demitrus	Non-executive Director	52	September 14, 2017	None
Samuel Arkhurst	Non-executive Director	47	September 14, 2017	• Vodafone Cash • ECOWAS Bank for Investment
Frederick Dennis	Executive Director	40	September 14, 2017	None

12.4.2 **Profile of the Directors**

(a) ***Simon Dornoo*** *(Chairman), Ghanaian, 56 years*

Simon Dornoo is a banker with extensive professional, managerial and business leadership experience in the financial services industry spanning more than 25 years locally and abroad. He was the Chief Executive Officer of GCB Bank Limited for 6 years up to March 2016. Prior to that, he worked for Barclays Bank in Ghana and then Barclays Plc in UK where he was Finance Director for Barclays Africa businesses in Africa and the Indian Ocean. He has served on a number of boards of directors mainly in the financial services industry and he is the immediate past president of the Ghana Bankers Association.

Simon Dornoo has a Master of Business Administration from Manchester Business School. He is a member of the Institute of Chartered Accountants (Ghana) (**ICAG**) and ACI (a worldwide association of wholesale financial market professionals).

(b) ***Alhassan Tampuli*** *(Non-Executive Director), Ghanaian, 41 years*

Mr. Tampuli previously worked with the National Service Scheme of Ghana (**NSS**) and rose to the rank of Deputy Head of Human Resources and Acting Director of Postings. He later set up and headed the Legal Department of the NSS between April 2014 and November 2015. Thereafter, Mr. Tampuli worked with the prestigious law firm, Bentsi-Enchill, Letsa & Ankomah's Energy and Natural Resource Practice Group as an Associate before co-founding the law firm East-bridge Associates, a corporate law firm.

Mr. Tampuli taught constitutional law at the faculty of law of the Wisconsin International University College for the 2014/15 academic year before resigning to concentrate on his private legal practice.

Mr. Alhassan Tampuli is a graduate of the School of Administration of the University of Ghana (now University of Ghana Business School) and the Faculty of Law, University of Ghana, Legon. He was called to the Ghana Bar in 2011. He holds a Master of Laws degree (LL.M) in Energy and Environmental Law from the Ohio State University Moritz College of Law.

(c) ***James Demitrus*** *(Non-Executive Director), Ghanaian, 52 years*

Mr. James Demitrus is chartered accountant with extensive consultancy and managerial experience in the energy sector, spanning over 26 years across numerous positions, projects and companies in Ghana, Nigeria, Tanzania and Zambia. Mr. Demitrus is currently the Head, Revenue Monitoring Unit (Financial and Energy Expert) at the Ministry of Energy. Prior to that, he served as an embedded consultant of the Public Investment Division of the Ministry of Finance. He also worked in supervisory position for VRA and served as the Head of Department for Industrial Research Institute (CSIR).

Mr. Demitrus has a Master of Science in Financial Economics from Norwegian School of Management, Sandvika – Oslo, Norway and a Bachelor of Science in Administration (Accounting option) from the School of Administration (now University of Ghana Business School), University of Ghana, Legon. He is chartered accountant with the Association of Chartered Certified Accountants, UK.

Mr. Demitrus is a representative of the Ministry of Energy on the Issuer Board.

(d) ***Samuel Arkhurst*** *(Non-Executive Director), Ghanaian, 47 years*

Mr. Arkhurst is a Chief Economics Officer and Director of Debt Management Division of the Ministry of Finance. He has 24 years in macroeconomic analysis, budgeting public financial management and debt management. Prior to his nomination to the Issuer Board, he had served as a member of the board of directors of Grains and Legumes Development Board, Cocoa Processing Company Limited, Vodafone Cash, and Ghana Export-Import Bank.

He has a Master of Arts degree in Economic Policy Management and Bachelor of Arts degree in Economics from the University of Ghana, Legon.

Mr. Arkhust is a representative of the Ministry of Finance on the Issuer Board.

(e) ***Frederick Dennis*** *(Executive Director), Ghanaian, 40 years*

Mr. Dennis is an audit partner with KPMG with responsibility for overseeing audits in the Financial Services and Consumer Market sector in Ghana, with the banking sector being his specialty. Frederick has 16 years of audit and assurance experience and has served a range of multinational and local companies across various industries within and outside Ghana.

Frederick is a fellow of the Association of the ACCA and a member of the ICAG. He also holds a Bachelor of Arts in Administration from the University of Ghana, Legon.

Mr. Dennis is a representative of the Administrator on the Board.

12.4.3 Board Committees

The Issuer Board has 1 committee. The details of the committee are as follows:

Board Committees

Committee	Areas Covered	Committee Members
Audit	• monitoring the internal audit function of the Issuer including its independence • investigating any matter brought to its attention within the scope of its duties with the authority to retain counsel or other advisers, if in its judgment that is appropriate, at the expense of the Issuer • reviewing the results of the annual audit and discuss the annual financial statements with the Administrator • reviewing the statutory auditors' management letter when presented and ensure adequacy of the Administrator's response; and • reviewing (with the Administrator) annually the significant financial reporting issues and practices of the Issuer, and ensure that appropriate accounting principles are applied including financial controls relating to the "closing of the books" process	• James Demitrus • Samuel Arkhurst • Alhassan Tampuli

12.4.4 Other Director Matters

(a) **Conflicts of Interest**

The Issuer is not aware of any conflicts, or any potential conflicts, between the duties of the Directors to the Issuer and their private interests or other duties. The Directors are not permitted to participate in the Programme.

(b) **Directors' Interest in the Shares of the Issuer**

None of the Directors holds any of the issued shares of the Issuer.

(c) **Directors' Remuneration & Benefits**

As at the date of the Prospectus, no remuneration or benefits have been paid to any Director.

12.4.5 Management of the Issuer

KPMG is the Administrator of the Issuer. The details of the services to be provided by KPMG are set out in the Administrative Agreement.

KPMG is the oldest auditing and consulting firm in Ghana. It is based in Accra and provides a wide range of business services to companies in a variety of industries including local, multinational entities, non-profit organisations and donor agencies. The firm also serves an impressive array of middle market and privately held companies.

KPMG specialises in financial statement audits, tax compliance and advisory services, business performance, financial advisory, transaction services, corporate finance services, IT advisory, internal audit, accounting advisory, and forensics.

All the partners and senior staff members of KPMG are qualified professionals and members of professional accounting bodies in Ghana, Nigeria, England and USA. They also hold university degrees from well-accredited universities. The staff currently comprises accountants, certified public accountants, management consultants, senior auditors, and audit associates. In addition, the firm leverages specialised consultants in other KPMG offices if and when required. In this way, the firm's clients, no matter the business or activities they are engaged in, have their needs adequately served.

KPMG in Ghana is a firm of approximately 335 people including 10 resident partners that service clients in Ghana and in the West Africa region.

KPMG is a global network of professional firms providing audit, tax and advisory services. It operates in 155 countries and has more than 155,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative, a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

Professionals within KPMG are deployed in 3 principal practice disciplines: audit, tax and advisory Services and are fully committed professionals who undergo a programme of continuous development. They have diversified backgrounds, a number with prior experience in industry, finance and other service sectors. This underpins the broad philosophy of providing high quality service based on suitable experiences and detailed understanding of clients' business.

The details of the key personnel of KPMG dedicated to the provision of the administrative services to the Issuer are as follows:

Key Personnel of Administrator

Name	Role	Responsibility
Nii Amanor Dodoo	Engagement Partner	Overall engagement leadership and assurance
Anthony Sarpong	Partner	Overall leadership for the day-to-day operations of Issuer
Frederick Dennis	Partner	Accounting, reporting, tax and advisory

12.4.6 Profile of the Key Personnel of the Administrator

(a) ***Nii Amanor Dodoo*** *(Engagement Partner)*

Mr. Dodoo is the Senior Partner of the KPMG in Ghana and has 38 years of work experience. His core function includes giving strategic direction and managing operations to ensure the delivery of key corporate objectives.

He has varied experience in providing audit advisory services, privatisation and due diligence reviews, project evaluation of proposed acquisitions and reporting accountants. Amanor served as audit engagement partner for audit services to a number of clients across various industry sectors including key subsidiaries of global clients in Ghana.

He worked with the KPMG Professional Services in Nigeria practice between 2006 and 2010 where he was the Partner in Charge of the audit units of energy and natural resources and consumer market sectors.

Amanor is a member of the Institute of Chartered Accountants of Ghana and the Institute of Chartered Accountants, Nigeria.

(b) ***Anthony Sarpong*** *(Partner)*

Mr. Sarpong is the Head of the Audit unit of KPMG. He is also the Risk Management Partner. His role includes leading teams to execute audit engagements, acting as key relationship contact with key management staff, managing staff.

Anthony has 20 years of audit (financial statements, projects and special), accounting advisory, and corporate recovery and Insolvency experience having worked in Ghana, Nigeria and South Africa. He serves as audit engagement partner for a number of clients including leading industry players in the Consumer and Industrial Markets (CIM) as well as the Technology, Media and Telecommunications (TMT) services lines of business. He previously served as engagement partner for financial services clients including major Ghanaian and Nigerian banks.

Anthony is a member of the Institute of Chartered Accountants, Ghana and Nigeria. He holds a Bachelor of Science in Administration degree from the University of Ghana and a Post-Graduate Degree in Business Administration from the University of Manchester, UK.

(c) ***Frederick Dennis*** *(Partner)*

Mr. Dennis is an audit partner with responsibility for overseeing audits in the Financial Services and Consumer Markets sector in Ghana, with the banking sector being his specialty.

His role includes directing and setting the strategy for audits, reviewing of work done and reports, as well as representing the firm during discussions with clients and presentation of our reports.

Frederick has 16 years of audit and assurance experience and has served a range of multinational and local companies across various industries within and outside Ghana. He has also supervised the performance of some financial due diligence reviews. Frederick has experience in IFRS conversion and has been involved in risk management.

He is a KPMG accredited trainer and has provided internal and external training in addition to his audit responsibilities.

Frederick is a fellow of the ACCA and a member of the ICAG. He also holds a Bachelor of Science in Administration from the University of Ghana, Legon.

12.5 CORPORATE GOVERNANCE

The Issuer is committed to the principles of good corporate governance and their implementation. The Issuer believes that full disclosure and transparency in its operations are in the interest of good governance. The Issuer adopts standard accounting practices and implements sound internal controls to ensure the reliability of the financial statements.

12.6 INTERNAL CONTROL SYSTEMS

The Administrator is responsible for putting in place such internal controls as they determine are necessary to ensure:

- efficiency and effectiveness of operations;

- safeguarding of the Issuer's assets (including information);
- compliance with applicable laws, regulations and supervisory requirements; and
- reliability of reporting/behaving responsibly towards all stakeholders.

The Administrator has established an internal control system for identifying, managing and monitoring risks including controls related to financial, operational and reputational risks. These are designed to provide reasonable assurance that risks faced by the Issuer are reasonably controlled.

The Administrator annually reviews the effectiveness of internal controls, including a review of financial, operational, compliance and risk management controls. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

The systems of internal control are implemented and monitored by appropriately trained personnel, with clearly defined duties and reporting lines.

12.7 RISK MANAGEMENT STRUCTURE

The Administrator has established a risk management framework for the Issuer and is responsible for monitoring compliance with the Issuer's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Issuer.

The Administrator gains assurance in relation to the effectiveness of internal control and risk management from summary information in relation to the management of identified risks and a detailed review of the effectiveness of management of selected key risks. This ensures that the Administrator understands the Issuer's key risks and risk management capability, sets standards on governance and compliance and provides assurance over the quality of the Issuer's internal control and management of key risks.

The Issuer's risk management policies are established to identify and analyse the risks faced by the Issuer, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the Issuer's environment.

This Administrator assists the Issuer Board in fulfilling its oversight responsibility relating to establishing policies, standards and guidelines for risk management and compliance with legal and regulatory requirements in the Issuer.

12.8 CODE OF BUSINESS ETHICS

The Administrator has a code of conduct which provides ethical guidelines to employees in the discharge of their duties (**Code of Conduct**). The Code of Conduct specifies the expected behavior of the Administrator's staff. It requires that each employee reads the Code of Conduct and sign a confirmation that they have read and understood the documents upon employment. In addition, there is a re-affirmation process that requires each employee to confirm an understanding of and compliance with the Code of Conduct, at least, once in each year. The Administrator has risk management policies and procedures that provides guidelines for addressing violations/breaches and ensuring enforcement of discipline with respect to staff conduct. It also has a disciplinary guide which provides sample offences/violations and prescribes disciplinary measures to be adopted in various cases.

12.9 RELATED PARTY TRANSACTIONS

As at the date of the Prospectus, the Issuer has no related party transactions.

12.10 SUBSIDIARIES AND AFFILIATE COMPANIES

As at the date of the Prospectus, the Issuer has no subsidiary or affiliate.

12.11 INDEBTEDNESS OF THE ISSUER

As at the date of the Prospectus, the Issuer has no existing indebtedness except for the Energy Sector Debt novated to it by the Debtors. The details of the Energy Sector Debt are under Appendix H (*Energy Sector Debt*) and in each Novation Agreement.

12.12 EMPLOYEES

As at the date of this Prospectus, the Issuer has no employees.

12.13 IMMOVABLE PROPERTY

As at the date of this Prospectus, the Issuer has no immovable property.

12.14 INSURANCE

As at the date of this Prospectus, the Issuer holds no insurance policy.

13 SUMMARY OF FINANCIAL MODEL, REPORTS AND FORECASTS

13.1 REPORTING ACCOUNTANT'S REPORT ON HISTORICAL REVENUE FLOWS UNDER THE ESLA

The report of the Reporting Accountant on the historical revenue flows under the ESLA for the period beginning January 1, 2016 and ending August 31, 2017 is attached under Appendix A (*Financial Model, Reports and Forecasts*). Copies of this can be obtained from the registered offices of the Administrator and/or the Bond Trustee during normal business hours of any Business Day.

13.2 REPORTING ACCOUNTANT'S REPORT ON PROJECTED REVENUE FLOWS UNDER THE ESLA

The report of the Reporting Accountant on the projected revenue flows under the ESLA for the period ending December 31, 2017 to December 31, 2027 is attached under Appendix A (*Financial Model, Reports and Forecasts*). Copies of this can be obtained from the registered offices of the Administrator and/or the Bond Trustee during normal business hours of any Business Day.

Fuel Consumption Revenue Projection (2017 to 2017)

Projection on the fuel consumption (Volumes): 2017 to 2027

The volumes as presented below is a reflection of petroleum production forecasted for the years ended 31 December 2017 to 2027 as provided by the NPA. This is derived from a base year (2016) which are the actual volumes consumed for the calendar year 2016. The 2017 volumes are based on a mean average of 2012 – 2016 actual consumption.

Products	2016 (A)	2017 (E)	2018 (E)	2019 (E)	2020 (E)	2021 (E)	2022 (E)	2023 (E)	2024 (E)	2025 (E)	2026 (E)	2027 (E)
Fuel oil (ltr)	13,008,000	13,103,548	13,199,797	13,296,754	13,394,423	13,492,809	13,591,918	13,691,755	13,792,325	13,893,634	13,995,687	14,098,489
Premium (ltr)	1,435,132,052	1,486,526,275	1,539,761,001	1,594,902,143	1,652,017,971	1,711,179,203	1,772,459,086	1,835,933,494	1,901,681,015	1,969,783,053	2,040,323,927	2,113,390,975
Gas oil (ltr)	1,715,789,350	1,749,545,692	1,783,966,153	1,819,063,801	1,854,851,959	1,891,344,210	1,928,554,408	1,966,496,677	2,005,185,420	2,044,635,323	2,084,861,361	2,125,878,805
Gasoil Mines(ltr)	258,641,600	265,051,009	271,619,251	278,350,260	285,248,070	292,316,816	299,560,732	306,984,161	314,591,549	322,387,457	330,376,556	338,563,632
Gasoil Rig (ltr)	74,172,012	75,655,452	77,168,561	78,711,933	80,286,171	81,891,895	83,529,732	85,200,327	86,904,334	88,642,420	90,415,269	92,223,574
MGO Local (ltr)	40,114,016	40,957,785	41,819,302	42,698,941	43,597,082	44,514,115	45,450,437	46,406,454	47,382,580	48,379,238	49,396,860	50,435,887
LPG (kg)	281,474,479	286,541,020	291,698,758	296,949,336	302,294,424	307,735,723	313,274,966	318,913,916	324,654,366	330,498,145	336,447,111	342,503,159

The unit of measure is kilogrammes for LPG but litres for all other products

13.3 UNDERLYING ASSUMPTIONS FOR THE PROJECTIONS

The following are the assumptions underlying the projections in the report of the Reporting Accountant on the projected revenue flows under the ESLA:

13.3.1 Projected Volumes

Simple exponential smoothing method was used to forecast petroleum products consumption for 2017 and beyond. The 2017 projection was based on actual volumes of petroleum products from 2012 to 2016. To arrive at the projected volume for 2017, an estimate of the mean value of petroleum products from 2012 to 2016 was used and a smoothing constant of 0.1 was applied. Beyond 2017, consumption growth rates applied per product (as indicated below) were consistently applied throughout the projection period.

The following are the respective assumptions for the individual products:

(a) Gas oil and Gasoline

Consumption of gasoil and gasoline was projected to increase by 2% and 4% respectively. This was based on 2017 projected GDP growth of 4% (BMI Research, 2016).

(b) LPG

LPG is projected to grow by 2% in 2017. The projection was based on the following assumptions:

- increase in demand for LPG by commercial vehicles; and
- industries are expected to increase their demand for LPG. Currently, the total industrial consumption of LPG is 1.2% of the total LPG consumption.

(c) Automotive Gas Oil (AGO)

AGO to the mines was projected to grow by 3% in 2017 compared to the 2016 projection of 1% due to anticipated increase in price of gold at the international market.

(d) Residual Fuel Oil (RFO)

RFO was projected to decrease by 1% in 2017. This was based on the assumption that the past trend of consumption has been declining due to increasing use of LGP by the industries.

(e) Marine Gas Oil (MGO)

MGO is projected to increase by 2% in 2017. Significant increase in MGO local is not expected to increase significantly because even though it is used for fishing, it is not a very popular fuel for fishing. No change is also expected in the number of leisure boats use in the country.

13.3.2 Charges Applied Per Petroleum Volumes Consumed

The charge per petroleum volumes consumed was in accordance with the first schedule of the ESLA as indicated below:

EDR Levy per Petroleum Volumes

Petroleum product	Rate per levy
Fuel oil (GHS/ltr)	0.04
Premium (GHS/ltr)	0.41
Gas oil (GHS/ltr)	0.41
Gasoil Mines (GHS/ltr)	0.41
Gasoil Rig (GHS/ltr)	0.41
MGO Local (GHS/ltr)	0.03
LPG (GHS/kg)	0.37

Source: the Energy Sector Levies Act (Act 899)

13.3.3 Key Assumptions

The key factors assumed for the projected period is as shown below:

Assumptions	Rates
Percentage of Realisable EDRL Flows	90.00%
Average Cost of Debt	19.30%
WHT Rate for Gross-Up	8.00%
Annual Expense Reserve	0.50%
Minimum DSCR	1.25x

13.4 FINANCIAL MODEL FOR THE ISSUER

13.4.1 Overview

The financial model is based on a number of assumptions, including, without limitation, with respect to macroeconomic factors such as but not limited to (i) levels of economic activity within Ghana, (ii) general disposable income within the populace in Ghana, (iii) trends of rate of exchange of the GHS against major currencies like USD and Euro, (iv) actual economic growth and economic growth prospects, and (v) inflation and expectations of direction of prices of goods and commodities within and outside Ghana (including prices of refined petroleum products in the global markets), as well as (vi) taxation, (vii) legal proceedings or material disputes, (viii) the Issuer's costs and expenses, (ix) inflation and (x) interest rates.

Neither the financial model nor any information derived from the financial model and included in this Prospectus constitutes projections, cash collection forecasts or predictions of future results. The financial model simply illustrates hypothetical results that are mathematically derived from specified assumptions. The financial model developed by the Issuer as a financial forecasting and evaluation tool and not as an operational model. Consequently, the financial model does not allow comparisons of actual results against forecasts and does not include an ongoing budget comparison. See "*Forward-Looking Statements*" at page 5 of this Prospectus.

Information derived from the financial model and included in this Prospectus should not be regarded as a representation by the Issuer or any other relevant person that the hypothetical results set forth in the financial model will actually be achieved. Actual EDR Levy performance, capacity, availability, tranche sizes, interest rates and redemption profiles will differ from those used in the financial model. Accordingly, the actual performance and cash flows of the EDR Levy and, consequently, the Issuer, for any given future period will differ significantly from those set forth in the financial model and summarised herein. Prospective purchasers are cautioned not to place undue reliance on any information derived from the financial model and should make their own independent assessment of our future results of operations, cash flows and financial condition of the Issuer. See Section 6 (*Risks*).

EY has neither examined, compiled nor performed any procedures with respect to the prospective financial information contained herein, including the information derived from the financial model, and accordingly, EY does not express an opinion or any other form of assurance on such or the achievability of the financial model. EY assumes no responsibility for, and denies any association with, any prospective financial information and any other information derived therefrom included elsewhere in this Prospectus.

The financial model is attached under Appendix A (*Financial Model, Reports and Forecasts*).

13.4.2 Summary of Significant Base Case Assumptions from the Financial Model

All figures in this section are presented on an annual basis of the time period, as specified. The financial model has been prepared in GHS. The financial model is based on a number of assumptions, including, without limitation, with respect to (i) macroeconomic factors, (ii) EDR Levy collections, (iii) payments with respect to estimated indebtedness, (iv) net distributions from the Capped Cash Commitments, (v) no taxation apart from withholding tax on interest payments to Bondholders, (vi) no legal proceedings or material disputes, (vii) capped annual costs and expenses, (viii) growth rate on EDR Levy collections (ix) Interest Rates, and (x) no other cash flows securing the obligations under the Bonds.

14 CONDITIONS

The following are the Conditions of the Bonds to be issued by the Issuer under the Programme. The Applicable Pricing Supplement in relation to any Series or Tranche may specify other terms and conditions, which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the following Conditions for the purpose of such Series or Tranche. The Conditions, as replaced or modified by the Applicable Pricing Supplement, will be incorporated by reference in each Bond.

The Bonds are issued subject to the Trust Deed. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed.

Copies of the Trust Deed are available for inspection by the Bondholders, upon request, at the registered offices of the Bond Trustee (being at the date hereof, Ridge Tower, West Ridge, Accra, Ghana) and for so long as any Bonds remain outstanding.

1. AUTHORISATION, ISSUE AND SUBSCRIPTION

1.1 Authorisation

1.1.1 The Bonds are issued by the Issuer in accordance with, and subject to, these Conditions, which were approved by resolutions of the Issuer Board passed on September 29, 2017 and the sole shareholder of the Issuer passed on September 29, 2017.

1.1.2 A total Principal Amount of GHS 10,000,000,000 is authorised for issue under this Programme. The Principal Amount of each Bond issued by the Directors shall be as recorded in the Applicable Pricing Supplement.

1.2 Issue and Subscription

1.2.1 The Issuer may issue Bonds to such applicants and on such dates as the Issuer deems fit. The Issuer reserves the right, in its sole discretion, to refuse any application in whole or in part, or to accept some applications for the Bonds in full and others in part, or to refuse all applications for the Bonds on any basis determined by it.

1.2.2 Each Bond shall be held subject to the Conditions, which Conditions shall be binding on the Issuer and each Bondholder.

1.2.3 The Bondholders are (by virtue of their subscription for, or purchase of, the Bonds) deemed to have notice of, entitled to the benefit of, and are subject to, all the provisions of the Trust Deed.

2. FORM, DENOMINATION, TITLE AND TRANSFER

2.1 Form of Bonds

2.1.1 The Bonds are in dematerialised form and will be electronically maintained on the CSD with an identifying number that will be recorded in the Register.

2.1.2 All Bondholders will be required to open and maintain CSD accounts, which will be credited with the Bonds upon issue.

2.2 Denomination of Bonds

Bonds shall be issued in the Currency specified in the Applicable Pricing Supplement.

2.3 **Title to the Bonds**

2.3.1 Title to the Bonds shall pass by registration in the Register, unless Applicable Laws provide otherwise or provide for additional formalities for transfer of title. In so far as Applicable Law requires notification to the debtor for a valid transfer of title to the Bonds, the registration of the transfer in the Register shall constitute evidence of this notification. Except as ordered by a court of competent jurisdiction or as required by law, the Bondholder, as reflected in the Register, shall be deemed to be and may be treated as the absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the Bondholder.

2.3.2 The CSD shall maintain a record of Bondholders' respective electronic book entries in the Register showing the particulars of Bondholders and their respective holdings.

2.3.3 The Issuer, Bond Trustee, and CSD shall recognise a Bondholder as the sole and absolute owner of the Bonds registered in that Bondholder's name in the Register (notwithstanding any notice of change of ownership or writing thereon or notice of any previous loss or theft thereof) and the Bond Trustee shall not be bound to request in writing the CSD to enter any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which the Bonds may be subject.

2.4 **Transfer of Bonds**

2.4.1 Transfer is done electronically on the CSD.

2.4.2 The Register shall contain the name, address and bank account details of the Bondholders. The Register shall set out the Principal Amount of the Bonds issued to any Bondholder and shall show the date of such issue, the date upon which the Bondholder became registered as such and the unique serial numbers of all securities as pertains in the CSD system.

2.4.3 The CSD shall make information on Bondholders contained in the Register available to any Bondholder or any person authorised in writing by the Bondholder as they may reasonably request. The CSD shall not record any transfer other than on Business Days or while the Register is closed.

2.4.4 The Register shall be closed during the Book Closure Period. Bondholders entitled to participate in a distribution of Interest, or a Redemption Amount shall be those registered as such on the Last Day to Register.

2.4.5 The CSD shall alter the Register in respect of any change of name, address or bank account number of any of the Bondholders of which it is notified in accordance with these Conditions.

2.4.6 In the case of an exercise of the Issuer's right to Redemption by Instalment or an Early Redemption, the CSD will change the holdings in the Register to reflect the redemption and the balance of the holding not redeemed.

2.4.7 Exchange and transfer of Bonds (and securities on registration, transfer, partial redemption or exercise of an option) shall be effected according to the rules of the CSD and subject to charges by the CSD and brokers.

2.4.8 No Bondholder may require the transfer of a Bond to be registered during a Book Closure Period, after any such Bond has been called for Redemption, or (in the case of a Redemption by Instalment) during the period beginning on the 10th Business Day before the Instalment Date of and ending on the Instalment Date (both inclusive).

3. STATUS

The Senior Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall rank *pari passu* among themselves and (save for certain obligations required to be preferred by Applicable Law) equally with all other present and future unsecured and unsubordinated obligations of the Issuer, from time to time, outstanding.

4. NEGATIVE PLEDGE

So long as any Bond remains outstanding, the Issuer shall not create, incur, assume or permit to arise or subsist any Encumbrance upon the whole or any part of its undertakings, assets or revenues, present or future, to secure any Financial Indebtedness unless (at the same time or prior thereto) the Issuer's obligations under the Bonds:

(a) are secured equally and rateably therewith, to the satisfaction of the Bond Trustee; or

(b) have the benefit of such other arrangement as shall be approved by a Special Resolution (as defined in the Trust Deed) of the affected Bondholders.

5. INTEREST

5.1 Interest on Fixed Rate Bonds

5.1.1 Each Fixed Rate Bond bears Interest on its outstanding Principal Amount from the Interest Commencement Date at the rate *per annum* (expressed as a percentage) equal to the Interest Rate, such Interest being payable in arrears on each Interest Payment Date up to the Maturity Date or Redemption Date.

5.1.2 If a Fixed Coupon Amount or a Broken Amount is specified in an Applicable Pricing Supplement, the amount of Interest payable on each Interest Payment Date in respect of the Fixed Interest Period will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and, in the case of the Broken Amount, will be payable on the particular Interest Payment Date(s) specified hereon.

5.2 Interest on Floating Rate Bonds

5.2.1 *Interest Payment Dates*

Each Floating Rate Bond bears Interest on its outstanding Principal Amount from the Interest Commencement Date at the rate *per annum* (expressed as a percentage) equal to the Interest Rate, such Interest being payable in arrears on zeach Interest Payment Date up to the Maturity Date or Redemption Date.

5.2.2 *Business Day Convention*

5.2.2.1 If any date referred to in these Conditions would otherwise fall on a day that is not a Business Day then such date is subject to adjustment by:

(a) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;

(b) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day;

(c) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or

(d) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

5.2.3 *Interest Rate for Floating Rate Bonds*

5.2.3.1 The Interest Rate payable, from time to time, in respect of the Floating Rate Bonds shall be determined in the manner specified in the Applicable Pricing Supplement.

5.2.3.2 The Interest Rate for each Interest Period shall be either

(a) the offered quotation; or

(b) the arithmetic mean (rounded if necessary to the second decimal place, with 0.002 being rounded upwards) of the offered quotation,

(expressed as a percentage rate *per annum*) for the Reference Rate (as specified in the Applicable Pricing Supplement), in the case of Government of Ghana treasury bill rate on the relevant Interest Determination Date (as specified in the Applicable Pricing Supplement) plus or minus the margin (if any), all as determined by the Calculation Agent.

5.3 **Accrual of Interest**

Interest shall cease to accrue on each Bond on the Redemption Date, unless payment of the Principal Amount is improperly withheld or refused, in which event, Interest shall continue to accrue (before as well as after judgment) at the Interest Rate in the manner provided in this Condition 5 to the date of actual payment.

5.4 **Minimum Interest Rate and/or Maximum Interest Rate**

5.4.1 If the Applicable Pricing Supplement specifies a Minimum Interest Rate for any Interest Period, then, in the event that the Interest Rate in respect of such Interest Period (determined in accordance with this Condition 5) is less than such Minimum Interest Rate, the Interest Rate for such Interest Period shall be such Minimum Interest Rate.

5.4.2 If the Applicable Pricing Supplement specifies a Maximum Interest Rate for any Interest Period, then, in the event that the Interest Rate in respect of such Interest Period (determined in accordance with this Condition 5) is greater than such Maximum Interest Rate, the Interest Rate for such Interest Period shall be such Maximum Interest Rate.

5.5 **Calculation of Interest**

5.5.1 The Interest payable in respect of any Bond for any Interest Period shall be calculated by multiplying the Interest Rate and the outstanding Principal Amount by the applicable Day Count Fraction, unless the amount of Interest (or a formula for its calculation) is specified in the Applicable Pricing Supplement in respect of such Interest Period (the **Applicable Pricing Supplement Interest Amount**), in which case the Interest payable in respect of such Bond for such Interest Period shall equal the Applicable Pricing Supplement Interest Amount. Where any Interest Period comprises 2 or more Interest Periods, the amount of Interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Periods.

5.5.2 **"Day Count Fraction**" in this Condition 5 means:

(a) if "Actual/365" or "Actual/Actual" is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(b) if "Actual/365 (Fixed)" is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

(c) if "Actual/364" is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period divided by 364;

(d) if "Actual/360" is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360; and

(e) if "30/360", "360/360" or " Basis" is specified in the Applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12, 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)).

5.5.3 For the purposes of any calculations of Interest required pursuant to these Conditions (unless otherwise specified):

(a) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up);

(b) all Interest and Interest Rate figures shall be rounded to 2 decimal places (with halves being rounded up); and

(c) any Currency amount that falls due and payable shall be rounded to the nearest unit of the Currency (with halves being rounded up). For these purposes **unit** means the lowest amount of the Currency.

5.6 Determination and Notification of Interest Rate, Interest and Redemption Amount

5.6.1 *Determination of Interest or Redemption Amount*

5.6.1.1 The Calculation Agent shall (as soon as practicable after the Relevant Time or as it may be required to) determine any Interest Rate, obtain any quotation, or calculate any Interest or Redemption Amount or other amount (as the case may be) for review by the Bond Trustee.

5.6.1.2 The Calculation Agent shall (as soon as practicable on the first day of the Book Closure Period) determine any Interest Rate, obtain any quotation, or calculate any Interest or Redemption Amount or other amount (as the case may be) for review by the Bond Trustee.

5.6.2 *Notification of Interest*

5.6.2.1 In relation to the determination under Condition 5.6.1.1, the Calculation Agent shall cause:

(a) the determination of such Interest Rate, obtaining of such quotation, or calculation of such Interest or Redemption Amount or other amount (as the case may be) and the relevant Interest Payment Date, to be notified to the Issuer and the Bond Trustee; and

(b) the Interest Rate and the relevant Interest Payment Date to be notified to the Bondholders, no later than the 4th Business Day after such determination or calculation.

5.6.2.2 In relation to the determination under Condition 5.6.1.2, the Calculation Agent shall cause the determination of such Interest Rate, obtaining of such quotation, or calculation of such Interest or Redemption Amount or other amount (as the case may be) and the relevant Interest Payment Date, to be notified to the Issuer, the Bond Trustee and the Bondholders, no later than the 4th Business Day after such determination or calculation.

5.6.2.3 Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5.2.2 (*Business Day Convention*), the Interest and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

5.6.3 *Finality of Determination*

The determination of any rate or amount, the obtaining of any quotation and the making of each determination or calculation by the Calculation Agent in accordance with these Conditions shall (in the absence of manifest error) be final and binding upon all parties.

6. REDEMPTION, PURCHASE AND CANCELLATION

6.1 Redemption by Instalments

Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Bond which provides for Instalment Dates and Instalment Amounts shall be partially redeemed by instalments on each Instalment Date at the relevant Instalment Amount specified in the Applicable Pricing Supplement. The outstanding nominal amount of each such Bond shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Bond, such proportion) for all purposes with effect from the relevant Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the date on which full payment of such Instalment Amount is made.

6.2 **Final Redemption**

Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Bond shall be finally redeemed on the Maturity Date or Redemption Date specified thereon at its Final Redemption Amount.

6.3 **Early Redemption**

The Early Redemption Amount payable in respect of any Bond shall be the Final Redemption Amount unless otherwise specified in the Applicable Pricing Supplement.

6.4 **Optional Redemption**

6.4.1 Bonds (which have a Call Option as indicated under an Applicable Pricing Supplement) may be redeemed at the option of the Issuer in whole (but not in part) at any time, on giving not less than 30 Business Days' but no more than 60 Business Days' notice to the Bondholders (which notice shall be irrevocable), at the Principal Amount, together with Interest accrued to the Redemption Date.

6.4.2 Upon expiry of any such notice as referred to in this Condition 6.4, the Issuer shall be bound to redeem the Bonds in accordance with this Condition 6.4.

6.4.3 All Bonds in respect of which an Exercise Notice is served shall be redeemed, on the date specified in such notice in accordance with this Condition 6.

6.4.4 In the case of a partial redemption pursuant to a Call Option, the notice to Bondholders shall also contain the applicable Bonds to be redeemed. In the case of a partial redemption, each Bond in a Series or a Tranche shall be redeemed in the same percentage of its Principal Amount outstanding. In the case of partial redemption of all Bonds, each Series or Tranche shall be redeemed in that percentage of the funds available for payment in redemption as the aggregate Principal Amount outstanding in that Series or Tranche bears to the aggregate Principal Amount of all Bonds outstanding and each Bond in the Series or Tranche shall be redeemed in the same percentage of Principal Amount outstanding, subject to compliance with any Applicable Laws.

6.4.5 The Issuer may at any time purchase or procure others to purchase for its account the Bonds at any price in the open market or by tender or by private treaty. Bonds so purchased may be held or resold or surrendered for cancellation, at the option of the Issuer. Any Bonds so purchased, while held by or on behalf of the Issuer or any Affiliates, shall not entitle the Bondholder to vote at any Meeting and shall not be deemed to be outstanding for the purposes of calculating quorums at Meetings.

6.4.6 Bonds purchased by or on behalf of the Issuer, or any Affiliates may be cancelled and if so, together with all Bonds redeemed by the Issuer, may not be reissued or resold and the obligations of the Issuer in respect of any cancelled Bonds shall be discharged. Bonds that have been cancelled shall be notified to the CSD.

6.4.7 Notwithstanding any provision in this Condition 6, the Issuer shall not redeem any of the Bonds within 12 months of the relevant Issue Date.

7. PAYMENTS

7.1 **General**

Payments of Interest, Principal Amounts, Redemption Amounts or Instalment Amounts shall be made by the DSRA Bank *via* electronic funds transfer to the account designated for the purpose by the Paying Bank (the **Trust Account**) by 9:00 am from the 90th calendar day before the Redemption Date, Instalment Date or Interest Payment Date. Such payment into the Trust Account by the Issuer shall be a valid discharge by the

Issuer of its obligation to pay the Interest, Instalment Amount, the Principal Amount or the Redemption Amount on Redemption (as the case may be), *provided that* if any such payment is made after the relevant payment date, payment shall be deemed not to have been made by the Issuer until the full sum is paid to the Bondholders.

7.2 **Payment Upon Redemption**

Interest and Principal Amounts or Instalment Amounts due on Redemption shall only be payable:

7.2.1 in respect of Interest, to Bondholders registered as such on the Last Day to Register immediately preceding the Interest Payment Date in question;

7.2.2 in respect of Instalment Amounts, to Bondholders registered as such on the Last Day to Register immediately preceding the Instalment Date in question; and

7.2.3 in respect of an Early Redemption Amount or a Final Redemption Amount, to Bondholders registered as such on the Last Day to Register prior to the relevant Redemption Date.

7.3 **Methods of Payment**

7.3.1 Payments of Principal Amount, Instalment Amount, Interest or Redemption Amount in respect of the Bonds shall be made in GHS when due and the amounts credited *via* bank transfer to Bondholders.

7.3.2 Payment instructions (for value on the due date or, Business Day Convention per the Applicable Pricing Supplement) will be initiated (i) on the due date for payment, and (ii) on the due date for payment (in the case of Interest due other than on Redemption).

7.3.3 All payments of, and in respect of, the Bonds are subject, in all cases, to any Applicable Laws, but without prejudice to the provisions of Condition 8 (*Taxation*).

7.3.4 No commissions or expenses shall be charged to the Bondholders in respect of such payments.

7.4 **Partial Payments**

If at any time a partial payment of Principal Amount, Interest or Instalment Amount is made in respect of any Bond, the CSD shall endorse the Register with a statement indicating the amount and date of such payment.

7.5 **Default Interest**

In any case where payment of the whole or any part of any due Interest, Principal Amount, Instalment Amount or Redemption Amount is not paid for more than 15 Business Days from the relevant payment date, interest shall accrue on the whole or such part of the unpaid Interest, Principal Amount, Instalment Amount or Redemption Amount from the date of such non-payment at a default rate of 2% above the Interest Rate until the date on which such sum due is paid to the Bondholders.

7.6 **Unclaimed Payments**

The Issuer shall submit a report of any unclaimed payments of Principal Amounts, Instalment Amount and Interest to the SEC on an annual basis.

8. TAXATION

8.1 All payments of Interest made by the Issuer to the Bondholders in respect of the Bonds will be subject to withholding tax under the Income Tax Act except where the Bondholder is exempt under Applicable Laws.

8.2 The Issuer shall not be required to gross up any interest payments on account of any reduction resulting from withholding tax except for payments to non-resident Bondholders. In the event that there is any withholding or deduction on payments to non-resident Bondholders for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Ghana, the Issuer shall pay such additional amounts as will result in receipt by such non-resident Bondholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required.

8.3 For the purpose of Condition 8.2, a person is not a "non-resident Bondholder" in respect of any year of assessment if:

(a) in the case of a company, (i) it is incorporated, registered or established in Ghana, or (ii) its management and control are exercised in Ghana at any time during the year of assessment;

(b) in the case of an individual, he/she is (i) a citizen of Ghana (excluding a citizen who has a permanent home outside of Ghana and lives in that home for the whole of that year of assessment), (ii) present in Ghana during the year of assessment for an aggregate period of 183 calendar days or more in any 12-month period that commences or ends during that year, (iii) a citizen of Ghana who is temporarily absent from Ghana for a period of not more than 365 continuous calendar days where that citizen has a permanent home in Ghana, or (iv) an employee or an official of the Government of Ghana posted abroad during that year;

(c) in the case of a partnership, any of its partners resided in Ghana at any time during the year of assessment; or

(d) in the case of a trust, (i) the trust is established in Ghana, (ii) a trustee of the trust is resident in Ghana at any time during the year of assessment, or (iii) a person who is resident in Ghana (either alone or jointly with others or directly or indirectly) directs or may direct senior managerial decisions of the trust at any time during the year of assessment.

9. PRESCRIPTION

Claims against the Issuer for payment of Principal Amount, Interest or Instalment Amount in respect of the Bonds, shall become void unless presented for payment within 6 years from the date on which such payment first becomes due.

10. MEETINGS OF BONDHOLDERS, MODIFICATION & WAIVERS, INFORMATION AND SUBSTITUTION

10.1 Meetings of Bondholders

10.1.1 The Trust Deed contains provisions for convening Meetings to consider any matter affecting their interests, including the modification of these Conditions and the Trust Deed. Those provisions have been summarised under this Condition 10.1.

10.1.2 The Issuer or the Bond Trustee may convene a Meeting at any time in respect of a Series Bonds or all Bonds. The Issuer or the Bond Trustee will determine the date, time and place for such Meetings. The Issuer or the Bond Trustee shall convene a Meeting if so requested in writing by the Series Bondholders or Bondholders holding not less than 10% in aggregate of the total Principal Amount of the relevant Series Bonds or all Bonds (as applicable) then outstanding (**Requisition Notice**). A Requisition Notice shall state the purpose of the Meeting and shall be served on the Issuer and the Bond Trustee in accordance with Condition 11 (*Notices*). If the Issuer does not proceed to call a Meeting within 30 calendar days of the service of the Requisition Notice, the requisitionists may instruct the Bond Trustee to convene the Meeting, but the Meeting so convened shall be held within 60 calendar days from the date of service of the Requisition Notice and shall be convened as nearly as possible in the same manner as that in which Meetings may be convened by the Issuer. Notice of the Meeting shall be given to the Issuer.

10.1.3 The Issuer or the Bond Trustee shall give, to the Issuer or the Bond Trustee and the Bondholders (or their agents), at least, 21 calendar days' written notice (specifying the place, day and time of the Meeting and the purpose of the Meeting). The notice period may be shortened if the Series Bondholders or Bondholders (as applicable) (of, at least, 75% of the outstanding aggregate of the total Principal Amount of the relevant Series Bonds or all Bonds (as applicable)) agree in writing to a shorter period. The notice (to be given in accordance with Condition 11 (*Notices*)) shall set out the full text of any resolutions to be proposed unless the Bond Trustee agrees that the notice shall instead specify the nature of the resolutions without including the full text. The accidental omission to give such notice to the Issuer or the Bond Trustee or any Bondholder (or their agents) or the non-receipt of any such notice, shall not invalidate the proceedings at a Meeting.

10.1.4 No business shall be transacted at a Meeting unless a quorum is present at the time when the Meeting proceeds to business. The quorum for any Special Resolution shall consist of the relevant Series Bondholders or all Bondholders (either present in person or by proxy) holding in the aggregate not less than 75% of the outstanding aggregate of the total Principal Amount of the relevant Series Bonds or all Bonds (as applicable). The quorum for any Ordinary Resolution shall consist of the relevant Series Bondholders or all Bondholders (either present in person or by proxy) holding in the aggregate not less than 33.3% of the outstanding aggregate of the total Principal Amount of the relevant Series Bonds or all Bonds (as applicable).

10.1.5 The chairman of a Meeting shall be appointed by the Bond Trustee. An individual (who may, but need not, be a Bondholder) nominated in writing by the Bond Trustee may take the chair at any Meeting but, if no such nomination is made or if the individual nominated is not present within 15 minutes after the time fixed for the Meeting, those present shall elect one of themselves to take the chair failing which, the Bond Trustee may appoint a chairman.

10.1.6 The chairman of a Meeting may (with the consent and direction of the Issuer and the Bond Trustee) adjourn a Meeting. The Bond Trustee or the Issuer shall give, at least, 14 calendar days' written notice of the place, day and time of an adjourned Meeting to the Issuer or the Bond Trustee and each relevant Bondholder (or their agent). The notice shall state that the relevant Bondholders (present in person or by proxy at the adjourned Meeting) will constitute a quorum.

10.1.7 Any resolution put to the vote at a Meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands) a poll is demanded by the chairman of the Meeting, the Bond Trustee, the Issuer or by any Bondholder (present in person or by proxy). A poll demanded on the election of a chairman or on the question of the adjournment of a

Meeting shall be taken immediately. A poll demanded on any other question shall be taken at such time as the chairman directs and the result of such poll shall be deemed to be the resolution of the Meeting. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall not be entitled to a casting vote in addition to the vote, if any, to which he is entitled.

10.1.8 On a show of hands each Bondholder (present in person or by proxy) shall have one vote. On a poll, each Bondholder (present in person or by proxy) shall have one vote for each value of the minimum denomination (as stated in the Applicable Pricing Supplement) of the outstanding aggregate of the total Principal Amount of the relevant Series Bonds or all Bonds held by it. Any joint holders of Bonds shall have only one vote on a show of hands and one vote on a poll for each value of the minimum denomination (as stated in the Applicable Pricing Supplement) of the outstanding aggregate of the total Principal Amount of the relevant Series Bonds or all Bonds of which they are the registered holder and the vote may be exercised only by that holder present whose name appears first on the Register in the event that more than one of such joint holders is present in person or by proxy at the Meeting.

10.1.9 Bondholders may vote on a poll or on a show of hands either in person or through a proxy who is not required to be a Bondholder (appointed by a proxy form signed by the Bondholder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney of a duly authorised officer of the corporation). The proxy form shall be deposited at the registered office of the Issuer or at the office where the Register is kept or at such other office as the Issuer may determine not less than 24 hours before the time appointed for holding the Meeting or adjourned Meeting at which the person named in such proxy form proposes to vote, and in default, the proxy shall be invalid. No proxy form shall be valid after the expiration of 6 months from the date named in it as the date of its execution.

10.1.10 Subject to the Conditions and the provisions of the Trust Deed, the relevant Series Bondholders or all Bondholders shall have power (exercisable by Special Resolution) to, among others:

(a) amend the Maturity Dates or Redemption of any of the Bonds, any Interest Payment Date or Instalment Date on the Bonds;

(b) reduce or cancel the Instalment Amount or the Principal Amount of, or any premium payable on Redemption of, the Bonds;

(c) reduce the Interest Rate/s in respect of the Bonds or to vary the method or basis of calculating the amount of Interest, Interest Rate/s or the basis for calculating any Interest in respect of the Bonds;

(d) reduce any Minimum Interest Rate and/or Maximum Interest Rate;

(e) amend any financial covenant set out in the Conditions or any Applicable Pricing Supplement;

(f) enforce any provision of the Bonds or call the Bonds;

(g) vary any method of, or basis for, calculating the Redemption Amount;

(h) vary the Currency or Currencies of payment of the Bonds;

(i) modify the provisions concerning the quorum required at any Meeting or any adjournment of such Meeting or the majority required to pass the Special Resolution;

(j) to remove the Bond Trustee and the appointment of a new trustee;

(k) to approve any proposal by the Issuer for any modification, abrogation, variation or compromise of any provisions of this Prospectus, the Conditions, the Trust Deed, the Agency Agreement, the Collection Accounts Agreement or any arrangement in respect of the obligations of the Issuer under or in respect of the Bonds; or

(l) to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of this Prospectus, the Conditions, the Bonds, the Trust Deed, the Agency Agreement or the Collection Accounts Agreement, or any act or omission which might otherwise constitute an Event of Default.

10.2 **Information to Bondholders**

In addition to any requirement under this Prospectus and the Trust Deed for the Issuer to provide the Bondholders with any information, the Bond Trustee shall publish the following in accordance with Condition 11 (*Notices*):

(a) any draw down on the Capped Cash Commitment;

(b) any draw down on the DFI Financing;

(c) the passing of any Special Resolution, Ordinary Resolution or Written Resolution; and

(d) the issuance of any Applicable Pricing Supplement.

10.3 **Modifications and Waivers**

10.3.1 The Bond Trustee may agree, without the consent of the Bondholders, to effect:

(a) any modification of any provision of the Trust Deed or the Bonds (including these Conditions) which is of a minor nature or is made to correct a manifest error in the opinion of the Bond Trustee, provided that such modification is not prejudicial to the interests of the Bondholders; and

(b) any other modification and any waiver or authorisation of any breach or proposed breach of any provision of these Conditions or the Trust Deed which are in the opinion of the Bond Trustee, not materially prejudicial to the interests of the Bondholders -provided that no such modification shall be permitted unless an opinion of legal counsel is delivered to the Bond Trustee to the effect that the Bondholders will be subject to Ghana tax on the same amount and in the same manner and at the same times as would have been the case if such modification had not occurred.

10.3.2 The Bond Trustee may take into account, among other things, any confirmation from the rating agencies that the then current ratings of the relevant Bonds would not be adversely affected in considering whether any such modification, waiver or authorisation would be materially prejudicial to the interests of the Bondholders.

10.3.3 Any such modification, waiver or authorisation may be given or made on such terms and subject to such conditions as the Bond Trustee may in its sole discretion determine and shall be binding on the Bondholders and, unless the Bond Trustee otherwise agrees, the Bond Trustee shall cause such modification to be notified to the Bondholders within 5 business days after modification, provided that the Bond Trustee shall not exercise any powers conferred upon it by this Condition 10 in contravention of any express direction by a Special

Resolution or a request in writing made by the Bondholders of not less than 10% in aggregate Principal Amount of the affected Bonds then outstanding (provided that no such direction or request shall affect any authorisation, waiver or determination previously given or made).

10.4 **Substitutions**

10.4.1 The Bond Trustee may, without the consent of the Bondholders, agree on such terms as it may specify to the substitution of the Issuer's successor in business where the substitution of the Issuer is as a result of a merger, an acquisition, or other form of business combination involving the Issuer.

10.4.2 Subject to obtaining the prior consent of the Bondholders, the Bond Trustee may agree on such terms as it may specify to the substitution of the Issuer where the Issuer is substituted with its Affiliate in its place as issuer under the Trust Deed and the Bonds.

11. NOTICES

11.1 **Notices to Bondholders**

Notices to Bondholders will be deemed to be validly given if:

11.1.1 sent by first-class mail (if overseas) to them (or, in the case of joint holders, to the first-named in the Register) at their respective addresses as recorded in the Register (and such notice shall be deemed to have been validly given on the 10th Business Day after the date of postage);

11.1.2 published in a newspaper of general circulation in Ghana and approved by the Bond Trustee (and such notice shall be deemed to have been validly given on the date of the publication);

11.1.3 published on the GFIM or any other stock exchange on which Bonds may be listed (and such notice shall be deemed to have been validly given on the date of the publication); or

11.1.4 published on an internationally recognised and accessed online medium and approved by the Bond Trustee (and such notice shall be deemed to have been validly given on the date of the publication).

11.2 **Notices to the Issuer**

Notices to the Issuer will be deemed to be validly given if delivered to the Administrator at its registered address and clearly marked on their exterior "*Urgent – Attention: The Engagement Partner*" (or at such other address and for such other attention as may have been notified to the holders in accordance with Condition 11.1). Such notices will be deemed to have been validly given at the opening of business on the next Business Day on which the Issuer's registered address is open for business.

11.3 **Notices to the Bond Trustee**

Notices to the Bond Trustee will be deemed to have been validly given if delivered to the registered office of the Bond Trustee and clearly marked on their exterior "*Urgent – Attention: The Director of Treasury*".

12. RESTRICTIONS ON INDEBTEDNESS

12.1 The Issuer may not, without the consent of the Bondholders (by way of a Special Resolution), incur or issue or become otherwise liable for any further Indebtedness for Borrowed Money (except for any DFI Financing and any further issue of Bonds the value of which, together with any outstanding Bonds, will not exceed the aggregate amount of GHS 6,000,000,000) unless, immediately prior to the date on which such additional

Indebtedness for Borrowed Money is incurred, the Issuer provides a certificate signed by 2 directors addressed to the Bond Trustee and to the relevant Arrangers in relation to such further Indebtedness for Borrowed Money that the Further Issue Conditions have been satisfied in full. Any such certificate must also include all information reasonably necessary to calculate the Debt Service Coverage Ratio and the projected Debt Service Coverage Ratio.

12.2 Any further Indebtedness for Borrowed Money in the form of debt securities may rank pari passu with the Bonds of an outstanding Series or Tranche in all respects (except for Interest, the first Interest Payment Date or the first Instalment Date and Issue Date) and so that such further issues shall be consolidated and form a single Series with such outstanding Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 12. Any such other securities shall be constituted by an addendum to the Trust Deed.

12.3 In this Condition 12, Further Issue Conditions shall mean that:

(a) no Event of Default has occurred and is continuing (or would result immediately or directly from the issue of any such further Indebtedness for Borrowed Money);

(b) the Debt Service Reserve Account is funded to the amount required so that the Debt Service Reserve Coverage Ratio will be met as at the next Interest Payment Date and/or Redemption Date; and

(c) (i) the then Debt Service Reserve Coverage Ratio is greater than or equal to 2.0x; (ii) the projected Debt Service Reserve Coverage Ratio for the 12 month period commencing on the date immediately following the next Interest Payment Date and/or Redemption Date is forecasted to be greater than or equal to 2.0x; and (iii) that the Issuer has no reason to believe that the Debt Service Coverage Ratio requirement will not be met for the balance of the scheduled term of the outstanding Bonds and the further Indebtedness for Borrowed Money.

13. ENFORCEMENT

13.1 At any time after the Bonds become due and payable, the Bond Trustee may (at its discretion and without further notice) institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Bonds, but it need not take any such proceedings unless:

(a) it shall have been so directed by a Special Resolution or so requested in writing by Bondholders holding, at least, 10% in Principal Amount of the Bonds outstanding; and

(b) it shall have been indemnified to its satisfaction.

13.2 No Bondholder may proceed directly against the Issuer unless the Bond Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13.3 During an enforcement period, no amount shall be drawn from the Collection Accounts and the Bond Proceeds Utilisation Account (and pursuant to clause 6.2 (*Instructions during Event of Default*) of the Collection Accounts Agreement), except to the extent that it is applied in accordance with the orders of priorities set out in Condition 13.4.

13.4 The Bond Trustee shall apply the amounts received or recovered upon enforcement as follows:

(a) *first*, towards the payment of all costs, expenses and liabilities incurred by the Bond Trustee (or its agent) in the enforcement process or in the performance of its duties under these Conditions or the Trust Deed;

(b) *second*, towards the payment of any secured debts of the Issuer at the time. If the amounts received by the Bond Trustee are not sufficient to pay such amounts in full, the Bond Trustee shall apply them *pro rata* on the basis of the amount due to the relevant secured creditor entitled to such payment;

(c) *third*, towards the payment of all outstanding amounts under the Senior Bonds and any unsubordinated debts of the Issuer at the time. If the amounts received by the Bond Trustee are not sufficient to pay such amounts in full, the Bond Trustee shall apply them *pro rata* on the basis of the amount due to each Bondholder and/or creditor entitled to such payment;

(d) *fourth*, towards payment to any person entitled thereto in priority to the Issuer (if any); and

(e) *fifth*, payment of the balance (if any) to the Issuer.

14. INDEMNIFICATION OF THE BOND TRUSTEE

14.1 The Trust Deed contains provisions for the indemnification of the Bond Trustee and for its relief from responsibility in certain circumstances. Subject to the fiduciary obligations of the Bond Trustee to the Bondholders, the Bond Trustee may enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit. The Bond Trustee is not responsible for the validity, sufficiency or enforceability of the Trust Deed or the Bonds, nor is the Bond Trustee obliged to take any action unless indemnified and/or secured to its satisfaction. The Bond Trustee is also entitled to be paid its costs and expenses in priority to the claims of the Bondholders.

14.2 In the exercise of its powers and discretion under these Conditions and the Trust Deed (including but not limited to those referred to in this Condition 14), the Bond Trustee will have regard to the interests of the Bondholders as a class and will not be responsible for any consequence of such exercise for individual Bondholders of Bonds as a result of such Bondholders being connected in any way with a particular territory or otherwise, and the Bond Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

15. GOVERNING LAW AND JURISDICTION

15.1 Governing Law

These Conditions, the Bonds and the Trust Deed (and any non-contractual obligations arising out of, or in connection with, these Conditions, the Bonds and the Trust Deed) are governed by, and shall be construed in accordance with, the laws of England.

15.2 Jurisdiction

The courts of England shall have non-exclusive jurisdiction to settle any disputes or proceedings which may arise in connection with these Conditions or the Bonds (the **Proceedings**) and any judgment or order of an English court of competent jurisdiction in connection with these Conditions or the Bonds is conclusive and binding on the Issuer and the Bond Trustee and may be enforced against the Issuer or the Bond Trustee in the courts of any other jurisdiction. This Condition 15.2 shall not limit the right of the Bond Trustee to bring Proceedings against the Issuer in any other court of competent jurisdiction or concurrently in more than one jurisdiction.

15.3 Service of Process

Without prejudice to any other mode of service allowed under any Applicable Law, the Issuer shall appoint a process agent for service of process in relation to any proceedings before the English courts in connection with the Bond Documents governed by the laws of England. The details of such agent shall be provided by the Issuer in an Applicable

Pricing Supplement. The Issuer agrees that failure by a process agent to notify it of a process will not invalidate the proceedings concerned. If any person appointed as process agent pursuant to this Condition 15.3 is unable for any reason so to act, the Issuer shall immediately (and in any event within 10 Business Days of the event taking place) appoint another agent on terms acceptable to the Bond Trustee. Failing this, the Bond Trustee may (at the expense of the Issuer) appoint another process agent for this purpose.

15.4 **Limited Recourse**

Notwithstanding anything to the contrary in these Conditions or in any other Bond Document, the Bondholders and the Bond Trustee (on behalf of itself and the other creditors of the Issuer under the Bond Documents) each acknowledge and agree that their recourse in respect of all amounts owing by the Issuer shall be limited to the assets of the Issuer (which primarily comprise cash standing to the credit of the Collection Accounts and the Issuer's rights under the Bond Documents) and they shall not be able to bring a claim for payment of such amounts against the Sponsor (except in relation to a Sponsor Event of Default), the Dealers or any other person.

15.5 **Non-Petition**

No person (or a person acting on its behalf) shall be entitled, at any time, to institute against the Issuer (or join in any institution against the Issuer) of any bankruptcy, reorganisation, examinership, arrangement, insolvency or liquidation proceedings or other proceedings under any Applicable Law on bankruptcy or similar law in connection with any obligations of the Issuer relating to these Conditions or otherwise, save for lodging a claim in the liquidation of the Issuer which is initiated by the Bond Trustee for the purpose of an Event of Default relating to non-payment of outstanding amounts under the Bonds.

16. FINANCIAL COVENANTS

The Issuer shall maintain the Debt Service Reserve Coverage Ratio at all times and for as long as any of the Bonds remains outstanding. An Applicable Pricing Supplement may contain any additional financial covenants as may be determined by the Issuer.

17. EVENTS OF DEFAULT

The Bond Trustee may (at its discretion) or shall (if so directed by a Special Resolution) (subject in each case to being indemnified and/or secured to its satisfaction) give notice to the Issuer (or the Sponsor in the event of Condition 17(i), *provided that* the Sponsor's liability shall be limited to the outstanding amounts under the Bonds) specifying any affected Bonds and that such Bonds are immediately due and repayable in the Principal Amount together with accrued interest if, in the case of the Bonds, any of the following Events of Default occurs:

(a) **non-payment**: the Issuer fails to pay the Principal Amount or the Instalment Amount of any of the Bonds when the same becomes due and payable either at the Maturity Date, at the Instalment Date, upon Redemption, by declaration or otherwise, or the Issuer is in default with respect to the payment of Interest on any of such Bonds and such default in respect of Principal Amount, Instalment Amount or Interest continues for a period of 15 Business Days;

(b) **breach of other obligations**: the Issuer is in default in the performance, or is otherwise in breach, of any warranty, covenant, obligation, undertaking or other agreement under the Bonds or the Trust Deed (other than a default or breach elsewhere specifically dealt with in this Condition 17(b)) and such default or breach (if capable of remedy) is not remedied within 30 calendar days (or such longer period as the Bond Trustee may in its sole discretion determine) after notice thereof has been given to the Issuer and, if applicable, by the Bond Trustee;

(c) **insolvency**:

(i) any Person shall have instituted a proceeding or entered a decree or order for the appointment of a receiver, manager, administrator, liquidator or rehabilitation manager in any insolvency, rehabilitation, readjustment of debt, marshalling of assets and liabilities or similar arrangements involving the Issuer or all or substantially all of their respective assets and such proceeding, decree or order shall not have been vacated or shall have remained in force undischarged or unstayed for a period of 60 Business Days; or

(ii) the Issuer shall institute proceedings under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect to be placed into rehabilitation, adjudicated as bankrupt or shall consent to the filing of a bankruptcy, insolvency or similar proceeding against it or shall file a petition or answer or consent seeking reorganisation under any such law or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver, manager, administrator, liquidator, rehabilitation manager or trustee or assignee in bankruptcy or liquidation of the Issuer or in respect of its property, or shall make an assignment for the benefit of its creditors or shall otherwise be unable or admit its inability to pay its debts generally as they become due or the Issuer commences proceedings with a view to the general adjustment of its Indebtedness, which event in any such case is (in the sole opinion of the Bond Trustee), materially prejudicial to the interests of the Bondholders;

(d) **material non-compliance with Applicable Laws**: the Issuer fails to comply in any material respect with any Applicable Laws for any purpose to enable it lawfully to exercise its rights or perform or comply with its obligations under the Bonds or the Trust Deed or to ensure that those obligations are legally binding and enforceable or that all necessary agreements or other documents are entered into and that all necessary consents and approvals of, and registrations and filings with, any such authority in connection therewith are obtained and maintained in full force and effect;

(e) **invalidity or unenforceability**: the Bond Trustee is of the opinion (determined in its sole discretion) that any of following occurrences in this Condition 17(e) is materially prejudicial to the interests of the Bondholders:

(i) the validity of the Bonds or the Trust Deed is contested by the Issuer;

(ii) it is or becomes unlawful for the Issuer to perform or comply with all or any of its obligations set out in the Bonds or the Trust Deed; or

(iii) the Issuer shall deny all or any of its obligations set out in the Bonds or the Trust Deed (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise);

(f) **government intervention**:

(i) all or any substantial part of the undertaking, assets and revenues of the Issuer is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government; or

(ii) the Issuer is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets, revenues and, following the occurrence of any of the events specified in this Condition 17(f), the Bond Trustee is of the opinion determined in its sole discretion that such occurrence is materially prejudicial to the interests of the Bondholders;

(g) **financial covenants**: if any financial covenant specified in an Applicable Pricing Supplement falls below the required thresholds contemplated therein or in the Applicable Pricing Supplement and the said default is not rectified within 60 calendar days;

(h) **negative pledge**: the Issuer fails to remedy a breach of Condition 4 (*Negative Pledge*) and such failure continues for a period of 10 Business Days after receipt by the Issuer of written notice from the Bond Trustee requiring same to be remedied;

(i) **default by Sponsor**:

(i) the Sponsor amends or varies (or procures any other person to amend or vary) any portion of the ESLA or does (or permits the omission of) any act or thing as a result of which (i) the ESLA shall be repealed (ii) the rights of the Issuer under the Assignment Agreement shall be adversely affected, or (iii) the Assignment Agreement shall be rendered frustrated or unenforceable;

(ii) the Sponsor fails to transfer the relevant tranche of the ESLA Receivables into the ESLA Receivables Account and such failure to transfer continues for a period of more than 10 Business Days;

(iii) the Sponsor fails to meet its obligation to satisfy its Capped Cash Commitment; or

(iv) the Sponsor fails to meet any of its obligations under the Assignment Agreement which, in the opinion of the Bond Trustee (determined in its sole discretion), is materially prejudicial to the interests of the Bondholders.

15 SUBSCRIPTION AND SALE INFORMATION

15.1 GENERAL

The Bonds will be marketed and sold primarily in Ghana. Bonds that will be marketed and/or sold outside of Ghana will be specified in the Applicable Pricing Supplement and the Issuer and the Dealers shall comply with the Applicable Laws. If a jurisdiction outside Ghana requires that the offering of Bonds be made by a licensed broker or dealer and/or an underwriter or any affiliate of an underwriter is a licensed broker or dealer in that jurisdiction, then the offering will be deemed to be made by such underwriter or such affiliate on behalf of the Issuer in such jurisdiction.

The Bonds will be offered, from time to time, by the Issuer through the Joint Lead Managers (or any other Dealers that are appointed by the Issuer in respect of any Series or Tranche). The Managers will be responsible for the marketing and distribution of each Series or Tranche.

Any agreement for the sale of Bonds will, *inter alia*, make provision for the form and terms and conditions of the relevant Bonds, the price at which such Bonds will be sold by the Dealer(s) and the commissions or other agreed discounts (if any) payable or allowable by the Issuer in the event of an underwriting of the Bonds by the Dealers.

The price and size of a Series or Tranche will be determined by the Issuer and the Joint Lead Managers at the time of issue in accordance with prevailing market conditions.

15.2 APPLICATION PROCEDURE

Application for the Bonds shall be made through the Primary Dealers (as set out in <u>Appendix E</u>) in accordance with existing procedures used for subscription of securities of the Government of Ghana. Successful Applicants will be notified by their Primary Dealers after the allotment date specified in the Applicable Pricing Supplement.

15.3 PAYMENT FOR THE BONDS AND DELIVERY

Payment for the Bonds is to be made in full to the Issuer in immediately available funds by the date specified in the Applicable Pricing Supplement. The Bonds will be credited electronically on the CSD.

15.4 LISTING OF THE BONDS

The Bonds will be listed on GFIM and/or any other stock exchange specified in an Applicable Pricing Supplement.

15.5 CLEARING SYSTEM

The Bonds have been accepted for clearance through the CSD. The appropriate ISIN Code for each Tranche or Series will be specified in the Applicable Pricing Supplement. If the Bonds are to be cleared through an additional or alternative clearing system, the appropriate information will be specified in the Applicable Pricing Supplement.

The CSD is a body set up by the Bank of Ghana and the GSE) to provide a central depository for keeping records of ownership of debt and equity instruments and to undertake clearing and settlement of these instruments. The CSD functions in the form of a "bank" for securities where all transactions (debit and/or credit of securities) of investors are made. The CSD is, therefore, linked to participating institutions (depository participants) that trade in securities. The securities of an investor are held in dematerialised form and credited to the investor's account with his/her depository participant.

15.6 TRADING AND SETTLEMENT OF BONDS

The Bonds will be traded on, or cleared or settled through, the CSD.

Subject to the rules and procedures of the CSD and the GFIM, purchases of Bonds held within the CSD must be made by or through a GFIM dealer (a **GFIM Dealer**), which will receive a credit for such Bonds in their securities account on the CSD's records.

Where the Bonds are subscribed for by a GFIM Dealer for the account of its clients (the **Investors**), the GFIM Dealer shall make arrangements for the Bonds to be credited to the securities account of the Investor with the CSD. An Investor will not receive written confirmation from the CSD of its subscription for the Bonds. It will, however, expect to receive written confirmations providing details of the transaction, as well as periodic statements of its holdings, from the GFIM Dealer through which the subscription for the Bonds were made. Transfers of Bonds on the CSD will be effected by entries made on the books of the GFIM Dealers acting on behalf of Investors.

The GFIM Dealers will be responsible for keeping the contact details of the Investors. A notice of change in contact details must be forwarded to the GFIM Dealer through which the Bonds were subscribed.

15.7 SELLING RESTRICTIONS

15.7.1 The Bonds will be offered and sold in offshore transactions outside the United States to persons who are not U.S. persons in reliance on Regulation S ("Regulation S") under the U.S. Securities Act of 1933, as amended (the "Securities Act").

THE BONDS HAVE NOT BEEN NOR WILL BE REGISTERED UNDER THE SECURITIES ACT, OR ANY STATE SECURITIES LAW, AND THE BONDS MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON (AS SUCH TERMS ARE DEFINED IN REGULATION S), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT

15.7.2 Each Dealer undertakes and/or represents and warrants that:

(a) it has complied, and will comply, with all Applicable Laws in relation to any sale or distribution of the Bonds at its own expense;

(b) it has not and shall not use, authorise use of, refer to, or participate in the planning for use of, any written communication that constitutes an offer to sell or the solicitation of an offer to buy the Bonds other than (i) the Prospectus, and the Applicable Pricing Supplement (ii) a written communication that contains no information on the Issuer that was not included (including through incorporation by reference) in the Prospectus, (iii) any written communication prepared by such Dealer and approved by the Issuer in advance in writing (including any electronic investor presentation) or (iv) any written communication relating to or that contains the terms of the Bonds and/or other information that was included (including through incorporation by reference) in the Prospectus; and

(c) no action has been or will be taken in any jurisdiction by it that would, or is intended to, permit a public offering of the Bonds in any country or jurisdiction or possession or distribution of the Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Persons into whose hands the Prospectus comes are required by the Issuer and the Dealers to comply with all Applicable Laws and in each country or jurisdiction in which they purchase, offer, sell or deliver Bonds or have in their possession, distribute or publish the Prospectus or any other offering material relating to the Bonds, in all cases at their own expense.

15.7.3 These selling restrictions may be supplemented or modified with the agreement of the Issuer subject to the approval of the SEC. Any such supplement or modification may be set out in the Applicable Pricing Supplement (in the case of a supplement or modification only relevant to a particular Series or Tranche) or in a supplement to this Prospectus.

15.8 DEALER DISCLOSURES

15.8.1 The Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities.

15.8.2 Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Sponsor and/or the Issuer (or its subsidiaries, jointly controlled entities or associated companies) and may be paid fees in connection with such services from time to time.

15.8.3 In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may, at any time, hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto.

15.8.4 Such transactions, investments and securities activities may involve securities and instruments of the Sponsor and/or the Issuer (or its subsidiaries, jointly controlled entities or associated companies), including Bonds issued under this Programme, may be entered into at the same time or proximate to offers and sales of Bonds or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Bonds.

15.8.5 Bonds issued under this Programme may be purchased by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes but not with a view to distribution/whether or not with a view to later distribution. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

15.8.6 Potential investors should also note that SCB and Fidelity are Creditors and, accordingly, portions of their claims under the Energy Sector Debt will be repaid in accordance with Section 2.3 (*Use of Proceeds*).

16 LEGAL COMPLIANCE

16.1 GHANAIAN LEGAL COMPLIANCE LETTER

16.1.1 The validity and enforceability of the Bonds and the Bond Documents (under Ghanaian law) have been opined upon for the Issuer by BELA (in the Ghanaian Legal Compliance Letter) and addressed to the Bond Trustee, the SEC and the GSE.

16.1.2 The Ghanaian Legal Compliance Letter also indicates that the Issuer is not prevented or restricted (under Applicable Law or the Regulations) from establishing the Programme or issuing the Bonds, and that the Issuer has complied with all disclosures and other applicable requirements under the SEC Regulations and any other Applicable Law for the public offer and listing of the Bonds.

16.1.3 A copy of the Ghanaian Legal Compliance Letter is attached under Appendix B (*Ghanaian Legal Compliance Letter*).

16.2 ENGLISH LEGAL COMPLIANCE LETTER

16.2.1 The validity and enforceability of the Bonds and the Bond Documents (under English law) have been opined upon for the Issuer by White & Case (in the English Legal Compliance Letter) addressed to the Bond Trustee, the SEC and the GSE.

16.2.2 A copy of the English Legal Compliance Letter is attached under Appendix C (*English Legal Compliance Letter*).

17 GENERAL INFORMATION

17.1 AUTHORISATION

The establishment of the Programme and the issue and listing of Bonds under the Programme have been duly authorised by a resolution of the Issuer Board dated September 29, 2017 and a resolution of the sole shareholder of the Issuer dated September 29, 2017. This Prospectus has been approved by the SEC. The listing of any relevant Series or Tranche of Bonds on GFIM has been provisionally approved by the GSE.

17.2 MATERIAL CONTRACTS

Other than in the ordinary course of business (or as listed in Section 17.8 (*Documents Available for Inspection*) below), the Issuer has not entered into any contract containing provisions under which the Issuer has an obligation or entitlement, which is, or may be, material to the ability of the Issuer to meet its obligation in respect of the Bonds.

17.3 LITIGATION

The Issuer (whether as defendant or otherwise) is not engaged in any legal, arbitration, administration or other proceedings, the results of which might have or have had (during the 12 months prior to the date of this Prospectus) a significant effect on the financial position or the operations of the Issuer, nor is it aware of any such proceedings being threatened or pending.

17.4 CONFLICTS OF INTEREST

At the date of this Prospectus, there are no potential conflicts of interest between any duties, to the Issuer, of the members of its administrative, management or supervising bodies and their private interests or other duties. However, it cannot generally be ruled out that such persons have such interests at the time of the offer or issue of Bonds. Whether this is the case will depend on the facts at the time of the offer or issue. A description of any potential conflicting interest that is of importance to an offer or issue of Bonds will be included in the Applicable Pricing Supplement, specifying the persons included and types of interests.

17.5 AUDITING

The Directors were responsible for the preparation and fair presentation of the financial information of the EDR Levy inflows and outflows in accordance with the International Public Sector Accounting Standards (IPSAS), "*Financial Reporting under the Cash Basis of Accounting*" (the cash basis IPSAS).

EY's responsibility was to express a conclusion on the accompanying financial information. EY conducted their review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements and International Standard on Assurance Engagement (ISAE) 3400 and the Examination of Prospective Financial Information.

17.6 EXCHANGE CONTROLS

Currently, there are no exchange control restrictions in Ghana preventing foreign residents from freely subscribing to the Bonds. Foreign investors can freely subscribe for or purchase Bonds. Interest payable on Bonds held by foreign investors is freely remittable out of Ghana. The proceeds of Redemption or the sale of Bonds due to a foreign investor are freely remitted out of Ghana through an authorised dealer bank.

17.7 DOCUMENTS AVAILABLE FOR INSPECTION

As long as any Bonds are outstanding, certified copies of the following documents will be available for inspection by Bondholders, on request, at the principal place of business of the Administrator or the offices of the Bond Trustee during normal business hours (except on Saturdays, Sundays and public holidays):

(a) the Regulations and other constitutional documents of the Issuer;

(b) the board and shareholder resolutions of the Issuer approving the Programme and the issue of the Bonds;

(c) this Prospectus;

(d) when published, any future prospectus, supplements and Applicable Pricing Supplements;

(e) the Trust Deed;

(f) the Agency Agreement;

(g) the Escrow Account Agreement;

(h) the Collection Accounts Agreement;

(i) the Assignment Agreement;

(j) each Novation Agreement;

(k) each Cash Support Agreement;

(l) the Nominee Agreement;

(m) the Administration Agreement;

(n) when published, the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements of the Issuer, together with any audit or review reports prepared in connection therewith;

(o) the Ghanaian Legal Compliance Letter;

(p) the English Legal Compliance Letter;

(q) the report of EY as Reporting Accountants to the Programme;

(r) prospective financial information for 10 years ending 31 December 2027; and

(s) any further documents incorporated into this Prospectus by reference.

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Any person intending to read this Report should first read this letter

Reliance Restricted

The Minister
Ministry of Finance
P. O. Box MB 40
Accra

2 October 2017

E.S.L.A. PLC GHS 10 BILLION BOND PROGRAME – REPORTING ACCOUNTING SERVICES

We have performed the procedures agreed with you and enumerated in our Engagement letter dated July 2017.

The procedures were performed solely to assist you in evaluating the reasonableness of the projected revenues and are summarized as follows:

1. Review of the ten (10) year Forecasts and Projections: Reviewing reasonableness of assumptions underlying projections
2. Review of the historical flows into the Energy Debt Recovery Levy (EDRL) accounts and how they were disbursed

We report our findings below:

(a) With respect to item 1 we have noted our factual findings on pages 10 and 11 of this report.

(b) With respect to item 2 we have noted our factual findings on page 21 of this report.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the financial information whether historical or Forecast.

Had we performed additional procedures or had we performed an audit or review of the financial information in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the financial information specified above and does not extend to any financial information of E.S.L.A taken as a whole.

Yours faithfully,

Pamela Des Bordes
PARTNER

Review of financial projections

EY
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2 October 2017

Reliance Restricted

The Minister
Ministry of Finance
P. O. Box MB 40
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REPORTING ACCOUNTANTS' REPORT ON FINANCIAL FORECAST AND PROJECTIONS TO THE BOARD OF DIRECTORS OF THE E.S.L.A PLC GHS10 BILLION BOND PROGRAMME

We have examined the accounting policies and calculations for the prospective financial information for the years ending 31 December 2017 to 2027, in accordance with International Standard on Assurance Engagement (ISAE) 3400, The Examination of Prospective Financial Information and the Energy Sector Levy Act 2015, (Act 899). The Directors are responsible for the prospective financial information and the assumptions on which it is based.

These forecasts and projections have been prepared using a set of assumptions that include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur. Consequently, readers are cautioned that these assumptions may not be appropriate for purposes other than those described above.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the projections. Further, in our opinion, the prospective financial information, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors of the E.S.L.A. PLC GHS10 billion Bond Programme and are presented on a basis consistent with the accounting policies normally adopted by the Programme.

Even if the events anticipated under the hypothetical assumptions underlining the prospective financial information do occur, actual results are likely to be different from the projections since other anticipated events frequently do not occur as expected and variations may be material.

Yours faithfully,

Pamela Des Bordes (ICAG\P\1329)
PARTNER

Projection on the fuel consumption (Volumes): 2017 to 2027

The volumes as presented below is a reflection of petroleum production forecasted for the years ended 31 December 2017 to 2027 as provided by the NPA. This is derived from a base year (2016) which are the actual volumes consumed for the calendar year 2016. The 2017 volumes are based on a mean average of 2012 – 2016 actual consumption.

Products	2016 (A)	2017 (E)	2018 (E)	2019 (E)	2020 (E)	2021 (E)	2022 (E)	2023 (E)	2024 (E)	2025 (E)	2026 (E)	2027 (E)
Fuel oil (ltr)	13,008,000	13,103,548	13,199,797	13,296,754	13,394,423	13,492,809	13,591,918	13,691,755	13,792,325	13,893,634	13,995,687	14,098,489
Premium (ltr)	1,435,132,052	1,486,526,275	1,539,761,001	1,594,902,143	1,652,017,971	1,711,179,203	1,772,459,086	1,835,933,494	1,901,681,015	1,969,783,053	2,040,323,927	2,113,390,975
Gas oil (ltr)	1,715,789,350	1,749,545,692	1,783,966,153	1,819,063,801	1,854,851,959	1,891,344,210	1,928,554,408	1,966,496,677	2,005,185,420	2,044,635,323	2,084,861,361	2,125,878,805
Gasoil Mines(ltr)	258,641,600	265,051,009	271,619,251	278,350,260	285,248,070	292,316,816	299,560,732	306,984,161	314,591,549	322,387,457	330,376,556	338,563,632
Gasoil Rig (ltr)	74,172,012	75,655,452	77,168,561	78,711,933	80,286,171	81,891,895	83,529,732	85,200,327	86,904,334	88,642,420	90,415,269	92,223,574
MGO Local (ltr)	40,114,016	40,957,785	41,819,302	42,698,941	43,597,082	44,514,115	45,450,437	46,406,454	47,382,580	48,379,238	49,396,860	50,435,887
LPG (kg)	281,474,479	286,541,020	291,698,758	296,949,336	302,294,424	307,735,723	313,274,966	318,913,916	324,654,366	330,498,145	336,447,111	342,503,159

The unit of measure is kilogrammes for LPG but litres for all other products

Annual growth rate on the consumption of petroleum products

The underlying basis for the annual growth on the consumptions of the petroleum products are detailed below:

Product	Annual growth rate	Management basis for growth rate
Fuel Oil	0.73%	• We do not expect a significant change in the consumption of premix in 2017. Premix is projected to growth by 1% in 2017 due to the BRV tracking project.
Premium	3.58%	• Consumption of gasoil and gasoline is projected to increase by 2% and 4% respectively. This is based on 2017 projected GDP growth of 4% (BMI Research, 2016)
Gas Oil	1.97%	
Gasoil Mines	2.48%	• Petroleum products to the Mines is projected to grow by 3% in 2017 compared to the 2016 projection of 1%, due to anticipated increase in price of gold at the international market
Gasoil Rigs	2.00%	• MGO Rig is projected to increase by 2% in 2017 due to anticipated increase in oil exploration activities.
MGO Local	2.10%	• MGO Local is projected to increase by 2% in 2017. We do not expect significant increase in MGO local because even though it is used for fishing, it is not a very popular fuel for fishing. We also do not expect any change in the number of leisure boats in the country.
LPG	1.80%	• LPG is projected to grow by 2% in 2017. The projection is based on the following assumptions: ○ Increase in demand for LPG by commercial vehicles. ○ Industries are expected to increase their demand for LPG. Currently the total industrial consumption of LPG is 1.2% of the total LPG consumption.

Projection on the fuel consumption (Revenue): 2017 to 2027

The projected revenues presented below were computed based on the levies stipulated in the Energy Sector Levies 2015 Act 899 and the volumes consumed. The computed revenues are discounted by 10% due to the historical realisable trends. An amount of GHS6.530 million is computed as the Net Present Value based on an effective coupon rate of 19.00% and after taking into consideration an 8% withholding tax.

Products	2016 (A)	2017 (E)	2018 (E)	2019 (E)	2020 (E)	2021 (E)	2022 (E)	2023 (E)	2024 (E)	2025 (E)	2026 (E)	2027 (E)
Fuel oil	520,320	524,142	527,992	531,870	535,777	539,712	543,677	547,670	551,693	555,745	559,827	563,940
Premium	588,404,141	609,475,773	631,302,011	653,909,879	677,327,368	701,583,473	726,708,225	752,732,733	779,689,216	807,611,052	836,532,810	866,490,300
Gas oil	703,473,634	717,313,734	731,426,123	745,816,159	760,489,303	775,451,126	790,707,307	806,263,637	822,126,022	838,300,482	854,793,158	871,610,310
Gasoil Mines	106,043,056	108,670,914	111,363,893	114,123,607	116,951,709	119,849,895	122,819,900	125,863,506	128,982,535	132,178,857	135,454,388	138,811,089
Gasoil Rig	30,410,525	31,018,735	31,639,110	32,271,892	32,917,330	33,575,677	34,247,190	34,932,134	35,630,777	36,343,392	37,070,260	37,811,665
MGO Local	1,203,420	1,228,734	1,254,579	1,280,968	1,307,912	1,335,423	1,363,513	1,392,194	1,421,477	1,451,377	1,481,906	1,513,077
LPG	104,145,557	106,020,177	107,928,540	109,871,254	111,848,937	113,862,218	115,911,738	117,998,149	120,122,115	122,284,314	124,485,431	126,726,169
Total	**1,534,200,653**	**1,574,252,208**	**1,615,442,248**	**1,657,805,629**	**1,701,378,336**	**1,746,197,524**	**1,792,301,550**	**1,839,730,023**	**1,888,523,836**	**1,938,725,220**	**1,990,377,781**	**2,043,526,549**
Realisable amount	**1,281,057,546**	**1,416,826,987**	**1,453,898,023**	**1,492,025,066**	**1,531,240,503**	**1,571,577,772**	**1,613,071,395**	**1,655,757,020**	**1,699,671,453**	**1,744,852,698**	**1,791,340,003**	**1,839,173,894**

All amounts stated are in Ghana Cedis

EY

Levies charged per unit of petroleum product consumed

The First schedule of the Energy Sector Levies Act 2015 (ACT 899) stipulates the charge per unit of petroleum products consumed. As indicated below, are the rates used in the computation of the projected revenues. Our review did not reveal any exceptions to the rates indicated in the ACT.

EDRL Rate Levied	Rate per unit
Fuel oil	GHS0.04 / ltr
Premium	GHS 0.41/ ltr
Gas oil	GHS 0.41/ ltr
Gasoil (Mines)	GHS 0.41/ ltr
Gasoil (Rig)	GHS 0.41/ ltr
MGO Local	GHS 0.03/ ltr
LPG	GHS 0.37/ kg

Macro-economic factors

Assumptions on the economic factors considered for the projections were based on a stressed case scenario.

Parameter		Value
Upfront Expense & Fees		1.3%
Average Coupon on Both Tranches		19.3%
WHT Rate		8.0%
Annual Expense Reserve		0.5%
Debt Capacity 10-Years NPV (GHS)		6,530,560,401
Minimum DSCR		1.25x
MOF Capped Commitment		600,000,000

Key assumptions underlying projected cash inflows

The key underlying assumptions are reviewed as detailed in the table below:

Key target	Management assumption	Independent assessment
Fuel consumption	The 2017 projection is based on actual volumes of petroleum products from 2012 to 2016. To arrive at the projected volume for 2017, NPA estimated the mean value of petroleum products from 2012 to 2016 and used a smoothing constant of 0.1.	The purported assumptions used by NPA to arrive at the petroleum volumes for 2017, does not support the 2017 petroleum volumes used for the Revenue projections for 2017. It appears that the 2017 volumes were revised with the actual volumes for the first half of the year and this has not been reflected in the assumptions. Inspite of the above, based on review, the volumes used for the revenue projections appeared conservative.
Macro-economic factors	Other assumptions included in the computation included: • Average cost of debt • Percentage of realisable EDRL flows • Annual expense reserve • Withholding tax rate for gross-up • Minimum DSCR 1.25x	Though assumption were made regarding these rates, no explanations was provided for the bases for the use of those rates in the summary of the financial model. From our enquires the following was noted: • Average cost of debt: - This reflects the prevailing cost of debt. A rate of 19.00% was however used for the projected revenues as the 'Best-case scenario'. • Percentage of realisable EDRL flows: Though the current realizable rate is 83%, it is expected that the efficiency of revenue collections will improve with the introduction of an administrator of ESLA going forward. As a result, an assumed rate of 90% was used from 2018. • Annual expense reserve. A rate of 0.5% of revenue is assumed in the computation. This reserve is to enable the administrators of the fund service its operating activities. • Withholding taxes for gross-up: The rate of 8% is assumed to be withheld on payments made to the bondholders. • Minimum DSCR 1.25x: A rate of 1.5x was computed on the Debt Service Coverage Ratio from the projections in the first year if the MoF commitment of GHS600 million is considered. This is however not the case without the MoF commitment. A rate of 1.07x was computed in the first year and 1.22x in the second year. The rates for both senarios increased above the minimum in the second and third years respectively. From our review, these rates does not appear unreasonable.

Key assumptions underlying projected cash inflows

Key target	Management assumption	Independent assessment
Levies charges on petroleum products consumed.	The levies charged are consistent with the Energy Service Levies Act, 2015 Act 899	• Though the levies charged on the fuel consumed was assumed to be constant for the 10 year projected period and in line with the provisions in the Energy Service Levies Act, 2015 Act 899, a variation of the charges in the future period will have an effect on the revenue projections. A downward variation of the levy charges could have an adverse effect on projected inflows.

Review of historical financial information

EY

2 October 2017

Reliance Restricted

The Minister
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Any person intending to read this Report should first read this letter

INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF E.S.L.A. PLC GHS10 BILLION BOND PROGRAMME

We were engaged to review the accompanying financial information of the Energy Debt Recovery Levy (EDRL) that comprise the historical inflows into the Energy Debt Service Account (EDSA) and the Power Generation and Infrastructure Support Sub- Account (PGISSA) and the amounts disbursed for the period 1 January 2016 to 31 August 2017.

Management's Responsibility for the Financial Information

The Directors are responsible for the preparation and fair presentation of these financial information of the EDRL inflows and outflows in accordance with the International Public Sector Accounting Standards (IPSAS), "Financial Reporting under the Cash Basis of Accounting" (the cash basis IPSAS), the Energy Sector Levy Act 2015 (Act 889) and for such internal control as the Directors determine necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

Independent Reviewer's Responsibility

Our responsibility is to express a conclusion on the accompanying financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial information, taken as a whole, are not prepared in all material respects in accordance with the Energy Sector Levies Act 2015 (Act 899). This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial information.

Any person intending to read this Report should first read this letter

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial information of the EDRL, do not present fairly in all material respects the financial position for the period 1 January 2016 to 31 August 2017 and the financial performance for the period then ended, in accordance with International Public Sector Accounting Standards (IPSAS), "Financial Reporting under the Cash Basis of Accounting" (the cash basis IPSAS) and the Energy Sector Levies Act 2015 (Act 899).

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Yours faithfully,

Pamela Des Bordes (ICAG\P\1329)
PARTNER

Energy Debt Recovery Levy
Statement of inflows and outflows
for the period 1 January 2016 to 31 August 2017

	Note	2017	2016	Cumulative 1 Jan. 2016 to 31 August 2017
		GHS	**GHS**	**GHS**
inflows				
Energy Debt Service Account	1	331,979,011	453,880,035	**785,859,046**
Power Generation Account	2	486,155,537	792,627,421	**1,278,782,958**
Interest income	3	9,979,958	19,816,931	**29,796,889**
				-
Total		**828,114,506**	**1,266,324,387**	**2,094,438,893**
Outflows				
Energy Debt Service Account	4	305,941,675	310,547,335	**616,489,010**
Power Generation Account	5	492,101,530	787,029,720	**1,279,131,250**
Total		**798,043,205**	**1,097,577,055**	**1,895,620,260**
(Deficit)/Excess of Inflows over outflows		**30,071,301**	**168,747,332**	**198,818,633**

Energy Debt Recovery Levy
Statement of assets and Liabilities
as at 31 August 2017

		2017	2016
		GHS	**GHS**
Assets			
Bank balances			
Energy Debt Service Account	7	185,420,620	151,339,358
Power Generation Account	8	13,398,013	17,407,973
		198,818,633	**168,747,331**
Financed by			
Opening fund balance		168,747,332	-
Excess of inflow over outflow		30,071,301	168,747,332
		198,818,633	**168,747,332**
Total accumulated fund and liabilities		**198,818,633**	**168,747,332**

		2017	2016	Cumulative from 1 Jan. 2016 to 21 August 2017
		GHS	GHS	GHS
Note 1 -	Inflows into Energy Debt Service Account			
	Share of Energy Debt Recovery Levy (32%)	331,979,011	370,614,293	702,593,304
	Energy debt Recovery under old law	-	83,265,742	83,265,742
		331,979,011	**453,880,035**	**785,859,046**
Note 2 -	Inflows in Power Generation Account			
	Share of Energy Debt Recovery Levy (68%)	412,474,334	737,030,946	1,149,505,280
	Transfers from Debt Service Account	29,493,794	-	29,493,794
	Direct Transfers from ECG, NEDCO & Others	44,187,409	55,596,475	99,783,884
		486,155,537	**792,627,421**	**1,278,782,958**
Note 3 -	Interest income			
	Energy Debt Service Account	8,043,926	8,005,944	16,049,870
	Power Generation Account	1,936,032	11,810,987	13,747,019
		9,979,958	**19,816,931**	**29,796,889**

Energy Debt Recovery Levy
Notes to the Statement of inflows and outflows
for the period 1 January 2016 to 31 August 2017

		2017	2016	Cumulative from 1 Jan. 2016 to 31 August 2017
		GHS	GHS	GHS
Note 4 -	Outflows from Energy Debt Service Account			
	TOR creditor banks through Ecobank	122,070,372	92,431,886	214,502,258
	Forex losses (to BDCs) Legacy Debt	47,000,000	124,000,000	171,000,000
	VRA debts to TICO	63,218,524	-	63,218,524
	LC Charges (AKSA) and commission on transfers	765,396	4,513	769,909
	China Eximbank	43,681,325	-	43,681,325
	Payment of TOR debt to UT	-	58,110,936	58,110,936
	Payment to trade creditors (Vitol)	-	36,000,000	36,000,000
	Transfers to power generation	29,206,058	-	29,206,058
		305,941,675	**310,547,335**	**616,489,010**
Note 5 -	Outflows from Power Generation Account			
	VRA Debt to CIE	112,559,600	99,662,500	212,222,100
	VRA debts to TICO		163,491,351	163,491,351
	VRA debts to power sector SOEs	357,786,259	514,305,202	872,091,460
	LC Charges (AKSA) and commission on transfers	21,755,671	9,570,667	31,326,339
		492,101,530	**787,029,720**	**1,279,131,250**

Energy Debt Recovery Levy
Notes to the Statement of inflows and outflows
for the period 1 January 2016 to 31 August 2017

		2017	2016
		GHS	GHS
Note 7 -	Bank balances - Energy Debt Service Account		
	Bank of Ghana	96,342,796	-
	CAL Bank	5,127,795	50,201,146
	Ghana Commercial Bank	76,648,588	72,143,620
	UBA pool account	2,815,310	2,815,310
	Ecobank	4,486,131	26,179,282
		185,420,620	**151,139,358**
Note 8 -	Bank balances - Power Generation Account		
	Bank of Ghana	-	8,396
	Access bank	13,398,013	17,399,577
		13,398,013	**17,407,973**
Note 9 -	Commitment		

This represents transfer of funds from the Price Stabilization account to Takoradi International Company in respect of debts owed by VRA (USD24,000,000). This amount is to be repaid from the Energy Debt Service Account to the Price Stabilization and Recovery Account.

EY

Review of historical information
Approach and limitation of work

The review was conducted in accordance with International Standard on Review Engagements (ISRE) 2400, Engagements to Review Historical Financial Statements. In the conduct of this review, Information was obtained from the Ministry of Finance, the Ghana Revenue Authority, Controller and Accountant General as well as the Bank of Ghana. The essence of this is to corroborate the information obtained for the purpose of our work. This included the following:

1. Obtained the volumes of the related petroleum products from NPA for the period under review.
2. Compared the volumes obtained to volumes obtained from the GRA for accuracy.
3. Ascertained the reasonableness of the reported revenue balances for reasonableness.
4. Reviewed other revenue balances reported for reasonableness.
5. Reviewed the authorization and approval of amounts utilized.
6. Verified that amounts paid are in accordance with the Energy Sector Levies Act 2015 (Act 899).
7. Reviewed the accuracy of the balances reported as at 31 December 2016 and the period ended 31 August 2017.

Key target		Factual findings
Inflows		• It was noted that balances reported as revenue for EDSA and PGISSA from the GRA were based on cash collections from the OMCs of the liftings undertaken and not the expected revenue based on the petroleum products lifted from the depots. Thus levies on liftings not paid for at the end of the reporting period are not included in the reported revenue figures. There is the risk that revenue balances are understated. • Provisional volumes for the petroleum liftings were provided by GRA for review. This was attributed to the fact that full information on the actual consumption for the petroleum from December 2016 to August 2017 was not readily available inspite of the fact that the customs division of the GRA is a party to the petroleum products volume reconciliation process during the lifting.
Amount transferred		• It was noted that a payment totalling GHS99.89 million was made from one of the revenue accounts of the ESLA (Price Stabilization and Recovery Account) to service an energy debt for VRA. As of the time of this report, this amount has not been refunded. Refer to note 9 of the financial statements.

Review of the historical and projected cash inflows

Key target	Independent assessment
Review of revenue balances reported.	• Revenue balance reported as part of the historical review is based on cash collections only and this is in accordance with the International Public Sector Accounting Standards (IPSAS), "Financial Reporting under the Cash Basis of Accounting" (the cash basis IPSAS). Cash collections reported in one month relates to the sales of the preceding month. It must be noted that the OMCs operate on a minimum payment period of 21 days after lifting the petroleum products from the depots. • Revenue reported in the projections is based on projected consumption for the respective months and are based on accrual basis. As a result, they include receivable balances from petroleum product liftings. • For the year 2016, a revenue balance of GHS 1.246 billion excluding interest income was reported by CAGD as cash collections for the year under review. This compares to an estimated accrued revenue of GHS1.281 billion. • For the year 2017, revenue reported as of 31 August 2017 is Ghs0.818 billion excluding interest income. This represents cash collections of petroleum products lifted to July 2017. When flexed over the financial year 2017, this results in a balance of Ghs1.402 billion compared to a projected revenue balance of Ghs1.416 billion.

SUMMARY OF THE FINANCIAL MODEL

The following summary of the Financial Model should be read together with the information contained in "Disclosure Regarding Forward-Looking Statements," "Risk Factors," "EDRL Funds Flow Structure", "Conditions", "Reporting Accountant's Report" and the ' Financial Forecasts and EY Report" and related notes included elsewhere in this Prospectus.

The forward-looking statements, including projections derived from the Financial Model included in this section are not guarantees of future performance and actual results of the EDRL collections or the result of the E.S.L.A. PLC's operations could differ materially from the projections included in this section. Numerous factors could cause or contribute to such differences. See "Risk Factors—the financial results of E.S.L.A. PLC and EDRL Collections will differ from, and could be worse than, the results forecasted to be achieved by these entities in the Financial Model."

Overview

For the purposes of this Offering, we have prepared the Financial Model that is summarized in this section. The Financial Model is not included in this Prospectus and should not be the basis of any investment decision.

The financial model is based on a number of assumptions, including, without limitation, with respect to macroeconomic factors such as but not limited to (i) levels of economic activity within Ghana, (ii) general disposable income within the populace in Ghana, (iii) trends of rate of exchange of the GHS against major currencies like USD and Euro, (iv) actual economic growth and economic growth prospects, and (v) inflation and expectations of direction of prices of goods and commodities within and outside Ghana (including prices of refined petroleum products in the global markets), as well as (vi) taxation, (vii) legal proceedings or material disputes, (viii) the Issuer's costs and expenses, (ix) inflation and (x) interest rates.

Neither the Financial Model nor any information derived from the Financial Model and included in this Prospectus constitutes projections, cash collection forecasts or predictions of future results. The Financial Model simply illustrates hypothetical results that are mathematically derived from specified assumptions. The Financial Model developed by the Issuer as a financial forecasting and evaluation tool and not as an operational model. Consequently, the Financial Model does not allow comparisons of actual results against forecasts and does not include an ongoing budget comparison. See "Disclosure Regarding Forward-Looking Statements."

Information derived from the Financial Model and included in this Offering Memorandum should not be regarded as a representation by us, any member of the Ghana Government Group, any Initial Purchaser or any other person that the hypothetical results set forth in the Financial Model will actually be achieved. Actual EDRL performance, capacity, availability, tranche sizes, interest rates and redemption profiles will differ from those used in the Financial Model. Accordingly, the actual performance and cash flows of the EDRL and, consequently, the Issuer, for any given future period will differ significantly from those set forth in the Financial Model and summarized herein. Prospective purchasers are cautioned not to place undue reliance on any information derived from the Financial Model and should make their own independent assessment of our future results of operations, cash flows and financial condition of the Issuer. See "Risk Factors"

EY has neither examined, compiled nor performed any procedures with respect to the prospective financial information contained herein, including the information derived from the Financial Model, and accordingly, EY does not express an opinion or any other form of assurance on such or the achievability of the Financial Model. EY assumes no responsibility for and denies any association with any prospective financial information and any other information derived therefrom included elsewhere in this Prospectus.

Summary of Significant Base Case Assumptions from the Financial Model

All figures in this section are presented on an annual basis of the time period, as specified. The Financial Model has been prepared in GHS. The Financial Model is based on a number of assumptions, including, without limitation, with respect to (i) macroeconomic factors, (ii) EDRL Collections, (iii) payments with respect to estimated indebtedness, (iv) net distributions from the MOF Capped Cash Commitments, (v) no taxation aside WHT gross-ups on coupon payments to bondholders, (vi) no legal proceedings or material disputes, (vii) capped annual costs and expenses, (viii) growth rate on EDRL collections (ix) coupon rates, and (x) no other cash flows securing the obligations under the Bonds.

Key Assumptions on the Issuer's Cash Flows

	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Petroleum Products Consumption Growth Rate													
Fuel oil	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%
Premium	3.58%	3.58%	3.58%	3.58%	3.58%	3.58%	3.58%	3.58%	3.58%	3.58%	3.58%	3.58%	3.58%
Gas oil	1.97%	1.97%	1.97%	1.97%	1.97%	1.97%	1.97%	1.97%	1.97%	1.97%	1.97%	1.97%	1.97%
Gasoil Mines	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%
Gasoil Rig	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
MGO Local	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%
LPG	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
EDRL Rate Levied													
Fuel oil (GHS/ltr)	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Premium (GHS/ltr)	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41
Gas oil (GHS/ltr)	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41
Gasoil Mines (GHS/ltr)	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41
Gasoil Rig (GHS/ltr)	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41	0.41
MGO Local (GHS/ltr)	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
LPG (GHS/kg)	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37
Percentage of Realisable EDRL Flows	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
Average Cost of Debt	19.30%	19.30%	19.30%	19.30%	19.30%	19.30%	19.30%	19.30%	19.30%	19.30%	19.30%	19.30%	19.30%
WHT Rate for Gross-Up	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Annual Expense Reserve	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Minimum DSCR	1.25x	1.25x	1.25x	1.25x	1.25x	1.25x	1.25x	1.25x	1.25x	1.25x	1.25x	1.25x	1.25x

Other Assumptions

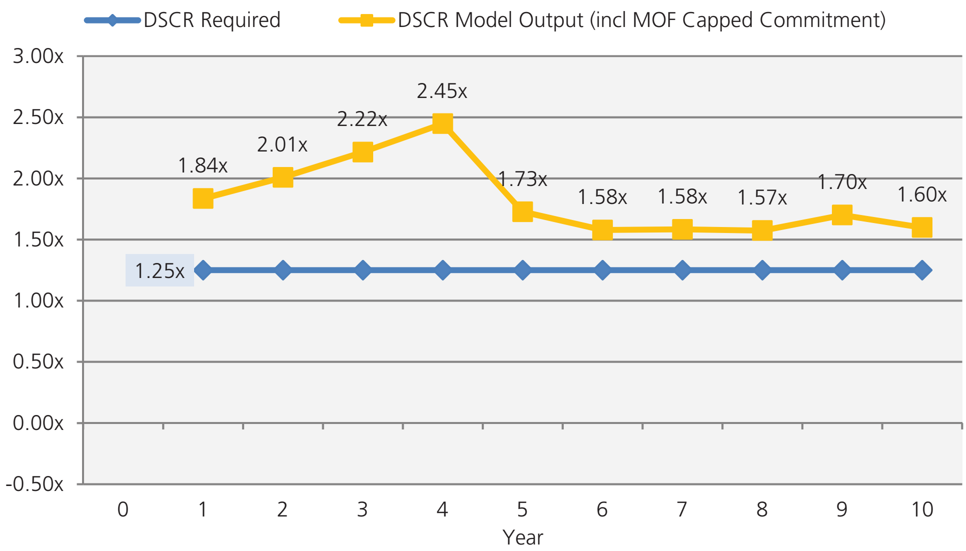
Tenor (years)	7.00	10.00
Amortisation Profile	Year 5: 30% Year 6: 35% Year 7: 35%	Year 8: 27.5% Year 9: 30% Year 10: 42.5%
Weighted Average Life	6.05	9.15
Percentage of Total Indebtedness	40.00%	60.00%
Tranche Size (GHS)	2,400,000,000.00	3,600,000,000.00
MOF Capped Commitment (GHS)	600,000,000.00	
Size of Total Indebtedness (GHS)	6,000,000,000.00	
Amount Reserved for DSRA from Transaction Proceeds and/or EDRL balance as at end Sept 2017 (GHS)	350,000,000.00	
Revolving 1-Year DFI Standby Letter of Credit to support debt service	Nil	
Cash Support Flows	Nil	

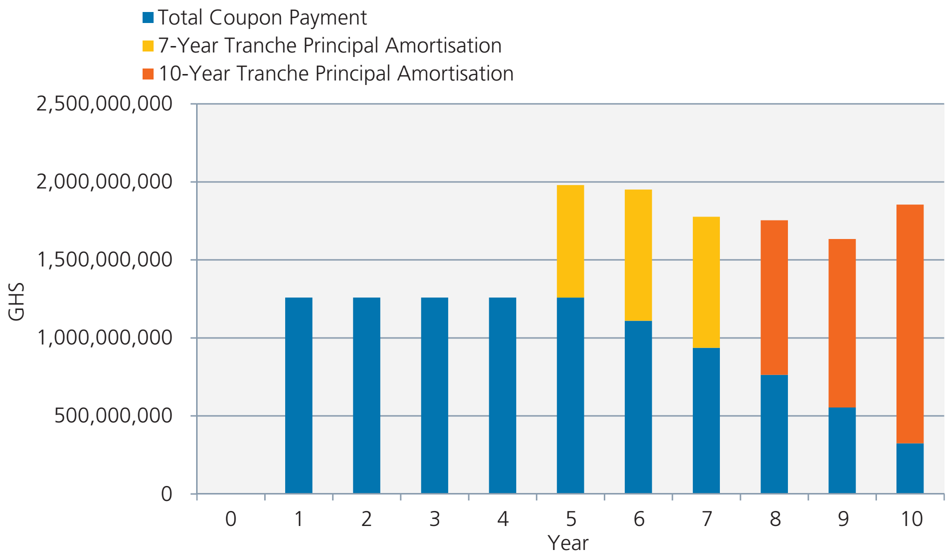
Assumptions Underlying Projected Fuel Consumption Volumes

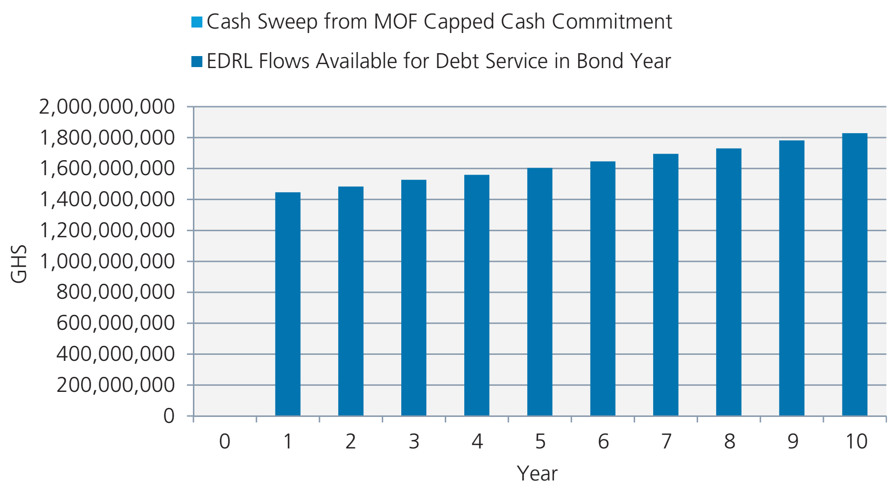
Simple exponential smoothing method was used to forecast petroleum products consumption for 2017 and beyond. To arrive at the volume growth projections, Ghana National Petroleum Authority estimated the mean value of actual volumes of petroleum products consumed in Ghana from 2012 to 2016 and used a smoothing constant of 0.1. The following are the respective assumptions for the individual products.

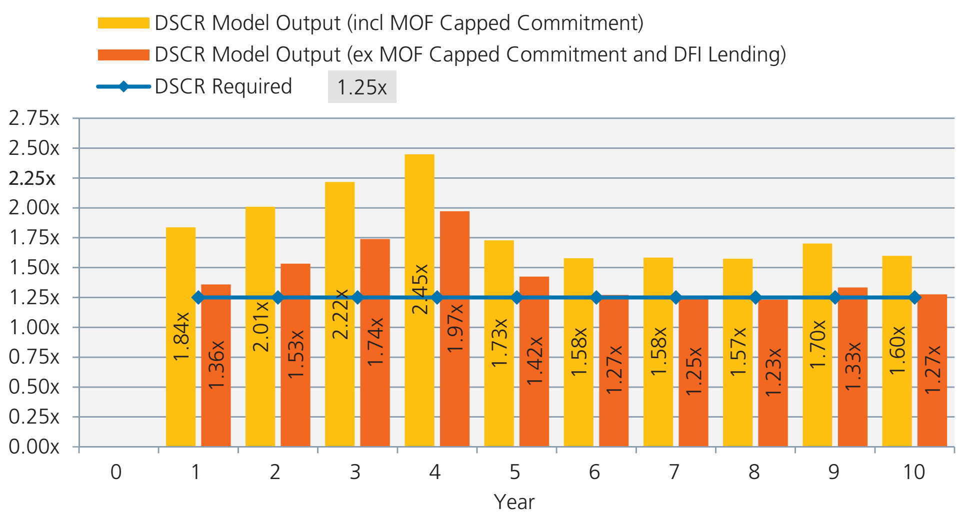
- Consumption of gasoil (diesel) and gasoline (premium) is projected to increase by 2% and 4% respectively. This is based on 2017 projected GDP growth and increased pace of economic activities.
- LPG is projected to grow by 2% in 2017, based on the following assumptions:
  - Increase in demand for LPG by commercial vehicles.
  - Industries are also expected to increase their demand for LPG; currently the total industrial consumption of LPG is 1.2% of the total LPG consumption.
- MGO Local is projected to increase by 2% in 2017 based on no major change expectations in use for fishing activities and number of leisure boats in the country.
- MGO Rig is projected to increase by 2% in 2017 due to anticipated increase in oil exploration activities
- MGO Mines is projected to increase by 2.5% due to anticipated increase in mining activities

Summary Base Case Model Outputs:




Total Coupon Payment
7-Year Tranche Principal Amortisation
10-Year Tranche Principal Amortisation
2,500,000,000
2,000,000,000
1,500,000,000
1,000,000,000
500,000,000
0
GHS
0 1 2 3 4 5 6 7 8 9 10
Year


Cash Sweep from MOF Capped Cash Commitment
EDRL Flows Available for Debt Service in Bond Year
2,000,000,000
1,800,000,000
1,600,000,000
1,400,000,000
1,200,000,000
1,000,000,000
800,000,000
600,000,000
400,000,000
200,000,000
0
GHS
0 1 2 3 4 5 6 7 8 9 10
Year


DSCR Model Output (incl MOF Capped Commitment)
DSCR Model Output (ex MOF Capped Commitment and DFI Lending)
DSCR Required
1.25x
2.75x
2.50x
2.25x
2.00x
1.75x
1.50x
1.25x
1.00x
0.75x
0.50x
0.25x
0.00x
1.84x
1.36x
2.01x
1.53x
2.22x
1.74x
2.45x
1.97x
1.73x
1.42x
1.58x
1.27x
1.58x
1.25x
1.57x
1.23x
1.70x
1.33x
1.60x
1.27x
0 1 2 3 4 5 6 7 8 9 10
Year

Sensitivity Analysis

The debt service coverage ratios ("DSCRs") test the Issuer's ability to make payments on the Bonds with cash derived from the irrevocably assigned EDRL Collections. See "Transaction Structure".

Sensitivity Analysis

	Average 10-year DSCR	Minimum DSCR
Base Case	1.83x	1.57x
Base Case modified for increase of Coupon Rate by 0.50% per tranche	1.71x	1.43x
Base Case modified for increase of Expense Reserve by 0.50% all though life of bonds	1.80x	1.54x
Base Case modified for increase of Coupon Rate by 0.50% per tranche and increase of Expense Reserve by 0.50% all though life of bonds	1.69x	1.40x
Base Case modified for Percentage of Realisable EDRL Flows to 85% all though life of bonds	1.43x	1.11x

Changing the Base Case assumptions on which the Financial Model is run (including the amount of debt incurred) would change the DSCRs shown above, in some cases, materially and adversely. See "Risk Factors and the results will differ from, and could be worse than, the results forecasted to be achieved by those entities in the Financial Model."

APPENDIX B: GHANAIAN LEGAL COMPLIANCE LETTER

M/80s2

12-Oct-17

Securities and Exchange Commission
30, Third Circular Road, Cantonments
Accra, Ghana
Attention: The Director-General

Ghana Stock Exchange
5th Floor, Cedi House, Liberia Road
Accra, Ghana
Attention: The Managing Director

Fidelity Bank Ghana Limited (as Bond Trustee and on behalf of Bondholders)
Ridge Tower, West Ridge
Accra, Ghana

Attention: John Taricone

Dear Sirs,

E.S.L.A PLC: OPINION OF GHANAIAN COUNSEL IN CONNECTION WITH THE ESTABLISHMENT OF A GHS 10 BILLION BOND ISSUANCE PROGRAMME AND LISTING OF BONDS THEREUNDER ON THE GHANA FIXED INCOME MARKET OF THE GHANA STOCK EXCHANGE

1. Introduction

We have acted as Ghanaian legal counsel to E.S.L.A Plc, a public limited liability company incorporated under the laws of Ghana (the **Issuer**), in connection with the establishment of a GHS 10 billion domestic bond issuance programme (the **Bond Programme**) and the proposed listing of bonds issued under the Bond Programme (the **Bonds**) on the Ghana Fixed Income Market of the Ghana Stock Exchange (the **GFIM Listing**).

2. Documents Examined

2.1 For the purpose of giving this opinion, we have examined originals or copies of the following documents (together, the **Programme Documents**, and, each, a **Programme Document**):

2.1.1 the Prospectus approved by the Securities and Exchange Commission of Ghana (the **SEC**) and dated October 12, 2017 and to be issued by the Issuer and which sets out, among others, the terms and conditions of the Bonds (the **Prospectus**);

2.1.2 the trust deed dated October 12, 2017 and entered into between the Issuer and Fidelity Bank Ghana Limited (the **Bond Trustee**), under which the Issuer appoints the Bond Trustee as the trustee for the bondholders under the Bond Programme (the **Trust Deed**);

2.1.3 the agency agreement dated October 12, 2017 and entered into between the Issuer, Fidelity Bank Ghana Limited (**Fidelity Bank**) and the Central Securities Depository Limited (the **CSD**), under which the Issuer appoints Fidelity Bank as paying agent and paying bank for the Bond Programme and the CSD as the calculation agent, registrar and transfer agent for the Bond Programme (the **Agency Agreement**);

2.1.4 the collection accounts agreement dated October 12, 2017 and entered into between the Issuer, Fidelity Bank, Standard Chartered Bank Ghana Limited (**SCB)**

and the Bond Trustee, under which the Issuer appoints Fidelity Bank as the account bank for its Distribution Account (as defined in the Prospectus) and its Bond Proceeds Utilisation Account (as defined in the Prospectus) as well as SCB as the account bank for its ESLA Receivables Account (as defined in the Prospectus), the DSRA (as defined in the Prospectus) and the Lock Box Account (as defined in the Prospectus) (the **Collection Accounts Agreement**);

2.1.5 the placing agreement dated October 12, 2017 and entered into between the Issuer, the Sponsor, Fidelity Bank, SCB, GCB Bank Limited and Temple Investments Limited, under which the Issuer appoints Fidelity Bank, SCB, GCB Bank Limited and Temple Investments Limited as placing agents for the placing of Bonds under the Bond Programme (the **Placing Agency Agreement**),

(the Prospectus, the Trust Deed, the Agency Agreement, the Collection Accounts Agreement and the Placing Agency Agreement, together, the **English Law Documents** and, each, an **English Law Document**);

2.1.6 the assignment agreement dated October 12, 2017 and entered into between the Issuer, the Government of Ghana (acting by the Ministry of Finance) (the **Sponsor**) and the Bond Trustee, under which the Sponsor, among others, assigns the ESLA Receivables (as defined thereunder) to the Issuer (the **Assignment Agreement**);

2.1.7 the novation agreement to be entered into between the Issuer and each Debtor (as defined in the Prospectus) and its Creditor (as defined in the Prospectus), under which each Debtor will novate its obligation under the Energy Sector Debt (as defined in the Prospectus) to the Issuer;

2.1.8 the bond purchase agreement to be entered into between the Issuer and each Creditor which opts to subscribe for Bonds in relation to its portion of the claims under the Energy Sector Debt, under which such Creditor will agree to subscribe for the relevant amount of Bonds;

2.1.9 the nominee shareholder agreement dated September 13, 2017 and entered into between the Sponsor and NTHC Limited, under which the Sponsor appoints NTHC Limited as the nominee shareholder for purposes of holding all the issued shares in the Issuer (the **Nominee Shareholder Agreement**);

2.1.10 the administration agreement dated October 4, 2017 and entered into between the Issuer and KPMG (the **Administrator**), under which the Issuer appoints the Administrator to manage day-to-day activities of the Company within the terms thereof; and

2.1.11 the escrow account agreement dated October 9, 2017 and entered into between the Issuer, Fidelity Bank, SCB, GCB Bank Limited and Temple Investments Limited, under which the Issuer appoints Fidelity Bank as the escrow bank for the purpose of the escrow of the proceeds of the issuance of any tranche or series of the Bonds until paid to the Creditors.

2.2 Unless otherwise indicated, all expressions defined in the Prospectus have the same meanings when used in this opinion.

2.3 In addition, we have examined originals or copies certified to our satisfaction of the following documents:

2.3.1 the certificate of incorporation of the Issuer dated September 14, 2017;

2.3.2 the certificate to commence business of the Issuer dated September 14, 2017;

2.3.3 the regulations of the Issuer dated September 14, 2017 (the **Regulations**);

2.3.4 the written resolution of the board of directors of the Issuer dated September 29, 2017, approving and authorising, *inter alia*, the establishment of the Bond Programme, the issuance of the Bonds by public offer and the application for the GFIM Listing; and

2.3.5 the written resolution of the sole shareholder of the Issuer dated September 29, 2017, approving and authorising, *inter alia*, the establishment of the Bond Programme, the issuance of the Bonds by public offer and the application for the GFIM Listing, the terms and conditions of the Programme Documents, the execution and performance of the Programme Documents and the appointment of any 2 directors of the Issuer to sign the Programme Documents.

2.4 We have also examined such other documents and certificates, searches and records as are necessary under the laws of Ghana to enable us give this opinion.

3. Scope and Purpose of the Opinion

3.1 We are qualified to practise law in Ghana. This opinion is limited to matters of Ghanaian law as in force and applied at the date of this opinion. We have not investigated the laws of any country other than Ghana and we express no opinion on the laws of any other jurisdiction.

3.2 This opinion is given on the basis of the assumptions set out in Schedule A (*Assumptions*) and is subject to the qualifications set out in Schedule B (*Qualifications*).

4. Opinion

Based on the preceding paragraphs, we are of the opinion that:

4.1 Incorporation

4.1.1 The Issuer is duly incorporated as a public limited liability company under the laws of Ghana.

4.1.2 The Issuer has perpetual corporate existence and the capacity to sue or be sued in its name and to carry on its businesses as currently authorised under the Regulations.

4.1.3 To the best of our knowledge and upon due enquiry:

4.1.3.1 the Issuer has all the necessary power and authority to own its property and assets and to carry on its businesses as currently authorised under the Regulations;

4.1.3.2 no steps have been (or are being taken) to appoint any administrator, trustee, receiver, liquidator or analogous person or body over, or to wind up or dissolve, the Issuer; and

4.1.3.3 no moratorium has been declared on the payment of any indebtedness of the Issuer.

4.2 Powers and Authorisations

The Issuer:

4.2.1 has the power to enter into, and perform its obligations under, the Programme Documents;

4.2.2 has taken all necessary action to authorise the entry into, and performance of its obligations under, the Programme Documents; and

4.2.3 has taken all necessary action to authorise the signature and delivery of all notices, certificates, communications and other documents to be delivered by it under the Programme Documents.

4.3 Legal Validity and Enforceability

Each of the obligations, expressed to be assumed by the Issuer under each Programme Document, constitutes the legal, valid and binding obligations of the Issuer enforceable against it in accordance with the terms of the relevant Programme Document.

4.4 Regulatory Approvals and Consents

Apart from:

4.4.1 the approval of the SEC for the public offer of the Bonds and NTHC Limited to act as nominee shareholder of the Issuer; and

4.4.2 the approval of the Ghana Stock Exchange for the GFIM Listing,

no regulatory approvals, consents, licensing or authorisations are required for the establishment of the Bond Programme, the issuance of the Bonds, the GFIM Listing or the execution of the Programme Documents.

4.5 Prospectus and the Bonds

4.5.1 The Prospectus complies with the relevant provisions of Schedule 5 of the Securities and Exchange Commission Regulations of Ghana, 2003 (L. I. 1728) and Schedule 7 of the Companies Act of Ghana, 1963 (Act 179) (as amended) (the Companies Act).

4.5.2 The Issuer's obligations under the Senior Bonds shall constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall rank *pari passu* among themselves and (save for such obligations as may be preferred by virtue of any Applicable Law) equally with all other present and future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.

4.6 Contractual Obligations

To the best of our knowledge and upon due enquiry, there are no contractual agreements, obligations or undertakings preventing the Issuer from entering into and performing its obligations under the transactions contemplated by the Bond Programme.

4.7 The Regulations

4.7.1 The Regulations comply with all legal requirements on the contents of the regulations of a public company.

4.7.2 The issue of the Bonds, pursuant to the listing rules of the GFIM Manual dated August 17, 2015, does not contravene any provision of the Regulations.

4.7.3 The Bond Programme does not contravene any provision of the Regulations or any Applicable Law.

4.8 The Assignment Agreement

4.8.1 The Assignment Agreement constitutes a valid assignment, to the Issuer, of the ESLA Receivables in accordance with Ghanaian law.

4.8.2 Clause 8 of the Assignment Agreement (which obliges the Sponsor to indemnify the Issuer against all damages, losses or liabilities which may be suffered or incurred by the Issuer in relation to any breach of a representation, warranty or undertaking given by the Sponsor in the Assignment Agreement) constitutes a legal, valid, and binding obligation of the Sponsor and enforceable by the Issuer in accordance with it terms.

4.9 Taxes and Stamp Duty

4.9.1 The statements in the Prospectus regarding taxation in Ghana are correct in all material respects.

4.9.2 Interest payments to the Bondholders will be subject to withholding tax of 8%, except in relation to Bondholders who are exempt from withholding tax.

4.9.3 The Issuer's obligation relating to tax gross-up for non-resident Bondholders under Condition 8 of the Prospectus is legal, valid and binding.

4.9.4 Each of the Programme Documents (except the Prospectus, the Assignment Agreement and the Nominee Shareholder Agreement) is subject to a nominal stamp duty of GHS 0.50 in accordance with the Stamp Duty Act of Ghana, 2005 (Act 689) (the **Stamp Duty Act**) in order to be admissible in evidence, and enforceable, in the courts of Ghana. The Assignment Agreement and the Nominee Shareholder Agreement are exempt from stamp duty under the Stamp Duty Act, being agreements entered into on behalf of the Government of Ghana.

4.10 Registrations and Filings

4.10.1 No registration or filing is required at any registry for any Programme Document to be valid, binding and enforceable in accordance with their respective terms.

4.10.2 However, the Prospectus is required to be filed with the Companies Registry of Ghana. There will be no legal effect on the Prospectus if it is not duly filed except for a fine of GHS 6,000 on the Issuer and any of its officers who are at fault.

4.11 Choice of Law, Submission to Jurisdiction and Enforcement of Foreign Judgment

4.11.1 In any proceedings taken in Ghana for the enforcement of any English Law Document, the courts of Ghana will recognise and give effect to the choice of English law as the governing law of the relevant English Law Document.

4.11.2 In any proceedings taken in Ghana for the enforcement of any English Law Document, the courts of Ghana will recognise and give effect to the submission by the Issuer to the jurisdiction of the English courts.

4.11.3 In any proceedings taken in Ghana for the enforcement of any English Law Document, the courts of Ghana will recognise and give effect to the appointment of an agent for service of process by the Issuer in England pursuant to the English Law Documents.

4.11.4 Any final and conclusive judgment obtained in the High Court of England, the Court of Appeal or the United Kingdom Supreme Court, in relation to any English Law Document will be enforceable in any proceedings before the courts of Ghana without the re-examination or re-litigation of any of the matters the subject of that judgment in accordance with Part V of the Courts Act, 1993 (Act 459) and the Foreign Judgments and Maintenance Orders (Reciprocal Enforcement Instrument), 1993 (L. I. 1575), pursuant to which judgments of the Superior Courts of England and those of other specified countries are, on the basis of reciprocity, enforceable in Ghana upon their registration before the High Court of Ghana.

4.11.5 A court in Ghana can give judgment in a currency other than GHS for the payment of any sum under any Programme Document. Provided however that, where an application is brought to enforce a judgment of the High Court of England, the Court of Appeal of England or the Supreme Court of the United Kingdom (the **Original Judgment**) before the courts of Ghana and the currency of the judgment is not the GHS, the judgment sum shall be converted into GHS at the rate of exchange existing at the time of the Original Judgment.

4.12 Immunity

4.12.1 The Issuer (or any of its assets) is not entitled to any right of immunity from service of process, jurisdiction, suit, judgment, execution, attachment (whether before judgment, in aid of execution or otherwise), set-off, counterclaim or other legal process in respect of any of its obligations under the Programme Documents.

4.12.2 The Sponsor is subject to civil and commercial law with respect to its obligations under the relevant Programme Documents. The execution and performance by the Sponsor of its obligations under relevant Programme Documents constitute private and commercial acts and are not governmental or public acts.

4.12.3 The Sponsor (or any of its assets) is not entitled to any right of immunity from service of process, jurisdiction, suit, judgment, execution, attachment (whether before judgment, in aid of execution or otherwise), set-off, counterclaim or other legal process in respect of any of its obligations under the Programme Documents, excepting for the Ghanaian Assets (as defined in the Assignment Agreement).

4.12.4 The Sponsor's waiver of immunity under the terms of the Assignment Agreement is enforceable under Ghanaian law.

4.13 No Adverse Consequences

Under the laws of Ghana, no non-resident Bondholder will be deemed to be resident, domiciled or carrying on business in, or subject to taxation in, Ghana by reason only of the purchase of the Bonds.

Yours faithfully,

Seth Asante
(Partner and Head of Financial Institutions and Capital Markets)
Bentsi-Enchill, Letsa & Ankomah

Schedule A

Assumptions

In giving this opinion, we have assumed, and this opinion is given on the basis, that:

1. all original documents supplied to us are complete, authentic and up to date, and that all copy documents supplied to us are complete and conform to the originals;

2. the written resolutions of the board of directors of the Issuer was duly executed by all the directors of the Issuer and all requirements relating to disclosure of interest and due consideration of the commercial interests of the Issuer were complied with;

3. the written resolutions of the sole shareholder of the Issuer was duly executed by the sole shareholder of the Issuer after the board of directors of the Issuer fully disclosed all material details relating to the transaction; and

4. all disclosures made to us by the Issuer and the Sponsor as reflected in the Prospectus are materially correct as at the date of this opinion and no event has occurred which undermines or may undermine the correctness of those disclosures.

We have found nothing to indicate that the above assumptions are not justified.

Schedule B

Qualifications

This opinion is subject to the following qualifications:

1. the enforcement of the Programme Documents may be limited by any laws relating to insolvency, reorganisation, moratorium or other similar laws affecting creditors' rights generally;

2. any claims may be or become barred under laws relating to the limitation of actions or may be or become subject to set-off or counterclaim; and

3. the courts of Ghana will not recognise the choice of English law as the governing law of the English Law Documents if the same was chosen as a method of avoiding rules or regulations of another jurisdiction which, as a matter of public policy, the courts of Ghana regard as being properly relevant to the transaction. However, from our knowledge of the circumstances of the transaction, which is the subject of the English Law Documents, we believe that the choice of English law as the governing law of each of the English Law Documents will be upheld. However, in the event that the courts of Ghana were to hold that any English Law Document is rather governed by, and is to be construed in accordance with, the laws of Ghana, such English Law Document would be, under the laws of Ghana, legal, valid and binding obligations of the Issuer and enforceable in accordance with the terms thereof.

APPENDIX C: ENGLISH LEGAL COMPLIANCE LETTER

12 October 2017

White & Case (International) LLP
5 Old Broad Street
London EC2N 1DW
T +44 20 7532 1000
whitecase.com

The addressees listed in Appendix 4 hereto

Ladies and Gentlemen,

Establishment of a programme for the issuance of up to GHS 10,000,000,000 aggregate principal amount of bonds (the "Programme" and the "Bonds") by E.S.L.A. Plc (the "Issuer")

We have acted as English legal advisers to the Issuer, which is a special purpose vehicle sponsored by the Government of the Republic of Ghana (acting through its Ministry of Finance) in connection with the establishment of the Programme. Terms used but not otherwise defined in this opinion or its appendices shall have the meanings given to them in the Prospectus (as defined in Appendix 1).

This opinion is limited to English law as it would be applied by English courts on the date of this opinion. We do not undertake to advise you of any changes in our opinions expressed in this letter resulting from matters that may arise after the date of this letter or that hereafter may be brought to our attention. This opinion is given on the basis that it will be governed by, and construed in accordance with, English law and that any dispute arising out of, or in connection with, it shall be subject to the exclusive jurisdiction of the English courts.

For the purposes of this opinion, we have examined each of the documents listed in Appendix 1, and in giving the opinions below we note that we have not been responsible for drafting any of the documents (including the Agreements) or the Bonds.

On the assumptions set out in Appendix 2 and subject to the qualifications set out in Appendix 3, we are of the opinion that:

1. The obligations expressed to be assumed by the Issuer in the Agreements constitute its valid, legally binding and enforceable obligations.

2. When the Bonds have been authenticated in the manner provided for in the Agency Agreement and delivered against payment of the consideration therefor specified in the Applicable Pricing Supplement, the Bonds will constitute valid, legally binding and enforceable obligations of the Issuer.

3. The choice of English law as the governing law of the Agreements and the Bonds will be recognised and given effect by the English courts subject to and in accordance with Regulation (EC) No 593/2008 of 17 June 2008 (Rome I) or, as applicable, English common law rules on conflicts of law.

4. The choice of English law as the governing law of any non-contractual obligations arising out of or in connection with the Agreements and the

Bonds will be recognised and given effect by the English courts subject to and in accordance with Regulation (EC) No 864/2007 of 11 July 2007 (Rome II) or, as applicable, English common law rules on conflicts of law.

5. The Issuer has, pursuant to the Agreements and the Bonds, validly submitted to the jurisdiction of the English courts in any action arising out of or relating to the Agreements or the Bonds.

This opinion (which is strictly limited to the matters stated herein and is not to be read as extending by implication to any other matters not specifically referred to herein) is addressed to you and is given solely for your benefit in connection with the transaction described herein. It may not be relied upon by you for any other purpose and may not be used or relied upon by, or published or communicated to or filed with, any other person, firm or entity for any purpose whatsoever without our prior written consent (which may be granted or withheld in our sole discretion). However, you may provide a copy of this opinion:

(a) to any of your actual or prospective successors or assigns,

(b) to any person but only to the extent required by any applicable law,

(c) to any person in connection with any court or arbitral proceedings (including the court or arbitral tribunal itself) in respect of a dispute or claim to which you are a party under the Agreements or the Bonds, but only to the extent required by the relevant court or arbitral tribunal and/or to the extent necessary to assert or protect your rights before such court or tribunal, and

(d) to your legal and other advisers and, solely to the extent necessary for their audit, your auditors,

solely on the basis that it may not be used or relied upon by such person or entity for any purpose whatsoever. For the avoidance of doubt, we do not assume any duty or liability to any person or entity to whom such copy is provided.

Without limiting the generality of the foregoing or creating the implication that any other person may rely on this letter, we consent to the inclusion of this opinion as Appendix C to the Prospectus. In giving such consent, we do not thereby assume any liability for the contents of the Prospectus.

Yours faithfully,

White & Case LLP

Appendix 1

List of Documents Examined

1. A PDF copy of executed counterparts of the trust deed dated 12 October 2017 between the Issuer and the Bond Trustee (the "**Trust Deed**").
2. A PDF copy of the executed counterparts of the agency agreement dated 12 October 2017 between the Issuer, the Registrar, the Transfer Agent, the Calculation Agent, the Paying Agent and Paying Bank (the "**Agency Agreement**").
3. A PDF copy of the executed counterparts of the collection accounts agreement dated 12 October 2017 between the Issuer, the Account Bank and the Bond Trustee ("**Collection Accounts Agreement**" and, together with the Trust Deed and the Agency Agreement, the "**Agreements**").
4. The final prospectus dated 12 October 2017 relating to the Programme (the "**Prospectus**");
5. With your consent and without independent verification of the contents thereof, a legal opinion of Bentsi-Enchill, Letsa & Ankomah as to Ghanaian law dated 12 October 2017 (the "**Local Opinion**").

Appendix 2

Assumptions

1. The Local Opinion is correct in all respects and nothing is omitted from the Local Opinion which would cause us to alter or omit anything contained in this opinion.
2. All signatures, stamps and seals are genuine, all documents submitted to us as originals are authentic and complete, all documents or extracts of documents submitted to us as copies or received by facsimile transmission or in portable document format (PDF) conform to the paper form originals and the person who has delivered or transmitted documents or extracts of documents to us was authorised to do so by the parties thereto.
3. Each deed and each counterpart deed was executed in single physical form and in compliance with our signing instructions.
4. Any document examined by us in an unexecuted form will be or has been executed in the same form and that no amendments (whether oral, in writing or by conduct of the parties) have been made to any of the documents since they were examined by us.
5. Each of the parties to the Agreements and the Bonds has the capacity and authority to execute, deliver and perform the same, has validly authorised, duly executed and delivered the relevant Agreement or Bonds according to all applicable laws and intends to enter into legal relationships described therein.
6. If there is any requirement in any jurisdiction (other than England and Wales) which might affect the legality, binding effect and enforceability of the Agreements or the Bonds in such jurisdiction, such requirement has been satisfied.
7. The Agreements and the Bonds constitute the entire agreement between the parties thereto and there are no other arrangements involving any of the parties to the Agreements and the Bonds which modify or supersede any of their respective terms or which would affect the conclusions in this opinion.
8. No register of the Bonds is kept by or on behalf of the Issuer in the United Kingdom.
9. No application will be made for the Bonds to be admitted to the Official List of the Financial Conduct Authority in its capacity as competent authority under the FSMA.
10. All applicable provisions of the FSMA and all rules and regulations made pursuant to the FSMA have been and will be complied with as regards anything done in relation to the Bonds in, from or otherwise involving the United Kingdom (including Sections 19 (The general prohibition) and 21 (Restrictions on financial promotion)).
11. Each person dealing with the Issuer in connection with the Bonds which is carrying on, or purporting to carry on, a regulated activity is an authorised person or exempt person under the FSMA.

Appendix 3

Qualifications

1. The term **"enforceable"**, as used in this opinion, means that obligations assumed by the Issuer under the Agreements and the Bonds are of a type which English courts enforce and not that those obligations will necessarily be enforced, whether in court proceedings in England and Wales or elsewhere, in accordance with their terms.

2. The manner and extent to which the Agreements and the Bonds are enforceable may be affected:

   (a) by laws relating to bankruptcy, insolvency, liquidation, administration, receivership, reorganisation, reconstruction, voidable transactions, moratoria or similar laws generally relating to or otherwise affecting creditors' rights generally;

   (b) by the way in which the English courts exercise their inherent discretions;

   (c) by principles of English law limiting the enforcement of certain terms;

   (d) by the implication of contractual terms by the English courts;

   (e) by provisions of English law applicable to the vitiation, modification or discharge of contracts;

   (f) where the rights and obligations of the respective parties thereunder may be held to have been suspended, impaired or waived by representation, conduct or delay;

   (g) by a finding by an English court that a provision of any of the Agreements or the Bonds constitutes a penalty.

3. Where there is a valid jurisdiction clause in favour of the English courts, the exercise of jurisdiction by the English courts is subject to the following:

   (a) an English court will generally only exercise jurisdiction to hear a case and give judgment against a defendant if the defendant has been served with the court proceedings or the court has dispensed with service and consequently where the defendant or its agent cannot be served and service has not been dispensed with, the English courts may not exercise jurisdiction;

   (b) an English court may refuse to assume or exercise jurisdiction when it concludes that it is required to do so by Regulation (EU) 1215/2012, the reflexive application of Regulation (EU) 1215/2012 in relation to non-Member States, the Brussels Convention or the 2007 Lugano Convention, as applicable; and

   (c) an English court may stay proceedings on case management grounds if concurrent proceedings are being brought elsewhere.

4. Claims under the Agreements or the Bonds may become subject to a defence of set-off or satisfaction of a counterclaim or time barred under applicable limitation legislation.

5. The choice of English law to govern the Agreements and the Bonds will not prejudice the application by the English courts of the laws of other countries which may be applicable under Regulation (EC) No 593/2008 of 17 June 2008 (Rome I).

6. We are not responsible for investigation or verification of statements of fact (including statements as to foreign law) or the reasonableness of any statements of opinion contained in the Prospectus nor have we been responsible for ensuring that the Prospectus contains all (and does not omit any) material facts or otherwise complies with the rules and regulations of the Ghana Fixed Income Market.

7. Any provision of a contract governed by English law which is expressed to be for the benefit of a person who is not a party to that contract may only be enforceable by such person pursuant and subject to the provisions and exceptions set out in the Contracts (Rights of Third Parties) Act 1999 and such person may not be able to enforce any provisions of that contract if and to the extent that the Contracts (Rights of Third Parties) Act 1999 has been disapplied.

8. Any provisions in the Agreements or the Bonds which amount to agreements to agree may not be enforceable, and we express no opinion on their enforceability.

9. An agreement or a provision in an Agreement or the Bonds that is deemed to lack sufficient certainty (either because such provision is too vague or because it is incomplete) may be void for uncertainty or otherwise unenforceable.

Appendix 4

Addressees

1. The Securities and Exchange Commission of Ghana
   30, Third Circular Road, Cantonments
   Accra
   Ghana

2. The Ghana Stock Exchange
   5th Floor, Cedi House, Liberia Road
   Accra
   Ghana

3. Fidelity Bank Ghana Limited (as Bond Trustee on behalf of Bondholders)
   Ridge Tower, West Ridge
   Accra
   Ghana

4. E.S.L.A. Plc
   c/o KPMG
   Ocean House
   13 Yiyiwa Drive
   Abelenkpe
   Accra
   Ghana

E.S.L.A. PLC

DATE: [---------]

Incorporated as a public limited liability company in the Republic of Ghana with registration number PL000312017

Issue of [Aggregate Nominal Amount of Series/Tranche] under the GHS 10,000,000,000 Bond Programme

Tranche [●]

This document constitutes the Applicable Pricing Supplement relating to the issue of Bonds described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions of the Bonds, as set forth in the Prospectus dated October 12, 2017.

The Bonds may be redeemed at the option of the Issuer on the terms contained in the Conditions. This Applicable Pricing Supplement contains the final terms and conditions of the Bonds and must be read in conjunction with the Prospectus. Where there is any inconsistency between the terms of this Applicable Pricing Supplement and the Prospectus, this Applicable Pricing Supplement will prevail.

The Issuer represents that it has taken all reasonable care to ensure that the information contained in this Applicable Pricing Supplement is true and accurate in all material respects as of the date hereof and there are no other material facts in relation to the Issuer the omission of which would make misleading any statement herein, whether of fact or of opinion.

[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denotes directions for completing the Applicable Pricing Supplement.]

1. Description of the Bonds

1.1 Issuer

1.2 Issue:

1.2.1 Tranche Number:

1.2.2 Series Number:

1.3 Principal Amount:

1.3.1 Tranche:

1.3.2 Series:

1.4 Issue Date

1.5 Specified Denomination of Bonds

1.6 Minimum Subscription Amount

1.7 Subscription Multiples beyond Minimum

1.8 Issue Price — [●] % of Aggregate Principal Amount (plus accrued interest from (insert date) if applicable)

1.9	Status of the Bonds[16]	
1.10	Final Redemption Amount	
1.11	Closing Date for Subscription	
1.12	Date for Notification of Allotment	

2. Provisions Related to Interest Payable

2.1	Fixed Rate Bond Provisions	(Delete if not applicable)
2.1.1	Fixed Rate of Interest	% Rate applicable
2.1.2	Broken Amount	(Provide details of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount)
2.1.3	Day Count Fraction	(Applicable/Not Applicable)
2.1.4	Fixed Coupon Amount	
2.1.5	Interest Commencement Date	
2.1.6	Interest Determination Dates	
2.1.7	Interest Payment Dates	(*) each year
2.1.8	Maturity Date[17]	
2.1.9	Other terms relating to the method of calculating interest for the Fixed Rate Bonds	(Not Applicable/provide details)
2.2	Floating Rate Bonds	(Delete if not applicable)
2.2.1	Interest Commencement Date	
2.2.2	Interest Rate	Reference rate Plus the Margin to be applied at the beginning of each interest payment period
2.2.3	Interest Periods	
2.2.4	Interest Payment Dates	
2.2.5	Interest Determination Date	
2.2.6	Reference Rate	
2.2.7	Method for determining Reference Rate	(Provide Details)
2.2.8	Business Day Convention	(Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (Provide Details))
2.2.9	Maximum Rate of Interest	
2.2.10	Minimum Rate of Interest	

[16] *Please note that it is not possible for the Issuer to issue tranched debt therefore the Issuer must issue all Bonds as senior unsecured bonds, otherwise the Programme may become subject to the EU risk retention rules.*

[17] *Please note that it is not possible for the Sponsor to provide a maturity put as this could make the Programme subject to the US risk retention rules.*

	2.2.11 Margin	(* per cent or basis points)
	2.2.12 Step up Margin	
	2.2.13 Party Responsible for calculating the rate of Interest and Interest Amounts	
	2.2.14 Day Count Fraction	
	2.2.15 Fall-back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Bonds, if different from those set out in the Conditions.	
	2.2.16 Maturity Date[18]	
3.	**Provisions Regarding Redemption**	
3.1	Redemption/Payment Basis	(Redemption at Par or other (specify))
3.2	Issuer's Early Redemption	(Applicable/Not-Applicable)
3.3	Issuer's Optional Redemption	(Applicable/Not-Applicable)
3.4	Other terms applicable on Redemption	(specify)
4.	**Redemption by Instalment**	
4.1	Instalment Date(s)	
4.2	Instalment Amounts	
5.	**Distribution**	
5.1	Provisions regarding distribution	
5.2	Method of distribution	(Syndicated/Non-Syndicated)
6.	**Financial Covenants**	
6.1	Financial Covenants	(Applicable/Not Applicable)
7.	**General Provisions**	
7.1	Form of Bonds	All Bonds will be in dematerialised form and electronically registered on the Central Securities Depository
7.2	Additional selling restrictions	(provide details if any)
7.3	Settlement Procedures and Instructions	
7.4	Bank Account to which payments are to be made	
7.5	Listing	[Ghana Fixed Income Market]

[18] *Please note that it is not possible for the Sponsor to provide a maturity put as this could make the Programme subject to the US risk retention rules.*

7.6	Tax	Interest earned on Bonds is subject to 8% withholding tax unless exempted by law (attach copy of certificate of exemption where applicable).
7.7	Governing Law	[English] Law
7.8	Use of Proceeds	
7.9	ISIN Code	
7.10	Clearing System	
8.	**Additional Information**	
8.1	Date of receipt of approvals for issuance by Board of Directors and Shareholders	(NB: only relevant where Board (or similar authorisation is required for the particular series or tranche of Bonds)
8.2	New/Additional Agents	(Specify Agents and specified offices of Agents, if new or other Agents appointed).

IMPORTANT DATES AND TIMES FOR OFFER

Offer Opening Date and Time:	
Offer Closing Date and Time	Completed Applications forms must be received by Dealers at their Specified Offices before or on……..
Allotment date	All applicants will be notified of their allotment by fax/email/telephone no later than………..
Payment date	Payment for good value by Successful Applicants must be received by …………..
Issue Date	The Bonds will be issued by the Issuer by ………
Delivery Date	Bonds will be credited to CSD accounts of successful paid up (receipt of cleared funds in Issuers designated collection account) applicants within 2 days of Issue date
Listing on the GFIM	Issued Bonds will be listed for trading within 2 business days of Issue date

[MATERIAL ADVERSE CHANGE STATEMENT]

[Except as disclosed in this document,] There has been no significant change in the financial or trading position of the Issuer since [*insert date of last audited accounts or interim accounts (if later)*] and no material adverse change in the financial position or prospects of the Issuer since [*insert date of last published annual accounts.*] [If any change is disclosed in the Applicable Pricing Supplement, consideration should be given as to whether or not such disclosure should be made by means of a supplemental prospectus rather than in an Applicable Pricing Supplement.]

INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

So far as the Issuer is aware, no person involved in the offer of the Bonds has an interest material to the offer. [Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing persons involved and the nature of the interest.]

RESPONSIBILITY

The Issuer and its board of directors accept responsibility for the information contained in this Applicable Pricing Supplement which, when read together with the Prospectus, contains all information that is material in the context of the issue of the Bonds.

E.S.L.A. PLC

By:	By: ....
Duly authorised signatory	Duly authorised signatory

APPENDIX E: APPLICATION PROCEDURES

PROCEDURE FOR PARTICIPATION AND ALLOCATION

1. Application for the Bonds must be made through Primary Dealers in accordance with existing procedures used for subscription of Government of Ghana securities.

2. The book building process opens and closes on specified dates to be communicated by the Joint Bookrunners.

3. Orders must be for a minimum denomination and in integral multiples as specified in the Applicable Pricing Supplement.

4. Orders should be submitted through Primary Dealers in accordance with existing procedures used for subscription of Government of Ghana securities.

5. By completing the application with your Primary Dealers, each participant hereby agrees that the order is irrevocable and, to the fullest extent permitted by law, the obligations in respect thereof shall not be capable of rescission or termination by any participant.

6. Participants may place orders for the Bonds at any price within the price range subject to the minimum participation amount and the terms and conditions.

7. Participants shall not be entitled to withdraw/modify orders after the book building closing date.

8. The application process presents the participant with the opportunity to indicate their bid coupon rate within the price range and to specify the participation amount applicable to the bid.

9. At the close of the offer, the maximum participation amount specified by a participant at or above the clearing size will be considered for allocation and the rest of the order(s), will become automatically invalid.

10. The Issuer in consultation with the Managers reserves the right not to proceed with the issue at any time including after the book building opening date but before the allotment date without assigning any reason thereof. The Issuer will notify bidders/investors in writing of any such decision not to proceed.

Payment Instructions

Successful participants should make arrangements for payment/settlement of their allotted Bonds in line with existing arrangements they may have with their Primary Dealer or any of the Managers.

APPENDIX F: LIST OF CREDITORS

No.	Name of Creditor
1	Access Bank Ghana Limited
2	Sunon-Asogli Power Ghana Limited
3	Atholl Energy
4	Legacy Bonds Limited
5	Cal Bank Limited
6	CENIT
7	Cobalt International Energy, Inc.
8	Cirrus Oil Services Limited
9	Ecobank Ghana Limited
10	ESBI Limited
11	First Atlantic Bank Limited
12	Fidelity Bank Ghana Limited
13	Guaranty Trust Bank Ghana Limited
14	Korea Electric Power Corporation
15	N-GAS Limited
16	Sage Petroleum Limited
17	Sahara Energy Resources Limited
18	Standard Chartered Bank
19	Stanbic Bank Ghana Limited
20	Takoradi International Company Limited
21	Tsakos Energy Navigation Limited
22	Universal Merchant Bank Limited
23	Unibank Limited
24	UT Bank Limited (Receiver)
25	Vitol S.A
26	Zenith Bank Ghana Limited

APPENDIX G: LIST OF DEBTORS

The following table sets forth a breakdown of the total debt to be refinanced as at August 31, 2017. The actual amounts set forth in the table and in the accompanying footnotes are subject to adjustment and may differ at the time of the close of the issuance of the first Series or Tranche, depending on several factors, including exchange rate movement, accrued interest and breakage fees, discounts negotiated with Creditors, to the extent applicable.

No.	Name of Debtor	Total Obligation under Energy Sector Debt
		SOEs
1	VRA	GHS 4,485,394,228
2	TOR	GHS 2,107,848,663
3	ECG	GHS 2,184,269,951
		BDCs
4	Legacy Bonds Limited	GHS 616,000,000
	TOTAL	**GHS 9,393,512,842**

NB: Exchange rate used USD 1.00 : GHS 4.40

APPENDIX H: DETAILS OF ENERGY SECTOR DEBT

The following table sets forth a breakdown of the total debt to be refinanced as at August 31, 2017. The actual amounts set forth in the table and in the accompanying footnotes are subject to adjustment and may differ at the time of the close of the issuance of the first Series or Tranche, depending on several factors, including exchange rate movement, accrued interest and breakage fees, discounts negotiated with Creditors, to the extent applicable.

No.	Name of Creditor	Total Claim under Energy Sector Debt
1	Banks	GHS 2,790,275,148
2	Fuel Suppliers	GHS 2,947,600,222
3	Others Suppliers	GHS 1,062,906,405
4	Power Producers	GHS 1,976,731,067
5	Legacy Bonds Limited	GHS 616,000,000
	TOTAL	**GHS 9,393,512,842**

Deloitte.

E.S.L.A. PLC

Report and Statement of Affairs
5 October 2017

E.S.L.A. PLC

Report and statement of affairs

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E.S.L.A. PLC

Corporate information

Board of directors	Simon Dornoo (Chairman) Samuel Arkhurst Alhassan Sulemana Tampuli James Demitrus Frederick Dennis
Registered office	Ocean House 13 Yiyiwa Drive, Abelenkpe Accra
Secretary	Trustee Services Limited 4 Momotse Avenue, Adabraka Accra
Administrators	KPMG Chartered Accountants 13 Yiyiwa Drive, Abelenkpe P O Box GP 242 Accra
Auditors:	Deloitte and Touche Chartered Accountants 4 Liberation Road P. O. Box GP 453
Bankers	Fidelity Bank Ghana Limited Standard Chartered Bank Ghana Limited

E.S.L.A. PLC

Report of the directors

For the year ended 5 October 2017

The Directors are pleased to present the Statement of Affairs of E.S.L.A. PLC at 5 October 2017.

Statement of Directors' responsibilities

The Directors are responsible for the preparation of the statement of affairs of E.S.L.A. PLC, in accordance with the basis of accounting described in Note 2, and in the manner required by the Companies Act, 1963 (Act 179), which includes a summary of significant accounting policies and other explanatory notes. In addition, the Directors are responsible for the preparation of the Report of the Directors.

The Statement of Affairs has been prepared to provide financial information to the Securities and Exchange Commission of Ghana.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of a Statement of Affairs that is free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The company is applying for approval from the Securities and Exchange Commission of Ghana (SEC Ghana) to issue bonds of up to GH¢10 billion on the Ghana Stock Exchange This Statement of Affairs is one of the conditions precedent for the approval of the issuance by SEC Ghana. The Directors are optimistic that this approval will be obtained which will enable the company to commence operations as scheduled. Accordingly, the statement of Affairs has been prepared in accordance with accounting policies applicable to a going concern.

Nature of Business

The principal activity of the company is to issue debt securities backed by receivables collected under the Energy Sector Levies Act, assigned to the Company by the Government of Ghana acting through the Ministry of Finance for the purpose of servicing the debt securities and related expenses.

Ownership

NTHC Limited has been appointed as a nominee shareholder to hold all the shares in the company.

Incorporation of Company and Commencement of Business

The company was incorporated and issued with a certificate to commence business on 14 September 2017. The company has not carried on any business to date.

Report of the directors
For the year ended 5 October 2017

Approval of Statement of Affairs

The Statement of Affairs of the company was approved by the Board of Directors on 5 October 2017 and signed on their behalf by:

....

Simon Dornoo **Frederick Dennis**

5 October 2017

Deloitte.

P. O. Box GP 453
Accra
Ghana

Deloitte & Touche
Registered Auditors
Ibex Court 4 Liberation Road
Dr. Ako Adjei Interchange
Accra
Ghana

Tel: +233 (0) 302 775 355
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Independent Auditors' Report

To the Shareholders of E.S.L.A. PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of E.S.L.A. PLC which comprise the Statement of Affairs as at 5 October 2017 and the notes to the financial statements including a summary of significant accounting policies and other national disclosures.

In our opinion, the financial statements give a true and fair view of the financial position of E.S.L.A. PLC as at 5 October 2017, in accordance with the basis of accounting described in Note 2 and in the manner required by the Companies Act, 1963 (Act 179).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the requirements of the International Federation of Accountants Code of Ethics for Professional Accountants (IFAC Code) as adopted by the Institute of Chartered Accountants Ghana (ICAG) and we have fulfilled our other ethical responsibilities in accordance with IFAC Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors and Corporate Governance, which we obtained prior to the date of this audit. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report -continued

To the Shareholders of E.S.L.A. PLC

Report on the Audit of the Financial Statements

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the basis of accounting described in Note 2, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Deloitte.

Independent Auditors' Report -continued

To the Shareholders of E.S.L.A. PLC

Report on the Audit of the Financial Statements

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

Report on Other Legal and Regulatory Requirements

The Companies Act, 1963 (Act 179) requires that in carrying out our audit work we consider and report on the following matters.
We confirm that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Company has kept proper books of account, so far as appears from our examination of those books.

iii) The Company's statement of affairs is in agreement with the books of

The engagement partner on the audit resulting in this independent auditor's report is **Daniel Kwadwo Owusu (ICAG/P/1327)**

Deloitte & Touche

For and on behalf of Deloitte & Touche (ICAG/F/2017/129)
Chartered Accountants
4 Liberation Road
Accra Ghana

6th Oct. **2017**

7

E.S.L.A. PLC

Statement of affairs

As at 5 October 2017

	Note	2017 GH¢
Assets		
Non-current assets		-
		-
Current assets		
Cash and cash equivalents	8	**10,000**
Total current assets		**10,000**
Total assets		**10,000**
Liabilities		
Current liabilities		-
Total current liability		-
Equity		
Stated capital	9	**10,000**
Total equity		**10,000**
Total equity and liabilities		**10,000**

The statement of affairs of the company were approved by the Board of Directors on 5 October 2017 and signed on their behalf by:

....
Simon Dornoo

....
Frederick Dennis

The notes on pages 9 to 13 are an integral part of the statement of affairs

Notes to the statement of affairs
For the year ended 5 October 2017

1. Reporting entity

E.S.L.A. PLC is a public limited liability company incorporated and domiciled in Ghana. The address of its registered office is Ocean House, 13 Yiyiwa Drive, Abelenkpe Accra. The principal activity of the company is to issue debt securities backed by receivables collected under the Energy Sector Levies Act, assigned to the Company by the Government of Ghana acting through the Ministry of Finance for the purpose of servicing the debt securities and related expenses.

2. Purpose of the statement of affairs and basis of preparation

(i) **Purpose of the statement of affairs**

The statement of affairs has been prepared to provide financial information to the Securities and Exchange Commission of Ghana.

(ii) **Basis of preparation**

The statement of affairs has been prepared in accordance with the basis of accounting set out below. The Directors consider this basis suitable to meet the requirements of the Securities and Exchange Commission of Ghana.

3. Basis of measurement

The statement of affairs has been prepared on the historical cost basis.

4. Functional and presentation currency

The statement of affairs is presented in Ghana Cedis (GH¢) which is the company's functional and presentation currency. Amounts presented have not been rounded.

5. Use of judgement and estimates

The preparation of this statement of affairs requires the Directors to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of revision and future periods, if the revision affects both current and future periods.

Notes to the statement of affairs

For the year ended 5 October 2017

6. Significant accounting policies

(a) Financial assets and liabilities

E.S.L.A. PLC classifies its financial assets as loans and receivables which comprise mainly of cash and cash equivalents. There were no financial liabilities at the reporting date. The Directors determine the classification of the company's financial assets and liabilities at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. The company's loans and receivables comprise cash and cash equivalents.

Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from these assets expire or when the company transfers substantially all the risks and returns of ownership. Financial liabilities are derecognised when contractual obligations are discharged, cancelled or expire.

Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the company on terms that the company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

The company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

Notes to the statement of affairs

For the year ended 5 October 2017

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(b) Share capital

Proceeds from issue of ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(c) Subsequent events

Events subsequent to the reporting date are reflected in the statement of affairs only to the extent that they relate to the period under consideration and the effect is material.

7. Taxation

	Balance at 14/9/17 GH¢	Payments GH¢	Charge for the period GH¢	Balance at 5/10/17 GH¢
Income tax				
2017	-	-	-	-
	-	-	-	-

The company has not transacted any business since incorporation and is considered not liable to tax. The company has neither accrued nor paid any taxes to the Ghana Revenue Authority.

8. Cash and cash equivalents

	2017 GH¢
Bank balance	10,000

The above balance is held in the bank account of the Administrators. As at 5 October 2017, E.S.L.A PLC Limited had not opened a bank account. The company has established relationships with two banks namely Fidelity Bank Ghana Limited and Standard Chartered Bank Ghana Limited and is in the process of opening accounts with them.

Notes to the statement of affairs

For the year ended 5 October 2017

9. Share capital (stated capital)

	No of shares	Proceeds
Authourised Share Capital		
Authourised shares of no par value	10,000	
Issued Share Capital		
Issued for cash	10,000	10,000
Total number of issued shares	10,000	10,000

There is no unpaid liability and no call or instalment unpaid on any shares. There is no share in treasury.

10. Related party

NTHC Limited was appointed as a nominee shareholder to hold all the shares in the company. At the reporting date, there had been no transactions between the company and NTHC Limited save for the issuance of the stated capital. There were also no transactions between its Directors.

11. Contingent liabilities

There were no contingent liabilities at 5 October 2017.

12. Capital commitments

There were no outstanding commitments for capital expenditure at 5 October 2017.

13. Comparative INFORMATION

This is E.S.L.A. PLC's first period of operation. There is no comparative information.

14. Subsequent events

There were no subsequent events from the reporting date to the date the statement of affairs was authorised.

Notes to the statement of affairs

For the year ended 5 October 2017

15. Going concern assumption

The company is applying for approval from the Securities and Exchange Commission of Ghana (SEC Ghana) to issue bonds of up to GH¢10 billion bond on the Ghana Stock Exchange This Statement of Affairs is one of the conditions precedent for the approval of the issuance by SEC Ghana. The Directors are optimistic that this approval will be obtained which will enable the company to commence operations as scheduled. Accordingly, the statement of Affairs has been prepared in accordance with accounting policies applicable to a going concern.

ISSUER

E.S.L.A. PLC
c/o KPMG Ghana
Ocean House
13 Yiyiwa Drive Abelenkpe,
Accra, Ghana

SPONSOR

Republic of Ghana
Ministry of Finance
Finance Drive, Ministries, Accra
Ghana

JOINT LEAD MANAGERS AND BOOKRUNNERS

Standard Chartered Bank Ghana Limited
John Evans Atta-Mills High Street, Accra
Ghana

Fidelity Bank Ghana Limited
Ridge Towers, West Ridge, Accra
Ghana

CO-MANAGERS

Temple Investments Limited
F180/6 3rd Labone Link, Labone, Accra
Ghana

GCB Bank Limited
John Evans Atta-Mills High Street, Accra
Ghana

ESLA RECIEVABLES BANK, DSRA BANK AND LOCK BOX ACCOUNT BANK

Standard Chartered Bank Ghana Limited
John Evans Atta-Mills High Street, Accra
Ghana

BOND TRUSTEE, ESCROW BANK, BOND PROCEEDS UTILISATION ACCOUNT BANK, DISTRIBUTION ACCOUNT BANK AND PAYING BANK/AGENT

Fidelity Bank Ghana Limited
Ridge Towers, West Ridge, Accra
Ghana

LEGAL ADVISERS

To the Issuer and Sponsor as to English law

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To the Issuer as to Ghanaian law

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Ghana

To the Managers as to Ghanaian law

ENSafrica Ghana
31 Asafoanye O. Broni Crescent
Ringway Estates, Osu, Accra
Ghana

LEGAL ADVISER

To the Managers as to English law

Herbert Smith Freehills
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ISSUER ADMINISTRATOR

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Marlin House
13 Yiyiwa Drive Abelenkpe,
Accra, Ghana

INDEPENDENT AUDITOR

Deloitte
Ibex Court, 4 Liberation Road
Ako Adjei, Accra, Ghana

REGISTRAR AND CALCULATION AGENT

Central Securities Depository
4th Floor Cedi House
Accra, Ghana

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