

Ghana adopts Trinidadian local content model

By: Caleb Nii Moi

Ghana will largely adopt Trinidad and Tobago's local content model for the West African country's emerging oil and gas industry, says Energy Minister, Tony Oteng Adjei.

The Minister, speaking to BusinessDay on the sidelines of the just concluded three-day "Ghana Summit – Oil, Gas & The Frontier Province", in Accra, March 23, said local participation in the oil and gas industry has become a major policy issue and government is keen on ensuring the active involvement of Ghanaians in the exploration, development, production and utilization through local content legislation before first oil in the last quarter of the year.

"Our shared values, our economic and political environments as well as a number of other important factors are similar and Ghana's environment is very much like the Trinidadian environment when the Caribbean country started developing its hydrocarbons industry and they offer us the best example.

"Importantly, the Trinidadians have expressed keen interest in partnering Ghana for the successful development of our oil economy," Oteng Adjei said.

Local content legislation has been a thorny issue, with some Parliamentarians and civil society groups accusing government of dawdling in its development.

Ghana's business community and civil society organizations have been calling for a local content law to be established before the production of oil from Ghana's Jubilee field begins in the last quarter of the year. Jubilee Fields holds a proven reserve of 1.8 billion barrels of oil.

The local business community has expressed the need for at least an initial 30 percent of opportunities in the oil sector to be reserved for Ghanaians, with Ghanaian participation increasing over time.

Currently the local content draft bill is being subjected to public scrutiny at organized regional forums for a final fine-tuning before it is presented to Parliament when it resumes sitting on May 15.

Issues on local content dominated the CWC Group organized Ghana Summit, with participants holding that a clearly defined local content is critical to the country's nascent hydrocarbons industry if Ghana is to emerge as a successful oil economy.

Willy Olsen, a Senior Associate of the CWC Group and a former advisor to the President of Norway's state-run Statoil, emphasized the need to agree on what local content entail from the very onset, and then adopt a strategic approach to its development. "There is the need to spend a lot of time on strategy issues," he said explaining that it is critical to identify and address gaps in local industry with the mind of improving local competitiveness. "What is most important is that priorities have to be made within the constraints of existing technology, while maintaining a focus on the oil industry life cycle," he further added.

Barbara Gbologah-Quaye, Ghana Country Director of CDC Development Solutions, with extensive experience in Africa's oil frontiers, stressed the need for the international oil companies to be willing to invest resources in the development of local capacity for the effective participation of local businesses in the oil and gas industry.

"The industry must also adopt flexibility in dealing with local businesses since the industry is only emerging and not too many local companies would have the efficiency the industry is used to in other places.

"There are existing structures to support the early development of competitive local businesses to participate in oil and gas, such as the Association of Ghana industries (AGI), the Ghana National Chamber of Commerce and Industry (GNCCI) and the National Board for Small Scale Industries (NBSSI) and there is the need to collaborate with them," Gbologah-Quaye said.

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