



# Opportunities in Ghana

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Heather Byrnes  
Senior Commercial Officer  
Embassy of the United States  
Accra, Ghana



# Ghana: A Snapshot



- Population of Ghana is 23.8 million; geographic size is slightly smaller than Oregon; per capita GDP of \$1,500 (compare to neighboring Togo \$900, Cote D'Ivoire \$1,700 and Burkina Faso \$1,200);
- Early independence compared to other African countries: 1957. As a result, a number of prominent politicians across the continent have ties to Ghana;
- Arguably the best functioning democracy in sub-Saharan Africa: two peaceful cross-party handovers of power. Last election very close but peaceful (40k out of 8 million voters);
- Steady growth of 5-7% over past few years, forecast to continue growing;
- Easy-going, friendly culture. Fairly safe, growing number of amenities in Accra (we now have a real movie theater!) = pleasant place to do business.



## **GHANA**

# **Ghana: Challenges**

- Challenges: inflation is double digit, debt ratio high. Growth has created infrastructural challenges. Human capacity building also important going forward;
- Caution: while vast majority of Ghanaian businesses are legitimate a handful of scammers are increasingly active;
- Business is done at slower pace than in United States or Europe = patience is important;
- Personal relationships are very important. Face-to-face meetings a must for key negotiations;
- Important to ensure that both parties understand terms of contract and that contract benefits both sides – saves hassle longer term and ultimately good for everyone;
- Keep in touch with Commercial and Econ sections in Embassy. We can help navigate any challenges.



# History of Sector in Ghana

- Over a century of exploration in Ghana (since 1896 searching for commercially viable oil). However, exploration in the first 70 years was sporadic. Prior to Jubilee,  $\frac{3}{4}$  exploration wells encountered indications of hydrocarbons. A number of discoveries were made but they were too small or marginal;
- June 2007: Jubilee Discovery. 65 km offshore. 900-1,700 meters water depth. 17 wells to be drilled, 9 producing, (progress: 12 already drilled). First oil: 4<sup>th</sup> quarter 2010. Jubilee oil has a high gas/oil ratio;
- Consortium of Tullow (operator), Anadarko, Kosmos, Sabre and GNPC to develop Jubilee Field;
- Beyond Jubilee have been a number of discoveries 2007-2009. E.g. Odum , Tweneboa, and Mohagony Deep. Indication of an emerging petroleum province;
- Other companies in Ghana: Afren, Hess, Vanco/Lukoil and Vitol. Baker Hughes, Schlumberger and other service companies are in Ghana also.



## **GHANA**

# **Gas Sector in Ghana**

- Gas infrastructure development is to be given high priority;
- Consortium being put together to develop the gas. Unlike nearby countries, Ghana is focused on no gas flaring policy. In 2+ years plans to be an exporter of power. West Africa Power Pool provides the infrastructure for this opportunity;
- Currently circa 60% of energy needs met by biomass (wood). A bare majority connected to the grid. Countrywide electrification is a national goal. Continued economic growth will also drive demand;
- Currently, the national energy mix is hydro and thermal but the thermal component is fueled by liquid oil. The objective is to replace the liquid fuel with gas. A number of plants constructed, being constructed or planned for this purpose;
- LPG production will also be encouraged. There is huge growth potential for domestic LPG usage in Ghana.



# Ghana National Petroleum Company (GNPC)

## GHANA

- Structured differently than in United States but follows similar structure to that found in Norway, Nigeria, Brazil and Cote D'Ivoire;
- National oil company is GNPC. Works in 'tripartite' relationship with the government and international oil companies;
- All companies associated with oil and gas sector need to **register with the GNPC** for a permit to operate in the country. The permit is valid for one year and requires updating annually;
- **Customs:** Currently, all equipment for development of oil and gas are imported under exoneration from GNPC and the operating/exploration company. (Permanent and temporary importations);
- **Best to make contact with GNPC early in the process** (we can set up a meeting or give you a contact). GNPC has heavy (and growing) workload but feedback from U.S. companies on their expertise is positive.



## Entering the Market

- **Local content** is a very important issue in Ghana. A new petroleum law is clearing committee and parliament and is expected to be ratified in the new year. Local content provisions are expected to be very focused on knowledge transfer, employment and investment;
- Few incentives for service companies – although opportunities for exploration and production companies;
- Payments can be slow – one U.S. firm told me averages 92 days;
- The industry here is just beginning in Ghana and still has a long way to go. As one U.S. company characterized the situation, “Local service providers are, in most cases, years from successfully integrating the required knowledge, skills and capabilities. Drillers, inspection, supply houses, transport, logistics consultancies, etc. all have opportunities in the near term.”



## **GHANA**

# **Major Opportunities**

- Ghana's hydrocarbon profile is good. Indications are strong for promising future discoveries;
- Exploration blocks are still available for leasing. Farm-in opportunities for existing blocks also exist;
- Voltaian basin is an inland basin extending north-eastwards into Togo and Benin (40% of land area of the country). Relatively little exploration of Voltaian Basin so far – GNPC looking for partners to undertake joint reconnaissance study;
- Development of natural gas infrastructure: fields → onshore → pipeline → dry gas → butane/LPG → storage.



# Ancillary/Related Opportunities

## There are many – these are just examples!

### **GHANA**

- Onshore support and logistics;
- Office accommodation;
- Supply chain services;
- Helicopter and fixed wing aircraft transportation;
- Supply boats, anchor handling boats, diving vessels, etc.;
- Real Estate – housing for growing expat community;
- Telecommunications, weather forecasting, search and rescue facilities;
- Banking services;
- Insurance – equipment, facilities, personnel, etc.;
- Construction: LNG pressure vessels; petroleum separation; construction, installation and commissioning of offshore structures; pipeline manufacturing; electrical wiring of platforms and vessels.



# Challenges for Oil and Gas Development in Ghana

## GHANA

- Local expectations are high; many local people expect to see measurable changes in their standard of living as a result of oil;
- Not all Ghanaians understand that offshore oil does not directly generate a large number of jobs;
- While oil revenue will have an impact, country is 23.8 million - with needs for improvement to education, roads, water, power, etc.;
- Ghanaian government will have challenge of educating population about benefits of oil while managing expectations;
- Corruption is a feature in Ghana (as it is everywhere in West Africa) but relatively good situation in Ghana versus rest of region. Also, government making efforts to mitigate. **U.S. companies strongly advised to contact the embassy if they encounter any FCPA related issues.**



## Next Steps



- If you are interested in opportunities in Ghana please contact me (Heather Byrnes) at [byrnesh@state.gov](mailto:byrnesh@state.gov) or at +233-21-741-086.
- Our office currently has a small staff (due to hiring freeze in the Commercial Service) but the oil and gas industry is a priority. Also, the embassy as a whole is very supportive of U.S. business and we work closely with other sections to help U.S. companies coming into the market/already in the market.
- We can help with
  - **Initially:** Introductions to key contacts in GNPC, Ministries, potential local partners,
  - **Later:** Any challenges encountered, growth opportunities, misc.