

Ghana Pt1 Pending Oil Wealth

TRAILER

Ghana is a country that's received a lot of interest from the investors community. But what its like doing business here.

RUNTIME: 09:28

COUNTRY: GHANA, KENYA, ZIMBABWE

FILMING LOCATION: ACCRA, KOGELO, HARARE

LANGUAGE: ENGLISH

SOURCE: A24 MEDIA

SCRIPT

COMMENTARY

Welcome to Doing Business in Africa. I'm Sue Beukes and this time we're in Ghana's Capital city Accra. A country that's received a lot of interest from the investors community and we're going to find out what its like doing business here.

Coming up in the show...

Why American presidents love Ghana?

The country's pending oil wealth -- can government manage the expected 1 billion dollar-a-year revenue?

Could this small West African nation become the bread basket for the region?

Can Ghana's small but thriving financial sector take-on the Region's giant, Nigeria?

And how entrepreneurs are painting the new picture of Ghana through media, fashion and artistic coffins.

When Barack Obama was elected President of the United States, there were 2 countries (apart from the U.S.) who were just as excited as his supporters at home.

The one was Kenya, the home of Obama's father. The other was Ghana.

During Obama's presidential election run, Ghana's current President John Atta Mills advocated the same message as Obama in his OWN election campaign. That message was "Change".

This was Ghana's fifth democratic election and the tightest one ever. And in a break from a wave of contested elections in Africa, Ghana's went off totally peacefully. It's this democratic success that President Obama chose to laud by making Ghana his first destination in sub-Saharan Africa as President of the world's most powerful nation.

ITV, Barack Obama, U.S. PRESIDENT (English)

"Here in Ghana you show us a face of Africa that is too often overlooked by a world that see only tragedy or a need for charity...and by that can I say that for that the minority deserves as much credit as the majority."

COMMENTARY

This sentiment is shared by investors...

ITV, Tony Oteng-Gyasi, President, Association Of Ghana Industries (English)

"I think in Ghana it goes beyond political stability we are really talking about good governance here... and that has made us an attractive investment destination because know that their property rights for instance will be respected. There is a court if there is a problem, the judiciary is independent and you will get what is due them."

COMMENTARY

Even on the ground level, the sentiment seems to be the same. Ghana's government works...

ITV, Hayford Siaw, Executive Director, Volunteer Partnerships For West Africa (English)

“If you come to the grass roots, if you work with the district assemblies. We have put together a citizen monetary committee which oversees the district assembly. Citizen engagement is very important and this has been promoted in our society.”

COMMENTARY

Ghana and the US have always had strong ties. The country is seen as somewhat of a pilgrimage for African Americans because it was a major slave trade point.

It was the first country in Africa to obtain its independence from colonial rule in 1957 and its founding father, Kwame Nkrumah, was a role-model for African Americans during the Civil Rights Movement.

Obama’s predecessors, Bill Clinton and George Bush paid Ghana a visit during their administration.

And while Obama’s trip was focused on promoting good governance and democracy, some analysts believe, that in part, it was also to cement relations in a bid to take advantage of the country’s pending oil wealth.

ITV, Winston Nelson, CEO, AFRICAN ALLIANCE (English)

“For some time now I know America has been considering the issue of oil, finding new markets...balance of trade... we become net exporters.”

Jubilee Field

Controlled by London based - Tullow Oil

And Dallas-based

COMMENTARY

Suitors are queuing up to capitalize on Ghana’s oil resources. While this wealth is not near as much as Nigeria or Angola, the country’s Jubilee Field is one of biggest discoveries in West Africa in over a decade.

Jubilee, so named because it was discovered the same year Ghana celebrated 50 years of independence is expected to produce around 120 thousand barrels a day by next year.

The Field is controlled by Irish company Tullow Oil and America's Kosmos Energy and is backed by two private equity companies and Ghana's government.

The IMF says along with natural gas, Jubilee alone could earn Ghana as much as 20 billion US dollars by 2030.

Cars queuing up to get petrol...

STANDUP

COMMENTARY

Ghana is on the brink of an oil boom. It plans to become a major exporter next year, but its also hoped that it will be able to meet just some of the local demand.

ITV, Yofi Grant, Chairman, Databank Brokerage (English)

"Everyone is trying to cope with the global crisis not to mention the volatile oil prices threatening oil importing countries. This is interesting for us because now we are an oil importer, but in the next 2 years we will be an oil exporter. Big challenge as to how to get through now and then to the next 2 years when we will have bigger fiscal base and enable the country to grow."

COMMENTARY

While oil exports are expected to help Ghana's economy grow by 6% next year and 10.5% in 2011, it's downstreaming activities which will play a big part in Ghana's development. South Africa's New Alpha Refinery signed an MOU with Ghana to build a \$6 billion oil refinery in Accra. And it's prospects like this where local companies like Cal Bank are seeing opportunities.

ITV, Frank Adu, Md, Cal Bank (English)

“We have a taken a decision to take a downstream and upstream position so we have actually appointed a west corridor director whose business it is to find service companies, we are active...we have a few companies open up accounts with us, have started doing business with us..if you know Takradi where the oil was found...wasn't depressed...timber, so the business activity there is coming down. Now that oil coming in, they don't have enough schools, hotels, can supply only 10%. Opportunity for a lot of business in downstream...we would be smart enough to realize our capabilities and operate in ancillary sectors.”

COMMENTARY

Ghana's record of good governance is enough for investors to have faith that the country won't suffer the same fate as Nigeria's troubled Niger Delta region.

ITV, Winston Nelson, CEO, African Alliance (English)

“There is a lot of external pressure. Not only from other gov, but also from Ghanaians and other stake holders who are watching. Yes they will be able to manage, most of the contracts were written before they came into power..parliament is a very close in terms of numbers so the opposition and the outside world will really be watching what they will be doing with the oil revenue.

COMMENTARY

But there is a concern that Ghana might be relying a little too much on the prospects of oil to solve ALL its problems.

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