



Netherlands Commission for
Environmental Assessment

Approach for the Ghana SEA for the oil and gas sector

Memorandum by the NCEA

7 January 2010



Advice of the Secretariat

To Environmental Protection Agency (EPA), Ghana

Attn Mr. Jonathan Allotey, Mrs. Christine Asare, Mr. Ebenezer Sampong

From Secretariat of the Netherlands Commission for Environmental Assessment (NCEA) – Based on a meeting at NCEA, Utrecht, 18 December 2009. Participants: Ineke Steinhauer and Rob Verheem (NCEA), Bjørn Kristoffersen (EcoManagement, Norway) and Terje Lind (MoE, Norway)

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Introduction

During a Needs assessment workshop on environmental management of oil and gas in December 2009 in Accra Ghana, discussions were held with the Ghana Environmental Protection Agency (EPA) on the envisaged SEA for the oil and gas sector.

An 'SEA of the oil and gas sector screening report' had been prepared by EPA and was handed over to Norway, NCEA and NREG¹ partners. (25 p. and 35 p. annexes). This is a compilation of earlier work on ToR for the SEA prepared by EPA, some elements out of the NCEA key sheet on oil and gas, some elements out of the SEA review work done by Jan Joost Kessler c.s. (Feb. 2009) and the results of public hearings held in 6 districts (back to back with public hearings held during the review of the Jubilee EIS). Also a meeting was held at the EPA offices with Norway and NCEA to define next steps (and also to discuss how to satisfy NREG requirements).

At the request of EPA, NCEA and Norway agreed to arrange for a follow-up meeting (18 Dec.) at the offices of NCEA to discuss further details on how to shape the design of the SEA and the division of roles and tasks.

The suggested approach is presented below.

¹ Ghana has already established an environmental cooperation framework on budget support with a number of donors, in particular the World Bank, EC, The Netherlands, UK and France. This support is coordinated by the Natural Resources and Environmental Governance (NREG) group.

Approach for the Ghana Oil and Gas SEA

1. Current situation: Draft Petroleum Policy and Master Plan and ongoing EIAs

At strategic level, a draft Petroleum Policy (Final draft fundamental petroleum policy for Ghana June 2008) and a draft Master Plan operationalizing this policy (Draft Oil and Gas Master Plan, November 2008) exist. Status of both Policy and Master Plan is unclear, as is the intended date of their finalization. It is understood that these documents are currently being revised by the new government. Lead authority for both Policy and Master Plan is the Ghana Ministry of Energy.

According to the presentation of Mr. Boateng (Ministry of Energy) during the December 2009 Needs Assessment Workshop in Accra, the objective of the Master Plan is to create *'a balanced system that ensures that the country derives the maximum benefits while at the same time attracting continuous investments in the upstream sector'*.

The following elements of such a system were mentioned:

- Revenue management bill (to turn oil wealth into sustainable development)
- Petroleum regulatory bill (effective management of the oil and gas sector)
- Community involvement and technical security committee (to safeguard security and the environment)
- Oil and gas EITI (to safeguard transparency and stakeholder involvement)
- Review of fiscal framework
- Review of regulatory framework (redefine functions of all sector institutes including GNPC with clear roles to enhance performance of the sector)
- Review the 'blocking system' (reducing size of blocks and adopt competitive bidding process)
- Policy on resource assessment and data management
- Capacity building of key government institutions to ensure that the country derives the best from the development of the newly found petroleum resources.

At project level, the most relevant projects are the **Jubilee Field Development Plan, Phase I**, and related **the Environmental Impact Assessment (EIS)** (the EIS is being approved by EPA at the moment: December 2009, January 2010) and the **Gas Utilization Project**. GNPC is the

operator of this latter project and is currently working on financing it. It has received/will receive a WB loan for this, under the condition that an ESIA be produced. It is not exactly known when decisions on the project and the ESIA will take place, but it is known that this will be next on the agenda. The Gas Utilization Project may have far-reaching economic, social and environmental effects, in particular in the Western Region.

Furthermore, the current situation is that a second needs assessment workshop will be held under the OfD program, under the 'resource management' pillar of OfD, most likely in February. This will be organized by Petrad, with main partners being the Ministry of Energy and the GNPC.

Finally, OfD is engaged in a project which aim is to increase local content/deliveries to and local participation in petroleum activities. SINTEF and Marintek are partners on the Norwegian side. Ghana's Ministry of Environment, Science and Technology (MEST) and EPA Ghana have also requested cooperation on land use planning and other aspects dealing with the supply of offshore oil and gas activities. Such land use planning challenges are also very much associated with the Gas Utilization Project.

2. Objective of the SEA and preconditions to its design

For some time, EPA Ghana has worked on an SEA on environmental and socio-economic impacts of possible future petroleum activities in Ghana. A draft terms of reference (ref. Draft ToR for SEA of the Oil and Gas Sector, March 2009) has been produced, as has a screening report (ref. SEA of the oil and gas sector screening report, November 2009).

The SEA should contribute to the quality of the strategic decisions that are foreseen for the near future, i.e. the future development of:

1. fields adjacent to the Jubilee Field;
2. other offshore oil and gas area; and
3. on shore oil and gas areas.

The SEA must take as its starting point the existing and near-future petroleum activities, namely the development of the Jubilee Field and the Gas Utilization Project. These imminent projects will however be subject to their own decision-making processes, with associated EIAs/EISs.

It is not yet clear to us to which formal decision making processes the SEA will be linked. It is crucial to clarify this before the SEA process is decided upon. At first glance, and assuming both draft Petroleum Policy and Master Plan are still open for input and further improvement, it would seem logical to link the SEA to the further development of both Policy and Master Plan. This means, however, that the SEA would be aimed at a development process that consists of many elements (see above for elements of the Master Plan) and over a longer time frame (possibly many years).

On the other hand, the SEA process could be linked to future decisions to be taken in the Cabinet or the Parliament according to the political agenda. In this case, an overview of such possible decisions would be very useful.

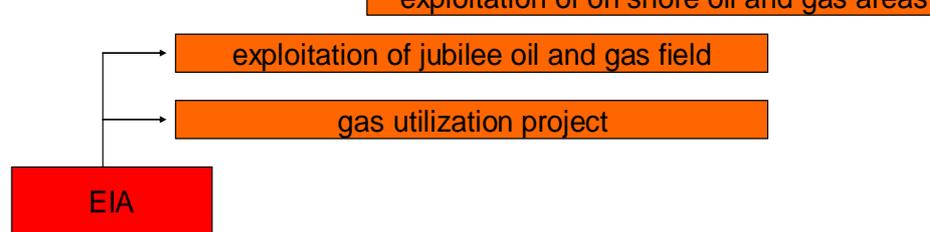
As part of the scoping process, therefore, it should be clarified:

1. How the further development and implementation of both Petroleum Policy and Master Plan, or the political process regarding the future development of Ghana's petroleum resources, is foreseen (e.g. who will decide what when)?
2. Which of the elements of this development and implementation process are most crucial to sustainable development in Ghana (accepting that resources for the SEA will be limited)?
3. To which of these elements SEA will be linked and how this will take place? In other words: the SEA will deliver tailor made output for specific strategic decisions. For the purpose of this document these are called 'windows of opportunities/key decisions'.
4. Thinking backwards from these key decisions, the deadlines and necessary resources for the SEA can be clarified.

A first deadline for concrete outputs of the SEA process is March 1 2010, to meet NREG requirements (to allow a release of 10 million US dollar). Such concrete output could for example be:

1. a first qualitative assessment of the environmental and social issues related to oil and gas development, on the basis of a number of possible scenarios for oil and gas exploration and exploitation
2. a more detailed ToR for the continued work on the SEA, on the basis of this qualitative assessment, including, as appropriate, the identification of Petroleum Policy and Master Plan/political development process, and how the SEA would be linked to this.

In summary, the SEA would be linked to policy making, planning and ongoing EIAs as in the below figure.



3. First steps in the design of the SEA process

On basis of the above, the following suggestions and comments could be made:

1. The SEA should be in line with the ongoing EIAs/decisions already taken for the Jubilee Field and the Gas Utilization Project
2. The SEA should deliver tangible results quickly, because decision making goes quickly. First deadline is March 1, when allocation of funds under the NREG programme will be decided, inter alia on the basis of output realized in the SEA.
3. The SEA should as much as possible be based on output already realized or meetings already planned. In this respect crucial: the existing ToR for the SEA (March 2009), the SEA Screening Report (Nov. 2009), the environmental needs assessment workshop in December 2009, and the planned meeting (needs assessment workshop) in February 2010 on the technical aspects of oil and gas exploration & exploitation. On this basis, a preliminary draft SEA report should be produced, with content as described in the following paragraph. This report should be presented to the NREG group by 1 March.
4. To present and discuss the preliminary draft SEA report it would seem feasible and necessary to organize a meeting/workshop of stakeholders in March aimed at the realization of the following output:
 - consensus on the first qualitative estimation of potential positive and negative consequences of oil and gas exploitation for Ghana. Next to environmental issues (pollution, impact on fishery and tourism, etc), this includes economic and social issues (including impact on local industries, local content and participation, conflict management and prevention, transboundary impacts). This first estimation should be prepared on the basis of scenarios.
 - first inventory of stakeholder opinions and interests: what should be key issues to examine in the next stage of the SEA (i.e. after the March 1 deadline)
 - design and scope of the continued SEA approach, having consensus within the stakeholders.

5. The February 2010 need assessment workshop on resource management in principle does not have the SEA as its main target. However, it would have great benefits to use one or two sessions during this meeting to discuss, with all parties present:
 - a first outline of the most feasible scenario's for oil and gas exploration and exploitation in Ghana. This will ensure both ownership and credibility of the scenarios in the energy sector;
 - a first identification of the windows of opportunity/key decisions in the political and strategic decision making process in Ghana on oil and gas. This first identification, too, will then be input for the further design of the SEA process in the March workshop.

6. In line with the successful SEA for the GPRS, the organizational principle set up for this SEA could be applied for the oil and gas SEA, i.e. establishing a core Ghanaian SEA team including both experts from the Ministry of Energy and Environment/EPA, supervised by a Ghana steering group, and having the support of an international (Norwegian) and a national consultant, and OfD/NCEA support in scoping, coaching and reviewing.

4. Tasks and responsibilities

From the above, the following tasks and responsibilities until end of March 2010 follow:

- Energy sector:
 - a. to be decided, however, their role and ownership of the SEA process, with EPA, is crucial for influence

- EPA Ghana:
 - a. organize the session on scenario's during the January needs assessment workshop
 - b. organize the March workshop
 - c. analyze the political and policy design process in the oil and gas sector and identify the windows of opportunities/key decisions, for which the SEA will be carried out
 - d. coordinate with the energy sector
 - e. overall responsibility for the SEA work

- Norway/Oil for Development:
 - a. manage the international/Norwegian consultant

- b. design draft scenarios as input for the February needs assessment workshop
 - c. continued support and advice on petroleum environmental matters
 - d. coordinate and organize the support by the Norwegian and other parties throughout the SEA, including marine research and other co-operation projects
- Netherlands/NCEA:
 - a. facilitate and coach the SEA process, including coordination with the EIA processes
 - b. support to EPA Ghana on overall design and approach of the SEA

In summary, the below table gives an overview of tasks until March 2010.

| January 2010 | February 2010 | March 2010 |
|---|---|--|
| <ul style="list-style-type: none"> • first proposal for SEA design developed by Norway/NCEA sent top EPA for comments • scenario development by consultant • concrete work on the SEA by EPA assisted by Norway and NCEA | <ul style="list-style-type: none"> • concrete work on the SEA by EPA assisted by Norway and NCEA continued • needs assessment on petroleum resources workshop held • based on February workshop, elaboration of scoping document and other inputs, a preliminary draft SEA to be produced and presented to NREG and others | <ul style="list-style-type: none"> • multi-stakeholder workshop held on the basis of the draft SEA • common vision reached on further SEA steps - ToR for next steps of SEA, based on workshop results |