

**PROJECT INFORMATION DOCUMENT (PID)**  
**ADDITIONAL FINANCING**

Report No.: PIDA5750

<b>Project Name</b>	Additional Financing for Ghana Oil and Gas Capacity Building Project (P148224)
<b>Parent Project Name</b>	Gas and Oil Capacity Building Project (P120005)
<b>Region</b>	AFRICA
<b>Country</b>	Ghana
<b>Sector(s)</b>	Public administration- Energy and mining (70%), Tertiary education (15%), Vocational training (10%), Public administration- Financial Sector (5%)
<b>Theme(s)</b>	Other public sector governance (30%), Environmental policies and institutions (30%), Education for the knowledge economy (30%), Public expenditure, financial management and procurement (10%)
<b>Lending Instrument</b>	Investment Project Financing
<b>Project ID</b>	P148224
<b>Parent Project ID</b>	P120005
<b>Borrower(s)</b>	Ministry of Energy
<b>Implementing Agency</b>	Ministry of Energy and Petroleum
<b>Environmental Category</b>	C-Not Required
<b>Date PID Prepared/Updated</b>	29-Apr-2014
<b>Date PID Approved/Disclosed</b>	01-May-2014
<b>Estimated Date of Appraisal Completion</b>	28-Apr-2014
<b>Estimated Date of Board Approval</b>	22-Jul-2014
<b>Decision</b>	

## I. Project Context

### Country Context

Ghana, located on the western coast of Africa has an estimated population of 25 million (2010 Census). The country achieved Lower Middle Income Country (LMIC) status in 2012 following years of sustained economic growth and based on a GNI/per-capita income of US\$1,570. GDP growth had been one of the fastest in Africa until the recent dip from 8 percent in 2010 to 7.1 percent in 2012 with a nominal GDP of US\$39.05 billion (GHC71.85 billion). Poverty is declining, as the number of people classified as poor dropped from 7.9 million in 1992 (or 52% of the population.) to 6.3 million people in 2006 (or 29% of the population). However, poverty and inequities are still prevalent in Ghana, and can be traced to significant differences in access to economic, social and political opportunities. Sustained growth has been consolidated, spurred by

favorable commodity prices for Ghana's main exports (gold, cocoa), the start of the commercialization of a major oil discovery, and robust growth in the services sector.

### **Sectoral and institutional Context**

Between 2004 and 2008, Ghana National Petroleum Company (GNPC), on behalf of the Government of Ghana, entered into petroleum agreements covering 12 offshore blocks, including the five key exploration blocks in the deepwater Tano Basin where the major discoveries have been made. The Jubilee field was discovered in 2007 and began production in late 2010. Major discoveries at TEN and Sankofa are also moving towards development and should begin production in the 2016-18 timeframe. And a series of discoveries made by Hess are under appraisal and could lead to further developments.

GNPC retains a very strong role in the management of the sector by virtue of the depth of experience of its staff and its historical role in promoting private investment in exploration. The Petroleum Commission of Ghana was established in 2011 as the upstream regulatory body, and as a result, GNPC ceased acting as a de facto regulator and its role became focused on managing Ghana's commercial interests in upstream petroleum operations. The Ghana National Gas Company (GNGC) was established in 2012 as a national gas transporter and aggregator. However, delays in the completion of GNGC's gas pipeline and processing infrastructure for Jubilee associated gas have combined with shortfalls in deliveries on the West African Gas Pipeline to create a severe gas supply shortage resulting in persistent power generation deficits.

## **II. Proposed Development Objectives**

### **A. Current Project Development Objectives – Parent**

The project objective is to (i) improve public management and regulatory capacity while enhancing transparency; and (ii) strengthen local technical skills in Ghana's emerging oil and gas sector.

### **B. Proposed Project Development Objectives – Additional Financing (AF)**

## **III. Project Description**

### **Component Name**

Component B

### **Comments (optional)**

Final costs of the equipment packages at KNUST and COTVET have become much higher during the actual implementation of the Project (P120005) than initially anticipated during the preparation of cost estimates and associated project documents (PAD of P120005). These equipment packages consist of specialized petroleum sector teaching equipment (hydraulic and crane packages, well control simulator, well fluids lab, etc.) and specialized laboratory equipment (fluid properties laboratory, core preparation laboratory, rock properties laboratory, drilling fluids laboratory, oil well cementing laboratory, etc.). Due to the highly technical nature of these packages, the exact technical specifications were done only during implementation with assistance provided through the Project.

### **Component Name**

Component C

### **Comments (optional)**

Financing for Component C will be increased by US\$ 1 million to account for the extension of the

project, additional financing and additional consultancies needed for technically complex procurement packages.

**Component Name**

Component A

**Comments (optional)**

The additional financing at the amount of US\$ 1.8 million is required for Component A, primarily to cover for cost overruns associated with laboratory equipment and patrol vessel for the EPA. Additional financing is also needed to cover for the refurbishment of office space and rent of temporary office space for the Petroleum Commission and for increased training needs related to the implementation of the Petroleum Revenue Management Act (PRMA) at Ministry of Finance.

**IV. Financing (in USD Million)**

Total Project Cost:	18.40	Total Bank Financing:	18.40
Financing Gap:	0.00		
<b>For Loans/Credits/Others</b>			<b>Amount</b>
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			18.40
Total			18.40

**V. Implementation**

The ongoing parent project and the additional financing provide support through two main components: (A) institutional development and sector management and (B) provision of technical and professional skills to Ghanaian workers needed by the petroleum sector. Component A focuses on the project objective of improved management and regulation and increased transparency. Component B focuses on enhancing technical skills in the sector through support to vocational training schools and the Kwame Nkrumah University of Science and Technology.

Component A has five sub-components: (A.1) diverse support to the Ministry of Energy and Petroleum and the Petroleum Commission, including in media and communications; (A.2) expansion and revamping of the data repository to safeguard the oil and gas data being generated through exploration and well development; (A.3) support to the Environmental Protection Agency (EPA), to enhance its ability to monitor environmental issues in the oil and gas sector, (A.4) support to the Ministry of Finance, particularly the Ghana Revenue Authority for revenue management, and (A.5) support to the EITI Secretariat, other public bodies dealing with sector governance such as the Attorney General’s Office and the Economic & Organized Crime Office (EOCO).

Component B has two sub-components: (B.1) strengthen the capacity of Ghanaian training institutions including Kikam Technical Institute, Takoradi Technical Institute and the Regional Maritime University to enhance the skills of the local workforce to engage in the oil and gas sector and (B.2) strengthen the capacity of Kwame Nkrumah University of Science and Technology (KNUST) to provide high-level degree programs in petroleum engineering and petrochemical engineering.

The proposed additional loan would help finance the costs associated with cost overruns and for

modified activities included as part of project restructuring in response to new circumstances that have arisen during project implementation.

The proposed additional loan covers the financing shortfall due to major cost overruns on three components (A.3, B.1 and B.2). The equipment packages at Environmental Protection Agency (EPA) (Component A.3), Kwame Nkrumah University for Science and Technology (KNUST) (Component B.2) and Council for Technical and Vocational Education and Training (COTVET) (Component B.1) have all had significantly higher costs than originally anticipated in the PAD.

Also, the financing for Component A.4 (Revenue Management) will be increased by US\$ 1.7 million to account for increased training needs related to the implementation of the Petroleum Revenue Management Act (PRMA).

The financing for other Project components will also be revised to account for changes in institutional environment and key funding needs for various Project beneficiaries. With the establishment of the Petroleum Commission (PCG), the function of the data repository has been transferred from the Ghana National Petroleum Corporation (GNPC) to PCG and hence funds dedicated for the data center are being reallocated from A.2 to A.1.

The scope of the parent Project has been slightly revised during implementation. The information resource centers, initially part of Component A.5, are being established and supported by the USAID. Similarly, some of the technical assistance and capacity building activities envisaged under Component A.3 for the EPA are being supported by Norway.

## VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01		x
Natural Habitats OP/BP 4.04		x
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12		x
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

**Comments (optional)**

## VII. Contact point

### World Bank

Contact: David John Santley  
 Title: Sr Petroleum Spec.  
 Tel: 473-5871  
 Email: dsantley@worldbank.org

### Borrower/Client/Recipient

Name: Ministry of Energy  
Contact:  
Title:  
Tel: +233 21 677 336  
Email:

**Implementing Agencies**

Name: Ministry of Energy and Petroleum  
Contact: Alexander Kyei  
Title: Programme Coordinator  
Tel: 233244572869  
Email: alexkyei@gmail.com

**VIII. For more information contact:**

The InfoShop  
The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 458-4500  
Fax: (202) 522-1500  
Web: <http://www.worldbank.org/infoshop>